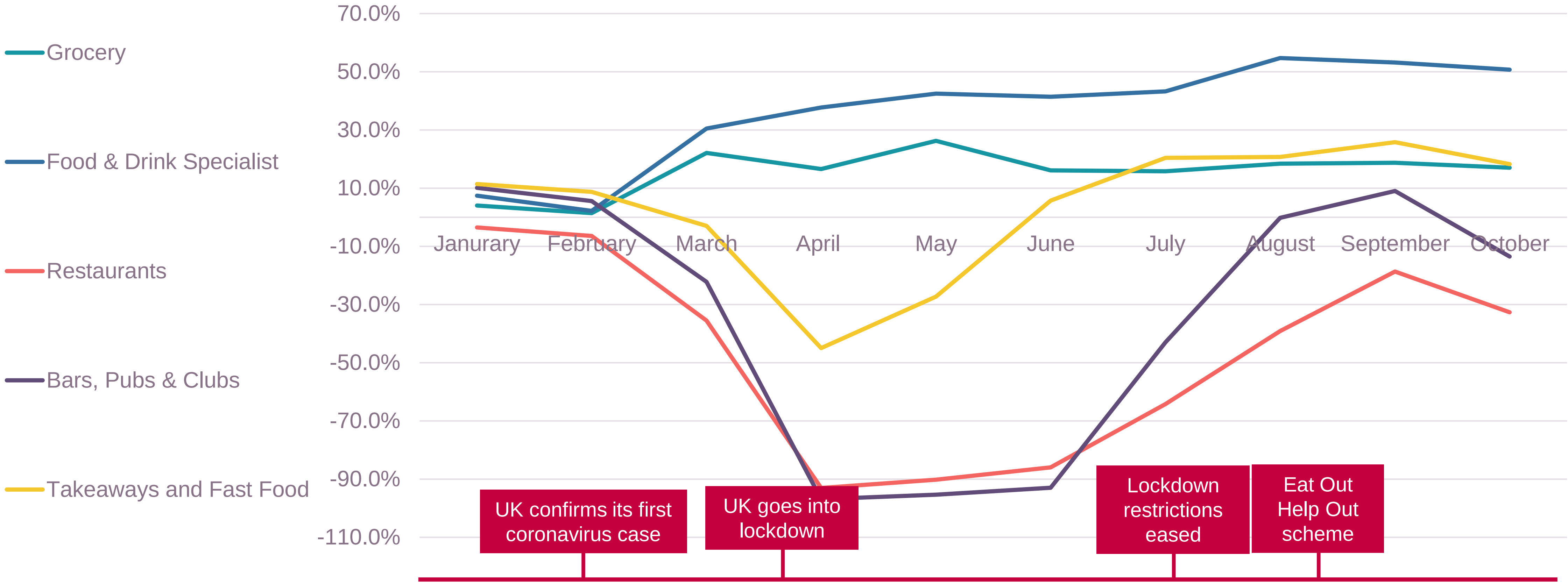
# UK Pub Market Report 2020

November 2020

# PUB SPEND OUTPERFORMS RESTAURANTS SINCE JULY

**Consumer spend on bars, pubs and clubs suffered the biggest declines throughout lockdown but has seen increases from June helped by reopening's and high temperatures throughout summer.  Since peaking at +9% in September, bars pubs & club spend fell into negative territory again in October with more restrictions introduced.**

