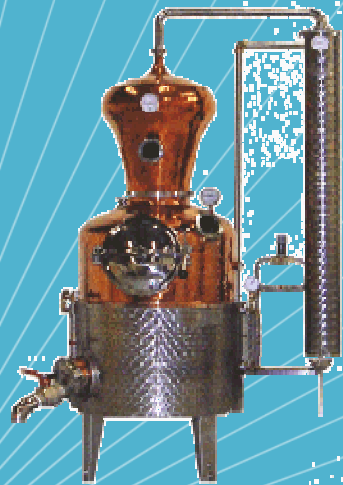




Bringing the Farm to Market

The Business of Distilling Workshop



September 6, 2008

Marketing Craft Distilleries





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Key Elements for Success

- Vision.
- Marketing Strategy.
- Appropriate Tactics.
- Execution.



Market Analysis

- Demographic Trends.
- Consumer Trends.
- Dining/Food Trends.
- Economic Trends.
- Competitive Review.
- Research.



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Trends to Consider



- Demographic Trends.
 - Baby boomers.
 - Growing ethnic mix.
 - Gender.
- Health and wellness.
- Local products.
- Environment: sustainability.
- Food/beverage super-premium.
- Internet – e-commerce.
- Psychographics
 - Dual income households.
 - Millennials.
 - Empty nesters.



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Sales Vs Marketing Orientation

- A selling orientation focuses on production.
- A marketing orientation focuses on the customer.

“The aim of marketing is to make selling superfluous.”

Peter Drucker



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Branding Your Distillery



Hand Crafted Spirits
Made One Drop at a Time.



- Why Brand?
- Brand Strategy:
 - Awareness
 - Associations
 - Perceived Quality
 - Customer Loyalty
 - Brand Assets
- Trade Dress.
- What is Your Brand Promise?

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Market Segmentation



- Finding a market.
- Identifying a niche.
- Defining and targeting the market.





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Market Segments for Distilled Spirits



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Review the Trends

- Consumer preference for white spirits – whiskies used to be the powerhouses of the spirits market – no longer. the case. White spirits now driving market for their versatility and easy drinkability.
- Vodka is the number one spirit with over 26% of the market.
- Return of the cocktail – with fanfare – using a broader range of spirits, juices, mixers etc.
- Product innovation has been key to the growth of the spirits market.
- Premium/high end products driving growth.
- More pairing of food with spirits also driving growth (especially Latin and Mexican cuisine).



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Market Segments for Distilled Spirits



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Cocktail Culture Growing and Thriving

FOX BUSINESS

TODAY

THE EARLY SHOW

GOOD MORNING AMERICA

CNBC

FOX BUSINESS

HAPPY HOUR

FOX BUSINESS

GOOD MORNING AMERICA

TODAY

POWER LUNCH

WWW.CHIBUSTIES.COM

CNBC

WEEKNIGHTS

TODAY

THE EARLY SHOW

Eye-Baseed Cocktails

CNBC



Four Ps of Marketing



Connecting
with Your
Customer

- **Product**
- **Price**
- **Place**
- **Promotion**



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Developing a Positioning Strategy

Check List

1. Determine the market: what is my customer profile?
2. Identify competitors: primary and secondary.
3. Determine how consumers evaluate options.
4. Learn how competitors are perceived.
5. Identify gaps in positions held.
6. Plan and carry out the positioning strategy through marketing communication.
7. Monitor the position.



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Positioning Strategies



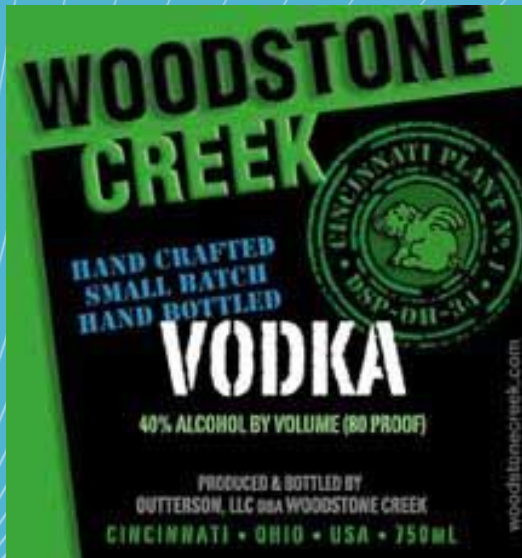
- Product attributes: local ingredients, type of distillation, sustainable practices, organic.
- Benefits, problem solutions: low calorie, lower alcohol, anti-oxidants, great for mixing unique cocktails.
- Price and quality: price as a signal of high quality --- super-premium.
- Image: unique bottle, interesting label, unusual or irreverent name.
- Specific use: pairing with foods, for special occasions, ingredient in popular cocktail or dish.
- Product user: endorsed by celebrity chef.
- Against a valued competitor.
- Positioned in relation to other kinds of product: vodkas, gins, bourbons.

