



— THE —
CASK REPORT
— 2017/2018 —

For this year's report we have undertaken a large consumer survey through YouGov and a similar online poll of cask licensees. The focus of the surveys was to learn more about:

- How cask supports the British pub
- Consumers' views on the premiumisation of cask

From the feedback, we have gained a wealth of knowledge on both topics, much of which is covered in this report and should be of enormous value to both brand marketeers and retailers. The opportunity to raise profit from cask has never been greater.



CONTENTS

4 On-trade UK beer market

6 Booming breweries

8 The cask market
across the country

11 Cask drinkers and why
they are key to pub profits

13 Attracting the cask drinker –
and friends

15 Cracking cask: winning them
over

16 Cask in the craft beer era

18 Consumers would support
paying more for a pint of cask

22 Driving profit

24 Quality is king for beer drinkers

25 Improving training with new
industry scheme

26 Final thoughts

ON-TRADE UK BEER MARKET

In a challenging on-trade market, cask has been the most resilient beer sector in the last six years

During that time, both keg and lager sales have been characterised by declines of 25% and 11% respectively, in contrast to just 5% for cask.

Cask continues to be the dominant force within ale with a 57% share compared to keg's 43%.

And, although lager remains by far the largest sector in beer, commanding 65% of the market versus ale's 29%, there are signs that lager drinkers are increasingly migrating into the cask category.

Over the last year, beer has been hit by the closure of wet-led pubs, which CAMRA estimates are happening at a rate of 21 per week.

But among licensees where cask is central to their business, real ale sales are rising sharply, and other beers are performing better too.

In a survey of pubs specialising in cask beer, 65% say it is growing, and only 7% have seen any decline.

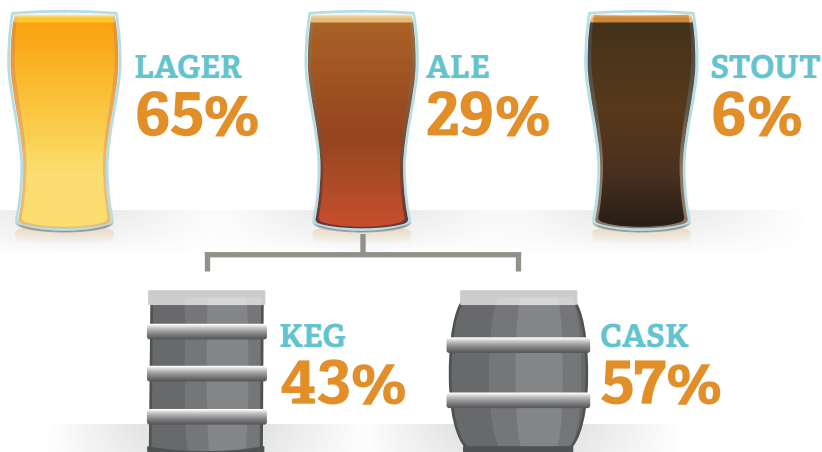
The cask drinker continues to be the highest spender of all beer consumers, and is often the one in a group who decides which pub to visit. This contributes to the increase in sales across all their beers, pushing sales up by 2.3% (Vianet).

The halo effect cask creates around perceptions of a pub and the rest of its beer range is a big attraction to customers.

Cask is the beer type most consumers associate with being a craft product.

This adds to the list of reasons why cask ale has never been more relevant and important to pubs.

SHARES OF VOLUME SALES



Source: CGA, BBPA

The challenge for the industry is finding ways to advance cask's position, increasing trial and premiumising the sector further.

The possibility to inject greater value gains is a precedent well-established by craft keg. It paves the way to increase margins on cask, as new consumer research conducted for the Cask Report shows.

The potential for cask to grow further is significant and pubs who take advantage of the sustained trend for quality cask will continue to thrive.

Over two thirds of licensees with well-chosen ranges and focus on quality continue to successfully show growth.

== FACT ==

- Sales of cask beer have been the most resilient across the beer sector over the last five years
- Cask is a hero category for pubs, boosting sales of all types of beer



TYPES OF PUBS

	Managed	Tenanted and Leased	Freehouses	Total
2010	7,700	25,200	22,500	55,400
2011	7,600	23,700	23,400	54,700
2012	7,600	21,500	24,700	53,800
2013	7,500	20,800	24,200	52,500
2014	7,800	19,500	24,600	51,900
2015	8,500	17,800	24,500	50,800
2016	9,200	15,000	26,100	50,300

The number of pubs in the UK has fallen by over 5,000 in the last 6 years.

Source: BBPA

== ACTIONS ==



Focus on cask beer range and quality to increase footfall – and sales of all beer types

BOOMING BREWERIES

The brewing scene is vibrant and exciting – and making a huge contribution to local and national economies

According to CAMRA, the Campaign for Real Ale, the number of breweries has grown from 1,540 last year to more than 1,700 this year. This represents a net gain of three new breweries a week. Nearly all of them are cask ale producers.

Their contribution to the economy is huge, not least in creating employment. BBPA figures show that a single job in brewing generates one job in agriculture, one job in supply chain, one job in retail (off-trade) and 18 jobs in pubs.

Additionally, there is considerable capital investment by the sector. Last year, 22% of SIBA members invested more than £50,000 in their plants and 10% more than £100,000. A third of SIBA members have forecast growth in turnover of over 10% in 2017. Around 15% expect to double their levels of production, sales and their turnover by 2018.

