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Market battle brews as small beer rings up big sales in B.C.

ALCOHOL | PAGE 30

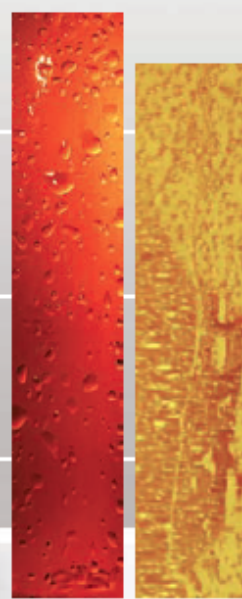
Growing marketplace demand for B.C. craft beer is draining the talent pool of brewmasters across the province as sales boom for smaller producers and slip for their big brewery counterparts

Cottage brewery sales: +39.6%

Production up to 1.5m litres

Big brewery sales: -5.7%

Production over 16m litres



SOURCE: BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

B.C. shippers irked over stalled Metro Vancouver truck routes

LOGISTICS | Transportation study finds little progress being made in reducing truckers' travel time and unsnarling major port logistics infrastructure

BY SEAN KOLENKO
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Despite improvements to a number of well-travelled Lower Mainland roads and bridges, some in the logistics industry still view trucking routes and highway infrastructure as "acute" problems, according to a new transportation study released late last month.

Surface Transportation Annual Review 2014 highlights three broad logistics industry topics: the economic outlook for 2014, the performance of B.C.'s ports and transportation system and the future priorities of management.

Of the many questions asked about each subject area – questions ranged from customer satisfaction with the price of tug and barge services to the anticipated economic impact of Canada's impending free trade deal with the European Union – the issue that ranked the worst among respondents was "the poor quality of local trucking routes."

CONTINUED ON PAGE 5

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Biggest breweries and beer distributors

RANKED BY | Sales to the BC Liquor Distribution Branch for year ending March 31, 2013

