CGA Business Confidence Survey
October 2023

In association with Fourth

METHODOLOGY

The CGA Business Confidence Survey (October) in association with Fourth surveys performance, forecasts and opinions based on senior leader research undertaken between 9th October and 23rd October.

Data is focussed on operators managing **5 or more sites**, referred to as **Business Leaders**. Supplemental data is also used for comparison from **single site operators**, referred to as **independents**.

The number of sites managed by Business Leader respondents equates to more than **17,000 sites**

58% CEO / MD

24% Chair & board level

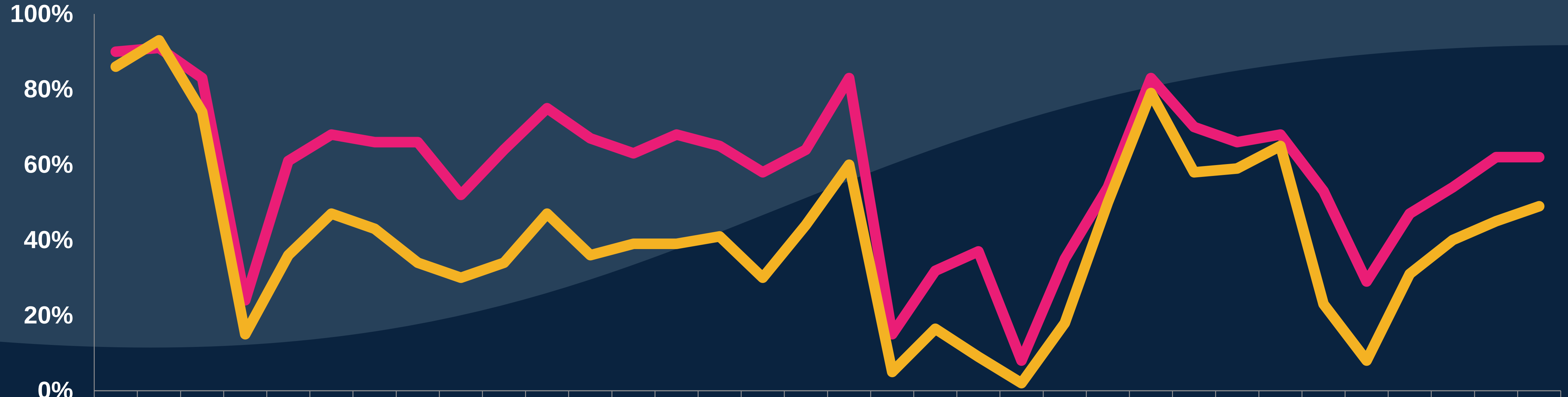
18% Other senior management

Contents

Business confidence and market overview

Half (49%) of Business Leaders are now confident in the prospects of the wider market, but Leaders' optimism in their own business is tempered by market challenges, remaining unmoved at 62%

Business leader confidence across the market and in own business (over the 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	Aug-23	Oct-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%	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%	49%

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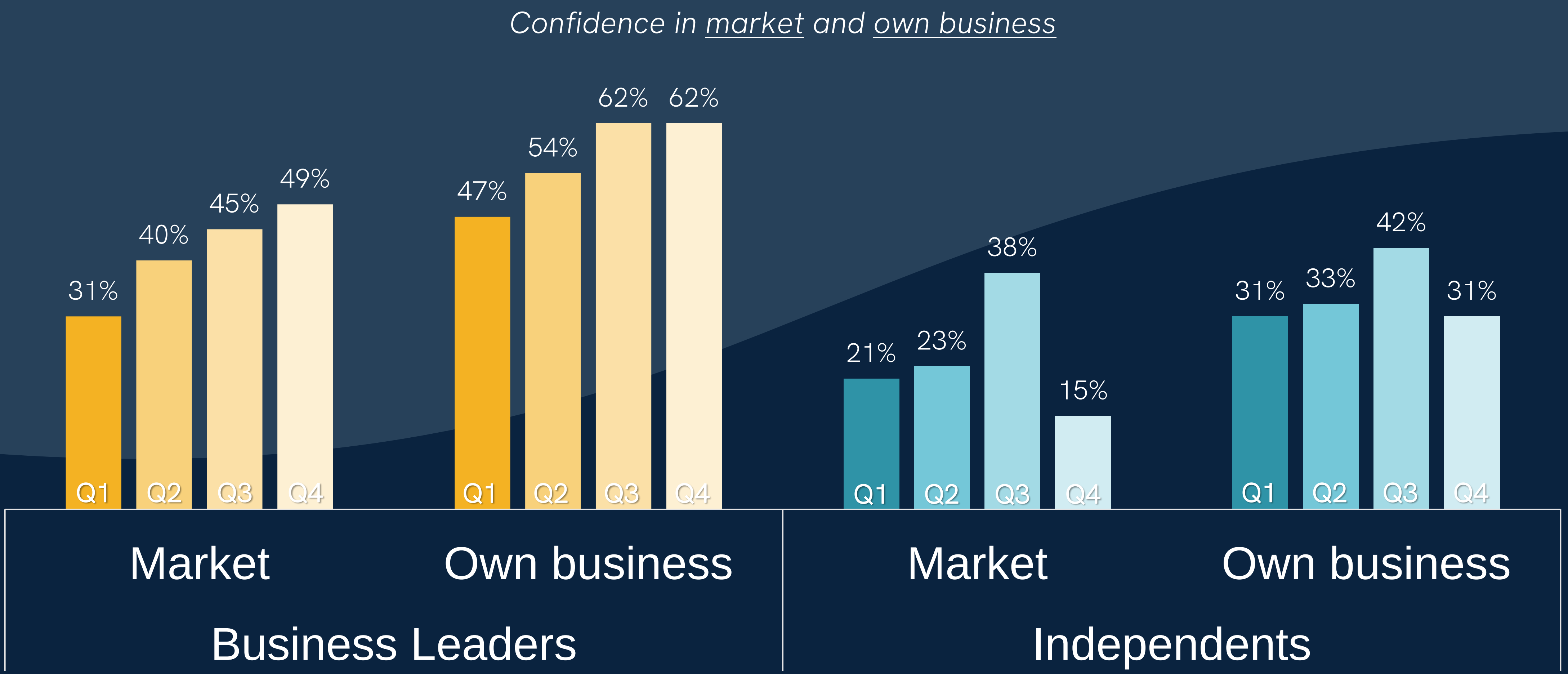
Optimism among independents typically lags that of Leaders, but while recent Leader optimism has plateaued it has sharply fallen among independents this quarter



