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PCA – Tied Tenants Survey 2023 Executive Summary

**Prepared for the Pubs Code Adjudicator by
Ipsos**



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1 Executive summary

In 2021, Ipsos was commissioned by the Pubs Code Adjudicator (PCA) to undertake three annual waves of the PCA tied tenants survey, following on from similar work undertaken by Ipsos in 2017 and 2019. In 2023, Ipsos interviewed 1,206 tenants across the six pub companies that own more than 500 tied pubs in England and Wales. Interviews took place by telephone between January and March 2023. Ipsos ensured a representative sample by randomly approaching tenants within quotas set to ensure the right mix were surveyed. Topics included awareness of and familiarity with the pubs code, tenant satisfaction with the pub company relationship, the experiences of new tenants and perceptions of the PCA and how it communicates. More detail on how this work was conducted can be found in the technical annex that accompanies this and other research outputs.

A representative mix of tenants were surveyed by region and the estate size of the various pub companies. In terms of demographics, the tenant profile was similar to 2022. Most are men, however there are more women tenants in 2023 compared to 2022. Six in ten tenants surveyed were men (61%) vs two-thirds of tenants (67%) in 2022. Tenants tend to be older – 70% were aged 45 and over, although one in ten were aged 16-34 (9%). Tenants surveyed were overwhelmingly white (95%). One in ten said their day-to-day activities were limited ‘a little’ or ‘a lot’ because of a health problem or disability lasting at least 12 months (10%). Most tenants surveyed were single operator outfits (88%), with just over half (52%) having held tenancies, either at their pub or another, for ten years or more. Almost two thirds of tenants (62%) started their tenancy following the introduction of the Pubs Code in 2016.

The Pubs Code and tenant rights

Tenant awareness of the Pubs Code has levelled out since 2022, having increased significantly from 2019. Overall, 84% of tenants surveyed this year and last had ‘read, seen or heard anything in relation to the Pubs Code’ in the past (in 2019 that figure was 78%). Tenants from Admiral (88%) and Greene King (88%) are the most likely to say they had heard of the code before. Punch tenants are the least likely to say they had heard of the Code before, but awareness among these tenants is still high (81%). When asked about their *depth of knowledge*, 78% said they were either ‘very’ or ‘quite’ aware of the Pubs Code before the survey took place, as opposed to being ‘not very aware’ or ‘not aware at all’. This is in line with last year (79%) which marked a significant increase from 2019 (+11 percentage points).

When prompted, a majority of tenants with relevant agreements¹ are familiar with various code rights. More than six in ten tenants are familiar with their right to request MRO in certain circumstances (63%), rights when receiving a rent assessment proposal regarding an existing tenancy (63%) and rights when receiving a rent proposal regarding a new or renewed tenancy (67%). However, this means that around one in three tenants are *unfamiliar* with their rights in each of these areas, which has remained the same since 2022. Moreover, when it comes to the right to price match premises insurance on the open market, 55% of tenants overall are familiar with their rights in this area and 43% are unfamiliar. These patterns are consistent with findings last year.

Looking at these results, it is clear that whilst tenants generally demonstrate good levels of awareness of their code rights overall, there is a significant minority that are unfamiliar with them, with the right to price match premises insurance on the open market appearing to be the least understood. As we saw in 2022, there does not appear to be a relationship between familiarity with rights and experience of them. For

¹ Relevant agreements here meaning those with tied tenancies or leases or another form of agreement not including retail, franchise or short agreement / tenancy-at-will

example, 28% of tenants surveyed with relevant agreements say they have received a rent assessment proposal from their pub company in the past year and 14% say they have requested an MRO option to go free of tie in that time, yet tenant familiarity with rights in each area is the same.

Tenants that had experienced each of the four code events were asked how satisfied they were with how their pub company dealt with them at the time. In most cases, tenants were more satisfied than dissatisfied with how their pub company responded. However, among those requesting an MRO option, 31% were satisfied and 49% dissatisfied. This suggests that the MRO process is a key frustration for tenants. However, as previously noted with the 2022 results, we should take into consideration the specific circumstances of this group. As these were tenants that had requested an MRO option but then remained tied for whatever reason, this is naturally a partial picture of those experiencing the MRO process overall.

