

INDUSTRY ARTICLE

September 2020

Drinks after the crisis: what will surprise people?

We all still have the 'new normal' to get used to. Instead of open-air festivals and boisterous summer parties, this year there were beer gardens with compulsory distancing measures and face coverings. However, marketing expert Uwe H. Lebok from K&A BrandResearch explains that the coronavirus pandemic doesn't have to mean the end of the beverage industry, and he shows how to go about brand positioning even in times of crisis.

Our drinking, moods and whims have changed drastically since the introduction of distancing measures and face coverings. COVID-19 had a brutal effect on the hospitality, travel and events industries. Beer gardens work reasonably well as part of the 'new normal' when the weather is nice – but many tables (and glasses) remain empty indoors. Axel Dahm, managing director of the Bitburger Brewery Group, has spoken publicly about the risk of 30% of hospitality companies going under next year, and the start of a new decline in breweries is unfortunately very realistic.

When circumstances change, people change their behaviour

Complaining about it won't help though! The situation is the same as it has been throughout the COVID-19 pandemic. People adapt and look for new opportunities for personal fulfilment and community experiences. No concerts, big events, trips to the cinema or exuberant celebrations. People's experiences and encounters now have to follow a list of rules, are subject to restrictions, and appear generally misanthropic. Things revolve more around Netflix, Zoom and Amazon – all at home and more family-oriented. Looking at modern psychology, we've known for decades that circumstances set the path for behaviour (see [context sells](#)). We can see it happening at the moment: if circumstances or contextual conditions change, then behavioural patterns change as well.

Just as we do not know if or how the economy will recover, we cannot make solid predictions about how people will change in their consumer behaviour and brand choices. There are, however, patterns that we know from the past

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and these are likely to be relevant for our human behaviour in 2021 (during the COVID-19 crisis / after the crisis abates / during a continued recession).

- There definitely will be life after COVID-19: life goes on, and we humans always find new paths. A healthy dose of optimism is in order!
- Digital formats have finally established themselves and they will continue to transform our social life starting with the digital natives from Generation Z: home-based education, ordering food online, shopping online, online entertainment...
- People tend to fall back into old behavioural patterns and routines that they have grown fond of. If we can get a grip on COVID-19, and as long as this coronavirus outbreak does not permanently shape our social lives, people – as creatures of habit – will revert to past routines, even when it comes to hospitality and events.
- There will also be behaviours that will continue after COVID-19: So-called 'social distancing' will continue to be the behavioural choice for certain groups of people (especially those with a desire for the greatest possible security) before they engage with unknown people, something new, or strangers.
- Brands that have done their homework on time and well will be more successful than their competitors after the crisis abates. Marketing expert Mark Ritson was able to prove using statistics that brands who have grown faster and disproportionately stronger after global crises were the very same brands who, during the peak crisis phases, invested in relevant solutions for consumers.

Beverage experiences outside of the hospitality industry?

Many regional beverage producers created added value and a local/regional fan base for themselves by avoiding the use of large-scale advertising. The focus of their direct-to-consumer interactions was on events, hospitality and the resulting experiences. Many regional brands with a draught beer share of over 25% were in some economic difficulty due to the temporary lockdown. Regional brands that already had consumer acceptance problems before the coronavirus outbreak, or they "didn't do their homework well enough regarding brand management and consumers", will certainly not survive the next few years.

We should be prepared for scenarios in which beverage brands manage without public festivals and events, and with only limited opportunities in the hospitality industry. Three basic rules for brand management could help:

1. Clarity triumphs!

The more uncertain the times are, the more consumers long for clarity and a 'straight-forward message'.

2. The truth prevails!

Nobody needs businesses to pretend to be happy and that everything's fine. The alternative is to emerge from the crisis with authenticity. Open up and show yourselves for who you really are.