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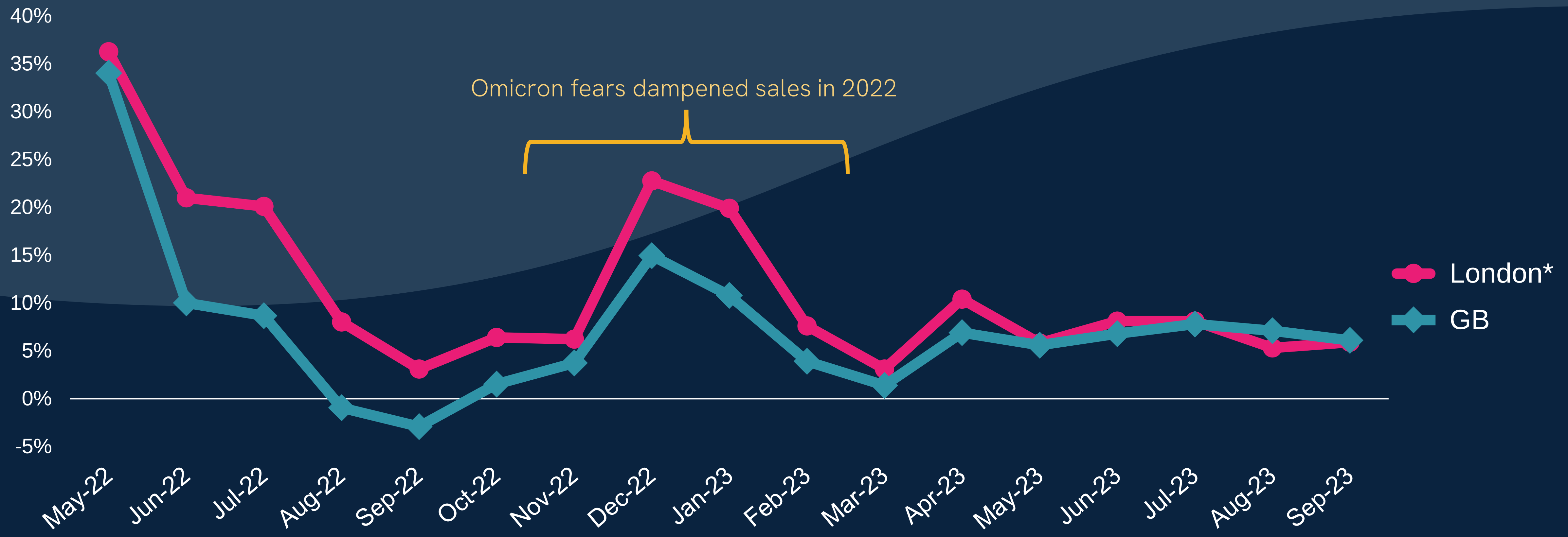
Year-on-year value growth has remained stable since April, between 5-10% growth. However, this is well below the level of inflation over the same period

Like-for-Like food and drink sales vs same period last year (GB Managed Market)



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

The number of business in profit in Q3 2023 has declined on the previous quarter

79%

of Leaders (5+ sites) in profit in Q3 2023

(-6pp on last quarter)

45%

of Independents were in profit in Q3 2023

(-11pp on last quarter)

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Failure risks among operators have also declined, but some caution must be taken as this may also be driven by business closures leaving a relatively more stable remainder

