

By Matt L. Ottinger

# Taste of Success

## Local Craft Brewers Building an Industry

A painter paints. A farmer harvests and produces. Perhaps an amalgam of the two is epitomized by Indiana's beer makers, whose creative use of barley and hops is quickly changing the way Hoosiers socialize – and consume. Though the emergence of craft beer in the last several years has improved Indiana's standing in the public beer consciousness, the state still has a few kegs to jump over before it's among the nation's leaders.

"Indiana is in the middle of the pack in the nation in terms of breweries per capita," relays Ted Miller, president of the Brewers of Indiana Guild (B.I.G.) and owner of Brugge Brasserie (Indianapolis). "But let's not confuse that with percentage of all beer sold that is craft beer, which is very low. Indiana is not even a Two State – meaning not even 2% of the market is in the Better Beer category (which includes many imports and craft beers) – although we will probably reach 2% this year."

Miller adds that on the other end of that spectrum is Oregon, which boasts a Better Beer mark of 18% to 19% – and he thinks it could approach 26% in 2011.

"We have a long way to go, but you have to have the breweries first, and that's what's happening now," he offers. "And it's starting to permeate into rural Indiana; that's where it all changes. Everybody in Indianapolis drinks craft beer, but now you need to get everybody else drinking it – and it's happening."

### Tapping into the market

Drinkers around Indianapolis have been pouring into the tasting room of Sun King Brewery since it opened in 2009. In its infancy, the brewery already boasts a crowning achievement in American beer – earning a record eight medals (four of which were gold) at the 2011 Great American Beer Festival in Colorado.

"To just win a bronze at the Great American Beer Festival is a great honor," remarks co-owner Clay Robinson. "We won two last year. But eight medals this year made us the largest single year winner in the 30-year history of the festival. I'm not sure where you go from there."

But getting started was hardly a glamorous process, and the business continues to be a labor of love. Robinson reflects on the several years of planning he spent with partner Dave Colt in coming up with the idea while the two were working at another local brewery. After Robinson cashed in his 401(k), they secured enough private investment and recruited several others with experience and necessary skills (including his father) and were able to open the facility in 2009.

"We realized Indianapolis had a bunch of great brewpubs, but not somebody who was making great beer and pushing it out to bars and restaurants around town," he recalls.

Robinson quips that he still makes less per year than he did at his old job as a brewer – despite long hours – because he's putting most of the profits back into the business.

"We don't have a marketing budget – and really don't spend on advertising," he adds. "We put money back into the brewery to hire more people and buy more equipment that will allow us to make more – and better – beer. Most of our promotions have been on social media and selling growlers is actually

### State Rankings: 2010 Breweries Per Capita

Rank	State	Total Breweries	People/Brewery
1	Vermont	21	29,797
2	Oregon	121	31,662
3	Montana	27	36,645
4	Colorado	118	42,620
5	Maine	31	42,850
6	Wyoming	12	46,969
7	Alaska	15	47,349
8	Washington	123	54,671
9	Wisconsin	72	78,986
10	Delaware	11	81,630
25	Indiana	35	185,251

Source: Brewers Association

great for marketing because people take them around to parties. I think every growler that goes to a party touches at least six people.”

## Barrels of fun

Robinson explains that his clientele varies, although Miller believes there is a key demographic more apt to indulge in craft brews.

“Your craft brew drinker is generally 25 to 35, which is your big target,” Miller says. “Most tend to be educated, but not all. It seems to be multicultural, so that’s a really good sign. You get a few older people. My dad is a convert – although his kid owns breweries. I see it at my restaurant because the guys that work for me are younger, and they’re full on into the craft beer scene.

“It’s also taste-driven,” he offers. “Palates are becoming much more sophisticated ... it seems people are starting to look at eating and drinking now more as an experience, not just for sustenance.”

Greg Emig, owner of Lafayette Brewing Company, conveys that although his business resides in the same area as Purdue University, most of his customers are not college students.

“A big reason we don’t attract students is that we’re offering a premium product at a higher price,” he says of his operation, which launched in 1993. “They can still get nickel beers on campus.”

