PROOF
Evidence based Insights

Return to Trade

GB On Trade Market Report
April 2021

Contents

Headlines: Rising confidence among over-55s

- The return will be led by young consumers, notably **Enthusiasts**.
  - A smooth initial return to trade will help to **double** the number of potential visitors.
  - Whilst 14 million consumers (26%) will return to trade as soon as restrictions ease, 13.5 million will wait for other people to visit first, to see if it is safe.
  - It will be 6-10 weeks before we see what feels like a full return (36m people, c.70% 2019 volume).
- There has been a marked improvement in confidence among over 55s.
  - Over 55s are **twice as likely** to be heading to restaurants as often or more often post-lockdown (79%) compared to last year's lockdown easing (35%).
  - Restaurant visits will rebound to pre-pandemic frequency – around once a month.
  - Many over-55s have accumulated wealth during lockdown; let them **treat themselves**.
- **Pubs with outside space** will clearly be the winners, but longer-term, **Restaurants** are in a strong position – driven by increased visits from under-35s.
  - 1 in 4 consumers who visited Restaurants weekly pre-pandemic are now planning to visit **more often**. This is driven by under-35s – 31% plan to visit more often (39% of 18-24s).
  - Bars will face dwindling visitor numbers unless they can adapt. One in four 25-34s will be visiting bars less often. Consider delaying opening if unable to shift focus to day trade.

If you require any further information on what you read here, please email hello@proofinsight.com

Source: PROOF Insight, POURTRAITS, OUTLET

Headlines: It's time to rethink the usual trading week

- Adjusted work, travel and socialising patterns will bring **new trading opportunities.**
  - **Regional/suburban venues:** Go big on Thursday and Sunday nights (later opening hours?) to take advantage of the shift to home working on Mondays and Fridays.
  - **City centre venues:** Tuesday and Wednesday lunches/afterwork drinks – being the days UK employees are least likely to work from home.
  - Even as curfews lift, focus on **starting occasions early** – lunch is the top occasion consumers will head out for (47%)*; make the most of daylight hours for outside occasions.
- Consumers are still reluctant to travel, **"destination" locations** that aren't easily accessed by car or foot may be better off staying closed for now.
  - Regional/commuter belt towns with a large catchment of consumers will continue to thrive.
  - Focus on maximising covers (e.g. time limits on tables) whilst maintaining takeaway/delivery to fulfill local demand. Not everyone wants to come out - 8.6 million adults won't at all.
- **Draught beer & cider, cocktails, rosé** and **gin** are the categories to focus on.
  - Whilst some consumers will be highly price sensitive & promotionally-led (notably 18-24s), half of the population (48%) is looking for something **new and interesting** to try.
  - Lean on the **appetite for experimentation** to drive up average spend.

If you require any further information on what you read here, please email hello@proofinsight.com

Source: PROOF Insight, POURTRAITS, OUTLET. *Dinner is a close second (45%)

Key considerations for drinks ranging

1. Ensure a **full range on draught**. Brands will be fighting for space on tap.
   - Last year we saw suppliers rationalise draught ranges and pivot to packaged products.
   - But our consumer research, backed up by last summer's sales figures, show that draught pints are critical to the trade. 44% of UK consumers can't wait for a freshly poured pint!

2. Show consumers that On Trade drinks are **worth paying more for**, with interesting brands and exceptional serves.
   - Consumers have been used to Off Trade pricing for a year.
   - Beer & Cider are differentiated from the at-home experience via Draught. Consider choice in craft and authentic brands in Spirits – particularly across Gin and Whisky.
   - Whilst only 9% of consumers plan to trade up to expensive drinks, 48% are keen to try something new! Lean on the **appetite for experimentation** to drive up average spend.

3. There is a strong opportunity for **trade-up in Wine** in restaurants.
   - With affluent over-55s more confident visiting restaurants, ensure the range and nudges are in place to drive trade-up within their preferred category: Wine.
   - Tap into the treat mentality with 37% of consumers only heading out for **special occasions**.
   - Ensure staff are confident recommending new and premium listings.

Source: PROOF Insight, POURTRAITS, OUTLET

Habits made that are here to stay

Working from home

800 million working days possibly moving to home annually

Twice as many will **WFH 3+ days a week** (34%), vs. before COVID (16%)

Staying local

67% of consumers are **trying to support local businesses wherever they can**

51% will mainly visit local venues close to home

Alcohol moderation

1 in 3 consumers have been **cutting back****

27% are doing so for **health reasons;** 44% of 18-24s simply **don't like drinking at home**

Digital adoption

+27% increase in **over-55s food shopping online** in 2020

61% of all consumers will continue to do their **non-essential shopping online**

A dramatic reshape of the working week; shifting millions of On Trade occasions from cities to regional and commuter belt locations*.

"Local" being outlets people can walk/drive to, with a great range to keep them coming back. "Local" brands that staff can talk passionately about – an added bonus.

Low & no is increasingly part of the drinking repertoire among 25-44s who are most likely to drink low alcohol beer (38%), and alcohol-free beer (33%). Under-35s the most interested in trying mocktails (52%). Help these consumers drink less but better.

Businesses who served consumers well during the pandemic have built up trust, but it's not too late to get digital-ready.

*Urban major conurbations are already losing their share of drinks volume (-5 percentage points in summer 2020 vs 2019).
**41% are drinking the same as before, 22% have increased consumption
^38% of 25-44s drink low alcohol beer, 33% drink alcohol-free beer

Source: PROOF Insight, POURTRAITS, OUTLET, ONS, YOUGOV, C&C shipment data

5
Opportunities

1

Win the Garden

Outdoor space will be a critical determinant of success in 2021. For brand owners, winning the garden occasion represents a notable opportunity – both On and Off Trade.

2

On-Trade Exclusive

Consumers want drinks and experiences they can't easily have at home – the perfect pint, cocktails.

Source: PROOF Insight, POURTRAITS, OUTLET

3

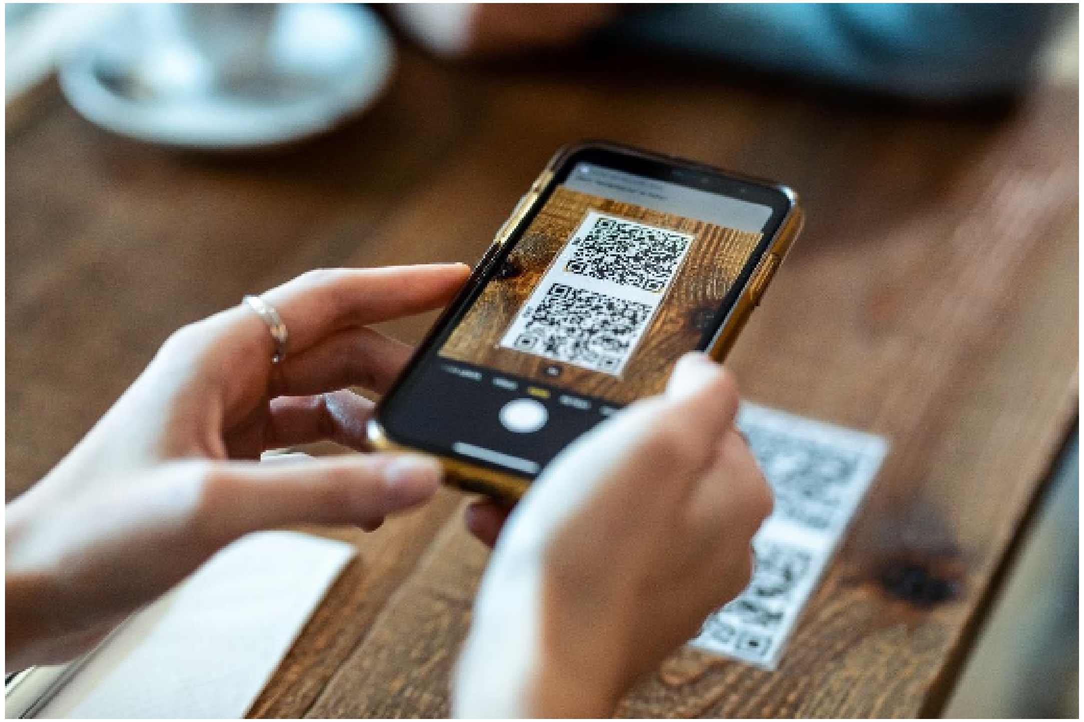
The Digital Requirement

A must, not a nice-to-have. One in five under-35s will prioritise venues where they can order through an app.

