

### KRUG BEFORE SCHLITZ

Most Americans think of brewpubs as a relatively new economic and social phenomenon. That is not accurate. SCHLITZ, one of Milwaukee's most famous breweries rose from a brewpub.

It began in 1849 when Georg August Krug, a German immigrant, opened a restaurant/saloon in Milwaukee, Wisconsin. He understood the low profit margin in restaurants and quickly decided he could brew his own beer for far less than what local brewers charged.

After receiving a gift of \$800 from his father, Krug sold his restaurant/saloon and began construction of a full-time brewhouse. Along with the new "August Krug" brewery, he built Milwaukee's first underground vaults for the storage of beer. They had a capacity of about one hundred fifty barrels of beer. The brewery produced about twice that much in a year.

In 1850 G. August Krug hired a 20-year-old bookkeeper and agreed to take responsibility for an eight-year-old nephew – both from Germany. The

bookkeeper was Joseph Schlitz (**Figure 1**) who was born in Mayence, Germany in 1831. Schlitz's father was a wine and beer broker who taught his son the intricacies of both business and brewing. The nephew was August Uihlein who began work as a laborer in the Krug brewery.

In 1856 Krug died and Schlitz, the young bookkeeper assumed the role of brewery manager. He was an ambitious young man and made his way to ownership of the business by marrying Krug's widow, Anna.

Two years later, in 1858, he renamed the business, the "Joseph Schlitz, Chesnut Brewery." In that same year August Uihlein, Krug's nephew, was appointed to Schlitz's old job as bookkeeper for the brewery and was later joined in the business by his brothers Henry, Alfred and Edward.

Milwaukee's southern neighbor was growing fast when the great Chicago Fire of 1871 essentially destroyed the city. The devastation was not only to dwellings but

nineteen of its breweries were destroyed. The conflagration also tainted the water reservoirs, wells, rivers and even Lake Michigan.

Quick to react, Schlitz knew survivors would be thirsty. By rail and road he shipped all the beer he could to Chicago. The Chicago people were quickly bonded to Schlitz and before local breweries could rebuild, Schlitz captured the city's beer market. Within the year (in 1871) the company adopted the slogan, "The Beer That Made Milwaukee Famous" for all aspects of its marketing.

Following the fire Schlitz sales grew by over 50%. Business was so good that in 1873 Joseph Schlitz made the business a stock company with himself as president. Edward Uihlein was named vice-president of export operations. August Uihlein became secretary and Henry Uihlein was made superintendent.

1874 the company was renamed "Joseph Schlitz Brewing Company" (**Figure 2**). Schlitz was so successful that he had a will drawn up. Wisely inserted into the will, were two provisions to ensure the company's health after his passing. One stipulated the business never remove "Joseph Schlitz" from its name. The other appointed Krug's nephew August Uihlein, the same nephew Krug brought over from Germany as an eight-year-old in 1850, as head of the brewery.

Almost prophetically, in 1875 Schlitz and Anna booked passage on the steamer Schiller that was supposed to take them across the Atlantic to Germany. Unfortunately the Schiller sank in transit, and neither his nor Anna's bodies were ever recovered.



[Fig. 4]

**Schlitz**

**BROWN BOTTLE**

Our Agencies Dot the Earth

**IS now Standard the World over**

For sixty years we have used the best materials and ingredients to make Schlitz pure and keep it pure.  
 We go to Bohemia for hops.  
 We go 1,400 feet down to seek for pure water.  
 Our yeast, from which we propagate the nation, will, has been carefully guarded for sixty years.  
 There is no poorer beer brewed. We keep it pure, too, from the brewery to your glass, by using the Brown Bottle. Light starts strong, even in pure beer.

**Schlitz**

**The Beer That Made Milwaukee Famous.**

Schlitz's choice, as called for in his will, of the then 33-year-old August Uihlein to replace him couldn't have been better. Along with his brothers Henry and Edward, he continued the business strategies initiated by Schlitz.

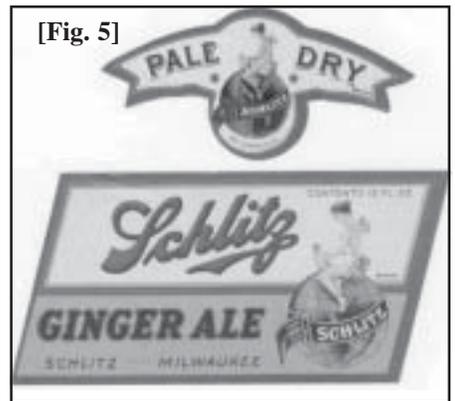
As a result, the company developed its own far-reaching network of rail distribution. The capacity of the plant had been increased from the original three hundred barrels per annum to almost one million. In 1876 the bottling department was established. From a ranking of tenth largest U. S. brewer in 1877, the national marketing plan vaulted the company to third by 1895.

