

# Taking on the big boys

**Having won a top prize in the Tesco Beer Challenge, Etalon is rolling out to pubs. But can a small brand crack the big beer market?**

**C**an a new beer really make it against the established names? Maybe – if the beer has got truck loads of flavour and an interesting story like Etalon, a wheat beer from the Ukraine. Etalon scooped the top prize in Tesco's Beer Challenge last year and debuts in pubs this month. We follow its journey from post-communist Kiev to the bars of Liverpool, London and Leeds.

## The beer

Etalon is brewed by the Ridna Marka Corporation, a Ukrainian drinks manufacturer just outside Kiev, which had made its mark producing fruit juices. But when one of the five company directors, Pavel Rodnin, visited the Oktoberfest in Germany and tried his first wheat beer – a glass of Schneider Weiss – he was so overwhelmed by the taste that he convinced his partners that they should move into brewing.

They built a brewery using 1970s equipment and employed a well-known young Bavarian brewmaster, Ulrich Peise, to spearhead the production of Etalon using Germany's strict purity laws which date back to 1516.

The beer was eventually launched in the Ukraine in 2003 to wide acclaim, despite the fact that it was an unknown style of beer.

The brew went on to beat every Bavarian wheat beer that entered the World Beer Competition in San Diego last year, winning a gold medal.

## Bringing the beer to Britain

Steve Holt, the former Gains MD and now head of importer Vertical Drinks, met the Ukrainians when they both collected gongs at the Brewing



World vision:  
the brewery's  
Pavel Rodnin

Industry Awards last year, his for best keg beer with Sierra Nevada, the US brew he also distributes, and Ridna Marka for Etalon, which scooped best Bavarian wheat beer.

Holt says: "It was a great beer, so I asked them to send me some samples, which I entered into the best imported beer category of the Tesco Beer Challenge. It ended up winning." Needless to say, the brewer was so impressed with Holt's initiative that it had no hesitation in taking him on as the beer's sole UK distributor.

Receiving two high-profile awards really helped set the pace for the beer, says Holt. As a result of

Etalon: now  
launching  
in pubs



the Tesco Challenge, Etalon was listed in stores on an exclusive basis until 2005.

"Winning gave us a real foothold in the market. While it's a great beer, it needed a kick-start and a solid base and the Tesco's win really gave it that."

## The marketing challenge

Although Etalon's exclusive listing in Tesco has ended, Holt is keen that the relationship continues and the next wave of marketing will remain focused on the supermarket with in-store tastings. While it's clearly a costly exercise, Holt believes that once consumers taste the beer, they'll look out for it in other places, including pubs. His sights are now firmly on the on-trade, which, after enjoying the glory of the Tesco's win, is where the hard work really begins.

"We're now looking at the potential beyond Tesco. Traditionally, brands are best developed in the on-trade first and we want to build it slowly rather than trying to get massive distribution all at once. A lot of companies involved in speciality beer have problems with stock control and keeping the beer fresh. I'd rather import smaller amounts at this stage and keep the distribution tight so we can sell fresher beer."

"Without a multi-million pound budget it's a struggle to launch a beer and get significant volumes. People recognise that there's growth in the imported sector but very few brands generate enough rate of sale, so we'll keep seeing brands come and go. Having said that, while consumers are as experimental as they are and want to try new tastes there will always be a market."

"The wheat beer sector is definitely a big growth market and lots of consumers are trying them. There is a lot of interest at the moment in beers from the former Soviet states and places like Poland and I would not be surprised if this was the next uncharted territory that consumers want to explore."

## Sizing up the competition

Holt believes the success of other wheat beers in the market will smooth the path for Etalon. "In some places, the rate of sale is very established for brands such as Erdinger and as they become more widespread, people will be looking for alternatives," he says.

Another point of difference Etalon has over other wheat beers is the way it's made. "Belgium wheat beers, like Hoegaarden, have a very different

taste to the Bavarian style. The ones from Belgium tend to be paler in colour and use additives to give flavour such as coriander and orange peel."

"The Bavarian ones are more straw coloured and use a heavier yeast and have a more pronounced malty flavour. They also tend to be a little higher in strength and more full-bodied. Because of the German purity laws, which state you can't add any flavours, the beer is made up of wheat, yeast, hops and water – that's it."

## Gaining on-trade distribution

Holt is testing the draught market for Etalon in a clutch of bars in Leeds, Liverpool and London, which will be receiving barrels of the beer direct from the Ukraine from this week. In the meantime, he's working on getting wider distribution but has so far been very targeted about the outlets he has approached.

"We are talking to outlets that have a Russian connection or chains that specialise in vodka, where a wheat beer from Eastern Europe would work very well. We want to get the brand working and selling well in targeted accounts, then we have a better argument to take to the pub companies." However, Holt is convinced that buyers will be prepared to give the beer a chance. "Beers from different countries are more interesting to buyers and that's one of the things we consider when we take on distribution for a brand."

"Pub companies are looking for diverse products so it's easier for me to sell the idea of a Ukrainian wheat beer than it is a Bavarian one because there are hundreds of brewers producing them." By the time the national listings become a reality, Holt's marketing plan, which will be backed by the brewery in the Ukraine, will be ready to swing into action.

"We're at the stage now where we are establishing the brand with PR and consumer trials as we want them to try it for themselves. But we see the real growth spurt starting next year."

## Maintaining independence

One pitfall – or prize, depending on how you view it – of launching a successful brand can be keeping control of it and not selling it on to the highest bidder.

On this matter, Ukraine would have the final say. Not surprisingly, at the moment they are fairly noncommittal. "In the words of James Bond," says brewery owner Rodnin, "never say never."



Keeping up with demand: production has been stepped up to keep Tesco's shelves full