CGA Business Confidence Survey August 2023

In association with Fourth

METHODOLOGY

The CGA Business Confidence Survey (August) in association with Fourth surveys performance, forecasts and opinions based on senior leader research undertaken between **10th July** and **1st August.**

The findings in this report are based on responses from hospitality Business Leaders i.e. multi-site operators, (supplementary responses were also collected from independent operators to allow comparisons).

In total, leaders of multi-site operators across the hospitality sector taking the survey equated to over….. **21,000 sites**

53% CEO / MD

39% Chair & board level

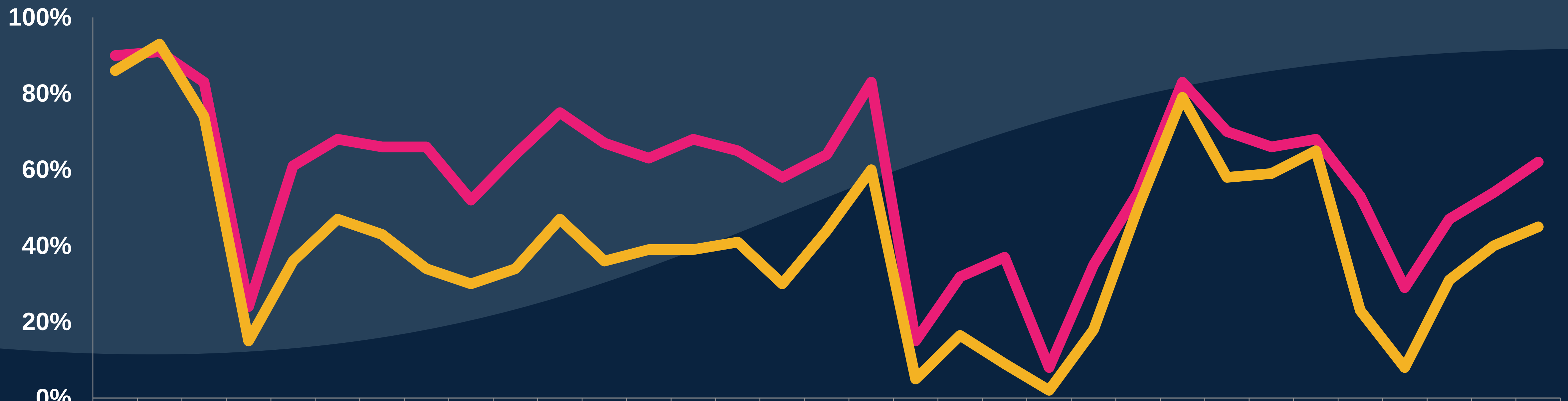
17% Other senior management

Contents

Third quarter of rising optimism, businesses adapt to challenges

Business Leader confidence has climbed again for the third consecutive quarter, with 45% of Leaders confident in the future of the general market, and 62% confident in their own businesses

Business leader confidence across the market and in own business (over next 12 months)



	Feb-14	Feb-15	Feb-16	Jul-16	Nov-16	Feb-17	May-17	Aug-17	Nov-17	Feb-18	May-18	Aug-18	Nov-18	Feb-19	May-19	Aug-19	Nov-19	Feb-20	Apr-20	Jun-20	Sep-20	Oct-20	Nov-20	Feb-21	May-21	Sep-21	Nov-21	Feb-22	Jun-22	Oct-22	Jan-23	May-23	Jul-23
Own business	90%	91%	83%	24%	61%	68%	66%	66%	52%	64%	75%	67%	63%	68%	65%	58%	64%	83%	15%	32%	37%	8%	35%	54%	83%	70%	66%	68%	53%	29%	47%	54%	62%
General market	86%	93%	74%	15%	36%	47%	43%	34%	30%	34%	47%	36%	39%	39%	41%	30%	44%	60%	5%	16%	9%	2%	18%	50%	79%	58%	59%	65%	23%	8%	31%	40%	45%

