Carlsberg UK

Consumer Insights Report 2015/16

Insights, trends and issues shaping consumer behaviour and pub visits in the UK

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Welcome To The Consumer Insights Report 2015/16

Our insight on the trends and issues shaping consumer behaviour and pub visits in the UK

This year it is clear that against the backdrop of increasing economic stability, consumer confidence is rising materially. Confronted with an explosion of choice, consumers are spending more out of the home than ever before.

Competition is more intense than ever. Pubs compete not just with a vast array of out-of-home leisure options, including shopping, casual dining, coffee shops, food markets and experiences, but increasingly sophisticated in-home entertainment, such as in-play betting odds available at consumers' smartphone-enabled finger tips.

Consequently, pub customer expectations are spiralling ever higher, matched only by their refusal to accept or forgive poor experiences. For pubs to defend and grow their share of the leisure pound, it has never been more important to remain agile in this changing environment.

That's where we come in.

Through this report, we aim to help our customers and the wider on-trade to identify new ways to drive incremental visits, spend and ultimately, profit.

"It's vital that the on-trade continues to understand and respond to the people coming through the doors of the nation's pubs, bars and clubs – and that we all seek better ways to delight, reward and most importantly, keep them coming back."

David Scott

Director of Brands and Insight
Carlsberg UK

This report is based on detailed research conducted online with 1,800 consumers on behalf of Carlsberg UK by HPI* – first commissioned in 2010 and most recently in 2014. This has been supported, where sourced, by data from CGA, Kantar Worldpanel and Future Foundation to provide a holistic view of the behaviours, trends and habits of consumers in the on-trade.**

*HPI is one of the UK's leading, fully independent market research companies. Research conducted was fully compliant with the MRS Code of Conduct. **Whilst some of the data is provided by Kantar Worldpanel the views in this report are those of Carlsberg UK and not necessarily those of Kantar Worldpanel.

The Landscape Of The On-trade Is Changing

Consumers are engaging with the on-trade differently:

31%
budget £30+ on a weekend

9%
budget £30+ on a weekday

Millenials are driving change:

Repertoires of 5-15 pubs:

64%
Millenials
Vs
59%
Non-Millenials

Competition for the leisure pound is increasing, but

47%
of consumers visit the on-trade weekly*

Pub-goers are increasingly diverse:

33%
of adults visit the pub with their children every month

Expectations are rising:

Quality of Food
is the most important factor when choosing a pub

Sport remains a big opportunity:

75%
of pub-goers watch Football

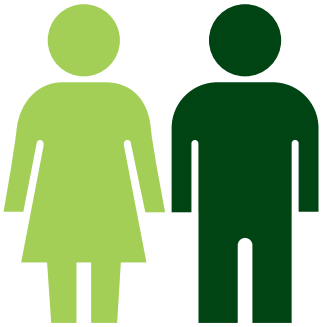
Multi-channel marketing is key, but

63%
choose an outlet based on word-of-mouth recommendations

Beer still accounts for

43%
value share of the on-trade**

Sources: *Kantar Worldpanel Alcovision 7 day penetration by On Trade Demographic 2015. **CGA brand index P09 2015.



People Are Changing

The way people spend money, socialise and express themselves is changing

Safety & security

The recession is over – or is it? Consumer confidence continues to rise but the aftermath of the recession has left people buying better and buying differently.

Health & wellbeing

People want to moderate their alcohol and calorie intake and are considering their drinking behaviours, which is changing how and when people choose to treat themselves.

Technology

People have invested in their homes and upgraded their technology as it has become more accessible in price. Technology has also changed the way that consumers socialise, as more people use social media to catch up.

Cult of the individual

People want new experiences and begin to value these in a higher regard than products themselves. Social currency is created through peoples' knowledge and experience of all things new. Consumers seek products which are personalised to them and express their individuality.

81%

...want to moderate their alcohol intake

Source: Future Foundation | nVision Research | Base: 4666 online respondents aged 16+, GB, 2015 February

The average person has 5 social media accounts and spends around 1 hour and 40 minutes browsing these networks every day

Source: The Telegraph: Is your daily social media usage higher than average?: 17.5.15.

£145bn

...consumer expenditure on out of home leisure market in 2014

Source: Oxford Economics/Future Foundation nVision, September 2015.

