

# WEEKLY BRIEFING REPORT

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## The numbers

The internet has changed things in space – and I don't mean outer space.

Here are two of the things it has changed. It has brought about hybrid working. There had been, it is now clear, a long term need and desire for it, and although that need was exposed by covid, the internet allowed hybrid working to happen. Cities, whose workers are now working from home, have redundant office space – the FT last week noted that 'roughly 25% of US office space was already undesirable'.

And, internet-shopping has displaced swathes of the physical retail market. Retailers are leaving local high streets. In the UK anyway, these high streets are, typically, linear, with the more desirable sites, with their higher rents, in the middle. This is where retailers, more able than other businesses to afford to take up the spaces, congregated. But now that retailers have left (or are leaving), these properties are being left empty.

Less space occupied by retailers and offices means that more space is available for other things – like restaurants, coffee shops, food to go offers, and more. Now, crucially, foodservice operators find that the spaces being vacated are likely to be larger than they are used to, and the costs per square foot are similarly likely to be higher.

So the issue for operators becomes how to re-imagine their businesses to operate on a larger scale and at higher cost. It's not obvious that this will succeed but let's assume it does, at least in some parts.

There will be different offers – larger restaurants with separate zones (intimate tables, areas for parties, 'club spaces'). Or open kitchens, or spaces for entertainment or more competitive socialising. There are plenty of opportunities for enterprising managers to create new offers.

But then what happens? Specifically what happens if (or when?) consumers tire of internet shopping and really want to return to the look and touch of physical retailing? What happens when people tire of hybrid working and a new generation wants to spend time in the office (and is prepared to put up with commuting)? This may not happen, or not soon anyway, but if it does, developers' eyes will turn to the desirable spaces in city centres occupied by restaurants.

And then the cycle will repeat; properties will, once again be re-engineered; retailers will take up space in the centre of high streets; restaurants will be cast to the outer darkness at their ends.

## My insight

What does foodservice have to do with books?

Last Thursday was an exciting day for me. I returned to my office having recorded the forthcoming podcast from The Delivery Prophets (and I'll have more to say about that when it's officially released in ten days' time).

There, waiting for me, were several unexpected heavy brown boxes. I looked at the labels and all at once it became clear – these were the copies of the latest edition of my book, 'Restaurants Also Serve Food' (and again I'll have more to say when it, too, is officially launched).

What links the unexpected delivery of these books with foodservice? Maybe it's 'Man cannot live by bread alone'; instead, amongst other things, he needs books to read. But that's too frivolous.

No, the link it seems to me is 'time'.

Delving into that, you need to know a bit about the back history of my book and the ways in which the publishing business works. To cut a long story short, I wrote this second edition of my book, with its news chapters on the impact of covid, in 2020; and by early 2021 it was ready, and I handed it over to my publisher in Chicago. Since then it has taken almost two years to get it printed, and into my hands. That is not unusual in the world of publishing where time can (almost) stand still while not much seems to happen.

By contrast, time is an important component of the restaurant offer – the food needs to be served quickly or you'll want to reject it, and the prepared meal has to be thrown away. Too much time equals lost business which can never be recovered. But a printed book can wait – even if there's delay of a year, or five, or ten, it is still a book and it will still be possible to sell it, no matter how long the delay.

Over the years I've talked and written about many aspects of the serving of food and the hospitality that surrounds it, but I have not really mentioned the notion of time because it took the two year delay in the arrival of my book for me to appreciate the importance of time in foodservice.

Just consider what happens in a restaurant – or wherever you are served with a meal. You enter the restaurant and demand, in effect immediately, to be shown to your table (although, sometimes, queuing provides some delayed gratification). Once seated you demand, quickly, to be offered the menu, and then having ordered your meal, although you expect to wait a bit, you also expect your food to be served fairly speedily and without undue delay.

Time enters the foodservice world in many other ways too. Fast food businesses thrive on the notion of food that is quickly delivered – the clue is in the name. Restaurant delivery, too, is built on the promise of time – 'Delivery in 30 minutes' is a major component of the delivery offer.

What all this says to me is that 'time' is not given the overt prominence it requires in the foodservice context, even though it is built into the fabric of a restaurant offer. Maybe waiting is good – but in foodservice it can only be measured in minutes. Books may take longer.

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

## News in the past week

### Restaurants

- Bill's LfL sales rose 20.5% in calendar 2022 versus 2021

### Around the World

- European Travel Commission (ETC) reports travel volumes were -25% in 2022 versus 2019
- Domino's Pizza Inc LfL sales in the US rose 0.9% in the final quarter of 2022 versus 2021
- Papa Johns LfL sales in the US rose 1.1% in the final quarter of 2022 versus 2021
- Intercontinental Hotel Group sales rose 33% in the last quarter of 2022
- Accor LfL sales rose 80% in calendar 2022 versus 2021; up 92% on an organic basis
- NHH sales rose 110/9% in calendar 2022 versus 2021
- VAT rate for hospitality in Ireland to remain at 9% until end August
- Wingstop LfL sales rose 8.7% in the final quarter of 2022

People have asked me about the stories I select for this section.

I scour many sources for stories that meet several criteria; for example:

- The story must be about the UK, or about companies that have a presence in the UK, or topics that have a bearing on the UK foodservice market
- The story must be about what has happened, not what might happen, nor are they concerned with plans that businesses might have
- The story must be capable of being summarised in no more than two lines (and that means, for instance, that I tend not to mention survey data because the context is generally impossible to summarise in two lines)
- I tend not to cover news related to delivery which is covered in the [Delivery.World](#) fortnightly newsletter
- Financial information must be related to a period ending in the last three months.

For topics that don't meet these criteria, especially the last one, you will have to read my Monthly Briefing Reports (available on subscription [here](#)) which have a considerably more extensive selection of 'News' stories.