



Business Confidence Survey

January 2024





Methodology

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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 15th January and 6th February 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:

23,000 sites

Among the Business Leaders sample:

56% are at CEO / MD level

31% at Director or Board level

10% in other Senior Management positions



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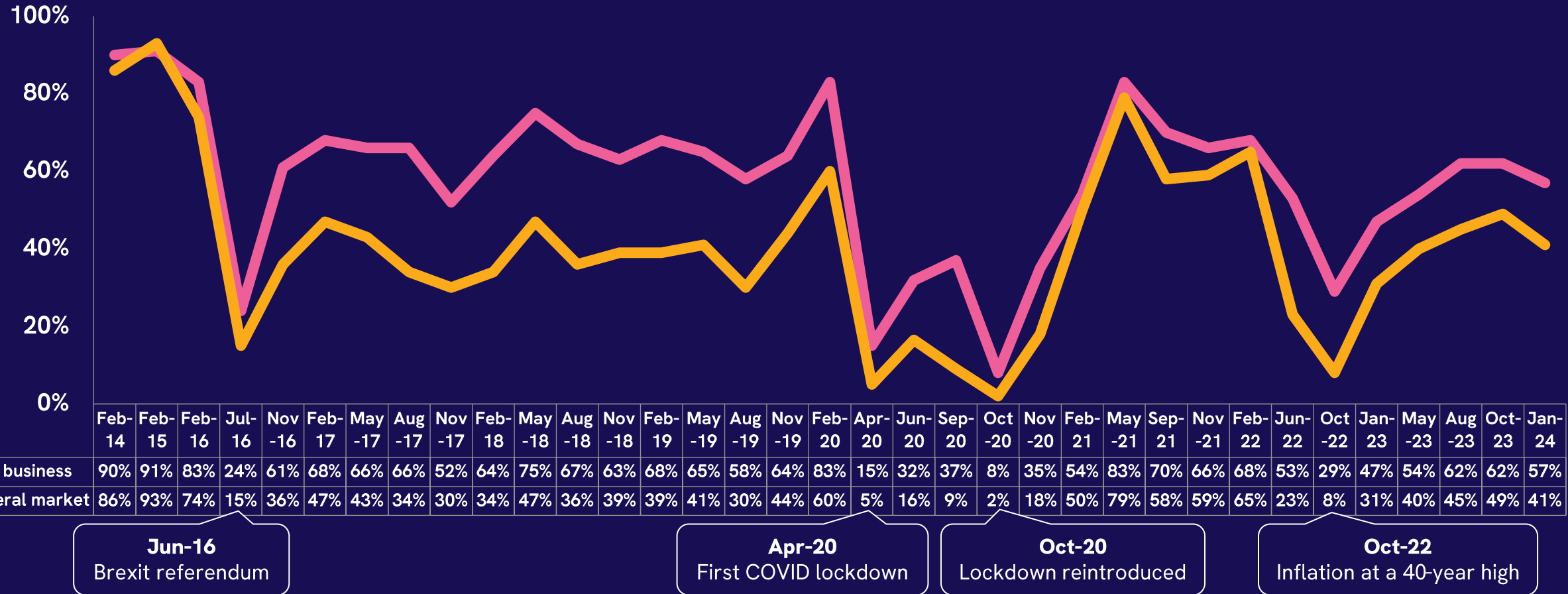