60%

Nearly 60% want new experiences

Source: Future Foundation/nVision Research | Base: 5,000 online respondents aged 16+, GB, 2013.

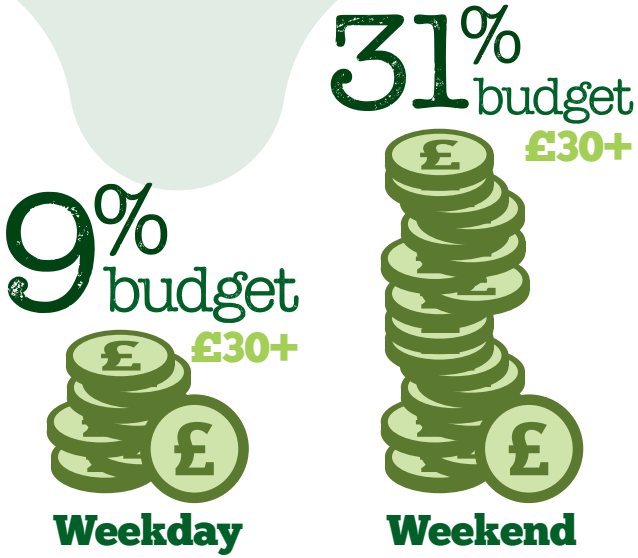
Consumer Trends

How consumers spend their time in the pub is changing

From habit to treat

Premiumisation is a trend that is driven by post-recession consumers changing their spending habits as purchases become more considered. This is leading to on-trade consumers engaging in less occasions, but spending more, each time.

The weekend occasion is becoming more important as consumers cut back during the week to save for the big event. 31% of consumers budget over £30 for a weekend occasion (41% budget £15-30) versus only 9% budgeting £30+ during the week.



The importance of "me-time"

On-trade occasions which are motivated by self-indulgent needs are rising faster than any other. Consumers are looking to treat themselves with 'time for myself' and 'refresh, treat and reward' rising in importance.*

These occasions are also being catered for by coffee shops, cafes, casual dining venues and even in consumers' homes, making it important to communicate treat options and trade-ups for consumers, that they can't get anywhere else.

Experiences are more important than ever before

Spend on consumer experiences is growing faster than out of home leisure spend on material goods and services.** Experiences whereby consumers can learn additional skills and try new experiences are growing, with 66% saying that 'entertainment should be about learning new things as well as having fun'.***

It's unsurprising that the key activities growing in importance for consumers in the pub reflect this. The pub quiz remains the stand out activity but cuisine evenings and cooking lessons are growing in popularity.

Consumers' favourite pub experiences

Pub quiz	Cuisine evening	Cooking lesson
45%	37%	18%

Sources: *Kantar Worldpanel Alcovision 7 day penetration by on-trade Occasion 2015. **Oxford Economics/Future Foundation nVision, UK, January 2014. ***nVision Research | Base: 1000 online respondents aged 16+, GB, 2014 April.

Staying Relevant

Millennials are fundamentally different and are driving change in the on-trade

Millennials

Born 1980-2000s

The millennial generation is shaping and changing the world around us. They have grown into adulthood during a period of flux in both the economic and the political arenas, shaping their behaviours, spend and expectations.

They are:

- **Highly engaged in social media**
- **Value sensitive, not price sensitive**
- **The demographic with the highest repertoire of both on-trade venues and leisure activities**
- **Looking for new experiences**
- **Engaged in occasions such as Halloween, beer festivals, live music and sport. They need something to grab their attention in the sea of choice.**