5%

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

-6pp on last quarter

24%

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

-1pp on last quarter

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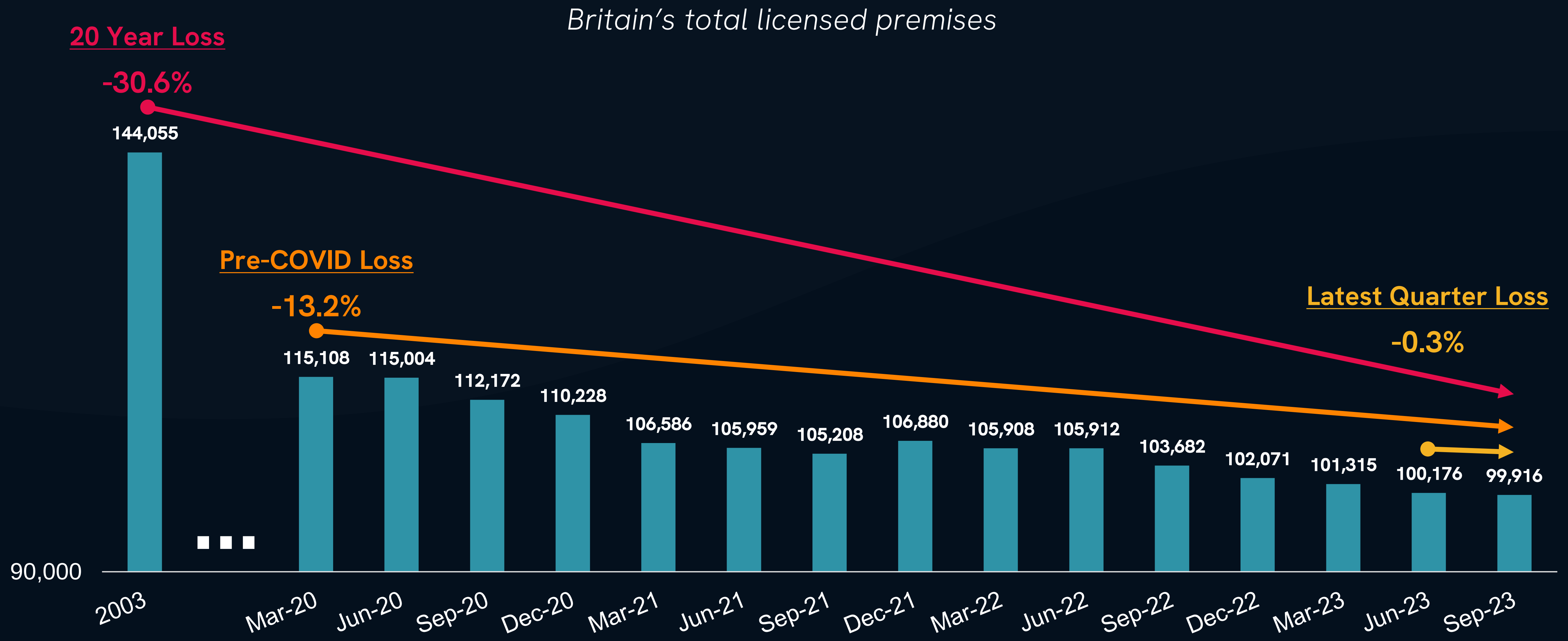
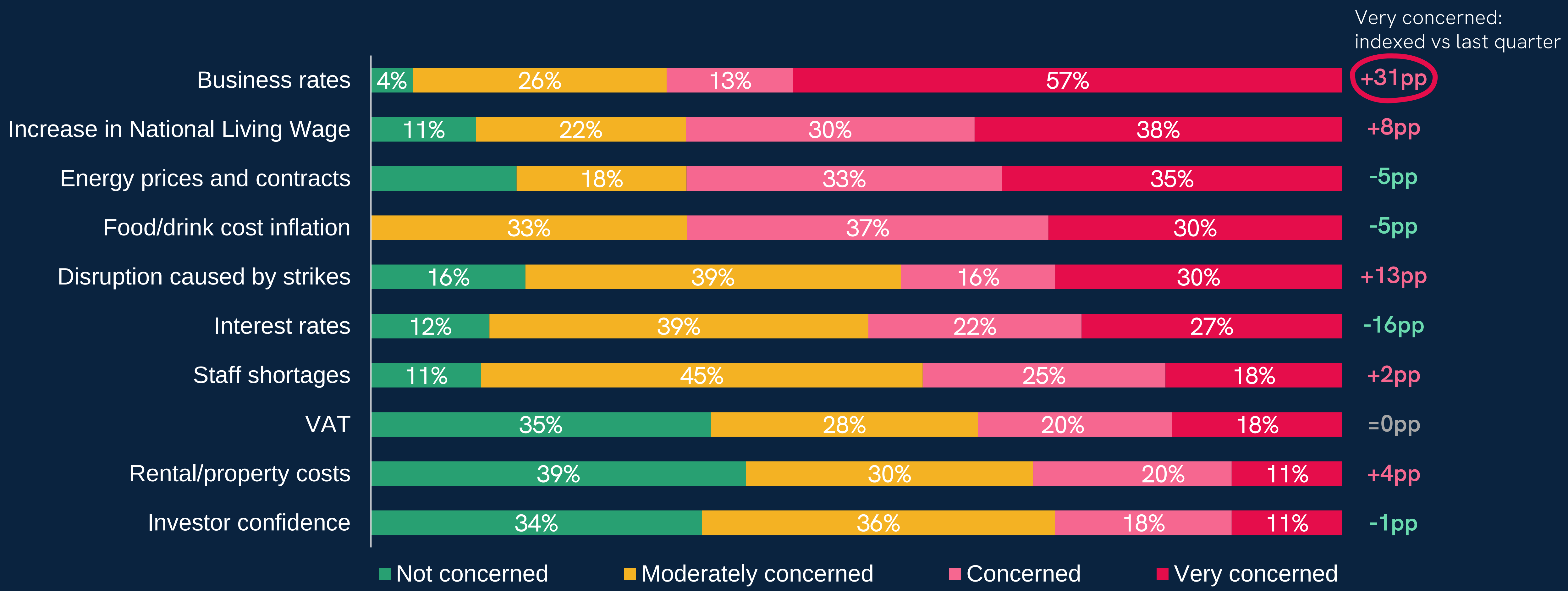
In September, the number of licensed premises in Great Britain fell below 100,000. While losses across recent quarters have slowed, this represents a drop in sites of 31% over the last 20 years



