



The Hospitality Workforce Report

A deep dive into 2022's Christmas trading period for pubs and restaurants



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A December like no other



December 2022 was a much-anticipated month for the hospitality sector. After all, Christmas celebrations were cancelled in 2020 followed by 12 more months of Covid restrictions. And amid the unprecedented event of a winter World Cup, featuring England and Wales and those finally getting to enjoy festive celebrations in the way only possible in hospitality.

To a large extent, December did deliver. Sales were significantly higher than in 2021 and, we saw a positive shift for the trade, for example. However, there is also a lingering sense that it could have delivered more with sales not reaching pre-pandemic heights.

Consumer confidence has been hit hard by inflation, energy price hikes, and the cost-of-living crisis. As a result, businesses have been impacted along with supply chain issues and labour shortages, forcing businesses to increase prices and, in many cases, reduce trading hours to remain afloat.

One of the most challenging issues that hospitality has faced in recent years is recruitment. Finding and retaining quality staff in a competitive and dynamic marketplace can be difficult. Not to mention the increase in wage demands against a backdrop of rising costs, making the industry tougher to navigate.

This Hospitality Workforce Report takes a deep dive into the factors that impacted the sectors' Christmas trading performance in 2022 and how restaurateurs and pub operators can successfully operate despite the economic headwinds we face today.



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The data in this report is drawn from an analysis of more than 500 companies across the UK restaurant, pub, and bar sectors. Fourth has been collecting this data since 2016.

End of year highs and lows

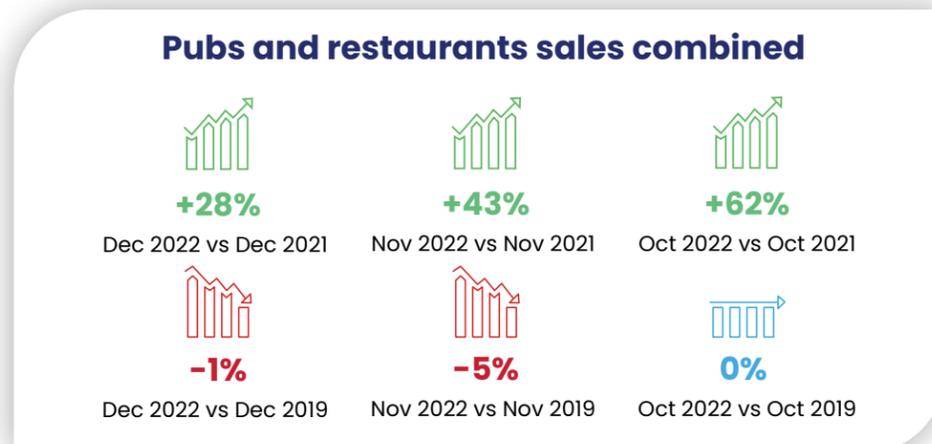
The anticipated end-of-year trading boosts that hospitality had hoped for did materialise but only to an extent. Trade across restaurants and pubs combined was significantly up compared with December 2021, when Omicron hit hard, and 'Plan B' trading restrictions were in place.

There was an even more significant uplift in November and October 2022 versus 2021. November 2022 trading will likely have benefited from England playing World Cup group games against Iran, USA, and Wales. UKHospitality recorded pubs and bars reporting 30-40% sales uplifts on match days. Sales in hospitality played a significant role in the marginal yet unexpected growth in the UK economy of 0.1% in November.

However, trading was still marginally down in the last three months of the year on pre-pandemic levels, with rail strikes, inflation, and the cost-of-living crisis all likely to have hit consumer confidence.

With inflation running into double digits towards the end of 2022 the price of eating and drinking will have been significantly higher than three years ago, which is also worth bearing in mind when comparing sales figures. This also means that while revenues increased, turning a profit would have been considerably more challenging.

In this report, we have not included figures for 2020 when Covid restrictions were in place and Christmas in hospitality was effectively cancelled.



Pubs and restaurant comparison

Separating trading figures out between pubs and restaurants shows that both sectors had a significantly better December than 12 months ago. Restaurants were also marginally up on 2019 sales figures. Perhaps it is more of a concern in the pub sector where sales were up in October versus pre-pandemic levels. But the sector was unable to follow this up in either November or December, versus the corresponding month in 2019.

