

The evolution of the deli-pub

A handful of pub operators have pioneered the introduction of a retail offer on site. Below, **John Porter** looks at what operators have learned so far.



The deli at The Jolly Farmers



The growth of the 'slow food' movement has helped to drive both the rise of the gastropub and a new breed of food retailers, trading from farms shops, farmers' markets and delicatessens. Despite the apparent affinity of the two concepts, however, it's still relatively rare for a food retail offer to operate alongside a pub.

Even so, some operators have recognised the link and combine the two successfully. Pioneering the concept and still among the most successful is the multiple award-winning Jolly Farmers at Buckland, Surrey. Located on the main road between two major commuter towns of Dorking and Reigate, the pub was taken over by Jon and Paula Briscoe, initially on a Mitchells & Butlers franchise, in 2005.

Having run two other pubs in the area, the Briscoes were looking for a pub where they could introduce an integrated restaurant and deli concept built around local food. "This business was never going to be anything other than an integrated farmshop-cum-pub," says Jon Briscoe. "The first sale we made when we opened the pub was a pint of real ale and a cauliflower. It was a beautiful moment for everyone concerned."

Their motivation was 'an element of sheer determination and an intrinsic love of local food'. "From the offset, we've always considered ourselves to be working in licensed retail, and the plan to diversify at the Jolly Farmers and introduce more retail items into our portfolio was nothing more than natural progression. We'd be giving customers more reasons to visit and driving more footfall through the business."

While supermarkets and petrol stations were increasingly promoting ready-to-eat meals, 'which starts to directly compete with our industry', the Briscoes also spotted what they saw as a

basic flaw in the business model of many local food retailers, from farm shops to high street butchers; most of them closed before their food-aware, high disposable income target demographic were getting off the train and thinking about their evening meal.

Opening the deli

"Our butcher and fruit and veg merchant can only open until 5pm - they're up again at two in the morning going to market. We saw an opportunity to become the only place in the area that retails local food in the evening."

Having acquired the finance to buy the freeholds of their two pubs from M&B in 2010 - the couple also own the Fox Revived near Horley in Surrey - the Briscoes began planning a major extension at what is now branded the Jolly Farmers Pub, Eatery & Farm Shop.

Opened towards the end of 2012, the refurbishment has bought the deli, which previously occupied a side area, into the heart of the pub. "The bartender is now in a position to sell you a pint of beer, or your order of cheese, olives and meats."

Keeping a deli stocked requires "a different mentality" to running a food pub, confesses Jon Briscoe. "You have to spend a lot more time looking at the dates of the food. Overall, there are more similarities than there are differences, but certainly you're dealing with a much wider product range in the deli."

Sourcing local products

Products are sourced through contacts with the local food community. "We're in a tougher area than many because our part of Surrey is not a rural farming community, but there are still plenty of people creating new and interesting businesses.

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We're fortunate to have three breweries close by, some great cheese makers, and people making products such as cakes and bread.

"There's a wonderful community of producers that tend to go to the food festivals and the markets, and if a new product comes onto the market, our existing suppliers will recommend us."

The 'shop window' the deli offers also encourages New Product Development by existing suppliers. "For example, our local beekeeper has just diversified and created a honey mustard. We've changed our sandwich menu to put a hand-carved ham sandwich with honey mustard on the menu, as well as selling it through the shop."

Featuring products on both the pub menu and in the deli is key to the integrated approach. The pub opens at 9.15am for coffee and pastries and serves food right through until the end of the evening. "The customer experience works seamlessly. They come in and try the cheeseboard, and those cheeses are available to purchase, as are the sausages, bacon, eggs, chutneys, jellies and jams."

Being able to transfer stock from the retail counter to the pub kitchen also ensures that all produce is used, one way or another. "We knew from talking to people that wastage is a continuous problem in many a delicatessen/farm shop operation, and so integrating it with the pub solved that problem."

The GP on retail, at between 30% and 40%, is significantly lower than in the restaurant. "As with a menu, some items might have a lower margin but be a good cash contributor."

Multi-tasking

Staff multi-task between the pub and retail sides of the business and 'staff knowledge is absolutely key'. "For example, we have our cheese supplier in to train staff so that they have the confidence to be able to sell. It's important that all the key team members are trained and confident to be able to sell in the deli."

