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20/20

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The state we're in...
and what to do about it

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THE BIG WORRY: INFLATION





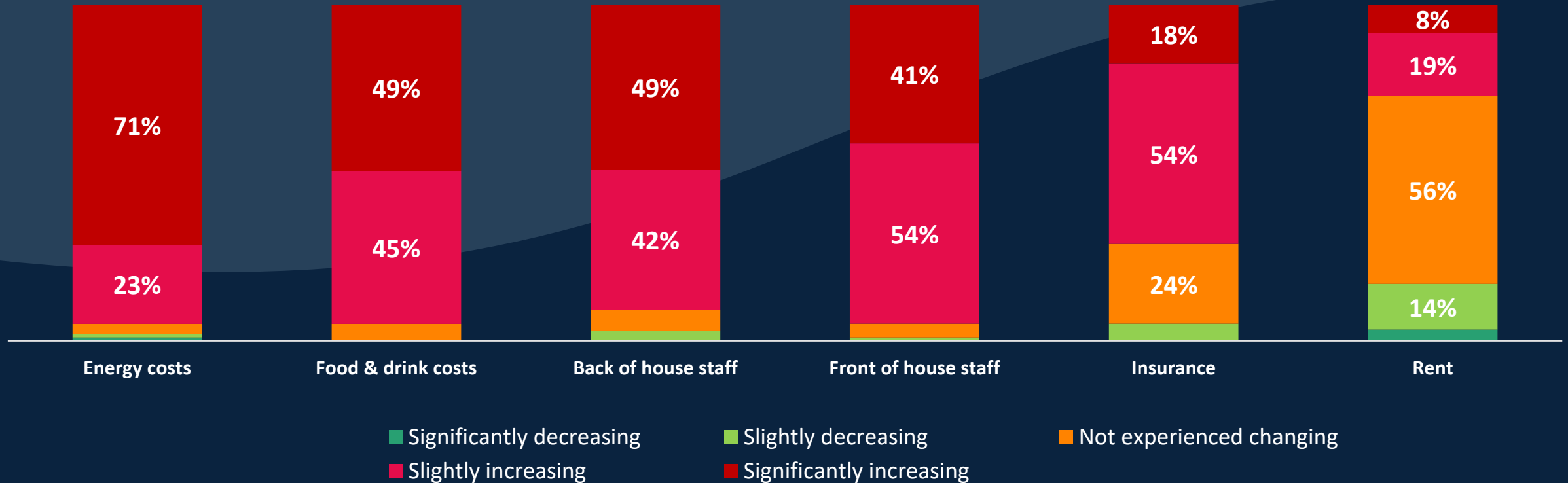
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COUNTING THE COST
•Energy •Food •People •Uncertainty



Supply chain costs are rapidly increasing for businesses, across all key outgoings. Energy costs have risen significantly for 7 in 10 leaders

How have your supply chain costs changed in the last 12 months?



A photograph of several people's hands clinking glasses of beer. The glasses are filled with a golden beer and garnished with lime wedges. The background is slightly blurred, showing a social setting. A large, semi-transparent pink graphic overlay is on the right side of the image, containing text.

83%

**Of Business Leaders
expect to see a drop in
eating/drinking out
frequency in H2 2022**

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Consumers still spending



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Financial headroom





March 2020

115,108

total sites

Net closures of On Premise outlets
during Covid-19

June 2021

105,959

total sites

-9,149 sites

-7.9% of total universe

June 2021

105,959

total sites

Outlet churn following
reopening

June 2022

105,912

total sites

5,298 closures

5,251 openings

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Chains still investing – more
competitive



90%

Of business leaders say they plan to
open new sites in the next 12
months

= for operators with less than 50 sites

+5pp for operators with more than 50 sites

Those planning on opening new sites in
2022 had plans for

5.9

new sites on average



38%

of business leaders are actively looking into the option of a business acquisition in the next 12 months

+20pp vs Q1 2021

47%

of business leaders are
planning to increase their
investment in
technology in 2022



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WHAT TO DO ABOUT COSTS?

