

BEER QUALITY REPORT 2017 INSIGHT ON THE PROFIT OPPORTUNITY IN THE DRAUGHT BEER CATEGORY



AN INSIGHT-LED APPROACH TO IMPROVING QUALITY

Family brewer Wadworth has enjoyed improved performance across its managed estate in terms of beer quality, prompted by insight from last year's beer quality report.

Vianet has helped the Wiltshire-based pub company improve the quality of its draught products and ensure it has the right number of taps on its bars with the intelligence its iDraught system provides. Operations director Rupert Bagnall said:

"It's been a massive thing for us. We've focused on throughput to date, and are extremely pleased with how we've been able to improve quality for the benefit of customers."

THE RESULTS

In April 2016, Wadworth's managed pubs had over 200 under-utilised taps. In the following three months, the company had reduced this by 80%.

"The data supported further information we had to ensure we had the right number of draught products on each bar and that they provided the highest throughput and subsequent yield. This has enabled us to save money and improve the quality of our beer."

Indeed, improved line cleaning across Wadworth's managed pubs has seen unclean dispense fall dramatically from a high start point in April 2016 to just 11%, which Vianet believes is an industry low.

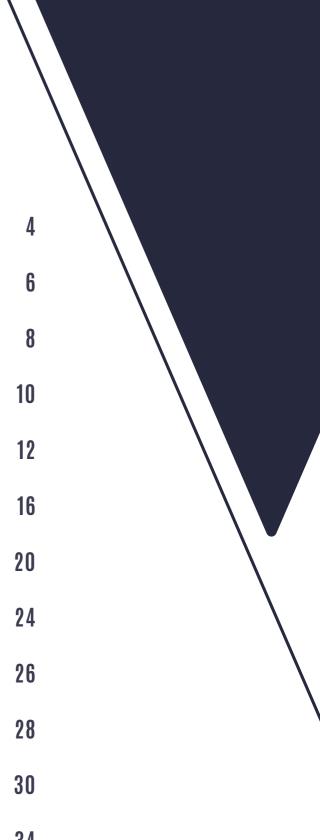
Bagnall said: "Now that we have line cleaning under control, pouring yield is our focus for the rest of 2017. That's a massive task, and one that perfect pour training will help us accomplish."

Meanwhile, Vianet is now applying its data and insight to Wadworth's tenanted and leased pubs.



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WELCOME

THIS REPORT SHOWS THE **OPPORTUNITY AVAILABLE** TO ALL TYPES OF PUBS OF **AN INSIGHT-LED** SYSTEMATIC APPROACH **TO QUALITY MANAGEMENT** In today's world, 'big data' - the term that describes the large volume of structured and unstructured data that inundates a business on a daily basis - is becoming increasingly important. But, at an organisational level, it's not the amount of data that really matters - it's what you do with it.

As the great Victorian thinker John Ruskin said: "Quality is never an accident, it is always the result of intelligent effort". At Vianet, we passionately believe in providing our customers - from large managed multiples through to tenanted and independent pubs - the actionable intelligence that will help drive their businesses forward.

We have once again partnered with Cask Marque to produce this landmark report which reveals a definitive picture of beer quality across the UK. It lays bare the opportunities to be grasped for licensed retailers and shows that maintaining consistent quality, when it comes to keeping and serving beer, remains a challenge for a significant proportion of pubs.

With the current volatile economic and political environment, uncertainty is unavoidable. Pubs are in no way immune to

This report proves how an insight-led, systematic approach to quality management can make a demonstrable impact on bottom-line profit. The headline numbers in this report are colossal, and broken down to a per pub level represent a significant profit opportunity for licensed retailers across all segments of the market.

This is the second annual Beer Quality Report and how timely. Beer Journalist of the Year, Pete Brown, questions the quality of cask ale in pubs and brewer Cloudwater is to stop brewing cask and switch to keg beer as it doesn't trust cellar management in pubs.

The comments have some merit and provide learnings we should take on as an industry. This report highlights the profit that is there for the taking if only best practice was used in the handling of beer in pubs - an average of £14,600.

Vianet is in a privileged position through its monitoring of key quality drivers like line cleaning, cellar temperature and throughputs to illustrate where, and by how much, the trade is missing out. Add this to the insight from 22,000 Cask Margue audits and this report provides a comprehensive look into beer quality management.

Cask Marque has spent nearly 20 years banging the drum about beer quality and the impact it can have on profit through increasing sales and yields. However a recent survey of pubs next to a Cask Marque accredited pub showed that half

this and as property-based businesses are currently facing into some major headwinds, such as the rising costs of labour and business rates. As a result, there is a clear and present imperative for operators to maximise every profit opportunity available, to mitigate these additional cost pressures.

The findings provide food for thought for all those along the supply chain, and hopefully the insight and incentive to improve retail standards for the benefit of operators and drinkers.

STEVE ALTON, MANAGING DIRECTOR, VIANET



Vianet is working with customers across the sector supporting real change in delivering quality and improving profitability of this key category.

of these would not pass an inspection. Our cellar audits show on average cellars are rated three star, not five star, so the opportunity to improve is clear to see.

This report shows that every pub should have a trained cellar manager on site, something that we at Cask Marque can help with through our range of courses or one-to-one tuition.

We have a great opportunity to convert consumer interest in beer into sales, so let's not disappoint when it comes to quality and the perfect serve. Is your glass half full or half empty?

PAUL NUNNY. DIRECTOR. CASK MAROUE

MARKET OVERVIEW

+**1.3%** GROWTH IN VALUE OF TOTAL BEER CATEGORY

Every year brings a fresh set of business challenges, but for operators in the on trade marketplace, 2017 promises to be particularly testing, set against the backdrop of rising costs, Brexit uncertainty and an ever-shifting global political and economic landscape.

Last year's ALMR / Christie & Co Benchmarking Report found that the average costs of running a pub are at a seven-year high. This year, costs are set to climb significantly due to the weaker pound and its effect on imported goods, increases to both the national living and minimum wage, the introduction of the Apprenticeship Levy – and the much-publicised hikes to business rates.

Sector analysts have estimated that sites will require 3–4% increases in like-for-like sales to keep cash profits flat. Passing on these additional costs via price increases will be a sensible approach, especially after several years of restraint. While that may provide a welcome stimulus to like-for-likes, the danger is that rising inflation erodes discretionary disposable income.

Given this "wall of costs" – as one leading sector chief executive succinctly put it – it's imperative that operators maximise every opportunity to boost profits.

THE QUALITY IMPERATIVE

Much has been written and said about attracting the millennial demographic and it remains one of the most important long-term trends. Recent qualitative research by Carlsberg UK shows that millennial consumers – those currently aged 18–34 – demand authenticity, personalisation and, above all, quality.

Their relationship with beer and alcohol in general may not be the same as previous generations, but their importance cannot be overstated. The research suggests there are 14.7 million millennial consumers in the UK and they are influencing the non-millennial big spenders to follow suit. As discerning drinkers, they are willing to trade up, and as such have been driving the premiumisation trend. However, they are also a promiscuous bunch and won't hesitate to switch venues, brands or categories if their expectations aren't met.

For a new swathe of vibrant and innovative concepts leading the charge in the evolution of the eating and drinking out sector, quality comes as standard across all aspects of their operation. Anything less than top notch just won't fly. Drink and food-led occasions are blurring, with consumers seeking a credible alcohol offer to complete their experience. Unsurprisingly, the outlets which have invested in a quality offer are much more likely to delight customers, in-turn leading to higher repeat visits and greater profits. Operators shouldn't be surprised at the continued escalation of consumer expectations. Drinkers will rightly expect a perfect pint every time when they part with their cash.

CLEAR REWARDS

The beer industry has made great strides when it comes to quality from grain to glass. Vianet and Cask Marque have, for many years, been leading the way in identifying and helping to close the performance gap. But, as this report clearly shows, at retail level, it can do better.

Pubs have a huge amount of existing goodwill among their customer base. They remain an important part of our national psyche. Consumers continue to show an increasing desire to eat and drink out, seeking value, provenance and an element of theatre.

Visa's monthly research shows the level of consumer spend on leisure activities substantially outperforming total spend in recent times. In order to maintain this, operators must ensure they are meeting and exceeding customer expectations. Otherwise there is an increasing risk that the on trade beer market starts to become an irrelevance due to failing quality.

The rewards are clear to see: a higher quality product, greater profitability and happier customers. Yes, there are headwinds, but as ever quality will shine through.

Overview written by Mike Berry, Head of Content, Fleet Street Communications www.fsc.uk.com



Marl Grae

Market Analysis: Graeme Loudon, Commercial Director, CGA Strategy

Britain's supply of licensed premises has been pared back this year – trimmed by 1.3% in the 12 months to December 2016, to 122,589. The Brexit vote has also affected business confidence in the sector, with evidence that pub and restaurant groups have become more cautious, pulling back on some more ambitious expansion plans as well as taking a tougher approach to those under-performing sites.

Our latest data also shows that while the number of drink-led licensed premises fell by 2.9% in the last 12 months, largely due to the closures of community locals and circuit bars, the number of food-led pubs grew by 1.6%. The fortunes of pubs and bars that are led by drink, down by 23.9% in 10 years make for stark reading. This collapse is a thread that the media likes to follow, but the success of pub restaurants, in growth of 18.7% over the same period, is a hugely positive one that tends to be overlooked.

On trade beer sales are down by -1.7% (MAT to December 2016). Again, it is common for the media to focus on the negativity, however, compare this to as recently as 2014 when sales were declining by -6.5% and you begin to see a picture of a category moving in the right direction, if not quite returning to full health. In value terms, the total beer category remains huge – increasing in value by 1.3% in 2016 to reach £12.1bn.

