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The Big Interview: Stephen Oliver, Marston's Beer Company

By Phil Mellows, 12-Nov-2012

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Stephen Oliver would do anything for British beer — except take it up mountains, it seems. A disappointed Phil Mellows meets the Marston's Beer Company MD at sea level

Well, this isn't the kind of commitment we expect from our industry leaders at all. If Stephen Oliver really believed in Marston's ground-breaking fastcask technology he wouldn't have wimped out at the suggestion he carry a cask with him on a trek to the top of Mount Kilimanjaro. Instead he whined it would be "too heavy" and "frozen". Pathetic.

Apart from that, down at sea level drinking a nice pint of fastcask-dispensed Brakspear by the banks of the Thames, Oliver seems to be enjoying his new role as managing director of Marston's Beer Company. For the second time.

It follows a short-lived experiment in which he headed a combined brewing and leased estate division that sought to bring tenants some of the benefits of freetrade customers, while franchisees on the [Retail Agreement](#) joined the managed-house arm.

From October 1, though, the company reverted to the traditional clear split, with Peter Dalzell in charge of the pubs, including the 1,100 Apollo tenancies, and Oliver the beer.

"There was a convergence, but now we're back to a specialist approach, putting the right disciplines in place," he explains. "There was a lot of merit in hybridisation, in having teams covering the freetrade and tenancies. But the real imperatives for us are around the code of practice, which is focusing business development managers on the tenanted side. The challenges are different, and they need separate focus.

"Now we have freetrade reps concentrating on the way forward in a freetrade that's more competitive than ever, and on national accounts, which we want to grow through listings at the pub level.

"It's also more important than ever that we bring higher retail standards to pubs, and we feel that's best done under one pubco banner."

Improving standards

Oliver is better equipped than most to take in the wide view of how best to organise a combined pubs-and-brewing business. For nearly 10 years he stepped out of beer to run the Marston's tenanted division where he oversaw a trebling of profit and the integration into the estate of no fewer than seven pubco and brewery acquisitions.

He continues to express strong opinions on the state of the tenanted trade, believing, among other things, that "the antagonism between pubcos and licensees has eased".

"It's a more stable environment. The code of practice is working well — it's taken the heat out of the debate and that will encourage more people into the industry.

"I genuinely believe all pubcos are trying hard to make it work. They have come up with shed-loads of ways to help licensees over the hump. There has been a rebalancing of profits and there is a higher standard of entry for new tenants."

The latter has been a big challenge as pubcos such as Marston's has applied the code of practice, shrinking the pool from which recruits might come. "There's no doubt it's making it more difficult to find really good licensees. It makes us jump all the hurdles — and that's a good thing for the industry in the long term. It will improve standards."

It also makes the case for Marston's own pioneering Retail Agreements, franchises that pitch the entry hurdle lower and give newcomers closer support and tighter business controls.

"Over time the traditional tenancy will become less prevalent and there will be more franchises," believes Oliver. "The tenancies that remain will be higher quality, run by licensees that can do well without a great deal of support from the centre."

He is also looking to the "continuing progress of filtering out non-viable pubs".

"There are still too many pubs," he says. "It's difficult to put a figure on it but there are thousands too many. Nobody wants to see a pub close, but all pub operators suffer from having clusters of pubs in one area and a sensible strategy would be to rationalise them out."

Beer portfolio

But let's talk about beer. Oliver is quick to mount his confessed hobbyhorse — the microbrewers — and, to put it crudely, say why Marston's is better. "Microbrewers do things we can't match, and they have the advantage of progressive beer duty," he says. "But we have five breweries and six beer families; we have the range and the full service."

"The freetrade doesn't want a whole range of suppliers, the hassle of all the different drops. And full service means we can give them guest ales from other breweries plus wines, spirits, lagers and so on, plus business solutions including insurance, food, EPoS. We can offer managed-house prices. We can build a package for them. It's quite sophisticated and it really works for us."

"You do get licensees asking for some weird and wonderful local brand, but the trouble is people always want something they can't have. We've run the numbers on it and concluded there's not sufficiently strong demand for a wider range than we already provide. We've got five fantastic breweries and a range that's second to none, so what's the point?"

That hasn't stopped Marston's extending its beer portfolio and mimicking microbrewer tactics in producing a series of single-hopped ales. Oliver admits he finds the current surge in craft beers "an interesting area".

"I'm pleased the ales revolution is continuing apace. Everyone predicted the demise of cask ale and ale in general, and that's all turned around now. There's been a rediscovery of old values and a rejection of blandness."

"People like to discover things. Ale meets the need for discovery and that's good for all of us in the industry. We're putting more effort into the product, creating new styles, and it's good to see traditional brewers getting involved in that. Brewers were too content to stay in their comfort zones in the past — and now look at the growth of blond beers. We've got a range of those now and there will be more. These are exciting times."

Beer quality is another hobbyhorse. "It's better than it's ever been," he declares. "Licensees have a greater appreciation of quality and consumers are more fussy. And I think the recession is driving it, too. If you're paying £3.50 for a pint and it's not right, it will go back. People are more discerning."

"And if someone gets a crap pint now it goes on Twitter and word grows rapidly. It's irritating that people tell the world before they tell the manager of the pub, but it's another challenge for licensees to monitor social media."

Fastcask has made possible a great leap forward in ensuring quality pints are served in testing environments — music festivals, hotels, racecourses, cricket grounds and cruise ships. "It's not in space yet," Oliver admits. Nor up Mount Kilimanjaro. Still, volume has hit 60,000 barrels and fastcask will be rolled out across more brands.

Is the acquisition of another brewery on the cards? "It would be foolish to rule it out," he says. "And there are some great breweries that would benefit from what we do — retaining their integrity while giving them more opportunities. "The focus for the PLC, though, is on building new pubs. Their sales are 60% food and they make us less reliant on drink for our profit. We're spreading our risk.

"But I'm very optimistic about beer," he concludes. "It's an exciting place to be — and it has a healthy future."

Key dates

1981

Stephen Oliver graduates from Oxford with a degree in modern languages and joins marketing agency Omnicom

1982

Becomes assistant brand manager for Krona margarine at Unilever

1984

Moves to Nabisco as brand manager for Shredded Wheat

1986

Enters the brewing industry as marketer with Scottish & Newcastle

1995

Appointed brewing and brands director for Marston's

1999

Following acquisition by Wolverhampton & Dudley Breweries, Oliver takes charge of tenanted estate as managing director of Marston's Pub Company

2008

Becomes managing director of Marston's Beer Company

2011

Restructure makes Oliver managing director of integrated Marston's Beer & Pub Company.

Appointed non-executive director of Batemans Brewery

2012

Returns to role as head of brewing division as Marston's reverts to former structure

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