



Jerome Pellaud of ZX Ventures at AB InBev on Brewing & Product Superiority



I recently met with Jerome Pellaud, General Partner, at the Beverage Fund of ZX Ventures, the global investment and innovation group of Anheuser-Busch InBev. We discussed flavor, neuroscience, and creating a superior customer experience. Find out here...

A chemist by background, with a passion for flavour and scent, Jerome Pellaud pursued a PHD in biophysics before moving into the brewing industry.

“For me, I’ve always been fascinated by and respectful of beer because it’s so complex and the number of molecules in beer is unparalleled.” There are more than 2500 different natural compounds in beer vs. 400 in wine, which creates an exponential range of product design options in brewing.

“It’s very hard to design wine for 3 reasons. The regulation is pretty strict, you are using grapes (albeit in different varieties) and cannot blend other things into it, the alcohol level is pretty much set and because you can only create a product once per year,” said Pellaud.

Whiskey, in contrast can be distilled more often but the regulation is limiting in terms of ingredients, and the complexity is also lower than beer.

“In beer you can play with what seems like an infinite combination of hops and yeast, then use different cereal at different malting levels. In our yeast bank, we have nearly 1500 different (types) to play with. The possibilities are infinite, and I find that really exciting.”

This range of options continues with alcohol percentage spanning from 0 to 20%, and choices such as dry, sweet, dark, blonde, fruity, and more. “My key message

is that beer is the best product that you can design to literally address any consumer sensory preference.”

Beer Tasting Targets and Trends

Jerome is now in charge of The Europe and Africa Beverage Fund at ZX Ventures overseeing early stage ventures across all beverage categories. He has a personal objective of 1500 different beverages to taste by December 2021. “To understand the trends, there is nothing better than tasting and you start to see patterns and memorise them. I only really need to memorise the best and worst 50- the rest don’t matter so much because the consumer only remembers the very best and the very worst,” Pellaud said.

And the middle? “The middle people will drink, they won’t mind it but they won’t necessarily think to reorder it- it won’t be memorable.”

In terms of trends, Pellaud notes an increase in confectionary flavours, textures, and ingredients finding their way to the beer market. He also acknowledges the continued popular appeal of the New England IPA with their juicy texture and fruit forward aroma profile.



“In terms of hops, I’m really addicted to Sabro hop which is in the top 5 fastest growing acreage from a small base, because this hop tastes like coconut and pineapple- it’s unbelievable.”

Pellaud is referring to the cross-pollination of the female *Neomexicanus* hop- genetically unique sub-species of hop that grew wild in the mountains of New Mexico for one million years. Sabro has only been on the brewing scene for a few years. It was traditionally resistant to breeding and took two decades to perfect.



The Beer Testing Process

When it comes to ZX Ventures beer testing process it's down to neuroscience, data and a bit of observation. "We don't rely on a lot of consumer surveys because their answers would be processed in the cortex of the brain, but the real decision for something like choosing a drink isn't made by the cortex, it's made in the limbic brain." (Odors travel directly to the limbic system including the hippocampus and amygdala, which are associated with memory and emotion.)

"So instead of long on-line surveys, my team rapidly seeds the product in the market and observes the reaction," said Pellaud. I wondered if they just watch people drinking it?

"Yes sometimes, but more that we crunch data to find patterns from a geographic, store type, and neighborhood point of view. We started selling more on Thursdays, for example, but only in certain places, and we realised all of those stores were less than 2 blocks from a train station. So it's the commute, the convenience, and the access. Ok- so how can we make it more convenient? We set assumptions, test and prove them. We do this in 20 stores, then 50. Then every store."

Achieving Product Superiority

Better solutions for a consumer involve being obsessed with solving a meaningful problem the consumer has. Pellaud maintains that product superiority, is key here, as it's only probably the top 10% of the beer that consumers will purchase again.

"To get them to remember it, it involves unique aroma signature that the brain will register." Pellaud is adamant that the name has to be memorable as well and the product convenient, including the packaging and access. All of their brands have their own DTC (Direct to Consumer) platform with a home delivery option.

"Even if it's a small proportion of our revenue, we try to create a seamless way for people to enjoy the product," said Pellaud. "We look at what pieces in the consumers' journey are broken and try to be superior in every single touchpoint, not just the liquid itself, but of course the liquid has a big, big role."

Jerome Pellaud will be sharing more of his insight at the Beer Strategies Roundtable Forum on 30th June. It's an event that brings together world leading

brewers to identify key drivers of growth, innovation and customer engagement in the beer industry.

Interested in attending? There are still a few remaining places and you can [register here](#).

**International Beer Strategies
Roundtable Forum**

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BREWERS ACROSS THE GLOBE TO
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