

[Transcript] The Diary Of A CEO with Steven Bartlett / Moment 106 - Marketing Principles That Made Brewdog Billions: James Watt

Going to your marketing thesis, because this is really what's defined Brewdog in the eye of the consumer.

In the eye of someone like me that doesn't honestly drink beer, but knows about the brand and considers it to be a famous brand and watched it on LinkedIn and social media over the years, build it sort of a claim.

What is your like your principles that underline your marketing thesis?

Because your marketing thesis is very, very different to pretty much nearly all brands in this country.

Maybe a 0.1% that maybe you've copied or that have been inspired or that chicken and egg, I don't know who came first, but it's a very unique thesis towards marketing.

What underpins it?

We've got two very simple tests that we apply to everything that we do from a market perspective.

So the first test is, would or could another business do this thing?

And if the answer is yes, we've got to seriously consider why we're doing it.

The second test is, if I spend a pound on this, is it going to give me a 10 extra turn compared to how a competitor would spend that pound?

We are now industry dominated by global behemoths of businesses who are hundreds of times our size and we're closing that gap and we want to close that gap, but we only close that gap by making our market and our communications, everything we do works so much more effectively

than theirs.

If our market is only as effective as theirs, we don't close that gap and we lose.

So the two tests are, could or would another company do this?

And is it going to give me a 10 extra turn versus how my competitor would spend that money?

I'm thinking about how to get a driver better return on marketing, you know, and then I think about what you've done.

I see, well, we've got to be probably bolder to win share of voice.

We've got to try and win headlines in more extreme ways because nobody's going to be writing about you for the fun of it.

If you're a smaller sort of challenge brand, then the second thing I think is kind of, we've got to do that on new platforms.

We can't fight out on TV or newspapers because those are where you kind of throw huge amounts of money and you get a return.

So new platforms and new approaches.

And that's very much kind of signifies what I've seen from BrewDog, very, very bold.

Very bold and intentionally bold and especially bold in our early years when we had no budget whatsoever.

So the challenge was how can we get our name out there with no money at all?

So we had to do things that were intentionally provocative, that were on the edge and sometimes you can exhaust that edge as well.

But that enabled us to get our name or message or business out there with no budget at all.

So we have driven a tank through the streets of London.

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We've thrown taxidermy cats out of a helicopter over the bank of England.

We've put Vladimir Putin in the front of a beer label.

So we've done a lot of things, low budget, high impact, but we've tried to make it that everything we do ties back and is underpinned by what we're passionate about.

So there has to be a connection there.

So does this reinforce what we believe in, what we're trying to do as a company?

Because otherwise it's just hollow and it's fake and it's false.

So how does this reinforce the core beliefs that drive this business, which is try to build an alternative business and a huge passion for a fantastic beer?

One of the more extreme things, a sort of Vladimir thing, what else have I seen?

I think I've seen it all because I'm obviously a marketeer and running a marketing company and seeking inspiration from lots of different brands and seeing what they're doing and the impact it's having, especially on social media, which is my battleground.

The thing I read about more recently was that you put in a complaint about your own beer, which triggered press.

We did.

So this was all the way back in 2008 and we had a few running battles with a few bigger players.

One of them was the Portman Group.

So the Portman Group was an industry, still is an industry regulator.

And for me, it is a thinly veiled cartel funded by the big drinks businesses who've got a vested interest in making sure that small businesses are not successful.

And there was a few rulings at the back that were just so, so silly and frivolous that we wanted to make a statement.

So we complained about one of our own beers to make a meta statement about how silly the process is and how essentially corrupt it was as an organization funded by the big beer companies, big drinks businesses, who've got a vested interest in making sure the small ones are not successful.

How does that work?

So you make a beer that is really high in AVB.

Is that, was that the correct term?

It was, yes.

We made a beer called Tokyo 18% now.

If you looked at the newspaper headlines in the UK, when we launched that beer, you would have thought that I was single-handedly responsible for the downfall of Western civilization by making an 18% beer.

We had it in the sun, binge drinking, blame this man with like a cut out of my head in a bottle of Tokyo.

That took a bit of explaining to my very religious grandmother, but that's another story.

But everything we did with that beer was, we just made a thousand bottles.

It was very expensive.

It was for connoisseurs, it was for aficionados.

And we want to elevate the status of beer.

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And I think the more someone can understand and appreciate something, the less likely they are to abuse it.

And we make expensive products for people who love, love fantastic beer.

So it was to kind of make a statement of, you've got all these big companies doing very cheap alcohol that's likely to be abused, trying to ban products of this company that's looking to elevate the status, increase education, awareness around beer and lead people to appreciate and enjoy beer in a more elevated way.

And when you see yourself in the sun with a cardboard cut out of your face, is that kind of swings in roundabouts?

Is that good in from a marketing perspective?

Is that a good outcome?

Because you were trying to get a headline, you complained about your own beer, you were trying to get headlines.

So is that job done?

I think in that one, to a certain extent, it was, it was job done and to kind of show you how odd things were back then.

So this was kind of 2009, 2010, when we were starting to get momentum and the beer scene was starting to change.

So the big companies had it their own way for way too long and things were starting to change.

There was a award ceremony in Scotland in 2010, put together by the BII, the British and Keepers Institute, and we'd got a heads up before the award ceremony.

Hey guys, you're going to win the award for Scottish Bar Operator of the Year, so you guys better come to the award ceremony.

So we went there, we booked a table, they were just about to announce it.

I was like halfway up to the stage to get the award and they announced a different company.

I was like, OK.

But then the other company didn't want to take the award because our name was engraved in the show for you.

It's like, well, we don't want it.

So the next day I spoke to the person that organized the award ceremony and I was like, what happened?

Like, you told us we were going to win.

