

# CRAFT BREWER PARTNERSHIP COMPASS

## EXECUTIVE SUMMARY

PRESENTED BY





# Survey Overview

- **Purpose:**
  - To understand how your distributor partners scorecard your performance against craft brewer roles & responsibilities;
  - Identify opportunities to improve your performance and relationships with distributors;
  - Benchmark your performance against other craft brewers;
  - Seek and share best practices with other craft brewers based on survey results; and
  - Identify opportunities to “raise the bar” of performance for the craft brewer segment of the industry.
- **Structure:**
  - Questions have been developed based on Tamarron’s annual Malt Beverage Supplier Performance Survey and Malt Beverage Supply Chain Survey and were pared down and modified to better align with the Craft Beer segment of the industry.
  - 55 Total Questions are grouped into 12 functions:
    - Leadership
    - Field Sales – Annual Planning
    - National Accounts – Off Premise
    - Forecasting/Ordering
    - Distributor Relationship Management
    - Field Sales – Qtrly/Mthly Programming & Measurement
    - National Accounts – On Premise
    - Packaging
    - Finance / Revenue Management
    - Field Sales – Execution
    - Marketing/Brand Management
    - Customer Service
  - Distributors rated the suppliers on a consistency scale from “Never” to “Consistently”; Tamarron equated the consistency scale to numbers after distributors completed the survey, with 1=Never; 2=Rarely; 3=Sometimes; 4=Often; 5=Consistently. Participants were also provided the opportunity to select “DK=Don’t Know”.
- **Process:**
  - Each participating Craft Brewer provided contact lists for their targeted distributors and only those distributor respondents are included in the final results.
  - The participating craft brewers are: Allagash Brewing, CANarchy, Gambrinus, Odell Brewing, and Troegs Independent Brewing.
  - 189 distributors responded to the survey this year; no distributor is weighted, every distributor has an equal voice. Craft Brewers have the option to add customized breakouts (e.g., regions) to dig deeper into their results.

