

THE CASK REPORT



Britain's
**National
Drink**

by Pete Brown



2009 - 10

Helping British pubs beat the recession

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Maybe, but it's not all doom and gloom.

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Explaining the sometimes confusing terminology of the cask market

The Cask Report is the definitive analysis of the state of Britain's cask beer market, a reference document providing:

- Recent market data, trends and developments.
- Detailed analysis of the cask ale consumer and why they are more valuable to pubs than other drinkers.
- Case studies of successful cask ale pubs demonstrating that Britain's national drink is a key tool in beating the recession.

The report is backed by all major bodies in the cask ale industry but written by an independent author, using independent third-party data to ensure complete rigour and objectivity.

It gives publicans and pub companies everything they need to know about how to stock, serve, and make a profit from Britain's national drink.

WHAT'S IN A NAME?
CASK ALE, CASK BEER, REAL ALE, HAND-PULLED ALE
CASK-CONDITIONED BEER

BRITAIN'S NATIONAL DRINK IS A UNIQUE, TRADITIONAL PRODUCT. WHEREAS MOST BEER IS PASTEURISED AND/OR FILTERED FOR LONGER SHELF LIFE, REAL/CASK ALE/BEER IS FRESH BEER WITH LIVE YEAST IN THE CASK. IT'S UNDERGOING A SLOW, SECONDARY FERMENTATION THAT KEEPS IT IN PEAK CONDITION, ENSURING DEPTH OF FLAVOUR AND A NATURAL CARBONATION.

IT'S SERVED IN A CASK RATHER THAN A PRESSURIZED KEG, NORMALLY DISPENSED BY GRAVITY FROM A BEER ENGINE (HANDPULL) OR STRAIGHT FROM THE CASK BEHIND THE BAR. THE CAMPAIGN FOR REAL ALE (CAMRA) NAMED IT REAL ALE IN THE 1970S TO DIFFERENTIATE IT FROM MASS-PRODUCED, POOR QUALITY KEG BEERS.

THERE'S NO ONE BODY REPRESENTING THE CASK INDUSTRY, AND NO ONE TERM FOR THE BEER. THIS REPORT USES DIFFERENT TERMS INTERCHANGEABLY, REFLECTING THE DIVERSITY AND IDIOSYNCRASY OF THE PRODUCT.



The Headlines:

Cask outperforming any other draught beer

- Cask ale creates a unique value chain in pubs that stock it well. It attracts **more drinkers** to a pub, who visit pubs **more often** than other drinkers, with a **higher spend** per visit than other drinkers (p18).
- **Growth** in cask beer volume and value in 2009 to date, following slight decline in 2008 (p10).
- **Growth** long-term in cask's share of total beer (p11).
- **Growth** in number of people drinking cask ale. Doubling in number of female drinkers year-on-year (p22).
- In volume terms, cask ale is **outperforming** not just all other draught beers, but almost every other drink on the bar, including wine and most spirits (p6).
- Cask beer is therefore helping pubs **beat the recession**. There's strong evidence that cask beer pubs are far less likely to close than pubs generally (p16).

Cask Beer at a Glance

	2007-08	2008-09
Market volume	2.467m barrels	2.386m barrels
Volume share of total beer	7.0%	7.6%
Number of regular drinkers	7.4 million	7.9 million
Number of occasional drinkers	640,000	654,000
Total number of drinkers	8.1 million	8.5 million
Number of breweries in Britain	589	660

The Year in Review

The worst year for pubs in living memory?
Maybe, but it's not all doom and gloom.

With 52 outlets a week closing and widespread media coverage of 'the death of the British pub', there are also strong indicators suggesting that the market for flavorful, lovingly crafted beer is more robust than it has been for years.

The Economy **Meltdown at the Local?**

2009 has been dominated by the news that 52 pubs are closing every week. The recession is having an obvious effect on people's spending habits, with people going out far less than they did. And the Chancellor's aggressive duty escalator on beer - increasing tax on beer by 2% above the rate of inflation for four consecutive years from 2008 while other industries are bailed out by taxpayer's money - makes brewing the only British industry to be punished during the recession rather than being given government help. Added to this, the ever-increasing price differential between on- and off-trade, increasing red tape for landlords and the threat of ever more draconian legislation have combined to ensure that whatever downturn the rest of the retail sector feels, pubs feel it harder. There are success stories. And there is a view that we're simply seeing 'bad' pubs close more quickly than they otherwise

would. But no one can deny that trading conditions are tougher than they've been for sixty years.

Cask ale **Bucking the trend**

Two years ago, we reported that cask ale wasn't in the terminal decline many believed it to be. Last year we showed it was outperforming other beer categories. This year we can go further and say that cask ale is outperforming most drinks on the bar, including wine and vodka. In the off-trade, premium bottled ales, particularly bottle-conditioned beer - the closest thing to cask beer outside the pub - continues to show strong annual growth, despite being priced at a premium to heavily discounted lager brands. Year-on-year, cask ale is still showing slight decline. But in 2009 to date it is in net volume and value growth - much earlier than we have previously predicted. Bottled premium ale is the only off-trade beer category in growth, with a record number of brands available.



Beer Festivals and events

Grassroots activity shows burgeoning consumer interest

August's Great British Beer Festival saw records broken: on the first day, CAMRA announced its membership had broken the 100,000 barrier for the first time. With an increase of almost 10% in the last twelve months, membership has doubled over the last decade. At the end of the week CAMRA announced that, after a slight dip in attendance in 2008, 2009 had seen record attendance of 64,000, again up 10% year on year. And it's not just the big festival in Earl's Court that's seeing growth. In addition, there are now over 150 local and regional beer festivals around the UK,

with an estimated total attendance of over half a million. Many of these now sell out in advance, something that was rare a few years ago. A growing number of pubs are organizing their own beer festivals and seeing a huge increase in turnover as a result. Cask beer is also increasingly featuring in and selling well at music festivals, food festivals and sporting events.

The Year in Review continued



Cask Ale Week

The pub industry celebrates Britain's national drink

Easter 2009 saw Cask Marque organise the first national Cask Ale Week. Running from 6th to 12th April, it saw over 7000 pubs take part in a nationwide programme of activities to get people into pubs and to try cask ale, including a mass wave of brewery open days, a 'femALE' day focusing on women and cask ale, and an attempt to break the record for the world's biggest toast. Pubs that took part saw not only a 27% increase in the amount of cask ale they sold versus non-participating pubs, but also growth in premium lager and stout. The event drove turnover, and premiumised the product mix on the bar. Cask Ale Week will run again from 29th March to 5th April 2010.

Breweries

Structure of cask ale market turns broader trends on their head

The four major multinationals that dominate the British beer market continue to disinvest in their ale brands, retrenching to the regions they came from decades ago, and almost becoming local brands once more. But large regional breweries are investing heavily and thriving as a result, and small craft brewers are springing up in ever larger numbers. There are, inevitably, some brewers falling casualty to the recession.

But 71 new breweries have opened in the UK in the last year, bringing the total number of British breweries to 660 - the highest since the 1940s.

The Media

Mixed messages but a definite growth in interest

After 19 years in which there was no coverage of British beer on TV, late 2008 and early 2009 saw not one but two national TV series about beer - *Oz and James Drink to Britain* and *Neil Morrissey's Risky Business* - plus a major regional series, Yorkshire's *Perfect Pint*. Neil Morrissey's venture with partner Richard Fox has seen the pair create a new beer brand specifically designed to broaden the appeal of cask ale. Oz Clarke and James May covered more than real ale, but gave exposure to many regional and local breweries as well as educating an audience of millions on the ingredients and processes behind natural, quality beer. More generally speaking, while the news media loves a negative story about the drinks industry, they are also increasingly interested in good news: the launch of the *Good Beer Guide 2010* in September garnered an unprecedented amount of positive coverage across TV, radio and press. There's a renewed broader interest in cask beer - and it's proving it can attract new drinkers.



The Market for Cask Beer

While it has been a strong performer relative to other beer for the last few years, no one expected cask ale to return to growth in 2009 - especially in the grip of the worst recession for generations. But if current trends continue, 2009 will be the year cask ale returned to positive volume and value growth.

Cask ale: the UK's best-performing draught beer

- Cask ale is increasing its share not just of the total ale market, but total on-trade beer - up from 12% in 2007 to 13.5% in 2008.⁽¹⁾
- 2008 may have been a bad year for beer - on-trade volumes were down 8.7% - but over the same period, cask ale declined by only 3.3%.⁽²⁾
- In 2009 so far, the decline in on-trade beer volumes appears to be stabilizing. (The second quarter of 2009 saw a decline of 4.5%, compared with a 6.3% decline in the first quarter).⁽³⁾ But between January and June 2009 cask ale volume grew by 1%, with growth in four out of the six months.
- This means cask ale is outperforming almost every other drink on the bar. In the year to May 2009, premium lager in the on-trade declined by 15%, standard lager by 8%. Wine in the on trade fell by 9%, spirits by 8%.⁽⁴⁾
- Cask ale is increasingly recognised as the star performer in a difficult on-trade market. When asked if any one drinks category is performing better than the rest, 42% of tenant publicans answered cask beer. Standard lager was a distant second with 13%.⁽⁵⁾
- Unsurprisingly, distribution of cask ale in UK pubs is increasing, with over 3,000 new pubs stocking cask in the twelve months to June 2009.⁽⁶⁾
- Most decline is coming from large multinational breweries as they retrench and focus on core lager business. When the growth of regional, local and independent breweries overtakes the decline of the multinationals, cask ale will return to long-term sustained growth.

(1) Nielsen Cask Ale Report

(2) Source: BBPA Annual Barrelage Survey, adjusted to include estimate of microbrewery volumes.

(3) Source: BBPA beer barometer.

(4) Nielsen Drinks Market Strategic Overview - on-trade

(5) CGA Research in the Morning Advertiser, July 2009

(6) CGA Strategy



Volume: much better than it could have been

The 3.3% decline in total cask ale volume is a slight deterioration on the 2007 figure. But in the context of a terrible year for beer, it could have been much worse. With the punitive beer duty escalator, record pub closures, record price differences between on- and off-trade and people reining in their spending due to recession, cask beer has proved more resilient than any other beer. Only cider is outperforming it on the bar.

