

WEEKLY BRIEFING REPORT

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My insight

Two weeks ago I was told by a management consultant working on behalf of an investor: 'The problem with foodservice is it's not worth considering for investment because it's too much of a niche market. Last week, a manufacturer of processed foods told me: 'We can't throw too many resources at foodservice because it's a niche market'. I think you may spot a pattern here.

But how niche is foodservice? Globally it's worth over \$3 trillion at consumers' spending prices. It encompasses perhaps a couple of million businesses: it employs upwards of 20 million people, and on and on. With a market that size, what's a niche?

It's a huge opportunity for suppliers. Suppliers of kitchen equipment can provide the same, or very closely similar, products to millions of outlets – microwave ovens work in pubs and hotels, combi ovens in university kitchens and restaurants. And for food companies, whether it's selling fries to fast food outlets or pubs, coffee to upmarket restaurants and coffee shops, or oil to fish and chip shops, there are so many opportunities.

So, foodservice is not niche – given its global size it must rank alongside the motor car industry and significantly ahead of the international market for arms. But look more closely and what you see is not a monolith but fragmentation. Catering for school meals is not the same as providing finger food at a business conference; a high-end restaurant does not need the same products as a kiosk in a theme park. So, the 'foodservice as niche' argument is transferred to 'the many sectors of foodservice as niche' mindset.

The issue becomes one of selecting a relevant sector from a vast array of options within what is termed 'foodservice'. This is true for suppliers, whether of food, or janitorial supplies, or beverages, or equipment; it is also true for management consultants that are advising them, not to mention government, and recruitment agencies, as well as property companies, marketing agencies, and so on. Foodservice is not a niche - it is mainstream. But it is made up from many separate niches. Maybe the problem then for suppliers, consultants, and everybody else I've just mentioned, is not to lump them all together into an 'others' category and call it 'foodservice'. Perhaps instead we should all acknowledge – and welcome – that the foodservice sector is indeed composed of many fragments that, in total, add up to \$3 trillion worth of opportunity.

Add if you would like to find out how to navigate this complexity – whether you are a supplier, or investor, management consultant, or property company – you can read what I have to say on this topic in my book – *Restaurants Also Serve Food* – which you can order [here](#).

The numbers

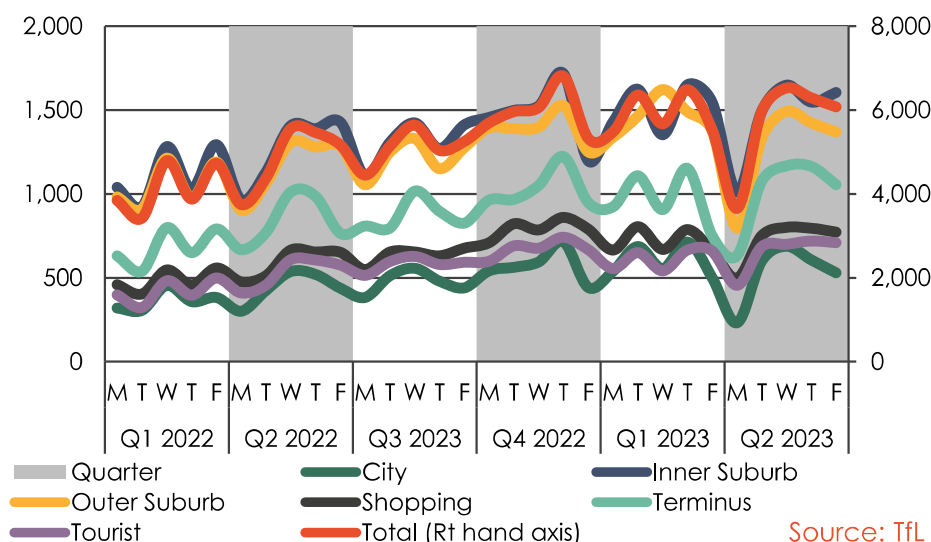
Last month, subscribers to my Premium Briefing Report series – which delivers an in-depth report on what's happening in the UK foodservice sector every month - received a bonus report on the topic of 'Travel, Tourism and Working from Home'. And there are some things in it which I thought worthwhile summarising here.

Anecdotally, people are not travelling to city centre workplaces five days a week – especially in London. Instead, so the stories have it, they are eschewing office-based work on Mondays and Fridays.

The implications of this are that there are fewer people at work at the start and end of the week with accordingly lower demand for workplace feeding, coffee and other food to go offers at transport hubs, and less early morning demand for coffee, and reduced demand at lunchtime food on the go and restaurant meals.

But evidence from TfL suggests a much more nuanced picture. Information about tube travel on

Tube travel on each weekday



each day of the week in each quarter since Q1 2022 shows considerable variation. In the first quarter of the year (in both 2022 and 2023), there was as much variation within the mid-week days (Tuesday to Thursday) as there was between mid-week days and Mondays and Fridays.

The second quarter in both years emphasised the relative importance of mid-week days – and thereby underscored the anecdotal

evidence. The third quarter (with information only available for 2022) showed a pattern not dissimilar to the first quarter, while the fourth quarter of the year showed a major spike on Thursdays (is this a function of Christmas parties perhaps?).

In summary then, there is a constantly changing pattern of daily tube travel. And (or perhaps it should be 'but') comparison of the first and last days of the week with the mid-week days does not show a huge variation when measured by passenger journeys – certainly not sufficiently large to explain the anecdotal experiences of businesses that cater for lunchtime meals in the City. The missing piece is that not all people who visit central London are workers – they include shoppers, overseas visitors, and more. They represent a market worth catering for on Mondays and Fridays

You too can receive a copy of my free 16-page report – on Travel, Tourism and Working from Home - by subscribing [here](#) to my Premium Briefing Report series.

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

Hotels

- PPHE Hotel Group sales rose 59.0% in the first six months of the year; sales rose 15.9% versus 2019

Around the World

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Don't miss this 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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