BrewDog in America

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Introducing the Punks

Brief History

Martin Dickie and James Watt began brewing small batch craft beer in 2007 after growing bored of the industrially brewed beers that had dominated the United Kingdom beer market. Dickie and Watt were convinced that great craft beer could challenge the Scottish beer status quo and inspire beer drinkers to rebel against mass-produced beer. The two twenty-four year old friends created BrewDog, and began selling their hand-filled bottles of beer at local farmer’s markets. With a mission to “make other people as passionate about great craft beer as [they] are,” Dickie and Watt have had their eyes set on expanding their business from the beginning.

Business For Punks

BrewDog has become more than just a craft brewery over the years. The company opened its first craft beer bar in its hometown of Aberdeen, Scotland in 2010. BrewDog’s “aggressive and attitude-driven marketing” helped “BrewDog [build] an army of passionate, evangelical craft beer drinkers that simply didn’t exist a few years ago.” With extremely positive response from customers and community members, Dickie and Watt were motivated to continue the development of BrewDog’s bar presence. Today, there are forty-seven BrewDog bars globally and new bar openings announced every few months.

BrewDog’s image is one of rebellion and risk. The company is a self-proclaimed leader in the “Craft Beer Revolution,” using shocking marketing tactics to raise name recognition and media attention. In 2011, the company launched a limited edition beer that contained Viagra in
honor of England’s royal wedding between Prince William and Kate Middleton, raising eyebrows in their attempt to mock other breweries producing special edition beers for such celebratory events that serve no true purpose (Image 1). Brewing with Viagra and packaging limited edition ales inside of taxidermy squirrels (Image 2) are just some of the wild campaigns that have helped BrewDog gain recognition around the world. These tactics are meant to provoke community members, appeal to the rebels, and give beer drinkers a reason to remember BrewDog the next time they stand in front of refrigerated beer cases inside of stores.

_BrewDogs in America_

By 2015, BrewDog had grown exponentially. With 540 employees, 32,000 shareholders, sixty-five distinct beers, and a growing international presence, the company announced its plans to take on the United States beer market by opening a brewery just outside of Columbus in Canal Winchester, Ohio. Undoubtedly, BrewDog has seen major success at home in the United Kingdom and across Europe. With beers now being shipped to over fifty-five different countries around the world, BrewDog’s international success is difficult to ignore. Within the United Kingdom itself, BrewDog is often regarded as the “fastest growing drinks company.” Some might say that BrewDog helped create the craft beer market in the United Kingdom. However, venturing into the United States presents an entirely different set of challenges. The craft beer industry in America is established and nearly saturated. BrewDog’s access to a share of the American craft beer market is inherently limited. The specifics of the American craft beer industry will be explored later in this report.

After launching an equity crowdfunding round targeting the U.S.A. (the success of which has been kept relatively quiet by the company itself), BrewDog officially began venture into
America. The brewers purchased forty-two acres of land with plans for a 100,000 square-foot brewery, a restaurant and taproom, and a visitor center. Construction completion was expected by August of 2016 but slow construction delayed the opening of the restaurant and taproom until February 20, 2017. On April 20, 2017 the company announced that its first batch of beer was in the tanks at Columbus and that distribution and sales should begin during the summer of 2017.

BrewDog’s venture into the American beer market by way of Columbus, Ohio presents a wide variety of questions and concerns. Why Ohio? How can they make themselves known in a competitive and foreign craft beer market? Will the European success using standardized marketing and business strategies translate smoothly into the United States? Is their chance of success greater if they embrace their British roots or maintain their nationless rebellious image? Answering these questions, among others, will help us to recognize any underlying issues that BrewDog must address as its entry into the American market continues. One underlying issue that has already revealed itself is whether a foreign company, that has been very public about the inspiration it found in American craft beer culture, can find true success in America.

With so many resources being allocated to the Ohio expansion, BrewDog’s investment in the American beer market is indicative of the success that BrewDog expects. However, the mature craft beer market could be challenging for the Scottish brewers. A failure in America would lead to severe implications for a large number of BrewDog’s internal and external stakeholders. With the brewery mere months away from starting production, BrewDog’s success or failure in the United States could become an important case study for future organizations that plan to reimport an American idea into American markets.
Invading the U.S.A.

