

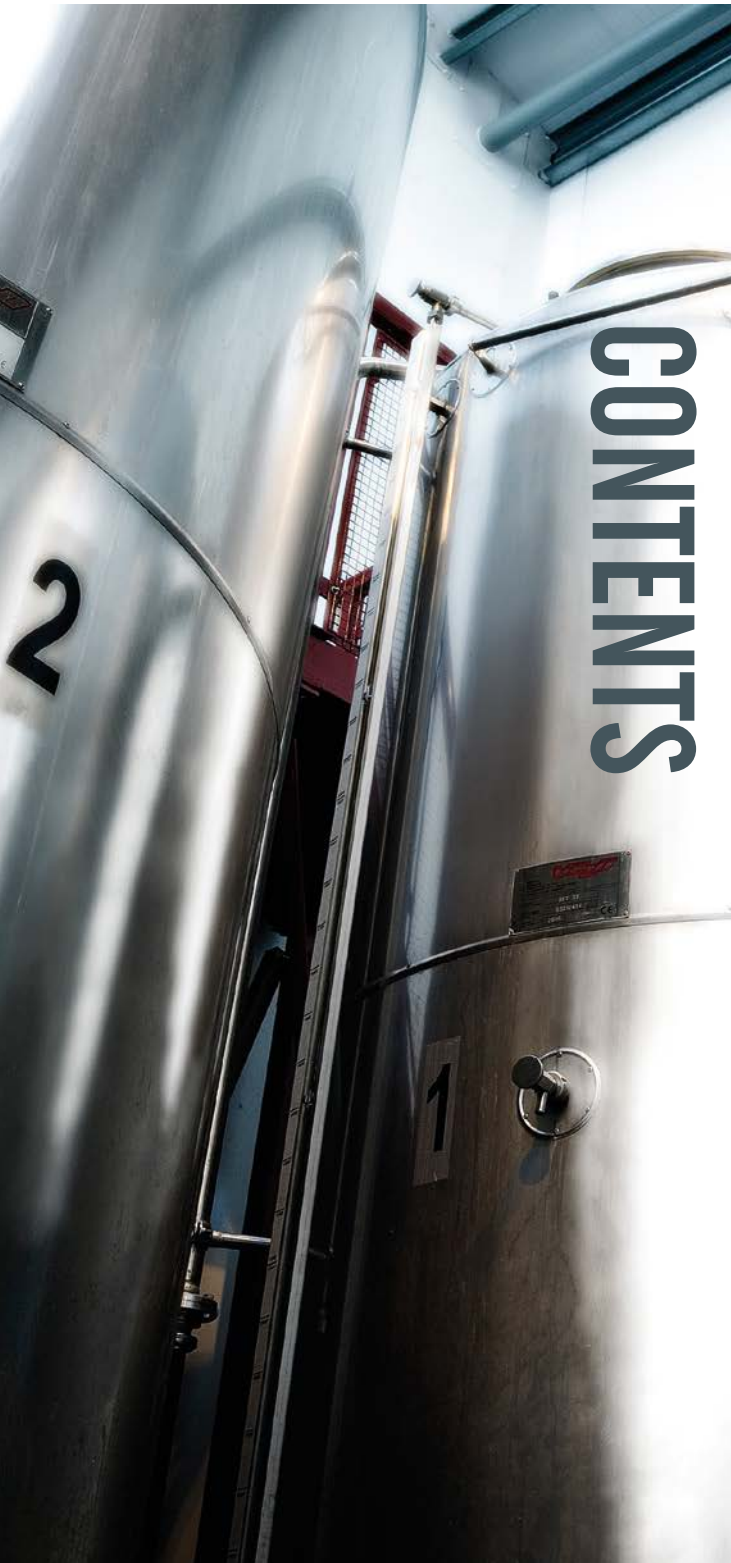


THE SOCIETY OF  
**SIBA**  
INDEPENDENT  
BREWERS

SIBA THE SOCIETY  
OF INDEPENDENT  
**BREWERS**  
THE ANNUAL  
**REPORT**  
2016







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SIBA was founded in 1980 by passionate brewing visionaries who recognised the need for a trade association to represent the particular and unique needs of Britain's flourishing micro-brewing sector.

As the years have passed SIBA has lost none of the values of our founders and the need for our Society has increased a hundred-fold as the independent brewing sector has boomed.

Our first ever strategic plan launched in 2015, together with a re-structure and changes to our governance has set us on a new path to create a sustainable future for independent breweries; very much looking forwards with ambitious and challenging goals.

A year after the plan was launched I'm delighted to present our first annual report. In some ways it is a work in progress, as it comes when we are only six months into our three year strategic plan, but it is useful in setting out our progress to date and demonstrating our commitment to be transparent and accountable in keeping our members up to date with how we are doing on their behalf.

There has been much going on at every level of the organisation. I hope you can recognise the giant strides we have already taken and see the opportunity for much more in the coming months and years.

Finally, thank you to my fellow Trustees who work very hard in their role as elected regional directors, to the members of the Executive whose expertise has been essential in our development and to our hard-working and dedicated staff led by Mike Benner, our Managing Director.

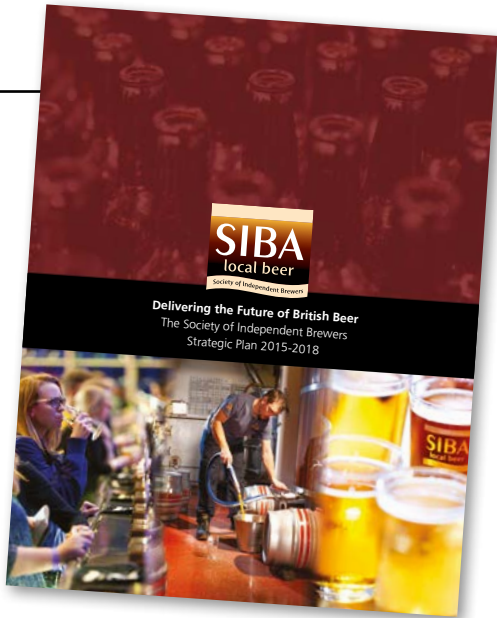
I thank you for your continued support and I very much look forward to sharing even greater successes with you in the future.

Guy Sheppard  
Chairman





# OVERVIEW



The launch of SIBA's first ever strategic plan in 2015 set a road map for the Society for the next three years. The primary objective of this annual report is to set out the impact of the many projects and activities we have carried out in the last twelve months to give members a clear view of the work we have been doing on their behalf.

OUR STRATEGIC CYCLE, ALIGNED WITH OUR FINANCIAL YEAR, IS AS FOLLOWS:

**Year 1**

1st October 2015 –  
end September 2016



**Year 2**

1st October 2016 –  
end September 2017



**Year 3**

1st October 2017 –  
end September 2018

This report primarily takes account of work and achievements since the strategic plan was adopted at the March 2015 SIBA AGM. Not all goals and activities set out in the three-year strategy have been launched in this first year and so we only concentrate here on projects which are underway, in line with the three year operational plan.

Performance against the plan is carefully monitored by the Senior Management Team, the Executive and finally the Board.

We keep members up-to-date with this process through regular reports at regional meetings and a detailed update report and impact assessment provided to all members three times a year following Board meetings.

Our aim is to be accountable and transparent in delivering genuine impact on issues which matter to our members.

OUR MEMBER  
RETENTION  
IMPROVED BY **10%**

## OUR PERFORMANCE

# HIGHLIGHTS 2015-16



## FINANCIAL

- Our reserves grew enabling us to invest in future plans and ensure the organisation has sufficient reserves to deal with the unexpected
- Strong financial performance. Our final accounts for 2014-15 were £115,000 ahead of budget
- Significant improvements to financial control and decision-making have reduced exposure to financial risk for the organisation
- We revised terms of business for SIBA DDS to ensure risk is fairly distributed in order to reduce the risk to SIBA members collectively

## MEMBERSHIP

- Our representation of independent brewers increased from 57-59% as more members joined as we launched our recruitment campaign
- Our Supplier Associate membership increased by 10% in the first quarter of our strategic plan, increasing funds and providing improved member access to suppliers
- Our member retention improved by 10%
- We delivered significant improvements to our compliance service helping members through difficult challenges, such as allergen labelling, by providing essential tools on the SIBA Toolbox

