A Strategic Audit of Boston Beer

Jake Lindvall
University of Nebraska - Lincoln

Follow this and additional works at: https://digitalcommons.unl.edu/honorstheses
Part of the Business Administration, Management, and Operations Commons

https://digitalcommons.unl.edu/honorstheses/138

This Thesis is brought to you for free and open access by the Honors Program at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Honors Theses, University of Nebraska-Lincoln by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.
A STRATEGIC AUDIT OF BOSTON BEER

An Undergraduate Honors Thesis
Submitted in partial fulfillment of
University Honors Program Requirements
University of Nebraska-Lincoln

by

Jake Lindvall, B.S.
Computer Science
College of Arts and Sciences

April 14, 2019

Faculty Mentor:
Samuel Nelson, Ph.D., Management
Abstract

The Boston Beer Company ("Boston Beer") is an American brewery founded in 1984 whose mission is "to seek long-term profitable growth by offering the highest quality product to the U.S. beer drinker." Headquartered in Boston, the company is well-known for its flagship brand bearing the name of founding father Samuel Adams. This and other Boston Beer products have become popular across the United States in the past few decades; the Brewers Association ranks Boston Beer as the sixth largest brewery nationally. However, when subsetting to breweries defined as "craft," Boston Beer ranks even higher as the second largest brewery nationally. Maintaining high beer sales volume alongside a craft beer image puts the company in a fascinating balancing act between quality and quantity of product.

Although most famous for beer, the company owns several diverse, successful brands of low-alcohol beverages, including Angry Orchard, Twisted Tea, and Truly. These brands help Boston Beer compete in markets of casual and younger drinkers that may not be accessible simply through the sale of beer. Furthermore, Boston Beer sells craft beer products through a secondary segment, A&S Brewing Collaborative ("A&S"). This business unit acts as an incubator aiming to "keep the quality high and stay open to innovation."

This strategic audit provides an analysis of Boston Beer past and present. While several valid strategic alternatives exist, the recommendation for Boston Beer is to establish its image as an innovative brewery on all fronts, with an increased focus on new A&S taprooms and brands to push cutting-edge brews. To follow, implementation and contingency plans are provided in detail.
Background

Definitions
Throughout this strategic audit, “craft beer” and similar terms are often used. The Brewers Association, a leading trade group in the United States, defines “an American craft brewer [as] a small and independent brewer.” In this context,

- “Small” indicates “annual production of 6 million barrels of beer or less (approximately 3 percent of U.S. annual sales)”
- “Independent” indicates “less than 25 percent of the craft brewery is owned or controlled (or equivalent economic interest) by a beverage alcohol industry member that is not itself a craft brewer”
- “Brewer” indicates a firm “has a TTB Brewer’s Notice and makes beer”

By this standard, the Brewers Association lists Boston Beer as the second-largest craft brewer in the United States. Regardless, it is also ranked sixth of overall brewers 21.

General
Boston Beer began in 1984 with James Koch, a management consultant who quit his stable line of work to follow several generations of Koch brewers before him. Predicting the soon-to-be-trending craft beer market in the United States, Koch converted $240,000 and a modified family recipe into a puritan-style Vienna lager with potential: Samuel Adams Boston Lager. At first, Koch and his business partner Rhonda Kallman found difficulties convincing Boston bartenders to carry the product. The beer was then priced at $20 per case, while several craft imports were priced around $17 per case. However, persistent marketing efforts and the exciting appeal of the delicious and iconic brew eventually brought success. By 1987, Boston Beer had expanded markets throughout New England and into New York City. By 1988, it had acquired over $3 million in capital from investment banking firms, and in 1990, a partnership with Blitz-Weinhard Brewing of Portland, Oregon solidified its national presence with distribution to the western half of the country 18.
Since momentum for the modern craft beer market began in the 1970s and 80s, there have been three periods of rapid year-over-year expansion. In the mid-1990s, craft brewer annual volume growth in barrels peaked at 58 percent. 537 craft brewers were established by 1994, while only a handful had existed just 15 years prior. After about a decade of stagnation, the market was revitalized in the mid-2000s. From 2004 to 2008, craft brewer volume grew at a steady 12 percent annually. Finally, recent mainstream craft beer movements in the 2010s led to average growth of 17 percent between 2013 and 2015.<sup>21</sup>

