

William Reed
INFORMING BUSINESS GROWTH

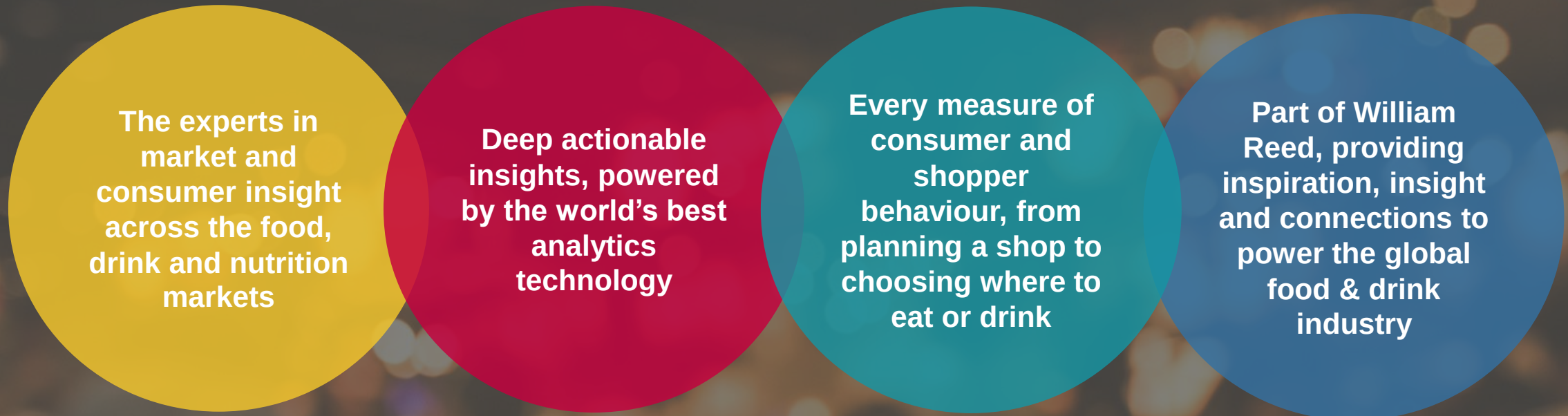
Lumina Intelligence Pub Report Webinar- Bord Bia

Katie Prowse, August 2021

BORD BIA
IRISH FOOD BOARD

Lumina Intelligence

THE TRUSTED SOURCE FOR FOOD, DRINK AND NUTRITION MARKET INSIGHT SOLUTIONS



Lumina Intelligence is the new name and new solution from HIM and MCA Insight

OUR CORONAVIRUS LABELLING



Pre Coronavirus

Pre-2020

Pre Coronavirus Uncertainty

January-February 2020
At this time little had happened in the UK and Europe regarding the outbreak.

Peak Coronavirus Lockdown

Mar-May 2020 (I)
Nov 2020 (II)
Dec-Mar 2021 (III)
The height of the pandemic. Government intervention led to widespread home working, school closures and reduced public transport. Public encouraged to avoid non-essential travel and implement social distancing.

Post Lockdown

May-Nov 2020 (I)
Nov-Dec 2020 (II)
Apr 2021-present (III)
Intermittent periods of time directly following Lockdown I-III.
This is predicted to be a minimum period of six months with continuing risk aversion mindsets.

Recessionary Impact

Future (months)
Period when the UK feels the economic impact that the virus will leave. This period is set to be defined by cautionary consumer spending and notable operator causalities.

Market Recovery Adjusted Normality

Future (years)
Expected to be in around 3-5 years. The competitive landscape of the food and drink market will be very different, with Lumina Intelligence expecting some lasting legacies from both consumers and operators going forward.

Source Lumina Intelligence

METHODOLOGY

Eating & Drinking Out Panel



Lumina Intelligence's UK Eating & Drinking Out Panel tracks the behaviour of 1,500 nationally-representative consumers each week, building up to a sample of 78,000 every year, across all eating out channels and day-parts (including snacking)

2020-2021

Market Sizing & Operator Data Index



Market sizing data tracking the performance of hospitality and grocery operators, based on turnover and outlet numbers

Extracts from Operator Data Index and wider synthesis with total Eating Out market sizing

2015-2024F

Lumina Intelligence Bespoke Survey

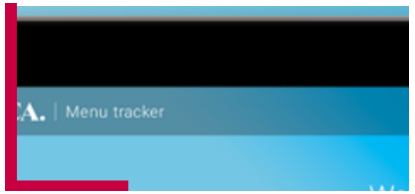


Lumina Intelligence's Bespoke Survey 2021 explored consumer attitudes around eating out

Nationally representative sample of 1,000 consumers

03-07 May 2021

Menu Tracker



Lumina Intelligence's Menu Tracker tool tracking menu data from +150 operators across the Eating Out market

Managed pub/bar operator menus analysed in the report

Spring/Summer 2018-2020

Hospitality Leaders Survey



Lumina Intelligence Hospitality Leaders Survey – conducted in partnership with MCA News, Big Hospitality and the Morning Advertiser

Weekly poll to Hospitality Leaders asking topical questions around business

Week commencing 23 March 2020 – present

Lumina Intelligence also uses external sources including desk research and GFK Consumer Confidence Index

CONTENTS AND AGENDA

- Overview of the UK pub market and the impact of the coronavirus pandemic
- What does recovery look like for the segment?
- What are the key developments and opportunities?





Pub Market Context

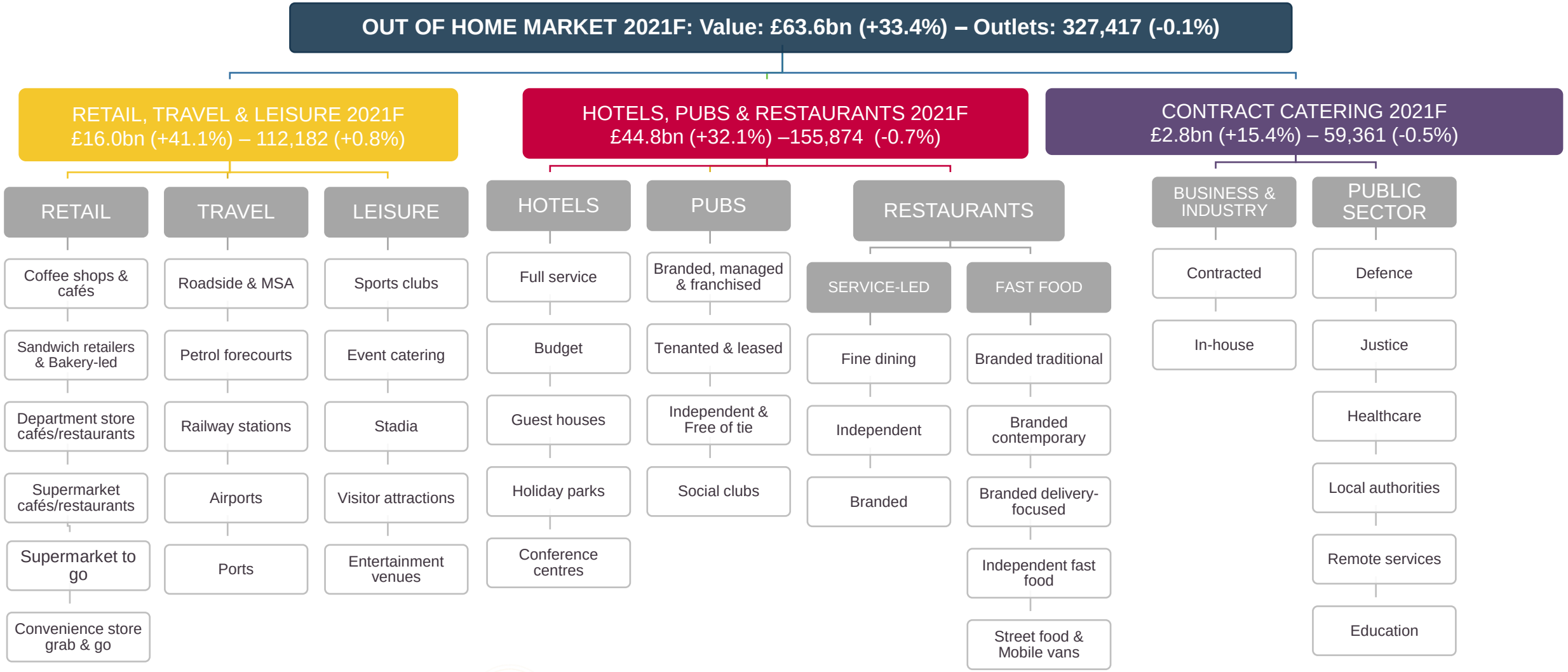
Pub Market Context

Early Signs of Recovery

Developments & Opportunities

Lumina Intelligence

UK EATING OUT MARKET LANDSCAPE, 2021F



Source: Lumina Intelligence, June 2021

UK PUB MARKET: PUB MODELS

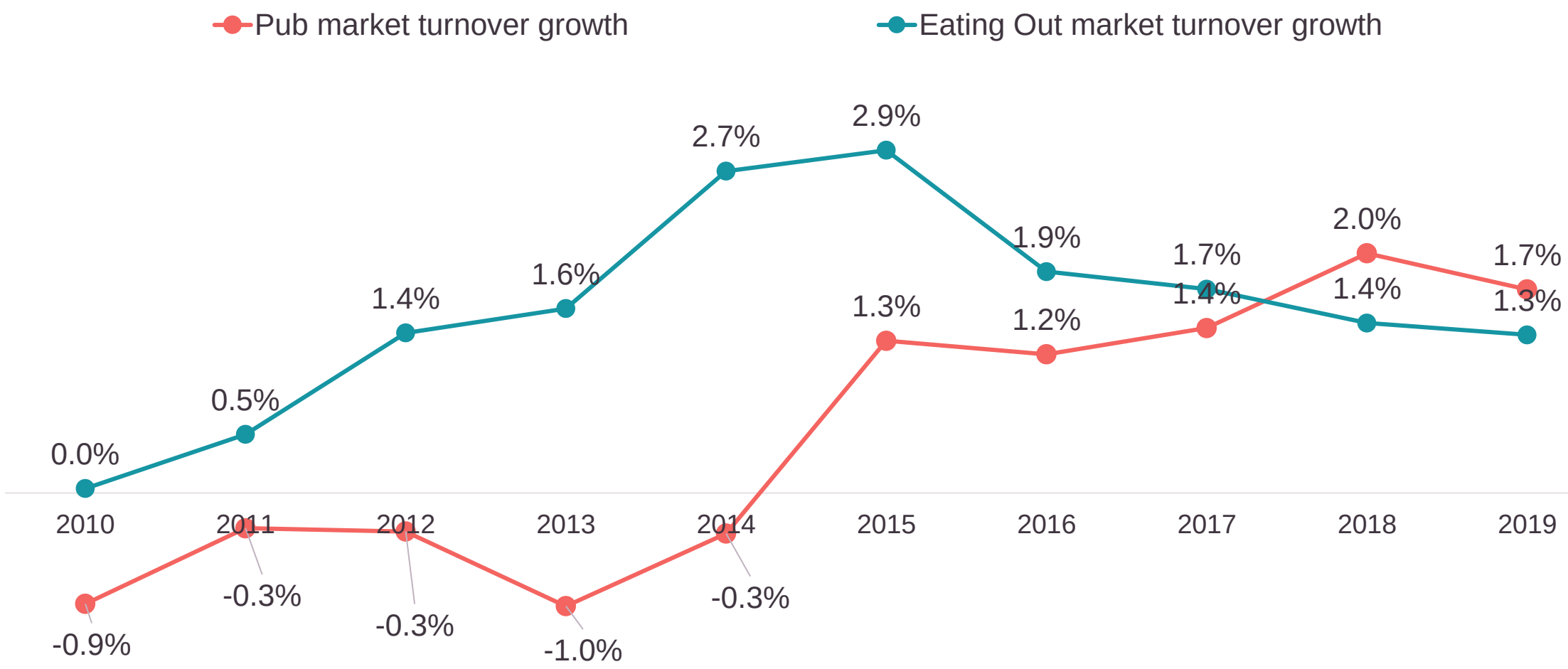
Managed, Branded & Franchised	Independent & Free of Tie	Tenanted & Leased	Social Clubs
Owned by managed pub groups and restaurant groups, also the managed estates of tenanted pub companies	Owned by one person or small group; not part of a branded chain	Owned by pub companies and leased/licensed to individuals. Often tied to a brewery or pub company	Private members clubs serving alcohol, e.g. British Legion, Working Men's clubs