• Political • Efficiency • Co-operation • Go green





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“Great business leaders look
around them”

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“Embrace green agenda”

59%

Of consumers agree it is important that the food and drink products they purchase are produced by **sustainable and ethical** businesses

If you found out that your favourite food or drinks brand was not a sustainable business, for example they waste food/water, rely on one-use plastic or contaminate resources, what would your likely reaction be?

I would be extremely concerned and stop buying the brand altogether **9%**

I would be concerned and buy the brand less frequently **29%**

I would be slightly concerned, but I wouldn't stop buying the brand as frequently **42%**

I would not be concerned and continue buying the brand as frequently **20%**



Just **20%** of leaders think they are market leading in terms of 'sustainability and carbon footprint reduction'

34% of leaders think they are behind the market



49%

are planning on
introducing new
measures that will help
reduce their carbon
footprint



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A TIME TO INVEST

• Time • Money • Focus • Work on the business





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WHERE TO INVEST?

• Customers • Teams • Digital • Data



“Eating and drinking out is.....”

“The treat I most look forward to”

69%

11%

“The main way I socialise with people”

62%

17%

“An Affordable treat for me”

50%

24%

“Fundamental activity of mine”

45%

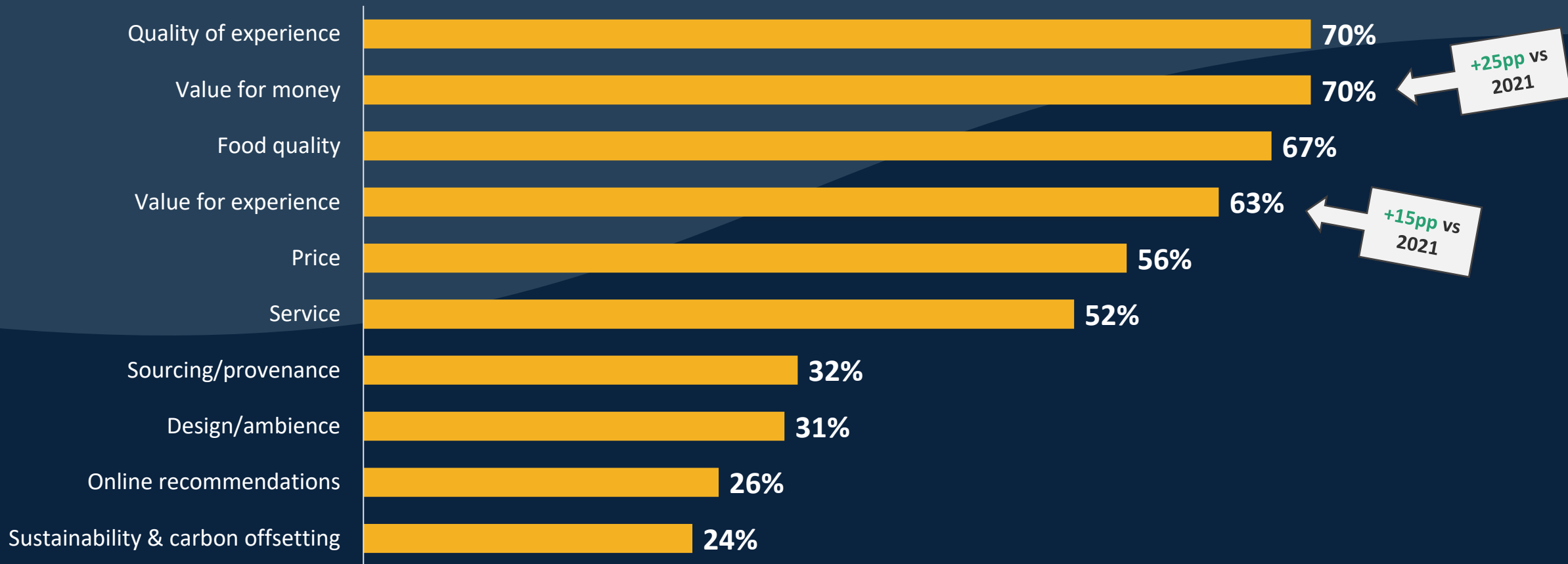
25%

Strongly agree/agree

Strongly disagree/disagree

Value for money has risen rapidly since last year as an expected priority for consumers as the cost-of-living crisis hits, and now matches quality of experience

Which of the following do you see as key drivers for consumers in choosing where to eat and drink out in 2022?