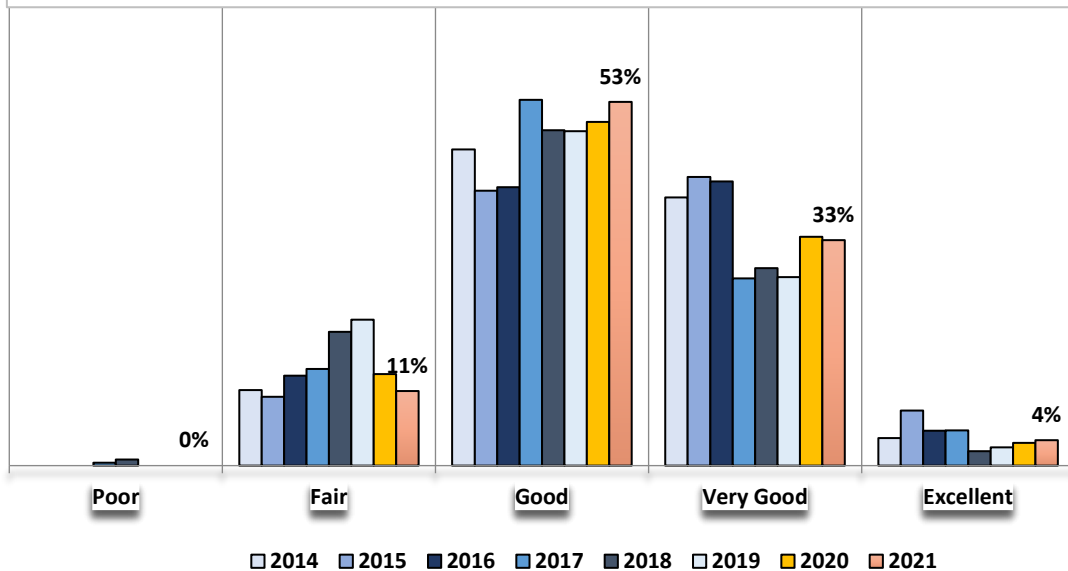


# State of the Industry

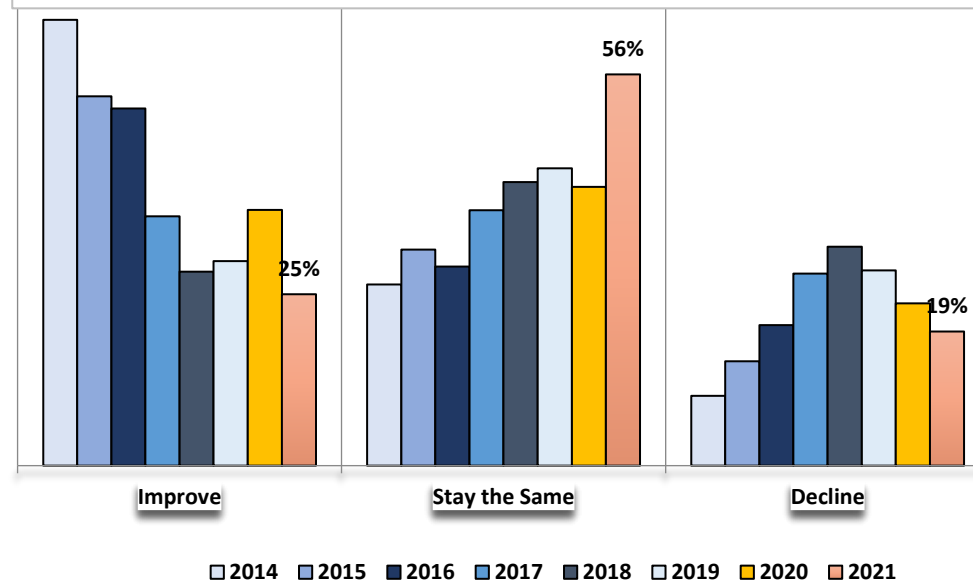
- Since the inaugural year of the survey (2014), the Craft Brewer Performance Survey has asked respondents the following ‘State of the Industry’ questions:

In general, the vast majority of distributors believe the current relationship between craft brewers and distributors has remained in the ‘Good’ and ‘Very Good’ zone over the past 8 years. This year, there was a decent uptick in the ‘Good’ sentiment (offset by a slight decline in the ‘Fair’ category), indicating a minor positive shift in the current relationship between craft brewers and distributors.

**How well are craft brewers and distributors currently working together?**



**In five years, the relationship between the brewer and distributor tiers will:**



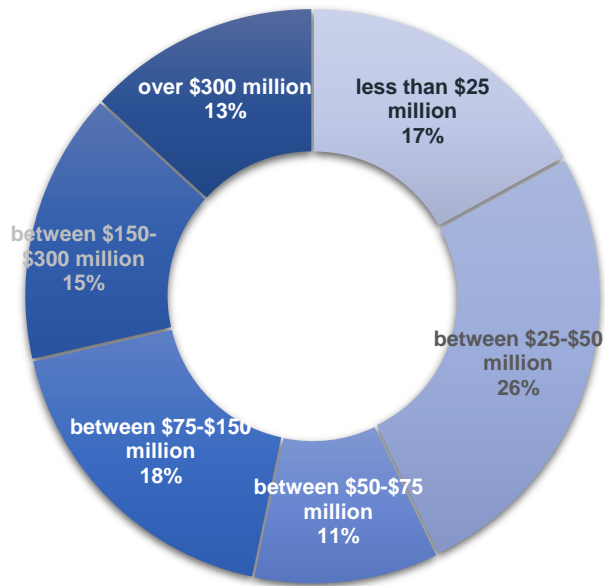
The majority of the distributors that responded to the 2021 craft survey think that in five years, the relationship between brewers and distributors will “Stay the Same”; fewer respondents selected ‘Improve’ and ‘Decline’, indicating a more middle of the road sentiment than in previous years.



# Respondent Profile

Of the 189 distributor responses...

