

Ashdale Insights

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Try Before You Buy

This month we ask would operators benefit by letting their customers sample some of their products beforehand?

A few years ago I was asked by a friend to help out at a local food fair that she was attending. My friends products were what is known as tray-bakes, the likes of brownies, flapjack etc. To say it was a nice day would be an understatement with the weather definitely having an impact on attendances.

A consequence of this was that sales were much lower than we had hoped. About halfway through the day we agreed to start offering free samples of the brownies as a way of generating interest. I am pleased to report that this tactic had the desired effect and sales picked up almost immediately. Once potential customers had the opportunity to sample the brownies, which were particularly good, in most cases a sale soon followed. Of



course there were a few people who had no intention of buying, particularly children, but on balance it worked out well.

This approach of try before you buy is by no means new and for anyone who attends food fairs on a regular basis is something you will come across on a regular basis. So it clearly works.

That said, as a practice it is far less common when it comes to restaurants etc. and I wonder why this is the case?

What's the point...

Of course giving free food away can often feel counter intuitive. The whole point of what you

are in business to do is to make money, so why do it? So there has to be method to this apparent madness. And of course there is.

Talking to people across the industry and reading the various articles on the subject there are a few key reasons operators give for why they think giving free samples away works for them.

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

www.ashdale-consulting.com

Pay (including bonuses) fell by (0.3%) on a year earlier, private sector pay fell by (1.2%) and public sector pay grew by 3.7%

All of the 'big 4' experienced strong sales in the past 12 weeks with Morrison's doing particularly well

Consumer confidence remains low as the cost of the pandemic to the economy is becoming apparent

Economic Headlines

These headlines are from our Economic Bulletin.

CPI for June 2020 was +0.6% up on +0.5% in May, as many sectors continue to be under pressure as a result of the Covid-19 lockdown restrictions.

Latest figures from the ONS shows that the unemployment rate

remained at 3.9%, as pay fell by (0.3%) as a result of employees being furloughed.

The latest estimate for GDP for the 3-months to May 2020 was (19.1%), although this should improve through June as some restrictions start to be lifted.

CPI	+0.6%
RPI	+1.1%
CPIH	+0.8%

UNEMPLOYMENT	+3.9%
PAY	(0.3%)

3-Mth to May-20 GDP	(19.1%)
TRADE BALANCE	+£2.66BN
SERVICES	+£22.12BN

Retail Headlines

These headlines are from our Retail Bulletin.

Retail sales were down at (1.6%) in June 2020 vs. June 2019, as internet sales continued to grow, up +73.4% vs. the same month last year.

The growth in Food-led stores has started to return to more normal levels in June, although it

continues to benefit from many people working from home.

Latest 12 week figures saw the Grocery Market grow +16.9%, the fastest rate since records began in 1994, although data for the last 4 weeks suggests this is now slowing.

RETAIL VOLUMES	(1.6%)
RETAIL VALUES	(3.2%)
INTERNET SALES	+73.4%

GROCERY MARKET	+16.9%
GROCERY INFLATION	+3.6%

Co-op +30.6%

Consumer Spending Headlines

These headlines are from our Consumer Spending Bulletin.

Average family spending power was down (£5) a week in June at £211, with half of UK regions and nations seeing falling incomes in Q2, 2020.

The estimated average mortgage debt in January was £132,242, meaning

the average annual interest paid would be £3,134 per household (based on a rate of 2.37%). **No update this month.**

GfK's UK Consumer Confidence Index was (27) in July up +3 vs June, with an improvement in 'future personal finances' measure quite encouraging.

HOUSEHOLD INCOME	£810
TAXES & COST OF LIVING	£599
DISCRETIONARY	£211

HOUSEHOLD DEBT	£60,363
EXC MORTGAGES	£8,082

Overall Confidence	(27)
LY Personal Finances	(4)
NY Personal Finances	+0

Beer Update

Latest data from the British Beer & Pub Association shows that beer sales in Q2 2020 were down (19.6%) on the same quarter a year ago.

The decline was driven by sales through Pubs, Bars & Restaurants following the Covid-19 shutdown.

Sales through Pubs, Bars

& Restaurants in the UK in Q2 were down (95.5%). This compares to a decline of (18.1%) in Q1 this year and a decline of (2.8%) in Q2 2019.

Sales through Supermarkets & Convenience Stores in the UK in Q2 were up +39.6% compared to the same quarter last year. This compares to growth of

+1.8% in Q1 this year and a decline of (1.7%) in Q2 in 2019.

Total Q2 sales were down (19.6%) vs. Q2 last year with the MAT now down (5.4%).

Source: BBPA August 2020



Pub, Bar & Restaurants were closed throughout Q2, with Supermarkets etc. picking up about 40% of the lost volume

Supermarket Update

Amazon is ramping up its online grocery service with the aim of serving millions of shoppers across the UK by the end of 2020. Online food sales have almost doubled during the pandemic with grocers struggling to keep up with demand.

Aldi has teamed up with Deliveroo to offer grocery

home deliveries across some parts of the UK. Last month, the chain began making deliveries to customers from 8 stores across the Midlands. Now the retailer is expanding its on-demand delivery service to include London.

John Lewis (JLP) is to roll out electric delivery vans

by 2021 as part of its grocery delivery expansion and to become more eco-friendly. The vehicles will be used for Waitrose food & small John Lewis deliveries.



The JLP vans are designed to save more than 20,000 tons of CO2 annually, and come alongside the retailer's aim to end the use of fossil fuels across its transport fleet by 2030

Weather Summaries

For more months and years then simply go to:

www.ashdale-consulting.com

JUNE	
  STORMS	Temp = +1.0 Rain = 144 Sun = 97
<ul style="list-style-type: none"> • Warm but quite unsettled with showers & longer spells of rain • Month ended with a hot sunny spell which saw thunder storms 	

JULY	
 	Temp = (0.8) Rain = 122 Sun = 83
<ul style="list-style-type: none"> • Mainly cloudy with showers & longer spells of rain • Some regional hot weather towards the end of the month 	

July began with low pressure dominating, mainly cloudy weather with showers and longer spells of rain

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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

August

3rd Bank Holiday (Sco)
31st Bank Holiday (E&W)

September

22nd September Equinox

Licensed Trade

August

7th International Beer Day
13th National Prosecco Day
16th National Rum Day

September

11th – 13th Virtual GBBF
24th Cask Ale Week

Sports

August

1st FA Cup Final
2nd British Grand Prix
9th British Grand Prix (2)
23rd Champions League Final

September

5th Iceland v England
6th Italian Grand Prix
8th Denmark v England
12th Premier League Starts
17th-20th US Golf Open

Ashdale Training Dates

Helping Pubs & Bars Make More Money

No current Open Workshops in 2020

For more information [click here](#).



*Events and Sports maybe subject to postponement or cancellation due to the Coronavirus