

WEEKLY BRIEFING REPORT

Week ending 25 June 2023

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My insight

Behind every restaurant there are many people that you never see. But the decisions they make have a meaningful influence on the restaurant, and how it performs.

One day I'll produce a list of these unsung influencers but for now I'd like to nominate just one - the kitchen designer who, before the restaurant opens, makes the decisions that may influence its fortunes years into the future. And this gives me the opportunity to look briefly at the role of covid in influencing restaurant design, noting along the way that even though the numbers of design projects fell hugely during covid, those that were carried out have provided some useful lessons which I will touch on.

Because of covid, restaurants had to adapt to social distancing guidelines for the safety and comfort of patrons. Designers evaluated spatial layouts to accommodate fewer customers and maintain safe distances between tables involving reconfigured seating arrangements, widened aisles, and optimised flow patterns. Meanwhile restaurants adjusted to a surge in takeout and delivery. Designers had to incorporate designated areas for order pickups, contactless transactions, and efficient delivery operations.

Sanitation, hygiene, and cleanliness generally took centre stage during covid. This meant designers prioritised handwashing stations, sanitisation areas, and touchless fixtures to minimize contact points. At the same time, the flow of covid gave rise to rethinking effective ventilation; designers responded with new forms of air filtration systems, increased airflow, and noticeably, the use of outdoor spaces.

From adhering to social distancing guidelines to embracing takeout services, prioritising sanitation, enhancing ventilation, and fostering flexibility, unseen restaurant designers were faced with decisions about how to respond with imagination. These covid challenges, some of which still remain, are emblematic of the challenges that exist every day for restaurant designers. They highlight the need for flexibility in responding to constantly changing regulations, and evolving customer preferences.

As the world moves towards, hopefully full, recovery from covid, the lessons learned will no doubt shape the future of restaurants, their layout and their operations based on resilient, efficient, and adaptable environments that prioritise the well-being of customers and staff.

No doubt, the unseen restaurant designers will be up to these challenges in the post-covid era.

The numbers

There is a cost of living crisis. The price of food is increasing, so is the cost of public transport, and mortgages are rising too, but salaries and wages are not keeping pace. In short, higher costs and less money spells trouble.

But what is the reality? Or more specifically what is the reality of consumers' perceptions of the rising cost of living? Do general expectations match the numbers being presented in the media, by government, and elsewhere? And what is happening to those perceptions? Let's take a look.

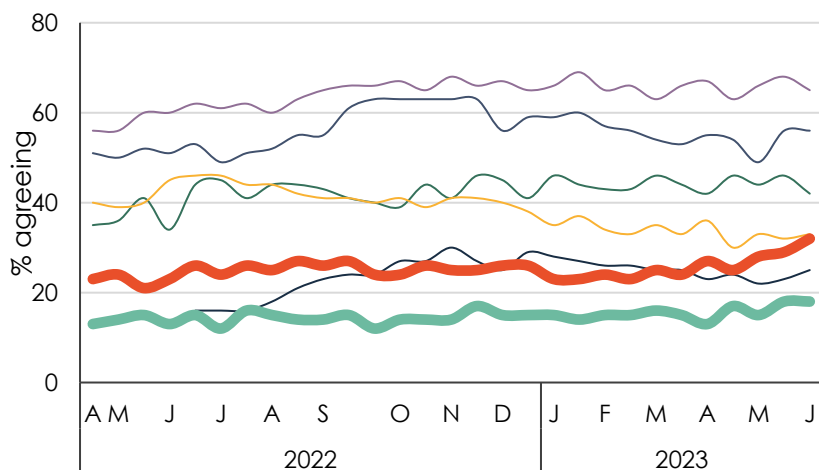
The ONS regularly publishes survey information that tells us how consumers see the cost of living crisis. And right now, they see it increasing - 95% of people say their cost of living has increased compared with a year ago.

However the percentage is smaller (at just over 60%) when considering the changes over the past month. This suggests to me that while most people see the cost of living increasing, the rate at which it's increasing is falling. So that's a good thing.

The components of the changes noticed by consumers reflect a mix of several things. The most important are: increases in the price of food; the cost of housing; rises in the cost of gas and electricity; and the increased cost of petrol. Consumers have noticed their petrol bills falling for the past

What consumers did in the last month

- Spend less on food / essentials
- Fewer non-essential journeys
- Make energy efficiencies
- Use credit cards more
- Spend less on non-essentials
- Less gas / electricity
- Use savings



Source: ONS; Peter Backman

ten months, and gas and electricity prices have also started to fall – quite noticeably - over the past two months. But, worryingly, concerns over food and housing continue to grow.

Consumers say they have done several things in response to these changes. They have cut back on non-essentials; they use less gas and electricity than they did 'a month ago'; and they are making fewer non-essential journeys. Promisingly, consumers say they have become more adept at energy efficiency. Maybe these are all good things.

But the figures suggest they are coming to an end. Instead of cutting back, consumers are making greater use of credit cards, and importantly they have started to draw on their savings. This last action has ticked up noticeably the past three months. And this is significant because it means consumers must now dig deeper into their financial resources since they may be running out of ways to spend less to counter to the rising costs of living.

This means that consumers' response to the cost of living crisis may be entering a new – and worrying - phase in which they draw on the financial fat they have built up over the years. When that runs out, then what happens?

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

News in the past week

Financial & Legal

- Company insolvencies in England and Wales rose 40% in May versus the prior year

Restaurants

- Beechbrook Capital takes control of D&D London
- Boojum acquired by Azzurri Group

Pubs

- Daniel Thwaites sales rose 13.3% in the year to end March

Hotels

- Whitbread UK accommodation sales rose 16% in the quarter to end May; F&B sales rose 9%

Leisure

- SSP UK and Ireland sales rose to 94% of 2019 levels period in the ten weeks from 1 April

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.

