



Image: Photos.com

Beer in figures

Value: £3.55 billion (2009 £3.48 billion)
Change: +2%
Volume: 18.86 million hl (2009: 18.78 million hl)
Change: 0%

Source: Nielsen year to October 2, 2010 and October 3, 2009

Beer Report

2010

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Data in the OLN Beer Report was sourced from Nielsen's Off-trade Scantrack Service. Scantrack monitors weekly sales from a nationwide network of EPOS checkout scanners. Coverage includes grocery multiples, co-ops, multiple off-licences, independents, symbol groups and multiple forecourts. Nielsen's retail measurement service provides comprehensive information on actual purchases,

market shares, pricing, distribution and promotional activities.

It is the fastest and most accurate monitor of consumer sales.

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Winners and losers

Even the best-selling brands have struggled in a challenging take-home beer market, but the picture is rosier for world beers, reports Graham Holter

Static volumes and a value increase that hasn't kept pace with inflation – that's the bleak assessment of the take-home beer market over the past 12 months.

The top three brands all lost sales despite the millions poured into marketing, and rival brands which achieved a value increase normally did so on the back of a bigger volume increase. Add those two together and you have a recipe for reduced margins – something that might be inevitable in the current economic squeeze, but not what might have been hoped for at a time when on-trade beer sales are under so much pressure.

Pushed to its limit

Stella Artois remains the market leader by a country mile – its sales are more than double those of its nearest premium rival, Budweiser – but the -1% performance will prompt further questions about whether the brand has been taken as far as it can realistically go.

Stuart MacFarlane, AB Inbev UK president, admits the UK market is “challenging”. Presenting the company's most recent results, he said sales since the World Cup had been affected by inventory adjustments, and also suffered by comparison with the strong third quarter sales achieved in 2009.

“Going forward, we're very excited

about the potential of Stella Artois Black, the newest member of the Stella Artois family, which launched this autumn in selected on-trade outlets here in the UK,” he says.

Beer pricing has been a hot potato in the industry for many years and patience is wearing thin at Molson Coors UK, which saw a 6% value and volume decline for flagship brand Carling.

Sales director John Heynen says: “There has been a significant reduction in profitability of the beer market over the past five years. Beer is currently sold at the same retail price as it was in 1995.

“Eighteen months ago we set out to focus on value ahead of volume with an ambition to ensure the beer category is well invested, innovative and profitable over the medium to long term. We believe this is an important category leadership role and one that is vital to the respect for beer and sustainability of the category.

“The alternative of a

commoditised category where the only driver that counts is low pricing is, in our view, unsustainable.”

Carlsberg and Budweiser both enjoyed successful World Cups and turned in two of the standout performances of the major brands.

Carlsberg is the official beer of the England team and Budweiser a headline sponsor of the tournament. David Scott, customer marketing director at Carlsberg UK, says: “You would have to be blind to ignore the impact of the World Cup on performance this year, but it would be wrong to say it was just about that.

“According to data from TNS, during the first four weeks of the tournament, Carlsberg increased its market share to 15.1%.

“But there are other reasons. Carlsberg UK as a whole has established excellent working relationships with customers across all take-home channels and this is why, despite the World Cup spike, Carlsberg's performance was strong all year long.”

Much of the real added value in the beer market has come from the so-called world beers sub-category, led by Peroni, San Miguel and Corona (see lager analysis, page 25). All three brands achieved double-digit sales increases that exceeded their volume gains, justifying the marketing hype that has surrounded the category for the past couple of years. Sol, now ensconced in the Heineken UK portfolio, enjoyed 35% growth.

Darren Tendler, sales director of Peroni supplier Miller Brands, says: “The world beer category is enabling consumers to experience the product both in the on-trade and enjoy experimenting with interesting and authentic beers as a treat at home. This in-home experience is registering a volume growth in the off-trade of more than 17%.

“World beers are receiving positive attention in the off-trade with retailers clearly signposting the category, improving communication about the products and educating the consumer as to heritage, authenticity and provenance of world beers.”

Aggressive marketing

Such success is not being replicated in the “premium standard” segment, as typified by Stella Artois 4% and Beck's Vier, which reported sales falls of 10% and 20% respectively. AB Inbev has been aggressive and imaginative in the marketing it has delivered for both – the dilemma now





is whether to continue pumping in yet more investment, or to simply “do a Brahma” and allow them to settle at their natural level in the market. It is, perhaps, telling that rival brewers have hardly been rushing to bring out 4% abv versions of their own premium brands.



