



UK Trade
& Investment



Beer & Hard Cider

US Industry Overview

February 2015



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Introduction

The United States is a large market, full of opportunities for UK companies but it is also complex and highly competitive.

With the mission of helping UK companies identify and pursue new business opportunities, UK Trade & Investment (UKTI) teams in the United States offer a variety of support to help companies achieve their international potential, including [trade missions, events, and webinars](#), and customised consultancy services ([Overseas Market Introduction Service](#), OMIS).

This brochure is intended to provide an overview of opportunities in the United States, help companies consider and understand the challenges, and outline the steps required to succeed in this market.

UK companies interested in any of our services in the United States should ideally speak first with one of our UK-based [International Trade Advisors](#) (ITAs). Financial assistance and grants are not available from UKTI staff in the United States, but UK companies can speak to ITAs about export support services like the Tradeshow Access Programme, Passport to Export, Gateway to Global Growth, and the Export Marketing Research Scheme. Companies in Scotland, Wales, and Northern Ireland should contact [Scottish Development International](#), [Business Wales](#), or [Invest Northern Ireland](#), respectively.



U.S. Market Checklist

Due to a common language and culture, the United States can seem like a relatively easy market to access. However, it is also a large, crowded, and highly competitive economy. It can be easy to underestimate the requirements of a successful US strategy. Prospective exporters should consider carefully whether they are ready to do business in the United States.

The following questions can assist with a critical self-evaluation:

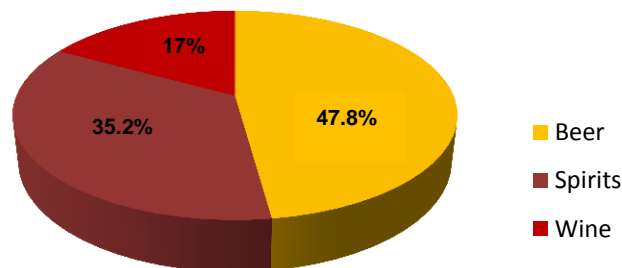
1. Is there a market in the United States for your product, service, or content? If so, is the market nascent, growing, or already saturated? These are key questions to ask and answer before committing the required time and expense towards developing your company's business in the United States.
2. Is your company in a stable financial position and ready to invest in expanding into new markets? Many UK companies underestimate the costs of setting up and time required to effectively succeed in the United States. It should not be considered a short-term process, and setting realistic expectations (in terms of time and cost) are required.
3. How much manpower, time and financial resources can you commit to your US strategy?
4. Have you formulated a market entry strategy? For example, do you want to sell online, via a distributor, agent, partner, or do you need to set up a US entity?
5. What is your Unique Selling Proposition (USP) for the US market? Make sure that this is clear, concise, well-presented and accessible to your potential US customers.
6. Have you developed a compelling sales pitch and marketing materials, including a website, around your USP? Have they been developed with a US audience in mind? UKTI DC have successfully used a Quad Chart as a means of marketing UK companies to US government personnel.
7. Do you understand the legal and accounting issues associated with doing business in the United States? For example, think about whether your sales contracts are appropriate, whether your intellectual property is protected, whether different technical standards and data privacy rules exist for your product or service, and whether you are covered in the event of liability claims. Before taking any concrete steps in the United States, a consultation with a US attorney is usually advisable.
8. Does your company export to or do business in any other international markets? It is generally easier to begin a company's overseas exports to markets that are geographically closer and have more experience working with UK companies, such as Ireland and other EU countries, before tackling the United States.
9. Do you have the capacity to fully exploit opportunities? Can you build on any initial success and meet increased customer demand? US businesses will be open to working with a foreign partner but will expect you to meet their customer service standards, be present to support any issues, and may want accessibility to discuss other future opportunities. They do not want to work with foreign companies that are 'in it for the short term'.
10. Did you register under the U.S. Food and Drug Administration's Food Facility Registration Regulations? Did you appoint a U.S. Agent for FDA purposes when registering your manufacturing and processing facilities with FDA? Did you ensure that your products comply with FDA, TTB and state regulations in terms of labelling and packaging?
11. Have you evaluated the logistics required to export in the United States? For example, are you prepared to invoice in US dollars, and have you determined how you will receive payments? How will you provide technical support? For physical products, have you identified customs duty rates and whether you will need a freight forwarder?



Market Overview: Alcoholic Beverages

The U.S. beverage market is a \$331 billion industry with alcoholic beverages making up over 50% of the revenues with \$197.8 billion in retail sales. Beer dominates on a volume share basis at 87% of consumption (in comparison to wine 8% and spirits 5%) but per-capita consumption of beer in the U.S. has been declining for over the past twenty years. In terms of revenue, the alcoholic beverage market is almost equally split between malt beverages and wine & spirits products.

Alcohol Beverage Market Share, 2014



The United States accounts for 21.4% of the global spirits market value, 13% of the global wine market value and 15.6% of the global beer market value.

Smaller categories like Hard Cider and Craft Beers showcase promising growth. Retail sales were up 89% and 17.2% respectively in 2013.

