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Saint Archer Brewing Company: A New
Way of Marketing Craft Beer

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Conor Lowery, Dillon Irving, Zac Shippey, and Jackson Egan prepared this case under the supervision of Dr. Wayne Howard in AGB 462 Applied Agribusiness Problems.

History of Beer

A common misconception is that beer is a relatively new process and is only a couple centuries old. On the contrary, beer has been dated back to clay tablets in Egypt over 5,000 years old. It was actually a consistent part of the ancient Egyptian pharaohs' diet (1). More recently, the Native Americans prior to the arrival of the white man, in 1492, brewed beer. A couple centuries later in 1632, the United States opened its first commercial brewery in Lower Manhattan called the Dutch West India Company (2). These were standard brewing traditional style ales brought by the English and Dutch. As more immigrants flooded in, so did the new styles of beer. The Germans brought in the lagers and Central Europe integrated Pilsners. One style unique to the United States was a Steam beer style; developed locally by Steam Anchor Brewing Company in San Francisco, which you will hear more about later (2). One major roadblock in the history of beer was Prohibition. On January 16, 1919 the 18th Amendment was put into effect where it prohibited the production, sale and transportation of an alcoholic beverages. This lasted roughly fifteen years and was known as the Prohibition era. American brewing came to an abrupt stop. Some of the larger breweries were able to stay a-float selling near beer and other non-alcoholic beverages. Prohibition did not end over-night

it was a slow process. In 1933, the Volstead and Cullen-Harrison Acts were passed allowing lighter alcohol contents to be legal. Finally, in December of 1933 the 21st Amendment was passed that repealed the 18th Amendment, but state and federal government still heavily regulated production (3). One main regulation was the three-tier system, which required alcohol to go through a distributor, instead of selling directly to the consumer. In 1959, Coors introduced the infamous aluminum can and changed the industry forever. A couple decades later, in 1994 the government required companies to put the alcohol content of the beer containers. Even with all of these obstacles, beer is still considered the most popular alcoholic beverage in America (4).

Craft Beer Industry

The craft beer industry did not develop overnight and took decades to gain national recognition. Just like anything, you must start small and then expand, and that is exactly what the craft beer industry did. Making good, quality beer is an art that takes time, precision, and the correct ingredients. It developed in a time when the beer industry was slowly losing recognition and there was absolutely no personal connection to the beer that was being sold. Big corporations such as Anheuser-Busch and MillerCoors dominated the market. It was produced on large scales and was lacking some of the great essentials a high quality beer should have. So what is the difference between the two you may ask? The Brewers Association defined a craft beer by their specified qualities, "An American craft brewer is small, independent and traditional." The Brewers Association defines those three categories by:

Small: Annual production of 6 million barrels of beer or less (approximately 3 percent of U.S. annual sales). Beer production is attributed to the rules of alternating proprietorships.

Independent: 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.

Traditional: A brewer that has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation. Flavored malt beverages (FMBs) are not considered beers (5).

Craft brewing saw a great opening and had everything that the beer market needed going into the late 60's and early 70's. Two main events took place that changed the beer industry forever. A process known as home brewing, which essentially meant you made beer from your house. One of the first was Fritz Maytag. In 1965, Maytag purchased the popular brewery in San Francisco called Anchor Steam Brewery. It was well known and had a high reputation for making high quality brew. Shortly after, he began to experiment with new products, flavors, and styles of beer. He invented the "Steam" style beer that was the first of its kind (2). Keep in mind that this is during a time when the breweries are closing down and unique beers are disappearing. These activities grew as more and more people heard of the "craft beer" movement. This inspired beer enthusiasts across the country to brew their own beer (at home in garages or basements) and keep these precious traditions alive. Unfortunately, one barrier many Americans brewers had to face was the fact that home brewing was not made federally legal until 1978 (3). But craft brewing main focus was to introduce these styles to the public and make beer drinking a more personalized business. If a consumer has a personal connection to a product, they're more likely to influence other consumers as well. The local aspect, start up stories, and home ingredients develop a strong connection, which was a comparative advantage to larger domestic breweries. One the true renaissances of house brewing did not emerge until the late 70's. In the town of Sonoma, Jack McAuliffe became America's first microbrewer since the prohibition. He was influenced locally by Maytag and set the precedent for all future craft brewers to follow. His brewery was named The New Albion Brewery (2). Even though, the brewery only lasted for 6 years it inspired pioneers all over to try home brewing. The new small local breweries spouted up across America moving away from the mass-produced beer.