OUR REPRESENTATION OF  
INDEPENDENT BREWERS  
INCREASED FROM **57-59%**



# CAMPAIGNS

- We continued to champion Small Breweries' Relief with the industry and Parliamentarians. Protecting and promoting this essential initiative is a priority for SIBA and we are unique in our ability to do this
- We have championed our members' beers in the media as the very best of British beer whether in cask, keg, bottle or can
- We promoted our members beers at major events, the Great British Beer Festival and Craft Beer Rising
- We signed up as founding members of Britain's Beer Alliance in support of There's a Beer for That to ensure our members have access to the benefits from this campaign
- We promoted our members' interests to new MPs following the general election to ensure MPs are aware of their local breweries and the challenges they face
- We helped secure a third cut in beer duty, giving members the confidence to build plans and invest in their businesses. The UK beer market stabilised after years of decline
- We campaigned against 'voluntary' bans on strong beer in the off-trade, taking our concerns to the European Commission to ensure the premium beers produced by our members are not affected by 'Reducing the Strength' campaigns run by dozens of local authorities
- We lobbied the European Commission to ensure that our members' businesses will benefit from the review of the EU Structures Directive which governs how member states apply excise duty to different alcoholic drinks
- We supported Beer Day Britain in June, promoting our members' beers with various activities
- We worked with others to deliver the Cask Matters project focusing on providing accessible training for bar staff
- We worked with others to publish the Cask Report providing credible insight and licensee advice on cask
- Access to market. Our members share of the UK beer market increased to 7% as consumer interest in excellent beer continues to grow
- We supported Tryanuary to promote our members' beers in response to Dry-January campaigns
- We spoke out against the way the Government launched the new alcohol guidelines in January without consulting the industry, questioning the credibility of the guidelines compared with those in other countries

## COMMUNICATIONS

- We created clarity in our communications as the trade association for British independent craft breweries as part of our journey to become the voice of British brewing
- We doubled the press coverage around our National Beer Competition
- We over-hauled our social media strategy to ensure SIBA is engaged with members and others on Facebook and Twitter, significantly increasing the number of followers in a short period of time
- We improved our internal communications to keep members up to date with our progress, campaigns and compliance matters including the launch of 'Brewing in Brief' in December, our new e-newsletter
- We launched a new bi-weekly e-newsletter for Supplier Associate members to communicate with brewing members
- Our flagship event, BeerX grew in 2015, breaking previous records, to become the only national trade event for British beer creating a great place for members of the public to experience our members' beers in all formats.



OUR MEMBERS SHARE  
OF THE UK BEER MARKET  
INCREASED TO **7%**

# COMMERCIAL SERVICES

- We launched Beerflex to broaden our commercial offer to members, expanding on the highly successful Direct Delivery Scheme to include an Indirect Delivery Scheme and Consolidated Delivery Scheme
- Beerflex DDS introduced flexible ethical pricing structures to enable members to move away from pricing beer based on ABV. We continue to work with pub company customers to maximise the impact of this development



- Despite intense competition, we built on foundations of trust and an ethical not for profit business model to create new opportunities via DDS
- While sales dipped by around 4% in 2014-15, due mainly to the loss of customers, DDS continues to provide essential access to market. More brewers have moved into central distribution, which would have proved virtually impossible without DDS
- Beerflex CDS means SIBA has its own logistical capability to supply into the off-trade to meet the needs of a changing marketplace. We are in the process of building a new relationship with Amazon, opening up a potentially huge market to members
- We delivered the first stage of the SIBA Export Club, enabling members to register their interest in a developing service, building links with UKTI, providing trade mission opportunities to members and providing members with a helping hand towards export success
- We launched our Pubs Roadmap Tool providing advice and support to members moving into running pubs
- We launched the SIBA Food Safety Quality (FSQ) Certificate to provide a cost-effective and affordable audit route for members as a stepping stone towards SALSA as retailers increasingly look for independent accreditation of suppliers. The scheme demonstrates that SIBA brewers represent quality and excellence and are committed to improvement



OUR FLAGSHIP EVENT, **BEERX**  
GREW IN 2015, BREAKING PREVIOUS RECORDS



# CAPABILITY

- We invested in our staff to provide the structure and capability required to deliver our plans
- We appointed three Regional Executives to provide much-needed support to our eight regions. We have already seen impressive increases in member attendance at regional meetings within the first quarter ranging from 30-100%
- We introduced various management processes to ensure new proposals and projects are properly considered and executed and to handle risk effectively to protect our members' Society

52%

of members rank SIBA's Beer Competitions 'very important'

IMPRESSIVE INCREASES  
IN MEMBER ATTENDANCE AT  
REGIONAL MEETINGS WITHIN THE  
FIRST QUARTER RANGING FROM

30-100%

COMING  
SOON

MAJOR PROJECTS  
PLANNED FOR  
2016-17



## FINANCIAL

- We will look to introduce new membership categories to reflect better the structure of the independent brewing sector and ensure all members get value for money, but pay a fair price to enable us to deliver our vision
- We will continue to deliver our commercial services on a not for profit basis, but aim to increase overall income to deliver improved benefits and impact for members



## MEMBERSHIP

- We will continue to invest in providing an excellent and ever-improving membership package for our members
- Launch Phase 1 of the SIBA Training offer to provide unique training portal for members
- We will measure member satisfaction and set targets to increase it
- We will investigate new membership categories such as 'future brewers', 'home brewers', 'brewpubs', 'super-micros' and a 'consumer club' to build representation, diversity and income to support our activities
- We will use the face-to-face contact that results from the SIBA FSQ to signpost your business to tools, training and other services available to members



## CAMPAIGNS

- We will engage with other parts of the industry to not only protect, but to evolve positively Small Breweries' Relief
- Press for further reductions in the tax burden on the sector
- Set up a Policy Working Group and ensure we have the capability to enable SIBA to lead on challenging issues facing the industry including minimum unit pricing, the new alcohol guidelines, the European Alcohol Strategy and the impact of drink driving laws
- We will work with others to build opportunity for members' beers in the hospitality sector looking beyond the traditional pubs market

WE WILL MEASURE MEMBER SATISFACTION  
AND SET TARGETS TO INCREASE IT



# SIBA MEMBERSHIP

## WHY YOU NEED TO BE A MEMBER OF SIBA:

- Driving your business
- Keeping you informed
- Campaigning for your business
- Giving you the right advice and support at the right time
- Promoting SIBA members' quality beer
- Enabling you to network with other brewers and suppliers
- Running the best beer and brewing industry awards

## JUST A FEW OF OUR MOST POPULAR UNIQUE BENEFITS:

- SIBA Beerflex DDS
- Compliance service
- Legal helpline
- Brewing helpline
- Beer competitions
- SIBA Toolbox
- SIBA Journal and Brewing in Brief

## WHY BREWERS VALUE THEIR SIBA MEMBERSHIP:

Find out more about why your business should be part of SIBA at [www.siba.co.uk/welcome-to-siba/siba-membership/](http://www.siba.co.uk/welcome-to-siba/siba-membership/)

**66** Sam Ward, Director,  
Tweed Brewing Co (Hyde)

The biggest draw of SIBA membership was Beerflex but the knowledge, industry insight and opportunities that SIBA makes each member aware of are now as important. I can honestly say that without SIBA's help we wouldn't be working with some of the national companies we work with today. Thank you SIBA!

99

**66** Graham Gannaway, Brewer,  
Schoolhouse Brewery (Darlington)

I wanted to ensure that from day one we would be a learning organisation, drawing on both brewing and business best practice and then embed these principles into my company. The resources I have been able to draw upon through SIBA have undoubtedly saved me time, money and, as importantly, peace of mind.

99

**66** George Hammersley,  
Roddenloft Brewery (Ayrshire)

Joining SIBA has opened up a network of contacts and information sources to us, which as a new brewery has been extremely helpful and beneficial to our business. A good investment and to be recommended.

99

**66** Stuart Fairburn,  
Hadham Brewery  
(Little Hadham, Herts)

It does make a huge difference to say to people, you're a SIBA member, as it gives your Brewery credibility. It opens the doors to new business opportunities, which would normally be shut to you if you did not have membership.

99



# COMING SOON

## COMMUNICATIONS

- We will launch a new SIBA website
- We will re-launch the SIBA Toolbox
- We will re-launch the SIBA Journal
- We will increase media profile for competitions and SIBA generally

## COMMERCIAL SERVICES

- We will further develop and promote the SIBA FSQ to add genuine value to members
- We will encourage more pub companies to adopt the Beerflex flexible pricing models
- We will deliver the early stages of the SIBA Indirect Delivery Scheme to help provide access to central distribution for members
- We will work with partners to develop the SIBA Export Club, providing access to new markets for members
- We will begin to provide the support required by members to gain market access following the introduction of the Statutory Code applicable to large pub companies
- We will deliver the continued expansion and improvement of SIBA BeerX
- We will deliver improvements to the SIBA joint purchase schemes
- We will promote and build income from the SIBA Mobile Cellar Service and our e-commerce functions



# CRAFT BEER

– a global success story,  
or the beginning of the end?

A spate of acquisitions of craft breweries by global drinks companies around the World, including London brewers Meantime and Camden, indicate that the world's biggest brewers want a share of the craft beer revolution. A big share.

