

6 Covid-driven alcohol industry trends that will stick



By [Natasha Maharaj](#)

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Major global catastrophes have shaped the world by changing human behaviour and enabling new growth opportunities and innovation - the Spanish flu in the early 1900s shaped health care consumption, World War 1 and 2 shaped the industrial revolution and the acceleration of technology to enable scale manufacturing leading to new consumer purchasing behaviours.



Natasha Maharaj, marketing director, Distell. Source: Supplied

Similarly, the Covid pandemic changed the shape of consumer purchase behaviours, rituals, and attitudes in the alcohol industry in South Africa.

Covid has forced consumers to pause and re-appraise their lives. This includes their relationship with categories and brands.

Even at the early stage during the tumultuous lockdown and lifting of alcohol bans, we saw significant shifts in the demand landscape. Consumers' re-appraisal seems to have translated into important category shifts and considerations.

Consumers, like you and me included, have probably shifted our behaviour in some shape or form considering this new world of the in-home (value) economy.

The initial bans forced in-home consumption which gave rise to totally new occasions. Initial indications are that there are more occasions that exist now vs pre-Covid, where consumers appear to be using a wider repertoire of products across different occasion types.

How products are consumed is also changing. There seems to be fewer male beer-only moments, replaced by unisex drinking. Consumers are more open to more unisex, sweeter drinks e.g., qualitative evidence of more males being open to and enjoying wine.

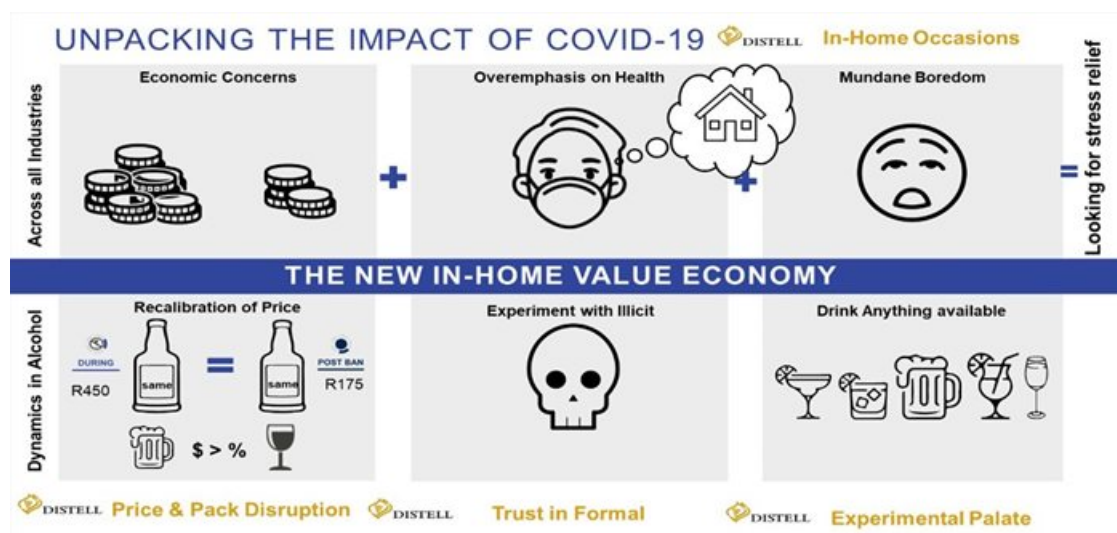


Distell sees a rise in unisex drinking occasions. Source: Supplied

Due to some poor experience with illicit trade during the bans, there is a renewed appreciation for the intrinsic with a deeper respect for quality, well-known and trusted brands.

Given all the restrictions and pressures, it is no surprise that consumers are looking for deeper, more meaningful experiences that challenge their comfort zones. This is partly expressed by the digital storytelling explosion driven by social media and the elevation and need for fun, bonding, and indulgence within the home environment.

We have also observed the economic pressures translating into stronger value being demanded and more consciousness around bang-for-buck and a strong value equation for the consumer.



Source: Supplied

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Key themes in the SA alcohol landscape I believe will continue into 2022:

1. Value for money

Amidst a tough macro economy, consumers are looking for value. We have seen a surge in bigger pack formats in the last year – Wine, Ready to Drinks, and Spirits – driven by value, bulk purchase, and storage. With depressed economies, the value equation is more critical than ever.

There seems to be an even smarter, savvier shopper who is prepared to up trade to larger packs (cases, 5L, bulk packs, etc.), either for their own consumption or for sharing across households. Shareability and re-sealability have become more important as bulk packs grow.

2. Evolved experiences

The omnichannel approach has become more significant given consumers spending a lot of time at home or at more intimate hangouts. Brand consumer experiences have become more targeted digitally, made more enjoyable and fun so a consumer doesn't switch off, relevant and standout, virtual or contactless free to de-stress them, entertain them, educate them, and continue to drive brand love that is meaningful in their world.

The need to provide experiences beyond the product has been heightened.



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3. Conscious consumption

As consumers are more aware of well-being and health, amplified by the pandemic, they are seeking “better” products. A moderate and responsible drinking culture will emerge more strongly with a need for lighter styles, lower ABV (alcohol by volume), and alcohol-free on the rise.

Lower ABV offerings like seltzers (Vodka spiked water between 3-5% ABV) have been strengthened by not only the regulatory environment, however also by consumers looking for the taste but not the after effect.

4. Brand purpose

Consumers have also become more alert to what brands have to say and do. Credible societal impact is demanded, with empathy and active support for the local community and planet, and the rise of locally made products and services being considered more deeply.



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5. At-home indulgence

With additional disposable income for some consumers who are not traveling or eating out as much, the desire to re-invent fun and indulgence moments in-home has grown. Consumers appear to be prepared to splurge on such occasions, as evidenced by the up-trading and growth of premium champagne, cognac, and other sparkling wine brands in the last year.

6. Unisex drinking occasions

The rise of mixed-gender occasions and gender-neutral drinks was exacerbated by Covid. Previously there were large single-gender drinking occasions. Covid forced at home drinking, which in turn reunited spouses, partners, mixed-gender friends to drink together. In-home and local smaller hangout occasions have shifted into chilled and relaxed moments of enjoyment, connecting and bonding.

ABOUT NATASHA MAHARAJ

Natasha Maharaj is the Marketing Director for Distell. Natasha in her current role has led the Marketing Department of Distell Southern Africa for over 2.5yrs which includes short and long-term marketing and innovation strategy development and execution. She leads the balance between customer and consumer orientation in the commercial leadership team, strategy formulation and investment decisions across consumers segments and the Southern Africa portfolio, as well as the relevant brand custodianship.

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