Business Confidence Survey

April 2024

Methodology

April 2024

The CGA Business Confidence Survey surveys performance, forecasts, and opinions, regarding the current and future state of the hospitality industry.

Those surveyed were in senior business roles, between 5th April and 24th April 2024.

Results presented in this research are primarily based on responses from **Business Leaders**, defined as those from businesses managing five or more sites.

Supplemental data from single-site operators is also used for comparison, referred to as **Independents**.

The number of sites managed by Business Leaders equates to more than:

9,700 sites

Among the Business Leaders sample:

48% are at CEO / MD level
33% at Director or Board level
19% in other Senior Management positions

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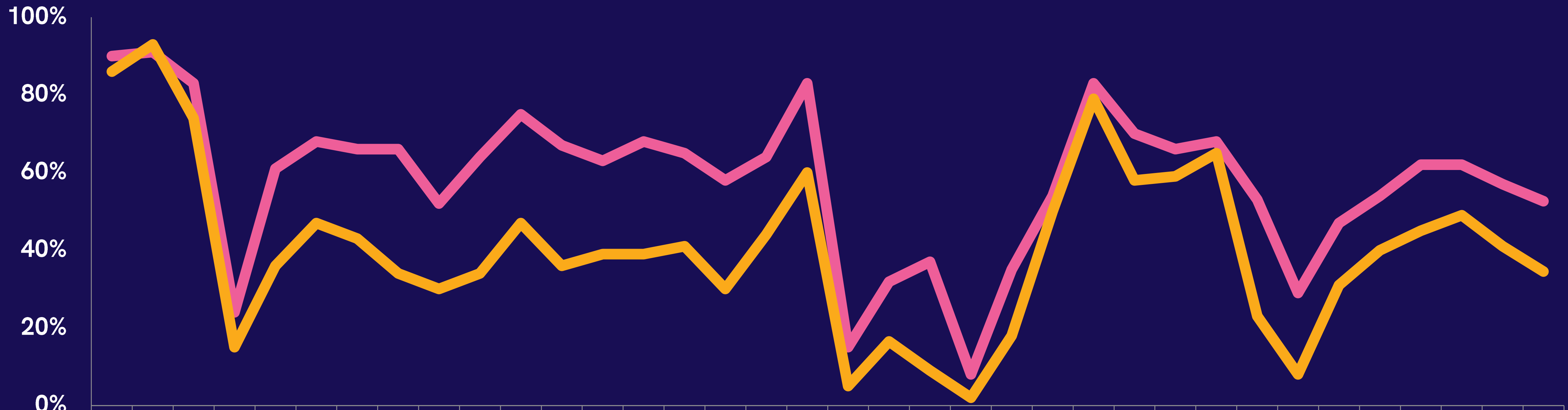
Optimism and industry health

Sector confidence has slightly declined on last quarter. Just over half of Leaders (53%) remain confident in their own business, but only a third (34%) are confident in the wider market

*Business leader optimism in the general **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
Own business	90%	91%	83%	24%	61%	68%	66%	66%	52%	64%	75%	67%	63%	68%	65%	58%	64%	83%
General market	86%	93%	74%	15%	36%	47%	43%	34%	30%	34%	47%	36%	39%	39%	41%	30%	44%	60%

	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	Feb-24	Apr-24
Own business	15%	32%	37%	8%	35%	54%	83%	70%	66%	68%	53%	29%	47%	54%	62%	62%	57%	53%
General market	5%	16%	9%	2%	18%	50%	79%	58%	59%	65%	23%	8%	31%	40%	45%	49%	41%	34%

Jun-16
Brexit referendum

Apr-20
First COVID lockdown

Oct-20
Lockdown reintroduced

Oct-22
Inflation at a 40-year high

This drop in confidence comes despite a slowing in site closure rates in Q1, and even growth in some segments, though overall market expansion may still be some way off

At the end of March 2024, there were

98,745

licensed sites in Great Britain.
Over the past year,

2,570

net sites have been lost, equating to a decline of

-2.5%

Sector	Change vs last quarter	% change vs last quarter
Nightclub	- 67	- 7.9%
Food Pub	- 85	- 0.7%
Community Pub	- 122	- 0.7%
High Street Pub	- 36	- 0.6%
Hotel	- 22	- 0.3%
Bar	- 12	- 0.3%
Bar Restaurant	- 2	- 0.1%
Restaurant	+ 69	+ 0.5%
Casual Dining Restaurant	+ 34	+ 0.7%

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CGA by NIQ & AlixPartners, Hospitality Market Monitor, March 2024

While January and February saw fairly flat year-on-year sales growth, it remained positive. Strong March growth was aided by Easter revenues falling a month earlier this year

