

Black Rifle Coffee Company: ‘Premium Roasted Coffee For People Who Love America’

Black Rifle Coffee Company (BRCC) is a coffee, apparel, and ‘gear’ retailer based in Salt Lake City, Utah. It has built a strong base of support through its purpose-driven organization focused on veterans, and willingness to engage with controversial high-profile political issues in the US. After notable success, it has faced criticism from some former customers.

Leadership and Origins

The company was founded by Evan Hafer, a former U.S. Army Green Beret and adopted a mission to both provide “explosive roast profiles” and support veterans, law enforcement, and first respondersⁱ. This helped set the company apart in a field where there are numerous coffee roasters, each with the ability to brew excellent coffee.

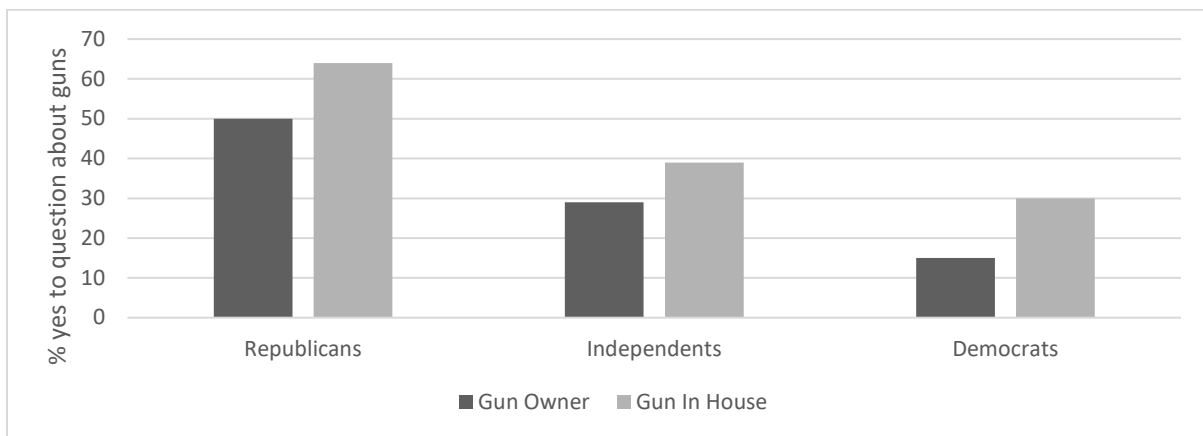
The company actively positioned itself related to US gun culture. In October 2023, 42% of US respondents told Gallup that they had a gun in their homeⁱⁱ. (The number of gun owners is ~10% percentage points less as some people who do not own guns live with partners who do). The US does not have a national gun registry to provide fully accurate data, but it is clear that the prevalence of guns ownership varies by state. Adults with guns at home were estimated to be around 14.7% in New Jersey and Massachusetts up to a high of 66.2% in Wyoming and 66.3% in Montanaⁱⁱⁱ.

By 2024 distribution was widespread. A strong online presence supplemented Black Rifle retail locations in Utah (46.8%), Texas (45.7%), Florida (35.3%), Oklahoma (54.7%), Georgia (49.2%), Montana (66.3%), and Tennessee (51.6%). (Prevalence of guns in household in brackets follows the state’s name)^{iv}. Black Rifle Coffee has a range of ready to drink offerings and is sold in other retail locations such as Walmart, Meijer, and Bass Pro Shops. The coffee is also sold at gun ranges.

Blends have names connected to the mission, e.g., Medal of Honor Rounds, Liberty Roast, and Spirit of '76 Rounds. The artwork is generally humorous, gun related, or patriotic. For example, the Spirit of 76 Rounds features a revolutionary war piper and drummer while Tactisquatch Rounds features a Sasquatch (big foot) drinking coffee.

Gun ownership correlates heavily with conservative politics. According to Gallup,^v Republicans are much more likely to own a gun and live in a gun owning household than Democrats, with Independents falling in-between (see Figure 1). As such, the firm's pro-gun ownership position appeals more to Republicans and conservatives.