Growth in cocktails has seen value and stocking levels set new highs

Cocktails in the GB On Trade
YOY Chg. vs. Q1 2020

£664m

+8.0%

Value of cocktails
in GB

44.6k

+4.6%

Number of outlets
stocked in



Data v instinct?

**net change, deducting no. of leaders seeing increases v decreasing in this behaviour*

Changes already seen because of the increased cost-of-living...

Changes anticipated in next 12 months because of the increased cost-of-living...

*“Trading Up”
into more expensive
products*



+18%_{pp}

-6%_{pp}

*“Trading Down”
into less expensive
products*



+5%_{pp}

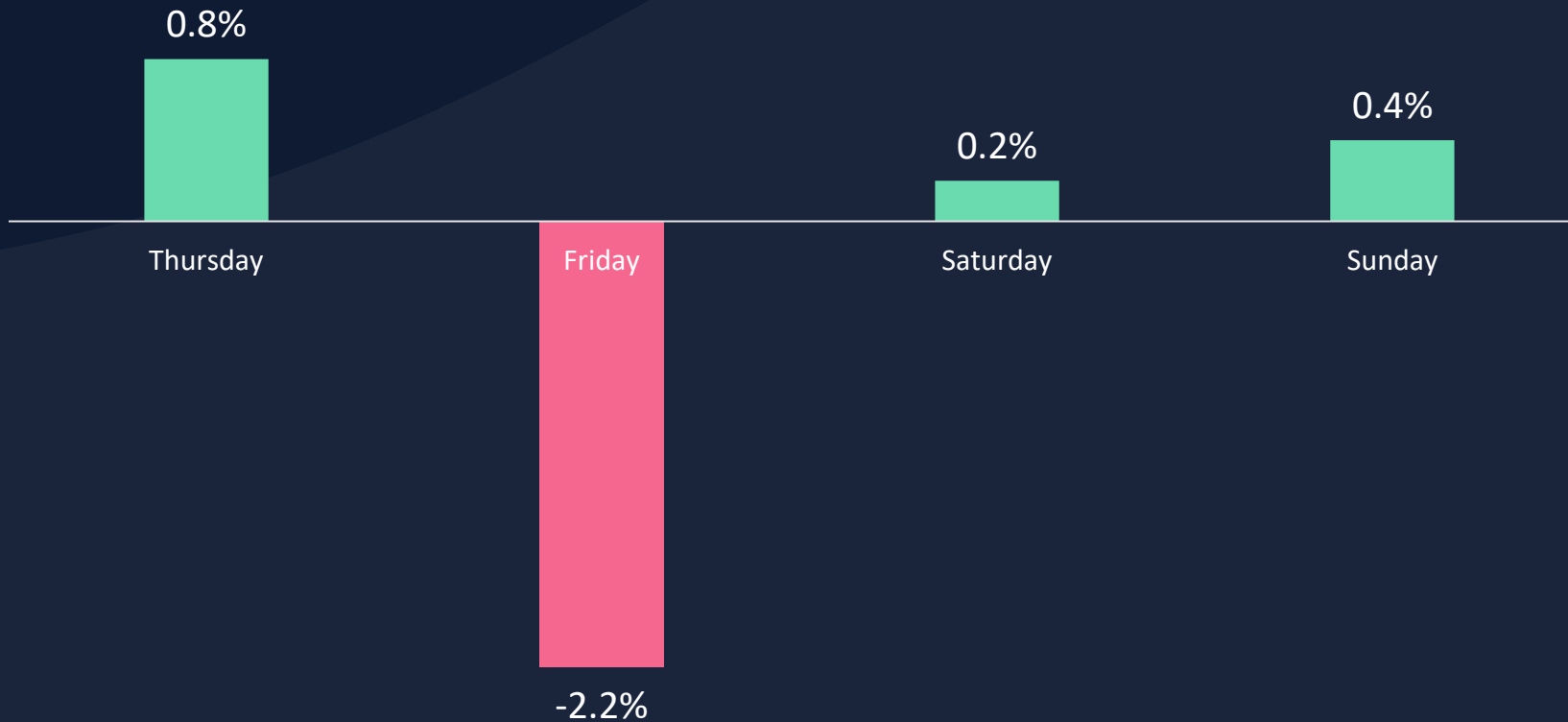
+27%_{pp}



*Next 12
months*

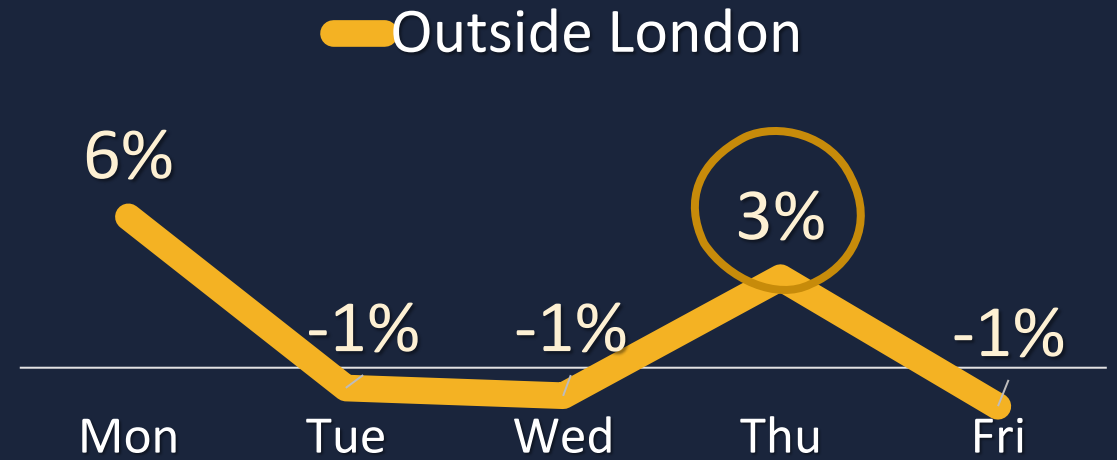
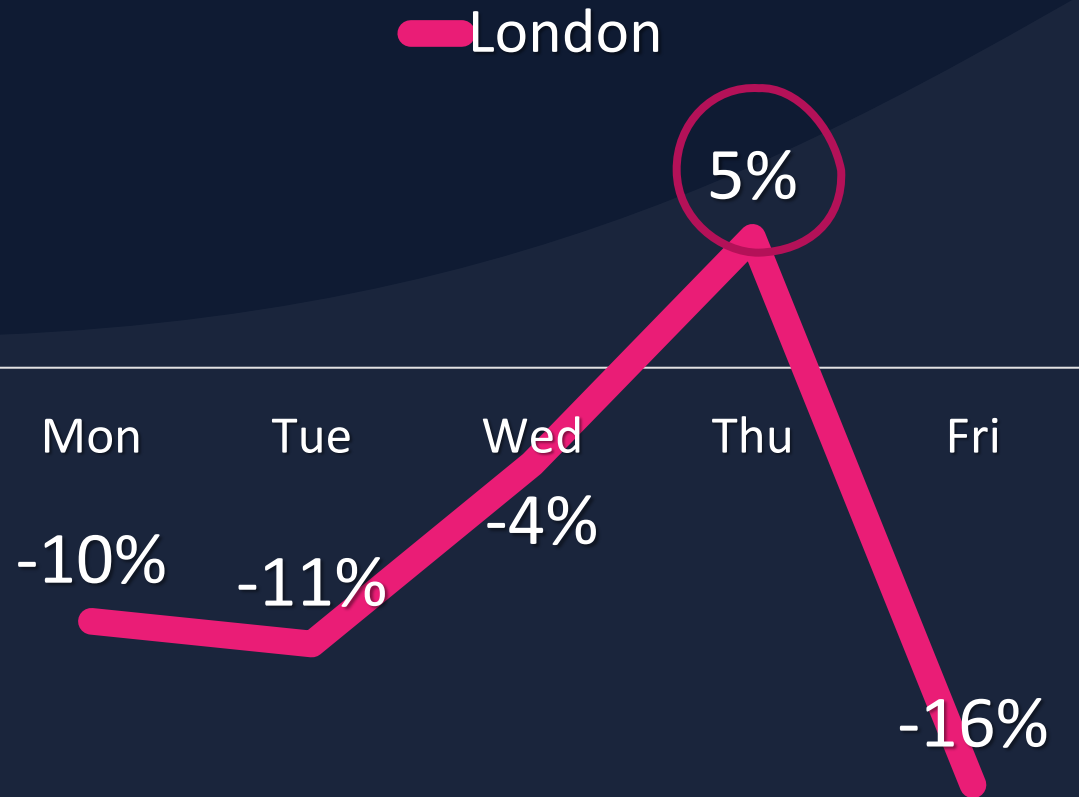
While Friday still sees strong trade, it has been the biggest loser in share of the average week's value from 2019 to 2022, with this taken up by an extended weekend to Thursday and Sunday

