

AN OUTLOOK FOR CRAFT BREWING IN SCANDINAVIA

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Welcome to the 2014 'Craft Brewing Theme Issue' of the Scandinavian Brewers' Review! It is a pleasure to start such an issue with the observation that craft beer has a position in our region that is stronger than ever. Everything I hear from our neighbouring countries is that the 'revolution' is raging in their countries, and they very politely say that Norway, Iceland and Sweden are approximately 10-15 years behind the Danish craft beer revolution of the past and this decade. And the statistics will support that conclusion. Do the state monopolies on the sale of regular and higher-strength beers and the ban on advertising have anything to do with this? Both the market shares of local craft beer and the number of breweries are still far behind the situation in Denmark.

I do not have precise statistical data for the other countries, but I note that, in Denmark, the number of breweries (including so-called gypsy brewers that only have a brand and no physical brewery) today stands at around 150 – clearly an all-time high and still an undisputed world record! So the public myth, fuelled by articles in the media in past years on the economic hardship and the ensuing abundant closures and bankruptcies in the craft segment, can be dismissed entirely. A recent thorough background article in the Danish daily newspaper Berlingske showed that the number of Danish craft breweries with a positive

net result on their bottom lines has increased dramatically over the past couple of years – a few of them posting net gains of more than 5 million DKK for 2013. The share that Danish craft beer had of the total beer market in 2013 was, according to the Danish Brewers' Association, 5.9%, and the share of imported beers was 7.8%. So a total of 13.7%, even though counting all the imports as craft is not justifiable for reasons explained below. But, if around a third of the imports are counted as craft, we still reach a very encouraging total of 8.5% for craft in Denmark.

The scene is vibrant in all our countries, with smaller and larger beer festivals popping up everywhere; the social media in all our countries are afloat with beer blogs and brewery-consumer communication. The number of beer bars with an exorbitant choice of both local and imported is growing all over our region. In Denmark and Copenhagen, in particular, the number is exploding these years, and one of the latest newcomers on the scene, Taphouse, offers a staggering 61 draft beer taps – all craft beer!

The success of craft beer in Scandinavia and the Nordic region is, as I'm sure most of you readers are aware of, not a phenomenon isolated to our region. In the US, the share of local craft is racing towards the 10% mark – craft growth in 2013 was 17.2% – based on volume, and the number of breweries is skyrocketing to way over 3,400 this year, bringing the number of them to a level not seen since the mid-1800s. At the recent BrauBeviale in Nuremberg, the display of equipment offered to the craft segment was almost as dominant as the corresponding 'stuff' for the big breweries, reflecting where the growth and the investments are to be found these days. On a recent trip to Bavaria, the Hallertau to be exact, I had the pleasure of drinking excellent, locally-brewed IPAs and Pale Ales. Brewed with local hops, of course, but the mere fact that these beer types are now brewed in Bavaria – probably the most 'beer conservative' region in the whole world – speaks a very clear language.

And in our region, we are at the forefront in developing our own, local beer styles and products as expressed through the release of more and more such beers and as exemplified by the success of the 'Nordic Beer' movement. The recent conference on 'Nordic Beer' that took place in Korsør, Denmark, in early November

(covered by a specific article in this issue of the SBR) was an overwhelming statement about the momentum of this movement.

So is everything rosy and the future without challenges? No, of course not! The craft segment in the Nordic region still faces plenty of these. In Denmark, we see an increasing competition orchestrated by the major supermarket chains successfully exploiting the interest in craft by importing loads of cheap beer from the Czech Republic and Germany and placing these on the shelves next to 'real' craft beer, thus tempting the curious but still price-conscious consumers by indirectly promising them a craft experience at next to no cost. This obviously puts pressure on the prices, and, at least in Denmark, we have to take a close look at costs and pricing, as it is not a coincidence that, in America, the price ratio between craft and 'regular' is generally about 1.5 to 1, whereas it in Denmark is between 3-4 to 1 for local quality craft beer. The difficulties involved with distribution are still a huge 'bump on the road', as the craft distribution business has not, by any means, grown in numbers and professionalism at the rate that the brewing side of the segment has. At the most basic level, we still have a challenge in catching the attention of the majority of the 'regular' beer consumers, who still think that craft beer is too expensive. It will take a long, hard pull to convince these people that beer is more than a cheap commodity and that, if you spend the extra money, you get more than your money's worth in added value. In our struggle to achieve this, we desperately need the support of the culinary world. But as I outlined in some detail in a previous editorial in the SBR, although we talk a lot about this, we have not come very far yet.

In Norway, Finland, Iceland and Sweden, the strangling and apparently futile limitations on communication to the public by brewers, the state monopolies and the exorbitant beer taxes also represent battlefields on which our victory is not right around the corner; in order to prevail, it will demand the joining of all good forces. I used the word 'futile' about the effect of the over-restrictive alcohol policies in the other Nordic countries, and to those that find this rather opinionated, I will only refer to the data published in October showing that the per capita total alcohol consumption in Sweden is now higher than in Denmark – the country often portrayed as 'Sodom and Gomorra' by prohibitionist politicians in our neighbouring countries. So, why not finish this editorial with a typical Anders Kissmeyer provocative statement: Maybe if the politicians in Norway, Iceland, Sweden and Finland allowed craft brewers to communicate freely with their consumers – and perhaps even allowed the consumers to buy beer directly at the brewery when they visit? – this would help nudge a shift from binge drinking of large quantities of cheap alcoholic beverages towards a more limited consumption of flavourful and satisfying craft beer.

We have come a long way, we are still gathering speed and momentum, but we still have a long way to go!

Drop me a line or two to let me know your views at anders@kissmeyer.dk. ☺

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