

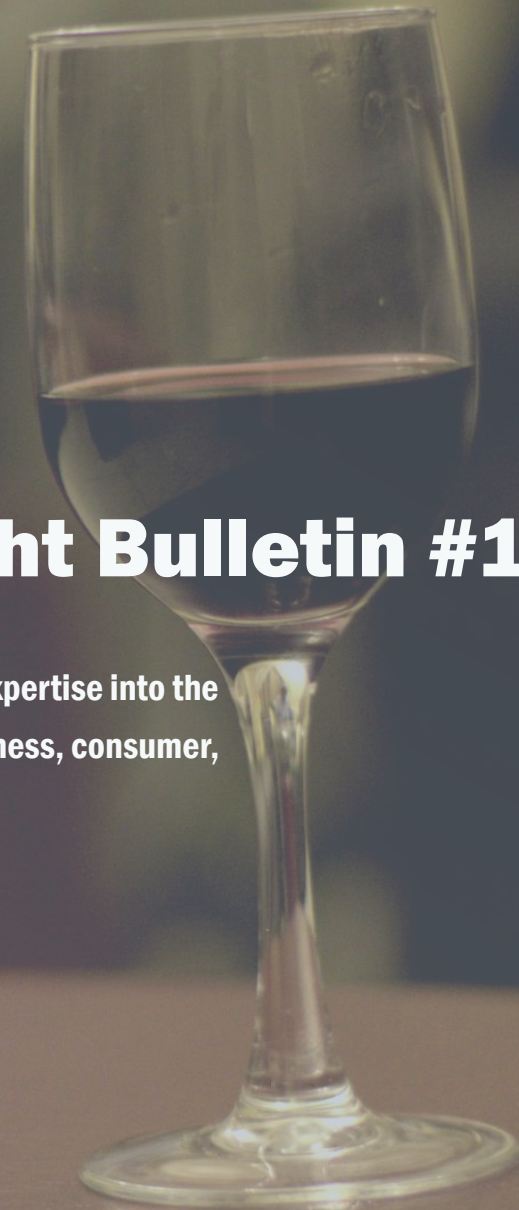


COVID-19

CGA-The Buyer Wine Trade Insight Bulletin #1

A regular series of bulletins providing top line exclusive insight, commentary, advice and expertise into the way the Covid-19 crisis is shaping and effecting the out of home wine category from a business, consumer, volumetric and advanced analytical trend perspective

CGA in association with The Buyer - April 2020





COVID-19 Wine Trade Insight Bulletin



THE
BUYER

CGA and The Buyer work together to produce a series of paid for subscriber reports through the year that look to capture the key trends and changes in consumer behaviour when it comes to wine buying in the on-trade.

This series of free bulletins during the Covid-19 crisis are designed to help both the wine and on-trade sectors navigate their way through the coming weeks and months, and also provide an example of the kind of additional content that is available to subscribers both now and later in the year.

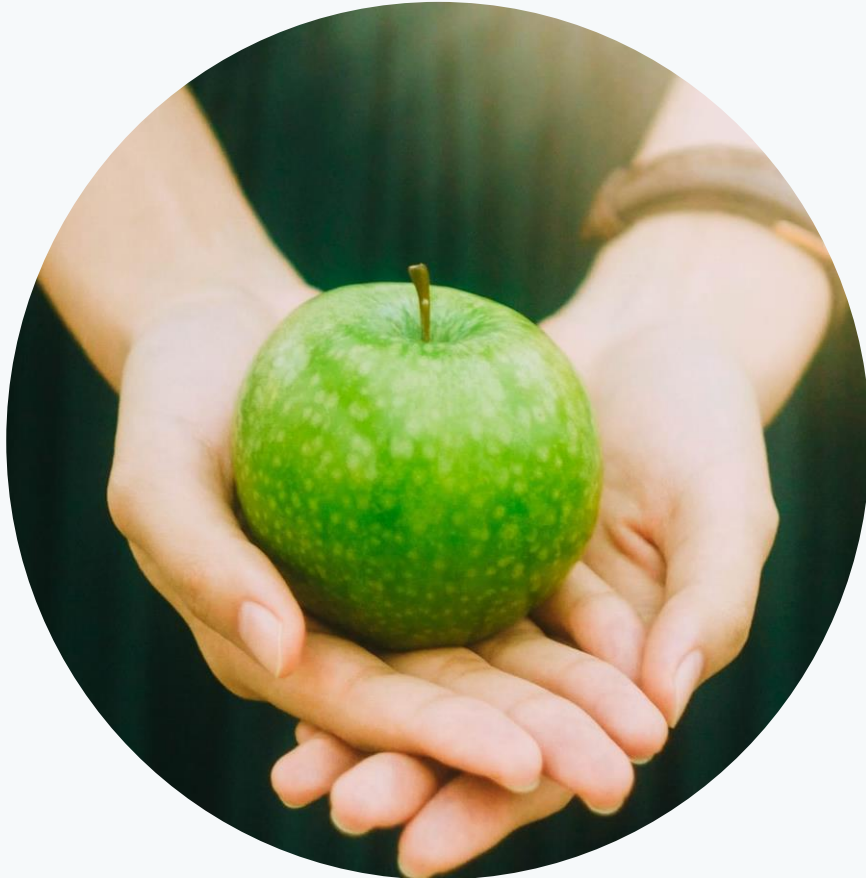
The aim is to help you understand:

