



AI in CPG



Andrew Katz on Athletic Brewing's Marketing Playbook

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Andy Sack: This is AI First with Adam and Andy, the show that takes you straight to the front lines of AI innovation in business. I'm Andy Sack and alongside my co-host, Adam Brotman. Each episode, we bring you candid conversations with business leaders, transforming their businesses with AI. No fluff, just real talk and actionable use cases and insights for you.

So excited for today's guest. Welcome Andrew Katz from Athletic Brewing Adam, good morning or afternoon, whichever time zone you're in. Andrew, good to see you.

Andrew Katz: Hey Eddie.

Andrew Katz: Good to see you both.

Andy Sack: Welcome. We're so glad you're here. We're excited to get into it. before we do, I want to just like get you to opine. I know that Athletic is located in New Haven, Connecticut, which turns out for the audience that don't know is the pizza capital of the United States and the great debate of which pizza restaurant Sally's or Pepe's is the best pizza in the country. Can you opine, please?

Andrew Katz: Of course I will. So like any good entrepreneur, you know, that's a false choice. So I'm going to pick neither. My, my personal favorite is BAR pizzeria in, on crown street. And not only because it's got great pizza, but also because they serve athletic brewing at, at the restaurant.

Adam Brotman: Attaboy.

Andy Sack: I like the false choice and the plug early in the episode. And I have to tell you when I go to New Haven, I'm partial to Barr as well. And I don't understand the great debate. So thank you for settling that. For those people. Good.

Andrew Katz: I'm also for those also who are debating between Pat's and Gino's steaks, I'm also a Jim's guy because I'm a Philly guy originally. So again, like, you know, you can go to the touristy places or you can go to the place where the locals really go.

Andy Sack: Does Jim's also sell athletic beer?

Andrew Katz: That's a great question. I'll have to get back to you on that.

Andy Sack: Alright, well, what make inroads? Andrew, why don't you start with just giving us a brief? mean, athletic has had an amazing, relatively short, but an amazing story as a consumer brand. Give us a short history of the company and what it's been up to most recently and also your role there.

Andrew Katz: Sure, so I'll start by telling you that I'm a chief marketing officer and I've been at Athletic for about three and a half years. The company was founded by Bill Schufelt and John Walker in 2017. It was really born out of Bill Schufelt's frustration of not having great options when he went out and wanted not to drink alcohol. So he was a beer drinker and just was very... frustrated with not a lot of great options. So he decided that he was going to try and figure out, we make great beer that tasted like beer but didn't have alcohol in it? The classic entrepreneur story, he reached out to 100 brewers. 99 said no, but the 100th, John Walker said, that sounds really interesting. Let's get into it.

Andrew Katz: And so the two of them set about to figure out how can we create fully fermented beer that has no alcohol in it. So unlike conventional beer that is non-alcoholic, we never brew full strength beer and then burn off the ethanol and then add flavors back in. Just brew with a proprietary process our beers. They are full flavored, delicious, which is why we're now the number one beer brand, NA beer brand in America with over 19 % share of the market.

Andy Sack: Amazing. And tell us, Andrew, to just get right into sort of the topic at hand, AI in business. Tell us about your own personal journey as well as Athletic's. Because we've worked at Forum 3, we've worked with you. We did a boot camp with you, I guess, what was it, October, November of last year. Let's start with your usage and then tell us about your companies.

Andrew Katz: Sure. Well, first off, the boot camp was we did a post. We had our annual marketing meeting, two day meeting with all our marketing colleagues from across the country and the globe. And the Forum3 session that we did was like the highest ranked of all the things that we did because people felt like they got a tremendous amount of value out of it, number one. And then number two, the ability to sort of put their knowledge to work right away was very gratifying for people. And I think that's been the journey that I've been on, which is putting it into practice, into my everyday practice. So I get up, I turn on my computer, I look at my inbox, I look at Slack, and then I've always got operating in the background, my chat GPT 4.0 window. So it's a constant reminder, this is my virtual assistant that should be helping me to do almost anything I can throw at it. And so that's been my personal journey. So as far as our team goes, we've also disseminated it amongst certain teammates who are sort of our AI leads, whether that's on the creative team, the communications team and social marketing team so that they're constantly using that in their workday as well, trying to solve problems, trying to optimize for creative, trying to think about creative ideas. And so for them, it's proven to be very invaluable. At the enterprise level, it's still a work in progress is what I would say.

Adam Brotman: Andrew, can you give us an example? I that was actually a great overview of, you know, I'm glad to hear that you got a lot out of our bootcamp and you're sort of thinking about it every day. Can you think of a specific example of either something that you did with AI, either yourself or your team that like was a breakthrough, moved the needle in some way? Can you give us any thoughts on that?

