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# Conversations That Matter:

**Beyond the Quarantini:**

**New Opportunities for Alcoholic Beverage Brands**

**Ogilvy**

# Welcome



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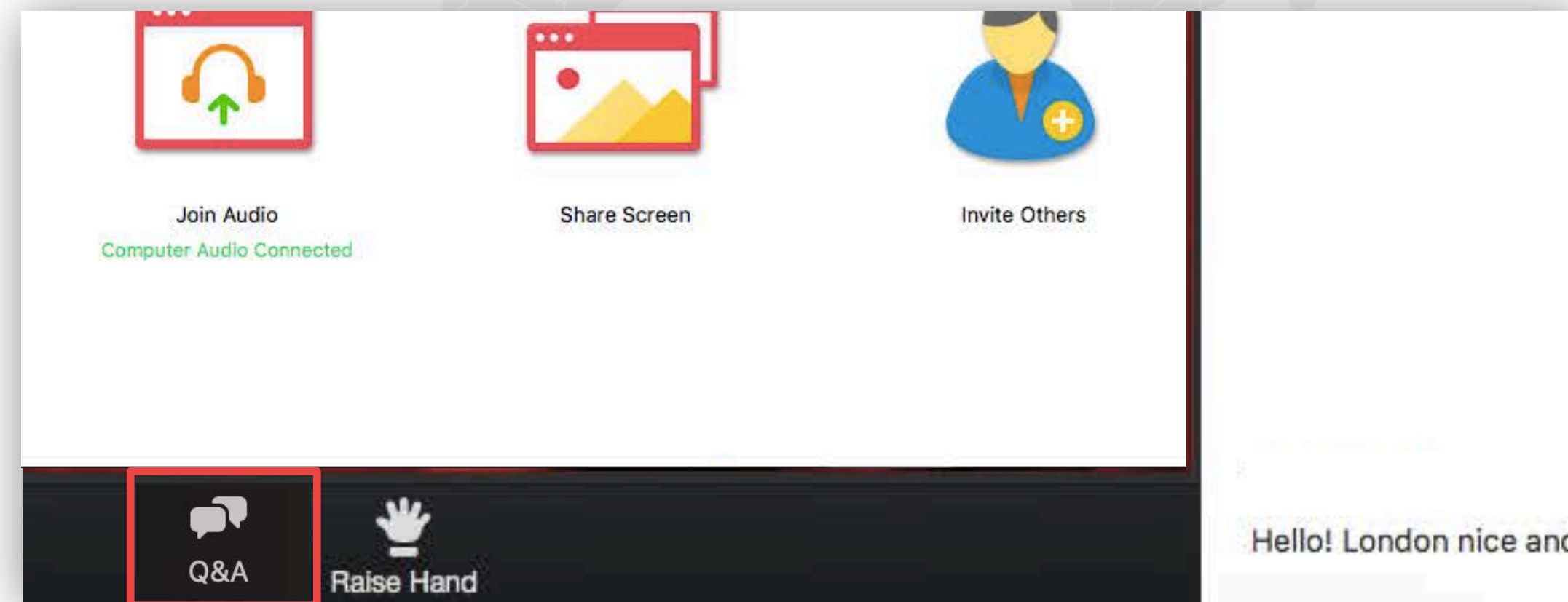
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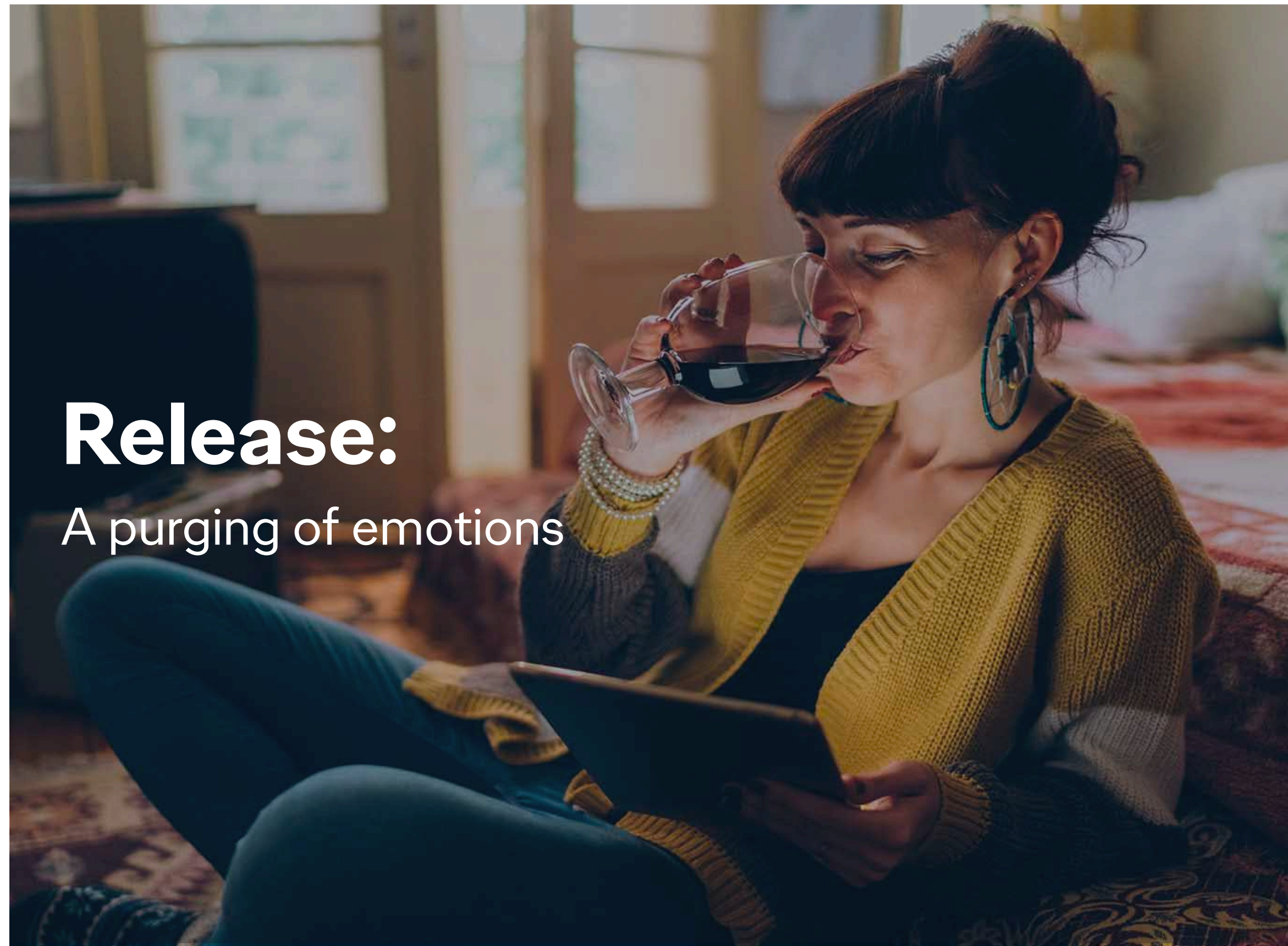
# Today's Agenda

- 1 **What Has Changed in 2020**
- 2 **Brand Strategy & Expression**
- 3 **Brand Experiences**
- 4 **Q&A**

**Beverage consumption today looks dramatically different than it used to.**



# While, at it's core, people drink for the same reasons as they always have...



## Release:

A purging of emotions



## Social Enabler:

A shared experience to connect over

# The moments and context of those moments has changed.

## Who we drink with

In the UK, people drinking alone at home while on audio/video calls or “watch parties” increased from 17% to 38%.  
 – *Global Drug Survey via The Guardian*

**39% of younger millennials say the Covid-19 recession has them moving back home**

Women drank more frequently and more heavily over the pandemic  
 – *Pollard + RAND Survey*

## Where we drink

According to Doodle, March 2020 saw a 296% increase in group meetings booked specifically for virtual happy hours and drinking events  
 – *CNBC*

For September and October, off premise alcohol dollars grew by 17.6% compared to the same time period last year.  
 – *Nielsen Survey*

USA On-premise losses are estimated to be down around 75% for 2020  
 – *IWSR*

## When we drink

About 32% said they were more likely to drink during work hours while working from home  
 – *Healthline*

Social distancing and isolation policies in South Australia was associated with a decrease in levels of population-level weekend alcohol consumption.  
 – *NLM*

YOY averages out to about one additional drinking day per month by 75% of adults  
 – *CNN*

Google announced “liquor store near me” hit an all-time high with a 5,000% spike in searches on US election night  
 – *Google Trends*

## What we drink

RTD is the only subcategory expected to grow in volume of sales in 2020, expected to rise 43%  
 – *Beverage Daily*

**Low and no-alcohol sales soar 30% in lockdown as UK drinking habits change**

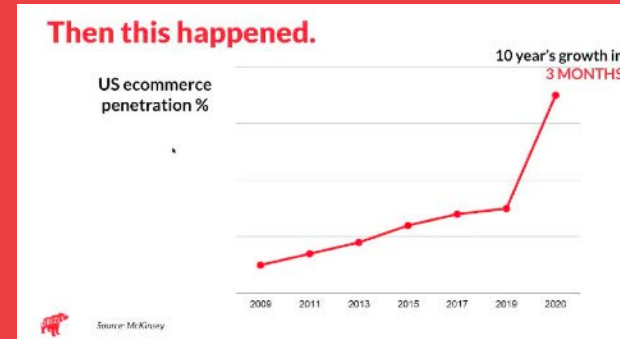
USA alcohol sales growth by subcategory -  
 1. Spirits (including RTDs)  
 2. Wine  
 3. Beer  
 – *Nielsen Survey*

Within the broader beer set, hard seltzers are the #1 seller on Drizly, making up nearly 21% of segment sales.  
 – *Forbes*

“Japan’s sales craft beer cans grew 40% in March, 50% in April and 80% in May... It seems participants in online parties want to try out new beverages and show off what they’re drinking.” - Honkirin spokesperson  
*Japan Times*

## How we get to drink

Across 10 core markets – Australia, Brazil, China, France, Germany, Italy, Japan, Spain, UK, and the U.S – alcohol e-commerce sales are expected to increase by 42%, to \$24 billion, in 2020.  
 – *Forbes*



High-end liquor sales jumped to a 40-year high during pandemic **AXIOS**

27% percent of people in a Latin American survey reported a decrease in Heavy Episodic Drinking in 2020 than in 2019.  
 – *PAHO*

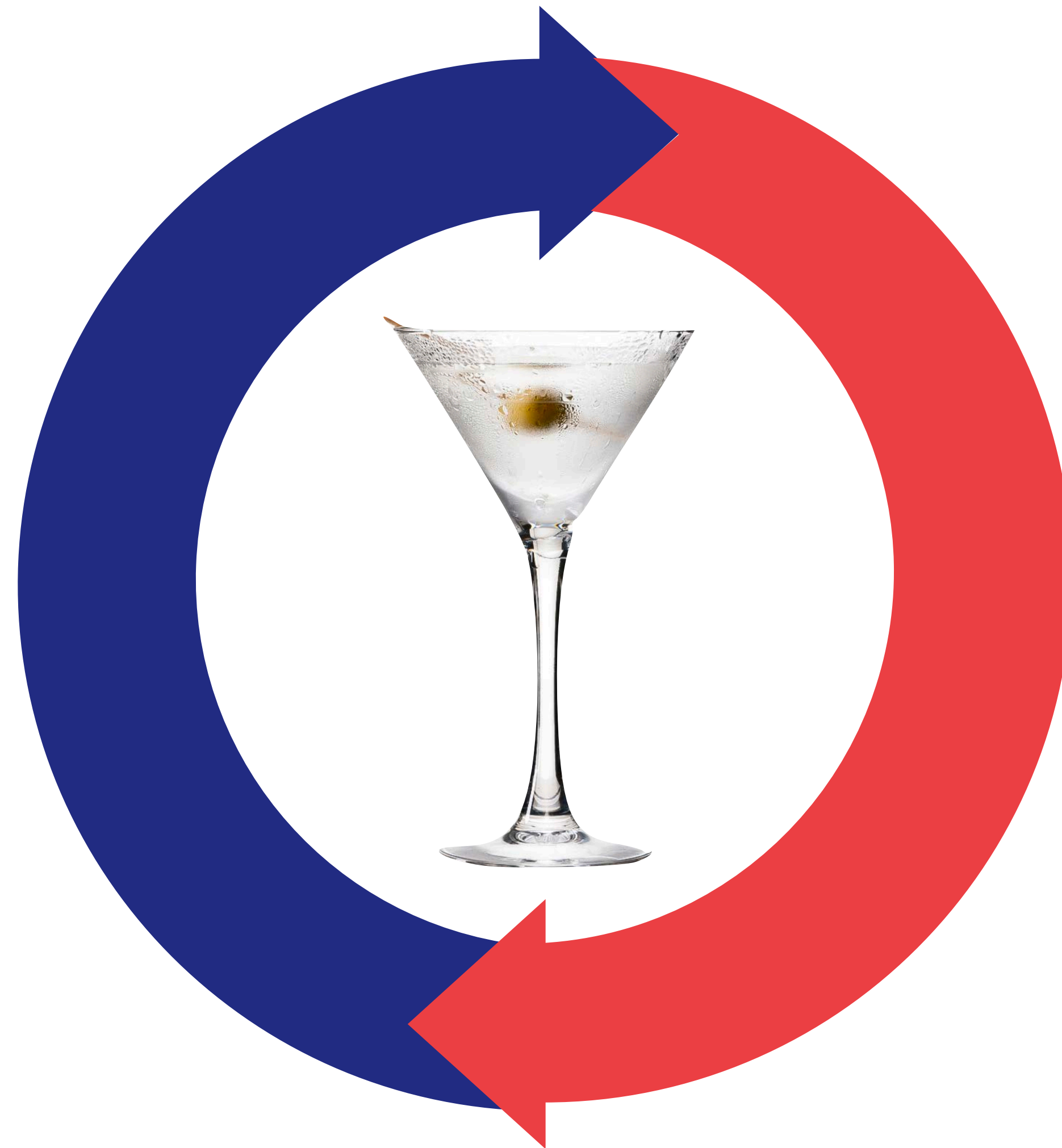




**While some of this is short-term, there are permanent shifts in our relationship with alcohol that will have long-lasting implications for the category.**

