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A Perspective on the Future of UK Foodservice Business

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Introduction

The Federation of Wholesale Distributors (FWD) states that the UK foodservice industry is worth £57 billion and has over 360,000 outlet types from travel and leisure hubs, retail, hotels, pubs, bars and street food stalls through to fine dining restaurants (FWD, 2019). In the last two years, industry experts and leaders report several trends such as the growth of independent restaurants, and online food ordering, with a decrease in eating out. There are also some long-term global trends. One trend comes technological disruptions in the food supply chain and the rise of new business models (e.g. digital retailers, e-commerce and platform businesses). Another is changes in consumer preferences towards healthy eating, ethical and sustainable sourcing, convenience, value scrutiny, experience and foodie culture (see further reports by Accenture, 2017, MCA, 2018, Deloitte, 2019).

This paper approaches the context of the foodservice businesses through a broad lens, focusing on food consumption and Maslow's hierarchy of needs theory. This gives a way to understand and address consumer issues, which include shifts towards the need for social experience, healthy and good-quality food, and satisfying and pleasurable dining experiences.

Personal Reflection on Recent Experience of Eating Out

A bad experience can have a lasting effect on consumers. Recently I needed a late Saturday lunch and went into a high-street pub that was off-putting as it had no clean tables, probably due to understaffing. In fact, I could find no staff at all, so went to another pub next door. This looked inviting, recently refurbished, with clean tables and customers who seemed to be enjoying themselves. I ordered fish and chips, expecting this to be a safe option as it is a traditional dish. It arrived quickly, so the service was good but the food was a pile of fried matter with a small and tasteless piece of mushy fish. I could not finish it and quickly left, feeling shocked, disappointed and robbed. I did not complain as I knew I would never go there again.

On another occasion I visited a different pub with flawless hospitality, high quality food at a reasonable price, served by friendly staff who were clearly proud of their work, as well as laughing and joking with other staff. Their enthusiasm and friendliness added to the overall experience and made me want to be a regular customer. The two experiences made me ponder on the questions:

- Is the foodservice industry just about selling food?
- What about the whole food experience – meal, service, space, and overall delivery?

Merely providing food and drink to their consumers at less than satisfactory standards is not enough for a foodservice business to make money and survive in the marketplace. Consumers are more than ever concerned where they spend their hard-earned cash and with the growing trends of eating in, consumers expect a better value for their money. There needs to be a fundamental shift of focus from outputs to outcomes.

- Outputs are such measures as footfall and amount of food and drink sold
- Outcomes are such results as a satisfying and pleasurable overall eating out experience.

Outcomes essentially are the benefits that consumers receive from the outputs. Mills-Scofield (2012) argues that by understanding the fundamental difference between outputs and outcomes a business can start the journey of deeply understanding its consumers' needs, issues, challenges and priorities.

Applying Maslow's Hierarchical Needs Theory to Eating Out

Maslow's hierarchy of needs is a motivational theory in psychology. Maslow (1943, 1954) suggests that people are motivated to satisfy five basic needs.

Maslow presents these needs in pyramid-shaped hierarchical order, which from the apex down to the foundation, are:

1. Self-actualisation
2. Esteem needs: status, respect, recognition;
3. Love and belongingness needs: social affection and sense of connection
4. Safety needs: security and order
5. Physiological needs: air, water, food, shelter, sleep

Maslow argues that people first seek to satisfy their lowest level of needs and once they satisfy these needs, higher needs begin to emerge and people seek to satisfy the higher level of needs. If the basic needs of food and shelter are in doubt, they will tolerate danger to get it, but if these needs are secured, they will seek safety. Once they feel safe, they will seek social satisfaction, and if that is attained, they will look for esteem and status in the group. Then Maslow describes the highest need as self-actualisation – fulfilment in some form. Self-actualisation may be a lifelong project as human beings tend to keep striving for more, in terms of fulfilment.

Maslow's motivational theory to the foodservice industry could bring better understanding of consumer needs and useful insights can enhance outputs and outcomes. In this paper, I provide explanations of the hierarchy of needs in the context of eating out, and suggest strategies to offer an improved consumer understanding and better market exploitation.

Physiological and Safety Needs

Consumers have needs that they expect to fulfil by eating out. Sometimes this means the physiological needs of hunger and thirst. They also have safety needs such as food safety, high hygiene standards and a safe environment. If these basic needs are not met customers will not return.

The Food Standard Agency (FSA) has a Food Hygiene Rating Scheme (FHRS) in partnership with local authorities. After inspection by an Environmental Health Officer (EHO), the business is given a rating between 0 and 5.

- 0 – Urgent improvement needed
- 1 – Major improvement needed
- 2 – Some improvement needed
- 3 – Satisfactory
- 4 – Good
- 5 – Very good

High Speed Training (2019) analysis reported that more than 1 in 15 food businesses have a hygiene rating of two or lower across England, Wales, and Northern Ireland. An MCA-INSIGHT report (2019) suggested that consumers are prompt at value scrutiny. With increasing awareness of food hygiene scores, customers have a more conscious choice, and businesses that do not fulfil the basic needs of food safety need to improve in this area. Cutting costs and reducing staff and service levels is not the appropriate response. Cleanliness and service should be a priority, along with outputs of clever and lean food and menu choices, in order to consistent good food and value for money.

The UK foodservice industry is very competitive. High street outlets are not likely to increase footfall for food by non-food distractions such as sports channels, unless the food quality is high.

