



# Import/Craft Beer 101

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# What is Beer?

- century's old process of converting sugared water to fermented liquid
- some of the oldest recipes ever found have been beer recipes
- beer was a necessity in ancient times
  - poor water quality
  - social and medical contributions





# What's in a Beer?

- BARLEY – the body & soul of beer
- YEAST – the life of beer
- HOPS – the spice of beer
- WATER – the integrity & purity of beer
  
- ADJUNCTS – Additive grains like rice or corn,  
fruit or spices





# Barley – “Body & Soul”

## Barley malt gives beer:

- NATURAL enzymes to covert starch to sugar needed for fermentation
- MALTY sweet flavor
- COLOR
- FOAMY head

Two row & six row barley malt are used in the brewing process.

Variety of barley malts helps determine the color, texture and flavor of beer.



# Yeast – “Life of Beer”



## Yeast is the catalyst of change:

- one cell micro-organism
- produces carbon dioxide and alcohol

Two types of yeast are used to produce beer:

- ALE – top fermenting
- LAGER – bottom fermenting

There are literally thousands of brewers yeast that create a variety beer styles.



# Hops – “Spice of Beer”



## Hop flowers are used to:

- MICROBIAL STABILIZATION hops have antiseptic qualities
- HOP AROMA fruity flowery characteristics
- BITTERNESS balances malt sweetness
- FOAM STABILIZATION enhances head properties

There are two primary hop styles:

- Aroma Hops – Saaz, Fuggle & Hallertua
- Bitter Hops – Brewer’s Gold & Unique

Hops are grown around the world between the 35th and 55th degrees of latitude and harvested in fall.





# Water – “Integrity & Purity”

## Water’s role in beer:

- water makes up 92% of beer
- through filtration or boiling; impurities, aromas & flavor differences can be mitigated

## Water styles can effect flavor:

- hard water – helps add crisp cleanliness
- soft water – adds smoothness





# Adjuncts – “The Wild Card”

## Adjuncts add to beer:

- adjuncts are added to change the flavor, character or profile of beer.
- used to supplement main starch source to provide better foam retention, color or aroma

## Adjuncts fall into two categories:

- Grains:
  - corn, rice, wheat, oats or rye
- Specialty Ingredients:
  - sweets – honey or maple
  - fruits – raspberry, cherry or cranberry
  - spices – cinnamon, coriander or clove







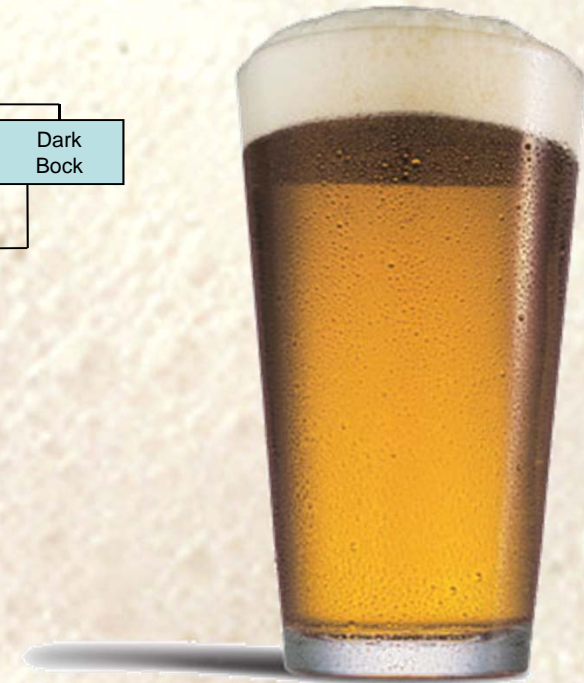
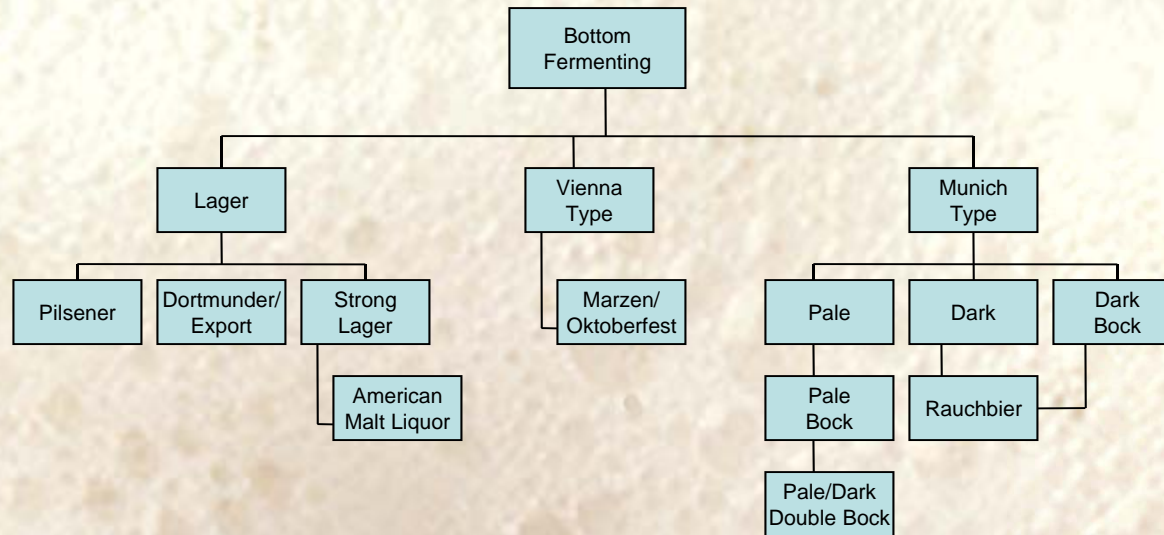
# What is a Lager?