## Shifting Values & Priorities

Opportunities for  
Brand Strategy &  
Expression

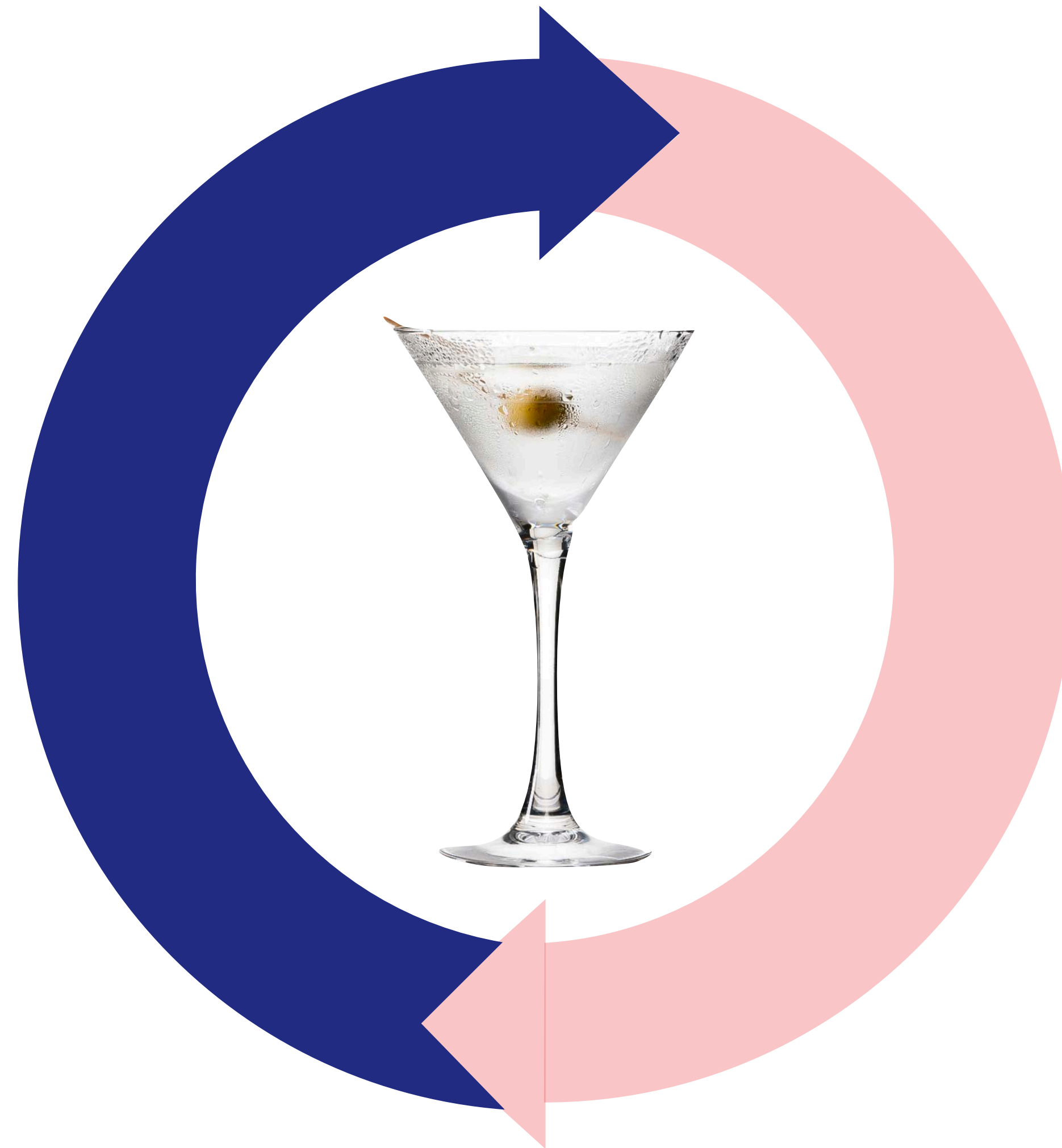


## Shifting Habits & Behaviors

Opportunities for  
Brand Experience

## Shifting Values & Priorities

Opportunities for Brand Strategy & Expression



## Shifting Habits & Behaviors

Opportunities for Brand Experience

Alcohol branding has always been at the edge of shifting consumer and cultural values.



# The pandemic has made us more open, humble, and self-aware.

- 1 Redefining our badges & new occasions
- 2 Seeking moderation... sometimes
- 3 At-home activism



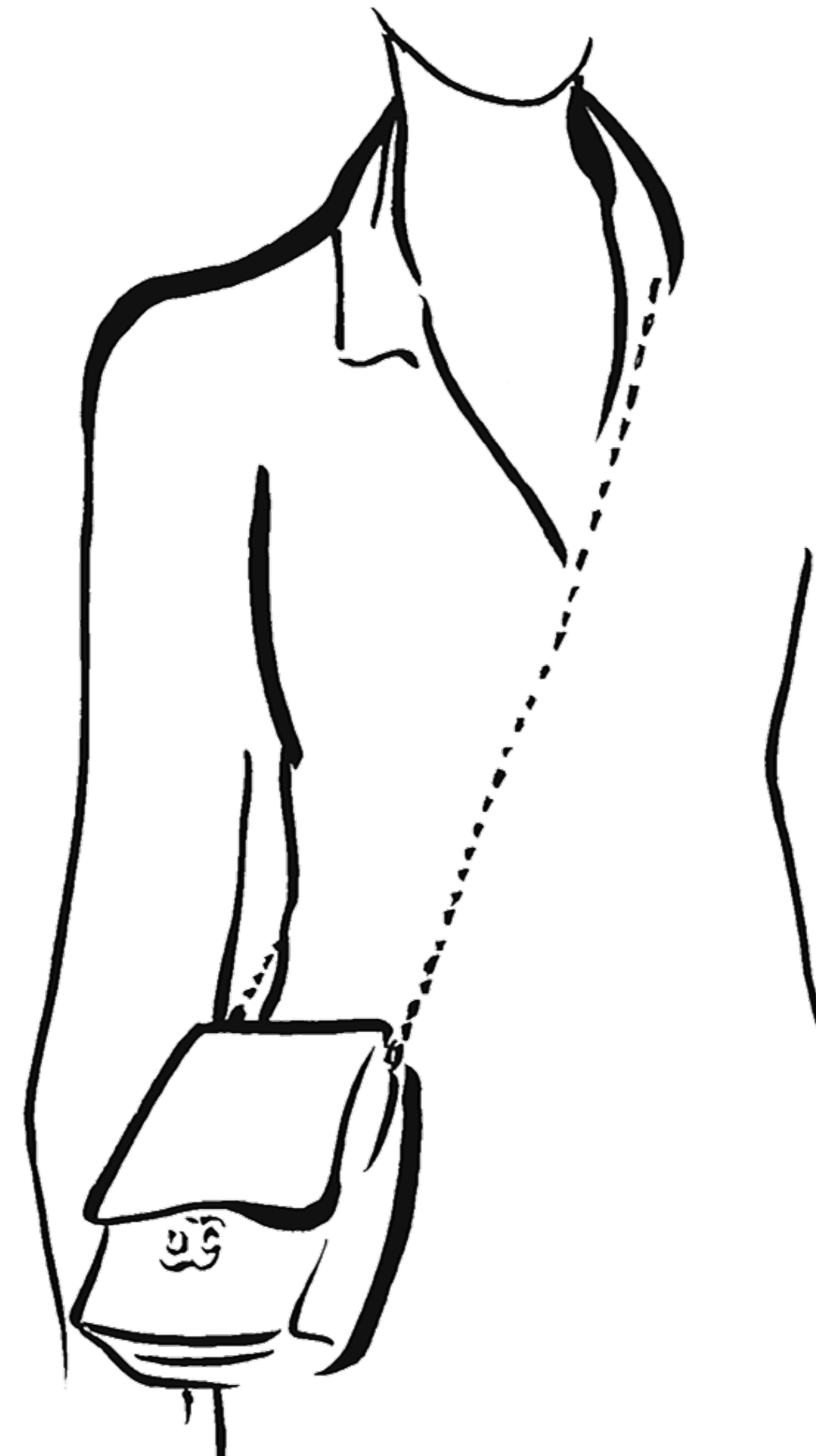
# Redefining our badges



# COVID lockdown and social distancing have made traditional badge brands less visible (and relevant)

"In quarantine, the self-expression of clothing has been somewhat lost to the monotony of sweatpants and T-shirts. Without being able to go out, with no one to impress and no reason to get dressed up, people who view clothing as a form of their personal identity have struggled with the reality of quarantine."

-NBC News, May 2020



**79%**

decline in clothing sales during April 2020

**but...**

**80%**

increase in sweatpants purchases during April 2020



*“Even before the pandemic, the whole fashion industry had started to unravel. What happens now that no one has a reason to dress up?”*

-NYT, August 2020

*“You work in whatever makes you feel the best. The news is stressful enough without having to worry about whether or not you look good in quarantine.”*

-Refinery29, March 2020



*“It's really important to give people something to dream about”*

*-Harper's Bazaar, March 2020*

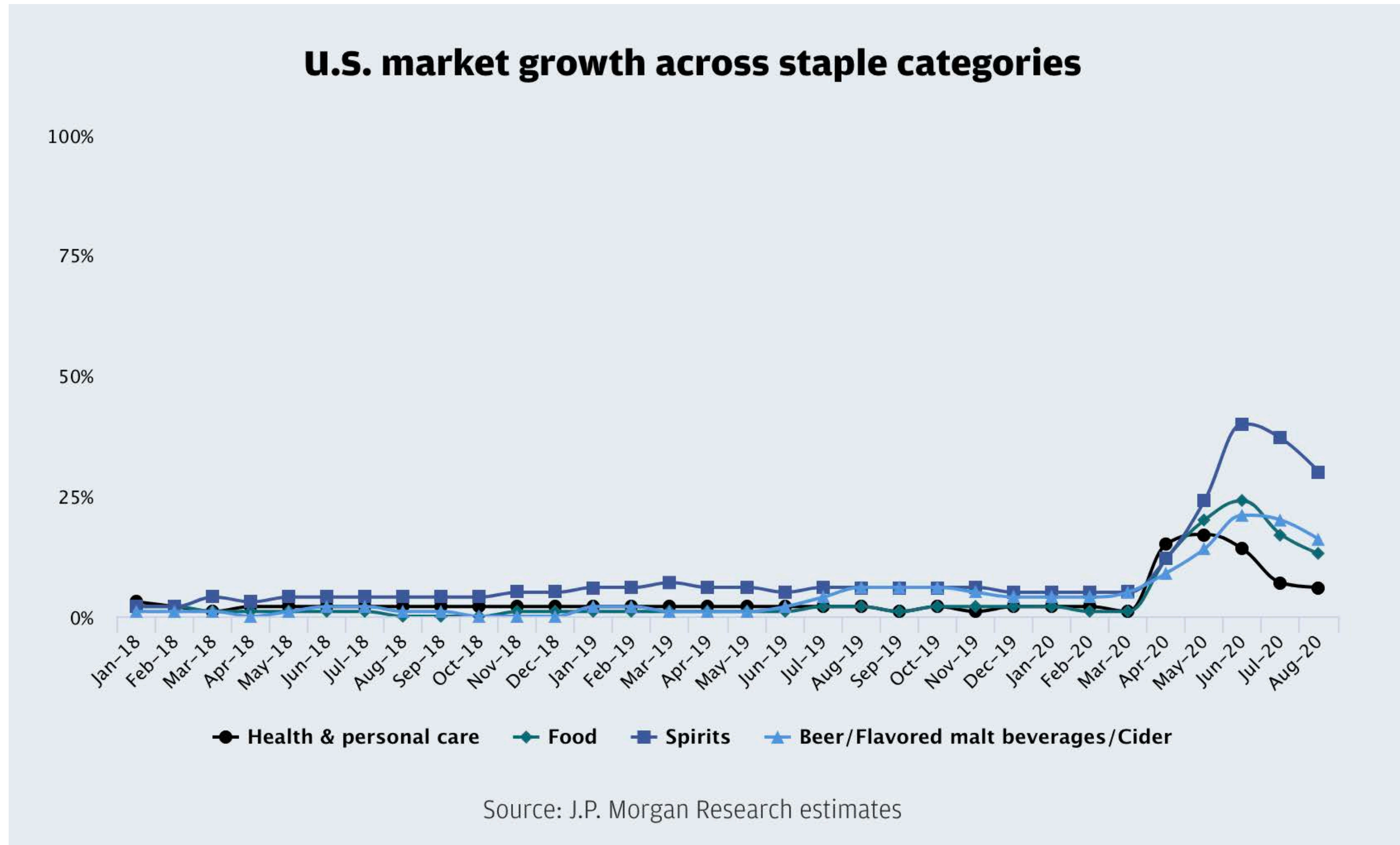
# Social signaling previously came from what you “wore”, but now alcohol has become one of our badges

Though the 'Quarantini' fad has (thankfully) died off, consumers continue to experiment with making cocktails from home. Whisky, particularly Scotch, and Cognac brands have promoted their use in cocktails for some time, rallying against the old fashioned idea that they are too sacred to mix. These efforts were ramped up during lockdowns, particularly as sales of more familiar mixing spirits such as gin and Tequila skyrocketed.

- [Just-Drinks.com](https://www.just-drinks.com)



# Alcohol purchases are more intrinsically motivated as we look inward, rather than to impress others



Consumers are spending less on **makeup**



...and more on **skincare & personal care**



OPPORTUNITY:

# Alcohol and spirit companies should consider how their brands can be "badges," helping consumers express themselves

1

## Buying for yourself

How does a spirit brand's identity help a consumer's drink of choice express themselves? What can we weave into brand purpose, positioning, value proposition, visual identity that consumers can use to demonstrate who they are and what they stand for?



2

## The new badge brand

How do spirits effectively replace the role of traditional badges? What cues can we take from former badge band categories (e.g. exclusivity, high/low, premium offers, design)?



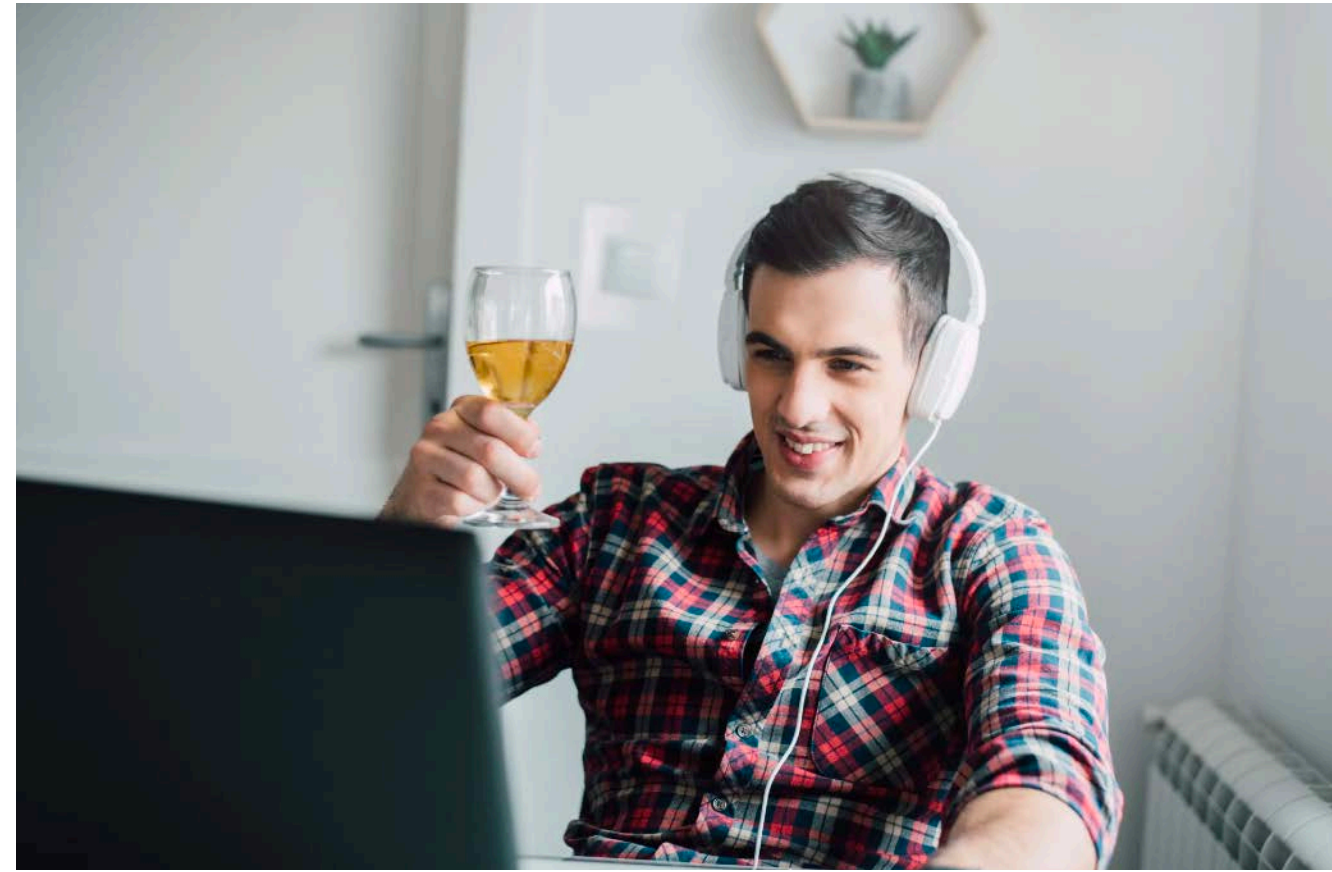
3

## Proliferation of drink choices

What is COVID lockdown's long-term impact on the "personal or premium" alcohol choice dichotomy? In an increasingly inundated category, how can we stand out to a broadened set of consumers, helping them to see themselves in our brand's POV?



