Ashdale Business Consulting Ltd

April 2017

Ashdale Insights

INSIDE THIS ISSUE:

Craft beer or just crafty?

This month we look at the history, categorisation and future of craft beer.

The rise in the interest and popularity of what we know today as "craft beer" has been steadily growing in this country over the last 7-10 years. Most commentators would probably point to the US as its place of origin, although that somewhat disregards our own cask ale market which has existed in the UK for centuries.

Unlike the UK the US consumer had for decades been presented with very few differentiated products or brands. The popular image of beer in America was that of a mass-produced commodity with little or no character, tradition or culture mostly supplied by mega brewing corporations. As such the market had been aching for change for a considerable period of time. This change came about through the growth of smaller independent brewers who began to brew beers using more traditional methods and with different ingredients.

Establishing craft beer in the US was never the overnight success that many would have you believe. Although it notionally began back in the early 1980's, tough market conditions meant that it wasn't until the mid-1990's before craft beer in the US really came of age. As the number of craft brewers and the range of beers they produce continued to grow a number of these brands began to find their way into British pubs and bars. The increasing presence of these brands in the UK coincided with the introduction of progressive duty in the early 2000s. This provided a sliding scale of excise duty relief for those breweries under certain thresholds and in particular under 5,000 HLS per year. This saw the number of breweries in the UK increase from less than 500 to nearly 2,000 by 2017.

To read this and previous articles in full go to Ashdale Articles

www.ashdale-consulting.com

or

Casual Dining Magazine
www.casualdiningmagazine.co.uk

Unemployment fell to 4.7%, the lowest level since the summer of 1975

Economic Headlines

These headlines are from our Economic Bulletin.

CPI for February 2017 was +2.3% up from +1.8% in January, as food prices recorded their first annual increase for more than two-and-a-half years.

Latest figures from the ONS show that unemployment fell to 4.7%, the lowest level since the summer of 1975, although wage growth dropped to +2.2%.

The final estimate for GDP for Q4 2016 was +0.7%, unchanged from the second estimate which sees 2016 finish up +1.8%.

CPI	+2.3%
RPI	+3.2%

UNEMPLOYMENT	+4.7%
PAY	+2.2%

Q4 GDP	+0.7%
TRADE BALANCE	(£1.97BN)
SERVICES	+£8.87BN

Lidl was the country's fastest growing supermarket this period closely followed by Aldi

Retail Headlines

These headlines are from our Retail Bulletin.

Retail sales rose +3.7% in February 2017 vs. February 2016, as there are signs that higher fuel prices have begun to hit shoppers' pockets.

Store prices increased by +2.8% on the year, with the largest contribution coming from petrol stations as year-on-year prices were estimated to have risen by +18.7%.

Latest 12 week figures saw the Grocery Market grow by +2.3%, its fastest rate since June 2014, as grocery inflation doubled since last month.

RETAIL VOLUMES	+3.7%
RETAIL VALUES	+6.4%
INTERNET SALES	+20.7%

GROCERY MARKET	+2.3%
GROCERY INFLATION	+1.4%
Lidl	+12.9%

Consumers remain cagey about the state of their own personal finances and the general economic picture

Consumer Spending Headlines

These headlines are from our Consumer Spending Bulletin.

Average family spending power was up £3 a week in February at £202 as rising inflation continues to put pressure on family spending.

The estimated average mortgage debt in January was £119,752, meaning the average annual interest paid would be £3,161 per household (based on a rate of 2.64%).

GfK's UK Consumer Confidence Index was (6) in March flat compared to February, as consumers remain cagey about personal finances and the general economy.

HOUSEHOLD INCOME	£760
TAXES & COST OF LIVING	£558
DISCRETIONARY	£202

HOUSEHOLD DEBT	£56,310
EXC MORTGAGES	£7,185

Overall Confidence	(6)
LY Personal Finances	+2
NY Personal Finances	+3

Wine Update

Latest data from the HMRC shows that still wine returns for December 2016 were up +6.5% versus December the previous year.

