

March 5th, 2024
SB 511
Proponent
Matt Britton
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Discourse Brewing

Chairman Thompson and Members of the Committee,

I worked at a brewery in Florida where we had distribution for mostly marketing purposes, exposing customers to our product within our competitive zone, 3 miles of the brewery. We signed up with a smaller brewery that had many small craft brewery labels. Due to forces beyond our control the distributor sold due to a constrained market. Another larger distributor acquired the assets from the distributor. They bought the assets as a group, mostly for another competitor brewery. This hurt our sales because we were an afterthought. Using the 80/20 sales rule we were not large enough to focus on. Part of the contract was 90 days to communicate with us, which never happened. We terminated the contract on the 91st day. However, this brewery was operational for over 14 years and loans paid. For some breweries a small one that is a start-up, building my brand, within the 3mi competitive zone is important. I worry, that I am so new about making concessions to a distributor to build the brand, get my name out there, but signing too early. If I could peel a sixtel off and sell direct, it would help, not financially, more marketing and building toward the future, making a stronger business for the future.

One last thing is that our Missouri brethren can sell direct. They are able to build brands. And we are going to see a Missouri Brewery open in Kansas and compete with me, with a large distribution footprint. Using the same 80/20 principle, this brewery would be preferred over my brewery, leaving a Missouri brewery in a better place to compete in a Kansas market over a Kansas brewery.

Selling direct is really a competitive brand building issue. Competitors are in a better position. Larger brewers can still use and will still use distributors, see Goose Island out of Chicago. But for a small guy, a Kansas guy the larger breweries, will win every time, leaving Kansas with limited options of breweries. There's many reasons why Kansas is behind in total number and per capita breweries, leaving Kansans few options to buy local in comparison to nationwide brands.

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