

MARKET INTELLIGENCE ON WINE, SPIRITS AND BEER

OCTOBER 2010

# MARKET WATCH



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## Comeback

# Brews

*Once-forgotten retro beer brands  
are now all the rage among younger consumers*

BY TERRI ALLAN

**L**ike other restaurants in Seattle, the Spectator Sports Bar & Grill serves up an array of craft brews, including Pyramid Hefeweizen, Full Sail IPA and Mac & Jack's African Amber ale. But one of its most popular beers is an old stalwart—Pabst Blue Ribbon (PBR). On a recent weekend, the Spectator sold 5,000 cases of PBR via a bucket promotion that featured five 12-ounce cans for \$10. “We ran out,” says general manager Ron Dino. The Spectator also serves 24-ounce cans of PBR (\$4) in an optional brown bag.

Back on the East Coast, PBR is the top-selling beer at the East River Bar in Brooklyn, New York's Williamsburg neighborhood, according to owner Mark Greg. The 16-ounce cans of PBR (\$3) have become a major status symbol at his venue. “We used to have PBR on draft, but discontinued it because people like to have the can in their hands,” Greg explains.

In the Midwest, sales of PBR—in cans and on tap—have been “excellent since we opened our doors in 2004,” says Shawn O'Marro, owner of O'Marro's Public House in Oshkosh, Wisconsin. Other once-forgotten beers also are making a comeback at O'Marro's, including Schlitz, Old Style and Blatz, all priced from \$1.50 to \$2.50 a 16-ounce can. These old-time brews have such a following that O'Marro's, which prides itself on its selection of 130 different beers, now touts a weekly retro beer night, featuring special pricing on those brands.

### Old-School Resurgence

According to Impact Databank, sales of PBR jumped by almost 20 percent last year, the brand's best showing since the label bottomed out in 2001. That growth has made PBR one of the hottest non-craft beers on the market. Sub-premium priced PBR began climbing out of its decades-long decline several

years ago, driven, at least in part, by young adult style makers on the West and East coasts. Consumers embraced the brand as an alternative to mainstream beers and pricey crafts and imports. This phenomenon has occurred without any major media support. Efforts have included on-premise giveaways and tie-ins with local art and music scenes. (Pabst Brewing Co. was purchased this summer by Metropoulos & Co., a private investment firm.)

Other old-time labels are also on the rise. Rochester, New York's Genesee Brewing Co. has been enjoying a turnaround over the last year, according to Jason Drewniak, brand manager at North American Breweries, which acquired the company in 2009. He attributes the current double-digit growth trend to a combination of enhanced effort and greater consumer demand. “You can find Genesee in more places now,” Drewniak says, with new distribution in on- and off-premise accounts. While its core markets are New York, Pennsylvania and Ohio, Genesee has expanded into Vermont and Michigan, with an eye on Florida next. Consumers have been receptive to Genesee, priced from \$13.99 to \$17.99 a 30-pack of 12-ounce cans. “Beer drinkers like to support an underdog,” Drewniak explains.

Neil Kavanaugh, president of Consumers Beverages, a chain of 16 stores in greater Buffalo, New York, confirms that Genesee is coming back in his market. He describes the revival as a perfect storm. “Public interest increased a notch after North American Breweries acquired Genesee and began putting money behind it,” Kavanaugh says. “And at the same time, people began to take a second look at old-time labels like PBR.” Sales of Genesee—priced at \$14 a case—are up 28 percent at Consumers Beverages so far this year, Kavanaugh says, with in-store sampling helping spur sales.



Similarly, one of the fastest-growing beers in New England is Narragansett lager, a label with roots stretching back to the late 1800s. Narragansett was the official sponsor of the Boston Red Sox during the '50s, '60s and early '70s and is seeing a rebirth thanks to its acquisition five years ago by an investment group led by beverage executive Mark Hellendrung, former president of Nantucket Nectars. Hellendrung decided to revive Narragansett after overhearing patrons at a Newport, Rhode Island, bar lament the demise of the label that had been produced in nearby Cranston for generations. Production ceased in 1983 following its acquisition by Falstaff Brewing, which was later purchased by Pabst. "It was a call to action," Hellendrung explains, adding that he was also inspired by the growing demand for PBR.

Narragansett, which is priced from \$5.49 to \$5.99 a six-pack of 12-ounce bottles, is now among the top 10 beer labels in Rhode Island, with a 2-percent market share, according to Hellendrung. The beer, produced under contract by North American Breweries, is also distributed in Massachusetts, Connecticut, New Hampshire, Maine, Florida and Philadelphia. Support is largely via social media sites like Facebook and Twitter, in addition to "many promotions, tastings and swag giveaways," Hellendrung says.

Still other heritage brews are beginning to get renewed attention from restaurateurs and retailers. O'Marro points to Midwestern icons Schlitz, Old Style and Blatz, along with PBR, that are promoted during retro beer night at O'Marro's Public House, which offers 16-ounce cans of the brews for just \$1.50 each. The bar owner notes that recent reformulations for Schlitz and Old Style have restored the beers' recipes to that of their heydays. Dino at the Spectator in Seattle says

that Rainier is also enjoying a resurgence. The Northwestern brew—owned by Pabst—is priced at \$2 a 16-ounce draft pour during happy hour. "It's a classic Seattle staple," Dino says, adding that younger legal-drinking age consumers are just starting to learn about it.