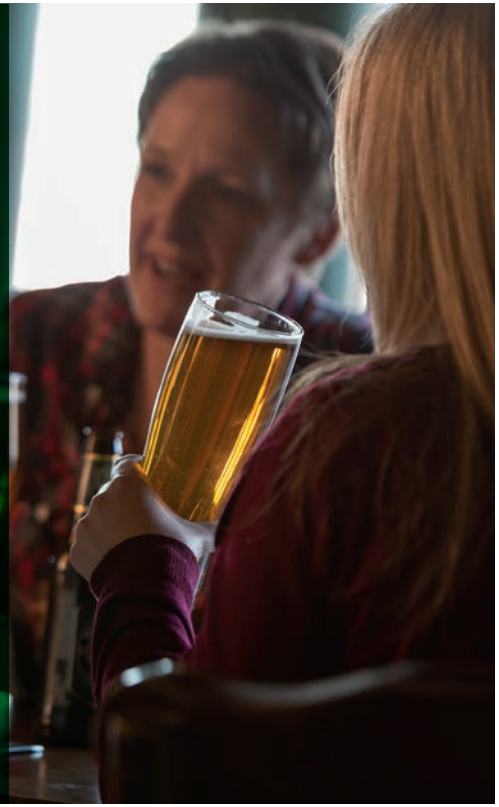
GenX and baby boomers

Born pre 1980s

These generations' needs and behaviours are more habitual. Their occasions are more typical to the pub trade, socialising as a couple or as a group.

They are:

- **Responsive to both traditional marketing methods such as A-boards and leaflets, as well as more modern marketing methods such as online review sites**
- **Price sensitive and value good service**
- **A demographic with a smaller repertoire of on-trade venues and leisure choices**
- **Interested and place a high value on experiences linked to self-improvement activities, such as adult learning and cooking classes**
- **Drawn to the on-trade by more habitual occasions, such as a pub quiz, anniversary or a meal as a couple**



Competing For The Leisure £ Pound

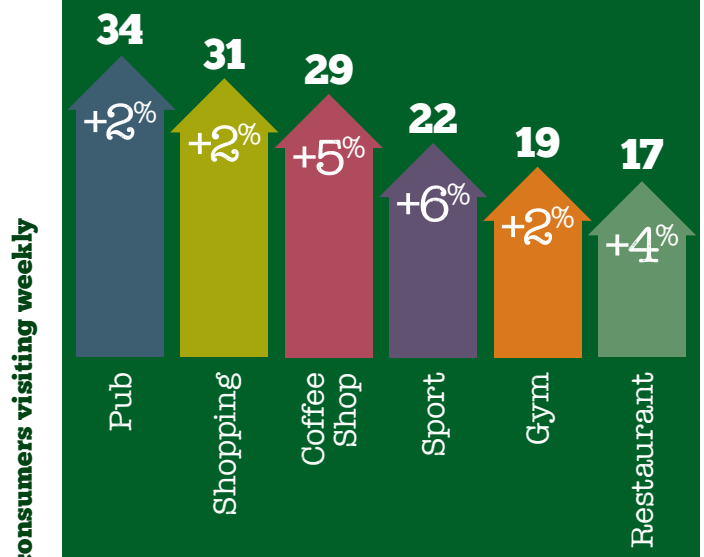
The pub remains the number one weekly activity

Consumer confidence is rising and so is spend

- £145bn **is spent in the out-of-home leisure market and this is growing year-on-year.*** However, with a plethora of businesses from different industries offering consumers vast choice, competition for the leisure pound is now greater than ever.
- 47% **of consumers visit the on-trade weekly** and this is growing year on year.**
- **The pub currently remains the** number one **weekly activity.** However consumers are telling us they are visiting the pub less, in favour of other activities in and out of the home.

What is the competition?

- **Millennials** are just as likely to go to the gym or go shopping as they are to visit the pub.
- **At-home occasions** are rising as consumers invest more time and money in their homes, making them their castles. The rise of 'dine in for £10' deals and premium supermarket food has increased the competition for consumer spend.
- **Coffee shops** have grown in importance (+5%) in the past five years, with over 35's now just as likely to visit them as they are the pub.



*percentage change vs. 5YA

Sources: *Oxford Economics/Future Foundation nVision, September 2015. **Kantar Worldpanel Alcovision 7 day penetration by on-trade Demographic 2015.

Increasing Competition

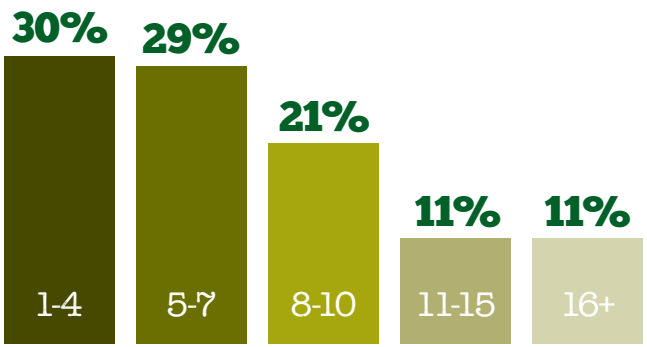
An explosion of choice also increases competition between pubs

How we see it...