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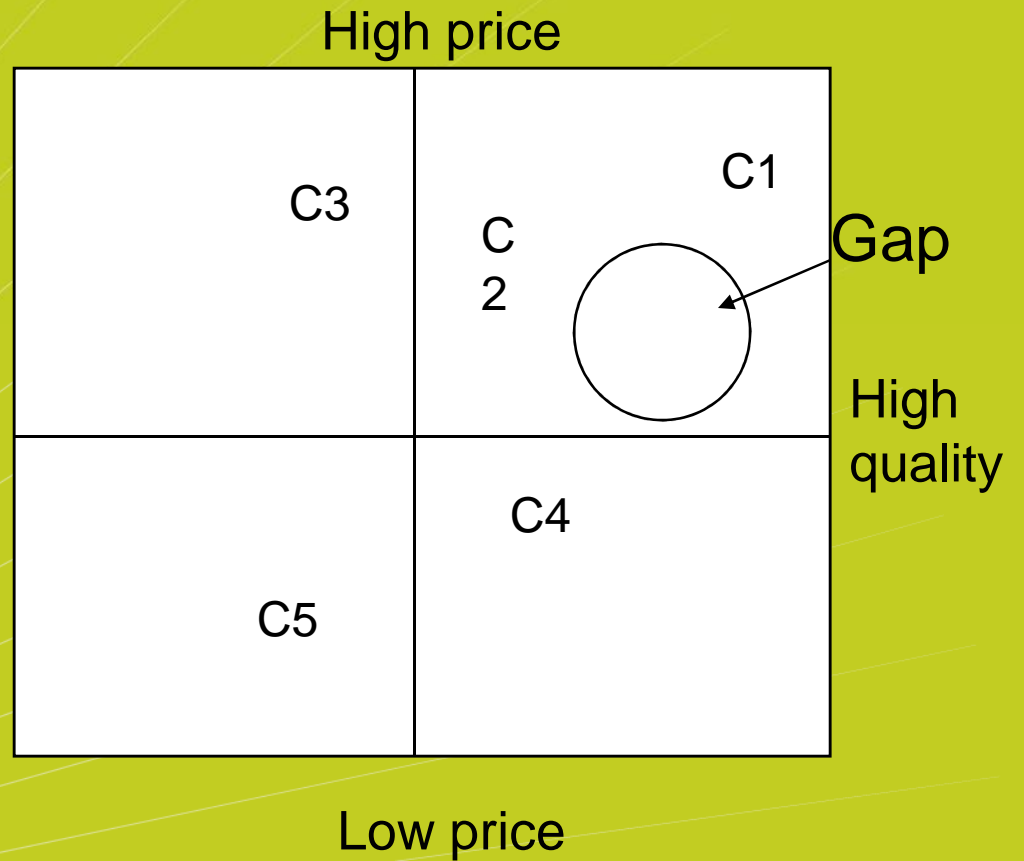


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Positioning Your Product



Low quality





Price

- Cost analysis.
- Competitor surveys.
- Product positioning.
- Pricing strategy.



Place



- Traditional distribution channels.
 - Retail.
 - Foodservice.
 - Cost of distribution/restrictions.
- Direct Marketing channels.
 - Tasting room.
 - State liquor stores.
 - Out of state.



Bringing the Farm to Market

Promotional Mix



Communicating
with Your
Target Customer

- Advertising
- Sales Promotion
- Public Relations
- Selling Strategy
- Direct Marketing Media



Advertising



- Bottle and label.
- Story behind the product and ingredients.
- Brochures.
- Collateral materials.
- Print ads.
- Web site, blogs, newsletter.
- Viral marketing.
- Videos.
- Apparel and give aways.

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Sales Promotion



- Tasting events.
- Contests.
- Special promotions.
- Fairs, events and trade shows.
- Tours.
- Cross promotions.
- Agra-Tourism.



Public Relations



- Press kit.
- Press releases.
- Media relations/events and new releases.
- Community relations.
- Networking.
- Trade associations.

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Sales Strategy



- Sales presentations.
- Sales meetings.
- Sales incentives.
- Tastings/Demonstrations.
- Strategic selling --- large accounts.

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Direct Marketing Media

- Catalogs.
- Mailings or E-Mailings.
- E-Commerce on web site.
- Customer relationship management (CRM).
 - Lifetime customer value.
 - Building your customer data base.
 - Newsletter.



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The Marketing Process





northwest agriculture
business center



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Questions?

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