Business Confidence Survey

February 2025

Methodology

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The CGA Business Confidence Survey surveys performance, forecasts and opinions, regarding the current and future state of the hospitality industry.

Those surveyed were in senior business roles, between 17th January and 3rd February 2025.

Results presented in this research are primarily based on responses from **Business Leaders**, defined as those from businesses managing five or more sites.

Supplemental data from single-site operators is also used for comparison, referred to as **Independents**.

The number of sites managed by Business Leaders equates to more than:

8,100 sites

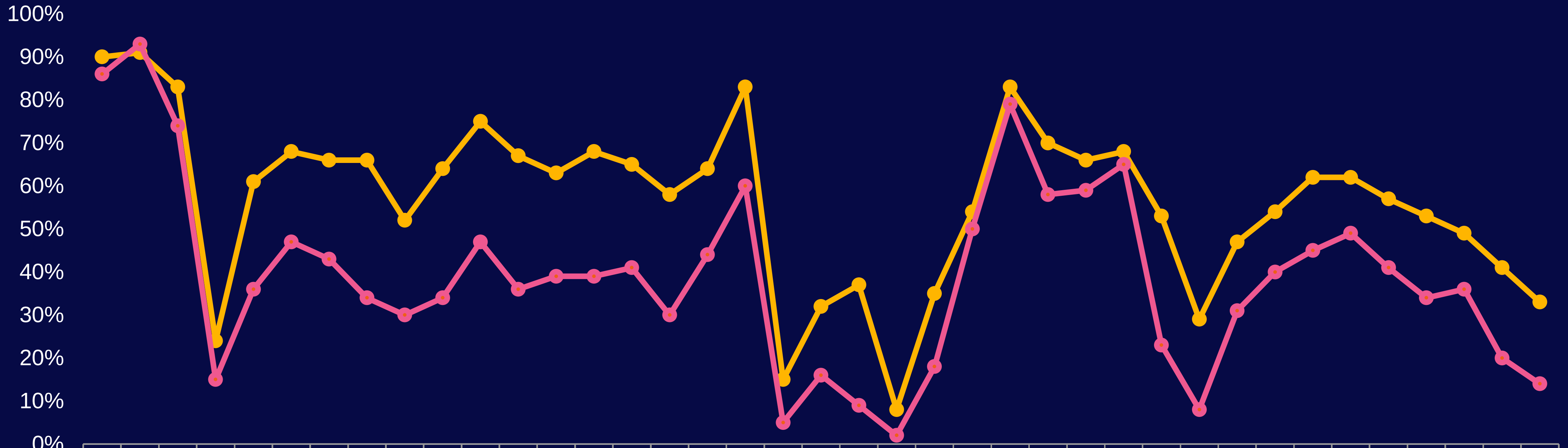
Among the Business Leaders sample:

54% are at CEO / MD level
30% at Director or Board level
16% in other Management positions

Year in review

Despite signs of encouraging festive trading, business confidence continues its downward trajectory in anticipation of increased operating costs scheduled for April

Business leader optimism in the ***general market*** *and in* ***own business*** *(over the next 12 months)*



	Feb 2014	Feb 2015	Feb 2016	Jul 2016	Nov 2016	Feb 2017	May 2017	Aug 2017	Nov 2017	Feb 2018	May 2018	Aug 2018	Nov 2018	Feb 2019	May 2019	Aug 2019	Nov 2019	Feb 2020	Apr 2020	Jun 2020	Sep 2020	Oct 2020	Nov 2020	Feb 2021	May 2021	Sep 2021	Nov 2021	Feb 2022	Jun 2022	Oct 2022	Jan 2023	May 2023	Aug 2023	Oct 2023	Feb 2024	Apr 2024	Aug 2024	Oct 2024	Jan 2025
Own business	90%	91%	83%	24%	61%	68%	66%	66%	52%	64%	75%	67%	63%	68%	65%	58%	64%	83%	15%	32%	37%	8%	35%	54%	83%	70%	66%	68%	53%	29%	47%	54%	62%	62%	57%	53%	49%	41%	33%
General market	86%	93%	74%	15%	36%	47%	43%	34%	30%	34%	47%	36%	39%	39%	41%	30%	44%	60%	5%	16%	9%	2%	18%	50%	79%	58%	59%	65%	23%	8%	31%	40%	45%	49%	41%	34%	36%	20%	14%

Jun-16
Brexit referendum

Apr-20
First COVID lockdown

Oct-20
Lockdown reintroduced

Oct-22
Inflation at a 40-year high

Oct-24
Autumn Budget

Over the course of the year the size of the market has remained stable, with strong gains among bars, while food-led venues have comparatively struggled

As of December 2024, there were

99,120

licensed sites in Great Britain.
Over the past year,

+7

net sites have been gained, seeing the market flat at

+0.0%

Sector	Actual YoY Change	% YoY Change
Bar	258	+ 5.9%
Bar Restaurant	131	+ 4.1%
High Street Pub	218	+ 3.7%
Large Venue	86	+ 2.0%
Hotel	92	+ 1.3%
Casual Dining Restaurant	58	+ 1.1%
Community Pub	-77	- 0.4%
Restaurant	-86	- 0.6%
Nightclub	-23	- 2.7%
Food Pub	-372	- 3.2%

CGA by NIQ & AlixPartners, Hospitality Market Monitor, December 2024

While more Leaders are planning to open sites than close sites in 2025, the scale of planned closures are greater than openings. High market churn is likely to continue, driven by cautious rationalisation and selective investment in new growth areas

