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Canada's independent brewers
could cash in following Molson-
Coors merger

By KEITH DOUCETTE

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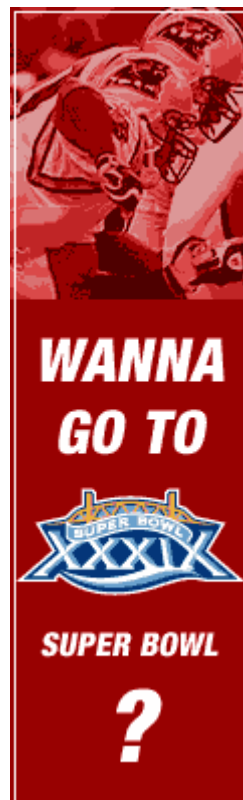
HALIFAX (CP) - Independent brewers Moosehead Ltd. and Sleeman Breweries Ltd. say Thursday's planned merger creating Molson Coors Brewing Co. changes little for them, but they'll jump at the chance to convert consumers looking for a Canadian-owned brand. "In terms of companies of our size, I think there's a potential opportunity to market more towards consumers determined to support Canadian companies," said Joel Levesque, spokesman for Moosehead, based in Saint John, N.B.

But Levesque was quick to temper that optimism with a dash of realism about a domestic market where two companies - Labatt and Molson - control nearly 90 per cent of sales with their own brands as well as licenced brews.

He said his company intends to continue with a strategy that saw it experience steady growth since it expanded into other provinces in the early 1990s.

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TD	46.30	-0.14
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BCE	28.20	-0.20

Levesque said Moosehead, now in 17 countries and every province but Saskatchewan, has been built into a \$135-million-a-year operation by marketing its product as a beer to suit changing tastes.

"We are not a mainstream brand outside of the Maritimes. We are a little bit upscale or, as we like to call it, a step-up brand," Levesque said.

He said the company can now claim to be Canada's oldest independent, family owned brewer, dating back to 1867.

That's an approach not unlike the one taken by a similar-sized competitor, Sleeman Breweries of Guelph, Ont.

Chairman and chief executive John Sleeman said his company will leave the glitzy marketing to the "big guys" while continuing to talk about its family heritage and brand quality.

He said it's an approach that has seen Sleeman grow 15 per cent a year in the Canadian market, while sales for big brewers like Molson have gone flat.

As for capitalizing on any nationalistic fervour, Sleeman said while his company will stress it's Canadian-owned, he's somewhat skeptical that approach will translate into bigger beer sales.

"So we are going to talk about things that won't change whether we are Canadian owned or not," Sleeman said.

But an industry analyst says mid-sized brewers can be expected to call attention to their Canadian roots in the long term.

Nick Nanos of S.E.S Research in Ottawa says there are studies that indicate independent brewers have an opportunity to capture an important demographic: beer drinkers under the age of 30, who tend to be more politically oriented.

"Brewers such as Moosehead and Sleeman try to capitalize not just on taste, but on a bit of the rebel and standing out from the crowd, something that tends to appeal to younger consumers," said Nanos.

He said while many independent brewers are already targeting that market, the Molson-Coors merger will simply spur that trend along.

Meantime, Calgary-based specialty brewer Big Rock Breweries said the merger will do little to change the company's strategy.

"We are a regional specialty beer company and intend to stick to those values even though we have some seeds planted in the east," said company president Bob King.

Big Rock sells primarily in Western Canada although it does sell beer in Ontario and in Halifax.