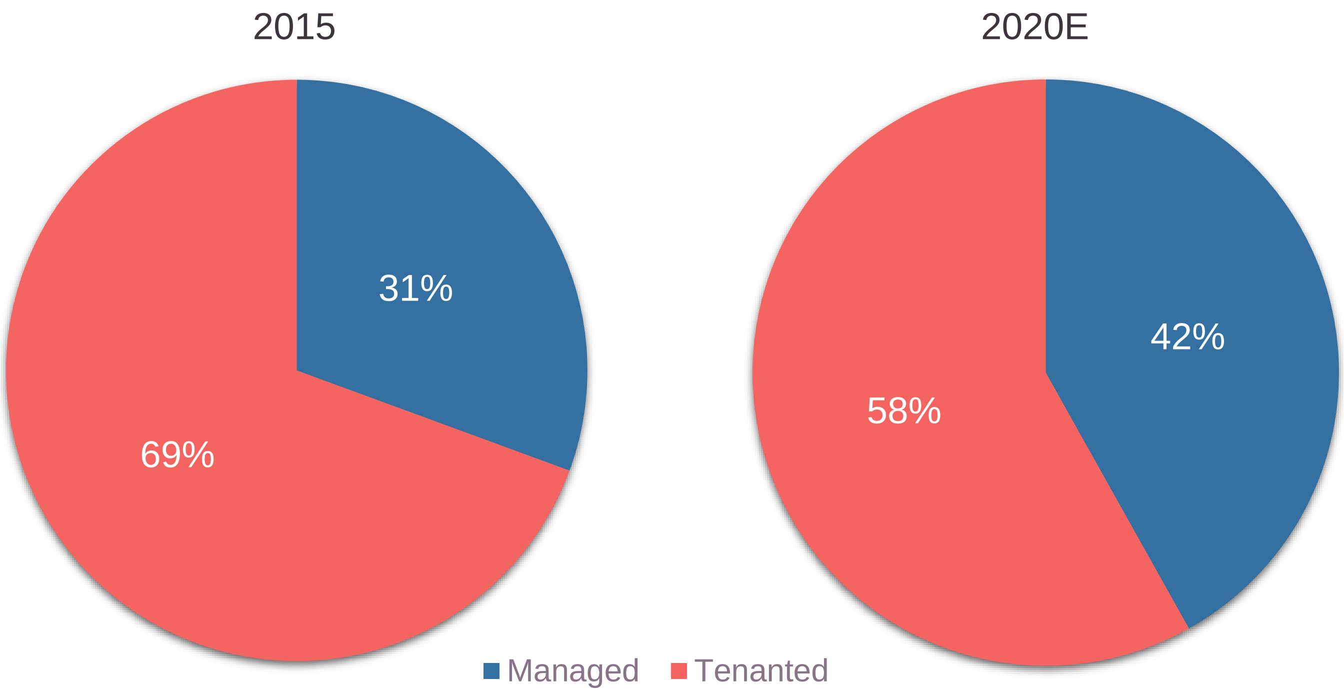



Source: Barclaycard Consumer Spending Reports, monthly year-on-year spend increases, January – September 2020

# MANAGED/TENANTED SHARE AT TOP 10 PUB GROUPS

**Leading groups move towards managed operations. Over a five year period, the split between managed and tenanted pubs at leading groups has levelled out, now 42% of the top 10 group sites are managed from 31% in 2015.**

Managed and tenanted share of Top 10 pub group estates, FY 2015-FY 2020E





**Managed pubs** are an attractive proposition, with a better ability to keep on top of consumer trends, manage operations and execute consistently.

Despite the limitations of tenanted pubs, including generally smaller sites and landlord negotiations, fixed costs involved with tenanted pubs have remained relatively low during tough market conditions, attracting wider investments in recent times.

Note: Stonegate Pub Company and EI Group treated as separate entities here. Managed pubs: Pubs where a manager is employed, typically owned by managed pub groups and restaurant groups, but also includes the managed estates of traditionally tenanted pub companies. Tenanted pubs: Owned by pub companies and leased/licensed to individuals. Often tied to a brewery or pub company.

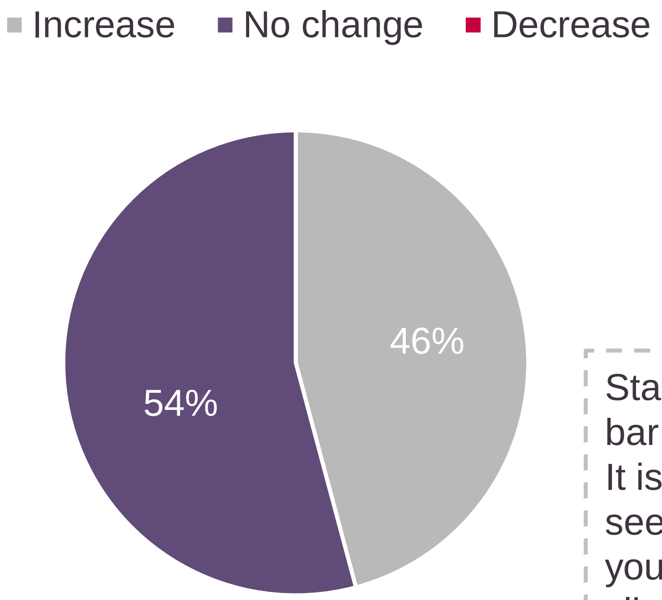
Source: Lumina Intelligence, October 2020

