



TOPIC: MARKETING AND SALES

THE CLICK ECONOMY

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Prior to the global pandemic, Great Notion Brewing had a buoyant direct-to-consumer business model. Fans of the Portland, Oregon, brewery regularly formed conga lines 100-people long, waiting to buy fresh cans of culinary-inspired fruited sour ales, decadent imperial stouts, and hop-saturated hazy IPAs.

By mid-March, though, selling beer to huge lines of humans became a potential health hazard. “We don’t want to see 50 or 100 people waiting in line before we open, standing too close together with no masks on,” says Paul Reiter, a cofounder of Great Notion.

Instead, Great Notion started releasing its beer on smartphones. This spring, the brewery rolled out an immersive app filled with its forest-dwelling illustrated characters, including the Sasquatch lookalike Jamie D. Fans can play games, read tasting notes, and order cans for pick-up or local delivery (shipping is imminent).

“There are drops a couple times a week,” Reiter says, referring to the timed beer releases modeled after Nike’s and Supreme’s app-based sales. Now, Great Notion’s app processes 90 percent of the newly cash-free brewery’s transactions, and nobody rushes to the brewery at noon. “An app is another way to go direct to customers.”

During a chaotic March, the novel coronavirus scrambled the beer industry. Draft sales at bars disappeared, taprooms darkened, and consumers flooded conventional retailers to panic-buy big breweries’ packaged beer. Smaller-footprint brewers started a frantic foot race to find new sales channels, pivoting to curbside pickup and home delivery. Sales started occurring online, a credit card and a couple clicks letting customers re-up on IPAs.

While online alcohol sales are more commonplace across Europe, the pandemic has fast-tracked American beer’s entry into e-commerce. Burial Beer, in North Carolina, uses online sales to orchestrate local delivery at its Raleigh location, while the Asheville mothership ships beer to more than 30 states. Lone Pine Brewing, in Portland, Maine, revamped its website to sell beer across the state, delivered on certain days. Primitive Beer is using e-commerce to find new customers for its niche spontaneous ferments, while New York City’s TapRm is reinventing the distributor model to include e-commerce and consumer-direct sales.

Even Goose Island, which has AB-InBev’s deep traditional distribution network, is plunging into online sales. “We’re reaching a new consumer,” says Todd Ahsmann president of Goose Island and Virtue Cider, which ships to around 40 states.

Rushing to Get Online

E-commerce is integrated into modern life. Today’s digital consumer orders tacos, T-shirts, and toilet paper for home delivery. Breweries had no urgency to enter e-commerce. Why build an electronic payment platform when thirsty customers visit you IRL?

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As recently as late winter, Lone Pine's web store only offered merchandise. When Maine's government closed bars, restaurants, and taprooms for on-premise consumption in mid-March, selling beer online soon "became a matter of necessity," says head brewer Thomas Madden, a cofounder.

Online sales and at-home deliveries provided profound data insights, such as when customers would order a case of a single brand. "You get to know your consumer base," says John Paul, a cofounder and the director of business. "There were quite a few people who never had our beers. They were trying to have a new experience from home."

Online sales also make beer accessible to a broader audience. "Many people want to taste our beer and haven't had the opportunity," says Chris McClure, the director of brand for Burial, which only distributes to North Carolina, Georgia, and New York State.

Burial planned to establish online sales sometime in 2020, even securing licensing and figuring out FedEx. When the taproom closed, "we made it a top priority," McClure says. Working with web developer Craftpeak, also based in Asheville, Burial spent three furious days building a custom webstore. "Craftpeak was amazing about getting it done fast," McClure says. (The company also built web stores for Jackie O's, Resident Culture, Other Half, and more.)

Brew Gentlemen, in Braddock, Pennsylvania, used e-commerce to launch a new sales channel and packaging. To date, the Pittsburgh-area brewery only sold its in-demand hazy IPAs on draft at its taproom and to-go in growlers. But in late May, the brewery began packaging its flagship General Braddock's IPA in slim 12-ounce cans, sold online for pick-up. (Delivery statewide is planned.)

The pivot solves two problems. First, the taproom-focused model was growing crowded and competitive. Secondly, road-tripping to Braddock and waiting in line for beer was a potential sales barrier, especially during a pandemic. "We took the idea of the taproom and put that online," says Matt Katase, a founder.

Using New Technology to Sell Beer

From records to Spotify, horse and buggy to the automobile, disruptive technology can reorder everyday life. Though e-commerce laid waste to Main Street, the beer business—especially the taproom brewer—remained largely immune, human interaction essential to buying limited-edition IPAs.

