



Three steps to F&B recovery: Food & beverage industry report

The food and beverage (F&B) industry has been hit hard by COVID-19 and is now in a period of rapid adjustment and adaptation, with operators reorganising their restaurant offers and expanding their click & collect, kerbside and delivery options. In this updated three-part special food & beverage report, we talked to a range of leading F&B companies about food and beverage trends and how they see the future of dining and what it will take to survive, stay open and succeed.



IF YOU CAN'T STAND THE HEAT...

Few sectors have been as badly hit or fundamentally changed by COVID-19 as the food and beverage industry. Initially forced to close in-store dining during a raft of lockdowns across Europe, more recently F&B operators have been juggling the need to create a great user experience but remain COVID-safe. More recently, many markets have been back in partial or full in-store closures once again. For many in the food & beverage industry this has meant embracing trends in the food and beverage industry that were already apparent - including click & collect, App-ordering, kerbside collection and delivery.

The pandemic has meant a huge acceleration of these changes and required a rapid response to ensure that new F&B business models make F&B industry operators fit for business as quickly as possible. Coupled with changes in consumer requirements, the F&B sector has also been experiencing the consequences of all the other lifestyle changes, with working from home largely emptying Europe's city centres and downtowns and the recent announcement of cinema closures a blow to the many F&B industry operators which base their business around a movie theatre.

As this food & beverage industry report notes, there have also been countless small, pragmatic changes made, from the obvious elements such as masks, sanitising gel, physical distancing, etc, through to a steep increase in the use of digital menus, in-App ordering and contactless payment.

"I don't think the model has changed by choice but was rather forced by simply following the same health and safety protocols we are following as individuals," says Mickael Coutin, partner at Paris-based advisor AK Consulting. "In the physical space this has been by changing the restaurant layout and making the best use of their outside space, thanks to the city. F&B operators have also achieved this by reaching out to their customers rather than welcoming them into their physical space - increasing delivery, click & collect and takeaway options and connecting with their customer base via Apps, newsletters, Instagram and other social media feeds. Basically, this is about keeping the habits they developed during lockdown."

F&B industry faces challenge to optimise

Having introduced or enhanced many of these elements, the challenge now for the F&B industry is to improve and optimise these systems and to shift their business model towards the growth channels of their income streams and the latest F&B trends. At the same time, they may face further changes, from flexing their offers for further local lockdowns and restrictions to ongoing considerations about where and what their real estate should look like and where it should be located for the food market.

Particularly hard hit has been the travel food and beverage industry, where F&B operators reliant on footfall across airports, train stations and public transport hubs have seen the collapse of traveller numbers.

In this food & beverage industry report
we look at the three steps to recovery.

EUROPEAN F&B INDUSTRY TRENDS: THE ROAD OUT OF LOCKDOWN

Much of the European food & beverage industry welcomed the New Year with hopes that restaurant lockdown restrictions would start to ease around Easter. However, the immediate future for the retail industry now seems much more uncertain, with many countries determining their next steps for the F&B industry during April and the picture ever-changing.



UK

After a complete F&B industry lockdown since shortly before Christmas, which has prevented restaurants, fast food chains and pubs and bars opening for anything other than delivery and collection, the UK is now preparing to reopen gradually, starting on 12 April. On this date food and beverage outlets will be allowed to re-open but only to serve customers outdoors. Non-essential retailers will also be allowed to open again on the same date.

On 17 May the F&B industry will be able to serve indoors and from 21 June all remaining restrictions on retail, leisure and F&B will be lifted. However, these datelines have been described as the “earliest dates” of commencement by the UK Government and unfavourable data on case numbers and hospitalisations or a delay to the so far highly successful vaccination programme could conceivably see these dates delayed.

While the F&B news is a welcome boost to the British dining and bar sector, F&B locations reliant on overseas tourism are likely to see revenues significantly down as the Government has been extremely cautious about relaxing overseas travel restrictions and currently mid-August seems the earliest that widespread travel may be permitted.

UK F&B MARKET TRENDS

After some of Europe’s toughest lockdown measures, the UK is currently on track for a phased reopening of F&B.

FRANCE

With COVID cases and hospitalisations increasing again, the mood in France is sombre. Rules which had already prevented restaurants from opening since October 2020 have been extended to also suspend in-person browsing in most non-essential shops, although the exceptions have been expanded this time to include bookshops, music stores, car dealerships, hairdressers, florists and chocolate shops.

Much of France has also been experiencing evening curfews and as a result restaurants and other businesses that have been forced to close during the health crisis can receive up to €10,000 a month, or compensation equal to 20% of their revenues from 2019, capped at €200,000 per month.

Any easing of restrictions will not be possible until later in April and currently the French Government is warning of the impact of a third wave on the country and has imposed stricter lockdown rules on much of the country.

FRENCH F&B MARKET TRENDS

Measures to try and control COVID outbreaks currently look more likely to impose rather than relieve trading restrictions.



GERMANY

“Essentially, we have a new virus,” Chancellor Merkel said after marathon talks with the leaders of Germany’s 16 states in March. The highly contagious UK variant of coronavirus had become dominant in Germany, she explained, plunging the country into “a new pandemic”.

Announcing a lockdown extension to 18 April marked a reversal from earlier in March, when state leaders agreed to begin a cautious reopening process for retail and F&B.