The combined operation also increases customer visits. "There are people from our local community that we see in the shop every couple of days, and certainly over the weekend, buying their bacon, eggs and sausages. We'll also see them for a coffee or a meal at another time. Equally, our regular customers in the restaurant know that if they need a special cheese, say in the run-up to Christmas, that we're their first port of call."

Ye Old Sun Inn

A deli has also formed part of the offer at Ye Old Sun Inn, at Colton in North Yorkshire, for almost a decade. However, practicalities mean that owners and licensees Ashley and Kelly McCarthy have had to rethink the way that they operate the deli side of the business after a £350,000 kitchen extension annexed the space previously occupied by the shop.

The original deli was opened soon after the McCarthys took over the pub on a lease with Enterprise Inns in 2004. They initially turned to Pub is the Hub, the organisation set up to help rural pubs diversify, for advice. "We'd read in the trade press about pubs which had introduced shops with the help of investment from Pub is the Hub, so we contacted them," says Ashley.

"We had a lot of help from our local representative, not in the form of financial support, but what we needed more - good advice on how to approach a retail offer." A dedicated shop with a separate entrance to the pub was opened, with a product range including fresh produce grown in a polytunnel in the pub garden, and home-cured meats from a smoker built on site.

As a trained chef, Ashley also put his talent for baking to good use, producing sweet and savoury products that put in dual service on the pub's menu as well as the deli counter. Other produce, ranging from cheese and preserves to bottled ales, was sourced from local suppliers.

However, the home-made food served in the pub's restaurant was always the main driver of trade. Having negotiated the purchase of the pub's freehold from Enterprise



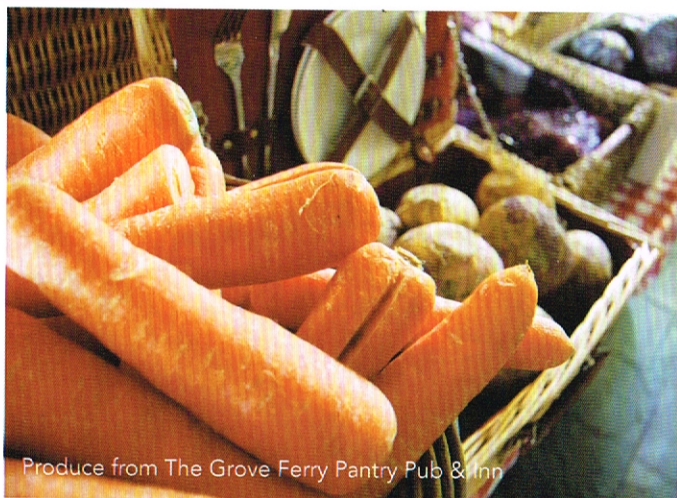
in 2009, a kitchen refurbishment was the first on the agenda. "We couldn't increase the number of diners with the size of the kitchen as it stood."

Ye Old Sun Inn reopened at Easter 2011 with an expanded kitchen and restaurant, but minus the dedicated deli area, which was now occupied by part of the kitchen. Not wanting to lose the deli offer, the McCarthys decided instead to integrate it more closely with the pub.

Cabinets in the entrance area now display jars and longer life items for sale, while fresh products are sold straight from the kitchen and bought to the table or bar. "We have a couple of regular bread orders which customers just come in and pick up, and some customers coming in for a take-away order will buy 'pudding' or condiments while they are here. In the run-up to Christmas, customers order hampers, meat, fish and so on for collection," says Ashley.

Fruit and veg is now all bought in rather than grown on site, but around 30% of products sold via the deli business are made by the pub. "The range we sell changes with the seasons and the menu, although if a customer wants anything we haven't got we will make or source it for them."

As at the Jolly Farmers, typical GP on bought-in products is 30% to 40% "As we only handle it as opposed to producing, >



Produce from The Grove Ferry Pantry Pub & Inn

we can afford a smaller mark up." Staffing implications are minimal. "Previously, if someone came into the shop, a chef had to leave the kitchen to serve. Now, the customer browses at their leisure and pays at the bar. Staff time for preparation of goods - items such as bread, ice cream and desserts - is tagged onto kitchen work for daily menus."