Source: Lumina Intelligence, August 2021

PUB MODEL BENEFITS AND CHALLENGES

	Managed, Branded & Franchised	Independent & Free of Tie	Tenanted & Leased
Benefits	• Key locations and often larger sites, better-placed for staff training • Control over stocking and sourcing	• Full control over stocking and sourcing allowing owners to stay on-trend for their community • Potential for increased profits with less money to managing groups	• Less exposure to heightened costs and business rates • Better protected during periods of economical downturn with rent negotiations and reliefs likely
Challenges	• Heightened exposure to growing business costs and economic uncertainty • Greater expectations to adapt and respond to changing consumer trends	• Higher market rates in general than tenants and no benefits of support from the landlord • Heightened exposure to external market movements including economic downturn	• Lower average weekly sales and profitability in general • Less flexibility for tenants to choose what to sell, tenants knowledge of local consumers may be untapped

PRE-PANDEMIC PUB'S OUTPACED THE TOTAL EATING OUT MARKET

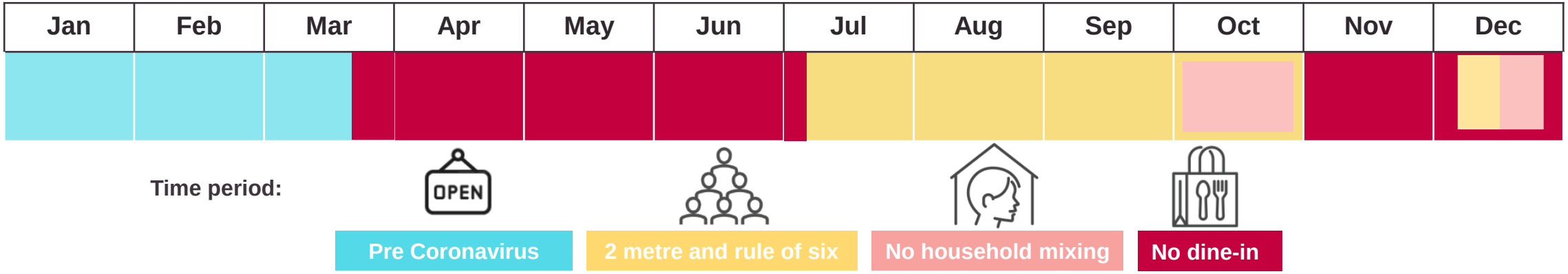


Source: Lumina Intelligence, October 2020

WET-LED VENUES MORE EXPOSED TO RESTRICTIONS IN 2020

UK Pub market 2020: Turnover: £9.1bn (-60.6%), Outlets: 43,884 (-3.2%)

Managed, Branded & Franchised	Independent & Free of Tie	Tenanted & Leased	Social Clubs
Turnover: £4.6bn (-59.5%), Outlets: 9,735 (-0.9%)	Turnover: £3.2bn (-60.2%), Outlets: 18,544 (-1.5%)	Turnover: £1.2bn (-64.8%), Outlets: 13,290 (-6.3%)	Turnover: £52m (-65.8%), Outlets: 2,316 (-6.6%)



Source: Lumina Intelligence, July 2021

CONSUMERS STAYED LOCAL FAVOURING NEIGHBOURHOOD PUBS

SUBURBAN VS CITY CENTRE



Outside space covered and lit,
The Hollybush, St Alban's, Fuller's

- The **Christie & Co Buyer Registration Index** has seen an uptick in market activity with particular interest in community-pub based operators; those pubs and restaurants which have accommodation and those which are located in rural areas.

+64% increase in buyer registrations for pubs

*Since the initial easing of lockdown in June 2020



Source: Lumina Intelligence, October 2020

KEY CURRENT BUSINESS CHALLENGES FOR PUBS

Labour shortages



Food and drink price fluctuations



Consumers limiting discretionary spending



Competition markets



Source: Lumina Intelligence, June 2021



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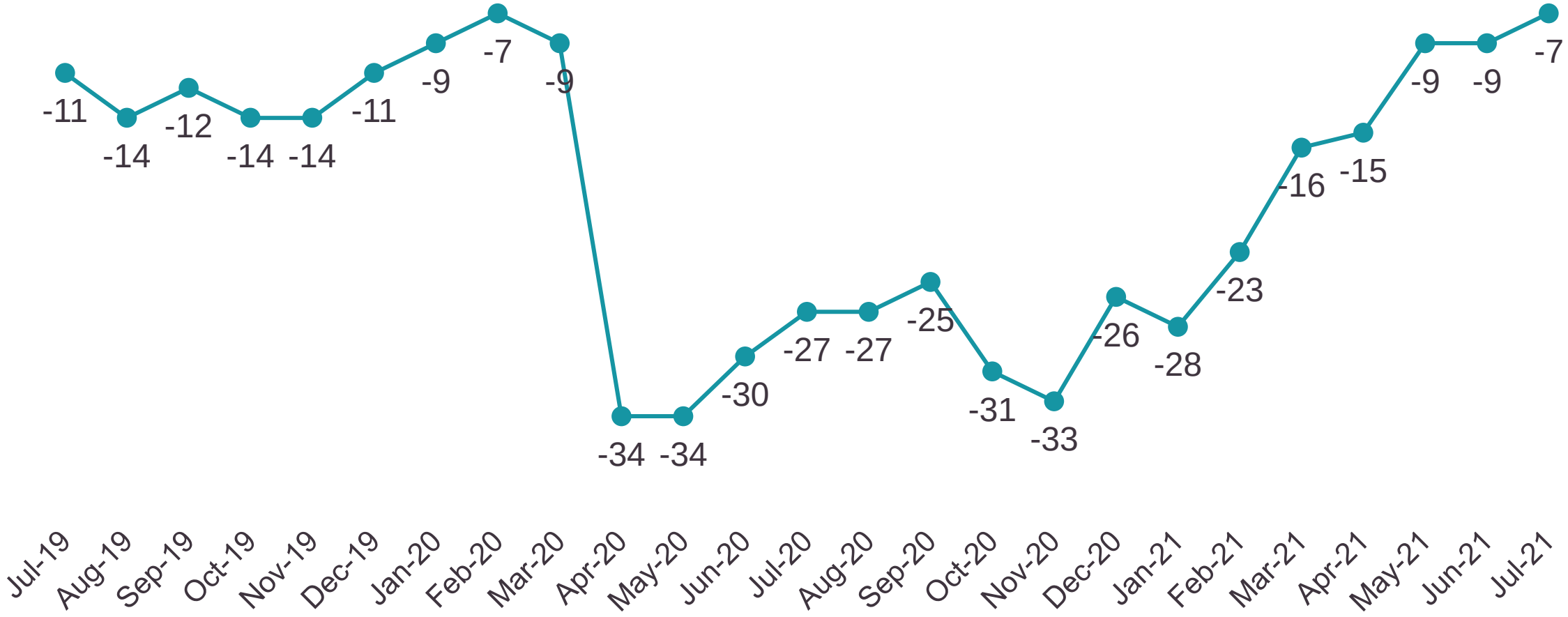
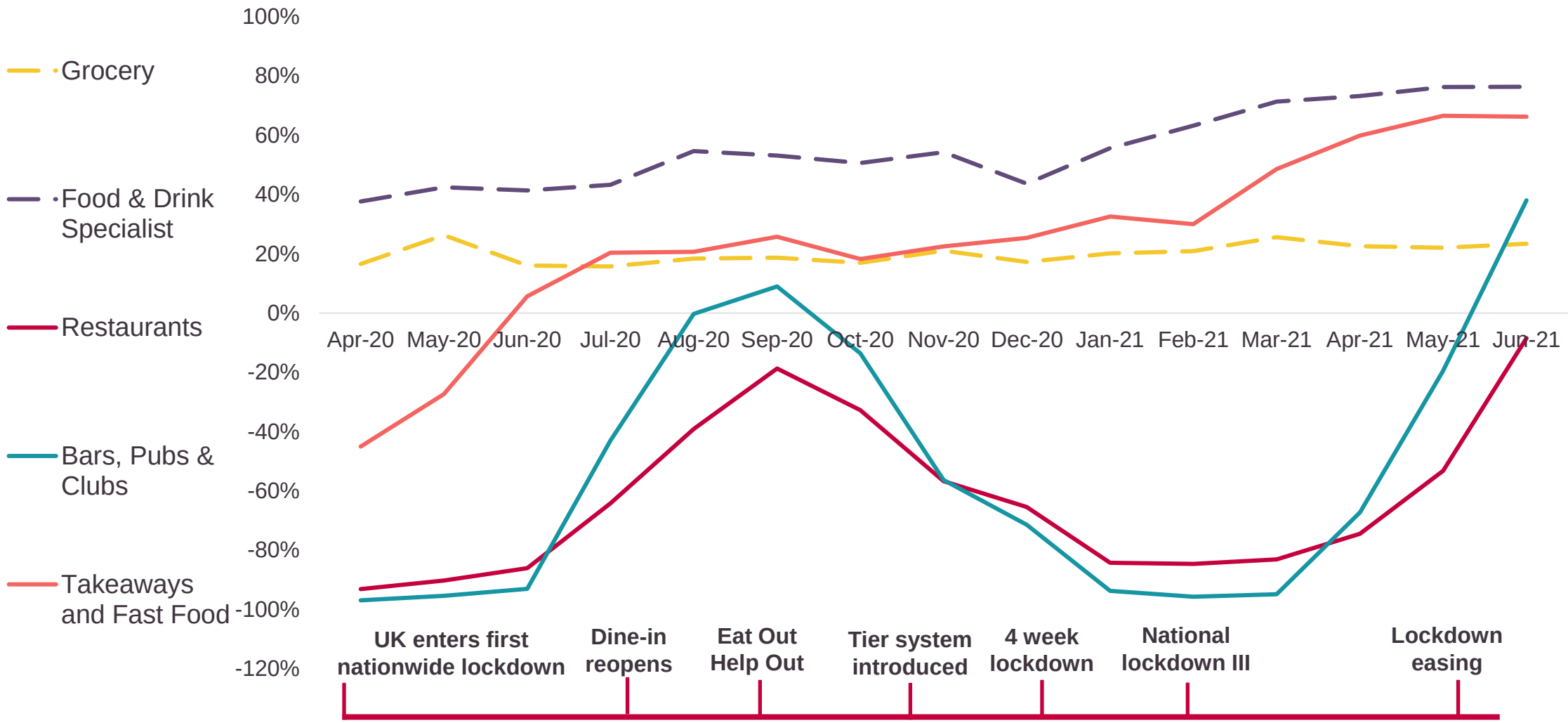
CONSUMER CONFIDENCE AT AN 18 MONTH HIGH