Cask ale is therefore increasing its share of total beer (ie stout, lager, cask beer, keg and smoothflow beer). It now represents:

- 34.5% of all ale in the on-trade
- 13.5% of UK all draught on-trade beer (versus 12% in 2007, 11% in 2006)
- 7.6% of total UK beer (versus 7.0% in 2007)

In Enterprise Inns, cask ale now accounts for 51% of all ale, with keg at 49%. We will soon see this played out across the rest of the British on-trade.

Value outpaces volume

Cask ale showed a small value decline of 2% overall - smaller than the volume decline, because premium ales are doing particularly well.

Cask ale therefore increased its value share of total ale from 30.4% in March 2008 to 31.5% in March 2009. Nielsen estimates that the cask ale market now has a retail value of £1.7 billion.

The small decline in value was almost entirely due to the shrinking of the multinational brewers' brands, who saw an 11% drop in the year to March 2009, whereas value of regional, local and independent brewers remained flat. Once we are able to add in the adjustment from Customs and Excise figures (see footnote below) it seems certain that, like last year, this figure will actually show small growth.

The Market for Cask Beer continued



Winners and losers

Most of the small overall decline has, once more, come from the four multinational brewers who dominate the British lager market - their volumes are down 10% in the year to March 2009 as they continue to focus on building national and international lager brands, and their ales revert to areas of regional strength.

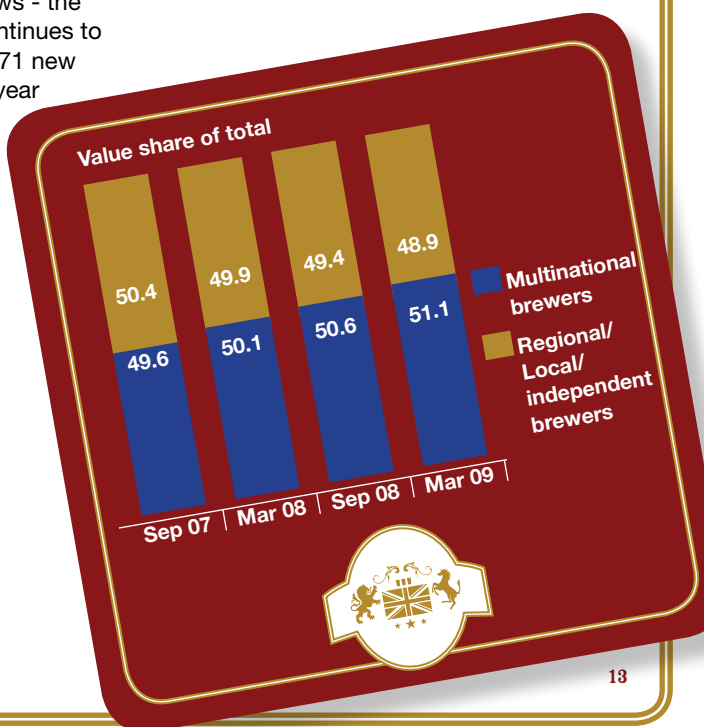
As these big brands diminish, two things are happening:

- The next tier of brands - large regionals such as Adnam's Bitter, Bombardier, Greene King IPA, London Pride, Marston's Pedigree and Deuchars IPA - grow to fill the void. Many of these brands are seeing strong year-on-year growth.
- Giants are replaced by minnows - the number of small breweries continues to grow strongly each year, with 71 new breweries opening in the last year alone. On average, members of the Society of Independent Brewers (SIBA) are reporting 10.7% annual growth.

Regional, local and independent brewers now account for 78% of cask ale volume and 81% of value.

This success means that regional, local and independent brewers continue to grow their share of total ale, now accounting for over half the market - a great achievement considering how big some mainstream smoothflow brands still remain.

Looking at the social trends driving trial and adoption of cask ale among more people, regional and local cask ale brewers have the potential to do more than 'mop up' volume from the shrinking giants. When the rate of their growth passes the rate of decline of the multinationals, the market will return to steady long-term growth.



Regionality

Cask ale is a very regional product - local origins and identity form a strong part of its appeal. This does mean that cask performance varies markedly by region.

Cask ale has a much stronger performance in the south-east of England. In some regions it is underperforming, and actually losing share. But strong growth in London - and in Scotland which, for a small base a few years ago is seeing very strong, sustained volume and value growth in cask ale - mean net share growth overall.

Distribution

- Cask ale distribution in UK on-licensed premises increased from 48% in June 2008 to 51% in June 2009.
- Based on an estimated market of 105,000 on-licensed premises, this means a net increase of approximately 3000 pubs stocking cask ale - in a market where approximately 2500 pubs have closed in the last year.
- This reflects significant investment in cask ale from managed houses, such as M&B and Tattershall Castle, who have reinvested across their estates, and sustained new investment in cask ale from groups such as Wetherspoons, Marston's Inns and Taverns, and Greene King.

A brief word about the off-trade

Cask ale is a unique product in that it is only available in pubs - or other venues that have the facilities to keep casks of living, breathing beer in good condition.

But most leading cask ale brands have premium bottled variants - they're different beers in that they are not cask or bottle conditioned, but they share some characteristics and are recognisable to drinkers as the same brands.

Premium bottled ales have been sustained in growth for almost ten years, and 2008 was no exception - volumes increased by 5%.

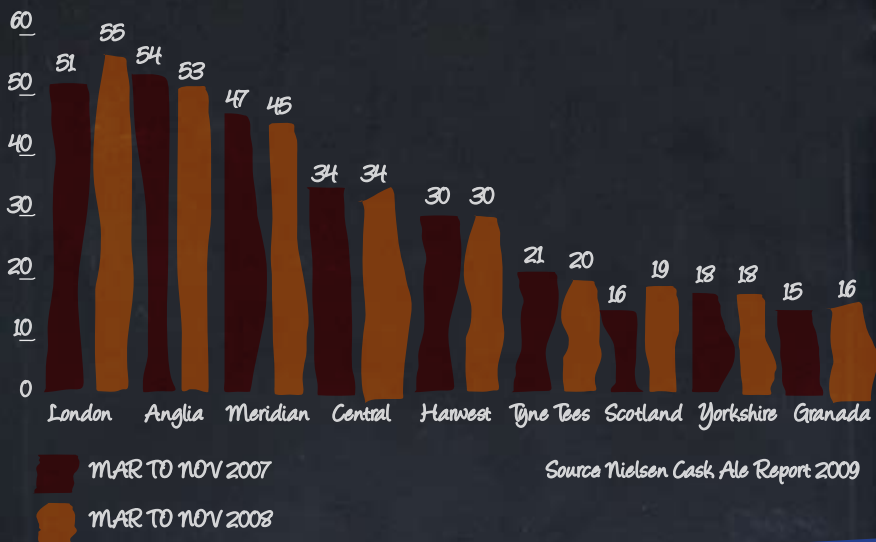
Within premium bottled beers, the closest thing to cask ale is bottle-conditioned ale, where yeast is added to the bottle for a secondary fermentation. Bottle-conditioned beers are growing strongly, driven in part by CAMRA's campaign promoting them as 'real ale in a bottle'.

This success is particularly noteworthy because whereas real ale is priced cheaper than lager in pubs, in the off-trade it is significantly more expensive because it is price-promoted nowhere near as heavily as lager is - and yet it's growing, while lager is in decline.

Off-trade premium bottled ale performance demonstrates that ale drinkers are prepared to pay a premium for beers with quality, flavour depth and integrity - something the on-trade should perhaps take on board.

A word about the figures: BBPA and Nielsen figures, used throughout this report, underestimate the volume contribution of small craft brewers. BBPA and Nielsen compensate for this by adding in additional volume estimated from Customs and Excise receipts. However, these figures are only available once a year. The whole year figure for 2008 is therefore the most accurate figure. We've used some data for 2009 so far, but these figures underestimate cask ale's performance. Because we are using different sources, time periods of data sometimes vary.

Cask ale as percentage of total ale, by region



M&B'S BUSINESS IS BUILT AROUND MANAGED HOUSES, OFTEN ORGANIZED IN BRANDED CHAINS. IN 2009, TWO PROMINENT CHAINS - TOBY CARVERY AND CROWN CARVERY, BOTH TRADITIONAL PUB CONCEPTS POPULAR FOR THEIR SUNDAY LUNCH MENUS - SAW A NEAR-UNIVERSAL ROLL OUT OF CASK ALE. HANDPUMPS WERE REINTRODUCED TO 131 OUT OF 133 TOBY PUBS, AND 106 OUT OF 109 CROWN PUBS. THE YEAR AFTER NECESSARY UPGRADES HAVE BEEN FINISHED - CASK BEER HAS NOT BEEN INTRODUCED WHERE THE PUB DIDN'T HAVE THE RIGHT FACILITIES TO GUARANTEE CONSISTENT QUALITY, BUT THE GROUP IS INVESTING IN THE NECESSARY IMPROVEMENTS TO BRING EVERY SINGLE OUTLET UP TO SCRATCH.

ALL MANAGERS HAVE BEEN ON A BIT TRAINING PROGRAMME, AND M&B'S BEER QUALITY MANAGER, RACHEL BOYD, SAYS THAT A MINIMUM OF ONE PERSON PER PUB WILL BE TRAINED TO ABCQ STANDARD BY THE END OF THE YEAR. ALREADY,

MANY PUBS ARE CASK MARQUE ACCREDITED. THE AIM IS TO HAVE 120 TOBY PUBS AND 80 CROWN PUBS ACCREDITED BY THE END OF OCTOBER, WITH THE ULTIMATE AIM OF GAINING 100% ACCREDITATION THROUGHOUT THE ESTATE. "WE HAD A BIG PUSH ON TRAINING IN CONJUNCTION WITH THE SUPPLIERS WHO WERE SUPPORTIVE IN NOT JUST THE TRAINING, BUT INSTALLATIONS AND MARKETING," SAYS BOYD. "FROM THE MANAGERS POINT OF VIEW THEY ENJOY BEING IN CONTROL OF THE PRODUCT AS IT NEEDS SPECIAL ATTENTION AND THIS GIVES THEM GREAT PRIDE. THE FEEDBACK I HAVE RECEIVED HAS BEEN EXTREMELY POSITIVE."

