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CGA BUSINESS CONFIDENCE SURVEY Q4 2020 IN ASSOCIATION WITH FOURTH METHODOLOGY



The Q4 CGA Business Confidence Survey, in association with Fourth, pulls data and insight from across CGA's research suite, but is predominantly based on leader research undertaken between **11th November – 16th November**.

With...

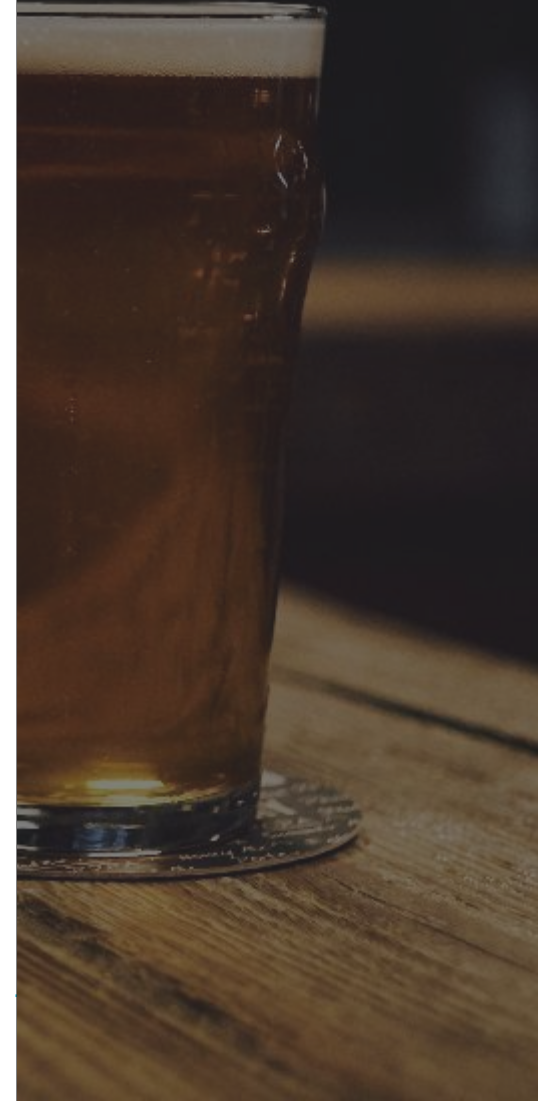
121

Leading industry figures from multi-site operators across the eating and drinking out sector. In places this has been supplemented by further trade body research with members, undertaken by CGA on behalf of UKHospitality, British Beer & Pub Association & British Institute of Innkeeping.

