



# HOPS

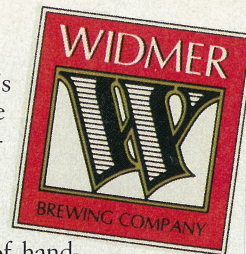
## Spots

Northwest microbrewers  
have grown to form a renaissance industry that  
is reviving the art of brewing quality beers

by *Richard Martin*

**E**ric Benson remembers the day when Bert Grant revived the joy of drinking good beer. In the fall of 1981, Grant hosted a beer-tasting exhibition for his wine-loving colleagues in the Yakima Valley Enological Society. Just as the monks kept the history of Greece and Rome alive during the Dark Ages, Grant had been brewing his own Scottish ale and imperial stout in his basement with a special ale yeast hybrid he had developed in the 1950s.

"The first thing that hit me with Grant's beers was all the flavors you can taste—the hops, the malt," Benson says. "They reminded me of the north country beers of Britain. They were the equal of anything I'd tasted anywhere."



Nowadays, Pacific Northwest brewers of hand-crafted beers are leading a reborn industry. Microbrewers aren't just convincing consumers to buy their beer—they're changing attitudes about beer. And while these microbrewing Davids are growing at phenomenal rates, they delight in breaking most of the business rules established by the beer industry's Goliaths.

Northwest microbrewers captured 19 percent of the Washington state market for draft beer in April 1993, according to statistics from the Washington State Liquor Control Board. During that month, microbrewers supplied 61,577 barrels (31 gallons per barrel) of the 319,161 barrels sold in Washington state. Though draft beer is the microbrewers' strongest product (compared to bottles), it's become clear that the Pacific Northwest is a national leader in the microbrewing industry.



"Because of the general level of maturity the hand-crafted beer industry has reached in the Northwest, you could say that the general level of beer quality is slightly higher there, too," says David Edgar, associate director for the Institute for Brewing Studies in Boulder, Colorado.

Edgar estimates overall U.S. microbrew market share grew 41 percent in 1992, to 1.2 million barrels and \$600 million in sales.

Though this still represents only .6 percent of the total beer market's 180 million barrels, the microbrewery segment is expanding quickly, with the Pacific Northwest at the forefront of growth. Statistics compiled by the institute's publication, *The New Brewer*, show that Washington and Oregon microbrewers made 203,467 barrels in 1992. In other words, 17 percent of the entire U.S. microbrew market came from those two states alone.

Edgar also estimates that there were 320 hand-crafted beer breweries in the U.S. in 1992. These are commonly separated into two categories: 110 microbreweries, suppliers of bottles for supermarkets and draft kegs for pubs and restaurants; and 210 brewpubs, where the beer is brewed and sold on premises. An independent, unofficial tally identified 19 breweries and 21 brewpubs in Washington and Oregon.

What's more, virtually every brewery and brewpub in the area has either recently expanded its brewing capacity or will soon expand. For example:

*Redhook Ale Brewery* in Seattle has raised \$14 million for a new microbrewery, beer garden and visitor center in nearby Woodinville, which should open in summer, 1994.

*The Portland Brewing Company* recently completed a new \$3.9 million brewery in Portland's northwest industrial area.

*Yakima Brewing and Malting Co.*, Inc. completed a \$2 million new brewery just two years ago and now president and CEO Sherry Grant says, "I wish we had borrowed more to make it bigger."

*Maritime Pacific Brewing Co.* in Seattle grew by 150 percent in 1992 and will be adding new equipment to expand capacity from 270 barrels to 300 barrels per month.

*Widmer Brewing Co.*, Portland, Oregon, plans to double its brewing capacity to 90,000 barrels in 1993 by adding 7,000 square feet of new production space.



Why have microbrewers prospered in the Pacific Northwest? Why has the region become such a trendsetter for the rest of the industry? Legislation by Washington and Oregon state government in the early 1980s followed the path set by neighboring California, which allowed for both so-called "strong beers" (alcohol content greater than 4 percent) and the sale of beer brewed on-site. These laws fostered the growth of microbrews, and though more states followed with similar legislation, Washington and Oregon microbrewers had a head start.