Although it may sound strange to say with Ale (-3.6%), Lager (-1%) & Stout (-1.3%) all in decline, there continues to be great opportunity within each sub-category. Across the board, Craft continues to dominate the narrative, with Draught Craft Keg the biggest 'winner' year on year growing at +57%, along with Packaged Craft (+45%) and Craft Cask (+9%) also in the top five category winners. With all of these 'craft' categories commanding a significantly higher price per pint than their standard counterparts, these categories undoubtedly tap into the broad and well established premiumisation trend, where two-thirds of consumers are willing to pay more for a more premium product.

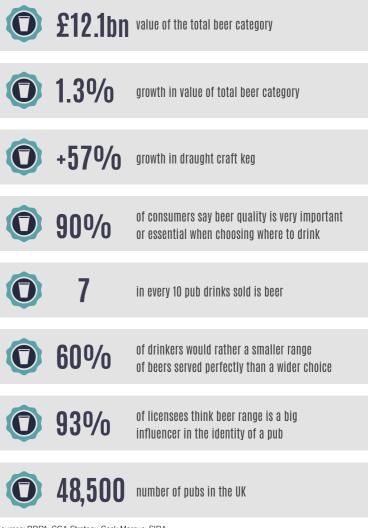
What Craft is also doing is blurring the lines between categories and almost making the definitions of Ale, Lager & Stout redundant. Does the consumer truly appreciate the difference between a Black IPA and Stout, or an Amber Lager and a Red Ale? Half of the 3,418 long alcoholic drinks brands launched in the last three years have been 'craft' and with the continued growth of brewery openings and variations in styles being produced, this market is set to dominate the narrative over the next 12 months once again.

Given the price points these categories command at the pumps, this is why beer quality continues to be absolutely vital to the continued success of the trade. With Cask Marque finding that half of non-accredited pubs do not meet the required standard on quality, it clearly is a big issue to tackle: ensuring that pubs and bars have the right standards in place in order to serve good quality, fresh beer which is worth paying more for.

Standard Lager, Standard Cask and Keg Bitter are the three biggest losing categories over the last year. The presence of these categories in many of the drink-led outlets which are closing presents tough headwinds so ensuring they are relevant for the new wave of entrants to the market is the key to turning their performance around.

www.cgastrategy.co.uk

UK BEER STATISTICS

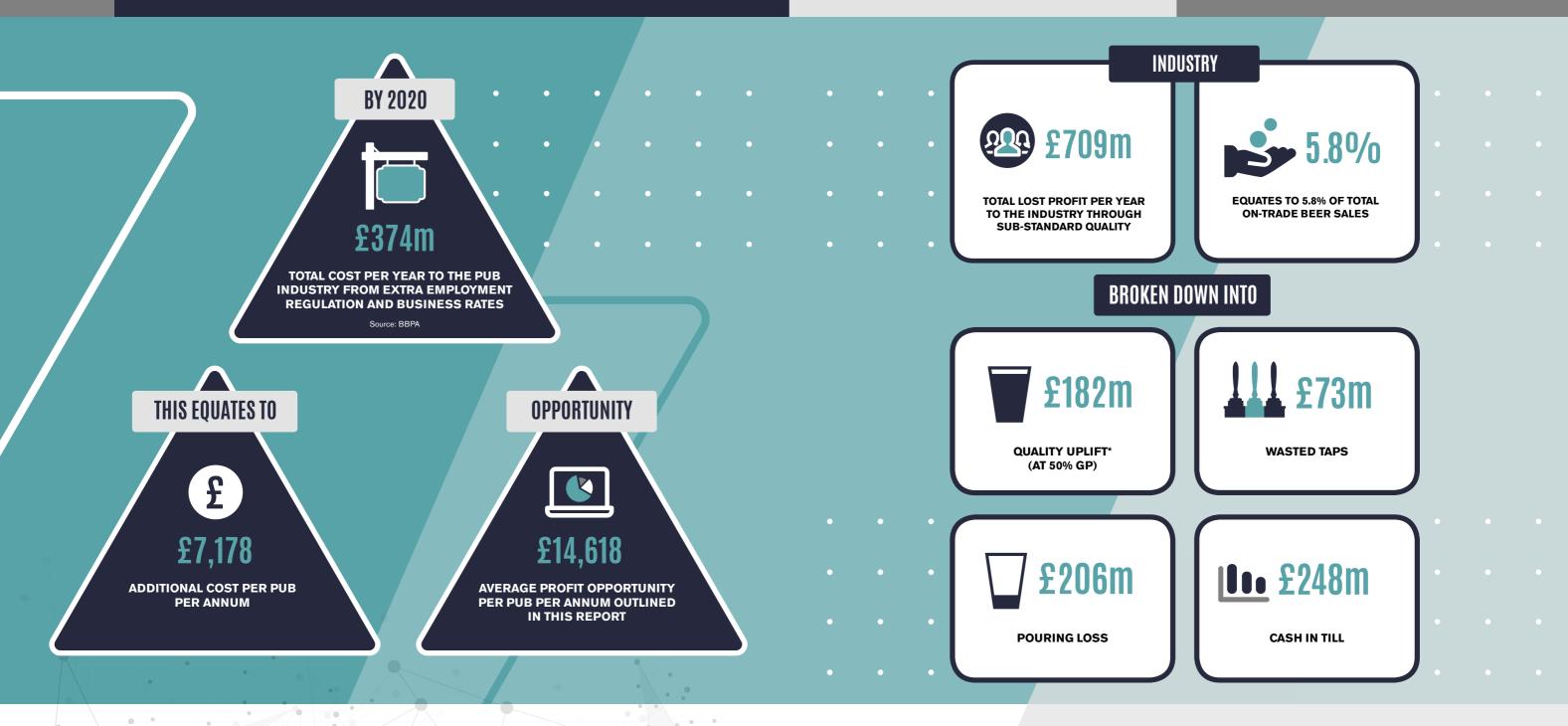


Sources: BBPA, CGA Strategy, Cask Marque, SIBA

Given the price points craft categories command at the pumps, beer quality continues to be absolutely vital to the continued success of the trade.



EXECUTIVE SUMMARY



PROFIT OPPORTUNITY BY PUB SIZE



REPORT INTELLIGENCE

Vianet's insight is based on data from 220,000 devices, including iDraught, which currently track consumer experience on 777 million pints of beer every year in UK pubs. The results in this report are indicative and based on sites that Vianet actively measures. Cask Marque's insight is based on data from over 750 Scores on the Cellar Doors pub audits and more than 22,000 pub visits per year.

*based on impact of serving perfect pints every time

KEY FINDINGS



6% of all pints served too warm



QUALITY AND THE CONSUMER

The quality of the product served to drinkers is vital to sustaining growth in beer sales. We know that if retailers don't get the quality of their beer right, it has a number of harmful effects:

- It damages the reputation of the brewer or brand
- It damages the reputation of the retailer

It damages the entire beer category

Most importantly, consumers are dissatisfied with the product, yet only 34% would complain at the point of purchase

Beer drinkers are very particular about quality and rightly so considering how much a pint now costs. They demand the right glass, the correct temperature, a quality product, served by someone who pours the beer correctly.

What's more, it's reported that 53% of beer drinkers are prepared to pay more if they get this experience in an outlet consistently. So it makes good business sense to get the quality right first time, every time.

Cask Marque carried out a piece of research on the quality of cask in non-Cask Marque pubs by auditing outlets closest to an accredited pub. This showed where 90% of Cask Marque pubs pass their quality assessment only half (51%) of non-Cask Marque pubs met the quality standard. This illustrates there is a quality issue which needs addressing.

This is why it's vitally important that retailers communicate a quality 'signal' to consumers, guaranteeing perfection in their beer offering. The Cask Marque plaque is recognised by 56% of cask ale drinkers.

In a 2016 survey conducted among Cask Marque accredited licensees, respondents' reasons for joining the scheme showed a passion for getting their beer quality right, but more importantly communicating this to their customers.

Indeed, consumer confidence appears to have a direct link to sales. Some 81% of respondents reported their cask ale sales had grown and 90%



said having Cask Marque had helped increase sales. In a separate case study, Cask Marque accredited Ei Group pubs are growing total beer sales by 4.4% over the non-Cask Marque pubs in its estate.

The quality of conversation with licensees and bar staff is also of utmost importance. Research from last year's Cask Report found that drinkers' expectations aren't being satisfied when asking staff about beers. Only about a third thought that bar staff had an understanding of cask ale. If customers and bar staff can talk knowledgeably about cask beer – how it is kept and cared for, as well as its provenance – then they are more likely to want to stay for another drink, give repeat business and recommend that pub to other people.

So there is a clear quality imperative for pubs when it comes to caring for and communicating their beer offer. The message is that consumers are increasingly demanding quality and will purchase a second pint based on the quality of the first. But they vote with their feet if their expectations are not met.





Source: Pioneer Brewing Company





IF QUALITY FALLS, YOU SIMPLY DON'T SELL BEER. A CUSTOMER EXPECTS A GREAT PINT EVERY TIME AND IF THEY DON'T GET IT THEY'LL MOVE ON TO ANOTHER PRODUCT OR ANOTHER PUB. THIS HAS AN IMPACT ON BOTH BREWERY AND PUB SALES. IF YOU SELL A QUALITY PINT EVERY TIME, YOU MAKE MORE MONEY AND CUSTOMERS HAPPY.

