CONSUMER EATING HABITS AND THE IMPLICATIONS FOR THE CATERING SECTOR

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Introduction

A man hath no better thing under the sun than to eat, and to drink and to be merry

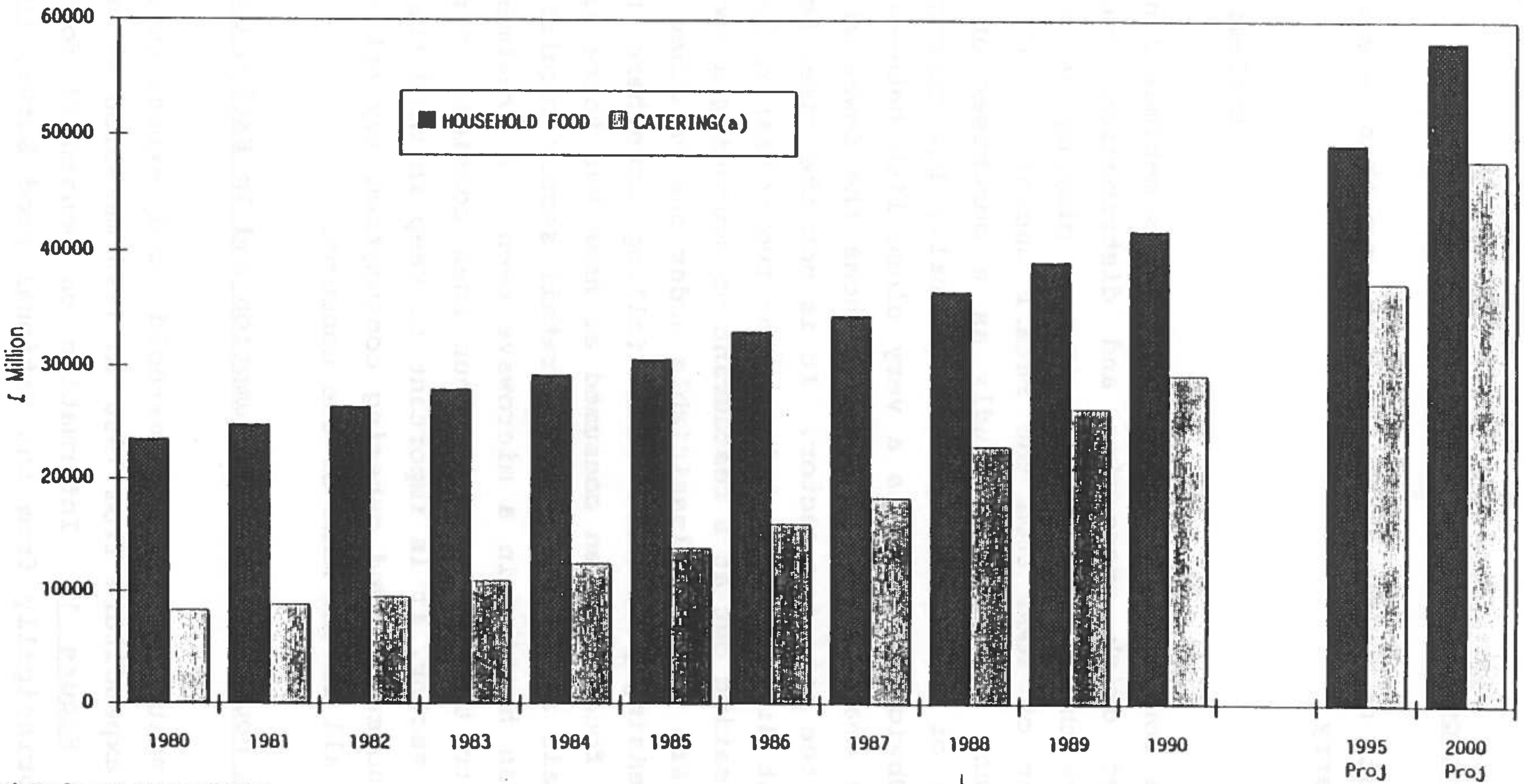
Ecclesiastes

1. The consumer is at the end of a sometimes long and complicated food and drink processing and distribution chain. Within this framework the consumer may be seen as playing two roles: firstly as a purchaser of food from the retail sector, usually for consumption within the home, and secondly as a purchaser of the products and services of the catering sector usually for consumption outside the home. Obviously there is a very close link between these two roles; the more meals that are eaten at home the fewer will be the demands made on the catering sector. It is not the case, however, that there is a neat dividing line between the two roles; while some activities, such as eating out at a restaurant or consuming a cooked meal prepared at home are readily classifiable under one or other heading, there is an increasingly blurred area falling somewhere between the two. Takeaway food is often consumed at home but there is a wide range of ready meals available from the retail sector requiring no preparation other than heating in a microwave oven - a treatment also sometimes applied to takeaway meals. Thus when considering prospects for the catering sector, it is important to keep in mind that the distinction between household and catering consumption may not always be clear - least of all in the mind of the consumer.

Trends In Household Food Consumption and In Eating Out

2. Movements in total household food expenditure and consumers' catering expenditure from 1980 to 1990 measured at current prices are shown in Figure 1. Information on household food expenditure is derived principally from the National Food Survey (NFS) and built up at a very disaggregated level. Within the national accounts information is, however, much less discernible on expenditure on meals