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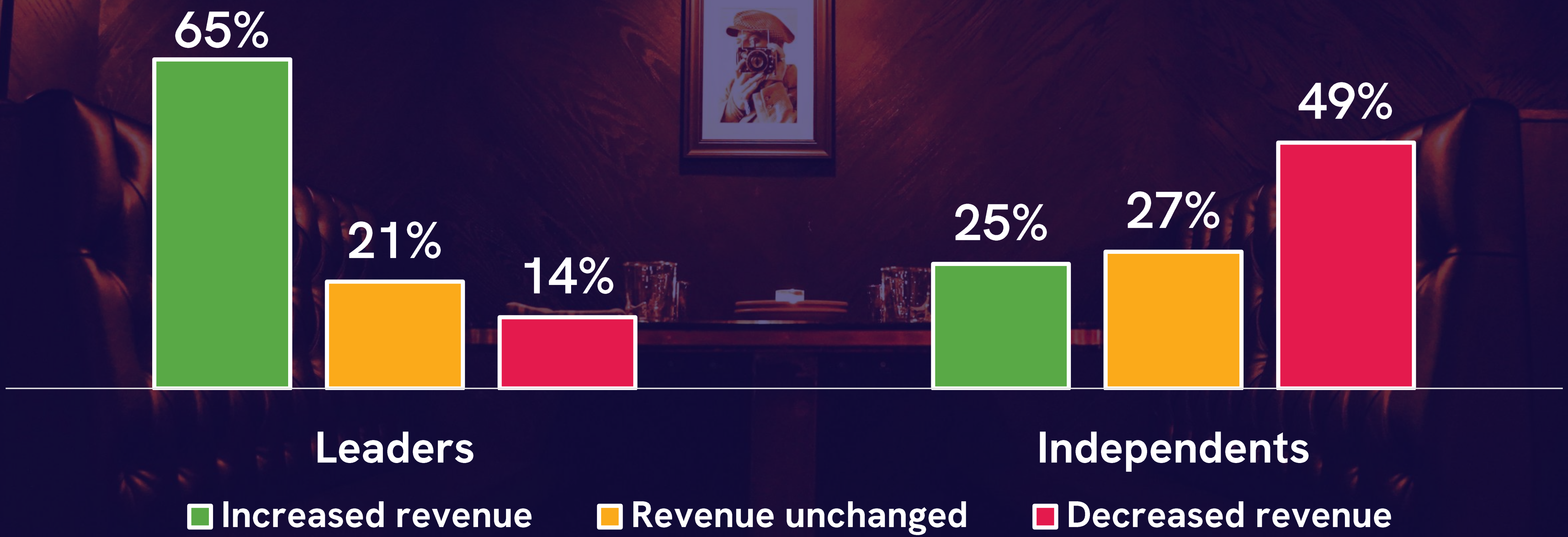
CGA by NIQ & RSM, Hospitality Business Tracker

These early revenues may have aided the two thirds (65%) of Leaders seeing increased Q1 sales on last year. The story is very different among independents, where half (49%) have seen decline

How would you describe your business' revenue performance over the whole of Q1 2024 (January-March) compared to Q1 2023



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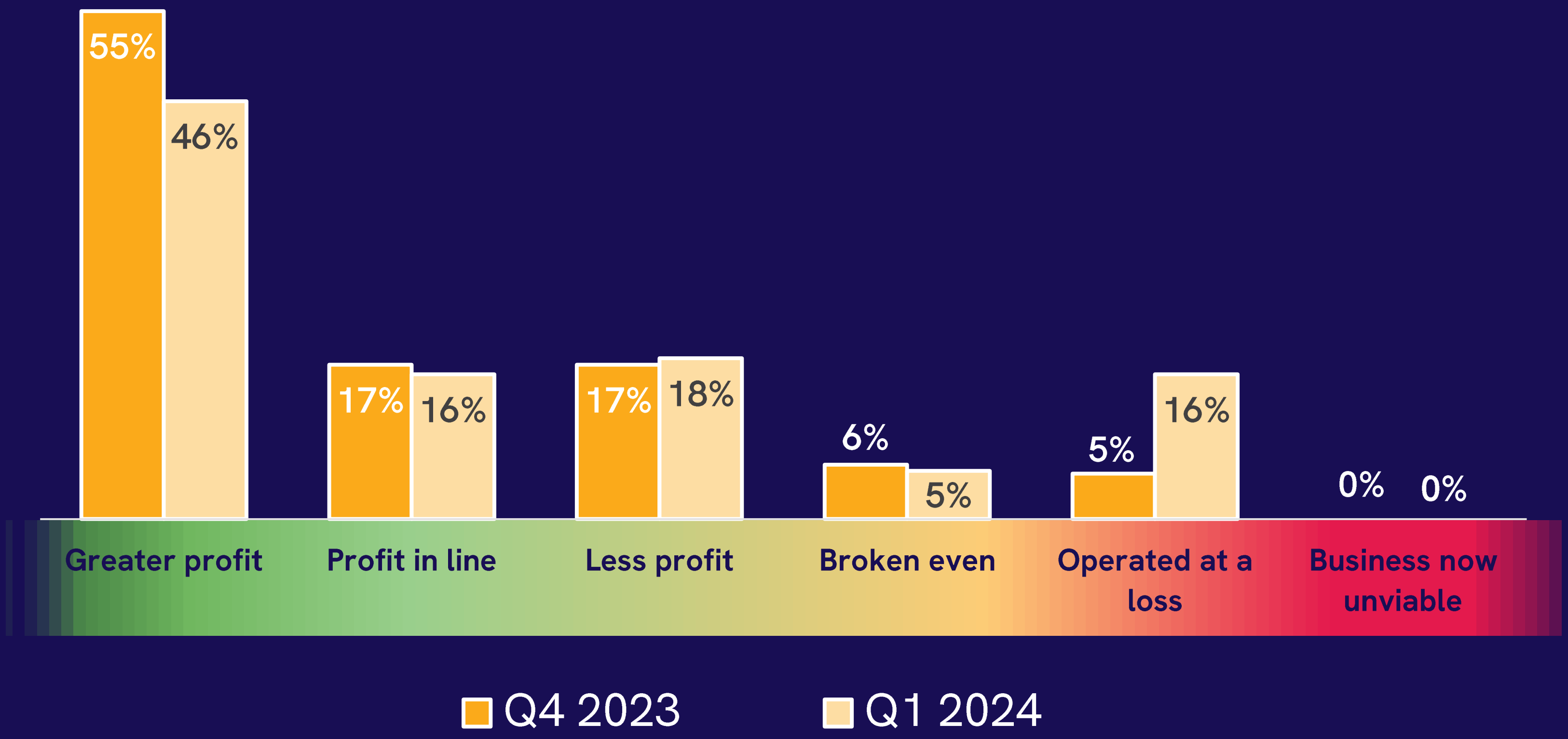
Quarter-on-quarter, the number of loss-making Leaders has risen from 5% to 16%, however this is not unexpected when moving from festive trading to quiet months. Fortunately, none are immediately unviable, but 9% still risk business failure over the next year