Optimism and industry health

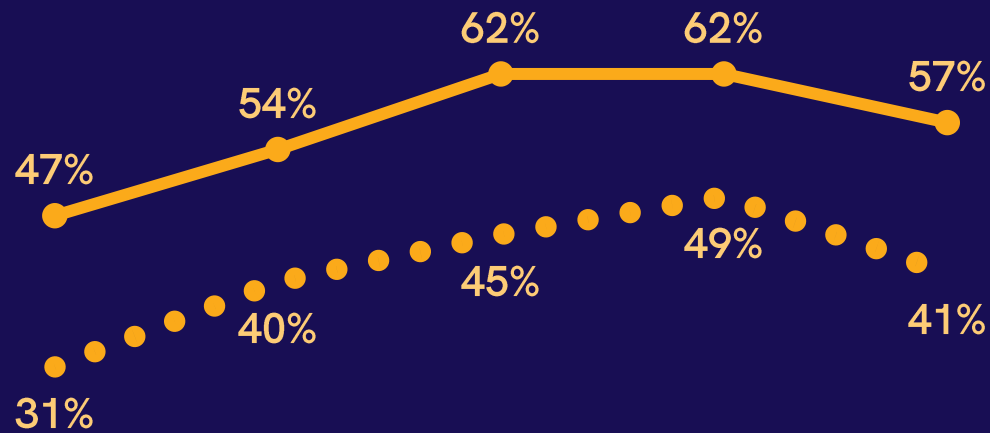
Despite a resilient year, and an encouraging Christmas, optimism has dipped again. Caps on Business Rate relief limited the benefit to Leaders, and National Living Wage rises are due in April

Business leader optimism in the **general market** and in **own business** (over the next 12 months)

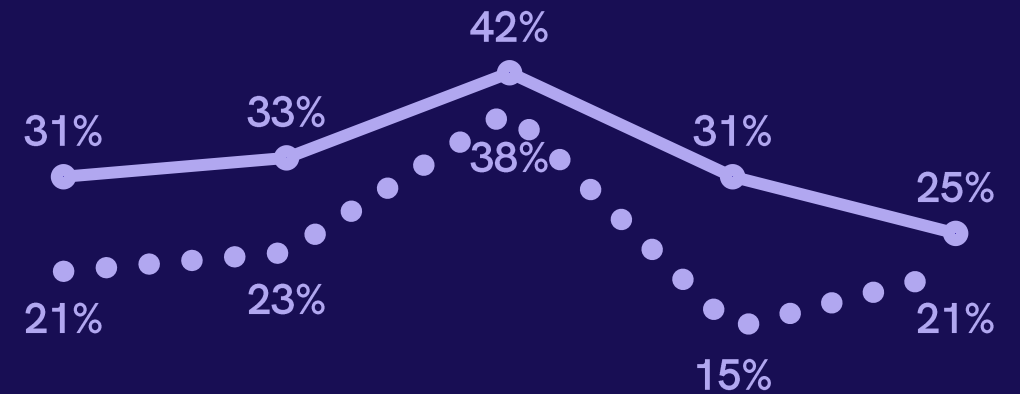


Leaders' optimism in both their own business and the market have fallen, while **Independents** are slightly more optimistic for the wider market, but less so about their own future success

Leaders' confidence



Independents' confidence



Jan-23 May-23 Aug-23 Oct-23 Jan-24

—●— Own business ●● Market

Jan-23 May-23 Aug-23 Oct-23 Jan-24

—●— Own business ●● Market



While closures continue, they have slowed in the last year. Restaurants and nightclubs continue to suffer, while pubs remain more stable

As of December 2023, there were

99,113

licensed sites in Great Britain.

Over the past year,

2,958

net sites have been lost,
equating to a decline of

-2.9%

Sector	Actual Change	% Change
Restaurant	- 662	-4.2%
Nightclub	- 31	-3.5%
High Street Pub	- 162	-2.7%
Bar	- 92	-2.1%
Community Pub	- 361	-2.0%
Casual Dining Restaurant	- 100	-1.9%
Bar Restaurant	- 62	-1.9%
Food Pub	- 174	-1.5%
Hotel	- 96	-1.3%