MOST PUBS HAVE A NATIONALLY RECOGNISED BRAND AND A 'LOCAL HERO', WITH A THIRD PUMP READY TO BE USED AS BUSINESS BUILDS - AND BUSINESS IS BUILDING. DAVID MCCONNELL, MANAGER OF THE TOBY CARVERY, EDINBURGH WEST, SAYS "OUR REPUTATION IS SPREADING AND MANY CUSTOMERS COME INTO THE BAR KNOWING THAT WE SERVE A GREAT QUALITY PINT TIME AFTER TIME."



Cask Beer and Profitable Pubs

It's great for brewers that cask ale is performing well. But what does it mean for the publican? With a lower retail price and margin than other beers, and extra care and attention required to keep it well, while consumers may want to drink it, what's the benefit in selling it? New data reveals that cask ale drives profitability and therefore helps keep pubs open.

The cask beer value chain

- Cask ale brings more drinkers into the pub.
- Cask ale drinkers visit pubs more often.
- Cask ale drinkers have a higher average spend per pub visit.
- This increase in income isn't just in ale, but in other drinks and in food - cask ale drives higher turnover overall.
- Cask ale pubs have therefore closed at a much slower rate than other pubs.

Cask beer keeps pubs open

The UK is currently witnessing record pub closures - as many as 52 every week. In the past year Britain has lost 5% of its pubs.

But within the pub market, there are still those that are thriving. Anecdotally, we've seen that pubs with a good range of well-kept cask ales seem to be performing relatively well. It's not possible to obtain

comprehensive figures that show the rate of closure of cask ale pubs versus the rate for those that don't. But we can look at correlations.

Holding Cask Marque accreditation is one way of looking at good quality cask ale pubs. And it appears that such pubs are closing at around half the rate of pubs on average:



So why are cask ale pubs performing better?

At first glance it may seem counter-intuitive: if you sell a greater proportion of your beer at a lower margin how can you possibly make more money?

The dynamic of more drinkers, visiting more often, and spending more money when they do, creates a *cask beer value chain*.

1. Cask beer brings more drinkers into the pub

Why? How? There are two key reasons:

Cask ale stockists are seen as better quality pubs

Cask ale requires more care and attention than other beers. A publican who makes the effort to keep cask ale well often makes that extra effort across the board. There is a broad correlation between good cask ale and good food, hygiene, etc. Drinkers recognize this - the presence of cask ale on the bar is often a quick signifier that the pub is a better pub generally, and is therefore more likely to attract their custom.

Cask ale drinkers decide pub choice in groups

Cask ale drinkers are generally regarded by their peers as knowing their beer and pubs. They also know their drink is only available in certain outlets, whereas their friends drinking lager, wine, cider or spirits know that most pubs will have an acceptable selection. In mixed groups of drinkers, therefore, the cask drinker is deferred to in pub choice. Cask ale pubs sell more drinks across the board - not just more cask ale.

2. Cask beer drinkers visit pubs more often

Cask ale is only available in pubs

Research shows that cutting down on visits to the pub is the second most common behavioural change in response to the recession. (32% say they are going to the pub less because of the recession: only 'buying fewer clothes' scores higher with 40%).⁽⁷⁾ The experience of drinking wine at home is exactly the same as that in a pub or bar - a bottle is opened and poured into a wine glass. Beer is different - with any beer, drinking from a bottle or can is less satisfying than having a pint drawn on draught. And cask ale is unique - it simply isn't available outside pubs. Cask ale drinkers have to go to the pub if they want to drink cask beer.

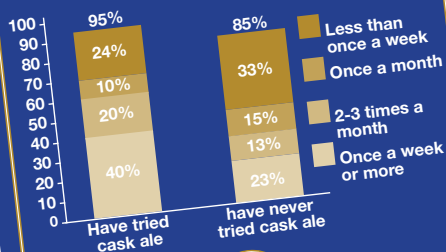
Cask ale drinkers are more affluent

The section on the cask beer drinker (p22) shows in detail that cask drinkers are more affluent than other drinkers, and less anxious about the state of their finances. In this recession, they are therefore less likely to feel the need to economise as described above.

So cask ale drinkers visit pubs more often than non-drinkers - 40% of people who have tried real ale go to the pub once a week or more, versus only 23% of people who have not tried real ale.

⁽⁷⁾ Social Issues Research Centre: 'Recession Generation', July 2009

Cask ale drinkers visit pubs more often



Source:
CAMRA/CAPI
Omnibus 2009



3. Cask beer drinkers have a higher average spend per pub visit

As already discussed, cask ale drinkers are more affluent than other drinkers. This means they are more likely to spend more - we can prove this by showing that cask ale drinkers are more likely to buy food in pubs than other drinkers.

Cask ale is therefore a clear driver of footfall - and profitability.

More drinkers in the pub, visiting the pub more often, mean higher total beer turnover.

This, plus higher spend on food etc, means higher overall turnover.

THE BLACKSMITH'S ARMS, ST ALBANS

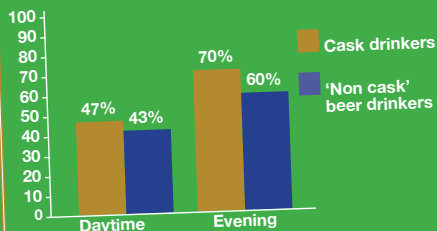
ST ALBANS IS HOME TO CAMRA HQ, AND THEREFORE HAS A POPULATION CONSISTING OF THE MOST DISCERNING ALE DRINKERS. FIFTEEN YEARS AGO THE BLACKSMITH'S ARMS WAS A GOOD ALE HOUSE, BUT A SUCCESSION OF BRANDED CONCEPTS, POORLY EXECUTED, LEFT IT WITH NO ALE AND A POOR REPUTATION AS A PUB OVERALL.

CURRENT OWNERS TOWN AND CITY GAVE NEW LANDLORD MARK FRAZER ALMOST A FREE REIN IN TERMS OF WHAT HE WANTED TO DO - AND AFTER ONLY FOUR MONTHS IN CHARGE, A POLICY OF FOCUSING ON CASK ALE IS REAPING HUGE REWARDS.

MARK INSTALLED FIVE HANDPUMPS, OFFERING A CHANGING MIX OF ESTABLISHED AND ECLECTIC REAL ALES. CASK NOW ACCOUNTS FOR 30% OF THE PRODUCT MIX - AND THAT CONTINUES TO RISE. BEER FESTIVALS IN A MARQUEE IN THE GARDEN ALSO PROVIDE SOMETHING NEW AND SPECIAL, DRAWING MORE PEOPLE IN.

"ALE MIGHT HAVE A LOWER PRICE POINT THAN LAGER," SAYS MARK, "BUT IT PROFITS US BECAUSE OF THE VOLUME. WE'RE BUSY EVERY DAY OF THE WEEK NOW. THE ALE DRINKER MIGHT COME IN WITH HIS WIFE, AND SHE MIGHT BE DRINKING SOMETHING ELSE BUT IT'S ALL EXTRA BUSINESS WE OTHERWISE WOULDN'T HAVE."

Percentage eating meals in pubs once a month or more



Source:
TGI
Jan-Dec 2008





The cask beer value chain:
More drinkers. More pub visits. Higher spend per visit



Cask Beer and Tourism

Foreign visitors to the UK love British pubs and British beer. As Britain's national drink, cask ale has iconic status. Any pub in a tourist area is simply missing a profit opportunity by not selling it.

- 13 million foreign tourists - 40% of all visitors - visit a pub on their stay in the UK.
- 55% of prospective tourists say visiting a pub is something they'd like to do while in the UK.
- And with more Britons holidaying at home in 2009, 70% of those considering a UK holiday say it is very likely they will visit a pub.

The pub as the tourist hub

In May, VisitEngland launched 'Inn England' - turning pubs into tourist information centres. The pub has always been a hub of social life, and this is a brilliant evolution of its role.

Within tourist pubs, cask ale plays a unique role. It's recognised as a quintessentially British icon, unique to the UK. Even British drinkers who drink lager at home are more likely to drink cask ale if they visit a country pub on holiday.

Ale trails are popular throughout the country. Cask Marque guides promoting great real ale pubs throughout the UK, frequently need to be restocked in tourist information centres. (These guides are available from www.caskmarque.co.uk)

Hotels see ale potential

Hotels in tourist areas that don't stock cask ale are missing a major driver of tourist custom. Not all hotels have the regular throughput or cellar space to keep and serve cask ale well. But in cases like this bottle conditioned or other premium bottled ales provide a neat solution.

We've shown already that drinkers are prepared to pay a premium for these beers where stocked - the Connaught, an exclusive hotel in Mayfair, sells Schiehallion at £8 a bottle!

Travelodge sponsors CAMRA's Champion Bottled Beer of Great Britain Award, announced each year at the Great British Beer Festival. This year, the hotel chain is

going one step further, and stocking the winning beer - in 2009 it was Titanic Stout - in a hundred of its hotels throughout the UK. Paul Harvey Managing Director of Travelodge, said, "Our customers have told us that they want a real ale offer, and I'm delighted that we will be selling the Champion Bottled Beer of Britain in our hotels."



Brewery visits

Real ale breweries are often fascinating places architecturally, historically and educationally, and there's always a refreshing beer at the end of a brewery visit. Cask Marque now runs www.visitabrewery.co.uk, which has details of over twenty brewery visits across the UK.