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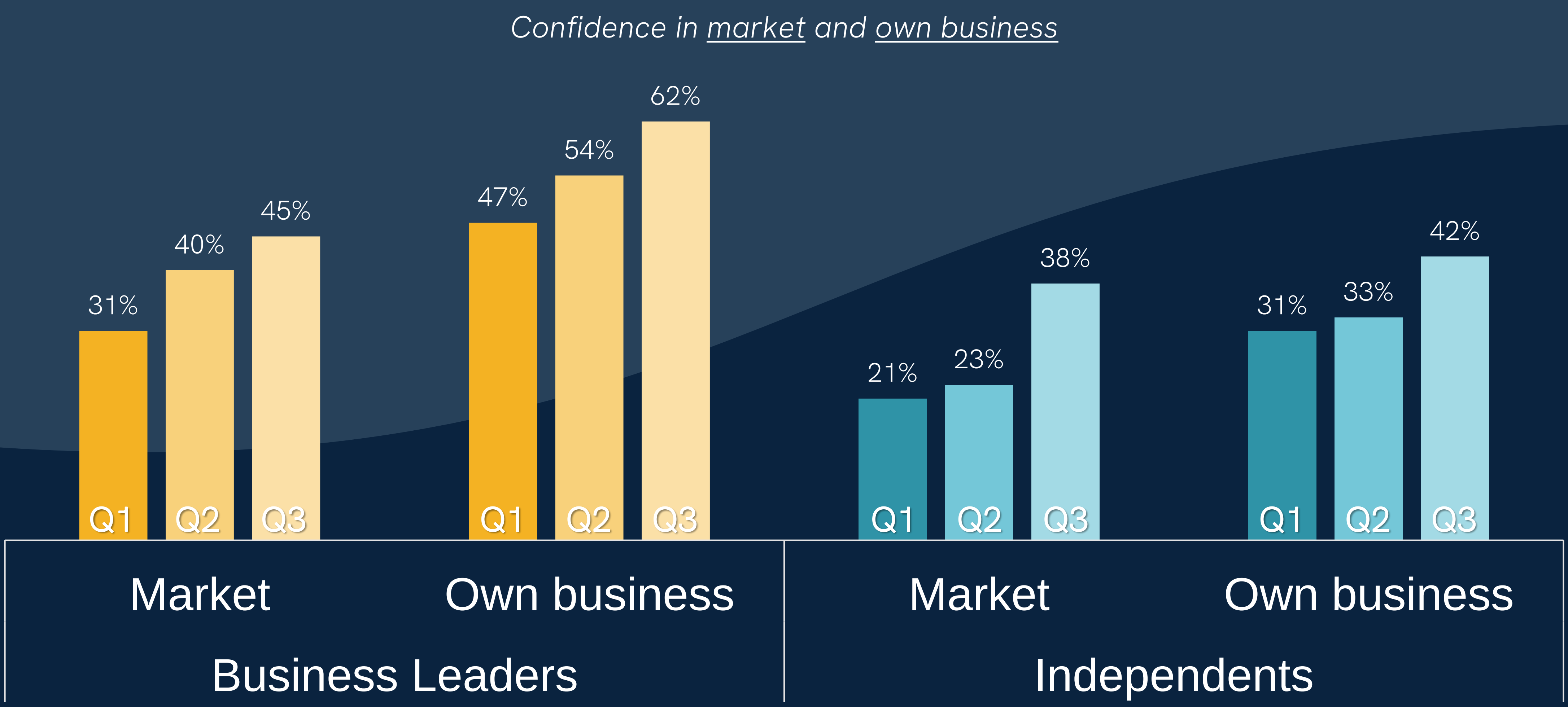
Even more significant gains in confidence have been made among independents this quarter, particularly in the wider market, but own business confidence still lags behind Business Leaders



