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# Weekly Briefing Report

Week ending 13 February 2022

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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

Casual Dining. That's a phrase you don't hear much of nowadays. In the ancient, pre-covid days it was of course heard everywhere. And, again in those days, the weaknesses of casual dining were becoming apparent – its overcapacity, its formulaic approach, the ubiquity of the leading brands, its high (and growing) base of fixed costs resulting from the high rents it was paying.

But it had one strong thing going for it. The brands involved had created a marketing eco-system. Their messages reinforced each other's; being so available they were unmissable and, without a second's thought, that's where people decided to eat out. Collectively, casual dining reinforced its individual messages, and by giving multiple reasons for going out for a meal, individual restaurants flourished alongside the sector as a whole.

But now, in these late-covid times (and I hope that's a correct designation), that inclusiveness seems to have been lost. However, I'd also note that the casual dining sector, together with many other parts of the 'hospitality' industry, has found a strong collective voice but it's directed at government not at customers. Now, I'm not arguing for joint marketing campaigns, but I am bemoaning the loss of a spirit of shared endeavour. Given the travails of the past couple of years, I guess that's not surprising, but nevertheless casual dining needs to get its mojo back.

One way it used to shout collectively was by being totally engaged in the 'event' of the moment – the World Cup, Easter, Christmas. Events gave a focus to each brands' activities and the collective noise was unmissable to the customer. The Platinum Jubilee celebrations in early June are on the horizon. What will the casual dining sector be doing about it?

And right now, this week we'll see Valentine's Day – as good an excuse as any for having a meal out. Yet I don't see (and I may not be observant enough) signs of reasons to go out on 14 February. Of course, it could be that I'm not exposed to the marketing messages because casual dining restaurants may consider me too old and too married to enjoy a romantic meal out (if so, they're wrong).

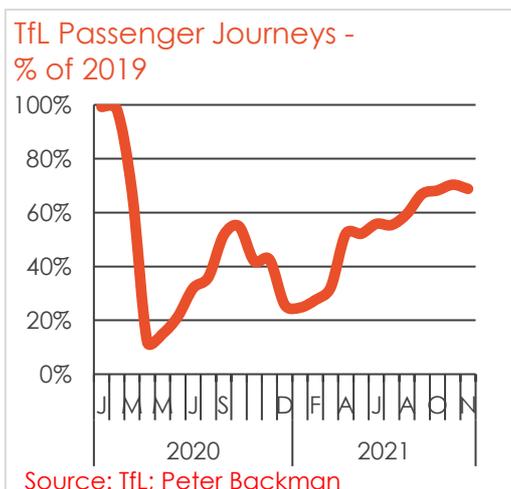
Instead, and to their credit, suppliers of restaurant meal kits, such as Plateaway, are promoting the joys of sharing a romantic meal at home. I've ordered a meal from My Supper Hero and I'm looking forward to preparing and enjoying my slow roasted lamb, with my wife, on Tuesday.

I'll be eating at home – and that's a loss to the casual dining sector. Hopefully, the sector will soon get its mojo back.

## The Numbers

Sometimes an absence makes you aware of what you have lost. The absence of travellers during covid for example. Covid, of course, forced millions to remodel their normal travel patterns whether it was the daily commute or the annual holiday (and much in between for people on business or on leisure pursuits). It is perhaps with this picture of loss and change that the dependence of the foodservice sector on travellers has become apparent.

There are obvious things that depend on travellers and businesspeople, like spending a night or two at a hotel; also host informal business meetings in lobbies and coffee shops, as well as conferences and much else that require people to be travelling.



Many parts of the leisure sector, just think London Zoo or Windsor Castle, also depend on visitors especially those who have travelled from other countries. And disruptions to the daily commute mean that impulse (as well as daily, regular) purchases of coffee have been withheld for many months. Travel hubs, essential for travellers but unnecessary otherwise – such as Motorway Service Area, airports, train stations – not to mention the trains and boats and planes that carry the travellers, have been impacted too.

The world is waking up though; indeed, restrictions on travel are being loosened around the world. So, travel-related foodservice of the type I've described will be getting back to normal. Except that it's unlikely to get back to where it was, for a while perhaps quite a long while. Commuting is going to be reduced by increased working from home. I'd caution that this is a common perception, and like all common perceptions, stands a reasonable chance of being wrong. But I sense the world really has changed, and working from home (for some people all of the time; for others, part of the time) will be a major change to their lives. Likewise, business travel is likely to be curtailed for similar reasons to those impacting commuters namely the effectiveness, and cost saving possibilities, of online meetings.

Of course, where there are lost opportunities for some, there are upsides for others – suburbs benefit when people are not commuting; hotels where Brits staycation benefit even while hotels that cater for foreigners are under stress.

The extent of these changes is going to be worked out over the coming months and years. But certainly, the short to medium term impacts are becoming much clearer. Figures from TfL show that travel in London is running at about 70% of its pre-covid levels; air travel into and out of UK airports is, according to Eurocontrol, running at similar levels. And the latest figures from Pret a Manger show business in central London (a reasonable proxy for the amount of travelling done by millions every day) is down 20%. And ONS report that in the last ten days of January, only 62% of people in Great Britain travelled to work.

So, for now, it would appear that travel-related hospitality businesses – whether hotels or leisure destinations or coffee shops in city centres – are trading 20-30% below pre-covid levels. What changes are they making to their business models to account for this significant drop?

The rest of this report contains a summary of activity over the last week:

## News in the past month

### Financial & Legal

- ONS say Number of Brits travelling overseas fell -76% versus pre-covid; spending overseas fell -78%
- ONS say trips by air into the UK fell -86% versus pre-covid last summer

### Restaurants

- Turtle Bay LfL sale increased 25% in January
- Brasserie Bar Co acquired by Alchemy Partners

### QSR

- German Doner Kebab sales increased 27% in 2021
- Greggs opens its largest Tasty by Greggs store in Birmingham
- KFC UK system sales grew 12% in the quarter to end December 2021

### Pubs

- Oakman Group turnover increased 74.3% vs 2020 in the 31 weeks to early February

### Around the World

- Just Eat Takeaway will delist from Nasdaq
- Pizza Hut Europe (including UK) system sales grew 23% in the quarter to end December 2021
- Uber Technologies reported its first EBITDA profit for delivery (including UberEats) in the final quarter of 2021

### Around the World Delivery

- Delivery Hero GMV grew 39% YoY in the final three months of 2021
- UberEats announces first EBITDA profit in the last three months of 2021

### Delivery Offers in the Week

- Deliveroo: Enjoy our delicious 2 dine in for £20 deal
- Plateaway: Get 10% off for National Pizza Day
- UberEats: Buy One, Get One free
- UberEats: Valentine's Day sorted with 50% off
- UberEats: 30% off from McDonald's
- UberEats: Get 35% off your next 5 orders when you spend £15 or more