

Weekly Briefing Report

Week ending 10 May 2020

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Introduction

I have been publishing The Quarterly Briefing Report since 2009 – and I published the most recent edition last week. Given the rapidly changing nature of the world today in the midst of the Covid-19 pandemic, some clients asked me also to provide 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 your feedback on any topics you would particularly like me to add to my coverage - my email address is peter@peterbackmanfs.com and my phone number is 07785 242809.

My insight

There is some sign of activity in the foodservice sector – not much, but enough to show that there is a heartbeat somewhere in the takeaway and delivery sector. Whilst some businesses are turning their thoughts to how to open up whenever that is allowed, many are facing an existential crisis as they see their liquidity running out.

It seems as though the government is sympathetic to the needs of the foodservice, hospitality and leisure sector – which has been particularly hard hit by the lockdown and is likely to be asked to endure for longer than any other sector of the economy. It remains to be seen whether this appreciation is turned into action. Or, enough action to help a sizeable proportion of the sector get through the epidemic until demand reaches a level that renders the sector, as a whole, and the individual businesses within it, financially viable once again.

In his pronouncements on 10 May, the Prime Minister made no mention of this but he did reveal that restrictions may be lifted “in parts of the hospitality industry” in England (which accounts for 90% of the UK restaurant and pub sector) by July, but this was trailed previously and is not a commitment. Other government sources have apparently claimed that pubs won't be open until August at the earliest. All this remains to be seen and, as such, continues to make planning exceedingly difficult, which in turn places question marks over large parts of the financial viability of large parts of the foodservice sector.

But my view is that there's only so much liquidity in the system and it has to be balanced against the medical aspects of the pandemic. At its core, the current situation is not about finance or the economy but consumer demand - and specifically lack of consumer demand caused by a medical condition about whose outcome we have no idea and no history to guide us. We really are in uncharted territory.

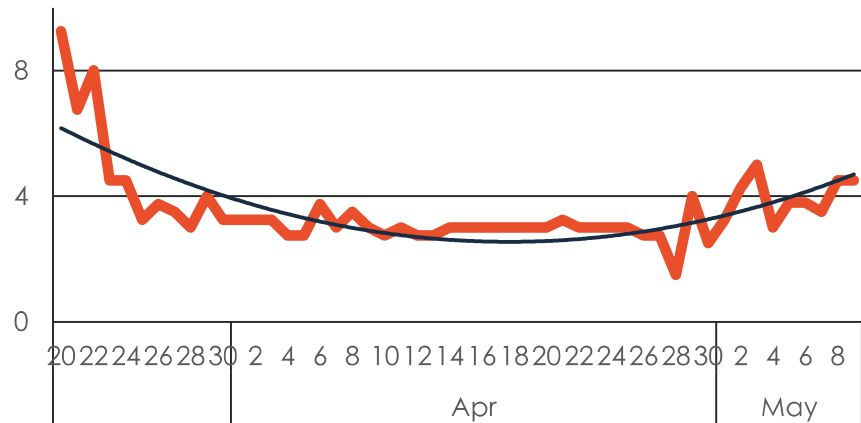
The numbers

I have been working with Huq, the geo-data recording company since the start of the lockdown to help them create meaningful indices of customer footfall. The latest figures for the index that covers UK restaurants, QSR and pubs shows a promising trend after nearly eight weeks of almost no activity.

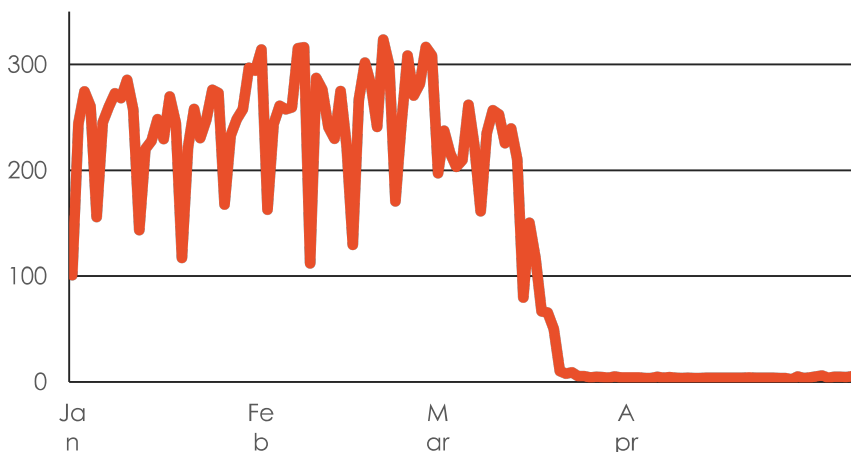
Since the start of the lockdown, 50 brands have announced that they have reopened a total of 425 stores for delivery and take away. This graph, based on footfall in these outlets plus the chain stores and the many independents that have stayed open since the start of the lockdown, shows some growth in activity in these outlets.

However, despite a footfall increase of about 40% in the last seven days compared with the week before, a more meaningful and sobering view is given by the huge fall since the first two months of the year which is shown in this table:

Post-lockdown Restaurant / Pub Footfall - Huq Index



Restaurant / Pub Footfall since 1 January 2020 - Huq Index



There is clearly a long, long way to go. And that applies to all other foodservice sectors too – hotels are shut to all intents and purposes; leisure sites are non-operational; staff catering is not permitted; school meals are almost nil; even hospitals are slightly down on normal because non-Covid-19 patients are way below usual levels for this time of year.

Nevertheless, the ONS survey of 1,634 hospitality sector businesses on the impact of

Covid-19 shows that within the accommodation and foodservice sector, 18.4 % of enterprises were continuing to trade at the end of April. This is only slightly down on the reading from mid-April, but I expect that, regrettably it will grow over the next few weeks.

