



One Step Beyond Conference

Full report on the inaugural event that looked to examine the most disruptive trends taking place in consumer behaviour, and the new technology driving those changes and their potential impact on the drinks industry

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What One Step Conference Was About

For those growing up from the sixties to the nineties, the biggest changes in technology were usually revealed in the latest James Bond movie, and even then we rarely saw them develop and be used in our everyday lives. The car that can drive underwater? A magnetic watch? OK, we had the digital watch but it was never as good as the one in Live and Let Die.

Over the last 15 years we have seen a series of technological breakthroughs that have, each time, pulled the rug from under our feet without us even realising just how big and impactful their introduction has been.

Does January 9, 2007 have any significance to you? Well, perhaps it should as it was the day the first iPhone was launched. A single device that has had arguably as big an impact on the world as the invention of the wheel in (3500 BC) or the compass (206BC), the Printing Press (1450) or the steam engine (1772).

Perhaps we should have February 4, 2004 and the launch of Facebook and March 21, 2006 and the arrival of Twitter also firmly embedded in our minds. Or go back even further to 1994 when Amazon first opened its online doors and then 20 years later introduced voice assistants and Amazon Alexas to the world.

But it has been during the last decade when the pace of change has been astronomical and we have become more and more embedded in and reliant upon social media and the digital world. We've watched how virtual reality has morphed into augmented reality and artificial intelligence, to the point where we can't be sure whether what we are seeing is real, or has been created.

All of which has thrown upside down how we go about choosing and buying the products we want. A pace of change so fast it is hard to keep up with the last trend but one, never mind be looking ahead at what is coming down the line.

Out of our comfort zone

The One Step Beyond conference set out to help anyone involved in the drinks industry - from producers, brand owners, importers, suppliers and retailers, to bar and restaurant operators - to stop, listen and look ahead to the future.

It was designed to take the drinks industry outside its comfort zone and expose it to the big changes in consumer behaviour that are taking place in all our other areas of life and the huge advances in smart technology that are driving them. It looked to give businesses



the chance to assess where they are in understanding and tackling the biggest changes in consumer behaviour that are likely to affect their own businesses.

To do so it combined keynote talks from experts in the most transformative areas, such as ecommerce, voice search, digital, design and packaging, with the personal experiences of leading figures within the drinks industry who have a track record of succeeding in tackling these changes head on in their own companies.

Co-organisers



Sophie Jump, founder of Jump Start

Sophie Jump, founder of Jump Start. Sophie organises wine business conferences around the world for the International Wine Clubs Association, a trade association of companies specializing in B to C wine sales. She has 20 years' experience working in the wine sector focused on brand building, press relations and commercial development in key European markets, specifically for Argentinian wineries. Specialist in running and managing international events and conferences.



Richard Siddle, editor-in-chief, The Buyer

Over 25 years' experience as an editor of different business titles covering a range of industries including computing, grocery retail, FMG, convenience, travel and drinks industry. He was editor of Harpers Wine & Spirit for nearly 10 years before launching The Buyer with Peter Dean, a new business digital content platform for the premium on-trade and the drinks supply chain that supports it.



Speakers and Agenda

The event was able to hear from key experts in some of the most disruptive areas of technology, packaging, marketing and design.



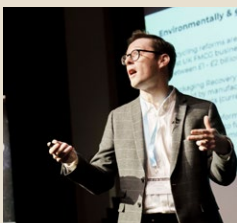
Future trends in e-commerce, omni-channel retail and the role of social media: Naji El-Arifi, head of innovation of Wunderman Thompson Commerce.



How voice and new technology is shifting consumer behaviour and business life: James Poulter, chief executive, Vixen Labs.



Diving into Digital - The landscape, the opportunities, the challenges, and the way forward, Paul Mabray, chief executive, Emetry.



How packaging and design can still push the boundaries: James Harmer, planning director and Nicki Sherlock, business development director, Touch.



How to engage and entertain consumers in the future: Kevin Shaw, chief executive and founder, Stranger & Stranger



The future of retail – what's next for both online and offline retailing: Simon Mayhew, head of online retail insight, The Institute of Grocery Distribution.

Industry Panelists

To help interpret and explain how they are using new technology and disruptive working practices in their own businesses the conference also held two panel debates with:



Illy Jaffar, founder of Kinetic Communications

The former Pernod Ricard executive who was one of the first marketers to set up an experiential team for a major drinks company. Jaffar now offers consultancy and support for drinks companies looking to develop more effective marketing and brand campaigns.



James Balcazar, digital and social media manager, EMEA, for Treasury Wine Estates

James heads up the digital and social media marketing at Treasury Wine Estates in Europe, covering brands as wide ranging as Penfolds to Blossom Hill. He's also looked after digital marketing at E&J Gallo Winery for the EMEA and worked in FMCG at Mondelēz International and in the



Lucy Auld, head of marketing for Freixenet Copestick

After a marketing career in FMCG including roles at Premier Foods and Allied Bakeries, Lucy joined Copestick Murray in 2016 to spearhead its marketing as it looked to push its flagship brands, most notably I Heart Wine, more above the line with high profile campaigns supporting ITV's Love Island. She is now heading up the marketing for the newly combined Freixenet Copestick business.



Robert Joseph

A hugely influential and insightful commentator on wine, consumer and business trends, editorial consultant with Meininger's Wine Business International, but also a wine producer in his own right with a number of international brands, most notably Le Grand Noir and Greener Planet



Liam Hirt, co-founder, Circumstance Distillery

A cardiologist, turned craft distiller, Liam Hirt has helped create one of the UK's most dynamic and innovative craft distillery business, initially from his own basement, it has developed into launching new concepts such as its own cryptocurrency for its brands and what it claims is the first gin to be made with artificial intelligence.



Rollo Gabb, managing director Journeys End and London Restaurant Group.

Rollo Gabb is an acclaimed and successful winemaker and producer of the Journeys End range of wines in South Africa. He is also one of the directors of the dynamic and growing London Restaurant Group that includes Quo Vadis and Barrafina in its stable.



Polly Hammond, founder and managing director, 5Forests

Polly is the public face of 5forests, the global digital marketing agency for the wine industry that offers brand, marketing, web and social media support for wine companies focused on transforming their bottom line.

Conference Report

The one thing the drinks industry can't be accused of is running events, and bringing people together - particularly the wine sector. But for the overwhelming majority of the time those occasions are strictly for tasting and talking about what it's in the glass. What it does not do very well is ever talk about how it is then going to market and sell what's in that glass to the right target consumer.

