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Interviewee: Bjorn Nabozney
Interviewers: George Krumm, Haley Wynne
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Georg Krumm: Our first question is how does your business Big Sky Brewing, fit into the broader drinking culture of Missoula?

Bjorn Nabozney: That's actually a very interesting question. Actually I don't think I've ever been asked that question. One thing that's fascinating when I look at from the time that we started the business, to now the evolution of, of the average beer drinker, be it a college student anybody of legal drinking age, consumer behavior has changed dramatically in the last 23 years that we've been in business. We went from more of an early days as we were getting going, the drinker was the typical beer drinker in Montana was looking at more of quantity than quality and there's been a paradigm shift to, to beer drinkers drinking a lot less and but higher quality percent. And I hate to say quality, because the big companies brew super high quality of beer, but I guess their flavor choices and tastes have evolved dramatically in the in the style and types of beer, that they're drinking. Is that kind of the where you want to go down that road with that question? You know based on the...cause the drinking cultures very, very interesting could be a broad subject.

GK: Yeah it is pretty broad.

Haley Wynne: So I think to kind of tie into that with how broad everything really is how would you characterize your business's clientele then?

BN: Our clientele has remained relatively stable in trusting the demographic that we are looking at from a pool of drinkers ha hasn't really changed that much, there's just more of them that are really interested in in craft and local beers. The local movement I would argue started in the late 90s where people were more interested in in locally produced items. You know there was a, for a number of years was more towards large business centralization of the, I guess, the homogenization of products, and then you started seeing the acceleration of people being more interested of where their food comes where their beer comes, where their products are made. So, I think that kind of ties in with the evolution of craft for sure and the broadening of our beer drinkers in craft. Not speakig broad terms, because I think you know rather than speaking specific to Big Sky Brewing its really happening with the within the entire craft community of brewers. Hence you see a lot more craft brewers in in in the United States right now. When we started our business there were less than 600 breweries in the United States.

GK: Wow!

BN: Now there's probably about 8,000. It's hard telling because the numbers vary, there's the breweries are starting so quickly. In Missoula alone Bayern was here by itself for a number of years, then we stepped in and Kettlehouse at about the same time period. Kettlehouse was a brew on premise at that point. We were strictly a production brewery, so it was amazing that then you go from three breweries in Missoula in 1995 fast forward to this year there'll be 15.

So it's you know...I see a subset on here says that how would you characterize our business clientele that that I think I addressed that so...Then you ask, to what extent does your clientele vary between your brewery and tap house and for customers purchasing your beer in retail establishments? There there's a dramatic shift there. When we're looking at when what I would characterize that is on your retail segment that is on premise and off premise. Off premise being your supermarkets and on premise being your bars, taverns, tap rooms in this case. What you'll see is your typical beer drinker, in in the Missoula setting. I'm gonna keep it specific to Missoula, you're looking at people 21 to 27 28 are your typical folks that go out to bars. And interesting enough that tends to probably be male. So when we when we break down the segmentation of that, on premise in a bar setting is would be I think your demographic of we're looking at is male 21 to 28 is the large s pool of drinkers that we see. Off premise however that shifts dramatically, so what you're looking at is because our shopping behavior still haven't changed that much. In the store it's still women that are making the purchasing decisions more often than men. For beer, whatever and within the household, so yeah, but you see a demographic shift towards women on a on a typical day you know that varies too by day but in your typical workweek, its women that are making the beer purchasing decision for the households more often than men, ironically enough. And, so you know it's...What we do is, actually build our selling techniques...kind of vary they shift a little bit male versus female and who we're trying to attract as a consumer.

GK: That's very interesting.

HW: Yeah.

GK: So what does Big Sky provide to your patrons that's unique or particular in the, craft beer industry?

