



Brewers Association Export Development Program ISSUES REVIEW

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Brewers Association Export Development Program Receives 2011 Funding

The BA's Export Development Program is funded largely by annual allocations from United States Department of Agriculture export assistance grant programs. In December, the BA received its allocation of funds from the Market Access Program and Emerging Markets Program for the 2011 calendar year. The BA was awarded \$393,271 in MAP funds and \$40,000 from the EMP. The BA uses its MAP award to fund the bulk of its EDP activities including numerous international trade shows, a craft beer pavilion at the domestic Fancy Food winter and summer shows, international beer competitions, seminars, promotions and materials. EMP funds were awarded for a research study to explore the Indian market for U.S. craft beer exports. India is a fast growing alcohol market and a few importers have expressed interest in American craft beers. As with all developing markets, the BA prefers first to understand the market through a contracted research study that ideally would help identify preferred trade partners for the specialty/craft beer sector and whether trade to that market could even be viable considering time, distance and infrastructural challenges. The BA will issue a Request for Proposals shortly in order to initiate that research study.

EDP Supports American Craft Beer Pavilion at the Great Japan Beer Festival



Fifteen EDP member breweries showcased a diverse group of craft beer brands and styles at the Great Japan Beer Festival (GJBF) in Yokohama, Japan from September 18 – 20, 2010. This marked the first occasion that American craft beer had a substantial presence at the festival. The BA EDP identified the festival, Japan's largest exhibition of domestic and foreign craft beer, as a valuable opportunity to build awareness of the quality and diversity of American craft beer among Japanese beer importers, restaurants, bars, and retailers.

The festival proved not only to be a highly successful venue to introduce U.S. craft beer to interested trade members, but also enabled the BA to educate media, consumers, and Japanese brewers about the innovation taking place within the industry. In addition to the BA representatives who attended the event, two of Japan's largest importers of American craft beer were present at the BA booth throughout the festival.

Overall, this was a successful activity and met the BA's objectives. The BA's presence raised awareness of American craft beer among the beer community in Japan. The festival also enabled the BA to interface and strengthen relationships with trade members who purchase American craft beer and those who are interested in learning more about the products.

The BA's marketing work in Japan continued beyond the GJBF. With left-over beer samples from the GJBF shipment, the BA held a tasting at the Foreign Correspondents Club Japan (FCCJ). Over 150 FCCJ members

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attended the tasting where an EDP representative spoke about the BA and about the American craft beer industry. Beer from eleven different breweries was used during that tasting. Other samples were used during an event put on by the Japan Beer Times magazine. The BA is working to collect copies of press generated from these events.

EDP Presence at Stockholm Beer and Whisky Festival Supports Exports to Sweden

Twenty six EDP members showcased beer at the Stockholm Beer and Whisky Festival (Sept. – Oct. 2 and Oct. 7-9, 2010). This marked the seventh year that the Brewers Association and American craft beer had a substantial presence at the festival through the EDP. The Brewers Association once again worked closely with Swedish retailer/importer Oliver Twist/House of Ale to coordinate its general presence, though EDP beers were also featured by other importers that carry specific brands in that market.

BA representatives attended only the second weekend of the festival. Bob Pease, BA Chief Operating Officer, again led three beer school seminars for trade and consumers. All three were filled to capacity with the room holding about 45 people. The seminars featured eight different American craft beers each paired with a different cheese.

As always, the festival included a competition and this year saw more entries than ever before. Craft beers were well represented with coordinated efforts by the Danish craft beer association and the Swedish craft beer association to enter brands into the competition. Overall, 1,035 beers were entered in 35 different style categories. EDP members again did quite well. Awards included:

Bronze

- Lagunitas Pils, Lagunitas Brewing Company
- Tilted Smile Imperial Pilsner, Uinta Brewing Company
- Lagunitas Olde Gnarley Wine, Lagunitas Brewing Company
- Lagunitas Maximus, Lagunitas Brewing Company
- Samuel Adams Cream Stout, Boston Beer Company
- Samuel Adams Imperial Stout, Boston Beer Company
- 16th Anniversary Ale, Great Divide Brewing Company
- Dry Hopped Red, Rogue Ales
- Rumble IPA, Great Divide Brewing Company
- Bacon Brown Ale, Uncommon Brewers

Silver

- Bachelor ESB, Deschutes Brewing Company
- Odell's IPA, Odell Brewing Company
- Samuel Adams Lager, Boston Beer Company

Gold

- Mirror Pond Pale Ale, Deschutes Brewing Company
- Lagunitas IPA, Lagunitas Brewing Company
- Sofie, Goose Island Beer Company
- Night Stalker, Goose Island Beer Company



The show also provides an annual opportunity for BA representatives to reconnect with trade contacts important to American craft beer sales in Sweden. Bob Pease met with Dan Ihrelius, head beer buyer for Sweden's beer monopoly Systembolaget www.systembolaget.se. Dan remains bullish on the future of American craft beer. Through September 2010 specialty beer (including American craft) was up 10% YTD to Sweden with sales totaling 5,000,000 liters. The strong ale category was up 34% YTD and the pale ale category up 14%. Moreover, Systembolaget had just announced a new listing for IPA from Ska Brewing Company with that beer set to launch in the spring 2011. A number of importers are also now distributing American craft beer on draft in Sweden, which should further boost export and sales figures for 2010 and 2011.

