



# Brewers Association Export Development Program ISSUES REVIEW

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## Research Study on Indian Craft Beer Market now Available

The Brewers Association's Export Development Program (EDP) received funds from USDA's Emerging Markets Program earlier this year in order to commission a research study examining the Indian craft beer market. A few U.S. craft breweries are already exporting to India, and there has been recent activity within India's own craft beer industry with brewpubs opening more frequently.

The BA retained Spire Research and Consulting to explore the market further. Spire also completed an earlier study for the BA on China. The India report is now available from the Brewers Association for our EDP members – please contact [Mark Snyder](#) for this report. It contains an executive summary and details on export opportunities and challenges, consumption, logistics, trade partners, competition, the regulatory environment and more. Contact information for some of the leading beer importers is provided in the appendix.

Highlights from the report include that:

- Craft beer currently has an estimated market size of 40,000 cases worth \$9.7 million.
- There is significant latent/potential demand for craft beers since the market is dominated by one beer style and consumers are only now being exposed to new styles and to craft beer.
- The preferred shelf life of beer among traders is 6-12 months.
- Markups throughout the distribution chain will generally increase the landed price of the beer by 3.8 times.
- Most beer sold in India is within the price range of US\$1.3 - \$2.2. Beers considered "premium" will sell for US\$2.8 - \$8.5.
- Bottled beer is most popular (60% of consumption) but cans and draught beer are growing. 650ml and 330ml bottles are common.
- In the cities covered by the study, there are 10 microbreweries/brewpubs now operating and another 43 pending government approval.
- Disposable income is rising in India as is the number of expatriate workers and the number of tourists visiting annually.

The Brewers Association Export Development Program has also commissioned the following market research studies:

- Baltic States and the Czech Republic
- Brazil
- China
- Mexico

Please contact [Mark Snyder](#) to access these studies, which are available to Export Development Program members only.

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## EDP Enjoys Significant Presence at GBBF

The Great British Beer Festival was again a signature component of the EDP's summer activity schedule. The BA coordinated a shipment of bottle samples from 20 EPP member breweries, which was in addition to over 120 casks shipped over. The casks were coordinated directly by CAMRA for the festival. Together, the US bottle samples and casks provided a substantial presence for US craft breweries at the festival. In fact, the United States was, for the most part, given its own bar/booth at the festival. This was a departure from past years in which all foreign beers were grouped together in a large Bières Sans Frontières space. This year, with growing international participation, the festival organizers divided the foreign beers among 5-6 different spaces. The United States was paired with Australia, New Zealand, Japan, and some northern European countries but these all had few submissions. The space was essentially reserved for the United States.



Eric Rosenberg (Bryant Christie Inc.) attended on behalf of the EDP. In addition, industry members from Odell Brewing Company, Smuttynose Brewing Company, Lagunitas Brewing Company, and Flying Dog Brewery attended.

A few side events were also part of the EDP's GBBF schedule. These included a BBQ reception at the Crown Pub in Southwark, the annual media gathering at Brew Wharf, events at The Rake, and American craft beer night at The White Horse. These events provided an opportunity for BA and industry members to meet and interact with members of the media, with importers, and with other trade contacts.

Interest in U.S. craft beers is tremendous in the UK. Multiple importers reported that they receive more inquiries about U.S. brands than any others in their portfolio, and that they did not believe this would change any time soon. The U.S. industry continues to be recognized for beer quality, innovation, and established brands.

## US Government Helps BA Maintain Exposure for Craft Beer in China

As reported in the last Issues Review, the EDP had a booth at the SIAL trade show in Shanghai in May, and conducted educational seminars in Shanghai and Beijing. Since then, U.S. agricultural trade officials in both cities have helped maintain exposure for the U.S. craft beer industry and for the BA using leftover samples from the earlier events. In Shanghai, the BA donated left over samples to the U.S. government's July 4th reception at the Consulate General. U.S. craft beers generated significant attention, including among a few wine importers that expressed interest in certain brands.

Beer samples were also donated to USDA's Great American BBQ in Hangzhou, China. Over 200 retail, bar and restaurant contacts attended the BBQ which featured U.S. meat products, craft beer and other agricultural exports. Prior to the event, BA representatives visited a City Life supermarket. City Life has ten retail stores in Hangzhou and is a big supporter of U.S. craft beers distributed in China.