FIGURE 1
CONSUMERS' EXPENDITURE ON HOUSEHOLD FOOD AND CATERING 1980 - 2000

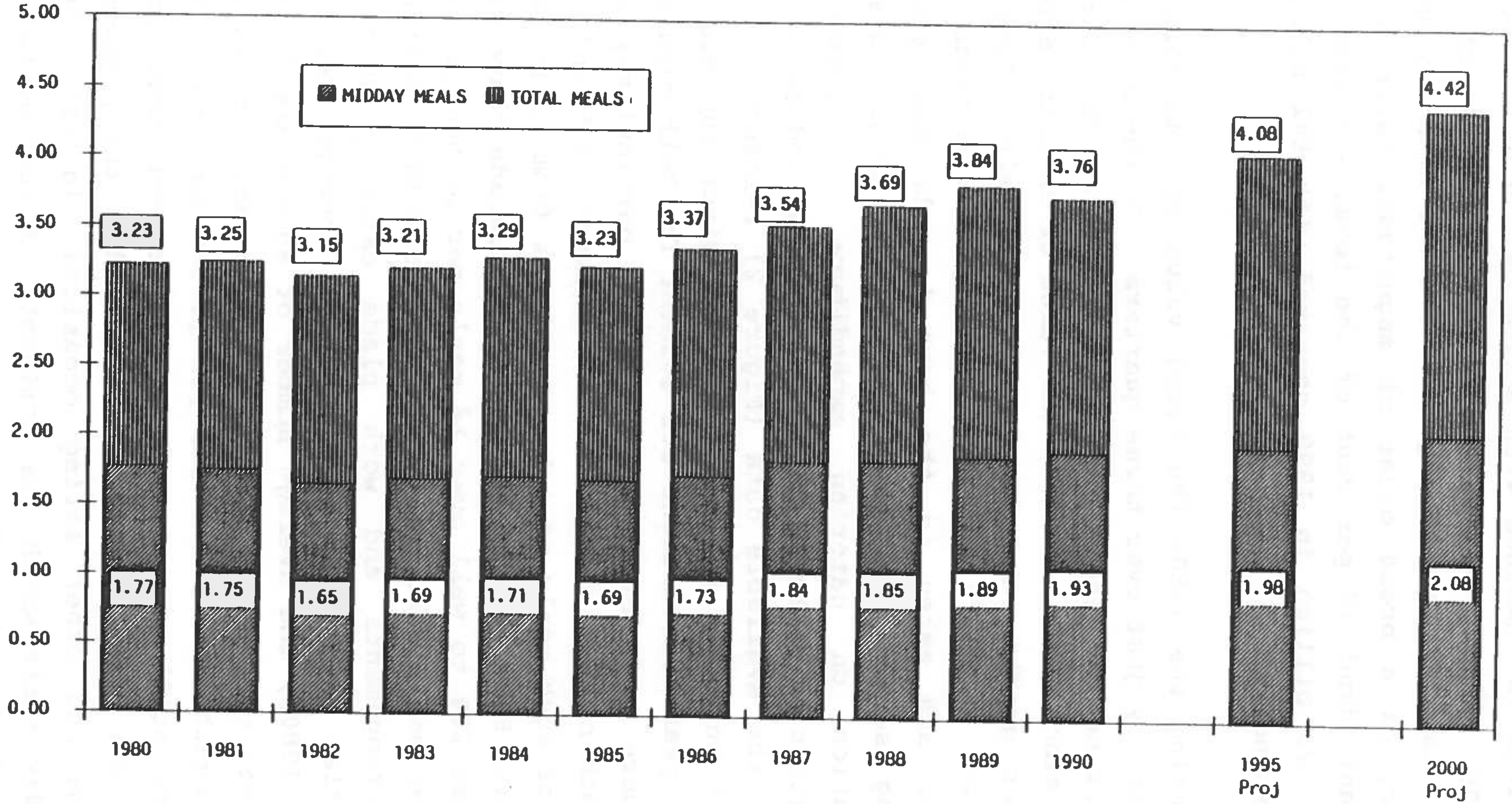


(a) Meals and Accommodation

out. This is combined with accommodation under the broad heading of catering. Since, accommodation is often purchased jointly with meals out, it is difficult to separate the two with any degree of accuracy. However, as a broad order of magnitude, meals out are thought to represent about 70 per cent of the total - giving an expenditure of around £20 billion in 1990 compared with £42 billion for household food expenditure.

3. During the 1980s the total value of household food expenditure increased by just over three quarters. On the other hand, expenditure on catering has shown very substantial growth, particularly in the period since 1985. In 1990 the value of catering expenditure was some $3\frac{1}{2}$ times greater than ten years previously. Thus over the period there was a shift in food consumption patterns away from meals prepared and eaten in the home towards food purchased from the catering sector. Although the NFS is being extended to include information on catering expenditure, at present only limited information is gathered on meals purchased and eaten outside the home. However the available data (Figure 2) reinforce the impression that spending on meals out has increased since the mid 1980s. Although year to year fluctuations are evident for both midday and total meals out, there is a clear upward trend, particularly in the number of meals other than midday meals. Between 1975 and 1985 the average number of such meals rose by almost 25% from $1\frac{1}{4}$ to over $1\frac{1}{2}$ per person per week. From 1985 to the end of the decade there was a further rise of almost 20% to well over $1\frac{3}{4}$ meals per person per week. The number of midday meals will, of course, be affected by factors such as school meal arrangements and work place catering which have undergone substantial changes in recent years. However, between the mid 1970s and mid 1980s, the average number of such meals fluctuated around $1\frac{3}{4}$ per person per week. Since then there has been an increase of over 10% to reach nearly 2 meals per person per week. Midday meals are therefore still numerically more important than other meals eaten outside the home, though it is probable that, given the nature of lunchtime and other eating occasions, in value terms it is the non-midday meals which are dominant. A continuation of the pattern observed during the 1980s would increase significantly the importance of meals out in relation to those coming from the household supply in

FIGURE 2 : NUMBER OF MEALS EATEN OUT PER PERSON PER WEEK



the next few years. On the basis of current trends the number of meals eaten out will increase by about 18 per cent by the end of the century with most of the rise accounted for by meals other than midday meals (Figure 2). Expenditure on catering (including accommodation) is projected to be equivalent to over 80 per cent of household food expenditure by 2000 compared with around 70 per cent in 1990.

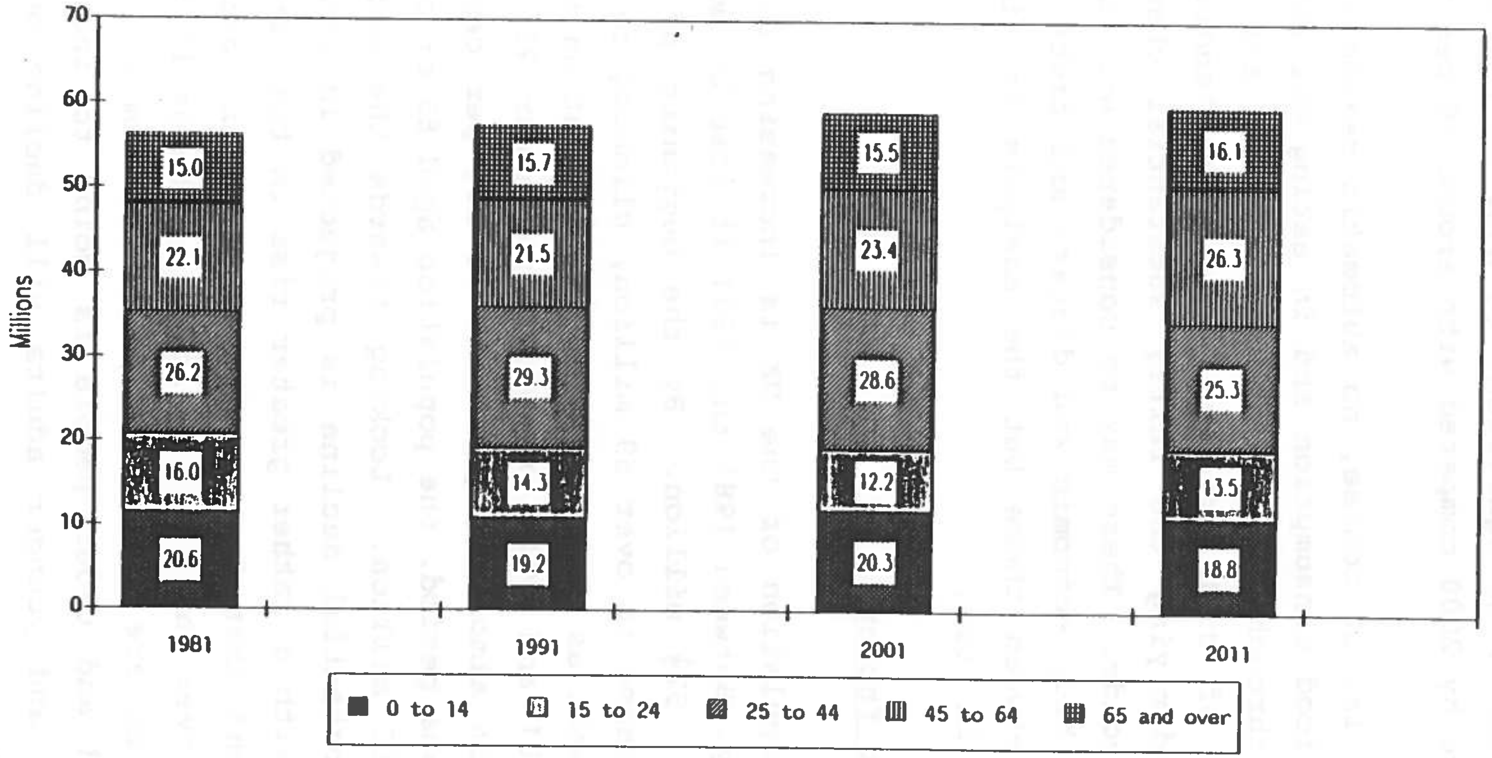
4. There is, of course, no automatic reason why trends observed in household food consumption and in eating out during the 1980s should continue throughout the 1990s. To assess the likelihood, or otherwise, of such movements, an understanding is needed of the factors underlying the fairly substantial changes recorded in the previous decade. These may be considered within the broad categories of demographic, economic and dietary and taste. Naturally there are linkages between these but the analysis is simplified if they are considered in turn.