Source: GFK Consumer Confidence, July 2021

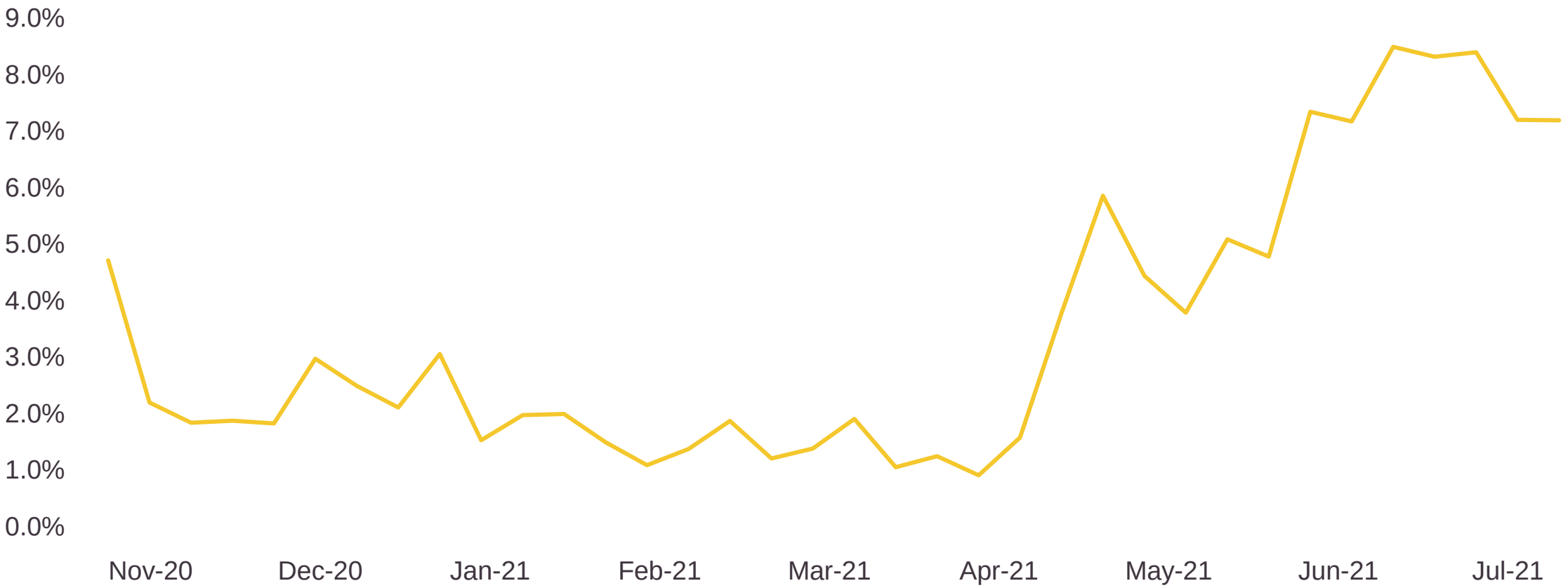
PUB SPENDING IN POSITIVE GROWTH FOR FIRST TIME SINCE SEP 2020



Source: Barclaycard Consumer Spending Reports, April 2020-April 2021, 2020 and 2021 figures show percentage change versus the same month in 2019

PUB PENETRATION INCREASING AS RESTRICTIONS EASE

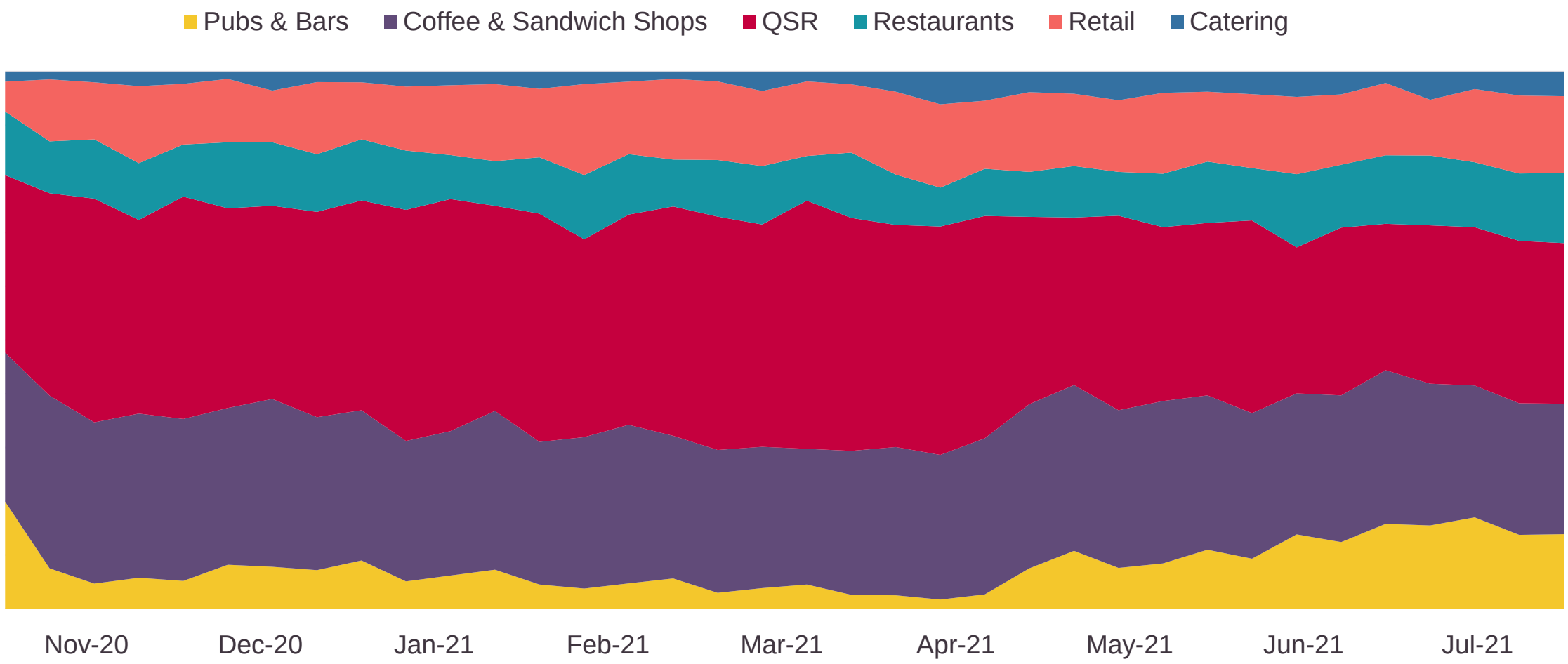
Penetration reached between 7-9% throughout the Euro's, peaking at 8.5% in W/E 13 June.



Source: Lumina Intelligence Eating & Drinking Out Panel W/E 11/07/201, July 2021

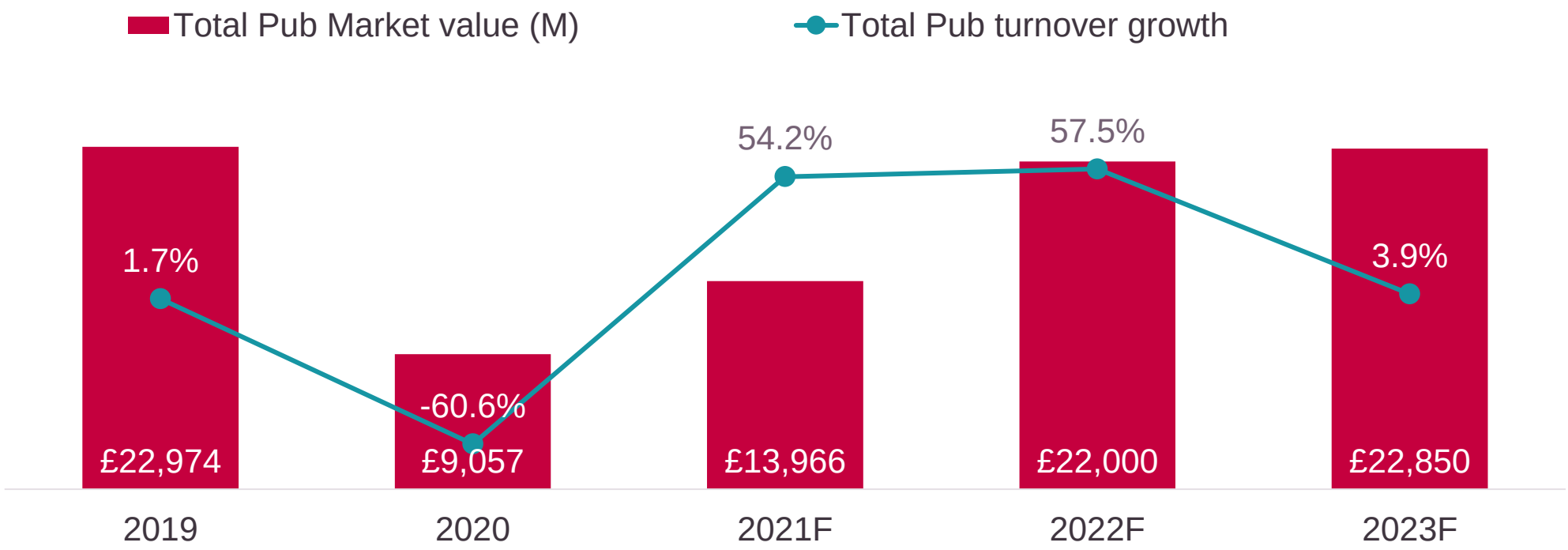
PUB SHARE OF OUT OF HOME PENETRATION INCREASING

Pubs had a 14% share of total penetration to w/e 11 July 2021.



