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Food Service - Hotel Restaurant Institutional

2016

Approved By:
Stan Phillips – Agricultural Counselor

Prepared By:
Julie Vasquez-Nicholson

Report Highlights:
This report provides an overview of the UK foodservice industry and its various sub-sectors. It describes how the various sectors work and provides contact information for all the main groups within the industry. Healthy food options are the hottest trend in the HRI sector which remains receptive to new American products.

Post:
London

Author Defined:
SECTION I – MARKET SUMMARY

The hotel, restaurant and institutional (HRI) market is the UK's fourth largest consumer market following food retail, motoring, and clothing and footwear. The HRI market provides prepared meals and refreshments for consumption, primarily outside the home.

State of the market:
In 2015 the UK foodservice sector (food and beverage sales to consumers) was estimated to be worth £47.9 billion ($62.2 billion). This was an increase of 2.8 percent on 2014. The food service sector is clearly an enormous market and is one that can provide many opportunities for prepared U.S. exporters.
Although eating out is a way of life for many UK consumers, the number of times people eat out and the type of place where they eat are dictated by how much they want to spend. In the past year we have seen consumers wanting to eat out more and spend more. The average amount spent per outing is now £13.18 per person including drinks, £1.00 less than 12 months ago. Takeaways and fast food outlets have continued to do well with consumers opting for these types of meals rather than more expensive restaurants. Burgers remain the number one item on menus, but other trends are becoming more main stream such as Americana, world cuisines, healthy food and indulgence.
Trends:

Here is a snapshot of the major trends currently seen in the UK:

Menu trends – South American seeds and grains, Middle Eastern flavors, ceviche, Vietnamese, popping candy and sweet and salty flavors.

> Americana remains popular – pulled pork, bbq, ribs, hotdogs etc.
>
> Superfood dishes are increasingly popular, dishes including seeds, salads, quinoa, vegetables etc.
>
> Rice is appearing much more on menus. A dish containing rice can now be found on 75 percent of menus.
>
> Provenance – Products marketed with a focus on the country of origin, how the product was cooked, farm names and references to smaller, family owned business' on labels and menus.
>
> Personalization – whether it is choosing your own toppings, or building your own burger.
>
> Street Food – Quality ingredients, seasonally sourced, quick food.

More and more payments being made cash free, eg. with mobile phone based payment tools.

A couple of years ago most restaurants were using discount vouchers to entice customers through the door. They are still around, but the use of vouchers has dropped significantly and discounts via vouchers are less attractive.

Airport dining is continuing to see high levels of growth. Following increased security at airports, consumers are at airports longer. Therefore, as a result, consumers are more likely to have a meal at the airport and buy drink products and snacks to take on the plane with them.

Fast food outlets with drive-thru's continue to see an increase in trade. Due to limited land, the majority of these are found outside city centers.

In the last few years the UK has built more large enclosed shopping malls attracting consumers who spend money on food and drink.

The most significant trend in recent years is the preference for "healthy eating". In spite of this, the UK's obesity rates are now the highest in Western Europe with an estimated 24 percent of the adult population now technically obese. Low fat, dairy free, sugar free, low carbs, low salt, nut free, organic are regularly seen on menus.

As always it is the independent pubs that have felt the biggest impact. These small establishments have not had the capital or resources to spend on advertising or creating new dining areas as the large chain pubs have done. Some of the big operators, such as Mitchells and Butlers Plc, Greene King Plc, and JD Wetherspoon, have continued to generate profits.

Top growth sectors in 2015 were: pizza and pasta restaurants, pub style chain restaurants, coffee shops, sandwich shops and holiday camps.

The lowest performing sectors in 2015 were: tenanted and leased pubs, airlines, fish and chips, traditional cafes.

Fastest growing small brands in 2015 were:

Creams Café
Turtle Bay
Tortilla Mexican Grill
Chozen Noodle
Decks

UK growth hot spots in 2015 – Glasgow, Leeds, Manchester, Liverpool, Birmingham, Bristol and London.