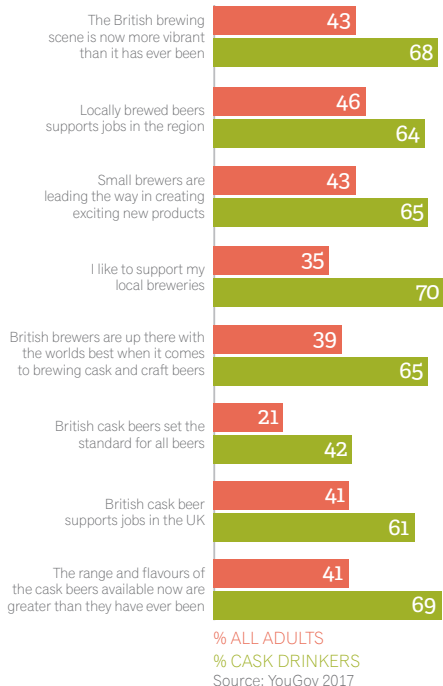
The resurgence in brewing has created good news for pubs and consumers: that is, the burgeoning variety of beers. Between them, the country's regional and local brewers produce some 10,000 different cask ales a year.

The choice of styles and flavours available to drinkers up and down the country has never been bigger and never been better.

68% of licensees and a similar proportion of cask fans recognise that the British brewing scene is now more vibrant than ever. They appreciate the wide range of flavours and are extremely supportive of the concept of 'local'. 70% are keen to support breweries from their region.

Equally, the success of numerous brewers in selling beers well beyond their homelands is significant. It shows that drinkers also appreciate recognised, respected ales from other localities. They are interested in where

CONSUMERS' VIEWS OF THE BREWING SECTOR



beers come from and the influence of those origins – which is why so many breweries use provenance as a big part of their brand positioning.

The vital role cask plays in supporting the economy is recognised by nearly half the general population and 70% of real ale drinkers. Awareness of cask ale's artisan production using British ingredients is growing.

Only a quarter of licensees say they have special relationships with breweries from their own area. This may seem surprisingly low in such a people-driven industry – and one that is so interested in local and regional products.

DISTRIBUTION OF BRITAIN'S 1,704 BREWERIES

— FACT —

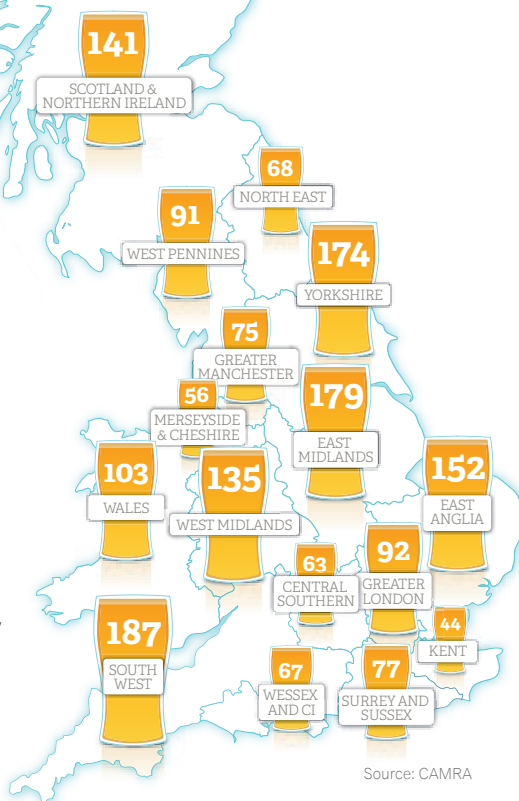
- There are now 1,704 breweries in Britain
- Choice of beer styles and flavours has never been better
- People are motivated by provenance
- Drinking cask ale supports the local and national economy through the supply chain, generating jobs and boosting choice



However, it highlights an opportunity for brewers and their sales forces to get active in building relations and helping influence choice.

The investment in, and expansion plans of, so many entrepreneurial and established brewers is great news for the industry and economy. It needs to be matched by the outlets who make their money from selling the products.

In other words, licensees, who have a hand in the last stages of brewing cask ales (as they undergo secondary fermentation in the cellar), have to offer something over and above brewery support. It is they who create the proposition to the consumer and it is their staff who need training. The cask ale offer distinguishes pubs from the many other hospitality operations – and it is licensees who can leverage booming breweries into booming sales of cask.



69%

OF CASK DRINKERS
RECOGNISE THAT RANGE AND
FLAVOURS OF CASK BEER HAVE
NEVER BEEN BETTER

— ACTIONS —

- Tell the story of cask to consumers, emphasising its uniqueness (fresh, natural, live, no added gas) and its unique contribution to the economy
- Train staff so they are familiar with the different beer styles and can talk to customers about the flavours and aromas of the brands on offer



THE CASK MARKET ACROSS THE COUNTRY

Pubs with a strong passion for beer are showing impressive sales for cask

Cask ale has weathered the on-trade's tough trading conditions more robustly than other beer sectors, maintaining strong market share and developing new products to sustain customer loyalty.

Among pubs with a focus on cask and quality beer generally, 65% have seen cask sales grow in the last year, with just 7% experiencing a dip.