- *What has, and is happening in the market?*
- *What are consumers doing, and how that is changing over time...*
- *What the wine trade needs to do to respond now and succeed after the crisis is over*



Insights are driven from CGA's regular monitoring of consumer behaviour during Covid-19

Results collected on Wednesday 18th March, followed by a secondary survey on Saturday 28th & Sunday 29th March during surveys around behaviour, consumption and eating/drinking out interaction



Regular
representative sample of

500

GB adults

Nationally representative sample, of
the GB adult population, based on:

Age

Gender

Region

Setting the wider trade scene...



PHENOMENAL DATA. EXPERT INSIGHT.



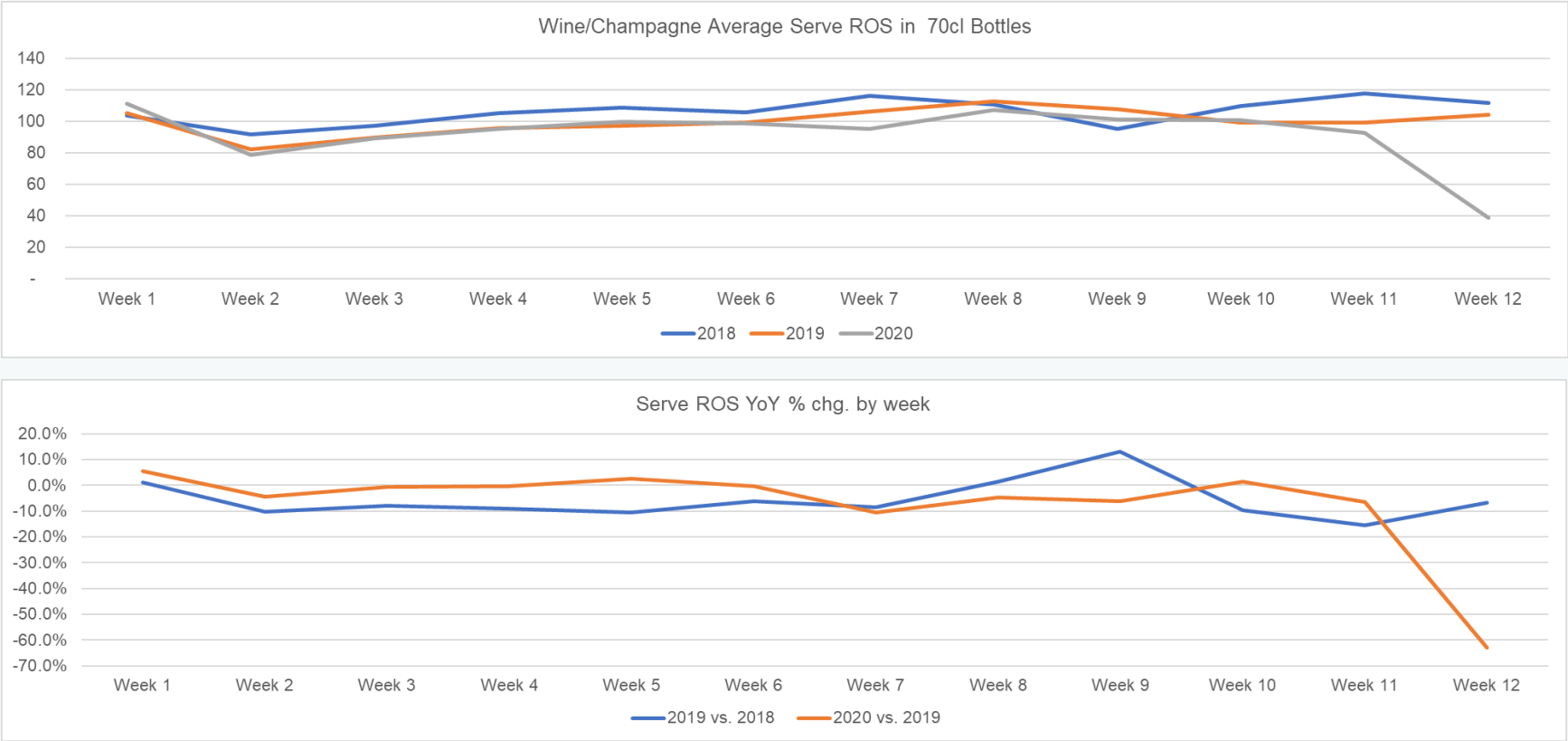