This however wasn't enough to offset the declines seen in October (11.6%) and November (1.8%) which meant that Q4 was down (2.6%) vs. 2015.

This meant that 2016 as a whole finished down (0.2%) compared to 2015.

Sales of sparkling wines were also up in December, +3.9%.

Combined with sales in October and November this meant Q4 was up +2.3% vs. 2015.

This meant that 2016 as a whole finished up +12.5% compared to 2015.

A major driver of sparkling wines sales this year has been the success of Prosecco.

Source: HMRC 28th Feb 2017

"A major driver of sparkling wines sales this year has been the success of Prosecco"

Pub & Bar Update

Ministers have agreed to a change in the planning system, meaning that change of use or demolition of a pub now has to go through the planning process.

The amendment means that the conversion of pubs into shops will now require planning permission. The government has allowed pubs to become more food-led by conversion to mixed use A3/A4 premises without the need for planning consent, but from now on all other changes of use and demolition will be subject to planning control.

BT Sport will remain the exclusive UK home of all UEFA Champions League and UEFA Europa League football rights until the end of the 2020/21 season.

National Pub & Bar Awards
Tuesday 23rd May 2017
BAFTA, London

THE NATIONAL PUB & BAR AWARDS 2017

"From 2018/19 The Champion League will see 'double header' nights, featuring live matches at 6pm & 8pm during the group stages"

Weather Summaries

For more months and years then simply go to:

www.ashdale-consulting.com

FEBRUARY

WINDY MILD

Temp = +1.6
Rain = 103
Sun = 79

- Mild & unsettled with wet and windy weather – some snow
- Storm Doris on the 23rd saw damaging winds and some snow

MARCH

DRY MILD

Temp = +1.8
Rain = 104
Sun = 121

- Started mild but changeable then colder & wet at the end
- Joint warmest March since 1910 with above average sunshine

"The UK escaped the storm that brought damaging winds to northern France on the 6th of March"

Ashdale Business Consulting Ltd
6 Lichfield Street
Burton-on-Trent
Staffordshire
DE14 3RD

Phone
07967 197533
E-mail
chris@ashdale-consulting.com
Twitter
@Ashdale2012

Analysis
Insight
Strategy

About Ashdale Business Consulting

We are an independent consultancy providing analysis, insight and strategy to organisations of all shapes and sizes. We also deliver training across a range of business activities, all of which help to improve an organisations ability to make more profitable decisions. Specialist areas include Strategic & Business Analysis, Scenario Planning & Forecasting, Category Management and Value Chain Analysis.

With extensive commercial experience in the UK alcohol industry we specialise in providing support to the Licensed Trade. Clients range from Microbrewers and Individual Outlets through to Regional and National Brewers, as well as Global drinks companies.

For more information go to our website:

www.ashdale-consulting.com

For more information about our FREE and chargeable training go to:

www.http://ashdale-academy.teachable.com

Dates and Events for Your Diary

General

April
14th - 17th Easter Weekend
23rd St Georges Day

May
1st Early May Bank Holiday
17th Old £5 no longer legal
29th Spring Bank Holiday

Licensed Trade

April
1st - 2nd JDW Real Ale Fest.
6th IoM Beer & Cider Fest
6th CGA Peach Insight Con.
19th East Anglia B&C Fest

May
16th National Waiters Day
19th North Wales B&C Fest
22nd – 24th London Wine Fair
23rd National Pub Awards

Sports

April
2nd Boat Race
6th – 9th US Masters
8th Grand National
9th Chinese GP
23rd London Marathon

May
14th Spanish GP
24th Europa League final
27th FA Cup Final
28th Monaco GP

Ashdale Training Dates

Marketing

April
4th Marketing Planning for SME's (BoT)
12th Marketing Planning Skills - Option 1 (BoT)
20th Marketing Planning Skills - Option 2 (BoT)

May
9th Marketing Planning for SME's (BoT)
16th Marketing Planning Skills - Option 1 (BoT)
25th Marketing Planning Skills - Option 2 (BoT)

Licensed Trade

April
27th Planning For Profit (BoT)

May
TBC