Andrew Katz: So a lot of times I'll use it for new ideas that I'm working on. So I'll give you, for example. So we have some celebrity investors, partners that we work with from time to time. And we had an idea, hey, wouldn't it be great if we worked with so-and-so on this particular idea? And so right away, I went to ChatGPT to kind of pull in a lot of the details of that person's life and what kind of makes them tick, combine it with the commercial effort that we were thinking about doing, and then generated ideas about like, hey, here would be some really cool creative content to do with that person. And we turned that into a presentation, pitched it to them. So it's still work in progress. But the amount of kind of time saving that I was able to get out of that was tremendous. And the detailed insights and real kind of creative texture was phenomenal. Now, I could have given that to our agency to do, given them a brief and the whole thing would have taken probably a week and more to get some ideas back. And within an hour, I had all that done in a presentation format, ready to go send to the person that we were thinking about working with.

Adam Brotman: That's a great example.

Andrew Katz: I mean, first of all, think it just, it frees me from having to do multiple steps in a process. Like I can just do one step. So what may have taken four or five steps to get something output, now it's just one step. And again, it's iterative, as you know, right? The first version of what you get is probably not great.

Andy Sack: Yep.

Andrew Katz: Refine it for me. Do this for me. Give me a visual. And I think the more prompts you can give and the more refined your thinking gets, the better the output. And I do think the challenge with AI sometimes is it's sort of like Michelangelo painting the Sistine Chapel. At some point, somebody said, put the brush down. You're good. There is the desire to keep going and I can get it exponentially better. I think they're diminishing returns after a certain point. You have to say, this is good enough. And I'm going to move on to the next thing.

Andy Sack: Mm-hmm.

Adam Brotman: You had mentioned that some of your team on the broader basis of using AI, Gen. AI every day is sort of a work in progress. Like, can you touch on like, what are some of the challenges either you and your team have had using it at work or the broader enterprises have had? Like, give us a sense of like a day in the life of like, you get it. You're trying to, you know, you're trying to evangelize it. Like what are some of the challenges?

Andrew Katz: So I mean, think even though we're working with the enterprise version of ChatGPT, I think there's still a certain reluctance to feed the machine with proprietary data. I think there's still a lot of unknowns about what actually stays in the four walls, what actually is put into machine, whatever you call it. Say again?

Adam Brotman: Training that they don't train on it. You're trying to, you feel still worried that even though they say they're not training on it in the enterprise version.

Andrew Katz: Right. Yeah. Like, is that really true? Like, if I know how well bankrolled OpenAI is, like, there's no chance we would sue them, you know, for misuse of our proprietary data because it would be losing proposition. So I think there's that tension between, like, what is the machine training on and is it staying within our four walls? I think there's also the issue of, like, if we're importing ideas, how many of them are truly unique or are they iterative on other well-known ideas? In other words, how much trademark infringement could we be looking at if we're not being smart about how we're using the tool?

Adam Brotman: Got it. And then do you feel like, let's broaden out from athletic to the industry. You're in what we would call a CPG category. You generally sell, as I understand it, either direct to the retailers or through distributors or both. And you don't sell as much, or maybe you do directly to the end consumer, right? So let's just call you broadly a CPG business. When you talk about some of the unique opportunities for CPG companies to use Gen.ai from your experience versus call it like a, you know, a D to C retailer or a restaurant company or some other type of company.

Andrew Katz: That's a tough question. So we do sell direct to consumer. We do have a portion of our business. The largest portion of our business is retail, whether that's on-premise or off-premise. But we do have a certain amount that we sell direct to consumer. So I think that there's still a wide array of applications that we're not using that would make us more efficient that would make us

smarter. I think the ability to summarize data, the ability to take lots of different inputs and synthesize is still a work in progress. I think that goes back to the tension of is the machine training on us and then exporting any of that information. One of the new things that we, because we are, we use the Google platform. So Gemini just got added to like all of the G Suite. So that's a new experiment, whether that's drafting emails or summarizing data or using it to generate presentations. So that's new to me. So I haven't really had as much experience working with Gemini, but I'm looking forward to it.

Adam Brotman: But staying at the, at the broad level, Andrew, like educate us and our audience a little bit about CPG companies. you're like, for this way, I come from more of a retail background, right? I come more from the, you know, selling lattes and sweaters directly to end consumers where like, there's a lot of things that drive the business, but like one of the most important things is like the brand experience. You know, in terms of like shopping for and buying and consuming the product in a CPG business, is it, what are the things that drive the CPG business? Educate us a little bit on that. And then let's relate it back to AI.

Andrew Katz: Yeah, I think the difference in many ways between a retail environment and a CBG environment is the retail environment typically is either owned and operated by Starbucks or there's a franchise model like Chick-fil-A, right? And so you control those four walls really extremely well. What happens in a CBG world is we don't. We get the product out into the market and then hope for the best in some cases. But we also have a lot of partners, whether they're distributors or retailers, who make sure our product shows up the way that we want it to. Also our own employees, myself included, go to store, merchandise the shelves, make sure that everything looks good so that there's a lot that we don't control directly. Pricing in the case of beer. We don't control right so that goes that's ultimately decided upon by our distributors Right. So so like the four P's of marketing we control only about half of them in our business. So I don't know if that answers your question.