This year's chart sees the country's top-selling take-home ale, John Smith's Extra Smooth, clinging to a top 10 position despite an 8% fall in sales, although there were increases for its nearest rivals, Boddingtons, Old Speckled Hen and Newcastle Brown Ale.

Superstrength, the outpost of the lager market that dare not speak its name, experienced mixed fortunes. Standard bearer Carlsberg Special Brew suffered an 11% decline, but Tennent's Super was up 2% and Skol Super a whopping 68% – the biggest leap of any top 50 beer brand.

The picture was also rather varied for private labels. Collectively, these are still big business in the lager market, with sales ahead of major brands like Tennent's and Grolsch, though value slipped 13% – perhaps confirming theories that, when times are tight, consumers seek refuge in brands.

Top 50

Position (Last year's in brackets) Brand Supplier % sales change
Nielsen, year to October 2, 2010

Position	Brand	Supplier	% sales change
1 (1)	◀▶ Stella Artois	AB Inbev UK	-1
2 (2)	◀▶ Foster's	Heineken UK	-3
3 (3)	◀▶ Carling	Molson Coors	-6
4 (4)	◀▶ Carlsberg	Carlsberg UK	+13
5 (5)	◀▶ Budweiser	AB Inbev UK	+54
6 (6)	◀▶ Carlsberg Export	Carlsberg UK	+2
7 (7)	◀▶ Kronenbourg 1664	Heineken UK	-11
8 (8)	◀▶ Beck's	AB Inbev UK	-7
9 (9)	◀▶ John Smith's Extra Smooth	Heineken UK	-8
10 (11)	▲ Guinness Draught	Diageo GB	+6
11 (10)	▼ Tennent's	C&C Group	-3
12 (15)	▲ Peroni	Miller Brands	+29
13 (16)	▲ San Miguel	Carlsberg UK	+38
14 (12)	▼ Stella Artois 4%	AB InbevUK	-10
15 (13)	▼ Grolsch	Molson Coors UK	-12
16 (14)	▼ Carlsberg Special Brew	Carlsberg UK	-11
17 (17)	◀▶ Corona Extra	Wells & Young's	+16
18 (19)	▲ Boddingtons Draught	AB Inbev UK	+8
19 (18)	▼ Heineken	Heineken UK	-2
20 (20)	◀▶ Old Speckled Hen	Greene King	+5
21 (21)	◀▶ Tennent's Super	AB Inbev UK	+2
22 (22)	◀▶ Guinness Original	Diageo GB	+5
23 (25)	▲ Miller Genuine Draft	Miller Brands	+21
24 (24)	◀▶ Holsten Pils	Carlsberg UK	-9
25 (27)	▲ Newcastle Brown Ale	Heineken UK	+3
26 (23)	▼ Cobra	Molson Coors UK	-28
27 (31)	▲ Sol	Heineken UK	+35
28 (26)	▼ Beck's Vier	AB Inbev UK	-20
29 (29)	◀▶ McEwan's Export	Heineken UK	0
30 (36)	▲ Tyskie	Miller Brands	+46
31 (34)	▲ Coors Light	AB Inbev UK	+15
32 (28)	▼ John Smith's Original	Heineken UK	-20
33 (33)	◀▶ London Pride	Fuller's	+8
34 (43)	▲ Tuborg	Carlsberg UK	+50
35 (30)	▼ Tetley's Smoothflow	Carlsberg UK	-17
36 (46)	▲ Red Stripe	Wells & Young's	+40
37 (42)	▲ Hobgoblin	Marston's	+24
38 (35)	▼ Leffe Blonde	AB Inbev UK	-9
39 (32)	▼ Tiger	Heineken UK	-14
40 (55)	▲ Skol Super	Carlsberg UK	+68
41 (40)	▼ Tetley's Original	Carlsberg UK	+13
42 (41)	▼ Brahma	AB Inbev UK	+9
43 (44)	▲ Marston's Pedigree	Marston's	+4
44 (51)	▲ Bombardier	Wells & Young	+31
45 (37)	▼ Caffrey's	Molson Coors UK	-16
46 (50)	▲ Tanglefoot	Hall & Woodhouse	+10
47 (39)	▼ Skol	Carlsberg UK	-17
48 (47)	▼ Abbot Ale	Greene King	-3
49 (54)	▲ Beck's Blue	AB Inbev UK	+22
50 (49)	▼ Old Peculier	Theakston	-9

A taste for world beer



Heineken is hoping the Motörhead ad will help revive Kronenbourg's fortunes

A desire for more chic choices is eroding the traditional pecking order of lager's lower-ranking brands, reports Nigel Huddleston

