



# JOHNS HOPKINS

WHITING SCHOOL  
*of* ENGINEERING

---

**Center for  
Leadership Education**

**Master of Science in Engineering Management (MSEM)**

**Fall 2024**

**Manor Hill Brewing's Market Expansion into Northern Virginia**

**Project Host**

Corey Mull

Rachael Mull

**Team Members**

Patrick Deans

Poppy He

Klift Li

Chuyang Yu

# Table of Contents

<b>1. Executive Summary.....</b>	<b>3</b>
<b>2. Introduction/Background .....</b>	<b>3</b>
<b>3. Legal Research.....</b>	<b>4</b>
<b>4. Potential distributors .....</b>	<b>5</b>
<b>4.1 Specialty Beverage .....</b>	<b>5</b>
<b>4.2 Hop &amp; Wines .....</b>	<b>5</b>
<b>4.3 Premium Distributor of Virginia.....</b>	<b>5</b>
<b>4.4 Ferment Nation.....</b>	<b>6</b>
<b>4.5 Craft &amp; Cellar .....</b>	<b>6</b>
<b>4.6 Select Wines, Inc.....</b>	<b>6</b>
<b>5. Potential On-Premises Retailers.....</b>	<b>8</b>
<b>6. Competitor Analysis.....</b>	<b>10</b>
<b>6.1 Competitor 1: the Union Craft Brewing.....</b>	<b>10</b>
<b>6.2 Competitor 2: DuClaw Brewing Company.....</b>	<b>11</b>
<b>6.3 Competitor 3: Flying Dog Brewery.....</b>	<b>12</b>
<b>6.4 Key takeaway .....</b>	<b>13</b>
<b>7. Market Research .....</b>	<b>15</b>
<b>7.1 Overview of The US Beer Market.....</b>	<b>15</b>
<b>7.2 Overview of the Northern Virginia Craft Beer Market.....</b>	<b>15</b>
<b>7.3 Key Economic Indicators .....</b>	<b>15</b>
<b>7.4 Competitive Landscape in Northern Virginia .....</b>	<b>16</b>
<b>8. Challenges and Solutions.....</b>	<b>17</b>
<b>8.1 Challenge 1: Retailer Prioritization of Larger Brands.....</b>	<b>17</b>
<b>8.2 Challenge 2: Distribution Constraints .....</b>	<b>18</b>
<b>8.3 Challenge 3: Local Consumer Preference for Virginia-Based Products.....</b>	<b>19</b>
<b>9. Conclusion .....</b>	<b>20</b>
<b>10. Acknowledgement .....</b>	<b>21</b>
<b>11. References .....</b>	<b>22</b>

## **1. Executive Summary**

Manor Hill Brewing, a Maryland farm brewery known for its craft beer production, is planning to enter the highly competitive Northern Virginia market. This venture presented unique challenges, including navigating Virginia's complex regulatory environment, selecting the best distributor, and securing market share in an area where the "drink local" ethos is prevalent.

Our team conducted an in-depth analysis of these obstacles, comparing Maryland and Virginia liquor regulations, evaluating potential distributors, and assessing market opportunities. We identified 6 potential licensed Virginia distributors, among which Hop & Wine Beverage and Specialty Beverage can be ideal partners because of their strong networks and experience in supporting out-of-state distilleries. Additionally, we mapped the regulatory steps required to enter the market, including non-residence brewery license, label and franchise approval from ABC authority, and permission from the Tax and Trade Bureau for alcohol and tobacco.

Our recommendations included focusing on smaller retailers and gas stations while introducing Manor Hill's core products to avoid competing with saturated chains.

## **2. Introduction/Background**

Manor Hill Brewery in Ellicott City, Maryland has established a strong presence in Maryland, the District of Columbia and Delaware. Known for its innovative craft brews, the brewery now aims to expand into Northern Virginia, a market with great potential but challenges.

Virginia's liquor laws are very different from Maryland's, with stricter franchise agreements and a unique distributor dynamic. Virginia also has a strong preference for local products, which can be a challenge for Maryland-based distilleries such as Manor Hill. Additionally, competition for shelf space in grocery and convenience stores is fierce, as national brands tend to dominate.

Despite these obstacles, Northern Virginia has unique advantages, including affluent demographics, proximity to Washington, D.C., and a thriving craft beer culture. The purpose of this project is to assess the feasibility of Manor Hill's expansion by examining legal requirements, market dynamics, and competitive strategies.

### 3. Legal Research

The three-tier system is heavily engrained in both Maryland and Virginia law. The system acts as a means of separation of power between brewers and retailers and has been around since the end of the prohibition era. Virginia has a clearly defined beer franchise act in its state law whereas Maryland does not have a standalone act in its law to structure the relationship between brewers and distributors. However, Maryland does have a set of articles in the state law that impose similar precedents to that of the Virginia act. Both state laws set strict regulations on the professional relationships between brewers and distributors with a specific focus on the grounds for termination of the relationship. As Len humorously pointed out the other day, “They say it’s easier to get a divorce than it is to separate a brewer from its distributor”. I’m not familiar with divorce law but this may be true.