Our insight research clearly shows that consumers regard craft beer as 'made by small brewers rather than large corporations', as 'more interesting and tasty than mainstream commercial beers' and as 'made by artisanal brewers'.

SIBA recognises that craft brewers have worked hard to build the renaissance in British beer through innovation and diversity; key characteristics of craft beer and it is encouraging that consumers increasingly understand what the term means to them.

SIBA will continue to campaign positively to promote Britain's genuine craft breweries.



**10%** INCREASE IN  
SUPPLIER  
MEMBERS

**MOST BREWERS  
PRODUCE BETWEEN FOUR  
AND SIX REGULAR BRANDS**

Summary of annual accounts for the year ended 30 September 2015

PROFIT AND LOSS	Year ended 30 September 2015			Year ended 30 September 2014		
	National	DDS	Total	National	Siba CS	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	275	13,165	13,440	236	13,671	13,907
Cost of sales	0	12,446	12,446	0	13,072	13,072
Gross margin	275	719	994	236	599	835
Overheads and activities	(242)	(727)	(969)	(197)	(573)	(770)
Profit/(loss) before tax	33	-8	25	39	26	65
Taxation payable/ (recoverable)		-1	-1		5	5
Profit/(loss) after tax	33	-7	26	39	21	60

BALANCE SHEET	Year ended 30 September 2015			Year ended 30 September 2014		
	National	DDS	Total	National	DDS	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	2	85	87	3	78	81
Investments	421	0	421	0	428	428
Debtors and prepayments	31	1,277	1,308	16	1,352	1,368
Inter-company	(29)	29	(29)	386	(386)	
Regions bank accounts	60		60	49		49
Bank accounts	18	444	462	15	413	428
	503	1,835	2,338	469	1,885	2,354
Creditors and accruals	62	1,393	1,455	72	1,429	1,501
Corporation tax	0	(2)	-2	0	6	6
Deferred tax provision	0	16	16	0	15	15
	62	1,407	1,469	72	1,450	1,522
Net assets	441	428	869	397	435	832
Share capital		0	0		0	0
Reserves brought forward	397	435	832	363	414	777
Regions own results	11		11	-5		-5
Current year result	33	-7	26	39	21	60
Reserves carried forward	441	428	869	397	435	832

Note: SIBA reserves						
Main fund		379			345	
Regions		62			52	
Total reserves		441			397	



FINANCIAL REPORT

The year ended 30th September 2015 was a successful year financially with our organisation reporting a modest surplus; it also succeeded in maintaining its healthy balance sheet position.

Subscription income from members was up 12%, mainly due to attracting new members both in brewing and Supplier Associates.

Income from commercial activities mainly comprises of Direct Delivery beer sales ('DDS') on behalf of our members; these were down by 4% from the record level of the previous year which reflects more competitive market conditions.

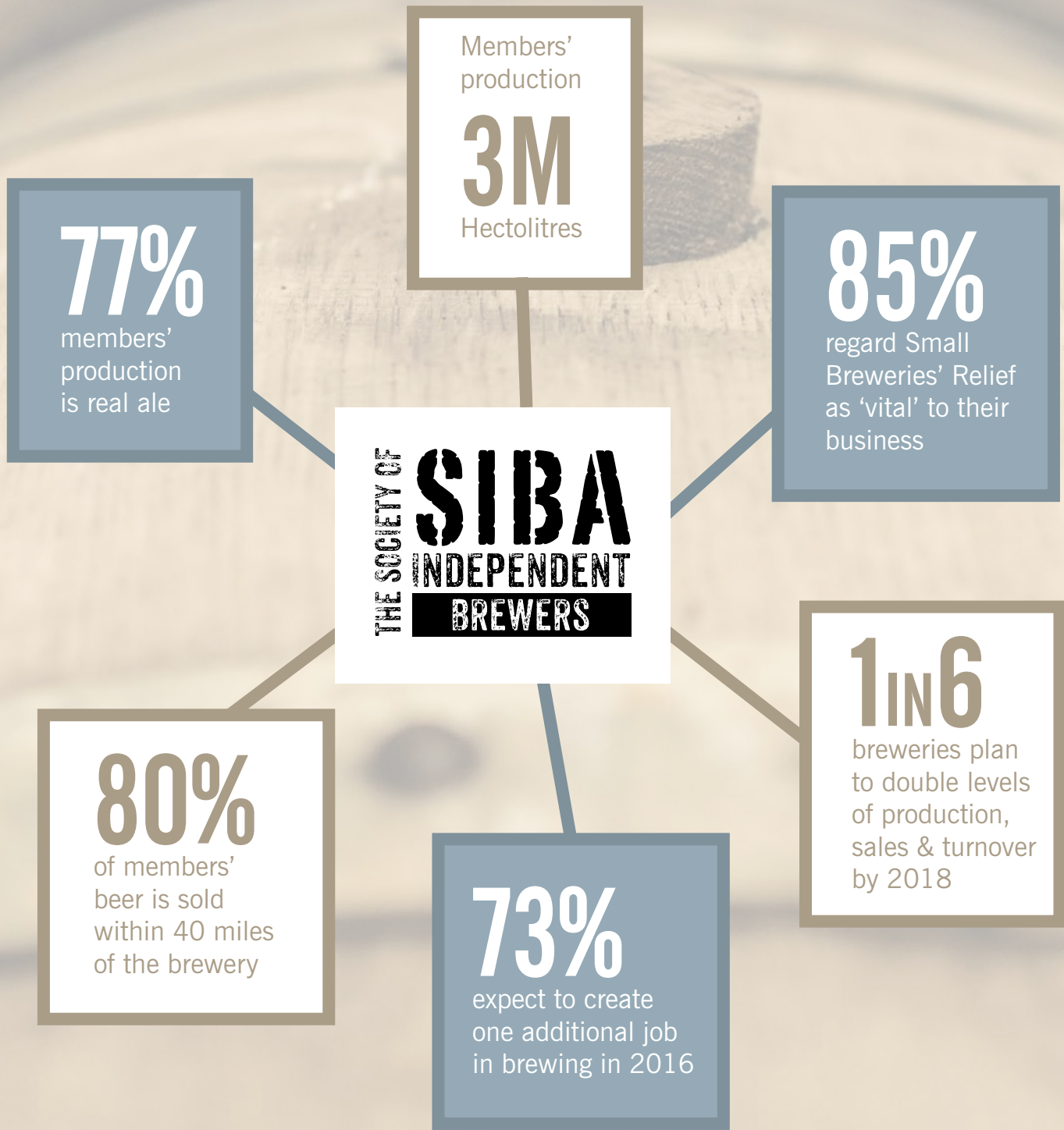
In 2014/15 we had budgeted for a deficit, as we looked to strengthen our people resources to help us meet the various challenges ahead, but this year of investment is now budgeted to occur in the current 2015/16 financial year.

The strengthening of our team, who look after the interests of our members, including improving our organisation's communications with all our stakeholders, forms an important part of our strategy.

The anticipated improvement in our income from membership activities, in terms of increasing the number of brewers who choose to join SIBA and in terms of the services and benefits they will derive from their membership, is expected to be a feature of the results we aspire to be reporting in future periods.

WAS UP BY  
SUBSCRIPTION INCOME  
12%





AVERAGE BEER STRENGTH IS **4.1% ABV**

KEY FINDINGS

BRITISH BEER REPORT 2016

Each year SIBA surveys its members to gather important information on activities to help build a reliable picture of independent brewing in the UK today. Since 2015 the survey has been carried out by renowned economist, Dr Ignazio Cabras of the Newcastle Business School at the University of Northumbria in Newcastle. Dr Cabras has brought numerous improvements to the methodology and reliability of the survey. This year we received almost 400 responses.

The report focuses on beer production, jobs, growth and investment. A full version of the report is available at [www.siba.co.uk/britishbeerreport2016](http://www.siba.co.uk/britishbeerreport2016).

In 2015 we saw a further increase in the number of UK breweries against a backdrop of further pub closures, but a continuing interest in excellent beer from consumers. Our members have continued to invest in both people and production. Our members provide an incredible selection of beer styles and brands with almost 5,000 regular beers and many thousands more seasonal and one-off brews. Our members continue to innovate and reach out to new markets; there have been significant increases in kegging and canning activity in 2015 and this is set to continue in 2016. Despite this, cask ale is key to our members and 77% of production is real ale.

SIBA members' share of the beer market continues to increase. The survey suggests that in 2015 our members produced just over 3 million hectolitres, around 7% of the total UK beer market.

73% of members expect to create at least one job in brewing in 2016, with a third creating at least two jobs.



This translates to around 930 new jobs expected in 2016. Our members are geographically spread and many are in economically deprived areas of the UK, bringing essential jobs and benefits to the local economy and community. Our brewers are local and 80% of beer is sold within 40 miles of the brewery.

