

WEEKLY BRIEFING REPORT

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Backman.





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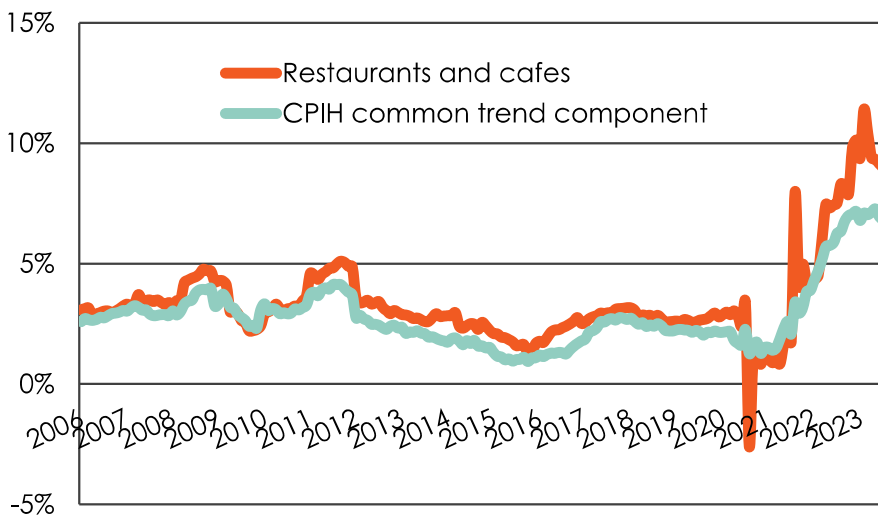
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The numbers

I have frequently berated the foodservice sector for not being aware of the benefits of numbers – the excuse being that the sector is much more focused on living people than on dead numbers.

And now along comes the ONS with some research which, tangentially, provides evidence that others can make use of the fact that the foodservice sector generates its own numbers.

Comparing inflation in restaurant and cafe prices with overall inflation in the economy



It's all to do with inflation. The ONS has published a paper that describes some extensive analysis that it has done on inflation data covering the last twenty years. I won't go into the detail of what it says – you can go [here](#) for that.

But the outcome of the analysis is that the sector that they call 'Restaurants and cafes' has the best fit (out of a total of 87 sectors) with the 'common trend component' which in turn is a good way to measure inflation.

Source: ONS; Peter Backman

In other words, 'Restaurants and cafes' hold the key to understanding how inflation is progressing because its inflation is probably the best approximation to overall inflation in the economy.

So if you want to know the rate of inflation, don't look at the price of toothpaste, your favourite breakfast cereal, or the price of electricity. Instead nip down to your local McDonald's or the chippie round the corner, and look at how their prices have moved in the past month – that'll give you a much better clue to inflation than anything else.

And the lesson is that even if foodservice operators don't value their data, others do!

My insight

As I have noted on several occasions, covid unleashed a wide range of changes whose variability continues to make it difficult to understand what's happening to the economy in general, and to the eating out market in particular. And one specific aspect of the eating out market sector that the changes have made it especially difficult to interpret, are those parts of the market that are impacted by, or relate to, travel.

Last week, subscribers to my Premium Briefing Report series received a bonus report on the topic of 'Travel, Tourism and Working from Home'. The report is based on a host of up to date data (up to the end of July – even early August in some cases) so they know what's going on right now. One of the conclusions it comes to is that travel – in its widest local, regional, international sense - is back to about 80% of pre-covid levels.

If you want a copy of this report – sign up for a full year's subscription to the Premium Briefing Report series [here](#) and get the report on 'Travel, Tourism and Working from Home' free.

But I'd like to take this opportunity to explore two factors that involve travel that are not covered in the report. The starting point is the observation that, because travel involves distance, one way of looking at it is the difference travel makes in a 'spatial' context. And that has implications concerning, for example, where people work – if they are working from home, for instance, there is an impact on coffee sales at railway stations.

So 'space' is one way of looking at the implications of changes to travel – another way is to look at the difference that it makes in 'time'. At one level, because of the time involved, except over very short periods travel requires eating. In that sense, time is a friend of the eating out market.

But something really worth noting is that the very act of eating requires time (unless, the food is wolfed down in zero minutes flat). Sometimes the time is welcomed – a leisurely lunch with friends in a good restaurant, or in a welcoming pub, or even at a food to go sandwich bar in the middle of a hectic shopping spree. Sometimes, of course, the amount of time needed for eating may be begrudged; there are occasions when the time is not welcome – maybe in the middle of a busy working day, or when time is short and there are many tasks to finish off.

It strikes me that there is a trade-off that involves eating – and time. Somehow the time should be paid for by reflecting it in the price of the food on offer. But how can that be done? The answer is that to a degree we already do it. Consider a long lunch - it may be expensive. Say it costs £50 and takes an hour and a half – that's 55p a minute. But what about a short burger meal for £5 that takes ten minutes – that's also 55p a minute. On that 'pence per minute' basis, an expensive meal will cost the same as a cheap one.

And, by the way, it doesn't stop at eating out. A ticket for a decent seat at the Man City v Fulham match next weekend costs £70 – and you'll be there for a couple of hours. That's 58p a minute. Or a seat in the dress circle at the Playhouse Theatre for Cabaret – that's £124 or 59p a minute.

So is pricing by the minute a new way to price our meals? At a 'standard' rate of 50p a minute - £30 an hour - it's worth a thought.

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

News in the past week

Restaurants

- Vinoteca acquired by Breal Group out of administration

QSR

- Firezza to be wound up

Pubs

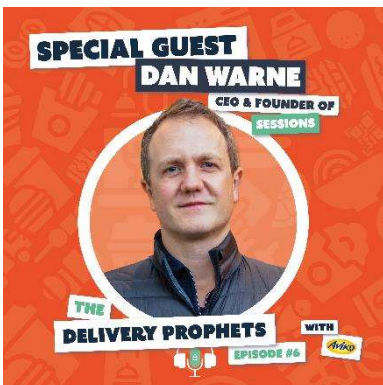
- True North Brew acquired out of administration

Delivery

- Deliveroo to roll out grocery top-up on restaurant orders

Around the World

- DP Eurasia to file for bankruptcy of its Russia business
- Carlsberg sales rose 11.2% in the first half of 2023
- Subway set to be acquired by Roark Capital



Don't miss the latest episode of **The Delivery Prophets** podcast, with **Dan Warne**, CEO and Founder of Sessions, and former Managing Director of Deliveroo. Dan 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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