

## Heineken Takes Beer Out of Man Cave With \$300 Dispenser: Retail

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By Matthew Boyle

Nov. 21 (Bloomberg) -- A fresh pint of beer can "unbind the tongue," wrote novelist James Joyce. Heineken NV hopes it will also get holiday shoppers to open their wallets.

The Dutch brewer's new at-home draft beer dispenser -- named the Sub for its sleek cylindrical shape -- is available for 250 euros (\$314) in four European countries and will land in Britain next year. Heineken says the Sub will be sold in the U.S. eventually, but won't say when.

Heineken and home appliance maker Krups spent almost three years crafting the Sub, working off a design from Marc Newson, who recently joined Apple Inc.'s secretive design team. The device can dispense 2-liter minikegs of Heineken-owned brews at a frosty 2 degrees Celsius (36 degrees Fahrenheit).

Heineken's BeerTender, introduced in 2004, flopped because of its clunky design, a limited selection of hefty 5-liter kegs, and an interminable 12-hour wait to get the beer properly chilled. Chief Marketing Officer Alexis Nasard said Heineken learned from those mistakes. The Sub is 25 percent smaller, offers nine beers -- everything from France's bitter Pelforth Blonde to Singapore's Tiger lager -- and doesn't look like a garbage can with a tap. "We tried to make this elegant, so it doesn't end up in the garage," Nasard said.

Next Nespresso?

Nasard envisions the Sub sitting next to a coffee maker, which explains the collaboration with Krups, designers of Nestle SA's Nespresso, the dominant single-serve coffee system in Europe. Yet unlike the still-percolating java market, the beer sector has been stagnant, with annual consumption down 1.7 percent across Europe over the past five years, according to data tracker Euromonitor. And although making a good espresso at home the old-fashioned way can be complicated, pulling a bottle of lager from the fridge isn't that hard.

One key design decision by Newson was to have the device sit horizontally, the way a barrel of wine or a submarine does.

Heineken took the naval concept further, dubbing the kegs Torps, short for torpedoes. The tap is at the top, so it juts out like a periscope.

The Torp, which costs 5 euros to 10 euros and holds about 8 half-pints of beer, fits in smaller European fridges, allowing it to be prechilled before it's slid into the Sub. Each Torp comes with a

short plastic tube that's pushed into a hole in one end, while the other end gets threaded through the tap and clicks into place. Closing the Sub's front panel pressurizes the beer, which stays fresh for about 15 days.

### Beer Status

The Sub's upscale design plays into the growing trend of more refined at-home drinking -- fancy cocktails, fine wine, craft beer -- which "communicates a certain status" among consumers, said Ben Voyer, a social psychologist at the ESCP Europe Business School. While mainstream beer volumes are falling, sales of premium-priced beers such as Heineken's Affligem and the tequila-flavored Desperados are on the rise. In Italy, half of all Torps sold are Affligem, an ale started at a Belgian abbey founded in 1074.

Heineken fell 0.6 percent to 61.12 euros at 1:23 p.m. in Amsterdam.

Even for the man who has everything, though, the Sub is "ridiculously" expensive, said Euromonitor analyst Spiros Malandrakis, who predicts it will fail unless Heineken licenses its technology to other brewers to widen the selection of brands. That strategy helped make Keurig Green Mountain Inc.'s coffee machines ubiquitous in American kitchens.

That won't happen with the Sub, however, according to Nasard. "We're not a service provider."

Instead, Heineken -- which has introduced a cheaper \$235 plastic version of its machine -- plans to keep this Christmas gift in the family.

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