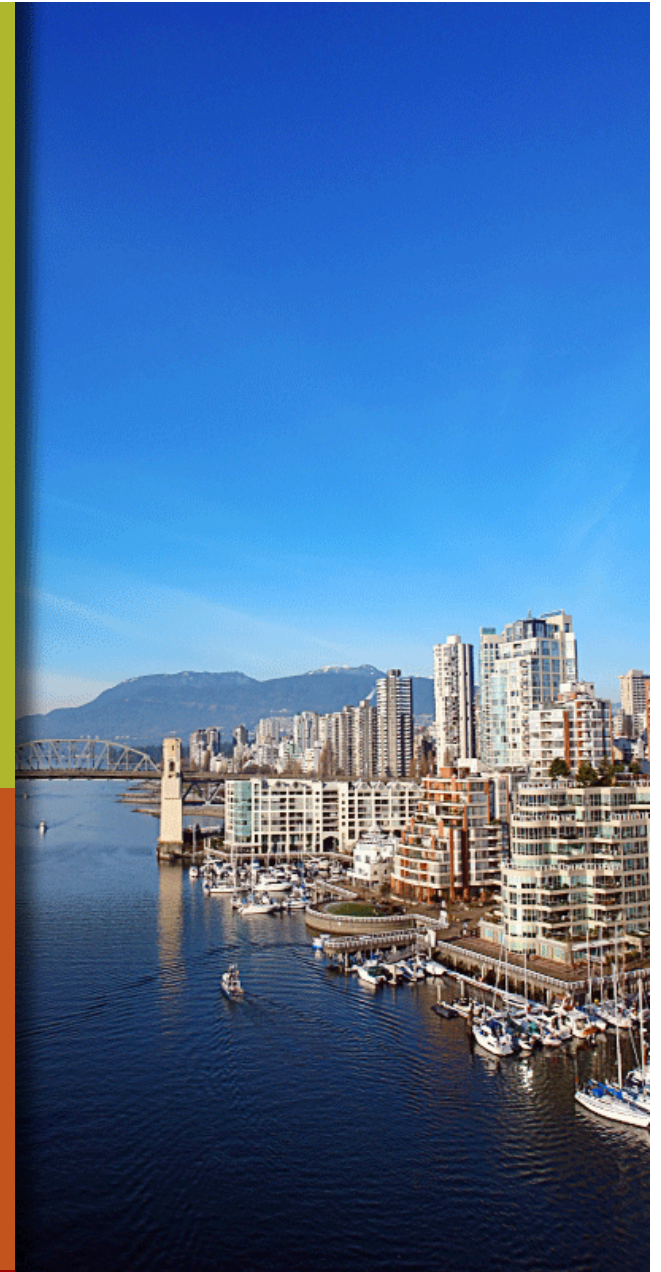


# US Craft Beer in the Canada Market-BC



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# Canada



○ Population 4.7 M People

○ West Coast Lifestyle

- 75% of the population lives in SW corner: Vancouver, Victoria
- 90% of the population lives within 100 miles of the US border



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# BC Consumer & Market Considerations

- Pacific Northwest Synergy
  - Between 500K – 1 M Border Crossings Monthly
- Seasonality
- Packaging: Eye Appealing, Impactful, Screen Printing, Humour
- Consumers Enjoy Variety: ‘Circle of brands’ and New
- Burgeoning Local Craft Industry of Breweries, Wineries & Distillers
- Competes with Other Categories

# BC Marketplace Retailers

## ○ Mixed Retail Business Model:

- 195 BC Liquor Stores: 30% Total Beer Sales
- 671 Licensed Retail Stores: 44% Total Beer Sales
- 221 Rural Agency Stores: 5% Total Beer Sales
- Licensees (restaurants, pubs): 19% Total Beer Sales

○ Licensed Retail Stores have refrigeration, open 365 days.

○ Licensees account for approximately 170 US Craft draft listings (\$1.4 M, 270 K litres), many are seasonal products.