Demographic factors

5. The population of the UK is increasing in size (Figure 3) but only slowly. Between 1981 and 1991 it rose by more than a million to reach some 57½ million. By the beginning of the next century it should increase to over 59 million, climbing to almost 60 million by 2011. As well as getting larger the population is also getting older; between 1981 and 1991, numbers aged under 25 fell by well over a million from almost 37 per cent to 33½ per cent of the population. Over the same period, the population aged 65 or over increased by more than a half million. Looking towards the end of the century, a further substantial decline is projected in the number of 15 to 24 year olds with a rather greater rise in the number of 45 to 64 year olds. Beyond that further marked rises are projected in the number aged 45 or over while in the lower age bands it is the 25 to 44 group where numbers are likely to fall. To sum up, while the number of middle aged and older people is going to increase, the number of adolescents and younger adults will decline over the next ten or twenty years.

Consumer Eating Habits - Figure 3

FIGURE 3
PROJECTED AGE DISTRIBUTION OF UK RESIDENTS



6. The NFS indicates that the number of meals eaten out generally declines as the age of the housewife increases: the under 25s eat out nearly 50 per cent more often that those in the 25-34 age band and over twice as frequently as the over 55s. Some people, particularly those whose domestic circumstances show little change, may more-or-less maintain a constant pattern of eating out so that their behaviour is the same at 65 as at 25. However, it seems unlikely that in the majority of cases such patterns will remain unchanged through life. Thus it is probable that the effect of an ageing population will be to reduce the demand for catering services. This might be felt most keenly by those catering establishments which appeal in particular to younger consumers whose numbers are likely to fall in the years ahead.

7. Another major demographic development, albeit one closely related to economic factors, has been the increase in female labour force participation rates (Figure 4). At present almost three-quarters of women in the 25 to 44 age band are thought to be in the labour force compared with little over half twenty years ago. By the beginning of the next century this proportion is projected to rise to nearly 80 per cent. Given the increases in overall female labour force participation which have already taken place, however, future rises are likely to be more modest - especially when considered against the background of an ageing population.

8. Higher female participation rates are likely to increase the demand for more highly processed foods which require less preparation within the home. Conversely those foods which require a large amount of time or effort in their preparation, such as the cheaper cuts of meat, or which form ingredients to home produced products such as cakes or pies are likely to suffer from lower levels of demand. These trends are likely to be reinforced by the increasing number of single person and childless households (itself partly explained by the ageing of the population) where it might be regarded as wasteful spending a lot of time and effort in cooking for one or even two. These developments suggest further moves towards 'convenience' foods, though these need not necessarily be more highly processed in the everyday sense. The essential requirement is that less time and effort is

FIGURE 4

FEMALE LABOUR FORCE PARTICIPATION RATES 1971 - 2001 (%)

Age Group	1971	1981	1991 Proj	2001 Proj
16 to 19	65.0	70.4	74.3	75.7
20 to 24	60.2	68.8	74.9	79.2
25 to 44	52.4	61.7	73.9	78.8
45 to 54	62.0	68.0	72.7	72.8
55 to 59	50.9	53.4	54.3	54.3
60 and over	12.4	8.3	7.7	7.1
All age groups	43.9	47.6	53.3	55.4

needed for their preparation within the home; products may simply be purchased in a form which cuts out some of the kitchen chores. The products of the catering sector might be regarded as the ultimate in processed food since no preparation is required on the part of the consumer, though a certain amount of time and effort is inevitably involved. Factors such as increased female labour force participation and smaller household size therefore seem likely to raise demand for the products of the catering sector partly offsetting the effects of the general ageing of the population.

<u>Economic factors</u>

9. Major economic factors determining the pattern of food consumption are the relative prices of different types of food, particularly those which are substitutes for or complements to one another, and the level of consumers' incomes. During the 1980s, the disposable income available to UK households rose by more than a third in real terms. As indicated above, household expenditure on food was little changed over the period and as a proportion of total consumers' expenditure fell from just under 17% in 1980 to 12% in 1990. Over the same period consumers' expenditure on catering rose from below 6% to over 8% of all consumers' expenditure. Although food as a whole tends to be very income inelastic and hence unresponsive to rises, or falls, in living standards, this is not true of all types of food. Some foods are, in economic terms, inferior goods with consumption falling as incomes rise whilst other types of food have high positive income elasticities. Thus while consumption of eggs, whole milk, lamb, margarine, sugar, bread and potatoes tends to fall with rising incomes, for yoghurt, cheese, fresh fruit and fruit juices, fresh vegetables and some types of poultry it rises. For catering too demand is sensitive to movements in consumers' income; a crude estimate of the income elasticity suggests that for every 1% increase in disposable incomes, expenditure on catering rises by 2%. Given that over any reasonable period real incomes are likely to increase, so too is expenditure on catering.

10. The effect of rising incomes on food consumption patterns may, however, also be indirect through increased ownership of consumer

durables such as cars, freezers and microwave ovens. These hav the consumer greater flexibility in the purchase, storage preparation of a wide range of existing food products and have a. facilitated the development of new products specifically adapted fo. use with modern appliances. Consumers are now able to shop in 'bulk' at less frequent intervals and many perishable items can be stored for lengthy periods. Meals can also be prepared well in advance of their consumption or, increasingly, purchased ready made and heated as required. These developments tend to give added impetus to the development of convenience products which can be frozen and cooked in a microwave oven, with little or no preparation required other than to open a packet. However, for consumers who enjoy culinary activities these developments also mean that food can often be prepared at the most convenient time rather than immediately prior to consumption and that 'economies of scale' in purchase and preparation can be realised.

