



# Feeding Growth for F&B

2023 UK Hospitality  
Industry Report

September 2023

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# Foreword

Tom Perkins, Director and Co-founder,  
Charles & Dean



The UK's hospitality sector has had a lot to contend with over the past few years: a cost-of-living crisis, rising energy prices, staff shortages and reduced consumer spending have followed on from residual uncertainty stemming from the pandemic.

This uncertainty has been a major factor behind a widespread hesitancy to innovate and invest.

Another factor is financial: there is a disconnect between traditional forms of finance and lending and their business needs.

It can often be difficult to secure finance through the traditional routes if businesses have to demonstrate three years of profitability – there are very few hospitality businesses that remained consistently profitable between 2020 and now, for obvious reasons.

Yet innovation is key, as this report uncovers – consumers are crying out for something new and different, and the data demonstrates that any investment undertaken will pay dividends in the form of new and returning custom.

Our research has shown that even introducing a new menu or incorporating new technology is likely to help attract and retain customers and so, while this may require some extra thought, planning and investment, it can also be the key to unlocking further revenue.

We hope that this report will shed light on how hospitality businesses can best tackle these challenges and find ways to make the financial system work for them, empowering them to grow and meet their ambitions.

# Signs of Green Shoots



Despite a tough trading environment for the hospitality industry, the UK continues to be an appealing market in which to open new venues.

**37,532** new F&B businesses have been incorporated in the UK in the last 12 months

**Over 1 in 3 (36%)** were takeaway shops and mobile food stands

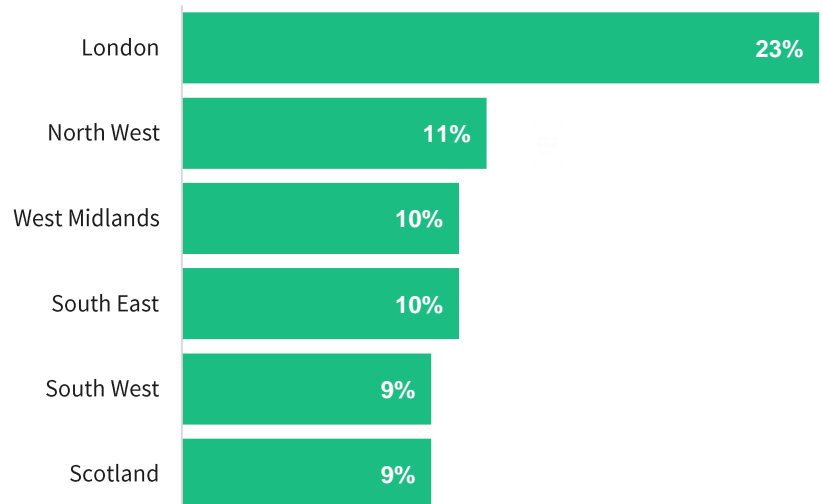
**20%** were licensed restaurants

**18%** were unlicensed restaurants or cafes

**13%** were event catering businesses

**13%** were pubs or bars

Where are the most hospitality businesses opening?



\* Data from Companies House – businesses incorporated between 6th July 2022 and 5th July 2023.

# A Closer Look at London



Charles & Dean’s analysis has uncovered the London boroughs with the most openings in the last year – with Hackney, Westminster and Islington taking the top three spots. Barking and Dagenham (79), Kingston upon Thames (75) and Sutton (24) had the fewest openings in the capital, however.

London Borough	Number of Openings
Hackney	685
Westminster	684
Islington	548
Barnet	444
Haringey	436
Tower Hamlets	386
Newham	381
Camden	355
Redbridge	337
Enfield	328



“London’s food and drink sector has shown itself to be resilient and tenacious in the face of huge challenges. The capital is still a highly desirable city in which to set up a hospitality business, with tourism creeping up to pre-Covid levels and commuters coming back into their offices.

What’s key now is that these new businesses stay agile, adapting their approaches according to consumer habits and preferences to continue to thrive. While this may require some extra thought, planning and investment, it can also be the key to unlocking further revenue.”

**Simon Grace, Director and Co-founder, Charles & Dean**



# Great Expectations

## 39%

of UK consumers think hospitality venues aren't trying hard enough to encourage them to visit

At a time where every penny is being watched more closely, consumers want to guarantee every meal or drink out is more than worth the money.

