



AT THE BAR WITH BOWDITCH

A Legal Blog for the Craft Brewing Community

Last Call: Labatt Phases Out Retiree Perk of “Free Beer For Life”

BY TIMOTHY H. POWELL • DECEMBER 22, 2016

In a major blow to its retired workers, Labatt, one of Canada’s largest breweries, has recently announced the end of a decades-long practice of providing “free beer for life” to retirees from the brewery. Since the 1970s, Labatt has provided an annual allotment of free beer to its retirees for life and even kept the tap flowing for surviving spouses, who continued to receive the annual allotment through their lifetimes as well. The amount appears to have varied among the brewery’s plants across Canada, from eight 24-bottle cases per year offered in London, Ontario to as much as one 12-pack per week for retirees from the Edmonton, Alberta plant.

But the good times ended on October 28, 2016 when Labatt announced the “reluctant decision” to phase out the perk, citing the rising costs of maintaining its full benefits package, including healthcare coverage, as the reason for the cut. Labatt explained that its review of other Canadian breweries and consumer packaged goods companies revealed that no surveyed company offered free product to retirees. The brewery plans to cut back the free beer over the next two years, and will officially end the practice in January, 2019.

Labatt was purchased by Belgian-based Interbrew in 1995, which is now part of the brewing giant Anheuser-Busch InBev. Those opposed to the loss of the free beer program see the move as the latest in a trend of excessive cost-cutting by the multinational companies that have been swallowing up the world’s major breweries in the past few decades. But the concerns seem to go deeper than frustration over corporate bean-counting, reflecting a change in the culture of the macro-brewing industry and the relationships between the breweries and their employees. David Bridger, President of the SEIU local representing workers at Labatt in London, Ontario [remarked](#) “[i]t’s certainly not the way it was in the past, when there was fanatical devotion to the brand and the company. Today it’s just a job.”

Labatt reports that its labor agreements do not require that free beer be provided to retirees, and there is no indication that the union or any retirees would have any legal claim against Labatt for its decision. The practice appears to be an informal one, albeit deeply entrenched in the history and culture of the brewery. While perhaps fiscally prudent, cutting the benefit may have an outsize effect on employee morale and goodwill toward the brand. Molson, the other major Canadian brewery, now owned by Molson Coors, began phasing out its free beer allotment beginning in 2009 and

immediately faced repeated [protests from retirees](#).

For craft brewers, the reaction to Labatt's announcement should serve as a cautionary tale. Whether just starting to grow and create a corporate culture of their own, or considering a sale to a larger brewing corporation, craft brewers should be careful about what expectations they are creating for their employees and what implicit promises they may be making. The upside of providing beer as a benefit to employees, and retirees, are immediately apparent: create happy employees with brand affinity who become ambassadors for your brew out in the community, even when they're off the clock. But keep in mind that withdrawing perks that employees have come to expect, even if not formally spelled out in contracts or benefits packages, will undermine that brand affinity. And for brewers contemplating a sale of the company, the loss of a practice like "beer-as-a-benefit" can be a tangible and headline-grabbing example of a loss of culture—real or perceived—that employees may already fear from a corporate takeover. Craft brewers can keep the taps open, but be mindful of how they communicate their "beer-as-a-benefit" policy to employees, and the potential fallout that could come when times change.