11. Ownership of freezers and, particularly, microwave ovens increased rapidly during the 1980s. It is estimated that by 1990 well over three quarters of homes possessed a freezer and around one half a microwave oven. Ownership levels may be expected to increase further during the 1990s so that by the end of the century such appliances will be found in virtually every kitchen. This will therefore reinforce the existing trend in the pattern of food purchases and consumption giving added impetus to the consumption of convenience products and stimulating the development of new products which can be stored easily and which require the minimum of preparation. Such developments which greatly increase the ease with which food can be prepared in the home are likely to reduce the attractions of eating out particularly when this is based on reasons of convenience rather than social factors.

Dietary factors and taste

Jack Spratt could eat no fat
His wife could eat no lean
And so, you see, between them both
They licked the platter clean.

Nursery rhyme

12. Changes in consumers' tastes and preferences have an important bearing on food consumption. Of particular significance in recent years has been a growing desire on the part of consumers for products which are considered to be 'healthy'. During the 1980s there was a substantial increase in the interest of many consumers in the composition as well as the size of their diet. No longer was this viewed simply in terms of the calories it contained and the associated weight gain. Instead, components such as fat, sugar and fibre came to be viewed increasingly as important in their own right. In addition, recent years have seen products containing 'artificial' colourings, flavourings and preservatives coming under greater scrutiny and a greater demand for more 'natural' products. Periodic food scares have also served to heighten the concern of many consumers about the food that they buy and this had a major, though often temporary, impact on the pattern of food purchases.

13. It is clear that taste and dietary factors have had a major impact on food consumption patterns in recent years. A particular example is provided by fat. The link between consumption of fat, in particular saturated fatty acids, and coronary heart disease has led consumers to modify their behaviour - with varying degrees of success. This has prompted the development of a range of low and reduced fat products and encouraged a widespread switch from whole milk to reduced fat milks. Since the early 1970s, the intake of fat from household food supplies has shown a steady decline. However, this has coincided with a general decline in energy derived from household sources so that the percentage contribution of fat to total energy intake has shown only a small fall. Extrapolating, on the basis of current

trends, suggests that this proportion is unlikely to show much change in the next few years (Figure 5). However, within total fats the ratio of polyunsaturates to saturates has increased rapidly; a trend that is likely to continue into the future on the basis of current eating patterns (Figure 6).

14. To some extent the concerns of consumers about the food that they eat have also increased in recent years in the directions of animal welfare and the impact on the wider environment. Consumers, or at least one class of consumer, are concerned not only with the quality of the product on the shelf but also with the conditions under which it is produced. Such concern may increase the numbers turning to vegetarianism but the greater manifestation is likely to be in the form of increased demand for animal products which are produced by what are seen as humane methods - such as free range eggs, outdoor pigs and 'dolphin friendly' tuna - and for crop products whose production minimises the effect on the environment. To a considerable degree this move reflects, and is reflected in, the increased demand for products which are perceived of as natural and 'additive free', mentioned above. Although health and other concerns have had most impact on food consumption within the home, the catering sector has not been unaffected by such developments and, given increasing dietary awareness, these factors are likely to become increasingly important in fashioning consumer demand for the products of the catering sector.

15. However, the health and wider concerns of consumers have not been the only taste factors at play during the 1980s and it is most unlikely that they will be so in the 1990s. It is apparent that over a number of years consumers have become more catholic in their tastes and are consuming a wider range of foodstuffs than previously. Thus products such as pizza, fromage frais, kiwi fruit, mangoes, muesli and squid, which only a few years ago would have been regarded a exotic, are today treated as commonplace. In part this may be due to consumers broadening their horizons through sampling new types of food on holidays abroad or in the enormous range of ethnic restaurants in the United Kingdom. A further factor may, however, be the structure of the food manufacturing and retailing sectors; the former are often characterised by large multinational companies seeking to market the

