

**CHANGE AND CONTINUITY IN UK PUBLIC HOUSE RETAILING**

**DAVID PREECE**

**Published in *The Service Industries Journal*, Vol. 28, No. 7, 2008, pp. 1107-24.**

The Business School  
University of Teesside  
Middlesbrough TS1 3BA  
UK

*The paper outlines and reviews four major changes which have occurred in the UK public house retailing (PHR) sector since 1989, that is the 1989 'Beer Orders', the changing socio-economic context, public house estate investment, and financialization. Whilst these changes have been taking place, it is argued that a degree of continuity (discussed in terms of people, the regional brewer/retailers, and control and business development) is to be found underpinning this period of turbulence in the sector, which is typically not foregrounded to the same extent. The paper illustrates the change and continuity argument with primary data gathered by the author through a longitudinal study of the industry, and concludes with a discussion linking UK PHR change and continuity.*

Keywords     Change, continuity, public house retailing.

## INTRODUCTION

Referring to the later 1990s and the early years of the present century, White *et al* have observed:

This has been a time of momentous change, in politics, technology, lifestyles, and not least in the business world and the world of work. Where is all this leading? What lies ahead? What must we do to cope?... To satisfy the yearning, a group of imaginative thinkers has emerged, gurus and futurologists, pioneering a novel kind of literature which has found a large and appreciative audience. [2004: 1].

Much of the writing of these 'thinkers', however, is of a normative and exhortory nature, being based upon little or no solid empirical data. When such data has been systematically collected through a research project (usually by university academics, informed by a theoretical perspective), the actuality is found to be a good deal more nuanced, complex and indeterminate, commonly with continuity (of working practices, organisation structuring, job design, etc) figuring just as much, if not more so, than change [White et al, 2004; Nolan, 2003; Thompson and O'Connell Davidson, 1995; Thompson and McHugh, 2002]. It has served the purposes of certain writers to 'hype up' the extent and degree of change which has or needs to take place: to put the matter bluntly, consultants can offer ready-made or tailored 'packages' which, they argue, will help organisations to respond to contextual change or, alternatively, take the lead themselves-at a price. Business Process Reengineering serves as a useful illustration from the early 1990s. Hammer and Champy [1990; 1993], as the leading

management gurus here, argued that because of major changes in the nature of competition (especially global competition), it was necessary to ‘deracinate’ [Grint and Case, 1995:16; see also Grint, 1994] the organisation’s past in order to begin again and enter the brave new ‘reengineered’ business world. Thus, senior executives could attempt to legitimise cost-cutting and major restructuring exercises through reference to significantly changed/changing organisational contexts. What has not been foregrounded to anything like the same extent in the management/guru literature (and also, to a lesser extent, the academic literature) is the *continuity* of people, organisational practices, structuring, operations, behaviour and so on over the very same time period, as identified by studies such as those referred to earlier, which have not been so obsessed with change and transformation that they have failed to spot elements of continuity in those very same organisations or sectors .

Informed by the above argument, the present paper takes the UK public house retailing (PHR) sector as its focus, and draws upon empirical data gathered from both primary and secondary sources to argue that change *and* continuity can be found here, notwithstanding the concentration of writing on the sector in recent years upon the former. This is not to deny, however, that significant change has not taken place-it undoubtedly has- and continues to occur and have repercussions throughout the sector, but it is to argue that in order to understand what has been happening research studies need to be sensitive to both change *and* continuity.

In the first main section, the paper presents an overview of key strategic changes which occurred in the sector during the 1990s and early years of the present century. The second main section provides illustrations of continuity, drawing upon case study and other primary data collected by the present author and others. The final

section is a concluding discussion, and includes observations on the connections between change and continuity in the PHR sector.

The theoretical perspective informing the research programme and thus the present paper is a ‘contextual-processual’ one, which focuses upon three main dimensions of organisational change: contexts, content (or ‘substance’) and politics [Pettigrew, 1985; Pettigrew and Whipp, 1991; Buchanan and Boddy, 1992; Buchanan and Badham, 1999; Preece *et al*, 1999; Dawson, 2003 a and b]. The former dimension incorporates both contexts external (economic, social, environmental, etc) and internal (summarily defined here as structural and cultural) to the subject organisation. These both enable and constrain possibilities for change initiatives and change themselves, of course, over time. Change content can be separated into four main elements [Dawson, 2003a]: the scale and scope of change; the defining features of the change; the change timeframe; the perceived centrality of change. Change politics includes political behaviour both outwith and inside the organisation-examples of the former include strategic alliances, governmental actions towards particular sectors of the economy, and legislation aimed at regulating and/or changing organisational practice. Examples of the exercise of intra-organisational politics include persuasion, consultation, negotiation, conflict and resistance.

The contextual-processual perspective on organisational change views the change process as ‘not a logical, linear process but as an untidy cocktail of quests for power, competing views, rational assessment and manipulation, combined with the subtle processes of additively building up a momentum of support for change and then vigorously implementing change’ [Pettigrew, 1985: xviii]. In order to capture this unfolding, politicised, emergent *and* strategic nature of organisational change, it follows that ‘one-shot’ or survey methods of data collection are likely to be limited in

their usefulness-case study methods are of much greater value. Here, the researcher studies change as it unfolds over time through interviews with a range of stakeholders (often revisiting the same people at different periods of time), participant observation, documentary analysis and, perhaps, periodic questionnaire surveys. This, of course, implies longitudinal studies and a focus upon changing/organising/strategising. A brief outline of the methodology employed in the research project reported upon here is provided at the end of the paper.

## CHANGE AND INNOVATION IN UK PUBLIC HOUSE RETAILING

Given the space available, the focus will be upon certain key changes which have occurred in the sector since the early 1990s. It is important to also note that a number of the contextual developments and changes at the organisational level discussed below had gestation periods of varying lengths and were often inter-connected and overlaid upon each other, and that their ‘effects’ can still be detected today. As was noted above, change-in-context should not be seen as some sort of rational-linear process, but, rather, as messy, complex, politically-charged, and potentially subject to a variety of interpretations and ‘re-writings of history’. Figure 1 captures the key contextual developments/innovations and changes/responses at the organisational level which we will focus upon.

FIGURE 1 HERE

*The 1989 ‘Beer Orders’*

The UK beer and PHR industry at the end of the 1980s was vertically- integrated [see Crompton, 1998]. The ‘Big Five’ brewing companies of Bass, Scottish and Newcastle, Courage, Allied and Whitbread were responsible for the entire process from buying the barley and hops, brewing the beer, distributing it to the pubs and selling the beer to the customer. They owned over 70% of the UK estate of managed and tenanted pubs, as well as exercising indirect control through free trade loan accounts and grants. For example, in the late 1980s Bass owned around 7,500 pubs, supplied 20% of the UK beer market, and had a free trade loan portfolio worth hundreds of millions of pounds.