Source: Lumina Intelligence Eating & Drinking Out Panel W/E 11/07/201, July 2021

PUBS NOT SET TO RECOVER UNTIL AFTER 2023



	2019	2020	2021F	2022F	2023F
Pub outlets	45,312	43,884	43,288	43,124	43,015
Outlet growth	-1.2%	-3.2%	-1.4%	-0.4%	-0.3%

Source: Lumina Intelligence, July 2021

PUBS GROWTH DRIVERS, 21F-24F

Tech-led innovations in digital ordering and payment, boosting service efficiencies, customisation and spend

More expansive drinks ranges including cocktails and premium spirits boosting appeal and driving spend

Investment in sites and products broadening appeal and boosting spend

Greater focus on takeaway and delivery offerings tapping into the opportunities around at-home and “makeaways”

‘Experience over things’ culture with a group consumers happy to pay more for high quality experiences

Greater focus on health and wellbeing attracting a wider range of consumers and boosting opportunities for more premium products

Government **business rates review** in 2023 is expected to level the playing field for hospitality operators

Source: Lumina Intelligence, June 2021



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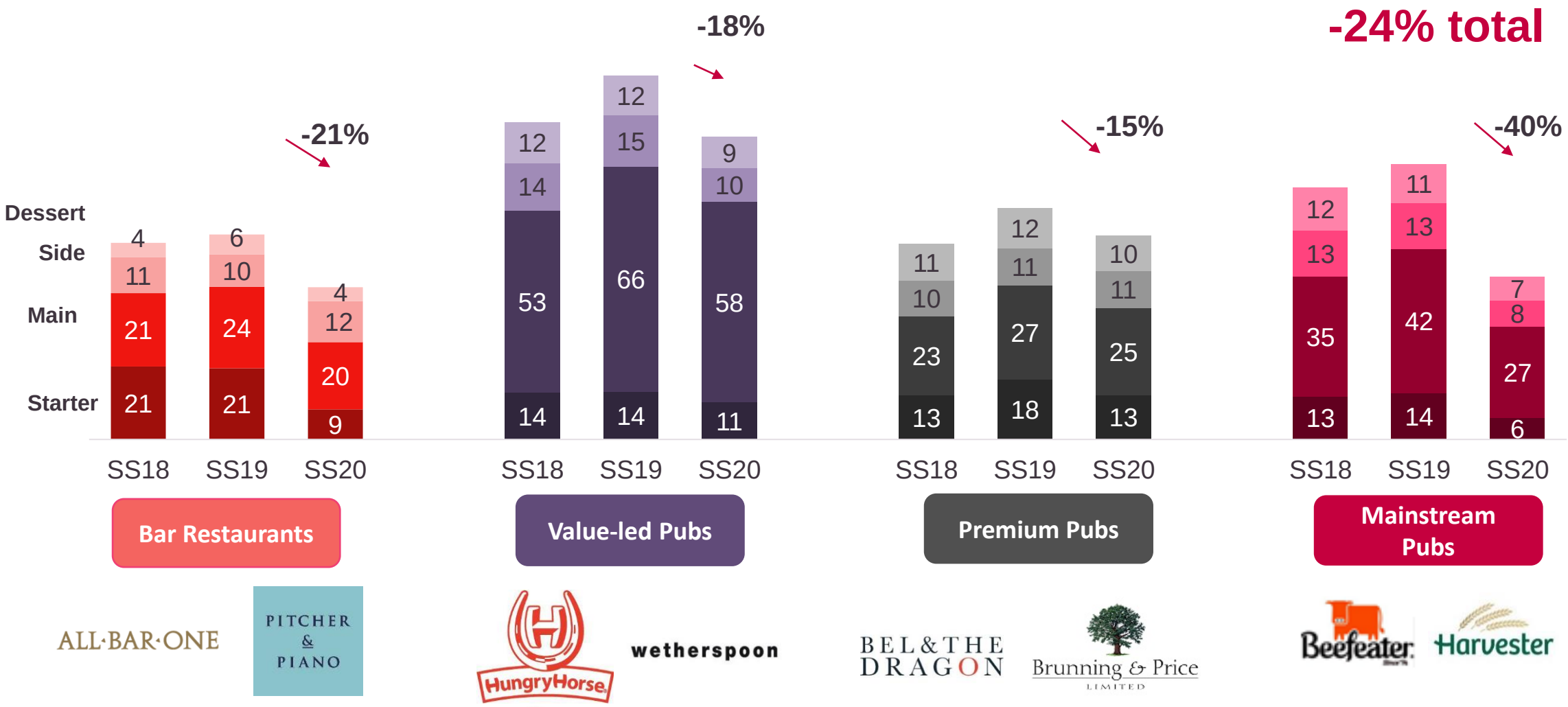
MAINSTREAM PUB MENUS DECREASE THE MOST IN SIZE



Source: Lumina Intelligence Menu Tracker, 2020

PUB CLASSICS AND COMFORTS LARGELY RETAINED

Brewers fayre

Favourites

STARTERS

Seasonal Soup - £3.49
Served with brown bloomer bread

Prawn Cocktail** - £5.29
Served on a salad garnish with brown bloomer bread and butter

Garlic & Herb Breaded Mushrooms - £4.29
Served with a smoky BBQ dip

Rosemary & Buttermilk Chicken Goujons - £5.29
Golden fried goujons. Served with a smoky BBQ dip

Sausage, Egg and Chips - £8.29
Vegetarian sausages also available

Beef & Pork Lasagne - £9.39
With a salad garnish and garlic bread

Beer-Battered Haddock & Chips§** - £10.49**
With garden or mushy peas and tartare sauce

Breaded Wholetail Scampi± - £9.49
Served with chips, tartare sauce and garden peas

TWO FOR ONE

Starters

SOUP OF THE DAY (V) £3.95
Please ask for today's choice.
Served with half a baguette and butter.

PRAWN COCKTAIL £4.95
Prawns with a tangy seafood sauce.
Served with brown bread and butter.

GOLDEN BREADED MUSHROOMS (V)* £4.75
Button mushrooms in crispy golden breadcrumbs. Served with BBQ or garlic mayo dip.

CRISPY BUTTERMILK CHICKEN £4.95
Succulent strips of buttermilk chicken coated in crispy breadcrumbs, with sweet chilli sauce or garlic mayo for dipping.

Pub Classics

BEER-BATTERED FISH & CHIPS £15.00
Pedigree beer-battered fish. Served with chips, mushy peas and tartare sauce.

BREADED SCAMPI ǂ £13.45
12 crispy golden wholetails of Whitby scampi. Served with chips, garden peas and tartare sauce.

SMOTHERED CHICKEN £14.75
A roasted chicken breast, bacon and Monterey Jack cheese smothered in your choice of BBQ or Thai sweet chilli sauce. Served with chips, onion rings, corn on the cob and coleslaw.

STEAK & ALE PIE £15.00
British beef slow-cooked in a rich Hobgoblin Ale gravy and encased in a hand-finished combination of shortcrust and puff pastry. Served with chips, garden peas and gravy.

SIZZLING PUB & GRILL



Source: Lumina Intelligence Menu Tracker, 2020

MENU RATIONALISATION IMPLICATIONS

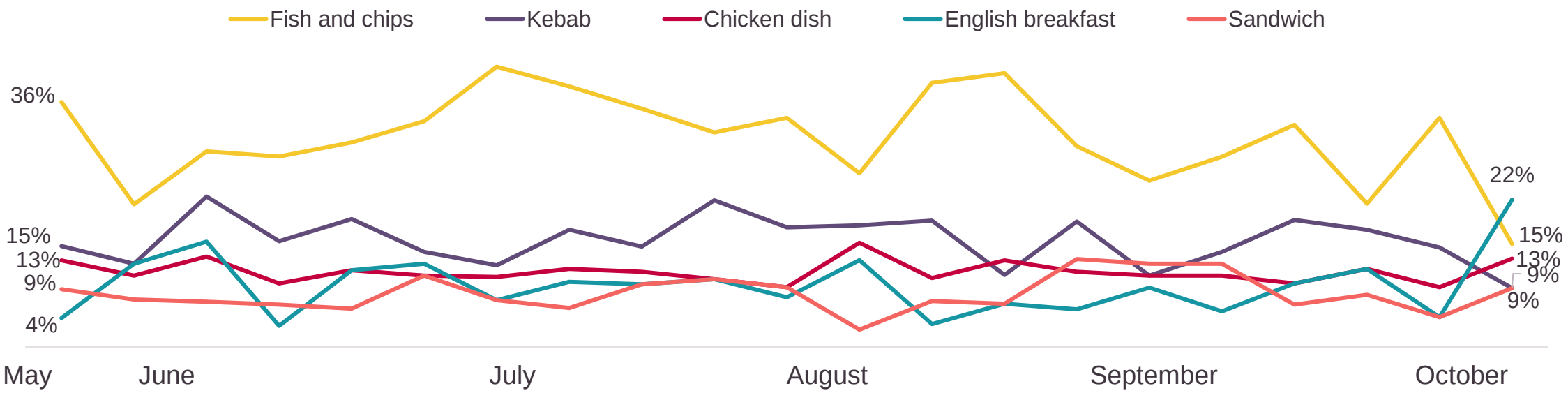
Consumer/Operator data insight	Operator implications	Irish supplier implications
• Pub operators reduced menu sizes by a quarter in Spring/Summer 2020	• Pubs have streamlined menus whilst maintaining comforts and traditional 'pub grub' with a twist to cope with labour shortages	• Irish suppliers can support operators with items that streamline processes in the kitchen e.g. part-cooked, pre-packed/attached sauces

Source: Lumina Intelligence, August 2021

EMERGING OPPORTUNITIES: DELIVERY

Top 5 cuisines consumed from May to October 2020:				
British (20%)	Chinese (14%)	American (13%)	Indian (13%)	Italian (11%)

You said that the food you ordered was British? What dish did you have?



Source: Lumina Intelligence, October 2020, Channel Pulse data collected w/c 18/05-05/10

PUBS DEVELOPING DELIVERY

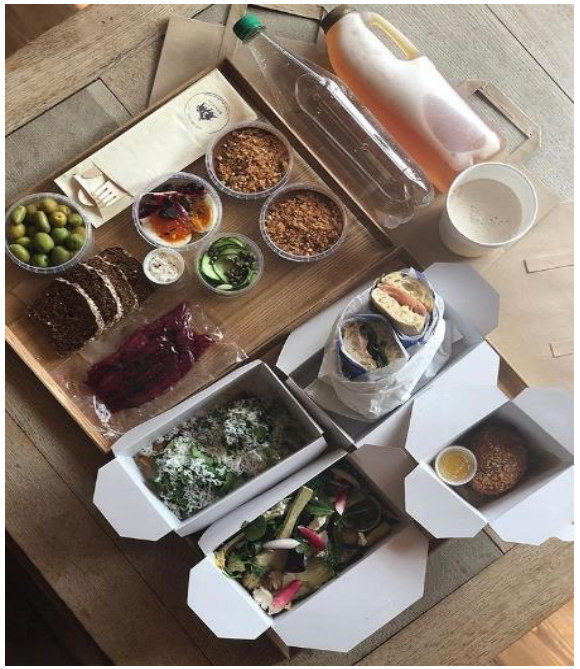
Fish & Chips takeaway, Nicholson's, Holborn



Takeaway and collection, The Six Bells, St Albans



The Bull and Last grab bag, The Bull and Last, London



Source: Lumina Intelligence, 2020

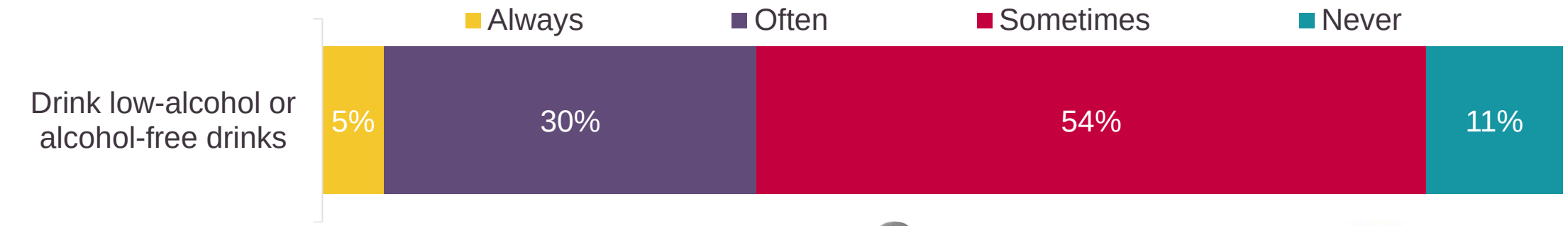
DELIVERY IMPLICATIONS

Consumer/Operator data insight	Operator implications	Irish supplier implications
• British the most commonly consumed cuisine via delivery/takeaway throughout 2020	• Pubs are well placed to capitalise on delivery/takeaway boom that has been sustained following the easing of lockdown	• Irish suppliers can make sure that they are offering products that are well suited to delivery, items that travel well in terms of temperature and presentation, e.g. suitable packaging

Source: Lumina Intelligence, August 2021

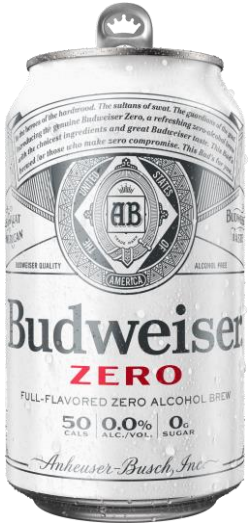
LOW2NO IS A KEY OPPORTUNITY FOR PUBS

When going to a pub, how often do you do the following?