Thus, shifted to craft home brewing that had tradition, flavor, and culture, which could not go unnoticed. In the 1980's, the craft beer industry not only improved, but also so did its popularity. In 1980, there were 44 craft breweries and fourteen years later in 1994 there were 537 (2). Finally, by the early nineties the volume of craft beer was skyrocketing for year to year. It reached an all-time high in 1995 with the total volume sales increased 58% that year. Surprisingly, today it is stronger than ever.

Market Segmentation

Craft brewers are not all one in the same. Specific market segments specifically divide them into their own category. The Brewers Association defines four distinct markets in the industry: microbreweries, brewpubs, regional craft breweries and contract brewing companies (5). A brewpub is essentially a restaurant-brewery combination that is required to sell 25% or more of its beer on site. It is brewed primarily to be sold in house at the restaurant or bar. They're allowed by law to sell beer "to go" and can distribute it to off-site accounts. Microbreweries are required to produce less than 15,000 barrels a year with 7 percent or more to be sold off-site. They can sell to the public through one or any of these options: three-tier system (brewer -> wholesales -> retailer), two-tier system (brewer -> retailer), or directly to the consumer (carry out, bar, restaurant, etc.). Regional Craft Brewery is any independent regional brewery who has an all malt flagship or has at least 50 percent of its volume in malt beer or in beers which use adjuncts to enhance rather than lighten flavor. In the U.S. this is the most popular craft brewing market. In 2013, regional breweries accounted for 77% of the market production by volume (**See Exhibit 4**). Contract Brewing Companies is more of a business where someone hires a brewer to produce beer for them. A brewery can also hire another brewery to make additional beer for them. It includes marketing, sales, and distribution, while leaving the brewing and packaging to its producer/brewer. Just for the sake of learning there are also two other segments in the beer industry. Regional Brewery, which is a brewery, that produces between 15,000 to 6,000,000

barrels of beer a year. Lastly, a Large Brewery that produces over 6,000,000 barrels of beer a year (5).

Modern Industry Overview

At the end of 2013, there were 2,768 craft breweries in operation throughout the year in the United States. This included 1,237 brewpubs, 1,412 microbreweries, and 119 regional craft breweries (6). The Brewers Association stated, “The industry also provided more than 360,000 jobs, with 108,440 jobs directly at breweries and brewpubs, including serving staff at brew pubs” (7). The craft beer industry has made jobs available in a time when job stability is uncertain from day to day. With high unemployment rates, questionable job security, and low wages the craft beer industry has been a blessing for thousands. The beer industry as a whole is estimated to be worth around \$100 billion (8). Craft beer industry got a nice slice of the pie making contributing \$33.9 billion dollars to the economy in 2012. Moreover, it had \$14.3 billion dollars in direct sales **(See Exhibit 3)**. Within the last year, craft beer industry’s growth charts grew 18% by volume and 20% in retail sales from the previous year. Even though, total beer sales have decreased by 1.2%. One crucial statistic is the increase in the exportation of craft beer. In 2013, export sales increased by 49% because of the international demand of craft beer is growing as well **(See Exhibit 5)**. Today in California, there are over 400 registered craft brewers and it is only continuing to grow. The market for beer in California is second to none. They not only have 12 of the top 50 craft breweries in the U.S., but also have double the amount as well. In 2012, California craft breweries directly and indirectly contributed \$4.3 billion dollars (9).

California Craft Brewers Association

It is not all about money; the California Craft Brewers Association donated an estimated \$16 million dollars to charities and non-profits. The California Craft Brewers Association is a non-profit trade association representing the craft and specialty brewing industry in California. According to their website, “Our primary function is to monitor legislative activity at the state capitol and to provide a single and coherent political voice that represents the interests of all California’s craft brewers.” A common trend in the craft beer industry is the stress on how beer is vital to longevity in life. The CCBA sponsored an in-depth analysis of beer and the benefits it has when consumed in moderation. With over 250 sources cited it claims that it helps reduce the risk of stroke, arthritis, cardiovascular disease, common cold, kidney stones, Parkinson’s disease, and much more. Beer contains essential nutrients and also helps superior nutrient consumption (10).