Final lockdown wine volume ROS sales trends in the GB on trade

“The volume rate of sale for wine and champagne unsurprisingly shows a massive drop off during the week ending 21st March as the on trade lockdown is imposed. This does, however, provide a benchmark snapshot from which to understand the cut off for on trade sales due to the Covid-19 crisis. Recovery will be analysed by CGA using the same criteria when it happens...”

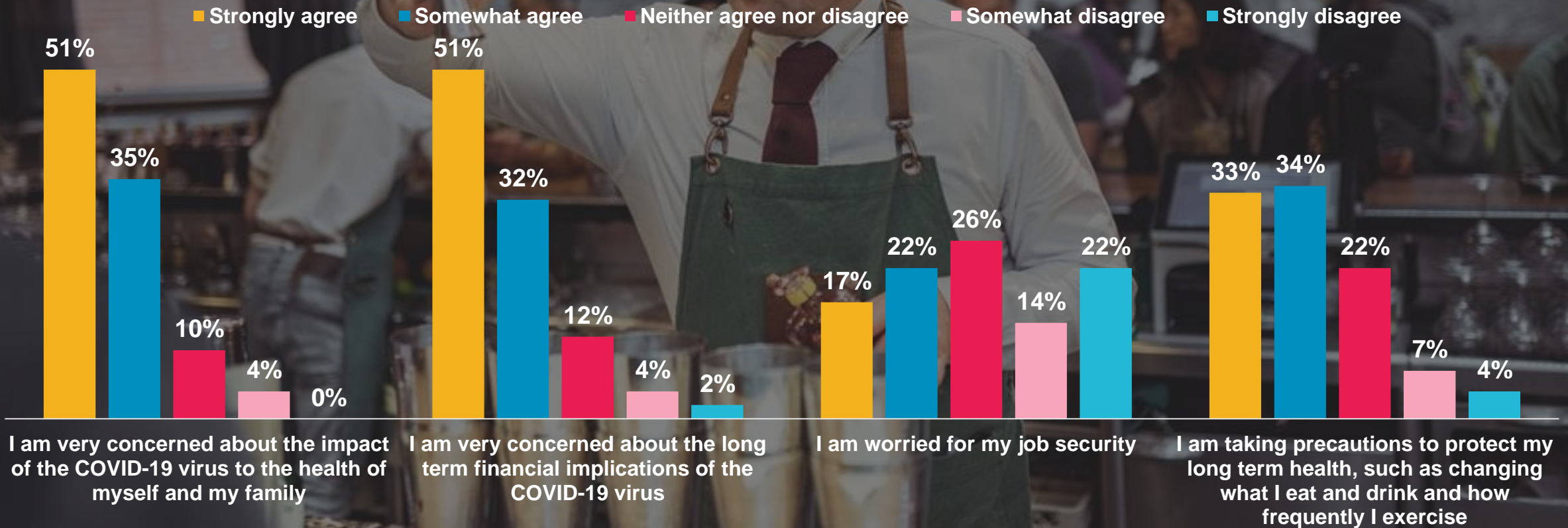


PHENOMENAL DATA. EXPERT INSIGHT.



Health and financial concerns are at the forefront of consumers' minds during the current situation, with potential long term implications on behaviour

How strongly do you agree with the following statements?



