



Market Recovery Monitor

Review of GB pub, bar and restaurant supply

MAY 2021

Third of sites trade in first phase of reopening

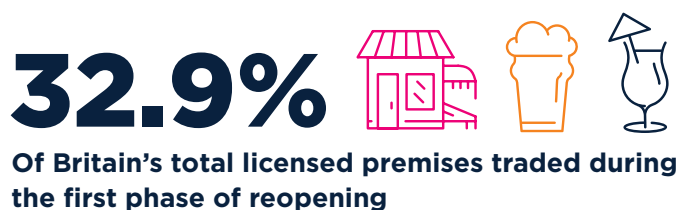
Introduction by Karl Chessell, CGA director - hospitality operators and food, EMEA

Hospitality's reopening for primarily outside service has been a tale of two halves. Venues started to return from Monday 12 April to a very warm welcome from consumers, and sunny weather made for a strong first fortnight of sales—especially in drinks. However, with rain moving in as we entered May, footfall and sales dipped in line with the temperatures. Trading outside was always going to be vulnerable to the Great British spring weather, and so it proved.

For the third of operators that have been able to trade, the five weeks of outside service have been a useful springboard for sales and a chance to crank operations back up again. This edition of the Market Recovery Monitor provides a detailed picture of that trading—and a few clues of what might be to come this summer. Among other things, it shows a much more widespread restart for pubs and managed groups than for

restaurants and independents, and encouraging signs from city centres as well as rural areas.

However, the fact remains that more than two thirds of sites still haven't welcomed guests, and hospitality's recovery will only begin in earnest with indoor opening from Monday 17 May. All eyes now are on how many of these remaining venues return and how they perform under the relaxed rules. The next edition of the Market Recovery Monitor will have the details.



1. Overview

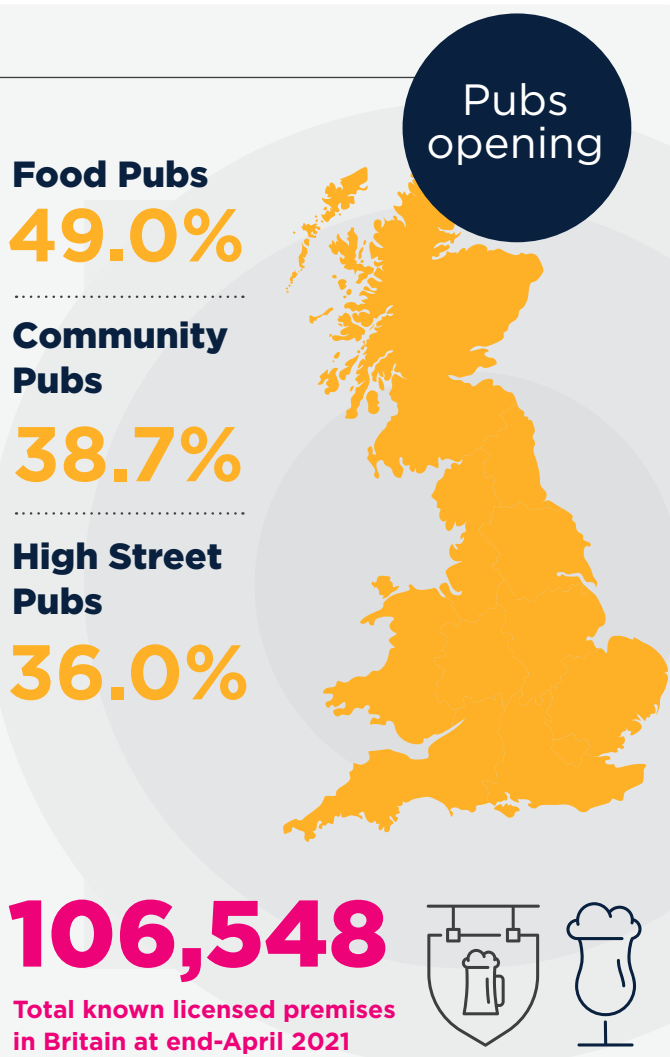
By the end of April 2021, just under a third (**32.9%**) of Britain's pubs, bars, restaurants and other licensed premises had begun to trade again for the first time since the start of the last national lockdown—a total of just over 35,000 venues.

