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Good beer isn't enough: Craft breweries in Colorado and beyond struggle to gain diverse audience

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By the time the Great American Beer Festival opened last year, the reality had set in that the seemingly limitless boom years for the craft-beer sector were done, even if the numbers weren't yet apparent. Then, early this year, small and independent brewers learned that after achieving annual production growth between 12% and 18% from 2010 to 2015, that increase had come in under 4% for the second year in a row in 2018.

So, as thousands of brewers from around the country stream back into Denver Oct. 3-5 for the 38th annual gathering that marks the largest beer event in the United States, the conversation is evolving from "What happened?" to "What's next?" And a number of brewers now question whether they themselves are throwing up the biggest obstacles to greater growth.

The [Brewers Association](#), the Boulder-based industry group for the sector, has spent several years discussing the need for improved quality of beer, and it recently has taken to offering advice on how beer makers can make their tap rooms more welcoming. Some brewers question whether the drive for more experimental niche styles — think puckering sour beers or boozy, barrel-aged monsters — that has created a group of loyalists also has turned away potential lager drinkers simply looking for a tastier product. And while the sector has made great strides attracting female drinkers, it has done very little to bring in the non-white Americans who are growing as a share of the population.

There is no simple answer for how to address all of these issues. In fact, at a time when the craft-beer sector is still gaining between 4 million and 5 million new customers per year even as overall beer sales in the U.S. are declining, there is not a sense of panic so much as a sense of opportunity to address potential difficulties while the going remains good. Brewers are investing more in quality testing, expanding their offerings to [push out more accessible beers](#) and even hiring mystery-shopping services to critique their taproom culture.

But the concern remains that if these efforts don't pick up — significantly, in some cases — the opportunity to grow beyond the 13% share of American beer production and 24% share of American beer sales that the sector now captures could be lost forever.

"If we have 7,500 breweries in the U.S. and continue to add at a robust rate, it simply makes sense to expand into new markets. It's got to be Business 101," said J. Nikol Jackson-Beckham, hired in April 2018 as the Brewers Association's first-ever diversity ambassador. "Why would you spend your time poaching others' customers? This is a clearly demonstrated opportunity."

Craft beer's diversity problem

Here is where the craft-beer sector stands right now:

Small and independent brewers made 25.9 million barrels of beer in 2018, more than double the 11.5 million barrels they made in 2011. Between the beginning of July 2018 and the same time this year, the number of breweries in the country [grew almost 16%](#), from 6,464 to 7,480. And while the number of brewery closings continues to pick up, it still represents just 3% of all operating breweries, BA chief economist [Bart Watson](#) noted.



KATHLEEN LAVINE, DENVER BUSINESS JOURNAL
Customer mugs at Seedstock Brewery.

A full 40% of Americans reported drinking craft beer at least a couple of times per year last year, according to a Nielsen-Harris Poll, but that group is fairly homogeneous. More than two-thirds — 68.5% — are male. And 85.5% of craft-beer drinkers are white.

Watson has tried to use the statistics to determine who is coming into craft beer. Nearly 45% of the 14.7 million new craft-beer drinkers since 2015 have been women, showing that recent trends such as hazy India pale ales and other less bitter styles of beer have been successful at attracting female imbibers, he said. But only 19% of new drinkers in that time have been non-whites, a crawling pace that he declared as being “not progress.”

Jackson-Beckham, an assistant professor of communication studies at Randolph College in Virginia who has spent 10 years researching the brewing industry and its cultural focus, said the disproportionate appeal of craft beer to white men goes back well before the craft movement began to gain steam in the early 1990s. Beginning in the 1950s, big brewers marketed malt liquor rather than mainstream beer to the African-American community. And in the 1970s and 1980s, those same brewers spent a significant amount of capital transforming beer into a masculine beverage in perception. As consumers migrated from lighter beer to more full-flavored craft beer, those beer-drinking demographics tended to hold in place.

