**Ashdale Business Consulting Ltd**

**January 2019**

# Ashdale Insights

INSIDE THIS ISSUE:



## No meat and greet

*This month we ask are operators catering well enough for customers who are vegetarian or vegan?*

Talking with my son the other day I was explaining how different going to pubs and restaurants was today compared to when I was his age. For example, even though I have never smoked I recalled how when I got back home after a night out the odour from second hand smoke lingered on my clothes to the point where they always had to go straight into the washing basket. Although not as bad, even after going out for a meal the same thing often occurred, as smoke has no respect for who is sitting in a smoking or non-smoking part of a restaurant.

Smoking aside we also talked about how the variety and choice of what you could order has also changed significantly. And for the better I gladly agreed.

Back in the day if you wanted pizza or pasta then a bona fide Italian restaurant was your only option. The same could also be said for any number of dishes which we now take for granted will be available across a range of different casual dining formats or food-led pubs.

Of course these changes didn't happen overnight; they are a product of the gradual changes that operators needed to make in order to keep pace with their customers. History shows us that those operators who don't change or adapt either get left behind or require major re-positioning to continue to be successful.

So looking to the future what are the current changes which, when we look back in a few years' time will have become part of the mainstream rather the exception.

### Veni, vidi, I vegan

Whist what is in fashion in the world of dining can come and go, without exception one of the most significant trends in recent years which looks here to stay is the rise in those customers demanding a vegetarian or vegan option.

**To read this in full and previous articles go to Ashdale Articles**

www.ashdale-consulting.com

***The largest downward contribution to inflation came from recreation and culture, especially computer games***

# Economic Headlines

*These headlines are from our Economic Bulletin.*

CPI for November 2018 was +2.3% down on +2.4% in October, this compares to a rate of +3.1% in November 2017 and the lowest level in over 12 months.

Latest figures from the ONS show that unemployment remained at 4.1%, as wages are continuing to rise at their highest level for nearly a decade.

The estimate for GDP for Q3 2018 was +0.6%, as the economy has slowed going into the autumn after a strong summer – car sales have fallen significantly.

| | |
|---|---|
| **CPI** | **+2.3%** |
| **RPI** | **+3.2%** |
| **CPIH** | **+2.2%** |

| | |
|---|---|
| **UNEMPLOYMENT** | **+4.1%** |
| **PAY** | **+3.3%** |

| | |
|---|---|
| **Q3 GDP** | **+0.6%** |
| **TRADE BALANCE** | **(£10.3BN)** |
| **SERVICES** | **+£25.23BN** |

***Asda led the big four pack and held market share at 15.0% as Tesco and Sainsbury's both saw sales fall***

# Retail Headlines

*These headlines are from our Retail Bulletin.*

Retail sales rose +3.6% in November 2018 vs. November 2017, as retailers reported strong growth on the month due to Black Friday promotions.

All the major retail sectors saw both volume and value growth this month as online sales as a proportion of all retailing exceeded 20% for the first time.

Latest 12 week figures saw the Grocery Market grow by +2.0%, its slowest rate since March 2017 as inflation fell, Black Friday had little impact on the supermarkets.

| | |
|---|---|
| **RETAIL VOLUMES** | **+3.6%** |
| **RETAIL VALUES** | **+5.0%** |
| **INTERNET SALES** | **+13.1%** |

| | |
|---|---|
| **GROCERY MARKET** | **+2.0%** |
| **GROCERY INFLATION** | **+1.6%** |
| **Aldi** | **+12.2%** |

***UK consumers are ending 2018 on a pessimistic note, most likely reflecting consumers concerns over the outcome of Brexit negotiations***

# Consumer Spending Headlines

*These headlines are from our Consumer Spending Bulletin.*

Average family spending power was up £7 a week in October at £206, the second consecutive month the Income Tracker has seen growth above 3%. (No update)

The estimated average mortgage debt in October was £125,860, meaning the average annual interest paid would be £3,146 per household (based on a rate of 2.5%).

GfK's UK Consumer Confidence Index was (14) in December down (1) compared to November, this represents a more than five-year low for the index.

| | |
|---|---|
| **HOUSEHOLD INCOME** | **£795** |
| **TAXES & COST OF LIVING** | **£589** |
| **DISCRETIONARY** | **£206** |

| | |
|---|---|
| **HOUSEHOLD DEBT** | **£59,288** |
| **EXC MORTGAGES** | **£7,926** |

| | |
|---|---|
| **Overall Confidence** | **(14)** |
| **LY Personal Finances** | **(1)** |
| **NY Personal Finances** | **(1)** |

# Wine Update

Latest data from the HMRC shows that still wine returns for September 2018 were down (7.7%) versus September the previous year.

