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Weekly Briefing Report

Week ending 27 February 2022

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About the Weekly Briefing Report

Can I write this [Weekly Briefing Report](#) without acknowledging what is happening in [Ukraine](#)? Of course not, but right now, things are too confused to be able to make any meaningful comment about its impact closer to home. So I will continue – for this week at any rate – as if nothing is happening. But clearly it is, and I am sure I'll be commenting further in the coming weeks.

My Insight

At the start of covid, I frequently invoked the story of Noah and the Flood as a parable of the likely effects of the onrushing pandemic. Covid, as in the Noah story, was the Flood water, and it covered everything. Then, again as in the Noah story, the dove appeared, carrying a sprig from an olive tree, showing that the world hadn't come to an end; in the world of covid, the dove appeared carrying the vaccine. But even as the waters of Noah's Flood receded, the world that they revealed was a desolate world; it was a world that needed rebuilding. Now, Noah was a great manager; anticipating the Flood, he built an ark and filled it with all living things to repopulate the world after the Flood waters were gone. But Noah didn't recreate the world – that was left to others. He was a manager, not a creator.

These images were renewed for me on the publication, last week, of pictures of the village of [Aceredo](#) in north western Spain. It was drowned in 1992 by the filling of the dam at the bottom of the valley; and now, as drought emptied the reservoir, the village has once again been revealed. It is still recognisably there - the houses (now roofless), the roads, cars (now rusting), empty beer bottles in a cafe – but it is bereft of people, of life, of bustle. And as covid recedes it is clear that it is leaving behind a world that we recognise, but one that is also changed; in some places the changes are subtle, and in some places they are profound.

This feeds into what I said in my Weekly Briefing Report last week in the context of long term changes brought about by an ageing population and climate change, but no less true for this immediate post-covid world, “ ... now is not too early to think creatively about the nature of the [type of] business that is going to exist, let alone thrive and grow, in the changed world”.

This changed world needs a new style of business leader. In the years following the Great Recession but before covid, successful managers were people who, like Noah, could manage, they could anticipate, they could balance conflicting needs, they could manage a slow evolution, they could manage people. Covid revealed the need for a steelier breed of manager, but managers nonetheless who, like Noah, had a clear view and who could manage their businesses as successive covid-induced crises struck.

But now, in this changed world revealed by the receding waters of covid, there is a need for people who can create where nothing existed before, people who can build an environment based on their vision rather than what is already being done elsewhere.

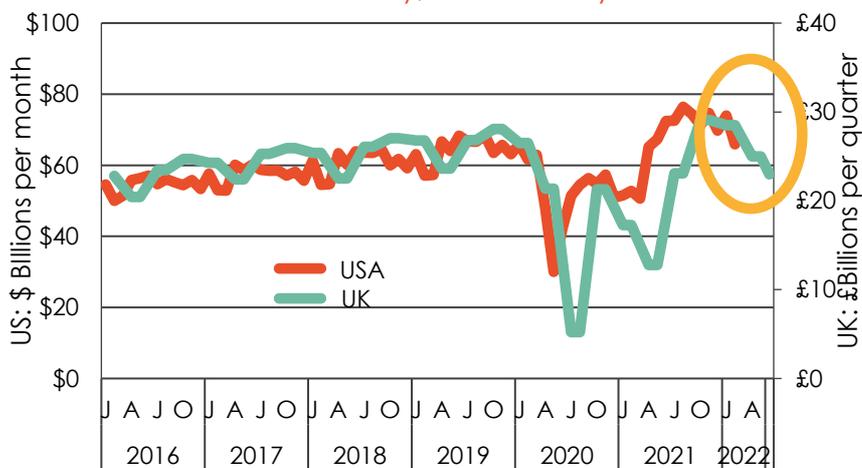
The world of hospitality and foodservice needs a rethink – it's not business as it was. Who will be the creators in the post-covid world? And what will they create?

The Numbers

The Federal Reserve Bank of St Louis publishes Federal Reserve Economic Data (FRED) statistics that measure the revenues of the US restaurant industry. Looking at this data this week, as I have often done in the past, I was struck once again by the onward, stately march of the figures over the past 30 years. Seemingly with only a slight stasis at the time of the Great Recession, the figures showed annual variations which in the grand scheme of things were both regular and small. And then over the last two years there was, first, a huge decline followed by 18 months of massive dislocation.

This struck me as uncannily similar to the data published by the ONS which tracks changes in the UK – 30 years of regularity (with a small variation in 2010), chaos since 2020. I shall be looking at this comparison in more detail for subscribers to my [Premium Briefing Report](#) that I'll be publishing later this week.

Restaurant Sales: US Monthly; UK Quarterly



But for our purposes here, I would note that there are differences in methodology and reporting times of the two sets of data: the FRED data is published monthly and is at most a month old. ONS publishes data every quarter and it is, at best, a quarter out of date and, at worst, up to 6 months old. Because of this time difference, FRED provides insights, into what is happening right now, that are not available from the ONS data.

Sources: Federal Reserve Bank of St Louis; ONS; Peter Backman

Since the two sets of data are similar over the long term, it seems reasonable to assume that the more up to date US figures provide a helpful guide to what is happening in the UK even though it is, as yet, unreported by the ONS. Before considering the implications of this, I'd draw attention to a couple of things that are obvious from comparing the two sets of data: first, the UK is two or three months behind the US, and second, its periods of downturn are deeper than in the US.

Now you can argue that the US is not the UK – that Americans eat out far more often than we Brits do, and more. And covid has been handled differently in the two countries; but remember that in the UK mask mandates, periods of lockdown, and self-isolation rules have been similar across the country and while there have been varying degrees of rules and compliance they are within smaller bounds than in the US. But it may be that the wider range of responses by US consumers, at least in terms of eating out, have 'on average' been similar to the UK. If that is so, then the FRED figures provide an insight into what may happen in the UK over the next three or four months.

Drawing all these points together, the figures point to a forecast (in the yellow oval) that says, by May, in the UK we will see a downturn, of perhaps 20% to 30% below the run up to Christmas.

The basis for this conclusion isn't solid, but maybe it's good enough to give pause for thought.

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

News in the past week

Financial & Legal

- London mayor removes post 18:00 congestion charge in support of night-time economy
- Covid restrictions removed entirely in England

Restaurants

- PizzaExpress launches PizzaExpress Club app-based reward scheme

QSR

- Leon trials express coffee kiosks
- Caffè Nero LfL sales down -18% in December to January versus 2019
- Subway same-store up 8.7% in December 2021 versus 2019
- Pret A Manger sales rose 15%+ in early February versus March 2020; -6 in City of London and Canary Wharf.

Delivery

- Boxbark tenants' delivery sales increase 102% in 2021 versus 2019
- Vitl, nutrition products, sets up first webshop with Deliveroo
- Iceland to expand partnership with Uber Eats
- Foodhub sales rose 25.1% in 2021
- Just Eat joins Order with Google

Suppliers

- AB InBev sales grew 12.1% in the final quarter of 2021; volume rose 3.6%

Around the World

- Accor turnover up 34% in 2021 versus 2020; London revpar fell -63%

Around the World Delivery

- Krispy Kreme to expand its delivery-only dark stores in US and Mexico, following UK trial

Delivery Offers in the Week

- Deliveroo: We say 20% off (or more). It's Tasty Thursday
- Deliveroo: Get £20 with your Deliveroo Stamp Card
- Deliveroo: 20% off your meal or a tasty freebie
- UberEats: Get your weekend shop with 50% off
- UberEats: 50% off your weekly shop
- UberEats: Save £5 from your local favourites this Eat Wednesday