

# INDUSTRY WEEKLY DIGEST

YOUR WEEKLY DIGEST OF CONTEMPORARY INDUSTRY TRENDS



## CALLING TIME

On some Great British  
Institutions

With recent news that Michel Roux Jr is to close Le Gavroche in January 2024, followed less than a month later by Marcus Wareing announcing he is to close his Michelin-starred restaurant Marcus at the Berkeley hotel in Knightsbridge in December this year, one is left questioning which British Institutions are safe in the 'new normal' we find ourselves in post-pandemic. These high profile closures, coupled with mass pub closures country wide year on year, the loss of 30% of nightclubs since COVID and one in five restaurants having considered closing, deserve greater analysis.

In this digest, Mark Ashton, with an interest in the service firm lifecycle, draws some thoughts on what is driving these changes and explores the 'perfect storm' of challenges the hospitality sector is currently facing. .



## MASS CLOSURES RESULTING FROM SHIFTING CONSUMER PREFERENCES AND GROSS SECTOR CHALLENGES

Mark Ashton

Focusing initially on the high profile restaurant closures, Michael Roux Jr cited a desire for a better work-life balance without the pressure of running a two Michelin Star restaurant, with the end of a lease period providing a chance to reassess the future. Whilst Marcus Wareing, stated the hotel and he had 'mutually agreed on a change of direction'. On a positive note, both have future plans to remain in the sector.

Pub closures are again hitting the headlines, with the latest figures from property analysts Altus Group showing that 383 public houses were demolished or converted to another use during the first half of 2023. That's around the same number as for the whole of 2022.

Whilst CGA and AlixPartner's latest Hospitality Market Monitor reveals a 30.0% net decline in nightclubs between the start of the pandemic in March 2020 and June 2023. This is more than double the 13.0% drop in all licensed premises over the same period. Ten years ago, Britain had nearly 1,700 nightclubs, but in June 2023 the total was barely half that at 873.

Analysing the three sets of closures together, whilst COVID has inevitably been a driver, with nightclubs being one of the last sectors to emerge from restrictions, hospitality businesses were put on 'life support' during the lock down periods and there was a general recognition of pubs as essential social spaces.

In this post-pandemic time, turning a profit, even where footfall has returned to pre-pandemic levels is the greatest challenge. This is stifled by soaring energy costs, mass food inflation, the effect of last-minute cancellations and no-shows and, in some cases, weakened demand/shifting consumer preferences.

Whilst there are calls for continuing relief on business rates, VAT and energy bills for the sector, we as consumers must also appreciate pubs (and restaurants) not simply as units of capital that stand or fall on whether they can turn enough profit, but whether we can afford them not to as essential social spaces.

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