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Weekly Briefing Report

Week ending 16 May 2021

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Introduction

I write [The Weekly Briefing Report](#) to provide an immediate view of the market. My premium service which includes Monthly and Quarterly Briefing Reports provides a slightly more measured view. You can find details [here](#) of how to subscribe to this premium service.

I value your feedback. And I would particularly appreciate your thoughts on the topics you would like me to add to my coverage – contact me at peter@peterbackmanfs.com or on 07785 242809.

My insight

This time last year we were in an unknown land. The sector had to struggle with a strange set of new conditions around social distancing. Within the foodservice sector, many strange activities regarding hygiene and social distancing were being proposed to cope with this new world. There was a long list of solutions. A year on, how many are still relevant?

Contactless ordering and payment have leapt out of their covid-induced requirement and now seem set for an ongoing, essential role. Sanitiser stations, sanitiser cloths at the table, single use menus, online menus, menus wiped down after each use, surface cleaning every 15 minutes. There was veritable sanitation boom. And this is undeniably a good thing for the future too. But, we Brits, being a scruffy nation, will, I suspect, not keep up this good work.

While screens were being used between tables and at payment areas, efforts were in hand to move away from clear plastic to features that removed the starkness of plexiglass. This is a solution that, after restaurants had incurred the costs, has gone nowhere. Customers directed via one-way systems to minimise interaction will disappear before too long. For now, front of house distancing rules still in place will, on current plans, cease in June together with limits on the numbers of guests per table. Definitely gone, though, is checking temperatures of staff and guests, not that it was ever much of a feature. Meanwhile, this time a year ago, many companies were proposing smaller back of house teams to ease social interaction (and therefore slow the spread of covid). Smaller teams are now likely to be a necessity as kitchen staff become more difficult to find. Another pressure on team size is uncertainty over medium-term demand – and that is likely to remain a feature over the next few months. One effect of smaller teams is the need for smaller menus, and this also appears to be a theme, for now at least.

After the passage of time and experience, which of these will remain for the longer term? Contactless in all its forms is one activity, reduced team numbers are another, together with shorter menus. Maybe enhanced cleaning will be another (but I am not so sure). Other than that, the proposals we were seeing this time year last are, I hope, gone never to return.

The numbers

On the eve of opening for inside dining (and drinking) this seems a good time review what's been happening in the five weeks since al fresco eating and drinking was allowed. The message is mixed. There has been growth – and some fairly dramatic falls. So what's going on?

First of all here are some specific examples: since the start of "al fresco" conditions City Pub Group was doing 41% of its pre-covid numbers; Revolution Bars were doing 48%. Even at Greggs, who don't do al fresco, LFL sales in the two months to 8 May – which includes one month of the "al fresco" period - showed a decline of -3.9% (versus 2019) but this compares with a -23.3% fall in the prior ten weeks. The [Huq Index](#) is also revealing changes. In the few weeks before 12 April, footfall increased generally throughout the sector as delivery riders continued to arrive to collect growing numbers of delivery orders continued, and in-house teams started to return for pre-opening refurbishment, training, and arranging supplies. Immediately after reopening date, footfall in QSRs remained flat - no one was going to a takeaway outlet for outside dining, but they were still ordering as many delivered meals. And of course, at this time, footfall grew too in full service restaurants and pubs as guests returned for al fresco occasions.

Meanwhile in the last couple of weeks, footfall in takeaways, fast food outlets and at food to go sites has started to increase, probably as a result of growing in-person takeaway (positively benefitting from massively reduced fears of catching covid). But in the same period, footfall in restaurants and pubs has fallen – dramatically so in pubs. I put this down to two factors: the initial growth from the release of pent-up demand having been satisfied, for now anyway, and the onset of wet (and cold) weather making outside dining an unattractive proposition for all but the hardiest and most committed customers.

What lessons do these events hold for indoor dining following the imminent release of restrictions? My first observation is that it's probably too complicated to say. But pent up demand should be watched. Has it already been satisfied? I think not. But how long will it last? Time will tell.

Then there is the weather which will have less influence on levels of dining indoors, than on outside dining. Delivery will continue apace but, as the decline in restaurant footfall might suggest, delivery will start to slow down quite quickly. Removal of restrictions will start later in Scotland, Wales and Northern Ireland than in England leading to differential growth rates in the UK nations.

And finally, what happens when social distancing restrictions come off (as currently planned provided there is no significant upturn in the "numbers") on 21 June? My belief is they will permit more trading at peak times – but will have limited impact on other trading times. In the meantime, here are the latest numbers from the Huq Index and OpenTable.

	May							
	10	11	12	13	14	15	16	Metric
Huq Index	34.8	35.1	34.7	34.1	34	33.1		YoY % change in footfall
Open Table	-47%	-47%	-42%	-44%	-31%	-35%		YoY % change in bookings

The rest of this report contains a summary of corporate and other activity over the past week:

News in the past week

Financial & Legal

- Wales to reopen for indoor hospitality on 17 May
- Government to require calorie labelling for hospitality businesses with 250 plus employees from April 2022

Restaurants

- PizzaExpress reopens all sites for dining in

QSR

- Gregg's sales fell -3.9% in the 8 weeks to 8 May
- McDonald's reopens for table-service dine-in, with limited seating to ensure social distancing

Pubs

- Timothy Taylor, West Yorkshire brewery sales were at similar volumes in two weeks post 12 April versus the same period in 2019
- Revolution Bars Group trading at 48% of 2019 via 25 bars
- City Pub Group trading at 41% of pre-covid levels
- Marston's reopens all pubs in England
- Drake & Morgan reveals Deloitte to help with CVA

Leisure

- Odeon to reopen majority of its cinemas on 17 May
- Cineworld to reopen majority of its cinemas on 17 May
- Heathrow passenger numbers fell by 6.3 million in April versus April 2019

Staff Feeding

- Compass Group sales fell -30.4% in the last six months

Education

- State school pupil attendance in England was at 92% on 5 May

Delivery

- Deliveroo and Pret a Manger set up Full Life to deliver via The Pret Project plus Foundation Felix, and FareShare

Around the World

- France to reopen for dining on outside terraces on 19 May; inside for up to 6 people on 9 June; fully reopen 30 June
- Ireland to reopen restaurants, hotels, bars in early June
- Austria to reopen restaurants on 19 May
- PapaJohn's LfL sales in North America rose 26% in the most recent quarter
- DoorDash US sales – Gross Order Value – rose 222% in the last quarter versus last year
- GrubHub launches commission-free, direct ordering platform for US restaurants
- McDonald's increases hourly pay rise of 10% in US company-owned stores