

WEEKLY BRIEFING REPORT

Week ending 29 January 2023

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My insight

Last week I had the pleasure of being asked to speak at a dinner held by **Masteroast** - the largest dedicated private label coffee roaster in the UK. The event was a great success, stories were swapped, news was caught up on, and the bar emptied well after midnight.

Of course, there are many events like this every week in the foodservice supply chain. But there was something rather special about this dinner. It was all about the power of the family. The hosts were a family business, their guests were family wholesalers whose restaurant (and pub) customers were also family businesses.

I am not talking about businesses where the family owns the controlling stake, and the business is run – and decisions are taken – by managers. The businesses I am talking about are businesses where the owner knows all the people who work for him or her – they may have recruited these people – and they take an ongoing informal interest in them and their families. They are not micro businesses either but typically have a turnover in the £ millions.

That's not to say that they don't interact – buying and selling – with corporately-owned businesses. But they are businesses, often founded by father or grandfather or even great grandfather; they are businesses where sons and daughters work alongside their parents and children and cousins. The ethos of family suffuses the whole business. Of course, decisions are made for hard commercial reasons, but the needs and aspirations of family and workers also play a significant – and very personal – part.

One thing that struck me was that these family businesses, while not living in a bubble insulated from the rest of the market, form a whole infrastructure of businesses that is different from – and in terms of the interactions of its close relationships sits apart from – corporately owned and run businesses. In a world where the noise from the trade is, in the main, generated by large, corporately owned businesses, it is also reassuring to know that there is a whole stratum which perhaps lives with different, perhaps more positive, outcomes. Maybe what we hear is not necessarily fully representative of what is going on.

And this distinction is especially significant in the foodservice sector where so many restaurants, pubs, hotels, and more, are family businesses. It is a strength of the sector that these businesses are supported by a supply chain that shares their ethos, their concerns, and their aspirations.

Long may it continue.

The numbers

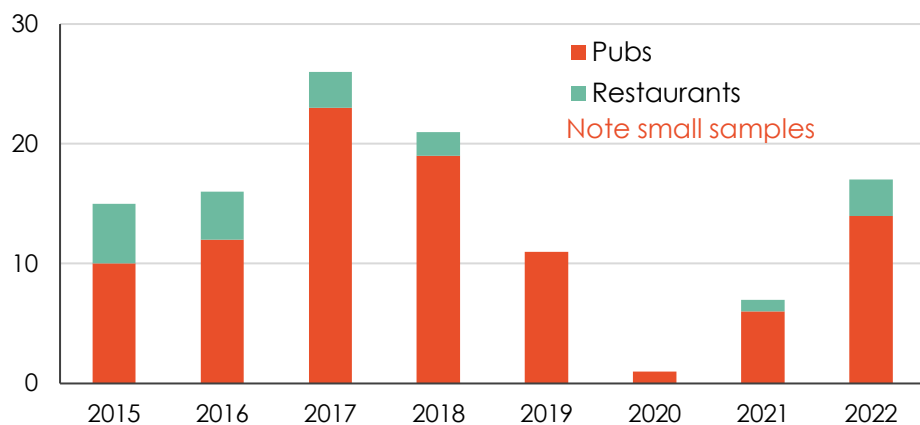
Each year, in January, there is a flurry of announcements telling us how hospitality businesses performed over the Christmas period. I wrote about this a couple of weeks ago, and this week I'd like to explore another aspect of this announcement activity.

The number of companies reporting their Christmas performance seems to provide a measure of how the sector as a whole performed. I'm not talking about the actual sales figures that they report. But it's the actual number of companies that do the reporting.

My observations start from the premise that if the news is bad it won't be reported, and although this is not totally true, it is supported by the fact that, in most cases the reported figures are positive, and generally quite large. So a general rule seems to be that the more companies reporting their Christmas trading, the better the market as a whole has performed.

In other words, the number of reporting companies can be a useful proxy for the performance of the market over Christmas.

Number of businesses reporting on their 'Christmas' trading



Source: Peter Backman

I've been tracking this activity since 2015 - and my analysis shows that the actual numbers of companies that report has changed over time.

The shape of the graph that shows the numbers of reporting companies, does indeed reflect the performance of the market - at least over succeeding Christmas periods. It reached a peak in 2017 which, by my measurements

at any rate, was the peak year for foodservice. It reached a nadir in Christmas 2020 (not surprising given the prevalence of covid, but it adds credibility to my theory).

You should note that it's predominantly pubs that are doing this reporting - so it's going to be biased towards drink rather than food.

What about the actual numbers last Christmas? They are confusing for the reasons I set out a couple of weeks ago; and if you want to know what I make of them I'll be covering them - and more - in my next [Quarterly Briefing Report](#) to be published on 1 February.

But the general conclusion from what I've written here is that the foodservice sector - pubs especially - had an OK Christmas (but not a good one) affected, as many of them note, by the World Cup (good for pubs) and rail strikes (not good for city centre locations).

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

News in the past three weeks

Christmas Trading

- Chestnut Group LfL sales rose 23% in December versus 2020; total sales rose 38%

QSR

- 200 Degrees LfL sales rose 25% in December versus 2020

Pubs

- Fuller Smith & Turner LfL sales rose 20% in the eleven months to 21 January versus 2021; down -3% versus 2020
- Marston's LfL sales rose 9% in the 'Christmas period versus 2021; 13% in the four months to 21 January versus 2021
- City Pub Group sales rose 7.8% in the last quarter of 2021 versus 2019
- JD Wetherspoon LfL sales rose 13.1% in the half year to 25 January versus 2021; -0.7% versus 2020

Leisure

- Everyman LfL sales rose 62.5% in calendar 2022 versus 2021
- XP Factory sales rose 313% in calendar 2022, versus 2021

Delivery

- Peckwater Brands acquired German virtual brand company, eatclever

Suppliers

- Britvic UK sales rose 9.8% in the latest quarter of 2022 versus the prior year; December UK sales rose 13.8%
- Diageo sales rose 18.4% in the second half of 2022 versus the prior year
- Fever-Tree sales rose 11% in the second half of 2022 versus the prior year

Around the World

- Elixir organic sales rose 11.7% in the final quarter of 2022 versus 2021

Delivery Offers in the Week

- Deliveroo: Get 20% off for Tasty Thursday
- Deliveroo: We missed you. Here's £7 off your next order