



Marketing Concepts for the Brewpub

by Lance Johnson

At Forgeworks, we have worked hard on determining our role in the Craft Brewing industry, and have stepped up to take our place, and seek out potential customers who share the same beliefs about equipment for the Brewpub model. We build Brewhouses in Ridgway, CO, in the applicable 3.5bbl, 5bbl, 7bbl & 10bbl range, but along with this role we serve, we provide our customers with as much information as we can to help with the development of their plan, whether it's a brewery start up or expansion. Beyond building equipment, we have an acquired affinity for the craft brewing industry, and believe that part of our taking our place, is digging in with our customers by making available useful content for their journey. Along with equipment expertise, relative to the Brewpub, we also have useful marketing information to share. This is the motivation for this article.

When I mention "competition" in this article, I am not necessarily referring to the craft beer brewpub across town or around the corner. In many cases, if not all, brewpubs in proximity to each other actually grow the market of craft beer lovers in that community, and attracts connoisseurs to a central location where different breweries can be sampled. This scenario provides each brewery an opportunity to develop customer preferences/loyalty from patron visits they made not have had. Competition can be other non-craft brewing restaurants, bars or other entertainment venues.

The Why:

When opening a brewery, or partnering in one, there needs to be a unified "*Why*". Why you have chosen to do this, and what you want it to be about, from the standpoint of your personal beliefs and passion in what you do. This "why" should also be something that can be transferred to the way you do business, and ultimately how your customers perceive your operation. The ultimate platform is to have your customers also believe in what your concept is about, identify with it, and turn others on to it.

Determine what is the real why. If you are coming up with generalities, likely there is much more to it and you need to really dig deeper to articulate it. Avoid the mistake of thinking your "why" lies in subtleties and generic descriptors that don't really address the core reason you are doing what you are doing. Generalities that are really not defining may include; **"I really have a passion for craft, I really wanted to bring unique beers to the craft beer loving community, I saw a unique opportunity to really place emphasis on quality when it comes to making beer"**. Are you really investing all your time, energy and financial risk for these descriptors that really say nothing, or nothing different, to the consumer. The reason is, when they pay you \$5-7 for a pint (or anyone else), they are absolutely expecting a good tasting, quality craft beer....no matter where they go.

Internal to External:

You need to create a way of doing business (in everything you do, including relationships with vendors), where each *very carefully* chosen employee has total buy in. This is your service mantra, it consists of philosophies on customer service, attitudes, approaches and presentation, and includes your pre-determined problem-solving approach to issues that may come up with your patrons. Each individual on your team brings their own personality to the table, but with the predictable delivery of the service philosophies and values set forth by the company leadership. Part of this also includes your BrewPub's consistent atmosphere, your lighting, music, sound mitigation, use of TV screens (or not). Once this is established and executed, any external messaging you put out that attracts the interest of a potential new customer, resulting in them sampling you, that customer will observe the match between the marketing message they responded to, and the actual experience. Your returning guests will recognize the consistency of service, general vibe of staff attitudes, and atmosphere.

Me Too and Buyer Empathy:

What is meant by buyer empathy is when the consumer just doesn't care where they go to get craft beer. It's all the same to them, perhaps they have the "usual" but don't have reasons for why they choose to drink the variety they order every time. Maybe they feel it's the same price per pint wherever you go, the service is the same, so it's a shoulder shrug when deciding where to go enjoy a crafted cold one. This is not an exclusive attitude that exists with only a small percentage of the market, this is real and occurs across all consumer product categories. It is generated by endless enterprises that operate with a generic approach, usually driven by a lack of developed strategies.

Marketing statements, beliefs or attitudes that contribute to buyer apathy include generic claims such as; excellent customer service, quality ingredients, convenient location, great prices, affordable prices. Most of these descriptors are exactly what people would expect. There are exceptions to this, but they are few. One example might be that if you had the best Philly Cheese steak in the world, and there was a line out the door and no seating room, as a consumer you would want to be a part of it and who cares about the wait and the stressed out staff....it's the best cheese steak there is. You have one chance when in line to get a beer with your order, and that's it unless you want to stand in line again. That example in and of itself is an example of something that would not contribute to buyer apathy. The apathy here is different. It may sound like "We could go there for lunch, but there will be a long line". The Cheese Steak is this business' signature, the line is what it takes to be a part of it, and any apathy created may actually help with the line control. At least a customer knows what to expect, and it's not for everybody.....but with a line around the corner, you certainly have everybody you can handle.

