

WEEKLY BRIEFING REPORT

Week ending 29 October 2023

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**Peter
Backman.**





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My insight

What is a 'meal', and does it matter?

Governments have long struggled to define what a meal is – they were doing it during the first world war, and they did it with the introduction of VAT on 'hot or warm meals' in 1984.

Amid concerns over drinking among munitions workers during World War I, in 1915 the government introduced the so called 'no treating order' (the penalty for falling foul of this order was up to six months in prison). The purpose of the order was to dissuade buying rounds of drinks, but it permitted a person to buy a drink for someone else provided that the drink 'accompanied a meal'. Naturally this provision gave rise considerable discussion over what 'constitutes a meal' – was a biscuit or a sandwich sufficient to constitute a meal?

I've brought this subject up not to argue for restricting the sales of alcohol, nor for the buying of rounds. The reason is more esoteric; it relates to an issue I have long argued that, in the context of 'foodservice, drink on its own does not count as something to do with foodservice. The counter argument that I've often heard is that, because food is served in pubs, it is legitimate to count pubs as part of the foodservice market and I agree. And, the argument continues, since it's part of foodservice, anything that goes on within the walls of a pub is foodservice. Well, I don't agree.

Food is served in hotels, so with this same logic they are part of foodservice. But they provide much more than food – a place to sleep being the key offer. It's certainly not legitimate to argue that paying for a room in a hotel is part of the foodservice sector. Similarly, food is on offer in, say, motor car factories – no one would argue that producing motor cars is a part of foodservice. Hospitals provide food, but they also provide medical and surgical services which are definitely nothing to do with foodservice. The drift is that anywhere that mainly focuses on something other than providing meals is not a foodservice outlet.

So what where does that leave us with pubs? There is a Venn diagram that has at least two ovals – one is foodservice, and one is hospitality. Pubs are primarily in the hospitality oval (alongside hotels). They overlap with foodservice but only partly. So it's legitimate to consider the part that overlaps with foodservice (and that include restaurants) as foodservice. And how should we define that part that overlaps. It's the part that delivers a meal.

But what is a meal? I have some nifty definitions but maybe you have to ask a munitions worker in the first world war to provide a definitive answer.

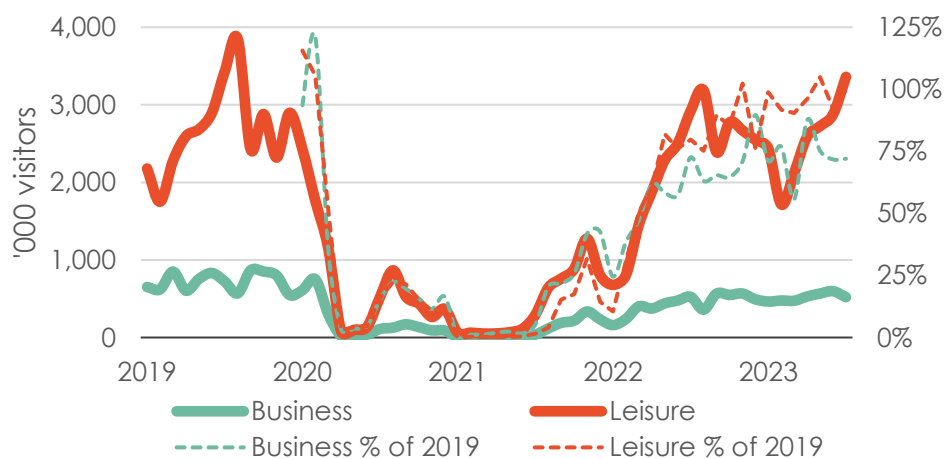
The numbers

Here is a story of recovery from covid – or if not recovery, then the possibility of a return to the pre covid status quo.

Travellers, to the UK at any rate, are primarily here for leisure – in 2019 an average of 2.7 million people visited the UK for a holiday, to visit family and friends or for some other 'miscellaneous' reason. Business, on the other hand, was a reason only for about 725,000 travellers arriving in the UK – just over 20% of visitors to the UK (to them I suspect we could add some of those arriving for 'miscellaneous' reasons but be on a work-related – maybe they were academics or in government for example).

During covid, it goes without saying, numbers of visitors slumped to almost zero. This was true for business visitors for the eighteen months after the onset of covid, whose numbers began to grow again at the end of 2021. Leisure visitors, on the other hand, started an earlier limited return to the UK in the summer and autumn of 2020 and then again from the summer of 2021.

Business and other visitors to the UK



Let's concentrate on the business visitors. Figures from the ONS show that during the covid slump the trickle of visitors spent far more per head than when visitor numbers were at high levels in 2019. When the slump in visitor numbers was at its nadir, overseas visitors were spending about £4,000 each, compared with about half of that in 'normal' times. It's my working assumption that this was due to the high numbers of visitors who arrived at the time for

business reasons (as well as some 'miscellaneous' medical experts, academics and others associated with coping with covid).

Since 2021, both business visitors and those arriving for leisure purposes have steadily increased (although with significant seasonal / holiday variations in the case of leisure visitors). And this year? Leisure visitors are back to over 95% of 2019 numbers.

On the other hand, business visitors, who individually spend more than leisure visitors when they are here – they spend more on cab rides, they stay at more expensive hotels, they eat out at more expensive restaurants and so are particularly prized by restaurants and hotels - are still at only 75% of 2019 numbers. Maybe that should act as a spur to all those who can influence the numbers of business people who come to the UK – to get more of them coming over here – and to spend more when they do.

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

- The Real Living Wage will rise 10% to £12 an hour outside London, £13.15 in London

Restaurants

- Famous Brands UK sales rose 18% in the six months to end August; total sales rose 10.1%

QSR

- Triple Two put into administration

Pubs

- Punch Pubs & Co LfL sales 10.2% in the year to mid-August

Hotels

- PPHE Hotel Group sales rose 8.8% in the three months to end August

Delivery

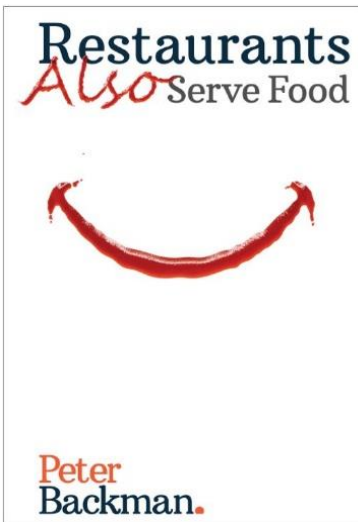
- KFC ended its sales relationship with Deliveroo in the UK

Suppliers

- C&C Group sales rose 6.9% in the six months to end August

Around the World

- Coca-Cola net sales grew 11% in the quarter to end September
- Sodexo organic sales rose 11.6% in the twelve months to end August
- Heineken sales rose 2% in the three months to end August
- Accor sales rose 12% in the three months to end September
- Chipotle LfL sales rose 5% in the three months to end September



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.

I recently took part in an engaging and highly informative **webinar** with Carl Orsbourn and Meredith Sandland. We discussed our books – theirs on the subject of delivery and mine on what makes foodservice tick – and what suppliers need to understand about it if they are to be successful in selling to this complex and ultimately rewarding sector.

You'll find more about Restaurants Also Serve Food – and how to buy it **-here**

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