Secondly, Washington's Yakima Valley and Oregon's Willamette Valley provide ample supplies of quality hops and wheat for making fresh-tasting microbrews. Bert Grant, of Yakima Brewing and Malting Co., is generally acknowledged as the region's grandfather of microbrews. He not only was the first microbrewer in the Pacific Northwest, but licensed his brew recipes to others while providing guidance to many early brewers. Grant first began experimenting with home brews in his basement while he was technical director for S.S. Steiner, Inc.—the world's second-largest hops supplier, with operations in Yakima.

Moreover, Pacific Northwest microbrewers had a good sense of the potential market for specialty beers. "Unlike other places where small breweries were trying to imitate the big industrial brands' light lagers, we came out with stouts, ales, porters—heavy-bodied darker ales—and we blew people's socks off," says Keith Mackie, general manager of breweries for McMenamin's brewpub chain. "I think some of the early California microbreweries were trying to depart from the mainstream, but they didn't take as divergent a path from the American industrial brands. We made beer that was different. It had nothing in common with Bud, Miller and Coors."

Michael Hale, president of Hale's Ales, Ltd. of Spokane, studied hand-crafted brewing in southern England in the early 1980s. He, too, sensed that the beer-drinking market was ready for something different. "There's a sense that we've lost quality in our goods over time due to mass marketing and appealing to the lowest common denominator," Hale says. "There was a huge lack of choice with the major beer brands. In America, there were only very subtle differences in the domestic lagers. The rest of the world had choices that ranged like this," he says, spreading his hands far apart while rattling off various types of beers: "stouts, porters, extra-special bitters, ales, ambers, light ales, dark ales. But what was available in America ranged like this," Hale says, spreading his thumb and forefinger.

The early microbrewers thus adopted a two-pronged strategy: make good beer and challenge the imported beer market.

The first notion seems almost too simple. But when you ask what their grand scheme was when they

first started, microbrewers look quizzical, or laugh, or smile. "Up until 1989, there wasn't a real marketing plan here," says Wayne Anderson, general manager of BridgePort Brewing Co. in Portland. "The plan was to make good beer, because there was no good beer. That's still our No. 1 thing, to make good beer."

Art Larrance, co-founder of The Portland Brewing Co., remembers sitting in one of Michael McMenamin's early brewpubs with partner-to-be Fred Bowman, and "while we were talking and making plans one day (for their own brewery) an old-timer came up to me and said, 'Son, you just go out and make good beer and people will drink it.'"

Once the microbrewers felt they had a winning recipe, they began talking to tavern, restaurant and pub owners, convincing them to give microbrewed draft kegs a spot on the tap lines. "We looked at the better restaurants and pubs, and tried to



HAND COLORING: BARB COTTINGTON

Adding hops to the brew kettle at the Pike Place Brewery.

knock off the imported beers from the existing tap lines," Anderson says. "We told [pub owners], 'Our beer is six months fresher than the imports.'"

And many microbrewers emphasized that the microbrewery phenomenon, strictly speaking, wasn't something new. "I just told them, 'This is like the beer your grandfather used to drink before Prohibition. It's beer like you can drink fresh in Europe,'" Hale says. "If you had to talk them into it, it didn't work. But if they caught the fever of it, almost got swept up in the idea, then we had a customer. What worked was if they tried it and said, 'I love this beer.' A lot of times it worked because people were so used to drinking domestic lagers."

Prior to Prohibition, there were more than 2,700 breweries in the United States. After Prohibition, about 900 re-emerged, and the few who survived did so by following the conventional rules of business: adopting economies of mass scale, streamlining product lines, putting in preservatives for long-distance transport, and substituting cheaper ingredients such as corn syrup for hops and malt. Growth of mass media markets in radio and television after World War II allowed major brewers to emphasize advertising, while creation of the interstate highway system in the 1950s allowed the major brands to expand throughout the country.

