CGA: Analysis into Cask Ale Market, pre and post Covid

Data sources used:

- Volumetric Pre-Covid (MAT P02 2020) & Post-Covid (P07-P13 2020)
    - On trade Source: CGA OPMS
    - Off tradeNielsen ScanTrack Pre-Covid (MAT P02 2020) & Post-Covid (P07-P13 2020)
- Outlet numbers: CGA's Outlet Index and Market Growth Monitor service
- Consumer data: nationally representative research conducted by CGA
- Business leaders research with 726 on premise operators at C suite level

1. Total alcohol sales pre and as a result of Covid 19

Figure 1: Pre-Covid MAT Data to P02 2020

	Volume (HLs)		
Market	MAT YA	MAT TY	Vs YA
Off-trade	35,531,115.0	34,648,908.4	-2.5%
On-trade	24,677,265.6	24,293,289.7	-1.6%
Total Trade	**60,208,380.6**	**58,942,198.1**	**-2.1%**
Off trade share	59.0%	58.8%	-0.2%
On Trade share	41.0%	41.2%	0.2%

FPost-Covid MAT Data P07-P013 2020

	Volume (HLs)		
Market	H2 YA	H2 TY	Vs YA
Off-trade	17,597,734.0	20,746,081.3	17.9%
On-trade	13,468,998.9	5,267,707.4	-60.9%
Total Trade	**31,066,732.8**	**26,013,788.7**	**-16.3%**
Off trade share	56.6%	79.8%	23.1%
On Trade share	43.4%	20.2%	-23.1%

CGA comment:

- Up to February 2020 annual sales of alcohol pre covid they were down -2.1%

- Post the first lockdown at the end of H2, performance vs H2 2019 we can see total alcohol sales down -16.3%
    - This is of course higher in you look at a 9 month picture which includes first lockdown

2. Was there switching from on to off trade in volume?
    - As we can see from the above analysis, looking at that pre covid position on vs off trade total alcohol sales were pretty static with off premise being 58% of all sales (down -2.5%) and on premise was 42% of all sales (down -1.6%)
    - When we then move to that H2 snap shot we can see a shift of volume from off to on
        i. Off premise was now 80% of sales and in 18% growth
        ii. On Premise was now 20% of sales and down 61%
    - Important to remember Total Beverage Alcohol sales did decline -16.3%

3. Which categories were impacted by this volume shift?

Figure 3: On Trade Pre-Covid MAT Data to P02 2020

	Volume (HLs)		
Market	MAT YA	MAT TY	Vs YA
Total Beer	19,280,146.8	19,056,337.8	-1.2%
Total Cider	3,059,549.1	2,949,733.5	-3.6%
Total Spirits	574,716.5	587,096.6	2.2%
Total Wine/Champagne	1,573,519.3	1,508,057.3	-4.2%

Figure 4: On trade Post-Covid MAT Data P07-P013 2020

	Volume (HLs)		
Market	H2 YA	H2 TY	Vs YA
Total Beer	10,602,888.9	4,218,697.0	-60.2%
Total Cider	1,608,712.2	608,833.8	-62.2%
Total Spirits	325,284.6	116,181.3	-64.3%
Total Wine/Champagne	825,330.4	301,295.4	-63.5%

Figure 5: Off Trade Pre-Covid MAT Data to P02 2020

	Volume (HLs)		
Market	MAT YA	MAT TY	Vs YA
Total Beer	18,668,813.6	18,366,189.3	-1.6%
Total Cider	4,869,856.7	4,446,641.4	-8.7%
Total Spirits	2,276,376.6	2,265,586.1	-0.5%
Total Wine/Champagne	9,127,167.6	8,924,264.2	-2.2%

Figure 6: Off trade Post-Covid MAT Data P07-P013 2020

	Volume (HLs)		
Market	H2 YA	H2 TY	Vs YA
Total Beer	9,238,178.2	11,202,995.7	21.3%
Total Cider	2,214,415.8	2,512,642.8	13.5%
Total Spirits	1,218,897.9	1,452,801.1	19.2%
Total Wine/Champagne	4,590,616.1	5,196,163.4	13.2%

Figure 7: Total trade HL lost by category in H2 2020 vs H2 2019

	Total volumes in HL		
Market	H2 YA	H2 TY	Lost Volume
Total Beer	19,841,067.11	15,421,692.65	4,419,374.46
Total Cider	3,823,127.97	3,121,476.55	701,651.42
Total Spirits	1,544,182.55	1,568,982.43	- 24,799.88
Total Wine/Champagne	5,415,946.48	5,497,458.87	- 81,512.39
Total	30,624,324.11	25,609,610.50	5,014,713.61

Figure 8: On Premise HL lost by category in H2 2020 vs H2 2019

Market	**On Prem Lost HL**
Total Beer	6,384,191.96
Total Cider	999,878.41
Total Spirits	209,103.27
Total Wine/Champagne	524,034.98

CGA comment:

- In H2 total trade sales comparisons, the move from on to off sales meant that at a total level
- Beer lost 4.5m HL in sales (88% of all volume lost was from beer categories)
- Cider lost 701k
- Spirits marginally gained 24.7K (1% of normal annual volumes)
- Wine and Champagne gained 80k HLHow did this impact cask beer?