| Rank '14 | Company | Types of beers produced | Majority owner(s) | Year founded | BCLDB sales '13/'12 |
|----------|---|---|---|-------------------|---|
| 1 | Molson Coors Canada (Vancouver Brewery) 1550 Burrard St., Vancouver V6J 3G5 P: 604-664-1786 F: 604-664-1786 www.molsoncoors.com | Molson Canadian, 67, Coors Light, Rickard's Red, Rickard's Blonde, Carling, Pilsner | Molson Coors Brewing Co (TSX:TAP) | 1958 ¹ | \$283,282,706 ² \$299,448,024 ² -5% |
| 2 | Labatt Breweries of Canada 1148 Homer St Suite 402, Vancouver V6B 2X6 P: 604-642-6722 F: 604-642-0822 www.labatt.com | Kokanee, Kokanee Gold, Lucky, Blue, Alexander Keith's, Kootenay Mountain Ale | AB InBev | 1847 | \$246,255,038 ² \$259,979,924 ² -5% |
| 3 | Okanagan Spring Brewery 2808 27th Ave, Vernon V1T 9K4 P: 250-542-2337 F: 604-777-2363 www.okspring.com | Hopped Lager, Pale Ale, 1516, Porter, Brewmaster's Black, Summer Weizen | Operating under Sleeman Breweries Ltd in Canada, part of Sapporo Group of Cos | 1985 | \$100,826,104 \$93,446,929 8% |
| 4 | Pacific Western Brewing Co 641 North Nechako Rd, Prince George V2K 4M4 P: 604-421-2119 F: 604-421-0090 www.pwbrewing.com | Traditional BC Lager, Canterbury Dark Mild Lager, Pacific Pilsner, Kolsch and Schwarzböck, Cariboo lagers and ales, TNT Extra Strong, Ironhorse Strong Malt | Kazuko Komatsu | 1957 | \$37,038,122 \$32,725,605 13% |
| 5 | Granville Island Brewing Co 1441 Cartwright St., Vancouver V6H 3R7 P: 604-687-2739 F: 604-685-0504 www.gib.ca | Cypress Honey Lager, Brockton IPA, Island Lager, Kitsilano Maple Cream Ale, English Bay Pale Ale, Robson St. Hefeweizen, Lions Winter Ale, False Creek Raspberry Ale, Ginja Ninja Ginger Beer, small-batch Black Notebook series | Creemore Springs Brewing ³ | 1984 | \$23,597,424 \$24,732,615 -5% |
| 6 | Phillips Brewing Co 2010 Government St., Victoria V9A 5V1 P: 250-380-1912 F: 250-380-1913 www.phillipsbeer.com | Blue Buck, Hop Circle IPA, Bottle Rocket ISA, Analogue 78 Kolsch, Slipstream Ale, Dr. Funk, Phoenix Gold Lager, Elsinore, Krypton RyePA, Skookum Cascadian Brown, Amnesiac, Longboat Chocolate Porter, Hoperation Tripel Cross, Ginger Beer, Twisted Oak Scotch Ale, The Puzzler, Kaleidoscope Mosaic IPA, Hammer Imperial Stout | Matt Phillips | 2001 | \$14,527,143 \$12,142,566 20% |
| 7 | Whistler Brewing Company 1045 Millar Creek Road, Whistler V0N 1B1 P: 604-731-2900 F: 604-731-2995 www.whistlerbeer.com | Cheakamus Chai-Maple Ale, Lost Lake Unfiltered IPA, Grapefruit Ale, Powder Mountain Lager, Whiskey Jack Ale, Bear Paw Honey Lager, Pineapple Express Wheat Ale, Chestnut Ale | Bruce Dean | 1989 | \$12,412,210 \$10,469,291 19% |
| 8 | Vancouver Island Brewery 2330 Government St., Victoria V8T 5G5 P: 250-361-0007 F: 250-360-0336 www.vanislandbrewery.com | SeaDog Amber Ale, Hermann's Dark Lager, Piper's Pale Ale, High Trail Honey Ale, Hermannator Ice Bock, Beachcomber Summer Ale | Barry Fisher | 1984 | \$8,663,020 \$7,689,047 13% |
| 9 | Big Rock Brewery Ltd Inc 5555 76th Ave SE, Calgary T2C 4L8 P: 800-242-3107 F: 403-236-7523 www.bigrockbeer.com | Grasshopper Wheat Ale, Traditional Ale, Hellesbock, Rock Creek Dry Cider, Warthog Ale | Big Rock Brewery Inc (TSX:BR) | 1985 | \$6,487,218 \$6,916,953 -6% |
| 10 | Tree Brewing Co⁴ 1083 Richter St., Kelowna V1Y 2K6 P: 250-777-1091 F: NP www.treebeer.com | Hophead IPA, Thirsty Beaver, Amber Ale, Cutthroat West Coast Ale, Groove Session Ale, Beach Blonde Lager, Mellow Moon Pineapple Hefeweizen, Vertical Winter Ale, Hophead Double IPA, Hophead Black IPA, Captivator Doppelbock, Spiced Reserve Ale, Wild Ruby Raspberry Infused Ale, Raspberry Porter, Trestle Extra Special Bitter, Knox Mountain Brown Ale | Tod Melnyk | 1996 | \$5,391,621 \$5,415,175 0% |