BrewDog’s Exemplary Growth

BrewDog’s quick growth and financial success makes it one of the most admired international independent craft brewing companies in the United Kingdom. “BrewDog has described itself as a ‘post-punk, apocalyptic, motherfucker of a craft brewery,’” raising eyebrows and gaining fans on an international scale.\textsuperscript{iv} The company’s bold (and sometimes crude) approach to marketing itself has seemingly paid off. In nine years, BrewDog has attracted close to 50,000 independent investors through several rounds of crowdfunding (Figure 1). The “Equity for Punks” campaigns appeal to beer lovers worldwide who value experience and shareholder perks over high returns on investment. For a minimum investment of ninety-five British pounds, BrewDog “Punks” gain access to eight unique BrewDog benefits, including lifetime discounts at bars worldwide and invitations to annual Beatnik Brewing Shareholder Brew Days. In 2014, BrewDog launched an online share-trading platform, making itself the first unlisted company in the United Kingdom to allow its shares to be publicly traded online. Through several equity rounds, excluding the unpublished gains from the Equity for Punks USA campaign, BrewDog has managed to raise at least thirty-two million dollars in equity.\textsuperscript{v}

With loyal fans and investors on an international scale, BrewDog is currently selling its products in more than sixty-five countries. In addition to sales occurring in retail stores and restaurants, BrewDog also sells its products outside of the United Kingdom via eighteen international bars (Figure 2). BrewDog Columbus is BrewDog’s most recent international venture. In Columbus, the restaurant and taproom that has seen swarms of beer lovers since its opening on February 20, 2017. BrewDog has also recently announced plans to open a hotel and spa on the same site as the brewery and visitor center, offering a well-rounded beer tourism
destination. Despite the short-term success of the restaurant and tap room in Columbus, the impending distribution of four BrewDog fan favorite beers on American soil will challenge the Scottish company as the trials and tribulations of the American craft beer market begin.

Craft Beer in America

The United States is one of the largest producers of beer globally, making it a critical contributor to the world’s annual production of two billion hectoliters of beer. With a demand that ebbs and flows alongside consumer leisure activity, companies that strive for success and profit must focus on “marketing, distributions, and operational efficiency.” The competition in the beer industry, both domestically and internationally, is fierce. Anheuser-Busch InBev, after a series of high profile acquisitions of beer giants like SABMiller in 2016, “accounts for about half of worldwide beer profits and about 30% of global production volume, according to Plato Logic.” Despite the intense competitive environment, the American craft beer industry has seen growth in its share of total U.S. beer market sales from 2007 to 2015 as reported by the Brewers Association (Figure 3).

Regional craft breweries, microbreweries, and brewpubs make up the American craft brewery market. New breweries in each of these categories open nearly every day in the United States, bringing today’s total U.S. craft brewery count significantly greater than the 2015 count of 4,225. Smaller, independent brewers have adjusted strategies in recent years to cope with the competitive pressure of domineering multinational giants such as Anheuser-Busch InBev. Craft breweries now rely on regional distributors and partnerships with other craft breweries to maximize their abilities to reach consumers in such a competitive marketing and sales environment.
Alexandre Apfel, an employee at Otter Creek Brewing Company in Vermont, offered insight into the perspectives and motivations of small independent breweries in today’s market (See Transcript 1). Apfel suggests that companies, domestic or foreign, who wish to succeed in America’s craft beer industry, must be accepting of beer tourism and partnerships with fellow craft breweries to create craft-exclusive distribution networks. He sees millennials as a very important craft beer consumer segment that must be acknowledged and cultivated into life-long craft beer drinkers. Apfel introduces some political changes that might influence the industry with his mention of the current White House administration’s focus on American enterprise impacting foreign craft brewers, such as BrewDog, looking to produce and sell on American soil.

The American craft beer industry is saturated and competitive, but has seen growing sales and volume production in recent years. Americans are, despite overall decline in beer consumption, increasingly drinking craft beer and beginning to admire small batch production. xi Perhaps the industry isn’t yet oversaturated, giving foreign brewers like BrewDog a chance to seek craft beer success in the United States.

