

Weekly Briefing Report

Week ending 5 April 2020

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Introduction

I have been publishing The Quarterly Briefing Report since 2009. Given the rapidly changing nature of the world today in the midst of the Covid-19 pandemic, some clients have asked me if it is possible to have a more immediate outlook on what is happening. Accordingly, I have started producing [The Weekly Briefing Report](#) as the first draft of the history of the foodservice market in these unprecedented times.

I would value feedback on the usefulness of this report – my email address is peter@peterbackmanfs.com and my phone number is 07785 242809.

My insight

This Weekly Briefing Report captures news stories for the week 30 March – 5 April. The previous two weeks witnessed the Great Reset when the foodservice sector was almost completely shut down.

In this past week, news stories slowed down somewhat compared with the prior weeks and this seems to reflect the fact that the market is beginning to enter a new phase after its two weeks of turmoil, requiring multiple decisions, many of them very painful, and subsequent action (involving lawyers, accountants, discussions with workforces and unions, negotiations with landlords and suppliers, and many more).

Many foodservice businesses have now been mothballed, with operations being stopped and workforces furloughed. In these companies, those people left to work are beginning to find that they have some time on their hands. And they are using this to start to think about the future.

Of course this does not apply to all people and to all businesses, many of whom are still very active. In this category, I would include delivery aggregators, foodservice suppliers who are pivoting to the retail sector and all operations involved in providing food to the health care system.

And a notable number of foodservice operators, often in partnership with their suppliers, have put initiatives in place to feed the vulnerable, and those key workers in the NHS and other emergency services.

As I said in last week's Weekly Briefing Report, we are in for a very long haul for the foodservice sector, which will test the capabilities of everyone working in it.

The numbers

I have adjusted my figures for the foodservice sector in the light of the how restaurant, QSR and pub operators have reacted to the requirement to limit their operations to takeaway and delivery services only. This has proved to be problematic at two levels. First, many operators have taken the view that additional income available through these channels is inadequate to justify putting their workers at risk; and second, many workers have, in any case, decided that they are unwilling to work given the risks involved. Accordingly, many leading brands, led by McDonald's, have decided to close down their operations completely in order to protect their workers. Other players have kept some operations going in order to provide food for key workers, especially NHS workers. Smaller operators, especially owner-run independents continue to trade, but at very low levels.

Some schools are still open to provide meals for the children they are still caring for, primarily vulnerable children and children of key workers. Pupils eligible for free school meals are generally given vouchers to spend at supermarkets. Some hotels near hospitals remain open for NHS workers. And the health sector provides meals at elevated levels,

Taking all these factors into account, I have only slightly reviewed the view I expressed last week. I have reduced the value of food purchases which I now believe fell by -9% in Q1 (and note that the figures were trading up on last year until early March – the fall in the last two weeks of the month were, of course, very large), I expect sales in Q2 (ie April to June) to be down by a huge -89% compared with the same quarter last year. I shall be providing more detailed figures in my Quarterly Briefing Report to be published on 22 April.

In light of the fall in demand, the supply chain has been under severe pressure. Many food suppliers who have supermarket and other retail customers have struggled to satisfy those needs and have therefore not been over concerned about lost foodservice business. Suppliers who focus on foodservice, though, have not been so fortunate. Where possible, they are pivoting to supplying retailers, or directly to consumers. And that especially includes the larger wholesalers. But these initiatives are nowhere near filling the hole created by lost foodservice business.

Restaurant delivery has started to pick up but is hampered by the lack of larger brands who no longer feature on delivery platforms, but who, in normal times, act as a major pull for getting customers to visit the apps and websites.

The number of trackers that show what is happening has reduced. But those from Huq and OpenTable continue to show the dire state of the eating out market over the past week:

	March		April					
	30	31	1	2	3	4	5	Metric
Huq Index	2	2	3	4	3	3		Footfall vs 1 Jan 2020 = 100
OpenTable	-100%	-100%	-100%	-100%	-100%	-100%		% change in bookings vs the prior year

The remainder of this Weekly Briefing Report contains a summary of financial, legal and corporate activity in the week:

Financial / Legal

- Furloughed workers may not be entitled to receive the 6.2% increase in the National Living Wage
- Government changes to insolvency law may include a debt enforcement moratorium, to protect landlords and operators in the event of non-payment of rent #FEEDNHS raised half the planned amount in its first few days
- Government suspends suspending wrongful trading provisions retrospectively from 1 March for three months
- Government to bring back Britons stranded overseas, at a cost of about £75m
- Scottish government provides a full year's rates relief for the hospitality and tourism the sector from 1 April, plus £10,000 grants for small businesses
- Scottish government to provide £25,000 grants for hospitality, leisure and retail properties with a rateable value between £18,000 and £51,000
- The Centre for Economics & Business Research has forecast UK GDP to fall by 15% in Q2
- The deputy chief medical officer said that it could be six months before the UK can go back to 'normal'
- The government announced details of the scheme for furloughing workers between 1 March and 31 May 2020, covering wages of up to £2,500 per month plus the associated employers' NI and auto-enrolment pension contributions, by way of a grant that does not need to be paid back
- The National Living Wage rose by 6.4%
- UK banks will not pay out some £500m in dividends to shareholders