Top 20 lagers		
	Brand	% change
1	Stella Artois	-1
2	Foster's	-3
3	Carling	-6
4	Carlsberg	+13
5	Budweiser	+54
6	Carlsberg Export	+2
7	Kronenbourg 1664	-11
8	Beck's	-7
9	Tennent's	-3
10	Peroni	+29
11	San Miguel	+38
12	Stella Artois 4%	-10
13	Grolsch	-12
14	Carlsberg Special Brew	-11
15	Corona Extra	+16
16	Heineken	-2
17	Tennent's Super	+2
18	Miller Genuine Draft	+21
19	Holsten Pils	-9
20	Cobra	-28

It's not much of a shock that Peroni has grabbed a top 10 spot in the take-home lager market. SAB Miller's chic Italian brand has been moving steadily towards that position for several years with successive periods of high double-digit growth.

What's perhaps more surprising is that it's done so this year at the expense of Stella 4%. AB Inbev's slightly lower-abv brand, which stormed the market in its first year, is perhaps now enjoying a period of stock market-style correction as early adopters move on to other things.

Peroni's rise is endemic of the interest in so-called world beers, helped by consumers' overseas travel and a burgeoning interest in international cuisine.

More adventurous consumer tastes have spurred on sales of sunshine beers such as Corona and Sol in recent years, as well as brands with strong culinary links such as Cobra and Tiger.

The gradual accumulation of world beer brands by the big brewers has also seen more marketing support going into the sub-category. San Miguel seems to be thriving on the move into the Carlsberg UK portfolio, with sales up by over a third in the space of 12 months.

Corona's growth rate has slowed to just under 16% but it's still a healthy score and, of the top 20 brands, it's showing the highest positive differential between value and volume growth, suggesting extra sales have come without excessive discounting. Its big challenge is the effect the January 2011 switch into the Molson Coors stable will have from Wells & Young's, which has been nurturing it.

The past year has seen another world beer brand, Cobra, effectively being assimilated into the Molson Coors port-

folio – under the joint venture banner of the Cobra Beer Partnership – and it seems to have unsettled the brand's performance, with more than a quarter of 2008/09 sales being shed. Cobra has slipped behind the emerging Miller Genuine Draft and, more surprisingly, old-school Holsten Pils, and could lose its top 20 slot altogether if things don't pick up.

John Heynen, sales director at Molson Coors UK, says: "The first year of the partnership was about stability and ensuring the long-term health of both the brand and business. We took some tough decisions and walked away from some unprofitable volume in the off-trade.

"Now, with Molson Coors' brewing scale and marketing expertise, Cobra is beginning to reap the benefits.

"We're now working on Cobra's growth strategy and you can expect to see some high-profile activity – primarily through the off-trade – breaking shortly."

Heineken UK is another company that's been trying to move away from off-trade discounts to improve margins, even if it means some short-term losses.

Kronenbourg has suffered most, with an 11% fall, but the brewer is hoping a new pack design, and ad campaign featuring Motörhead playing a bluesy version of their Ace of Spades track, will bring sales back.

A spokeswoman says: "Kronenbourg remains a healthy premium lager brand, and we are making a concentrated effort this year to build on its reputation and success in the on-trade where it is currently the number two premium draught lager."

Miller Genuine Draft's strong performance has cemented it as the second best-selling brand of US origin in the UK

Lager in figures

Value: £2.96 billion
(2009: £2.89 billion)
Change: +2%
Volume: 16 million hl
(2009: 15.9 million hl)
Change: +1%
(Source: Nielsen year to October 2, 2010, and October 3, 2009)

take-home market, but sales are still only a tenth of those of Budweiser.

As the headline sponsor of last summer's World Cup it's little surprise that Budweiser had a good year, and a score of +54% is considerably more impressive than some of the football on display in the tournament's final.

A year ago, Carlsberg Export could smell a top five place, because the gap between it and Budweiser was so small. Now, such a notion seems crazy with Budweiser's sales close on 80% higher than the Danish brewer's brand.

The one blemish on the Budweiser performance is that its volume sales were up by 75% over the same period, suggesting price promotions as much as marketing support drove growth.

Right at the top of the chart, it's pretty much as last year with relatively few fluctuations in sales figures failing to upset league table positions, although Carlsberg continues its slow erosion of the gap between itself and the top three.

Arguably most of note is number one brand Stella Artois' more or less flat performance, suggesting its heavy marketing focus on quality this year may be having the desired effect in arresting decline and improving the overall brand image.