CGA, Hospitality Market Monitor

Staple costs remain broad concerns, but Business Rates and wage costs have significantly risen in importance, as the Autumn Statement and threat of withdrawing Business Rate relief nears

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



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Consumers at Christmas

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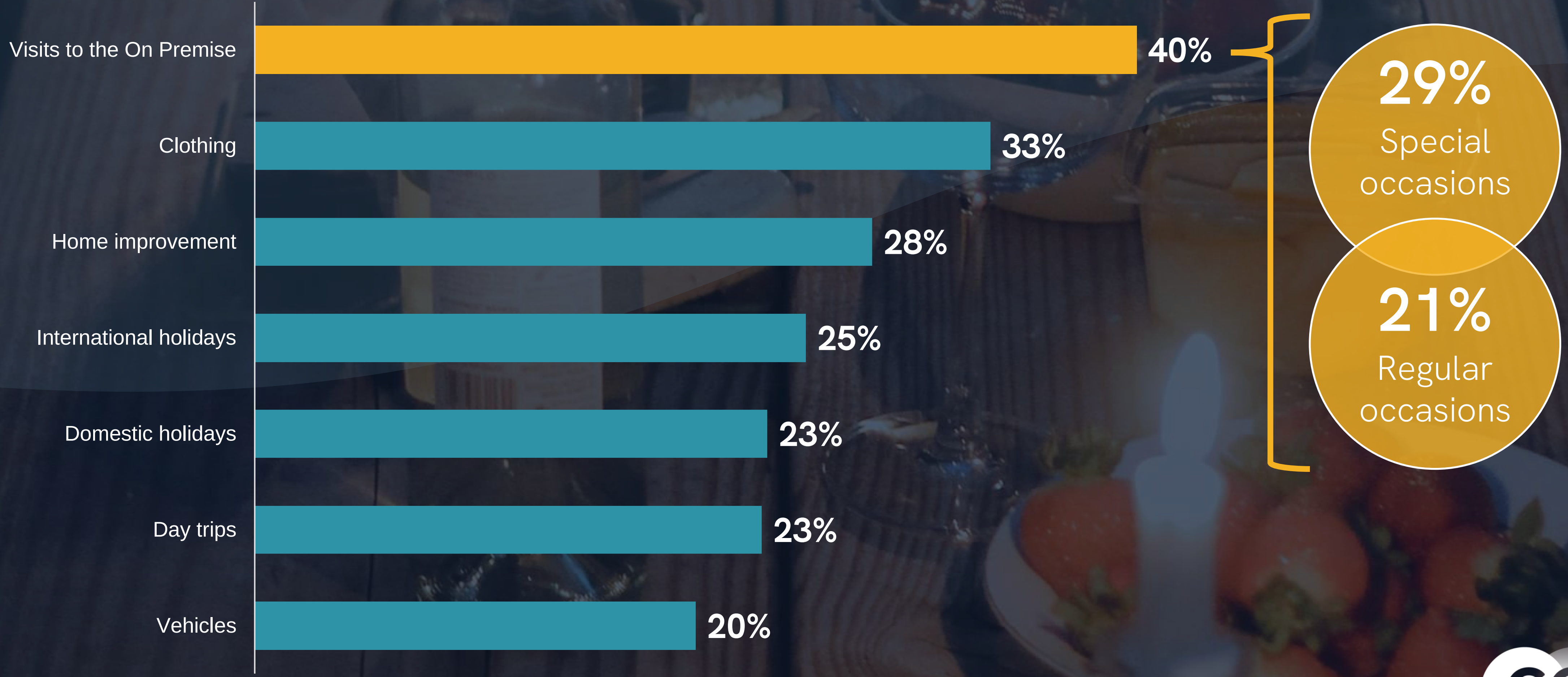
Overall, the On Premise remains the most important spending priority for consumers, of which consumers are more likely to prioritise special occasions over regular visits to the On Premise

