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# UK ON-TRADE TRENDS 2018

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April 2018 Report

The logo for Wine Intelligence, featuring the word "wine" in a lowercase, sans-serif font with a dot over the "i", and the word "intelligence" in a smaller, lowercase, sans-serif font below it. The text is white and set against a light blue circular background.

wine  
intelligence



# UK On-Trade Trends 2018

## Report overview



### Report price:

GBP 1000  
USD 1300  
AUD 1800  
EUR 1200

2  
report  
credits

The UK On-trade Trends 2018 report includes:

- Report with the latest information regarding on-trade trends in the UK wine market, supported by:
  - Wine Intelligence Vinitrac®
  - Wine Intelligence market experience
  - Secondary sources
  - Trade and consumer interviews

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# Management summary

## Key trends in the UK On-trade market

### 1. UK RESTAURANT SECTOR EXPERIENCING COMMERCIAL CRISIS

- Restaurants reassessing their business model due to a “Perfect Storm” of deteriorating commercial conditions, driven by increasing costs including wage legislation
- High-profile, mid-market chains such as Prezzo and Jamie’s Italian closing branches in a market where profits of UK’s top 100 restaurant groups have fallen significantly in the past year
- Increasing competition from food delivery services such as Deliveroo with their food-only business model reducing restaurant profits

### 2. UNCERTAINTY OF BREXIT IMPACTING BOTH STAFF AND IMPORTED INPUTS

- Price and currency instability for key imported food ingredients and imported beverages impacting margin and ability to plan input costs
- Staffing numbers and training in flux, as the pool of skilled staff shrinks amidst the uncertainty of work eligibility post-Brexit discouraging recruits from Continental Europe

### 3. DELIVERY SERVICES AND POP-UPS OFFERING LESS RISK AND MORE APPEAL FOR INVESTORS

- Investors becoming less certain of returns in the restaurant space, although more specialist / niche concepts e.g. Vegan seeing some success with low-overhead “kitchen + delivery” services attracting investment capital
- Pop-up restaurants still flourishing and drawing customers away from established restaurants

### 4. MEAL-AT-HOME KITS OFFERING ANOTHER ALTERNATIVE TO EATING OUT

- Increasing awareness of, and subscriptions to, meal-at-home cook kits e.g. Hello Fresh creating additional competition to casual eating out occasions

# Management summary

## Key trends in the UK On-trade market

- 5. WINE RECEIVING LESS ATTENTION AS OTHER DRINKS TAKING SHARE OF MIND FOR BOTH CONSUMERS & TRADE**
  - Profit margins opportunity strong for cocktails and spirits in particular, against a backdrop of price increases for imported wine
- 6. CONSUMERS STILL LOOKING FOR QUALITY IN ON-TRADE WINE – AND WILLING TO PAY FOR IT**
  - Consumers seeking demonstrably higher quality wine, across all price points where quality in this context is often interpreted as “better than I could get in a supermarket / off-licence”
- 7. SMALLER SERVE SIZES INCREASING IN APPEAL**
  - Restaurants offering a wider range of wines by the glass to encourage experimentation and support sales of higher priced wine with consumers spending relatively more, but for smaller serve sizes
  - The number of consumers seeking out half bottles, carafes and wine-by-the-glass partly driven by a growing variety of drinks chosen amongst groups of diners, rather than all sharing the same 75cl bottle of wine
- 8. GROWING INTEREST IN ALTERNATIVE WINES ALBEIT FROM A SMALL BASE**
  - Increasing demand for organic, vegetarian and vegan food, driving demand amongst drinks

- The data for this survey was collected in the UK in March 2013, March 2016 and January 2018
- Data was gathered via Wine Intelligence's Vinitrac® online survey:
  - 1,031 UK regular wine drinkers (March 2013)
  - 1,049 UK regular wine drinkers (March 2016)
  - 1,000 UK regular wine drinkers (January 2018)
- Respondents were screened to ensure that they drink wine at least once a month; drink red, white or rosé wine; and buy wine in the off-trade or in the on-trade
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The data is representative of UK regular wine drinkers in terms of age, gender, region and income
- The distribution of the sample is:

		UK			
		2013	2016	2018	
		<i>sample size</i>	<i>1031</i>	<i>1049</i>	<i>1000</i>
Gender	Male	50%	45%	48%	
	Female	50%	55%	52%	
	Total	100%	100%	100%	
Age	LDA-24	11%	10%	9%	
	25-34	15%	16%	16%	
	35-44	17%	18%	16%	
	45-54	18%	18%	16%	
	55-64	17%	16%	15%	
	65 and over	22%	23%	27%	
	Total	100%	100%	100%	

Source: Wine Intelligence, Vinitrac® UK, Jan'18, n=1,000, Mar'16 n=1,049 and Mar'13 n=1031 UK regular wine drinkers

## How does Vinitrac® work?

### 1) Defining the right samples:

- Wine Intelligence, with the support of global research companies (e.g. TNS, YouGov), regularly runs calibration studies in each market in order to define demographic specifications of the wine consumers and the size of the market (i.e. penetration of wine consumption)

### 2) Running the online survey:

- Invitations to participate in an online survey programmed by Wine Intelligence are then distributed to residents in each market
- Respondents are directed to a URL address, which provides access to the online survey
- Based on given criteria (e.g. age, beverage, frequency of wine consumption) respondents will either proceed or screen out of the survey
- Wine Intelligence monitors completed responses to build samples representative of the target markets' wine drinking population based on the most recent calibration study

### 3) Cleaning the data:

- When a representative sample is logged, the survey is closed
- Wine Intelligence will then clean out all invalid data points (e.g. those who sped through the survey or gave inconsistent answers to selected questions) and weight the data in order to ensure representability



### Trade interview methodology

- Trade Interviews were conducted with five experienced industry professionals in the UK wine on-trade in January 2018
- Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for different wine styles, retail channels and pricing
- The four interviewees were members of the wine trade working in different roles:
  - 1 x Catering Director - Member's Club
  - 1 x Managing Director and Master of Wine
  - 1 x Commercial Director
  - 1 x Chef / Director
  - 1 x Restaurateur



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Purchase online: <http://www.wineintelligence.com/product-category/report-type/wine-landscape-reports/>

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