Aligned with broader macro health and fitness trends, along with the shut down of outlets, overall alcohol consumption is down



Thinking about habits during the current COVID-19 pandemic



16%

of alcohol drinkers are now drinking alcohol on more times per week than usual

46%

of alcohol drinkers have maintained consumption

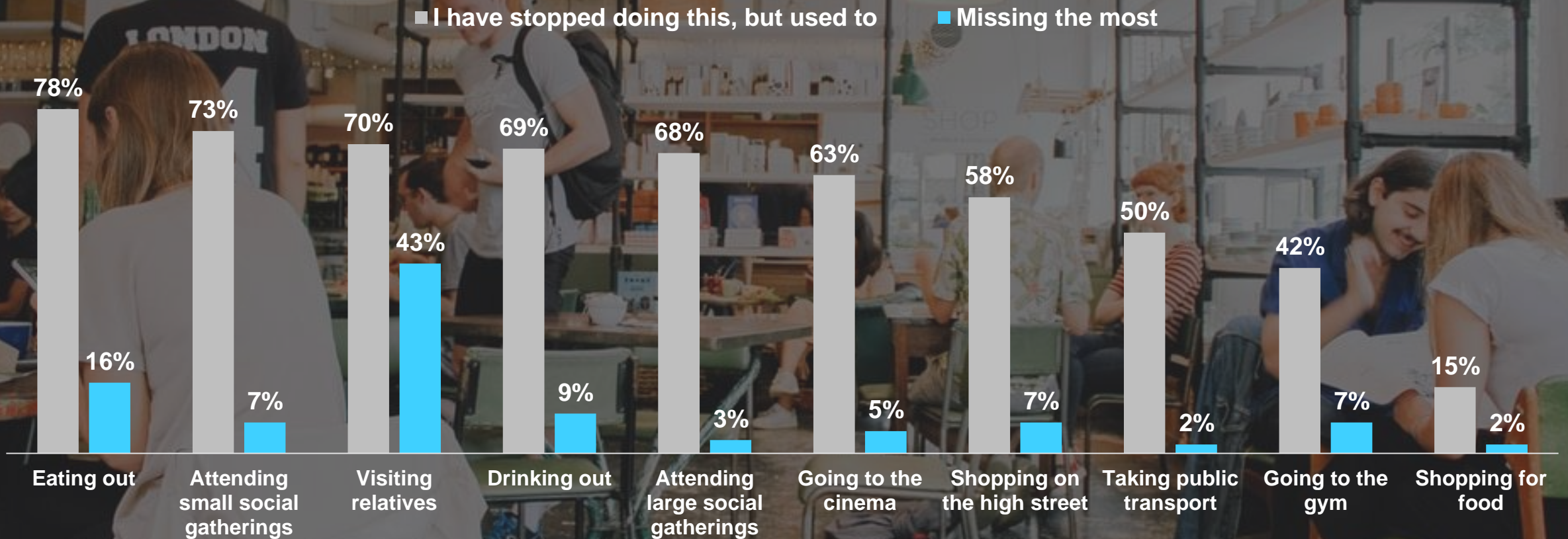


37%

of alcohol drinkers are now drinking alcohol less times per week than usual

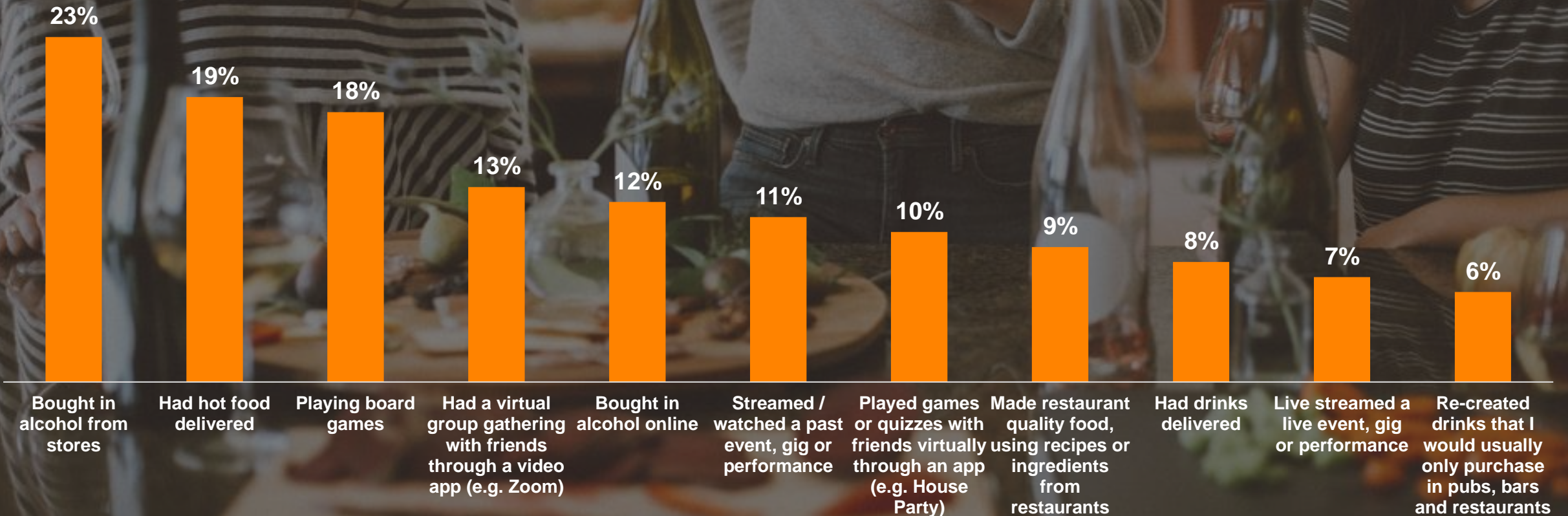
Despite possible changes in attitude, on trade experiences are cited as among the most missed activities during lock down