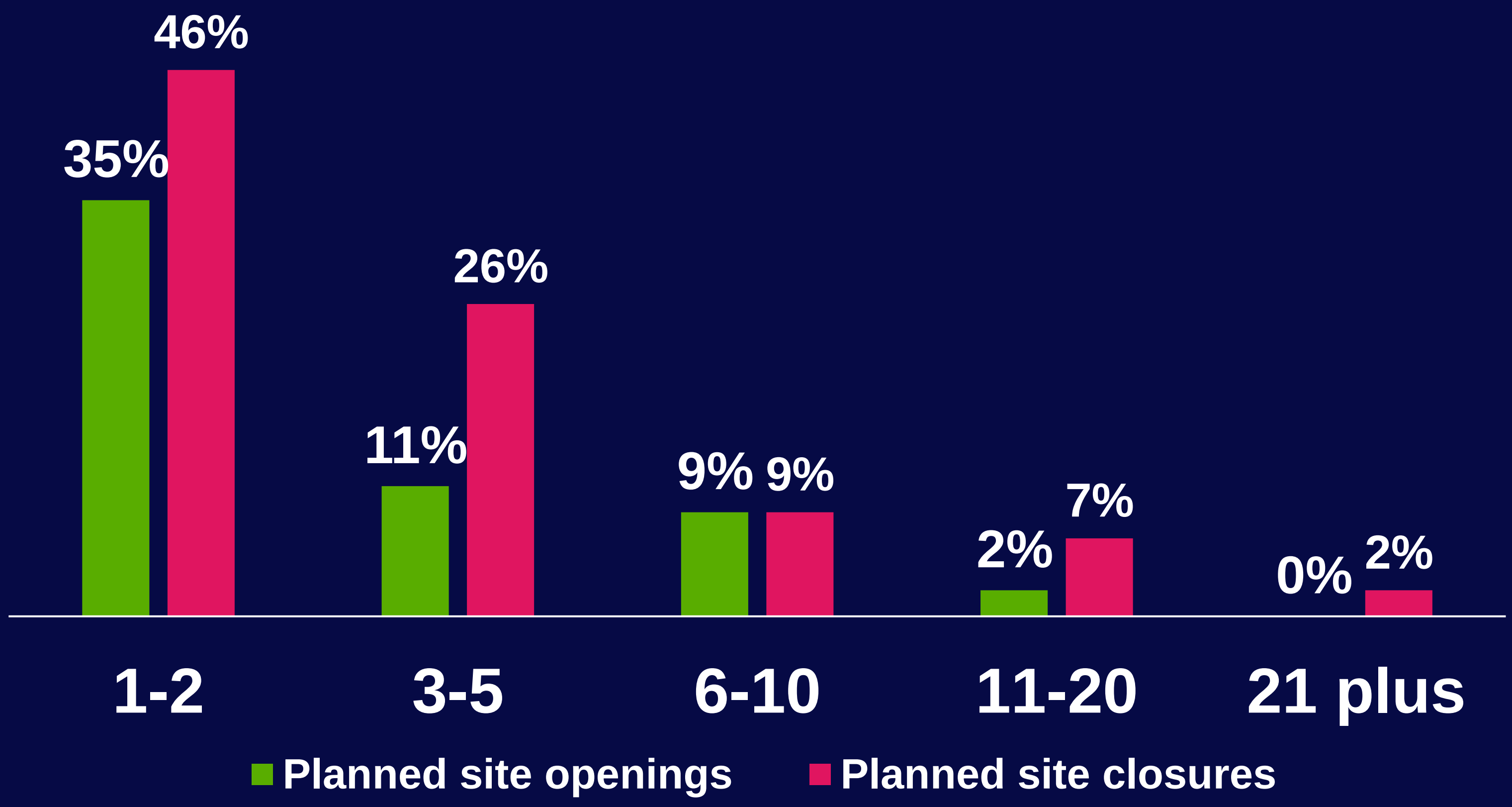
60%

of Leaders are looking to **open sites**

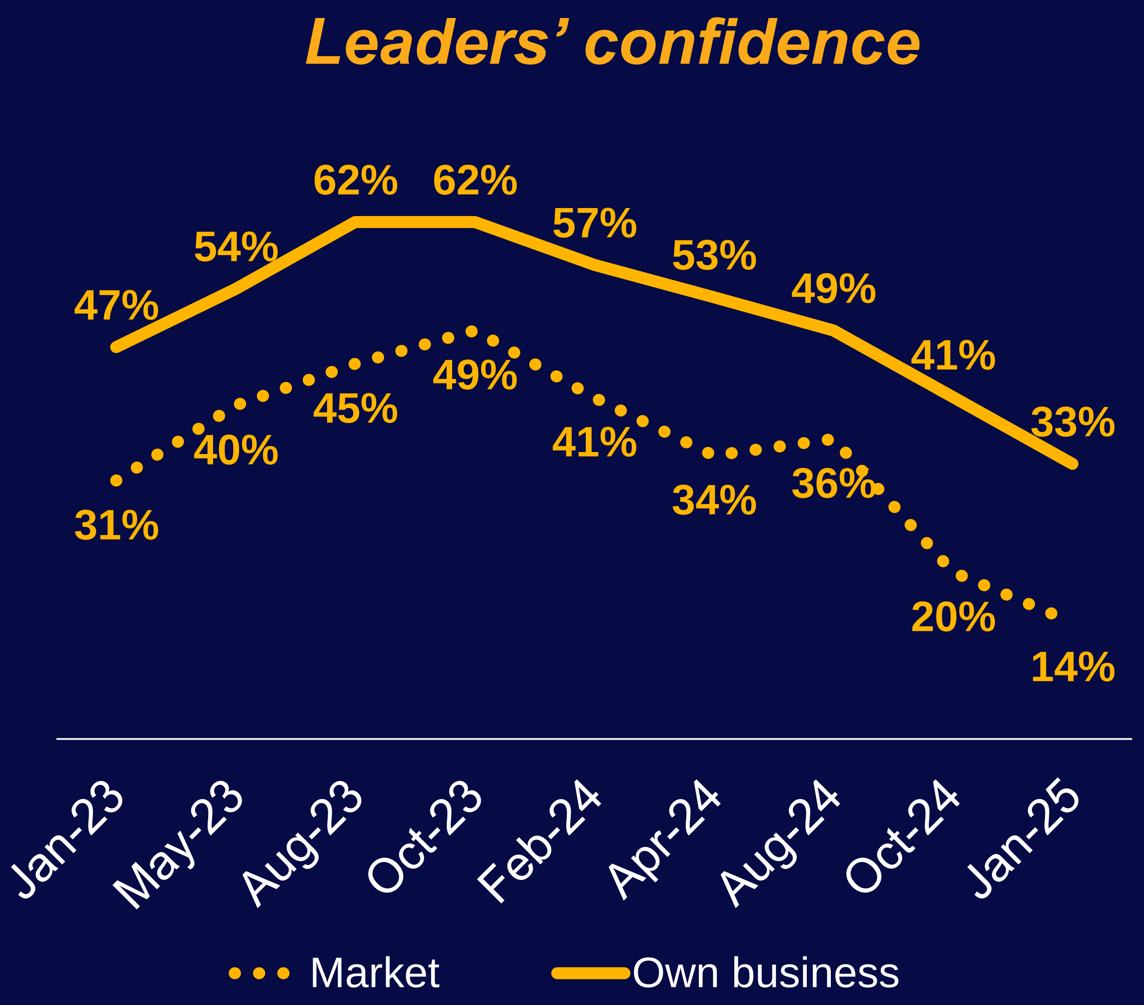
49%

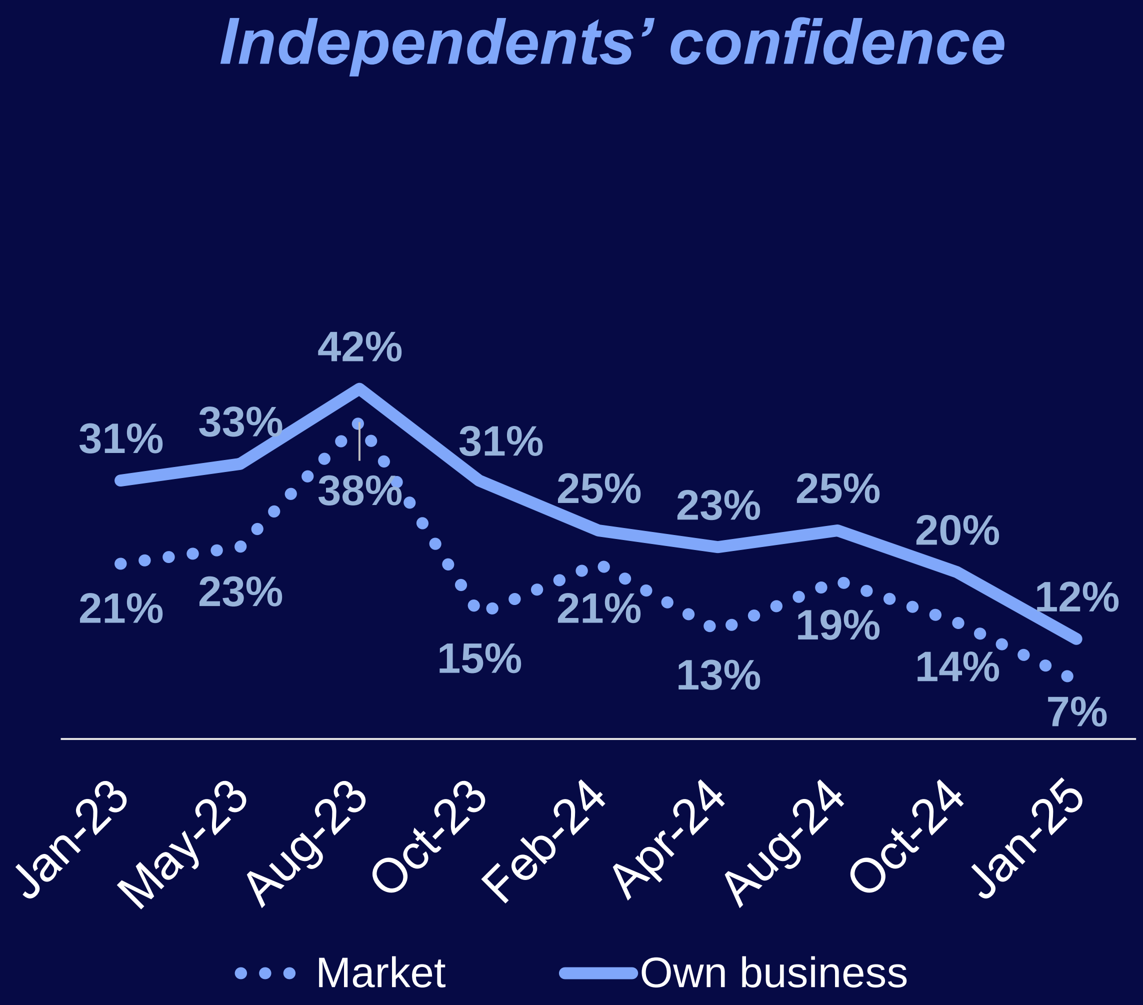
of Leaders are looking to **close sites**

How many new sites are you looking to open/ close in 2025?



With the market still unstable, and independents more exposed to financial shocks than managed groups, their confidence has also reached a new low over the past two years