The three-tier system of alcohol distribution is the system for distributing alcoholic beverages set up in the United States after the repeal of Prohibition. The three tiers are producers, distributors, and retailers. There is no direct-to-consumer shipping allowed from the UK.

In terms of retail channels, **supermarkets/hypermarkets account for the largest proportion of volume in the US alcoholic drinks market in 2013.** The volume sold through this channel accounted for 16.4 billion litres, equivalent to 54.3% of the market's overall volume. On-premise sales totalled to 6.7 billion litres in 2013, equating to 22.1% of the total market's volume.

The Millennial Generation will continue to have a significant impact on the alcoholic drinks landscape. By 2016, "millennials", typically defined as the 80 million people born between 1977 and 2000, will reach the 21 to 34 age range and they make up 50% of the drinking population. By 2020 they will be 36% of the adult population and will be the dominant consumer force.

In the decade leading up to 2013, **consumer demand shifted toward premium brands featuring an upscale image** – a trend referred to by the industry as "**premiumization**". The Millennial Generation is responsible for establishing the trends that have spurred growth in the premium-and-above price points.

In terms of competition, the alcoholic beverage space in the US differs for each of the product segments. The US beer market is a highly concentrated market with the existence of a duopoly of Anheuser Busch-InBev and MillerCoors, who were together able to capture 80% of the total US beer market revenue. On the other hand, the US Spirits market is a fairly fragmented market with three major players (Diageo, Pernod Ricard and Beam/Suntory Holdings). Lastly, the wine market in the US is a concentrated market, including 4 major players with E&J Gallo Winery, Constellation Brands, The Wine Group and Trinchero Family Estates, capturing 70% of the market in terms of revenue in 2013.



Market Entry Conditions

The Three-Tier Distribution System

Overview

In 1933, the 21st Amendment to the United States Constitution repealed Prohibition and also gave states the authority to regulate the production, importation, distribution, sale and consumption of alcohol beverages within their own borders. This new regulatory system is known as the Three-Tier System. *The three tiers are producers (brewers, wine makers, distillers, and importers), distributors, and retailers.* The basic structure of the system is that producers can sell their products only to wholesale distributors who then sell to retailers, and only retailers may sell to consumers.



Source: Beverage Trade Network

Where to find a beer distributor?

Directory of beer distributors: <http://www.nbwa.org/membership-directory>
 Directory of craft beer distributors: <http://www.brewersassociation.org/directories/distributors/>

Pricing Structure

In this alcohol distribution system, mark-up is added at all levels and the pricing structure is as follows:

24 Bottle / 12 oz Case Imported \$9.88 6 Pack (Generally sold in 6 Packs)

Supplier FOB (Varies-Packaging etc.)	\$ 11.00
Ocean Freight	2.00
Fed Tax/Duty	1.30
PPU/BF/INS	.65
Importers Margin (25% to 40% Margin)	\$ 5.05
Price to Distributor	\$20.00
State Tax	.60
Freight	1.75
Distributor Margin (33% Mark Up/25% Margin)	7.38
Distrib. Price To Retail	\$29.73
Retailer Margin (33% Mark Up/25%Margin)	9.81
Retail Case Price	\$39.53
	\$9.88

Source: Wine and Spirits Wholesalers of America, US Beverage Alcohol Forum, 2013



Regulations

A beverage is considered an alcohol beverage if it contains 0.5% or more alcohol per volume. The Alcohol and Tobacco Tax and Trade Bureau (TTB: <http://www.ttb.gov/>) and the Food and Drug Administration (<http://www.fda.gov/>) are the alcohol beverage regulatory agencies.

- ✓ **Alcohol and Tobacco Tax and Trade Bureau (TTB):** created in 2003, the TTB controls distilled spirits, wines and ciders containing 7% or more alcohol as well as malt based products and distilled spirit based products. TTB enforces the provisions of the Federal Alcohol Administration Act (FAA Act) to ensure that only qualified persons engage in the alcohol beverage industry. The TTB is responsible for enforcing the laws regulating alcohol production, importation, and wholesale businesses; tobacco manufacturing and importing businesses; and alcohol labeling and advertising. The TTB issues importer/wholesaler permits, performs pre-import product evaluation, approves labels and collects excise taxes.
- ✓ **Food and Drug Administration (FDA):** the FDA regulates wines and ciders containing less than 7% alcohol, as well as beers not made from malted barley and hops (such as sorghum beer). In addition to that, the Bioterrorism Act directs the Food and Drug Administration (FDA), as the food regulatory agency of the Department of Health and Human Services, to take steps to protect the public from a threatened or actual terrorist attack on the U.S. food supply and other food-related emergencies. Foreign producers must register with FDA and appoint a U.S. Agent for FDA purposes.
- ✓ **Alcohol Beverage Control Boards:** the TTB does not regulate the sales of alcohol or tobacco products at the retail level, including sales to minors. State and local authorities regulate those sales. The Alcohol Beverage Control Board in each state has the authority to regulate the production, sale, and distribution of alcohol within its borders. This means state and local jurisdictions may have their own requirements in addition to federal requirements. State laws and regulations vary widely from state to state, and may be more restrictive than federal regulations.
<http://www.ttb.gov/wine/state-ABC.shtml>

Labelling: Mandatory Label Information

All alcoholic beverages must mention Government Warning:

“GOVERNMENT WARNING: (1) ACCORDING TO THE SURGEON GENERAL, WOMEN SHOULD NOT DRINK ALCOHOLIC BEVERAGES DURING PREGNANCY BECAUSE OF THE RISK OF BIRTH DEFECTS. (2) CONSUMPTION OF ALCOHOLIC BEVERAGES IMPAIRS YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY, AND MAY CAUSE HEALTH PROBLEMS.”