The way in which food is delivered by restaurants has changed over the years. Food used to be ordered directly from the restaurant, however, now there are middlemen such as Just East or Deliveroo provide quick delivery service for multiple restaurants. Increasingly, such delivery services are playing a more important role in the marketing landscape as they accumulate information about the final consumer.

What the future holds:

With longer working hours and the importance of socializing, consumers are likely to eat out on a more regular basis.

Smaller/Independent operators will continue to feel pressure and many are likely to be driven out of the market. Mid-level restaurants are facing stiff competition with consumers choosing to either downgrade to quick service restaurants or takeaways or upscale to high end restaurants, where money is not an issue for the consumers who eat there.

Consumer demand for new foods is strong in the UK and is continually driven by high numbers of non-UK citizens making the UK their home. The fastest growing business types are likely to be new fast food, street food, pop up restaurants, International cuisines and coffee shops and sandwich bars.

Consumer behavior does change with more people eating breakfast away from home. Also consumers are not ordering as many starters or desserts, so in most cases are just ordering a main course.

Many UK consumers cook non-British food at home on a regular basis.

Brexit has had an effect and is projected to increase the price of food prices in 2017 absent other mitigating effects.

Overview of the foodservice market in the UK in 2015

Number of Outlets and Meals			**£ Billions at 2015 Prices**		
Sector	**Outlets**	**Meals Billions**	**Purchases Food**	**Purchases Food & Drink**	**Sales Food & Drink**
Restaurants	30,316	0.8	£2.1	£3.0	£11.4
Quick Service	33,605	2.1	£2.7	£3.3	£12.7
Pubs	43,195	0.8	£1.1	£1.7	£5.5
Hotels	44,877	0.6	£1.7	£2.3	£9.5
Leisure	20,164	0.5	£0.8	£1.0	£3.9
Staff Catering	17,394	0.7	£0.9	£1.1	£2.4
Health Care	32,244	0.9	£0.6	£0.7	£0.9
Education	34,252	1.2	£0.8	£0.9	£1.4
Services	3,068	0.3	£0.2	£0.2	£0.3
Total 2015	**259,116**	**7.99**	**£10.91**	**£14.11**	**£47.89**

Source: Horizons

Advantages & Challenges to U.S. Products in the HRI Sector

Advantages	**Challenges**
Brand name recognition – there are many American chain restaurants in the UK wanting to source American food products.	Competition from many other ethnic restaurants all popular in the UK, eg. Indian, Chinese, and European.
There are a relatively small number of	Fluctuation in exchange rate and the 20 percent

specialist foodservice importers, capable and interested in importing from the United States.	weakening of the British pound against the U.S. dollar in 2016 can cause pricing difficulties.
The United States has a good brand image in the UK.	Strict EU import regulations and labeling/ingredient requirements.
The country is English-speaking and is a natural gateway into the rest of Europe for U.S. exporters.	UK importers do not pay duty on EU origin goods. The importers of U.S. origin products pay 0-25 percent in import duties on most products.
The United States is a popular destination for UK tourists and familiarity with U.S. products is widespread.	Need to change image of American food, which is associated with fast food.

Market Structure

The foodservice market is much more complex than the grocery retail market and is generally divided up into two distinct sectors: Profit and Cost.

Profit Sector:

This is the area of the foodservice market in which the potential business gains are the main motivator. Pricing is flexible. In the profit sector, the majority of outlets can be classified as working within the hospitality industry, e.g., restaurants, fast food, pubs, hotels, and leisure venues.