Both Maryland and Virginia make it difficult for a brewery to terminate their contract with a given distributor. Maryland law allows a little more flexibility as various termination clauses can be negotiated whereas Virginia does not. Virginia law states that there must be “good cause” or a “material breach” for contract termination. This “good cause” will be judged by the Virginia ABC. This limited flexibility for distributor contract termination exemplifies the significance of picking a good distributor.

The other notable difference between the two jurisdictions is the notice periods required when attempting to terminate a contract. Based on the current size of your brewery the state of Maryland requires a 45-day period of notice following a mailed notice of intent to terminate. This period is shorter than the standard 60-day notice for larger breweries. In the state of Virginia there is a blanket 90-day period following a mailed notice for brewers of all sizes. Included in this period is a 60-day curing period, in this timeframe the distributor has the chance to rectify the wrongs that have been presented as part of the grounds for termination.

To Summarize, Maryland and Virginia have a similar legal structure when it comes to the three-tier system. The state of Virginia is a bit stricter compared to the state of Maryland. Links to each states law are linked below in case further information is needed as well as a state-by-state legal summary from the Brewers Association.

<https://mgaleg.maryland.gov/mgaweb/Laws/StatuteText?article=gab&section=5-101&enactments=False&archived=False>

[https://law.lis.virginia.gov/vacodepopularnames/beer-franchise-act/?utm\\_source=chatgpt.com](https://law.lis.virginia.gov/vacodepopularnames/beer-franchise-act/?utm_source=chatgpt.com)

<https://www.brewersassociation.org/government-affairs/state-resources/#tab-statelaws>

#### **4. Potential distributors**

Based on delivery range, reputation, and previous experiences working with out-of-state suppliers, we searched for several licensed distributors within Virginia. For statewide distributors, we can choose Specialty Beverage, Ferment Nation, Premium Distributor of Virginia, and Craft & Cellar. If Manor Hill solely wants to focus on Northern Virginia, Hop & Wines and Select Wines can be suitable choices.

Next, we will provide a detailed introduction for these 6 options in order of priority.

##### **4.1 Specialty Beverage**

<https://www.specialtybevva.com/supplier/>

Specialty Beverage of Virginia, part of the Sheehan Family Companies, is a well-established distributor renowned for its diversity in product portfolio and expertise in supporting out-of-state suppliers.

Specialty Beverage has a strong reputation for providing customers with personalized, high-quality services, such as annual planning, inventory management, promotional programs, and market outreach. Additionally, according to the Specialty Beverage website, they have previously partnered with several Maryland-based breweries. This experience will reduce the challenges of collaboration and facilitate our entry into the Virginia market, especially in regulatory compliance.

##### **4.2 Hop & Wines**

<https://hopandwine.com/contact-us/>

Hop & Wine Beverage is a premier distributor based in Chantilly, Virginia, specializing in craft beer, wine, and premium beverages. With a strong presence in Northern Virginia and Washington, D.C., this distributor can provide Manor Hill Brewing with a well-established connection both within VA and Washington D.C..

Hop & Wines provides customers with high-quality beer, highly trained staff, and a safe working environment. Additionally, Hop & Wine has a strong reputation due to its charitable efforts, including its support for the veteran and first responder community [A]. Similar to Specialty Beverage, Hop & Wines has also collaborated with Maryland-based breweries, which will help Manor Hill enter the market more effectively.

##### **4.3 Premium Distributor of Virginia**

<https://premiumdistributorsofva.com/>

Premium Distributor of Virginia, as part of Reyes Beverage Group, is one of the leading distributors with extensive resources and a robust network across the state. Their ability to handle large-scale operations and their established presence in Virginia's beverage market make them a potential partner for Manor Hill Brewing. Additionally, their

infrastructure and logistical capabilities ensure efficient distribution, which is critical for maintaining the quality of craft beer – the vision of Manor Hill Brewing.

However, based on public information, there is no indication that Premium Distributor of Virginia has prior experience working with Maryland-based breweries. This lack of relevant experience makes them less ideal compared to distributors like Specialty Beverage and Hop & Wine.

#### **4.4 Ferment Nation**

<https://www.ferment-nation.com/supplierdistribution>

Ferment Nation, known for its focus on supporting craft beverages, provides a valuable platform for connecting breweries with distributors in Virginia as a whole. Their focus on developing diverse and unique brands aligns with Manor Hill Brewing's vision of quality and innovation. Additionally, their network spans a wide range of retailers and on-premises venues, offering potential access to our targeted markets.

Likewise, public information does not indicate any prior collaboration between Ferment Nation and Maryland-based breweries. This lack of experience with out-of-state breweries makes them a less optimal choice compared to distributors like Specialty Beverage and Hop & Wine.

#### **4.5 Craft & Cellar**

<https://craftandcellar.com/>

Craft and Cellar is recognized for its dedication to promoting premium craft beverages, offering a strong focus on quality and local connections. Their attention to detailed portfolios makes them an appealing option for breweries looking to enter competitive markets like Virginia. Partnering with Craft and Cellar could provide Manor Hill Brewing with access to specialized retailers and a more personalized approach to distribution.