While Chancellor Merkel backed down from a ban on households meeting over the Easter period, all shops were shut, apart from food shops on Saturday 3 April. Where outdoor dining was already open, it had to be closed again for those five days as Germany heads into a national “emergency” situation. The next review will be on 12 April. Merkel has also expressed frustration that different states have different plans and rules in place, as she attempts to implement an “emergency brake”.

GERMAN F&B MARKET TRENDS

The next decision on a roadmap for the F&B industry will come on 12 April but the Government remains very cautious about reopening.

ITALY

After a relaxing of lockdown measures in February, in March Italian prime minister Mario Draghi signed an emergency decree known as a DPCM (*Decreto del presidente del consiglio*, or ‘prime minister’s decree’), which covered 6 March to 6 April.

Many restrictions remain in place, including the ban on non-essential travel between all regions and the nationwide 10pm-5am curfew. Italy’s current regional system of red, orange and yellow zones or tiers also stayed in place, with regional classifications revised based on weekly monitoring reports from the Health Ministry and Higher Health Institute (ISS).

Italy’s rules are getting increasingly complex across dozens of towns and provinces, although there are some restaurant openings likely for lower-risk areas. These are limited to ‘yellow’ zones only.

Though some politicians have been pushing for restaurants to reopen for table service in the evening in yellow zones, citing the financial loss to businesses, restaurants and bars remain only allowed to open for table service in yellow zones, and must close at 6pm. Takeaway and home delivery are allowed, including in the orange and red zones.

ITALIAN F&B MARKET TRENDS

A tiered system means many regional differences, although rising infection rates suggest an easing of F&B restrictions in the short-term is unlikely.



SPAIN

In Spain, where Covid restrictions are mainly decided on a regional basis, there has been a general easing of the rules across the country in recent weeks, with lighter measures including allowing travel between municipalities/provinces and longer F&B opening hours and capacity limits for shops, bars and restaurants.

However, all regional borders remained closed for the Easter holiday period in a bid to prevent a spike in cases as occurred after the Christmas period.

In many parts of Spain in hospitality there are reductions in capacity and limited timetables. Most restaurants are currently open for lunch service only but may offer home delivery or take away service throughout the day and in the evening. Groups of four to six are allowed at one table, depending on location, although wearing of masks is compulsory in all public spaces.

Spain is preparing to open its borders to holidaymakers, anxious to reignite a crucial part of its economy.

SPANISH F&B MARKET TRENDS

Spain has a regional approach that is both stricter and lighter than many other European countries. A desire to bring in holiday revenue may accelerate its focus on opening up the F&B sector.



FOOD INDUSTRY TRENDS: F&B IN CITIES

“Foodservice demand in city centres will fall in the short term. When it returns, the composition of demand is likely to be very different to how it was pre-Covid-19; it will certainly be different to how it looks today while the virus is still very active. More specifically, with a dramatic fall in the number of tourists and fewer commuters, demand from locals will become significantly more important, albeit within a smaller market in the short to medium term.

With the ongoing absence of commuters the functional, breakfast and lunchtime, food to go market will also be reduced. It will have to use its space and financial resources effectively. High spending international tourists will return but not for a time; mass tourism will also return, but may not reach historic levels for some years.

While the short term may be bleak, Big Ben and the Eiffel Tower will continue to attract tourists well into the future. These changes in the structure of demand imply a change in the foodservice ‘Heat Map’ of each city centre. Yesterday’s red-hot zone will be cooler tomorrow; and former cold zones will turn into tomorrow’s hot ones. Operators and investors must expect a reshuffling of winning and losing areas and concepts.”

SOURCE

[Edited from “Peter Blackman and Food Service Vision: The Foodservice Landscape in Tomorrow’s City”](#)



EXPANDING F&B OPERATORS: NORTH AMERICAN F&B BRANDS TARGET EUROPE

Two years after starting the chicken sandwich war, US fried chicken restaurant brand Popeyes is to enter the UK this year, with plans to open hundreds of new restaurants in Britain over the next 10 years as part of an ambitious European expansion plan.

The UK is set to become Popeyes' fourth European market, after launching in Spain, Switzerland, and Turkey. The brand already has more than 3,400 restaurants across 29 countries and is planning for huge expansion in China, where it opened its first restaurant in May. Popeyes has also opened chicken sandwich restaurants in Brazil, and has confirmed plans to open hundreds more restaurants in Mexico.

The first of a planned 350 Popeyes outlets in the UK is expected to open by the end of 2021 and will become the brand's 11th country in the EMEA, which already has more than 350 Popeyes restaurants. Founded in New Orleans in Louisiana in 1972, Popeyes is best known for its signature Chicken Sandwich, which was the subject of one of the most successful launches in quick service restaurant history when it was released in the US in August 2019. A social media frenzy propelled the business into the big time and has spurred fast food rivals to launch or test their own chicken sandwich options.

For its part, Popeyes will be the last of fast food giant RBI's three food chains to launch in the UK market, following both Burger King, which is well established in the country, and Tim Hortons, which entered the UK with a site in Glasgow four years ago.

Tim Hortons is also planning a major expansion strategy in the UK, hoping to capitalise on increased demand for drive-thru dining, as part of its fast food global expansion. Tim Hortons UK & Ireland said it hopes to open a restaurant location in «every major city and town» over the next two years and the growth could create around 2,000 new jobs, the fast food franchise operator said, with an outlet opening in December last year at Milton Keynes the first in a «continuous roll-out».