Adam Brotman: It does. I was waiting for my partner Andy to jump in with like, what advice do you have? But because he's really good at sussing that out. like, I guess what I'd say is, let me follow up what I heard you say. OK, no problem. So I know my partner. But I didn't want to steal his thunder. Andrew, before we get into Andy's question, like, I do want to follow up because I think that's really interesting.

Andy Sack: I was just about to do that, Go ahead.

Adam Brotman: So what you do control, let's keep pulling the thread on this, what you do control is product, right, I guess, for the most part, although maybe your retailers have to like put it in a keg or something in a certain way, so maybe you only have partial control, but you do have in the can, in the bottle, whatever, you have control over product, you have control over branding, you have control over messaging, I mean, can you talk a little bit about what you do control and what are your kind of KPIs are key things that you as both a company and as a CMO are trying to drive for athletic?

Andrew Katz: Yeah, of course. So yeah, I we do. I didn't want to suggest that we don't have a lot of control. We do. I mean, we control all of the marketing we do. We control all of the product that goes to market. We control all of the quality control, which is really important for non-alcoholic beer. We control what types of promotions we run. So that really the brand is and then social media, PR, all of that is influenced by us very heavily. that the touch points with the customer, the thing that we don't know necessarily but we can get at is who's buying, who's buying us at the point of sale. We



do get at that, that data is available. So we do get panel data. We have awareness. So you asked about KPIs. The things I care most about as the chief marketing officer is how many people are aware of my brand. Because if people are aware of the brand, there's a greater likelihood they're going to consider my brand for purchase. If they don't know who I am and I'm sitting next to a well-known brand, chances are the advantage goes to the well-known brand. So awareness is really key for us. Consideration is really key. Am I in their consideration set?

Adam Brotman: Yeah.

Andrew Katz: Like when they go down the beer aisle, am I even in that, you know, like are they going to put us in the the basket or not? And then the other thing is how quickly am I turning on the shelf at the same store? Right. So you look at same store sales, right? Because that's a store that's been open for a year. So you can really measure apples to apples. So I look at in a store that we've been for at least a year. So we're not getting incremental distribution, how quickly is that product turning? Is it turning faster than it did the year prior?

Adam Brotman: That's okay. So you do have a version of comps, comp store sales. That's actually fascinating. I didn't know that as a CPG company that you look at that. Now let's turn it back to AI for just a second. So you just mentioned brand product, brand awareness, consideration. How in your mind can you, you or others use AI to help you with that? And a second part of that question is how is consumer behavior changing of the people you're measuring by AI. And is that even in your mind? Bring it back to AI, those things that either you can use AI for or that you wonder if the behavior of consumers is changing because of AI.

Andrew Katz: So let me start by saying a lot of the third party software that we use is also deploying AI. So we use something called MediaMix Marketing Platform that helps us to forecast if we have x amount of revenue to hit. And we can work backwards. What are the inputs that we need? How much do we need to invest? And then we can break that down into components. OK, I should invest in CTV. I should invest in social. I should invest in activations. So that's a tool that also has AI built into it. So we can ask real-time queries of the platform to help us answer those questions. So that's really helpful for us from a planning standpoint. We also have other software that we use that is a brand health tracker. Because what I care about is how many people know about us over time, right? Because if I just look at a discrete period of time, that's not really telling me much. But if I look at longitudinal data, I can start to see here's what's changing among whom. And so that also has AI built into it as a way of summarizing some of the open-ended questions we ask consumers about the brand. And so AI is a really brilliant way to distill a lot of information into a digestible format where I can go to our CEO or I can go to our CFO and say, here's our awareness. And then here's what people are saying about the brand. Here's brand sentiment, which is also equally important.

Andy Sack: Andrew, I'm curious. If you had a magic wand at Athletic and you're looking at this year's plan, what would be the most exciting proof of concept project that you would undertake with AI at Athletic this year? What do you wish you could do?

Andrew Katz: So I think there are a couple of things. Some of it is just the opportunity cost of decisions we make. Because if I spend \$1 here, it's \$1 I don't have to spend somewhere else. How could I optimize that so that I'm not over-investing somewhere? And in a lot of cases, this would be things like sponsorships. Because there's an art and a science to it, and I can't say definitively this option is better than this option. So how could I use AI to really help me tease out, actually, is the expected value of this supersedes the expected value of this, and here's why. Because a lot of it is

what we think what we can get out of these deals, but ultimately it's the opportunity cost if I make that decision, I'm no longer able to make another one.

Andy Sack: And so you see AI as being able to help you make insights into that calculation. Yeah, yeah, yeah, yeah, yeah, that's what I'm asking. anything else?

Andrew Katz: For sure. Hopefully. Like you said, wave a magic wand. So yeah.

Andrew Katz: I think also from a creative standpoint, there's just, as you all know, because we all live in it, the attention and economy that we live in where there's so much attention deficit, how can I make sure that the content, that the creative that I'm putting out into the world actually is moving the needle in a world where There's just an overload of information coming at people.

Andy Sack: Mm-hmm.

Andrew Katz: Right, because if I can't break through, if I can't connect to my audience, then it doesn't really matter that I'm spending a lot to reach Andy and Adam, because if what I'm telling you doesn't resonate, doesn't cut through, and you're on to the next thing, then that's a missed opportunity.

