MARSTON’S
ON TRADE
beer report 2018

A guide on improving consumer experience in the On Trade
Welcome to the ON TRADE beer report 2018 from Marston’s Beer Company

This year we have extended the scope of this report to also encompass the Lager category and provide you with an even broader understanding of the Beer category as a whole. As the UK’s largest Ale Brewer and the UK distributor of a selection of renowned World Lagers & Craft Beers, we are well placed to offer category expertise across the entire beer category.

Throughout the report we have used multiple sources of data to provide insight into the industry. For overall Ale performance we have used data from CGA. We support that with Kantar Alcovision for the who, where and why in terms of consumer trends. Finally, to understand consumer perceptions and behaviour we commissioned Eureka! Research to conduct a survey of 2,000 Ale drinkers and 2,000 Lager drinkers. We have done our best throughout the report to highlight key, actionable recommendations in every section that are supported by insight. We believe that if implemented correctly, these recommendations will provide sustainable long-term growth in what is a challenging market.

We hope that you find this report insightful and interesting, and our recommendations relevant & actionable. Most importantly, we hope it gives you the tools to succeed in this unique & exciting category.

Thom Winter
On Trade Category Manager
The Mediterranean market is driving World Lager forward, with the likes of Estrella Damm from Spain and Birra Moretti from Italy experiencing substantial performance growth.

The majority of Craft Lager’s are performing very well with drinkers seeking premium, refreshing products, specifically Hop House 13 which has seen enormous growth since being introduced at the back end of 2015.

The stand out performer in the top 10 is Wainwright Golden Ale which is in +19% Value Growth in a market that is -3.7% decline.

The biggest growth area within Mainstream Premium is the Premium 4% sub-category. The likes of Amstel & Coors Light continue to perform ahead of the market whilst newcomers Bud Light & Pravha have been successful additions in terms of distribution gains.

Standard, Traditional Keg is seeing month on month decline with no signs of slowing. Like Classic Lager, as consumers become more discerning the once favourable category is being left behind.

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Source: CGA OPMS 24/03/2018.
To benefit from market insight, it is essential to understand your customers. Here we review the differences in behaviour between Ale and Lager drinkers and how that differs still when it comes to Craft.

**Share of Serves by Age**

- **Ale Drinkers** tend to be older, with the largest proportion of serves coming from the 50-64 age group.
- **Lager Drinkers** are aged 50+.

**Knowledge of Styles** is relatively low for Ale drinkers – with 1/3 unable to name one Ale style spontaneously.

For Lager drinkers, Brands play much more of a part, but decision making is also influenced by the perceived country of origin.

**Total Alcohol**

- **Total Beer**
- **Total Bitter/Ale**
- **Total Stout**
- **Total Lager**

**Source:** Kantar Alcovision Dec 2017

CRAFT BEER HAS DONE A LOT TO BLUR THE BOUNDARIES OF BEING AN “ALE DRINKER” OR A “LAGER DRINKER”. OUR RECENT QUALITATIVE RESEARCH HAS OUTLINED THE CORE DRINKER TYPES IN EACH CATEGORY...

- **Cask Ale Connoisseurs**
  - Have been drinking Ale since their formative years
- **Mainstream Traditional Ale**
  - Formerly Lager drinkers, now discovering Ale drinkers
- **Mainstream Craft**
  - A product of the Craft Beer Revolution, drinking across multiple categories
- **Craft Aficionados**
  - Ardent, predominantly via Ale rather than Lager. Looking for bold flavour

**Consider:** IPA is the most frequently recalled style by Ale drinkers spontaneously and it should be seen as a sub-category within Gold.

**Female drinkers** have a higher preference for Golden Ales. As shown on page 5, Amber beers remain the biggest proportion of the market – driven by both ROS and Distribution. This should be ranged 1st when it comes to Cask Ale, followed by Gold, then Dark.

**Source:** MBC Razor Research Focus Groups 2018

**Perception of Quality and Choice of Occasion**

- **Bitter, Pale/IPA & Stout** are the most recognised styles when prompted. Dark & Gold are the next most recognised styles, highlighting the style/colour crossover.

**Source:** MBC Eureka! Survey 2018
When comparing the drinking repertoire in the On Trade there are clear differences between Ale and Lager drinkers and the selection of drinks they choose.