Retail

- Bright House goes into administration
- High street retail sales fell -34.1% in March according to BDO
- Marks & Spencer provides £30 boxes online containing 20 essential items including pasta, rice, curry, cooking sauces and sweets.
- Poundland set to close 32 shops
- Sales of alcoholic drink through the off-trade grew by 22% in the last month compared with the same month a year ago reports Kantar.
- WhatsApp saw a 40% spike in usage during the first two weeks of the lockdown

Landlords

- Boxpark shuts all three sites including delivery services
- Capital & Regional collected 50% of its rent on the most recent Quarter Day
- Criterion Capital has instructed tenants to pay their due rent or face court action
- Hammerson collected 37% of its rent on the most recent Quarter Day
- Land Securities establishes £80m rent relief support fund to support restaurants and other small and medium sized businesses.
- New River collected 60% of its rent on the most recent Quarter Day
- Some landlords have threatened legal action against restaurant and other businesses after they failed to pay rent on last Quarter Day

Restaurants

- Absurd Bird and Kbox to deliver boxes of food and other essentials for up to 30 servings
- Bella Italia keeps about 20 sites open for delivery and collection
- Benito's Hat goes into administration
- Benito's Hat purchased out of administration
- Byron places entire workforce on furlough
- Carluccio's goes into administration
- Dominique Ansel Bakery is giving front-line workers free hot drinks and has set up a gifting service for the public to donate boxes or hampers to central London hospitals
- Murger Han provides free takeaway meals to front line workers in the NHS, police and other emergency services
- Dominique Ansel Bakery launches an initiative to supply 1,000 hot cross buns to hospitals during to hospitals in central London
- Famous Brands will not provide further financial assistance to Gourmet Burger Kitchen, which it owns
- Gail's Bakery, The Conduit and Ralph Lauren launch a campaign to supply 2,400 meals a week, including bread, fresh salads and other items to NHS staff
- Gourmet Burger Kitchen suspends delivery from all its sites
- Honest Burger to allow furloughed staff temporarily to join other business, especially in retail and care
- Massarella Gelaterie, operator of 32 of cafes in House of Fraser stores, was put into administration
- Pizza Punks, in partnership with Italicatessen and Eco Runners, to feed 2,500 NHS staff with online donations of £10 to £50
- Rockfish & The Seahorse to close its restaurants temporarily
- Tia Maria Bar & Restaurant, in Lambeth, is to deliver up to 60 freshly cooked, complimentary meals to NHS staff each day
- Vagabond reopens the Clapham site for takeaway and free local delivery
- Veenoo furloughs all staff
- Wagamama to launch online home cookery lessons to prepare classic Wagamama dishes
- Wahaca launches online platform to offer recipes, cocktail ideas, playlists, family activities and news of the company's charitable initiatives
- Yard Sale Pizza, in conjunction with Salvo 1968, raises £10,000 of its planned £50,000 fund to feed 5,000 NHS staff

QSR

- Burger King, Bella Italia, German Doner Kebab and Neat Burger join the Deliveroo programme to provide free meals to NHS workers and vulnerable groups
- Chicken & Blues sells 500 £5 meal vouchers for meals the company will prepare and deliver to NHS staff in Dorset
- Hotel Chocolat cancels interim dividend
- Itsu reopens two restaurants to provide meals to London hospitals
- Many mobile caterers have had to close due to the ban on public gatherings; others have closed because of a sharp decline in footfall
- McDonald's is to screen restaurant employees as a precautionary measure
- Pizza Hut is offers free deliveries to hospitals and 50% discounts to NHS staff

