

## Weekly Briefing Report

Week ending 31 May 2020

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### Introduction

I have been publishing The Quarterly Briefing Report since 2009. Two months ago, I started producing [The Weekly Briefing Report](#) to provide a more immediate view

I would value your feedback on topics you would particularly like me to add to my coverage - my email address is [peter@peterbackmanfs.com](mailto:peter@peterbackmanfs.com) and my phone number is 07785 242809.

### My insight

The coronavirus pandemic has been a tragedy for many and a trial for most. But there have undoubtedly been activities that have benefitted over the last ten weeks; in the foodservice sector at any rate, some developments that were happening before the lockdown have been given a boost and, as observed by one of the people I interviewed last week for my report on "What's Hot in the USA", development times have been shortened by perhaps as much as two years.

Delivery, and especially food delivery, is clearly one area that has benefitted. Last week The Times reported that online food sales now account for 13% of the grocery market – almost double the figure of a year ago. Meal kits from companies such as Hello Fresh, Mindful Chef, Gousto et al are reportedly doing well. Restaurant brands from Patty & Bun and Cote, to Homeslice and Pizza Pilgrims are delivering ingredients around the country for customers to make their dishes at home. Meanwhile some operators are pivoting to groceries while still maintaining delivery of their core foodservice range (and some, Leon for example, are doing so in support of NHS workers and other frontline staff under the Feed the NHS charity).

And of course, delivery is currently accounting for a large share of the quick service sector's business, even though "drive thru" is rapidly increasing its share as large brands such as Costa and McDonald's expand their business through this channel. Associated with delivery, dark kitchens have seen their businesses grow rapidly – indeed from one point of view, all quick service operations, even those operating from high street sites, are dark kitchens nowadays.

So, where does the future take us? Of course, right now it is pretty likely that delivery will continue to grow significantly for some considerable time. And meanwhile questions are coming down the line regarding the direction of the evolution of restaurant and other brands in the ecosystem that is occupied by delivery, meal kits and dark kitchens. As many of you will know, over the past four years I have made this sector a speciality of my analysis and research. There will be plenty more for me to comment on over the coming months.

## The numbers

A host of surveys into consumer preferences – especially regarding how they feel about aspects of the post lockdown world – is being published. Here is a selection published in the past week:

- Stay In A Pub reports that 80% of customers would be 'pretty comfortable' to return to pubs post lockdown
- The NPD Group published a survey that showed 63% of Brits say they will return to restaurants, bars, or cafes in the first month they reopen
- Pie & Pint Inns surveyed some of its customers; 48.5% said they would not want waiting staff to wear masks

What are we to make of this? The first point is to note that this is only a sample of three, so it is far too small to draw detailed, statistical conclusions. However, they do suggest that there is pent up demand (somewhere between 60 and 80% of customers appear eager to go to a restaurant or pub). And second, although almost half of people would not want staff to wear masks, the implication is that about the same proportion would and suggests that safety is a significant issue.

There is nothing unexpected here. And so I would also draw attention to a general point when examining reported data. It should be read with a degree of scepticism (and please note this is a general point, not necessarily related to the surveys I have quoted above). I don't have the space to go into the details here but care must always be taken over the motivations and biases of the people or business reporting the results, how the survey was conducted, and much more. I may have more to say about these issues on another occasion.

But for now, and in the wider world of hospitality, here are the results of two further surveys:

- Co-op Travel reports that 39% of would-be customers would like to travel 'as soon as possible' after the current lockdown restrictions are lifted.
- Clickstay conducted a study that showed 79% of Brits would not take an overseas holiday this year

These findings demonstrate a reluctance to travel abroad this summer – somewhere between 20% and 40% of people would not want to go overseas. Again, this reluctance is not unexpected and underlines the significant opportunity for British hoteliers, caravan parks, Airbnb operators and leisure sites (assuming they are open), to replace aggregate business that will be lost from the absence of visitors from overseas.