Change in share of sales value in an average week, from 2019 to 2022



The midweek hump – Friday is losing share to Thursday

Daily results within the average week. Q1 2022 vs Q1 2019



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“Focus on the
profitable dollars”

“Get data on profitable
customers and
communicate”

57%

Of GB consumers agree that
the advancement of
technology within hospitality
will positively impact their
future visits

3 in 10

consumers check the
venue's drinks menu before
visiting

1 in 4

consumers check the
venue's social media
before visiting

46%

Of consumers find on-site
facial recognition payment
innovations 'very
appealing' or 'appealing'

Vs. 38% who find it unappealing

40%

Of consumers find the idea of contactless payment microchips under skin 'very appealing' or 'appealing'

Vs. 42% who find it unappealing

41%

Find 'invisible payments or
just walk our technology
'very appealing' or
'appealing'

Vs. 39% who find it unappealing

Employees are keen to see technology improve and make their job more seamless

88%

Of employees would like to see technology in the hospitality sector improve

Employees' top ten uses of staff apps

54%	Access payslips
44%	View or book holidays
31%	Digital clocking-in and out
28%	Company news or announcements
22%	Trade shifts with colleagues

Employees' ten most wanted technology options to improve their experiences

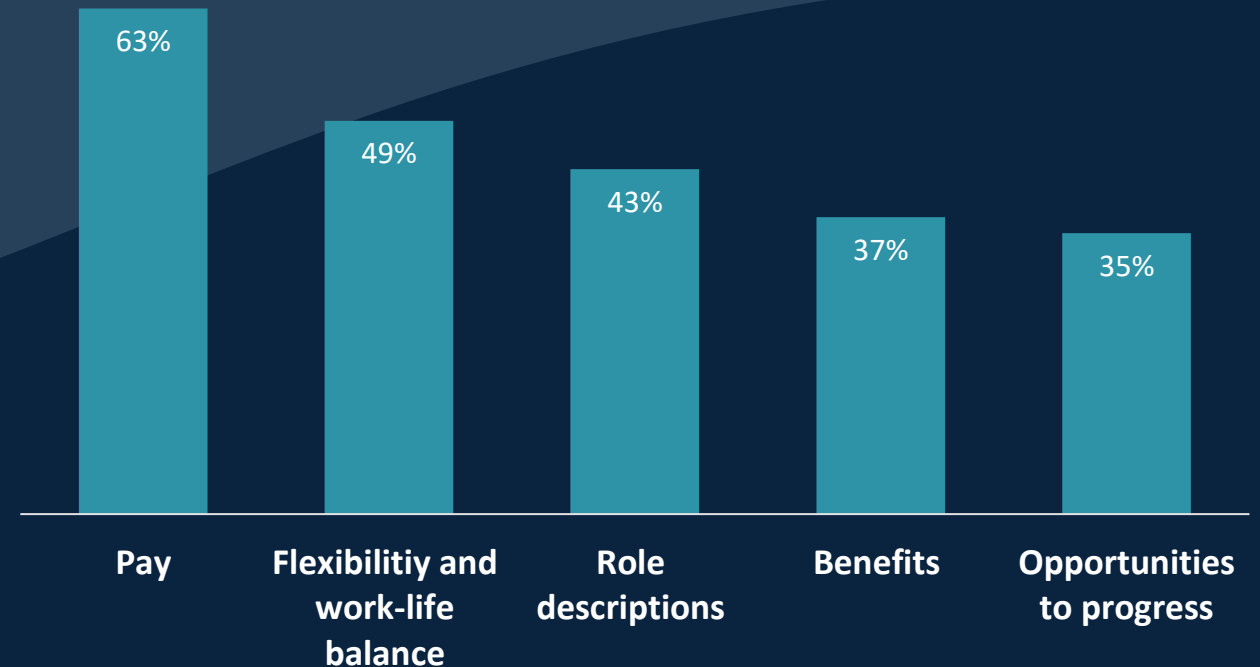
25%	Digital Clocking-in and out
24%	Smart scheduling
24%	Shift management
18%	Unassigned shift distribution
18%	Attendance monitoring