Thinking about the following activities, how has COVID-19 impacted your behaviour?



With consumers looking for alternatives to traditional on premise occasions, “virtual big nights in” involving alcohol and delivery appeal

Which of the following, if any, have you had, or planned as an alternative to visiting a pub bar or restaurant over the past two weeks? Please select all that apply



With attitudes and occasions shifting, a significant proportion of the population are turning to online alcohol purchases

24%

**GB population have purchased
alcohol online**

11%

**Have done so for the very first time
(5%) or more often than usual
(6%) due to Covid-19**

Key summary for the trade during lockdown

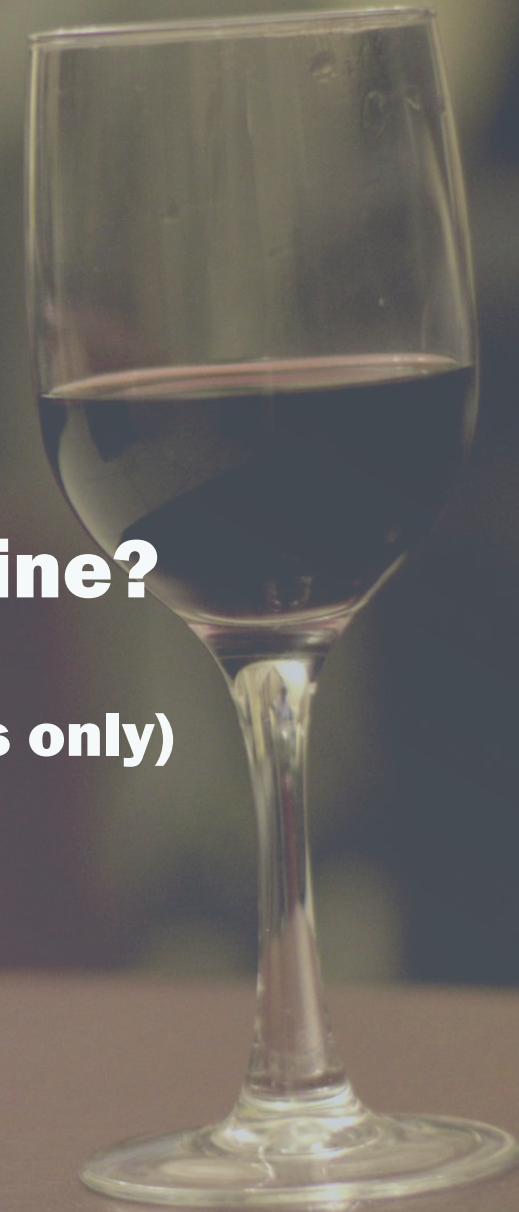
- **Health and financial considerations are now key with an associated decline in overall alcohol consumption patterns – well over a third of drinkers reducing usual frequency**
- **However, outside of visiting family - drinking out, and more especially eating out, are the two behaviours consumers are missing the most**
- **At home alternatives to the on trade experience are becoming more important – and is becoming an occasion in itself...**
- **This is driving a greater demand for on line ordering and drinks delivery services – with wine being in one of the poll positions to take advantage of this opportunity**



PHENOMENAL DATA. EXPERT INSIGHT.



