

Costco set to launch new craft beer offer

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Costco Wholesale UK is poised to break into the craft beer market, the £1.7bn turnover warehouse club chain has revealed.

Pierre Levron, assistant general merchandising manager for food and beers, wines and spirits, said the company had been talking to BrewDog, the Scottish craft beer business, whose products include Dead Pony Club, 5am Saint and Punk IPA.

It had also been negotiating with Meantime Brewing, the south-east London business, which has beers such as London Stout, Yakima Red and the 6.5% ABV Chocolate and London Porters. "We are in touch with others," he confirmed.

Levron said products would be tested before listing in all its warehouses. "It looks that we will start with Meantime...in all the Greater London warehouse including Milton Keynes in the next few weeks."

He said Costco would begin by holding "roadshow", events in its warehouses from September offering a larger selection than it would normally sell in a specific category before making a final decision on what to stock.

The roadshows can last from as little as two days to two week in each location. "There will be, maybe, tastings and the brewer might be there. It involves an education aspect," Levron said.

The Costco format offers limited stock keeping units (SKUs) – focusing on providing a narrow selection within a wide range of merchandise.

"If you go to Selfridges you might have 200 different craft beers. We can't offer that."

Listing in Costco's UK branches gives craft beer suppliers access to 25 branches, or 26 when Hayes, Middlesex, opens this August.

Levron said it was "very early days" with regard to craft beers but it was a big, and growing, category for the company in the US where, according to the Brewers Association, craft beer makes up a 17.2% share of the \$100bn (£59bn) overall beer market.

Brewer Greene King in the UK valued the specialist craft market at £250m last year and expects this to double over three years.

Tom Gibbs, senior manager at strategy consultancy

Cognosis, which works with leading alcohol brands, says an increasing interest in locally produced food and drink, provenance, craft and heritage, has played to the strengths of microbreweries.

Gibbs predicts some of the big brewers will produce deliberately "smaller" brands that have the same feel as microbrewery offerings, and consumer perception of the difference between products that the different brewers produce will blur.

"It will become increasingly difficult to distinguish between brands that are small and independent and brands that are owned by larger businesses," he said.