
From:
Sent: 11 June 2013 12:37
To: Pubs Consultation Responses
Subject: Enterprise Beacon model

Hello,

I am the landlord of Pub in and we (my partner and I) would like to give our opinion of the Beacon tenancy model.

We have found a number of advantages and disadvantages with this model but generally our experience has so far been positive.

The Beacon model is essentially a more hands on approach (from the point of view of Enterprise) than other tenancies. Enterprise fix the retail price of wet products (at a low level with reference to competitors in the area) and discount our wholesale prices in order to protect our margins around the 45-50% mark. This is done to stimulate volume sales. They also have strict controls over our product range with many 'must stock' lines and relatively few stocking options.

Also as part of Beacon we are required to buy in to a package of services that cover all of the major maintenance, insurance and accounting requirements.

In turn we receive a discount on our rent.

The positives for us are that this has meant that it has been a relatively cheap way to take over the pub in terms of initial investment and it has simplified a number of the management decisions (re insurance, maintenance etc.) by providing a one stop package. There has also been excellent support from Enterprise management and our area manager has been extremely helpful in getting the most flexibility out of the model and with all other aspects of the business.

The low pricing was initially beneficial in building trade (the pub had been closed for about before reopening) but we feel that the Beacon price model is not now best for our location as we feel that modest price rises would not discourage sales but we are unable to consider this.

The restrictions on product ranges are also frustrating both in terms of unpopular products that we must stock and popular lines we cannot. This is especially true with real ales where the range of available products seems artificially narrow and poorly considered when a broader variety of interesting ales is often what ale drinkers look for in a pub.

The decision to remove dry sales from the Beacon tie we think is a very sensible move as it allows for the individual publican to far better tailor their dry offering to the market they are in. We have had a good deal of success with our dry sales that we do not believe would have been possible with the previous Beacon product range.

All of these restrictions are of course understandable in the context of a pub that had previously failed a couple of times but we feel that their rigid nature is unhelpful once the pub is back on its feet. We feel that the ability to ease some of the restrictions on price and product lines could benefit both publicans and Enterprise in situations where the pub is being successful but not in a standard "Beacon" (high volume wet sales) way.

That being said, the relatively short nature of the tenancy (two years) means that these issues will be able to be addressed in the not too distant future.

Overall then our experience has been broadly positive and has enabled us to take on a pub that we might not have been able to afford and the Beacon package has been a helpful easing in to the requirements of running a pub that was attractive to first time Landlords or those like us coming from managed houses.

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