"DURING SUMMER LUNCH TIMES ABOUT 80% OF OUR CUSTOMERS ARE TOURISTS. ABOUT 50% OF THEM DRINK CASK ALE: THEY ARE AFTER THE CLASSIC ENGLISH BEER. WE OFFER SAMPLES SO THEY CAN CHOOSE WHICH ONE THEY PREFER: IT'S IMPORTANT TO TALK TO THEM ABOUT IT SO THEY VALUE THE EXPERIENCE!"
THE GARRICK, CHARING CROSS ROAD



"TOURISTS SEEK OUT THIS PUB FOR ITS HISTORY BUT ALSO LOVE THE FACT THEY ARE GETTING SOMETHING HERE THAT THEY CAN'T GET ABROAD. CASK BEER IS EXPERIENCING A MASSIVE REVIVAL. THERE'S BEEN A GREAT SURGE IN SALES DURING THE PAST YEAR, AND IT'S STILL BUILDING. CASK BEER IN OUR PUB OUTSELLS ALL OTHER DRINKS. WE'VE HAD 6 NEW LINES PUT IN AND WE'RE SELLING FAR MORE CASK ALE THAN WE ARE LAGER AND STOUT COMBINED (AROUND 60% CASK VERSUS 40% LAGER AND STOUT). AND BEER IS NOT SO MUCH A GENDER THING WITH FOREIGNERS AS IT IS AMONG THE BRITISH. OVERSEAS WOMEN ARE JUST AS KEEN ON THE CASK ALES AS THE MEN ARE - AND IN PINTS. THEY ARE VERY OPEN MINDED AND WILL TRY WHATEVER WE RECOMMEND."
THE EAGLE, CAMBRIDGE



The Cask Beer Consumer

More people are drinking real ale - and they're the kind of people any profitable pub needs to attract.

More drinkers, with more to spend

- Number of people who have ever tried cask ale has increased from 35 to 50%.
- This has resulted in 400,000 new cask ale drinkers in the last year.
- The number of women drinking cask ale has doubled - to 1.3 million.
- Cask beer drinkers are more affluent than any other group of beer drinkers, less anxious about their finances and have fewer big financial commitments. They're therefore happier to spend money than other beer drinkers.
- Cask ale drinkers drink beer more often than other beer drinkers.

Growing interest

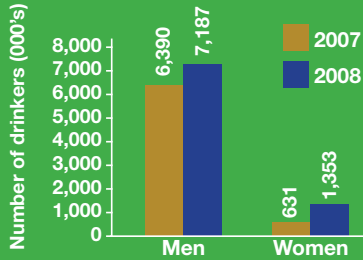
Trial and sampling programmes, beer festivals, Cask Ale Week, the growth in availability and diversity of cask ale and increased media attention are all paying off: the number of people who have ever tried cask ale has increased from 35% to 50% year-on-year. The number of women who have ever tried cask ale has doubled from 15% to 30%.

Trial = conversion

One in six of adults now drink no alcohol at all. The number of people who say they ever drink beer has fallen from 28 million to 27.8 million in the last year alone.

And yet, the number of people drinking cask ale has increased from 8.1 to 8.5 million. This has been driven by a staggering increase in the number of women who say they now drink cask ale - more than doubling year on year: Cask ale drinkers therefore represent an increasing proportion of the market: 31% of beer drinkers now claim to drink cask ale, up from 29% a year ago.

More people are drinking cask ale

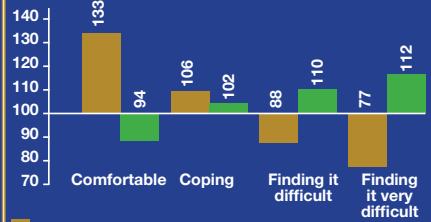


Source:
TGI Jan-Dec 2008



How do you feel about your current level of income?

index vs population



Source:
TGI Jan-Dec 2008



Cask ale drinkers are affluent drinkers

Everyone is feeling the pinch in the credit crunch. But 68% of cask ale drinkers are social grade ABC1, compared to 52% of non-cask beer drinkers and 55% of the population as a whole.

On average they earn more - 46% earn more than the national average family income of £30,000, compared to 33% of non-cask beer drinkers.

But recession makes everyone more anxious - fewer than 10% are directly affected by unemployment etc, but most

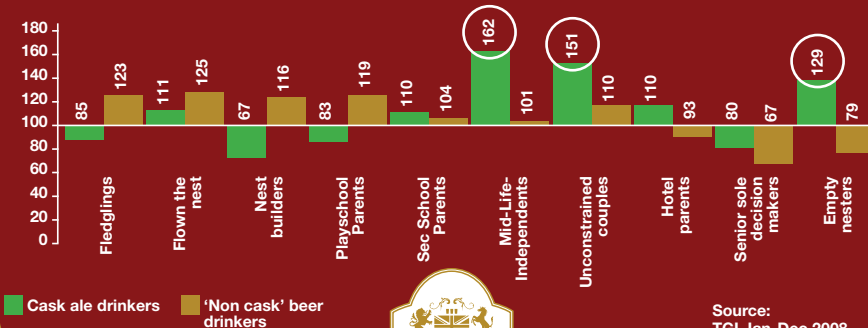
people become anxious and change their spending habits. Spending is determined by how happy people are with their income, as much as what level it actually is.

74% of cask ale drinkers are 'comfortable' or 'coping' on their current income, versus 63% of non-cask ale beer drinkers.

Cask ale drinkers are at a lifestyle where they have fewer outgoings - they're less likely to have young families, and more likely to be independent. Again, this means they are more likely to have higher disposable income.

Cask ale drinkers' lifestyle means they're more independent

index vs population as a whole



Source:
TGI Jan-Dec 2008



The Cask Beer Consumer continued

Cask beer drinkers drink beer more often

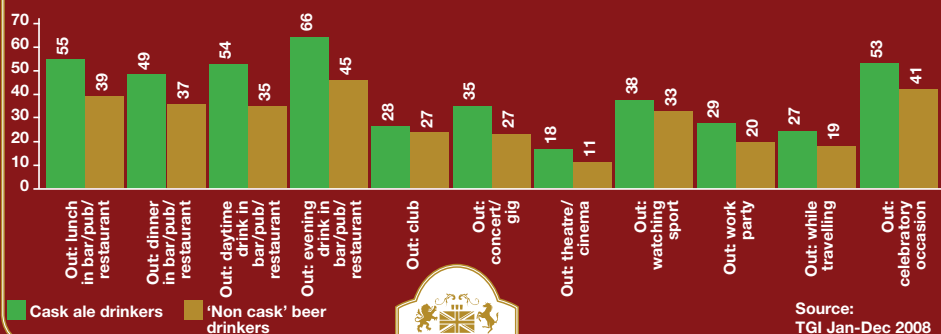
Higher affluence and less anxiety about money translates directly into behaviour.

We've already seen that cask ale drinkers are more likely to visit pubs more often and more likely to spend more money when they're there. In general, cask drinkers consistently drink beer on more occasions than other beer drinkers.

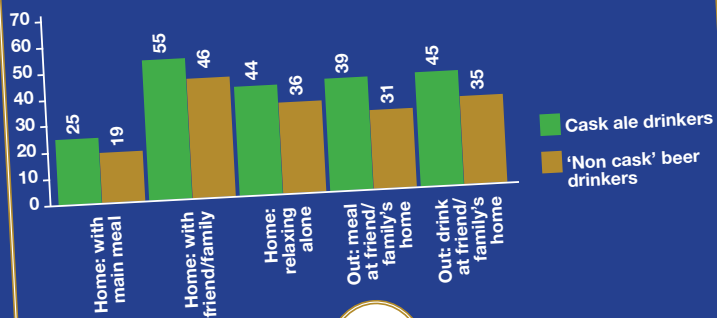
However, publicans should note that they are also happy to drink beer at home or at friend's houses.

While cask ale may only be available in pubs, the growth of premium bottled ale in the off-trade shows they will drink at home too. While cask drinkers visit pubs more often because that's the only place they can drink cask ale, pubs do need to continue to work to attract them.

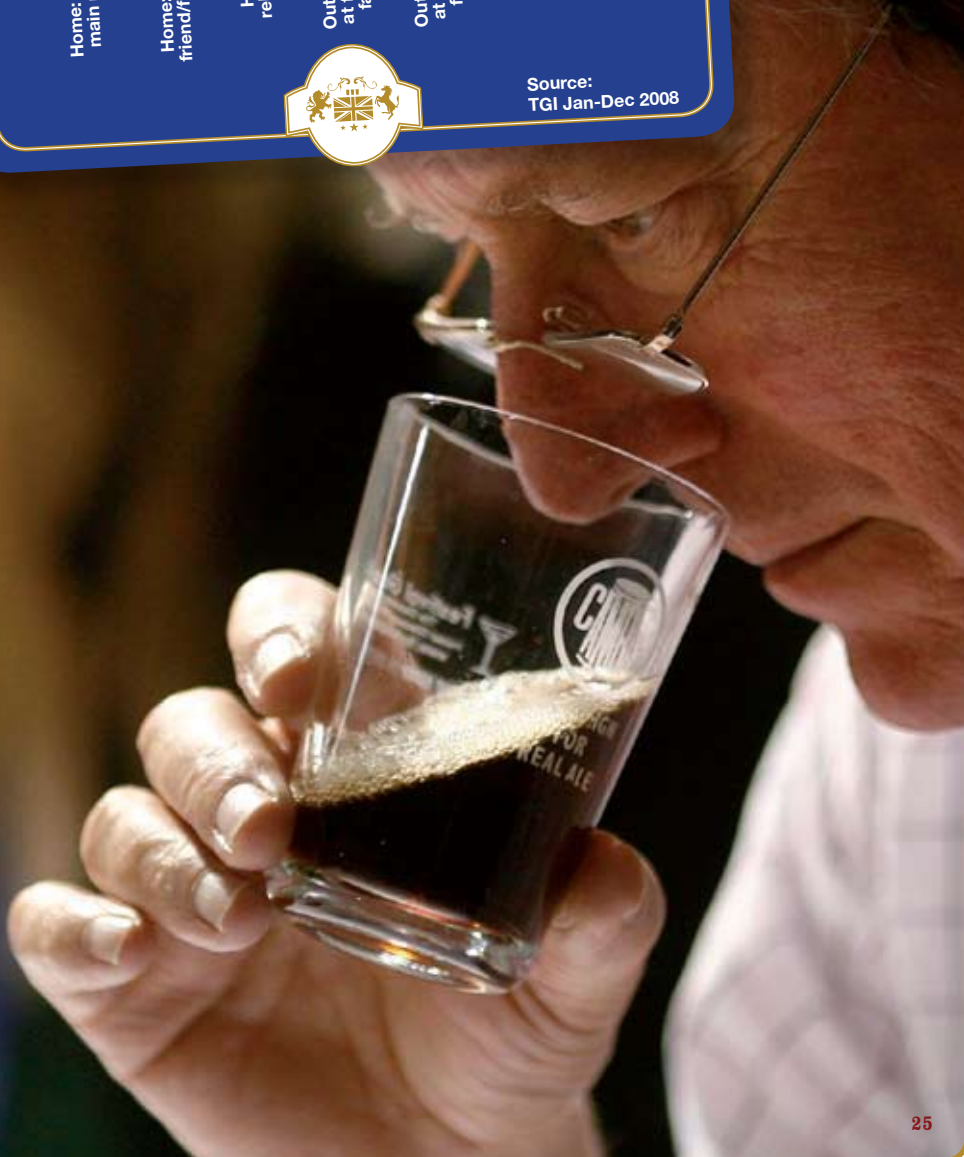
When do you drink beer? (out of home)