In Beijing, following SIAL and the technical seminars in May, USDA agricultural trade officials received inquiries from BHG, a prominent high-end retailer in that city for a private training class for retail managers. BHG began carrying US craft beers earlier this year. The BA worked with Ralph Bean, Director of the U.S. Agricultural Trade Office in Beijing to give the same craft beer school presentation that had been delivered back in May by Bob Pease. In doing so, Mr. Bean built up further goodwill between BHG and the BA and further engaged officials in the U.S. Embassy in Beijing with the BA's China program.



The BA has also learned of positive media generated from its presence at the SIAL trade show and seminars. Hops magazine, a relatively new trade and consumer publication in China, ran a large piece (pictured) on the Brewers Association in its summer 2011 issue. *Drink* magazine and *Food Development News* also published articles about the events.

## **BA Also Teams Up With U.S. Government at TasteUS Culinary Festival in Toronto**

Through the EDP, the BA arranged for beer donations for the TasteUS! Culinary Festival in Toronto, Ontario. TasteUS! is an annual event hosted by the U.S. Agricultural Trade Office. It is a showcase of U.S. food and beverage products exported to Canada. This year, the event was held at the Hockey Hall of Fame in Toronto. U.S. Ambassador to Canada, Peter Jacobson attended the event and shared a beer with acclaimed beer writer, Stephen Beaumont.

The BA secured sample donations from five EDP members including Boston Beer Company, FX Matt Brewing Company, Rogue Ales, Shipyard Brewing Company, and Smuttynose Brewing Company. The different brands donated by industry were paired with foods at four pairing stations. BA staff assisted with the pairing recommendations. Information about the BA and the EDP was also distributed to all guests on a CD that featured material from the other U.S. agricultural participants as well.

The BA would like to thank the five breweries that agreed to donate samples to this event. It reflects favorably upon the BA's export program and helped secure exposure in a market the BA has not formally visited since 2009.

## **Ontario and England are Focus of GABF Seminars**

Exposure for U.S. craft beers in Toronto in September (above story) came at a good time. Coincidentally, the BA was already in discussions with Chris Robertson, Director, Spirits & Beer, for the Liquor Control Board of Ontario to speak at the annual GABF EDP seminar. Chris reached out to the EDP to express interest in visiting the GABF and meeting with representatives of U.S. craft breweries wishing to export to Ontario. According to Chris, consumer demand in Ontario for U.S. craft beers is extremely high and the LCBO is seeking to respond to that demand by expanding the number of U.S. brands it carries. Though there are certain specific brands of interest to the LCBO, the organization is willing to look at products from any EDP member interested in that market. Moreover, according to Chris, the LCBO maintains a number of programs geared toward breweries large and small so breweries with limited volumes available for export could still see opportunities to gain exposure in Ontario through LCBO listings.

Chris discussed the market, his organization, and plans to expand purchases of U.S. craft beers during his presentation in Denver during the GABF. He encouraged brewery members in attendance to reach out to him directly if they were interested in the market and his presentation included links to other resources where U.S. breweries could gain assistance. A copy of this presentation, which includes Chris' email address, is available on the BA Members-Only [Export Development Presentations](#) page. Richard Yarnell, Category Manager for Beer and Cider at Mitchells & Butlers was the EDP's second presenter in Denver. Mitchells & Butlers is the leading operator of restaurants and pubs in the UK. The company operates over 1,600 establishments under 14 different brands. Within some of these brands, Mitchells & Butlers has been experimenting over the last few years with a greater selection of premium, imported beers and specifically with U.S. craft beer. The response has been extremely positive. The company now offers U.S. craft beers on draught and in bottle and is looking to expand the number of brands offered. Though the UK market has been covered in previous EDP seminars, Richard offered a different perspective on the market, that of a pub account manager. According to Richard, U.S. craft beer remains hot in the UK and he does not see that changing in the near future, though the local craft beer industry is gaining and cask ales are enjoying a tremendous resurgence. Richard's presentation is also available on the EDP webpage.

## **US Craft Beers Again Deemed the World's Best**

Results from the 2011 Stockholm Beer and Whisky Festival Competition, the Brewers Guild New Zealand Awards, and the European Beer Star Awards are now in and U.S. craft beers were again among the big winners. In Sweden, EDP members took home 12 awards, including the first ever "Best Beer of the Festival" award, which went to Lagunitas for their Dog Town Pale Ale. That beer won gold in the "Modern Ale over 6% ABV" category. In fact, EDP members swept that category with Ska Brewing Company and Stone Brewing Company taking silver and bronze for Modus Hoperandi and Sublimely Self-Righteous Ale respectively.

