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Context sells

What do people love about speciality beers? What has changed as a result of the coronavirus crisis? What are young consumers looking for, and what will the new trends be for tried-and-tested beers? Brand expert Uwe Lebok from K&A BrandResearch takes a look at the German beer landscape and asks what consumers want.

As wonderful as the revival of beer by the American craft beer movement has been, the bottom line is that it has not – at least in Central Europe – contributed to a per-capita increase in beer consumption. Sales volumes are still in a downward spiral, and that will continue due to the coronavirus crisis at the beginning of the year and the resulting closure of gastro-draught beer businesses.

We are likely to see a drop in demand for exceptional beers as the pandemic has a negative impact on the labour market and consumer climate. A temporary boost for standard and cheap beers is to be expected, as is a resurgence of some regional brands after the crisis. In past economic crises, international studies have repeatedly shown that – once purchasing power has recovered – emotionally charged brands grew disproportionately faster than those in the middle-of-the-road category.

Investing in brands during the crisis

However, these forecasts don't apply to every brand – only to those who did their homework during the crisis and invested in the brand (through research, concept definition, after-crisis communication strategies, etc.). Brands that were already in difficulty before the crisis or that acted meekly in the market will disappear from the scene relatively quickly after the crisis.
The craft beer market in Germany will soon settle. There are many reasons for this. In an aging society, the partying habit is on the decline. And in an

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Ideeller Träger
Honorary Sponsor
Private Brauereien Bayern e.V.
Thomas-Wimmer-Ring 9
80539 München
Germany

Veranstalter
Organizer
NürnbergMesse GmbH
Messezentrum
90471 Nürnberg
Germany
T +49 9 11 86 06-0
F +49 9 11 86 06-82 28
braubeviale@nuernbergmesse.de
www.braubeviale.de

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immigration country such as Germany, not every young consumer is automatically a beer lover. This also still applies to the majority of women. The brewing industry has yet to create any market-effective consumption occasions for these potential target groups.

Generation YZ: multi-optionality instead of brand loyalty

In the strongly experience-driven generations Y and above all Z (born in 1995 and later), young consumers have grown up as digital natives who have grown up with maximum choice, multi-optionality, the principle of equal terms and a desire for the immediate satisfaction of their needs.

The greater the choice of options, the less likely it is that consumers will always opt for one and the same offer. And the earlier a generation comes into contact with multi-optionality and immediacy in the course of their lives, the stronger the effect.

Purchase criteria from the consumer's point of view

Despite or perhaps because of dwindling brand loyalty, interest in 'small' breweries has grown in recent years – with market growth also in the younger generations of consumers. This is less due to the clarity of the brand image of the various regional beers than it is to Gen YZ's desire to support regional producers (Robin Hood Syndrome) or to identify themselves in the (imagined) peer-group context with locally authentic originals.

Regional suppliers and their (supposedly) regionally typical varieties help consumers today to differentiate themselves through their beer consumption. For the majority of consumers, pilsner, which is still the most widely drunk variety, has become an interchangeable mass product.

To have a broad impact, the varieties must be easy to drink and easy to integrate into everyday life: the more drinking occasions or contexts we as consumers associate with a brand, the easier it is to penetrate the market.

Consumer knowledge is not expert knowledge

One fact must always be emphasized: consumer knowledge has nothing to do with the expert knowledge of the brewers. Most consumer knowledge is superficial. Those who don't speak the language of the consumers are not understood. And those who have nothing exciting or unusual to say are forgotten or ignored.

Taste, storytelling and cultural imprinting

It's true that all consumers want 'better beer quality'. However, they can rarely define that precisely, as it is a collection of facts, sensitivities and their own subjective assessments. Taste experiences with the product are a key driver for the evaluation of its quality.

