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Exporting Finnish craft beer to The Netherlands

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Abstract <p>This study is made with intentions to give the local Hiisi brewing company ltd. a foundation to start exporting business when they see that suitable. This work is focused on the Dutch market. The work was conducted by studying the market briefly, after which beer distributors were contacted. The goal was to find a suitable partner that the brewery could start business with when they are ready.</p> <p>The target was to find information about the basic logistics costs, consumer price levels, the number of bars and beer shops, importers and their ways of working, required labeling and other packaging related constraints. The most important question is that who would be the best candidate, if the brewery wanted to start exporting their products abroad.</p> <p>The theory base was mostly based on findings of other related thesis works and articles from the internet. There were also statements found out from interviews conducted during this study.</p> <p>The actual study for this work was made up by interviewing breweries, beer shops, bars and distribution companies. The bar and shop interviews were made in person, in Amsterdam during the fall 2019. The brewery and distribution company interviews were made either by phone or e-mail.</p>		
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1 Introduction to the research

1.1 The very trending craft beer

Craft beer and the craft beer industry have been a steadily growing trend for over a decade now. It is said to be born from the frustration towards the big companies and the lack of taste and variety in the beer market. Starting from the USA and spreading to the entire world, it has changed the whole market for alcoholic beverages. New restaurants and shops are constantly popping up, since so many people want their part in the growth of the industry. Pubs now have to offer more than just a couple of draft beers from big breweries, since people want to have new experiences in drinks. Even countries with very strict alcohol laws are seeing change and thrive. In Finland, the maximum alcohol content of a beverage sold in a supermarket used to be 4,7%, but the law was changed in the beginning of the year 2018. Craft brewing industry was one of the big drivers behind that law change, because it enables them to produce beers more freely and to a large marketplace. These law changes also enabled craft breweries to have their own brewery stores, which they could not before. They can now sell their own products in their most fresh form straight out of the production line and with a maximum alcohol content of 12%. (Valvira, 2018)

1.2 What is craft beer?

Beer is one of the oldest and most wide-spread alcoholic drinks in the world. It is usually brewed from grain – mostly barley. It is produced by boiling the so-called wort with water and grains, and then fermenting the result liquid. Modern beers also include hops, which bring a lot of different flavors to the beer, like acidity or bitterness. First recordings of the fermentation process are from over 13000 years ago, from the Natufian culture, that lived in the area where Jericho is today.

Craft beers, artisan beers or micro beers, simply put, are all a definition to beers that are produced by a craft brewery. They are usually produced in small batches and with more-or-less experimental methods. Well at least at first. It is common for craft

beers to be also collaboration between different breweries, where all parties bring out their own knowledge and skill to the final product.

Craft beer is often seen as a social asset. People that identify themselves as “craft-beer enthusiasts” are simultaneously identifying themselves as a person with a high level of cultural capital and high level of social status (Helaniemi 2016)

Here is an abstract that might help in reading this study:

- Hops – Hops are the ingredient added to the beer, that created acidity and flavors to the final product
- IPA – IPAs or India Pale Ales are trending, very heavily hopped style of ales.
- Barrel aging – Is a production style where beers are matured in a wood barrel
- Sour ales – A style or beer that is soured, and usually flavored with fruits of berries.

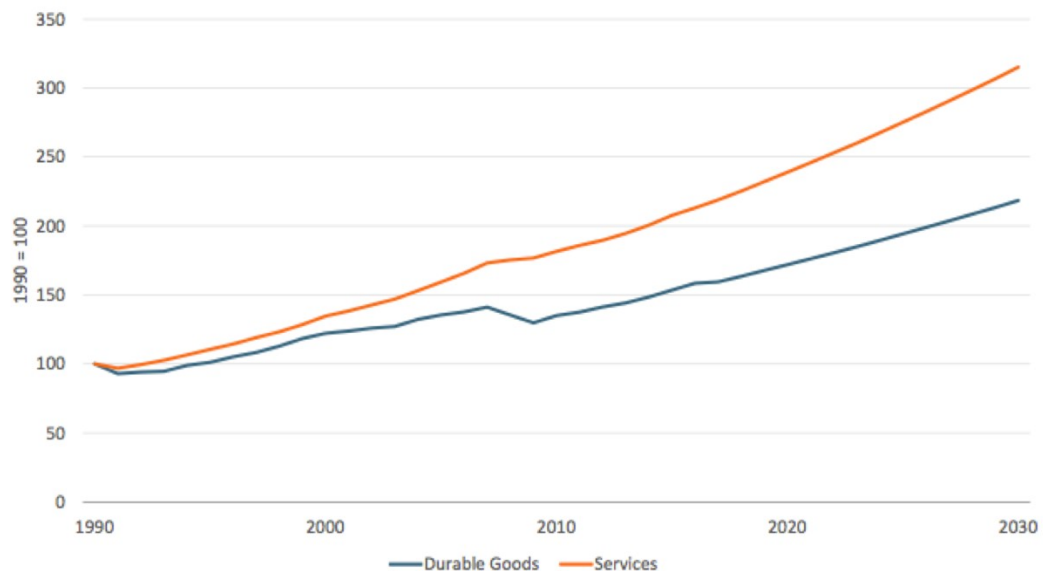
1.3 What is a craft brewery?