66% CEO / MD

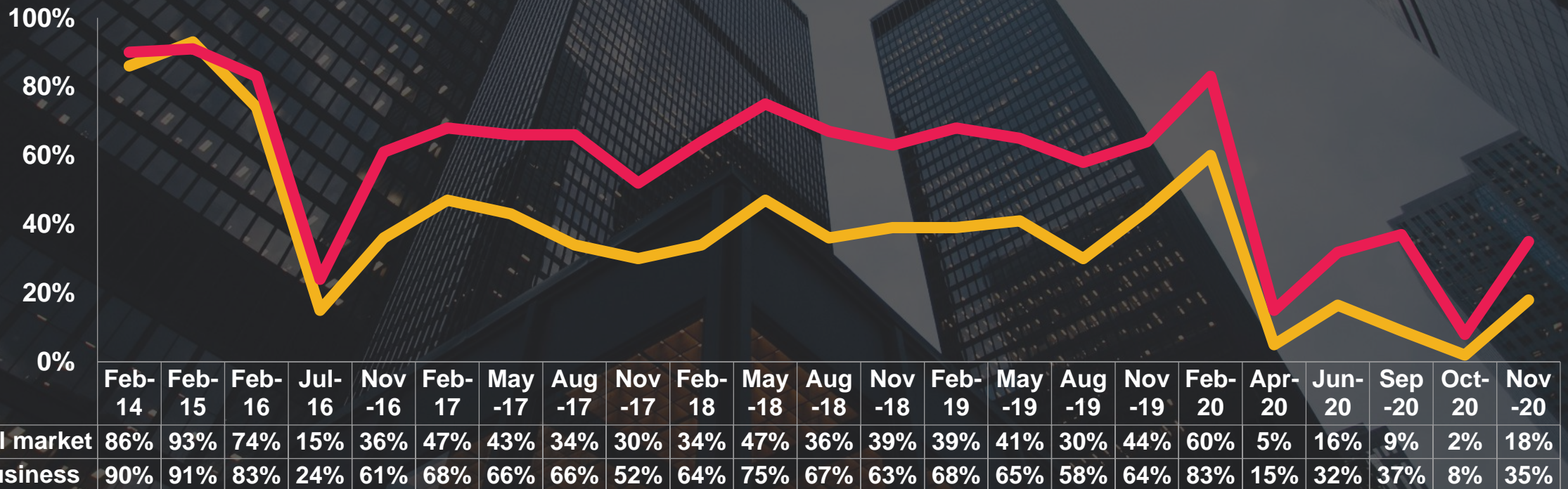
29% Chairman & board level

5% Other senior management



Confidence has been shattered by COVID-19, with 18% of leaders now optimistic about the prospects for the hospitality sector and 35% confident in their own business

Business leader confidence across the market and in own business



Given current levels of support

27%

Of multi-site operators predict that
their business will become unviable
before H2 2021

Many hospitality businesses operating under tough restrictions are on the brink of collapse, with 2 in 5 leaders predicting their business will be unviable in Tier 2

Given the current level of support

42%

of operators in England predict that their business will be unviable in Tier 3 (now Tier 2) restrictions

With a further

46%

stating their business would be operating at a loss in Tier 3 (now Tier 2) restrictions



PLANNING & FORECASTING



67%

of business leaders state that scheduling the necessary labour and inventory to operate under frequently changing Government guidelines is either their 'biggest challenge' or 'a major challenge'

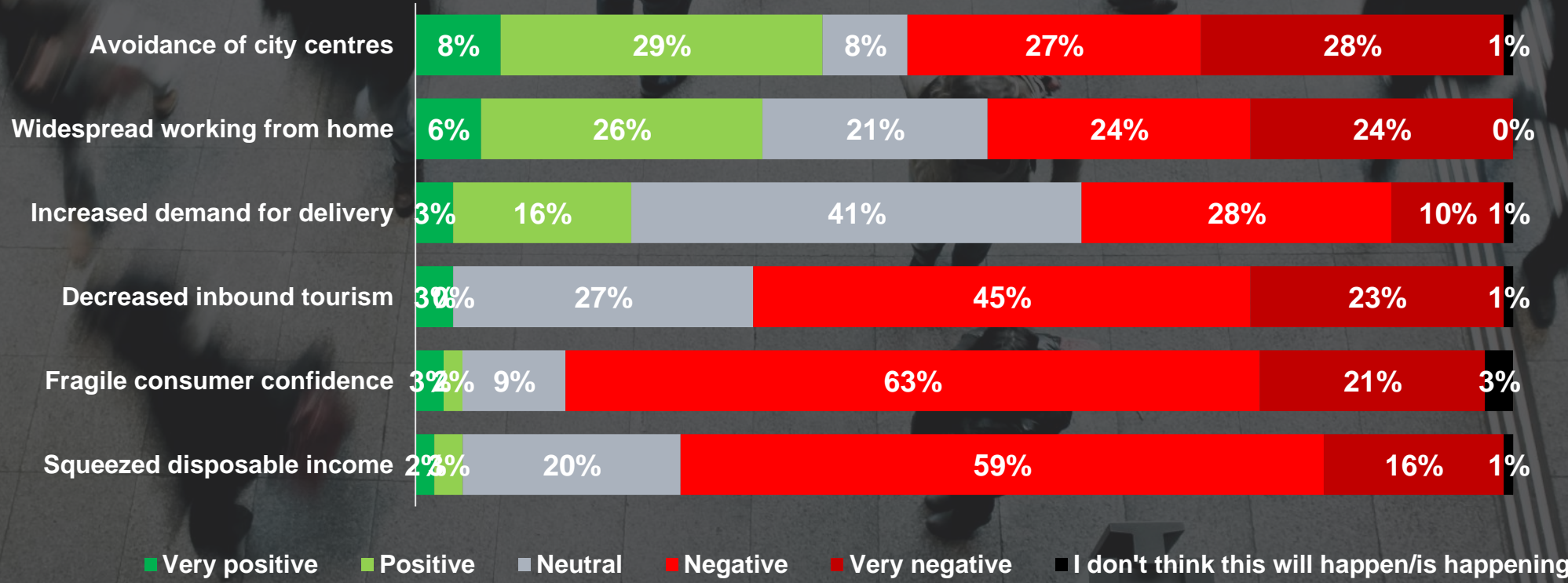


71%

of business leaders agree that fragile
consumer confidence is impacting
their plans and strategy

Whilst limited disposable income and fragile consumer confidence are predicted to have a negative impact on the sector and its success over the next six months

How do you predict the following consumer trends / behaviours will impact your business over the next six months?





