

Ashdale Quarterly Newsletter

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Jack of more trades

This quarter we ask would operators benefit by having multiple revenue streams as well as their core offer?

When I joined the hospitality industry in the mid-1980s it was with Bass plc. Bass at the time whilst well known for brewing and owning pubs also had a variety of other associated businesses under what I soon discovered was quite a large umbrella. During the 1980s and 1990s these businesses included Hedges & Butler, its wine & spirits arm, Britvic, the soft drinks company, Augustus Barnet, an off-licence chain, as well as Crest Hotels. Coral racing was also part of the company at that time and they even dabbled with Horizon Holidays for a short time.

So why did the company do this? The simple answer was that they decided it was better to spread the risk across a number of differed, albeit hospitality related sectors rather than rely

on everything running perfectly in just one or two, such as beer and pubs.

This approach was probably best vindicated on the 23rd of September 1996 when Frankie Dettori won all 7 races at Ascot, completely wiping out Coral's profits for the financial year which would end just seven days later. Thereby not allowing anytime to claw back their loses.

Fast forward to the Spring of 2020 and many hospitality operators have had their pubs, bars and restaurants closed for weeks on end.

So while there are clear benefits to focussing on a

core offer, are operators putting their businesses at risk by putting all their eggs in one basket?

Take it away...

Notwithstanding the impact that the Covid-19 pandemic will have had on the UK's food delivery and takeaway market the sector was already seeing significant growth. Industry estimates for 2019 suggested that the market was worth some £8.5bn and growing, with around 10m customers. The long term outlook is that this is only likely to increase.

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Despite Supermarkets & Convenience Stores picking up sales, the closure of Pubs, Bars & Restaurants in Q1 2021 meant total beer sales were down (23.6%) vs Q1 2020

With Pubs and Bars still closed in Q1 cider sales continued to suffer

Strong Supermarket & Convenience Store sales helped wine stay in volume growth during Q1 2021

Beer Update

Latest data from the British Beer & Pub Association shows that beer sales in Q1 2021 were down (23.6%) on the same quarter a year ago.

The decline was driven by the lack of sales through Pubs, Bars & Restaurants as they remained closed. Sales through Pubs, Bars

& Restaurants in the UK in Q1 were down (96.6%). This compares to a decline of (76.5%) in Q4 in 2020 and a decline of (18.4%) in Q1 2020.

Sales through Supermarkets & Convenience Stores in the UK in Q1 were up +32.9% compared to the same quarter last year. This compares to growth of

+12.0% in Q4 last year and a growth of +1.8% in Q1 in 2020.

Total MAT sales as of Q1 2021 were down (17.6%) vs. (0.4%) in the MAT to Q1 2020.

Source: BBPA May 2021



Cider Update

Latest data from HMRC shows that cider returns in Q1 2021 were down (25.2%) on the same quarter a year ago.

The quarter started off well as returns in January were up +15.1% vs. October the previous year.

This performance worsened as returns in

February were down (41.7%) vs. February 2020.

The quarter came to an end with returns for March down at (36.3%) compared to March 2020.

A result of this has been that Cider returns on a MAT are now in decline at (16.6%).

These numbers are for

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

Source: HMRC May 2021



Wine Update

Latest data from the HMRC shows that still wine returns for March 2021 were down (0.2%) versus March the previous year.

This combined with January up +6.0% and February up +7.6% meant that Q1 was up +4.1% vs. Q1 2020.

This means that the current MAT is up +11.4%

vs. this time last year.

Sales of sparkling wines in March were up +17.3%.

Combined with a growth in January of +35.3% and a decline of (2.4%) in February meant Q1 finished up +15.4% vs. Q1 2020.

This means that the current MAT is in growth of +3.9%.

Fortified wine saw an increase during Q1 up +21.4% vs. 2020 with the MAT now at +11.5%.

Source: HMRC May 2021



Pubs & Bars Update

The British Beer & Pub Association (BBPA) has produced new guidance for pubs planning to screen UEFA Euro 2020 games ahead of the tournament next week. The new guidance has been developed alongside the BII, UKH, the National Police Chiefs' Council and the Local Government Association, and aims to

ensure the football screenings - starting 11 June - are a success, and that customers and staff remain safe.