2 IN 5
Have reduced alcohol consumption since lockdown started

Budweiser has launched **Bud Zero** which has zero alcohol, zero sugar and only 46 calories



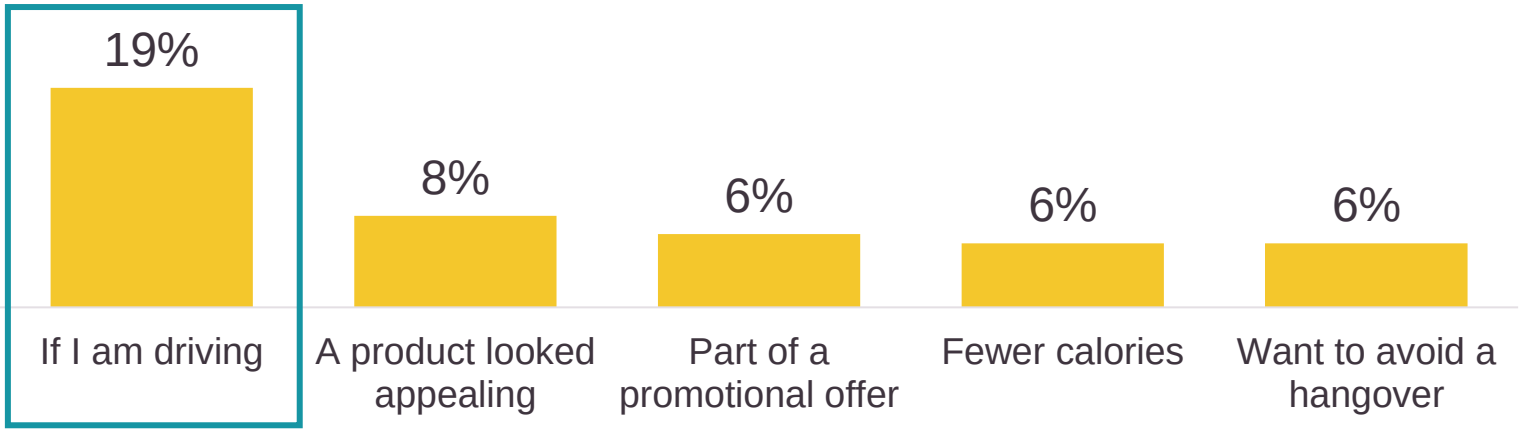
Drinks giant **Diageo** launched **Gordon's 0.0** gin in time for Dry January 2021



Source: Lumina Intelligence Channel Pulse, 2021

DRIVING IS MAIN MOTIVATION FOR BUYING LOW2NO ON TRADE

What would motivate you to buy a Low2No product when you are in a Pub, Bar or Restaurant? (Top 5 reasons)



Non-alcohol drinkers spend the most on food in pubs and bars

£12.52 vs £11.91

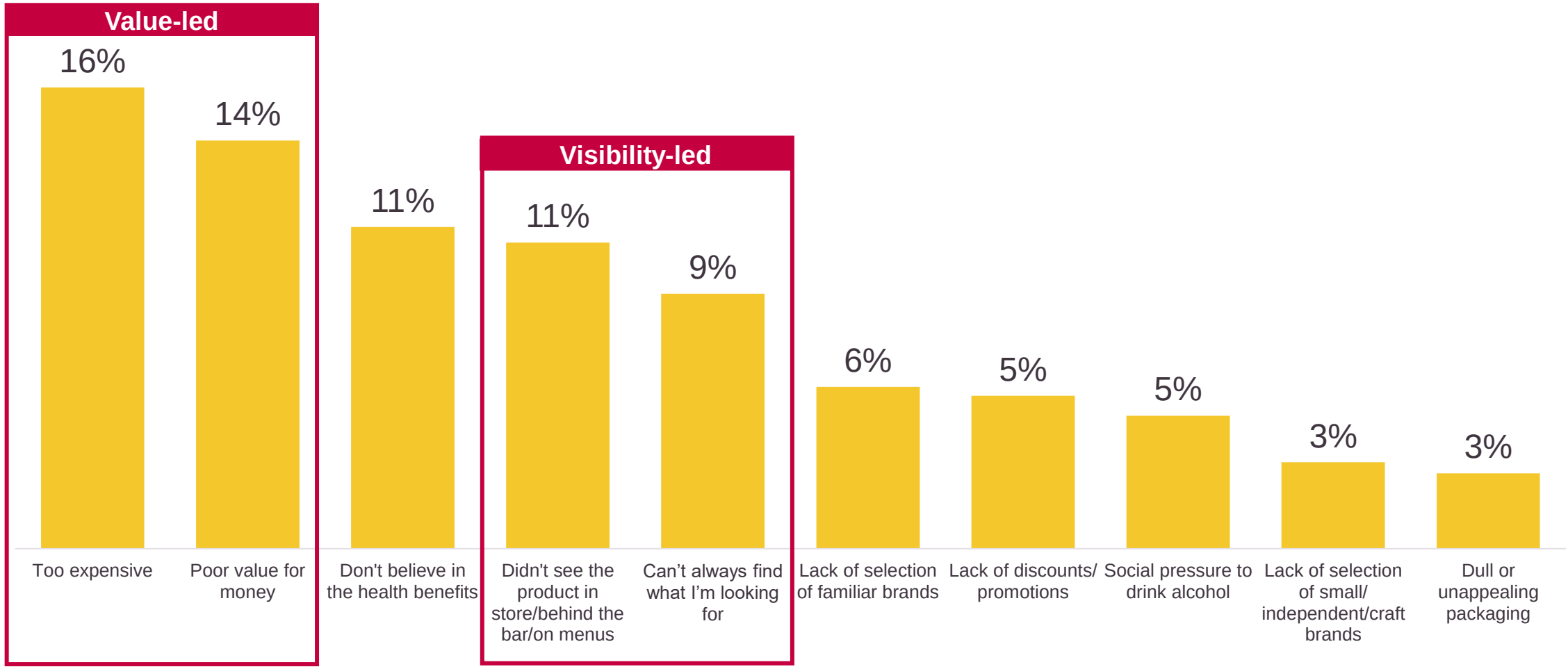


The Driver's Tipple, non-alcoholic spirit

Source: Lumina Intelligence Low2No Bespoke Survey May 2021

COST IS A KEY BARRIER TO PURCHASING LOW2NO

What prevents you from buying Low2No products more often?



Source: Lumina Intelligence Low2No Bespoke Survey May 2021

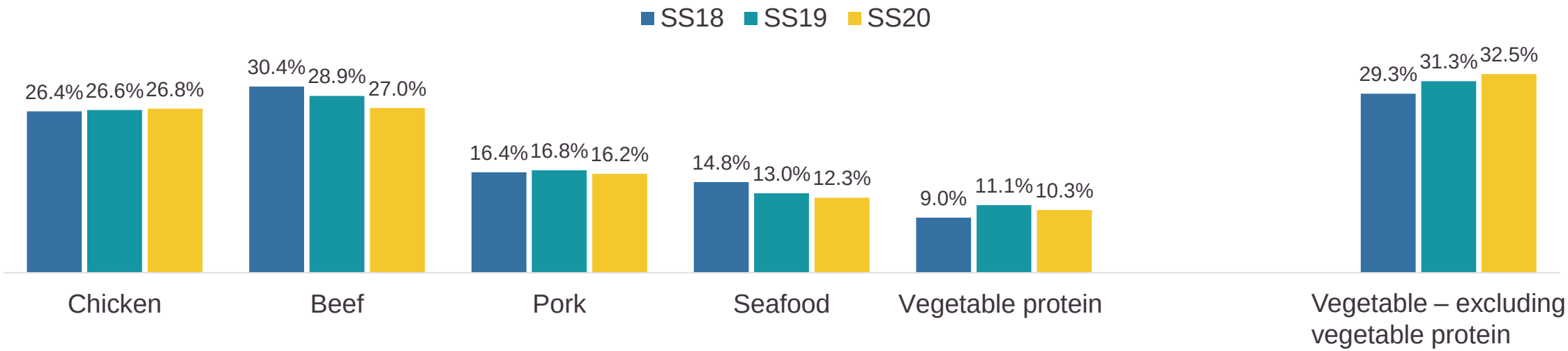
LOW2NO INNOVATION IMPLICATIONS

Consumer/Operator data insight	Operator implications	Irish supplier implications
• 2 in 5 have reduced their alcohol consumption since the start of the pandemic • Non-alcohol drinkers spend more on food than alcohol drinkers in pubs	• Established suppliers and new entrants are launching new Low2No products • There is an upsell opportunity by including Low2No options as part of food offers	• Irish suppliers can develop partnerships with suppliers with a low2no range in the channel to develop food/drink pairings that feature Low2No and include messaging targeted at non alcohol-drinkers in pubs • Partner with pub groups to develop potential promotions

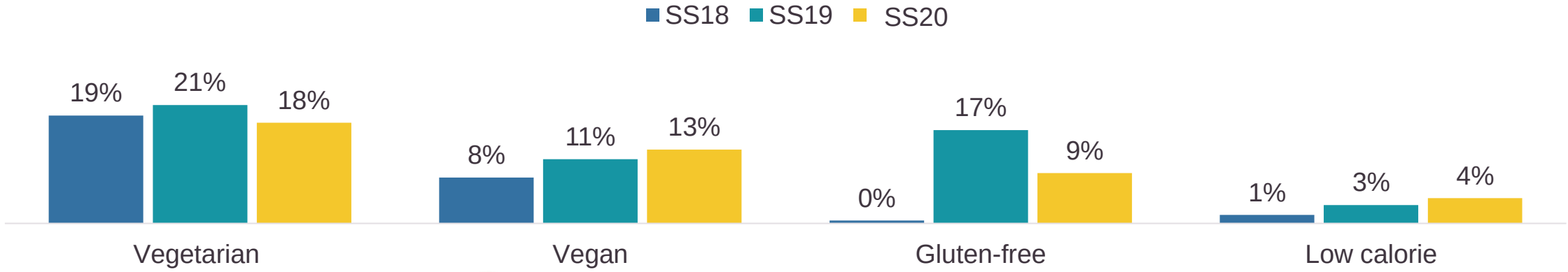
Source: Lumina Intelligence, August 2021