When do you drink beer? (in home)



Source:
TGI Jan-Dec 2008



Focus: Cask Beer and Younger Drinkers

An old man's drink? Younger, affluent drinkers are entering the cask beer market. But how can more of them be encouraged to follow suit?

The cask ale lifestyle

- 25-34 age group is increasingly the entry point to cask beer, with a growing number of drinkers in this age group.
- Cask beer forms part of a lifestyle change, as people begin to settle down and seek higher quality food and drink.
- Growing success at festivals and sporting events highlights growing popularity with younger drinkers.

Developing the taste

Received wisdom in the beer market used to state that there was an automatic progression of drinking tastes determined by age: from white to red wine, from wine and beer to white spirits, then dark spirits, and from cider to lager to ale as drinkers move from their late teens through to their late thirties and early forties.

There is no longer any evidence of this graduation - the first generation of lager drinkers are now nearing their dotage and still drinking lager. Cask ale is still recruiting drinkers - the number of people aged under 35 who drink cask ale has increased from 1.6 to 1.7 million over the last year - but it doesn't happen automatically.

Brewers need to understand why some young people are starting to drink cask, and actively encourage more of them to do so.

18-24s: the drinkers-in-waiting

Over 17% of UK adults drink cask ale - but only 9% of 18-24 year olds do - even though 47% of them drink beer other than real ale. Universities have very few real ale societies, and real ale has poor distribution on campus. Venues with loud music and vertical drinking are not ideally suited to real ale, which is a more mellow, laid back drinking occasion. There are of course exceptions - universities such as Sheffield and Lancaster boast significant real ale communities. But as a rule, these drinkers are hard to recruit.

25-34s: the cask ale trialists

Of the 1.7 million cask ale drinkers aged under 35, 67% are aged 25-34. The percentage of cask ale drinkers in each age group doubles from 7% among 18-24s to 14% for 25-34s.

This is the age when careers become established, money becomes easier, and tastes become more sophisticated. Drinkers begin to move from loud clubs and venues to occasions that are more mellow and

relaxed. They also become more interested in premium quality food and drink, with a significant upsurge in interest in farmers' markets, organic food, home cooking and so on.

But positive though this is, still only 15% of 25-34s drink cask ale, compared with 47% drinking other styles of beer. Although this figure is now almost in line with the average of all age groups, there's clearly potential to recruit many more drinkers.

Occasions for trial

People are more open to trying new things when they are in new circumstances. City-dwelling drinkers who take weekend breaks in the country are more likely to try the local ale in a country pub than they would at home. Holidays, sporting events and music festivals are special occasions when people are more likely to break their routine.

Music festivals are selling increasing volumes of real ale. Glastonbury has real ale on all its bars and one beer tent devoted entirely to it. Wales' Green Man Festival in August 2009 had a real ale and cider bar that was the busiest bar on site. In sport, Marston's this summer introduced cask ale to cricket venues, with great success.

LATITUDE

THE LATITUDE FESTIVAL IN HENHAM PARK, SUFFOLK, HAS BUILT A REPUTATION AS A SLIGHTLY MORE UPMARKET FESTIVAL THAN GLASTONBURY, WITH A CORE AUDIENCE OF 25-44 YEAR-OLDS RATHER THAN UNDER 25S. HEKTOR OF 25-44 YEAR-OLDS RATHER THAN UNDER 25S. HEKTOR SUPPLIES REAL ALES TO THE BEER TENTS ON SITE. IN 2008, THE ALES SOLD OUT BEFORE ANY OTHER DRINK. ACCORDING TO HEKTOR, IN 2009, "WE SOLD 33,192 PINTS OF ALE [TO A TOTAL FESTIVAL CROWD OF APPROXIMATELY 12,000], WHICH EQUATES TO OVER 4 TIMES MORE REAL ALE PER PERSON THAN GLASTONBURY. THE SUCCESS OF REAL ALE AT LATITUDE IS DEFINITELY AN INDICATOR OF THE YOUNGER CROWD EMBRACING DRINKS WITH SOME FLAVOUR IN THEM!"



THE DEVONSHIRE CAT, SHEFFIELD

AS YOUNG PERSON'S VENUES GO, THE 'DEV CAT' TAKES SOME BEATING: NOT ONLY IS IT IN THE HEART OF SHEFFIELD'S UNIVERSITY QUARTER, IT'S ACTUALLY ON THE GROUND FLOOR OF A STUDENT HOUSING BLOCK. SO IT COMES AS A SURPRISE TO SOME THAT IT IS ONE OF THE UNDISPUTED BEER SHRINES IN ONE OF THE UK'S MOST ALE-FRIENDLY CITIES.

A STUNNING LIST OF FOREIGN SPECIALITY BEERS AND GENUINE CONTINENTAL LAGERS IS JOINED BY TWELVE REAL ALE HANDPUMPS - SIX REGULARS AND SIX GUESTS. THE REGULARS ARE A MIX OF LOCAL HEROES AND NATIONALLY RECOGNISED BRANDS FROM REGIONAL BREWERIES, WHILE GUESTS ARE ROTATED FOR A CONSTANTLY CHANGING BUT BALANCED RANGE OF STYLES AND STRENGTHS.

"WE DEFINITELY SEE LOTS OF PEOPLE COMING INTO THE PUB AND TRYING SOMETHING DIFFERENT FOR THE FIRST TIME," SAYS ASSISTANT MANAGER HANNAH BOVEY. "THE MAINSTREAM IS SATURATED AND A LOT OF PEOPLE ARE LOOKING FOR SOMETHING THAT'S GENUINELY DIFFERENT. OFTEN PEOPLE COME TO THE BAR AND DON'T KNOW WHAT THEY WANT, AND OUR STAFF ARE TRAINED TO GUIDE THEM THROUGH THE SELECTION. PEOPLE WHO HAVEN'T TRIED ALE BEFORE OFTEN GO FOR A GOLDEN ALE, BUT THE WHOLE RANGE SELLS WELL. SOMETIMES IT'S ABOUT STUDENTS COMING IN WITH THEIR PARENTS, WHO ARE ESTABLISHED ALE DRINKERS, BUT WE SEE A LOT OF EXPERIMENTATION WITH YOUNG PEOPLE ON THEIR OWN AS WELL."



Focus: Cask Beer and Women

Women are driving the growth in what has often been perceived as a very male market. There are specific barriers that prevent more women from drinking beer in general - and cask ale is best beer style to bring them in.

Women driving growth in cask drinkers

- Number of women who claim to have ever tried cask ale has doubled.
- Number of women who claim to drink cask ale nowadays has doubled.
- Women now account for one in six of all cask beer drinkers.
- Women embrace more complex flavour and character - but have been put off by a negative, macho image which is now beginning to be overcome.

Why do British women think they don't like beer

Only 37% of women ever drink beer, compared to 77% of men. Women - 50% of the population - account for only 13% of beer consumed. This compares to 25% in the US, and 44% in Spain.

So why don't British women like beer?

Research from the BitterSweet partnership a new group aiming to encourage women to drink more beer - shows that women are put off beer by a number of factors:

- Image - beer is seen as masculine and 'chavvy' compared to wine.
- Weight - women mistakenly believe beer to be higher in calories than wine, an equivalent soft drink or a large gin and tonic.
- Taste - women believe they won't like it if they try it.
- Presentation - many women don't like the idea of drinking from pints.

Overcoming the obstacles

- Image - Cask ale has none of the macho, laddish, football-oriented image characteristics of lager. Potentially, it could be more acceptable to women.



- Weight - cask ale has fewer calories, measure for measure, than wine, soft drinks or spirits with mixers. It is also less bloating than lager, because it has no added gas.
- Taste - women are not afraid of strong, complex flavours - after all, that's what they find in wine. They simply need to be encouraged to try cask ale and find the style they prefer. The last year has seen a great increase in sampling activity aimed at women, with many events taking place in Cask Ale Week on 'femALE' day. The most frequently heard comment at events like this is "I don't like beer, but I love this."
- Presentation - the use of branded glassware and half and third-of-a-pint glasses has increased, offering more attractive presentation of cask beer.
- Partnering beer with food - cask beer is the perfect partner for locally sourced food - fresh, natural, with a wide variety of tastes.

"I'VE ALWAYS DRUNK LAGER OR SPIRITS, BUT EARLIER THIS YEAR I WAS PERSUADED TO TRY RUDGATE RUBY MILD. I ENJOYED THE TASTE OF A DARKER BEER BECAUSE IT SEEMED SWEETER AND FULLER THAN LAGER. I WAS AFRAID TO TRY CASK BEER BEFORE BECAUSE I WASN'T SURE WHAT THE FLAVOUR WOULD BE LIKE."