With countries reopening on different paths, Britain's numbers varied by place and tenure (see page 2). In England and Wales, where openings were permitted for outdoor service only, numbers were boosted by the moves of some local authorities to allow operators to add tables to pavements and pedestrianise roads—enabling some venues that did not previously have a designated outdoor space to accommodate guests. This had a particularly welcome impact in some of Britain's major city centres (see page 3). Manchester's Northern Quarter and the 'Liverpool Without Walls' initiative were just two examples—though of course some operators here will have decided it was still not viable to trade.

Reopenings have also fluctuated from week to week, with some businesses taking a little while to reopen, or encouraged to do so by strong early interest from consumers. Others were prompted to temporarily close again by worsening weather in May.

There were major differences by segment too, with pubs generally returning in greater numbers than restaurants (see right). In the first few weeks of trading in England, many pubs with decent outdoor space reported overwhelming demand for tables and buoyant sales as drinkers celebrated the chance to get back out again and the sun shone. Trading numbers for bars (**30.2%**) and bar restaurants (**39.1%**) were higher than anticipated thanks to the freeing up of extra pavement space.

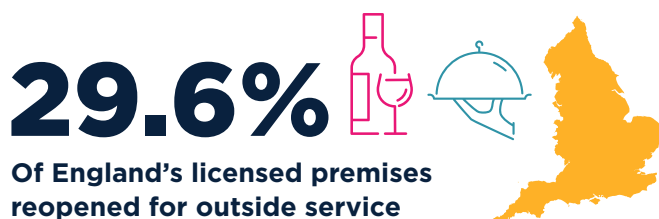
With indoor service resuming from Monday 17 May, the majority of the two thirds (**67.1%**) of venues that had not reopened by the end of April will now have the option to do so—though nightclubs are still not able to return. After a long wait, we will now see just how much consumers have missed hospitality.



2. England, Scotland and Wales

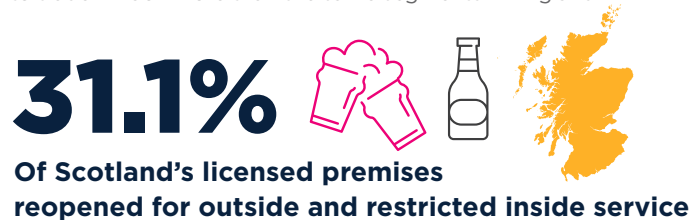
Trading numbers in England, Scotland and Wales have reflected the differing reopening dates and restrictions of the three countries.

England accounts for more than four in five of Britain's licensed premises, and was the first to reopen hospitality for outside service on 12 April. Capacity increased steadily from then, with trading numbers rising from **23.2%** in the first week to **26.5%** in the second to **29.6%** by the end of April. Consumers responded with enthusiasm, and CGA's Consumer Pulse data showed that **44%** of adults in England went out to eat or drink within a week of reopening—nine percentage points more than after the first national lockdown in July 2020.



In Scotland, operators had to wait another two weeks before reopening on 26 April—but when they did, it was with the added benefit of being able to serve food indoors without alcohol until 8pm, and **31.1%** of sites had reopened by early May. The indoor

rules have not made a major difference to numbers, with a total reopening rate similar to England, but they did encourage nearly three quarters of community and food pubs with outdoor space to trade—much more than the same segments in England.



Wales' hospitality sector reopened alongside Scotland's on 26 April—but without the advantage of indoor trading. Trading numbers here have so far been well below those of England and Scotland at **24.6%**. Restaurants (**10.5%**) have been notably slow to return, due to a combination of limited outdoor space and the poor weather that set in across Wales soon after the reopening date.