24%

Of business leaders cite forecasting customer demand to ensure optimal inventory and staffing levels as their 'biggest challenge'

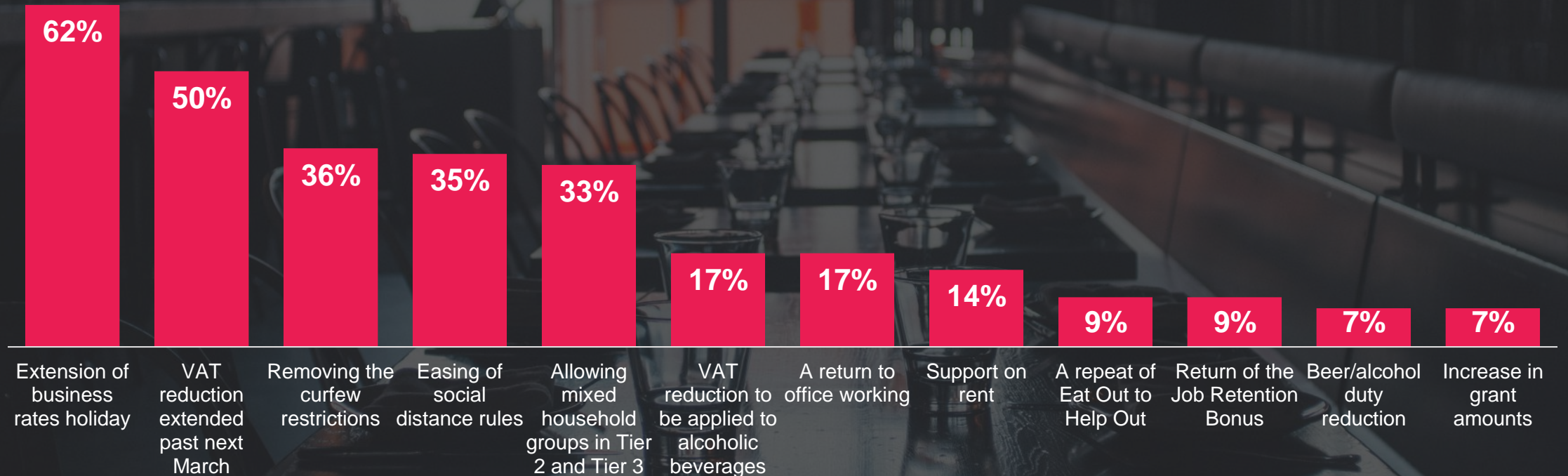
With a further 43% considering this 'a major challenge'



INVESTMENT & MARKET CHURN

Given market pressures, business leaders are looking to Government for support, across reduced tax measures and easing of regulations on the sector

