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Introduction

The start of a new year is a busy one for any trade associations – not only is there a flurry of activity around the Chancellor’s Annual Budget Statement, but this year there has also been intense discussions and consultations on business rates reform, lease reform, the Living Wage, service charges and tips and social responsibility taxes.

The challenge on both sides is evidence. We always ask government to show us the scale of the problem, to justify the intervention and to explain the cost impact of the intervention. And politicians rightly ask us to provide evidence of the scale of business concern, of why the alternative or proposed solution will work and, most important of all, of why they should listen. Why is the sector important?

As supporters and supplier members of the ALMR, we are delighted to collaborate on this exciting new project—the first time that our research sources have been drawn together in this way. Eating and drinking out are dynamic and fast changing markets, and ‘Future Shock’ will help the whole industry to track its performance whilst shouting about its scale and importance. In addition to our own data sources, we will also work with the report sponsors and other industry bodies to ensure that we have the most complete picture available.

Jamie Campbell
Business Unit Director - CGA Peach

In the battle for share of voice with other equally pressing good causes – insight, intelligence and information are king. And it is why the ALMR CGA Peach new Future Shock research series is so important.

Our aim is simple – to provide anyone with an interest in our sector with a one stop shop of information: a genuine state of the nation report. This is the first time that anyone has provided a comprehensive health check on the sector – with operational, consumer, supply chain and macro economic insight. It means operators, politicians and the media have the key facts and figures at their fingertips in an easy to digest, bite size format.

Repeated every 6 months, the slice of insight on hospitality we serve up will be different, but our aim remains the same: to demonstrate why eating and drinking out matter.

We hope you enjoy!

Kate Nicholls
Chief Executive - ALMR
Benchmarks

The ALMR Christie + Co Benchmarking Report is the largest, most robust and most authoritative survey of its type in the sector – exploring operational costs and providing benchmarked KPIs against which performance can be assessed and measured.

With a decade’s worth of data to mine, there are really insightful trends to examine – turnover shifts and offer mix, plotting market trends and cost lines against the recession timeline and the erosion of differentials between market segments over time as costs and margins squeeze.

It also highlights the seismic change – little short of an eating out revolution. Eating out is now the dominant market segment, but it is also the driver of turnover across all parts of the market: most noticeably on the high street.

Our Benchmarking Report this year shows town centre food-led businesses have replaced the community local as the average on trade outlet. It’s not just that the high street has become politically fashionable, it is the new normcore. And it is outperforming the market in almost every success metric – like-for-likes, investment, jobs and growth.

Will those trends continue in 2016? Participate in the latest ALMR Christie + Co Benchmarking Survey to help write the sector’s next chapter.

Outline Findings

- The average cost of running an average licensed hospitality premises is 47.7% of annual turnover – this excludes rent and cost of sales. The 5 year average is 47.3% of turnover, but operating costs have risen by 3% over the period.

- Operating costs are slightly higher in freehold premises – 48.7% of turnover – and lower in leasehold – 47.1% of turnover. While these figures are broadly similar over the last two years, some costs have risen in real terms and margins remain under pressure.

The results are informative and in many cases confirm both long held assumptions about costs in the industry and apparent short term developments. This report means such assumptions can be verified and quantified by reference to a reliable industry standard.

ALMR, CGA Peach & CGA Strategy Future Shock - Issue One
Consumer Research
Introduction

Within every Future Shock report we will focus on a specific area of interest covering key issues for the market, with the aim of stimulating ideas and unlocking actionable insight. The first report is focusing on three key consumer types:

18-24 year-olds with no children
25-44 year-olds, with children up to the age of 16
The 55+ Market

In a market where consumer eating out frequency is staying relatively flat against a back drop of significant growth in supply, then understanding key customer groups and responding to their needs effectively is only going to grow in importance.
18-24 year-olds with No Children

Their market significance
In the eyes of some sections of the media, this group of consumers is a lazy stereotype for the out of home drinking market. This lends an exaggerated significance to young pre-family adults, and their supposedly heavy drinking nature.

But the data evidence says different. This cohort of consumers accounts for 9% of the adult population surveyed by CGA Peach, and 11% of out of home eating and drinking occasions (to licensed and non-licensed premises). Challenging those media stereotypes, their share of out of home eating occasions is the same as their share of drinking visits.

How often do they go out?
Typically, the pre-family under-25 consumer goes out to drink once a week, but on average they will go 5-6 times a month to eat out – in both cases this can include non-licensed as well as licensed outlets.

Despite commonly-held preconceptions, fewer than half the people in this market segment claim to go out to drink at least weekly. Less than 10% go out drinking three or more times a week.

A bigger proportion, around 1 in 7, claims not to have gone out to drink at all in the last 6 months.

