



## **COUNTDOWN TO COMPLIANCE**

*How operators can comply the right way—and avoid losing out on high-margin craft beer sales.*

**Learn more:** [www.beerboard.com/fda](http://www.beerboard.com/fda)

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## MIND YOUR MENUS

### **FDA regulations requiring beer calorie counts are here. This is how operators can comply the right way—and avoid losing out on high-margin craft beer sales.**

After a series of extensions, the FDA is moving forward with menu labeling requirements. If you're an operator with 20 or more locations, you have circled May 2017 on your calendar. From that point forward, the FDA will require that you provide calorie listings for every brand of beer on your menu, as well as make other nutrient figures such as total fat, saturated fat, cholesterol and total carbohydrates available to customers who request it. The implementation of this FDA ruling will create increased complexity for bar and restaurant operators already struggling to rotate tap handles fast enough to accommodate a seemingly insatiable customer desire for craft beer.

The challenges associated with menu compliance are many, but the weight of the burden will fall on **regional and national chain operators**. Companies with 20-plus units may be put at a disadvantage as they try to compete with the hyper-local beer programs at independent bars or smaller chains, which are not subject to the compliance mandate. On the flip side, hundreds of small craft brewers not

able to absorb the time and money to properly test their products could find themselves on the outside looking in, suddenly forced from the menus at chains that represent the largest sellers of beer in the country.

According to the FDA, 1,640 chains around the country will be affected by the menu labeling law, with a total of 278,600 locations. For operators, non-compliance carries the risk of costly fines or even criminal penalties. But perhaps even more dangerous for their bottom lines is the prospect that the local outposts of national chains will not be able to carry the very products that their customers are demanding.

"FDA compliance is going to significantly impact retailers on many levels," says Mark Young, Founder and CEO of BeerBoard, a New York-based provider of beer management and guest display systems for restaurants and bars. "But they are looking for brewers to support it by making the nutritional information readily available."

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## THIS TIME, THE FDA MEANS IT.

“Today’s consumer wants more information. They want to know more about the products that they are consuming.”

With so much uncertainty around if and how nutritional information from brewers will be made available to operators, not to mention the daunting prospect of disseminating that information chain-wide, many restaurant groups are putting off planning for the coming FDA compliance to kick in. But the forward-thinking companies already have plans in place.

“We are not waiting,” said Todd Kronebusch, vice president for guest experience and innovation at Buffalo Wild Wings. (Buffalo Wild Wings is the largest seller of beer among all U.S. restaurant groups.) “Today’s consumers want more information. They want to know more about the products they are consuming.”

But it’s ironic that the push to provide this additional information—after all, the inclusion of calories is just an extension of other data that consumers are demanding: from ABVs and IBUs to where a beer’s hops were grown—could hinder another hallmark of the modern consumer era: The desire for more and more choices. Without action on the part of operators, as well as by brewers and the industry as a whole, the beer menus at

thousands of retail locations could become standardized by default.

“Some brewers might consider not offering some products on premise [at chains] because it is going to be such a pain [to test and keep their nutritionals consistent],” said said Eric Shepard, executive editor at Beer Marketer’s Insights. “And I could also imagine a scenario where the retailers cut back on their own choice offerings, because they don’t want to keep changing their menus.”

“There has been a shift occurring and people want to go to a place that not only has the traditional choices but also offers a variety of beer options that are local, fresh, and authentic to the region,” added Kronebusch. “In our restaurants, 25% of our draft lines open for the restaurant to find those opportunities that will be popular with their guests. We still want to provide our restaurant locations this flexibility in offerings, but this will require us to have even more rigor around compliance.”

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## ONCE YOU GET STARTED, HERE'S WHAT NOT TO DO.

“Don’t push merchandising responsibilities to wait staff who, oftentimes, have less information [about beer] than their customers do.”

Young from BeerBoard agrees that many operators openly wonder if the menu listings mandate will really be enforced in 2017. Once these operators realize that FDA compliance is real, he also envisions many will sidestep the requirements by simply choosing not to list certain products on their menus. (According to FDA rules, off-menu products do not have to list nutritional.)