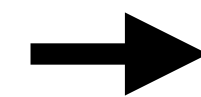
# While badge brands were used outside, yet the indoors offers us new occasions to display the alcohol we drink



# Many of the new occasions play into a maker's culture and allow consumers to experiment

## From

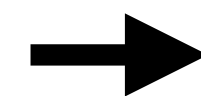
Mindlessly grabbing a beer or pouring a glass of wine



## To

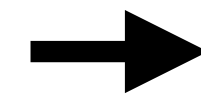
Interesting and self-crafted drinks that become conversation-starters

Whatever is at the party

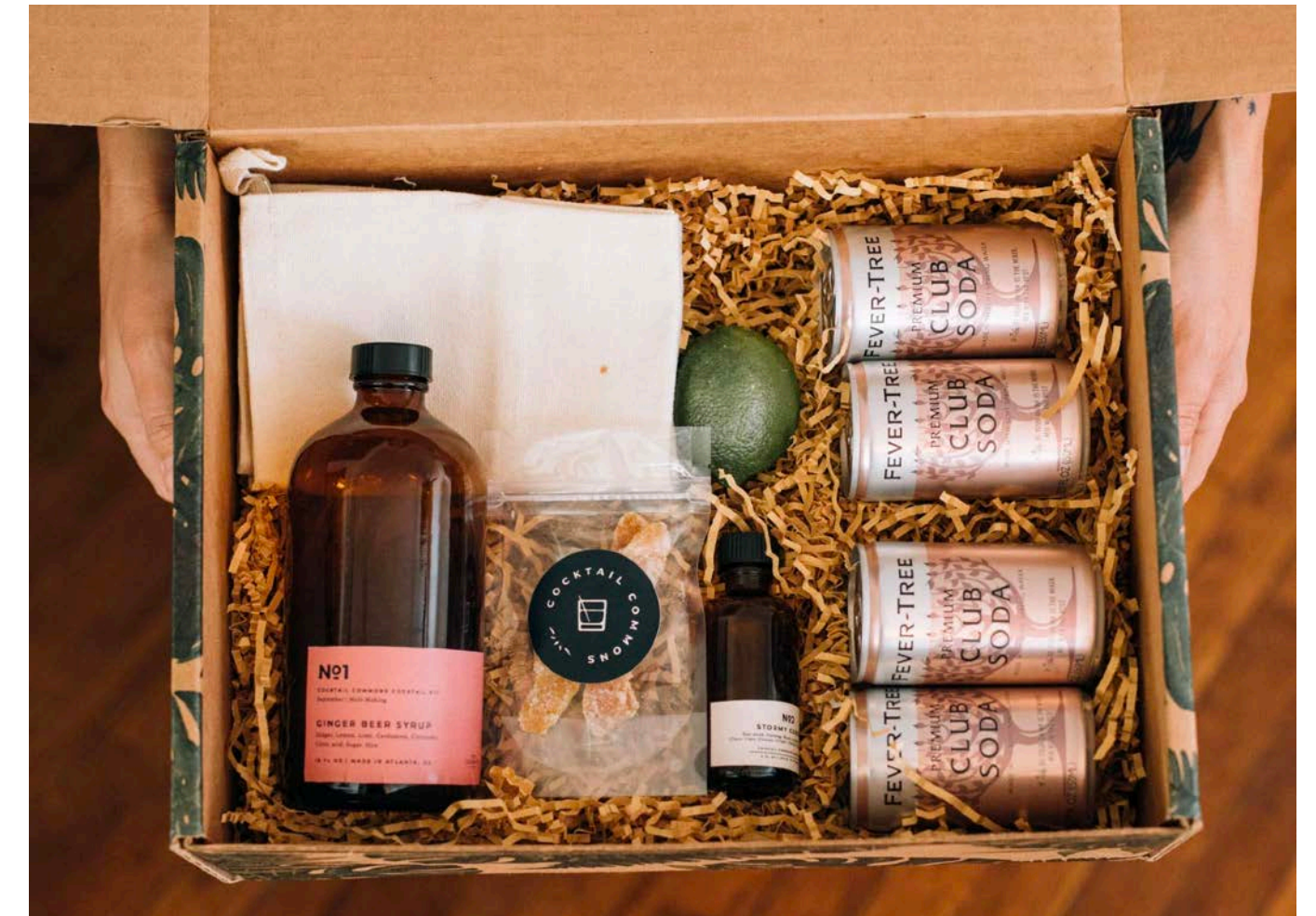


Whatever you want to try or make

A drink for every occasion



An occasion for every drink



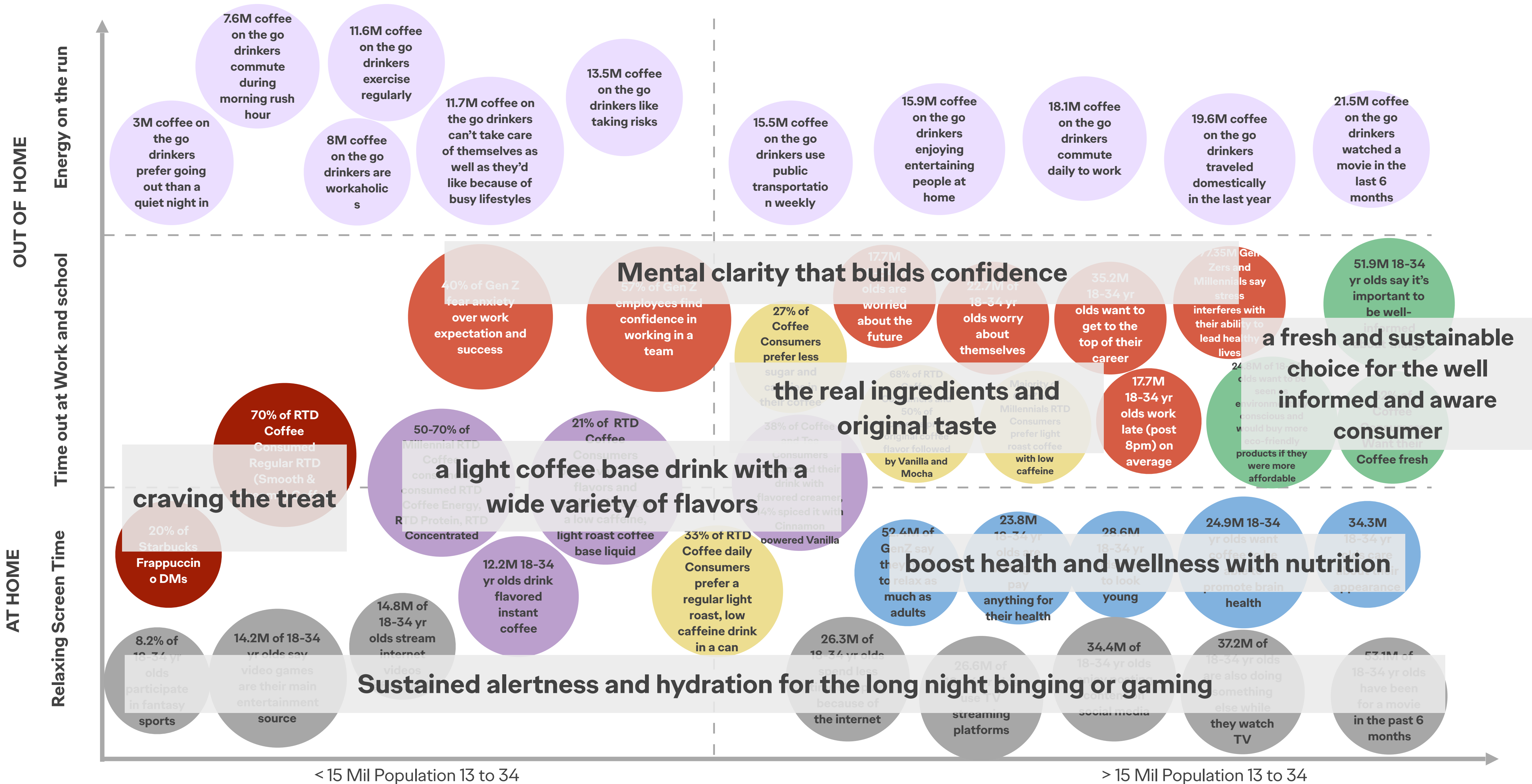
# Growth & Market Opportunity Map



Source: US Liquid beverage market 2014-15 by Beverage Marketing Organization, MRI, Mintel

\*Water includes sparkling water and flavored water

# MARKET OPPORTUNITY MAP





OPPORTUNITY:

# Evolve our brand and how it shows up to have a meaningful role across the new occasions

1

### New occasions, new opportunities

How can alcohol brands embrace new virtual and off-premise drinking occasions? How can we size occasions to understand their business value? Can we integrate market opportunity with consumer psychographics and behaviors? How can we become the go-to brand during new "moments"?

2

### Changes in brand visibility

How should brand identity shift as alcohol and spirits are consumed in less-visible off-premise environments? What tweaks might we consider to our look and feel so that our brands can stand out at home?

3

### Maker's culture

How can companies embrace DIY culture and turn their drinks into talking points? How can we maintain the integrity of our products but dial up origins stories and the making process to invite in and include consumers?

From



To





# Seeking moderation... sometimes



# Non-Alcoholic Brands

## *Non-Alcoholic Wines*



## *Non-Alcoholic Beers & Spirits*



## *Non-Alcoholic Mixers & Premium Drinks*



# A growing segment of consumers are turning to non-alcoholic beverages during COVID, opening the door for the sober-curious



*"Impossibly Crafted Non-Alcoholic Spirits"*



*"Over the Influence"*

**52%**

of respondents have increased consumption of alcohol-free beer and mocktails since the start of COVID-19

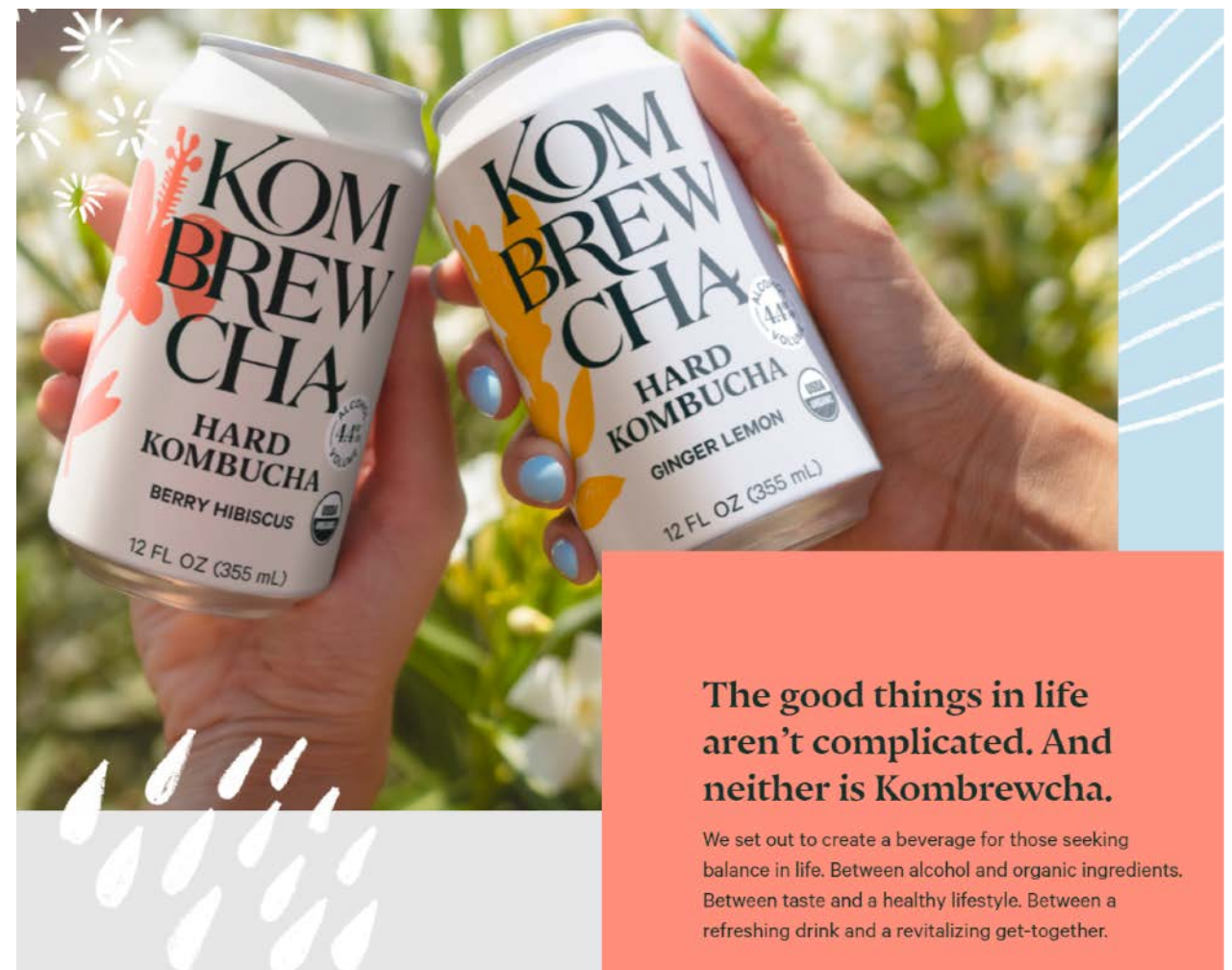
Source: Heineken USA Consumer Survey, Oct. 2020

**50%**

of alcohol consumers aged 22-44 agree that they'd like to see more non-alcoholic options.

Source: Mintel Beer Report - US, November 2020

# Driven by consumer mindfulness and self-care, the sober-curious seek innovative brands that understand their needs



The good things in life aren't complicated. And neither is Kombrewcha.