How would you describe your business's performance in the quarter, compared to the same time last year?



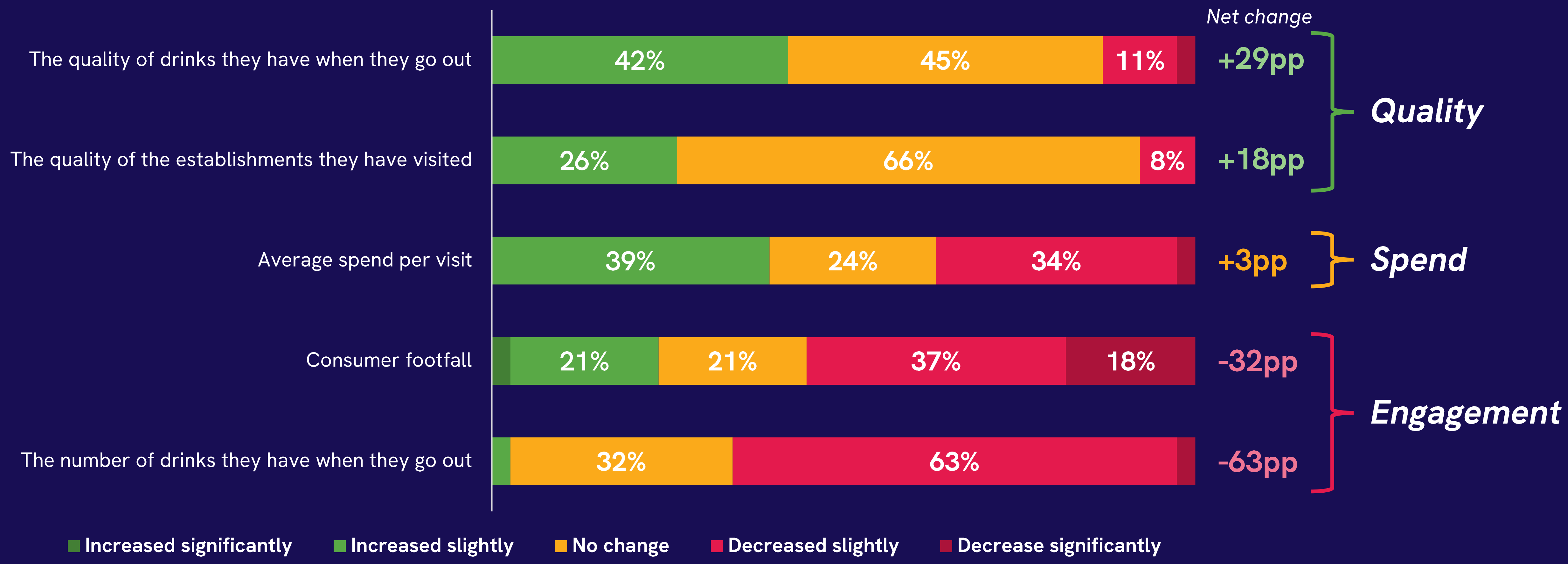
9%

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

Unchanged on last quarter

Leaders continue to report a net premiumisation of consumer choices while footfall and serves decline, as a way in which consumers moderate their spend per visit