“There are many groups out there that already offer a number of beers on tap that are not listed on their menus,” said Young. “They rely on word-of-mouth. But that is dangerous, because it pushes merchandising responsibilities to wait staff who, oftentimes, have less information about certain beers than their customers do.”

Plus, there’s this fact that some operators know but choose to ignore: beers that aren’t properly merchandized don’t sell. BeerBoard’s client data (pulled from more than 50,000 drafts at thousands of retail outlets nationwide) shows that individual locations with up-to-date menus see an average increase of 10% in craft and import beer sales. Those are real dollars that stores stand to lose if they choose to offer their highest margin beers off-menu.

Another easy (but misguided) solution, according to Young, would be for chains to standardize their menus across the country. By

streamlining to focus on the same dozen or so brands from big brewers, many of which already provide calorie and other nutritional information, compliance would be a snap.

“But that means individual locations are basically throwing in the towel on craft beer, which has new regional and local products coming out every week,” he stated.

Whether it’s Portland, Oregon or Portland, Maine, the pain would be particularly pronounced in those markets that have long-ingrained craft beer cultures. But drinking tastes are shifting everywhere, according to Buffalo Wild Wings’ Kronebusch. “Look at all of these hyper-local breweries that have been popping up the past five years,” he said. “Everyone’s got a brewery story in their town.”

Without a system in place to constantly update menu information, the FDA mandate could severely hinder local GMs who strive to keep their taps in step with local tastes. “Chain locations in towns with a higher share of premium production will suffer the most,” said Young.

“We’re concerned about this, not only from a national level but from a local level,” added Kronebusch. “Every one of our individual restaurants will have to manage this process.



We want to be able to share everyone's product with our guests. And the only way we can do

that is by having the calorie information available."

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## CHAIN REACTION: WHEN IT COMES TO COMPLIANCE, FOLLOW THE LEADER.



The hard reality is, the more locations you have, the longer it will take to get menu listing procedures in place to avoid costly fines, FDA scrutiny, and lost profits.

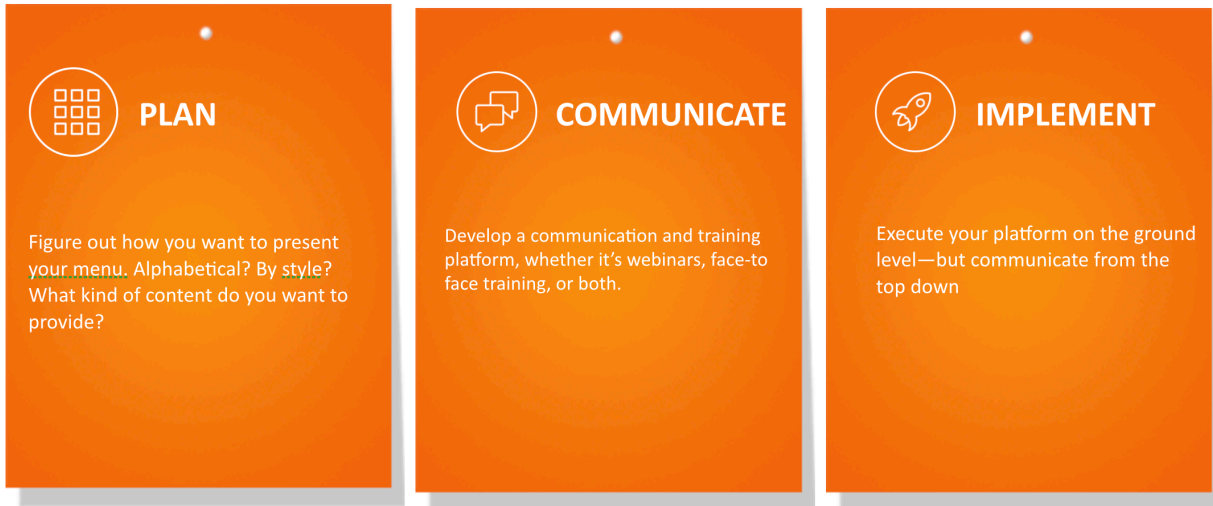
But Buffalo Wild Wings, a craft beer leader that sells so much product it helps indicate trends before they happen, offers a blueprint for success. The systems they have in place with BeerBoard to seamlessly manage tap lines and update their existing menu information offers a model for other chains as they prepare to implement calorie information.

