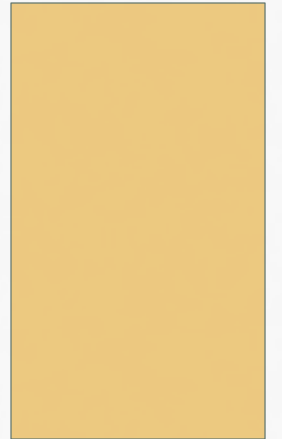


# A LIFE IN CRAFT BEER

LOOKING AT THE PAST, PRESENT, AND FUTURE



# THE EARLY DAYS

“EVENTUALLY THERE WILL BE A BREWPUB IN EVERY TOWN!” -BILL OWENS

- If you build it, they will come. Curiosity ruled.
- Guest education was key
- Most brewers brewed English styles
- “DIY” brewing systems-dairy equipment
- Food offerings were an afterthought
- Self-distribution was critical
- Reinheitsgebot
- Ingredient suppliers were rare
- Some early lager brewers: Sam Adams, Stoudt  
Pennsylvania, Gordon Biersch, Great Lakes, Thomas-Kemper

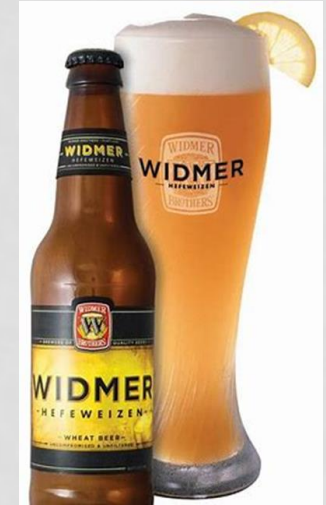
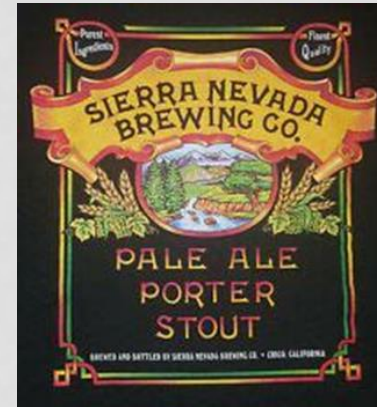
- Things to fight against:
  - The Man
  - Big/macro/American industrial brewers-6 brewers had 90% of the beer market
  - Canned beer
  - Pasteurization
  - Preservatives
  - Non-natural ingredients

# ORIGINS OF CRAFT



Jack McAuliffe - Founder

*"Naturally conditioned malt beverage in returnable bottles brewed in the old English Tradition"*



# THE EARLY DAYS

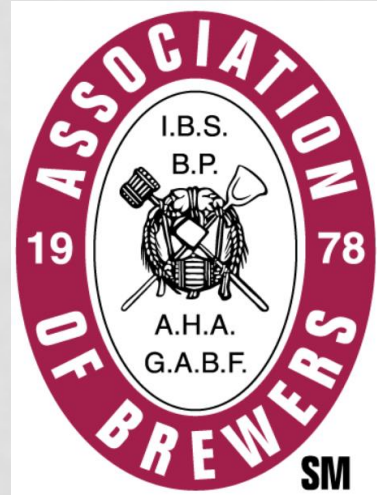


# THE EARLY DAYS

## UC DAVIS BREWING PROGRAM



# THE EARLY DAYS



# THE NINETIES

“CRAFT BEER SALES ARE AT AN ALL-TIME HIGH!” -DAVID EDGAR

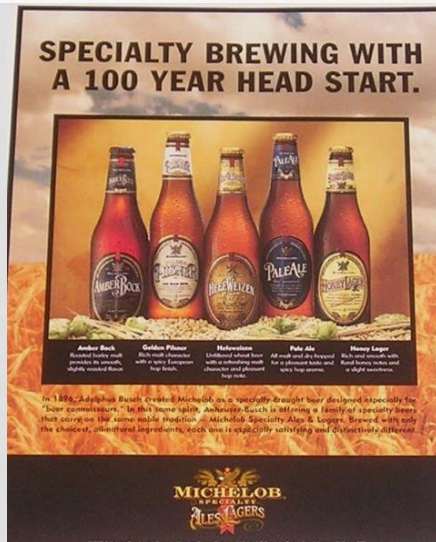
- The increasing popularity of IPA
- The rise of classic international beer styles (Belgian, lagers)
- Barrel Aged Beers
- The rise and fall of fruit beer
- The rise and fall of red beer
- Emergence of craft beer focused taprooms
- Big brewers starting to take notice
- The Association of Brewers growth and influence
- The growth of the Internet
- Increasing reliance on distributors
- AB feud with Boston Beer-and the first “crash”