Supplier advice and innovation

Can suppliers do more to help the category?

OC-H: The most important area of the category to master is an understanding of the customer. The beer and cider aisle has to cater for so many different types of customer that it is vital to be aware of the right amount of space to devote to particular areas, and which lines need to be stocked. By providing insights into the category with the customer at the heart, suppliers become an extremely helpful aid to driving the category forward. On a day-to-day level there is a huge emphasis on things such as shelf-ready-packaging to help colleagues in-store, as well as environmental issues such as lightweight glass. Making the difference on seemingly small items such as these make an important impression on the category as a whole.

IT: Keep looking for the next big thing. Fruit ciders, and now ginger beers have been success stories, we now need to see the next wave of innovation.

AT: Certainly. Innovation is the lifeblood of any category and beer is no different. Beer is primed for the next big thing, whether it be a liquid, packaging or consumption innovation.

The cider category has taken something as simple as serving over ice which premiumised the consumption experience and has acted as a catalyst for the resurgence of the cider category over the past four years.

The challenge for suppliers is to continuously look to drive value and innovation into the beer category. Offering consumer choice is a key factor in delivering this.

Catering for deal-savvy customers

Have you changed the way you promote beer over the past year? If so, how?

OC-H: Customers have certainly become more savvy in terms of where the best deals are to be found, and as a result become more promiscuous in terms of where they do their shopping. Spikes over market-leading deals have become more pronounced as customers flock to whichever multiple is market-leading at the time.

The mechanics we run and the amount of offers running at any one time, broadly speaking, have remained constant over the past few months. We are, however, constantly striving for new ways of promoting beer and cider to ensure the customer is stimulated by new offers. We also make sure the aisle is not riddled with lots of different

promotions which can confuse customers. There is still a mix of single price-point deals and multibuy to try to offer something for everyone.

IT: We are offering our customers a wider choice of products on promotion. Also, we are in the middle of our first ever stand-alone ale festival, which features customers' favourite ale brands in a variety of bottled and canned formats.

AT: We have looked to make beer's diversity and heritage more accessible to a wide range of shoppers. Using single-bottle link saves on a wide variety of premium and local bottled ales, as well as world and speciality beers, we have encouraged shoppers to trial different beer styles, flavour profiles and origins.

Forthcoming trends

What trends are you expecting over the next 12 months in the beer aisles?

OC-H: A real focus over the more premium end of the market – world and speciality beers, and premium bottled ales – is important to both differentiate from the competition and provide some interest for customers. It should drive more profitable sales. Ultimately the vast number of promotions supermarkets run has to decline as the dependence on

promotional sales becomes too great. Of course any government legislation passed in terms of minimum pricing will put an end to the majority of the deep-discounting deals we see in stores at the moment.

DW: We expect to see the continued trend of customers buying bottled world beer over canned lager. There is a trend toward buying single, smaller bottles of premium bottled ales and speciality beers for individual consumption.

AT: From a trading point of view, value will be more important than ever to shoppers in all retail categories, not just in beer. I expect to see some big brands get bigger, though perhaps not all, and greater innovation and customer choice within beer. We are also clearly set to continue to benefit from the on to off-trade trend.

The challenge for us and for suppliers is to drive shopper penetration and interest in the beer category. Unless we

see a greater degree of innovation and choice in the beer category over the next 12 months there is a danger that it may become increasingly commoditised. I believe we are moving in the right direction, though, particularly in areas like premium bottled/local ale, world lagers and premium 4% lagers.

Also, ginger beer, though not exactly a new concept, has been rediscovered this year by many thousands of shoppers on the back of an engaging brand concept.

Views from the shop floor

What's looming on the horizon in terms of beer trends and innovations? Nicola Collenette talks to four supermarket buyers about past, present and future trading directions in the category

Chadwyck-Healey: customers more savvy



Wyllyams: PBAs doing well

Targett: searching for next big trend



Tiffin: good value increasingly important

The rise of speciality beers

What new trends have you noticed in beer sales over the past year?

Oliver Chadwyck-Healey, Sainsbury's:

Customers have shown an increasing interest in low-alcohol beer, so it is an area we will be looking to push over the coming months. Sales of lager are still buoyant but customers are starting to look beyond the discounted larger packs towards world and speciality beers that offer something a little different. Own-label products, in particular Taste the Difference, are also performing extremely well.

David Wyllyams, Waitrose: We have noticed customers are generally buying into more promotions, but are also "trading up" to more premium beers on special occasions. Over the summer, the

good weather saw people socialising at barbecues or sports events, which meant our speciality beers did very well.

