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# SWEET SUCCESS...FOR BREWERIES, SODA IS BECOMING AN ECONOMIC BOON

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Around 15 years ago, Brendan Benson began noticing all the bored children at East End Brewing's Pittsburgh taproom. Mom and Dad would come in for growler fills of Big Hop pale ale, and "kids would twiddle their thumbs while their parents tasted beer," says Benson, the longtime head brewer.

Maybe he could make a different beer suitable for kids. Benson approached owner Scott Smith about using the brewery's equipment to produce non-alcoholic root beer, also dispensed on tap and sold in growlers. Why not give soda a go? In 2010, Benson began producing root beer that became a quick hit with kids, and kids at heart.

The sweet success became Barmy Soda Company, which he runs with his wife, Eliza, at East End. Using cane sugar and the brewery's tanks and equipment, Benson produces canned and kegged alcohol-free sodas, including a year-round ginger beer and limited-edition flavors such as salted caramel that are sold at local grocery stores and taprooms.

While beer sales are slumping industrywide, "it's financially lucrative to make a beverage that's just sugar, fruit juice and all things natural," Benson says.

Not long ago, soda seemed destined for the great recycling bin in the sky. Public-health campaigns, combined with the rise of bottled water and energy drinks, caused per-capita consumption in 2015 to drop to 650 8-ounce servings, the lowest levels since 1986. But by 2017, sugary beverages stopped declining, according to the Centers for Disease Control and Prevention. Soda sales are now bubbling up, with Coca-Cola and Dr Pepper increasing sales volumes last year, and probiotic sodas Olipop and Poppi are riding high on better-for-you vibes.

To reach broader audiences and appeal to drinkers of every age, breweries are producing flavorful sodas that are as compelling as craft beers. Warped Wing in Dayton, Ohio, now has a successful soda line with root beer and more, while Appalachian Mountain makes Mountain Hippie soda and Great Notion has Rated G black cherry cream soda. At Fieldwork Brewing's eight California locations, customers can complement hazy IPAs with the brewery's own wine and NA pilsners, plus ginger ale and root beer.

"We were selling 50,000 bottles of Boylan soda a year," says Barry Braden, the CEO. "And we were like, 'Well, we can do this. We can put our name on it.'"

### **How Soda Bolsters a Brewery's Bottom Line**

Soda has historically been a fiscal boost for breweries, especially during rocky eras for alcohol consumption. Prohibition forced breweries to pivot to different beverages, including soft drinks, to survive that 13-year stretch. "They had the equipment and knew how to put carbonated liquids into bottles," Bart Watson, the CEO of the Brewers Association, told me several years ago.

Soda helped F.X. Matt Brewing, a family owned brewery that opened in 1888 in Utica, New York. "We got through Prohibition by producing soft drinks, malt tonics and near beer," says Fred Matt, the president and CEO. After Prohibition, F.X. Matt ended its soda line, Utica Club, and used the name for its still-popular pilsner.

F.X. Matt, which also makes Saranac and Flying Dog beers, restarted soda production in 1965 to supply kids with root beer during brewery tours. "That was the beginning of us getting back into soft drinks," Matt says. In 1989, the brewery finally bottled Saranac Root Beer, followed by a ginger beer, Shirley Temple and both orange and black cherry cream.

Today, soft drinks account for around 20 percent of F.X. Matt's own brand sales. While craft beer might be challenged, "our soft drinks continue to grow," Matt says.

Sprecher Brewing started in 1985 with a focus on traditional European-style beers, like the schwarzbier-style Black Bavarian lager, branching out into sodas made with raw Wisconsin honey. Today, soda sales at the Glendale, Wisconsin, company account for around 90 percent of annual revenue. “Craft soda is where craft beer was 15 to 20 years ago,” Sharad Chadha, the CEO and president of Sprecher, told me in 2022.

Sometimes a brewery’s soda needs time to take off. In 1974, venerable German brewery Paulaner created the beet sugar-sweetened Spezi soda; think a slightly fizzy Mexican Coke finished with Fanta. “For the first 40 years it was mildly successful, but in the last 10 years it went through the roof and has been growing year over year,” says Matthias Memminger, who moved to Los Angeles last year with his son, Anton, to import Paulaner’s soda stateside.