Andy Sack: I mean, it's an interesting point because what you're talking about this attention economy, particularly in the domain of content and marketing advertising, which is broadly AI makes it worse. Meaning the amount of content and information and messages that are coming at us is growing at an exponential rate. so yes, it should be able to help you stand out, but it's also making the problem worse. And Adam and I have talked about that as a phenomenon. And that totally, I think, changes the game for CPG companies, for consumer packaged good companies trying to get into the mind of the consumer as they walk down the aisle. I mean, it's just a phenomenon.

Andrew Katz: Yeah, and also, mean, look, we're not in the entertainment business, right? So we're in the conversion business. So at some level, I need to get your attention. So maybe I do need to entertain you, but then I also need to have different layers of communication that gets your attention, gets you to consider and then gets you to convert. And that's all got to be done simultaneously because I don't know exactly where and when and how I'm going to reach you. But I just know that at the end of the day, like goes back to that awareness and consideration. If I'm not in that either of those, it's an uphill battle.

Adam Brotman: Andrew, when you think about creatives, let's stay on this topic of attention economy and brand awareness. And how do you make sure that you're breaking through and to basically drive your business forward as a CMO. I mean, you're, you're, you're pretty up to speed now on AI in general. I know it's a fast moving space and there's been like 15 news stories in the last week that, know, in every week, but you know, generally speaking,

Andy Sack: Thanks.

Adam Brotman: You understand, okay, these models, these systems can help me ideate, they can help me make decisions, they can help me analyze data and situations, but they also have the ability to create images and videos and whatnot. So there's an actual literal creative, not just ideation, but literal creative. When you think about those two buckets, one bucket being to help you analyze and

think and reason and make decisions, kind of an intelligence part of it. And then there's this sort of, I'll call it generative, truly generative, creative generative aspect. Of those two, they're not mutually exclusive, of those two as a CMO of a CPG company, which one makes you more excited or how do you think about those two different buckets?

Andrew Katz: I mean, if I'm listening to consumer sentiment, most consumers hate AI-generated creative. So in that regard, I wouldn't trust it very much, not yet, not at the stage we're at. Eventually, over time, I imagine it will get increasingly really good. So there, I think there's future promise. The immediate promise is on the business and analytical side where there's proven output each and every day for me and my team. Creatively, I think it's interesting, like as a way to generate thinking and thought processes, I have not, in my experience, used anything directly from something that was generated.

Adam Brotman: Mm-hmm.

Adam Brotman: Got it. Have you tried? Have you tried like mood boarding from it or just like, yeah.

Andrew Katz: Yeah. Yeah. Yeah. Yeah. I, in fact, we have a sales and marketing meeting upcoming and, I'm going to talk to the marketing team about attention economy. And so I asked chat GPT based on this presentation, put together an image for me that encapsulates everything that I'm going to share. And it generated a really cool visual that's perfect for presentation purposes, cause it's not going anywhere.

Adam Brotman: Mm-hmm.

Andrew Katz: Would I put that anywhere else? No.

Adam Brotman: Right. It was interesting, right? Because I think this last holiday season for there were a number of companies that really put AI creative out there like Coca-Cola. Yeah, they put their whole Christmas campaign was all AI generated basically, right?

Andrew Katz: Coca-Cola, like one of the biggest in the world.

Andy Sack: Yeah.

Andrew Katz: Yeah, and they disclose that to consumers. I do think still you get credit for being creative, period. The more creative you can be, the better the reward. And I feel like AI in some ways is lazy, like on the creative front. If you're letting the machines do your creative thinking for you, you're being lazy as a creative person. Because the reason that you're there is to have really creative thoughts and creative ideas and be able to express yourself in a creative way. I think if we leave that to the machines, feel, again, my takeout from what I've read is consumers don't like it because it just feels inauthentic.

Adam Brotman: Yeah, it'll be interesting to, I hear you. It'll be interesting to keep an eye on the space. know, there's, Google has this new video creation tool called, I think it's called Veo2, and it's incredible. Like I've been shocked at the things I've seen coming out of that. And of course, Mid Journey and others have always done such amazing work. And to your point, I consistently hear that when companies and brands put out something that's AI creative, they get net negative sort of reaction from the consumer. So it's going to be interesting to sort of watch that space and then in



the buildup to it to see when can it start to become really helpful internally for like concepting and mood boarding and all that kind of stuff.

Andrew Katz: Yeah, I mean, right now that's helpful as a jumping off point. But then the creative team, whether it's external or internal, then uses that as fodder to get to something even better.

Adam Brotman: Right. That's authentically created by them. That's even better. In the meantime, going back to the intelligence side, but staying with sort of multimodal for a minute, you know, it's interesting. One of the hot topics at Forum3, we thought we were like really smart because we, quote unquote came up with this, but I, didn't come up with it, but like we thought of it at the same time, everyone else, which was this idea of synthetic persona where you could effectively, you know, take AI and sort of put your customers into it and then have it review your creative and review your competitors creative and sort of give you feedback without having to spin up a giant study or panel. Is that how does that how does that strike you or interest you?

