



2021

CGA

BUSINESS  
LEADERS' SURVEY

IN PARTNERSHIP WITH



# Business Leaders: Hospitality sentiment for 2021

# Agenda

**CGA Business Leaders Survey in association with Fourth**  
*Presented by Karl Chessell & Charlie Mitchell, CGA*

- **Sector confidence**
- **Outlook for future landscape**
- **The consumer perspective**
- **Staff, teams and engagement**
- **Technology view**

**Q&A with Max Tucker, Fourth**  
*Hosted by Peter Martin*





# CGA BUSINESS LEADERS' SURVEY 2021, IN ASSOCIATION WITH FOURTH METHODOLOGY

The 2021 CGA Business Leaders Survey, in association with Fourth, pulls data and insight from across CGA's research suite, but is predominantly based on leader research undertaken between **5<sup>th</sup> February – 15<sup>th</sup> February**

With...

# 726

Operators taking part in the research, with CGA Business Leaders Survey supplemented by further trade body research with members, undertaken by CGA on behalf of UKHospitality, British Beer & Pub Association & British Institute of Innkeeping.

In total, leaders of multi-site operators across the hospitality sector taking the survey equated to

# 108

**54%** CEO / MD

**41%** Chairman & board level

**5%** Other senior management



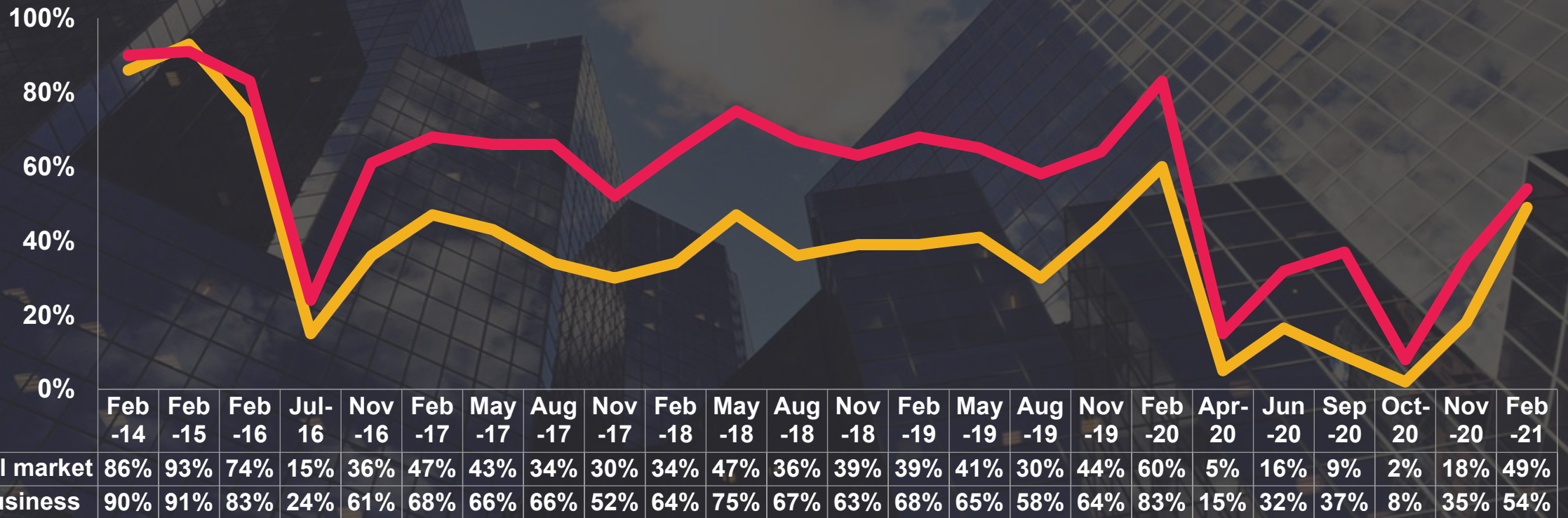
# SECTOR CONFIDENCE





# Business Leaders' confidence has rebounded, as optimism returns to the market, albeit tempered with some immediate challenges

Business leader confidence across the market and in own business





# 67%

of Business Leaders state their businesses are viable given anticipated future trading

Compared to just **20%** in Q4 2020





If no additional support is announced  
in March's Budget

**1 in 10**

state that their business will not  
survive



**Without additional support from the  
Government forthcoming**

**63%**

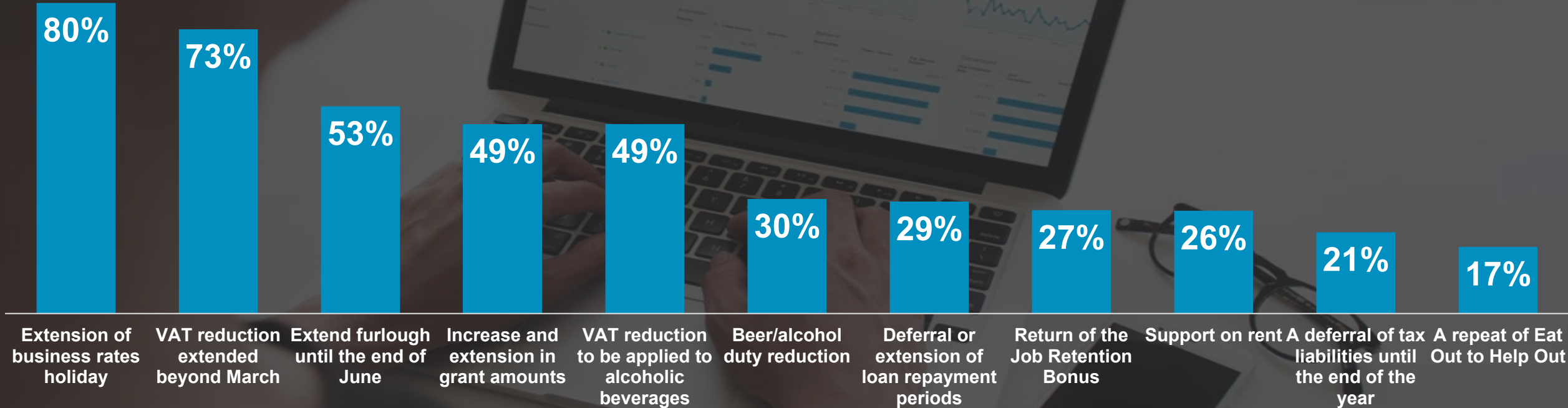
**Of leaders suggest that they will not  
return to profit until 2022 at the very  
earliest including those not  
expecting to survive**





# With unstable business confidence clear, operators are looking to Government for support, through an extensions of rates holiday, VAT reduction and furlough

*What are the priorities for your business from Government upon reopening?*





**An extension to business rates holiday to March 2022 and a VAT cut to 5% would nearly double the number of hospitality businesses able to return to profit in 2021**

