

Independent Irish Beer Sourced from St. Mel's Brewing Company

Case Study, Fire Restaurant Mansion House Dublin

St. Mel's Brewing Company : Who we are, what we do

St. Mel's Brewing Company is an independent brewery that commenced production in May 2014. We brew and package inhouse a range of high-quality beers from the best possible ingredients using traditional brewing methods in our state of the art brewing facility. The beer range is designed to be accessible to all beer consumers and to deliver an authentic flavoursome product for the drinker while also offering excellent profit margins and volumes for the vendor.

The brewery offers a core range of 5 beers under the St. Mel's brand, as well as a range of off the shelf white-label beers that can be sold under a vendors, own brand. Packaging formats available include draught, cans and bottles. The brewery also offers a bespoke product development service for clients looking to serve something totally unique.

Our multi-award-winning head brewer Liam Hanlon has worked with some of Irelands largest and longest established independent breweries both as an employee and as a consultant. We have vast experience in developing beers in all styles from straight-up stouts and lagers to barrel-aged sour beers and everything in between.

Why Choose Independent Small Batch Beer?

Both domestic consumers and tourists now seek authentic, distinctive, locally produced beers preferably from an independent producer. In 2017 consumption of beer declined overall by 2.1% while that of Irish craft beer rose by 12.7%^[1]. Combine this with the number of "crafty" beer brands recently released by macro multinational breweries in Ireland claiming local provenance, and it is clear that the consumer demand for beer is moving away from the traditional international macro brands.

Traditionally over 2/3rds of visitors to Ireland come from the U.K., U.S. and Canada. All markets where the local microbrewing industry is far in advance of our own and from our experience it is the foreign visitor that is more likely to request the local beer at the bar to add to their overall food and drink experience.

The Fáilte Ireland Food and Drink strategy 2018 – 2023 states that the food and drink expectations of both Irish consumers and tourists have risen in recent years, driven by intense social media activity around unique food and drink experiences. The overall trend is that while consumers may be drinking less, they expect better quality when they do.

^[1] Craft Beer and Independent Microbreweries in Ireland, 2018 Bord Bia report.

The Benefits

Overheads within the hospitality industry are increasing all the time. The recent increase in the minimum wage and the Vat rate means that companies must look for increased cash margins on all revenue streams, but they need to achieve this without a reduction in quality. Beers sourced from St. Mel's Brewing Company Ltd. are proven high-quality products that can offer profit margin increases at the bar and have successfully demonstrated this in some of the busiest restaurants in Ireland.

The Opportunity

Traditionally the Irish beer market has been dominated by a few large multinational beer brands. Over the last number of decades, the business model around large macro breweries has relied heavily on mass marketing campaigns and brand recognition at the bar. This model requires in the region of 15-20% of sales turnover to be spent on marketing hence the high price of these so-called “premium” brands. As a small independent producer St Mel’s Brewing Company Ltd. does not have these increased costs and can offer better beer prices per litre. The opportunity exists for the far-sighted bar operator to work with St Mel’s Brewing Co. to increase their cash margin on beer at the bar without committing to vast volumes of sales, compromising on quality or relying on the mythical rebates. To support this St Mel’s Brewing encourages staff visits and training at the brewery to ensure that staff are equipped to upsell the product to the customer at the point of sale and can relate the story of the brewery and the partnership with the outlet to give a more intimate drinking experience to the drinker.

FIRE Steakhouse & Bar Case Study

Introduction to Fire Restaurant – their mission statement

FIRE Steakhouse & Bar is an award-winning restaurant at the Mansions House, based on Dublin’s Dawson St. celebrating 15 years in business it is not only one of Ireland’s busiest restaurants but one of the most established restaurants within Dublin. They pride themselves on creating menus that focus on utilising fresh in-season Irish produce to create dishes bursting with a multitude of flavours. They are firmly committed to supporting sustainable local Irish produce and only serve the finest selection of award-winning meats and produce that Ireland has to offer.

The Challenge – applying the Fire mission statement to their beer offering

Senior management at FIRE were not happy that they were applying their mission statement to their beer offering. They set St. Mel’s Brewing Company the challenge of developing a bespoke beer that would increase beer sales and margin while competing with the big brands. At the same time, FIRE wanted to ensure that they were fulfilling their mission to support sustainable local Irish produce that is the best that Ireland has to offer.

Challenge Accepted

The two companies collaborated to develop Fire 1864 Irish Lager. Without removing any other brands from the bar, authentic independently brewed Fire 1864 Irish Lager beer grew quickly. Today FIRE 1864 accounts for a quarter of all draught sales in the restaurant while delivering gross profit margin of 70%, offering an increase in cash in the till per pint of €0.67 or 23% profit over Heineken^[1].

St Mel’s Centenary Pale Ale was introduced in Jan 2019 to celebrate the sitting of the 100th anniversary of the first Dáil at the Mansion House. This beer proved so popular that the decision was made to replace Smithwicks in the restaurant and it quickly exceeded Smithwick sales while increasing cash profit per pint by €0.62 or 21%^[2] versus this long-established brand.

With the success of the Fire 1864 Lager and St Mel's Centenary Pale Ale it was quickly decided to follow up with an authentic draught Irish Stout and FIRE Traditional Irish Stout 4.2% abv was born. Installed in mid-October to

[1] Fire 1864 pint sold for €6.50 v's Heineken pint €5.95

[2] St Mel's Centenary Pale Ale pint sold at €6.50 v Smithwicks €5.90

With the success of the Fire 1864 Lager and St Mel's Centenary Pale Ale it was quickly decided to follow up with an authentic draught Irish Stout and FIRE Traditional Irish Stout 4.2% abv was born. Installed in mid-October to and sold alongside Guinness draught, initial sales have been strong with the bar staff keen to promote an alternative small batch Irish stout to visitors. The product achieves increased cash margin of €0.37 or 7.76% per pint sold at the same price per pint as Guinness €5.90.

Percentage draft beer sales Fire Restaurant by product	2017	2018	% ↑↓	2019**	% ↑↓
Fire 1864 Lager*	11.01%	20.11%	9.10%	24.00%	3.89%
Heineken	38.80%	37.51%	-1.29%	33.00%	-4.51%
Guinness	34.26%	30.42%	-3.84%	30.00%	-0.42%
Smithwicks	6.90%	5.96%	-0.94%	0.00%	-5.96%
St Mel's Centenary Pale Ale***				7.00%	7.00%
*Fire 1864 Lager introduced May 2017					
**Figures to end Aug 2019					
***St Mel's Centenary Pale Ale replaces Smithwicks Jan 2019					