# Importing Beer into the BC Marketplace

## ○ Appoint a Licensed BC Agent

- Agent/Distributor Appointment Authorization Letters
- Contact Import Vintners & Spirits Association [www.ivsa.ca](http://www.ivsa.ca)
- Contact [ldbagentinfo@bcldb.com](mailto:ldbagentinfo@bcldb.com) for a list of BC agents

## ○ Key Relationship between Supplier and BCLDB

## ○ Agent Role in the Market:

- Represents your brand
- Sales & marketing, pricing
- Local contact for all questions related to your company

# BC Marketplace Requirements

- Products go into a bonded warehouse:
  - Cold storage is available
  - Refrigerated distribution
- All draft is privately distributed by a private distribution carrier
- Packaged products may be distributed by the LDB (no refrigeration)
- Canadian Labelling Requirements for packaged products
  - Alcohol Content, bilingual, bottle size/contents
  - Strip Labels for deficiencies
  - Require best before or production date, clearly indicated

# Mark Up Costs as of April 1, 2013

- Yearly Documentation of Annual Total Production for all Facilities

- Flat Tax Markup, Costs are Per Litre

  - <15,000HL: \$.97 Packaged & \$.67 Draught

  - >15,000HL – 160,000HL: \$1.08 Packaged & \$.75 Draught

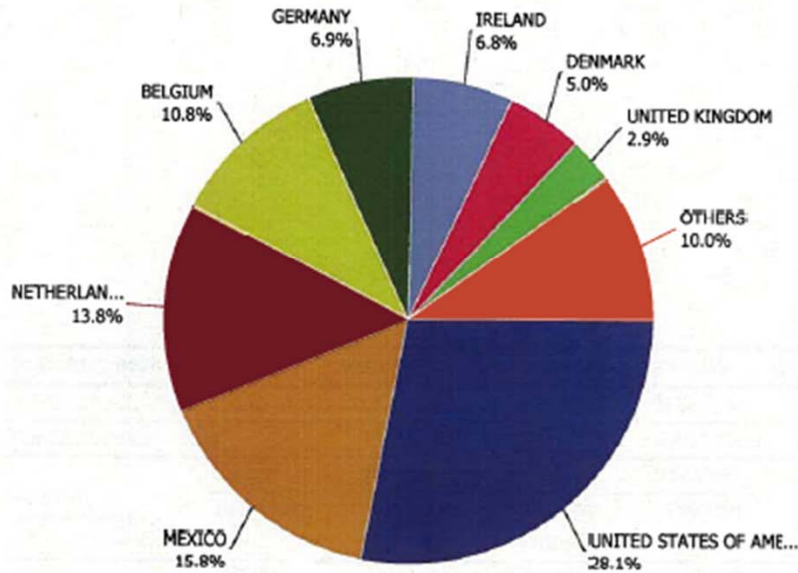
  - >160,000 HL: \$1.63 Packaged & \$1.12 Draught