All told, EDP members received three gold medals, three silver medals and five bronze medals to go along with the "Best of Festival" recognition. There were a record number of entries (over 1,200) to the Stockholm competition this year. A list of all the EDP award recipients can be found on the EDP webpage under [Competition Results](#).

Results are also in from the European Beer Star Awards, though winners will not be announced until November 10th during an official ceremony held at the Brau Bevale trade show in Germany. Though the BA has received word of the complete list of EDP winners, out of courtesy to the European Beer Star, that list will not be posted until after the November ceremony. What can be shared is that EDP members won 25 total awards with 9 gold medals, 10 silver medals and 6 bronze medals.

In August, the EDP received word of award recipients in the Brewers Guild New Zealand competition. Those results were sent to EDP members in a release by Mark Snyder at the time. For those that may have missed it, EDP members received 51 total awards including 14 gold medals, 22 silver medals, and 15 bronze medals. In addition, Boston Beer Company was named Champion International Brewery for their total haul in all categories and Epic Brewing Company won the Trophy award for the U.S. Ale Style category with its Epic Armageddon IPA. The full list of award recipients can be found on the EDP webpage under [Competition Results](#).

These international beer competitions continue to serve as a great way to showcase the quality and innovation of America's craft breweries and they help generate interest among importers in new brands. If your brewery has not previously participated in these competitions and you would like to learn more about this benefit to EDP members, please contact Mark Snyder at 303-447-0816 ext. 137.

## **Growing Presence for EDP at Stockholm Beer and Whisky Festival**

From September 29 – October 1 and again from October 6-8, the EDP showcased U.S. craft beers at the Stockholm Beer and Whisky Festival. In addition to sponsoring the entry of member's beers to the competition, the EDP includes the products in its booths at this trade and consumer festival. The festival is the largest of its kind in Scandinavia and has long been a key component of the EDP's strategy to develop exports to the region. Not only does the event enable BA and industry representatives to interface with importers and with Systembolaget, it helps extend consumer education and reinforce consumer interest in the U.S. craft beer category. For the 2011 festival, 27 EDP member breweries sent samples, one of the largest showings yet for the U.S. Moreover, representatives from Flying Dog Brewery traveled over to the festival and used the opportunity to hold beer school classes, which sold out daily. These efforts continue to keep Sweden among the top three export markets for U.S. craft beers.

## **2012 Plans Taking Shape**

Though the EDP does not yet know its USDA resource allocation for 2012, initial activity plans for export market development are taking shape. This is based on assumptions that budgets will be similar to this past year.

In January, based on responses from EDP members, the BA will offer a craft beer pavilion at the Fancy Food Winter Show in San Francisco. The event will take place January 15 – 17, 2012 at the Moscone Center. Thirteen EDP members have already confirmed their participation in the EDP pavilion. The BA participated in the winter show two years ago and had a booth at the summer show in July 2011 in Washington, DC. Each show has proven a good venue for showcasing EDP-member beers to domestic and international trade. If you missed the previous notices pertaining to this event, and you would be interested, please contact [Mark Snyder](#) immediately.

The EDP is also taking a hard look at doing an event(s) for the first time in Australia. While the Australia International Beer Awards have been a regular part of the EDP schedule for a number of years, the BA has not yet visited the market for promotional activities. Based on export survey results from the past few years, shipments to Australia are growing. There are now an estimated dozen or more U.S. craft breweries active in that market. During the GABF, EDP representatives met with Australian importers to discuss the possibilities of doing U.S. craft beer promotional events during Good Beer Week in May 2012. Good Beer Week was held for the first time last year with much success. The week included trade and consumer activities throughout Melbourne and the state of Victoria.

The EDP will also continue its rotation of competitions and trade shows in 2012, and additional technical seminars are being considered for emerging markets like China and Brazil where this education is needed. Finally, the EDP also plans to complete a Quality Control guide with information that helps craft beer exporters (and distributors in general) maintain the quality and shelf life of U.S. craft beers. A contractor has been identified to assist with this guide and its development is scheduled to begin in the fourth quarter of 2011.