We set out to create a beverage for those seeking balance in life. Between alcohol and organic ingredients. Between taste and a healthy lifestyle. Between a refreshing drink and a revitalizing get-together.

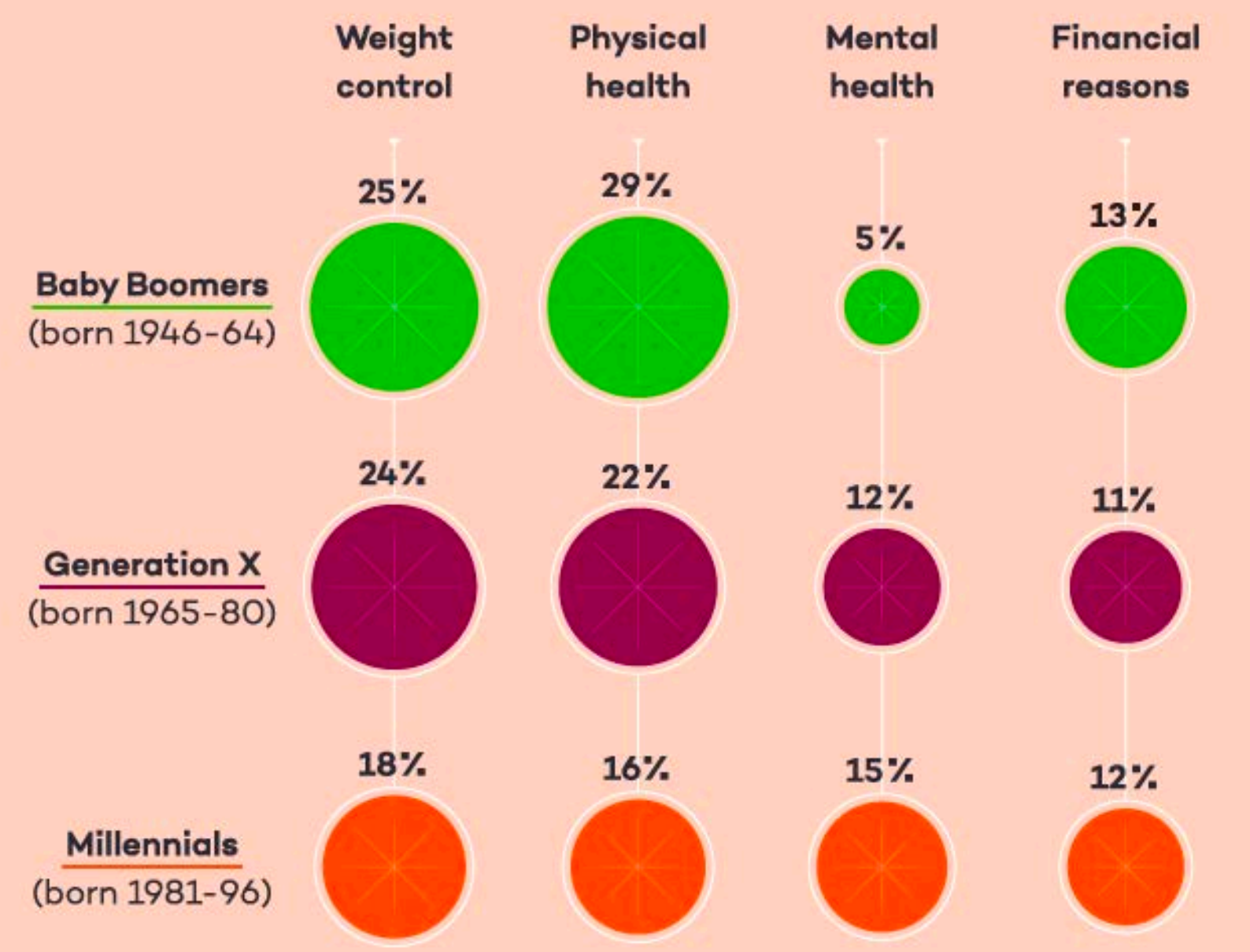


**ANOTHER HARD SELTZER?**

**YEAH, BUT WE'VE GOT ANTIOXIDANT VITAMIN C**

**GET VIZZY**

## Why are mindful drinkers avoiding alcohol?



Source: Totaljobs 2019 Survey of 2,400 UK workers

# The rise of non-alcoholic beverages enables the sober-curious to join in on inclusive drinking occasions



Happy hour



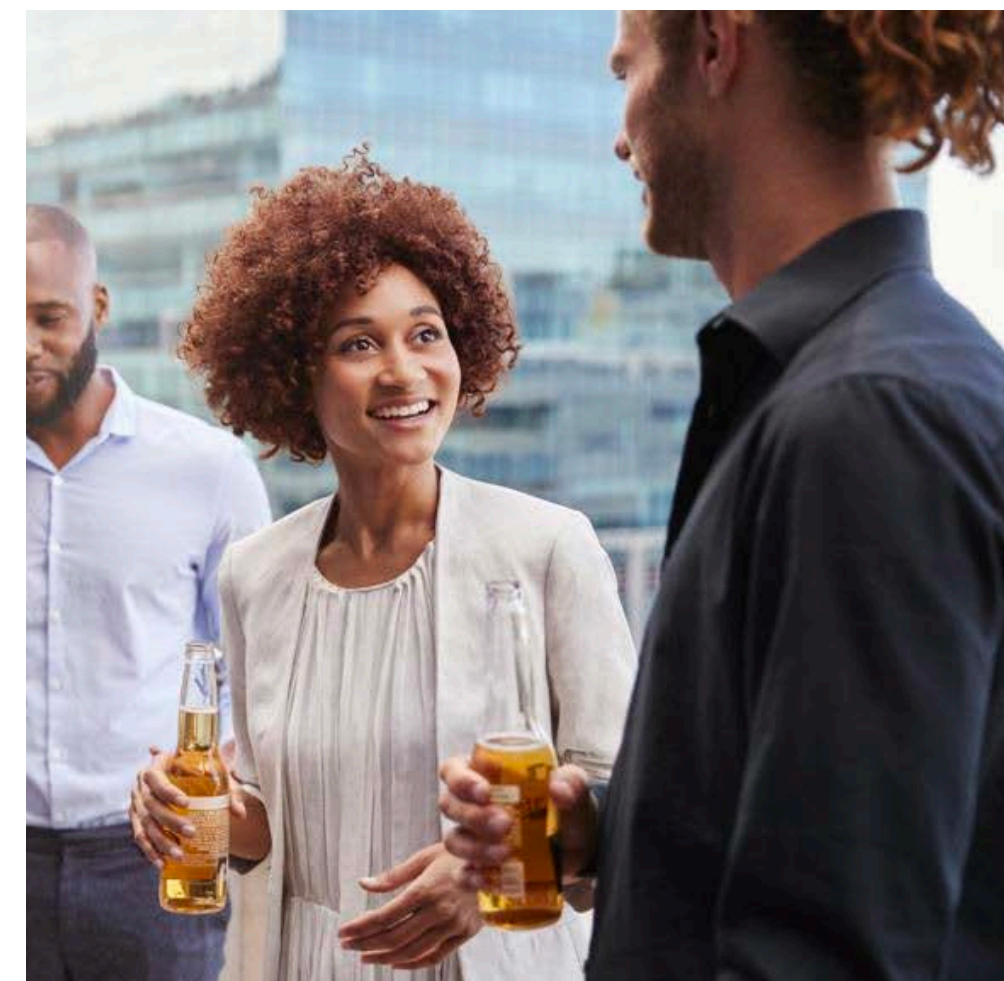
Tailgating



Weddings



Networking events



OPPORTUNITY:

# Brands can gain credibility with the sober-curious segment by demonstrating alignment with their needs

- 1 Wellness needs**  
How can brands best serve consumers as the sober-curious segment grows, driven by wellness needs?
- 2 Brand differentiation**  
As the number of non-alcoholic competitors grow, how do new brands differentiate themselves?
- 3 Balanced portfolios**  
How can legacy companies and brands create successful non-alcoholic line extensions that leverage favorable existing attributes and avoid brand dilution?
- 4 Inclusive Occasions**  
How do brands own the territory of uniting sober-curious and alcohol-drinking individuals?

*“As more and more folks are realizing the importance of leading a balanced life, lighter, ‘better-for-you’ beer options are increasing in popularity.”*

- Sam Calagione, Founder of Dogfish Head Brewery





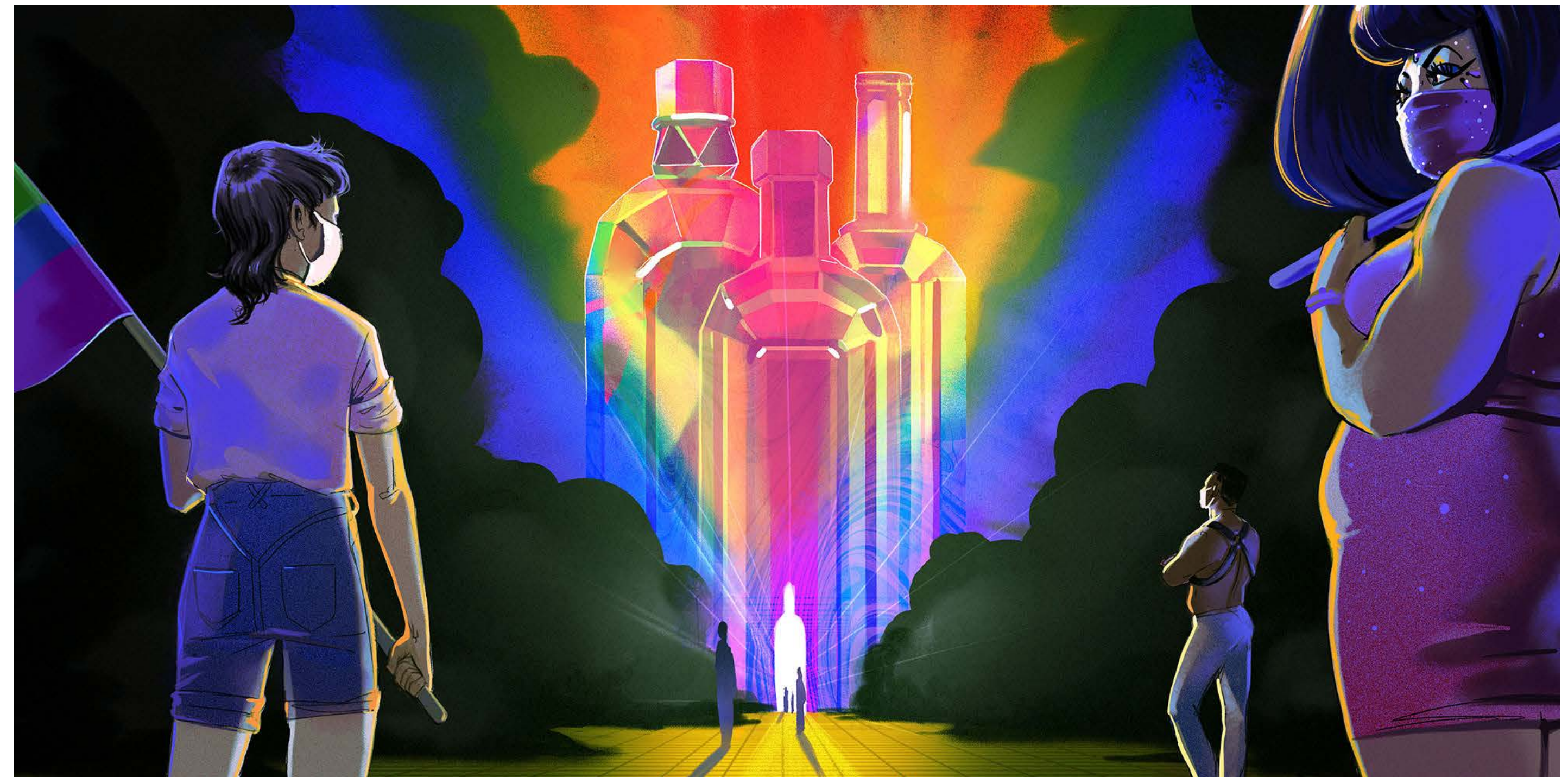
# At-home activism





*If alcohol brands were already supporting causes pre-COVID, what does their support and activism look like in a post COVID world?*

# Consumers' increasing activism has accelerated the trend of alcohol brands developing purpose and aligning with social causes



*Alcohol and spirits brands were some of the first to react to COVID, but what have they done since then?*

# Some spirits brands have prioritized social awareness and connecting with consumers during COVID

## ABSOLUT.®



#DenimDay to raise awareness of victim blaming

Cocktail making classes on IG Live

DIY face mask using Absolut Bandana

## Captain Morgan



Partnership to raise money for MLS communities impacted by COVID

Cocktail recipes for World Cocktail Day and Mother's Day

# Others had purpose-driven efforts to support bartender and small business communities



Facebook Live events to support the Restaurant Workers Relief Program  
Showcased new bottle and highlighted sustainability efforts for World Earth Day



Diageo, parent company to Aviation Gin, Ciroc, and Haig Club, donated \$1 million to support bartenders impacted by COVID.

# Some have also taken a more light-hearted approach to pandemic life



Excitement for summer and light-hearted content

#ABitOfSunshine fan engagement



Hang Out From Home campaign to promote new seltzer

Partnership with The Bachelor and Jimmy Kimmel Live

OPPORTUNITY:

# Illustrate commitment to causes and ideas that align credibly with brand purpose and personality

1

## Brand social activism

In a climate that is more socially active than ever, is it enough for alcohol brands to just champion a cause? How can brands partner with organizations with which they share common values and aligned missions?