Bart Watson, chief economist of the Brewers Association, noted in 2016 that “the industry is a maturing industry. Having those growth rates in an industry of this size is impossible going forward.” Indeed, in 2016 annual volume growth had slowed to just 6 percent. By 2017, Watson affirmed that “growth for the craft brewing industry is adapting to the new realities of a mature market landscape,” and saturation has definitely arrived with 6,266 competing craft brewers operating in the United States.<sup>6,10</sup>

Still, it is no surprise that Boston Beer thrived during the aforementioned eras. Passionate about delivering craft quality to the masses, James Koch placed early emphasis on marketing and public education about brewing. Aggressive advertising of Samuel Adams as a non-import beer with high-end production techniques targeted a subset of American beer drinkers that desired something innovative to identify with. Several ad campaign claims in the late 1980s and early 1990s caused disputes to arise from competing craft brewers, yet Boston Beer only seemed to benefit from the commotion. In 1992, its total production was near 300,000 barrels per year, but by 1994, this figure rose to over 700,000 barrels. The company employed 170 people at this time, with 90 of them working in sales. As Boston Beer mapped out an expansive strategy including television advertising and international production, the company went public in 1995 (NYSE: “SAM”). The initial offering of 2.9 million shares at $20 each excited investors for a short while about the potential of craft brewing in the United States.<sup>3,14,18</sup>

It was not until the second wave of American craft beer expansion in that the company saw outstanding results again. Boston Beer stock was valued at $17.10 per share in
February 2004 and reached $52.00 per share in November 2007. Another lull in the craft beer market coupled with general times of recession led to significant drops. However, mainstream attention and more stable growth for beer as a whole in the 2010s culminated in a recent all-time high of $326.20 per share in July 2018.  

Non-Beer Brands

Boston Beer also offers several low-alcohol beverages to appeal to consumers that may not prefer beer. In particular, Angry Orchard has found rapid adoption into United States markets, launched in 2011 and already the most popular hard cider since 2013. In Walden, New York, fans of the drink can tour Boston Beer’s 60-acre apple orchard, getting a glimpse into the production process before indulging in samples. Over 100,000 people visited the orchard in 2017.

Since 2000, Boston Beer has notably competed in the flavored malt beverage (“FMB”) market, mostly thanks to its Twisted Tea brand. The drink combines iced tea with malt liquor for an alternative to traditional casual beverages like beer and cider. Every year after its release, Twisted Tea has found consecutive growth and is the leading hard iced tea in the United States.

Finally, a new category of beverage, hard seltzer, has emerged in recent years. These beverages incorporate trendy, low-calorie flavors usually paired with fermented cane sugar. Boston Beer states that “this category is small, in its early stages of development, highly competitive and includes large international and domestic competitors.” The launch of Truly Spiked & Sparkling (“Truly”) hard seltzer in 2016 gives Boston Beer potential in this market.