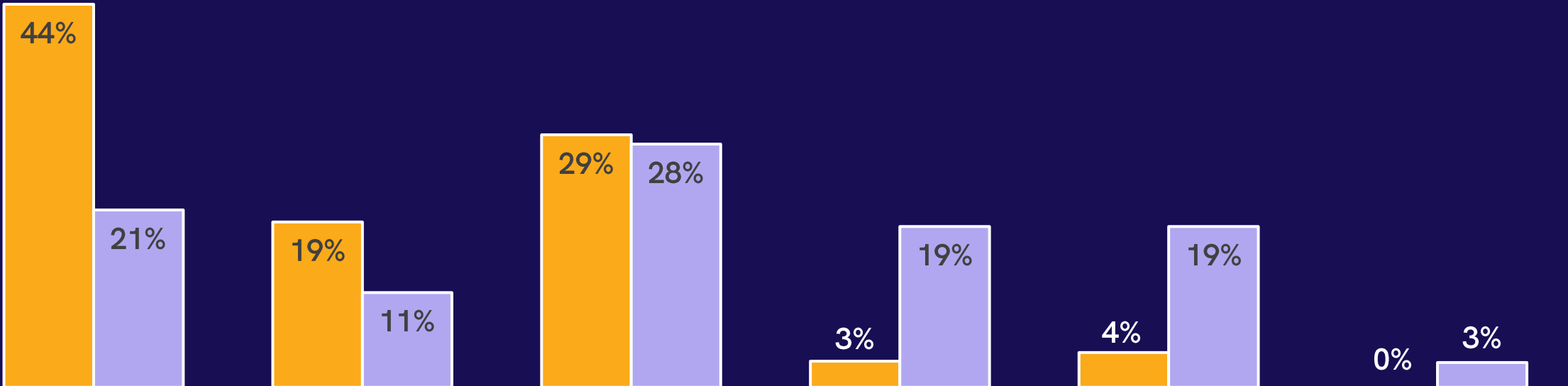
Every month in 2023 saw year-on-year sales growth. The capital broadly performed above the national average, but this gap has closed throughout the year

*Year-on-year, like-for-like food and drink sales growth
Nominal growth, unadjusted for inflation*



Across the whole of 2023, 92% of **Leaders** closed the year in profit (versus 60% of independents), but fortunes are split, with profits on 2022 increasing for 44%, but diminishing for 29%

How would you describe your business's performance over the whole year 2023 compared to 2022?



We have made greater profit than in 2022

We have made profit in line with 2022

We have made profit, but less than 2022

We have broken even

We have operated at a loss

Our business is now unviable

■ Business Leaders (5+ sites) ■ Independents



These split fortunes are reflected in expected failure rates. In January, more Leaders were able to appraise their future trading, with +2pp some expecting to continue trading while +4pp expect failure

In the next year...

86%

believe their business is not at risk of failing
(+2pp on last quarter)

5%

are unsure what will happen in the next year
(-6pp on last quarter)

9%

believe their business is at risk of failing
(+4pp on last quarter)

