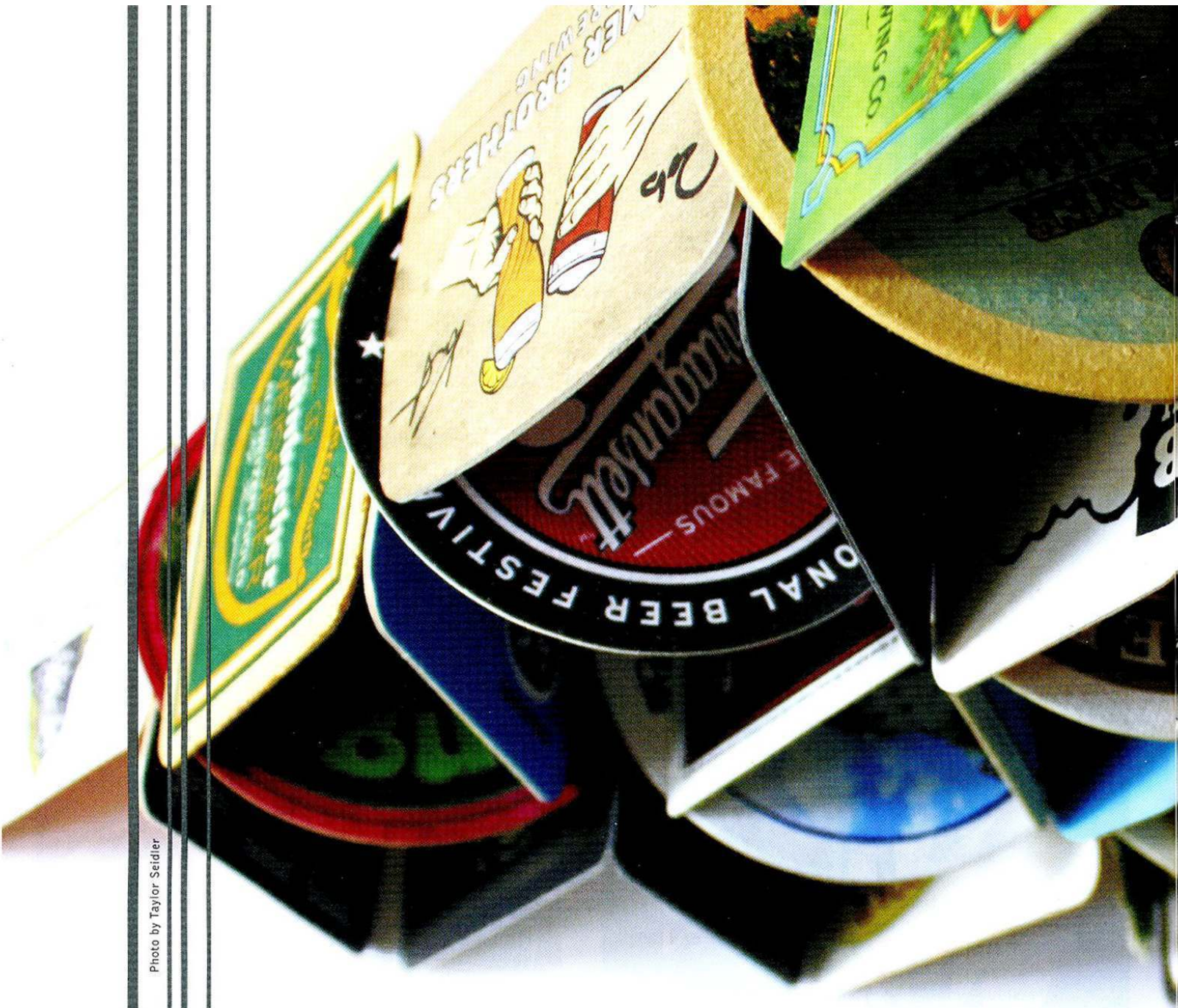


COASTER FACTS STACKED UP | BREWING WITH BARRIER AND CROW PEAK  
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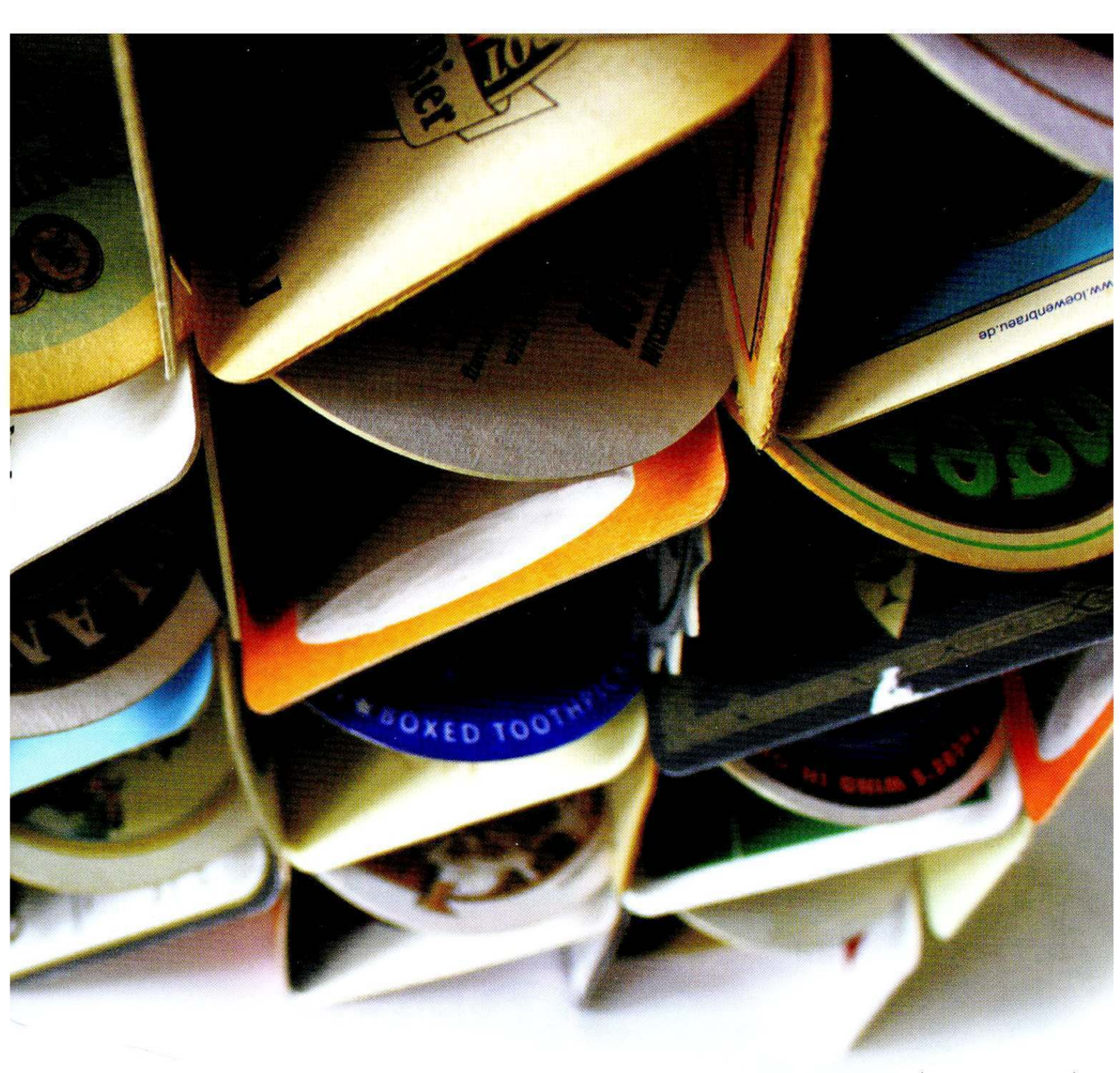


Photo by Taylor Seidler



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# NO



BY COURTNEY COX | FEATURE |

# SWEAT

the construction of the coaster industry

“It started back in college,” George Barone says. “My friends and I went to the bars, and we all started picking up different things. Some started with cans, some did napkins. I did coasters.”

Barone is the founder of BeerCoasterMania.com, one of the go-to websites for coaster collectors, or “tegestologists.” When he started pocketing up the pulp-board mats in the ’70s, he was at the vanguard of the collecting boom.

“I was lucky, because I got into collecting relatively early, when coasters used to go for a dollar or two dollars a piece,” Barone says.

Then, in the early ’90s, two things happened: the rise of microbreweries, which started releasing their own “breweriana” into the coaster-sphere ... and the internet. That’s when the tegestologist community really blew up.