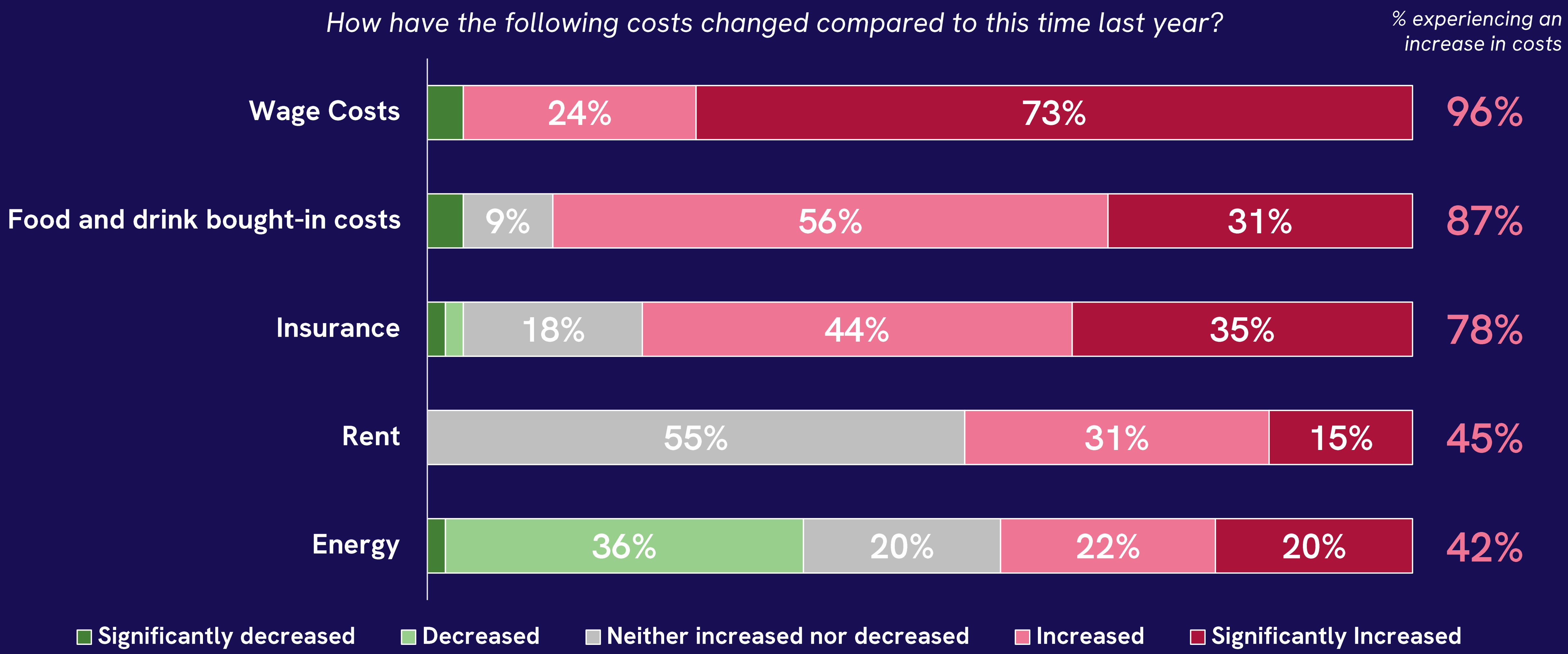
Which of the following consumer behaviours have you seen increase or decrease over the last 6 months?



Encouraging signs of change, but challenges remain

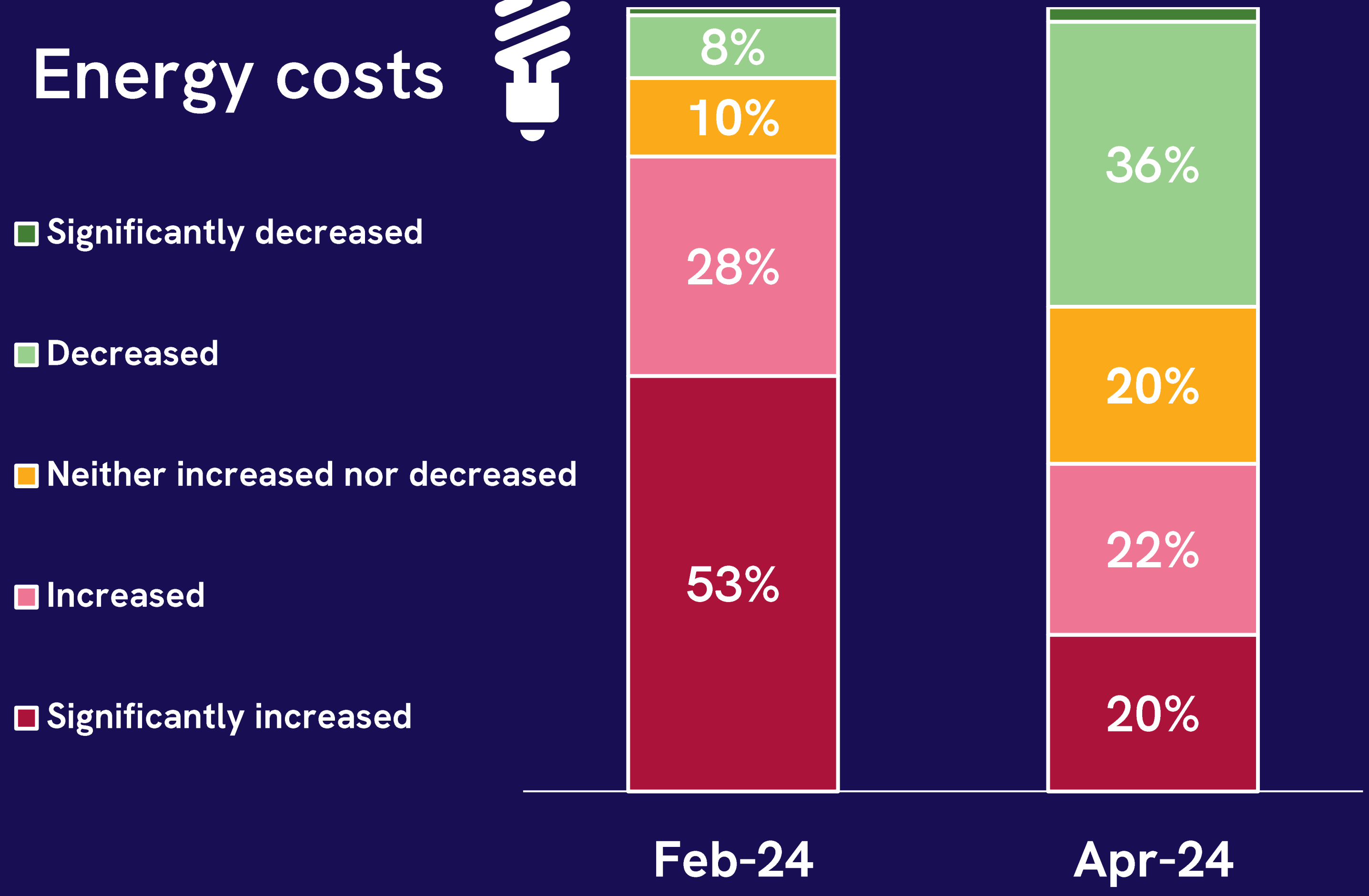
Costs remain stubbornly high on last year, but there are some positive signs of the rate of increase slowing in some areas, and some Leaders even reporting cost decreases

