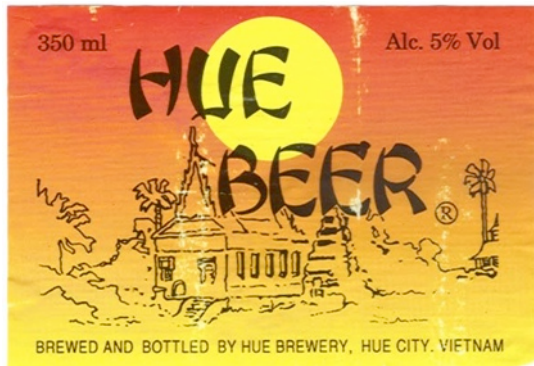


\$2.40 beer from Vietnam

Marketing hasn't been good, but beer is tops, says Danish head of Hue brewery

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Story and photos by Jeff Heinrich
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HUE, Vietnam - Every morning at eight o'clock in Vietnam's former imperial capital, a flock of early-bird entrepreneurs descends on Peter Bjerregaard's beer



Hue Beer is coming to Montreal stores in the spring.

factory on the banks of the Perfume River, ready to work. Pedaling bicycle carts called cyclos and driving tiny, three-wheeled mini-trucks, the Vietnamese jockey for space as they line up. Sweating in the hot morning sun, the fledgling salesmen load up the previous day's production of beer and spirit the rattling bottles and cans away to sell around town.

That's distribution, Vietnamese style. And Bjerregaard, a Dane who arrived here with his wife last August to run the Hue Brewery Ltd. factory,

watches it with fascination and hope. To take on the Hue project, a joint venture with the Vietnamese, the ebullient 36-year-old took a big break from his job back home in product development at Tuborg AS, the subsidiary of Carlsberg AS, the seventh largest beer company in the world.

Now Bjerregaard wants his made-in-Vietnam beer to be better known across the world.

It arrives in Quebec stores this spring, the first Vietnamese alcoholic beverage ever to be imported here (it arrived in U.S. stores last summer and is now sold in 23 states, from New Jersey to Oregon).



Peter Bjerregaard took a break from his job with Tuborg in Denmark to head a joint-venture brewery in Hue.

"The challenge in Hue is in sales and marketing – they're simply non-existent," Bjerregaard said before Christmas, offering a visitor

a tour of the brewery and a taste of the product, known locally as Huda Beer – 'Hu' for Hue, and 'da' for Danish.

"In this country, you have to train sales staff to make consumers want your product. They're not used to being pitched things, but they are conscious of prestige. So you market your beer as part of a lifestyle: a Huda, a Honda motorbike and a Japanese TV for every household. Those are the symbols."

Overseas, the target market is different. Made up of ex-Vietnam War vets, Vietnamese "boat people" and international travellers (one million visited Vietnam last year), the market is ready for anything with Vietnam written on it.



Today, an East German Simson. Tomorrow, a Japanese Honda!

"Vietnam is becoming trendy now," Bjerregaard said. "Westerners will be attracted by the beer and lifestyle it represents - it's exotic, Asian, and of course Americans know Vietnam pretty well from the war."

The Montreal market is especially promising.

There is a large, French-speaking Vietnamese community here, with a solid grip on much of the city's restaurant business. If an importer or two can recognize the cachet a Vietnamese product can have here, they could enjoy good sales of Vietnamese beer through a ready network of consumers: restaurant patrons with a taste for the exotic.

Two importers are hoping for that very success.

The first is the Toronto-based Bruce Ashley Group, a small company whose founder was the first to bring the popular Chinese beer Tsingtao into Canada, 14 years ago, later ceding the rights to Guinness, the giant British brewers. The Group currently imports the strong Bavarian beer Coronator into Quebec, as well as the popular Hakutsuru brand Japanese sake, a rice wine.

In May, the Group hopes to unload the first 500 cases of Bjerregaard's product from a container down at the Port of Montreal.

They will turn the merchandise – 10,000 half-litre bottles – over to the Société des alcools du Québec, the provincial monopoly, for distribution to its stores and Vietnamese restaurants lined up by the Group. The bottles will be labeled Huda Beer, just like back in Vietnam. The retail price will be significantly higher than back home, however: \$2.63 a bottle, more than five times what it costs in Hue.

Montreal importers Featherstone Desautels Inc. are also keen on the product, but unlike the Group, they are not yet listed with the SAQ as an official importer of the beer in Quebec. They do, however, intend to sell it a little more cheaply.

Featherstone wants to import 500 cases this spring. Same bottles, same brewery, but a different name: Hue Beer, the same as it sells under in the U.S. It will carry a bright orange and yellow label and retail for \$2.40.

Regardless of their name, both beers will be marketed as a marriage of Danish technology and Vietnamese grace: light in color, reasonable in alcohol content (4.5 per cent alcohol in Hue Beer, 5 per cent in Huda Beer), brewed from Danish yeast, German hops and Vietnamese rice and mountain water.

Will Quebecers go for it? Price may be one consideration.

"The price is kind of high, but we can't avoid it – there are so many middlemen between Vietnam and here," said Robert Gravel, president of Featherstone, which also imports the Japanese brand Sapporo beer into Quebec.

The middlemen are the Beer & Spirit Agency International, in Brighton, England, and the Beer House, in New York, who hold international distribution rights and take a cut of every sale.

"People are willing to pay more than \$2 for a Belgian beer that has a proven quality and reputation. But for other products, going over \$2 can be a problem. Asking \$2.40 could be a hard sell."

(Even though it is imported directly from Vietnam, without passing through British or American brokers, Bruce Ashley Group's Huda Beer will be more expensive, said the importer's Quebec agent, Tony Croll. The Group is paying \$12.94 U.S. per case of 20 – American dollars, because the Vietnamese partners in the brewery joint venture, despite the best efforts of the Canadian embassy in Hanoi, refused to be paid in anything but American dollars, and specifically not Canadian dollars. The SAQ's retail markup on the beer is 300 per cent.)

Price aside, Quebecers are smitten with imported beers, and a wide variety of them too, said Société official Carole Vaudry.

Five years ago, the government outlets stocked 41 brands of imported beer; today they sell 64; most are European.

"The volume has not gone up, but the variety has," Vaudry explained.

"The beers are coming from more and more countries, because people are travelling more and want to find the same product on our shelves that they tasted in a foreign country. The Vietnamese beer fits in with that."

Bjerregaard likes the challenge. The Hue brewery existed for five years before he got there, and was doing well, "but they needed foreign capital to develop the business," he said. With its familiar green-labeled flagship brand, Carlsberg was already present in the Vietnamese market, whose 70 million people consume 300 million litres of beer a year. But the Danes were looking for a local brand they could take over and develop for export. It found the government-owned brewery, staffed with 250 employees.

With more than \$10 million from Carlsberg in hand, the Vietnamese donated the land and existing brewery, and Hue Brewery was formed. Bjerregaard brought in new brewing equipment from Danbrew Ltd. AS, Carlsberg's production and consulting subsidiary, and set to raising productivity at the plant.

"The hardest part has been the government side of things," he said. "All the paperwork, the permissions, three different taxes, and the inevitable problems with distribution – there has been a lot to overcome."

Before his stint is up in a couple of years, Bjerregaard expects the business will start making money; for now, it runs a deficit.

"The running account will show a surplus but the investment will take much longer to pay off."



A vendor sells English-language T-shirts, including one for Vietnamese-made '33' Beer (top, centre)