PLANT-BASED GROWS ON MENUS

Proportion of mains by component protein type – Spring/Summer 2018-2020



Dietary requirement flags as a proportion of menus (starters and mains) – Spring/Summer 2018-2020



Source: Lumina Intelligence Menu Tracker, 2020

VEGAN OPTIONS COVER A WIDE VARIETY OF DISH TYPES



Pitcher & Piano: vegan sweet potato and chickpea curry



BrewDog: BBQ jackfruit Mac & Cheese



Belushi's: vegan pulled pork burger, available as part of Meatless Mondays



Vintage Inns: wild mushroom pasty, served with beetroot hummus and a pineapple and ginger dressing

Source: Lumina Intelligence Menu Tracker, 2020

CAULIFLOWER IS A POPULAR NON-PROTEIN VEGETABLE

O'NEILL'S PUB & GRILL

NO-CHICK CAULIFLOWER BITES V
With smokehouse BBQ and a ranch dressing

Harvester

BUFFALO CAULIFLOWER V
Cauliflower florets in a spicy batter, served with garlic mayo dip

BREWDOG

PITCHER & PIANO

ADD

ADD FRIES (VE)	3.00
ADD SWEET POTATO FRIES (VE)	3.50
ADD BEEF PATTY	4.00
SWAP/ADD BEYOND MEAT PATTY (VE)	2.50/4.50
ADD 3 CHICKEN WINGS	3.25
ADD 3 BUFFALO CAULIFLOWER (VE)	3.25

BANG BANG CAULIFLOWER VE*
Crispy cauliflower in a spicy mango sauce with red chillies and spring onion £5.50

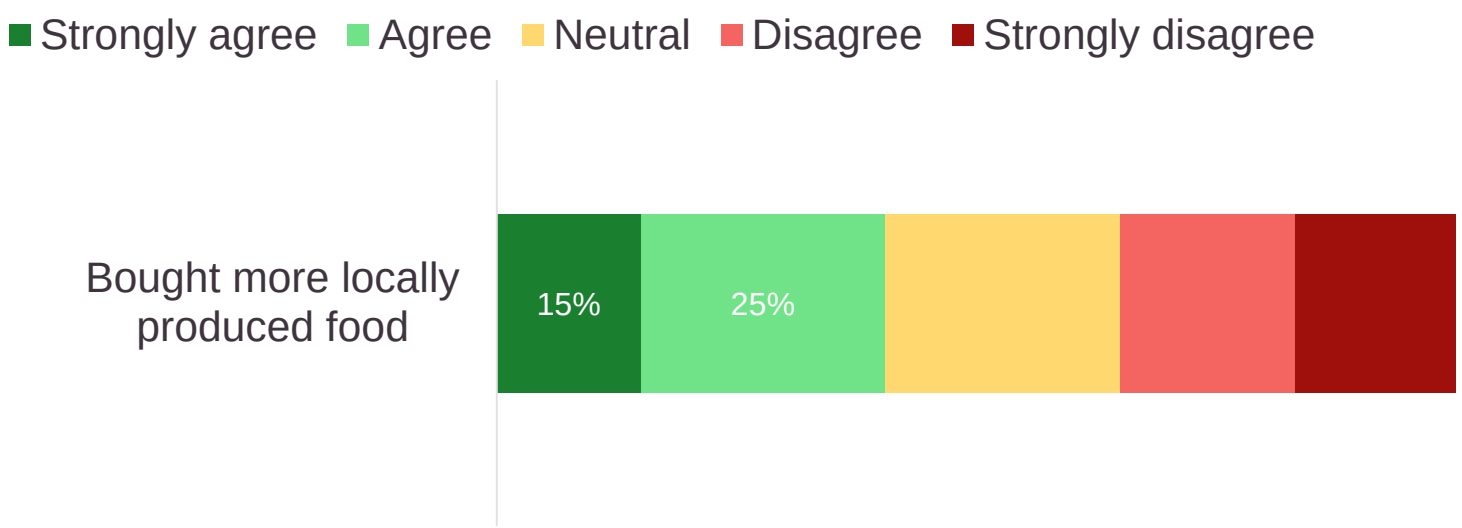
Source: Lumina Intelligence Menu Tracker, 2020

PLANT-BASED DIETS IMPLICATIONS

Consumer/Operator data insight	Operator implications	Irish supplier implications
• 30% of consumers identify as flexitarian are open to reducing meat consumption	• Pubs are boosting vegan options on menus as well as main dishes with a vegetable core component	• Irish suppliers can develop plant-based options, pub classic replica's including plant-based burgers and pies will be popular

Source: Lumina Intelligence, August 2021

LOCAL LIVING AND PROVENANCE LEGACIES OF PANDEMIC



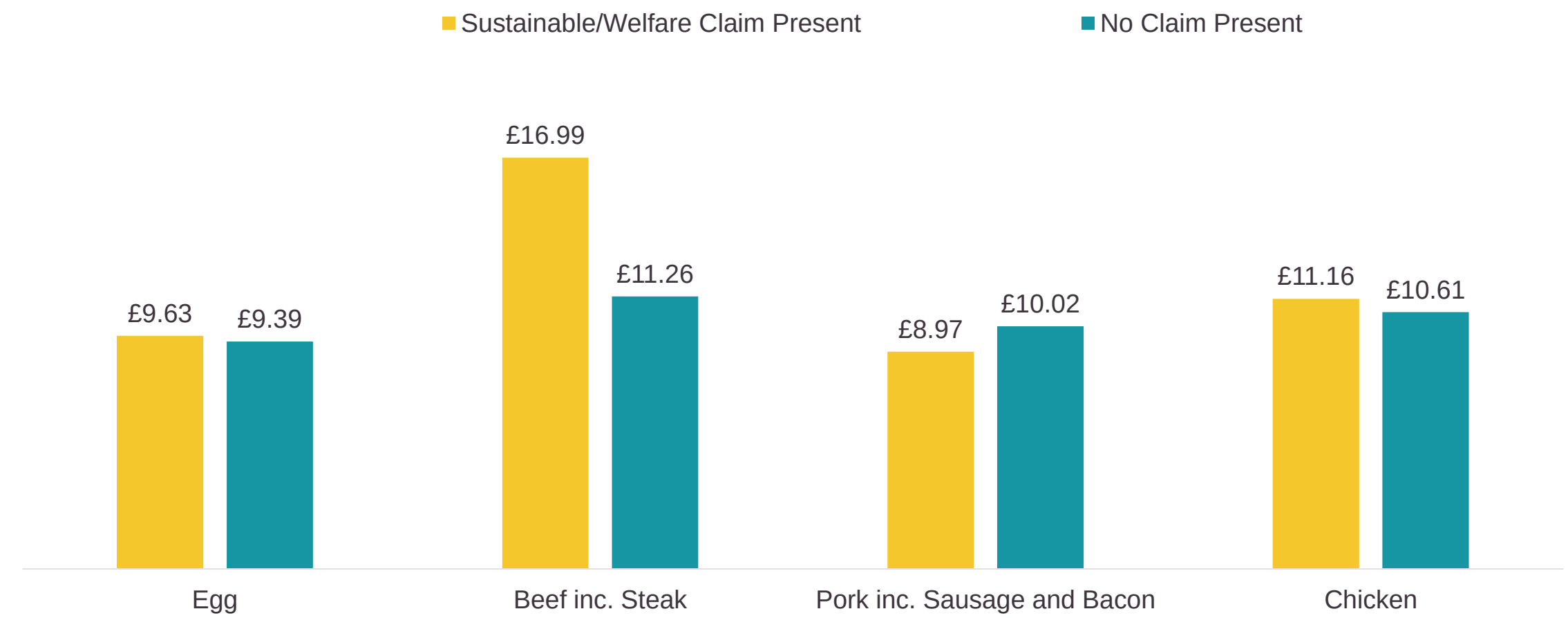
78%
Supporting local suppliers and retailers is very important or important to them

Local means "produced in the UK"
52%

Source: Lumina Intelligence, Channel Pulse, 2020

THE PRICE PREMIUM OF SUSTAINABILITY/WELFARE

Average main course dish price by named protein, Spring/Summer 2020



Source: Lumina Intelligence Menu Tracker Tool, 2020

PROVENANCE AND LOCAL OPERATOR EXAMPLES

Craft Ice Cream and Spreads
Butcombe Brewery





O'Neills

NEW PADRON PEPPERS VE 4.95
Stone oven-baked and served with Maldon sea salt

Brunning & Price

Deep fried West Country Brie

Bel & The Dragon

Cornish Fish & Crayfish Pie
Petits Pois, Sorrel & Mash

Hampshire Fillet of Beef £34
Thrice Cooked Chips & Truffle Mayo

On-site Pub Kitchen Gardens growing fresh produce
Methuen Arms, Wiltshire



Source: Lumina Intelligence Eating Out Panel 2020*

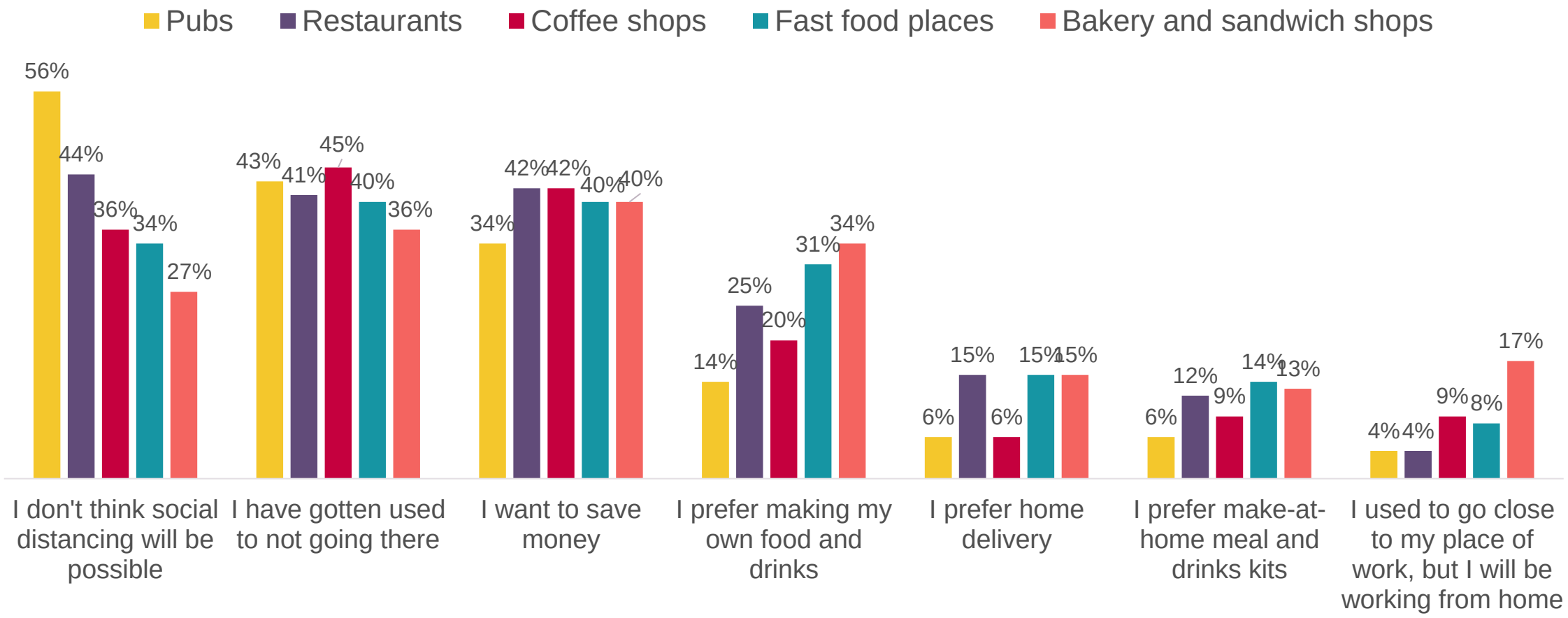
PROVENANCE & LOCAL LIVING IMPLICATIONS

Consumer insight	Operator implications	Irish supplier implications
• The pandemic and Brexit has driven interest in local living with consumers wanting to support local	• Operators are tapping into local trends through more local sourcing and developing local and independent produce	• Irish suppliers can work with operators to help develop own-label branded items from beer to ice cream • Irish suppliers can drive spend through including sustainability/welfare and provenance claims on items

Source: Lumina Intelligence, August 2021

SOCIAL DISTANCING IS A PARTICULAR CONCERN IN PUBS

Why do you think you will visit less?