It is generally agreed that the Department of Trade and Industry’s ‘Beer Orders’ of 1989, arising out of the Monopolies and Mergers Commission’s investigation into the UK brewing and PHR industry, was a, if not the, key precursor of change in the sector during the 1990s. The Commission stated that ‘A complex monopoly situation exists in favour of the brewers, with tied estates and loan ties...restricting competition at all levels’ [Monopolies and Mergers Commission, 1989: 4]. This referred to the vertical integration of the national ‘big six’ companies who dominated the sector at the time. The Orders required brewers owning more than 2,000 on-licensed premises (1) to, before November, 1992, either cease brewing, or sell, or lease free from any tie, half the pubs they owned over the DTI-imposed limit of 2,000. The stated objectives were to increase competition, and improve customer choice, and thus drive down prices and achieve better value for customers. Tenants were given the first option to buy their pubs if they were put on the market by one of the nationals, and many indeed did so

Three main responses from the national brewer/retailers followed. One national, Scottish & Newcastle Breweries, decided to remain in both brewing and

PHR, but as it had the smallest estate of all the nationals, and did not reach the 2,000 ceiling, it did not need to divest itself of any pubs. Another response was a 'pubs for breweries' swap by Courage and Grand Metropolitan, with the former taking over the ownership of the latter's breweries to add to its own, and the latter taking over the former's pubs to add to its existing estate. Bass and Whitbread decided to remain in both brewing and PHR, but as they owned well above the 2,000 ceiling, they had to divest themselves of a large number of pubs:

In the case of Bass they had to sell 2,680 pubs in less than two years. Some group or some individual had the opportunity to buy these pubs, as well as the countless thousands that were put on the market by Allied Breweries, Whitbread and the other national breweries. They were bought by individuals, by small companies and by large pub retailing chains. They were also sold as individual outlets, in small clusters and in fairly large packages of up to 350 outlets [Preece *et al*, 1999: 12]

The resultant release, over a short period of time, of thousands of pubs onto the market meant that:

...there were opportunities for entrepreneurs and for companies to acquire assets at reasonable prices and with reasonable prospects of being able to manage these premises in such a way as to make money through pub retailing or through pub leasing. Several new pub retailing companies were formed at this time. Most of them had a bias towards a tenanted or leased estate, for that was the kind of pub that was being disposed of...It was also an opportunity for existing pub retailing companies to acquire additional managed houses. At this



time companies such as Enterprise Inns were formed, companies such as Yates Wine Lodges expanded their managed house portfolio, and companies such as Wetherspoons were formed to develop and operate high-quality, large managed pubs...the new companies acquiring the assets simply had to make money. They had to be responsive, they had to be competitive and they had to be 'fleet of foot' in order to survive and grow their businesses [Preece *et al*, 1999: 12-13].

As Knowles and Howley [2000: 366] have observed:

The result of this order [the Beer Orders, qv] was that 11,000 pubs were subsequently sold by the big six brewers, triggering a radical overhaul of pub estates and a restructuring among the big brewers. At the same time, smaller, more entrepreneurial companies found it easier to enter or expand within the market leading to increased competition and more niche operators. This whole process has had the effect of revitalising the pub industry by paving the way for more innovative pub and bar formats to emerge.

Lashley and Rowson [2002] have classified the types of public house retailers which emerged post the Beer Orders as: (i) national retailer with brewing, (ii) national retailer with no brewing; (iii) regional/local retailer with brewing, (iv) regional/local retailer with no brewing, (v) (totally) independent operator/freehouse. It is of note that, just three years after this paper was published: (i) no longer existed; (iii) and (iv) had become somewhat problematic categories owing to the spread of the estates of

what were formally regional companies outwith their original regional locations (Greene King and Wolverhampton & Dudley in particular).

*A changing socio-economic context*

In the UK, the early 1990s was a period of limited growth in real personal disposable income, a highish level of unemployment, and super-inflation of house prices. This resulted in low levels of consumer confidence and erratic changes in consumer spending. During the period 1990-96 the home entertainment market (VCRs, rented videos, etc) grew by over 10 per cent per annum, as did the incidence of eating out in pubs and restaurants and foreign holidays. At the same time, the consumption of alcoholic beverages by volume in retail premises declined overall, and thus PHRs' only possibility for growth was through gaining market share from competitors. At the time the projections in the sector were that if net growth was to be obtained, it would be through food sales (rather than wet), entertainment machines, consumers trading up to premium/higher margin products, and a reorientation around market segments such as country inns with a food emphasis and branded city town bars (it should be noted that whilst beer volumes were down, revenues were maintained through price increases).

The main reason for the beer volume decline appears to have been demographic changes, especially the relative decline in the proportion of 18-25 year olds over most of this period. Other factors included changing consumer lifestyles, the influence of the health lobby, and the switch from on to off trade consumption, especially through the purchase of alcoholic drinks in supermarkets (again reflecting changes in consumer lifestyles towards home-based leisure activities). The view

emerged that other pub market segments needed to be developed or expanded to compensate for this loss of trade, such as families, young women and retired people. This led to demands for enhanced pub investment, targeted at such segments. At the same time, the policy of sustaining revenues by increasing prices in the on-trade meant that the increasingly cheaper products in the off-trade became even more attractive. Whilst often the beer was being produced and supplied by the same breweries in both instances, and this was of course to the benefit of the brewery divisions, it was certainly not helping the PHR divisions, which in cases such as Bass belonged to the same PLC or were in a 'strategic alliance' with a brewery company.

During this time period, the predominant view in the PHR sector was that consumers possessed little brand identity:

consumers were individuals, and would not want to be considered as 'typical' of a target-market segment for a brand. It was believed that customers wanted a 'personal relationship' with the landlord, to be treated as individuals... They were not consumers, they were locals in their local. If brands were to succeed and attain scale and scope economies, then this accepted wisdom had to be broken down: this was to become the objective of brand management in the 1990s. To many senior executives and others in the sector, brand management was an alien being. Pubs would never change. [Preece *et al*, 1999: 18-19].