But if decades of strategic marketing have created a core audience for craft beer, why hasn't there been a shift in focus to new customers? Jackson-Beckham thinks it's been a passive lack of effort rather than any intentional neglect. Brewers who have spent much of the past decade flush with business may not have looked around to ask who wasn't crowding their taprooms. And while a lack of customer diversity may be seen as the sector's problem, it's one that can be addressed by breweries on an individual basis, she said.

Breweries should know their communities and how to reach out into them, she said. Those in more Spanish-speaking areas, for example, should consider putting up menus in both English and Spanish, so that people who may not know the ins and outs of a description of a saison or a stout can feel more comfortable ordering something they haven't tried before.

“I don't think anybody's standing at the door of a brewery saying ‘You can't come in,’” Jackson-Beckham said. “In some cases, the introduction just hasn't been made, either geographically or culturally.”

And there are others in the industry who believe that welcome mat needs to be rolled out to a lot more than just non-white drinkers.

A more inviting taproom

In 2017, Andrew Coplon founded Secret Hopper, offering to send mystery shoppers into breweries to check out everything from their cleanliness to bartenders' ability to upsell customers to-go beer. Though based in Norfolk, Virginia, Secret Hopper has its largest group of customers in Colorado — some 40 breweries and counting, as brewers are eager to receive critiques that can help them understand how to get a firmer foothold in an increasingly competitive atmosphere.

The shoppers, who visit multiple times but don't identify themselves, look for simple things, such as whether a bartender introduces themselves or offers samples, or whether the staff is friendly to patrons. A low level of engagement from staffers — one of the more common complaints from brewery customers these days, will lead customers to want to return to a taproom just 37% of the time, while a high level of engagement creates a 98% likelihood that a customer will come back, Coplon said.

“A lot of breweries treat their regulars better than they do their new customers,” he said. “There's almost a negative culture in craft beer these days of pretentiousness and elitism where people think ‘If you're not drinking the super-hip beer we're making, then don't come in.’”

Brewers Association officials are aware of this issue, and they've begun to address it in talks and recommendations to breweries, Watson said. They ask brewers to consider how inviting a taproom may be to a new customer or how comfortable a staffer may be talking to a beer beginner. The BA has offered suggestions such as installing purse hooks at the bar, so that female customers feel more comfortable sitting down there. It's an issue that new breweries are thinking about as well.

Justin Martinez and Kevin McCrossin believed in the idea of their soon-to-open Counter Culture Brewery + Grille enough to convince their families and friends to invest significantly in the business — and, in Martinez's case, to sell his house to put in the money necessary to get it off the ground. Their rent in the 2,000-square-foot space in the new building at 7th Avenue and

Sherman Street, expected to open officially on the weekend of Oct. 11, is no small cost, and neither were the serving tanks they had custom-built in Canada to stack on each other and make the most efficient use of the space.

But as the longtime friends and former Mountain Sun Pub & Brewery cohorts plotted how to fill that space, they made the unusual move of installing a kitchen with counter service, believing that offering a meet-up area where friends can get food in addition to beer will build an added connection to the young but growing community around the brewery, welcoming in people whose aim isn't just to find a rare or complex brew. And in choosing their lineup of beverages, they decided to offer a variety of styles without chasing trends, even making an old-time English pale ale as their research and development beer.

Martinez, who worked for a while with a beer-tour company, remembers the number of people who were trying out tours because the craft-beer world was a bit foreign and something they wanted to learn.

"People always asked 'What is like a Coors?' I'm not judging them," he said. "They're just looking for a bridge to what is familiar to them."

Jackson-Beckham noted that after a long period in which brewers tried to ramp up bitterness units or alcohol-by-volume levels to entice people with more extreme beers, there has been a resurgence in recent years of "crushable," easier-drinking beers. But that hasn't stopped some people from wondering whether the focus on envelope-pushing beers that defines some of the stars of the craft sector hasn't left a whole bunch of other folks drinking lighter beers made by bigger companies because they believe that craft offerings are too foreign to their concept of beer.