Rationalizing Ohio

Because the cultural, social, and political environmental factors that influence independent craft breweries vary by state, it is important to analyze the appeal of Ohio itself as BrewDog’s point of entry into the United States. BrewDog was reportedly deciding between Columbus and Charleston, South Carolina for its U.S. expansion, but Columbus proved more attractive for reasons explored below.

Ohio’s craft beer industry is booming and ranks as the twelfth best state in the country for craft beer. xii BrewDog’s interest in Ohio was likely piqued by the success of 143 existing craft
breweries in the state. Ohio itself is relatively centrally located in the United States, has a rich agricultural history involving brewery-necessity crops such as wheat, and has a great intrastate transportation network made up of railroads and highways that reach every corner of the state. In addition to these factors, Ohio’s recent legislative changes are appealing to the craft beer industry. In August of 2016, Ohio legislators lifted the restrictions on alcohol content for beers to level “the playing field and [make] Ohio even more attractive to smaller breweries looking to locate to the state.” BrewDog, coincidentally, is infamous for its high-alcohol brews, including the 55% ABV limited edition brew that it sold in bottles stuffed inside taxidermy squirrels (Image 2). Additionally, Ohio has one of the lowest national excise taxes on beer at eighteen cents per gallon as compared to seventy-seven cents per gallon in South Carolina, making it an extremely attractive home for American brewing.

Ohio’s encouraging policy changes to inspire the growth of the craft beer industry is a huge appeal for BrewDog as it begins its venture in the United States.

Ohio’s craft beer industry has well-established and successful regional distributors that are trusted by craft breweries across the state. As co-founder James Watt explained, “Within 500 miles of Columbus you’ve got half the American population, so distribution wise it makes a lot of sense.” BrewDog’s selection of two separate distribution companies to spread its brews across the Buckeye State has helped established a reliable distribution network to kick start its U.S. venture. The two companies, Superior Beverage Group and Cavalier Distributing, have the capacity to deliver BrewDog to every county in Ohio. By hitting shelves across the state, BrewDog will be able to quickly establish itself as a regional craft brew. Superior Beverage Company is a family owned business dating back to the 1920s and has deep roots in Ohio, making it one of the most trusted distributors in the area. Although Cavalier Distributing was
founded much later, Cavalier has expanded its reach to Florida and Indiana, allowing BrewDog to expand its geographic reach in the future using a current business partner. xviii

Competitive but not oversaturated, Ohio’s craft beer industry is attractive for foreign entrants for a wide variety of reasons. Canal Winchester, a small neighborhood just outside of Columbus, offers large plots of land and access to roads, railroads, and the Ohio and Erie Canals. Columbus is “affordable, bustling, and young, with a big chunk of its population squarely under 40” and “is seeing an uptick in interest as a destination for the nation’s hipster elite.” xix Columbus, in a sense, is attracting the same hip, rebellious, experiential visitors and residents that BrewDog has targeted with its marketing stunts and customer outreach back home in the United Kingdom and in Europe. These absurd marketing tactics could be replicated in America to attract the same types of beer lovers. Columbus could prove to be the best place for BrewDog to launch its American efforts, without sacrificing too many of the marketing strategies it has used back home. To establish a loyal fan base in Ohio and attract visitors from other states to the taproom and restaurant (and eventually its hotel) is one of the easiest ways for BrewDog to gain national attention to justify future distribution development.

Strategizing Domination

BrewDog’s Financial Journey

BrewDog is on a complex and aggressive journey towards international brand recognition, craft beer production, and the establishment of a global fan base. In its first four months, 2017 has been a whirlwind of a year for BrewDog as it pursues beer drinkers and bar goers worldwide. The number of BrewDog-owned craft beer bars has grown tremendously since its bar debut in 2010 (Figure 4). Between forty-eight craft beer bars around the globe, a state-of-
the-art Scottish brewery, and the Columbus BrewDog complex, BrewDog employs nearly 1,000 people.\textsuperscript{xx} The 2017 estimate is nearly double the 2015 employee count of 540 employees published in the “Infographic: BrewDog’s 2015 in Numbers” report available on the company website. In two years, BrewDog has taken tremendous steps to take on international markets, including plans announced in late March of 2017 to open breweries in both Australia and an undetermined Asian country.