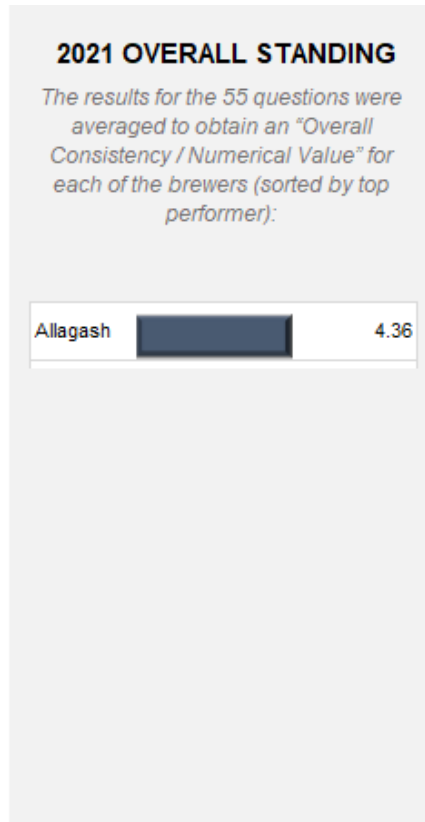
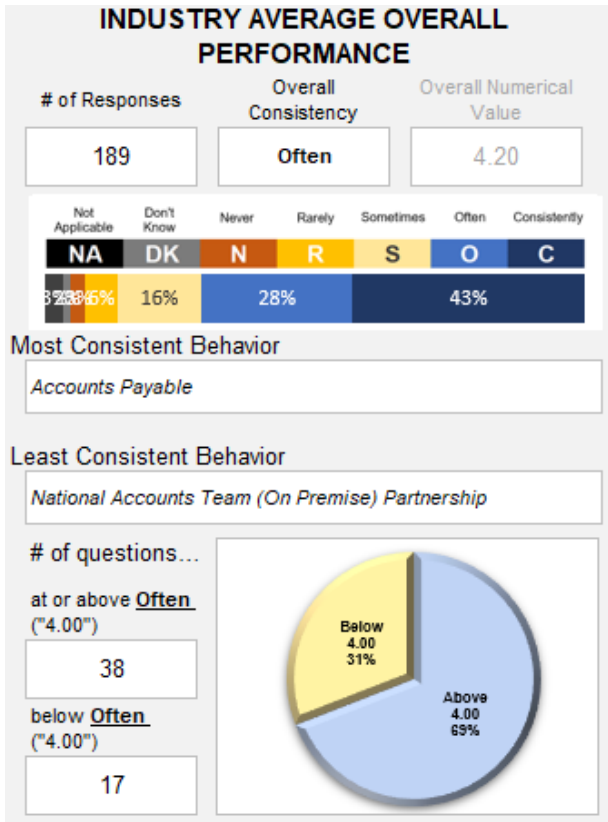
DISTRIBUTOR RESPONDENTS – ANNUAL REVENUE



AVERAGE # OF	Total Malt Beverage	Craft Beer
<b>Suppliers</b>	<b>65</b>	<b>41</b>
<b>Brands</b>	<b>467</b>	<b>258</b>
<b>SKUs</b>	<b>1,843</b>	<b>984</b>



# Overall Results – “Industry” Average



- There were 189 distributor respondents to the 2021 Craft Brewer Partnership Compass survey.
- Distributors rated each brewer on 55 “behaviors” using a word scale (Consistently to Never); overall, the brewers’ compiled responses across all questions indicated they performed the behaviors “Often”; we also translated the word scale into a numeric scale with Consistently = 5.0 down to Never = 1.0. The brewers’ numeric average was 4.20 from the responding distributors, with 69% of the questions landing above the 4.00 (“Often”) mark.
- Of the group of five brewers on the survey, Allagash ranked 1<sup>st</sup> (for the second year in a row)



# Overall Results – Industry Averages

## INDUSTRY AVERAGE MOST CONSISTENT BEHAVIOR

1	Customer Service	Accounts Payable		4.80
2	Customer Service	Customer Service		4.77
3	Customer Service	Effective Operations Relationships		4.76
4	Packaging	Packaging		4.74
5	Distributor Relationship Management	Professionalism & Respect of Top Field Sales Management		4.71

## LEAST CONSISTENT BEHAVIOR

51	National Accounts - On Premise	Account Placements		3.46
52	National Accounts - On Premise	Features and Promotions		3.33
53	National Accounts - Off Premise	C-Store		3.32
54	National Accounts - On Premise	Re-Engaging On Premise National Accounts		3.25
55	National Accounts - On Premise	National Accounts Team (On Premise) Partnership		3.10

- 3 of the 55 questions for the “Industry” fell into the “Consistently” range (4.76 or above) – all falling into the Customer Service category
- On an additional 20 questions, the “Industry” was deemed to demonstrate the capabilities “Most Often” (4.26-4.75)
- The “Industry’s” bottom 10 scoring questions on the survey fell into the following three categories:
  - National Accounts – On Premise (5)
  - National Accounts – Off Premise (3)
  - Marketing / Brand Management (2)

