

bbb+

WHITEPAPER BY BBDRINKS.COM

FORWARD DRINKING

APRIL 2021

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How has the drinks industry reacted to COVID-19 and what lessons can we take into the future?



“the drinks industry is once again showing resolve and innovation in the face of operational adversity”

Phil Harding
Co Founder, bbb drinks

FOREWORD

In the most testing of times for our sector, we've compiled this whitepaper as a snapshot of the current challenges facing all stakeholders in the drinks industry.

The on-trade and the off-trade have had to navigate through and operate in a climate dominated by the global pandemic for a year. This paper outlines how they've adapted and provides valuable learnings from hospitality professionals.

Flexibility of approach has been key, from takeaways and delivery, through to app development and a focus on fresh brand propositions; such as ready-to-drink (RTD) bottled cocktails and organic ingredients.

Our focus group are generally optimistic about being able to return to 2019 trading levels, albeit in a very different environment. We don't yet know what the 'new normal' will be but the drinks industry is once again showing resolve and innovation in the face of operational adversity and the challenge of meeting consumer expectation.

We hope our first bbb whitepaper gives you an insight into what the premium hospitality industry is thinking and that our commentary can help guide and inspire you toward success this year.

Phil Harding
Co Founder, bbb drinks

The drinks industry during a pandemic

32.5%

increase in sales of no and low alcohol products since the start of the first lockdown.

71%

of consumers reported spending more time online during the crisis.

82.9%

increase in online beer wine and spirit sales 2021 YTD.

23%

ordered takeaway alcoholic drinks from a restaurant, pub or bar since the start of the first lockdown in March.

18-34yr olds

are most likely to choose brands for their ethical values.

46%

of UK consumers aged 18-34 are trying to drink less.

**“LOTS OF BARS WILL UNFORTUNATELY
BE CLOSING. YET I SEE A BOOST IN SALES
AND I SEE CUSTOMERS APPRECIATING
OUR INDUSTRY MORE”**

Andre Marcu
Bar Manager, Coupette London

ONLINE SALES BOOM

82.9%

Increase in online BWS sales.

The clear winner during Covid lockdown has been alcohol ecommerce, which has increased in all focus markets, according to Harpers (citing IMRG Capgemini Online Retail Index, which tracks the online sales performance of over 200 retailers).

The value of alcohol ecommerce in 10 core countries (Australia, Brazil, China, France, Germany, Italy, Japan, Spain, UK, US) is forecast to grow to over \$40bn by 2024.

The research also revealed Year-to-date (Jan–March 2021) online beer, wine and spirit sales were up 82.9%.

Online sales of beer, wines & spirits (BWS) were up substantially year-on-year, increasing 64.7% in Feb 2021 vs Feb 2020, per the IMRG Capgemini Online Retail Index.

IMRG's Strategy & Insight Director, Andy Mulcahy commented: "BWS has tended to be the earliest category to see a huge growth boost when the lockdowns came into force, but online demand

might remain strong even as restrictions are eased – given the time of year, people are likely to be hosting BBQs in their gardens before bars and restaurants open again."

The time is now for brands to get their online offering in order. Advice for doing this is contained in the 'ecommerce shop tips' and 'getting ready to sell online' sections of our report.

“online demand might remain strong even as restrictions are eased”

Andy Mulcahy
IMRG's Strategy & Insight Director



1. Harpers: Online BWS sales hold strong

2. The ISWR: Beverage Alcohol In 2020 Performs Better Than Expected

Getting ready to sell online:

KNOW YOUR MARKET

Research how potential customers search on Google for your products and look at the competitor landscape.

DELIVERY AND LOGISTICS

Consider offering free delivery. While this will reduce margins, it will improve customer goodwill and experience. [Hipflask.shop](https://www.hipflask.shop), for example, offers free next day delivery as standard, despite being smaller than retail giants, such as Amazon.