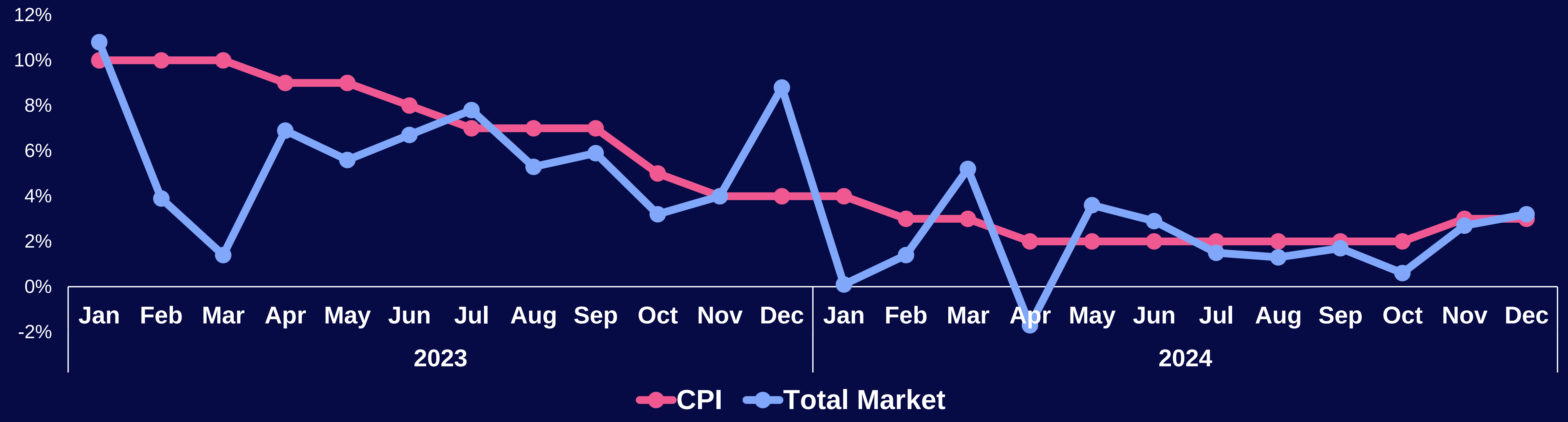


While the managed market saw strong growth across 2023, with increased prices contributing, it failed to meet CPI inflation. Inflation has since cooled, with minor real terms growth in 2024

Year-on-year, like-for-like food and drink sales growth

2023
Annual CPI inflation: **7.3%**
Annual LFL market growth: **6.9%**

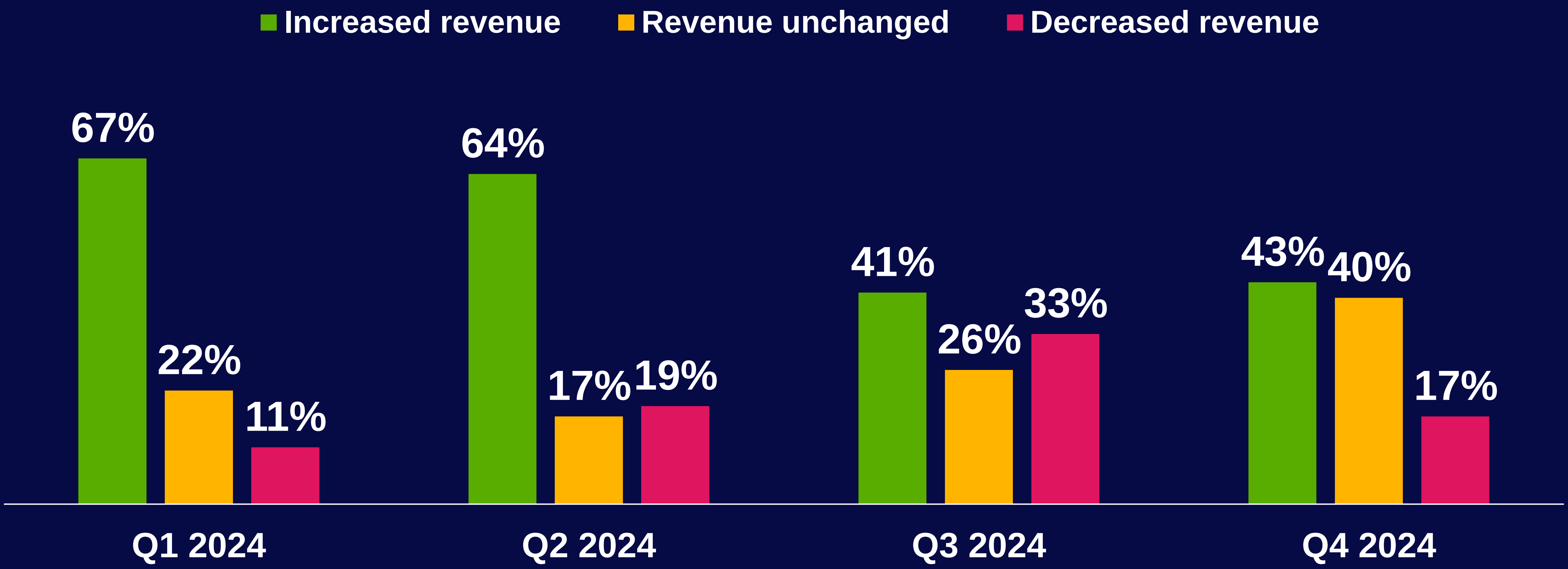
2024
Annual CPI inflation: **2.5%**
Annual LFL market growth: **3.1%**



CGA RSM Hospitality Business Tracker: year-on-year, like-for-like sales growth, total market