Tenants were also asked about where they get information about the Pubs Code. Survey results show that tenants that had heard information about the code in the past 12 months were most likely to have done so through their pub company / business development manager (46%). However, when asked where they would go if they wanted information about the code in future, half (52%) say they would turn to the internet / google and one in five (20%) said they would go to their pub company website. These figures are in line with 2022 and suggest that both the pub companies and various digital communications channels continue to have a role to play in informing tenants about their code rights and the code in general.

The tenant / pub company relationship and new tenant experience

Overall, 62% of tenants surveyed are satisfied with their relationship with their pub company and 22% are dissatisfied. These levels have remained the same since last year, however, there have been shifts across the different pub companies. Tenants from Marston's (85%) are the most satisfied, with satisfaction increasing by 12 percentage points since last year. Greene King (75%) and Admiral (75%) also register above average scores for tenant satisfaction. Tenants from Stonegate are the least satisfied (50%), falling 9 percentage points from 2022. While Punch was the most poorly rated pub company in terms of satisfaction last year, they have improved the most this year, with satisfaction up 13 percentage points (meaning they no longer occupy last place). Meanwhile, newer tenants are some of the most satisfied with the relationship. Seven in ten tenants (71%) who started their tenancy in the last two years are satisfied, while 58% of those who started before then say the same.

Overall satisfaction figures and results by pub company closely match tenant satisfaction with the *type of tenancy* chosen, with Marston's scoring the highest (79%) and Stonegate the lowest (53%). Scores here vary by tenancy type. Tenants with a tied tenancy (63%) or tied lease agreement (56%) are less satisfied with the type of agreement chosen than those with another type of agreement, such as franchises or something else (74%). Given 70% of Marston's tenants have some form of franchise agreement², it is possible that the type of commercial relationship tenants have with their pub company is at least partly driving tenant satisfaction with the relationship overall.

Tenants were asked in their own words why they are satisfied or dissatisfied with the relationship with their pub company. Aside from factors relating to the commercial relationship and success of the business, communication is key. Satisfied tenants cite prompt and open communication from the pub company and fair treatment, and dissatisfied tenants say the opposite. The level of business support provided by the pub company is also spontaneously mentioned as is the speed at which repairs and

² Often referred to in the industry as retail agreements

dilapidations are dealt with. Otherwise, where things are working, many tenants just want to be left alone to run their pub.

These free form responses are supported by survey data too. To further understand the relationship between tenants and their pub company, some detailed survey questions were asked about the relationship between tenants and their Business Development Manager and Code Compliance Officer. BDMs are well known, with 98% of tenants surveyed aware of who their BDM is. Only one in four tenants know of who their CCO is (25%), though Greene King tenants are most aware (44%).

The relationship with BDMs is generally viewed positively by tenants, reflecting the fact that six in ten tenants are satisfied overall. For example, 81% say that BDMs are fair in discussions (up 5 points from 2022), with tenants from Marston's (92%) and Greene King scoring best here (88%). Tenants from Marston's, Admiral and Greene King tend to give BDMs the best scores across a range of measures, reflecting strong overall satisfaction scores for those pub companies. When we ask about the business planning support provided by pub companies, tenants from Marston's (81%), Admiral (67%) and Greene King (67%) are the most likely to agree that appropriate support is provided by their BDM.

However, as seen in free form comments, repairs and dilapidations remain a key issue for tenants overall, with 37% agreeing they are satisfied with how their BDM handles them and 45% disagreeing. Tenants from Marston's (67%) and Admiral (49%) give the best scores here and tenants from Star and Stonegate the lowest (just 26% agree). Again, tenancy type may be driving some of this higher satisfaction with Marston's – tenants with another type of agreement (e.g. franchise / some other agreement) are more satisfied with how repairs and/or dilapidations are managed (51%) compared to those with a tied lease agreement (26%) or tied tenancy (40%). Which may all be related to the differences in repairing obligations borne by the landlord and tenant under different tenancy arrangements.

Tenants were also asked some questions about their experiences as new tenants. These questions were only asked of tenants that became tied with their current pub company since the Pubs Code came into force in 2016. Recall of information received as new tenants was generally high. Four in five tenants recalled receiving rent and deposit information (84%), details of tied obligations (84%) and information about maintenance and repairs obligations (81%). However, just 44% recalled an introduction to their CCO. Nevertheless, 79% of tenants said information received at this time was useful and just 13% said it was not. However, fewer (58%) said their sustainable business plan is useful in managing their tenancy. 26% said it was not useful and 12% did not recall agreeing one. It is notable that satisfied tenants tended to find this information more useful than dissatisfied tenants, suggesting that good communication between pub companies and tenants at an early stage can lead to more positive working relationships in the longer term.