### *Investing in the estate*

Attempts to increase sales volumes, revenues and profits were made by the introduction of new concepts/brands, but also by investing for growth by acquiring public houses, building new pubs, refurbishing pubs, or 'churning the estate' (that is,

buying and selling hostelryes) in order to improve the overall portfolio under the company's ownership or control. Of course, a major inhibitor for some of the nationals here was the DTI-imposed cap. If a company was at its maximum allowed estate, it would only be able to acquire or build new pubs if it also sold some of its existing estate. The major disposal programme imposed by the Beer Orders meant that there was a one-off opportunity to improve the overall quality of the estate by disposing of the pubs with the lowest sales volumes, etc. Another key objective was to achieve economies of scale. Through the emphasis on larger pubs, it was hoped that the cost of sales would reduce via the spreading of 'fixed' costs over higher volumes. From this time, disposals and estate churning became an everyday aspect of the PHR companies' corporate strategy, the net effect of which was to create a 'virtuous circle' of investment in those pubs or parts of the business which were achieving the highest margins and profits, and disinvestment at the opposite end of the estate. In the latter case, either the pubs were sold off to another organisation, typically a PHR company, or were, initially at least, retained in the form of tenancies, for:

the more marginal properties were let out to tenants as a way of securing outlets for the beer product and at the same time tapping into the entrepreneurial, managerial and financial resources of the small firm. [Lashley and Rowson, 2002: 354].

The period also saw a significantly increased amount of capital investment in the PHR estate through technological innovations, in the form of back office computer work stations, beer lines measurement and monitoring and, especially, EPOS systems. The latter was usually linked to the 'back office' computer and, through that and

LANs/WANs, into company databases. There was, of course, variation across companies with respect to the timing of these technological changes and the particular configurations which were developed.

The result of the above changes in the UK PHR and brewing sector was that, by the mid-1990s, some of the national companies had exited from brewing altogether, whilst there had been a significant increase in the PHR-only sector, with 22 PHR chains owning over 13,000 pubs in 1995 [Millns, 1998]. In 1989 vertically-integrated brewers owned almost 45,000 pubs- by the end of 1994 this had been reduced to under 22,000 [Pressnell, 1995: 14]. Millns [1998: 158-9] has observed:

Convergence and diversification are likely to continue. Brewing has already converged with other industries in terms of adopting a managerial rather than family/craft guild approach to the business, being market and brand-led rather than producer-dominated, tending to separate production and retailing, and viewing itself as part of a wider sector, in competition with other forms of leisure for consumer spending. Diversification will continue as brewing companies give different answers to the strategic question of what business they are in, and fewer answer that they are simply brewers of beer.

This prediction has been born out by subsequent events. People working in the sector now talk in a 'matter-of-fact' way about 'public house companies' and 'pub chains', rather than 'brewers'-unless, of course, they are specifically referring to brewing companies. These, in the main newly-formed PHRs, were more responsive to an increasingly more sophisticated customer base, and were prepared to challenge the established norms and expectations of what had been a rather conservative industry.

Consumers were more discerning and fickle, and less loyal towards an established offering. The industry response in terms of capital investment soon mopped up the finance which had been generated through the national companies' public house disposal programmes.

*The later 1990s to date: finance capital comes to the fore*

From the later 1990s the trend towards branding, especially in the managed estates, gathered momentum [Knowles and Egan see 'the branding and marketing of different pub concepts as one of the key manifestations of competition in the 1990s': 2002: 66], as did the sale or conversion of 'community- managed' houses to tenancies or leases. Much of the remaining national brewer/retailers' managed estate was either sold or converted from community-based businesses to 'high street' outlets, restaurant operations, or lodges. These disposals both gave a fillip and led to the creation of a plethora of, mainly leased-based, public house retailing companies. The days of the managed house as the 'shop window for the brewery's products' had long since gone. Tables 1 and 2 show the changes in UK public house ownership between 1989 and 2004.

Table 1 about here

Table 2 follows

The main cause of this transformation of public house retailing since the later 1990s, in my view, has been the ‘financialization’ of the sector. In so-called ‘financialized economies’ [Froud *et al*, 2002; Williams, 2000]:

New forms of financial competition reflect the requirement to meet the expectations of the capital market as much if not more than those of consumers in the product market. Capital markets are no longer merely intermediaries in relations between economic actors, but a regulator of firm and household behaviour [Thompson, 2003: 366].

In the increasingly deregulated and globalized market places of recent years, the search for new and/or enhanced ways of satisfying shareholders has produced a shift, albeit varying across sectors and contexts, towards the dominance of financial circuits of capital [Lazonick and O’Sullivan, 2000; O’Sullivan, 2000]. What is more, the increased dominance of institutional investors has ‘...accelerated the stronger emphasis on anticipated future cash flows and dividend payments, appreciation in share price, new metrics of measurement and rates of return above other means of investment as markers of financial performance’ [Thompson, 2003: 366].

Thus, what is happening in the PHR sector is by no means atypical and, as in many other sectors of the international economy, is indicative of the way in which ‘shifts in the circuits of capital are changing the character of corporate change itself...away from internally-oriented, commitment and values-based transformational change, to one that is based on the *financialization* of change in response to the new dynamics of capital markets.’ [Thompson, 2003: 367. Emphasis in original].

Financialization in PHR has led to the emergence of a few very large lease-based companies, and a number of smaller ones. Guy Hands has been the leading and key player in this process. During the later 1990s he was the UK Chief Executive of The Principal Finance Group, part of Nomura Equity Investment. His acquisition strategy was based upon the principal that pub businesses are excellent generators of cash. Cash flows are highly likely to be generated on a regular basis from pubs, primarily because of the payment of rent by the tenant/lessee (otherwise they have no business or, often, home) and beer and drinks sales (a pub with no beer cannot operate, and the tenant/lessee is required to pay for the wholesale supply of beer from the PHR company, with the company itself benefiting from any discounts received from the brewery). Hands and Nomura used the near certainty of these cash flows, as measured by Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) as a new way of valuing pubs. The old 'site and bricks and mortar' plus annual barrellage method produced one figure, say £400,000, whereas notionally capitalising the cash flows produced a higher figure, say £440,000. Employing this methodology, Nomura was successful in several pub-estate buying deals, to the extent that at one time they were the UK's largest public house owning company.

This financial strategy involves, in brief, borrowing money on a short-term basis to acquire the pubs, and then (through 'securitisation') converting the loans into less costly medium and longer-term instruments, as and when the pub estate confirms its EBITDA projection. The cheaper loans are a result of the lower level of risk which has now been confirmed through EBITDA, such data being required by longer term lenders in order to securitise the debt. In essence, securitisation is a process whereby future cash flows from the organisation's asset base (such as rental income) are used as financial backing for investment bonds on international bond markets. In addition,



as these longer- term debts replace more expensive short term ones, they help generate additional cash balances for further acquisition and expansion. Thus the possibility arises to move ever ‘onwards and upwards’ in a pub-acquisition spiral. Following the lead taken by Hands, several other companies embraced this financial methodology, also starting-up, developing and growing lease/tenancy-based pub retailing companies.

