

One more point that really carried the day: what if craft brewing became a significant portion of the market? This question nagged at Short. He saw significant upsides to investing in craft, and the risk in failing to do so. “What I would always tell people at Anheuser-Busch [was] to consider this an insurance policy,” he said. “If the craft segment dies out, we made these small investments and had very little headache, and, in the meantime, we’ve brought to a product to our wholesalers that we cannot by definition bring them. They’re our partners, they’re largely exclusive, and we owe our wholesaler family products in every segment in order to compete. So, it was a win-win-win. For very little risk, we were able to check a lot of boxes.”

Comment [Office7]: This introductory clause is a bit abrupt. In the previous discussion it is forgotten that the two men were in this meeting. So when it comes back into play it feels out of place and disconnected from the previous discussion (even though it is absolutely connected. Maybe giving it a touch of a longer introduction like, “So, when A-B’s executives sat down with Widmer Brother’s, there was one question that sat in the back of their minds: what if craft brewing became a significant portion of the market?”

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So far, all of this makes sense. But why didn’t Anheuser-Busch just buy Widmer outright, as Miller, Heileman, and others offered to do? Eventually, Anheuser-Busch InBev would make that choice, but, at the time, they worried it would backfire. Their reasoning goes back to that market research about which beer customers were willing to buy, and A-B’s failure to sell their own brands.

Comment [Office8]: This transition sounds a touch too formal, as if it were an academic paper. Try loosening the tone of your prose here. Unless you’re going to cut this transition entirely, give the reasoning behind their thinking straight up. It will sound more to the point than moving around the subject.

“Remember the problem we were trying to solve for,” Short said. “At the time, what we believed was that we had this situation where the consumer viewed products from large breweries differently than they viewed them from craft brewers. So, by taking minority stakes we were able to effectively claim—and it was true—that, look: We’re not running the company. These are still true craft brewers, and all of the romance and consumer perception and benefit that comes with being small craft was maintained. If we buy a majority of the company, those consumers are going to look at them as though they sold out—they’re big beer now. That was the cornerstone of the strategy; it was anchored in that belief.”

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At the end of the day, it was an easy call for Anheuser-Busch to make. For minimal cost, they were able to enter the craft segment, and deals with Redhook and Widmer Brothers gave

their wholesalers broader choices. Some within the brewery assumed the fad would die, and this was a low-cost, low-risk method of participating while it was hot. It didn't hurt that August Busch III—the president, CEO, and board chair—liked Kurt and Rob Widmer and admired their brewery. It may seem like an odd arrangement now, but at the time A-B believed taking a minority stake was the only way their investment would hold its value.

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The Effect of the Partnership

It was touch and go for a few months. Talks for the deal stretched on long enough that, by the time it was finally completed, craft beer had entered the first serious market correction. Angel Marquez, who was working in the brewhouse at the time, remembers doing a lot of cleaning in those first months, waiting for the orders to roll in and get the big new mash tun humming. “As soon as they get it going, after they’ve got it staffed up to do all this production, the whole market falls flat,” he said.

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This coincided with the move into bottles. For years, Widmer had been reluctant to bottle

because they didn't want Hefeweizen's iconic haze to settle out. (Because of these challenges, Barb Widmer recalls Rob telling her, “We are *never* gonna bottle!” when she met him in 1992.) They eventually figured it out, and the new brewery was designed to optimize bottling Hefeweizen to be sent far from Oregon, where it would arrive in its characteristic cloudy form.

Comment [Office9]: Introduce this quote instead of simply ending it with “he said.” It will set the tone for the impact of the quote. The market falling flat has a really negative impact on the business, make the wind up to this moment compelling, draw the reader in.

Comment [Office10]: There seems to be a missing connection here. Show the reader the impact of this market fall. This is a definite opportunity to add more detail of the cause and effect, and how this market fall impacted Widmer and other breweries. You touch on the fact that it did later, but not more than a mention that 8% of breweries went out of business. I want more. This is the perfect place to do that. Don't lose the impact of the previous paragraph. It cuts the tension and the moment.

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SIDEBAR

Crafting a New Bottle

In 2001, Widmer Brothers introduced a striking new bottle. In a time when nearly every brewery bought generic bottles in bulk, the new Widmer bottles featured the brewery's “W” inset in the

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neck. It gave them distinction and elegance, which served as a visual metaphor for the Widmer Way. Tim McFall, the marketing director during the project, described how the bottle came to be:

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We were looking at the proliferation of craft beer at the time and, not all of them, but the vast majority, were in the standard, stock bottle—we'll call it the Sierra Nevada bottle. Our biggest competitor in the Northwest was Pyramid, and they were using that bottle. As we looked to launch into new marketplaces and separate ourselves from the masses, we thought we needed to have a better-looking bottle; we needed a more premium-looking bottle.