2%

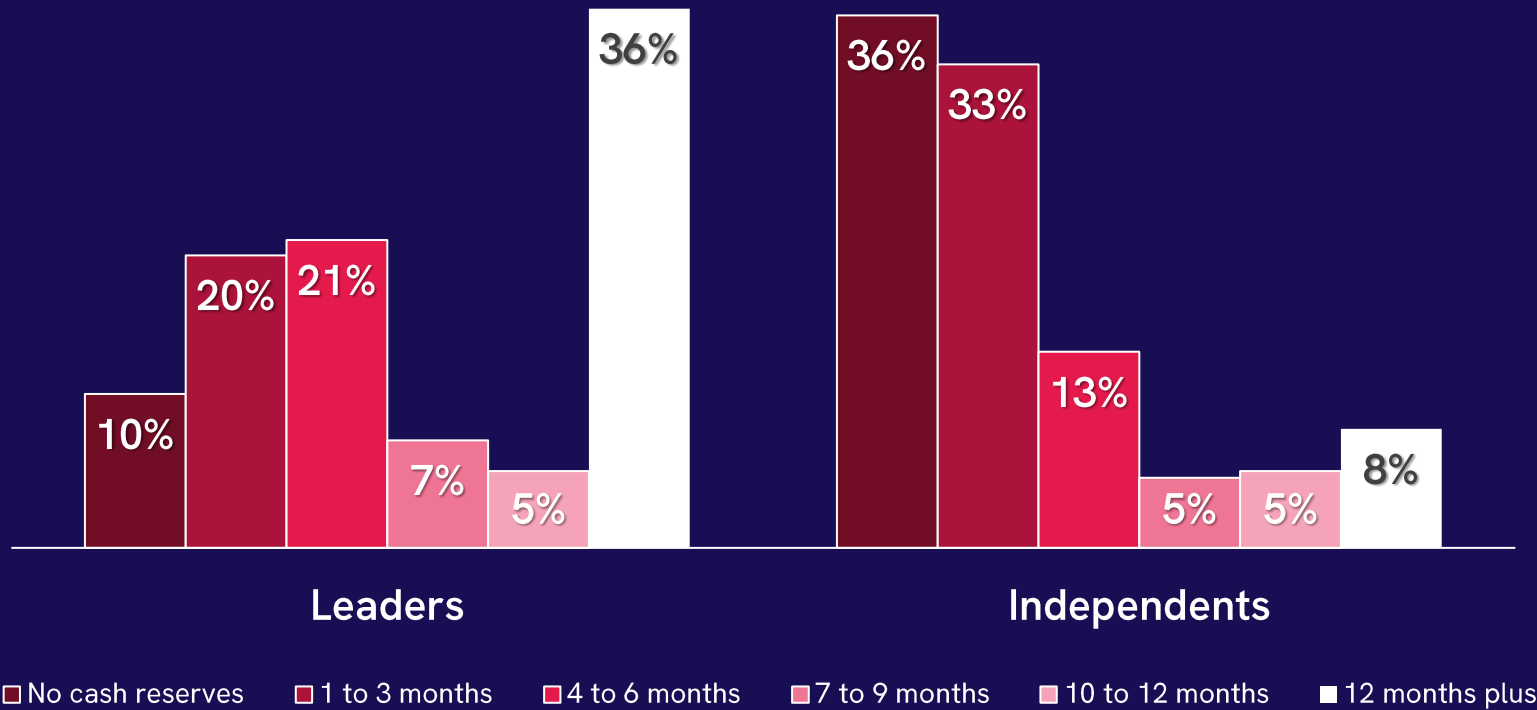
at risk of failing in next **1-3** months
(+2pp on last quarter)

7%

at risk of failing in next **4-12** months
(+2pp on last quarter)

Independents are particularly exposed to future challenges, with 69% having less than 3 months' cash reserves

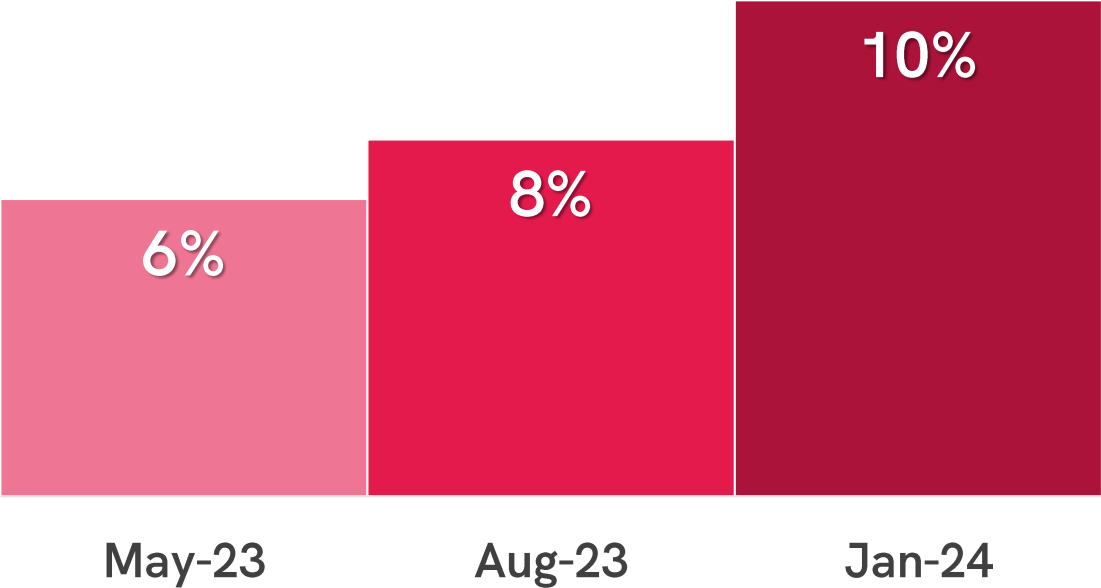
How many months' worth of cash reserves does your business currently have?