If whomever you consider to be your competition can say "me too" to all your general statements as to what you offer your customers... you are not only limiting your sales with nothing for your customers to believe in, but you are contributing to buyer apathy.

We use only quality ingredients. "Me too".

Our ingredients are sourced locally. "Me too".

We have excellent customer service, friendly servers. "Me too".

We have highly skilled/trained brewers (the proof will be the taste of the beer). "Me too".

Our prices are reasonable, and affordable. "Me too". (and just what is the definition of affordable?)

We have a convenient location and great atmosphere. "Me too".

Our brewers use the best malts, freshest hops. "Me too".

Think about it. Is your beer cold, fresh, brewed with only the finest ingredients, served from the site in which it was made by friendly servers? Well, in most cases, theirs is too (in the case of a BrewPub).

What is your signature? Your beers, atmosphere, food, your notable method of service? Could two or more of your patrons randomly met each other for the first time outside or your establishment, instantly concur on your signature (why they choose to have beers at your pub)?

Brewpubs that have marketing practices that are well thought out and executed, will definitely have many if not all of these "me too" qualities, but what are your tie breakers. What quality about what your brewpub will break the "tie" with potentially apathetic craft beer drinkers?

The interesting thing about Marketing

Everyone is marketed to, every consumer, every business owner, every marketing director. Thus, we all have an opinion about how marketing works, and what good marketing is. So much, that in the case of ownership and management of smaller companies, many feel they know enough about marketing to manage it all themselves (without any level of consultation). A lot of self-managed marketing presents as a close duplication of how they feel they are marketed to as consumers.

Marketing is one of the most subjective business to business services there is. Why do you think the big companies change advertising agencies so often? Is one really better than the other? In reality, no two advertising agencies can come up with an identical solution to a company's sales objectives, and marketing message goals. In contrast, if you compared two CPA services, it is absolutely reasonable to believe that they would have the same conclusions for your accounting and tax numbers, leaving the only comparable differences to perhaps be the cost, quality of service and relationship.

Marketing is not only completely subjective, but it is ever-changing. No marketing campaign has an eternal shelf-life, as whatever efforts you embarked on yesterday, are usually no longer enough to get you to where your objectives dictate today. There may be consistencies in certain messaging, such as a slogan, tag line, or catchphrase, but along the way, changes are needed to address new objectives or market challenges. It's a simple a principle of diminishing returns, and the environment of any market is a variable that always changes. A constant does not do well in an environment of continual introduction of new variables. Blockbuster Video may have kept their same messaging, but the market was changing, the form of distribution of video rentals saw rapid changes (Red Box, Net Flix).

There are however, plenty of examples of a company's slogan changing many times. such as Coca-Cola
Coca Cola. "Coke Is it" was in 1982

Some Marketing Facts

One thing you can count on in marketing that doesn't change is Human nature. Human nature It is always predictable, and predictably, it never will fail. When it comes to consumerism, human nature dictates that people will always consider first, those brands or companies they are FAMILIAR with.

The mind works by the ear. What this means is that people retain more information by way of what is audible. If audio is combined with visual, it is even better. However, visual without audio is less effective than the other two. That said, even with Social Media; Google Search, Facebook, Twitter, Smart Phones, YouTube, etc., audio still plays the role of hooking the mind for maximum retention. Retention is the key.

If I am going to search on Google for a local resource, if given a choice between a company I am familiar with, and one that I am not, guess which one I will still choose? If company "A" is a paid Google Ads participant, and is at the top of the search page, but I am not familiar with them, and company "B" is on the first page (maybe even the second page), and I am familiar with them.....which company am I more likely to click on?

