

The **Next Normal**: Driving Successful Beverage Alcohol Marketing Operations Beyond 2020

Not so long ago, spirits, wine and beer marketers were happily building brand awareness and rolling out innovative products to eager consumers. In fact, on- and off-premise alcohol sales in the U.S. totaled a whopping \$260 billion in sales in 2018.¹ But the emergence and spread of a global pandemic has made life more complicated

Today, these same marketers must manage a constantly shifting marketplace, a faster pace of planning and a transformation in marketing execution. In early 2020, the country was in a lockdown. Today, the “new normal” includes the resumption of on-premise operations in certain regions, but not nearly at the same level we were at a year ago.

Tomorrow’s “normal” will look different still, both in the U.S. and worldwide. This “next normal” may be stressful for some. It will require a marketing supply chain that is nimble, flexible and scalable to meet unknown challenges. Yet, many forward-thinking marketing professionals are already embracing new opportunities to grow their business with new priorities in planning, budgeting and strategy. Such optimism has some industry experts pointing to growth at a compound annual growth rate (CAGR) of 4% over the next six years.²



A Shock to the System

Bars, nightclubs and restaurants aren't the only places to feel the impact of the pandemic. Even the traditional role of distributor/wholesalers within the three-tier system has been impacted by new market dynamics.

Today, distributors are reacting to off-premise growth with a laser focus on delivery and restocking, leaving the promotional burden squarely on the shoulders of suppliers. This new dynamic means the marketing professionals at breweries, distilleries and vineyards must find new ways to be relevant through on- and off-premise promotions and marketing execution.

According to **Barry Marek, former SVP of sales at Fetzer Wines:**

The distributors can't really do a lot right now. With everything that's going on at retail, they're essentially limited to just taking orders and delivering product. They're building [fewer] displays. The retailers don't want them [distributor reps] in the store any longer than they need to be in the store, so their access has become much more limited. Getting anything new going is really difficult. The impact of the distributor, which has been the primary passthrough from supplier to retail, is really becoming less important through all this. What's really important is what [suppliers are] doing to influence the consumer more directly. So [the] direct-to-consumer business is more important than it ever was before.

In addition to extra responsibilities, marketers must also contend with a faster pace of change. Last year, a marketer might have months of lead time to plan the launch of a new product. Today, marketers must plan, execute and deliver premiums and branded materials that distributors will accept and support. And they must do it all on increasingly tight timeframes. In some regions, on-premise promotions are already in demand; in others, marketing remains off-premise.

Marketers must juggle these constantly shifting requirements, which is why partnering with a third-party provider with a built-in nationwide supply chain and experience working with all types of promotions makes sense. Especially when many agree that the industry will likely never go all the way back to pre-pandemic business as usual.

Post-Pandemic Fresh Start Guide

Here are a few techniques to move your beverage alcohol marketing operations forward in the months ahead.



Keep Marketers Focused On Marketing

Experienced marketing professionals should be laser-focused on building brands and creating impactful liquor displays, not tracking down missing orders or worrying about retail deadlines. Likewise, constant staff fluctuations are disruptive and counterproductive. Partnering with a marketing supply chain expert can save money, reduce employee turnover, and allow you to operate faster and more efficiently.



The Perfect Pitch

Marketers understand that they can no longer rely on the standard catalog of promotional material that has served them well, season after season. They must find new ways to allocate budgets, reach audiences and, most importantly, secure slots in distributors' monthly business objectives (MBOs).

According to **Josh Halpern, chief sales officer of FIFCO USA**, the standard catalog is gone. *"We need to really start to ask, what will happen in the future and how will consumers' spending habits adapt?"* he notes. The key is understanding where consumers will buy wine, beer and spirits, and what types of activations will impact their purchase decisions.

Such understanding begins with data and trend analysis and looking at marketing budgets in new ways to fit the "next normal." In many cases, capital must be redeployed toward marketing items for off-premise promotions. It's critical that marketers rely on tools to capture consumer data and turn this knowledge into actionable promotional planning.

Determining how to shift from glassware and neon lights (on-premise) to branded wearables or backpacks (off-premise) is on the minds of marketers today. And while data can support these critical decisions, an efficient supply chain ensures the production and delivery of these new promotional materials meet today's abbreviated marketing timelines.

Speed and efficiency in promotions can make or break a distributor pitch. Today, suppliers must provide the marketing execution, so simplifying the campaigns, focusing on one or two well-timed promotions versus a full year's worth, and making it seamless for distributors to take on a product are critical elements of any presentation.

"Everyone who is smart is simplifying," says **Dave Duffy, chief marketing officer of Stem Ciders**. *"We've got to get back to simplicity in everything we do including very clearly defined, differentiated marketing programs."*

Veteran marketers like Duffy agree that distributors don't want 12 months of programming for a brand or brands. They simply won't provide the MBO slots for this type of proposal. For the programs that distributors do accept, suppliers should maximize the impact of limited funds by providing 10 high-quality items rather than 25 average items. Savvy supply chain expertise, deep knowledge of retail environments and a data-driven view of how to reset the promotional catalog can help suppliers claim those elusive MBOs.



Be Ready For A Faster Pace Of Business

As some regions open on-premise establishments and others don't, the ability to quickly scale up or down is imperative. Be ready to quickly react to sales trends and move on marketing promotions in days or weeks, rather than months.



