

Beer in a Time of Crisis - Crisis for Beer?

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The economy in the western world is in turmoil; economic experts are beginning to talk about the ‘double dip’. Not good news for any sector of the economy, thus, also presenting difficulties and challenges for the brewing industry. But are there also opportunities for beer in an economic crisis?



Bankruptcy threatening the Greek state, stock markets plummeting, unemployment on the rise, manufacturing jobs being outsourced to low-salary countries... I could go on, but I trust that this is highly unnecessary: Our economies in the Western countries are in a bad shape.

In almost all mature Western markets, total beer sales have been on the decline for quite a few years, also even before the first financial crisis hit us in 2008. The economic logic says clearly that this will become even worse when the average spending power of the consumers is dropping. In many of the affected countries, consumer spending is actually even lower than the spending power would suggest – in times of crisis, consumers become concerned about the future and start saving their money rather than spending it.

Regardless of the country, of the type of beer and of the price of beer, our product is a luxury to the consumer. It is not essential for our physical survival – although some of us would claim

that it is so for our mental survival! So, obviously, the spending on beer will move up relatively high on the list of spending items that may be either reduced or completely eliminated in order to adapt the consumers’ spending to their budgets.

What else might be on the list of those items at risk when consumers decide to reduce their total spending? Well, this is of course very individual so it will vary greatly from consumer to consumer. But if I say things like a new home, refurbishment of the current home, a new car, a new boat, a summer house, adventurous holidays, new furniture and more hot fashion clothing, I have probably hit at least a few of the items on the list of every Western consumer’s list of desired luxuries. And if we look at beer in comparison to those other items exemplified above, it is evident that beer is definitely what we may call ‘The Affordable Luxury’ in comparison. This term is actually universally accepted by those economists that occupy themselves with the factors influencing consumer behaviour. And what these economists say is that in times when the more expensive luxuries have to be eliminated from the budgets, consumers tend to spend even more on ‘The Affordable Luxuries’. It’s quite logical and universal: When we feel we are under pressure and deprived of the luxuries we had anticipated, we look for those things that will make us feel that it may not be so bad after all – ‘The Affordable Luxury’! As a contender in this race, beer is up against things like good wine, good food, good coffee, etc. And to me, this sounds like a race where our chances of victory are good. But it is certainly not a given thing!

If we as an industry – from the large, mainstream/premium lager brewers to the smallest niche craft brewers – come

together in an understanding of the situation, and as individual breweries as well as on the organisational level make a dedicated, professional, significant and coordinated effort in order to pace our products in this race, we have excellent chances. With this little debate column, I hope to inspire some efforts in order for this to happen.

If we do so, we might also manage to not only get across the message of beer as the best of the affordable luxuries as such, but, if we at the same time put some extra focus on the natural role of beer in a healthy, enjoyable and responsible life style, we may also permanently enhance the general image of beer. I'm thinking along the lines of stressing the following messages: Elaborating on the marvels of beer paired with great, but affordable food; beer as an extremely varied, very craft influenced, and totally natural beverage at least as suited as a hobby as wine; beer as the ideal catalyst for enjoyable, positive socializing amongst adults; beer as a very healthy drink when consumed in moderation, and as the perfect way of signalling one's individuality, sophistication and connoisseur-ship.

In conclusion, times of crisis do offer very interesting opportunities for the brewing industry. But in order to take advantage of these, we need to take our work with improving and widening the understanding and the image of beer in general to a whole new level. I know that the craft brewing community is ready to do so, having the good stories – 'the ammunition' for the race, if you will – in excessive quantities just waiting to be used. Thus, I hope that the large, industrial brewers – who have the economic muscle needed to embark on the race, buying 'the artillery', if you will – will also be ready. If we combine the artillery and the ammunition, we can become a force to be reckoned with. If we manage, we will gain long term advantages strengthening and broadening our total market, strengthening the cooperation between the segments of the industry, and maybe even create common ground for long term mutual efforts to the benefit of the general perception of beer in the broader public, media, etc. This will definitely be of significant value to our industry as a whole, and absolutely not only in times of crisis!

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