

## Pub Visiting - UK - April 2012

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"Minimum pricing will only really work as a way of controlling the sale of alcohol in the off-trade if the minimum price per unit is adjusted on a regular basis to try and keep the differential between the two channels the same – or even narrow it to try and encourage more people to drink in a controlled, licensed environment."

– Michael Oliver, Senior Leisure & Media Analyst

### In this report we answer the key questions:

- How might minimum pricing impact on the pubs industry?
- What opportunities are presented by the Jubilee, Euro 2012 and Olympics?
- What can pubs do to mitigate the impact of rising costs?
- How can pubs capitalise on the trend towards localism?

The pub trade has gone through a further period of difficult trading in the past 18 months or so. Although the UK has emerged (for now) from recession, the latter part of 2010 and 2011 were particularly difficult for the pub trade as consumers struggled to deal with a squeeze on their discretionary spending caused by a combination of flat earnings and high inflation. Pubs, as one of the larger sectors of the leisure industry, were a prime target for spending cutbacks among consumers, driven both by prices which were rising due to increased overheads and duty rises, and the lure of cheap alcohol available through supermarkets. Although the pubs industry grew in value in 2011, this was entirely due to VAT, alcohol duty and price increases – in real terms it continued to decline.

The industry has been calling for 'something to be done' about cheap off-trade alcohol and in March 2012 it partially got its wish with the announcement of minimum pricing controls to be implemented in England and Wales (Scotland having already announced its own measures). However, the minimum price controls will not come into force until 2014, so the pub trade has quite a long time to wait and it is debatable whether the move will result in more people visiting pubs, even if it does narrow the price differential between the on- and off-trade channels.

This report examines the market for pub visiting, with the primary focus on drinking in pubs. A separate Mintel report – Pub Catering – UK, May 2012 – looks at the business of food in pubs in more detail. Mintel last looked at this market in its report Pub Visiting, September 2010.

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