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Keys to Creating Effective Incentives for the Craft Beer Distribution Channel

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When it comes to improving your go-to-market strategy, incentives can be a powerful tool that craft beer producers can use to motivate distributors and wholesalers to sell their product. Incentive programs help craft beer producers build mindshare with distributors and wholesalers, differentiate their product, provide enablement to indirect sales reps and collect important data throughout their channel.

However, it is important to be mindful of your marketing spend and to focus on designing your program to generate a meaningful ROI. Keep in mind that an incentive program is about more than just rewards.

Keys to Creating an Effective Incentive Program

While the specifics of incentive program design will be as varied and unique as the craft beer pro-

ducers who use them, below are several overarching principles that can be utilized to create effective incentives for supply chain trading partners:

1. Choose a specific, measurable goal for your program.
2. Analyze your audience and your competitive situation.
3. Offer rewards that are relevant to your target audience.
4. Structure promotions to target KPIs (key performance indicators) that bring you closer to your goal.
5. Consistently market your program to stay top of mind of with your indirect sales reps.
6. Use digital platforms to drive your program and measure results.

By following these six steps, craft beer producers can establish effective incentive programs that give them a sustainable competitive advantage in their channel and allow them to focus more of their attention on where it belongs – crafting great beer that their customers will love!

Choosing a Specific, Measurable Goal

In order to achieve a meaningful ROI, it's important to begin with the end in mind. Why do you want to launch an incentive program? What do you hope this program will accomplish? How will you measure success? The more specific you are when answering these questions, the more informed you will be when making decisions to empower your goals.

Possible program goals craft beer producers use incentive programs to accomplish include:

- Generating brand awareness;
- Increasing sales for a specific product or region;
- Driving incremental growth among supply chain trading partners;
- Gathering data to improve partner profiles;
- Capturing market share and gaining access to new verticals; and
- Building loyalty with wholesale and distributor sales reps.

While an effective channel incentive program can accomplish all of these things, it's best to start small and narrow your focus to just one or two goals. Doing so will help you sell other members of your organization on the idea of launching an incentive program and will allow you to more effectively measure the results. Plus, you can always scale your program to accomplish additional goals once you know it's working.

Analyzing Your Audience and Your Competitive Situation

When building an incentive program, you have to put yourself in the shoes of the wholesale and distributor sales reps you're attempting to motivate. What do you know about their lifestyle? What are

the things that excite them? What information can you provide to make selling your products easier for them? The more you understand about your target audience, the better equipped you will be to create incentives that inspire them and align your goals with theirs.

In the competitive craft beer channel, each of these reps is responsible for selling multiple products from dozens of brands. The battle for mind-share is fierce. Chances are, some of your competitors are already running an incentive program or using other channel marketing promotions. It's up to you to take a look at what your competitors are doing and to create an incentive program that is more engaging and compelling than theirs.

Offering Relevant Rewards to Your Target Audience

According to the COLLOQUY Loyalty Census, the average American household is enrolled in more than 18 loyalty programs. Of those, they actively participate in fewer than half. In order for your incentive program to accomplish its goals, you have to stand out from the competition by offering rewards that enhance your value proposition and feel necessary to your participants.

The more closely you can match your incentive rewards to the lifestyle and interests of your participants, the more effective your program will be. However, it's important to choose rewards that align with varying levels of performance, while fitting into your overall budget. Luckily, there are plenty of options!

For SPIFFs, rebates or programs with a wide range of participants, debit card and gift card rewards provide flexibility, convenience and wide appeal. Online merchandise rewards are more personalized and scalable, ranging from easily-earned "point burner" items like movie tickets for part-time customers, to exclusive, high-end merchandise and custom reward fulfillment for higher-performing supply chain partners. Group incentive travel is memorable and emotionally impactful, perfect for building loyalty with your top wholesale and distributor sales reps. Although incentive travel events are currently on hold for the foreseeable future, demand for travel rewards will be extremely high when the shutdown ends. This will not last forever, and there will be compelling bargains to be had as

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Additionally, you can use a mix of rewards and tier them for different levels of performance or segments of your channel. For instance, it might make sense to offer an online points program for individual sales reps, while running an incentive travel promotion for the brand managers at the distributor level.

Structuring Promotions to Target Strategic KPIs Incentives work by modifying the behaviors of your wholesale and distributor sales reps. Each step these reps take that bring you closer to your goal is also known as a KPI (key performance indicator). KPIs can be measured to predict or prove program success. For instance, the more participants that enroll in your program, the more likely they are to sell your product. Enrollment bonuses are a common incentive promotion, but you can also reward points bonuses for KPIs such as:

- Attending tradeshows or taking online certification courses;

- Participating in product-related trivia and quizzes;
- Providing referrals;
- Filling out surveys or updating their contact information; or
- Making a first-time sale of a specific product.

However, priorities change! For craft beer distributors, it's important to have the ability to set multiple promotions and change reward parameters to target strategic initiatives, capitalize on analytics and respond to the tactics of the competition.

Marketing Your Program to Stay Top of Mind

Once you have outlined your strategy and structure, the next step is to spread the word. Incentive programs create an easily communicated value proposition, but it's necessary to consistently reach out and engage with your wholesale and distributor sales reps over a variety of channels.

From program launch to reward redemption, you should be communicating with your supply chain trading partners across email, SMS, web platforms, direct mailers, flyers and phone calls. Get them excited about participating in your program, educate them on your brand, inform them about new promotions and remind them about the rewards they have the opportunity to earn. Your incentive program provides the chance to personalize your communication with your indirect sales reps in a way that may be otherwise difficult to achieve in the craft beer distribution channel. Additionally, you can use analytics to spot opportunities for growth or which accounts you should reengage and create targeted marketing campaigns for those accounts.

Using Digital Platforms to Drive Your Program

Finally, you have to consider the user experience of engaging with your platform, as well as the administrative functions you need to successfully manage your program. Today's incentive programs, like most business platforms, are software-driven. Gone are the days of analog catalogs, manual processes and investing in channel marketing strategies that don't produce measurable results.

When exploring potential incentive program providers, craft beer producers should ask themselves questions such as:

- Does this incentive program software integrate with my CRM and other existing platforms?
- How will this program software help me capture the data and analytics I need to improve my channel marketing?
- How will this program software improve my ability to communicate with my supply chain trading partners?
- Will my reward program website present an engaging and accessible user-experience that is a strong reflection of my brand?
- What other features, such as gamification and sales enablement tools, does this platform include to keep participants engaged and to help them succeed?

Luckily, these are areas where the incentive industry has made exciting strides over the last decade or so. As data, analytics, automation and providing digitally connected channel partner experiences continue to become increasingly important, incentive companies have shifted their focus from just providing reward fulfillment to offering complete channel sales and marketing solutions.

This focus on technology has made launching and managing an incentive program less time intensive. In a 2019 survey, Incentive Solutions found that 70 percent of our clients, including several notable craft beer producers, spend less than two hours a week managing their incentive program. Additionally, some incentive companies provide the option to take full responsibility for program management to free up your resources for other priorities.

After all, chances are you didn't get into the craft beer industry to manage channel partners and set parameters for sales promotions. You got into it because you are passionate about brewing great beer!

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