The key difference with the One Step Beyond conference was there were no wine, beer or spirits glasses in sight - at least not until everything was wrapped up for the day and it was time to relax, network and debate the issues brought during the day.

Instead it was a chance for the drinks industry to collectively sit down and face up to the key challenges everyone in the sector faces - to some degree or another. To hopefully give businesses and individuals ideas and inspiration that help them look to tackle the biggest changes in technology and the impact they are having on the consumers and customers we are all hoping to serve.

Each of the keynote speakers were briefed to tackle the recurring issues that delegates were asked they would most like to hear addressed at the event. Time and again this came back to how to manage a more effective digital and consumer strategy in their company. Particularly around online retailing, ecommerce, analytics, and the drive to lower, healthier and more sustainable products.



Naji El-Arifi, head of innovation, Wunderman Thompson Commerce

If you are involved in selling and marketing wine and don't have a direct to consumer strategy then you need to have one. Even if that strategy is it's too soon to have one, stressed Naji El-Arifi.

He explained how social media platforms, noticeably Instagram and Facebook, are going to become important ecommerce channels in their own right. Particularly as younger 'Alpha' generation consumers aged 6-16 become adults. Already 57% of that age group have been influenced to buy something through Instagram.

Which is why, he added, 70% of those who see themselves as 'digital leaders' have a 'social commerce' strategy - which again might be just be a strategy to watch and learn. But social commerce is going to be the number one tool to sell products in the future, he stressed.

The Amazon factor

El-Arifi said regardless of where you sit in ecommerce, then you have to be watching Amazon and what it is doing. When someone is searching for information about a product online 56% will go to Amazon compared to 49% who will go to Google.

In any major economy, Amazon is dominating online sales. In the US and Germany its market share of online is 52%, in Spain it's 48%, France 47% and the UK is relatively behind at 38%.

But it's when there are major retail 'moments' like Christmas, Thanksgiving and Black Friday that Amazon really dominates - 62% of UK and 70% of US shoppers spent something on Amazon for last year's Black Friday campaign.

It's not just the fact it dominates online sales in so many categories, it's the fact it is changing the way consumers think and what they expect from online retailers that's key when assessing Amazon, says El-Arifi.

Particularly Amazon Prime customers. That's a consumer demographic in its own right - with 49% of online consumers being Amazon Prime members in the UK and 68% in the US.

When a Prime customer is asked how highly they rate factors such as service, delivery and price it is usually twice that of a non-Prime user.

That next day delivery culture is going to be embedded in future, with up to 20% of Gen



Z shoppers saying they won't buy from someone who can't deliver what they want by the next day. Generation Alpha are even more impatient with 52% frustrated if they can't get next day delivery.

Amazon is arguably only going to become more relevant in people's lives - even the next generation is 'primed' with 74% of six to nine year-olds aware of the Amazon brand and what it does.

Already 26% of the Alpha generation are buying products on Amazon.

The key, he said, is to look for the cracks in what Amazon can do and to try and exploit those. Particularly around its ability to stand for something, curating products and creating a community around what it is selling.

The average Amazon purchase has become transactional compared to what specialist sites can provide. Even then 61% of consumers in Wunderman Thompson Commerce's research said they could often find products cheaper than those listed on Amazon. A quarter believe they can get better loyalty schemes from other online players.

Generation Z are less convinced with 74% not impressed by the experience they get on the site, and 34% prefer to go direct and buy straight from the brands they like.

Interestingly amongst online players, only 34% see Amazon as their biggest rival and 61% believe they are capable of competing against them.

El-Arifi said no one can afford to be complacent about what Amazon does next. For wherever it is failing now, the chances are that's where it will invest in the future.

Embracing screen free technology

Perhaps the biggest takeaway was the need to be constantly adapting and moving your digital strategy to keep up with all the changes taking place around you. If you don't you risk being left so far behind you will never be able to catch up.

The key now is to get on top of 'Zero UI' and appreciate that soon we will be interacting with the internet and with each other without screens and keyboards but in ways some of which we don't know about yet.

So whilst only 7% of those who own a voice assistant currently use it to buy anything and largely rely on it for weather and traffic updates, that statistic goes up to 40% in next two years.

If you are not thinking about a voice search strategy now then you are going to be even further behind in two years. The number of Prime customers in the UK will be up to 60% in two years, he added.

If you don't do anything there will get a time when you simply cannot catch up without changing your company completely or radically changing the staff you have.

Whereas his generation grew up with the Internet, the Alpha generation will have grown up with voice search and voice assistants. Already 51% of 6 to 16 year olds like talking to Alexa, 22% claim to have used it to buy something and 41% expect to do so when they get older.

Making the most of the high street

El-Arifi also looked at how digital and high street retailing have to come closer together. In fact he claimed 69% of digital commerce leaders are looking to work with retailers to improve their in-store offer and help them continue to be viable.

It's what the next generation of shoppers want - 52% of Gen Z shoppers said they "expected physical store experience to be innovative" and 52% are quite happy going to and spending money in shops if they like the experience they find.

But it's that in-store experience that is going to be key with 27% of Gen Alpha expecting to see an interactive area of any store where they can try on or and play with the goods being sold.

Again El-Arifi went back to Amazon and pointed to its new book store in the US which only carries books that have had a four stars or more rating online as a classic piece of digital and high street retailing coming together.



Longer term planning

If a business is to really get on top of what is happening in digital and in technology they need to be thinking and planning much further ahead, said El-Arifi. But very few sectors do. It's a view that feels particularly pertinent when you see how fast the Covid-19 pandemic has affected the hospitality and drinks industries.

Only around 18% of companies in retail and hospitality are looking at a business strategy that is for 18 months from now, compared to 41% in engineering and building, 36% in education, 33% in legal, 26% in arts and 26% in travel and tourism. "Amazon is thinking about innovations for 20 years' time - like building distribution centres in space."

If drinks and retail businesses want to look into their crystal balls then he suggests assessing the possibilities of BCI - brain computer interfaces - that will potentially allow us to activate objects and do things just by thinking about it. It's the technology being used in driverless cars to help them brake automatically even before a human would and that will help us to just think emails to send rather than type them out.

His key takeaways were:

- * a social media and influencer strategy is vital.

- prepare for the future of social commerce, and an even more fragmented channel mix.