How have the following costs changed compared to this time last year?

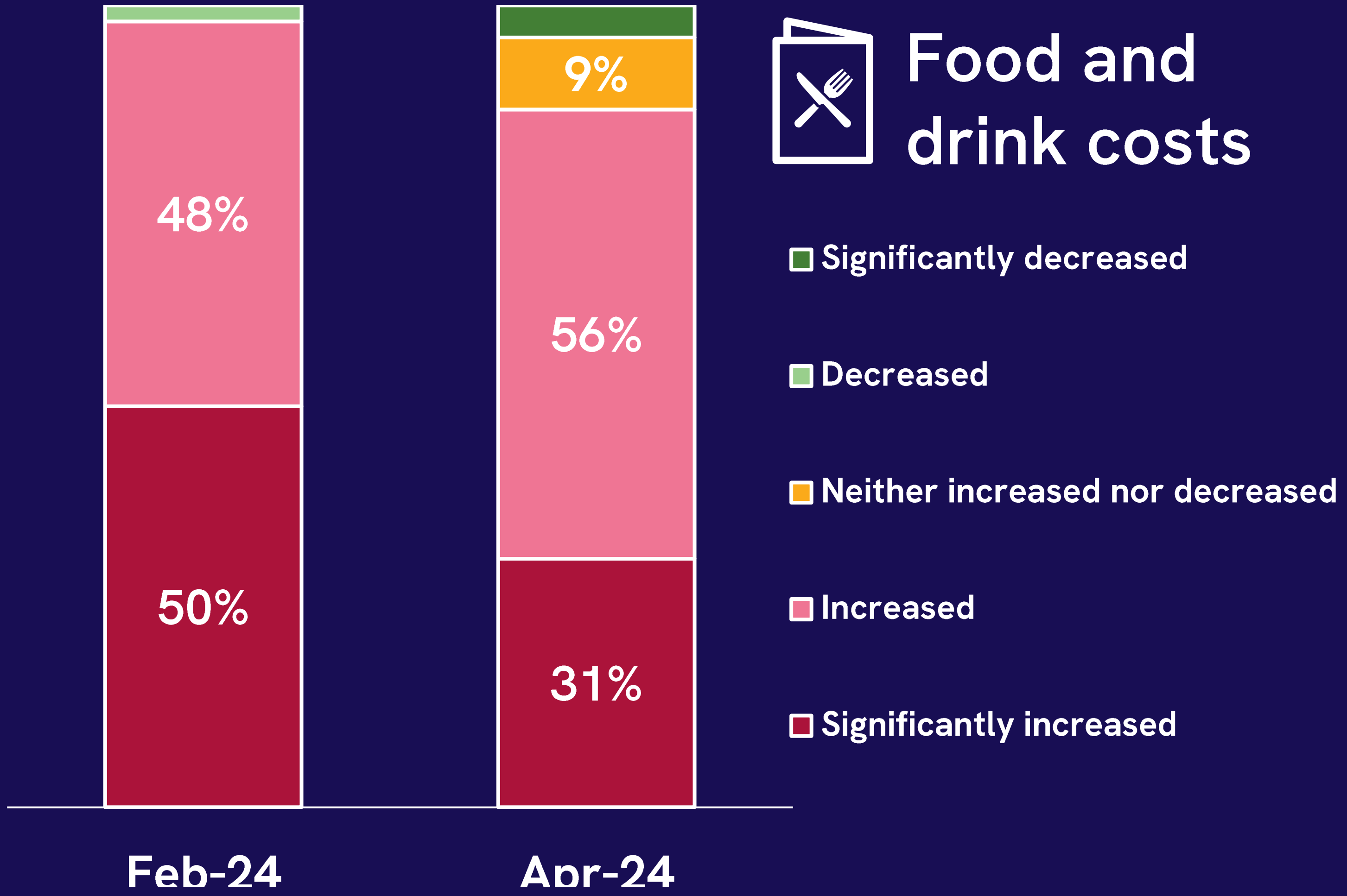


In a rare show of positivity for the sector, 38% of Leaders report Q1 energy costs down on last year

Energy costs



The pace of food and drink cost increases is slowing too, but 87% still report costs up on last year



Food and drink prices passed on to consumers match the 9.4% year-on-year Foodservice Price Inflation seen in March

How have prices charged to your customers changed compared to this time last year?

+10%
Food prices

+8%
Drink prices

+6%