BN: Well I think one of the things is our flavor profile. One of the things that's neat about craft is you can, when you look at craft and brewers you know, one of the things that that that's always been defined and I think what's lead to the success of our being "Montana's largest breweries" I put that in quotes because its hand quotes for you're your interview purposes. It's that we're still a fairly small brewery in the big scheme of things, when we look at it nationally. But the success with Montana has been the consistency in the quality of the beers that we make. The beers that we make a number of different styles that people like or dislike, but if they dislike our beer we want them to dislike them for the right reasons not because of a of a of a flaw in the quality of the beer. It might be a flavor profile. They might not like the yeast, the yeast influences, has massive influences on the flavor of beer. And so what differentiates us

from Kettlehouse, Bayern, Bitterroot you go down the list is we all use different yeast strengths. So that actually enhances different attributes to the beer so if somebody prefers somebody else's beer just based on flavor not on, you know personal [unintelligible] it's gonna be, you know, it's gonna be very interesting in Montana because we were we've always set the standard for quality. You're gonna like our beer or dislike our beer for the right reasons, I would say. Cause we want people to dis like, to dislike our beer for the right reason and not the wrong reason that we made a flaw in the manufacturing process. And so I think that's very unique to craft still. I think craft is still struggling with quality control and we solved that riddle very, very early in our in our in our history and the life of our brewery.

HW: So I guess tying in with that we noticed that while we were doing our general research that you guys have an amphitheater, but we are aware that Kettlehouse also built their own amphitheater recently, so—

BN: Yes.

HW: Has that affected your business at all, amphitheater wise? Or has there been any noticeable shift or change?

BN: No. The big thing when you look at the music the music scene that that the story behind it we've been doing it now this is our 13th year of doing music. We actually really helped reinvigorate the music scene in Missoula, but the reason why we did that was, we do it to raise money for non-profits that's sort of philanthropic aspect of our business that was always the intention. When we first started, doing live music in our backyard, the reason why was we have there's Brennan's Wave. So Brennan Guth was a close friend of my brother's and I's. Were both two the partners of the brewery, my brother myself, Brad, and Neal and I'm a kayaker and my brother's a kayaker. We're close friends with the gentleman Brennan, Brennan Guth and we were trying to actually, make that whitewater park. We've been working on that since the early '90s with the Missoula Whitewater Association. Just as a bunch of guys that were kayaking, and gals, to try to figure it out. How do we take this this piece of blight that was in Missoula and make it into something cool that we could also you know use as a wave.

We were kicking around ideas and I was having a conversation with the gentleman Truxton Rolfe who's really integral in putting this thing together, helping us put it together. He knew Jeff and Matt from Pearl Jam but knew...still knows. Our thought was, hey, we could get Pearl Jam to play in our backyard just not knowing shit about the industries and stuff. Sorry, cussing. But and so we was like, yeah, call them and let's get them to play in our backyard. Well, it doesn't work like that apparently. And so, he was very gracious and helped us kinda put it together. Him and Truxton and ourselves were like alright how do we do this and so then we've got a lineup of our first year of three bands and then we stayed at three four bands for a couple years but. But what that ended up starting for us was we put between them the skate park and the white water wave in our first two years we ended up putting about 180,000 dollars towards those just those two projects and we're like lets continue down this road of building, helping do

physical projects in and around Missoula. So our focus has always really been on that we don't really make money off of the music in the back that's never been part of our goal. It's always like, hey, let's have a party, and let's throw some music in and build something in town. So over the years the outfits we've aligned with a number of non-profits, and we've built stuff and we do some really cool things for the community.

So when I look at the, you know, the Kettlehouse amphitheater was built by Nick Checota who owns the Wilma and the Top Hat. He wanted it...he wanted to add to his outdoor to his music franchise, and so he ended up teaming up with the Kettlehouse to build his thing out there. So very different model than what we've done what we're doing now so it's. So it doesn't really effect us because our primary goal has never changed with that. It's to do cool things within the community and still have a good time. So the music industry in general might be getting a little bit crowded, but again this is not a profit center for us or whatever you look at as a profit center, it's more of just cool community driven, something awesome, so it's been a lot of fun.

GK: Yeah, that's really cool, that you've kinda given back to the community that way. You know to non-profits and you know increasing the music scene that's always good. Our next question, why do you think craft alcohol has become so popular in Missoula for patrons as well as new business owners? You kinda touched on this earlier.

