

Cask has lift-off

Cask beer has reached a seminal point in its history. After years of decline, 2009 looks set to prove the tipping point – the moment when the market starts recording sector growth. **Phil Mellows** reports

It's likely that 2009 will be the first year of growth for the UK cask-beer market since the early 1990s. In the first six months, in the teeth of a recession, volumes were up 1% and other indicators suggest cask can hold on to the positive numbers.

Beer writer Pete Brown's latest *Cask Report* shows 7.9 million people are now regular drinkers, up from 7.4 million last year, and that cask is broadening its consumer base with more female and younger drinkers. Pubs are seizing the opportunity to sell a product the supermarkets can't and 3,000 more are serving cask ale.

Meanwhile the Campaign for Real Ale (CAMRA) is growing faster than ever. Last week the organisation reported membership had reached 107,500 after hitting the 100,000 mark in August. For CAMRA research manager Iain Loe, the reasons are obvious.

"More beer drinkers are realising cask ale has a wonderful taste," he says. "You have natural ingredients, a multitude of different flavours and a product right at the heart of a local community."

"The fact that 50% of drinkers have now tried cask ale, up from 35% in 2008, shows that this message of quality and localism is being heard."

It's been a long road for those who kept the faith in cask through the bad years. It's taken hard work, investment and ingenuity by brewers, by licensees, by everyone who has taken a chance on a remarkable product that's proving vital to the survival of many pubs.

Twenty years ago the Beer Orders weakened the organic link between brewers and pubs. For a time cask grew as licensees explored new

freedoms and took guest ales. But as brewers lost influence over the way cask was kept and served in many pubs, quality fell – and sales followed.

For some years cask beer suffered double-digit decline. Cask Marque was formed to restore falling standards, and regional brewers increased investment in quality in the pub. But the collapse in national brewer ales continued to drag the market down – until this year.

Long-term trends are at last bearing fruit as new developments have given the market a boost.

This year has seen perhaps the biggest advances in dispense since the beer engine. Greene King IPA's Revolution pump, which allows drinkers to choose between a smooth and creamy or a clean and

crisp pour at the flick of a switch, is now in more than 700 outlets.

Results have varied with pubs seeing a growth in sales of between 5% and 70%. "The most important factor is the passion of the licensee for recruiting a new generation of cask drinkers," comments Greene King marketing director Fiona Hope.

"We wouldn't push it where the licensee is reluctant, or put it into a quaint 18th-century pub – unless the licensee wants it enough."

"Where it works, it's got the 'what's that?' factor. People who see it have to decide *not* to have a pint of IPA."

Yorkshire's Black Sheep and Wells & Young's have meanwhile pioneered illuminated pumps.

"Cask ale deserves better in terms of its place on the bar," says Black Sheep founder Paul Theakston. "You had that gap-toothed effect in comparison to brightly-lit lager pumps – cask ale had no presence. Now it's attracting attention."

While the Black Sheep pump has seen uplifts of 12% to 15% in the 180 pubs where it's installed, Charles Wells brewing company managing director Paul Wells reports the illuminated pump for Bombardier has produced increases of 18% to 19%.

"People like something new," he says. "They have had their attention grabbed by the new pump and they will give the beer a try."

"Pubs are looking for something that lifts the offering to the consumer out of the average. Cask ale has added value, it provides a point of interest."

"It's very important that brewers invest in the category. There's a tremendous opportunity with a lot of people reappraising what and how they drink. Brands must take responsibility for marketing and innovation to make cask beer appeal to a wider sector of the public."



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drinkers, according to Pete
Brown's Cask Report



Fuller's

**John Roberts
managing director**

The market trends for local, hand-crafted products in food and drink, and for proof of provenance, have been going the same way as the cask ale category for some time – think about tea, coffee and chocolate. However, I think recent category growth is also down to the increase in quality and to mechanics such as the try-before-you-buy scheme, which has lured drinkers in by boosting their confidence. It does, however, seem illogical that a hand-crafted product like cask beer is sold cheaper than its mass-produced rivals. You don't see that in any other category, or even in other sales channels. In supermarkets, for example, premium bottled ales are sold at a premium to lager and many cost more than £2 a bottle, which shows that where there's a free choice, consumers are willing to pay more for good quality ales.



The challenge is educating the large potential market about what makes cask ale so special

Greene King

**Justin Adams
managing director**

The major challenge for 2010, as I see it, will be to sustain and reward the interest we've seen from consumers in the category this year. We don't want to lose these hard-won converts by letting them drink badly kept beer, which has undermined growth in the past, and therefore we must keep investing in driving education on cellar

management and cask ale in general. Too many licensees jumping on the band wagon now without thinking, and without the knowledge of how to manage cask ale, could be a potential danger. Our strategy has been pretty consistent for years: invest in marketing, in innovation and in quality and we are going to stick to that. We know we have the highest rate of sale for IPA so we will keep shouting about that too.