ADVERTISING

Google Shopping, Facebook and Instagram Ads allow you to instantly get your products in front of active searchers and highly relevant customer demographics. Target by behaviour and interests and target followers of competitor pages.

Ecommerce shop tips:



CREATING AN ONLINE SHOP

Ecommerce platforms, such as Shopify, reduce barriers to entry.

PRODUCT DESCRIPTIONS

Carefully craft copy, allow and generate customer reviews through incentives, include high quality and inspirational product imagery.

CLEAR DELIVERY & RETURNS INFORMATION

Making the process clear builds trust in your brand.

ACTIVE SELLING & DYNAMIC MERCHANDISING

Use cross-sells, bundled items, up-sells and related items to make the most of each visitor to your site.

POST PURCHASE

Provide customer account setup functionality at checkout, to simplify repeat purchases and order tracking and returns.

Set out your customer service proposition and service level agreements. Implement online chat functionality and use email marketing to keep your brand at the front of the minds of your customers.

“Naturally the situation will be back to normality but not for everyone. The experiences of the past 12 months will mean some people will continue keeping distance from gatherings of people and indoor venues for, at least, the next six months”

Francesco Pittala
Bar Manager, Laki Kane

DELIVERING THE DRINKS

23%

ordered takeaway alcoholic drinks from a restaurant, pub or bar since the start of the first lockdown in March.

On-trade business models have changed to reflect life under lockdown, reacting and adapting to new consumer needs. According to industry insights specialists CGA, more than half of us in England ordered food for delivery in the first week of the country's second lockdown. Alcoholic drinks delivery also grew in popularity amongst consumers who use delivery. Almost a quarter (23%) ordered alcoholic drinks from a restaurant, pub or bar since the start of the first lockdown in March. CGA's research also points out that half (49%) of the population say they're open to the idea.

From high street pubs to top-end bars, venue owners and bartenders have been innovating to make takeaway and delivery a viable option – for their businesses and for their customers. BrewDog was fast out of the blocks, initially with its drive-thru's and then with its delivery app. Meanwhile, top bartenders have been bottling their own creations. London bar Tayēr + Elementary launched a range of ready-to-drink bottled cocktails during the first lockdown, in an effort to boost business

and maintain customer engagement. Bar founders Monica Berg and Alex Kratena say the range is all natural and shelf stable – and the popularity of the offer has led to national distribution.

The rise of bar-created ready-to-drink (RTDs) has also inspired collaborations across the trade. In Cardiff, Lab 22 launched the Lab Bottling Company, a range of drinks made in conjunction with local independent businesses, such as Cardiff tea house Waterloo Tea.

The Gibson Bar, owned by world famous bartender, Marian Beke, created a range of bespoke bottled cocktails available to purchase on Deliveroo for delivery across all London. Some of the drinks have unique characteristics and selling points, such as using vintage spirits, some dating back to the 1950s and selling for over £60 per 250ml.

While takeaway and delivery can provide an extra revenue stream, keep an eye on the latest local lockdown rules to ensure you stay within the law. Find out more at [gov.uk/coronavirus](https://www.gov.uk/coronavirus).



IN FOCUS:

Making a success of takeaway

Consumers are looking for an experience they can't easily replicate at home. Think about how you can provide exceptional at home service and make the consumer experience even more memorable. Can you provide interesting packaging or 'glassware' to make the drink 'instagrammable'? Consider creating a playlist to replicate the ambience of your bar (like [Spiritland](#) do), or supplying pre-prepared garnishes to add the finishing touch to the cocktail.

Profitability is often the hot topic when talking about takeaway and pre-made bottled cocktails.

We usually advise venues to create and use tinctures. Tinctures are a really powerful ingredient, packing a lot of flavour, with long expiry dates, while being convenient to make. Making a tincture is easy: simply put whatever herb, fruit, flower, vegetable or spice you want into an airtight container, and infuse it in an

overproof neutral spirit. Seal the jar, let it steep, shaking it up occasionally, and strain. Using them in pre-made cocktails will increase profit and extend product shelf life.