San Diego’s Craft Beer History

San Diego has been home to one of the largest brewing communities in California since before prohibition. In pre-prohibition times, brewing was a huge business experiencing major growth. Once prohibition was implemented, most brewing stopped in San Diego and most breweries were forced to go out of business. After prohibition’s repeal, San Diego again began producing large quantities of beer. Into the late 1940’s San Diego breweries were supplying 25% of the beer in the state of California until big beer companies like Anheuser-Busch, Coors and Miller pushed local brands out of the market. In 1953, beer production suddenly stopped and was not brewed commercially again until 1987 (13). With some changes in statewide legislation, coupled with a major home brewing culture, brewing was brought back to San Diego and with it came a new breed of beer. Several brewer entrepreneurs started making

beers that introduced people to a whole new world of flavors and styles. Beers were being brewed that no one had even heard of before, let alone tasted. Brewers were adding twists to old recipes and using new techniques to create a wide array of different flavors and alcohol content in beers. Experimental beers were becoming a huge trend among home brewers and people loved it. In time, the cumulative knowledge and expertise of brewers inspired even more creativity and innovation within the craft beer community.

San Diego is now home to over 60 breweries across the county and the number keeps growing (13). Beer has become as much a part of San Diego's culture as surf and sun (11). San Diego has even been deemed the craft beer capital of the United States. Brewery maps showing people where each brewery is located in San Diego can be found everywhere from restaurants to hotels (12). Coffee table books containing information on the many breweries located in San Diego are available for purchase and have become a hot commodity among craft beer drinkers. A smartphone app has even been created that updates users on which beers are on top at area bars and restaurants called Taphunter (11). Brewery tours and events are promoted by hotels and highly suggested as an activity for those visiting San Diego. The San Diego brew culture has grown significantly since 1987 and continues to do so. Stone Brewing Company is currently the largest craft brewery and distributor in Southern California (11). Most craft breweries in Southern California go through Stone Distribution to get their beers into restaurants and stores throughout California. Although Stone is the largest, Karl Strauss Brewing Company is the oldest post-prohibition craft brewery still producing in the county.

San Diego is not only home to 60 breweries across the county but also countless festivals and brewing exhibits. BEERology at the San Diego Museum of Man is an exhibit about the history of brewing beer starting all the way back to the Ancient Egyptians. It also includes brewing of the Sumerians, Chinese, and many more. The exhibit contains artifacts and stories about brewing in these ancient cultures and how brewing has

grown since. There is also a beer tasting and space to explore the brewing process (17). Each November, the annual San Diego Beer Week showcase takes place, showing off more than 100 craft-beer-related events from barrel tastings to wine versus beer food-pairings. Perhaps the biggest craft beer exhibit takes place at the San Diego History Center, Bottled and Kegged. From April 2013 to January 2014, beer enthusiasts were able to learn all about San Diego's craft beer culture and how it became a nationwide leader in craft beer. Beginning with the regions earliest settlers, to the present day, the exhibit highlights the events and individuals who constructed and grew the beer industry from nothing. The exhibit shows how these early brewers were able to keep the industry alive during prohibition and were able to revive one of the region's largest businesses. The exhibit also helps explain the brewing process and how San Diego brewers are able to create such unique flavors in their beers and the science behind matching beer and food (13). In addition to these fun and educational exhibits, San Diego also offers many beer festivals, a venue for craft brewers across the region to showcase their beers. San Diego Festival of Beer, which is held in September, is not only a craft beer festival, but also a cancer-fighting fundraiser. Celebrating its 20th anniversary this year, the San Diego Festival of Beer has 50 breweries with over 120 beer varieties (18). Although San Diego holds many beer festivals throughout the year, like the San Diego Beer Festival, the largest and most prestigious is the San Diego Beer Festival. Taking place in June, this festival showcases over 400 beers from more than 200 breweries and is held at a 100,000 sq./ft facility. This festival is the largest beer festival on the West Coast with 5 separate tasting sessions (16). Saint Archer will be in attendance and pouring for craft beer lovers attending the event.

San Diego has grown substantially since its pre-prohibition beginnings and will continue to grow as new breweries pop up quite frequently. With the amount of growth San Diego has seen in the craft beer industry and the potential it holds, it is no wonder this city has been described as the "hoppiest place on Earth". Beers from San Diego have made it across the country and even the globe, with no stop its growth in sight.