- lager means “to store”
- bottom fermenting yeasts
- ferment at lower temperatures (50°)
- lagered close to freezing for several weeks
- characterized by a crisp-tasting, lighter body and less-fruity aroma – rounded, smooth beer
- over last 150 years or so lagers have become the predominate beers





# Lager Styles





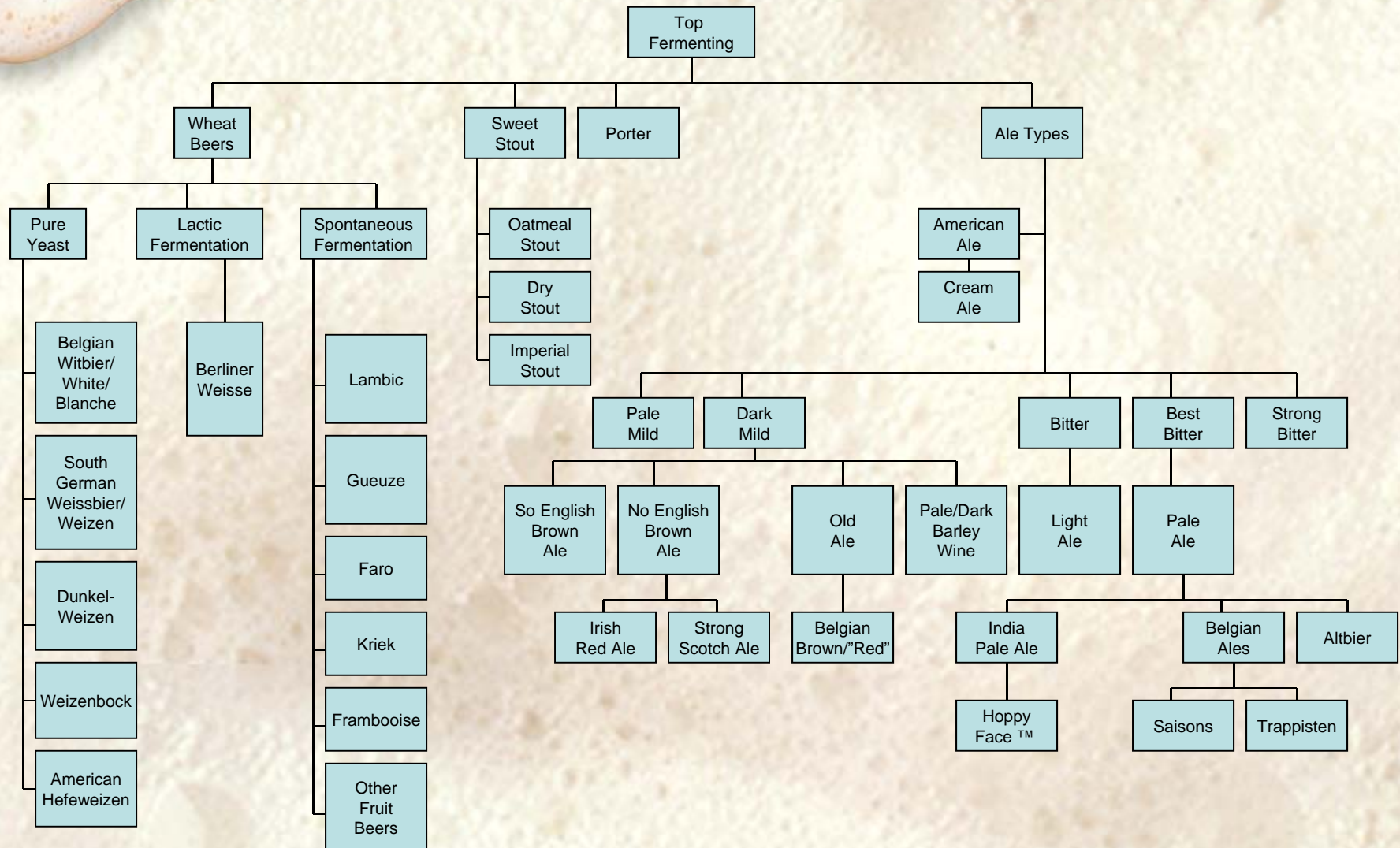
# What is an Ale?