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



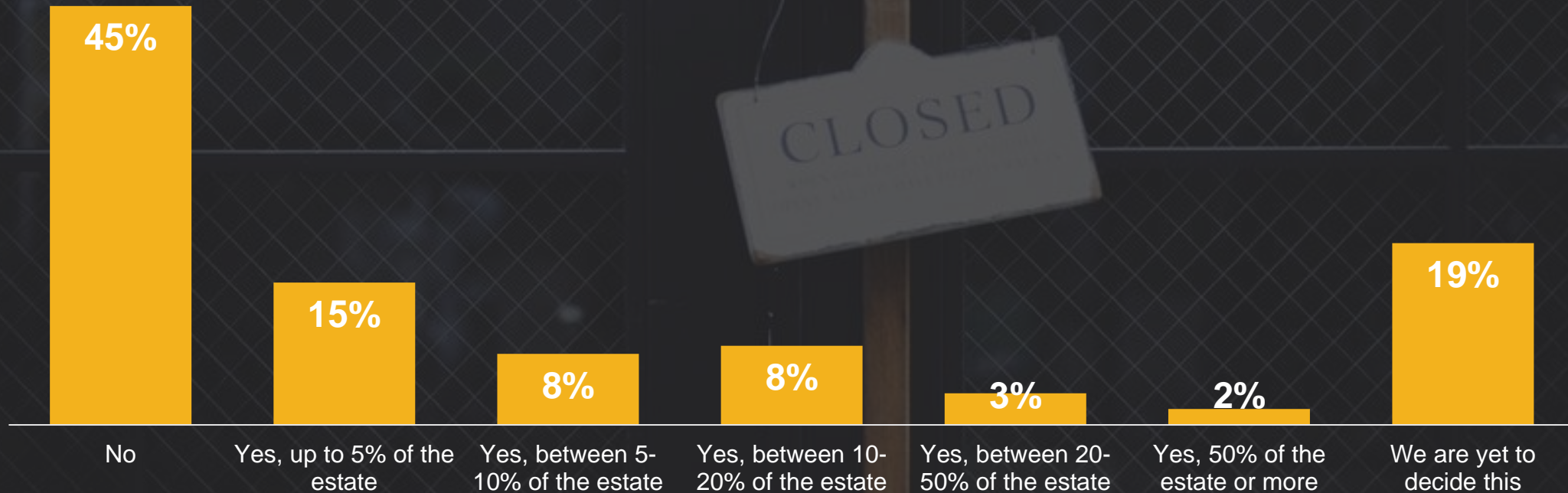
It is investment in the sector which is most likely to take a hit from any measures impacting the market, such as the postponement of the Job Retention Bonus

What is the impact of the postponement of the Job Retention Bonus from February 2021?



Over a third of multi-site operators are planning to permanently close outlets, while 1 in 5 are yet to make a decision

Will there be sites that you will keep permanently closed, rather than re-open?





Despite a general lack of confidence in the future of the sector, more business leaders are planning to open new sites than not

44%

of business leaders plan to open new sites in 2021

+22pp for operators optimistic in their future as a business

vs **38%** not planning any new openings



94%

**of business leaders believe
technology to be fundamental
or important in helping them
successfully negotiate the
current marketplace**

Alongside technology, delivery is a further area of diversification and investment being prioritised by business leaders

58%

of business leaders anticipate an “increased demand for delivery” will impact their business over the next six months



20%

Predict delivery will have a positive impact on their business



38%

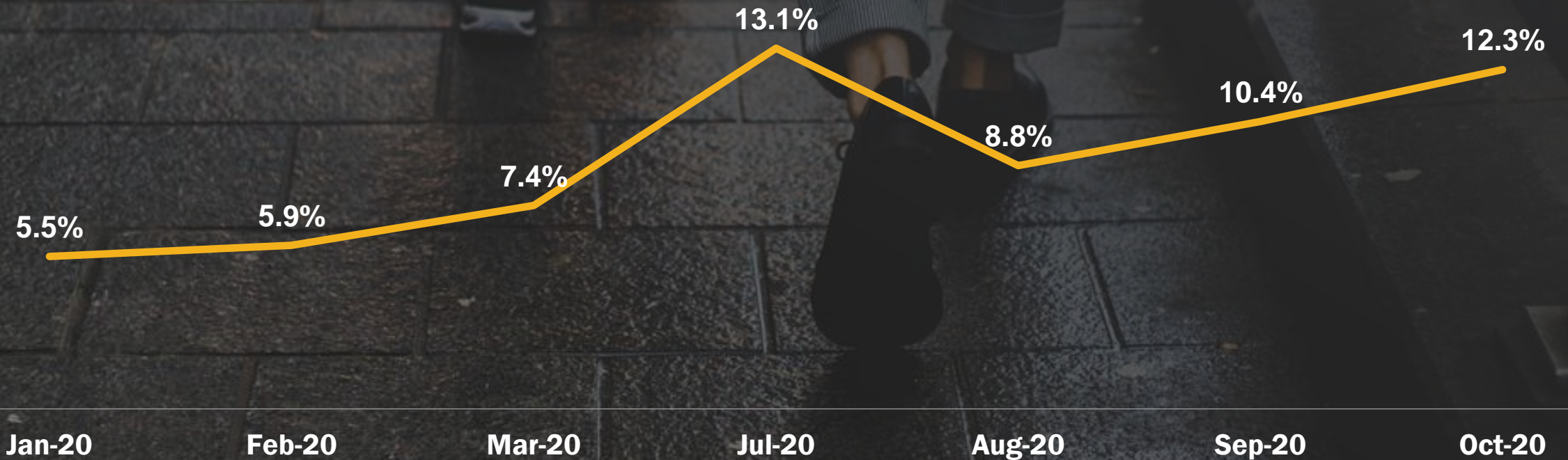
Predict delivery will have a negative impact on their business





