

WEEKLY BRIEFING REPORT

Week ending 13 November 2022

Published 14 November 2022

Peter
Backman.





About my Weekly Briefing Report

This Weekly Briefing Report is **free**. Has this been sent to you by a colleague? You can sign up here for your own copy:

[Sign up Here](#)

Premium Briefing Reports

My **Monthly and Quarterly Briefing Reports** provide a more in-depth view. There is a **choice of monthly and annual subscriptions**.

[Subscribe Here](#)

My insight

It's the end of a day on the road. The stagecoach pulls up at the inn; the ostler takes the horses away for feed and rest and my host appears, to lead the travellers also to feed and rest. Later, sitting by the roaring fire and plied with suitable beverages and a roast dinner, the guests relax.

That maybe a rose-tinted vision but it's what many people want when they set off today. But instead of an inn they have a coffee alongside the snacks they buy when they pay for their petrol. Or there is the option of a burger to be consumed speedily before continuing the journey. It's into this conflicted world of expectation versus reality that Loungers announced the launch of **Brightside** that will 'endeavour to bring back the pleasure of heading out and exploring' along the main roads of this country. There are several things that spring to mind about this. First, as my imagined vignette of the stagecoach at the inn suggests, it's not new - offering a place to rest and a welcoming spread still has a real role to play.

Next, although travelling nowadays is about getting there quickly, speed is not all it's cracked up to be when it negates the opportunity to relish a slower experience. This thought gets a boost from the rise of electric cars which require some time to fill up - unlike their petrol or diesel powered competitors. So not only is speed not always great, but it may also, in a sense, become impossible. The COP27 climate conference is not ostensibly about slowing down the pace of life; nevertheless an effect of becoming slowly aware of the need to protect the planet is a rediscovery of the pleasures of taking things in a more relaxed fashion.

What does a slower world look like? It allows people to put their feet up - and that probably saves space because people no longer need it for travelling. Admittedly the amount of space saved per person is small, but there are lots of people, and adding up their individual space requirements ends up with plenty of saved space. And although a slower world might initially lead to frustration - 'How long is this going to take?' - as the world becomes more attuned to a slower pace, maybe it will become less tense, angry, and aggressive?

A slower world will allow people to savour more moments allowing those who serve them more opportunities to provide what the customer wants, and - beneficially for the restaurant, pub, or hotel - to charge a decent price for it.

A slower world, then, needs less space, it allows people to be more relaxed, and it provides more opportunities to sell them the things they want. That seems to me to be a good outcome from the launch of a new chain of relaxed restaurants on A roads. Let's sit down and wait for it.

The numbers

Here's a story of some headlines. The first appeared in October: 'Hospitality loses 2,200 sites in three months', and then this appeared a week later: 'Up to 12 pubs a week closing permanently'. That seems to paint a pretty dire picture but there are reasons why it's not as bad as it seems.

Let's turn the clock back to before 2020, to 'normal' times. In those pre-pandemic years, outlets were opening and closing all the time. The actual number of (full service and quick service) restaurants that were closing each year was, and still is, open to debate. Broad estimates were that an average restaurant closed after a couple of years of operation – and that most closed within ten years. Doing the sums, after making assumptions about the number of annual restaurant openings, my calculations suggest that about 6,000 closed each year.

At the same time, during the 2010s somewhere between 750 and 1,400 pubs were closing each year, with an annual average of, say, 1,000 closures.

I suspect some of these figures are incorrect because there may be some confusion between the actual numbers of outlets that closed, and the 'net' number of openings and closings. Let's accept this confusion and just say that there is some leeway in the actual numbers.

Now, adding the two sets of figures together, restaurant and pub numbers were declining by getting on for 7,000 outlets a year – or close to 2,000 every quarter. And that number is, of course, pretty close to the first headline I quoted.

In other words, there's nothing new in the numbers of failing restaurants - and indeed since pubs were on a long term declining trend in the face of changing lifestyles, no-smoking rules and drink driving laws, the rate of pub closures may even be below the long term average.

But that only deals with part of the story of the difference – or similarity – in the numbers nowadays and those before covid. There is another number of perhaps more importance than closures, and that is the number of openings. In the pre-covid years, they slightly exceeded the number of closures, so the overall numbers were on the rise. That is where a third headline, from a Harden's press release last week, comes in: 'London sees lowest level of new restaurant openings in more than a decade'. Recognising its limited scope - openings of higher-end restaurants in London, at 136 openings it's a small number – but not egregiously so (it was smaller in 2011 for example).

Taking all this in the round we are left with a picture of a current annual rate of restaurant and pub closures that is slightly higher than the average of the last ten or so years – and a somewhat lower rate of openings compared with the long term trend. This translates into a slight overall fall in numbers – but nothing catastrophic (difficult though it is for those caught up in the agony of closing a restaurant).

There is a final, critical point to bring into this discussion. Just prior to covid, there was a consensus that there were too many restaurants - in other words, given levels of demand, there was too much capacity. So if we are now seeing a net reduction to a more sustainable level.

And just consider this, if demand falls by 15% and the number of outlets falls by 20%, there is more business for each outlet that remains – sales per outlet have the potential to rise.

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

News in the past week

Financial & Legal

- Insolvency Service figures show 46% increase in restaurant and food outlet liquidations in the August compared with June

Restaurants

- Famously Proper in process of reviewing strategic options

QSR

- Domino's Pizza Group LfL sales rose 2.4% in the three months to end September versus 2021 excluding VAT; they fell -9.3% including VAT
- Coffee#1 LfL sales rose 111% in the five months to end June versus 2019

Pubs

- JD Wetherspoon LfL sales rose 9.6% in the last quarter versus 2021; trading in the five weeks from the start of October fell -1.1% versus 2021

Around the World

- NH Hoteles sales rose 88.6% in the latest quarter versus 2021
- The Wendy's Co sales rose 13.3% in the quarter to September quarter versus 2021

Delivery Offers in the Week

- Deliveroo: Open now for 3 months of free delivery
- Deliveroo: Today's the day! Get 20% off for Tasty Thursday
- Deliveroo: Get 40% off your next 5 orders
- Uber Eats: Get in-store prices plus 50% off your total shop