



Non-smoking pubs hit Wetherspoon Free 251224

Description



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Pub chain JD Wetherspoon has said profits at its non-smoking pubs have come under pressure as the outlets sell less beer but more food.

However, the firm said it remained “convinced” that smoke-free pubs were “the way forward”.

It currently has 17 non-smoking outlets as it seeks to pre-empt moves to ban smoking in pubs which serve food.

Like-for-like sales across all the firm's pubs fell 2% in the three months to 24 April and margins fell 1%.

However, Wetherspoon said that if sales from 12 new pubs were included, overall sales rose 2% to £202.9m (\$388.5m).

Smokeless zone

The company said that in its current non-smoking pubs “initial indications are that a dip in bar sales and an increase in food sales put pressure on margins”.

Nevertheless, the firm is continuing to convert its pubs to smoke-free environments.

“We have lost some beer sales as there are those smokers who leave us on day one, but then you start attracting new customers and people who knew we were there but had not used us before,” said finance director Jim Clarke.

“A lot of that trade is food-based. We are convinced... that non-smoking pubs are the way things are going to go in the future.”

The pub chain said in January it would ban smoking in all its 650 pubs by May 2006 amid fears smoky pubs would deter customers.

It said that by the end of May it would have about 30 non-smoking pubs and plans to convert a further 30 in the coming months.

“Given the forthcoming smoking ban in pubs, we will continue with our efforts to maximise sales and profits at these pubs,” JD Wetherspoon said.

Government ban

In November, the government announced plans to impose a sweeping ban on smoking in public places as it looks to encourage healthier living.

Its White Paper on Public Health included restrictions on smoking in licensed premises by the end of 2008.

However, Tim Martin, the chairman and founder of Wetherspoon, said earlier this year that “the government's approach to the issue of a smoking ban does not make sense since pubs can get around it by giving up food sales.”

JD Wetherspoon said in its trading update that it expected to meet analysts' forecasts for its financial

year to July 2005.

But stockbrokers Bridgewell Securities said that given the current consumer climate – with signs that last year’s interest rate rises are finally hitting consumer spending – it expected Wetherspoon’s shares to come under pressure.

Growing competition from rivals and rising costs forced the pub chain to issue three profit warnings in 2004.

The same factors led it to report a 20% drop in first-half profits in March this year.

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