“With the boom of the micro industry, they’ve just been producing coaster after coaster,” Barone says. “Before the micros, it was Anheuser-Busch and Coors and Miller, and local, more regional breweries. But when micros came along, it just grew from there exponentially.”

Collectors started trading and selling coasters online, and in 1997, Barone launched BeerCoasterMania.com. Today, his site gets 1,600 unique hits per month and has been visited by collectors from 105 countries. That means when Barone posts an image of, say, the latest coaster from Water Street Brewery in Grafton, Wis., people all over the world are taking notice of the brand—making coasters one of the cheapest, most effective advertising mediums available, and a staple in marketing budgets for nearly

every brewery, large and small.

But despite being a longstanding pillar of the beer world, the coaster industry goes largely unnoticed by consumers. In fact, until they’re picking soggy napkin bits off the bottoms of their pint glasses, it’s safe to say most barflies don’t think twice about coasters. So what is it about these super-absorbent beer mats that keeps them suspended in a permanent state of afterthought—and would the coaster industry, and the microbreweries who rely on it, be any different if we started paying attention?

For a brief moment in 2009, a future without coasters seemed possible. The German-based manufacturer The KATZ Group—which started producing coasters in 1903 and eventually swallowed up most of the independent coaster manufacturers in North America—had just filed for insolvency. KATZ’s struggles were due to their major stakeholder, a private equity group, taking a hard hit in the 2008 recession.

One statistic was being splashed across front pages: 97 percent of all the coasters in the US are produced by Katz Americas, the parent company’s North American branch. According to Tammy Gorzka, director of sales for Katz, that figure is still accurate.

And although they weren’t in any real danger of going under in 2009 (they were swiftly bought up by the Koehler Paper Group, a 200-year-old German company that produces thermal paper), Katz Americas was already making changes to maintain their dominance in the coaster market.

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Released in 2009, this nostalgic postcard design, which George C. Rugen designed himself, was one of the most popular of Belfast Brewing’s some 15 designs they’ve released in the past 10 years, and remains a valuable collectible. But adhering to the specs of the US Post Office to make it a real postcard—able to be stamped and mailed—was too expensive. Belfast suspended production of the postcard coaster in 2010, and returned to standard 4-inch coasters.

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"There have been a couple of smaller companies that have appeared on our radar that do small-quantity work," Gorzka says.

One of those companies is Atlas Match.

"We were actually quite surprised at how it took off," says David Pigott, president of Atlas. "The big guys were geared to big brewery orders where you punch hundreds of thousands of coasters, whereas we could turn around and produce an order that was more appropriate for an individual bar or restaurant."

One of just three matchbook manufacturers left in the country, Atlas had been in the specialty advertising business since 1960, doing custom printing on things like postcards, table tents and check wallets. In 2007, when smoking bans in restaurants started hurting the matchbook industry and left Atlas looking for a life raft, they hit on the idea of retrofitting their equipment to print on coaster-board.

Atlas already had the equipment; but setting up a paper mill and printing press is an exorbitant cost, and one of the reasons for the dearth of competition in the craft beer coaster-manufacturing scene.

"We tried to fit into a different part of the market," Pigott says. "I can't compete on the big runs, and [Katz] probably can't compete on the smaller runs that we do."

That hasn't stopped the international conglomerate from trying. In 2007, the same year Atlas became a major player, Katz started tapping into the burgeoning craft brewery scene, once a niche market, by introducing their short-run option, dubbed the "Promo-Pak."

"We used to have a minimum quantity of 10,000 pieces for anything," Gorzka says. "The minimum order for a Promo-Pak is 2,500 pieces. And that's available for all three thicknesses ... in our standard sizes and shapes."

Demand for shorter runs had been on the rise since microbreweries entered the market—small startups not only couldn't afford to order millions of coasters at a time, but the information they'd print on the coasters, like addresses, beer lineups and logos, would change quicker than they could afford to order a new batch. Outdated, inaccurate coasters would sit in bars for up to a year, defeating the purpose of advertising altogether.

Canada Coaster has long been the go-to manufacturer for craft brewers, especially those looking to bypass distributors, middlemen who negotiate between the brewery and the coaster manufacturer.

