



Crafting an expansion strategy

How alcohol brands can strategically use data to increase off-premise distribution



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Many winemakers, craft brewers and small-batch distillers share similar growth paths and expansion challenges. After building a loyal following in tasting rooms, taprooms or local, on-premise distribution at restaurants and bars, expanding into off-premise retail channels is the next logical step toward increasing their geographical reach.

Great products and devoted customers are essential, but they don't guarantee growth. Just like you needed a well-developed plan to create a unique craft beverage, you now need a detailed roadmap for increasing your retail distribution. Leveraging category and market data together with consumer insights can help identify and target the right retailers and distributors. The right intelligence can also help you fine tune your approach to pricing and positioning and create a winning formula to increase local and regional distribution.



Taking the next step

Charting a path to off-premise distribution

Do you know how much room there is for your craft beverage growth within local retail stores in your region? Or how you should price your products to preserve profit margins while maximizing sales velocity? What about which consumers buy comparable and competing products in your alcoholic beverage category, and what motivates them?

The right data can help answer these questions and show you how similar products perform in various retail settings and regions, allowing you to assess the market opportunity. Consumer demographic data can determine who is most likely to buy your product at retail, and how you can target those shoppers most effectively. Analyzing these data sets together will help your emerging beverage brand formulate an off-premise distribution strategy that works.

With accurate sales data and relevant consumer profiles, you'll be ready for the next step in gaining off-premise distribution. Data-based insights can help you:



Develop a strategy to start or increase off-premise distribution.



Build accurate consumer profiles to inform innovation and expansion.



Target retailers and distributors that are the best fit for your products.



Improve your retailer and distributor sell-in narratives with compelling proof points.

Create an achievable expansion plan that addresses the unique challenges of your category and market by following this approach.

Three steps to a successful off-premise distribution strategy

Step one:

Root yourself in the target customer

Many emerging alcohol manufacturers assume they know their customers. They talk with customers on-premise or survey direct-purchase shoppers. But those insights might not represent the broader market. If you only understand the behaviors of your most enthusiastic and loyal customers, you're missing out on what is happening across the off-premise retail space.

Consumer demographic data can tell you who is shopping for comparable products in a retail setting. Compare your category's shopper demographics across channels or individual retailers to assess the best opportunity for reaching shoppers in their preferred location. This also provides valuable information for marketing campaigns and messaging so you're speaking to the right people.

Shopper demo by account

Demographic area	Segment	Outlet desc	Convenience		Dollar store		Drug store		Grocery outlet stores		Target super		Walmart super		Warehouse club	
		% of product sales in all outlets	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category
Household size	Single	22.2%	30.0%	135	37.7%	170	20.3%	91	27.6%	125	14.0%	63	18.1%	82	3.1%	14
Household size	Two person	35.6%	33.4%	94	21.7%	61	33.9%	95	30.1%	85	36.2%	102	33.1%	93	80.9%	227
Household size	Three person	16.3%	11.7%	72	12.1%	75	31.5%	194	18.6%	115	17.4%	107	17.8%	110	15.7%	97
Household size	Four or more people	26.0%	24.8%	96	28.5%	110	14.3%	55	23.6%	91	32.4%	125	31.0%	119	0.4%	1
Income	Less than \$20k	12.8%	22.4%	174	11.2%	87	21.6%	168	7.0%	54	3.1%	24	12.7%	99	12.7%	99
Income	\$20k to \$50k	24.4%	19.1%	79	39.6%	163	18.4%	75	31.5%	129	17.0%	70	28.3%	116	11.0%	45
Income	\$50k to \$70k	12.7%	20.3	160	6.6%	52	7.6%	60	11.4%	89	8.5%	67	13.3%	105	43.9%	345

