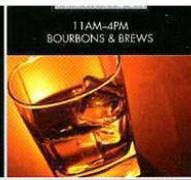




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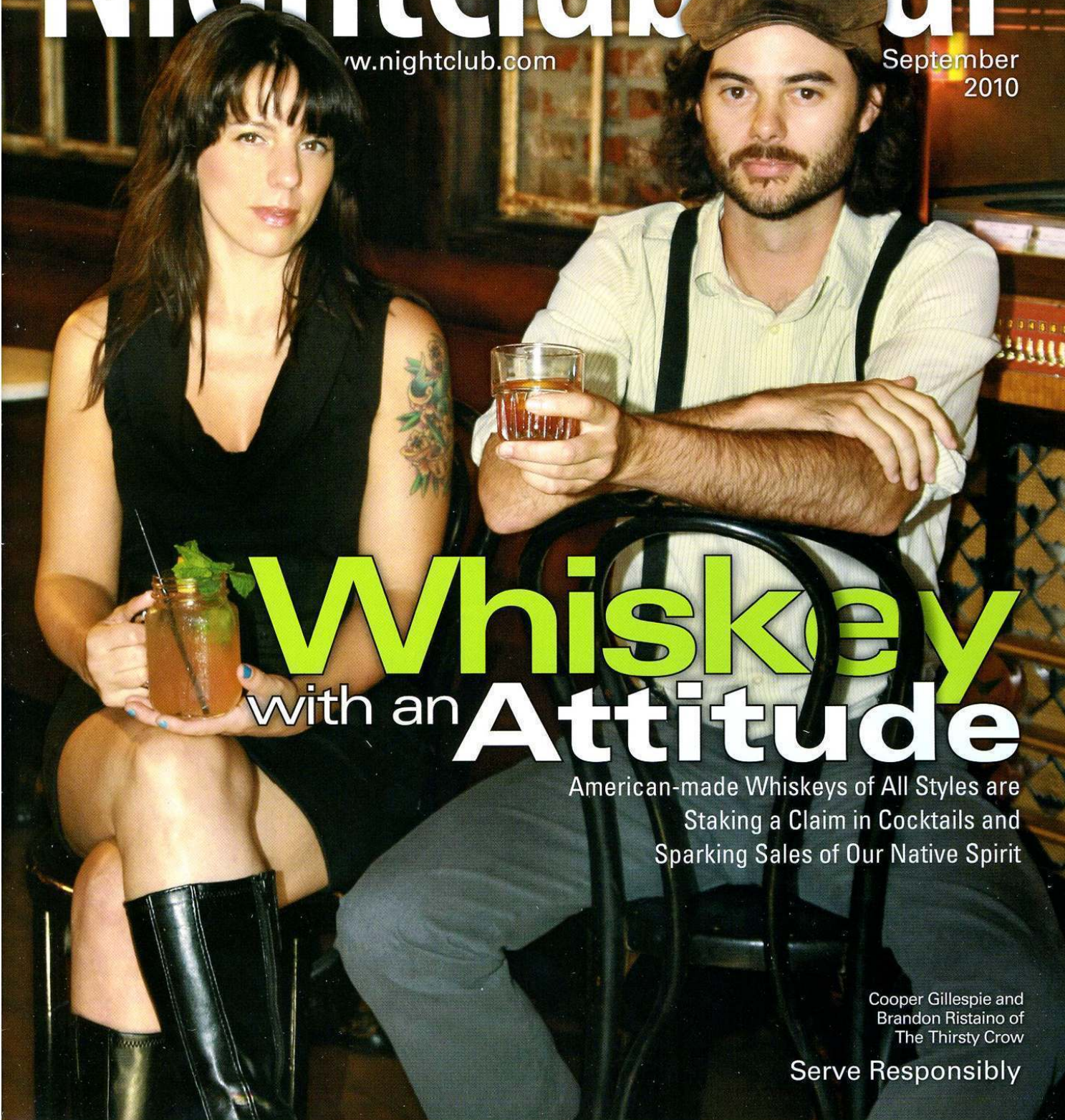
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Serve Responsibly

While on vacation in Maine recently, I happened to chat with a waitress about the seemingly lackluster state of mainstream American beer. "Domestic beers are great!" she said indignantly. "It really bugs me that all anyone talks about are crafts." And then it hit me: She's right. The big domestic beers are great — they're inexpensive, extremely profitable and the bread and butter for much of the food and beverage industry. And yet, the category is struggling as mainstream beers are finding themselves in the unfamiliar position of jockeying, not just for visibility, but also for sales.

