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PRAD Research

Situation Analysis

Revolution Brewery

Topic: Target audience/consumer objective and shift.

Introduction

Considering the current Covid situation in the United States, the alcohol industry is currently experiencing massive changes in operations, sales, and culture. People are relegated to the home and companies are forced to modify their brand strategies to reflect the new drinking culture. Our local client, Revolution Brewery, is Illinois' largest independent-owned brewery¹. Since its establishment in 2010, their brewery and brewpub produce dozens of distinctive beers each year, some available continuously or seasonally, catered to the evolving tastes of beer drinkers¹. With master brewer, Jim Cibak, Revolution Brewery has crafted one of the most impressive beer menus in the Midwest². They became the state's top-selling brand within their market in 2019³ without compromising quality, freshness and their attention to detail.

Ultimately, the goal is to explore the alcohol industry in the Midwest and its shift since the beginning of the pandemic in the U.S. More specifically, this situation analysis aims to gain insight on our client, Revolution Brewery, and objectives regarding their target audience and consumer. This analysis will provide Revolution Brewery information and strategies they can utilize to better navigate the current market environment during Covid. In order to properly guide our client, it is important to pursue data through primary, and secondary research that can further help Revolution Brewery make real time decisions and understand its patrons. It's imperative to discern information about alcohol consumers. What we analyze about them, including their personalities, and how they view Revolution Brewery is valuable to reach the essence of the brand. This also incorporates the probable change in consumer attitudes regarding their thoughts on alcohol consumption since the beginning of the pandemic in the U.S.

Research Problem/Challenge

As stated in the introductory paragraph, the Covid pandemic is having a significant negative affect on the alcohol industry, which evidently includes beer. Revolution Brewing is hoping to continue its success from 2019 sales despite the dramatic changes in the Chicago alcohol market; Over 80% of Revolution's production sales take place in the state of Illinois⁴. Nevertheless, it's vital to recognize that notwithstanding Revolution Brewery's success in being the top-selling craft among its competitors, the market for this product in the Chicago area fell 10.4% in 2019⁵. This means that while Revolution Brewery was best in sales, the industry as a whole contracted due to the oversaturation of craft breweries in Chicago. The challenge for our client, Revolution Brewery, is determine how they can shift their marketing/advertising strategies in order to resonate with customers and keep pace with their competitors while still preserving the nature of their brand.

This is a time where all middle and small market businesses in the alcohol industry are utilizing their creativity to stay open with hopes of at least breaking even while still paying its employees. Consumer lifestyles have changed, and Revolution Brewery aims to understand these fluctuations in order to adapt towards new audience and consumer routines in order to have fruitful results. To achieve this specific goal, this situational analysis document will research and evaluate in what ways Revolution Brewery can make these modifications. i.e How have consumer attitudes regarding alcohol consumption changed since the beginning of the pandemic? What are the distinctive ways an alcohol consumer has substituted their leisure drinking activities? If any, what are the different criteria an alcohol consumer potentially uses to determine the alcoholic beverage of choice during such drinking activities? What would be an effective advertisement or promotion that would influence a viewer to consider Revolution Brewery? After understanding how Brewery Revolution is viewed from a consumer's perspective, does their target audience remain the same? Who and how are they trying to reach people during Covid fluctuations?

Research Method/Secondary Sources

For this situational analysis, a number of primary and secondary sources were used in order to get a better understanding of the issues concerning the shifts in consumer behavior in the alcohol industry, specifically within the Midwest. First, the focus of the research was geared towards acquiring more information about our client, Revolution Brewery. Using data from IRI, a market research firm, it allowed us to have further understanding of how our client operates financially and how they stacked up against their competitors within the market⁴. Additionally, Revolution Brewery's website and social media pages served as good introductions to their brand essence and aesthetic. These platforms have direct connections to who they market to. The next thing we did to learn more about consumer spending habits and how they have altered since the pandemic in the U.S began, was look at a food & beverage industry consumer trends report. This study was conducted by Piper Sandler, an international investment banking & securities firm⁶. Moving down the funnel into more topic focused research, additional articles written by Brewbound⁷ were used in order to learn more about Revolution Brewery's more successful marketing techniques, like the development of their "Family of Brands". To complete this research using Google and Academic Search Complete, keywords such as "beverage industry", "craft beer Illinois", "beverage report 2020", "Revolution Brewery news", "consumer spending", "Covid drinking Illinois" were used. In order to have the most accurate information as possible, all sources in this paper date back within the last year, and some are as recent as a few days old.

Results/Findings

As stated in the research method/secondary sources paragraph, the research was initially aimed towards better understanding the client, Revolution Brewery. Revolution Brewery markets themselves as an edgy and loud craft beer business. Their cans and products are wrapped in bright colors, featuring bombastic art.