2

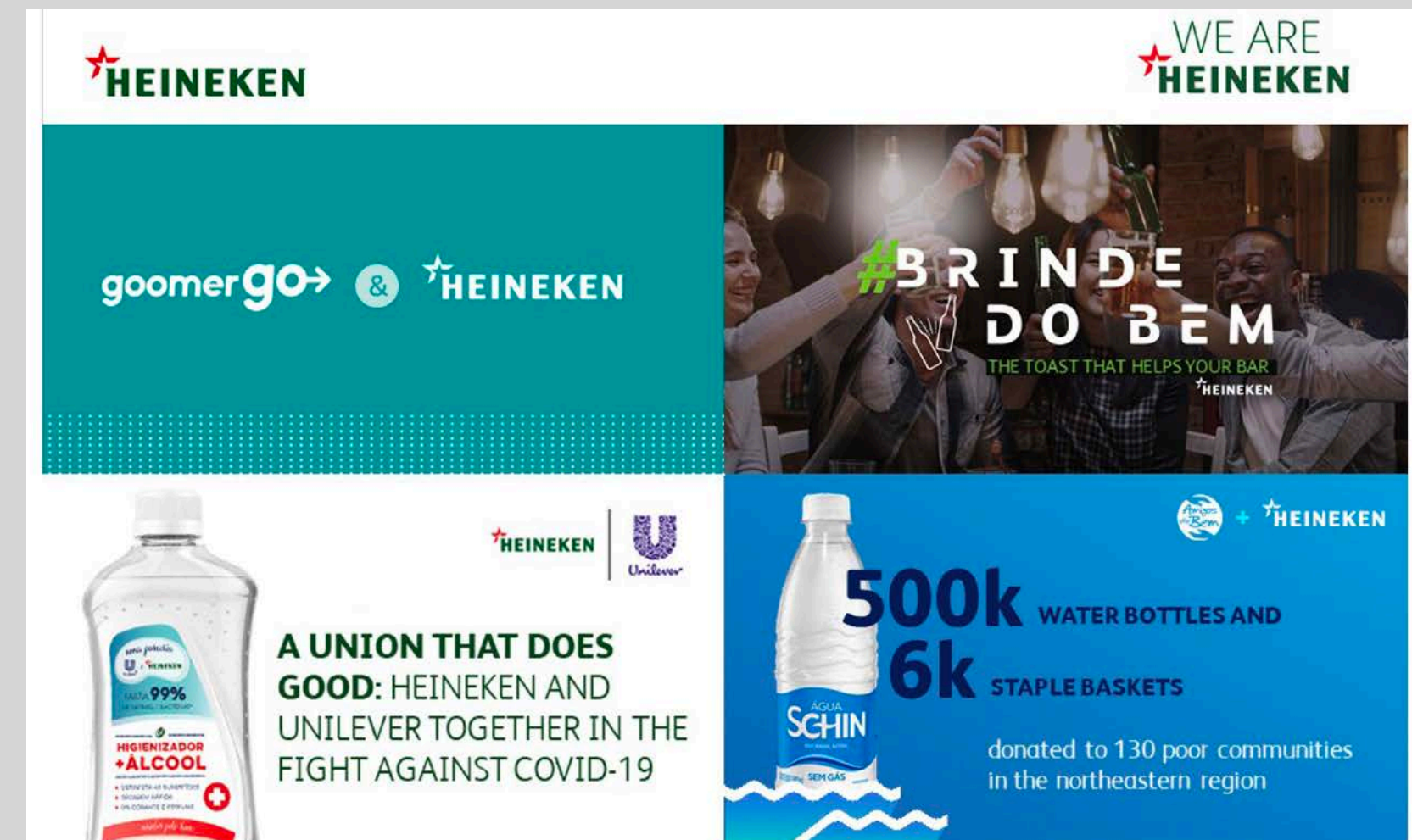
## New sense of responsibility

Does “responsible drinking” have a new meaning in a pandemic-stricken world, i.e. “stop the spread”? How can we be brand catalysts, shifting consumers' understanding of "responsibility" beyond drinking and across their daily lives?

3

## Bartenders and small businesses

How can alcohol and spirits brands creatively and effectively support bartenders and bars/clubs impacted by COVID? How can we show up and be there for those who have always supported our products and companies?

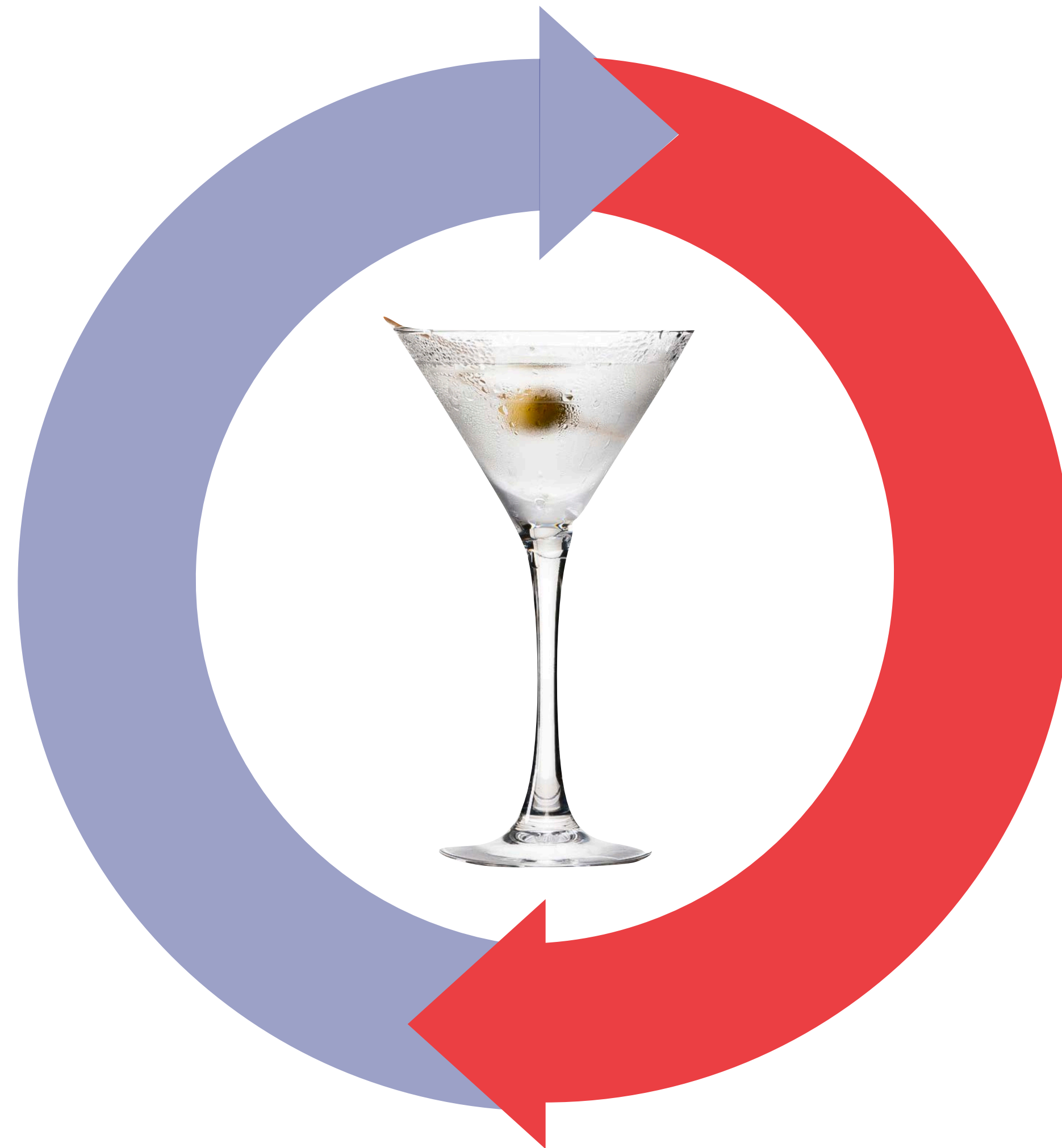


# Key values shifts & brand identity/expression opportunities



## Shifting Values & Priorities

Opportunities for  
Brand Strategy &  
Expression



## Shifting Habits & Behaviors

Opportunities for  
Brand Experience



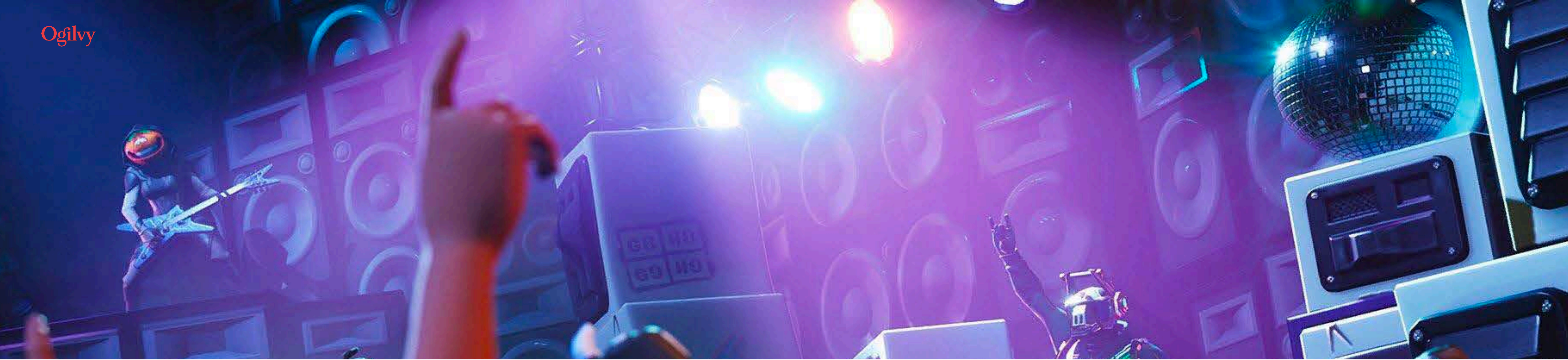


**Alcohol is a category built upon transforming drinking occasions into exceptional brand experiences.**



**The pandemic has created new drinking occasions and made niche occasions ubiquitous.**

- 1 Virtual socializing**
- 2 On-premise to-go**
- 3 Moments of self-care**



# Virtual Socializing



# The pandemic has made virtual socializing ubiquitous

Socializing online has long been a staple for gamers, Gen Z, and other “niche” groups.



# 233%

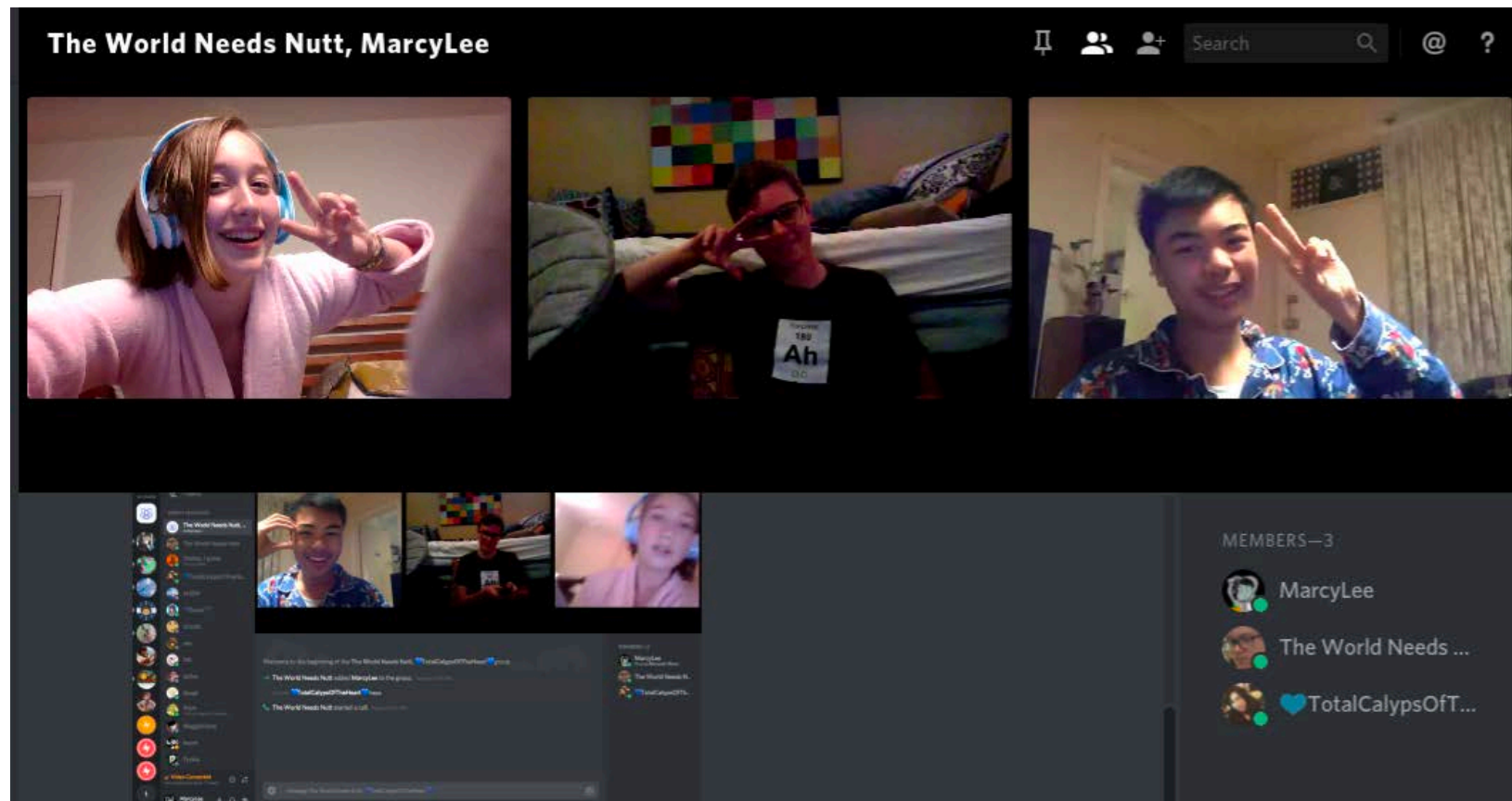
Increase in sales revenue for grocery delivery services between August 2019 and March 2020.

Source: Statista, Dec 2020

# 82%

Of global consumers played or watched video games during the height of the pandemic.