FIGURE 5 : CONTRIBUTION OF FAT TO ENERGY IN THE HOUSEHOLD DIET

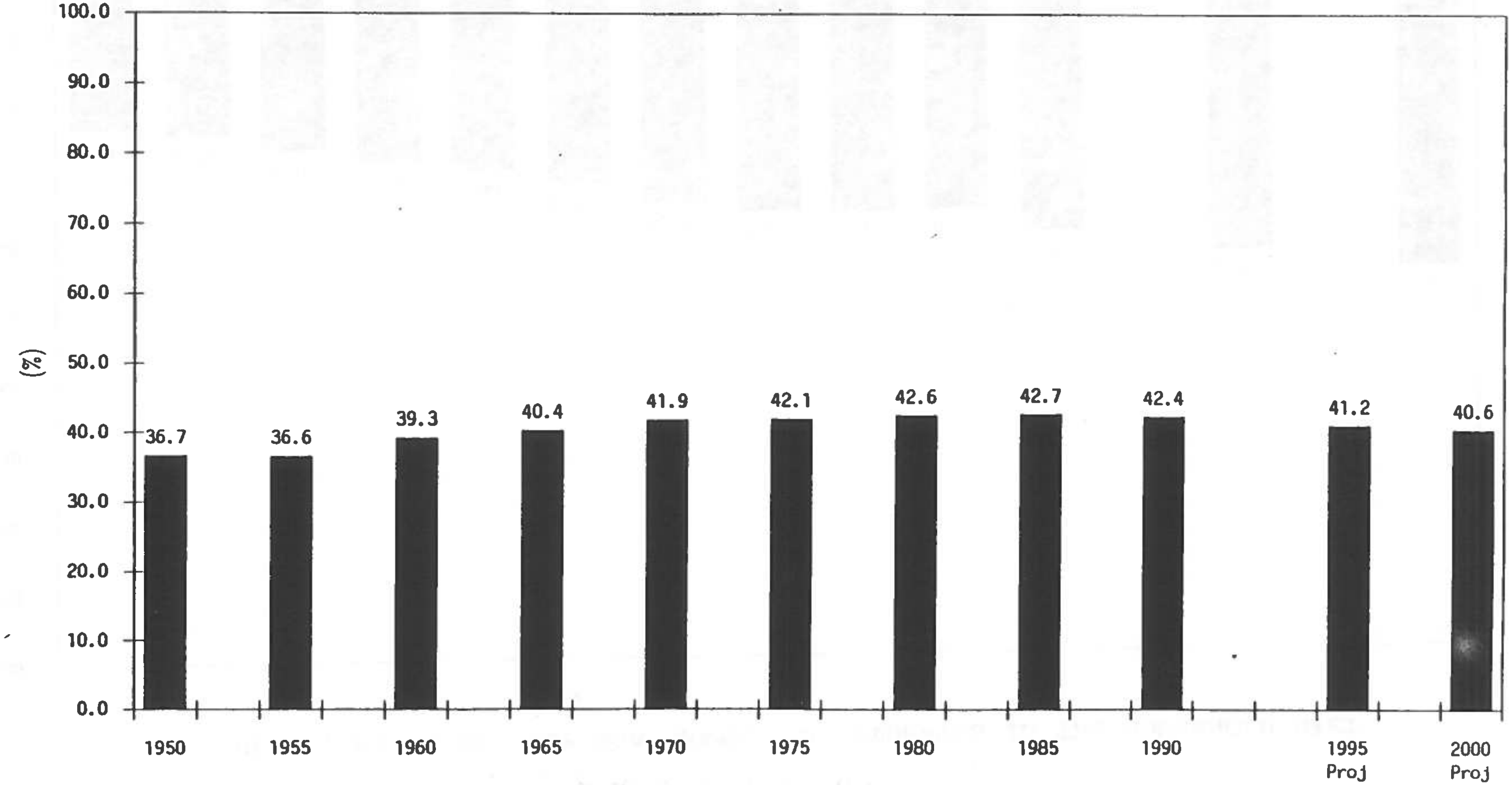
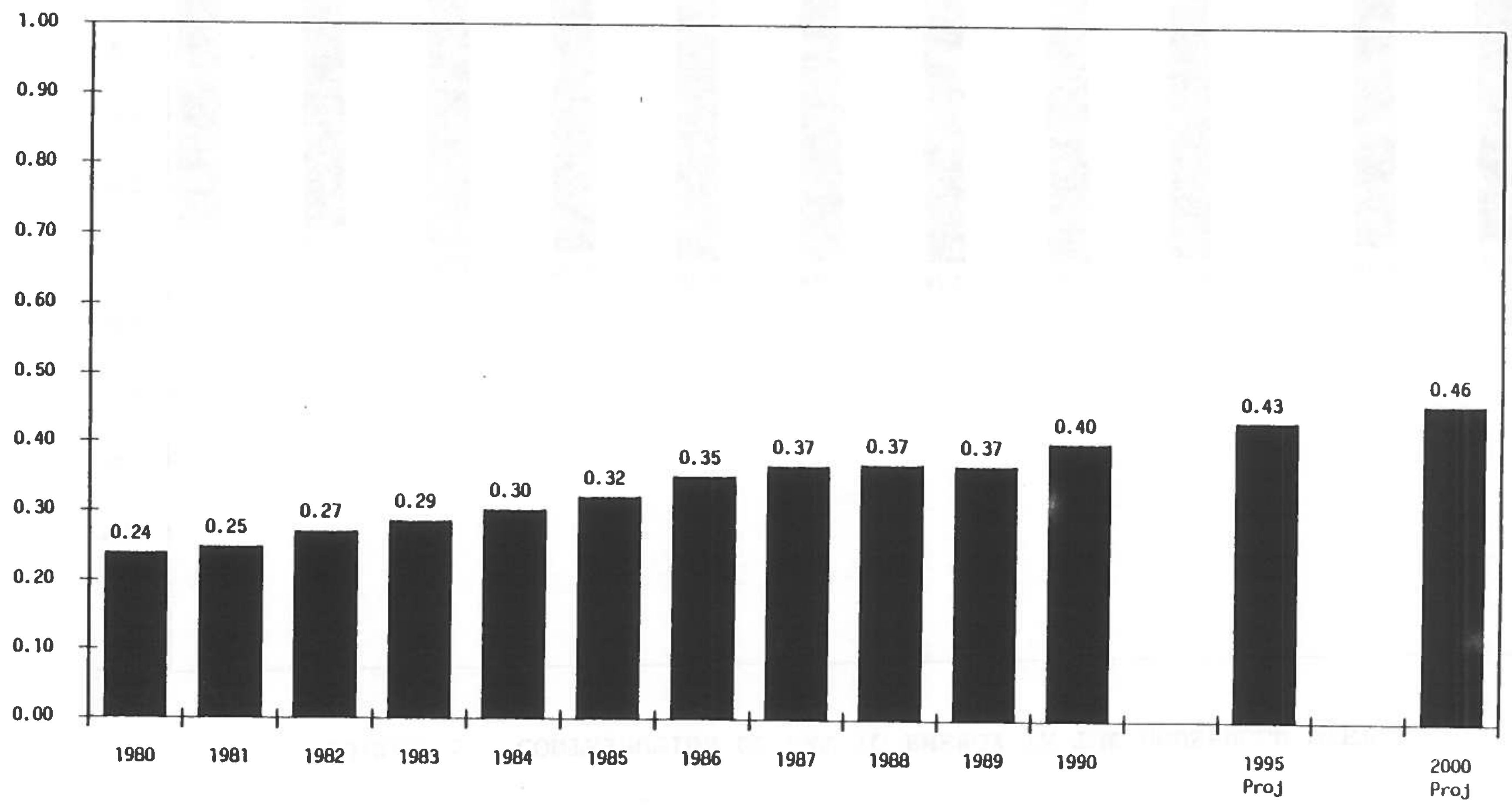


FIGURE 6: RATIO OF POLYUNSATURATES TO SATURATES IN THE HOUSEHOLD DIET



same or similar products in a number of countries in order to achieve maximum economies of scale while the latter attempt to maximise market share within a relatively static market overall, partly by attempting to provide consumers with the greatest possible choice of products. Given current trends in food manufacturing and retailing and in the behaviour of consumers, this movement towards even greater variety in the diet is likely to continue. Although consumers are likely to be particularly interested in those new products which are seen as fulfilling their dietary objectives based on health factors, this will not prevent them developing tastes for other foodstuffs. As a single example, it is full fat yoghurts, such as Greek style yoghurt, which appear to be gaining most in popularity at present.

Food consumption patterns

16. Having considered some of the major factors which have a bearing on food consumption patterns, it is appropriate to examine more closely what those trends have been in recent years, how they are likely to evolve and the possible implications for the catering sector. While it is not feasible to look at the detail behind all of the trends evident in the 1980s, Figures 7 to 10 give more detailed analyses for certain types of products. In particular meat and fish, which will often form the basis of a main meal, are examined more closely. From these tables the importance of many factors identified above, such as the demand for greater convenience and variety plus a greater awareness of healthy eating, are apparent.

17. Consumption of meat and meat products showed a substantial decline during the 1980s largely because of a fall in purchases of the main carcase meats, bacon and ham, offal, and some 'traditional' products such as sausages (Figure 7). On the other hand, consumption of poultrymeat, and of a range of convenience products increased.

18. It is clear that a number of factors identified above were at play in influencing the pattern of meat consumption. Convenience products have increased in relative and, often, absolute importance, mainly at the expense of carcase meats and offal which require a significant amount of preparation; consumption of poultry, which is