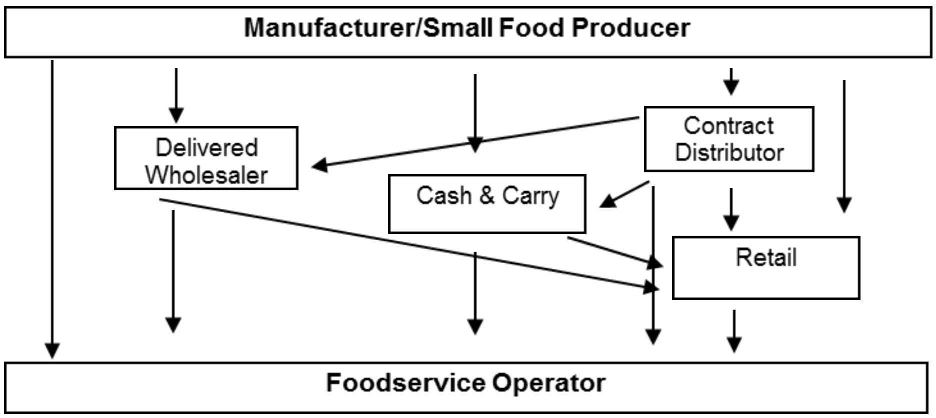
Cost Sector:

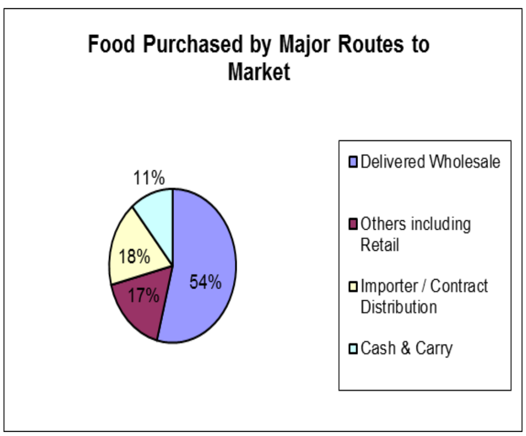
Caterers within the cost sector traditionally do not derive substantial margins. Meal provision tends to be out of necessity, rather than as a result of a business opportunity being identified. Provision is governed by contract where pricing is controlled if not fixed, e.g., schools, hospitals, prisons, and specialist care homes.

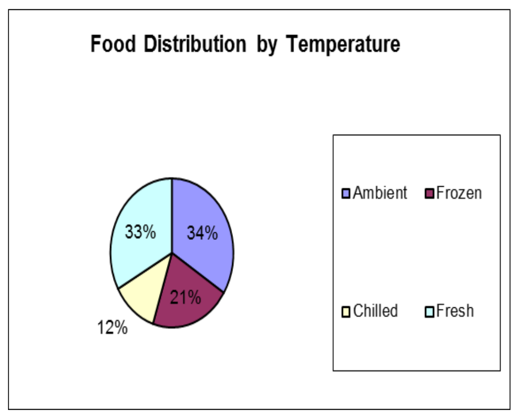
Profit Sector	**Cost Sector**
Restaurants	Staff Catering
Quick Service Restaurants	Education
Pubs	Health Care
Hotels	Custodial (Prisons)
Leisure	Welfare (Long term care facilities)

SECTION II – ROAD MAP FOR MARKET ENTRY

The following diagram shows the most common routes to market. Although there are many varied routes, the most common way for American products to enter is through an importer, due to their knowledge of the market, well-developed contacts, and distribution systems.







Over half of all food and beverage products sold to foodservice operators are through wholesalers. Larger operators will purchase from wholesalers, while smaller outlets are likely to buy from either cash and carries or retail stores.

Due to the large number of companies operating within the food service market, intermediaries skilled in fulfilling small orders efficiently play a pivotal role in the distribution of products.

Aramark, Bidvest Foodservice, Brakes, Compass Group, Mitchells & Butler, Sodexho and Whitbread are among the largest operators in the UK.

These companies can be categorized in the following:

Operators - Operating a foodservice outlet includes all the functions associated with both 'front' and 'back' of house, including kitchen operations and meal preparation. All of the operating functions can be undertaken by the owner. Foodservice operators include: Compass Group, Sodexho, Whitbread, McDonalds and Burger King.