4

Low/No

Still an emerging category, get low/no ranging right and it will become part of the night out repertoire – one in five 25-34s want to avoid a hangover



Contact PROOF for a copy of the upcoming Low & No Report for how to make the most of a burgeoning category

Source: PROOF Insight, POURTRAITS, OUTLET

5

Staycations

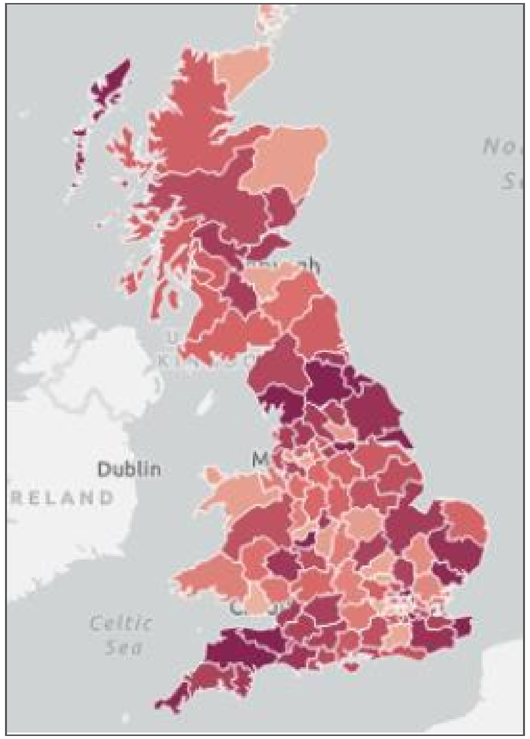
Just 18% of consumers are planning a holiday abroad; quarantine uncertainty and plane travel are concerns. Target the need for consumers to escape from their routines with a hassle-free UK stay.

Top 10 UK destinations consumers are planning for summer 2021

1. Cornwall
2. Scottish Highlands
3. Devon
4. Cumbria/Lake District
5. Yorkshire Dales
6. Edinburgh
7. Peak District
8. Snowdonia
9. The Cotswolds
10. Dorset

With theatres and other venues still closed, consumers are prioritising scenic and coastal areas over London and city breaks. This may change as venues begin to take bookings again.

Summer 2020 vs 2019 Sales % Change
(Darker shade = stronger performance)



On Trade drinks sales mirrored these trends in summer 2020, with coastal South England outperforming

Source: PROOF Insight, POURTRAITS, OUTLET, holidaycottages.co.uk, C&C shipment data

Winning the Garden: Understanding the opportunity

Why this is important

1. Outlets with outside space **retained TWICE as much drinks volume** vs. those without during summer 2020 – only 11% decline for draught in outlets with outdoor space during Summer 2020.
2. Outside space is a venue decision driver for 1 in 3 consumers
3. 41% **won't** feel comfortable dining/drinking **indoors** when restrictions lift

Summer Sales Volume of Outlets **without** Outdoor Space **-60%**

Summer Sales Volume of Outlets **with** Outdoor Space **-30%**

Car parks & terraces can be used as outside space. Temporary structures (i.e. gazebos) permitted for all of summer 2021. Must <u>not</u> be fully enclosed (i.e. pods) to class as "outside space" for reopening on 12th April in England, but a worthwhile investment against unpredictable British weather.

What can be done

On Trade – with a garden
- Clearly advertise at venue/online
- Consider a time limit on tables
- Bring occasions forwards – afternoon drinks the new night out? 5 o'clock spritz?

On Trade – without a garden
- Takeaway drinks & local delivery – draught beer/cider, bottled cocktails
- Later opening hours / later dinner sittings

Off Trade
- Win spontaneous at-home occasions when pub gardens are booked up
- Portable formats (e.g. premix cans)

Drinks brand owners
- Merchandise – both in outlet and Off Trade - summer party packs? Garden-ready glassware?
- Link up with garden centres/BBQ providers

Opportunity for a local delivery service – draught beer/cider & bottled cocktails – bring the On Trade experience to the home and/or park. Implement local delivery via a digital order-to-pay solution. Demand will surpass pub garden capacity.

Source: PROOF Insight, POURTRAITS, OUTLET, C&C shipment data

Summary

Summary: Hospitality to play a pivotal role in bringing consumers together again

There is pent up demand for a return to trade - 14 million consumers will be out straight away. Yet with 22 million being more cautious, it will take 6-10 weeks before we see what feels like a "full return" – with 36m adults (69%) out On Trade, and drinks sales at c.70% of 2019 levels - where we were in Aug/Sep 2020.

Last summer it took the Eat Out To Help Out scheme to drive footfall. Although there's been a marked rise in confidence among over-55s, a similar scheme may be needed this year.

After a year of reduced social connectivity, the hospitality industry will need to play a key role in connecting people together again as we navigate our way back to normality. Reminding consumers what they've missed; all in a safe environment – with measures that aren't overbearing but become the norm, part of a well-thought-out experience.

With occasions driven outdoors, the weather in April-June will be important in driving drinks consumption. Similarly working-from-home patterns and the continued furlough scheme creates fewer restrictions on midweek drinking.

With adjusted work, travel and leisure patterns bringing new opportunities: it's time to rethink the usual trading week.

5 Opportunities

1. **Win the Garden**
   - Outdoor space will be a critical determinant of success in 2021. For brand owners, winning the garden occasion represents a notably opportunity – both On and Off Trade.
2. **On-Trade Exclusive**
   - Consumers want drinks they can't easily have at home; quality cocktail serves and perfectly poured pints are needed for success.
3. **The Digital Requirement**
   - A must not a nice-to-have. One in five under-35s will prioritise venues where they can order through an app.
4. **Low/No**
   - Still an emerging category, get low/no ranging right and it will become part of the night out repertoire – one in five 25-34s want to avoid a hangover.
5. **Staycations**
   - Quarantine uncertainty and plane travel concerns mean consumers are reluctant to go abroad. Target the need for consumers to escape from their routines with a hassle-free UK stay.

Source: PROOF Insight, POURTRAITS, OUTLET, C&C shipment data

Appendix

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Evidence based Insights

GB Macro On-Trade Environment

Macro Environment: Consumer confidence rises to the highest point since lockdown began, as the vaccine rollout continues

UK GDP declined 9.9% in 2020, more than twice 2009's fall

Brexit implications for the drinks industry not fully realised with the trade shut

Well-off consumers saved an extra **£300** per month during lockdown.

Who has money to spend?

- The employed, notably:
  - Commuters not paying for travel
  - High earners not buying lunch / usual midweek spend
- 25-34s mid career with no dependents
- Over-55s who've paid off their mortgage

UK **consumer confidence +7points** to -16 in March*; as households' view of their **future finances** rose to a three-year high

UK ahead of other nations** for **vaccine confidence** too – 8 in 10 (77%) will take it when offered, up from 55% in Nov.

- 27.7m first vaccine doses have been delivered in GB by mid-March

UK **unemployment** level reaches **5.1%**, young people most effected

- **287k less 18-24s** on payrolls YOY in Feb 2021
- No part time jobs for students stuck at home

Whilst some consumers will be highly price sensitive as they return to trade (notably 18-24s have been disproportionately impacted), appealing to the needs of newly-confident over-55s and full-time working 25-34s will be critical to tap into the mass of accumulated wealth.

*vs. -9 in January 2020, pre COVID. **Countries included Australia, Canada, Denmark, France, Germany, Israel, Italy, Japan, The Netherlands, Norway, Singapore, South Korea, Spain, Sweden, UK.