BN: Yeah I think you know I think I think again is that the unique experience that that the local movement has been the thing. Well, what am I gonna support? And so as you break down the demographic within Missoula...are both you drink legal drinking ages?

HW: Yeah.

BN: So you know so it's fun. There's a very different vibe amongst all the different breweries. You know so, one of the ones that I like to go to in the downtown area right now is Imagination, I think they're cool. They're making fun beers. I like more of the quality of the beers. And you know, I visit them all, but that's kind of I think one of that stands out in the downtown area. We kind of got pushed out here. You notice we're out of town. That was never our intent, but the City of Missoula didn't like the idea of what we were, what we were trying to build so, we ended up out here. For a number of reasons that's a whole different deal, but so we ended up outside of city limits. And we'll probably be absorbed or annexed in the Missoula the city at some point but we're out here, and so it really changed how we're doing business because we actually helped establish the whole taproom thing in Missoula. We were the go-to when as we were there for a long time. Because we were there for such a long time as...it was really a lot of fun. And you really see a customer shift when you leave town because you have to have a car, or you have to be willing to bike out here if you're not...if you don't want to ride...public transportation isn't that great out in this direction. But as a whole, I think the consumers again they shift away from quantity to something that's unique interesting flavorful. It's been dramatic, and it's accelerating. You see beer overall is in decline.

What we have is young people, and what helped us too, the craft movement and our consumers was that you're not afraid to pay 3.50, 4 dollars for a coffee. Five bucks for a coffee. Big shift because you look at high school students that are drinking coffee and it used to be when I didn't ever drink coffee. I just drink, I just kind of drink the stuff, but is like a 25 cent coffee when I was a kid and to go...I'm gonna pay four bucks and not bat an eye. So we've the consumers are being trained, actually at the coffee level in high in around high school. You know there's a noticeable gap, here between low quality coffee and high quality coffee using that analogy and then you step in or flavors [unintelligible]...then you step in beer thing. Say beer's an acquired taste—craft beer's an acquired taste—but once you've acquired you won't go back. I do, I'm kind of easy about what beers I'm drinking. But you see that specifically with the Missoula with the Missoula patrons with the success of the farmer's market is directly tied in with craft we're all interlinked this whole...we're whole movement thing. Is that does that answer that question for your, I suppose. I get the long one, and I'm trying to stay focused.

HW: You're totally okay. I guess so another question that we had is, is there anything you offer that's different from more traditional bars, like in experience?

BN: If we're look looking at the taproom perspective, taprooms become what bars used to be. A community gathering spot, where, I you know when I was a kid, I used to go to the bars with my folks. Then you see a transition of the bar where you have families and people go there to talk. I think what really ruined the bar, the bar experience in Montana is specifically gambling and sports bars. It's hard to communicate when you have 50 TVs going on around you. We even have two TVs in our own taste room. I hate them, but people want to see something if there's a big game or a big event going that that excites people want that. But we stopped communicating in a lot of bars, and you go to a taproom you'll what you see are people having conversation in real conversation, and I think that's the primary difference. Kids are welcome in in most breweries. It's kind of weird sometimes when you have a bunch of little kids running around, but I think it's good for socialization of folks as they grow up. How do I behave, in a public setting? It also forces parents...In our taproom you can have three so it's not like you're gonna get hammered drunk or anything with your kids here. I think it's very interesting that it's a huge shift....gambling, sports bars, conversation are...you know taprooms have become what the traditional bars were.

GK: So moving on to our next question, you kind of talked about your relationship amphitheater wise with Kettlehouse and then you said that, sometimes you go to, Imagine Nation for drink, so what kind of relationship do you have with other breweries in Missoula?

