



# Market Opportunities for US Craft-Premium Beers

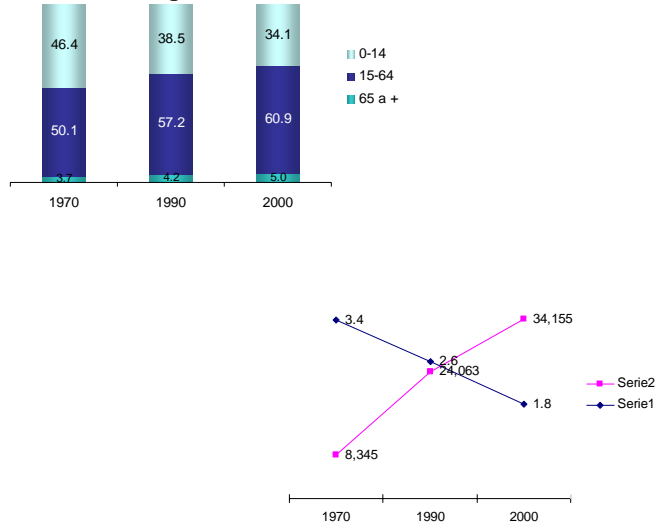
Prepared for the Brewers Association  
by Grupo PM  
April 2007



# The Mexican Consumer



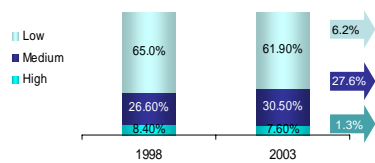
### Population Structure by Age



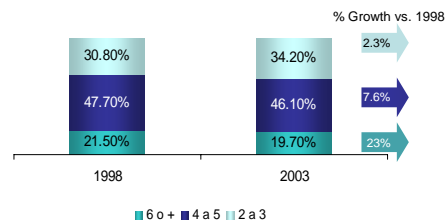
Source: INEGI and AC Nielsen



### Socioeconomic Level Evolution



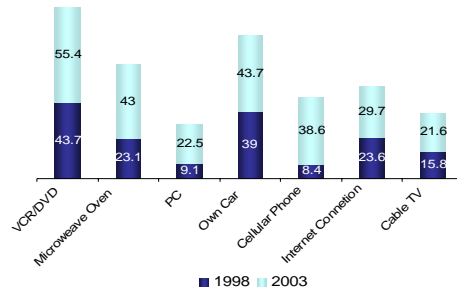
### Growth by Number Family Members



Source: AC Nielsen, Homepanel



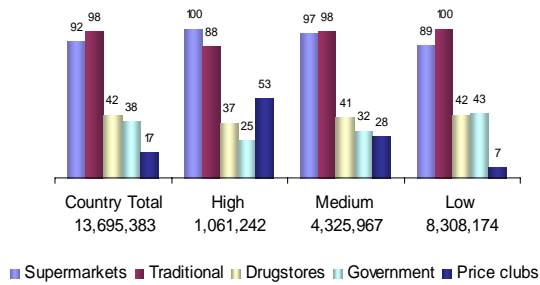
### % of Household Penetration



Source: AC Nielsen, Homepanel



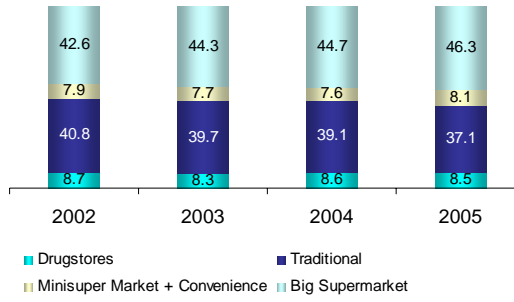
### Where does each channel buy?



Source: AC Nielsen Homescan AL\*SI Nacional



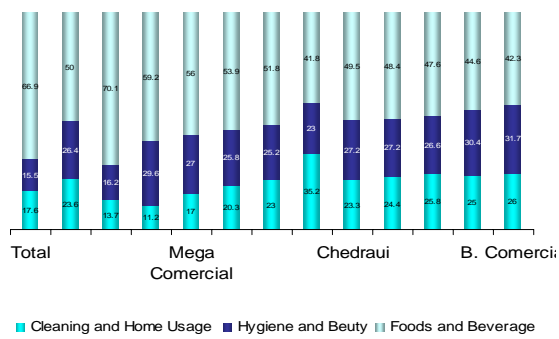
### Sales Structure By Channel Type



Source: AC Nielsen



### Products Bought by Store Type





## The whole enchilada



## Market Trends

- The Beer market shows continuous growth
- Imports and domestic premium lagers experienced vigorous supply growth (imports less than 1% market share)
- Domestic premium lagers increased volume sales because of the acquisition of Especialidades Cerveceras (CASTA) by FEMSA
- Volume increased faster than value because prices war
- Cultural entry barrier



## Supply/Industry

- Industry
  - FEMSA and Modelo 99% of volume sales
  - Just Corona brand 32%
- FEMSA – different products for different income levels, Modelo – regional brands approach
- Imported: USA, Netherlands and Canada; Guatemala, Belgium, Germany and UK



## Supply/Industry

- Anheuser-Busch entered Mexico under the exclusive distribution of Modelo
- FEMSA acquired Especialidades Cerveceras, owner of CASTA beer, and started a massive distribution through its 3,600 Oxxo stores, supermarkets and hypermarkets



## Package

- Glass 80% and 20% cans
- Innovation and Marketing
  - Caguama 940ml
  - Coronita 190ml
  - Victoria 1,200ml
  - Sol 1,180ml
- 54% returnable bottles
  - \$14.00 beer + \$7.00 of bottle cost = \$21.00 total retail price



## Consumer likes and dislikes

- Regional preferences (Tecate-North, Leon-South and Pacífico (Northwest))
- Dark beer and stouts are not very popular
- Imported beer is very limited because beer demand is very price sensitive
- Light beer is not popular (less quality-added water)



## New product development

- Sol Brava 6% alcohol Sol 4.5%
- Kloster (reintroduction) low cost lager
- Casta Morena
- Tropical beer, Modelo
- New Pacífico can version
- Gallo (Guatemala) around 40% cheaper than domestic lagers
- Beer Factory, new market for women, flavored beer, were selling in Superma stores (Wal-Mart's upper class format)
- Potro (new stout) and Casta = Premium beers



## Pricing

- Price is very important for purchase decision making
- Off-trade and on-trade prices can vary up to 430%
- In the supermarket “imported premium” versus standard lager can vary over 40%