Tim Hortons opened its first UK quick service restaurant location in 2017. It is known for its coffee and doughnuts and now has 23 British locations, including Glasgow, Belfast, Manchester and the Midlands. The next opening is a circa 250 sq m store planned in Milton Keynes and a mall outlet at British Land's Kingston Centre, just outside London. The company's decision to «aggressively pursue» expansion plans follow a 37% year-on-year jump in sales in the UK and Ireland in the most recent quarter, the franchise operator said.



JUST EAT TAKEAWAY, GRUBHUB, DELIVEROO, AND UBER EATS HEAT UP DELIVERY MARKET

Boosted by a stellar 2020, food delivery giants Just Eat Takeaway, GrubHub, Deliveroo, and Uber Eats are facing up in a multi-billion-euro bid for the hearts, minds and stomachs of consumers worldwide. Soaring uptake has seen consumers switch to takeaway apps while restaurants have been in lockdown throughout Europe.

The scale of the battle is illustrated by the fact that Europe's Just Eat and Takeaway.com merged in an \$8.5 billion deal last year, then announced the \$7.3 billion acquisition of US-based Grubhub, which should go through later this year. Meanwhile Uber Eats is the food service division of the eponymous taxi-app giant and UK-based Deliveroo is 16%-owned by Amazon and launched a hugely-anticipated though underwhelming \$7 billion IPO on the London Stock Exchange in April.

Just Eat Takeaway has pledged to make London its core battleground against Deliveroo and Uber Eats, as the Amsterdam-based food delivery group belatedly pours investment into its own courier network. London is the most valuable city for food delivery apps in the UK, itself Europe's largest e-commerce takeaway market.

Just Eat merged with European market leader Takeaway.com last year and in June agreed to buy Grubhub in a deal that will create the world's largest food delivery service outside China. That deal should complete in the first half of 2021.

Deliveroo aims to more than double its Editions network of delivery-only kitchen sites, grocery delivery and subscription services, as well as allowing more restaurants to take orders via its Signature service on their own websites. The company has also agreed partnerships with grocery retailers such as Waitrose, Marks & Spencer, Morrisons, Aldi and Co-op.

STEP ONE

ADAPTING TO COVID-19

The first step for F&B industry operators in recovery from the pandemic has been to tackle the ongoing impact of COVID-19 on the food and beverage market, adapting their outlets for safe in-store dining where possible and improving digital ordering, pick-up and delivery services.



“In our case, we had been doing our homework well for a few years, and although the lockdown situation has been dramatic, issues such as self-ordering through QR codes, through App or via the web were already in full operation before the pandemic,” says Jordi Quilez, business development director of Barcelona-based Udon. “The [initial] lockdown helped us to promote and publicise new, more secure channels for customer orders, as well as keeping minimum contact. We have adapted the units to the regulations and we stipulated new procedures in the preparation and handling of our dishes. The result was that the client felt more secure without affecting their experience at Udon.”

Eric Wauthier-Wurmser, international franchise director, Groupe Le Duff – which operates a quick-service style restaurant brand and a full table-service restaurant brand – adds: “The challenges are different for these two brands. As a first step we had to introduce the necessary hygiene protocols to secure our customer’s journey. This included one-way journeys in our stores as well as pre-packed goods and perfect staff behaviour to reassure our customers. These protocols are now a core part of our restaurants design books.”

Johan Stahl, head of franchising EMEA, Max Burger,

says that the company was fortunate that home base Sweden did not go into lockdown initially – although the Government is now considering lockdowns – and that Poland, its second market, initially only closed shopping centres for relatively brief periods. He sees several current market trends in the food and beverage industry for 2021.

“Of course our mall stores and downtown locations were hit by people working from home and changing their habits. Shopping patterns completely changed,” he says. “Because we stayed open, we had to respond very quickly and within two or three weeks we had revisited our processes and had put a lot more emphasis on working with our delivery partners, improving our App to make it easier to use, and enabling kerbside pick-up for online ordering and kiosks for in-person ordering. Although our restaurants were open, this meant that people could order and collect without having to interact with staff and had minimal need to go in-store if they didn’t want to.”

Flexibility and adaptability key for the F&B industry

Barthelemy de Callatay, chief development, design & legal officer of restaurant chain Exki, believes the key right now for F&B operators is flexibility and adaptability to a food and beverage sector situation which is also rapidly changing. “For us the challenge is to find the fair balance



Exki



Manolo bakes



Lagardère



José Antonio del Castillo Martínez



between ensuring that the health issues are in place and at the same time making the experience as pleasant as possible. It's something we review every week, especially for our two main markets in Paris and Brussels," he says.

He adds: "When COVID-19 first arrived and we thought it would be a matter of weeks, we allowed the stores to execute the changes. But as it became clear that this would last months or even years, we centralised our response and started to make equipment available, including high-grade sanitiser, to professionalise our approach. The municipalities in our main bases of Paris and Brussels were very helpful in doing things like allowing us to have more outdoor seating."

