

From Soap Suds to Beer Suds



Courtesy of the Anheuser-Busch Corporate Archives

Top: Budweiser pocketknife, silver, ca. 1890-1900.

Bottom: Budweiser "Bud Girl" wallhanging, 1970s.

How Anheuser-Busch became the largest brewer in the world

By Sanford Wexler

ONE OUT OF TWO BEERS sold in the U.S. is brewed by Anheuser-Busch of St. Louis. The family-run company traces its origins to the 1860s, but 2002 marks the first time in the company's 142-year history that its president and chief executive will be a non-family member. This past July, August "Auggie" Busch III, 65, who became chief executive in 1975 and is the great grandson of the company's founder, Adolphus Busch, was succeeded by Patrick T. Stokes, 59. Stokes, who was previously president of Anheuser-Busch Inc., the brewer's

U.S. subsidiary, has worked at the company for over 30 years.

While Busch III is no longer chief executive, as chairman of the board he remains heavily active in continuing to build and grow the world's largest brewer that produces over 100 million barrels of beer annually and has \$12.9 billion in yearly sales. "My job is my hobby, my hobby is my job," Busch III once said. "I happen to like it an awful lot, and I thrive on it. I love competition."

Adolphus Busch

The year 2002 also marks the 150th anniversary of the founding of the

St. Louis brewery where one of America's greatest business success stories began. The Bavarian Brewery, which eventually became the Anheuser - Busch brewery, was established in 1852 in St. Louis. In 1860, Eberhard Anheuser, a prosperous St. Louis soap and candle manufacturer, invested in the bankrupt brewery. The brewery was renamed the E. Anheuser & Co. Bavarian Brewery. Shortly after taking over the failing brewery, Anheuser was introduced to Adolphus Busch, a 22-year-old German immigrant who ran a brewery supply business. Anheuser was one of his customers.

Busch, the son of a wealthy merchant and landowner, arrived in New Orleans in 1857 with little money and without any home or employment. What he did have was barrels and barrels of daring ambition. He traveled up the Mississippi River and eventually settled in St. Louis, where he found work as a "mud clerk." Busch inspected steamboat manifests and sampled cargo. When his father died, Busch drew upon his inheritance to establish a brewery supply company. He already knew something about serving up pints of beer, as he once worked in a brewery that was partly owned by his father.

The young Busch fell in love with one of Anheuser's three unmarried daughters. Adolphus Busch and Lilly Anheuser were married in March of 1861. The ceremony was a double marriage affair of which Busch's brother, Ulrich, married Lilly's sister, Anna.

In 1864, following a stint as a corporal in the Union Army during the

Civil War, Busch joined his father-in-law's brewery as a salesman. The highly ambitious and enterprising young Busch would transform the local St. Louis brewery into a thriving national

brewery. By 1869, Busch had sold his brewery supply business and had bought out the interest of Anheuser's partner. Busch was now a full partner with his father-in-law.



Top: Adolphus Busch
Bottom: August A. Busch Jr.

For his time, Busch was undoubtedly an innovative beer promoter. As he traveled from tavern to tavern, he left a "calling card" that gave customers a memorable and long-lasting impression of his St. Louis brewery. It was a small jackknife with the E. Anheuser & Co. logo on the handle. At the end of the blade was a tiny picture of Adolphus Busch that could only be seen by looking through a peephole.

"Our business," Busch repeatedly told his father-in-law, "is not just making beer. No. Making friends is our business."

Busch was far from satisfied with the beer that his brewery was turning out. He reportedly called it "dot schlop." Busch was always on the lookout for ways to brew a better tasting beer. In fact, studying the brewing industry was his favorite pastime.

The Birth of Budweiser

Around 1875, Busch teamed up with a St. Louis wine and liquor importer, Carl Conrad, who "discovered" a smooth, light tasting beer that was produced at a Bohemian brewery in the town of Budweis, then part of Germany and now in the Czech Republic. (Today, the town is called Ceske-Budejovice). In collaboration with Conrad, Busch developed the formula for a new beer that imitated the light beer that was brewed in the town of Budweis. What made this brew so unique was its natural carbonation, which was based upon an ancient European brewing process called kraeusening. The beer is fermented a second time just when it is beginning to age. This brewing process results in a distinctive, frothy-headed pale golden beer.

