

## Case Study: Beer sales plunge as Britons stay at home

Sales of beer dropped to their lowest level since the 1930s, according to figures released today. The British Beer and Pub Association (BBPA), which represents the brewing and pub industry, revealed that 14 million fewer pints are being sold daily in pubs today - a slump of 49 per cent since the peak in 1979. Part of the long-term trend has been the move towards drinking at home. In the late 70s, 90 per cent of beer was drunk in pubs, but the figure now stands at 58 per cent. While the biggest casualties of Britain's increasing preference for wine and spirits have been the pubs, they are, however, not alone: overall beer sales have plunged by 22 per cent from the peak 1979 level.

The BBPA says the situation is exacerbated by rising production costs as the prices of barley, malt, glass, aluminium and energy increase. It also feels that taxes on beer in the form of a duty imposed by the Treasury is making matters worse. Since 1997, beer duty has risen by 27 per cent while consumption has fallen by 11 per cent. Wine duty, meanwhile, has increased by just 16 per cent, while wine-drinking has gone up by 46 per cent. It's a similar story with spirits. Although consumption has risen by 20 per cent over the last decade, duty has increased by only 3 per cent.

Major British brewers saw their profits tumble by 78 per cent between 2004 and 2006. Last week, two major brewers - Scottish & Newcastle UK and Carlsberg UK - warned pubs that rising costs and a poor summer meant that big rises in wholesale beer prices were likely.

A senior executive at S&NUK told the pub trade paper *The Morning Advertiser* that prices would probably increase 'way above the rate of inflation' during the first part of next year. He said that rising cereal, crude oil and aluminium prices meant that brewers would be forced to charge more to recoup their losses.

Beer is not only falling victim to the growing fondness for wine among Britons. Its popularity is also suffering because of a cultural shift to drinking at home. In 2005, 60 per cent of all the wine sold in the UK was bought in supermarkets. And the wine and champagne market, which is now worth more than £10.2 billion, increased by 26 per cent between 2002 and 2006. Over the same period, sales of spirits and liqueurs went up by 16 per cent. However, some sections of the brewing industry are performing well, and real ale has enjoyed a quiet revival over recent years as consumers develop a taste for more authentic, natural and traditional products.

'This comes against a backdrop of a slump across the whole beer market,' said Owen Morris, a spokesman for the Campaign for Real Ale, a pressure group seeking to promote sales of traditionally brewed beers. 'But we've seen a 7.5 per cent year-on-year growth in sales of regional beers. People are enjoying regional beer more, even though the large breweries are forgetting about traditional beers and pushing lagers.' Mr Morris also referred to the threat posed by the supermarkets, which use cheap beer as a loss leader.

Table 4: The UK beer market

<b>1930s</b>	The last time the volume of beer sold through pubs was this low
<b>22 per cent</b>	The amount by which the total beer market has fallen since its peak in 1979
<b>49 per cent</b>	The amount by which pub beer sales have fallen since 1979, equivalent to 14 million fewer pints every day
<b>78 per cent</b>	The fall between 2004 and last year in the profits enjoyed by the major British brewers

Source: adapted from the *Guardian*, 20.11.2007.

Consider the research above from the perspective of the owner of an independent pub.

- Is the research referred to in the article primary or secondary research? Explain your answer. (4 marks)
- Outline the reasons why a pub owner may find the research in the above article useful. (6 marks)
- Explain the various ways in which a pub owner might seek to collect primary data to complement the data provided in the article above. (10 marks)
- Analyse the potential usefulness of the data provided in the article for a pub owner. (10 marks)