Even while most Leaders can ensure their future trading, this has also come at the cost of dwindling reserves over time

% of Leaders with **no cash reserves**

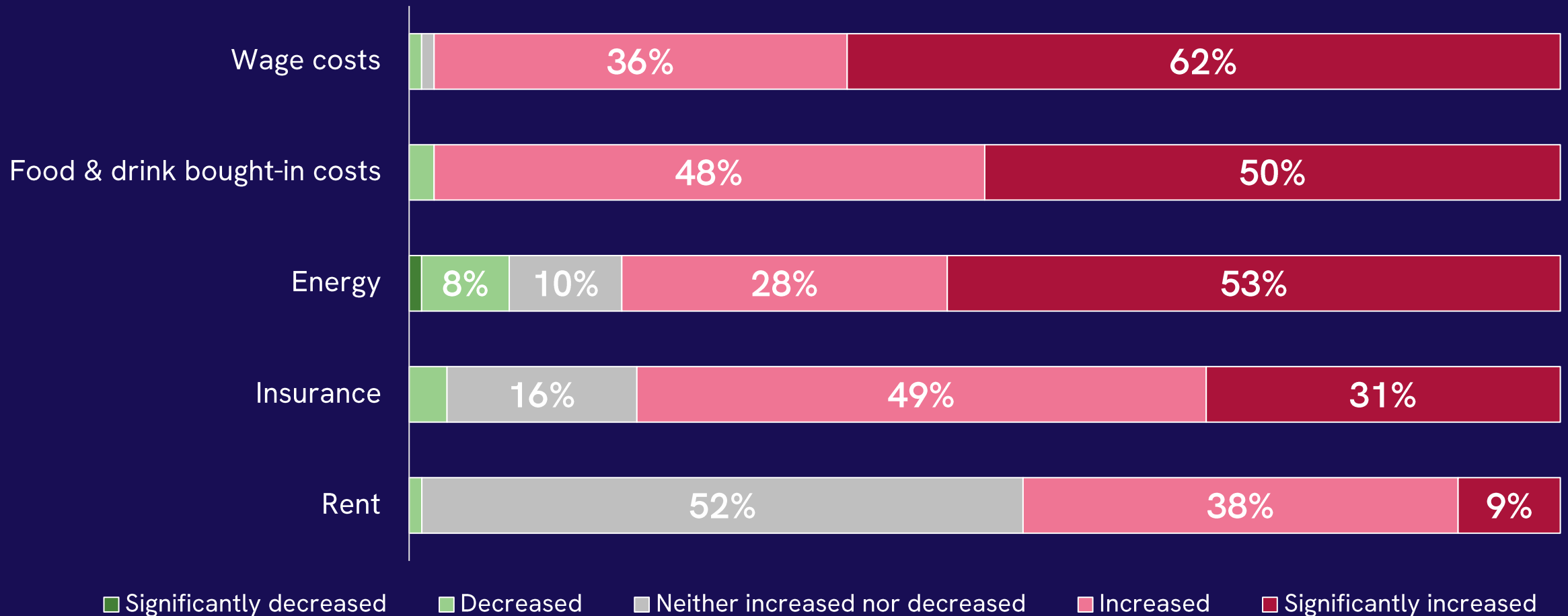




Cost and workforce pain points

Financial squeezes have been driven by significant cost increases across the board, with 98% of Leaders suffering from increased wage and product costs

How have your following costs changed in 2023 vs 2022?