4. How did this impact cask ale?

Figure 9: Pre-Covid MAT Data to P02 2020

	Volume (HLs)				
Market	MAT 3YA	MAT 2YA	MAT YA	MAT TY	Vs YA
Total Beer	19,771,090.3	19,449,002.1	19,280,146.8	19,056,337.8	-1.2%
Total Lager	13,180,990.8	13,105,532.6	13,175,658.9	13,144,270.7	-0.2%
Total Stout	1,273,893.7	1,257,077.1	1,242,624.9	1,280,943.7	3.1%
Total Ale	5,316,205.8	5,086,392.4	4,861,863.0	4,631,123.4	-4.7%
Total Ale (Keg)	2,324,445.9	2,230,323.2	2,258,644.9	2,221,753.7	-1.6%
Total Ale (Cask)	2,775,362.9	2,640,084.8	2,404,824.3	2,231,458.9	-7.2%
Amber	2,083,452.6	1,900,316.1	1,734,600.2	1,640,273.1	-5.4%
Dark	119,891.4	127,049.5	107,347.0	90,597.2	-15.6%
Golden	572,018.8	612,719.2	562,877.2	500,552.6	-11.1%

Figure 10: Post-Covid MAT Data P07-P013 2020

	Volume (HLs)				
Market	H2 3YA	H2 2YA	H2 YA	H2 TY	Vs YA
Total Beer	10,808,580.3	10,780,458.8	10,602,888.9	4,218,697.0	-60.2%
Total Lager	7,323,615.9	7,464,377.2	7,404,588.7	3,014,372.3	-59.3%
Total Stout	677,914.9	667,443.2	691,160.4	304,221.5	-56.0%
Total Ale	2,807,049.5	2,648,638.3	2,507,139.8	900,103.1	-64.1%
Total Ale (Keg)	1,238,444.9	1,248,287.2	1,218,052.3	404,913.6	-66.8%
Total Ale (Cask)	1,448,411.4	1,292,013.7	1,192,383.7	459,307.7	-61.5%
Amber	1,041,858.6	930,535.3	879,579.1	332,139.7	-62.2%
Dark	69,571.4	56,858.7	47,118.2	20,118.5	-57.3%
Golden	336,981.5	304,619.7	265,650.6	107,049.6	-59.7%

- Cask beer volumes in H2 2020 declined by 61.5%

5. What was happening with Cask Pre Covid:
    - Category was in decline by 7.2% (figure 9)
    - Category was worth £1.38bln in sales
        i. More than sparkling wine (£0.72bn) and golden rum (£0.41 bn) combined
    - Accounts for one out of every 9 pints sold
    - Stocked in 48, 188 outlets selling on average 158 pints per week
    - 5.25 million consumers of cask ale

6. What are the opportunities and threats to cask in the future?
    - Threats are there for the category based on current dynamics:
        i. CGA's business leaders research shows that
            1. 47% of operators are planning to rationalize their bar post covid (source CGA Business le
            2. 1 in 5 are saying this will be in their draught beer range

        3. Cask saw some rationalization already with 13% stopped stocking cask altogether and 1 in 5 stockists moved to permanent brands only and no rotation
    ii. Ordering behaviours will change due to Covid and this could impact the category. As many outlets embrace tech as a way of ordering that also may have an impact on Cask. How do you rotate the offer and communicate it via app? Can you do the same at the bar tasting methods?
    iii. Switching is also a threat as craft and world lagers continue to build some momentum and are easier for teams to communicate at table

- However there are significant opportunities
    i. After the last lock down 70% of cask drinkers returned to the market by August
        1. vs 64.5% of all consumers
        2. Cask drinkers over index and show their importance to reinvigorating hospitality and the high street
    ii. Cask will be a footfall driver
        1. The drink you can't recreate at home
        2. A reason to get people out and into your pub
    iii. Cask is the quality indicator that many consumers are looking for
        1. 11% growth in consumers saying they will choose where to go based on quality of drinks on offer
        2. 44% of operators think a quality drinks range will be a key footfall driver for them post lockdown
        3. What else sends the same quality ques to consumers as cask?
            a. The product is looked after, live and delivered with care
    iv. The cask drinker can also put money in the till
        1. 61% of Cask Ale consumers would be likely to pay more for a better quality drink than other drinkers