We also advise venues to get in touch with their local Trading Standards Office (every borough has one). They can give 1-2 hours of free advice on hygiene and are great to talk to about what makes bottle labels compliant with the law.



Sustainable packaging and delivery

Retailers need to remember that consumers want 100% recyclable packaging. Reducing waste is important to them. Of course, they still expect their purchase to arrive in pristine condition. It's no longer good enough to protect parcels with reels of bubble wrap.

Thankfully there are more environmentally friendly packaging options available today than a few years ago. When it comes to bottle spirits packaging solutions like [Flexi-Hex](#) are a great option.



TO YOUR GOOD HEALTH

46%

of UK consumers aged 18-34 are trying to drink less.

32.5%

sales of no and low alcohol products rose 32.5% just before the start of the first lockdown.

Consumers have paid even more attention to their own health and wellbeing since the global health crisis began. For some, this means a more mindful approach to drinking, with both cutting down on alcohol or going teetotal on the agenda. Research from Mintel suggests that nearly half of UK consumers aged 18-34 are trying to drink less, especially as health and work take priority in a pandemic and associated economic downturn. And insights specialist Nielsen suggests sales of no- and low alcohol products rose 32.5% just before the start of the first lockdown.

New product development in the drinks industry has seen non-alcoholic spirits launches from brands such as [Sea Arch](#), with its gin offer, through to legacy brands, like Diageo's Gordon's. Just like the evolution of alcoholic spirits, their non-alcoholic counterparts have also evolved to feature RTDs.

Take Sea Arch Drinks as an example. The Devon-based brand launched its alcohol-free Sea & T range in November 2020, to coincide with the

“cutting our alcohol intake leads to better hydration and improved sleep”

beginning of Alcohol Awareness Week. “Research shows that cutting our alcohol intake leads to better hydration and improved sleep which will more than likely increase our productivity and general sense of wellbeing,” Sarah Yates from Sea Arch says.

It's worth noting that there's also a countertrend at work here. Wellbeing during the pandemic is also about 'small rewards'. Some consumers are allowing themselves a permissible indulgence, in the way of a more premium tippie. Investing in to-go cocktails from top-end bars is a good example of consumers looking for little treats.



4. Mintel: [How will a Covid-19-driven downturn impact non-alcoholic spirits in the UK?](#)

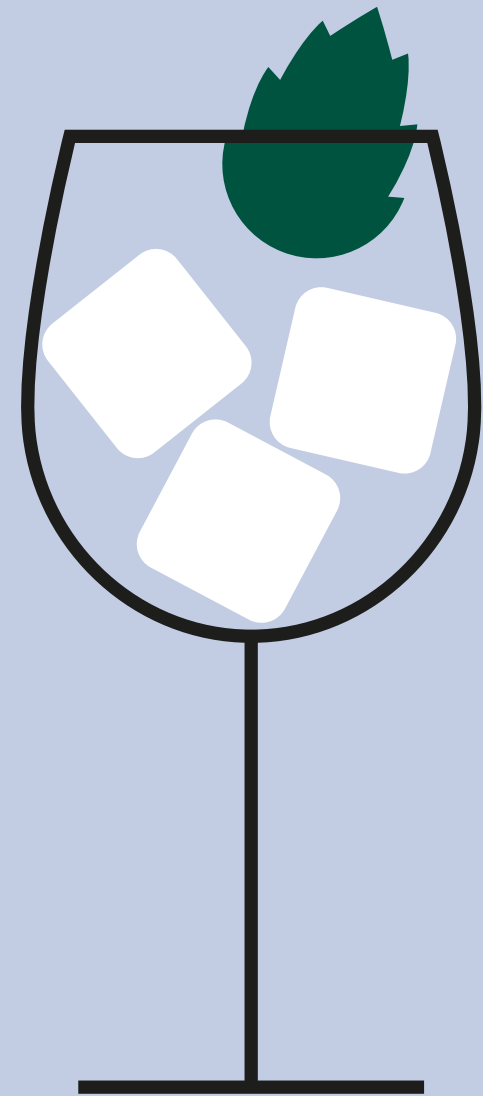
5. The Guardian: [Low and no-alcohol sales soar 30% in lockdown as UK drinking habits change](#)

