The foodservice landscape in tomorrow's city

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INTRODUCTION

Peter Backman and François Blouin have been at the forefront of deciphering the impact of Covid-19 on foodservice in the UK and in France.
In this white paper we discuss this impact with particular reference to large city centres and how they will never be the same again.

Why have we come together to write this joint white paper?

"We have produced this white paper together because:
We share common values
We work in similar ways
We think the same
We are both experts in our own countries
We have worked together for many years
We have co-operated even more closely during Covid-19
A key output of our cooperation has been the recognition that city cent
will be one area of major change"

Peter Backman & François Blouin

SECTION 1

The foodservice landscape in tomorrow's city

Context: Two Cities, Paris and London

Without customers there can be no foodservice. This truism is pertinent in the context of what has happened to city centres during Covid-19. This white paper investigates the roles, and influence, of the **three types of customer** who have the greatest impact on eating out in city centres and concludes with the need to rethink the response to their post-Covid requirements.

Cities have been badly hit by Covid-19, resulting in a huge reduction in the numbers of people spending time there. The knock-on effects on restaurants, food to go and other eating places have been immense. But what is the nature of this impact and how can it be overcome and evolve?

While most thinking at the moment is for the short term while vaccines are only just arriving. But this White Paper focuses on the effects of Covid-19 on city centres in the long term when there is a vaccine, or mitigations are sufficient to restore full confidence to consumers.

This section provides context for the rest of this paper and addresses the issues on which the answers to these questions are based. We have chosen the two largest cities in Europe for our analysis – but the same pattern is seen in other major cities in Europe and around the world.

Who are the the three types of customer who spend time – and money – in city centres?

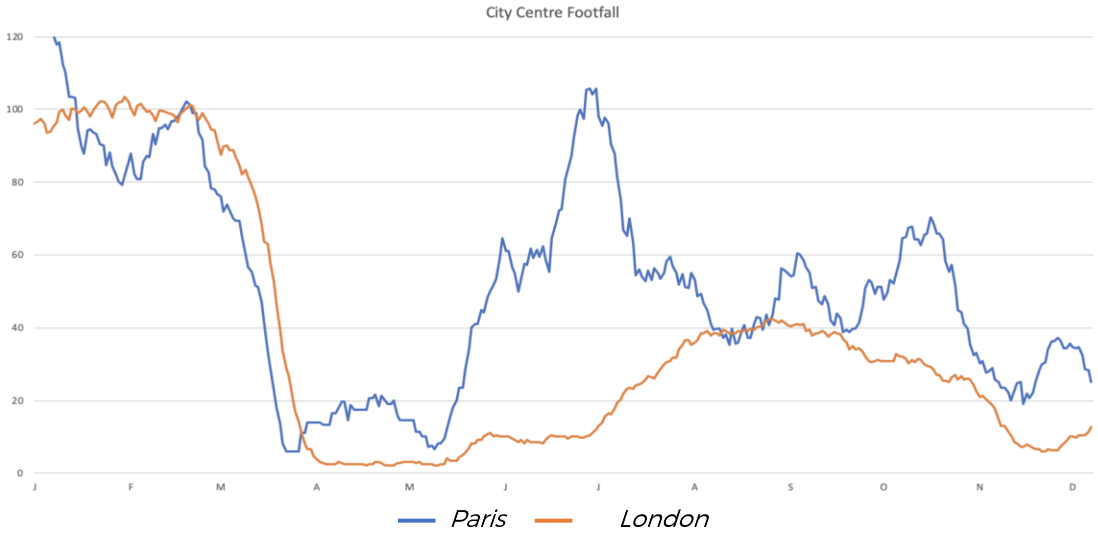
A large proportion of people who eat out in city centres are the people who live there – the **local** inhabitants. About 13.7 million people live in the Paris region and 2.2 million live in the city centre. Pre-Covid, the average Parisian ate out 7.5 times a month. In London, about 3.6 million people live within five kilometers of the centre. These locals provide a major contribution to the financial and social life of their respective cities.

