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Weekly Briefing Report

Week ending 22 August 2021

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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

I enjoy paradoxes – things that are but shouldn't be – because they can tell us about the world.

Take the frequently voiced view that nowadays people want “entertainment”. So, the conclusion goes, build them pleasure palaces where they can be entertained – climbing walls, darts venues, trampoline parks. The fact that many retail sites are being repurposed for these activities is a side issue arising out of the needs of landlords to ensure their properties generate rental revenue.

Or take another frequently voiced view (and not only a view but an actuality) that people want restaurant meals to be delivered to them at home. Now, delivery is not entertaining (unless you think tracking the rider's progress from kitchen to your front door is entertaining). Instead, delivery is a pretty transactional activity with, I would argue, absolutely minimal entertainment value.

So, here's the paradox: people (primarily younger people even though that doesn't change the overall point), want two paradoxical things – they want both entertainment-free delivery and entertainment. The paradox can be resolved by recognising that some people (or all people but only for some of the time) sometimes want entertainment and sometimes they want delivery. Neither of these are fundamental to people's worldview or their basic needs (food is fundamental – how it is delivered isn't), so both requirements can be held in peoples' minds at the same time.

And indeed there is an example of combining entertainment and delivery. Many years ago telegrams were a significant medium for sending urgent messages, or long distance messages of note – birthday wishes, wedding congratulations and the like. In 1933, to make these latter messages more entertaining and therefore more valuable, Western Union launched a singing telegram service in the US in which the deliverer sang a friendly ditty. Never mainstream, and overcome by changing technology, the singing telegram nevertheless lasted until the mid-1970s.

Maybe there is an opportunity to create a business that marries entertainment with food delivery. But be aware that together since entertainment and delivery define a paradox, together they are almost certainly likely to be transient (perhaps measured over years not months). And since they are transient, they will continually evolve. So be ready for constant change.

And what will an entertaining restaurant meal delivery service be like in practice? Rihanna and Jay Z singing Talk that Talk as they deliver your pizza? Raw Hamburger (Kool & The Gang) with your burger and fries? Does that sound like fun?

The numbers

A visit to The Five Pointed Star, a pub in West Malling, made me think. The spur to this thought was the sight of the pub's outside area – formerly a patio drinking area, now covered with tables and chairs, and happy customers enjoying a summer meal. This area had formerly been used on a casual basis for drinking as and when. But now the landlord had focused on optimising revenue by investing in making the space a true footfall, and therefore income generator.

Covid, of course, had provided the impetus via the need, in April, to provide al fresco dining while indoor dining was still banned.

And it's not only The Five Pointed Star, and countless other pubs, which have been able to monetise their outside areas. There is rooftop dining (visit Arenella at The Chapel Bar in Islington for one of many opportunities); Smoking Goat, in Shoreditch, like hundreds of other restaurants, has placed its tables on a large pavement area; councils across the country, Westminster in St Johns Wood is just one example, have repurposed road space to provide restaurant dining areas; and meanwhile, many restaurants have used a small area of pavement outside their frontage, to put out a couple of tables.

All of this activity says two things to me. First: covid has provided an opportunity to create a new al fresco, market segment. How big is it, or could it be? Right now I don't have the answer – but hazarding a guess, I'd say there are something in the order of 700,000 outside seating spaces. What was the number before covid? Possibly, about half that number. And that means there is new, additional capacity that has been brought on stream without opening a single new site.

And second: the promise of turning this capacity into sales depends on three things. One: having the space – by no means all restaurants and pubs have suitable space outside. Two: the weather is uncontrollable but significant – so there must be investment in mitigating the effects of poor weather (with awnings, umbrellas, marquees, heaters).

And number three is getting customers through the door. Core to that, for many restaurants offering street-level al fresco dining opportunities, is passing trade. In turn, staff must be trained, and given the resources, to keep the area welcoming – tables and chairs to look neat and tidy (not randomly arranged to suit the last set of guests), detritus from the last guests has to be cleared immediately (not after ten minutes during which time potential customers will have been put off), and (despite the risk of theft) cutlery, glasses, menus, napkins can be laid out to provide a welcome and make potential guests feel they just must eat here.

Here is a new opportunity with lots of potential, lots to be learned, and lots to be done.

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

	August							
	16	17	18	19	20	21	22	Metric
Huq Index	51.4	51.0	51.2	51.3	51.2	50.7		YoY % change in footfall
Open Table	27%	24%	37%	31%	44%	57%		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

- Northern Ireland lifts rule of 6 in pubs
- ONS says job vacancies rose 43% in May to July quarter versus the prior quarter
- ONS says average UK pay rose 7.4% in April to June quarter
- Lloyds Bank say growth fell from 63.1 to 55.3 in July versus June
- ONS reports 117,000 vacancies in accommodation and food services up 7 times 2020 vacancies

Restaurants

- Nando's shuts 45 stores because of shortages of peri peri chicken
- The Real Greek sales rose 30% in mid-August versus 2019
- Franco Manca sales rose 15% in mid-August versus 2019
- Fulham shore sales fell -41% in central London in August versus 2021; sales rose 30% in holiday sites

QSR

- The Chesterford Group to become early Pret a Manger regional franchisee

Pubs

- Adnams revenue at £20.5 million H1 2021

Leisure

- Heathrow passenger numbers in July up 74% on the same month 2021

Delivery

- Just Eat Takeaway UK revenue in H1 2021 up 82% versus 2020

Around the World

- Japan restaurants to close early in seven prefectures
- Israel restaurants and bars to start requiring vaccination certificates or negative tests
- New York restaurants require proof of vaccination
- South Korea restaurants and cafes to close an hour earlier - at 21:00 – for two weeks
- Jamie Oliver Holdings international restaurants turnover fell -17.1% in 2020

Around the World Delivery

- Just Eat Takeaway revenue in H1 2021 up 52% versus 2020

Delivery offer(s) of the week

- £7 off your next Deliveroo order
- Deliveroo 20% off on Tasty Thursday