Pub group's cheers for a strong Christmas despite train strikes hit

B

rits enjoying a pint at the pub over Christmas and during the World Cup have given pub groups a sales boost – but rail strikes continue to be a setback.

Marston's, which operates pubs, restaurants and hotels across the UK, said sales were up by a quarter compared with last year across five key festive days, including Christmas Eve and New Year's Eve.

The pub remains an "affordable treat" for customers, Marston's said, with the group's drinks sales outperforming food sales in recent months.

Over the four months to January 21, its sales were 13% higher than the same period last year.

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Meanwhile, City Pub Group (CPG), which runs 44 premium pubs across southern England and Wales, said sales were up 7.8% in the last three months of 2022, compared to pre-pandemic levels in 2019.

Like other pubs, it enjoyed a boost in revenues over Christmas and during big events, namely the Fifa World Cup.

Over 2022, its annual turnover rocketed by nearly two thirds as it returned to a more normal trading environment with fewer Covid-related restrictions.

CPG added: “The performance would have been even better had it not been for the rail strikes, especially those towards the end of the year, where we estimate lost revenue to be in the region £750,000, or 3.5% of revenue for the fourth quarter.”

On Monday, pub group Fuller’s said it has taken a hit of about £4 million from train strikes since the start of October, leading it to downgrade its expected earnings.

The sector is also under pressure due to soaring energy bills, costs and wage demands.

CPG said energy costs rose “substantially” in 2022, and although they had started to reduce since the start of the year, they still remain at historically high levels.

It said it had hedged up to 40% of its energy cost from April, up to March 2025, which will help it to save around a tenth on its energy bill this financial year.

Marston’s told investors it has hedged all its electricity costs until the end of September and fixed its gas price until March 2025.

Andrew Andrea, the chief executive of Marston’s, said: “We have continued to see positive sales momentum through the festive season and into the New Year, with particularly strong demand on the key Christmas and New Year trading days.

“Whilst we still have certain cost challenges to navigate in 2023, we are well positioned to continue to progress our strategy and are encouraged by the level of consumer resilience experienced to date.”

Meanwhile, CPG said it has “confronted and weathered the challenges of the last three years and has emerged in good shape”, with a strong start to the new year in terms of sales.

It also announced a shake-up of its senior leadership team on Tuesday. Its chief operating officer, Toby Smith, is due to resign at the end of January, with current managing director Rupert Clark set to take over the role.

Shares in Marston’s leapt by more than 6% on Tuesday morning, while CPG’s share price was about 1.75% higher.