Figure 1. Gun Ownership and Political Identification



Having A Purpose

Black Rifle has an explicit aim to help veterans both through providing them employment and aiding them set up their own businesses. Evan Hafer, the company's founder, wants Black Rifle to franchise to retired non-commissioned officers, providing them with a living and expanding the company^{vi}. Veterans were also offered discounts on purchases. The company even established the BRCC fund, a 501(c)3 (non-profit arm), which brought in about \$400k in 2022^{vii}. This made a variety of community grants and drew attention to the needs of veterans^{viii}.

“The BRCC Fund provides assistance to veterans, military, first responders, and conservation efforts through direct and indirect financial support”.^{ix}

Veterans have a unique set of needs, with nearly 20 million of them in the US.

“Every veteran is affected by service. They may face health problems, employment issues and struggles around accessing their benefits—immediately after service but also in the years to come....Post-traumatic stress disorder, traumatic brain injury, hearing loss, illnesses caused by toxic exposure and other injuries can show up years later and affect any stage of life. Veterans may lose jobs or face crises.”^x

Getting Noticed

The company has an active social media presence which happily tackles topical issues. Some pieces of ‘bro’ humor alienated some while engaging others. BRCC’s YouTube channel posts regular material on the company, its personnel, veterans, guns, and other topics likely to be of interest to its customers. Its Coffee or Die^{xi} online magazine was launched in 2018 containing articles on military affairs both current and historic, as well as opinion pieces and humor. It markets opportunistically. In 2020, after a false report than the coffee had been banned in Canada, due to a name similarity with a banned rifle, BRCC were able to use the confusion to generate publicity north of the border^{xii}.

The company placed itself in opposition to Starbucks, the massive coffee chain. In response to President Trump’s 2017 executive order banning travel from Muslim majority countries Starbucks had promised to hire refugees^{xiii}. Black Rifle attacked Starbucks – which Black Rifle referred to as Hipsterbucks -- and tweeted a meme of Isis fighters drinking Starbucks^{xiv}. Black Rifle’s response to Starbucks’ involved a plan to hire 10,000 veterans^{xv}, a goal that appeared unrealistic for a company with around 50 employees. In addition, Black Rifle did not give mention Starbucks prior vow, now being implemented, to hire 10,000 veterans^{xvi}.

The general earthy tone of its communications was shown by this blog entry which attacked Starbucks while endorsing Donald Trump then just taking up the presidency.

“Let’s be honest, Hipsterbucks brews burnt, bullshit coffee and they add a bunch of sugar, foam, cream and sprinkle a side of other bullshit on the top to mask the taste of SHIT. Mixed into each cup comes a convoluted ingredient of anti-American and anti-constitutionalism fluff that has seemed to further the entitlement of the millennial generation.”^{xvii}

In addition to such ‘earned media’¹ the company also entered partnerships with NASCAR drivers^{xviii} and the Dallas Cowboys (an American Football team). The partnership with the Cowboys gained additional attention, both positive and negative, as it was announced a day after a mass shooting at an Independence Day celebration^{xix}.

The company’s endorsement of right-wing issues and aggressive marketing seemed to have played a role in the company creating a committed customer base. In 2017 it even garnered a recommendation from Donald Trump, then US President^{xx}.

Financials

In Feb 2022 the company went public (i.e., made shares available for public ownership) and is now listed on the NYSE (New York Stock Exchange) with ticker BRCC^{xxi}. The financials show a significant increase in revenue over the last five years (see Figure 2).

Figure 2. BRCC Revenue 2019-2023



¹ Media mentions gained from newsworthy statements or actions rather than the media being paid for

As is common with relatively new company profits were less consistent (see Appendix). The ratios helped show more details on what was happening in the firm during the period (see Table 1).

Table 1. BRCC Selected Ratios 2019-2023

Selected Ratios	DEC. 31, 2023	DEC. 31, 2022*	DEC. 31, 2021	DEC. 31, 2020	DEC. 31, 2019
Gross Profit Margin (Gross Profit/Revenue, Net)	31.7%	32.9%	38.5%	42.3%	43.5%
Marketing & Advertising As % Of Sales	7.8%	12.7%	15.6%	15.6%	16.3%
Salaries, Wages & Benefits As % Of Sales	18.0%	21.3%	16.6%	14.8%	16.0%

Looking at the firm's assets also gave some insight into the company (see Table 2).

