Ashdale Business Consulting Ltd

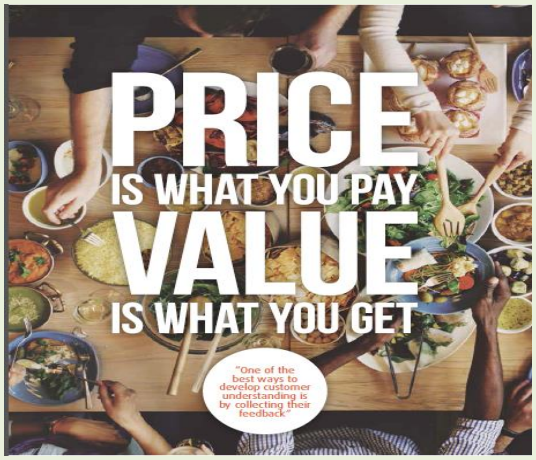
May 2017

Ashdale Insights

INSIDE THIS ISSUE:

Price Is What You Pay, Value Is What You Get

This month we look at how customers value what operator offer.



Whether we like it or not a key thing to understand is that value is always defined by the customer or more particularly those individuals who are paying the bill. Therefore to understand the true nature of value, you need to get inside the minds and even hearts of those customers. Once you can do that the next step is to communicate the value of your products and services not in terms of what they do, but what they do for customers, expressed in a language that customers can relate to.

Of course an important consequence of value being defined by customers is that it can be very difficult to quantify. To do this you need to understand all the factors that they take into consideration in assessing value, and you have to understand the relative importance that each customer place on them. Without this understanding you may just be throwing good money after bad. One of the best ways to develop customer understanding is by collecting their feedback. Typical ways in which this can be done is through comment cards, face to face by staff or electronically if you have email addresses etc. Once you better understand the factors that customers consider when making decisions the easier it will be to develop the propositions which offer the most value to them.

Anyone who has ever attended a Sales or Marketing course or even read an online article on the subject will know that customers buy benefits and not features. Typical examples being 'People don't want to buy light bulbs, they want to be able to work or read at night' or 'People don't want to buy web hosting, they want their websites online and accessible to web visitors'. In these cases and others you will be familiar with, the benefits assigned to them are usually functional in nature.

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

www.ashdale-consulting.com

or

Casual Dining Magazine
www.casualdiningmagazine.co.uk

GDP for Q1 2017 was +0.3%, this is the weakest rate of growth since the EU referendum

Economic Headlines

These headlines are from our Economic Bulletin.

CPI for March 2017 was +2.3% no change from +2.3% in February, as rising prices for food and clothing were offset by lower air fares (helped by a late Easter vs. last year).

Latest figures from the ONS show that unemployment remained at 4.7%, the lowest level since the summer of 1975, with wage growth at +2.3%.

The preliminary estimate for GDP for Q1 2017 was +0.3%, this is the weakest rate of growth since the EU referendum.

CPI	+2.3%
RPI	+3.1%

UNEMPLOYMENT	+4.7%
PAY	+2.3%

Q1 GDP	+0.3%
TRADE BALANCE	(£8.47BN)
SERVICES	+£26.88BN

Both Lidl and Aldi hit new record high market shares this period and now have a joint grocery share of 11.9%

Retail Headlines

These headlines are from our Retail Bulletin.

Retail sales rose +1.7% in March 2017 vs. March 2016, as the price of everyday goods continued to climb and average store inflation reached +3.3%.

Average store prices rose across the board this month with the biggest increase coming from Fuel Stores where prices increased by +16.4% vs. this time last year.

Latest 12 week figures saw the Grocery Market grow by +3.7%, all 10 major retailers saw sales up, as premium own label lines continue to see huge growth.

RETAIL VOLUMES	+1.7%
RETAIL VALUES	+5.1%
INTERNET SALES	+19.5%

GROCERY MARKET	+1.4%
GROCERY INFLATION	+2.3%
Lidl	+15.0%

Although consumer confidence dropped again this month it remains surprisingly stable

Consumer Spending Headlines

These headlines are from our Consumer Spending Bulletin.

Average family spending power was up £3 a week in February at £202 as rising inflation continues to put pressure on family spending. (no update this time)

The estimated average mortgage debt in February was £119,937, meaning the average annual interest paid would be £3,154 per household (based on a rate of 2.63.

