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The rise of managed pubs

Pub food has changed beyond recognition in the past few decades to grab a significant share of the casual dining market. *John Porter* reports

It all began with prawn cocktail, steak and chips, and a slice of black forest gâteau – the classic menu choice at Berni Inn, the brand that defined the pub restaurant and gave many UK consumers their first taste of casual dining in its 1970s and 1980s heyday.

Most of Berni's sites still trade as pub restaurants, under the names of the brands that followed its lead, such as Beefeater, Brewers Fayre, Harvester, Chef & Brewer and Toby Carvery. Far from being upstarts parking their tanks on the lawn of casual dining, managed pub operators have been a driver of the sector since its earliest days. While the range of choice available to consumers has expanded, the appeal of the pub has never faded.

A 2013 Mintel report found that pubs are the first choice when eating out for 57% of consumers. Horizons data shows that managed pubs accounted for 30.3% of restaurant meals in 2013, up from 23.2% in 2008.

What has changed in the past decade has been the number of pubs offering food, as operators have sought new revenue streams to compensate for declining beer sales and changing customer demographics. On-trade analyst CGA Peach estimates that as of August 2014, 88% of managed pubs serve food and that 70% of people who have visited a pub brand in the last six months did so for a food occasion.

Smaller managed operators such as Peach Pubs and Yummy Pubs find neglected gems suitable for adding a food trade, while concepts such as Mitchells & Butlers' Sizzling Pubs and TCG's King's Feast have successfully added branded food to local pubs.

Casual dining brands consumers would like more locally

Nando's	8.4%
JD Wetherspoon	7.6%
Harvester	7.0%
TGI Friday's	6.6%
Wagamama	6.4%
Toby Carvery	6.3%
Bella Italia	3.8%
Pizza Hut	3.6%
Pizza Express	3.5%
Frankie & Benny's	3.4%

Source: CGA Peach Brandtrack April 2014

Major managed pub players

Greene King 1,000 managed pubs including the Hungry Horse, Old English Inns and Meet & Eat brands
Food sales 41% (up from 36% five years ago)

Marston's 500 managed pubs, including the Two for One, Milestone and Carvery formats
Food sales 58% (up from 37%)

Mitchells & Butlers 1,700 managed pubs, including Harvester, Toby Carvery and Miller & Carter
Food sales 51% (up from 41% five years ago)

Spirit Pub Company 770 managed pubs, including the Chef & Brewer, Taylor Walker and Fayre & Square brands
Food sales £278m (year to 17 August 2013)

JD Wetherspoon 900 pubs. On total sales of £1,280m in the year to 28 July 2013, like-for-like bar sales grew by 3.8%, compared with food like-for-likes up 10.9%

Whitbread 400 pub restaurants, including the Beefeater and Brewer's Fayre brands. In the year to 27 February 2014 restaurant sales were £526m, up 3.9% year-on-year

The growth of pub food

However, the growth of food in managed pubs has not been simply a matter of grafting menus onto businesses that were previously wet-led. The majority of traditional pubs suitable for a pub restaurant operation had been converted to brands such as Chef & Brewer, Harvester and Hungry Horse well before the smoking ban and the recession spotlighted the vulnerability of the old-fashioned boozer.

For the bigger operators, success now comes mainly through engineering their estates. For example, JD Wetherspoon specialises in identifying town centre buildings, most of which were not previously pubs, big enough to accommodate its through-the-day food offers as well as drinks-only customers. Marston's has built more than 100 new destination pub restaurants over the past five years, many in drive-to sites close to main roads. Whitbread, which once operated one of the UK's biggest pub estates, has pared back to focus on pub restaurants trading alongside its Premier Inn hotels, with its disposals including a package of 239 pub restaurants sold to Mitchells & Butlers in 2006.

Despite vastly increased choice when eating out, when asked by the CGA Peach Brandtrack survey in April this year which eating out brand they would like to be more local to them, 24% of consumers put a pub restaurant at the top of their list, compared with 55% who wanted a restaurant brand (*see box above*). While Nando's topped the poll with 8.4% of the vote, pub operator JD Wetherspoon was a close second with 7.6%, with the Mitchells & Butlers-owned Harvester brand third with 7%.

With pubs accounting for two out of the top three brands that people would like more locally, pub food's share of casual dining spend seems secure.