CONSISTENCY SCALE TRANSLATED TO NUMERICAL VALUES:	
Never	<1.25
Almost Never	1.26 – 1.75
Rarely	1.76 - 2.25
Infrequently	2.26 – 2.75
Sometimes	2.76 – 3.25
Fairly Often	3.26 – 3.75
Often	3.76 – 4.25
Most Often	4.26 – 4.75
Consistently	4.76+



# Category-Level Performance Score

## Industry Average

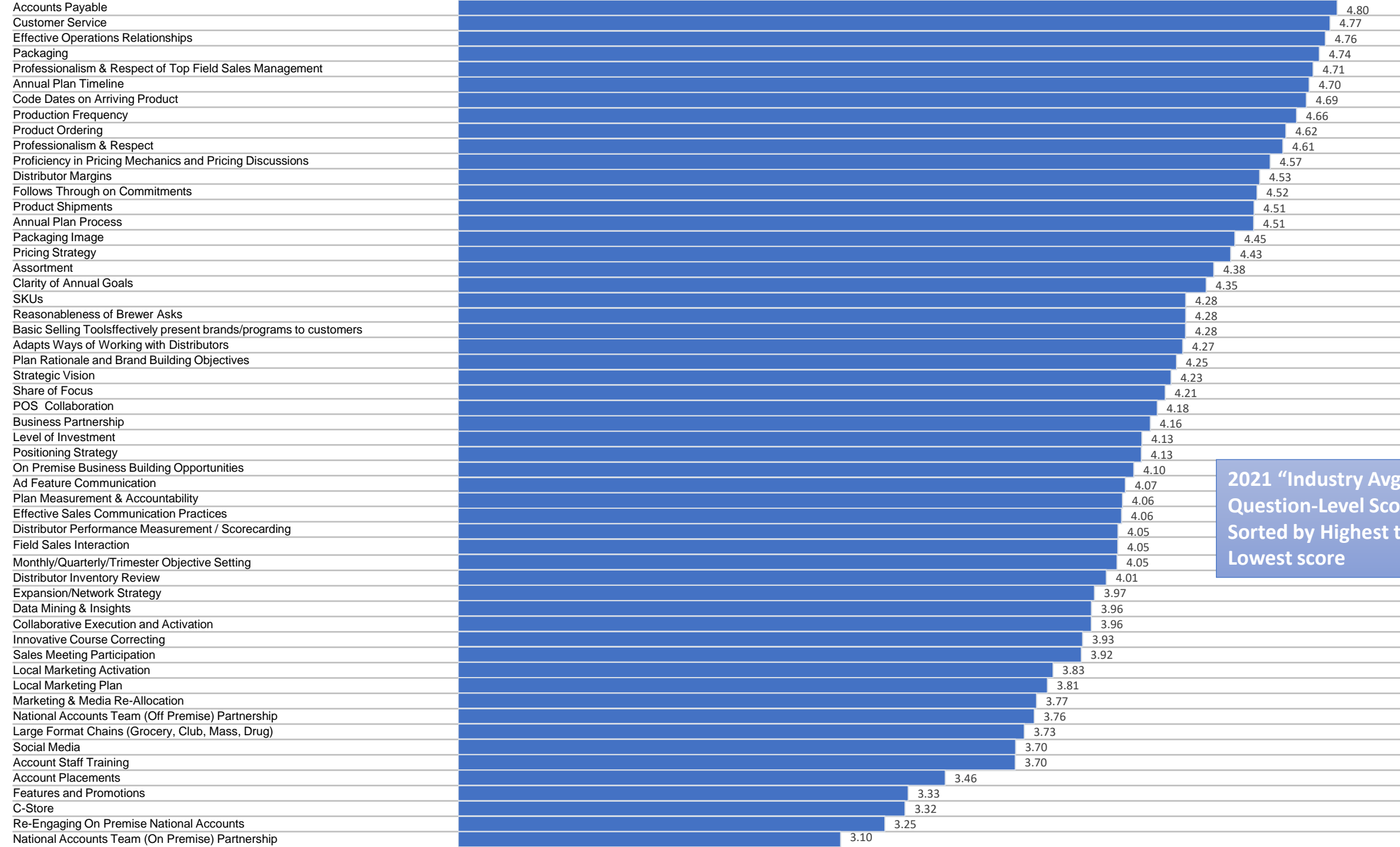
	Not Applicable	Don't Know	Never	Rarely	Sometimes	Often	Consistently	Consistency / Numerical Value			
	NA	DK	N	R	S	O	C				
<b>CATEGORY-LEVEL</b>											
Leadership	4%	1%	5%	18%	33%	37%		4.23			
Distributor Relationship Management	1%	1%	1%	11%	29%	53%		4.41			
Finance / Revenue Management	1%	1%	1%	8%	33%	57%		4.55			
Field Sales - Annual Planning	2%	1%	1%	11%	30%	57%		4.52			
Field Sales - Quarterly/Monthly Programming & Measurement	1%	1%	1%	7%	22%	29%	37%	4.05			
Field Sales - Execution	1%	1%	1%	8%	19%	28%	39%	4.11			
National Accounts - Off Premise	1%	1%	1%	11%	19%	27%	26%	3.77			
National Accounts - On Premise	1%	1%	1%	13%	7%	11%	12%	21%	17%	18%	3.47
Marketing / Brand Management	1%	1%	1%	3%	6%	16%	29%	44%	4.12		
Forecasting / Ordering	1%	1%	1%	6%	3%	5%	9%	20%	27%	30%	4.64
Packaging	1%	1%	1%	6%	27%	65%		4.71			
Customer Service	1%	1%	1%	3%	4%	2%	21%	70%	4.77		