This contribution is amplified by the many hundreds of supplying companies, which now thrive as a result of the growth in the number of craft breweries. Each supplier brings jobs, growth and investment to the sector. SIBA now has around 275 Supplier Associate members and this has more than doubled in three years.

Our members are confident about the future; four out of five expect their turnover to increase in 2016, despite increasing competition, legislative uncertainties and structural changes in the pubs market.

The continuation of Small Breweries' Relief, at least at current levels, is essential to our members. 85% regard it as vital to their businesses and SIBA continues to be the champion of the scheme to Government and the wider industry. Members used duty savings from the recent cuts in beer duty and from Small Breweries' Relief to invest in people, plant and transport. Very few use it to discount their beers.

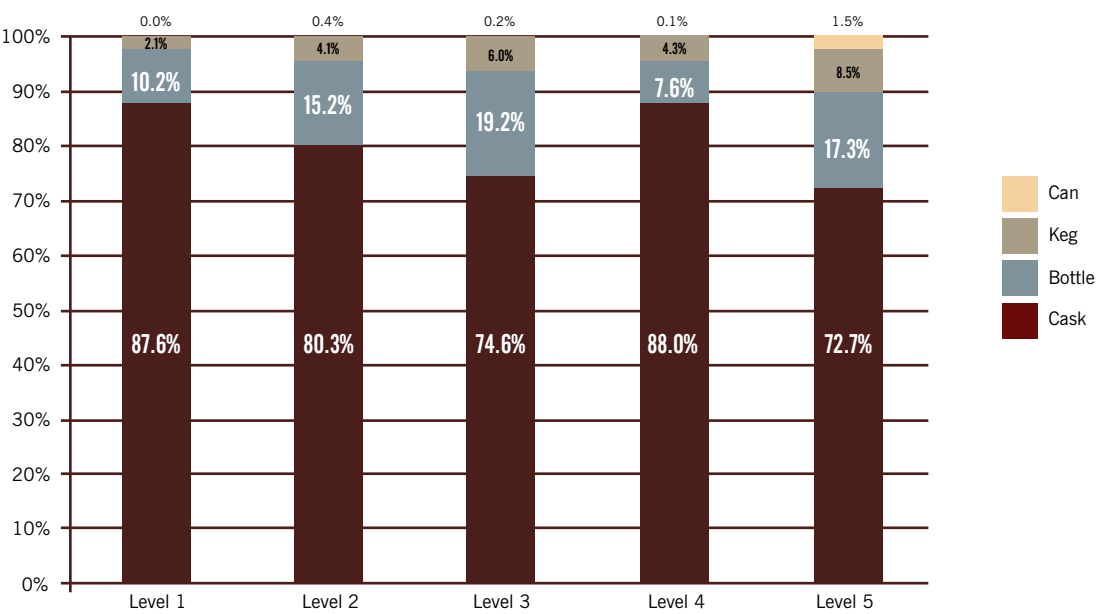
Finally, almost one in six breweries plan to double their current levels of production, sales and turnover by 2018.

As consumers demand ever more variety, excellence and innovation in beer, there is doubt that Britain's independent craft breweries are rising to the challenge.

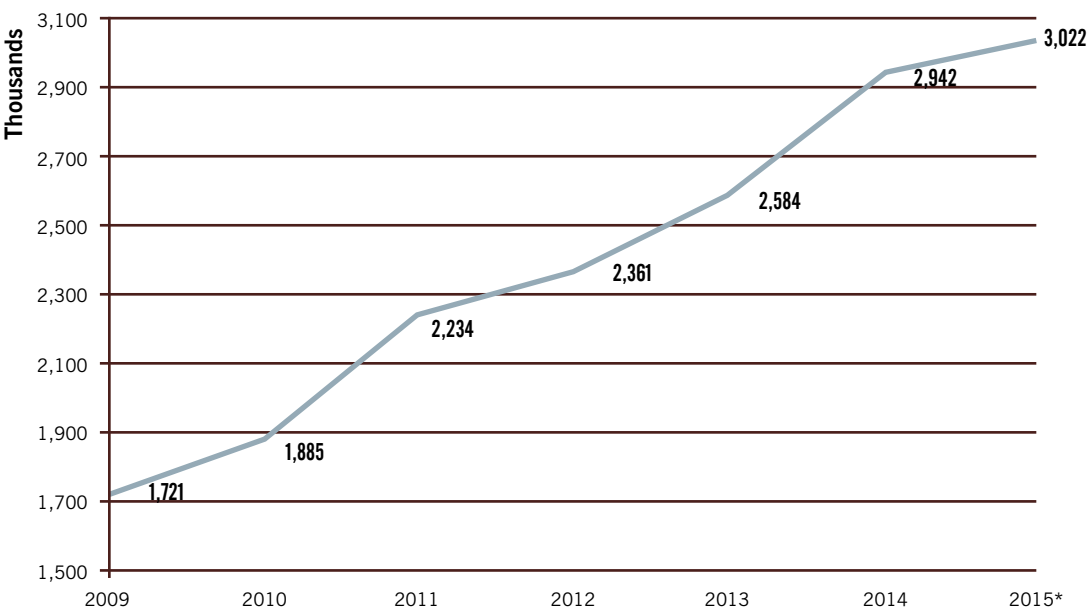
SIBA NOW HAS AROUND **275** SUPPLIER ASSOCIATE MEMBERS



Total 2015 production by packaging accounted for surveyed members



Production totals 2009-2014 (thousand HL)



# BREWERIES & BEER PRODUCTION

- SIBA's membership has grown by 49 members in 2015, to a total of 835 members
- 15 breweries joined SIBA in the first month of 2016 alone. This is a promising start towards achieving the organisation's Strategic Plan aim of 20% growth in Year 1. (October 2015 – September 2016)
- Over 287 million pints produced by respondents are estimated to translate to 532m by SIBA members, or just over 3.02 million hl in 2015
- Beer production to increase in 2015, registering a 15% increase in the period 2013-2015, compared to 5.7% 2011-12 and 8.5% 2012-13
- Over half of respondents brew less than 1000hl
- Keg proportion of production expected to more than double in two years to 5.7% in 2015 and it is expected to increase further in 2016
- 27% of members are now selling some craft beer in keg.
- Cask production now 77% of total
- More bottled, kegged and canned beers – proportions related to these types of packaging all expected to increase in 2016
- Majority of respondents brew less than 10% of production as bottled beer
- Average beer strength is 4.1% ABV
- Golden ales are the most produced beer style – 95% of respondents brew at least one, followed by a traditional bitter – 83%
- Most brewers produce between four and six regular brands
- 93% of respondents brew seasonal beers.



CASK PRODUCTION NOW  
**77%** OF TOTAL

SIBA'S MEMBERSHIP  
HAS GROWN TO **835** MEMBERS



JOBS:

- 73% of brewers expecting to employ one or more new employees in the next 12 months
- Estimated 930 new jobs to be created by members next year
- 4.3 full-time and 1.9 part-time are employed by members on average
- 1 in 4 employees are women
- More than 70% of jobs are full-time
- Good range of ages in employment – nearly half are aged 34-55, with 35% aged 16-34 and 16% aged over 55
- Investing in young people - more than one in ten employees are aged 16-24
- Local jobs in local breweries. Strong impact on local employment – over a third live in the same town or village as their brewery with a further 30% living within five miles
- Survey indicates a steady increase in both full-time and part-time jobs in the period 2012-15

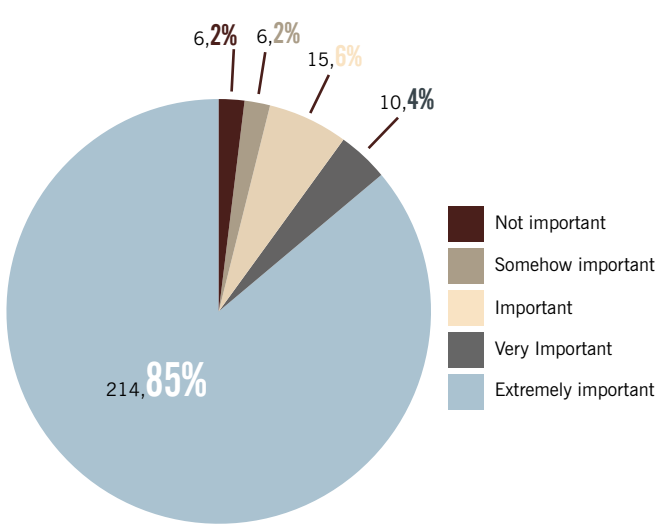
GROWTH:

- Four out of five respondents expect their turnover to increase in 2016
- One in three forecast growth in turnover of over 25% in 2015
- 37% of respondents' turnover was between £50k and £250k in 2015
- Less than 10% expect a decline in turnover in 2016
- Respondents took on 39 pubs in 2014, indicating 20 acquisitions across SIBA's membership
- 56% of production is supplied to free-trade pubs, with 8.6% going to controlled pubs
- Over 80% of beer sold within 40 miles of the brewery
- Nearly 17% of respondent brewers are now exporting their beers
- 53% of brewers approached are interested in exporting their beers
- Half of surveyed breweries rented containers to deliver their production in 2015

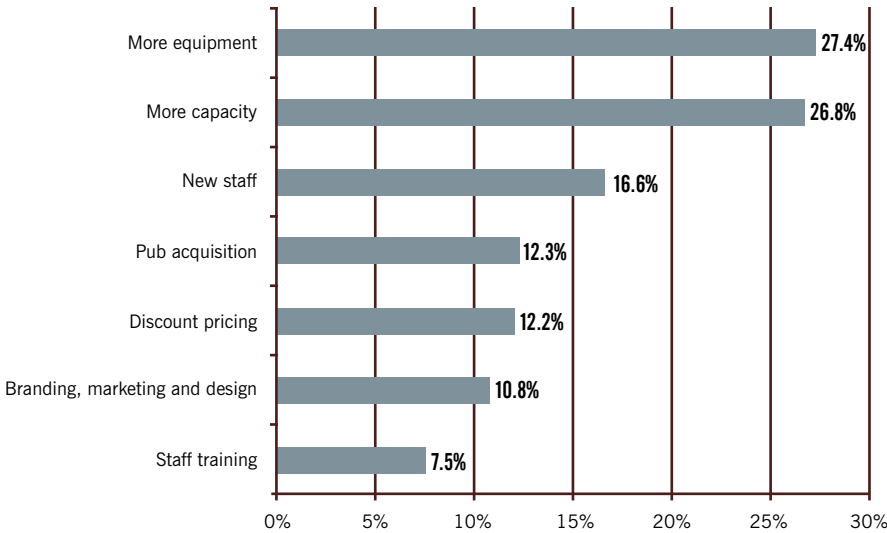
INVESTMENT:

- Most breweries made capital investments in 2015
- 13% invested more than £100k in 2015
- Bulk of investments were in expanding beer production, modernising equipment and improving transportation
- Duty savings from three successive duty cuts and Small Breweries' Relief were mainly used for more capacity, new equipment, hiring new staff and pub acquisition
- Only 12% of respondents used duty benefits to discount beers
- Training remains very important to members – 74% intend to invest in staff training in the future and three out of four are interested in a SIBA-led training scheme
- Small Breweries' Relief at least current levels is essential to the future – 89% say it is 'extremely important' and 'very important' to their business and a further 6% say it is 'important'
- Almost one out of six breweries plan to double their current levels of production, sales and turnover by 2018

Importance of Small Breweries' Relief for breweries (percentages in brackets)

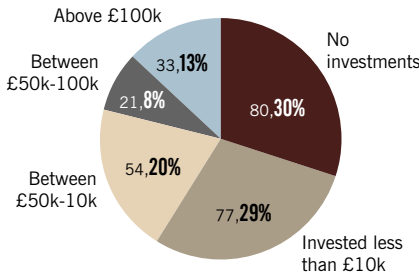


Priorities in relation to using duty savings

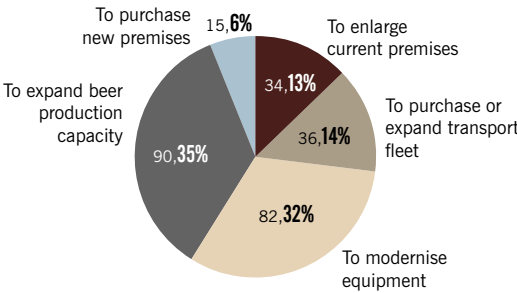


Levels of capital investments made in 2015 and related purposes

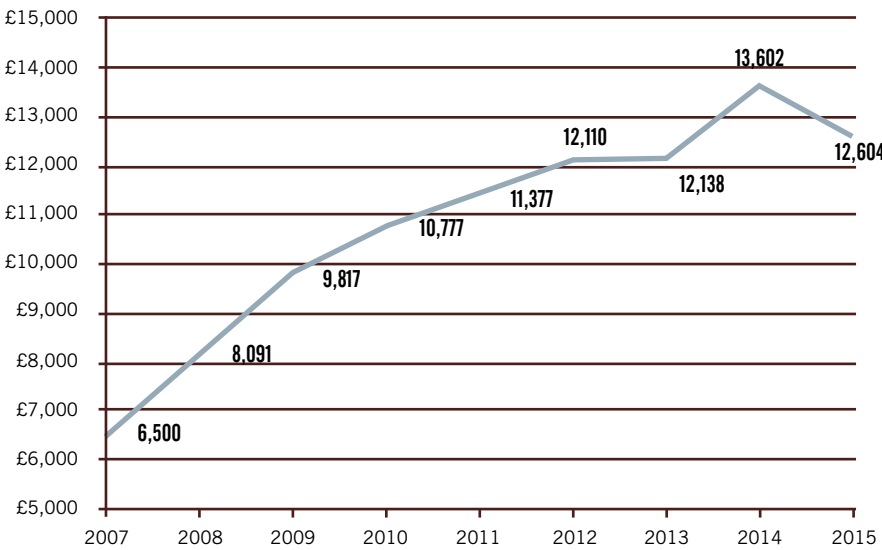
Capital investments in 2015



Investments purposes



DDS Annual turnover (£ thousand)



ONE IN THREE FORECAST  
GROWTH IN TURNOVER OF OVER

25% IN 2015

15 BREWERIES JOINED  
SIBA IN THE FIRST  
MONTH OF 2016 ALONE



# SIBA'S STRATEGIC MODEL 2015-18

Vision: to deliver the future of British beer and become the voice of British Brewing

### WHAT MAKES SIBA UNIQUE:

SIBA is the only nationwide organisation representing British independent brewers. Our commercial activities provide diverse business solutions and services to improve access to market and build opportunities for members with all proceeds invested back into SIBA. Our combined commercial activities, suite of benefits and our campaigns drive our membership offer.

### PRINCIPLES AND VALUES:

Our five core principles, transparency, representation, accountability, democracy and efficacy provide a framework for how we behave as an organisation. Our values guide how our staff and officers act. These are shared responsibility, honesty, sustainability, integrity, fairness and community.

## STRATEGIC AIMS

### Promote and campaign for our members

- Protect and enhance Small Breweries' Relief
- Secure a better deal on beer tax
- Focus on the promotion of quality beer from our members in all formats
- Promote the benefits of the moderate consumption of beer
- Protect and improve access to market
- Provide first-rate internal communications for our members
- Promote our beer competitions.

### Provide and enhance commercial opportunities

- Develop and grow DDS to respond to changing market conditions including the weakening of the tie and the growth of the free trade
- Develop joint purchase schemes of items widely used by members
- Develop our export support
- Deliver a pubs road map package for members
- Grow BeerX
- Investigate consumer-facing beer events
- Create a SIBA Mobile cellar service
- Develop our e-commerce service to members.

### Grow and develop our membership

- Deliver a first-rate membership package
- Develop new membership categories to improve our membership offer
- Increase our representation by growing brewer membership by 20% in year 1, 12% in year 2 and 8% in year 3
- Improve membership retention
- Grow supplier membership by 10% in each year
- Measure member satisfaction and increase satisfaction with our services
- Improve our compliance service
- Promote and provide access to training for members
- Improve networks for our members
- Provide cellar services support
- Develop a quality accreditation scheme
- Provide first-rate technical support.

### Develop our capability

- Support and develop the capability of SIBA's regions
- Build our profile with Government, parliamentarians, industry, the media and key decision makers
- Develop our campaigning techniques
- Develop our ability to campaign at a European level
- Improve the ways in which we connect and collaborate across the organisation and the whole industry
- Maintain the efficacy of our financial reserves
- Strengthen our learning culture
- Follow best practice in operational management.

## KEY FINDINGS

# SIBA BRITISH BEER INSIGHT PROJECT AN EXCITING FUTURE FOR INDEPENDENT BREWERIES



In the first of a series of research projects in the pipeline, SIBA commissioned M&C Allegra Foodservice to carry out a major research project of consumers and licensees to provide original insight into British beer.

This is a summary of the key findings of the project.

The purpose of the project is to provide SIBA and its members with insight, which is not available elsewhere, to improve access to market and develop commercial opportunity by demonstrating the benefits for retailers of stocking craft-brewed beer.

