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Weekly Briefing Report

Week ending 25 July 2021

Published 26 July 2021



Introduction

I write the [Weekly Briefing Report](#) to provide an immediate view of the market. My premium service which additionally includes Monthly and Quarterly Briefing Reports provides a slightly more measured view. Learn more and subscribe [here](#)

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 with your ideas!

My insight

“Greed is good” and “Wellness” - two opposing concepts, ideologies even, that emerged in the 1980s, are both concerned with the individual but manifest themselves in different ways.

“Greed is good” says that the way to succeed, or at least to get on, is to be selfishly concerned with one’s own prospects – and in the commercial world that expresses itself in go-getting, profit-centric businesses. This is a good thing, not only because it generates wealth for investors but also because it provides a workplace dynamic that appeals to those who feel that “Greed is good”. “Wellness”, too, is an expression of being selfishly concerned – in this case, to be selfishly concerned with how good one feels about oneself. It is expressed in many ways including concern for one’s fellow being. But unlike “Greed is good”, “Wellness” has much less commercial resonance. My question is: is this about to change?

The reason why it is apposite to ask this question now, is epitomised by a presentation I was privileged to hear last week from [Andrew Stenbridge](#), Executive Director of [Iconic Luxury Hotels](#), owners of Chewton Glen and Cliveden amongst others. He knows a thing or two about people and their motivations – both customers’ and employees’. He specifically noted the increased importance people placed on wellness during covid and in our subsequent discussion we talked about why this would be. The reason is, or at least could be, due to two things. First is a re-examination of what “life” means to us all; this has been occasioned by the increased time not spent on work during lockdown which has led many to a realisation, obvious but underappreciated by many until covid, that there is a meaningful life beyond work. Another reason could be a feeling that we are (or were) “all in this together” (perhaps with some echoes of life during The Blitz).

Whatever the reasons though, if wellness is on the rise (and that may be debatable), what does it mean for the type of company that will grow in the future? What does it mean for investors – where should they put their money? How do businesses genuinely transition to a mode where wellness (whatever it is) is a major driver? There are many more questions, but maybe these are enough for now.

But they all appear to be trending to a point where the world of business is about to change. And the question specifically for the world of hospitality is how, given its emphasis on people, will it further define and develop the concept of wellness?

The numbers

The problem of trying to predict what people will want in the future by limiting their choice to what is available now leads to two things. First it reduces choice, and secondly it becomes a reinforcing cycle whose ultimate end point, over a long period of time, is no choice at all.

I am fearful that this is a process set in train by aggregators and others with access to acres of consumer data. What has brought on my thoughts about this, is the most recent report on [Dark Kitchens featuring Deliveroo](#) which I co-authored with Takealytics. It shows, amongst other things, that ten brands - mostly virtual (no bricks and mortar presence) – were responsible between November last year and this month, for a net increase of 547 sites from which they are available around the country.

And of those sites, 338 – or 62% - were based on chicken; and of those, over three quarters had a strong offering of chicken wings specifically. Mac & Cheese and ice cream also featured but not nearly as strongly as chicken. Burgers and burritos make up the rest. Now, only the 44 Ben & Jerry's Stores are in any way a "bricks and mortar" offer (and even that is debatable in this context in my view). The rest - 503 sites - are for brands that have been created specially for delivery. And given the claims made by Deliveroo, and other aggregators, that they use their data to guide their partners' menu offerings, it is fairly safe to assume that the menus from these fastest growing delivery dark kitchen brands are based on data about consumers' existing menu choices.

Top Growing Delivery Brands Nov '20-Jul '21		
Brand	Originator	Growth
Mac & Wings	Pizza Express	111
Bird Box	Restaurant Group	79
Bone Jam	Restaurant Group	63
Ruby Jeans	M&B	56
Stacks	Restaurant Group	53
Mac Shack	Big Table	45
Ben & Jerry's	Unilever	44
Epic Chicken	(Virtual brand)	32
Ice Cream Store	(Virtual brand)	32
Big Bang Burrito	Big Table	32

And these choices are only built on what has already been offered to consumers. In the past they have chosen chicken; so therefore, the logic seems to go, offer them more chicken.

But what happens from here? Given the increased proportion of chicken offers, and the correspondingly reduced exposure to other items, consumers will no doubt order more chicken. In turn, that will lead aggregators to deduce from their data and algorithms that consumers want

chicken – and so the solution is to offer them even more. In this way, the cycle is extended – and we end up having the choice of chicken...or chicken.

Clearly, human ingenuity being what it is, this is not a given outcome, but there is a clear trend.

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

	July						Metric
	19	20	21	22	23	24	
Huq Index	43.3	43.3	44.4	44.4	45.1	45.6	YoY % change in footfall

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

News in the past week

Financial & Legal

- England and Wales: 1,207 insolvencies in June
- Wales one household, or six from different households, allowed to attend restaurants, pubs, holiday accommodation

QSR

- World Animal Protection lists KFC UK first for chicken welfare across fast food chains; Nando's second

Pubs

- J D Wetherspoon retains social distancing measures
- Young's sales in three months to mid July -5% below 2019 levels
- JW Lees turnover increased 16% on 19 July vs 2019 levels
- Rileys LfL sales rose 43% during Euro 2020 vs the last World Cup

Hotels

- Whitbread revpar 53% up in June vs May; occupancy at 71% vs 58% in May

Leisure

- Train bookings increased 26% versus mid-May
- easyJet capacity to be set at -40% of 2019 levels in the coming quarter

Education

- Home educated children increased 75% in the first eight months of the last school year

Around the World

- Thailand closes restaurants