However, there is no public information indicating that Craft and Cellar have previous experience working with Maryland-based breweries. Also, its emphasis on local drinks makes it a less ideal option for out-of-state breweries like Manor Hill Brewing.

#### **4.6 Select Wines, Inc**

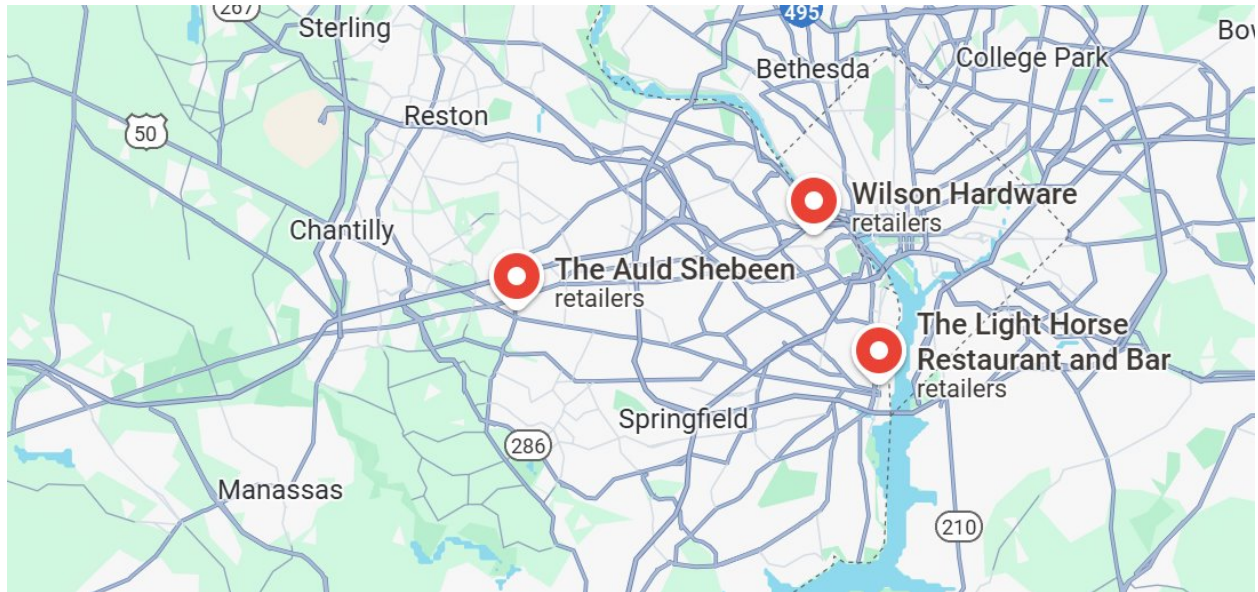
<https://www.selectwinesinc.com/>

Select Wines, a distributor with a strong presence in Northern Virginia, is known for its focus on quality and an established network in the region. Their expertise in managing premium beverages and their localized market connection could provide Manor Hill Brewing with a targeted approach to entering the Northern Virginia craft beer market.

However, public information does not indicate any prior collaboration between Select Wines and Maryland-based breweries. Additionally, their distribution is limited to Northern Virginia, which may not align with Manor Hill's broader expansion goals across the entire state of Virginia. These factors make Select Wine a less optimal choice compared to distributors like Specialty Beverage and Hop & Win.

## 5. Potential On-Premises Retailers

Based on Manor Hill's core products on its brand schedule and beer menus of these restaurants or taprooms, we have finalized 3 on-premises retailers located in Northern Virginia.



### 5.1 The Auld Shebeen

<https://theauldshebeenva.com/>

The Auld Shebeen, located in the heart of Fairfax, Virginia, is a celebrated Irish pub known for its warm atmosphere, traditional Irish dishes, and extensive selection of craft beverages. The menu features diverse styles of drinks, including a selection of rotating crafts, which regularly highlight new and unique beers to offer customers a fresh and exciting experience, and that's the reason the Auld Shebeen can be a suitable option for Manor Hill Brewing.

The pub's rotating crafts section makes it an ideal venue for introducing Manor Hill Brewing's core products. With a focus on quality and innovation, Manor Hill's beers, such as its IPA, Pilsner, and Farm Fuzz, align perfectly with the preferences of The Auld Shebeen's customers, who value distinctive and high-quality craft beers.

### 5.2 Wilson Hardware

<https://wilsonhardwareva.com/>

Wilson Hardware, located in the bustling part of Arlington, Virginia, is a stylish and contemporary bar known for its vibrant atmosphere, innovative cocktails, and beer



selection, attracting a diverse crowd of craft beer enthusiasts and social diners. The bar's beer menu features a range of craft options, including rotating selections that include unique and seasonal brews.

Notably, Wilson Hardware's menu already includes Maryland-based IPAs, such as Union Craft Brewing's Duckpin, which is a positive signal for out-of-state breweries. This provides an opportunity for Manor Hill Brewing to introduce its core products, like the Manor Hill IPA and Pilsner, which offer distinctive flavors and align with the preferences of Wilson Hardware's customers.