Reopenings by country and segment

Proportion of sites in Britain that reopened. Note: Britain figures exclude islands.

| | England | Scotland | Wales | Britain |
|--------------------------|---------|----------|-------|---------|
| Bar | 31.0% | 25.5% | 20.7% | 30.2% |
| Bar restaurant | 39.5% | 36.4% | 37.0% | 39.1% |
| Casual dining restaurant | 28.6% | 39.2% | 23.0% | 29.2% |
| Community pub | 39.8% | 36.0% | 29.1% | 38.7% |
| Food pub | 49.6% | 48.8% | 40.7% | 49.0% |
| High street pub | 36.8% | 32.9% | 29.6% | 36.0% |
| Hotel | 39.5% | 48.7% | 31.2% | 40.3% |
| Large venue | 16.3% | 16.0% | 7.6% | 15.9% |
| Restaurant | 16.3% | 22.2% | 10.5% | 16.6% |
| Sports / social club | 17.8% | 21.2% | 19.6% | 18.3% |

3. Tenure

The pattern of reopenings in April reveals a major head start for managed operators over independent businesses.

Market Recovery Monitor data shows that just over half (**52.4%**) of all managed sites in Britain were able to trade by the end of April—more than twice the number of independents (**24.0%**). In the leased sector, the figure was **44.8%**.

The gulf in reopenings reflects the generally larger footprint of managed sites and the greater proportion of outdoor space. It may also be a result of groups' coordinated planning for outside trading, especially on staffing and stocking. Many independents will have decided that the vagaries of the weather made reopening too risky, holding on instead for the return of indoor service in England and Wales.

Reopenings by tenure

Proportion of sites in Britain that reopened

| | Total sites at end-April 2021 | Total sites trading | % Sites trading |
|-------------|-------------------------------|---------------------|-----------------|
| Managed | 20,093 | 10,538 | 52.4% |
| Independent | 68,414 | 16,416 | 24.0% |
| Leased | 18,041 | 8,076 | 44.8% |



4. Location

A breakdown of Britain's openings shows the greater freedom of rural operators to trade—but also some encouraging signs for the recovery of city centres.

Britain-wide, well over a third (**37.7%**) of licensed premises in rural areas traded by the end of April. With more space for tables and social distancing, food-led pubs in the countryside have been in particularly high demand among consumers. As many people continue to work from home and limit their travel, many suburban areas have also been buoyant in recent weeks, and nearly a third (**32.8%**) of sites have been open here.

While the majority of high street venues have remained closed, trading numbers in Britain's largest cities were a lot more positive than some anticipated. Just over a third (**34.3%**) of city centre sites have been operational, though differing levels of outdoor space and pedestrianisation mean there has been significant variation from place to place.

Whether or not footfall and sales bounce back as strongly as these outside reopenings remains to be seen. But the numbers do raise hopes that major city centres across Britain can trade well this summer.

Reopenings by location

Proportion of sites in Britain that reopened

| | Total sites at end-April 2021 | Total sites trading | % Sites trading |
|--------------|-------------------------------|---------------------|-----------------|
| High street | 35,662 | 10,203 | 28.6% |
| Suburban | 38,456 | 12,606 | 32.8% |
| Rural | 32,429 | 12,220 | 37.7% |
| City centres | 35,196 | 12,074 | 34.3% |

Key cities

Pubs, bars and restaurants have reopened at strikingly different rates across Britain's biggest cities during the first phase of hospitality's return.

Among city centres with more than 200 sites, Leeds has bounced back strongest, with **41.7%** of sites trading. Well over a third of venues have served outside in Manchester (**37.3%**) and Newcastle (**37.9%**) too.

Central London has been further behind, with well under a third (**29.1%**) of its 3,131 licensed premises trading—partly because of its lower proportion of pedestrianised areas. Scotland's top two cities, Glasgow (**32.1%**) and Edinburgh (**30.2%**), have been

only a little better, despite the advantage of limited indoor trading. While Wales has generally been slower than England and Scotland to reopen, Cardiff (**35.7%**) has had a good return. Many factors have contributed to the variations in performance, including the confidence and enthusiasm of both operators and consumers, the support of city authorities for street trading, and the weather.

Among Britain's second tier of regional hubs, more than two in five premises reopened in each of Cambridge, Exeter, Chester, Bristol and Oxford, while fewer than a quarter of venues traded in Southampton, Lincoln, Bradford and Swansea.

| | Total sites | Total sites trading | % of sites trading |
|---------------------|-------------|---------------------|--------------------|
| Leeds | 331 | 138 | 41.7% |
| Newcastle Upon Tyne | 348 | 132 | 37.9% |
| Manchester | 611 | 228 | 37.3% |
| Brighton and Hove | 327 | 106 | 32.4% |
| Nottingham | 293 | 95 | 32.4% |
| Glasgow | 467 | 150 | 32.1% |
| Liverpool | 445 | 135 | 30.3% |
| Edinburgh | 536 | 162 | 30.2% |
| Birmingham | 370 | 110 | 29.7% |
| London | 3,131 | 910 | 29.1% |

5. Licensed premises: The state of play at May 2021

As hospitality fully returns across Britain from 17 May, it does so with a significantly reduced supply of licensed premises.