- 1HL = .8522 US Barrel

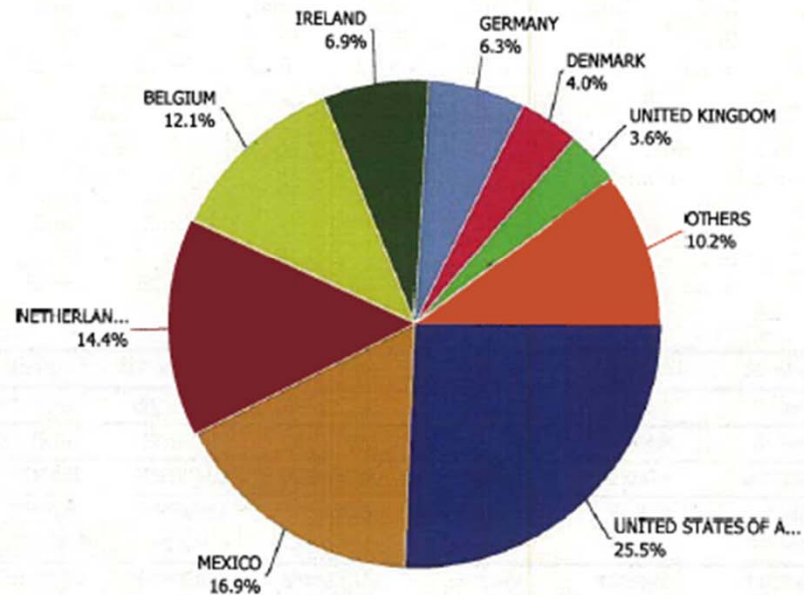


# Total Import Beer Market: Share by Country

**Import Beer Market Share**  
Current Quarter by Volume (Litres)



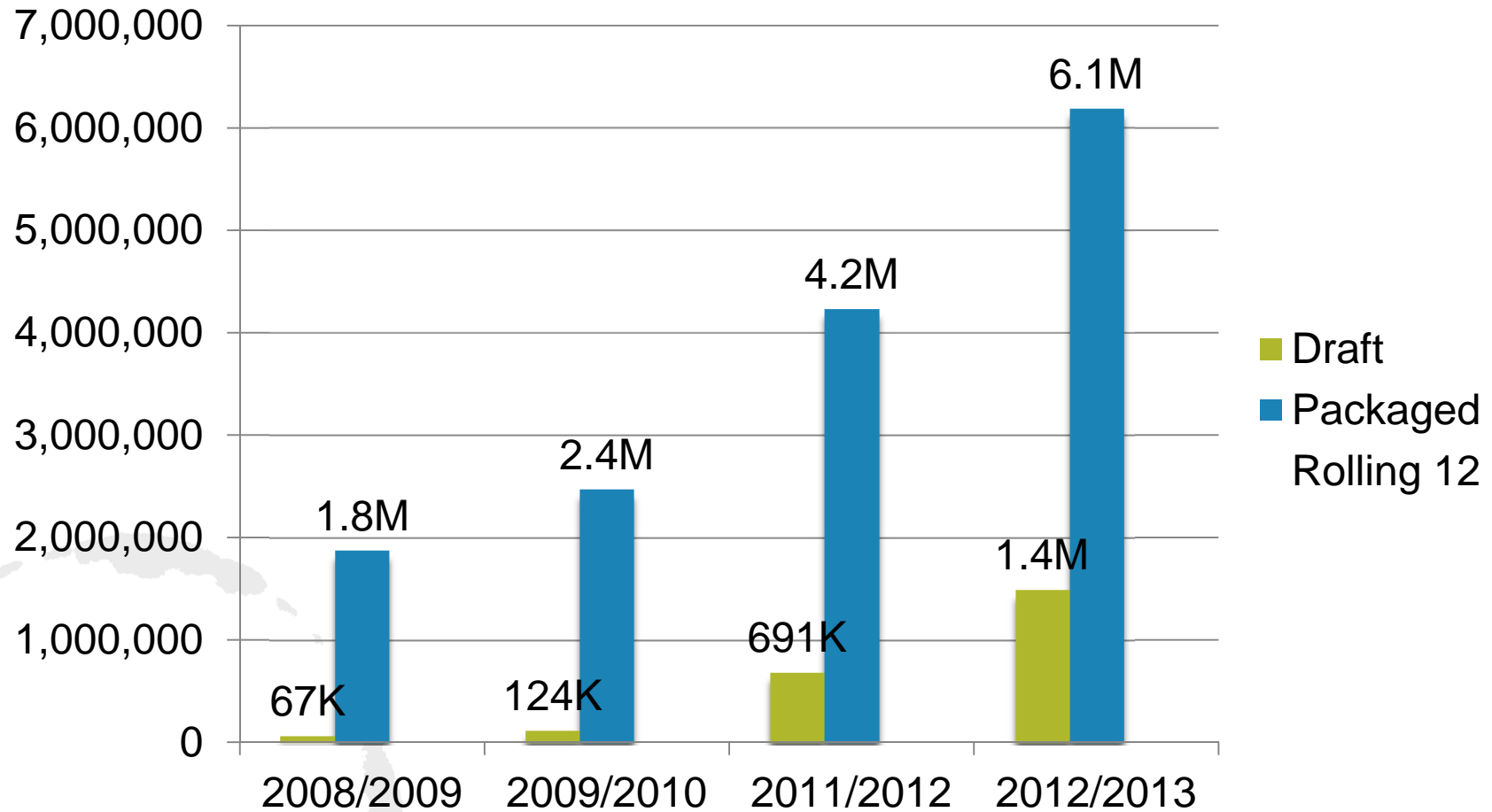
**Import Beer Market Share**  
Current Quarter by Retail Dollars



