

WEEKLY BRIEFING REPORT

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My insight

This is the time of year when I write reviews of the past twelve months – and the outlook for the coming year for my clients. They have many interests - from investors and pub operators, to food suppliers and tech companies. Of course, the market tells them similar things, but each review must be specially crafted to meet differing corporate perspectives and objectives.

So it struck me as odd when I found myself writing that 'various factors are at work' for one client, and 'various factors are at play', for another. Work and play – are they the same thing?

'All work and no play make Jack a dull boy' and 'A Mars a day helps you work, rest and play' suggest that there is a difference, and work and play are to be treated as different states. But maybe they can be melded? Schrodinger's Cat can exist in two places at once – why can't two of his cats exist in the same place at the same time?

That's what the hospitality sector seems to do – you can be both at work and at play when you're in a restaurant, staying in a hotel for a conference, or at an evening of business bonding at a competitive socialising venue.

Now here is where this discussion is leading: it's helpful to recognise that people exist in many states at the same time - but getting the balance right for each individual is a challenge. How even more challenging for a venue operator is it then, when there is not one single, individual customer but many customers each existing in many states at the same time?

Obviously, some businesses get it right – they offer the correct balance between what their customers perceive as work and what they perceive as play.

Some operators get this right pretty much all the time. That must be the case for longstanding operations – The Ritz or Pizza Express perhaps. Others do not get it right – and they will be among the legions of failed hospitality businesses. Then there are others that sometimes get it right and sometimes get it wrong – these will be included amongst the many hospitality businesses that storm ahead one year and pull back the next. And finally there are those that anticipate the changes in the ways that customers differentiate between work and play – and offer one, or the other.

Getting inside customers' minds to find out what is at work or what is at play there, is a challenge - but one that must be well worth the effort.

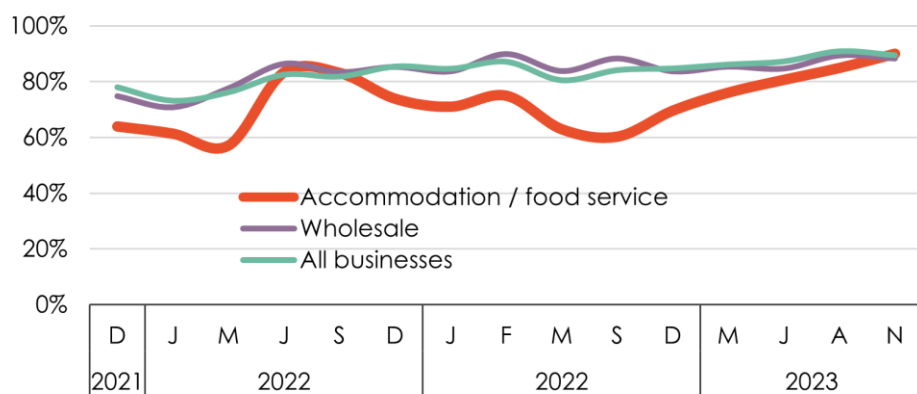
The numbers

Redundancy is more than a fact of life; it is a tool of the trade of business. In the 'accommodation and food service sector' over the last year, according to the ONS, managers have become less inclined to expect to make workers redundant. Right now 90% of managers do not expect to make any of their workforce redundant (over the next three months); this time last year, 65% expected not to do so,

It's possible to frame the last four, covid-impacted, years as a time of shifts in the nature of redundancy.

Year 1 - 2020: Redundancy became impossible. At first, locking down the economy appeared to be the death knell for hospitality and foodservice. But very quickly, the government introduced the effective furlough scheme which all but made redundancy redundant - for a time.

Employers unlikely to contemplate workforce redundancies in the next 3 months



Lockdowns lasted for most of the year. And one major problem became how to motivate furloughed employees and maintain their engagement. Many companies tried many schemes. But there was still a steady story of departures as furloughed employees sought work – any work – and left the foodservice sector in large numbers.

Year 2 – 2021: Redundancy averted. Conditions were

uncertain, employees continued to leave, and restaurants coped in many different ways – for instance closing on less busy days, or at less busy times. In the face of fewer workers, there was little need to contemplate making those that remained redundant.

Year 3 – 2022: Redundancy re-remerges as a reality. Some normality returned to conditions in the market, demand grew, and hospitality operators started their search to fill gaps in their staff rosters. It was a challenge because of shortages of suitable workers. So, employees were taken on as soon as they became available; but employers were uncertain that customer demand would hold up, and they became sanguine about the need to make staff redundant once again.

Year 4 - 2023. Redundancy becomes less of a risk. Demand returned – not at former levels to be sure - and it needed to be satisfied. Staffing problems became less of an issue and the ONS figures support the view that operators are now less likely to contemplate redundancies.

The four years of covid have proved a switchback ride (that nobody wants to repeat). There is some stability in the employment situation (although it could be much better). But what will Year 5 bring – and what role will redundancy play?

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

News in the past week

Restaurants

- Apollo Global Management bid for The Restaurant Group approved by the group's shareholders

QSR

- Jollibee UK sales were up 50.5% in the third quarter of 2023; LfL sales rose 44.3%
- Cooks Coffee UK LfL sales rose 22% in the six months to end September

Pubs

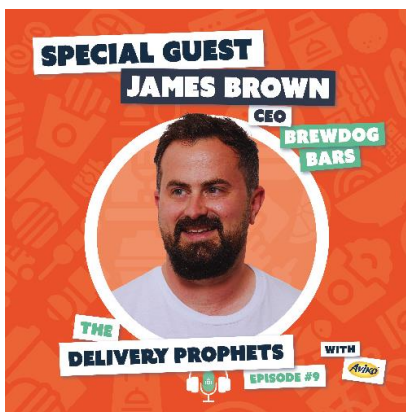
- Loungers sales rose 22.3% in the half year to end September; LfL sales rose 7.7%
- Mitchells & Butlers sales rose 13.1% in the year to end September; LfL sales rose 9.1%

Delivery

- The Co-Kitchens opened in Dalston

Around the World

- DP Eurasia Group system sales rose 37.8% in the ten months to end October



In the latest episode of **The Delivery Prophets** podcast, we had the pleasure of hosting **James Brown**, CEO of BrewDog Bars. Join us as we dive deep into the world of craft beer, delivery services, and the crucial role of customer experience.

James shares valuable insights into tipping and how BrewDog Bars is enhancing customer satisfaction through innovative delivery and takeaway options. Stay tuned for more thought-provoking insights from this episode that's bound to leave you thirsty for more knowledge! This opportunity is too valuable to let pass.

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