Known as Sunset in America, the soda appeals to expats and Americans who sipped the soda in Europe, while the brand’s Instagram followers are mainly consumers between the ages of 18 and 35. The supermarket chain Bristol Farms carries Sunset, as do German-focused bars and restaurants like Wurstküche, in Los Angeles.

The father-son duo have bigger aspirations. “We don’t want to just be a German soda,” Anton Memminger says. “We want to be a premium soda that’s better than other colas in the American market.”

### **Breweries Can Use Their Infrastructure to Make Soda Faster Than Beer**

Crafting great beer takes weeks, months or even years. By comparison, a brewery can produce and package soda in a fraction of the time.

“I can make a soda in three days, while my IPAs are three weeks,” says Will Leroux, the brewmaster at Public Coast Brewing in coastal Cannon Beach, Oregon. “Last week we did three batches of soda, which was 1,000 gallons of soda.”

He began making root beer with the owner’s son, Stephen Snyder, to involve him with the brewery and create something to sip on with his then-underage friends. The sodas took off at the tourist town’s taproom, leading Leroux to make seasonal sodas such as a blueberry cream made with the brewery’s own fruit.

Public Coast packages sodas in 16-ounce cans sold in the taproom and with limited local distribution, helping create new retail outlets. “They start with the soda, and then they bring beer in,” Leroux says.

A brewery’s infrastructure can present opportunities for soda companies. In late 2023, Finestkind Brewing acquired Brooklyn’s Five Boroughs Brewing, which transferred production to Finestkind’s New Hampshire facility and sold the former brewhouse. (Both companies are now part of Barrel One Collective.) Five Boroughs kept its five-barrel pilot system and fermenters to supply the taproom with beer. The facility was “set up pretty well for quick-fermenting beverages,” says Kevin O’Donnell, a co-founder and the chief operating officer.

Brooklyn Cannery, a maker of prebiotic sodas, approached Five Boroughs about co-packing. Instead, Brooklyn Cannery moved into the brewery and installed a tunnel pasteurizer, producing its sodas and co-packing for other companies. “They already had clients, so it made sense to let them take the reins,” O’Donnell says.

## **Positioning Soda Beyond NA**

In the beverage industry, attempts at blending soda with alcohol have been mixed. The 2010s rush of hard sodas saw Small Town Brewery’s Not Your Father’s Root Beer sold beside Anheuser-Busch InBev’s Best Damn boozy sodas. The rise of 100-calorie hard seltzers hastened their sugary downfall, leading companies to recast soda in RTDs.

Customers today will find ready-to-drink cocktails like Jack Daniel’s & Coca-Cola and Fresca Mixed. Benson of Barmy Soda is partly building his soda brand around cocktails. “I made ginger beer because I love a Dark and Stormy and a Moscow Mule,” Benson says, adding that his grapefruit soda is an ideal mixer for a Greyhound.

Soda is also an appealing platform for hemp-derived THC. Modist Brewing in Minneapolis makes the THC-infused Melt Pop line in flavors including citrus punch, while Untitled Art’s Mystic Orbit brand features flavors like Cosmic Orange. Urban Artifact, in Cincinnati, is finding a ready audience for its THC-infused Coastalo sodas.

“Our hunch was that the hemp beverage space already had mocktails that were very adult-themed and complex,” says Scotty Hunter, a co-founder and the chief of strategic development. “But most general consumers want something simple and straightforward.”

Instead of riffing on root beer, Urban Artifact leaned on other nostalgic soda flavors such as red cream, orange and grape that are flavored with real fruit. “We saw a gap in the market,” Hunter says, adding that sweetness is a selling point. “Ultimately, people love sugar and flavor. It’s easier to convey that expectation with a soda versus a mocktail.”

At their core, sodas are liquid delivery vehicles for delight, perhaps delivering energizing caffeine or a sugar-fueled dopamine boost. A soda is a treat and a smart addition to a taproom, an easy way to make families feel welcome. Northern Soda Company in New Brighton, Minnesota, a suburb of Minneapolis–St. Paul, sells its sodas at more than 65 taprooms across the state, while Public Coast finds parents joining kids in sipping soda.

“I’ve heard a lot of people saying, ‘My family is doing a root beer tasting tonight,’ “ says Public Coast’s Leroux.

Consuming soda or beer is a simple pleasure best enjoyed with company. “The most fun thing in beer, and I think soda, is that you generally drink it with other people,” Benson says. “We’re social creatures, and a bridge to being social is these beverages.”

By Josh Bernstein