

benmakers®



**EXPAND TO EUROPE:
SCALING YOUR CRAFT
BEVERAGE BRAND**



Agenda

- 1. Introduction to the European Market**
Overview of the European market landscape for craft sprits brands
- 2. Navigating Regulatory Requirements**
Guidance on the regulatory environment across Europe
- 3. Building Your Distribution Network**
Strategies for establishing both B2B and B2C distribution channels in Europe
- 4. Q&A Session**

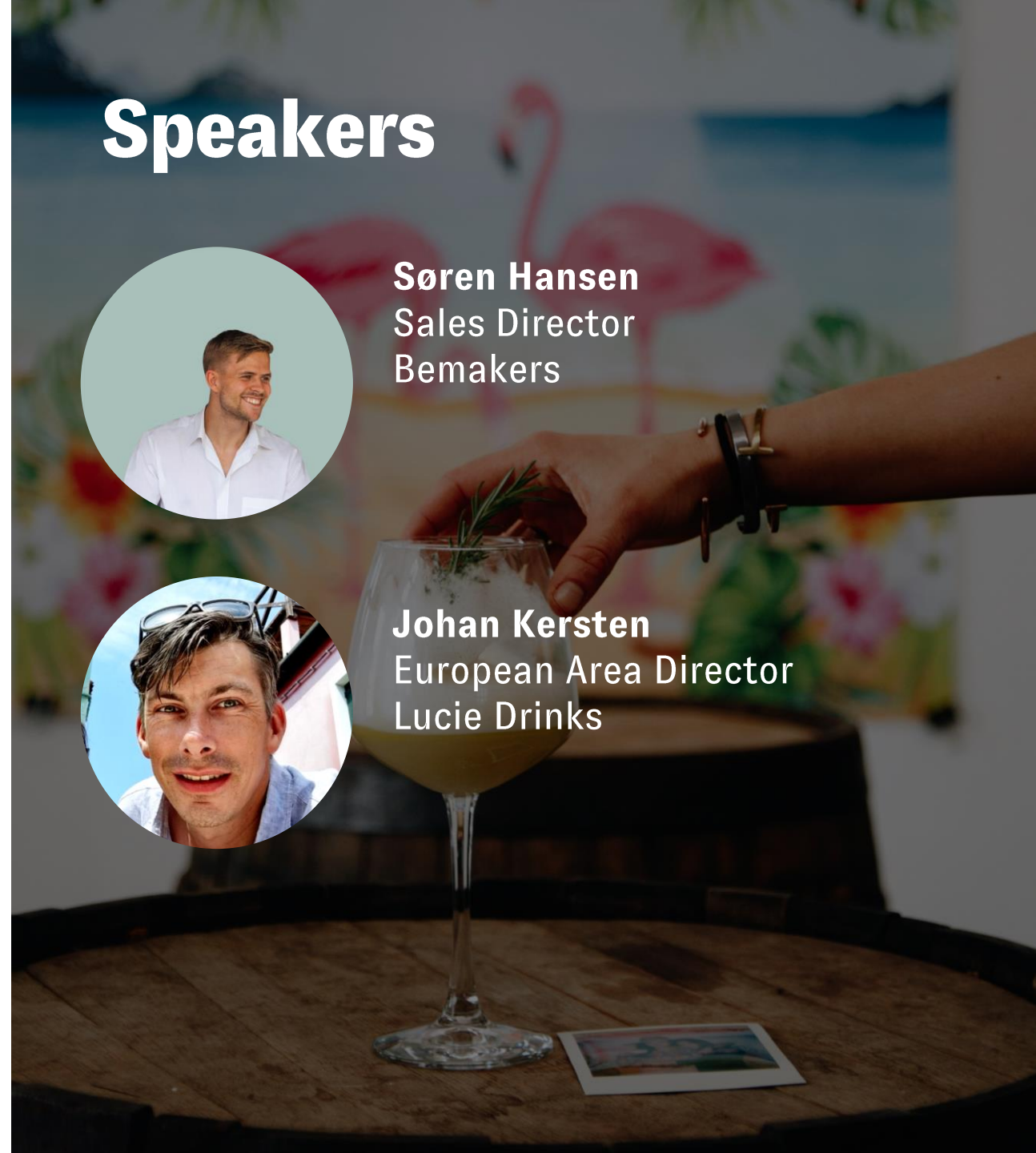
Speakers



Søren Hansen
Sales Director
Bemakers



Johan Kersten
European Area Director
Lucie Drinks

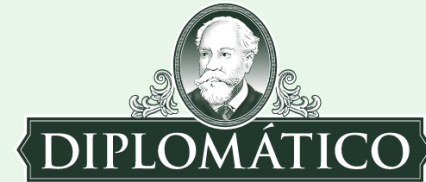


Why Europe?

1. It's a giant market
2. Europeans are thirsty
3. It can be fun building business here



BALCONES
DISTILLING



— RUM —

MONTELOBOS[®]
MEZCAL



KOVAL
CRAFT SPIRITS
DISTILLED IN CHICAGO



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A man with a beard and glasses, wearing a black beanie and a red and white baseball cap, is focused on his work in a brewery. He is standing at a bottling line, carefully inspecting a row of dark glass beer bottles. In the background, another worker in a blue beanie is visible, also working on the line. The scene is set in a modern, industrial brewery environment with stainless steel equipment and a perforated metal wall.