A craft brewery is defined in the Finnish law, as a brewery that produces no more than 15 million liters of beer. Craft breweries are usually local small companies, employing in average about 4 people each. Nowadays they are allowed to have their own shop within the brewery, where they can sell their products in their most fresh form. Craft brewery has usually been seen as a local product, and the status of the beer in the society is different from the products of the bigger breweries.

Nowadays, the product being good does not necessarily mean that the brewery will succeed. Because the increasing amount of services bought, a lot of breweries have started to have their own taprooms (e.g Olarin panimo, Sori brewing), shops (e.g Panimoyhtiö X, CoolHead) or brewery tours (e.g Pyynikin, Stadin panimo). This indicates that also the breweries have realized that it is good to have some service along the brewing, to reach the customers more efficiently. (Huusko, Tanhuanpää. 2018)

Table 1, Growth of consumer goods and services

Real Growth in Global Consumer Expenditure on Durable Goods and Services, 1990–2030



Source: Euromonitor International from national statistics

Note: Data are in constant prices and from 2017 onwards are forecast

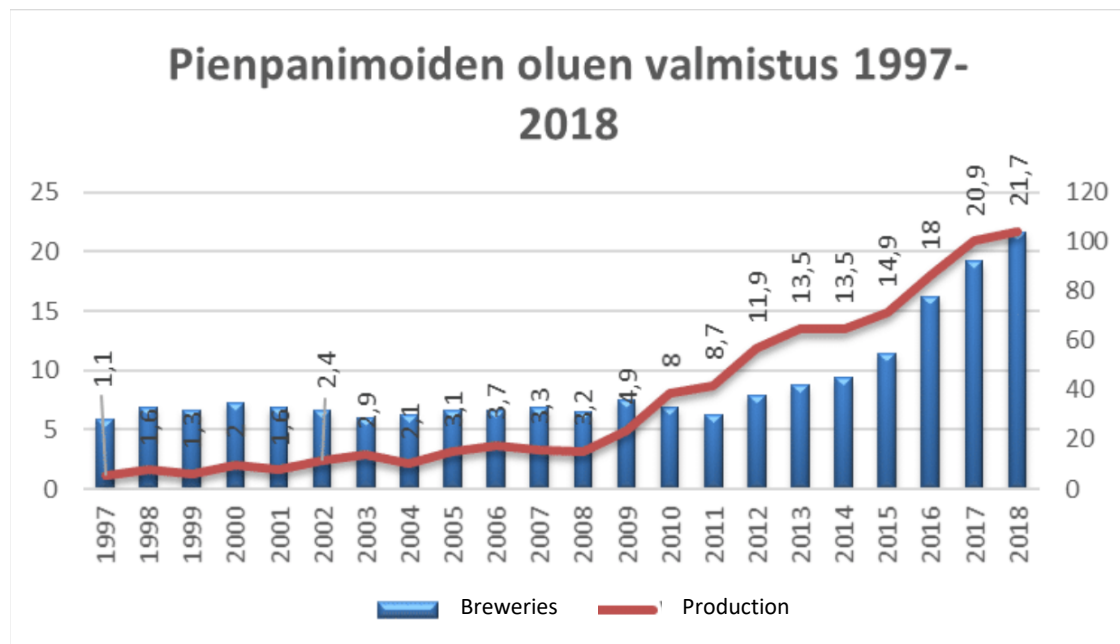
The graph above shows the growing trend of consumers buying services instead of just durable goods. This shows that also breweries can adapt to the situation by creating other products to go along side with the beers.

1.4 The problem in the “locality” of craft beers

Since the beginning of 2010’s, the craft- and microbrewing industry has seen a continuous and exponential growth in Finland (Montonen 2017). In 2013, the Finnish craft brewer’s union had 20 members. In 2017 it was suggested that there were already about 80 craft breweries. Now in the beginning of 2020, the craft brewer’s union’s official numbers state that there are 71 member breweries, 3763 different kind of beers and over 20 million liters of beer brewed per year in Finland. The total amount of beer brewed in Finland was 410 million liters, so the market share of craft breweries is still small in comparison. Nowadays every Finnish major city has at least one craft brewery. For example, there are at least 5 in Tampere area and 3 in the Jyväskylä area. This creates a lot of competition even for the local market where

more traditional products often thrive. Craft beers are after all usually seen as a local product in the same way as for example farm and bakery products.

