

WEEKLY BRIEFING REPORT

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The numbers

Three or four years ago, plant-based foods were the poster child of the food market. And foodservice embraced them too. But things are changing. What are the lessons?

Current news is not promising. Last week, Meatless Farms made most of its staff redundant, while Plant and Bean has been placed into administration. This comes on top of news that the share prices of Beyond Meat and Oatly have fallen by over 90% from their peak.

So does that mean that plant-based is dead? Well not so fast.

The key driver for the growth of plant-based products from these companies – and their competitors – has been consumer demand, sometimes actual, sometimes perceived. And one of the drivers of consumer demand for plant-based products has been concern over climate change and sustainability more generally. Animals, cows especially, have rightly or wrongly repeatedly been fingered as contributors to greenhouse gas emissions and these, in turn, lead to changes in the climate. Plants, on the other hand, do not.

Whatever happens, I'm pretty certain these sustainability considerations will remain important to consumers – in fact they are likely to become even more important. So demand for plant-based will remain, and even ramp up, over time. How then, to square this demand with current corporate travails? I suspect the answer is to do with expectations.

Optimistic expectations regarding levels of demand, market growth, pricing, and levels of competition may all have been over- or under-estimated and therefore, when reality hit, financial problems set in. But supply and demand will right themselves.

And as they do, foodservice businesses will, no doubt, rethink whether, and how, they sell plant-based products. And restaurants that market themselves as 'plant-based' or 'vegan' ought to be rethinking their stance, too, because being a 'vegan restaurant' might be restrictive – in effect it may drive away people who see themselves as carnivores (or who, at any rate, might fancy a meat-based meal).

Maybe it would be better to have an offer that is 'plant-based friendly' while also being aware that customers might want to eat other products too. By all means feature 'plant-based' strongly on the menu – but allow room for some customers to have alternative preferences.

My insight

I've been musing over my understanding of some perhaps significant national differences in attitudes to food in general, and eating out more specifically. What follows is based on some expert knowledge, and a bit of inexpert psychology leavened with untested views about national stereotypes. In other words, while it may not be factually correct, there may be nuggets of truth – I hope so.

The Italians love their food. They do their best to make it reflect all the good things they see in life. They control it so that it bends to their will. They don't need brands because they have faith in their knowledge, and control, of food. The French are similar.

The Germans on the other hand, know quite a bit about some foods – the bits they know and the food they know it about are localised. The Germans, then, know about the food in their locality or region. They don't need brands because they know their food.

The Americans know a little about a lot of food. They control it, utterly, and they turn it to their will – bread with sugar, scrambled egg and strawberries. But they need brands so that they can choose between the oh-so-many options available on supermarket shelves, in restaurants, and in the myriad other places where they get food. And if they don't like it, they can reject it (although, stereotypically at any rate, no American has knowingly rejected any food).

And the Brits? They fear food. It's an unknown country and they don't know what to expect, how to cook it, when to eat it, where to eat it - and although their knowledge seems to have grown over the last few years, experimentation is still carried out in a climate of fear of the unknown.

Over the past few decades, in Britain there's been a transition from customers making their meals from scratch (or from minimally pre-prepared ingredients) to TV dinners and Pot Noodles, and then to frozen and chilled ready meals from the supermarket, and from there to buying fairly standardised meals in restaurants and pubs; and then moving on to having their food delivered by Deliveroo.

An important driver of this changing demand for food has been identified, by many, as 'convenience'. But it could be that fear of not knowing may also be a motivation. If so, it would explain why Brits love brands - especially brands for eating out – because brands seemingly provide the rationale, the justification, the support and the security they need when deciding about the unknown – including the unknown places to eat out.

Is that the reason why restaurant brands proliferated in the 2010s? I think it may be a significant contributor. The many brands that appeared on the High Street, in shopping malls, train stations, at leisure parks, at retail parks, and on long distance roads, led Brits to try them all. But because Brits had then (and probably still have) not enough knowledge and too much fear, they shifted allegiances quickly. The Brits were provided with many brands and they tried them all. But because the prime customer motivation was built, not on knowledge, but on fear of choosing the wrong sort of food and the wrong place to eat, demand was fickle. And that may be why many of the brands subsequently departed. Was it a case of fear outgunning knowledge?

If so, it's time for a bit of education about food. Let's ask the Italians how to do it.

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

News in the past week

QSR

- Papa John's planned site in Tyneside rejected by Planning Inspectorate over obesity concerns, according to The Daily Telegraph

Pubs

- Fuller's LfL sales rose 13.9% from early April to mid-June; sales rose 32.6% in the year to end March 2023 versus 2022

Delivery

- Staycity sales rose 15.4% in year to end April 2023 versus 2022; up 159% versus 2019

Around the World

- Snowfox Group acquired by Zensho

The Delivery Prophets offer insights, interviews, and analysis to keep listeners ahead of the game in the ever-evolving delivery industry.

In this latest episode, brand creator and leading innovator, **Faraz Nagree**, Founder of The Lean Kitchen Network, joins the show as our latest guest.

We discuss the role of virtual brands and how to build them so that they are authentic and create the emotional connection that turns them into real brands. Along the way we talk about multiple touch points and the crucial importance of having a USP, food quality, packaging, and customer feedback and rating. We discuss the rule book for creating a virtual brand - from the initial research, and getting the right fit with brand partners, to identifying the route to market and doing real time testing. We explore how to create the restaurant experience with food delivered to your door.



And we look to a future with increased customer expectations, market consolidation, innovation, and the overriding need to perform consistently well.