



TOPIC: MARKETING & SALES

A CONVENIENT APPROACH: HOW BREWERIES ARE BUILDING BRANDS IN CONVENIENCE STORES

🕒 8 min read

Since opening in 1988, Deschutes Brewery has produced thousands of unique beers, from the flagship Black Butte Porter to the forgotten Foray, a Belgian-style IPA. They're sold at grocery stores, bars and brewery taprooms, but if drinkers want 19.2-ounce cans of Symphonic Chronic Double Dank IPA, they must hit the exclusive retail outlet: convenience stores.

The tactic is a course correction. "Historically, we under-index in c-stores," says CEO Peter Skrbek. Prior to releasing tropical, resinous Symphonic Chronic in spring 2023, grocery stores accounted for 68 percent of Deschutes' off-premise sales, while convenience stores accounted for 32 percent.

One year later, Deschutes has shrunk the gap 5 percent, and the brewery will introduce another Symphonic Chronic variant inspired by Pineapple Express cannabis exclusively in c-stores. "The convenience-store channel is a great test bed to understand what customers want," Skrbek says.

Craft beer sales in convenience stores, in particular 19.2-ounce cans of bold and boozy beer, are a bright light in the beleaguered brewing industry. Onsite brewery sales dipped 6 percent in the first quarter of 2024, according to the Brewers Association, while grocery store dollar sales declined 2.5 percent year to date as of late April, according to Circana. By comparison, craft beer dollar sales at convenience stores, which is historically underdeveloped for beer, increased around half a percent, helping buoy bottom lines.

“This 19.2-ounce vessel and single-serve size is a category driver,” says Evan Woolard, the senior brand manager for SweetWater Brewing, which targeted c-stores with this year’s release of G13 Dank Double Hazy IPA. “If you’re not embracing what you can do with 19.2-ounce cans, you’re missing out.”

Customers Seek Flavor in Convenience Stores

Convenience stores meet consumers’ pressing needs. First is functionality, like a mood-boosting energy drink or roller-cooked hot dogs to curtail hunger. The flip side is pleasure and indulgence, all those spicy chips and freezers full of ice cream.

The onus is on breweries to develop brands for c-stores, where big flavors and plenty of booze can meet decadent desires. Creating c-store beers could be a game-changer, letting breweries target different demographics while still keeping core customers. “Craft brands can’t cookie-cutter take what worked in chain grocery and transpose it to c-stores,” Skrbek says.

Deschutes designed Symphonic Chronic as an overlap between music and cannabis culture. The psychedelic illustrated labels are visual catnip to attract a younger audience, while the Symphonic Chronic leans sweeter than other Deschutes IPAs. “We’ve got to listen to the convenience-store customer,” Skrbek says.

Last year, Tröegs Independent Brewing introduced three brands in 19.2-ounce cans: Sunshine Pilsner, Troegenator Double Bock and its flagship Perpetual IPA. “We quickly saw that consumers were looking for IPAs in the 19.2 segment,” says director of marketing David Graham.

The Hershey, Pennsylvania, brewery developed the tropical Graffiti Highway IPA line that features a 6 percent ABV IPA and a 9.5 percent ABV double IPA that’s only sold in 19.2-ounce cans. The bright, playful and colorful label is a “vehicle to attract new eyeballs,” Graham says, adding that early sales are encouraging.

C-store customers are not monolithic, and “a multitude of audiences and consumers go into that channel wanting different things,” says Woolard of SweetWater. The brewery takes a multipronged approach to developing high-ABV brands. SweetWater’s G13 double IPA (9 percent ABV) appeals to a cannabis-savvy consumer, while Gummies Tropical IPA (9.5 percent ABV) channels piña colodas and rainbow sherbet. “It’s for a consumer that may not yet have a palate for bitter IPAs,” Woolard says.

New Belgium’s Voodoo Ranger family of 19.2-ounce IPAs appeases die-hard beer drinkers with piney and citrusy Voodoo Ranger Imperial IPA (9 percent ABV), the top craft brand in convenience stores. Flavor-driven drinkers will favor the fruity Juice Force and punch-like Fruit Force, both slightly sweeter and higher octane (9.5 percent ABV).

The approach is validated in sales charts. “We have four of the top 10 IPAs in c-stores right now,” says Michelle Robertson, New Belgium’s senior brand manager for Voodoo Ranger.

Breweries are also retrofitting classic brands for modern c-store customers. Dogfish Head Craft Brewery first released 9 percent ABV 90 Minute IPA in 1999, but in recent years the brewery revamped the IPA’s fermentation to “dry it out and make it a little less marmalade-y,” says founder and president Sam Calagione. The tweak helped 19.2-ounce cans of 90 Minute IPA grow by more than 40 percent last year.

“There’s something there for 90 Minute, even though it’s been around for 25 years,” Calagione says.

