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Weekly Briefing Report

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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

There is a cultural shift towards the eating of plant-based foods or so we are told by many commentators – and last week's [Arena webinar](#) provided several insightful examples. What is the origin of this shift and what does it have to do with foodservice?

As to the origin of the shift to “plant-based”, I don't claim any special knowledge, but it seems to me that there are three significant pressures. The first is a long standing history of segments of the population in favour of a diet that eschews meat in favour of “vegetarianism”; and in the restaurant sector this extends back at least to the early 1960s when Cranks, an early vegetarian group of seven restaurants (including one in Copenhagen), was launched. But in reality, vegetarianism (if not veganism) was around in the nineteenth century if not before.

Another pressure comes from climate change. One (of the many) sources of this existential threat arises from the planetary changes arising from rearing animals for human consumption which, to take a couple of examples leads to deforestation and increasing methane levels, both of which effect elements of climate change.

But perhaps the most significant pressure comes from several interconnecting developments. The population of the planet is growing (and by the end of the century it is set to stabilise at about 11 billion people – or 50% more than today's global population); not only is it growing in numbers, the population is growing richer; and as it grows richer its meat consumption increases. If the world reaches current US per capita levels of meat consumption it will require more than one earth (some estimates put it as high as six earths) to raise the required meat. Clearly that cannot happen. Instead pressure will rise to reduce meat consumption – and that, I think is what is already happening.

So the cultural shift to plant-based food is being caused by large global pressures. Some within the foodservice sector have ridden these changes – for the benefit of their customers, and in a small way, for the wider world.

As the climate evolves in increasingly threatening ways (last week's floods in Belgium and Germany, and temperature levels of almost 50°C in British Columbia earlier in the month, being two of many instances), the foodservice sector has a role to play both as a consumer of agricultural products and as an educator. Let's hope it makes a meaningful impact for the better on global climate change.

The numbers

The shortage of workers in the hospitality industry is due to Brexit and the return of East Europeans to their homelands. Well no, not exactly. There is a shortage in the US too – and they don't have Brexit. Instead it's "\$2,000 payments to people thrown out of work" – apparently, according to some, workers in the US have become accustomed to being paid not to work. "Yes, that's it. Workers have also been furloughed in the UK, and they are too fond of being paid not to work to want to return". Except that in Australia they're also finding it difficult to recruit workers, and there they've had neither Brexit, nor have they been paid not to work.

So those can't be the only reasons for the reduced numbers of workers. Something else must also be going on.

I don't have any special insight into what that might be but here's a thought. Lockdown for those people who didn't have to work meant several things: spending time at home with the family; doing things during the day when not everyone else was doing the same things at the same time (and things became less crowded); no, or limited, travel; spending less money; generally rebalancing lives.

Aviva, the insurance company, recently carried out some research which suggested that 47% of employees had become less "career focused" because of covid. Of course, the imperative to earn a living has not gone away – but lockdown has provided both the time and the opportunity to reimagine lives and has also provided the opportunity to try out new, different ways of spending weekly time.

This doesn't mean that things will be done differently from here on – but it does mean that alternatives can be tried out under the rubric of "finding our true selves". This is not necessarily a total pleasure but at least it provides a new, and hopefully positive, way to rebalance our lives.

And while this is going on, the search for a job might be taking a bit of backseat. Amongst other things, it means not applying for any old job, but just applying for the jobs that "I want to do". This might become a long term shift resulting from covid, or it might be resolved by a return to the status quo ante. I don't know if this is a true representation of what's going on, but at least it might explain why labour shortages in the USA, UK and Australia appear to be following the same course.

And if it is true, it means that hospitality, along with every other sector, is going to have to re-examine what it offers and how that chimes with what people now want to do.

In the meantime, here are the latest numbers from the Huq Index and OpenTable:

	July							
	12	13	14	15	16	17	18	Metric
Huq Index	42.5	42.9	43.0	43.5	43.3	42.8		YoY % change in footfall
Open Table	-13	-11	-7	-3	-3	-1		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

- National Food Strategy proposes tax on salt and sugar by 2030

Foodservice

- Scotland hospitality to be curfewed at 24:00
- Government launches support for post-reopening and long term recovery of hospitality sector
- Hospitality sector recruited 94,000 staff since March
- Government to allow pavement eating and drinking in England for another twelve months

Pubs

- From July 19, bar service resumes, night clubs advised to ask for proof of vaccination
- Mitchells & Butlers closes 40 pubs due to staff shortages
- Greene King closes 26 pubs due to staff shortages
- Loungers LfL sales rose 26.6% in the month to mid-June
- Arc Inspirations turnover rose 35% on 2019 since mid-May

Hotels

- Hotels in London occupancy at 41% in June

Leisure

- SSP sales rose 27% in the last quarter versus 2019
- Nightclubs, cinemas etc to open without legal distancing restrictions on 19 July

Education

- State school students in England were -19.6% down in early July; -26.4% of secondary school students did not attend

Delivery

- Deliveroo Business launches hybrid cloud canteen and group ordering
- Just Eat Takeaway UK orders increased 61% in the latest quarter; delivery orders increased 766%

Around the World

- Libya cafes to close
- Domino's Pizza Poland dine sales in six weeks to end June rose on average 90% versus prior fortnight; system LfL sales rose 5% in June 2021 versus 2020
- France bars to require proof of vaccination or negative covid test

- Ireland cafes, restaurants, pubs, other licensed venues reopen for customers with proof of covid immunity
- Domino's Pizza Eurasia system sales rose 58% in first half 2021
- PepsiCo Inc turnover increased 20.5% in the last quarter
- South Korea restaurants and bars to close at midnight
- Just Eat Takeaway orders increased by 131% in the latest quarter
- GrubHub orders increased 37% in the latest quarter
- Just Eat Takeaway to acquire Bistro.sk in Slovakia
- The Eiffel Tower reopened following closure since December