CHRIS WELHAM, CHIEF EXECUTIVE, WADWORTH

QUALITY MATTERS: VIEWS FROM THE TRADE



Excellent beer quality is important to us and is something we strive to achieve through the customer experience, the relationship with breweries and our staff's knowledge and expertise. By supporting our team so they are properly trained and feel confident in their knowledge, their enthusiasm is passed onto the customer – and this delivers the best possible experience.

Kieran Hartley, Beer Operations, New World Trading Company – multiple Publican Awards winner 2017



While there are many pubs serving top quality beer to consumers, unfortunately, and for a variety of reasons, there are still lots that don't. Quality is one the driving factors that will get people using pubs more often, and the trade must continue to up its game if it wants to stay competitive and relevant in the years ahead. Ed Bedington, Editor, Morning Advertiser



To improve the quality of cask beer across the trade we need to clean, care and communicate. Brewers spend hundreds of thousands of pounds running quality systems to ensure their beer leaves in the best possible condition. The last part of the quality chain is the pub and we need to ensure it is resourced in the same manner. If we want to continue to serve some of the best beers in the world and exceed customers' expectations, we need to train and support licensees and their staff in the areas of hygiene, handling and product knowledge. Mark Tetlow, Founder, The Beer Hub



Quality beer is high on the SIBA agenda at present. It is key that beer brewed by independent craft breweries is professionally looked after throughout the supply chain so that our members' beer gets served to consumers in the very best condition. Serving quality beer will see more people enjoy beer which of course results in breweries, pubs and other hospitality outlets selling more. Mike Benner, Managing Director, SIBA



In my view quality varies hugely across the trade and the majority of pubs can certainly improve in terms of the practices they employ and their mentality towards selling beer. Beer quality goes hand in hand with a pubs' wider reputation as a retailer and is a good indicator to the customer of the type of operation you run.

Peter Tiley, licensee, Salutation Inn, Ham, Gloucestershire – CAMRA National Pub of the Year finalist

CELLAR & TEMPERATURE

BEER IS SERVED 6% TOO WARM NO CHANGE TO LAST YEAR

UK PUBS HAD A MAJOR TEMPERATURE ISSUE IN 2016, SERVING MORE THAN 20% OF BEER TOO WARM

THE PUB ENGINE ROOM

The pub cellar is usually the place that gets the least investment, with poor insulation and ageing equipment, meaning temperatures are tough to control and maintenance becomes a real issue.

When tracking the ambient temperature of a cellar, there is a clear correlation with beer being served too warm. As cellar temperatures rise during the summer months then so does the proportion of warm beer being dispensed. Cooling equipment is set up to chill beer to a set specification, so any fluctuations to the ambient temperature puts real pressure on these systems to cope.

The efficient operation of coolers is not only vital to the quality of beer served to consumers, but also any energy saving strategy. According to the Carbon Trust, savings of 10-50% can be achieved by reducing energy use in cellars, and the smart use of technology can help pubs track and monitor this.



BEER SERVED TOO WARM

• CAUSES FOBBING AND REDUCTION IN YIELDS AND PROFIT REDUCES APPEAL AND LIKELIHOOD OF REPEAT PURCHASE

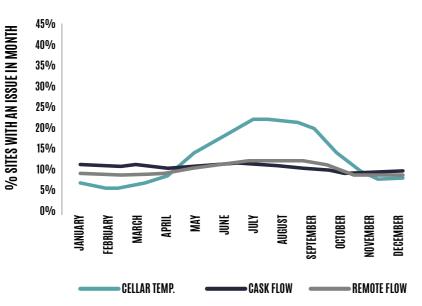


BEER SERVED TOO COLD

• DEVELOPS A CHILL HAZE IMPACTING AROMA AND FLAVOUR CASK BEER WILL LACK CONDITIONING AND REDUCE QUALITY

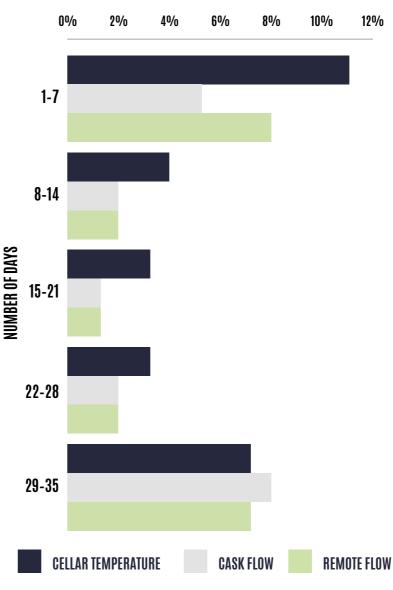


% OF SITES WHERE CELLAR COOLING OR EQUIPMENT **RAN ABOVE SPECIFICATION DURING TRADING PERIODS**



The chart above highlights that coolers may often be switched off for long periods with no-one on site aware of the issue.

% SITES WHERE EQUIPMENT OUTSIDE SPECIFICATION AND AVERAGE NUMBER OF DAYS UNTIL RESOLVED



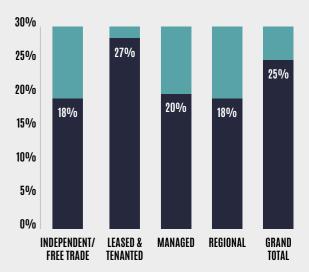
Longer term issues are indicative of coolers/cellars where cooling is switched off.



12%

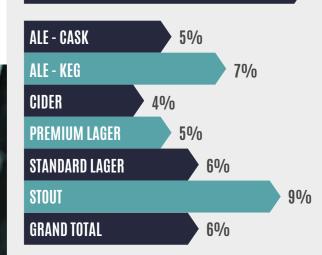
% DRAUGHT SERVED TOO WARM - BY PUB TYPE

Vianet's research reveals that one in four pubs experienced a major temperature issue last year - defined as where a pub served more than a fifth of all beer (based on its total year volume) too warm. Leased and tenanted pubs experienced the biggest number of issues, perhaps indicative of ageing or poorly maintained cellar equipment.



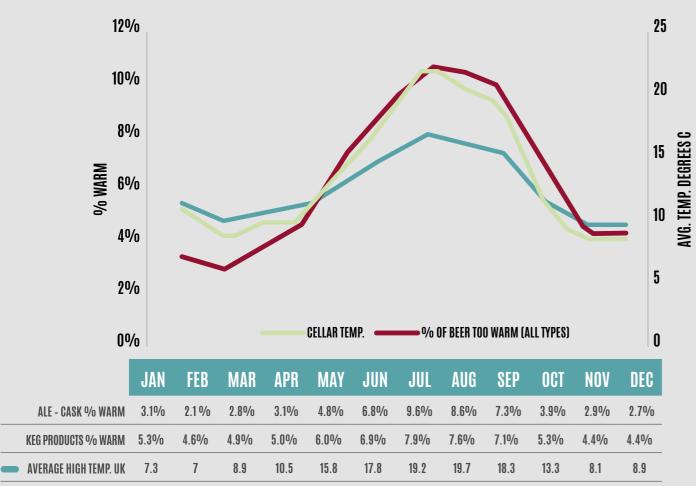
Comparing the results to the previous report, Vianet's data reveals a total of 6% of all draught beer is served too warm, the same proportion as last year. Across the on-trade as a whole, that is the equivalent of more than 208 million pints. Cask Marque audits show about a third of pubs struggle to keep their cellars at the recommended temperature.

% SERVED TOO WARM - ALL PRODUCTS (BASED ON TOTAL VOLUMES)





% BEER & CIDER SERVED TOO WARM



As the average temperature rises over the summer months, so does the percentage of draught beer and cider served too warm, peaking in July where almost one in 10 pints of cask ale is served to the customer above the recommended temperature.

As in last year's report, Scotland is the worst performing region when it comes to correct beer temperatures, with West Midlands the best.

Cellar equipment maintenance is vital to ensuring a perfect pint is delivered to the consumer. A planned maintenance schedule can also prevent disruptive and costly engineer call-outs, which can run into hundreds of pounds, as well as cooler breakdowns and failures during peak trading occasions. As temperatures rise during the summer months, as does the likelihood of the need to call out an engineer, with Innserve reporting significant increases in failures and breakdowns.

Cask Marque data shows 22% of ale pythons are not topped up with sufficient water and 25% of beer engines are not fully jacketed and have pipes unlagged. Proper maintenance and regular servicing can help stop the knock-on cost to your business of serving a disappointing pint and the damaging impact, both financially and reputationally - of losing a customer's repeat business.



REGIONS WITH HIGHEST % OF BEER TOO WARM



WORST

BEST

REG	REGIONS WITH HIGHEST % OF BEER TOO WARM					
1.	SCOTLAND	7.	EAST MIDLANDS			
2.	GREATER LONDON	8.	NORTH EAST			
3.	YORKSHIRE & HUMBERSIDE	9.	HOME COUNTIES			
4.	NORTH WEST	10.	SOUTH WEST			
5.	WALES	11.	SOUTH EAST			
6.	EAST ENGLAND	12.	WEST MIDLANDS			

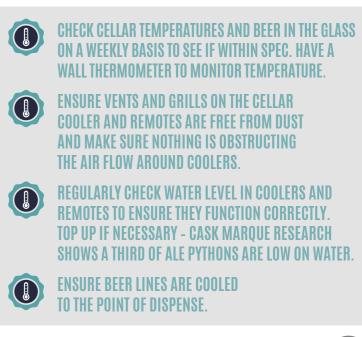


Spotlight on Quality: Mark Fewster, Product Manager, Vianet

The recurring problem of incorrect cellar temperatures resulting in beer being served too warm to the consumer suggest a lack of knowledge at pub level of when equipment is not working properly, as well as limited investment in the key systems that power cellar and draught dispense. In the last couple of years, new technology has entered the market, such as Heineken's SmartDispense system and Brewfitt's 'The Future of Dispense', both of which bring fresh thinking and benefits to the retailer. The trend for US-style cool rooms will also come to the fore

for outlets where cask is not on the bar. However, all these systems still need to 'speak' to retailers to ensure they are working at their optimum level. The Internet of Things has already arrived in the cellar and bar environment but is currently underutilised. At present most (if not all) tech services are still reliant on someone calling in with an issue, even though predictive analytics and remote triage already exist. There is a real opportunity for retailers to be proactive and ensure the impact on trade is limited.

