

Distribution: Laying the Groundwork Financing Expansion

by Laura Lodge, Distribution Insight

In the previous Distribution article, three components were identified as critical to preparing your company for distribution: identity or branding, the ability to finance the change in your business, and deciding where you would like for your product to be sold. Identity and branding have been discussed, so now let's work on financing the change in your business.

There are many elements to a business expansion of this type. The most obvious is the change in volume of product. Remember to explore the availability of your ingredients on a larger scale as well as planning for the appropriate volume of packaging materials. Take a good look at your equipment and think about how it will handle this increase in volume as well. Do you have enough staff on your brewery team to create this additional product? How much additional temperature controlled storage space do you have to keep the product until it ships to the distributor? Some of these can be incredibly difficult questions, but none are optional for healthy expansion with maximum potential.

When considering scaling up your production, give some thought to which products you would like to distribute and in what size packages. Cost and availability of ingredients and packaging have already been mentioned, but think also of your image in this new territory. Are you planning to introduce your flagship beers only? In 4pks or 6pks? A variety pack of these flagship beers can be good marketing for larger events and parties. Seasonals and limited release products can really boost sales with a higher price point, but choose carefully what platform you are building for your brand. It needs to be one you can support going forward on a larger scale if it is successful (or) designed to be limited from the outset. Some geographic areas are really receptive to large format (22 or 25.4 oz) bottles, and others are not. The balance of quality, price and image is essential.

Packaging design is extremely important to your brand, and thinking through the mechanics of your placements can highlight additional requirements. For example, in a liquor store there will be a variety of different shelf heights and widths. Make sure that the packaging you're planning to send into this territory will work in as many of these liquor store spots as possible to maximize potential placements. Think about how your 12pk will be placed on the shelf. Can the consumer see your branding regardless of how it is placed on the shelf? How will the pricing work in this area? In some instances it might make sense to send 4pks or 6pks to bring the price into a more appealing range.

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Durability is also important to your image. That same 12pk, which will almost always be on a bottom shelf if it isn't part of a display, needs to have carrying handles that will not rip out when the staff puts it on the shelf or when the consumer takes it off the shelf. 6pk carriers that bust out before they are out of the store can also have disastrous results. Quality image means investing in quality packaging that will last all the way to the customer's refrigerator and beyond.

Packaging and durability both come into play with specialty products, especially during the holidays. Fancy (flimsy) gilt boxes with cut-outs and magnums of holiday products are just two examples of the insane marketing concepts that make their way from breweries to liquor stores. While they do draw attention and can sell for top dollar, remember to be somewhat practical for the sake of the distributor and retailer in order to assist them in getting your product to the shelf without damage. A tattered, broken, dented, torn holiday package doesn't sell at all and looks miserable on the shelf.

Preparing to expand is not limited to product, brewery staffing, and space limitation considerations. In the next Distribution article, look for information about staffing for the new territory and other distribution expenses to consider.



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As the author of Distribution Insight for the Craft Brewer, Laura shares her experience with distribution on the Western Slope of Colorado for the benefit of brewers everywhere. A veteran of the craft beer industry, she is also the Owner of Customized Craft Beer Programs, designing events, resort retail programs, and educational programs based on craft beer.