Drilling down further into the data reveals vibrant sales patterns across the regions with cask continuing to gain ground across the UK.

Scotland and North England have the most pubs seeing growth with 71% and 69% respectively.

Across the country, according to the survey of these pubs carried out for the Cask Report, 21% say cask is growing between 6 and 10%.

Pinpointing reasons for the growth, 46% of licensees say sales are up because their pub has a reputation for selling beer in great condition. Offering consistent quality is also a key sales driver according to 44%, proving that training and increasing staff knowledge on handling cask can have a significant impact on a pub's bottom line.

Licensees also highlighted cask was attracting new drinkers, 35% believing the growth in sales to be the result of the rising popularity of cask.

Encouragingly, pubs with a specialism in beer say they're attracting more food and drink trade generally, drawing customers through their great choice of cask products.

65%

HAVE SEEN CASK SALES
GROW IN THE LAST
YEAR, WITH JUST 7%
EXPERIENCING A DIP

21%

SAY CASK IS GROWING
BETWEEN 6 AND 10%

35%

OF LICENSEES ARE SEEING
A GROWTH IN SALES ON
THE BACK OF THE RISING
POPULARITY OF CASK

— FACT —

Cask is the biggest influencer of
any category in growing sales

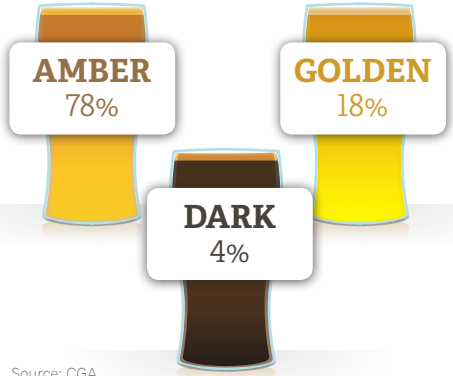


Well-trained staff who are confident in up-selling and discussing cask beer with customers are instrumental in growing trade. To benefit from the opportunities offered by cask, licensees need to continually educate and enthuse teams to drive sales.

The survey shows 68% of leaseholds and tenancies are seeing significant growth in cask sales as are 65% of freehouses and 57% of managed pubs.

As the number of food-led and branded pubs grows, the industry must work hard to maximise the opportunities from cask. Its promotion as an accompaniment to food is essential. Real ale needs to be positioned as an integral part of the meal.

VALUE SPLIT BY COLOUR



Source: CGA

LICENSEES' VIEWS ON WHY THEIR CASK SALES ARE INCREASING

GENERALLY TRADE HAS IMPROVED	37%
CASK BEER IS GAINING SALES FROM KEG BEER	16%
CASK BEER IS INCREASING IN POPULARITY	36%
CASK DRINKERS ARE COMING IN MORE OFTEN	21%
WE ARE ATTRACTING MORE CASK DRINKERS	37%
THE QUALITY IS CONSISTENT	44%
THE PUB HAS A REPUTATION FOR SELLING THE BEER IN GREAT CONDITION	46%
THERE'S A GREAT CHOICE OF CASK BEERS HERE	31%
THE STAFF KNOW HOW TO 'UPSELL' OUR CASK OFFER	16%

Source: CM Trade Research 2017

== ACTIONS ==

- Train staff on the cask offer
- Promote cask ale with food
- Ensure you offer a range of colours of cask





Casks at Thornbridge Brewery

CASK DRINKERS AND WHY THEY ARE KEY TO PUB PROFITS

Cask drinkers spend over £1,000 a year in pubs – more than any other drinker. They are also the most loyal to pubs

Cask ale drinkers are the customers the industry can't afford to ignore: high spenders, frequent pub-goers – and with friends who rely on them to pick the venue for a night out.

With an ever-growing choice of hospitality venues, and a general decline in frequency of pub visits, the need to nurture 'loyalists' has never been greater. The case for cultivating the custom of cask ale drinkers is clear: 42% of them visit the pub once a week or more.

They also spend significantly more per trip than other customers. Their contribution to pub tills (on drinks and food) of almost £1,030 a year is a whopping £240, or 30% more than the average pub-goer spend.

When it comes to 'big nights out', cask drinkers are the top spenders among beer drinkers, with nearly a quarter prepared to spend £50 or more.

Their expenditure has increased 6.5% in the past two years.

The number of people who say they have drunk cask ale is also up compared to 2015.

Cask drinkers are much less motivated by budget than any other type of beer drinker.

30%

MORE SPENT BY CASK DRINKERS IN THE PUB THAN BY OTHER DRINKERS

42%

OF REAL ALE DRINKERS VISIT THE PUB ONCE A WEEK OR MORE

£1,030

CONTRIBUTION OF CASK DRINKER TO PUBS EACH YEAR

AVERAGE SPEND IN THE PUB PER YEAR BY DRINKER TYPE



Source: Calculated from YouGov 2017

ACTIONS

Attract the cask drinker to increase turnover



FREQUENCY OF PUB VISITS

% ALL ADULTS

% CASK DRINKERS

Source: YouGov 2017



90%

OF CASK DRINKERS
DON'T HAVE A SPECIFIC
AMOUNT OF MONEY IN
MIND WHEN THEY GO
FOR A DRINK

Surprisingly, 90% of cask drinkers don't have a specific amount of money in mind when they go out for a drink.