**ALE DRINKER REPERTOIRE**

Ales drinkers have a strong repertoire of drinks that they’d drink out of home with Wine, Craft Beer and Premium Lager the categories they’re most likely to move between (with Ale).

- **Quality and range of drinks** are extremely important to all beer drinkers, as is good service and a good atmosphere. All of these aspects of an outlet are more important than price which is important to 83% of Lager drinkers and 93% of Ale drinkers, quality and service are that bit more important.

Lager drinkers are more open to moving into different categories when out and about. A higher % will drink wine, spirits and/or cider than Ale drinkers. In terms of Craft, only 19% of Lager drinkers have drunk it in the past 3 months, compared to 37% of Ale drinkers.

The above %’s highlight the types of alcohol Ale & Lager drinkers have purchased in the last 3 months, rather than simply what they would drink.

**LAGER DRINKER REPERTOIRE**

Across all Lager categories, 50% of consumers remain loyal to their favoured format despite the brand they normally drink not being on the bar. This highlights the importance to range a breadth of category choice rather than being brand focused.

Despite only a small % of Lager drinkers including Craft in their repertoire, over time Craft beer has actually taken more gains from Lager (65%) as a category than Ale (26%).

The shift from Lager to Ale is unsurprising, with 47% of current Ale drinkers having migrated away from Lager.

**CONSUMER SWITCHING BEHAVIOUR IN THE OFF TRADE**

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**LAGER DRINKERS BEHAVIOUR WHEN THEIR PREFERRED LAGER IS UNAVAILABLE**

- **STAY AND DRINK THE SAME AMOUNT OF ANOTHER LAGER WITHIN THE SAME CATEGORY**: 48% stick with classic lagers, only 9% drinking less.
- **STAY AND DRINK LESS OF ANOTHER LAGER WITHIN THE SAME CATEGORY**: 57% stick with premium lagers, only 6% drinking less.
- **STICK WITH WORLD LAGERS ONLY 9% DRINKING LESS**: 52% stick with world lagers, only 9% drinking less.

### Quality and Range of Drinks

- **93%** Ale drinkers; **91%** Lager drinkers.
- **91%** Ale drinkers; **91%** Lager drinkers.
- **90%** Ale drinkers; **87%** Lager drinkers.

### Good Service

- **92%** Ale drinkers; **92%** Lager drinkers.

### Range of Drinks

- **92%** Ale drinkers; **92%** Lager drinkers.

### Atmosphere

- **93%** Ale drinkers; **91%** Lager drinkers.

Across the different categories there is varying levels of experimentation, with Lager drinkers more inclined to stick to their favourites and Craft drinkers just experimenting every now & then.

As the tempo of the drinking occasion differs as does the level of experimentation.

To better understand how consumers will rate the atmosphere of a venue, it is essential to know their drinking occasion and reason to visit.

KEY RECOMMENDATIONS

- Consider using pilsenged beer to provide additional range in the categories that lend themselves to experimentation such as Craft whilst utilising those elsewhere.
- Understand exactly what your venue is being used for and what beer categories lend themselves to that occasion.
- If you are going for an upmarket approach, give drinkers reason to purchase a more premium drink by offering the perfect serve - well maintained glassware and engaging knowledgeable staff.

RETAILING & GAINING CONSUMERS IN THE VENUE OF CHOICE

There are numerous factors to consider within your drinking venue which will help retain and increase consumer visits. This can include a good breadth of range to cater for all drinker needs, but also a high level of service and atmosphere to encourage increased purchasing and visits.

With consumers now spending more but drinking less, reasons to visit drinking venues are changing. It is important to provide more reasons to visit other than the beer on the bar. Consumer demands for a high-quality experience and better engagement has never been higher. With that, staff knowledge has never been more important. With more categories, brands, and beers to navigate on the bar, guidance from the "expert" behind the bar can make each consumer feel comfortable and engaged.

