

WEEKLY BRIEFING REPORT

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The numbers

One evening last week I had the pleasure of dining at **Lima**, the Peruvian restaurant in London's Charlotte Street. I enjoyed a three course meal plus accompanying bites and a glass of wine (not a bottle for reasons I won't go into). It cost the best part of £60 and was worth every penny. A couple of days later I had lunch at **McDonald's** just off the North Circular Road. The meal was large – burger, fries, McFlurry - and satisfying. It cost me just shy of £6.

Now here's thing. After both meals, I had eaten and I was satisfied. But one meal had perhaps 30% of the calories of the other. One meal weighed, I'd guess, 600 grams, the other half that or even less – I'll leave you to guess which is which.

Both meals contained a variety of tastes and textures. Both were presented in a variety of satisfying colours. The burger was housed in a collection of greens (pickles), reds (tomato) and yellow (sauce) – and the ceviche was similarly coloured, with small puddles of highly coloured sauce placed in a spread of tiger's milk surrounding the fish. In both meals the taste of the dessert was distinct and moreish in its own way.

And of course, one meal cost ten times the other.

The meals were obviously different but their end result – leaving me satisfied – were broadly the same. So two questions arise: Why is it necessary to spend ten times more on one meal than the other? And why does one meal have to contain so much more food (and therefore calories?) than the other?

Would it not be possible to combine the size of the one with the price of the other? And by that I mean provide smaller portions at a lower price? It seems this is a challenge for operators because when the price is low, a selling benefit has to be volume – you get more for your money. And when spending a lot, the customer can be seduced by other benefits – ambience, attentive service, exclusivity, to name several. In this case, the customer no longer thinks about the price of the food. And so the customer can be charged more – but the volume can be less.

How about a world in which we are presented with the price of the food per gram – 1p in McDonald's, 24p in Lima - and we are invited to consider the value of the surrounding benefits as well. Charge a low price per gram and, by judiciously varying the benefits, persuade the customer to eat less (and consume fewer calories too).

Surely that's a good thing?

My insight

Is the foodservice sector suffering from long covid? Let me put forward the argument for this diagnosis.

It is usually necessary, and always tempting, to look at the future of the foodservice sector through the eyes of the consumer. After all it's the consumer that drives demand - and without an impetus from the market there can be no sales progression.

However, the consumer is only part of the argument. Another part is what operators decide to do – by way of providing choice for example. What they do has a significant effect on the future progress of the sector as a whole. So to help answer my question, it is important, indeed it is absolutely necessary, to look at the future from the perspective of what operators do.

And what they are doing right now is clearly, and obviously, governed by what's been going on in the wider world since the onset of covid. Simply put, the sector has been through a period of thirty months during which operators have been assailed by far too many challenges.

With a mix of determination, innovation, government support, support from investors, forgiveness from landlords, and understanding from suppliers, the foodservice sector made it through the peak onslaught of covid only to find the way forward blocked by a multitude of challenges that had built up during the height of the pandemic - staff shortages, supply chain issues and much more. And then before these challenges could be resolved, the conflict in Ukraine cast more rocks on the road to progress. And now further challenges have arrived in the form of inflation, interest rate rises and above all, in the UK at least, political, social, and economic uncertainty.

In short, over the past two and a half years, the road down which the foodservice sector has travelled has been strewn with existential issues which have appeared and then morphed over time – changing their nature, the nature of the challenges they represent, and the potential solutions.

And there is no end in sight to the challenges encountered. For the foodservice sector, covid is being prolonged. In other words, the sector is suffering from long covid.

The future from here is not clear – but it's not going to be good. Eating out in restaurants (and other outlets in the commercial sector) is facing a future in which customers have significantly even less money to spend than in the recent past.

And the non-commercial sector, whose volumes have stood up fairly well over the last two or three years, is now facing the prospect of severe cuts as the UK government is going struggle to find adequate funds. Will it cut back on expenditure? Or will it allow inflation to eat into the value of its expenditure? Either way, it seems that schools and hospitals (and other government-funded operations) will face huge pressures on their foodservice activities. In other words, the effect of covid continues.

That's the case for my diagnosis of long-covid. But recognising that doctors have been known to misdiagnose their patients' symptoms. Who's in favour of a second opinion about the state of foodservice? [Let me know](#) what you think.

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

News in the past week

Finance & Legal

- Railway workers were on strike on 8 October
- Chancellor of the Exchequer repeals reform of IR35 to the benefit of truck drivers

Restaurants

- Tortilla Mexican Grill sales rose 29.3% in the half year to end June

QSR

- Gregg's sales rose 14.6% in the three months to end September versus 2021; LfL sales rose 9.7%

Pubs

- Kent's Old Dairy Brewery appoints administrators
- Skinner's Brewery appoints administrators
- JD Wetherspoon LfL sales fell -4.7% in the year to end July versus 2021
- JD Wetherspoon sales rose 10.1% in the nine weeks to end September versus 2021

Delivery

- Deliveroo and Too Good To Go launch partnership following trial
- Deliveroo and Morrison's launch Deliveroo HOP grocery store

Suppliers

- Zonal acquires Airship

Around the World

- International air travel rose 68% in August versus 2021; air travel fell -26.3% versus 2019

Delivery offers in the week

- Uber Eats: Buy One, Get One Free this Eat Wednesday
- Uber Eats: Your discount is still available