Source: Nielsen, Jun 2020



# 475MM

Daily active users of Zoom, Google Meet, & Microsoft Teams in 2020

Source: Business of Apps/The Verge/Windows Central, Jul 2020

# People are discovering & appreciating the unique benefits of virtual socializing, and it's here to stay.



**Geography-Agnostic**



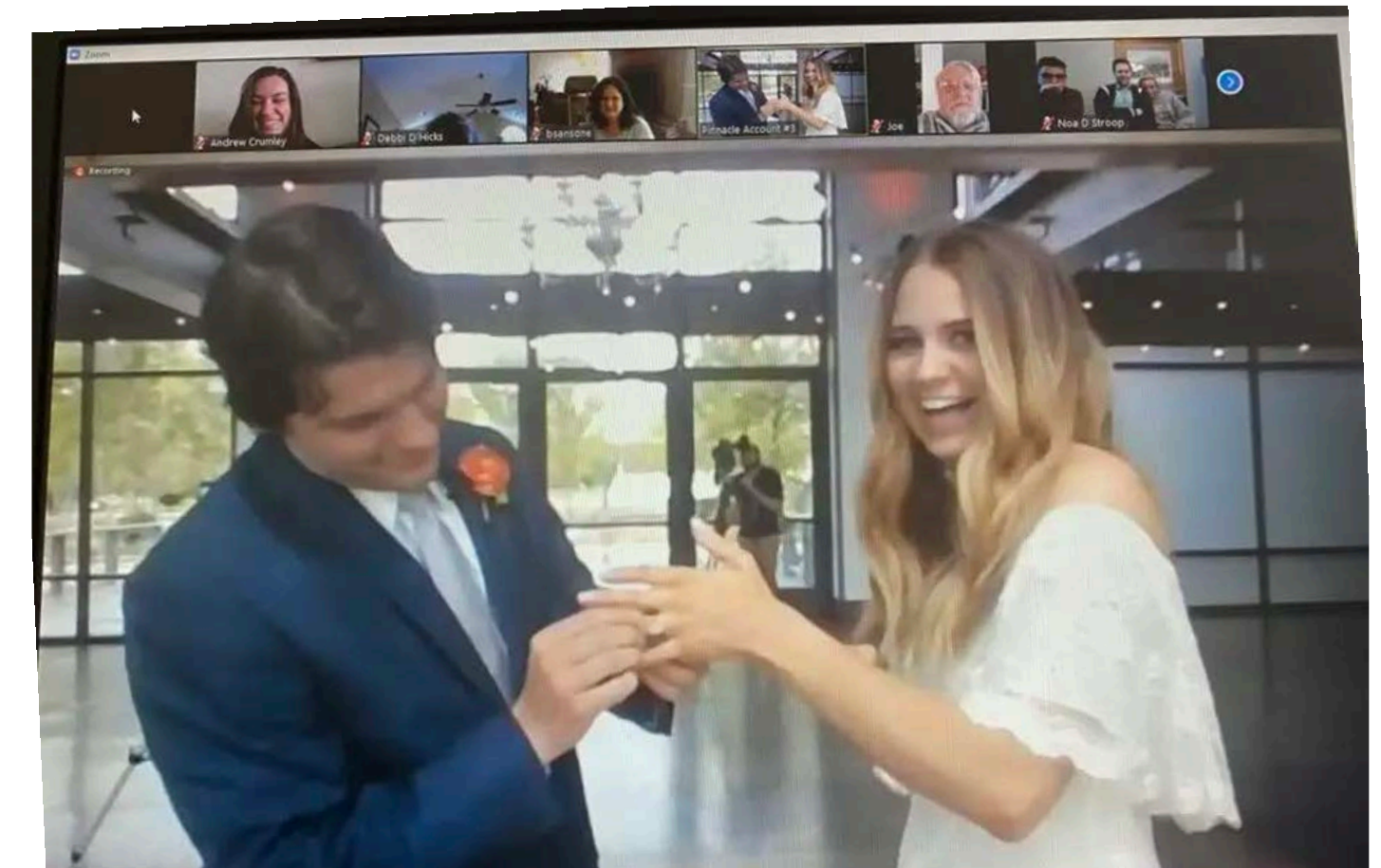
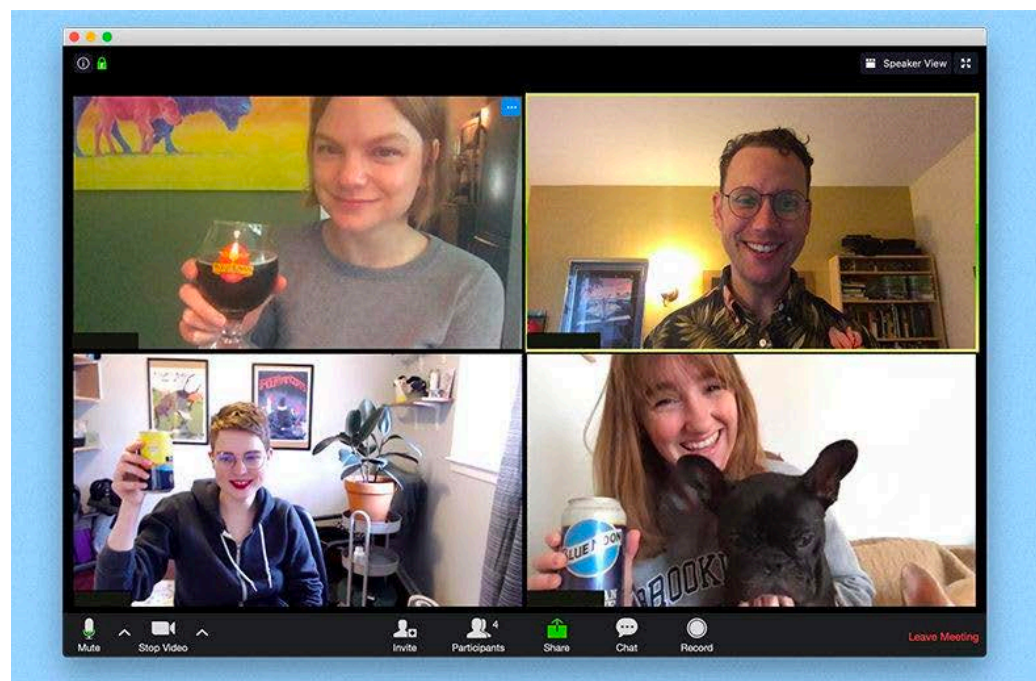
**Low-Effort**



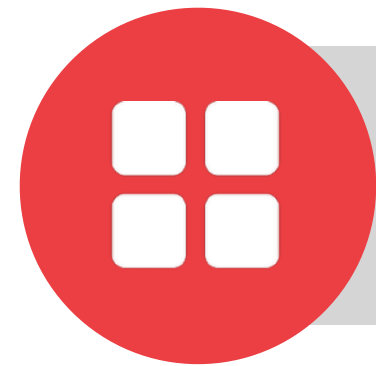
**Intimate**

## Chicago Tribune

Only a Zoom call away: COVID-19 brings long-distance friends closer



# Virtual spaces have their own unique dynamics that impact the social experience.



## The Great Equalizer

In a grid, everybody's voice and virtual real estate is equal.



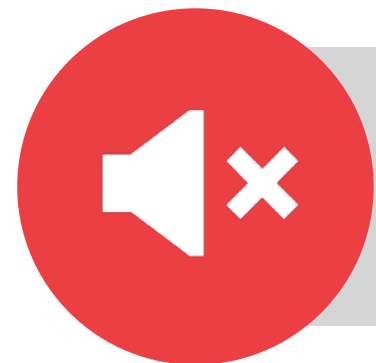
## Only Room for One

Side conversations & activities are discouraged or impossible.



## What You See is What You Get

Non-verbal cues & body language are suppressed or invisible.



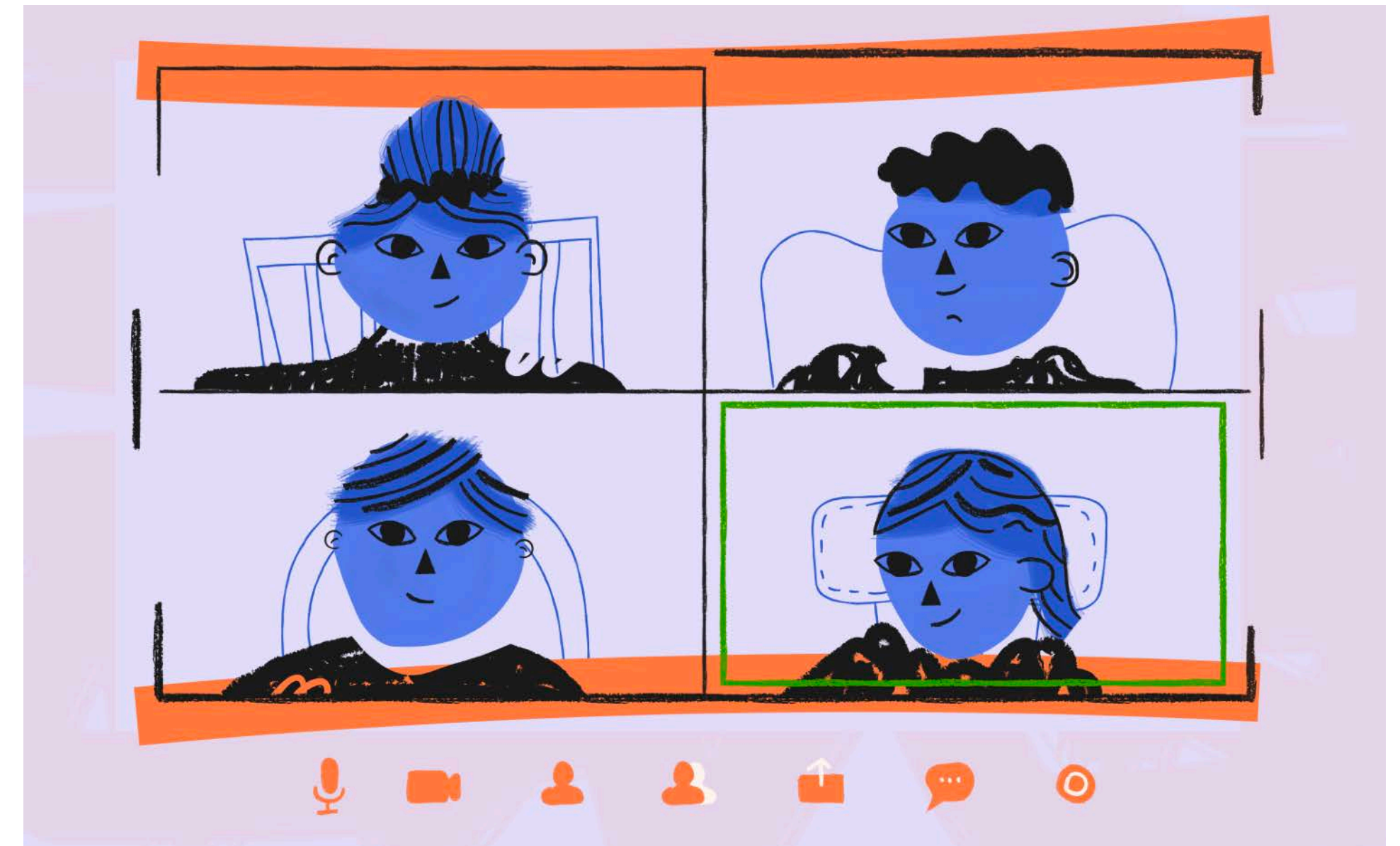
## No Idling Allowed

Conversation lulls are more uneasy when it's the sole focal point.



## Invisible Distractions

It's easy to lose track or get distracted from what's happening.



Virtual social occasions work best when **small groups of well-acquainted people actively engage in a singular experience.**

In other words,  
virtual social occasions  
**crave focus.**



OPPORTUNITY:

# Alcohol brand experiences can give virtual social occasions a point of focus

## 1 Drink Together

How can we make concurrently engaging in the product experience, a point of focus for social occasions? Can we design, package & distribute the product experience in a way that allows participants to remotely drink together?



## 2 Watch Together

What kinds of content are designed to be watched together? Can we create or partner with content that's designed to be experienced with others?



## 3 Play Together

Can we design interactive virtual experiences for groups of people to play together? How do we replicate some of the activities that people do together IRL, or create entirely new ones?







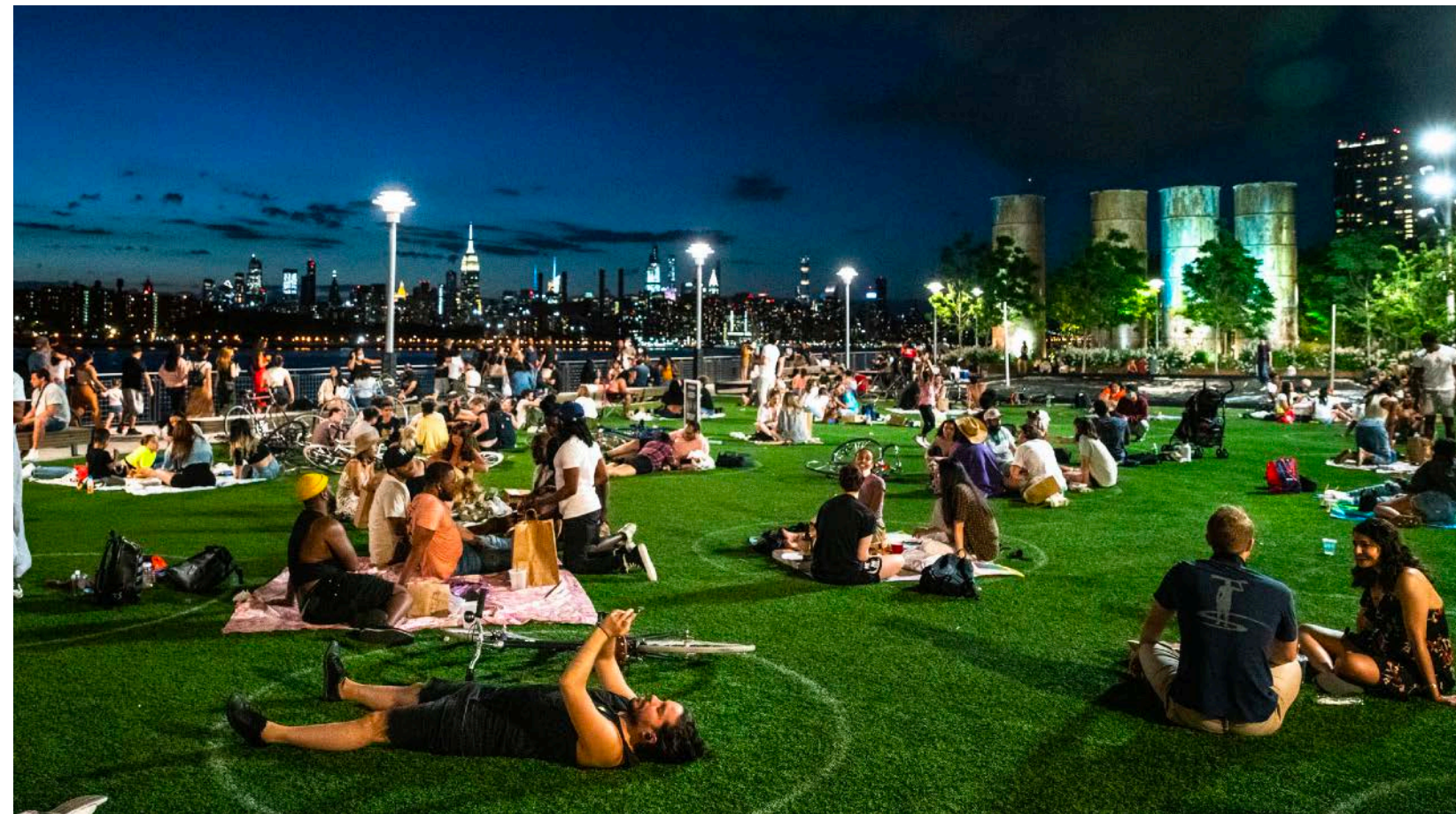
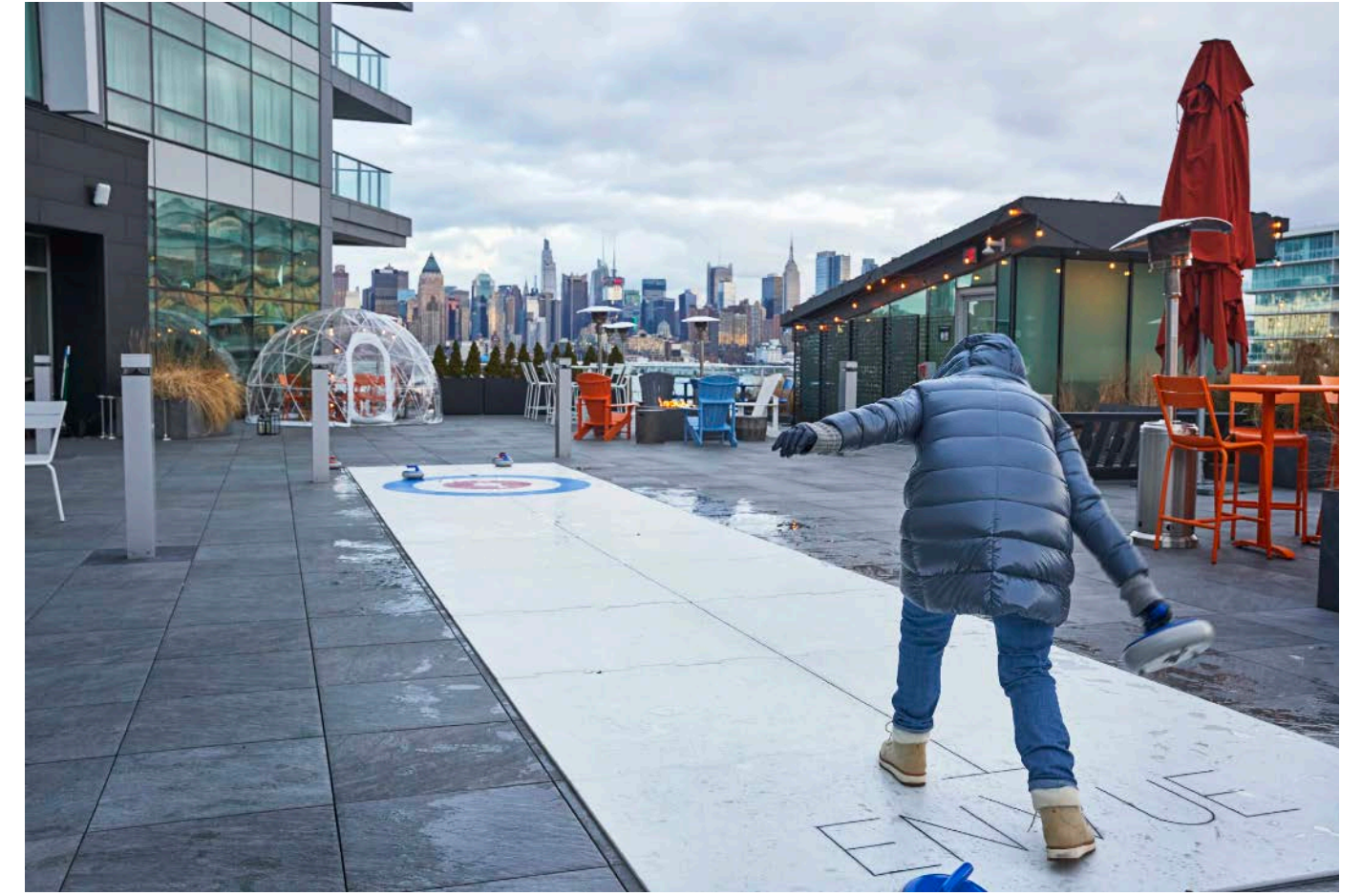
# On-Premise To Go