Of course, doubly hit are the travel-based F&B operators, which are reliant on traveller footfall for their business. Melanie Guillo, executive vice president foodservice global, Lagardere Travel - a world-leading operator with three main retail businesses, duty free, travel essentials and food service - says of the impact of COVID-19: "Our business model has completely changed since the beginning of the pandemic. First we are still partly closed - only 60-70% of our outlets and restaurants have reopened over the 39 countries where we operate - and our turnover has decreased by 60% versus last year [reported Autumn 2020]. Our industry being also based on traffic and volume, our business model has hence to be reinvented. Not to be too technical but we have to renegotiate all our contracts, most of them having variable but also fixed rents that we cannot afford anymore."

She says of the initial response and food & beverage industry problems: "We also try not to open all our units but only the essentials one from a customer point of view, such as Relay, to manage our costs as much as we can."

New business models for food & beverage industry

"In June 2020, Areas started progressively reopening the point of sales to a new normal, implementing measures to ensure health and safety across the customer journey,

including the highest standards of hygiene, social distancing measures and a contactless experience with the use of technology to minimise touchpoints and increase speed of service," says Areas concepts & standards director, Mathieu Herrero. "Areas has adjusted the menu offering across different brands and concepts to the new traffic dynamics and consumer behaviour, with a stronger healthy orientation and convenience grab & go offers, a focus on smaller product ranges to improve productivity and a strong communication and marketing campaign to attract customers, increase average ticket size and retain clients with loyalty programmes."

Some F&B industry operators have found themselves in a slightly better position in the food and beverage sector because of their offer and have had to adapt less, despite the COVID-related trends in the food and beverage industry and across the global market. In addition, markets such as Spain and Italy have kept more outlets open at times during the pandemic.

"We've adapted our operations to meet the new capacities and safety standards established by the local authorities in the five cities where we currently have stores, but we don't feel it is a change in our business model," says Jose Antonio del Castillo, managing director of Spanish-based Manolo bakes. "For example, we have always offered our product in the main delivery apps, which has been an innovation for many businesses during the pandemic. From the beginning of the reopening, we were pleasantly surprised to learn that our customers - or 'manolovers' - and teams were extremely co-operative and understanding in implementing the new measures."

And Justine Chabrol, strategy and development director, Cote Sushi, adds: "Cote Sushi's business model is focused on take-away and delivery - that's why, even if our shops remained closed to the public during lockdown, we noticed a big increase in our sales during this period. After reopening, we had to adapt our shops to comply with new government directives."

STEP TWO

RIGHT-SIZING F&B REAL ESTATE

With changing consumer behaviour and shifting priorities, this food & beverage industry report notes that F&B industry operators are re-examining their store portfolios and redefining them to ensure they are fit for purpose in a COVID world, while supporting all their customer channels across the food and beverage sector.

“You have three different types of approach. First, brands who have stopped their expansion plans, withdrawn - or are trying - from signed agreements, and are in the process of disposing of some of their less profitable locations,” says AK Consulting’s Coutin of food and beverage trends in 2021. “Many of these brands were not in good shape before the COVID crisis, and were most likely heading for CVAs. Confinement and the long recovery road ahead have only exacerbated the issue.



“Second, brands who are staying put. No new investment, no development strategy, but no portfolio downsizing either. They are focusing on their current operations and waiting for better days,” he adds. “Third, brands who see this crisis as an opportunity to grow; taking on new locations. The crisis is also giving additional leverage to all operators ready to expand, when it comes to landlord negotiations. These brands are either at the early stage of their expansion, with the back-up of capital risk-takers, or they are sufficiently established and cash rich enough to wait for the rebound while keeping an opportunistic approach when it comes to real estate.”



In France, Coutin believes that for F&B brands willing to expand, the focus is on the largest cities in France outside the top five - but if in the top 10 cities then in number one locations only - plus mixed scheme projects and city centre locations with a large terrace, stand-alone units on city outskirts, retail parks and outdoor outlets.

“These provide freedom when it comes to hours of operation, implementation of delivery services and Drive Thru, plus lack enclosed scheme-inducing anxiety or high service charges,” he says.

The potential of Drive Thru for the food & beverage sector is picked up upon by Max Burger’s Stahl, who says: “In terms of our outlets, the biggest change has been an increased focus on Drive Thru locations, because these have proven very popular during the pandemic. We already intended to expand this format, but COVID-19 has accelerated that plan because we believe it will remain popular and also because we can buy the land, so we don’t have leases and can acquire these sites for the long term.”

Quiloz adds of Udon’s approach to food and beverage industry expansion as an F&B operator: “We have always





layouts and exploring new formats which may require less investment and provide more flexibility.”

Different elements of the food and beverage industry will require different solutions, says Wauthier-Wurmser, who says that at Groupe Le Duff bespoke global market approaches have been taken by F&B brand, emphasising that food and beverage trends for 2021 are not one-size-fits-all.

“Our QSR brand Brioche Doree has emphasised the digital solutions to create more link with its customer base. The takeaway option was already available, and was a preferred solution after the ease of the original lockdown,” he says. “Delivery and click & collect are also a growing part of the revenue. A streamlined products range allowed us as well to adapt the offer width to a variable flow of customers. Our full-service restaurant brand Ristorante Del Arte has introduced delivery and click & collect options in most of the units at the end of the lockdown period. Our core products of pizza and pasta were suitable for delivery, yet this was not our DNA. The experience has been improving and our brand is now shifting part of its traditional customers to this new solution.”