BrewDog’s assertive global expansion strategy can be linked to its rapidly increasing revenues. Figure 5 highlights the BrewDog’s fast revenue increase and provides insight into how effectively BrewDog’s revenue growth is translated into profit growth. In 2010, BrewDog turned revenues of $4,162,500 into $335,012.50 of profit, achieving an operating profit margin of 8.05%. Across six years, BrewDog’s operating profit margin has averaged roughly 10% (Table 1). It is difficult to establish an industry comparison to that of BrewDog’s operating profit margin due to BrewDog’s variety of business operations and the lack of published financial reports within the independent craft brewery industry. Many analysts consider 25% to be a healthy, stable operating profit margin within every industry, however this isn’t a realistic standard for each individual firm in each individual industry.\textsuperscript{xxi} Although BrewDog’s 10% average operating profit margin might appear unstable upon first glance, the immense amount of expansion projects that BrewDog has undertaken in the past six years might act as justification for the low sales-to-profit turnover rate. The Columbus construction project alone cost roughly $30.4 million dollars, providing a general frame of reference for the cost of future expansion projects.\textsuperscript{xxii} Building a national business into a global enterprise requires financial resources, thus depleting the amount of money that BrewDog can claim as profit after operating expenses. However, further information regarding BrewDog’s financial standing (which remains
unavailable to the general public) might provide more insight into the firm’s financial stability, strategy, and individual shareholder value.

BrewDog and its stakeholders are hopeful that investing in future international ventures, such as the Columbus brewery and visitor center, will yield widespread returns in the future for all. Watt and Dickie announced on April 10, 2017 that they have accepted a private equity firm’s offer to purchase part of the company. In the past, BrewDog has declined numerous offers to “sell out” like many other independent brewers eventually do to compete with the multinational giants. But this offer seemed to come at the perfect time, on the eve of costly global expansion.

“TSG Consumer Partners, which has also invested in consumer brands like Glaceau vitamin water and Smashbox Cosmetics, has agreed to pay [$265 million] for a 23% stake in the craft brewer, pushing its valuation to [$1.2 billion].”\textsuperscript{xxiii} As of April 12, 2017, Boston Beer Company Inc.’s current market cap was $1.73 billion, a valuation which, when compared to BrewDog’s, highlights BrewDog’s potential to perform on a global scale, alongside well-known craft beer giants.

The income from the private equity sale will allow BrewDog to pursue its future production expansions in both Asia and Australia. Early Equity for Punks investors will also be presented with options to see returns on their 2009-2010 investments. The payout for some might provide a 2,800% return.\textsuperscript{xxiv} Some UK-based “Punks” previously worried that their investments were being put towards business development abroad, where benefits would be unavailable to them (See Transcript 2). There is also controversy over BrewDog’s decision to sell 23% to TSG Consumer Partners given the company’s self-promoted image as a rebellious organization that doesn’t support in the capitalist mechanisms of the beer industry. However, this recent private
equity sale might inspire hope in BrewDog’s loyal investors that their shares will increase drastically in value in the coming years, following further expansion.

*BrewDog’s Production Trajectory*

Although BrewDog USA has only just begun beer production on site at the Columbus brewery, the company has great plans to expand production capacity as it ventures internationally. BrewDog’s Ellon, Scotland brewery has the capability to brew 134,000 hectoliters (HL) or 114,190 barrels of beer per year. The Columbus brewery will allow for immediate production of 99,746 HL (or 85,000 U.S. barrels) annually. Over three years, the brewery is designed to produce more than 999,802 HL (or 852,000 barrels). Between the Scottish and American breweries alone, BrewDog will have increased its production capacity by more than 600% across four years.xxv

With an 852,000 U.S. barrel future production capacity on American soil, BrewDog is setting itself up to compete with regional breweries in Ohio and, eventually, across the nation. In three years, assuming that BrewDog’s Columbus-based production levels increase as expected, BrewDog will become a huge player in Ohio’s overall craft beer production. Ohio, as of 2015, produced 1,385,100 barrels of craft beer annually, ranking fourth in the nation (Figure 6). BrewDog is on track to produce over 60% of Ohio’s 2015 total craft beer production. With this production capacity, BrewDog has the ability to fulfill statewide demand for craft beer and compete with craft breweries within the state that have the advantages of established local histories and stronger community ties. This production capacity also provides BrewDog with the ability to expand outside of Ohio and into new territory. However, further production capacity increases will be crucial if BrewDog wishes to take on the nation as a whole.
Rewriting the Future