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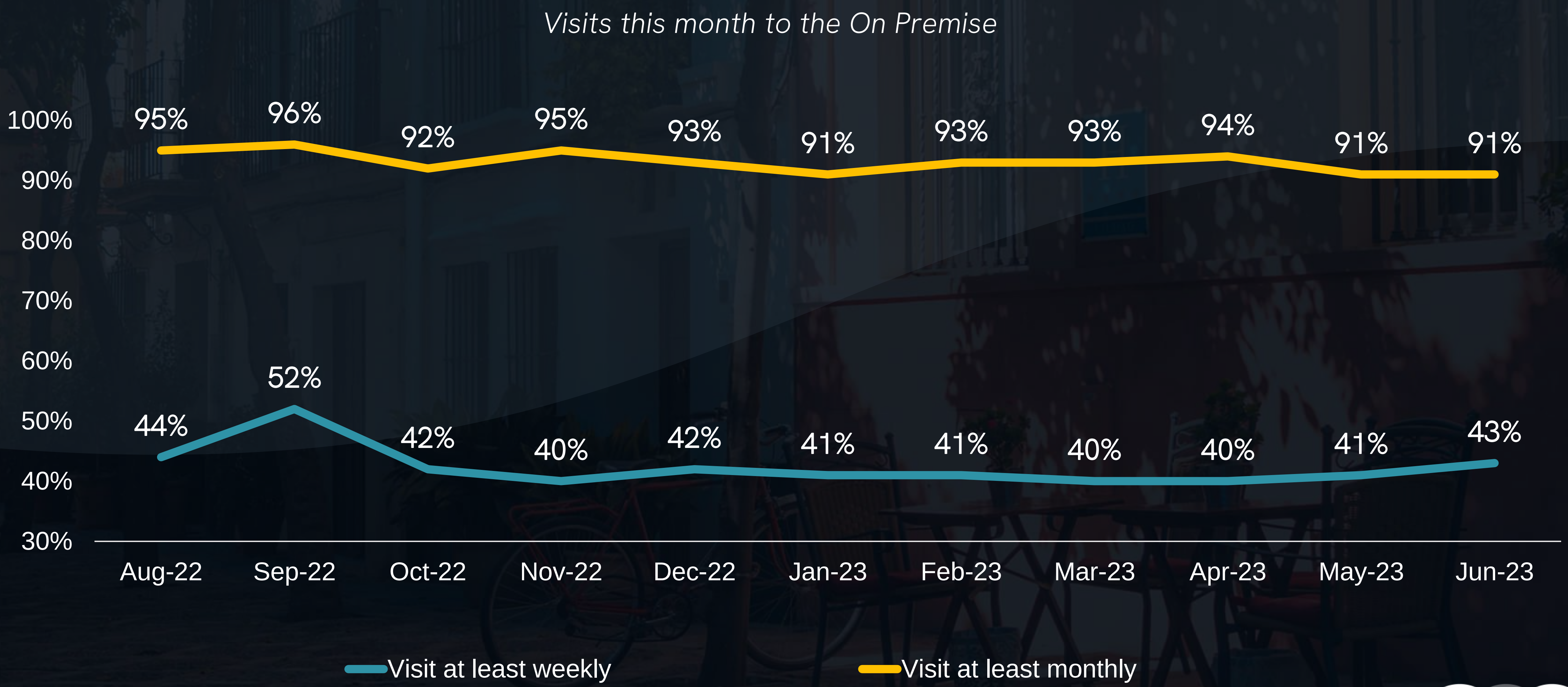
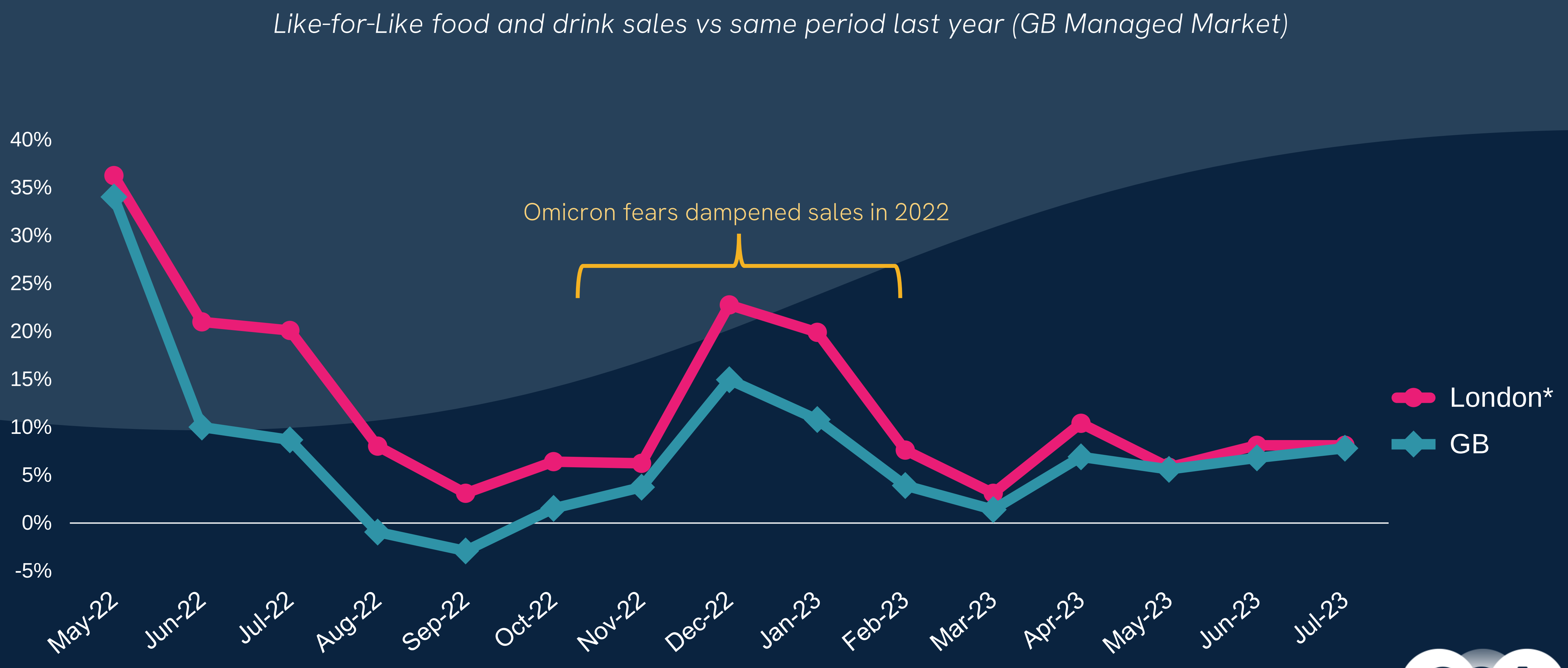
This comes alongside a growing number of consumers returning to the on premise at higher frequencies, with 43% of consumers visiting weekly, the highest figure since September