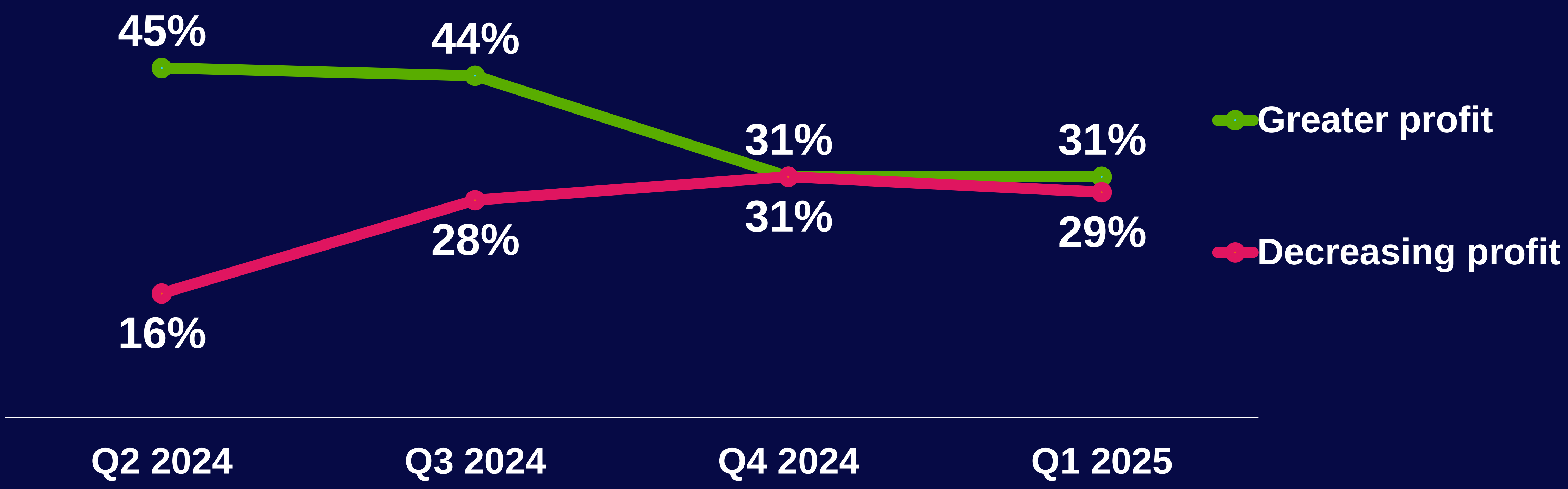
As inflation and price increases slowed, operators have seen their revenue growth tempered. However, the boost of festive trading saw over 8-in-10 growing or maintain Q4 revenues

*How would you describe your business's **REVENUE** performance over the quarter, compared to the same time last year?*



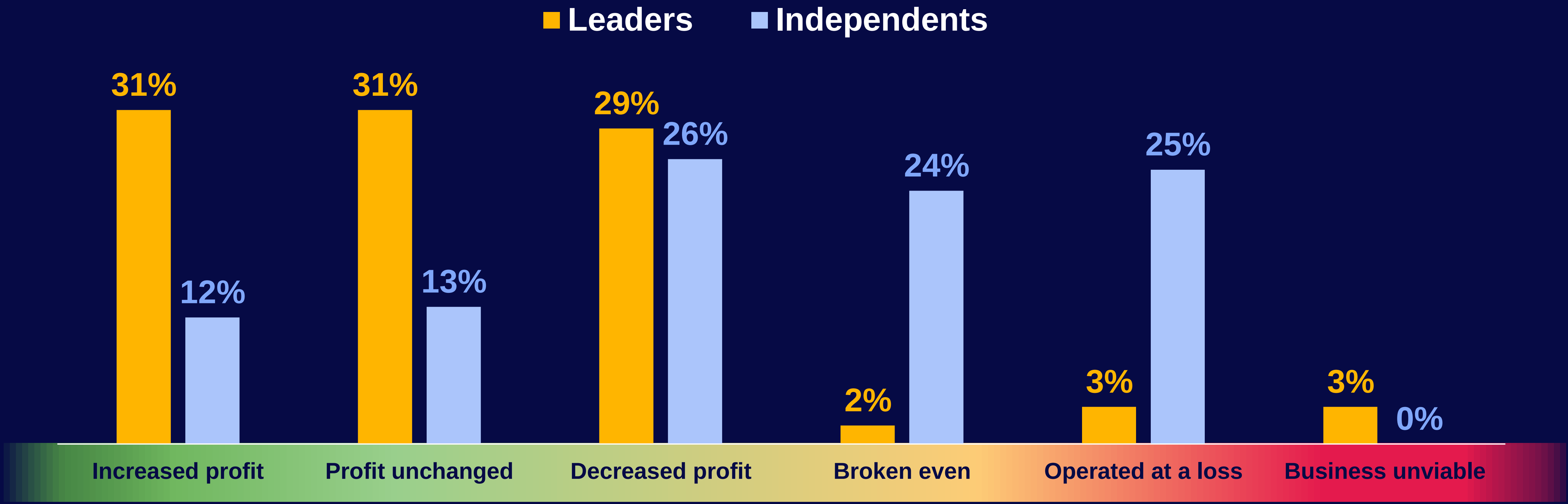
Despite decent revenue retention in Q4, this has not translated into any greater profit, as growing operating costs erode any trading gains

*How would you describe your business's **PROFIT** performance over the quarter, compared to the same time last year?*