Consumer Eating Habits - Figure 7

FIGURE 7
HOUSEHOLD CONSUMPTION OF MEAT AND FISH 1980, 1985 & 1990

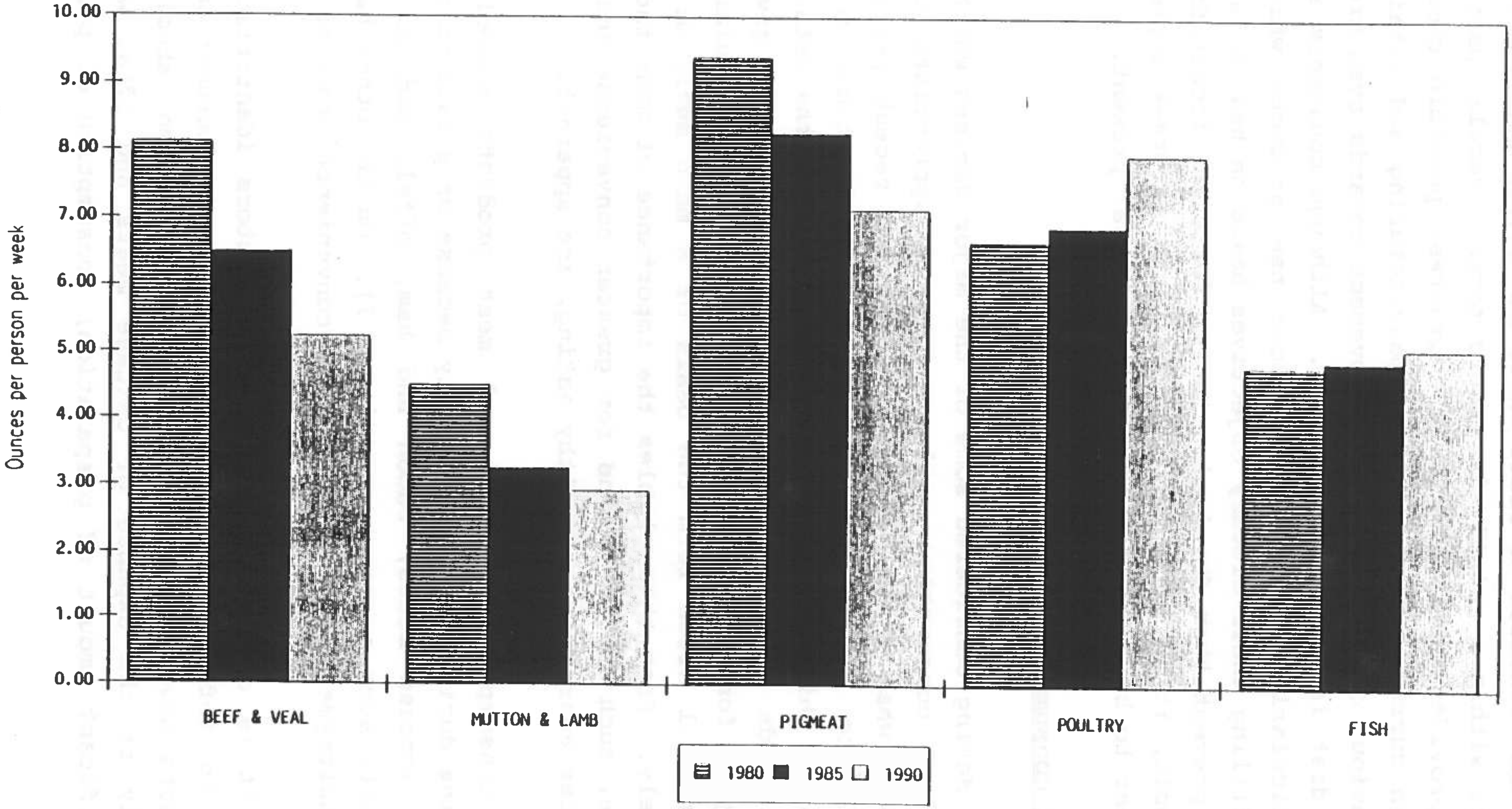


FIGURE 8