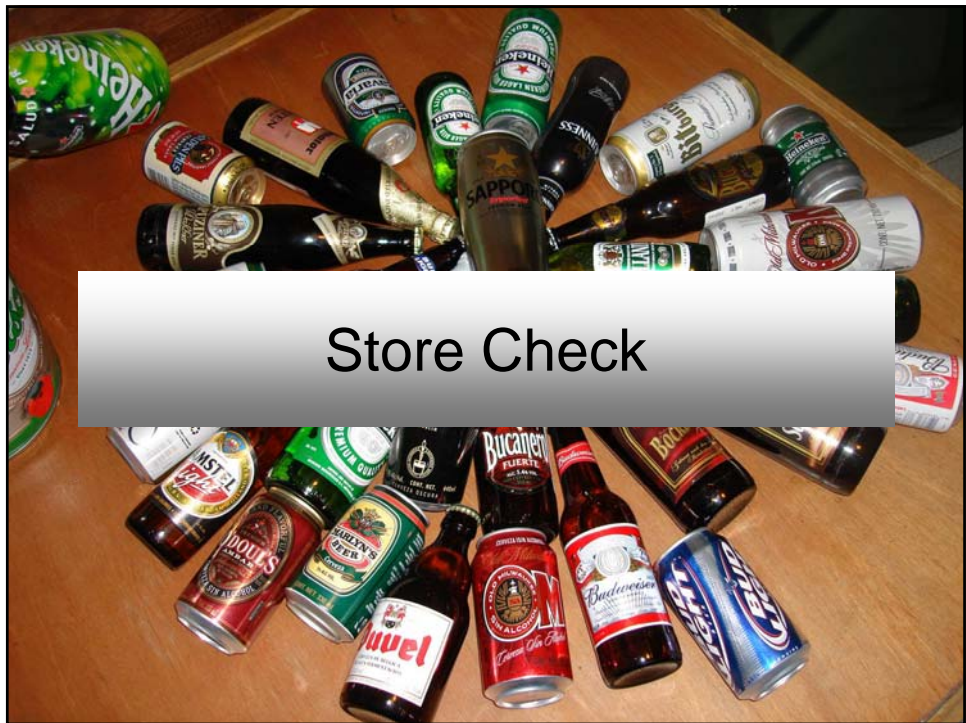
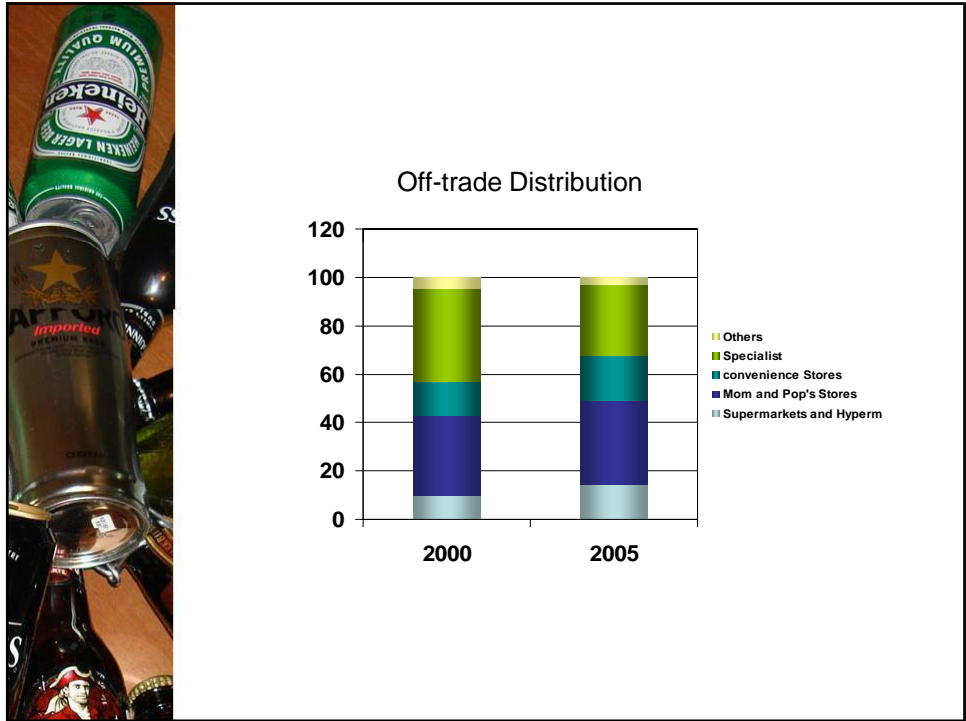
## Potential Growth

- Imports grew 20% in previous years, however they just represented 1% of the total market
- Nonetheless if imports continue growing on this way the imports could represent 3 or 4% of the market
- 8% of the population is drinking “expensive imported beers” throughout the year, middle and upper class



## Distribution

- 1997 70% of-trade and 30% on-trade  
2005 79% of-trade and 21% on-trade
- FEMSA-OXXO 3,600 stores distributed 164 million liters, 7% of total sales
- Modelo-Extra 1,000 stores
- FEMSA “home delivery system” Cer-Express



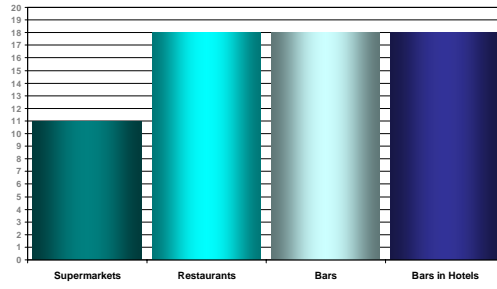


The stores visited were: 11 Supermarkets 18 Bars in hotels, 18 Bars and 18 Restaurants

### Number of Stores Checked per Kind

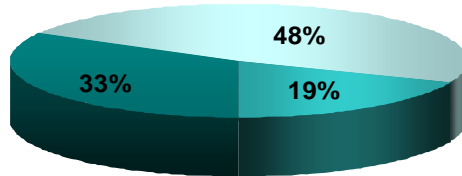
(Base= 65)

(Absolute Numbers)



### Proportion of Brands Carried per Brewery

Base= Total mentions of brands carried (874)



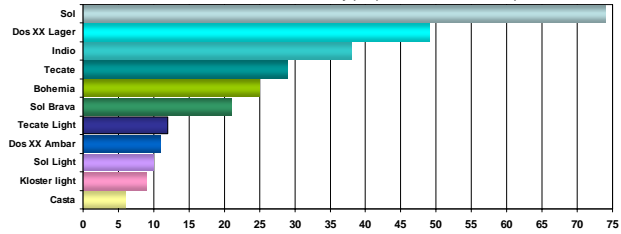
■ Cuahtemoc Moctezuma ■ Grupo Modelo ■ Imported