Delivered Wholesalers - The catering market is predominately supplied in two main ways, either direct from a supplier or an intermediary or from a wholesaler. Currently, over half of all food sold to food service operators is delivered by wholesalers. Smaller operators, such as independent pubs, restaurants and hotels, may purchase from national or regional wholesalers, but given their small size and flexibility, they are more likely to source from regional producers. Examples of these are 3663 First for Foodservice, Brakes, Sodexho and Compass Group.

Distributors - Unlike the wholesalers, contract distributors do not normally take ownership of goods, but instead, offer a delivery service function. Operators choosing to contract a distributor for all parts of their estates include McDonalds, Burger King, Prêt Manger and Compass. 3663 and Brakes provide a contract distribution service, in addition to their delivered wholesaler service.

Sub Sector Profiles

Following are institutions within the HRI sector:

Restaurants
The restaurants referred to in this sector, cover establishments where one would sit down to a meal. Eating in a restaurant is more likely to be a planned event for a specific purpose.

Discount vouchers are still used by most restaurant chains, but the discounts are not as big as they were a couple of years ago. So they still entice customers into the restaurant, but the customer ends up paying more.

Ethnic food is very popular in the UK, so restaurants offering food from all over the world are seen throughout the UK.

Key players include: Mitchells and Butler, Gondola Holdings (UK leading casual dining group operating Pizza Express, Ask, Zizzi, plus a number of smaller brands), Whitbread Restaurants and The Restaurant Group (one of the largest independent restaurants and pub restaurant groups owning Chiquito, Frankie and Bennies, Garfunkel’s, Home Country, TRG Concessions and Brunning & Price).

Quick-Service Restaurants
Similar to cafes, quick-service restaurants offer a quick meal on the go, but lack the social element of a café. One in four consumers eats in a quick-service restaurant, because their

children or grandchildren want to eat there. Fast food chains will continue to develop healthier alternatives to their standard offerings as consumers demand healthier options.

Quick service restaurants have performed well in the last 12 months with many consumers opting for this type of meal rather than a full service restaurant. Also, some of the fast food operators are opting for menu items outside their normal fare. For example, McDonalds has made a success of selling coffee, despite strong competition from the numerous specialist coffee shops.

Key players include: McDonald's, Burger King, Nandos, Eat, Domino's, KFC, Pizza Hut, Pret a Manger, Subway and Greggs Plc.

Hotels and Resorts

The majority of hotels trading in the UK are small independent businesses, mostly run by families; however, this is slowly changing as a number of larger chained operators have entered the market. Each hotel is counted as one outlet, even though there might be several foodservice components within it, e.g., a restaurant, bar, room service, and leisure. A decline in public spending and the general public's price consciousness owing to the credit crunch has seen an increased demand for budget accommodation.

Hotels, especially those in London and the South-east, have done well in recent years.

Key players include: Hilton, Holiday Inn, Marriott, Intercontinental, and The Savoy Group.

Pubs

Places with good service and a relaxed atmosphere are key expectations when eating in a pub. Low prices and price promotions are also critical and are one of the main differences between restaurants and pubs. Forty percent of UK consumers eat in a pub once a month or more. Eating in a pub is primarily a social event with friends. Pubs are seen to offer a convenient option compared to a restaurant or eating at home.

The Campaign for Real Ale (CAMRA) reported that 27 pubs closed every week during 2015. Independent pubs that do not sell food are most as risk. The number of pubs fell by 1,444 in the UK during 2015. There were 52,700 pubs remaining in the UK at the end of 2015.

Pub companies and breweries will increase their market share while independently owned pubs are expected to decline in number.

Campaigners are calling for an urgent change to the law to make it harder for pubs to be demolished or converted into supermarkets or convenience stores, in order to try and save the British institution.

Key players include: Scottish & Newcastle, JD Wetherspoon, Punch Taverns, Enterprise Inns, Greene King and Admiral Taverns.