Our favourite low and no-ABV serves

CITRUS MINT SPRITZ

- 30ml PURE Light Organic Vodka
- 30ml dry vermouth
- Equal measures of soda water and tonic water
- 10ml lemon juice
- Mint garnish

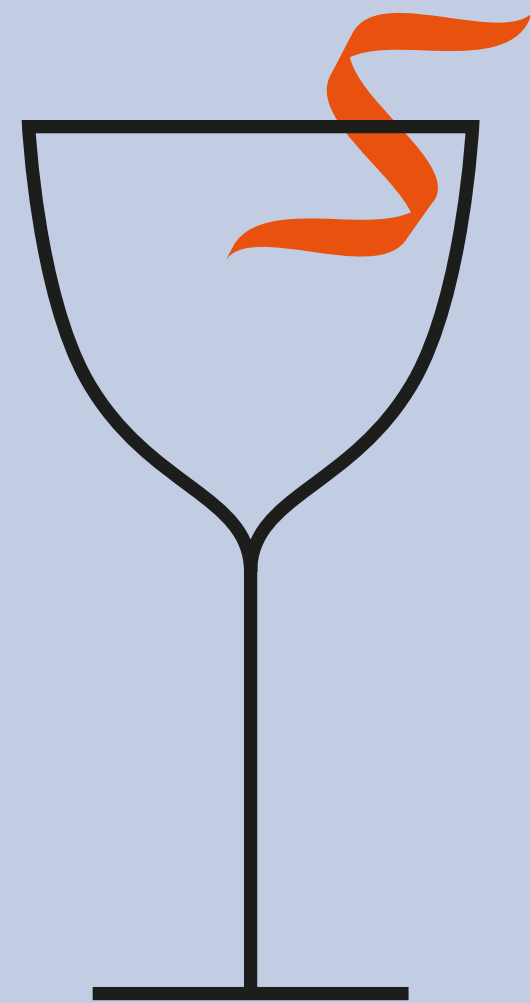
Method: Simply fill a wine glass with ice and then pour over the PURE Organic Vodka and dry vermouth. Stir for 30 seconds. Pour soda and tonic water at the same time until you fill $\frac{3}{4}$ of the glass. Add a squeeze of lemon and garnish with fresh mint.



COASTAL ARMY & NAVY

- 50ml Sea Arch Coastal Juniper
- 15ml orgeat
- 10ml lime
- 10ml grapefruit juice

Method: Start by filling a shaker with a lot of ice, then pour in all ingredients and firmly seal the shaker. Shake hard for 30 to 45 seconds. Get a fine strainer and pour the drink into a coupe glass. To finish, grab a grapefruit peel and squeeze some of the essential oils on top, rim the glass and finish by using the peel as a garnish.