For more information on beer labels: <http://www.ttb.gov/beer/bam/chapter1.pdf>

Specific questions related to organic alcohol (advertising, labelling and formulation):
<http://www.ttb.gov/faqs/alforganic.shtml>

For imported malt beverages, the name and address of the importer must appear on the label preceded by an appropriate explanatory phrase such as “IMPORTED BY,” “SOLE AGENT” or “SOLE U.S. AGENT”.



Example: Malt Beverages label information

DRAFT/DRAUGHT

The presence of "Draft/Draught" on a label generally means that the product has not been pasteurized and some other method of removing or inhibiting the growth of bacteria has been utilized. However, pasteurized beer may be described as "Draft Brewed" or "Draft Beer Flavor" as long as the label discloses that the beer is pasteurized. The term may also be used if the beer is packaged in containers of one gallon or larger and the contents are to be drawn off through a tap, spigot, faucet, or similar device.

NAME AND ADDRESS

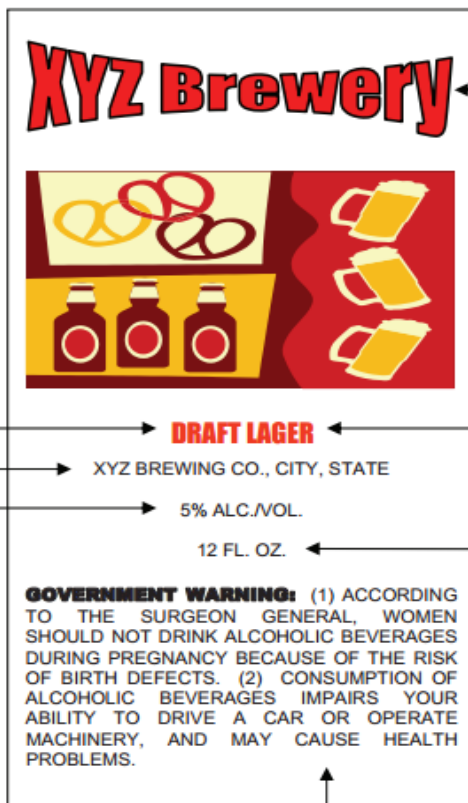
The name and address of the bottler or importer must appear on the brand label. However, the address of the bottler's principal place of business may be used instead of the actual location where the bottling took place. It is also permissible for a bottler/importer to use a duly authorized trade name in place of its usual operating name.

ALCOHOL CONTENT

An optional statement of alcohol content expressed in percent by volume may appear on the label. Federal regulations require the alcohol content to appear on the labels of flavored malt beverages that derive alcohol from added flavors. However, some State laws have their own requirements with regard to alcohol content statements.

LITE/LIGHT/LOW-CARB

A malt beverage may be labeled with a caloric representation (such as "Light" or "Lite") as long as a statement of average analysis appears on the label. This statement must include the amount per serving of calories, carbohydrates, protein, and fat. In addition, a malt beverage may be labeled as "Low-Carbohydrate" if the label includes a statement of average analysis and the product contains no more than 7 grams of carbohydrates per 12-ounce serving.



HEALTH WARNING STATEMENT

By law, this statement is required on all alcohol beverages containing 0.5% or more alcohol by volume.

BRAND NAME

The brand name is used to identify and market a malt beverage. A brand name may not mislead the consumer about the age, identity, origin, or other characteristics of the malt beverage.

CLASS DESIGNATION

The brand label of a malt beverage must contain the class designation of the product. Examples of class designations are beer, ale, and lager. Ale, stout, and porter are classes that must be fermented at a comparatively high temperature. Products labeled "Wheat Beer" must be made from a fermentable base that consists of at least 25% by weight malted wheat.

When a malt beverage is made with the addition of spices, fruit, honey, or natural flavors, it requires specific labeling to indicate the class designation. These malt beverages must be labeled with a statement of composition that reflects the base malt product and the added ingredients, unless otherwise known to the trade under a particular designation. Examples of statements of composition that you might see on malt beverage labels include "Premium malt beverage with natural flavors," "Ale fermented with spices," or "Belgian-style Wheat Ale brewed with natural flavors."

These products must also bear a distinctive or fanciful name (such as "Tammy's Treat"). A malt beverage must derive at least 51% of its alcohol content from the fermentation of brewing ingredients, with stricter limits for products with an alcohol content of more than 6 percent alcohol by volume.

NET CONTENTS

The net contents of a malt beverage container must be stated in English units of measure (e.g., pints, fluid ounces).