Source: PROOF Insight, ONS, Institute for Fiscal Studies, GfK

State of the Trade: IFTs have been disproportionally impacted

March 2021 OUTLET Universe Size: 107,517 (-7%)

New Sites: 2,465

1k Restaurants
0.4k Pubs

2.2k IFT
0.2k National

937 Urban city and town
910 Urban Major Conurbation

Scale	% Total Sites	% Closures
National	23.9%	16.4%
Regional	4.3%	2.0%
IFT	71.9%	81.6%

IFT: 77k (-7%)
National: 26k (-6%)
Regional: 5k (-3%)

Closed Sites: 10,510

8.4k IFT
1.7k National
0.2k Regional

4.2k Restaurants
2.4k Pubs

4.3k Urban city and town
3.1k Urban Conurbation

- **City centre locations** should **wait** for the return of higher footfall before committing to re-opening
  - Even once restrictions lift there remains a reluctance to travel. Moreover, 48% of employed adults are still working from home for at least the majority of the week.
- **Regional groups located out of town and city centres can be more confident opening the doors**, with a stronger consumer opportunity (ATCpOC*) than city centres, and the opportunity to target professionals no longer commuting, with money to spend.
  - **Rural sites** have, on average, over twice the target consumers to go after in their local catchment than urban sites!
- **IFT sites have been disproportionally impacted by the pandemic** (-8.4k sites) in comparison to the nationals (-1.7k) who have more cash reserves to lean on. More than 2,000 new IFT sites opened up during the pandemic showing **faith in the sectors resurgence.**

***ATCpOC** is our measure to help you understand the number of target consumers per trading outlet in any area in GB. Contact PROOF to find out more

Source: PROOF Insight, OUTLET

Consumers: Returning to Trade

Lockdown Easing: In line with our previous research, 36m adults represent the total consumer opportunity for the foreseeable future

When are consumers returning to trade?

26% — **14 million** heading out **as soon as restrictions ease**

43% — **22 million** are more cautious

12.6m* are dependent on **vaccine** progress in some way

13.1m* will **wait for others to go out first** to see if it is safe to return

16% — **8.6 million** not planning on visiting the trade

15% — **8.1 million** don't know

Who's Heading Out?

- **1 in 3 under 35s** will head out straight away.
- **Over 55's** are only marginally less likely (-3%) than average to be out as soon as restriction ease. Being the first to be vaccinated we've seen a marked improvement in confidence since last year.
- **Students** are keen to get back out to trade and socialise, +14% more than average will be heading out as soon as possible
- A **smooth return to trade** is key for instilling confidence in the 25% of consumers waiting for others to go out first, to see if its safe.
    - There's caution across all age groups. 28% of 24-44s fall into this group.
    - **Northern Ireland** likely to see a cautious return – 40% are waiting to see what happens before returning, far higher than any GB region.

*Note that 3.7m (7%) are waiting to check its safe AND are dependent on vaccine progress.

Source: PROOF Insight, POURTRAITS

How does this compare to last year's lockdown easing?

July 2020

22.5 million (43%)
Adults went out in July 2020

-46%
Total drinks volumes YOY

66.1k (57%)
GB On Trade sites open

A **similar proportion of adults** will be returning to trade vs July 2020

- 14m (26%) out straight away + 13m (25%) waiting to see if it's safe - so may follow 2-3 weeks after if all goes smoothly
    - More than 4 million have booked a table for the first 2 weeks of venues opening outdoors

However, **less than a third (30%) of GB venues** have a garden/outside space, meaning at least two thirds will remain closed for now.

- **Venue capacity** – significantly limited with only outside operating
- **Weather** – more temperamental than in July. Could significantly impact whether consumers 1. Turn up for bookings and 2. Stay for long periods

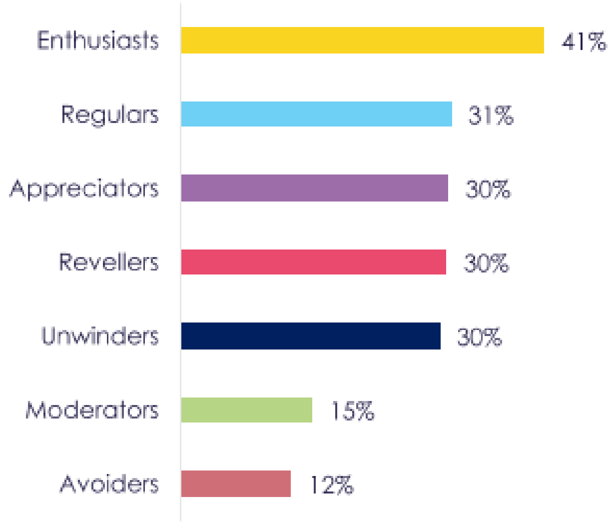
Drinks volumes will therefore remain **below July 2020 levels** until indoor hospitality can reopen.

It will take 6-10 weeks before we see what feels like a "full return" – with 36m adults (69%) out On Trade, and drinks sales at c.70% of 2019 levels - where we were in Aug/Sep 2020.

Source: PROOF Insight, POURTRAITS, OUTLET, CGA, Caterer.com

Enthusiasts will be out in trade first, with Regulars, Revellers, Appreciators and Unwinders following.

"I'm going out as soon as restrictions ease"



39% of Avoiders not planning to visit at all. Most Moderators are cautiously waiting for vaccine rollout or unsure.

First Out

- Enthusiasts will be out in force when restrictions ease, social get togethers are key driver of why they head out and they've clearly missed the interaction.

How to Win?

- Experimental and craft ranges win with these consumers, they love finding out about new drinks
- Two thirds of Enthusiasts don't mind paying more for a nicer drink too, let them treat themselves
- Get them through the door early (5pm Spritz?) – they are the most likely to be driven by the need for "a treat at the end of the day" when drinking

Closely followed by…

- Entertainment will coax Revellers out of home, being twice as likely to pick a venue with live music/comedy etc. vs. average. Promotions and discounts are a key driver too.
- 1 in 2 Regulars will stick close to home – back to their local pub. A quality pint at competitive price will keep them coming back. 1 in 5 are drinking craft ale, list on tap as an alternative to their usual lager.
- Appreciators are the most likely to try new/ different venues (39%) – they'll be looking for perfect drinks serves to share on social media.
- **Unwinders** are significantly more confident than last year (being typically over-55) – a great opportunity for upmarket & premium hotels and restaurants to reach out to their customer base & get bookings in place.