### Industry Avg. Category Scores:

- Industry Avg. scores ranged from 3.47 (“Fairly Often”) in National Accounts – On Premise to 4.77 (“Consistently”) in Customer Service.
- The “Industry” scored above “4.25 - either Most Often or Consistently” on 6 of the 12 categories

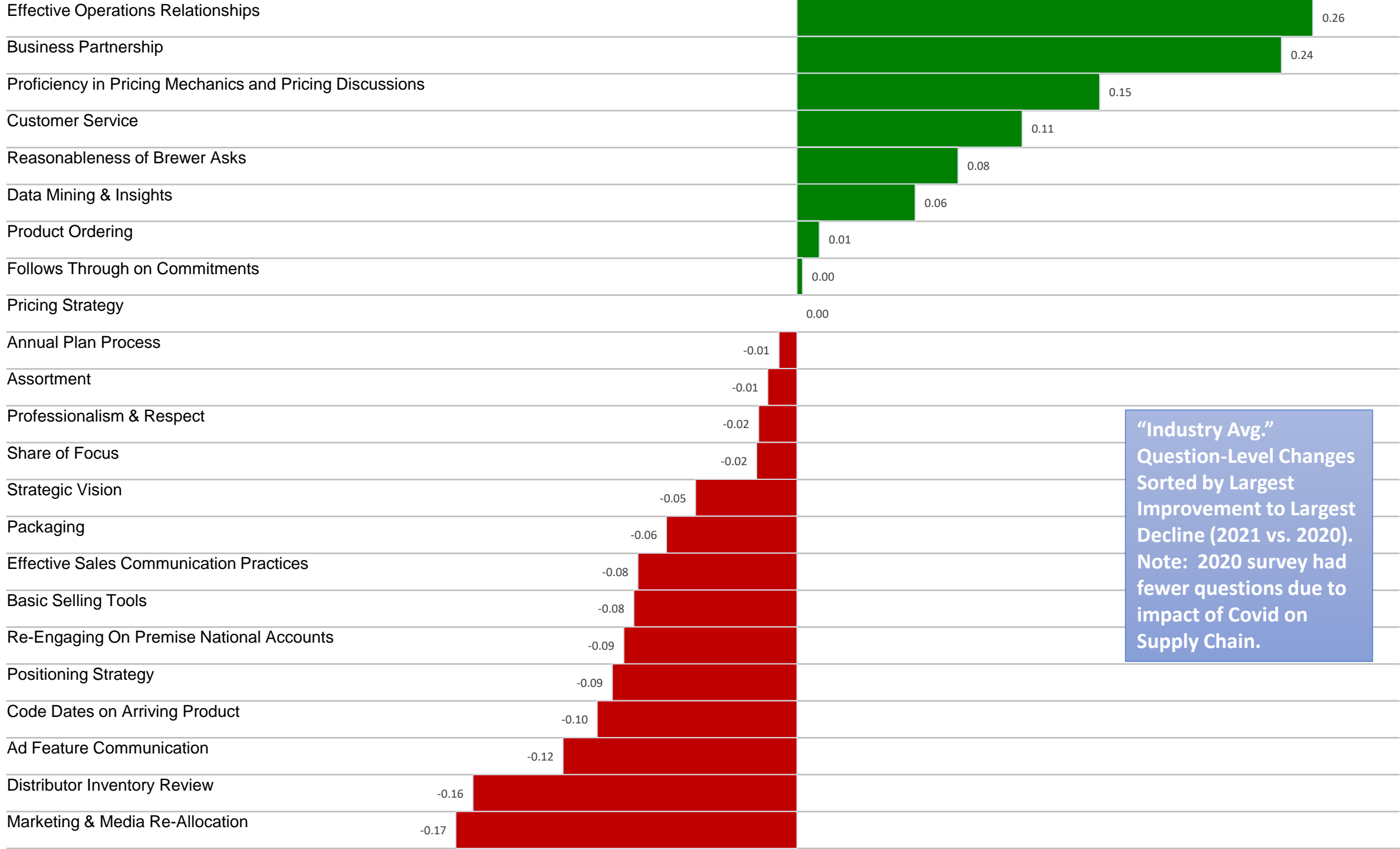
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Most Often	4.26 – 4.75
Consistently	4.76+



