

The American Brewers Association

"A Passionate Voice For Craft Brewers"

A Chat With COO, Bob Pease

Michelle Wang

With the rapid development of craft beer in China, it comes as no surprise that The American Brewers Association would have an office in Shanghai. This insures a front row seat for American craft beer enthusiasts to the China scene-and there couldn't be a better time to be involved.

One can find The ABA at craft beer festivals around China and also organizing various beer-related seminars. Recently, Hops was lucky enough to sit down with Bob Pease, the CEO of The American Brewers Association and have a chat about craft beer in The U.S. and how it relates to China.

What is the mission of the American Brewers Association?

To promote and protect small and independent American brewers, their craft beers and the community of brewing enthusiasts.

We know that American craft beers have developed very fast in the past few decades. Are there any unique characteristics of American craft beers that compare to Europe?

The hallmark of craft beer and craft brewers is innovation. Craft brewers interpret historic styles with unique twists and develop new styles that have no precedent, while maintaining integrity by what they brew and their general independence. Craft brewers also have distinctive, individualistic approaches to connecting with their customers. Additionally, craft brewers tend to be very involved in their communities through philanthropy, product donations, volunteerism, and sponsorship of events.

How many breweries are there in America now?

As of June 2013, there are a total of 2,483 craft breweries operating in the United States.



Have you been to China? What's your impression of the Chinese Beer market? How do you look at the current Chinese Craft Beer Market?

I have visited China many times as part of our Export Development Program and have always been impressed with the interest and passion that Chinese consumers have for quality food and beverage products. Craft beers are unique and are very much an artisanal product. I am glad to see that China is developing its own craft beer industry and culture and that consumers remain interested in learning about the range of ingredients, beer styles, and brands available. I have truly enjoyed my previous visits to China and look forward to my next visit!

American craft beer exports to the Asia-Pacific region have increased substantially in 2012. American breweries made strong gains in China and they are now the sixth largest export market for American craft beer.

Do you know how many American beer brands there are in the Chinese market? When did they first enter into China? How is their market performance?

There could also be other US brands entering the market through grey channels which is a problem seen in markets around the world. But officially the BA is only aware of six US breweries exporting there. The BA is also aware of other U.S. craft beer brands available in China but that are



COO, Bob Pease

imported through grey market channels without the knowledge or approval of the brewery. This is a problem that the Brewers Association is working to combat around the world, because grey market channels often do not have the storage and distribution infrastructure in place to preserve the beer's quality until it reaches the consumer.

Most U.S. brands available in China entered the market in the last 5-6 years. Recent market performance has been impressive, with exports more than doubling between 2010 and 2012. We expect that sales will continue to grow, and more American breweries will consider exporting to China in the coming years.

I heard that most of the American craft beers are not very interested in the Chinese market because of the short supply of local American market. Is that true? Do you have any plans to promote the American craft beers in the Chinese Market?

Strong local demand certainly plays a part in a brewery's decision whether or not to export its products but despite strong local demand for U.S. craft beers, an increasing number of breweries are exporting because they see long-term potential. That said, these breweries may not select China as an initial market of focus. When it comes to exporting, U.S. breweries have numerous outstanding markets to select from. For many, China may be perceived as a more difficult market due to language barriers or lack of clarity with import regulations. Many breweries are also wary of exporting to China out of concern that their products will not be properly cared for under refrigerated storage and transport conditions. Many factors contribute to a brewery's decision whether or not to export to China, but more

breweries will likely consider the market in coming years as demand increases and brewery production capacity expands.

The Brewers Association's Export Development Program (EDP) has targeted the Chinese market for promotional activities since 2006 and it continues to try to maintain a presence annually to support market growth. The Brewers Association participated in the Shanghai International Beer Festival in 2012 and 2013, and is considering doing so again in 2014.

Many American craft breweries struggle to keep up with local and regional demand due to their overwhelming popularity. However, several breweries that are able to meet their domestic demand are seeking out foreign markets, as evidenced by the increase in Chinese exports mentioned above.

The BA supports exports through its Export Development Program which generates exposure for American craft beer through trade shows, festivals, seminars, media outreach and competitions, among other activities. Additionally, we have a point of contact in China for the trade, media, and United States government officials in China that are interested in connecting with the Brewers Association or with brewery members.

If we are going to organize an international craft beer festival in China, are you interested in organizing some American breweries to join the festival?

A new festival in China would certainly be considered. Each year the Brewers Association evaluates a number of festivals, trade shows and other events that have not previously been a part of the annual EDP activity plan. The Shanghai International Beer Festival was added two years ago. In 2014, the EDP will be participating in events in Spain and Germany for the first time. American craft brewers are not only passionate about brewing, but also about sharing their love for quality beer. We are always open to learning about new events that could be a fit for our members.

Do you have anything else you would like to share with the Chinese Readers?

We have recently published a new quality control guide: Best Practices Guide to Quality Craft Beer – Delivering Optimal Flavor to the Consumer. The guide is designed to provide general guidelines for distributors, shippers, publicans, sales staff, grocery stores, liquor outlets, bars and restaurants to better deliver high-quality craft beer. The guide will soon be translated into Chinese.

In closing I would just like to thank them for their interest in American craft beer. I have visited China many times as part of our EDP and have always been impressed with the interest and passion that Chinese consumers have for quality food and beverage products. Craft beers are unique and are very much an artisanal product. I am glad to see that China is developing its own craft beer industry and culture and that consumers remain interested in learning about the range of ingredients, beer styles, and brands available. Most importantly, I am glad to see and hear about Chinese consumers enjoying American craft beers and I look forward to sharing some at a future event in China. 🍷