For Brioche Doree, Groupe Le Duff will drive a selective development plan in high-traffic locations, with a priority for small footprints. A full-service restaurant brand is now developing new retail formats with a fast casual orientation. A first unit will open this year and will “allow the brand to investigate new opportunities such as high traffic locations, including travel retail stores with much smaller footprints,” he says. Nevertheless, 20 new openings under the current full service format took place in 2020, as these were planned.

Guilldou says of travel retail that when Lagardere reopened it launched its Pick & Go initiative, aimed at limiting the time spent by customers in its shops and food outlets, gathering all the F&B products in the same place. “The goal was also to provide customers with a ready-to-eat solution that could also be an alternative to in-flight catering, not available at that time. It helped also to have a positive communication towards our teams, our customers and our landlords,” she says.

“What we believe in is that we may have to optimise and strengthen this brand portfolio. We will maybe need to focus on our main preferred partner brands, for example for the coffee shop segment to focus on one main partner’s brands instead of working with 10+ brands,” says Guilldou. “We also believe that our own brands will be a good answer to the crisis, allowing more flexibility as offers that we can adapt easily to the situation instead of having too strict standards with partner brands, as well as more profitability through achieving faster break-even.”

been a very conservative brand, minimising risks. Our development has been based on strengthening each location and studying the new areas and locations very well. Currently with more than 70 units in Spain, we are focused on international development, we continue with the very defined model adapting the format to each unit and evaluating the market of each country. Since the lockdown, we have improved our operations and the customer experience. This leap, especially technical, has allowed us to evaluate other formats and adjust our units to factors as important as delivery.”

Del Castillo says of Manolo bakes: “We had a very ambitious expansion plan before the pandemic, which we have kept unchanged. We just had to pause during the worst months of the crisis, but even then we managed to open two new stores in Valencia and a third one was inaugurated in the Mediterranean city last October - that makes 21 altogether. For 2021, we plan to expand in three new cities in Spain and open 12 new stores all in all [Reported Autumn 2020]. We are delighted to report very healthy figures, which lead us to remain projecting our expansion as before the crisis.”

And Cote Sushi’s Chabrol adds: “We planned to continue our French geographic expansion targeting medium-sized cities out of Paris. As deliveries still increase, downtown locations and retail area sizes are no longer the most important factors in our decision. We actually focus on downtown second zone locations with less expensive rentals and with a large production area.”

Areas’ Herrero says: “In the current uncertain times, Areas, and the sector in general, face great challenges to continue developing the business. It is an excellent opportunity to improve efficiency, develop new formats and accelerate the use of new technologies in our restaurants. Adaptation to new traveller needs with a new menu offering, digitisation and sustainability will be part of the main challenges that we will be facing in the medium and long term, while dealing with the progressive reopening of outlets. We have adjusted the menu offering, but serving every pocket with basic products, local recipes, seasonal products, etc and reinforcing our grab & go offer to capture every occasion. Facing an unpredictable demand, we are also adjusting

STEP THREE

F&B INNOVATION AND INSPIRATION

Despite, or perhaps because of, huge industry disruption, this food & beverage industry report highlights that food and beverage companies are having to come to the global market with new offers and different ways of doing things. Innovation will be at the heart of adapting the F&B sector and F&B market trends.

“This economic crisis is a catalyst for the restaurant industry and the food market. All the changes that were to occur in the coming years have to be accelerated. Our brands have been on the marketplace for the last 40 years,” says Groupe Le Duff’s Wauthier-Wurmser.

“The multiple disruptions in progress in our industry, be it on the delivery segment, on the App options to order, pay and collect have been integrated understandably by the digital-native restaurant brands that have appeared on the market. The health crisis for many reasons has favoured these disruptions, creating a match between digital options and safe and healthy experiences in restaurants,” he adds. “Every contactless option has become a healthy one - QR code menus, payment Apps, home delivery are changing the customer experience, even when eating at our full-service restaurants. Given these main customer experience shifts, the next competition will not anymore be to gain visibility on the retail side to capture traffic but to build a strong customer database and to create a loyal digital community, that is offered a different kind of experiences.”

“Personally I don’t see the revolution that everyone is expecting in the F&B industry following the pandemic. In my opinion the COVID crisis has only accelerated some changes which had become or will become inevitable in our future,” says Coutin. That being said, I don’t imagine our industry will move to a 100% ‘dematerialised experience’. I don’t believe click & collect and delivery will become the norm and the physical location the exception.

“Yes, we will have impressive growth in the dark kitchen sector; and soon a fleet of drones will deliver our food! Yes, we will continue to improve access and volume to all digital material our favourite restaurant has to offer. AI and robotics will play a major role in the F&B industry, reducing drudgery and making our consuming experience even more seamless.”

He believes that although the F&B sector may move toward a digital world, the F&B industry is “first and foremost about people and physical interaction. Just look at the collective of restaurants fighting to stay open in Marseille and the city behind them.”

At Udon both “internal and external clients must feel safe, relaxed and ready to experience Udon”, says



Quilez. “All our efforts are based on this, our mantra is, ‘people-product-planet’ and in these times it must be given even more importance. Our proximity product, respectful of the planet, generates trust in people so that, with a safe environment like Udon’s, they can enjoy the experience of our food. We continually reinvent ourselves within a changing world where new technologies help us to fully personalise our clients’ tastes. We are able to make the experience so personal that we can suggest to the client what to ask for, before they do.”