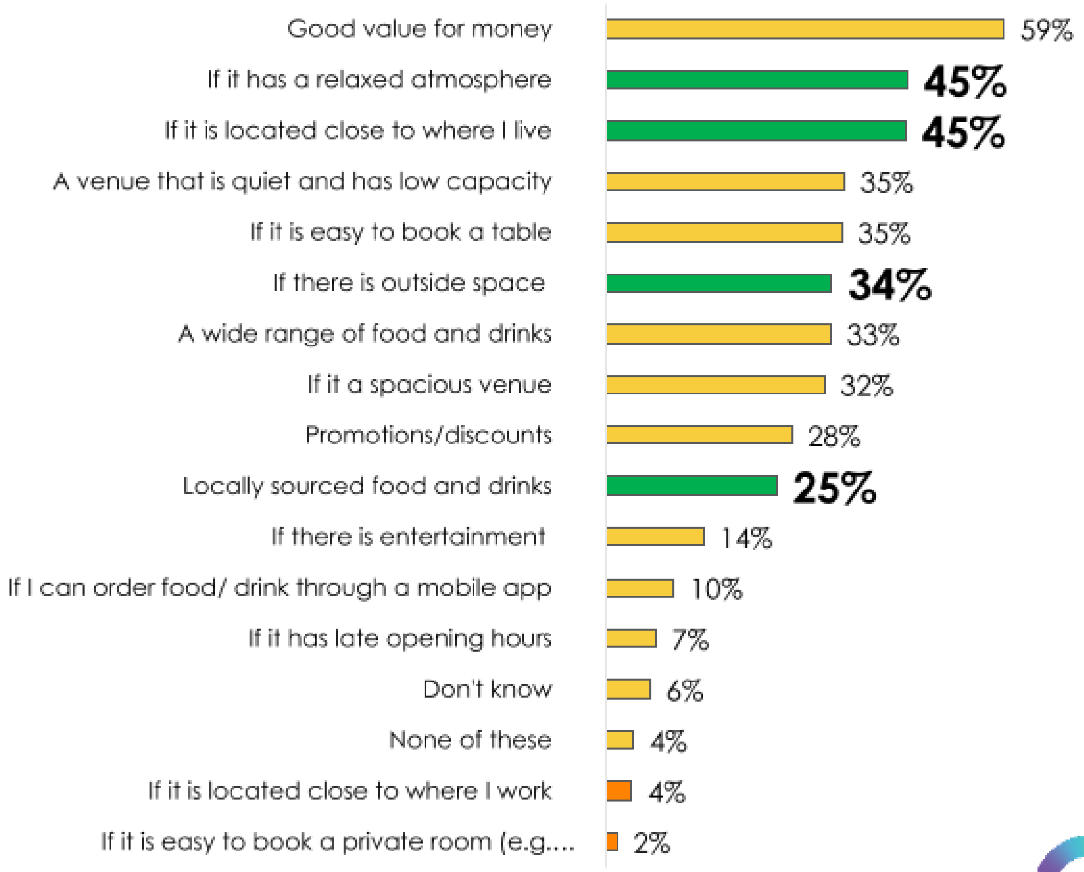
If you have any questions get in touch with PROOF to find out more

Source: PROOF Insight, POURTRAITS

Venue choice: A relaxed atmosphere now more important than spacious venues (notably among over-55s), speaking to the shift in mindset and increased confidence the vaccine has brought

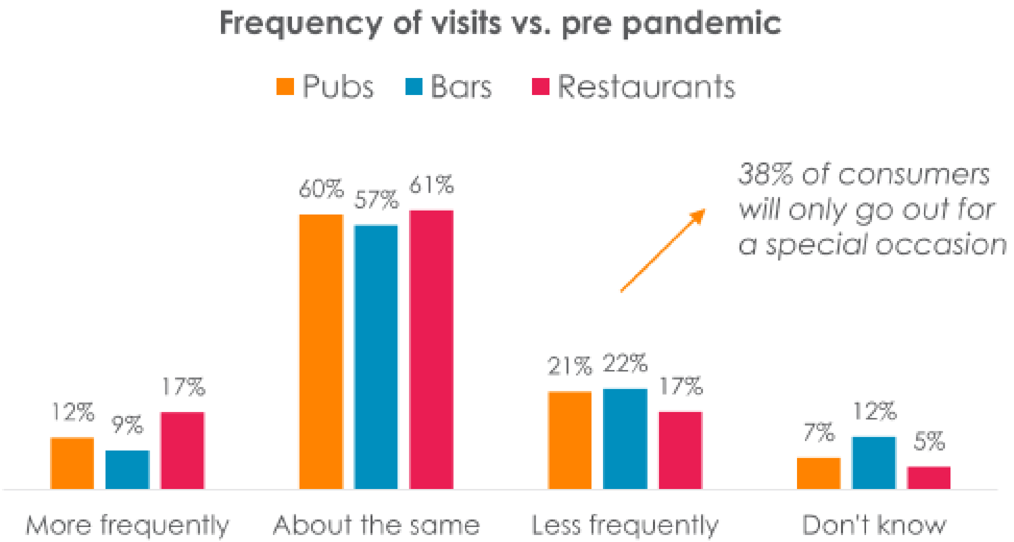
1. **Provide a relaxed atmosphere for low tempo occasions**
   - A relaxed atmosphere important to **+12%** more consumers than back in September, give visitors a chance to unwind!
2. **Partner with local brands & creators**
   - **+7%** increase in consumers seeking locally sourced food and drink vs September
3. **Advertise outside space**
   - Make the most of recent easing of restrictions around temporary structures in outside space. Win the Garden is a key opportunity
4. **Partner with local brands & creators**
   - **+7%** increase in consumers seeking locally sourced food and drink vs September. Local Spirits, Beers and Wine are all areas to channel this trend in to growth

Decision Drivers On-Trade Venue Choice



Source: PROOF Insight, POURTRAITS

Restaurants can expect to see a more lively demographic, with 4 in 10 Revellers planning to visit more often than before.



17% of consumers will be more likely to visit **premium venues** on the occasions they go out

48% will be open to trying something new!

- 41% of **Revellers** plan to visit restaurants more often in 2021 vs. pre-pandemic.
  - 22% of Appreciators do too
- This speaks to likely shift in the drinks mix – with **spirits** and **cocktails** to become part of more meal occasions.
  - Ensure a compelling gin & cocktail menu. Sweet cocktails instead of dessert?
  - In summer 2020, liqueurs were already gaining share within GB Restaurants' drinks mix – the demand is there
- Potential to consider later sittings that cater for Revellers' up-tempo needs.

Source: PROOF Insight, POURTRAITS

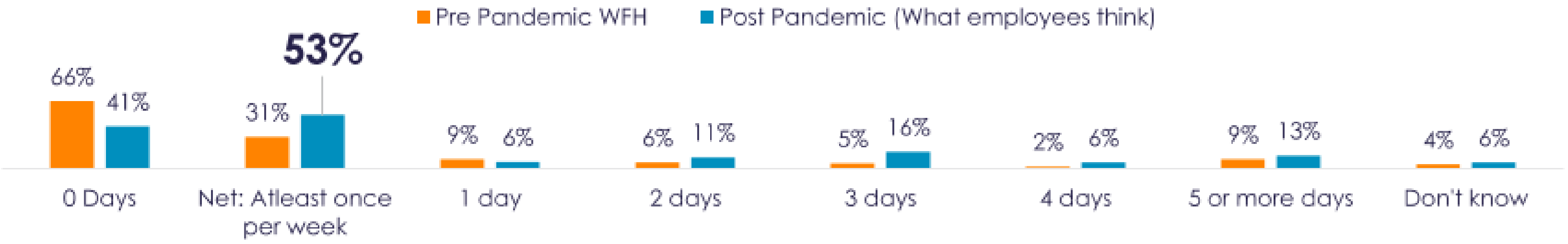
Consumers: New Habits Gained

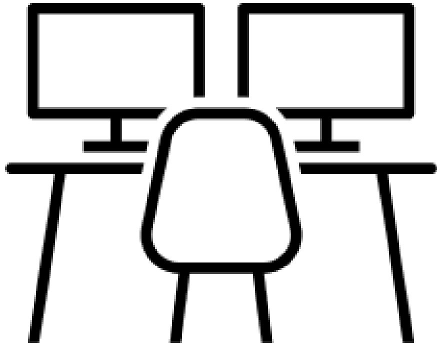
Working from Home: City centres may struggle to reach peaks of pre-pandemic performance

+3.4m

More employees think they will work from home at least once per week vs before the pandemic