Ian Targett, Tesco: The arrival of ginger beer in the category, the development of large-format packs of premium products like Corona, San Miguel and Old Speckled Hen.

Andrew Tiffin, Asda: While big brands continue to get bigger, there is an increasing demand for more niche, local and world beer brands. At a local level shoppers appear to have a growing affinity for beers familiar to them and their community. At the other end of the spectrum, there are shoppers for whom brand choice is an expression of identity, style and personality, hence the growth of world lager choice recently.

Own-label and PBAs

What beers are doing particularly well for you?

OC-H: We recently launched a range of Taste the Difference premium bottled ales which have performed extremely well over the past few weeks. These offer the customer something that cannot be found in other retailers and are made by such prestigious brewers as Shepherd Neame and Marston's.

DW: Premium bottled ales such as Fuller's Honey Dew are doing very well. There has also been a fantastic response to our new Duchy Originals from Waitrose Organic Old Ruby Ale, as customers seem to identify with the purity and tradition of organic beer.

IT: We are seeing growth in a wide variety of categories, both in beer and

cider. Crabbie's and Frank's ginger beers are doing particularly well.

AT: Shoppers have really engaged with Budweiser in 2010, helped in no small part by our very successful World Cup Man of The Match customer promotion. Through this, we took a number of Asda customers to the World Cup in South Africa to experience some games and to present some official Man of the Match awards.

Carling, Guinness, Coors Light, Stella Artois, MGD and John Smith's Extra Smooth have also seen strong growth this year. In terms of new products, Crabbie's has been a big hit with our customers, as has Budweiser 66.

Within ale, Bombardier, Marston's Pedigree and Badger have also had great performances.

Impact from the World Cup and Christmas trading

How was summer and the World Cup for you in terms of beer sales and what are you predicting for Christmas?

OC-H: A poor summer weatherwise and a relatively poor summer football-wise meant a slower sales period than we would have expected. However, our growth still outperformed the market by almost 5% as we grew our share by 0.6% for the four-week period ending July 10. Since the World Cup our customers have continued to enjoy the wide range of beers and offers we have presented and I expect that to continue

into the Christmas period. December is likely to herald a peak of consumer spending before the New Year arrives and with it, an extreme cut back in the amount customers spend.

DW: Sales were very strong but it was the sunny weather that really buoyed up beer sales during the summer. This has the biggest effect on lager sales over sporting events.

IT: The combination of warm weather and football led to some of our biggest ever trading weeks on beer.

AT: We were pleased to have experienced a very strong summer and World Cup trading period. Our in-store World Cup execution, coupled with exclusive customer prize mechanics and SKUs allowed us to set our beer offer apart from the competition throughout the 16-week period from anticipation right through to the final. Christmas promises to be a very competitive marketplace for retail, beer included. However, we are confident we will be able to offer our customers the best value, choice and shopping environment to deliver on their beer needs for Christmas.



We need a little respect

The industry is working hard to build a responsible drinking culture in the UK through marketing, education and pricing. Nicola Collenette spoke to key figures about issues facing the trade

Minimum pricing and duty rates hit the headlines again last month, following research that claimed strong cider was available in supermarkets and off-licences for 10p a unit.

The study, conducted by the Core Cities Health Improvement Collaborative – made up of the primary care trusts from the eight largest cities outside London – also said lager could be bought for 26p a pint.

In response, Molson Coors UK chief executive Mark Hunter said: “We believe

in the need to build a culture of respect for alcohol using responsible marketing, education and responsible prices.

“The fact that alcohol is being sold below cost or at pocket-money prices is a slur on our industry that must be urgently addressed.

“We believe passionately that the simple, affordable pleasure of sharing a beer with friends should be preserved, but we are concerned by the role that excise duty plays in building respect for alcohol. We want to see irresponsible pricing penal-

ised, but not all beer retail demonised.”

He added: “Cider is pinpointed in the report and we hope the findings ensure the government reviews cider duty.

“The current duty rates appear anomalous when compared with those of beer, so we are calling for the government to align beer and cider duty rates to help promote a sensible drinking culture.”

OLN asked suppliers and trade bodies their opinions on minimum pricing and the difference in duty rates.

Campaign for Real Ale

A spokesman says: “Camra believes the use of a minimum price – based on approximate production cost plus excise duty and VAT – would be a sensible way to prevent below-cost selling of alcohol in the off and on-trade.