**Proportion of businesses that predict they would return to profit in 2021 under the following circumstances**

**3-month extension to furlough and re-opening towards the start of Q2 2021**

**37%**

**If the VAT cut to 5% and the business rates holiday were extended to March 2022**

**66%**



# Alongside boosting the economy and job creation, it is also felt that the sector can support recovery within communities

*As we emerge from the pandemic where do you think the hospitality sector can make the greatest contribution to the UK economy and society?*





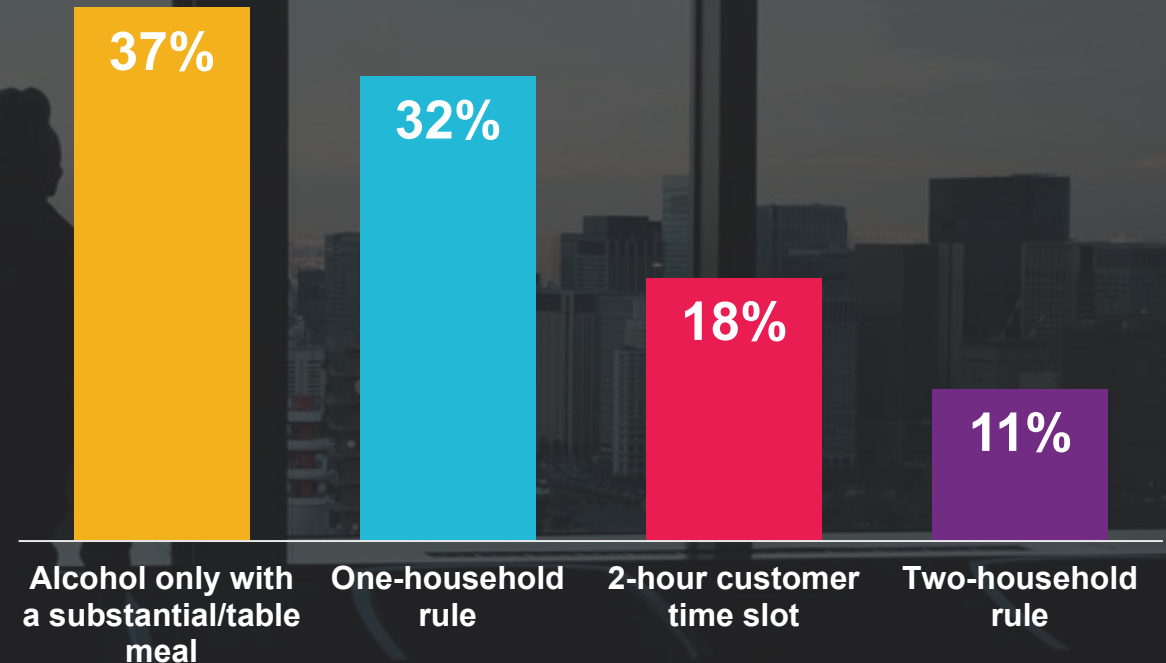
# Opening with a one month delay on alcohol sales is the restriction that would make the largest proportion of hospitality businesses unviable

When businesses can re-open

# 48%

business leaders believe that opening with a one month delay on alcohol sales would make the business unviable

*Proportion of operators who deem the following restrictions will render their business unviable*





# 87%

**of business leaders agree that the risk-assessed COVID-secure guidelines they were following in July 2020 were effective in ensuring overall safety of customers**



# OUTLOOK ON FUTURE LANDSCAPE



# 31%

**Of leaders predict that there will be sites that remain permanently closed across their estate**

**36% in November (19% undecided)**

**36% in June (21% undecided)**

**32% in April (31% undecided)**

# 14%

**Of leaders are undecided**

**For leaders who are predicting closures, the average proportion of sites predicted to close is**

# 9%

**-3pp vs. November**



# 52%

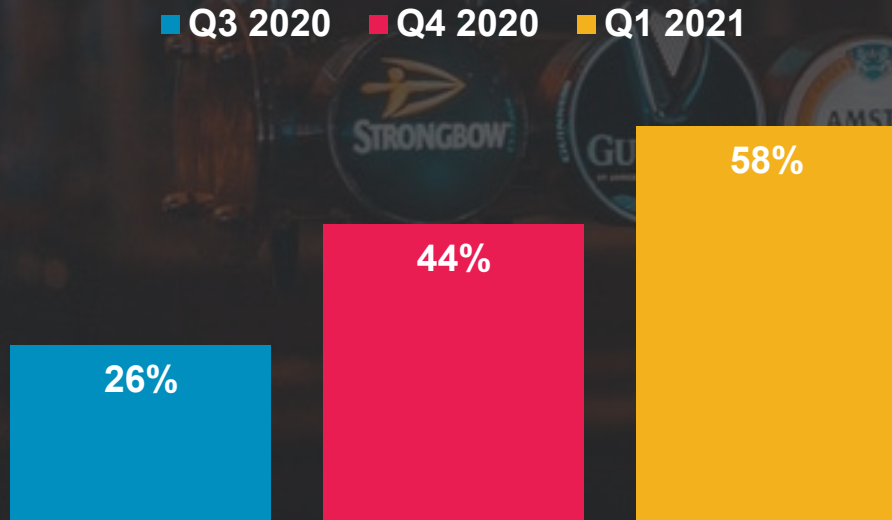
of leaders expecting to close sites are planning to do so in town centres



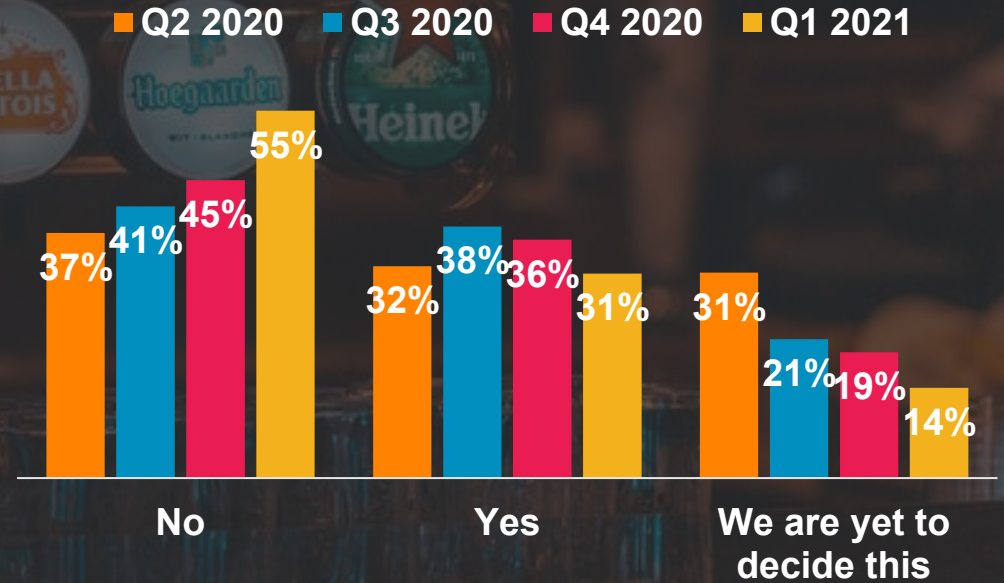


# Along with fewer operators planning closures, there is also a greater proportion of leaders planning openings in 2021, as the market is expected to churn