- Things to fight against:
  - Contract Brewing
  - Macro/Industrial Brewers squashing craft
  - Stealth craft “Craft” vs “Crafty”
  - Pasteurization and preservatives
  - Boring, flavorless beer
  - Clone beers
  - Batch-to-batch variation
  - Diacetyl

# NINETIES



# NINETIES



# THE GOLDEN YEARS

“20% OF MARKET SHARE BY 2020” - KIM JORDAN

- We could brew what we wanted to
- We could educate beer drinkers about why our beer was great, AND THEY LISTENED
- “Beer Styles” were important
- Emergence of sour beers, wild fermentations, and more obscure historical styles
- Glassware mattered
- Taking risks with beer, tweaking styles and creating new styles worked
- Double digit growth year over year was the norm
- Distributors and retailers wanted a lot of craft beer
- Big brewers were desperately trying to get in the game and made a lot of craft brewery founders rich
- Our industry was “99% A\*\*hole Free”
- We were going to CHANGE THE WORLD

# THE GOLDEN YEARS

- Double digit growth
- International growth and expansion
- Tax Reform
- Growth of Quality Programs
- Relationships with hop farmers
- IBU arms race. Triple IPAs and Extreme Beers
- The beginnings of social media and beer ratings sites
- The introduction of cans-Oskar Blues
- "I am a Craft Brewer"  
<https://www.youtube.com/watch?v=ev5OZS75qaY>
- Collaboration brews
- Music collaborations
- Chain store sales focus
- The merger of BAA and AoB to form BA. GABF and CBC

- Things to fight against:
  - Macro brewers
  - "Corporate-ness"
  - Using rice and corn
  - "Fizzy Yellow Beer"
  - Pasteurization
  - Selling out
  - Brewing bad beer/quality issues
  - A\*\*holes in the community
  - Libby pint glasses

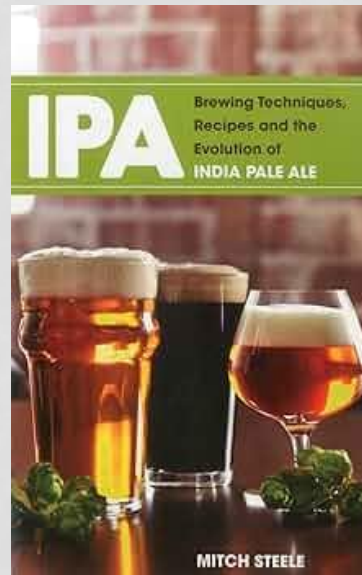
# THE GOLDEN YEARS



# THE GOLDEN YEARS



# THE GOLDEN YEARS



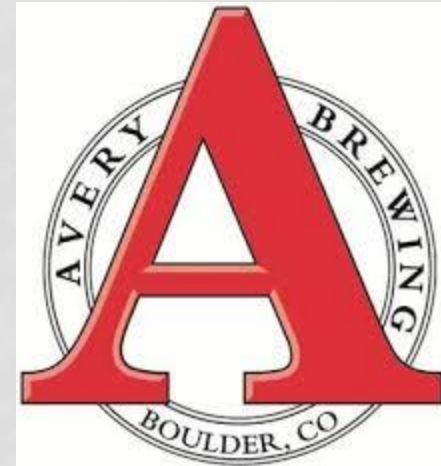
# INDUSTRY MATURATION

- "We may be the only nerds still at home and staying 6ft apart, but at least we have good beer!"
- "Within the craft beer industry, known for its heavy reliance on the word 'community,' face-to-face interaction has been all but decimated in the days of social distancing."
- "Cultivating diversity isn't merely a feel-good effort; it is an increasingly important key to success." — Brewers Association
- "Craft beer...[now] propelled by a poverty mentality. Basically: do whatever you can to survive."
- "For Many Craft Breweries, the Apocalypse is Now"
- "Unfortunately, the time has come to shut down... We plan to go out in style, sharing a final pint or two"

# CRAFT BREWERY PROLIFERATION



# BUYOUTS



# THE MATURE INDUSTRY-CLOSINGS AND BUYOUTS



# INDUSTRY MATURATION AND LEVEL SETTING

## “DELIGHT THE CUSTOMER”

- Hazy IPA
- Innovation shift from “Brewer Focused”
  - Everything IPA
  - Distributor influence
  - Marketing influence
  - What does the customer want?
- Lager brewing, NA Beers and lighter beers
- Business focus
- Independence
- DEI and mental health
- Localness matters