“A simple back-of-the-envelope calculation would indicate this minimum price would be in the order of 40p-50p per alcohol unit.

“Nearly 90% of the cider in the UK is produced at low cost by three large multinational drinks companies. Camra campaigns for real cider as well as real ale, and so supports any measures to encourage diversity and the growth of small cider producers.

“The current exemption from payment of duty for very small cider producers, producing below 70hl each year (around 12,300 pints), should be retained. Removal of this exemption would yield little, if any, additional net revenue for the Treasury but would decimate producers of real cider and perry.

“The Treasury should, as soon as allowed under EU law, introduce a sliding scale of duty relief for small cider producers. This sliding scale should be in addition to, rather than a replacement for, the duty exemption below 70hl annual production.

“Camra would suggest any increase in cider duty should be introduced at the same time as a sliding scale or an alternative compensation package to ensure that small cider producers are no worse off.”

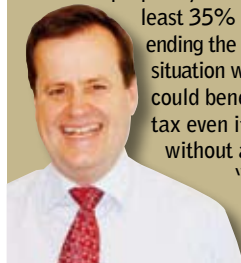
AB Inbev UK

A spokeswoman says: “We were encouraged when the coalition government did not put up duty in its first Budget earlier in the year.

“However, following recent record beer duty increases under the previous government, now is the time to give beer more positive treatment in the duty regime – which we hope to see as a result of the Treasury’s alcohol tax review.”

Budvar UK

Tony Jennings, chief executive, says: “I suppose we can take consolation from the fact that cider, as defined for tax purposes, must now contain at least 35% apple juice, ending the really ludicrous situation where producers could benefit from the low tax even if making cider without apples.



“Because of Budvar’s position in the

marketplace as purveyors to the discerning, we are little concerned with minimum pricing. We have never discounted and never will because we sell on quality, not price.

“Our drinkers can relate what they pay in a supermarket to what they pay in a pub and don’t feel ripped off. What I deplore about this issue is this tendency to cast the multiples as the villains. They wouldn’t have the product to discount if big brewing, with its obsessive search for volume, didn’t just keep rolling over.”

Carlsberg UK

A spokesman says: “There are obviously some anomalies in the duty system but it is not really for us to comment on other sectors. What is of greatest concern is the beer duty escalator and the negative impact of beer duty on the trade as a whole.

“Carlsberg UK’s view is that minimum pricing is not the answer. As the BBPA has said, the government

should be looking at targeted policies, not implementing a blanket policy that penalises all.”

Marston’s

James Coyle, sales and marketing director, says: “The report which claims some alcoholic drinks are cheaper than a bar of chocolate is, sadly, beginning to pick apart the progress made over the past few years by the industry coming together to tackle crucial issues with one voice.

“We have worked hard to promote responsibility, through Drinkaware and improving product labelling, which seems to be fruitless while alcohol is still available so cheaply.”



Sharp’s

Joe Keohane, director, says: “A good brewer has nothing to fear from cidemakers. A clear focus on producing beers of great quality and doing what we can to help our customers sell more beer – responsibly – is serving us very well.

I would commend it to people as a good model.

“Duty is certainly something we would prefer not to have to pay, or we would welcome a reduction, but the chances of that seem slim. I think it is better to concentrate on what we can impact and be the best we can.”

Tennent’s

Mike Lees, managing director of Tennent Caledonian Breweries, says: “As Scotland’s leading beer brand, Tennent’s has always recognised its duty to act responsibly and encourage people to drink sensibly. Our support for the Scottish government’s recent proposals to introduce minimum pricing was evidence of this stance.

“While we believe passionately that adults have the right to enjoy drinking sensibly, we remain committed to supporting measures to reduce the abuse of alcohol so long as these are fair, proportionate and part of an overall programme designed to tackle this issue.”

British Beer & Pub Association

Neil Williams, communications manager, says: “We certainly support plans to introduce measures to combat below-cost selling. This could be achieved through a licensing condition, although legislation should not permit cost to be determined arbitrarily at local level.

“When it comes to duty, beer has been disadvantaged in relation to all other types of drink, and it is right that the new government should be looking at these issues in its review of alcohol taxation.

“Both spirits and cider enjoyed

preferential duty treatment under the previous government. Stronger wines and ciders have also benefited from a banded duty system. Beer undoubtedly fared the worst in terms of tax.

“It’s time for better balance in the tax system and one that recognises and supports the unique economic, cultural and social contribution of beer – particularly in terms of farming, manufacturing, jobs and pubs. The government should certainly be moving in this direction.”