Ron Abbott co-owns Seedstock Brewing on West Colfax Avenue in Denver with his brother and another partner, and he is expecting revenue to grow this year by 10% to 15%. Seedstock is a rarity in the Denver brewing scene, however, focusing on simpler Czech and German-style beers that served as the inspiration for the lagers and light lagers that dominated the American market from the 1930s through the end of the 20th century, and Abbott believes that a significant portion of his growth is coming from people who are wandering into Seedstock because they can get something cleaner and easier than they can find at other craft breweries.

A Nebraska native, Abbott took some beer home last year and offered it up to what he called his Busch-Light-drinking, NASCAR-loving family and friends — a group that found they really enjoyed it, despite having made fun of him for being a snobby craft brewer. What breweries like his really need to do is to get into the large number of bars that don't serve craft beer and let people who have a mistaken impression of the sector try it themselves — rather than brewing the same kind of high-alcohol, highly hopped beer that is sought by a fervent but limited crowd, he said.

"I think we're all chasing the same 20% of drinkers," Abbott said. "I'm concerned that craft is focusing inward. I'm concerned that it's becoming so craft, so out there, that at some point we're going to be pushing away that other 80% and not trying to draw them in."

Oh, and the beer has to be good.

Ramping up quality

Rick Wehner — founder of Brewery Finance, a company that markets itself to brewers as a finance broker — remembers a time when "as long as you started a brewery, you could make good money, even if the beer wasn't very good." Now he sees that customers' expectations have gone up as the number of breweries has risen to almost 400 in Colorado, and having just a plan to open a brewery isn't enough to get a loan or to succeed anymore, he said.

That increased competition brought about pleas from the BA [five years ago at its Craft Brewers Conference](#) for beer makers to pay closer attention to their quality, lest they push drinkers away from the sector. This year, the BA sent a copy of its new Draft Beer Quality Manual to every member.

Competition also has ramped up work at places like the beverage-analytics laboratory at Metropolitan State University of Denver, which is growing its customer base every month as breweries pay to have scientists and students test for ethanol and other chemicals that can lead to off flavorings and turn away potential customers.

Opened just this spring, the lab contracts with breweries to do quality testing in one to three days. Up until five years ago, such testing was only the purview of the largest international breweries and biggest craft breweries, which had the financial

resources to invest in such actions, said Scott Kerkmans, director of MSU Denver's beer-industry program and an 18-year industry veteran. But now it's become almost mandatory for brewers of all sizes, as more seasoned customers can pick up on flaws and leave a smaller brewer for a bigger competitor that doesn't have off tastes, he said.

In fact, the program — and others like it at other area colleges — is breaking down the walls of what had been a fairly closed circle of people who worked in the industry, which in turn could lead to a smaller circle of people who drank their wares, Kerkmans said. New brewery employees are now expected to be more knowledgeable — the four-year-old program has graduated 18 students into the industry so far and has 90 going through it currently — and many of those students will know better how to test for flaws in the beer than the veterans who founded and run the breweries, said Kerkmans and lab manager Katie Strain.

"I think the beer industry realizes that the days of hiring their buddy who home-brews is over," Kerkmans said. "It's becoming more professional."

Can knocking down these walls expand craft beer's audience? If breweries reach out to women and minorities and long-time lager drinkers and people who want something simpler than a barrel-aged imperial stout, can it get back to the double-digit percentage growth of the first half of this decade?

McCrossin is more focused on opening Counter Culture Brewery than plotting the economic future of the sector. But as he watches pedestrians walk by on 7th Avenue and stare into his windows with anticipation, he believes there is still a group of people out there who are looking for a new beer experience and are open to trying the brewery culture for the first time if it just offers them a way to connect and enjoy a beverage.

"We feel like this neighborhood is ready for what we have," McCrossin said. "I've run the numbers and it's going to take this place to be busy. But I think the neighborhood is ready for this."

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