A&S Brewing Collaborative

A&S Brewing is a future-minded craft beer incubator owned by Boston Beer that seeks to “keep the quality high and stay open to innovation.” It comprises four brands nationally, “including three small breweries and retail tap rooms where beer is sold and consumed on-premise.” The three brands with physical locations are Angel City Brewing in Los Angeles, Coney Island Brewing in Brooklyn, and Concrete Beach
Brewery in Miami. Collectively, these locations served about 500,000 visitors in 2017. These brands compete with other breweries in an attempt to become modern, regional leaders in the craft beer revolution

Previously, A&S brewing operated as a separate segment from Boston Beer, which consisted of all other brands. While A&S still can be thought of as its own strategic business unit with a unique startup approach to craft beer, in 2017 it was consolidated fully into Boston Beer’s operating segment. Boston Beer reports that, between 2015 and 2016, A&S sales accounted for five to seven percent of its net revenues

Summary
In all, Boston Beer has done excellently in establishing a presence across multiple categories of craft beverages. A surprising number of products that are common in American stores and bars are owned by the company, resulting in several stable lines of revenue. Figure 1 displays the variety of a few Boston Beer brands.

State of Boston Beer and the Industry at Large
Today, Boston Beer’s mission is “to seek long-term profitable growth by offering the highest quality product to the U.S. beer drinker.” According to those annual reports publicly available online, the Boston Beer Company has accomplished this since 2000
by most key metrics. In terms of net income, the past two decades have been largely successful for the company. Volume of barrels sold is also an important measurement of a brewer’s popularity. Therefore, Boston Beer reports on this annually, alongside net revenue per barrel to provide context. Figure 2 displays net revenue per barrel and net income from 2006 to 2017.

![Graph showing Boston Beer net revenue per barrel and net income, 2006-2017](image)

*Figure 2: Boston Beer’s net revenue per barrel and net income have performed well in recent times*

Still, the craft beer market is incredibly saturated, and differentiation is a challenge that all brewers must face in 2019 and beyond. James Koch said in February 2017 that “perhaps the fact that there [are] too many choices has in fact turned customers away from craft.” In addition, Fortune reported in March 2017 that “much of the growth is actually being propelled by smaller, local peers rather than the bigger craft players that have grown to become national names.” With over 6,000 independent breweries already, the simple act of purchasing a beer is no longer a choice between a couple competing six packs at the grocery store.

To analyze craft beer and other beverages against the industry as a whole, Boston Beer provides insight in its 2017 annual report, outlining the market shares of several subcategories of beer. In this context, “beer” is taken to mean low-alcohol beverages,
including cider, FMB, and hard seltzer. Figure 3 displays Boston Beer’s findings as of 2017.

![Estimated percent market share, 2017](image)

*Figure 3: Boston Beer’s estimates for low-alcohol beverage market share. Note: hard seltzer is not visible, as its market share is quite small.*

**Internal Analysis**

**Strengths**

The primary strengths of Boston Beer are a result of its long history. The company was extremely early to market, at least several years ahead of the first big wave in craft breweries. As the second-largest craft brewer, Boston Beer’s well-known brands like Samuel Adams and Angry Orchard are not going away any time soon. The company’s focus on long-term research and development has also culminated in an impressive portfolio of fine-tuned recipes. The results are clear, as Boston Beer can sell an impressive 3.8 million barrels per year and still be regarded as craft quality by the Brewer’s Association and the American public.
A secondary strength lies in Boston Beer’s foresight in diversification and marketing. The decisions to aggressively compete in the FMB, cider, and hard seltzer categories were made in advance of the respective upward trends for these beverages. Particularly, Twisted Tea has been outperforming hard iced tea competitors convincingly since its release in 2000. As for marketing and sales, “Boston Beer has a sales force of approximately 390 people, which the company believes is one of the largest in the domestic beer industry.” Building off of James Koch’s early successes and emphasis on marketing techniques, the company continues to highly value this area of focus.  

Finally, Boston Beer does a good job at offering holistic experiences to consumers. Aside from three A&S brand tap rooms across the United States, Angry Orchard tours in Walden, New York and a new Samuel Adams tap room in Boston allow the company to connect with consumers through the social experience of taste-testing fresh beverages. There are also several nationally coordinated event series hosted by Boston Beer, most notably for summer and fall celebrations with brews like Samuel Adams Octoberfest. The company’s strength in consistently delivering such experiences rounds out its image well, compared to smaller craft brewers with less influence.