EU in numbers

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ALCOHOL IS A BIG MARKET

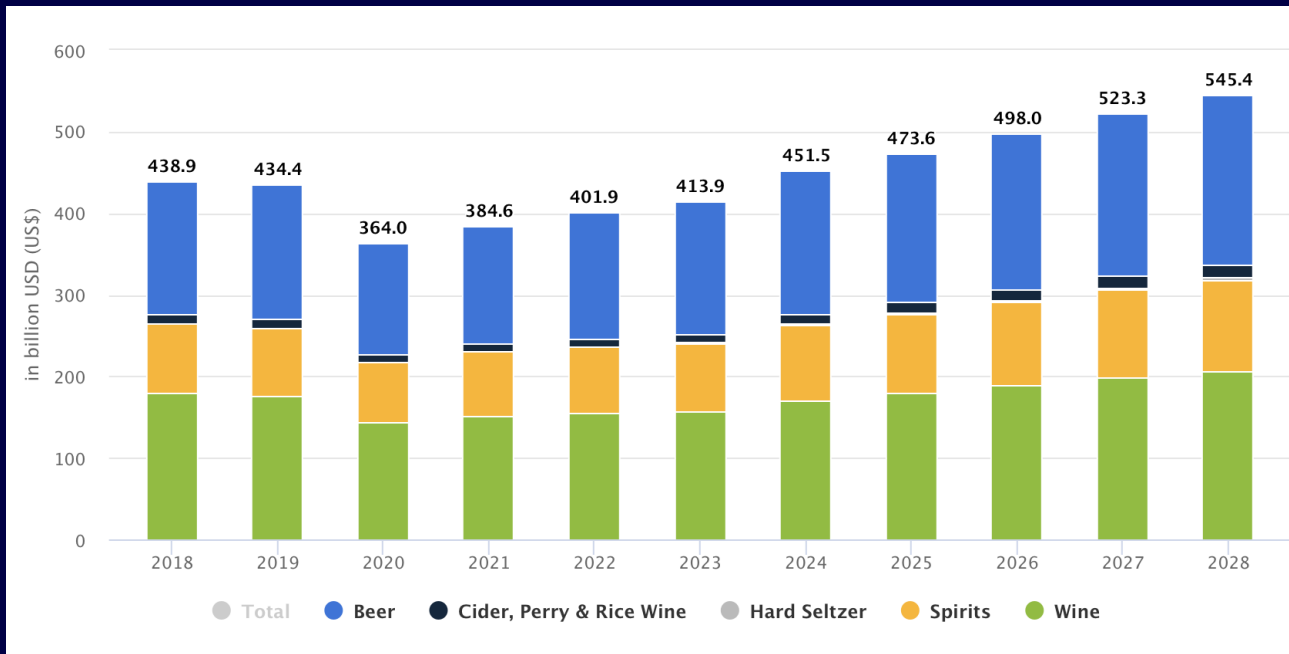
“The European market for alcoholic beverages is worth **€330** billion and expected to grow by 10.4% annually from 2021 to 2025

The global market is worth **€1.270** billion and expected to increase to **€1.876** billion in 2025”

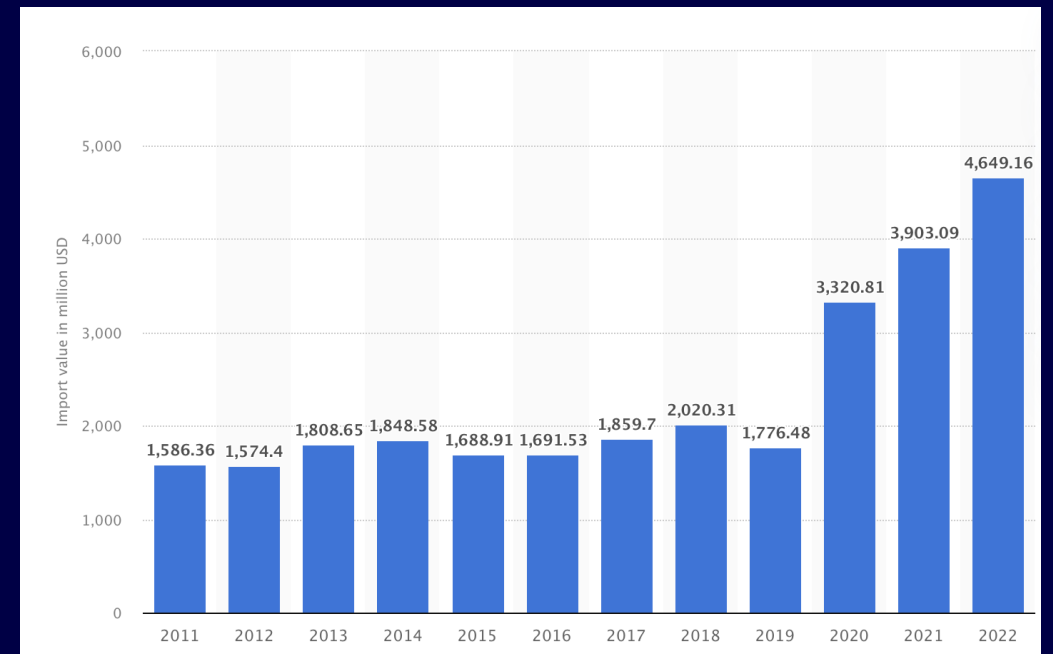
Source: <https://www.statista.com/outlook/cmo/alcoholic-drinks/europe> <https://www.statista.com/forecasts/696641/market-value-alcoholic-beverages-worldwide>

