Ashdale Business Consulting Ltd

June 2018

# Ashdale Insights

INSIDE THIS ISSUE:



## Does It Add Up?

*This month we ask do customers understand what they are paying for?*

In the course of my work I have the need to travel by train quite often. Actually that's not entirely true, in some cases I could drive. However when going to the likes of London or Manchester I often find that being on the train will give me time to catch-up on emails, read or indeed just give me some thinking time.

Running my own business, I need to be smart when booking tickets to get the best prices. The difference between just turning up at the station compared to a bit of planning can be nearly £100 on a simple day return journey. What is common knowledge to anyone who does something similar is that on balance the slower the train the cheaper the ticket. And the further you book in advance the better prices you can get. These principals can also be found when looking at airfares.

When it comes to other sectors, product or services these accepted norms then often get turned on their head. The casual dining and hospitality sector being a great case in point.

**The fast food paradox**

Unlike the world of travel, when it comes to serving food, rather than commanding a premium, fast food is seen as the cheap option. Now clearly when it comes to high street burger chains etc. this can easily be rationalised as there is no table service, plates are plastic or paper and a high proportion of sales are for consumption off premise. However casual dining and even more upmarket venues often adopt a similar approach. Regardless of where you live it is almost impossible not to come across at least some food-led outlets which advertise 'Express Lunches' or something similar. With these 'offers' usually very competitively priced.

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

www.ashdale-consulting.com

***Economic growth continues to be the slowest it has been since 2012***

# Economic Headlines

*These headlines are from our Economic Bulletin.*

CPI for April 2018 was +2.4% down on +2.5% in March, the lowest it has been in a year, although this in part was helped by the timing of Easter this year.

Latest figures from the ONS show that unemployment remained at 4.2%, as the number of people in employment continues to grow.

The second estimate for GDP for Q1 was +0.1%, down from +0.4% in Q4, as an increase in energy supplies and online sales partially offset other declines.

| | |
|---|---|
| CPI | +2.4% |
| RPI | +3.4% |
| CPIH | +2.2% |

| | |
|---|---|
| UNEMPLOYMENT | +4.2% |
| PAY | +2.6% |

| | |
|---|---|
| Q1 GDP | +0.1% |
| TRADE BALANCE | (£6.9BN) |
| SERVICES | +£27.71BN |

***Lidl continues to be the best performing 'bricks & mortar' retailer, helped by sales of branded goods***

# Retail Headlines

*These headlines are from our Retail Bulletin.*

Retail sales rose +1.4% in April 2018 vs. April 2017, which was better than expected as spending resumed after unseasonably cold weather earlier in the year.

All the major retail sectors saw both volume sold and value growth this time round, although Department Stores fell back after their boost last month.

Latest 12 week figures saw the Grocery Market grow by +2.7%, boosted by a combination of hot weather, the Royal Wedding and the FA Cup Final.

| | |
|---|---|
| RETAIL VOLUMES | +1.4% |
| RETAIL VALUES | +3.5% |
| INTERNET SALES | +11.7% |

| | |
|---|---|
| GROCERY MARKET | +2.7% |
| GROCERY INFLATION | +2.1% |
| Lidl | +10.4% |

***UK consumers are feeling more upbeat this month with a two-point rise in the Overall Index***

# Consumer Spending Headlines

*These headlines are from our Consumer Spending Bulletin.*

Average family spending power was up £3 a week in March at £199, supported by both an upturn in wage growth and easing inflationary pressures.

The estimated average mortgage debt in April was £123,870, meaning the average annual interest paid would be £3,109 per household (based on a rate of 2.51%).

GfK's UK Consumer Confidence Index was (7) in May up +2 compared to April, as contrasting views on personal finances vs. the economy keep the Index negative.

| | |
|---|---|
| HOUSEHOLD INCOME | £778 |
| TAXES & COST OF LIVING | £579 |
| DISCRETIONARY | £199 |

| | |
|---|---|
| HOUSEHOLD DEBT | £58,240 |
| EXC MORTGAGES | £7,692 |

| | |
|---|---|
| Overall Confidence | (7) |
| LY Personal Finances | +1 |
| NY Personal Finances | +8 |

# Cider Update

Latest data from HMRC shows that cider returns in Q1 2018 were down (13.1%) on the same quarter a year ago.

The quarter started off poorly as returns in January were down (13.9%) on January last year.

This continued through into February were returns were also very poor, (13.4%) vs. February 2017.

The quarter didn't pick-up as the returns for March were down (12.3%) compared to March last year.

A result of this has been that Cider returns on a MAT basis have dropped sharply and are now only just in growth at +1.1%.

These declines could be a result of stock piling around the run up to Christmas last years as much as anything else.

**Source: HMRC May 2018**

***Cider returns as measured by HMRC have seen the year well down on the same quarter last year***

# Casual Dining Update

Spending insights of 3m UK bank customers for Q1 2018 has found that delivery has grown 17% year-on-year, while eating out grew 3%, compared to 9% growth in Q1 2017. In casual dining specifically, spend fell by 1% year-on-year.

Welcome Break is opening a Pizza Express site at South Mimms services at junction 23 on the M25 on 8 June. The new site will have seating for 88 guests, operating from 11am to 10pm, 364 days a year. This is the 2nd of the pizza brand to open with Welcome Break following Oxford services in December 2017.

Casual Dining Group has signed a new 3-year partnership deal to offer Cineworld Unlimited cardholders a 25% discount on food and drink at the group's brands, including Bella Italia and Las Iguanas.


***A further 3 Pizza Express restaurants are scheduled to open throughout the rest of this year at Fleet, Cobham and Beaconsfield services***

# Weather Summaries

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

*www.ashdale-consulting.com*

**APRIL**

COLD

Temp = +1.0
Rain = 119
Sun = 90

- Started off cold and wet with some snow on high ground
- Then brief hot spell which saw hottest April temps since 1949

**MAY**

WARM

Temp = +1.7
Rain = 69
Sun = 132

- For most places the 1st half of the month was sunny and warm
- The last week saw spells of rain as well as thunderstorms

***For most places the early-May Bank Holiday was very sunny and the equal 2nd warmest May since 1910***

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**Helping clients…**

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

# 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

June
9th Queen's B'day (Official)
17th Father's Day
21st Summer Solstice

July
4th Independence Day (USA)
14th Bastille Day (Fra)

### Licensed Trade

June
3rd World Cider Day
9th World Gin Day
13th-17th Taste of London
15th National Beer Day (UK)
22nd Cider Summit (Bristol)

July
2nd-3rd Imbibe Olympia
14th-15th Weymouth Seafood Festival
28th-29th Craft Drinks (NEC)

### Sports

June
14th World Cup (Russia)
18th Tunisia v England
24th England v Panama
28th England v Belgium

July
2nd-15th Wimbledon
8th British Grand Prix
15th World Cup Final
19th-22nd The Open

# Ashdale Training Dates

### Licensed Trade

June
7th How To Make More Profit (BoT)
21st How To Make More Profit (BoT)

July
Currently no open workshops

### Marketing

June
12th For Small Businesses (BoT)
26th For Small Businesses (BoT)

July
10th For Small Businesses (BoT)
24th For Small Businesses (BoT)

BoT = Burton-on-Trent
Sheff = Sheffield