Weaknesses and Risks

Even though Boston Beer has its brewing techniques dialed in and is eager to promote its products with special events and upscale tap rooms, it may be struggling from a lack of connectivity with the state of the beverage market at large. As Boston Beer competes in many more arenas than just craft beer, there is a risk of the company sacrificing vision or focus when spreading attention across many fronts. In the hot markets of craft beer and newer alternative beverages, branding and convincingly high quality are equally critical to remaining on top. A potential risk for Boston Beer is in losing its competitive edge or touch across several fronts. The story of James Koch and the mission of “offering the highest quality product” are what led to Boston Beer's success, so significant changes administratively or Koch's resignation as chairman could serve as a catalyst or supplement to such a lack of vision. As Koch and remaining founding
members continue to age and have less influence on the company, Boston Beer may be facing a tipping point\textsuperscript{6, 7, 10, 13}.

**Competitive Advantage**

Boston Beer’s decades of work in the craft beer market have culminated in a sizeable distinctive competency compared to many other breweries. Early entry and 35 years of fine-tuning allow expert technique and low cost to exist in harmony, all while maintaining specific brand imagery. Capital investments of $33 million were made in 2017 to “drive efficiencies and cost reductions, support product innovation and future growth.” Estimated investments of over $55 million were then made for these purposes in 2018. The company also prides itself on offering beers and ciders made from quality ingredients, boasting about plenty of specialty varieties of hops, malt, yeast, and apples from Europe and New England in its 2017 annual report. These distinctive competencies let Boston Beer operate with a cost advantage over other craft brewers that also strive to maintain both quality and quantity. Consumers see the end results of this cost advantage, as the price of nationally distributed Boston Beer products is often the cheapest among craft beers on shelves everywhere. For instance, recent price data demonstrates that the majority of Samuel Adams six packs with year-round availability retail for $7.49 on average, while typical regional powerhouses like Shipyard of Portland, Maine or Schlafly of St. Louis offer very similar products for $8.99 at minimum\textsuperscript{1, 5}.

**External Analysis**

**Competitors**

Not all of the thousands of United States brewers are relevant competitors to the long-standing Boston Beer Company. Still, large craft and general brewers are continuously giving Boston Beer a run for its money. Anheuser-Busch, ranked first by the Brewer’s Association in the United States, purportedly controls 46 percent of the total beer market. MillerCoors, Pabst, D. G. Yuengling & Son, and Sierra Nevada are additional primary competitors that own many brand lines and have found widespread success. It is difficult to effectively encroach on the market share of these
conglomerate-style brewers, especially the non-craft, culturally mainstream ones. The problem is exacerbated due to recent large acquisitions of regional craft breweries by these mega brewers, such as Busch’s purchase of Bend, Oregon’s 10 Barrel Brewing. As for the FMB, cider, and hard seltzer categories, while the branding tends to seem modern and independent, similar forces are at play behind the scenes; most successful low-alcohol alternatives to beer are actually owned by these same large brewers 17, 21.

Relevant PEST Analysis

Beer is beer, and the production methods for creating large batches are decades if not centuries old. Additionally, craft beverages are not particularly elastic products and should not struggle from times of recession; the Brewers Association actually found in 2017 that declining overall beer sales volume of 1.2 percent has been strongly counteracted by five percent growth in the craft category. That being said, one PEST facet, social, may pose a threat to Boston Beer. Rapid growth in the hard seltzer category and slight declines in beer volume sales indicate a paradigm shift in American alcohol consumption. Health-conscious drinkers, or perhaps those who do not enjoy beer, are continuing to demand hard seltzer, and “in 2018, the category grew 169 percent overall to nearly $487.8 million.” The general FMB category also increased more than 10.2 percent the same year. Fortunately, Boston Beer was early to these respective markets with its Twisted Tea line in 2000 and its Truly brand in 2016. If hard seltzer and FMB beverages lead some sort of crusade against plain old beer, Boston Beer could adapt accordingly, with “over ten flavored malt beverages under the Twisted Tea brand name” and “five hard sparkling waters under the Truly Spiked & Sparkling brand name,” but it would need to shift market focus quickly and efficiently 1, 11, 12, 15, 22.

