



Market Report

A Snapshot of your Market Sector

Pubs and Clubs

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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in February 2018. 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:

- ◆ **Eight in ten adults** make visits to pubs/bars primarily to drink. The proportion doing so is still slightly higher among men and significantly lower among older age groups – **71% of 55-64- year-olds and 62% of over-65s** make drink-led visits to pubs/bars. DE socio-economic groups and those on the lowest household incomes are also less likely to go to pubs/bars to drink, reflecting price as a barrier to drinking at pubs. (Mintel, *Pub Visiting – UK*, May 2017).
- ◆ Industry revenue is expected to grow slightly over the next five years. Although pubs will continue to exit the industry, the rate of closures is projected to slow. Those pubs that have adapted their offerings to suit the market are expected to perform the best in the coming years. However, declining alcohol consumption is set to constrain sales to an extent. Furthermore, price inflation on imported food and alcohol is likely to weigh on profit margins. Nevertheless, **over the five years through 2022-23, industry revenue is forecast to rise** at a compound annual rate of **0.2% to reach £18.5 billion**. (IBISWorld, *Pubs & Bars in the UK*, June 2017).
- ◆ Industry revenue is estimated to decline at a compound annual rate of **8.1% to £1.8 billion over the five years through 2017-18**. In the current year, **revenue is expected to contract by 6.3%** as people continue to favour alternative venues to nightclubs. Industry profitability has also come under pressure from the rising costs of alcohol, wages, security and royalty payments. (IBISWorld, *Nightclubs in the UK*, August 2017).
- ◆ A report by Oxford Economics on the local impact of the beer and pub sector in Scotland states that “**18,600 or 46 percent of the 40,380 direct jobs** in the sector are full-time compared to **21,790 (or 54 percent)** part-time roles. Again, this is largely as a result of the pub element, which offers more part-time positions. Of the 8 Scottish electoral regions, Central Scotland is estimated to have the highest proportion of **part-time workers at 55.3 percent**. Lothian is estimated to have the lowest proportion of part-time working – although this share remains larger than the full-time share.” (Oxford Economics, *The Local Impact of the Beer and Pub Sector in Scotland*, March 2017) (tinyurl.com/yddukod6).
- ◆ The national organisations for this industry are the [British Beer and Pub Association](#) and the [Scottish Licensed Trade Association](#). Other industry bodies include [The Scottish Beer & Pub](#)



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[Association](#), [Best Bar None Scotland](#), [The Association of Licensed Multiple Retailers](#) and [Campaign for Real Ale \(CAMRA\)](#).

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.

- ◆ **Mintel – Pub Catering - UK (May 2017).** 89% of adults eat at pubs or bars, as compared to 79% who drink. The same research found that people eat at pubs or bars during the day more often than they do in the evenings. 15% of daytime customers go to a pub or bar at least once a week, as compared to 11% of evening customers. Men aged 18-24, those in full-time education and parents of under-5s are more likely to eat at pubs two to three times a month, during the day.
- ◆ **Mintel – Pub Visiting – UK (May 2017).** Over nine in ten people visit pubs/bars. This shows the enduring popularity of pubs despite their falling numbers, competition in drinks from the off- trade where prices are considerably cheaper and the growing choice of eating-out venues. While overall usage remains high, falling pub numbers demonstrate the challenges facing pubs from rising costs and the need to grow sales to survive.
- ◆ **IBISWorld – Nightclubs in the UK (August 2017).** Over the past five years, young people have become increasingly health conscious, which has affected their drinking habits. According to the ONS, the number of teetotal people aged between 16 and 24 increased by nearly 50% between 2005 and 2016 and now accounts for approximately a quarter of people in this age group. Additionally, the proportion of those aged between 16 and 24 who binge drink fell by 40% in the same period. Growth of social media has resulted in more young adults choosing to stay in and spend time online rather than going to clubs. Drinking tastes amongst younger generations have changed, with young adults preferring to drink high-quality alcohol like craft beer and gin. As a result, young people are beginning to favour quieter venues such as bars and pubs because they often stock better quality alcohol.
- ◆ **IBISWorld – Pubs & Bars in the UK (June 2017).** A combination of changing tastes, falling alcohol consumption, competition from supermarkets and cheaper branded restaurants, detrimental regulation, rising rent and high operating costs has forced many operators to close their doors in the past decade. Over the past five years, many pub owners have remodelled their establishments, focusing on food and premium beverages and targeting families and female patrons. A new generation of bars has also emerged to challenge nightclubs for the custom of late-night revellers.

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

- ◆ **Pub & Bar Magazine** (tinyurl.com/yb6272wr). This website provides the latest news on the industry, information on key suppliers, as well as an archive of each magazine issue from 2013.
- ◆ **The Guardian, British pubs under threat from new “eye-watering” business rates, September 2017** (tinyurl.com/yb75mpx9). This article by The Guardian discusses the closure of numerous pubs every week in the UK which is due to a number of reasons, including the new business rates

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revaluation introduced in 2017, resulting in some pubs having to pay thousands more each month.

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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 or by calling **0300 013 4753**

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 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 [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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 Account](#)" 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](#).

Last updated: Feb 2018

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