We believe in many marketing principles, many you have already heard of, over and over. But, primarily, we believe that your marketing should evoke an emotion, which in turn penetrates buyer apathy after having imprinted a lasting image of your distinguishing message into the consumer's mind. We also believe that marketing should flow from the internal to the external, not the other way around. Typically, marketers and even some ad agencies will develop a very creative and attractive message to bring prospective customers in based on a hook, and leave it to you to convert them into customers (external to internal).

There are only 3 ways to increase sales organically (other than acquisitions):

1) Raise your price, carefully. Raising your price too much will create more supply through economic attrition, less demand, and potentially less visits. To raise your price, you will have needed to also have created a high perceived value over time. If one of your beers is all the rage, and you struggle to keep it in supply, you can easily raise the price and the perceived value carries the demand and at a higher profit, with minimal attrition (which is essential).

2) Increase the frequency of usage, and/or average ticket

a. Reduce Attrition (customers changing their preference in products or services)

b. Larger average ticket from a percentage of existing customers (via effective suggestive sales by your servers, more selection)

c. create customer loyalty which translates into more frequent visits

-Examples could include a limited offering of certain beers, a happy hour, a reduced price on a certain day, special offering on the menu for a certain day.

3) Bring in new customers

a. Erode the competition

b. Defy and Conquer buyer apathy

c. Attract people new to the area

d. Reduce customer attrition via consistent, predictable, beautiful service and excellent beers

e. Add increased or more strategic range of offerings (perhaps something that appeals to non-beer drinkers, or non-alcoholic options (expanding your reach, your market).

Notice how reducing attrition influences each area of increasing sales. Why should marketing be limited to external messages? Some of the real marketing happens in real time with your patrons on the ground. Our marketing is thus first internal with our Why, and our developed strategy of doing business, then to the external in our marketing messages. In general, Ad Agencies are not in the business of helping in this key area of marketing, they focus on the advertising, or external component of marketing. External messages are designed to remind your existing customer base to return for the goodness you offer, and to encourage a new patron to sample you. The on-the-ground experience that is realized is in the form of satisfied customers, but is truly impactful when they become believers in what you are all about. Satisfied customers and especially believers operate for you externally to generate the best and least expensive form of marketing, referrals (positive word of mouth).

Lifetime Value of a Potential Customer

Consider the cost of every new customer. You have base costs every day just to be open for business. Do you know what this number looks like? All your utilities, licensing, your rent/mortgage, equipment loan payments, employees, raw materials, etc. Every day you are open, there is a price tag that is representative of all these components. So it's absolutely imperative to consider the potential lifetime value of a customer, especially the new one. You or any staff member simply cannot view one visit by the a customer as a single transaction. They are not only buying a few pints, a bite to eat and growler to-go right now in real time, but they each represent the potential of repeating this several times per each week, each month, for years and years to come. One customer's continued excellent experience, gets communicated with other consumers that have not ever sampled your wares, or that just needed that reminder to come in again.

You can view a party of two enjoying a couple of beers each and a meal as a \$45 ticket, or you can view them as emerging loyal patrons with a five year potential value of \$8100 (frequencing your establishment three times a month for 5 years).

The long-term result is not only in the lifetime value of a single satisfied customer, but also the continual re-generation of referrals. Do you look at every customer who walks through the door as worth something in terms of a dollar amount, whether they buy or not? Do you know the potential lifetime value of a satisfied customer in your brewpub? You should, and the people you have working on your marketing direction should too. Every staff member should understand this number that a single customer represents. For a server, this could also correlate to what is represented in tips.

Every server, expediter, shift supervisor should understand this intimately. As the owner/operator of your brewpub, you should know the price of being open today, and understand how this correlates to the lifetime value of every patron in house, and those in cue on the waiting list for a table. This is where very careful selection of serving staff personnel is vital. You simply cannot afford this scenario:

This guy came in an ordered a couple of beers, who cares. Never saw him before, he was kind of obnoxious, what does it matter if he comes back? Or, He/she was rude, wanted to substitute items on

the menu, ended up only ordering a salad and only water to drink, tips on this table will be a waste of a seat.