2021 "Industry Avg"  
Question-Level Scores  
Sorted by Highest to  
Lowest score





“Industry Avg.”  
 Question-Level Changes  
 Sorted by Largest  
 Improvement to Largest  
 Decline (2021 vs. 2020).  
 Note: 2020 survey had  
 fewer questions due to  
 impact of Covid on  
 Supply Chain.



## SURVEY QUESTIONS



# Survey Questions

<b>Leadership</b>	<b>1) Strategic Vision</b> – Communicates and adheres to a strategic vision and disciplined long-term business plan to strengthen [Craft Brewer's] future industry position
<b>Leadership</b>	<b>2) Clarity of Annual Goals</b> – Clearly communicates [brewer's] annual national goals, objectives, and strategies
<b>Leadership</b>	<b>3) Expansion/Network Strategy</b> – Has executed a thoughtful expansion strategy that has benefited distributors in new as well as existing markets
<b>Distributor Relationship Management</b>	<b>4) Share of Focus</b> – Seeks to understand how [Craft Brewer's] portfolio fits within distributor's total portfolio and expects an appropriate level of focus and support to drive distributor and brewer priorities
<b>Distributor Relationship Management</b>	<b>5) Reasonableness of Brewer Asks</b> – Recognizes and understands how [Craft Brewer's] brands, expectations & local decisions/requests financially impact (directly and indirectly) the distributor (e.g., margin/mix, marketing and tactical spend, etc.)

<b>Distributor Relationship Management</b>	<b>6) Adapts Ways of Working with Distributors</b> – Strives to understand how individual distributors make decisions/operate their businesses and adapts to distributor's culture and ways of working to add value
<b>Distributor Relationship Management</b>	<b>7) Follows Through on Commitments</b> – Consistently follow through on commitments made to distributors
<b>Distributor Relationship Management</b>	<b>8) Business Partnership</b> – Craft Brewery Field Sales management is an active participant in Distributor Meetings/Market Events/etc. and provides added value to your business
<b>Distributor Relationship Management</b>	<b>9) Professionalism &amp; Respect of Top Field Sales Management</b> – Top Field Sales Management (e.g., Zone/Region/Business Unit Manager or Director) represents brewer in a professional manner and treats distributors and local field sales with respect
<b>Distributor Relationship Management</b>	<b>10) Professionalism &amp; Respect</b> – [Local Field Sales] Represents brewer in a professional manner and has established a level of respect across your organization



# Survey Questions

<b>Finance / Revenue Management</b>	<b>11)Pricing Strategy</b> – Effectively aligns local pricing strategies (front-line and price promotions) with communicated brand strategies and desired/target competitive positioning
<b>Finance / Revenue Management</b>	<b>12)Distributor Margins</b> – Offers distributors margins on [Craft Brewer] products that are commensurate with other like brands
<b>Finance / Revenue Management</b>	<b>13)Proficiency in Pricing Mechanics and Pricing Discussions</b> – Exhibits proficiency in general pricing mechanics / calculations and capability of having effective pricing discussions with distributors
<b>Field Sales - Annual Planning</b>	<b>14)Annual Plan Timeline</b> – Delivers an annual business plan for the following year on a timely basis (i.e., sufficient lead time to enable distributor to use an input for its annual plan)
<b>Field Sales - Annual Planning</b>	<b>15)Annual Plan Process</b> – Employs a timely, effective annual planning process, achieving a simplified, collaborative plan that includes reasonable goals and buy-in from both brewer and distributor
<b>Field Sales - Annual Planning</b>	<b>16)Plan Rationale and Brand Building Objectives</b> - Provides rationale justifying how volume expectations can be achieved (e.g., Craft Brewer programs/investments, brand building objectives, including distribution, display/feature activity)

