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Chile's Specialty Beers Popularity is on the Rise in Foreign Markets

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Report Highlights:

Four Chilean micro breweries specializing in artisanal beers are planning big expansions in both the domestic and international markets over the next two years.

General Information:

Spurred on by wine giant Concha y Toro's investment in Cerveveria Kross in January 2011, other brands are looking to increase production and export around the continent.

"The arrival of the second largest vineyard in the world to the artesian beer sector only confirms the future of this industry. My prediction is that the orders for micro brewed beer in bars and restaurants will rise," says Alvaro Artiagoitia, owner of Capital microbrewery (in Spanish: Cerveza Capital).

Capital beer was only founded in 2003, but last year the company invested US\$800,000 back into the brewery. Off the back of this investment the company hopes to double production and enter the Brazilian market in 2012.

The company says it is attracted to Brazil because of the country's high per capita income and perceived similarities between Brazilian and Chilean consumers.

This year the company plans to professionalize their operations with a view to operating internationally next year. Capital will also attempt to raise quality and consolidate their position in the domestic market. They plan to release a new variety following the successful limited release of a dark beer last year. "Last September we released a limited series of dark beer, which sold out immediately. In May this year we plan to launch it (the dark beer vairity) as one of our core products," says Artiagoitia.

While the current annual consumption of micro beers in Chile stands at 0.8 liters per person, this represents 100% growth over the previous year. Craft beers are a niche market that has been expanding rapidly over the last two years.

Mestra, another micro brewer, says they are increasing production simply to meet the existing demand. "We are focused on meeting the high demand we have received from our customers this year. Currently we can only respond to 50% of the demand for product. That is why we are investing heavily to increase brewing capacity" said Pablo Cisternas, sales manager at Mestra.

The company, located just outside Santiago's city limits, is looking to produce 2.4 million liters of beer per year. Allowing them to meet demand they say will see their profits rise to US\$3 million this year.

The largest company in the market, Kunstmann, plans to enter the Brazilian and Peruvian markets this year. "We have agreed in advance who will be our beer distributors in those countries. The plan is to arrive this year with a strategy to publicize the brand and then start to grow," said businessman Armin Kunstmann. "These are countries that have enormous potential for growth and development of craft beers, as people are open to try higher-value products."

Kunstmann represents 10 percent of the niche market with total sales of US\$15 million.

SOURCE: EL MERCURIO (Feb. 17, 2011)

More information:

www.conchaytoro.com

www.cervezacapital.cl

www.cerveza-kunstmann.cl

www.mundocerveza.com

www.valbier.cl

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