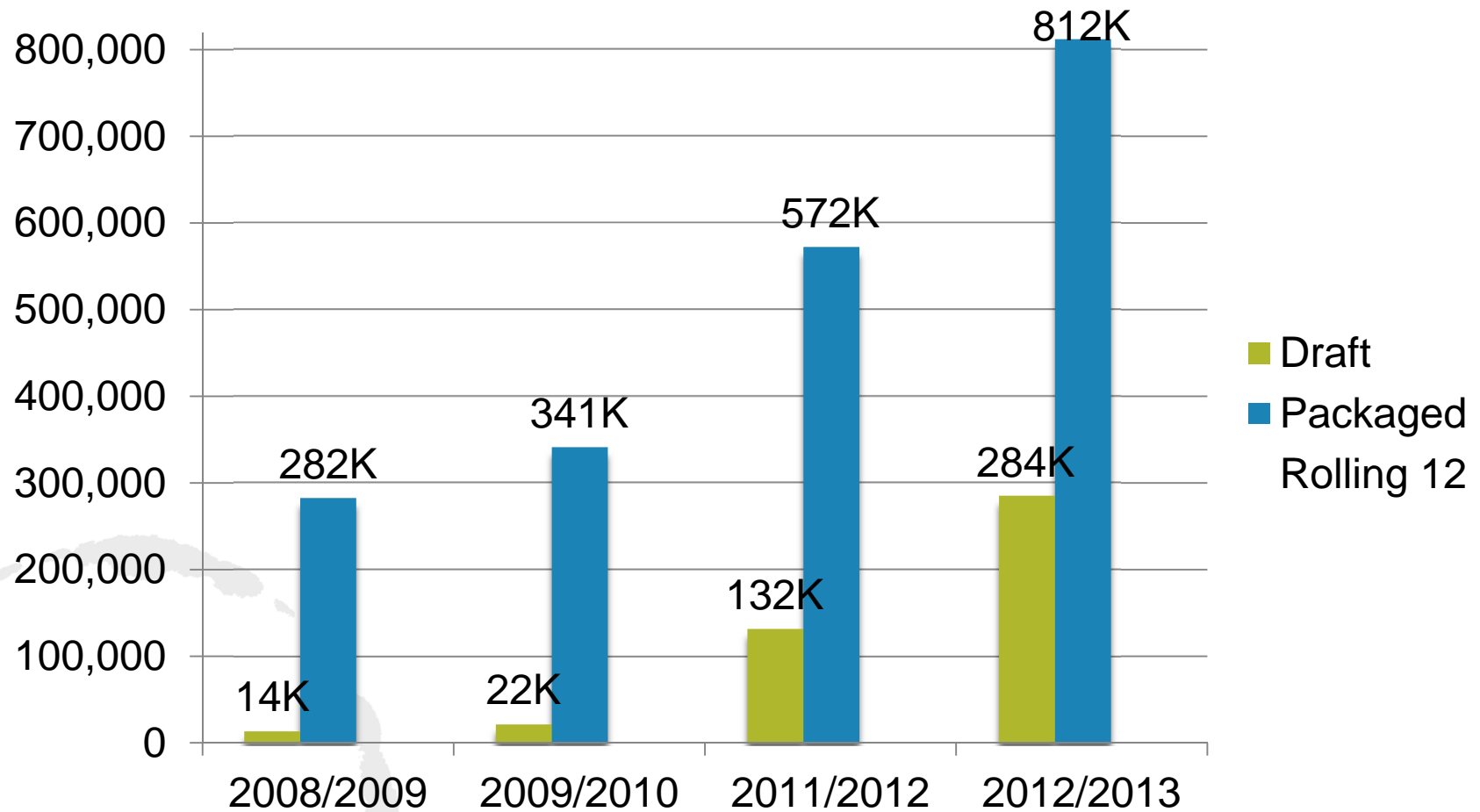
- Total Import Beer Market in BC – 43 M Litres and \$215 M Dollars
- Total US Beer accounts for 12.5 M Litres and \$57 M dollars
- US Craft Beer accounts for approximately 10% of the US share