This is clearly significant for pubs when creating pricing policies. It shows that licensees are overly cautious in their belief there's not much opportunity to flex their prices.

Only 25% of managers, 16% of tenants and leaseholders and 14% of freehouse operators believe there is an opportunity to increase any cask prices.

Real ale drinkers are more curious and adventurous when it comes to brand selection, making their mind up at the pub. This supports the need for strong ranging and signage to explain what's on offer.

Alcoholic strength is a key consideration. Real ale drinkers prefer beers of under 4% abv at lunchtime, and over 4% abv in the evening. The obvious message to licensees is to offer a range of cask options at lower strengths to build daytime trade and higher strengths to build evening business.

== FACT ==

Cask drinkers are far more interested in the beer than they are in the price



== ACTIONS ==

- Cultivate cask drinkers: they will reward you with more visits and greater spend on food and drink
- Keep price-sensitive customers coming through the doors with one entry point session cask
- Ensure your range caters for lunchtime (lower abv) and evening (higher abv) drinkers



ATTRACTING THE CASK DRINKER – AND FRIENDS

Pubs that get the offer right for cask drinkers – beer quality, food, atmosphere and activities – stand to gain the most

Cask drinkers are more likely than anyone else to use the pub – not just for general visits, but for a wide range of occasions and events.

79% of cask drinkers have recently been for a meal or drinks with family, friends or colleagues. This compares with 57% of the general adult population.

Food plays a key role in attracting the cask drinker. Curry nights, pie and pint deals, two for ones; all can help encourage return visits. Any food promotion clearly has to suit the pub's overall style of offer and the market to which it is appealing.

While they are not spread evenly across geographic regions and pub trading types, it's worth bearing in mind that 69% of cask drinkers are in the more affluent ABC1 demographic. Their regular custom is very valuable – for pubs that can get it. Using the menu as well as the cask range to create the positioning and target those drinkers is essential. Many pubcos could benefit from a closer alliance between those involved in planning the food offer and those involved in the beer side.

Cask drinkers are highly motivated by organised events such as pub quizzes, live music, TV big games, beer festivals, darts and cribbage matches. Pubs that don't run promotions or events appealing to cask drinkers stand to lose their custom to other venues that do.

Of course, the cask proposition is absolutely key to attracting cask drinkers. Activities and food offers will be effective only alongside the right range of beers served in consistently great condition.

33%

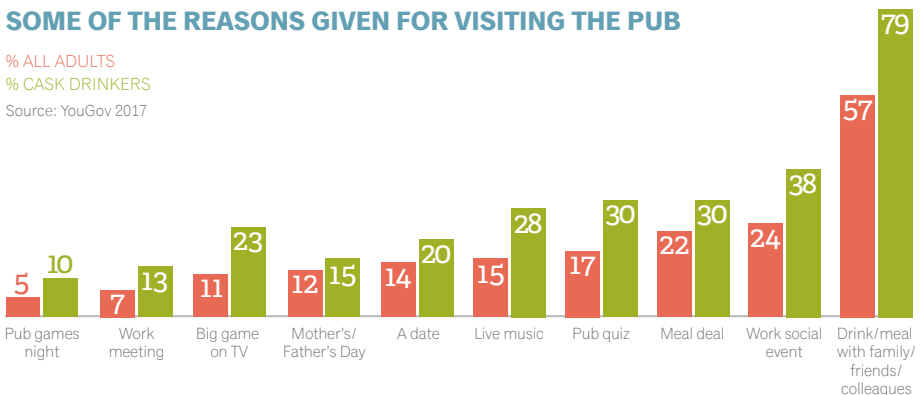
OF ALL ADULTS THINK IF A PUB SERVES CASK THE LICENSEE CARES ABOUT BEER AND THE FOOD IS PROBABLY OF A HIGH STANDARD TOO

SOME OF THE REASONS GIVEN FOR VISITING THE PUB

% ALL ADULTS

% CASK DRINKERS

Source: YouGov 2017



Cask beer plays a powerful role in enhancing customers' perception, influencing how they feel about the pub – whether or not they are cask drinkers.

Given that cask is a living product, which requires staff to have knowledge and skill to keep and serve in optimum condition, it creates a halo effect for pubs.

When customers see a range of hand pumps on the bar, half of them feel it's a 'proper' pub, regardless of whether they drink cask. And, even though women are less likely to drink cask ale, the fact that it's available is reassuring about the pub offering as a whole.

This indicates the importance of a well-honed beer range to a pub's success. 33% of all adults think if a pub serves cask, the licensee cares about beer – and the food is probably of a high standard too.

The challenge for licensees is that cask ale drinkers are among the most discerning. Meeting their high expectations is crucial to securing and keeping their custom.

Even if only one pub were to serve its real ale in inferior condition, that would be one too many. Poor pints lose customers from the pub, and – frustratingly for brewers – puts drinkers off their brands and cask beer.

The challenge is that some people continue to drink the beer presented to them, whatever the condition. Some licensees mistake this as an endorsement for the lacklustre or poor standard of beer they are serving. What they are failing to

take into account are the customers who leave to drink elsewhere and who don't return and don't bring their friends back. They don't know how many potential regulars they are hemorrhaging.