Table 2, Craft-breweries and production. (Valvira's twitter-account)



Based on this figure, it is clear that the growth of the industry has been substantial since the beginning of the 2000s. The number of breweries has almost quintupled in a decade, and of course that has created harder competition inside the borders. This has almost certainly had an impact on the ways on how the breweries are forced to operate. This can be seen in an increasing number of breweries that seek growth abroad. Also, Sori brewery, which is founded by Finnish entrepreneurs from Tampere, was founded in Estonia. It has been said, that the breweries desire was avoid the Finnish bureaucracy (Visit Tampere, 2018)



Figure 1, Craft breweries on map (Pienpanimoliitto)

1.5 Subject of the research

This research got started while I was searching for subjects to do my thesis. I stayed in Amsterdam for a several short periods during the fall 2019 and because I personally enjoy every new culinary experience, craft beers became as part of those. While a stayed there, I found out that craft beer industry is more international that I had known. I found out that even a quite few Finnish brands can be found on the small corner shops there. I have experience in the foreign trade from my summer jobs and in the position that I work at the moment, and I can see myself working with that in the future, so this subject just came up quite naturally. I had thought that getting to

work in the actual building of those partner networks would be fascinating, so I decided to approach the brewery by email with this. I wanted to write my thesis on a subject that interests me and gives value to both parties, me and the assigned company. Hiisi brewing company ltd. was also interested in this type of a study, looking forward to maybe expand someday. This thesis subject is so to explore the possible ways to expand the business operations outside on the Finnish borders and give a good base knowledge and contacts for it.

The first the subject was to find out best targets to start exporting in Europe. After research and consulting my instructors, it became clear that it would be a way too broad subject to study in such a short time. Then the subject was narrowed down to 5 cities in Europe. Amsterdam, Berlin, Copenhagen, Oslo and Stockholm. The plan was to find out:

- Introduction to logistics costs
- Consumer price levels
- The number of bars and beer shops
- Importers
- Required labeling and other packaging related constraints

After that it would be ideal to approach the most interesting vendors by email, or preferably in person, to find out what kind of beer is popular in their place right now, do they already have Nordic beers and if they think that Hiisi's beers would be a good addition to their shelf.

When all the mapping out would have been done, it would be time to approach the importers/distributors and to find out what kind of breweries they represent, their price levels and what kind of quantities they like to order. The study made for the thesis would be narrowed to the point of a few interesting distributors that seem like a good partner to start working with. All the negotiations, contracts and the start of operations will be left to a later stage, if the export business will become reality.

When discussing and thinking about the subject, I came to a conclusion that this study would focus fully only in one city. I wanted to have this study as robust as

possible and make a best possible base-work for one target. If the subject would become more recent, the study would be easy to continue further, as some base study would have already be done.

Narrowing down started when reading older, related thesis works. In this thesis, the EU trade laws are not considered, since they have been elaborated clearly in the thesis by Sebastian Naumanen, about exporting Maku Brewing's craft beers to a restaurant chain in Denmark. Considering the similarity of the study the law-aspect and Denmark as a target country can be ruled out. (Naumanen, 2016) Similar thesis project has also been done about exporting beer to Germany (Kuittinen, 2017). In that Research, Kuittinen investigated the German beer market, marketing, culture and related laws. In conclusion to that thesis, Germany is not suitable market to start exporting. In Germany, German labeling to packages is required and negotiation skills in German are considered as a big asset.

Because Amsterdam is a familiar place to me already, the subject of this study is targeted directly to Amsterdam and to The Netherlands. The beer scene there is very lively, mostly because of the varying market caused by tourists and locals together. Labeling in the packages is already in English at Hiisi and The Netherlands do not require the labeling in Dutch. That then erases the need for different labeling at least in that sense. In this thesis I will research and find opportunities and partners for a brewery to start exporting business. I will find the best possible channels of distribution and batch sizes. I will also learn if the packaging in its current state is eligible to the Dutch market.

1.6 Benchmarking

Because companies, especially big ones, easily get stuck into their own ways of operating, they might lose track of what is happening in the industry outside of their own organizations. That might also mean that they will not catch up on the latest technological innovations or current customer demands. Benchmarking is a way for businesses to compare their own business to other parties in the industry or in the

broader marketplace. Any product, operation or for example function in one's organization can be a target of benchmarking. The most common intentions are to improve the benchmarker's organizations processes or technologies. That is an easy way to find such knowledge outside of one's own organization. Benchmarking is also a great way to get different kind of views on one's ways of operating, because benchmarking does not necessarily have to be done from a party that functions exactly same industry. For example, Southwest airlines wanted to improve their operations, so they decided to look into a track racing pit-teams' ways of working. They analyzed the speed, processes and approaches. After the analyzing they reported that they managed to reconfigure their gate maintenance, repair and customer loading operations, which saved their company millions of dollars per year. (Reh, 2019)

2 What is a distribution network?

2.1 Different networks

Usually, breweries have two options on how to get their beers to the shops and bars. Those options are self-distribution and so called three-tier system, in where the brewery sells their product to a distribution company, that then sells the beers to shops and bars. (Orchestrabeer 2018) There are advantages and downsides in both of these operating models. When distributing the beer without a partner, the brewery can keep the revenue of the product higher. They also can determine where their beers are being sold and at what price. They have more flexibility because they do not have a third party to give the pressure towards the production and nobody else is calling trucks to wait in their yard for a finished pallet. Working alone brings of course a few downsides also. The brewery must have a larger warehouse at their site, or somewhere else where they store their beers while they wait to be shipped away. Breweries also have to find the bars and shops themselves and handle the customer service which of course takes resources and time.