- ale is synonymous for beer
- top fermenting yeasts
- ferment at higher temperatures (64° – 72 °)
- ferments less fully and less discriminately
- characterized by more-fruity flavors & aromas with a malty, full bodied flavor
- prior to the 1800's ales were almost universal





# Ale Styles

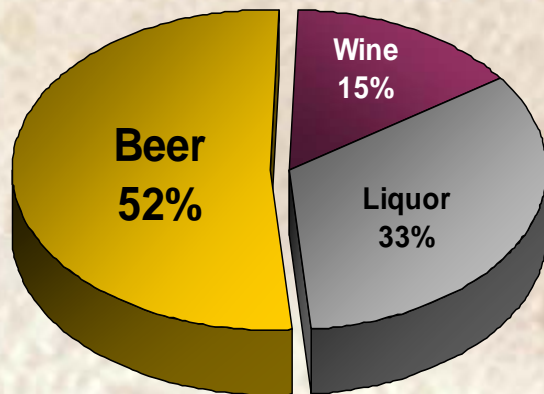




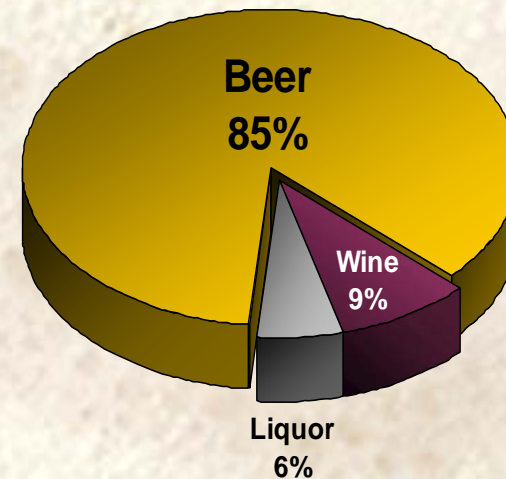
# Why Beer?

- Beer is a \$91.6 billion dollar category and accounts for over half of beverage alcohol dollar sales.
- Beer has a 52% share of alcohol retail dollar sales and is 85% of alcohol consumption.