Guilldou says that Lagardere has adapted its offer to reflect the latest F&B trends and will continue to innovate: “Regarding the health concerns we are currently launching our label Stay Safe, aiming at reassuring customers about all the health and safety processes we have put in place. This label will be available for the countries and outlets having put in place all the Group policies on these topics. It will come with a QR Code giving more information about what is done locally,” she says. “Regarding our business strategies, we strongly believe in our industry and its rebound within the next months and years and we will prepare for this. In the meantime, we are also looking for new growth engines to support our resilience.”

Similarly, Stahl says that at Max Burger - although the company stopped activity in the first weeks of COVID - it has increased its marketing and promotion spend more recently as it is seeing the current time as a good opportunity to showcase the burger brand.

“Although COVID has not really changed anything for us, it has definitely accelerated consumer trends and behaviours and although I think that developments such as kerbside,



Drive Thru and delivery would all have become more important, the change has come now," he says. "Our job is to build a business model for this future and to continue to improve our digital offer to make the most of these opportunities."

"Areas has launched a global campaign under the slogan 'We care about you', including a series of initiatives," says Herrero. "Since we are living in difficult times and we need to care about customer's pockets, Areas offered best-seller products at great prices during the summer. In particular, Areas focused its efforts on reinforcing its business strategies to maximise conversion rates and average ticket value, promoting the menu offering with active selling at the point of sale, trying to sell more products, larger formats and more premium products, simplifying recipes and implementing new digital initiatives such as contactless payment, digital screens, QR Menus and click and collect."

De Callatay says that at Exki the main concern has been, where possible, about getting footfall back to its outlets but he says that restaurants are not the only channel. "While we have offered e-commerce, delivery and click & collect, we have really focused on developing these. We quickly developed our App and now we're looking at improving it and making it easier to use," he says. "Exki started 20 years ago, when healthy food wasn't really a topic. But that had changed before COVID-19 and become much more mainstream. Perhaps the pandemic will boost that interest in healthy eating further, because people are thinking about their health and well-being."

"For us there is a lot of thinking to do about how we adapt. We are very passionate and what I would say is that perhaps ideas that were off the table before COVID are now within limits, because nothing is set in concrete about future directions."

"Since the beginning of Manolo bakes, we have always worked with an extremely agile approach that has proven successful these past months," says Del Castillo. "The whole team is adopting the new legal measures and recommendations straight away as they are being announced, while keeping our clients at the forefront of all our operations. Our main concern at the beginning of this was to keep the experience as unchanged as possible, so we implemented all the safety changes in a very friendly way: from the stickers to mark the social distance, to the rules or the masks, everything has been designed to keep the 'manolovers' comfortable and at ease while at the store. Having said this, our business strategy is and will be the same: to offer excellent coffee and delicious sweet and savoury snacks at affordable prices for people to 'taste, share & enjoy' [the brand tagline]."

Chabrol adds: "Cote Sushi has built a strong brand identity based on a blend of Peruvian and Japanese cuisines and offers colourful and tasty recipes with a great visual impact. It is quite important when you make your choice based on a picture on an App. Creativity remains at the heart of our concept. We want our clients to discover new flavours and create a surprise effect."

As for the F&B company's next challenge, she says it is environmental sustainability. "The COVID-19 crisis has reinforced customer expectations in terms of social and environmental responsibility," says Chabrol. "This point is even more crucial if we increase deliveries. As a first step, we have decided to change our scooters to use electric ones, but we want to go further."

GRANDI STAZIONI RETAIL: RETHINKING THE STATION OFFER



Sebastien de Rose, COO Grandi Stazioni Retail, outlines the Italian rail operator's strategy for consolidation and growth.

The major priority of all our activities is traveller safety, for customers and business partners. Grandi Stazioni Retail has launched a restart plan in different phases; we have created a dedicated team to support our tenants and we shared the business plan with all our partners in a webinar. Our strategies and activities aim at simplifying the station experience and making customers feel safe, thanks to dedicated paths, floor graphics for safety distances and simple and clear communication.

Moreover, Grandi Stazioni Retail (GSR) has launched its first App for all stores, to make the relationship between the customer and the store easier through click & collect. Thanks to this, each traveller can shop in our stations safely and simply, booking remotely from the train, home, or work, then collect at the station. Purchases are delivered in a closed transparent bag: so that the brand maintains its image and the customer is sure to collect a protected purchase. Our business model is adapting to the changes in the market and in traveller behaviour.

Recent statistics about stations show an increased conversion rate and an increase in the average ticket value, despite lower travel numbers. This has led to an increase in brand awareness of the offer, which is also important for future development.

GSR believes that this is just a temporary slowdown in business and, for this reason, we have confirmed all

our investments. We are investing in a new Food Hall in Napoli Centrale which, in the coming months, will be showcasing typical Campania food. Investments are also confirmed for a new Food Hall in Turin Porta Nuova and at Roma Termini we are starting a full refurbishment at a location that already hosts a fantastic Food & Lounge. Most of the operators are still strongly committed, such as McDonald's, with a recent opening in Rome Tiburtina station, or KFC with the opening, last July, of a first store in Puglia, at Bari Centrale station.

