

Weekly Briefing Report

Week ending 12 April 2020 (plus 13 April – Easter Monday)

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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.

This particular edition is being published a day later than normal due to the Easter Break and it includes information up to 13 April.

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 eight days from 6 – 13 April. This was the week when a new form of normality started to set in. For some businesses and their managers, it has still been an incredibly busy time; for some it is becoming a time for assessment and reflection. And for yet others it has already become a time for thinking about building a new life.

A feature of this past week or so has been the continuing build up of activities that surround supporting the vulnerable, the elderly, workers in the NHS and 'key workers'; which now includes jobs that in other times would be considered humble, such as cleaning, supermarket cashiers, delivery riders and drivers. Today, these jobs are essential to keep the economy going.

A selection of the support initiatives that I have identified include: Veenos which is donating a share of profits from online sales; Bella Italia to provide 1,000 free meals; Crussh to supply cold-pressed juices; profits from Leon's Feed Britain directory to go to the NHS; Itsu re-opens two kitchens to supply NHS workers. And these are just some examples. I hope there are systems in place to ensure that these efforts are coordinated and that the food is getting to its intended recipients.

The number of corporate failures, at least amongst the larger names, remained mercifully limited last week. For now, some sort of calm seems to have reasserted itself over the foodservice sector. But there will be rocky times ahead.

The numbers

I am turning my mind towards working out what is going to happen to the foodservice sector – both in the short term and the long term. I am working with several people and organisations on this extraordinarily challenging topic and the results will come out over the next few weeks. Right now, I am working on my short-term view of sales to operators (I normally refer to these as their “purchases”) and sales by operators to consumers (this is the “size of the market”). I shall be setting out my current thoughts in detail in the Quarterly Briefing Report to be published on 22 April.

For now, I would observe that the foodservice market is currently losing sales to the retail market at the rate of about £1 billion a week. After allowing for the differences in gross profit between foodservice and retail, this translates into a gain for the retail market of about £200 million (perhaps slightly more) in food sales each week. This need to be added the sales of alcohol and soft drinks that would normally be sold in pubs and which consumers are now buying from the on-trade.

This is a huge shift of several hundred millions of £ per week with implications for the supply chain: manufacturers are now producing almost exclusively for the retail market, and as I observed last week, foodservice-focused distributors are having to find business in unusual places. The longer the lockdown persists the more these short-term developments will become baked into the foodservice supply system with implications for what happens when restrictions are finally removed, and consumers start to eat out again. I will be addressing some of these issues further in my forthcoming Quarterly Briefing Report.

Within the foodservice market itself, there are flickering signs of life in takeaways – with peaks on Mondays but a poor showing over Easter. Delivery is also improving somewhat, and the aggregators are now also attracting business from consumers who are shopping online from convenience stores. The health care sector is, unhappily, having to supply food to increasing numbers of patients and staff (but obviously not visitors at the moment). But, other than that, there are few signs of life in the foodservice sector.

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:

	April							
	6	7	8	9	10	11	12	Metric
Huq Index	3.8	3.0	3.5	3.0	2.8	3.0	2.8	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

- Sales of new cars fell 44% in March – electric car sales were up 200%
- The government prevents banks demanding personal guarantees for loans that will subsequently be underwritten by the government
- Over a million signed up to Universal Credit in the last two weeks of March
- The Foreign Office recommended against overseas travel for an indefinite period
- The Foreign Office brought back more than 200,000 UK citizens in late March / early April at a cost of around £75m
- Zoopla reported that UK property deals fell 70% since the start of the Covid-19 lockdown
- C-19 Business Pledge launched to encourage employers to help their employees, customers and communities during the Covid-19 crisis
- Rotaready and Tipjar launch free online calculator to help furloughed hourly-paid hospitality workers calculate and plan future earnings
- The government confirmed that hospitality staff will not be entitled to include tips in calculating the salary that they can submit for support
- The Prime Minister spent three nights in intensive care with Covid-19
- UK house sales fell to -69 (based on Index of 100) in March
- King's College London suggest that there could be around 1.4 million people with Covid-19 in the UK

Retail

- Debenhams went into administration – plans to close 42 out of 100 stores
- Cath Kidston announced it planned to file for administration
- Google shows that footfall at retailers and recreation in the UK was down -82% over the past two months
- Footfall for grocery stores was up around 30% in mid-March
- Cooplands is delivering food packages to customers within local proximity of its bakeries, in Yorkshire
- McColl's signed up to Deliveroo for grocery deliveries