KEEPING COOL



Sophie Atherton
- Beer Sommelier and Cask Report author



"There's no excuse these days for serving beer – especially cask beer – at the wrong temperature. If it happens once or twice and is put right, fine. If it's what a pub does consistently it means they don't care about their customers. Who wants to spend money with people who don't care about them?"



Solution LINE CLEANING



The average difference in annual beer volumes between a pub that serves almost all beer via clean lines (between 90-100% of beer) and those that serve only half (40-50%) via clean lines is **63 barrels**. This equates to **18,144 pints** across the course of a year - and is worth approximately **£63,500** at a retail selling price of **£3.50** per pint.

Assuming a gross profit margin of 50%, that's still worth almost **£32,000 per year** to the operator, a significant profit opportunity.

WHY CLEAN YOUR LINES?

Yeast and bacteria frequently enter the lines, where they feed on beer. Minerals derived from beer leave deposits in the lines. These impurities make it harder for the system to dispense quality beer. Bacteria spoils the aroma and flavour of beer, altering and ruining the taste for customers, and making it less likely they will repeat purchase. This drastically impacts the quality of the pub experience for the consumer and inevitably leads to a drop in repeat business and lost sales.

A startling statistic from Cask Marque's **Beer Quality Survey 2016** found that nine out of 10 pub goers would stop using a pub if its beer quality was consistently poor.

Data from Cask Marque's Scores on the Cellar Doors audits last year reveal that, based on visual inspection, only 72% of beer lines are perfectly clean, with the remaining pubs failing to keep adequate records and visible yeast build up.

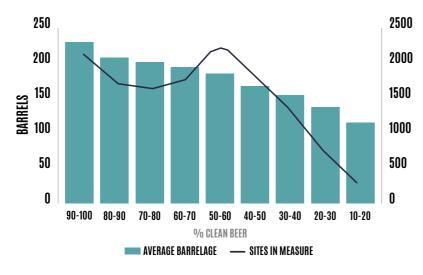
Cleaning is a key indicator of overall quality; sites that clean their lines regularly and correctly also tend to better at other areas such as pouring and reducing beer wastage. They will also make more money due to serving a higher quality product to the consumer.

There is a huge opportunity for many publicans to improve beer quality and make a significant positive impact upon their bottom line profit. Nationally, the picture hasn't improved from last year's report with one third of pints served to consumers still via an unclean beer line. THE AVERAGE DIFFERENCE IN ANNUAL BEER VOLUMES BETWEEN A PUB THAT SERVES BETWEEN 90-100% OF BEER VIA CLEAN LINES AND THOSE THAT SERVE ONLY HALF VIA CLEAN LINES IS 63 BARRELS



£32,000

AT £3.50 PER PINT AT 50% GP



UNCLEAN BEER LINES - BY DRAUGHT CATEGORY

PRODUCT	% UNCLEAN
CIDER	44%
STOUT	36%
PREMIUM LAGER	35%
STANDARD LAGER	33%
ALE - KEG	31%
ALE - CASK	29%
GRAND TOTAL	34%



Looking at the broad picture from a draught product perspective, the top category where pubs are falling down is with cider, followed by stout and then premium lager. Cask ale is the 'best' performer when it comes to product quality, but still more than one in four pints of cask beer across the UK are served through lines overdue a clean, usually specified as every seven days.

UNCLEAN BEER LINES - % OF PUBS BY REGION

REGION	% UNCLEAN	REGION	% UNCLEAN
SOUTH WEST	40%	SCOTLAND	34%
WALES	38%	WEST MIDLANDS	32%
SOUTH EAST	37%	EAST MIDLANDS	30%
HOME COUNTIES	37%	YORKSHIRE & HUMBERSIDE	30%
EAST ENGLAND	36%	NORTH WEST	30%
GREATER LONDON	35%	NORTH EAST	27%

NORTH-SOUTH DIVIDE REMAINS

As highlighted in last year's report, there is a clear north-south divide when it comes to beer quality. Although the average across all regions and types of pubs is one third, in some areas of the country the proportion of beer going through unclean lines is markedly higher.

Drinkers in both the north east and north west of England are most likely to be served a perfect pint as pubs in those regions had a significantly lower average of unclean lines than in areas of the south of England and Wales. Beer prices may be higher in the south - in some cases almost a £1 a pint more expensive - but quality is substantially lower. The divide could also down to the fact that the north has a much bigger cask ale legacy than the south, so there is more focus on quality and keeping lines clean.

Last year's star location, Doncaster, has been usurped by both Warrington and Newcastle, where drinkers have a three in four chance of being served a pint through clean lines. Last year Reading was revealed as the city where drinkers are least likely to get a good pint. Vianet's data was subsequently supported by a poll by a local newspaper which found that 63% of local residents thought Reading pubs "sold bad beer". Drinkers in the city will be relieved that it has improved its standing in this year's report, with the dubious honour now going to Bath. Here, almost half of all pints are served through unclean beer lines.

The data also highlights some interesting regional variations. The cider heartland in the south west in general has fared badly, along with Wales, with cider volumes consistently driving the region to the bottom of the ranking, although pubs also fared poorly across the lager, stout and keg ale categories.

Based on total volumes, managed pubs are performing best when it comes to line cleaning with regional brewers, as last year, the worst offenders.

LINE CLEANING

STOPPING CLEANING: A FALSE ECONOMY

Pub operators generally stop cleaning for two key reasons:

Yield - it can be tempting for pubs to try and recover lost yield by ceasing cleaning, allowing them to reduce the wastage that this usually incurs.

Time - many operators might feel the recommended seven-day line cleaning takes up too much time when running a busy pub and is an easy area to shortcut, particularly if there have been no customer complaints about beer quality.

But not sticking to recommended line cleaning times is a false economy and, as Vianet data reveals, has a significant impact on pouring yields. When a clean is overdue, wastage levels increase due to lower quality beer, driving a lower yield, profit and customer experience (more on the Yield opportunity on p26.)



UNCLEAN BEER LINES - BREAKDOWN BY REGION AND CATEGORY

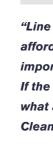
UNDELAN DEEN EINED - DILANDUMN DI HEUTUN AND UNIEUUTI						
REGION	👌 CIDER	STOUT	PREMIUM LAGER	T STANDARD LAGER	📋 ALE - KEG	🗰 ALE - CASK
NORTH EAST	36%	30%	27%	26%	26%	29%
NORTH WEST	41%	31%	31%	29%	28%	28%
YORKSHIRE & HUMBERSIDE	40%	34%	32%	29%	29%	26%
EAST MIDLANDS	39%	32%	32%	30%	30%	28%
WEST MIDLANDS	45%	34%	330⁄0	31%	29%	26%
SCOTLAND	45º⁄o	35%	30%	35%	31%	30%
GREATER LONDON	44º⁄o	36%	34%	37%	33%	31%
EAST ENGLAND	44%	38%	36%	36%	38%	32%
HOME COUNTIES	45%o	39%	38%	37%	37%	33%
SOUTH EAST	47%	41%	39%	38%	38%	30%
WALES	53%	38%	39%	36%	36%	32%
SOUTH WEST	48º⁄o	42%	410/0	41%	41%	32%

DIFFERENCE IN POURING YIELD BETWEEN PUBS THAT SERVE PERFECT PINTS TO THOSE THAT DON'T



Vianet data shows a clear correlation between pubs that clean their lines more frequently generate a greater yield and therefore greater profits. The difference in yield between the best and worst performing pubs across all draught products is 1.7%.

Improved pouring yields are not simply due to rigorous cleaning regimes but indicative of a pub that takes quality standards seriously and is focused on serving customers a great pint. Cask Marque data shows a clear link between cellar quality and beer quality. so implementing a structured cleaning regime presents a real opportunity for pubs to reap the benefits that follow.





SPOTLIGHT ON QUALITY: IMPROVING BEER LINE CLEANING



ALL BREWERS RECOMMEND THAT OPERATORS CLEAN BEER LINES EVERY SEVEN DAYS. THE BEST PUBLICANS DO SO ON A FIXED DAY OF THE WEEK SO IT BECOMES PART OF THE ROUTINE



USE A REPUTABLE LINE CLEANING SOLUTION OTHERWISE AN INEFFECTIVE CLEAN WILL RESULT IN POOR RESULTS



DON'T TAKE SHORTCUTS AND FOLLOW THE **MANUFACTURERS' INSTRUCTIONS**



ENSURE NO YEAST IS LEFT IN THE FOB DETECTORS BY CARRYING OUT A VISUAL CHECK. CLEAN THE COUPLINGS **BEFORE CONNECTING A NEW KEG SO NO BACTERIA GROW AND TAINTS THE BEER. SOAK AND CLEAN** THOROUGHLY ALL BEER TAPS AFTER USE

Source: Cask Marque

Peter Tiley, licensee the Salutation Inn, Ham, Gloucestershire - CAMRA National Pub of the Year Finalist



"Line cleaning is a big job but you can't afford to take any shortcuts. It's the most important thing we do as a business. If the quality of our beer is poor, then what are we really offering customers? Cleaning is absolutely critical."