Working from home pre lockdown vs post lockdown



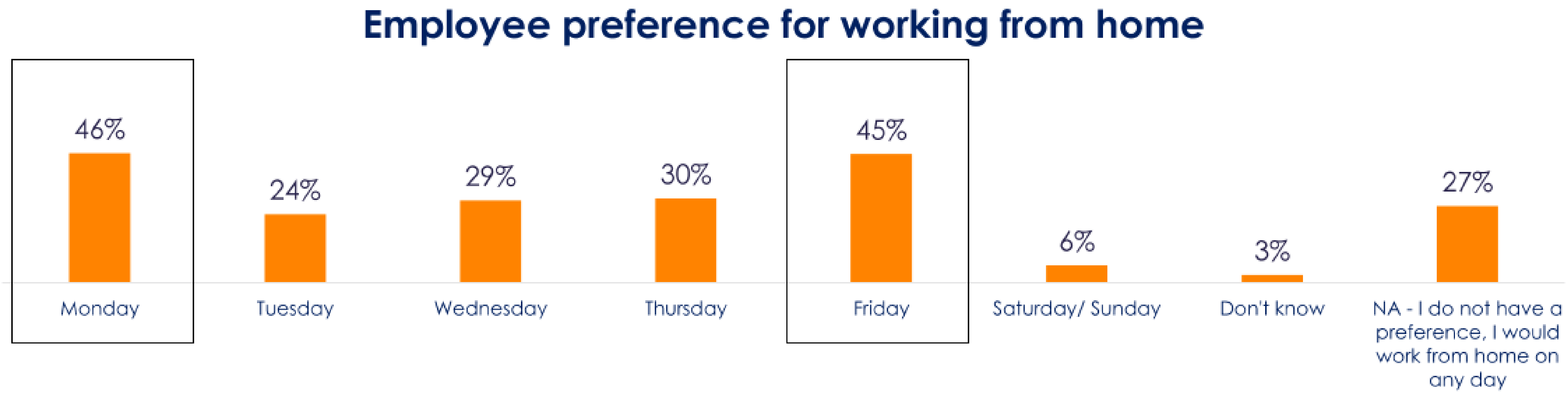


- Employees will now be more likely to work from home at least once per week vs working in the office full time, shifting spend away from urban centres - **making local catchments essential for businesses***
- With **39%** of consumers concerned about returning to their workplace, the amount of consumers set to work from home at least three times per week will **almost double** from **16% to 35%** - total days spent in the office in GB will reduce by around **800 million days**
- For hotels, Engaging with **local** businesses will be key with more work being done from home and on video conferences, we could see demand for smaller team spaces grow and larger events spaces decline as large, permanent office spaces begin to be less common
  - Offering day/hourly rates on rooms for video conferences or adapting larger spaces in to smaller multi purpose rooms could yield added revenue for hotels

***ATCpOC** is our measure to help you understand just how many target consumers you have in your area, contact hello@proofinsight.com to find out more

Source: PROOF Insight, POURTRAITS, Deloitte

Working from Home: Thursday the new Friday?



- 45% of employees working from home on a Friday could mean at least **7.1 million people** would no longer be on a train, in their car or catching a local bus to work
  - This sharp increase will have an effect on businesses reliant on post work drinks, passing lunch trade and morning trade for coffee shops… locally however, businesses should see the benefit of residents staying home more often
  - There is **BWS spend to capture**, 3 in 10 workers are **more likely** to **drink alcohol mid-week** if they are working from home
- The desire to **work from home** on a **Friday** and **Monday** may create later drinking occasions on Thursday and Sunday for operators to take advantage of, with consumers less wary of getting up early for their commute
- **Tuesday** will present the most midweek opportunity, it will be the day of the week where more workers than normal are present in the office: Think promotions, pub quizzes, live music or comedy

Source: PROOF Insight, POURTRAITS

New ways of working: Technology driving service improvements and age is no barrier to adoption

A site's use of technology is a key difference maker when it comes to attracting consumers

- Providing consumers the chance to book tables, order from their table or join a virtual queue for entry are all ways the hospitality industry can improve customer service
- Technology was already a huge part of day to day life in hospitality before the pandemic through social media interaction and table booking functionality but the pandemic has accelerated the need for it

At least **17% of 18-34s** consider app based ordering a reason to pick one venue over another

App ordering becoming more and more important

- Order to pay mobile solutions allow customers to never miss a moment of conversation whilst ordering at their seat. For hospitality businesses, large service areas can be more efficiently serviced with less staff which helps reduce cost.

Age is no barrier to adoption

- Any concerns that age could be a barrier for technology adoption are inaccurate, looking at behaviour during the pandemic **over half of over 55s** already use technology for online banking and non-essential shopping.
    - **Almost 1 in 3 over 55 consumers went online to order food or drink during the pandemic**

Over **26million** people ordered food for takeaway online in 2020

Source: PROOF Insight, POURTRAITS, ONS

Travel and Tourism: Staycations will be key with restricted travel

International Travel Plans

Just **18%** of consumers are planning to have **a week or longer on holiday abroad**, just one respondent from our survey was planning a **weekend** away abroad.

Driving this trend may be **quarantine rules**, only **19%** of consumers are happy to quarantine for 10-14 days in order to have a holiday abroad

Domestic Travel Plans

34% Are planning a weekend holiday in the UK this year

27% Plan to spend a week or longer on holiday in the UK

61% Won't book a holiday until they know it's safe to travel

75% Will only book a holiday if a refund policy is in place

I'd love to go on holiday if there wasn't a fear of it being cancelled at the last minute Reveller 35-44

I think I will give it a miss this year. I'm still not sure it's safe to be in a confined space on a plane. Regular 55-64

can't wait and will book as soon as I can go Reveller 25-34

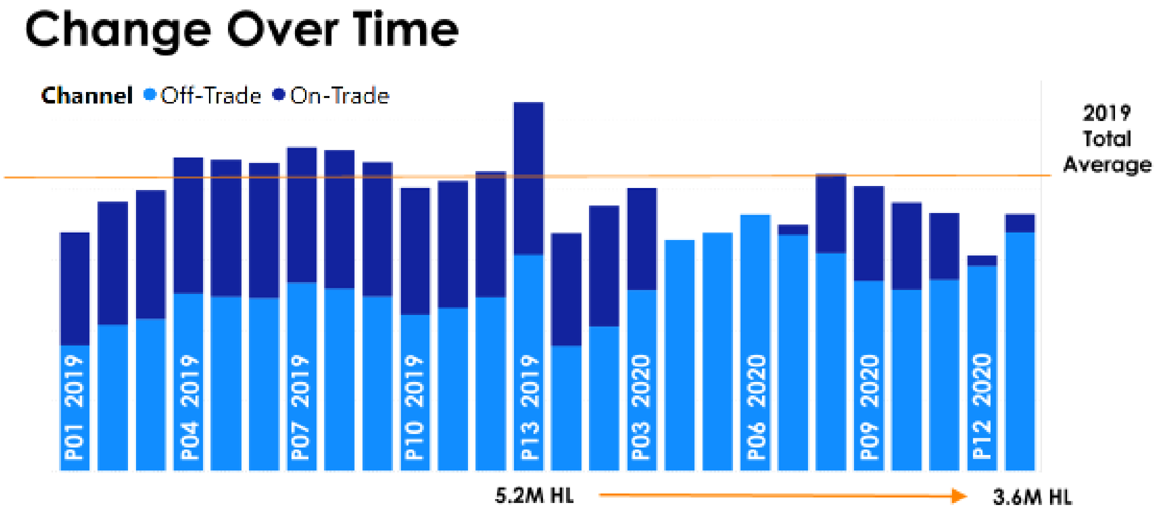
- With 61% of consumers cautious of safety, advertising as early as possible will be key for all summer locations to make sure they are capturing bookings as consumers begin to feel comfortable making plans
- When selecting their holiday destinations, consumers are most likely to use review sites, Travel agencies and Social media to gain inspiration

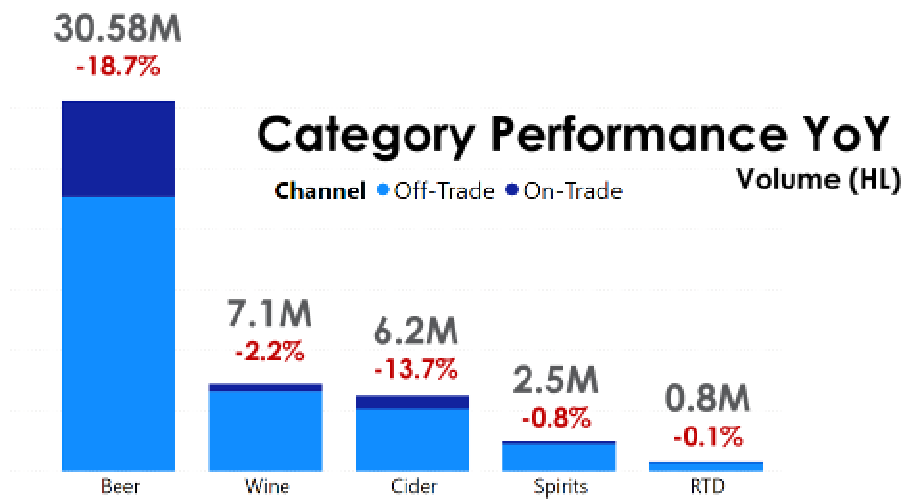
- **To effectively capture business, operators must ensure all amenities and services are visible online across all media channels**