Landlords

- Kerb, operator of street food markets in Camden and other sites in London, to launch industry workshops
- Large landlords claim that only 41% of rent was paid on the due date at the end of March

Restaurants

- Bill's and the Ivy Collection are donating and delivering food to the NHS in Manchester and Dublin, under the Caring Foundation name
- Cote launched an online shop to allow customers nationwide to order dishes, wines and meat from its butchery
- Proove, the pizza operator, supplies 15 complimentary pizzas to key workers daily
- Honest Burgers, having closed its restaurants, supports City Harvest to distribute surplus food to the poor in London

- Petersham Nurseries launches online grocery store for organic meat, fresh fruit and vegetables for collection or delivery
- Paul UK reopens four London shops for delivery and takeaway; supplies groceries from its Acton bakery
- The Athenian, having closed its restaurants, launches from three Deliveroo Editions sites
- The Athenian pays workers at its delivery kitchens to walk to work
- Veenoo is to donate 10% of profit from every online wine sale to the NHS
- D&D launches platform to provide online support and guidance for employees
- Bella Italia to provide 1,000 free meals as part of Deliveroo's initiative to supply half a million free meals to NHS front line staff

QSR

- Crussh launches a home delivery service with food and drink packages ordered online
- Crussh supplies cold-pressed juice to NHS workers
- The Feed Britain service from Leon launches Feed Britain Directory, to connect local suppliers and customers with profits going to FeedNHS
- Itsu reopens two London kitchens to supply NHS workers
- Monty's Deli launches bagel delivery service
- Starbucks launches global relief fund - UK employees to benefit from help with housing and utilities bills, sudden loss of home, death of a family member or partner, and related funeral expenses
- Abokado supports Feed our Front line with 1,000 meals to front line NHS workers and donates surplus food to St Mungo's hostels, which care for the homeless and vulnerable

Pubs

- Robinsons, brewer and pub operator, has cancelled rent for its tenants until restrictions on pubs are lifted
- SA Brain gives food worth £100,000 to front line workers including NHS staff, care homes and food banks
- G1 announces plans for a rewards scheme aimed at selected key workers, to be called "Heroes Card"
- Punch Pub Company establishes the Pub Shop initiative to support pubs and communities across the UK
- The BBPA says that with pubs closed '70% of the UK beer market is now cut-off'; increased sales to supermarkets is insufficient to compensate
- Peach to launch Pub Hub, through some of its sites and other pub operators to supply cooked food and groceries for NHS staff and the vulnerable
- Pubs are having to dispose of millions of pints of unsaleable out of date beer
- Stonegate Pub Company provides initiative to allow furloughed staff to access advice on finances, personal development, health and well-being
- Star Pubs & Bars provides individual rent relief packages to licensees

Hotels

- The Grange at Osborne and the Best Western Rembrandt be turned into discharge hospitals to support low-risk patients and care workers

- OYO Hotels & Homes provides free accommodation to NHS workers
- Whitbread donates food to Fare Share
- Bourne Leisure's holiday parks hotels have been closed to at least 14 May
- Revpar (revenue per available room) in London hotels fell -62.1% during March; occupancy rates fell -57.8%

Leisure

- The London Wine Fair, scheduled for mid-May was cancelled
- Cineworld closed its cinemas in the UK and across its entire international estate of almost 800 cinemas in 10 countries
- Lufthansa is closing its Germanwings budget airline as part of a move to cut capacity.
- The number of rail journeys in the UK has fallen by -95%
- Tui global shut down of its holiday and cruise programmes is extended to at least mid-May

Staff Feeding

- WSH & Mark Hix Restaurants put into administration together with Restaurants Etc and Hix Townhouse
- Google shows that footfall at workplaces was down -54% over the past two months
- Bacardi launches "virtual cocktail bars" for independent operators
- Sodexo is gearing up to help at DHSS Covid-19 drive-through testing centres for key workers

Health care

- #FeedNHS passed its £1m funding target
- Emergency visits to hospitals in England were at their lowest since records began 10 years ago

Education

- Eton is discounting its fees by 30%

Delivery

- Deliveroo supplies Chabad Lubavitch UK kits for the Seder meal over Passover
- Creams, Deliveroo, Just Eat and UberEats launch Creams Heroes campaign to supply waffles and gelato to chosen "heroes"
- Uber is signing up more grocery and convenience stores to add to the current roster of 700+ stores
- Uber has seen demand for groceries from its app growing 2.5x in the last month
- Uber says that restaurants on its app, including those newly added, have seen an increase in their delivery sales

Suppliers

- Greensand Ridge, the Kent-based distillery launches campaign to donate sanitiser to care services