Meanwhile, 50% of these pre-family young adults eat out at least once a week, and less than 5% say they didn’t eat out at all in the previous 6 months.

And when asked ‘is the option of having alcohol an important factor in your choice of where to go out to eat’, a smaller proportion of this group (12%) says “yes definitely” compared to the survey average (15%).

For the most part amongst this market, it’s time to recognise that in terms of going out, it’s arguably becoming more about food than about drink. It’s worth considering here that the number of young people, under the age of 18, who have ever had a drink, has been declining steadily since 2003 – so it follows that those consumers who now fall into the 18-24 age bracket have a more modest approach to drinking, on average, than those in older age groups.

“FEWER THAN HALF THE PEOPLE IN THIS MARKET SEGMENT CLAIM TO GO OUT TO DRINK AT LEAST WEEKLY”
What affects their going out frequency?
If we look more closely at the people in this market segment who drink out of home at least weekly, there are some clear demographic and economic factors at play.

40% of all 18-24 pre-family consumers drink out at least weekly, but it’s plain that the security of employment is a significant influence on this behaviour, more so than age or income differences.

The proportion that drinks out weekly (or more often) is higher among those in social grades ABC1, than among the C2Des, and specifically we can see a material difference between people in employment, 45% of whom go out drinking at least once a week, those who are unemployed, where our sample is limited but the proportion of frequent drinkers falls to under 30%. The other significant subgroup in this age group is of course students, around 4 in 10 of whom drink out at least weekly.

There’s also a noticeable difference between those young adults still living with parents, 36% of whom go out to drink weekly or more frequently, and those living in rented or owned accommodation, where the proportion rises to 45%.

Youth unemployment is a permanent issue for government, but our data shows how having a job enables young consumers to live a more active social life outside the home, specifically away from the parental home. Amid all the commercial uncertainties surrounding the National Living Wage, if one side-effect were to improve the employment prospects of the under 25s, it seems likely to benefit demand for the out of home industry – and that will be to the benefit of eating out as much as drinking, because around 70% of those who drink out weekly, also eat out at least that often.

Where and when do they eat and drink out?
CGA Peach’s Brand Track research measures usage of 60 leading pub and licensed restaurant brands, established and new-generation, large and small.

Across that wide spectrum of 60 brands, our young adult pre-family segment is shown to be orientated more towards brands in general – they use an average of 5 licensed eating and drinking-out brands in the last 6 months, compared to 4 for the going-out population as a whole.

They are a brand-literate bunch, and looking across the repertoire of all their out of home brand usage, it is orientated more towards coffee shops, quick service brands, restaurants and high street brands.

However, when we look at eating out, this market of young pre-family adults is much less likely than average to use pub-restaurant brands. That’s true in the early evening daypart but it is particularly marked at lunchtime, when coffee shops and quick-serve brands are more important to them, relative to other consumers, channels that offer faster turn-round.

In terms of drinking out, these pre-family young adults are much more orientated towards the high street brands, which capture more users than for the market overall. This is principally at the expense of pub and pub-restaurant brands, and particularly in the evening sessions.

At brand level, it’s casual dining brands such as Nando’s and GBK where this market segment particularly over-indexes against the wider population. There are a number of factors that contribute to this; choice, convenience, environment, and the brands’ relationships with their consumers. Both brands offer a wide variety in terms of menu options, with Nando’s well known for its spice scale. In addition, the casual dining format adds the element of convenience, another important factor to the young adult consumer group; with diners paying for their meal upon ordering, saving any potential waiting around at the end of the evening. Nando’s is also a brand that is known for its social media usage, another factor that inevitably increases visibility amongst a younger audience.

Looking at the dayparts, their out of home drinking behaviour is unsurprisingly orientated towards the evening and night-times. However, in another challenge to the stereotypes, it’s important to note that only around one in four of them say they have been drinking out at branded venues late at night (after 15pm) – less than half the number that says they have been out to branded venues after 8pm. Chances are, those that do drink out after 11pm are part of the student contingent of this consumer group.

Meanwhile 18-24’s eating out at branded outlets is skewed more towards the early evenings (5-8pm) than the population overall, but they are less likely to eat out at lunchtime, or indeed at breakfast time than others.

What’s important to them?
Focus on the two key sessions, lunch and early evening, when asked what factors are important to them in their choice of eating outlet, the most-mentioned important factors at lunch for this segment are the quality of the food and the coffee, closely followed by service (a factor that many companies are starting to acknowledge is a key factor in loyalty and recommendation). In the early evening, food choice, previous experience, environment and convenience are most-mentioned factors.
However, when we compare these younger pre-family consumers to the eating out market overall, they are comparatively much more concerned about recommendation, special offers/vouchers, atmosphere and Wi-Fi – albeit the latter is still important to only a minority.

