



Do it Right the First Time

Insight for craft brewers seeking growth through market expansion





PINTS LLC



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You only get one chance to make a first impression



- Defining Your Story
- New Market Selection
- Wholesaler Due Diligence
- Contract Negotiation
- Rollout Planning
- Distributor Management





Defining Your Story

So you started a brewery?





The Six Pack

- One step at a time
- Everyone likes a good story
- Branding is hard work
- Fresh and local
- Nimble is not just a six letter word
- Strategic alliances



ONE STEP AT A TIME

- Prepare a solid business plan and be realistic
- Beer is big business and requires attention, it's not easy
- Have a “face” of the brewery and be visible
- Execute the business plan
- Go deep and not wide at the start



EVERYONE LIKES A GOOD STORY

- Why did you start this in the first place?
- Tell your story and be proud
- Be genuine and humble
- Consumers want to relate and engage with a story they believe in
- Have passion about what you are doing and stay true to it, don't be everything to everyone
- Don't get caught up in hype



BRANDING IS HARD WORK

- Create an experience for consumers to engage with your brand
- Concentrate efforts on enhancing their experience and making it memorable – what will they tell their friends?
- Keep story and theme consistent across all platforms (POS, social media, packaging)



FRESH AND LOCAL

- The closer to the tap room the fresher the beer and the more control you have over the quality
- Consumers are looking for local
- Quality and consistency are a must
- Ride the wave of local, support your community, and give back





NIMBLE IS NOT JUST A SIX LETTER WORD

- Create a culture of owners to make decisions
- Take input from consumers (good & bad)
- Stay informed with industry trends and be prepared to adapt
- Take advantage of opportunities as they arise



STRATEGIC ALLIANCES

- Know your strengths and weaknesses
- Surround yourself and your brewery with strong allies in the industry
- Join a conference
- Leverage resources across a larger platform





New market selection

Should you expand?
Where? Why? How?





Why do you want to expand?



- **Pressure from investors**
 - Who is asking for a return?
 - What are the timeline expectations?
- **Growth: have you outgrown your current footprint**
 - Is your current footprint saturated with your brands?
- **Consumer Demand: are consumers asking for your brands?**
 - How are you measuring this demand? Social Media?
 - Do you have chain stores requesting distribution?
- **Hope**
 - Don't rely on hope as an expansion strategy.
 - Have a plan for growth before building excess capacity.
 - Don't rely on new markets to fill tank space.
 - Don't out-kick your current coverage and go beyond the limits you can effectively cover with existing resources.



Be Careful What You Wish For



- Don't get caught up with explosive short-term growth
- Design a plan for consistent, methodical growth that is sustainable over the long-term
- **If you have a PULL problem, expanding territory or innovating new brands only makes the problem worse**
- Have you considered additional packages, brands or styles to realize volume growth in your current market
- Have you maximized your current capacity?
- How much volume are you expecting for new market?





Where do you want to go?



Local market

- Self distribute and grow profit internally (where legal)
- Ownership of brands from grain to glass
- Sell your story to retailers and build a following
- Local is key, keep within relevant boundaries

In-state

- Expanding to On/Off Premise
- Neighboring City | Town | County
- Can still self distribute – do you have resources to do this?
- Expanded distribution network – distributors?





Where do you want to go?



Out-of-state

- Neighboring states – stay contiguous and avoid jumping unless extenuating circumstances dictate
- Regional footprint to maintain relevance
- Market availability and opportunity
- Consumer demographics
- **Read and understand the liquor laws in each state** – know what is required ahead of time before getting too far down the path





Know the retail landscape



On-premise

- What is make-up of outlets in the market you are seeking?
- Chain vs Independent
- Local base or seasonal tourism
- Bar/Restaurant/Venue
- How many other competing brewpubs or local breweries are there to sell against?

Off-premise

- What is the make-up of outlets in the market you are seeking?
- Chain vs Independent
- Grocery/C-store/Drug/Pkg Liquor
- Know the selling calendar for shelf resets in chain stores
- Do you have the resources to make buyer calls to the chains?
- What is your SKU portfolio available in package for retail – do you have the proper UPC codes?





The Distribution Dilemma



Distribution Solutions

- Self Distribute - know the costs involved
 - Sales
 - Delivery
 - Merchandising
 - Promotions / Sampling
 - Line cleaning
 - Retrieve cooperage
 - Do you have the resources to serve all these functions?
- Wholesaler - what options are available
 - Know the alliances: Miller/Coors | AB | Independent
 - Know the footprint and portfolio of each distributor





Wholesaler Due Diligence

Do your homework





Important criteria to consider



- Vibe from the team – gut feeling
- Who is in your meeting?
(Executives, Management, Ownership)
- Have they reached out to you or are you cold calling them?
- Warehouse space --
Refrigerated/keg storage/temps
- Delivery fleet
- Sales force (craft only?)
- In-house training resources
- Key account selling team for chains
- Culture and community involvement
- Marketing team and event participation
- Geographic footprint
- Current portfolio





Measure twice, cut once



- Create a distributor questionnaire to review objectively
- Spend time in the market and review execution
- Solicit honest retailer feedback about staff, service, business practices
- How engaged is the distributor management team with suppliers?
- What is the wholesaler succession plan – with consolidation taking place it is important to know the landscape and have a plan if things change
- Did they give a formal presentation – was it fun? – Does it reflect what you want?
- How committed do you feel they are to grow your brands?





Contract Negotiation

Honesty and transparency
are crucial





Tying the Knot



- Establish ground rules for negotiation
- Define criteria that is most important and stick to it
- Ask questions and understand important issues from wholesaler perspective
- Details and fine print, don't get bullied
- Everything is on the table – be willing to put everything in writing (pre-nup)
- Make sure there are accountability measures for both sides to adhere to





Rollout Planning

Don't pull the trigger unless
you are ready





Make sure you are ready



- BUDGET, BUDGET, BUDGET – how much can you spend
- SKU selection for new market (not everything needs to go)
- Market engagement prior to launch – do consumers know you are coming?
- Adjust brewing schedule to meet volume forecasts
- Cooperage needs for new pipeline
- Package for chains (UPC codes)
- POS (tap handles, signage, artwork for printing)
- Swag for launch (more is better)
- Resources to support launch efforts (product and sales training for new wholesale team, ride-alongs, meet and greet)
- Marketing campaign to generate consumer pull once you are there
- Distribution and volume expectations and timeline
- Wholesaler scorecard to measure performance and accountability





Distributor Management

If you expect the best, you
need to be the best





Wholesaler value add to Suppliers

- Strive to add value and equity to your brands
- Execute agreed upon metrics
- Add sales reps (push)
- Accept some marketing responsibility (pull)
- Logistics experts in respective market footprint
- Management engagement

Supplier value add to Wholesalers

- Develop brand equity to the marketplace
- Create consumer **PULL**
- Inventory management
- Marketing programs
- Sales team training
- Interact with wholesaler don't Interfere
- Market presence
- Consumer engagement





Share of mind should not be an after thought



Keep the momentum – Beer isn't selling itself

- Establish meeting schedule with wholesaler
- Prepare and present annual business plans
- Expect management to engage with you
- Don't scatter the focus, stay the course and only redirect if necessary
- Keep objectives simple
- You will get out what you put in to the relationship
- Strive to be the best, ask questions and listen
- Bring value and profitability to the wholesaler





Thank You

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