

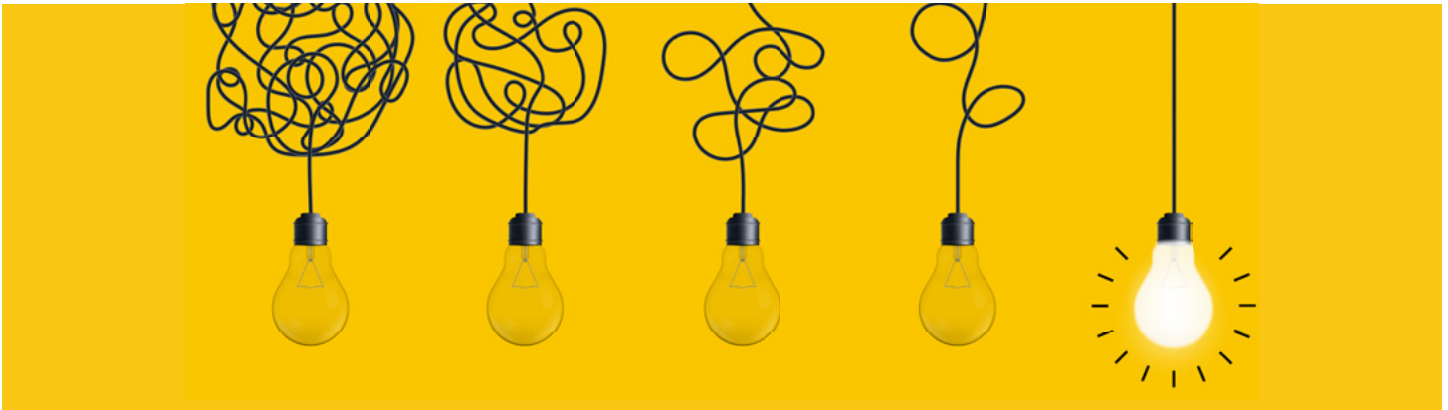
5 Ways That Craft Brewers Can **Succeed** with Distributors Today

As a craft brewer, there's probably nothing you'd like to focus on more than creating your next seasonal or adding capacity for your award-winning IPA. However, today's competitive marketplace means you must be more than a great brewer; you must be a smart and collaborative channel partner to enhance and empower how beer distribution works for your brands.

The craft beer category is transitioning into a mature market where competition and slowing growth requires brewers to create more value in their distributor relationships in order to succeed. The challenge is that there are more than 8,275 craft breweries operating in the US.¹ Yet there are only around 3,000 beer distributors.² What's more, the global pandemic has disrupted the beverage alcohol industry across all three tiers.

In the beer category, breweries are shifting significant on-premise volume into off-premise channels. As a result, macro-breweries have increased pressure on beer distributors to execute macro brands, making it difficult for independent breweries to get attention for their news and promotions.

Competition for these distributors' monthly business objective (MBO) slots is fierce and it takes more than tasty beer to succeed. Here are five actions to consider when looking to partner with a distributor to grow your brand.



Simplify

According to **Josh Halpern**, chief sales officer of FIFCO USA (Labatt, Genesee, Seagram's Escapes), ***"The way wholesalers work is pretty straightforward. They have an annual business planning process where brewers are invited to come and present their plans for the year, and then the wholesalers start to put together their monthly business objectives (MBOs). Wholesaler rep's variable pay is tied directly to wholesaler's MBOs, but there are 50 brewers fighting for one to two slots."***

Rather than offer multiple, complicated plans for every season, brewers should focus on capturing one or two open spots on the craft beer distributor's activation calendar. Be specific and realistic about providing fewer programs that offer more marketing support. Everything must be ready to execute so it's effortless for the distributor to take on the brand. This includes chain placement and ensuring seamless marketing operations.

"Everyone who is smart is simplifying. Complexity kills. We've got to get back to simplicity in everything we do, including very clearly defined, differentiated marketing programs," says **Dave Duffy**, chief commercial officer of Colorado-based Stem Ciders.