COUNTRY OF ORIGIN

Pursuant to regulations issued by U.S. Customs and Border Protection, a Country of Origin statement is required on containers of imported malt beverages. Acceptable statements include "Product of (insert name of country)" or "Produced/Brewed in (insert name of country)."



Labelling: Certificate of Label Approval

No alcoholic beverage product may be imported into or sold in the United States unless the TTB has issued a Certificate of Label Approval (often known by its abbreviation "COLA") for the bottle label. In addition, the states in which your products will be sold at wholesale may mandate brand or label registration under their state laws, sometimes depending on the type of product. For example, New York law requires beer and liquor brands to be registered but not for most types of wine products, provided they have received Federal Certificate of Label Approval. Each of your US importers must obtain a COLA.

For spirits and malt beverages, the TTB requires a Pre-COLA product evaluation to determine whether a proposed label identifies the product in an adequate and non-misleading way. Pre-COLA product evaluation entails a review of a product's ingredients and formulation and also may include a laboratory analysis of the product. Lab analysis involves a chemical analysis of a product.

NB. For alcohol beverages that fall in the FDA spectrum, there is no certificate of label approval procedure.

Importing Samples for Trade Shows

Samples of alcoholic beverages imported strictly for use at trade shows and/or for soliciting orders may, under certain conditions, be imported without a certificate of label approval (COLA). Importers of such samples may apply for a waiver from the COLA requirements from the TTB in the form of a letter request (available at http://www.ttb.gov/itd/importing_samples.shtml).

Packaging

The FDA is responsible for making sure that the packaging components are safe. The TTB regulates the bottle sizes and focuses its attention on whether the packaging affects the alcohol proof and taxation of the product (although the TTB does concern itself with making sure alcohol packaging is safe).

Packaging materials are considered food additives. Food additives included in alcoholic beverages are subject to FDA's food additive regulations and Generally Recognized as Safe (GRAS) standards. Adding ingredients (such as amino acids, flavorants, and other functional food ingredients or additives) to alcoholic beverages is only permitted according to the Federal Food, Drug and Cosmetics Act (FFDCA) and the FDA regulations. The Bureau of Alcohol Tobacco and Firearms (BATF) and the TTB will defer to the FDA with respect to food additives in alcoholic beverage formulations.

For new packaging, the TTB requires producers to obtain an "opinion" from the FDA stating that the uncleared material is not expected to become a component of the alcoholic beverage or is otherwise acceptable for use.

Trademark Protection

The Alcohol and Tobacco Tax and Trade Bureau and its COLA system is searchable and offers a window into existing brands and brands in the pipeline awaiting release. The US Patent and Trademark Office also maintains a free search engine that allows the public to review registered trademarks, both active and abandoned. If the name appears available after a thorough review, the next step is to register it with the USPTO.

USPTO
USPTO MADISON BUILDING
600 Dulany Street
Alexandria, VA 22314
<http://www.uspto.gov/>

Tariffs, Tax and Import Fees

Alcoholic beverages imported to the US are subject to several taxes (tariff, sales tax, excise tax). There are federal and state excise taxes.



Tariffs/Customs Duty

To get the appropriate rate of duty for your product(s), please check out the Harmonized Tariff Schedule of the United States, Chapter 22 Subheading 2204 to 2208: <http://hts.usitc.gov/>.

Sales Tax

Sales tax varies from one state to another: http://www.taxadmin.org/fta/rate/tax_stru.html.

State	General Tax	Total with Max Local Surtax
California	7.50%	10%
Illinois	6.25%	10%
New York	4%	8.875%
Texas	6.25%	8.25%
Florida	6%	7.50%

Excise Taxes (federal, state, local)

Current Federal Alcohol Excise Tax Basics (per gallon) - Beer: \$18 per barrel

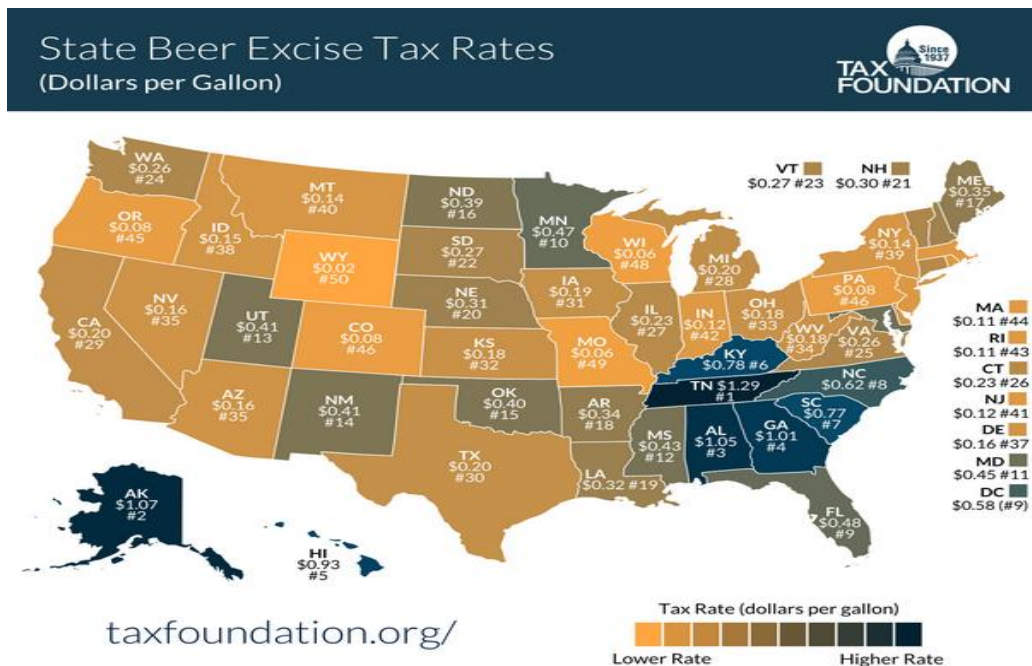
Current Federal Alcohol Excise Tax Basics (per serving) - Beer (12 oz.): \$0.05