### Brands Carried from Cuauhtemoc-Moctezuma

Base = Total mentions from the Brewery (284)

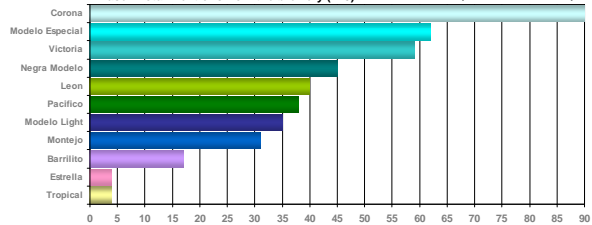
(Absolute Numbers)



### Brands Carried from Grupo Modelo

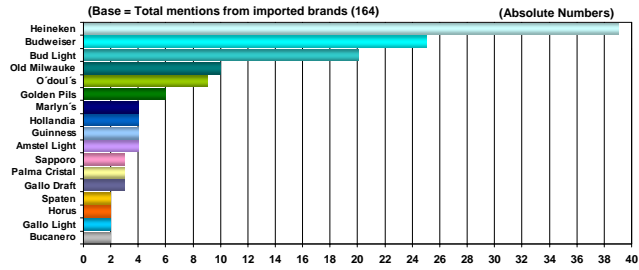
Base = Total mentions from the brewery (425)

(Absolute Numbers)



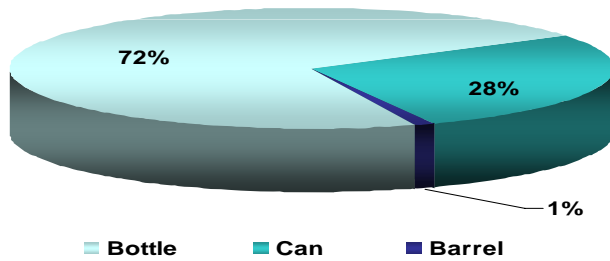


### Imported Brands Carried



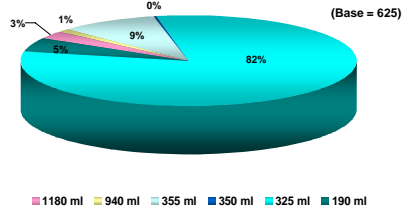
### Kind of Presentations Carried

(Base= 874)

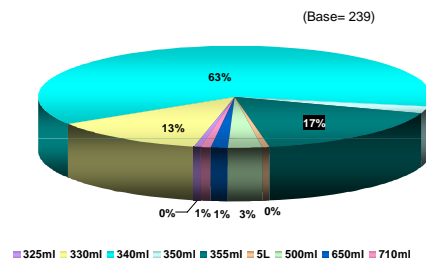




### Bottle Sizes Carried



### Can Sizes Carried



### Average Prices of Imported Brands

BUSINESS	BRANDS	LOCATED	MINIMUM PRICE	MAXIMUM PRICE	AVERAGE PRICE
330 ML CAN.					
SUPERMARKET	190K	1	\$7.48	\$7.48	\$7.48
SUPERMARKET	Bavaria	1	\$9.31	\$9.31	\$9.31
SUPERMARKET	Golden Pils	4	\$4.70	\$4.99	\$4.85
SUPERMARKET	Guinness	1	\$26.00	\$26.00	\$26.00
SUPERMARKET	Heineken	11	\$5.09	\$5.09	\$5.71
BARS EN HOTEL	Heineken	5	\$46.00	\$60.00	\$54.60
SUPERMARKET	Hollandia	2	\$9.30	\$9.31	\$9.30
SUPERMARKET	Marilyn's	4	\$5.03	\$5.50	\$5.24
340 ML CAN.					
SUPERMARKET	Golden Pils	2	\$4.35	\$4.65	\$4.49
350 ML CAN.					
SUPERMARKET	Gallo Draft	2	\$4.15	\$4.16	\$4.15
355 ML CAN.					
BARS EN HOTEL	Bud Light	1	\$58.00	\$58.00	\$58.00
SUPERMARKET	Bud Light	10	\$8.66	\$10.00	\$9.11
SUPERMARKET	Budweiser	10	\$8.60	\$10.00	\$9.10
RESTAURANT / BARS	Budweiser	1	\$20.00	\$20.00	\$20.00
BARS EN HOTEL	Budweiser	5	\$50.00	\$50.00	\$50.00
SUPERMARKET	Miller Genuine	1	\$8.75	\$8.75	\$8.75
SUPERMARKET	Miller Lite	1	\$8.75	\$8.75	\$8.75
SUPERMARKET	O' doul'a	7	\$9.30	\$10.00	\$9.57
BARS EN HOTEL	O' doul'a	1	\$28.00	\$28.00	\$28.00
SUPERMARKET	Old Milwaukee	7	\$8.60	\$9.30	\$8.84
500 ML CAN.					
SUPERMARKET	Big Berkey	1	\$8.17	\$8.17	\$8.17
SUPERMARKET	Heineken	6	\$14.30	\$14.30	\$14.53
650 ML CAN.					
SUPERMARKET	Sapporo	2	\$43.90	\$44.90	\$44.40
BARS EN HOTEL	Sapporo	1	\$95.00	\$95.00	\$95.00
710 ML CAN.					
SUPERMARKET	Old Milwaukee	2	\$15.00	\$15.00	\$15.00
5 LT. CAN					
SUPERMARKET	Grotech	1	\$141.44	\$141.44	\$141.44



