

WEEKLY BRIEFING REPORT

Week ending 16 July 2023

Published 17 July 2023

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About my Weekly Briefing Report

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My insight

I was playing a little known game with three friends last week: Name the Best Restaurant Group. Our nominations were Loungers, Dishoom and Pizza Pilgrims.

Once the results were in, we indulged in a discussion to justify, our individual choices. Since our discussion was somewhat disjointed, it's difficult to lay out the reasons coherently, but they included financial performance, coping with covid and just great places to be. It was this final reason that has led me to ponder further. 'Just a great place to be' suggests it has a certain 'je ne sais quoi' - an unidentifiable 'something'. No doubt if we'd continued our conversation, we would have nailed down what that 'something' is in each case.

But I venture it's the 'magic' that I mention in my book 'Restaurants Also Serve Food' – it's the thing that gives the brand its personality. And like any human being's 'personality', the more embedded that personality is the more the person impresses and influences others. And it's what 'great places to be' have. It may be a feeling of being looked after while the staff feel fully involved, or perhaps it's super value because the ambience is right or ... the possibilities are endless.

A question though is where does this feeling come from? I suggest it's part of the founder's personality (or a combination of personalities because so many great places are founded jointly). And it's that 'personality' that imbues the brand with that 'je ne sais quoi' and which customers react to.

So much for the psychoanalysis. What are the business implications if this analysis is correct? I think it points to the longevity of the restaurant and the brand that it encapsulates. The deeper and more profound the personality, the better equipped it is to withstand the vicissitudes that the market throws at it – covid, inflation, staff shortages, and the rest. A brand that has a great personality inserted into it, by its founder, in its early, foundational days will last. Conversely, if the personality gets lost because it wasn't sufficiently embedded by its founder, it is difficult to give the brand the strength to cope against market vicissitudes.

And there is a lesson for people who come to a brand – whether as owners or managers; it is that they must understand what the 'personality' is in all its complexity, and they shouldn't play with it, or attempt to change it, unless they have fully grasped what the 'personality' is.

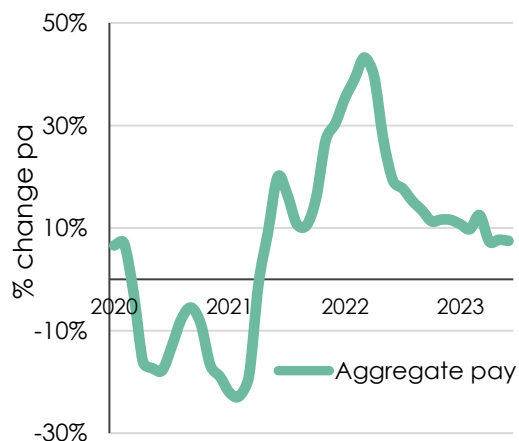
Maybe you'd like to join our game and give us your nomination for 'The Best Restaurant Group?' – and give us some justification behind the reason for your choice ality?

The numbers

Boing!

Imagine a steel ball at the end of a spring. Pull the ball down and let it go. It springs up – too far. So it relaxes downward – too far. So it springs up – too far, but not as far as before. So it relaxes downward. And thus it goes - through several cycles until it reaches stability. I don't know what the technical term for this is – perhaps scientists do. But I call it the 'boing effect'.

The Boing Effect - Aggregate Pay



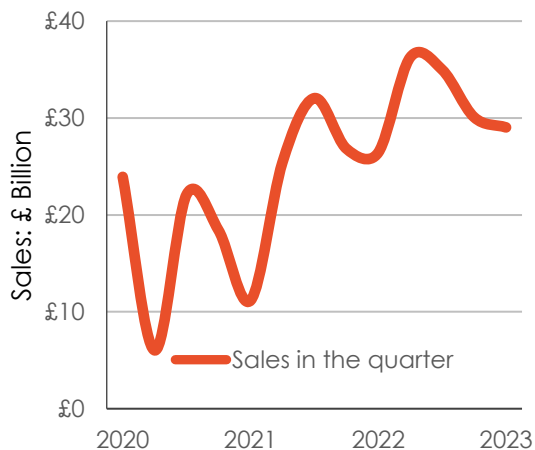
Sources: ONS,; Peter Backman

Why do you need to know this? Recently I've been looking at quite a lot of data about foodservice, hospitality, tourism and related markets in the after-effects of covid. And I'm noticing the boing effect in many places – so maybe it's not only scientists who have a term for it, perhaps economists do too.

And how does the boing effect manifest itself? I have two examples. The first is in information published by the ONS about numbers of employees in the 'accommodation and food service sector' and their average earnings since 2014. The data show a steady state up to 2020 (after allowing for seasonal variations). Then covid struck – it pulled the ball down then it let go and - 'boing' - the data vary wildly.

I commented on this in my Weekly Briefing Report of 19 March when I suggested that the 'gyrations in demand for (and supply of) hospitality workers, and their changing levels of pay' may be paving the way 'for a period of stability. But that may, of course, be knocked sideways by any passing crisis'. In fact the numbers published since haven't yet settled down to a steady state – that is still to come.

The Boing Effect - Restaurant sales



Source: ONS; Peter Backman

Another set of data from the ONS shows quarterly changes in foodservice sales. They too, having been pulled down by covid, are still gyrating wildly.

While gyrations like these are taking place, it's inordinately difficult to work out what's actually happening to the overall foodservice market.

I would suggest that, at least for the moment, the sanest thing to do is to not try to work out what is happening. Of course this matters, because in the absence of clarity, planning becomes a challenge especially for the short term. Nevertheless, there is a case for just going with the flow - and waiting for the steady state to arrive once more.

In the meantime, maybe you know what the correct term for the 'boing effect' is?

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

News in the past week

Restaurants

- Big Table Group sales rose 9% in the six months to end April versus 2022

QSR

- 200 Degrees MD LfL sales rose 12% in the quarter to end June versus 2022

Pubs

- JD Wetherspoon LfL sales rose 11.0% in the ten weeks from 1 May; organic sales rose 7.4% versus 2022

Hotels

- Hostelworld sales rose 57% in the first half of 2023 versus 2022

Leisure

- Ten Entertainment Group LfL sales rose 1.6% in the six months to early July versus 2022
- Heathrow passenger numbers rose 17.5% in June
- The Gym Group sales rose 18.5% in the six months to end June versus 2022

Around the World

- PepsiCo sales rose 10.4% in the quarter to end June versus 2022



Don't miss the latest episode of **The Delivery Prophets** podcast, from theDelivery.World together with Aviko, featuring special guest Chris Baggott, co-founder and CEO of Cluster Truck, as they delve into the forces shaping the restaurant and delivery industry.

Gain valuable insights into the challenges faced by delivery riders and drivers, and discover Cluster Truck's holistic approach using **Empower** software to enhance the driver experience in the gig economy. Tune in now to explore their transformative insights and revolutionize your perspective on delivery and technology in the restaurant industry.