Shopper demo by account

Demographic area	Segment	Outlet desc	Convenience		Dollar store		Drug store		Grocery outlet stores		Target super		Walmart super		Warehouse club	
		% of product sales in all outlets	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category	% of sales	Index to category
Income	\$70k to \$100k	15.3%	14.4%	94	13.7%	90	13.7%	90	16.7%	109	15.0%	98	15.7%	102	6.5%	42
Income	Greater than \$100k	34.8%	23.8%	68	28.8%	83	38.7%	111	33.5%	96	56.5%	163	29.9%	86	25.9%	75
Race	Asian	3.6%	1.1%	32	1.2%	34	2.9%	81	8.3%	232	3.3%	91	1.7%	47	6.6%	185
Race	Black	9.8%	7.4%	75	9.1%	93	4.7%	48	3.4%	35	8.4%	86	8.8%	90	0.3%	3
Race	White	79.4%	79.6%	100	75.0%	94	82.6%	104	83.7%	105	79.7%	100	83.5%	105	92.7%	117
Race	Other	7.2%	11.9%	164	14.6%	202	9.7%	134	4.6%	63	8.6%	119	6.0%	83	0.4%	5
Age of head of household	<25	0.5%	0.3%	60	1.1%	216	0.0%	Ø	0.0%	Ø	0.3%	54	0.4%	81	0.0%	Ø
Age of head of household	25-34	8.5%	3.3%	38	6.1%	72	1.1%	13	12.7%	149	11.3%	133	9.3%	110	0.0%	Ø
Age of head of household	35-44	15.6%	25.9%	166	15.1%	97	14.9%	96	15.4%	99	16.9%	108	15.8%	102	7.1%	46
Age of head of household	45-54	23.1%	17.7%	77	33.3%	144	7.1%	31	22.7%	99	32.1%	139	24.0%	104	4.0%	17
Age of head of household	55-64	24.5%	26.7%	109	12.9%	53	26.8%	109	20.8%	85	22.5%	92	24.5%	100	14.7%	60
Age of head of household	65+	27.9%	26.2%	94	31.5%	113	50.1%	180	28.4%	102	17.0%	61	25.9%	93	74.2%	266



How to discover who buys products like yours: Data in action

Consumer profile data identifies and describes the consumers of specific products to understand who they are and gain insight into their purchase behavior. Analyzing key demographic data points for comparable products can project how well your products will perform in specific regions or retailers. Look for channels or retailers who also have a high portion of sales with your largest consumer group, or for opportunities to serve a niche if a retailer highly over-indexes with a shared target group.

Step two:

Prioritize the opportunity

Not every off-premise retailer is a good fit for your product, and pursuing the wrong retailers could hurt your profit and reputation if product sits on the shelf unsold. Growing distribution in a strategic manner can build sustainable and consistent growth. Prioritizing based on comparable consumer demographics is an important first step, but the next phase is selecting the individual retailers to court and the order of priority.

A retailer's strength and success in one area doesn't automatically translate to your product's category, so understanding sales performance and year-over-year growth rates can help you identify the biggest and fastest growing retailers to prioritize in your targeted channel(s).

Market name	Focus brand rank	Focus product \$ sales	Focus product \$ sales year-ago	Focus product \$ sales % change vs. year-ago	Focus product share of category	Focus product share point change vs. year-ago	Market share of total focus product \$ sales
Grocery retailer #1	3	\$21.7m	\$20.8m	4.6%	9.4%	0.61	7.7%
Mass retailer #1	13	\$18.5m	\$18.9m	-2.3%	5.7%	-0.34	6.6%
Grocery retailer #2	3	\$17.8m	\$15.1m	18.2%	6.5%	0.89	6.3%
Grocery retailer #3	14	\$14.1m	\$14.2m	-1.2%	3.1%	0.20	5.0%
Club retailer #1	1	\$8.6m	\$6.7m	28.6%	18.4%	4.34	3.1%
Liquor retailer #1	5	\$7.1m	\$6.2m	14.7%	3.3%	0.68	2.5%
Grocery retailer #4	2	\$5.5m	\$5.2m	5.4%	6.1%	0.58	2.0%
Mass retailer #2	12	\$4.7m	\$4.8m	-2.2%	4.8%	0.34	1.7%
Grocery retailer #5	7	\$4.6m	\$5.2m	-10.4%	5.4%	0.01	1.7%
Grocery retailer #6	1	\$4.4m	\$3.9m	14.2%	21.0%	2.26	1.6%
Club retailer #2	2	\$3.1m	\$2.9m	5.7%	29.5%	3.64	1.1%



How to pinpoint opportunities by combining consumer profiles with retail sales: Data in action

While sales and consumer data are meaningful indicators on their own, analyzing them together provides the most comprehensive picture of your product's growth potential. Identifying the consumers of your product (or comparable products) and where they shop is invaluable information that creates a roadmap for distribution expansion so you're targeting the right shoppers at the right stores. When you add a retailer's success (sales) and growth trend, you can further prioritize your efforts. Be sure to deprioritize retailers outside of the geographic boundaries you can efficiently and effectively support.