The other opinion is to outsource the distribution to a distribution company. That usually means that the distributor buys the beers from the brewery and then sells them to their own partners. Distributors usually work with a lot of different breweries and thus they have a lot of capability to reach bars and shops with the variety of products they offer. That is maybe the most beneficial thing for a small brewery in the co-operation. They do not have to worry about finding the places to sell their products, because the partner has that already covered. That can of course bring a downside in later, especially if the brewery would like to conduct some sort of a research or analysis on their sales and the distributor does not keep any in depth records on their sales. (Orchestrabeer, 2018)

2.2 Logistics

As mentioned, distribution companies have contracts with logistics or forwarding companies, and thus that they have good pricing for logistics from the brewery to the target country. Even though that is the case, it is worth finding out the different methods of transportation to the desired destination. In this case, the Netherlands. Basically, we have three legs of transportation when the product is packed at the brewery, and into the self of a store or a bar. Probably the most common way of getting the consumable goods from Finland to the mainland Europe today is the inter-modal transportation mode. In practice that means that the goods would be picked up from the brewery by a truck. In the most preferable and quality wise best scenario would be that the transportation would be temperature controlled. Usually beer does not require specific transportation temperatures, but if the temperature changes constantly, it effects the quality of the product. (The institute of brewing and distilling, 2018) Next step is getting the transportation out of the Finnish borders. Depending on the company, this can be done by lifting the container from the truck and into the ocean vessel, leaving the complete trailer to be loaded into the vessel or driving the entire truck to a vessel. Of course, one can drive the whole truck through Sweden and via Denmark to the Europe, but most the companies that the interviewed importer use, will transport their goods via the ocean. Next, when the transportation reaches the target country, the bottles must be delivered to the shop. This

is probably the most difficult part and not just logistics-wise but finding the shop where to take the product. This is also the step that the distribution companies will come in handy. Because they have tax-free warehousing, distribution networks and partners, it probably is better to get the ready package from them, than to start building the complete pallet yourself. Especially if the target is to export just a couple of pallets per month.

Nikolai Sinerva studied the logistic process of Finnish craft breweries in he's thesis in 2017. In conclusion to his studies, he found out that a lot of breweries these days are moving towards packaging the product in cans. That is due to savings in weight and the production on cans is getting cheaper. Also, breweries are focusing in labeling, because it is a good way to try to stand out at the self. He also found out that most of the breweries prefer their own distribution in local areas. That means that the brewery owns a van, that they use to transport the beers to the local bars and shops themselves. Another preferred transportation mode in Finland is distribution via transportation company. That means that the breweries have a contract with a transportation company and that company handles the transportation from the brewery all the way to the shop or a bar. (Sinerva, 2017)

3 Case HIISI

3.1 HIISI in short

Hiisi was founded in 2013, by a group of people who all shared their passion to beer. They did not see beer in traditional way, like a cheap way to get intoxicated but rather as an experience to one's senses. Balanced, flavorful and aromatic adventure. Thus, became HIISI. It was made for the desire to produce beers that they wanted to drink themselves. They want to explore new methods and raw materials, in order to produce more vivid and



Figure 2, Hiisi logo

experimental products. In the meantime, they want to improve the craftsmanship in the traditional process. The way that HIISI really stands out in the crowd is their brand. They bring out the stories behind their beers and they constantly suck inspiration from the Finnish folklore. That has given an idea to many of their award-winning beverages such as; likiUrso – that has won the *Best Finnish Stout* price back-to-back on 2018 and 2019. Also, the so called; Forestfinnish Pale Ale, Rakki, won the award for Finland's best English IPA in 2019. The labels often include a description, like a straight out of the pages of Kalevala, the Finnish national epic and a recommendation for food and music to serve along. That indicates the serious thought behind the brand and commitment to the consistency.

3.2 Current situation

Starting the exporting business is not yet current for the company, but it might become that in the future. The company is looking forward to increasing their production capacity at some point in the future, and after that they would have the actual capability to start trying out the exporting business. The main focus would remain in

Finland, but some growth could be sought from the foreign market. Another future plan for the brewery is to open their own shop and maybe a taproom. That would offer those services alongside with the product, as described earlier in the study.

All Hiisi's beers are bottled in a brown long-neck bottles. The packaging in bottles is very traditional way of packaging beer and a lot of starting breweries use bottles instead of a can. That is because brown glass is cheaper than aluminium and if produced in small quantities, the packaging machinery is also cheaper for bottles. This can be a subject of change in some point, but for now it seems like Finnish people tend to connect bottle packaging into quality of the product. This of course is not always the case, and packaging into a can has its own benefits too. For example, the fact that light does not enter the can in the same way that it gets into the glass bottles. Cans are also cheaper packaging for in regard of transportation because they allow bigger ratio for amount of the product for each pallet. In the study made by Siervo, 2017, he stated that glass bottles will be completely substituted by cans within five years. However, this will not be the case at least within Finland. Because the overall situation is that customers see bottles as the higher quality product, the bottle packaging will not be gone in the year 2022.

4 Research

4.1 The interviews

The first step of the research was to border some specific areas within Europe to focus on. The cities that were chosen are Amsterdam, Berlin, Gopenhagen, Oslo and Stockholm. After reading other studies, discussing with instructors and due to my own intentions, I discarded every other city and decided to focus solely into the Netherlands and Amsterdam.

