

As Consumers Continue to Shelter in Place, Alcohol Purchases Increase

Drizly's director of brand discusses how alcohol purchasing behavior is shifting online

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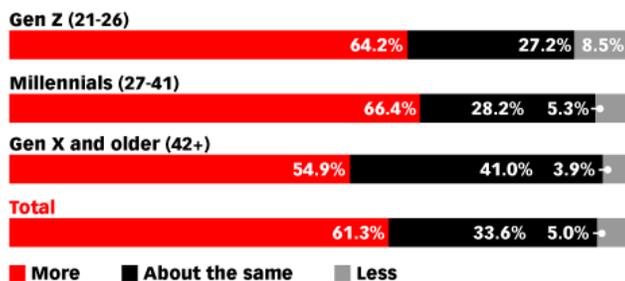
Rimma Kats

Since stay-at-home orders were put in place, more adults in the US have significantly increased their alcohol purchases.

Roughly 61% of US adults ages 21 and older said they bought more alcohol since March when the pandemic hit, according to June 2020 data from alcohol ecommerce company Drizly, based on its platform activity. The study also found that younger consumers, specifically millennials, lead the pack in online alcohol purchasing.

Alcohol Purchase Behaviors Among US Adults Since the Coronavirus Pandemic*, by Generation, June 2020

% of respondents in each group



Note: ages 21+; represents activity from Drizly's platform, broader industry metrics may vary; numbers may not add up to 100% due to rounding;

*March 2020

Source: Drizly, "Consumer Survey Report 2020," June 25, 2020

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We recently spoke with Liz Paquette, Drizly's director of brand, about the study, how consumer behavior is shifting online, and what the company is doing to retain new customers.

Were there any surprising findings from your recent survey?

We generally experienced a pretty big surge in sales over the past few months as more consumers looked to online and delivery services as safer alternatives.

There have been some standout findings, one of which is the overall increase in new buyers. There are lots of new service trials happening. Another thing we saw is cocktail culture coming home. Specifically, there's been phenomenal growth in liqueurs and cordials, as well as mixers and bitters. At some point, those were up roughly 1,300% over our baseline—or what we would've expected to see at that point in time.

In the survey, more than half of respondents said they had tried making cocktails at home during the past few months. Even more interesting was that about 54% said they expected to keep making them even more in the coming months. Some people have even taken the steps to build out their bars at home during quarantines and started doing more experimenting.

From looking at some of the industry reports and trends on our platform, we know that in the early weeks—as the crisis really started

to hit and people were stocking up—consumers were leaning on those tried-and-true brands. But over time, we saw that the market share for independent companies skyrocketed, which resulted in ale bypassing lager as a top-selling type of beer on the platform, for example. Additionally, Gen Z consumers have been experimenting the most with new brands since March.

The study also found that more consumers are buying alcohol online. Do you expect that the shift to ecommerce will continue post-pandemic?

Yes. Prior to this, category awareness was one of our biggest challenges. Roughly 45% of consumers in the US believed that it may not be legal to get alcohol delivered. We definitely saw a big shift in terms of that awareness level.

And then just generally, we're seeing new trials on the platform. We now have a much larger customer base to work with. A big focus of ours, too, is on customer retention, making sure that we're continuing to provide them with an experience that they want to come back to.

Delivery is a type of service that consumers expect across industries, right? And the alcohol industry was just among the laggards. People want to be able to order the things they want to their homes when they want them. This industry is just starting to catch up to that.

You mentioned retention. What do your retention plans look like?

Retention is easier said than done, but it's about making sure that we're creating a personalized experience. A good majority of consumers do enjoy shopping in-store for alcohol in normal circumstances. We have to think about what aspect of that experience people really enjoy. How do we not only replicate that in an online environment, but also add onto it? With data, we can easily remember customers' past purchases and make recommendations based on similar buyers. We then can guide the customer to new products.

Especially in this current environment, where consumers may not be comfortable spending a lot of time in a store, we can work with them to provide an easier browsing experience so they can discover new

products and try new things. The key is having that personal touch and continuing to offer valuable recommendations and an easy experience that is consistent every time.

Have you been "full steam ahead" with your marketing during the pandemic?

In the early days of the pandemic, we paused all of our paid media. The first month and a half or so of our growth during quarantines was driven by purely organic and earned media.

We have since turned everything back on. We're operating in a mix of different channels, TV being one of them, podcasting being another, search, etc. But we're definitely doubling down as consumer awareness of the category starts to increase general demand. We're making sure that we're showing up in the right places, so that folks who are looking for these types of services know we exist.

For many brands, channels like email, SMS or even push notifications help foster these personalized experiences. Do you utilize any of those channels?

Definitely email and push. We recently introduced app inbox as well. Those are all channels that we use quite frequently. So, we use both automated marketing campaigns based on behavioral triggers, as well as occasion-based ad hoc communications.

What's in store for Drizly throughout the remainder of the year?

We did a complete replanning of H2. As I mentioned, we experienced some pretty significant, unexpected growth, and that puts both positive and negative pressure on the business.

A lot of things, particularly in those early months, were focused around operations—making sure that we could meet that demand in the markets that we were seeing it in, and that we were operating at our target levels for customer experience and response.

We also asked ourselves, "How can we bring on retail partners in areas of demand to get supply to our consumers?"

We talked a little bit about personalization and guided shopping. Those are new focuses for us, as we've now got this essentially brand-new cohort on Drizly after the trial period. A greater percentage of our efforts got shifted back toward retention as part of that.