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Growth outlook, 2018-2028



Spirits import EU, 2011-2022



Source: <https://www.statista.com/>

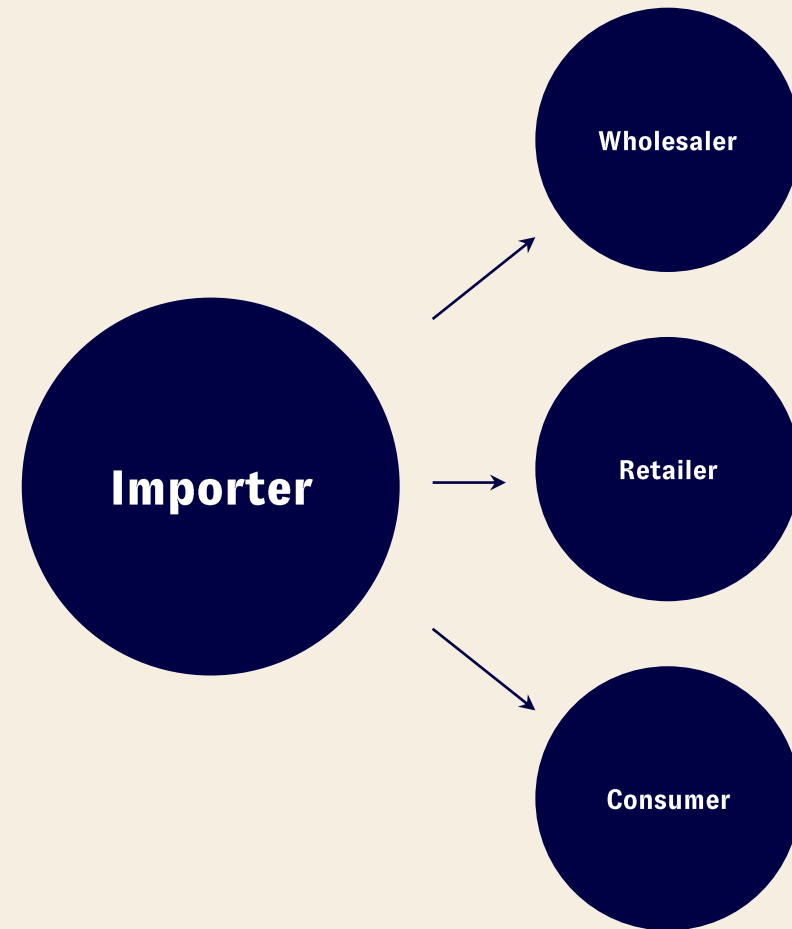


EU compliance

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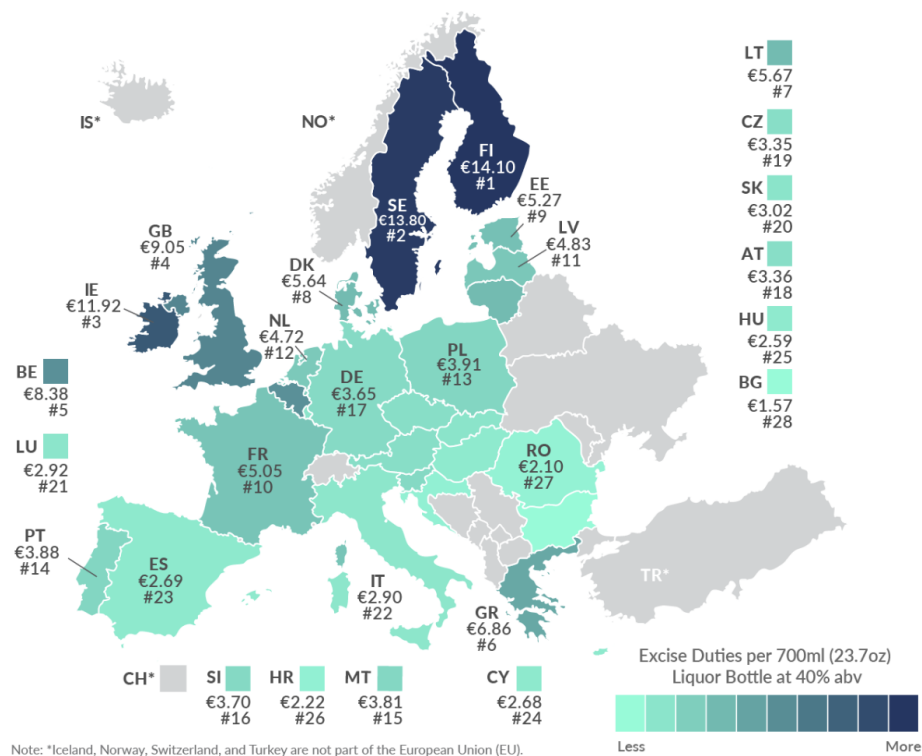
EU in general

1. Each EU country control their own policies
2. Importers can sell to everybody (multiple roles)
3. Some markets have monopolies



Distilled Spirits Taxes in Europe

Excise Duties per 700ml (23.7oz) Liquor Bottle at 40% abv
in EU Member States and the United Kingdom, as of July 2021



Note: *Iceland, Norway, Switzerland, and Turkey are not part of the European Union (EU).
Source: European Commission, "Taxes in Europe Database."

EU Taxation

EU

Setting minimum rates, overseeing national tax rules

Countries

The excise range is very high.

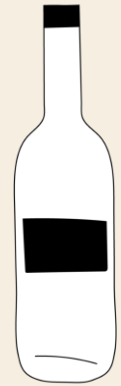
Excise taxes can be paid when released for consumption

VAT

Standard ruleset for VAT in EU, but it applies differently from market to market

Bottle sizes

Don't do underfilling (EU DIRECTIVE 75/107)



	50 ml	100 ml	200 ml	350 ml	375 ml	500 ml	700 ml	750 ml	1 L	1.5L
EU	OK	OK	OK	OK	NO	OK	OK	NO	OK	OK

Labels

Requirements

- Brand name
- Country (“Product of..” “Produced in..”)
- Add batch no.
- Product type/classification (if in doubt get it checked)
- Alcohol ABV (40% VOL)
- Net volume
- Awareness (avoid alcohol if pregnant) + pregnant lady icon (France)
- Add an EU address (importer/bottler)



