New Belgium
Brewing Case Study

A Road Ahead
# Table of Contents

Situation Assessment .................................................................................................................. 2  
Background .................................................................................................................................. 2  
Grass Roots ................................................................................................................................. 2  
Growth/Expansion ...................................................................................................................... 3  
Maintain Local Touch ................................................................................................................ 3  
Overcoming Barriers .................................................................................................................. 4  

Decision Requirements ............................................................................................................... 4  
Problem Statement: .................................................................................................................. 4  
What Is Needed To Make A Decision? ....................................................................................... 4  

Identification of Alternatives ..................................................................................................... 6  
Green Market Partnerships ......................................................................................................... 6  
Advertising on New Media ........................................................................................................ 6  
Advertising on Traditional Media .............................................................................................. 7  
Target Local Consumers/Grass Roots Effort ............................................................................ 7  
Establish Brewery Restaurants ................................................................................................. 7  

Criteria ......................................................................................................................................... 7  
Increase Brand Awareness (30%) ............................................................................................. 8  
Low-cost Implementation (20%) ................................................................................................. 9  
Maintain Core Values/Brand Image (20%) ................................................................................ 9  
Quick Implementation (10%) ...................................................................................................... 9  
Ease of Implementation (10%) .................................................................................................... 9  
Achieves Long-term Growth (10%) .......................................................................................... 10  

Analysis ....................................................................................................................................... 10  
Green Market Partnerships ....................................................................................................... 10  
Advertising on Social Media .................................................................................................... 11  
Advertising on Traditional Media ............................................................................................ 12  
Target Local Consumers/Grass Roots Effort ........................................................................... 13  
Establish Brewery Restaurants ............................................................................................... 14  

Recommendations ...................................................................................................................... 16  
Sources: ....................................................................................................................................... 18
New Belgium Brewing: A Road Ahead

**Situation Assessment**

**Background**

Jeff Lebesch, an electrical engineer and home brewer, came up with the idea of the New Belgium Brewing Company after a bicycle trip through Belgium. Lebesch wondered if he could make the same Belgium beers he enjoyed back in his home in Colorado. After importing special yeast that is commonly used for Belgian style ales, Lebesch started work on his new product in his basement in 1991. His wife, Kim Jordan did all the marketing from her station wagon. New Belgium Brewing Company quickly developed a small and devoted customer base starting in Fort Collins and then later spreading throughout Colorado. Quickly running out of space, the company moved to an old railroad depot and subsequently relocated to its present day custom-built facility in 1995 (Mullins, 2014).

**Grass Roots**

For many years New Belgium Brewing Company didn’t want to shift from their marketing strategy that they started with, which was through a Grass Roots process. New Belgium Brewery excelled at marketing from word-of-mouth communication to promote the brand. Marketing was predominantly done through traveling from place to place especially to local beer festivals and giving out samples. The Ranger team was also developed to do “barstool to barstool” advertising, consisting of staff acting as stewards throughout the distribution network (Mullins, 2014). Today New Belgium Brewing Company has a product line of Sunshine Wheat, Blue Paddle Pilsner, Abbey Ale, Trippel Ale, 1554 Black Ale, and the original Fat Tire Amber Ale.
Growth/Expansion

New Belgium Brewery (NBB) was starting to become more concerned with its growth and hired Greg Owsley as marketing director in 1996. The company increased participation at beer festivals, and started print media advertising. In 2003 the company started expanding to northern California and it became apparent that new approaches were necessary to reach new audiences. Douglas Holt was brought in to help develop brand identity. Going with a restrictive budget, the company decided to advertise with television due to its low cost per viewer and large reach. Advertising through television was a challenge because the other “Big Three” brewers (Anheuser-Busch, Coors, and Miller) have dominated mainstream television in the United States. NBB knew that it had to accurately advertise through television without damaging its brand. The company decided to target the “professional who follows a traditional route of existing but has artistic leaning and desires (Mullins, 2014).” At the end of a television spot, the tag line, “Follow Your Folly…Ours Is Beer” appeared (Mullins, 2014).