The second type of customer is made up of **commuters.** Over 1 million people travel into central London every day and, in Paris, over 290 million trips are taken each year by metro, train, tram and bus. Commuters spend lunchtime in office canteens, restaurants, takeaways, and pubs; for many of these outlets, commuters are their major source of income.

The third category of people who spend time and money in city centres is **tourists**. Over 20 million a year visit Paris and about the same number visit London, spending £3 billion on meals, mainly in hotels and restaurants.

In total, these three categories – locals, commuters, and tourists - spend in the region of €14 billion in their respective city centres each year – or they did before Covid-19 struck. So, what is the situation now while Covid-19 is still not beaten back?

The current situation – part 1



Inner Paris vs Central London
Cafes, Restaurants & Bars
Methods : daily figures indexed
Source : Huq

Huq produces a range of economic indices using mobility data that serves as a proxy for footfall in retail, transport, town centres, and workplaces.

The core population of people living locally still exists. But because of fear of infection, lack of opportunity and, for some, falling income, they are spending less on eating out than they did pre-Covid. While the actual numbers may fall slightly, as some people move away to other cities or the countryside to find a more congenial environment to live in, overall, there will still be the same numbers to be fed in five years' time as there are now.

The commuting population has been severely reduced for several reasons; the two most important, perhaps, being concern over infection while travelling on public transport, and a growing realization that working from home is a viable way of running a business.

A survey of 50 of the largest UK employers for the BBC in August concluded that 24 had no plans to reopen their city centre offices; numerous employers, large and small, have stated publicly that they are unlikely to ask their employees to return to London offices for six, nine ore even twelve months at the earliest. Until Covid-19 is brought under control, commuters will not return to anything like their former numbers, and even when they do, working from home might become a normal way to work.

The current situation – part 2

Tourists have stopped arriving because international travel for most people is not a viable proposition while Covid-19 still runs. For many international travellers, whether tourists or business people, the prospect of travelling by plane is not appealing.

Even visitors from nearby countries are still faced with self-quarantining when they return home. And this may remain afeature for some time.

And local tourists too are put off my travel restrictions

This leads inevitably to far fewer people visiting major cities. And this will not improve until fear of Covid-19 is removed.

What happens now?

This brief review of the people who have traditionally eat out in city centres demonstrates a vibrant, large market – but one which has been severely impacted by Covid-19 and resulting issues such as a huge increase if distance working, especially working from home, and reduction in short distance and long distance travel.

Even when Covid-19 is defeated, the market will not return to where it was because of the impact of issues such as working from home and reduction in air travel.

What will the new landscape look like and what can foodservice operators do about it?

City foodservice planning tool

Type of Customer	Pre Coronavirus	Current *No vaccine and no effective mitigation other than social distancing, masks...*	Long Term *Vaccine available or at least effective mitigation that instils confidence*
Locals	**City Residents**		
	High demand resulting from high city centre density	**Medium / Low demand** because some locals moving out due to fear of pandemic	**High / Medium demand** due to reduced long term density
Commuters	**White collar workers**		
	High demand minimal working from home	**Low demand** due to huge increase in home working, and minimal travel to city centres	**Medium / Low demand** due to ongoing working from home - probably irreversible
	Blue collar workers		
	High demand because of high employment	**High / Medium demand** due to fewer job opportunities	**High / Medium demand** stable opportunities for workers. More or less return to pre-Covid-19
	Nomads/Workers working from varied locations		
	High demand minimal working from home	**Low demand** due to huge increase in home working, and minimal / no attendance at events	**High / Medium demand** Events return. Almost back to pre-Covid-19 levels
Tourists	**Regional Tourists/Local Tourists**		
	Low demand Tourists void crowded city centres	**High / Medium demand** due to restrictions on travel to city centres	**Medium / Low demand** benefitting from some increase in international tourists
	International Tourists (Premium & Mass)		
	High demand from visitors in all sectors	**Low demand** due to restrictions on international travel	**High demand** from Premium level tourists. Medium demand from returning Mass-level international tourists

The Expert Opinion

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.

