

PACKAGING OPTIONS

for Brewpubs + Small Breweries

In an era when a rising number of brewpub operators are packaging beers for off-premise distribution, Paul Nashak, managing partner of Colorado's Mountain Sun brewpub group, begs to differ. He says Mountain Sun has absolutely no interest in joining the trend.

The company consists of the Mountain Sun and Southern Sun brewpubs in Boulder and the Vine Street Pub in Denver. The two Boulder pubs, opened in 1993 and 2002 respectively, have a total brewing capacity of 3,300 barrels annually. Vine Street, which opened as a restaurant in 2008, will become a third brewery when its 12-barrel brewhouse goes online early this year. The plan is to brew double batches at that location and produce 2,500 to 3,500 barrels annually to start, nearly doubling the current production. That would leave the company with a surplus of beer and seems to be a situation ripe for moving into packaging—but it's not going to happen.

"We don't currently package or distribute and have no plans to," Nashak says. "We did try it on a small scale in the mid-90s. Once a week or so, the brewer would spend a whole day trying to fill 750-milliliter bottles with this crappy bottle filler, then we'd take them to Liquor Mart and they'd sell them. For every case we had to sell, we'd end up with a case of low fills that we'd have to give to the staff. It was expensive and wasteful. Packaging and distribution can be a great business, but it's a very different model than that of brewpub, and that's where our focus lies. I just really like the idea that, in order to enjoy our beer, you have to come to our place and be part of a unique Mountain Sun experience."

You have to respect that philosophy, but packaging beers for off-premise sales is clearly an attractive option for brewpubs that want or need to create an additional revenue flow. These days, the nation's economic woes surely provide a strong impetus in that direction, especially in the current landscape, where wholesalers and retailers are clamoring for new craft beers. Once the most fearsome task for new products, getting a foothold in distribution is now hardly an issue.

Riding the Canning Wave

Kegs and growlers, while not packaged beer in the literal sense, remain the fundamental methods for brewpubs to sell beer for consumption off-premises. For those choosing to add bottles, the 22-ounce bomber appears to be the



BY JACK CURTIN



NEXT UP:

STAINLESS STEEL GROWLERS?

Will the advent of stainless steel growlers impact brewpubs over the next few years in the same fashion as the canned beer trend has for nearly a decade? The founders of the Portland, Ore.-based manufacturer of The Bräuler, a “stainless steel modular growler system,” certainly hope so.

The Bräuler concept was created by engineer Harvey Claussen, industrial designer James Andrew, and beer writer Christian DeBenedetti, who founded The Zythos Project in 2011 and began taking orders for the product late last year. “This thing has been engineered from ground up, with a view toward capturing carbonation and freshness,” says Andrew. “Unlike the aluminum water bottle, which is concerned only with the liquid itself, The Bräuler focuses on the gas dissolved in liquid, which is vital to fresh beer. We see it as an inside-the-industry product rather than one trying to adapt to beer.”

The Bräuler holds the traditional 64 ounces, is lighter and slightly slimmer and, of course, protects the contents from the light better than glass versions. The keys to freshness, Andrew claims, are the can-similar dimpled bottom and a machine-threaded exterior collar and slightly taller cap, “a better seal than anyone has ever done before.” Among features promised in the future—maybe already available at this point—will be a patented CO₂-charged “tap cap” (a CO₂ cartridge fits right into the bottle neck).

The Zythos Project will focus on direct sales to breweries and major retailers to start, although Edward says, “We have thousands of names on a waiting list and homebrewers in particular are really into the concept because they can imagine employing it in many different ways.” Bräulers wholesale for \$29, discounted for larger orders.

Hydro-Flask, a water bottle manufacturer headquartered in Bend, Ore., beat the Zythos folks into the market by several months; they started selling their own 64-ounce food-grade, insulated stainless steel growler late last summer. Among the features they offer are the services of an in-house engraver or contracted silk screening company to add logos to the growlers.

“Our wide-mouth growler features Hydro Flask’s largest opening and is .375 inches wider than our standard mouth bottles,” according to customer service rep Claudine Nadeau. Their version, which is promoted on their website as ideal for both hot and cold contents, including chili, is sold directly for \$49.99 and wholesales for \$25.

Both companies will have booths at the Craft Brewers Conference in San Diego in May. ■

most popular choice, a low-cost gateway package that appeals to retailers because it does not take up a great deal of shelf space. And for those looking to ride the canning wave with 12- or 16-ounce packages, the affordability of small canning lines makes the decision a lot easier.

Marty Jones, who was at Oskar Blues when that company famously kick-started the craft-beer-in-cans concept with the release of Dale’s Pale Ale packaged using equipment from Cask Brewing Systems, says the Canadian manufacturer is “the Fender guitar and Apple computer of beer packaging.” Cask has become a primary supplier for brewpubs and small brewers who choose cans, offering both the two-head manual (25 cases an hour) and a five-head automated system (60-75 cases an hour).