| 11 | Lighthouse Brewing Co Inc 836 Devonshire Rd Suite 2, Victoria V9A 4T4 P: 250-383-6500 F: 250-383-0005 www.lighthousebrewing.com | Siren Imperial Red, Switchback IPA, Tasman Ale, Race Rocks, Beacon IPA, Keeper Stout, Lighthouse Lager, Figgard 150 and Big Flavour Bombers: seasonal and limited releases | Privately held | 1998 | \$5,156,097 \$4,684,083 10% |
| 12 | Russell Brewing Co 13018 80th Ave Suite 202, Surrey V3W 3B2 P: 604-599-1190 F: 604-599-1048 www.russellbeer.com | Session series (Cream Ale, Pale Ale, Extra Special Lager), Brewmaster series (Eastern Promises, Angry Scotch, IP'eh, Blood Alley, Black Death), Brewmaster limited editions, specialty series, seasonal beers and collaboration beers | Russell Breweries Inc (TSX-V:RB) | 1995 | \$4,162,692 \$5,415,097 13% |
| 13 | Carlsberg Canada Inc 2650 Bristol Circle Suite 100, Oakville, ON L6H 6Z7 P: 905-829-0299 F: 905-829-2666 www.carlsberg.ca | Carlsberg, Kronenbourg 1664, Baltika No.3, Somersby Cider, Holsten Pilsener, Okacim Mocne, Duckstein Original, Saku Original, Tuborg Gold, Tuborg | Carlsberg Group | 2004 ⁵ | \$4,144,503 \$2,369,079 75% |
| 14 | Driftwood Brewing 450 Hillside Ave Suite 102, Victoria V8T 1Y7 P: 250-381-2739 F: 250-384-2333 www.driftwoodbeer.com | Fat Tug IPA, Whitebark Witbier, Driftwood Pale Ale, Crooked Coast Altbier, Farmhand Saison, Sartori Harvest, Singularity, Old Cellar Dweller, BlackStone Porter, Bird of Prey sour beer series | Jason Meyer, Kevin Hearsom, Gary Lindsay | 2008 | \$4,055,000 \$3,685,000 51% |
| 15 | Premium Beer Co 1670 Finfar Crt Unit 1, Mississauga, ON L5J 4K1 P: 800-561-6808 F: 905-855-1067 www.premiumbeer.ca | Moosehead Lager, Tennent's, Hop City, Cracked Canoe, Sam Adams, James Ready, Magners | Privately held | NP | \$2,839,373 \$1,968,340 44% |
| 16 | Central City Brewing Co 13450 102nd Ave Suite 190, Surrey V3T 5X3 P: 604-582-6620 F: 604-582-0609 www.redracerbeer.com | IPA, Pale Ale, EDB, Pilsner, White Ale, Imperial IPA, Pumpkin Ale, Stout, Winter Ale, Raspberry Wheat Ale | Darryll Frost | 2003 | \$2,717,936 \$2,508,961 8% |
| 17 | Nelson Brewing Co Ltd 512 Latimer St., Nelson V1L 4T9 P: 250-352-3582 F: 250-352-3466 www.nelsonbrewing.com | Old Brewery Ale, Nelson After Dark, Blackheart Stout, Liplock Summer Wheat Ale, Faceplant Winter Ale, Paddywhack IPA, Wild Honey Ale | Privately held | 1991 | \$2,444,327 \$2,383,267 3% |
| 18 | Howe Sound Brewing Co 37801 Cleveland Ave, Squamish V8B 0A7 P: 604-892-2603 F: 604-892-2631 www.howesound.com | Garibaldi Honey Pale Ale, Whitecap Wheat Ale, Timberline Pale Ale, Diamond Head Oatmeal Stout, Rail Ale Nut Brown, Devils Elbow IPA, Baldwin and Cooper Best Bitter, Howe Sound Lager, Hopraiser IPA, Bay Ale Amber and several seasonal varieties | Fenn family | 1996 | \$2,371,393 \$1,900,000 25% |
| 19 | Dead Frog Brewery 27272 Gloucester Way Suite 1, Aldergrove V4W 4A1 P: 604-856-1055 F: 604-856-9803 www.deadfrog.ca | Winter Mixer, Alberta Mixer, Festive Winter Saison, Session Vienna Lager, Bold Belgian Pale Ale, Classic Nut Brown Ale, Fearless IPA, Season Citrus, Summer Mixer, Super Fearless Imperial IPA | Derrick Smith | 2006 | \$1,893,880 \$1,680,211 13% |
| 20 | Mt Begbie Brewing Co Ltd 521 1st St W, Revelstoke V0E 2S0 P: 250-837-2756 F: 250-837-2750 www.mt-begbie.com | High Country Kolsch, Begbie Cream Ale, Powerhouse Pale Ale, Tall Timber Ale, Nasty Habit IPA, Attila the Honey, Bob's Your Dunkel, Darkside of the Stoke | Bart and Tracey Larson | 1996 | \$1,701,101 \$1,484,419 15% |