35%

OF CASK DRINKERS WOULD
LEAVE THE PUB AND GO
ELSEWHERE IF THEY ARE SERVED
A POOR QUALITY DRINK

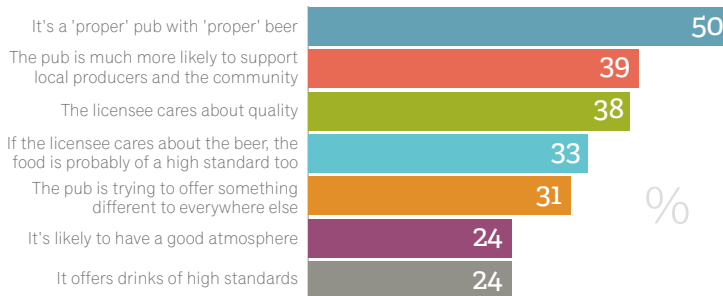
The £1,030 annual spend of cask ale drinkers alone should be argument enough to persuade publicans to pay massive attention to the quality of their cellaring and beer presentation.

== FACT ==

- 69% of cask drinkers are ABC1 demographic and are demanding
- Poor quality loses customers – and they tell their friends about it



WHAT HAND-PUMPS SAY TO CONSUMERS ABOUT A PUB



Source: YouGov 2017

%

CRACKING CASK: WINNING THEM OVER

Licensees not promoting a great cask offer are missing out on significant profits. They're not attracting the consumers who come to the pub most often, nor the £1,030 they each spend on food and drink each year. Here's how to tackle some of the barriers

WHY I DON'T DRINK CASK ALE

I DON'T LIKE DRINKING PINTS

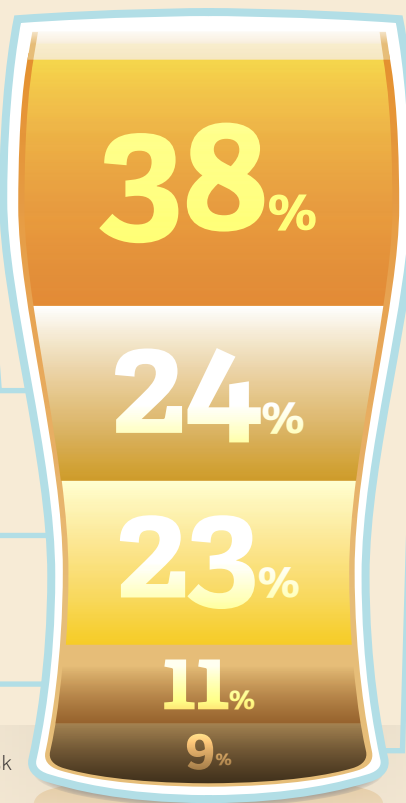
- Use stylish glassware – including third pint as well as half pint glasses

IT'S NEVER OCCURRED TO ME TO TRY IT

- Offer 'Try Before You Buy'
- Highlight the breadth of range on offer with point of sale
- Write tasting notes on boards and menus

I DON'T LIKE THE IDEA OF IT

- Train staff to talk up cask and the brands on offer
- Make beer and food matching suggestions
- Offer 'Try Before You Buy'



I DON'T THINK I WOULD LIKE THE TASTE

- Promote the huge range of styles and flavours – something for every palate
- Offer try before you buy

I DON'T KNOW ENOUGH ABOUT IT

- Engage staff to be knowledgeable and communicative and confident to promote the different ales on offer
- Encourage customers to use the CaskFinder App to explore brands and styles

Source: YouGov 2017

CASK IN THE CRAFT BEER ERA

More craft beer drinkers associate cask ale with being a craft product than keg ale

Many in the industry continue to grapple with definitions of what attributes give a beer craft credentials and with more acquisition-hungry big brewers moving into the sector, the lines are becoming increasingly blurred.

However, consumers and licensees are much more clearly aligned when asked about how they view craft products, pin-pointing similar characteristics.

To be considered a craft beer, it needs to satisfy some key attributes.

In consumers' minds, cask ale is strongly associated with craft – 56% of craft drinkers say cask is a craft beer.

However, just 8% of craft drinkers believe keg is a craft beer.

Lager is the category losing the most amid the craft beer boom. 38% of craft drinkers are switching from lager into the category.

This trend demonstrates that craft ale is creating an entry point to ale for lager drinkers, particularly for younger consumers.

The scale of production and perceived brewery size are also dominant factors in determining craft. Half of all adults believe craft beers are brewed in limited batches or are from small breweries.

Local and regional production is far more important to craft drinkers: half list it as a key attribute of a craft beer.

Licensees associate craft with being trendy, a description which tops their list of definitions for a craft product.

Licensees also align craft with real ale, reflecting the views of their customers.

Consumers are less influenced by price when it comes to buying a beer they believe is a craft product. They also don't necessarily believe all craft beer is high in alcohol strength, challenging the myth that drinkers are put off craft because it's too strong and too expensive.

The question for the industry is whether all cask should be considered craft in-line with consumers' definition, which is also mirrored by licensees' perceptions.

