

White Claw Situation Analysis

Overview

White Claw is owned by Mark Anthony Brands, the parent company behind Mike's Hard.

White Claw is a flavored seltzer malt drink that has rapidly grown in popularity due to word of mouth and social media. The environmental landscape of White Claw has regulations in the alcoholic beverage business that regulate what can and can not be put into the drink and what materials are used to package the goods. They also enforce labeling the product with alcohol percentage and if any of its ingredients could cause allergic reactions (10K). White Claw is at the top of its market compared to its other hard seltzer competitors. For alcoholic drinks in particular, White Claw can be compared to Truly, Barefoot Spritzers, Seagram's Escapes, Steel Reserve, and Smirnoff Ice. Since White Claw is already the leader for hard seltzers, there is not a huge market opportunity currently. The opportunity lies in keeping their number one position in their category by not letting down and staying competitive through authentic advertising. The competitors have a much larger market opportunity to catch up to White Claw and its success. Truly is the only brand that is close to White Claw in the seltzer category, but it still falls short in terms of sales. Currently, White Claw has widespread distribution and sales in almost every major grocery and convenience store in the US. When looking at a typical store, White Claw seems to dominate the shelves compared to its competitors. It is distributed throughout the US.

Current Users

The largest demographic of White Claw is college aged students and millennials in the United States. Large cities and suburbs are where most of the customers live (The Hard Seltzer). Their demographic stretches beyond this to include health conscious adults from age 21- 55. A majority of their consumers are single and white and earn a household income of \$80,000+ (The Hard Seltzer). Both men and women enjoy this alternative to beer and it is one of the first so called “gender neutral drinks” that doesn't carry a gender stereotype like beer or wine. This drink is typically enjoyed at social gatherings and with meals as a healthy alternative to beer to let loose after a long week. The saying “no laws when you're drinking claws”, further reinforces the notion that this drink is for millennials who are health conscious but still looking to have a good time. White Claw is typically not consumed every day since most of its consumers are health conscious and instead they drink it up to twice a week on average.

Geography

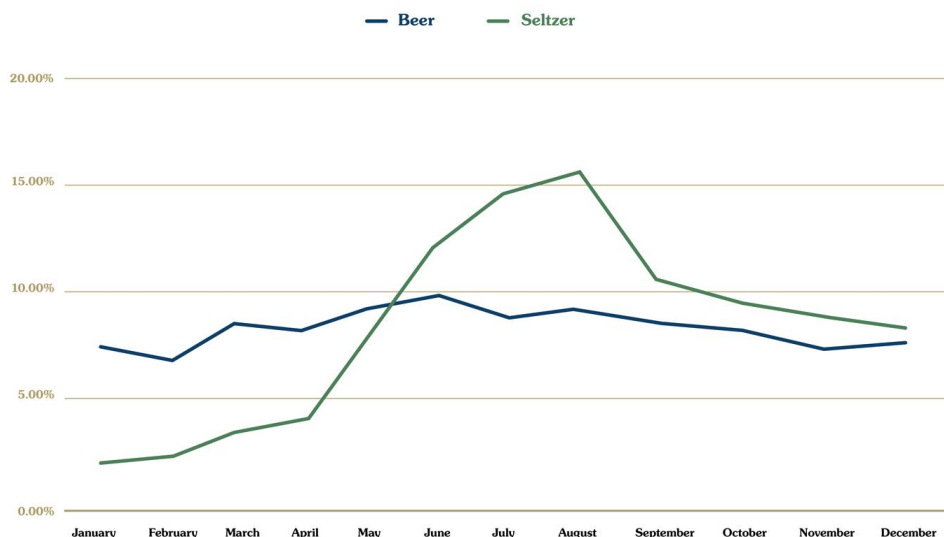
Current consumers live in the United States in the larger cities and suburbs. The drink is less common in rural areas (The Hard Seltzer). White Claw has a high CDI and an extremely high BDI. Since White Claw is not a public company, a surrogate indicator can determine that the companies biggest demographic right now is college students. By using this information it can be determined that the biggest schools in terms of enrollment account for a large percentage of consumers. Most of these big schools are located on the east coast. They can determine from this information that they should expand not only more into the west coast to increase sales, but also expand to older demographics. A good demographic they could expand to is young families with

children who want to drink responsibly and healthy. This would lead to more word of mouth for them since lots of parents talk about how they unwind. This demographic could also help get rid of its negative image of being a “fatty drink”. White Claw needs to defend their position in the market by expanding their target customers.