EDP Enters British Columbia

From November 18-21, 2010 the EDP participated in Hopscotch, Vancouver a beer and spirit festival in its 14th year. The event marked a first for the EDP in British Columbia. Nineteen EDP member breweries showcased their products. Of those breweries, nine of them already have distribution in the market through two separate import companies. Industry members for four breweries also traveled to the festival to represent their products directly.

Hopscotch included trade and consumer tastings. During the trade tasting, Bill Michael, Beer Purchaser for the BC Liquor Distribution Branch (LDB) spent significant time at the BA booth. He tasted a number of beers and met with brewery representatives present. He has been pleased with American craft beers that the LDB already carries and is looking to add more to the retailer's portfolio. One new brand is already slated for launch in 2011. Bill was previously a speaker at the BA's Craft Brewers Conference in 2010 in Chicago.

The consumer tastings were well attended and the BA's booths were by far the most popular of the beer booths. That said, seminars featuring EDP speakers were a disappointment. Hopscotch offers numerous seminar opportunities and the BA elected to hold four 30 minute seminars about the American craft beer industry and to showcase individual brands. Only one of the four seminars was well attended. Despite this, overall the BA accomplished its objectives at Hopscotch. The festival provided a venue where BA and brewery representatives could interface with influential decision makers in the British Columbia market and it provided solid consumer exposure. Vancouver appears to be a strong market for craft beer and additional activity by the EDP there is justified. The BA is now looking into activities in conjunction with Vancouver Craft Beer Week in May 2011, perhaps in addition to an ongoing Hopscotch presence.

EDP Delegation Travels to Italy for Salone del Gusto

Twenty-two Independent American craft breweries sent a diverse group of craft beer brands and styles to the Salone del Gusto / Slow Food Show in Torino, Italy from October 21-25, 2010. Representatives from 12 BA member breweries traveled to Italy and helped to showcase the beers. Charlie Papazian (BA President), Nancy Johnson (BA Event Director), and Mark Snyder (BA EDP Manager) attended the event on behalf of the BA. The BA EDP identified this event, one of Italy's largest exhibitions of artisan foods and beverages, as a valuable opportunity to build awareness of the quality and diversity of American craft beer among Italian and other European trade. The festival was a good venue to introduce U.S. craft beer to interested buyers, but also enabled the BA to educate media and consumers about the potential for American craft beer in Europe. American craft beers have had a growing presence in Italy the last few years with brands now carried by a few different import companies. While attending Salone, BA representatives were able to meet with importers to discuss the opportunities and challenges presented by the market.



European Beer Star Award Winners Announced

In October, winners of the European Beer Star Awards were announced and a reception including those beers was held for trade and media during the Brau Bevale trade show in Germany the following month. Each year, the EDP supports its members' entries into the competition and again the U.S. industry performed well. Winners included:

- Alaskan Smoked Porter, Alaskan Brewing Company (Gold)
- Sculpin IPA, Ballast Point Brewing Company (Gold)
- Caldera IPA and Caldera Lawnmower Lager, Caldera Brewing Company (Gold)
- Ommegang Belgian Pale Ale, Brewery Ommegang (Bronze)
- Miner Mishap, Choc Beer Company (Bronze)
- Bachelor ESB (Silver), Mirror Pond Pale Ale (Bronze), Black Butter Porter (Silver), Jubelale (Silver), Twilight (Gold), and Obsidian Stout (Gold), Deschutes Brewery
- Saison du Buff, Dogfish Head Craft Brewery (Silver)
- Totality Imperial Stout, Fifty Fifty Brewing Company (Silver)
- Mission Street Honey Blond (Gold), California Pale 31, and Union Jack IPA, Firestone Walker Brewery
- Doggie Style Pale Ale, Flying Dog Brewery (Silver)
- Black Jack Porter, Left Hand Brewing Company (Gold)
- Ryan Sullivan's Imperial Stout (Bronze), Hopsickle Imperial IPA (Gold), Moylan's Brewing Company
- Dale's Pale Ale, Oskar Blues Brewing Company (Gold)
- Kiwandas Cream Ale, Pelican Pub and Brewery (Bronze)
- Shakespeare Oatmeal Stout and Irish Lager, Rogue Ales (Bronze)
- Sierra Nevada Porter, Sierra Nevada Brewing Company (Bronze)
- Stone IPA, Stone Brewing Company (Silver)
- Cutthroat, Uinta Brewing Company (Bronze)

As in previous years, brewery awards from all international competitions supported by the EDP will be distributed during an EDP awards ceremony at the Craft Brewers Conference. In San Francisco, that ceremony will take place on Friday, March 25.