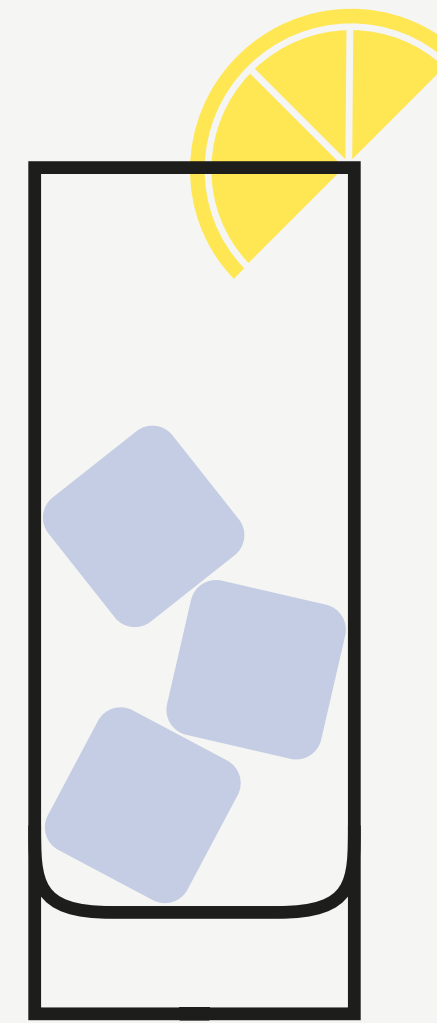


Healthier longer serves

SEA PINE

- 25ml Sea Arch Coastal Juniper
- 175ml clarified milk
- 12.5ml maple syrup
- 10ml lemon juice

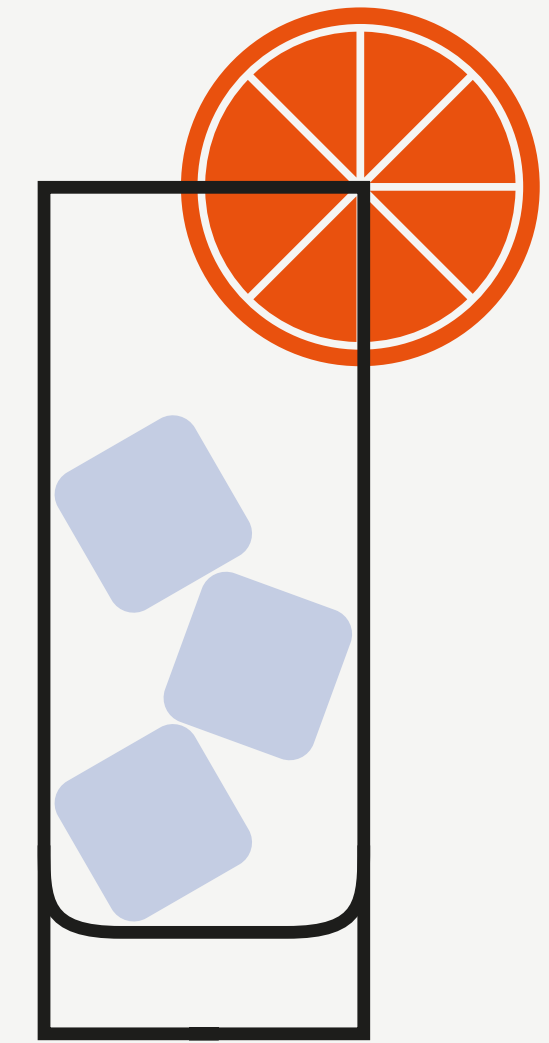
Method: To prepare this cocktail, you first have to clarify the milk, so grab a big jar and pour in the milk. Add all other ingredients slowly and mix well with a spoon. Let the liquid rest in the fridge for 4 to 6 hours. For the magic part; strain the liquid through coffee filter paper (this can take a few minutes). Your crystal clear punch is now ready to be served in a highball glass filled with ice.



RED ZONE

- 50ml Pure Light Vodka
- 50ml grapefruit juice
- 50ml orange juice
- Grapefruit wheel for garnish

Method: Start with filling a shaker with a lot of ice, then pour in all ingredients and firmly seal the shaker. Shake hard for 30 to 45 seconds. Get a fine strainer and pour the drink into a highball glass filled with ice. Finish your cocktail with a grapefruit wedge as a garnish.



“I fear that 2021 may have hesitation from both public and operators causing a stalled start. Cash flow is precious, so people will be conservative”.

Declan McGurk
Commercial Director of Boatyard Distillery & former Bars Director
of The Savoy Hotel in London,

HOW ENGAGED ARE YOU?

71%

of consumers reported spending more time online during the crisis.

