

**Peter  
Backman.**



# Weekly Briefing Report

Week ending 3 October 2021

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## About the Weekly Briefing Report

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 more in-depth 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)

## My insight

Sitting down with a few relaxing moments to myself in a shopping centre is not what I normally do. But it's possible to break a habit and that's what happened a couple of weeks ago at Bluewater. Its catchment area stretches from Cambridge to the south coast, and from Dover to Guildford. Over 7,000 people are (or were) employed there. It attracts (or used to attract) 28 million shoppers every year. It has (or had) 55 cafes and bars. In some ways, then, Bluewater is a microcosm of what makes the UK shopping economy tick. And what I saw there made me think. For example:

- KFC had run out of straws and salt; staff were calling in at McDonald's for replacements. Conclusion: Shortages are disrupting normal patterns of business.
- Over 30 shops were boarded up. Conclusion: Massive changes to shopping habits are being disrupted by online shopping with a consequent huge impact on retailer sustainability.
- In the "old days", everything stayed open until 9pm. On my visit, some restaurants like Yo! Sushi had closed early. Conclusion: Labour shortages, plus reduced customer spend, disrupt trading patterns and prevent restaurants from providing normal service
- In the food hall a constant stream of riders from Deliveroo and Just Eat were making their collections. Conclusion: Delivery continues to disrupt patterns of sales (and disrupt many consumers' enjoyment of their shopping space).

So, I concluded that shortages of products and labour, changes in shopping habits and delivery, have disrupted Bluewater and many others like it around the country. The crucial thing is: what happens now – to shopping centres, their tenants, and their customers? I am not sufficiently experienced in the retail property world to try to answer the first question. As for the last, consumers will continue to change their ways of shopping (just as they have done over the years).

The future for tenants though may be more problematic. Bluewater hosts many major restaurant brands – Wagamama, ASK, Byron, Tortilla, Friday's and many more. These companies have grown over the last ten years partly through colonising shopping centres. If these centres are going to be a shadow of their former selves, how will brands like these continue their rollout strategies? They have options: move back into city centres where rents may now be lower than before; move to towns and cities where those working from home are going to spend more of their time and money; do (even more) delivery. It seems to me that shopping centres will not be the option for growth that they used to be.

## The numbers

Christmas will be here very soon. And it's going to be a fingernail-biting time for the foodservice sector – or more specifically the restaurants, pubs and hotels that need a good festive season to set them up for the rest of the year. I had quite a lot to say about this in my latest Monthly Briefing report which is supplied to subscribers to my [Premium Briefing Report](#) service. But let me share some further thoughts with you here.

In a normal year, the Christmas trading uplift in restaurants, pubs, and hotels, is 20% up on the November figure – last year it was double. Despite that untypical (but welcome) growth, actual Christmas trading levels were only 17% of 2019 figures. This year trading has to be better and my

### What will make this coming Festive period difficult?

- Headwinds, uncertainty, and unknowns
- Growing consumer desire to eat out
- Consumers conflicted over the wisdom of eating out
- Supply shortages
- Fuel shortages
- Rising energy costs
- Rising cost of goods
- Labour shortages
- Increased wages
- Uncertainty over supplies
- Introduction of Natasha's Law
- Potential return of inflation
- As usual, a “good” Christmas is vital to see business over the lean Q1 next year

view has been, for some time, that it would shape up to be a good season on the basis that people will want to go out this year because last year Christmas was “lost” and there is much catching up to do.

But, on reflection, I don't think it will be that simple. The omens are not good. For one thing there are shortages - natural gas, petrol, labour, supplies of food, packaging, equipment. There is also uncertainty about these shortages (will they be resolved and by when?). Costs are rising and there is the danger of inflation becoming baked into the economy. There are other issues too – last week the safety net of the Job Retention Scheme was removed along with a nominal 7% increase in VAT on most meals eaten out.

These considerations will affect restaurant (and other foodservice) operations and they will also affect consumers' willingness to eat out. So I suspect my previous sunny expectations of the coming Christmas will be severely dented.

And beyond that there is the spring when rent and VAT pressures build up and balance sheets will once again be closely examined by businesses themselves, their investors, and creditors.

Right now, uncertainty rules – but the foodservice sector has been extremely adaptable in the past and this time round I expect that adaptability to come to the fore once again.

While we wait to see what happens, here are the latest numbers:

	September			October				
	27	28	29	30	1	2	3	Metric
Huq Index	45.4	45.9	46.1	46.9	47.5	46.9		YoY % change in footfall
Open Table	8%	11%	15%	15%	22%	24%		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

### Finance & Legal

- Northern Ireland launches "spend local" card worth £100 to over 18s
- Vaccine passports now required for entry to nightclubs in Scotland
- Vaccine passports to be required in nightclubs in Wales from 11 October
- VAT on restaurant meals increased from 5% to 12.5%

### Foodservice

- Natasha's Law, requiring allergen labelling on food packaged onsite, came into force

### Restaurants

- Fridays (formerly TGI Fridays) LfL sales rose 11.8% in the four months to mid-August versus 2019
- Tasty sales grew 33% in the first six months of the year versus 2020

### Leisure

- Escape Hunt turnover fell -17.0% in the first six months of 2021 versus 2020

### Staff Feeding

- Compass Group to roll out eco-labels for meals based on greenhouse gas emissions, water scarcity, water pollution, biodiversity loss

### Suppliers

- AG Barr sales rose 19.5% in the first six months versus 2020
- Cask beer volumes fell -33% in the April-June quarter
- Chapel Down sales rose 35% in the first six months of the year versus 2020
- Traditional Farm Fresh Turkey Association claims there will be shortage of turkeys

### Around the World

- Japan removes early closing restrictions on restaurants
- SSP turnover was -53% down in the latest quarter

### Delivery offers of the week

- UberEats: £0 delivery fee, from .R Burgers
- UberEats: Spend £20, save £5, from Siirgista Bros
- UberEats: Buy 1, get 1 free, from 2 Bro's Pizza Wings
- UberEats: Spend £15, save £3, from Cactus Frank's