"We sort of pioneered the small runs in coasters," says Tom

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[CICERONE\\_ORG](http://CICERONE_ORG) GERMAN HELLES: PALE MUNICH LAGER CREATED IN EARLY 1900S. SOFT PALE MALT FLAVOR, JUST ENOUGH IBUS TO PREVENT CLOYING SWEETNESS. #BEERED

Vejealka, president of Canada Coaster, whose plant is in Hamilton, Ontario. "There never used to be the ability to order in a small quantity like you can now. We introduced what's called our 'Value Pack' a few years back. Katz has copied that, and they've got basically the same packaging now."

Vejealka says Canada still offers "the shortest run in the business" at 1,200; Atlas starts at orders of 2,000. But for microbreweries like Belfast Brewing, out of Belfast, Maine, it's about more than just cheaper, shorter runs.

"Personally, I will always do business with David Pigott," says George C. Rugen, director of national sales and promotions for Belfast. "Everybody wants your business. So the first time around, they're going to always give you the best price, the best service. Once they've got your business, they kind of forget about you and move on. ... [Pigott] treats you as though it's always the first time you're doing business with him."

Belfast is rapidly expanding—distributing in nine states, they doubled their sales between 2009 and 2010. Now they're looking to distribute in Europe. Rugen says the company spends \$7,500 per year on coasters—that's 8 percent of their marketing budget, and it yields 100,000 coasters.

"Coasters are a statement of legitimacy as far as a company's concerned," says Rugen. "The micro-beer is a true creative beverage. It's not push-button brewing. ... The microbrew industry and the brewers are extremely creative, energetic people ... and everything attached to it needs to have a creative touch."

While Atlas and Canada coaster focus on small runs for craft breweries, bigger breweries turn to Katz to commission runs of up to 50 million at a

time. Last year, Narragansett spent about \$25,000 on 1 million coasters, split into two separate runs, according to Jim Crooks, vice president of marketing for the Rhode Island brewery. Coasters in their rebus series, which feature interactive word puzzles that drinkers gather round the bar to solve, are some of the most sought after collectible coasters.

"If [a new company] created more of a competitive pricing structure out there or provided just more alternatives, whether it be coasters that were even better for the environment, I'd welcome it," Crooks says.

Rugen, of Belfast, notes that larger manufacturers will be able to "go green" faster than smaller ones, giving them an edge for breweries looking to do the same. Right now, Katz's coasters contain 30-percent recycled fiber and are 100-percent recyclable. They also offer a coaster made of 100-percent recycled fiber ... at a high markup.

"If I was a Sierra Nevada or A-B, and I had the powers to tell people we're going totally green here, I might instruct my marketing people to purchase these types of coasters," Rugen says. "But right now, for us, it's just way, way too expensive."

"At the end of the day, just because it's such a commodity item and something we need so much of, it's probably still going to come back to who can do the best price," says Crooks, of Narragansett. "And with Katz being the biggest player out there, they're probably often going to come back with the best price. But I would certainly welcome someone else who wanted to compete with them."

As Atlas is on the lookout for new competition and Katz scales down to compete in smaller markets, there's another possible game changer ahead: the

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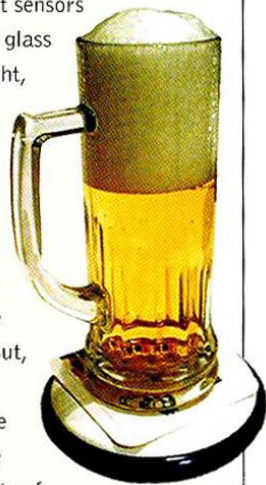
## In 2008, Narragansett

revived their tradition of including rebus puzzles in their

marketing (they used to print them on bottlecaps during the '70s and '80s). Jim Crooks, vice president of marketing for Narragansett, says he frequently gets texts and emails asking for answers to the puzzles. The coasters have also become highly collectible. "We get calls, emails, just letters in the mail all the time from people all over the country who somehow hear through the grapevine that we've come out with a new one and they want us to send them every different puzzle. Problem is, we just shuffle them into packs," Crooks says. "A lot of times, we just send sleeves and hope that they get most of them within those sleeves. We probably are filling a coaster collector request every couple weeks."