Young's chief executive Patrick Dardis has confirmed the group is in discussions regarding the 'possible' sale of its tenanted estate. Though Dardis does indeed confirm that Savills has

been appointed to advise the group on this process, he states "there can be no certainty that any sale will proceed".



Young's has invested £17m to enhance its managed estate over recent months.

Casual Dining Update

Pan-Asian restaurant Wagamama has announced the launch of a new cook at home range, with all profits to be donated to its charity partner YoungMinds. The launch sees some of Wagamama's classic dishes hit supermarket shelves for the first time, including: three meal kits, three stir fry sauces and

two curry pastes. Caffè Carluccio's, the first café concept from Carluccio's, has opened in partnership with Sainsbury's in St Albans, with brand owner Boparan Restaurant Group (BRG) announcing plans to roll out 500 sites of the new concept in the next five years. The partnership with

Sainsbury's encompasses three new in-store concepts. In addition to Caffè Carluccio's, a hot and cold deli, Carluccio's Counter, will launch later this month in Sainsbury's Leamington Spa.



Alongside the retail partnership with Sainsbury's, BRG will be looking to roll out the Caffè Carluccio's concept across the UK.

Supermarket Update

Tesco UK CEO Jason Tarry has joined the call for legislation to protect workers against a rising tide of "abuse, threats and violence". With parliament debating the issue after a petition submitted by Usdaw received more than 100,000 signatories, Tarry said it was vital ministers followed Scotland in

passing new laws. Britain's biggest sandwich maker has pledged to make almost half of all its new products meat-free. Greencore, which supplies pre-packaged sandwiches to major UK supermarkets including Morrison's and Sainsbury's, said it plans to introduce 1200 new products as coronavirus

restrictions ease. Morrison's has hailed the "renaissance of the supermarket" as it reported strong sales during the most recent coronavirus lockdown.



The UK's fourth-largest grocery chain said more people cooking meals at home had helped sales, which grew 2.7 per cent in the 14 weeks to 9 May.

Helping clients...

**Sell More
Charge More
Lower Costs**

Dates and Events for Your Diary

General

July

- 4th Independence Day (USA)
- 12th Battle of the Boyne (NI)
- 14th Bastille Day (Fra)

August

- 2nd Bank Holiday (Scot)
- 30th Bank Holiday (E&W)

September

- 16th Yom Kippur (Jewish)
- 22nd Autumn Equinox

Licensed Trade

July

- 2nd-11th National BBQ Week
- 7th-11th Taste of London
- 14th-18th Taste of London

August

- 6th International Beer Day
- 16th National Rum Day

September

- 5th-6th Imbibe
- 11th-12th Weymouth Seafood
- 23rd-24th Casual Dining
- 28th National Burger Awards

Sports

July

- 11th Euro 2020 Final
- 15th-18th Open Golf
- 17th Rugby League Final
- 18th British GP
- 23rd Tokyo Olympics Starts

August

- 1st Hungarian GP
- 14th Premier League Starts
- 21st Hundred Finals Day
- 24th Tokyo Paralympics
- 29th Belgian GP


September


- 5th Dutch GP
- 12th Italian GP
- 21st-26th Ryder Cup (USA)
- 26th Russian GP

Weather Summaries

For more months and years then simply go to:

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APRIL	
<p>DRY </p> <p>COLD</p>	<p>Temp = (1.7)</p> <p>Rain = 28</p> <p>Sun = 152</p>
<ul style="list-style-type: none"> • Overall it was an unusually cold, dry and sunny month • The fourth driest April since 1862, with plenty of sunshine 	

MAY	
<p></p> <p>COLD</p>	<p>Temp = (1.3)</p> <p>Rain = 171</p> <p>Sun = 86</p>
<ul style="list-style-type: none"> • May began unseasonably cold with frequent rain or showers • It was the fourth wettest May since 1862 	

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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