BN: I'd say we as a brewery and all breweries have a pretty good relationship with everybody. Tim O'Leary at Kettlehouse is a close old friend of mine. Bayern with Jürgen over there. The head brewer at Draft Works is one of our old brewers. Mike Howard, down at Triple...I always wanna say Triple Threat, Great Burn was one of our old brewers. The [unintelligible] that's just about to start one of our old brewers. So you know it's a fairly tight knit community. Of course, there's differences in amongst us with...you know, not everybody's gonna like each other, I think. But I've I pretty much like everybody in in the Missoula craft scene. And I do like going,

visiting all the places. It's fun. I would say...I would argue that we have pretty good relationship. A lot of times the perception of the others...we're so much larger than the other breweries in Missoula that we get kinda labeled as the corporate. I'd say we are the least corporate brewery of any brewery in the state. If we're gonna put in that much, we are just larger than other folks, because we've done a good job.

GK: So kind of going off that, just piggy backing that question, so do you guys discuss beers at all like do you ever meet with any other owners or anything, an kin discuss your guys beers or anything?

BN: It's more of a broad discussion than beer when we all get together. We look at like when legislative sessions are coming up we'll...some of us will get together, and we'll say, "Okay what's important to you? What are we trying to protect?" Is there any legislative initiatives that may change our business and alter the course of it? We have a brewer's association that helps with that, but it's but I think a more effective thing is just talking with legislative folks but also kind being on the same page, knowing that if we are going to have a fight between amongst ourselves that things be respectful. We're not all going to agree on the same thing, but it's fun to get together have a couple of beers and talk a little bit of shop. Did that at answer your question for that 'cause we do get together quite a bit quite often.

GK: Yeah

BN: Because I was just hanging out with with Jürgen just a week ago so...and then talking with Kyle Sillars at Draught Works, I was just on the phone with him the last three days in a row so, talking about beer and stuff. But then on a flipside I'm also having regular conversations with people from Coors, Miller-Coors, Budweiser, and Pabst so...but that's also part of being Montana's largest brewery too. You have to layers of conversations amongst local, state, and regional and nation conversations all the time. I'm fairly well connected and linked in with the overall brewing community whether it be multinational down to very small. I've helped start 16 breweries so. Just for fun.

HW: So, I guess our next question is what are like the biggest challenges facing you now, and do you see any that would be possibly future challenges you'd have to overcome?

BN: I think that the biggest, the single largest challenge that the craft industry has right now is its quality control, and I think that's that is gonna define our future successes because I think we're also interlinked that if you try a craft beer for the first time and your experience is horrible it reduces our opportunity to capture that particular consumer. I think there's quite often not a lot enough emphasis on quality control. On consistency and quality of beer or even understanding what you're doing. It's easy to start a craft brewery right now. It's super easy. Us three could get together—you'd be lucky because you'd have me—put one together within a matter of months and have a taproom, a viable taproom, but with very little understanding of what we're actually doing from the science and the building beers. You'd keep a customer base

for a while, but to me that's still a threat because you don't want to keep a customer base for a while, you want to keep them forever. We want that first experience to be as good as the same as. We want it to be the same experience the first time as five years from now. That you build recognition of quality there, and I think that's a really scary place right now. I travel a lot. I go to a lot of breweries, and there's some places I walk into and I have a beer that I really have high expectations like, oh, this is gonna be great. Then you're like, oh my god! You're both like, this is so bad, and you're sitting there with the owner or a brewer or one of their representatives and if they know who you are, and they're like this and you're choking down a beer that you're just...You don't want to be a total asshole, but you're like...It's so bad for our industry when you have that type of experience, and I have them fairly regularly, super bad,

But going onto the second question you ask, what's the biggest challenge that's facing the craft alcohol industry in Missoula—overcrowding. It's becoming very crowded, and I think with that challenge is the expectation of what, of how much you can grow and the size of your overall footprint. I think when people look at their breweries, it's what do you want to be? Do you want to be a pub type brewery or sell your beer within the state, so packaging within a pub. What are you? Don't think a lot of brewers when they start have really addressed that issue. It wasn't that important when we first got going, because there wasn't anybody here. When we started, when we got going, I think there was ten breweries in the state of Montana, and we couldn't sell pints, so a taproom wasn't even an option, wasn't even on the table. So you were automatically a production brewery, and so you knew this is who we are, this is what we are, and so that was defined for you by our state laws as opposed to when we look at Washington, that would be a very different discussion because their laws have always been much more favorable to the to the craft people. That kind of ties in with the limits of growth. We only have a million people in Montana, with the local movement and advent of that, going from hundreds of breweries when we started to thousands now, I think your opportunities for growth are much more limited now. So it's setting your sights in a realistic growth pattern over time I think there could be some really successful breweries in the state of Montana in addition to us as far as growth.