Jones is now with Wynkoop Brewing Co. in Denver, which, early last year, formed a partnership with Breckenridge Brewery (the companies share the same ownership) to purchase the first automated canning line from Wild Goose Engineering of Boulder. Wynkoop began brewing and canning its Rail Yard Ale and Silverback Pale Ale at Breckenridge last fall. The pub has canned beers by hand since 2010, and Jones notes that “we did 3,500 barrels after we launched our canning and self-distribution effort, up from 2,800 barrels the previous two years. Ninety-five percent of the growth was from distributed beer in cans and some kegs. Last year, we hit capacity at around 3,900 barrels, but we could’ve sold much more in cans if we had it.”

Moving Rail Yard and Silverback production to the new line will allow the brewpub to brew more specialty beers, he says, adding that they will also can two additional beers on their Cask Systems two-head manual filler line. They’ve also added two new tanks to up their capacity.

“Among other things, cans are a great way to promote our pub,” Jones points out. “People see them on the shelves and it reminds them that we’re still around after 23 years. They are also extremely popular at the pub itself. We put a cooler of cans out in the main bar and it’s become one of our largest accounts for six-packs and was our best account for a while.”

Nebraska Brewing Company in Papillion has been hand-bottling some of its barrel-aged Reserve series beers in 750-milliliter bottles, but co-founder Paul Kavulak says that the economic downturn “convinced us we needed to push outside sales.” Nebraska has now developed a business plan to create a production facility roughly six times the size of the brewpub’s and will package in 16-ounce cans. Kavulak especially likes that “there’s a lot more printable real estate on

can than bottle, so we can fit more artwork, our company information, and tell our story more effectively in that package.”

Sixteen-ounce cans were also the choice for the Dolores River Brewery in Colorado, which starting packaging last January; the cans are sold only at the pub and the liquor store across the street. “We’re a small brewpub in an even smaller town,” says founder/brewer Mark Youngquist. “With this tough economy, it seemed a good way to increase volume and remind people to come and visit the pub. This is a very outdoor-oriented area. We’re big on mountain biking, backpacking, fly fishing, boating, and kayaking. Cans fit in those activities.”

Dolores River is using the two-head manual Cask filler and chose the 16-ounce size “because there is about the same amount of beer in four of them as in six 12-ounce cans, and the unit cost is good. We can price them on par with our growlers and offer customers the same amount of beer in a nicer package.”

Glass Has Class

Glass was the decision at Power House Brewing Co.’s Columbus Bar in Columbus, Ind., which is planning an expansion brewery. Owner Jon Myers researched bottling, canning, and aluminum bottle options for the last year. “The real surprise was the initial cost of reliable equipment, and how many issues brewers have with bottling and labeling equipment. I’m a little astounded at the amount of wasted beer as a result of poorly engineered equipment, and the lack of options in equipment manufactured for small brewers.”

He says that looking at packaging options from the viewpoint of a customer drove the decision to go for glass bottles in six-packs. “I realized that there aren’t many canned craft beers in our market, so cans might be a hard sell. And I’ve noticed the beers that are the most accessible in aluminum bottles are macro-brewed brands. If I was a craft beer customer and saw an unfamiliar brand in an aluminum bottle, I would immediately assume it was a large brewery trying to look like a small guy and I would avoid it.”

A new law that went into effect in 2010 allows breweries in the state to sell the beer they make as carryout on Sundays. “There is nowhere else to get carryout beer on Sunday, so we sell a lot of growlers, about six times the amount we would sell on an average day,” Myers acknowledges. “Still, the vast majority of craft beer in this state sells out of package stores, not on draft, so bottling seems to be a logical step.”

Rockyard Brewing Co. in Castle Rock, Colo., has sold growlers and a 2.25-gal-



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lon Party Pig since opening in 1999, says brewmaster Jim Stinson. “Two years ago, I started tracking our sales and attendance at the pub. The numbers indicate that producing 800 to 850 barrels will serve our full complement of customers annually. I can brew 1,600 to 1,800 barrels over the course of a year, so if we are not going to make any more money or sell any more beer with our existing pub business, it makes sense to push it out in bottles.”

Rockyard was already hand-bottling 22-ounce bottles of a private label beer for a pizza restaurant and limited releases of its own high-end Bourbon Stout. The latter “takes a long time to make because it sits in barrels and it’s a short run. There’s not enough of it for us to sell it in kegs, growlers, or Pigs. But the customers want to take it home for special occasions, so we sell them 22-ounce bottles at a premium. It’s lucrative and easy to manage.”