Opportunities

Boston Beer has incredible potential in a few emerging markets of alcohol consumption. Most notable is the booming trend of new-age, healthy options like hard seltzer, which have grown rapidly in recent years. As far as beer, the Brewers Association and Fortune both find that “hyper-regional upstarts” have plenty to gain over old craft brewers. The potential of partaking in those successes under the name of new and existing A&S brands is an excellent chance for Boston Beer to capture market
share in beer haven cities around the United States. Finally and as always, occasional new variations like Sam ‘76 or Angry Orchard Rosé keep Boston Beer at the forefront of craft drinkers’ minds and palates. These brands continue to be innovative and should be utilized fully to deliver experimental recipes to a widening array of eager craft beverage drinkers 1, 6, 19, 22.

Threats
As mentioned previously, there are several large and successful brewers that have a hold on significant portions of United States markets. The primary external threat in the beer and low-alcohol industries lies with these key players. American consumers are often loyal to this old guard that evokes timelessness and familiar tastes. If the correction in the beer market due to saturation accelerates, craft brewers will be hit the hardest. In the short term, this environment is forcing Boston Beer to carefully develop unique varieties and find the sweet spot to price its products at. In the long term and the worst case, this could lead to downsizing or eventual acquisition of Boston Beer 6, 7, 17.

Porter’s Five Forces Analysis
The external pressures that Boston Beer faces are moderate to high according to the following analysis based on Michael Porter’s classic framework.

- Competitive rivalry is high in beverage industries, especially in the case of craft beer. There are over 6,000 craft brewers in the United States, each with their own take on popular variations, and retail choices between all of these suppliers are often overwhelming 10.
- Threat of new entrants is moderate. Although it is indeed trendy and feasible to open a craft brewery in America today, for any one new entrant to noticeably deny Boston Beer revenue would be a difficult task. The risk is that, collectively, rising regional stars may threaten the aging Boston Beer 6.
- Power of suppliers is moderate in the case of Boston Beer. While the company reports that it has worked hard to secure long-term relationships with suppliers of yeast, hops, barley, apples, and more, if any of these suppliers decide to no longer do business with Boston Beer, several difficulties would arise. As the
recipes for its beverages rely on high-quality, often foreign ingredients, replacing these particular varieties would prove challenging if Boston Beer aims to emulate classic tastes.

- Power of customers is low, as the massive market for craft beverages essentially leaves customers with zero leverage to change prices on an individual basis. Put more plainly, people will continue to buy six packs for about eight dollars without uproar.

- Threat of substitutes is moderate with potential to rise. Higher alcohol beverages that Boston Beer does not produce may soon be relevant substitute goods. Fortune finds that consumers are “becoming more selective and exploring other types of alcohol” like wine and spirits in response to a saturated beer market. Interestingly, in the long term, BDS Analytics predicts that legalized recreational marijuana will be a preferred substitute to beer for millennials and Generation Z: “cannabis presents substantial opportunities across consumer industries, including new occasions that alcohol cannot and will not play. Consumers will continue to look to cannabis products over alcohol for occasions when they are feeling creative, need to get motivated, or seeking health, medical or wellness benefits.”

