

Peter  
Backman.



Where is the foodservice  
sector going?

27 November 2020

I enlighten.

Operators



Investors

2

Suppliers

3

At these levels

- C Suite
- Strategy
- Investors

National and international

# Two topics

- What lessons can we learn from the past?
- Where is the market going?

# Where's stability and growth?

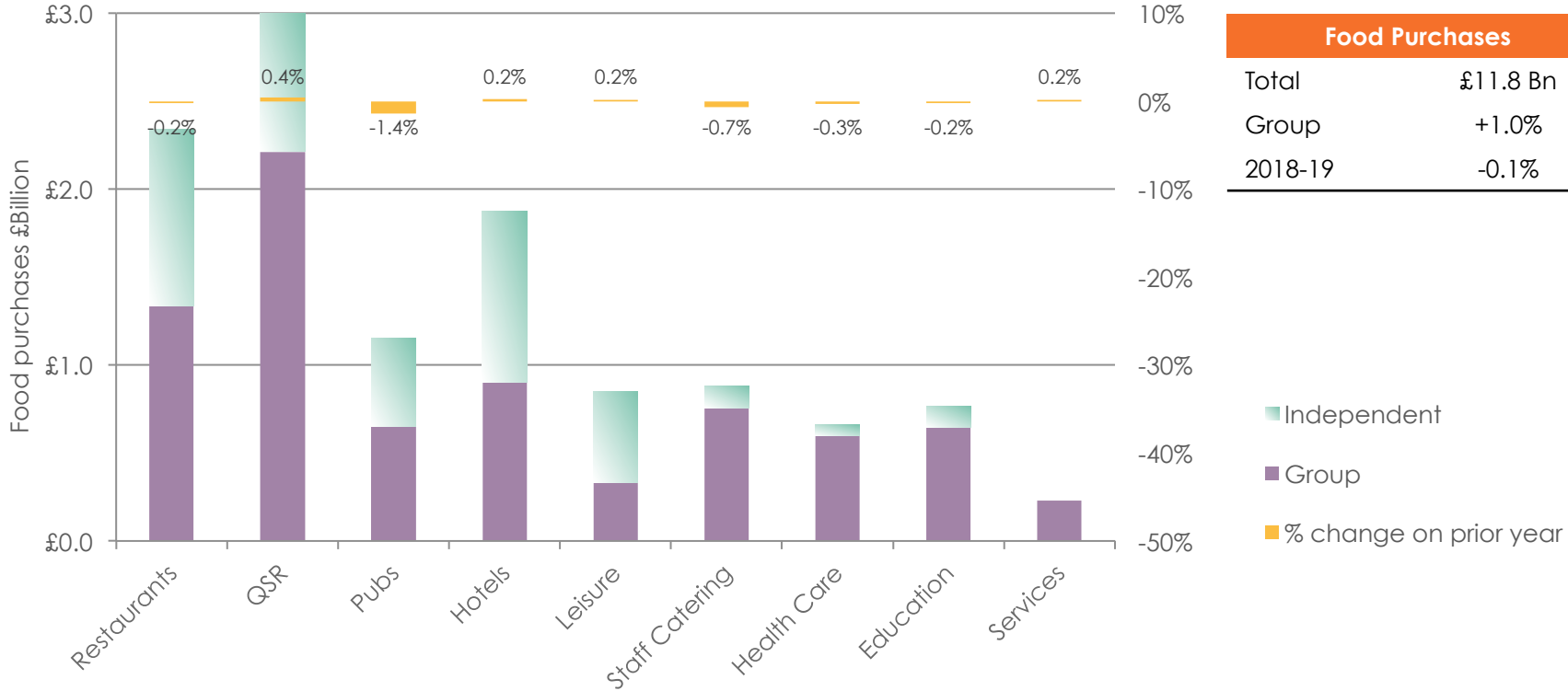
Hospitals, care homes  
Schools (?)  
Armed forces  
Prisons