History of Saint Archer

Saint Archer was founded on a unique strain of creative talent and ideas. Bringing together world class brewers, artists, musicians, surfers, skateboarders, and snowboarders who all share one true love -- handcrafted beer. Founded by CEO Josh Landan, and friends Mikey Taylor and Paul Rodriguez. Landan and Taylor hatched the idea at the Holiday Inn in downtown San Diego. Before Saint Archer, and throughout its existence, Landan has been a respected filmmaker in the surf and skate world. He did much of his filming with Mikey Taylor and Paul Rodriguez, big names in the skateboarding industry. Because of their fame, many businesses came to them asking to sponsor them and get them to promote their products, many in the beer and tequila industry. After declining these sponsorships for many years, Landan and Taylor decided they should just start their own brand, their own product to sponsor. Landan had always wanted to do a company with his friends and Saint Archer was their opportunity. The name, Saint Archer, was born when Landan wanted to name his newborn son Archer, yet his wife didn't like the name. Landan then decided this would be the perfect name for the brewery and the name Saint Archer was born.

Unlike most craft breweries, Saint Archer has a story behind their beer, a culture that they actively promote and want as the face of their brewery. As Landan says, "There's one big thing about beer - unlike skate shoes or wetsuits, most of America has a use for it" (14). After its inception, Saint Archer quickly began to grow. As Saint Archer's culture began to take hold, it drew many professional athletes with the help of Landan, Taylor and Rodriguez, who shared the same views and were a big part of the culture that Saint Archer wanted to be affiliated with. These professionals invested in the company and became ambassadors for the brand. One ambassador, Mikey Taylor, thought, "If we could have a good product and market our lifestyle along with it, we might do pretty well" (14). Each ambassador has a partial stake in the company and actively promotes it. Rather than being given free product and equity to be a face of the

brand, many of Saint Archer's star athletes put their own money into the startup. Saint Archer currently has twenty-one ambassadors actively promoting the brand with an outreach of between five and six million through Instagram alone, not to mention the millions of followers reached through other forms of social media.

Once the ambassadors began promoting Saint Archer, the brewery began to grow quite rapidly. Since the brewery started a little over a year ago, they have been able to double their capacity in six months and with every milestone made, they have tripled it. Festivals and events all over California have asked the brewery provide beer to and sponsor certain events, but the brewery simply cannot meet demand. Although they are not able to provide beer to or sponsor major events due to their brewing capacity, they do hold ambassador events. At these events, athletes work the bar and interact with the fans. Their goal has been to provide a brand that people can connect to and feel like they are a part of. These events allow the fans to interact with the athletes they look up to and admire. A picture of Eric Koston barbecuing was put on Instagram and within two hours, Saint Archer had seven-hundred new followers (14). The impact the ambassadors have on the growth of Saint Archer is expansive and growing. Steve Wagner, President and Co-founder of Stone Distributing Co. Says, " Saint Archer has been the fastest growing brand we've EVER launch at Stone Distributing Co. in over 15 years of preaching great craft beer" (15). He also went on to say, " I can't think go another brewery that has created this kind of excitement and impact in such a short period of time. The quality of the beers across their lineup and the creativity with which they approached a crowded market has attracted a ton of new fans to the world of craft beer" (15). And this is the vision that Landan had when he officially started the company a little over a year ago.

Saint Archer is currently climbing up the ranks in the craft brew industry and making a big name for themselves in the process. With such a unique background and culture surrounding the brewery, Saint Archer has been able to generate a huge following that continues to grow. According to Saint Archers Vice President of

Marketing, the brewery plans on continuing its growth until they are viewed as one of the “big players” in the craft beer industry. You can find Saint Archer beer on tap, in cans, and bottles from San Diego up to the Central Coast. Landan says, “ We’ll keep making great and interesting beer and we’ll continue to highlight the lifestyle that brought us all together in the first place”(15). Saint Archer has always prided itself on the culture it has created and the lifestyle it promotes. No other craft brewery has such an active and extreme culture surrounding it and this is what has made Saint Archer appealing to so many. Saint Archer gives its drinkers and followers a glimpse into the lives of the athletes they admire and access to the lifestyle it promotes. And with this, has become the official craft beer of the surf-skate world.