Meanwhile, here is a summary of the activity in the last week being recorded by some trackers:

	May							
	25	26	27	28	29	30	31	Metric
Huq Index	2.5	3.3	3.8	2.5	3.8	3.3		Footfall vs 1 Jan 2020 = 100
Open Table	-100%	-98.9%	-99.3%	-99.2%	-99.0%	-98.1%		YoY % change in bookings

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

## Financial / Legal

- DEFRA Secretary suggests that restaurants and pubs with outdoor spaces are likely to reopen before other hospitality sites, in July
- The government announced that non-essential shops will be able to reopen from 15 June
- Outdoor markets and car showrooms to reopen from 1 June
- The government announced taper of the furlough scheme: it will continue in its current form until July; in August companies will pay NI and insurance contributions; September they will also be responsible for 10% of the 80% of wages; and in October this rises to 20%. The scheme ends at the end of October.
- Almost 80% of businesses in the UK have applied for help under the Coronavirus Job Retention Scheme (the “furlough scheme”)
- The government announced visitors to UK from 8 June will have to self- isolate for 14 days
- Coronavirus contact testing started in the UK
- London congestion charge increased to £15 per day between 07:00 and 10:00
- 197 cars were manufactured in the UK in May

## Foodservice

- Liverpool plans to invest nearly £0.5 million to redesign outdoor spaces for bars, restaurants, and other businesses

## Restaurants

- Paul reopens four sites
- Giggling Squid reopens 7 sites
- Boparan Restaurant Group acquired 30 Carluccio's restaurants for £3 million
- Nando's reopens 40 sites
- Thaikhun reopens three sites for delivery and collection
- Franca Manca reopens 19 sites
- Bar Douro reopens a site for delivery
- Padella launches home meal delivery pasta kits
- Hame, a joint branding of restaurants in Adam Handling's Frog estate to offer nationwide delivery
- Gourmet Burger Kitchen plans delivery through 19 sites
- Ottolenghi reopens two sites
- Wagamama reopens 20 sites for delivery
- Brindisa Kitchens reopens a site for takeaway and delivery
- Honest Burgers reopens 5 sites
- Gourmet Burger Kitchen reopens 9 sites
- San Carlo Group reopens two sites
- Gail's reopens 35 sites
- Balans places all its seven sites on the market
- Busaba Eathai reopens one site

## QSR

- McDonald's starts to reopen sites – and plans for over 1,000 to be open by first week of June
- Gregg's plan to reopen 800 sites from mid-June
- Creams has supplied 250 indulgence bundles to NHS staff and other key workers under its Creams Heroes campaign
- Leon launches "Leon Presents" channel to feature food and the value it offers to individuals and communities
- Bewitched Coffee reopens three sites
- Megan's reopens four sites for takeaway and delivery
- Taco Bell reopens nine sites
- Costa reopens 58 drive thru sites including 10 at Roadchef locations
- 200 Degrees reopens 2 further sites for takeaway
- Chozen reopens one site
- KFC reopens about 150 sites
- Burger King reopens 17 sites

## Pubs

- Greene King to reduce some rents by 90%

## Hotels

- UK hotel revpar is down 84% versus a year ago; occupancy stands at 20% and 30% in May

## Leisure

- There were 99% fewer arrivals by air into the UK in April vs April 2019
- National Trust to reopen some properties from 3 June
- Specialist Leisure Group, owner of Shearing's, has gone into administration
- TUI plans to restart flights to some European destinations by the end of June
- EasyJet expects to fly at about 30% in April to June quarter, increasing to 40% in July to September
- The Premier League will restart with two games on 17 June – and a full fixture list on the weekend of 19-21 June
- Gatwick Express has been suspended until further notice because of the fall in passenger numbers

## Suppliers

- Adelle, sandwich manufacturers for the food to go market, have called in advisors

## Around the World

- Austria reopened hotels to Austrian citizens only
- France reopens bars and restaurants
- Germany to allow up to 10 people to meet in public

- Mexico City reopens open spaces at a third of capacity from 1 June
- Iceland allows gatherings of 200 people, and night clubs and gyms can reopen
- Poland to allow football stadiums to reopen at 25% capacity from 19 June
- Spain plans to remove 14 day self-isolation requirement for foreign visitors from 1 July
- Spain to reopen cinemas, theatres, concert halls, shopping centres to a limited extent from 1 June
- Sweden: professional sport will restart on 14 June
- Switzerland to allow groups of 30 people to meet
- Israel cafes and restaurants have reopened
- South Korea saw a sudden spike in infections in Seoul, leading to tightened restrictions including closures of 200 just reopened schools
- A further 2.1 million people filed for unemployment benefit in the US
- Germany reduces VAT from 19% to 7% in restaurants