For drinking occasions, their key concerns are location and value for money in the early evenings, but in the lunch session, the choice of food is often an important factor. Compared to other drinkers in the market however, they are noticeably more focussed on vouchers and Wi-Fi in the daytime, and in addition to being more concerned about recommendation promotions, they are generally much more concerned about recommendation and suggestions from others – confirming the importance of word of mouth for this age group. The rise of websites such as TripAdvisor, as well as mobile phone apps offering vouchers for various retailers and restaurants, has likely had an impact on the importance of such factors. Conversely, they appear to be comparatively less interested in service and the issue of brand trust than other consumers.

What do they think of their experience?
If we focus on drinking out of home, and compare customer satisfaction ratings for these young pre-family adults, they have a tendency to give less enthusiastic ratings than the population overall – and that’s true for all three key sessions: lunch, early and late evenings. Their tendency to be brand promoters is also distinctly lower than the overall population in the lunchtime session.

For eating out visits, where ratings in general tend to be more generous than for drink visits, their ratings are variable by session: above average at lunchtime, below average at breakfast, although they tend to be less likely than others to be brand promoters in each of these three core trading sessions.

Broadly speaking, they appear to be a hard to please crowd.

Mythbusting
Again, to belie the media stereotype, the biggest product category among pre-family 18-24’s is soft drinks. 64% of this segment drinks them when in pubs, bars or restaurants, well ahead of the second most popular category, cocktails, consumed by 43%. Coffee is the fifth most commonly consumed drink out of home by these consumers – three times as many drink it compared to the numbers who drink alcopops.

Lager, so often the media’s prime suspect, is drunk out of home by only one in three of these consumers, and that’s a lower penetration rate than in the out of home drinking market overall.

The drinks these consumers are disproportionately inclined to buy out of home, compared to other drinkers, are the ‘younger’ spirits such as Tequila, Vodka and Liqueurs, cocktails, and ‘alcopops’. But the penetration rate of soft drinks in this group is also around 30% higher than it is among all out of home drinkers.

Not surprisingly, young adults consume in non-traditional ways. Consider their wine drinking for example. All out of home wine drinkers are most likely to associate wine with food-led occasions, but this is true of only 29% of the pre-family 18-24’s. This is linked to the fact that their wine consumption is skewed strongly towards sparkling in general (and, perhaps surprisingly, champagne in particular), and rosé, whereas they under-index on white and, particularly, on red wine. As necessarily less experienced drinkers, they are also much less likely than average to have a favourite country of origin, or a favourite varietal, or a favourite wine brand; there’s a market and an opportunity for wine education here.

Then their lager drinking shows a clear skew towards bottled and craft lagers, rather than draught standard/premium variants – and their level of engagement with the category is revealed by the fact that they are noticeably more concerned about the range of lagers stocked than out of home drinkers overall (38% of 18-24’s said that range of lager was extremely important, compared to 26% of all out of home drinkers).

Their cider drinking is also non-traditionally biased – in favour of fruit ciders, and in favour of bottled served over ice, rather than draught (58% of 18-24’s said they prefer cider served over ice from a bottle compared to 40% of all out of home drinkers).

In addition, as a market they are more inclined to drink cocktails than many, their preferred drinks are different, and their interest in price and cocktail promotions is also higher than average – something that again may be in part due to the student factor in this consumer group.

This market segment is fertile ground for brand owners and retailers, because they are – perhaps not surprisingly - more disposed than average to consider, and to try, new drinks and brands when out drinking. But with income levels a little below the average, their willingness to experiment and to socialise is a little constrained, and their sensitivity to deals is therefore probably heightened.
18-24 Year Olds Without Children - Summary: Ten Things You Need To Know

Despite media attention on this group they account 1 in 10 out of home market occasions.

Those with a job, and those living away from parental homes, go out to eat and drink more often.

They are more brand-literate and use more out of home eating & drinking brands than the average.

The category consumed out of home by the most consumers in this group is soft drinks.

They go out to drink typically about once a week.

They go out to eat more often.

1 in 7 of them hasn’t been out to drink in the last 6 months.

Word of mouth recommendation is relatively important to them, compared to others – as is Wi-Fi.

Alcohol is less important to this group when eating out, compared to others.
25-44 year-olds, with Children Up To the Age of 16

Their market significance
The ‘family’ market is a focus for government as much as for commercial organisations. Often seen as a barometer of consumer and economic vitality; it’s a key target audience for many players in the out of home food market, and it’s one of the most competitively intense market segments in the business.

This cohort of consumers accounts for around 1 in 6 of the adults surveyed in CGA Peach’s Brand Track research, but the evidence is clear that this segment is disproportionately important to the out of home, and therefore the licensed market: they account for almost 30% of occasions, taking into account all their visiting, not just occasions with children.