56%

OF CRAFT DRINKERS SAY
CASK IS A CRAFT BEER

8%

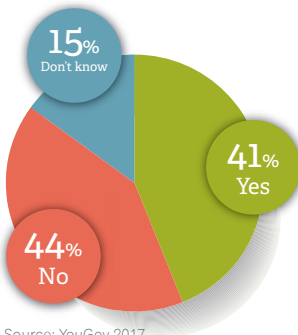
OF CRAFT DRINKERS BELIEVE
KEG IS A CRAFT BEER

== ACTIONS ==

- ◆ Stock a craft keg ale. Lager drinkers may be interested
- ◆ Talk up cask as craft

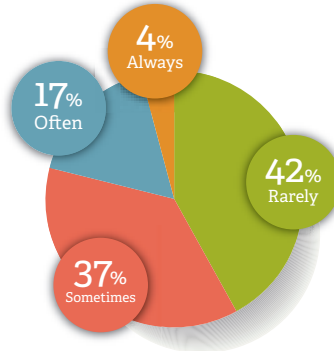


HAVE YOU EVER TRIED CRAFT BEER?

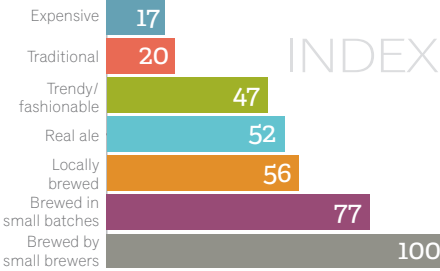


Source: YouGov 2017

HOW OFTEN DO YOU DRINK CRAFT BEER?

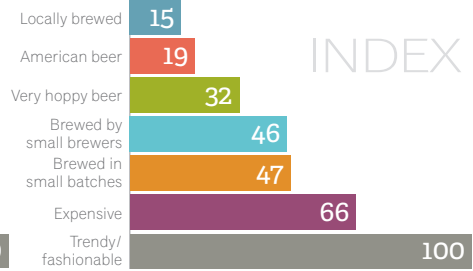


CONSUMER PERCEPTION OF CRAFT BEER



Source: YouGov 2017

PUBLICAN PERCEPTION OF CRAFT BEER



Source: CM Trade Research 2017

38%

OF CRAFT BEER DRINKERS
HAVE MIGRATED FROM LAGER

Source: CM Trade Research 2017

== ACTIONS ==

62% of adults say cask is a sign the licensee cares about quality and the drinks are of a high-standard. They perceive it as "a proper pub" So advertising cask can be a vital marketing tool to attract new customers



CONSUMERS WOULD SUPPORT PAYING MORE FOR A PINT OF CASK

The opportunity to create more income and profit from cask has never been stronger. Consumers may not be giving a blank cheque to raise prices, but the research shows that if pubs get things right and consistently serve their beer in good condition, drinkers are prepared to pay more

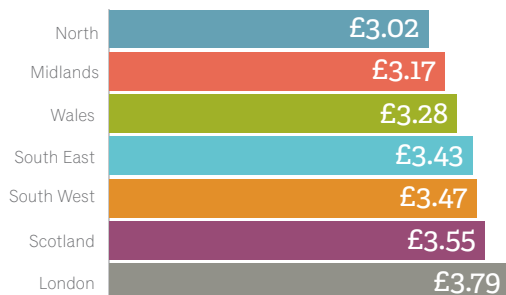
The case for premiumisation in the cask category has never been more compelling. New research for the Cask Report shows 81% of cask customers would, in the right circumstances, pay up to 20% more for a quality glass of real ale. The fact that so many cask drinkers (69%) fall into the ABC1 demographic is significant. So is the fact that 90% of cask drinkers don't have a specific amount of money in mind to spend when they go to the pub.

Research on pricing was carried out in pubs

that provide a quality cask offer. It shows the national average price for a pint of standard, or session, cask ale to be £3.31. It shows £3.48 for a standard lager. However, for a standard craft keg it rises to £3.88 a pint. The 17% extra clearly raises the bar.

For premium beers, the national averages are £3.52 for cask and £4.15 for craft keg. Far from representing a threat, the higher price of craft keg demonstrates the scale of opportunity for the cask sector.

AVERAGE PRICE OF A PINT OF STANDARD CASK ALE IN OUTLETS WITH A QUALITY CASK OFFERING



Source: CM Trade Research 2017

69%

OF CASK DRINKERS
ARE IN THE ABC1
DEMOGRAPHIC



Two thirds of cask ale drinkers would pay more for a pint that had been well-kept and looked after by staff, which shows the link between investing in training and the potential there is for good pubs to increase margin on cask



There is no suggestion to licensees to implement an immediate price rise of 20% across all cask beers. There is a nudge to look at the opportunities demonstrated by pricing in the craft keg category and at the willingness of cask drinkers to pay more when the offer is right. Conducting a review of the beer range and pricing structure – in the context of outlet style and the local market – should pay healthy dividends.

Cask drinkers want a mixture of familiar and new brands, as well as a choice of different styles of ale. Previous research showed they are looking for old favourites and novelty beers, for permanent brands and a rotating selection of guest ales.

There is reassurance in tried and trusted beers from established regionals. There's also a desire to explore beers from smaller players. Drinkers are likely to accept differentials in pricing.

Whatever cask drinkers are willing to pay for beers of a high (or highly perceived) value, there is still a place for one or more beers at an entry level price point – equivalent to a standard lager. Depending on style, abv, scarcity and provenance, there may then be the opportunity to flex the price of other real ales on the bar.

