

WEEKLY BRIEFING REPORT

Week ending 11 June 2023

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Peter
Backman.





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My insight

In the last six weeks I've travelled across great tracts of the USA. From California, Nevada, Louisiana, and Mississippi, to Arkansas, Tennessee, Missouri, Illinois, and Indiana. I've been to big cities like Las Vegas, Indianapolis, and San Francisco, and small towns like Effingham, IN and Normal, IL.

I've travelled 1,000 miles on Highway 61 north from New Orleans on a road trip to Memphis and beyond, and a five hour Greyhound journey across Illinois and Indiana, I've travelled by train on Amtrak - five hours from St Louis to Chicago - and the BART system in the Bay Area. I've been on a flight over the plains of Missouri, and I've been to a ball game (St Louis Cardinals beat Kansas City Royals 2-0 at the Busch Stadium).

I can't say this is the totality of the USA, but it has given me a much more rounded and in depth view than I've had from my many visits to great cities like Chicago and New York. And what has it taught me? The big learning, in one word, was: space. There's so much of it.

The sheer availability of space drives behaviour. Because there's so much space, towns (they call them cities, so shall I) are far apart – large cities are typically an hour's flight away from each other; small cities are dotted across the landscape between them. Cars are essential and eating out has evolved to accommodate them and their drivers – so this has become the land of diners (such as Waffle House at Villa Rica, MS where I had supper one hot evening), and drive thrus (just look at Sonic in Memphis, TN and its four windows plus parking space for 42 cars).

Restaurants typically have space for seating 200 diners, their coffee shops have acres of space. And at a personal level, because there's so much space people don't encroach on each other's individual space – they're aware of other people. So they say 'thank you' when you open the door for them, they don't walk insouciantly across your path on the sidewalk.

Now, we can't translate the outcomes of having so much space, to the UK, where we have too little of it. That's why we have a different restaurant ecosystem – less parking, restricted demand for drive thrus, the need to spread overheads over smaller numbers of customers. All these things, and more, mean that because of space, or more specifically a lack of it, the UK is not the US. And that's a lesson for UK operators who want to replicate what they've seen in the US, and for US companies who want to translate their US-designed offer into the UK space.

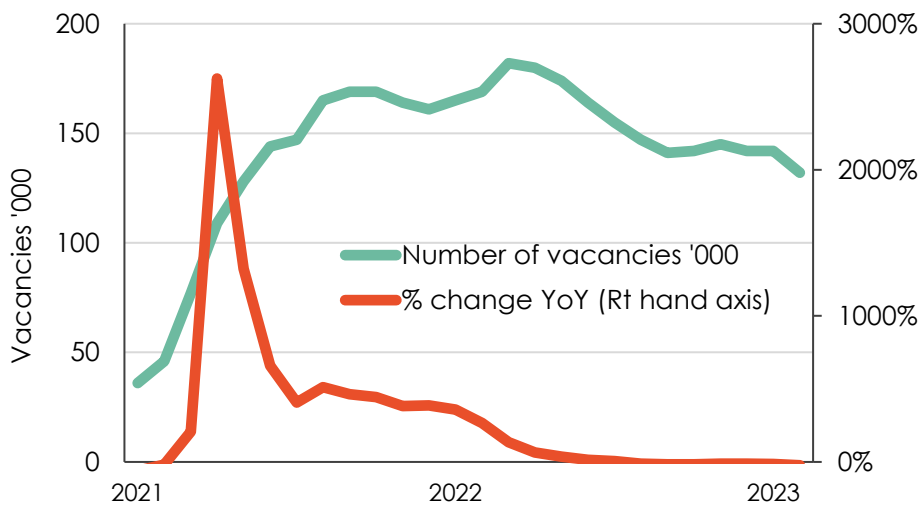
Just remember they have lots of it - we don't have much of it!

The numbers

Without people there is no hospitality industry. You can, of course, say the same thing about any industry but it's particularly potent in hospitality. Hospitality is the essence of what people can do, and what machines cannot do, or what algorithms cannot do. Hospitality is uniquely about people.

There's more. Hospitality is a craft – for example, in the UK it has its own Craft Guild of Chefs. A craft requires the personal touch – without the personal touch there can be no craft. Other industries, of course, have their own craft guilds (furniture making, and watchmaking spring to mind), but no other industry has hospitality baked in as well.

Accommodation and food service vacancies



Sources: ONS; Peter Backman

It's in this people / personal context that it's worth looking at the latest figures released by the Office for National Statistics (ONS) concerning vacancies in the UK 'Accommodation and foodservice sector' (aka hospitality).

There are positive things to note. The massive increase in the growth of the numbers of vacancies has fallen from its dramatic high of over 2,600% in the April-June quarter of 2021.

And the rate of increase has, recently, turned negative – in other words, the numbers of vacancies are falling.

The not so good news is that the current level of vacancies is still high, standing at over 130,000. And although it's now slowly falling, at current rates it will take a year or two to get to pre-pandemic levels.

There are plenty of reasons why people don't want to take jobs in hospitality – but there are plenty of reasons why they should.

And to be fair, the 'industry' long ago recognised the need to make the case. Over the years, a long line of organisations has been created to do that. Hospitality Rising is the latest. It has raised almost £1 million, and while that might seem a large sum, it is still only £7.50 per unfilled vacancy.

Even with the money spent by other organisations and businesses, the industry clearly still needs to up its game – and put even more money into making its case. Surely, it's got to be worth massively more than £7.50 to persuade people that a great opportunity awaits them in the hospitality industry.

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

News in the past week

Restaurants

- Hostmore LfL sales fell -3% in 22 weeks to early June; total sales fell -1%\$
- Fulham Shore acquisition by Toridoll approved by shareholders
- The Coconut Tree restaurant not paid in May according to BBC

QSR

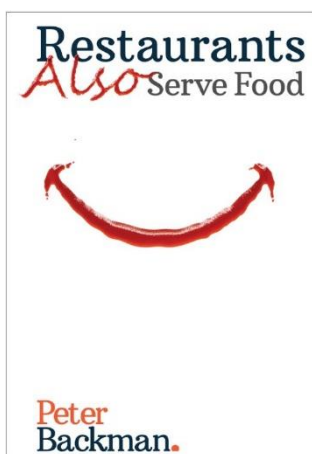
- Papa John's acquires 91 sites from Drake Food Service International - UK franchisees

Pubs

- City Pub Group LfL sales rose 13% in 23 weeks to early June versus the prior year; they rose 12% versus 2019
- Nightcap to acquire Dirty Martini

Delivery

- Foodstars to sell 10 out of 17 UK kitchen sites



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.

Here is just one of the many issues I discuss in the book: 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](#).