*% of Business Leaders planning to open new sites in the next 12 months?*



*Will there be any sites you keep permanently closed?*





**Plans for openings are driven by larger operators, with plans for multiple openings over the next twelve months**

**58%**

**Of Business Leaders say they plan to open new sites in the next 12 months**

**-25pp** for operators with 5-10 sites  
**+7pp** for operators with 11-50 sites

**Those planning on opening new sites in 2021 have plans for, on average**

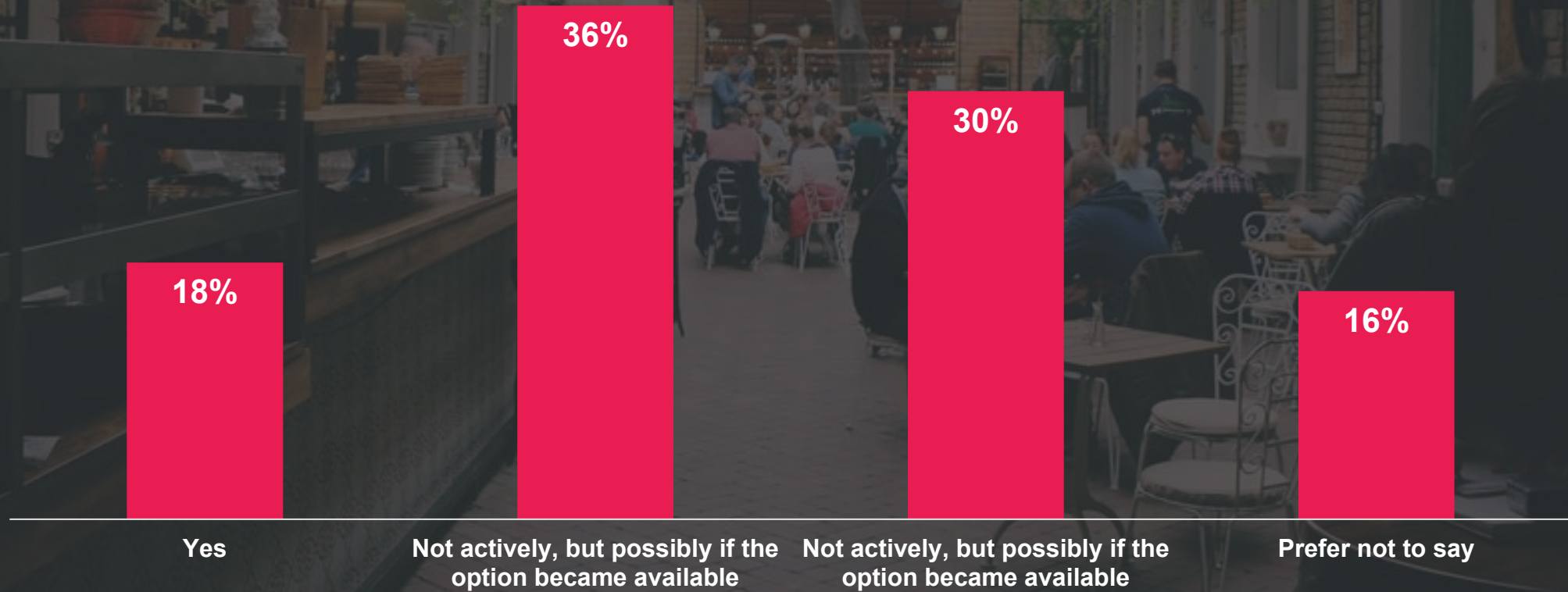
**4.1**

**new sites**



## Along with site openings, operators are also not adverse to business acquisition activity, predominantly driven by larger operators looking to invest

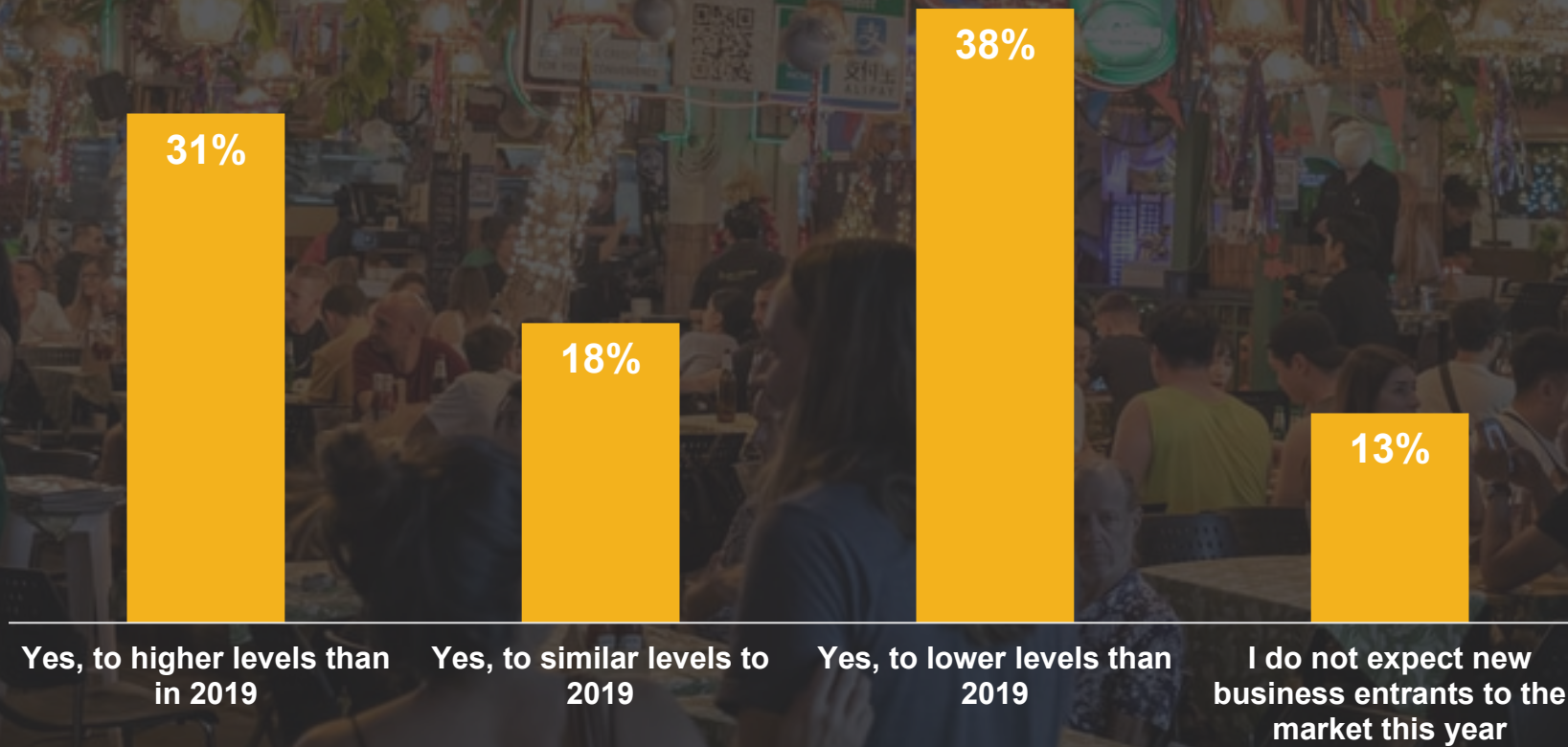
*Are you looking into the option of a business acquisition (not individual sites) in the next 12 months?*