One of the things that was happening at the time was, with proliferating products came price discounting. There was a lot of competition out there that was just flooding the marketplace. So, we took a different tack. We thought, instead of lowering our price, let's increase our value. The research we did at the time was showcasing the standard Widmer bottle versus the longneck, and the longneck was [perceived to be] worth more. We moved into the longneck bottle to give us the insurance of not having to discount as much as our competition.

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Somewhere along the line we decided to go to a custom bottle. That was not an easy discussion, because the bottle *did* become more expensive. That was kind of hard for us to swallow as we were launching into new markets. All of a sudden our margins get tighter because the bottle's more expensive. When you're looking at a couple million bottles, even if it's a penny a bottle, it's a huge impact at the end of the year.

We had to change the bottling line to accommodate the different bottles, and we had to completely change all of our packaging. So that was a big step for the company. But,

whether you're in brewing, in the cellar, a sales guy, or a marketing guy—everybody took tremendous pride in everything that was being done. So when we launched a new bottle, everybody thought it was very cool because it was *ours*.

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In the end, there is no doubt that this partnership helped establish Widmer Brothers as one of the nation's biggest breweries. Once the deal was done, Widmer Brothers beer went out on trucks across 18 states. It got East Coast distribution and even made an appearance on the Seinfeld show in the late 1990s. The new brewhouse allowed Widmer Brothers to produce the highest-quality beer it had ever made. A new, state-of-the-art lab helped monitor the beer and assure consistency as it traveled the country. Even with the downturn in the market, these moves allowed the brewery to prosper. "We actually had a better growth pattern than most people," CEO Terry Michaelson said. "It just wasn't as dramatic. I don't think we ever had a year where we were negative in sales."

The partnership produced other benefits the brewery hadn't anticipated. "That's been a critical piece of our success, and it's paid off in ways we didn't even anticipate," Kurt said. "We'd ask [Anheuser-Busch] things like, 'Can we piggyback on you for purchasing glass, hops, malt?' They were like, 'Let's see now, it won't cost us anything—why *wouldn't* we do that?' But that wasn't what we envisioned when we started."

Comment [Office11]: There's a repetition here with the following quote. Rephrase this so as to avoid the repetition.

On the other hand, some of the benefits they forecast were overly optimistic. Terry Michaelson had a front-row seat to the unexpected challenges that cropped up. "We underestimated how many resources we were going to have to put into the market," he said. "In retrospect, the thing we didn't understand was how hard it was going to be for beers, the brand,

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to travel outside the region. I know there are many brands that are trying to do it now, but it's really, really hard."

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They also failed to take into account some basic costs. "There were questions that we didn't ask," Michaelson continued. "Like what was the total impact on your margin when you were shipping beers across the country? I mean, people knew it was going to cost more, but your margins were great and it was incremental and you had higher utilization so you didn't really think about it that much."

Comment [Office13]: This could use more detail here. What were the negative effects of not taking this into account?

Despite these challenges, the logistics and implementation of the arrangement were, on balance, far more positive than negative. Going back to that initial calculus in choosing between two paths, growth or stasis, no choice was without its drawbacks. Given the late-'90s downturn, one that put 8 percent of American breweries out of business, it was especially beneficial. The scattered difficulties Widmer Brothers encountered were nothing the company wasn't prepared to deal with. Well, perhaps with one big exception.

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Blowback

After announcing Anheuser-Busch would be taking a minority stake in the brewery, perception of Widmer Brothers changed. In the classic origin myth, craft brewers existed as a reaction against the dehumanizing scale of industrial breweries. Craft brewers portrayed themselves as artisans who cared more about their sumptuous elixirs than the bottom line; they threatened to upset the dominant order of mass-market beer, but were themselves threatened by the might of the industrial giants. They were spunky little dissidents. This narrative took on the contours of a moral struggle. And so, when the Widmers threw in with Anheuser-Busch, many of their customers felt like they'd been betrayed.

Comment [Office15]: Whose perception? Customers? The public? Buyers? Please clarify.

To be clear, the majority of Widmer’s consumers were either unaware of the partnership or didn’t care. But, to some of the people closest to the brewery—their most ardent fans, people within the local brewing community, their own and partners’ staffs—it didn’t sit right.