Source: Lumina Intelligence Bespoke Eating Out Consumer Survey, May 2021

EMERGING OPPORTUNITIES: OUTDOOR SPACES & KITCHENS

Plockton Hotel, Scotland



The Pityme Inn, Cornwall



45% of operators have indicated investment in outdoor space will be a priority in the coming year

Source: Lumina Intelligence Licensee Survey 2020 – conducted in partnership with Morning Advertiser

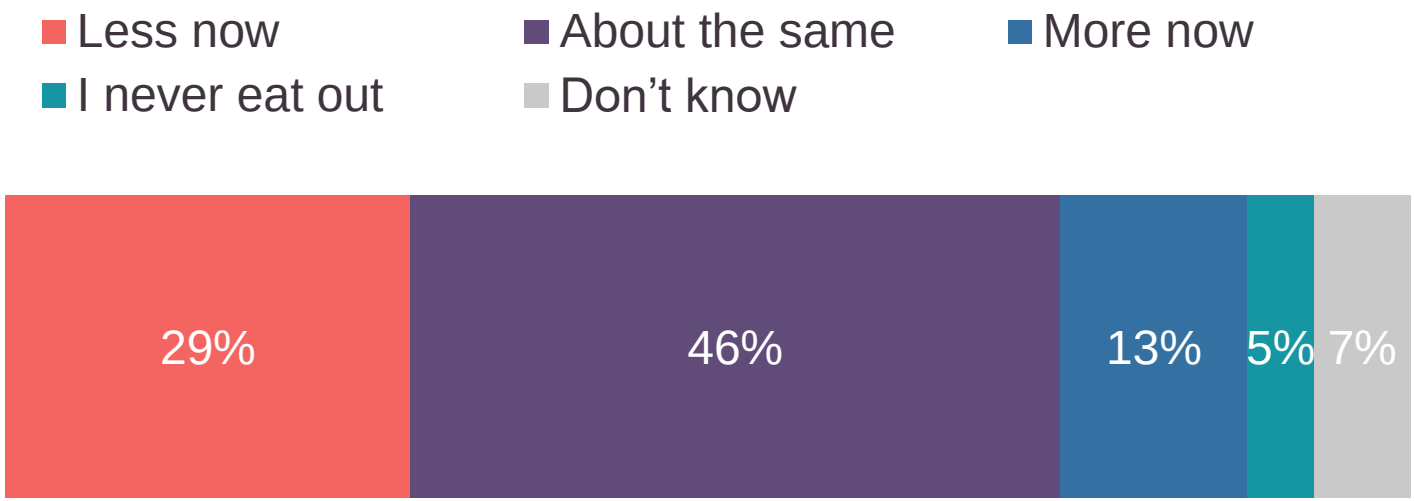
OUTDOOR SPACE IMPLICATIONS

Consumer/Operator data insight	Operator implications	Irish supplier implications
• Consumers are concerned about the ability to socially distance in pubs	• 45% have indicated that outdoor space innovation and investment is a key priority in the next year • Will be a challenge with ongoing labour shortages	• Irish suppliers can aid operators launching outdoor kitchens with convenient options that can be produced in less kitchen space e.g. part-cooked items, pre-assembled pizzas, burgers

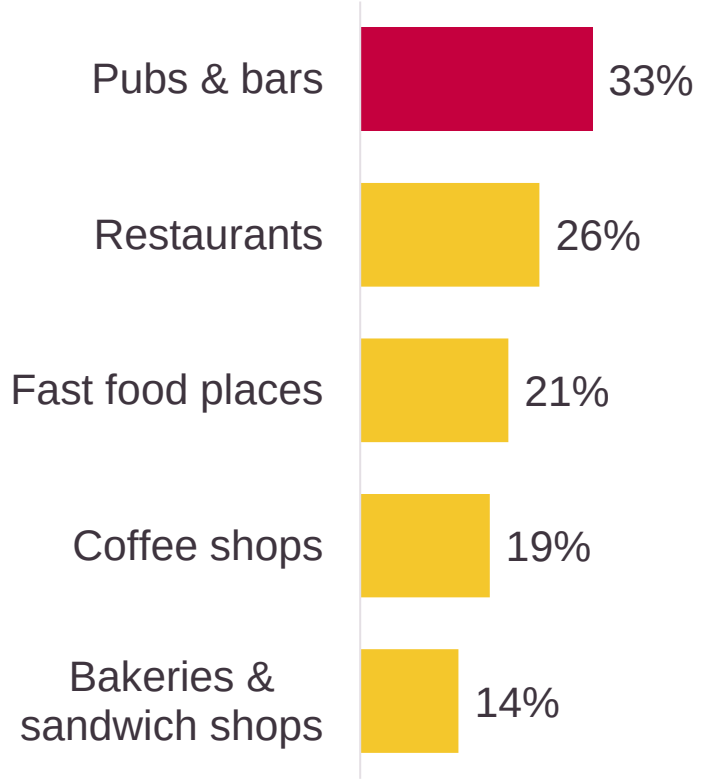
Source: Lumina Intelligence, August 2021

A THIRD TO VISIT PUBS LESS THAN PRE-PANDEMIC

Compared to before the pandemic, are you planning on eating and drinking out more, less, or the same in the next 12 months?



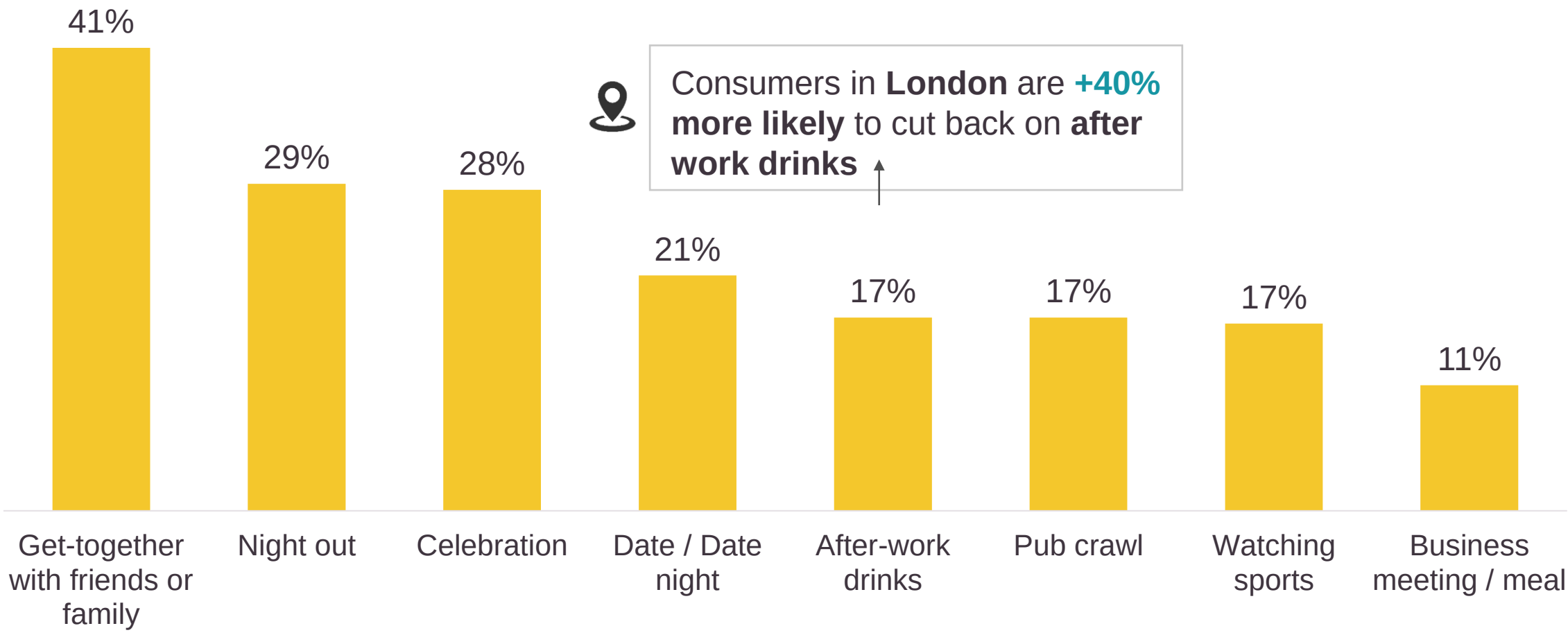
Channels in order of which consumers think they will be visiting <u>LESS</u>



Source: Lumina Intelligence Bespoke Eating Out Consumer Survey, May 2021

4 IN 10 WILL CUT BACK ON 'GET TOGETHER' OCCASIONS

What kind of occasions do you think you will eat or drink out less for in the next 12 months?



Source: Lumina Intelligence Bespoke Eating Out Consumer Survey, May 2021

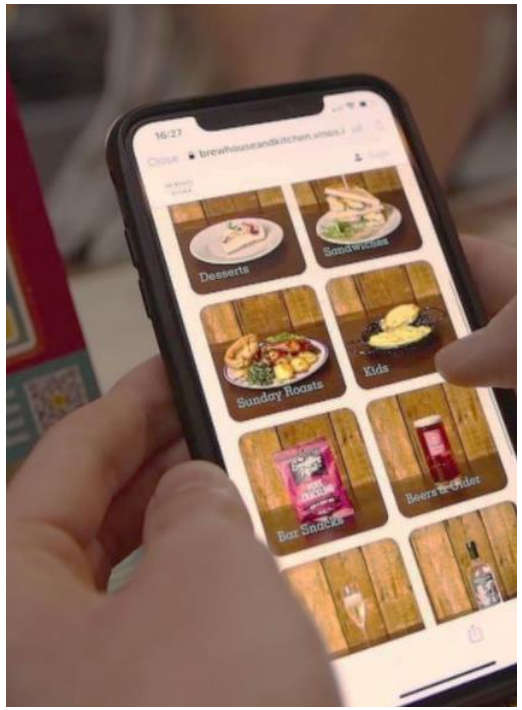
EVENTS & TECH KEY TO WINNING 18-34S BACK ON-PREMISE

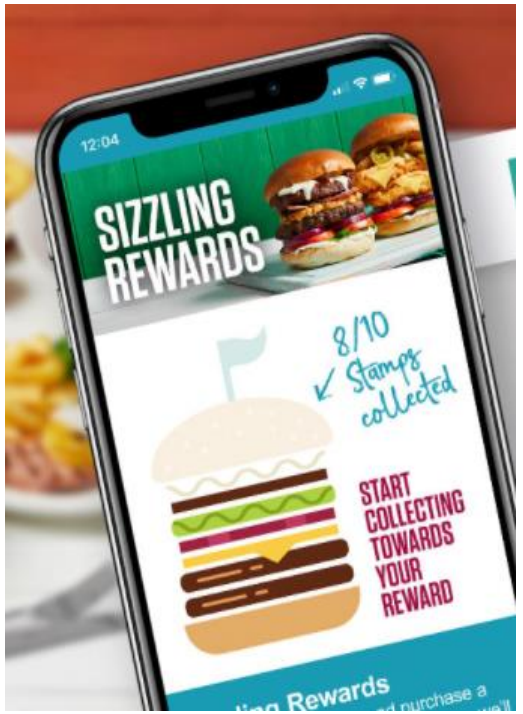
What can restaurants, coffee / sandwich shops, pubs, and bars do to get you to visit again in the next 12 months?

