



*Matthew Clark*

# **Industry bulletin**

8th June 2020

# Welcome to our first weekly bulletin

**Preparations for a return to trade are taking big steps forward following the government's announcement that some hospitality venues could be allowed to open from the 4th of July.**

Could we all be back to business sooner? The main story of the past few days has been the suggestion that pubs in England could reopen on 22nd June. It's suggested that the threat to the 3.5 million jobs within the industry has promoted government discussion. The plans would allow for the 27,000 pub gardens across the country to open, with the full social distancing figure of two metres in force. However, it's also widely reported that this figure could be halved to encourage people to visit the trade. If the government can safely take these steps, it will no doubt be welcomed by the industry, following a report that almost £7billion in alcohol sales will be lost this year.

## The week in numbers



**3.5m**

Number of people employed within the UK hospitality sector.



**80**

Days that the industry has been locked down as of the 8th June.



**£3000**

How much it will cost to make each pub COVID safe, according to poll.<sup>1</sup>



**27,000**

Number of pub gardens in the UK that could welcome guests on the 22<sup>nd</sup> June.<sup>2</sup>



**1**

Metres of social distancing reportedly being considered by government.



**£7bn**

Amount that UK alcohol sales could fall by this year as a result of lockdown.<sup>3</sup>

# Headlines

## BBPA launches free cross-industry platform for beer destruction

The British Beer & Pub Association has launched 'Return Your Beer', a platform allowing operators to submit information to brewers on the stock they hold, receive permission on the destruction of beer and reclaim duty.



## Pubs in England could see fast-tracked reopening on 22nd June

Government ministers are said to be considering reopening the hospitality industry earlier than expected. Pubs and bars would reportedly have to serve drinks outside and a 2-metre distancing rule would be in full effect.



## Many Brits are drinking the same, if not less, during lockdown

According to a YouGov and Portman Group survey, most Brits are drinking within stated guidelines during lockdown. 2/3rds of drinkers are drinking the same, less or have stopped drinking since lockdown began.



## Customers intend to visit pubs about 12% less often

Research by KAM Media has found that 200 million visits by regular pub-goers will be lost over the next six months. Further findings suggest 1/3<sup>rd</sup> of 18-34 year-olds plan to visit pubs more often after lock-down.



## PM seeks to reduce social distancing from 2-metres to 1-metre

It has been widely reported that the government is keen to reduce distancing if there is supporting evidence. This follows calls from industry leaders that 2-metre distancing will prevent reopening for many venues.



## Whisky Exchange reports a 159% uplift in gifting purchases

Sending a bottle of spirit as a gift has increased during lockdown, or so say The Whisky Exchange, who also suggest that getting 'together' with a virtual Friday night drink is quickly becoming the 'new normal'.



# In Focus:

## Product Ranging

Operators are looking to reduce the range they have on offer...

**22%**

of business leaders have expressed that they are looking to reduce their drink menu items post-lockdown, with **19%** indicating they will be listing more value options.<sup>4</sup>

**28%**

of business leaders are planning on cutting back drinks offering to core items on re-opening.<sup>4</sup>

**64%**

of Matthew Clark customers are not planning any increases to any product range.<sup>5</sup>

**25%**

of hotels served by Matthew Clark will be substantially reducing their range of draught beer and cocktails. **1 in 5** will be reducing spirits, wine and packaged beer options.<sup>5</sup>



Draught beer and cider ranges are the most likely to be refined...

While **68%** are not predicting a change to their draught range, **1 in 5** operators will be substantially decreasing the number of products on tap.<sup>5</sup>



However, operators need to be mindful that range still plays an important part in the consumers choice of venue...

**30%**

of consumers consider the range of drinks an outlet offers a very important factor in choosing where to visit post-COVID. This is up from **24%** pre-COVID.<sup>6</sup>

# How is the on-trade changing?

## Consumer confidence is low

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**85%** of consumers are worried about long-term financial implications. <sup>7</sup>

## Consumer spending on eating and drinking out is likely to reduce

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**33%** of consumers expect that their average monthly spend on eating and drinking is likely to have decreased 6 months from now. <sup>7</sup>

## Consumers are keen to return to the on-trade, albeit with caution

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**22%** of GB Adults said they would feel comfortable resuming visits to the out of home as soon as Government restrictions are lifted. Those that are most willing to return were frequent drinkers in the on-trade pre-covid. <sup>8</sup>

**53%** of consumers will visit pubs and restaurants the same or more once lockdown is lifted. <sup>8</sup>

**64%** of consumers would feel most comfortable going out for a Catch up with friends. **50%** of consumers would be comfortable going out for celebrations. <sup>7</sup>

## There's a local focus

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**67%** of business leaders predict that consumers will have a reluctance to visit city and town centres post-lockdown. <sup>4</sup>

**52%** of business leaders predict that consumers will have an increased desire to support local post-lockdown. <sup>4</sup>

## Consumers remain increasingly health consciousness

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**16%** of Brits are drinking less or not at all during lockdown. <sup>8</sup>

**31%** growth of No and Low Beer in the off-trade with no-alcohol spirits up **16%**, cider up **15%**, RTDs up **11%** and wines up **1%**. <sup>9</sup>

## Consumers are seeking alternatives to the On-trade experience

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**13%** of consumers have had a virtual group gathering with friends through a video app. 6% of consumers have recreated drinks that they would usually only purchase in pubs, bars and restaurants. <sup>10</sup>

# Sources

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1. Hospitality Leaders Poll MCA Insight/HIM June 2020
  2. British Beer & Pub Association Press Release 08 June 2020
  3. Mintel UK Alcoholic Drinks Review Market Report June 2020
  4. CGA Business Confidence Q2 2020
  5. MC Customer Return to Trade Survey
  6. CGA – China Recovery – COVID-19 May 2020
  7. CGA – BrandTrack– COVID-19 - April 2020
  8. YouGov Plc
  9. Nielsen
  10. CGA Snap poll survey
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