"People don't realize there were more microbreweries in Washington a hundred years ago than there are today," says Charles Finkel, chair of Merchant Du Vin, the owner of Pike Place Brewery in Seattle. "You had all sorts of breweries, and they weren't just making light lager beers—which is the beer equivalent







of Wonder Bread or Velveeta cheese." The current microbrewery movement, Finkel says, "is a renaissance, not a revolution."

Once the new beers gained acceptance, microbrewers went about creating a different beer-drinking atmosphere at their pubs and restaurants. Many of them were emigrants from the British Isles, or had studied

hand-crafted brewing in England, and wanted to replicate the ambience of the English pub.

"Beer in England is looked at very differently—it's a social equalizer, a social lubricant," says Richard Wrigley, owner of Pacific Northwest Brewing Co. in Seattle. "The idea is that you drink beer, feel at home, and talk and debate with your friends or the people next to you."

Though each had a different style, brewpubs began establishing new atmospheres: big, long wooden tables set in the center of the pub to encourage socializing (rather than cramped booths), no live or loud music, early closing hours, and improved food.

The Portland Brewing Co.'s Art Larrance credits Michael McMenamin's early brewpubs with setting a standard for other Oregon brewers to follow. "He got rid of the tavern food. He got away from the pretzels and boiled eggs type of things and brought in good restaurant food," Larrance says. Lauding the efforts of his competitor, Larrance adds, "He has a sound labor force and management. People stick with him. Both of my kids have worked for him as bartenders."

Larrance's comments are typical in that you almost never hear one microbrewer speak ill of his brethren. It's remarkable how much time they spend praising their competitors' products. This is not the adversarial free market found in business-school textbooks. It's a mutual admiration society with members who happen to sell beer. "When we all first started, we were a cottage industry and we were all growing together," Keith Mackie explains. "We shipped grain together, we bought empty kegs together. We were like brothers and sisters."

"Now it's more like friendly competition—whereas before, it was like joint survival. We're too small a market to be cutthroat. The microbrewing industry is too fragile to downplay a competitor, or bad-mouth a competitor," Mackie says.

The pioneering days for the industry are largely over, however,



COURTESY: PORTLAND BREWING CO./DAN SADDLER

### Control gauges monitor brewing at the Portland Brewing Co.

and many brewers have set loftier goals. "At one time, we were the little brew kettle that could," says Gene Clark, vice president and marketing director for the Portland Brewing Co. "Our goal, our hope is to become a regional brewer."

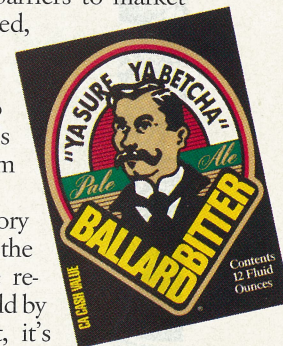
"The microbrewery industry is coming out of the cottage industry phase, and we can see the beginning of the next period," says Paul Shipman, president of Redhook Ale Brewery in Seattle. "We've reached the time in which it no longer makes sense to start a microbrewery. That period is over." Or as Shipman told his employees when announcing the building of the company's new brewery (paraphrasing Winston Churchill): "It's not the beginning of the end, it's more like the end of the beginning."

"For the people already in the business, it will be a period of rapid growth," Shipman says. "The barriers to market entry, based upon being already established, will protect you and give you a pretty good run. It's really the bright period. The problems we have are good problems: there's no longer room for uneven products, and there's a certain demand to keep up with orders from distributors and pubs."

Shipman believes the microbrewery category will double almost automatically just by the process of taking over the remaining market share still held by imported beers. After that, it's anybody's guess as to how quickly the market will grow. Some point to the Miller Brewing Company's introduction of a new Amber Ale as the first response by the major industrial brands to the microbrewing renaissance. Sherry Grant reports that the major brewers have been using the Puget Sound region as a test market for experimenting with brands that could appeal to microbrew consumers. But most microbrewers are optimistic, believing that they have a product and an atmosphere that the major brands simply can't imitate.

"The interesting thing is that it's not just the young, urban professional who's drinking them—it's everybody," says George Hancock, CEO of Hart Brewing, owner of Pyramid Ales and Thomas Kemper Brewing.