EDP Initiates Quality Control Subcommittee

One concern with U.S. craft brewery exports is that these shipments may pose a larger risk than domestic shipments do in terms of quality control. Cold chain infrastructure is underdeveloped in many markets around the world (including in the U.S.). A lack of cold storage, lengthy shipping and storage times, and potential customs clearance delays could result in products exceeding their shelf life or spoiling by the time of consumption. Some of these same quality control issues hampered the craft beer industry's growth and expansion domestically. In the interest of providing education to U.S. breweries wishing to export and their trade partners in the U.S. and abroad, the BA initiated an export development program quality control subcommittee. The subcommittee, chaired by Ken Grossman (Sierra Nevada) and Greg Koch (Stone Brewing Company) met for the first time on September 24, 2010. An initial objective of the subcommittee is to oversee development of a new BA brochure describing the many detriments to craft beer and offering guidance to maintain quality control from packaging to serving. The piece will be paid for by EDP funds and is slated for completion by mid-2011. The EDP just issued a Request for Proposals (RFP) to obtain assistance from a technical writer. The RFP was sent to contacts at UC Davis, at the Siebel Institute and to others that have prepared educational materials for the BA previously.

EDP Seminars Planned for CBC San Francisco

In addition to the EDP awards ceremony planned for CBC 2011, the EDP will again offer a round of export-focused seminars. This year speakers include:

- **Gilberto Tarantino (Tarantino Import Company)** – Tarantino is a leading importer of American craft beer to Brazil. Gilberto is seeking additional brewery partners for import to that market and will be speaking about the market's development over the past two years and his company's efforts to market and promote American craft beers while educating Brazilian trade and consumers.
- **Andreas Falt (Vertical Drinks)** – Vertical Drinks is the leading importer of American craft beer to the United Kingdom with distribution partners that extend elsewhere in Europe. Vertical Drinks has, over the past two years, issued trade leads to import small volumes from multiple breweries in a mixed shipment for UK retail shops and on-premise accounts. The latest lead was issued in December 2010. Andreas will discuss the latest developments in the UK market for American craft beer and relay success stories from the trade lead process.
- A panel of brewery representatives featuring Jim Caruso of Flying Dog Brewery, Greg Koch of Stone Brewing Co. and Ron Lindenbusch of Lagunitas Brewing Co. will discuss their participation in EDP and their perception of export opportunities and challenges for U.S. craft beers.

GABF Seminars Cover Taiwan and Italy

The BA continued its export seminar series at the 2010 Great American Beer Festival® with speakers covering the Italian and Taiwanese markets. Sandro Vecchiato (Interbrau) spoke about Italy. Interbrau is one of the largest specialty beer importers/distributors in Italy. The company carries a few prominent U.S. craft beer brands already. Italy has long been identified as a good market for craft beers and U.S. beers are having success there.

Jim Boyle, Bao Brothers Trading, covered the Taiwanese market. Taiwan is a small market and craft beers are not well-established. However, Bao Brothers trading has been helping to develop the market slowly. Copies of Sandro's and Jim's presentations are available through the EDP page of the BA's website.

Next Up – AIBA, Brazil Seminars, SIAL China, Fancy Food Summer Show

Announcements for a number of upcoming EDP events have already gone out. Members interested in EDP-sponsored competitions should have taken note of registration for the 2011 Australian International Beer Awards (Spring 2011).

The spring will also be a busy time for foreign trade shows/seminars. The last week of April will see the EDP in Brazil for seminars (organized through Tarantino) in Sao Paulo and Rio. These will include seminars to gastronomy and sommelier schools in both cities as well as likely participation in Sao Paulo's restaurant and bar show. In May, the EDP will host seminars in China in conjunction with the SIAL trade show there. Sample requests for these events have not yet gone out.

Lastly, EDP members should also have seen a recent solicitation about the BA's presence at the Fancy Food summer show in Washington, DC. The BA has already purchased booth space at that event (a domestic trade show that is approved by USDA for export program expenditure because it attracts many foreign buyers). Space is limited, so breweries interested in participating in the BA pavilion should reply to Mark Snyder (mark@brewersassociation.org) by January 20th. The Fancy Food summer show will take place from July 10-12, 2011 at the Washington DC Convention Center.

Export Survey Reminder

BA EDP members are reminded to complete the EDP export survey (sent recently by Mark Snyder). The survey includes forms to provide export sales data and brewery expenditures on export marketing and promotion. This information is held in the strictest confidence by the BA, but it is critically important. Data submitted is reported in aggregate (not per brewery) to USDA in support of the BA's annual grant requests. The BA has been able to consistently show increased exports and this has helped increase the BA's annual grant allocations. Your support and participation is much appreciated. Please contact Mark Snyder by email or by phone (303) 447-0816 ext. 137 if you have any questions.