- Things to fight against:
  - Three Tier System
  - Hazies (?) and IPA-everything
  - Trend chasing
  - Influencers
  - Untappd
  - Debt
  - Consolidations and buyouts
  - Brewery closures
  - Supply Chain issues and political influence
  - Lack of business skill
  - Industry Burnout

# INDUSTRY MATURATION AND LEVEL SETTING

- Death of 22 oz bottles
- Decline of Belgian styles
- Decline of Extreme beers
- Decline of beer cellars and bottle shares
- Fall and resurgence of west coast IPAs
- IPA style variations still coming, at a slower rate with less success
- Taproom struggles
- Brewery Auctions
- Rise of NA Beer



# THE MATURE INDUSTRY



# INDUSTRY MATURATION AND LEVEL SETTING

- Socialization
  - Gen Z lost out on socialization opportunities in college because of Covid shutdowns
  - Social Media has created risks with socializing and doing fun, stupid things
- Downturn in alcohol consumption is real
  - THC is both a threat and opportunity to the brewing business
  - Dry January, Sober October
  - California Sober
- Core craft beer consumers are getting older and drinking less
- Inflation, world economics and politics are making cost management more difficult, and impacting style selection by brewers
- Good business practices are critical. BA is putting focus on business fundamentals.
- **The old business model doesn't work anymore!**

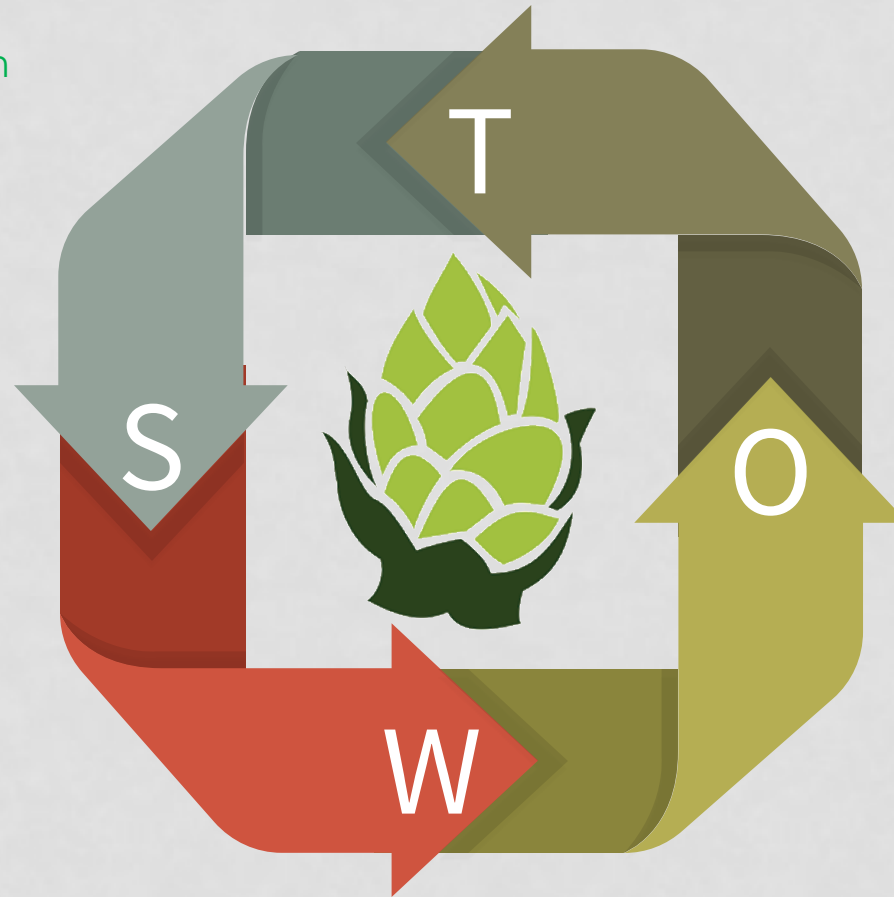
# CRAFT BREWING S.W.O.T. ANALYSIS

## Strengths (internal)

- Adaptability, passion and innovation
- Legacy
- Technical organizations
- Govt Affairs
- Camaraderie and collaboration

## Weaknesses (internal)

- Business Acumen
- Profitability
- Resistance/Reluctance to change
- Costs
- Technology gaps and quality gaps
- Bandwidth
- Hubris/not acknowledging history



## Threats (external)

- Distributor consolidation
- Core fan base age
- Neo-prohibitionists
- Spirits, FMBs
- Inflation and Supply Chain
- Cannabis/Delta 9 THC