### **5.3 The Light Horse**

<https://thelighthorserestaurant.com/menu/>

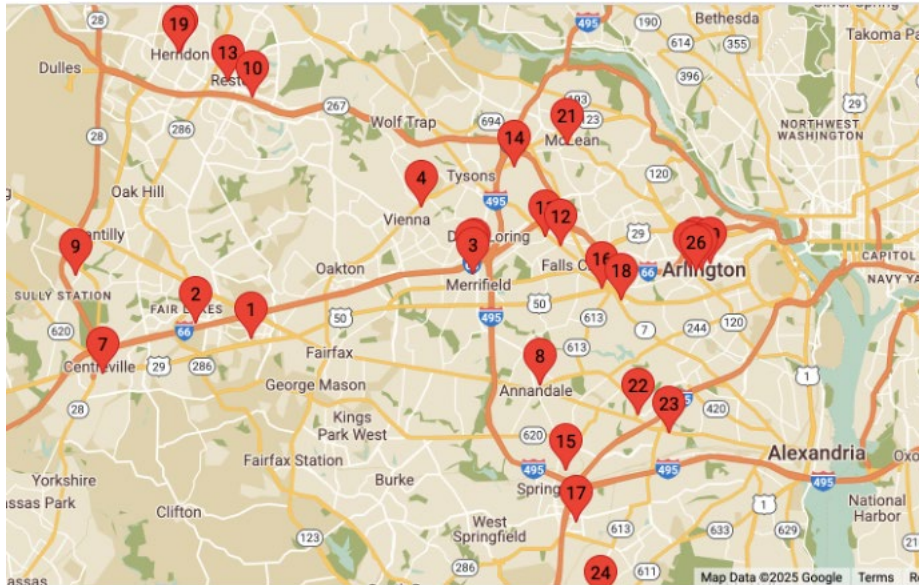
The Light Horse, located in the historic city of Alexandria, Virginia, is a vibrant taproom and restaurant that combines a welcoming atmosphere with an impressive beer selection. The Light Horse's menu is notable for its variety of unique and specialty beers, featuring distinctive flavors such as passionfruit coconut and vanilla coffee, which indicate the venue's commitment to offering diverse and innovative craft beverages.

This emphasis on distinctive and high-quality beer aligns perfectly with Manor Hill Brewing's brand vision. With its focus on farm-to-glass brewing and unique flavor profiles, Manor Hill's core products—such as the Farm Fuzz and Citra Splendor—complement The Light Horse's exceptional craft beer experiences.

## 6. Competitor Analysis

We chose these three for comparison because they have captured a market share, provided valuable insights for Northern Virginia expansion, and have their own "find beer" systems to access data.

### 6.1 Competitor 1: the Union Craft Brewing



The Union Craft is concentrated in Northern Virginia, including areas such as Arlington, McLean, and Fairfax. It is primarily located along highways, covering restaurants and specialty beer stores, with fewer placements in grocery chains like Whole Foods and Wegmans. Union concentrates more on liquor stores.

#### Key retailers:

RED ROCKS CAFE & TEQUILA BAR
MEDITERRANEAN BREEZE
SULLYS POUR HOUSE
CRAFTHOUSE
TOTAL WINE & MORE
WEGMANS
NORMS BEER & WINE
SHIPGARTEN
DOMINION WINE & BEER OFF PREMISE
LE CAFE MARKET

#### Target beer product (mostly distributed):

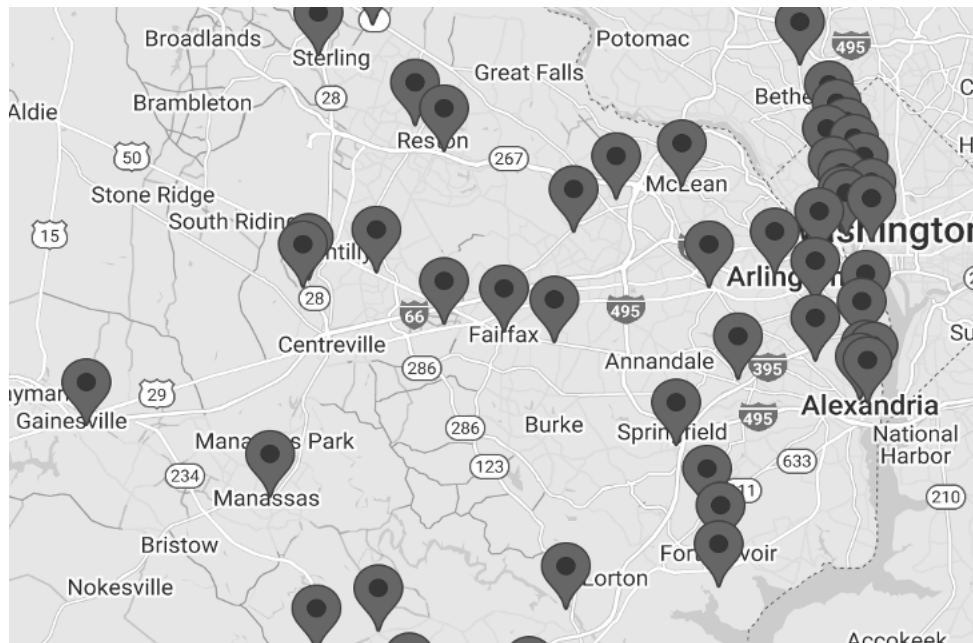
**Duckpin Pale Ale:** An American Pale Ale with a 5.5% ABV, featuring a strong malt backbone and generous hopping with Pacific Northwest and New Zealand hops, offering big citrus and tropical fruit aromas and flavors.