<b>Field Sales - Quarterly/Monthly Programming &amp; Measurement</b>	<b>17)Monthly/Quarterly/Trimester Objective Setting</b> – Develops attainable monthly/quarterly/trimester objectives that align with planned programming
<b>Field Sales - Quarterly/Monthly Programming &amp; Measurement</b>	<b>18)Data Mining &amp; Insights</b> – Consistently presents relevant, fact-based and actionable data and insights based on internal/distributor (e.g., VIP) information, syndicated sources, etc.
<b>Field Sales - Quarterly/Monthly Programming &amp; Measurement</b>	<b>19)Plan Measurement &amp; Accountability</b> – Holds distributor accountable for performance against plan by conducting regular (at least quarterly/trimester) business/performance reviews with distributor
<b>Field Sales - Quarterly/Monthly Programming &amp; Measurement</b>	<b>20)Distributor Performance Measurement / Scorecarding</b> – Establishes clear expectations for distributor performance, provides regular performance measurements and holds distributor accountable for performance
<b>Field Sales - Quarterly/Monthly Programming &amp; Measurement</b>	<b>21)Innovative Course Correcting</b> – Collaborates with distributor on identifying opportunities to improve performance & programming (e.g., course correcting) and challenges status quo with fresh ideas and methods
<b>Field Sales - Quarterly/Monthly Programming &amp; Measurement</b>	<b>22)Distributor Inventory Review</b> – Collaborates with distributor on reviewing inventory levels, assessing code date inventory, and forecasting inventory needs to minimize out-of-stocks and out-of-code product; works with distributor on handling out of code product



# Survey Questions

<b>Field Sales - Execution</b>	<b>23) Effective Sales Communication Practices</b> - [Craft Brewer] Field Sales has established a regular cadence and effective "remote" communication platform to consistently engage key distributor Sales personnel (e.g., Principals, Sales Leaders, Brand Managers, etc.)
<b>Field Sales - Execution</b>	<b>24) Sales Meeting Participation</b> – Consistently participates in sales meetings (when allowed) prior to each key selling period & program
<b>Field Sales - Execution</b>	<b>25) Collaborative Execution and Activation</b> – Works collaboratively with distributors to plan and execute account-level programs to successfully meet execution goals (i.e., account targeting, assigning responsibilities, "feet on the street", etc.)
<b>Field Sales - Execution</b>	<b>26) Field Sales Interaction</b> – Quality of engagement from [Craft Brewer] field sales team (e.g., Zone/Region/Business Unit Manager or Director, Market Manager, Distributor Manager, etc.) with distributor sales teams
<b>Field Sales - Execution</b>	<b>27) On Premise Business Building Opportunities</b> – is aware of all local/state on premise guidelines and alcohol regulations (e.g., beer/wine/spirits to-go); offers ideas, programs and strategies for re-building on premise business, especially draft on premise
<b>Field Sales - Execution</b>	<b>28) Basic Selling Tools</b> – Provides easily accessible selling information and data/facts on brands (e.g., brand/program features & benefits, sell sheets, beer/food pairing suggestions, etc.) to educate and enable distributor and supplier brewer sales personnel to effectively present brands/programs to customers

<b>National Accounts - Off Premise</b>	<b>29) Ad Feature Communication</b> – Communicates all chain feature activity and supporting display expectations in a timely, effective manner
<b>National Accounts - Off Premise</b>	<b>30) C-Store</b> – Effectiveness of [Craft Brewer] national/regional account team efforts in C-Store chains (e.g., securing brand/SKU placements, programming, pricing, etc.)
<b>National Accounts - Off Premise</b>	<b>31) Large Format Chains (Grocery, Club, Mass, Drug)</b> - Effectiveness of [Craft Brewer] national/regional account team efforts in large format chains (e.g., securing brand/SKU placements, programming, pricing, etc.)
<b>National Accounts - Off Premise</b>	<b>32) National Accounts Team (Off Premise) Partnership</b> - Effectiveness [Craft Brewer's] national/regional account team working with you to drive business in off premise national/regional accounts