There is no consistent system for how states and local government tax alcoholic beverages.

Example: New York State imposes an excise tax on the sale or use of beer, cider, wine, and liquor in New York State. New York City imposes an additional excise tax on the sale or use of beer and liquor containing more than 24% alcohol by volume in New York City.

More information can be found on the Tax Foundation website: <http://taxfoundation.org/blog/map-spirits-excise-tax-rates-state-2014>.

According to the Tax Foundation, beers are taxed the highest Tennessee, Alaska, Alabama and Georgia.





Beer

Market Overview

Beer is a \$100 billion market in the U.S. The U.S. domestic beer market is highly concentrated and dominated by two companies, Anheuser-Busch and MillerCoors, which together control approximately 75% of the entire beer market industry. Non-craft beer represents 78% of the beer market, imported beer 14%. While craft beer represents only 7.8% of the U.S. beer market share, it is now a \$14.3 billion dollar industry, larger than the entire ultra-premium wine industry.

Domestic light beer consumption dropped 3.5% in 2013 to 96.4 million barrels and is forecast to fall another 4.9 million barrels through 2015, according to a recent report by Impact Databank. Between 2000 and 2013, overall beer sales in the US remained flat, at about 195 million barrels. During the same period, sales of wine and spirits grew by about 43% each. As a result, US beer, wine, and liquor stores adjust their merchandising strategies to focus on more flavourful and stylistically unique products: craft beers, imports, ciders, spirits, and wines.

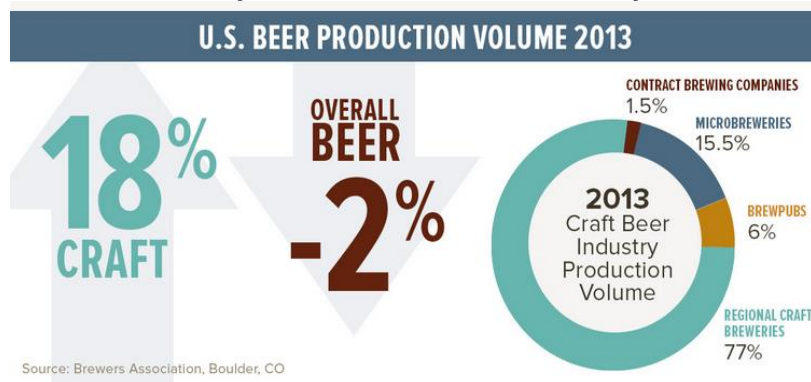
Beer Sales in the U.S.



Source: Brewers Association

Beer Production in the U.S.

The overall US beer production volume fell by 2% in 2013, while it increased by 18% for craft beer.



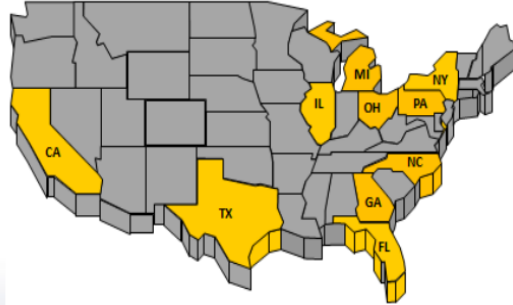
Source: Brewers Association, Boulder, CO

Source: Brewers Association



Geographic Considerations

10 U.S. States accounts for 53% of the market volume:
California, Texas, Florida, New York, Pennsylvania, Illinois, Ohio, Michigan, North Carolina, and Georgia.



Category Segmentation

According to Technomic's 2014 BeerTAB Report, sales of beer products break out as follows (by volume): Domestic light 49.6%, Domestic regular 20.3%, Imported 14.1%, Craft 7.1%, Ice 3.4%, Flavoured malt 2.9%, Malt Liquor 2.1%, Cider 0.6%. **Craft Beer, Cider, Super-Premium Domestic and Flavoured Malt beverages** are the growth drivers.