Our research has revealed that their expectations are higher than ever – 'good enough' is no longer good enough.

Over 1 in 2 (55%) would revisit a restaurant they haven't been to in a while if it invested in a renovation or new developments, and 43% would spend more in these refreshed venues.

Tracking the newest and upcoming trends can give good insight into where to best invest in services and experiences that will resonate with guests.

## 48%

expect more from venues as a direct result of the cost-of-living crisis

Through our research, we found:

- 40% of UK consumers would visit or return to a restaurant with a new menu
- 30% would visit or return if outside space was opened
- 17% would visit or return if a new chef was hired

We have mapped the areas of innovation and development that consumers want to see the most and developed a Hospitality Investment Index, outlining the investment areas likely to drive most ROI in restaurants, pubs and bars.

## 41%

say their local restaurants look below par and in need of an update

### Top 10 areas of investment to drive ROI

1. New menu offering
2. Outside space
3. Music or entertainment in the venue
4. Décor or aesthetic of the venue
5. Self-ordering technology
6. New chef
7. 'Intuitive' dining rooms
8. Payment technology
9. Sustainable or green innovations
10. Modern or recently updated branding



# Turning to Technology

The restaurant industry is undergoing a significant transformation due to the adoption of various technological advancements. Automation, AI, and robotics are used to streamline restaurant operations and improve efficiency – and our data shows they're also appealing to customers.

## 57%

would spend more at a venue that incorporated AI or machine learning

There is barely an industry that AI has not yet broken into – hospitality included. And UK consumers seem to be particularly keen on the trend: on average, they would spend **£22.27 more** in a venue that incorporates AI or machine learning.

While AI is a current media buzzword, this technology is not out of reach for the average food and drink business. For example, AI can be used to avoid missed phone calls: AI phone answering technology can take messages, make bookings, or even answer commonly asked questions.

AI can also be used to make predictions about what orders customers will make. It can analyse historical data about what customers have ordered and when, in order to anticipate what they might order – this can help with more accurate inventory planning, demand-based menu pricing, and more.

Though perhaps not for everyone, the novelty of seeing a robot cooking their food or bringing them their order has real appeal for a large number of consumers. On average, Brits would spend **£23.24 more** in a venue that uses this type of technology – a significant uptick.

And the benefits aren't limited to driving revenue – the impact on costs and efficiency is substantial. A Japanese machine distributed by culinary equipment distributor TY Innovations can cook a plate of Spaghetti Bolognese in just **45 seconds** – about 10 times faster than the average restaurant.

With this, more time and energy can go into upskilling workers into handling other areas, bringing more to customer service, HR management or inventory planning.

## 55%

would spend more at a venue that had 'robot' chefs or waiters

## 18%

say self-ordering and payment technology would make them visit or return to a venue

Self-ordering, whether through tablets or QR codes that customers can scan at tables, allows customers to place their orders and pay without interacting with a cashier or waiter. This technology can reduce wait times and improve order accuracy, as well as freeing up staff to focus on fulfilling orders and creating the best possible guest experience.

**55%** of UK consumers would pay more in a venue that introduced self-ordering and payment technology – at an average of **£20.62** each.

What's more, order values made through self-ordering technology average **20-30% more** than a traditional order, according to [Flipdish](#).

# Going Green



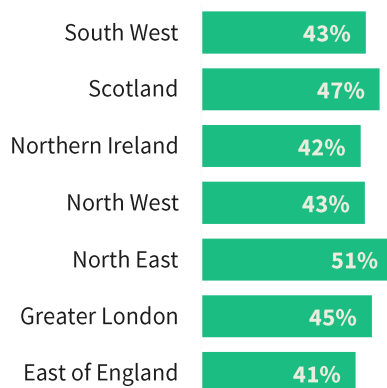
# 42%

of UK consumers would spend more in a hospitality venue that demonstrates it cares about the environment

According to Datassential, 85% of F&B businesses say they've adopted at least one sustainable practice, yet 38% aren't sharing any information about what they're doing to lessen their environmental impact. This is a big missed opportunity: 42% of consumers say they'd spend more in a venue that demonstrates it cares about the environment.