However, he qualifies that his brewpub benefits greatly by being near a university, due to patronage from faculty, graduate students, and attendees at sporting events and conferences. He reflects on what he’s learned along the way.

“When we started, the goal was pretty simple – maybe

naïve; we wanted to make good beer and impress people with a different product than they were used to,” Emig explains. “Since then, we’ve come to realize that running a restaurant with good food and good service is equally important. But the unique thing we were bringing to town was obviously craft beer.”

## Wind that shakes the barley

Emig notes that the industry has its challenges and tribulations, which vary for brewpubs and breweries.

“You’re either running a restaurant, which has its own hurdles, or you’re fighting the (major brewers) for tap handles and shelf space,” he notes. “Both have their plusses and minuses. (Breweries) can brew barrels and barrels of beer, but that’s a very competitive market when you’re going against the big boys. They do what they can to put pressure on tavern owners to get that handle back.”

He adds that tactical maneuvering can become an issue in stores.

“Even something as simple as a product on a shelf,” he relates. “Most liquor store owners let the (deliverer) stock the shelves, so if they see a small brewery that’s self-distributing, sometimes they will take their product and move it all the way to the bottom and rearrange the shelves. It’s a tough market. Anheuser-Busch, Coors and Miller have huge marketing dollars, and they can ply the owners with all kinds of freebies. They may also pay a \$10,000 fee to get a big venue where they can sell beer for the next five years or whatever.”

Miller notes that analyzing 2011 sales figures will be an



Sun King Brewery has taken Indianapolis by storm with its unique, award-winning flavors of beer. The company is also innovative in its distribution approach as co-owner Clay Robinson believes beer is best when it’s always cold. The company uses cans as a way to ensure the beer is not exposed to sunlight or air before consumption.



Lafayette Brewing Company, established in 1993, remains a highlight of the city's downtown scene by providing live music and unique craft beers. Greg Emig explains that owning a brewpub has its challenges, but lacks the stressors involved with mass distribution.

interesting process and will give local beer makers a feel for how the market is evolving.

"There are some great success stories in Indiana like Three Floyds (in Munster), and Sun King is showing great growth," he reports. "But what we'll see at the end of the year is: Are those sales being taken from Bell's (Brewery – a popular microbrewer in Michigan)? Are we just selling our beer to people already in the (craft beer) category – or are we bringing new people into the category? That's our ultimate goal."

### What's brewing in the capital?

The local beer community has lobbied the Indiana legislature to essentially stay out of its way. It is battling a restriction that caps the number of barrels a small brewery can produce each year. In 2010, the General Assembly moved that number from 20,000 to 30,000. And while it currently only impacts Three Floyds – Indiana's largest barrel producer – Robinson, who expects Sun King's production to jump from 11,000 barrels in 2011 to around 20,000 in 2012, believes removing the limits would be beneficial.

"We lobbied last year because our friends at Three Floyds have a pub and is world-renowned for having some of the best beer in the world," Robinson asserts. "People come from all over the world to drink there. Last year, they were doing calculations and had a 'holy (cow)' moment and realized they were going to sell over 20,000 barrels. If that law wasn't changed, they'd literally have to shut down their pub, which is the public face of their company. Their pub alone employs about 45 people, so they'd have to lay off those people."

Robinson says Three Floyds could bump up against the 30,000 limit next year.

"We're working with some different lobbying groups and banded together with Three Floyds and Upland (Brewing Company of Bloomington) under an agritourism stance in that it doesn't matter how much we produce, these destination places are important to the lifeblood of our cities," he adds. "So trying to remove that restriction is the main thing this year."

Robinson also contends that allowing groceries to sell cold beer would benefit his business, because Sun King currently turns down requests from stores. This is because – in an effort to preserve freshness – the company refuses to allow its beer to become warm in the distribution process.

All told, Emig argues the brewing industry's success boils down to a winning proposition for the state.

"What we're pushing is Indiana business," he maintains. "These are family-owned businesses with Indiana craftsmanship. That's our pitch – and it's a tough one to argue against."