Adnams

**Rob Flanagan
director of sales**

Delivering consistently high quality service, at a similar cost base, in an attempt to offset the duty increases likely in 2010, and keeping price increases to a minimum will be challenges for the industry next year. And the category must now be genuinely innovative. Some brewers have been forward-thinking around dispense and at Adnams we have

recently launched our international beer range, but a lot of so-called innovation is actually just another beer.

We are optimistic about next year. We've an exciting new product development programme and a clear strategy to continue to create innovative and interesting new beers that consumers love – to keep, not just the Adnams range, but the category, exciting.



Everards

**Erika Hardy
marketing manager**

Cask ale is a British, fresh and natural drink, which is often brewed locally with quality British ingredients. As consumers grow more aware of food miles and demand natural products, cask ale is an appealing offer for them. This, coupled with an increased interest around the category, is driving trial and converting drinkers. However, while we are seeing more drinkers recruited to cask ale there is still a large potential market that could be converted. Therefore, the challenge is educating them about what makes cask ale so special and also encouraging them to sample the product. The Cyclops tasting notes can undoubtedly help here. Consumers need to know that cask ale is a great reason to visit the pub and an experience they simply cannot replicate at home.





For all brewers – indeed all drinks producers – the big challenge next year will be to tackle duty



Sharp's Brewery

**Joe Keohane
director**

For all brewers – indeed all drinks producers – the big challenge next year will be to try to do something about duty, as the rate of increase in recent years and the expected “accelerator” will compound the negative impact of the recession and depressed consumer spending. Looking to the positive then for cask beer, one major challenge is to be relentless in the pursuit of quality – from the best natural ingredients, through the care and conditioning in the brewery to the training and support for pub operators so that they can offer consumers a pint of cask beer in perfect condition every time. If the category is to retain the new consumers we might recruit, then we need to be certain their experience of cask beer is of a quality product that is well presented by knowledgeable staff.

Daniel Thwaites

**Peter Morris
managing director**

The cask-beer category has largely been “abandoned” by the national/international brewers. They are focusing their considerable marketing clout on a few international lagers and/or ciders. It may become increasingly difficult in the crowded cask category for the owners of cask brands to get sufficient consumer attention in these circumstances. Ongoing, it remains challenging to gain access to national on-trade

outlets, and for the family brewer especially. The business model of microbrewers is “capped off” by progressive beer duty, but family brewers need access to pubs outside of their own tied pubs. Pubco tenants, especially, have enormous choice of brands and the entrenched behaviour is to rotate cask brands. This can be very expensive for the brewer, with thinly spread distribution and an inability to gain “traction” for its brands in this market. Elevating “guest beers” to “must stock” is extremely challenging.



Marston's

**Stephen Oliver
managing director**

Behind every challenge lies an opportunity – with cask beer the opportunity is enormous. Consumers are choosing cask over almost any other drink on the bar – an extra 400,000 new drinkers were drawn to this category since last year and a massive uptake in pubs stocking cask beer in the past two years. For 2010 the key focus will be maintaining this upward sales trend, ensuring that cask-beer quality is maintained and improved, encouraging licensees to get margins up for a craft-brewed product and, finally, in ensuring that the “bandwagon effect” doesn't mean too many pubs have too many brands at too low a rate of sale. The whole industry has to focus on quality and make sure every cask-beer experience is first class – a bad experience in one pub could put someone off ordering cask again.

Wells & Young's Brewing Company

**Nigel McNally
managing director**

There was a real step change in the cask-beer market last year,



but there still are challenges. One of the issues facing us at Wells & Young's, the UK's largest private brewery, providing employment, directly and indirectly, to thousands of people, for example, is that we are not a microbrewer, nor are we a national brewer. We are a regional brewer with the unrivalled position of having national reach. However, because of this, we are unfairly penalised by the government. We don't get the tax breaks of smaller brewers, and can't capitalise on large economies of scale like the “big four” national brewers. We are well placed to weather the economic storm, but there are serious discrepancies with the tax break determined by size. How can it be within the spirit of industry to deter brewers from actively trying to brew more than 60,000hl?



The industry has to focus on quality and make sure every cask experience is first class

JW Lees

William Lees-Jones managing director

Cask ale lives or dies by its quality. Licensees need to make sure they are turning over stock and that every pint is perfect. Otherwise we will put people off cask. Too many casks available on a Monday can be a bad thing. The 10% decline in draught-beer volumes in the on-trade remains a problem – friction between licensees and pubcos is not

useful – for pubs to be successful we need brewers, pub owners and licensees to work together for mutual benefit. Customers want cask beers with provenance and the category has been revitalised by more interesting beers being brewed by different brewers. There needs to be a change in the way in which progressive beer duty is administered – it gives an unfair advantage to smaller brewers.



Shepherd Neame

Graeme Craig sales and marketing director



As the economic pressure piles on, the market may be forced to focus on price. This is good news and bad news for microbreweries – they have more opportunity to reduce margins than the larger producers because of favourable duty levels. But although this may be good for some companies in the short term, it is not good for most in the long term and will not enhance category development. I believe the focus should remain on quality. At Shepherd Neame, we have been working hard to improve value by improving beer quality and our distribution process, making sure our beers reach the consumer at their very best – and in next year's climate this will be crucial. It will be difficult to maintain product innovation as short-term pressures override long-term benefits. Business decisions are likely to be reactive rather than proactive and the best long-term decisions are not made under pressure.