Remembering this includes occasions with or without children present, the evidence also shows that it is wrong to overlook the significance of this group in the drinking out of home market – they are just as significant here as in eating out, in terms of occasions, based on their frequency of going out.

How often do they go out, and what affects it?
25-44 year olds with children not only eat out more frequently than the average, but they also drink out more often. Over half of them eat out at least weekly, and over 40% of them drink out of home weekly. Nearly one in four eats out, and one in five drinks out, at least 3 times a week.

Look beneath the top-line numbers and it’s clear how income levels affect this market’s propensity to eat out frequently. Two thirds of those with household incomes of at least £50k per annum are eating out at least weekly, compared to less than half of those with household incomes under £30k a year.

Inter-related to this income link, the proportion that eats out weekly is also high among social grades ABC1, at 61% - and in London that rises to 78%, compared to 49% in the rest of the country.

It’s also clear that those parents with pre-school age children are less likely (or less able) to eat out weekly; 50% of them do, compared with 59% of other parents with children up to age 16.

Almost 40% of this group eats out and drinks out at least weekly. But among this most active parental group, the enabling influence of higher incomes and the constraining influence of pre-school children is most evident:

• 84% of them are in social grades ABC1, half of them have annual household incomes of at least £50k
• Almost two thirds of those living in London eat and drink out at least weekly, compared to around 30% of those living in the regions
• Only 36% of parents who eat and drink out at least weekly have children up to the age of 5; compared to 52% of those parents who go out less often.

Where and when do they eat and drink out?
Within the scope of the 60 licensed pub and restaurant brands that CGA Peach’s Brand Track research screens, which includes this market segment of 25-44 year old parents is more brand-orientated than the average. In the last 6 months before interview, they used, on average, 4.3 different licensed out of home eating and drinking brands, compared to 3.8 among the population as a whole – and in particular, they are more likely than average to use restaurant brands.

When we look at branded eating out, this market segment has a pattern of channel usage that is similar to the market average, although it has a much greater propensity to use Quick Serve brands at lunchtime, perhaps for reasons of time and/or family budget.

In terms of drinking out, these family-lifestyle consumers are again more orientated towards the restaurant brands, which capture more users than for the market overall. This is principally at the expense of the younger-focussed high street brands, across all the major dayparts.

Linked to this differing pattern of behaviour, this market segment is more likely than average to consider the availability of alcohol when choosing where to eat out – over one in four says it definitely is an important factor in their outlet choice.

In terms of eating out (where their children need not be present), the three licensed retail brands used by the largest numbers of this 25-44 parental market are Wetherspoons, Harvester and Pizza Hut. But this has much to do with sheer brand scale.

If we compare this segment’s brand usage with the overall market, it’s mainstream pub dining brands like Fayre & Square, Table Table, Flaming Grill and Hungry Horse that over-index highly for the 25–44 parents, along with casual dining options such as Giraffe, Chiquito and TGI’s, plus bar brands such as All Bar One and Slug & Lettuce.

This group’s out of home drinking behaviour, at branded outlets, reveals higher levels of participation in all the key sessions, from lunchtime through to late night, than the market overall. Only after 8pm is their participation lower than the pre-family 18-24 market.
This group, like the market as a whole, is most likely to eat out in the early evening, but compared to others, it is more likely than average to eat out at breakfast/mid-morning, and mid-afternoon – and a little less likely than many to eat out at lunchtime. They demonstrate the modern tendency for the blurring of conventional daily patterns.

What’s important to them?
Focussing on the two key sessions, lunch and early evening, when asked what factors are important to them in their choice of outlet, the key role of food quality and choice is evident, particularly in the context of early evening dining. Hygiene is also an important stated factor, and this is true at lunchtimes too – perhaps a function of the occasions when their children are present. Value is also important to this segment, on both key dining sessions.

When compared to the overall eating out market, food quality is likely to be important to this segment although this age group is more concerned than average about Wi-Fi, ambience/environment, recommendation, and vouchers/offers.

The importance of Wi-Fi is likely attributed to those visiting with children, with the modern family often making use of iPads, smartphones etc. to keep young ones occupied. Ambience and environment must also lend themselves to such consumers and create a child friendly experience in order to make themselves a popular choice amongst 25-44 year old, family-oriented consumers.

For drinking occasions, their key concerns are location and value for money, in both the key lunch and early evening sessions. However, when compared to other consumers, they are relatively more concerned about factors such as music, and drinks promotions – and in the daytime, the provision of Wi-Fi.