European Union – label address

Bottles need an European address

- A daughter company of yourself
- An importer (country distributor or European)
- Your EU bottler
- EU liquid producer
- An EU warehouse (Hub)

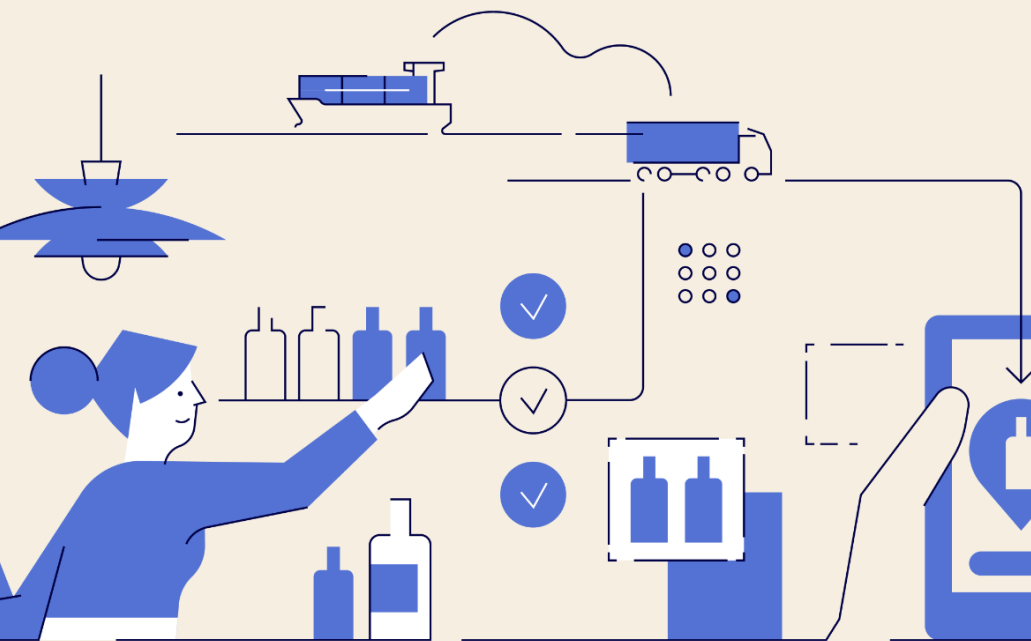
Tax Representative

To do business in the EU, you will need a Tax Rep/Fiscal representative

- Customs Forwarding Agent
- Warehouse
- Importer

Takes care of:

- VAT return on purchases
- Intra Community transaction declarations
- Apply reverse chair mechanism on imports



Shipping

Shipping company

- Find a shipping company that has experience with the transport of alcohol (e.g. Hildebrand)
- Movement guarantee

Shipping size

- Consider the number of pallet you want to ship
- Block/euro pallets
- Consider the pallet size / height

A woman wearing a wide-brimmed hat and a light-colored dress is seen from behind, carrying a black plastic crate filled with produce. She is walking through a vineyard with rows of grapevines. The background is a clear blue sky. The overall scene is dimly lit, suggesting late afternoon or early morning.

Getting your products to the EU

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Outsourcing to one EU importer

One broker for the continent

Pros

- Will do marketing, branding, sales
- One contactpoint + one sale

Cons

- Brand control, visibility
- Pricing & margins

Route To Market

EU HUB

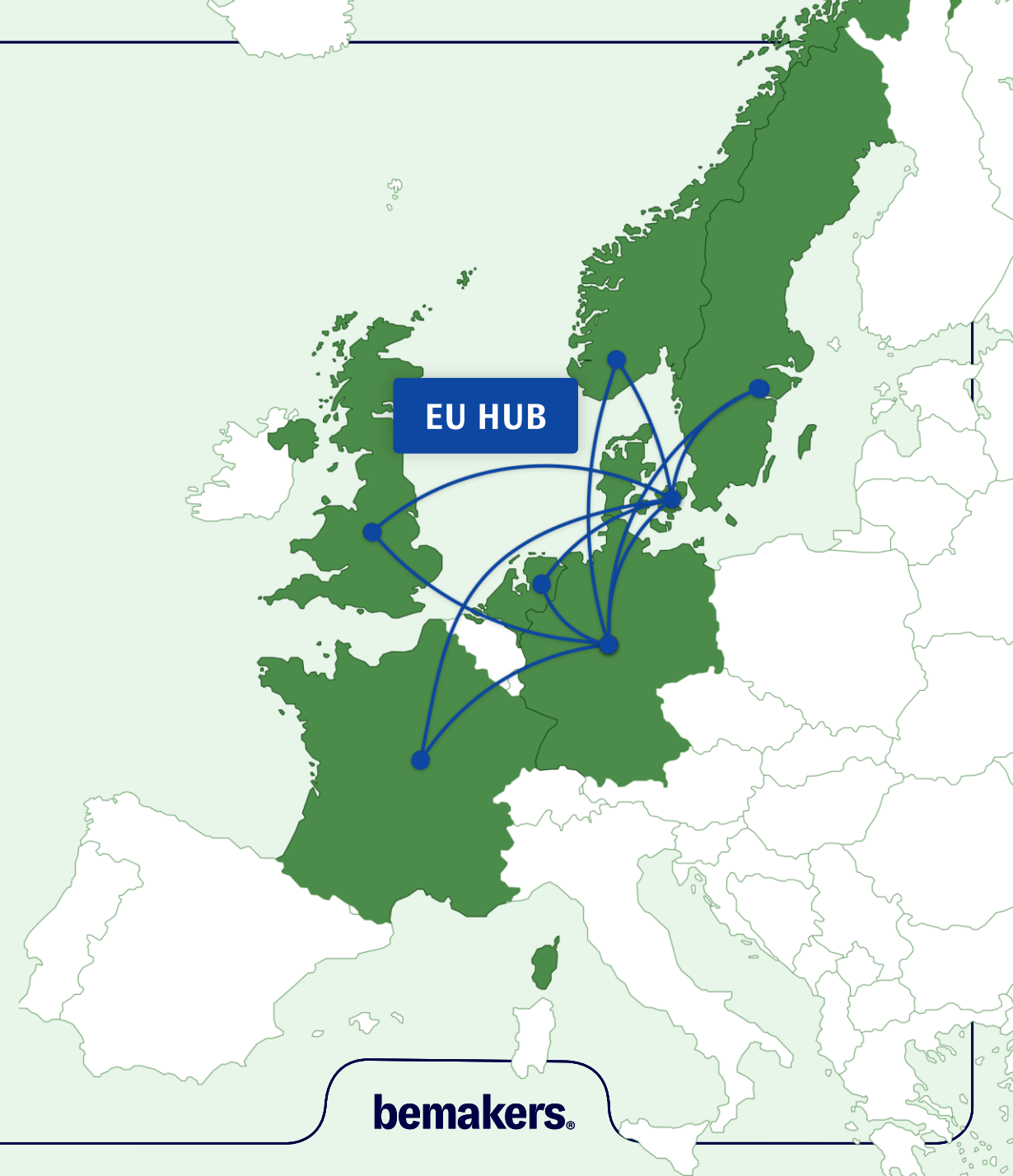
- Centralized warehouse to act as your EU importer
- Logistics, invoicing and EU compliance outsourced
- Your EU hub will be able to ship to customers across EU