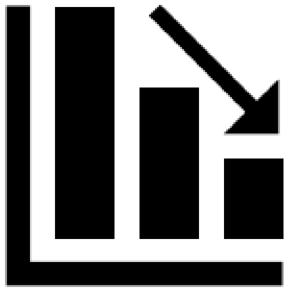
Source: PROOF Insight, POURTRAITS, VisitBritain

Drinks Category Trends

Total Drinks: Spirits perform the best across both channels



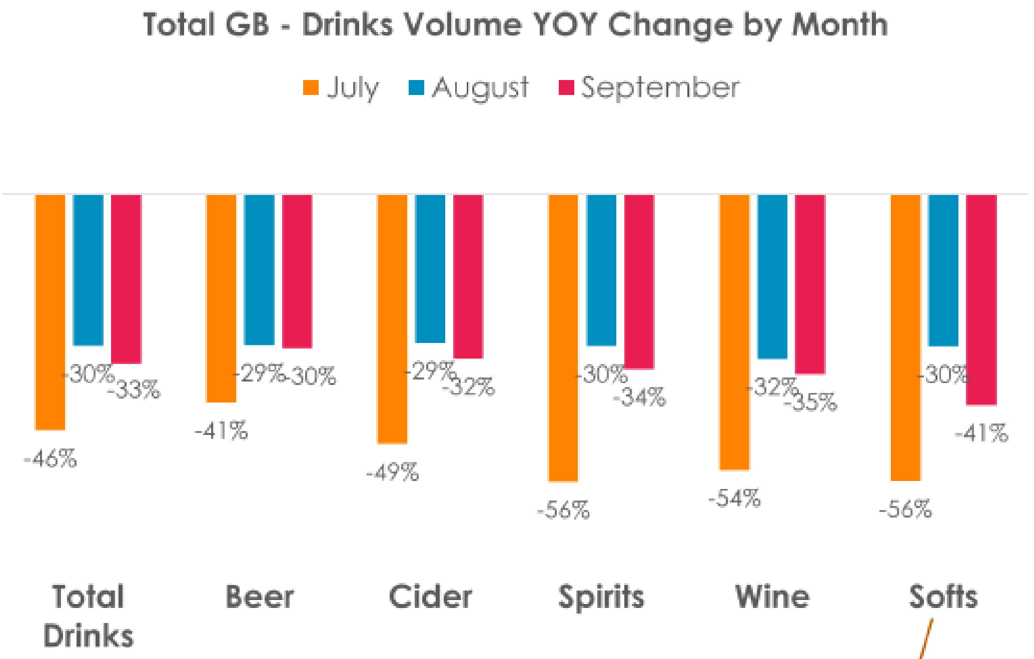




- Despite uplifts in Off-trade sales, overall alcohol volume has declined over the year with the On-Trade being shut, strong periods in August/September led to overall volumes reaching similar volumes to 2019
- By category, **Spirits** (-0.8%) and RTDs(-0.1%) performed best by holding their volume vs last year. It was Beer and Cider that struggled the most with volume declining 19% year on year
  - **Gin** was a key driver of spirits performance, 2 times as many consumers were drinking it compared to vodka (24% vs 12%) at home during lockdown. Whisky also excelled, with 17% of consumers drink it at home
  - There is thirst for cocktails when consumers when they return but 1 in 10 were making them at home, further aiding the spirits categories strong performance

Source: PROOF Insight, CGA 52 WE 26-12-20, IRI 2019/2020 Sales Data

On Trade Summer 2020: It took 4 weeks of trading and EOTHO to improve confidence and stabilise drinks sales at -30%



Softs saw a significant downturn vs. August, demonstrating the extent to which EOTHO discounting & midweek occasions drove the category's performance

Category trends during the quarter:

"Winners" (least impacted):

- Stout (-24%)
- Liqueurs (-32%)
- Speciality spirits (-37%)
- Rum (-38%)
- Rosé wine (-32%)
- Diet Cola (-37%)
- Cola (-38%)

Underperforming:

- Ale (-40%)
- Tequila (-45%)
- Brandy (-48%)
- Sparkling wine (-46%)
- Still Water (-56%)
- Sparkling Water (-57%)
- Mixers (-53%)

Consumers were prioritising drinks they cannot easily replicate at home e.g. **cocktails** (liqueurs & speciality spirits) and **draught Stout**. This may be why **Rum** outperformed **Gin** (not stocked at home). **Mixers** were underperforming as an easy serve to create at home.

The decline in group and up-tempo occasions impacted **Sparkling wine** sales. Likewise the loss of late night occasions affected **Tequila** sales.

The loss of Conferences & events impacted **Water** sales, with implications for Hotels & Large Venues.

Source: PROOF Insight, CGA OPMS Total GB, 4 wks to 08.08.20 (July), 4 wks to 05.09.20 (Aug) and 4 wks to 03.10.20 (Sep); CGA 15th – 17th Oct; CGA/Coffer Peach Business tracker

Low/No Opportunity: 34% of consumers have decreased alcohol consumption

The Occasion Opportunities

(Post Lockdown would consider drinking No/Low)

1. **At Home**
   - At a friend's (22%)
   - With friends at home (18%)
   - Midweek at home (18%)
   - At home on the weekend(17%)
2. **Out In Trade**
   - On holiday (20%)
   - On a night out (19%)
   - When with work colleagues (16%)
   - At a Gig/Concert

Motivations

- **Pacing** yourself (30%)
- Feeling part of social occasion **when not drinking (28%)**
- **With food** occasion **(17%)**
- On **Tap (16%)**
- **Energy boosting** properties **(9%)**

How to Win

- Having options available in all categories is key to taking advantage of the Low/No and moderation trends
  - At least 3 in 10 UK consumers have tried an alcohol free beer, Cider, spirit or wine and would consider drinking it again
  - 10% of consumers agree that they would be out midweek more often if more Low/no drinks were available

Over **3.2 million** consumers regularly drink alcohol free beer

Contact PROOF for a copy of the upcoming Low/No report to understand the opportunity in more detail

Source: PROOF Insight, POURTRAITS

What were consumers buying Off Trade in lockdown?

Wine: Breaking down the key grapes to Consider

Power *Grapes*

Red Wine

1. Merlot
2. Malbec
3. Shiraz

White Wine

1. Sauvignon Blanc
2. Pinot Grigio
3. Chardonnay

*These **6 grapes** account for **58%** of Still Wine spend in the Off-Trade and **62%** in On-Trade*

On the rise

Grapes	Val / Vol Change
Gamay	23% / 21%
Sangiovese	20% / 18%
Nero D'Avola	80% / 65%
Cabernet Franc	55% / 44%
Muscat	43% / 42%
Cortese	118% / 120%
Picpoul	71% / 69%
Albarino	35% / 31%

Origins to watch

- Provenance driven consumers have been quick to pick up the **English wine** trend, with sales of English **Bacchus up 56%** in val and vol
- In **Portugal**, blends have been doing well whilst consumers still begin to learn and understand the vast variety of grapes on offer here but **Touriga Nacional** has been a stand out (+37% value, +43% volume)

Source: PROOF Insight, IRI 2019/2020 Off Trade Sales Data

Sparkling Wine: Give consumers the opportunity to celebrate again!