Trade in December was significantly up compared with November in 2022 (26%) with pubs seeing a 29% spike and restaurants 24%. It followed a November that saw overall sales decline by 3% versus October.



December's biggest hits

A look at the top trading days throughout December shows that Saturdays, including New Year's Eve, were the busiest days for pubs and restaurants. Figures indicate that the first two weekends in December were the most popular, with activity beginning to tail off around the third weekend of the month. This is a similar trend to what we saw in 2021 when trading also dipped in the run-up to Christmas.

On the last Saturday before Christmas weekend in 2022 (December 17) overall sales were 5.5% lower than the equivalent Saturday (December 21) in 2019.

December 10 was the second best-performing day of the month. It was also the date of England's World Cup quarter-final match against France, which will have had a positive impact on trade. December 10 was up by 11.6% on the second Saturday in December 2021 but marginally down (-0.9%) on the equivalent day in 2019. The best-performing day was December 3, the first Saturday of the month.

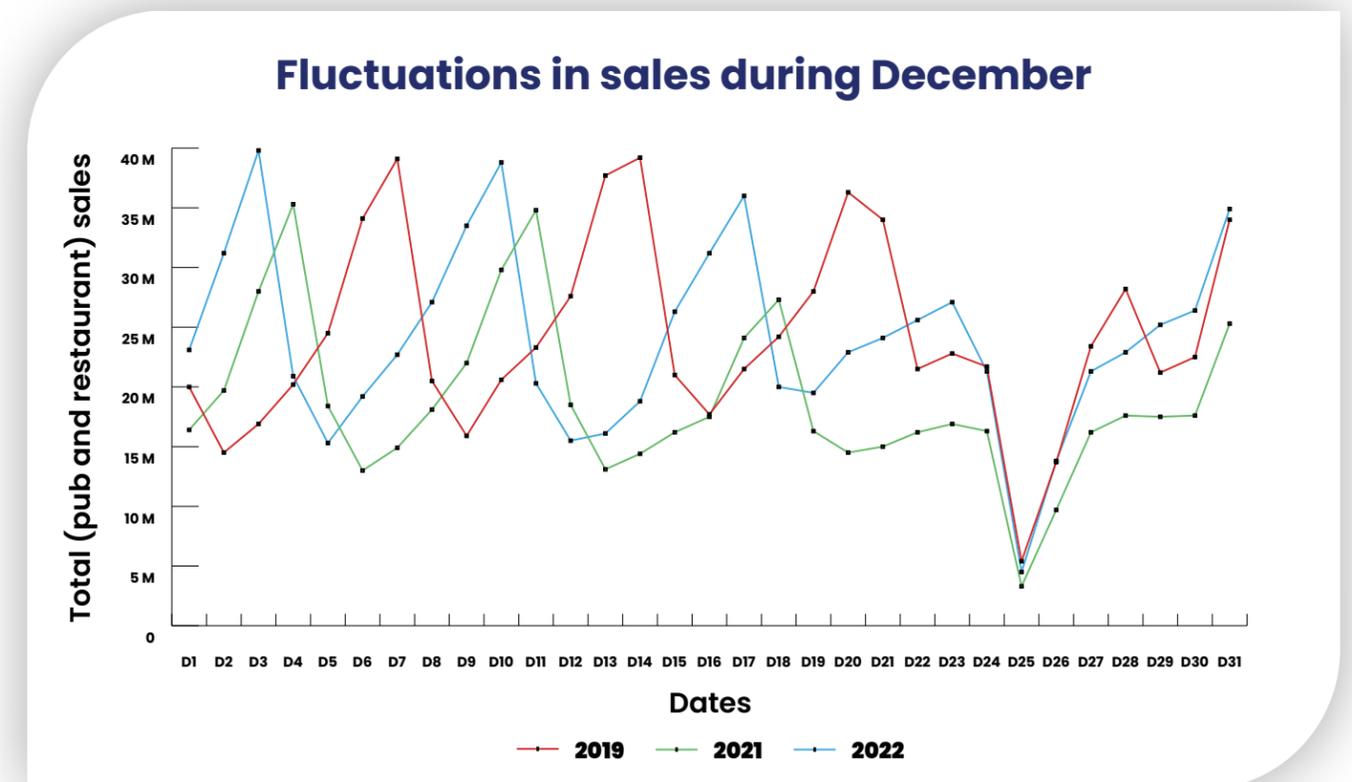
Last year things picked up for New Year's Eve, which was a success story for the trade. Pubs saw sales surge by 38.6% compared to December 31, 2021, and by 0.8% against New Year's Eve 2019. Restaurants returned similar figures — New Year's Eve numbers were up 37.5% compared to 2021 and 3.6% versus 2019.

