Pubs in the uk

This report intends to determine why pubs in the UK are increasingly transforming into gastro pubs. The first part of this study will review recent statistics to give an overview of the pub sector's position in the hospitality industry, to describe the size, scope and decline of this individual sector.

The second part will evaluate how macro factors have affected this industry, both in the last 10 years and currently, using PESTEL analysis. This analysis will then be used to forecast directions for the pub sector. The Palmerston, a pub turned gastro pub, will be referred to, to illustrate these findings and profitable recommendations will be made for the sector and The Palmerston Although the report focuses on pubs, statistics used represent bars and nightclubs as these are commonly perceived to be the same sector. PESTEL factors have, where possible, been analysed in separate sections even though some can be related to one another. Sector Overview Traditionally, pubs existed solely for selling alcoholic drinks as they represented a retail dimension for breweries (Market & Business Development (MBD), 2000). This has changed to pubs focusing on other features to attract customers, such as providing more entertainment and becoming afood-led outlet. According to statistics from people 1st (2008), the pubs, bars and nightclubs sector is one of the biggest within the hospitality industry in terms of labour force size, number of enterprises and establishments and turnover (see appendix 1, 2 and 3).

The majority of the workforce is part time and female (see appendix 4 and 5). Although a large sector, pubs are in decline. Pub closures in the UK have increased to five every day partly due to dropping beer consumption (British Beer & Pub Association (BBPA), 2008). This market has seen a constant drop

over the last 30 years with only one small rise in 1988 (see appendix 6). Independent pubs are constantly adapting to keep negative impact to a minimum. As Blyth (2002) notes, many pubs are finding success when moving away from the traditional concept. Past PESTEL Factors Political: After the successfulsmokingban in Ireland, the UK Government announced plans for a smoking ban in 2004 (http://www.

forestonline. rg/output/Public-Smoking-Bans. aspx). Baker (2008) suggests a significantly higher proportion of adults were more likely to visit a smoke-free pub. However, some pubs did not agree with this so looked to change their image and concept. Economical and Sociological: A prosperous economy increased disposable income and improved standards of living. Huxley (2003: 8) highlights that " increasing number of women working and/or opting not to have children" had increased wealth.

A report (Peach Factory, 2007) showed women dined out more than men and preferred casual dining formats hence a boom in such outlets. Pubs lost customers as lifestyle changes saw people spending more time in outlets serving good value food. Consequently, pubs looked to invest in becoming more food-led. Technological: The introduction and improvement of satellite television allowed pubs to supply entertainment at their premises, attracting more customers (MBD 2000). Some pubs were unable to adopt this as licences proved too costly resulting in loss of customers. Environmental: Climate ChangeLevy, energy tax introduced in 2001, encouraged pubs to introduce energy-efficient measures to reduce energy consumption. Companies that cooperated were rewarded (caterer search, 2002).

Legal: Drug dealing was common in pubs as ample distractions allowed dealers to work (caterer search, 2001). Legislations, such as the Public Entertainment Licence (Drug Misuse) Act 1997, allowed licensees to prohibit drug dealing and thus improved the number of desired customers. Pubs sought to create more inviting premises. The Palmerston The Palmerston recognised changes were important so closed for refurbishment in 2003. Upon opening in 2004, the improved menu and aesthetics (including a segregated section for smokers) was an instant success. Current PESTEL FactorsPolitical: The government is trying to reduce binge drinking and alcohol-linkedviolenceby imposing policies on pubs to display alcohol-unit levels, healthwarnings on drink labels and banning ' happy hour' promotions (Ford, 2008). Failureof cooperation will lead to legislation.

Pubs may suffer with this costly process. Economical: The UK economy is currently attempting to stabilise as it faces recession. The Chancellor announced in the latest pre-budget report that duty on alcohol would be raised (Thomas 2008), creating more problems for pubs already experiencing major losses with the " above-inflationary duty increases" (BBPA 2008). Sociological: Duce (2006) suggests that pubs cannot compete with supermarkets (which are cutting prices) as more customers are buying alcohol to drink at home. Pubs have looked to increase revenue elsewhere and have led to more focusing on being food-led. Technological: As wirelesstechnologycontinues to expand globally, pubs are installing wireless internet connections within the premises to compete with other outlets supplying this popular format (Walton, 2007). Environmental: A report (The Peach Factory, 2007) shows increased awareness of global issues, such as

the impact of food miles on theenvironment, has made pubs focus on locally and organically produced food.