SUE ROWLEY, 37



The results of this activity have been remarkable:

- 30% of women now claim to have tried cask ale - up from 16% a year ago.
- And the number of women who now claim to drink cask ale has doubled - from 630,000 to 1.3 million.

"I ALWAYS ASSUMED [CASK BEER] WAS A BIT FLAT COMPARED TO BEERS LIKE LAGER - AND I NEVER WENT INTO 'REAL ALE PUBS'. NOW I LOVE STOUTS, PORTERS AND MILDS BECAUSE THEY HAVE A DEEPER, FULLER FLAVOUR. I THINK A LOT OF WOMEN DON'T DRINK REAL ALE BECAUSE OF PERCEPTION - IT'S A BIT UNLADYLIKE TO BE SEEN WITH A PINT GLASS. I ALSO NEVER THOUGHT OF CASK BEER AS A DRINK OF CHOICE. IF THERE HAD BEEN MORE FEMALE FRIENDLY PRESS, AND MORE HIGH PROFILE WOMEN DRANK IT, I WOULD HAVE DRUNK IT."

JOANNA FRITH, 36



Meet the brewers

Cask ale's unique strength is in the diversity of brewers who make it, and the flavours and styles they create. Regional, local and independent brewers each bring something different to the bar. Here's a guide to how the market breaks down.

- The structure of the market continues to evolve as multinationals retreat to areas of regional strength in their ale brands and regionals, independents and locals take over.
- Larger regionals provide broad investment and support in the category and are making cask beer the focus of the ale category.
- Smaller independent and local brewers are growing in number and provide variety and difference.
- There is a long-term shift from keg ale to cask beer.

The shrinking giants

The old national brands such as John Smiths, Bass and Tetley's - all now owned by multinational corporations focusing on mainstream lager brands - are in a phase of managed decline. They receive dwindling marketing support and survive on historical reputation, name recognition and large distribution deals, although they still have strong followings in the regions they originated in.

Regional brewers - filling the void

The decline of the old giants leaves a big gap that larger regional brewers such as Adnam's, Caledonian, Fuller's, Greene King, Marston's and Wells and Young's are filling. These are all brewers whose main focus is cask beer - all are committed to investing in and maintaining cask beer quality.

Building a premium image

Regional brewers provide investment in cask beer in terms of marketing and promotion, which raises the image of cask beer as a whole:

- In 2008, £2.6 million was spent on advertising ale. 90% of this spend was on cask ale.
- This is increasingly driven by the activities of the larger regionals - Fullers and Greene King now heavily outspend John Smiths. Other national brands such as Tetley's, Boddingtons and Bass have no recorded advertising spend for several years.
- Ad spend in 2009 to date already exceeds £3 million - a strong increase in support in the midst of a deep recession. Again this is primarily driven by continued spend from Greene King and Fullers, as well as the high profile relaunch of Courage Best from new owners Wells and Young's.

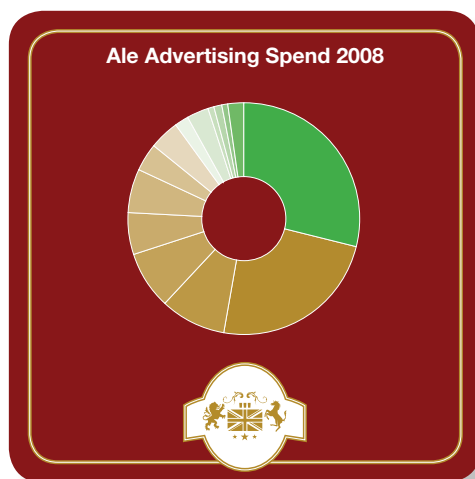
- Sponsorship is also a major marketing growth area for cask ale brewers, but sadly we were unable to obtain reliable spend figures for this. Greene King IPA gives heavy support to English Rugby, and Fullers supports golf. In 2009, Marston's sold an additional one million pints on the back of its sponsorship of the England team over their triumphant Ashes series, offering fans the chance to win tickets, co-creating a limited edition cricket-themed jar of Marmite made with Marston's Pedigree, and encouraging good-natured banter between fans with satirical ads. Adnam's has increased its involvement with Ipswich Town and Newmarket Races, and is increasingly visible at grassroots events such as County Shows and Food and Drink festivals. This has in part contributed to a significant business turnaround, with a 6% decline at the end of 2008 becoming 2% growth by June 2009, with growth coming almost entirely from the free trade.

The combined effect of all this activity is that the cask beer handpull increasingly symbolizes the whole ale category. While smoothflow beers still account for more than half of total ale volume, they are increasingly invisible. Cask beer is creating a new, fresh, premium image for ale in general. This image appeals to more affluent drinkers, and helps increasingly to relegate the ale drinker's old-man-in-a-flat-cap image to the past.

Support on the ground

The larger regional brewers also provide training schemes helping people keep and serve cask beer in perfect condition. Most large regional brewers give cellar training

throughout their estates, both in the brewery and in pub. Cask Marque has centres of excellence throughout the country where they train many of the major pub retailers as well as individual licensees to gain the BII award in Cellar Management. Apart from training, it's often the regional brewers who invest in the equipment needed to serve cask ale, and branded glassware and point of sale material to enhance its presentation.



Fullers 24%	Shepherd Neame 3%
Wells & Young 9%	Moorhouses 2%
John Smiths 8%	St Austell 1%
Theakston's 6%	Caffreys 1%
Belhaven 6%	Smithwicks 1%
Adnams 4%	Other 2%
Marton's 4%	Greene King 29%

Source:
Nielsen Ad Dynamix/
Manning Gottlieb
Media

Meet the brewers continued



Local and smaller independents - the new wave

Of almost 700 breweries now operating in the UK, 450 are members of SIBA, the Society of Independent Brewers, formed in 1980 to represent the interests of smaller independent brewers and to help them get wider distribution for their beers.

Of SIBA members:

- 87% brew less than 5000 hectolitres a year, and are therefore classed as small or microbreweries.
- 61% have been founded since the turn of the millennium.

That's an enormous momentum in terms of new breweries. It's been fuelled by progressive beer duty (PBD), a measure that allows smaller breweries to claim back tax paid to Customs and Excise.

Some small brewers have been criticized for entering the industry just to take advantage of this tax break - and it's true that not every microbrewer creates good beer. But many of these new breweries are serious businesses. Four out of five small brewers claim the savings from PBD go straight back into building the business. In 2009:

- 81% are spending PBD money on new equipment.
- 82% are spending it on marketing.
- 75% are spending to increase brewing capacity.

SIBA members also advertise locally, help improve the presentation of beers at point of sale and support CAMRA beer festivals etc, but do not have the same national focus as the larger regional brewers.

SIBA demonstrates its commitment to encouraging its members to build long-term, viable businesses by not only holding awards for the best beer from its membership, but also the Small Business Awards that reward marketing and promotional initiatives.



Richness in variety

Cask beer's strength is the variety of styles and flavours within it. The British craft beer market is thriving thanks to the interplay between established breweries keeping vital traditions alive, providing long term stability and expertise, and young start-ups seeking to create something new, sometimes even pushing the boundaries of what beer can be.

Of course the lines between categories become blurred - some microbreweries are growing to become regional players, while at the same time, inspired by their new competition, regionals are creating new beers, pushing into new styles, and investing in grassroots marketing activity as well as broader advertising and sponsorship.

In truth there are many different styles and sizes of brewer and this section is an oversimplification. We've marked out a continuum on which many different types of brewery sit.

Stocking and serving the perfect cask beer range

Cask ale takes a little more effort to keep well than other beers, but the results are worth it. Here's everything you need to know in order to serve great cask beer.

Getting it right

- If you don't have the facilities or the throughput to serve well-kept cask ale, don't stock it!
- Stock the right number of beers for your size.
- Stock the right mix of brands and styles.
- Make the most of attractive new fonts, stylish glassware and point of sale promotional material.
- Effort invested in keeping and serving cask ale more than pays for itself in terms of better quality beer, meaning less wasted beer, a better reputation, and ultimately more custom.

Perfecting the optimal mix of cask ales

Not every pub is suitable for cask ale. If you have inadequate cellar facilities, low throughput, or simply don't attract the right customer base, it's essential to think twice before rushing into the market. Serving badly kept cask ale can only damage both the publican's and the brewer's reputation, turning consumers off both the pub and the category.

If you're confident that cask ale can benefit your pub, there's a stunning variety of breweries and beer styles to choose from. That's part of the appeal - but it can also be bewildering if you're stocking cask for the first time. It's important to start small with tried and trusted brands, before becoming more adventurous.

'Tried and trusted' brands

- Have broader recognition and are increasingly seen as mainstream beers.
- Therefore offer reassurance to drinkers who are new to the category, unfamiliar with the product and/or are accustomed to using advertising to help them make a choice.
- Larger regional breweries, who produce most brands we'd describe as 'tried and trusted', also have the infrastructure to help with installation and maintenance of equipment. Most offer cellar and technical support and run training schemes on how to keep and serve cask ale.
- In an area where a local microbrewery or smaller regional, family or independent brewery has a particular fame, their brands may be 'tried and trusted' in that locality too. For example, drinkers in Bristol may perceive Butcombe as a big, established,



safe brand, while drinkers in the North East who are just as knowledgeable about beer may see it as an unusual choice. It's vital to know the local market.

Local and microbrewery brands

- Offer variety and diversity of beers. Being smaller, they can experiment more and offer a more eclectic mix of beers. (Although regional brewers increasingly do this with seasonal and limited edition beers too).
- Therefore attract experienced ale drinkers who tend to always be on the lookout for 'something different'. These are the highest spenders in the category and will routinely look for the 'guest' ale. They're an attractive audience, but they favour pubs that have an established reputation for ale. A bad pint served in a pub known for the quality of its ale will be blamed on the brewer. A bad pint in an unfamiliar ale pub will be blamed on the publican.
- Compared to lager, all ale is seen as more artisanally produced, more local, more

ethical. But within this, smaller, more local breweries are favoured by drinkers who want to support local businesses, cut down on food/beer miles, or simply want to sample the variety of local produce in any given part of the country.

So what should you stock?