The effects of the global pandemic also mean simpler marketing programs and tighter planning windows. Distributors are not interested in vast quantities of glassware or costly signage when there's no telling when on-premise consumption will pick up again. Instead, flexible plans and nimble delivery of marketing materials on abbreviated, distributor-friendly timeframes are critical.



Promote

Key sales executives at beer distributors want to understand demand and glean new insights on audience tastes and trends. You may not have the sophisticated data resources of a global macro-brewery, but you can still create professional presentations that enable skeptical distributors to easily see the gaps that your products can fill. Employing creative samples that support marketing strategies is a smart way to bring your plans to life. Demonstrating responsiveness for branded wearables or coolers, as well as a customized, professional presentation help capture the attention of these important decision-makers.

"Craft drinkers are well informed. They know exactly who you are, what you stand for, and where you're from," says **Patrick Daugherty**, former chief marketing officer of CANarchy Brewery Collective. Relaying this knowledge and consumer focus – tied to smart promotional ideas – showcases a depth and local authenticity that macro-breweries don't have.



Prove

Distributors expect craft brewers to prove why their brands will pull through retail. Making the case means demonstrating the ability to:

- quickly make merchandising and marketing decisions without traditional lead times
- connect logistics capabilities to local execution
- execute marketing operations plans without missing critical deadlines

"You need to prove that you're going to be operationally predictable," Duffy says. "The old adage applies: If a misstep happens once, it's an event. Twice, it's a coincidence. And three times, it's a pattern of performance."

While the stakes are high, you shouldn't feel like you're in it alone. Operational excellence means having partners with specific expertise in marketing execution while you focus on making great beer. Working with a professional marketing operations provider that can assess what you're doing now and add logistics support with a deep knowledge of the three-tier beer distribution system can help smaller brewers match the sophistication and marketing firepower of much larger competitors.



Maximize

Another area where craft brewers can impress distributors is by maximizing budgets. Smart brewers understand the difference between "working dollars" and "non-working dollars." The more money going toward accelerating marketing activations at retail, the better. Unfortunately, solving problems of material waste, surplus inventory, administrative costs and other factors can divert more than 30% of marketing funds into solving back office challenges rather than going toward retail promotions.

By eliminating administrative inefficiencies, logistical hurdles and warehousing for unused marketing materials, craft brewers can spend more on reaching consumers, building brands and showcasing value to beer distribution companies.



Focus

Rather than relying solely on a trendy new product, distributors want to see well-rounded programs that fit their calendar and include a comprehensive plan for pull-through at retail. They also look for passion and focus in elevating your product and your authenticity, versus attempting to go toe-to-toe with giant breweries who already have nationwide distribution.

It's critical to market locally where macro brands struggle with authenticity. Showcase your brand's purpose by connecting with your community rather than seeking more territory to cover.

"There's a level of inauthenticity when you go outside your home and your halo market," Daugherty notes. "But if you do things that matter to the distributors, retailers and consumers – charities, community outreach, local events – they're going to see, recognize and remember the effort."

Working with a supply chain expert like NVISION – with proven marketing execution, smart ways to reduce administrative spend and streamlined logistics – you can show distributors your ability to create a winning marketing plan...as well as a great beer.

Sources

1 [Craft brewers are facing new realities': US craft beer grew 4% in 2019 – but 2020 will be a difficult year](#)

2 [New economic report: Beery industry creates 2 million jobs, contributed \\$328 billion to U.S. economy](#)

Why NVISION?

For more than three decades, NVISION has partnered with Fortune 500 companies to help them grow their businesses by transforming how they execute marketing promotions. For beverage alcohol marketers, we use technology and expertise to modernize legacy processes for marketing promotions, put our buying power to work to improve cost structures, and elevate service levels both internally and to distributors.

Our services include:

- A marketing operations assessment to identify modernization opportunities
- A technology platform with specific functionality for the three-tier system
- A one-stop shop for all alcohol marketing merchandising and promotional materials
- Sophisticated logistics capabilities that eliminate layers and third-party contracts, while reducing waste
- Aggregated reporting and data visualization for faster, better decisions
- A focus on helping clients actually grow, versus simply saving costs