Usually, starting the co-operation is made in a way that the brewery approaches the distributor candidates. For this study, we wanted to have a slightly different approach, and first try to find the places where the consumers actually source their goods. Based on that we would narrow down the places that would be desired vendor for the products. After that we would interview the representatives of those places and find out where they order their stock. They would also give a good insight on the companies that they like to work with. Those would be the also the desired partners to start the exporting business with.

The basic questions that I asked follow:

1. What do you think is your most popular beer right now?
2. What do you think might be the next big trend?
3. Do you have a regular customer base, or does it vary a lot?
4. Do you have any beers from scandinavia?
5. Where do you order your beers?
6. Would you be interested in HIISSI's beers?

The actual questions asked from every party varied a little, and new questions popped up while talking with the interviewees. But the core of the interview was always the same, and the answers to those questions were always found. These interviews were really interesting and gave a quite deep dive into the Dutch beer scene and the industry itself. All the companies were really friendly and gave a lot of suggestions on where to go and contact next, and that turned out to be a really big advantage in the progress of this study.

5 Bars and shops

Amsterdam is a good city for beer markets, because of its large number of tourists visiting each year. It is also popular destination for just a short visit so the customer variety is frequent. That connected with the local populations, and it has a very varied market of consumers with regular customer base and the ever-changing tourist

masses. The number of tourists also keeps the city quite freshly updated on the global market status. New trends arrive quickly as people try to search for the same style as they had back home, even if that new trend wouldn't have even adopted by the Dutch population yet. (De Bierkoning, 2020) I conducted the interviews anonymously, so I will reference with the name of the companies.

The places visited were chosen by walking around the city and spotting the crowded places. Some were found from the internet and chosen by the recommendations (TripAdvisor). Few of the places were recommended by the other shopkeepers, such as Sterk, which was not a typical beer shop, but turned out to be one with the largest variety and most professional staff.

5.1 Bierbaum

Bierbaum is a small craft beer shop in the De Pijp neighborhood. They feature over 300 beers from around the world in bottles or cans, and also four beers on draught that can be bought in a liter bottle to take home.



Figure 3, Bierbaum logo

In their opinion, the most trending beers these days are still IPAs. Also, traditional pilsners and wheat beers are popular while sours are still catching up. Dark beers like stouts and dark lagers are popular now during the winter months.

They had two Nordic beers on the self at the moment. Lervig brewery from Norway and Dry&Bitter from Denmark. They've also had beers from Fat Lizard time to time – from Finland. They would be interested in traditional and trending beers, but they also like to have some amount of more experimental and strange beers. They introduced the other shop of their owner, the man who also owns J&B craft drinks (Introduced later). The owner imports beers to Netherlands himself. He has imported and sold Fat Lizards beer, so he would be an experienced and easy contact to works with.

He is also half-Finnish, so he would understand the folklore that gives inspiration to the brand.

5.2 De Bierkoning

De Bierkoning is a rather large craft beer shop in Amsterdam. They have a lot of beers from all around the Europe and USA. It is located almost in the city center, so they have a lot of tourists incoming. That creates more variety to the market that they serve.



Figure 4, De Bierkoning logo

They also had an opinion that IPAs are still the most popular and bought beer. Unlike some other places they thought that sours are quite popular in their shop. That is probably caused by the location and the number of tourists that visit their shop. Low-alcohol- and alcohol-free beers are also highly requested especially in the summer.

They had beers from three Nordic breweries at the moment. From Flying Dutchman, Finland, Omnipollo, Sweden and Elk&Tid from Norway. They have a lot of variety in their import market and their regular customers like the changing offering. They succeeded visiting some of the big beer festivals in Amsterdam, for example De Molen fest, held in September. They would also be interested in Hiisi's beers, since their customers like new and extraordinary things.

5.3 Sterk

Sterk is an old corner shop located in the Constrabruut neighborhood. They used to be a small night shop in the Waterlooplein neighborhood, but since moving to new location they have specialized in strong flavors and special cuisine. They have a large variety of wines, cold cuts and cheese. As a surprise, they also have probably the biggest selection of craft beers that I have seen in Amsterdam. They have dedicated one section of the shop for just beers and they have variety from all over



Figure 5, Sterk logo

the world. They are located in a more working-class local neighborhood and that created an immediate effect of the market in comparison to other stores.

Most popular beers in their store are all types of IPAs. Customers buy either cheap and local beer, or more expensive, really high-quality imports. They were the first store to mention double everything – double IPAs and other stronger beer types are popular there also. One big difference that indicates that this store is popular especially within beer lovers, is the fact that barrel-aged stouts are popular there. When introduced to Hiisi's Ikiurso, the award-winning barrel-aged imperial stout, the manager showed a clear interest towards it. Overall canned beers tend to be more popular than bottled.

At the moment their Nordic selection consisted beers for example from Brewski, Sweden, Fat Lizard, Finland and The Flying Dutchman, Finland. They had labeling on the selves, where also the importers of beers were indicated. From there it was easy to spot every distributor that imports Nordic beers. One thing to note is that cans are more favored type of packaging in the Netherlands. The manager gave a concrete example: brewery from Sweden had their beers in bottles. After they changed to canned version, the sales in Sterk skyrocketed. Even though Hiisi has all their beers in bottles, the manager stated that he will get the beers on sale in Sterk as soon as the product is available.