Delivery has steadily grown share over the course of 2020 for pubs, bars and restaurants in CGA's Coffer Peach Business Tracker

Monthly delivery share of total turnover



PEOPLE & STAFFING

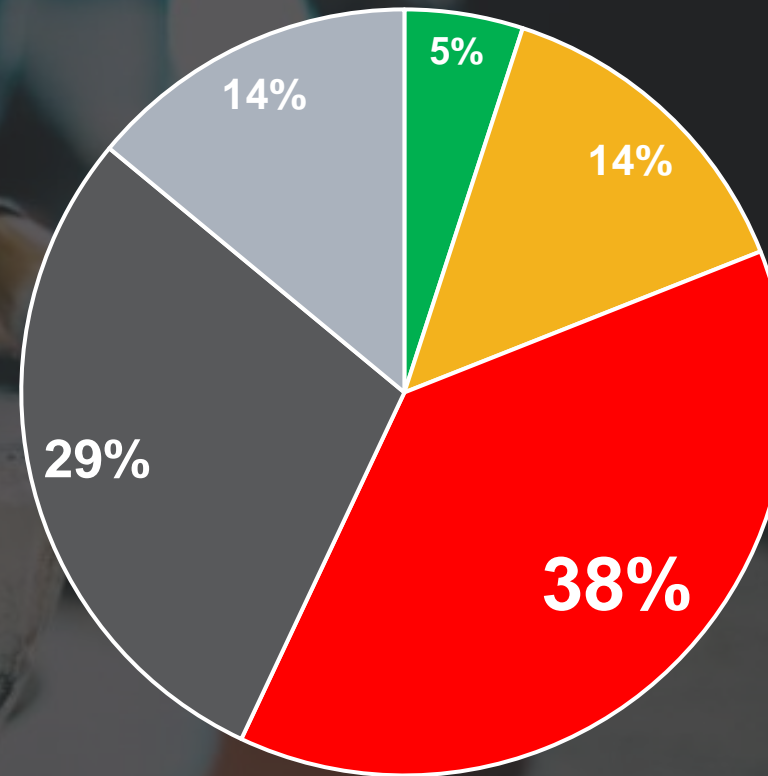
75%

The average proportion of Feb 2020
workforce expected to still be
working in Feb 2021

Despite the predicted closures and job losses, business leaders plan to recruit new staff in 2021, albeit the majority to a lesser extent than previously

Do you anticipate recruiting new staff in 2021?

- Yes, to a greater extent than previously
- Yes, to the same extent as previously
- Yes, to a lesser extent than previously
- No, we do not anticipate recruiting new staff
- Currently uncertain