Maintain Local Touch

New Belgium Brewery used a number of different media outlets to advertise and increase its brand identity but it wanted its core principles to always stay intact. The company could not abandon its grass roots approach to marketing. The company tried to use loyal fans at festivals and breweries to keep the brand the same and reach new customers. Television and other media were simply used to reach parts of the country where the use of the Ranger Teams was not cost effective. The company’s goal is to keep the brand the same, with customers who are environmentally conscious and like to have fun.
Overcoming Barriers

Today the company is much larger from where it started back in 1991, but its core values have stayed the same. The craft beer market is growing dramatically, but for New Belgium Brewery to become one of the top brewers in the business it must be willing to overcome a number of barriers. The current disadvantage that NBB faces is that many potential customers outside of its neighboring states are unaware of its brand of beer. NBB must find a way to promote its brand to customers in different regions and maintain its brand identity and avoid alienating its loyal customer base.

Decision Requirements

Problem Statement:
How can NBB expand their market share while not alienating their current customer base? As distribution grows into new regions, the marketing strategy has to effectively reach the increasing far-flung consumer base and resonate the brand’s image of sustainability, whimsical and fun.

What Is Needed To Make A Decision?
On the way to support new initiatives for New Belgium Brewery, management must understand the needs of the company. For management to make a decision for the best marketing strategy for the company to take in order to increase its customer base, a number of factors should be considered.

New Belgium Brewery is striving to increase its brand awareness. Currently brand awareness was predominately achieved through grass roots efforts and various printing
and television advertisements. These are good, but may not be feasible for targeting different regions in the United States. The goal is to make sure that new customers can get introduced to New Belgium Brewery’s product and also be recognized as not just another beer company. When making a decision, cost is a major factor. New Belgium Brewery wants to try to reach other markets, but in a way that will not financially ruin the company. The best price conscious strategy is an important factor to consider. The next very important factor to consider is maintaining core values and brand image. New Belgium Brewery wants to get people to know about their products without having to reshape who they are as a business. In some instances, compromises will have to be met to reach new markets but to a very small degree.

Some other factors that are necessary for making a decision but to a lesser degree are implementation time, ease of implementation, and the ability to achieve long-term growth. The amount of time required to implement the new strategy is not of top importance to the company, having a good plan that takes extra time to develop is more important than accidently making hasty decisions. Difficulty is a factor that the company knows it will have to face, nothing worthwhile happens quickly or easily and New Belgium Brewery is willing to put in the extra effort if needed. The last factor is the ability to achieve long-term growth. The reason this isn’t of upmost concern in relation to selecting a marketing strategy is due to the ever-changing wants and needs of customers. A marketing strategy is intended to work, but the company knows that they will always have to make adjustments to keep up with the changing market.
Identification of Alternatives

Five strategic options were identified as viable solutions to expand New Belgium Brewing Company while not alienating its customer base. Each alternative was analyzed for its feasibility in achieving the objective.

Green Market Partnerships
This alternative involves establishing partnerships with distributors that promote sustainability, such as Whole Foods and Trader Joe’s. The advantage of this option is that the customers of these distributors already support businesses that are socially and environmentally responsible. NBB thrives to be a truly sustainable brand from the start. 39% of beer consumers surveyed stated that they would choose companies that practice sustainability over their competitors. Furthermore, other studies suggested that 60 million consumers support companies that emphasize their sustainable practices.

Advertising on New Media
This alternative would expand on utilizing media such as social networking sites as the preferred advertising channel. This strategy utilizes increasingly popular social media sites such as Twitter, Instagram, and Facebook. In addition, NBB will continue to develop its interactive site followyourfolly.com. The advantage of this option is the core value will remain undiluted. NBB can reach a younger audience that resonates with its ideas.
**Advertising on Traditional Media**
This alternative would concentrate new marketing effort on advertisement on television, print media, and radio broadcasts. The advantage of this strategy is its broad reach, exposing the NBB brand to a large population of potential customers.