### Average Price of Imported Brands

BUSINESS	BRANDS	LOCATED	MINIMUM PRICE	MAXIMUM PRICE	AVERAGE PRICE
<b>330 ML. BOTTLE</b>					
SUPERMARKET	Duvel	1	\$27,99	\$27,99	\$27,99
SUPERMARKET	Guinness	1	\$26,30	\$26,30	\$26,30
BARS EN HOTEL	Guinness	3	\$59,00	\$95,00	\$74,33
SUPERMARKET	Heineken	8	\$10,50	\$12,00	\$11,31
BARS EN HOTEL	Heineken	2	\$46,00	\$52,00	\$52,00
SUPERMARKET	Hollandia	2	\$9,83	\$9,98	\$9,90
SUPERMARKET	Holten	1	\$10,60	\$10,60	\$10,60
<b>350 ML. BOTTLE</b>					
SUPERMARKET	Bucanero	2	\$17,50	\$17,50	\$17,50
<b>355 ML. BOTTLE</b>					
SUPERMARKET	Amstel Light	4	\$11,10	\$11,15	\$11,13
SUPERMARKET	Bud Light	8	\$9,70	\$10,50	\$9,98
RESTAURANT / BARS	Bud Light	1	\$40,00	\$40,00	\$40,00
SUPERMARKET	Budweiser	8	\$9,70	\$10,60	\$10,00
RESTAURANT / BARS	Budweiser	1	\$40,00	\$40,00	\$40,00
BARS EN HOTEL	Budweiser	2	\$46,00	\$58,00	\$57,00
<b>650 ML. BOTTLE</b>					
SUPERMARKET	Heineken	5	\$68,50	\$69,50	\$68,94
<b>1,5 LT. BOTTLE</b>					
SUPERMARKET	Heineken	2	\$119,00	\$120,00	\$119,50





The main objective of the survey was to identify market opportunities for U.S. Craft-Premium beers in Mexico.

234 personal interviews were conducted.

The types of contacted businesses were: Bars in 1st class hotels, 1st class bars, Top scale restaurants, Night clubs and Discos, Supermarkets and Wine & liquor distributors.

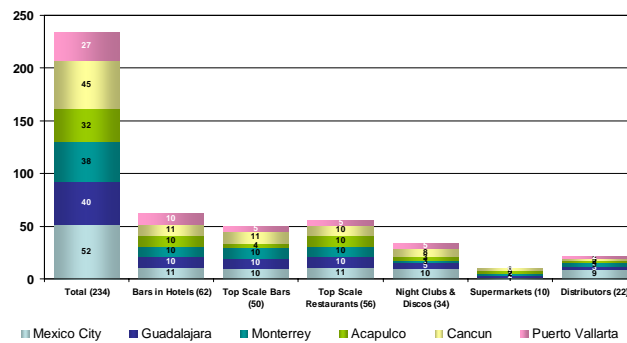
The interviews were approximately distributed in accordance to the universes of each line of work in Mexico City, Guadalajara, Monterrey, Acapulco, Cancún and Puerto Vallarta.

This report also includes the results from 66 store check carried in Bars, Hotels, Restaurants and Supermarkets in Mexico City.

All fieldwork took place in March 2007.



**Sample Characteristics**  
(Number of interviews)

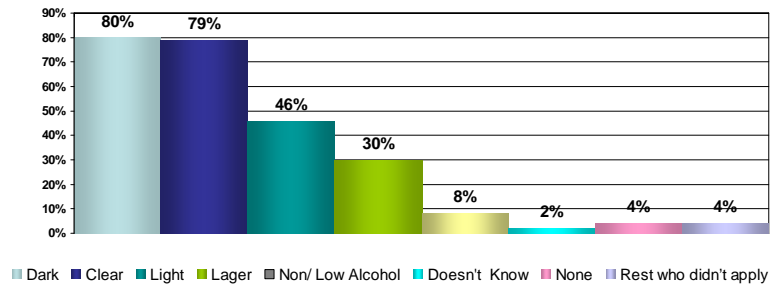






### Knowledge of Main Domestic Premium Beer Styles

Base: All interviews (234)

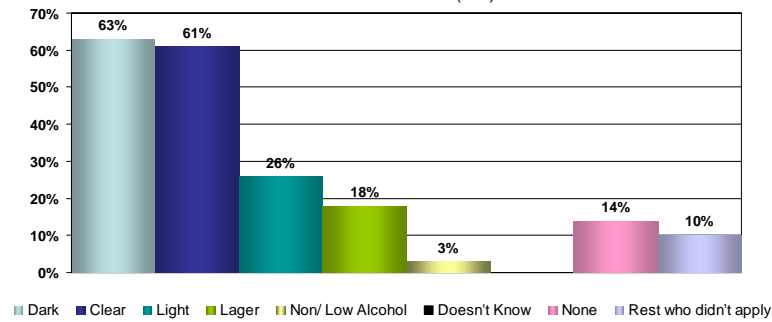


Q.3a What styles or varieties of domestic Premium beers do you know or have heard about, if there are any?



### Main Styles of Domestic Premium Beers Carried

Base: All interviews (234)

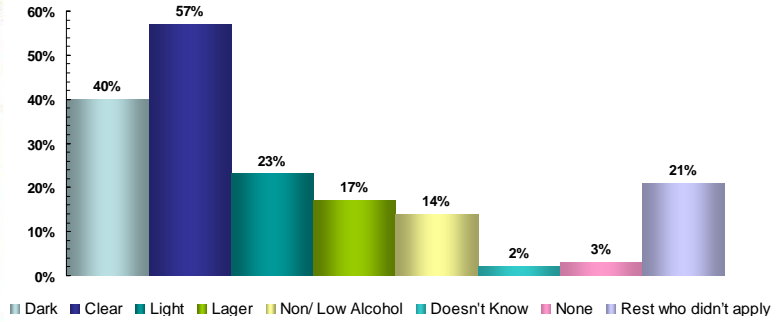


Q.3b What styles of domestic Premium beers does your company carry?



### Main Styles of Imported Beer Available in Mexico

Base: All interviews (234)

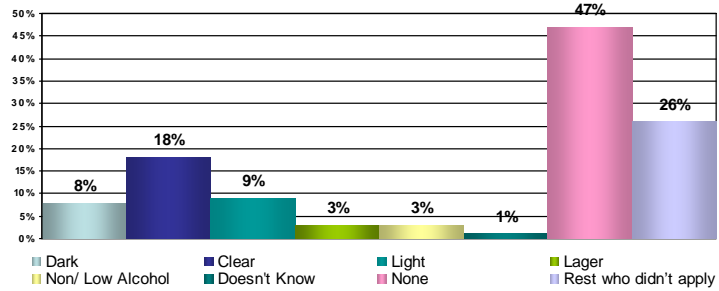


Q.4a Which of these styles of imported beer, do you know that are available in Mexico?