# Survey Questions

<b>National Accounts - On Premise</b>	<b>33)Account Placements</b> – Ability to secure account placements at a competitive frequency with customers that [Craft Brewer] has established call responsibility - On Premise
<b>National Accounts - On Premise</b>	<b>34)Features and Promotions</b> – Ability to secure features and promotions at a competitive frequency with customers that [Craft Brewer] has established call responsibility - On Premise
<b>National Accounts - On Premise</b>	<b>35)Account Staff Training</b> – Knowledge of and ability to educate on-premise personnel on general beer knowledge (e.g., categories, styles, consumer experience, brand-specific target consumers, profit, etc.) as well as brand specifics
<b>National Accounts - On Premise</b>	<b>36)National Accounts Team (On Premise) Partnership</b> – Effectiveness [Craft Brewer's] national/regional account team working with you to drive business in On Premise national/regional accounts
<b>National Accounts - On Premise</b>	<b>37)Re-Engaging On Premise National Accounts</b> – [Brewer] has re-engaged key on premise national accounts to establish account priorities and resell placements/programs that might have been lost due COVID restrictions

<b>Marketing / Brand Management</b>	<b>38)Positioning Strategy</b> – Articulates a distinctive, competitive and sustainable positioning strategy
<b>Marketing / Brand Management</b>	<b>39)Level of Investment</b> – Allocates and invests adequate resources to build brands commensurate with [Craft Brewer] communicated brand strategies
<b>Marketing / Brand Management</b>	<b>40)POS Collaboration</b> – Collaborates on POS needs and provides impactful and adequate supply of permanent and paper POS to support [Craft Brewer] plans & programs
<b>Marketing / Brand Management</b>	<b>41)Local Marketing Plan</b> - Has developed an effective marketing plan that is applicable to your local market and has localized a relevant brand/message selling story that resonates with consumers
<b>Marketing / Brand Management</b>	<b>42)Local Marketing Activation</b> - Activates brands locally to drive brand awareness and interaction (e.g., attends local fests, invests in sponsorships, develops relationships w/key accounts and actively promotes selling brands, etc.)



# Survey Questions

<b>Marketing / Brand Management</b>	<b>43) Social Media</b> - Executes an effective social media strategy to help drive brand awareness in your market
<b>Marketing / Brand Management</b>	<b>44) Marketing &amp; Media Re-Allocation</b> – Modifies marketing message to be relevant to consumers in COVID-19 era and re-allocates investment to optimize media platforms to reach consumers
<b>Marketing / Brand Management</b>	<b>45) Assortment</b> - Offers a complete range of styles, brands and packages on par with [Craft Brewer] competitors
<b>Marketing / Brand Management</b>	<b>46) SKUs</b> – Maintains an effective number of SKUs that is reasonable for distributors to execute against while maintaining quality on the shelf
<b>Marketing / Brand Management</b>	<b>47) Packaging Image</b> - Packaging is designed to catch consumer attention and generate purchase

<b>Forecasting / Ordering</b>	<b>48) Production Frequency</b> – All products and packages are produced frequently enough to meet sales needs
<b>Forecasting / Ordering</b>	<b>49) Product Shipments</b> - Timeliness, predictability, and accuracy of product shipments
<b>Forecasting / Ordering</b>	<b>50) Product Ordering</b> – Provides a simple product ordering system / ordering tool for everyday & seasonal packages



# Survey Questions

<b>Packaging</b>	<b>51)Code Dates on Arriving Product – Products arrive with sufficient lead time to sell prior to code date expiration+E79</b>
<b>Packaging</b>	<b>52)Packaging - [Craft Brewer] Maintains high overall quality packaging: code dates on all packages are easy to read and understand; overall strength and resilience of product packaging is consistent, and repack materials are consistently available at a reasonable cost</b>
<b>Customer Service</b>	<b>53)Accounts Payable – [Craft Brewer] remains current on its supply chain/operations related payments to distributors (not including discounts or other sales &amp; marketing expenses)</b>
<b>Customer Service</b>	<b>54)Effective Operations Relationships – Brewery personnel operate well with distributor key operations personnel</b>
<b>Customer Service</b>	<b>55)Customer Service – [Craft Brewer] customer service representatives are accessible, knowledgeable, and responsive</b>