Active role

- It requires that you take an active role and build relationships
- Will take up more of your time

An EU Hub gives you more brand control

- Pricing
- Messaging
- Partners
- Flexibility in regards to quantities



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A man with a beard and glasses, wearing a red and white baseball cap and a red and white baseball-style shirt, is focused on his work in a brewery. He is standing at a bottling line, carefully inspecting or adjusting a dark glass beer bottle. In the background, another worker in a blue beanie is visible, working at a different station. The scene is set in a modern, industrial brewery environment with stainless steel equipment and a perforated metal wall.

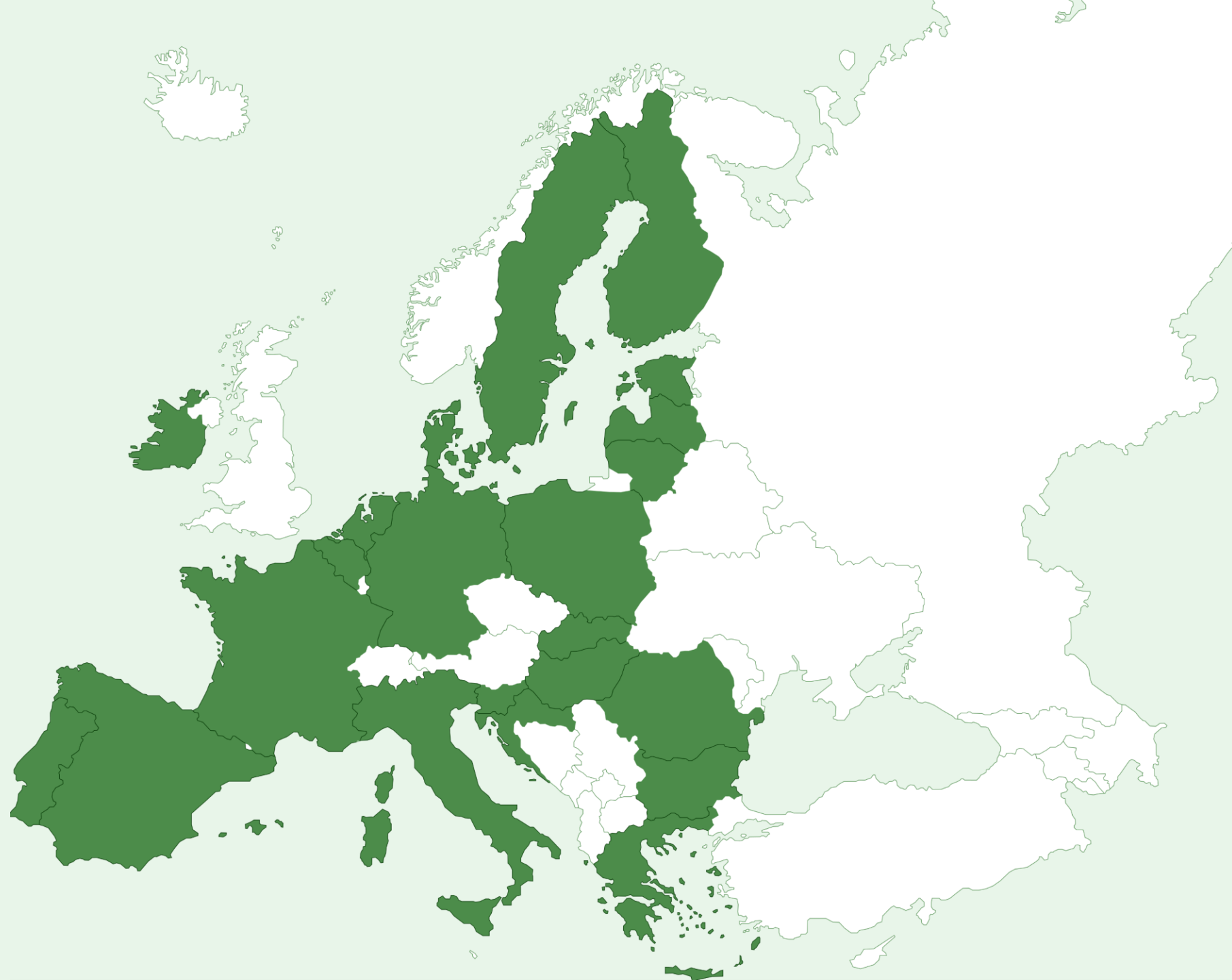
Route to market *in the EU*

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Europe



EU



Netherlands

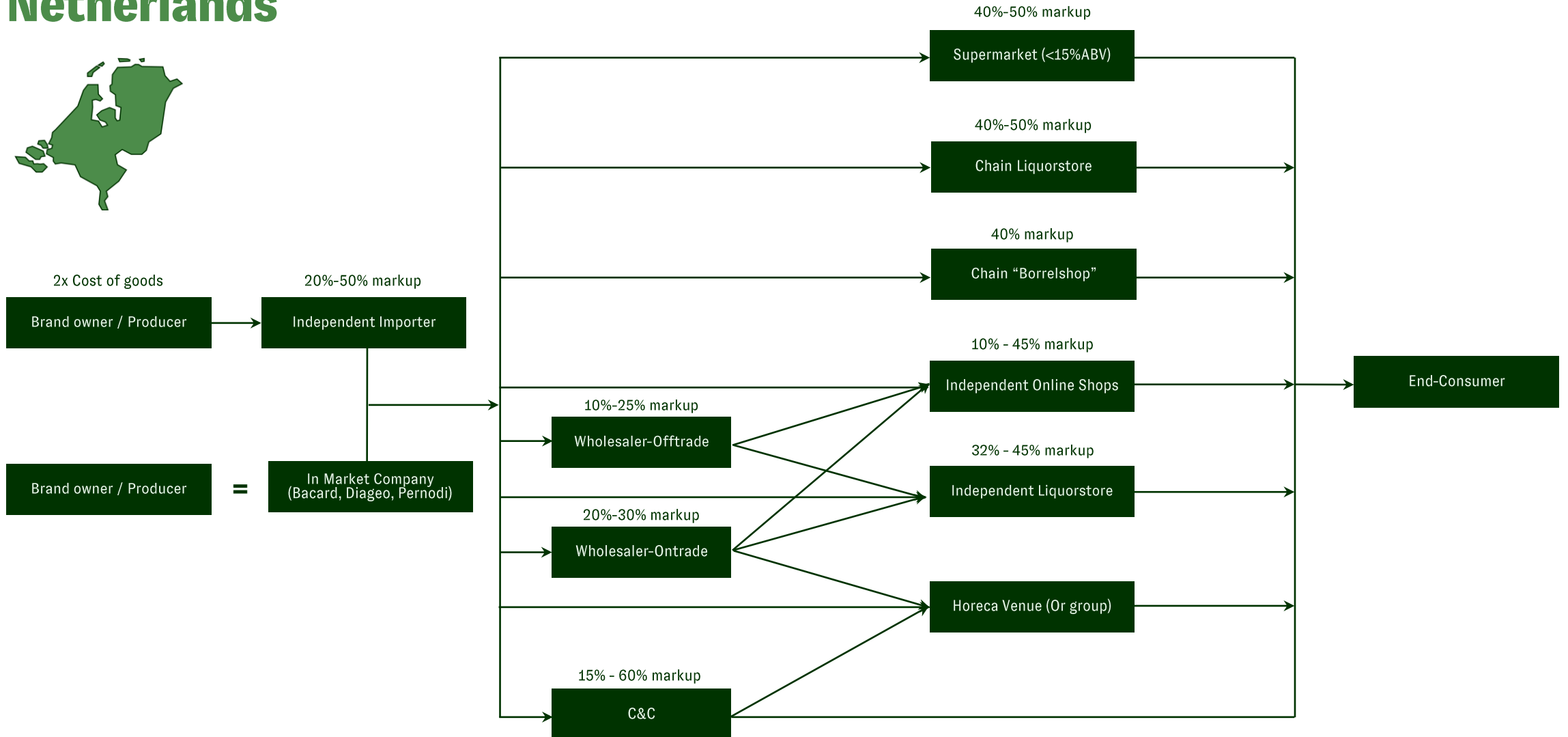
- Dutch are experienced at international business.
- Country is set up with large port, tons of warehouses, infrastructure for trading into Europe. (Logistic and financial)
- Enjoy a well-regulated country which is great for entrepreneurs.