In contrast to the former predominant mode of producer-led public house ownership and operation, where the hostelries belonged to the breweries and acted as a ‘shop window’ for the breweries’ products, the essence of the new ‘pubco’ model is that: (i) the pubcos lease pubs to tenants via leases of varying length and conditions, usually specifying full-repairing and insuring obligations; (ii) beer and certain other supplies must be purchased from the pubco or suppliers nominated by the pubco; (iii) rent is paid, which increases annually and is subject to review after a specified period of time; (iv) pubcos enjoy the ‘right of entry’ to the licensee’s premises; (v) the pubco buys beer from breweries in bulk at discounted prices, which it then sells on to its tenants at a higher price, generating a significant margin. This is a ‘low risk’ business model for the pubco, as (i) it has bargaining strength with its suppliers; (ii) growth is assured as rental income is indexed and subject to periodic review (often upwards only); (iii) increases in beer costs are passed onto the tenant. Thus cash generation is predictable and reliable, and this has enabled the larger pubcos to securitise their income streams and benefit from profit increases, with their investors and bondholders enjoying earnings growth.

As a result of the extensive churning of the UK public house estate over recent years, the situation has now been reached whereby the major PHR companies own the great majority of high street city/town bars and key location food-led destination

outlets such that (with the exception of some privately-owned free houses and the regional brewer-retailers in certain locations) the top-end of the estate is now controlled by a few PHR companies. The core rationale is, as a partner in a medium-sized PHR company commented: ‘The bigger the business is, the better it works, because at the end of the day the more money you borrow, the cheaper it is, and the more pubs you have, the better discounts you get’, in an ever-upwards spiral. What is more, as Steven *et al* [2002: 113] have observed:

These influential monopolistic and controlling presences can be traced back to a government intervention that was fundamentally flawed. The intent of the 1989 ‘Beer Orders’ was to remove a complex monopoly rooted in vertical integration-the result has been the growth and development of an oligopolistic/monopolistic presence in both the supply and retailing of beer through public houses.

Or, as Knowles and Egan have similarly put it, ‘the structure of the industry has changed from one of being a complex monopoly to one which we would describe as a complex duopoly, with a trend to further concentration with limited competition in practice’ [2002: 70].

The comments below, gathered from publican interviews conducted during 2001-2, illustrate their typical reaction to the changes discussed above:

‘Well at least it’s a German Bank and not a Japanese one – but what do they know about pubs in Liverpool?’

‘It’s all just Mickey Mouse numbers. How can they pay £[X] billion for us?’

‘We are just commodities to be bought and sold. I thought we were going to Morgan Grenfell, then I was told it was Deutsche Bank; now my pub’s going to Enterprise – at least I think so’.

[Steven *et al*, 2002: 116].

The Finance Director of a privately-owned PHR company observed in an interview in 2003:

And what has happened now is that it is just a pure financial punt at the end of the day. It has got nothing to do with breweries, almost nothing to do with pubs. Just a purely financial punt. As it happens, when we were trying to do our various deals [with finance houses and investment companies] we talked to similar people and we discovered that they were not bothered with what the business was...All they were interested in was could the business be securitised, ‘cause that is the way they could get the money out and they could make their return, and therefore pay the most to secure the business. Just had to be a business that had a secure regular income, because that is what they would secure it as. But it has all just been driven by this desire to securitise the income of the business, to get more and more money and cheaper and cheaper costs. To have more and more pubs selling more and more beer and getting better and better discounts. But it is all just pure finance.

Why has securitisation not been applied to anything like the same extent to the (remaining) managed house estates? A key reason is that there is no rental income to the PHR company:

I mean, well it only works for tenanted pubs. I think people have securitised managed pubs, but at a much lower value, and the reason they do it on tenanted pubs is because they believe- I mean this is the crazy thing about all of this- they believe that because you have got a chunk of the income as rental coming in, then they just see rental income as being secure. They do not seem to recognise that the tenant can only pay the rent if he is selling the beer...well, what that is finishing up is if you had all your income in rent, that would be absolutely fantastic to hear. That is called a property company, that is not called a pub. (Finance Director, PHR company).

The acquisition of (ex)managed houses by leasehold/tenancy PHR companies has also had a major impact upon the publicans themselves: ‘At a stroke they went from permanent pensionable employment with a large company to the uncertainty of self-employment – always assuming they were able to afford the lease and wanted to become leaseholders’ [Steven *et al*, 2002: 117]. A different form of financialization has been at work here, again triggered by the 1989 Beer Orders. Tenants had been brought within the jurisdiction of the Landlord and Tenant Act, 1954, with the result that there was now an incentive for the companies to convert tenancies to leases, as the leaseholder has a more significant financial incentive to grow his/her business, given the longer lengths of leases as against tenancies. As Lashley and Morrison [2000] have commented, leases encourage ‘entrepreneurial flair’.

Whilst some PHR companies run training and development programmes for (ex) pub managers who have acquired leased houses for the first time, in order to help them transfer into self-employment and leasehold management, there is usually much less support for leasehold as compared to managed house estates. In the latter, training and

development support was offered for the career progression of pub managers, and they were given the opportunity to move to larger or different types of pub, over time helping them to gain promotion to area or regional posts or move into other parts of the organisation. For full and part-time bar staff a career ladder existed which provided the possibility of moving into full-time pub management and beyond, a route which had been of particular benefit to people with few, if any, qualifications and women more generally [Mutch, 2001; Preece *et al*, 1999; Steven, 2000]. These opportunities were now no longer on offer. Commenting on the implications of financialization at the level of the economy, Marchington *et al* have recently observed [2005: 12]:

financialization weakens any concern to internalise and harness the skills of the workforce. This ‘hollowing out’ of capital is associated with a model of capitalism that unashamedly seeks out short-term profits...Instead of reciprocity in the form of job security, career progression, and pension provision being valued as assets, permanent employees with expectations may be seen as expensive liabilities.

It is easy to gain the impression from the above discussion that the UK PHR sector from the early 1990s to date has been all about change and transformation. This needs to be clarified and qualified, however, for over the same period a number of instances of continuity can be identified, and it is to a consideration of these that the paper now turns.

## CONTINUITY

It is easy to forget continuities, to ignore aspects of the past which have not changed and which are still with us, and which again condition our thinking...