CGA Cost of Living Consumer Pulse (1,000 UK&I Consumers) June 2023

Despite cost-of-living fears, strong consumer demand has driven year-on-year growth every month since October, and the wider GB market has caught up with the capital's performance



Coffer CGA Business Tracker – Cohort of ~80 managed operators   *London = Inside M25

While most Business Leaders are confident in their future stability, and the number fearing imminent failure has decreased on last quarter, concerns remain for 1 in 10 Leaders

In the next year...

86%

believe their business is not at risk of failing

11%

believe their business is at risk of failing

(-3pp on last quarter)

1%

at risk of failing in next **1-3** months

(flat on last quarter)

10%

at risk of failing in next **4-12** months

(-3pp on last quarter)

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Again, stability among independents trails Leaders, but significant gains have been since last quarter, with a 15pp decrease in those anticipating business failure

11%

of **leaders (5+ sites)** say their business is at risk of failure in the next 12 months

-3pp on last quarter

25%

of **independents** say their business is at risk of failure in the next 12 months

-15pp on last quarter

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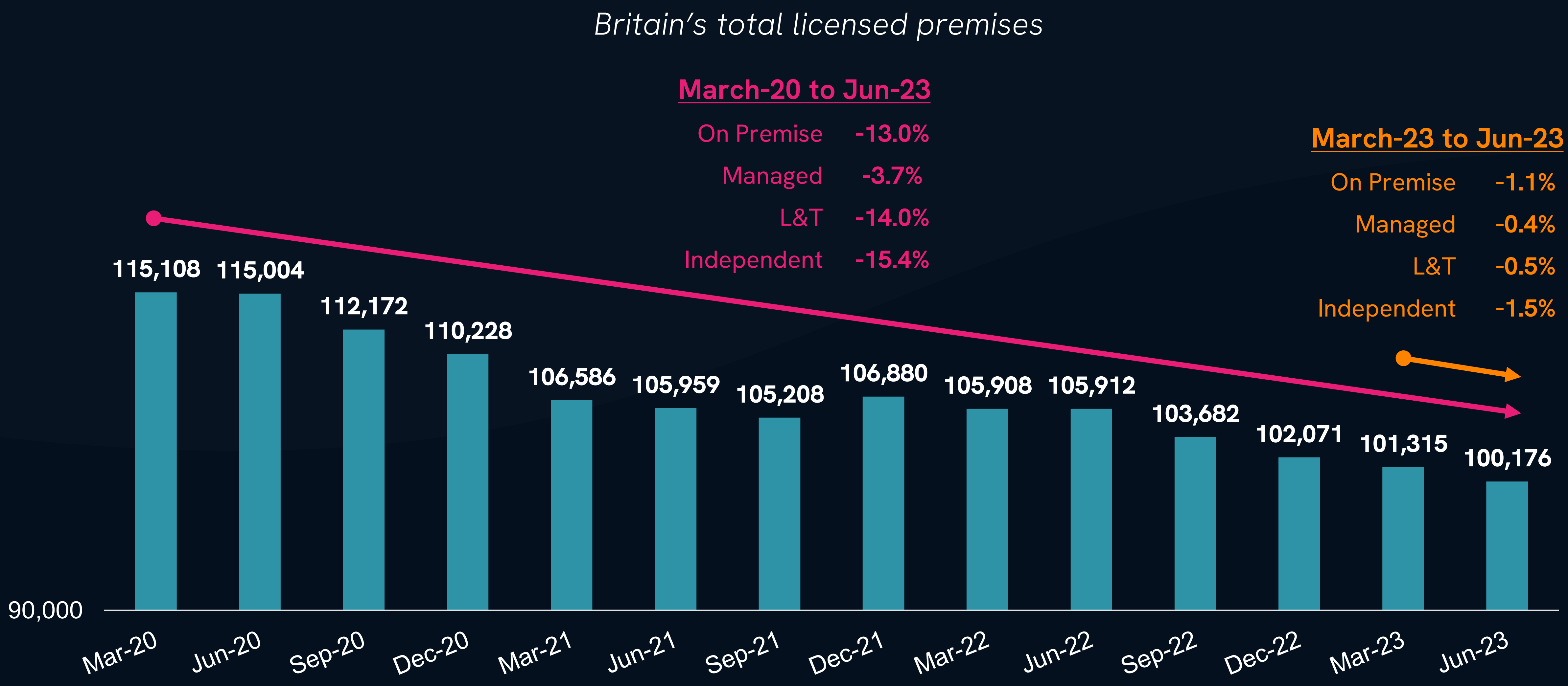
Site numbers briefly stabilised post-COVID, but as new challenges have emerged closures have recommenced. Independents and L&Ts are significantly more exposed than the managed market

