

WEEKLY BRIEFING REPORT

Week ending 12 June 2022

Published 13 June 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

My insight

Tesco got into a spot of bother with the Advertising Standards Authority last week because it claimed that a woman in one of its advertisements was 'doing her bit for the planet' by eating Tesco's Plant Chef plant-based foods. What's wrong with that? Everybody knows plant-based is good for the planet, don't they?

Well, like so many things, it depends on what you mean. What does 'plant-based' mean? How do you measure what 'good' means? Meaning is important. And the context is important too. How does 'plant-based' actually do good? What happens along its production chain? How many of the processes are in practice better than other processes in terms of 'doing good'? How much 'goodness' is embedded in the product? And what happens to the product when it's been prepared or consumed? What are its side effects, on human health perhaps? And so on.

Most people 'know' that certain foods ('plant based' among them) are 'good' for the planet. But it's not necessarily straightforward confirming in which way they are 'good', and how much better they are than what they replace.

To shed a light on these issues, I have a small story to tell from another sector. I have regaled you through previous pages of my Weekly Briefing Report about the electric car I am buying. One of its selling points is that it's 'made in a totally green factory'. Half the electricity for the factory is produced hydro-electrically, the other half is produced from a 'green', in-house, combined heat and power plant. So of course, the car is green (except for its steel produced in blast furnaces, the lithium in the battery mined in China, the plastic required for much of the bodywork, and so on). However, the game was rather given away when one day in March I was informed of yet another production delay. The first had been caused by a chip shortage, the second by a shortage of electric harnesses, and now this one resulted from a shortage of gas from Russia. A good story about greenery proved to be much more complicated than it was presented.

And that's the way with food too. It's the way that any business that is 'doing a bit for the planet', must do more than make that point as a simple claim. We all know that, but still it's rather difficult to demonstrate what we mean by 'doing a bit for the planet'. Maybe the most useful and least contentious thing to do, is just say what you're doing – 'We don't use beef', 'All our plastic is recycled' – and then, importantly, make sure what you say is what you do.

Then let the customer decide whether they think that you're doing your bit for the planet.

The numbers

Foodservice forecasters use a number of determinants to create their forecasts – GDP being an important example. In the US it has been commonplace for many years to use the price of petrol (that is, gas) as a major determinant. But not in the UK. Is that about to change?

Changes in petrol prices in the US are far more reliant on underlying changes in the actual price of feedstock than in the UK. This is because taxes in the UK – they amounted to 56% of pump



prices at the start of the year - act as a dampener on the overall change in the price on the pump (even though, in normal times, the actual price is far higher than in the US by a factor of about 5).

But consider what happened one day last week - it might have been Wednesday, it might have been Thursday, or some other day because it was actually an artificial construct although one grounded in truth. That was when it cost '£100 to fill a tank'. This figure was based on petrol at pump prices of about £2 a litre poured into an average petrol tank of 55 litres, without, I'd note, explaining where this figure came from – and whether it had been weighted to reflect the numbers of cars of a particular type in circulation, or whether it had been calculated on some other basis – we haven't been told. But that quibble aside, £2 x 55 does actually equal something north of £100.

Now here comes the relevance of that figure for foodservice. There are two points to consider. First, in the 'old days' – that is two or three years ago - the equivalent figure was perhaps £60 and that almost doubling represents a

significant increase that consumers notice.

But perhaps more importantly, there is a qualitative 'feeling' to the difference between £60 and £100. The higher price is noticeable, it is meaningful, and is a sort of shorthand measure for 'too expensive' in some transactions. I'd suggest that £100 to fill a petrol tank is a level that has become 'too expensive'.

So, we have a situation where consumers are now probably really 'feeling' the increased, inflation-affected price of petrol. And their likely reaction? To spend less on it. This will limit the travelling they do – long distance, short distance – because they will, frankly, want to spend £100 on fewer occasions. For the purposes of what I'm saying here, set aside the impact of having to spend more on petrol and therefore less on other things – such as going out for a meal. But the net impact of a £100 petrol tank will be how much, and how far, consumers travel even if it's only a distance of a few miles.

The result of this may not be to affect overall expenditure on eating out – although I suspect, like our American cousin forecasters are saying, it will do so a bit – but it will affect where they go. That means the overall impact may be limited; but for individual restaurants it might be meaningful.

The rest of this Weekly Briefing Report provides a summary of the thin news in the last week:

News in the past week

Financial & Legal

- Platten's fish and chip shop participating in global trial of 4 four-day working week on full pay to see impact on staff shortages

Restaurants

- Bella Italia trials robot table service

Pubs

- Liberation Group LfL sales rose 32% in the four months to end May versus 2019
- City Pub Group LFL sales rose 5% in May versus 2019
- Fuller's sales in the last ten weeks rose 4% versus 2019, and rose 21.4% on 2021

Around the World

- KFC Australia to use cabbage in the face of a lettuce shortage

Delivery Offers in the Week

- Deliveroo: There's still time to get £10 off your next order
- Just Eat: Big names delivered for only 99p
- Just Eat: 15% off when you spend £20
- UberEats: Buy One. Get One Free from selected favourites
- UberEats: Get 20% off your next 10 orders