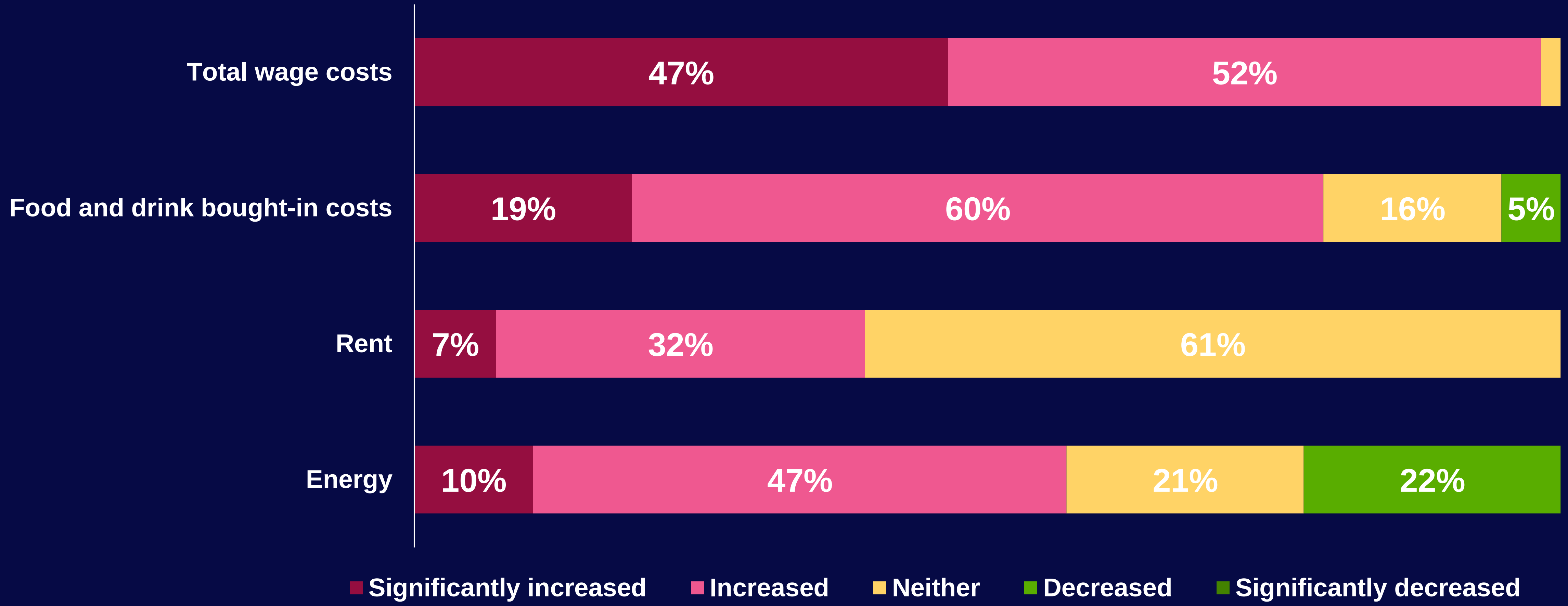
Independents are disproportionately exposed to cost shocks, with half (49%) failing to generate profit in Q4

How would you describe your business's profit performance over the quarter, compared to the same time last year?



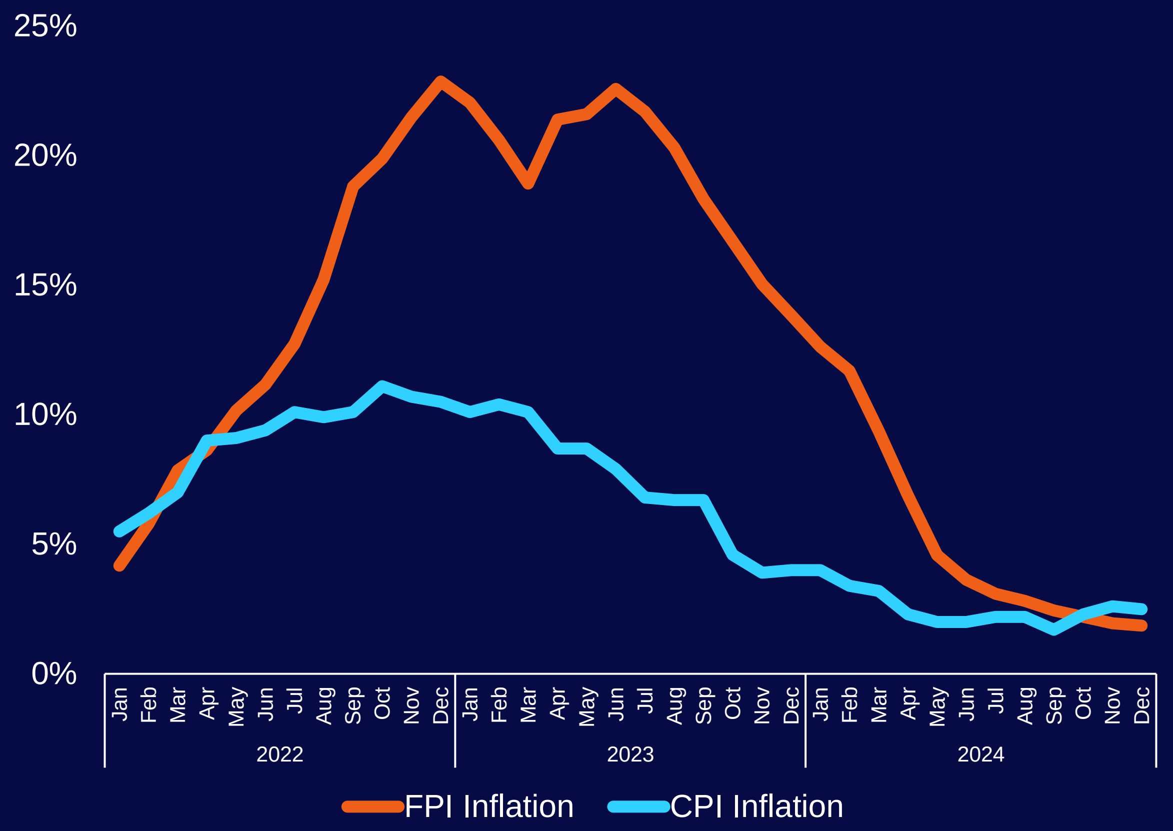
Wages remain central to operating costs, though the number seeing significantly increasing payrolls has reduced from three-quarters (75%) in the last quarter to just under half (47%)

How have the following costs changed compared to this time last year?