Seasonality

The seasonal fluctuations occur during winter and the cooler months. White Claw, like other hard seltzers has a polarizing seasonality due to the way it is marketed (Roth, 2019). Typically people associate White Claw as a cold refreshing summer drink. Their current marketing shows it as a refreshing drink that quenches your thirst and it associates the beverage with images of the beach, which is thought of as hot. During the winter the drink is not as popular due to the decrease in temperature and people seeking out liquor and wine. If they market the product in more wintry ways, such as holiday promotions, they will be able to decrease some of the seasonality changes and increase sales during the colder months.

2017 - 2018 Volume by Month as Percentage of Total Sales Volume



This chart shows the seasonality of the sales of hard seltzer compared to beer who has a less extreme seasonality. (Roth, 2019).

Purchase Cycle

White Claw does not have a publicly available financial report, but the current purchase cycle is:

1. Awareness/acquisition- word of mouth and consumer generated content
2. Purchase- widely available in stores, popular, trial/samples, logical choice alternative to beer, not viewed as weak
3. Loyalty/ repeat use- widely available, brand recall, to fit in socially, no ambiguity regarding brand, loyalty to brand, taste
4. Advocacy- first to market and distributed widely, “no laws when drinking claws”

A report said that 71% of people who try White Claw end up purchasing it again within three months (Flashstock, 2019). This continues the purchase cycle and increases loyalty which is good for the brand now that there are a lot of competitors coming into the hard seltzer category.

The future of this cycle depends on the loyalty of the consumers.

Creative Requirements

The creative requirements will be to advertise more with print ads in stores and restaurants.

Especially now that some restaurants are starting to put White Claw on tap, there needs to be noise about it so people at the restaurant or bar are aware that they sell it there. Since White Claw is private and fairly new, there is no historical marketing numbers to draw upon. Based on competitors coming into the market, it would be best to start spending more money on advertising so they do not fall behind all the other brands who may have more money from a larger parent company. Social media is already super big from an earned media standpoint within the millennial demographic. They should expand to an older demographic to continue to boost sales and they should do this by having paid ads on social media where they can easily reach this

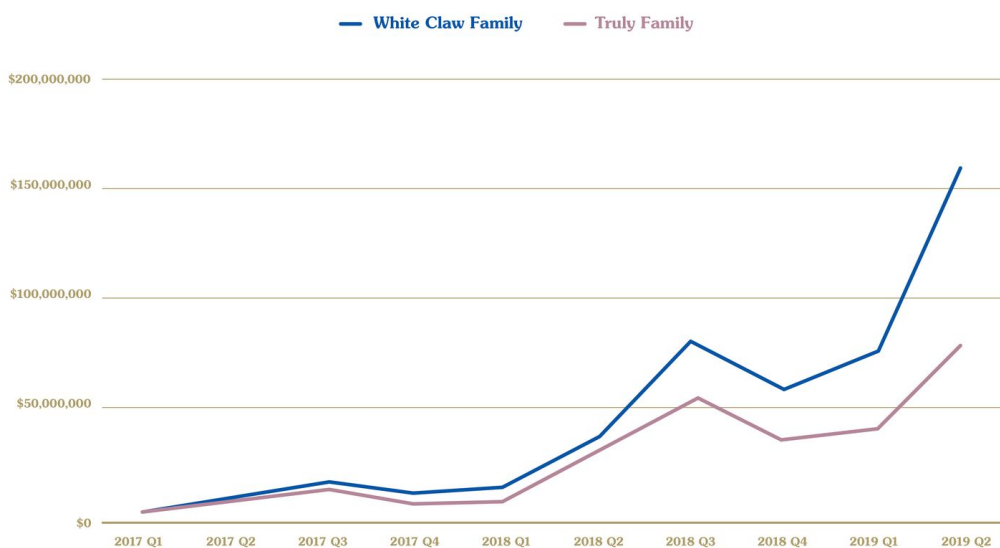
older segment. Sponsoring events and having the product out and available to taste will also be attractive to the slightly older audience, as will increasing the distribution to bars and restaurants.

Competitive Sales

The first six months of 2019 so far have seen over \$101 million in sales for White Claw. That is a 300% increase from the same time period last year (Barker, 2019). In terms of sales, Truly is the next highest selling seltzer compared to White Claw. These two brands dominate the market for hard seltzers and together made up over 85% of sales this past year (Jennings, 2019).

Barefoot Spritzers, Steel Reserve, Smirnoff Ice and Seagram's Escapes are not in the hard seltzer category but were considered indirect competitors since they are not beers, but they are individually packaged drinks sold in the same way White Claws are. Smirnoff Ice and Barefoot Spritzers would be the next big brands in terms of sales due to their popularity among a similar demographic. Steel Reserve and Seagram's Escapes tend to fall much lower in sales due to their high sugar content and small amount of advertising.

