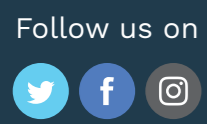


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Survey of the micropub industry

Micropub owners are generally upbeat about their pub's performance and the future of the sector, according to Micropub Magazine's inaugural State of the Industry Survey. Alex Wright reports

The survey is the first of its kind to take a deep dive into what's happening in the micropub industry and the key issues affecting businesses.

We surveyed 135 micropub owners from across the country to get a snapshot of the current state of the market and the results were revealing.

One third (33%) of respondents said that their business was performing better than they had expected, while 29.6% said it was doing much better than they had expected.

Supporting this statement, almost half (49.6%) of those surveyed said that the micropub industry was stronger and more competitive than ever, with only 8.9% disagreeing.

Looking ahead, almost half (45.9%) of respondents agreed that they were confident about the micropub industry's future, with 17.8% strongly agreeing. Only a minority (14.1%) disagreed with this view. →



↑ Louise Clive,
Keg and Comfort

Interestingly, Brexit proved not to be as big a problem as first anticipated by many, with most micropub owners saying that it hadn't had a detrimental effect on them or made it harder to source their products.

Despite all this positivity, however, many owners remain cautious about growing too fast, particularly with the losses suffered during the Covid-19 pandemic and subsequent lockdowns, and with the current cost of living and energy crisis starting to bite.

Cost of living crisis

Almost three-quarters (72.6%) of those surveyed reported that the crisis had or would adversely affect their business. That's versus 20.7% who said that it hadn't or wouldn't have an impact on them.

This trend is borne out by the

60% of respondents who said that customers were spending less in their pub because of the crisis. Yet, almost one quarter said the contrary was true.

Louise Clive, manager of Keg and Comfort in Wolverhampton, told *Micropub Magazine*: "Covid has changed people's drinking habits and the numbers are still not returning. The cost of living crisis is now starting to hit people's pockets and, as a result, they are coming out less and drinking for less time."

Clive, who has had to put prices up as a result, said that having almost returned to pre-pandemic trading levels, business was suddenly hit hard by the cost of living crisis in the last couple of months. The business has been hit by the double whammy of suppliers increasing their costs and customers watching their money because of higher bills,

she said.

"The last two or three months have been worse than during lockdown," said Clive. "If it carries on in the long-term we will be in an extremely precarious position."

"The rising cost of living, electricity and petrol mean that people are being more cautious with their money. Friday nights in the pub are almost dead now as a result."

"Then you have got the breweries putting their prices up as they have to pass on the rising cost of transportation and essential ingredients such as grain, as well as energy bills, which have basically doubled; insurance; and VAT costs. The amount we have to bring in just to make a profit has doubled and we have to think carefully now about things like putting on the heating." →



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Survey of the micropub industry 2022



↓ Keeping costs low by sourcing local products

Adrian Pettitt, owner of Yorkshire Ales in Snaith, supported this view, saying: "There has been a cultural change as a result of Covid that customers are preferring to stay at home and only come to the pub as a special occasion. The cost of living crisis is worsening the situation."

Dave Noseley at the Pharmacie Arms in Syston, simply said: "It's tough and going to get worse."

To tackle the problem, almost three-quarters (68.1%) of those asked said that they had taken steps to try and reduce their utility bills, with 17.8% currently considering doing so. Ged Fisher, owner of the King's Ditch in Tamworth, even raised fears that once many micropubs' existing energy contracts expire, keeping the business going will be unviable.

Alison Gage, owner of the Badgers Arms in Long Buckby, said: "If you are a business which is just covering your financial obligation at this moment in time, you are doing well."

With people struggling to make ends meet, more than one quarter (27.4%) of respondents said that they had offered their customers special deals or loyalty schemes to help them during these difficult times, with Niki Frost, who owns the Silver Fox Micro Pub in Bexley with Simon Fox, saying they offer discounted prices on certain days. This contrasts with the majority (72.6%) who said that they had no such programmes in place.

"Every other Tuesday we offer half-price drinks for the ladies," said Frost. "And on Thursdays between 4-8pm we have discounts on cocktails, spirits and lagers."

"We're just knocking a bit of money off: so it's £4 for a pint or spirits, and £6 for a double. It's not a huge discount, but it makes a difference to our customers."

