One of fast food's strengths is that it is affordable. Yet consumers' interest in gourmet versions of dishes should allow the sector to premiumise its offer.
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The cost of living crisis has made it difficult for some people to purchase fast food regularly. As 36% of fast food consumers are using a fast food app, fast food chains are now offering targeted discounts and offers through mobile apps to attract customers.

The UK fast food market is split between younger consumers who are more likely to be interested in trying new fast food options (32% of 16-44s vs 28% of total) and older consumers who are more likely to stick to familiar options (65% of over-65s vs 47% of total). Fast food operators need to offer a variety of menu items to appeal to both groups.

Younger consumers, particularly 16-34 year olds, are most interested in meat-free burgers, but they are divided on whether they should be made with meat substitutes or natural vegetables. As a result, fast food operators need to offer a variety of meat-free burgers to appeal to different consumer preferences.

The drinks menu is often seen as an afterthought in fast food outlets. However, there is a trend towards ordering café-style drinks from fast food outlets, which appeals to younger
consumers, particularly 16-24 year olds (37% vs 24% of total). Fast food operators can attract more customers by offering a wider variety of healthier drinks, such as coffee, tea, hot chocolate and smoothies.
EXECUTIVE SUMMARY

Key issues covered in this report
• Overview

Opportunities for the fast food restaurant market
• Three major opportunities for the market

Market dynamics and outlook
• The five-year outlook for fast food restaurants
• The market is experiencing healthy growth rates
• Greggs leads in store count

What consumers want and why
- Graph 1: changes in fast food purchase methods – NET, 2021 vs 2023
- Graph 2: types of fast food outlets used in the last year, 2023
• Convenience and good hygiene is key for fast food operators
- Graph 3: factors impacting choice of fast food, 2023
- Graph 4: burger preferences, 2023
• Opportunities beyond the high street
- Graph 5: interest in fast food innovations, 2023
• About half of consumers prefer familiar options
- Graph 6: behaviours towards fast food, 2023

Innovation and marketing
• Expanding customer bases through leisure and retail catering
• Extending opening hours to capture a wider audience

MARKET DYNAMICS

Market size
• The fast food restaurant market continues to post strong growth
• Market set to outpace inflation in 2023
• Takeaway services help fast food brands grow

Market forecast
• Tech to help fast food brands reach more customers with deals
Fast food market is expected to grow despite decline in delivery orders

Market share
- Greggs leads in store count
- Ethnic fast food chains are expanding fast
- Examples of emerging ethnic fast food brands
- Ones to watch

Macro-economic factors
- Graph 7: GDP, 2021-2023
- Graph 8: CPI inflation rate, 2021-23
- Graph 9: ‘Have you been affected by any of these issues over the last two months? Please select all that apply’, 2023
- Fast food prices soar as inflation bites
  - Graph 10: the financial wellbeing index, 2016-23
  - Graph 11: the financial confidence index, 2016-23

Social, environmental and legal factors
- Fast food chains take steps to tackle obesity...
- ...but more needs to be done
- Public health fears drive investor pressure on fast food chains
- Takeaway law bans single-use plastic items
- UK casts nets wider with US fish

WHAT CONSUMERS WANT AND WHY

Fast food purchase methods
- Changes in fast food purchase methods
  - Graph 12: changes in fast food purchase methods, 2021 vs 2023
- Drop in takeaway services as people return to in-person experiences
- More ways than ever for people to get fast food
  - Graph 13: repertoire of fast food purchase methods, 2023

Types of fast food outlet used
- Burger outlets are most popular
  - Graph 14: types of fast food outlets used in the last year, 2023
- Fast food burgers are popular because they are familiar and consistent
- Fish and chip shops second most popular fast food venue
- Scope for pizza outlets to grab a slice of the grey pound
- The Mex big thing among Gen Zers
  - Graph 15: repertoire of fast food outlets used, 2023
Factors impacting choice of fast food outlet

- Factors impacting choice of fast food outlet
  - Graph 16: factors impacting choice of fast food, 2023
- Scope for drinks innovation in fast food outlets
- Younger consumers are interested in sustainable and inclusive options
- Strong value propositions broaden fast food’s appeal – TURF analysis
- Convenience is key for fast food operators...
- ...so is customer service

Burger preferences

- Consumers are interested in alternative burgers
  - Graph 17: burger preferences, 2023
- Chicken burger is at the top of the pecking order
- Interest in a variety of themed and customisable options
- Burger consumers are divided on plant-based burgers...
- ...while next-gen meat substitutes are gaining traction

Interest in fast food innovations

- Fast food innovation is being driven by consumer demand
  - Graph 18: interest in fast food innovations, 2023
- Interest in fast food outlets in unusual venues
- Opportunities beyond the high street
- The smart vending machine market is heating up
- Opportunity to extend opening hours
- Gourmet side dishes are having a moment
- There’s scope for fast food meal kits as a side hustle
- Interest in subscription deals
- Interest in subscription deals

Fast food behaviours

- Graph 19: behaviours towards fast food, 2023
- About one third seek out cost-saving deals...
- ...as there are more targeted discounts than ever
- Nearly half of fast food consumers aged 16-34 use fast food apps
- Younger consumers seek new and exciting fast food...
- ...and are tempted to trade up
INNOVATION AND MARKETING TRENDS

Launch activity and innovation
- Fast food menu trends
- Broaden appeal through enhanced menu and experience
- Targeted promotions enhance the effectiveness of fast food discounts
- Extending opening hours to capture a wider audience
- From screens to market stalls
- Franchising is a strategy for expansion
- Building links with communities
- Smaller retail formats are cost-effective and efficient
- Drive-through to succeed
- Expanding customer bases through leisure and retail catering
- Off-premise strategies

ADVERTISING AND MARKETING ACTIVITY

Advertising and marketing activity
- 2023 saw brands increase advertising spending
- McDonald’s is the biggest fast food ad spender
- Promoting My McDonald’s app in 2022
- McDonald’s also spent £11.5 million to promote its new McCrispy
- McDonald’s is focusing on brand building in 2023, particularly through its ‘Raise Your Arches’ campaign
- KFC’s delivery services saw the biggest increase in spend
- KFC engages TikTok chef to promote Teriyaki Burger
- Brands’ approach towards food styling

BRAND RESEARCH

- Brand map
- Younger generations are core users...
- …especially Gen Zs and Millennials
- Brand attitudes
- McDonald’s and KFC outrank the others in value and trust
- Brand personality – macro image
- Fast food brands are fun
- Brand personality – micro image
- New players offer a more differentiated experience
APPENDIX

Market forecast data and methodology
- Market size: value of the UK fast food market
- Market forecast and prediction intervals (value)
- Forecast methodology

Report scope and definitions
- Market definition
- Abbreviations and terms

Methodology
- Consumer research methodology
- TURF analysis methodology
- Nielsen Ad intel coverage