

Brewer Heineken Turns to Kvas as Russian Beer Market Dries Up

By [The Moscow Times](#)

April 23, 2015



Beer production in Russia fell 8.6 percent last year to 816 million decaliters as a drop in the price of oil and Western sanctions over the Ukraine crisis slowed Russian economic growth to just 0.6 percent.

Dutch brewer Heineken will start producing the traditional bread-based drink kvas at four of its Russian breweries as the country's beer market battles a steep downturn, the brewer said Thursday.

Heineken said in a press release that production of the mildly alcoholic Russian beverage would help fill empty capacity in its breweries. The Dutch brewer saw Russian beer sales plummet 10 percent in the first quarter, the Kommersant newspaper cited the company as saying, as Russians cut their beer consumption amid an economic downturn and laws aimed at curbing alcoholism.

“[Breweries] across the sector are underutilized by 40 percent on average. That statistic is about the same in our plants,” Kirill Bolmatov, Heineken's director of corporate relations in

Russia, said in the statement.

“The technology for kvas production is similar to beer, and so the company did not have to make any additional investments in equipment,” he added.

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Federal bans on selling beer in outdoor kiosks, restrictions on advertising and higher excise duties have also helped shrink Russia's beer market 30 percent since 2008.

Denmark's Carlsberg said in January that it would close two of its ten breweries across Russia, while Belgian beer maker Anheuser-Busch InBev has closed four of its Russian plants over the last two years.

The kvas market, meanwhile, has been growing. Kvas sales rose 11 percent from January to July last year, according to market research firm Nielsen, Russian beer analytic agency Pivnoye Delo reported.

Heineken's turn to kvas marks its second outing on the market. In 2005 the brewer launched a kvas brand under the name Stepan Timofeyevich, eventually taking around 9 percent of the market before selling the brand to leading kvas producer Deko in 2009.

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