## Along with increased level of new openings, leaders are also anticipating new entrants to the market in 2021

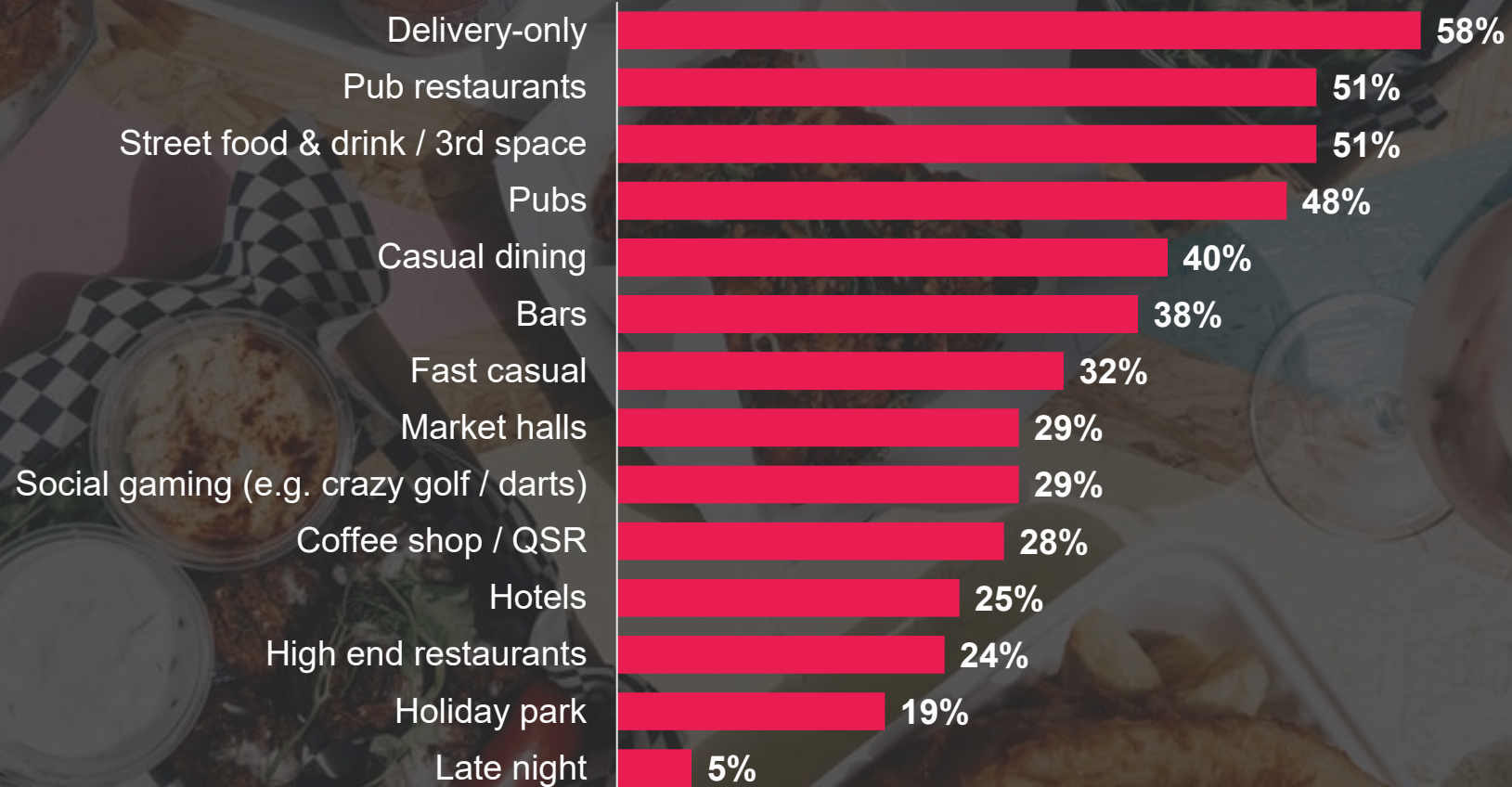
*Do you expect there to be new business entrants to the market this year?*





# Not all new entrants are predicted to be bricks and mortar entrants however, with over half of leaders expecting new entrants into the “delivery-only” sector

*In which sectors do you anticipate these opening?*





# CONSUMER PERSPECTIVE

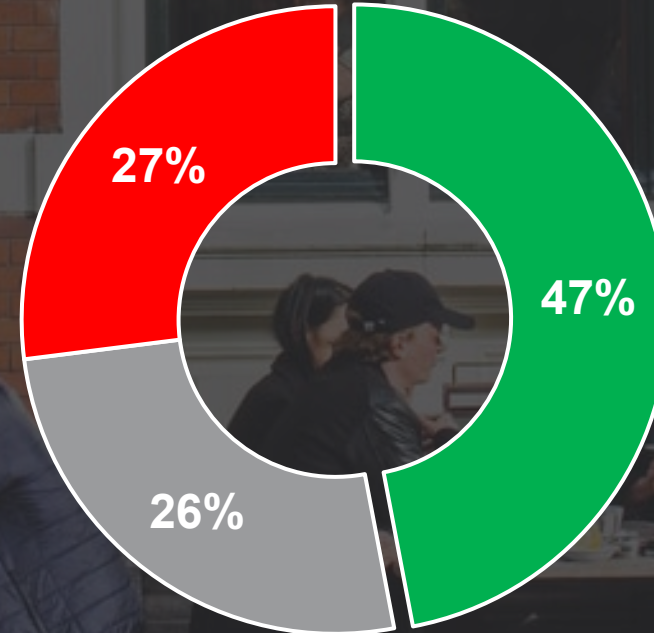


**While most consumers are eager to re-engage with the hospitality sector, there is an underlying concern that needs to be addressed to convince consumers to return**