Technology  
Takeaway  
Delivery  
Dark kitchens

Working from Home  
Sanitising

# Foodservice on the edge of covid

# Food purchases – real changes 2019

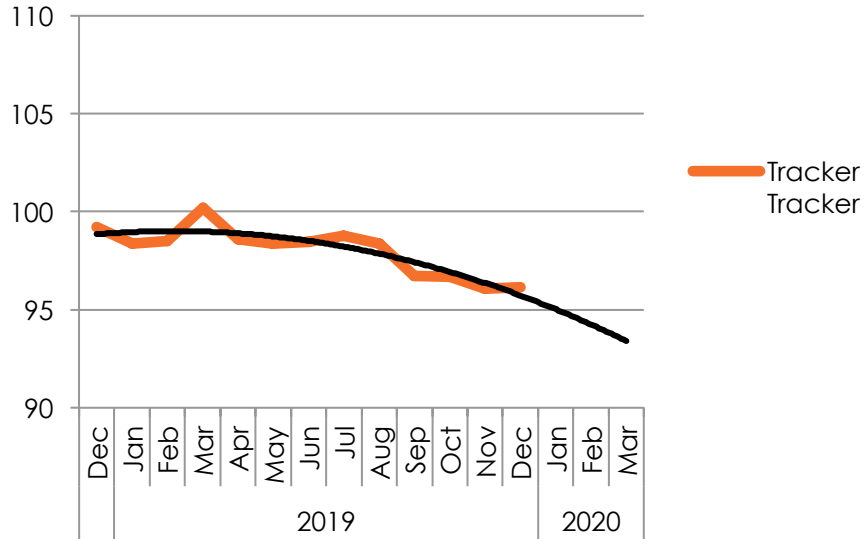


Food Purchases	
Total	£11.8 Bn
Group	+1.0%
2018-19	-0.1%

- Independent
- Group
- % change on prior year

# Tricky times on the eve of covid

## Tracker Tracker



## Key themes

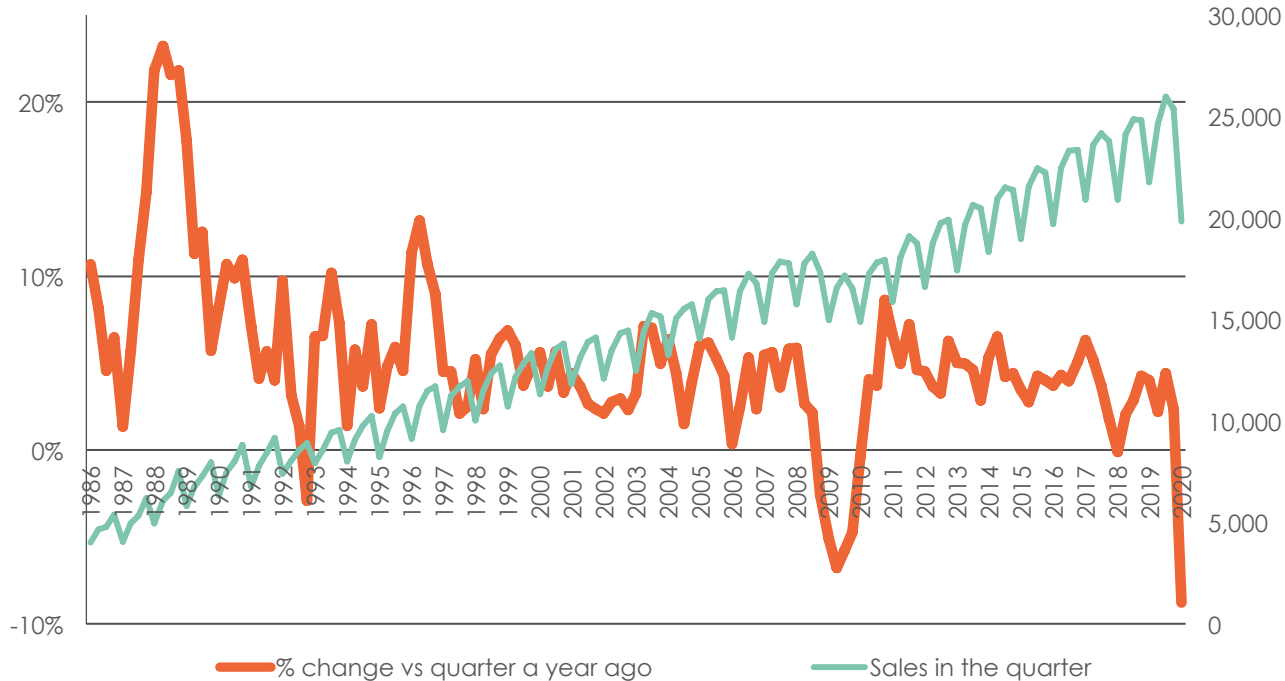
- Overcapacity
- Rising labour costs
- Property costs - a key issue
- Brexit uncertainty creeping in
- Some brands in distress
- Pubs focusing on alcohol
- Food to Go rising
- Restaurants slowing down
- Delivery on the rise
- Growth in co-working
- Concerns over gig economy