Looking Beyond the Double IPA for C-Store Sales

Convenience-store fridges once beckoned, wide open, for 19.2-ounce cans of craft breweries’ imperial IPAs. However, the gold rush created a double IPA glut, from Red Hook Big Ballard (8.6 percent ABV) to Sierra Nevada Atomic Torpedo (9.2 percent ABV) and Flying Dog Double Dog (12 percent ABV).

Cramming another imperial IPA into a cooler set can be difficult. Last year, New Belgium instead introduced the convenience-focused Voodoo Ranger Hardcharged Tea, and the brand already has a two share of the hard tea category, according to Robertson.

The noncarbonated hard tea, in flavors including raspberry and peach, sits at 7 percent ABV and is packaged in 24-ounce cans. It's common format for FMBs, where New Belgium slots Hardcharged. "Hard tea drinkers aren't looking at the craft beer set," Robertson says.

As a sales tactic, the right intense flavors are more important than ABV. In 2014, Modelo introduced its low-alcohol Cheladas brand (3.5 percent ABV) inspired by Mexico's *cerveas preparadas*, or beer cocktails. Packaging spicy and fruity Cheladas in single-serve cans encourages consumers to be "more adventurous," says Logan Jensen, the vice president of Modelo Brand Marketing. "That single-serve entry point is key, especially when you think about bringing in new drinkers and driving that trial."

Lagunitas Brewing also uses convenience stores, where most canned micheladas are sold, as a proving ground for its test line of Cheladas that debuted this spring. The 19.2-ounce Cheladas come in two flavors, spicy tomato and lime and salt, and Lagunitas shelves its Cheladas in both the craft and standard michelada sections of c-store coolers.

The goal is understanding how consumers are shopping for the brand, with an eye toward younger of-age drinkers. "Gen Z shoppers over-index within c-stores and over-index within flavor," says Ben Widseth, the vice president of innovation.

The Pilsner Can Attract Mature Craft Consumers

After spending years sipping decadent pastry stouts and double dry-hopped imperial IPAs, some seasoned craft beer drinkers are burned out on intensity. For breweries, 19.2-ounce cans of crisp pilsners are a useful tool to meet maturing consumer preference.

"We developed a theory that aging craft consumers [in their mid-30s and 40s] were becoming fatigued of the influx of styles and hop-forward offerings and needed to find alternative and sessionable brands," says Devin Schneiderbauer, a senior brand manager for Total Beverage Solution, which imports Bitburger Premium Pils.

The importer surveyed the single-serve category and discovered a 19.2-ounce opportunity within both the pilsner and import category, where high-ABV everything and lager brands like Stella Artois and all those Mexican lagers lead the large-format charge. Late last summer, Bitburger introduced 19.2-ounce Premium Pils can in New York City and accelerated distribution in 2024. "We're now selling in over 20 markets with more planned in the near future," Schneiderbauer says.

The affordable price of most 19.2-ounce cans, which might cost \$3 or \$4, is integral to encouraging trial, especially in a craft world where four-packs might run \$20. Buying a single 19.2-ounce can requires no commitment, a blind date with taste buds that won't break the bank. Breweries and beverage companies can encourage sampling by offering special pricing on purchasing two cans.

"It allows people to do the most important kind of sampling, which is bringing something to your friend," says Jake Neilson, the senior brand manager for Shock Top, which is now owned by Tilray Brands. (The company introduced LiIT Hard Iced Tea in April, selling the 9 percent ABV hard tea in 19.2-ounce cans.)

Meeting drinkers on flavor, ABV and value can be difficult in a beverage industry beset by rising costs of raw materials. This led Deschutes to use cutting-edge hop products that deliver loads of flavor, no need for a costly triple dry-hop, as well as terpenes, the organic compounds that give plants and herbs their distinctive fragrances.

"We've had to get very, very creative from a brewing technique standpoint to deliver what the customer wants," says Skrbek of Deschutes.

Big breweries historically grew brands in grocery stores, stacking cases and stocking coolers for customers to fill fridges back at home. But space is tight on store shelves, and retailers are careful about adding too many SKUs, leaving smaller craft brewers with fewer sales avenues. Convenience stores offer a different path forward to building awareness and brands, especially as independent and regional c-stores offer more flexibility to take a flier on a fresh beverage.

“You can really get in and test beers and see how people respond,” Skrbek says. “This may be the first time that we start in a convenience store before expanding into other channels.”

By Josh Bernstein

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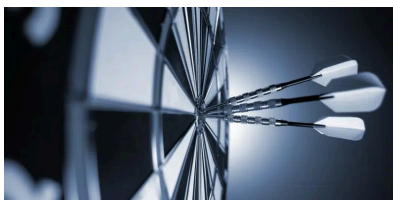


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All the Rice Moves: The Surge of Japanese-Style Lagers

Local climate influences beer preferences, with lighter lagers like Japanese-style rice lagers becoming popular in warm regions. American craft breweries are embracing this trend, creating refreshing and food-friendly rice lagers using high-quality rice. These versatile beers have the potential to become staples in both restaurants and mainstream markets.

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