"We've built a streamlined process that basically says to brewers, you need to follow

this program in order for you to get your beers on your menu," said Kronebusch. "We are pushing a digital format, so information can be updated in real-time. The challenge for us is getting our people accustomed to using the software, and understanding the process."

"The average industry turnover for GMs is around 35%," he added. "One out of every three managers is probably going to be gone within the year. Getting our team members to comply with this is really about just providing the right knowledge and standardizing procedures ... We provide constant reminders every time we open up a window for a new menu print. And that's exactly how we plan to approach the nutritional data."

## 3-STEP approach to menu changes from Buffalo Wild Wings.



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## THE LINCHPIN: GETTING BREWERS TO CLAIM THEIR BRAND.

There is a silver lining when it comes to compliance: Companies like BeerBoard offer technology can help put new new systems in place to print or digitize menus with nutritional info quickly. Oftentimes, *in 30 days or less*.

The key component needed to create a level playing field for brewers and operators of all sizes is a single source of truth when it comes to nutritional, as well as other information. And that's where BeerBoard's "Claim Your Brand" program comes in.

Claim Your Brand allows breweries to take ownership of the information that is being

published by giving them a single source to input brand information such as nutritionals, and making it easy to submit that information to multiple retailers. The goal of the program is to provide standardization of information for both brewers and operators. BeerBoard already boasts approximately 4,000 breweries in its database, from macros to regionals to local crafts.

By building FDA-required data into its Claim Your Brand brewery profiles, BeerBoard provides chain operators total integration of its beer programs, from front to back, delivering:

1. A streamlined process for back-end



- management on a local level
- 2. A maintained database of brand data
- 3. Trusted information provided directly from brewers
- 4. Customer-facing assets (print menus, display, tablets, mobile) to share nutritional and other information as it changes

“It truly is an end-to-end solution,” said Young. “From the back-end information on a local and national level to the customer information that needs to be front and center, we can help integrate an operator’s beer management system. Using location-level software, tap changes are seamlessly updated into menus, in-

store displays, websites and on social media.”

“We have thousands of beer menus that are constantly changing across our locations, so working with a digital partner like BeerBoard makes it easier for us to manage,” stated Kronebusch. “It would take an incredible amount of time to have someone manage that process. Incorporating nutritional data is going to add to that complexity. But with systems already in place, as soon as we get the information we need from brewers, we’re confident that we’ll be in compliance.”

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## THE NEXT STEP: ANALYTICS.

For chain operators, FDA compliance can be seen not only as a challenge, but also an opportunity. After all, disseminating calorie counts and other required information is only the tip of the data iceberg. Once a robust beer management system is put in place, companies can reap the rewards of unprecedented levels of information delivered in real-time, including pour volumes from each of your taps, provided in true ounces.

“As operators, we will use this information to make decisions,” said Kronebusch. “BeerBoard has provided us with data to understand what’s selling and what’s not. We can get a better feel for the optimal number of draft handles and

ideal number of brands to feature in a specific location.”

“Having data and the ability to analyze our guests’ behaviors is extremely important as we move forward,” he said. “With all the new breweries and new styles coming into our restaurants, we need to have factual data that backs up and supports every decision.”