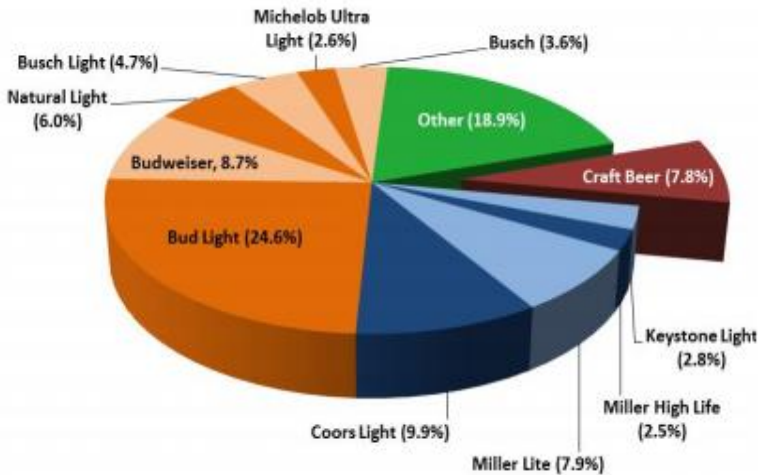
Source: BeerTAB Report, 2014



Domestic Beer

The traditional pale lager and light lager styles, in both their domestic and imported versions, make up close to **85% of all beers sold in the US**. The 10 top-selling brands, all examples of these two styles, comprise 60% of all beer sold in the US.

Domestic beer market share (volume)



Imported Beer

Imports account for **14.1%** of the US market for brewery products. Mexico represents the leading foreign supplier of beer to the US, accounting for 55% of total imports. Other important sources of beer include the Netherlands (19%), Canada (8%), Belgium (6%), the **United Kingdom (3%)**, Ireland (3%), and Germany (3%).

Craft Beer

American consumers are expected to become more intrigued by both local craft beers and international styles because they provide the consumer with a level of choice that previously did not exist in the beer market.

At the end of 2013, craft was 7.8% of the 196 million barrels of beer sold domestically (flavoured malt beverages not included). Craft beer continues to be one of the fastest growing segments in the beer category, posting annual growth of 17.2% by volume in 2013. It is projected to represent nearly 15% of the beer industry by 2020 at current growth rates.

Total imports of craft beer are projected to increase by an annualized 24.3% rate to \$242 million by the end of 2019.

Top domestic beers (Individual brands)

	DOLLAR SALES
Bud Light	\$5,982,249,000
Coors Light	\$2,366,988,000
Budweiser	\$2,110,403,000
Miller Light	\$1,884,422,000
Natural Light	\$1,114,937,000
Category total*	\$23,894,530,000

* Includes brands not listed.

Source: IRI

Top imported beers (Individual brands)

	DOLLAR SALES
Corona Extra	\$1,257,222,000
Heineken	\$675,215,200
Modelo Especial	\$615,738,000
Dos Equis XX Lager Especial	\$253,205,400
Corona Light	\$220,644,800
Category total*	\$4,560,754,000

Source: IRI

Top craft beers (Brand family)

	DOLLAR SALES
Samuel Adams	\$344,193,700
Sierra Nevada	\$195,624,300
New Belgium	\$153,674,700
Shiner	\$119,896,000
Lagunitas	\$66,848,360
Category total*	\$1,999,038,000

* Includes brands not listed.

Source: IRI



Craft Beer Styles

According to the Brewers Association, **India Pale Ales (IPAs)** remains the most favoured craft beer style. In 2014, IPAs were up 47% by volume and 49% by dollar sales, and accounted for 21% volume share of craft beer and 23% dollar share of off-premise beer sales. According to market research firm IRI, **seasonal beer** makes up 16.3% of sales. **Variety packs** also rose in popularity for the segment, growing 21% by volume and 24% over the same period.

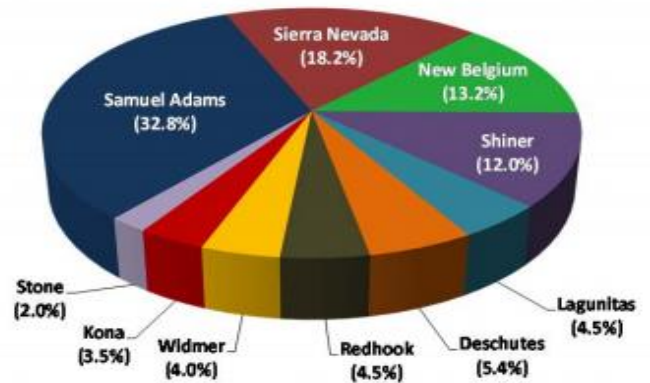
On-premise and Off-Premise Consumption

55% of craft beer volume in 2013 was sold on-premise (bars and restaurants) and 45% was sold off-premise. Craft beers have good distribution in grocery stores and liquor stores but they are less available in convenience stores and gas stations, which lack the space to accommodate a large variety.

Key Players

Craft beer is a fragmented sector with over 1600 regional breweries and only two truly national players: Samuel Adams and Sierra Nevada.

According to market research firm IbisWorld, The Boston Beer Company is the largest supplier of craft beer to the U.S. with 32.8% of market share (Samuel Adams brand), followed by Sierra Nevada (18.2%), New Belgium Brewing Company (13.2%), and Shiner (12 %).



