

FINANCIAL TIMES

September 4, 2012 8:10 pm

Brewers toast the return of real ale

By Christopher Thompson

On a weekday evening at the Rake in London's Borough Market the assembled drinkers – a mix of hipsters and suited local businessmen – are not supping Foster's, Stella Artois or any of the other mass market lager brands.

Since opening in 2006, the Rake has only sold craft beers, of which it offers 130 different types. Despite typically charging more than £4 for a pint or a bottle, co-owner Richard Dinwoodie, 45, says the pub has registered year-on-year sales growth since it opened.

"Our popularity is on the back of the foodie revolution, where people are more interested in taste... we've also seen big growth in supplying restaurants and hotels, [some of whom] have beer menus and even a beer sommelier," he says.

The Rake's success reflects a broader movement of beer drinkers towards cask ale and craft beers as Britain's overall beer market declines.

In 2011 total beer sales were £17bn, of which ale accounted for £3.7bn, according to the British Beer and Pub Association.

Last month Heineken, the maker of the eponymous lager and Kronenbourg brand, reported a fall in volumes in western Europe, including the UK, in the first half of 2012. It follows a long decline in UK lager sales, which have fallen by more than a fifth over the past five years. In contrast, cask ales sales have declined at less than half that rate, with many companies even registering sales increases.

"In 2011 we grew volumes by 7 per cent and by another 5 per cent half in the first half of this year, so we think there's something going on here," says Andy Wood, chief executive of Southwold-based brewer Adnams.

"There's been a flight to quality. If people are going to pay for a pint they want to taste something."

In its recent interim results, Marston's brewing division reported a 2.7 per cent increase in its ale division's operating profit to £7.5m as volumes rose by 2 per cent. Chiswick-based Fuller, Smith & Turner reported a similar volume increase in its latest financial year leading to a 2 per cent rise in operating profits to £9m. Greene King, which brews Old Speckled Hen, saw volumes rise 8 per cent in its latest annual results, with ales registering a 0.3 per cent increase in earnings to £38.4m. Those results came despite a 3.5 per cent decline in total beer sales in 2011, according to the BBPA.

Michael Turner, chairman of Fuller's, says there is still room to grow.

"Most lager has a much narrower band of flavour than ale. People drink it because it's cold and fizzy," he says. "People are getting much more interested in food and drink, they're not frightened to experiment and ales go with that – it opens opportunities for us."

When it comes to sales volumes, smaller ale producers have done better still. The Society of Independent Brewers (Siba), which represents 550 breweries, reported 9.7 per cent growth in sales volumes last year compared with a 3.5 per cent decline for the total UK beer market.

That has been driven by the remarkable proliferation in the number of breweries, which has increased from 500 in 2000 to nearly a thousand today, according to Siba. Together they produce about 7,000 brands and have led to the revival of beer types such as India Pale Ale, stout and porter – beers which have been seen as unfashionable until recently. Much of the increase can be accounted for by microbreweries or even breweries located in people's homes.

But while ale has traditionally been associated with the working classes, its present consumption is increasingly tied to middle-class gourmards.

The irony is not lost on Julian Grocock, chief executive of Siba.

"There's a bit more of a sipping culture than a supping culture... what used to be a working class way of life is now a middle-class hobby," he says. "Beer is now accessible to a much broader palate and less entrenched in stereotypes about bellies, beards and sandals."

Printed from: <http://www.ft.com/cms/s/0/ee55ee5e-f6ad-11e1-827f-00144feabdc0.html>

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

© THE FINANCIAL TIMES LTD 2012 FT and 'Financial Times' are trademarks of The Financial Times Ltd.