# The line between on & off premise is blurring with relaxing regulations & reimagined experiences.

*“They’re luring shivering patrons not just with shelters and heat lamps, but with blankets, seat warmers and hats; with curling rinks and fondue pots; with steaming pots of mulled wine and do-it-yourself toddies; and with playful dares to prove you can endure, and even enjoy, the chill.”*

- The New York Times, “One Martini, Ice Cold, With Blanket and a Scarf”, Jan 2021



# People crave the magic of on-premise, catalyzing explosive growth for new categories.



*“There’s something about drinking a cocktail that makes one feel civilized and I think that’s a particularly reassuring feeling during the time of a global pandemic.”*

- Nathan Arnone, Brand Manager, Southern Tier Distilling



**90.4%**

YOY growth of RTD cocktails for the year ending in June 2020

**vs**

**21.5%**

YOY growth of RTD cocktails for the year ending in Feb 2020

Source: Nielsen, Jun 2020

# Deconstructing the on-premise experience can unlock and inspire new opportunities.



## Craft

Art, passion, attention to detail, commitment



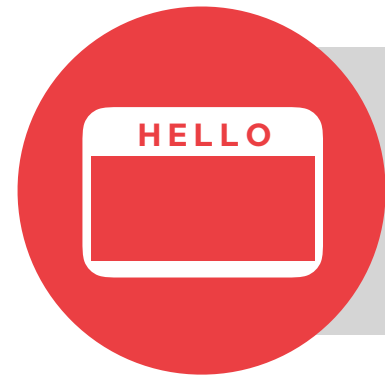
## Convenience

Low effort, do-it-for-me



## Spectacle

Immersion, drama, escapism



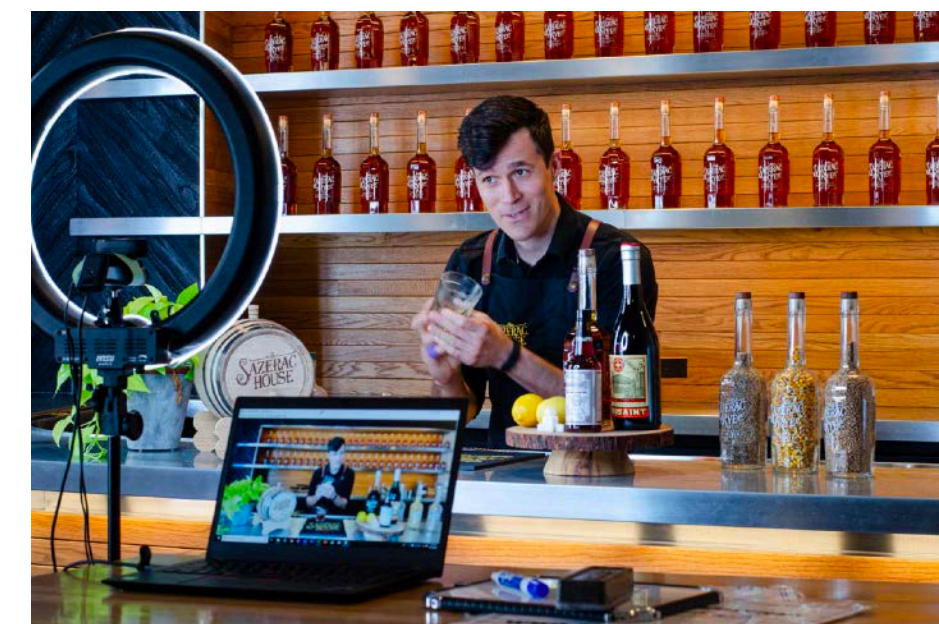
## Conviviality

Meeting new friends, bonding with old ones



## Ritual

Honoring the traditions of why & how we drink



OPPORTUNITY:

# Alcohol brands can infuse off-premise experiences with on-premise magic.

1

## Conveniently Curated

Can we create a curated product experience that conveniently brings the brand’s discernment & taste to consumers? How do we go beyond product offerings to deliver the magic of “being there”?



2

## Reimagining Rituals

How do we infuse existing rituals around drinking on-premise into new channels and occasions to give it a sense of familiarity and authenticity? Can we create new rituals tailored for new channels or occasions?



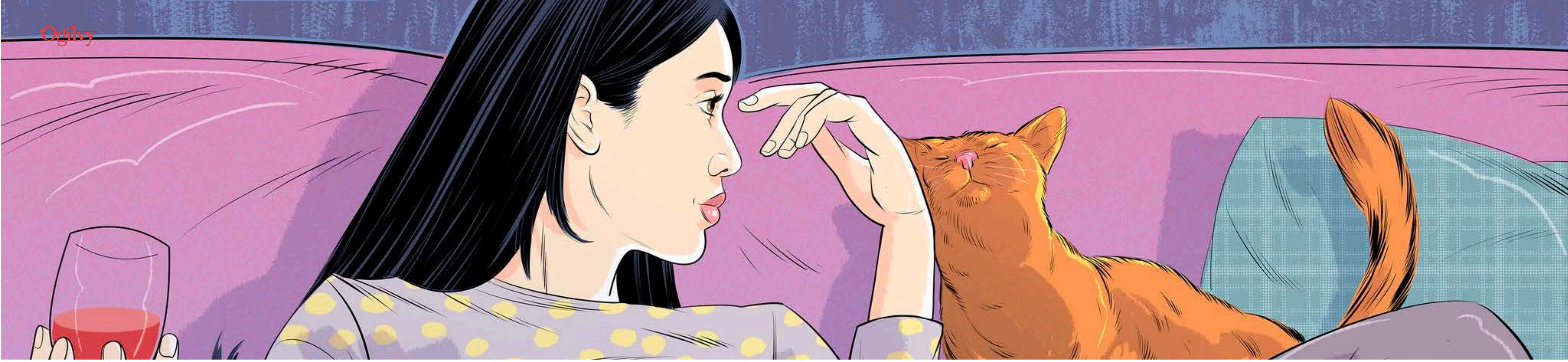
3

## Sparking Social Connections

In a world where meeting new people is becoming more messy and complicated, can we create experiences designed to help people to connect and bond over a drink? How do we spark those connections or place people in the situations where they could happen safely?



**Dos Equis Made 'Seis-Foot Coolers' for Social Distancing.**

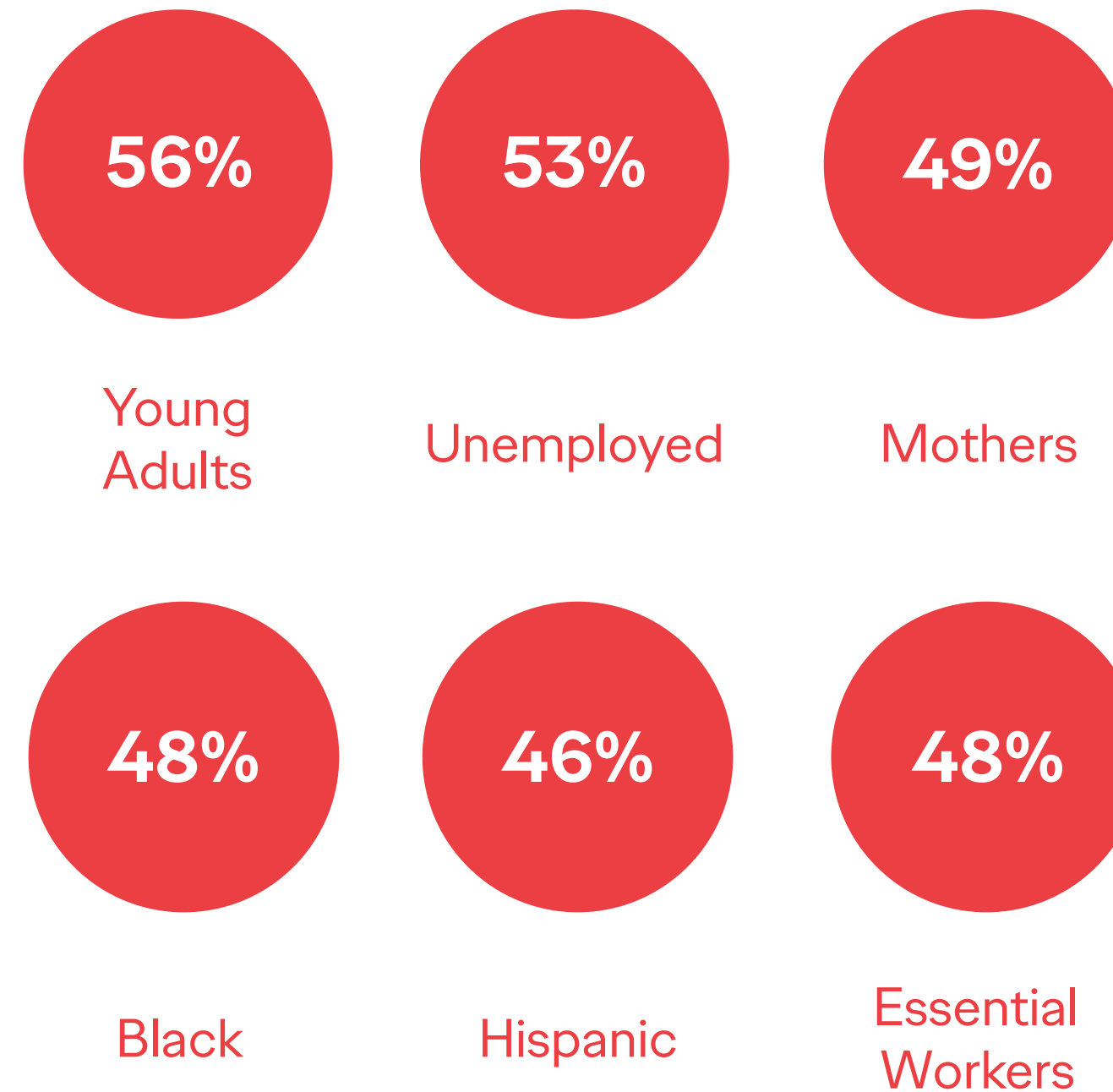


# Self-Care



# Faced with excessive levels of stress & anxiety, people are seeking self-care

Populations disproportionately affected by anxiety & depression:



# 41%

Of adults said they experienced symptoms of anxiety disorders or depression in 2021

*which is a...*

# 373%

Increase over adults who experienced them in 2019

Source: Kaiser Family Foundation, Jan 2021

# Drinking alone is de-stigmatized, but people are concerned about the social impact of overconsumption

E L L E

## We're All Drinking Alone Now

*— Imbibing solo used to be cause for alarm—not so much in quarantine.*



### COVID-19 drinking spawns new 'mommy juice' memes. But the truth isn't cute – or funny.

As a country, we look to mothers for glass half full takes that fill us with hope and determination. But right now, my glass is full of whiskey and sprite.



### Could All Those 'Quarantinis' Lead to Drinking Problems?



### Ancient advice for drinking at home during coronavirus self-quarantine

*How do we find drinking partners while staying at home? What are the happy hour rules? Here is advice from a German wine enthusiast 500 years ago.*



When it comes to responsible self-care, alcohol beverage brands should play a **supporting role.**