What we are experiencing is a new starting point for travel retail, food and fashion formats. The great challenge facing retail will need considerable flexibility and innovation from everyone, while the values linked to sustainability and the opportunities offered by digital are becoming increasingly important for consumers. For example, the click & collect service launched via the new App is also available for station coffee shops and restaurants.

Grandi Stazioni Retail is also exploiting its power of communication thanks to the advertising systems available in our stations, helping us to improve the conversion of travellers in transit. We are currently running a new advertising campaign to support tenants in the station and drive conversion at our stores.

F&B TRENDS IN A COVID19 WORLD

As the food & beverage sector looks to a time when it can reopen following global lockdowns, what does the future hold for restaurants, foodservice and the food sector?



Joel Silverstein

Joel Silverstein, president and CEO, East West Hospitality Group

MAPIC: What do you see as the key trends for the sector for the rest of the year in terms of adapting to the Covid era?

JS: Covid19 is like a raging fire that will devastate many parts of the global restaurant and commercial real estate industries. Clearly the sector least affected is the QSR chains with drive-thru locations, which are experiencing higher same-store sales. Fast-casual and full-service restaurants are experiencing large sales declines but it is closely correlated with Covid19 outbreaks. Commercial real estate is in for some very tough times as Covid19 has only accelerated e-commerce trends. High financial leverage will likely lead to heavy restructuring in some cases like the USA and China.

MAPIC: Do you have a sense of what permanent changes this period will evoke - will certain sectors of F&B suffer or gain? Will we see a different balance between restaurant types going forwards?

JS: There are too many restaurants and commercial real estate projects in many countries fuelled by cheap money and the search for yield. Full-service restaurants will undergo a dramatic shrinkage that won't be reversed in the near-term for sure. Many malls and office projects will undergo severe financial restructuring as they cut rents and try to renegotiate their loan covenants. There will also be more consolidation of delivery aggregators and ghost (dark) kitchens. There will clearly be fewer independent restaurants and more chains, both of which are depressing for those who enjoy good food.

MAPIC: With so much bad news around, what are the reasons to be positive, and the opportunities for new or small players?

JS: We are witnessing the culling of the herd and innovation always rises from destruction. I think we will see more merchants get together in local communities and build their own co-operative organisations to keep more of their money and drive down costs. There will always be room for new players offering tasty, affordable food in convenient forms, whether in the supermarket aisle or at their restaurants with take-away or delivery. I think shopping malls will go deep into self-delivery as well to support their restaurant and non-food tenants.



Jochen pinsker

Jochen Pinsker, senior vice president, The NPD Group

MAPIC: What do you see as the key trends for the sector for the rest of the year in terms of adapting to the Covid era?

JP: The most important change is that the foodservice market is much smaller. Consumers are spending significantly less money in the sector because they are not in 'visit situations' nearly as often to require restaurants, cafeterias, bars, takeaways and other sector channels that feed us with prepared meals, snacks and beverages. One of the most important visit situations is connected to work - on the way to work, during a lunch break or for a snack, many of us use different parts of the market. However, the more people work from home, the less we need. Since people are spending more time at home, all those services that support that, mostly delivery but also drive-thru counters and some takeaway options, are benefitting. Another buzzword that had been growing before the crisis is contactless. Ordering through click and collect options, contactless pickup and payment has been growing its importance since people feel safer that way.

MAPIC: Do you have a sense of what permanent changes this period will evoke - will certain sectors of F&B suffer or gain? Will we see a different balance between restaurant types going forwards?

JP: Many of the trends we have seen before the crisis but were boosted during Covid19 are here to stay: delivery, click & collect, drive-thru and digital ordering. The 'homing' trend, which we reported many years before Covid19, has also seen a boost since many of us will remain working from home and some consumers feel less comfortable with meeting other people outside their private space. This is further supporting delivery and takeaway and since quick service is better placed to leverage that growth, this will be the winner from the crisis. We also expect 'retail-gastro' - those players originally retailers but also feeding consumers away from home, such as bakeries, grocery, petrol stations - are also expected to increase market share since they are often one-stop-shop options.

MAPIC: With so much bad news around, what are the reasons to be positive and the opportunities for new or small players?

JP: Two issues we heard often from restaurant operators pre-Covid are likely not problems anymore: the industry - especially in the Northern countries - couldn't find enough people to work in their restaurants. With an expected increase in unemployment, it may become easier to fully staff teams. At the same time, it might be easier post-Covid to not only find retail space but also to find that space at a reasonable rent. Delivery is also a prospering opportunity and that business has relatively low barriers of entry. If you partner with an aggregator offering the logistical function you can easily create a delivery-only brand and operate from a 'ghost kitchen' Finally, since consumers increasingly want to be cashless this may even allow operators to operate fully cashless.

UK F&B PREPARES TO OPEN: BOPARAN RESTAURANT GROUP

These are exciting times for the UK's food and beverage industry. The big food industry news is that for the first time this year, bars and restaurants will open to customers from 12 April for outside service only. If the Government's COVID-19 strategy goes to plan, F&B will reopen fully on 17 May, subject to hygiene and social distancing requirements.