Accommodation prices

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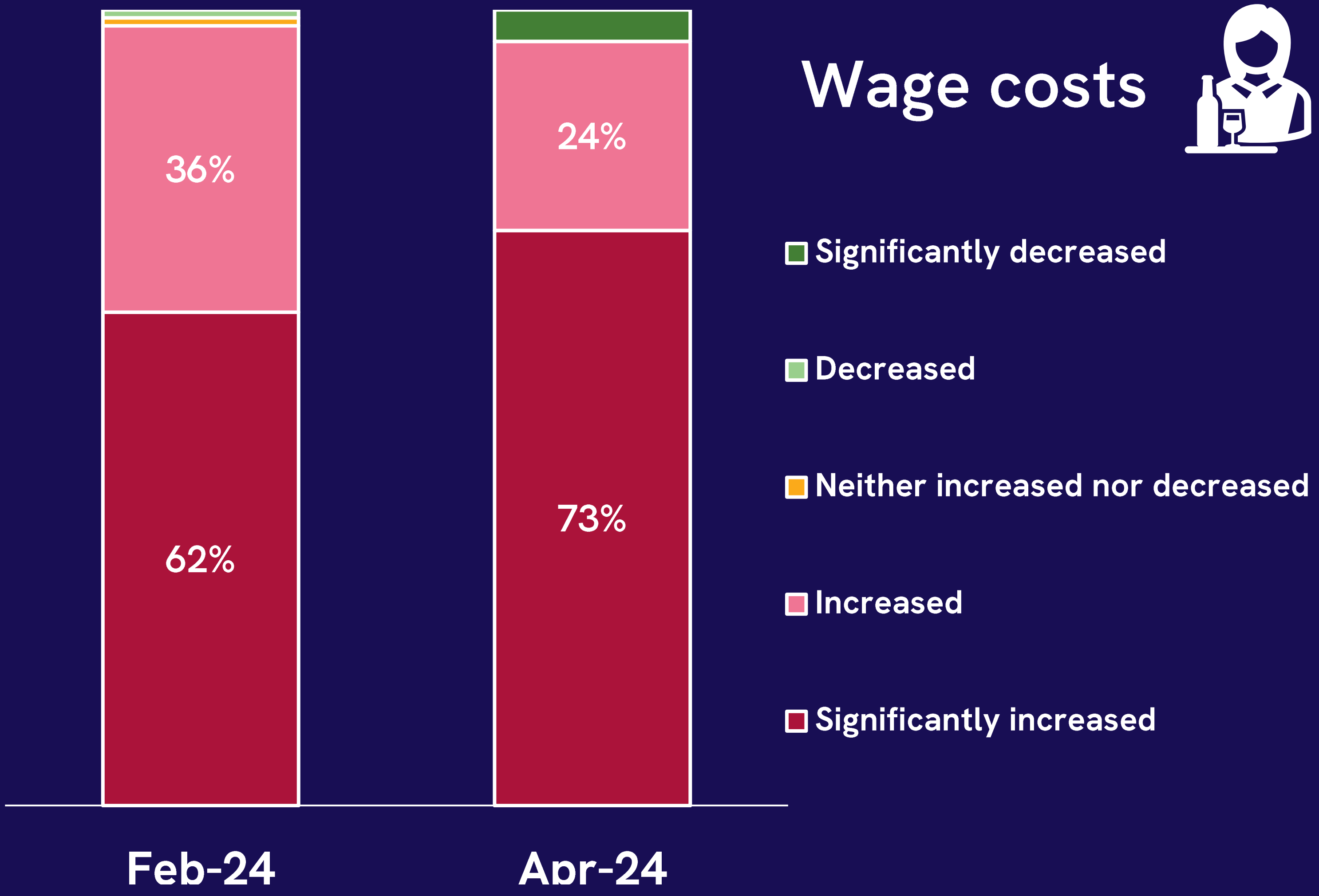
However, wage cost concerns remain near universal, with a further 11% very concerned on last quarter



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Payroll increases throughout 2023 have been more than doubled in April alone following increases to National Living Wage rates

2023

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

2024

Jan | Feb | Mar | Apr | May

In the year from Feb-23 to Feb-24, Leaders increased payrolls by an average of...

