

Distribution: When and Why to Contract with a Distributor

by Laura Lodge, Distribution Insight

The previous Distribution article covered the importance of establishing an outstanding line of consistent, quality products and the benefits of self-distribution. In this edition we move forward to the questions of *when* and *why* you would consider working with a distributor. The answers to both questions are as unique as breweries themselves; there are no two exactly alike. Each issue should be considered separately in the order appropriate for your business.

Why

Contracting with an outside distributor can alleviate a substantial number of stressors on a brewing operation. Consider the ownership and maintenance of delivery vehicles, storage space for product in a growing brewery, availability of brewery staff for brewing, the administrative responsibilities of invoicing and collections with customers, and the focus of the brewery team on (only) brewing.

In addition to alleviating these financial and operational burdens on the brewery, distributors can streamline several key areas that can be a self-distribution challenge.

- First, their sales representatives are able to efficiently visit far more retail accounts in a larger territory than would realistically make sense for a self-distributing brewery.
- Second, their sales reps will have already established relationships with each account in their territory and be familiar with the protocol for sales and delivery at each. The distribution team can likely accommodate changes and last minute requests more easily than most breweries might as well.
- Third, over time the distributor will earn credibility with the retail accounts with their entire portfolio and performance, and can have considerable negotiation ability to improve shelf spots, promotions, floor displays, and other marketing strategies in off-premise accounts, and secure draft line or bottle placements on premise in restaurants and bars.
- Last, hiring, training, and managing the sales and delivery teams, as well as handling orders and collections, are the very definition of distribution, not brewing. They will have established systems for everything already in place.

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(page 2)

When

Planning is important. Distribution is a topic that should be considered at the very inception of your brewery. It may not take the form of a definite timeframe, but should at least be specifically included or excluded as part of your business plan for the brewery.

If it will be included as part of the evolution of the brewery's growth, there should be general criteria set as to when self-distribution will start and when it should be handed off to an outside business.

If it is specifically excluded (perhaps due to state law), there should be growth, quality, consistency, and financial benchmarks established to create a timeline. At critical points along the timeline, preparation for distribution can begin to take place.

The worst case decision to go with an outside distributor is when the brewery is failing at self-distribution. This can be due to customer complaints, retail outages, retail complaints, the need to service more accounts than possible, vehicle issues, sales or delivery staff issues, and other similar situations. Be cautious about avoiding this kind of crisis, as thorough research takes time and finding the right distributor is the essential result of this research process.

Looking ahead to the when and why of distribution can take the guesswork out of brewery growth and development. This will provide your team with the confidence and guidance to lay the groundwork for distribution in the best way possible for your brewery.



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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.