This sense of betrayal was something Rob and Kurt understood, and even sympathized with. “You know, I remember taking shots at ~~Anheuser-Busch~~,” Rob said. “They were a nameless, faceless corporation. I think it’s a quirk in our society that you can be too big for your britches, and we love to see number one get shot down. It’s fashionable to rail against the man and all that.”

Inside the walls of the brewery, the Widmers went through a mental evolution. Over the course of years, they ~~came~~ to believe that growth would enable the brewery to make better beer and allow it to travel farther from the brewery. Working with Anheuser-Busch facilitated that evolution. “I played that game until we ~~met them~~,” Rob concluded. “Once we met those guys, it was like, ‘Shit, they’re just like us.’”

~~However, that~~ same slow evolution didn’t happen outside the walls of the brewery. Instead, the news landed like a bomb, without warning. In Oregon, consumers had begun to grow wary of opportunism in craft brewing. To cite one example, in 1995, a mysterious product started showing up on shelves. It was purportedly made by the Oregon Ale and Beer Company—which turned out to be a contract-brewing arm of Boston Beer. The national breweries, having learned that consumers wouldn’t buy craft-style beers made under their names, set up fake brands with bucolic, small-timey names to lure customers. By the mid-~~‘90s~~, some micros had become relative giants themselves. All of this ~~seemed to threaten~~ the viability of the littlest players.

Widmer had grown so fast that it was already gathering suspicion among those wary of gigantism. With the announcement of the A-B deal, a narrative quickly solidified. Widmer was

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Comment [Office18]: Did it “seem to threaten” or did it simply just threaten the small guys? Make sure to make that distinction.

no longer the local boys done good. At best, they were sellouts; at worst, Anheuser-Busch had taken full control and used Rob and Kurt as fig leaves to conceal the real power behind the brewery. Widmer's growth and success, combined with the involvement of Anheuser Busch, reinforced this perception and kept it alive over the next two decades.

For Kurt and Rob, it was a painful **situation**. Kurt described his feelings about this period, "I remember—Rob and I agonized over this forever—being told, 'You're too big.' That was part of the romance of craft brewing. Nobody ever says to Levi's, 'You guys are too big. You guys own the jeans market. Shame on you; I'm not buying your jeans.' Or Adidas shoes. **We** were still a pimple on the brewing business, and all of a sudden we're *too big*. Nobody ever **said**, 'Your beer is bad,' but they told us to our face and behind our backs, 'You guys are too big.' It was frustrating."

Rob pointed out that the **very passion** their critics expressed was what allowed them to prosper in the first place. "It's more of an emotional thing, so there's really no logic to their decision. You can usually try to tell them how things work, but it's just an emotional thing. On the other hand, it's good people get emotional about it. It would be worse if they were completely indifferent. Beer's really emotional to people."

To this day, most people who have heard of Widmer's deal with Anheuser-Busch think A-B took a controlling share. **Of course, time**, has changed the emotional valence of the situation. Since about 2015, news of a brewery sale has come every month or two. The shock of brewery sales has dimmed, as has that sense of betrayal. At the same time, Widmer Brothers has remained a steady presence in the city. For over three decades, Kurt and Rob have been brewing beer in Portland, and stopping into the brewery has become a habit for many Portlanders. **The brothers are visible members of the brewing community. Widmer sponsors local sports teams.**

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With their constant presence in Portland, it's hard for most drinkers to get caught up in the abstruse question of ownership—after a couple decades, it's hard for most people to consider Widmer Brothers anything but a local institution.

Comment [Office22]: I'm not sure if abstruse is the right word here, as the question of ownership isn't that difficult to understand. Find another word to solidify what exactly you mean here.

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Since selling part of the company to Anheuser-Busch, Widmer Brothers has made a number of other high-profile partnerships. The two breweries who entered into those early partnerships with Anheuser-Busch would later combine to form Craft Brew Alliance.

Comment [Office23]: Who are the breweries? Name them for clarification or reiteration.

Comment [Office24]: There should be a short explanation here of what that means and who is involved.

Comment [Office25]: This shouldn't be the opening paragraph. The second paragraph is a much better opening for this epilogue of a subhead. I would recommend moving this to be the second paragraph.

All of these decisions marked important milestones for the company. In many respects, however, they were merely downstream consequences of that decision to partner with A-B. Their partnership transformed the company and would eventually make it the country's ninth-largest brewery and the fourth-largest craft brewery.

Comment [Office26]: Go into their decisions, list them. IT will give the reader a better visual for all the things that have happened or the decisions they've made.