Guinness remains on the ball

Top 20 stouts

	Brand	% change
1	Guinness Draught	+6
2	Guinness Original	+5
3	Murphy's	-30
4	Mackeson	+6
5	Guinness Foreign Extra	+59
6	Dragon	+50
7	Tennent's Sweetheart	-16
8	Marston's Oyster	-21
9	Titanic	+101
10	Meantime London	-2
11	Hook Norton Double	+10
12	O'Hanlon's Port	-57
13	Cairngorm Black Gold	+2
14	Glencoe Wild Oat	+54
15	Brewdog Rip Tide	+14
16	Bath Ales Dark Hare	+120
17	St Peter's	+8
18	Sadler's	New entry
19	Brains Black	New entry
20	Monkey	-15

The black stuff bounces back

The stout category has improved fortunes after a tough 2009, reports Nigel Huddleston

Black beer is back. A year ago stout was the only take-home beer category of any note that was in decline, but its fortunes have reversed in the past year, with value sales up 3.4% in the 12 months to October 2 at £116 million.

On the face of it, it's not an insubstantial market, but the pickings for brands other than Guinness remain relatively slim.

Sales of all the Guinness brands in the UK outperformed the market growth over the year to leave their combined market share of take-home stout at only a touch short of 90%.

To put the disparity in stout share into perspective, every brand shown in the chart from number 12 downwards registered annual take-home sales that were only in five figures.

For most, producing a decent stout is as much of a statement of their quality brewing credentials as it is prowess in identifying big market opportunities.

That said, there are some brands other than Guinness that are doing exception-

ally well, with Dragon Stout surpassing £1 million in take-home sales to move into the top six – ahead of old Scottish favourite Tennent's Sweetheart.

Titanic Stout continues to build on its success in gaining multiple listings in England – frequently as the only bottled Guinness alternative – with sales double those of the previous year.

Bath Ales' Dark Hare is another which has made massive gains, though from a much smaller base, but enough to suggest it could be a fixture in Beer Reports of the future.

Other notable inclusions are Brains Black, which has been establishing something of a cult following in Wales and goes straight into a top 20 place, and Rip Tide, the "twisted, merciless" stout from Brewdog, giving the self-styled maverick brewer its first sniff of Nielsen chart respectability.

Indeed, in terms of individual brand sales, stout has the appearance of a volatile sector, with over half of the top 20 brands witnessing either a double-digit increase or decline – or registering significant enough sales to appear on Nielsen charts for the first time.

That's without including own-label, which saw a bigger increase than any of the top 20 brands over the year, ahead by 148% on a year earlier and with combined sales somewhere between number eight brand Marston's Oyster and number nine Titanic Stout.

The Guinness brands are split by Murphy's and Mackeson. Two years after moving into the Heineken UK portfolio, Murphy's remains unsupported as the Dutch brewer's UK arm puts its marketing muscle behind lager and John Smith's.

With sales down 30% in the past year and market share at just 5.7%, it's increasingly hard to remember why it was once thought of as a serious challenger to Guinness's supremacy in the category.

As part of the similarly lager-dominated AB Inbev UK portfolio, Mackeson is theoretically subject to the same unloved child scenario as Murphy's, but something odd happened over the past year to the brand that's perennially the butt of jibes involving grannies – sales went up by 6%, almost twice as fast as the market growth.

But the power in stout still resides in Diageo's Park Royal HQ and in the Dublin brewery.

Canned Draught Guinness alone accounts for more than 60% of all stout sold in take-home and second-placed Guinness Original outsells the number-three brand Murphy's by a factor of four.

The pace of growth for fifth-placed Guinness Foreign Extra Stout makes it reasonable to predict that Guinness could occupy all of the top three places within the next two or three years.

"We've been very focused on in-store visibility and making sure we're an alternative to lager in the big beer deals," says Richard Barlow, marketing manager for packaged beer at supplier Diageo GB.

"We had a competition to win a trip to Dublin around St Patrick's Day, which had great pick-up, and we've been pushing quality at home through the new can and a new glass, which we're getting into 150,000 homes."

Barlow said the growth of smaller stout brands and interest in dark beers generally – including black lagers – was helping to drive Guinness and, by definition, the stout category as a whole.

"It can only help," he said. "There are more people talking about stout and we've certainly had interest from customers that's started around dark lagers."

"A lot of those brands are growing off a small base but it has to be good for the category."

