



BEER INSIGHT REPORT 2019/20

**THE PROFIT OPPORTUNITY
FROM EVERY SINGLE DROP**

VIANET
DATA. REIMAGINED.

INTRODUCTION

WELCOME

Welcome to the Vianet Beer Insight Report 2019/20. This report focuses on the national findings of nearly 250,000 connected devices in venues dispensing draught products across the UK. With cost pressures on pubs continuing to escalate, the uncertainty of the impact of Brexit plus the volatile political and economic environment, it is vital that operators have a clear view of their business performance. Retaining a rigorous control of costs, wastage and quality provides clarity as to how to mitigate the cost burdens and provide profit opportunities for pub businesses. Vianet's system data from iDraught plays a key role in providing the vital insight to achieve this.



This report shows the positive impact that the use of this actionable data has in managing and maximising a pub's profit potential. The Vianet team work with this data and with individual teams to unlock a business potential. By tackling quality, retail standards, assessing the range of products and ensuring yield improvements are made through training, stock management and cleaning regimes, businesses are able to deliver the best profit and a great customer experience. Going forward the new generation of Vianet systems will automate and consolidate even more data in easy to access real time reports and actionable insight.

CRAIG BROCKLEHURST, COMMERCIAL OPERATIONS DIRECTOR, VIANET

IF YOU DON'T HAVE THE SYSTEM, YOU DON'T HAVE THE INSIGHT

VIANET & iDRAUGHT

Vianet Group, established 23 years ago has been an AIM listed business since 2006. With nearly 250,000 connected devices on the platform through a customer base of over 300 customers, our knowledge and technology form a unique and powerful level of insight. Vianet Smart Zones offer the iDraught system which intelligently monitors all aspects of the draught bar to ensure the pub operator gets the best return from its draught products and customers receive a great experience every time. The data for this report is collected and actively measured from 11,000 sites which track 570 million pints of draught beer every year.

ALL DATA IN THIS SURVEY HAS BEEN RUN FROM 1.9.18 TO 30.8.19.
ALL LINE CLEANING USES BOTH 'DUE' AND 'UNCLEAN' BEER AS PART OF THE 'UNCLEAN' CATEGORY.

OVERVIEW

THE HIGH COST BURDEN ON PUBS

The hospitality sector faces some of the most onerous cost pressures and the need to actively manage draught beer sales to offset these trading costs, reduce losses and improve performance levels can be achieved through the insight provided by iDraught.



ON AVERAGE A SINGLE PUB PAYS
£140,000
PER YEAR TO THE
TREASURY IN TAX

Source: BBPA



FOR EVERY £ OF TURNOVER IN A PUB
34p
GOES TO THE
TAXMAN



BRITONS PAY ALMOST
40%
OF ALL EU BEER DUTY

Source: BBPA



COST TO THE INDUSTRY PER YEAR
£430m
BY 2021 - FROM EXTRA EMPLOYMENT
REGULATIONS, BUSINESS RATES
AND TAX



THE OPPORTUNITY
£9,740
AVERAGE ADDITIONAL PROFIT
PER YEAR IF A PUB USES
iDRAUGHT

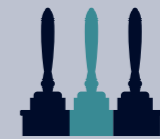
LOSSES IN THE INDUSTRY



£463.6m
TOTAL LOST PROFIT PER YEAR THROUGH
SUB-STANDARD QUALITY



£130.7m
QUALITY UPLIFT (AT 50% GP)
at 3% improved quality



£71.4m
OVER TAPPING COST
based on 3 taps per pub



£87.2m
POURING LOSS
1% loss through training and quality issues



£174.3m
CASH LOST AT THE TILL
at 2% loss

KEY FINDINGS FROM THIS REPORT

2 OUT OF 3

PUBS ARE NOT ACHIEVING
TARGET POURING YIELD

1 IN 3

PINTS SERVED ARE
SUB STANDARD

3 TOO MANY PUMPS

PUBS ARE
OVER RANGING

2%

OF DRINKS SERVED DON'T
MAKE IT THROUGH THE TILL

22%

OF CASK ALE WAS SERVED AT
THE WRONG TEMPERATURE

THE BENEFITS OF iDRAUGHT

"Implementation and engagement in the management system has been full steam ahead over the last 18 months in our 14 managed pubs measuring yield, quality and wastage. Commercially it was a sensible decision with the business seeing a 2.8% uplift in gross profit on both drinks and margins following full implementation.

We've certainly seen financial gain by using iDraught but we've also had the added advantage of our General Managers focusing on the measures which then become part of their operational practices in running their pubs and we can then provide the right training where and when it's needed.