Also under the guidance of the Uihlein brothers, especially Edward in neighboring Chicago, prime corner

locations were purchased and retail saloon outlets established. Those real estate holdings would later prove a worthwhile investment when the brewery ceased brewing operations during National Prohibition (1917-1933). Many of the choicest corner locations were sold to oil companies for gas stations. (The money received helped keep the company financially afloat during the forthcoming "dry" years.)

By late 1902, the Joseph Schlitz Brewing Company became the world's largest brewer with an annual output of over one million barrels.

In 1905 the company was big enough to have become the butt of quite a few jokes. A favorite was this jingle found on a postcard (Figure 3):



*"A young lady by the name of ANNHEISER,  
 Who said no man could surprise her,  
 But PABST took a chance,  
 Found the SCHLITZ in her pants,  
 And now she is sadder, BUDWEISER"*

#### DEVELOPMENT OF THE SCHLITZ BROWN BOTTLE

In 1912 Schlitz developed the now universally famous "Brown Bottle," a pioneering step to prevent the harmful rays of light from destroying the quality and stability of beer (Figure 4). Other leading contributions to beer making introduced by Schlitz included enzymatic control, elimination of air from bottles prior to filling, vitamin addition, and improvements along technical lines.

It's interestingly amusing that at the 1913 World's Fair in St. Louis, the R. Hegar Malting & Brewing Company of Jefferson, Wisconsin, won second place with its Hegarbeer ahead of all the big Milwaukee brewers. That resulted in a new Hegar slogan, "*The Beer That Made Milwaukee Jealous.*" (An ironic sidebar is that Hegar, like Schlitz, died while on an ocean voyage – he was returning from Germany.) And, there was also the Whitewater Brewing Company of Whitewater, Wisconsin (1907-1942) that brewed and bottled a beer that was sold by the slogan, "*Cream Top, The Beer That Makes Milwaukee Furious.*"

#### NATIONAL PROHIBITION

With a growing wave of temperance and prohibition movements throughout the U. S., the succeeding second generation of Uihleins moved to further diversify their holding into non-brewing related businesses such as timber and the manufacturing of carbon electrodes for the steel industry. In 1920, the firm changed its name to "**Joseph Schlitz Beverage Company**" aka, "**Schlitz Milwaukee.**" Along with corporate name change, their slogan was modified to, "*Schlitz—the name that made Milwaukee famous.*" Along with their established positions in



railroads, banking and real estate, the family managed to hold on to most of its fortune during the dry years of National Prohibition (1919-1933).

Production at the brewery during those dry years was limited to malt extract, near beer (FAMO), *soda pop* – Schlitz Ginger Ale (**Figure 5**), cereal beverages, bakery products, chocolate, and a candy named “Eline” (**Figures 6 & 7**) The Eline Milk Chocolate Bar venture was discontinued in 1928. Estimates were that \$17 million was lost in the venture.

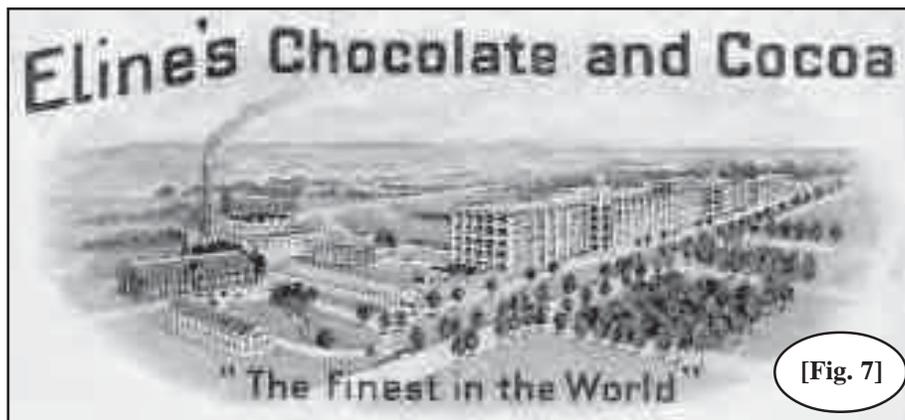
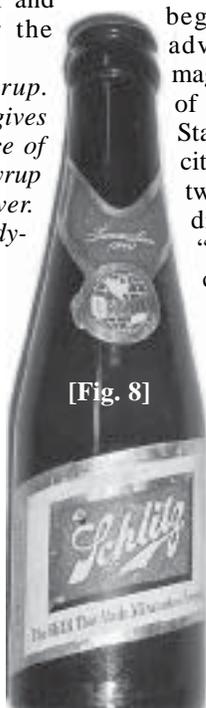
A Schlitz advertisement in 1928 contrasts strangely with earlier and more succinct publicity for the contents of the “brown bottle”:

*“Schlitz-Flavored Malt Syrup. The name Schlitz on the label gives you the same absolute assurance of purity and confidence in malt syrup as the name ‘Sterling’...on silver. For Berrte Bread and Finer Candy-Schlitz-Milwaukee.”*

#### END OF PROHIBITION

The death of Prohibition in 1933 with the repeal of the 18<sup>th</sup> Amendment caused these words to be written by a newspaper reporter:

“A hundred thousand people turned out just to watch a truck rumble through Milwaukee streets. It was a pretty ordinary sort of truck but it carried an extraordinary cargo. Spotlights marked its passing, factory whistles saluted it with a shrill



blast and the crowd drowned out the whistles with a great happy roar. The time was one minute after midnight, April 7, 1933. The occasion was the death of Prohibition. The truck, of course, carried beer. After 14 long, dry years, Milwaukee was back in business as brewmaster for America. Actually there were seven ‘first’ trucks that night, one from each Milwaukee brewery. The truck from Schlitz led the parade.”

It wasn’t long after National Prohibition (February 1937) that Schlitz began a campaign of full-color advertising in thirteen large magazines designed to reach four out of every five homes in the United States. Publicity appeared in 500 city newspapers during the summer, twenty-four-sheet billpostings were displayed in 500 cities, and the “Schlitz Palm Garden of the Air” carried the message to the nation’s radio listeners.

Throughout the 1940s and 1950s Schlitz produced over 15 million barrels of beer annually. After a century of jockeying back and forth with several other famous breweries, by the mid-20<sup>th</sup> century, Schlitz became the largest brewery in the world.

#### EXPERIMENTATION

After World War II, in 1948, Joseph Schlitz Brewing Company requested that Anchor

Hocking Glass Corporation (Lancaster, Ohio) submit sample beer bottles in “Royal Ruby Red ‘Anchor Glass.’” Four different samples were designed in 1949 and submitted to Schlitz. The company wasn’t satisfied so three more designs were made and submitted early in 1950. Two of the last group submitted were selected and used to contain Schlitz beer. One was a “stubby” shaped quart-size non-returnable bottle and the other was a “select” shaped seven-ounce returnable bottle (**Figure 8**). During the early 1950s Schlitz made three trial runs with the two Royal Ruby bottles selected. In all, they ordered and used 50 million bottles – 21 million of the quarts and 29 million of the seven-ounce returnables.

[Nine Royal Ruby bottles were designed in all (**Figure 9**). As indicated, only three made it into production. Today retail price for the production bottles is from \$10 to \$40. Prices for the other six experimental bottles are hard to determine because hardly any have survived. Interested readers are advised that in the category of “Ruby Red Bottle” on [www.ebay.com](http://www.ebay.com) examples are often offered for sale.]

In 1961 the Carling Brewing Company (Cleveland, Ohio) bottled its Carling Black Label beer in “handy” shaped twelve-ounce non-returnable bottles made of *milk glass* by the Libby Glass Company of Toledo, Ohio (**Figure 10**).

In response to Carling’s success with their milk glass bottle, in 1963 (thirteen

years after the first test of red beer bottles), Schlitz again tested the market for Royal Ruby beer bottles by Anchor Hocking. They selected a “handy” shaped twelve-ounce non-returnable bottle identical in construction to Carling’s 1961 milk glass bottle (**Figure 11**).

The beer-drinking public was not particularly impressed with Royal Ruby beer bottles, therefore, Schlitz didn’t increase their sales as they had hoped they would. That and the slightly higher cost of the copper-ruby (Royal Ruby) glass bottles compared with the amber glass bottles usually employed by Schlitz, were cited as the reasons for not continuing their use.

After peaking in the late 1960s, Schlitz began a rapid descent. Abandoning the concepts that led the company to success, they made the error of decreasing emphasis on their core business of making beer. While competitors directed more of their budgets to beer advertising, Schlitz was diversifying. They bought into a winery and also a feed company. In 1971 Schlitz became the first national brewer to self-manufacture aluminum cans (**Figure 12**). Schlitz built a 150,000 sq. ft. plant in Oak Creek, Wisconsin to produce the 2-piece, 12-ounce, all aluminum beer cans. This is one of the diversifications that worked. The success of that plant led to the construction, in 1973, of another in Tampa, Florida.