HOUSEHOLD CONSUMPTION OF MILK 1980, 1985 & 1990

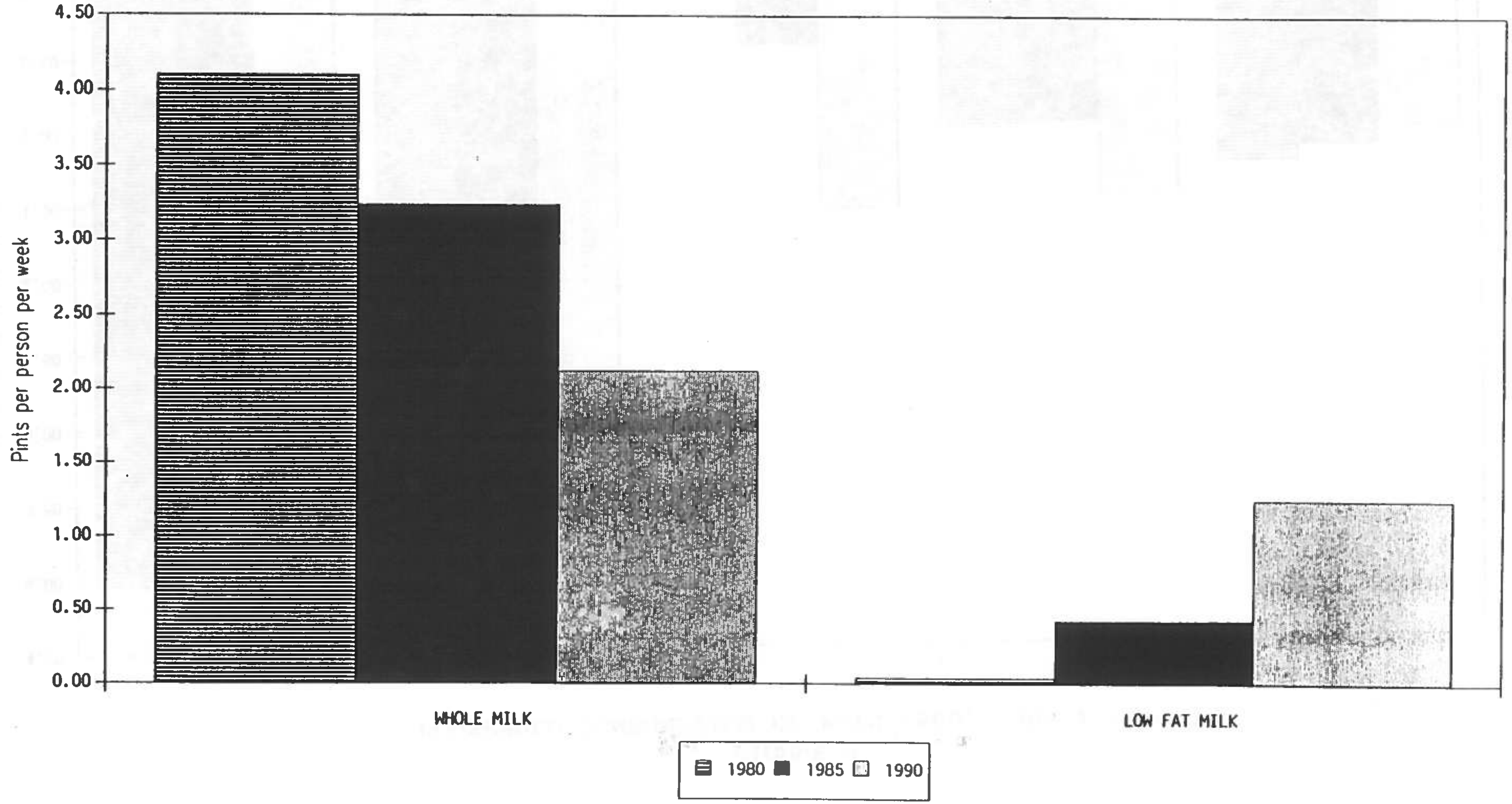
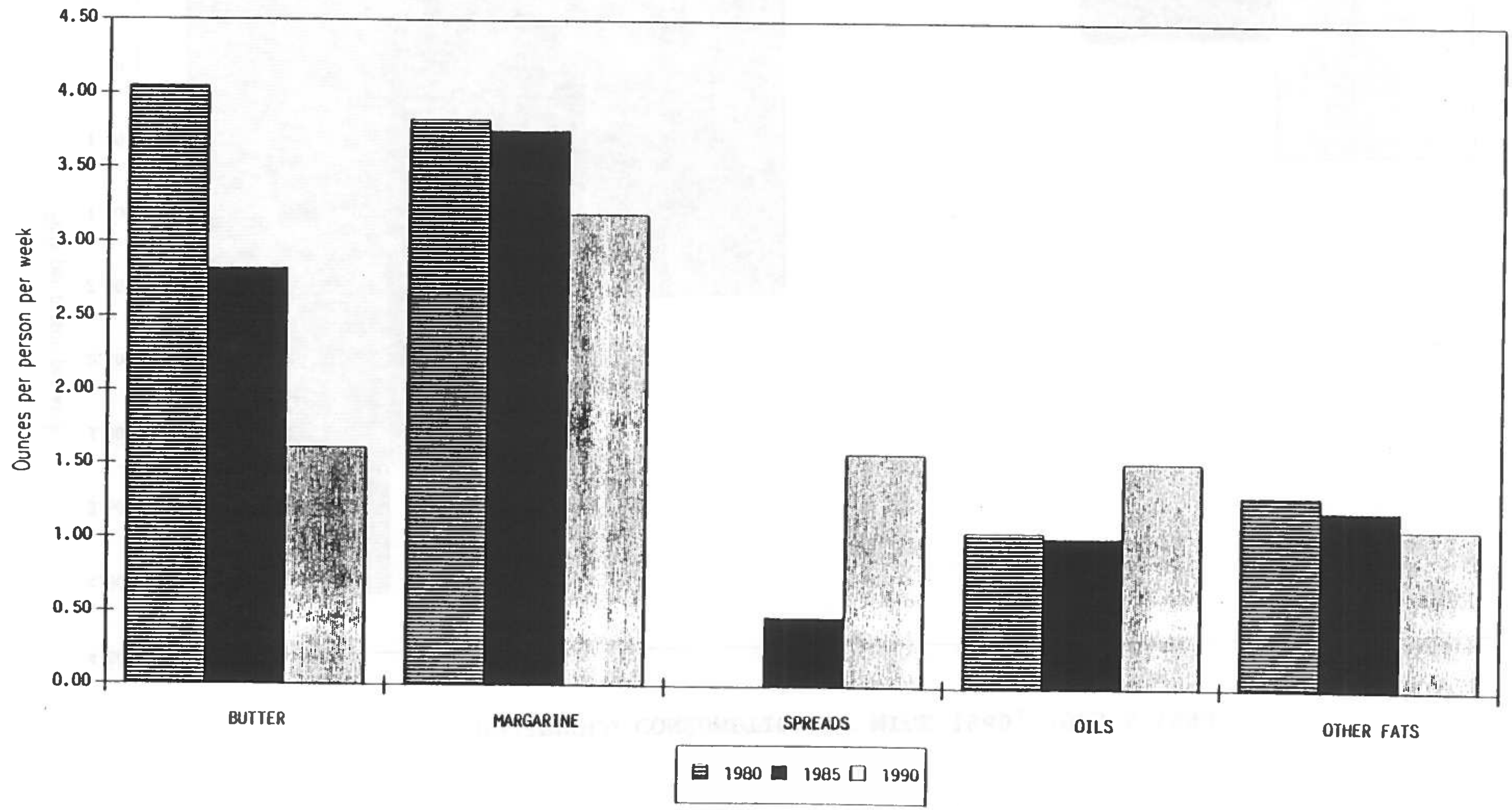
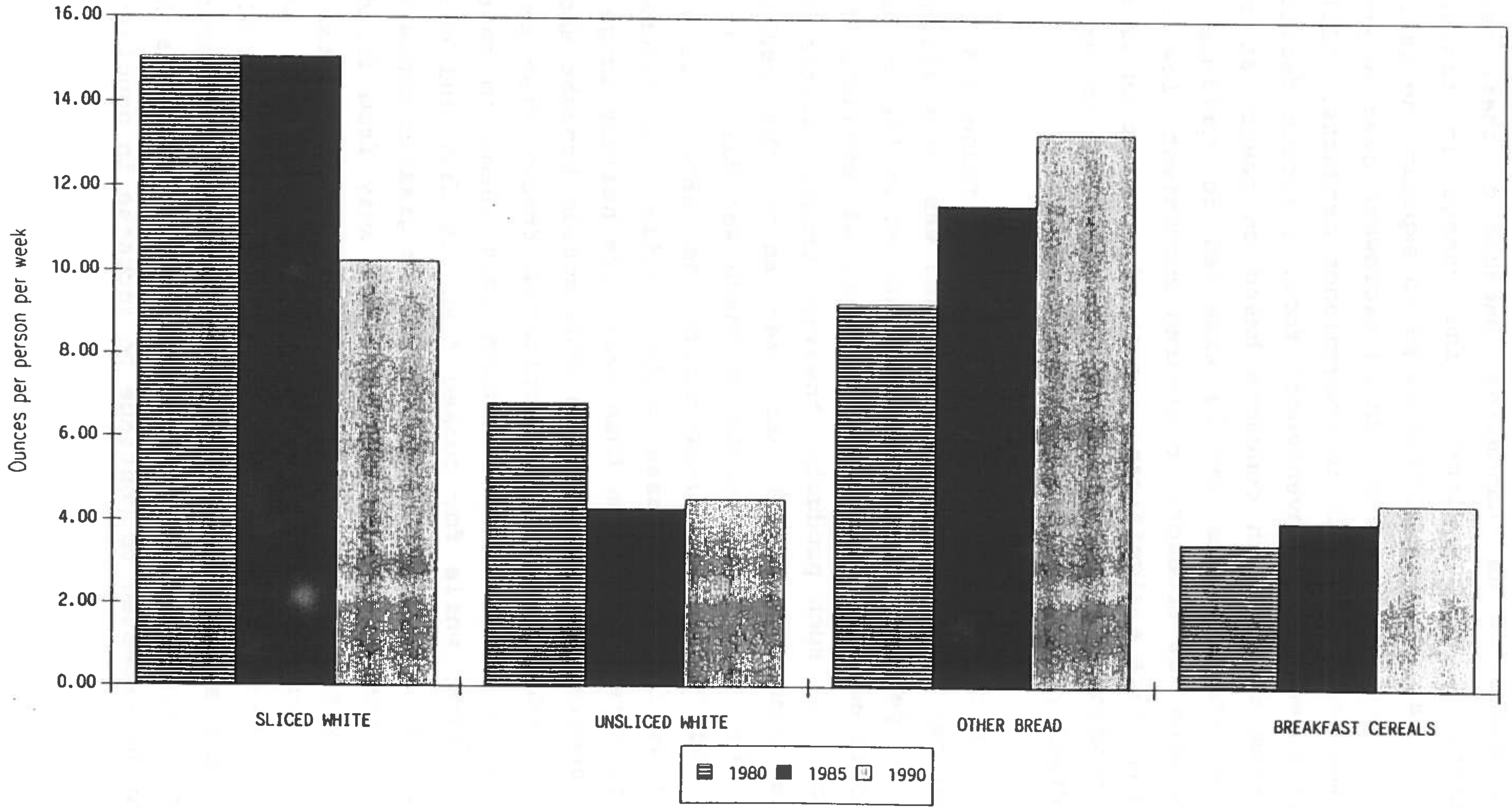


