

FEAR, PERSEVERANCE, & PROFITS

Written by Rich Manning

*The Craft Bitters Industry
Gets Taken for a Wild Pandemic Ride*

Take a moment to ponder cocktail bitters. They're intense, complex, and equipped with a highly concentrated purpose. The raw functionality of these drink-enhancing elixirs serves as a rather fitting metaphor for the craft bitters industry during the pandemic. The potent peril caused by COVID's initial onslaught demanded an intricate and layered response. Passion and perseverance were the binding agents necessary for survival. One year after the pandemic began, the application of these attitudes has produced surprisingly positive results.

To fully understand how we've arrived at Point B, we must revisit the dark clouds swirling about point A in the spring of 2020. While COVID was shrouded in mystery when it began its cross-country rampage, its ability to rip through the food and beverage industry quickly became well-known and rather infamous, specifically relating to the opening and closing of venues. This put craft bitters in a uniquely unfortunate situation. While the FDA technically classifies bitters as an extract or ingredient instead of an alcoholic substance, there was typically enough alcohol adjacency for bitters producers to feel the sting of restriction.

"At the beginning, it was pretty dire," explained Ira Koplowitz, co-founder of Bittercube in Milwaukee, Wisconsin. "We underwent a reduction in staffing because our cocktail bar and tasting room was closed. We also had to put our consulting and sales staff on hold. We just had enough staff to handle hands-on activities, which was difficult. We were giving it a go, but it wasn't certain we were going to make it through early on."

COVID's disruptive powers also affected the business of merely trying to do business, particularly due to the pandemic's choking effect on supply chain. Suddenly, shipments of neutral grain spirits

were delayed instead of arriving like clockwork. Bulk orders of botanicals and unique ingredients such as vanilla were difficult to complete even from familiar and trusted sources, partially due to supply chain hiccups on the purveyor side. The packaging required to get the finished product to the masses became tough to come by. This plunged producers into mad scrambles to try and keep operations running smoothly and prevent their distribution partners from enacting force majeure clauses. It also yielded the occasional harrowing eleventh-hour issue, complete with narrow escapes. "There was one time early on where shipping delays caused a discrepancy between bottles and droppers we received," recalled Raymond Snead, co-founder of Cocktail Punk in Boulder, Colorado. "Thankfully, I had just enough of a surplus of bottles in stock to cover us until the full order kicked in. I was extremely lucky — it would have been a disaster if I weren't."

The robust sales numbers concerning alcohol purchase were deceiving, too. Even though the figures suggested increased sales, larger and more familiar brands were driving the uptick. While this wasn't too surprising, it was nonetheless a point of frustration. "Everybody knows Angostura and Peychaud's because they nearly have a 200-year head start on craft brands," explained Lawrence Floyd Batterton, CEO of King Floyd's Bitters in Novato, California. "This makes it tough for a brand like ours to penetrate the bitters market under normal conditions. When the pandemic first hit, it made it even tougher."



Despite the curveballs COVID threw at the craft bitters industry's metaphorical head, those in the game dug in and remained resilient. "We never really questioned if we were going to make it," said Biambu Garrett, King Floyd's General Manager. "We just put our head down and became determined to move forward no matter what."

This sturdy gumption took on many forms. King Floyd's took advantage of the extra bandwidth caused by trade show cancellations to get new and experimental flavors ready to go to market, such as wild plum bitters made from the abundance of plums grown in Batterton's backyard. ("We almost called it 'pandemic plum,'" Garrett said). Cocktail Punk tapped their corporate agility to supply white label aromatic and lavender bitters to Jack Rudy Cocktail Company for their line of canned cocktails. Bittercube unleashed the power of the Internet to host cocktail classes and virtual happy hours, ongoing fêtes which have provided revenue and forged bonds that transcended mere transactions. "We've received support from all across the country, from fans of our products to bartenders stuck at home," Koplowitz said. "Because of our online programs, some of our customers almost feel like regulars at a bar. As crappy as the pandemic has been, the support from this group of awesome people has helped us remain positive."

Regardless of the path taken, calm nerves and a positive attitude kept them on the road. "Our strategy was not to panic," Snead explained. "We just had to take a deep breath and figure out what to do under the circumstances. We figured if we stayed calm, good things would come."

After the initial shock of the pandemic wore off and bulk buying gave way to more sensible shopping, consumers returned to the craft bitters sector via online or off-premise specialty store shopping, led



by the rallying support of long-time customers. Ultimately, this return to craft pushed that end of the market towards impressive gains, from sizable sales increases to record-setting numbers. These numbers are cause for celebration, but they also demand a little context. "We saw a 45 percent increase in sales, which is fantastic," Batterton stated. "At the same time, we're still a small operation with a lot of overhead. That bump doesn't necessarily mean a huge increase in profits."

Nonetheless, an economic win in these times is an economic win, and craft bitters producers are quite cognizant of this victory, particularly when this isn't the norm elsewhere. "We've worked hard to build a strong community, and our customers rewarded us by buying more of our bitters than ever before," Snead said. "I feel a little guilty because of how well we've done."

There's confidence within the craft bar scene that online tastings and at-home cocktail consumption will continue after the pandemic ends. While these are positive concepts to look forward to, they do little to scratch the obvious itch for normalcy felt within the community, be it in the form of a warm conversation on a trade show floor or pouring a cocktail for guests in person. "I can't wait for our bar to open again," Koplowitz said. "It's a really nice place for us Milwaukee cocktail nerds."

When this does happen — whenever it does — those in the craft bitters industry will be ready. "The pandemic has taught us to be prepared to think differently, be adaptive, have a good attitude, and try to have a good time no matter what," Batterton stated. "But it doesn't matter what happens. We're going to keep doing this because we love doing it.

That's never going to change." ^{AS}_M

Rich Manning is a freelance food and drink writer based in Fountain Valley, CA. He lives about 15 minutes south of Disneyland, but he hasn't gone there in ages — he'd rather visit the nearby breweries and distilleries instead. You can check out some of his other written hackery by visiting richmanning.pressfolios.com. He can be reached at richmanning72@gmail.com.



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