7.9%

Within Apr-24 alone, following increases to the National Living Wage, payrolls increased by a further...

8.9%

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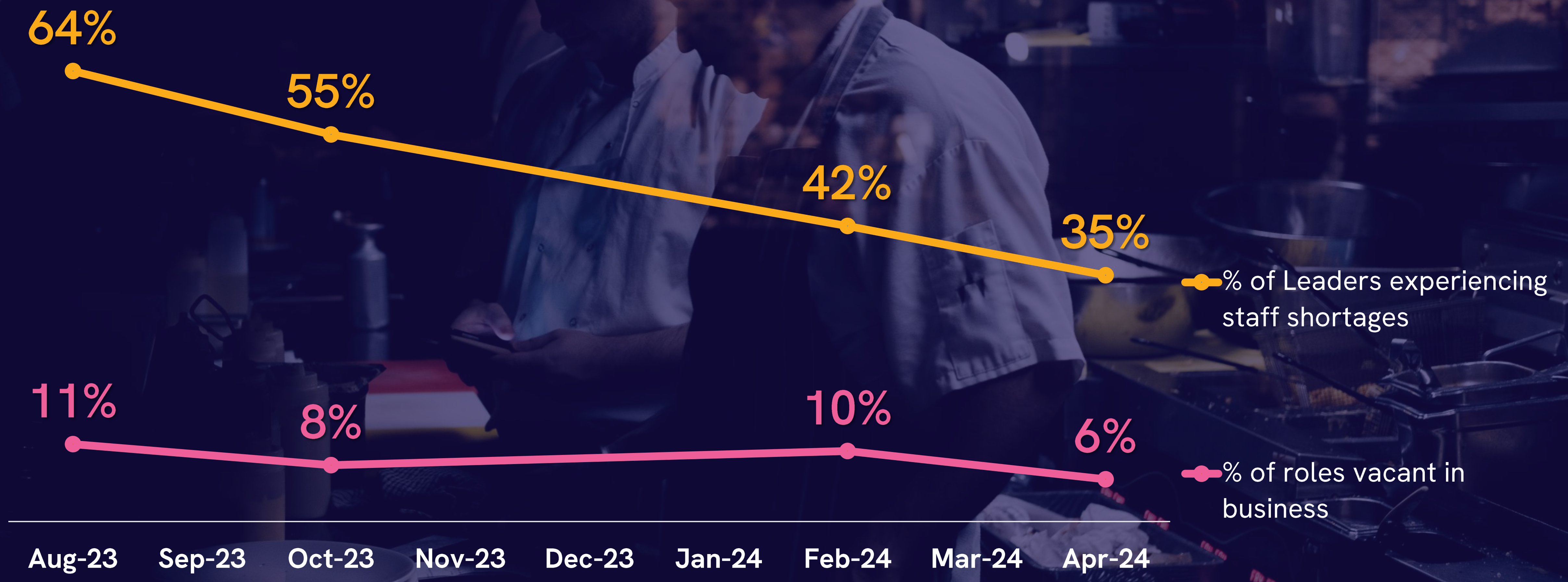
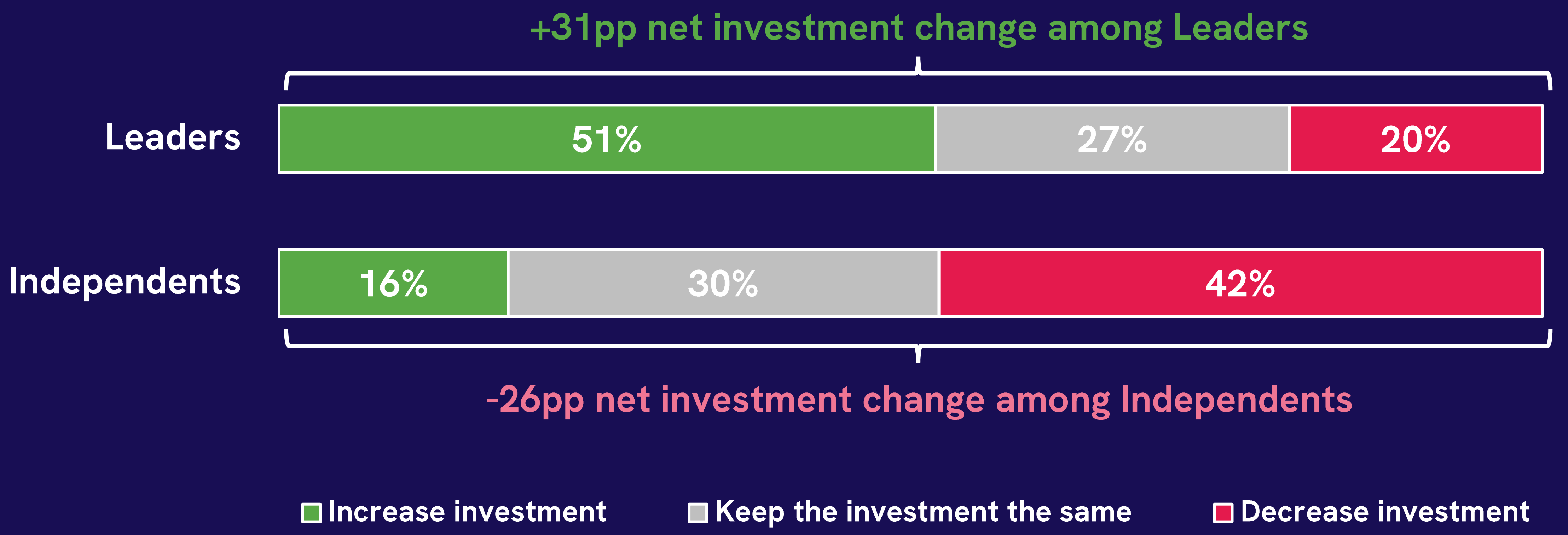
Since August 2023, the number of Leaders experiencing staff shortages has almost halved from 64% to 35%. Vacancy rates have seen similar decline from 11% to 6%, albeit with fluctuations