Brands, bars and restaurants have been working hard to stay front of mind with consumers. 'Virtual' has become our reality and research from Accenture suggests 71% of consumers reported spending more time online during the crisis. The expectation is that these new habits are here to stay post-pandemic. Instagram, for example, saw 17% user growth in Western Europe in 2020. Users spent an average of 30 minutes per day on the platform last year, an increase of almost four minutes over 2019, according to stats from a Hootsuite report.

Meanwhile, by April 2020, there were 300m daily meeting participants on Zoom – up from just 10m in December 2019.

Brands have worked to support and entertain the trade; Angostura launched its Instagram Live shows and Diageo's its online advocacy programme. Meanwhile, Bacardi teamed up with Deliveroo to include cocktail delivery as part of their #RaiseYourSpirits activation.

At bbb, Market Row has recently held a virtual rum tasting and cocktail masterclasses along with a Q&A with brand founder Pat Venning. Our virtual tasting site, [Sipping Rooms](#), has become a key marketing tool for us, with nine different brands being featured in 2020. We'll continue to hold regular virtual tastings with our brands in 2021. We also see Sipping Rooms as a tool for ongoing influencer engagement, once lockdown is over.

As 'Zoom fatigue' sets in, brands will be looking for evermore original ways to engage with consumers. Creating memorable experiences will be important as the on-trade reopens. Brands and bartenders need to work together to create Covid-safe, small group experiences; reminding consumers why bars are so great – giving them a taste of what they've been missing.



How to run a successful masterclass or virtual event

1.

Make sure you know your audience - keep it jargon free where possible - especially if your audience is full of novices

2.

Plan out every minute of the event and stick to your plan - people waffling on is a turn off

3.

Mix things up - short, choppy sections, with a variety of speakers will keep viewers engaged

4.

Try something different - yes, make a G&T, but also try and stretch people to experience a new flavour or technique.

5.

Entertain and engage - the bigger the personalities you get involved the better, especially if they're making the drinks!

Small group experience ideas



People want to have an experience rather than a monologue or a lecture.

One of the most successful virtual events that bbb ran was with [Inverroche Distillery](#), on Sipping Rooms.

Hosted in the UK, it featured a tasting session with the brand ambassador in Johannesburg, alongside a cocktails masterclass with an award winning mixologist in Cape Town.

We included a video about the brand and distillery, followed by a live interview and Q&A with the founder, in Still Bay.

Attendees loved the format and the brand story really punched through as a result.

GREEN LIGHTS

18-34 yr olds

are most likely to choose brands for their ethical values.

Covid-19 has brought with it an increased focus on taking care of ourselves, each other and the planet. The expectation is that brands that go the extra mile in with sustainability will do well. According to Deloitte, the over 45s are most likely to reduce their consumption of single-use plastic. They're also keen to engage in other environmental issues, such as cutting carbon emissions. Meanwhile, ethics matter more to younger consumers, with 18-34 year olds the most likely to choose brands for their ethical values.

Carbon emissions have long been on the agenda for drinks brands and bbb's [Greensand Ridge](#) set out to be a carbon neutral operation from the beginning. The producer also uses surplus produce from local growers to create its brands. "The vision from the start has been to build a different kind of distillery; one which has the lightest possible touch on the lands, but also benefits the community by preferentially fermenting and distilling surplus produce," says Will Edge, Greensand Ridge's Founder. "All products are made with 100%

renewable power, no chemicals and we produce no waste on site that isn't reused or recycled."

The drinks industry also rallied in the early stages of the crisis to make hand sanitiser. Our own [Harrogate Tipple](#) turned its hand to making sanitiser, supplying to the local community and NHS trust.

As more and more brands attempt to align themselves with consumers' values, it's important to look for clear and honest messaging. If the trade can't understand a brand's ethical credentials, they won't be able to pass knowledge on to the consumer.

