

WEEKLY BRIEFING REPORT

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The numbers

Working from Home just won't go away.

Of course, plenty of people have not worked at their nominal place of work for years and years. Think salespeople, service engineers, management coaches. Although they may have spent some time at their place of work, perhaps a majority of their time was spent elsewhere. And then there are delivery drivers – 40 tonne trunners driving up and down the motorway are driven by people who are, technically, not at their place of work, or are they? Are scientists on field trips, midwives visiting mothers-to-be at home, and so on, at their place of work?

I haven't seen figures, but I wouldn't be surprised if 35% of the population was not required to work at their place of work all the time; and at any one time, perhaps 75% of them are not at their place of work. That suggests 20/25% of people at any given time are not working at work.

So working from home is not new. What is new is the freedom to work at home now given to a much wider cohort. Whereas before, people in offices occasionally took some time out on away days, or spent time at home to write up their strategic plans, they are now able to work at home on a much more committed basis. This poses problems for senior managers who need to 'control' their business. And it poses challenges for companies – coffee shops, contract caterers, for example - which used to provide their services to people who are now working from home

What are senior managers doing about this? The answer seems to be they are, at least, doing something. Amazon, to take an example, has revealed that their workers in the US are being tracked and penalised for not spending sufficient time in the company's offices; but even so they are still promoting 'work from home' jobs in the UK.

Figures from ONS, show that about 25% of employers throughout the UK intend 'to use increased homeworking as a permanent business model going forward' – in London the figure is nearer 33%. Employers give several reasons for this, the most significant being 'improved staff wellbeing' (so say about three quarters of those who intend to use homeworking as a business model), followed by the 'ability to recruit from a wider geographical pool in the UK' (45-50%) and 'increased productivity' (just over 40%).

These are potent reasons for allowing people to work from home and I suspect despite some high profile claims to the contrary we'll see people still working from home at current levels for a long time to come.

My insight

Plus ça change, plus c'est la même chose. Please take a moment to read these ten observations – and then I'll ask when you thought I wrote them. This year? Last year? Earlier?

1. The market has stabilised in nominal terms which means that, after allowing for inflation ... it is in real decline.
2. Lunchtime feeding at work, and indeed other workplace daypart feeding, is under pressure from newer forms of working ... Another development in the workplace has been the expansion of online delivery, which aggregate workplace orders for staff, for internal meetings and workplace events.
3. ... While the overall effects of these activities are still restricted to specific geographies (notably central London), they are likely to grow and change the nature of workplace feeding in the longer term.
4. The hotel and leisure sectors have seen falling demand in the last few months ... Even though visitor numbers are high, expenditure per visitor is lower than in the recent past and is probably a sign of consumer unease.
5. Pubs have performed well for the last eighteen months, and increased demand has focused on alcohol sales. While food sales are up in the last quarter, they have not risen nearly as rapidly as wet sales
6. ... The restaurant sector has had a torrid time over the last quarter (and indeed for the last couple of years).
7. The reasons for this reduced demand are numerous – they include consumers who are not confident in spending money on eating out, poorly structured offers from restaurants, falling standards of food and service ... the sector has been through a period of rising costs on many fronts – labour, food, and property... the National Minimum Wage is set to rise again in April.
8. Coupled with these woes has been the rise of delivery which continues to add orders (and has led to an overall increase in the size of the restaurant market). But this increase comes with two big negatives: lower margins and reduced involvement with customers.
9. The delivery market is receiving a boost from the emergence of delivery kitchens. ... [they] are likely to expand and transform the restaurant sector (and will probably impact on the grocery retail market too).
10. A bright spot in the foodservice sector has been the growth of branded food to go offers (from Gregg's especially) even though the coffee shop sector is showing signs of overcapacity.

So, back to my question, when did I set out this list? The answer is more than three and half years ago when I included it in my Quarterly Briefing Report published in January 2020.

When you consider conditions today, just remember they are not new!

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

News in the past week

Financial & Legal

- ONS say: accommodation and food services, grew 1.5% in June 2023 (after a fall of 1.5% in May)

QSR

- Greggs sales rose 16% in the first half of 2023; evening sales rose from 6.3% of total in 2022 to 8.3%
- Caffe Nero sales rose 12% in the quarter to end May versus 2019

Pubs

- Punch Pubs sales rose 10.3% in the quarter to mid-May

Delivery

- Deliveroo UK & Ireland GTV rose 7% in the second quarter

Around the World

- IHG sales rose 24% in the second quarter of 2023
- Burger King sales rose 14% in the second quarter versus 2022
- Tim Hortons sales rose 15% in the second quarter versus 2022



Don't miss the latest episode of **The Delivery Prophets** podcast, with Dan Warne. Dan, CEO and Founder of Sessions, and former Managing Director of Deliveroo, explains ways for founder-led food brands to develop and scale. Our discussion unravels the new opportunities for independent restaurant brands, how data is revolutionising the consumer experience, and the complexities of grocery delivery. In the final segment of our chat, Dan provides an insightful perspective on the perils of venture capital and the potential pitfalls when businesses try to scale too quickly.

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