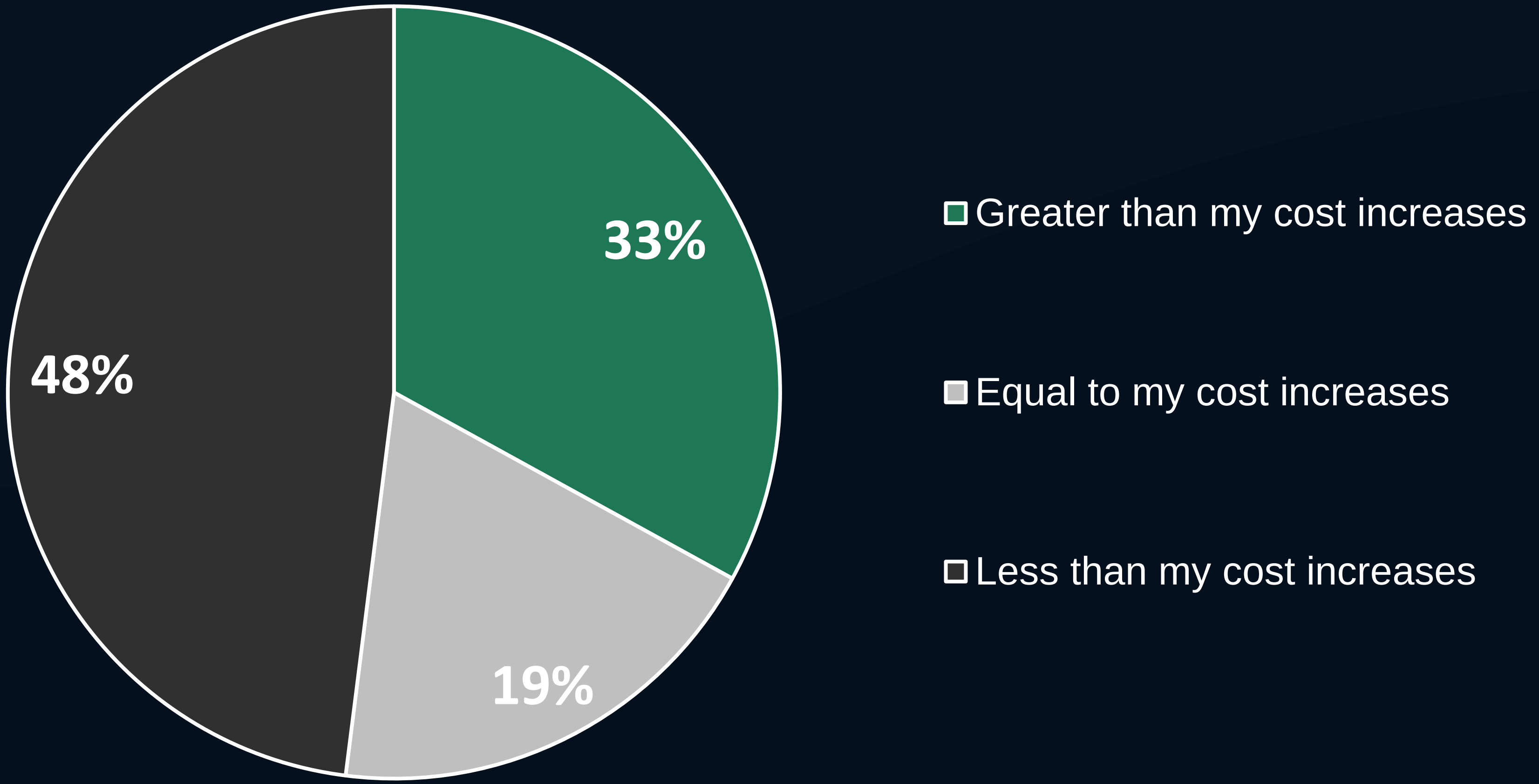


CGA, Hospitality Market Monitor (L&T = Leased and Tenanted)

Operating challenges:
Rising costs

Although the majority of businesses are capable of driving revenue growth, only 1 in 3 of these were able to realise greater profits due to their unmatched cost increases