What do they think of their experience?
If we focus on drinking out of home, and compare customer satisfaction ratings for these consumers, they tend to give slightly better satisfaction ratings than the population overall on lunch occasions, but they rate branded outlets less strongly in the early evening session – and that’s the session when they are most likely to participate. There is therefore a key opportunity here for brands to improve their popularity among this age group in their early evening offering. The same pattern applies in terms of brand recommendation scores across these three key dayparts.

For eating out visits, their satisfaction ratings are marginally less positive than the overall population in the early evening daypart – and again this is the session when their participation levels are highest. However, they are likely to give better than average satisfaction and recommendation ratings on breakfast visits - and this is the market segment that is more inclined to eat out at breakfast, so again this serves as another potential opportunity to capitalise on this market.

What do they drink out of home?
Because we are not focussing solely on visits made with children, we get a complete picture of the drinking patterns of this market segment of parents with children under 16.

The drinks categories consumed when out drinking by the most people in this segment are lager, soft drinks, and wine, followed by coffee and cider.

Being under the age of 45, the dominance of lager in the beer repertoire is very clear: 48% of this market drinks lager out of home, whilst only 15% of them drink ale. Twice as many in this segment drink cider out of home, compared to the number of ale drinkers – and more people in this market claim to drink craft beer than to drink ale.

The majority of lager drinkers in this market segment are draught premium or standard lager drinkers - with marginally more claiming to drink premium than standard. But compare their profile of consumption with the total out of home market and their skew towards speciality/craft lagers is clear.

Given this disposition towards speciality lagers, a greater proportion of this segment is interested in – and indeed influenced by - the range of lagers on offer, compared to out of home drinkers as a whole.

And this market segment is more likely than the population overall to try new or different drinks when out of home, one in four say they often like to do so, compared to only 1 in 7 for all out of home drinkers.
25-44 Year Olds With Children Up To 16 - Summary: Ten Things You Need To Know

- They account for almost 30% of eating and drinking occasions out of home.
- Perhaps surprisingly, they are more significant to the drinking market than to eating.
- The option of alcohol when eating is more important to them than average.
- Don’t think parents with school-age children are stay-at-homes; they have a social life.
- Although those with pre-school age kids are inevitably a little less active.
- 55% of this segment eats out at least weekly; almost 40% drink and eat out at least weekly.
- Perhaps surprisingly, they are more significant to the drinking market than to eating.
- Their propensity to go out to eat and drink is significantly influenced by income levels.
- Their brand usage is skewed to mainstream pub dining, and family-friendly casual dining brands.
- Out of home they are most likely to consume soft drinks, lager and wine.
- But being younger they are more open to new drinks than average.
The 55+ Market

Their market significance
Boomers, the Grey Market, call them what you will. They have always been an influential generation, and they are highly important to some sections of the eating out market.

To state an obvious but significant point, less than 30% of this age group is in employment of any kind, and over 60% are retired. That doesn’t mean they are necessarily lacking income, but it is worth remembering when we look at their comparative behaviour in this market.

Those aged 55 and over account for 36% of the population interviewed for CGA Peach’s Brand Track research. However, they account for a little under 1 in 4 of all out of home eating and drinking occasions – and it’s worth noting that despite their presumed importance to the out of home food market, they account for a similar proportion of out of home drink occasions.

How often do they go out, and what affects it?
There are several key points of difference that apply to this segment of the population, factors that help to account for its relative significance to the eating and drinking out of home market.

- A comparatively large proportion of the 55+ group, 32%, had not been out to drink in the last 6 months before interview. That compares to 21% for the population overall. Over half the people who say they don’t drink out fall into this age group.
- Of the people in this age band who do drink out of home, 8% does so more than weekly, broadly in line with the overall population. However, only 4% of those aged at least 55 that eat out are doing so as often, compared to around 12% in the overall population – linked to the low levels of employment in this segment.
- This low proportion of high-frequency eating out limits the over 55s market share, although we know they are disproportionately important to some market channels.

This age group’s eating out frequency is, like other segments, related to income. 38% of those who have household incomes over £50k per annum are eating out at least weekly; compared to 23% of those with household incomes under £30k. Drinking stats tell a similar story, with 26% of those in the over £50k bracket drinking out at least weekly, compared to 17% of those in the under £30k bracket.

Higher frequency eating out is more prevalent among men, and it is also linked to domestic circumstances – it is less likely to occur among single older people – and around 30% of them are single, and therefore likely to be living alone. In terms of weekly drinking out of home, this is far more skewed towards men, and more likely to occur among higher income households, those still working, and those in the higher social grades.

Put differently, around 40% of women in this age group don’t go out to drink - a huge market gap, because many of them do go out to eat.

These findings point up an important caveat about the presumed benefit of a growing retired population: without money, this market isn’t necessarily an easy market to attract.