### Strategic Alternatives

One alternative for Boston Beer is to focus on emerging markets of low-alcohol beverages, particularly the hard seltzer category. There is plenty of untapped potential in this category, and the Truly brand will appeal to consumers who value new flavor opportunities, image, and health aspects such as the low calories and absence of gluten in the drinks. Between 2015 and 2016, as hard sparkling water began to hit shelves, the market grew by over 3,000 percent. Dollar sales for the six major United States hard seltzer brands accounted for $60 million in Q3 of 2017, without a drastic decline afterwards despite cooling weather. This market only continued to grow, as the category was valued at $500 million the next summer. Without shifting too much focus away from the Samuel Adams brand, aggressive expansion of Truly could spark Boston Beer’s connection with trendier, health-conscious drinkers and establish a reliable source of new revenue.
A second alternative is that Boston Beer accelerates creative efforts in packaging and other such aspects to differentiate their already impressive varieties of beer. In 2013, “the company completed a two-year research effort to develop a beer can to improve the beer drinker’s experience compared to the traditional beverage can. The features of this custom Sam can ... include a wider lid with an opening slightly further from the edge of the lid, an extended lip and an hourglass ridge.” Figure 4 demonstrates how this can has a unique design on the lip.

![Samuel Adams can](image)

*Figure 4: the Samuel Adams can was a novel design in 2013*

Since Boston Beer is not opposed to spending time and resources on such product improvements, this alternative would be a medium- to long-term plan to change the way Americans drink beer. A new business unit would be developed with a mission of addressing needs and wants that beer drinkers may not know they have. Coupled with James Koch-style advertising, Boston Beer can encourage radical change in how beer is consumed, packaged, and viewed. Specializing in modern values of sustainability and health-consciousness would grant the company a fresh image not classically associated with American beer.¹ ¹⁸

A third alternative is to simply maintain current trajectory and focus on known strengths. Boston Beer is in good competitive shape relative to other large craft
brewers, still ranked second in that category by the Brewers Association. Backed by years of steady growth and occasional innovative releases, the company should continue to succeed as they have been and avoid high-risk scenarios. However, this plan must involve humility and readiness to eventually transition focus to non-beer offerings if the alcoholic beverage market shifts further away from beer dominance.

Strategic Recommendation

Strategic Goal
The target metric for Boston Beer to maximize in upcoming strategic measures should be market share of alcoholic beverages in the United States. With increasing variety in offerings and hype surrounding regional breweries and beer alternatives alike, the number of choices available on shelves is difficult to ignore or overcome. By securing a grasp on all categories of low-alcohol beverage consumption, Boston Beer would be best positioning itself for sustainable growth in an evolving market.

The Recommendation
While several valid alternatives exist, there is one option that carries the most potential. Boston Beer should attempt to expand its network of local specialty breweries in large cities across the United States through growth of its A&S brewing incubator. The aim of new A&S breweries will be to push the envelope in craft beer, mobilizing intense creative efforts at the Boston brewing headquarters. This is not to say that growth in traditional beer, cider, FMB, and seltzer categories should be placed on low priority. Rather, all fronts should be supplementary in changing public perception of Boston Beer through exploration of bold, new variations. The primary goal of this recommendation is to attack the problem of market saturation from a new angle; instead of trying to beat microbreweries in a losing battle as Samuel Adams, Boston Beer can join the microbreweries as A&S. Fortune reported in 2017 that “hyper-regional upstarts” are encroaching on market share of “regional powerhouses like Sam Adams” by selling their small and local stories. The type of image established in the current
handful of A&S breweries is an excellent vehicle for growth given the most recent market conditions.

**Justification**

While it is true that newer categories like hard seltzer are on the rise, Boston Beer still estimates that this category only accounts for 0.3 percent of the low-alcohol beverage market. However, craft beer accounts for 12.7 percent and is still growing steadily. In 2017, overall beer volume sales went down 1.2 percent, but craft sales went up 5 percent by volume and 8 percent by dollar sales. Figure 5 displays a Brewers Association infographic from 2017 that elaborates.