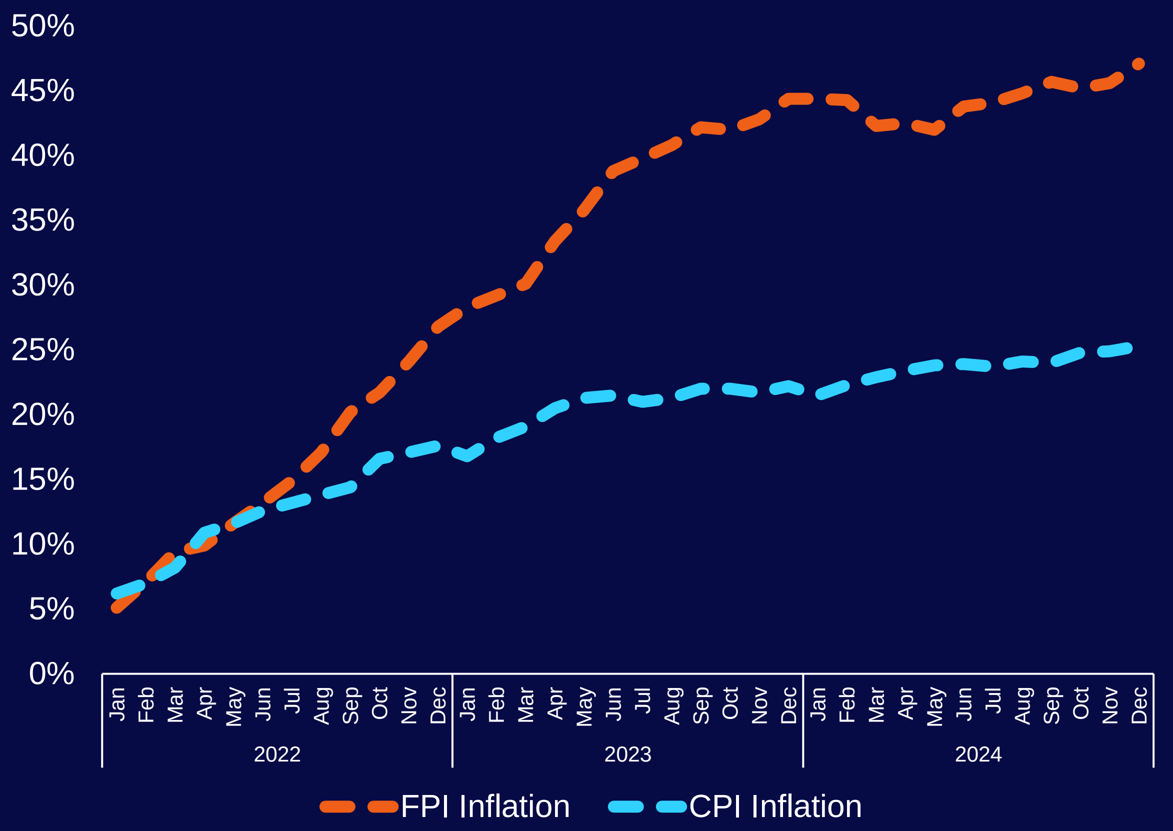


While year-on-year food price inflation is now in line with CPI, the compounding effect of inflation has driven food costs to rise by 47% since January 2022, almost double the rate of increase seen in CPI baskets at 25%