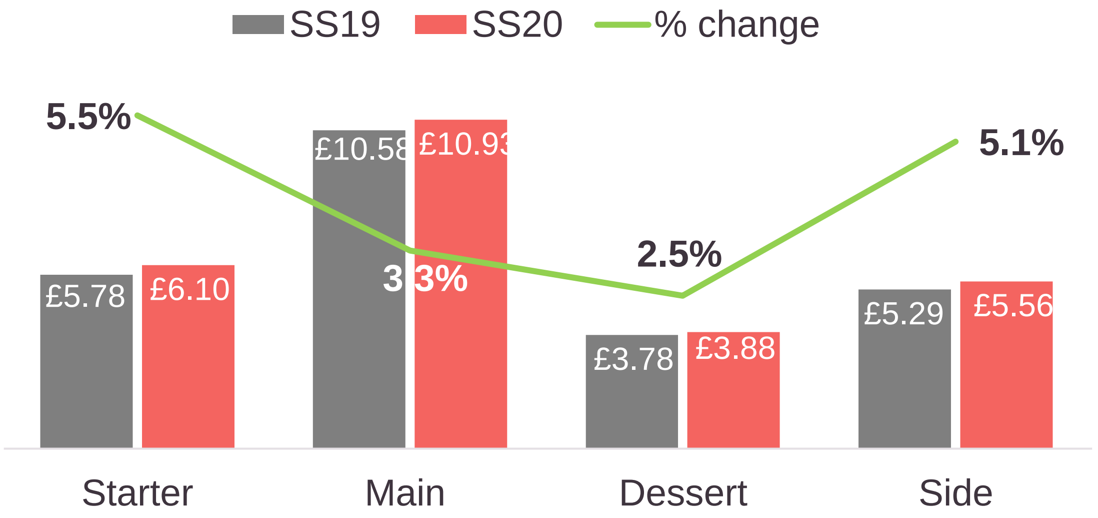
# BAR RESTAURANTS: 46% OF DISHES SEE A PRICE INCREASE

**Bar restaurant prices have increased by +3.6% across all 72 same-line dishes.**

**Bar restaurant price movements – Spring/Summer 2019 vs 2020**

**Sub-channel inflation: 3.6%**




Starter and side dish prices have increased at a faster rate than main and desserts in the bar restaurant channel.
It is the only sub-channel to record 0% for the number of same-line dishes which have seen a price decrease in SS20. This channel typically have higher price points and attract younger and more aspirational consumers who are more likely to not be effected by the slightly higher price points.

Source: Lumina Intelligence Menu Tracker

# SEVERAL OPPORTUNITIES FOR PUBS TO CAPITALISE ON SPORTS

**Televised sports fixtures can help pubs provide fans with an experience whilst spectator crowds are put on hold.**

## Group-led viewing

**23%**

only watch sports in a pub when in a group

Whilst capacity restrictions limits footfall and numbers at each table, operators should utilise outdoor space for showing sports and emphasise the experience of sports in a pub through premium drink offers and table service

## Sports & food pairing

**16%**

watch sports in a pub to have a meal at the same time

Special promotions linking sports broadcasts with food offers will draw in consumers looking to enjoy sports with a meal and boost perception of good value when provided with good quality food and a personal viewing area.

## Screen size appeal

**16%**

watch sports in a pub because of the screen size

Pubs with large, multiple or projector style screens should utilise social media channels to communicate with consumers the experience of viewing in the pub and be vocal around what sports are going to be shown

Source: Lumina Intelligence Channel Pulse

# FUTURE OPPORTUNITIES FOR PUB MARKET RECOVERY

**Future pub market recovery is dependent on pubs being able to consistently operate dine-in, as well as increased spend per head as sales volumes decline amidst capacity restraints.**

## Consumer-led drivers

- Demand for socialising out of home after nationwide and local lockdowns, especially amongst younger consumers
- Increased interest in domestic tourism boosting trade for staycation-focused and attractive tourist pub venues
- Financial pressures enhancing likelihood of socialising over a round of drinks as opposed to a full meal out
- Growing interest in specialised, craft and premium beverages boosting average spend per head
- Growing interest in British produce and provenance, demanding better higher ticket items for food destination pubs
- Growing need for low ticket items to give disproportionate benefits to price-led, value for money operators

## Operator-led drivers

- Digital ordering and payment solutions boosting efficiency and consumer confidence regarding virus transmission
- Scope to connect with customers and leverage insight from digital apps with marketing and promotions
- Uptake of food delivery and collection
- Wet-led pubs less exposed to rapidly changing consumer-trends mostly needing to focus on offering high quality drinks
- Seasonal & performance-related rents for wet-led pubs
- Uptake in food to go offerings including hot drinks and snacks to offset lost trade from capacity restrictions
- Opportunity to capitalise on postponed sporting events including the Euros in Summer 2021

Source: Lumina Intelligence, October 2020

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