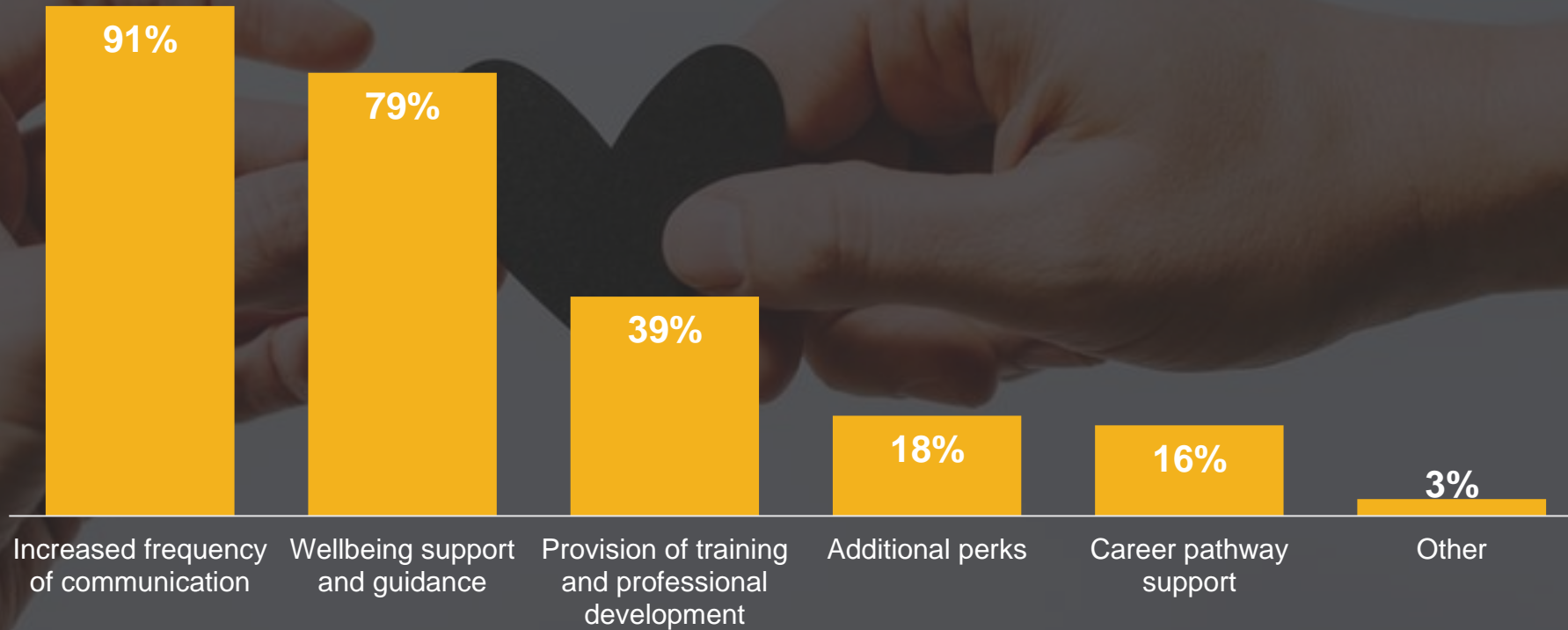
Employee engagement is a focus for

95%

of business leaders

The majority of business leaders have been increasing communication with employees as well as offering wellbeing support and training/professional development

Which of the following have you been prioritising to maintain employee engagement over the past 6 months?