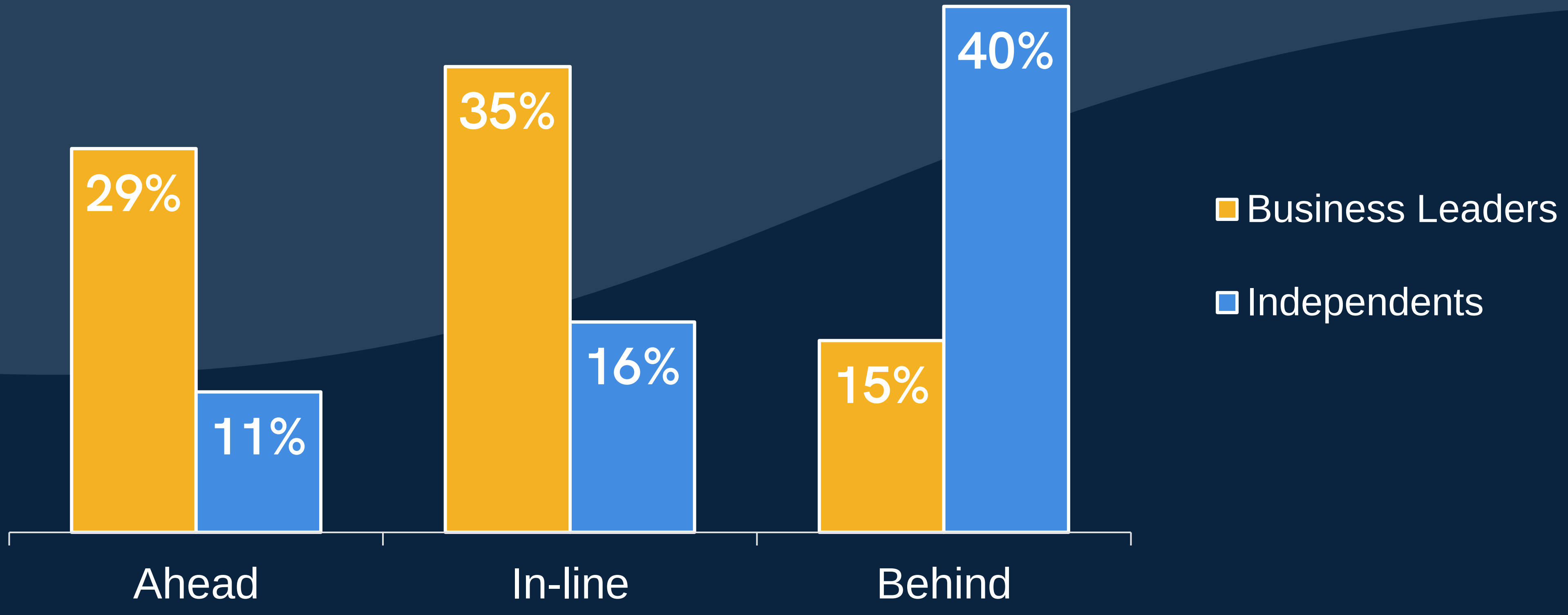
If your disposable income is reduced as a result of rising costs, which of the following do you plan to prioritise for spending over the next 12 months? (Select 5 only)



CGA Cost of Living Consumer Pulse (996 UK&I Consumers) September 2023

As consumers look to prioritise special occasions Leaders 2-in-7 Leaders report being ahead on Christmas bookings, compared to 1-in-7 behind, but independents are faring far worse

*Are your **Christmas bookings** for 2023 ahead, in-line or behind compared to this time last year?*



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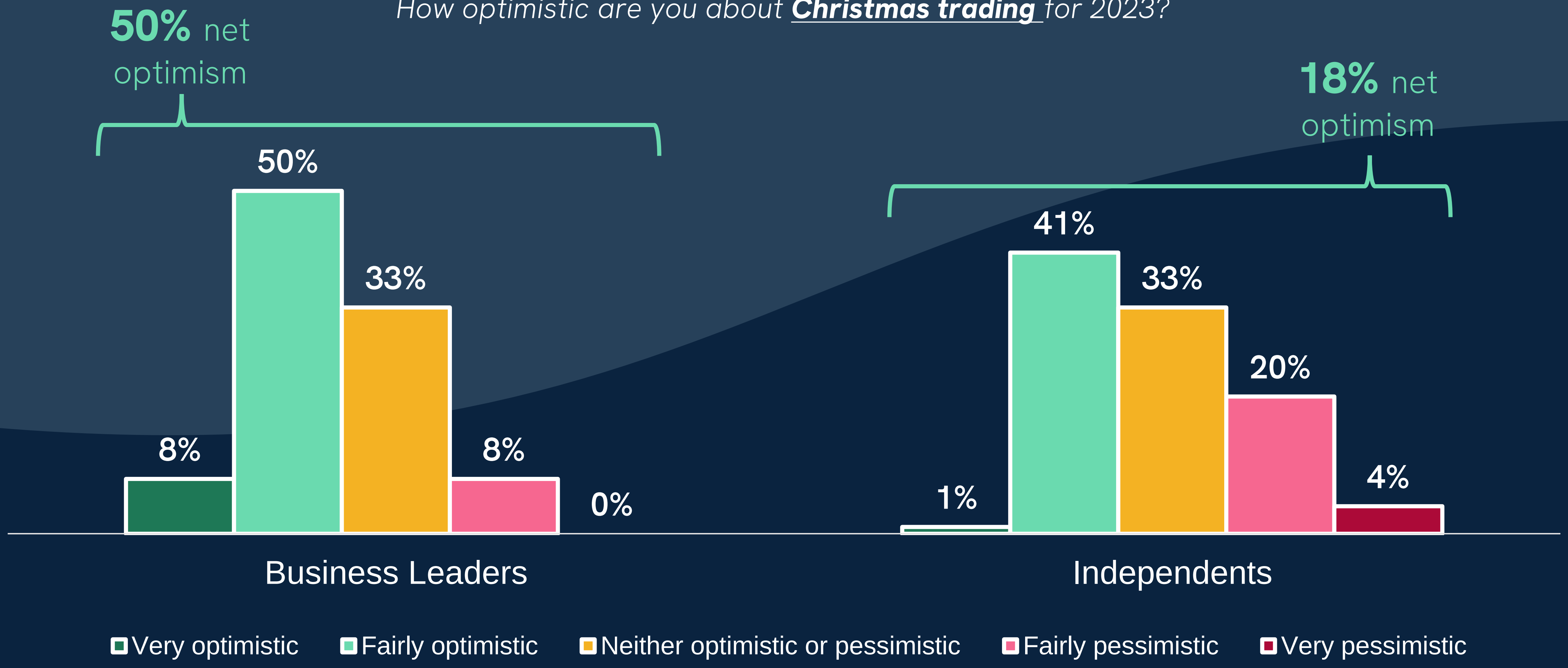
Despite 15% of Leaders being behind on bookings only 8% are pessimistic about Christmas trading, demonstrating readiness to capitalise on big trading sessions even as consumer behaviour changes