**Mountain Girl:** A German-style Hefeweizen with a 5% ABV, unfiltered and cloudy in appearance, delivering lively banana and clove notes, reminiscent of a classic Hefeweizen.

**Snow Pants:** An Oatmeal Stout with an 8.5% ABV, jet black in color, offering roasty chocolate flavors from rich dark malt, complemented by a creamy body from oats, and balanced with Cascade and Columbus hops providing a piney character.

**Zadie's Lager:** A Lager beer named in tribute to Henry Benesch, the grandfather of Union Craft Brewing Co-Founder, Adam Benesch.

## 6.2 Competitor 2: DuClaw Brewing Company



The company's coverage is limited to Northern Virginia, with distribution concentrated in the region's major cities and densely populated areas. Compared to Union, DuClaw places greater emphasis on partnerships with dining establishments, but DuClaw is also available for purchase at gas stations.

### Key retailers:

Total Wine & More
BJ's Gas Station
Fern Street Gourmet Beer & Wine
Arlington Grocery
Wegmans
Hamrock's Restaurant
Buffalo Wings
The Fresh Market

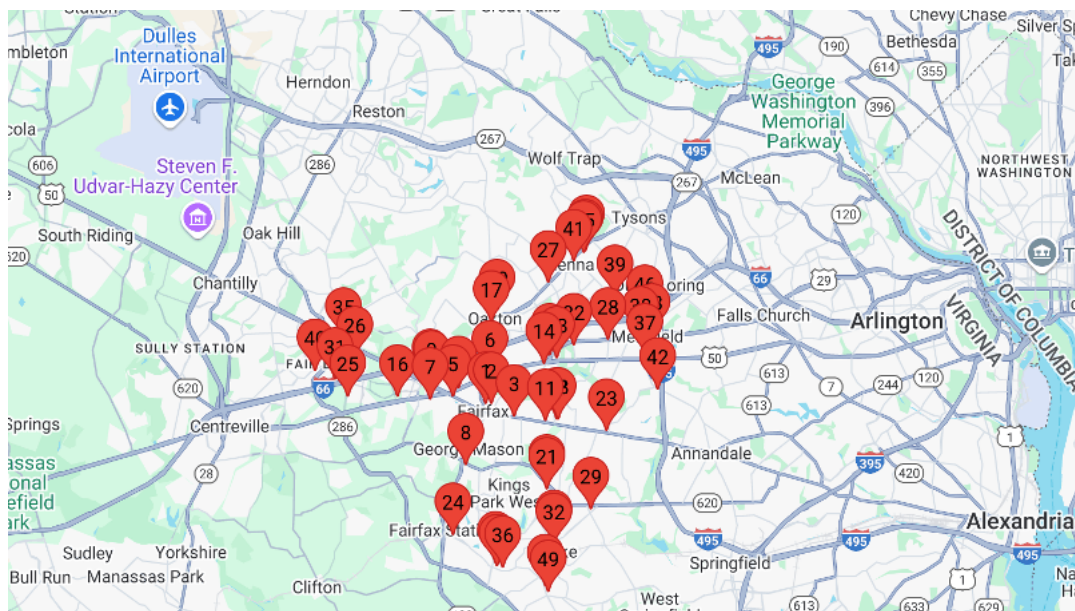
### Target beer product (mostly distributed):

**Lil' Sour Me America:** A Fruited Kettle Sour with a 5.5% ABV, inspired by the classic red, white, and blue ice pops. This beer combines cherry, lime, and raspberry flavors, offering a tart and refreshing experience reminiscent of a patriotic popsicle.

**Palomania!:** A Paloma Gose that captures the essence of the classic Paloma cocktail. This sour ale is brewed with grapefruit and lime, delivering a zesty and tangy profile with a hint of salt, making it a refreshing choice for sour beer enthusiasts.

**Regular Beer:** An American Craft Lager with a 4.9% ABV, crafted for those who appreciate a straightforward, no-nonsense beer. This lager offers a clean and crisp taste, making it an easy-drinking option for any occasion.

### 6.3 Competitor 3: Flying Dog Brewery



The distribution is concentrated in some high-income communities in Northern Virginia, such as McLean, Vienna, and Tysons, covering grocery stores and convenience

stores. Compared to other competitors, it has a wider range of distribution points and tends to collaborate with large chain supermarkets.

**Key retailers:**

WholeFoods Market
7 eleven
Moms Organic
A Plus Mini Market
Giant Food
Harris Teeter
Warmart
Wegmans
Safeway
H Mart

**Target beer product (mostly distributed):**

**Bloodline Blood Orange Ale**

An American IPA brewed with blood orange peel and juice, offering a citrus-forward flavor with a balanced hop bitterness. It has an ABV of 7.0%.