Spotlight on Quality: Mark Fewster, Product Manager, Vianet

Despite beer being classed as a foodstuff, line cleaning activity in licensed venues is neither officially checked nor regulated. You simply wouldn't serve someone food on a plate you hadn't cleaned for two weeks! Unless operators have a system or solution that is proven to allow them to extend the cleaning cycle, then there's no excuse as it should be a weekly activity.

Hazardous (caustic) cleaning chemicals are commonly used and car generate toxic gases when too warm as well as the environmental impact of disposal of the chemicals directly into the drainage system. We need to take a 21st century look at the activity, not just ensuring it's done, but that it's done correctly and not to the detriment of the environment and is safe for both operators and consumers.

£73m

RANGING & THROUGHPUTS

AVERAGE AND IDEAL TAP NUMBERS BY PUB TYPE

UK PUBS ARE OVER RANGING BY AN AVERAGE OF AT LEAST 3 PUMPS -2 LAST YEAR

WASTED TAPS ARE

COSTING THE PUB

SECTOR AT LEAST £73M PER YEAR

Based on those dispensing <20 pints per week

OUALITY OVER QUANTITY

The ongoing beer revolution taking place across the UK means drinkers have never had a greater choice. With almost 2,000 breweries now open across the UK, it's no surprise to see pubs looking to satisfy consumer demand by offering a diverse choice of draught products.

But prioritising quantity over quality is unsustainable. Unless demand is consistent then quality will suffer, affecting sales and customer satisfaction. Vianet research shows there are just too many taps on Britain's bars and there is a real need for licensees to review their ranging decisions to achieve recommended throughputs.

All types of pubs are guilty of this, with data suggesting UK pubs are over ranging by an average of three taps across the board. However, operators have acted on data from last year's report with fewer wasted taps than previously.

Following feedback from customers and the industry, Vianet has adjusted the cost per tap and new analysis for this year's report shows each wasted tap costs pubs around £500 per year in cleaning, wastage and running costs.

With approximately 48,500 pubs across the UK, that's an aggregate cost to the sector of approximately £73m per year.

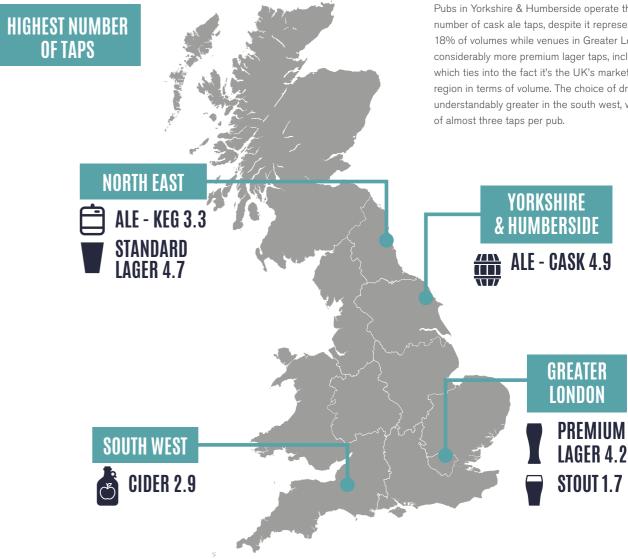


AVERAGE NUMBER OF TAPS BY PUB TYPE AND CATEGORY

PUB TYPE	INDEPENDENT/ Free trade	LEASED AND TENANTED	MANAGED	REGIONAL
ALE - CASK	3.8	4.3	5.5	4.7
ALE - KEG	2.4	2.3	2.7	2.2
CIDER	2.8	2.1	2.7	2.1
PREMIUM LAGER	4.6	2.7	4.1	2.4
STANDARD LAGER	4.6	3.9	5.0	2.5
STOUT	1.3	1.4	1.8	1.3
TOTAL	19.4	16.7	21.9	15.1



PRODUCT RANGING - BY REGION



90% OF CONSUMERS WHO RATE A VENUE'S DRINKS OFFER AS 'VERY GOOD' WILL REVISIT

Source: CGA Strategy

PRODUCT	COMMUNITY Local	FOOD-LED	HIGH STREET
ALE - CASK	4.4	4.5	4.1
ALE - KEG	2.0	2.0	2.6
CIDER	2.1	1.8	2.3
PREMIUM LAGER	2.4	2.4	2.4
STANDARD LAGER	4.0	2.7	4.5
STOUT	1.3	1.2	1.5

Pubs in Yorkshire & Humberside operate the highest number of cask ale taps, despite it representing only 18% of volumes while venues in Greater London offer considerably more premium lager taps, including craft, which ties into the fact it's the UK's market-leading region in terms of volume. The choice of draught cider is understandably greater in the south west, with an average

AVERAGE NUMBER OF TAPS BY TRADING STYLE

By trading style, food-led pubs lead the way when it comes to the number of cask ales on offer, recognition of the fact that a good cask range can be complementary to your menu. These pubs also operate almost two taps fewer on average than high street pubs when it comes to standard lagers. High street pubs have the most lager taps.

III RANGING & THROUGHPUTS

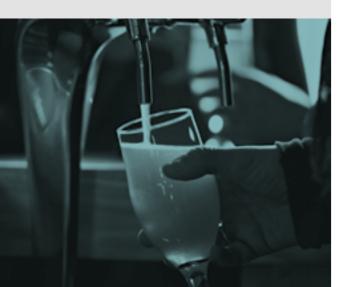
THROUGHPUT - ALL TAPS DISPENSING LESS THAN

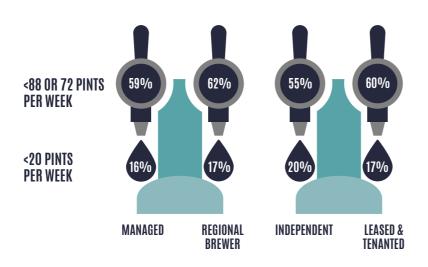


LOW THROUGHPUTS

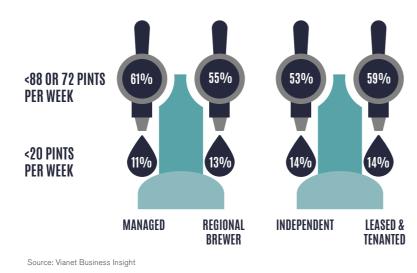
Many pubs have increased their draught beer range without proper consideration of the knock-on effect on throughputs and quality. For this year and following feedback from last year's report, Vianet analysed the number of active taps that are dispensing either less than 88 pints (keg) or 72 pints (cask), as well as taps dispensing less than 20 pints per week.

At independent pubs, one in five taps dispenses less than 20 pints per week. At all other types of pub, the figure is more like one in six. Looking at taps that have a throughput of less than 88 or 72 pints, the picture is fairly even across all types of pubs. One in six taps are dispensing this volume of beer per week or lower. Cask Marque considers low throughput to be less than two casks per week.





THROUGHPUT - CASK TAPS DISPENSING LESS THAN

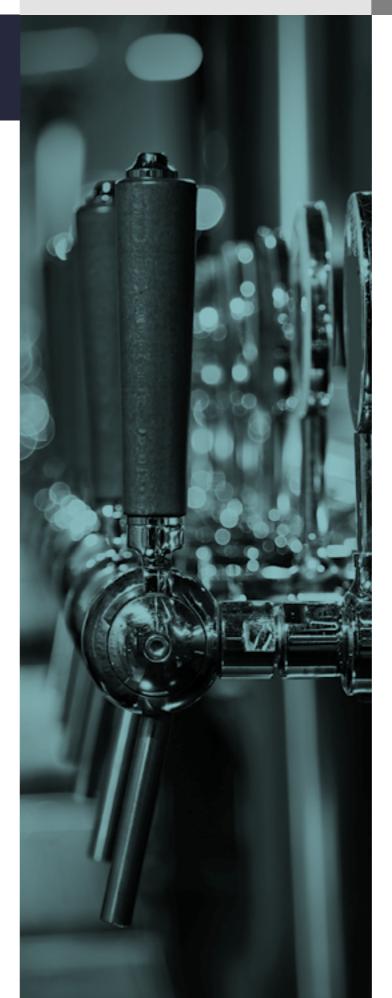


Sophie Atherton, Beer Sommelier and Cask Report author

"The challenge licensees are up against when selecting what to put on the bar is gambling on selling a whole cask inside three days – more than 20 pints of that same beer per day.

It's high time more breweries offered cask beer in pins (36 pint containers) because it would be a sure-fire way to improve quality and keep drinkers happy by offering greater diversity without the threat of losing money if a beer doesn't sell quickly enough."





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Spotlight on Quality: Graeme Loudon, CGA Strategy

Drinks range and quality continues to be of the utmost importance to consumers. Having the right drinks range is a footfall driver and creates consumer satisfaction, with almost a quarter of consumers stating that the range of drinks on offer is 'extremely important' when choosing a venue. Most associate the importance of the drinks offer with wet-led outlets, however against a backdrop of flat frequency of eating out, it is also of vital importance for food-led outlets to get their

offer right. Arguably these days you cannot get a bad burger, so how do these burger joints differentiate themselves from their competitors? Having a stand out drinks offering can create a point of difference.

When outlets get the drinks offer right, it drives consumers back and creates loyalty – nine in 10 consumers who rated a venue's drinks offer as 'very good' would revisit. Across the market, using drinks to differentiate is a key strategy for the trade.