Stout in figures

Value: £116 million
(2009: £112 million)

Change: +3%

Volume: 511,000hl
(2009: 490,000hl)

Change: +4%

(Source: Nielsen, year to October 2, 2010, and October 3, 2009)

Bottled shows way forward

Standard strength brands in cans are struggling in the take-home market but this year glass remains a class act, says Graham Holter

There's some definite momentum in the ale market, but anyone hoping to see that reflected in the overall category figures is going to be disappointed.

Sales were flat and volumes down a worrying 4% in the take-home sector. The brunt of this was borne by the established mainstream brands, especially those of standard strength packaged in cans.

John Smith's Extra Smooth remains the undisputed heavyweight champion of the ales category, outselling the number two and three brands combined. But its 8% decline (which looks positively upbeat in comparison with the 20% fall for Original) justifies Heineken UK's current assessment of its UK trading as "weak".

The pattern was repeated with poor performances from Tetley's Smoothflow and Caffrey's – both of which look slightly wrong-footed by the new breed of premium bottled ales, which continues to add such colour and variety to the ale fixture. Boddingtons Draught was the most notable exception, with an 8% sales increase which looks all the more remarkable given the declines taking place all round it.

David Scott, customer marketing director at Carlsberg UK, is keen to put Tetley's performance into a wider context. "While down in value, Tetley's has been outperforming the market in take-home," he maintains. "Total Tetley's value – Original and Smoothflow – is down 4.9%, while in the same period total standard can ale was down 6.8%.

"This figure would have been unaffected by the brand's recent unveiling as an ITV4 sponsor which, given some upcoming related take-home activity, can only mean further progress for Tetley's in take-home in the coming year."

Old Speckled Hen continues to lead the charge for premium bottled ales – although it's also available in cans – with a solid 5% rise, delivering an extra £1.5 million of value to the market. Greene King is pleased with the impact created by its ads on Dave, the satellite TV network, which it calculates are reaching more than 11 million beer drinkers.

Any suggestion that the traditional big brands in the bottled ale markets are under siege from a new wave of regional rivals is scotched by Greene King.

It points out that "the top 20 bottled ale brands are still growing in value and most are still growing penetration", adding that

"the top 20 brands account for 54% of all bottled ale sales value and there is very little variance on last year".

It's interesting to see a quirky and relatively modern interloper like Hobgoblin leapfrogging an established big hitter like Pedigree, but since both brands are now part of the same portfolio this won't worry Marston's sales and marketing director James Coyle.

"Although our own-brewed ale volumes were slightly lower than the previous year, we have continued to significantly outperform the category," he says. "Our premium ale volumes increased by 3% in the period and we continue to lead the market in the premium bottled ale segments.

"Pedigree is performing in line with expectations, given we had an exceptionally strong Ashes campaign at home in the summer last year – which we are looking to replicate from next month when the Test series starts in Australia."

Hall & Woodhouse achieved healthy sales increases for both Tanglefoot and Fursty Ferret as a result of increased marketing activity for both brands.

"Bottled ale is growing by 4% year on year in value, driven by supermarkets which are seeing sales soar by 10%," says Melinda Bowles, its trade marketing manager.

"An opportunity is still being missed by the impulse trade sector in the UK, however. The demise of First Quench is contributing to a 15% decline in bottled ale outside of supermarkets.

"Off-licences and other impulse outlets can drive value and add interest back into their beer categories by increasing their range of bottled ale, while also helping to avoid purely price-based competition with supermarkets."

"Bottled ale can no longer be viewed as a niche. Almost a quarter of all households shop for the category – almost 6 million a year," adds Bowles.



Old Speckled Hen leads the way for premium bottled ale with a rise of 5%



McEwan's Export sales remained flat

Ale in figures

Value: £478 million
(2009: £478 million)

Change: 0%

Volume: 2.25 million hl
(2009: 2.34 million hl)

Change: -4%
(Source: Nielsen year to October 2, 2010 and October 3, 2009)

Top 20 ales

	Brand	% change
1	John Smith's Extra Smooth	-8
2	Boddingtons Draught	+8
3	Old Speckled Hen	+5
4	Newcastle Brown Ale	+3
5	McEwan's Export	0
6	John Smith's Original	-20
7	London Pride	+8
8	Tetley's Smoothflow	-17
9	Hobgoblin	+24
10	Tetley's Original	+13
11	Marston's Pedigree	+4
12	Bombardier	+31
13	Caffrey's	-16
14	Tanglefoot	+10
15	Abbot Ale	-3
16	Old Peculier	-9
17	Spitfire Ale	-4
18	Ruddles County	-9
19	Greene King IPA	-11
20	Badger Fursty Ferret	+13