Quarterly IRI Dollar Sales for White Claw and Truly Portfolio of Hard Seltzers



This chart shows White Claw sales v. Truly sales (Roth, 2019).

Competitive Media

White Claw's original media plan started on Pinterest where they felt they could reach their target demographic by posting healthy recipes along with a White Claw to position the drink as a healthy alternative to beer that doesn't target men or women specifically (Agency Squid). They use clean simple advertising and emphasize the fact that the drink is natural and gluten free as well as only 100 calories since these are the main selling points their demographics look for. They try to stay authentic and don't want to be screaming to the world with gimmicks. Word of mouth advertising has also played a large part in their success.

Truly's newest media plan consists of a celebrity endorsement through a video where they diss beer, wine and spirits (Levine, 2019). They are hitting hard and making fun of the other drinks that are losing out on sales to hard seltzers. Truly is positioning itself as a fun brand that can be drunken doing anything. Smirnoff Ice still plays off of its viral drinking game of "icing" someone by surprising them with a bottle and making them chug it, but the sales are going down from its peak over a year ago. The other brands, Seagram's Escape and Barefoot Spritzers, marketing is a little more low key and not as visible as most of the hard seltzers we are seeing pop up in the market today. Overall White Claw and Truly align the most in that they are both positioning themselves as a healthy alternative to beers and other drinks. They are both targeting the same demographics and are fighting for consumer's loyalty. The other indirect competitors are harder to compare but they seem to be staying quiet for now as the hard seltzers are stealing the show in the media world.

SOE, SOV, Percent of Sales

It can be predicted that since Mark Anthony Brands only has White Claw and Mike's Hard, that White Claw now makes up a majority of its share of expenditures since the seltzer brand has been outselling major beers recently. White Claw's share of voice in the seltzer category is the highest one when compared with its competitors. White Claw has 112K followers on Instagram and its main competitor Truly only has 44.5K. When compared to other indirect competitors such as Barefoot Spritzers, Steel Reserve, Smirnoff Ice, and Seagram's Escapes, White Claw only falls behind Smirnoff Ice who doesn't have a specific account, rather the product shares the account with the main brand Smirnoff. Smirnoff has 195K followers. When looking at other factors rather than follower count, it is easy to see that most of White Claw's share of voice actually comes from its consumers who have made the marketing easier on the brand by using word of mouth. The percent of sales, as discussed earlier, is the highest for White Claw in the hard seltzer category where they make up the majority of the sales (over 55%) (Kendall, 2019).

SWOT

WC Strengths:

- Name recognition/ Social media buzz
- Taste
- Low calorie
- Gluten Free
- Low sugar
- Pure
- Advertising that conveys pure message

Competitor Strengths:

- Different flavors- Truly
- Interactive social media from Truly
- Barefoot is a large established brand- more money to spend
- Smirnoff Ice also a viral trend and est. brand- more money to spend

WC Weaknesses:

- Stereotypes associated with the drink such as college party kids
- Distribution issues which lead to shortage
- No mega parent company for large advertising budget

Competitor Weaknesses:

- Smaller name recognition- Steel Reserve and Seagram's Escapes
- More sugar- Seagram's Escapes, Smirnoff Ice, Steel Reserve
- Low alcohol content- Seagram's Escapes
- Bad social media- Steel Reserve

WC Opportunities

- Putting it on tap or selling cans at bars and restaurants
- More flavors
- Carbonation free version
- More paid advertising

Competitor Opportunities:

- More Advertising or increase social media presence- Steel Reserve
- Spend more on advertising with larger budget- Smirnoff and Barefoot

Threats

- Large beer companies that are creating their own seltzers
- More advertising from competitors
- Relatable and colorful advertising from Truly and other brands
- Winter months due to seasonality

Competitor Threats:

- White Claw's social buzz-All competitors should be worried
- Limited shelf space due to WC popularity
- Big companies taking over with larger budgets

White Claw's area for growth and staying a leader in the beverage industry will rely on the continuing word of mouth from consumers and an increase in advertising spending to keep up with the larger companies coming into the category. They can appeal to wine, beer or other types of beverage consumers by showcasing their pureness and that they are a healthier alternative. They must keep their message consistent and attract new demographics to grow on an even larger scale. They are leading for now, but soon will fall behind if they don't have a good defensive strategy in place to attract new consumers. Advertising also must be able to keep up

with the distribution and consumer demands so they do not lose out on sales. A lot of growth will be able to come from the new demographic and if they get more restaurants and bars to carry the product. The competitors will most likely step up their tactics and try to position their brand as healthier. They will also probably try to expand into restaurants and bars and use influencers on social media to promote the brand to the younger demographic. The bigger companies that are expanding into hard seltzer will begin to put lots of money into advertising causing White Claw to fade out if they don't keep it up.

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