In other words it’s a highly diverse audience. One senior size does not fit all. To highlight this, there are a similar number of 55+ consumers eating out at least weekly (9%), as those who don’t drink or eat out at all (8%).

Those in this group that do stay home (neither drinking out nor eating out) are more likely to be older, female, on lower incomes, and single – for example the proportion of those who are single, divorced, separated or widowed who don’t go out is twice the level of those who are married or cohabiting.

Where and when do they eat and drink out?
Given what we have revealed above, it’s no surprise that this market segment is less concerned about alcohol when making choices about where to eat out. Almost two thirds of them say it is not at all important. Their eating out and drinking out behaviour is less orientated towards brands in general than younger adults – not surprisingly, because they didn’t grow up with them – it was a much more unbranded market in their formative years, for drinking out and for eating. However, this gap is most marked in terms of restaurants, not pub-restaurant brands, where the 55+ audience is just as likely to use them as the average.

When we look at branded eating out, this market is more orientated to pub restaurants than the average, and that’s true for both the key dayparts, lunch and early evening. That is at the expense of quick serve and (casual dining) restaurants.

In terms of drinking out, these mature consumers are again much more orientated towards the pub restaurant and pub brands, which capture more users than for the market overall. This is most evident in the early and late evening sessions (5-8pm and 8-11pm) where pub and pub restaurant brand usage takes away from high street and restaurant brands.
Among the specific brands they do favour for eating out, usage is skewed to carving, and brands leading on seafood/fish, along with some of the more traditional European casual dining cuisines (for example Café Rouge and Carluccio’s). Conversely, they under-index on pizza brands, and the more ‘upbeat’ Americanised casual dining genre such as TGI Friday’s and Frankie & Benny’s.

Their day part usage of branded outlets reveals several key differences. Firstly, their eating out is more likely to be done at conventional traditional meal times than other consumers. Within that pattern, and unlike the market overall, this age group is as likely to eat out at luncheon time as it is early evening. These more mature consumers are also less likely to eat out at breakfast time, and they are also – unsurprisingly – much less inclined to eat out late evening (after 8pm) than others.

Their out of home drinking behaviour, in branded outlets, is most likely to take place early evening, although their participation levels in all the day parts is below average, especially after 8pm.

What’s important to them?
Focussing on the two key sessions, lunch and early evening, when asked what factors are important to them in their choice of outlet, this mature market segment is firmly focussed on food quality and hygiene, on both sessions, ahead of value, location and food choice.

Relative to the market overall, these factors also tend to be comparatively more important. Meanwhile, perhaps as more experienced out of home diners, they are relatively unconcerned about recommendation, and Wi-Fi is important to only a very small proportion.

When compared to the overall eating out market, food quality, hygiene and value are particularly likely to be important to this segment, both in absolute terms, and relative to their importance to other diners. In relation to drinking occasions, location is clearly the dominant important factor for the 55+ consumer, followed by value for money - both more-so than the average out of home consumer. Trust is a key theme amongst older consumers; notably, these older consumers are more likely than others to see importance in brand trust – even though, as we shall see later, they tend to use fewer brands than younger drinkers, suggesting that they find a small number of brands they can trust, and stick to what they know.

What do they think of their experience?
Looking at drinking out of home, and comparing customer satisfaction ratings for these consumers, they tend to give slightly more enthusiastic ratings than the population overall on the key day parts, early evenings, and more particularly at lunchtime, and in the late evenings (8-11pm). They are also more likely to give strong brand recommendation ratings in each of these day parts.

For eating out visits, their satisfaction ratings are also more positive than the all-consumer average, on those key luncheon and early evening day parts.

The young pre-family market may be less easily pleased, but the branded market is generally getting above-par ratings from this more mature user group.

What do they drink out of home?
Looking across this segment’s drinking habits when out of home, the overwhelming importance of wine is clear. It is drink by over half of those interviewed, well ahead of any other alcohol category. Lager is the second most widely drunk alcoholic category in this population, consumed by 30%.

Wine drinking among this demographic group is comparatively traditional in nature, in two obvious ways – consumption is skewed to red wine and it is more aligned than average to food occasions.

Meanwhile, all the spirits categories under-trade with this audience – all of them are consumed by less than one in ten of the 55+ market.

One in four of this segment drinks ale out of home, a higher penetration than for the out of home drinking population as a whole (at one in five).