5.4 Beer Temple

Beer Temple is a beer bar right next to De Bierkoning on the outskirts of the center of the Amsterdam. It is heavily focused on American beer, and that is all they have in tap. They still have a lot of variety in bottles and also international beers outside the USA. They have 35 beers on tap, and over 200 in bottles and cans.

Also, in their opinion, IPAs are still the most popular type of beer. In their bar, double IPAs are the most bought type of beer. Second most popular beers are stouts. They

have a lot of different kind of those and especially tourists from the UK tend to buy those.

Since they are an American style of bar, they do not have anything from Scandinavia. Neither they are interested in buying those. Even though this bar was not quite inside the targeted radar, it was between two places that I had planned to visit, and they had very good insight of the current market environment.

5.5 J&B Craft drinks

J&B Craft drinks is an independent beer shop near the Voldelpark of Amsterdam. It is owned by the same party as the earlier mentioned Bierbaum. This interview was conducted via phone, and the interviewee was the founder and owner of the shops. The owner used to be a business consultant, but then got interested in beers and started a web shop. Now he has 3 corner shops and the webstore. He is specialized in American beers, but also has a couple of European beers. He is half-Finnish, so communication with him is easy.



Figure 6, J&B logo

They also agreed that IPAs are still the number one type of beer by miles. Every type of an IPA is selling a lot. They made an estimate that whatever the second-most selling type might be, IPAs still sell 2 times more than that. Depending on the season, the trends vary a little. For example, during the winter, dark beers tend to sell better. They also agreed with the other places that sour beers are a rising trend in the Netherlands and especially in the summertime people are searching for very fruity sours. The customer base in J&B is about 75% built by local people, because the shop is in a very local living neighborhood. That 75% are also pretty regular customers and the remaining 25% is made out of tourist who might stop by and never come again. The normal price of a regular IPA in J&B is between 3,5 and 5 euros per bottle. That is of course a really good and high-quality beer, but so is Hiisi's. Then the more high-end

beers are of course more expensive, but the price is not the first priority to customers in J&B.

J&B also has a few Scandinavian beers available. Most importantly, they have Fat Lizards beers, which the owner imports himself. They also have CoolHead's beers, especially sours, Omnipollo, Lervig and a couple more. They are interested in getting Hiisi's beers on sale, and the owner was especially interested because of the brand and the lore.

5.6 Conclusions

In conclusion to the shop and bar interviews, it can certainly be stated that IPAs are still the most common and popular type of a beer sold in the Netherlands. Not just a regular really hoppy IPAs, but also double IPAs and really fruity ones are popular. Those are by far the most sold, and because of that, of course the most wanted ones. Second most popular beer type is every kind of dark beer. Stouts are really popular especially during the winter months. Sterk mentioned that people are really into barrel aged stouts, and that is really good news for Hiisi. Almost every shop also mentioned sour ales. In Finland, those are already gaining popularity and people are getting into that type more, but in the Netherlands that type is not quite as popular yet. Every place mentioned that it is after all a rising trend in there also, so that might be worth keeping in mind. Typical price for consumers is 3€-5€ per 0,33l package of IPA styled beer. Everything that is more special than that, like barrel aged stouts are more expensive.

Based on the interviews, I have found a good couple of importers to be contacted. Hopping borders, which is a quite large importing company that currently has about 50 breweries in their portfolio. J&B Craft Drinks, which is a shop itself, whose owner decided to start importing in the lack of a partner that cares about the quality of the supply chain.

6 Distributors

6.1 Hopping Borders

Hopping Borders is the other of the two distributors that based on the interviews I decided to contact. They are a Dutch-based company, that imports craft drinks. at the moment they only import beers and ciders. In the future they might expand to importing also spirits. They currently have 54 breweries in their portfolio. That includes also breweries from the Nordic countries, and also CoolHead brewery from Finland.

Hopping Borders would be a reasonable option to start the export business. They have only small breweries in their portfolio, and they buy only small batches at once. They handle the whole transportation chain all the way from the brewery to the shelf of a shop or a tap of a bar. They buy the beers themselves, and they add a 15-20% profit margin to the sale price when the beers get to the shops.

Currently there are two restrictions on starting the business with Hopping Borders. The first reason is the fact that Hiisi's beers are currently all packed in bottles. A lot of the interviewees have stated that bottled beers are seeing a big decline right now, and Hopping Borders is no exception in that matter. They do not buy a lot of bottled beers anymore, but if they do, they usually buy stouts or porters (Hopping Borders, 2020). This of course has also a positive side because Hiisi has an award-winning stout, Ikiiurso in their beer-portfolio. The other restriction is that the company is currently on a portfolio stop. That means that they are not looking for new breweries to their portfolio. This is also just a restriction, not a complete restraint. The company encouraged to send samples of the beers to them, and if this would be the direction to go, with negotiations, the business might well be started.

