

Beer Trends That Matter

Tips for Improving Your Beer Futures in 2008



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Ever wish you could see the future?

Well looking over the beer headlines and trends from 2007 may just be what you need to unleash those dormant psychic abilities:

- ▶ Imports Crawl as Craft Beers Fly
- ▶ No Stopping Boston Beer
- ▶ Starr Hill Brewing Goes National
- ▶ The Summer of Beer

Imports Crawl as Craft Beers Fly

Just for the record, craft beer is not a fad. In fact craft beer, not too surprisingly, has been on an upward growth trend for the last five years. And I say “not too surprisingly” because the United States offers both the most diverse selection of beer styles as well as some of the best quality beers in the world, and many of these brands are coming from what we like to bucket into the craft beer segment.

What you should find most exciting about this growth is that it is only just beginning. With a little commitment to staff and consumer education, and a little commitment to promoting craft brands, there are even better days ahead and I am not the only one advocating the power of focusing on craft beer.

Earlier in 2007, Sheraton Four Points announced its Best Brews program. Four Points hotels around the world committed to providing a selection of local, regional and imported craft beers from their own extensive list of almost 300 available brews in bottles, and on tap.

Participating properties now offer a minimum of four draught beers and a selection of up to 20 bottled beers. So while other hotel chains are differentiating themselves with free breakfast buffets and adjustable firmness mat-

tresses, Four Points is embracing the growth and popularity of beer.

Making this work for you: Tip #1: Stock Dinner Bottles

One easy way to expand your beer selection and increase your margins without rearranging your tap handles or taking up a lot of storage space is to start stocking and promoting what the industry calls “dinner bottles.”

Both larger and smaller breweries are again utilizing these bigger bottle sizes (22 oz., 25 oz., 750 ml). True to its name, the dinner bottle is perfect serving size to go with an evening meal. Looking through our data base, roughly a quarter of the 3,400 brewer’s brands that we follow at MC Basset are offered in this dinner bottle size.

My personal favorite dinner bottles (distributed in New England):

Rogue — *Chocolate Stout*; **Rock Art Brewery** — *Magnumus ete Tomahawkus* (ESB); **Harpoon** — *UFO Hefeweizen*; **Stone Brewing** — *IPA* & **Stone Brewing** — *Arrogant Bastard*; **Brewery Ommegang** - *Three Philosophers Quadrupel Ale*; **Samuel Adams** — *Hallertau Imperial Pilsner*; **Long Trail Brewing** — *Double Bag*; and **Left Hand Brewing** — *Sawtooth Ale*.

No Stopping Boston Beer

Tap into a proven winner. In August, Boston Beer posted its sixth consecutive quarter of double-digit growth with no slow down in sight. I think this is a great testament to the quality and to the popularity of The Boston Beer Company’s brands (not to mention some terrific marketing). It is also why I often refer to Jim Koch and the Sam Adams brands as “The King of Craft.”

When I spoke with Jim Koch in November, we talked about the growth of the craft beer segment and his obsession with beer freshness. We also talked about why today’s craft beer growth is much different than the craft beer surge in the late 80s/early 90s.

The difference really comes down to the commitment to building good, consistent, quality brands. One bad beer leads to one lost beer consumer and this, in part, was what undermined the success of craft beer in the early 90s; stale beer and inconsistent batch to batch brewing.

Boston Beer for its part is investing in some larger regional brewing facilities which will increase the supply of fresh Sam Adams brands and allow The Boston Beer Company to keep up with the increasing demand for Sam Adams beer across the country.

for 2008



Making this work for you: Tip #2: Promote Craft Brands

Promotions involving well-known craft brands translate into significant opportunities to attract new customers and increase profits, and unlike in the late 80s/ early 90s, committing to selling craft beer is not going to leave either you or your customers with a bad taste in your mouth.

Case in point, Jim Surdyk took out newspaper and radio ads promoting that on June 21 his on-premise retail shop would open an hour early to stake a claim to selling Minnesota's first Fat Tire beer in 13 years.

At 6 a.m. on June 21, a two-block line of consumers waiting to buy New Belgium Brewery's Fat Tire Beer formed outside Surdyk's liquors store in Minneapolis. As a result, the store sold 600 \$40 cases of Fat Tire in the first hour (0.14 percent of the brand's entire 2006 national shipment volume). [*Ad Age*, July 30, 2007, page 4, 32]

So as established brewers launch new brands, or as they begin distributing in your state, it might be the perfect opportunity to draw a crowd.

And this opportunity may continue to increase as the big brewers such as Anheuser-Busch continue to sign distri-

bution agreements that make brands from breweries such as Sierra Nevada, Widmer, Red Hook, Alaskan Brewing, Goose Island and now Starr Hill from Virginia available nationally.

The Summer of Beer

The summer of 2007 proved to be one of the most successful beer summers on the books and this growth follows trends for sales for seasonal brands.

Year after year, seasonals are growing in popularity with the growing interest in different beer styles.

Making this work for you: Tip #3: Sell by Beer Style and Seasonals

The data tell the story here; each month highlight a different style of beer. Bring in a few different brands, train your staff, educate your customers, offer a tasting or have your customers vote on their favorite ESB one month and move on to Porters the next. Use any opportunity to help your customers to better appreciate beer and they will broaden their beer selections and your margins per pour or per bottle.

Taking into account the trends, a pro-

motional beer calendar might look something like this for 2008:

Month	Style
January	Barley Wine
February	Stout/ Oatmeal Stout/ Imperial Stout/ Milk Stout
March	Bock
April	Lager
May	Brown Ale
June	Wheat Ale and Hefeweizen
July	Pale Ale
August	India Pale Ale
September	ESB
October	Vienna Style Lagers/ Marzen/Octoberfest/ Pumpkin Ale
November	Porter
December	Strong Ale or Winter Ale

Miller, Coors Sign Joint Venture

Many Miller and Coors distributors are scrambling to prepare for capabilities reviews with the new joint venture teams. What is certain is that distributor consolidation is on the horizon, which means more change in 2008.

Although your local distributor may change or grow, your focus can remain the same. Craft beers are growing! Profit margins for those beers are higher! Focus on educating consumers about craft beers and stay ahead of the trend and increase your profitability. •

Michael Kuderka lives in Washington, N.J., and is the creator and publisher of *The Essential Reference of Domestic Brewers and Their Bottled Brands (DBBB)*™ and the book's *Online Companion*. The new 3rd edition of the book is more than 570 pages long and details over 400 U.S. breweries and over 3,000 of their brands. Mkuderka@mcbasset.com *The Essential Reference of Domestic Brewers and Their Bottled Brands (DBBB)*™ and our book's *Online Companion*, is a frontline beer selling system for on- or off-premise. The tools are turn-key, simple and sustainable, so check them out and get started on capitalizing on growth trends in beer.