Ashdale Business Consulting Ltd

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Ashdale Quarterly Newsletter

INSIDE THIS ISSUE:

It's beginning to look a lot Like Christmas

This quarter we ask how traditional are operators at Christmas?

Notwithstanding the weather I always consider October to be the beginning of winter. And although the clocks don't go back until towards the end of the month and bonfire night is still ahead of us, more and more of our thoughts turn towards Christmas. That said many operators will probably have locked down Christmas weeks if not months before the start of October. Menus will have been printed, promotions signed-off and in some cases bookings already beginning to fill up their diaries. For others however there will still be the opportunity to fine tune and perhaps make those all important changes which will make the current year their busiest and hopefully most profitable yet.

Regardless of when you do your planning the following may give you some food for thought for things to consider next time round.

The 50 days of Christmas

For many operators and indeed suppliers the run up to Christmas and of course New Year represents one of the most important trading periods they have all year. When it comes to pubs the brewers sell around 11% of their annual volumes during December. Interestingly the figure goes up to 12% when you look at sales of beer through Supermarkets etc. during the same time. Although I don't have exact figures, I expect that for some operators December will represent an even higher percentage when it comes to cash through their tills.

But when should Christmas begin? Christmas is somewhat unique in terms of timings compared to other key trading events and dates. Although you may take some bookings either side of say Valentine's Day or Mothering Sunday, on balance the majority of people booking to celebrate those events plan to do it on that specific day.

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

www.ashdale-consulting.com

The declines this quarter have to be seen in the context of the great weather and World Cup in 2018

Beer Update

Latest data from the British Beer & Pub Association shows that beer sales in Q2 2019 were down (2.5%) on the same quarter a year ago.

The decline was driven by sales through Pubs, Bars & Restaurants although sales through Supermarkets & Convenience Stores also declined.

Sales through Pubs, Bars & Restaurants in the UK in Q2 were down (3.9%). This compares to a decline of (0.8%) in Q1 this year and a decline of (3.1%) in Q2 in 2018.

Sales through Supermarkets & Convenience Stores in the UK in Q2 were down (1.4%) compared to the same quarter last year.

This compares to an increase of +3.8% in Q1 and growth of +7.9% in Q2 in 2018.

Total sales on a MAT basis are up +1.6%.

Source: BBPA August 2019

Q2 was positive overall with the June returns probably reflective of comparisons to last summer

Cider Update

Latest data from HMRC shows that cider returns in Q2 2019 were up +4.3% on the same quarter a year ago.

The quarter started off very well as returns in April were up +27.6% vs. April last year.

This positive performance continued as returns in May were up +7.6% vs. May 2018.

The quarter ended quite poorly as the returns for June were down (13.1%) compared to June last year.

A result of this has been that Cider returns on a MAT basis continue to fall and are now in decline at (4.4%).

These declines are for traditional apple Ciders only. Fruit based Cider volumes are categorized as Made-Wine for duty by HMRC.

Source: HMRC August 2019

Declines in still wine sales are across the board; red, white and rose

Wine Update

Latest data from the HMRC shows that still wine returns for June 2019 were down (6.7%) versus June the previous year.

This combined with April down (5.7%) and May down (2.1%) meant that Q2 was down (4.8%) vs. Q2 2018.

This means that the current MAT is down (3.0%) vs. the same time last year.

Sales of sparkling wines in June were down (11.9%).

Combined with a decline in April of (4.7%) and a growth of +0.8% in May meant Q2 finished down (5.5%) vs. Q2 2018.

This means that the current MAT is in decline of (3.0%).

These numbers continue to show how much pressure the wine market has been under over recent months.

Source: HMRC August 2019

Pubs & Bars Update

Robinsons Brewery has reported a rise in turnover of 6.1% to a record £75.5m for the year ending 31 December 2018, compared with £71.2m the previous year.

Profit before tax increased to £7.1m, compared with £3.2m last year.

Greene King is set to be sold for £4.6bn to CK Asset Holdings (CKA), the Hong Kong-based real estate conglomerate owned by Hong Kong's richest man Li Ka-shing.

The deal will see CKA pay £2.7bn for the pub group and brewer, as well as inheriting an additional £1.9bn of debt.

Across the licensed sector, the number of UK premises dropped 2.4% in the 12 months to June 2019, to just under 117,000, according to research from CGA and AlixPartners. With the rate of closures of pubs and bars lower than the market average, at 2%.

The number of drink-led leased pubs fell by 25% in the five years to June 2019, to just under 13,000 as major PubCo's switched to managed sites and food

Casual Dining Update

British consumers are confused by words used in restaurants, according to research by Bidfood.

The research aims to show the impact of menus when it comes to consumer dining habits. This will help operators meet the needs of consumers, and help them stand out and boost footfall.

Neat Burger, the first plant-based burger chain, launches its first site in September.

The new site opens off Regent Street, London, with plans to launch 14 franchises internationally over the next 24 months.

The UK's restaurant numbers have fallen for the sixth quarter in a row, research from CGA and AlixPartners reveals.

In the 12 months to June 2019, there has been a 3.4% drop in restaurant numbers, an average of 18 net closures a week.

Neat Burger will serve patties created by a team of chefs in collaboration with Beyond Meat, a plant-based meat alternative, which forms the basis of the burgers

Supermarket Update

Latest 12 week figures show the grocery market is flat at +0.0% vs. a decline of (0.5%) last month. Grocery inflation is +0.9% for the 12 week period ending 11th August 2019

Strong sales by Lidl saw it reach a new record share high of 5.9% with Aldi also continuing to perform strongly.

Morrison's is to offer its cafés as free spaces for community groups. The supermarket is offering the facilities to groups such as new parents, charities, book clubs and craft groups.

Asda, Iceland and Morrisons are among major UK supermarkets pushing "dodgy deals" that do the opposite of saving their customers money, according to an investigation by Which?.

Source: Kantar World Panel and The Grocer

Sales at Lidl jumped +7.7% in the three months to 11 August, fuelled by a burst of store openings that attracted nearly 500,000 more customers

Helping clients…

Sell More
Charge More
Lower Costs

Dates and Events for Your Diary

General

October
8th-9th Yom Kippur
27th Clock go back
31st Halloween
31st UK Leaves the EU

November
5th Bonfire Night
11th Armistice Day
15th Children In Need
28th Thanksgiving (USA)
29th Black Friday
30th St Andrew's Day

December
2nd Cyber Monday
22nd Winter Solstice
25th Christmas Day
26th Boxing Day
31st New Year's Eve

Licensed Trade

October
2nd & 3rd Bar & Pub (Lnd)
9th Bites Live (Lnd)
4th Seafood Week
7th National Curry Week
19th & 20th RumFest (Lnd)

November
7th National Pizza Awards
13th-15th Pizza & Pasta Show (Olympia)
12th Purple Tuesday
21st Beaujolais Day
21st-24th Taste of London

December
11th All Parliamentary Drinks Reception
17th UKH (ALMR) Christmas Lunch

Sports

October
11th Czech Rep vs Eng
12th Rugby League Final
14th Bulgaria vs Eng
27th Mexico GP

November
2nd Rugby Union WC Final
14th Eng vs Montenegro
17th Kosovo vs Eng

December
1st Abu Dhabi GP (last one)

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

Ashdale Business Consulting Ltd
6 Lichfield Street
Burton-on-Trent
Staffordshire
DE14 3RD

Phone
07967 197533
E-mail
chris@ashdale-consulting.com
Twitter
@Ashdale2012