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# Weekly Briefing Report

Week ending 1 November 2020

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## Introduction

I have been publishing my [Quarterly Briefing Report](#) since 2009. At the start of the covid lockdown, I began my Weekly Briefing Report to provide a more immediate view. And now, in addition to the [Weekly Briefing Report](#), which remains free of charge, I have launched a premium version which includes a subscription to my Quarterly Briefing Report and a new series of [Monthly Briefing Reports](#). You can find details [here](#).

I would value your feedback on topics you would particularly like me to add to my coverage – contact me at [peter@peterbackmanfs.com](mailto:peter@peterbackmanfs.com) or phone me on 07785 242809.

## My insight

Here we go again. But it won't be exactly as it was in March. There will be pluses and minuses.

Let's start with a plus. It won't be totally uncharted territory - we will have learned how to do things and what to expect. So, for example, we have learned that delivery and takeaway are not only perfectly acceptable – but are much in demand from customers. So, operators who pivoted to delivery and stuck with it, are in a good place (indeed their place seems to be specifically protected under the forthcoming lockdown rules). Operators who pivoted to delivery and then pivoted back to dine-in can brush off the operating models that stood them in good stead six months ago. Although, I would note, that the world of delivery and click and collect has moved on and it might be necessary to look again at products, pricing and packaging to ensure they are still relevant.

Another plus: the new lockdown has a month's time limit. Or has it? What happens if the numbers don't move as far as the government would like? Will there be an extension?

And then there are the minuses. A crucial one is that over the last six months, businesses in the foodservice sector have been weakened by debt (rent, workers and VAT still remains to be paid) and a loss of confidence (and some anger that the government hasn't got it right). So, they are less resilient. And the feeling that we are all in this together is no longer the powerful force it was.

The lockdown will last at least to well within the Christmas trading period. Even before this new lockdown there were, of course, serious doubts as to whether Christmas would appear for the hospitality sector, and how large it would be. Now, at best, the seasonal trading period will extend over just two or possibly three weeks.

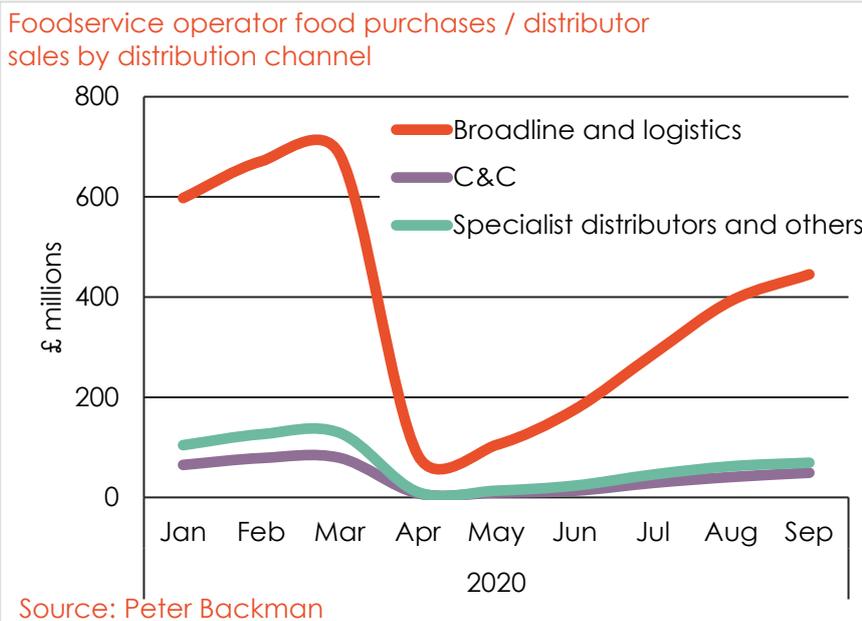
Above all, what are the implications of this? Will there be enough support to limit the resulting corporate failures and redundancies to a manageable few? Or will there be wholesale slaughter amongst companies and jobs? How many businesses will fail as a result of the second lockdown? How many people will lose their job?

Those are a lot of questions – but only a few of the many that I could raise. What will happen in reality? We will find out shortly.

## The numbers

I have just produced my updated figures for Q3 covering the July to September period, and I have published the topline figures in my Quarterly Briefing Report (available to subscribers of my Premium Briefing Report series).

In it, I noted that two sectors in particular, have experienced wild variations during the quarter. The first was schools – both primary and secondary. Before the summer holidays in mid-July, they were effectively not serving meals (except, in some instances, to the vulnerable and those receiving free school meals). Five weeks later, on their return at the beginning of September, many millions of pupils were receiving food at school. The change in demand during the quarter was dramatic but well within the ability of the school meal system to cope.