### Main Styles of Imported Beer Carried

Base: All interviews (234)

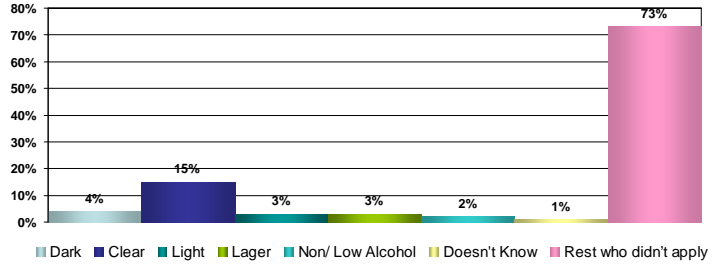


Q.4b Which of these styles of imported beer do you carry here



### Best Selling Styles of Imported Beer

Base: All interviews (234)

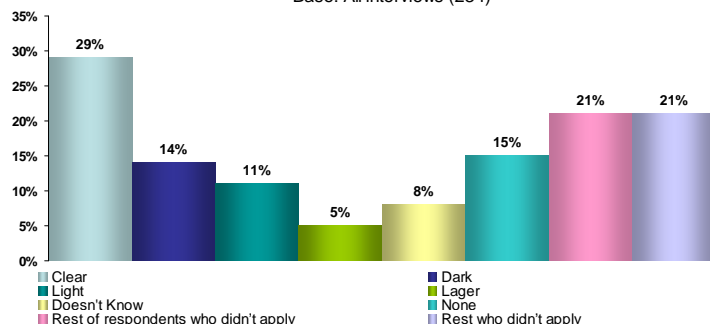


Q.4c What is the particular style of imported beer that you sell the most?



### Main Styles That Could Sell Better if Properly Promoted

Base: All interviews (234)



Q.4d which styles of imported beer might sell better if are properly promoted?



**MAIN REASONS FOR BELIEVING A BEER STYLE COULD SELL BETTER**

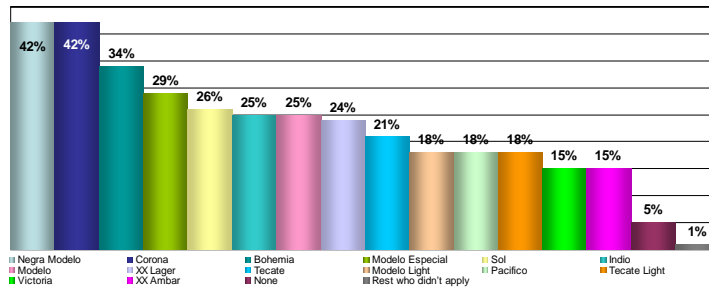
Base: All interviews (234)	Clear	Dark	Light	Lager
People ask for lights a lot			4%	
<b>IS BETTER KNOWN (NET)</b>	<b>15%</b>	<b>6%</b>	<b>3%</b>	<b>3%</b>
Clients ask for it	9%	5%		
It is more commercial	3%			
<b>COLOR (NET)</b>	<b>6%</b>	<b>1%</b>		
Clear beers are consumed more	6%			
<b>FLAVOR (NET)</b>	<b>6%</b>	<b>5%</b>		
It has better flavor	3%	3%		
<b>CONSISTENCY (NET)</b>	<b>4%</b>	<b>3%</b>		
It's a light beer	3%			
Rest of respondents who didn't apply	71%	86%	89%	95%

Q.5 Why do you think (Ment. Every style of Q. 4d) beers could sell better in establishments like yours



### Main Brands of National Premium Beers Carried

Base: All interviews (234)



Q.8 And what brands of domestic Premium beers do you carry?



### Imported brands available in Mexico

Base: Number of mentions											
BRANDS	#	BRANDS	#	BRANDS	#	BRANDS	#	BRANDS	#		
BUDWEISER	151	OLD MILWAUKEE	36	HOLSTEIN	6	LOWENBRAU	2	GOLEEN CAROLUS	1	QUILMES	1
HEINEKEN	136	O'DOUL'S	26	DUVEL	4	PALMA CRISTAL	2	GROLSH	1	ASAHI	1
BUDWEISER LIGHT	87	BAVARIA	23	MARLYN'S	3	BUCANERO	2	GORDÓN	1	YEBISU	1
MILLER	81	GALLO	14	SAPPORO	3	ABAT	2	FRANCIS CANER	1	DOESNT KNOW	4
GUINNESS	41	HOLLANDIA	12	MONCHSOF	2	LOVERBRAUN	1	SNAIDER	1	NONE	4
COOR'S	36	AMSTEL	7	PAUL LANDER	2	HERNINGUER	1	BUD LIGHT	1	Rest who didn't apply	17

Q.10 And what brands of imported beer, do you know that are available in Mexico?



### Imported beer brands carried

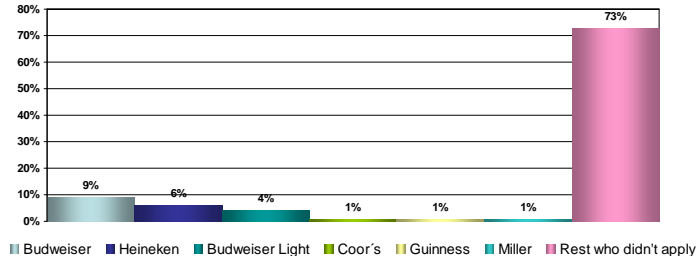
Base: Number of mentions											
BRANDS	#	BRANDS	#	BRANDS	#	BRANDS	#	BRANDS	#		
BUDWEISER	36	MILLER	7	AMSTEL	2	DUVEL	1	GOLEEN CAROLUS	1	QUILMES	1
BUDWEISER LIGHT	28	COOR'S	6	GALLO	2	MONCHSOF	1	GROLSH	1	ASAHI	1
HEINEKEN	24	O'DOUL'S	6	LOWENBRAU	2	SAPPORO	1	GORDÓN	1	YEBISU	1
OLD MILWAUKEE	9	BAVARIA	4	PALMA CRISTAL	2	PAUL LANDER	1	FRANCIS CANER	1	DOESNT KNOW	1
GUINNESS	8	HOLLANDIA	4	BUCANERO	2	HERNINGUER	1	SNAIDER	1	NONE	146
										Rest who didn't apply	25

Q.11 And What brands of imported beer do you carry here?



### Best Selling Brands of Imported Beer

Base: All interviews (234)

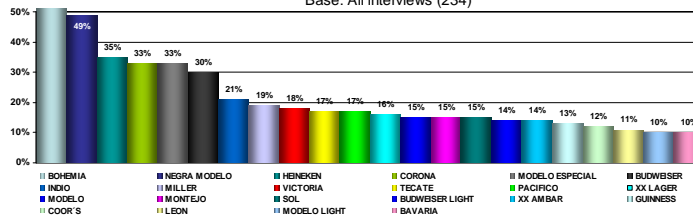


Q.12 What is the particular brand of imported beer that you sell the most?



