# WEEKLY BRIEFING REPORT

## Week ending 4 September 2022

Published 5 September 2022

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## About the Weekly Briefing Report

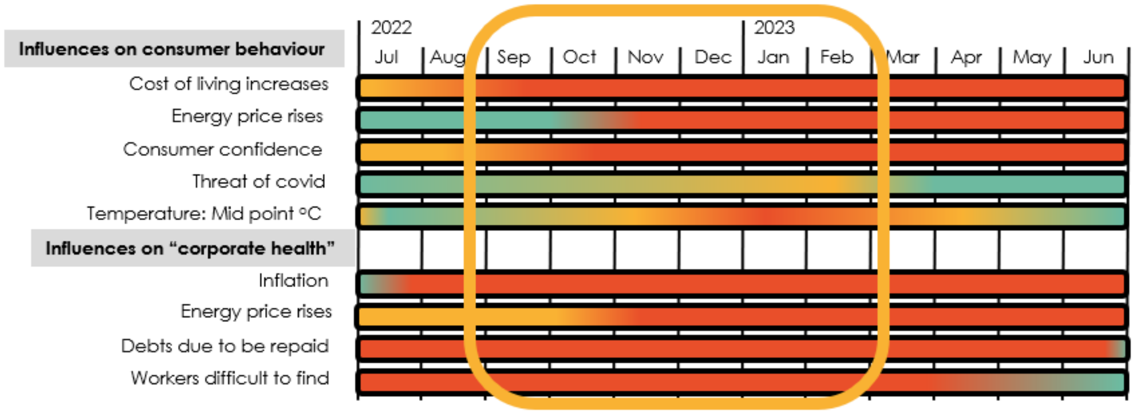
I write the Weekly Briefing Report to provide an immediate view of the market. I value your feedback and I would particularly appreciate your thoughts on the topics you would like me to add to my coverage – contact me at peter@peterbackmanfs.com

**My Premium Briefing Report service includes Monthly and Quarterly Briefing Reports; they provide a more in-depth view than this Weekly Briefing Report. I offer a choice of monthly and annual subscriptions. You can subscribe here.**

## My numbers

In May I drew attention to 1978 and how, at least in overall economic terms, we seem to have arrived back at that year. Some of the latest headlines seem to reinforce that year's Winter of Discontent: uncollected rubbish on the streets (of Edinburgh), and a country beset by strikes – actual and threatened – from railway workers and postmen, to barristers, and teachers.

Is that the worst of it? I fear not. My current Heat Map – which I feature in my latest Monthly Briefing Report, published last week, and now available on annual or monthly subscription - is pulsing red over the next few months with January being a critical period.




Take a look at the threats to the eating out market. The increased costs that are landing on consumers' doorsteps are a critical issue; a major, but by no means, only, cause of this is the rise in energy costs signalled by the increase in the price cap to £3,549 in October and perhaps doubling again in the new year.

Inflation won't spread equally though; some figures suggest that the poor will be facing inflation 7% higher than the better off. And that means that while some places - where the less well-off eat - will be under severe pressure, others won't be as affected. And despite what it may look like, covid hasn't disappeared – it, or some other influenza variant, may return as colder weather approaches. At worst, we may experience some form of lockdown once more.

As for operators, staff shortages still persist, and debts, accumulated during covid, must still be repaid. And operators face existential pressures in the form of rising energy costs. They are massively significant, and they aren't going away.

Please be careful.

## My insight

I have been told several times over the years by colleagues, and other contacts, in France that "the problem with you Brits is that you eat to live", whereas "we French live to eat". Let's take that observation as a starting point and see what light it sheds on why some thriving foodservice businesses may fail, and others may succeed.

The first point to note is that the views of my "typical" French person are a simplification because, in reality, the two positions are not binary – it's not a case that people are wholly disposed to "eat to live" nor that they are totally in the "live to eat" camp.

If that's the case, then are there occasions – as opposed to people - when it's a case of "eat to live", and others when the purpose is "live to eat"?

There are definitely occasions when we have food because we need to eat. Taking a pre-prepared wrap from a chilled cabinet in a walk-in sandwich shop is likely to be an "eat to live" occasion. But it becomes a "live to eat" occasion when the wrap turns out to be the glue that holds a tense business discussion together. And at the other end of the spectrum are the occasions when the food is there to add to the sheer goodness of life – but even the "eat to live" food at an elaborate banquet, for example, may just get lost in the background of bonhomie and celebration.

Maybe then we shouldn't talk about eating occasions - but locations instead. Starbucks was built on the concept of the "third space" where the focus was on the enjoyment of the experience. But experience of the coffee chain's outlets isn't necessarily about enjoyment – it also covers the mundane: friends who want to meet somewhere, commuters who buy a coffee on the way to work, or customers who need a place to commune with their computer.

So where are we? I'm arguing that there is a spectrum of reasons for buying and eating food - from "live to eat" right through to "eat to live". The spectrum extends across all food and eating occasions and locations. Now, this recognition isn't new; it's essential for the positioning of any outlet that serves food, from the humblest street trader to the highest end restaurant, via pubs, schools, and supermarkets. And overlying that thought is that any eating occasion at any of these places has both "live to eat" and "eat to live" components.

The flexibility of the food ecosystem arises out of the multiplicity of ways of combining these two reasons for eating. It recognises that people are not constant in their views – sometimes they may want to "eat to live" and sometimes it's the other way round. The immediate pre-covid years may have been more "eat to live" which could explain the rise of food to go and affordable casual dining. And maybe now, as incomes become squeezed, any money spent has to provide a real boost to the quality of life – providing impetus to a move to the "eat to live" end of the spectrum.

We may be in a period of transition from one part of the spectrum to the other, and as "eat to live" and "live to eat" shift in their relative importance, businesses that correctly cater for this shift will benefit, those that are in the wrong place in the spectrum will suffer. And maybe there's a case for trying to straddle the line until the world settles down once more.

It's a thought

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

## News in the past week

### Finance & Legal

- Ofgem increased the energy price cap for households from £1,971 to £3,549 from the start of October

### Restaurants

- The Hush Collection turnover rose 8.7% in 2021 versus 2019
- Snowfox Group sales rose 60% in the seven months to end June

### QSR

- Krispy Kreme sales rose 48.9% in calendar 2021 versus 2019

### Pubs

- Trust Inns sales rose 146.6% in the year to end March versus the prior year

### Hotels

- Crieff Hydro sales rose 136.8% in the year to end February versus prior year
- PPHE Hotel Group sales were -12.5% below 2019 in the three months to end June

### Suppliers

- Sysco pilots zero emissions deliveries in Britain
- Shortage of CO2 expected as CF Industries temporarily shuts down ammonia production

### Delivery offers in the week

- Deliveroo: Get up to 25% off Meal Deals
- Deliveroo: Get 20% off for Tasty Thursday
- Deliveroo: There's still time to get £7 off your next order
- Uber Eats: Free delivery, this Eat Wednesday
- UberEats: 40% off your next 5 orders when you spend £15 or more
- Uber Eats: Save on what you crave.