"We first thought we'd never sell much beer in eastern Oregon and eastern Washington," Ford says. "But we're selling a ton of beer in the outlying areas—places such as Walla Walla,



COURTESY: RED HOOK ALE BREWERY/DAN LAMONT



Sampling the ale fermentation tanks at the Red Hook Ale Brewery.



Pendleton, La Grande. The idea that our customers are white-collar drinkers is a myth. We also sell very well in the timber towns. We just started supplying western Montana, and I had to call our new distributors and tell them to hold off on getting new accounts, because we can't supply them more beer."



Shipman believes microbrewers will continue to grow as long as they remember why they grew in the first place and don't try to imitate the major brands. "When you make specialty beers, the things that are important are product quality, style, excitement, educating the public," he says. "The things that are not important are sales incentives and a zillion different types of packaging."

If anything, the microbrewers have evolved different methods of marketing to promote their products. Full Sail Brewing, based in Hood River, Oregon, makes it a point to sponsor sailboat, catamaran and windsurfing events. None of the microbrewers have purchased TV ads, and Pacific Northwest Brewing's Wrigley is the only one to buy radio spots on a regular basis. But even his ads break the mold in a quixotic way—he runs them on an alternative rock 'n' roll station and talks in a low-

key, ad-libbed manner about visiting his brewpub for a few beers and conversation.

Widmer Brewing concentrates on draft kegs for pubs and restaurants, and takes an aggressive approach to marketing. "We try to make a big deal out of our beer service," Ford says. "Last Saturday night, I was making a beer delivery at 1 A.M. Rather than come in quietly through the back door, I parked the truck right in front of the pub and wheeled the kegs through the crowd to the beer cooler. Of course, the crowd went wild."

Rogue Brewery and Public House, Newport, Oregon, decided to market its beers by putting them in unconventional 22-ounce bottles, according to president Jack Joyce. "Twenty-two-ounce bottles are our bread and butter. Our thinking was, 'If

we're going to make unique beers, we might as well make unique bottles.'"

When we started it three or four years ago, the distributors all thought we were crazy and that the market would never accept a 22-ounce bottle. There was frustration, because we had

this sense that the consumer wanted a special-occasion beer, and the 22-ounce bottle looks like it's worthy of a spe-

cial occasion. We were finally able to convince the distributors to give it a try, and they've become a part of our image."

Now Northwest brewers are experimenting with new ingredients and flavors

and East Coast.

But all microbrewers share the same vision for the future: that they will continue to brew quality beer that tastes good enough to persuade folks to turn off the

### Estimated Taxable Production of Pacific Northwest Microbreweries

All figures in U.S. barrels

Company	Location	1991	1992	Growth %
Redhook Ale Brewery	Seattle, WA	33,000	49,000	48
Full Sail Brewing Co.	Hood River, OR	22,500	28,500	27
Widmer Brewing Co.	Portland, OR	18,000	27,500	67
Pyramid Ales**	Kalama, WA	11,350	17,681	77
BridgePort Brewing Co.	Portland, OR	11,128	13,354	20
Portland Brewing Co.	Portland, OR	7,000	9,000	29
Rogue Ales Brewery	Newport, OR	3,500	9,000	214
Yakima Brewing & Malting Co.	Yakima, WA	6,500	7,500	15
Hales Ales, Ltd.	Spokane, WA	6,150	7,387	20
Deschutes Brewery	Bend, OR	3,800	6,298	66
Edgefield Brewery	Troutdale, OR	2,424	4,822	99
Thomas Kemper Brewing Co.**	Poulsbo, WA	3,600	4,226	17

(\*\* Owned by Hart Brewing Co., Seattle, WA)

Source: Institute of Brewing Studies, Boulder, CO.

such as honey beers and beers flavored with blackberry and raspberry. And the word has spread. Most disciples of hand-crafted brews have offers to supply Northern California; some brewers will be supplying the mountain states; and a few are selling their beers to the Midwest

TV and leave their homes, walk down the street to their local brewpub, sit down, have a few good locally brewed beers and talk to their neighbors. ●

Richard Martin is a freelance writer who lives in Seattle.