# Unpacking key motivations of self-care activities can unlock new opportunities for brand experiences.



Escapism



Growth



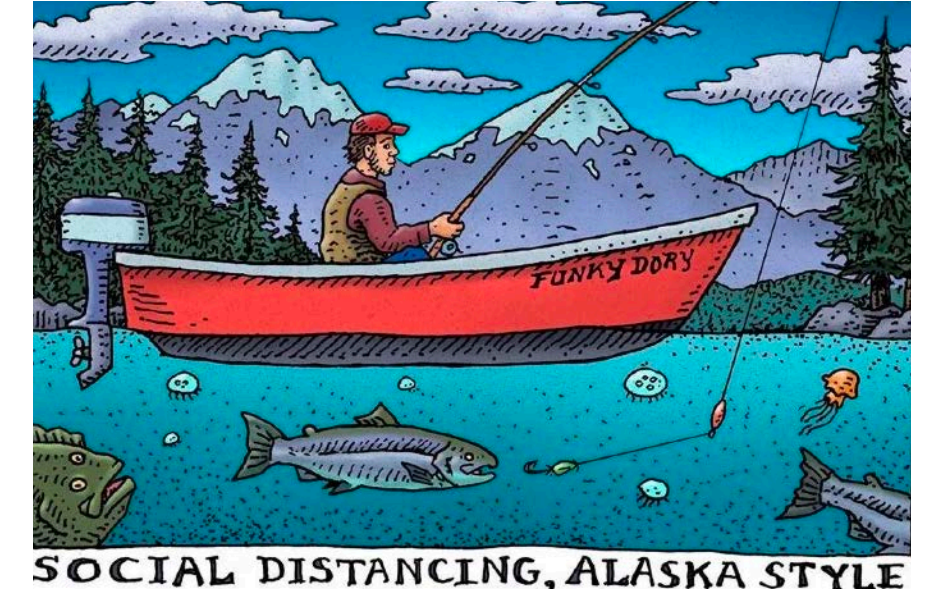
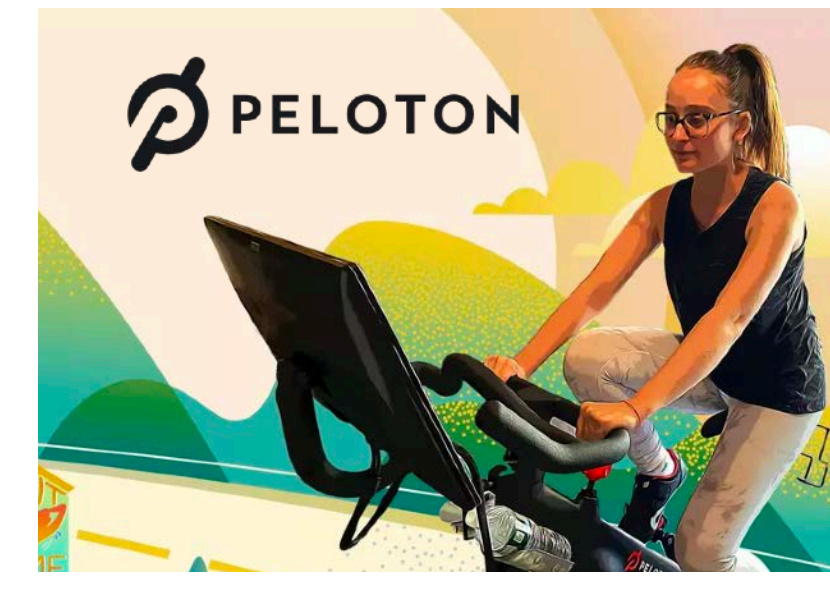
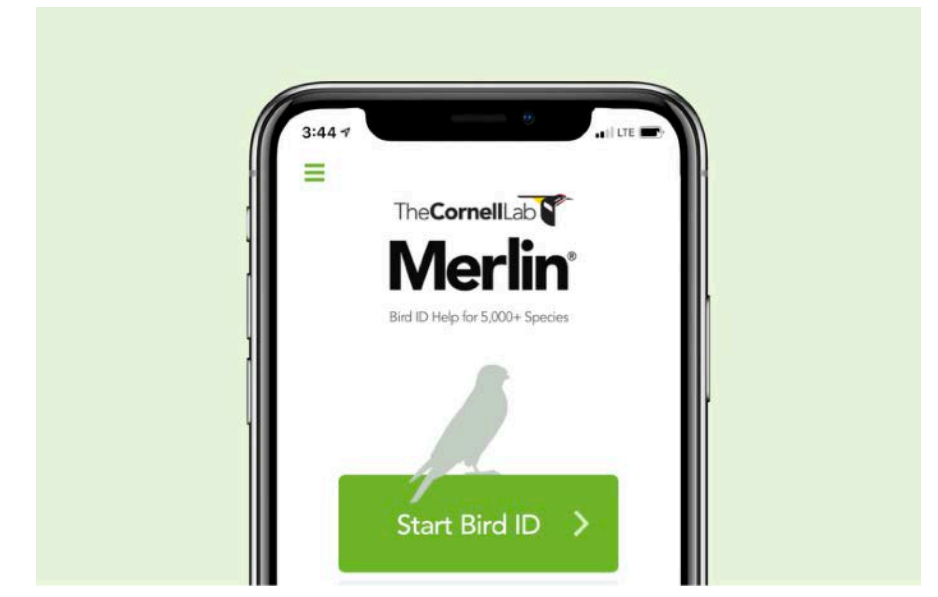
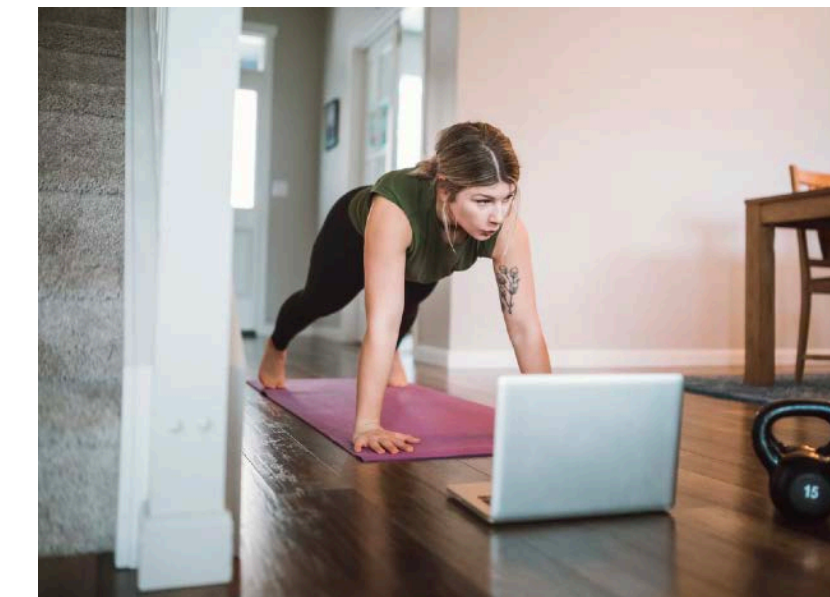
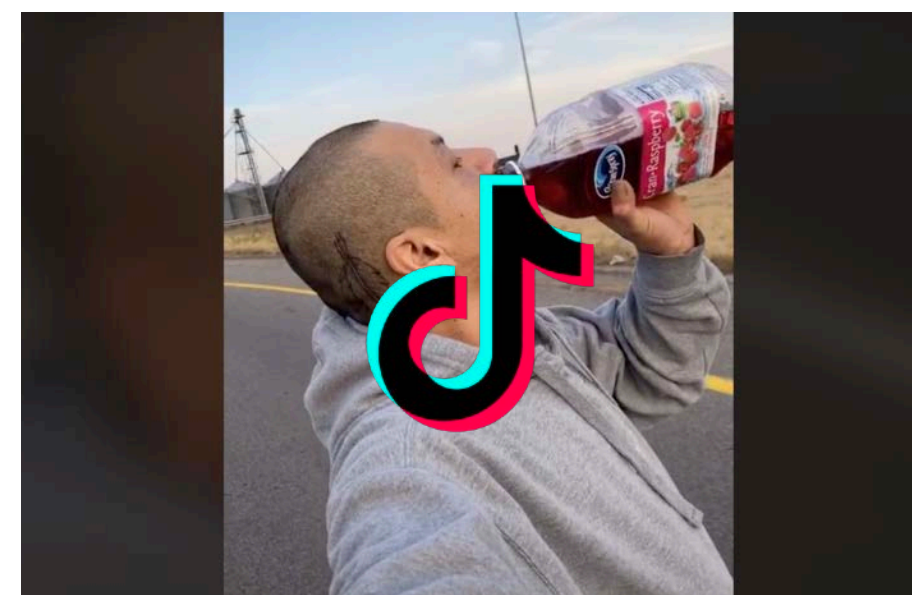
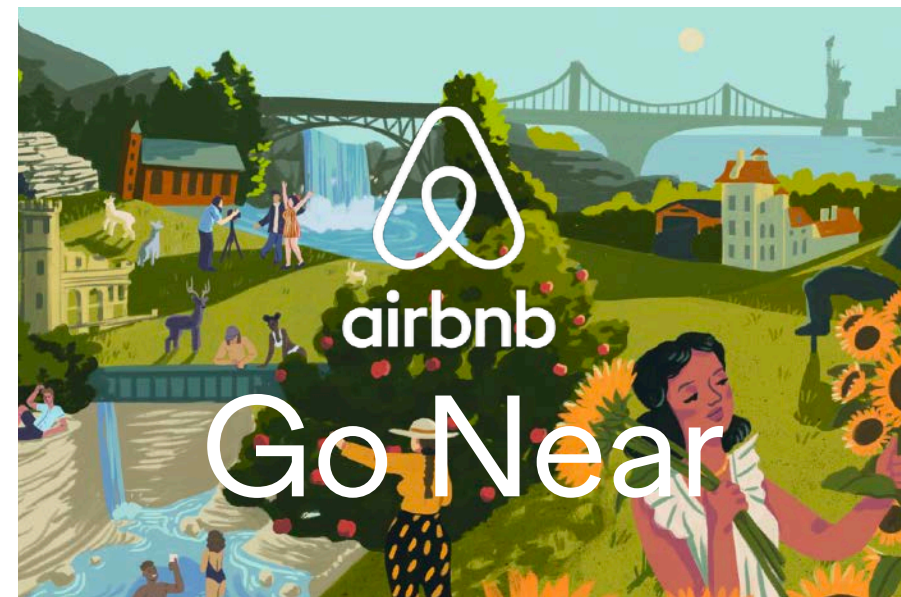
Expression



Health



Mindfulness



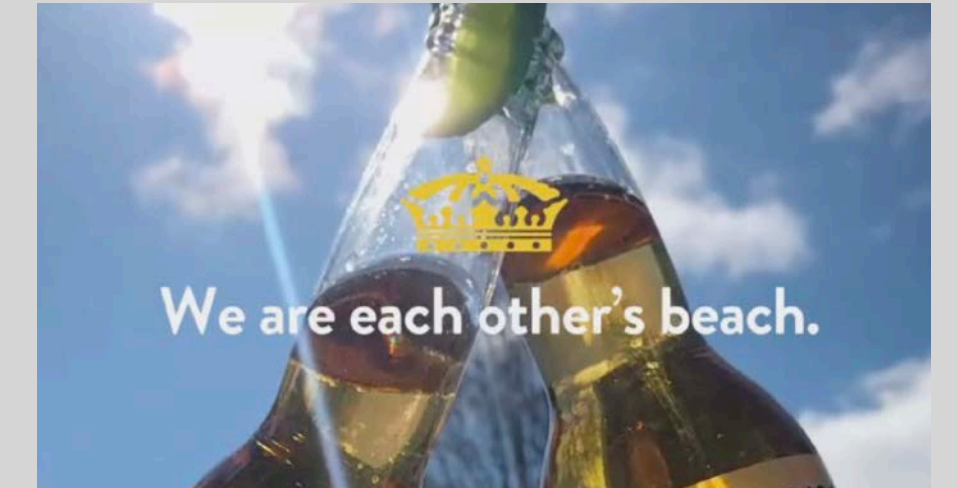
OPPORTUNITY:

# Create experiences where alcohol accompanies positive moments of self-care

1

## Enable Escapism

In a world where people are desperate for novelty, can we tap into brand's provenance to create experiences that whisk people away to somewhere else?



2

## Own the Outdoors

Many people have rekindled a relationship with the outdoors. Can we create a brand or product experience that's built to be enjoyed in nature?



Coors Launches New Hard Seltzer to Help Restore One Billion Gallons of Clean River Water

3

## Cultivate the Craft

Creative opportunities often pair well with a drink. Can we connect brands and products to specific crafting activities or occasions?



4

## Catalyze Creativity

Creativity & self expression has long been a part of modern alcohol brands. Can we tap into this to inspire or incentivize self-expression & creativity?



Bud Light teams with fashion stylist Darryl Brown's Midwest Kids brand for capsule collection

# Key behavioral shifts & brand experience opportunities

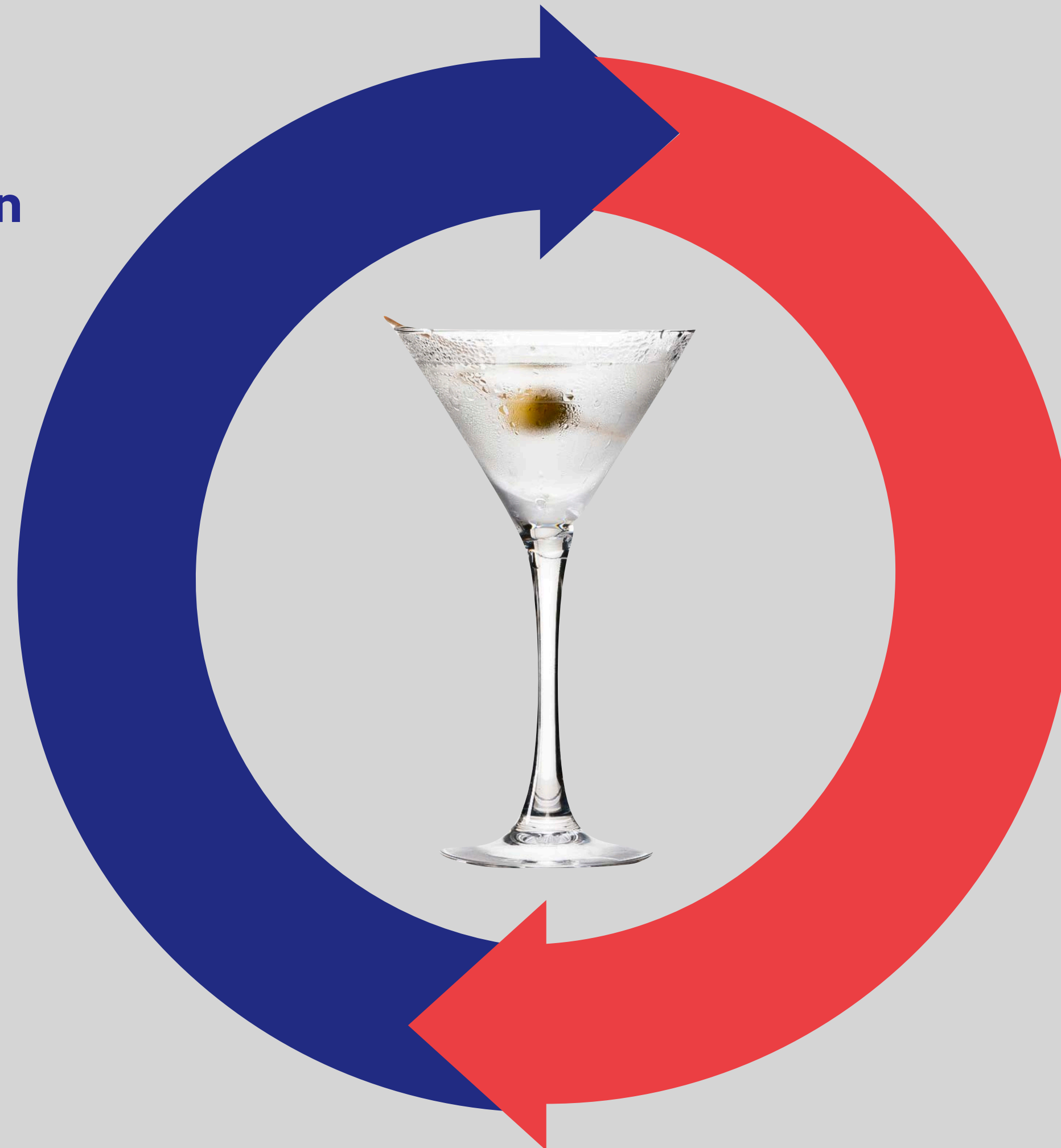


OPPORTUNITY:

# Brands can gain credibility with the sober-curious segment by demonstrating alignment with their needs

## Opportunities for Brand Identity & Expression

- 1 Create new badge brands that reflect emerging values
- 2 Be meaningful & visible in new drinking occasions
- 3 Align “low & no” with drivers of moderation seeking
- 4 Bake social good into your brand & business



## Opportunities for Brand Experience

- 1 Create focus for virtual social moments
- 2 Infuse off-premise with on-premise magic
- 3 Accompany positive self-care moments

# Questions?

Ogilvy Consulting

**Thank you.**

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