# 59%

**Of GB consumers agree they 'can't wait to go out again' to hospitality venues**

*How confident would you feel visiting pubs, bars and restaurants when pubs, bars and restaurants can open normally (not just takeaway)*



- Confident
- Unsure
- Not confident



# 98%

Of Business Leaders predict that 'a pent-up demand for the hospitality sector from consumers' will have a positive impact on their business in the next 12 months

However,

# 71%

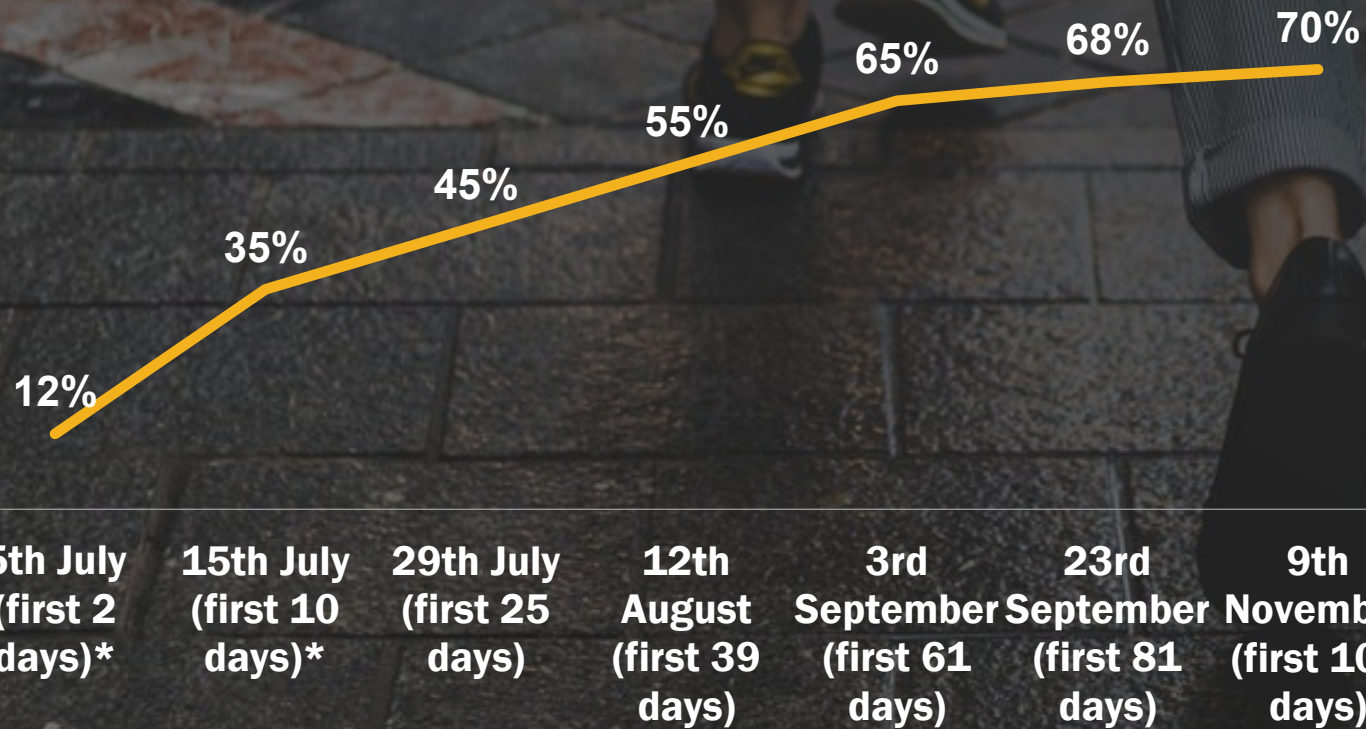
Expect that 'fragile consumer confidence' will negatively impact their business





# By mid-November 7 in 10 GB adults had revisited the sector, with confidence built through positive and safe hospitality experiences

Proportion of consumers in GB who had been out by the following dates since the 4<sup>th</sup> of July:



# 81%

Of consumers stated that their overall experience made them feel reassured enough to visit again



56%

Of Business Leaders expect that 'increased demand for **high-end offerings**' will have a positive impact on their business

49%

expect that 'increased demand for **value offerings**' will have a positive impact on their business



# Leaders expect elements centred around quality to increase in importance for consumers, while value elements have dropped in prioritisation

*Which of the following do you predict as key drivers for consumers when they choose where to eat and drink out, when permitted to do so in 2021? Vs. 2020*

■ 2020 ■ 2021





**Almost three quarters of Business Leaders expect the trend of consumers supporting local will impact their business positively, and many are shifting strategy based on this**

**73%**

**Of Business Leaders predict that consumers 'desire to stay/support local' will positively impact their business in 2021**

**And**

**54%**

**Are planning to integrate this into their planning and strategy for the year**

CGA BUSINESS LEADERS' SURVEY 2021

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# STAFF & ENGAGEMENT





**Business leaders don't anticipate a return to full workforce this year, but remain hopeful that a large proportion will return by December**

*Compared to your February 2020 workforce, what do you expect your full workforce to be in:*

July 2021

79%

December 2021

90%





# Leaders remain confident in maintaining high performing teams post-Brexit



63%

of business leaders are confident in recruiting, training and retaining their workforce post-Brexit



27%

are unsure



10%

are unconfident





# 65%

of Business Leaders state 'job creation and employment opportunities' as one of the greatest contributions hospitality can make to the UK economy and society







# Over three quarters of Business Leaders expect they will continue to recruit new staff in 2021, however a third anticipate it will be to a lesser extent than previous years

*Do you anticipate recruiting new staff in 2021?*





# 71%

of Business Leaders say employee engagement is a key focus

*(-15pp vs. 2020)*

While a further

# 29%

say it is a moderate focus



# 37%

Of Business Leaders perceive  
current employee engagement as  
very good  
*(vs. 62% in Q3 2020)*

42% moderately good  
20% satisfactory



## Team members who are highly engaged with their work place (score of 4 or 5)...

Feel their wellbeing is prioritised

Have received excellent communication

Have received professional development and training during lockdown

**53%**

Feel that their wellbeing is absolutely prioritised (+15pp vs average)

**65%**

Feel they have been communicated with "very well" over this lockdown period (Vs 47% average)

**73%**

have received at least weekly communication from their employer (vs 56% average)

