

WEEKLY BRIEFING REPORT

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Peter
Backman.





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My insight

Memory is a strange thing. Let's start with what I think we can call 'folk memory' – that is memories that are not our own but are embodied in the society in which we live.

I was talking to a thirty-something the other day. He told me how strange and unusual things are nowadays. He pointed out interest rates above 6% and prices rising in the shops at over 8% - he called them 'unprecedented'. But of course they are preceded for those of us around in the 1970s – that's exactly what they were like then (in fact they were worse and maybe today's conditions will worsen too – even higher prices and interest rates, social unrest, and more).

And what happened in the 1970s? It was painful for many, and distressful for quite a few. But the economy, society, and individuals recovered – giving us the past two or three decades of prosperity for most. Will we follow that path again? I suspect we will.

That then, is the 'folk memory' aspect. I thought it could also be instructive to look at our more recent memories too. And so I looked back to what I wrote in my Weekly Briefing Report just three years ago. And what I found surprised me because I had almost forgotten about the things I described then (and I checked with a number of other people who also found it difficult to remember).

Three years ago this week, on 4 July 2020, we were released from a range of restrictions imposed during the first lockdown – it was Discovery Day. This was when we were once again allowed to eat out but with social distancing restrictions. But the response I got from people to whom I mentioned this was 'Oh yes, I remember now you mention it'. Memory of Discovery Day hardly forms any distinctive part of our view of the world. Maybe we want to shut it out – or perhaps it's just memory playing its old tricks.

In passing, it may be instructive to review the outcome of Discovery Day which was underwhelming - sales remained quite low for the next month and I concluded in a subsequent Weekly Briefing Report: 'Let's hope that the weather improves. Let's hope that restaurant goes recover their joy of eating out. Let's hope'.

The lessons from this short trip down 'memory lane' is that our memory is imperfect and selective. And so whenever we need to consider the past – perhaps we're proposing some future action based on a precedent of some sort – we should take care to ensure we check the facts – and not just rely on our memory.

The numbers

Wouldn't it be great if restaurants could increase their income numbers without selling any more meals and without increasing prices?

I have come to the conclusion that it is, in fact, possible to do that – with the caveat that it must be legal, and fair to everybody concerned.

Let's start by considering tipping (forgive me for returning so soon to this topic which I commented on in my Weekly Briefing report of 4 June).

My argument for viewing tips as an increase in revenue without selling any more product goes like this: you can view the restaurant and the waiter as a single entity (after all that's the view of the customer). So you can combine their incomes to arrive at a 'total income' figure for the restaurant / waiter entity. The customer pays the bill and provides a tip – that's what the entity receives. The tip increases total income without the restaurant having to provide anything more to the customer. I should add here that this is a utilitarian – and arguably an anti-social - view since it can allow the restaurant to underpay its staff and not spend as much on employee remuneration as it should. So my caveat applies.

Considering opportunities to increase income beyond tipping, over the past week I've been involved in conversations that have led me to muse a bit further on the subject. I discussed the issue of 'no shows' with Shane Hickey, a journalist who was covering the subject for an article in yesterday's [Observer](#). 'No shows' reduce the restaurant's income - they don't increase it. But hang on: nowadays it's increasingly easy to charge 'no shows' via their credit cards whose details the prospective customer can be persuaded (perfectly legitimately) to provide when making a reservation. Further, some restaurants may take the money at the time of booking both as an incentive to the customer to show up and as an insurance against the fact that they might not.

I'm not suggesting that any restaurant might want to build their model around 'no shows' but if well implemented it is surely possible to generate the income that will cover the cost of no shows – and still provide hospitality to customers who take the place of the 'no show'. The result? A net increase in income.

Another way that restaurants can generate additional income is through a subscription scheme. I get the impression that these schemes are more talked about than implemented. But Panera Bread in the US and Pret a Manger in the UK provide examples of foodservice businesses that generate income through subscription schemes.

While a subscription scheme ostensibly gets customers to pay upfront for something that they will consume later, after a while customers may no longer take up all the coffee (or whatever the subscription offers) covered by the subscription. At that point, the customer is paying (via the subscription) for something that is not taken up – giving the restaurant additional revenue without supplying any more product.

That's just a few ways that restaurants may increase their revenue – but they must be executed with care to avoid antagonising customers, employees, and dare I say, the tax authorities!

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

News in the past week

Restaurants

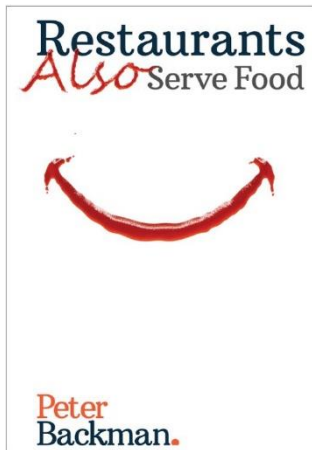
- Various Eateries sales rose 16% in the half year to early April
- Gino D'Acampo Worldwide Restaurants was put into liquidation

Pubs

- St Austell Brewery LfL sales rose 20% in the four weeks from mid-May; LfL sales rose 12% in the five months to mid-June
- Heavitree sales rose 1.1% in the year to end April

Around the World

- Sodexo LfL sales rose 10.5% in the three months to end May



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](#).