What is the specific impact for wine?
(exclusive CGA-The Buyer Bulletin analysis
available to Wine Insight Report subscribers only)



Key summary for the wine category

- **Wine remains one of – if not the most – popular category choices for drinkers moving from on trade to on line...**
- **There is a whole new potential market out there as a fairly substantial number of these on line consumers doesn't typically purchase wine**
- **Frequency of consumption is also positive with well over half of wine drinkers either maintaining or increasing the amount of times they drink wine**
- **Of those drinking it more often, these key drinkers – younger, male - are a significant shift away from the typical on trade wine customer and a prime on trade opportunity post-lockdown**

So what does this all mean?
(exclusive CGA-The Buyer Bulletin commentary)






Highlights from The Buyer's Covid-19 Daily Hub



For the last few weeks The Buyer has been running a daily updates service to give the on-trade and drinks industries the latest news and information to help them keep on top of the official government guidelines and support packages, but also the individual steps businesses are taking to keep trading and help their customers and the rest of the trade at the same time. Here are some of the highlights.


Initial impact on suppliers and their response...

Andrew Bewes, Chief Executive, Hallgarten Druitt & Novum Wines




"It is imperative now, more than ever, that as an industry we all stick together and support our partners in the trade as much as possible. To a large extent we and our customers are in the same boat as we try to find a way through this situation whilst protecting the livelihoods of our employees. At this stage, it's all about cash and trying to balance out supporting customers whilst securing payment from them to enable us to pay our employees...We remain open for business. We are all in this together, and we will do our utmost to go above and beyond to help our partners come through this crisis."

Nik Darlington, co-founder Graft Wine




"No one has all the answers, but already there is a lot of determination and creativity out in the trade. If we can stick together, keep our heads, and pool those ideas for the greater good then we can weather this. We will work with people to share these best practices and divert business the way of those who will really need our support over the coming weeks."

Troy Christensen, Chief Executive, EnotriaCoe



"We are working to support those good operators who will be around. We want to support the trade, but there are customers on payment plans and some who are known to do pre-packs where we are more sceptical of supporting... We need long-term tax relief, the quickest way to help us keep our employees on board and be able to plan for the future. There really isn't anything else that can provide the stimulus and certainty as that."

Jon Worsley, Chief Executive, Bancroft Wines



"We are firmly open for business and intend to battle through this unprecedented period. Of course, like many other premium wine distributors, one of our biggest customer base is the on-trade and we wish all our partners in that sector the best. We will be ready to support them when things return to normal for the hospitality industry. In the meantime, Bancroft is supporting our off-trade customers with the help of our great partners at LCB who continue to deliver a great reliable service. It's a pleasure to be able to deliver wine to peoples door steps so they can enjoy a glass during this difficult period."



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What's going to happen post Covid-19...



Robin Copestick, managing director, Freixenet Copestick

"We are likely to return to the wine market that came out of the last great recession in 2009. We saw a lot of interest in wine at that time, but it was very much at the entry level. So with people likely to be spending less we can see a return to heavy discounting."

Stephen Browett, chairman of Farr Vintners

"Once the crisis is over, we are sure there will be a surge in parties, eating out, wine dinners, etc. My sense is that this is short-term. I can't imagine that the bars, clubs and pubs will be particularly different from what they are right now. Smaller restaurants and bars might not be able to survive, but it's not unreasonable to think that their place will be taken by someone else. I think people are now really craving social interaction. If this ends in a few months, August could make for a pretty great summer for the on-trade."

Richard Cochrane, Felix Solis' UK MD

"A lot will depend on how consumers collectively 'emerge' from this crisis and weeks of lockdown. But new habits will have been formed and we will only really see what they are when restaurants and bars open up again. Will people choose to go out as much as they did remains to be seen. It's been remarkable to see how fast drinks companies have responded."



Mark Meech, IWSR chief executive

"Consumption habits formed now may stick around in the future, however, people who used to go out and shop will likely not switch to ecommerce completely going forward."



What consumer behaviour is telling us in this crisis...

Mark Newton, Senior Category Development Manager and resident Wine expert at CGA takes a closer look at what the latest attitudinal survey data reveals...



CGA's Mark Newton says on trade wine can see a positive long term benefit from the attitudinal changes and innovations brought about by the Covid-19 crisis...

Exclusive CGA-The Buyer Commentary

The figures around the lockdown of the on trade make for some difficult reading. However, it is clear that wine might enjoy a number of advantages over some of its category competitors when it comes to how consumers are changing their behaviours and habits. Furthermore, the current level of innovation from businesses across the wine trade suggests that once we revert to some kind of normality then that interest in wine will be carried forward back into the pubs, bars and restaurants via a younger, urbanised, more male orientated and – most importantly - better educated (in the category) drinkers.

