

Premium growth for the online savvy

With consumer confidence at its lowest since the GFC, shoppers are increasingly looking online for the best deal. Off-premise can still do much to make their premium spirit range more accessible and encourage the premium spirit up-sell. By [Samuel Spurr](#).

// Traditionally, Christmas and Father's day are the key sales period for selling premium spirits," states Luke Grima, Dan Murphy's business manager, Spirits and Ready to Drink.

"However, there is an occasion for someone every day, whether it be a birthday, anniversary, or other celebratory event." These occasions provide plenty of opportunities, and the advent of social media allows savvy brands, retailers, and banner groups to communicate directly with consumers, creating opportunities for increased trade.

Quality over quantity

With consumers holding back more than usual, Ben Davidson, national spirits ambassador for SIGNE Pernod Ricard, is increasingly aware consumers would rather enjoy quality over quantity, which is where the

premium trade makes its mark. "Our position is that people have trust in the premium, established brands such as Havana Club that make up our portfolio. There has been a general premiumisation across all spirits over the last few years and we've made travel retail exclusive spirits available to the domestic market in partnership with key retailers."

Yuri Chlebnikowski of Melbourne's Nick's Wine Merchants believes the \$50 retail price point is the 'barrier' for consumers when it comes to premium spirits. "There's a clear limit to what you get in the spirits world at sub \$50. Once customers move beyond it, they will direct themselves accordingly." But in order to more fully engage with consumers, he suggests brands dispense with marketing that is more gimmick than substance including, "endless hackneyed collector's releases, ridiculous over-packaging, and experiments in flavour that often fail." Interestingly,



Nick's Wine Merchants have developed their own rating methodology for all spirits, furthering the opportunity for dialogue with customers.

Echoing Yuri's assessment of premium spirits marketing, Luke Grima calls for education ahead of marketing as there is a "massive" opportunity for suppliers and brand managers to work more closely with retailers to build brand awareness. "Marketing funds are wasted on neck tags, holidays, coasters, and the like, when customers are just looking for information and potentially an opportunity to actually try the product before they buy." With premium spirits usually located behind glass for security reasons, some may think a quick sale due to poor customer access may be lost. Luke Grima takes another perspective, arguing security shouldn't be regarded as a sales deterrent. "Being behind glass adds to the theatre and mystique of the products and encourages discussion with the customer and assistance with product selection."



Consumer education through tasting sessions remains the primary avenue for off-premise to showcase brands and entice shoppers. Julian Moss, CEO of ASM Liquor supports retailers with the company's brands such as Rocking Angel Bourbon through such promotions. "Across Australia we conduct in store tastings on a weekly basis showcasing our product range," says Julian. "This enables consumers to taste first-hand the premium difference of our products. We're able to out-sell our competitors using this method as it is also backed up with great point of sale support." Supplier initiatives such as Pernod Ricard's training sessions help boost premium spirits' profile off-premise. Pernod's training sessions occur across premium national spirit outlets like Dan Murphy's and Vintage Cellars, and independents like NILWA. They also conduct Chivas Regal and The Glenlivet master-class events at small independent spirit outlets like World of Whisky and The Oak Barrel in Sydney.

Tasting sessions are a regular strategy for Sydney independent The Oak Barrel, and go hand in hand with staff education. "Staff education means that we can explain spirits in detail to the consumer - we then find they are more likely to purchase," says The Oak Barrel's Simon Clarke. He observes that tastings, either in-store or in master-class format, educate customers as well as staff. "They help to get foot traffic into the store - often it can lead to a sale, but it depends on the quality of the product and how difficult it is to find." Going one step further with the tasting session strategy, The Oak Barrel hosts their own 'Whisky Fair', attracting a massive amount of traffic through their shop over three days in September. Paying customers get to taste and talk whisky with brand experts, while becoming familiar with lesser known brands such as Elements of Islay distributed by Baranows Emporium.

Social Media: online research, offline sales

Despite the general consumer's increased use of online retail, the liquor industry can be somewhat assured by the Productivity Commission's report on the performance of the Australian retail industry. Published in August, the report states that online grocery and liquor sales make up just one per cent of all retail purchases, well-below that of other merchandise segments such as CDs and DVDs (8 per cent) and books (9 per cent).



In-store is still very much the preferred method of purchasing liquor, although consumers are increasingly using online sources to search for the best deals. The Productivity Report noted that approximately 50 per cent of consumers researched prospective purchases online before making their purchase and approximately 25 per cent cited online research as the most crucial determinant of their offline purchasing behaviour — ahead of TV, radio, brochures and catalogues combined.

Ignoring this emerging trend of engaging with consumers online is an opportunity wasted. A quick search of Twitter and Facebook demonstrates the uptake of social media channels by the liquor industry, with brand managers and retailers of all persuasions using the impulse of social media to bring fans and followers in store through exclusive offers.

Catriona Pollard, director of CP Communications and proponent of social media, notes an ever increasing trend for consumers to interact with brands through social networking sites. "With most consumers using social media to find out about promotions and browse products, blogs, Facebook and Twitter are the perfect place to gain instant customer feedback, advertise, and offer consumers a chance to be part of the discussion." Pernod Ricard's Ben Davidson also has high regard for social media due to its incredible potential to communicate with people who 'opt in' and want to hear news from companies they choose to 'follow' or 'like'. "We are just starting to see the corporate presence in social media become a key platform for driving product awareness. We have Facebook pages for our key brands and our Ambassadors are regular tweeters about great bars and restaurants that support our

products." Ben notes that it won't be long before retailers are offering discounts to people on their database to draw them in store or offering discounts when people 'check in' to keep them coming back.

Social media is also a strategic, affordable option for smaller players who are increasingly looking to communicate directly with consumers. Holey Dollar Rum's Stuart Gilbert has just started engaging consumers through Facebook. "Facebook is providing great results with over 3,000 visits per month and increasing," says Stuart. ASM Liquor CEO Julian Moss observes that social media has contributed greatly to the success of their product range. "It is a great medium to convey competitions, giveaways and upcoming events to loyal followers."

Capitalising on this social media trend are companies such as Drinkle. Cameron Collie's start-up offers daily deals for the liquor industry and alcohol related products, whereby users sign-up with the clear intention of buying alcohol or alcohol related products. A niche site, Drinkle has the inherent advantage of having highly targeted and highly motivated customers providing serious value to merchant partners. "Our partners can leverage Drinkle's database and social media channels as an alternative to traditional advertising. It's about creating unique offers and experiences which are tailored to the local retailers we're working with," states Cameron.

Online opportunities for premium spirits in the off-premise sector far outweigh the threats. Combining these benefits with well-executed communication strategies that prioritise consumer engagement will do much to continue the segment's growth.