Syllabus - Distribution and Sales in Craft Beer

Module 1: Industry Trends and the Three-Tier System

Instructor- Jon Reynolds

Overview

This week you'll examine current distribution and sales trends in craft beer, and become better acquainted with the three-tier system and the roles and responsibilities of each tier.

You will also explore wholesaler exclusivity and distribution rights/obligations, and take a deep dive into how state and local laws impact beer sales.

Learning Objectives

Upon completion of this week’s materials, students will be able to:

- Analyze distribution and sales trends in the craft beer industry
- Explain how the three-tier system effects, and is influenced, by taxes
- Identify the role and responsibilities of the manufacturer, distributor, and retailer in the three tier system
- Analyze the role that prohibition and taxation have on the market
- Explain wholesaler exclusivity and distribution rights/obligations
- Examine state/local laws to identify their impact on beer sales, including but not limited to: Brewpub carve outs and ABC state

Module 2: Beer Pricing and Packaging Trends

Instructor- Jon Reynolds

Overview

Building on the distribution and sales trends overview from last week, this week you'll focus on packaging trends. You'll explore the "bottles or cans or both" question, what "value packs" can offer craft beer and when it might be a good fit over standard packaging.

You will also learn about strategic pricing and the break-even volume, and how these components can inform a brewery's can strategy.

Learning Objectives

Upon completion of this week’s materials, students will be able to:
• Identify trends in packaging, including cans vs. bottles and the craft beer can
• Describe the margin structure for “value pack” craft beer pricing
• Analyze the strategic fit of value packs vs. standard packaging
• Examine new packaging for on-premise
• Use strategic pricing and break-even volume to develop a can strategy

Module 3: Distribution Part 1: Partnering with a Distributor

Instructor: Kary Shumway

Overview

Part 1 of distribution focuses on how best to partner with a distributor/wholesaler. You will learn the main functions of a beer distributor, what is important to them, and how to create a successful brewery-distributor partnership. You will also explore best practices around agreements and contracts.

Learning Objectives

Upon completion of this week’s materials, students will be able to:

• Identify the core functions of a beer distributor
• Describe the primary factors that create a successful brewery-distributor partnership
• Explain what is most important to beer distributors so that your brand will stand out in their portfolio of products
• Demonstrate a working knowledge of distributor agreements, and contract best practices

Module 4: Distribution Part 2: Self-Distribution

Instructor: Kary Shumway

Overview

Distribution Part 2 takes a deep dive into all elements of self-distribution. You will explore the roles, responsibilities, and costs involved in the choice to self-distribute and practice crunching some numbers to determine the sales, margins, and operating expenses.

You will also take a look at different margin structures and available options when moving from self-distribution to 3rd party distribution.
Learning Objectives

Upon completion of this week’s materials, students will be able to:

- Explain the roles, responsibilities and costs associated with self-distribution
- Create a simple, financial pro-forma of the sales, margins and operating expenses related to self-distribution
- Demonstrate an understanding of the different margin structures of self-distribution and 3rd party distribution arrangements
- Articulate the options to move from self-distribution to 3rd party distribution

Module 5: The Buyer/Seller Landscape

Instructor: Jon Reynolds

Overview

This week you will explore the buyer/seller landscape for both on- and off-premise environments, and how the sales staff function in each. You will also look at the opportunities and constraints for distributors and retailers, identify key performance indicators, and work through the margin structure.

Learning Objectives

Upon completion of this week’s materials, students will be able to:

- Examine the buyer/seller landscape in on-premise (bars/restaurants), off-premise (retail), distributor and brewery environments
- Define the various roles and functions of "sales" staff in the above environments (Category breakdown, typical GPM strategies)
- Analyze some of the opportunities and constraints for distributors (3-tier) and/or retailers (self-distribution)
- Determine the end cost to the consumer based on handling and delivery of the product at each level of the three-tier system
- Work through the margin structure so every tier is profitable (pennies business)
- Identify key performance indicators (KPIs)
Module 6: Sales Techniques and Gaining Distributor Buy-In

Instructor: Jon Reynolds

Overview

You will explore a variety of sales techniques to help improve buy-in and close the sale, and learn how to manage brewer and distributor expectations around new product launches.

Learning Objectives

Upon completion of this week’s materials, students will be able to:

- Identify attention-getting sales techniques
- Develop strategies to clarify your sales proposal and justify your recommendation
- Examine ways to probe for information and establish retailer buy in
- Analyze steps to overcome retailer objections
- Determine how to close the sale
- Manage Brewer and Distributor expectations in new product launches

Module 7: Executing the Business Plan

Instructor: Jon Reynolds

Overview

This week you will look at ways to leverage market evaluation tools like IRI, VIP (iDig), and Nielsen, as well as how to develop sales targets and work with your distributor to maximize sales.

You will also learn how to analyze a brewery’s main goals for a sales period and increase your sales forecast accuracy, and examine the top sales drivers for craft beer and the impact of a new product rollout.

Learning Objectives

Upon completion of this week’s materials, students will be able to:

- Describe the role of each tier in the sales environment
- Develop ways to leverage market evaluation tools (IRI, VIP (iDig), Nielsen)
- Develop sales targets utilizing various strategies, such as: mirroring, identifying competitive set, gap analysis, and vertical selling
- Articulate ways to work with your distributors to maximize sales to the key retailers
- Analyze the Brewery’s main goals for the current sales period
- Examine your sales forecast and identify how to increase it for accuracy
- Define the top sales drivers for craft beer in stores, bars, pubs, and restaurants
- Create effective distributor sales rep placement incentives, volume incentives and tap bounties
- Quantify the impact of a new product rollout

Module 8: Category Management

Instructor: Jon Reynolds

Overview

With this week’s focus on category management, you will learn how distributors manage shelf space and how to accelerate a brand's retail sales momentum using seven merchandising standards.

You will also learn how to build better floor displays, the best overall traffic flow and position in stores, and how to create sales opportunities out of the department.

Learning Objectives

Upon completion of this week’s materials, students will be able to:

- Use the brand marketing story to augment channel selling
- Articulate the types of negotiation needed for wholesaler, retailer, chain buyer, and bar owner
- Explain how distributors manage shelf space and gain access to the cold box
- Employ strategies for POS on displays along with an ad and a special price
- Utilize strategies and techniques for in-store sales (ex. accelerate the brand's retail sales momentum, building displays, overall traffic flow and position, sales opportunities out of the beer and wine department)
- Describe the shelf/cooler reset process and how it will impact smaller breweries