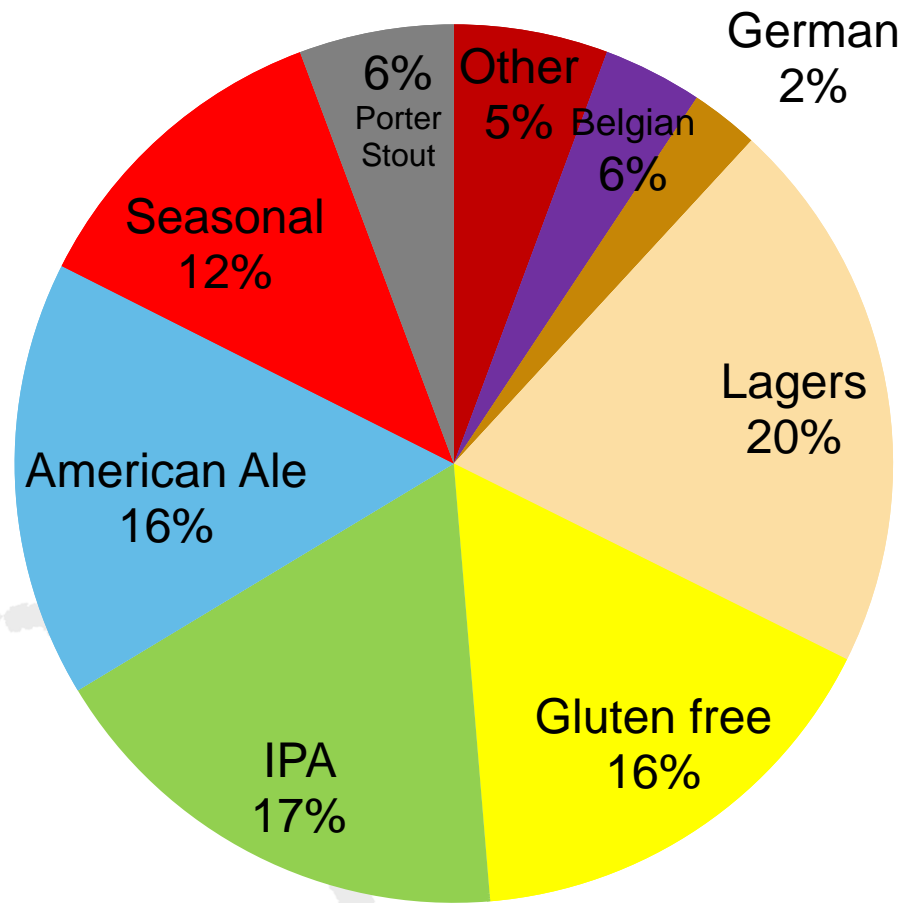
# US Craft Beer Dollar Sales



# US Craft Beer Litre Sales



# Key Styles & Sales US Craft packaged

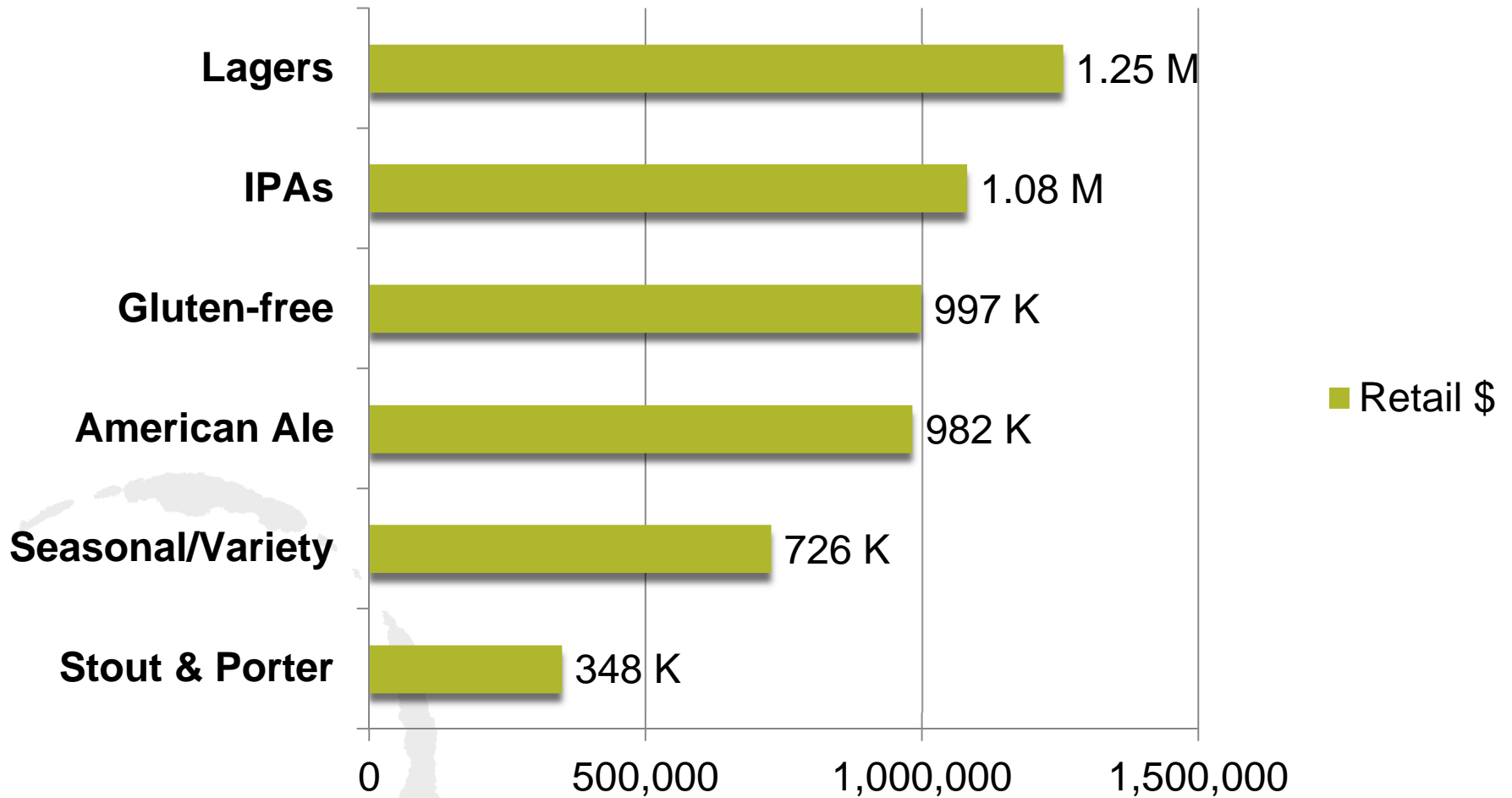


- Other-BW, ASA, English ales, Sply, Sour, Wheat-346K
- Belgian-Saison, Belgian, Strong & Quad-223K
- German-Maibock, Marzen, Pilsner, Kolsch-154K
- Lagers - 1.25 M
- Gluten-free - 1 M
- IPA & Imperial IPA - 1.08 M
- American Ale-American PA, Blonde, Red, Brown-981K
- Seasonal-Seasonal, Variety, Fruit, Pumpkin-726K
- Stout & Porter - 347K



# Key Packaged Styles and Sales

Rolling 12 to Feb 2013



# Current Trends

- IPA's & Pale Ale
- Gluten-Free
- Seasonals/Winter/Summer
- Saison and Fruit/Pumpkin
- Oak Ageing & Sour - small base
- ○ Local (Craft & Value Segment)



# Top US Craft Listings & Popular Formats, prices

Product Name	Container	Price	Dollars	% Chg	9L Cases	% Chg	BCLS Share
