

ADAPTING *to* CHANGE

Beer

Garden

*What Craft Breweries
Did Right*

BY TOM HENNESSY

History is written with the ink of tragedy and opportunity. The 1918 pandemic ushered in a new era of patient care for the average citizen. Poverty brought on by the Great Depression forced entrepreneurs to think differently, resulting in the invention of the electric razor, the car radio, chocolate chip cookies, and the board game Monopoly. World War II brought about computers, penicillin, super glue, and freeze-dried coffee (maybe not everything is an improvement). And finally, some notable companies were created during the Great Recession such as Uber, Airbnb, Square, and Venmo.

Certainly, the world of brewing has seen its ups and downs. For example, a low point of American beer came in the late 1970s when the 89 breweries in operation were owned by only 42 companies. It was thought that one day there would only be five breweries left in America. Out of this dumpster fire—and the new homebrew law established by President Jimmy Carter—the phoenix of craft beer rose.

I don't need to tell anyone reading this that we as brewers are in the midst of the greatest challenge the brewing business has seen since Prohibition. That's not hyperbole. Many breweries won't survive the >>

“With the pandemic still spiraling out of control and the threat of closures, I knew that I had to make a tough decision—keep on the same path, or step up to large-run canning.”

—Brandon Richter, owner,
Richter Aleworks, Peoria, Ariz.

recession caused by COVID-19—that’s a fact. But for those who are in a position to weather the tragedy, there are opportunities.

I was curious to see what other breweries were doing differently because of the pandemic. We brewers openly share what works and what doesn’t work, and I’m not ashamed to say that I could use a few good ideas myself. I reached out to see what interesting solutions people were coming up with.

The first thing I noticed from brewers I spoke with involved a couple of ways to rework the books. One involved negotiating lower lease payments, either through a straight reduction or with a deferment of rent payments to the end of the lease period. Another was to negotiate with lending institutions to refinance loans, or to ask for interest-only payments for a period of time to relieve fixed-cost pressure for the brewery. After this low-hanging fruit, the next thing was to start working on the revenue side to increase sales, and this is where it gets interesting.

Like disasters in the past, brewers needed to operate within a whole new landscape. I was struck by the speed in which some brewers made changes to the way they did business.

GETTING THE BEER OUT

Before COVID (BC), Richter Aleworks in Peoria, Ariz. sold 90 percent of its beer over the bar. With the shutdowns and adaptations, owner Brandon Richter bought an Oktober can seamer, which he says has fundamentally changed his brewery. He now estimates that 35 percent of his beer is sold in 32-ounce cans to go.

“With the pandemic still spiraling out of control and the threat of closures, I knew that I had to make a tough decision—keep on the same path, or step up to large-run canning,” said Richter. “After many sleepless nights, I decided to purchase a used two-head counter pressure filler from another brewery. I debated on mobile canning, but I felt the costs associated with it could be saved or reinvested into my brewery.”

He immediately noticed an upside.

“I wasn’t expecting the excitement from our customers,” admitted Richter. “Yes, the crowlers sold well and people liked them. However, they seemed to prefer the four-pack of 16-ounce cans. This in turn makes us more money. Sure, they’re getting more beer for their money, but we’re getting more money per transaction.”

Brian and Erin Bullard opened ONCO Fermentations in Tully, N.Y. in March 2019. “Our one-year anniversary provided a ton of changes as a result of COVID,” said Erin. “Our biggest change has been to head to distribution sooner than we planned. We had set out to be a community space with distribution maybe in year two. We sent beers out on a limited basis before COVID just to get the word out, but the overall goal was to drive traffic to the tasting room.”

During the start of the shutdown in New York, the Bullards weren’t sure if their customers would buy cans to go, as they were used to hanging out in ONCO’s “adult coffee house” and rarely purchased takeout products. The brewery experimented with crowlers to gauge the response.

“Well, they came for cans, so we placed an order for a Wild Goose Gosling,” said Erin Bullard. “We also introduced ‘quarantine flight packs’ which included all beers on tap in 8-ounce cans to go, or ONGOs.”

<

Richter Aleworks purchased a two-head counter pressure filler from another brewery.