Leaders have already
increased staff pay by

10%

over the last months,
compounding previous pay
increases seen throughout 2023

And a further increase of

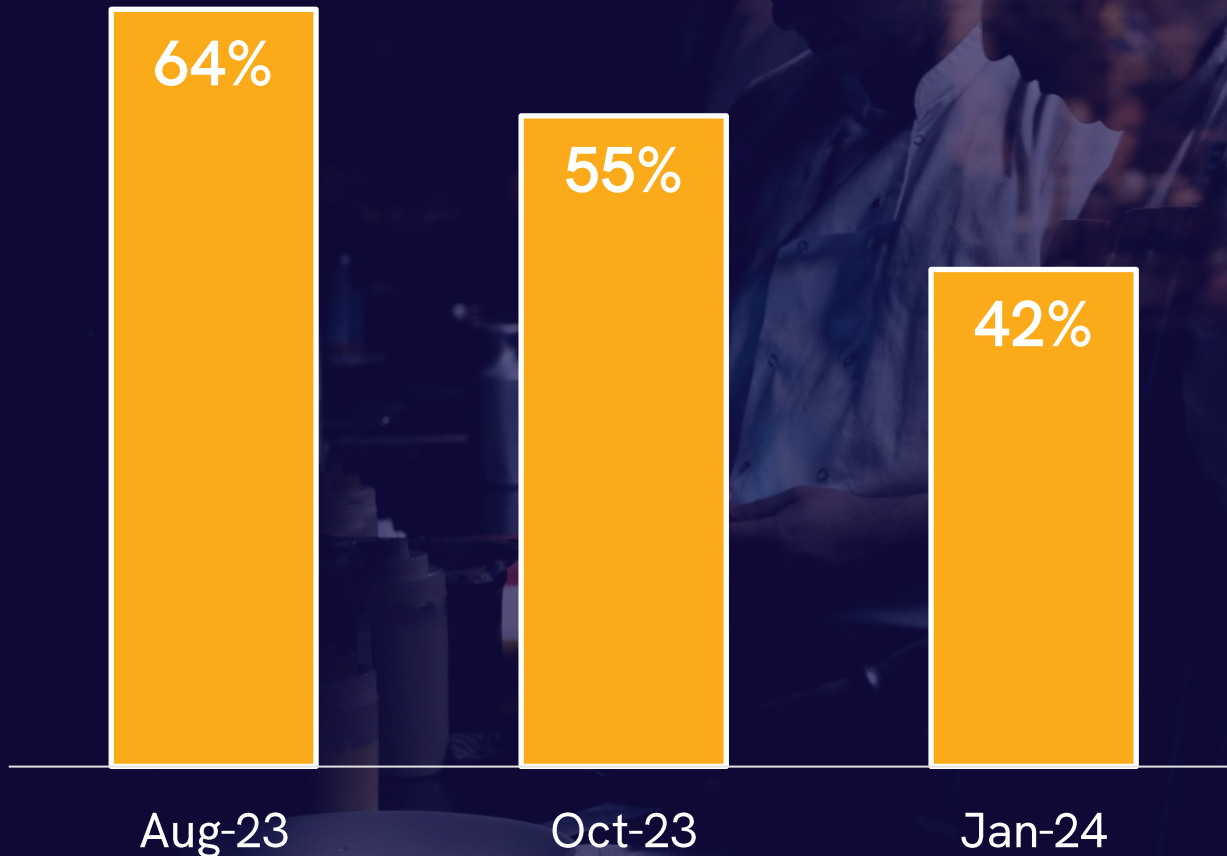
13%

is anticipated in April
when National Living Wage
rates rise

Compared to the previous year,
energy bills in 2023 were up

+34%

Are you currently experiencing staffing shortages?