Source: IbisWorld

According to the Brewers Association, the United States passed the mark of **3,200 breweries** in November 2014. Breweries are opening at a rate of 1.5 a day. Over 98% of all operating U.S. breweries are categorized as craft breweries, most of which are either microbreweries or brewpubs. Although the industry mostly consists of many small-sized players, there has been increasing consolidation and expansion activity among some of the industry's largest brewers. In response to the increasing popularity of craft breweries, international beer manufacturing companies MillerCoors and Anheuser-Busch InBev have aggressively promoted their respective Blue Moon and Shock Top wheat beer competitor brands in an attempt to capture growing craft beer sales.

Company	Location	Year	Revenue (\$Mil)	Comments
Boston Beer Company	Boston, MA	1984	885.5 (est.2014) 797.7 (2013)	The Boston Beer Company sells 96.0% of its beer domestically through relationships with about 350 independent, licensed beer distributors. The company produces about 2.5 million barrels of beer per year and employs nearly 1,000 people.
Sierra Nevada Brewing Co.	Chico, CA	1981	200 (est.)	Nationwide distribution. The company occasionally partners with other craft breweries to market and sell products (ex: Variety 12 pack product) It employs nearly 600 people in 2014 and produce roughly 780,000 barrels of beer annually
New Belgium Brewing Co	Fort Collins, CO	1991	180 (est.)	Distribution in 37 states. Produces 712,800 barrels of New Belgium branded beer.



Lagunitas Brewing Company	Lagunitas, CA	1993	165 (est.)	Distribution in 41 states Produces 600,000 barrels
Spoetzel Brewery	Shiner, TX	1909	NC	Parent: The Gambrinus Group Brand: Shiner Employs 130 people. Distribution in 42 states
Deschutes	Bend, OR	1988	102 (est.)	Produced 287000 barrels in 2013. Distribution in 27 states.



Trade Associations

Beer Institute: www.beerinstitute.org

National Brewers Association: www.brewersassociation.org

National Beer Wholesalers Association: www.nbwa.org



Trade Shows

NBWA's Annual Convention and Trade Show

October 11-14, 2015 in Las Vegas, Nevada

The Trade Show introduces distributors to new brewers as well as new products, innovative technologies and vendors who supply the materials needed to run their operations.

<http://www.nbwa.org/>



Craft Brewers Conference & BrewExpo America

April 14-17, 2015 in Portland, Oregon

BrewExpo America® is the largest trade show for Craft Brewers with 500 vendors all in one location.

<http://www.craftbrewersconference.com/>

National Restaurant Association (NRA) Show International Wine, Spirits & Beer Event (BAR – Beverage Alcohol for Restaurants)

May 17-18, 2015 in Chicago, Illinois

BAR is a two-day event co-located with NRA Show that focuses on beverage alcohol for the restaurant and hospitality industry. 4,100 buyers usually attend this show.

<http://bar.restaurant.org/>

International Great Beer Expo

Secaucus, NJ (January 31st, 2015), Philadelphia, PA (May 30th, 2015), New York (November 7th, 2015)

<http://www.greatbeerexpo.com/>

The International Great Beer Expo is an international beer tasting event showcasing more than 80 international breweries from +15 countries.



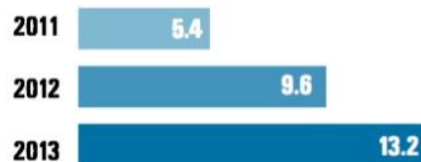
Hard Cider

Market Overview

Cider is still a niche market accounting for less than 1% of the U.S. beer market, but retail sales of hard cider in the U.S. increased by 89%. Sales reached \$280 million in 2013 thanks to the popularity of gluten-free diets and the deepening interest in craft brews due to Millennials' attraction to new flavour-driven options. In comparison, cider is closer to 10% of beer volume sales in Europe.

13.2 million cases of cider were sold in the United States in 2013. The U.S. cider market is expected to reach half of a billion dollars in 2014 at current growth rates and is projected to quadruple by 2017. The contraction of the U.S. beer category has led many beer manufacturers and distributors to look for ways to diversify their portfolios. 2012 saw the entry of beer giants A-B InBev and MillerCoors into the cider category, which helped to significantly propel volume sales of cider forward, owing to an already developed national distribution network.

U.S. Cider Market
In Millions of Cases, Three-Year Trend



SOURCE: Technomic, DRINK online database/
BeerTAB

Key Producers

Top selling US ciders are Vermont Hard Cider's Woodchuck brand and Boston Beer's Angry Orchard. New brands are being developed by big beer companies and smaller independent producers. Brands see an opportunity to introduce millennials to the beverage and possibly become a new favourite drink for the important and growing age segment.

All the top five cider companies showed robust double-digit volume growth in 2013, with the highest growth rates captured by the beer giants. Boston Beer Company owns 56% of the US cider market (Angry Orchard brand launched in 2012), followed by C&C Group (Woodchuck brand, Hornsby's) owning around 20% market share. Other prominent brands include Strongbow from Heineken, Stella Artois Cidre and Michelob from Anheuser-Busch InBev.



