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Weekly Briefing Report

Week ending 31 October 2021

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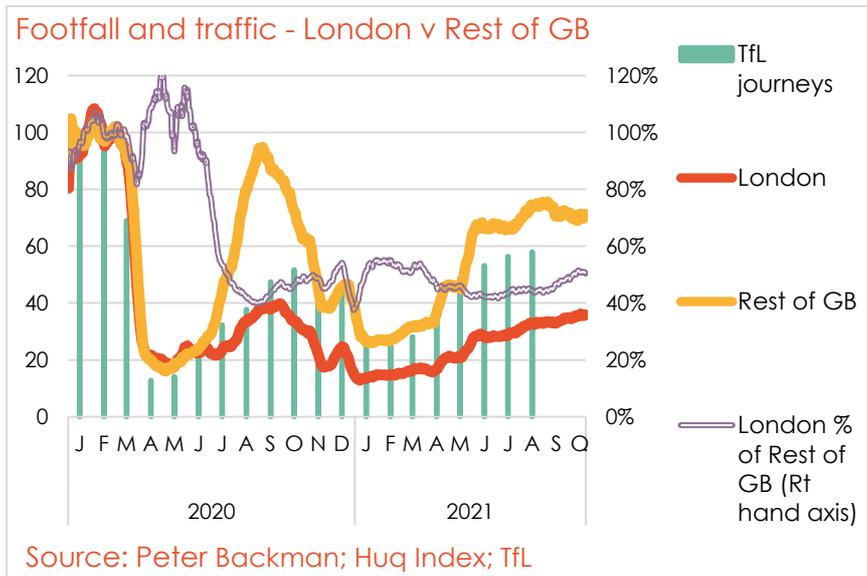
About the Weekly Briefing Report

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

The numbers

Working from Home - is it working? Now that summer is over we should begin to find out if the

“touted” return to the office, and hybrid working, has really arrived. So far, I have only seen anecdotal evidence but not much of it. So I revisited the white paper I wrote with François Blouin earlier this year. Then I decided to have a wider look around.



I extracted information about London, specifically, from the Huq Index to see how visits to restaurants, quick service outlets and pubs in the capital compared with the rest of the country. The results are revealing, if not unexpected. Customer “traffic” in

London (the red line on the chart) is much lower (compared with pre-covid levels) than in the rest of Great Britain (the orange line). In fact, since the reopening in July 2020 just before the start of Eat Out to Help Out, the purple line shows London has been running at about half the levels seen in the rest of the country (where the picture is very similar in all regions).

I then took a look at how passenger journeys on the TFL System - buses, tubes, the DLR, London Overground – compares. This data is only available monthly (Huq data is available daily), so I have shown it in the form of green bars. This additional information is particularly revealing because it shows that journeys into, and around, London have been growing faster than visits to restaurants (and quick service outlets and pubs).

Two things struck me about this finding. First, people coming into London may have less time to do things other than attending to the main purpose of their visit – it may be a case of swiftly in, swiftly out. And this could be evidence that many people really are working in some hybrid fashion and consequently spending less time, than previously, at work on any particular day .

The second thing that struck me is that the difference between journeys and footfall indicates that there are more journeys in London, that do not result in a visit to a restaurant, than prior to covid. In other words, it suggests there is a lot of untapped potential, even in today's low traffic times. Surely this is an opportunity waiting for operators in the hospitality sector in London to exploit?

My insight

I am buying a car and the whole process is an alternative universe from which the hospitality industry might be able to take some hints – some useful, some not so useful. By way of background, after nine months of lockdown, my already ailing car died. I thought I'd be able to get away without ever owning a car again. And while that worked for 90% of the time – bus, tube, Uber, and walking did the trick – a car is required for the rest of the time. So I started car hunting.

One practice that car showrooms excel at is upselling – if you want an armrest for your Mini Countryman plug-in hybrid, it has to be bought in a pack that contains all sorts of other goodies none of which I want. “Your armrest sir? The pack's only £3,500”. So what about: “I think your choice of steak is excellent. Would you like a sharp knife to go with it - only £4.50 with the bone handle, and sharpener, plus insurance to cover cleaning your shirt in case you spill gravy on it.”

Then there are things that you have never thought about before “but now you mention it, I really must have”; things like puddle lights, 30 mood lighting options, and an intelligent visor. So how about: “Gold foil on your steak sir?”. Come to think of it [Salt Bae at Nusr-Et](#) does that already.

Right now, car-buying is in panic mode – cars are in short supply – the chips aren't being made in sufficient quantities and even if they were, there are no drivers available to deliver. Shortages of chips, and delivery problems are nothing new for the restaurant sector. But they don't cause panic buying. So: “Hurry, hurry. The jalapeno sauce is going to run out in 25 minutes!”

And then there is merely the opportunity to have a look at the car you might want to buy. In the old days, if you wanted to see the cars on offer, you just turned up. Nowadays you are advised to make an appointment – I was told by a VW dealer that they had no available slots for ten days (ten days!) “But I suppose, if you really want you can take a chance and pop in to have a look round”. So I did. And for the hour that I was in the showroom, I was the only customer. Restaurants should consider restricting demand. On second thoughts, some restaurants already do this, making customers queue for thirty minutes before being let into a restaurant only two thirds full.

And at the end of the meal there is the bill. When I had decided on the car – together with all its specifications, additional packs, finance package, and additional insurance options, I asked to pay. Three phone calls and two days later, the bill arrived. At least that's one record the restaurant sector is unlikely to beat.

Maybe there are some ideas here?

In the meantime here are the latest numbers:

	October							
	25	26	27	28	29	30	31	Metric
Huq Index	51.7	47.8	48.3	49.2	50.4	49.8		Change in footfall Feb 2020 =100
Open Table	30%	30%	36%	45%	35%	30%		YoY % change in bookings vs 2019

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

News in the past week

Finance & Legal

- The Chancellor announces minimum wage increase of 6.6% to £9.50 an hour for over 23s in April
- The Chancellor announces temporary business rates relief - freezing a planned increase, and applying 50% discount for hospitality and retail for smaller business - capped at £110,000
- The Chancellor announces restructure of alcohol duty – all beverages to be taxed according to their alcohol content

Pubs

- Coppa Club LfL sales rose 21% versus 2019 from reopening in mid-May to end October

Hotels

- Premier Inn room revenues grew 9.6% in the latest quarter, and 9.7% in September versus Full year 2020

Leisure

- Heathrow passenger numbers in September were 38% levels in December 2019

Delivery

- Tesco groceries offered via Gorillas in south London

Suppliers

- Brakes introduce new environmentally compliant packaging policy
- Bidfood UK sales fell -21% in the year to end June 201

Around the World

- Burger King US turnover grew 7.9% in the latest quarter
- Tim Horton's US turnover grew 8.9% in the latest quarter
- Domino's Pizza opens (its first) dark kitchen in Pontypool
- McDonald's reports global LfL sales rose 12.7% in three months to end September; US sales were up 9.6%
- Burger King trials Vurger King vegetarian restaurant in Madrid
- Sodexo grew organically by 17% in the latest quarter versus 2020; Europe up 15%. Globally: B&I up 12.3%, Health care 8.2%, Education 35.1%

Around the World Delivery

- Gorillas raised \$1 billion in funding round backed by Delivery Hero, the online takeaway business.

Delivery offers in the week

- Deliveroo: 20% (or more) off on Tasty Thursday
- Deliveroo: Tasty deals for World Pasta Day
- Just Eat: 20% off on Cheeky Tuesday
- UberEats: 50% off groceries
- Plateaway: 30% Off