GfK's UK Consumer Confidence Index was (7) in April down (1) compared to March, as four of the five measures decreased, leaving only the Major Purchase Index up.

HOUSEHOLD INCOME	£760
TAXES & COST OF LIVING	£558
DISCRETIONARY	£202

HOUSEHOLD DEBT	£56,460
EXC MORTGAGES	£7,259

Overall Confidence	(7)
LY Personal Finances	+1
NY Personal Finances	+2

Beer Update

Latest data from the British Beer & Pub Association shows that beer sales in Q1 2017 were up +3.6% on the same quarter a year ago.

The growth was driven by sales through Supermarkets & Convenience Stores which more than offset the declines through Pubs, Bars and Restaurants.

Sales through Pubs, Bars and restaurants in the UK in the first quarter were down (3.1%). This compares to a decline of (2.9%) in quarter 4 this year and a decline of (0.4%) in quarter 1 in 2016

Sales through Supermarkets & Convenience Stores in the UK were up +11.3% compared to the same quarter last year. This compares to a growth of +0.7% in quarter 4 and a decline of (2.0%) in quarter 1 in 2016.

Source: BBPA May 2017

Growth was driven by sales through Supermarkets & Convenience Stores

Supermarket Update

The latest grocery market share figures reveal the overall market has grown by 3.7% – the fastest rate since September 2013 and worth almost £1 billion in additional sales to the grocery sector.

Grocery inflation now stands at +2.6% for the 12 week period ending 23 April 2017. Prices have been rising since the 12 weeks to 1 January 2017, following a period of grocery price deflation which ran for 30 consecutive periods from September 2014 to December 2016

Premium own label lines are continuing to see huge.

Ocado has doubled its share since late 2014 and now accounts for 1.3% of supermarket sales. The retailer is growing at 10.8% – second only to Aldi and Lidl.

Source: Kantar World Panel

Fewer than 3% of British households have shopped with Ocado in the past 12 weeks however they are considerably more affluent than average

Weather Summaries

For more months and years then simply go to:

www.ashdale-consulting.com

MARCH

DRY
MILD

Temp = +1.8
Rain = 104
Sun = 121

- Started mild but changeable then colder & wet at the end
- Joint warmest March since 1910 with above average sunshine

APRIL

WARM
DRY

Temp = +0.6
Rain = 48
Sun = 109

- Started warm & dry, becoming colder at the end of the month
- Cloudy but average rainfall & the 10th driest April since 2010

Rainfall was below the norm except in NW Scotland and parts of Devon, with 48% of the average overall

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Analysis
Insight
Strategy

About Ashdale Business Consulting

Ashdale Business Consulting is an independent consultancy providing analysis, insight and strategy across the UK alcohol and hospitality industry. Specialist areas include Strategic & Marketing Analysis, Scenario Planning & Forecasting, Category Management and Profit & Value Chain Modelling. We also deliver training across a range of business and marketing activities, all of which help to improve an organisations ability to make more profitable decisions.

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 our website:

www.ashdale-consulting.com

For more information about our FREE and chargeable eLearning training go to:

www.http://ashdale-academy.teachable.com

Dates and Events for Your Diary

General

May
1st Early May Bank Holiday
4th Local Council Elections
5th Old £5 no longer legal
29th Spring Bank Holiday

June
8th General Election
18th Father's Day
21st Summer Solstice
21st – 25th Glastonbury

Licensed Trade

May
13th World Cocktail Day
22nd – 24th London Wine Fair
23rd National Pub Awards
29th Spirts Conf. - Glasgow

June
9th - 10th Wolves Beer Fest
15th Beer Day

Sports

May
14th Spanish GP
24th Europa League final
27th FA Cup Final
28th Monaco GP

June
3rd Epsom Derby
3rd Champions League Final
10th Scotland v England
20th – 24th Royal Ascot

Ashdale Training Dates

Marketing

May
9th Marketing Planning for SME's (BoT)
16th Marketing Planning Skills - Option 1 (BoT)
25th Marketing Planning Skills - Option 2 (BoT)

June
6th Marketing Planning for SME's (BoT)
14th Marketing Planning Skills - Option 1 (BoT)
22nd Marketing Planning Skills - Option 2 (BoT)

Licensed Trade

May
18th How To Make A Profit (Sheffield)

June
20th How To Make A Profit (BoT)

BoT = Burton-on-Trent