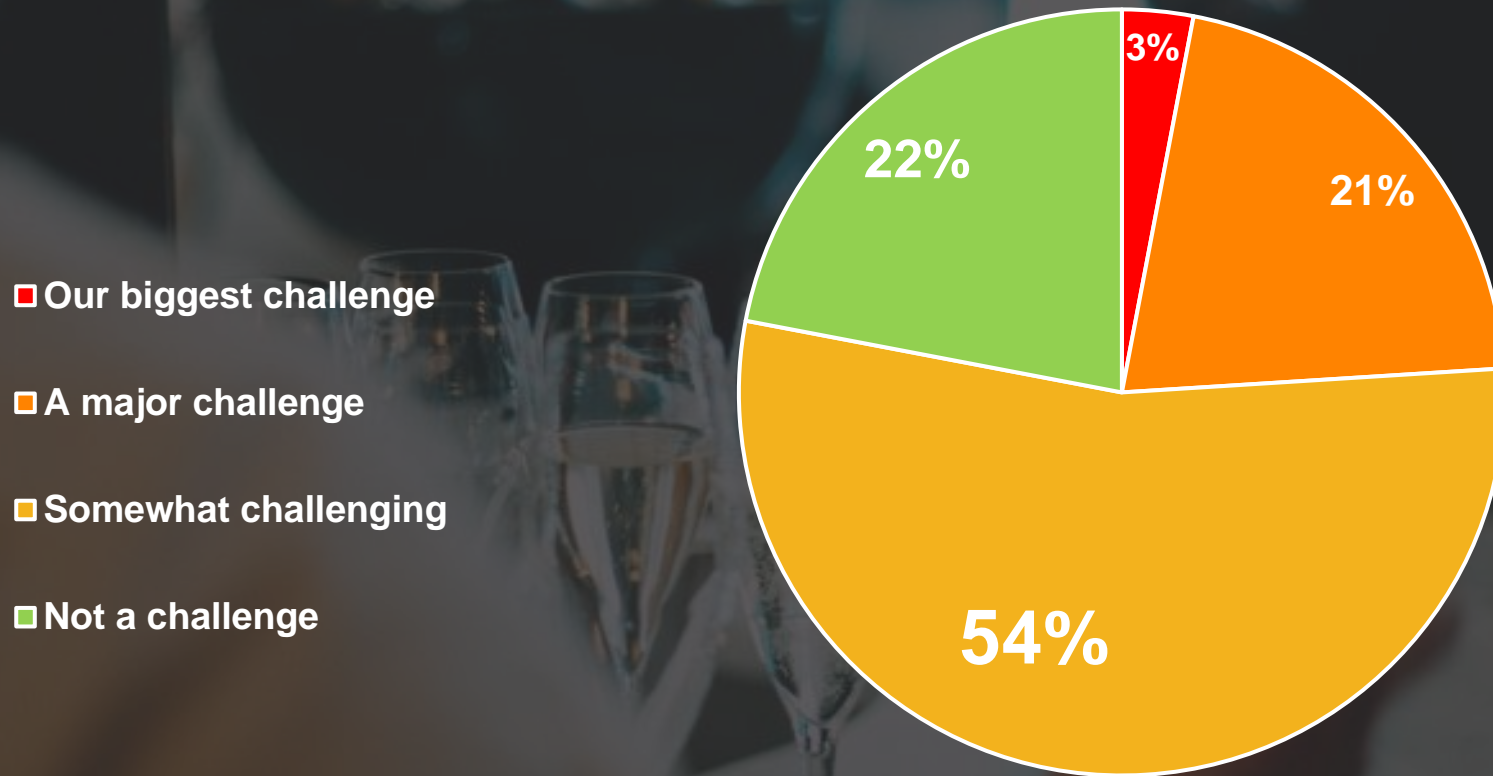


65%

of business leaders have
been in touch with furloughed
staff at least weekly

The need to be flexible in bringing workers in and out of furlough is not proving to be a major challenge for the majority of operators

How challenging is bringing staff in and out of furlough for your business currently?



- Our biggest challenge
- A major challenge
- Somewhat challenging
- Not a challenge

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PHENOMENAL DATA. EXPERT INSIGHT.

BREXIT & SUPPLY CHAIN

51%

Of business leaders are prepared for the end
of the Brexit transition in December

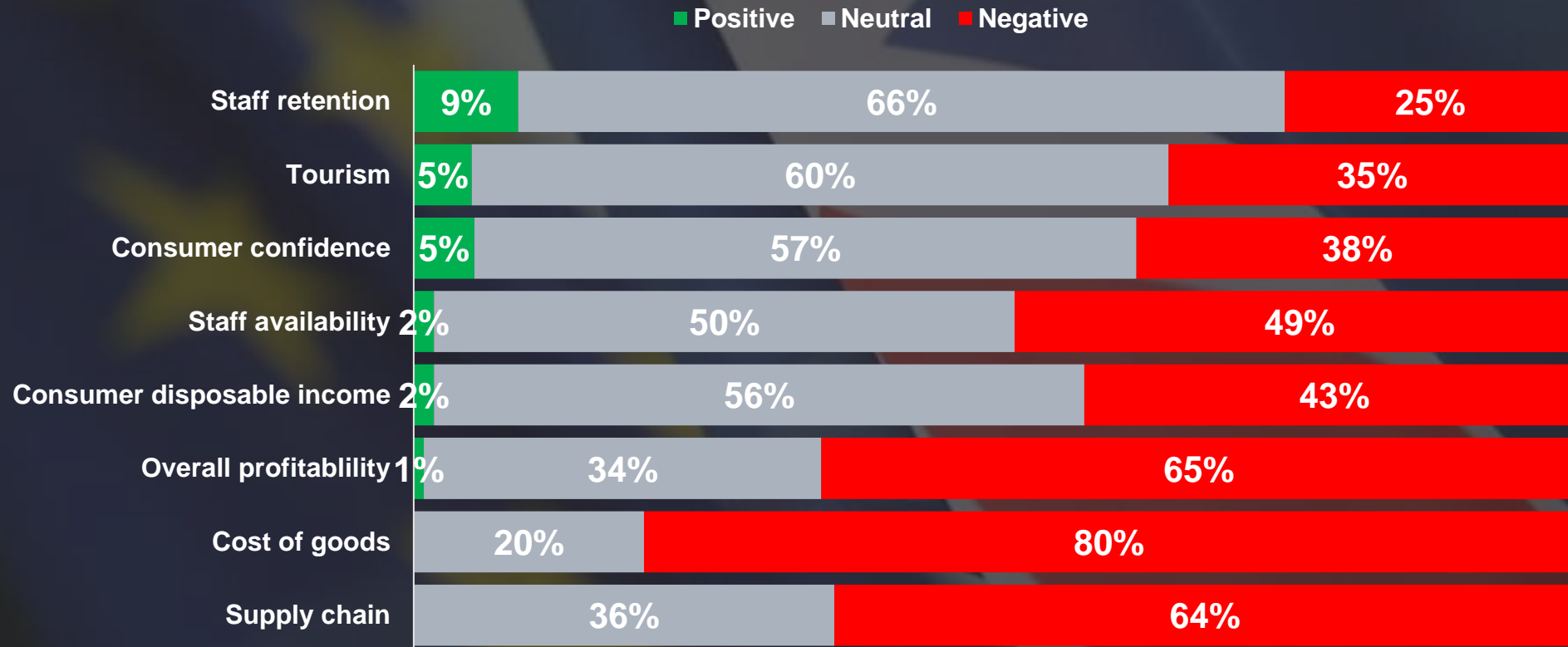
+1pp for pub operators
-3pp for restaurant operators

