

# Segmenting Your Customer Base; Expanding Sales

It has been an interesting year for beer. With sub-premiums up, the majority of mega-brands on the downward slide and consumers flocking to craft brands in spite of the economy, retailers are left scrambling to find shelf space for the deluge of new brands, limited releases, collaboration beers, seasonal brews, and wondering what exactly is the “right” beer mix to stock.

Most likely it has been a while since you have taken the time to think about the importance of beer to your business. However now is the perfect time to assess your beer customer mix and revisit your objectives for beer. The way you look at your business and the way you segment your customers can greatly affect your success. Keeping your objectives simple makes them easier to communicate and easier to track progress.

## Where to Begin

Forgo lock yourself in a room with sales reports, inventory reports, and bank statements; start instead by looking forward and asking four specific questions:

- \* How committed is my business to selling beer?
- \* How much beer do I want to sell?
- \* How much beer do I deserve to sell?
- \* What do I need to do, to ensure that my store deserves to sell as much beer as I want to sell?

Most stores have a commitment to beer that is somewhere between just stacking and dispensing beer and taking the time to hand-sell beer. The time you spend on interacting with your customers, on staff training, on shelf talkers, on beer menus, works to increase beer volume, sales and profitability. Each customer interaction should be looked at

as an opportunity to increase margins.

With eating out down significantly, on-premise retailers should be looking for ways to increase individual customer profitability, pour-by-pour, bottle-by-bottle.

Increasing your overall beer sales requires moving a percentage of your customer base up to more profitable brands; increasing beer volume is less hands-on and more about quantity discounts and expanding your current beer selection.

## Rethinking Your Customer Base

There are many ways to look at your customer base: by the styles that they buy, by import and domestic, by light and dark beers, by hoppy or malty beers, even by beer fullness. However each of these is only one component of the individual brand or the consumer’s individual beer experience. A

different approach we have been looking at is segmenting both the beer brands being sold and beer consumers, by beer “complexity”.

By bucketing beer brands and consumers by beer complexity, it becomes much simpler to understand where beer sales are coming from. Once you have a baseline it becomes easier to isolate the changes needed to achieve increases in beer sales and volume. By looking at your business by complexity you move away from thinking about beer styles and instead focus on providing consumers with the “right” brand complexity mix; a better overall beer experience and a win/ win for retailers, brewers and consumers.

## Complexity Segmentation

Beer brands and consumers can be differentiated by **Basic**, **Starter**, **Complete**, or **Peak** complexity. The complexity of a brand is derived by factoring the color, bitterness, fullness and style of each product. The graphic provides an easy way to visualize beer complexity segmentation.

**Basic Complexity** brands generally consist of Lagers and Light Lagers which offer a balanced flavor. These brands are not overly malty, slightly hoppy, and are often described as clean and crisp. Example brands would be Coors, Coors Light, Budweiser, and Stella Artois.

**Starter Complexity** brands consist of both Ales and Lagers and offer a step up in flavor from those of Basic Complexity. These beers are less balanced and are perfect for allowing consumers to experience an expanded taste profile as they tend not to overload the

## Sell The Best of Beer

### Get Customized Shelf Talkers for Your Store with Style Trends™

Created at [www.thebeerbible.com](http://www.thebeerbible.com)

**Angry Minnow Honey Wheat Pale Ale**

Angry Minnow Brewing

A golden beer made with fresh pilsen malt, wheat, honey malt and honey.

\$7.99

Color	Hop Taste
 SRM = 7	More ↑ ↓ Less IBU = 35

Try This Beer Style With  
Spicy, Poultry, Seafood, Beef, Pork

For beer's best - go to [www.allaboutbeer.com](http://www.allaboutbeer.com)

Do it yourself on line or let us do it for you

**Simply Select:**

- One of Four Colors Landscape or Portrait
- The Brewer
- The Brand
- Enter your price
- **Click Print**

**Your Customers Discover:**

- Beer Description
- The Beer Color in a Style Appropriate Glass
- The Beer Flavor
- Beer & Food Match

▲ Your Store Name Here ▲

Call MC Basset at (908) 537-6410 or visit our website at [www.thebeerbible.com](http://www.thebeerbible.com)

palette and generally offer one or two unique flavor components. For example these brands might have an increased hop bitterness, a bigger malt profile, or a predominate wheat, fruit, or spice flavor. These beers are often described as session beers. Example brands would be Harpoon UFO, Abita Amber, Foster's Lager, Redhook ESB, Boulevard Unfiltered Wheat Beer and New Belgium Fat Tire.

**Complete Complexity** brands offer a balanced complexity. These beers consist of both Ales and Lagers and offer a wonderful flavor experience for consumers. Greater amounts of hops, malt and additional ingredients provide a more defined bitterness, sweetness and overall fuller taste profile. Example brands would be Sam Adams Boston Lager, Guinness Stout, and Sierra Nevada Pale Ale.

**Peak Complexity** brands are strong, big and unbalanced by design, with flavors that tip the scale toward hops, malt, yeast, or adjuncts depending on the style and brewer. These beers can consist of both Ales and Lagers and are often marketed as being Imperial, Limited Releases, collaboration beers, and seasonal brews. Example brands would be Stone's Arrogant Bastard, Rogue Morimoto Imperial Pilsner and Speakeasy Prohibition Ale.

### Putting this to Work in Your Store

Bringing this back to your business begins with a self assessment. Think about your current business: what percentage of your business or your customers are allocated to brands of Basic, Starter, Complete, or Peak Complexity?

As an example, let's say from the self assessment your current business is:

- \* 40% Basic
- \* 20 % Starter
- \* 40 % Complete

and that your business objective is to increase your net beer sales.

Increasing the available Starter Complexity brands and decreasing the number of Basic Complexity brands, and perhaps adding a few Peak Complexity products, would provide you the product mix you need to move customers up to the next level of complexity and increase profitability.

Consider structuring your price points based on these Complexity buckets and charging more for more complex brands.

### Thinking Out-of-the-Box?

How innovative is your store at selling beer? We would like to know. If you have promotions that go beyond refilling the cold box, we would like to hear from you and

share your "out-of-the-box" thinking with our fellow *Beer Trends* readers.

E-mail me at [mkuderka@mcbasset.com](mailto:mkuderka@mcbasset.com) with your successful ideas for selling beer, along with your contact information. If we write about your program in our column we will send you a free copy of The 3<sup>rd</sup> Edition of *The Essential Reference of Domestic Brewers and Their Bottled Brands*.

*Michael Kuderka is the Managing Partner at MC Basset, LLC. The company designs beer selling solutions and training for On and Off Premise retailers. Contact Michael at [mkuderka@mcbasset.com](mailto:mkuderka@mcbasset.com).*

© 2010 MC Basset LLC