***"a different kind of distillery;
one which has the lightest
possible touch on the lands"***

Will Edge — Founder, Greensand Ridge





Placing sustainability at the core of an alcohol brand

Some alcohol brands are leading the way with a concerted focus on sustainability. The key takeaway here is being accountable for the environmental impact of both logistics and production processes.

- Brewdog identified its responsibility to the planet, highlighting the need to take ownership of its carbon emissions
- They created their Make Earth Great Again plan and associated [sustainability report](#), in collaboration with Mike Berners Lee
- Brewdog aims to create its own 2,000+ acre forest by 2022; accurately measure its carbon footprint and reduce it through green energy; utilising electric delivery fleets and CO2 fermentation recovery
- Reduce water waste: imperfect beer goes to zero waste vodka, spelt into dog biscuits

Our focus group of 25 industry professionals formed a general consensus that we'd see the following permanent changes in bars post COVID:

DIGITAL MENUS

The majority felt the digital menus will remain in bars, including Harbour Hotels' Head of Bars, Vitor Lourenco: "I would say that the Digital Menu (QR Code) will become permanent. Still with the paper menu as a 'support' but the digital would be something that would carry on".

DIGITAL ORDERING

From smart watches for waiters, through to buzzers on outdoor tables and app ordering - digital communication will be very much at the forefront.

TAKEAWAY / HOME DELIVERIES

Vitor also predicts: "takeaway drinks will stay, online orders / batched cocktails will carry on as well. Guests noticed how great this option is. The best cocktails, from amazing bars around the world, delivered in their homes, ready to be drunk!".

TABLE SERVICE

Table service will be essential to the survival of many bars and pubs, coupled with the provision of outside seating. Pollock Pubs' Bar Operations Manager, Christopher Jarrett, echoes this sentiment: "I think table service will stay in most bar settings. We found upselling was easier and patrons stayed longer when they had a waiter serving them".



CLEANING AND HYGIENE

Face coverings and consistent communication and display of hygiene measures, from signage through to staff processes, will be key to reassuring customers and encouraging them to return. Similarly, say goodbye to bowls of peanuts. No more communal snacks in casual venues.

SMALLER MENUS

Group Bar Manager of Spiritland Group, Hamish Denny, believes we'll see "smaller menus" moving forward. This ties in with a need to avoid overordering and waste, if further lockdowns or restrictions occur. Smaller menus will also mitigate against an expectation for lower footfall, in the short to medium term.



A GREATER APPRECIATION OF OUR INDUSTRY

"Customers will be more grateful for being back in a bar, won't take staff for granted. Making a drink to sip in your living room just doesn't compare; the buzz, the lighting, the theatre - all details right down to the polished glass and ice quality.", according to Director of Marketing at The Doyle Collection, Josh Craddock.

CONCLUSION

Despite the obvious challenges that have faced the industry since early 2020, there are still reasons to be optimistic.

The stats we've pulled out in our report pay testament to that, with the drinks industry continuing to find a way to prevail. Online sales of BWS are up year-on-year and this channel will be of ever-increasing importance to brands. Having visually appealing packaging and a strong digital strategy will be vital for drinks brands to succeed. We've seen how Direct To Consumer selling, via brands' own websites, is a great way to create a market for your product and have a one-to-one relationship with the customer.

We know the hospitality industry and on-trade outlets in particular have, and will continue to, face huge disruption in 2021. Our focus group participants highlighted some major challenges hospitality will face this year, such as "maintaining social distance" in venues and the need to adapt to using "more mobile/digital solutions".

There will be a "greater emphasis on table service and more robust door management" alongside a reliance on takeaway drinks and "stricter cleaning standards, wearing masks etc". There is a need for venues to urgently adapt to these new challenges and implement new processes in order to survive and thrive.

We found that many hospitality professionals we spoke to have invested into preparing their venues to cater for the demands of a new normal and the differing expectations of customers. It's heartening that 70% of our focus group thought that trading would get back to 2019 levels within 12 months. Coronavirus has rapidly altered consumer behaviour beyond recognition. In certain city centre locations weekend trading will be more important, as working from home will lead people to stop midweek socialising and adopt 'weekend millionaire lifestyles'.