"It has increased trade by 50%. First, our regulars came in and now that word's getting out others are catching on."

While some micropub owners have focused on finding the best deals to keep prices as low as possible,

like John and Nicky Higgins at The Ainsbury in Bradford, others have put an emphasis on selling quality locally-sourced products that customers are more likely to enjoy. By using local breweries, the Higginses are able to keep costs low and pass the savings on to the customer.

"We basically trawl the internet looking for local breweries and approach them to see if they running any discounts, either for first-time orders or buying in bulk," said Nicky. "The smaller and more traditional brewers tend to offer the best deals, whereas the more 'trendy' ones won't budge much on price."

"Our view and that of the breweries is that everyone is in this together. We're all struggling for money right now, whether it's from lower beer sales or higher transportation costs."

"While many of the mainstream local pubs have been putting their prices up, though, we've tried to keep ours as low as possible. That has worked in our favour as we're winning more customers and it's something we want to continue for as long as possible."

Brexit impact

One of the most interesting findings from the survey was that Brexit has had little impact on micropubs' trade. An overwhelming majority of those questioned (80.7%) said that they hadn't had to make any fundamental changes to their business because of Brexit, while only 12.6% said they had had to.

In addition, more than two-thirds (68.1%) of respondents said that Brexit hadn't had a detrimental impact on their business. That compares with 19.3% who said it had impacted them.

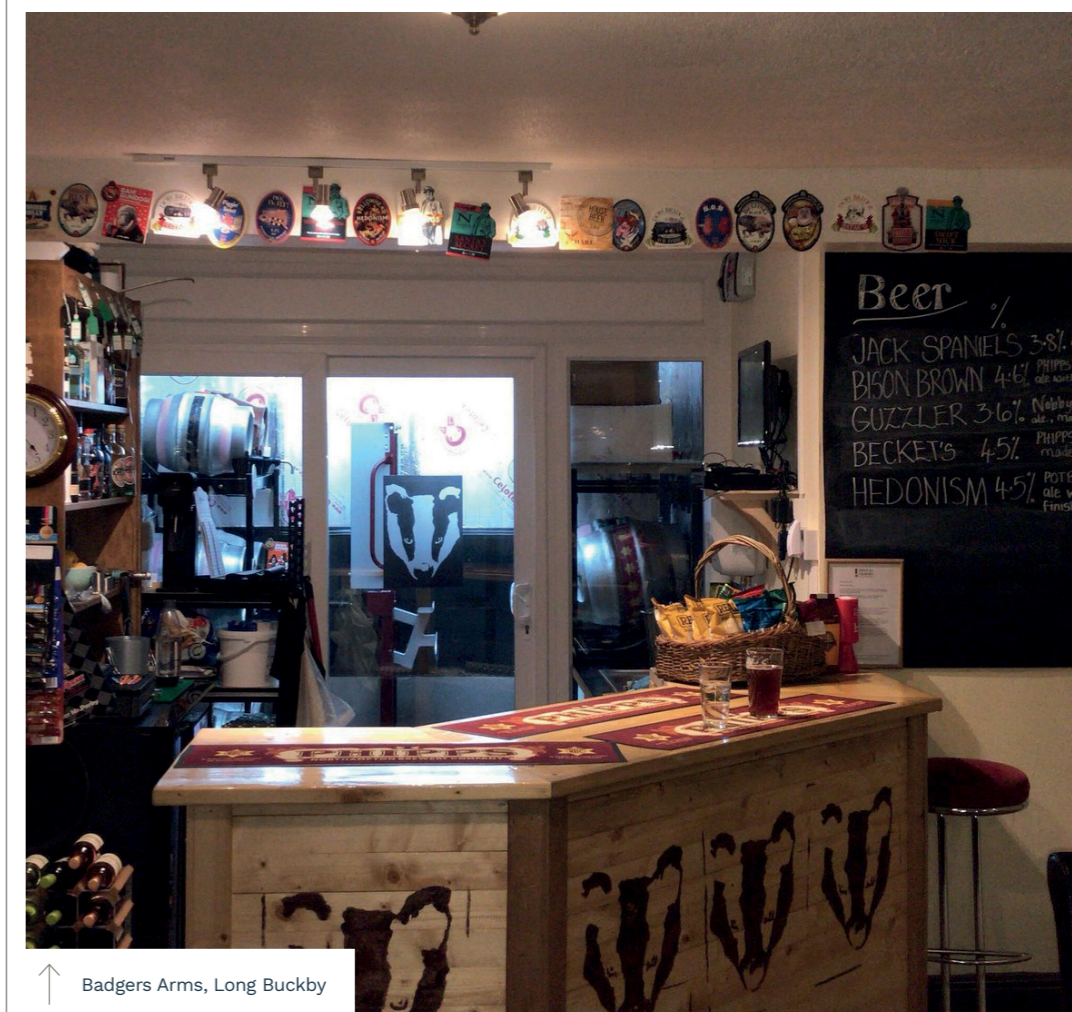
Of those surveyed, almost three-quarters (71.4%) said that Brexit hadn't made it harder for them to source products. In contrast, almost one quarter (24.1%) said that it had.