## Opportunities (external)

- Category 4 and D9 THC innovation
- Large companies abandoning craft portfolios
- Entry level drinkers shift in taste profiles (sweet/flavors)
- Lower abv trends, lower IBUs
- Used equipment

# QUALITY

- “There are two types of brewers: Those who have had a beer infection, and those that haven't...yet” -Dan Carey
- Understand your definition of quality. Is it:
  - Great tasting beer
  - Consistency
  - Good brewing practices, lack of defects
- Minimum in a taproom brewery or brewpub
  - Microscope, pH meter, gravity analyzer, water bath for diacetyl force tests

- Minimum in packaging brewery:
  - All the above, plus
  - DO meter, CO2 meter, Seam Check gauges
  - Optional, depending on size: Alcolyzer, spectrophotometer
- Quality does not end when your beer leaves the brewery!
  - Retail checks
  - Shelf life checks- Check beer stored at room temperature

# BUSINESS FUNDAMENTALS

- Knowing some basic business practices will help you make good decisions
- Avoid (or minimize) debt
- What does your beer cost to brew? Check pricing and supply with suppliers regularly
  - Ingredients
  - Packaging material
  - Variable utilities
  - Labor
- What is your margin per barrel:
  - Taproom
  - Distribution
- What is your overhead:
  - Rent-long term lease or building ownership
  - Loan payments
  - Equipment leases

# AUTHENTICITY

- Beer drinkers recognize it. Other brewers recognize it. Lack of authenticity kills brands and companies
- Be genuinely excited about your beers
- Cloning someone else's successful beer or copying their marketing is not authentic
  - Inspiration is authentic, copying is not
- Trend chasing: People know when you are doing because you need to, not because you want to
- Respond personally to customer complaints
- Stay apolitical
- Do the right thing
- Don't flaunt money
- Be involved in your community
- Be involved in the brewing community
- Give back

# INNOVATION

- Real innovation matters. Decide whether you want to be “First to market”, “Early to market”, “Fast follower” or “Late trend chaser”
- Recipe formulation right now is a very small% of a beer's success
- Storytelling still works
- Good marketing is critical. It needs to be authentic
- Reformulating a dying brand rarely works
- Suppliers' innovation efforts can fuel your own innovation
- Technology can spur innovation
- Patience is a virtue



