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NO. **92**January 13, 2015
6AM EST · 12PM CET

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HOME BREWING

Selling Ice to Eskimos

BY FRANZISKA SCHEVEN

In Germany, one of the world's biggest beer-drinking countries, home brewing has faced an uphill battle. But by targeting techies and other niche consumers, a few companies are hoping to confound the skeptics.

WHY IT MATTERS

The trend of home brewing is spilling over from the United States to Europe - and is arriving in Germany at last.

FACTS

The average German drinks 107 liters of beer per year - the second largest consumption after Czechs with 144 liters.

Prices for disposable home brewing kits



The start-up Brewie from Hungary makes home-brewing boxes that you can use at home. Source: PR

In the world of beer, home brewing is the latest craze to sweep the globe, as a blizzard of new bottles, labels, tastes and alcoholic iterations fill supermarket shelves in the United States, Britain and even parts of Asia.

start from €39 and can go up to €20,000.

In Germany, home brewers that produce more than 200 liters annually have to pay beer tax.

But ironically, one country that would seem perfectly suited to home brewing, one of the biggest beer-drinking countries in the world, has been the most resistant: Germany, the home of a vibrant, thousand-year-old beer industry.

But change, although slowly, comes even to Germany, and there are signs that a nation whose beer drinkers are relatively spoiled by hundreds of quality breweries may be open to a few more.

NO. 92

Tuesday
January 13, 2015

A new home brewing kit from Hungary is setting out to conquer the German market. Its target audience is not the average beer drinker, but Germany's tech savvies.

Brewie, a start-up that was launched in February 2014 through crowdfunding, has developed a sleek box that works just like an espresso machine - except it makes beer not coffee.

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“Internet and tech-savvy customers will probably be our early adopters as they usually welcome new innovative solutions.

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MARCEL PAL
BREWIE

The company is hoping that its product will help it tap a relatively undeveloped market in Germany, where consumers have not seen the need or necessity to experiment with new, more exotic labels and tastes.

Germany's small home brewing scene has until recently been limited to a small group of passionate fans fascinated with the chemistry of beer-making. Now, however, companies such as Brewie are hoping a new generation will get hooked on interesting flavors and an uncomplicated home experience.

“Internet and tech-savvy customers will probably be our early adopters as they usually welcome new innovative solutions,” said Marcel Pal, one of the six founders of Brewie, in a phone interview with Handelsblatt Global Edition. “We are targeting our campaign primarily at them.”

Since its launch last year, Brewie has sold 110 of its home brewing boxes. Almost half of them went to the United States, 18 were sold to Germany, 10 went to Australia and the rest to Scandinavia, Mr. Pal said.



Beer consumption, while relatively strong, is actually declining in Germany, hitting 86 hectoliters in 2013, from 103 hectoliters in 2000. Source: DPA

The price for the 25 kilo (55 pounds) metal box ranges from €1,270 (\$1,500) for the basic version to €3,800 (\$4,500) for a more advanced model.

According to a Brewie advertising video, customers feed in malt, hops, yeast and water into the machine, which starts the brewing process automatically. The box is Internet connected and can be monitored by mobile devices.

Targeting the tech-community could prove a clever marketing ploy, opening the door for home brewers to Germany, which doesn't have the same motivation for home brewing as many other countries.

The United States, Australia and Scandinavia have higher beer prices and a smaller selection of beer than countries such as Germany or Belgium. As a result, beer lovers in those countries are more interested in brewing at home to reduce costs, said Markus Metzger, head of the German Association of Home and Hobby Brewers in an interview with Handelsblatt Global Edition.

Compared to other countries, Germany offers beer at affordable prices and there are up to 7,000 different kinds available. According to pintprice.com - a website that aggregates beer prices worldwide - Germany is among the five most affordable countries in the world to drink beer.

Scandinavian countries, the United States and Australia have much higher prices. A lager beer in Germany costs €2.90, but in the United States the price is €3.22. In Oslo, it is €8.70.

“People in Germany who brew at home are mostly tired of regular beer brands and want to make their own special flavors,” Mr. Metzger said, adding that it can be a pretty expensive hobby as semi-professional home brewery equipment can cost from €500 to up to €20,000.

According to Mr. Metzger, there are 2,000 to 2,500 households in Germany making beer today. His association has 533 members. But he doesn't foresee a big increase in coming years. “I expect the number of our members to maybe hit 600 in three to four years and that's it,” Mr. Metzger said.

“In the United States and the United Kingdom, there is a much stronger semi-professional home brewing movement than here in Germany,” said Dominik Guber, co-founder of Braufässchen, which was launched in 2012 in Munich and offers disposable beer brewing kits for €39 on the Internet. They target young people who want to brew beer for parties and events.

The kit generates about 5 liters of beer and offers over 40,000 different flavors, such as grapefruit and honey. “We make it simpler and therefore more fun to brew beer at home.”



The start-up Braufässchen thinks a lack of beer flavor diversity in Germany and the DIY effect will convince customers to brew at home. Source: PR

Braufässchen recently also expanded into Britain.

Mr. Guber said that even though Germany offers beer at affordable prices and good quality compared to other countries, his kit has been a success, selling 40,000 sets in 2014 compared to only 3,000 in 2012.

Another hurdle when it comes to developing a strong home brewing scene has been the tax burden producers can face.

Home brewers that produce more than 200 liters per year in Germany have to register and pay taxes. Otherwise they pay a fine of up to €5,000. When they start selling beer, they also need to maintain fixed purity standards. Officially only 1,650 house brewers have registered with German customs authorities.

Meanwhile, beer consumption, while relatively strong, is actually declining in Germany, hitting 86 hectoliters in 2013, from 103 hectoliters in 2000.

In 2000, Germans drank on average 125.5 liters of beer. By 2013, consumption was down to just 106.6 liters. Last year, that figure got a slight bump to 107 liters thanks to good weather and the soccer World Cup.

A group of new microbreweries and craft beers is hoping to build on that fragile growth. A number of start ups have launched recently, run by Germans and Americans. And established domestic German beer brands such as Bitburger are also getting in on the act, launching their own craft beers.

It's a welcome change. Germany has long lacked experimentation with beer. Belgian beers, for instance, include cherry and chocolate flavors. In France, chestnut-flavored beer is sold.

"The land of beer," Germany, seems ready to follow suit and home brewing will likely give even more Germans a thirst for variety.

Mr. Pal is optimistic he can succeed in the German market. He acknowledges that cheap beer prices and a big existing selection make it more challenging to penetrate the market than in the U.S. or Britain.

"We have high hopes for Germany," Mr. Pal said. "After all they are have a strong brewing culture and the average salary in Germany is high. They can afford our box."

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GLOBAL EDITION

The English-language edition of Germany's leading business daily, Handelsblatt is part of the Dieter von Holtzbrinck Media Group, which also owns WirtschaftsWoche, the country's most-read business weekly, Der Tagesspiegel, Berlin's newspaper of record, and Die Zeit, the leading general-interest weekly.

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