*How optimistic are you about **Christmas trading** for 2023?*



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Operating challenges: Staffing solutions at a price

Leaders have increased staff pay by

10%

over the last 12 months, compounding previous rises

(9% in Q3 2023)
(11% in Q2 2023)

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Pay rises above inflation may have helped reduce vacancies on last quarter. Both the number of Leaders experiencing shortages and vacancy rates have declined

55%

of Leaders are **experiencing staff shortages**

(-9pp versus last quarter)

Among which

8%

of roles are **vacant and open for application**

(-3pp versus last quarter)

*Vacancy rate weighted by number of employees

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Operating challenges:
Persistent cost increases

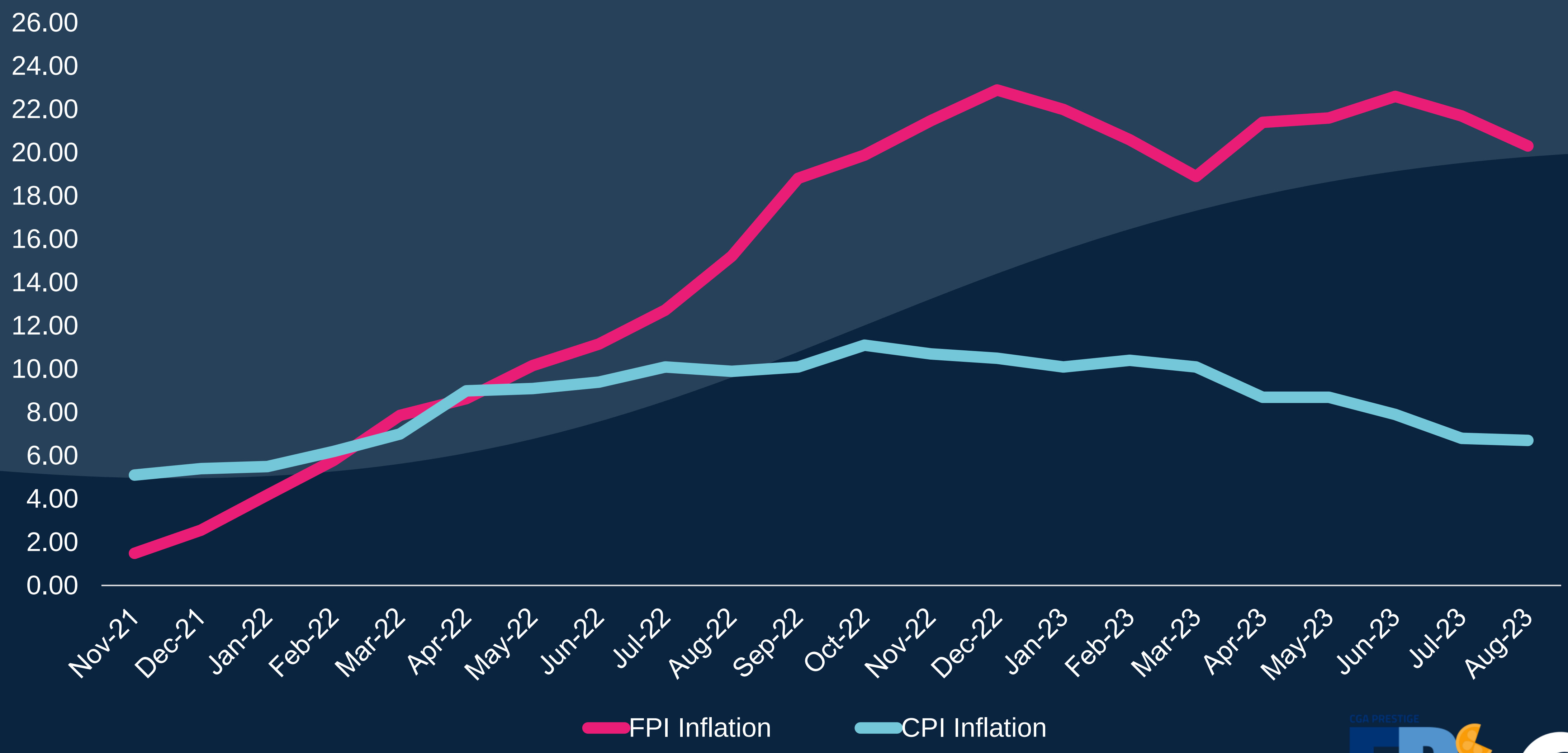
Following a year of increased energy prices, Leaders report their year-on-year energy bills as growing by almost a half

How has your average monthly energy bill this year (Oct-22 to Sep-23) changed compared to your energy bill the year before?