First, I used a number of sources to research their company as a whole and their engagements with costumers. To begin, I looked at their Instagram account that has a following of 63.2k⁺, reaching an average of 0.85% engagement rate⁸. Revolution Brewery's account is very active, gaining approximately 450⁺ followers each month. With Instagram being one of the most popular social

media networks in the world, this is the preferred platform for a consumer business to reach its patrons and increase its impressions. This platform is becoming a crucial part of social media marketing strategy. A report conducted on April 2020 by Sprout Social shows that 64% of Instagram users are 18-34 years old and about six in ten users log in the app daily⁹. Instagram is an incredible supplement to consumer businesses because it enables two-way communication between the brand and the consumers. This assists Revolution Brewery in understanding who their audience is through engagement, while also making the brand more accessible.

Secondly, to look more in depth about consumer spending in general during Covid, I looked at Piper Sandler's Food and Beverage Industry Update report. In it, the report details the results from a survey they conducted. Among their findings, it shows that 61% of people are spending more on online grocery outlets rather than traditional supermarkets. This means, people rather shop at places like Amazon and Instacart. Additionally, the study found that 62% of consumers are willing to spend more money on smaller brands⁶. This could be a great advantage for local craft beer breweries like Revolution that also offer delivery, as they go up against beer giants like Heineken, Blue Moon, etc. To know more about how Revolution Brewery fits into this market I Googled keywords such as, "beer market Chicago", "Revolution beer marketing" and "craft beer Chicago". I was able to find an article from the Chicago Tribune that comments on the performance of Revolution Brewery and its competitors. Craft beer is a very competitive market, especially in Chicago. The majority of beer sales happen in grocery and convenience stores. Contrary to popular belief, bars are not the most popular medium for beer sales. In 2019, Revolution Brewery's sales were down approximately \$288,000 in Illinois, but by comparison, Blue Moon was down by \$1.4M. Our client, Revolution Brewery managed to lose fewer shares than its competitors in Illinois. Despite lower sales, Revolution Brewery gained 0.7% market share while its competitors lost.

Lastly, to understand better Revolution Brewery's marketing techniques I went through their official website. It's challenging to find such specific information on a privately owned and small local business. The website provides access to a number of articles that feature reports from the Brewers Association. A specific press release by the association, highlights Revolution Brewery's performance against their competitors⁹. Looking more into their performance in 2019, Revolution Brewery has a family of brands including Anti-Hero IPA, Hazy-Hero, Every Day-Hero, and League of Heroes variety pack. All craft beer branches are distinctive, some available continuously or seasonally, catered to the evolving tastes of beer drinkers¹. An article by Brewbound states that in 2020, "Revolution is revisiting the messaging behind the Hero brands in an effort to better unite them as a family of brands for different occasions and experiences...That effort includes wrapping wholesaler trucks and purchasing billboard space". This is one approach at attempting to make their beer advertising and marketing more straightforward for the consumer. If the consumer relates to a brand, they are more likely to purchase it.

SWOT

Strengths: Considering the current cultural situation, the use of technology is the best way to connect with consumers and increase sales in the alcohol industry. Revolution Brewery has

incredible social media presence, specifically through Instagram. On this platform, they engage daily with their followers through posts and stories featuring their cool beer cans, beer mystery box deliveries, and employee appreciation.

Weaknesses: Attempting to follow their numerous beer branches is tiring and difficult. Unless a consumer is a beer enthusiast or part of the Chicago bar scene, many wouldn't know that all of these beers are part of one "family of brands" that belong to Revolution Brewery. This may be attributed to their lack of advertising.

Opportunities: There are many third-party targeting strategies Revolution Brewery can use in their established social media platforms to connect with their audience. If customers relate with a brand, sales inherently increase. Some might include, behavior targeting, geo-targeting, demographic targeting, and seasonal targeting to key audiences.

Threats: Competing with an oversaturated beer market, especially when all other medium-small businesses are constantly finding ways to be innovative and engage with customers.

Conclusion

The alcohol industry is in major flux. The consumers lifestyles have changed as well. As companies adapt to this new environment along with their customers, they also battle amongst themselves for consumers attention. It's clearly very difficult for anyone to stand out. Revolution Brewery needs to find and target its niche audience during these cultural changes. To gain better insight on target audience and consumer shift, qualitative and quantitative research is imperative. This will allow Revolution Brewery to understand how they are viewed from a consumer perspective and how then can adapt. Piper Sandler's consumer trends report stated that a majority of people are willing to spend more money on lesser known brands. This is the time for consumers to explore new products. Maybe, that means it's time for Revolution Brewery to look into new marketing avenues and targeting strategies to reach the guy next door starting a podcast about 'cool beers to try out during the pandemic'.

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