Any standard strength brand viewed as premium in character should be able to sustain a price above that of a standard lager. Well respected, premium strength cask ales should bear a price point at least equivalent to a premium lager.

Artisanal, top-of-the-range ales that are high in strength, unusual in style or with particular points of interest have the potential to sustain a much higher price, and may be promoted in smaller measures, such as third of a pint.



Cask drinkers are willing to pay 20% more if they like the taste

Of course, price considerations are utterly dependent upon the licensee being able to provide a quality offer. Other sections of the Report cover this in detail, but to reiterate, getting the range right to enable each cask to sell within three days, and the price right to support this rate of sale – and maximise margins – is crucial.

Other pricing considerations include exact location, nearby competition, outlet style and overall offer. Any review of beer pricing structures can't happen in isolation and has to take these things into account. A great start is to take a look at other outlets to see what distinguishes their operations. Identifying what allows competitors to bring in valuable real ale drinkers and to achieve high price points for their beer will help in planning.

Cask drinkers are choosy about the pubs they visit. 94% say atmosphere is a key element when they decide where to go. Food and décor also matter greatly to them. Style of business, market positioning, key messaging, furnishings, food and drink provision, staff friendliness and levels of service: all influence the prices that can be commanded.

67%

OF ADULTS WOULD BE
PREPARED TO PAY EXTRA
FOR A WELL-KEPT PINT

PRICING LADDERS CAN TRANSFORM PUB PROFITABILITY



1 barrel = 4 firkins



= £5,000
additional income pa

= ACTIONS =

Keep a session beer at a entry price and use the rest of the range to premiumise category and trade-up, with an emphasis on brands which command a higher price





DRIVING PROFIT

Pubs are still missing out on huge profits by ignoring beer quality and training. Cask Marque is a vital symbol of quality and is recognised by all types of beer drinkers

Despite all the investments going on in brewing, once beer leaves the brewery gates there are still no guarantees customers will be served a decent pint.

One in three pints is served via an unclean beer line and the same number of cellars are outside the recommended temperature specifications at some stage during the year. Serving poor quality beer is bad for business.

Improving standards through training can increase annual profits by 3%. Based on an outlet which sells 150 barrels of total beer a year at an average of £3.50 a pint, that's an extra £2,268 profit.

Cask Marque remains the standard-bearer for good beer and is recognised by all consumers, regardless of what they drink.

77% of regular cask drinkers recognise the symbol.

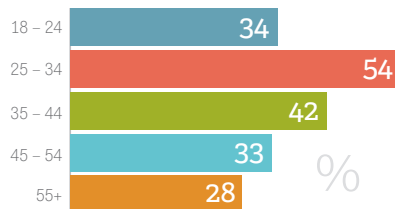
Younger drinkers are becoming more switched-on to the Cask Marque initiative and it has the highest awareness among consumers aged between 25 and 34, who recall seeing the plaque more than any other group.

For cask drinkers, it is synonymous with good beer and 63% know it's a sign that the beer has been cellared correctly.

63%

KNOW IT'S A SIGN THAT
THE BEER HAS BEEN
CELLARED CORRECTLY

AWARENESS OF CASK MARQUE SYMBOL BY AGE



ALL ADULTS

Source: YouGov 2017

The number of accredited pubs is over 10,000 and growing at 3%. Inspectors make over 20,000 pub visits a year, testing over 65,000 beers.

Of those, just 8% fail the inspection with the main reason relating to the ale python controller, because it is broken, unplugged or switched off – all extremely simple issues to resolve.

== ACTIONS ==

Make an extra £2,268 profit by improving standards through staff training



== FACT ==

Younger consumers recognise the Cask Marque symbol more than any other age group



Cask Marque also estimates pubs are losing money by failing to control pouring yields. Training staff to reduce wastage could inject 1.7% in extra profit each year, which equates to a £206 million missed profit opportunity across the industry.

Over-ranging is also a problem as, on average, pubs have three too many beerlines across all beer types. This leads to low throughput and wastage.

Each surplus beer costs a pub £500 in wastage and cleaning, so pubs can make big savings from generating more sales or from reducing lines which aren't selling.

If pubs aren't selling two casks a week per brand it's time for a range review.

77%

OF REGULAR CASK DRINKERS
RECOGNISE THE SYMBOL



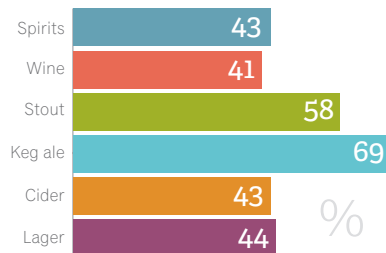
WHAT DO YOU THINK THE CASK MARQUE PLAQUE MEANS?



ALL PUB DRINKERS

Source: YouGov 2017

CASK MARQUE AWARENESS BY TYPE OF DRINK CONSUMED



ALL PUB DRINKERS

Source: YouGov 2017

ACTIONS

- Invest in staff training to boost profits
- Review range and where beers are under performing, switch to a more popular brand, drive footfall to generate more sales or reduce number of lines

QUALITY IS KING FOR BEER DRINKERS

Cask gives pubs a unique selling-point, but licensees risk damaging sales through a lack of knowledge and training

Despite the industry's commitment to raising standards, all too often consumers still face a gamble when they order a pint.