Beers Offered

Flagship Beers

Saint Archer launched its brand with three beers. These beers are a Blonde/Kolsch style Ale, Pale Ale and an IPA. These styles were chosen because Saint Archer set a goal of offering beers that are flavorful, approachable, and appeal to a wide range of palettes. Later, a White Ale was added to this list of beers as it also fit these same criteria. These four beers are the only options offered in cans and bottles and are considered Saint Archer’s flagship beers. The Blonde Ale is modeled after the bright beautiful ales of Koln, a region in Germany. It has a clean, crisp malt character similar to a Pilsner and is brewed with Noble hops from Germany. It is 4.8% alcohol content by volume and contains 22 bitterness units.¹ The Pale Ale is a dry hopped California pale. Crystal Malts provide a backbone to showcase the bright, citrus, piney notes of Cascade, Chinook, Citra, and Simcoe hops. It is 5.5% alcohol content by volume and contains 40

¹ Bitterness of beer is determined using the industry standard referred to as International Bitterness Units (IBUs). One part per million of the primary bitter resin found in hops called Isohumulone, or Alpha acid in beer is equivalent to one IBU.

bitterness units. The IPA is described as Hop-forward, yet civilized. Bitter but balanced. It has citrus/tropical notes that are combined with other favorite hops like Centennial, Chinook, Simcoe, and Citra. It is 7.0% alcohol content by volume and contains 66 bitterness units. The Belgian White Ale is brewed with high quality Pilsner and Wheat malts and is spiced with coriander and fresh orange peel. It has a refreshingly tart, spicy, and fruity flavor profile while the wheat protein and yeast give a customary hazy appearance and contribute to the flavor and mouth feel. It is 5.0% alcohol content by volume and contains 15 bitterness units (19). **Exhibit 1** shows the many aspects of Saint Archer's core offerings.

Specialty Beers

Saint Archer also offers a set of beers fresh out of the tank. These are considered specialty beers and are available in kegs only. This list of beers changes often as Saint Archer's brewers are often experimenting with new beers to offer to the public. Offering new beers in kegs only allows Saint Archer see a beer's popularity and whether or not they should create more of it. Beers currently offered on tap are a Double IPA, American Stout, an Experimental Pale Ale, and Scottish Ale (20). The Double IPA has citrus and tropical fruit flavors and is 8.3% alcohol content by volume. The American Stout boasts a deep roasted coffee character and is 6.8% alcohol content by volume (21). The Experimental Pale ale is unique in its own right compared to the other Pale Ale offered and is 5.3% alcohol content by volume. The Scottish Ale is 7.0% alcohol content by volume (22). Saint Archer also recently released Coffee Brown. It was made in collaboration with Bird Rock Coffee Roasters, a coffee company based out of San Diego. It is infused with a special Kenyan Makwa Coffee and has dark fruit, chocolate, plum, and blackberry jam characteristics. It is 6.0% alcohol content by volume (23).

After covering roughly nine beers, it is recognizable that Saint Archer provides flavorful and approachable beers. From their heavy and hoppy double IPA to their light

and crisp Blonde Ale, there is something to satisfy the many different palettes among today's beer drinkers. As Saint Archer grows it will continue to innovate and create new beers that fit their style of brewing.

Production

Saint Archer's facility is located in the Miramar area of San Diego, California. The facility itself is a 17,000 square ft. warehouse and construction of the brewery began in the later part of 2012. Premier Stainless, a company that designs, manufactures, and installs high quality brewery systems, designed the brewery. It had an initial cellar capacity of 5,000 barrels annually, but the space will allow expansion to reach over 50,000 barrels annually (24). Premier Stainless' design turned into a 30-barrel brewhouse equipped with four 120-barrel fermentation tanks and its own bottling line (25). Due to rapid growth and high demand for Saint Archer's beers, there have been some additions to the brewery. A brewery expansion included the addition of five 120-barrel fermentation tanks and a 120-barrel brite tank.² These additions about doubled Saint Archer's production. They also added a new bottling line (26). A canning line was also added and as of April 2014, all of Saint Archer's flagship beers have been offered in cans (27). **Exhibit 2** shows the core offerings in cans. Demand for Saint Archer beer is growing rapidly and so is the need to keep expanding their production. They have a facility with the means to expand; however new equipment and reconstruction are costly. They will continue to expand their brewery as best they can, in a feasible manner and maybe even add an additional facility once they have hit capacity at their current site (28).

