

'THE BEER WARS' RAGE ON

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One of my favourite topics for my editorials in the SBR has for a long time been the relationship between the large, traditional lager breweries and the craft segment of our industry. As the craft segment has kept growing and the sales in our region of the traditional “standard” lagers – regardless of whether these are sold and marketed as premium or popular priced beers – have been declining, I have long foreseen relatively dramatic changes in the structure of segmentation. My prediction was that big brewers would inevitably turn their intentions to the craft segment, quite simply in order to secure their long term survival and reap the benefits of a segment with much better margins than they are used to. As late as in my editorial in the previous issue – No. 2/2017 – I again elaborated on the state of affairs in the current era that I called the “post-craft revolution era”, so I shall refrain from repeating my analysis in this editorial. Hopefully, you have the previous issue of the SBR at hand if you need to refresh your memory in this respect. Regardless, I now jump right into that same topic again in this editorial. Not because I’m short of relevant topics to write about, but quite simply because events in the past couple of months have, to an even greater extent than I ever expected, proved me right in my predictions. I have chosen the title “The Beer Wars rage on” because I feel that the tone in the public debate between the parties and in the media has escalated significantly and that initiatives aiming at re-establishing the clear divides between “craft” and “non-craft” have gained a lot of momentum just lately. In order to illustrate this, we have chosen to focus the “Newsflash” columns in this issue on news about these issues, and here I have picked out a few to focus my comments on.



It is more than noteworthy to discover that, on both sides of the Atlantic Ocean, simultaneous efforts are now ongoing. In the US under the auspices of the Brewers Association, which is, in case you forgot, an “exclusive” organization only open to

so-called “independent craft breweries” – a category which is almost impossible to define, which I have previously ridiculed on these pages. In Denmark, the initiative is undertaken by the Danish Brewers’ Association, which, as we all know, is an “inclusive” association with members representing all segments of the brewing and soft drinks industries. The initiatives are not entirely identical, but they are, on the surface, very similar.

The Brewers Association in the USA is – as a direct offensive step against the seemingly unstoppable takeovers of small brewers by the big brewing companies, especially the world’s No. 1, AB InBev – introducing the “Independent Craft Brewer Seal”, a physical seal that may be included on beer labels and other communication platforms. It is available for use free of charge by any American craft brewery that has a valid TTB Brewer’s Notice, meets the BA’s craft brewer definition, and signs a license agreement, members as well as and non-member breweries of the BA. The aim is, of course, to differentiate in a crowded and increasingly competitive marketplace, informing beer lovers that they are choosing a beer from a brewery that is independently owned.



Featuring an iconic beer bottle shape flipped upside down, the seal captures the spirit with which craft brewers have upended beer.

Is this seal a good or a bad thing? On the surface, there’s little bad to be said about informing consumers about the origin of the products they are buying, so that’s, of course, fine. On the other hand, the indirect message delivered by the seal is that this beer

is “good” and the one next to it on the shelf, not bearing the seal, is “bad”. Regardless of whether the “bad” beer comes from a “bad” brewery or actually from a fully independent, genuine craft brewery that has either not taken the step to get certified or simply just not bothered to put the seal on the label. And the last question one might ask is “What difference is this going to make?” Will the American beer drinkers in general even notice this initiative and will they care? Or will they go for the best beer for the price, to the best of their knowledge? Only time will tell...

In Denmark, the ongoing initiative is called “The Free Beer” and is a sort of manifesto that all members of the Danish Brewers’ Association will eventually sign and thereby be morally obliged to follow. How it will be communicated and marketed once it has been completed, agreed and signed has not yet been decided, and as this has not yet happened I obviously neither can nor will quote the draft version I have received entirely. But the fundamental elements in the text are the following:

- *The purpose is to offer the Danish beer consumers beer from breweries/brewers that experience no obstacles in their pursuit of brewing the best beer possible.*
- *A precondition for the above is that the competition between the breweries is free and fair, and the manifesto aims at ensuring this free and fair competition.*
- *As with the BA seal, joining the manifesto of “The Free Beer” is open to all breweries, members as well as non-members.*

The manifesto will commit the breweries/brewers to the following:

- *Supplying the consumer with honest, precise and comprehensive information about raw materials, the brewery – including its name – where the beer is brewed and packaged, and the taste and flavour profile of the beer.*
- *Being independent of other breweries and being open and honest about the ownership structure of their brewery.*
- *Being committed to striving for diversity and innovation within the brewing community.*
- *Behaving as a colleague, sharing knowledge and inspiration, rather than a competitor towards other Danish brewers, supporting the free and fair access to the market for them. Exclusive agreements with bars, restaurants and festivals should not be made.*
- *Sponsorships and marketing support donations may not be dependent on the recipient excluding other breweries.*
- *Contributing to the development of the language of beer, making this as nuanced as possible.*

So how will this manifesto be received, and what consequences will it have? Apart from obviously being entirely dependent on how, where and how effectively it will be communicated, this will obviously depend almost entirely on how literally →

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it will be taken by the bigger breweries, as most small and independent craft breweries already act according to the ethics expressed by the manifesto. Being not legally binding, but rather a somewhat fluffy and generally formulated expression of good intentions, it may be difficult to apply as a practical “code of good conduct” in daily life. With one exception, though, and that is these two sentences: “Exclusive agreements with bars, restaurants and festivals should not be made” and “Your sponsorships and marketing support donations may not be dependent on the recipient excluding other breweries”. In my tradition of being blunt and slightly cynical, I would go so far as to claim that this requirement is the only substantial thing in the manifesto, and all the rest is basically nice and sweet wrapping around it! And with my inside knowledge of how this is being seen in a big brewing company, I know this not going to go down easy! To a large extent, this is a bit what I’ve stated previously: The “big guys” are big and have lots of financial power that they’ve earned the hard way by running effective businesses, and now “the small guys” complain saying that the “big guys” may not use this power in order to gain competitive advantages. Fundamentally, this is like asking water to run upward! Practically, sponsorships of, for instance, festivals are very, very expensive, and there is no way that anybody will spend that kind of money without getting a return on their investment. But, at the end of the day, where there is a will there is a way, and I’m personally not in doubt that the desire to land a manifesto that is shared by the entire brewing business in Denmark will inspire creative solutions. Not only implying that the final wording of the manifesto will be agreed upon by all, but also that practical and balanced solutions to those seemingly insurmountable obstacles may be found.

These initiatives can hardly, when seen in isolation, be seen as warfare, but I still see the “coincidental” appearance of the initiatives as an expression of a very greatly increased concern and nervousness on behalf of the small breweries with respect to the ability to continue growing their markets and selling their beer at prices that ensure a healthy and sustainable economy of their breweries. And when talking to friends and colleagues both here at home and in the US, I can only conclude that this is the general feeling. The aggressive invasion by the big brewers into the craft segment is creating much fear and concern amongst these segments’ original actors.

It was originally my intention that this editorial should also offer views and comments to the “Newsflash” stories about Carlsberg and Brooklyn Brewery establishing yet another joint-venture brewery in Klaipeda, Lithuania; the slowing

down of growth for craft beer sales in the US; the website RateBeer being compromised by AB InBev ownership stake; craft partisans flying a “10 Barrel is Not Craft Beer” banner over San Diego; and, not least, that the Australian craft brewers have voted to exclude Big Brewers from their association. But as I have, as usual, been using far too many words on the first two news items, this will have to wait until another editorial.

Allow me to round off this editorial by revisiting my previous one once again. Let me simply quote: “Only through an increased cooperation, knowledge sharing and mutual inspiration can we remedy the negative consequences of the ‘post craft beer revolution era.’” What the future will bring, none of us knows. But as far as our region is concerned – maybe very specifically Denmark – I’m obviously both happy and optimistic because we all sit at the same table and discuss the issues and we – the biggest and the smallest breweries alike – share a strong commitment to remaining one brewing community which solves the issues in agreement and sets rules for our interaction and communication that apply to all. This is definitely not easy as the differences and thereby the interests are as different as the sizes of our breweries/companies, and that the community of small brewers feel increasingly threatened regarding their livelihood certainly does not make this any easier. But the strength in keeping the unity even in difficult times and agreeing on even the most difficult issues is, in my view, invaluable. And if this will enable us all to focus our attention and spend our resources on brewing and selling excellent beer to our customers and consumers instead of fighting amongst ourselves, this will clearly be to the benefit of all – brewers, customers and consumers!

Please remember that we at the SBR very strongly encourage you to comment on the anything you wish to comment on in the magazine, but obviously particularly to the editorial. Please forward your comments to anders@kissmeyer.dk. ☺

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