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

Government / Financial

- #RaiseTheBar claims 54,638 businesses – including pubs, restaurants, and bars – are not currently able to access the £25,000 sector grants
- Bank of England figures show that businesses in accommodation and foodservice expect Covid-19 to reduce sales by an average of almost 80% in Q2 2020
- Chancellor of the Exchequer, Rishi Sunak, has reassured that there will not be a Coronavirus Job Retention Scheme cliff edge
- Hitachi Capital Business Finance research shows that more than half of small hospitality businesses “will struggle to survive beyond June”
- HMRC reveals that 6.3 million people have been furloughed including some double counting
- Job vacancies in the catering sector fell 69.9% in April compared with March according to CV-Library
- ONS survey of accommodation and foodservice businesses showed 58.5% were confident in mid-April that their business had financial resources to continue operating through the Covid-19 outbreak

Retail

- M&S expands its home delivery service via Deliveroo
- Tesco delivered one million online grocery orders in a week for the first time

Landlords

- Travelodge is under pressure from its landlords following the company's request to reduce its rent by half

Restaurants

- Azzurri Group, operators of ASK, Zizzi, Coco di Mama, appointed advisors to decide how to cope with the effects of the Covid-19 pandemic
- Blacklock launches delivered hamper service - profits to go to End Youth Homelessness charity
- Corbin & King launches advanced dining voucher scheme with half of the income going to staff members
- Cote extends its “at home” delivery service nationwide
- Deep Blue reopens a trial site in Havant
- Franco Manca reopens 6 sites for delivery and collection.
- Gail's launches bakery range for baking at home
- Giggling Squid reopens two sites for trial delivery
- Honest Burgers reopened eight sites in London
- MeatLiquor reopens two sites for takeaway and delivery
- Mowgli is to remain closed until customers feel it is safe to eat out
- Patty & Bun reopens three sites for delivery in London and one in Brighton
- Ping Pong reopens for delivery and collection
- Pizza Pilgrims 'frying pan pizza kit' sold some 60 times the amount expected
- Soho House supplies 1,000 meals a day for front line workers at west London hospitals and 300 meals a day to John Radcliffe Hospital, Oxford

- TGI Fridays launched click & collect at 24 UK restaurants next week
- The Breakfast Club reopens one east London site for delivery
- Turtle Bay reopens four sites for collection and delivery

QSR

- Chik'n reopens its site for delivery
- Chilango reopens two more sites in London
- Costa reopens 29 sites delivery and drive-thru collection
- Five Guys reopens 14 more UK sites
- Itsu launched online education classes for parents and children, featuring gyoza, chopsticks, seaweed, bonsai trees and more
- KFC reopens drive thru collection at 55 already opened sites
- KFC reported that it has 100 restaurants open for delivery
- Papa John's LfL sales in north America grew 26.9% in April – the best ever monthly performance
- Shoryu Ramen reopens a site in east London
- Smashburger reopens five sites in the UK for takeaway and delivery
- Taco Bell reopens six sites in the UK for delivery
- The Coconut Tree reopens one site in Bristol for delivery and takeaway
- Tonkotsu reopens a site for delivery and collection
- Twisted London has sped up its Kings Cross opening for delivery

Pubs

- Getting on for 500 pubs have joined mypubshop – a partnership of Brakes, Budweiser, Coca-Cola, Admiral Taverns, Greene King, St Austell, Costcutter, All About Food, Heineken, Star Pubs & Bars
- Greene King launches Team Member Support Fund to support staff during furlough
- Marston's has furloughed 93% of staff
- The Alchemist started trial of contactless collection for cocktails
- Vinoteca reopens a west London as an online and collection mini market

Leisure

- Cineworld, Vue hope their cinemas will be open by mid-July
- Ryanair announced it will ground 99% of its flights until July

Health care

- HC-One has Covid-19 outbreaks in more than two thirds of its care homes; 700 out of 17,500 residents have died

Education

- Aldi, Asda, M&S, Morrisons, Sainsbury's, Tesco, Waitrose, accept school meal vouchers

Delivery

- Mindful Chef customer numbers rose 452% since end March
- Rebel Foods, based in Mumbai, opened its first UK delivery-only kitchen

Suppliers

- Arla Pro pledged to support Food4Heroes to feed front line workers

Around the World

- Hilton has opened 130+ of its 150 hotels in China; occupancy rate is about 22% vs 9% in February
- China consumer footfall rose 30% since lifting of lockdown restrictions according to Huq – but is still only half of pre-lockdown levels
- Denmark restaurants, cafes, shops to reopen on 10 May
- Egypt reopens hotels at up to 25% capacity for domestic tourist
- Hong Kong reopens bars and pubs
- In Spain, restaurants are allowed to serve food on open terraces at up to 30% of normal capacity
- Iran reopens mosques in low risk cities – they exclude Teheran
- Ireland plans to reopen cafes and restaurants on 29 June, and pubs and nightclubs on 10 August
- Jordan started to allow all businesses and industries to restart production
- Meat supplies for foodservice operators are falling in US due to Covid-19 outbreaks at Smithfield, Tyson meatpacking plants
- Norway to reopen secondary schools, bingo, sports halls, from w/c 10 May
- Portugal started opening small shops, hairdressers, beauty salons, car showrooms, bookstores
- Rwanda loosens restriction subject to a night time curfew and restricted travel
- Schools reopen in Wuhan
- Starbucks sales in China were down -35% in April vs the prior year and -90% in February
- Thailand reopens some business, public parks, and shops selling alcohol
- Tunisia reopens half of industry and public administration subject to face masks being worn