Sparkling wine was hit hard in the On Trade during 2020, falling 64% year on year vs still wine at 59%. Only half as many consumers who have been drinking sparkling wine at home plan to drink it when they are out.

Consumers have had limited opportunities to celebrate during 2020 – particularly in group occasions. Let them do so when returning to trade with these two trending categories:

Rosé Prosecco will be a must list when trade re-opens

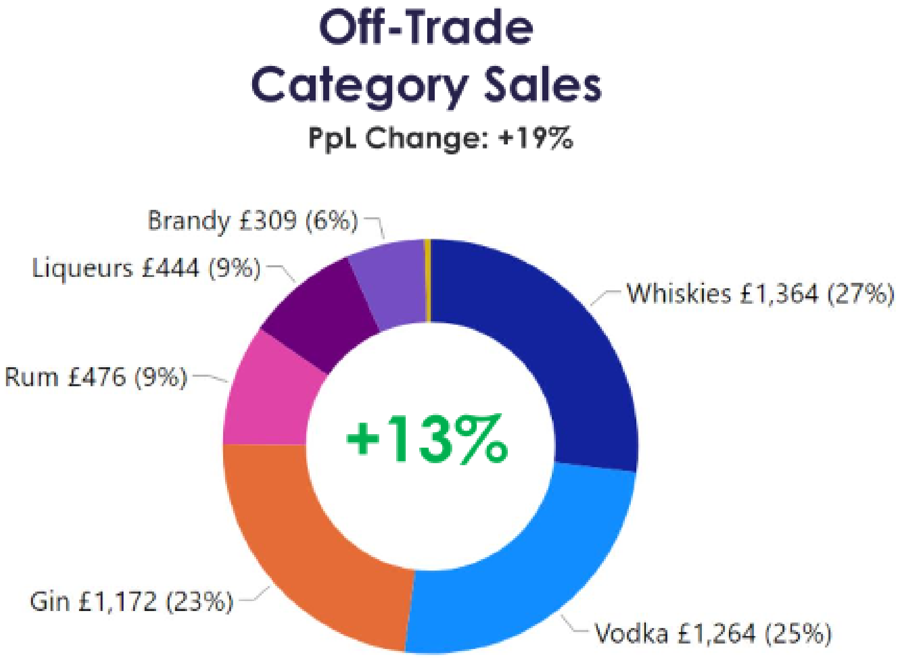
- Over the Christmas period Waitrose sold 840k bottles of the new D.O.C wine, whilst Lidl reported over 1 Million bottle sales
- Demand for pink products has been a trend in the market for some time, from the growth of pink gin and ciders to pale Provence Rosé growth in wine – Prosecco has now joined the train

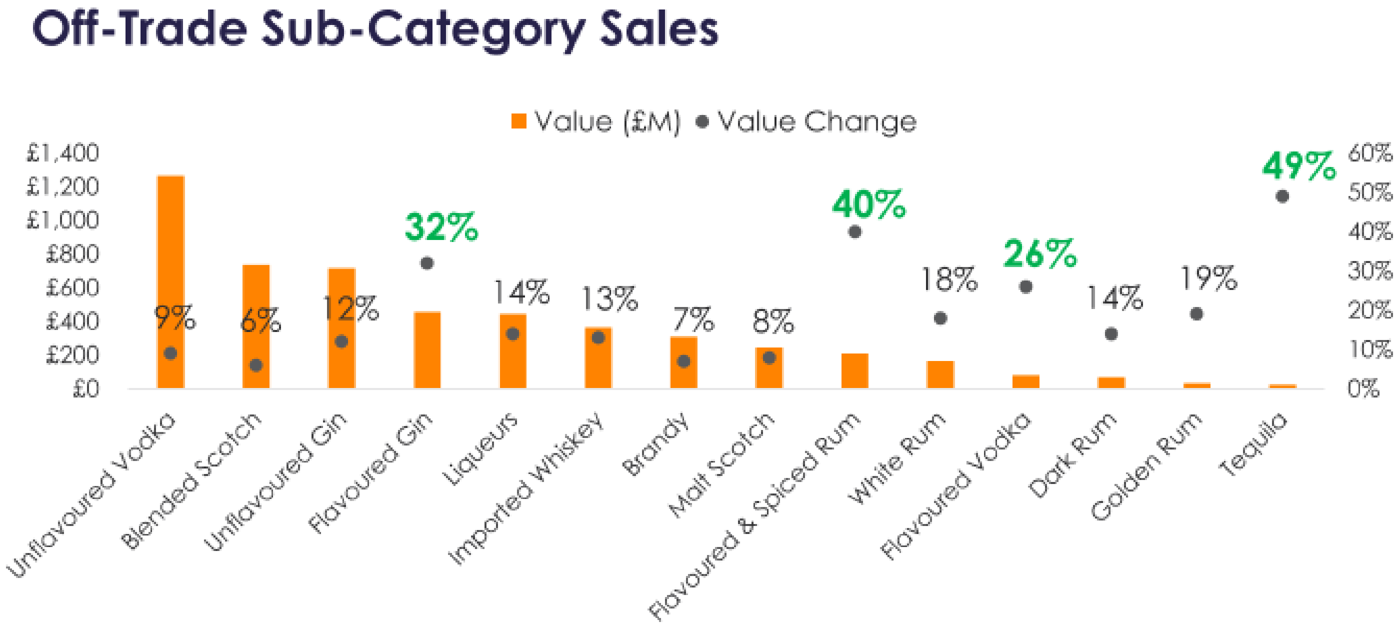
English sparkling is key for premiumisation, and to draw consumers up the list

- English sparkling sales were in 37% value growth pre-pandemic
- Waitrose reported a 33% increase in English wine sales in 2020
- 48% of UK consumers are actively try to buy local where they can, give them the chance

Source: PROOF Insight, IRI 2019/2020 Off Trade Sales Data, POURTRAITS

Spirits: Flavoured spirits outperforming across Gin, Vodka and Whisky





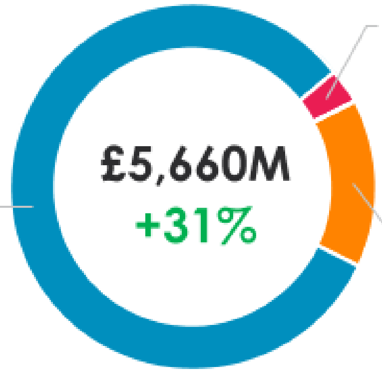
- **Gin**, **Vodka** and **Rum** are all benefiting from experimental consumers looking for pre-flavoured spirits, flavoured variants of these spirits are growing at twice the rate of total spirits
- **Rum**, a base spirit in **half of the UK's top 10 cocktails**, has seen growth faster than total spirits in all flavour types
- Spirits are perfect to take advantage of the **local** and **provenance** trend in the market, the **distillery boom** continues in the UK as distillery numbers went up 24% to over 560 in 2020 - **List local where you can**

- **25%** of consumers will be influenced to visit venues based on them stocking locally sourced food and drink
- **65%** of consumers are trying to support local business where possible

Source: PROOF Insight, IRI 2019/2020 Off Trade Sales Data, POURTRAITS, CGA Mixed drinks report Q3 2020

Beer: Premium Beer Brands (driven by World Lager) driving growth

Value Sales TY



Key Brands Driving Growth

San Miguel	+69% / £91M
Heineken	+62% / £86M
Birra Moretti	+86% / £81M
Corona Extra	+42% / £77M
Peroni Nastro Azzuri	+38% / £56M
Carlsberg	+41% / £36M
Guinness Draught	+64% / £29M
Tennent's	+34% / £27M
Brewdog Punk IPA	+56% / £25M
Sol	+129% / £24M
LOW/NO Alcohol(<0.6%)	+30% / £20M

World Lager

Price Levels Driving Growth

Volume Change YoY (%)