Pettigrew observes that, in ICI, continuity was more evident than change.

[Buchanan *et al*, 2005: 199/200].

Three illustrations of the continuity to be found within the PHR sector over the time period being considered here are given below, relating to three key dimensions of the PHR business: people and continuity (the people resource), the regional brewer-retailers (industry structure), and process (control and business development).

### *People and continuity*

Given that the behaviour and performance of people is central to the success of organisations, the contribution which they make, based upon their experience, skills, knowledge, expertise and motivation, will be of the utmost importance. 'Contribution' is used here in a broad sense to include not just the more usual measures of the outputs of employees' work, such as the number of customers served, gross profit per member of staff, etc, but also such matters as the way in which they interact with customers, the initiatives which they introduce or help to develop and implement, and the degree of commitment which they show to their work and the organisation. It is important to note, also, that the conditions under which they work, the formal and informal employment contract, the support they receive from elsewhere in the company (and outside), etc, etc, will also affect the quality, level and nature of their contribution. Much of the foregoing is inherited from the past, or, to put it another way, is part of the 'process heritage' of the organisation.

A key reason why we find continuity *and* change in the sector is quite simple: many of the people who work in it are the same people who have worked in it for a number of years. So, whilst a large number of new PHR companies have emerged over the last twelve years or so, many of the people who work for them (and, for obvious reasons, especially the older people) have previously worked for the brewer-retailers and/or for other PHR companies. Take an example from my 2002/3 PHR company interviews: following the takeover of their PHR company by another, much larger, PHR company, the two former directors (after a short break and period of reflection) decided to start up another PHR business rather than retire or work in a different sector:

I mean at that point- I guess we were early 50's- we didn't feel like retiring or going our separate ways and doing something different. We had all worked in the industry for, you know, twenty, twenty- odd years apiece. It's what we knew and therefore we wanted to continue in the sector. I think if we had been maybe 5, 6, 7 years older, then maybe we would have just semi- retired or called it a day, but we felt we had another deal in it somewhere, and that's what we wanted to do. (Finance Director, PHR company).

What is more, if new and emerging PHR companies want to expand (and there are a number of financial and economic reasons why they have little choice in the matter), then it is very helpful to have people working with or for them who have experience in, expert knowledge of, and process heritage in the sector. Amongst other things, as well as possessing the former qualities, they are likely to have built up a network of contacts within and relating to the sector:

Our Business Development managers-I guess its down to these guys to actually find the people to put in the pubs...Both of these guys are very experienced- one guy is 60, one is 50- they've been doing this 30 years apiece probably in the trade...and they will have a very large network of people they will know, and a lot of tenancies we find by personal contacts and the like, and you can do all the marketing and all the glossy brochures you want to, but personal contact carries an awful lot in this kind of business. (Chief Operating Officer, PHR company).

Multiple tenancy agreements, which have become more commonplace in the sector in recent years, provide another example of continuity. In essence, these are 'mini-businesses' within a larger business, whereby the multiple tenant (who can be one or more people) takes on the leases of a group of pubs from a landlord or pub-owning company. They then install managers in most, if not all, of these pubs, paying them a salary, and operating them and the business overall in such a manner that they make a profit out of the difference between what they pay out (including the managers' salaries, rents to the landlord(s), and the brewers for their beer supplies) and what the pub estate generates through trading. Why have multiple tenancies become more common in recent years? One important reason is that they provide opportunities, work and income for people who found themselves out of a job as a result of the restructuring, takeovers, and churning we referred to earlier, especially in the case of (ex) area and regional managers from the old large managed estates. As the Finance Director of a PHR company observed:



The key reason for the establishment of the new multiple tenancies is its a source of income for the redundant brewery/public house regional/senior managers...The Beer Orders forced the brewers to sell pubs, and these new businesses are set up, and they have all sorts of mergers and whatever, and then, to allow the business to keep growing, they are now taking on managed houses, to convert to tenancy. And then, because the managed houses are all gone, people that ran the managed houses are now saying 'Well, what do we do? Well, I know what we can do, we can set up a small tenancy business and run them as small managed businesses'.

Such people bring specialist knowledge and experience regarding the management of staff and organisations to the PHR/multiple tenancy from their brewer/PHR company days:

Generally, the people who become multiple tenants are people that have been in a managed house organisation previously, and therefore have this expertise of working in Bass retail, or S&N retail, or Whitbread retail or whatever- those estates have disappeared, then the individuals are left with nothing to do, and therefore they've become multiple tenants, and have brought their experience from these bigger organisations to bear, so they will have a smattering of HR, and financial as well, and the rest of it. I mean, most of them started as pub managers, then became the area manager, then became regional manager. So they have the experience of doing the whole thing- if you are made regional manager you probably have the nous to run a small business yourself. (Director, PHR company).

### *The regional brewer-retailers*

Whilst the old ‘nationals’ have either exited brewing or PHR, the ‘regionals’, many of which have been around for just as long, if not longer, than the former, have not stood still either. In some cases they have closed down, in others they have quit brewing to concentrate purely on PHR (such as Brakspears and Morrells), in others they have been bought out and merged with another company (eg King and Barnes takeover by Hall and Woodhouse, and the subsequent closure of the former’s brewery in Horsham), and in other cases they have remained in both brewing and retailing and have expanded their brewing capacity, their estates and their geographical spread-this applies especially to Greene King and Wolverhampton & Dudley. Indeed, it is the latter two companies which are now the UK’s main brewer-retailers (see Table 2).

Table 2 about here

These brewer-retailers continue to produce and sell their own beer in their own public houses, as well as selling beer to the free trade and PHR companies, and contract brewing for other companies and brewers. At the same time, independent free houses, which can in principle buy their beer from any of the brewers (whether they are national, regional, or micro) form around 28 per cent of the total UK public house stock, a proportion of the total stock which has changed little since 1989 (see Table 1). A number of the old medium-sized brewer/retailers are still operating out of their original heartlands, such as Holts, Hydes, Thwaites, St. Austell, Sam Smiths, Youngs,

Fullers, Wadworths, Robinsons, Shepherd Neame and Charles Wells. There is even an instance of a very long-established brewer-retailer being sold back into the ownership of the family wherefrom it was bought fifteen years or so ago by one of the (ex) nationals, that is Theakstons, which switched back into Theakston family ownership from Scottish Courage during late 2003.