Research shows this depends on how much you sell, or think you'll sell.

The worst mistake a publican can make is to suddenly stock a wide range of ales when the demand hasn't yet been proven - no one ale gets the throughput, so quality suffers across the board, so no one buys the beers - an inescapable vicious circle.

The following table recommends the optimal number of handpulls based on the volumes of ale you serve. This should guarantee enough throughput to keep quality high. There are of course 'ale shrines' that stock as many as ten hand pumps - but they only succeed in this when either the pub or the publican already has a famous reputation for great cask beer.

Stocking and serving the perfect cask beer range continued

Average sales of Cask Ales Per Week

No. of hand pulls	0-18 gallons/week	19-36 gallons/week	37-54 gallons/week	55 gallons/ or more week
1	■			
2	■	■		
3	■	■	■	
4	■	■	■	■



So what types of beers should be on those pumps?

■ A 'tried and trusted' session ale. Between 3.5 and 4.5%. A recognised brand in your locality, whether that's a widely recognised leading brand from a big regional brewer, or a 'local hero' with a big reputation in a specifically defined area.

■ A more premium, select beer. Higher ABV - 4.2% or above. Either a permanent brand or a rotating guest beer.

■ A guest beer from a small independent or microbrewer, on a rotating basis, session or premium.

■ A seasonal beer, such as a golden or summer ale, or winter ale. Increasingly, this could be from a microbrewer or a regional, but either way it will have an element of unfamiliarity about it.

Every pub is different and experimentation always yields results. But the lessons here - learned from independent research conducted for both Marston's and Wells and Young's - is to start safe and build variety as cask business grows.

Promotion at point of sale

As in all walks of life, presentation is everything. Cask drinkers may claim taste is more important. But serve beer badly in an old, scratched, warm glass with foam pouring down the sides, and drinkers will be disappointed.

Cask beer producers know their drinkers are affluent and discerning, and new drinkers raised on lager demand an attractive image as well as great taste. Cask brewers are therefore investing in ensuring their beers pass muster. Get it right, and it raises the image of the pub as a whole.

Revitalising cask beer dispense

The real ale handpull is distinctive and unique. To many drinkers, it's a symbol of traditional craft and quality, with an unrivalled lineage on the bar going back 200 years. It's not going to disappear any time soon.

But to others, it's old fashioned and dated. The beauty of cask beer is its diversity, and several brewers are introducing innovations in the traditional cask ale font.

Central to these is the idea of illuminated fonts. Lager drinkers are accustomed to seeing chunky, brightly lit fonts that can make a handpull and pumpclip seem recessive by comparison. For brands aiming to tempt lager drinkers into the ale category, competing in terms of visibility is essential.



The new **Black Sheep** font leaves the traditional handpull dispense system unchanged, but centres it in a chunky LED illuminated font that stands out on the bar, marrying tradition and modernity. Where it's gone in, it has increased beer sales by around

12-15%, and is now being rolled out beyond the company's local estate.



The new **Bombardier** font goes further. Research conducted by Well's & Young's showed that the iconic handpull was indeed irreplaceable. So instead, it's been framed by a foot-high illuminated chrome surround which puts cask

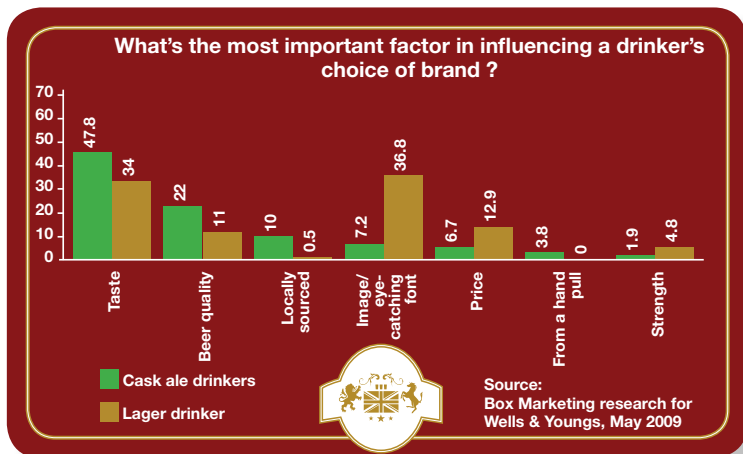
beer dispense on a par with bigger, brighter lager fonts and is more appropriate than a traditional handpull in more modern, stylish bars. Early trials show an average sales increase of 19% in test outlets. One manager of Yates's in Nottingham said, "I'm fully behind it. If you ask me if I want to keep it or get rid of it, I'd fight to try to keep it!"

Greene King has launched a new 'Cask Revolution' font. Here, chrome design and illumination also feature, making the font look more contemporary, but in addition the actual dispense of the beer is moved from below to above the bar,



adding a touch of theatre to the pour. Drinkers can choose between a northern-style pint with a creamy thick head and a crisper, southern style. Seamus O'Kane, manager of Williams Wine and Ale House in Whitechapel, London, has seen burgeoning interest in cask beer since he had the font installed, saying "The pump really stands out on the bar and encourages people to enquire about the beer." Early results suggest a sales increases of between 5 and 50% across the 700 quality pubs in which it has been installed, with many new drinkers – particularly women – being attracted to cask beer for the first time.

Surely the next twelve months will see many more cask beer brands making dramatic improvements to their presence on the bar.



Stocking and serving the perfect cask beer range continued

Glassware: making beer look beautiful

Historically, among label-conscious drinkers bottles were seen as more stylish than draught products because with a label, people could see what you were drinking, that you had made a discerning choice, whereas pints were simply anonymous brown or blonde liquids.

Many brewers are now investing in branded, bespoke glassware:

- Making cask beer look more stylish and feel more special to order.
- Glasses are often shaped and styled to accentuate the colour and aroma of the beer.

Great design in glassware is also challenging the dominance of the pint glass. Standard half pints don't really appeal to either established or potential beer drinkers. Stemmed and shaped glassware can make a half pint look attractive.

Third of a pint measures are also gaining much wider distribution, encouraging trial of a wider selection of beers, particularly strong beers that are less suitable in pints.

Elegantly designed smaller glasses are vital to overcoming the main obstacle preventing more women trying cask beer - an overtly masculine image.

Promotional ideas and initiatives

Lager tends to rely on large advertising and promotional activities to create interest, but cask ale's strength is its grassroots nature. It lends itself to many promotional initiatives that are easy to implement on a small budget.

- CAMRA Good Beer Guide - released every year with listed pubs chosen by local CAMRA branches.
- Try before you buy - samples given away free WILL pay themselves back.
- Chalk boards - advertising guest ales is just as effective as promoting specials from the food menu.
- Ale festivals - creating your own festival is a proven driver of footfall and local media coverage.
- Staff training - it's a common refrain that staff don't stay long enough and are not paid enough to train. The flipside is that training in cask ale dispense can increase pride and job satisfaction and increase tenure of talented staff.
- Meet the brewer - many brewers are happy to spend evenings in a pub talking to consumers about their beers.
- Cask Ale Week - participation in the first year's event was proven to drive volumes and premiumise the overall beer product mix on the bar.

Promotion: Trial is everything

Last year's Cask Report showed that only 35% of British drinkers have ever tried cask ale, but that when they do try, 40% convert to drinking it. We stressed the importance of trial and sampling as ways of drawing people into the category.

And it's worked: this year, that 'ever tried' figure has grown to 50%, with the number of women claiming to have tried cask doubling.

Why is this important? Experienced real ale drinkers don't hesitate to ask for a sample of something new. But to drinkers of lager or smoothflow bitter - the people most unfamiliar with what cask ale tastes like - this would be unusual behaviour. 42% of people who have never tried cask ale say they would do so if they could sample it first. But they won't sample unless they are actively encouraged to do so. Trial sampling is the easiest way to grow cask ale custom.

Product Description: Cyclops

The language of beer doesn't come naturally - even experts can struggle for the words to describe the taste of a particular beer. Cyclops is a simple tasting guide that has in three years become the benchmark for the industry, with 147 breweries and almost 800 beers included. It gives sight, smell and taste descriptors in easily understood words, plus a scale of bitterness and sweetness.

Interesting to consumers, it's vital to bar staff, who can see Cyclops notes on the back of pump clips and describe beers confidently to people they are serving.

More details at www.cyclopsbeer.co.uk



WETHERSPOONS BEER FESTIVALS

FOR TWO WEEKS EACH IN THE SPRING AND AUTUMN, WETHERSPOONS PUBS RUN AN INTERNATIONAL BEER FESTIVAL SHOWCASING CASK ALE. EACH FESTIVAL FEATURES A ROLLING SELECTION OF 100 REAL ALES OVER THE TWO EVENTS, WITH 30 OF THESE BREWED SPECIALLY FOR THE FESTIVAL.

ACROSS THE TWO FESTIVALS, WETHERSPOONS SELLS AN AVERAGE OF 8000 PINTS OF CASK ALE PER PUB - AROUND 300 PINTS PER PUB PER DAY. THIRD OF A PINT GLASSES HAVE PROVED SO POPULAR THAT ONE IN TWENTY PINTS IS SOLD AS THIRDS, AND THE COMPANY INVESTS IN BESPOKE GLASSWARE FOR EACH FESTIVAL.

THESE EVENTS ARE INCREASINGLY POPULAR, AND ARE RECOGNISED BY WETHERSPOONS AS BEING INSTRUMENTAL IN ACHIEVING A GOOD BUSINESS PERFORMANCE DESPITE THE RECESSION - LIKE FOR LIKE GROWTH IN CASK ALE FOR THE YEAR TO JULY 2009 WAS AN INCREDIBLE 17%.



MAULDONS BREWERY SUFFOLK PRIDE

PREMIUM ALE ABV 4.8%

- AMBER GOLD
- SWEET, BANANA, FRUITY
- GRAPEFRUIT, WARMING, DRY

Pricing: why settle for a lower margin on a premium product?

Cask beer is a premium, crafted product, drunk by affluent, upmarket drinkers.

Historically this hasn't always been the case, so cask ale tends to have a lower price than lager - even than keg ale.