Success though to me isn't based on the size of the brewery as much as are you making great beer, are you having fun doing it. That to me defines success, not the dollar train, not that if your selling 600,000 cases versus 30,000 cases—that's just a number—but where are you as a business and are you satisfied? And is your customer really pleased with what you are doing, and are you giving your customer the best beer you can possibly give them? So that kind of doubles the limitations in my mind. It's not going to be in a volumetric, in a term looking forward because there are too many. Recently, there were a couple of huge expansions in Montana—in Helena and Missoula—with our breweries. At that same time within about a 300-mile radius, there were 17 more going on outside of the state with the same expectation, of what they're seeing in the industry. So you have within the United States hundreds of breweries are doing massive expansions with the expectation of selling in multiple states. I think that door is closed. I think it's going to be very difficult to do, to successfully and

meaningfully sell in multiple states, which would tie right into the limitation of Montana because we have a million people. We're a huge state and most communities are fairly small.

GK: So, towards the end of the 19th century in American history we kind of saw a big business grow and lots of small breweries got bought up by larger breweries do you think that will happen at all or do you see that in the future?

BN: That's already happening. The big guys buying the small ones, the smaller players. If you ever look at the top hundred breweries in the United States right now in the craft segment "in quotes", you don't know what craft is. You know it's...there are a lot of breweries that are that started off as independent craft that are no longer independent craft that you would never know cause there's no marking them on the packages as to who owns them. You go to the shelves in Missoula, and you'll see a ton of breweries in the craft section that are owned by multinationals. If you go Elysian, you know Ten Barrel...Let's go Hop Valley, Golden Road is sold here, Ballast Point, Firestone. I mean there are some really good breweries that are wholly owned by a brewing company. Oskar Blues is in that category, so you think about some of your favorite brews, and you're going wait a minute I'm getting...I'm being led down a path of that...I think I'm buying craft, but am I? It's really tricky right now because history is actually repeating itself right now. We're have a number of buyout offers, but I don't want that for our company. The thing I find so cool about having started this is it's like a child to me that I actually like more than my children, sometimes. But it's one of those things I'd love to see this thing be an independent thing long after I'm gone. You look at the history of Europe, and there are a number of independent, small brewers that have existed for a number of years. I think that would be cool, after I'm dead...well, I don't have any control of that, but I think we can try to set it up that this will be a brewery—that is a legacy brewery—as opposed to becoming gobbled up by some corporate conglomerate that you see throughout that's deceptive and kind of bullshit in my mind, because what they're trying to do is the big companies are trying to use them as tools to bury us. So us and our like, not to say that, but if that's important to you, okay. Sorry, I got off track again.

HW: That's okay. So I guess at the end of all of this, do you...what do you see as the benefits of craft alcohol in like the Missoula community itself?

BN: I think the greater benefit of craft is you tend to see a reduction in in the volume of what people are drinking over the quantity of reduction. So, I think it comes down to a little bit more healthy level. The caloric difference between the major players and the craft breweries per beers, there not that much different it's all based on alcohol, but within the community it's providing jobs, which I think is very neat. I think that also a lot of community support for breweries, the vast majority of the breweries are very supportive of their communities. We see a reinvigoration of neighborhoods when a brewery job or business comes into that neighborhood, which is really cool to see that evolution. When we moved out here, we were it. It's been a little bit slower because we're out of town, but you see business popping up. There's businesses that start surrounding us. Which is kind of...we've got a gas station right there, but

within the community, look at what's happened. A brewery will drop in and the blocks around it will tend to get nicer more often than not, at least in my experience not just in Missoula but around the nation. Does that make sense? Does that answer your question?