#### INFORMATION LINK

**Resources:** Greg Emig, Lafayette Brewing Company, at [www.lafayettebrewingco.com](http://www.lafayettebrewingco.com)

Ted Miller, Brewers of Indiana Guild, at [www.brewersofindianaguild.com](http://www.brewersofindianaguild.com)

Clay Robinson, Sun King Brewing, at [www.sunkingbrewing.com](http://www.sunkingbrewing.com)

## Writing the Book on Beer

**D**ouglas Wissing, a Vincennes native and Bloomington-based author and journalist, recently scribed the book, *Indiana: One Pint at a Time; a Traveler's Guide to Indiana's Breweries*. Published by the Indiana Historical Society, the book earned a gold ranking (the top prize for its category) at the Foreword Reviews' 2010 Book of the Year Awards and was an Independent Book Publishers Association 2011 Benjamin Franklin Award finalist. We asked Wissing about the experience and about some tidbits he learned in the process.

**BizVoice®:** You've written books on Tibet and the war in Afghanistan, so why tackle this topic? Are you a beer enthusiast of some sort?

**Douglas Wissing:** "Beer enthusiast" is probably a good way to put it. This came about because my son works in Belgium and was telling me about the beer they thought was the best in the country (Westvletern 12 Trappist ale); it was from the smallest of the Trappist breweries. It was out of a monastery, and there were only 26 monks there. They only sold their beer at the monastery, which was this remote place.

"There was a little café outside the gates where you could buy the beer. It was really amazing beer, and I bought a six pack and brought it back in my luggage. I eventually stuck it in the refrigerator and forgot about it. Well, two or three months later I got an e-mail saying it was voted in global rankings as the best beer in the world (by RateBeer). Obviously, then thousands of people went out there and the monks quickly ran out of beer. So then the monks sent word out – because they didn't talk – that they were praying for people to go away.

"I really love this confluence of commerce and spirituality. They said they just brew beer to live; they don't live to brew beer. So I wrote some articles on that and somebody here in Indiana saw one of my articles and (a couple of people with ties to the Indiana Historical Society) contacted me with an idea for a book on Indiana brewing – the history and its renaissance."

**BV:** How many Hoosier breweries did you visit?

**DW:** Around three dozen.

**BV:** During your research, what surprised you the most?

**DW:** "At the time, I thought, 'How many breweries can there be in Indiana?' Well, turns out that over the course of time,

there have been over 500 breweries here. I discovered two interesting things:

"First of all, Indiana brews world-class beer. The year after that Belgium brewery won the award for best beer in the world, Three Floyds up in Munster was voted the best in the world (in 2008 for its Dark Lord Russian Imperial Stout).



**Douglas Wissing**

"The other funny thing was that my family (ancestors) consisted of French fur traders down in Vincennes. I was down in Vincennes researching, and there were giant breweries all over the state in the 19th century. After the Germans came in en masse, virtually every major community had a large one. There was a big one down in Vincennes called Hack & Simon. I was looking through old records, then I'm suddenly looking at this picture of (someone with a striking resemblance to) my father, which didn't make any sense. I looked down and read it was this guy (with the surname of) Ebner – and people always said we looked like the Ebners. We sure did. So I researched him, and he was the guy who founded that brewery, and I learned I was descended from an early Indiana brewer and had never exactly figured that out before."

**BV:** With the Ken Burns documentary on the topic coming out recently, the prohibition era has been top of mind lately for many beer drinkers. Did you find any Indiana history pertaining to that?

**DW:** "On the day the law (was adjusted) in Indiana (April 7, 1933), people were so excited about the end of prohibition that there were enormous lines – mile-long lines – outside the breweries in Milwaukee, and people were tracking the trucks coming from the breweries in Milwaukee and St. Louis. They were sending out bulletins; on the radio they were saying, 'It just passed a checkpoint on (a particular) road!' They were racing to try to get beer to Indianapolis by lunchtime. People were eagerly awaiting their first sip of beer after all those years."

**BV:** Instead of the past, let's look at the future for a moment. How do you see the beer environment in Indiana changing in the next 10 to 20 years?

**DW:** "I think we'll see some of the brewers become more regional as they get their distribution worked out. They'll get larger; I think we'll still see the growth of brewpubs and microbrewers. I think there will be more acceptance of craft beer. I think that percentage will continue to grow."