WHO IS THE RIGHT GLASSWARE MOST IMPORTANT TO:

- Younger consumers (72%)
- Those on higher incomes (72%)
- Those drinking in modern bars (75%)
- When Premium Lager is No.1 Choice (76%)

KEY RECOMMENDATIONS

- Provide a breadth of choice across Lager categories (see page 15) to cater for as many consumers as possible.
- Become familiar and recognised for something drinkers want in a venue. Understand why consumers will be visiting your venue and cater to suit that. Align that reason to visit to the level of experimentation you can expect.
- With food playing a more pivotal role in pubs across the UK, be clear on your offer. Do drinks well, food well or both well – half hearted on any of those will limit your customer base.
- "Try before you buy" is a good way to help with the introduction of new beers to consumers which could ultimately move them up the pricing ladder (see page 17 for details on pricing ladder). Along with building the relationship between bar staff and customer making them feel comfortable and welcome.

GOOD SERVICE

BARTENDERS EXERT A STRONG INFLUENCE OVER CHOICE, WITH ALL DRINKERS SEEKING THEIR RECOMMENDATIONS

7/10

SAY THAT GLASSWARE IS IMPORTANT WHEN DRINKING IN A PUB

7/10

Provenance and quality that have been synonymous with Ale is now expected in leading world beers, and showcases another blur between two very different beer categories.

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At a macro level within beer, Craft beer is bridging the gap between Lager and Ale (see pages 19-22 for a detailed look into the Craft market). Drinkers are seeking out quality and therefore the lines are becoming blurred between the subsegments with Crafted Lagers and Ales gaining in popularity.

Lager

- World Lager
- Craft
- Contemporary Keg
- Ale

- The provenance and quality that have been synonymous with Ale is now expected in leading world beers, and showcases another blur between two very different beer categories.
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Cask Ale tends to attract an older drinker, however, Craft Beer has gone a long way to introduce younger drinkers into the total Ale category. Classic Lager, although not appealing to one particular age group, is more popular with a less affluent drinker.

GOOD SERVICE

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RANGING

The most beneficial way to range is by both style and ABV, with these being the most important pieces of information consumers expect to see on a pump clip or lens. Consider which styles and ABVs engage with the most drinkers at different occasions.

**BREADTH BEFORE DEPTH**

To make the most of the space available you should look to satisfy a breadth of sub-categories before a depth of brands.

**BREADTH**

- **CLASSIC**
- **MAINSTREAM**
- **PREMIUM**
- **DISCOVERY**
- **MEDITERRANEAN**
- **WORLD**
- **SUNSHINE**
- **SPECIALITY**
- **CRAFT**

**DEPTH**

- **CLASSIC MAINSTREAM PREMIUM WORLD**

You should satisfy customer demand by increasing breadth of range through offering as many brands from left to right of this diagram, covering multiple sub-categories, but ensuring you are getting good through-put from all brands, before offering a depth of categories that already exist which your outlet might sell particularly well.

**PREFERRED MIX OF LAGER BRANDS TO BE ON THE BAR - BY DRINKER TYPE**

- **CLASSIC LAGER DRINKER**
- **MAINSTREAM LAGER DRINKER**
- **WORLD LAGER DRINKER**

30% of Ale drinkers prefer to drink High ABV Ales when drinking at a special occasion. All Lager Drinkers want to see a strong range from Classic/Standard up to World Lager, no matter what their preferred lager category is.

**KEY RECOMMENDATIONS**

- Range your Cask Ale line-up based on both time of week, and type of occasion throughout the week. If you have a big business crowd during the week be sure to range low ABV for instance.
- Do not try to do too much, over ranging is the biggest cause of poor quality so range within your throughput.
- Lager Drinkers want to see opportunity to premiumise and treat themselves. Advertise World Lagers to provide this opportunity and drive cash into your till.

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**RANGING**

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44% OF ALE DRINKERS WILL DRINK GOLDEN ALE

53% OF ALE DRINKERS WILL DRINK AMBER ALE

40% OF ALE DRINKERS WILL DRINK DARK ALE

By then using differing ABVs, you can cater for a larger proportion of drinkers. We asked over 1,000 Ale drinkers their perception of different ABVs. There are 3 clear ABV brackets. 3.8% and below; 3.9% - 4.7%; and 4.8% and above.

