



TOPIC: ENGINEERING, PRODUCT INNOVATION, QUALITY

NONALCOHOLIC DRINKS ARE THE NEXT FRONTIER AT BREWERY TAPROOMS

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In 2021, Tara Hankinson and LeAnn Darland opened the first Brooklyn location of Talea Beer Co. with a mission of building a more welcoming brewery taproom. That meant stroller parking and changing tables for parents, a bright plant-filled space, vibrant fruited sour ales, and wines and cocktails for customers that might blanch at beer.

Alcohol-free beverages ranged from coffee to kombucha, coconut water, and strawberry lemonade, but the duo felt something was missing. “For a long time, we always had the desire to have our own nonalcoholic beer,” says Darland. “We just hadn’t figured out the most cost-effective way.”

Making nonalcoholic beer often requires costly filtration or vacuum-distillation equipment, and costs can run into the hundreds of thousands of dollars. “We’d also have to get a pasteurizer,” Darland says. (Alcohol is a preservative, and its absence can lead to spoilage.) Last year, the Talea team discovered the Minnesota company ABV Technology and its vacuum separation process that removes alcohol from finished beer. As a test, Talea took several IPAs to an ABV partner facility north of New York City. “We thought they tasted better than any other nonalcoholic beer on the market,” Darland says.

That January, Talea offered a popular nonalcoholic beer flight and now plans to offer at least two different nonalcoholic beers on tap at any time. “It allows people to have an experience in our taprooms, even if they’re not consuming alcohol,” Darland says.

Brewery taprooms initially spread across North America as utilitarian depots for fresh draft beer, offering pints to stay and four-packs to go. Over time, taprooms evolved into community clubhouses that attracted all ages. Not everyone wanted an IPA, much less beer, so many taprooms expanded offerings to include wine, cocktails, and hard seltzer. Now as mindful consumption and sober curiosity become no-buzz words, serving compelling nonalcoholic options is a taproom necessity.

Instead of stocking fridges with common soda drinks and seltzers, breweries are developing unique alcohol-free options. "People come to brewery to have something that's created on site," Darland says. Some breweries are experimenting with soda, while others are exploring hops-infused sparkling water. And nonalcoholic beer is becoming more attainable thanks to yeast strains that have a difficult time devouring sugars during fermentation, creating beers with less than 0.5 percent ABV (America's legal threshold for classifying beer as nonalcoholic.)

Hop Water Offers a Sparkling Alternative

America's craft beer industry is more than 40 years old and nearing middle age. Habits evolve as years accrue, and you can't party like you're 22 forever. Many people are cutting back on weekly consumption or eliminating alcohol altogether.

"We've been around 19 years," says Christa Brenner, the marketing and brand director for Short's Brewing, which was founded in Bellaire, Michigan, in 2004. "We've had plenty of people who were super fans 15 years ago who quit drinking."

Short's is known for flavorful beers that might mimic s'mores or strawberry shortcake. The brewery pondered NA beer, but the costs proved prohibitive "for a product that we don't have any proven track record of," Brenner says.

Big risks are tough in this topsy-turvy economic climate. Craft beer sales are down. Nonalcoholic beer sales are growing, but they're still a fraction of the overall market, as First Key discussed in this article. Instead, Short's looked to its IPA competency—Huma Lupa Licious is a long-running year-round beer—to develop Thirst Mutilator Hop Water. Released last June, the collaboration with musician Billy Strings offers a psychedelic label and a spritzzy, pleasantly citrusy character.

"We sold around 4,000 cases last year," says Brenner, adding that the brewery is working on securing its eighth state of distribution for the brand. Thirst Mutilator is also an important own-premise play. The brewery offers it for \$2 a can, and the brewery "sells a ton at our locations," Brenner says.

The right price is key for hop water. Would you pay \$8 for a pint of pungent seltzer? This January, Silver City Brewery in Bremerton, Washington, began offering \$2 pints of taproom-only sparkling hop water featuring varieties such as Lotus, noted for its orange-vanilla profile. "It allows people to feel included with their peer groups," says marketing manager Dan Frantz. "People were more apt to come with their friends that were coming for the taproom."

With Dry January in the rearview mirror, Silver hopes to keep a sparkling hop water available on tap all year, but the brewery has no plans to bring a packaged version to market. "You have so many different breweries getting into [hop water] all at once," he says. Sierra Nevada Hop Splash, Lagunitas Hopy Refresher, Pelican Brewing Sparkle Hops, and scores more are in stores.