# What happens in recessions?



# Restaurants in past recessions

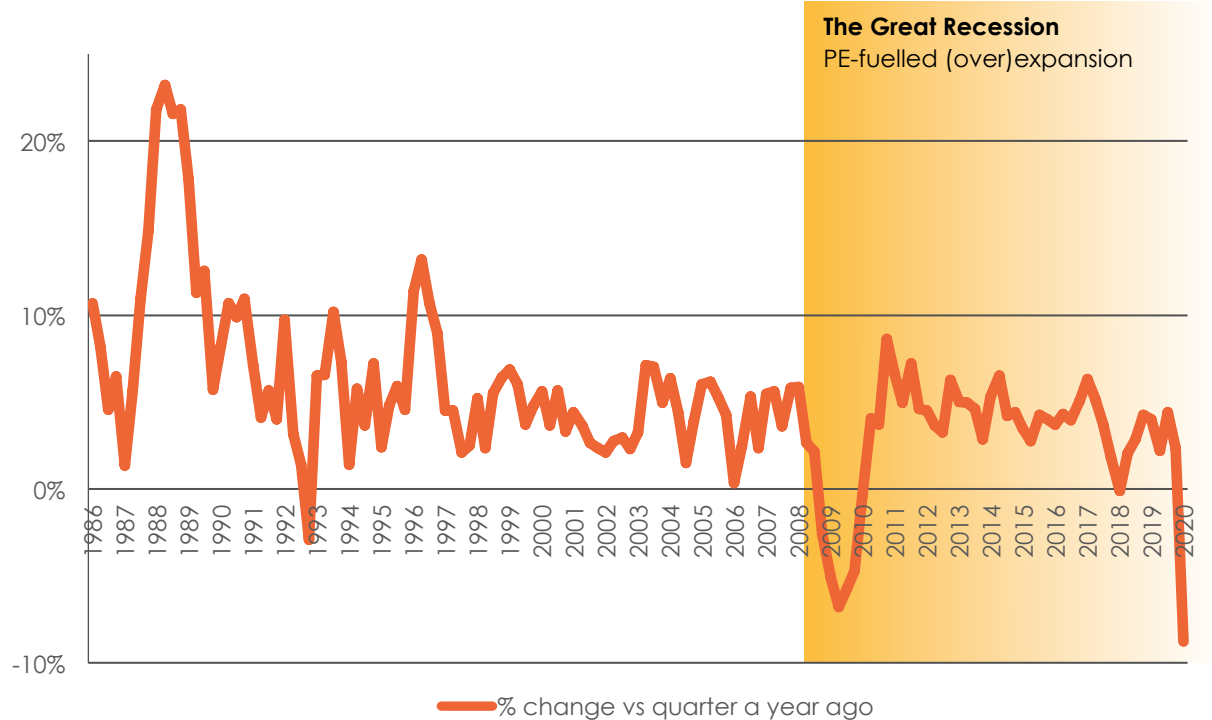
## Restaurant sales



Stately progression  
And periods of decline

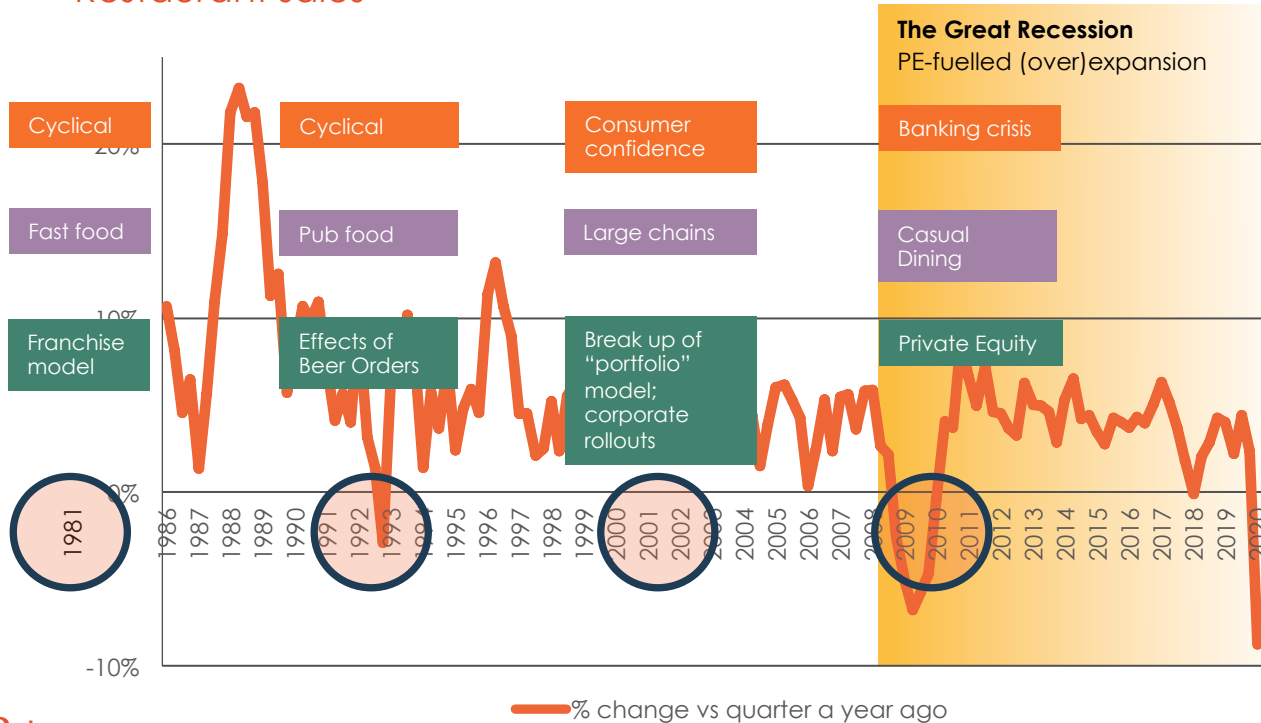
# Recessions drive change

## Restaurant sales



# Recessions drive change

## Restaurant sales



And now?

Consumer confidence?

What next?

What next?

What needs to happen?

- Restore consumer confidence
- Brexit out of the way
- Sort out property
- Rebuild balance sheets

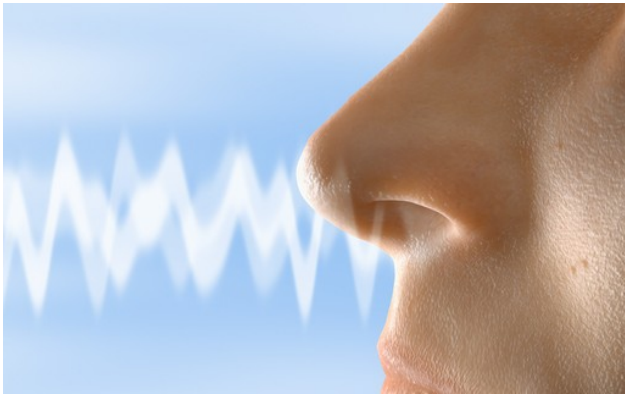
And now ...?