Enforce social distancing rules	44%
Offer good promotions	41%
Increase cleanliness	40%
Offer outdoor seating	37%
Offer remote ordering or payment via a tablet	22%
Special events	10%

18-24's are **+72%** more likely to visit for special events and **+26%** more likely if remote ordering via tablet is available.

25-34's are **+49%** more likely to visit special events and **+39%** more likely to visit if remote ordering via tablet is available.





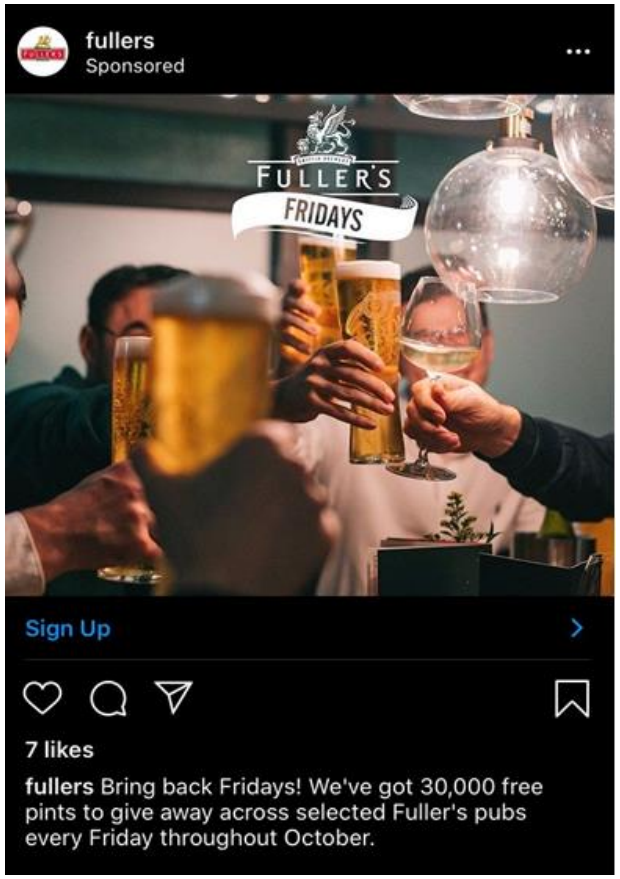
Source: Lumina Intelligence Bespoke Eating Out Consumer Survey, May 2021

EMERGING OPPORTUNITIES: TECHNOLOGY

Table ordering and payment, Fullers, Holborn, London



October special offer, Instagram, Fullers



App adoption, Blacksmiths Arms, St Albans



Source: Lumina Intelligence 2021

EMERGING OPPORTUNITIES: EVENTS

Digital Quiz, The Argyle, Stonegate Group



Father's Day messaging, The Royal Oak, McMullan & Sons



Brewdog, Wing Wednesday



Source: Lumina Intelligence 2021

DIGITAL SERVICE IMPLICATIONS

Consumer insight	Operator implications	Irish supplier implications
• Younger consumers are driven to pubs through the use of digitalisation in ordering and payment	• Implement faster menu changes • Use data insight collected for more targeted promotions	• Irish suppliers can offer operators a wider variety of menu options with 'limited time' trials more likely

Source: Lumina Intelligence, August 2021

EVENTS IMPLICATIONS

Consumer insight	Operator implications	Irish supplier implications
• Younger consumers are more likely to visit pubs for special events	• Pubs are launching events including quizzes and food themed special offers on specific nights	• Irish suppliers with a specific product focus e.g. ribs/wings can engage with operators and develop offerings for special events around these products

Source: Lumina Intelligence, August 2021

SEVERAL OPPORTUNITIES FOR PUBS TO CAPITALISE ON SPORTS

Group-led viewing

23%

only watch sports in a pub when in a group



Sports & food pairing

16%

watch sports in a pub to have a meal at the same time



Screen size appeal

16%

watch sports in a pub because of the screen size



Source: Lumina Intelligence Channel Pulse, 2020

OPERATOR EXAMPLES: SPORTS

Greenwood Sports Pub & Kitchen, ETM Group

LONG ARM
BURGERS AND BREWS

All our burgers feature double beef patties made with our secret blend of prime steak cuts from grass-fed Bedfordshire Angus steers and are served with French Fries

SHARING PLATTERS

THE QUARTERBACK 30
Four single patty classic Long Arm cheeseburgers, fries, ale and onion gravy and smoked cheese sauce

THE WINGBACK 25
12 x Kansas BBQ wings, 12 x Wendy wings from Lost Boys Chicken with fries, blue cheese and ranch dips

greenwoodldn ...

greenwoodldn The teams are announced, the game is on and AWJ is back to lead the Lions into combat against the World Champions this Saturday at 5pm.

Don't miss the most anticipated clash in the rugby world for 4 years and make the most of the tour with us in front of giant HD screens. With beer tanks full to bursting and the crowd ready, secure your seat before it's too late by clicking the link in our bio.

We also have safe standing spaces available on the day but make sure you get to pub early as we expect to exceptionally busy.

Outdoor shelter and screens, The Abbey Tavern, Kentish Town



Source: Lumina Intelligence, October 2020

SPORTS IMPLICATIONS

Consumer insight	Operator implications	Irish supplier implications
Watching in a group and enjoying a meal drives consumers to pubs to watch sports	• Drive spend and footfall using promotions around groups and food pairings • Good opportunity to premiumise the experience and drive spend per head	• Irish suppliers can develop offerings that can be paired with different sports e.g. NFL and chicken wings in a variety of flavours

Source: Lumina Intelligence, August 2021

TOP OPPORTUNITIES

- Items that streamline processes for smaller teams
- Items designed for delivery
- Items designed for outdoor cooking
- Low2No partnerships and promotions
- Plant-based propositions
- Local living and provenance
- Special events and sports propositions and products

Source: Lumina Intelligence, August 2021

KEY MESSAGES



- Early signs of recovery for pubs is positive but steep declines throughout pandemic means recovery to post-pandemic is currently forecast for 2024



- Boosting spend and managing costs will be key for operators with ongoing staff shortages challenging the sector



- Tech-led innovation, local living and sports and events are opportunities for pubs and Irish suppliers that cannot be missed

Source: Lumina Intelligence, August 2021

Get in touch

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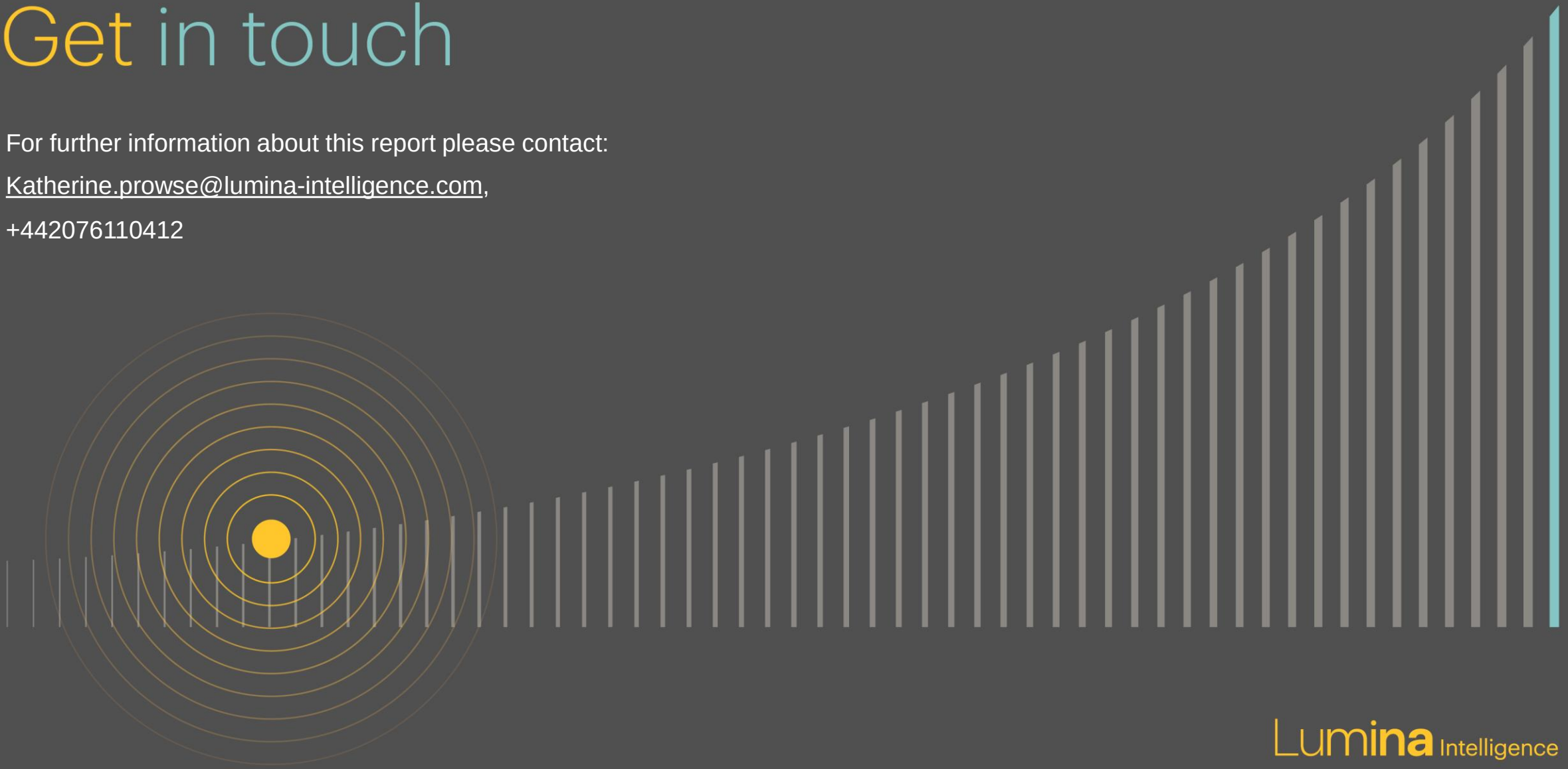

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