#### *Control and business development*

The third example of continuity in the sector concerns two processual matters: control and business development. In many ways, they summarise the essence of what publicans and related staff have to attend to on a daily basis in order to develop/maintain/grow a successful and profitable business. By ‘publicans’ we refer here to the tenants, lessees, managers, and landlords (in the case of free houses) of public houses, and, by ‘related staff’ (where relevant) to people in the organisations of which they are a part (such as area and regional managers in a managed estate, and the PHR and its agents in a tenanted/leased estate). ‘Control’ refers to (i) financial control, such as bookkeeping, cash flow and wages administration; (ii) stock control, especially of the liquid products which flow through the beer lines and spirit metres; (iii) staff control, with respect to attendance, performance, behaviour, etc. ‘Business development’ refers to such key aspects of the business as ‘getting close to customers’ and understanding and offering them what they are looking for; expanding the business through new offerings/higher margin products or new pub ‘experiences’; attracting new customers; and meeting/beating the competition (that is, other pubs, but also other forms of leisure pursuit).

If they are to become and/or remain profitable and viable, pubs and pub estates have to effectively and efficiently address these key processual dimensions of control and

business development, as they have always had to do, long before the point of departure of the present paper, ie the late 1980s. Hales (2005), in a survey of 135 organisations in London and the South East of England in 2002, also found continuity and change in the role of the ‘first-line’ (ie, in our case, public house) manager. Continuity was attributed primarily to ‘the retention of external hierarchical supervision and its strengthening as a result of organizational growth or increasing external regulation...’ [2005: 473].

Notwithstanding that new ways of doing these things and new facilitators to the processes (such as IT/EPOS systems) have been introduced (and, no doubt, will continue to be introduced), it is impossible to foresee a time in the future when it will no longer be necessary for a publican (and the wider organisation of which s/he might be a part) to attend to them.

#### CONCLUSION: CHANGE AND CONTINUITY IN PUBLIC HOUSE RETAILING

Both change *and* continuity, then, can be found in the UK public house retailing sector over the last sixteen years or so. A good illustration of the volatility which has characterized the UK PHR sector is provided in a paper by Mutch, published in late 2000, which focuses upon brewery-owned public house *managers*. Mutch notes that ‘The data indicate that a slim majority of the brewers’ estates (51%) are managed, but that the pubcos have over three quarters of their estate under tenants’[2000: 369]. He goes on to argue that this shows the emphasis which the *brewers* were placing by the end of the 1990s on managed pubs. A key reason for this is provided by some data provided earlier in his paper, where it is shown that as the number of pubs owned by the major brewers fell from the early 1990s to 1995, the percentage of managed

houses within their estates increased. As Mutch observes, they were concentrating upon divesting themselves of the more marginal tenanted houses, whilst retaining the larger ‘top end’, *managed*, part of their estates. What is especially noteworthy for our present concerns, however, is that in the period which has elapsed since the publication of the paper, *all* the national brewer/retailers have now exited either brewing or, in the case of Scottish & Newcastle, public house retailing. The only remaining major *managed* pub groups now are companies which are exclusively pub retailers, such as Wetherspoons and Mitchells & Butlers. As far as the brewer/retailers are concerned, the only significant managed estates are now to be found in the large, former regional-now increasingly national companies, such as Wolverhampton & Dudley and Greene King (and they also have large tenanted/leasehold estates within their portfolios). It might be added that, apart from Scottish & Newcastle, all the major national breweries are either fully or partially owned by foreign companies, and that foreign banks and investment houses have significant financial interests in many of the public house retailing companies.

The nature and structure of ownership of the UK’s public house retailing sector today is such that continued volatility and turbulence seem inevitable, and it is extremely difficult to see how it could be otherwise as long as a large proportion of the estate continues to be owned by financial institutions, from whose position pubs are seen quintessentially as generators of cash and assets to be bought and sold. This impacts, of course, not only upon the estates of companies which are owned by these institutions, but also upon those which are not, but which might add to the attributed value of the estate. The impetus is to grow by acquisition (whether contested or uncontested) to achieve market-domination in so far as is possible (ie subject to

regulative constraints, such as relating to the creation of local/regional PHR monopolies) in a never-ending upward spiral.

However, whilst change has been pervasive in UK public house retailing in recent years, it is important to recognise that not everything has changed if, indeed, that could ever be the case [even in a ‘full’, BPR-inspired deracination-see Grint and Case, 1995]. Indeed, it may be that there has been a certain amount of ‘over-hyping’ of the need for and actuality of change, not least by management consultants, for, as Collins [2000: 77] has observed ‘...the “new” ideological appeals of the “gurus” may actually work to disguise stability...’. In certain important aspects of industry structure, composition and functioning, there can be found continuity from the past. This is true with respect to many of the people who work in the sector, including those who were-and still are-in the more senior managerial, professional, and (now) ownership positions. The spread of multiple tenancies is related to the demise of the national brewer/pub retailers with the large managed estates, and their replacement by new specialist PHR tenancy/leasehold companies, with the resultant shakeout of the old area and regional manager and other roles. Further examples of continuity with the past include the continued presence of the regional brewers/retailers; although some of them have exited from brewing in recent years, others have expanded their pub estates both within and outwith their historical regional bases, not least by buying up pubs placed on the market by the old nationals (and, increasingly, pubs released by the PHRs as they churn their estates). The title ‘*regional*’ brewer/retailer for such companies as Greene King and Wolverhampton & Dudley seems increasingly misplaced, if not simply incorrect. At the same time, free houses slightly increased in numbers and percentage of the public house estate between 1989 and 2004 (see Table

1). And, as always, control and business development issues continue to require close and everyday attention from the publican and related staff.

There is, then, a good deal of structural, people and process heritage to be found within the PHR sector, much of it in the possession of people who have worked in the industry for a number of years. Whilst there is a lot to be said for bringing new people and new ideas into PHR, there is also much to be gained by drawing upon that detailed knowledge, skill and experience which can only be obtained through serving an apprenticeship and undertaking a variety of roles over a period of time. And these people have also been known on occasions to come up with new ideas-and sometimes quite radical ones at that!

A, perhaps the, key message of the paper, then, is not to throw out the proverbial 'continuity baby' with the 'change bathwater', but, rather, to recognise that both continuity *and* change are to be found side-by-side, even in a sector such as UK PHR which has undoubtedly experienced an extensive amount of the latter in recent years. So, whilst the paper has been concerned to outline and analyse many of these changes, it has also been concerned with articulating the continuity which is to be found in the sector, and which in many ways has underpinned and contributed to those very changes.

