

WEEKLY BRIEFING REPORT

Week ending 1 May 2023

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My insight

There are a couple of things that you may not know about me.

I work on the fourth floor of an office building, and I always walk when I'm going down (and sometimes when I'm going up too). I do this for several reasons. The first is what I like to refer to as 'being a good citizen'; there is only one cabin and if I use it for going down, I run the risk of delaying the lift for someone who is going up and therefore might have more need for it. Second, walking down is good, or at least modest, exercise. And finally, it's good for the environment; by not using the lift, I minimise the amount of electricity that would otherwise be used to raise and then lower the one tonne cabin.

That's the first thing about me; the second thing is that I am an inveterate user of business cards. I've done it for years and it is an amazingly useful, and low cost, way of promotion. Anyone who gets one of my cards has a permanent record of my name, some idea of what I do - and how to contact me. In meetings with several people, those who have one of my cards can set it down in front of her or him and it acts as reminder of who I am.

It's invaluable when I'm networking (and on other occasions too). I can hand over my card and provided the recipient doesn't throw it away (they sometimes do!) I don't need to worry that they'll walk away not recalling me (that happens too!). Sometimes people hang on to my cards for years - even decades. I know because I get messages from people telling me 'You may not remember me, but we met 5 / 10 / 20 years ago ...'.

When I hand over a card something else often happens - the individual to whom I've given a card responds with one of their own. So now I have record of them too. We're connected.

But surely LinkedIn does that? Not quite - because after a busy networking event who can remember all the people they met? And did you get their details sufficiently correct to be able to find them on LinkedIn?

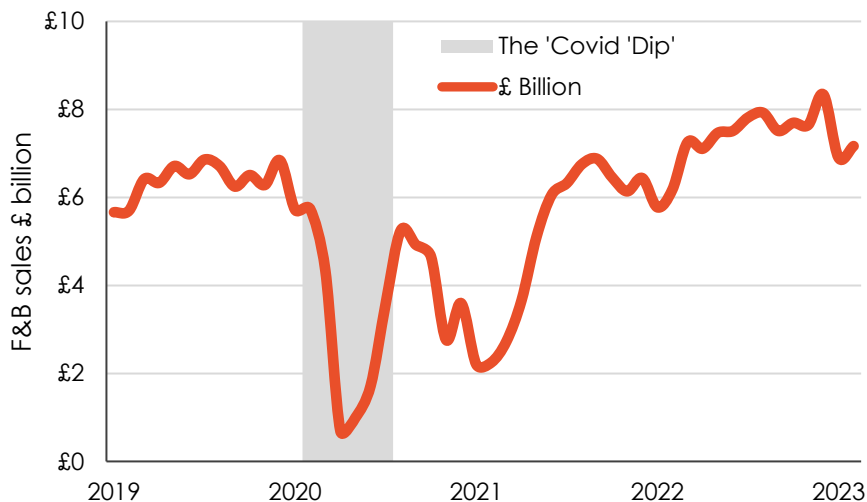
Now, the point of this is that over the last two or so years, I have several times been told 'we don't do business cards - because of the environment'. But really! One card weighing a gram or two, made of recyclable material (alright, the micrograms of ink aren't recyclable). How much environmental damage does it do - against the environmental damage of heating an office? Or using the electricity to raise and then lower a one tonne cabin to go down four flights of stairs?

The numbers

Last week I drew attention to the covid graph which I described as 'a rapid downturn in 2020, then an upsurge, before a further reduction, and then a slow climb upwards from late 2021, punctuated by the omicron-induced fall in late 2021 / early 2022'.

This graph is now widespread throughout the economy – it's present in NHS waiting times, so-called AT1 debt, changes in private sector average pay, Treasury yields, business investment, GDP

The 'Covid Graph'



Source: ONS; Peter Backman

to reach back over any intervening covid-impacted years to 2019 – the last 'normal' year.

So far so reasonable. But this practice has to come to an end one day – it would be unreasonable to measure what happens in, say, 2025, against what happened four years ago in 2019. Instead it will be necessary, at some point, to revert to comparisons with the 'prior' year. This already happens in many instances but not yet enough to make it the de facto practice.

Has the time come? As I have previously reported, the foodservice market is stabilising. But the practice of taking 2022 as the prior year must take into account that the first two or three months were significantly affected by omicron; consequently, any comparison with that year is flattered by the low figures in that early quarter. So perhaps 2023 vs 2022 may not be the thing to do.

Instead we may have to wait until next year – to compare 2024 with the 'new normal' of 2023. But even when that issue has been settled, the graph itself will still exist – the deep dip in 2020 will persist – for ever. When, in 2024, a business does a three-year comparison, the dip will still appear; if it takes a five-year historical view – which many businesses do – it will persist until 2025. And even when the dip is more than five years old, the ongoing effects of covid – that lasted into early 2022 – will persist in 5-year historical graphs until 2027.

But even that is not the end of it because businesses do sometimes take a ten or twenty-year look back – and the dip will still be there in 2030 or 2040 – a constant, graphical reminder of covid. So, let's forget it, and instead once again start comparing our progress against last year – not four years in the past.

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

News in the past week

Restaurants

- Whitbread FY F&B sales rose 10% in the seven weeks from the start of March versus 2022; they rose 40% in the year to end February
- Prezzo closes 46 sites (33% of the total; and down -68% from the peak estate)
- Camile Thai appoints liquidators

QSR

- Pret a Manger increases subscription cost by 20%

Pubs

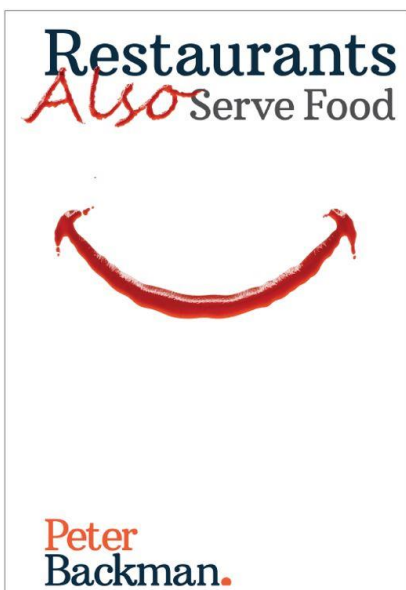
- City Pub Group LfL sales rose 7.8% in the most recent quarter versus 2019
- Loungers LfL sales rose 11.8% in the half year to mid-April

Leisure

- PureGym UK sales fell -1% in the first two months of 2022 versus 2019

Around the World

- Whitbread sales rose 54% in the year to end February versus 2022
- McDonald's global LfL sales rose 12.6% in the first three months of 2023
- Accor LfL sales rose 54% in the first quarter of 2023 versus 2022
- Chipotle LfL volumes rose 9% in the first quarter of 2023 versus 2022; organic sales rose 5%



The revised edition of my book – **Restaurants Also Serve Food** – has now been published. It is addressed to suppliers, especially those who are proficient at selling to the retail sector but find selling to the foodservice sector is a challenge.

In my Weekly Briefing Report published on 6 March I briefly outlined just one of the many issues I discuss in the book. I noted that the unknown should always be expected in foodservice – and this means, for instance having too much back up resource 'just in case'. 'Just in case' can't be predicted; it is a built-in inefficiency, and inefficiency has costs. Operators, investors, and suppliers are all exposed to this inefficiency – and they have to confront the fact that they must face the costs of dealing with it.

Restaurants Also Serve Food provides solutions to this, and many more conundrums – you'll find more about my book and how to buy it [here](#).