Leisure Parks

This category includes everything from visitor attractions, such as museums, zoos, and theme parks. A breakdown would include:

Entertainment	Theatres, cinemas, sports stadiums and gambling establishments
Clubs	Health clubs and fitness centers, sport and social clubs
Caterers	Events caterers, mobile caterers

On Board Travel Airline catering, ferry catering, rail catering, bus and coach catering

While UK public is still visiting these establishments especially with the increased holidays in the UK, consumers are not spending as much money on food. They prefer to take their own snacks to cinemas rather than buying food there. Bingo halls and Bowling Alleys have seen an increase in food sales as consumers tend to make a night of it and buy food as part of the evening. Health Clubs are one area where consumers are spending more money on food and drink as the importance of health is growing.

Key players include: Odeon Cinemas, Living Well Fitness, David Lloyd, Gala and Mecca.

Specialist Coffee Shops

The UK branded coffee shop market has shown huge growth in recent years. There are currently 20,728 coffee outlets in the UK with chain coffee shops opening at a rate of 10 per week. Costa Coffee, the number one specialist coffee chain has 1,992 outlets. There is now one coffee shop for every 3,000 people in the UK. Ten years ago there were just 8,887 outlets in the UK.

The UK coffee shop market is robust with established coffee consumption patterns. Coffee shop visitors drink an estimated 2.2 billion cups of coffee per year in coffee shops. Costa is the number one seller of specialty coffee selling an estimated 149 million cups per year followed by McDonalds selling 126 million cups per year.

The coffee shop sector consists of outlets that serve hot and cold beverages, but no alcohol. They also serve snack foods, such as cakes, sandwiches, soups and salads, although serving food is not their main line of business. Thirty eight percent of consumers eat in a coffee shop once a month or more. Coffee shops are seen to offer quick meals for time pressured consumers and are also a good place to meet friends. Coffee shops are associated more with daytime dining. Forty eight percent of consumers choose coffee shops as a place to eat while out shopping. Forty three percent of consumers will drink specialty coffees such as lattés or cappuccinos when visiting coffee shops, compared to 1 percent of consumers who drink specialty coffees in the home.

Key players include: Costa, McDonalds, Starbucks, Eat, Pret A Manager and Caffé Nero.

Staff Catering

These include trolley services, as well as areas where full meals are sold, e.g., self-run canteens, contracted canteens, national government canteens, off-shore catering.

Education

This includes all food and drinks served in schools of all levels from nurseries to universities. In recent years, guidelines have been changed so that meals served are more healthy and nutritious. The leading contract school caterers are Compass's Scolarest Division, Initial Catering Services, and Sodexho.

Health Care

Meals counted in the health care sector include those served to patients, staff and visitors and include: hospitals, nursing homes and care homes. As with the educational sector, nutritional needs are under scrutiny in this area.

Custodial

This includes police stations, fire stations, the armed forces, and prisons. The vast majority of the catering for the armed forces is managed by the Ministry of Defense but it hires the defense divisions of Sodexho, Compass Group and Aramark to run the operations.

Welfare

This includes meals on wheels, luncheon clubs and day care centers. Meals on wheels is the delivery of food at lunchtime to pensioners. With the aging population and more pensioners living on their own, there has been considerable growth in this area.

The following table shows the number of specific types of restaurants in the UK – figures from 2015.

Type of Restaurant	Number of Outlets	Number of Chained Restaurant Groups	Number of Independent Restaurants
British/Cosmopolitan	3,318	607	2,711
Italian / Spanish	1,426	362	1,064
French	851	287	564
Sub Total European	**5,596**	**1,256**	**4,339**
Chinese / Oriental	5,298	272	5,026
Indian / Pakistani	4,561	236	4,325
Mediterranean	942	83	859
Sub Total Ethnic	**10,801**	**591**	**10,210**
In-Store	2,659	2,481	178
Specialist Roadside Restaurants	217	216	0
Pub Restaurants	6,628	6,035	593
Pizza / Pasta	2,801	1,305	1,496
Mexican / Tex-Mex / Caribbean	530	222	308
Themed	872	430	442
Specialist Menu / Other	213	71	141
Sub Total Concept	**13,920**	**10,761**	**3,159**
TOTAL Restaurants	**30,316**	**12,608**	**17,709**

Source: Horizons.