Conclusion

BrewDog has established itself as a promising organization, willing and able to expand its presence across the globe. With a decade of favorable financials, consistent growth, and a blossoming network of supportive stakeholders, BrewDog’s success in the competitive American craft beer market appears both possible and likely. With the support of BrewDog’s financial strategy and its production capacity trajectory, BrewDog Columbus has a considerable chance to penetrate the American craft beer market beyond Ohio. Columbus, Ohio could prove to be a perfect home for a foreign craft brewery, inspired by American beer, to find victory in the American craft beer battle. The recommendations offered below will help increase the likelihood of BrewDog creating a sustainable and successful future in the United States.

Recommendations

1. Embrace the Locals

BrewDog Columbus has already seen crowds of locals inside the walls of its restaurants and taproom. The local tastes and preferences of Columbus residents, alongside visiting tourists, should be prioritized in order to maximize consumer satisfaction and establish loyal relationships with customers. This task might include the continuation of hiring and promoting locals at the Columbus location, as well as utilizing local labor forces when it opens craft beer bars in the future. BrewDog should also consider opening a craft beer bar in the city of Columbus itself to appeal to the young, beer-drinking, urban residents who otherwise may not venture outside of city limits into Canal Winchester to visit the brewery. Additionally, BrewDog should join the
Columbus Ale Trail organization that provides beer tourists with maps and lists of local breweries that participate in special customer deals and host special events for subscribers.

Beyond Columbus, BrewDog should develop a regional presence and establish a memorable image among Ohioan beer drinkers. This can be accomplished through sponsoring craft beer festivals across the state, joining local and state brewer associations, and partnering up with statewide beer tourism organizations similar to the local Columbus Ale Trail.

By focusing business decisions on the wants and needs of Columbus and Ohio residents at first, BrewDog will likely establish a positive reputation within the state and become a regional favorite, despite its foreign roots. The tactics used to connect with local residents can easily be replicated once BrewDog expands its distribution outside of Ohio and faces new frontiers in the remainder of the United States. These techniques will also help to minimize the risk of failing in Columbus before further American expansion can logistically be accomplished. By valuing the long-term benefits it can provide to the community with the same weight BrewDog values profit, BrewDog will be one step closer to instituting a healthy triple bottom line approach to global business sustainability.

2. Please the Punks

BrewDog’s next mission is to embrace and market its rebellious, underdog roots despite its quick international growth and high market valuation. By accepting TSG Consumer Partners’ bid to buy 23% of the company, BrewDog seemingly strayed from its founding values of rebellion and flipping the traditional beer industry on its head. However, this corporate duplicity can be forgiven if BrewDog reflects upon the values of democracy, crowdsourcing, and innovation that have paved its path to international fame. By continuing to be business pioneers and craft beer innovators, BrewDog can achieve the same name recognition and respect in
America, its craft beer muse, as it has in Europe. By continuing to make headlines, like it has in recent months with announcements of its paid leave for employees who have recently adopted a dog (called “pawternity leave”) and opening the world’s first crowdfunded craft beer hotel, BrewDog has a serious chance of wooing American craft beer drinkers who are looking for something unique and refreshing. If BrewDog cannot maintain this punk charm, it might need to rebrand entirely to match more traditional values and business strategies.

3. Expand Responsibly

Following the $1.2 billion valuation provided by the TSG Consumer Partners deal, BrewDog announced plans to open breweries in Australia and in an undetermined Asian country to pursue global domination. Although BrewDog should be proud of how quickly it has and will likely continue to grow, BrewDog’s efforts in the United States should be fully established and secure before spending incredible amounts of money investing in eastern international expansion. Things at BrewDog Columbus could change once the original hype wears off. Beer production has only just begun at the Columbus brewery, making it difficult to accurately predict long-term success in Ohio and America. BrewDog’s future should be protected and managed for sustainability, not gambled in moments of excitement and pride. Additionally, future construction projects give BrewDog the opportunity to institute environmentally sustainable manufacturing and waste management practices that can further develop a triple bottom line sustainability strategy that will pay off for all stakeholders in the long run. Mindful expansion that considers fiscal, environmental, and social ethicality and responsibility will pave the way for a BrewDog-dominated craft beer future.
Appendix