Tech likes hops too. Drizly ushered in on-demand beer delivery, while Tavour took an app-based approach to selling carefully selected cult beer from Aslin, Heater Allen, and more. Great Notion spent around a year building its app, viewed as an infrastructure expenditure akin to opening a new location. (It operates two in Portland, and Seattle is slated for August.)

But brick-and-mortar can only serve so many; apps have infinite reach, maybe to new customers. "Many people don't know Great Notion because they don't see us in the supermarket," Reiter says. The app is a marketing and sales tool, evolving as laws change state by state.

Beer regulations can sometimes conflict and confuse. The brave few that navigate the dense legal thicket are lawyers like David O'Hara and Travis Benoit. They spent months parsing each state's intricate alcohol laws to decode the legal framework, leading them to found Bev at the end of 2018.

Bev integrates e-commerce and shipping logistics into a frictionless online platform that lets breweries sell directly to consumers, including curbside pick-up, local delivery, and shipping. "Breweries just need to package the beer and apply a shipping label," says Benoit, the CEO.

Bev lets breweries end-around retail distribution. The personalized commerce ecosystems glues breweries to their most valuable assets, established customers. Initially, Benoit found it difficult to convince breweries that online sales were essential. "They always said, 'Why do I need this?'" Benoit says. Now, the last few months have seen sellers and orders skyrocket. "If people are scared to come to your taproom, sell your beer online." (Bev takes 10 percent per transaction.)

New York City distributor TapRm leaves no sales vertical unturned. It buys beer from breweries, then sells it to retailers such as bars and supermarkets, operates a customer-facing storefront, and runs a platform for e-commerce sales and fulfillment—shipping across New York State and delivering locally.

"We're a full infrastructure platform," says founder Jason Sherman, also a lawyer. Breweries can focus on making beer, not taping up boxes. "We're much closer to an Amazon than a Seamless or GrubHub."

TapRm sells Stella Artois and Corona, but the majority of its 500-odd brands are not available elsewhere online, including the hugely popular Loverboy hard tea. On TapRm, every brand shares identical digital shelf space, leading to drink democratization. "We give brands an online voice and reach customers anywhere in New York State, no matter if they have 500 or 1 million customers," Sherman says, adding that the platform is expanding to Connecticut, New Jersey, and Pennsylvania. "They don't have to be in every bodega or supermarket."

Will Beer E-commerce Be a Fad or Fixture?

E-commerce beer sales might be the present and future, but it's too soon to relegate brick-and-mortar stores to the past.

Primitive Beer exemplifies e-commerce's potential to amplify unique brands. Married duo Brandon and Lisa Boldt specialize in spontaneously fermented beers that are packaged still—a super-specific niche, especially in Longmont, Colorado. Primitive signed up with Bew in January, hoping to reach "people who know exactly what they're getting and very much seek it out," says Brandon, the brewer.

When the couple closed the brewery's taproom in March, they activated online sales. "It's been our lifeblood," Brandon says. "Even with a pandemic, our numbers are looking better this year than last year." Primitive also sees repeat transactions, not just one-time tickers. "People are ordering what they like and going back to it," Brandon says.

Goose Island also makes wild and sour ales, but their complex flavor profiles can be tough to communicate. During the pandemic, however, Goose Island saw sales uptick for beers such as Sofie and Matilda, the latter humming with wild yeast.

"I don't think they've sold this well since we first released them," says Ahsmann, the president. Home drinking occasions are bigger, and "the new bartender is online storytelling" that can explain processes and set flavor expectations. Sensing the shift, Goose Island's education department transitioned to a new e-commerce division. Visual and written stories help digitally move beer, themed packages, and meal kits, the latter sold in conjunction with online grocer Peapod.

These are early days for beer e-commerce, a sales channel emerging amid a churning pandemic. People are homebound, eager for liquid luxuries delivered to doorsteps. However, massive unemployment and a looming recession could make people rethink clicking yes to complete a purchase. Building a sales tool doesn't guarantee people are buying.

"It's not *Field of Dreams*," says Bevv's Benoit. "There is a marketing component."

Nobody knows what the future will hold, next month, next week, next morning. One sure bet is e-commerce. Breweries should embrace the opportunity, offering convenience to customers seeking to drink up the world from the safeguarded comfort of home. Says Primitive Beer's Lisa Boldt, "It's a way of doing beer tourism without putting people in danger."

By Joshua Bernstein