**Target Local Consumers/Grass Roots Effort**
Grass roots efforts have brought NBB success in the past. This alternative supports increased utilization of this strategy. Members of the Ranger team will establish close rapport with local businesses and customers in new regions. NBB would also sponsor events in these new expanded territories. The advantage of this alternative is that the Ranger team staff is already well trained as brand stewards and highly effective at relational marketing.

**Establish Brewery Restaurants**
This approach to expansion would create NBB brewery restaurants at suitable locations. The advantage of this strategy is to have establishments with quirky fun decors that appeal to NBB’s core customer base. Having brick and mortar restaurants can also help with reaching new local consumers. Successful restaurants can promote brand awareness as local hotspots attracting new customers and tourists.

**Criteria**
Six criteria were identified to evaluate the five strategic options. These criteria were chosen to assess potential to increase sales volume, to maintain core values, and to minimize impact on the financial and human resources of New Belgium Brewing.
Company. The criteria are listed by the order of importance. The percentage given reflects how crucial each benchmark is in the decision analysis. These criteria will rate each alternative based on a scale of 1 to 5, with 1 equal to least feasible and 5 equal to the best option.

**Figure 1: Criteria Weights**

- **Increase Brand Awareness (30%)**
  In order to increase market share, NBB must increase its brand awareness. This is the most important criterion because it directly addresses the problem statement. The purpose of all the alternatives is to expose new potential consumers to the NBB brand. This gauges the effectiveness of a strategy to impress new customers and to establish NBB as an exceptional craft beers brand. Options that can reach millions of potential customers will be awarded a 5; alternatives that can only reach a limited target audience will be given a 1.
**Low-cost Implementation (20%)**
This criterion is used to measure how much the alternative would cost to implement. The best rating will be given to options that can be implemented with relatively low cost. The rating 5 is reserved for options that will cost less than $250,000; the worst rating is for the alternatives that will cost over $1 million. For rating 2, 3, and 4, the cost of implementation will be less than $500,000, $750,000, and $1 million, respectively.

**Maintain Core Values/Brand Image (20%)**
This criterion is given a high degree of importance because maintaining the core values is critical to the employees and founders of the company. Each alternative was evaluated against its impact on preserving the core values. NBB believes safeguarding its core values is essential to retain the core customer base and to continue to be successful. Alternatives will score a 5 if they stay true to the core values, options that lead to compromising the values will be given a 1.

**Quick Implementation (10%)**
How quickly an alternative can be implemented is another factor on deciding its feasibility. Strategies that can be implemented in less than one month are rated a 5. Alternatives that take over 12 months to establish are rated a 1. For rating 2, 3, and 4, the amount of time it takes to implement will be less than 12 months, 6 months, and 3 months, respectively.

**Ease of Implementation (10%)**
This measures how much effort must be invested to implement the alternative. Factors taken into account include whether NBB has prior experience and how many resources
must be used in such development. Strategies that would be easy for NBB to apply will be given a rating of 5. A rating of 1 is for actions that the company has little experience with and requires tremendous amounts of outside assistance.

**Achieves Long-term Growth (10%)**
Each alternative was evaluated against its future costs and ability to sustain revenues.

While a 5 is for investments that can yield a long-term sustained growth, a 1 is for ideas that only respond to a short-term market opportunity.

**Analysis**

Now that the alternatives are identified, the criteria to assess each alternative assembled and a rating system established to rate each alternative against a specific criteria, a thoughtful analysis can be presented in order to logically determine the best alternative. With the scale and assumptions for the scale determined, the team rated each alternative against the given set of criteria. Then a weighted average was computed to determine the highest rated alternative.