#### NOTE ON METHODOLOGY

The original empirical material presented here was gathered over two periods of time:

1. Over the period 1992-97. This centred upon a longitudinal study of organisational change in the public house retailing division of Bass plc, and was undertaken by the present author and Gordon and Valerie Steven [see Preece et al, 1999 for the main

write-up of the research project]. A number of methods of data collection were utilised. Four questionnaires were administered at various time intervals to public house managers, retail business managers, and business administrators in the Bass Taverns estate. The first two surveys were carried out in three of the then six regions of the company, and the second two were administered throughout the whole estate. The response rate of returned and usable completed questionnaires never fell below 80%. Formal individual interviews were conducted with 34 pub managers and six retail business managers, and more informal interviews with a range of staff including the chief executive, corporate senior managers, head office and regional specialists, and Change Team members. In addition, extensive use was made of participant observation through, *inter alia*, attendance at local team meetings consisting of pub managers and the relevant business manager, and focus groups of either pub managers or business managers, as well as documentary analysis: minutes of meetings, reports, newsletters, etc.

2. Over the period 2002-6. This research project is continuing, and is studying organisational change in the UK public house retailing sector-thus it does not have the focus the earlier study did upon one particular company (although it should be noted that that study did also look at organisational change at the industry level). The methods of data collection include the analysis of industry-level papers and reports, analysis of public house retailing company documents, attendance at industry conferences (such as the annual *Publican* conference), interviews with members of public house retailing institutional bodies (such as the British Institute of Innkeeping), and, not least, longitudinal case studies in public house retailing companies (via interviews with a range of staff/managers/owners and documentary analysis).



## ACKNOWLEDGEMENTS

The author would like to acknowledge the helpful comments of the two anonymous reviewers of the paper, and the interviewees for giving of their time and expertise.

## ENDNOTES

1. Below can be found definitions of the more technical, industry specific, terms used in the text.

**Brewer-retailer**                      A company which both has its own brewery/ies and owns and runs pubs

**Community-managed**              A managed pub which focuses upon offering a range of facilities for people in its local area, such as regular quiz nights, darts and dominoes, food, a local or the pub football/cricket team

**EPOS**                                      Electronic point-of-sale system. An electronic cash till behind the bar which captures information such as time of sale, make-up of order, name of bar person, value of order, and is capable of electronically relaying this information to a back-office computer, and into a wider area network.

**Freehouse**                                A pub which is privately owned by the publican, in the sense of not belonging to a brewery or PHR company. Some freehouses buy their supplies from whoever they want, and can swop and change as they like; others are 'loan-tied' to a brewery/PHR through having taken out

a loan from them in return for exclusivity in selling their products.

Hostelry

Public house

LAN

Local area network

Leasehold

The pub is owned by a brewery or PHR company, and leased to a tenant for a specified period of time. The tenant is an independent entrepreneur, however, and runs his/her own pub business, for example setting the retail prices in the pub. Leases vary in form and length, but often specify repairing and insuring obligations on the tenant. Beer and some other supplies must be purchased from the brewery/PHR company, and rent must be paid, often a month in advance. The tenant pays a given amount of money to obtain the lease in the first place, for the fixtures, fittings and 'goodwill', and the longer leases are often assignable after a given period of time.

Managed pub/house

These are owned by the brewery or PHR company (albeit in the latter case often on the back of securitization). Thus the pub manager and other staff are employees of the company. The brewer/retailer sets the retail prices, bears all the costs of operation, and takes all the profit.

Multiple tenancy

A given person/company obtains a tranche of pubs on a tenancy basis from the owner, and installs

	managers/family members to run some or all of these pubs.
Off-licence	Non-public house premises licensed to sell intoxicating liquor, such as supermarkets and wine stores.
On-licence	The pub itself, selling intoxicating liquor.
PHR	Public House Retailing
Tenancy	Similar to leasehold (see above). Normally a short-term lease, eg for 2/3 years, less expensive to buy, but usually non-assignable.
Tie	The hostelry has to buy/obtain its beer, spirits, soft drinks, and many of its other supplies from the brewery or PHR company which owns it.
WAN	Wide area network.

## REFERENCES

- Buchanan, D., L. Fitzgerald, D. Ketley, R. Gollop, J. Jones, S. Lamont, A. Neath and E. Whitby, 2005, 'No going back: A review of the literature on sustaining organizational change', *International Journal of Management Reviews*, Vol. 7, No. 3, pp. 189-205.
- Buchanan, D. and R. Badham, 1999, *Power, Politics and Organizational Change: Winning the Turf Game*, London: Sage.
- Buchanan, D. and D. Boddy, 1992, *The Expertise of the Change Agent: Public Performance and Backstage Activity*, London, Prentice-Hall.
- Collins, D., 2000, *Management Fads and Fashions: Critical-Practical Perspectives*, London: Routledge.

- Crompton, G., 1998, ‘“Well-intentioned meddling”: the Beer Orders and the British brewing industry’, in R. Wilson and T. Gourvish (eds), *The Dynamics of the International Brewing Industry since 1800*, London: Routledge.
- Dawson, P., 2003a, *Reshaping Change: A Processual Perspective*, London: Routledge.
- Dawson, P., 2003b, *Understanding Organizational Change: The Contemporary Experience of People at Work*, London: Sage.
- Froud, J., S. Johal, and K. Williams, 2002, ‘Financialisation and the Coupon Pool’, *Capital and Class*, Vol. 78, No.1, pp. 119-51.
- Grint, K., 1994, ‘Reengineering History: Social Resonances and Business Process Reengineering’, *Organization*, Vol. 1, No. 1, pp. 179-201.
- Grint, K. and P. Case, 1995, ‘Now where were we? BPR, lotus-eaters and corporate amnesia’, paper presented at Workshop on Critical Studies of Organizational and Management Innovations, European Institute for Advanced Studies in Management, Brussels, May 8-9.
- Hales, C., 2005, ‘Rooted in Supervision, Branching into Management: Continuity and Change in the Role of First-Line Manager’, *Journal of Management Studies*, Vol. 42, No. 3, pp. 471-506.
- Hammer, M., 1990, ‘Reengineering work: don’t automate, obliterate’, *Harvard Business Review*, July/August, pp. 104-12.
- Hammer, M. and J. Champy, 1993, *Reengineering the Corporation: A Manifesto for Business Revolution*, London: Nicolas Brealey Publishing.
- Knowles, T. and D. Egan, 2002, ‘The changing structure of UK brewing and pub retailing’, *International Journal of Contemporary Hospitality Management*, Vol. 14, No. 2, pp. 65-71.