HW and GK: Yeah

GK: Then just kind of off topic, but I was just curious where you get your products from like your yeast or your hops or barley?

BN: Okay, so the yeast. We manage our own yeast strain for the most part. We'll restart on occasion with the yeast because the yeast ages and it loses vitality and it...We do a lot of our own yeast management here with the University. We'll go in and team up with the science department and we'll live culture and freeze dry yeast and all that good stuff. So yeast is not considered an ingredient. It's the little critter that makes it all happen. About half of our barley is probably Montana barley. It's hard to tell because we blend it all, if it's malted in a...Over there in Great Falls, they've got the big malting facility. They'll blend different barley's from different parts of the region to maintain a higher grain of malting grain barley. So it's easy to say we use all Montana barley if we use Great Falls, but it's still not true. Some of it still comes in from—say it under your breath Canada—but that's really contentious, some still comes in from Idaho, Wyoming. So there's still a blend going on there. One of the other malting facilities that we use is based out of Idaho, and so we get a blend of Montana-Idaho-Oregon-Wyoming so it's a mix.

The hops we use a teeny bit from Montana. Hops are just starting here, but the bulk of our hops come in front Washington and Oregon. Then we look at our raw, just our pure raw materials from packaging, the bottles come in front the Midwest, the crowns are made in Texas—that's about the only thing we've having to source outside of the country consistently. The largest crown manufactures are Greece and Italy and Mexico for the Western Hemisphere. China makes a ton of crowns for the caps for the bottles, but we don't buy Chinese stuff. We try to avoid it because you never know what you're getting. Our cardboard boxes come from Spokane, from the Spokane area, Central Washington and Northern California. The labels come from Wisconsin, and our aluminum cans are actually manufactured in Wyoming, New Orleans. So, it's kind of a mix. So, one thing that's interesting thing about the beer industry is that most of our raw materials and supplies are domestically manufactured which is very unusual for a number of industries. That answer that for you?

GK: Yeah.

BN: It's pretty fascinating when you look at the source of [unintelligible] as to how all, the little web works there. It's really more complex on the once the finished beer leaves us then there's lots of layers that are all messed up. Any other questions?

GK: Yeah actually I do have one more in general do breweries usually focus on a certain style of beer? Like you guys have a lot of ales I've noticed—

BN: Yes.

GK: Do most breweries focus on just one style of beer, or do they focus on a wide variety or—

BN: That's actually a very good question because the way that ales versus lagers is this...there are different yeasts, but the time of fermentation is very different between an ale and a lager. So typically, if you're a larger brew it's easier for you to focus on a lager given fermentation times. Also, you ferment at a warmer temperature. It has everything to do with metabolism and so the fermentation time is much shorter typically with an ale you're looking at 10 to 12 days would be your average as opposed to a lager you're typically 21 to 28 days, so time and tank is very different between the two beers and just your hop profile. Also, behind that is we're kind of somewhere in the middle. Our ales, our typical ales are about 21 days. We're a little bit long because we ferment at a cooler temperature. So it depends on what beer style interests you as a brewery. We're defined by Moose Drool, our brown ale. When we first started beers, you're first brewery was defined by your flagship. Our flagship was always Moose Drool. It still is. Then as the craft industry evolved, people started to put less emphasis on a flagship, on your workhorse and on different varieties, so it's selling style versus brand. I'm still a big believer in selling brand over style because once an IPA [Indian Pale Ale] becomes an IPA, whose is it? That's one of our problems, with that particular style. "I want an IPA" "Whose?" As opposed to if you look at a brown ale or a Scotch ale or a Cold Smoke or Moose Drool, you know your brand. So from a brewery perspective it's way better to be known for your brand than for a particular style of beer. Does that answer that?

GK: Yeah, it does.

BN: Anything else?

GK: What do you think? Do you have any questions?

HW: I don't think I have any follow-up questions. I think everything's been answered for me.

BN: Okay.

GK: Yeah, thank you for your time

HW: Yeah, thank you.

BN: Oh no, absolutely my pleasure

[End of Interview]