**Green Market Partnerships**
This alternative involves establishing partnerships with distributors that promote sustainability, such as Whole Foods and Trader Joe’s so their product is placed within a customer base that may embrace the core values promoted by NBB. However, since these distributors are a fairly small market segment in the beer consumption market, it only received a score of 2 as it relates to brand awareness. The alternative was rated with a low cost to implement score of 4 because the expense needed to network and develop those
partnerships is minimal to the marketing staff of the company. Since the partnerships sought are green market type of companies, it is anticipated that they would share most of the same sustainable core values as NBB and therefore scored a 4. With the rise in the number of other craft brewery products, the distributors no doubt have a limited amount of time to meet and shelf space to offer new products. Therefore, because this alternative would take a fair amount of time (6 months to a year) to network and develop the proper relationships, it was given a rating of 2. The ease to implement this strategy was given an average rating of 3 because some of the distributors may be easier to access than others. Developing these partnerships scored a 4 in the long-term growth category because those relationships once established can be maintained to help continue a distribution network of product to a loyal customer base. This alternative achieved a 3.1 average weighted score.

**Advertising on Social Media**

This alternative would expand the use of social media such as social networking sites and NBB’s interactive site followyourfolly.com. This category was scored a 5 as an excellent mode to expand brand awareness with potential to reach millions. The low cost to implement was based on the in-house social media expertise already available and recognizing there would be some additional costs with more personnel or through social media advertisements, it scored a 4. Through social media and their interactive website, NBB can control the message of their core values and still stay true to their grass roots beginnings by avoiding the mainstream media, but there is still some risk to lose that if it comes across too commercialized or not authentic so this was rated as a 4. Both quickness and ease to implement were rated a 5 because NBB already promotes through
social media. This alternative is an expansion of what they currently do and would be quick and easy to expand this effort. The long-term growth would be seen as the investment of an interactive website and social media sites would help for long-term growth. Certainly the website would need constant updates and social media is only as good as the last “tweet” so that would require constant work, but the customer base would learn to know those sites, like those social media pages and that would lead to long term growth and a rating of 4. With the criteria weighting applied, this alternative yielded a score of 4.5 and the top score of all the alternatives.

Advertising on Traditional Media
This alternative would concentrate new marketing effort on advertisement on television, print media, and radio broadcasts which due to the widespread reach to an audience of millions was rated as a 5. With regard to low cost of implementation, this was scored as a 1 because of the enormous expense to buy and sustain advertising in traditional media. When evaluating this alternative with maintaining core values, it was only given a 3 because the large spectrum of the traditional media and constant challenge to convey the brand with the core values in a traditional media. While it was done effectively with the bicycle commercial, that particular advertisement went through a rigorous process to ensure the core values were maintained. Certainly some of the print media and possibly simple radio spots could be created in a short amount of time, but the more impactful television advertisements would take much longer resulting in a score of 3. In similar fashion, some of the print media and radio they have done some of that in the past and should be pretty easy to implement, but as evident from the lengthy process to produce an acceptable TV advertisement, this would continue to prove difficult to implement and
leaving this alternative with an average score of 3 in this category. The long-term growth of this alternative was stymied because investment in such media has a short shelf life and is used and then must be recreated for the next season or time of the year and limited on what can be re-used. For example a print advertisement during the fall football season would be able to be re-used during the springtime. The overall rating for this alternative is right at average at a 3.0.