1 in 10

Business leaders are **insufficiently**
prepared for Brexit

Brexit is predicted to negatively impact the cost of goods, overall profitability and supply chains the most

What impact do you predict that Brexit will have on the following for your business?





92%

of hospitality businesses surveyed
had difficulties reinstating their supply
after the first COVID-19 lockdown

With 1 in 4 stating they had many
more issues than expected

Despite existing supply chain issues since the first lockdown, operators are appreciative of challenges faced and suppliers have, on the whole, met expectations

75%

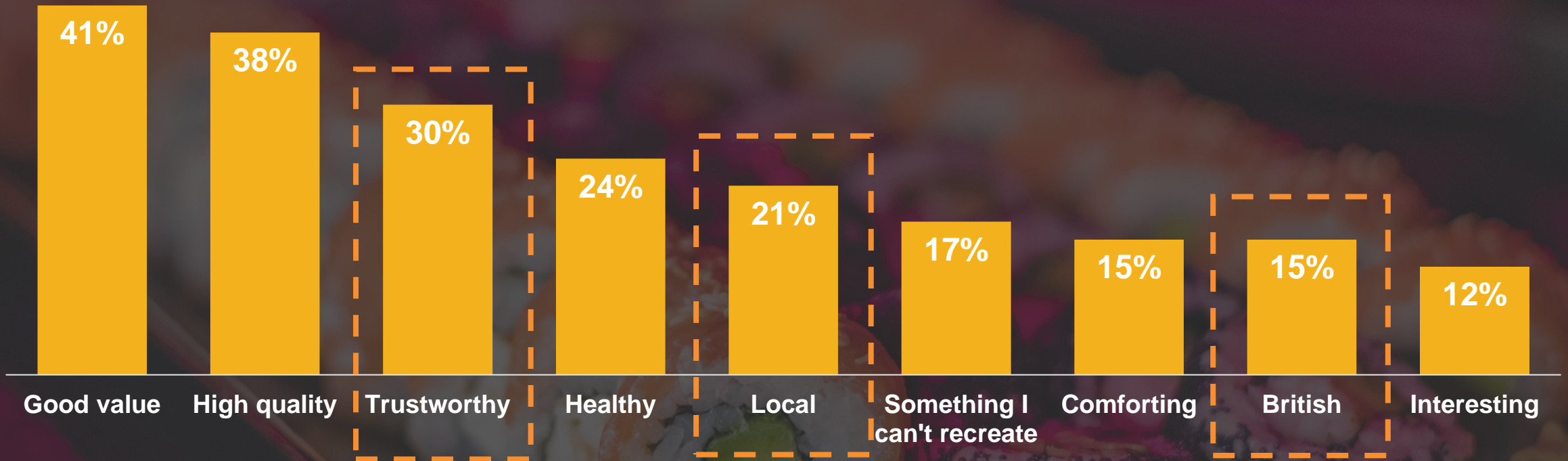
of operators have experienced difficulties with supply chain at a lower level than expected, or as expected since the first lockdown

60%

of operators state that levels of missing products on deliveries have been less than, or as expected

Ahead of Brexit and amidst a growing sense of community, consumers are increasingly demanding food with local and trusted credentials

Compared to before COVID-19, it's more important to me now that the food that I choose when out is...





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The logo for Fourth consists of a stylized icon on the left, made of four overlapping shapes in red, orange, green, and blue, forming a square-like pattern. To the right of the icon is the word 'Fourth' in a bold, dark blue, sans-serif font, followed by a registered trademark symbol (®).