FIGURE 9
HOUSEHOLD CONSUMPTION OF FATS 1980, 1985 & 1990



Consumer Eating Habits - Figure 10

FIGURE 10
HOUSEHOLD CONSUMPTION OF BREAD AND CEREALS 1980, 1985 & 1990



relatively low in fat, has increased while, for sausages, which are often perceived as 'unhealthy' because of their relatively high fat content, it has declined; the change in tastes away from the traditional fried breakfast helps to explain the fall in bacon and ham consumption while the growth in microwave oven ownership will account for much of the growth in convenience products. Although burgers may be regarded as a 'convenience' food, a recent decline in consumption may stem from health concerns based on their fat content. For the future, these trends may be expected to continue with consumption increasing for products considered convenient, low in fat or both and falling where a significant amount of preparation is required or where the product is perceived as contributing to an unhealthy diet, principally because of a high fat content.

19. Fish consumption fluctuated in the range 4.8 to 5.2 ounces per person per week during the 1980s and was on a slightly upward trend over the period. Growth was most marked in the consumption of canned and bottled fish embracing a range of products from sardines to salmon. All such products, however, require little or no preparation before consumption and many may enjoy the healthy image often associated with fish. Although there was fall in the consumption of fresh and frozen white fish during the 1980s, this was not nearly as marked as for the carcase meats: while fish generally requires as much or more preparation than meat, its healthy image may have helped to attenuate any reduction in consumption brought about through this lack of convenience. Consumption of frozen fish products showed a small rise in the 1980s, though this seems to have stabilised in recent years, while for cooked fish (ie fish and chips) consumption has fallen. This may be due in part to greater competition from other types of takeaway food and to a move away from fried food. In the next few years, the existence of strict fishery quotas in EC waters is likely to raise the price of many types of fish relative to other types of food and, hence, to constrain consumption although supplies of farmed salmon are likely to increase. However, many tinned products, such as tuna, which are readily available from outside the EC, may be expected to continue to increase in popularity.

20. While meat and fish frequently form the basis of main meals eaten inside and outside the home, milk, fats and cereals, in particular bread, all make a significant contribution to the diet and have shown major changes in consumption in recent years. For milk the 1980s witnessed a substantial shift from full cream to low fat varieties. Between 1980 and 1990 consumption of whole milk virtually halved to not much more than 2 pints per person per week (Figure 8). Over the same period, consumption of skimmed and semi-skimmed milk increased dramatically, rising from insignificant levels to 1¼ pints per person per week. Health concerns obviously played the major part in this switch as consumers attempted to cut down on their fat intake derived from milk. The same concerns also had a major impact on the visible fats sector where consumption of full fat spreads, in particular butter, declined while for reduced and low fat spreads and oils there was an increase (Figure 9). Health considerations were probably also at play in affecting the pattern of bread consumption (Figure 10) where there was a substantial fall for white bread particularly for sliced loaves after 1985 but a marked rise for other types of bread, which includes varieties such as wholemeal and whole grain. It is also interesting to note in passing that consumption of breakfast cereals has shown a steady increase over the decade, probably reflecting the decline in the traditional cooked breakfast noted above.

21. Given the increasing emphasis being placed on both convenience and healthy eating, the trends noted above may be expected to continue into the foreseeable future. As such eating patterns become more entrenched, the greater is likely to be the effect on the catering sector. Meals which are based on carcase meats or meat products perceived as being high in fat are expected to lose popularity in favour of fish, poultry and vegetarian dishes. To some extent this trend may be affected by the development of 'low fat' version of products such as hamburgers and sausages but this is much more likely to result in a moderation of the trend rather than its reversal. When eating out consumers will increasingly come to expect the same range of options as when preparing a meal at home.

Prospects for the catering sector

22. In the sections above some of the major factors affecting food consumption, a number of changes which these have brought about and possible future developments have been discussed. The likely implications of these developments for the catering sector have already been touched upon at a number of points. As mentioned in the introduction, consumers' catering and household food expenditure cannot be divorced from one another; factors which bear upon one will almost certainly affect the other since, all else being equal, the more that is eaten at home, the less will be eaten outside and vice versa. In recent years, the trend appears too have worked strongly in favour of 'meals out' and against meals coming from the household supply. Much of this increase is probably associated with increasing affluence; analysis of the available data suggests that catering expenditure is very sensitive to movements in real disposable income. As real incomes increase in the future, one may therefore expect to see further substantial gains in real catering expenditure at the expense of meals eaten at home. To a small extent, these gains from rising incomes might be offset by a rise in the price catering relative to household food, given its greater labour input, but this effect is likely to be small.

23. Factors, other than income and relative price movements are, however, likely to have an impact both on the level of consumers' catering expenditure and, more particularly on its pattern. Thus the economic fortunes of the various segments within catering may be rather different in the years ahead. A number of the factors which have been identified above as being important in influencing catering expenditure are likely to have different ramifications for different types of catering enterprise. Within the area of demographic factors, two trends were identified as being particularly important: the general ageing of the population tending to reduce the demand for catering and higher participation rates among women tending to increase it. Certain types of catering enterprise especially those specialising in the various types of fast food, appeal in particular to a relatively young clientele. The reduction of this important

customer base is likely to be a matter of some concern to these enterprises in the years ahead. Although, the workplace and 'convenience' sectors of the catering market may derive some benefit from higher female participation rates, it should be noted that these are already high and that the projected increase to the end of the century is relatively small. Hence, the continuing trend towards two income households is likely to provide rather less impetus to this sector of the market than in the past.

24. The increased dietary concerns of consumers are expected to impact considerably on the catering sector. For instance, growing concerns of consumers about the amount of fat in their diet is likely to be reflected increasingly in their choices when eating out. Thus the trend away from fried food, such as fish and chips, is expected to continue along with a move away from products which are perceived to be high in fat. Carcase meats and their derivatives are therefore anticipated to suffer somewhat, compared with poultrymeat and fish (other than fried) as the choice of consumers for the main ingredient of a meal out. In parallel, given a demand for 'natural' products with fewer artificial additives, the consumer may come to require as much information when ordering a meal in a restaurant as when shopping in a supermarket. In the absence of such information 'the worst' will probably be assumed.

25. The increasing availability of 'convenience' products for consumption in the home is also likely to have a major impact on those sectors where convenience is claimed as a major advantage, such as for fast food or takeaway establishments. Given increased ownership levels of kitchen appliances such as freezers and microwave ovens and an ever greater variety of high quality products available in small portions which can be prepared with minimal effort, it seems certain that the supermarkets will provide an ever increasing source of competition to the catering sector. Scripture probably provides the best summary of this trend in consumption patterns:

> Give me neither poverty nor riches;
> feed me with food convenient for me.
>
> Proverbs

ECONOMICS AND STATISTICS (FOOD) DIVISION
MARCH 1992