

# Brewer follows trend to US premium beer

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SABMiller (SAB) has managed to grow its share of the market for "premium" beers in the US with help from recent brand launches, but still has "a long way to go" to bring its US portfolio in line with industry trends.



"The premium move is very important for us in the US because our portfolio is skewed to the segments of the beer category which are either not growing or are in decline," said SABMiller CE Alan Clark on Thursday, 13 November 2014.

As is the case in Australia, SABMiller is weighted towards traditional lager-style beers, but is under-represented in faster-growing segments such as flavoured, light and premium beers.

The "premiumisation" of beer is a global trend driven by mature markets such as Australia, North America and Europe, where premium beers - or those that generate the highest margins for brewers - now make up about 30% of total volumes.

"That may well pick up as disposable income grows in those economies over time. It could pick up to 35% perhaps, even 40% over time," Clark said.

SABMiller has been pushing premium brands such as Blue Moon, Leinenkugel's and Peroni Nastro Azzurro in the US, while introducing new ones including Redd's Apple Ale, Third Shift Amber Lager and Miller Fortune.

Clark said on the conference call that the group had grown its revenue contributions from premium brands in the US from 12% to about 15.5% in the past two years, grabbing market share from imported premium beers, local competitors and craft beers.

SABMiller said on Thursday its North American business, which includes its MillerCoors joint venture and other companies, grew earnings before interest, taxes and amortisation 7% for the six months through to September. Revenues were up 2%.

Clark said that the only two major beer markets in which wine and spirits had continuously gained a share of the total

beverage market were Australia and the US.

Source: BDpro via I-Net Bridge

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