Transform Your Catalog

Reconsider your traditional marketing materials to match today's changing consumer attitudes. Consider branded items that may be more suited to off-premise activation rather than glassware or tap pulls that rely on open, busy venues.



Helping Marketing Budgets Go Farther

As the beverage alcohol industry changes in response to the pandemic, with off-premise consumption rising significantly, many consumers have embraced e-commerce. In May 2020, online sales of alcohol through retailers and new digital platforms like Drizly were up a full 339% from the previous year.⁴

To maximize their efforts in the brick-and-mortar world, these same suppliers are rethinking the three traditional vectors of marketing promotions: Speed, cost of goods and cost of freight. In particular, speed is more critical than ever. Because of today's uncertainty, traditional ordering windows for bi-annual, trimester, or even quarterly promotional demand planning will quickly evolve. Suppliers must be able to operate in 30- to 60-day windows to avoid material waste and missed opportunities.

According to **Josh Halpern of FIFCO USA**, speed is now the most critical vector:

In the past, most companies would say, 'Speed matters less because I'm going to place my order and I want freight to not be more than X percentage of the cost of the good. Easy to manage.' I think you will see companies now say, 'There's going to be a cost indifference, because now I'm concerned with ordering 30 days out versus 3 to 6 months out.' They're going to need to focus—and spend—more on the speed vector, which previously was the least important vector, in order to stay flexible in ever-changing market conditions.

With one- and two-month timeframes becoming the new keys to success, suppliers can turn to external merchandising partners with built-in supply chains to meet deadlines and reduce costs.



Make Your Presentation Stand Out

Competition for distributor MBOs is fierce. Your presentation must elevate your brand(s) and position you for success. Provide 100% of the marketing execution and make it simple for distributors to work with you. Use data to show distributors market demand and your sales trends. Simplify your plans to one or two months versus a full-year scope. And make sure your presentation is polished and your promotional samples are compelling.



Accelerating Operations

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Create Value Through Speed And Efficiency

With distributor timelines collapsing, it's critical that your marketing supply chain is streamlined and efficient. On- and off-premise promotional materials must be delivered on time, with no mistakes. A one-stop marketing supply chain partner like NVISION that delivers seamless, nationwide reach can help you keep pace with complex orders and tight deadlines.



One Chance to Impress

With distributors stretched thin managing operations beyond marketing and promotions, suppliers get one chance to make an impression. The sales presentation to distributors must be concise, polished, professional and driven by data.

Distributors seek simplicity and purpose from suppliers. The presentation should focus on simplified promotions that fit seamlessly onto a distributor's MBO calendar. These could include time-specific promotions or a new product launch worthy of an MBO slot. All materials and the presentation deck itself should reflect a high level of professionalism to build distributor confidence. And suppliers should tap into any and all available data to validate the plan and prove their "brands can travel," showcasing market pull with slides on chain selling, digital strategies and local activation activities.



Help Your Dollars Work Smarter

More than ever, it's important that marketing budgets drive business growth, rather than being wasted on surplus inventory, shipping fees or other back-office challenges.

Of course, distributors will also want to see actual marketing tools and POS ideas. In tandem with shorter-term, easier-to-execute plans, suppliers may want to show fewer materials, while ensuring they are high-quality and impactful.

With current uncertainty around on-premise marketing opportunities, many suppliers demonstrate their ability to build consumer awareness with new types of promotional items. The presentation is the one and only opportunity to impress distributors so supplier sales reps should complement their polished presentation by wearing branded polo or t-shirts, carrying branded backpacks or satchels, and offering cold product samples from branded coolers.

According to **Patrick Daugherty, former CMO of CANarchy Craft Brewery Collective**, the presentation is also where smaller breweries can level the playing field against macro brewers. *“Going up against the big guys right now is pretty easy to do if you’re a purpose-driven brand, which means you have a connection to your community and you back it up through either effort or financing to support whatever cause it is that connects you to the community,”* Daugherty says.

Non-traditional brand awareness activities like first responder support, branded personal protective equipment and branded hand-sanitizing stations at local events may prove more timely and offer more engaging ways to promote authenticity than do conventional coasters or tap handles.

Working with a partner like NVISION—with broad exposure to current promotional trends in retail and consumer packaged goods—suppliers benefit from new ideas outside the beverage alcohol category. The ability to cross-pollinate marketing materials from other consumer-driven industries can help suppliers create innovative samples to outshine the competition.

Why NVISION?

For more than three decades, NVISION has partnered with Fortune 500 companies to help them grow their businesses by transforming how they execute marketing promotions. For beverage alcohol marketers, we use technology and expertise to modernize legacy processes for marketing promotions, put our buying power to work to improve cost structures, and elevate service levels both internally and to distributors.

Our services include:

- A marketing operations assessment to identify modernization opportunities
- A technology platform with specific functionality for the three-tier system
- A one-stop shop for all alcohol marketing merchandising and promotional materials
- Sophisticated logistics capabilities that eliminate layers and third-party contracts, while reducing waste
- Aggregated reporting and data visualization for faster, better decisions
- A focus on helping clients actually grow, versus simply saving costs

Sources

- 1 [How The COVID-19 Pandemic is Upending the Alcohol Beverage Industry](#)
- 2 [Trends Transforming the Alcoholic Beverage Industry Outlook in 2021](#)
- 3 [IWSR's Top 5 US Beverage Trends for 2020](#)
- 4 [Impact of COVID-19 on Retail Alcohol Sales](#)