Similarly, other formerly iconic beers are hoping for a renaissance. Rheingold beer was reintroduced this summer in New York, New Jersey, Connecticut and Pennsylvania by Drinks Americas. "Rheingold and its trademarked red and white can is well known to New Yorkers," says chairman and CEO J. Patrick Kenny. "We believe this has the potential to be a multi-million-dollar brand." Founded in New York in 1883, Rheingold accounted for more than one-third of the state's beer consumption in the 1950s, and was known for its Miss Rheingold pageant, as well as for sponsoring the Mets baseball team. Today, Rheingold is produced by The Lion Brewery in Wilkes-Barre, Pennsylvania. It's packaged in six-packs of 12-ounce cans and priced on par with PBR, Kenny says, with bottles and kegs planned for next year. Support largely includes nostalgia-themed p-o-s materials and sampling, he says, as well as plans to revive the Miss Rheingold pageant.

## Heritage And Authenticity

Marketers and retailers say there are several reasons why heritage brews are getting renewed attention these days. "People are going for products that are locally made and that evoke heritage, something with roots," says Narragansett's Hellendrung. Genesee's Drewniak adds that they've earned credibility with consumers. "It's all about authenticity," he explains. "In the case of Genesee, it's always been brewed in Rochester. The formula hasn't changed. It's an honest approach."



Narragansett, which is owned by a private investment group, is among the top 10 beers in Rhode Island, while Genesee is enjoying a turnaround under new owner North American Breweries. Rheingold, meanwhile, was reintroduced this summer by its new marketer, Drinks Americas.

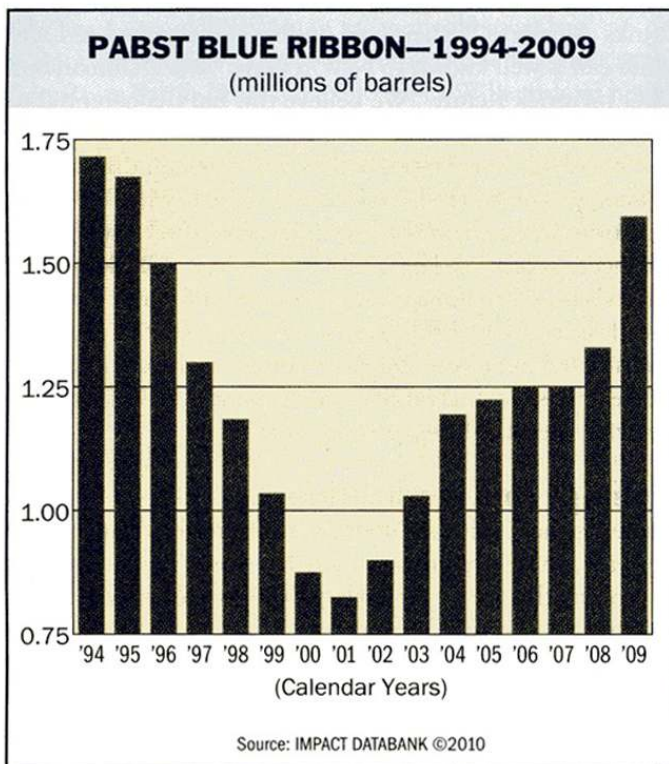
Both O'Marro and Dino, meanwhile, point to nostalgia. "In this area, everyone's parents used to drink Pabst, Schlitz, Old Style and Blatz," explains the Wisconsin bar operator. And in Seattle, brands like PBR and Rainier are iconic, Dino says. "People remember drinking them or remember their parents drinking them," he adds. Greg from the East River Bar in Brooklyn, however, is a little more skeptical. "It's not nostalgia—it's just smart marketing," he says, citing the slew of on-premise events and promotions PBR has held in New York City in recent years.

As they're largely budget beers, price has also played a part in the resurgence of these brews. "We get a lot of starving artists in here and recent college graduates who don't have a lot of money," Greg explains. Tall boys of PBR at \$3 outsell tall boys of Miller High Life at \$4. A recent promotion that

has pushed sales even higher, he reports, is a tall boy of PBR and a shot of well whisk(e)y for \$5. Kenny also notes that bad economic times can be good for recognizable, value-priced labels. "In periods of uncertainty, people like what they know. There's great comfort in that," he says.

While the economy may be a factor in the success of retro brews, marketers and retailers think they're here to stay. Dino in Seattle expects the old-time beers to continue to do well, and ironically, he attributes that to craft beer. "Just as people appreciate local beer today, they're starting to appreciate beers with history," he says. Kavanaugh at Consumers Beverages agrees. "These beers are the real deal," he says. "People have newfound appreciation for the old-style labels." mw

Terri Allan is a contributing editor of MARKET WATCH.



Narragansett has broadened its consumer base by hosting sampling events in New England, where it's made. The brew was purchased by an investment group five years ago and has since seen a rebirth.