**A classic “schnapps idee”** — “an idea you get while you’re drunk,” says Professor Andreas Butz, on the “intelligent beermat,” the brainchild of two Saarland University students in Germany. Weight sensors built into the beermat detect when the glass is nearing empty and, via a blinking light, alert the bartender. Robert Doerr and Matthias Hahnen, led by Butz, also included a gravity sensor, so the beermat knows when it’s facing up or down—you can even wave it around to signal urgency to a server. Estimated to retail at 5-10 euros each, they’re not going mainstream anytime soon. But, as computer parts get cheaper, Butz tells *BA*, “Eventually, it will be feasible to build [intelligent beer mats] that are probably the size of the actual beer mats of today, that are not much more expensive and that might have similar capabilities.” The students never pursued a business plan; only the original prototype exists.



shift, among both microbreweries and the macros, toward regional merchandising.

“The more chopped up the market becomes in terms of a local or regional focus, they’re going to try and have more localized campaigns, more localized artwork,” Pigott says. “You might see the main face being the main brand, like Budweiser, but on the flip-side, you may see the name of a bar or a local festival. That kind of stuff helps the smaller producers of the coasters.”

**B**efore Katz came along, there were a few independent manufacturers in North America, and most of them started out making something other than coasters. American Coaster originally produced labels for abrasive grinding wheels in Buffalo, N.Y., and the Tennessee-based AD-Mat International also manufactured matchbooks before turning to coasters. (In 2007, the two companies merged and were purchased by The KATZ Group, forming the conglomerate that now dominates 97 percent of the US coaster market.)

Even the evolution of coasters can be traced to an afterthought. In the 19th century, while the upper crust used steins with hinged lids to keep debris and bugs out of their beer, everyone else placed a piece of felt on top of their mugs. After a few uses, the felt would get damp and moldy. Eventually, cardboard became the favored material, and the “beer mats” migrated to the bottoms of glasses to absorb condensation.

Then, in the 1880s, the cardboard packaging and printing company Friedrich Horn, in Bruckau, Germany, was the first to ink messages and designs on the cardboard mats. The first wood-pulp beermat was made in 1892 in Dresden—The KATZ

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Group still sources its wood from the Black Forest.

Soon, coasters joined the ranks of “breweriana” like cans and matchbooks.

“When you used to go to a restaurant, whether you smoked or not, you took that pack of matches out the door,” Pigott says. “It was a very inexpensive souvenir. ... It was cheap enough that the restaurant operator didn’t care that people were taking them with them. And we wanted something with that same mentality.”

That “souvenir” quality—cheap, disposable and abundant—makes coasters the perfect collectible for folks like George Barone.

“[Coasters] appeal to a number of different types of collectors because there’s so many different things you can go after,” says Barone, who’s a senior vice president of technology at a national bank by day. Barone says he acquires four to five new coasters per week, “if not more.”

Austrian Leo Pisker hold the Guinness World Record for collecting 150,000 beer mats from 160 countries.

Because collectors focus on different themes—sports coasters, pre-Prohibition-era coasters, coasters from specific regions or countries—they’ll send Barone scanned images of gems they find that don’t fit with their own collection. Many collectors focus only on coasters from microbreweries, the rise of which was a boon to the collecting community.

Barone himself specializes in coasters from historical Connecticut breweries. To date, his collection totals around 20,000. Most sit in plastic sleeves, in boxes stacked in his Southington, Conn., home. A few historic coasters are framed and displayed.

Barone says he poured roughly \$35,000 of his own money into that collection, but now he estimates its retail value at around \$120,000, if he sold them individually, “which would take forever.”

The most he’s ever paid for a coaster? \$300 ... which is pretty standard for rarities like coasters from presidential inaugurations, or those from breweries that either never opened or were only active a short time. “Pre-Pros,” or pre-Prohibition-era coasters, can even soar into the thousands on eBay. Barone says he’ll sell his collection ... “eventually.”

“We’re all going to go at some point, and unless one of my kids or grandkids is interested in them, I’ll just sell them off. Maybe donate them,” he says, noting that tegeologists often sell their collections to raise money for charity. “If I was offered 60 or 70 thousand, I would jump on it.”

Although most collectors trade online, asking breweries directly for extras or attending trade shows—which are especially popular in Europe, where beer mat collecting gets really serious—some enjoy the thrill of the hunt.

“You’re gonna get a lot of local collectors going to your brewery or restaurant to pick up some of these things. It’s almost like free advertisement,” Barone says. “There are some people that just travel from brewery to brewery. ... Some people are fanatical about this stuff, they just have a great time visiting the breweries, trying different brands, meeting the brewers.”

What more could a paying customer ask for?

Courtney Cox is the managing editor of *Beer Advocate* magazine.