In conclusion, Hopping Borders is a good option to keep in mind if starting the export business. They are an easy partner to work with, and through them the beers will get to the best shops and bars in the country. I know this due the fact that so many

shops mentioned them. And because they buy and transport the beers, the prices and profits would be easily trackable. Through them, expanding to other countries would be easy, if desired.

6.2 J&B Craft Drinks

As mentioned already in the interview, J&B also imports beers. He went to the importing business, because in his own opinion, no other company really cared about the quality of the supply chain enough. Some companies for example claimed to have a cooled warehouse, but that actually did not mean anything. He works a lot with the top American breweries, and he wants to keep the quality of the product in top all the way from the brewery to the customer.

He would be interested in doing business with Hiisi, especially because he finds the Finnish folklore close to his heart. In his business model, he first gives the brewery a thorough review. He organizes a sample tasting with two professional tasters, and based on that, he decides if he wants to have that beer in his portfolio. He would like to have a complete range of products, if that is possible. This gives an impression that he likes to work in a really professional way, because no other distributor has even mentioned about the quality requirements of the products.

He is currently in the works of building he's own warehouse, which would be completely cooled to keep the beer as fresh as possible. He tends to order always one pallet at the time and organizes the transportation by himself. He estimated that the transportation cost for him are about 200 to 300 euros per pallet, from Finland to the Netherlands. He has a contract with a forwarding company, and because he orders so many pallets, he of course has fixed prices for him. He did not see the fact that Hiisi's beers are in bottles a problem, because he likes to order one or two pallets at

first. In that small of a scale the price does not change so much if the product is in bottles or cans, so it does not make a difference for him.

7 Finnish breweries

For this study, I wanted to have experiences from other Finnish craft breweries as a form of little benchmarking. I thought that this is important to get some kind of a context from other parties than just the distribution companies and the vendors. Experiences of working with those distribution companies were also very welcome, to get the other perspective also from that. I posted a Facebook post in the Finnish beer enthusiasts' group, asking if there were any representatives of breweries, that have export operations and would have time to answer my questions. I received a couple of contacts very soon, which in my opinion, is a sign of a community inside the industry. Based on that I contacted three breweries. For the sake of anomaly, they are called brewery 1, brewery 2 and brewery 3.

Starting off with brewery 1. They are a small brewery from south-west Finland. They do not really have exports at this moment, but that is something they would like to work on in the future. The owner runs the brewery together with his wife and currently they are the only two people working at the brewery. The owner was working as a product director for a drinks import company, so he has a good insight on how the industry works and experience at that end of a table. It was nice to hear experiences from an independent distributor's perspective, not just from the ones that were interviewed in a business point of view. Main criteria that he pointed out, when distributor selects beers to their portfolio was:

- Availability
- Need for that product in the market
- Ratebeer/Untapped scores
- Price/Quality relation
- Freshness of the product

It was nice to hear these from a person that has worked in selecting the products himself. One new thing that I haven't realized to even think about before was those beer app results. In his opinion, when starting export business from Finland, everything has to be really well thought through. A brewery won't make the business work if it is just decided to go out guns blazing. The decision must be strategic and considered and the attitude must be a little humble. The brand must be strong and visible to stand out in the crowd.

Brewery 2 was not familiar to me, as neither was brewery 1 before this work. I had seen brewery 2's cans in stores, but I had no idea that they were exporting their beers. Their cans are rather aggressively labeled and, in my opinion, too much distortion in the labeling makes the can to get lost in the mass. That is after all a common thing to try to stand out and when every one of three cans are a complete work of abstract art, it is hard to stand out in there at least to a regular customer who is not looking for anything special. Brewery 2 brewing is based in southern Finland, and they have their beers pretty much everywhere in Finland. In Jyväskylä they can be found at least in K-Citymarkets. The brewery was founded in 2018 and exporting beers was their target from the beginning. That is why first beers went abroad only four months after starting the brewery. Christian, one of the owners has been working in international trade from 2005, so they already had a clear vision on what to expect and how to work when going abroad. In their opinion, marketing is the key to success. They have found very good marketing partners and due that they have managed to gain influence in their target countries.

Brewery 3 was familiar to me but has become even more familiar throughout making this study. I managed to contact one of the founders from the brewery through that Facebook post, and that turned out to be really good information. They export to the Netherlands only through one distribution company, and they are brewery 3's most long-time exporting partners. Because I also got an interview from that distribution company, I can see that their relationship is really good, and they like to work together. The distributor for example represents the brewery in events that the brewery's people cannot attend themselves. Their target in finding the suitable distribution partner, was to find a company that is at the same wavelength as they are. They

wanted to have a “craft-centered” mindset also from the export partner, and that means that they wanted to get access to bars, shops and events where they can reach the target audience that they are after of. Quoting from the interview, their mission was from the beginning “to take Finland to the craft-beer world map” and based at least on the Dutch interviews, they already have succeeded in that. They have regular exports to about ten countries. One of the most important things is then to find that partner that you are thinking alike. If the co-operation with that partner works seamlessly, the business then will work too. The brewery 3’s owner pointed out that at the beginning, one should be aware of the payment terms, because getting money from abroad can be difficult. Also, the bureaucracy and the extra hassle will ease out after the beginning.