Sales

² A Brite Beer Tank is a beer tank used specifically for carbonating beers. They are generally rated for no less than 30 PSI.

While Saint Archer has created a brand that already has a strong following and they want to continue growing and innovating by providing new beers, sales are what ultimately drive what to produce and how much of it to produce. Simply put, Saint Archer's demand is so high that they sell everything they produce. Upon its opening, Saint Archer only anticipated producing about 4,500 barrels, but ended up producing around 7,000 barrels (29). This seems like quite a bit of beer for a brewery's first year, yet they still did not have enough supply to meet their demand. Saint Archer's four flagship beers are the only options offered in cans and bottles and make up the bulk of Saint Archer's production. While specialty and experimental beers attract a niche market, Saint Archer's flagships are their moneymakers (30). Other options are offered in kegs and are sold through their tasting room as well through local businesses like restaurants. Saint Archer started out local and is now branching out. While most of its sales continue to be in the San Diego area, it has also become available up the California Coast and in some other states. Many of the specifics regarding sales information is not available to the public, however they produce a fair amount of high-quality craft beer, and sell everything they make (31). To show how rapidly Saint Archer's sales are increasing, they hope to have produced 14,000 barrels by June, and 20,000 barrels by Mid-Summer of this year (32).

Distribution

During the Prohibition in the United States, alcohol was made illegal and there was no government law or regulation regarding the distribution and sale of alcohol. Once the Prohibition was repealed, a three-tier system of producers, distributors, and retailers was put in place so the government could control the distribution and sale of alcohol. The system works as so: Producers are only allowed to sell to distributors, distributors are only allowed to sell to retailers, and retailers are the only ones allowed

to sell to consumers. The government also makes more money off this system as the alcohol is taxed each time it changes hands (33).

Saint Archer decided to team up and form a distribution partnership with Stone Distributors, which is a division of the San Diego-based Stone Brewing Co. (34). Stone Distributors take care of all Saint Archer's Southern California distribution, specifically from Santa Barbara to the Mexican Border. Any beer that is distributed out of state is also handled by Stone Distributors and is sent through the Port of Long Beach. Any beer distributed above Santa Barbara in California is done by CDC Distributors (35). Saint Archer has also noticed a strong following in Australia and is hoping to create a distribution channel there (36).

Employees

Saint Archer currently employs 26 full time employees. Included in those full time employees are CEO Josh Landon, the VP of operations, the VP of Sales, the VP of Marketing, Director of Brewery Operations, and the Head Brewer. All these employees constitute the upper management group. The two middle level managers are the packaging lead and the cellarman. The remaining employees are brewer's assistants and production employees (37). As the company continues its rapid growth the employee structure is destined to change. One of the benefits of the brewery having a rather lean and mean workforce is that communication is easier and they have yet to deal with any problems with employee misconduct. One issue with some of the larger breweries is employee theft. Because most of the employees working at breweries are avid beer drinkers, they like to get their hands on the most amount of the product as they can. Unfortunately, this can lead to employees taking beer that is intended to be sold. Because of this issue, many breweries have started programs that give employees an allotted amount of beer each week, month, or quarter. Many breweries even incentivize their employee beer programs to make it more performance driven. At Saint

Archer, they have yet to have any issues with employee beer theft. Instead, with the small amount of employees they have, they let employees take home any of the low fill beers or beers that didn't pass quality control (38). So far, this way of doing things has worked out well. However, management realizes that in the future this program will have to change to accommodate the hiring of new employees.

Marketing

Building the Brand First

When the Saint Archer ambassadors put the brewery together they knew they would have a fairly large initial following because of their fan bases. Because each ambassador already had their own fan base they knew that all they would have to do was do some promotion of the Saint Archer brand and it would immediately have a following. Knowing that they would make good beer to follow, the owners made building the brand their first priority. This strategy has paid off for Saint Archer with their brand being very recognizable all around San Diego and their influence spreading throughout the state and elsewhere.

