



ADDRESSING THE MID-MARKET GAP

A commentary with Stephen Beaumont

In the May/June issue of *New Brewer* magazine, contributor Greg Kitsock leads off his story about regional American craft brewers with the following quote from Natalie Gershon, vice-president of marketing for Kansas City's Boulevard Brewing:

"It's a great time to be a beer drinker. But it's a tough time to be an older brewer."

Gershon could hardly have been closer to the truth. All across the United States, and increasingly in Canada, what could be termed our 'legacy craft breweries' are feeling the pain caused by the steadily increasing emphasis beer drinkers have placed over the past few years on what's new and what's local. So difficult has this situation become that, according to the same issue of *New Brewer*, half of the top ten domestic craft breweries in the U.S. declined in sales over the course of 2018, and 28 of the top 50 were either stagnant or lost sales during that same period.

Included in that 'Top 10' group are such pioneering luminaries as Boston Beer, Deschutes and New Belgium, while one of the oldest craft breweries in the United States, Sierra Nevada, posted a modest 2% growth after consecutive years of declining sales.

Meanwhile, one page over, *New Brewer's* list of the 50 fastest growing breweries in the U.S. was composed almost entirely of fresh faces and new names, such as two-year-old Fins Big Oyster Brewery, almost four-year-old Periodic Brewing and Sacramento's New Glory Craft Brewery, a comparative veteran at about six years of age.

All of which paints the current picture of North American craft brewing, in which small and new and locally oriented breweries are thriving while large, national or mostly national operations are losing favour. And since the latter group are the biggest players in the industry in terms of volume, the combined effects are doing a number on overall category growth.

It is a situation that inspired the creation of #FlagshipFebruary early this year, a largely social media-based movement that began in only mid-January and yet proceeded to garner well in excess of 10 million unique placements of the hashtag through the following month. Its success offered ample evidence that beer drinkers were nursing a sense of brand nostalgia and only had to be nudged along for that dormant feeling to blossom into a movement (full disclosure: #FlagshipFebruary was born of a pair of tweets the author sent out on January 7, 2019, and the author was one of a quartet of people who spearheaded the campaign, such as it was).

Still, as one brewery representative was heard to say, it's a pity that it wasn't #FlagshipJuly. Or to put it another way, if you are tasked with selling a beer brand that has been around for decades rather than days, how can you build excitement around it during the months that people are consuming the most beer?

One certain way is to tap into the nostalgic impulse that #FlagshipFebruary brought to the fore, be that via ads touting the brand's heritage, history-driven packaging or an on-premise campaign that encourages craft beer drinkers to get back to their roots. The tagline for #FlagshipFebruary was 'celebrating the beers that got us here,' and while that is admittedly a bit clumsy, it ably demonstrates the sentiment that drew literally millions of people to the campaign.

A second approach is to present the brand to younger beer drinkers as an experience they missed, the message being that this specific was instrumental in the development of all the beers other they love today. Nobody likes to be told that they really should be drinking Brand X and are suckers if they are not, but in these days of rampant FOMO – fear of missing out – it makes complete sense to deliver the message that Brand X was pivotal in the development of craft beer as an entity and if the modern drinker has never even tried it, well, their craft beer education and experience might be less than complete.

A third option, and perhaps trickiest to stickhandle, is to promote the beer through qualities it has in abundance and the new 'beer of the moment' brands are sometimes sorely lacking, namely consistency and reliability. A quick scan through Instagram, and 'Beer Twitter' on almost any given day will reveal a multitude of posts dealing with the more questionable attributes of recently released beers, from swelling or exploding cans to snow globe-like particles in suspension or significant fermentation issues. And as the instances of such posts grow, so does the annoyance people feel.

When that irritation reaches a certain point, beer drinkers are bound to move en masse towards reliable brands they can count on, like the pale ale that got them into craft beer in the first place, the amber ale they always seemed to have had in their fridge a decade ago or the IPA that opened their eyes to the wonders of hops. These are the brands of the legacy brewers and their message should be, "we understand your frustration and we're here for you."

What makes that message tricky to deliver, of course, is formatting it in a way that does not disparage other brands. Figure out how to do that, however, and future frustrated beer buyers will happily return to the brands "that got them here," and not just in February.