### Main brands of domestic & imported beers classified as premium

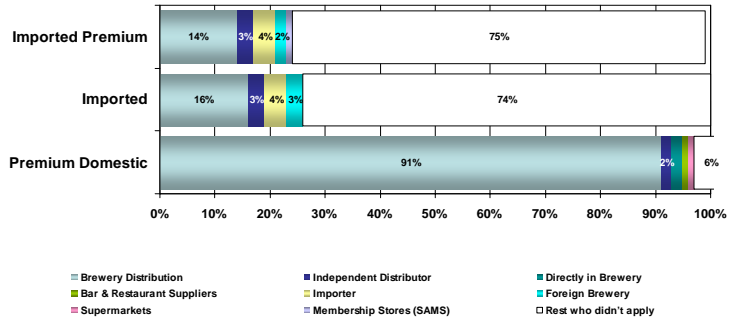
Base: All interviews (234)



Q.13 In total, What brands of domestic or imported beers, would you classify as Premium?



### Places of Purchase



Q.15 Where do you usually purchase the following beer categories (Ment. Carried Categories)? -



### AVERAGE PRESERVATION AND EXPIRATION DATA

TOTAL INTERVIEWS	DOMESTIC PREMIUM	IMPORTED	IMPORTED PREMIUM
Rest of respondents who didn't apply	6%	74%	75%
STORE AT ROOM TEMPERATURE	78%	22%	21%
AVERAGE REFRIGERATION TEMPERATURE (CELSIUS °)	7.52	6.72	6.45
AVERAGE EXPIRATION DAYS	112	148	154
AVERAGE PERCENTAGE THAT SPOILS	4%	1%	2%
AVERAGE DAYS THAT WOULD LIKE TO PROLONGE SHELF LIFE	18	64	99

Q.23 Do you store any of these beers at room temperature, before using them?

Q. 24. At what temperature do you refrigerate the (Ment. Categories) beers? -PREMIUM domestic

Q. 25 From the point of reception, in how many days do the (Ment. Categories) beers expire? -PREMIUM domestic

Q. 27 How many more days would you like to prolong the shelf life of the (Ment. Categories) beers? -PREMIUM domestic



### CREDIT AND SUPPORT POLICIES (DOMESTIC PREMIUM BEERS)

	Total (234)	DEFINITELY/P ROBABLY (53)	BARS IN HOTELS (62)	TOP SCALE BARS (50)	TOP SCALE RESTAURANTS (56)	NIGHT CLUBS & DISCOS (34)	SUPERMARKETS (10)	DISTRIBUTORS (22)
Rest of respondents who didn't apply	6%	8%	5%	2%	4%	3%	0%	27%
RECEIVE CREDITS FROM BREWERIES	73%	77%	73%	68%	73%	88%	70%	64%
AVERAGE DAYS WITH CREDIT	13.11	14.62	15.38	11.17	9.73	14.65	15.17	11
AVERAGE PROFIT MARGIN (%)	78	102	61	81	66	118	45	46
RECEIVE REWARDS, DISCOUNTS OR BENEFITS	70%	64%	74%	72%	70%	76%	40%	59%
RECEIVE OTHER SUPPORT	79%	77%	82%	86%	75%	97%	70%	45%
AVERAGE GRADING TO BREWERY SERVICE	8.53	8	8.56	9.09	8.8	9.2	7.88	7.67

- Q.28 Do any of these beer categories give you credits? -PREMIUM domestic
- Q.29 How many days? -PREMIUM domestic
- Q.30 What profit margin do the (Ment. Categories) give you? -PREMIUM domestic
- Q.31 Do any of these beer categories give you rewards, discounts or benefits? -PREMIUM domestic
- Q22.Form 1 to 10, how would you grade the service provided by your suppliers of (Ment. Categories) beers? - -PREMIUM domestic



### CREDIT AND SUPPORT POLICIES (IMPORTED BEERS)

	Total (234)	DEFINITELY/P ROBABLY (53)	BARS IN HOTELS (62)	TOP SCALE BARS (50)	TOP SCALE RESTAURANTS (56)	NIGHT CLUBS & DISCOS (34)	SUPERMARKETS (10)	DISTRIBUTORS (22)
Rest of respondents who didn't apply	74%	72%	71%	78%	82%	82%	20%	59%
RECEIVE CREDITS FROM BREWERIES	18%	19%	19%	14%	11%	15%	40%	32%
AVERAGE DAYS WITH CREDIT	18.08	28.38	19.83	11.29	3.8	21.2	40	21.4
AVERAGE PROFIT MARGIN (%)	54	62	45	111	66	40	35	27
RECEIVE REWARDS, DISCOUNTS OR BENEFITS	14%	11%	15%	14%	7%	12%	20%	27%
RECEIVE OTHER SUPPORT	13%	9%	15%	10%	9%	12%	20%	23%
AVERAGE GRADING TO BREWERY SERVICE	8.63	8.27	8.67	9.18	8.8	9.33	8	7.78

- Q.28 Do any of these beer categories give you credits? -IMPORTED
- Q.30 What profit margin do the (Ment. Categories) give you? -IMPORTED
- Q.31 Do any of these beer categories give you rewards, discounts or benefits? -IMPORTED
- Q.32 Do any of these beer categories give you any other support -IMPORTED
- Q22.Form 1 to 10, how would you grade the service provided by your suppliers of (Ment. Categories) beers? - IMPORTED





CREDIT AND SUPPORT POLICIES (IMPORTED PREMIUM BEERS)								
	Total (234)	DEFINITELY/VP PROBABLY (53)	BARS IN HOTELS (62)	TOP SCALE BARS (50)	TOP SCALE RESTAURANTS (56)	NIGHT CLUBS & DISCOS (34)	SUPERMARKETS (10)	DISTRIBUTORS (22)
Rest of respondents who didn't apply	75%	72%	74%	78%	82%	85%	20%	59%
RECEIVE CREDITS FROM BREWERIES	17%	21%	19%	14%	9%	12%	50%	32%
AVERAGE DAYS WITH CREDIT	18.53	26.89	21	11.29	4.5	19	33.75	21.4
AVERAGE PROFIT MARGIN (%)	55	62	44	111	65	40	36	39
RECEIVE REWARDS, DISCOUNTS OR BENEFITS	11%	9%	11%	12%	5%	6%	10%	27%
RECEIVE OTHER SUPPORT	11%	9%	13%	8%	7%	9%	20%	23%
AVERAGE GRADING TO BREWERY SERVICE	8.56	8.13	8.5	9.58	9	9.25	8	8