Sessionable Beers

Sessionable beers are said to have originated from shell producers in England during World War I. The shell producers were working throughout the whole day and two 4 hour break periods, from 11 AM-3 PM and 7 PM-11 PM. During these periods, the shell producers liked to go and have beers. However, they wanted beers that were lower in alcohol content so they could return back to work and still be sober but still had flavor to them (39). They called these beer "session beers." Now, a "session beer" is one that has an ABV of less than 5%. Saint Archer brews what they see as "session beers." They want their beers to be flavorful and complex, yet still have an ABV that isn't through the roof. By brewing beers that are sessionable, Saint Archer attracts beer

drinkers from all across the map. Their target market is mid 20 year olds to people in their 30's. Although this is their target market, the goal of Saint Archer's sessionable beers are to not exclude any beer drinkers by offering beers that are not so easy to drink. Saint Archer's flagship beers are all flavorful, complex, and easy to drink while their specialty beers can be more intense and bold (40).

Pull Marketing

Saint Archer has a saying that embodies their core marketing beliefs; "Let the beer speak for itself (41)." Saint Archer does very little print advertising, instead choosing to focus on pull advertising with their products. The marketing team does this in a few different ways. First, they use in-store advertisement and placement. They have had deals with stores like Albertsons to place their products in certain displays to promote them. They also have worked with numerous bars/restaurants to display their tap handles prominently on the bar. Another way they get their name out is by pouring at sports competitions, and beer festivals. However, with a limited supply it is hard to pour at every event. These events help promote not just Saint Archer, but the industry as a whole. Another way that Saint Archer is able to market themselves is through their Ambassadors. Every time an ambassador makes a post on Instagram or twitter about Saint Archer it grows interest in the beer. Something as small as an Instagram post by an ambassador while they are wearing a Saint Archer shirt can be very beneficial to the brand. Saint Archer has a website that has grown substantially in popularity. They have seen a large increase in the amount of apparel orders off the website. They offer board shorts, hats, sweatshirts, and t-shirts to be purchased off the website (42). You can also purchase beer glasses and growlers from the tasting room. The website also has a blog on it where the company gives updates on industry news, company news, and what events they will be participating in. Every once in a while, the company will post a video about one of the ambassadors and the work that they do in their everyday life. The latest was a focus on photographer Atiba Jefferson and his work in the photography

industry. The company is fairly also active on social media and uses Twitter, Instagram, and Facebook to reach out to beer drinkers and Saint Archer fans all over the world.

Growth and Expansion

Facility Growth

If you talk to anyone who works as Saint Archer they will tell you that there is been ongoing construction at the brewery since they opened over a year ago. They have expanded their facility twice by knocking down the adjacent walls to make more room for operations. They are currently doing construction on a new cold room for beer storage and a new area for fermentation tanks. The building they are currently in is not set up for a large scale brewery operations so they have had to re-tool some of the utility set-ups to accommodate the large scale industrial equipment (43). These areas of construction will be completed soon but with the brewery growing rapidly they are always looking into other ways of expanding their operation size. A couple options that they have looked at are to keep expanding in their current building or to move to a new, larger facility in a different location. The company's rapid growth has definitely caught the eye of neighboring companies that might be worried they will want to knock down their shared walls and expand in the near future. Another expansion option the company is looking at is adding another tasting room somewhere in San Diego. Currently their tasting room is a part of their production facility. Even though the tasting room is decent sized, on a weekend it can get packed. Putting in another tasting room in another part of town could be very profitable for Saint Archer and also serve as another place to sell apparel. One factor that is limiting Saint Archer's new tasting room is the ABC (Alcohol Beverage Control). It is very hard to move into a new location and apply for a license to serve alcohol. Because of the difficulty of opening a new tasting room, the new tasting room location is more of a long term goal of the company (44).

Brand Expansion

Saint Archer is working on expanding their brand across the United States and throughout Europe and Australia. Currently, Saint Archer has a massive following in Australia. With Australia having a very large extreme sports following their brand has grown to be quite large down under. They have almost 6 million Instagram followers in Australia and that number continues to grow. Management is currently looking into distribution into Australia. Another trend of craft breweries is expansion into Europe. One of the largest craft brewers in San Diego, Stone Brewing, has been planning a brewery in Europe for the past couple years. Industry experts feel that there is sufficient demand in Europe for American craft brews that are experimental with their ingredients. Saint Archer has a desire to expand as far as they can (45).