Top trading days in December 2022

1. Saturday December 3
2. Friday December 9
3. Saturday December 10
4. Saturday December 17
5. Saturday December 31

The graph below shows how trade in hospitality peaked on weekends but dropped later in December. As expected, Christmas Day is the quietest day in December for hospitality, but trade steadily increases in the run-up to Christmas and New Year's Eve.

Sales were 21% lower on the second Tuesday of December (December 13) compared to 2019 and 19% lower on the following day (December 14). In 2022 these were among the dates when rail workers took industrial action. There was action nationally and on a more localised basis throughout the month. The disruption to travel plans is likely to have impacted trade towards the end of December and announcements about strikes could have led to consumers opting to go out earlier in the month.



Staff headcount and hours worked

Our aggregated data shows that more people worked in pubs and restaurants in December 2022 than last year. There were 5.2% more people working in pubs and restaurants in December 2022 compared to 12 months earlier.

However, staff numbers are still way short of the pre-pandemic levels of December 2019. Looking at the percentage decrease in staff numbers and compare it to sales, it indicates that businesses are getting more work from fewer people. This may partly be due to long-term recruitment challenges.

Pushing for more from staff shows that operators are becoming more efficient. However, they must ensure this does not lead to an overworked workforce which could impact on quality and consistency of service and potentially risk staff burnout. Churn is the same as last year. 6.7% of workers left pub and restaurant jobs in December 2022, for example. The figure was 7.4% in 2019.

Recruitment and retention continue to be a major headache for hospitality businesses as we continue into 2023.

Applicant Tracking System (ATS)

Embracing technology is essential in tackling the labour shortage in hospitality. It does not only help you reach a wider pool of talent, but it can also streamline your application process and reduce costs. Fourth's ATS provides a branded recruitment service that helps you build strong employer branding and attract quality talent. From posting vacancies using pre-templated job adverts across online job boards to applicant screening and arranging interviews to final hire and onboarding. Fourth's ATS helps you streamline your hiring process and ensure a smooth journey from recruitment to a candidate's first shift, immersing your staff in your company culture from day one.

The number of hours that staff is working is going up at a greater rate than headcount, suggesting pubs and restaurants are getting more out of the staff they have. However, hours worked in 2022 are considerably down across the board versus 2019 (-11%) for pubs and (-14%) for restaurants. This could be due to businesses employing more efficient strategies, but also as a direct result of some venues opting to reduce opening hours to help cope with pressures related to soaring energy costs and inflation.

Staff headcount

	Pubs	Restaurants	Total
Dec 2022 vs Dec 2021	+5.3%	+5.2%	+5.2%
Dec 2022 vs Dec 2019	-14.1%	-9.7%	-10.8%

Hours worked

	Pubs	Restaurants	Total
Dec 2022 vs Dec 2021	+13.5%	+15.2%	+14.9%
Dec 2022 vs Dec 2019	-11.4%	-14.3%	-13.7%

Fourth eClock

Fourth's new time and attendance app that is a reliable and highly cost-effective solution that records staff working hours in real-time, enabling operators to take control of labour costs, ensure accurate payroll, and manage productivity at the touch of a button. It captures data in real-time, automatically synchronising and integrating with Fourth's Scheduling and Payroll solutions to drive efficiencies and enable workers and managers to do more, with less.

Workforce productivity

Spend per Labour Hour is a metric that divides total sales by hours worked to give us an insight into staff productivity. Productivity has increased across the board in December compared to 2021 and 2019. The table below shows that Spend per Labour Hour was up by more than £5 in December 2022 compared to 2019. This is likely to be related to running more efficient operations, being open for fewer hours, and staff headcounts being lower now than before the pandemic.

