



Matthew Clark

Industry bulletin

15th June 2020

Welcome to our weekly bulletin

Despite growing speculation of an early return to trade, the government poured cold water on the notion this week as July reopening dates were announced for Welsh and Scottish businesses.

With calls for clarity growing, the Welsh Economy Minister trailed the announcement of a 9th July limited reopening date. This news followed confirmation that Scottish hospitality businesses could reopen on the 15th of July. With GB hospitality businesses all now planning for return in July, many breweries across the UK returned to production following three months away. Just how many venues will be able to reopen successfully remains a point of discussion. One survey this week found most operators would require a 41% rent reduction throughout 2020¹, while Matthew Clark research found most venues will need more than 60% of pre-lockdown trade to remain viable.²

The week in numbers

19

Days until the 'earliest' date for the trade to reopen in England.

100

Barrels of Black Sheep brewed as UK breweries returned to production.³

41

Percentage rent reduction most operators feel they need to trade.¹

1.4m

Number of employees furloughed across hotels and food service.⁴

24

Number of wine agencies and bodies uniting to examine the future of wine tastings.

7

Percentage value fall in the value of Australian wine exports to the UK.⁵

Headlines

4th of July remains earliest hospitality businesses will reopen

The government has stated the 4th July is the earliest possible date for the trade to open, despite speculation the timing may be brought forward. "The worst possible thing – is we have a second peak" said Alok Sharma.



Indies favoured over chains when lock-down restrictions lift

Research by Tastecard has found 20% of people plan to support independent restaurants, while only 12% plan to support chains. It found 56% are planning to continue dining out as frequently as before or more.



Pubs and restaurants show signs of recovery in May

Barclaycard data shows eating and drinking saw an overall decline of 70.3% year-on-year in May, but, as the industry adapted to keep doors open, this drop was smaller than the 79.1% witnessed in April.



Budweiser Brewing Group hits the £1m pub relief target

BBG's Save Pub Life programme has hit the £1 million target pledge of financial support to more than 1,500 pubs and bars in just two months. The target was reached through gift card purchases and matched funding.



Greene King invests £250k in PPE for leased and tenanted pubs

Greene King has announced each of its leased and tenanted pubs will receive £250 in PPE kit for reopening, including face masks and hand sanitiser. Each pub can claim £120 in signage and access free training.



Scottish and Welsh governments outline reopening plans

The Welsh Government has announced that the hospitality industry could reopen on the 9th July, while in Scotland businesses have been advised to start to preparing for a provisional return on the 15th July 2020.

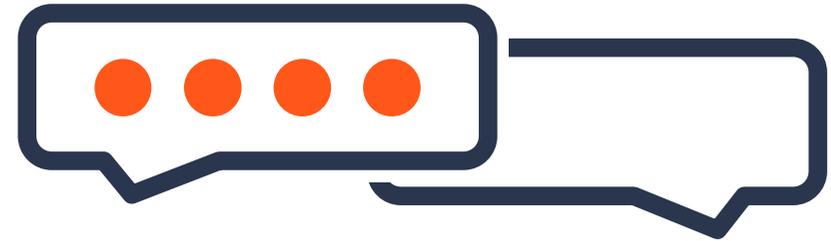


In Focus:

Reopening attitudes

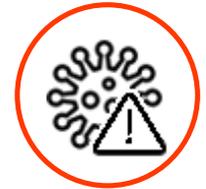
Food led venues are more likely to reopen sooner...

- $\frac{1}{2}$** of food-led venues are expecting to return in July or earlier compared to just **1/3** of wet-led outlets; a further third of wet-led venues are looking at reopening during August.²
- 36%** of late night venues predict that they will open later than October as social distancing measures restrict profitability.²
- 36%** of food-led venues will start offering takeaway once they open, compared to just **22%** of wet-led venues which are looking to offer such a service.²
- 80%** of venues will need more than **60%** of pre-lockdown trade to remain open, but over half of operators predict less than **50%** pre-lockdown trade upon re-opening.²



Staff safety is a key concern for operators...

74% of operators cited staff safety as highly important upon reopening, followed by understanding government regulations (**73%**) and putting social distancing measures in place (**70%**).²



With distancing and staff safety high on the agenda, it's no surprise that many are seeking to make use of technology...

- 50%** of operators however, feel as if they **need help** implementing takeaway, home delivery and table ordering/service solutions.²

How is the on-trade changing?

Consumer spending on eating and drinking out is likely to reduce

33% of consumers expect that their average monthly spend on eating and drinking is likely to have decreased 6 months from now. ⁶

Operators are considering how to adapt their range post-lockdown

64% of operators are planning to not increase any product range. ²

1 in 10 operators across all outlet types are predicting to increase the amount of soft drinks they stock and **1 in 5** are planning to offer more low/no options. ²

1 in 5 operators are looking to substantially reduce their draught beer/cider range, but **68%** are predicting no change to their offer on tap. ²

Sustainability is still important to most operators

35% consider eco-friendliness as very important upon reopening despite **1 in 3** operators looking to use disposable glassware. Only **1 in 10** operators consider being eco-friendly not important or irrelevant on reopening. ²

There's a continued focus on cleanliness and hygiene

Safety concerns will be heightened, and the customers expectations of hygiene and health will be significantly higher than pre-COVID levels. ⁷

31% of consumers would be cautious about returning to the on-trade with **21%** being comfortable to return if added precautions were implemented, such as social distancing, regular cleaning and hand-sanitising. ⁸

80% of business leaders predict that consumer demands for hygiene will increase post-lockdown. ⁸

78% of business leaders are planning to implement an increased focus on hygiene initiatives and **72%** plan to reduce covers/capacity. ⁸

There will be some effort to simplify the supply base

1 in 3 operators may look to either reduce or change supply base, with **3 in 4** operators interested in having the option to purchase barware, sundries and drinks from a single wholesaler at the same time. ²

Sources

1. HIM/MCA Insight, Hospitality Leaders Poll June 2020
 2. Matthew Clark Customer Survey - 04/06/2020
 3. Black Sheep Brewery Press Release - 11/06/2020
 4. ONS - Coronavirus Job Retention Scheme Statistics June 2020
 5. Wine Australia Export Update 12/05/2020
 6. CGA – BrandTrack– COVID-19 - April 2020
 7. OC & C Strategy Consultants : Alcoholic Beverages Covid Perspectives & RTM Implications
 8. CGA Business Confidence Q2 2020
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