Step three:

Define your position and build your story

While you might have initial success with a compelling business story, scaling your business requires proof of your brand's success. This means you need to put your best foot forward out of the gate so you have a proven track record of success to point to as you seek additional distribution. In addition to having a great product, it's critical you're priced competitively.

By analyzing the sales volume, velocity and characteristics of comparable and competing products within the retailers and regions you're targeting, you can assess the sales potential of your products. That includes considering variables that weren't necessarily relevant to on-premise distribution, such as pack size or format differences, and how different styles or varieties perform in various retail channels.

Examining your competitors' pricing and performance can also help you position products to maximize sales per distribution point. You'll be able to show target retailers and distributors that your product can sell more than competitors' wherever they're placed.

BA_category | BA_subsegment (C) | long product description

Craft beer							
Item	Brand	Style	Pack size	Ounce	\$	\$YA	\$\$%chg YA
Felson IPA can aluminum 15PK	Felson	India pale ale	15 count			601,432	6.31
Three cushion BLGN white ale bottle	Three cushion	Witbier/belgian wheat ale	12 count			464,495	27.32
Derby days seasonal bottle glass	Derby days	Seasonal	12 count	12 oz	554,654	439,307	26.57
Gleasons seasonal bottle glass 12 PK	Gleasons	Seasonal	12 count	12 oz	501,859	244,787	126.59
Derby days seasonal can aluminum	Derby days	Seasonal	12 count	12 oz	434,663	370,204	35.56
Three cushion BLGN white ale bottle	Three cushion	Seasonal	12 count	12 oz	431,510	499,341	(12.96)

Drilling down to specific style subgroup helps identify your opportunity in the retailer.

BA_category | BA_subsegment (C) | long product description

Craft beer							
Item	Brand	Style	Pack size	Ounce	\$	\$YA	\$\$chg YA
Three Cushion BLGN white ale can alu	Three Cushion	Witibier/belgian wheat ale	6 count	12 oz	412,450	298,490	
Gleasons LGR bottle glass 12 PK	Gleasons	Witibier/belgian wheat ale	15 count	12 oz	387,261	327,707	38.18
Tevis IPA can aluminum 12 PK 12oz	Tevis	Amber lager	12 count	12 oz	385,148	276,188	18.17
Derby days seasonal bottle glass	Tevis	India pale ale	12 count	12 oz	380,462	368,035	39.45



How to size up the off-premise market: Data in action

Retail measurement data helps you analyze how comparable products perform in a specific retail setting. By looking at the year-over-year growth rates of particular style subgroups, you can project your product's growth potential. Further analysis can reveal the impact of price point or pack size, and where declining distribution or velocity could signal an opportunity to break into the retailer's assortment.

Key outcomes of having a data-based off-premise distribution plan

With a powerful combination of consumer and retail sales data, your emerging beverage brand can navigate the path to off-premise success. That intelligence can also help your CPG company:



Understand the size of the market



Understand who your customers are and what motivates them



Develop a growth strategy that includes expanding regional distribution and new off-premise retailers



Develop a viable pricing and positioning strategy to meet growth goals

How NielsenIQ can help



NielsenIQ provides access to the essential data that alcoholic beverage brands need to successfully enter or expand off-premise distribution and sales. Current retail measurement data shows how comparable products perform in various retail channels, helping you target the right retailers and distributors. NielsenIQ's exclusive Spectra consumer profiles help you understand who's buying your products and how to market to them.

Tools used:

■ RMS data

■ Homescan consumer panel





About NielsenIQ

Arthur C. Nielsen, who founded Nielsen in 1923, is the original name in consumer intelligence. After decades of helping companies look to the future, we are setting the foundation for our future by becoming Nielsen. We continue to be the undisputed industry leaders as evidenced by our experience and unmatched integrity. As we move forward, we are focused on providing the best retail and consumer data platform, enabling better innovation, faster delivery, and bolder decision-making. We are unwavering in our commitment to these ideals and passionate about helping clients achieve success. For more information, visit: niq.com.