Just

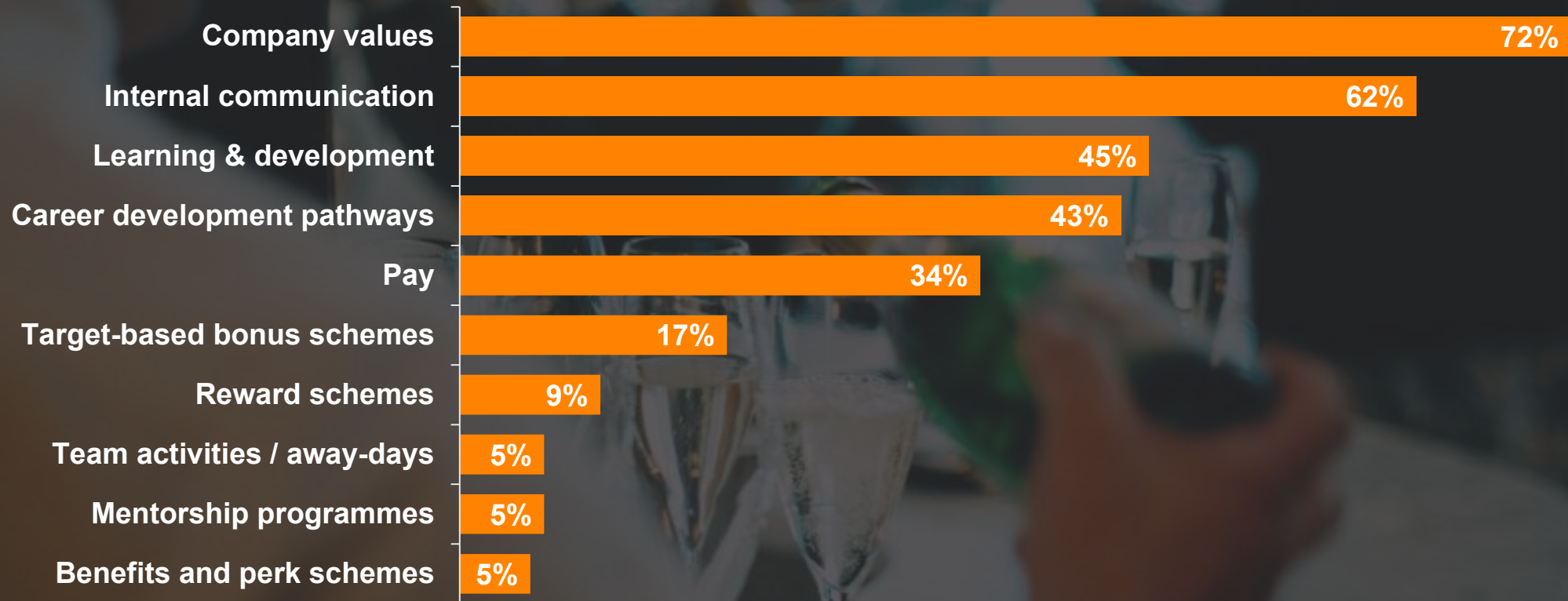
**6%**

have not been provided with any learning and development resources by their employer during this lockdown (vs 21% average)



# Leaders perceive communication, values and training as the greatest contributors to positive engagement

*Which of the following best contribute to employee engagement in your business?*





## Which is, in turn, mirrored by teams

*When you think about being engaged with work, what comes to mind? Please select your top three:*





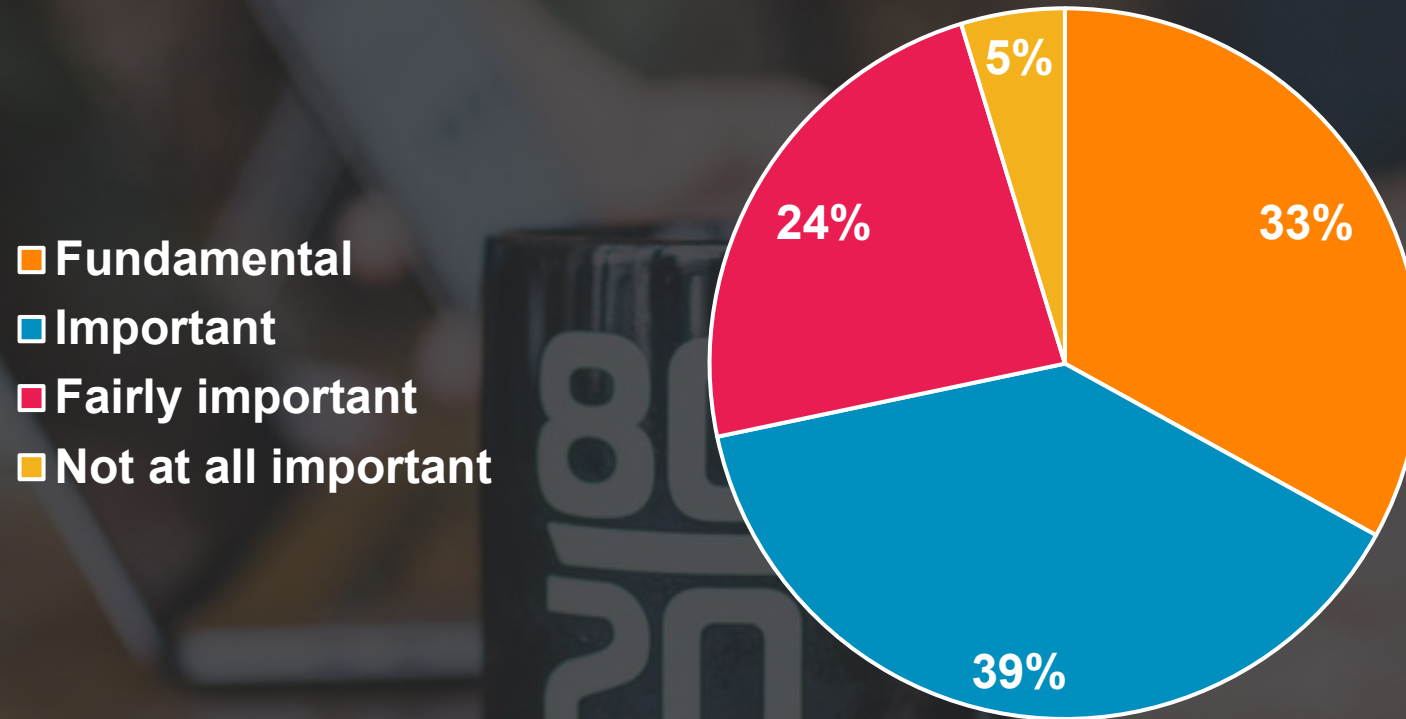
# FUTURE OF TECH





# 95% of Business Leaders agree that technology will be important in when it comes to operating post-lockdown

*How pivotal will the use of technology be in helping you operate once lockdown eases?*

