

# Craft beer - for the haves and the Germans

 By [Owen Mbundu](#)

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There is a rather interesting development that caught my attention recently. No, the micro beer industry is not new, however its nascent ubiquity in Cape Town city is...

The industry seems to have created good momentum for itself, as everywhere I go nowadays; there it is. Jack Black, Lumber Jack, CVC, Gold Rush, you name it. Some on-consumption outlets even stock these beers at the expense of the big commercial brands. Now I don't know how smart that is, but before I digress, this is not the point of article.

Not only are these brands giving us beer lovers the much-needed choice, I can imagine it also creates jobs that we so desperately need in this country. Entrepreneurship has long been touted as a silver bullet for many of our economic ills and this particular version of it is very close to my heart or should I say lips. It's this sort of thing the authors of the National Development Plan must have had in mind especially since it also appears to be driven by a young generation. Unemployment is estimated to be approximately 60% amongst this group, which puts us amongst the highest in the world. I digress again.

## The US scene... lively

Now the craft beer industry has been around in Europe and the States for years. For example, the US claims to have over 3,000 registered breweries. Imagine the number of jobs. And in these markets they comfortably co-exist alongside of the world's biggest breweries. They have managed this by thriving on innovation and outstanding service to the trade. Their products also reflect the unique tastes of the region from which they come. Almost wine or scotch like. Cape Town seems to have a huge German influence, which is not entirely a bad thing because for the first time, I am now able to offer my European friends more than just a Castle. Now this article is also not advocating a David versus Goliath all out war. In this case, David wouldn't have a chance in hell, at least not in my lifetime, and neither should it be a war.

Frankly speaking, I love what SAB (our very own GOLIATH) has done on the global business stage. They've put South Africa on the map, one of only a handful of companies who can claim this feat. The achievements of people like Norman Adamy and the late Graham McKay are legendary if you ask me. Because of them there is and will always be a place for Castle (and the like), not only in our hearts, but also in our wallets. It's amazing that I can make such a bold statement with a high degree of certainty, and in there lies the point of the article; some of these craft beers are ridiculously too expensive. Or as some of my more discreet friends would say, "flipping" too expensive.

## OK, we know we should pay a little extra, but...

Now I'm not advocating for "SAB-like" pricing, that would simply be suicidal. But charging more than double their price is equally suicidal. Craft breweries don't have the economies of scale, so understandably their cost base, and therefore price would be high. However, at some of these ludicrous prices, this line of argument simply does not hold. The other night, whilst watching a SWC game I paid almost R100 for two beers...nice beers may I add. But to avoid these beers from burning a hole in my wallet, I had something else instead. Mmmm... The opportunity for a sale lost.

I'm afraid at the current pricing levels, volumes will remain low and these products will become the exclusive preserve of a few. Also called the double jeopardy principal in marketing: you act small and you remain small.

Maybe that is the point, who knows; beer for the haves and the Germans. Sorry for the rest. Is the opportunity not bigger though? Is the opportunity not rather to build a bigger, and by implication, more sustainable industry? More drinkers, more jobs, more money, more tax, more, more.

The reality is that many consumers love these beers, but pricing has made their frequent consumption a barrier, and that is the point of this article.

A long-winded way to make a case for cheaper beer you may argue... and guess what, you wouldn't be wrong.

## ABOUT OWEN MBUNDU

Owen Mbundu is a marketing /advertising professional with almost 20 years experience. He currently works as a marketing consultant called OLMConsulting a business he started over two years ago.

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