



# Market Recovery Monitor

Review of GB pub, bar and restaurant supply

SEPTEMBER 2020

## Introduction by Peter Martin

In the last edition of the new Market Recovery Monitor from CGA and AlixPartners, the overriding theme was that Britain's licensed premises were emerging from lockdown with great care. Now, as the sector moves from summer to autumn, we can report gathering momentum in reopenings and very cautious confidence in some sectors.

The Eat Out to Help Out scheme, warm weather and staycations have all stimulated reopenings and sales at a time when the

sector's need for support is greater than ever. Whether or not these were temporary stimulants or catalysts for a longer-term revival remains to be seen, but they have certainly provided operators with help to get back on their feet after so long closed. If consumer confidence about safety and spending can be sustained, August will prove to have been an important launchpad for recovery.

### 1. Overview

Across Britain, just over three quarters (76.3%) of all licensed premises were open again by the end of August. This marks an increase of more than 14 percentage points on the total of 61.7% in the last edition of the Market Recovery Monitor, and means more than 15,500 venues reopened over August—equivalent to around 500 a day.

The pace of recovery has been notably different from sector to sector. As we reported last month, pubs outperformed restaurants for reopenings in July, and as a result the growth over August in the numbers of community, food and high street pubs is modest at around 6% to 7%.

But in the food-led sector, reopenings gathered momentum in August. The number of casual dining restaurants increased by nearly 21 percentage points, and by the end of August more than four in five (83.8%) of them were up and running again. Many of them were incentivised to open their doors by the government's Eat Out to Help Out scheme, which offered consumers half-price food from Mondays to Wednesdays throughout August and filled a lot of venues to capacity.

# 84% 4 in 5



### Casual dining restaurants were up and running again by the end of August

There were also encouraging signs in the sports and social club sector, where the number of trading venues rose by more than 16 percentage points—though only just over half (54.8%) had opened again by the end of August. Reopenings were also slower in the bar sector, where two thirds (67.2%) of venues are open. Nightclubs, which have been impacted by social distancing limits more than most, are another segment trailing behind at the moment.

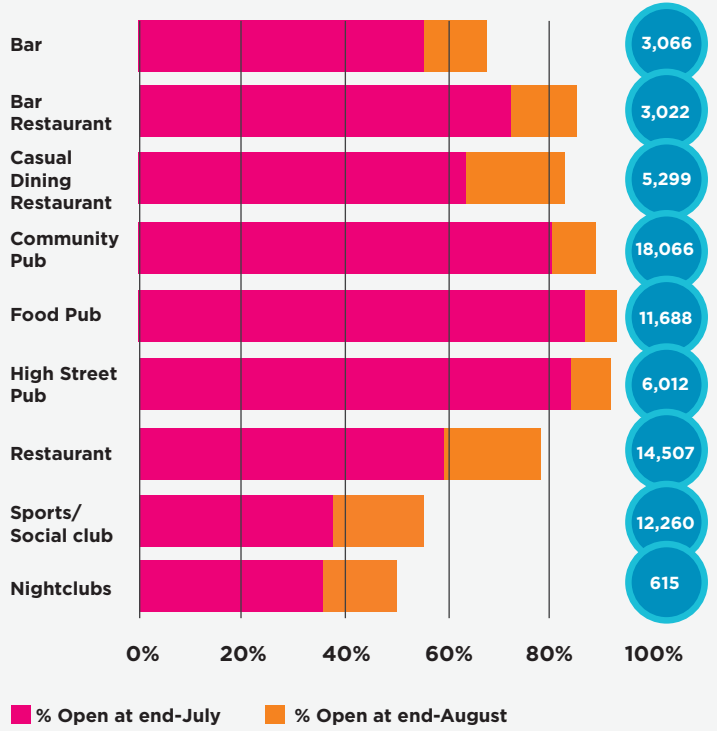


Of total licensed premises trading at August 2020

Overall, site numbers will clearly remain well below pre-pandemic levels for a long time. The two big questions now are whether autumn sales are sufficient to keep venues that have reopened in business, and whether consumers' confidence about safety is enough to prompt other operators to open again. How many sites will stay permanently closed, however, remains to be seen.