There is a misunderstanding of what healthy food entails. There is a growing view that 'healthy' means vegetarian or vegan, while some see this simply as a trend. Meanwhile, there is an increase in menu options for vegetarians and vegan food, but many regular vegetarians and vegans consider these dishes of lack creativity (ref). On the other hand, meat as a protein with provenance and welfare sourcing could be viewed as healthy and ecological too (see for example AHDB on meat).

Healthy food can be prepared by different cooking methods such as boiling, steaming, light frying, baking, using less oil. This list continues and all techniques are in the repertoire of all professionally trained chefs. As a consumer, I get excited by new independent outlets that claim to use locally sourced ingredients, and disappointed when the menu turns out to be a choice of burgers. This prompts me as a consumer to opt for eating in for good healthy home-cooking, or have food delivered (which ultimately comes from the same kitchens I would otherwise opt to eat out).

Belongingness needs

Good-quality food at a good price is important but is not enough to sustain a business. Once their lowest needs are met, the needs of "belongingness" need to be met. The level of social interaction and social connectedness a consumer desires will vary according to whether it consumer unit is a one person, friends, a couple or a family with children. The key point is that a consumer desires to visit an eating out outlet where they feel wanted and find some interaction with others. For example, families with disabled children and mothers with babies have reported of feeling unwelcome. Food service managers need to create an environment where meeting consumers' social needs and creating sense of reception are of an important matter. This is becoming more important as MCA's (2019) report suggest that eating out is in decline, due to preferences towards healthy eating and the rise of convenient delivery service.

To satisfy social needs, quality food and value for money are baseline requirements. In addition, the meal needs to be a good eating experience that they would not get by ordering online and eating at home. Many people view eating as a social event, an occasion for coming together and sharing food, which also helps in social bonding (Dunbar, 2017). Evidence suggests that cultures such as Mediterranean who base their eating around bonding with family and community and shared meals at a slow pace have reduced incidence of chronic disease. (Cason 2006).

From this lens, all food may be viewed healthy, if it is enjoyed mindfully and shared with other people. Food becomes the means to promote greater physical and emotional wellbeing. This is supported by studies which have not analysed the meal content yet found that a supportive environment is a conduit to stress reduction and improvement of overall wellbeing Cason, 2006; O'Neal et al, 2016). The companionship of eating can play a role in all of these. By focusing on the outcomes of creating healthy, pleasurable and satisfying experiences, managers can provide benefits of improved emotional and physical health and wellbeing to their consumers.

Esteem needs

When consumers have a sense of belonging to the social group, they move on to a higher need than just belonging and being accepted. They need to feel respected as a contributing member of the social group. This goes with esteem and a good self-image. Being offered mediocre food may make the customer feel unvalued, whereas excellent food promotes the feeling of being thought worthy. Foodservice managers can gain from this by providing a great experience, innovative food concepts and better range of special dishes consistently executed, for example, the taste of different cuisines and trendy dishes.

The key is to make the experience of eating out rewarding. For example, letting consumers participate in the creation of food could be a powerful way for meeting consumers' esteem needs. Denning (2011) emphasises the outcome of delighting the consumers with existing products instead of making more. The focus here is on truly understanding consumers' needs, priorities and constraints in order for a business to appreciate who the consumers are and what they want so that businesses better satisfy their needs.

Self-actualisation needs

Self-actualisation is a move forward when esteem needs have been met. It concerns personal growth and development. This often involves working with others, whether in the paid employment setting or in a project of personal interest with others. This could be voluntary work, a hobby, or a personal goal alongside others with shared interests. Another desire could be opportunities to express their own creativity. Or, having met their own needs for esteem and belonging, they may want to see improvements in other people's wellbeing and the environment. Self-actualised people tend to be concerned with serving pro-social goals and appreciate a sense of authenticity and self-expression (Martela & Pessi. At this highest level, foodservice managers can focus on promoting ethical and authentic practices that satisfy consumers self-actualisation needs by running a green, sustainable and fair business and food supply chain.

From the baseline of providing good food and value for money to provide physiological needs, through to the highest level of space and opportunity to pursue self-actualisation, businesses need to respond to the increasing public conscience about ethical matters and issues of grave concern, such as climate change. Ethical credentials are becoming an increasing customer demand, and in some areas a legal demand. With increasing public concern about major issues such as climate change, provides need to pay attention to their ethical and sustainability practices and offer quality food and value for money.

Summary

There is a shift of consumer behaviour towards the need of good quality healthy and ethically sourced food, along with eating out as a pleasurable a satisfying social experience. A business based on cheap ingredients and poor cooking at high prices cannot last long. Consumers needs are constantly changing, which brings difficult questions for the providers, which needs are we satisfying?

- Are our business objectives aligned with our consumers' needs?

If a foodservice business seeks to meet one outcome, such as efficiency and low cost, that may take away a core need such as social satisfaction. If consumers perceive a poor result in any area, they are likely to choose another business to satisfy their needs and offer the benefits that they desire.

Understanding consumers' needs is a vital and ongoing process. One approach is motivational theory and Maslow's hierarchy of needs. In my view one of the best aspects of the foodservice industry is its true passion for food and great service. The changes of consumers' behaviour and needs can be viewed as an exciting opportunity for new developments. A positive reaction can bring creativity in food and design thinking in service space plans. Creativity, innovation and design thinking are getting more relevant to chefs and foodservice managers for food innovations, service, and satisfying and delightful food and social experiences.

For a sustainable business, effective foodservice leaders should continually seek to understand and adapt to their consumers' changing needs. There are plenty of opportunities in the eating-out market as long as the temptation to accept the status quo and blame the economy is resisted.

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