- Knowles, T. and M. Howley, 2000, 'Branding in the UK public house sector: recent developments', *International Journal of Contemporary Hospitality Management*, Vol. 12, No. 6, pp. 366-70.
- Lashley, C. and Rowson, B., 2002, 'A franchise by any other name? Tenancy arrangements in the pub sector', *International Journal of Hospitality Management*, Vol. 21, No. 4: 353-69.
- Lashley, C. and A. Morrison, (eds), 2000, *Franchising Hospitality Services*, Oxford: Butterworth-Heinemann.
- Lazonick, W. and M. O'Sullivan, 2000, 'Maximising Shareholder Value: A New Ideology for Corporate Governance', *Economy and Society*, Vol. 29, No. 1, pp. 13-35.
- Marchington, M., D. Grimshaw, J. Rubery and H. Willmott (eds), 2005, *Fragmenting Work, Blurring Organizational Boundaries and Disordering Hierarchies*, Oxford: Oxford University Press.
- Millns, T., 1998, 'The British brewing industry, 1945-95', in R. Wilson and T. Gourvish (eds), *The Dynamics of the International Brewing Industry since 1800*, London: Routledge.
- Monopolies and Mergers Commission, 1989, *The Supply of Beer*, Her Majesty's Stationery Office (Cm 651), London.
- Mutch, A., 2001, 'Where do public house managers come from? Some survey evidence', *International Journal of Contemporary Hospitality Management*, Vol. 13, No. 2, pp. 86-92.
- Mutch, A., 2000, 'Trends and tensions in UK public house management', *International Journal of Hospitality Management*, Vol. 19, No. 4, pp. 361-74.
- Nolan, P., 2003, 'Reconnecting with history: the ESRC future of work programme', *Work, Employment and Society*, Vol. 17, No. 3, pp. 473-80.

- O'Sullivan, M., 2000, *Contests for Corporate Control: Corporate Governance and Economic Performance in the US and Germany*, Oxford: Oxford University Press.
- Pettigrew, A., 1985, *The Awakening Giant: Continuity and Change in ICI*, Oxford: Blackwell.
- Pettigrew, A. and R. Whipp, 1991, *Managing Change for Competitive Success*, Oxford: Blackwell.
- Preece, D., G. Steven and V. Steven, 1999, *Work, Change and Competition: Managing for Bass*, London: Routledge.
- Pressnell, I., 1995, 'Structural changes to British brewing and the pub trade 1989-94', *Brewing and Distilling International*, March, pp. 14-17.
- Steven, V., 2000, 'A Stairway to the Stars for "unskilled" women', *Women in Management Review*, Vol. 15, Nos. 1 & 2, pp. 20-29.
- Steven, G., V. Steven and D. Preece, 2002, 'Employee Relations Consequences of Ownership and Structural Changes in the UK Brewing and Public House Retailing Sectors', *New Zealand Journal of Industrial Relations*, Vol. 27, No. 1, pp. 107-118.
- Thompson, P., 2003, 'Disconnected capitalism: or why employers can't keep their side of the bargain', *Work, Employment and Society*, Vol. 17, No. 2, pp. 359-78.
- Thompson, P. and D. McHugh, 2002, *Work Organisations: A Critical Introduction*, Third Edition, Basingstoke: Palgrave.
- Thompson, P. and J. O'Connell Davidson, 1995, 'The Continuity of Discontinuity: Managerial Rhetoric in Turbulent Times', *Personnel Review*, Vol. 24, No. 4, pp. 17-33.
- Trade and Industry Committee, *Pub Companies*, Second Report, 2004/5, House of Commons, HC 128-1, 21/12/04.

White, M., S. Hill, C. Mills, and D. Smeaton, 2004, *Managing to Change? British Workplaces and the Future of Work*, Basingstoke: Palgrave.

Williams, K., 2000, 'From Shareholder Value to Present-day Capitalism', *Economy and Society*, Vol. 29, No. 1, pp.1-12.

Table 1. Ownership of UK public houses by type of operator

	<b>1989</b>	<b>2004</b>
<b>National brewers</b>		
tenanted/leased	22,000	0
managed	10,000	0
Subtotal	32,000	0
<b>Regional brewers</b>		
tenanted/leased	9,000	5,972
managed	3,000	2,617
Subtotal	12,000	8,589
<b>Independents</b>		
tenanted/leased	negligible	23,857
managed	negligible	10,268
freehouses	16,000	16,850
Subtotal	16,000	50,975
<b>Total</b>	<b>60,000</b>	<b>59,564</b>

Source: 'Pub Companies', Second Report, 2004/5, House of Commons Trade and Industry Committee, HC 128-1, 21/12/04, p.8.



Table 2. Estimates of public house ownership, 1989 and 2004

1989		2004			
Bass	Mixed (Brewer)	7,190	Enterprise Inns	Leased	8,739
Allied	Mixed (Brewer)	6,678	Punch Taverns	Leased	8,410
Whitbread	Mixed (Brewer)	6,483	Spirit Group	Managed	2,468
Grand Met.	Mixed (Brewer)	6,419	W & D	Mixed (Brewer)	2,112
Courage	Mixed (Brewer)	5,002	Greene King	Mixed (Brewer)	2,100
S. & N.	Mixed (Brewer)	2,287	Mitchells & Butlers	Managed	2,077
			Scottish & Newcastle	Leased	1,094
			Wellington Pub Co.	Leased	835
			Avebury Taverns	Leased	750
			London & Edinburgh	Leased/managed	696
<b>TOTAL</b>		<b>34,059</b>	<b>TOTAL</b>		<b>29,281</b>

KEY 'Mixed'=company operates both leased and managed pubs

Source: 'Pub Companies', Second Report, 2004/5, House of Commons Trade and Industry Committee, HC 128-1, 21/12/04, p.8.

Figure 1 The UK Public House Retailing Sector, 1990 to 2005:

From a “Complex Monopoly” to a “Complex Duopoly”

Contexts		Change
The “Beer Orders” 1989	1990	<ul style="list-style-type: none"> <li>• Flood of pubs onto the market.</li> <li>• Pubs for breweries swap.</li> <li>• “Churning” the estate.</li> </ul>
A changing socio – economic context	1995/6	<ul style="list-style-type: none"> <li>• Investing &amp; disinvesting in the estate.</li> <li>• Emergence of new PHR’S (mainly tenanted/leased).</li> </ul>
Financialization of the sector	2005/6	<ul style="list-style-type: none"> <li>• Conversion of many managed houses to leasehold tenancy (especially “community locals”).</li> <li>• Trend towards branding in the remaining managed estates gathers momentum.</li> <li>• Emergence of two (ex) regional brewers/retailers through expansion via acquisition (leasehold/tenancies based upon securitization).</li> <li>• Emergence of two major PHR companies</li> </ul>