This combined with July up +0.3% and August up +1.4% meant that Q3 was down (2.0%) vs. 2017.

This means that the current MAT is down slightly at (0.3%) vs. the same quarter in 2017.

Sales of sparkling wines in September were down (1.8%).

Combined with decreases in July of (4.5%) and growth of +3.1% in August meant Q3 finished down (1.1%) vs. 2017.

This means that the current MAT is declining by (0.2%) following over 6 years of growth.

Total Wine is down (0.3%) on a MAT basis.

**Source: HMRC November 2018**

***There has definitely been a change in consumer behavior over recent months when it comes to Wine***

# Pub & Bar Update

The latest Deltic Night Index has revealed that average consumer spend on a night out is up +8.9% year-on-year to £67.05. Spending is up across all categories (food, transport, entry fees and drinks in the venue), with the exception of pre-drinks, which is down (1.5%) on last year.

Admiral Taverns has reported a positive set of financial results for the 52 weeks ended 2 June 2018. Turnover at the group was £67.7m, delivering an underlying company EBITDA of £23.5m. Underlying EBITDA per pub up was up 4.2% compared to last year.

Drake & Morgan, has revealed its financial results for the year ending March 2018. Turnover for the period increased by +15.9% to £49.7m. Adjusted EBITDA remained flat at £5m, while adjusted pre-tax profit was £1.3m.

admiral TAVERNS

***Admiral invested £8.5m over the course of the year, which continued to drive the strong EBITDA per pub performance***

# Weather Summaries

*For more months and years then simply go to:*

*www.ashdale-consulting.com*

| NOVEMBER | |
|---|---|
| MILD WINDY | Temp = +1.1<br>Rain = 101<br>Sun = 110 |

- Generally mild but wet and windy in all parts of the country
- Above average sunshine although regional variations

| DECEMBER | |
|---|---|
| MILD DRY COLD | Temp = +1.9<br>Rain = 99<br>Sun = 92 |

- Starting mild, then much colder before becoming mild again
- Slightly warmer than average but with less sunshine

***Storm Deirdre brought widespread freezing rain on the 15th, which caused considerable travel disruption***

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**Helping clients…**

**Sell More**
**Charge More**
**Lower Costs**

# About Ashdale Business Consulting

I help my clients ***sell more***, ***charge more*** and ***lower costs***.

Having been a client myself I understand you always have ***more things which need doing*** than you ever have time for. Sometimes you also need ***additional skills*** or ***experience*** to complement those already in your organisation.

**Sound familiar?**

That's where help. I provide an independent flexible resource to draw from on just those occasions. I work across a range of different industry sectors providing ***analysis***, ***insight*** and ***strategic thinking***, however I specialise in helping the UK alcohol and hospitality sector.

Clients range from ***individual outlets*** and ***microbrewers*** through to ***regional/national brewers***, as well as ***global drinks companies*** and ***trade organisations***.

**For more information go to my website:**

**www.ashdale-consulting.com**

# Dates and Events for Your Diary

### General

January
1$^{st}$ New Year's Day
2$^{nd}$ Holiday (Scotland)
25$^{th}$ Burns Night

February
5$^{th}$ Chinese New Year (Pig)
14$^{th}$ Valentine's Day

### Licensed Trade

January
17$^{th}$ Restaurant Marketer Awards (Lnd)
30$^{th}$ National Breakfast Awards (Lnd)

February
5$^{th}$-6$^{th}$ Pub 19
20$^{th}$ National Burger Awards
21$^{st}$-23$^{rd}$ Craft Beer Rising
27$^{th}$-28$^{th}$ Casual Dinning Show

### Sports

January
14$^{th}$ -27$^{th}$ Australian Tennis Open
18$^{th}$/19$^{th}$ Carabao Cup semi-finals

February
3$^{rd}$ Super Bowl (USA)
12$^{th}$ – 13$^{th}$ Champ League last 16
24$^{th}$ League Cup Final (Lnd)

# Ashdale Training Dates

**Helping Pubs & Bars Make More Money**

Next Open Workshops – 2019

For more information click here.

9$^{th}$ January
23$^{rd}$ January

20$^{th}$ February

6$^{th}$ March