Asahi

Asahi UK Ltd
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All-Party Parliamentary Beer Group
Mike Wood MP
Chair
House of Commons
London
SW1A 0AA
UK

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Subject **All-Party Parliamentary Beer Group inquiry into the future of cask beer in the UK**
Submission from Asahi UK Ltd

About Asahi UK

Asahi's brewing operations in the UK represent more than 175 years of innovation, experience and excellence. They include the historic Fuller's Griffin Brewery in Chiswick, the wellspring of modern British craft beer at Meantime Brewery in Greenwich, and the home of Hophead at Dark Star Brewery in West Sussex. We also press cider from local apples at the Cornish Orchards farm near Liskeard.

Asahi UK also has responsibility for the development of Asahi Europe & International's Super Premium Beer brands across the UK and Ireland. Our brands include Peroni Nastro Azzurro, Grolsch, Asahi Super Dry, our Belgian Abbey Beer St Stefanus, Pilsner Urquell, and Kozel. The Woking-based business is focused on developing quality, super premium brands and delivering commercial value in the marketplace, through a strong belief in collaboration, customer excellence and people development. For further information, visit www.asahibeer.co.uk .

Our stake in Cask

We brew a wide variety of cask ales across our UK breweries including our flagship, London Pride. Fuller's London Pride remains a first choice amongst ale drinkers in London and the South East, and is consistently one of the top three best-selling cask ales across the UK. We have recently re-launched London Pride with a look that celebrates the timeless nature of the brand, and which will resonate with established London Pride fans whilst hopefully encouraging new consumers to discover the category.

Cask ale is a unique part of the British pub experience, a showcase for both local heritage and local innovation which supports British brewing's global reputation. It also remains a major category at £577millon in value (10% of Total Beer).

Cask has undoubtedly suffered at the hands of the pandemic, but London Pride and our other cask ales remain at the very heart of our portfolio. We know that cask ale drinkers spend twice as much as other adult drinkers in the On Trade, and are most looking forward to returning to pubs. As the On Trade re-opens, we aim to be at the centre of the category's rejuvenation and recovery.

The pressures facing Cask pre-Covid

The pressures facing the cask ale category in a normal year are laid out very well in the Cask Report 2019/20, and we would support their analysis of the top challenges. Namely:

- Venue Style: Ensuring the venue has the appropriate trading model to best support cask ale throughput, which is a key driver of quality.
    - Cask is a more complex proposition than keg. The throughput per cask to ensure top quality is a maximum of 3 days, while the preparation process is 4 days.

- Quality & Temperature: Ensuring venues have the appropriate facilities, training and support to ensure cask quality and serve.
    - As the report points out, 70% of ale drinkers have been served poor quality cask beer, affecting perceptions of the category, brands and the off-trade[i].

- Ranging: Ensuring that pressures to expand choice don't lead to problem of over-ranging, reducing throughput and quality.
    - Only 8.3% of brands are delivering the recommended 3-day throughput[ii].

- Money & consumer perceptions: Margins are driven by consumer perceptions of cask versus (for example) craft keg, rather than the investment and skill involved in production.
    - While ale drinkers are generally more affluent, the price of cask beer is low relative to draft beer. Craft in particular attracts younger drinkers, and they're willing to pay more for it.
    - The national average is £3.57for a pint of premium cask, versus £ 4.81 for Modern Craft Ale on tap, and only 9% of cask is drunk by under-34s compared to 58% of craft[iii].

The additional impact of the Covid-19 pandemic:

Re-opening of the On Trade is not anticipated to happen in one 'big bang' on the 22nd June. Consumer confidence and customer confidence is high, but with no certainty over the global progress of the fight against the virus, the potential for further bumps in the road to 'normal' trading remain.

Many operators will therefore understandably harbour lingering doubts about the possibility of further trading restrictions or capacity constraints at potentially very short notice, especially following their experiences over the last year. This may drive cautious purchasing decisions, tending towards products which support slower throughput or longer shelf-life.

On those measures, Cask's performance versus lager makes it more challenging choice to keep on the bar if ranges are being rationalised. If a venue decides that it'll be offering two cask taps instead of three, the same logic may lead publicans to favour established or familiar brands over guest ales. Therefore, the impacts may not be evenly spread across the cask category.

That's obviously good for some brands, but not for the category as a whole. It risks reducing the excitement and variety in seasonal or small-batch ales, challenging the local, sustainable, and authentic selling points of cask. Ill-planned rationalisation of cask lines risks limiting an innovation-led recovery, ultimately not attracting new, curious consumers to the category. But keeping a wide range of cask ales at the expense of throughput and quality risks giving those new consumers a bad first experience of the category, putting them off further trial.

Suggested actions:

There are therefore two key challenges which we (as brewers) need to work with our On Trade customers to address:

- Supporting publicans to maintain the quality of the category
    - Bringing cask out of hibernation needs more care than other products.
    - The cask container population and lines have been out of brewer control or daily cellar checks for a long time.
    - Cask is about quality, so getting inspections and cleaning of containers coming back in up to speed is going to be challenging (even more so for smaller producers).
    - Prioritising quality will be essential in the short term to ensure high consumer experience and that the reputation of the category isn't damaged in the long term.
    - We must also provide pub staff with the knowledge, training and confidence to handle and serve cask, and to be confident advocates of the category to consumers.
    - So strategic, cask-specific expert advice is needed to ensure that Publicans can achieve high quality serves and throughput, while continuing to offer an exciting, appropriate range.

- Communicating cask's uniqueness to consumers through the recovery
    - The average consumer doesn't know the difference between keg and cask are, and don't appreciate what makes cask so unique.
    - Educating consumers on what makes cask unique (the skills and knowledge needed by the brewer, master cellarman, publican throughout the chain) can differentiate the category from other craft products.
    - The 'unlockdown' will provide an unprecedented focus on the social and cultural values of the On Trade, and an unprecedented opportunity to sing cask's praises in a way which links it inextricably with those values – local, sustainably, authentic.
    - The sector should explore and capitalise on collective opportunities to explain and showcase cask as the ultimate expression of support for local pubs - Offering individual brands to the chance to focus on skills like cellarmanship and brewing innovations.

Matthew Hill
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[i] The Cask Report 2019, Cask Marque, p15
[ii] Source: CGA Managed EPOS data 2019
[iii] Sources: CGA BrandTrack Feb 2019 & CGA OPMS to 10.08.19