Despite all the hoopla about crafts, no one should count out the major players. Beer is the largest segment of the alcohol industry for a reason. From innovative packaging to new products, the big brewers are hard at work trying to turn the tide. By keeping up with the latest — and not turning your back on these mainstays — you'll be sure to attract guests to your bar and keep them there for a number of nice, cold beers.

Where's the Beer Love?

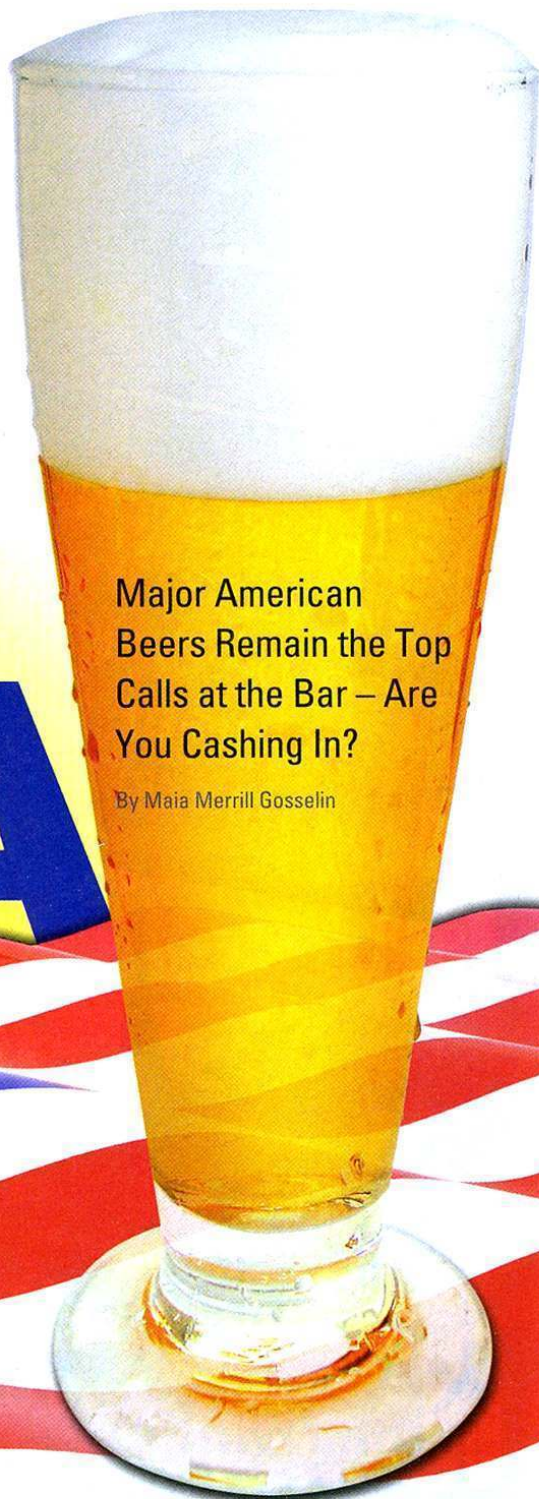
According to figures from the Beer Institute, U.S. beer sales were down 2.2 percent in 2009, one of only eight down years since 1980. The domestic

category was down 1 percent. Estimated domestic brewer production in 2010 (through the end of May) was down 3.9 percent from 2009. A variety of factors, from the economy to the allure of trendy craft beers and spirits, contributed to the domestic brewing industry's current woes.