Year-on-year inflation



Compounding inflation, indexed to Jan-2020

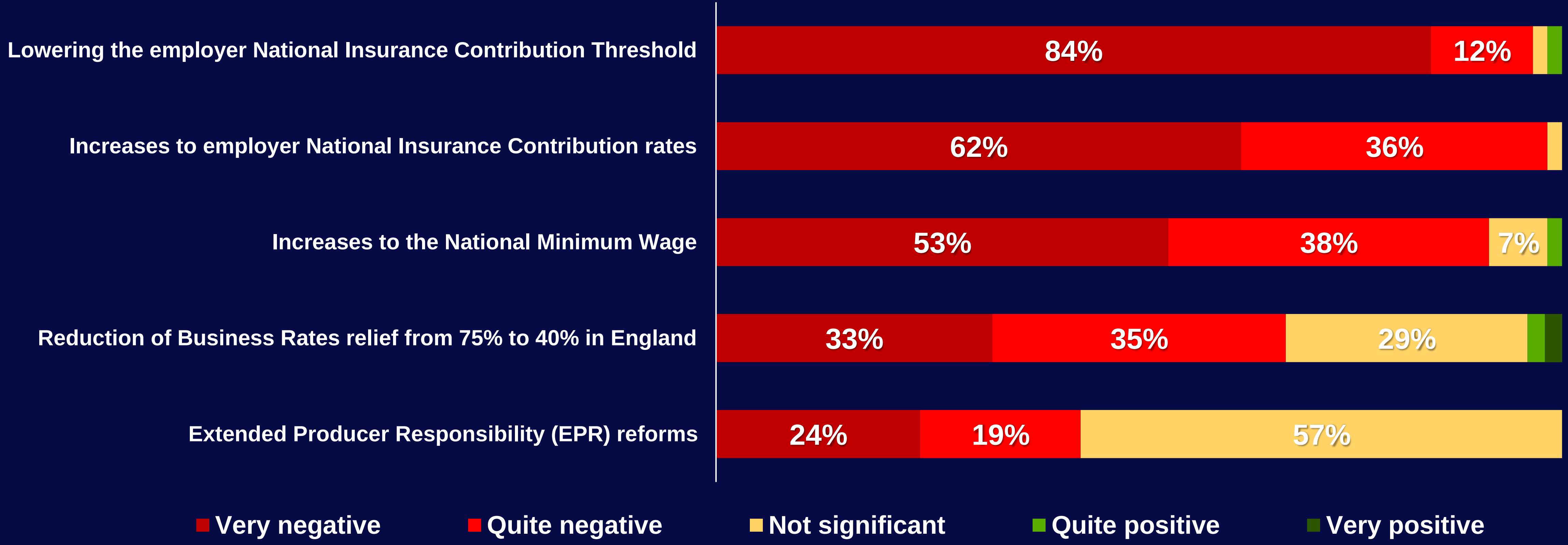


CGA and Prestige, Foodservice Price Index

Future Support

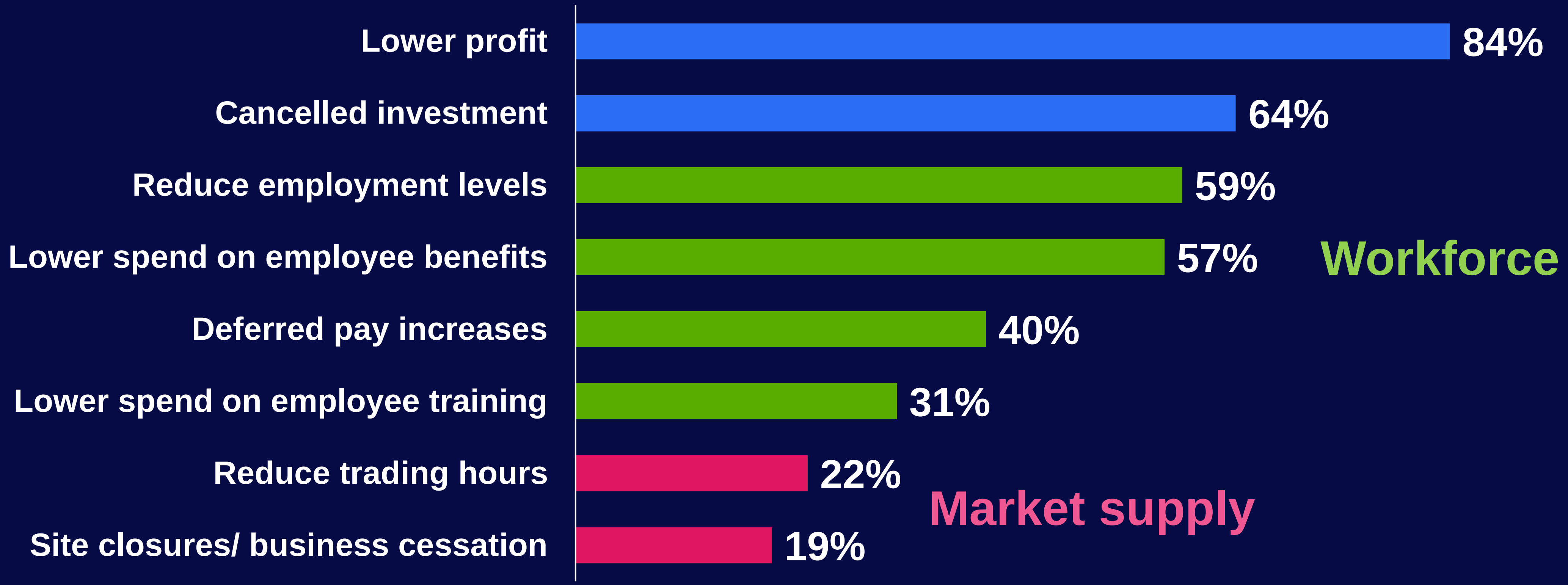
However, expectations around incoming changes are largely negative, with the lowering of NIC thresholds presenting the strongest pressure to operational costs

Following the Autumn Budget, April 2025 will see several changes to businesses' operational costs. What impact will each of these changes have on your business?



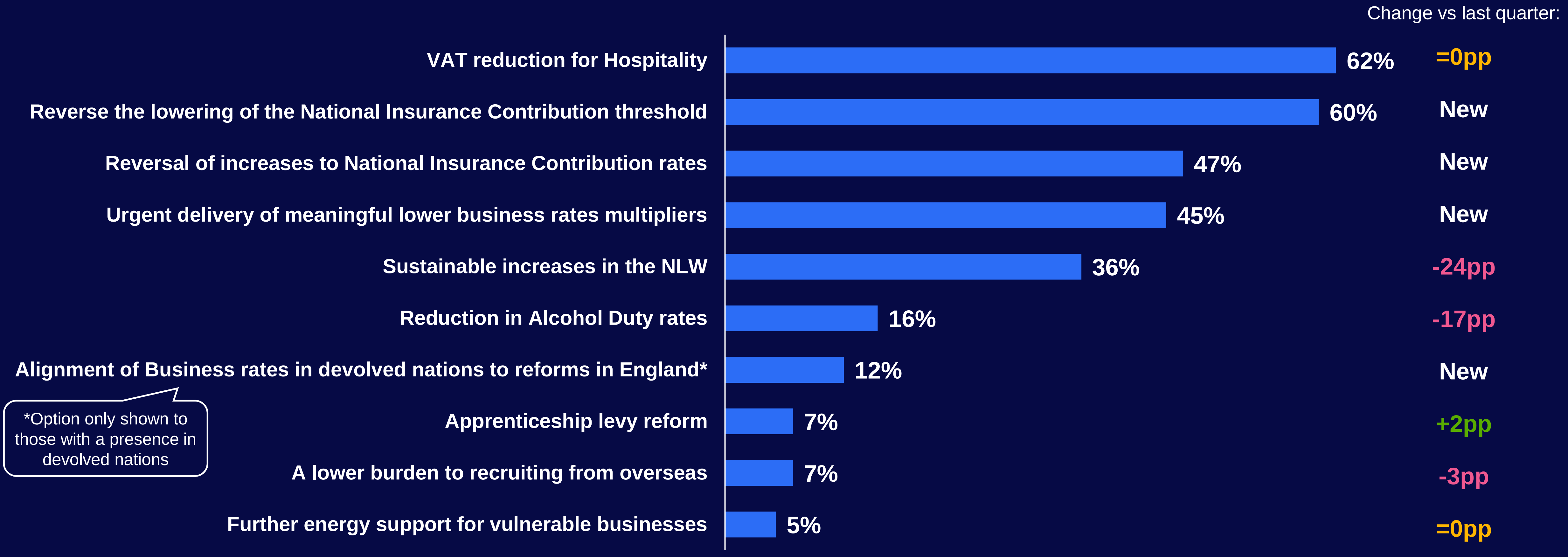
With all Leaders anticipating an increase to operational costs, lower profit is a widespread expectation. Employment levels, staff pay, and training are also under threat, and 1-on-5 are reporting they would reduce trading hours or close sites

You said you will be negatively impacted by incoming changes in April 2025.
What impacts will they have on your business?



When limited to choosing three modes of Government support, NLW and Alcohol Duty reform have been eclipsed by concerns around incoming NIC and Rates reform. However, VAT reduction remains unmoved

Of the future Government support that could allow your business to grow,
select up to 3 answers that are the most important:



Contacts us

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