The reopening dates for food and beverage are all the more exciting for London-based Boparan Restaurant Group which, at a time when a lot of casual dining brands in the food industry have struggled, has instead been acquisitive, picking up popular Italian cuisine brand Carluccio's and casual dining burger chain Gourmet Burger Kitchen during the pandemic. So what was the rationale behind a distinctly counter-cyclical approach within a consolidating F&B industry?

"Despite the well-publicised challenges in the segment, which we have not been immune to ourselves, we firmly believe there is a very attractive market for branded casual dining and we've always had a growth ambition for our business, both organic, through franchise partnerships and acquisition," says Judd Williams, development director, Boparan Restaurant Group.

While the company had been actively looking for potential restaurant additions to its stable, the actual acquisitions of both Carluccio's and Gourmet Burger Kitchen were opportunistic. Because of the pandemic, both businesses needed to seek new owners and Boparan stepped in, reopening the surviving outlets and trading both brands, with Carluccio's restaurants being used to distribute its gourmet products - notably during the important Christmas period - and GBK operating delivery and collection services during the lockdowns.

"We were able to leverage the businesses," says Williams. "Carluccio's online sales grew hugely and Christmas - which was always very important for the brand - stayed very successful again, while GBK developed meal kits along with delivery. One of the things we learned from lockdown one [nationally and regionally the UK has been through a series of total and partial lockdowns] was that completely closing and then reopening caused all sorts of issues. Equipment that was working when we closed, didn't work when we reopened. It was very painful."

Trends in the food and beverage industry

As a result of the problems of completely shutting down restaurants, the group was determined to keep as many outlets open as possible, wherever it was financially viable, during further lockdowns and trading restrictions, hence the pivot to open up new sales channels.



“We have been trading from a good number of our restaurants throughout the latest lockdown as we’ve seen strong demand for eat-out orders,” says Williams. “All of our Slim Chickens and nearly all of our Gourmet Burger Kitchen restaurants have remained open for delivery and takeaway. In addition to these we’re going to open as many more of our sites as possible on 12 April – anywhere where we have outside seating. In total that will be about 70 restaurants, so just a little over half of our network. All the others will open on 17 May, with the probable exception of many of the restaurants which are located within airports. The travel channel remains incredibly challenging.”

Williams says the restaurants have done everything they can to optimise the number of outside covers available for guests and to make them as comfortable and weather-friendly as possible, noting the support of a large number of local councils and landlords which have allowed outlets to temporarily extend outside space and install temporary marquees and covered areas.

Food and beverage expansion opportunities and franchising

While he does not rule out further acquisitions – and the company is looking for European and other international market franchise partners for Carluccio’s, Gourmet Burger Kitchen and Slim Chickens – Williams says that for now the

focus is on reopening its existing businesses, describing post-lockdown customer sentiment as “the million Dollar question”.

“Firstly, of course, we need to acknowledge that Covid rules will continue to apply, such as distance between tables, party size, track and trace and so on,” he points out. “Our first priority continues to be the safety of our guests and staff and of course that does limit covers and capacity. Having said that, we’re very optimistic. Forward bookings across all of our brands are very strong – and I hear the same across the industry – and our sense is that people do want to get back out there.”

The other imponderables are whether the extraordinary rise in food delivery will be maintained post-lockdown or by how much demand will fall away. “Will people be anxious to go out instead, or perhaps they have become used to delivery from their favourite brands and will be keen to continue,” he says.

Less promising, currently, is any widespread lifting of the current restrictions on overseas travel. While that is bad news for travel-based restaurant outlets, it should boost domestic F&B demand.

“We do expect quite some variance in demand by location, and in particular we’re curious to see how quickly the number of people visiting London starts to pick up,” says Williams. “But if people do stay at home this summer than we hope that they will spend in restaurants, bars and shops. If we’re lucky enough to get a hot spring and summer, then it could be like Christmas for the restaurant industry.”



SPANISH POKE BOWL CHAIN AIMS FOR MORE OPENINGS

The Spanish multi-national F&B chain Tasty Poke Bar, owner of restaurants dedicated to healthy 'poke bowls', is hoping to achieve a turnover of €10 million this year, up 66% on its €6m sales in 2020, across more than 30 establishments. The company is accelerating its international presence, which currently covers domestic market Spain, plus Italy and Brazil.

“At Tasty Poke we have an ambitious expansion plan for 2021. We will open 10 more locations before the end of the year, six of them owned directly. Our next opening will be in May in Barcelona,” says Alba Campo, brand manager Tasty Poke Bar.

Although the Spanish economy is particularly reliant on tourism, Campo says that the F&B restaurant chain believes that the gradual opening up of the Spanish market augers well for the remainder of the year.

“Obviously, tourism influences sales and the volume of tourism is influenced by the time and mobility restrictions in which we have been involved in Spain,” she adds. “We are confident that we will gradually return to the old normality and we are positive about the coming months. Before the pandemic, Tasty Poke already had a strong presence in delivery but over the last year this has increased its presence in store sales.”

The company’s ethos surrounds healthy food, based on nutritional single pot Hawaiian cuisine. “We believe that sustainable cooking is key to take care of our planet and at Tasty Poke we care a lot about this point,” says Campo. “All the products we use are, as far as possible,

local. In the case of our juices, all the recipes are made with organic products and without added sugars. Another very important point for us in terms of sustainability is the packaging. Our challenge is to close this year with 100% sustainable and biodegradable packaging and we are close to achieving it.”