I saw sales growth on Q2 last year. This sales growth was…



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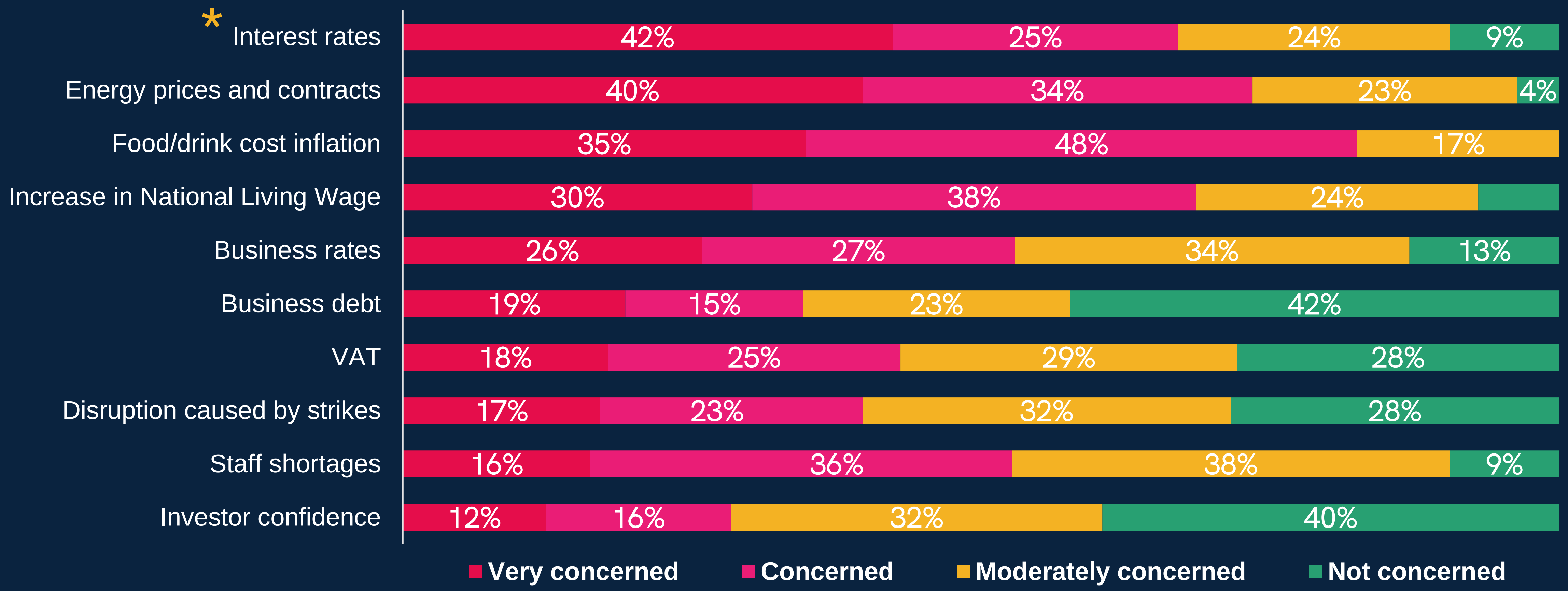
While energy prices and food/drink cost inflation remain the most widely held concerns, interest rates (new answer value this quarter) have the most Business Leaders ‘very concerned’

How concerned are you by the following financial & economic challenges to your business in the next 12 months?



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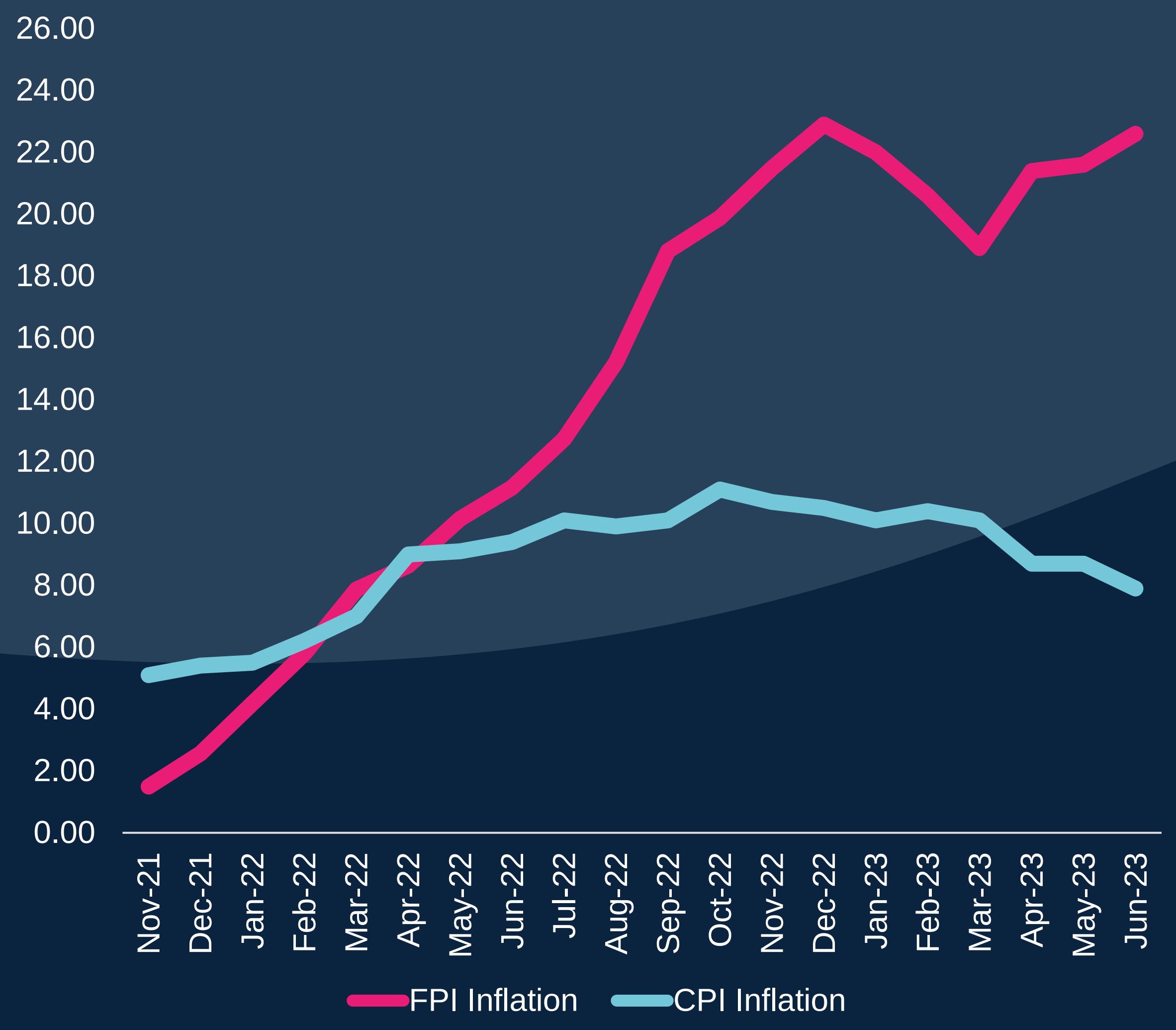
* New answer value