The second sector experiencing wild swings in the quarter has been restaurants (which, in this analysis, includes pubs). Having been allowed to reopen in early July, they saw a slow build up of business as the month progressed. In August, the EOtHO scheme started up, and proved to be a huge boost to the sector.

The reduction in VAT, from 20% to 5%, that started in mid July, gave some relief to high street operators who either passed the 13% reduction on to their customers, or kept the reduction, and used it to boost their gross margins. Or in some cases, a bit of both.

For other sectors, such as B&I (feeding at work) and health care, though, it was no switchback ride – more a continuation of past trends.

Meanwhile delivery continued to grow and was boosted by growing investment in dark kitchens. The reasons for this growth are well rehearsed so I shan't go into detail here except to record that the more delivery is used by customers, the more it will become entrenched in their ways of doing things.

In turn, these developments lead to growth throughout the supply chain. But the next quarter will be different I fear. Meanwhile, here are some of the latest numbers:

	October					November		
	26	27	28	29	30	31	1	Metric
Huq Index	24.4	22.7	21.5	22.3	23.2	23.4		YoY % change in footfall
Open Table	-5.9%	--10.8%	-1.7%	-3.3%	-0.0%	--4.9%		YoY % change in bookings

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

## News in the week

### Financial & Legal

- Moncef Slaoui, chief scientific adviser on the American vaccine effort, has said that at least two US vaccines should be approved by January
- Government announces full lockdown for England for one month from 5 November
- Government announces continuation of existing furlough scheme during latest lockdown in England
- Warrington was put into Tier 3
- Imperial College reported that the proportion of people with covid antibodies fell from 6% in June to 4.4% in September
- Scotland announced new 5 Tier system – no areas in top (Level 4) and bottom (Level 0) tiers; Level 1 - 5 areas, Level 2 - 9 areas, Level 3 - 13 areas

### Foodservice

- Restaurants and pubs have spent £900m on personal protective equipment according to BBPA

### Landlords

- Paris Charles de Gaulle overtakes Heathrow as Europe's busiest airport
- Grosvenor, major landlord in central London, is to acquire stakes in some of its tenants who are in financial difficulty

### Restaurants

- Great British Chefs launched an online subscription to provide home cooks the chance to learn directly from chefs such as Michel Roux Jr
- Iberica undergoes CVA and closes two sites out of seven
- Some restaurant and pubs in regional lockdown areas, spotted a potential loophole allowing them to supply meals for "business lunches"
- Most Scottish pubs and restaurants allowed to serve alcohol indoors
- YO! to supply YO! To Go in 160 Co-op stores
- West Kent independent restaurants to supply free meal delivery service for low income families
- Busaba CVA approved leads to closure of five sites
- Hoppers offers Cash & Kari meal kits and merchandise
- PizzaExpress reveals it is to declare 1,300 more redundancies

### QSR

- McDonald's and FareShare to supply one million free meals for children during the half-term break
- KFC LfL sales increased 15% in three months to end September

### Pubs

- St Austell Brewery to reduce its workforce by 100
- Revolution Bars Group sales fell – 49.5% in the last five weeks; starts CVA process

## Hotels

- Whitbread income fell -77% in the latest six months

## Leisure

- British Airways ended its contract with M&S to provide inflight food on short-haul

## Staff feeding

- WSH (parent of BaxterStorey) acquires Bartlett Mitchell

## Delivery

- Just Eat launches lower 25% commission for delivery services, no commission for click and collect

## Suppliers

- Cranswick revealed 140 staff out of 333 tested for covid were positive at its pork production plant in Watton, Norfolk
- Anheuser-Busch InBev sales increased 4.0% in has reported the last quarter
- Campari sales rose 2.9% in the last quarter

## Around the World

- Accor sales fell -64% vs 2019 in the latest quarter
- Hotel occupancy in Europe fell -53% in September
- Restaurant Brands International reports LfL sales fell -7% Burger King -12.5% Tim Horton's, Popeye's rose 17.4% in the last quarter
- Melbourne restaurants and hotels reopened after four month closure
- Russia restaurants and bars to close at 11pm
- France announced national lockdown including restaurants and bars
- Germany restaurants and bars to close except for takeaway from 2 November
- Finland lifting opening hour restrictions for restaurants
- Just Eat recruit 700 couriers in Ireland to support growth in delivery
- Yum! Brands global sales at Taco Bell rose 5%, in three months to end September, -4% at Pizza Hut, -1% at KFC; KFC sales in US up 9%.