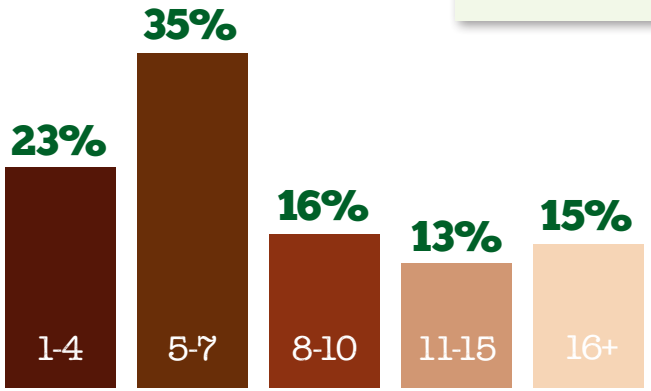
Consumers are highly engaged in the on-trade but have more choice than ever before.

In the growing competitive landscape, ensure you stand out from the crowd with a unique selling point (USP) and engage consumers by providing experiences they can't get at the local competition - whether that's another pub, bar or even a coffee shop or street food vendor.

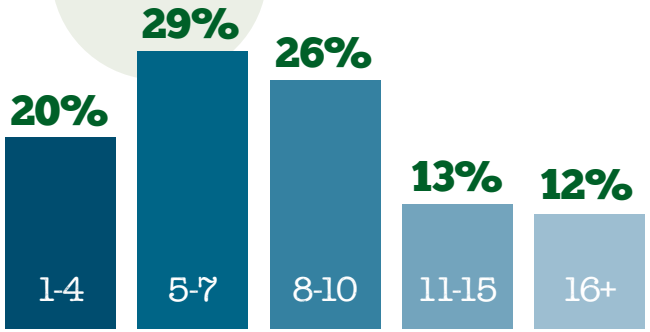
It's vital to engage millennials in the on-trade now, so that pubs remain central to their socialising in the future.



Consumers visiting different venues in a year



Millennials visiting different venues in a year



Families visiting different venues in a year

Consumers visit more pubs in a year than they used to

Consumers visit different pubs for different occasions. Their repertoire is growing as they continue to seek out new experiences.

Only 1% of consumers stick to one pub but even they are extending their repertoire outside of pubs, with a higher number visiting restaurants and street food venues each year.

Millennials are changing how they interact with pubs

62% of under 25s visit the on-trade weekly** but this age group is becoming increasingly engaged with at-home occasions - with males driving this trend.

Millennials have an even higher number of pubs in their repertoire. 64% have 5-15 pubs in their repertoire versus 59% of over 25s.

Families have the highest repertoire of on-trade venues

Unsurprisingly, families have the highest repertoire (68% have 5-15) as their needs are very different depending on whether or not they bring the kids along.

Sources: **Kantar Worldpanel Alcovision 7 day penetration by on-trade Demographic 2015.

Engaging New Consumer Groups

Choice is leading to a more diverse pub-goer

The female influence

More women are visiting the on-trade compared to 2010, increasing their level of spend, number of serves and driving increases in total on-trade weekly visits.

+1.4%

Women visiting the on-trade +1.4% since 2011*

Non-alcoholic occasions

More consumers are engaging in non-alcoholic occasions, especially during the week. Weekly alcohol occasions have fallen by 22% since 2001** across all age ranges. It's not just teetotallers (which are increasing amongst millennials), but also drinkers looking to moderate for health and financial reasons, or even those who drive to the pub and want to feel part of the group.

Families

Consumers are enjoying more occasions in the on-trade with their children. 14% of adults say they visit the pub weekly as a family and 33% visit monthly. This group indulges in occasions centred around food rather than alcohol.

14%

...of adults visit the pub weekly with their children,

visit monthly... 33%

How we see it...

Pubs need to continue to cater for their regular patrons, but they can still grow their customer-base by offering experiences and a range of food and drinks that appeal to emerging consumer types.

Consider stocking a drinks range that particularly appeals to young adults and females. For example spirits, cocktails, ciders and world and craft beers are popular amongst these consumer groups.

