

Great Dane Pub & Brewing Co. running into supply chain issues in gearing up for Japan expansion

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Madison-based Great Dane Pub & Brewing Company is encountering supply chain-related delays and higher costs as it gears up to open a new brewery in Japan next year.

That's according to brewmaster Rob LoBreglio, who yesterday discussed the company's plans for the new brew pub in the city of Sendai, located about two hours north of Tokyo. He spoke during a trade policy virtual luncheon hosted by WisBusiness.com, WisPolitics.com and the Wisconsin Technology Council.

"We started this process over eight years ago, and finally now after eight years we broke ground last month," he said. "Going over next week, we're going to have a groundbreaking ceremony and hopefully we will be open by late spring or summer."

While LoBreglio highlighted the opportunities presented by the Japanese market, he also explained how supply chain disruptions have complicated the expansion effort. He said much of the equipment and raw materials for the project are coming from the United States, Canada and China.

"Confirming not only when the equipment would be manufactured, but also the length of shipping time, has been problematic for us," he said. "There's certainly been a big increase in our construction costs."

He said company leaders will soon be meeting with the construction company working on the building, and expects "bad news" on how much these costs have risen.

"There's a lot of big issues still up in the air once we see what the realities are of these cost increases — not only construction but the equipment costs have gone up, the shipping costs have gone up," he said.

But he noted the expansion coincides with rising demand for craft beer among Japanese consumers. He said it currently makes up about 3 percent of beer consumption in the country, and that market is expected to double in size. LoBreglio said “there really aren’t enough craft breweries to satisfy” that demand.

During a previous visit to Sendai, he said he was “extremely impressed” with the “large, vibrant young city with good beer consumption, a lot of sports enthusiasm.”

“It felt like Madison did to me way back when, when we got started,” he said, adding the company recently celebrated its 28th anniversary.

LoBreglio noted the Sendai location will have a tasting room and restaurant attached but will primarily be a production brewery focused on marketing its beer throughout Japan.

Watch a video of yesterday’s event:

-By Alex Moe