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Weekly Briefing Report

Week ending 4 July 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

One of the (many) joys of going abroad for a holiday (sadly denied for many of us right now), is to sit at a table, and to be served with a drink and perhaps some food, in an unrushed manner. Compare that with what we are offered in the UK.

Now, I have to admit that I don't much like going into a pub (Shock! Horror!). I'm not necessarily anti-pub it's just that I don't find the traditional pub experience enjoyable. I don't see why, in a place that says it's in the hospitality business, I have to go up to the bar and (sometimes) get jostled to be served which, in my eyes, is a profoundly non-hospitable activity. In passing I'd observe that there are many other places where I can be served at a counter (although now it's more likely I'd be using an app) – what would McDonald's, or Costa, or Gregg's, be like if you had to be crowded round the bar to be served?

Then, back in the pub, having tried to make myself obviously visible as someone who wants to place an order and having been subsequently discovered by the person behind the bar, I am suddenly faced with a decision. There is a wide choice of drinks (beer, wine, soft drinks) that are spread out all over the place – in the chiller cabinet, at a pump, perhaps on a shelf – with no idea of the price (why is that legal?). And then, having been served, I have to push my way through a crowd to get to a place of solace – maybe even finding a table (which may not have been cleared of the detritus of its previous tenants). And to get a second helping, I have to repeat the process.

Maybe I don't understand what a pub is about. But what I do know is that when I am in Spain (where a lot of pub goers go for their holidays I'm sure) or France, or America, it's different, I get a list of what's available (and their prices), I get waited on – and I may not have to pay until I want to leave. In this process I am treated as a valued customer.

Now along comes covid. So now, if you go into a pub you must be socially distanced, you must be served at the table. You begin to feel like a king. What an irony this is: covid the apparent killer of hospitality is in fact perhaps one of its benefactors.

And in doing so it brings the British experience more in line with what happens in other countries – a process that the hospitality industry has been following for many years. Is that a good thing? I don't know – some will say it is, some will say it isn't - but I think it's here to stay.

The numbers

I am increasingly hearing raucous voices questioning the future of delivery. My analysis shows that it was worth £11.6 billion in the UK last year and is on track to be worth £14.2 billion this year. But if nobody is making any money out of it, if restaurants feel their reputation is compromised by below par service, if they are no longer able to connect with their customers, the raucous voices are asking: why should they bother with delivery?

What would happen then, if the delivery companies took heed of all this, and what if, taking all their paraphernalia and their dreams with them, they crept away into the night? What would be left?

There would be some very disappointed restaurant owners who had built a profitable business on delivery. They would be in the minority though. There would be others who were grateful that someone had made the decision, to not offer delivery, away for them. And the rest would just shrug their shoulders saying "Well that was fun while it lasted", and get on with life.

There would be tens of thousands of riders – gig economy workers in the main – who would find their normal source of income (or a part of it) closed forever. But at least in the current frenetic marketplace for workers they would surely find other jobs – perhaps even jobs in the restaurant sector.

There would be piles of unused packaging - plastic containers, aluminium, card, and brown paper bags with no meals to put in them. Behind the scenes there would be unused algorithms and acres of code (and lots of coders) that would be repurposed for the next digital world beater. There would be bicycles, mopeds, and backpacks lying around. There would be empty backstreet premises, and empty small scale business premises on small industrial estates, that used to be dark kitchens.

There would be lots of unhappy investors – crowd funders, angel investors, private equity investors, - who had hoped to be able to sell their stake in a delivery business to the next hopeful investor. They wouldn't be able to do that now. There would be a disappointed band of property companies who currently see dark kitchens as an extremely fruitful source of rental income

But above all there would be millions of disappointed people – hundreds of millions, if not billions, around the world. They would find they are unable to order up a meal at a few minutes' notice. And they, and their huge demand (I almost said appetite) for delivery are the reason why delivery will continue – and why delivery practitioners will not creep away into the night even though they need to find ways to address the raucous voices that I am hearing.

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

	June			July			
	28	29	30	1	2	3	4 Metric
Huq Index	47.2	46.9	47.9	49.1	49.7	48.9	YoY % change in footfall
Open Table	1%	-2%	12%	15%	34%	40%	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

- Road Haulage Association estimates shortfall of 85,000 and 100,000 drivers
- Employer payments under the furlough scheme increased from to 30% (from 20%) of employees' pay
- 3.4 million people were paid under the furlough scheme at the end of April
- Scotland almost nearly 2,000 covid cases linked to Euro 2020 football

QSR

- Greggs company owned shop sales are 1-3% up since mid-May on 2019
- Leon plans first drive-thru to open in the autumn

Pubs

- The City Pub Group sales since reopening for outside dining are -10% of 2019 levels
- Revolution Bars LfL down -14% in the month to 9 May vs 2019

Hotels

- Provincial Hotels and Inns enters administration
- Premier Inn UK sales fell -27.3% vs 2019 in the month to mid-June

Leisure

- Wembley to be at 75% capacity for this week's Euro matches
- Escape Hunt sales in the five weeks to 20 June are 47% up on 2019

Suppliers

- Coca-Cola UK offers 100% recycled plastic across its whole on-the-go range

Around the World

- Passenger numbers in US airports were down -22% on 25 June vs 2019
- Ireland indoor hospitality limited to those who have been vaccinated
- France allows full access to restaurants and cafes, as well as theme parks, cinemas and other leisure outlets
- Australia covid outbreak in Sydney linked to two pubs, a pizzeria and a hotel
- Sodexo organic growth in the latest quarter up 19% on 2020