MAIN SUPPORTS GIVEN			
Total Interviews (234)	PREMIUM DOMESTIC	IMPORTED	PREMIUM IMPORTED
Rest of respondents who didn't apply	21%	87%	89%
<b>PROMOTIONAL ARTICLES (NET)</b>	49%	9%	7%
Advertising	21%	2%	2%
Ice boxes	9%	2%	2%
Promotional Articles	7%	3%	3%
Decorative articles	5%		
<b>FURNITURE (NET)</b>	33%	3%	2%
Refrigerators	18%		
Canvas	6%		
Chairs	5%		
Tables	5%		
Furniture in general	7%		
<b>BENEFITS / DISCOUNTS / CREDITS (NET)</b>	25%	3%	3%
Bonuses in cash	9%		
Give us boxes with beers	6%		
Discount Bonus	5%		
<b>PERSONNEL (NET)</b>	9%	2%	1%
Hostesses	5%		
<b>BUSINESS SUPPORT (NET)</b>	7%	2%	

Q.33 What kind of supports do the (Ment. Categories) beers give you? - PREMIUM domestic

Q.33 What kind of supports do the (Ment. Categories) beers give you? - IMPORTED

Q.33 What kind of supports do the (Ment. Categories) beers give you? - PREMIUM IMPORTED

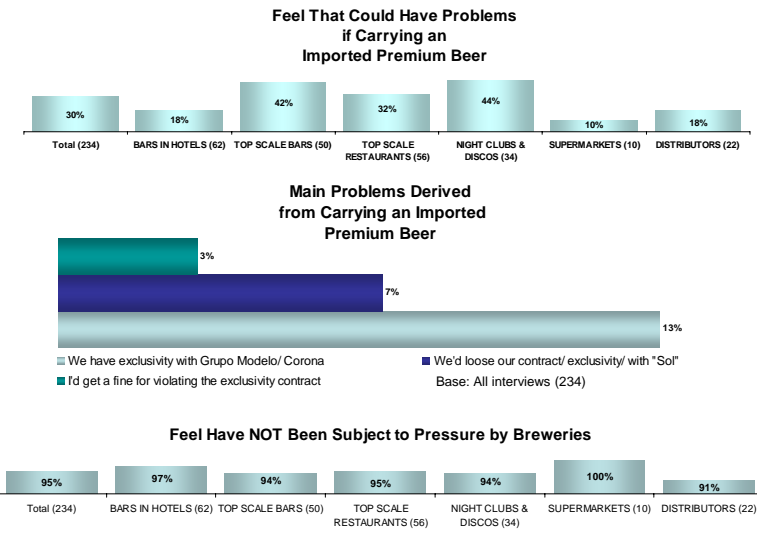


MAIN REQUIREMENTS FROM BREWERIES			
Total Interviews (234)	PREMIUM DOMESTIC	IMPORTED	PREMIUM IMPORTED
<b>Rest of respondents who didn't apply</b>	<b>6%</b>	<b>74%</b>	<b>75%</b>
<b>EXCLUSIVITY (NET)</b>	<b>44%</b>	<b>9%</b>	<b>8%</b>
Must have an exclusivity contract	40%	8%	7%
<b>PERMISSIONS (NET)</b>	<b>19%</b>	<b>6%</b>	<b>6%</b>
License with active permission	9%		
Being legally registered	6%	2%	2%
Fiscal information of the business			2%
<b>SALES (NET)</b>	<b>7%</b>	<b>2%</b>	<b>2%</b>
<b>FINANCING (NET)</b>	<b>4%</b>		
<b>DISPLAY (NET)</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>
NONE	27%	8%	8%

Q.34 For what you know or have heard what requirements do breweries / distributors of the (Ment. Categories) beers ask for selling their brands? - PREMIUM domestic

Q.34 For what you know or have heard what requirements do breweries / distributors of the (Ment. Categories) beers ask for selling their brands? -IMPORTED

Q.34 For what you know or have heard what requirements do breweries / distributors of the (Ment. Categories) beers ask for selling their brands? - PREMIUM IMPORTED



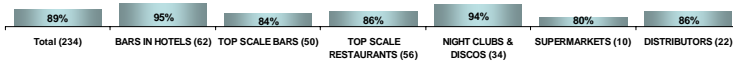
Q.35 Do you think, you could have any kind of problems if you tried to carry a Premium imported beer?

Q.35a What problems could you have if you tried to carry a premium imported beer?

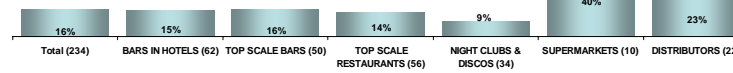
Q.36 Have you ever been subject to any kind of pressure by a domestic brewery?



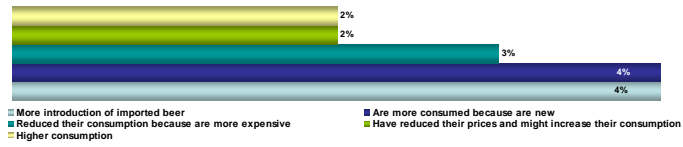
### Have NO Idea About Distribution of Imported Beer



### Feel That There Have Been Changes in the Consumption of Imported Beers



### Main Changes in the Consumption of Imported Beer



Q.37 Would you happen to have any idea of the steps in the distribution of imported beer, here in this region?

Q.38 In the past few years, do you feel there have been any changes in the consumption of imported beer in Mexico?

Q.38a What changes in the consumption of imported beer you feel have occurred in the past few years in Mexico?



### MAIN OPINIONS ABOUT CRAFT/PREMIUM BEERS BREWED IN THE U.S.

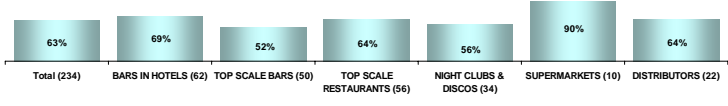
	Total (234)	BARS IN HOTELS (62)	TOP SCALE BARS (50)	TOP SCALE RESTAURANTS (56)	NIGHT CLUBS & DISCOS (34)	SUPERMARKETS (10)	DISTRIBUTORS (22)
<b>FLAVOR (NET)</b>	15%	15%	12%	16%	12%	20%	27%
Have different flavors	6%	5%	4%	7%	3%	3%	18%
Have better flavor	6%	6%	6%	4%	6%	6%	9%
<b>PROCESS (NET)</b>	10%	5%	2%	14%	12%	30%	18%
Have better quality for their rustic process	4%	2%	2%	9%	3%	10%	5%
<b>CONSISTENCY (NET)</b>	3%	6%	2%	4%	3%	10%	14%
<b>INGREDIENTS (NET)</b>	5%	6%	6%	4%	6%	10%	10%
Have a medium quality, they don't contain much barley	3%	5%	2%	4%	4%	6%	10%
<b>OTHERS</b>	31%	24%	42%	20%	21%	50%	41%
Are a high quality product	7%	6%	8%	4%	12%	14%	14%
Are good beers	7%	8%	10%	5%	3%	10%	9%
Have an innovative style	5%	2%	8%	7%	3%	10%	9%
They must be exclusive	4%	3%	2%	4%	3%	10%	9%
Are a novelty in beer styles	3%	5%	4%	4%	3%	20%	10%
Are made for special occasions	3%	3%	8%	4%	3%	10%	10%
<b>DOESNT KNOW</b>	46%	53%	44%	43%	50%	10%	32%