There is a lot to know and practice on this topic, far too broad for the purposes of this article. It is so crucial as a marketing component, but it does involve human beings, and what is going on in the personal lives of your staff from day to day. The proper selection of your employees is so critical to your long term success, it cannot be stressed enough. There should not be anybody on your staff that brings the another staff member down, or interrupts their workflow continually. Patrons can pick up on poor attitudes on the staff, even if it's not their particular server.

Think about how the human factor in terms of your servers can impact all the other strong things you have working. Will these descriptors work for you? *Great beer, but poor service and terrible attitudes. Or, the atmosphere and energy were excellent, great food and fantastic beer. Too bad they can't hire quality servers to match.*

Here is some generic math on just one patron so you can see what an approximate average may look like (some "patrons" are couples, and some are just passing through):

-Three beers a visit, 6 visits a month: \$90 @ \$5 per pint. Orders some food 50% of the time, or \$36/mo.

So far we are at \$126/mo or \$1512 per year. Consider how many people he may invite along with him over a given year. That could easily represent the same amount or more, and then there is the ripple effect of the word of mouth from the people that were invited along .

All of a sudden this guy represents \$3000 or more per year, \$15,000 over 5 years. One guy, visiting for the first time, taking in the experience of your establishment that is founded in a well defined strategy of doing business. Do you want this guy's \$15,000 value to be represented in your 5 year sales analysis.

Remember, if you are just starting your brewery, or you have been in business for a while, your business plan had a 5 year projection didn't it. How many happy patrons will be represented in those forecasted numbers, how much attrition can you afford? There is always some attrition, what are the simple things your staff can do to reduce attrition. You have to be on top of that everyday, as poor attitudes among the staff trickles to patrons, and multiply that over an extended period of time, and you have just lost exponential sales that are absolutely real.

EVOKE

The title EVOKE above should look important here in ALL CAPS, like something we invented. But there is no "r" with a circle around it...nothing to trademark here, but it is important however, as a fundamental platform that is about EVOKING a logical or emotional response from your new and returning customer, completely breaking through buyer apathy (creating believers). But, cutting through buyer apathy is not always enough, your business needs the "bred through and through culture" with your staff to deliver the promises of your beliefs.

Buyer Apathy & Wasting Marketing Budgets

As a quick review from earlier in this article, buyer apathy occurs when a consumer does not perceive the advantages of one product or service over another, which will sometimes cause one to purchase strictly from a price or convenience (proximity). This should not be confused in terms of this just happening with commodity type products.

Nearly every consumer makes a buying decision based on some percentage of both emotion and logic, depending on the product or service...and proximity of need. Though this is still true of an apathetic buyer, they usually operate with minimal emotion, and perhaps their logic is only based in what is the lowest price. You can spend thousands of dollars on marketing a message, that does not move the apathetic, wasting both your money and efforts. You can also waste marketing money by utilizing a marketing message that brings potential customers into your business and delivering them an experience that is not commensurate with your messaging. Maybe your methods are not yet poised to support the marketing messaging you are putting out there. This scenario may drive the customer directly to your competitors and arm them with a story of dissatisfaction. How many people do you tell when you are dissatisfied versus when you impressed? I don't have to go quench my thirst at the new place in which my craft beer drinking buddies have already told me sucks.

With the proper marketing message, specifically evoking a thought or emotion, we can penetrate buyer apathy and talk to them in terms of what is going on in their lives, and cause the consumer to take ownership of a belief in a product or service presented to them. Take for example, the original IPOD versus an MP3 player. The first IPOD was in all reality just an MP3, made by Apple, right? Not only was it the first MP3 file player, but to the consumer, the brand took on the perception that it was not only the only choice, but the coolest choice. The IPOD implied something that your mind could distinguish from other choices. Not only was Apple first to package and market an already existing piece of technology, but the subsequent generations of the product took on features no other competitor could offer...as everyone was already believing in the IPOD. Though several competing mp3's are available, even from known brands such as Zune by Microsoft, Apple's advertisements, packaging, and product appearance made the masses feel they needed an IPOD, and people were willing to buy into this because of Apple's reputation in the computer market. They also appealed to lifestyle, and where people are and what these electronics could bring to their lives, no matter who you are.