Images

Image 1. “Arise Prince Willy” advertising stunt courtesy of www.thedrum.com

Image 2. End of the World limited edition brew courtesy of www.brewdog.com
Tables

<table>
<thead>
<tr>
<th>Year</th>
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<td>2011</td>
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</tr>
<tr>
<td>2015</td>
<td>10.43%</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>10.02%</strong></td>
</tr>
</tbody>
</table>

Table 1. BrewDog's Operating Profit Margin Percentage from 2010 to 2015

Figures

Figure 1. BrewDog's "Equity for Punks" Shareholder Count (data courtesy of BrewDog)
Figure 2. BrewDog's International Bar Presence (data courtesy of BrewDog)

Figure 3. Share of U.S. Beer Sales Attributed to Craft Beer (data courtesy of Brewers Association)
Figure 4. The Growth of BrewDog's Bar Business (data courtesy of BrewDog)
Figure 5. BrewDog's Profit and Revenue from 2010 through 2015 (data gathered from BrewDog, Business Insider and The Guardian)
Transcripts

Transcript 1. Email Interview with Alexandre Apfel of Otter Creek Brewing Company

1. Is there much talk in your place of work about the craft beer industry in America? Or internationally?

Apfel: I work at a craft brewery, so maybe it goes without saying, but yes. Both within the USA and across the world, the craft segment of not only the beer industry but all fermented beverages represents either a growing or newly established topic. Beer seems to have catalyzed the growth of interest in craft/artisanal production, but an ever-expanding population is looking beyond beer to wine, cheese, coffee, tea, and even clothing produced by non-(inter)national corporations; the smaller and closer to home, the better.

2. Do you find the craft beer market to be competitive?

Apfel: Of course! And it's not just me. The beer industry's last few years have seen the resurgence of a trend that began decades ago in the USA, England, and Germany (among other countries) of emerging dominant companies buying out their competition to ease their transition to the top. Some examples include Anheuser-Busch (now ABInbev, the world's largest holding company for producers of alcoholic beverages), MillerCoors, Heineken... all names you know well, yet these companies have seen their market share reduced by more than 15% by a variety of small to moderately sized breweries (from the young Tired Hands of Ardmore, PA to the world-famous Boston Beer Co. A number of US craft brewers have been not-so-silently acquired by these big names; ABInbev even recently tried to acquire MillerCoors to further fortify their already unapproachably dominant position against the craft segment (monopoly, anyone?).
3. Where does your brewery distribute its products to? To retailers? To restaurants and bars? Do you distribute directly or use middlemen?

Apfel: The company I work for (Otter Creek Brewing Co.) ships product through distributors as far as the American midwest and just south of the Mason-Dixon. We ship our beer in bottles, cans, and kegs, which show up in beer/liquor/grocery stores as well as bars and restaurants. It's worth noting that the lion's share of beer distribution companies in the USA are owned by either ABInbev or MillerCoors, giving these companies an undeniable competitive ability to monitor and undercut sales by their craft competition. Personally, I abhor the idea of working with distributors: put a money-first, product-second company comprised of aging sales guys who care about little more than their quotas and bonuses and who are owned by the evil empire of beer in charge of marketing and selling my product? Thanks, no thanks. Not that I have that kind of say at OCB.

4. Does your brewery have a visitor center with tours and beer tasting? If no, is this something you're considering?

Apfel: We do, without the tours. Our brewery's current setup is not conducive to tours (i.e. close quarters and liability).

5. How do you see the craft beer industry changing in the coming years?

Apfel: This question keeps the industry up at night, so I'll try to stick to sparknotes. I see smaller distribution networks: some individual breweries will sell directly on-site and/or to surrounding local vendors and encourage beer tourism, while other will band together to create independent, craft-exclusive distributors (see Indian Peaks Dist. of Colorado). I see a growing focus on product flexibility: craft beer consumers want high quality beer without brand loyalty, so small breweries will only survive by learning to love each other and send business their mutual ways. I see and hope for an abandonment of the IPA as craft beer's darling style in favor of styles that highlight yeast character, in large part because successful long-term yeast management is a hallmark of superior operational practices, and those who do it well will want to show it off. I see the craft beer consumer segment growing as it ages: the only reason millennials currently dominate the segment is that older generations grew accustomed to the standard American domestics (or imports for those with more spending money) and either found their go-tos or lost interest in drinking frequently enough to discover the variety that characterizes craft beer. I see US brewers expanding overseas (Brooklyn Brew in Sweden, Stone in Japan, etc.) to infiltrate unsaturated markets.