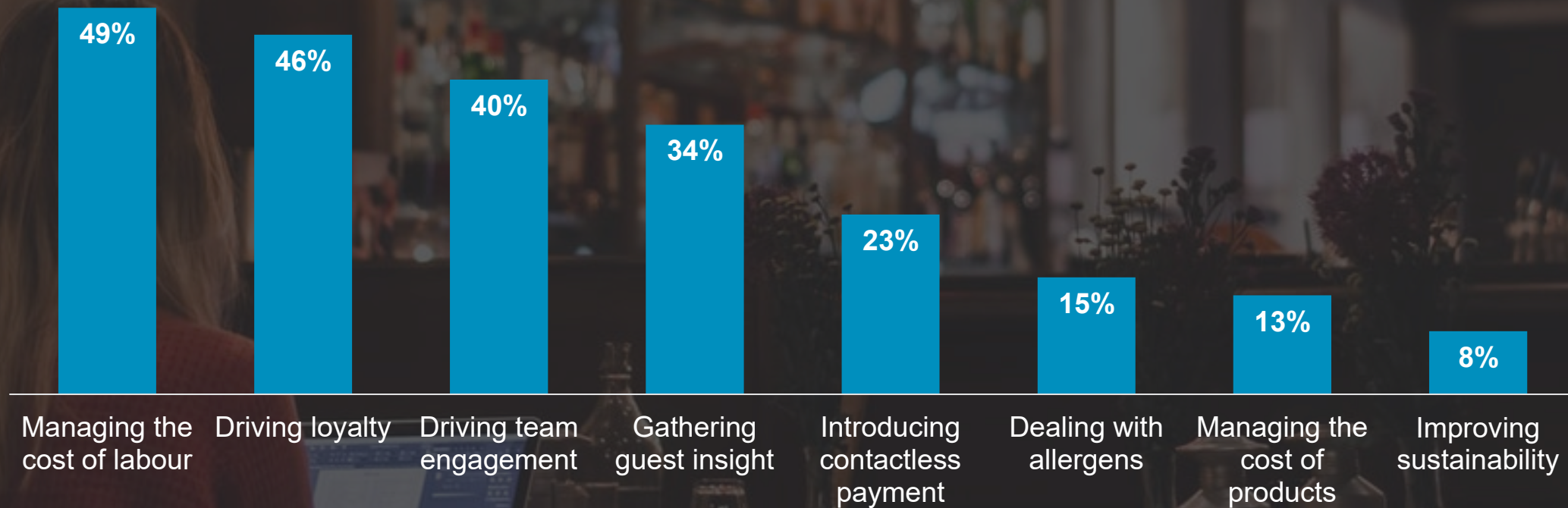






# Leaders feel that tech is best suited to support with operational challenges, with managing the cost of labour, loyalty and team engagement the top priorities

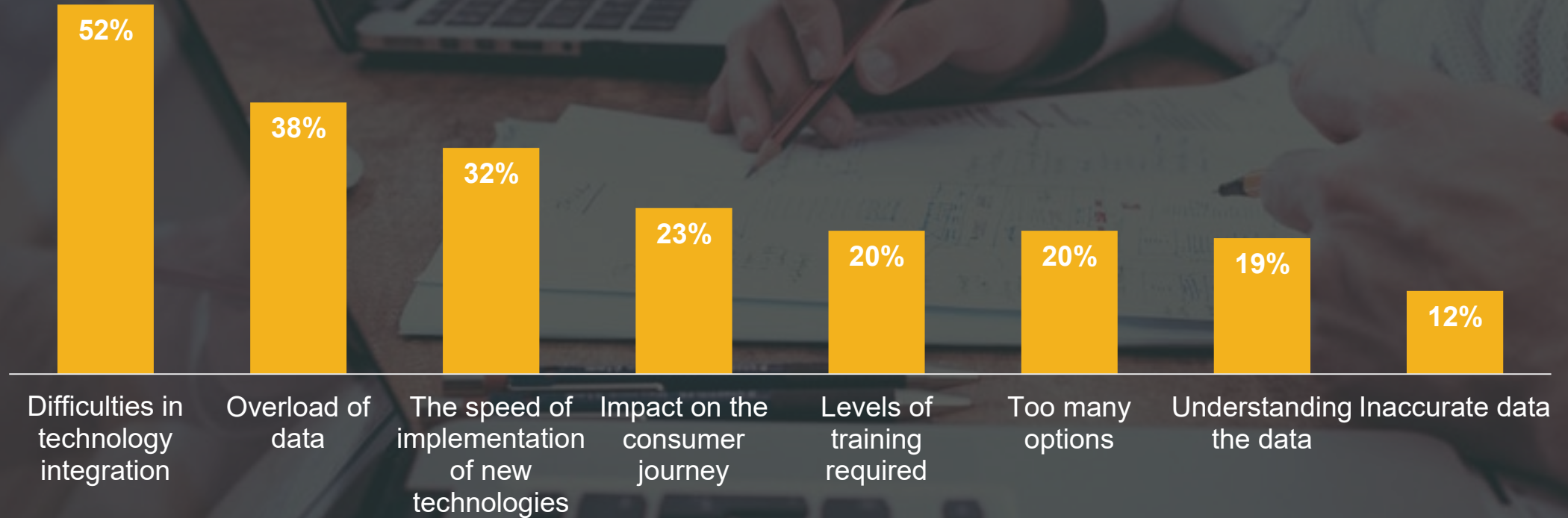
*Which of these topics/challenges are the highest priority that you will be deploying technological solutions to overcome?*





# Difficulties with technology remain prevalent, with over half of Business Leaders cite technology integration as one of their biggest frustrations