There are also other characteristics that support the consumer's image of a high-quality beer. Word of mouth and unusual brand signals or messages (storytelling) are just as much a part of this as 'cultural imprinting' (Kevin Simmler): consumers want to be seen in public with a product, to distinguish themselves among their friends and to differentiate themselves from 'the others'. As an illustrative example, Augustiner is a Munich beer, but younger, 'free-thinking' consumers consciously choose Giesinger.

Cellar beers, pale beers – why are they making an impact?

Standard regional beers such as pale beer and cellar beer became Germany-wide specialities virtually overnight and can look back on considerable success in terms of popularity and purchase frequency in recent years – especially among experience-hungry Gen YZ consumers (born in 1980 and later).

What's behind that success? Pilsner has been experiencing a continuous decline for years. Wheat beer – a Bavarian speciality – enjoyed a temporary high, but for its contextual staging it needs the slow pouring ritual and a cultivated coziness in a 'Bavarian' setting. In the age of speed and immediacy, these are not ideal contextual conditions for all wheat beers.

Pale beer, on the other hand, is less complicated, and creates a psychological proximity to Bavaria, its way of life and its culinary delights. The idea of drinking with friends and the smooth taste make the product appear lighter without having to forgo the white-and-blue Bavarian atmosphere in the mind. It surely also helps that Bavaria is a high-profile holiday and leisure region, unlike Cologne and its Kölsch beer, which continues to lead a local niche existence.

Naturally cloudy cellar beers impress thanks to the authentic craftsmanship of Franconian brewers. These days, breweries such as Gold Ochsen, Köstritzer, Krombacher, Franziskaner and Störtebeker all offer the Franconian speciality – which has liberated this variety from its regional niche.

Beers with potential

Sales of non-alcoholic beers are currently growing, and there is certainly growth potential for export and lager. However, many other brewing styles still operate in the micro sector, among them witbier, gose, pale ale and IPA – all of which are difficult to explain to consumers in terms of taste, concept and occasion.

‘Lean’ beers have it easier than styles that are bulky in taste or heavy in appearance. If we look at wine consumption, we discover a similar dynamic, as consumers tend to favour lighter, fruity cuvee wines over heavier, alcohol-rich products. For this reason, lager and export beers are best-positioned to be rediscovered by a new generation of consumers. Export in particular is largely unknown to many Gen YZ consumers, but it is very different now to popular associations carried over from the 1980s.

Context is key

Today, contexts introduce people to beers more quickly and efficiently than long explanations. Oktoberfest beers are likely to be on sale across Germany even though the Oktoberfest event in Munich is cancelled. After all, the neo-traditional Wies’n season in autumn has become an established entry on the calendar for many consumers.

Mahrsbräu from Bamberg has also managed to revive the regional fortunes of light beer, which had been something of a non-starter for decades. What flavour do young beer drinkers prefer – a Mahrs summer pilsner or a Mahrs light beer? Pilsner, märzen, landbier and the like can be positioned more effectively for consumers if they are marketed with catchy names such as 'cattle-drive beer', 'ham hock beer', 'weisswurst wheat beer', 'carp gold', or a special Halloween 'witches' brew'.

We are all human and for most of us, many of the old clichés still apply: a picture is worth a thousand words – and you eat with your eyes first!

Understanding and serving consumer contexts

The courage shown by some brewers in rethinking products from the consumer point of view is not only praiseworthy, but will also make the difference between survival and failure for many after the coronavirus crisis. Those who fail to use the time to think laterally, and to understand consumer contexts today and apply them tomorrow, can – especially in times of crisis – go under faster than other brewers are able to imitate forward-thinking successful cases. COVID-19 has caused pain and suffering in many a brewery. However, a number of brands and beer styles have been in crisis for years – well before coronavirus reared its head. Crises can also bring opportunities with them.

So why is there so little investment in developing new directions for beer based on the consumer?

Contact for press and media
Sabine Ziener, Christina Freund
T 49 911 86 06-83 55
F 49 911 86 06-12 83 55
christina.freund@nuernbergmesse.de

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