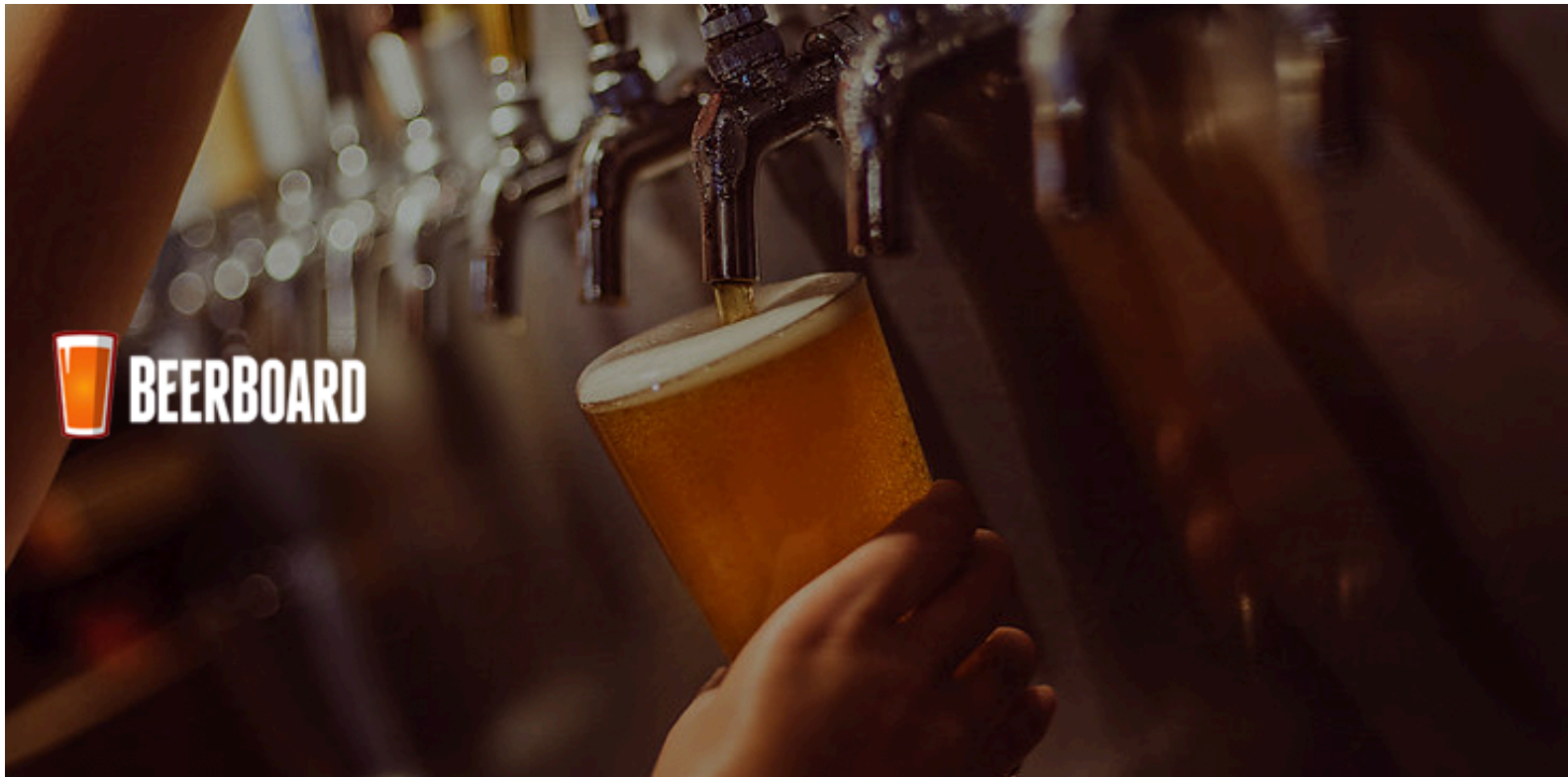
In the future, that hunger for data on the operational level, combined with the FDA’s new requirements for nutritional like calorie counts, could very well impact what beers stay in rotation, and those that don’t.



“I can see some consumers making decisions based on calorie count,” said Shepherd, of Beer Marketer’s Insights. “Inevitably, it will impact some people’s choice on the spot. That’s the kind of information that will be part of their brand decision.”

Will FDA requirements cause customers to bypass that 300-calorie Imperial IPA in favor of a 160-calorie Golden Ale? You’ll have to look at the data to know for sure.





*BeerBoard helps its clients accelerate their time to becoming compliant with the FDA's new guidelines for food labeling. Our expertise and insights comes from helping some of the largest national chains tackle new regulations.*

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