Andrew Katz: Yeah, think when Andy was with us at athletic, I think we did cover that topic. I think it's fascinating. I think the amount of money that gets spent on creative and production, especially at the highest level, is it's a big risk if you get it wrong. So I do love this idea that you can create personas to evaluate before. You know, you've spent a lot of money and how can you course correct along the way? How can you punch up certain things as opposed to you learn those things after the fact and they're expensive to correct.

Andy Sack: Yeah. Awesome. I think that's a great point, Andrew. I'm curious, what advice do you have for, you know, we, would say, you're further ahead than most CPG companies we talked to leaders, executives, you know, and admittedly, you're, you're not an expert, but you're, clearly using it. You've trained your employees. You know, you're on the journey.

Adam Brotman: Yeah.

Andy Sack: What advice do you have for people who are just starting out executives for business? Like this podcast is predominantly aimed at CEOs and the C-suite. What for, you know, for peers who particularly in the consumer packaged good industry, what advice do you have for business leaders just starting out with AI?

Andrew Katz: Call Forum3 stat.

Andy Sack: Great. I didn't pay you to say that, Andrew.

Andrew Katz: No, I I think it's like sort of, you know, I think the one thing that's so different about AI is how dynamic it is and how quickly and rapidly it's changing. mean, I was just reading McKinsey just put out a really good study that I read over the weekend. highly encourage everyone to read it. But they really did a deep dive into multinational companies and asking about the readiness for companies. And I think what the conclusion of the authors was, that employees are more ready than management. And I think a lot of that is just reflective of sort of the age of a lot of management teams. They're, you know, they're, they're not native digital people to begin with. And then you have this disruptive technology come in and it's, and it's like, well, if I ignore it for long enough, maybe somebody on my team will figure it out and then they'll tell me about it. But I think like any good business leader, can't just kind of leave those things to chance. I mean, I think you create an operating model within your company or your team where you have a champion who's somebody



who's like volunteering, Gen Z millennial folks who are like, this is really interesting. I mean, I'd love to be the expert on the team. Have that person then just take others with along with them and then again, I think it's demonstrating the value, right? Cause there are a lot of, you know, like things you could invest time in like the metaverse, right? Like, the metaverse is going to be everything to everyone and everyone's going to be there. And that turns out not necessarily to be true, but people could have invested a lot of time and energy there to not have a lot of reward. So I think it's like, you know, take these, take these calculated bets and experiment. Right. I think.

Andy Sack: Does this feel like the metaverse to you? No.

Andrew Katz: No, no, no, not at all. mean, it's not a, it was not meant to be an analog. It was just things that you could spend your time on.

Andy Sack: No, no, it's a legit. mean, it still could prove to be Adam and I clearly don't believe so.

Adam Brotman: And he's He's like, this better not be like a metaverse.

Andy Sack: No, I mean, I'm saying we, could be right. there's, you know, there people are saying that AI is hype filled and you know, and, yet Adam and I are of the opinion that it's under hype, that the, that the potential and the execution by really business leaders is, is as you said, the employees are bringing it up, that the opportunity to use it for insights that you're talking about to deal with the attention economy, to the machine can do things that no one on this call can, and it's incredible. So.

Andrew Katz: Yeah, yeah. Yeah, I was also just reading also. mean, that's the other thing. think there's because it's all happening in real time. I think there are just so many opportunities to like get smart about it and read from some of the leading thought leaders in the space, which I do. But, you know, I think ultimately you just got to get your hands dirty. Right. It's like someone is not going to do it for you. You got to do it for yourself.

Andy Sack: Yeah.

Andrew Katz: And my advice to anybody would be you have to be proactive. It's kind of like, know, you should floss your teeth every day. Right. A lot of people don't. To me, this is like flossing your teeth. Maybe it's like not your favorite thing to do, but you got to do it right. Like it's an important part of your overall health and well-being. So I think for anybody working in industry today to ignore this is to just kind of like stop flossing your teeth.

Andy Sack: It's interesting that you compare it to flossing because it's like, mean, flossing is that kind of, I this is definitely something that makes you better, faster, and it's less painful than like, it takes a lot of menial work away. So it's, it feels like flossing is not the best metaphor, but we'll, we'll go with that. Adam, just in, I'm aware of time, I want to wrap things up. Like, what were your, what are your takeaways with talking with Andrew for our audience? Let's summarize.

Adam Brotman: Yeah, I mean, my takeaways, it was interesting hearing from you just now, Andrew, about as a CPG leader, company and a leader both, and in your role as CMO, that you are realizing the benefits of Gen.ai for helping you to make decisions and get insights a little faster than you otherwise would have, maybe saving a little bit of time and money, but also perhaps discovering ideas or insights that you wouldn't have otherwise. That really as a CPG company, what moves a needle for you is more than anything else, assuming the table stakes of your product are the best,



then you've got to make sure that people know about you and that you're capturing attention and consideration and that, you know, for you, there's a lot of opportunity to use AI to for insights and analysis and to make sure that you're doing that in the smartest, most effective possible way. So that, that was interesting. It was also interesting to hear you as CMO talk about how the creative part of AI is interesting, but you're not ready for it to sort of drive your creative. And I thought that was a really interesting conversation from someone who's

Adam Brotman: Like Andy said at the beginning, no fluff. We're talking to leaders like you, not just talking about it in a hyped up kind of general way. And then where the rubber meets the road, that was really helpful to hear from you, that sort of perspective and that sort of balance.