**Share of Total Beverage  
Alcohol  
Retail Dollar Sales**



**Share of Total Beverage  
Alcohol Consumption  
(Gallons)**

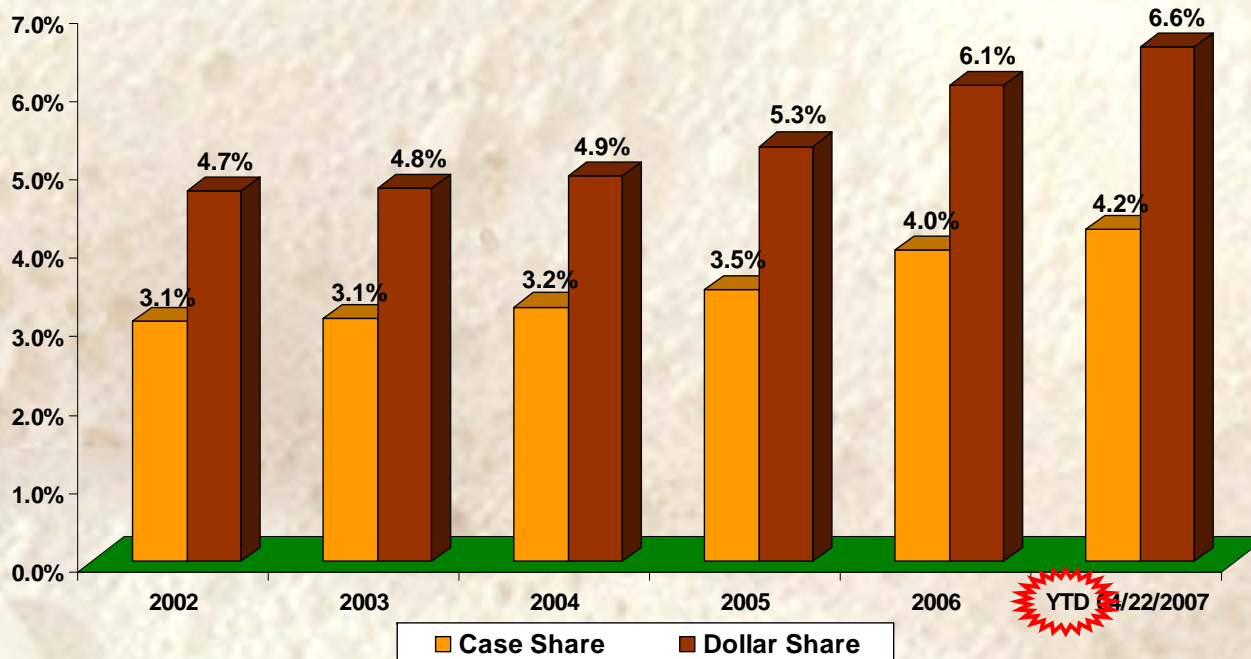




# Micro & Craft Category Growth

- whether Ale, Stout, Marzen, Porter, Lager or Wheat.....  
Micro / Craft Beers' Share of the Beer Category Growing

MICRO / CRAFT BEER - SHARE OF BEER CATEGORY



Source: IRI Total US FOOD through 4/22/07



# Why Craft Beers?

- Micro and Craft Beers add interest and variety to your beer portfolio.
- Although small, the category is growing in sales and share of total beer volume.
- Segment is fragmented with over 900 brands to choose from...select carefully.
- Anheuser-Busch distributes many top selling / high growth micro / craft beers to help you get the most from your valuable retail space.