SECTION III – COMPANY PROFILES

The following companies are some of the biggest players in the UK foodservice industry:

Aramark

Aramark Ltd.
250 Fowler Avenue
Farnborough Business Park, Farnborough
Hampshire, GU14 7JP
Tel: +44 (0) 1252 529 000
Fax: +44 (0) 113 393 7200
E-Mail: enquiries@aramark.co.uk
Website: www.aramark.co.uk

Aramark is a leader in professional services providing award winning food services and facilities management. They work with healthcare institutions, universities and schools, stadiums judicial and arenas and businesses around the world. No. of sites: 800, Nine hundred employees, two hundred clients and 250,000 meals served per day.

Brakes

BRAKES Foodservice solutions	Brakes Enterprise House, Eureka Business Park Ashford, Kent, TN25 4AG Tel: +44 (0) 845 800 4900 (option 2) E-Mail: customer.services@brake.co.uk Website: www.brake.co.uk

Brakes is a market leader of delivered wholesale in the UK supplying frozen, chilled and grocery products to sectors across the foodservice industry.

Compass Group

COMPASS GROUP	Compass Group plc Compass House, Guildford Street Chertsey, KT16 9BQ Tel: +44 (0) 1932 573 000 Website: www.compass-group.co.uk

The Compass Group is a leading foodservice company. They have over 60,000 employees in the UK and specialize in providing food, vending and related services to clients in over 90 countries. They have 3 million customers and serve over 1 million meals per day. They have six main sectors in which they work: Business & Industry, Fine Dining, Defense, Offshore and Remote Sites, Education, Healthcare and Seniors, and Vending. No. of sites: 7000.

Clients include: Café Ritazza, Upper Crust and Harry Ramsdens

Bidvest Foodservice

Bidvest Foodservice inspired by you	Bidvest Foodservice Buckingham Court, Kingsmead Business Park London Road, High Wycombe, Bucks, HP11 1JU Tel: +44 (0) 1494 55 5900 Website: www.bidvest.co.uk

Bidvest Foodservice formally known as 3663 First for Foodservice is the UK's leading foodservice company with sales of over £1 billion a year.

Bidvest Foodservice operates as a foodservice wholesaler supplying fresh, frozen, ambient and non-food products to a whole range of customers. They include local authorities, NHS trusts, defense contractors, hotel and restaurant chains, as well as many independent operators. Bidvest

Foodservice operates a fleet of 850 temperature controlled vehicles out of 23 depots and 4 regional distribution centers in the UK.

Mitchells & Butlers

	Mitchells & Butlers plc 27 Fleet Street Birmingham, B3 1JP Tel: +44 (0)121 498 4000 Website: www.mbplc.com

Mitchells & Butlers is the largest operator of restaurant, pubs and bards in the UK. They operate about 1,700 restaurants and pubs offering customers quality food, drink, entertainment and accommodation in prime locations across the country.

Clients include: All Bar One, Brown's Restaurants, Harvester Restaurants, Inn Keepers Lodge, Nicholson Pubs, O' Neills Pubs, Sizzling Pub Co and Toby's Carvery.

Sodexho

	Sodexho UK Ltd 1 Southampton Row London, WC1B 5HA Tel:+ 44 (0) 20 7404 0110 Website: www.uk.sodexho.com

Sodexho has a good reputation with clients. They have 48,000 employees in the UK and Ireland and have more than 2,300 client locations across all market sectors, including the business and industry, education, healthcare, defense, and leisure sectors.

