

Is beer obsolete?

No, but brewers have some work to do.

Is beer obsolete? In the dictionary, “obsolete” is defined as “outmoded in design or style...imperfectly developed, especially in comparison with other related species.” In terms of imperfect product development, beer has indeed fallen behind the “related species”—wine and spirits—and it shows.

While brewers have been fiddling with their amusing advertising and malternatives, Rome has been burning, and rather briskly.

Spirits makers have taken their foggyish product and made it relevant again. Fifteen years ago, a martini was viewed as a somewhat old-fashioned drink. Now, it is the epitome of cool.

Even wine has been kicking beer’s tail. Gallup recently found that wine and beer are now in a statistical tie for favorite alcoholic beverage of American consumers. This is fairly shocking. Back in 1992, only an effete 27% of the population favored wine, while beer was preferred by 47% of respondents.

Beer was once the first choice of the American working man. No beverage is as refreshing after hard physical work than a beer. But fewer Americans actually engage in hard, physical work. After a day at a desk, it may be that any sort of beverage will do.

So, is beer actually obsolete? No. But beer is certainly having a dark night of the soul. Even the core demographic, (ages 21-29) is looking elsewhere for refreshment. In the recent Gallup poll, preference for beer in this group dropped from 71% in 1992 to 48% in 2005.

Fewer people in every age group are drinking beer, according to Gallup. So what is going on? In those sleepless hours before dawn, in between thoughts of mortality, things left undone, and man’s ultimate fate, it might be worthwhile to examine where beer is headed, and why.

Beer is an old, old product. It has been produced in some form since at least the time of the Babylonians. Ale in its current form dates back several centuries and lager as we know it to the mid-19th century.

Given today’s hyperactive consumer product marketplace, where something new comes out every month, it’s amazing that an ancient drink

like beer gets any shelf space at all.

But beer has evolved, and is evolving. The most modern form of beer is lager, and the lagers that are consumed today are quite different from those of 100 or even 50 years ago. Brewers have worked hard to keep beer relevant, by continually tinkering with the flavoring.

Of late, Anheuser-Busch has been pushing the flavor envelope. They are now producing a variety of beer-like drinks that share the production process of beer. While some of these products contain hops, hops are no longer the dominant flavor.

That brings up a question: Are hops the culprit? Does hop bitterness, long the hallmark of beer flavor, no longer fit in with customer preferences?

Based on their hopping rates, the big brewers hold that opinion. International Bitterness Units (IBU) are down to threshold levels in many of the mainstream beers.

However, this process started decades ago. In 1945, Budweiser was said to have about 20-22 International Bitterness Units (IBU). By 1981, it was down to 15 IBUs, and by the 1990s, it was down to 10-11 IBUs. By now, it may well have dropped below 10 IBUs. And why not? Miller Lite has been down in sub-10 IBU basement for a long time, and they seem to be doing OK.

So the decline in IBU has been gradual, taking place over decades. But, for the sake of argument, what if the brewers have actually taken it too far? What if the increasing blandness of beer is part of the problem? Low IBU beer may serve as a gateway drink to the competition. It is a short jump from low IBU beer to no IBU non-beer (malternatives, etc.). Is part of the problem that beer no longer tastes like beer?

As it happens, micros are enjoying a resurgence just now, and no one has ever accused the U.S. micros of stinting on the hops. Does the growth in micros mean that America wants to return to the days of high IBU lager and ale? Unfortunately, probably not. Taken together, micros and higher-IBU imports have 5-6% share. These categories are growing a bit, but this area remains a small part of the total pie.

But this begs the question: Why are imports and micros relatively healthy, while the mainstream is in such a funk?

For one thing, these specialty products are

differentiated from the mainstream, and not just by flavor. They are also packaged differently and priced differently. They have a mystique, and in a consumer culture where new and different is good, these beers are showing how it is done.

But not every beer can be a hot micro or an exotic import. To keep beer relevant, mainstream beer has to recover. There is every indication that this will happen—eventually. These things are generational, and the next generation of drinkers may find martinis ridiculously fey, and wine foolishly pretentious. But a generation is a long time to wait, so the big brewers had better start reinventing themselves now.

In this magazine issue are interviews with two people who make and/or sell beer—Greg Koch of Stone Brewing Co. and Simon Bergson of Manhattan Beer Distributing Co.

Mr. Koch sells flavorful higher-priced beer (there are plenty of hops in in his Arrogant Bastard ale, although he won’t divulge the IBU number) and his Stone Brewing Co. can’t make nearly enough of it to satisfy demand. He has made his beer fun and good and different and somewhat exclusive. All the qualities that people look for in a beverage, or in a beer.

Mr. Bergson, for his part, sells beer, and a lot of it, to the most ethnically-diverse marketplace in the world. He does this by providing his customers with what they want, when they want it.

Those are pretty good templates to work from, and an affirmation that despite all the doom and gloom in the beer camp, some people are doing things right.

And, also on the bright side, beer in moderation is a healthful drink, as shown by numerous studies. A recent Harvard School of Public Health study found a whole slew of benefits accruing to moderate beer drinkers—including reduction of cardiac events, reduction of hypertension and improved mental acuity.

So there is the answer: Beer is not obsolete. If it didn’t exist, it would have to be invented anyway—as a health tonic. ■

Peter V.K. Reid