Andy Sack: Yep.

Adam Brotman: And I also heard that it was like, you know, flossing your teeth. So we got to work on that a little bit.

Andy Sack: Andrew, this has been a fantastic discussion. Before we wrap, where can people find more about athletic brewing and you?

Andrew Katz: Sure. We are in all 50 states. We are at Whole Foods, Walmart, Target. We have an incredible website where you can get 50 different styles of our beer. They're only available online, which is really exciting at athleticbrewing.com. I wanted to leave you with a quote that I thought was really good about kind of wrapping up the conversation and it's from somebody way smarter than me, Albert Einstein, who said, learn from yesterday, live for today, hope for tomorrow. And I just think that's kind of like really good sentiment around Gen AI. And I think he knew a thing or two.

Andy Sack: He did know a thing or two about a thing or two. Andrew, thank you so much. And thank you to all the listeners, to our audience of AI First with Adam and Andy for more resources and a case study on this conversation with about athletic and consumer packaged goods, go to AI First. You can come visit our website, forum3.com, to download case studies, research briefings, as well as follow us on LinkedIn. There's lots of materials on our website. Always invest in AI. Thank you.

Adam Brotman: Thanks, Andrew. Thanks, man. Great talk.

Andrew Katz: Thanks, Andy. Thanks, Adam.

Andy Sack: Well, that was a great episode or great discussion with Andrew from Athletic Brewing. What'd you think, Adam?

Adam Brotman: Yeah, love, first of all, kudos to Andrew and the whole athletic team. I what a great story of how they are the number one sort of market share of non-alcoholic beer, think, in the country. so that's kudos to him and them. I love the shout out to Forum 3. He loved our boot camp. That was great. And I thought, in all seriousness, that the you know, talking to a CPG leader, we talked to so many retailers, either restaurant companies or, you know, even like Hugh from the Sounders, the kind of a form of a retailer where they have like a, you know, they have cut, have customers, they invite in and they have customer service and all that matters. It was interesting to talk about the whole CPG topic with, with Andrew and, you know, get into sort of his journey and also what it meant to be a CPG company. thought those were the two topics that were most interesting.



Andy Sack: Yeah. So just to put a fine point on it so that our audience can follow along. think the two things we want to talk about is this sort of the state of executives and interacting with AI and where we're what we've seen by talking with CEOs and C suites across all kinds of consumer companies of which Andrew is one. And he had a bunch of comments there that I think we want to touch on. And then separately, he had specific advice or specific topics as it relates to consumer packaged goods. And I think you have some, some insights from your experience at Starbucks that you, that we want to share with people. So let's dive into those two topics. the first one I'll, I'll tee it off, which is, you know, Andrew, I think like, as we've discussed it, Andrew is, you know, he's taken a bootcamp, himself and he's put his team through at athletic through a bootcamp and, they're clearly investing in trading and sort of investing in the journey, moving along the journey of becoming AI first. But we talk about, there are in the spectrum of executives that we see at consumer facing companies today or businesses in general. We see that there's like people that are at the very beginning of their journey, sort of in the zero to one, they haven't even necessarily had their own AI. Holy shit moment. And then there's people who've had that Holy shit moment, but they have there and they've invested in some training and they're using it. And Andrew said he's, you know, he has the, the open AI tab open on his desktop, but he hasn't had that flipping. And so we, I think we break that down into sort of zero to one Andrew sort of in the top 20%, I would say in terms of people who have moved along the journey, but they haven't flipped yet. And they're not fully AI first. And I want to talk with you, Adam about some of the things that Andrew said about the reasons that he hadn't flipped and what we've seen both from Andrew but also in the market. So that's topic one. You wanna add to that?

Adam Brotman: Should we dive into topic one? So what's really interesting is that you and I of late have really started to kind of think about consumer brand leaders as being in one of three buckets. And we reserve the right, as you always say, to change our mind about this taxonomy or whatever. you've got leaders that are just kind of lost. actually don't. They misunderstand AI, Gen. AI. They think of it as like something else. They think something's cute or they're scared of it or whatever. And that's all by the way, that's that's like 90 % or 85 % of all leaders that are out there. Then you've got this other bucket that Andrew's in and some of other clients are in, which we'll just call bucket two, which is they're on their journey to being AI first. They've taken a boot camp. They've exhibited a growth mindset. They've got the curiosit and they've invested the time, but for whatever reason, and we'll get into the reasons, they haven't flipped into that final bucket, which we'll come back to a funny name we heard this weekend for what leaders that are AI first are. But he's in that bucket, that second bucket, which puts him in like the, I don't know, the top 15, 20 % of leaders on his way for sure. And yet there's some things Andrew said, and God bless him, and by the way, that are, totally fair about why he's hesitant. He's AI hesitant a little bit still, even when he's on his journey. One was, geez, he was describing how his team might be nervous about, yes, we're on the enterprise version, but is it really not going to train on my chats and my documents? He also mentioned something interesting. He also said, can you really trust what it says? Not just from a hallucination perspective, but just in general, how do you know it's giving you a good answer? The third bucket of folks that... Yeah.