Spotlight on Quality: Mark Fewster, Product Manager, Vianet

The rise of smaller, craft brewers has intensified the fight for a place on the bar and the temptation is for pubs to respond by offering their customers a greater and more diverse choice of beers. Consumers are interested in local and interesting brands, and many craft brewers are keen to get their beers in the hands of curious drinkers. But the stark fact is, as our analysis shows, there are too many beer taps on bars leading to real risk of quality deteriorating and additional costs to maintain. Taking a 'test and learn' approach by rigorously analysing the data gathered from across your estate to what's selling, as many of our customers operating all types of different pubs have done to reduce over ranging, shows you can find the right balance of beers that are both interesting and deliver good throughput.

Author and Beer Writer of the Year 2016



"The real problem is not cask ale that's got an obvious fault, but cask ale that simply hasn't been loved – that's flabby or tired because it's been on too long, stale and twiggy because it's been stored at the wrong

temperature, or spiky and messy because it's been put on sale too soon. You need a genuine passion and commitment for cask ale to avoid these things."



CLEAN GLASSES

Continual use of beer glasses results in a film being left on glassware that is not removed by normal glass washing procedures. Also dirty, chipped or damaged glasses are a major cause for concern for the beer industry. Not only do these harm the reputation of an outlet causing customers to drink elsewhere, they will also impact on yield and quality.

A 2016 Cask Marque survey found that 37% of pubs had dirty glassware resulting in:

S FLAT BEER **'OFF' AROMAS AND FLAVOURS**

POOR APPFARANCE \mathbf{X}

COLLAPSING HEADS

If the head on cask beer disappears very quickly, then 90% of the time it's the glass that is the problem (Source: Proton). Beer has an affinity with clean, cool, dry glasses to be at its best.

SIX IN 10 DRINKERS GET ANNOYED WHEN BEER IS SERVED IN A GLASS THAT IS TOO WARM

Source: Pioneer Brewing Company

GLASSWARE

SO WHAT IS IT ABOUT THE BEER GLASS THAT CAUSES THESE ISSUES?

PROBLEM 1

In a very busy bar often the same beer glass may be washed and reused 20 times in succession and within minutes of being washed, is used again to serve beer. This is a serious issue because, as soon as the liquid hits the inside of a warm, wet glass, it will go flat very quickly and the head will collapse.

Training staff to always use a clean cold, dry glass is important, as is using good quality chemicals in your glass washing machine. Never buy on the cheap.

Good quality rinse aids are essential as they are designed to help promote rapid drying after being washed. Use all detergents according to the manufacturer's instructions.

PROBLEM 2

Glasswashers are for glasses only. Do not place coffee cups and plates in the machine. Glasswashers operate at a lower washing temperature and do not effectively clean other objects. Also the grease and milky residues will impact on your glasses cleanliness.

PROBLEM 3

Most beer glasses are subject to continual use, and after a period of time they may start to look slightly worn and scuffed. Continual use also leads rise to residues building up in beer glasses over a period of time which can affect beer quality.

These residues need to be removed using a Renovate treatment which is specially designed to remove all dirt and grease deposits on the glass and restore it back to 'as new' condition. All new glasses also need to be Renovated before use to remove the residues left on the surface of the glass by the manufacturing process (new glasses may feel 'chalky' to touch)

PROBLEM 4

Keep your dishwater clean with a daily and weekly routine.

- **Daily Maintenance Procedures**
- · Switch power off
- Remove baskets
- Drain machine
- Remove and clean filters
- Top up chemicals
- · Leave door open overnight

For further advice view the Glasscare Trouble Shooting Guide on the Cask Marque website.



Source: Cask Marque Scores on the Cellar Doors 2016 audits

ARE YOUR GLASSES 'FIT TO FILL'?

Cask Marque uses a simple water break test to identify glasses which are 'fit to fill'. Take a sample of beer glasses off your shelves and fill them to the brim with cold water. Empty the water out, keep the glass



- Beer Sommelier and Cask Report autho



"A lot of pubs simply haven't woken up to the fact that glassware affects how beer tastes. There also seems to be a dearth of understanding about how unclean glasses affect beer. Of course, it's a hygiene issue but

it can also destroy the head on a beer and compromise carbonation levels making beer seem stale, even if it isn't. How difficult is it to wash a beer glass?"



1. Remove wash arm 2. Remove and clear jets and nozzles

- 3. Reassemble
- 4. Clean machine by running cycle with Renovate

Weekly Maintenance Procedures



Martin Hilton, Managing Director, Purecraft Bars Finalist, Best Beer Pub, Great British Pub Awards 2016



"We estimate the throughput of glasses at peak times and use this to calculate how many we need in the system and exciting things like glasswasher machine recovery rates! We also choose our glasses carefully to facilitate the best drinking experience."



ONE IN FIVE GLASSWASHERS ARE RATED EITHER INADEQUATE OR VERY POOR

Source: Cask Margue Scores on the Cellar Doors 2016 audits

POURING LOSS



MISSING OUT ON 1.7% OF POURING YIELD EQUATES TO AN ANNUAL MISSED PROFIT OPPORTUNITY OF £206m

AT SELLING PRICE OF £3.50 PER PINT OR £59m AT COST PRICE

MAKING EVERY DROP COUNT

Of all the management information and data that pubs receive, one of the most important indicators is around yield. At its most basic level, this is a measure of how effectively you turn stock consumption into cash in the till.

In simple terms this is the liquid not making it into the customer's drink. The majority of licensees are aware that there is an element of wastage occurring within their business because of staff errors and overpouring. But Vianet data shows pubs are wasting too much product and haemorrhaging stock though poor controls and practices. Even the best operators in the market could run better and more profitable businesses if they put in place proper controls around pouring yield.

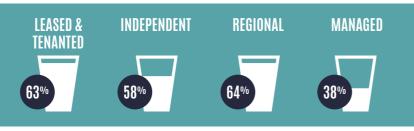
Filling one drip tray per day with wasted beer is equivalent to approximately £1,900 per year at £3.50 per pint.

	P POURING YIELDS / Product		P POURING YIELDS Y PUB TYPE
1.	STOUT	1.	MANAGED
2.	STANDARD LAGER	2.	INDEPENDENT
3.	PREMIUM LAGER	3.	LEASED & TENANTED
4.	CIDER*	4.	REGIONAL BREWER
5.	ALE - KEG	_	
6.	ALE - CASK	*Cid	er impacted by ice in class

% SITES NOT ACHIEVING TARGET YIELD - ALL PRODUCTS



% SITES NOT ACHIEVING TARGET YIELD - STANDARD & PREMIUM LAGERS



REGIONAL PERFORMANCE % SITES FAILING TO ACHIEVE 100% YIELD - LAGERS



Vianet data reveals the patchy performance across the entire pub sector when it comes to hitting achievable yields with all draught products. When it comes to standard and premium lagers, about one in 10 pubs aren't achieving 100% yield and approximately six in 10 pubs across all tenures do not hit a target yield – set at 103% – on these products.

From a regional perspective, pubs in the north of England, as well as Scotland, are performing better, most likely due to the greater volume of lager sold. Here the fact that many northern drinkers prefer their pints with a bigger head seems to make a tangible difference. There is a 1.7% swing between pubs in the worst performing region, the south west, and the top performing region, Yorkshire & Humberside. Higher volumes of cider sold in pubs in the south west and Wales, could also be dragging yields down.

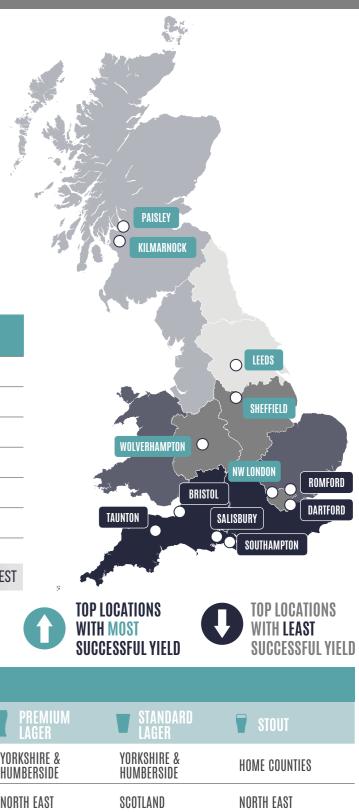
TOP PERFORMING YIELDS BY REGION AND CATEGORY

1.	YORKSHIRE & HUMBERSIDE	7.	GREAT LONDON	
2.	NORTH EAST	8.	WALES	
3.	SCOTLAND	9.	HOME COUNTIES	
4.	NORTH WEST	10.	EAST ENGLAND	
5.	WEST MIDLANDS	11.	SOUTH EAST	
6.	EAST MIDLANDS	12.	SOUTH WEST	

WORST	BES

TOP PERFORMING YIELD BY REGION AND CATEGORY						
🌐 ALE - GASK	🖨 ALE - KEG	👌 CIDER	T PREMIUM LAGER			
NORTH EAST	YORKSHIRE & HUMBERSIDE	NORTH EAST	YORKSHIRE & HUMBERSIDE			
WEST MIDLANDS	NORTH EAST	EAST MIDLANDS	NORTH EAST			
YORKSHIRE & HUMBERSIDE	EAST MIDLANDS	YORKSHIRE & HUMBERSIDE	GREATER LONDON			
NORTH WEST	NORTH WEST	NORTH WEST	NORTH WEST			
SCOTLAND	GREATER LONDON	WEST MIDLANDS	WEST MIDLANDS			
SOUTH WEST	WALES	GREATER LONDON	SCOTLAND			
GREATER LONDON	EAST ENGLAND	WALES	WALES			

*Cider impacted by ice in glass



NORTH WEST	EAST MIDLANDS
WEST MIDLANDS	SOUTH EAST
NORTH EAST	EAST ENGLAND

WALES

EAST MIDLANDS

YORKSHIRE & HUMBERSIDE

SOUTH EAST

£ CASH IN TILL



2% OF TOTAL DRINKS SERVED DON'T MAKE IT THROUGH THE TILL

THIS EQUATES TO AN ANNUAL MISSED PROFIT OPPORTUNITY OF £248m: BASED ON 2% OF TOTAL VALUE OF CGA FIGURES

RINGING TRUE

Ensuring that what goes through the till matches what has been poured from the taps is a challenge all publicans have to tackle.