3. Don't be lonely; come together and belong!

Without the hospitality industry, humans can lack local community, sociability and general closeness. We humans still need moments of being together. This makes it all the more important for beverage manufacturers to find new ways of reaching the consumer, or find new circumstances where beverages can be experienced together in line with ongoing restrictions.

Focus on commerce

If the restrictions due to COVID-19 continue to govern our everyday reality in 2021, commerce (offline and online) and direct marketing measures will have the strongest impact on consumers.

For this, special offers and discount campaigns will be an effective measure to use, but not everyone can and/or is allowed to implement these, both financially and in terms of branding. Price wars will primarily involve large breweries, suppliers with price positioning messaging firmly anchored in people's heads (e.g. 'always at a reasonable price'), or brewery groups that can also offer 'regional and low-cost' (e.g. Ur Krostitzer in Saxony or Allgäuer Buble at a taster price for Allgäu speciality beers).

Building a sustainable brand through values

Price campaigns deliver fast sales but contribute little to building a sustainable brand. This is achieved more strongly and intensively through

value-based production, public value preservation, and social responsibility – provided that these are consistently part of the brand's DNA.

The family business behind the fruit juice brand Becker's Bester, for example, has most recently been focusing exclusively on 'genuine naturalness', sustainability of raw materials, and gentle filling since 2019. Others who consistently rely on values are the fritz-kulturgüter soft drinks brand, which has been successful for years with generations Y and Z, the organic pioneers of Neumarkter Lammsbräu in Neumarkt, and also Krombacher, the 'Pearl of Nature', which has increasingly committed to the preservation of nature, forests and animals.

Product personalities

In phases of uncertainty, authentic 'product-as-hero' concepts also help to achieve brand success and organic growth. The Maisel Brewery achieves this in a wide range of different areas of expertise (wheat beer, Bayreuther Hell, Bügelbier and speciality beers by the name of Maisel & Friends). In the middle of the East German beer price war wasteland, the family-owned Altenburger brewery brews beer after beer that goes on to win at the World Beer Award. Greif-Bräu from Forchheim in Franconia is not only successful at the World Beer Awards, but also at the European Beer Star and other international beer competitions. Kehrwieder, Riedenburger and many others make use of small and subtle product personalities.

It goes without saying that, in times of crisis, it's easier for brands that already have successfully memorable, iconographic branding. Adelholzener, Astra, Benediktiner, Büble, Augustiner, Ensinger Sport, Wulle, Mooser Liesl and many others are proof that relevant, easily understood codes of signals are helpful for recollection and storytelling. From the (rather promotional) 'beer of the righteous' and 'discoverer's crate' to independent product personalities (e.g. amber-wheat), those who also use branding to courageously develop a brand further will have the opportunity to achieve a market performance that's comparable to Störtebeker.

Regional brand heroes

Even in turbulent times, 'regional heroes' have the right to exist through credible (regional) proximity and a lived connection with the region and its

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people – if not through hospitality and events, then through insider tips, private celebrations and word-of-mouth instead. There are plenty of examples of local heroes: two authentic examples from Allgäu are Meckatzer and Zötler, in the Black Forest there's Alpirsbacher and Waldhaus, then there's Ottakringer in Vienna, Giesinger in Munich as an alternative to Augustiner, Mahrs in Bamberg, Rapps juices from the Hesse orchards, Bräustüberl from Darmstadt, Fiege from Bochum, Stauder from Essen and Einbecker in the Hanover area, to name but a few.

And even if brands have little charge and their brand image isn't developed (yet) in the marketplace, there is still the chance to develop new occasions or circumstances for a drink from the customer's point of view to prove when, where and why a brand's drink is 'simply the best fit'. The only thing you need is curiosity about the consumer and their views, as well as a good dose of courage to implement things and a strong backbone to ensure the subsequent implementation is consistent.

Have we made you curious? You can experience some of these 'regional heroes' on 10th November 2020 at BrauBeviale@stage live in Nuremberg, or join virtually via the livestream. Visit the marketing slot on Centre Stage from 11 a.m. to 1 p.m.

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