Wadworth

Paul Sullivan marketing director

The biggest challenge for the cask-ale category is to behave as a category and look to the long term to recruit new drinkers and increase penetration. The risk is that we look to “brand” share of the category and try to eat each other, rather than court the consumer. Education, sampling and the pursuit of quality is essential throughout the supply chain to ensure that consumers understand the benefit of ale and

desire it, as well as receiving the perfect pint at the point of purchase. Our biggest challenges as a business aligned with that, is to ensure that 6X is a navigational aid for new drinkers to the category – an established brand that they can trust and grow with and then use to market the other products in the range of “beers through the year”, to keep the interest in Wadworth-brewed products going as the months tick by, and attracting drinkers as we progress.



Hook Norton

James Clarke managing director

The biggest challenge for cask ale in 2010 will continue to be quality at dispense. Great improvements have been seen over the past few years, ably supported by Cask Marque, but there is still a way to go – this quality is not just beer itself, but the knowledge of staff serving. Cask beer is a real, and in many cases the most important, point of difference for pubs, and there

is more we can do to promote it. The biggest challenge facing our brewing business is the upheaval and disparate views over beer supply and the tie. In the case of established independent brewers the tie has fared well, and been a reliable, low-cost entry business model. There may be some parts that could be improved – we live in a dynamic world, but in essence the model has worked and we are sure it can continue to work.



Frederic Robinson

**Oliver Robinson
commercial director**

There's a number of factors that have resulted in this being a good year for cask ale, but I think the main one is that nationally there has been an improvement in quality. By that I don't mean an improvement on what is being brewed, but in the quality of the beer that is being served in pubs. Brewers are simply no longer prepared to let their customers sell sub-standard beer to consumers and many, including us, have invested in initiatives and support schemes to ensure that no longer happens. It's clear that people see good cask ale as a mark of a quality pub, and it's obvious that the better the cask ale you sell, the greater the improvement in sales you will experience. I think it's a pretty exciting time for the category – cask is cool again.



“Customers in pubs expect locally-sourced food and are also choosing a locally-sourced pint when it's on offer

Springhead Brewery

**Helen Teasdale
owner**

Our aim for next year is to continue to grow by taking the category to younger and women drinkers. We are confident that our sales and marketing strategy



will support us in this aim. However, we are conscious of the difficulties we may face as a result of price pressures from the larger breweries, producing cheap lager for consumption in the home. Springhead will be facing further beer duty increases as the brewery goes into the next duty band during 2010 – the difficulty for us is that the lowest band of beer duty only applies to the smallest microbrewers. In November '08 and again in March '09 the Chancellor increased beer duty. Springhead, also, faced its personal tax band increase in beer duty on 1 January 2009, which equated to three increases in five months. So unless Springhead can continue to grow by about 15% each year it will become less profitable year-on-year. In times of recession, in particular, it is difficult to pass on these increases and many larger customers dictate the prices at which they will buy cask beer.

St Austell Brewery

**James Staughton
managing director**

Our ales have continued to experience remarkable growth in 2009, particularly across our south-west heartland. This year nationally we have seen sales of our own cask ales up by almost 20% despite the tough trading conditions. I would attribute the growing success of the category to the following reasons. There is a definite shift in customer demand towards all things local. Customers in pubs expect locally-sourced food and are also choosing a locally-sourced pint when it's on offer. This trend seems particularly strong in our region, among local residents and holidaymakers. Over recent years the pub industry has witnessed a huge improvement in the dispense and storage of cask ales, led by Cask Marque and the companies who back it. This is reaping rewards as customers can now be confident they will receive a consistently good quality cask ale each time. When you visit a new pub with the Cask Marque logo on display there is no need to go for the



safe option of kegged beer or lager. Instead you can expect cask ale that has been stored in perfect condition and served in a branded glass. The growing interest in cask ale suggests it is back in vogue and broadening its appeal. Tribute is the main sponsor and official beer of south-west rugby and we are seeing sales increase among younger men in our region. The next potential audience to grow is women and we are looking at introducing a new glass design in 2010 to appeal to this important market.

Purity Brewing Co

**Paul Halsey
managing director**

Cask appeal is changing. While it's true that traditional cask drinkers are males, aged in their mid-30s upwards, cask is becoming more popular with females and younger males, who were previously unsure about the drink. The appeal of cask has improved as a result of appropriate branding, as well as creating a style of beer that is more “funky” and attractive to the discerning food and drink culture that has exploded in the UK over the last few years. More and more people now go to pubs for meals and cask beer is an incredibly versatile drink that combines well with a host of different pub foods. It is also very much a British drink so stocking it means supporting British companies. All the ingredients, like hops and malt, are natural and are grown in this country too, so that means supporting British farmers. As an industry we need to ensure that we do all we can to help continue this trend.