Whether it's premium beers being poured but only standard beers being charged for, unreported wastage, over enthusiastic use of complimentary drinks being given to staff or customers, or employee theft, one of the fundamental truths in the pub sector is that operators are missing out on a significant and achievable till yield.

Shrinkage is a costly problem for all retail businesses – it can account for as much as 2% of sales, according to the Centre for Retail Research.

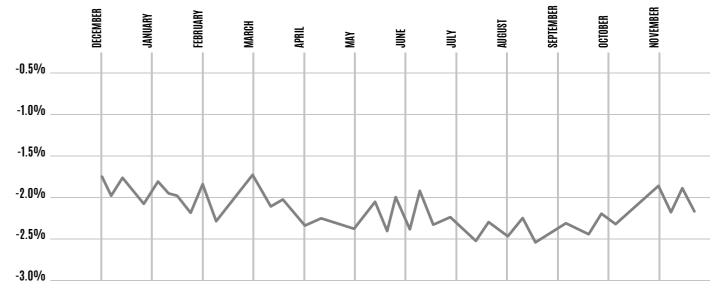
It's an equivalent percentage in the pub sector, according to Vianet Business Insight, and accounts for more than 40% of the total lost value to the industry. Missing out on this achievable profit opportunity can have a significant knock-on effect for retailers – it can dent investment and growth plans, as well as suppressing wages and jobs.

Operators need to put in place tighter controls and keep their profit where it should be, in the till.





CASH IN TILL LOSS 2016



SPOTLIGHT ON QUALITY:

ii C a L

YIELDING SUCCÉSS



CONDUCT WEEKLY LINE CLEANS

Don't cut corners with beer line cleaning – it's proven to be a false economy. You will lose far more stock through fobbing and other quality issue than you would by carrying out the clean in the first place.





Ensure beer is served at the correct temperature for the product type. Temperature issues can drastically affect quality.



PERFECT PINT TRAINING

Train your staff to pour drinks correctly with the minimum amount of wastage. Encourage staff to think of product as cash, not stock, and ask them if they would be as willing to throw money down the drain.



WATCH YOUR RANGE

Make sure you aren't over-ranging which can lead to low throughputs and poor quality. Vast amounts of stock are lost due to beer going past its sell by date and chucked out.



PAY FOR YOUR DRINKS

If you have a drink from the bar, be seen to pay for it. If staff see you drinking stock and not paying for it, then they will probably do the same! It sets a dangerous precedent to staff. — AVERAGE % LOSS

Based on retail managed operator

Gilly Ryan, licensee, The Griffin, Colne Engaine, Essex GBPA finalist Best Beer Pub 2016



"Team training gives staff confidence in selling your range and enhances the customer experience. My team have all done the Cask Marque Cask Beer Uncovered online training and now understand the product much better and can happily handle and talk about beer."



Analysis: Mark Fewster, Product Manager, Vianet

Waste management is taken for granted when it comes to food, with a variety of hightech systems available to help operators manage, track and then eliminate waste. The true cost of delivery on draught is just as key, whatever a pub's wet/ dry split. Staff members may well be costing you a hidden fortune through pouring waste, shrinkage, changing kegs too early, leaving beer to go out of date and inaccurate ordering. They can all cost your business. So why set a yield target of 100% when it could be higher?

An additional 2-3% yield is on the table and the technology is out there to help you unlock that. With the advent of the Internet of Things, devices now communicate with you and your staff providing a range of business-critical data. EPOS systems have also moved on from just being a glorified cash register and now allow you to run all aspects of your business from front of house, with integrated social media and loyalty schemes and even training delivered via the screens.

TRADING INSIGHTS



+1.3% RISE IN DRAUGHT BEER VALUE YEAR ON YEAR

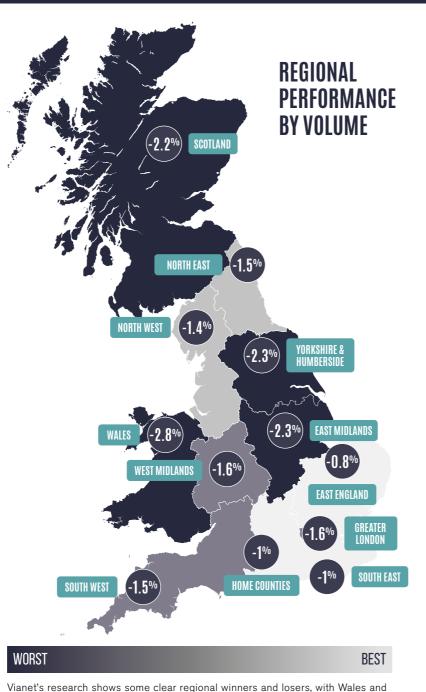


-1.6% DROP IN DRAUGHT BEER VOLUMES YEAR ON YEAR

IMPORTANCE OF BEER

Beer remains of huge importance and the largest drinks category for pubs as seven in 10 alcoholic drinks sold are beer. While on-trade volumes remain under pressure the pace of decline has slowed drastically in recent times. Up until this year's Budget, duty cuts and freezes have helped to keep the price of a pint affordable to consumers. However, the UK still pays disproportionately high levels of tax compared to other EU nations and duty will rise again this year.

Industry-wide campaigns such as 'There's A Beer For That' have also helped stimulate consumer interest in the category. As the campaign director David Cunningham says: "Despite category volume growth remaining fragile, value growth continues to improve year on year. We continue to track positive changes in consumer attitude and behaviour towards beer. Beer penetration, usage and consideration have improved year on year and people are increasingly choosing to drink a beer with their meal in pubs, bars, restaurant and at home."

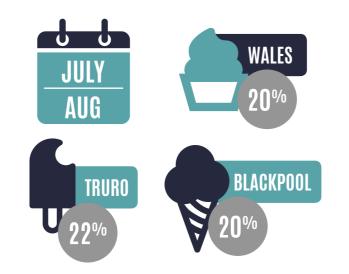


TOP TRADING DAYS 2016

	O HIGHEST Based on			
	TRADING DATE	DAY OF WEEK	EVENT	
1	24/12/2016	SATURDAY		CHRISTMAS EVE
2	23/12/2016	FRIDAY	Å	'MAD FRIDAY' BEFORE CHRISTMAS
3	31/12/2016	SATURDAY	*	NEW YEAR'S EVE
4	11/06/2016	SATURDAY		EURO 2016 - ENGLAND V RUSSIA
5	01/05/2016	SUNDAY		BANK HOLIDAY WEEKEND
6	27/02/2016	SATURDAY	0	6 NATIONS - ENGLAND V IRELAND
7	12/03/2016	SATURDAY	0	6 NATIONS - ENGLAND V WALES
8	29/05/2016	SUNDAY		BANK HOLIDAY WEEKEND
9	17/12/2016	SATURDAY		WEEKEND BEFORE CHRISTMAS
10	16/06/2016	THURSDAY		EURO 2016 - ENGLAND V WALES

SUMMER HOLIDAY HOTSPOTS

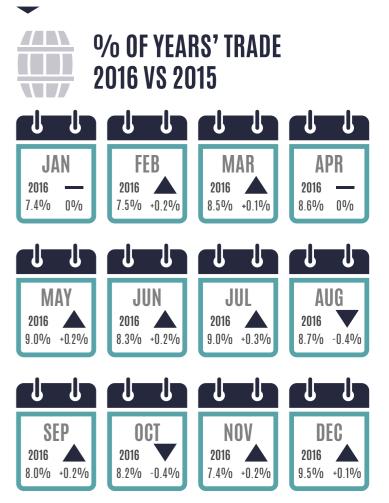
 $\rm \%$ of years' trade during months of july and august



Vianet's research shows some clear regional winners and losers, with Wales and	
Scotland among the largest year on year declines - a similar picture to last year.	

TO	P 10 UK DRAUGHT PRODUCTS		
1.	CARLING	6.	CARLSBERG
2.	FOSTERS	7.	STELLA ARTOIS
3.	GUINNESS	8.	KRONENBOURG 1664
4.	JOHN SMITH'S EXTRA SMOOTH	9.	COORS FINE LIGHT
5.	STRONGBOW	10.	SAN MIGUEL

Vianet's research again reinforces the importance of the double bank holiday in May to pubs' beer volumes. May 2016 accounted for 9% of total trade and was the joint second strongest performing month after the festive season. The Euro 2016 football championships helped provide a decent uplift in year on year sales across the months of June. Conversely, October was down compared to 2015, when the Rugby World Cup took place.



Staycations are a fast growing trend with more and more people and families choosing to holiday in the UK rather than abroad, with the pound's weakness against the Euro likely to exacerbate the trend. Vianet's data shows evidence of volume uplifts in particular regional holiday hotspots across the country, mirrored by an accompanying drain in beer volumes from major metropolitan areas during peak summer months.