Route to Market

Price build examples

Netherlands



Route to Market

Price build examples

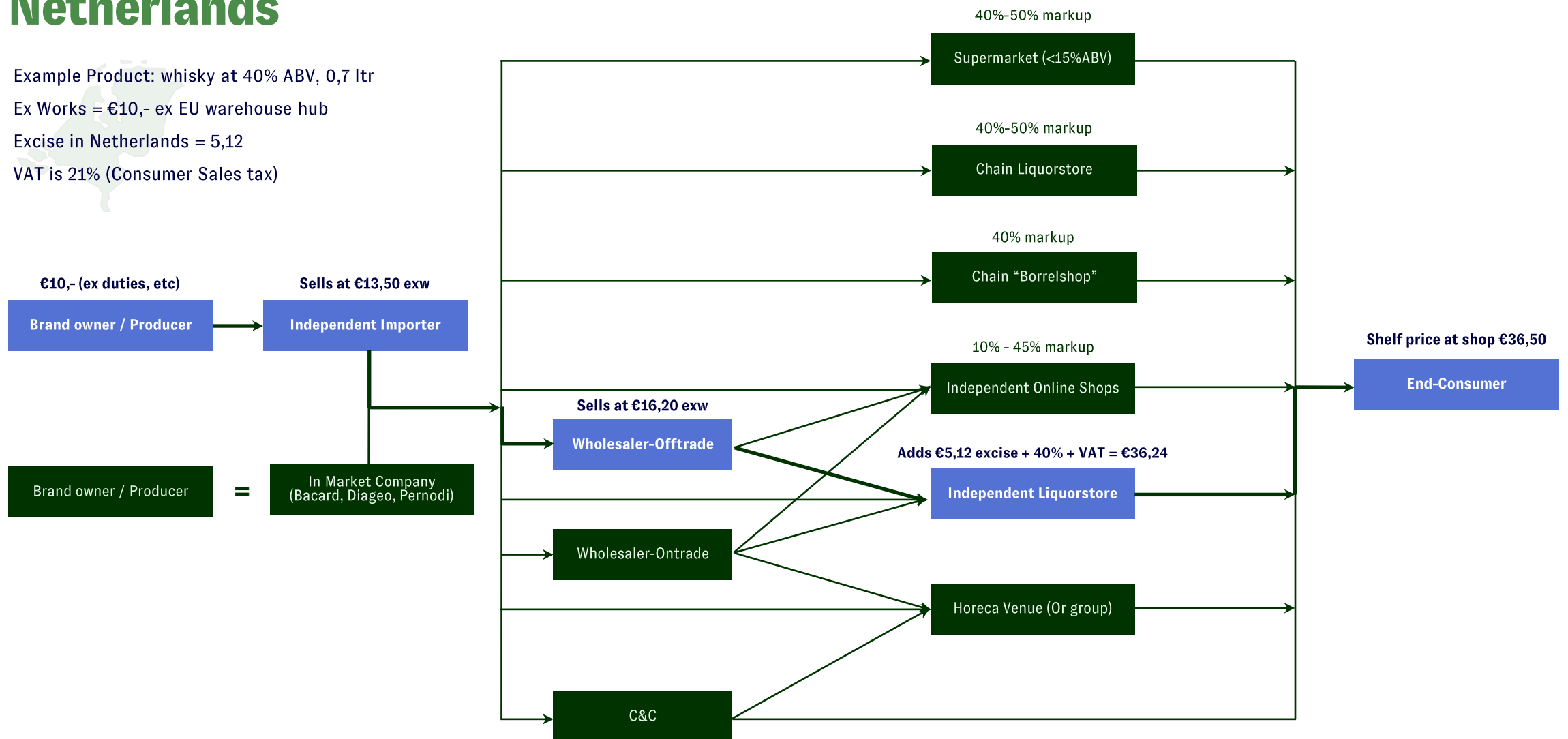
Netherlands

Example Product: whisky at 40% ABV, 0,7 ltr

Ex Works = €10,- ex EU warehouse hub

Excise in Netherlands = 5,12

VAT is 21% (Consumer Sales tax)



Italy

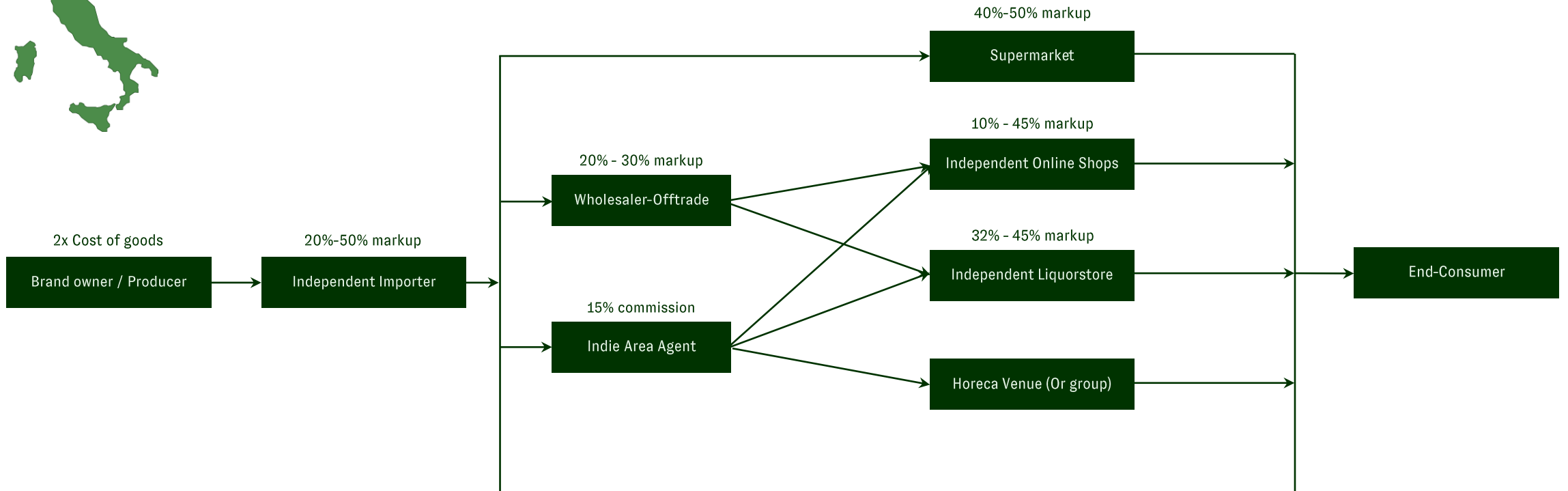
- Big cultural differences between North, middle and south.
- Hardly any highways in the country
- Consumption mostly in On Trade
- You're eating great food in great weather, surrounded by history and beautiful things.