And he was like, well, Diageo, one of the world's biggest drinks companies, they were the main sponsor.

They told me five minutes before we were due to give it to you.

If they gave it to you guys, they was going to pull all future sponsorship.

You joking?

So we felt we didn't have an option.

So we put this online, it blew up, it was trending on Twitter globally that day.

Diageo issued us a formal apology about the whole thing.

That apology was kind of a broadcast news, but it just showed back then how the dynamic in the beer industry was changing and how the big beer companies and big drinks companies

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were acting towards that change of which the partner group was one manifestation of it. Did you take that personally?

I took that as a sign that we're doing the right thing.

So I think unless other businesses are copying you or trying to knock you, then you're not doing well enough.

So unless you're doing something that's worthy of people copying it and like a lot of people moan on being copied, it's like unless you're being copied, you need to up your game and you need to do better.

Unless your competitors are trying to knock you down, you're not enough of a threat to your competition.

So I took that as a sign that we're on the right track.

We're doing the right thing.

Let's keep going.

The other extreme marketing thing that I saw, which was when I first read it, I thought this is fucking hilarious, is the Elvis estate tried to copyright infringe you for calling your US beer, which I think is your most popular US beer.

It is Elvis juice.

Elvis juice.

It's a copyright statement, just sort of like a basically a notice that you're violating the copyright.

Yes.

And you responded with some Elvis rhyme.

We did.

And on the art on the LinkedIn post that I saw, it said you changed your name to Elvis.

Yeah.

Then the BBC come out and say that didn't happen.

Yeah.

What is the truth in this one?

What did you change your name to Elvis?

Yeah, we did.

And just to go back in the story, so Elvis sent, not Elvis himself, Elvis's estate sent us a letter saying we couldn't use the name Elvis in a beer.

And if we did, we had to pay them a license fee for every can, case, and bottle of beer that we sold.

So what myself and Martin did, we changed our names to Elvis and we sent them a letter back saying that they couldn't use our name on their music and they had to pay us a license fee for every time they played one of Elvis's songs and got a huge amount of publicity at the time.

We were both Elvis for a few weeks and then we changed our names back.

So the BBC attacked us on that as they have on many things.

However, the BBC misunderstood the Scottish procedure for changing the name.

So they said we didn't change your name by deed poll.

That's not a Scottish thing.

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In Scotland, you need an official declaration to change your name, which we did.

What's that?

Just signing a piece of paper?

You sign an official declaration piece of paper and that counts as a name change in Scotland.

And you don't even have to send it to anybody?

Don't have to send it to anyone in Scotland.

So we met the Scottish requirements, which is what we said we did.

But yeah, my grandmother was very unhappy and she insisted I change my name back to James.

Broodog's marketing has been so bold and it's been so stand out.

And in terms of how hard you've, in terms of the return on every dollar you've spent, it seems to have been a pretty astounding return per dollar spent because you've done these like big viral activations.

A lot of them are like parodies or they're like taking the piss of big corporations or sticking it to the man in various ways or going at the, you know, the incumbents in the industry.

Some of them know that they, the, even the example you gave there of the complaining about your own beer.

With the Portmultip?

Yeah.

Yeah.

Obviously the complaint wasn't real.

Yeah.

Because it was you.

Because it was me.

What is the line between, between like truth in when you're doing these stunts and virality and untruth for you?

And where do you play?

Are you willing to do something that is from a marketing perspective that is not necessarily true, like complain about your own beer?

If you believe it will help reach the outcome, which is to stick it to the Portman group?

Yeah.

Well, I think with that one, it wasn't necessarily untrue because afterwards we said, we made this complaint.

So it was us who disclosed the fact that we made the complaint and we disclosed that to just show how ridiculous the system, the system was.

So if we hadn't said it was us that complained about it, then I would accept that was being a bit dishonest, but the fact that we came out and we said, Hey, the system fundamentally doesn't work and we wanted to expose that by making this complaint was what we intended to do there.

When we first started talking about marketing, one of the things you said was we made a lot of mistakes.

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Yeah.

Took things too far.

Yeah.

What did you take too far?

In hindsight now, now that you're a big global brand and everyone is, you know, looking back at all the steps when you weren't so big.

Yeah.

I think the mistakes that we've made in marketing is when we've tried to do something which is on the edge or which is controversial, which needs explaining.

So if you look at the thing in its totality, then it is potentially a positive thing.

But if you only see a snapshot of it, then your takeaway from that could be negative.

So I think a lot of the mistakes that we made from a market perspective and we did some amazing things, but we did make some mistakes was when we got too clever with the concept and the intention behind it, which was genuine, got lost.

So a famous example of one of the mistakes that we made in marketing for International Women's Day, we wanted to highlight the gender pay gap.

This was a project that was put together by some of the fantastic women we've got in our business.

And we made a beer called Pink IPA that we would get to sell 21% cheaper to women to highlight the gender pay gap, which was something that we felt passionate about.

And then the show seeds from sale of that beer went to charities, which helped women and women's pay in the workplace and these kind of things.

But then what happened was people just saw Pink IPA and it looked like we were, it was the beer itself was a parody of shoddocks which market themselves towards women, but then it just looked like another shoddock that marketed itself to our women.

And if anyone like dug into it and understood, okay, this is to highlight the gender pay gap and they're doing some good with the money and there's a genuine cause, people just saw the pink IPA, they saw the image and came to the conclusion that we're just doing the thing that we were going to fight against.

And that was a key, key learning that people just see a snapshot of a thing.

So you need to make sure that all of the message that you want to land is in that snapshot because a lot of people's not going to dig deeper into what it is.

What I got from that was that like, you've got to create a marketing campaign where the context is sort of can't be separated from, because it will be separated if it can be exactly.

100%