

All I want for Christmas

Amanda Brown

The advent calendars are operational and this weekend we get our tree and start the preparations for Christmas 2021. The turkey has been ordered and a lot of the presents already hidden, both bought through shopping from the comfort of my armchair.

It's been a long year and a year that none of us would have expected 12 months ago when we were preparing for Christmas 2020. A second lockdown kicked off the year which impacted on the supply of food and drink products, how we shopped for groceries and how we consumed foods in the out of home market for a second time. As we approach the end of 2021, we are faced with different supply chain challenges caused by labour shortages having a similar but different effect.

We're all living with the new normal and are now spending 6% more time at home than before the pandemic which is affecting how we interact with food and drink both in home and out of home. We're now seeing shopping habits in grocery settle down and a new baseline established. Grocery sales are still tracking down compared with 2020 but are 7% higher than in 2019. Online and e-commerce was the clear winner over the last 18 months - 20% of households are still regularly ordering groceries online and in 2021 we have seen the emergence and growth of rapid delivery services. The discounters are also back in growth with Aldi and Lidl as well as M&S seeing growth ahead of the market last month.

The out of home market has had a tough few years and having seen a strong recovery recently we have seen that growth flatline against 2019 sales. This is mainly being driven by lower numbers of consumers eating out and those eating out doing so less regularly, but when they do eat out paying more. All of which is driven by how they are engaging in channels as well as times of the day, particularly with the dinner and main meal occasion holding popularity but lunch and breakfast occasions declining, and still driven by many folk continuing to work from home. As we have adjusted, 50% of the motivations for eating out include fancying change, as a reward and treating myself, and I can concur with all of those when it comes to eating out!

Delivery has of course been a huge disrupter for the market, helping to boost recovery in the out of home market. Over the last 2 years we have seen a change in how consumers are interacting with home delivery – breakfast now accounts for 7% of deliveries (up from 3% of spend), lunch 16%, dinner 64% and snacks 13% (up from 5%). It's staggering how much our behaviours change and so quickly! A lot of this is due to the development of technology and our use of mobile devices.

Technology is such a big driver in the market, not only witnessed through the evolution of the delivery market, as well as online grocery shopping, but across all elements of the store and restaurant. And we're only expecting more developments and evolution, with all of the major retailers now offering self-scanning options in store, Amazon's cashless store, e-pos, robots in restaurants, and electronic menus and ordering. There's a range of apps both retailer and generic, offering us incentives to buy but overall we're seeing less promotions in store as well as prices steadily rising in both grocery stores and in out of home venues.

Looking forwards to Christmas, spend is expected to be at a similar level to last year. We're expecting some savvy behaviour as shoppers shop around to get the best deals and shop earlier to ensure that they can get what they want. We're also expecting more shoppers to eat at home this Christmas compared to 2019, driven both by celebrating with families but also to economise. Christmas Day falls on Saturday this year so this offers a full week of shopping in the lead up to the big day, plenty of opportunity for both grocery and the out of home markets to benefit from festive spend.

All I want for Christmas is to spend time with my family, something that we were not able to do last year, and for everyone to stay healthy and well (and of course that the boys like their Christmas gifts). If you're driving home for Christmas, take care and enjoy the down time from what has been a busy and challenging 2021. The Knowledge Bank looks forward to providing more insight and sharing more knowledge with you in 2022.

Happy Christmas and here's to 2022!

THE KNOWLEDGE BANK

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