- develop an Amazon strategy...it's where your customers and competitors are.

- invest in your direct to consumer marketing capabilities.

- consumers are increasingly loyal to service, so don't just concentrate on your products or brand.

- think omni-channel - physical retailing is not dead but make it innovative and exciting.

- create and implement a voice and a zero-UI plan.

James Poulter, chief executive, Vixen Labs

The best way to try and understand the revolution that is coming our way in terms of voice search and how it will completely transform the way we live our lives, explained James Poulter, is to think of life before the smartphone. Which only means going back to 2007.

When they were first introduced they were seen as a novelty. Now, he said, we have to get them surgically removed from our hands.

Voice is set to have a similar ground-breaking effect and will become the way we connect with and engage with the internet, claimed Poulter. In just the same way we have got used to 'swiping' screens and using emojis as a way to communicate and get our messages across.

The best way to look at voice is not through a device like a voice assistant, but as a device, he explained.

Yes, we might currently just use voice assistants for day to day information like the news headlines, traffic updates and to play our favourite music.

Soon we will be relying on them to effectively run what will become smart technology homes. With voice in each room allowing you to turn on lights, change the heating, order more loo roll, talk you through how to make a spaghetti carbonara or make an Old Fashioned cocktail.

It will be used by the young, the old and the indifferent.

Turn to voice, or don't exist

Voice assistants will become part of our daily routine, and that's the key to why we all need to take them super seriously. If you can't be found through voice search then effectively you won't exist.

He sees a time when we will be using voice for around 9 to 12 regular tasks a day and brands and retailers will be continually prompting us to use voice search to find what they are offering. Driving up the motorway and we currently see a sign for McDonalds at the next service station. With our increasingly voice activated cars it will more likely say: "Use Alexa to order your McDonalds to pick up at the next service station."

"At the moment voice does not allow us to have a conversation. The systems are not intelligent enough. We ask a question and a voice assistant gives us an answer. In the near future that will change," he explained.



Voice is going to benefit and be more natural for some areas of life over another. Hearing someone talk us through filling in a mortgage application, or how to fill in a tax form will work well through voice.

"It is going to make us feel more immersed in the products we are buying," said Poulter, "as you have a winemaker talking you thought the wine you are drinking."

Stand in front a supermarket fixture in the future and you will be able to "talk to it" to direct you to the product you are looking for. We will soon of struggle to know if we are talking to a human being or a voice-controlled bot when we call customer service lines.

"Remember we will be the last generation that will be able to remember life before we had voice," he added. "Our children are growing up with assistants. They are already used to them. We are controlling our TV sets with voice commands. All this every day technology will make it an integral part of our lives."

If it all seems a bit daunting then get into audio first, said Poulter. The rise in demand for podcasts which could be short, long or in between is a great way for brands and businesses to take the first steps into the future of voice. The introduction of 5G technology will also help fast track the use and capability of voice and audio, said Poulter.

We have already seen during the impact of the Covid-19 outbreak and our enforced lockdowns how easily we have moved online and used voice and virtual tastings and online meetings, webinars and conferences as part of our daily lives.

Paul Mabray, chief executive, Emetry

Paul Mabray of Emetry, which specialises in data analysis and insights for the wine sector, was able to lay out the hard facts about where wine sits in the scheme of things in terms of declining sales, and fewer new and younger customers coming into the category.

“We are living in the most competitive market in history for wine, but wine sales are slowing down all over the world,” he said. “The US has just had two flattest years for wine sales in the last 20 years.”

Yes, there might be a rise in premium sales (at least before Covid-19), but overall volumes are down. “We are now poly drinkers,” he added. Wine is just one of a number of beverages we regularly choose to drink and buy.

The sector’s problems are only going to get worse as it faces even more competition from other drinks categories, be it premium spirits, cocktails, hard seltzers or non-alcoholic drinks. All of which means there is going to be a lot of oversupply of wine in the world.

Find our answers online

If we are going to stand a chance of fighting back, or at least of making the case for fighting back, then we need to be online, we need to be on top of digital, he said. Not just through ecommerce, but in all aspects of what digital can do for any business.

“We are in an internet society, it fuels everything we do,” he stressed. “Ecommerce is the fastest growing category in the US.” And has only grown even more as we all race online to see ourselves through the Covid-19 crisis.

Yet Rabobank, the wine analysts, estimate the wine industry is losing billions in dollars from lost ecommerce wine sales.

Which means we have to understand online. Not just what it does, but how it works and how, if you drill into it deep enough, it can reveal information about our businesses we never knew we could find out before. Data scientists should not just be geeks sitting in the corner of an office, they need to be freed up and brought up front and be helping to drive a company’s overall growth strategy, said Mabray.

If you are investing in social media, are you on the right platforms? Do you know that every day 30% of internet users are on Facebook, 27% are watching YouTube, 26% are sending messages on What’s App, 19% are on Instagram? You need to have this information at your fingertips, said Mabray. For your best competitors will.



He agreed with Poulter that we all need to have a voice strategy. And fast. Emetry predicts smart speaker adoption rates will be faster than any other consumer device, with 50% penetration within five years, compared to seven years for iPhones.

“It’s weird at first to talk to a machine, but voice assistants are the fastest growing new device of all time.”

It’s the impact voice is going to have on how we behave as individuals and businesses that we need to fully understand, he added.

Again it’s where Amazon, by controlling so many of the sales of voice assistants through Alexa and Echo, is going to dominate even more of the commercial world around us. We have to recognise it for the big bad “demon” it potentially is, warned Mabray.

“Amazon is going to be a wine category changer that we have never seen before,” he claimed. Now that it is driving its own bricks and clicks strategy with Wholefoods and its own stores the ante has been raised even further. “No other sector has seen a competitor that Amazon is to wine.”

We have to go DTC

But there is hope. Providing you have the tools, the foresight and the commitment to take control of your own digital strategy. Which for Mabray has to involve a direct to consumer strategy. Whether you are Treasury Wine Estates, or a fine wine producer, or an importer in between.

The big lesson that has already come out of the Covid-19 outbreak is how dangerous it is not to have a digital and direct to consumer strategy and how many businesses have quickly moved to set one up.

Look at how a major retail brand, Nike, has switched its business strategy over to DTC to enormous success in the last 10 years. Its DTC sales were over \$11 billion in 2019, compared to \$7.8bn in 2016 and \$2.4bn in 2010.