Just like the industry had to adapt to the smoking ban in 2007, pubs, bars and restaurants will need to work out how to make up for the potential lost

revenue from reduced footfall. Patrons will be seated and served from their tables, rather than standing and queuing at the bar.

The drinks industry has always been innovative and shown resolve to find better ways of doing things; to adapt. The perfect example is the speed with which many on-trade establishments have adopted and created takeaway offerings.

The desire of the public to enjoy a drink in a pub could be at an all time high, despite some caution remaining about returning to past habits. One thing Covid has re-enforced is how essential these venues are to the fabric of our communities, social lives and mental well being.

We fully expect that same resolve and innovation to stand the industry in good stead throughout the challenges of the coming months.

The industry will continue to find ways to optimise the experiences of the end consumer. Hygiene is now more important than ever. If bars, restaurants and pubs place reassuring customers at the top of

their agendas, customers will return and trade will steadily recover over time. Time being the operative word. To summarise general industry sentiment, 56% of our focus group expect trading to return to 2019 levels in the next 12 months. 44% are expecting it to take longer than that.

While the future holds obstacles to overcome, it also brings fresh hope. Here's to returning to a new normal - here's to gathering once more with friends and family and sharing a drink together.

Cheers!

Phil Harding
Co Founder, bbb drinks

A huge thank you to everyone who participated in our bbb focus group

Tom Kapanadze
Head Bartender, Louie London

Francesco Pittala'
Bar Manager, Laki Kane

Gregorio Soriente
Ex-bartender, Savoy

Celia Bugallo Jurado
Bartender, Kwant Bar

Nicholas Colombo
Bartender, Nightjar

Nelson Bernardes
Bar Manager, The Churchill Bar & Terrace at Hyatt Regency London

Nicolas Medicamento
Founder/CEO, Doctor Cocktail Ltd and Ex-bartender, The American Bar at Savoy Hotel

Andrei Marcu
Bar Manager, Coupette

Pietro Rizzo
Bar Director, Cru Events

Ben Clarenn
Bars Manager, Covent Garden Social Club

Charlie Gilkes
Co-Founder, Inception Group

William Simonds
Director, Se-View Group

Nicolas Bersin
Bar Supervisor, Henrietta Hotel London

Simone Crepaldi
General Manager, Callooh Callay

Josh Craddock
Director of Marketing, Doyle Collection

Christopher Jarrett
Bar Operations Manager, Pollock Pubs

Jamie Scott
Owner, Tonic Dundee

Declan McGurk
Commercial Director, Boatyard Distillery and former Bars Director of The Savoy Hotel in London

Shelagh Ryan
Bar Owner

Michele Mariotti
Head of Mixology, Gleneagles Hotel

Sam Berry
Owner, No.97 Bar Group

Hamish Denny
Group Bar Manager, Spiritland Group

Vitor Lourenco
Head of Bars, Harbour Hotels

Kelvin McCabe
Wine Buyer Beverage Director, Adam Handling Group

ABOUT BBB

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We created bbb in 2012 because we love independent brands. They deserve more attention and we want to find them their place in a market dominated by corporate brands.

We made our mark in our early days and pioneered a number of craft beer brands in the UK market like Fuller's Frontier (UK), St Stefanus Belgium), Bellerose (France) and Island Records (UK).

In 2014, we expanded into the independent spirits market as it boomed.

We now specialise in spirits import and distribution. But our ethos is still the same: independent brands are the drinks of choice. They have authentic stories to tell and we tell them honestly, without compromise.

How do we achieve that? We share with our clients the belief that growing a brand is about more than just sales figures. It's about being open with our expertise, communicating honestly and working collaboratively.

That's how we grow the distribution of our spirits brands.

Cheers!