However, 37.8% of respondents said that Brexit had made it more expensive for them to do business. That's versus almost half (45.2%), who said that Brexit hadn't added to the cost. →

“

We're just knocking a bit of money off: so it's £4 for a pint or spirits, and £6 for a double. It's not a huge discount, but it makes a difference to our customers”

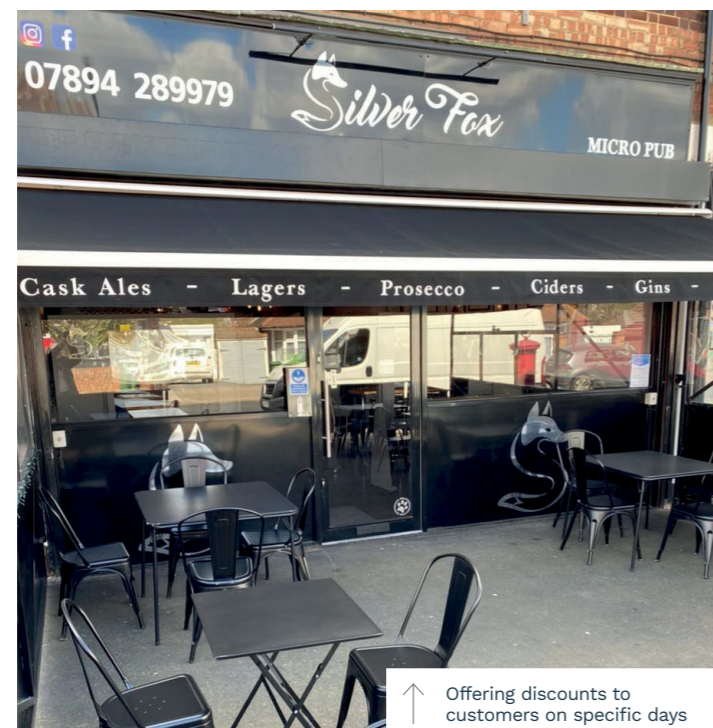
Niki Frost, Silver Fox



↑ Badgers Arms, Long Buckby



↑ No major disruption to micropubs with Brexit



↑ Offering discounts to customers on specific days



↑ Chris Parkin, The Bird Hide

Despite the problems caused by Brexit and the cost of living crisis, Chris Parkin, owner of the Bird Hide in Beeston, told *Micropub Magazine* that they shouldn't be reasons for a micropub's failure. Rather, he believes that if a micropub is central to a community, it will always be supported.

Some micropubs have gone a step further to shield themselves against the fallout from Brexit, by sourcing their products locally and from within the UK. However, many of these suppliers still have to bring in their ingredients and products from overseas and contend with increasing red tape, delay and disruption, not to mention the added cost of trading with the European Union.

Government support

One factor that most micropub owners could agree upon, however, was that the government needs to do more to support the industry. This is reflected by almost half (48.9%) of those surveyed, who said that they strongly agreed government needed to take action. Among the areas they are most looking for help in are financial assistance in the form of grants and loans (54%), and with applications and licenses (43.8%). They also

require assistance with legislation (31.4%) and regulation (27.6%).

Nick Hadlett, owner of The Bottled Note in Middlesbrough, said: "The government and local councils need to do more to help small businesses. We had to pay for a full premises licence even while shut during Covid."

Hadlett said that it felt like his micropub and others in the area had been forgotten about by government and the local council. Despite receiving help during lockdown, he said that he has received none since.