Whitbread PLC

	Whitbread Group plc Whitbread Court Houghton Hall Business Park Porz Avenue, Dunstable, LU5 5XE Tel: +44 (0) 1582 424200 Website: www.whitbread.co.uk

Whitbread Plc is one of the UK's leading hospitality companies, managing top brands in hotels, restaurants and health and fitness clubs. They employ 45,000 people and have over 1,400 outlets across the UK.

Clients include: Premier Inn, Brewers Fayre, Beefeater, Costa Coffee, Table Table and Taybarns.

Top 15 Foodservice Operators in the UK in 2015.

Rank	Operator	Selected Brands	Main Sector
1	Mitchells & Butler	Sizzling Pubs, Vintage Inns, Harvester, Ember Inns, Toby Carvery, Crown Carveries, Castle, Nicholson's, O'Neill's, Alex, All Bar One, Miller & Carter, Browns, Innkeeper's Lodge, Oak Tree, Orchid Pubs, Premium Country Pubs	Pub Company
2	McDonalds	McDonalds	Quick Service Restaurant (QSR)
3	Whitbread	Premier Inn, Hub, Costa, Beefeater Grill, Table Table, Brewers Fayre, Taybarns	Pub, Hotel, Restaurant
4	Compass	Chartwells, ESS, Eurest, 14forty, Instore, The Jocky Club Catering, Keith Prowse, Levy Restaurants, Lime Venue Portfolio, Medirest, Payne & Gunter, Radish, Restaurant Associates, Roux Fine Dining, White Oaks	Contract Caterer
5	Yum! Brands	Pizza Hut, KFC, Taco Bell	Restaurant & QSR
6	Greene King	Belhaven Pubs, Eating Inn, Farmhouse Inns, Flame Grill, Greene King Local Pubs, Hungry Horse, Loch Fyne, Meet & Eat, Metropolitan, Spirit Pub Company, Old English Inns	Pub Company
7	JD Wetherspoon	JD Wetherspoon	Pub Company
8	Greggs Plc.	Greggs	QSR
9	Restaurant Brands International	Burger King	QSR
10	SSP	Upper Crust, Camden Food Co, The Pasty Shop, Millie's Cookies, Caffe Ritazza, Mi Casa Burritos, Delice de France, Whistlestop, The Beer House, Pumpkin, Breadbox, Sloe Bar, SOHO Coffee Co, Harry Ramsdens, City Bar & Grill, nam-po!, Starbucks, Burger King, M&S Simply Food	QSR
11	Sodexo	Sodexo, Be, Aspretto, Club Joules, Independents, Sodexo Prestige	Contract Caterer
12	Stonegate	Yates's, Slug and Lettuce, Missoula Montana, The Living Room, Scream, Missoula Bars, Bars & Venues, Great Traditional Pubs, Local Pubs, Classic Inns	Pub Company
13	Nandos Group Holdings	Nandos, Gourmet Burger Kitchen	Restaurant
14	The Restaurant Group	Frankie & Benny's, Chiquito, Coast to Coast, Garfunkel's, Home Counties Pub Restaurants,	Restaurant

		Brunning & Price, Filling Station, TRG Concessions	
15	Domino's	Domino's	QSR

(Source: Horizons)

Leading Chained Consumer Foodservice Brands by Number of Outlets 2015

Rank	Operator	Main Sector	Global Brand Owner	No. of Outlets
1	Enterprise Inns	Pubs	Enterprise Inns Plc	5,086
2	Punch Taverns	Pubs	Punch Taverns Plc	3,588
3	Costa Coffee	Restaurants	Whitbread Plc	1,992
4	Marstons	Pubs	Marton's Plc	1,913
5	Subway	QSR	Doctor's Associates Inc.	1,861
6	Greggs	QSR	Greggs Plc	1,671
7	Admiral Taverns	Pubs	Admiral Taverns Ltd.	1,266
8	McDonald's	QSR	McDonald's Corp	1,264
9	Star Pubs & Bars	Pubs	Heineken NV	1,100
10	JD Wetherspoon	Pubs	JD Wetherspoon Plc	904
11	Starbucks	QSR	Starbucks Corp	849
12	KFC	QSR	Yum Brands Inc.	834
13	Domino's	QSR	Dominos's Pizza Inc.	831
14	Pizza Hut	Restaurants	Yum Brands Inc.	724
15	Burger King	QSR	Restaurants Brands Int.	660