Using all the new routes to market that are going to open up all around us - like social media - means there are going to be many ways for the industry to fight back against Amazon.

Just look at all the fast growing digitally native brands - Casper, Harry's, All Birds - and they are all operating and being successful outside of Amazon's shadow, explained Mabray. "DTC is where all wine brands need to be," he claimed. If major water brands can convince us to pay to shift heavy bottles of water to our door, then surely, we can do the same for wine and spirits.

Do consumers care?

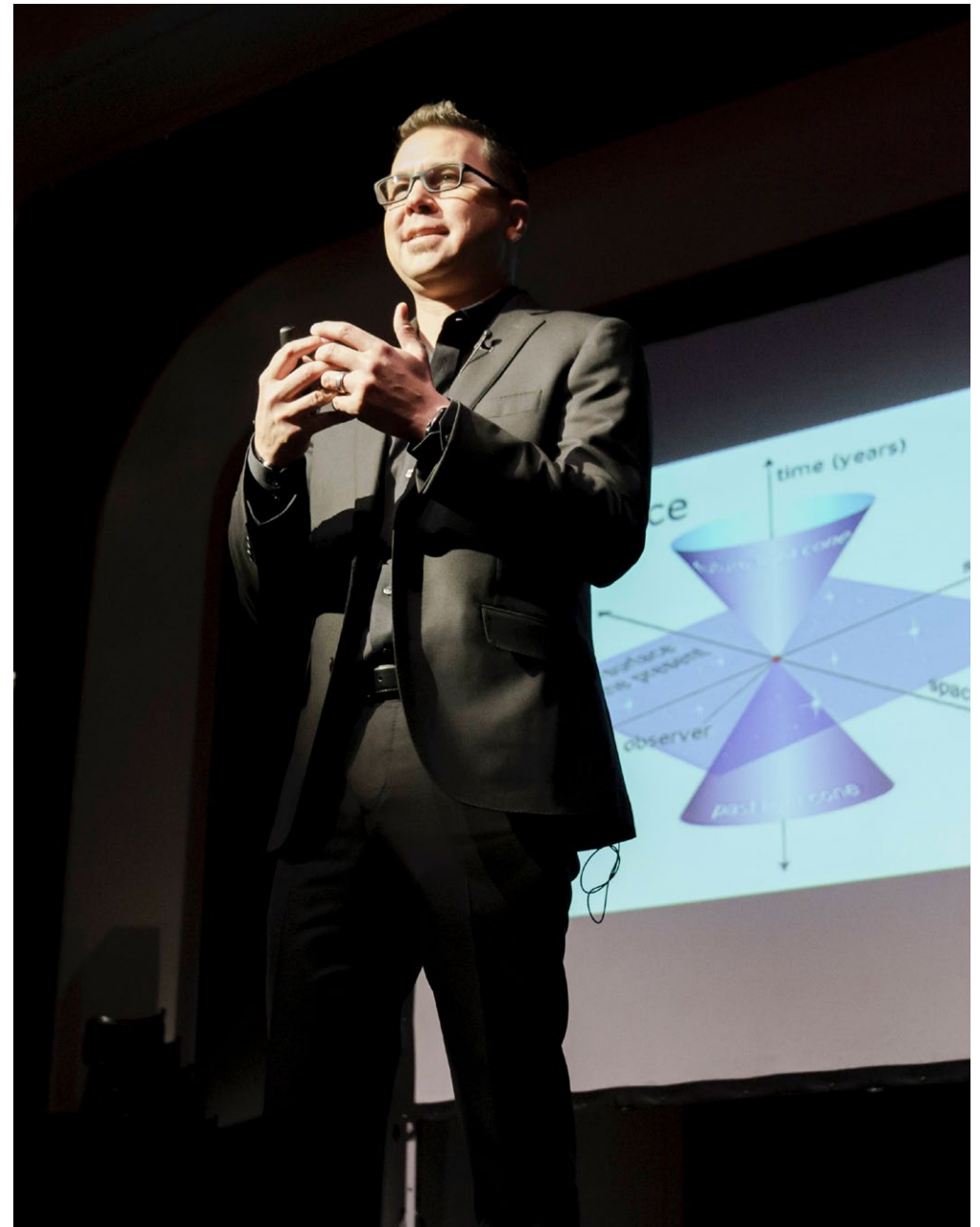
The issue is how much does the average consumer really care about wine to bother where it is getting it from. In the US it is hard to find much wine chatter on social media for wines below £20 a bottle.

Whilst there are online shoe sites with billions of dollars in sales, there are only four US wine sites with sales above \$100m.

When Emetry analysed 80m online conversations that had taken place on these four wine platforms only 45k that talked about a specific tasting note and 8m mentioned an actual brand or region, the rest just said they liked wine and were looking in general for something to buy.

But ask a room full of people at a wine conference how many are investing properly online and in social media and only two or three will put their hands up, claimed Mabray.

He questioned whether 19 Crimes was getting as much analysis out of its user data from its app as other digitally native brands are.



Need executive power

The big issue for any business looking to move its strategy to digital is getting buy in at chief executive and board and budget level. Otherwise it isn't going to work. "Otherwise it's just a service," he said. "It has to become the culture of the business."

The key, he added, was to "start small, aim big". Or as he asked: "How do you eat an elephant? With small bites."

To have a good digital strategy means taking "small steps". Make sure everyone in the company is on board and "using it" and it "becomes part of your culture". Or as Mabray says: "Nail it before you scale it."

Which when it comes to selling wine also needs a step-by-step process. Take the time to really "understand why people are buying" your wine. "What is the job to be done to connect with that consumer? What tools can you use?" "How does digital mesh with your brand." "What AB testing are you doing?"

You also have to be prepared to invest to fail, he stresses. Amazon is so successful because 27% of its profit goes into R&D. All top 10 US R&D companies are technology businesses.

"Test, test and test and when you hit it, throw gasoline on it."

Work with your team

One obvious trick, but often over looked, is your own team and staff when it comes to developing new technology or testing it out. Get them to use it. Learn and adapt and change from their mistakes. "Usage is like oxygen," he added. "The more you use your own tools, the more you will understand them."

That's where you need to be concentrating your resources and your time.

The best in the business use digital tools to make what they are offering "more human". "People ride a skateboard because they want to. Yes, they need all the bolts etc. to put it together, but they don't need to understand how it works. It's the same with wine. People buy wine to enjoy it. They don't buy it for all how it is put together."