Linking it to our Zonal till systems also provides a much bigger picture for us and our Managers in terms of till yield vs pouring yield and understanding the impact this has on our biggest revenue streams. We are seeing yield between 102% and 105% in our sites now."

DAVID NATHAN - CFO, BRAKSPEAR

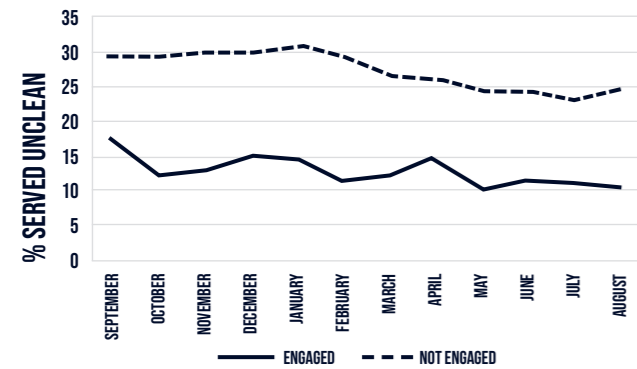


GREAT CUSTOMER EXPERIENCE

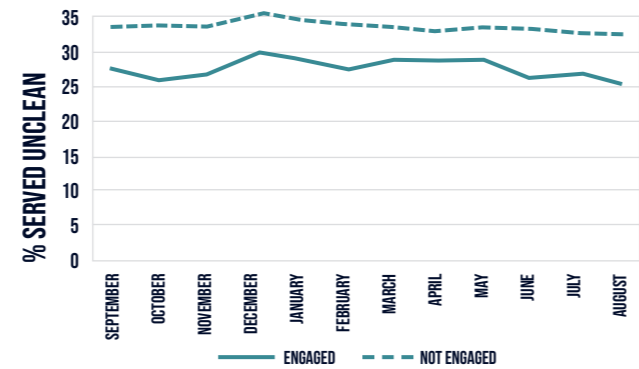
LINE CLEANING = SERVING PERFECT BEER EVERY TIME

Delivering a perfect pint for customers consistently is the very essence of executing high retail standards. By utilising Vianet's real time iDraught insight and alerts, sites know when line cleaning is being done effectively. iDraught data clearly shows that those pubs that engage and use the data improve their sales and customer experience.

MANAGED: BEER SERVED VIA UNCLEAN LINES



L&T: BEER SERVED VIA UNCLEAN LINES



CLEAN BEER IS THE CORNERSTONE OF A QUALITY OPERATION

Ed Passey, Operations Director at Punch Pubs is responsible for the South East region. In the last 12 months with iDraught, he and his team have focused on the essential insight iDraught gave them for Punch's initial 79 retail pubs; now management partnerships. A concept where Punch is responsible for the whole pub offer whilst an independent Publican runs the pub within a defined operational framework.

Speaking about how he has included the iDraught insight into the operational practices of his management partnership pubs Ed says, "iDraught is essential to manage and control the quality of beer in our pubs. We have focused over the last 10 months on the 5 pubs in each area that required the most attention so that we could look closely at operational practices, yield, line

cleaning, temperature and training needs. What we have seen with this focus is a significant improvement in pouring yield and line cleaning improvements to 95%.

In the main, we have created a set of alerts on iDraught which the Publicans and Operations Managers can access in real time and which notify them both when certain parameters aren't being met. Using the alerts has become a habit with Publicans and Operations Managers alike to ensure problems don't become a real issue or impact on the guest experience.

The improvements have had a bigger impact on guest experience with Net Promoter Scores (NPS) improving as line cleaning has improved ensuring that the overall customer satisfaction and spend is growing."

ED PASSEY, OPERATIONS DIRECTOR, PUNCH PUBS



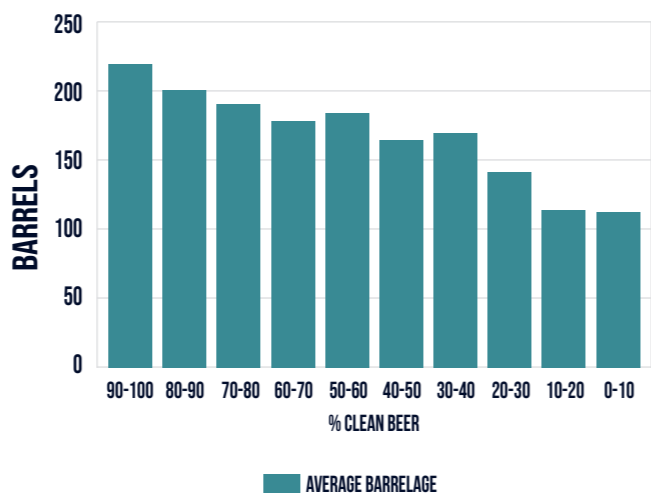
CLEAN LINES = INCREASED SALES

LINE CLEANING EFFECTIVENESS

Higher sales volumes, better pouring yields and reduced wastage are the positive results from sites that clean their lines regularly. Customers buy more as they enjoy a higher quality product and pub operators experience higher sales and more yield from each barrel. iDraught enables you to monitor lines cleaned, the effectiveness of the clean and the amount of beer used in the process.