"You saw this a few years ago with hard seltzers," Frantz says. "We tried one and the market quickly became oversaturated."

Think About Your Taproom Needs, Not Distribution

Hard seltzer was a costly lesson for many craft breweries. For a few heady years, converting commodity sugar into clear and bubbly booze seemed like a guaranteed pathway to profits. But a glutted marketplace and fickle, fast-changing consumer trends sent many hard seltzer brands to the recycling bin.

There's plenty of opportunity for a taproom-only hop water, especially as concentrated hop products make it easier to create one. In January, Crosby Hops released its CGX Cryogenic Lupulin Pellets in popular varieties such as Nelson Sauvin and Strata, plus stalwarts such as Cascade. "We've seen CGX going into some hop water formats," says CEO Blake Crosby. "There's more to come there because [breweries are] just starting to incorporate them."

Hops aren't the only avenue to alcohol-free taproom refreshment. Blue Point offers a taproom-only sparkling soda called Terp Refresher that's infused with strawberry, lime, and terpenes from the Sour Diesel cannabis strain.

Of course, the heady aromas of hops and cannabis can be a turnoff to some. That's why making soda can be a smart option. Since opening in early 2014, Warped Wing in Dayton, Ohio, has offered root beer and sodas such as cherry vanilla and coconut lime. Oregon's Double Mountain Brewery & Cidery makes its own root beer and ginger ale. Sprecher Brewing in Glendale, Wisconsin, is renowned for its packaged root beer and growing range of soda brands.

The company's taproom also leans heavily into soda with its one-barrel Soda Lab that, like a brewery's pilot system, offers innovative small-batch sodas. The half-dozen options available including a black cherry and cream soda sold for \$3 a pint. Children can tag along on the family friendly brewery tours and also sip some root beer—the rare beer that everyone can share.

Increased Options for Producing and Selling NA Beer

Nonalcoholic beers have gone from a punchline to boosting a brewery's bottom line. And new technologies and developments are making nonalcoholic beers available to breweries of all scales.

Arbeiter Brewing opened in Minneapolis in 2020, and its 10-barrel brewhouse provides the flexibility to produce everything from Czech-style pilsner to coffee stouts and fruited sour ales. Making 10 barrels of nonalcoholic beer might be too much for the taproom to handle.

Instead, the brewery also works with ABV Technology to dealcoholize its beers, several barrels at a time, letting the brewery perform real-time experiments. What styles work? What doesn't? "People have responded well to nonalcoholic stouts," says cofounder Juno Choi, adding that sour ales have also fared well. The acidity "is really what makes those beers, so you don't necessarily miss the alcohol as much."

Breweries are also using special yeast strains that produce scant amounts of alcohol. Global yeast supplier Fermentis developed SafBrew LA-01, and Canada's Escarpment Labs isolated the NAY strain. "We saw the potential to develop yeasts that can help brewers make sub-0.5 percent ABV beers without making a significant capital investment," says Richard Preiss, a founder and the lab director.

This January, Wild East brewing in Brooklyn, New York, used a special yeast to create a 10-barrel batch of Shadowboxer, a New England-style pale ale. Taproom customers were keen to try a pour, but then went back to drinking the brewery's lower-alcohol pilsners like Patience & Fortitude.

Many customers asked to take Shadowboxer home, but "that wasn't an option for us," says cofounder Lindsay Steen, noting that the beer was unpasteurized. As of mid-March, sales of Shadowboxer have averaged about one barrel a month, tying up a tap line. "We're probably going to pull Shadowboxer before it's out because it's going to end up going old," Steen says.

Going forward, Wild East doesn't plan to brew another batch. Instead, the brewery will look to other nonalcoholic options. Maybe it's an alcohol-free cocktail or perhaps cans of nonalcoholic beer produced by a dedicated brewery.

Athletic Brewing is increasingly filling that void. The fast-growing nonalcoholic brewery, which recently received a \$50 million investment from Keurig Dr. Pepper, is now sold at more than 500 breweries across America. "It's a really easy option for breweries to bring Athletic into their spaces," says cofounder Bill Shufelt.

As the craft brewing industry and its customers continue to mature, nonalcoholic options will increasingly become essential taproom options. Finding the right product mix will require trial and error, but broadening beverage lists is simply smart business. Says Shufelt, "You're much more likely to attract a broader group people as well as keep them there longer if you have a wide range of options."

By Josh Bernstein