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From the beer side—which was always the dimension Kurt and Rob could see most clearly—it was judged an unambiguous success. "We knew at the same time that that our beer had gotten so much better," Kurt said. "Our people were better, our equipment was better, the distribution network was better, our customers were getting a better glass of beer than ever." For people outside the brewery, the decision to sell a portion of the company to Anheuser-Busch will never be ruled a purely positive thing. Big breweries carry too much negative publicity in the craft world for that. But inside the brewery—even acknowledging the prevailing opinion elsewhere—there are few who look backward with much regret.

Comment [Office27]: This is an awkward phrase, and reads a touch muddled. I know what you're trying to say here, but the clause needs to be rephrased for clarity.

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The Modern Era

When we sat down to discuss his quarter century with the brewery, Sebastian Pastore described the most recent era of Widmer Brothers as a consequence of an earlier decision. He was talking about the Craft Brew Alliance era, when Widmer Brothers, Redhook, Kona, and others ~~came~~ together to form a collective of breweries. For Pastore, this configuration was hardly accidental; ~~it proceeded from one of those moments when a choice sets into motion a series of events that fall like dominoes, leading to the present moment.~~

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Comment [Office29]: Simplify this clause for a sharper image. Even something like, “a choice that set a series of dominoes to fall into place, just at the right moment,” or something like that. Shortening it will not only clarify the sentence, but it will make this visual pop. Otherwise, cut the whole sentence and go straight into the quote below, as this sentence stands it is slightly repetitive of what Pastore says.

“When I look back on Widmer, I see it as a series of fateful decisions that resonated for decades afterward,” Pastore said. ~~“The Anheuser-Busch deal defined the rest of the brewery’s history in a bunch of different ways.”~~ By his reckoning, there were three of these; the first two decisions had to do with expansion and physical siting of the brewery. ↓

Comment [Office30]: This sentence is vague as it is a lead in to something that is not discussed in the following quote. It sounds like there is some missing information here. If these decisions are going to be mentioned, make sure to immediately touch on what they are and how they affected Widmer. If this

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CEO Terry Michaelson told me much the same thing. “There were a number of factors that led us to a decision that that was the best decision for the business at that point,” he said. “Once we did that, it set us on the course that led us to where we are now.”

The Craft Brew Alliance began as a loose marketing partnership between Redhook and Widmer Brothers, and has since become the tenth largest brewery in the country. This new company’s headquarters is located within the brewery complex on North Russell Street, and ~~includes many of the old hands who began when all the beers coming off the bottling line said~~ “Widmer” on them. Despite Widmer’s central place in the new brewery, ~~it now shares a byline~~ with its partners, and, as of a few years ago, is no longer the bestseller among them. ~~In many~~ ways, ~~it is~~ a surprising turn of events, but one that flowed from ~~that key decision~~ of the brewery’s namesake founders.

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Further Alliances

The decade following the partnership with Anheuser-Busch seemed to confirm the wisdom of the deal. “From 1997 until, say, the InBev deal, it was really all upside,” Pastore said. “It was a great honeymoon period.” The A-B partnership came right at the moment the craft segment of the beer market really slowed, and it wouldn’t pick up again for several years. The enormous expansion in the early 1990s hadn’t prepared many breweries for life during flat sales; most breweries just tried stay in business and few grew. In contrast, Widmer Brothers was far better positioned because of its ability to send beer further from its home base in the Pacific Northwest, allowing the company to see continued growth. Two years after striking the deal, Widmer had boosted volume and was selling in eighteen states.

Michaelson described the period in similarly positive terms, but pointed out that not everything went as planned. Part of this, he explained, had to do with the increased cost of shipping beer across the country. “The thing they really didn’t anticipate was how hard it was to enter new regions and try to build the brand, particularly in an era when craft beer was retrenching, not expanding. Hefeweizen basically sold itself in the Pacific Northwest, but in distant markets, nobody knew who Widmer was or what to expect from this oddly named beer. “It started to have a huge impact when you had to start dropping people in, and you had the costs in terms of how long it’s going to take you to build your base of business in a market.””

Meanwhile, in Seattle, Anheuser-Busch’s other partner had embarked on a more aggressive strategy for expansion. In 1996, Redhook made the bold decision to build a facility in New Hampshire and expand distribution to the East Coast. By 1998, it had become a national brand, with distribution in forty-eight states. Nevertheless, it came at a dangerous moment. Many of the bigger U.S. craft brewers built large new breweries during this period in anticipation of

Comment [Office32]: The information about the market fall that follows this subheading directly coincides with the information given in the previous chapter under “The Effect of the Partnership” subheading. You need to either choose to integrate this information then or integrate that information into this section, but they shouldn’t be separated in this way. Doing so will decrease any repetition and increase the pacing and readability of the text.

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