

WEEKLY BRIEFING REPORT

Week ending 14 May 2023

Published 15 May 2023

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

Last week, I went on a pilgrimage to New Orleans, and especially to Preservation Hall, to join an evening with the Preservation Hall Jazz Band. The star, for me, is Ronell Johnson – larger than life, in

a Royal Blue outfit (specially for the coronation? I doubt it), with glasses and hat. But it is his trombone playing that I wanted to hear. He made it mournful; he made it joyful; he made it mimic laughter, and tears.

And I mused on this: take some brass, machine it in several parts and join them together; take a long history of musicians who have made this instrument play many remarkable notes, cadences, and melodies; and finally take a man experienced in this history and ask him to make something special out of it. You end up with an evening of joy at the setting of Preservation Hall.

This process goes further than music though. Take some meat, or fish, and vegetables, and spices. Manufacture them into dishes – hot, intriguing,

comforting - that have been developed by skilled, experienced chefs over the years. Then take a special chef and let him (or her) play tunes on the dishes. And present the results in a great setting. And you end up with an evening of pure joy.

How sad then, when the special chef decides to up sticks and leave, like my friend Teo did during covid when his restaurant had to shut because, basically, he ran out of money and customers. He's gone, and he won't return – his special skills lost to the industry – and to customers.

But the history and the recipes still go on. The desire to experience an evening of pure joy still remains. Other special chefs will emerge – and we'll all be able to enjoy the results.



The numbers

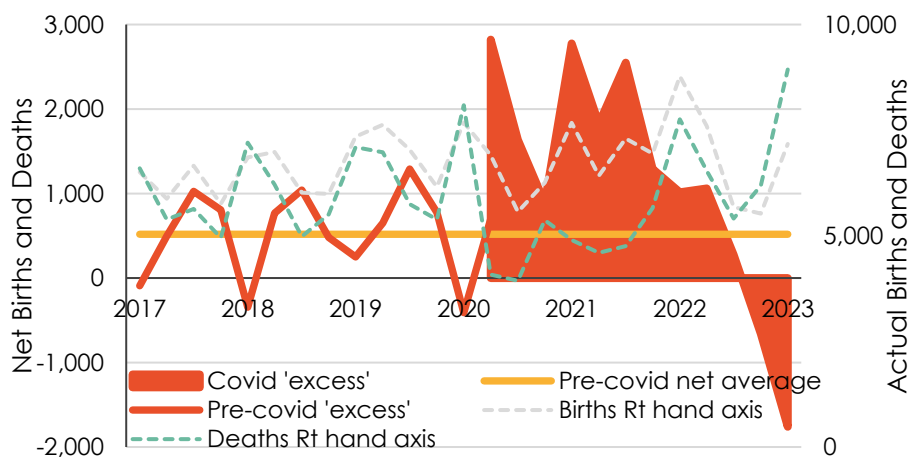
Almost 15,900 'accommodation and foodservice' businesses that would have failed in more 'normal times' were kept alive during covid – in the period between March 2020 and June 2022. Although 2,150 of them have since failed that still means another 13,750 companies are set to fail.

The background to these numbers is the information published by ONS which sets out the numbers of company 'births' in the sector every quarter, and the numbers of 'deaths' in the same period.

Prior to covid, births (the dotted grey line) were running at a fairly regular 6,650 each quarter (plus or minus 750). Deaths (the dotted green line) showed a bit more variability but averaged 6,150 a quarter. Take deaths away from births and you get the 'net' figure. The solid red line (up to Q1 2020 - the start of the pandemic) shows there was variation about this net figure; but between the start of 2017 and the start of 2020, an average net 518 companies (the yellow horizontal line) were created every quarter.

Then covid struck, and the government launched a number of schemes to keep businesses alive - this is the period of the solid red section in the chart. The numbers of births remained at pretty much the same level as before covid. But the numbers of deaths fell (the government schemes were doing their job). That

Hospitality companies - Births and Deaths



Sources: ONS; Peter Backman

meant that the net numbers of new companies rose considerably, reaching over 2,500 in some quarters.

In fact, it was during this period up to last June, that 15,900 companies were alive over and above the quarterly base of 518 companies (4,662 in the total period).

But once government support started to fall away in the first half of 2022, a number of further, well documented, challenges

arose – amongst them inflation, product shortages, reduced customer spending – and they lead to a rapid increase in deaths. The result, as the most recent three quarters in the chart show, has been a major reduction in the net figure (of deaths over births).

Today, then, there are still 13,750 companies that would have failed in the pre-covid era. And since the headwinds are still ongoing, it seems reasonable to expect these businesses to fail in the not too distant future. If we give them until the end of the year until they have all failed, that means we can expect 1,500 failures a month until the end of 2023. That will be over and above the normal rate of 2,050 failures – a total of 3,550 monthly failures for the rest of the year.

There is an upside though: these failures will be partially offset by 2,200 companies yet to be created. That is some consolation as we witness further unwinding of the chaos caused by covid.

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

News in the past week

Foodservice

- The Bank of England reports that hospitality sector revenues in the last month had been stronger than expected, often higher than a year earlier

QSR

- The Vurger Co acquired out of administration

Pubs

- JD Wetherspoon LfL sales grew 12.2% in the quarter to end April versus 2022

Leisure

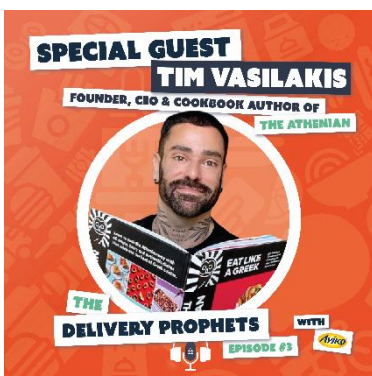
- The Bank of England reported further recovery in corporate events versus a year ago

Delivery

- Street Feud delivery brand launched by The Restaurant Group

Around the World

- Compass LfL sales rose 24.7% in the six months to end March
- NHHotels sales rose +74.2% in the first quarter of 2023 versus 2019
- Sysco sales rose 11.7% in the first quarter of 2023 versus the prior year
- Performance Food Group sales rose 5.3% in the first quarter of 2023 versus the prior year
- US Foods sales rose 9.5% in the first quarter of 2023 versus the prior year
- Melia Hotels sales rose 45.9% in the last quarter versus 2022
- Selecta Group sales rose 11.7% in the last quarter versus 2022



The latest episode of [The Delivery Prophets](#) podcast features guest Tim Vasilakis alongside Jon Borzacchiello of [Aviko](#) and me. Tim is Founder, CEO and author of *The Athenian* and he shares his trenchant opinions on the importance of effectively executing ordering, delivery, and collection, and how delivery has become a basic commodity that needs to be even more integrated into our lives today.

The Delivery Prophets podcast is the perfect way to stay informed and ahead of the curve in the world of food delivery for delivery companies, marketplace apps, technology companies, restaurant owners, investors, and consumers.