### Month-on-month reopenings: Selected market segments

% of sites trading by segment and increase in sites in August vs July



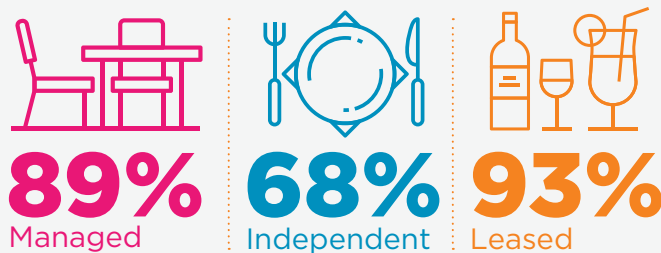
## 2. Reopenings by tenure

Managed licensed premises were quicker to reopen than their independent counterparts in July. While indies closed the gap slightly in August, they continue to lag behind in the proportion of sites trading.

By the end of the month, nearly nine in ten (**89.1%**) managed outlets were trading again, compared to two thirds (**68.2%**) of independents. Faring best of all is the leased sector, where more than nine in ten (**92.8%**) sites are back open.

Although many major restaurant brands have announced closures and CVAs, groups appear to have emerged from lockdown in better shape than indies—especially family-run businesses that may not have had the resources to ride out 15 weeks of closure. Back in March, the independent sector had a **64.5%** share of the market, but that has now dropped to **57.7%**. Nearly 5,500 free-run drink-led venues returned in August, and more will come back, but it is already apparent that lockdown has tilted the balance between managed and independent businesses.

### Openings at end-August: Tenure

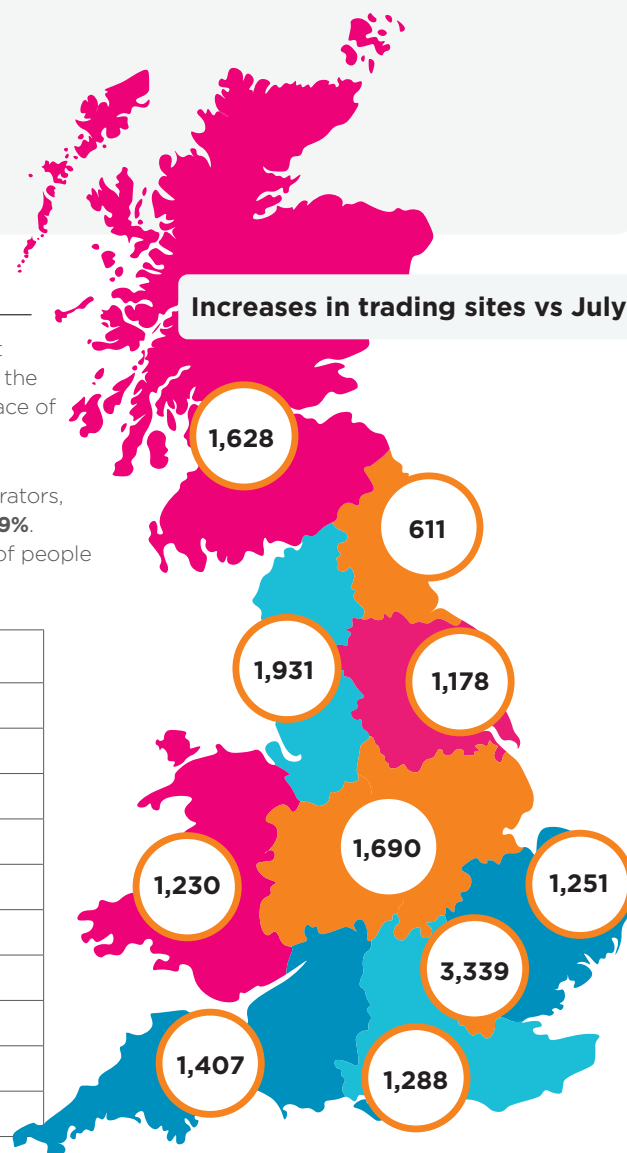


## 3. Reopenings by location

August saw a leveling out of openings across England, with all regions now at between **71%** and **80%** of pre-pandemic capacity. Scotland and Wales, where the sector relaunched later than England, both trail a little behind, though their pace of reopenings was well above the British average last month.

