

# WEEKLY BRIEFING REPORT

Week ending 15 May 2022

Published 16 May 2022

**Peter**  
**Backman.**





## 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. I offer a choice of monthly and annual subscriptions, 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

I've spent a lot of time in hospitals over the past two weeks while my wife has been recovering from the unanticipated negative outcomes of an operation to repair her left patella which she broke in a fall.

The first few days were spent in an NHS hospital and then, after a couple of days at home, the time was spent in a private hospital. And in both hospitals I noted a similar thing. I'm not talking about the choice and quality of the food (which was very acceptable in each hospital courtesy of Compass in both). I'm not talking about the levels of care and concern, and I'm not talking about the quality of the operation (performed by a surgeon who, like most of his ilk, works in the private as well as the public sector).

A feature in both hospitals, though, was a constant to-ing and fro-ing, the re-asking of questions, the 'I don't know but I'll find out', the lack of answers, the vagueness about when things were going to happen (When will the physio be here? When will you be taking the canula out? When will I be going home?). Much of this lack of clarity was, I am sure, down to the uncertain nature of surgery and medical outcomes.

But there was also something else at work. Or perhaps more to the point, there was something – or somebody – not at work. Hospitals, like the hospitality sector with which it shares many similarities (not the least of which is naming the non-medical elements of hospital care as 'hotel services' – and the root word in both cases is 'hospital'), are suffering from a lack of staff (because of pay, and the sheer unavailability of enough of the right sort of people with the right sort of training). And in my times at hospital, I saw how this lack of staff is turned into inefficiency, doing things on the fly, not making relevant notes, not communicating with co-workers and customers / patients, basically not having a plan.

I am sure this lack of a plan is being replicated across the hospitality sector too – in hotels, restaurants, pubs – all of which are struggling to bring in customers and then struggling to serve them efficiently. Efficiency is not only what the customer expects, but it cuts out duplication, it maximises the benefits of planning, and contributes significantly to profits.

So, I would argue, in these straightened times it is important (arguably even more important than in good times), especially while facing multiple uncertainties and missing much of the needed manpower to have clear plans, clear lines of responsibility and clear communications.

## The numbers

Do we want to return to 1978? In answering this odd question, I will first turn to the latest forecasts from the Bank of England which say that, by the end of this year, households will be spending somewhere between 7.5% and 8% of their income on energy; they also say that GDP will not be growing, even though inflation will be running at 10.2%. And the Bank also expects unemployment to rise from 3.8% now to 5.5% in 2025.

Now I have mapped those figures on to past periods to see if it's possible to find another time when similar metrics have applied. Mapping economic performance in this way is fraught with difficulties of definitions, measurement and awkward comparisons. But looking back over the past half century or so, 1978 stands out. In that year, households spent about 8% of their income on

energy, GDP was falling (by -2% a year), inflation was 10%, and unemployment was 5.5% and rising.

While not a perfect match it's a not an unreasonable match either for what the Bank of England expects the economy to look like at the end of this year.

And that brings me back to the question I asked at the start 'Do we want to return to 1978?'. If this year is going to be like 1978,

what can we learn from the state of the foodservice sector in that year? The second edition of the Catering Prospects report, published in 1978, had this to say as it looked forward over the medium term: 'The latter half of 1979 and the whole of 1980 will see a return to a gloomy outlook' and it also noted that 'In spite of optimistic views put out by many caterers [that is restaurants in today's parlance] their overall income has fallen' and it also reported that 'High Street multiples have squeezed their suppliers' margins' (not much change there). It seems to me that these observations give a reasonable approximation to today's conditions too.

But the report went on to say that, at least for the short term outlook over the coming few months '1978 and the first half of 1979 will see a return to real growth for profit sector caterers'. In the end, that forecast was rather too optimistic because the economy did not grow, in fact it stagnated while inflation took off, and interest rates increased dramatically reaching over 16% in 1981 – three years after the forecast in Catering Prospects.

Nevertheless, despite restricted short term growth, high and rising inflation, and high and rising interest rates, it was at this time that restaurants and pubs started out on their long, upward growth trajectory that has seen them march, at an average CAGR of 4.7%, through multiple incarnations, preferred funding models, and eating out 'empires' (plus several recessions, and a pandemic) to where they are today.

So while perhaps 1978 is a less than perfect model for 2022, despite the current short term difficulties let's hope it proves a meaningful, and positive, model for prospects of growth and evolution in the years ahead.

Meanwhile, the rest of this Weekly Briefing Report contains a headline summary of activity over the last week:

## News in the past week

### Retail

- One Stop partners with UberEats for grocery deliveries
- Central England Co-op partners with Just Eat for grocery deliveries

### Restaurants

- Various Eateries sales rose 439% [sic] in the half year to end March versus 2021

### QSR

- Pret discontinues all chicken products in fear of salmonella

### Hotels

- London hotel occupancy averaged 72.0% in April according to STR, 11% versus 2019

### Leisure

- SSP sales fell 38% in the latest quarter

### Delivery

- Deliveroo and GMB union agree to recognise UK riders as self-employed

### Around the World

- Compass Group turnover grew 37% in the latest quarter
- Ireland continues 9% VAT rate for restaurants, bars, hotels for a further six months
- EU countries no longer require face masks in airplanes and airports

### Around the World Delivery

- Just Eat Takeaway exits Romania

### Delivery Offers in the week

- Deliveroo: There's still time to get £10 off
- Deliveroo: Treat yourself to 20% (or more). It's Tasty Thursday
- UberEats: Save £5 from selected favourites
- UberEats: 50% off this week's shop
- UberEats: 50% off groceries for the weekend