Cask beer's lower margin versus other beers is often cited by publicans as the main reason not to stock it. But this doesn't have to be the case. Cask ale drinkers value for money like anyone else, but:

- 62% of cask ale drinkers agree with the statement "It's worth paying extra for good quality beer"
- Only 42% of non-cask ale beer drinkers agree with the same statement. ⁽⁸⁾

Most brewers firmly believe that cask could support a higher price relative to other beers than it currently has - inviting publicans to create more profit.

Product care: Top tips on keeping and serving great cask ale

Ordering

Order the correct size of cask that will allow you to sell it in three days after being placed on sale. Any longer than this, and the beer will start to lose its condition and suffer compromised quality.

Cellar temperature

Whoever said cask beer should be kept at room temperature did so when the average room was much cooler than in today's age of universal central heating. Cask ale should be kept consistently at an ideal cellar temperature of 11-13 degrees Celsius.

Stillaging

Casks should be stillaged on the day of delivery for three days, allowing the yeast to drop so the beer becomes clear and sparkling.

Pegging and venting

All casks should be vented with a soft porous peg 2-6 hours after delivery. This is actually the final part of the brewing process, bringing the beer to its ideal condition.

Tapping

Tap all casks 24-48 hours before they go on sale, always using a clean tap to prevent microorganisms from infecting the beer.

Sampling

Sample beer from the cask every day - if there's any problem with it, pulling it through to the bar simply wastes beer.

Line cleaning

The time and money costs of cleaning lines regularly don't just hamper the taste of the product. They can cause fobbing and cloudy beer, which loses money. Any time and money costs in cleaning lines regularly - once a week - is more than saved by minimizing wasted beer.

Glassware

Ensure glassware is clean, free of detergent and scratches. This doesn't just affect the appearance of the beer - a clean glass allows proper head formation and retention, and dirty glasses can badly affect the taste of the beer. Glassware needs to be renovated as over time beer leaves a film which affects appearance and gives poor head retention.

More details can be found with major regional brewers, at www.cask-marque.co.uk, and in CAMRA's Guide to Cellarmanship (CAMRA books).

(8) Source: TGI 2008

Conclusion: where next?

A brighter outlook

As this report went to press, newspapers were predicting the end of recession. There will be a significant delay between banks and stock markets returning to normal and people on the street feeling the effect. But it's reasonable to expect economic conditions to improve rather than deteriorate in 2010-11. The beer and pub industry will continue to face obstacles - continued focus on binge drinking and alcohol consumption generally will obscure the truth of the responsible drinking majority, and continue to increase pressure for further restrictions and legislation against alcohol marketing and retailing.

And we have to hope that the cruel, pernicious beer duty escalator - currently set to ramp up tax on beer at 2% ahead of the rate of inflation until 2012 - is ended, either by this government finally seeing sense at the damage it is doing to a vital sector of the UK economy, or by a new government after the 2010 general election.

But people will start to go out more, and will return to the pub - perhaps not as often or in as large numbers - but we expect to see the sharp decline in overall beer volumes continue to bottom out.

Within beer, before the recession we were witnessing consumer trends that fuel a cask ale revival - interest in artisanal produce, locally sourced products, and more complex and diverse flavours. Now, trends analysts are seeing a return to simpler pleasures, a

rejection of consumption for its own sake, and renewed interest in traditional pursuits - camping has become 'glamping'; many of 2009's hottest new bands are heavily folk-tinged; and the year's best-selling cookbooks all centre around the notion of simple, frugal gastronomy, using good quality but cheap, simple, locally sourced ingredients. This behaviour is inspired by the recession, but is highly likely to continue after it. Discovery of cask ale is simply one more facet of this trend.

The future of beer

The pub trade press has started to refer to 'the death of lager'. This is as much an overreaction as the predicted 'death of real ale' a few years ago, but is nonetheless revealing.

Drinkers demand innovation, excitement, new interest. Lager traditionally supplied this, but in the last ten years it's only really given us extra-cold dispense. Cider is the success story of the decade, completely revitalized as a category. It's still in growth, but for Magner's - the brand that inspired this revolution - times are increasingly tough. People are moving on to smaller, more eclectic brands.

Cask beer is ideally positioned to be the next big thing. It fits consumer trends. It seems - suddenly - full of innovation. But its return to growth will not happen automatically. Cask beer requires a commitment to both style and substance, and a little extra effort. But the market is there. And this report proves that there are financial rewards for catering to it.

Appendix: the cask ale drinker

Cask ale drinkers	Regular cask ale drinkers		Occasional cask ale drinkers		All drinkers	
	2007	2008	2007	2008	2007	2008
Men	6365	6651	565	536	6930	7187
Women	578	1234	53	118	631	1353
Total	7446	7886	640	654	8086	8540

	Regular cask ale drinkers	Occasional cask ale drinkers	All cask ale drinkers	'Non-cask' beer drinkers	Population
AB	42.7	34.1	42.1	22.8	26.8
C1	25.8	31.4	26.2	29.2	28.8
C2	18.6	15.4	18.4	24.2	21
DE	12.8	19.1	13.3	23.8	23.5
18-24	6.5	8.7	6.6	15	12.6
25-34	13	19.7	13.5	18.7	15.5
35-44	18.4	24	18.9	21.3	18.1
45-54	21.8	25	22.1	16.6	16.1
55-64	19.5	12.7	19	12.3	14.4
65+	20.1	5.2	19	13.3	19.7
Median age	50	42	49	43	46

Source: TGI 2008

Glossary

Explaining the sometimes confusing terminology surrounding cask beer.

Ale:

Generally recognized today as meaning beer that has been brewed with a brisk, warm fermentation during which the yeast sits at the top of the vessel - a 'top-fermented' beer. Served between 11-13 degrees. Often dark brown as opposed to lager's gold, but not necessarily - golden ales are increasingly popular and ale can be red or very dark too. Also commonly known as 'bitter' thanks to its pronounced hoppy character.

Bitter:

See 'ale'.

Cask ale:

Beer that has not been filtered or pasteurised, and has live yeast in the cask. This means the beer is undergoing a slow, secondary fermentation that contributes greater depth of flavour and a natural soft carbonation.

Cask beer:

A term interchangeable with cask ale that is felt by some to be a more appropriate description: although the vast majority of cask beers are ales, it's quite possible - increasingly so - to find cask-conditioned stouts and even lagers. This term recognizes that cask conditioning is a process rather than something pertaining to one specific beer style.

Cyclops:

Named because of the sight-smell-taste graphics that create an image of a one-eyed face, this is a system that clearly and simply describes the taste and character of beer in a few words and graphics, giving both bar staff and consumers a framework for understanding what a given beer will be like.

Hand pump/handpull:

Archaically known as the beer engine, a system that draws beer from the cellar, straight from the cask, by gravity. A glass chamber creates a vacuum that pulls the beer up through the pipe and then pumps it into the glass. Because most beers are now in pressurised kegs and served with either CO2 or nitrogen, only cask beer is served with handpulls. The handpull is therefore symbolic of the care and tradition surrounding cask beer.

Keg beer:

Beer that has been pasteurized and/or filtered to remove any yeast, before being sealed in a pressurized container. It is then dispensed with the aid of CO2, nitrogen or a mix of the two to give fizz or 'smoothflow' texture.

Lager:

Beer that has been brewed with a slow, cold fermentation and - traditionally - conditioned at low temperatures for several weeks (the word 'lager' is derived from the German 'to store'). Usually gold, but can be amber or even black.

Progressive Beer Duty (PBD):

System whereby small brewers can reclaim beer duty paid back from Customs & Excise depending on their annual volume. Designed as a financial incentive to help small brewers grow, it has made a major contribution to the huge growth in the number of small craft breweries in the UK today.

Real ale:

A term for cask ale/cask beer coined by CAMRA in the early 1970s. A reaction against the industrial mass-production methods that rose to dominance in the 1960s, it recognizes that cask conditioning is the traditional, craft method of making beer.

Smoothflow beer:

Dispensed with nitrogen at cold temperatures for a smooth, silky texture. Guarantees greater consistency of product at the expense of flavour and character.

Stillage:

Device by which cask are held steady on their sides so that finings and yeast can collect in the belly of the cask and allow the beer to clear.

Stout:

Technically an ale, in that it's brewed with top-fermenting yeast, stout has effectively become a separate beer style in the eyes of drinkers. Guinness dominates the market and is brewed with charred barley for a deep roast character, and dispensed with nitrogen for its creamy body. Stout doesn't have to be served this way, but this image of it defines the category.

Further Information

The Cask Report is supported by:

Adnams

Suffolk-based regional brewer.
www.adnams.co.uk

The Cask Marque Trust

Non-profit organization championing cask beer quality. www.cask-marque.co.uk

The Campaign for Real Ale (CAMRA)

Europe's most successful consumer pressure group. www.camra.org.uk

The Independent Family Brewers of Britain

(IFBB). Body representing 28 of the UK's family-owned brewers. www.familybrewers.co.uk

The Society of Independent Brewers (SIBA)

Representing over 450 small, local and independent brewers. www.siba.co.uk

Caledonian

Edinburgh-based regional brewer, now owned by Heineken. www.caledonian-brewery.co.uk

Fuller's

London-based regional brewer. www.fullers.co.uk

Greene King

East Anglia-based regional brewer.
www.greeneking.co.uk

Marston's

Midlands-based regional brewer.
www.marstons.co.uk

Wells & Young's

Bedfordshire-based regional brewer.
www.wellsandyoungs.co.uk

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The Cask Report is written each year by Pete Brown, author of several books about beer, and regular contributor on the subject of beer to trade and consumer press, TV and radio. Pete also has a background in beer marketing. He has no formal affiliation with any of the companies or bodies backing the report.

<http://petebrown.blogspot.com>

Data Sources

The British Beer and Pub Association (BBPA)

www.beerandpub.com

Brulines www.brulines.com

CGA Strategy www.cgastrategy.co.uk

Nielsen www.uk.nielsen.com

Target Group Index (TGI) www.bmrb-tgi.co.uk

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