THE TOP EIGHT CIDER BRANDS			
BRAND	DOLLAR SALES	YEAR-OVER-YEAR SALES INCREASE	DOLLAR SHARE
Angry Orchard	\$146 million	217.9%	56%
Woodchuck	\$41.3 million	0.48%	15.8%
Strongbow	\$9.9 million	69.2%	3.79%
Stella Artois	\$9 million	28,424%	3.44%
Hornsby's	\$8.6 million	(31.8%)	3.28%
Michelob Cider	\$8.4 million	(5.32%)	3.22%
Crispin	\$7.7 million	24.8%	2.97%
Mikes Hard Smashed	\$4.9 million	1,802%	1.88%

*Sales in U.S. supermarkets, drugstores, mass merchants, military commissaries and select club and dollar store chains in the year-ending May 18, 2014, per IRI, a Chicago-based market research firm
Source: IRI, May 2014



Company	Location	Revenue	Comments
Boston Beer Company	Boston, MA	739.1 M	Angry Orchard Cider Brand. Employs 1120 people.
C&C Group	Dublin, Ireland	826.4 M	Top Cider brands: Woodchuck, Hornsby's. Magner's Employs 1124 people.
Heineken	Amsterdam, Netherlands	25.49 B	Top cider brand: Strongbow Employs 80933 people
Anheuser-Busch InBev	Louvain, Belgium	43.20 B	Top cider brands: Stella Artois Cidre, Michelob Employs 155000 people.

M&A Activity and New Product launches

As one of the fastest-growing categories, cider is attracting artisanal cider makers, craft brewers and the mega brewers as well. 2012 witnessed a flurry of M&A activity and product launches as big and small brewers try to enter the market. Examples: MillerCoors acquired Crispin Cider; Ireland's C&C Group, maker of Magner's cider, bought Vermont Hard Cider.

In 2012, Anheuser-Busch InBev launched Michelob Ultra-Light Cider and in 2013 the brewer released Stella Artois Cidre, a Belgian cider, in the US. In spring 2014, new offerings on the shelf included MillerCoors' Smith & Forge, a new cider marketed heavily to men, as well as ABI's new Johnny Appleseed cider.

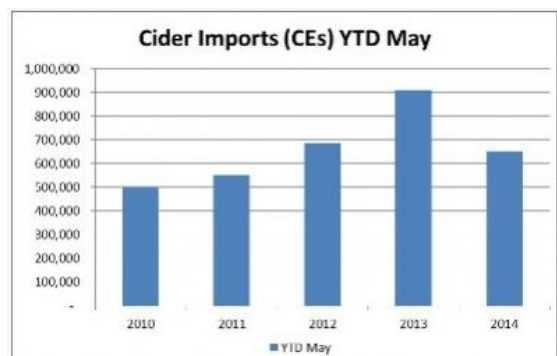
As market research firm GIA noted in its 2015 Global Cider report, the key noteworthy trend is the "beerification" of cider. Manufacturers are launching cider in smaller, beer-like or Champagne-like bottles to position the product on par with wine and beer, in order to promote consumption of the drink during a wider number of occasions as opposed to special occasions such as New Year and Christmas.

On-Premise vs Off-Premise

Approximately 70% of bars and clubs sell hard cider, while only 47% of casual dining and 24% of fine dining restaurants carry any cider brands. Cider has a low penetration among restaurants, which could represent a significant opportunity in terms of future growth. Off-premise sales of hard cider (sales in stores) increased by 89% in 2013 to \$280 million in sales according to Nielsen.

Imports

Recent data from the US Department of Commerce show that imported ciders are losing share to domestic ciders. Imports' share of total market volumes have slipped from a high of 30% in 2005 to less than 8% year-to-date May 2014.



Source: US Department of Commerce



Trade Shows

Cider Summit

Chicago February 7th, 2015

Berkeley April 26th, 2015

Portland June 20th & 21st, 2015

Seattle September 5th & 6th, 2015

<http://www.cidersummitnw.com/>

The show features artisanal ciders from all over the world.



CiderCON, the Cider Conference

Chicago February 3, 4, 5 & 6, 2015

<http://ciderconference.com/>

The annual CiderCON Trade Show features suppliers of products and services specifically focused to assist the cider industry



New York City Cider Week

New York Fall 2015

<http://ciderweeknyc.com/>

Cider Week connects cider makers from New York State-and select pioneering "guest cideries" outside the state-to buyers from top restaurants, bars, and retail shops across New York City.





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US publications

Immigration	US Immigration Options for British Companies
Exporting	Exporting to the USA
Setting up	Establishing a Business Presence in the USA
Marketing	Marketing in the USA
Intellectual Property	Protecting your Intellectual Property in the US

UKTI Webinars

Doing business with US in-market representatives	Watch webinar recording
US cross border logistics and warehousing	Watch webinar recording

Key industry links

Alcohol and Tobacco Tax and Trade Bureau (TTB)	http://www.ttb.gov
TTB List of Permittees (Wholesalers, Importers)	http://www.ttb.gov/foia/fri.shtml
U.S. Food and Drug Administration	http://www.fda.gov
National Alcohol Beverage Association	www.nabca.org
The Brewers Association	http://www.brewersassociation.org
The Beer Institute	http://www.beerinstitute.org
National Beer Wholesalers Association	http://www.nbwa.org