According to data from Eureka, 71% of customers say they've been served a bad pint, with far reaching consequences for the outlet and the trade's profitability as a whole.

40% of drinkers will avoid a pub where they had a bad or off ale, which highlights the importance of getting beer quality right and investing behind staff training.

On the one hand, consumers have never had so many beer styles available to explore, yet 60% would rather pubs offered a smaller range of well-served products than let quality suffer because of over-ranging and stocking lines with low throughput.

Handling cask, and making sure it stays in peak condition, requires care and attention – unique skills which give pubs a valuable point of difference to other types of outlet.

However, only a third of consumers think staff have a knowledge of cask ale, which shows there is a significant shortfall between consumer expectation and their on-trade experiences.

Getting the basics right is just as important as learning about conditioning, temperature and cellar management, and first impressions are often just as strong a measure of quality for consumers. For instance, 60% of drinkers are annoyed when they are served beer in a warm pint glass, which customers will chalk up as poor service, potentially causing them to vote with their feet and take their business elsewhere in future.



60%

OF DRINKERS ARE ANNOYED
WHEN THEY ARE SERVED
BEER IN A WARM GLASS

40%

OF DRINKERS WILL AVOID
A PUB WHERE THEY ARE
SERVED A POOR PINT

IMPROVING TRAINING WITH NEW INDUSTRY SCHEME

The opportunity for pubs to make more profit from beer is huge, but operators need to offer training to retain good staff and engage consumers. A new e-learning based course aims to change the face of pub training

As customers grow increasingly aware and interested in the products they consume, their thirst for new knowledge is putting more pressure on pubs to engage and enthuse drinkers.

Staff are expected to understand and be able to describe drinks, enthusing about beer and sharing recommendations. 86% of cask drinkers expect bar staff to have received some training in beer – and the industry risks losing these consumers if they fail to deliver.

Giving pubs the tools to train their teams is crucial and accredited programmes including Cask Marque help provide vital skills to enhance quality.

To build on the positive contribution of these schemes, a new training platform, the Beer Education Alliance is launching in 2018.

Backed by Cask Marque as well as other professional training organisations, it will

offer new courses aimed at bar staff, off-trade retailers, sales teams as well as consumers.

For pub staff, level one training will be focused on e-learning with 10 modules available covering the brewing process, perfect serve, styles, cellar standards, identifying common faults and understanding cask beer.

Level two will be classroom based learning with two one-day courses looking at beer in more detail with an emphasis on growing trade through marketing and food and beer matching.

Levels three and four will be aimed at those seeking to become beer sommeliers and take a diploma in beer.

Consumers will be able to access the courses, creating strong awareness of the Beer Education Alliance and building on the growing popularity and interest in learning more about how it's made and the array of styles.

HOW THE CASK CONVERSATION INFLUENCES CUSTOMERS

RETURN
TO PUB

50

24

STAY FOR
ANOTHER DRINK

31

15

RECOMMEND
THAT PUB

46

25

% ALL ALCOHOL DRINKERS
% CASK DRINKERS

FINAL THOUGHTS



A herd of buffalo can only move as fast as the slowest buffalo. And when the herd is hunted, it is the slowest and weakest ones at the back that are killed first. This natural selection is good for the herd as a whole, because the general speed and health of the whole group keeps improving by the regular killing of the weakest members.

In much the same way we can relate a similar story to breweries.

This year has seen the number of breweries grow to 1,700 with an average of 3 openings a week. With a declining on-trade market there will clearly be winners and losers with the weakest falling by the wayside.

What is happening here is also occurring on the other side of the Atlantic. The US craft beer boom is slowing. Although difficult to imagine they have 5,562 operating breweries in

the US with approximately 2,339 breweries in planning according to the Brewers Association. The market is already highly competitive and performances are a mixed bag. Some breweries are continuing to grow whereas others are having to evolve their position and nurture new opportunities to ensure they keep pace. As in the UK, many breweries are benefiting from tap rooms/brew pubs thus having a retail proposition.

Consumers in the US are becoming tired of over hopped beers and are looking at more drinkability with lower ABV. We have never gone to the extremes of the US but must remember that we want consumers to order another pint.

To succeed, brewers must have a clearly defined USP. It goes without saying quality at the brewery gate is essential with more and more beer buyers demanding the quality accreditations like SALSA+Beer.

Not surprisingly the same quality demands are coming from the consumer which is very evident from the YouGov survey. 68% of cask ale drinkers will pay a higher price for quality so everybody can win. In the on-trade we must learn about premium pricing for brands. For example, in a supermarket you pay more for Heinz baked beans than a house brand which indicates they will pay more for recognised brands. Whilst an entry level price for a house beer is a value offer, you need to build a price ladder on the back of this. Don't be a Lidl pub and sell a range of non-branded products.

Both brewers and retailers are trading in an evolving market which creates opportunities for those fit for the challenge. This report will help you focus on the issues that will generate sales and margin.

PAUL NUNNY



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Data sources: All figures, unless otherwise stated, are from YouGov. Total sample size was 2,030 adults. Fieldwork was undertaken between 18 – 21 August 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults aged over 18. (YouGov 2017) Additional Research British Beer and Pub Association (BBPA) Cask Marque online research of 1,361 pubs serving Cask Ale (CM Trade Research 2017) CGA Research (CGA)

Supporters of the Cask Report