Average Spend per Labour Hour

	Pubs	Restaurants	Total
December 2022	£51.33	£40.33	£42.69
December 2021	£44.31	£36.42	£38.13
December 2019	£49.32	£33.88	£37.10

Advanced Analytics

Fourth's Advanced Analytics drives agility through real-time actionable insights and business intelligence that optimises company-wide operational performance by taking the guesswork out of decision-making. Enabling operators to extract data from silos and bring it together quickly and easily to create meaningful insight. Advanced Analytics provides innovative functionality and industry-specific reports, charts, and dashboard content.

Summarising key information from multiple applications saves time, removes complexity and enables users to make more informed business decisions through actionable insights.



Engage

Fourth Engage allows everyone in your organisation to communicate, collaborate, and stay more connected to the business. Engaged employees help retention, reduce churn, ensure you have a productive workforce, and provide a memorable service. Disengaged staff leads to higher absenteeism and lateness – which lowers staff morale, impacting productivity and revenue, so it's vital to communicate and collaborate effectively. Benefits of Fourth Engage include:

- Company branded communication and resource digital hub accessed by staff using PC or mobile through single login
- A central directory for staff to effortlessly discover, identify, and locate team members across every company location
- A space for employees to securely access and share company documents, policies, images, videos, surveys, apps, and resources anytime and from anywhere
- Group newsfeed for company and teams to share announcements with real-time alerts that keep everyone up to date
- Group messaging for real-time communications
- A team dashboard for sharing tasks and monitoring actions

Thoughts for 2023

While we move further away from lockdowns, restrictions, and the devastating instant impact of the pandemic, the long-term pain will still be felt in 2023. Consumer confidence, inflation, and rising costs all point to another challenging year for hospitality. Here we look at 6 key findings in this report and what they could mean for the remainder of this year.

World Cups deliver even in winter

A winter World Cup in Qatar was certainly controversial and many in hospitality would have preferred it not to clash with December. The opportunity to boost summer trade with a World Cup in its usual place on the calendar was lost. However, the tournament shows that sport remains a huge draw for hospitality. 2023 brings more sporting events in the form of the FIFA Women's World Cup, the men's Rugby World Cup, the men's ICC Cricket World Cup and the women's T20 World Cup.

The King's coronation could provide a 'much-needed boost'

After the government launched a public consultation earlier last month, pubs will be able to stay open from 11:00 pm to 1:00 am beginning May 5 until May 7 in England and Wales. This means that pubs, bars, and clubs will be able to open for an extra 2 hours as the nation celebrates the ascension of a new King, according to UKHospitality.

There's an appetite for socialising

Hospitality undoubtedly has more tough months to negotiate, but the nation retains an appetite for socialising that many feared could have been impacted long-term by the pandemic-enforced restrictions. Revenue in 2023 could return to, and exceed, pre-pandemic levels.

Recruitment and retention

Staff are working longer hours and productivity has increased. This could be partly by design but also due to the continual challenge of recruitment. Finding new recruits, training, development, and retention will continue to be a key focus in 2023 as will finding and implementing more efficient business practises via technology.

Cost of living

Rising prices will be an ongoing challenge for consumers and businesses alike. More businesses are likely to cut trading hours in a bid to maximise peak times and reduce on costs at other periods. Price sensitivity could lead to more customers looking for deals and bargains or, alternatively, socialising less but opting for more premium experiences when they do.

Technology

With costs high and margins tight, it will be essential for business owners to know exactly how time and money are spent. Investment in technology achieves this along with easing the administrative burden. It frees up owners and managers to focus on being creative, making the most of their businesses, and developing their teams.



About Fourth

When every hour of every shift matters, Fourth helps restaurants, retailers, and hotels conquer the day with data-driven workforce and inventory technology. The Fourth Intelligence Platform leverages more than 20 years of rich data and advanced analytics to deliver actionable insights and demand forecasting for optimising operations, maximising margins, and empowering employees. With a streamlined business powered by Fourth Intelligence, industry operators can act with certainty and conquer with confidence whatever comes their way every day.



You have enough to do

Let's get some admin off your plate. To learn how we can help simplify your back office operations, boost your efficiency and profitability, and improve your workforce management, contact us.

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