Ashdale Business Consulting Ltd

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Ashdale Quarterly Newsletter

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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

Following a good finish to 2017, sales through both on and off trade outlets are down in Q1 this year versus a year ago

Beer Update

Latest data from the British Beer & Pub Association shows that beer sales in Q1 2018 were down (1.7%) on the same quarter a year ago.

The decline was in sales through Supermarkets & Convenience Stores and through Pubs, Bars & Restaurants.

Sales through Pubs, Bars & Restaurants in the UK in Q1 were down (1.9%). This compares to a decline of (2.3%) in Q4 last year and a decline of (3.5%) in Q1 in 2017.

Sales through Supermarkets & Convenience Stores in the UK in Q1 were down (1.5%) compared to the same quarter last year.

This compares to a growth of +3.6% in Q4 last year and a growth of +11.3% in Q1 in 2017.

Source: BBPA May 2018

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

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 year as much as anything else.

Source: HMRC May 2018

The strong growth in sparkling wine, in particular Prosecco, seems to be coming to an end

Wine Update

Latest data from the HMRC shows that still wine returns for March 2018 were down (10.2%) versus March the previous year.
This combined with January down (0.9%) and February down (1.5%) meant that Q1 was down (5.2%) vs. 2017.

This means that the current MAT is down (0.3%) vs. this time last year.

Sales of sparkling wines in March were down (24.0%), the worst month since February 2011.

Combined with increases in January of +8.5% and +17.1% in February meant Q1 finished down (5.0%) vs. 2017.

This means that the current MAT is only seeing growth of +3.2%, its lowest level since June 2012.

Source: HMRC May 2018

Pubs & Bars Update

The White Horse in Chilgrove, West Sussex, was named as the best pub in the UK at the National Pub & Bar Awards last month. It also won South East Pub of the year.

NewRiver REIT plc confirmed its acquisition of Hawthorn Leisure for £106.8m. Buying the 298-strong Hawthorn Leisure group of pubs increases NewRiver's existing pub estate from 331 to 629 sites, adding pubs in Scotland to those it already owns in England and Wales.

Brunning & Price has announced the purchase of Ribble Valley Inns, a collection of restaurant and real ale pubs in the north of England.

Ei Managed Investments, the Ei Group business that invests alongside industry-leading managed house operators, has announced the launch of The Old Spot Pub Company.

HAWTHORN LEISURE

Managed Investments has grown since its launch in May 2015 and there are now 43 pubs operating across the 10 different ventures

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

Supermarket Update

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.

Grocery inflation remained at +2.1% for the 12 week period ending 20th May 2018.

Morrisons successful run of form continued with its 19th consecutive period of growth helped by alcohol sales.

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

Aldi also had another good performance up +6.7% in the period.

These two discounters currently have a combined market share of 12.7%.

Source: Kantar World Panel

The Friday before the Royal Wedding and the FA Cup final experienced a particularly noticeable spike in sales, with grocers clocking in £415m over the 24 hours

Helping clients…

Sell More
Charge More
Lower Costs

Dates and Events for Your Diary

General

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

August
6th Bank Holiday (Scot)
27th Bank Holiday (E&W)

September
18th-19th Yom Kippur
23rd Autumnal Equinox

Licensed Trade

July
2nd-3rd Imbibe Olympia
5th-7th Scottish Real Ale Fst
14th-15th Weymouth Seafood Festival
28th-29th Craft Drinks (NEC)

August
7th-11th GBBF Olympia
21st-25th Peterborough Beer Festival
23rd-26th Gin Festival (Lnd)

September
11th Cider Group (London)
21st-22nd Gin Festival (Shef)
University Fresher's Weeks

Sports

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

August
11th Premier League Starts

25th Rugby League Cup Final

September
2nd-9th Cycling Tour Britain
8th Eng vs Spain Football
15th T20 Final Day (B'ham)
28th-30th Ryder Cup (Paris)

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

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