Table 2. BRCC Selected Assets

Assets	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
<i>Cash and cash equivalents</i>	12,448	38,990	18,334	35,232
<i>Inventories</i>	56,465	77,183	20,872	16,041
<i>Property and equipment, net</i>	68,326	59,451	31,114	14,714
<i>Identifiable intangibles, net</i>	418	225	167	191

Challenges

While the company was popular with many people on the right of US politics it faced pushback from those who disapproved of some political stances. Kyle Rittenhouse, a teenager who was at the time was charged with killing two Black Lives Matter protesters, wore a Black Rifle Coffee Company shirt in a picture accompanying an endorsement from a right-wing commentator. Evan Hafer made it clear that they were not using, and would not use, Kyle Rittenhouse in their marketing. This led to accusations that BRCC was forgetting its base by seeking to distance the company from any connection with figures popular with some on the right^{xxii}.

The founders also gave an interview to the New York Times in 2021. They discussed the ‘zip-tie guy’, who was later sentenced to nearly five years in prison for his actions at the Capitol on January 6th, 2021. Zip-tie guy was clearly seen in the Capitol in tactical gear and wearing a Black Rifle coffee Company hat^{xxiii}. Hafer sought to distance himself from such behavior. He also gave a clear repudiation of racism on the far-right.

“The racism [expletive] really pisses me off,” Hafer said. “I hate racist, Proud Boy-ish people. Like, I’ll pay them to leave my customer base. I would gladly chop all of those people out of my [expletive] customer database and pay them to get the [expletive] out.”^{xxiv}

This was unpopular with some previous supporters, and he was accused of “taking the knee” (supporting the Black Lives Matter movement) and wokeness. He sought to clarify that it was racism he was against not anything else. Hafer, who has Jewish heritage, received antisemitic attacks and estimates that the company lost 3,000-6,000 subscribers to other online coffee clubs. For example, a rival right-wing company starting using a picture of St Michael (the patron saint of the military) with his foot on Satan’s neck. This was similar to a picture that Black Rifle had rejected because of concerns it looked like the murder of George Floyd by a Minneapolis police officer and subsequent adoption by right-wing extremists. Another rival company tried to outflank Black Rifle using a screening question on its website that would only allow entry after the visitor confirmed they were “against common sense gun laws”.^{xxv}

Going Forward

Evan Hafer and the Black Rifle team had built a company based upon their pro-veteran values, use of humor, a strong dose of conservatism, and support for the second amendment (US constitution’s “right to bear arms”). What would the firm need to do going forward?

“How do you build a cool, kind of irreverent, pro-Second Amendment, pro-America brand in the MAGA era without doubling down on the MAGA movement and also not being called a [expletive] RINO by the MAGA guys?”^{xxvi}

Appendix: Black Rifle Coffee Company Consolidated Statement Of Operations/Income Statement

USD (\$) \$ in Thousands	12 Months Ended				
	Dec. 31, 2023	Dec. 31, 2022*	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Revenue, net	395,623	301,313	233,101	163,909	82,128
Cost of goods sold	270,175	202,134	143,414	94,500	46,423
Gross profit	125,448	99,179	89,687	69,409	35,705
Operating expenses					
Marketing and advertising	30,794	38,169	36,358	25,513	13,349
Salaries, wages and benefits	71,054	64,286	38,746	24,194	13,129
General and administrative	71,613	64,486	26,162	13,922	9,343
Other operating expense, net	2,198	0	0	0	0
Total operating expenses	175,659	166,941	101,266	63,629	35,821
Income (loss) from operations (operating loss)	(50,211)	(67,762)	(11,579)	5,780	(116)
Other (non-operating) income (expense)					
Interest expense, (net)	(6,330)	(1,593)	(2,033)	(1,047)	(733)
Other income (expense), net	10	339	(55)	(227)	91
2022 Adjustments: Change in fair value of earn-out liability, warrant liability, and derivative liability	0	(268,661)	0	0	0
Total other expense, net	(6,320)	(269,915)	(2,088)	(1,274)	(642)
Earnings (loss) before income taxes	(56,531)	(337,677)	(13,667)	4,506	(758)
State income tax expense	185	367	178	185	14
Net income (loss)	(56,716)	(338,044)	(13,845)	4,321	(772)

* BRCC went public in Feb 2022

Source: Black Rifle Annual Financial Reports <https://ir.blackriflecoffee.com/financial-information/financial-results>

Starbucks revenue is about \$36 billion^{xxvii}.

Endnotes

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