Brewed in the USA

Major American
Beers Remain the Top
Calls at the Bar – Are
You Cashing In?

By Maia Merrill Gosselin





At the six Halfway Café (above) locations in Massachusetts, beer makes up 70 percent of sales. Though owner John Grasso says he feels the pressure to sell liquor and wine, he offers his blue collar clientele draft specials on PBR, Bud Select or Rolling Rock, with great results for his bottom line.

Dan Slater, bar manager for the Mucky Duck Pub in Indianapolis, can relate. "Here in Indy, domestics dominate over most imports; however, college kids, younger industry people and, actually, more females prefer crafts and imports."

It's not just consumers whose tastes have changed, either. Distributors are placing an emphasis on other categories beyond beer. At the popular Halfway Café neighborhood restaurants in Massachusetts, beer makes up about 70 percent of the six locations' overall alcohol sales, but distributors are pushing wine, vodka and brown spirits instead, says owner John Grasso.

Money Matters

Though Grasso notes that some higher-end wines are selling well as a result of the bar's new focus, the reality is that consumers are still tight on money. "Much of our clientele are blue collar and that's a group that's been hit hard by unemployment. For the last couple of years we've taken to running a \$1.75 draft beer special, usually PBR, Bud Select or Rolling Rock."

Frank Schultz, owner of the Tavern Hospitality Group in Colorado, which is comprised of five Taverns, the Cowboy Lounge and the Soiled Dove Underground, notes that value is extremely important to customers, especially lately, and he's looking for various

ways to offer that to guests. "I've been partnering with beer companies to put together better price points, buckets of beer, happy hour promos, etc. It's been easier for me to get reps to play along."

Many operators find promotions, even small ones, are a great way to generate extra business. At the Tavern locations, management routinely features events like Trivia Night where contestants compete for prizes and bar tabs, as well as varying happy hour draft specials. Running an inexpensive but quality special may not be a huge money-maker but it keeps patrons coming back, and when times are better, they'll remember the bars that took care of them.

What's New?

It's always important to stay fresh, which several of the large domestic brewers are doing with their new releases. Bud Light Lime and Bud Light Wheat are the most visible, with Lime performing consistently well. MillerCoors is testing Coors Batch 19, a "pre-Prohibition style lager" based on an old recipe discovered in the brewery's archives from 1919. Although in limited markets right now, reviews thus far are favorable, including a B+ from Jason Alström of BeerAdvocate.com. Plus, MillerCoors launched a separate company to handle its craft (and import)

portfolio, Tenth and Blake Beer Co. Anheuser-Busch InBev also tapped into the craft trend, releasing craft styled extensions of the Michelob portfolio with the tagline "Crafting a better beer." The lineup includes Honey Lager, Porter, Dunkel Weiss, among others, which are all well received.

Unfortunately, people don't always adapt well to change. Paul Rahn, manager for Delaney's Hole in the Wall in North Conway, N.H., said his patrons have difficulty adjusting to new trends. "New products do well in the beginning, but people tend to revert to what they know. Something like the Bud Light Lime in aluminum bottles sells and people are definitely interested, but it has to be seen by customers."

The major brewers also are targeting the calorie-conscious beer consumer. In fact, in the last few years, über-light beers ranging from 55 calories (Bud Select) to 64 (MGD) were released with some success. These products joined 95-calorie Michelob Ultra as well as the mainstay lights. Of those, Michelob Ultra has made the largest splash with consumers, but that popularity can become brand cannibalization — a Miller Lite drinker opts for an MGD 64, or instead of a Bud Light someone buys a Bud Select 55.

Halfway Café's Grasso says that while they'll carry those low-cal beers,



Tavern Hospitality Group's locations in Colorado feature happy hour draft specials and trivia nights to help sell domestic brews.

Although the craft beer craze is gaining steam, **IT CERTAINLY WON'T BE REPLACING ALL OF THE MAINSTAYS OFF THE TAPS ANY TIME SOON** — especially if bartenders have anything to say about it.

often for regulars or on special request, they don't do nearly as much business with them as they do with their regular light beers such as Bud Light. Grasso says Bud Light remains on top "because of promotion, habit, simplicity and price point."