### VARIOUS FACTORS LED TO THE PROJECT INCLUDING:

- A lack of ownership and cohesion of the 'craft' beer sector and the need for a clearer understanding of what the term means to most consumers
- A genuine and sustained consumer trend towards excellence in beer
- The need for pubs to build unique selling points in a declining market

- The need to push the boundaries for craft-brewed beer by further developing new markets in hospitality including casual dining, restaurants and hotels
- The need to build a future for our members' beer in a fragile UK beer market which has suffered long-term decline
- Attempts by global brewers to take a share of the craft market around the world
- The uncertainties surrounding the impact of the Market Rent Only legislation and what this may mean for market access for independent brewers
- The need for SIBA to develop Beerflex as a direct, indirect and consolidated distribution service for our members in light of new opportunities and increased competition

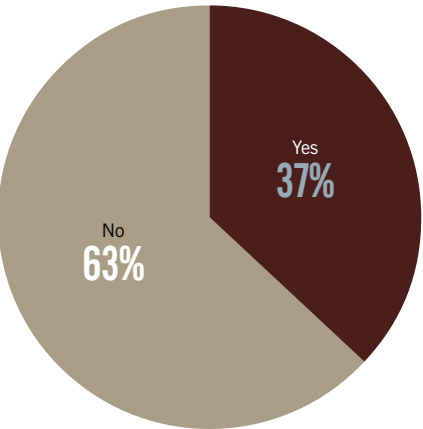
We will use the insight both to support SIBA's strategic objectives and also to provide our members with useful insight to enable them to create and build new opportunities for their own beers.

The outcomes of the project will be communicated in various ways over the coming months.

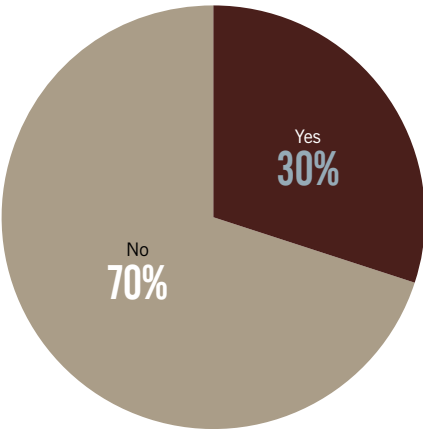
**77%** WOULD LIKE TO KNOW ABOUT THE TYPES OF HOPS USED



Are there sufficient tasting notes to explain the look, smell and taste of the beer in pubs/hotels/restaurants?  
Single choice



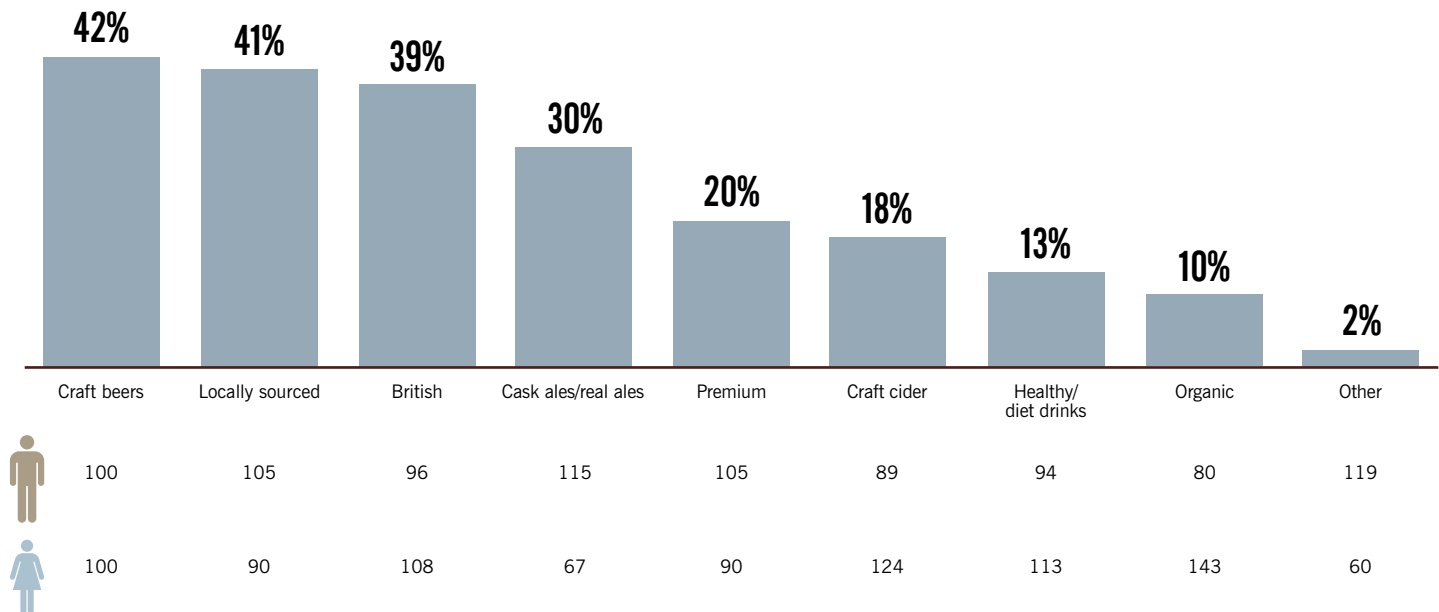
Are there sufficient tasting notes to explain the look, smell and taste of the beer in supermarkets/off-licenses?  
Single choice



WOULD YOU VISIT RESTAURANTS MORE IF THEY SOLD A RANGE OF CRAFT BREWED BRITISH BEER?

YES 35%  
NO 44%  
NOT SURE 21%

Most influential beer trends over the next 12-18 months  
Multiple choice up to a maximum of 3 responses, indices\* by gender



Note\*: An index of 100 = no skew in segment representation. An index of higher/lower than 100 highlights a bias towards greater/lesser segment participation relative to the overall segment share of respondents.

27% OF MEMBERS ARE NOW SELLING SOME CRAFT BEER IN KEG

# THE CONSUMER

This part of the project aims to provide SIBA with insight into consumer knowledge of and interest in British and locally brewed beer, and to identify how SIBA can leverage its position in the industry to better educate and inform consumers.

M&C Allegra carried out interviews with 900 beer drinkers and 100 non-drinkers using an online survey platform. The research was conducted in January 2016.

The results highlight attractive opportunities for SIBA to lead the way in responding to strong consumer interest in learning more about different styles of beer and beer ingredients.

- More than 9 in 10 consumers are interested in learning about different styles of beer. Younger adults tend to be more interested: 35-39 year olds show the greatest interest, with 25-34 year olds also over-indexing. There is potential for SIBA to play a key role in educating consumers about beer – something there is clear demand for.
- More than 1 in 3 consumers think there isn't sufficient information available about different styles/types of beer. An opportunity exists for SIBA to take the lead in increasing consumer awareness.
- 'At the bar in the pub' and 'Word of mouth' seen as the most valuable sources for information on different beer styles. 'Advice from pub/bar staff' ranks second in information sources that could be useful, showing there is scope to train and develop bar staff.
- 29% highlight beer menus as an information source that could be useful, but currently only 14% find them useful. More can be done to communicate the flavour profile and ingredient content of different beers on menus. Other notable information sources, where a

discrepancy currently exists between how useful they are and how useful they could be, are beer tastings (33% think could be useful versus 16% currently find useful), information/trade magazines (25% versus 11%) and information away from the bar in the pub e.g. posters (16% versus 9%). These are the information sources that SIBA should target to inform consumers about British craft brewed beer.

- The power of British craft brewed beer to drive visits, from restaurants to cafés. More than 1 in 3 consumers would visit restaurants more often, if they sold craft brewed British beers. 18% would visit coffee shops/cafés more. 56% would visit bars more, if they sold British craft beers.
- 53% of respondents think it's important that beer is brewed in Britain. Over a quarter of all male consumers think this is highly important, particularly older males.
- 2 in 3 consumers would like to know more about the ingredients in beer and their effects on taste. 77% would like to know about the types of hops used, clearly the most important ingredient.
- Older consumers are more passionate about cask ale/real ale and craft beer. Both the 50-64+ and 65+ age group over-index for identifying as 'Cask ale/real ale/craft beer enthusiasts', whilst 18-24 year olds are strongly overrepresented for 'Don't have a strong preference'. There is scope to inspire more young beer drinkers to move away from lager to cask ale/real ale/craft brewed beer.
- Women are drinking beer more. 16% of all consumers report drinking more beer now than 2-3 years ago; however, for women this is considerably higher – nearly 24%. This is a market that should not be ignored.