Pubs

- Castle Rock the brewery and pub group launches a hardship fund to support its most vulnerable staff during the Covid-19 crisis
- Chestnut Group is to donate revenues from its recently launched take away and delivery service to the NHS
- Ei Group has deferred the collection of rent and fees until the end of April
- Fuller Smith and Turner's has committed to top up payment to the 80% level for furloughed employees for whom 80% of their regular wage exceeds the monthly cap of £2,500
- G1 Group, the managed pub, restaurant and hotel operator will retain all staff during the covid-19 crisis.
- JD Wetherspoon confirms it will settle supplier invoices that are due at the end of March
- JD Wetherspoon has drawn up proposed rules on how the Coronavirus Job Retention Scheme (CJRS) could work; it covers: frequency of payout, details of calculating the amount, holiday leave, maternity/paternity/adoption/shared parental leave, sick leave
- MyPubShop.com, powered by StarStock and supported by Admiral Taverns, Greene King, St Austell and Brakes, enables pubs nationwide to receive, process and despatch orders online as a way to provide income while locked down
- Palmers, the brewery and pub company, cancels rent for April and will review the situation monthly
- Shepherd Neame to waive rent for the duration of the lockdown
- Signature Brew, craft brewer, launches Pub In A Box featuring a beer selection, plus glassware, snacks, a pub music quiz and exclusive Spotify playlist
- St Austell Brewery income fell 90% after the lockdown but plans to make no redundancies
- The Pubs Code Adjudicator reveal that the six regulated pub-owning businesses have signed a declaration to protect certain tenant rights during the Covid-19 outbreak
- Young & Co said that a large number of its workers will be furloughed via the Coronavirus Job Retention Scheme

Hotels

- About 200 hotels have made a total of 20,000 hotel beds available to key workers
- Beds and Bars launches LifeHouse to provide staff somewhere to live in its hostels while the Covid-19 lockdown continues
- Claridge's accommodates up to 40 NHS workers
- Deloitte's survey of sentiment in the hotel industry shows that once the virus is contained, 31% believe the industry will take one to two years to recover, 27% say recovery will take 6 to 12 months, 22% say 3 to 6 months
- LabTech offers free accommodation to NHS workers and their families, the elderly, and people at high risk of eviction at STAY apartments in Camden
- Northern Powerhouse Developments has temporarily closed its seven hotels
- The Ritz Hotel was sold to Middle East interests

Leisure

- Cookeze, the event catering business, was put into administration
- 80% of listed travel and leisure companies have decided to cancel dividends for the time being
- Around one third of all commercial aircraft worldwide have now been grounded.
- At least 15 leisure companies have cancelled, skipped or announced that they will not propose, dividends including Gregg's, Domino's, SSP, Young & Co, Shepherd Neame, JD Wetherspoon, IHG and New River
- Cathay Pacific carried 582 passengers on one day this week; the normal number is 100,000 a day
- Champions League is suspended until further notice
- EasyJet has laid up all of its planes
- Edinburgh Fringe Festivals have been cancelled.
- Gatwick close one of its two terminals
- Heathrow closed one of its runways
- Motor traffic in the UK is down by 63% - equivalent to the situation in 1962
- Norwegian Cruise Line Holdings and Viking have extended the suspension of their cruises for another month
- P&O Cruises and Cunard to suspend operations until 15 May
- Ryanair is operating no more than 20 flights a day - 1% of its normal schedule
- Suitably qualified staff at airlines, Virgin Atlantic and easyJet, have been asked by to at the new NHS Nightingale Hospital
- Tui to furlough 11,000 UK staff
- Wimbledon tennis tournament is cancelled

Staff Feeding

- Compass Group is awarding bonuses to employees supporting the NHS as ward hosts, hospital porters and cleaners
- Compass Group UK and Ireland redeploys of staff into supermarkets, schools, care homes and supporting the NHS

Health Care

- Scottish Events Campus, in Glasgow, to be turned into NHS Louisa Jordan emergency hospital

Delivery

- Deliveroo has pledged half a million free meals to front-line NHS workers including donations from Pizza Hut and Itsu
- Deliveroo will allow users to buy a meal for a doctor or a nurse
- Deliveroo will continue to deliver free food to the vulnerable during the crisis via London-based charities
- Just Eat offers all NHS workers 25% discount
- Quattro Foods have partnered with Fresh Direct to supply healthy food to vulnerable people
- Uber and Uber Eats will cover 300,000 rides and meals for NHS staff

- Uber Eats supports the restaurant industry with a relief package including £10 UberEats vouchers as well as trips up to the value of £15

Suppliers

- Berkmann Wine Cellars launched Help 4 Hospitality to deliver wine to consumers; share of profits to go to "the hospitality sector"
- Bibendum Wines has launched a new app to help restaurants, pubs, bars and independent merchants offer Home Delivery or Click & Collect without set up costs
- British Frozen Food Federation, Federation of Wholesale Distributors and Provision Trades Federation partner in scheme to reduce waste food going to landfill
- Budweiser UK plans to donate £1m or more to pubs in its Save Pub Life scheme during the lockdown
- C&C has launched a delivery and click and collect app to allow on-trade sites stock up if they are able to deliver or sell to takeaway
- Chapel Down reports substantial growth in supermarket and online sales
- City Harvest, the charity that distributes surplus food in London, receives excess food at the rate of 20 tonnes a day – three times normal - since the start of the lockdown
- Farmers in the UK are facing a shortage of up to 29,000 fruit and vegetable pickers by the end of April