**Double Dog Double IPA**

A robust Double IPA with intense hop character and a malty backbone, delivering flavors of pine and citrus. It boasts a high ABV of 12.0%.

**Raging Bitch Belgian-Style IPA**

A Belgian-style IPA that combines American hop bitterness with Belgian yeast fruitiness, resulting in notes of grapefruit and spice. It has an ABV of 8.3%.

**The Truth Imperial IPA**

An Imperial IPA with bold hop aromas and flavors of pine, resin, and citrus, balanced by a subtle malt sweetness. It carries an ABV of 8.7%.

**6.4 Key takeaway**

These three breweries represent three distinct Maryland beer strategies in Virginia:

1. Diversified beer offerings focused on liquor stores, restaurants, and chain stores to capture the Northern Virginia market.
2. Niche beer segmentation with diverse retail options, using a mixed strategy of gas stations, liquor stores, and grocery outlets.
3. Broad marketing outreach, targeting large chain supermarkets, convenience stores, and a limited range of beer products.

We can position our products to target competitors strategically while avoiding identical approaches, as they have already secured market share and built consumer trust. We can build our strategy from 2 aspects:

#### Region & Stores Selection:

Major beer competitors have focused on Northern Virginia for expansion, likely due to drinking habits and geographic advantages. To stand out, we should avoid saturated areas like chain supermarkets, large convenience stores, and restaurants, instead targeting gas stations and smaller stores.

#### Beer Selection:

Union offers diverse options, while DuClaw and Flying Dog focus on lagers and IPAs. Experimenting with Red Ale, Farmhouse Ale, or unique styles could create opportunities. Expansion could combine differentiated products in chain stores with a focus on smaller outlets.

7. Market Research

7.1 Overview of The US Beer Market

The U.S. beer market is a diverse and dynamic industry, encompassing a wide range of products and consumer preferences. Recent data highlights a growing interest in craft beer and premium beverage options, driven by shifting consumer trends and increasing disposable income. The market is also characterized by regional variations, with states like Virginia (VA) playing a significant role in the growth of craft beer and local brewing industries.

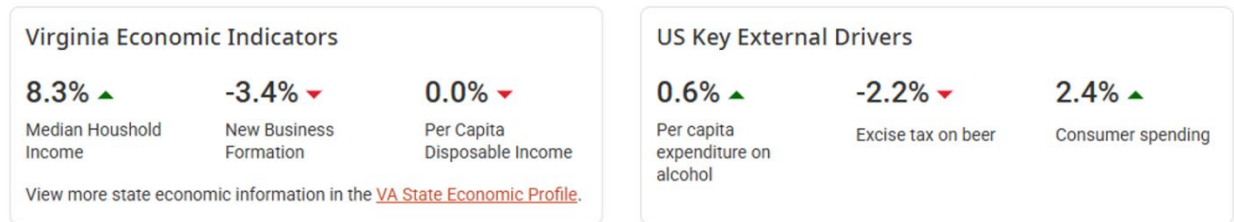
7.2 Overview of the Northern Virginia Craft Beer Market

The Northern Virginia craft beer market presents a significant growth opportunity but comes with unique challenges for Maryland-based breweries such as Manor Hill Brewing. As of 2024, Virginia has **362 brewery establishments**, ranking 11th in the nation in terms of brewery density. Over the past five years (2019–2024), the craft beer market in Virginia has grown by an impressive **6.4% annually**, reflecting a strong demand for craft beer. However, growth is projected to moderate to **4.7% annually** from 2024 to 2029, indicating increasing market maturity (Brewers Association, 2024).

Nationally, there are **9,573 brewery establishments** as of 2024, with annual growth of **6.9% from 2019 to 2024**, slightly outpacing Virginia. Future growth at the national level is expected to slow to **4.2% annually** between 2024 and 2029. This slowdown in both state and national growth emphasizes the importance of differentiation and strategic positioning for new entrants into the Northern Virginia market (Brewers Association, 2024).

7.3 Key Economic Indicators

Every industry encounters external factors that impact industry performance. In addition to the three most influential national key external drivers of an industry, we have identified key state level indicators that are likely to impact the local industry's performance.



Several key economic factors influence the craft beer market in Northern Virginia:

**Median Household Income:** Virginia’s median household income has grown by **8.3%**, suggesting increased consumer capacity to spend on premium products like craft beer. This aligns with the market’s preference for higher-quality, locally brewed options (Virginia Economic Profile, 2024).

**New Business Formation:** New business formation has declined by **3.4%**, which could indicate increased competition and fewer opportunities for market entrants to secure partnerships with on-premises venues such as bars, taverns, and taprooms (Virginia Economic Profile, 2024).

**Per Capita Disposable Income:** Disposable income in Virginia has remained flat at **0.0% growth**, which could constrain discretionary spending despite rising household income. This emphasizes the need for breweries to deliver strong value propositions to consumers (Virginia Economic Profile, 2024).

**Consumer Spending:** At the national level, consumer spending has grown by **2.4%**, demonstrating continued interest in discretionary purchases such as craft beer. However, growth in **per capita alcohol expenditure** has been modest at **0.6% annually**, requiring breweries to effectively target their marketing and product offerings (U.S. Economic Indicators, 2024).