It is absolutely essential that the *evoking* principle in your message be present and deliverable in every layer of your company; otherwise you are only spending marketing dollars to create advocates for your competition, resulting from a direct felt (realized) dissatisfaction because of the discontinuity of your message compared to your delivery.

We need to continually take a pulse of what your customers are communicating. They may come in because you were able to fulfill a need, but **evoked** people will respond and tell us not only that you fulfilled their needs, but also what it was that attracted them, and in what way they relate to your business and product. Based on their feedback we can continually adapt and improve our marketing strategy to maintain these customer relationships.

Review

-Develop/improve/innovate an approach to doing business, that when properly communicated, will move a buyer from an apathetic interpretation of your offering, to an intentional choice based on some percentage combination of logic and emotion.

-Develop a customized strategy that is first based in your business culture (internal), and then support it by external marketing communications. You will gain incremental sales and market share based on notable practices that your business can deliver and duplicate. Don't be wowed by "marketing experts or ad agencies " that are more concerned about impressing you with award winning creativity, that in the end your leaves your customer feeling empty because your business cannot deliver on perceived expectations.

-We are all marketed to, therefore we all have a sense of what good marketing is, and is not, but this is based only from our own perspective. Good marketing is the best we can do today, but tomorrow our marketing will be exponentially better...it has to be. Your new customers can tell you how effective you are, your incremental market share will tell you something even more, but your customer retention will be the ultimate measurement of your marketing, from the customer's perspective. Reduce attrition with everything you got!

- Internal to External! First things first; Why should a marketer develop a fantastic marketing communication, yet not have it grounded in reality, in what is truly deliverable, and based on one that any other competitor could also say about themselves. Let's first look internally and find out what we need to talk about to our prospective customers. Avoid claims that are really only your opinions.

-We have the best, freshest beer! (Based on what comparison?)

-We have the friendliest staff! (what would be the basis for this claim)

Deliver

The ultimate measurement of marketing is found in the reduction of attrition, combined with new customer satisfaction. This is evaluated as a parallel against what marketing message is communicated, and what was delivered.

Duplicate

A system needs to be in place that can continually duplicate the internal strategy of satisfying customers, positioning against the competition, and finding new customers. You must be able to duplicate your service philosophy, and it must be consistent with all of your staff. As the owner, would you watch a table of customers walk out the door generally dissatisfied? When you are not there, are you confident that any staff member working will take on that same responsibility and passion?

Capture / Build / Track

We have to know who our prospective customers are, and current customers are, always capturing names. We have to know what potential each customer has to increase their frequency of utilizing our product or service. We have to know if our advertising dollars are positioned in the right places to reach our ideal customer.

Improve

The best we can do today will have to change eventually as we get to know our customer better, understanding stronger competitive opponents, changing market conditions, and changes in awareness of the consumer to other logical choices.

Final Thoughts

Owning

In marketing, the best strategy is to own something that defines you, but one that can survive as a message as market climate changes. Avoid dabbling, experimenting with marketing avenues. Own one a time, meaning stick with it long term and measure results before adding other avenues. Don't invest in random media specials, and packages, based on price. Stick to a plan.

The Synergy of all the Right Components

Although this is a tougher element in sales and marketing to figure, excess demand can be a very good thing. This usually stems out of a mix of three different components that are difficult to create, predict, and plan for. These three things are; the exceptional one or two beers that are all the rage, a phenomenal on premise atmosphere (which also includes your service methodology), and continually outstanding marketing. Excess demand can be created out of just one of these components, but generally there is some magic combination if you are doing everything as well as you can, thinking out with purpose, every element involved. Maybe you could have strong marketing on mediocre beer, but perhaps your on-premise atmosphere is taking up the slack. Typically, this all begins with fantastic beer. Think Bell's Two Hearted, Dogfish IPA and the likes, think local/regional phenomenon's that you know of. Be known for something good, that people want, something more than typical expectations. Typical expectations have their way of leading to buyer apathy. What will you do to break through it, own something most people want, create believers and continually take care of their belief in what you are offering.

