



TOPIC: BEER CATEGORY, MARKETING & SALES

SCALING BACK TO MOVE FORWARD

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A Commentary with Stephen Beaumont

If you were to divide the history of craft brewing in North America into neat, decade-long segments, then the 1980s would be best characterized as the birth of the movement, the 1990s its awkward adolescence, and the 2000s its development into a mainstream market force.

As for the 2010s, well, that would most certainly be the age of the special release.

Although it sometimes seems very long ago, the past decade was indeed a period of massive success for craft beer, when breweries could seemingly conjure at-will line-ups for whatever exotic style they might wish to produce. So intense did the hype around limited edition beers grow, and so profitable did the events surrounding their release become, that a brewery owner once joked that he would name his next one-off brew Fiscal Responsibility.

All of the above being relatively well-documented, we now turn to anticipating how the 2020s might ultimately be defined. Based upon recent developments, a good bet might well be The Age of Retrenchment.

According to IWSR, the largest beer market in the Americas, the United States, saw negative compound annual growth of -2% from 2017 to present day. However, the beer market's woes stretch back much longer than that, having been more-or-less stagnant or declining since the turn of the millennium. The exception during most of that period was craft beer, whose sales had been booming.

That growth ended, of course, with the arrival of COVID in 2020, which caused a continent-wide dip followed by an initial rebound and a slow, marginal decline. Coupled with rising input costs for pretty much everything, from malt to hops to electricity to rent, this post-pandemic world of North American beer has many brewery owners looking for new ways to maintain their businesses. Increasingly, one such approach involves a return to basics.

Matt Tweedy, owner of Tooth and Nail Brewing in Ottawa, Ontario, is a brewery owner who has seen definite benefits emerge from his decision to shift his attention from special releases back to his year-round beers.

"So far, the focus on our core brands has simplified everything, and with that simplification has come financial benefits," he says, "Not every recipe incorporates a full bag of this or that, so previously we would end our fiscal year with a lot of stale leftovers and a lot of waste."

Tweedy is not the only one interested in getting off the special release train, either. An informal post on Facebook seeking brewery owners and managers who are re-emphasizing their main line-ups of brands yielded immediate and enthusiastic responses, all of which expressed support for the notion in one form or another.

"Precisely the plan," commented Tommy Kelley, chief vision officer at California's El Segundo Brewing, "Back to core, back to basics, and drilling down on making classic styles the best we can."

Asked where the impetus for this change in focus came from, Kelley offers the view that it was entirely consumer driven.

"We are seeing declining velocity on rotational packages, which have made up a large piece of what we do for a long time," he says, "If we are able to replace this volume with core offerings, that could save us some money as we are able to save huge dollars on packaging supply when we can order printed aluminum instead of labels."

Also noting a shift in consumer behavior is Scott Smith, founder of Pittsburgh, Pennsylvania's East End Brewing. "Gone are the days when we'd announce a new beer and get a line-up to buy it," he says, "People stopped turning out for those five to ten years ago."

Instead, Smith says, it's important to build events rather than depend purely upon beer releases. "We will still have days where there may be a beer release built in, but it's more about creating a community event," he says, "With quality beer so much easier to find these days, people are now after an experience rather than a single brand or style."

Mitch Steele, co-founder and brewmaster at the four outlet, southeastern U.S. New Realm Brewing, observes that his distributors have also taken note of the change in consumer behavior. "We're still doing special releases, but have scaled them way back in frequency," he says, "It makes our production and sales focus more manageable, and distributors are pushing back on them anyway."

So what is happening to the sales lost when special releases are reduced or eliminated? According to a large number of brewery managers, including James Denoyer, vice-president of sales for Lost Forty Brewing of Little Rock, Arkansas, they are simply shifting to the brewery's flagships.

"Last year saw a major decrease in our limited release and seasonal sales," he says, "(But) overall sales were up 10 percent, fueled by Rockhound IPA, a traditional west coast IPA, and 2nd Rodeo, a light lager brewed with Arkansas rice."

Finally, beyond all the logistical and fiscal benefits, some brewers like Tooth and Nail's Tweedy say a retrenchment to a smaller portfolio can also engender growth in job satisfaction.

"I realized that I was focusing on these somewhat meaningless beers at the expense of giving attention to our core brands," he says, "It's so much more rewarding to be able to focus on perfecting our core range."

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