LAKEFRONT - NEW GRIST GLUTEN FREE	6 pack	\$14.99	\$674,969	180%	10731	181%	61%
DESCHUTES - MIRROR POND PALE ALE	6 pack	\$14.99	\$380,908	66%	6045	67%	47%
SIERRA NEVADA PALE ALE	6 pack	\$14.99	\$328,675	19%	5216	19%	50%
ANCHOR STEAM BEER	6 pack	\$13.69	\$316,726	2%	5477	1%	43%
BARD'S TALE - BARDS GOLD GLUTEN FREE	6 pack	\$15.77	\$314,958	3%	4727	3%	55%
SAMUEL ADAMS BOSTON LAGER	6 pack	\$12.99	\$294,111	-7%	5564	-6%	56%
BROOKLYN LAGER	6 pack	\$14.99	\$182,474	-9%	3101	-10%	36%
SIERRA NEVADA - TORPEDO EXTRA IPA	710 ml	\$5.89	\$181,515	74%	2403	74%	67%

- 29 Listings account for \$3.8 M
- 265 Wholesale Listings \$2.3 M
- Six Packs: \$12.99 - \$15.99
- 650 ml formats: \$4.99 - \$9.99
- Variety 12 Pack Selections: \$22.99 - \$29.99
- 750 mls: \$9.75 - \$12.99



# US Craft Beer in Canada Market-British Columbia

**Questions?**

**Thank you**



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