SUMMER OF SPORT



WALES ON 16 JUNE IN SPORTS PUBS VS SAME DAY 2015 DURING EURO 2016

EURO 2016 - NETTING A WINNER

The importance of international football tournaments to pubs' beer sales is well documented with both sports and non-sports outlets reporting healthy uplifts. The performance of the national team can keep the tills ringing for weeks, with Vianet calculating that if England had made the final it would have been worth an average $\pounds4,000$ per pub in incremental sales. But the poor showing by the England team in recent tournaments seems to have led to a drop off in interest among fans. As predicted in last year's report, the trend of less volume driven by the national team continued as England's on the pitch efforts again disappointed.

In the week following England's exit from Euro 2016, sports pubs showed a -3.4% drop in volume.

AVERAGE NUMBER OF PINTS ON ENGLAND MATCH DAYS - ALL PUBS

	WON	DREW	LOST	AVERAGE
WORLD CUP 2010	280	322	298	306
EURO 2012	216	144	233	203
WORLD CUP 2014		123	241	202
EURO 2016	223	206	149	197

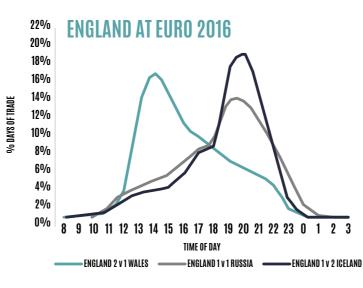
HIGHEST VOLUME SPORTING EVENTS - SPORTS PUBS								
TRADING DATE	DAY OF WEEK	EVENT						
11/06/2016	SATURDAY	۲	EURO 2016 - ENGLAND V RUSSIA					
16/06/2016	THURSDAY	٢	EURO 2016 – ENGLAND V WALES					
27/02/2016	SATURDAY	0	6 NATIONS - ENGLAND V IRELAND					
12/03/2016	SATURDAY	0	6 NATIONS - ENGLAND V WALES					
09/04/2016	SATURDAY	~	GRAND NATIONAL					
10/09/2016	SATURDAY	٢	PREMIER LEAGUE - MANCHESTER DERBY					

Analysis:

Graeme Loudon, CGA Strategy

Broadcasting live sport continues to be a key footfall and sales opportunity, not just for the beer category but for the trade as a whole. New data from CGA suggests that screening Premier League football alone is worth more than £30,000 a season to the average outlet. Operators can do more to harness the appeal of live sport and loyalty is up for grabs – only 27% of fans always visit the same venue to

watch the match. The key to unlocking that is understanding what they want from their experiences. Quality is high on the agenda – from food and drink to the viewing experience. Unsurprisingly, football is the biggest driver of on-trade wet sales, but there are growing opportunities around American football and big pay-per-view events such as boxing.



The impact of England's woeful defeat to Iceland on sales is stark; once the final whistle sounded, fans were quick to make an exit and didn't stick around to commiserate over a pint.

OLYMPICS 2016 Medal-Winning Days

Four years previously, London 2012 provided the nation with a feel-good factor as Team GB secured a record medal-winning haul. Last summer's Rio Olympics also provided some stand-out trading days.



SPORTS PUBS YEAR ON YEAR

BETTER PERFORMANCE = BETTER SALES

Following the boost to trade from the World Cup a year earlier, the 2016 Autumn Internationals series again demonstrated the importance of rugby to pubs. England's clean sweep of victories on four consecutive weekends got the tills ringing with sports pubs up an average of 2.9% in sales year on year across the four match days.

Conversely, there has been a steady decline in the volume of draught products consumed during England football matches. Football still drives the highest volumes when it comes to beer sales and while the day and timing of the matches is important, the result is still key to beer volumes. An England exit results in a slump; if England win, then pubs win.



CASK MARQUE

CASK MAROUE

RAISING BEER OUALITY STANDARDS

Cask Marque has helped put beer quality on the pub retailer's agenda and all the major brewers and retailers have committed to improve and maintain quality standards. We know the quality and presentation of food served in pubs is important, so should the quality and presentation of beer and other drinks matter?

Cask Marque has 10,000 pubs with our award and beer quality is

monitored in these pubs by 40 assessors who make over 22,000 pub visits a year.

Training is key to quality and Cask Margue are the number one providers of cellar management training in the UK. To reinforce best practice, Cask Marque have now developed a cellar audit where pubs gain a star rating called Scores on the Cellar Doors.

Cask Marque is not only concerned with what happens in the pub, but also the supply chain and the brewery. The Distributor Charter and SALSA+Beer accreditations cover these key areas. This is all part of the Cask Marque Grain to Glass best practice initiative.

Consumers know which the good pubs are and 56% of beer drinkers are now aware of the Cask Margue plaque. Therefore quality does matter.

We would like to take this opportunity to also thank all those retailers who have supported Cask Margue over the years. They can take credit in driving up standards in pub retailing.

> Mark Crowther Chief Executive, Liberation Group

"The support Cask Marque gives our customers and the focus they bring to cask conditioned ale is an essential part of ensuring a quality serve every time."



Executive Chairman, Harveys Of Lewes

"Cask Marque has been the force most responsible for driving up standards of cask ale quality universally in pubs. It is no coincidence that the noted growth of the ale sector has mirrored this quality initiative over the last two decades."



KEY FACTS



10,000 pubs hold the Cask Marque award for beer quality.

56% of cask ale drinkers recognise the Cask Marque plaque (NOP Survey).





a month to find Cask Marque pubs.



40 assessors make 22,000 pub visits a year checking beer quality.



15 trainers plus our assessors deliver over 300 courses on cellar management.

Cask Marque offers a free e-learning training programme for bar staff called Cask Beer Uncovered

GET IN TOUCH

Please contact Paul Nunny by calling 07768 614065 or email paul@nunny.fsbusiness.co.uk www.cask-marque.co.uk

VIANET

DELIVERING REAL CHANGE THROUGH UNPARALLELED INSIGHT

Our wealth of experience allows us to constantly re-evaluate and lead

THE GLOBAL-LEADER IN DRAUGHT BEER QUALITY **& WASTE MANAGEMENT SYSTEMS**

WASTE MANAGEMENT SYSTEM FOR DRAUGHT BEER



Direct and measurable impact on your GP

- Cash in the till: Monitor shrinkage and minimise giveaways
- Beer wastage: Track beer wastage in the cleaning process
- Enhance stocktaking by increasing efficiency and effectiveness
- Exception reporting when your standards are not met

QUALITY MANAGEMENT SYSTEM FOR DRAUGHT BEER



Monitor line cleaning performance

Monitor product temperatures

Monitor the engines of beer quality in cellar and cooling equipment

Exception reporting when your standards are not met

Intervene early and triage complaints with easy-to-use data

b The missing link in the supply chain management



William Robin Managing Director, Rob



"For us, iDraught is about the ongoing value it adds to the business. Our BDMs are provided with detailed management information, and they are using it over and above pub level to help licensees boost their businesses."

VIANET PARTNERS



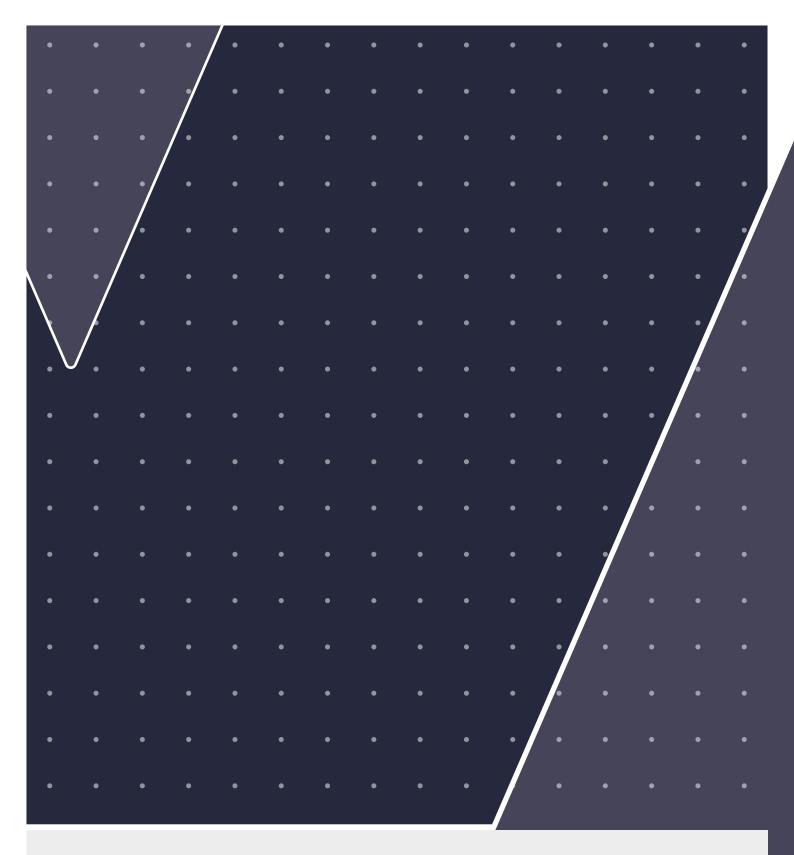
Casio and iDraught have come together to create a single solution that places all of the control required to efficiently manage a business conveniently at the point of sale. The flexibility of the V-R7000's Android operating system enables the incorporation of market leading iDraught software to run on its rugged 15" screen. Instantaneous cloud storage of all transactional and stock data allows managers and estates alike to keep closer control on their businesses. Convenient, easy to use and infinitely expandable, the new Casio Solution really is better for business.



CPL Online Teamed up with iDraught to provide an e-learning platform for the system. CPL Online are creators of online and interactive services, which include e-learning platform design and development, web design and development, database design, web service development, software development and mobile app development.

GET IN TOUCH

For further information contact Vianet: Tel: 01642 358 800 Email: sales@vianetplc.com www.vianetplc.com



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