27% OF BEER IS SERVED THROUGH UNCLEAN LINES
A 2% IMPROVEMENT FROM LAST YEAR
AND A 7% IMPROVEMENT FROM 2017

VOLUME VS LINE CLEANING PERFORMANCE



KNOWLEDGE IS POWER

TAP EFFECTIVENESS

MORE CHOICE CAN IMPACT QUALITY

In every pub we are seeing a drive for more customer choice with more premium products. As a result, the need to have the best range is creating a series of issues for the pub operator. Too many products with poor sales volumes can work against providing the best customer experience. Working with businesses, we have used the iDraught insight to identify and remove low throughput taps and increase the right taps to deliver a better customer experience which increases yields and sales volumes for the pub operator.

EVERY UNDER USED TAP ON YOUR BAR COSTS YOU **£500 A YEAR** THROUGH QUALITY IMPACT AND WASTAGE

ALL TAPS DISPENSING LESS THAN...



MANAGING OUR TAPS

"We removed over 200 under used taps on our bars following the insight that iDraught gave us, ensuring we reduced costs, retained the right products on our bars and improved the quality of beer served on draught."

CHRIS WELHAM, CEO, WADWORTH



OPTIMUM TAP EFFECTIVENESS



AVERAGE NUMBER OF TAPS

Category Type	Leased & Tenanted	Managed
ALE - CASK	4.4	5.2
STANDARD LAGER	3.2	3.4
PREMIUM LAGER	3.2	5.1
CIDER	2.4	3.1
ALE - KEG	2.4	2.9
STOUT	1.3	1.4
GRAND TOTAL	16.9	21.2

BEER TEMPERATURE

THE OPTIMUM TEMPERATURE

Serving beer at the wrong temperature means you risk losing customers.



BEER SERVED TOO WARM

FOR THE CUSTOMER reduces appeal, taste, experience of product and reduces likelihood of repeat purchase

FOR THE PUB OPERATOR causes fobbing and reduction in yields and profit



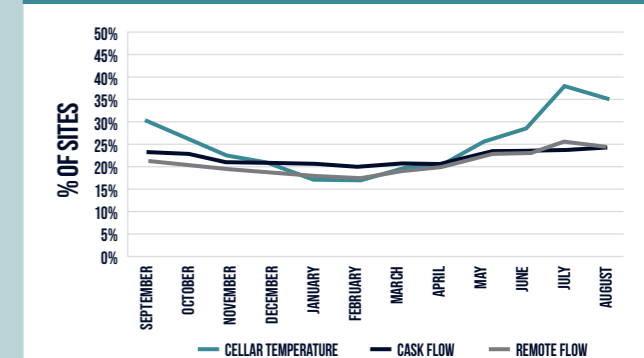
BEER SERVED TOO COLD

FOR THE CUSTOMER develops a chill haze which impacts on aroma and flavour

FOR THE PUB OPERATOR will lack conditioning and reduce quality, impacting on sales

USING IDRAUGHT, SITES ARE ALERTED TO TEMPERATURE ISSUES BEFORE THEY IMPACT DISPENSE

TEMPERATURE OUT OF SPEC BY MONTH



A CLEANING REGIME THAT WORKS

"iDraught provides the team with an agile line cleaning regime depending on the beer dispensed. Some products only requiring 14-day clean cycle and some seven. This massively reduces the pints lost during line cleaning whilst still maintaining the quality. Data also shows how much beer we lose in the clean which has enabled managers to reduce this level of wastage and cost."

