



Wetherspoon sales growth slows Free 251224

## Description



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**UK pubs group JD Wetherspoon has reported a dip in annual profits and warned that flat sales during August are likely to hit results this year.**

Pre-tax profits for the year to 25 July fell to £46.3m (\$82.9m) down from £52.5m last year.

Turnover at Wetherspoon – which operates about 650 city centre pubs and bars – was up 8% to £787.1m.

In July, it issued its second profit warning in three months, after sales suffered during Euro 2004.

Wetherspoon lost out to rival pubs during the tournament because many of its outlets do not have televisions.

The group has also come under fierce price-pressure from supermarkets.

Like-for-like sales in August were flat, Wetherspoon said, and the sales slowdown “will affect our profits – although it is certainly too early in the current financial year to predict the probable outcome”.

Wetherspoon plans to cut back on the number of new pub openings to 15 this coming year.

It opened 28 new pubs in the year to 25 July, compared with 45 in the previous 12 months.

**Supermarket challenge**

But the company is to take action to combat the slowing rate of sales, with new marketing and pricing initiatives.

“There’s a lot of competition in the pub industry, a lot of competition from supermarkets,” chief finance director Jim Clarke told BBC News Online.

“You just have to make sure your offer is competitive and attractive.”

Food and soft drinks now account for around 40% of sales at Wetherspoon and Mr Clarke sees opportunities for future growth in that area.

Wetherspoon’s pubs have been open for breakfast since 2002 and more than 250,000 cups of coffee are now sold every week.

“It’s a profitable part of the business,” Mr Clarke said.

“The idea of pubs being places where people stand and drink pints of beer has been evolving.

“You have always got to look at ways of getting more people into pubs.”

**Right approach**

Mr Clarke said Wetherspoon would continue to “pick off the best sites” for new pub openings.

But it has decided to cut back on expansion as that is the “right approach” in a competitive market.

The supermarket share of the market is continuing to increase but they are not subject to minimum pricing initiatives introduced by licensing authorities to cut down on anti-social behaviour, Mr Clarke points out.

“It’s simplistic to say pricing drives poor behaviour,” he added. “The key to this whole area is quality of the bars, the pub managers and staff.”

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