+47%

Year-on-year
energy bill growth

Even while year-on-year CPI inflation has slowed from its peak in October last year, food price inflation has remained several times higher, with no immediate promise of reducing



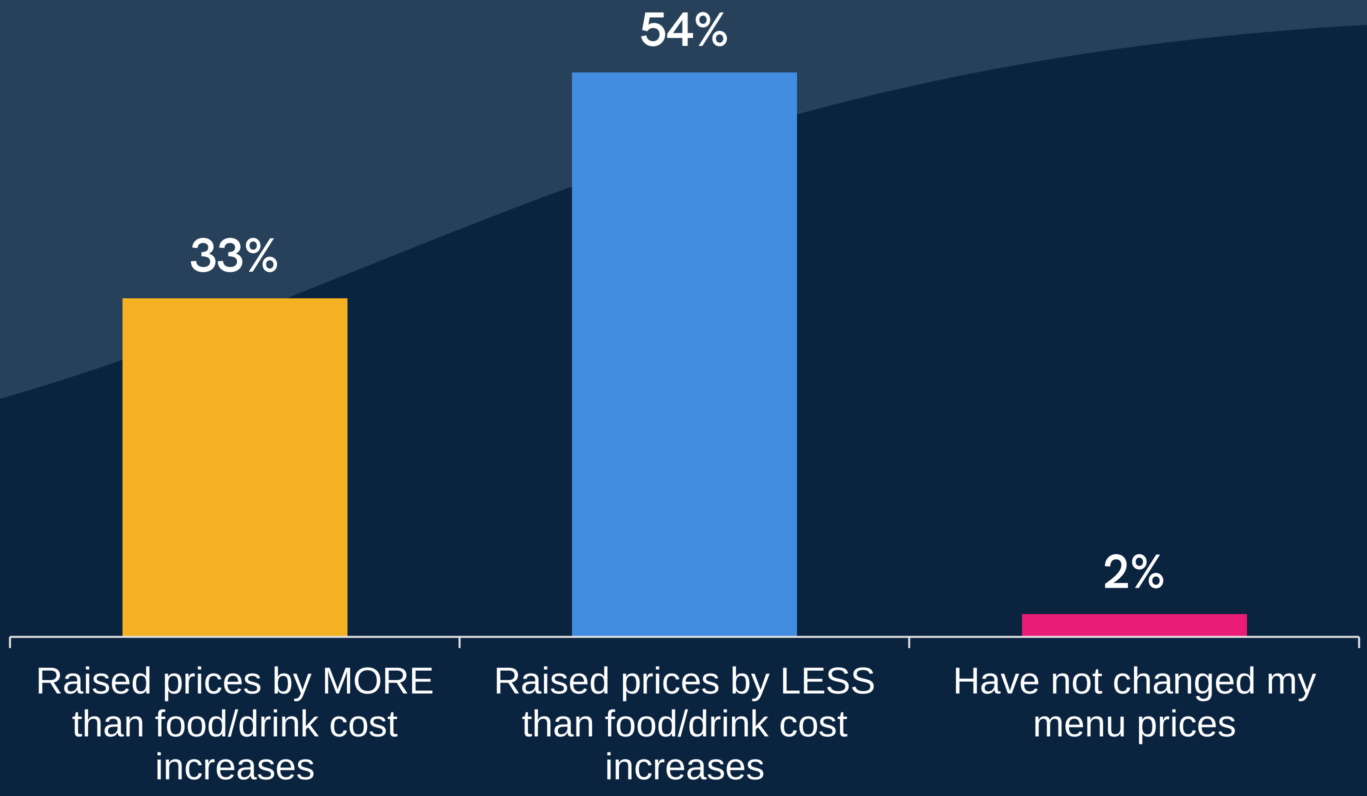
Currently YoY FPI stands at over 20%. Almost all Leaders have raised menu prices, but half have not increased their prices to match cost increases, seeing their margins eroded

If you have increased your menu prices over the past year, have these increases been greater than, or less than your food and drink cost increases?

FPI inflation is up

20.3%

Year-on-year



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Future investment and support

67%

of Leaders report their business would be **less stable** if business rates relief was withdrawn