6. Have you ever heard of BrewDog, the Scottish craft beer company?

Apfel: I have heard of them, but don't know much about them.

7. Are you encouraging of foreign craft brewers expanding into the American market or worried about increased competition?

Apfel: Let them try. The US-led market saturates further with a new brewery opening every day or so. Our new president will push legislation heavily favoring American enterprises. As mentioned above, American craft brewers are expanding oversees - not leaving per se, just trying to get a foothold in countries where craft beer isn't established or has only just begun, and they want to lead it.

8. Do you know why a foreign craft beer company, such as BrewDog, might choose Columbus, OH as the location of its first American brewery?

Apfel: Any company, foreign or domestic, would do well to choose locations based on market openness and saturation. I don't know much about Columbus, but it's no Portland
or San Francisco or Denver. You've got a wealth of working millennials with money, the prime target market for craft beer, and less established competition than in cities like the ones I just mentioned. US commercial and alcohol-related taxes are no joke, so a city/state with a lower tax rate looks a lot more attractive than somewhere like New Jersey or Vermont. Columbus also presents an urban population in a politically mixed state, ergo tending slightly liberally, and so might more readily welcome a foreign presence than a small town in Georgia. The list goes on, but these are only hypotheses given my limited knowledge of the town.

**Transcript 2. Reddit Interview with James, Equity for Punks IV Investor**

1. *Would you mind sharing your first name?*
   **James:** My name is James.

2. *When did you first encounter BrewDog as a company? Were you a customer before you thought about investing?*
   **James:** My first encounter with Brewdog was my 19th birthday (2012) I had been drinking real ale for a while but had never really ventured further than the usual supermarket/pub brands. I was given a few bottles of 5am Saint and Punk IPA and it opened my eyes to an emerging market which had been quietly growing in the background and was instantly hooked. I had been a customer for about 1-2 years before Equity for Punks III came around but I decided against it that time around, thinking it wouldn't be worth it.

3. *What factors led to your decision to invest in the 4th round of Equity for Punks?*
   **James:** EFP IV was different than previous times, not only was I even more invested in Brewdog as a brand, I had more spare income and they had opened a bar in my hometown of Liverpool. This meant I could take advantage of the benefits regularly and for the sake of £90 (10 of which I'd get back in beer vouchers) I felt it was worth it.

4. *How do you feel about your investment and BrewDog now that the company is really focused on its project in Columbus, OH?*
   **James:** I tend not to think of it as an investment. They use that word but I think of it as like a membership and the 'investment' was the fee needed to get in. I'm not too bothered about getting my money back in all honesty, it's why I only invested in 2 shares. It's not like a normal investment in a stock or a regular share so I'd rather not compare it to one. The odds of you not getting your money back were so low that I felt that investing anything more than the minimum would be a waste.

   I still like Brewdog a lot, it's a brand I trust and know what to expect from them. They've been doing their silly stunts since the beginning and appreciate what the founders stand for- even if they do come across as a bit insincere at times. I get their focus on Columbus too, breaking the American market is the dream of many European brands, especially in the craft beer industry where it's basically Mecca. If they take off the USA then they could become a real force in the wider Food and Drinks industry worldwide.

   There is a part of me that thinks 'how does the investment in Columbus affect me though? I understand my EFP money was for the benefit of the wider business but I'd be lying if their wasn't a small sense of frustration that Brewdog are focusing more effort on another
market, where they are a considerably smaller fish in an enormous pond- I've given them my money but I'm probably not going to feel the effect of it- seems like a strange deal.

Hope I've said something useful for your project! P.S. If you can ever get your hands on it, try a beer called Born To Die. Very similar to Stone's Enjoy By range, it's like Punk IPA on steroids!

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