In 1876, the beer that would become the world's most popular brand—Budweiser—was introduced. The name Budweiser was coined by Busch because he felt that despite its Germanic sounding name, it could be easily pronounced by Americans, and therefore appeal to both Americans and German immigrants. Budweiser soon became the beer of choice for beer drinkers who preferred the light brew to the heavier, sweet beers that were on the market. Budweiser would ultimately become America's first national beer. At the turn of the century, some one million barrels of Budweiser was being produced each year.

When Eberhard Anheuser died in 1880, Busch became president of the St. Louis brewery, now called the Anheuser-Busch Brewing Association.

Photos courtesy of the Anheuser-Busch Corporate Archives

Nationwide Marketing Campaign

Besides being the first brewer to successfully preserve and bottle beer, Busch was also the first to market beer on a grand scale. The nationwide, promotional campaign for Budweiser included print and billboard advertising and a vast array of novelty items, such as Anheuser-Busch playing cards, bottle openers, corkscrews, calendars, match boxes, pocket knives, post cards, and various signs and posters.

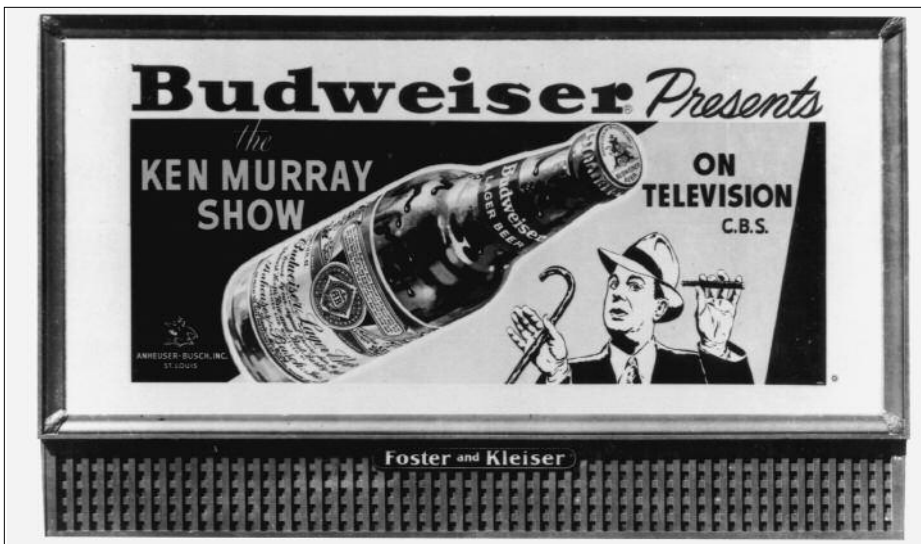
On barroom walls across the country, a poster of the attractive “Budweiser Girls” became a familiar sight. The famous, panoramic reproduction of the 1876 Little Big Horn massacre, entitled “Custer’s Last Fight,” which Busch commissioned artist F. Otto Becker to paint, was hung on tavern walls from coast to coast. Distributed to over a million saloons, it became one of the most recognizable paintings in the nation.

To Busch, marketing of bottled beer was what made his product stand out from all of his competitors. “It is the cream of our business,” he once declared.

The vast brewing empire that Busch had created made him one of the nation’s richest men. The young German immigrant who arrived in the U.S. with only a few marks in his pocket lived a lavish lifestyle. He had several homes, including an ornate, Gothic mansion in St. Louis, a country estate, two palatial homes in Pasadena, California, a hop farm in Cooperstown, New York, two villas in Langenschwalbach, Germany, and also a private railroad car. When he died at the age of 75 in 1913, his wealth was estimated at some \$60 million. Adjusted for inflation, Busch’s fortune would equal around \$600 million today.