In line with this more traditional profile of drinks consumption, it is no surprise that this segment is less predisposed to try different or new drinks when out drinking, and less likely to have actually done so this year. But this is certainly not a closed door – only 1 in 3 of this demographic group says they never like to try new drinks, and this group is likely to be older, with lower incomes, retired, and with less frequent drinking out patterns.
The 55+ Market - Summary: Ten Things You Need To Know

**IT’S A BIG SEGMENT, OVER 1/3 OF THE ADULT POPULATION, BUT IT IS VERY DIVERSE IN ITS BEHAVIOUR**

**BUT LESS THAN 30% OF THEM ARE IN EMPLOYMENT OF ANY KIND**

**IT ACCOUNTS FOR LESS THAN 1 IN 4 DRINKING AND EATING OUT OCCASIONS**

**ALCOHOL IS LESS IMPORTANT TO THIS GROUP THAN TO MOST OTHERS**

**BECAUSE 1 IN 3 OF THEM DON’T DRINK OUT OF HOME, (AND 40% OF THE WOMEN IN THIS AGE BAND)**

**WITHIN THAT, WINE IS BY FAR THE MOST SIGNIFICANT ALCOHOL CATEGORY, OFTEN LINKED TO FOOD OCCASIONS**

**AND VERY FEW OF THIS AGE GROUP EAT OUT MORE THAN WEEKLY**

**THE 55+ MARKET IS LESS INTO RETAIL BRANDS THAN THE AVERAGE - EXCEPT IN THE CASE OF PUB-RESTAURANTS**

**THEIR GOING OUT ACTIVITY IS SIGNIFICANTLY HELPED BY HIGHER INCOMES, AND BY BEING IN WORK**

**VALUE IS COMPARATIVELY IMPORTANT TO THIS GROUP ON DRINKING AND EATING OCCASIONS**
Market Snapshot

OPENINGS VS. CLOSURES

REST OF GB
(CHANGE IN THE LAST FIVE YEARS)

-7.6%
TOTAL NUMBER OF LICENSED PREMISES

+14.6%
NUMBER OF FOOD-LED SITES

-14.0%
NUMBER OF DRINK-LED SITES

LONDON
(CHANGE IN THE LAST FIVE YEARS)

+3.4%
TOTAL NUMBER OF LICENSED PREMISES

+19.4%
NUMBER OF FOOD-LED SITES

-14.4%
NUMBER OF DRINK-LED SITES

Figures from MarketGrowthMonitor

FOOD & DRINKS PERFORMANCE

LIQUOR
£M Value: 23,834
% Change: 2.0

LONG DRINKS
£M Value: 13,999
% Change: 0.2

SPIRITS
£M Value: 5,650
% Change: 4.9

WINE
£M Value: 4,185
% Change: 4.8

FOOD SALES,
YEAR TO OCTOBER 15:
£135,069M
99,968 RoS

ON AVERAGE
42%
OF GB CONSUMERS EAT OUT WEEKLY

ON AVERAGE
29%
OF GB CONSUMERS DRINK OUT WEEKLY

EATING AND DRINKING OUT FREQUENCY

MENU PRICING DATA
AVERAGE COST OF 3 COURSE MEAL

PUBS
£18.74 DOWN 45p ON LAST YEAR

RESTAURANTS
£21.55 DOWN 14p ON LAST YEAR

HOTEL
£27.09 UP 89p ON LAST YEAR

Price decreases mostly on starters and desserts (dropping by 2.2% and 4.2% respectively), with mains having increased slightly on average (1.1%)

Latest CPBT data

<table>
<thead>
<tr>
<th>INSIDE M25</th>
<th>OUTSIDE M25</th>
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<tr>
<td>YOY SALES GROWTH</td>
<td>5.2%</td>
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<tr>
<td>LFL SALES GROWTH</td>
<td>3.8%</td>
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PUB AND BAR SALES MIX

AVERAGE BAR SALES MIX

LAST YEAR
10%
17%
6%
44%
23%

THIS YEAR
9%
17%
6%
45%
23%

AVERAGE WET PUB SALES MIX

LAST YEAR
9%
9%
6%
48%
27%

THIS YEAR
9%
9%
6%
49%
23%

AVERAGE DRY PUB SALES MIX

LAST YEAR
7%
3%
9%
21%
61%

THIS YEAR
7%
3%
9%
21%
59%

CGA PEACH BRANDTRACK SHOWS:

- 27% OF PUB GOERS HAVE VISITED A PUB IN THE PAST 6 MONTHS FOR A DRINK LED OCCASION AND HAD A SOFT DRINK
- 15% OF THOSE WHO VISIT PUBS OR BARS FOR A SPECIFICALLY DRINK FOCUSED OCCASION CITE THE CHOICE OF FOOD ON OFFER AS AN IMPORTANT FACTOR IN THEIR DECISION OF WHERE TO DRINK

FPI FOOD INFLATION FIGURES:

FPI ANNUAL MOVEMENT %

-1.0%

FPI PRICE INDEX

104.9
Sponsors Summary - Pernod Ricard

Making the most of your drinks range is crucial no matter your position in the market. Increasingly the range of spirits you offer, how they are served and communicated can have an influence over your consumers spending more, enjoying their occasion and crucially, as the data in the report tells us is so important – keep consumers coming back to your venue. The continued growth of premium spirits cannot be understated as an influential factor in driving consumers to your venue either - especially when they are included as part of an exciting cocktail offer. Served and communicated effectively cocktails can be a key attribute to drive excitement and are being used to great success across the casual dining sector. Excitement, after all - is one of the key drivers for first time visits to a new venue.