Andy Sack: Well, he said just on that before you get to the third bucket, he said two other things, which was he said that using AI is like flossing. And he said that using AI for creativity is lazy. And like all totally fair, like depictions. And I think Andrew's comments are representative of that 15 to 20 % bucket two You know, when I reflect on it, I think you and I don't perceive using AI as like flossing. We perceive it as like, you know, a jet fuel pack. You know, that how could we, how would we, how dare we leave and go out into the world of executive decision-making without the jet fuel pack. So it's not a task or like a daily thing that you have to do to keep your teeth clean. It's actually like, my God, I wouldn't leave without my cape.



Adam Brotman: No, that's right. That's right. And I think that his hesitations, not only are they understandable, they're factual on some level. Like it is not a hundred percent clear how secure all this stuff is, even though they say it is. And we believe it's secure. We believe, look, when Google with Gemini or OpenAI with ChatGPT has terms of service that say, this is what they're going to do and not do, and this is how secure it is. We believe them. We believe Google, we believe OpenAI, but that doesn't mean we're right. And it doesn't mean people who are a little bit more conservative are wrong. It's just, that's just a different approach. And then as far as like, is it giving you good advice? Is it hallucinating? Is it correct? Is it smart? Is it biased, whatever? You know, it's funny about that is that again, you and I talk about this between ourselves a lot. Like I don't...just take everything AI says at face value. I've learned to recognize that it can hallucinate. I've learned to recognize that I might not have given it the best prompt. It might be leaving some meat on the bone, so to speak. But that doesn't change the fact that it's still going to make, I think, make me smarter, better, faster, because I can ideate, I can iterate. It can kind of get me going in a way that sort of...gives me an advantage and I keep all that other stuff in mind, right? And so I feel like when you're in that sort of bucket two kind of spot that he's in, and a lot of leaders are in, but they're even better than most, I still think that, I bet when we talk to Andrew, I'll bet you anything, when we talk to him in six months, he's like, yeah, yeah, I'm using it every 10 minutes now. But I think it takes a while. I mean, we even had that journey. And that third bucket, by the way we were reading an article.

Andy Sack: I don't know if that's true. mean, he may be, but he also may just stay in the 20 % and keep moving along.

Adam Brotman: Yeah, maybe not six months, they're pretty this way. It'd be like talking to somebody. Do you remember when we were it's not perfect analogy. Do you remember we're dating ourselves? But do you remember when the Internet came out and e-commerce came out? Do you remember our parents generation were afraid to put credit cards online like a lot of people were like, like, you know, back then we were the young people and our parents were like our age and they were like, kind of, and they were like.

Andy Sack: Yeah.

Adam Brotman: I'm not putting a credit card into a website. Like forget that, right? Like, and we're like, come on, like, were they right to be worried? Yeah. But did they ultimately get over it? Like everybody else? Yeah. Like net net, became more secure. Net net. They figured out that the banks would probably protect them in the end or whatever. So my point is that there's a curve and we've seen it. And I believe that every leader is on that is going to be like our parents not putting credit cards in. It may not be six months, but there's just no way as these models get better, like he'll, they'll eventually go, my God, I have to. And, it's funny to think about that other bucket now, which is, were reading an article by, it was, well, the bucket that's truly AI first, like, other words, I love

Andy Sack: Yeah. When you say other bucket, which bucket?

Adam Brotman: Yeah, like I love, like we talk to, we talk to, I don't wanna spoil or alert our podcast, but like depending on where you are in the AI First podcast journey, you're gonna hear some of the folks we talked to are totally flippant. They are AI First, they are like, they've got, they see the matrix so to speak and they're like, yeah. Like my favorite expression is when we like to ask people, how often do you use AI, what do you use? When somebody says every 10 minutes, I'm like, okay. They're one of us. And that's because you get to a place where you can't imagine not running a major decision. You have a couple every day, major decision or thought process you need to work



out. You get to a place where you're like, I'm definitely running this by AI. In fact, you probably over run things through AI. And that's where you get to. there was a, we were. You and I were passing around an article that came out from the New York Times Sunday paper this weekend about Klarna and its CEO. That prompted me to go read a transcript of a podcast he did on the Acquired podcast. And I was reading the podcast, I think I sent it to you, where he said, I've come up with a term for people that like basically are totally get it with AI and they're like AI first. I'm gonna call them tigers. And he's just like, they just incorporated into every aspect of what they do and it just makes them. It's just that jet pack on their back. And I want to steal slash borrow that phrase. I it was a great phrase from the clarinet CEO, Tigers. And I don't know if we'll use that, but that's the sort of true like flipping into AI first. That was interesting for us to observe, but kudos to Andrew. And again, being ahead of most others and he's on his journey.