In late 2020, Tom Clifford came to ONCO looking for a job and is now the salesperson for the brewery. “It was a perfect fit, and perfect timing,” Bullard said. “We are now canning on our schedule with the Gosling and slowly sending our cans across New York.”

Not everyone went in the direction of canning. Rich Hennosy of Buckeye Lake Brewery in Ohio had his own difficult decision to make.

“Running a brewery has always been labor intensive, especially when packaging is involved,” he explained. “We had been wondering if it was all worth the effort. Then COVID-19 came. We decided to eliminate our packaging, delivery, and sales staff. This meant I would sell and deliver our remaining inventory myself.”

However, this decision turned out to be the brewery’s best response. “After all that inventory was gone, we realized that with the two people remaining on our production staff, we could supply our taprooms, handle a few retail accounts, and basically make the same amount of money or more as when we had packaging,” Hennosy said. “It’s so much less headache and work. A

wise man once told me, ‘It’s not what you make, it’s what you keep.’”

CREATIVE SPACES

As many states shut down indoor seating, brewers moved to outside seating, space and weather permitting. This allowed breweries to become profitable again during the summer months. Knowing that same scenario would not be possible with colder weather, many breweries came up with other ideas, such as individual cubicles on their patios.

Nathaniel Miller from Big Choice Brewing in Brighton, Colo. is constantly looking to adapt. “We had purchased eight greenhouses in early October so that we could keep our seating capacity [prior to Level Red] more in line with normal winter capacity to maintain sales,” said Miller. “That proved to be a lifesaver. Now we have them for outside in-person dining.”

This trend is being repeated all over the U.S. And of course, breweries have to compete with restaurants and bars for a limited supply of outdoor heaters. Amazon has reported a nearly 70-percent increase in outdoor heater sales since 2019.

Social distancing is easier for some breweries than others. Jester King Brewery sits on a 200-acre ranch just outside Austin, Texas. The brewery created a two-mile-long trail where customers can walk and see the vineyards, hop farm, and even the brewery’s goats. Picnic tables are spread out along the path, with the farthest one only 250 yards from one of the food and drink stands created outside. While most breweries are in downtown areas where customers can’t leave a small, gated area because of local liquor laws, Jester King has a whole trail system for its guests.

There are some caveats. Co-owner Jeffrey Stuffings said they only allow two seating times of four hours each. Still, this admits a maximum of 200 people per time slot: not a bad solution.

Ben Parsons of Baerlic Brewing in Portland, Ore., took social distancing to a whole new level. “Knowing the weather was turning into our typically rainy fall and winter, we decided to take over a 6,000-square-foot space right next door to our brewery and taproom for a socially distanced indoor beer garden,” Parsons said. “The previous tenant of the space was a sports bar that

v

Jester King’s onsite brewery trail allows for plenty of social distancing.





went under in March due to COVID. And to further sweeten this project, we partnered with Ranch Pizza—the best damn Detroit-style pizza mongers in Portland—to take over the kitchen and sling pies while we sling the beers. During COVID, it makes for a really safe and awesome option and will be a rager of a space post-COVID.”

While the weather was good, Parsons repurposed his rear parking lot, which he can use again when the weather gets better this spring. “Rather than open our very small taproom (1,200 square feet) adjacent to our brewery, we pivoted to an outdoor beer garden we called the Super Secret Beer Club in our back parking lot. It turned out to be very successful.”

Baerlic also has another small taproom location with an indoor space of only 800 square feet. “We can’t realistically have indoor seating—or enough indoor seating to make it worth it [during indoor seating restrictions],” said Parsons. “So we turned it into a small indoor market with our beer to go, local wines, ciders, CBD sodas, etc. as well as a boutique for locally crafted things.”

TAKING THE HIGH ROAD

Many licensing authorities are also relaxing rules for beer deliveries, and breweries have recognized this opportunity. Trapezium Brewing in Petersburg, Va., quickly obtained a delivery license and recruited its sales reps as home delivery drivers. “We also reached

<

Lady Justice Brewing in Aurora, Colo., has patio seating and also offers beer to go.

out to neighborhood associations to coordinate beer delivery pop-ups alongside food trucks,” said the brewery’s Emily Sanfratella. “One of our taprooms serves pizza, and we were tempted at first to use third-party delivery services, but ultimately decided it was too far of a deviation from our core service. Staying focused on selling beer through any available channel helped us avoid distractions and unnecessary complications.”