It is important that the wine trade continues to nurture and develop these associations – targeting the right consumer groups and ensuring they have the tools ready to ramp up these opportunities and (hopefully new found) loyalties when the on trade finally opens for business.

This is something we will be looking to delve into more deeply in future editions of the bulletin, along side new strategies and innovations to navigated the Covid-19 crisis going forward...



COVID-19 Wine Trade Insight Bulletin 2020.



The genie's out of the bottle: how drinks suppliers and the on-trade are changing out of recognition... (part 1)

Richard Siddle, Editor-in-Chief at The Buyer, looks at the impact of Covid-19, how it is transforming the on-trade and the way it might operate in the future...



The Buyer's Richard Siddle says the impact of Covid-19 has already transformed how the on-trade and its supply base will operate in the future...

Exclusive CGA-The Buyer Commentary

From pulling rugs from under our feet to throwing our worlds upside down, no matter what comparisons we make, nothing quite sums up the impact the Covid-19 outbreak has had on the UK drinks, retail and most of all on-trade and hospitality sectors.

From being as fully operational as they could, the country's huge network of bars, restaurants and bars, plus crucially the supply chain that supports it, suddenly saw their entire business stop at the moment the Prime Minister, Boris Johnson announced a full lockdown of the on-trade on March 20.

Even though the health and business experts were warning this could happen the fall-out when it came was brutal, and for many devastating. Businesses have since put in measures to help mothball, and protect themselves as best they can. As a result thousands of talented, hard working people across the on-trade are now on furlough for the foreseeable future.

But it has also resulted in arguably the most dynamic, creative, innovative and inspiring time in our collective business lives. Companies have transformed themselves, literally overnight, from being restaurants, bars and on-trade suppliers, to running full on direct to consumer and delivery services, servicing the whole country with ecommerce websites that have appeared out of nowhere.

So fast have so many operators changed the way they work it's been hard to keep up. The usual rules and practices which 100% trade suppliers follow when working with their on-trade and specialist retail customers have been ripped up. We are now all working in the unknown. Uncharted waters where new rules and regulations apply.

On-trade only suppliers, including Jascots Wine Merchants and Berkmann Wine Cellars, have opened up their exclusive restaurant lists to create new DTC ranges and are switching their sales teams to work their contact books and Linked-in followers to get sales wherever they can.

Chief execs are doing what they can to stay in business and keep their staff in their jobs. Furloughed or not...



COVID-19 Wine Trade Insight Bulletin 2020.



The genie's out of the bottle: how drinks suppliers and the on-trade are changing out of recognition... (part 2)

Richard Siddle, Editor-in-Chief at The Buyer, looks at the impact of Covid-19, how it is transforming the on-trade and the way it might operate in the future...



The Buyer's Richard Siddle says the impact of Covid-19 has already transformed how the on-trade and its supply base will operate in the future...

Exclusive CGA-The Buyer Commentary

The big question that has already risen is what happens to all these new trading models and ways of doing business when the lockdown is slowly lifted. Will we go back to the way things were? What sort of hospitality and on-trade landscape will we even go back to?

The genie, though, is out of the bottle. Businesses have had to transform how they work just to make a living. But they have also quickly found new, potentially lucrative, revenue streams by going direct, and offering their own delivery or click and collect services. Are they really going to give all that money up and cut ties with all these new customers they have just built relationships with?

Crucially, the last few weeks have opened up new revenue streams that restaurants, pubs and their suppliers were blind to before. Many are using these new ways of making money to take more control of their futures.

The drinks suppliers that have been forced into going direct, now realise they don't need to put their entire livelihoods into the fickle hands of on-trade buyers and sommeliers who can pick and drop their wines and drinks from their lists whenever they want.

They, along with hundreds of restaurants and pubs, now have delivery systems that work and a growing database of loyal and local consumers who are more than likely to keep ordering even when with this crisis is over.

We are all living in the most extraordinary period in our business and personal lives, and whilst the impact of the actual Covid-19 outbreak is stressful and upsetting, we are already seeing what an uplifting, dynamic and even revolutionary influence it is having on transforming both the on-trade and drinks industry that supports it.