Example Products

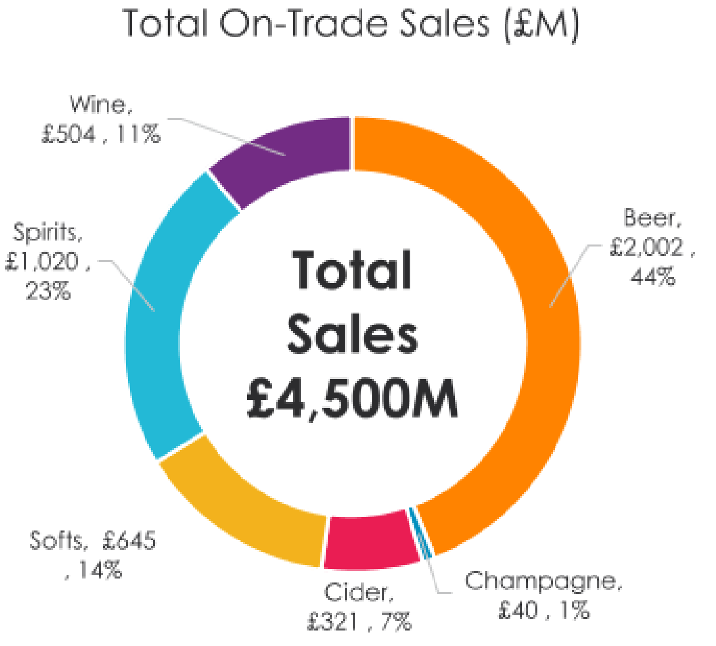
Example Products		Volume Change YoY (%)	Example Products
Carling, Fosters, Coors Light	Value:	**+20%**	
	Mainstream	**+30%**	*Budweiser, Stella Artois, Guinness*
San Miguel, Birra Moretti, Corona	Premium:	**+37%**	
	Super Premium:	**+38%**	*Peroni, Brewdog Punk IPA, Desperados*

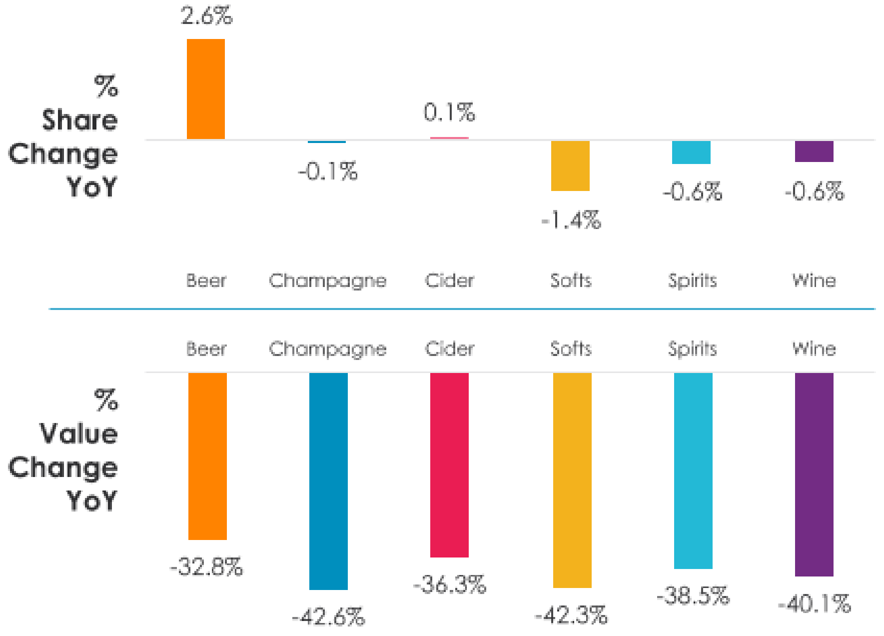
- 6 of the top 10 growth beer brands in 2020 were **world lagers**, showing a desire from consumers to spend more when shopping in the category and a quick win listing for any sites not listing one
- **Low and No alcohol beers** (<0.6%) growth aligned with the wider beer category at 30% - growth On-Trade will grow with one third of consumers consuming less alcohol
- **Guinness** and **Brewdog's Punk IPA** are the only non lager brands in 2020's top 10 growth performers
- **World Lagers** will be a key opportunity coming out of lockdown to target trade up with consumers in draft beer, allowing consumers to trade up from the likes of Carling and Carlsberg can help grow value in what will be a booming category

Source: PROOF Analysis IRI Sales Data 52 WE 24-01-21, POURTRAITS, YOUGOV, ONS

What will consumers buy On Trade post-reopening?

On-Trade Summer 2020: Consumers came out for a draught pint, particularly at venues with outdoors space. Prioritise choice on draught over extensive packaged ranges.





Prominence of Draft

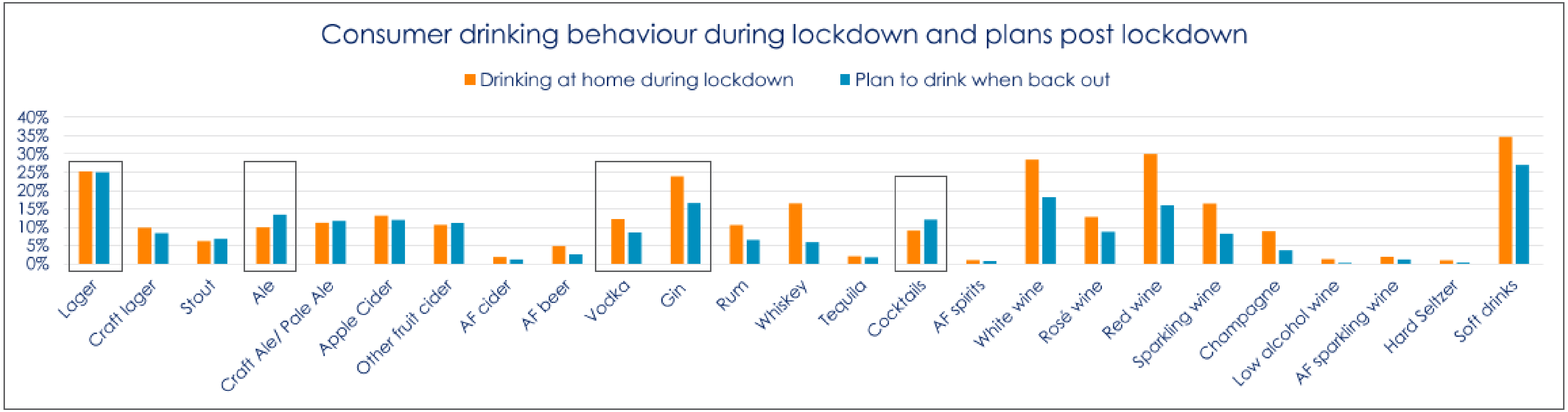
Summer 2020

Draft Beer sales at sites ***with*** outdoor space	-15%
Packaged Beer sales at Sites ***with*** outdoor space	-70%
Draft Beer sales at sites ***without*** outdoor space	-56%
Packaged Beer sales at sites ***without*** outdoor space	-57%

- Draught beer sales thrived relative to other categories post lockdown, notably in venues with outside space (-15% YOY vs. -70% for packaged!)
- **Spirits held their value better than wine** did, this was in large part due to **cocktails** in the spirits category doing well and **sparkling wine in wine struggling** through a lack of celebratory group of occasions.

Source: CGA 52 WE 26-12-20, PROOF Analysis

Post Lockdown 2021: Consumers want fresh pints, cocktails, gin



- **44%** of consumers **cannot wait for a freshly poured pint**
- **48%** will order something they **can't easily have at home – e.g. cocktails**
- **More than 1 in 3 consumers** who will be out as soon as restrictions lift will be looking to purchase lager post lockdown, other categories these consumers over index vs the UK average for are Cocktails, Gin and White Wine

Many operators rationalised draught beer & cider ranges to focus on packaged during 2020. However, consumers want **draught pints** – and this was echoed in sales trends during summer 2020, with draught outperforming packaged. **Offer a full range on draught to meet consumer needs.**

Source: PROOF Analysis, YOUGOV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