

# Revolution In the Beer Business

*Embracing Change –  
Turn Pitfalls Into Profits*



# Agenda

- **Brief History**
- **Short Term Forecast**
- **Implications For Retailers**
- **Case Study**
- **Q&A**

# What's Already Happened?

- **Miller/Coors Merger**
- **In-Bev's Acquisition Of A-B For \$52 Billion**
- **Both In Large Debt; Both Dealing With Issues Never Confronted Before**
- **Playing Field Now Been Leveled**
  - Went from a 20% share (Miller) vs. a 10-15% share (Coors) vs. a 50% share

# How Does This Impact You?

- The Pressure Has Never Been Greater To Move As Much Product As Possible
- Focus Almost Solely On The 3 B's – Beer, Barrels, And Bank Deposits
- Possible Higher And More Frequent Price Increases
- Potentially Less Service Call Frequency And Perhaps Poorer Service When In-store
- All Out War To GET CONTROL OF YOUR COOLER



# Managing Your Cooler

## Wholesaler's Perspective - 4 Ways To Set A Cooler:

- Whomever Set: Whichever Wholesaler Was There Last
- Brewer's Set: All Products/SKU's Under A Company's Umbrella In One Area
- Modified Price-flow Set: Allows For Single-serves, Imports, Super-premiums Placed So Consumers Confronted With Higher-Margin Items First
- Pure Price-Flow Set: Similar Strategy Of The Modified, Yet It Truly Flows From Higher To Lesser Margin SKU's



# Take the Money Off the Table Put it in Your Till

- How To Move Forward – Given Lack Of Control?
- Will Demonstrate Within The Context Of How We Service A Client From Start To Finish
- Two Biggest “Anxiety-Factors” When Contacted By Potential Clients
  - Fear of entering into what they perceive as an adversarial relationship with their wholesalers
  - Resistance to change; managerial fear of being “exposed”

# Going Forward: First meeting

## Information Exchange

- Overview Of Marketplace
- Request Their Proprietary Data
- Set A Timeline For Project Completion
- Take A Hard Look At Distribution Channels

# Going Forward: 5 Ways to Stock A Cooler

## Evaluate Effectiveness Of Distribution Methods...

- **Peddle:** Truck Pulls Up To The Store, Driver Speaks To Whomever Is Working At The Time, Writes Order, Pulls From The Truck And Stocks Inventory
- **Pre-Sell:** Beer Rep. Shows Up, Takes Order, 24-hour Turnaround...Needs To Speculate Re: Fridays
- **Hybrid:** Mix of the 1<sup>st</sup> and 2<sup>nd</sup>





# Going Forward: 5 Ways to Stock A Cooler

## Evaluate Effectiveness Of Distribution Methods...

- **Shared Services: Two Competitive Wholesalers Reach An Agreement To Mix Brands And Make One Stop – Tend To Stock More Popular Brands, SKU's For Sake Of Ease And Space On Delivery Trucks**
- **Tele-Sales: Wholesaler Reduces Visits By Conducting Most Business Over-the-phone; Only Personal Contact Are Deliveries**

# Going Forward: Do Homework

- **Gather Data Via Ride Stores (Study Cooler Sets, Take Pictures, Speak With Management)**
- **Research Competitive Landscape**
  - **Weighted average between proximity and price, brands, quantity, customer demographics, SKU's to C-store location**
  - **Scrutinize sales history and margin – what has worked, what hasn't, what could work, given the above-listed facts about the market landscape and what competitors are carrying**

# Going Forward: Do Homework

- Requesting Wholesaler Info - Pricing, Total SKU's Sold, Time On Shelf, Liquid Mix By Brand / Packaging, Service Frequencies
- Analyze Findings
- Present Learnings

# Going Forward: Next Meetings

- **Meet With Wholesalers, Share Our Findings And Ask Them For Two Schematics**
- **Set Another Meeting With Client / Wholesalers**
  - (Approx. Two Weeks After Request Is Made)
  - Give Each Wholesaler An Hour To Discuss Methodology / Rationale
- **Offer Opinions/Expertise, With The Idea Of A Mutually-Agreed Upon Cooler Protocol Going Forward**
- **Address Service Frequencies And Surplus Inventory Levels, Given Sales Trends**

# Going Forward: Roll-Out

- Provide Stores / Wholesalers The Schematic
- Designate “Category Captain” & “Category Valuator”
  - Two-wholesaler Setting
  - Increases Accountability Factor
- Evaluate / Refine On An On-going Basis
- Results Are Immediate, Dramatic And Sustainable

# Going Forward: Employee Training

- Explain The Importance Of Keeping An Eye On The Cooler
- Post Multiple Schematics Throughout The Store
- Designate 1-2 Employees Per Store (Preferably A Manager), Who Will Also Serve As A “Beer Captain”
- Create Even Store Level Accountability



# Final Comments

- **The Changes That Have Been Made And The Ones That Are Coming Down The Road Are Very Real And Can Have A Tremendous Impact On Your Bottom Line**
- **If Anything, My Hope Is That You Take An Critical Look At A Business Which Represents Roughly 18% Of All C-store Sales**
- **Remember: Manage It Or It Will Manage You**

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