Andy Sack: Yeah, super important that I mean, both athletic and Andrew, think that super high level and we think he's doing a great job. I was the one who did the bootcamp. I had a blast doing it. The team is definitely on their journey. So kudos to them and kudos to Andrew. Let's move on to the second topic, which is consumer packaged goods companies and what do you have to say there? And I'm curious because during the conversation with Andrew, he brought, you brought up sort of the difference in Starbucks and KPIs. I thought Andrew, it was useful to hear Andrew's comments about awareness, et cetera. But I'm curious to get your take further on that as you reflect on it.

Adam Brotman: Yeah, so first of all, my personal experience has been more in the retail and restaurant space than the CPG space. Although Starbucks had a pretty significant CPG business through grocery and Target and Wal-Mart and Costco's and whatnot. But even J. Crew was a brand and a manufacturer sold through Nordstrom and stuff. I get CPG, but I'm always amazed when I hear like in Andrew on a podcast, he mentioned, we have, we look at the similar comp store sales and we look at things like that way, but they don't have a direct relationship for the most part with most of their end drinking customers. They mostly sell to these distributors or retailers who then in turn have the relationship with the customer. And so if you're a CPG company, there are two things that matter a lot. Your product has to be good, period. You can't make it up with better service necessarily, because you don't control that experience. And number two, brand awareness and consideration is like everything, right? It's all about that. It's like you don't, you're not converting the end customer the retailer is. You're not servicing and serving the end customer the retailer is. So there are just a different business and it's all about like, it's all about, you know, your product good enough and number two, like what kind of brand awareness do you have? And so it was interesting how like you could be AI first and have a competitive advantage. And if you don't have a good product, you're kind of dead in the water. I mean, maybe your marketing can make up for it and your AI can help with that. But I was just intrigued by how like you just have to have a great product. Not that you don't in retail, but in retail you can have a good product and great service and that can you can grow your brand on that on that combination and I thought that was fascinating.

Andy Sack: Yeah, I mean, it gets at something that we've been talking about between you and I, which is, think, worth making this point and sharing with our audience, which is we firmly believe at Forum3 that being AI first is going, that the companies that are AI first are going to outperform their competitors, their competitor set period, full stop and within 12 months. And we generally think that there's a 20 % EBITDA lift available for companies to really that make their executives that have their exact not make that have their executives flipping and get into that AI first tiger category.



And so we believe that and yet in talking to Andrew, like really clearly that like we don't being at first is not a substitute for just basic fundamentals of product and positioning. And there have been we've had other guests on our show that had made the point as it relates to marketing and, you know, basically just core differentiation and core quality products are the fundamental building blocks of great businesses that scale. I think Andrew articulated that well, Athletic has demonstrated that well, clearly they've just been on a phenomenal rise over the last eight years. And so that business fundamentals do not substitute or AI first does not substitute for business fundamentals. both things can be true. We think that AI's first companies will outperform and we think that it's irresponsible not to bring AI to every executive decision and strategic decision. We wouldn't leave home without it. And business fundamentals trump.

Adam Brotman: Yeah, I just, the final thing I'd say is we're finding in our company, you and me, we're finding that we have a number of our clients that are doing great, like athletic and you know, have others that, you know, we can name later, like that are on fire. They don't need, they're not feeling like they're stuck. They're not feeling they need help. And it's interesting how they are the ones that typically have a growth mindset and are asking us to help them with our boot camps and our workshops and kind of the AI upskilling and transformation. And then we have these other clients that are like, they're kind of, they're more stuck in there. They're like actually more like, Hey, can you just get in here and apply AI to help us through? So it's, they're similar, but it's fascinating to see the difference. And yeah.

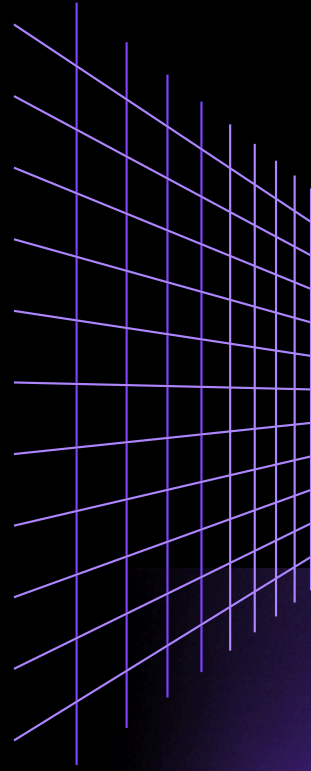
Andy Sack: No, you're right. You're right. It's right to parse those and we are seeing that. Great. think that wraps it for Athletic Brewing and Andrew Katz. Really appreciate Andrew being on the show and look forward to continuing to work with you. Thank you all for listening to AI First with Adam and Andy. For more resources, including a PDF download, go to forum3.com. definitely

Adam Brotman: Yeah.

Andy Sack: Follow us on LinkedIn and we have a bunch of materials on the website. So we truly believe you can't over invest in your AI learning. Onward.



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