Non-alcoholic occasions are also on the rise, so ensure a range of alcohol-free options are available.

Sources: *Kantar Worldpanel Alcovision 7 day penetration by on-trade Demographic 2015.
**Kantar Worldpanel Alcovision | Change in Claimed Frequency by age group | 12 m/e 31 Dec 2014 vs 2001.

The Importance Of Food

With more choice comes higher expectations

Food glorious food

The nation's obsession with food has not only influenced supermarket shelves and the TV programmes which dominate consumers screens, but also the make-up of on-trade outlets.

There are now almost 40,000 eating out* venues in the UK and although wet-led pubs dominate, with almost 56,000 outlets*, they are feeling the hit of closures.

Thanks to consumers' interest in food, the long-term decline of on-trade licensed premises has bottomed out as food-led venue openings (+4.5% growth) compensate for wet-led closures (-4.4%).**

Most important factors for choosing a pub:

79%

Quality of food

78%

Value for money

65% ...of consumers say A FOOD PUB OR RESTAURANT is their favourite place to go

Expectations are rising

With the post-recession boom of food-focused and premium outlets, consumer expectations are rising. Consumers tell us that they 'expect restaurant quality food but choose the pub for value for money.'

Consumers' top factors when choosing an outlet show that value for money and quality of food are key drivers, while price is a more important factor for drinks.

Sources: *CGA Outlet Index, June 2015 vs. June 2014. **Alix/CGA Peach Market Growth Monitor September 2015.

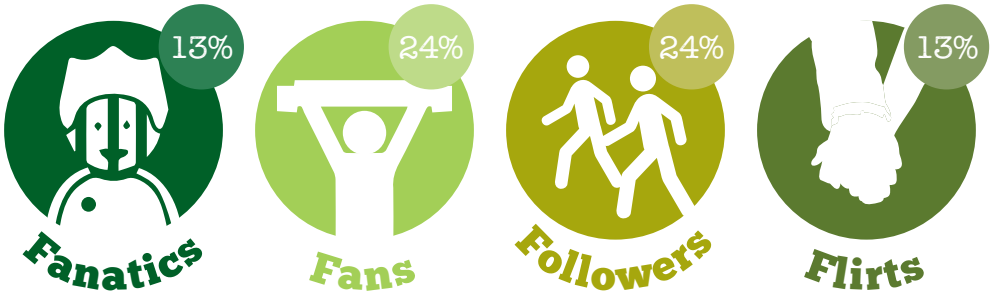
How we see it...

Consider what role food plays - or could play in your offer and ensure the quality is as good or better than your competition.

Food is one of the ways consumers are looking to experiment - with 91% of consumers open to trying new food. Regularly rotating your food menu is a great way to engage those adventurous consumers, who look for something new and interesting when they visit the on-trade.

The Role Of Sport

Sport is still a big draw for pub goers... especially during a tournament year



Know your fans

Fanatics
Watch every game they can, splitting their attention between the big screen, their mates and their phone.

Fans
Watch most matches but are looking for more than to 'just watch' the match. They want the atmosphere, banter and live betting to make them feel like they are getting a true 'footy experience'.

Followers and Flirts
Come out in earnest during big competitions and get swallowed up in the excitement. They are often coaxed out by friends and the experience forms part of a bigger social occasion.

For all football fans, sound and visual quality is the utmost important factor to get them off the sofa and into the pub.

How we see it...

Ensuring a successful UEFA Euro 2016™

The biggest barrier to watching football in a pub is crowds, which consumers fear will prevent them getting a quality experience. 75% claim if there was no queuing at the bar, they would be more encouraged to watch the game at the pub. More seating, table service and the ability to reserve a table are also key influencers.

65% of people arrive up to 30 minutes before the match and leave at the full-time whistle. That leaves 35% of people who combine the match with another occasion. Ensure staffing levels reflect this and the 'clean-up' from the whirlwind of fans is prompt to stop those who want to stay moving on to another venue. Consider pre-bookable tables, table service, premium food and drink, competitions, digital engagement and live match updates on digital platforms.

Home or Away?