Polly Hammond of 5 Forests and Paul Mabray in conversation

The spotlight then fell on our two data, brand and marketing consultants to shine the light on each other and explore what they both collectively see as the challenges and opportunities for drinks companies.

The most fundamental is the skill gap there is in the drinks industry - particularly wine - in having the right people even in the company to help out. 'How can you develop, implement and then measure how effective your digital strategy is when you don't have the right people in charge of it?' asked Hammond.

They both lamented the fact that out of 10,000 wineries in the US there are only, to their knowledge, three vice presidents of digital in wine companies in the US and less than 10 that are at director level.

"That's just dumb," said Mabray. It's also what holds companies back when they set about trying to change and implement a new digital solution in their business. They often, he added, don't know what that solution could be because digital and data is seen as a 'service' to the company, not an integral part of it from chief executive down. "They are project orientated rather than solution orientated."

Hammond agreed: "If you don't measure your digital effectiveness, then you won't know what you still have to do," she said. "But then some brands and wineries don't actually know what they should be measuring in the first place."

Company centric not consumer

Too often wineries will build a website that is all about them and their needs and don't take into consideration what their customers might want.

Mabray said it was not possible for wine businesses to have the skills in-house to do all this work. "So buy it in. You can't know it all," he said. "What are you trying to deliver for your customer?"

Hammond said it was also a case of having a "can do" attitude. You may not have a big budget to do large scale research, but there is nothing to stop you doing more manageable studies of 50 to 100 people. "Talk to people and then scale it up," she said. "We do AB testing for small projects as much as we do for larger ones."

"Again," said Mabray, "don't be overawed by what you want to do. Break it down into smaller affordable bites and you can still do it."



Whatever approach you take, the key is to do something, particularly around digital marketing. "As the market is becoming more challenging, we have to evolve. It's a necessity," said Mabray.

Particularly if you are a small winery or drinks business. "Their ability to be successful as a small winery is through the internet. If someone is looking for a Sauvignon Blanc online how else are they going to find you?"

Then for bigger players the opportunity to really dig deep into consumer analytics online, and to understand what conversations are being had about, say a particular style of wine on social media - like rosé - can open up so many answers to drive their business forward, he stressed.

He explained how he was able to help Pernod Ricard create three different rosé brands that was just based on what analysis they could take from assessing social media conversations. "What flavours, what colours, what labels, where they were from, all that information helped them create these three brands," he explained.

Going back to the need to bring in outside help, Mabray said businesses should not dismiss the idea of using influencers. Yes, the whole 'influencer industry' has become a problem, but if you find the right people to work with "it can convert to dollars whether we like it or not". "It does influence people's decisions. It's not always the right answer, but it is a skill set to use."

James Harmer, planning director, Touch

Has there ever been a more relevant and important time to be talking about packaging, asked James Harmer of Touch Design.

Our collective acceptance that we all need to be doing something to help address climate change and be more sustainable in our lives has put packaging firmly on the social, political and consumer agenda.

“Packaging is dominating the discussion,” he said. “It’s where consumers want to change their habits. Plastic is now the demon. We don’t like the fact there is so much waste product we are left with...Connected consumers are more savvy and know we are part of the problem. Their expectations have changed. They have new desires.”

How consumers make choices about who they spend money with will be more and more dictated to by the environment and how it makes you look to your friends on social media.

“Our identity will be wrapped up in how and where we shop, what we do and where we go to eat, drink and travel.”

The key for those involved in making and using packaging is to look at what alternatives offer consumers a “guilt free solution”, stressed Harmer. We want to feel like we are doing something to help not make matters worse.

Carbon use and plastic might be front of all our minds now, but other issues will become more important, like the amount of food waste we are all responsible for making.

The next 10 years will be critical for how we all tackle these issues and find the right solutions, he claimed. “We have 10 years to look at new ideas and implement them.”

Just the changes in packaging reforms and recycling costs will force any business to rethink what they are doing around packaging. Harmer claimed recycling reforms are predicted to cost the UK FMCG sector up to £2billion a year to comply with. Whilst Packaging Recovery Notes - the fee paid by manufacturers to recycle their products - is currently around of 10% of costs, that is going to increase greatly under UK government plans.

It’s where our major supermarkets have the chance to once again drive the agenda and change all our behaviour as consumers, but also as brands and suppliers.

Look at what Tesco, he said, is doing with its move towards compostable packaging and the new demands it is now placing on suppliers to follow.

“Packaging is going to change beyond recognition as we are going to have consider the entire product lifecycle in the future. How far has this product travelled to get in front of me. What is its carbon footprint?”



Any new packaging design, for example, will also have to look at the carbon and emissions impact down the supply chain. And that includes the design and materials used in the packaging.

We are already seeing good examples up and down the high street. The eyewear brand, Luxottica, has got a lot of traction out of switching away from plastic and trying to using recyclable aluminium, creating a pair of Ray Bans out of two old Coca-Cola cans.

Return economics

All sectors are faced with the same challenge, said Harmer. Reusable packaging is slowly being introduced and rolled out at the likes of Waitrose and Marks & Spencer and we can expect to become used to the phrase “return economics” in the years ahead - where recycling and re-usable packing become a bigger part of the retailer, supplier relationship. Namely the idea of creating product packaging that we use time and time again - like we do with water bottles and our carrier bags. This is already being driven by the new Loop concept of packaging whereby you pay for a container or a package, for say Haagen Dazs ice cream, and then use it to refill that item time and again will become far more common place. So whilst the Haagen Dazs container might cost £8 to buy you can use it over 100 times.

“Tesco is involved in these trials. If it works we could see a myriad shift in the way we use and buy products and brands,” he claimed.

The options for new packaging could actually see new forms of plastic come into fashion that are actually better for recycling.

Glass in the spotlight

The spotlight is also going to shine brighter and brighter on glass and the carbon factor that is currently coming from the use of glass - which has big ramifications for both the wine and spirits industries. “We need to look at new solutions which means we are not locked into glass,” stressed Harmer. “The myth around glass is about to be broken.”

Changes that will see radical new glass designs that significantly change the shape, but also dramatically reduce its carbon footprint.

He said we can expect to see game changing new developments in packaging that dovetail with chemical recycling innovations, and the use of carbon negative materials.

“Businesses, like Ikea, are looking at how we can take carbon out of greenhouse gas emissions and re-use them in packaging.”

