



# Market Report

A Snapshot of your Market Sector

## Pubs and Clubs

### Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

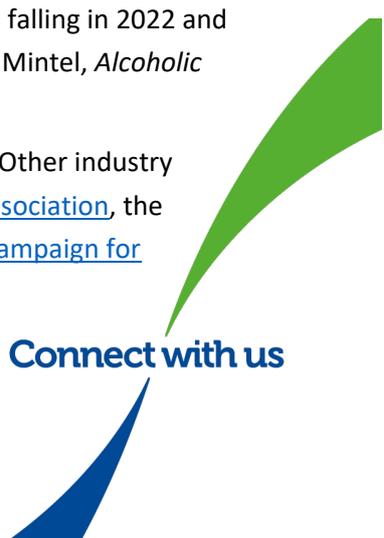
This pack has been designed to provide information on setting up a business in the **Pubs and Clubs** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website ([www.bgateway.com/businessplan](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **September 2023**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

## What do I need to know about the Pubs and Clubs market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The revenue of pubs and bars in the UK is forecast to **fall at a compound annual rate of 5.6% to £18.3 billion over the five years through 2023-24**, including growth of 8.5% in 2023-24; the average profit margin will be 12.5% in the current year. A rising number of Britons, particularly people aged between 25 and 40, are limiting alcohol consumption in a bid to become physically and mentally healthier (IBISWorld, *Pubs & Bars in the UK*, June 2023).
- ◆ The revenue of nightclubs in the UK is forecast to **grow at a compound annual rate of 1.8% to £1.7 billion over the five years through 2028-29**, with the industry's profit margin is set to be 4%. Brits will raise discretionary spending on nightclubs in the medium-to long-term as the cost-of-living crisis gradually eases, fostering sector revenue growth. The ability of British drinkers to spend more on clubbing will raise demand for artisanal cocktails, as well as for craft beers and spirits with more complex flavours, aiding profit margin growth (IBISWorld, *Nightclubs in the UK*, June 2023).
- ◆ Pub visiting levels remain slightly below levels recorded prior to the outbreak of the pandemic. **In 2019, 88% visited the pub to eat, compared to 85% in 2022**. Similarly, 77% visited the pub to drink in 2019, compared to 74% in 2022. Significantly, pub diners have also cut back on the frequency of their pub/bar visits over the past year. Only 16% now visit pubs to eat during the day at least once a week, compared to 19% in 2021 (Mintel, *Pub Visiting*, November 2022).
- ◆ **Estimated at just under £52 billion in 2022, the total alcoholic drinks market grew by 12.4% over 2017-22**. Total volume sales grew by a more modest 2.4% over the period. Alcoholic drinks have an established place in many people's repertoires, with 66% of alcohol drinkers doing so at least once a week. This is unchanged from 2022, which again suggests that the slight uptick in overall usage is linked with increased socialising and special occasions, these being infrequent occurrences. The cost of living crisis has, however, prompted many to limit how often they drink alcohol, with off-trade sales falling in 2022 and on-trade sales although up remaining some way short of their pre-pandemic levels (Mintel, *Alcoholic Drinks Review*, July 2023).
- ◆ The national organisation for this industry is the [Scottish Beer and Pub Association](#). Other industry bodies include the [Scottish Licensed Trade Association](#), the [Night Time Industries Association](#), the [British Beer and Pub Association](#), [Scotland Food and Drink](#), [UK Hospitality](#) and the [Campaign for Real Ale \(CAMRA\)](#).



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## Where can I find more information on my market?

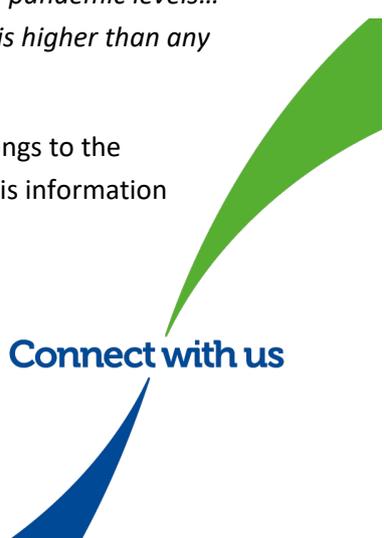
The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email [info@bgateway.com](mailto:info@bgateway.com).

- ◆ **IBISWorld - Pubs & Bars in the UK (June 2023)**. The British Beer and Pub Association (BBPA) report that on-trade sales of beer contracted £5.7 billion in revenue in 2021 compared to 2019 pre-pandemic levels, which is equivalent to 1.4 billion pints. Gin has gained ground rapidly as the range of UK-produced craft gins is trending upwards, generating new interest in gin and gin-based drinks. Sales of ready-to-drink beverages have trended downwards as social attitudes have changed with greater awareness of the sugar content of such drinks. The rising popularity of pricey cocktails and cocktail bars is driving growth in demand for spirit-based drinks.
- ◆ **IBISWorld - Nightclubs in the UK (June 2023)**. The industry generates the majority of its revenue from the on-site sale of alcoholic beverages. Falling alcohol consumption per capita has constrained revenue growth over the past five years. Growing health consciousness and a taste for better-quality alcohol in smaller volumes and a quieter atmosphere has drawn customers away from nightclubs. As a result, greater variety in the pubs and bars industry has weighed on demand for nightclubs. Cocktail bars and bars that have activities within the venue, such as mini golf, darts and table tennis, are becoming more popular among consumers, drawing demand away from nightclubs. At the same time, initiatives like Go Sober for October and Dry January, which encourage drinkers to abstain from alcohol for a month, have become increasingly popular, further limiting demand.
- ◆ **Mintel – Pub Visiting (November 2022)**. Socialising remains the key factor for visiting pubs (67%), along with relaxation (54%). The pub still represents a cornerstone of British leisure time, as well as being a hub for social interactions. The third most popular option remains for celebratory purposes (42%) – highlighting that the pub remains an important venue for celebrating occasions amongst consumers. Pubs should look at offering additional extras, at no or limited cost to themselves, to ensure the occasion feels special for customers. These could include a starter/dessert with a candle, a decorated or private area or a table situated with a better view to ensure the occasion feels more special for consumers.

There are also a number of online resources you may find helpful:

- ◆ **DRAM** (<https://shorturl.at/bfuBC>). This website has news updates on Scottish hospitality in addition to interviews with those working industry.
- ◆ **Fraser of Allander Institute - Intense pressures remain as Scottish hospitality returns to the global stage** - published July 2022 ([tinyurl.com/2s4knejv](https://tinyurl.com/2s4knejv)) - *At 174,000, the number of UK wide vacancies within the accommodation and food services sector during March to May 2022 was double pre-pandemic levels... Whilst all sectors have seen an increase in vacancies, the vacancy rate in this sector is higher than any other, at 13.4% of total vacancies.*

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## How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**



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## What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**.

## Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

## How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

### Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

### Funding

[Practical information](#) on finance and funding for starting and growing your business

### Insurance

[Business insurance guide](#)

### Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

### Pricing

Business Companion [Pricing & payment guide](#).

**Please note:** the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

### Promotion

[BG guides to Marketing](#)

### Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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**Updated by: Rebecca**

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