8 Finishing statements and conclusions

When I contacted Mikko from Hiisi for the first time, I had no idea that what kind of a journey was ahead. When I started this study, I really had no clue of the industry itself, and only had a little knowledge about the beer scene in Finland in general. From the first meeting at the brewery, I gained a massive amount of information and got to interview some really interesting people. I learned how the exporting business works and got to talk with a lot of professionals from every side of the industry. I’m hoping that I would someday be able to use the knowledge and inspiration that I gathered along the way, to actually work in the industry for some brewery, or even to start my own business in exporting or importing beers of other beverages.

In conclusion to this study, I found two partner candidates that I think would make a perfect match for Hiisi, if they decide someday to try exporting their beers. Both J&B craft drinks and HoppingBorders seem to have a real consumer centered mindset and they want to take their beers to people who really know how and want to enjoy them. Hiisi as a brand is not one that should be lost among the masses of big super-market chain or a shop that does not really want to have them, but it should rather be considered as one of the Finland’s finest ambassadors in its own area of expertise.

Because let's face the facts. There is no other brand that I know in Finland, that has though their story so well through. Hiisi makes constant innovations in the beer industry, that can be a bit strange, but they work. Good example of this is Keito, the forestfinnish sauna-beer. In the production they heated up a sauna bought from Harvia, took those hot stones from the oven and dropped those into the wort. That caused some of the barley to caramelize creating a unique taste to the beer. This is only one example on the ways that they want to exploit the Finnish folklore and the way of living in their product.

Based on the studies that I made, in my opinion it would be best to first start selling those regular, very popular beers and maybe one or two more strange or experimental ones besides them. A good measurement for this can be just the UnTapped application, which has a worldwide userbase. Because Dutch people do not seem to be that much into new experimental styles just yet, but because they probably follow the trends like the rest of the world, that will change in some time. That is why it would be reasonable to have already couple of those well-made stranger products already in the market there.

Labeling on the products is already eligible for the Dutch market. Labeling is in Finnish and English, and all of the required information - like ingredients, ABV and best-before dates - is available. Based on the interviews, I'd recommend shipping only one pallet in the first batch and just a simple selection of products. As mentioned, a selection of those best-selling popular beverages and one or two stranger opinions. I have gathered a list of products that I would recommend, and the reasons:

1. Humulus Lupus

Humulus Lupus is Hiisi's take on the Double IPA. A couple of the interviewees had an insight that stronger beers tend to sell pretty good, and IPA:s are still the best selling product segment. This combined to the HIISI's best rating in Untappd, the selection is obvious.



2. Raivoava Rakki

If Humulus Lupus was the first choice, then the obvious follow-up is Raivoava Rakki. It is a more traditional take on IPA and would suit the taste buds of a Dutch IPA drinker. It is also the second highest rated beer in their selection.



3. Keito

Keito is the so-called Forest-Finnish sauna beer. Even though there are not a lot of sauna culture in the Netherlands, this would be a perfect addition to the lager-beer selection of theirs. This would also be a great ambassador of Finnish culture.



Ikiurso

The best stout in Finland for the 3rd time in a row. That is probably a reason why it is needed for the reasons that why the imperial stout should be included in the portfolio when going abroad. Also, imperial stouts, and especially barrel aged specials tend to sell good based on the interviews.



4. The different addition

For the weird, more experimental addition, that in my opinion is a must have addition, there are a lot of options. Hiisi has a couple of excellent sours in their portfolio,

but also some ale with a twist could be an option. So, based on the production situation when the exporting becomes topical, the “black sheep” could be anything that is in production at that moment. Some season inspired, low-alcohol fresh fruity gose or sour could be a hit in summery days of Amsterdam.

On the base of this study, I have introduced and given the contacts of those two distribution companies to the representative of Hiisi brewing company ltd. The company’s representative has approached the partner candidates, and sample boxes of the products could be sent to their review. From those two companies, based on the interviews and this study, I would recommend trying to get in business with the J&B craft drinks. Because of the fact that the owner is born half-Finnish, he can understand the lore of the Hiisi’s brand and probably also explain it to his customers. He also cares about the quality of the products that he sells and unlike some other distributors, he also understands the importance of the quality of the logistics chain. He has been working in the industry for a long time, has a lot of contacts and also manages 3 stores and an online shop. That enables almost a direct access to the customer market, if working with him works out.

When negotiating with the distribution companies the logistics question should be considered through. Both companies operate in a way that they purchase the goods from the brewery and then sell them to vendors themselves. Both of the companies chosen handle all the logistics themselves, but would it be better for the brewery to source the logistics themselves? The logistics partner of Hiisi offers the transportation from Jyväskylä to the Netherlands for about 100€-150€ per pallet, but that is not quarantined to be temperature controlled and the transit time is not stated. One quote that I got for the same transportation is about 200€ per pallet, but it is the price for temperature-controlled transportation, and the transit time from Jyväskylä to Amsterdam area is 3 business days. These are the price levels to keep in mind when negotiating with the distributors. How much could the sales price brought up if the brewery handles the transportation and which opinion is better?

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