# Some themes

News story

## CMA provisionally clears Amazon's investment in Deliveroo

In light of a deterioration in Deliveroo's financial position as a result of coronavirus (COVID-19), the CMA has provisionally cleared Amazon's investment in Deliveroo.

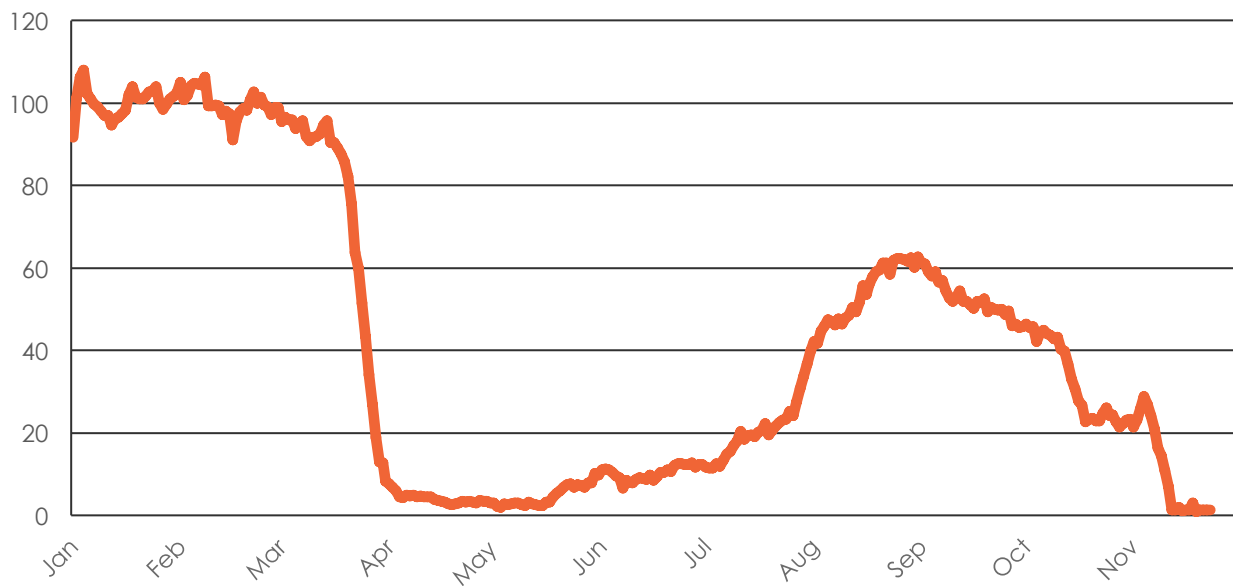


“Coronavirus may hasten the decline of cash - further boost to plastic across the hospitality industry”



# What a year it's been for restaurants / pubs

Huq Index for Restaurants and Pubs  
Footfall since February 2020



- Lockdown 1.0
- Lockdown 2.0
- Tiers
- Eat Out to Help Out
- Warm summer
- Chaotic Christmas

# Sector review #1

## Restaurants

- Repeated lockdown
- Limited takeaway / delivery
- Mothballed
  - Furloughed staff
  - Hold off rents
- Trying to keep teams / customers
- Indebted

## Quick Service

- Limited dine in
- Expanding delivery / takeaway click & collect

## Pubs

- Repeated lockdown
- Mothballed

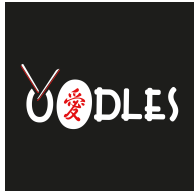
## Delivery

- In growth
- Dark kitchens expanding

# Fastest growing brands

Percentage growth in outlet numbers

Increase in numbers of outlets - last 3 years





# Sector review #2

## Hotels

- Some still open
- But not much serving food
- No functions, conferences



## Leisure

- Sites not opened
- Travel-related issues



# Sector review #3

## **Staff Feeding – Contract Catering**

- Sales down in offices
- Rate of opening depends on how economy returns to work
- Longer term impacted by home working