"As soon as we reopened after Covid it felt like we were left all on our own," said Hadlett. "It's a massive struggle right now and there's plenty that the local council and government can be doing to help.

"They can start by cleaning and making the street look better and stopping the anti-social behaviour in the area, which is becoming a real problem. Then there's the Middlesbrough Orange Pip Market, which isn't held in the most practical location, despite the fact that our street is ideally set up to host it."

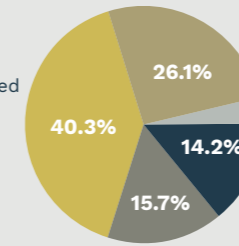
“The government and local councils need to do more to help small businesses. We had to pay for a full premises licence even while shut during Covid”

Nick Hadlett, The Bottled Note

1. My Business

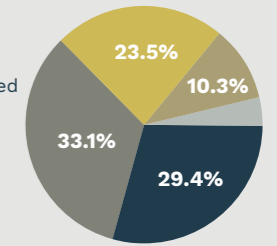
Setting up a micropub was:

- Much easier than expected
- Easier
- Neither easier or harder
- Harder
- Much harder



My business is performing:

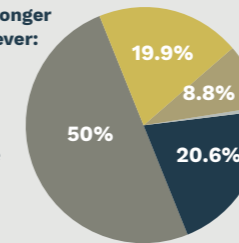
- Much easier than expected
- Better
- Neither better or worse
- Worse
- Much worse



2. Micropub Industry

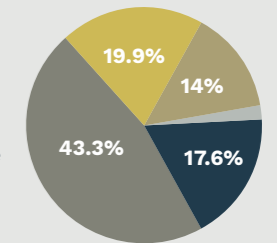
The micropub industry is stronger and more competitive than ever:

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree



I am confident about the future of the industry:

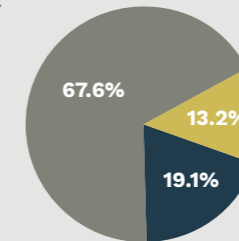
- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree



3. Brexit

Brexit has had a detrimental impact on my business:

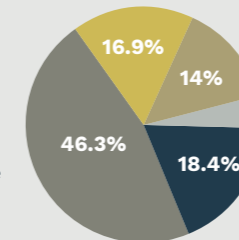
- Yes
- No
- Don't know



4. Covid-19

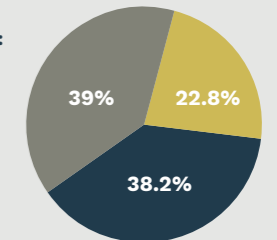
I felt that I received the government's full support during Covid:

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree



My business is now more efficient as a result of Covid:

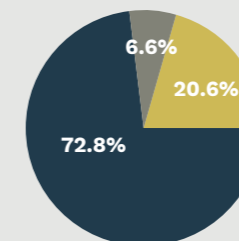
- Yes
- No
- Unsure



5. Cost of living/energy crisis

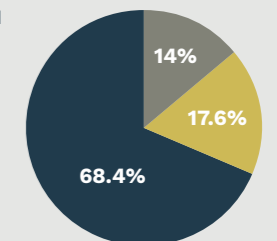
The cost-of-living crisis has or will adversely affect my business:

- Yes
- No
- Don't know



I have taken steps to try and reduce my utility bills:

- Yes
- No
- Considering



Survey of the micropub industry 2022



↑ Nick Hadlett, The Bottled Note

“People’s spending power is literally at zero. A simple VAT cut for our industry would bring in the ability to save staff; we personally have lost eight members due to the lack of trade”

Jimmy Martin, Nook and Cranny

Jimmy Martin, owner of the Nook and Cranny in Bromley Cross, commented: “People’s spending power is literally at zero. A simple VAT cut for our industry would bring in the ability to save staff; we personally have lost eight members due to the lack of trade.”

Martin said that while his pub received government support during the pandemic, they have done little to help since. He has even had to take on another job in order to retain his core staff.

“Our business, like many others, has been hit hard by the cost of living crisis,” said Martin. “On top of that, we’re also having to pay bills left, right and centre while trying to stay afloat.”

“Government could help by scrapping plans to put up corporation tax and removing business rates. Taxing giant corporations would also be beneficial and wages are going to go up again, so we need help there too.”