(Source: Euromonitor)

SECTION IV – BEST PRODUCT PROSPECTS

U.S. products that do well in the UK foodservice industry are snack foods, fresh and dried fruit, nuts, salmon and seafood, cooking sauces, salad dressings, confectionery, dips and salsas, frozen foods, wine and beer.

The UK government is increasingly promoting healthy eating and healthy lifestyles. There are opportunities for U.S. products that are natural, wholesome and healthy.

The table below shows the best high value product prospects for the UK foodservice market:

Product Category	Total UK Imports 2015 ($ million)	UK Imports From U.S. 2015 ($ million)	Average Annual U.S. Import Growth (last 5 yrs)	U.S. Import Tariff Rate	Key Constraints to Market Development	Market Attractiveness for USA

Fish and Seafood HS: 03	2,582	75.2	+43.2%	0-22%	Highly fragmented market.	U.S. #1 canned salmon supplier, developing interest in other products and species
Chocolate confectionery HS: 1806	2,049	40.2	+162%	8-27%	EU common external tariff can be a hurdle for products with chocolate, sugar, dairy ingredients.	Europeans eat more chocolate than any other part of the World.
Vegetables & Fruit prepared in Vinegar HS:2001	150.3	1.0	+419%	0-16%	Competition from Turkey, Netherlands and India	Food has long shelf life
Preserved fruit & nuts HS: 2008	594.3	34.0	+117%	7-27%	Competition from EU, Thailand & South Africa	U.S. nut butters perceived as high quality, exotic preserved fruits of interest for gift/specialty trade
Fruit & Vegetable Juice HS: 2009	926	8.2	-8.6%	16-23%	Competition from EU and Brazil	High focus on healthy living in UK. Juices now more popular than carbonated drinks
Sauces, Condiments, Seasonings HS: 2103	834.8	30.5	+0.2%	0-10%	Australia starting to enter the market	UK wants authentic tex-mex, BBQ sauces, marinades & salad dressings
Soft drinks HS: 2202	1,129	7.9	-10%	0-10%	Domestic & EU competition, strong brands, market reaching saturation	New U.S. concepts in beverages always attractive, e.g. functional drinks
Beer HS:	932.3	10.4	+369%	0%	Domestic & EU	U.S. micro-brew beers,

2203					competition, major brewers located in EU	generally unique beers with a story.
Wine HS: 2204	4,565.5	236.5	+9.2%	18-25%	Competition from EU, Australia, Latin America & S. Africa.	UK #2 export market for U.S. wine after Canada. California wine has 16% market share, other parts of United States should benefit in the future

SECTION V – POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need any other assistance exporting to the United Kingdom, please contact the USDA office in London at the following address:

United States Department of Agriculture
Embassy of the United States of America
24 Grosvenor Square
London, W1K 6AH
Tel: +44 20 7894 0040
E-Mail: aglondon@fas.usda.gov
Website: www.fas.usda.gov

Further information on UK foodservice is available from:

Horizons
Winston House
2 Dollis Park
London, N3 1HF
Tel: +44 844 800 0456
E-Mail: info@hrzns.com
Website: www.hrzns.com

Leading consultancy who specialize in the foodservice industry.

Institute of Grocery Distribution (IGD)
Grange Lane, Letchmore Heath
Watford, Hertfordshire WD2 8DQ

Tel: +44 1923 857141
Website: www.igd.com

UK trade association for information about the food and grocery chains.