



Market

Karhu, Finnish for bear, is the number one brand on beer drinkers' lips in Finland. Since 2001, Karhu has been the "king of the hill" in market share both by volume and value, and a forerunner in several innovations in the brewing industry.

Beer has a solid standing in Finnish drinking habits. Finns drink some 460 million litres of beer annually, most of which is medium strength lager. Five domestic brands rule 90% of Finland's beer market. Karhu has the biggest slice with approx. 30%. In Pori and the surrounding west-coastal regions, from where Karhu originates, its market share is as high as 60%.

At the turn of the millennium a price war in retail trade erupted when discounters arrived on the scene. The beer market faced fierce competition perhaps

more dramatic than other product categories because this was the first time in Finland that beer was sold at discount prices in order to attract more customers. Market shares were affected accordingly. Nevertheless Karhu was, and is, the only one of the top five brands that has been able to play its own game. It managed to maintain its top position due to its consequential marketing efforts and loyal consumers. Karhu focuses on the domestic beer market with its claws strongly in Finnish soil.

Achievements

The domestic success was crowned in 1998 and 2004 when the international jury of professional brewers rewarded Karhu the bronze and respectively gold medals as rec-

ognition for the persistent struggle for ultimate quality and unique drinking experience. The Brewing Industry International Awards are often compared to the "Oscars" of the brewing world.

Although Karhu has been behaving quite differently than the other top five brands and has consequently "stayed out of the limelight", The Finnish Marketing Association (Suomen Markkinointiliitto) rewarded Karhu "The Best Marketing Act of the Year 2002". By then, Sinebrychoff brewery, with the help of its star product Karhu, had achieved the leading status in the Finnish brewing industry.



In 2001 and 2002, Karhu was presented a prize for the best outdoor advertising campaign for its lamp post panels. According to the organizer JCDecaux Finland Oy, Karhu posters attracted the general public's attention and hit the target audience effectively.

History

Finnish beer has a history of being under strict control by the State alcohol monopoly with rigorously defined sales and distribution outlets. Thus, it is no wonder that in the 1950s there were more than 50 local breweries in Finland and all of them had their own characteristics reflected in their brands and organisational culture. The liberation of alcohol monopoly started gradually in 1969 when class III beer was released to licensed groceries. This was the turning point for market growth and the brewing industry which began to consolidate into larger units.

The secret of Karhu's recipe dates back to 1920s, when it was first brewed by Porin Oluttehdas. The brand performed extremely well in its local area as well as in the Tampere region due to brewery ownership by the same family.



The brand shifted to Oy Sinebrychoff Ab through a merger in 1972, but it took 20 years until Karhu started to sell successfully nationwide.

In the early 1990's when the brewing industry in Finland reached its present centralisation status many of the smaller beer brands felt an axe hovering over their heads. Also Karhu was under a magnifying glass. It was then that the brewery made the strategic decision to save Karhu – a resolution that has proven to be successful not only for the brand but for the whole company.

Product

The Karhu brand belongs to Oy Sinebrychoff Ab, the oldest industrial brewery and beverage manufacturer in the Nordic countries.

Karhu lager is available in three strengths: Karhu III (medium, alcohol content 4.6 vol.%), Karhu A (strong, 5.3 vol.%) and Karhu Tosi Vahva (extra strong, 8.0 vol.%).

Karhu is a full-bodied beer with a rich golden brown/copper colour. It is generously malted and flavoured with the best European hops such as the Czech Saazer.

Packaging has had an essential role in the Karhu story. During recent years the Karhu family has grown and today the selection in stores is wide. Karhu is available in bottles and cans packed in a variety of cases and packs to suit consumer needs.

Karhu III draft has been a thirst quencher in bars and pubs for ten years. Stronger lager Karhu A is making a comeback from its golden era of the 1970s-80s. It has been available on tap all over Finland since spring 2005.

Recent Developments

The price war resulted in the introduction of 33 cl bottles in 12-packs as an incentive and enticement in price promotions and almost immediately people gave it the nickname "mäyräkoira" (badger dog) because of its shape and looks. The answer of Karhu was "tosimiehen mäyräkoira" (badger dog for real men - a multipack of 12x50 cl cans).

Promotion

The Karhu brand has been steadily built during the last decade. Karhu advertising is selective and non-aggressive but rather provides subtle reminders that Karhu is the beer of choice. Main marketing channels are outdoor advertising and the print media. At times consumers are invited to participate in competitions and prizes that are not high in value but greatly appreciated by the Karhu consumers. It is rather the idea that counts.

Strength, both in taste and advertising, has a significant impact on the Karhu image and brand. Visibility and simplicity are essential to brand presentation in the media and distribution channels such as stores and other outlets. With its bear head and black rough exterior, Karhu is easily recognizable.

Karhu is at ease in pubs and bars. High-profile outlets or trendy venues are never used as a springboard in distribution. Karhu is mainly targeted to male consumers in the 30 to 50 year old age bracket.

Brand Values

The Karhu brand name reflects its origin, the town of Pori, in Swedish Björneborg meaning bear castle.

The bear has a significant role as the 'king of the forests' in Finnish mythology and folklore. Its identity is strongly domestic, down-to-earth and untamed. Karhu shares the feelings of freedom and independence almost every



Finnish male has experienced for ages while rambling through the woods.

Karhu is the real beer lover's independent choice. It is perceived as a unique and mysterious brand. The brand is chosen by those who believe in their own taste and are confident with their own decisions. It stands for masculinity, strength and authenticity - Karhu is real beer.

Karhu takes care of the environment. All packaging materials and labels are recyclable and bottles and cans are refundable.

THINGS YOU DIDN'T KNOW ABOUT...

Karhu

- It takes about 5000 barley seeds to make one litre of Karhu.
- An armful of birch logs was sent to winners in a Karhu consumer quiz.
- Karhu was the first beer to introduce a pint-sized can (0,568 litres) in Finland.
- In 1993, Karhu's place of origin Porin Oluttehdas turned 140 years. As part of the celebrations, Karhu was sold in a half-litre screw top bottle - the nationwide promotion paved the way for the introduction of half-litre containers.

www.karhu.fi