

Weekly Briefing Report

Week ending 16 August 2020

Published 17 August 2020

Introduction

I have been publishing The Quarterly Briefing Report since 2009. Five months ago, I started producing [The Weekly Briefing Report](#) to provide a more immediate view. And now, in addition to the Weekly Briefing Report, which remains free of charge, I am launching a premium version which includes a subscription to The Quarterly Briefing Report and a new series of Monthly Briefing Reports. You can find details [here](#).

I would value your feedback on topics you would particularly like me to add to my coverage - my email address is peter@peterbackmanfs.com and my phone number is 07785 242809.

My insight

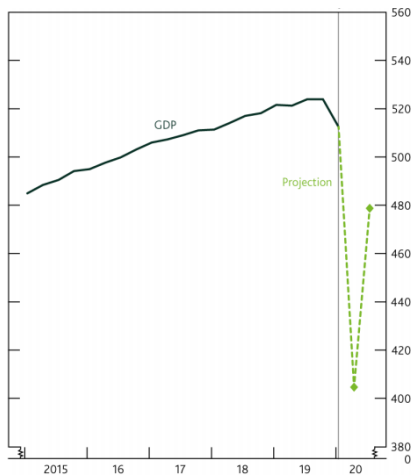
Last week I started to discuss the challenges that face suppliers to the foodservice sector as they process the huge changes that the sector has experienced since the start of lockdown. This week, I'll pick up where I left off and hopefully come to a useful conclusion for suppliers – and operators.

It seems to me that of all the issues arising out of covid, one of the most critical for the foodservice sector has been restrictions on travel. This has massively affected the numbers of visitors from overseas. But it hasn't stopped there. Travel on London's underground is down to 24% of pre-covid levels because "locals" (otherwise known as commuters and shoppers) are less likely to travel by tube. Fewer travellers have impacted a multitude of places, from restaurants in historic properties and bars in theatres, to hotel conference buffets and coffee shops at railway stations. Business in these areas will remain dismal until travel reaches its former levels. Meanwhile operators must find ways to continue to pay their bills. That means taking a different look at opportunities. A clear-cut example is to look at the flipside of fewer visitors travelling from overseas. A combination of more staycationing Brits plus good weather has brought booming business in British holiday areas. The opportunity for more business waits next year. And maybe a combination of more warm weather (boosted by climate change), improving standards of accommodation and a market that is once again willing to consider spending holidays nearer home, will provide the base for building a bright future.

I could discuss this topic, and the many others that are starting to change the ground rules for hotels, restaurants, and pubs, at more length. But for now, it seems that there are four ways to look analytically at covid-induced change in the foodservice market: 1) The issues that have been exposed by covid. 2) The impacts of the damage to the "old" ways (such as those caused by outlet closures). 3) Change that has been accelerated by covid (changes in some landlords' approach to turnover-related rents are good examples). 4) What innovations have already been installed (or are waiting in the wings) because of covid? The answers to these questions should help suppliers - and operators - create their unique platform for deciding how to build their own successful future.

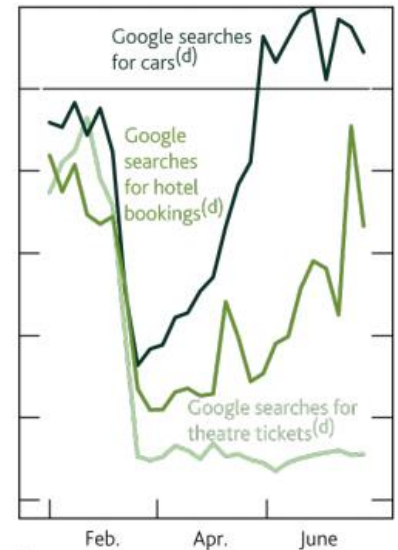
The numbers

It's official. We have a **V-shaped** economy. The latest Monetary Policy Report, from the **Bank of England**, presents its estimates of the trajectory of GDP growth. It's a V.



