# WEEKLY
# BRIEFING
# REPORT

## Week ending 29 May 2023

Published 30 May 2023

# Peter
# Backman.

**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

---

## What's Hot in the USA

Last week I made my first visit to the NRA Show in Chicago since the onset of covid. After a break of four years I found several themes.

The first is that the restaurant scene still bustles in the USA although, and this has been confirmed by my many discussions across the USA in the last few weeks, things are not back to normal. Sure, sales are up but transactions are down – and consequently, as in many other countries, profits are still under threat. There is much more that I could recount on this theme, but two trends stand out: the ever growing importance of limited service operators, and the continuing emphasis on omnichannel operations – dine in, take out, delivery, drive thru, and catering.

As for what was on show in Chicago, the growing focus on hygiene 'safety' was clear – driven by three things: consumers who demand more on that score; operators' fear of litigation when safety goes wrong; and the ongoing impact of the heightened importance of sanitisation, during covid.

The return of large name suppliers was also noticeable at the show. In recent years, apart from Ecolab and the soft drinks stalwarts Coca Cola and Pepsi they had all but disappeared. Now others are returning although they had taken more modest booths in more modest positions than they had some years ago. JM Smucker, Kellogg's, KraftHeinz, McCains, Nestle, were all on show.

And then there was plant-based – a large category headed by Impossible and Beyond but including a host of suppliers of 'not quite' eggs, milk, and chicken. Prodigious numbers of peas – not to mention oats, jack fruit, and soya - must have been harvested to make these products.

But the most notable evolution in the show is the onward march of 'tech' – this area of the show has expanded massively since its launch half a dozen years ago. Amongst the ubiquitous POS systems, staff scheduling software, communications systems, and accountancy packages, there are growing numbers of online ordering systems, back of house systems that connect all the other bits of the IT system, driver routing software, payment packages, and much more. And overarching this there is growing emphasis on end to end, integrated delivery-focused software.

But, and probably predicably, AI has also invaded the foodservice sector. There is software from companies like PredictHQ and Lineup that use AI to forecast demand based on data scraped from the internet - the weather, TV schedules, local foot traffic, historical sales data.

I suspect there will be much more of this.

1

## The numbers

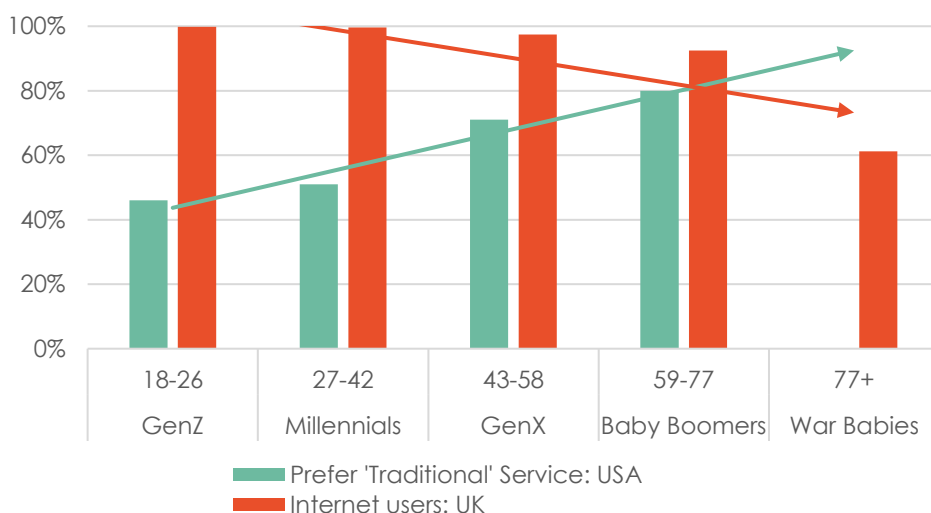Every year the National Restaurant Association publishes a report on the foodservice sector in the USA.

This year they published the results of a survey of consumers on the topic of technology in restaurants – especially whether consumers think there is too much of it – or not enough.

Their actual questions were based on attitudes to two scenarios: one concerns restaurant where the staff bring the menu, take the order, deliver the food, and bring a bill at the end of the meal – not surprisingly they call this 'traditional'. The other scenario is a restaurant where the customer does all of the above – except bringing the food to the table - at some sort of electronic interface whether computer, tablet, kiosk or smartphone.

This is an unrealistically stark choice, because in reality there are likely to be a number of blended options at work, Nevertheless, it's a basis for the question asked by the NRA: 'Which restaurant would you choose?'.

The answers show a clear trend by age – and, not surprisingly, the older the customer, the greater the preference for a traditional restaurant.

### Views on 'tech' by age cohort - USA and UK



Legend:
- Prefer 'Traditional' Service: USA (green)
- Internet users: UK (orange)

Source: National Restaurant Association; ONS
NRA do nor report on War Babies

So far so unexpected. But questions arise. For example, how relevant is this to other countries? I haven't come across any similar data for the UK – but the ONS publish information on internet usage, and I've added that to the chart. The age shift to internet usage in the UK mirrors the age shift in US consumers' views about choosing a traditional restaurant.

Another question. To what extent will the preferences of younger age cohorts remain as they age? I suspect that there won't be much significant change over time. If I'm right, then restaurants are going to have to become ever more tech focused because their customers will become more tech focused.

Of course, this discussion also extends to the use of tech in back of house operations which is already significant in many restaurants.

This tells us that all in all, restaurants will have to become increasingly tech-enabled businesses. Moreover, they will have to embrace 'tech' and not treat it as just an 'add on',

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

## News in the past week
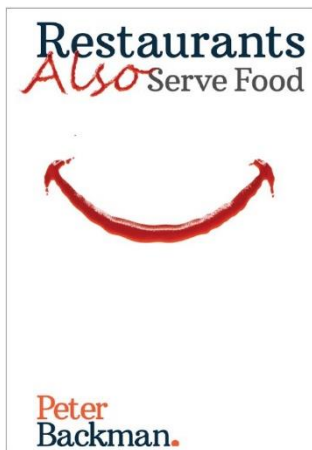
### Financial & Legal

- Ofgem price cap set to fall £426 to £2,074 in July

### Pubs

- Young's LfL sales rose 4.8% in the seven weeks to 21 May; organic sales up 19.4% in the year to early April

### Around the World

- SSP Group sales rose 4% in the six months to end March

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**.