Low ABV Perception

Regular ABV Perception

High ABV Perception

% of Ale Drinkers

0%

5%

10%

15%

20%

25%

30%

35%

40%

45%

50%

55%

60%

65%

70%

75%

80%

ALE ABV (ALCOHOL BY VOLUME)

% of Drinkers when “General Socialising”

- **GOLDEN** 27% of Total Cask Volume
- **AMBER** 67% of Total Cask Volume
- **DARK** 6% of Total Cask Volume

11% of Ale Drinkers will choose High ABV

81% of Ale Drinkers will choose Regular ABV

8% of Ale Drinkers will choose Low ABV

40% of Ale Drinkers prefer to drink low ABV ales when drinking at lunchtime/during the day

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By understanding drinker expectations, there are numerous ways to range a bar to provide as much choice as possible.

7 IN 10 ALE DRINKERS HAVE BEEN SERVED AN OFF PINT:
Cask Ale has seen a heavy dip in quality, with the biggest reason being over ranging. 40% of those drinkers will not return to the pub where they were served a bad quality pint of Cask Ale.
Base your ranging on throughput, you need to be selling 1 firkin (19 gallon) of Cask in 3 days.

91% OF ALE DRINKERS HIGHLIGHT RANGE OF DRINKS AS AN IMPORTANT FACTOR WHEN CONSIDERING WHERE TO VISIT

RANGING

WHEN IT COMES TO ALE, DRINKERS PREFERENCE IS 1 NATIONAL, 1 LOCAL & 1 “GUEST”.
Be sure to balance your range in a similar fashion, bearing in mind “local” is not necessarily local to the pub, more a perception of what is a local brewery.

OVER THE PAST 3 YEARS THERE HAVE BEEN 1,051* NEW CASK ALES BROUGHT TO MARKET. DESPITE THIS, 84% OF DRINKERS WANT AT LEAST 1 NATIONALLY RECOGNISED ALE.

91% OF ALE DRINKERS HIGHLIGHT RANGE OF DRINKS AS AN IMPORTANT FACTOR WHEN CONSIDERING WHERE TO VISIT

WHilst consumers are relatively consistent with their Ale style choice, the reason or occasion in which they are drinking does impact on the ABV of the beer they are drinking. Consider the purpose of your venue and why consumers will be drinking there – see below the uplift…

97% OF LAGER DRINKERS HIGHLIGHT RANGE OF DRINKS AS AN IMPORTANT FACTOR WHEN CONSIDERING WHERE TO VISIT

1 IN 3 PREMIUM LAGER DRINKERS
will change their drink type if a preferred brand isn’t available.

4 IN 10 CLASSIC LAGER DRINKERS
will change their drink type if a preferred brand isn’t available.

63% DRINKERS WANT A GUEST ALE TO LAST BETWEEN 2 WEEKS – 1 MONTH, ONLY 8% WANT IT TO LAST “DAYS”

AMBER
Low / Regular / High ABV
National / Lesser Known

GOLDEN
Low / Regular / High ABV
National / Lesser Known

DARK
Low / Regular / High ABV
National / Lesser Known

AMBER
Low / Regular / High ABV
National / Lesser Known

WHen you range from Classic up to Mainstream, Premium and then World Lager you offer the potential for your customers to treat themselves.

Growth within World Lager is being driven by Mediterranean Larers such as Estrella Damm & Peroni Nastro Azzurro.

These are accessible brands which consumers see as Super Premium and should be the first considered when adding World Lager to your line-up.

BY RANGING FROM CLASSIC UP TO MAINSTREAM, PREMIUM AND THEN WORLD LAGER YOU OFFER THE POTENTIAL FOR YOUR CUSTOMERS TO TREAT THEMSELVES.

*PRICING LADDER BASED ON CGA OPMS MARCH 2018 AVERAGE BY SUB-CATEGORY.
A CLOSER LOOK AT CRAFT

Craft Beer is at the forefront of beer creativity, constantly evolving and bringing flavour, style and an attitude to the beer world. Here we have a look into the concept of Craft Beer and how it will continue to evolve to suit consumers...

WHAT ARE THE COMMERCIAL BENEFITS

WHAT WOULD YOU DO IF YOUR PREFERRED ALE STYLE WASN’T AVAILABLE?