Investment and support

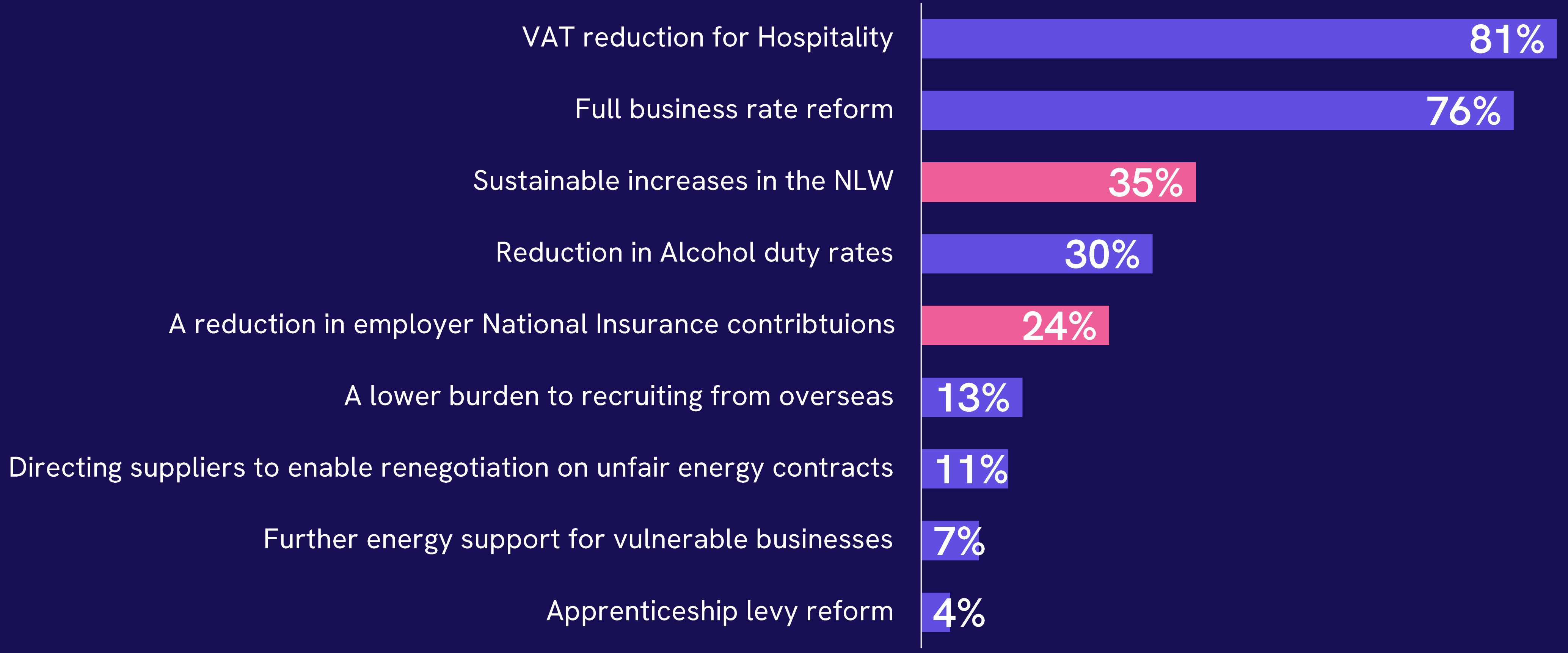
Despite the hit to confidence, (51%) of Leaders plan to increase their capital investment over the next year. Conversely, Independents, are withdrawing from future investment

Do you expect your overall capital investment plans for 2024 vs 2023 to increase, decrease, or stay the same? (Excludes those who answered 'do not know')



VAT reductions and rates reform continue to occupy key demands, but measures relating to April's increased staffing costs also rank highly among Leaders' top 3 demands

*Of the future Government support that could allow your business to grow, what are **the top 3 that are most important** to you?*



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Contact Us

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