We could see the return of paper packaging and developments around 3D printing. “We have a 10-year window to get this right.”

After all, said Harmer, “the elephant in the room is carbon”. Where is the drinks industry in “catalysing a move from the brown to green economy?”.

“The wine industry could be a leader, primed for a packaging revolution or become a reactive follower,” he added. “Either way, change is coming.”



Kevin Shaw, Stranger & Stranger

Kevin Shaw, founder of the highly influential drinks design agency, Stranger & Stranger, said he was excited about what he now saw as an “anything goes” culture when it comes to design and packaging. Be it banana-flavoured whisky or designing a luxury bottle of tequila that can retail for over £1,000 a bottle, it’s an exciting time to be a designer. At least in the United States.

He said he “escaped to the US” a number of years ago as too much energy and effort in the UK is spent trying to create wines and designs that only retail for £4.99. Whereas in the US it is a completely different attitude: “In the US people say that looks really good, how can we sell it for even more? They just think differently there.”

Now he is often being asked to do designs for wines that are going to go on shelf in a liquor store or supermarket at over \$100 a bottle.

“We take private label and give them something to be proud of. Use two syllables. Be memorable,” was his message. Give them an opinion, a message, something they stand for.

The trick for private label in the US is to use exciting and daring designs and cool looking bottles and fonts to attract customers to a certain name or own label brand and then introduce lots of other formats and designs that they can upgrade to. “In the US they say ‘give it a go’. I just wish the retailers in the UK would at least try some interesting things.”

Second that emotion

“It’s about getting an emotional response,” said Shaw, who would love to see the square shaped bottle really take off in the wine sector. “How much space would be saved if we moved to square bottles?”

19 Crimes has not been the phenomenon it has been because of the wine in the bottle, but because it connected with consumers on an emotional level. You wanted to hear the prisoners’ story. Go into their lives.

The drinks category is blurring thanks to the brave decisions being taken on design and the fact a spirits bottle now look more like a perfume or medicine jar. “There’s an attitude in the spirits world that anything goes”, stressed Shaw.

“We are being asked to do different bottle shaped designs all the time. That and flavours. Who knew a banana flavoured whisky would do so well?”

He said a classic example is whisky producer and brand, Compass Box, for which he has now done over 40 different designs. “Every brief comes with evocative ideas for what is



ultimately a brown spirit. But it's just great to have amazing ideas to work with. It also means you then get the collectible aspect to it and people queuing up to buy the next design."

It's why he takes his influences for what is going to work from every culture and art form he can. Be it historical statues, maps, art, opera, film, music, pop culture. It's all up for grabs and can work so well if used with genuine creativity and if it really helps to tell the story of the brand.

It's all about creating brands, design and packaging that make people want to pick the bottle of the shelf, look at it, touch it, and most importantly, not put it back.

Done right then a good design can allow retailers and brands to attract customers at a lower price point and then move them up to other more expensive wines and spirits from the same producer.

"Just do something that looks cool. Everyone wants something that's cool. Not something that's just cheap," pointing to the work he did for the Duelling Pistols wine brand from Terlato Wines. A design that recreates an old Western-style shoot out that wraps around the bottle, but deliberately does not meet up correctly.

All individually placed on the bottle by hand. It's that level of attention that is needed, stressed Shaw.

Be brave and unique

Find the right historical cue from the world of art or history and it can help elevate and turn what is effectively a standard product into something completely aspirational and unique.

He also picked out what has become the iconic design for The Prisoner in the US. A brand that does not tell you anything about what is in the bottle, but has been a phenomenal success and sold for an astonishing \$285m. "It appealed to people because it's got an attitude," said Shaw.

It also became the first wine brand, he said, to use its design to sell for what would usually be a spirits brand type of acquisition. It was a brand that did not even have a winery behind it when it was sold.



Simon Mayhew, IGD

Simon Mayhew of the IGD agreed we are all now dealing with a very different consumer to the one we were trying to attract and target five or 10 years ago. But it's only their expectations that have changed not their basic desires to shop and spend money with retailers who are offering them the brands they want to buy at the prices they can afford.

They still want great choice, but it now needs to be targeted far more at them, stressed Mayhew. They want it to be easy to go and shop, but that expectation of convenience is now so far advanced to what it was thanks to the same day delivery standards set by the online giants.

"Amazon has met and changed shopper needs," he stressed.

Now consumers expect and want to use technology to make their shopping experience more personal, quicker, reliable and based on what we have bought in the past.

He said we should all be open and excited about how new artificial intelligence tools will help brands and retailers offer consumers a whole new level of personalisation they have not experienced before.

Shoppers are excited about new technology, they love seeing all the new interactive ideas being introduced to their favourite stores that makes going there a more enjoyable experience. IGD's own research shows how 77% of consumers want to use technology that can help them. But, in particular, they are attracted to apps and online tools that help them shop better in-store. Or as Mayhew puts it: "Digitising and personalising the path to purchase in-store."

How relevant are you?

We might have spent the last few weeks living our lives online, but the IGD (speaking before the Covid-19 lockdown) is confident the vast majority of our grocery shopping will still be done in a physical store come 2023 - some 92% of it.

The key to understanding how well you are doing as a retailer, or a brand supplying these physical stores - be it a supermarket, discounter or a c-store - is your ranking and performance when it comes to: relevance (to your shoppers' needs); efficiency (in terms of managing costs and time); and point of difference (standing out from the competition).

He urged the delegates to get out of their comfort zones and visit and seek out retailers not in their normal working life to see what they are doing. There are great examples of what you can do if you look.





Like Albert Heijn that can now analyse your shopping basket for you and tell you which products are good or bad for your health and suggest alternative products to replace them. To do so it is having to work with and seek out businesses that it would not normally be associated with.

For as its chief executive, Frans Mullers, says: “Our world is getting too big, too complex and too fast to do it alone.”

Walmart in the US allows you to do a DNA test and then see if the products you choose to buy are suitable for your DNA. You can’t get much more personalised than that.

Alibaba in China is even rewarding customers for how much they interact with their retailer brands on social media, earning discounts and rewards for likes and retweets.

The winners and losers in retail in the future will be those who can analyse their shopping data and then act on it to give their customers ever more personal and relevant shopping experiences when they choose to shop with them.

We are living in an age of “frictionless shopping” where we need to make it as easy as possible.

Carrefour even now has a floating ship in popular seaside resorts that allow customers to order online and then someone on a jet ski will go out and deliver it to your yacht.