29% + 10%

Stay & drink less of another A/Drink
Leave, go elsewhere

A PUB DOING 6 FIRKINS A WEEK THAT DOES NOT RANGE PROPERLY IS MISSING OUT ON ANYTHING BETWEEN 71 & 149 PINTS PER WEEK. MINIMUM EXTRA MONEY IN THE TILL FOR A PUB CURRENTLY RANGING INCORRECTLY SELLING 6 FIRKINS:
£1,044 PER MONTH IN THE TILL, £12,528 PER YEAR

CLASSIC & PREMIUM LAGER DRINKERS ACTIONS IF THEIR PREFERRED BRAND IS UNAVAILABLE

65% OF THESE MAINSTREAM PREMIUM LAGER DRINKERS WOULD PREMIUMISE TO WORLD LAGER OR CRAFT

80% OF THESE CLASSIC LAGER DRINKERS WOULD PREMIUMISE TO MAINSTREAM PREMIUM, WORLD LAGER OR CRAFT

BASED ON A PUB CURRENTLY SELLING 8 KEGS A WEEK OF CLASSIC & MAINSTREAM PREMIUM LAGER AMENDING THEIR RANGE TO INCLUDE WORLD LAGER, THERE IS THE POTENTIAL TO GAIN:
£959 PER MONTH IN THE TILL, £11,508 PER YEAR - A 10% INCREASE IN SALES!

CRAFT BEER VALUE

The biggest growth area of Craft is Keg Ale (+48%), whilst Craft Lager is also performing very well (+25%).
Packaged Craft is the only area seeing decline (-0.6%) due to a -15% decline in ROS which has been driven by both a switch into Draught Craft as more outlets stock it, and a greater variety of choice.

The continued growth of Craft on Keg is being driven as much by supply as it is demand, however the growing visibility has impacted on drinker expectation. Craft Ale drinkers now expect Craft to be either Cask (47%) or Keg (41%), 3 years ago that would predominantly have been Cask Ale.
Lager drinkers however, who are less knowledgeable of Craft Beer, are more expecting of Cask than they are Keg.

CLASSIC LAGER DRINKER

MAINSTREAM PREMIUM DRINKER

Expect

Prefer

ALE DRinker

LAGER DRinker

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**A CLOSER LOOK AT CRAFT**

**ALE DRINKER CRAFT BEER AWARENESS**

- **Aware of Craft:** 98%
- **Understand Craft:** 67%
- **Drink Craft:** 49%

**LAGER DRINKER CRAFT BEER AWARENESS**

- **Aware of Craft:** 97%
- **Understand Craft:** 72%
- **Drink Craft:** 36%

Of drinkers who say they understand what Craft Beer is and drink it, 55% of drinkers name brands more associated with Traditional Ale. It is clear that trade perception of Craft is not necessarily in line with the majority of beer drinkers. Consider your customer type, and what they would perceive Craft to be...

**55%**

**NAME A BRAND MORE ASSOCIATED WITH TRADITIONAL ALE**

**45%**

**CORRECTLY NAME A RECOGNISED CRAFT BRAND**

**A CLOSER LOOK AT CRAFT: AS A CONCEPT**

The perception of Craft varies depending on the usual repertoire of the drinker....

**SUPER PREMIUM NICHE CRAFT**

- Contemporary Keg
- Brewing Heritage
- US Craft

**CASK ALE**

- Style/Brand Queues
- Regional Cask Ale

**MAINSTREAM CRAFT**

**CONTEMPORARY KEg**

**BRANDING HERITAGE**

**US CRAFT**

**For 60% of Craft Beer drinkers, choice of venue is completely or to some extent dictated by their desire to drink Craft.**

**Of those drinkers, 82% will decide upon the venue of choice for their social group also, showcasing the importance of communicating Craft beers availability. It is the younger drinker (18-34) who is more inclined to influence their group (87%).**

**1 IN 4 CRAFT BEER DRINKERS IN LONDON WILL ONLY GO TO AN OUTLET SELLING CRAFT BEER**

**1 IN 3 LONDON CRAFT BEER DRINKERS COMPLETELY DECIDE UPON CHOICE OF VENUE FOR THEIR GROUP**

**KEY RECOMMENDATIONS**

- Utilise World Lager alongside your Craft offering. The smallest amount of Craft Beer drinkers talk the loudest. Whilst they decide upon their social group’s venue of choice, the rest of the group may want something recognised and accessible.
- If you have not got space on your Keg lineup, consider using both Cask and Packaged to provide additional choice for Craft Beer drinkers.
- Use Cask & Keg alongside each other to provide a complete breadth of range. With the flavour & serve quite different between the two, be sure to communicate to customers so they know what to expect.
- Craft beer is a customer driver. Be sure to communicate on premises and on social media platforms what beers you have available and when it is available.