The Dry Years

August A. Busch, Sr., the eldest son of Adolphus and Lilly Busch, succeeded



Courtesy of the Anheuser-Busch Corporate Archives

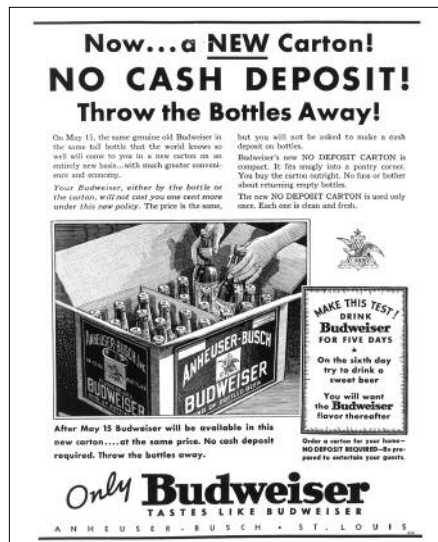


Courtesy of the Anheuser-Busch Corporate Archives

Top: Sponsorship advertisement, “Ken Murray Show,” 1850s.

Lower Left: Advertisement, “Life at it’s best,” ca. 1933.

Lower Right: Advertisement, “Now...a new carton,” ca. 1936.



Courtesy of the Anheuser-Busch Corporate Archives

A few years later, Carl Conrad, who was Busch’s Budweiser partner and also the bottler and distributor for Anheuser-Busch, went bankrupt. Busch bought out Conrad’s interest and acquired the trademark rights to the beer.

Pasteurization & Refrigeration

In the days before pasteurization, beer usually only lasted for a few days. Drawing upon the preservation methods that were perfected by Louis Pasteur, Busch applied pasteurization in the brewing process at the St. Louis brewery. This made it possible for

Budweiser to be bottled and distributed to beer drinkers way beyond the St. Louis area. Millions of people throughout the country were soon popping open bottles of Budweiser.

When artificial refrigeration was introduced in the 1880s, Busch took full advantage of this technological breakthrough. Previously, the brewery stored its inventory in small caves, where the beer was naturally cooled for three to four months before it was packaged and shipped out. Budweiser beer was refrigerated in stock houses at the St. Louis brewery as well as in railroad cars and in ice houses that were located along railroad lines.

his father as president of the company and lead the giant brewery through the dry days of Prohibition, which took effect in 1920 and lasted for 13 years. While many breweries went out of business due to Prohibition, Busch, Sr. managed to keep Anheuser-Busch afloat by turning to non-beer products, such as soft drinks, ice cream, and bakers' yeast. It also expanded into producing truck bodies and commercial refrigeration units.

To quench the thirst of millions of beer drinkers, the company produced a malt-derived non-alcoholic beverage called Bevo. The name was derived from "pivo," the Bohemian word for beer. At first, Bevo was selling some 5 million cases a year and bringing in about \$6 million in profits. But the imitative beer product soon lost its appeal when the American public turned to spiking soft drinks with illegal alcohol or patronizing the neighborhood speakeasy.

On April 7, 1933, swigging down a bottle of beer or having a shot of whiskey was no longer illegal. To celebrate the repeal of Prohibition, August Busch, Sr., drew upon his childhood memories of the giant, elegant horses that once pulled Budweiser beer wagons through the streets of St. Louis. The return of legal quaffing was heralded by two antique Anheuser-Busch wagons that were pulled by an eight-horse hitch of Clydesdales. One paraded up New York City's Fifth Avenue and delivered the first case of post-Prohibition beer to Alfred E. Smith, the former New York governor who was a tireless champion for repeal. The other wagon rolled down Pennsylvania Avenue and delivered a case of Budweiser to President Franklin D. Roosevelt at the White House. Since this dramatic day that celebrated the end of Prohibition, the eight-horse hitch of Clydesdales has become as famous as the Budweiser brand.

Nearly a year after Prohibition's repeal, 68-year-old August Sr. shot



Saurer Co. Budweiser truck, ca. 1911-1917.

Courtesy of the Anheuser-Busch Corporate Archives

himself in the heart, apparently driven to suicide by the intense pain from heart disease, gout, and dropsy. The Busch who successfully steered the company through its most trying times was succeeded by his oldest son, Adolphus Busch III. Under his short but productive reign, Busch III increased Anheuser-Busch's beer production to more than 3 million barrels a year. Fifty-five-year-old Busch III died in 1946 from cardiac arrest and cancer of the stomach.

