

# State of the Brew-nion: Hops in Virginia

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# Marketing Hops



## State of the Craft

### VA Governor Terry McAuliffe “Give Me Stout or Give Me Death”

- 200<sup>th</sup> VA brewery opened in July 2017
- Stone Brewing opened in Richmond, plans to add hotel, bistro, canning line and new brewing equipment
- Craft brews = 13% market share

Iacone, A. 2017. “Governor of beer: McAuliffe shares gubernatorial stout during WTOP visit.”  
[wtop.com/virginia/2017/12/governor-raises-a-glass-in-the-genc](http://wtop.com/virginia/2017/12/governor-raises-a-glass-in-the-genc)

Blackwell, J.R. 2017. “Stone Brewing hopes to open Richmond bistro in 2018; adding new brewing and canning equipment this year.” [www.richmond.com/business/local/stone-brewing-hopes-to-open-richmond-bistro-in-adding-new](http://www.richmond.com/business/local/stone-brewing-hopes-to-open-richmond-bistro-in-adding-new)

## State of the Craft

“Craft beer sales now account for \$23.5 billion of the \$107.6 billion US beer market...In 2014, craft beer grew at a rate of 18%. [In 2017] that rate was 6%.

- Sheer number of breweries
- Anheuser-Busch’s recent purchase of Wicked Weed”

Dzen, G. 2017. “Growth, competition, and challenges: the state of craft beer today.”  
[www.bostonglobe.com/lifestyle/food-dining/2017/05/30/growth-competition-and-challenges-state-craft-beer-today](http://www.bostonglobe.com/lifestyle/food-dining/2017/05/30/growth-competition-and-challenges-state-craft-beer-today)

# Promotional Tools

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1. Advertising
  2. Sales promotion
  3. Events and experiences
  4. Public relations and publicity
  5. Online and social media marketing
  6. Mobile marketing
  7. Direct and database marketing
  8. Personal selling



## Promotional Tools

### Co-branding with breweries

- Hopyard agritourism (think, wine tasting rooms)
- Dinner in the Hopyard (“Beer for my Horses”)
- Track customer feedback!

# Promotional tools

## Cross-marketing with breweries

- Sponsor:
  - Community Brew Days
  - Food trucks
  - Adult leagues/athletics
- Seasonal flavors/pairing



## Promotional Tools

### Cross-marketing with breweries

- Facebook pages/events/reviews
- Social media campaign offers
  - Tastings
  - New flavors
  - Coupon offers



## A Tale of Two Coasts: East vs. West

- The Southeast simply can't compete with the Pacific Northwest on price or yields. So what do we have to offer? You!
  - Local
  - Use of stories to differentiate products in saturated markets
- Service
  - Not half a country away
  - Smaller customer base allows for more individual attention to clients



## Budgeting and Financial Management



# Why Bother With Finances?

- Ensure *true* profitability
  - Account for costs properly
- Control major costs
- Manage debt and other risks
- Assess changes and expansion of the business



# Parts of a Budget

- Variety and Revenue Inputs
- Revenue Sensitivity Analysis
- Cost Inputs
- Balance Sheet
  - What you own vs. what you owe



# Parts of a Budget

- Enterprise budgets
- Establishment Costs
- Investment Analysis
- Cash Flows
  - Just because you can buy it, doesn't mean you can afford it





# Sensitivity Analysis

- “Hope for the best, plant for the worst”- Farmers Everywhere. Also Lee Child and a bunch of other people
- How does a change in a given variable (such as price) affect your operation and your bottom line?



# Investment Analysis

- How do you tell if this thing will actually make you money?
- Need to make sure it's profitable over the lifetime of the investment
  - Must decide on a desired rate of return
  - Time value of money- discount future cash flows
- Can you afford the strain it puts on cash flows?

# Questions? Comments? Contact Us!

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