What else can CGA do for you?
**Consumer BrandTrack & Syndicated Report
Services**



CGA Consumer services - an overview



BrandTrack



Brand Track

We survey 5,000 consumers online each quarter (20,000 a year) with no one consumer answering the survey more than once

Survey results allow the ability to harness consumer opinion and perceptions of brands across key measures



Bespoke consumer research



Ad hoc projects

Client specific research to generate insights to answer and address key business issues

OOH usage and interaction
Brand Awareness & Usage
Category & Brand Deep dive
Perfect Serve

Understanding category dynamics in target outlet types

Syndicated Reports



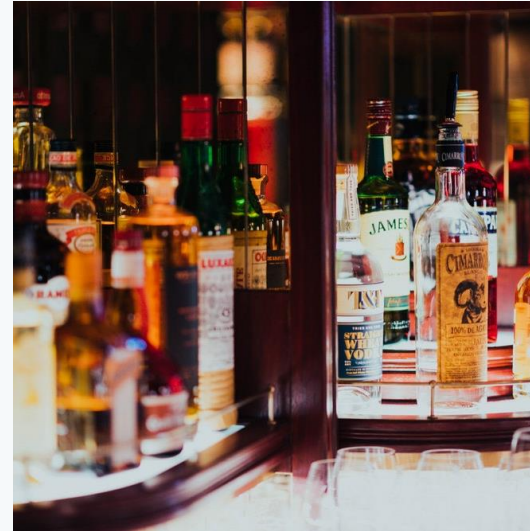
Hotels

An insight into the Hotels market, available in both UK & US. Understand the key consumer & sales dynamics in hotels and how they differ from normal out of home behaviour



Mixed Drinks

The comprehensive guide to cocktails and mixed drinks in the On Trade, understand key serves, flavour profiles and consumers



Influencers

A look at the top end of the market, in association with Drink Up, CGA analyses trends in the lighthouse accounts and understands what these accounts want from suppliers



Festivals

An insight into the UK Festivals market, understanding what consumers really think of the food & drink offer and how it could be improved



The CGA Wine Insight Report One

The Wine Menu in Focus...



The role of menu in-outlet

With significant investment and thought applied to wine menus in the out of home market, CGA add the science to review their importance and how to benefit from them



Driving satisfaction through menus

Often the first port of call for consumers when choosing wine, a detailed review of which elements of wine menus most resonate will help inform strategy with this vital touchpoint



Menu engineering

Understanding the impact of the likes of description and detail on consumer choice of wine. Understanding of how to best direct consumers to specific wines and styles of interest



The CGA Wine Insight Report Two

The Emerging World & Global Origins



Established vs. emerging regions

Assessing the popularity, appeal and performance of wines from emerging regions, and how this compares to established players, to guide on optimised portfolio and ranges



Barriers and opportunities

An understanding of the potential barriers and reasons for consumers choosing wine from emerging or established countries will allow for informed strategy to overcome barriers



Consumer perspective

Who is the wine consumer by country of origin and what does this mean? Which countries offer trade-up opportunities and which suit value propositions based on the consumer



Presented by CGA, in association with The Buyer

CGA Wine Insight Reports 2020



The CGA Wine Insight Report Three

The Future for Fizz



Sparkling update

CGA turn the lens on the increasingly dynamic category of sparkling wine and champagne to provide an update on how the category has evolved from a consumer and sales perspective



Cross-category competition

What does the overlap between sparkling styles look like and which are interchangeable in the minds of consumers? As such, what is the 'perfect' sparkling wine offer?



Trend watching & niche sparklers

Are there other sparkling wine variants that hold appeal with consumers and how should these be targeted? Similarly, what is the future for sparkling rose and the spritz category?



Presented by CGA, in association with The Buyer



The CGA Wine Insight Report Four

Overcoming Complexity: How to Break Barriers



Accessible education

With previous reports highlighting the knowledge gap of wine drinkers in the on trade, CGA will explore the appetite and methods in which consumers would like to be educated



Training benefits

Understanding the consumer impact of well-educated staff and how this can influence wine choices will allow for informed decisions on wine training across accounts



Exploring 'brand' trust

Are recognizable brands one way to inspire confidence among less educated wine consumers? Is this best done through existing brands, recognized varietals, or country/region?

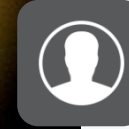


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“This series of COVID-19 wine trade bulletins from CGA and The Buyer are designed to assist you in understanding the key challenges currently facing the industry during this time of crisis. Through a combination of industry leading data, analysis, and expert insight from key business players, we hope they will help you to navigate through these uncertain times...”

Richard Siddle, Co-Founder & Editor of ‘The Buyer’

THE
BUYER



COVID-19 Wine Trade Insight Bulletin

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