Q.46 ¿Which micro-breweries or craft beer brands do you know?

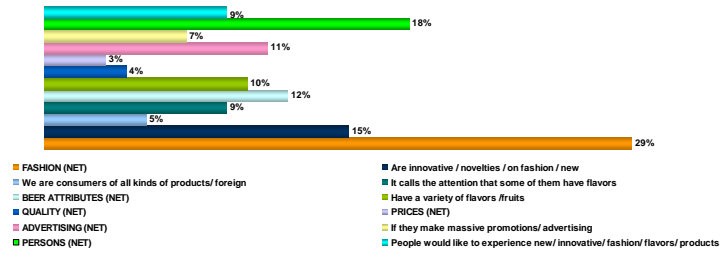
Q.47 What do you think about the Premium or craft beers brewed in the U.S. and why?



### Feel U.S. Craft/ Premium Beers May be Demanded



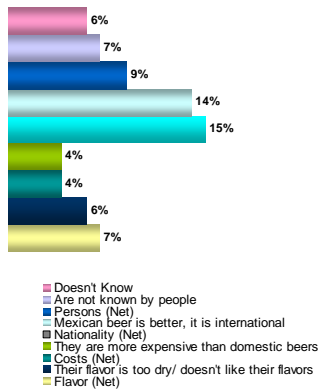
### Main Positive Opinions on Demand for U.S. Beers



Q.48 Do you think there is a possible demand for **Premium and/ or craft** beers from the U.S.in México?  
 Q.49 Why do you have this opinion about the possible demand for Premium and/ or craft beers from the U.S.? Positive



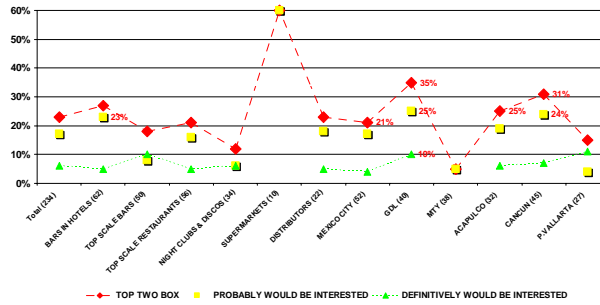
### Main Negative Opinions on Demand for U.S. Beers



Q.49 Why do you have this opinion about the possible demand for Premium and/ or craft beers from the U.S.? Negative



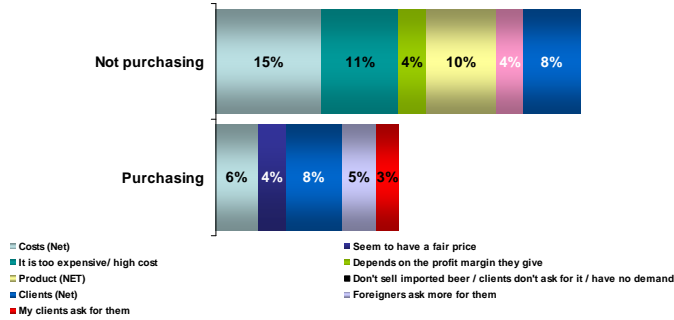
### Purchase Intention of Craft/ Premium Beers Made in the U.S.



Q.50 How interested would your company be in purchasing/ distributing any of these beers from the U.S. if the price per a 24 bottle case of 12 ounce is \$100.00, without transportation expenses



### Main Reasons for Purchasing/ Not Purchasing U.S. Craft/ Premium Beers



Q.51 Why would you say that your company (Menc. Previous Resp) in purchasing/ distributing Premium and/ or craft beers from the U.S.? DEFINITELY WOULD BE INTERESTED / PROBABLY WOULD BE INTERESTED DEFINITELY WOULD NOT BE INTERESTED /PROBABLY WOULD NOT BE INTERESTED /MAY OR MAY NOT BE INTERESTED



## Conclusions



- The Mexican beer consumer market is around 6,000 Million liters, around 60 liters/person yearly
- 99% of Mexicans' consumption is lager beers; 90% , light color or "clara", 1% dark and the balance from light-brown to amber color
- The market is totally dominated by the domestic production (99%); two companies control 99% of it (Modelo 62% and FEMSA 37%) and part of the imports (Modelo is distributing Budweiser and Budlight)
- The Mexican trade's knowledge is very limited and they identify four main kinds of domestic premium beers: "Clear", "Dark", "Light" and "Lager". For Mexicans lager is not a beer type, but a Mexican Brand-Product called XX-Lager crafted by FEMSA



- Even when dark beers represent only around 1% of total domestic production, they consider it and domestic clear beer as premium in around the same proportion (80% & 79%); this means that dark and premium are almost the same for the trade
- 73% of the interviewed businesses didn't carry imported beers, with the exception of supermarkets. Generally there is a poor distribution of imported beers as these rarely reach the HRI sector
- "Bohemia" "Negra Modelo" and "Heineken" were the best premium qualified beers overall
- The Mexican trade doesn't know too much about US craft beers, however they believe there is a good opportunity for this product; fashion, quality and innovation are the positives for that question, while high price, domestic beer preference and lack of consumer knowledge are the negatives



- Exclusivity with domestic breweries could be an issue to carry imported premium beers (30%) in general, but Supermarket Chains seem to be more open to handle them
- HRI, Beer Distributors and Supermarket Chains believed in a possible demand for US craft beers, based in their "novelty" and their "flavors/varieties"
- Mexico City, Guadalajara and Acapulco reported the highest interest in imported beers from the US
- Knowledge is an important issue in order to improve sales of beer styles, as well as promotional support