They started by producing 12-ounce bottles of four of their house beers, including seasonals, on a cobbled together three-head bottler, turning out 10 cases an hour of single bottles that were also labeled by hand and packed into cases. In February 2010, says Stinson, “We bought a used six-head Meheen filler, a pressure sensitive labeler, a couple of conveyors, and a couple of tanks, and found a giant freezer which we tore down and brought back here. We bought an old warehouse next to the pub, gutted it out, built in the refrigeration, cut a couple of lines, put in a French drain, and went for it. We can now do 60 cases an hour.”

Growlers Still a Go-To

Scott Metzger at Freetail Brewing in San Antonio says, “We’re not allowed to sell our products for third-party distribution or resale in Texas, but are allowed to sell packaged beer at the brewpub. We also do growlers, which on average accounts for about 3 percent of our total gross revenue and 6-7 percent of beer revenue. Our bottles are 22-ounce bombers. The biggest consideration for package size—aside from bombers being an accepted, user-friendly package—is cost. While we’ve also done 12-ounce bottles, the price we have to charge to make up for the packaging cost makes it a really poor value for the customer. Bottling is done by hand using a Blichmann Beer Gun. For a release of 200 bottles, we probably spend 10 hours bottling, eight hours printing labels, and two hours applying labels. We end up with pretty low margins on an \$11 22-ounce bomber, but the real benefit for us is the atmosphere that our four to six annual ‘Bottle Release Days’ creates. They draw crowds from all over the state and are some of our busiest days of the

year. They act as a great marketing tool to build some regional recognition.”

Freetail released 450 bottles in 2010 and 750 last year. One interesting aspect of their plan is that the packaged beers are not available in growlers. “The growler program and the bomber program kind of go hand-in-hand,” explains Metzger. “In some ways, our bottles are just fancier growlers that will stay fresh longer. If the law ever changed to allow us to sell to distributors and/or retailers for resale, then we would certainly have to take a look at our growler and bottle program again for consistency.”

Growlers obviously contribute significantly to the bottom line for many pubs.

One of the most impressive growler programs in the country is conducted at Dry Dock Brewing in Aurora, Colo., a production brewery that, for all practical purposes, functions a great deal like a brewpub. Twenty-five percent of its sales come from growlers sold in the brewery tasting room and the total beer sold there accounts for an astounding 75 percent of overall sales. Founder Kevin DeLange says that when the brewery, founded in 2005, moved to a larger space in 2009, sales in the tasting room went through the roof. “We are not allowed to sell food, but customers bring their own or order it delivered, which is legal. We have 14 taps and can seat about 180 people. Friday

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nights, the place is packed and we have to dedicate one person solely to growler fills because there is a line out the door. We've begun tracking growler sales recently and we're averaging 600 or more fills a week."

Dry Dock won Small Brewing Company of the Year at the 2009 Great American Beer Festival and is looking to build a larger brewery and warehouse "just down the road" and begin distribution out of state. Might they consider a brewpub of their own some day? Not a chance, laughs DeLange. "We really don't want to be in the restaurant business."

Cyrena Nouzille, general manager at Ladyface Ale Companie Alehouse & Brasserie in Los Angeles, which opened in 2009, says that they rely heavily on growler sales; with two months to go last year, they had sold 1,389 individual units and 3,501 refills. "We are the new concept in this part of town, so we had a lot of education to do. People were really not that familiar with the idea of fresh beer and once they figured it out, growler sales just took off." While the pub usually carries as many as six guest beers, California law allows them to sell only their own beers to go. "Packaging is in our future," says Nouzille, "and we are just starting to look at it. A specialty one-off beer in 3-liter magnums might be our first step, maybe for our next anniversary."

Maine's Gritty McDuff's Brewing Co., which opened in 1988, has contracted 12-ounce bottles with D. L. Geary and later Shipyard Brewing since 1994, and produced 22-ounce bottles and 5-liter mini-kegs at their Freeport location since 1995. The in-house bottles are done on a small Meheen line. "We can do two or three pallets a day and bottle off a 28-barrel batch in a couple of days," says co-owner Richard Pfeffer. "We don't have to do the high volume that 12-ounce packaging requires, so we can bottle off one tank and do a special style without a whole lot of investment. It's a great package for a craft brewer, the margins are better than the 12-ounce, and wholesalers like them." It's almost shocking to learn that one of the country's oldest brewpubs only began selling growlers last May when state law was changed to allow them to do so. McDuff's filled about 1,350 in the first six months, and the mini-kegs will probably be phased out in their favor, Pfeffer says.

"The kegs are easy to do on a fairly low volume and have been a nice specialty package, but growlers are even more cost effective and will allow us the freedom to do more specialty beers."

Jack Curtin writes about craft beer in print for several industry publications and online at www.jackcurtin.com. ■