As is sometimes the case, there was a silver lining. “We are preparing to open a new taproom in Yorktown, Va. next summer,” explained Sanfratella. “We launched beer delivery service to the area in April, allowing us to connect with our new customers directly. We’ve met some really great folks by driving to their house each week—we even secured a permanent line on a customer’s kegerator. It’s provided a grassroots marketing opportunity for us as we wait for our taproom to come online.” Forgoing taps in regular accounts in favor of supplying taps in peoples’ homes—now that’s a great idea.

True Respite Brewing in Rockville, Md. came up with a different solution to deliveries, creating a web-based platform for managing online sales and fulfillment logistics for pickup, delivery, shipping, and dine-in orders, called *biermi.com*. To help their fellow brewers, the brewery’s co-founders—Bailey and Brendan O’Leary and Brian O’Connor—even offered it for free at the beginning of the shutdown. *Biermi.com* now also manages pre-sales, memberships, subscriptions, promo codes, and more.

One customer who is using the *biermi* services is Jordan Fink of Woods Boss Brewing in Denver. After it was shut down during the first wave on March 17, 2020, the brewery quickly moved to canning, which was not in its original plans. By April 7, they had labels and had hooked up with a mobile canning unit. By the end of the year, Woods Boss had sold more than 4,500 cases of beer to-go through services like *biermi*, customer pickup, and self-distribution. The brewery is now installing its own canning line. “The name of the game is adaptation,” said Fink.

<

Baerlic Brewing in Portland, Ore., repurposed its back parking lot for a socially distanced outdoor beer garden.





<

Having beers available for pickup and delivery has helped keep many breweries afloat.

to go, or even home deliveries. And finally, surviving COVID-19 has pushed breweries to be better businesspeople: learning to concentrate on profitability in what they sell, and how they manage their overhead.

Many breweries have also likely lost their innocent belief that if you just open it, they will come. Regardless, the brewing industry has changed and grown through tragedy and challenge—maybe even for the better.

Tom Hennessy is the founder and owner of Colorado Boy Brewery in Montrose, Colo., his seventh brewery since 1993. He is the author of *Frankenbrew* (1995), *Brewery Operations Manual* (2013), and *Colorado Boy SOP* (2016), and also operates the Colorado Boy Brewery Immersion Course that has helped open more than 110 breweries to date across the U.S. and eight other nations.

NB

Another Colorado brewery, Lady Justice Brewing in Aurora, has patio seating and also offers beer to go. “Our biggest and best decision has been pushing to-go,” said director of marketing Alison Wisneski. “Having beer available for purchase as six-packs, 22-ounce bombers, and 25-ounce crowlers at the brewery, starting small with distribution across the state of Colorado and slowly growing our portfolio, has been a smart move.”

The brewery’s team also made another smart decision: keeping their full-time jobs unrelated to Lady Justice.

“We’ve had the brewery for six years and have all worked full-time while running the brewery,” explained Wisneski. “It’s exhausting and definitely wasn’t the plan when we opened our taproom at the beginning of [last] year, but we’re all glad we did.”

Lady Justice gives dollars over cost to programs supporting women and girls in the state of Colorado, as well as Black-owned and operated businesses. “While our giving is smaller as our costs have gotten higher [during the pandemic], we are still really clear with our customers that their dollars are going back into their community,” said Wisneski.

OUT OF THE ASHES

Will the brewing business get back to normal after most people have been vaccinated? It’s hard to know for sure, but if history teaches us anything, it’s that crisis begets permanent change. You don’t have to look too far back for examples, like 9/11 and its impact on the way we travel.

Craft breweries that survived this pandemic have learned new skills in the way they do business. More are now canning, which is creating more local competition for large distributing breweries. More customers now expect to be able to get anything

CLAYTON HOPS
NZ

EXPERIENCE THE DIFFERENCE
www.claytonhops.co.nz