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# Weekly Briefing Report

Week ending 15 August 2021

Published 16 August 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](mailto:peter@peterbackmanfs.com) or on 07785 242809 with your ideas!

## My insight

For some time in my Weekly Briefing Reports I have been talking about the way change will evolve and impact the foodservice sector. And this week, two announcements caught my eye because they embody what I believe is happening, and will continue to happen for some time.

But before commenting on these announcements, here is what I believe has been happening. We need to start in the deepest days of covid, when the foodservice sector (and indeed the wider hospitality sector) was to all intents and purposes shut down. Businesses were focused on survival and an important element of their strategies was to cut costs. That meant that sites were let go and staff were declared redundant or furloughed. As time went by, over the following year or so, some of the infrastructure – locations, people, supply chains – were left to degrade, not necessarily to a final stop but, at least, significantly.

Now, the world is waking up. Businesses are examining their remaining infrastructure. And many are finding it in a poor state. So now they are making strenuous efforts to replace those bits missing from their infrastructure; those efforts are frequently guided by a desire to revert to the status quo before covid. Thus, most businesses are engaged in a race to recapture their necessary infrastructure. But given the different natures of each business, each is engaged in its own race and its own priorities.

This activity is taking place within the context of Brexit which has made supply chains problematic and where foodservice is engaged in an additional battle for resources with most other sectors within the economy.

And this is the scenario in which the two announcements took place last week. KFC made a very public announcement about shortages in its supply chain; and while the company was careful not to be specific, packaging (cups, closures, boxes etc) seems to be a prime area. At the same time Pret a Manger was revealed to be, in effect, reducing pay across its estate – and this is given special resonance because Pret has historically been revered for the very positive way it pays and treats its staff.

And my guess is that KFC and Pret are not alone. Indeed the battle for resources I described earlier would indicate that what is happening at KFC and Pret applies to most, if not all, foodservice businesses. These difficulties will work themselves out over time. By the precise end points, and what they mean for the sector, are still waiting to be seen.

## The numbers

According to the ONS, foodservice and accommodation (that is restaurants, quick service, pubs, hotels) grew by 87.8% in the last quarter. That number allowed me to give myself a smart pat on the back because I had been forecasting pretty much the same - an increase of 86.0% - and that number underpinned the forecasts I have shared with subscribers to my Premium Briefing Report series – if you're not a subscriber, why not have a word with me, or sign up [here](#).

Meanwhile, a few weeks ago I wrote how covid-induced change may be turning the UK eating and drinking out scene into a European experience. Well here's an update. Last week I was taking a post-prandial coffee in one of London's increasing number of plazas. The sun was out and finding a table outside was complicated by computations about how the places of shade would change while we enjoyed our coffees. Just like being in Italy, or Spain. In those Mediterranean countries one just assumes the waiter comes to take your order. This being Britain, I went inside to place my order but I was told "No problem" and also "There's no need to pay in advance" – another European practice! We're learning!

We waited at our suitably shaded table. The order arrived. Two Americanos. Where's the milk? Of course, a classic Americano doesn't come with milk – only if you ask for it. I always do but after eighteen months of not having an Americano I'd forgotten (Memo to self: remember to order milk next time). If I was being picky I'd suggest that most Brits have milk with their Americano so the barista could / should have asked.

We talked and finished our Americanos. Surprise, a waiter arrives and asks if we'd like another? Yes please! Twenty minutes later, since the coffees hadn't arrived, we asked a waiter when it would arrive (actually it was more complicated: having spied the waiter, he asked us to wait while he went inside to pick up menus for another table – fair enough but annoying). It seems a full explanation of when and what we had ordered, from whom, was necessary before the waiter could search for the answer. After a while, the Americanos appeared (with warm milk – Memo to self: remember to specify my preferred cold milk). We drank our coffee, finished our conversation, paid - £3.60 per cup – and left.

Overall then, was it a Mediterranean experience? There were some real positives which I hope I have adequately acknowledged. But there were low points too which I've also noted; I'd make a big point of noting that, other than the second coffees, there had been little pretence at upselling (no "Would you like to see the menu?" or "Would you like to try one of our cakes?").

My judgement: Trying hard to offer a genuinely hospitable welcome but by no means there yet. Will have to try harder. Much more training is needed.

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

	August							
	9	10	11	12	13	14	15	Metric
Huq Index	49.3	50.0	49.5	50.6	51.1	51.7		YoY % change in footfall
Open Table	10%	15	-2%	-7%	0%	8%		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 nightclubs reopen, pubs not to require face masks

### QSR

- Crussh closes 13 out of 30 sites
- Pret a Manger cuts pay by 11% versus pre-covid; reinstates mystery shopper bonus
- KFC warns on packaging and other shortages due to supply chain issues

### Pubs

- Barkby Group accommodation turnover up 25% in July versus 2019
- Coaching Inn Group bought by RedCat Pub Company

### Around the World

- South Korea restaurants and bars to close by midnight
- France restaurants, cafes require health passes
- Intercontinental Hotels revenue down -32.8% versus 2019

### Around the World Delivery

- Deliveroo sales up 82% in six months to end June versus 2020; gross transaction value up 102%
- Zomato sales up 211% in quarter to end June
- Delivery Hero gross merchandise value up 74% in the last quarter; Europe rose 63%
- Delivery Hero sells Korean unit, Yogiyo, to consortium of Affinity, GS Retail, Permira, as part of deal to gain approval for acquisition of Woowa Brothers

### Delivery offer(s) of the week

Two offers from UberEats to the same household, on the same day:

- 25% off your next 10 (!) orders in the next 14 days (!)
- 30% off your next 3 orders in the next 14 days