

Peter
Backman.



Weekly Briefing Report

Week ending 12 December 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

The numbers

A few months ago I commented on the choices that aggregators were presenting to operators on their platforms. I noted how they had highlighted the growing importance of chicken which features as the main product from 62% of newly created dark kitchens in the past year.

I went on to comment that by using this information to predict customer choice there is a real danger that, limiting that choice to what is available, it becomes a reinforcing cycle whose ultimate end point, over a long period of time, is no choice at all. It means chicken all the time.

The main offer from the Top 6 Ones to Watch brands



Chicken



Chicken



Chicken

FRANKSTER'S



Chicken



Chicken



Chicken

And now, with the publication of my latest **Ones to Watch** report, there comes further confirmation of "chickenisation". Ones to Watch identifies the fastest growing, emerging restaurant (full service and quick service) brands using two specific measures. These are: the brand must have between 5 and 25 outlets, and outlet numbers must have grown by, at least, 20% over the past 3 years.

A remarkable finding from this latest report is that the main offer from the 6 fastest growing brands – Thunderbird, Wingstop, Frankster's, Franzos, Slim Chickens, Rio's Piri Piri – is (or at least includes) chicken. We have to recognise, of course, we've had chicken for a long time – two of the most successful brands in the UK – Nando's and KFC – in their very distinct ways, are built on this bird.

Chicken has many things going for it. It is environmentally friendly – or at least it doesn't burp; it is, or it is perceived to be, healthy; being generally low in flavour by itself (at least given the ways in which chickens are reared for mass

consumption) it acts as a potent carrier for added flavour.

And chicken comes in many varieties too – coated and fried at KFC, smothered in peri peri sauce at Nando's (and now in many other places too). It comes as chicken wings – formerly Buffalo wings, not from some magical breed of flying cattle but because it originated in a town of that name in upstate New York. Chicken requires less processing than even the humble and ubiquitous

burger. Pound for pound it is cheaper than red meat. And it appeals to all ages and demographics.

I don't mean any of this to be a paean of praise to chicken, but it does confirm that we should always keep an eye on the bird. And then there is the question of where does it go from here? What new flavours? What new formats? Will it continue to be an ever larger feature larger on our menus? Or has it reached peak chicken? Is it only downhill from here?

We'll have to wait and see for the answers but, for the reasons I've outlined above, my money is on more of it for quite a while.

My insight

What to call them? Dark kitchens I mean. The problem with the term Dark Kitchens is, so I'm told, that it makes them sound subterranean and uninviting. Some people prefer Ghost Kitchens but that implies they don't actually exist – when they clearly do. Others want to call them Cloud Kitchens as if they exist somewhere but we don't know where (– when clearly they exist within a mile of wherever we're ordering our food. Then there are Shadow Kitchens (what do they shadow?) and Delivery Kitchens which, to my mind, is sort of accurate but definitely prosaic. I'm going to argue for Dark Kitchens.

Where does the “Dark” come from? It's obviously not the absence of light – just try cooking in the dark. In practice, I suspect that **Dark Matter** may have something to do with it. After all, the scientists tell us that Dark Matter is suitably mysterious even though there are certainly things that are known about it.

For a start it keeps everything (in the universe) in its place – just like a well ordered kitchen. There is hot dark matter, warm dark matter and cold dark matter – the soup is piping hot, madam; your ice cream is suitably cold; everything is delivered to you at just the right temperature. Scientists observe Dark Matter via Galaxy Clusters – seems like a great chocolate dessert. It's also observed in Cosmic Microwaves – apparently, even kitchen equipment manufacturers are getting in on it. A piece of evidence for the existence of dark matter is via Velocity Dispersions – sounds like a really cool way to whip up some mayonnaise. And then there's Structure Formation which, I suspect, Heston Blumenthal has had a hand in.

Dark Matter may be comprised of Massive Compact Halo Objects (called, of course, Machos) or perhaps Weakly Interacting Massive Particles (Wimps). Something to suit all management styles there.

Above all, dark matter is abundant even though we can't see it. Maybe that's the defining characteristic of dark kitchens too.

For all these reasons I quite like “Dark Kitchens” and I've given several reasons why I'm going to carry on using the term.

This is going to be the **last Weekly Briefing Report of 2021** – but look out for my Seasonal Briefing Report which I'll be sending just before Christmas. Until we meet again in 2022, may I send you my best wishes for the coming festive season.

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

News in the past week

Financial & Legal

- Government introduces Plan B including advice to work at home, vaccine passports for nightclubs, compulsory masking in public venues
- PwC, KPMG, JP Morgan, Deutsche Bank reportedly plan to keep their offices open
- Adzuna reveals fall of -25% in job adverts in early December versus the prior week
- London Night Tube drivers go on strike
- Government will not provide financial support for hospitality in light of current covid restrictions

QSR

- McDonald's opened its first net zero store, the UK, in Market Drayton

Pubs

- Oakman Group LfL sales rose 16.3% in the four months to early December versus 2019

Around the World

- Ireland restaurants, bars restricted to table service, and other social distancing rules; nightclubs close
- France nightclubs closed until mid-January
- SSP revenue -34% versus 2019 in October to November period

Delivery offers in the week

- Deliveroo: 20% off for Tasty Thursday
- Deliveroo: Festive Freebie at selected restaurants
- UberEats: Spend £25. Save £5 at McDonald's