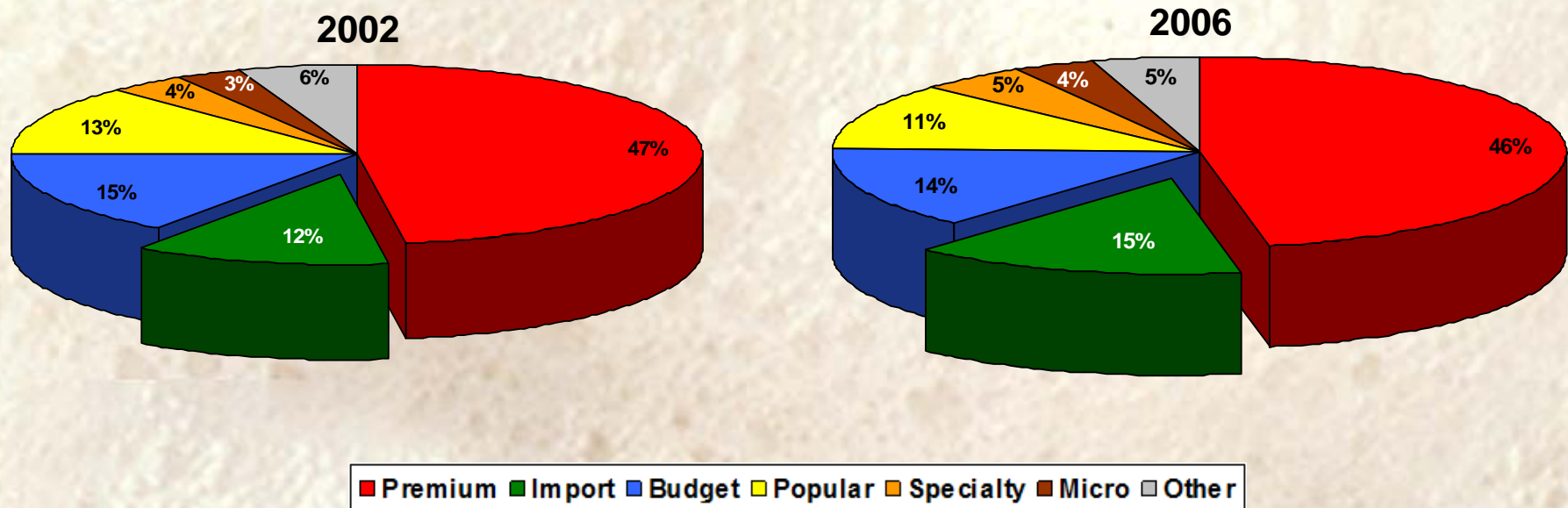




# Import Category Growth

- Import segment off-premise case sales have grown by nearly 12 million cases in 5 years!
- Import share of total beer category has grown 3% in 5 years!

## Segment Share of Off-Premise Case Sales



Source: IRI Total US Food, Drug and Mass Merch case sales  
52 weeks ending 1/5/03 and 52 weeks ending 12/31/06







# What is a “Specialty/Craft” Beer?

- all Malt Brewing Process
  - no “filler” adjuncts to lighten beer
- tend to be non-pasteurized, using additional filtration for clarity if desired
- small Batch Production
  - tend to produce beer in smaller vessels
  - regional based
  - between 15,000 and 2 million BE’s



# What's the Difference?

- **Imports** = brewer supplied products for outside USA
  - import Companies or holding/distribution companies
  - Crown Imports, Heineken USA, Anheuser-Busch, Inc.
- **Craft /Specialty beers** = regional / national Brewers
  - independent or regional distribution networks
  - Sam Adams, Leinenkugel's, Redhook
- **Micro beers** = Local/Regional Brewers
  - independent distribution networks or self distribution
  - Summit, Surly, Flat Earth Brewing. Co.





# Why Import & Specialties?

- changing Consumers
  - boomer market
  - “gen X’ers” coming of age
  - discretionary income
- evolving marketplace
  - consumers are demanding broader selection, unique and interesting products
- profitability
  - higher perceived value
  - higher margins / profit generators



# Opportunities for you?

- profit generators
  - higher margins
- incremental sales
  - added ring totals
  - impulse purchases
- selection
  - value add for your consumers
  - point of difference from competition
  - become more of a destination





# How should I do this?

- selection
  - commitment to the category
- pricing
  - be competitive but these are profit generators
- sampling
  - awareness builders
  - brewery sponsored / funded programs
- employee focus
  - education
  - dedicated people



# Opportunity Selling?

- Food Pairings

- beer is an excellent complement to food
  - Amber Ales – wild game, meats & cheeses
  - Hefeweizens – salads, summer fair
  - IPA – spicy foods (Mexican or Asian)
  - Porters – deserts
- cooking with beer
  - secret ingredient
  - adds depth and flavor
  - versatility



# 2001 – A Space Odyssey



- **H**eat – cool temperatures
- **A**ir - oxidation
- **L**ight – low light conditions





# Bottle Beer – Do's & Don'ts

- Always pour bottle beer into a glass
  - drinking from the bottle traps carbonation and flavor which can leave you feeling bloated
  - pouring into a glass releases carbonation, flavor and aroma of the beer
  - pour beer down the center of glass to release carbonation and flavor
  - pouring down the side of the glass minimizes foam and traps carbonation leaving the beer flat looking and gassy tasting.







# What Next?

- Here's to Beer!
  - <http://herestobeer.com> website
- The Beer Connoisseur
  - on-line training program
    - internet based
    - self-directed
- Your local wholesaler
  - resources & educational information
- Responsibility Matters





**How about a beer?**

**Thank you.**