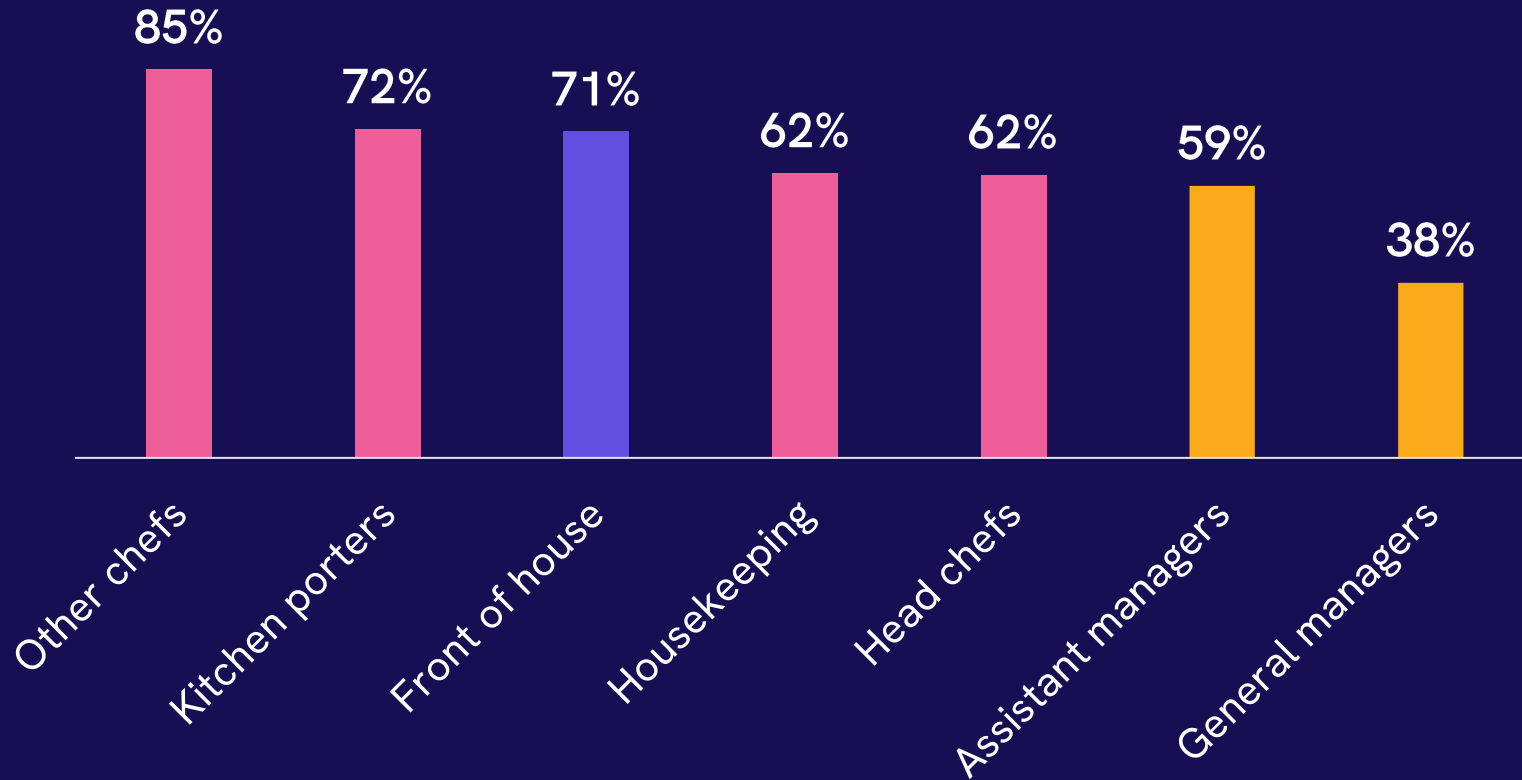
While the number of businesses experiencing staff vacancies is considerably declining, **vacancy rates** within these businesses remain persistent, with

10%

of roles vacant and open for application

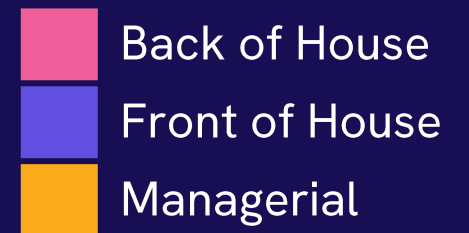
High churn rates are having impacts on talent pipelines, with vacancies in managerial roles as high as in FOH and BOH roles

Do you have vacancies in any of the following job roles?