Conclusion

Saint Archer is in a great position to be very successful in the craft brew industry. With their demand outweighing their supply they have a great opportunity to grow and increase their presence in the market. Their goal is to be one of the big guys in the industry and they will continue to grow so they can achieve that (46). Their main issue is how they will handle the growth. Currently, they have numerous options in how they are going to expand. After only being open for a year, having the opportunity to expand this rapidly is a very impressive feat for Saint Archer. With a great staff of both owners, managers, and other employees, the company is poised to have a tremendous future and they sky truly is the limit.

Exhibit 1

Saint Archer Brewing Co. “The Line-Up”



Blonde Ale (Kolsch)

Modeled after the bright, beautiful ales of Koln, our interpretation has a clean crisp malt character similar to a Pilsner. The authentic Kolsch yeast strain pairs perfectly with our unique blend of aromatic Noble hopes from Germany.

4.8% ABV 22 IBUs

Pale Ale

Balanced toward the hoppy end of the spectrum, this straight-forward, dry hopped California pale is eminently sessionable. Crystal malts provide a backbone to showcase the bright citrus, piney notes of Cascade, Chinook, Citra, and Simcoe hops.

5.5% ABV 40 IBUs



IPA

Everything you'd expect from a great American India Pale Ale: Hop-forward, yet civilized. Bitter but balanced. Amarillo and Simcoe hops ring loud and clear with citrus/tropical notes that are backed up by a chorus of our other favorites – Centennial, Chinook, Columbus, Simcoe, and Citra.

7.0% ABV 66 IBUs



White Ale

Our Belgian White is brewed with high quality Pilsner and Wheat malts, generously spiced with coriander and fresh orange peel. Belgian yeast provides the traditional refreshingly tart, spicy, and fruity flavor profile while the wheat protein and yeast give a customary hazy appearance and contribute to the flavor and mouth feel.

5.0% ABV 15 IBUs

Exhibit 2

Core Offerings in Cans



Exhibit 3

Top 5 States (2012)

| Rank | State | Output |
|-------------|--------------|---------------|
| 1. | California | \$4.7 billion |
| 2. | Texas | \$2.3 billion |
| 3. | New York | \$2.2 billion |
| 4. | Pennsylvania | \$2.0 billion |
| 5. | Colorado | \$1.6 billion |

Exhibit 4

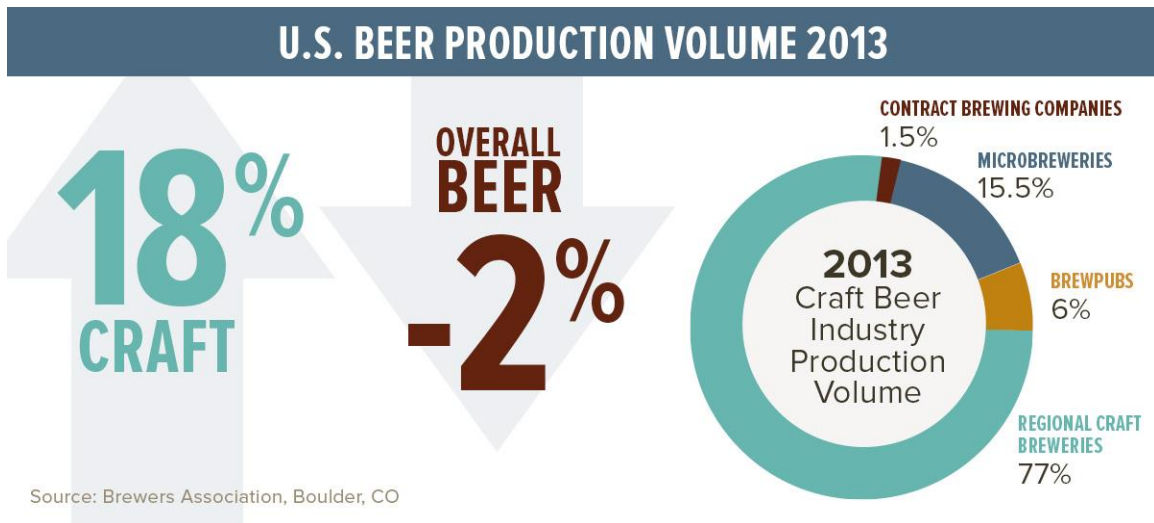


Exhibit 5



Source: Brewers Association, Boulder, CO

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