As the effects of climate change manifest themselves, customers will demand businesses take action to mitigate their environmental impact, including their favorite restaurants. Now is the time to build your sustainability credentials.

Which are the most eco-conscious regions?



The youngest consumers – those aged 16-24 – were the most passionate about restaurant sustainability; those 55+ were the least. And since Gen Z and Millennials eat out more frequently than older generations, sustainability is something restaurants ignore at their peril.

# 15%

of UK consumers say sustainable credentials would make them visit or return to a venue

\* Respondents asked whether they would spend more in a hospitality venue that demonstrates that it cares about the environment.



# Funding Innovation in F&B

Tom Perkins

Long-term uncertainty has plagued hospitality businesses, who have been holding back on innovation and investment. Yet our research has shown how vital it is that business don't stand still for too long – consumers are continuously looking for something new and there is a risk that staying stagnant will mean they are left behind.

What is crucial is that hospitality businesses are supported with the finance they need to make such investments.

The sector is often sidelined by traditional lenders, and it can often be difficult to secure finance through the traditional routes such as high street banks. They tend to make funding assessments based on surface-level information, rather than considering the wider business story.

For example, if businesses have to demonstrate three years of profitability, there are very few hospitality businesses that remained consistently profitable between 2020 and now, for obvious reasons.

This may mean a hospitality businesses is either turned away immediately, preventing them from obtaining the financial support they need to invest, or are offered a product that isn't suitable.

Generally, banks have not moved with the times when it comes to the finance options offered to the F&B sector. If there are only a few routes to obtaining credit, it becomes all the more likely that a business will be unsuccessful.

In contrast, Charles & Dean is tenacious in our approach, leveraging our relationships with a curated panel of lenders to present every business we work with in the very best light, negotiate and drive more value. We are able to provide more finance options with a suitable lender that is more likely to approve a business' application.

We find workarounds, looking beyond the traditional channels of overdrafts and fixed term loans can reveal a wealth of finance options available.

## Charles & Dean spotlight on...

### The Business Cash Advance (BCA)

A relatively new product to the market, the BCA is seen as an ideal solution for sectors such as hospitality which tend to experience uneven cash flow due to seasonal fluctuations in revenue.

Cash advances of £10,000 to £300,000 are repaid as a percentage of card sales and therefore are aligned with performance.

While the fees involved are higher than some other forms of finance, businesses see huge value in BCA due to the focus on flexibility and broader eligibility criteria involves making it far easier to access than traditional forms of finance.





## About Charles & Dean

Charles & Dean is an independent asset finance broker for ambitious individuals and businesses that exists to open a door of possibilities to them, by giving access to the right finance at the right time to empower them to meet their ambitions.

Founded in 2011 by Tom Perkins and Simon Grace as a high-end car finance brokerage, Charles & Dean has since grown into an accredited provider of asset finance and has secured thousands of funding offers for more than 6,000 businesses and individuals to date.

Charles & Dean's high growth team is made up of experts committed to disrupting the world of asset finance and funding, fostering close relationships with a curated panel of lenders to secure the finance its clients need to grow their businesses and achieve their goals.

Refreshingly transparent with a shared understanding of the challenges SMEs face and bringing a humanised approach to the sector, Charles & Dean is passionate about giving clients access to suitable finance solutions that will help them to thrive.

Headquartered in Stamford and with an office in Mayfair, Charles & Dean brings a unique perspective to asset finance, rooted in the desire to deliver meaningful impact for the SME community.

Find out more at <https://www.charlesanddean.com/>

### Research Methodology

Research for this report was carried out by Censuswide on behalf of Charles & Dean. 2,002 nationally representative general consumers (aged +16) were surveyed between 4<sup>th</sup> July – 7<sup>th</sup> July 2023. Censuswide abides by and employs members of the Market Research Society which is based on the ESOMAR principles.

Analysis on newly incorporated F&B businesses was carried out by Charles & Dean on data pulled from Companies House's Free Company Data Product on 5<sup>th</sup> July 2023, showing all new businesses incorporated in the previous 12 months (6<sup>th</sup> July 2022 – 5<sup>th</sup> July 2023).





CHARLES & DEAN  
Finance

To find out more about how you can fund your ambition,  
please contact Charles & Dean at  
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