68%

of Leaders have
managerial level
vacancies

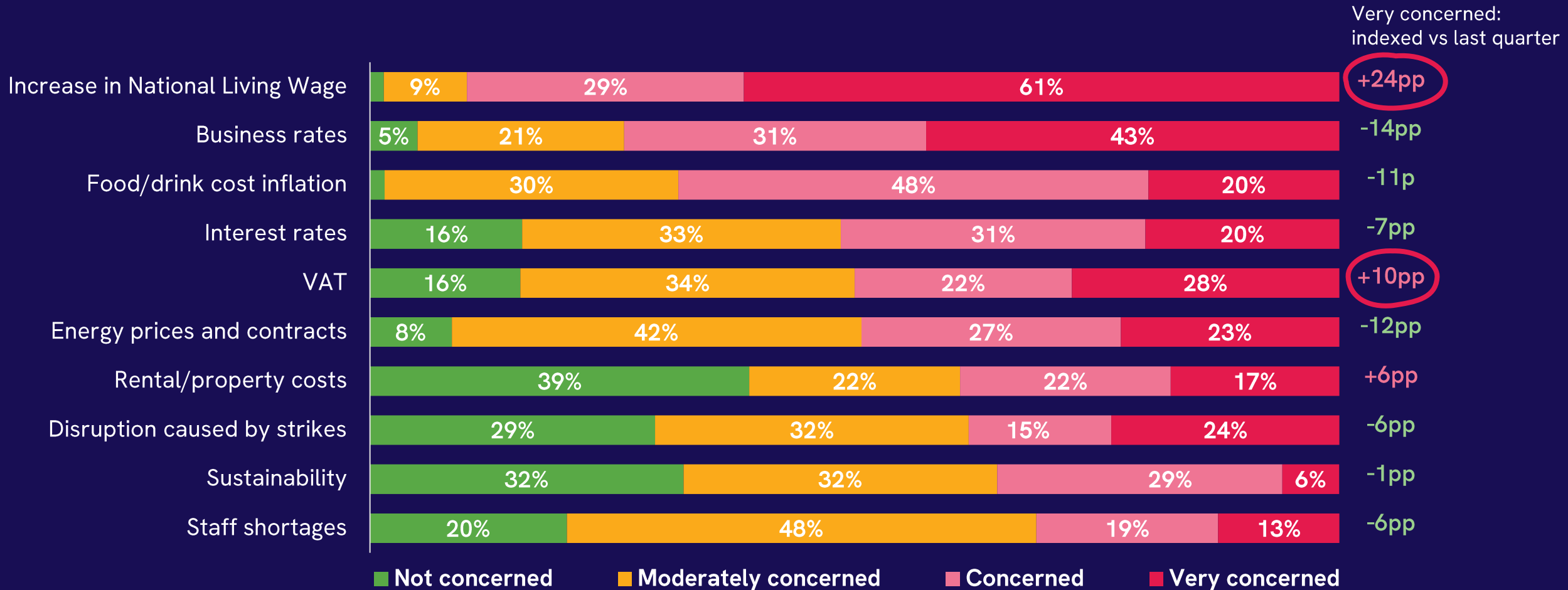




Government support

With the Autumn statement and hope of business rate reform behind, National Living Wage (NLW) rate rises in April have come through as a very significant concern among Leaders, alongside VAT

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



When asked to pick the Government support that would be most important, Leaders are clear that a sectoral reduction in VAT would be most effective for the health of the industry, chosen by 81%

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

#3

Permanently lower the Business Rates multiplier

(38%)

#2

Full Business Rate reform

(60%)

#1

VAT reduction for hospitality

(81%)



Contact Us

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



Reuben Pullan

Senior Insight Consultant

Reuben.Pullan@nielseniq.com