Food Price Inflation has risen well above the already damaging CPI levels, and these pains will be slower to normalise due to the dispersed nature of the sector



FPI inflation is up

22.6%

Year-on-year

CGA & Prestige Food Price Inflation Report

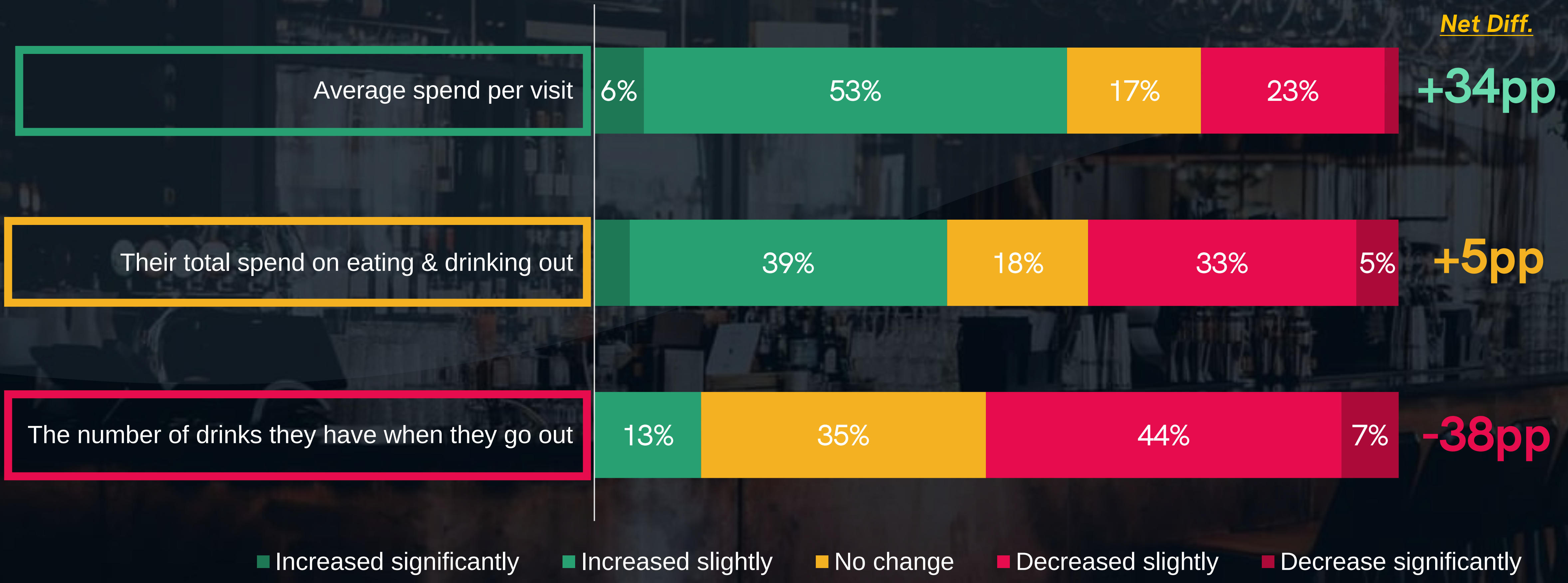
Consumers are well aware that food and drink prices are rising, and this is the leading cause of them spending more per on-premise visit, rather than changing habits

You have said that you are currently spending more per visit on eating & drinking out, why is this?