MATT HALLS, COMPANY AUDITOR, BREWHOUSE & KITCHEN

MEASURING PROFIT

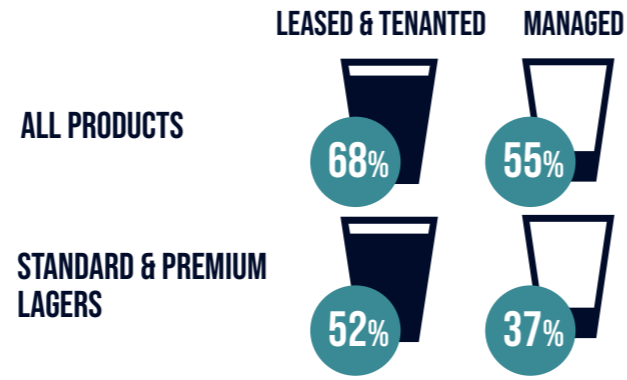
YIELD – GETTING YOUR BARRELS' WORTH

ARE YOUR PROFITS POURING AWAY?

Training your teams to pour a perfect pint reduces wastage and saves you money. The simple action of overpouring on a pint has a significant impact on your yields and profit.

61% OF PUBS ARE NOT ACHIEVING TARGET POURING YIELD
 10% MORE SITES ACHIEVING TARGET YIELDS SINCE LAST YEAR'S FINDINGS

% OF SITES NOT ACHIEVING TARGET POURING YIELD



THE SYSTEM PROVIDED BENEFITS WHICH WE DIDN'T FORSEE

"Between 5-8pm on Thursday and Friday, our pub the Somers Town can typically sell four brewers' barrels of Estrella (1,152 pints) – a high margin product for us. The system enabled us to identify when more taps of a particular product were needed at these times, so we could maximise the sales of that brand. For the same sessions the system also identified that Yummy were losing more Estrella during these periods through overpouring. They needed to ensure the teams in place understood the impact of overpouring and, following more training they have seen an improvement in yield from 96% to 102% on Estrella."

ANTHONY PENDER, CO-FOUNDER, YUMMY PUBS

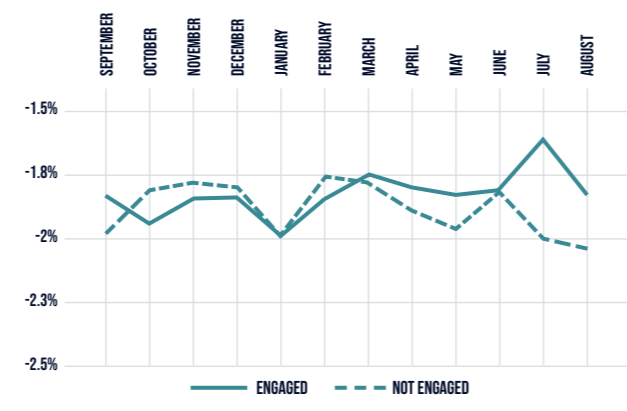


HOW MUCH ARE YOU GIVING AWAY TO CUSTOMERS?

Getting paid correctly for the drink you serve to your customers should be a minimum standard for all operators. Vianet has seen that losses at the till are in excess of 2% when iDraught is first installed. Vianet insight shows tills losses at sites reduce when iDraught is actively engaged with by operators.

£183M 2% OF DRINKS SERVED DON'T MAKE IT THROUGH THE TILL
Based on £3.50 per pint

AVERAGE LOSS: ENGAGED VS NOT ENGAGED



VISIBILITY AND CONTROL, NOT JUST QUALITY

"The first sites that received installations showed that the businesses were not all achieving the high standards set for till, yield and cleanliness targets but the picture was better than expected with a clear solution tailored to each site now possible.

We saw quickly that impacted till yield wasn't necessarily always pilferage or free tastings but an ambivalence by our teams to the value of the product and this meant we needed them to understand that every drop had a cash value to it.

A training programme was developed with Vianet to ensure there was 100% engagement by the whole team (brewing and operational) with the system. Everyone then understood the

reports and insight supplied on iDraught and that when alerts were actioned there was better results and management from everyone in the business.

All of the team are now engaged in how the insight provides actions that improve the profitability of their individual business and the benefits that brings to them as individuals i.e. meeting targets, bonus, sales etc."

MATT HALLS, COMPANY AUDITOR, BREWHOUSE & KITCHEN



TRACKING CUSTOMER BEHAVIOUR

MAXIMISING THE OPPORTUNITY

Understanding the effectiveness of your range, yield and quality will enable you to make the right decisions for your business. It will provide you with the insight on your highest volume products by trading session and event. You can adapt and flex your product range with clear insight as to what will sell and when.

With Vianet's iDraught insight we have been able to assess all calendar events and sporting events by volume. The technology digs even deeper when it comes to product range. Here we show a national picture, however you have the added advantage of seeing by individual areas or outlets how effective your team are at the busiest times and the insight will even show the weakest links in your operational chain, by pub, product or the person serving.