THE IMPORTANCE OF PREMIUM SPIRITS TO THE GB ON TRADE...

SPIRIT YOY PERFORMANCE

<table>
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<th>VOLUME YOY % CHANGE</th>
<th>VALUE YOY % CHANGE</th>
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<tbody>
<tr>
<td>STANDARD</td>
<td>1.3%</td>
<td>6.6%</td>
</tr>
<tr>
<td>PREMIUM</td>
<td>-6.0%</td>
<td>-1.9%</td>
</tr>
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65% of consumers are willing to spend more on a premium product

46% of mainstream outlets don’t promote spirits

61% of consumers consider premium spirits range as important in their choice of venue

HALF of mainstream licensees said premium spirits were “unimportant to their clientele”
Sponsors Summary - Heineken

Entering a venue can be an attack on the senses, so how do you drive additional spend whilst helping your consumers get what they want?

*Understand your mix between spontaneous, regular and planned occasions*

*Focus exterior signage on creating occasions – through range or promo*

*Have a clear path to the bar*

*Use standalone founts and hotspots for key brands*

*Point of sale should be focussed at the bar and on the brands you want to sell*

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**THE CONSUMER DECISION MAKING JOURNEY EXPLAINED...**

**THE MOMENT A DECISION IS MADE TO GO OUT, 80% KNOW THE FORMAT OF DRINK THEY WILL BUY**

**45% OF CONSUMERS CHOOSE THEIR BRAND BEFORE SETTING FOOT IN A BAR**

**ONLY 1 IN 20 MAKE A DECISION ON DRINKS ON ENTRY, WITH FOCUS ON ADJUSTING TO SURROUNDINGS & NAVIGATING TO THE BAR**

**“YOU JUST WANT TO GET TO THE BAR!”**

**85% OF IN-OUTLET BRAND DECISIONS ARE MADE AT THE BAR**

**CORRECT GLASSWARE INCREASES DRINKING EXPERIENCE FROM 8.2 TO 8.8 OUT OF 10**

**“SECOND DRINK IS MORE RELAXED”**
Sponsors Summary - Sky

For many venues live sport is a key driver for consumers to visit and it’s not just football that draws the crowds. Live sport can attract a big and broad range of consumers to the pub and appeals to a variety of customers. Those who watch sport regularly are more likely to watch a variety of sport too, which means that marketing a broad range has the potential to tap into a bigger audience for your venue as well as increasing dwell time. In a market where driving repeat visits and encouraging loyalty is more important than ever, live sport can have a central role in supporting operators in driving sales. Add that to Wi-Fi, which is a key attribute to complement the sporting occasion in the pub and you will create an atmosphere and environment that’s keeps consumers coming back.

MACROECONOMIC AND PAN INDUSTRY TRENDS AND STATISTICS

OVER 2.3 MILLION
ADULTS WATCH LIVE SPORT ON TV OUT OF HOME AT LEAST ONCE A WEEK

OVER 4.6 MILLION
PEOPLE WATCH FOOTBALL IN A PUB OR BAR EVERY MONTH

NEARLY HALF A MILLION PEOPLE WATCHED ENGLAND VS. NEW ZEALAND IN THE RUGBY UNION AUTUMN INTERNATIONALS ON SATURDAY 8TH NOVEMBER IN AN OUT-OF-HOME VENUE

1.1 MILLION
PEOPLE WATCH CRICKET IN A PUB OR BAR EVERY MONTH

876,000 PEOPLE WATCH GOLF IN A PUB OR BAR EVERY MONTH

966,000 PEOPLE WATCH HORSE RACING IN A PUB OR BAR EVERY MONTH

763,000 PEOPLE WATCH DARTS IN A PUB OR BAR EVERY MONTH

KEY TAKEAWAYS:

FOOTBALL IS THE MOST POPULAR IN-VENUE SPORT BUT IT’S NOT JUST FOOTBALL THAT ATTRACTS BIG AUDIENCES

BIG, QUALITY, LIVE EVENTS OF ALL KINDS HAVE THE POTENTIAL TO ATTRACT BIG AUDIENCES
CGA Peach is the definitive source of insights and analysis for the 'out of home' food and beverage market. Utilising CGA consumer supply and demand data sets, CGA Peach sets the narrative for the industry.

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