Premium Packaging

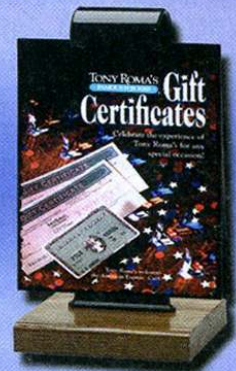
Innovative packaging might also be a key to a brand's success at the bar. Budweiser, Bud Light, Miller Lite and, recently, Coors Light are available in aluminum bottles, generating interest, especially at venues where glass is prohibited such as concerts, sporting events and many outdoor and patio bars. This spring, Miller Lite introduced its new Vortex (glass) bottle with interior ridges on the neck that create a swirling vortex when pouring.

Another innovation is cold packaging, which both A-B InBev and Coors Light market. The Coors Light Cold Activated bottles and cans are seeing success;

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when the Rocky Mountains on the label turn blue (using thermo ink), the beer is cold enough to drink. "I'd give the Coors Light blue label an eight out of 10 on the 'cool and interesting' scale," Slater at the Mucky Duck says. Along those lines, the Anheuser Busch Chill Chamber is a refrigeration system that keeps the aluminum bottles at the newly determined optimal temperature of 22 degrees without freezing.

However, new packaging only works when cost isn't affected. "As a retailer, what's frustrating is companies change the packaging and then charge more," Tavern Hospitality's Schultz says. "I've opted to stay away from much of it. I do think that packaging is impactful and people are intrigued, but in this day and age I'm trying to not raise prices." At the Halfway locations, Grasso, too, has stayed away from the new packaging specifically because of pricing.

But desired packaging doesn't necessarily mean a higher price. In fact, while beer in cans is hardly new, and certainly not glamorous, serving it is trendy, particularly at bars courting the younger set. Customers can't get enough of the 24-ounce tall boys and 16-ounce pounders. Pabst Blue Ribbon, Schlitz, Narragansett and Busch are among the beers doing well

in cans. This summer Blue Moon was released in cans, and it flew across the bar. In fact, cans are becoming so popular that even some craft brewers are "canning" their offerings.

Industry Loyalty

Although the craft beer craze is gaining steam, it certainly won't be replacing all of the mainstays off the taps any time soon — especially if bartenders have anything to say about it. The waitress I met in Maine isn't the only one who likes her American beer. Bartenders and servers are often loyal to mainstream domestics. "A lot of locals and industry people who come to our bar tend to drink more of the big domestics, while our dining room customers order more crafts or locally made beers," says Rahn at Delaney's. The industry factor is an important one, as so many in the business felt the sting of the recession. Bars that reach out with industry night specials benefit not only from extra business, but also from word of mouth.

As challenging as this time is, the death knell is hardly ringing for the major domestic brews. In fact, there's plenty of cause for optimism. Mainstream beers may not be glamorous, but they are reliable — and in this economy, that's what counts. **NCB**

Maia Merrill Gosselin writes about food and beverage, travel and tourism from the North Shore in Massachusetts.

Everything Old is New Again

If it's retro, it's cool, and old-school beers are definitely hip these days, with Pabst Blue Ribbon leading the pack. Total sales for PBR reportedly rose 30 percent from last year alone, and every bar owner I spoke to for this article reported strong PBR sales. The no frills positioning of PBR is resonating with drinkers, although what's next for the brand is unclear, as it recently sold to C. Dean Metropoulos, the businessman who grew Chef Boyardee, Birds Eye and Vlasic

Pickles labels into megabrands.

Genesee, Schlitz, Stroh's, Miller High Life and Narragansett are some other "old school" beers currently enjoying a revival. "There certainly has been a resurgence of the icons," says Dan Slater, bar manager at Indianapolis' Mucky Duck. "PBR and High Life seem to do the best; a lot of people think it's cool or funny to walk around with a beer they probably tried for the first time as a kid while their dad wasn't looking!"

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