Source: MBC Razor Research Focus Groups 2018
A CLOSER LOOK AT CRAFT

The “recognised Craft” drinker is starting to see 3 key Craft segments – with US Craft being perceived as different whilst UK Craft is going one of two ways, Super Premium or Mainstream...

...TO THE MAINSTREAM

...TO A ‘SUPER PREMIUM’ NICHE

A CLOSER LOOK AT WORLD LAGER

World Lager is going a long way to drive the total Lager Market forward. Whether it be through brands within it that are performing excellently and growing rapidly, or through Mainstream brands utilising cues more commonly associated with World Beer, the Lager market is slowing changing shape. Here we review key changes and aspects of the World Lager market...

MAT LAGER VALUE PERFORMANCE

Over the past 2 years, World Lager has grown by +36.5% on draught in comparison to only +0.1% in packaged. This has seen draught’s share increase from 58% to 65% vs packaged.

Consumers now expect World Lager on draught, rather than just in the fridge and you should extend your range accordingly.

Source: CGA OPMS 24/03/2018.

DRAUGHT WORLD LAGER

PACKAGED WORLD LAGER

DRAUGHT MAINSTREAM PREMIUM LAGER

PACKAGED MAINSTREAM PREMIUM LAGER

DRAUGHT CLASIC

DRAUGHT WORLD LAGER

PACKAGED WORLD LAGER

DRAUGHT MAINSTREAM PREMIUM LAGER

PACKAGED MAINSTREAM PREMIUM LAGER

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Source: CGA OPMS 24/03/2018.

Moving forward, a Craft Beer needs to resonate as a mainstream, readily available product or provide “reason to believe” as a Super Premium, niche brand. As we have seen with World Lager, a brand can certainly cater for both, but if it does neither it will not last long.

KEY RECOMMENDATIONS

• Use the right pricing ladder for your venue. Niche Craft should command a high price point, if it is charged too low drinkers will have no faith that it is “special” and revert to Mainstream Craft or World Lager.

• Understand what Craft means to your customers – there may be a propensity to move beyond recognised brands however there is a majority of drinkers that will be brand led and need recognised cues.

• America has a reputation for being the (father of Craft), which brings with it trust. Utilise American Craft Breweries to appeal to the Craft Beer core.

Source: MBC Razor Research Focus Groups 2018.

A successful brand journey for a World Lager is largely based upon providing premium cues to the consumer for an extended period of time, therefore making the brand aspirational. Once a brand finds its peak “premium level” it is about maintaining its position in “World Lager” for as long as possible whilst increasing availability and engaging with a wider consumer base – the venue and consumer type will influence the perception of how premium the brand is.

Source: MBC Razor Research Focus Groups 2018.

KEY RECOMMENDATIONS

• With expectations of range and availability changing, make sure you utilise draught and packaged together – Discovery Lagers will be a good additional to mainstream or recognised World Lagers.

• World Lager, alongside Craft Beer, will be the driving force in the beer world for the foreseeable future. Understand what level of premium, and what brands at different stages of their journey will work for you and engage with your customers.

Source: MBC Razor Research Focus Groups 2018.
When we ask drinkers how they expect their purchase pattern to change in the future, it is unsurprising that the more premium categories are going to see the biggest increase in purchase, whilst having the lowest likelihood of drinkers purchasing less...

**ALE DRINKERS PURCHASE INTENTIONS**

**LAGER DRINKERS PURCHASE INTENTIONS**

For +55 year olds Classic Lager and Traditional Keg have a net score of -14% and -15% respectively. With a changing landscape of the UK population, there is a need to react.

**FUTURE: FOR THE MARKET**

Considering consumer behaviour, and matching against current trends within premium categories, we can expect Craft Beer/Premium Keg & World Lager to continue to grow and take up substantial share of the beer market.