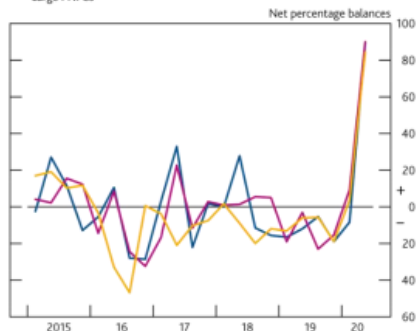
But the economy is also **E-shaped**. The report included a graph of Google searches for hotel bookings, theatre tickets and motor cars – each with a different trajectory. The economy is also **I-shaped**. The latest Financial Stability Report (also from the Bank of England) showed corporate demand for lending rocketing skywards.

(I have omitted some of the detailed Bank of England notes on these charts – Go [here](#) for a complete view of these charts and many others)



The angle from which you view the prospects for each aspect of

the economy, and by extension, each individual business within the economy, presents a different view.



And right now, many of these different views are extreme. But

they will settle down. However, for the foreseeable future I am sure there will be lurching changes in the eating out market – and the list of factors that will change the outlook is long. It includes contextual impacts, for example: evolving consumer reaction to covid; further lockdowns – localised or wider; the weather; the effects – short term and longer term – of EOtHO.

The list also includes specific impacts: consumer reactions to individual operators; competitor activity; the growing impact of take away and delivery; food, labour, rental costs; levels of indebtedness and many more.

The two lessons I draw from this analysis are: 1) It's too early to see the bigger picture, and therefore: 2) until there is some stability, each business is uniquely its own special case.

Meanwhile here are the latest numbers from the Huq Index and OpenTable:

	August							
	10	11	12	13	14	15	16	Metric
Huq Index	50.2	50.9	50.7	52.0	52.1	54.9		Footfall vs 6-26 Jan 2020 = 100
Open Table	47.8%	34.3%	43.7%	-30.5%	-20.4%	-10.1%		YoY % change in bookings

The remainder of this Weekly Briefing Report contains a summary of financial, legal, and corporate activity in the past week.

Financial & Legal

- Scotland restaurants and pubs to collect customer details
- Wales restaurants to collect customer details
- 81,000 jobs lost in July – and a total of 730,000 in the four months to March
- The UK fell into recession in the quarter to end June
- Imperial College research points to 3.4 million people – about 6% of the population have been infected by coronavirus

Foodservice

- All licensed premises in Aberdeen were likely to have been affected in by recent coronavirus infections says Emmanuel Okpo, NHS Grampian
- AA awards Covid Confident accreditation to 2,500+ restaurants, hotels, pubs, campsites, self-catering sites
- EOtHO scheme signed up by over 83,000 restaurants
- Diners used EOtHO discount 10.5 million times in first week at average £5 a time

Landlords

- Hammerson to provide more flexibility with shorter contracts
- Shaftesbury provides extra space for al fresco dining
- NewRiver has collected 80% of rent due in Q2

Restaurants

- Pizza Express reopens 63 restaurants
- Restaurants permanently lost 22,000 restaurant jobs to date in 2020
- Nando's reopens 90 sites
- Cote launches click and collect takeaway
- Out Of The Woods Group placed in administration
- SOLA launches at-home dining service
- Bone Daddies extends EOtHO to Thursdays
- Santo Remedio launches home meal kits
- Gourmet Burger Kitchen turnover in July was 49% of last year's
- Rockfish LfL sales this summer down -7% vs last year
- Franco Manca sales were up 5% on 3 Aug vs the same Monday last year
- D&D sales were up 150% on 3 / 4 Aug

QSR

- Starbucks is reintroducing reusable cups
- Itsu reopens five Network Rail sites

Pubs

- JW Lees reports sales up 18% during EOtHO 3-5 Aug
- Greene King managed estate launches takeaway for food and drink
- Brewhouse & Kitchen sales were up 115% in weeks 1 and 2 of the EOtHO scheme

Leisure

- Bowling alleys, casinos, skating rinks reopen in England

Hotels

- London hotel occupancy fell to -22.8% in July
- UK hotel occupancy levels are at 42%
- Coaching Inn Group LfL sales rise 15% during EOtHO scheme 3-5 Aug
- Haven extends summer 2020 season to end November
- APN Group placed in administration

Around the world

- The Paris marathon has been postponed from April to 15 November