Challenges with meeting employee wage expectations are causing significant labour shortages which is significantly impacting the sector

Employees' top five reasons for current staff shortages

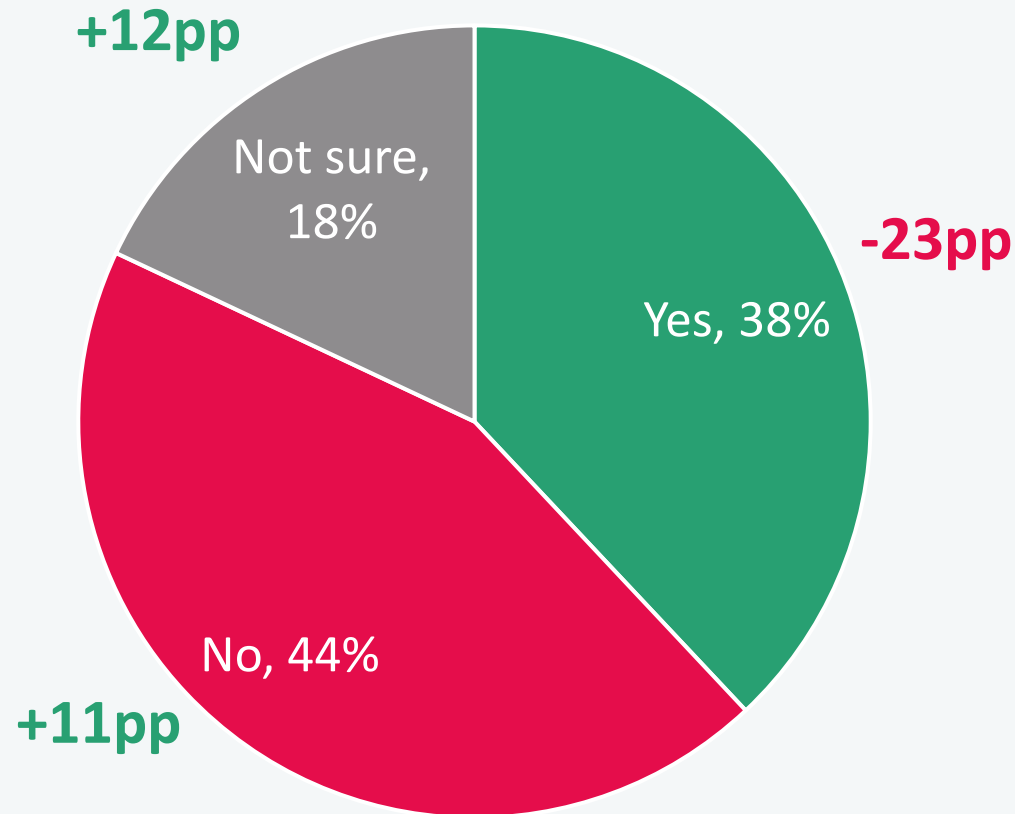
- 1 Lots of unsociable hours
- 2 Staff shortages means increased workload
- 3 Pay does not match the job
- 4 Difficult customers
- 5 The jobs are hard work

What do employees consider before deciding to accept a job?



A high proportion of hospitality workers would like a clearer career pathway

Do you have a clear career pathway within the sector? (indexed vs October 2020)



84%

Of those who said 'no' or 'not sure' would like to have a clearer career pathway within the sector



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WE MIGHT HAVE A PLAN!