The future of great retailing will increasingly be about shopper-tainment and finding ever more creative ways to attract people to your stores.

It’s where the wine and spirits categories need to raise their game in-store. They are part of the ‘ambient’ and far less interesting aisles for shoppers to walk down than those selling fresh and more specialist fixtures, said Mayhew.

But then we are not all operating on a level playing field, stressed Mayhew. Tesco works to an overall margin of only 1.5%, compared to 5.1% for Amazon and Google’s Alphabet business that is up to 24.4% margin. So a business like Tesco has to work so much harder for any profit it makes, he added. Which is why cutting costs is as a much bigger challenge to bricks and mortar players.

Mayhew identified four key capabilities that brands and retailers will need to be on top of in the coming years:

Leadership and technology: champion the potential of technology from the very top of the organisation.

Culture: empower people to be creative, foster a test and learn culture and challenge existing ways of working.

Data: treasure and protect your data, for along with your people, it will be your most valuable asset.

Talent: cultivate diversity and a lifelong learning mindset, but also recognize that many people will resist the changes you are trying to introduce.

Panel Debates

The day also included two panel debates that allowed key figures from within the drinks industry to share their own experiences about how they are using new technology, data and insights in their companies. But also how being able to offer, present and share experiences are now so import to how a drinks business needs to operate.

Panel 1

The first panel brought **Illy Jaffer**, Kinetic Communications, **James Balcazar** of Treasury Wine Estates and **Liam Hirt** of Circumstance Distillery together to give good examples of the steps they are taking to work with new technology and digital tools in their businesses.

Be ambitious

Illy Jaffer was able to share the expertise he got when he set up what was arguably the first dedicated experiential team for a major drinks company at Pernod Ricard in the early 2000s.

By being given the freedom and the ambition by the company to try out new ideas and be brave he was able to do what were at the time ground breaking initiatives. Like turning an old music hall into a recreation of Breschnev's Russia in order to promote the Stolichnaya vodka brand. A night that included flying in the official Moscow choir.

He said the "experiential" strategy worked because "It instigated a mindset change" within the overall business. "We became an internal agency, a business within a business that was an integral part of the brand planning cycle rather than a reactive afterthought."

Jaffer was keen for drinks companies to take more risks. To get out of their comfort zones and really challenge themselves in order to say something that is going to be interesting to their consumers.

Brand disciplines

For James Balcazar managing the digital and social media activity for Treasury Wine Estates in the UK and EMEA means working very much hand in hand with the rest of the brand and winery teams. It's essential you all buy into the same story and strategy behind each brand. As the approach you take for 19 Crimes is going to be very different to what you do for Blossom Hill, he stressed.

Which social media platform you use is also crucial to get that messaging right. What works well on Instagram is not going to be effective on Twitter and vice versa. So truly understanding who the customer base is for each brand is essential if you are going to get



the right tone of voice for social media.

He also said it was important to know how much you need to be saying on social media to be effective. You don't need to be posting out information all day, every day. Be selective and creative and your posts are more likely to stand out if they are timed to come out when your target audience is most likely to see it and engage with it.

Social media is also a great, and cheap way, to get direct feedback from your customers, said Balcazar. The big skill is actually being able to listen to what is being said about your brands and how users interact with each other, where your brand is the catalyst for the conversation.

Being brave

Liam Hirt, co-founder of the craft spirits business, Circumstance Distillery, was able to explain how it was able to create what it claims is the world's first AI-generated gin - appropriately called Ginette. It may not have sold a lot, but it was able to use the experience to really show case the different approach that Circumstance takes to all its brands and how left field thinking helps create the unique brands it make.

The AI gin was created from using a neural network that analysed thousands of botanicals to come up with recipes that the Circumstance team were able to trial to see which one would work best. The neural network also then came up with the name and a label design.

Hirt said it was hard with so many craft players to be noticed and that it was really up to any brand to do what they can to think differently and, picking up on Jaffar's theme, to be brave enough to really test new ideas and give things a go.

That's what excites and frustrates Jaffar at the same time. Having been able to work on so many exciting projects and brand launches and initiatives over the years, he knows what can work and how being brave really can work. Yet, he sees so little of it, particularly in the wine sector, where everyone is looking to follow each other.

He called out to the audience and the wider drinks industry to really ramp up what they can do to, because the consumer will go with you if you do. What's holding everyone back?



Panel 2

The closing panel of the conference brought wine journalist and wine producer, **Robert Joseph**, together with **Lucy Auld** from Freixenet Copestick, **Rollo Gabb** of Journey's End wine in South Africa and **Paul Mabray** from Emetry.

Here the focus was on how different wine companies are marketing their brands, their wine and themselves, how important digital is to do that, and what is it that defines being a successful wine brand.

Lucy Auld spoke of what she saw as the "juxtaposition" there is between younger consumers on social media and brands. On the one hand younger users are spending a lot more time "on digital platforms" but are "not talking to anyone" and yet are "expecting and demanding high engagement from brands". So, whilst they might be more "insular" they want the opposite from brands.

Which is why it is so important to get "your tone of voice right" for your brand so the target consumer feels it is a natural way for them to be spoken to on social media. "You need to really get under the skin of your brands."

It's a similar story with the retailers, added Auld, who now expect to see the brands they work with highly active on social media. "They want their shoppers to be entertained and engaged and put the pressure on brands to do that."

Market Focused

Rollo Gabb was keen to pick up on Paul Mabray's point from earlier in the day about the need for wineries to be more market focused. He said that its winery operates in 32 countries and "every single market is different and very much different when you go from the east to the west".

"We make wines for our consumer base in a market, as opposed to saying this is the wine we make, do you want to buy it? We have to be looking at all consumer segments. The US palate is very different to a European one. The Asian market requires very different packaging to European ones. Everything needs to be segmented and our products need to be different. I don't believe there is a one jumper fits all approach. Even for New Zealand Sauvignon Blanc it would be dangerous to try and take one single flavoured profile across a global market place."

To be able to achieve this you need to be listening to the consumer in each country as well. So, for China that means having your own WeChat channels. "We need to be directly talking to the consumer on multiple different levels, be it retail, or through the



on-trade, and tend to work with different distributors to help us do so."

He pushed back a little on the fact wine brands are not as creative as spirits in their packaging and "we don't engage the consumer in the same way". "But those spirits bottles are retailing at £15 to £20 to £25 and that makes a difference."