August A. Busch, Jr.: The Master Showman

August A. Busch, Jr., who was nicknamed "Gussie," succeeded his brother, Busch III, and headed the firm for the next 28 years. Known as a master showman and a persuasive salesman, Busch Jr., who had a voice that was like the roar of a hoarse lion, was determined to rise above all of his competitors. "Being second isn't worth anything," he once told *The Los Angeles Times*.

Busch, Jr. pioneered the building of a nationwide network of 10 breweries that were located in areas of large and increasing populations. He transformed the St. Louis brewery into

the world's largest brewing company. Under his stewardship, beer sales climbed from 3 million barrels in 1946 to more than 34 million in 1974. Another first that Busch, Jr. set in place was being the first beer company to advertise on the then unproven medium of network television. In the 1950s, Anheuser-Busch began marketing its flagship brand, Budweiser, to millions of television viewers. Every generation of Americans is familiar with the memorable Budweiser commercials—from "Pick A Pair," "When you say Bud, you've said it all," and the recent "Whassup?!"

Busch, Jr. was an avid baseball fan. In 1953, he realized one of his lifetime dreams with the purchase of the St. Louis Cardinals. Angry over how the Brooklyn Dodgers, who had Jackie Robinson, were trouncing every team, he asked his team's management how many black players were being hired. When he found out the number was zero, Busch, Jr. roared, "We sell beer to everyone!" The next year, the St. Louis Cardinals had a black first baseman. (In 1996, Anheuser-Busch sold the St. Louis Cardinals).

By the 1960s, Anheuser-Busch was no longer simply a beer company. It had broadened its business holdings

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EVENTS CALENDAR
WINTER 2003

JANUARY

- 24 Guided tours of the American Numismatic Society's "Drachmas, Doubloons, and Dollars" exhibit on the history of money. Federal Reserve Bank of New York, 33 Liberty Street, 1 pm. Call 212-908-4694 for reservations. Free.

FEBRUARY

- 26 Lecture and book signing with Willard S. Randall, author of *Alexander Hamilton, A Life* (HarperCollins, January 2003). New York University Stern School of Business, 44 West 4th Street, NYC. 7 pm. Free.
- 21 Guided tours of the American Numismatic Society's "Drachmas, Doubloons, and Dollars" exhibit, see above.
- 28 "High Notes" exhibit closes.

MARCH

- 18 "The Nobel Prize: Celebrating 100 Years of Creativity and Innovation" opens in the Museum gallery. 28 Broadway, NYC. 212-908-4110.

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into family entertainment arenas, such as Busch Gardens in Tampa, Florida. In 1989, it further expanded in the lucrative, theme park industry with the purchase of SeaWorld.

*August A. Busch III:
Quality Comes First*

August A. Busch, III, the great grandson of the company's founder, succeeded his father, Busch, Jr., as chief executive of the company in 1975. He had his first swig of Budweiser soon after he was born. "The first thing I ever tasted, before mother's milk, was beer," he told *The Los Angeles Times*. "It was five drops of Budweiser from an eye dropper when I was five hours old."

Like his father, he literally worked his way up from the ground floor. He swept floors and cleaned beer tanks in the St. Louis brewery. "When you finished a shift there," he told *Fortune* magazine, "you knew you were a man."

Aggressive growth and strategic marketing is the hallmark of Busch III's remarkable legacy. In the age of market segmentation, he reinvented Adolphus Busch's credo: "Making friends is our business." The brewer expanded its affiliation with a vast array of sporting events, including baseball, football, basketball, boxing, hockey, golf, tennis, soccer, fishing, sailing, rugby, auto racing, jogging, and even round-the-world ballooning.

Busch III set his sights far beyond the borders of the U.S. He successfully established a global presence. Today, Anheuser-Busch has breweries in the United Kingdom and China and licenses the production of Budweiser in Canada, South America, Europe, and Asia. **PH**

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Expansion: An Eyewitness History. Both books are published by Facts On File. He can be reached at Sanford-Wexler@hotmail.com.

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