

BEERWeek™ - "So, what did you do in the last seven days?"

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:::: SPECIAL REPORT ::::

CRAFT BEER----IN THE CAN?

New Developments May Change Can's Role In Specialty Beer

Cans have never been considered a viable package for craft beer for many reasons. But with the advent of new packaging technology and affordable cans, that could change.

The barriers to putting craft beer in cans for small breweries have been many. Image, the high cost of canning lines and sourcing out cans in reasonable and affordable quantities are the primary reasons small brewers have avoided beer in cans. These barriers are now beginning to erode. An affordable canning line for small batch packaging is being manufactured in Canada and cans are now available at similar cost and quantities as bottles. Add high priced imports already in cans and the image problem of cans as a "cheap" product package may also be eroding.

A few brief attempts at canning here in the US by craft breweries never really gained much attention or sales. Recently however, Oskar Blues Brewery, a small six-barrel brewery and brewpub in Lyons, Colorado recently released a high flavor pale ale in cans to the local market with what appears to be a serious attempt to change the perception that quality beer doesn't belong in a can. Also, cans are a popular package in Canada for craft beer, where the Big Rock Brewing Company sells about half of its total production in cans. High quality imports are already using cans for the "widget" nitrogen bladder, and imports such as Heineken and Beck's have been successful in cans for some time.

Although many craft brewers would certainly cringe at the idea of putting their product in a can, the very same mentality that started the craft brewing category in the US - breaking barriers and developing unconventional ideas - is still alive, and in fact could make craft beer in cans commonplace. Dale Katechis, founder of Oskar Blues, which just recently introduced Dale's Pale Ale in a can, has that early-day enthusiasm. "We like pushing the envelope and stretching the boundaries. We like hearing something can't be done and then doing it," explained Katechis. In an industry driven for 25 years by enthusiasts who relished pushing the envelope, it's hard to find new and radical ideas. A 6.5% ABV, hoppy,

aromatic pale ale in a can is, well, pretty radical.

The other reason to put beer in cans is simple - sales. Cans allow access to venues that don't allow bottles. Ballparks, golf courses, beaches, boating - and the airlines. Oskar Blues just landed a one-year contract with Frontier Airlines. Frontier placed an initial order of 1000 cases to be offered on all flights. As the craft category matures, and the consumer grows more confident with the product and individual brand quality, "ease of use" and availability in these previously unavailable venues may make sense. Cans could also conceivably increase SKU space for a brand much as the 12-pack has for many craft brewers.

The breakthrough that has allowed a small six-barrel brewery such as Oskar Blues to enter this traditionally big brewery package is a small canner, seamer and six-packer developed by Cask Brewing Systems, Inc of Calgary, Canada. Selling for about \$9,000, this highly affordable machine will can about 8-10 cans per minute with a staff of 2-3 people working the line. The system was originally designed by Cask three years ago so that Brew-on-Premise operators could enable their customers to put beer in cans rather than bottles. "We added a CO2 pre-purge and increased the speed of the fill last year and suddenly we were getting some interest from brew pub and small microbrewery owners," said Kersten Kloss, Western Sales Manager, North America for Cask. "We've had packaged air contents measured by Siebel and they are rated excellent," said Kloss. "The shelf life of the packaged beer will be the best it can possibly be."

Oskar Blues was the first brewery in the US to acquire the system and Katechis spoke highly of the "ease of use" and "affordability" of the unit. Another advantage of the canner for brewpubs is that small units of beer can be easily packaged as needed for take-out. According to Cask, one person can easily and quickly package a single six-pack on-demand, possibly developing the can as an alternative to the growler. Cask is waiting to see if the interest in cans begins to develop further, but is ready and able to produce canning lines that would be faster and more suited to a package plant sized craft brewery.

Another significant barrier to canning in the past has been the cost and ordering quantities of cans compared to glass. Cask has overcome that by working closely with the Ball Corporation, the leading can manufacturer in the world with 20 can manufacturing plants in North America. "In 2002 we signed an exclusive agreement with Ball to represent them to the micro brewing market," explained Kloss. "Our agreement reduces the minimum label run size to 133,000 cans, making cans a viable option to the small craft brewer." Cask also provides in-house graphics support to simplify the labeling process - a far different process than traditional paper labels used on glass. Because cans are pre-labeled at the can plant, canning

eliminates the highly mechanized and often troublesome labeler component of a bottling line. Cans also provide full wrap around graphics providing more room for the product message. The per-unit cost of pre-printed can is about 10 cents per can. A less expensive cardboard "tray" is used which also eliminates the cost of a basket carrier and the higher cost "case" carton.

Perhaps the last remaining barrier might be whether the consumer will accept high priced, quality beer in a can. With the success of the imports, it appears that may not be a significant hurdle. Flavor-wise, "cans eliminate the risk of light damage and oxidation to our beer," noted Katechis. A glass polymer lining also ensures the beer never contacts metal. Although it's unlikely that consumers would prefer cans over bottles for the refrigerator, a good micro on the boat or at the beach may drive enough volume for some package breweries to warrant canning in addition to bottling. Ball, seeing flat sales in the major beer category, may be looking to the craft segment not only for additional sales but also to increase the cans "image." If craft beer in a can were to be "accepted" by the craft beer buying demographics, it could spill over into opening up other high-end beverage categories such as soft drinks and tea.

Will we see many craft beers available in cans five years from today? Asked this question six or seven years ago about 12-packs, many would have said no. Will craft beer in cans "degrade" the segment, or elevate the perceived image of cans? The next style that Oskar Blues plans to put into a can may be indicative of the answer - a 9.0% ABV barley wine.

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