“However, the Tory leadership contest is going to go on for weeks before anything is done about it,

but we need action now. Our trade is down by one-third since pre-Covid and we won’t remain a viable business if things continue like this.”

Despite this, most micropub owners are satisfied with the help they are receiving from councils on their planning and licensing applications. While 43% of respondents said they neither agreed nor disagreed that councils had become more helpful with them, 34.8% agreed that they had.

However, Doug Musgrove, owner of the Lane Head in Ryton and the Station in Gateshead, disagreed, saying: “Local council departments are unable to work as one unit to help the industry.”

Covid-19 pandemic

And while many felt that government needed to do more to help, generally most said that they received their full support during the pandemic. Almost half (46.7%) of those surveyed agreed with this sentiment and 18.5% strongly agreed. Only 13.3% disagreed.

During lockdown, many micropubs set up online ordering, home deliveries and takeout services. Reflecting this, almost three-quarters (71.9%) of micropub owners said that they pivoted their business during the pandemic to continue operating.

Lockdown was also a time to reflect and rebuild. Despite the disruption, the majority (72.6%) of respondents said that they took advantage of the time they had during lockdown and the financial support they received to make future plans and fundamental changes to their business.

Others just had to get by the best way they could, with John Warden, who owns the Compass Alehouse in Gravesend with his wife Rachael, saying: “I did not receive enough support to close and rethink my business. My business stayed open in any way we could, just to survive.”

Warden said that while his pub did receive government support in the form of grants, the problem was the delay in announced payments. For example, when they pledged money for wet-led pubs, it didn’t arrive for another three or four months, he said.

“We saw that time and time again,”



↑ Owner Jimmy Martin is looking for a VAT cut to help micropubs

said Warden. “It’s all very well saying you’re going to get support, but I’m sure that there were many businesses that went under before they actually received it.

“Our biggest issue was actually around the fact that our landlord didn’t give us any rent relief during the pandemic, so we had to keep on paying it in full as well as the maintenance costs, which gave us absolutely no room to manoeuvre and put us under greater pressure to stay open.

“So we had to adapt to become an online business and change the layout of the pub to meet all the latest restrictions as they came in, putting extra financial strain on the business.

“We had to refurbish the interior to make it suitable for the two-metre social distancing. When you have a micropub that’s only 25 to 30 feet square, it doesn’t allow you to have enough people in to pay the costs of staying opening.

“We also had to pay to put up screens to divide people and have one person on the door to manage the people coming in and making sure they sit down and follow the restrictions, and another to serve them. It made it very challenging for us, just trying to get by.”

More than three-quarters (78.8%) of those surveyed said that they renovated or upgraded their property. Fifty nine percent said that they implemented deliveries



↑ Rachael and John Warden, Compass Alehouse

and/or takeouts, while 39.4% brought in table service and 34.3% adopted new technology.

Despite all these changes, there was an even split between those that believed they had made their business more efficient as a result of the pandemic and those that didn’t (38.5% for both). Supporting this trend, 23% said that they were unsure if it had or hadn’t done so.

Alex Coomes at Platform 3 in Claygate, however, said the changes had clearly had a detrimental effect on their business: “Footfall is reduced as we have fewer potential customers passing our

“There has been a cultural change as a result of Covid that customers are preferring to stay at home and only come to the pub as a special occasion. The cost of living crisis is worsening the situation”

Adrian Pettitt, Yorkshire Ales

micropub due to changes in their working practice as a result of the pandemic.”

Platform 3 is located next to Claygate train station and before the pandemic it was a thriving community hub with commuters and families on a day out stopping for a drink. But since the pandemic, Coomes said that sales have dropped between 25-30%.

Coomes closed his pub for the duration of lockdown and didn’t reopen until government restrictions were lifted as social distancing meant it was unviable to operate given the small size of the premises. All the time, he had to continue paying full rent to Network Rail, who own the site.

But it has been the lack of trade since everything has reopened that has hurt his business the most. With many workers only returning to the office on a reduced basis, there have been fewer customers coming by.

“It has had a huge impact on business,” said Coomes. “Now people are only going into work a couple of days a week, so we just aren’t getting the custom we used to.

“It has also affected my brewery, Brightwater Brewery, as the pubs which I supply are cutting down on the range they stock as they’re not getting the business either. As a result, now I’m only producing a quarter of what I used to.” →