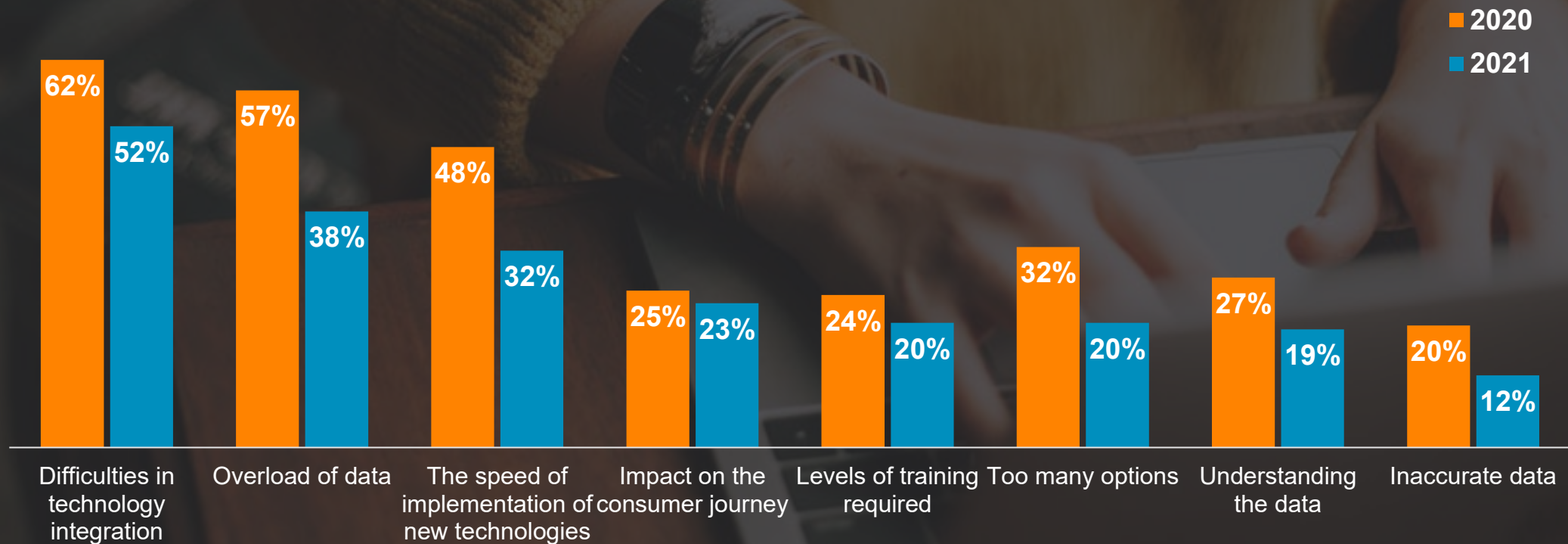
*What are your biggest frustrations with technology and data and its use in your business?*





# Compared to last year, Business Leaders are feeling less frustrated with tech integration into their operations however, perhaps as COVID has sped up developments in this area

*What are your biggest frustrations with technology and data and its use in your business?*





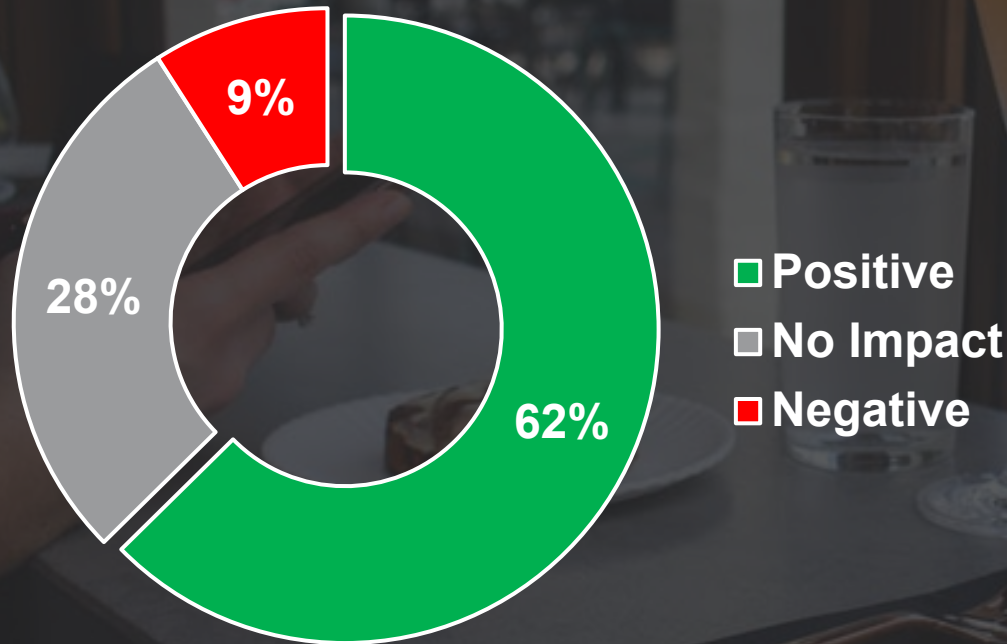
# 61%

**Of consumers planned more thoroughly where they are visiting before going out**



# Pre-booking is viewed as a positive by two thirds of Business Leaders, and a third are including it in their 2021 strategy

*How do you an increased desire to pre-book/pre-order will impact your business over the next twelve months?*



# 33%

**Of Business Leaders will take this into account in their strategy for this year**



**Given the pent-up demand for out of home eating and drinking out experiences, over half the population predict they will revisit reopened venues in the first few weeks**

**51%**

**Of GB stated they would return to a venue within the first few weeks of it reopening**



## In summary...

**Mid-long term optimism is evident, particularly among larger operators, but the sector faces many challenges ahead**

- *Sector confidence has bounced – but with the caveat of support absolutely needed to emerge healthily*
- *Closures are to be expected, but less so than previously, while openings and new entrants will contribute to market churn*
- *There is a perceived pent-up demand from consumers, which can be unlocked by building confidence*
- *Technology has a role to play in the recovery and is gradually overcoming issues*
- *Hospitality has a role to play in boosting economy, employment and society*

**Leaders predict light on the horizon with 12 month view optimistic, but not out of the woods yet.**

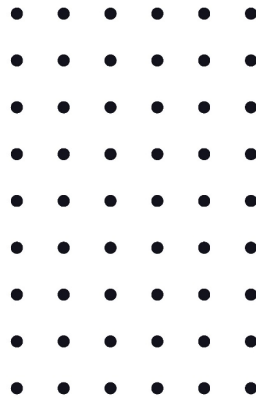
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**Q&A with...**



▲  
△  
▲  
▲

**Max Tucker**  
Director, Analytics - EMEA, Fourth

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## If you have any questions, contact the expert panel:



**Karl Chessell**  
Business Unit Director – Hospitality  
Operators & Food, EMEA



**Charlie Mitchell**  
Research & Insight Director

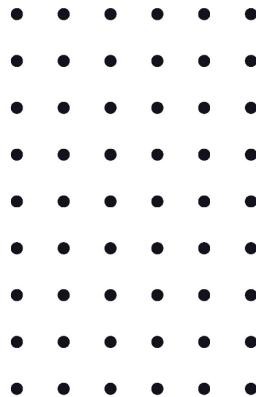


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Director, Analytics, EMEA



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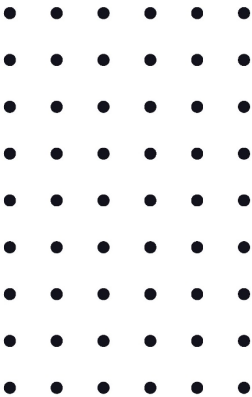


## CGA Business Leaders Survey 2021

CGA's Business Leaders' Survey is the exclusive annual report highlighting opportunities and challenges facing industry leaders.

Today's webinar touched on some key insight for the year ahead.

For further in-depth insight of the Survey findings, please contact the CGA team at [hello@cga.co.uk](mailto:hello@cga.co.uk).





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