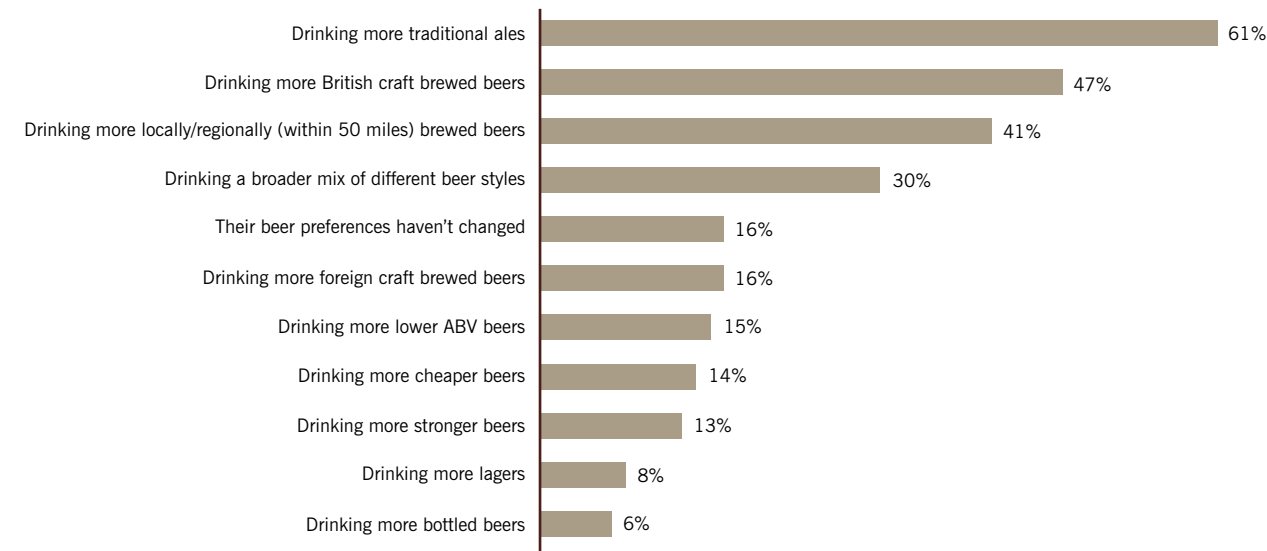


53% of respondents think it's important that beer is brewed in Britain

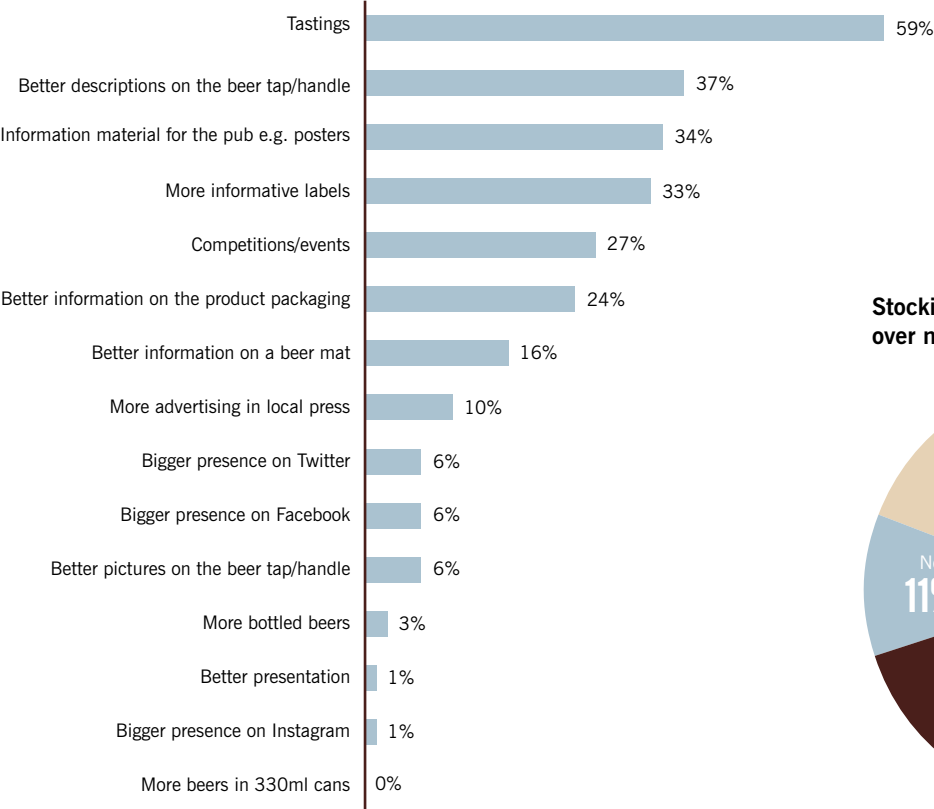
MORE THAN 9 IN 10 CONSUMERS ARE INTERESTED IN LEARNING ABOUT DIFFERENT STYLES OF BEER



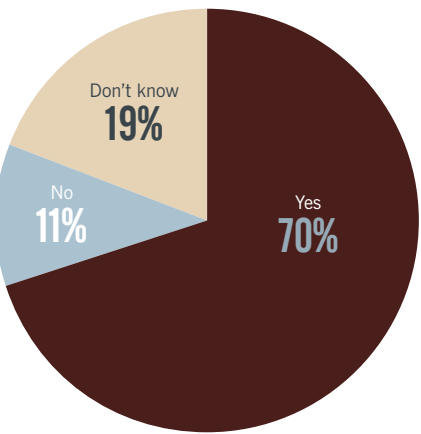
Changes in customer beer preferences, past 2-3 years



Ways for breweries to better communicate their products' benefits



Stocking independent and/or local beers over next 2- 3 years



**7in10**  
licensees plan  
to stock more

# THE LICENSEE

This part of the project aims to provide SIBA with insight into pub licensee knowledge of and interest in British and locally brewed beer, and to drive greater awareness of SIBA among licensees.

M&C Allegra interviewed 100 pub licensees using an online survey platform in January and February 2016.

Licensees value independent British beer and plan to stock more of it, providing a key opportunity for SIBA members.

- 94% of licensees say their customers are 'interested' in British based/brewed beers. 47% say their customers are 'very interested'. These are high shares and provide attractive opportunities for SIBA breweries.
- 95% of licensees say their customers are 'interested' in locally/regionally (within 50 miles) brewed beers. 51% of licensees say their customers are 'very interested' in locally/regionally brewed beers.
- 93% of licensees think the beer range is influential to the identity of the pub. 1 in 3 licensees think the beer range is 'extremely influential'. SIBA breweries can market their beers as something that can strengthen the identity of a pub and add a point of differentiation.
- British based/brewed beer makes up 71%+ of beer sales for almost 1 in 2 licensees. This is a high share considering the prevalence of international lagers at pubs, although many of these are in fact brewed in the UK.
- Good range of guest ales and more local/regional beers are key ways to encourage customers to drink more beer in pubs, according to both licensees and consumers. SIBA can play a key role in providing both guest ales and local beers.
- 7 in 10 licensees plan to stock more independent and/or locally/regionally brewed beers over the next 2-3 years, highlighting key opportunities for SIBA.
- Licensees think a key benefit of stocking beers by independent breweries is helping the pub stand out, a strong selling point for SIBA members.

**94%** SAY CUSTOMERS  
'INTERESTED' IN BRITISH  
BASED / BREWED BEERS

**93%** THINK THEIR BEER RANGE  
IS INFLUENTIAL TO THE  
IDENTITY OF THE PUB



YOUR COMMENTS

We hope you enjoyed reading this report and found it useful. We are always pleased to receive feedback from our members on our work as your trade association.

Please contact the Managing Director, Mike Benner by email at [mike.benner@siba.co.uk](mailto:mike.benner@siba.co.uk)

SIBA'S STRUCTURE

- The Board**  
The Board consists of a maximum of three elected directors from each region, the Executive Directors and the Non-Executive directors. It is responsible for
- devising, developing and implementing the strategic direction of SIBA; overseeing the performance of the Executive;
  - monitoring and reviewing the performance of SIBA to ensure constitutional, strategic, regulatory and statutory compliance;
  - approving strategic plans, annual budgets and authorisation limits within which the Executive will operate;
  - overseeing the management of the Regions and ensure that Regional operations (including decision making) is undertaken in accordance with the Constitution;
  - considering any issues raised by Members at a Regional Board and
  - dealing with Membership issues and pursuing initiatives for the benefit of a Member.