Auld said Freixenet Copestick took a similar multi-layered approach to Gabb on its key brands such as iHeart, Mionetto and Freixenet. It is vital for them to get as wide as reach as possible for their brands' message.

The one big theme, however, that combines all the markets he works in is a desire and interest in the producers they work with being sustainable. "That you are not talking any short cuts at all in your farming practices," he explained.

Robert Joseph was able to look back on a career that has seen him “stop being a wine critic some 15 years ago”, when he teamed up with Stranger & Stranger’s Kevin Shaw to actually produce and sell his own wines.

Three different wine worlds

He is now in a position to look at the wine world being divided into three parts. The one where everyone has “caught the bug” and is obsessed about vintages, and styles of wine and winemaking itself; then there is the “functional” element where people are just looking for a ‘Grape Based Beverage Alcohol’ where there are no real brands; then there are the wines that are “bought like perfume” which really connect with their customer base. Brands like iHeart and Trussock Jumper.

“You’re in a store and you see the ‘heart’ and you know it is going to give you a consistent experience, so you buy it,” explained Joseph.

He hopes he has been able, along with Shaw and the rest of his team, to do something similar with its Le Grand Noir French wine brand that is now in 50 odd countries and sells 3.6m bottles.

It’s also where he agreed with Gabb that tastes and needs do vary a great deal between countries and markets.

The challenge, though, that drives every brand owner is being able to continue to convince new consumers to buy another bottle. It’s what has made Coca-Cola the global success it is. It “chimes” with the consumer. In the same way The Prisoner wine brand has been able to.

“Veuve Cliquot does it. It’s a Champagne that if you take it someone’s house they are going to be pleased to receive it.”

Double speak

But as a wine producer looking for a listing, added Joseph, you also have to be able to do the “wine talk” and talk about the soils, and the terroir in order to convince the gatekeepers in restaurants and retailers to stock it - and then sell it to consumers “who do not give a stuff” about any of that.

The beauty and big attraction of online and going direct to consumer is you can cut all that out and just focus on communicating about your wine in a way the consumer is going to enjoy, said Joseph.

Paul Mabray summed it up nicely when he said: “We don’t know a lot about what we don’t know. Who is the customer picking up a bottle of wine in a store in Chicago, or choosing a wine on the list in The Wolesey in London. That’s a problem.”



What good data analytics can do is give the brand or the producer the power and the knowledge to go to their retail customer - the ‘gatekeeper’ - with information they don’t know, explained Mabray. “You can go to them and say this is something that can help you in this market.”

The dial has definitely been turned in the US, he added, and it was now exciting to see the steps that brands are taking to understand the market and the consumer better.

Auld said that whilst it took digital and social media very seriously, she urged drinks brands not to ignore the power of television and on demand subscription. It had enjoyed a great deal of success aligning its brands to certain programmes and got great reach as a result. But overall each medium needs a different strategy.

Knowing what sort of visual messaging is effective for your brand is also key, said Auld. Particularly when you only have three seconds on Facebook, two on Instagram and one second on Instagram Stories to get your message across. “Content and creative is absolutely key to get right,” she stressed.

Talking to consumers

Mabray said the big challenge the average wine company has yet to get close to solving is how embedded a digital first strategy is in their culture. “The wine industry is just pushing out content it is not talking to its customers,” he said.

He used the online shoe company, Zappos, as an example, where the owner, and all the team answer customer service enquiries.

Auld said this was very much their approach when it runs its experiential events, like pop up bars and gets involved in events such as its partnership last year with Christmas at Kew Gardens. Here, she said, the key is to get their product “into as many hands as possible” in a way the consumer will remember it when they are next in a supermarket faced with the “wall of wine”.

It needs to create “Instagramable moments” that hopefully consumers will then share on their social media and get them talking about your brands with their own words and voice.

Taking control

Joseph said the biggest issue the wine industry has is by nature it is not a “nimble industry”. It takes a long time to plant vineyards, and make wine, so can’t just change tack and follow consumer trends at the drop of a hat.

But whilst that is a fact, it can’t be an excuse, and it needs to be constantly looking at ways in which it can adapt and be innovative - particularly at the premium end. To make the commitment to have a R&D budget.

He lambasted the “stupid, stupid, stupid” wine industry for continuing to sell a £4 and a £400 wine in exactly the same type of bottle. Why not pack all the cheap, every day wine into pouches and other formats and only keep the classic glass bottle for premium wines?

Finally, the debate again switched to the direct to consumer model that we have seen prove so exciting in terms of the industry’s response to Covid-19. It has to be the way forward, said Joseph and Mabray, as it gives brands and producers the freedom to do what they want. To set their own margins.

Joseph foresees a future where wineries and brands create a DTC model that they can operate separately, but alongside their other more traditional routes to market for other brands.

“I think we need to understand which products it works for,” said Joseph. “One of the problems with DTC is it can be hard to keep consumers interested in your wine. There is a churn rate as people move on to other online players.”



What he does see is wineries working with other wineries, they don’t compete with, say from different countries, so that together they can keep on offering consumers new products to keep their interests up.

Gabb said it’s a similar teamwork approach that he has been pushing with 12 other premium wineries in South Africa (PIWOSA) to work together, on joint tastings and combined cases to sell into new markets.

Auld said it would be “stupid” not to be looking at a DTC route to market. “We definitely see a future for DTC, it provides a huge opportunity for the future. It’s also a great place for innovation as it can be so hard to sell innovation into the major multiples.”

Mabray said the DTC model is adapting fast in the US as brands understand better how to really connect with consumers. What he hopes is we will see brands and producers take different approaches so that we can all learn from each other.

He understands the reluctance that wineries have in case it upsets their retail customers, but ultimately this is the way the market is going and it needs more producers to wake up to it and give it a go. “If you have an effective DTC business you are actually stimulating the market where those people are buying,” he said which is also good news for the restaurants and retailers in those areas too.

Even in the few weeks we have all been confined to our homes due to the Covid-19 outbreak we have seen how important technology and, home delivery, has become and how quickly people of all ages have all happily gone online, embraced new technology and are using and adapting it to work for them in our new normal lives.

The One Step Beyond conference set out to demonstrate just how important disruptive technology now is in our personal and business lives and the last few weeks have proved it without doubt.

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CONNECTING THE PREMIUM ON-TRADE

The One Step Beyond Conference Report

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