**Target Local Consumers/Grass Roots Effort**
Grass roots efforts have brought NBB success in the past as the origins of creating brand awareness when the company was started. It appears that this alternative is effective, but only receives a rating of 3 because it is localized and can reach a moderate amount of customers especially as the “word of mouth” effect of the grass roots efforts multiplies the number of customers. The alternative was assessed a score of 5 for low cost to implement because NBB already has Ranger teams staffed that are well trained as brand stewards and highly effective at relational marketing. Likewise, this knowledge of the brand and culture naturally lends the alternative a high score of 5 for maintaining core values. Both quickness and time to implement were rated with a 5 because NBB knows how to interact on the grass roots level and has staff able to do so enables them to do this quickly and easily. Lastly, long-term growth was rated as a 4 because it is believed the personal investment in people, organizations and communities will create growth of a loyal customer base. This resulted in a weighted score of 4.3, which was just a few tenths behind the score for social media.
**Establish Brewery Restaurants**
Although the initial appeal of this alternative was a tangible and visible option to improve brand awareness through a fun venue that could reach out to different geographic areas and put the core values on display, the analysis proved this was the lowest rated alternative. While it would increase brand awareness at a particular location, building a local brewery restaurant only scored a 1, as it would not contribute to wide reaching awareness. In addition, the cost for such a facility is a few million dollars at a minimum and therefore a 1 was rated for this criterion. The core value criterion earned a 5 because it would be established and run in a manner that would maintain the core values and promote the brand. The quickness to implement were rated a score of 1 because in order to plan, design, permit and construct such a facility in the manner suitable to NBB, it could take at least 18 months to 24 months to open such a facility. Given that a brewery restaurant would be a new venture for NBB and that restaurants historically are difficult to successfully operate, this alternative was rated a 1 for ease to implement. With respect to achieving long-term growth, a score of 2 was assessed because if successful, it would be a worthwhile long-term investment that could be profitable while providing some local brand awareness as a solution to the problem statement. With a total score of 1.9, this was a below average and lowest rated alternative.
### Figure 2: Decision Analysis Matrix

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight</th>
<th>Green Market Partnerships</th>
<th>Social Media</th>
<th>Traditional Media</th>
<th>Local/Grass Roots</th>
<th>Local Restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Brand Awareness</td>
<td>30%</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Low Cost Implementation</td>
<td>20%</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Maintain Core Values</td>
<td>20%</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Quickness to Implement</td>
<td>10%</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Ease to Implement</td>
<td>10%</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Achieves long-term growth</td>
<td>10%</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Score</strong></td>
<td>3.1</td>
<td>4.5</td>
<td>3.0</td>
<td>4.3</td>
<td>1.9</td>
<td></td>
</tr>
</tbody>
</table>

Scale: 1 = lowest grade, 5 = highest grade
**Recommendations**

After reviewing the results of the Decision Matrix, it was evident that Social media is the recommended alternative to continue and expand implementation into the marketing strategy due to the low cost and ease to implement. While this alternative is not a departure from the current marketing plan with respect to social media, this strategy can reach a wide geographic area and has the greatest opportunity to increase brand awareness.

In order to implement this initiative a few key steps must take place. First, the director of social media and his/her team will be contacted to explore ideas of how to expand the social media presence as well as establish a budget, identify resources and provide an implementation schedule. Next, the sales department should be consulted in order to coordinate how to measure metrics of the change in sales with respect to the social media initiatives. Lastly, a presentation should be made to the core values committee at NBB to review the social media expansion plans to provide oversight that ensures the core values are maintained.

Although social media scored the highest in the decision matrix, the grass roots alternative was a very close second and is a strategic effort that should be continued in key markets and locations to effectively address the problem statement. The grass roots effort of promoting ranger teams to go into the market and effectively promote the NBB brand and product was very effective in establishing NBB in the market place. The targeted market segment that has proven successful for NBB exists in many other
geographical areas and expanding the grass roots efforts of sponsoring local events and launching ranger teams in those areas should help increase brand awareness and lead to increased sales in those areas.

The market division that manages the current ranger teams and local event promotions will need to initiate a marketing study to identify the geographic areas that have the highest match to the target segment in the market. Then prepare a plan with a budget, necessary resources and a schedule. Additional coordination with production and distribution would be advisable to review logistical, cost or regulatory concerns with the targeted geographical areas. Lastly, sales goals with metrics should be established to evaluate the effectiveness of the expanded grass roots efforts.

In conclusion, it is our position that implementation of expanded social media followed up with establishing grass roots initiatives in key geographic areas to expand market share in the targeted segment would increase brand awareness with the least amount of capital investment while preserving and promoting the core values at New Belgium Brewing Company.
Sources:


McGraw-Hill Irwin.