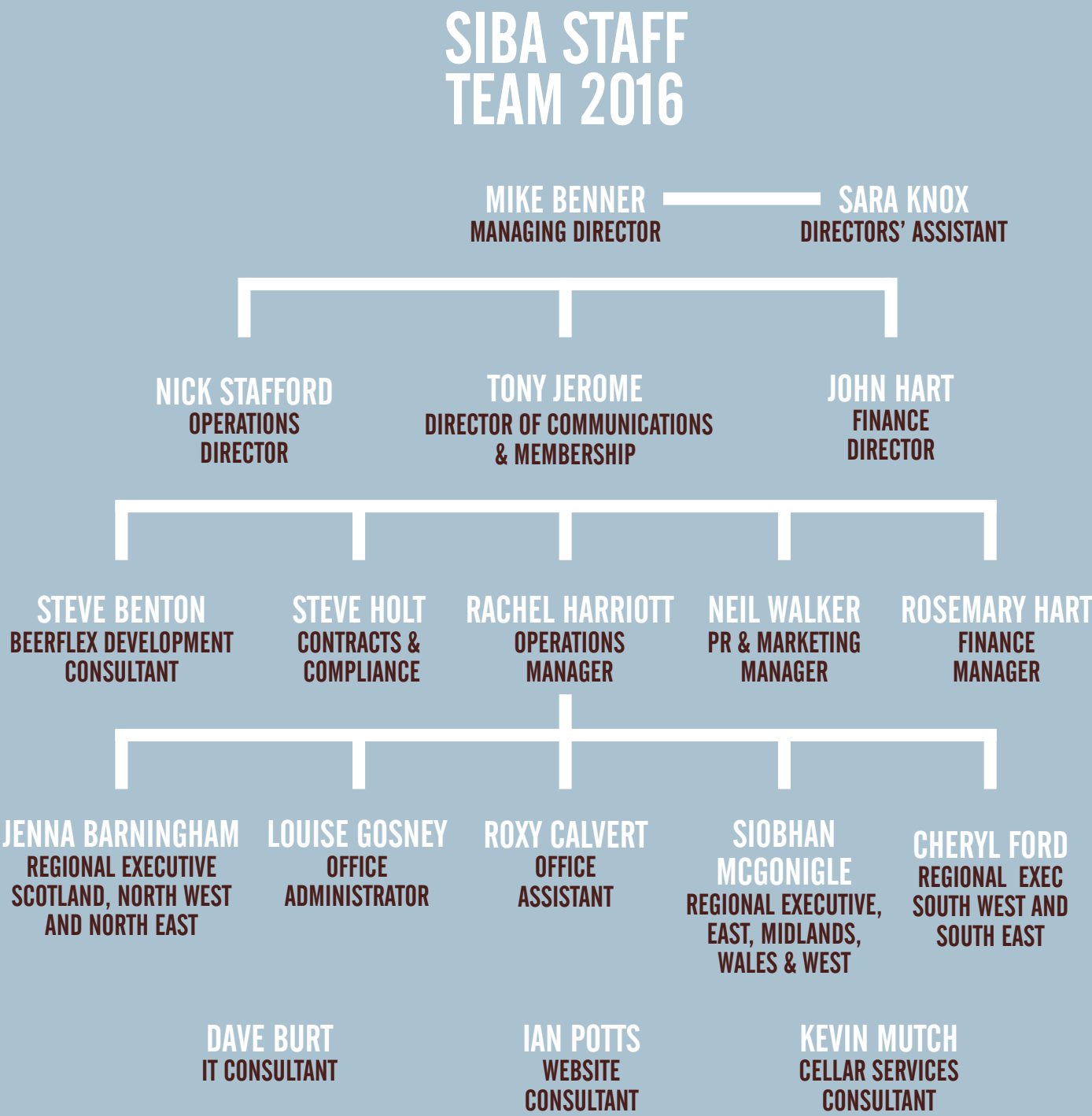
**The Regions**  
SIBA's eight regions are: South East, South West, East and East Anglia, Midlands, Wales and West, North West, North East and Scotland. Each has a maximum of three elected directors.

**The Executive**  
The Executive is formed by the Executive and Non-Executive Directors and is chaired by the Senior Non-Executive, currently Francis Patton. It is responsible for the day to day operation and management of SIBA under the supervision of the Board.

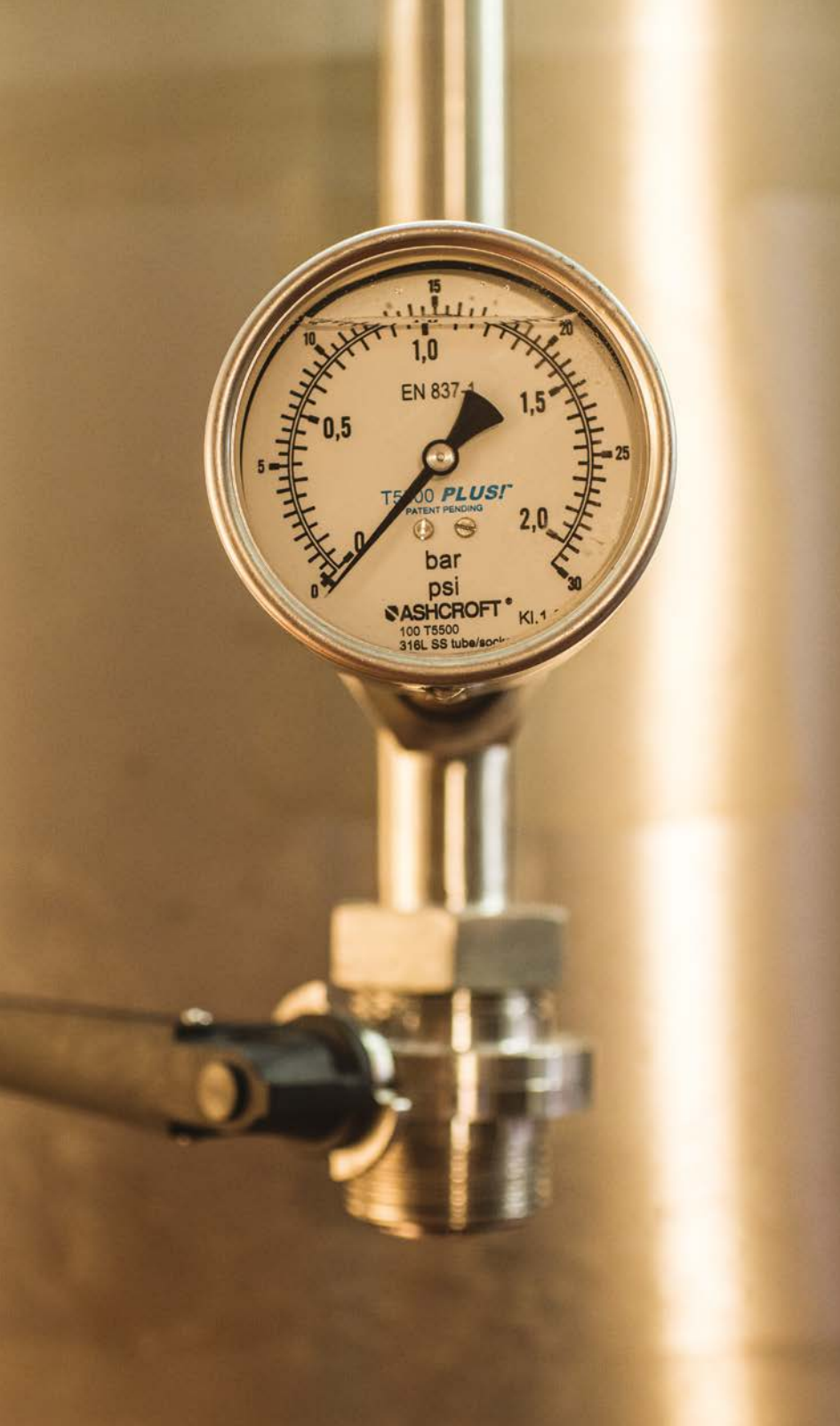
**The Senior Management Team**  
The SMT consists of the three Executive Directors, Nick Stafford, Operations Director, Tony Jerome, Director of Communications and Membership, John Hart, Finance Director and the Managing Director, Mike Benner. It is responsible for the management and operation of SIBA, including supervision of the staff and consultants, under the direction of the Executive.

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THE SOCIETY OF  
**SIBA**  
INDEPENDENT  
BREWERS



DDS TURNOVER OVER £12.5M REPRESENTING 59% OF BRITISH BREWERS 10% INCREASE IN SUPPLIER MEMBERS 10% INCREASE IN RETENTION SIBA MEMBERS HAVE 7% OF THE UK BEER MARKET BEERX – A FLAGSHIP EVENT FOR BRITISH BEER BEERFLEX – THE EVOLUTION OF DDS - LAUNCHED IN 2015 DRIVING QUALITY – SIBA FSQ LAUNCHED IN 2015 CONSUMER CHOICE – 5,000 PLUS REGULAR BEERS CRAFT BEER IN KEG DOUBLES 840 NEW JOBS IN 2016-02-17 4 OUT OF 5 EXPECT TURNOVER TO INCREASE IN 2016 LOCAL BEER – 80% SOLD WITHIN 40 MILES OF BREWERY 9 OUT OF 10 PEOPLE WANT TO KNOW MORE ABOUT BEER STYLES 95% OF LICENSEES SAY CONSUMERS ARE INTERESTED IN LOCAL BEER 1 IN 3 PEOPLE WOULD USE RESTAURANTS MORE IF CRAFT BREWED BEER WAS AVAILABLE