**Excise Tax on Beer:** The national excise tax on beer has declined by **2.2%**, creating a favorable environment for breweries to improve margins and invest in market expansion (U.S. Economic Indicators, 2024).

#### **7.4 Competitive Landscape in Northern Virginia**

The Northern Virginia market is heavily influenced by the ethos of "drink local," with consumers displaying strong loyalty to local craft breweries. This presents a challenge for Maryland-based Manor Hill Brewing, as out-of-state craft beer brands often struggle to penetrate these markets unless they can establish strong connections with local communities. Local brands such as Aslin Beer Company, Lost Rhino Brewing, and Port City Brewing dominate the market due to their established presence and local identity (Craft Beer Market Report, 2024).

Additionally, the retail environment in Virginia poses its own challenges. While beer is allowed to be sold in grocery and convenience stores, shelf space is often dominated by larger, nationally recognized brands with broad consumer appeal. Craft breweries must compete for visibility in these channels while also leveraging alternative distribution methods such as specialty retail and direct-to-consumer sales (Craft Beer Market Report, 2024).



## 8. Challenges and Solutions

The expansion of Manor Hill Brewing into Northern Virginia offers exciting opportunities for growth but comes with significant challenges that must be addressed strategically. These challenges stem from the competitive landscape, regulatory complexities, and consumer preferences in the region. Understanding and resolving these obstacles are crucial for Manor Hill to establish a meaningful presence in Northern Virginia's craft beer market.

The Northern Virginia craft beer market is characterized by steady growth, with 362 brewery establishments as of 2024 and an annual growth rate of 6.4% from 2019 to 2024. However, this growth is projected to slow to 4.7% annually from 2024 to 2029, indicating an increasingly competitive and mature market (Brewers Association, 2024). Coupled with the strong “drink local” ethos among Virginia consumers, this poses significant entry barriers for Maryland-based breweries. Below, we outline the key challenges Manor Hill faces and propose tailored solutions.

### 8.1 Challenge 1: Retailer Prioritization of Larger Brands

#### **Description:**

Large grocery and retail chains in Northern Virginia, such as Wegmans, Kroger, and Harris Teeter, allocate the majority of their shelf space to high-volume, nationally recognized beer brands. Data from the Craft Beer Market Report (2024) indicates that 80% of retail shelf space is reserved for top-selling products from major breweries like Anheuser-Busch and Molson Coors. Of the remaining 20% allocated to craft beer, local breweries account for approximately 75%, leaving minimal space for out-of-state entrants like Manor Hill Brewing. This preference creates significant entry barriers, limiting Manor Hill's ability to achieve widespread retail visibility.

#### **Impact on Manor Hill:**

**Limited Shelf Space:** Manor Hill would likely capture less than 5% of available craft beer shelf space without targeted marketing efforts, leading to reduced consumer exposure.

**Lower Retail Sales:** Impulse buying accounts for 30% of craft beer retail purchases, and limited visibility could result in a 20% reduction in potential retail revenue.

**High Entry Costs:** Securing premium placements in prominent retail locations, such as endcaps or aisle displays, could cost Manor Hill \$10,000–\$30,000 per store, significantly increasing the cost of market entry.

#### **Solution:**

Manor Hill can address this challenge through three key strategies:

**Pilot Programs:** Partner with key retailers to introduce limited-time, small-batch releases that align with regional consumer preferences. Pilot programs provide a low-risk way for retailers to test demand for Manor Hill products while increasing brand exposure.

**Co-Branded Promotions:** Collaborate with retailers on promotional campaigns, such as holiday-themed beer bundles or exclusive releases tied to local events. These initiatives create differentiation and drive consumer interest.

**Data-Driven Advocacy:** Present data on consumer trends showing increased demand for high-quality craft beer, particularly from out-of-state brands, to strengthen negotiations with retailers.

## **8.2 Challenge 2: Distribution Constraints**

### **Description:**

The distribution network in Virginia is dominated by large distributors who prioritize high-volume brands due to their profitability and market reliability. According to the Brewers Association (2024), small breweries account for only 15% of distributor promotional budgets. Furthermore, conflicts of interest arise when distributors represent both corporate brands and craft breweries, often leaving smaller players underrepresented. This creates challenges for Manor Hill in establishing consistent product availability and building strong market coverage.

### **Impact on Manor Hill:**

**Inconsistent Market Presence:** Limited distributor support could result in Manor Hill products being unavailable in key retail and on-premises locations, leading to lost sales opportunities.

**Operational Inefficiencies:** The lack of reliable distribution networks may force Manor Hill to rely on multiple distributors or self-distribution, increasing logistical complexity and costs.

**Delayed Market Entry:** Negotiating favorable contracts with distributors could take up to six months, delaying Manor Hill's ability to penetrate the market and build early momentum.

### **Solution:**

To overcome these barriers, Manor Hill should:

**Partner with Craft-Focused Distributors:** Collaborate with distributors specializing in craft beer who prioritize smaller brands. These partnerships can ensure greater promotional support and market penetration.