**FUTURE: FOR THE DRinker**

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**AN AGEING POPULATION**

Last summer the Financial Times reported average disposable income is increasing at a faster rate for Retiree’s than for people of working age. This higher % of consumers with said disposable income may be more willing to go out to treat themselves on occasion.

An increased dependency ratio will likely bring with it high tax rates. Younger, working population will have to be more careful with their money, and the “treat occasion” will become even more prevalent.

**WHAT CAN WE EXPECT IN THE COMING YEARS?**

**HEALTH**

Whilst still only commanding 0.3% of beer category value, everything points to NABLAB booming in the coming years. Learning from Germany, where last year Mintel reported on how producers there have improved the production technique, could be a good start. This led to 27% of consumers now agreeing No and Low Beer tastes just as good as full-strength beer.

**CATEGORY FUSION**

Over half of 18-34 year old drinkers across the world say curiosity motivates them to try new flavours. We have already seen Glenfiddich introduce their Experimental series, and with consumers seeking high quality yet interesting new flavours, this cross category fusion could continue to grow.

**SUSTAINABLE DRINKING**

69% of Generation X and 67% of Millennials state that ethic/social/environmental responsibility is influential when choosing alcoholic beverages, in comparison to only 56% of the silent generation. Whether it be brands that showcase their responsibility in production by using local ingredients, or ones that promote & invest in sustainable practices, this trend will be key with the majority of new consumers.

Source: Global Data.
CRAFT BEER AND WORLD LAGER ARE THE BIG WINNERS IN THE CRAFT BEER CORE. THEY ARE CONSIDERED BOTH THE FOREFATHER OF CRAFT, WHICH BRINGS WITH IT TRUST, AND SOMETHING DRINKERS WANT IN A VENUE. WHILE THEY MAY BE HALF-HARTED ON EITHER OF THOSE, THEY WILL LIMIT THE NUMBER OF DRINKERS WHO WILL MOVE AWAY FROM DRINKING LESS TO DRINKING BETTER. RANGE APPROPRIATELY SO THAT DRINKERS CAN MOVE BETWEEN CATEGORIES COMFORTABLY. CASK ALE CONTINUES TO DECLINE AS QUALITY DRINKERS TEND TO BE OLDER THAN THE REST OF THE ALCOHOLIC DRINKS CATEGORY – USE TRADITIONAL, TRUSTED ALE BRANDS IF YOU HAVE AN OLDER CUSTOMER BASE. UNDERSTAND HOW YOUR CUSTOMERS PURCHASE ALE PURCHASE IS PERMANENTLY DRIVEN BY BEER STYLE, WHILST LAGER PURCHASE IS BASED ON OCCASION AND/OR COUNTRY OF ORIGIN – WHICH IS FUNDAMENTALLY LINKED WITH QUALITY PERCEPTION.

PROVIDE A BREADTH OF CHOICE ACROSS LAGER CATEGORIES TO SATISFY AS MANY CONSUMERS AS POSSIBLE, BUT CONSUMERS WANT SOMETHING THAT IS “SPECIAL” AND REVERT TO TRADITIONAL, TRUSTED ALE BRANDS IF YOU HAVE AN OLDER CUSTOMER BASE. UNDERSTAND HOW YOUR CUSTOMERS PURCHASE (SEE PAGE 15) TO CATER FOR AS MANY CONSUMERS AS POSSIBLE.

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A closer look at craft and world lager

Utilise World Lager alongside your craft offering. The smallest amount of craft lager drinkers talk like lager whilst they decry upon their social group’s venue of choice, the rest of the group may want something recognised and accessible.

Use craft & keg alongside each other to provide a complete breadth of range. With the novelty & serve quite different between the two, be sure to communicate to customers so they know what to expect.

Craft beer is a consumer driver. Be sure to communicate an premise and on social media platforms what beers you have available and when it is available.

Use the right pricing ladder for your venue. niche craft should command a high price point, if it is charged too low drinkers will move beyond recognised brands however.

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The eating & drinking out scene is an essential part of the UK’s personality, and the only way to keep it going in the right direction is by offering consumers the best possible experience. Throughout the report we have included key recommendations that should help you with this whilst also helping the beer category to thrive in a challenging market.