Fans need a reason to watch sport in the pub. With home-comforts at an all-time high,

33%

are indifferent if they watch the match at home or in the pub

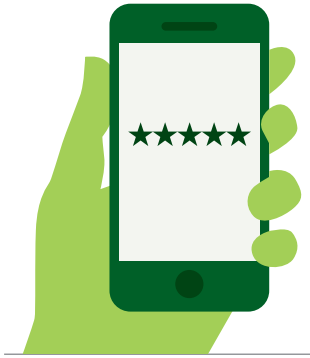
75%

of all pub goers watch football and one-third of these are highly engaged, representing

a big opportunity for the trade.

Marketing An Outlet

Standing out from the crowd and engaging with consumers



Food-Led ⟷ **Drink-Led**

When planning food occasions consumers put more emphasis on review sites. For planning drink occasions, social media becomes more important.

Get my attention

Multi-channel marketing is still key to engaging consumers. Unsurprisingly social media and internet searches have become more important when choosing a venue (+20% in five years). However, don't forget that traditional marketing does still draw attention. Local press and outside-the-pub communications are still very important for the trade.

Word-of-mouth is important and consumers will talk about you

A great experience in the pub will make people talk about it. Word-of-mouth is the most important factor, with 63% of consumers using this to make a decision when choosing a pub. However, social media should not be underestimated. Consumers continue to act as advocates for brands and experiences, spreading the word through Snapchat, Instagram and Facebook to name just a few.

When planning food occasions consumers put more emphasis on review sites. For planning drink occasions, social media becomes more important.

How we see it...

Don't forget your digital presence - both the one you generate yourself and the one your customers generate for you. A clear unique-selling-point and community-feel will encourage consumers to talk about your outlet. Being active on social media and responding to consumer comments on review sites helps you gain control of your word-of-mouth presence.

The Essentials

What makes a great on-trade outlet?

Drivers and barriers

The essentials haven't changed much over time, however consumers still tell us that not all venues get the basics right. As treat behaviours continue to rise, consumers look for quality, high retail standards and place less emphasis on visiting a venue because of 'who they know'.

Atmosphere is key

Whether it's service, cleanliness, furniture, toilets, or security - it all leads to one key factor; atmosphere. It's not just about the people in the venue but the quality of the atmosphere and experience. If the hygiene factors aren't catered for, consumers won't come back.

Trust

With security still top of mind for some consumers, big brand names continue to win in this marketplace as consumers gravitate to names they can trust.

Comfort

With consumers investing more time and money in their homes – an outlet's atmosphere, comfort and furniture needs to be as good, if not better. Comfort has become more important to consumers since 2010 and it keeps them in the venue longer.

Millennials

Free Wi-Fi is top of mind for 41% of millennials and its importance grows each year. A beer garden is higher on millennial's priority list than anyone else's, with 43% rating it 8+/10, while an outlet being open late is also more important for this group of consumers (46% versus 24% non-millennials).

In numbers...

How important are the following factors when choosing an outlet?

% of consumers rating 8+/10

Essential:

Quality of Food	79%
Value for Money	78%
Cleanliness	78%
Type of Food	73%
Drinks Prices	71%
Quality of Toilets	70%
Staff Friendliness	70%

Important:

Location	69%
Food Prices	69%
Atmosphere	66%
Service Levels	64%
Furniture	54%
Table Service	49%
Good Parking	45%
Security	44%

We can Help You

About us

Carlsberg UK aspires to be the best beer and beverage business in the UK.

Its household name beer and cider brands include Carlsberg, Carlsberg Export, Grimbergen, Poretti, Tuborg and Somersby Cider, as well as the UK brand licenses for San Miguel and Mahou.

Its Tapster's Choice range of cask ales includes 55 permanent and 100 rotational ales handpicked from breweries across the UK.

In wine and spirits its Crown Cellars division has developed wine offers and supplied the trade for over 20 years.

Whilst in craft and speciality beers its Crafted range provides education and a range of UK and global beers perfect for pubs and bars specialising in craft, or simply starting out.

Importantly, the company is engaged with society, which means it embraces its responsibilities and always strives to do the right thing.

Stay informed about our latest news, brand campaigns, careers and sustainability work at wearecarlsberg.co.uk.

Trade with us

We like nothing more than the challenge to help you grow your business.

If you're an existing Carlsberg UK customer please speak to your account manager to see what difference we can make in 2016 and beyond.

Or, if you're new to Carlsberg UK and want to find out what we can do for you, contact us on:

08453 710 199

carlsbergwedelivermore.co.uk

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