Some specifics:

1. Reduced lunchtime demand from commuters, plus the growing attraction of delivery for locals, will lead to reduced demand for purely functional meal occasions that merely provide an opportunity for refuelling.

2. Mainstream restaurants that focus on the needs of locals, rather than visitors, will be the order of the day. But their offers will be adapted to specific local requirements.

3. High end restaurants, repurposed if necessary, to provide a valued, unique food and beverage experience, will survive.

4. Concepts that are designed specifically to cater for visitors from other countries will suffer.

Operators – and investors – must be prepared to rebuild on the basis of three key considerations:

1. Location **Heat Maps** will change

2. Tomorrow's customers will be different from yesterday's

3. Flexible, multi-channel offers will come to the fore

Action: Your Next Steps

Rethink the heat map

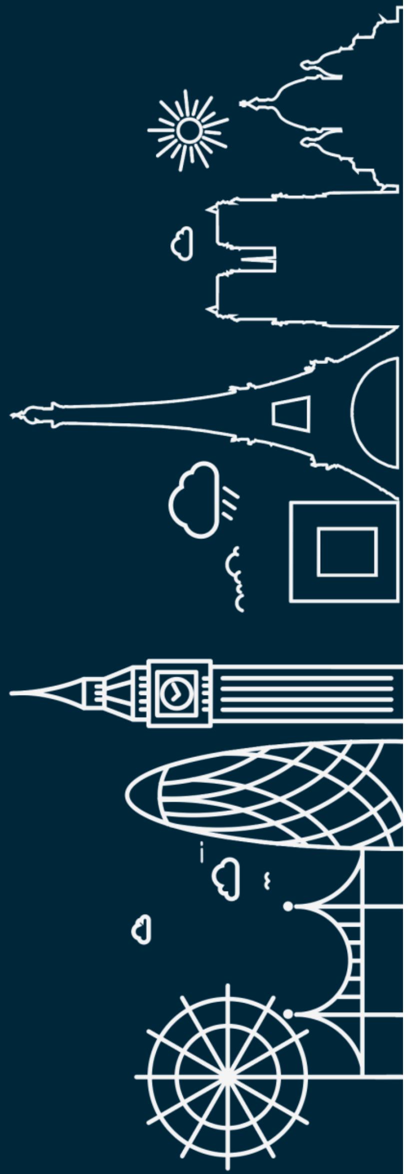
- Revisit your location strategy
- Formulate a strategy for a move to the suburbs
- Re-evaluate the type of customers you serve
- Invest in rural areas well away from the city
- Redevelop your food to go offer to focus on small footprint

Rethink your customer strategy

- Identify your customer type
- Create an offer that appeals to locals and local visitors
- Create an offer for local, blue collar workers
- Create and offer for “occasional” commuters
- Develop an offer for the mass tourist market
- Be ready for the return of high spending customers from overseas
- Develop offers for customers who want to spend more but less often
- Reinvent your offer for locals, stayvacationers etc

Rethink your offer

- Drive value and experience
- Use non-productive space efficiently to maximise front of house areas
- Become involved in virtual kitchens
- Use outside space as much as possible – pavements, car parks, etc



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Peter Backman helps operators, suppliers and investors in the foodservice sector make better decisions by enlightening them about the size and nature of opportunities. He is a recognised international authority on the foodservice sector in Europe, US, India and Middle East.

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Food Service Vision is the leader in foodservice consulting and market research in France. We accompany the growth and strategic decision-making of key players in France and internationally. Our approach combines expertise in the foodservice value chain and cutting-edge methodologies.

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