Home-made produce

One aspect of the deli operation features 100% home-made produce, however. Every Saturday morning, the McCarthy's oldest son Josh, 15, wheels a trolley full of freshly baked products door-to-door, selling them to the residents of Colton. "He sells whatever we've had chance to make in the kitchen, usually bakery items such as bread, sausage rolls, quiches, pork pies, Bakewell tarts and Eccles cakes.

"Customers tend to just look in the basket and buy what they fancy, although over Christmas we operate an order system to help us ensure we make everything the village expects. The Saturday delivery round is a real shop window for us, as well as connecting the village and the pub."

Yummy Pubs ready meals

Pub group Yummy Pubs is launching a range of chilled and frozen ready meals at its central London pub, the Somers Town Coffee House. The new retail offer builds on the success of the deli at Yummy's Kent pub, the Grove Ferry.

Yummy director Tim Foster says: "From the Somers Town, I've been watching people leave us, go to Sainsbury's or M&S at Euston, or into Sourced Market at St Pancras, buy a takeaway meal and head home." Now, customers will be spared the extra effort, instead being able to select meals from refrigerated display cabinets in the pub.

Priced at around £4 for a 300g meal for one, and £8.50 to £9 for a 700g meal for two, the dishes will be made at the Grove Ferry, and branded as such. "We're already getting great footfall from the Somers Town down to the Grove, as customers book weekend breaks, and this will strengthen those links," says Foster.



Produce from The Grove Ferry Pantry Pub & Inn



The meals will deliver a GP of 80% and above, even with packaging and transportation costs factored in. "Packaging costs about 10p a dish, which we're taking that as a marketing hit at the Grove due to the branding, and we're working with a company with a refrigerated van that is doing courier routes into town anyway."

The move into ready meal production is the latest development in the deli offer at the Grove Ferry, which has evolved since Yummy took over the business in 2009 on a lease with Shepherd Neame. The deli was never regarded as a profit centre in its own right, says Foster.

The area occupied by the deli was unsuitable for diners, being on the route to both kitchen and toilets, but offered an opportunity to spotlight the pub's food credentials compared to the previous management's 'freezer to plate' approach. "We wanted to clearly differentiate the fact that we were serving fresh and locally sourced food.

"Initially, we created what we called the Butchers Block, and the concept was to have fresh steaks on the meat counter which we'd cut to order. It worked brilliantly until the recession properly kicked in and that area of Kent took an absolute pummelling. At one point steak was 80% of sales on the menu, and then we were struggling to hold stock and make it look good on the counter."

A change of tactics saw more long-life stock such as jams, oils and condiments bought into the deli, supplemented by upmarket kitchenware, cookbooks and other gift items. "In fact, the best thing we've bought in for the deli area is kids sweets such as old school lemons sherbets displayed in 50 different kilner jars that fill the window. We also give away dog biscuits to customers with dogs, which can be bought in the deli to take home."

The Grove Ferry Pantry Pub & Inn

However, over recent months, the deli has taken on a new lease of life at what has been renamed the Grove Ferry Pantry Pub & Inn. Goats, a pig, chickens, ducks and turkeys now occupy a section of the pub's garden, with eggs, cheese and other produce sold through the deli as well as on the menu.

A newly rotivated and planted vegetable patch has halved the available outdoor seating, but that helps to manage customer expectations during good weather, says Foster. "We could go from 1,000 covers to 6,000 to 7,000 covers on a warm weekend day, but I'd need a kitchen five times the size and a brigade of 20 chefs.

"In effect, we've extended the deli outside the pub and into the garden, and it's become a live entity within the pub." The Grove Ferry now has its own foraging chef, James Fraser, whose creations such as chilli jam and elderberry & crabapple jelly have replaced bought-in preserves.

"Within the next two months, everything on sale will be made by James in the kitchen," says Foster. "Not only does he cook it, he goes out and shoots it, farms it or forages it. Guests who stay overnight are given a loaf of soda bread to take home, baked that morning. It costs us 42p, but in terms of wow factor, it's priceless."