![Figure 5: a Brewers Association infographic summarizing industry sales information from 2017](image)

Even if total beer sales are flat, craft beer still manages to exceed expectations despite growth rates becoming less explosive recently. The longevity of the craft market is
much more appealing, especially given the cultural significance of tap rooms and on-location purchases of brews, an aspect that hard seltzer and FMB simply do not cultivate. Therefore, to optimize long-term growth toward the target metric of market share, the general best choice is a strategy that attacks the craft beer market innovatively, which is a task better suited for A&S over Samuel Adams brands. Preliminary advancement into craft beer domination is a strategy that companies larger than Boston Beer have already been eyeing. One example is Anheuser-Busch, which convincingly holds first place in the Brewers Association rankings. While not a craft brewer itself, it “has made a flurry of deals for smaller craft brewers in the past few years and the company also controls a more than 31% stake in Craft Brew Alliance (BREW), the publicly traded beer company that owns the Kona, Widmer Brothers and Redhook brands.” To avoid pressure from beer giants like Busch, it is important for Boston Beer to respond accordingly and follow suit. This strategy ties into the motif of acquisition as well. As the craft beverage market matures with small brewers encountering growth ceilings, regional domination of A&S brands will act as a motivator to acquire, partner, or merge with competitors.

Implementation Plan

Beginning in the summer of 2019, Boston Beer should adhere to the following schedule to enact this recommendation.

2019

- Accelerate research and development efforts in Boston headquarters for cutting-edge styles of craft beer
- Secure real estate in metropolitan areas with low craft brewery density
- Retain current research and development focus for non-A&S product lines
- Continue to compete as previously in the cider, FMB, and hard seltzer categories
2020

- In classic Boston Beer style, run bold and exciting marketing campaigns to spike interest in new A&S tap rooms that bring craft beer to cities that need it most
- In time for fair weather and increased beer consumption in Q3, host grand openings, promoting modern variations that are popular in summer like fruit beers and American IPAs
- Select flagship brews from these new A&S brands to be sold regionally and perhaps nationally as specialty craft options

2021

- Evaluate the success of new A&S brands, and continue expansion only if satisfied
- Secure real estate in metropolitan areas with traditionally high craft brewery density, including major cities in Colorado and the Pacific Northwest
- Accelerate research and development once again, learning from reception to previous A&S releases

2022

- Run a new round of bold and exciting marketing campaigns, this time with the goal of infiltrating established craft beer capitals
- Host grand openings and promote flagship brews similarly to 2020

Beyond

- If successful, pursue acquisitions of regional powerhouse breweries, with the goal of assimilating them into the A&S lineup

Contingency Plan

In the event that the American public is not receptive to a new array of innovative beer offerings, Boston Beer should fall back on its better-known brands and halt rapid A&S expansion, similar to the third strategic alternative. The primary focus should then be placed on more calculated moves to keep the attention of loyal and potential consumers alike. A recent example of the viability of this approach is the launch of
Angry Orchard Rosé in February 2018. While novel in several aspects, including its use of “rare red flesh apples from France” and evocation of rosé wine flavors, it remains a hard cider at its core, thanks in part to 25 years of experimentation by Boston Beer’s cider team. Products like these are backed by lengthy research processes and will tend to be more conservative long-term offerings. Additionally, strong marketing of existing seasonal offerings like Samuel Adams Octoberfest will ensure a hold on decent portions of the overall craft beer market. This beer is a well-rated and popular fall choice, marketed in conjunction with nationwide public concert events each year. By building upon the success of such ventures, Boston Beer can occasionally test the waters with exciting releases just as they have been doing for years \(^1\). 

In this way, the company could continue to push its innovative legacy without spreading itself too thin in the craft beer market. As Boston Beer’s 2017 report states that “the company’s Boston Brewery spends most of its time ideating, testing, and developing alcohol beverages for the company’s potential future,” the infrastructure and process already exist. Rather than exploring new A&S brand releases in a crowded craft beer market, perhaps the creative energy in Boston could instead support the perception and popularity of Samuel Adams, Angry Orchard, and such as established national favorites \(^1\).
References