Those providing for this trend are popular due to being perceived as supporting the local community and environment. Legal: The Smoking Ban was legalised on 1st July 2007 and, as Baker (2008) states, " has had a devastating effect on pub trade". Many independent pubs have not been able to compete with the large pub chains that have invested in outdoor smoking areas. This is a major reason why many pubs are closing. The Palmerston: The Palmerston adjusted to the smoking ban and integrated a wireless network in 2004 so negative impact was minimal. It focuses its services to families and promotions are food related. Although alcohol sales may be down, food sales are high.

Future PESTEL Factors Political and Legal: The All-Party Parliamentary Beer Group (caterer search, 2008) advises the government to make changes to improve pubs' viability. Suggestions have ranged from reducing the rate of beer duty to banning supermarkets from selling alcohol at minimal prices (Thomas, 2008). If the government recognises and acts on these concerns, pubs may find business improves. Economical: The hospitality industry is predicted to take 50-70% of the possible ? 1. 4b-? 2b profit from the London Olympic Games 2012, reports Thomas (2006). This may inject the economy with prosperity, if it has not by then, and provide pubs a chance to increase sales and attract visitors who want to experience UK's national drink – beer. Sociological: The hospitality industry employed over 152, 000 migrant workers at the beginning of 2008 according to Home Office figures (2008).

However, Walton (2008: 7) learned " migrant workers are increasingly turning their backs on the UK hospitality industry because of the falling of the pound". Pubs that currently employ migrant workers may implement long-term recruitment processes to attract more UK workers. Technological: Bentley (2008: 34) acknowledges there is " evidence that greener approaches to computing are moving into the mainstream". Pubs may demand this, if made mainstream, to reduce power consumption, which would be valuable if energy costs continue to rise. Environmental: Climate change is increasing flooding in the UK and northern Europe, causing heat waves and droughts in southern Europe and Australia. As this causes major problems with harvests, food prices are more likely to rise, suggests Vaughan (2008). Pubs must find ways to absorb the rising costs.

The Palmerston: The Palmerston sources its food produce locally, helping both the environment and their costs. The low staff turnover indicates it has a successful training process. Conclusion With falling beer consumption and increased tax on alcohol, pubs are closing at rapid rates. Negative media, such as binge drinking and alcohol-related violence, poses to be a real threat to pubs as policies are introduced. After a decade of prosperity, the economy is now in decline which is presenting more problems for pubs. Those that have survived have become food-led pubs as more people have been dining out due to higher disposable income from an increasingly affluent economy. Due to immense competition in the food industry, pubs have concentrated on creating traditional menus prepared to the highest-quality.

To reflect this and cope with changing clientele from the smoking ban, premises have been updated to create more inviting andfamily-friendly surroundings. The combination of all these features, and considerable transformation, creates the present gastro pub. The Palmerston underwent all these changes and declared a successful gastro pub when it re-opened in 2004. Recommendations The pub sector is in decline and may continue because of the current economic situation. Pubs must find different ways of increasing revenue as alcohol sales plummet. This may include introducing attractive menus and hiring professional chefs to maximise its potential. Available technology for customers is essential and pubs should install their own wireless network.

The Palmerston has already adapted to many macro factors that have negatively affected other pubs. However, in order for it to continue succeeding it must keep adjusting as the economy declines. Since food is one of its most popular products it must ensure this remains attractive and consistently prepared to a high standard. As food costs rise the menu should be analysed and any item that is being incorrectly sourced should be replaced by an adequate substitute, but still maintaining the quality. Families are one of the main targets for The Palmerston, so every care should be made on satisfying both parents and children. Re-introducing traditional board games is suggested as they typically inspire family unity. Pubs in neighbouring areas supply these games and have proved to be popular.

The Palmerston could introduce affordable ' themed evenings' to attract the local community to congregate and socialise in a relaxing atmosphere.