

# WEEKLY BRIEFING REPORT

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## My insight

It's funny how one thought leads to another. **Warren Solochek**, a good friend in Chicago who happens also to know a thing or two about foodservice, emailed me last week saying: 'Hoping ... some of the current chaos within the UK will dissipate with the new leader.' Now, living in the UK I haven't seen any chaos – no protests in the streets, no punch-ups in the pub - and this is despite people's huge concerns such as how they are going to pay their bills over the coming months.

So without a second's thought I emailed back 'It's most definitely NOT current chaos within the UK. The chaos is solely within the Conservative Party - just 160,000 of them. They've given the country a bad name.'

And then I was able to think more about this over the next day or so. Take the thought that 160,000 people could overturn the perceptions of what Brand UK stands for – the things that are transmitted through its DNA. In an earlier time, you would have listed things like: reasonable, stable, pragmatic. And yet those perceptions had been overturned to be replaced with perceptions of chaos. The good news is that subsequent events, which have only just got underway and may still prove to be illusory, have started to suggest a return to the older thoughts about what Brand UK stands for.

This has direct parallels with the corporate world. Many is the company that has had a PR makeover, changing or attempting to change how people think about the company. But this may only address what people see. It won't (probably because it can't) affect the corporate DNA – the core that actually makes the business tick. In my observation that's something that starts on Day 1 of the business – it's almost certainly based on the personality of the founder and reflects how the founder thinks and acts. This is the DNA persists stubbornly over time.

The thought that a corporate makeover can change the DNA is probably illusory – even if the DNA is modified through mergers with other businesses with a different DNA that still leaves a business with a DNA. My thought is that the DNA always wins and the thought that any message, positioning, or reputation (call it what you will) can change the DNA is mistaken. So any attempt to change corporate values, or the company's positioning or reputation, will only succeed if the proposed change accords with the DNA. It's a challenge finding the nature of any person's DNA – and so it is with corporate DNA too.

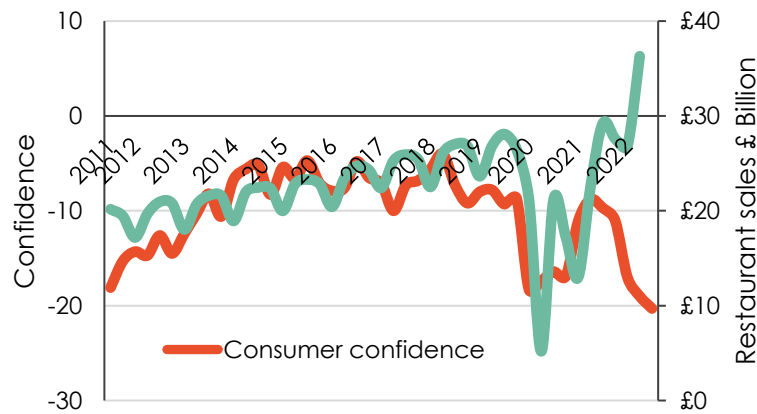
My underlying thought is that the political shenanigans of the past few months have not affected the DNA of Brand UK. That's my hope anyway.

## The numbers

Are you confident? Confidence is often used as an indicator of eating out – more confidence equals more eating out. But is it true and what does it mean?

If you're like the majority of the British, then you're less confident than you have ever been over the last ten or more years – even less confident than at the height of the pandemic.

### Confidence and Restaurant sales



Sources: ONS; Deloitte; Peter Backman

The overall pattern of confidence since emerging from the Great Recession (as measured by Deloitte, the consultancy), shows an initial period of growing confidence up to 2015. Then 4 years of broadly stable confidence, followed by a steep decline in the early days of covid. Since then it has fallen steeply, risen steeply and is once again falling rapidly.

As an aside, it's revealing to note that confidence started to fall two years before covid and then again from mid-

2021. This suggests that neither covid nor the current financial and political turmoil have had the negative effect on confidence that may be assumed.

Now, we can overlay the changing pattern of confidence onto restaurant sales as measured by the ONS. Looking at the graphs, and being charitable, it's possible to suggest a reasonable correlation between changes in confidence and changes in eating out in the period from 2015 to 2020. But there has been no obvious correlation before 2015 or over the past year or so.

Most pertinent for today, is that there is now a strong divergence in the two graphs. Since mid-2019, there has been a rapid, and deep, fall in confidence but an equally rapid and steep rise in eating out.

(And here I'll add a note for data nerds: I have used Deloitte's measure because it is quarterly like the ONS data. I could have used the widely followed measure of confidence that GfK provide, but that is collected monthly. Anyway, my comparison of Deloitte and GfK data shows a similar pattern of rapid rise and steep fall in confidence over the last couple of years from both sources.)

What can this mean? It suggests that the growth in post pandemic eating out, as depicted by the ONS data, was not an expression of confidence – but was probably more connected with consumers' desire to get back to what they consider to be 'normal'.

And for the future? I guess, the simple answer is another question: 'Who knows?'. But one thought could be that emergence from the covid downturn is a one-off market phenomenon. And the current decline in confidence actually foretells a period of rapidly declining foodservice sales.

Or just maybe, changes in confidence do not, after all, translate into changes in eating out. Let's hope they don't - at least for the next year or two - otherwise we're in for a really rocky time.

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

## News in the past week

### Restaurants

- Zizzi launches Zillionaires' Club loyalty scheme
- Various Eateries reports strong revenue, significant increase in build costs:

### QSR

- McDonald's amends loyalty scheme and stops coffee stamps
- Burger King UK stops using single-use drinks lids
- Wimpy UK system sales grew 14% in the twelve months to end August.

### Hotels

- PPHE Hotel Group sales grew 71.1% in the three months to end September versus 2021

### Around the World

- Sodexo sales grew +16.9% organically in the three months to end August versus 2021
- Anheuser-Busch InBev sales grew 12.1% in the latest quarter versus 2021
- Carlsberg sales grew 11.6% in the three months to end September
- Chipotle sales grew 7.3% in the latest quarter versus 2019
- Accor LfL sales grew 83% in the latest quarter versus 2021
- McDonald's global LfL sales grew 9.5% in the three months to end September versus 2021

### Delivery Offers in the Week

- Deliveroo: Don't miss out on your £7 off!
- Deliveroo: Enjoy a delicious 20% off or more. It's Tasty Thursday
- Uber Eats: Save on what you crave