It seems that dominating the USA beer market wasn’t producing enough money for the Milwaukee based brewery so they devised a strategy to really make money. In 1967 a chemist came up with a great idea for brewing beer faster – in fact, twice as fast shaving ten days off the brewing cycle. Without adding one more point to their market share Schlitz could double their profits!



[Fig. 10]

[Fig. 11]

The new brewing process would allow Schlitz to shrink their inventories. Since less beer needed to be brewed, brewing facilities could be sold off or used for other purposes and tremendous amounts of cash flow could be freed up. The strategy was brilliant!

For the first six months Schlitz couldn’t believe how much money they were making – profits skyrocketed. However, in all their excitement to introduce the new (financially) improved beer, nobody stopped to ask the customer if it tasted any good – it didn’t. Consumers perceived a change in taste, that was suggested, in part, by a rumor that the brewery was shipping “green” beer to the marketplace. Unfortunately, Schlitz beer taste got associated with a vulgar expletive referring to excrement that rhymes with Schlitz.

Sales declined, and suffered further when two batches of hazy beer forced them to dump over ten million bottles, exaggerating the image of a drop in quality. Again consumers fled.

When the company finally attempted to repair the damage they responded with an ill-received advertising campaign that drove away more Schlitz drinkers with the dubious song and slogan:

“There’s just one Schlitz, yeah, yeah, nothing else comes near.

**When you’re out of Schlitz, you’re out of beer.**

If you like it light with a good taste too, there’s only one brew that will do.

**When you’re out of Schlitz, you’re out of beer.**

Real gusto in a great, light beer– Schlitz!”

Dramatic and extreme, the company never recovered from the loss of sales and the ill-conceived advertising campaign.

Schlitz had been ranked as the number two brewery in the country as late as 1976, but its image was tarnished beyond repair. Sadly the company saw itself passed by Miller and Pabst, with Heileman in hot pursuit.

On June 10, 1982 the Stroh Brewing Company acquired the Joseph Schlitz Brewing Company. Ultimately the once proud label was relegated to a secondary, regional status – for a time Stroh produced Schlitz only for the Milwaukee market. Stroh next sold the brewery to the Pabst Brewing Company. The old Schlitz brewery finally closed its doors in the early 1990s.

**FOOTNOTE:**

In the 1950s after Joseph Schlitz Brewing Company had made its selections of the “Royal Ruby Red” bottles it would use for Schlitz beer, Anchor Hocking Glass Corporation salesmen approached other brewers about the possibility of red beer



[Fig. 12]

bottles for their products. Few were interested but two breweries experimented with Royal Ruby Red bottles and a few of these bottles are known to exist. (1) Pfeiffer Brewing Co. of St. Paul, Minnesota and Detroit, Michigan bottled their “Pfeiffer’s Glasolite” beer in red bottles during the early 1950s. (2) Latrobe Brewing Co. in Latrobe, Pennsylvania used two types of the Royal Ruby Red bottles for their famous “Rolling Rock Beer.” One of the bottles used was an embossed stubby and the other was a pilsner type. The latter bottle was identified using Applied Color Labeling (ACL) and consequently is the only red beer bottle featuring ACL identification (**Figure 13**).

According to writer Bryan Grapentine (see bibliography), “Anchor Hocking made ruby red experimental and a few production bottles in several categories besides beer, these include juice, chile, mayonnaise, pill bottles, baby food, wine, liquor, and ketchup. Few of these bottles were made and seldom are they seen on show sales tables.”

Interestingly enough, the most valuable and sought after ruby red bottle is a square Borden quart milk bottle. One recently sold for over \$3,000 at auction.

Clevenger Brothers Glass Company



[Fig. 13]

made numerous red bottles and other items that are quite collectible. Their red bottles are fantasy items (often called "reproductions"). According to Greg Wells (see bibliography), "*Clevenger glass is no longer manufactured.*"

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Joseph Schlitz Brewing Company"  
[www.beercollections.com/BCM1720.htm](http://www.beercollections.com/BCM1720.htm)

### CHRONOLOGICAL HISTORY Joseph Schlitz Brewing Company Milwaukee, Wisconsin (1849-1981)

Legal Name	Location	Dates
August Krug	Milwaukee, Wisc.	1849-1858
Joseph Schlitz, Chesnut Brewery	Milwaukee, Wisc.	1858-1874
Joseph Schlitz Brewing Co.	Milwaukee, Wisc.	1874-1920
Joseph Schlitz Beverage Co.*	Milwaukee, Wisc.	1920-1933
Joseph Schlitz Brewing Co.	Milwaukee, Wisc.	1933-1981

\* – aka Schlitz Milwaukee

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