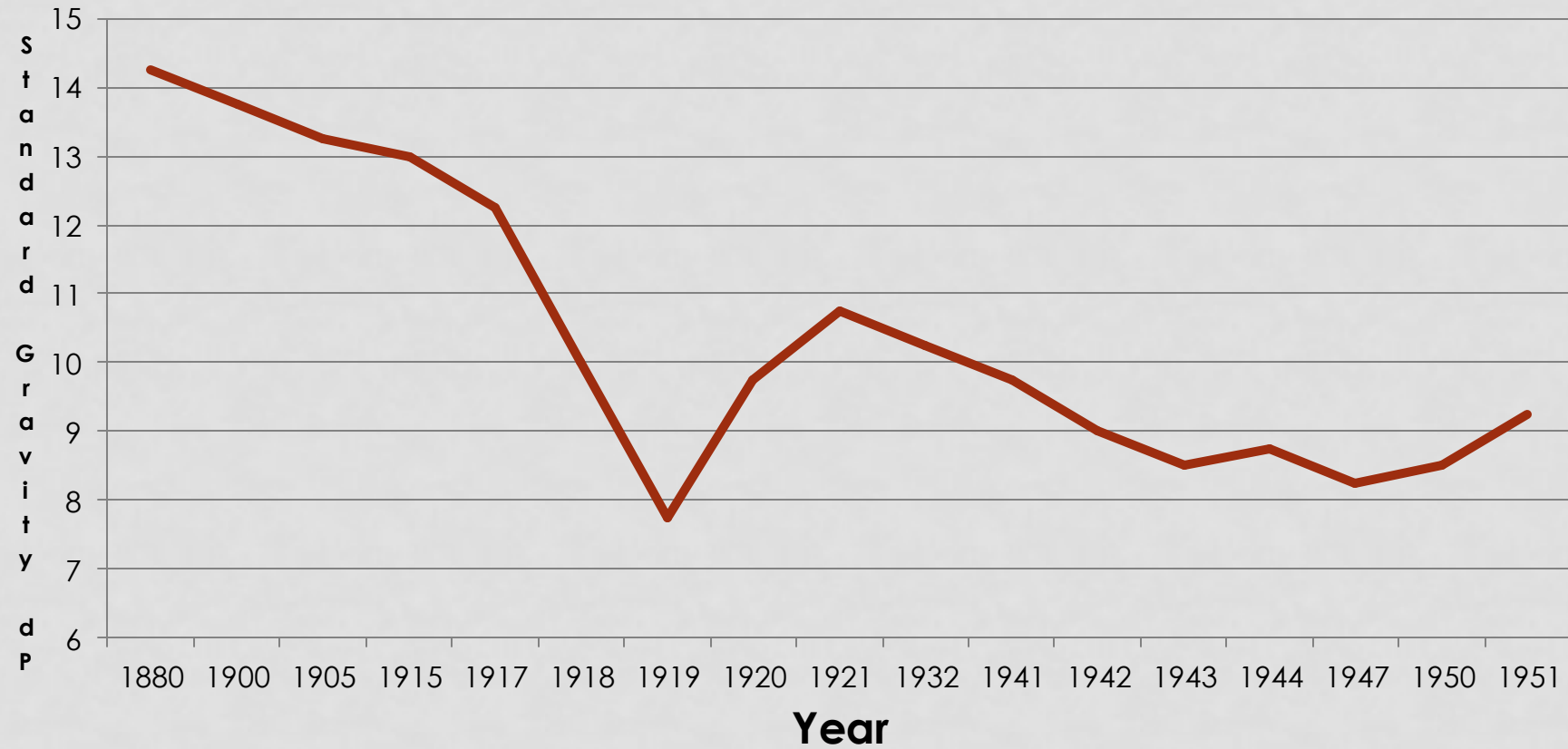
# COLLABORATION VS COMPETITION

- Develop relationships with other local brewers
- Understand that for sales, it will always be very competitive
- Most brewers still talk to each other, help each other, and follow the “rising tide lifts all boats” philosophy
- BUT...the craft beer industry is no longer “99% A\*\*hole Free”
- Collaboration beers are very fun and good for both breweries
- Can build community and authenticity



# HISTORY, POLITICS, WORLD EVENTS

**English Beer Standard Gravity Values**



# THC

- Opportunity AND Threat
- Breweries have most equipment needed
- Pasteurizer
- Preservatives
- “normalization” of THC
- Extremely high margin
- Regulatory uncertainty



# THE “NEW” EXPERIENTIAL TAPROOM MODEL

- Incorporate beer tradition:
  - Side pull pours
  - Czech lager pours
  - Kolsch service
  - Oktoberfest celebrations
  - Cask beer



- Four Georgia Beer Outlets Find Success with Cask Ale

By Owen Ogletree



Bill Kimmerly, brewer for Bandwagon in Moultrie, Georgia

The world moves pretty fast. Trends change rapidly. Especially in our modern craft beer scene, brewers struggle to keep up with “the next big thing.” While many pubs and breweries around the USA fret over what’s going to be popular in the coming months, three personable Georgia breweries and one respected Georgia craft beer pub have found success in an old English pub practice known as cask-conditioned ale or “real ale.”

Decatur’s **Brick Store Pub**, **Creature Comforts Brewing** in Athens, Duluth’s **Good Word Brewing & Public House**, and **Bandwagon Brewing** in the south Georgia town of Moultrie all embrace cask real ales, and customers have responded with remarkable interest and enthusiasm.

# THE "NEW" EXPERIENTIAL TAPROOM MODEL



# ARE THINGS LOOKING UP?

- Beer is cyclical. There have been a few periods in the last 40 years that closings outpaced openings
- The boom we saw in the 2010s was unsustainable-correction was needed
- Beer has been around for most of known history, it's not going anywhere
- Gen Z is actually spending as much money on alcohol as other generations. They are starting to learn how to socialize
- Craft is growing fast internationally
- Upward trends for beer styles:
  - Golden lagers are on the upswing
  - Hoppy Lagers are a real “thing”
  - There is renewed interest in West Coast IPAs
  - Resurgence of Guinness Stout
- Local breweries continue to be (or are evolving to be):
  - Success stories in brutal economic conditions
  - Social anchors, family friendly, dog friendly, sober friendly
  - All-in-one weekend entertainment venues

# FINAL FOOD FOR THOUGHT

- **Don't underestimate the benefits of social drinking**

- Beer can enhance relationships
- Friendships and community connection can be built and strengthened over a beer
- Common ground can be found over a beer
- Can enhance creativity and problem solving
- Beer is fun, and moderate consumption adds fun to events like eating out, seeing music, attending sporting events, and being at parties
- Reduces stress and improves mood
- [Why My 2026 Resolution Is to Start Drinking Again | GQ](#)

**Thank you!!!**

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