



Matthew Clark

Industry bulletin

29th June 2020

Langgang terras!

Welcome to our weekly bulletin

There's no doubting about the biggest story of the week; the government has announced that most of the industry in England can reopen this Saturday. According to an MCA survey, around 50% of businesses may open.

Full government guidance has been issued ahead of the reopening date, which features a requirement to keep a record of guests for 21 days. While existing booking systems should suffice for many, the government has advised that further details will be set out on what this could look like for pubs and bars.

In Scotland, it has confirmed that hospitality business can reopen outdoor spaces from the 6th of July, with a broader reopening of indoor pubs, bars and restaurants to follow on the 15th of July. Across the home nations, it looks like the on-trade could benefit from a summer of 'staycations' as bookings boom for UK getaways.

The week in numbers



5

Days remaining until pubs and bars can reopen in England.



50

Percentage of operators that don't know or are not planning to reopen on the 4th of July.¹



43

Pages in the government guidance document for reopening.



80

Million pounds pledged by Diageo in a global initiative to aid pubs and bars.



172

Percentage increase in 'Staycation' bookings compared to last year.



9

Days prior to the proposed Scottish reopening date that outdoor spaces can open.²

Headlines

Hospitality gets the all clear for 4th July

The UK government has announced that pubs, bars and restaurants will be able to reopen with safety measures in place for table service from the 4th of July. The two-metre social distancing rule has also been relaxed.



Two-metre change 'will allow 145 million more pints to be sold'

New research by CGA had found that the relaxation of the two-metre social distancing rule will allow for a further 145 million pints of beer will be sold as capacity increases from 30% to 70%.



Industry survey reveals protracted recovery

A survey by UK Hospitality has found that operators are predicting a lengthy and difficult recovery with trade expected to be significantly suppressed throughout a slow recovery in the second half of 2020.



Loungers aims to have full estate reopen by mid-August

As the industry prepares for reopening, café bar chain Loungers has announced a staggered approach that will see sites open by mid-August depending on restrictions being relaxed across the home nations.



61% of returning workers unclear on how to keep safe

Research by Flow Hospitality Training has revealed knowledge gaps for hospitality workers on how they can keep customers and colleagues safe, with 61% of workers being unable to identify useful steps correctly.



Operators expect turnover to be 50-75% of pre-covid levels

Pub operators believe their trading performance will be at 50% to 75% of pre-COVID levels over the next 12 months. 48% expect retail prices to rise, and 63% are expecting the cost of goods to increase.



In Focus: China Case Study

Three main macro trends accelerated as a result of COVID-19

Financial polarisation

72%

are concerned about the long-term financial implications of the pandemic. Average weekly spend on eating/drinking out dropped by **-9%**, but spend on alcohol when out increased.³

27%

said they only drink value brands whilst drinking out post-lockdown (+2pp vs pre-COVID). While **55%** stated they only drink premium brands (+3pp vs pre-COVID).³

Health conscious choices

40%

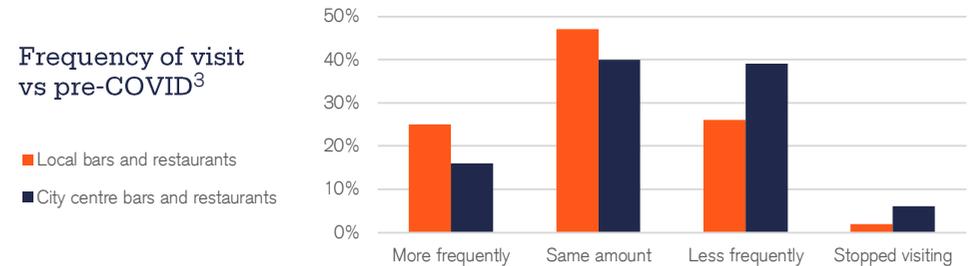
cited healthy options as a “very important” factor in deciding where to visit (vs 29% pre-COVID). **55%** stated they were either cutting back on drinking alcohol or stopping completely.³

Local focus

76%

of consumers said they invested more in their local community during the lockdown, with **67%** planning to do so more post-lockdown. **25%** of consumers said they visited local bars/restaurants more frequently than pre-COVID.³

Frequency of visit vs pre-COVID³



Decisions on drinking and dining out have changed...



51% of those going out said they were doing so in smaller sized groups. Hygiene standards of the venue have quickly become the key factor in decision making - **45%** view hygiene as a very important factor.³

There have been slight shifts in category consumption...



All categories saw slight uplifts in consumption on return, except for domestic beer and cocktails. Beer has seen a polarisation of premium and value options, while cocktails may be impacted by the contact time during the serve.³

Consumer expectations are largely being met with survey respondents claiming service (**49%**) and value for drinks promotions (**41%**) are better than pre-lockdown. Although **31%** believe the on-trade atmosphere has improved, **20%** believe the atmosphere is worse than pre-COVID.³

How is the on-trade changing?

Consumers are prioritising safety over “normal” experience

68% cited “feeling safe in a hospitality venue” as more important than having a “normal hospitality experience”.⁴

Consumer spending on eating and drinking out is likely to reduce

39% have less disposable income as a result of COVID-19 (vs 15% with more). 86% predict they will cut back on eating and drinking out because of this.⁴

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

44% intend to visit in the first few weeks post lockdown. 1 in 8 are “very likely” to visit on the 4th of July.⁴

22% of 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.⁵

53% of consumers will visit pubs and restaurants the same or more once lockdown is lifted.⁵

Continued focus on cleanliness

Safety concerns will be heightened, and the customer’s expectations of hygiene and health will be significantly higher than pre-COVID levels.⁶

A polarising effect

48% of Chinese consumers have visited the on-premise since restrictions have been lifted, almost an exact split.³

54% of Chinese consumers have seen a decrease in total household income and, 9% have seen hardship, while **41%** have seen unaffected or rise.³

Chinese drinkers have further polarised between premium and value options.³

Consumers remain increasingly health consciousness

16% of Brits are drinking less or not at all during the lockdown.⁵

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%**.⁷

Sources

1. MCA Insight Hospitality Leaders Poll 26/06/20
2. Rest Easy Group
3. CGA China recovery May 2020- COVID-19
4. UKH Consumer Survey – Undertaken by CGA

5. YouGov Plc
6. OC & C: Alcoholic Beverages Covid Perspectives
7. Nielsen



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