**Incentive-Based Agreements:** Negotiate performance-based incentives with distributors, such as higher margins for exceeding sales targets for Manor Hill products.

**Self-Distribution Models:** Where permissible, explore direct-to-retail distribution to maintain greater control over product placement and availability. This approach can also serve as a short-term solution while building relationships with larger distributors.

### **8.3 Challenge 3: Local Consumer Preference for Virginia-Based Products**

#### **Description:**

Northern Virginia consumers are strongly influenced by the “drink local” ethos, which emphasizes supporting community-based breweries. Survey data reveals that 70% of craft beer consumers in the region prefer purchasing local brands over out-of-state options, even when pricing and quality are comparable (Craft Beer Market Report, 2024). Local breweries like Port City Brewing, Aslin Beer Company, and Lost Rhino Brewing dominate the market, benefiting from their established community presence and brand loyalty. For Manor Hill, this preference represents a significant barrier to capturing consumer attention and building a loyal customer base.

#### **Impact on Manor Hill:**

**Limited Consumer Acceptance:** Manor Hill’s Maryland origins may result in skepticism among Northern Virginia consumers, reducing repeat purchases.

**Reduced On-Premises Presence:** Local breweries control approximately 75% of tap space in bars and restaurants, limiting Manor Hill’s opportunities to expand its presence in these venues.

**Higher Marketing Costs:** Establishing a strong brand presence in a community-focused market requires substantial investments in localized marketing, events, and partnerships, which could cost \$50,000–\$100,000 annually.

#### **Solution:**

To address local consumer bias, Manor Hill should implement the following strategies:

**Localized Branding:** Emphasize its farm-to-table ethos, sustainability practices, and shared values with Northern Virginia consumers to build a connection with the local community. If applicable, Manor Hill can also highlight ingredients sourced locally.

**Community Engagement:** Host events such as tap takeovers at popular bars, partnerships with local charities, and collaborations with Virginia-based organizations to increase brand familiarity and goodwill.

**Tasting Events:** Work with retailers and on-premises venues to host tasting sessions, allowing consumers to experience Manor Hill’s products firsthand. Tasting events have been shown to increase purchase intent by up to 40% (Craft Beer Market Report, 2024).

---

## **9. Conclusion**

Manor Hill Brewing's expansion into Northern Virginia is an achievable goal. Our analysis highlights the key steps needed to enter the market, including regulatory requirements, distributor selection, and a targeted marketing strategy. By building up personalized partnerships with distributors such as Hop & Wines and Specialty Beverage, Manor Hill can leverage its local expertise and established networks to develop its own signature brand of beer in the region.

Targeting smaller, niche retailers and in-store venues such as bars and bistros can differentiate Manor Hill's products from larger, more established brands. Additionally, emphasizing Manor Hill's commitment to quality and its farm-to-table brewing philosophy will resonate with Northern Virginia's discerning craft beer consumers.

With a focused strategy, Manor Hill is well-positioned to establish itself in the Northern Virginia craft beer market, ensuring its long-term success and growth outside of Maryland.

Respectfully Submitted by,

Patrick Deans, Student Consultant, MS in Engineering Management, JHU

Poppy He, Student Consultant, MS in Engineering Management, JHU

Klift Li, Student Consultant, MS in Engineering Management, JHU

Chuyang Yu, Student Consultant, MS in Engineering Management, JHU

## **10. Acknowledgement**

The results of this project would not have been possible without the following people. We appreciate the time that you have taken to meet with us to help us gather data, gain insights, solidify our direction, and refine our recommendations.

- Corey Mull, Chief Marketing and Administrative Officer, Manor Hill Brewing
- Rachael Mull, Chief Executive Officer, Manor Hill Brewing
- Randy Marriner, Chairman and Founder, Manor Hill Brewing
- Len Foxwell, Director of HopStar, JHU
- Satya Pramod Nagadamudi, Teaching Assistant, Center for Leadership Education, JHU
- Abhishek Survase, Teaching Assistant, Center for Leadership Education, JHU

This was an incredible learning opportunity for each of us and we thank you for the role that you have played in the success of this project.

## 11. References

- [A] Brewbound. (January 9, 2024). Honor Brewing Company announces charitable partnership with Hop & Wine Beverage to support veterans and first responders. Retrieved from <https://www.brewbound.com/news/honor-brewing-company-announces-charitable-partnership-with-hop-wine-beverage-to-support-veterans-and-first-responders>
- [B] Brewers Association. (2024). *Annual industry report*. Boulder, CO: Brewers Association.
- [C] Virginia Economic Profile. (2024). *State-level economic indicators*. Retrieved from <https://www.virginiaeconomicprofile.gov>
- [D] US INDUSTRY STATE REPORT VA44531 (2024). *Northern Virginia craft beer industry overview*. Arlington, VA: Craft Industry Insights. Retrieved from <https://my-ibisworld-com.proxy1.library.jhu.edu/us/en/industry-state/va44531/state-industry-report>
- [E] U.S. Economic Indicators. (2024). *National economic trends affecting alcohol sales*. Retrieved from <https://www.useconomicindicators.gov>