Route to Market

Price build examples

Italy



Finland/Sweden/Norway

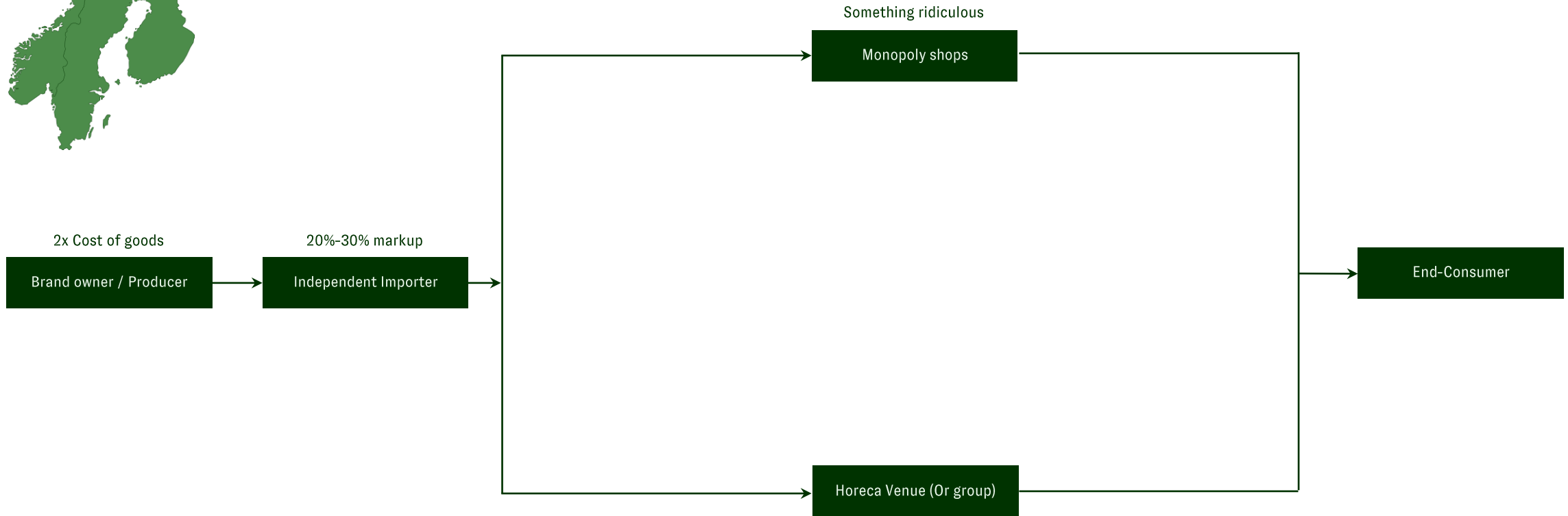
- Egalitarian societies
- Very sparsely populated in the north
- State monopolies
- Beautiful nature, rich history, quiet and calm
- Wintertime: It's dark
Summertime: Sun never sets



Route to Market

Price build examples

Finland / Sweden / Norway



Route to Market On Trade & Off Trade Netherlands



Cost & Price Structure

	Calc
ABV in %	40,0%
Volume in ltrs	0,70
Prices ex works	€ 10,00
Excise duty	€ 5,12
Transport & Logistics	€ 0,50
Cost per bottle	€ 15,62
Recommended Retail Price	

OFFTRADE

Route > Liquorshop via wholesaler

Margin Distributor (over ExW)	20%
Wholesaler buys of Distributor, ExWorks	€ 12,60
Margin Wholesaler	20%
Tradeprice Ex VAT	€ 20,24
Margin Liquor shop	35%
Consumer shelf price	€ 33,05

Route > Chain supermarket stores

Margin Distributor (over ExW)	30%
Chain buys at Ex Works:	€ 13,00
Margin Chain	50%
Consumer shelf price	€ 29,78

Direct to Liquor shop

Margin Distributor (over ExW)	35%
Liquorshop buys (Ex VAT)	€ 19,29
Margin Liquor Shop (over tradeprice)	40%
Consumer shelf price	€ 32,68

Cost & Price Structure

	Calc
ABV in %	40,0%
Volume in ltrs	0,70
Prices ex works	€ 10,00
Excise duty	€ 5,12
Transport & Logistics	€ 0,50
Cost per bottle	€ 15,62
Recommended Retail Price	

ON TRADE

Direct Distributor to On Trade

Margin Distributor (over ExW)	50%
Trade price Ex VAT	€ 20,12

Route >> Ontrade via Wholesaler

Margin Distributor (over ExW)	20%
Wholesaler buys at (Ex Works)	€ 12,00
Margin Wholesaler	25%
Trade Price (ex VAT)	€ 20,12

Same bottle, different consumer position

Country	€ Ave Net Income
Ukraine	448 €
Belarus	470 €
Albania	578 €
Turkey	627 €
Russia	647 €
Bosnia	679 €
Serbia	820 €
Bulgaria	861 €
Romania	980 €
Slovakia	1.090 €
Greece	1.098 €
Hungary	1.099 €
Latvia	1.167 €
Portugal	1.225 €
Croatia	1.248 €
Lithuania	1.304 €
Poland	1.350 €
Czech Republic	1.434 €

Country	€ Ave Net Income
Estonia	1.474 €
Slovenia	1.595 €
Italy	1.740 €
Spain	1.910 €
Finland	2.366 €
Belgium	2.463 €
France	2.464 €
United Kingdom	2.500 €
Sweden	2.885 €
Germany	3.085 €
Netherlands	3.145 €
Austria	3.269 €
Ireland	3.367 €
Norway	3.440 €
Luxembourg	3.700 €
Denmark	4.149 €
Switzerland	5.570 €

Getting started in the EU

Sales & brand building

How are you going to land the first customers?

- Figure out what your brand has to offer
- Come prepared
- Do market visits
- Tradeshows?
- Build relationships
- E-commerce

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Sum up

- 1. Get the basics covered**
- 2. Find a suitable route-to-market**
- 3. Get to know your potential customers and start building relationships**

Get in contact



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