Tenants who started their tenancy in the last two years were more likely to find pre-tenancy information and their sustainable business plan useful than those starting less recently. 86% of these tenants found the information they received useful while 9% did not. 64% find their sustainable business plan useful while 23% do not. Looking at the scores by pub company, new tenants with Marston's and Greene King were most likely to find pre-tenancy information and their sustainable business plan useful, whereas new tenants with Stonegate found them least useful.

Perceptions of the PCA

Turning to perceptions of the PCA itself, our survey results find that 54% of tenants were either very or quite aware of the PCA before the survey took place, which is in line with findings from 2022. Tenants

from Greene King (68%) are most aware of the PCA, while Stonegate are the least (48%). Meanwhile a majority of tenants surveyed trust the PCA to regulate the pubs industry independent of the government (56%) and the pub companies (57%) but in both cases around one in three do not. Marston's tenants were typically most likely to trust the PCA in both instances.

In terms of specific PCA communications activity, one in four tenants claim to have used the PCA website in the past year (24%). Tenants mostly use the website to get information about the Pubs Code (66%), within that the most common reasons for visiting cited being to get general information about the code (40%), contact the PCA (8%) or to get information on rent proposal rights (8%). Those using the website usually recall a positive experience, with seven in ten visitors saying the website was easy to navigate and use (77%), the information was helpful (77%) and the information was clear and easy to understand (76%). Meanwhile, very few tenants (3%) recall using the PCA enquiry line in the past year.

Conclusions

Overall, there are many positives to be taken from these results. Awareness of the Pubs Code remains high at around 4 in 5 tenants and most are familiar with their rights in four key areas of the code. Six in ten tenants are satisfied with their relationship with their pub company overall and they typically afford good scores to BDMs too. Meanwhile, the overwhelming majority consider information received as new tenants to have been useful and almost six in ten think their sustainable business plan is useful in managing their tenancy. Newer tenants also find pre-tenancy information and their sustainable business plan more useful, suggesting recent efforts here may have been impactful. In terms of the PCA, a majority trust the PCA to regulate the industry independent of government and the pub companies and those tenants that have used the PCA website in the past year seem to have had a reasonably positive experience.

There are, of course, areas for improvement or consideration:

- Tenant familiarity with code rights can be strengthened further. At least one in three are unfamiliar with their rights in specific areas and rights pertaining to premises insurance remain the least understood amongst tenants overall.
- Whilst tenant satisfaction with the relationship with their pub company is healthy overall, this is not the case for one in five tenants and the picture is variable by pub company. Tenants with Stonegate, Star and Punch are less satisfied than those with Marston's Greene King or Admiral.
- Feedback from tenants in their own words show the importance of communication in the relationship. Clear, prompt, open communication and fair treatment are valued by satisfied tenants and deemed lacking by dissatisfied ones.
- Meanwhile, whilst BDMs typically score well, the handling of repairs and dilapidations remains an issue for many. Tenancy type appears to have an impact here which may need to be explored further. It may also be worth considering what practices are working best that could be replicated across the industry.
- Likewise, tenant agreement that pub companies provide the right level of business planning support also varies by pub company. Pub companies scoring less well in this area may consider what could be done to improve, as tenants that consider their BDMs to be supportive tend to give better scores overall.

- Whilst the information provided to new tenants is already seen as useful by most, it may be worth exploring what makes such information useful so that best practice can be shared. Similarly, with the sustainable business plan, it is worth exploring how these can best be embedded in the tenant's way of working to support better tenant / pub company relationships.
- Although the majority of tenants trust the PCA to regulate the industry independently, there is still around one in three tenants that do not – matching results from last year.

The PCA website seems to be viewed reasonably well amongst those that have used it in the past year, but three in four tenants have not seen the need to visit in that time. This raises the question of whether it could be better utilised as a resource for tenants in future. Further investigation may be required to understand how to encourage use of a PCA website.

2 Further reading

For further information please consult the slide pack, technical annex and full data tables that accompany the publication of this executive summary.

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