The Eat Out to Help Out scheme made for a good August for high street operators, where the proportion of sites trading rose around 15 percentage points to **77.9%**. Small towns and suburban areas have also benefited from the high numbers of people continuing to work from home, and eating and drinking out locally as a result.

	August reopenings by location
East	6,557 (77.8%)
Central	11,574 (77.3%)
Lancashire	10,725 (74.5%)
Wales	4,400 (72.3%)
London	16,781 (76.8%)
South & South East	8,254 (77.2%)
Scotland	7,395 (71.2%)
North East	4,140 (80.3%)
Yorkshire	8,234 (76.3%)
South West	8,135 (79.3%)



### View from the cities

Major city centres, while seeing many restaurants and pubs reopen in August to capitalise on Eat Out to Help Out trade, continue to struggle for footfall—and central London has been worst hit of all. Here, fewer than three quarters (**71.2%**) of premises were open by the end of August, and with many workers very slow to return to London offices, conditions are likely to remain challenging in central areas for many months yet. As this data shows, London is lagging well behind other major British cities in trading capacity at the moment.

### Seven major cities: % of sites trading at end-August

Liverpool <b>81.5%</b>	Cardiff <b>76.9%</b>
Manchester <b>79.9%</b>	Glasgow <b>74.3%</b>
Birmingham <b>79.6%</b>	London <b>71.2%</b>
Edinburgh <b>78.8%</b>	

All figures are % of pre-lockdown site numbers at March 2020

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

		Total pre-lockdown sites (March)	Total known sites at end-August	Sites trading at end-August	% of sites trading at end-August	% change August v July	Share of market at end-August
All Venues	<b>Total</b>	115,108	113,025	86,212	76.3%	+22.0%	100.0%
	Managed	21,461	21,102	18,802	89.1%	+17.7%	21.8%
	Free	74,271	72,915	49,763	68.2%	+30.1%	57.7%
	Leased	19,376	19,008	17,647	92.8%	+7.5%	20.5%
Food-led venues	<b>Total</b>	43,126	42,159	35,534	84.3%	+19.7%	41.2%
	Managed	11,659	11,372	10,347	91.0%	+14.0%	29.1%
	Free	26,437	25,843	20,502	79.3%	+26.7%	57.7%
	Leased	5,030	4,944	4,685	94.8%	+5.8%	13.2%
Drink-led Venues	<b>Total</b>	61,229	60,416	43,267	71.6%	+19.5%	50.2%
	Managed	6,777	6,710	5,872	87.5%	+12.9%	13.6%
	Free	40,478	40,006	24,755	61.9%	28.5%	57.2%
	Leased	13,974	13,700	12,640	92.3%	7.7%	29.2%
Accommodation-led Venues	<b>Total</b>	10,753	10,450	7,411	70.9%	55.1%	8.6%
	Managed	3,025	3,020	2,583	85.5%	51.8%	34.9%
	Free	7,356	7,066	4,506	63.8%	60.0%	60.8%
	Leased	372	364	322	88.5%	23.4%	4.3%

### Sources and definitions

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

**'Independent'** or **'free'** 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.

**'Tenanted'** or **'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.

### Comment from AlixPartners

"Bolstering consumer confidence has been critical to kick-starting the rebuilding of the hospitality sector, as well as the wider economy. In that regard, the Government's Eat Out to Help Out scheme and reduction in VAT prompted operators to reopen more of their venues sooner than they might have and benefit from the positive impact of robust August trading. However with the scheme now finished, the next rent quarter falling due at the end of September, the end of the lease forfeiture and debt enforcement moratorium fast approaching, plus further employer contributions to furlough due, major challenges remain. In addition, the Government's restriction of gatherings to six people presents a further challenge to operators. In particular for businesses that rely on larger groups gathering socially such as wet-led and late night venues, this creates an additional headwind. The next few weeks will prove critical and start to highlight those businesses strong enough to ride out the storm.

"The data also highlights stark regional variations in the re-opening of the sector, in particular the ongoing struggle for footfall in central London. The capital remains behind other major cities when it comes to reopened sites largely due to a significant reduction in the number of office workers and tourists. While numbers are expected to pick up during the autumn months, many operators may continue to delay reopening or be forced into making difficult decisions on where they are able to operate profitably."

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