

WEEKLY BRIEFING REPORT

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About the Weekly Briefing Report

I write the Weekly Briefing Report to provide an immediate view of the market. 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

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1978

Geof Collyer runs Lavender Bank Partners consultancy. He was formerly head of the Deutsche Bank Pan European Travel & Leisure Equity Research team. Prior to the City, Geof ran his own pub company and worked for Scottish & Newcastle retail managed pub and free trade divisions.

In 1978, I had just joined the S&N Newcastle managed pubs division as a graduate trainee, ready to help out and analyse along with my scientific calculator, which was considered quite sophisticated. (I didn't tell anyone that I didn't know what most of the buttons were for).

The key tools for research were A3 graph paper, pencil, and rubber – things that were as important when I pitched up in the city in 1986. S&N was quite a go-ahead company and had a big computer department. However, computer access was not allowed for the likes of us oiks in the divisions back then. We just had to accept that the reams and reams of print-outs that boffins in head office sent down each week were the equivalents of tablets of stone.

With rampant inflation, our divisional problems were more around preventing buying out and the major issue of watering down beer.

Inflation was just routinely passed on. It was never absorbed. As a nation, we had lived with it for quite a while. In 1978, the price of an average pint of beer in a pub was more than double what it had been 5 years before; 29p vs. 13p. Ironically, the average price only went up 7.5% in 1978 as duty was frozen on beer in the Budget.

Pub food was in its infancy back then, and pioneers like Tony Hughes were rather thin on the ground at S&N. Beer sales dominated the pub mix more in the North East than practically anywhere else in the country and any attempt at introducing food was frequently met by the brewers demanding to know why we were encouraging people to stop drinking.

As I said, S&N was pretty advanced in some areas of thinking, and the more enlightened recognised that food could be an interesting area of diversification. It had had been pioneering a new microwave ready meal range including soon-to-be pub food staples of Chicken Kiev and Beef Bourguignon. It was great for controlling food wastage – in theory.

However, microwave technology was not quite what it is today, and staff training was also in its infancy in both front and back of house. This led to a wide variety of results on the plate – and quite a few complaints on the Chicken Kiev meal, as boiling hot butter spurted out from the encrusted chicken when customers, who were not quite as sophisticated as they thought they were, plunged their knives in with gusto. The experiment was put on the back burner.

The industry has always been a strangely hierarchical one. As a work placement student in 1976-77, I had worked at S&N's head office in Edinburgh where there were seven different levels of canteen, depending upon what you wore and what you did (white/blue/no collar, etc).

Everyone seemed conscious of where they stood in the pecking order. Nothing had changed by the time I arrived in Newcastle. I vividly remember the Group Chairman trying to work out why the relatively lowly – to the chairman at least - manager of the Gosforth Park Hotel drove around in his own Rolls Royce, while he, the chairman, only had a company jag. A story to file in the same bucket as watering down beer and buying out ...

The strict hierarchy also extended to where you could work, depending upon your age. You couldn't become an area manager in the managed pub division until you were at least 25, and certainly couldn't be a free trade beer salesman until you were 30, even if you had been a good rugby player or footballer. Fond memories of a completely different era. I hope the hierarchy stuff doesn't come back, even if the inflation stuff is.

My insight

And while we're discussing inflation, last week I was placing an online order for a home printer. When it came to pay, I found I didn't have my credit card details on me, so I halted the process and logged on again next morning. And it had gone! Not the printer, but the price which had not so much gone, as gone up. By 8.1%. Overnight.

I paid and determined that next time I needed something I'd buy it on the spot, there and then. No more delays based on the formerly comforting knowledge that the price would be the same next week, next month, even next year. My practice would change.

Last week, Unilever revealed that it had raised its prices, globally, by an average of 11.2% in the last quarter. No doubt customers would be changing their practices. Maybe they would not buy that ice cream (even though the unreasonably hot weather may warrant it). Perhaps they'd go a bit easy on the shower gel. Or perhaps use shower gel less often because of taking fewer showers (again, even though the unreasonably hot weather may warrant them) to save on the energy bill.

Inflation influences all these things – buying my printer as soon as I can, buying one less ice cream, using smaller dollops of shower gel, taking fewer showers, and more. These many changes, small in themselves, will be adding up over the coming months leading to a changed consumer environment.

Some people, and companies, will read these changes correctly and take relevant action with really positive outcomes. I hope that's you.

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

News in the past week

Financial & Legal

- TfL restores night services on the Underground

Restaurants

- Insolvencies in the restaurant sector increased 64% in the year to end May according to UHY Hacker Young
- Rockfish acquires Brixham Seafish and Hillside Foods

QSR

- McDonald's UK increased the price of the cheeseburger by 20.2%, the first increase in 14 years

Pubs

- Marston's LfL sales fell -1% in the four months to mid-July versus 2019

Leisure

- Everyman Media Group sales rose 40.8% in the half year to end June versus 2019

Around the World

- Accor LfL sales rose 97% on a LfL basis in the latest six months versus 2021
- Chipotle LfL sales rose 10.1% in the latest quarter
- Coca-Cola turnover increased 12% in the latest quarter versus 2021
- Compass organic growth increased 43.4% in the last quarter
- Elixir organic sales rose 25% in the latest quarter
- NH Hoteles sales rose 243.9% in the last six months versus 2021
- Wingstop LfL sales fell -3.3% in the latest quarter versus 2021

Delivery Offers in the Week

- Deliveroo: Get £7 off your next order
- Deliveroo: It's Tasty Thursday. Enjoy a delicious 20% off
- UberEats: 35% off your next 5 orders
- UberEats: Free item this Eat Wednesday