WE COULD SEE THE IMPACT OF A NEWLY LAUNCHED BEER



Wadworth, the independent family brewer based in Wiltshire launched an extension of their already established golden cask ale, Horizon with the introduction of Horizon Chilled. They wanted to be able to protect their cask ale sales during the summer and capitalise on the lager drinkers with a refreshing and chilled cask ale.

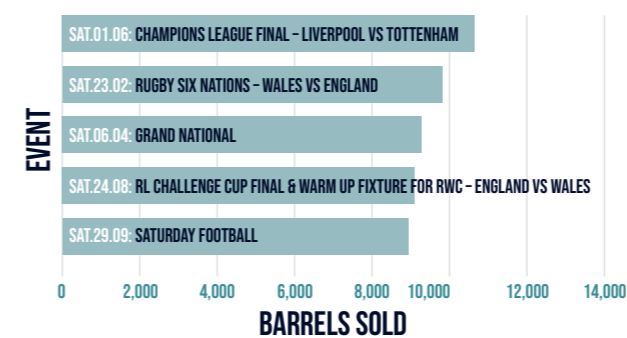
Toby Bartholomew said, "We used Vianet's insight to look at the immediate impact of the launch in our pubs. We could see straight away that Horizon Chilled was very popular. Horizon increased in our Managed House pubs from 14% of our own beer sales to 25%. It also showed that it didn't cannibalise any of our own brewed beer but it did convert some lager drinkers to Horizon Chilled. The data was more accurate than the till data as there was no error in what drink went through the till and it also enabled us to see where on the bar the product was effective.

Going forward we are going to use the line data to plan the position for every beer on the bar as the insight gives us this exact detail of what sells where."

TOBY BARTHOLOMEW, OPERATIONS MANAGER, WADWORTH

EVENTS – WINNING AT THEM

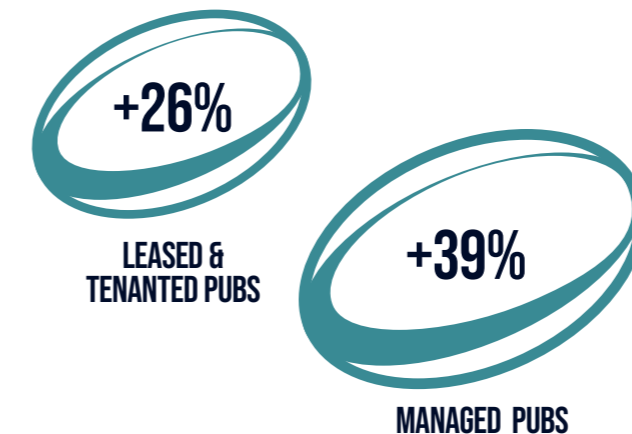
HIGHEST DRAUGHT BY SPORTING EVENT



HIGHEST EARNING CALENDAR EVENTS



6 NATIONS 2019 AVERAGE VOLUME UPLIFT

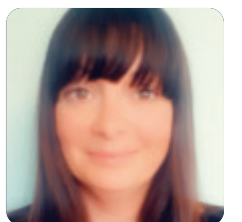


MEASURING SUCCESS

"iDraught doesn't only help you to operate individual single sites better, it shows how you are performing compared to the industry, whether that is beer quality, leakage or how your events are performing against your peers. Vianet was able to highlight to one major pub operator that their key calendar events were less successful than that of their peers in 8 out of 10 events. This was a clear message that what was being delivered to activate events wasn't working as well for them as it was their competitors.

With iDraught insight they can see their own like for like/year on year event comparisons and can also see how they benchmark against the industry. Whether looking at the insight by individual site, a particular trading session, day of the week or looking at a complete national pub operator versus the industry, the insight proves that you cannot action what you do not know. iDraught insight can ensure that you are prepared and that each event is successful and profitable."

NICOLA HOCKBORN, CUSTOMER ACCOUNT MANAGER, VIANET



HOW DO YOU KNOW?

HAVING THE INSIGHT PROVIDES OPPORTUNITY

iDRAUGHT INCLUDES

- Real time alerts on quality and yield issues
- Advanced analytics platform to review performance at estate, site, product and individual drink level
- Ability to track investment impact at site and product level
- Draught stock management
- Integration with all leading EPOS platforms
- Ability to integrate with your management workflows
- Supported with experienced operational team

UNLOCK YOUR PROFIT OPPORTUNITY: FIND OUT MORE ABOUT iDRAUGHT

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iDRAUGHT



**IMPACT ANALYSIS ON
INVESTMENT DECISIONS**



**YIELD AND STOCK
MANAGEMENT**



QUALITY MANAGEMENT

VIANET
DATA. REIMAGINED.