## **Health care**

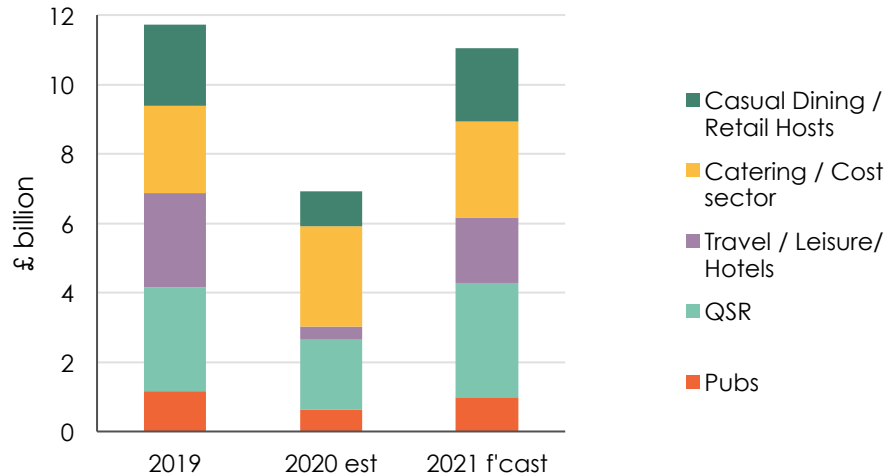
- Hospitals and care homes trading at usual levels
- Access to more cash in the future

## **Education**

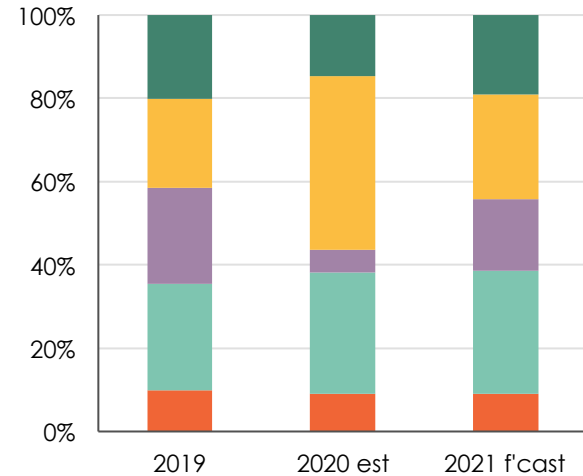
- Variability in opening
- Universities trading at low levels

# Evolving size of the market

Food purchases by channel



Food purchases - % by channel



2020 Estimates are the run rate at the end of 2020

A man with a beard, wearing a brown blazer over a blue button-down shirt, is seated at a desk. He is looking towards a computer monitor on the right side of the frame. The monitor displays several data visualizations, including a bar chart at the top and two pie charts below it. The background is blurred, suggesting an office environment. The text is overlaid on the left side of the image.

**Back of house**

**Control stock**

**Schedule people and processes**

**Manage finances**

**Identify bottlenecks**

**Reduce costs**

A smiling male server with glasses and a goatee, wearing a white shirt and a black apron, is holding a drink in a white cup. He is standing in a restaurant or cafe setting with other staff members visible in the background. The text is overlaid on the image.

# Front of house

Attract customers

Manage bookings

Simplify ordering

Enhance internal communications

Speed up payment

**Disruption**

**Relationships  
with customers**

**Create new  
markets**

**Consumers'  
relationships with  
preparing and eating  
food**

**Operator business  
models**



# What does it feel like?

## Key themes

- Wrenching nine months
- Indebted customers (?)
- Indebted operators
- Indebted suppliers
- Degraded infrastructure
- Employment sorted (?)
- Overcapacity eliminated(?)
- Property / fixed costs eased
- Delivery on the rise
- WFH shown to work
- Brexit

## Action

- Focus on:
  - Cash
  - Repairing balance sheets
- Capturing customers
  - Use of technology
- Making sense of changes
  - WFH
  - Travel
  - Delivery
  - New leisure patterns

# What can you do ...?

Hospitals, care homes  
Schools (?)  
Armed forces  
Prisons

Technology  
Takeaway  
Delivery  
Dark kitchens

Working from Home  
Sanitising



Over to you ...



Peter  
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