CGA Cost of Living Consumer Pulse (1,001 UK&I Consumers) June 2023

Business Leaders also recognise that consumers are spending more per visit, but their total spend has remained static, as consumers balance increased prices by reducing consumption per visit

Which of the following consumer behaviours have you seen increase or decrease over the last 6 months?



Source BC

Satisfaction with the sector from consumers remains high, but the watch out figure – especially during a cost of living crisis – is around value for money, which falls below other key metrics

How satisfied have you been with the below on your recent visits to bars, pubs, restaurants and similar venues in the past month?

% Very satisfied or satisfied

	Quality of Food	Quality of Drinks	Quality of Service	Quality of Overall Experience	Value for money
	81%	80%	79%	80%	55%
Chg. vs last month	+2ppt	+3ppt	+1ppt	+4ppt	+3%ppt

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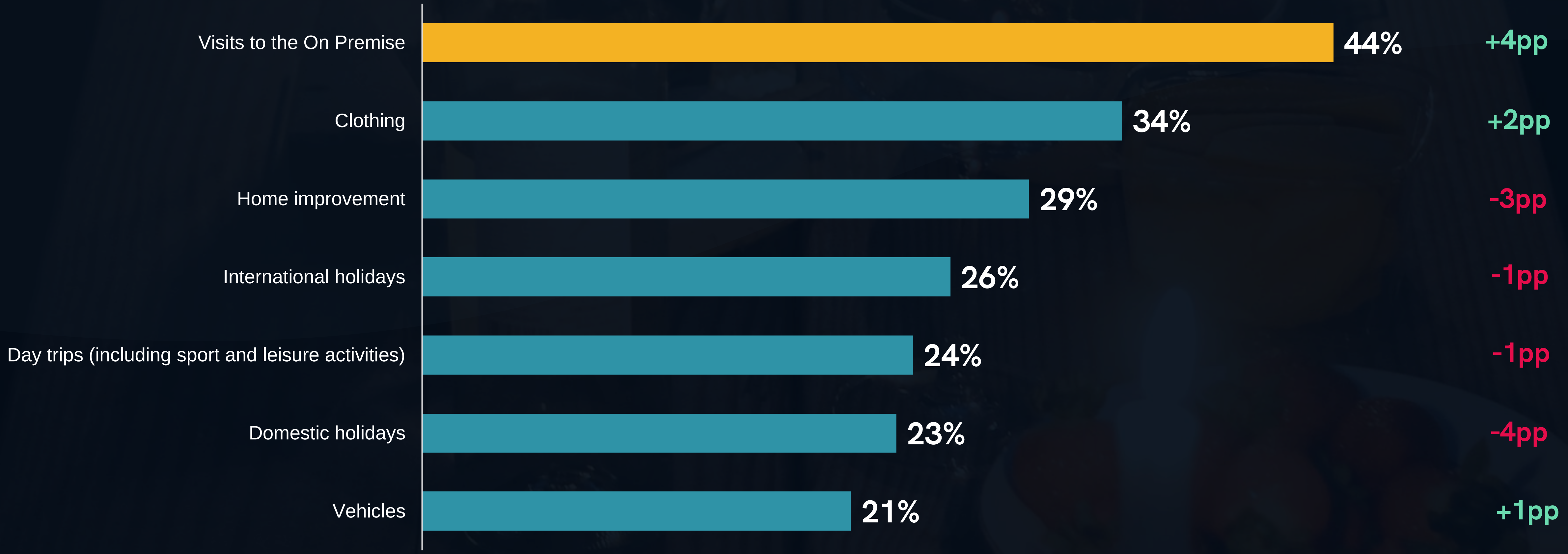
CGA Cost of Living Consumer Pulse (1,101 UK&I Consumers) July 2022

Despite prevalent financial frustrations, it is encouraging to see consumers planning to protect their on premise spend in future, above all other discretional options

If your disposable income is reduced as a result of rising costs, which of the following do you plan to prioritise for spending over the next 12 months? (Select 5 only)

Chg. vs Last Month



CGA Cost of Living Consumer Pulse (1,001 UK&I Consumers) June 2023

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Thank you for taking the time to participate in CGA's August Business Leaders Survey, in association with Fourth.

We really appreciate your continued support with this valuable research, and we hope you will participate in future research moving forward

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To learn more or speak to a member of the team, please get in touch:

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