Sources: BC Liquor Distribution Branch's schedule of payments to suppliers and BIV research. NP Not provided. NR Not ranked 1 - In Vancouver, 1786 in Montreal. 2 - Includes 50% share of sales by Brewers Distributor Ltd; jointly owned by Molson and Labatt. 3 - Acquired by Ontario-based Creemore Springs Brewery in 2009. 4 - Also known as Fireweed Brewing Corp. 5 - Carlsberg Canada Inc; Carlsberg founded 1847.

Do not miss the Book of Lists, a compilation of lists featured in BIV, including biggest law firms, construction companies, biotech firms and many more. Free to subscribers (\$89 plus tax for one year) or \$35 plus tax as a separate purchase. Purchase lists as Excel files at www.biv.com/databases.

Business in Vancouver makes every attempt to publish accurate information in the List, but accuracy cannot be guaranteed. Researched by Carrie Schmidt, lists@biv.com.

Next week's list – Biggest tourist attractions in Metro Vancouver

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Buoyant B.C. beer sector boosts demand for brew schools

BREWING | Craft breweries scrambling for talent as more brewmasters quit to launch startup ventures

BY GLEN KORSTROM
GKORSTROM@BIV.COM

Demand for trained workers in B.C.'s craft beer sector is rising as craft breweries increase sales and more brewmasters launch beer startups.

"Brewmasters have been playing a game of musical chairs," Central City Brewing Co. brewmaster Gary Lohin told *Business in Vancouver*.

Some of those moves during the past year include Conrad Gmoser leaving a brewmaster job at Steamworks Brewery to co-found Brassneck Brewery, Dave Varga leaving a brewing job at Red Truck Brewing to join the new 33 Acres Brewing Co. and Brent Mills leaving his head brewer job at R&B Brewing Co. to help his father and brothers found Four Winds Brewing Co.

The departures frequently leave existing breweries scrambling to find replacements.

B.C. now has at least 48 breweries and 25 brew pubs, according to the *BC Beer Guide* website. More than a dozen of those brewing ventures were launched in 2013.

The startup trend stems partly from the fact that British Columbians are abandoning big brewers



Central City Brewing brewmaster Gary Lohin has been a guest lecturer at Simon Fraser University's Biological Sciences 372 course, which focuses on the science of brewing. | DOMINIC SCHAEFER

such as Molson Coors Canada and Labatt Breweries of Canada.

Sales in B.C. for brewers that produce more than 16 million litres of packaged beer annually dropped 5.7% in 2013, according to British Columbia Liquor Distribution Branch (BCLDB) data.

In contrast, sales for brewers that produce less than 1.5 million litres of packaged beer jumped 39.6% in 2013.

(See *Business in Vancouver's* list of biggest breweries in B.C., page 29.)

The rise of the craft brewing

sector has spawned demand for training.

In the fall of 2013, Simon Fraser University (SFU) launched its Biological Sciences 372 course focused on the science of brewing.

The course reviews the history of brewing and its impact on society before moving on to teach about production and marketing.

Guest lecturers include Lohin, who taught students about ingredients and processes at the SFU Surrey campus in mid-January.

Meanwhile, the University of British Columbia Alma Mater Society held a referendum last week on whether to levy a student fee to finance a student-run craft brewery to supply campus pubs. Students who want the most extensive brewing training program in the province are eyeing Kwantlen Polytechnic University, which plans to launch a diploma program on brewing and brewery operations in September.

"Our program is a two-year program, whereas SFU's is a single course – that's a big, big difference," Kwantlen dean of science and horticulture Betty Worobec told *BIV*.

Kwantlen announced its

planned diploma program on January 8, and Worobec said that within days the university had received hundreds of inquiries.

The program costs about \$16,000, or \$4,000 for each of the fall and winter semesters. During the summer, students are expected to work at breweries in paid positions.

"They will start learning brewing basics and the program will culminate in the final term with the students brewing their own signature beers," Worobec said.

Students also learn about chemistry and microbiology.

Meanwhile, a first year "sensory evaluation" course tutors students in how to taste, smell and look at colour changes in beer as well as learn about how Pilsners differ from ales.

The second-year course focuses on how to evaluate beer characteristics and quality.

"The program will also be useful for those who want to get into distilling," Worobec said. "Filtering, packaging, sales and marketing as well as calculating and creating recipes are transferable skills." ■

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