Of which

33%

report they would be **significantly less stable**

and

35%

report they would be **somewhat less stable**

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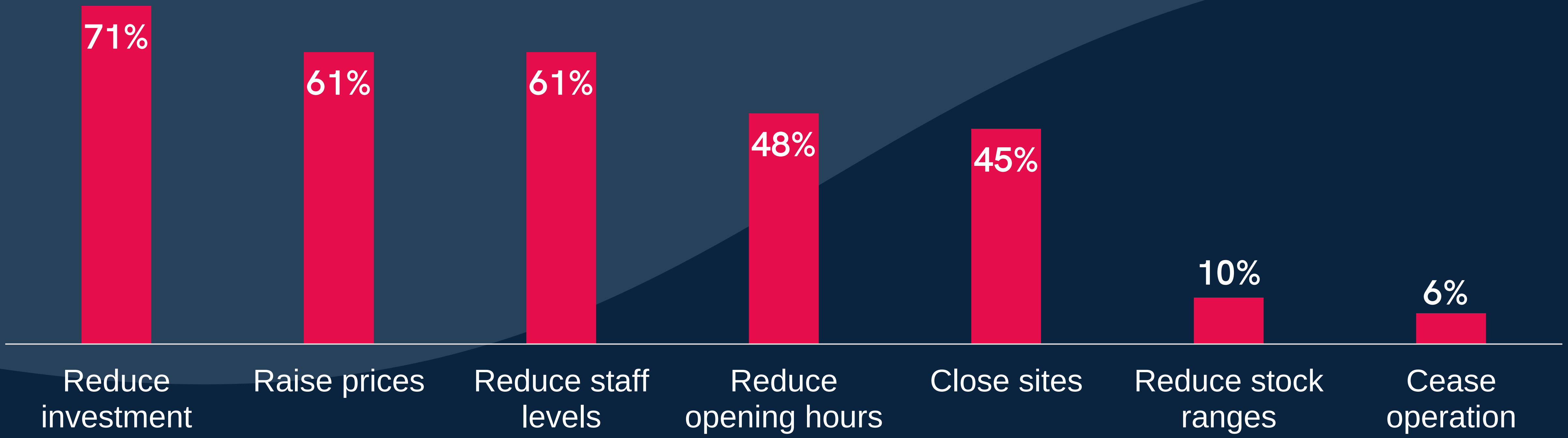
The effects of withdrawing business rates relief has potential to impact the wider economy, through reduced investment, reduced staffing levels and some fearing complete closure

What responses might you take if Business Rates relief was reduced or removed?



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These threats to investment come at a time when Leaders are keen to invest, and concern around investor confidence is relatively low, threatening the sectors' recovery

What types of investment are you planning in your business over the next 3 years?

98%

of Leaders plan to invest in their business over the next three years

Market Challenge	% Concerned or very concerned
Business rates	70%
Energy prices and contracts	68%
Increase in National Living Wage	68%
Food/drink cost inflation	67%
Interest rates	49%
Disruption caused by strikes	46%
Staff shortages	43%
VAT	38%
Rental/property costs	31%
Investor confidence	**29%**

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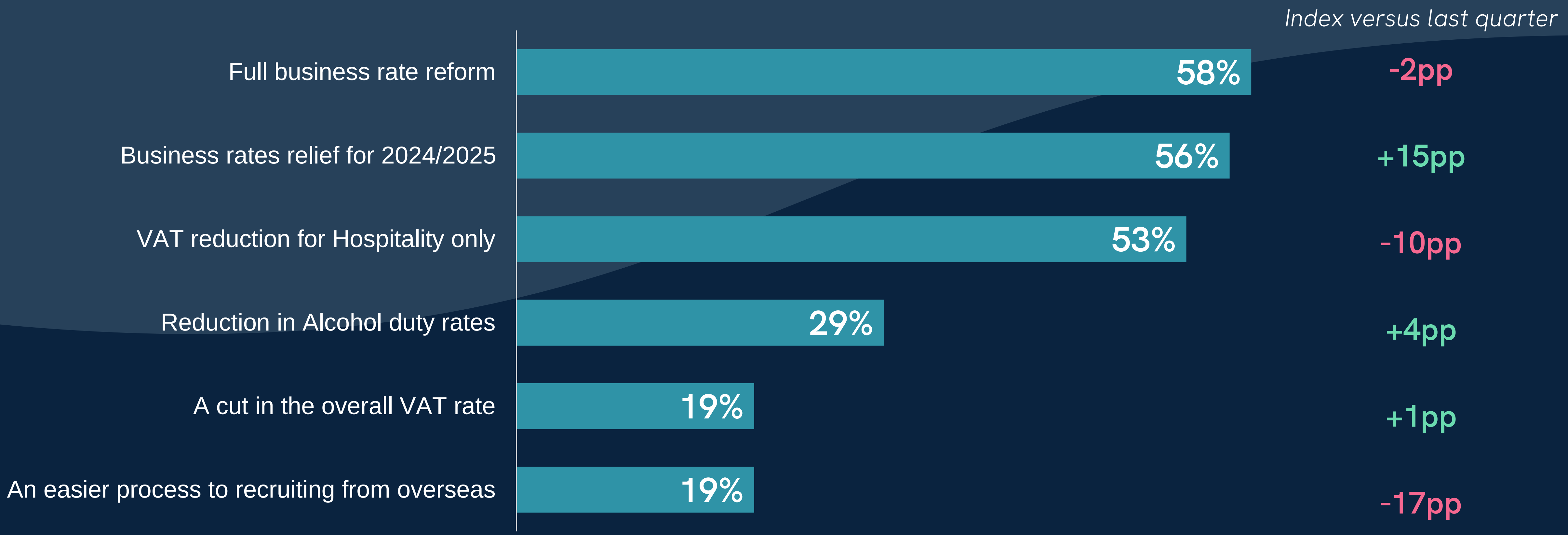
Business rates occupy the two main demands of Government support. The need for continued relief has grown this quarter as the threat of losing it, and the subsequent economic impacts, approach

What Government support would you want to help with your business in the coming months?



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Contact us

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

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