



Pubs & Bars in the UK



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Pubs & Bars in the UK: Sector Overview

What trends are shaping the industry?

The Pubs and Bars industry has faced a number of difficulties in recent years, which have led to a sharp decline in the number of establishments that operate in the industry. A spike in the popularity of pubs, caused by warm weather and the 2018 World Cup, is expected to result in revenue growth of 0.7% in 2018-19. However, industry revenue is expected to fall at a compound annual rate of 0.4% over the five years through 2018-19, reaching £19.0bn in the current year. Falling alcohol consumption, high tax rates and increased competition from supermarkets have been the driving forces behind the downturn, which has led to the number of establishments falling at an estimated compound annual rate of 1.1% over the past five years.

The Outlook

Significant growth opportunities in the Pubs and Bars industry are expected to be limited over the next five years. Revenue is forecast to grow at a compound annual rate of 0.5% over the five years through 2023-24 to reach £19.5bn. Alcohol consumption per capita is anticipated to fall further over the period, meaning that industry operators are likely to innovate the products and services that they offer in order to keep customers. The continued decline in consumers' appetite for alcohol is likely to cause further closures of pubs and bars, though the decline is likely to be at a slower rate than in the previous five as the effects of oversupply in the industry decrease. The number of industry establishments is expected to fall at a compound annual rate of 0.6% over the next five years. Revenue growth opportunities are also likely to come from an increase in consumer demand for premium products such as craft beer, real ales and gin. Additionally, food-led pubs are likely to outperform traditional wet-led pubs, helped by an expected rise in real household disposable income.

Key Statistics

Revenue

£19bn

Profit

£1.2bn

Annual Growth 14-19

-0.4%

Wages

£4.8bn

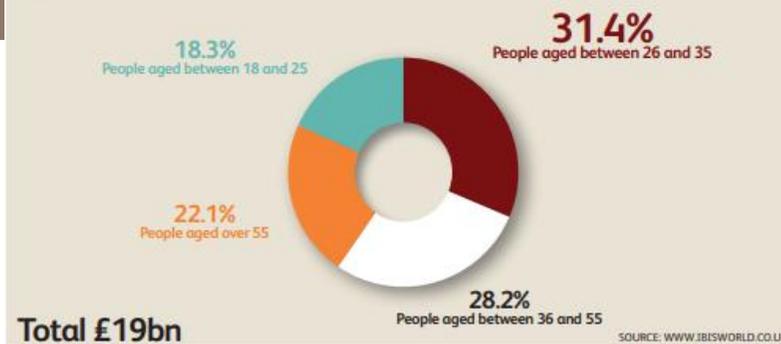
Annual Growth 19-24

0.5%

Businesses

30,689

Major market segmentation (2018-19)



Pubs & Bars in the UK



Regional Insights

The South East

- The distribution of pubs and bars generally reflects the spread of the population around the UK. Therefore, it is unsurprising that the South East accounts for the largest proportion of industry establishments, with 13.3% located in the region, reflective of the 13.7% share of the population that live in the region. The South West contains some of the country's most populous counties, such as Kent, Hampshire and Surrey, as well as cities like Oxford and Brighton, which have large student populations. The South East ranks second highest in terms of gross disposable income, which supports spending in pubs and bars.

The North West

- The North West is expected to account for 11.7% of industry establishments and is home to 11% of the UK population. It includes populous cities such as Manchester, which also has a relatively large student population. A large student population tends to boost the nightlife in a city and increase the number of bars in a given area. Expenditure on alcohol is generally higher per household in the North West than in the Southern regions.

Sector Trends

Alcohol consumption per capita

During the past decade, per-capita alcohol consumption in the UK has steadily declined on account of demographic, social and economic trends. Beer consumption in particular has fallen throughout much of the past five-year period. Alcohol consumption is expected to rise in 2018-19, although it is likely to remain far lower than historic levels.

National unemployment rate

Trends in unemployment influence people's willingness to spend money at pubs and bars. In the early part of the five-year period through 2018-19, high unemployment contributed to falling patronage of pubs and bars, although this has changed in the past few years as the economy has improved. Unemployment is forecast to rise slightly in 2018-19, following several years of decline.

Off-trade alcohol prices

Off-trade alcohol is often significantly cheaper than that sold in pubs and bars, and many patrons have taken to drinking at home as a cheap alternative to visiting pubs and bars. As off-trade alcohol prices decrease, consumers become less likely to purchase drinks in pubs and bars. Off-trade alcohol prices are projected to fall in 2018-19, which could threaten demand.

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