Market Recovery Monitor data (see page 4) shows that Britain had 106,548 licensed premises at the end of April—8,560 or **7.4%** fewer than it did before the pandemic struck in March 2020. That represents a net loss of around 22 sites per day over 13 months of COVID-19.

The food-led sector (down **9.7%**) has been cut deeper than the drink-led market (down **5.6%**) in that time, and the casual dining restaurant segment has been slashed by nearly a fifth (**19.4%**). It means the eating out landscape of summer 2021 will look very different to early 2020. But reduced capacity also means more room to breathe for businesses that have survived lockdowns, and more opportunities for new and growing operators in particular.

“The progression to indoor reopening marks an important moment for hospitality and some welcome light at the end of what’s been a long, dark tunnel. Profitability in the sector remains a concern, however, and there is a bumpy road to recovery ahead. While some operators’ creative use of outdoor space served them relatively well over the past month, the large majority were unable to welcome back any guests or chose to remain closed. For those that did reopen, trading was beholden to the weather and many struggled to break even. Businesses are now focused on identifying opportunities to improve cash and profit generation, and delivering on credible plans that reduce debt and chart a route back to profitability. This is far-from-easy task and, with Covid restrictions still impacting capacity and operations, the sector remains in a fragile state. It’s imperative for the future recovery of the sector that the Government sticks to its road map and gives the businesses an early signal that 21st June will be the date when all restrictions are removed.”

Graeme Smith, managing director, AlixPartners, gsmith@alixpartners.com

Market summary: Numbers of total and trading sites across three key segments: food-led, drink-led and accommodation-led

| | | Sites at April 21 | Sites at Mar 20 | Apr 21 vs Mar 20 | % April 21 vs Mar 20 |
|---------------------------------|--------------|-------------------|-----------------|------------------|----------------------|
| All Venues | Total | 106,548 | 115,108 | -8,560 | -7.4% |
| | Managed | 20,093 | 21,461 | -1,368 | -6.4% |
| | Independent | 68,414 | 74,271 | -5,857 | -7.9% |
| | Leased | 18,041 | 19,376 | -1,335 | -6.9% |
| Food-led Venues | Total | 38,922 | 43,126 | -4,204 | -9.7% |
| | Managed | 10,556 | 11,659 | -1,103 | -9.5% |
| | Independent | 23,628 | 26,437 | -2,809 | -10.6% |
| | Leased | 4,738 | 5,030 | -292 | -5.8% |
| Drink-led Venues | Total | 57,783 | 61,229 | -3,446 | -5.6% |
| | Managed | 6,539 | 6,777 | -238 | -3.5% |
| | Independent | 38,280 | 40,478 | -2,198 | -5.4% |
| | Leased | 12,964 | 13,974 | -1,010 | -7.2% |
| Accommodation-led Venues | Total | 9,843 | 10,753 | -910 | -8.5% |
| | Managed | 2,998 | 3,025 | -27 | -0.9% |
| | Independent | 6,506 | 7,356 | -850 | -11.6% |
| | Leased | 339 | 372 | -33 | -8.9% |

Sources and definitions

Openings data in this report is sourced from CGA’s Outlet Index, the leading database of licensed premises in Britain.

‘Independent’ means that the venue is owned and operated independently—the individual owner has full decision-making responsibility for the venue’s operation and profitability.

‘Managed’ outlets are managed sites of operators with more than one location, typically a collection of venues or portfolio

of brands. They typically employ a manager to carry out the day-to-day running of the venue, according to the company’s specifications and objectives.

‘Leased’ outlets are run by individual tenants who pay a tenancy fee or rent to a corporate landlord, typically a pub company.

‘Licensed’ outlets are permitted to serve wine, beer and other alcoholic beverages.