

# PREPARING FOR JANUARY

CREATE DEMAND DESPITE COLD, COVID  
AND CLOSED WALLETS

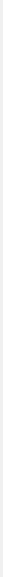
*A proprietary report for the beer, wine  
and spirits industry, powered by **3X3***

# The January hangover is rough.

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**New Year's Day hits like a train for many retailers and suppliers in the beverage alcohol industry.** After the fourth quarter feast of holidays and drinking occasions, sales seem to dry up in a snap.

**But perspective is everything here:** January is rough *because* December is so strong. Information from the 3x3 Retail Network shows that January doesn't have to be all ice-gray.



## How do we know?

3x3 has a direct line to the drinking consumer.

We gather receipt data from influential beer, wine and spirits retailers around the country.

Then, we help brands use **Precision-Guided Shopper Acceleration™** to direct their ideal customers to buy at nearby stores.

Use this guide  
to look  
differently at  
January and  
discover how  
to grow in Q1.

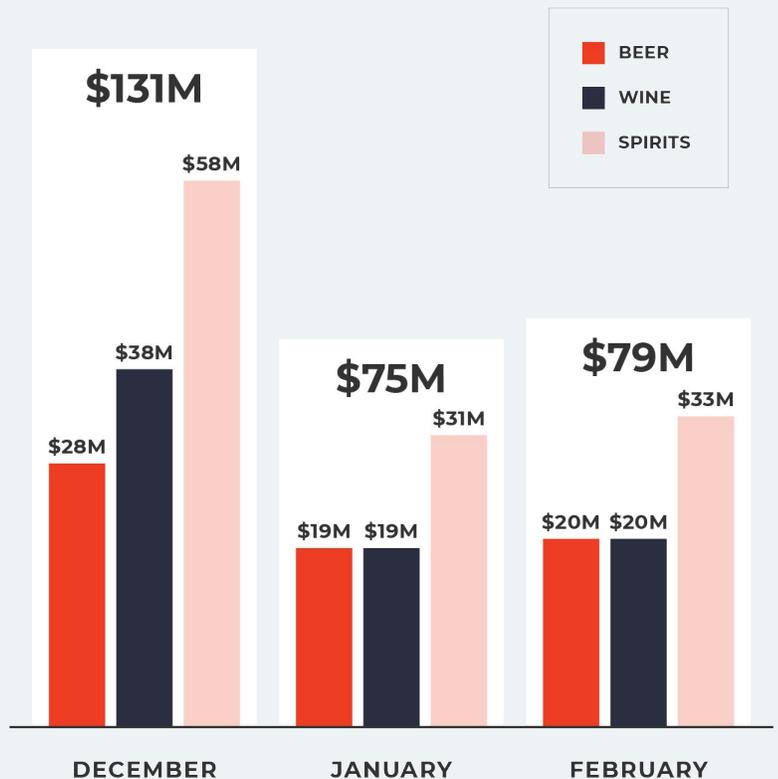


# After a strong December, it's hard to see January as an opportunity.

From December 2019 to January 2020, dollar sales for beverage alcohol retailers in our network fell \$56M.<sup>1</sup>

Within each category (beer, wine and spirits), monthly sales-dollar figures dropped by half.

Overall Dollar Sales 2019-2020

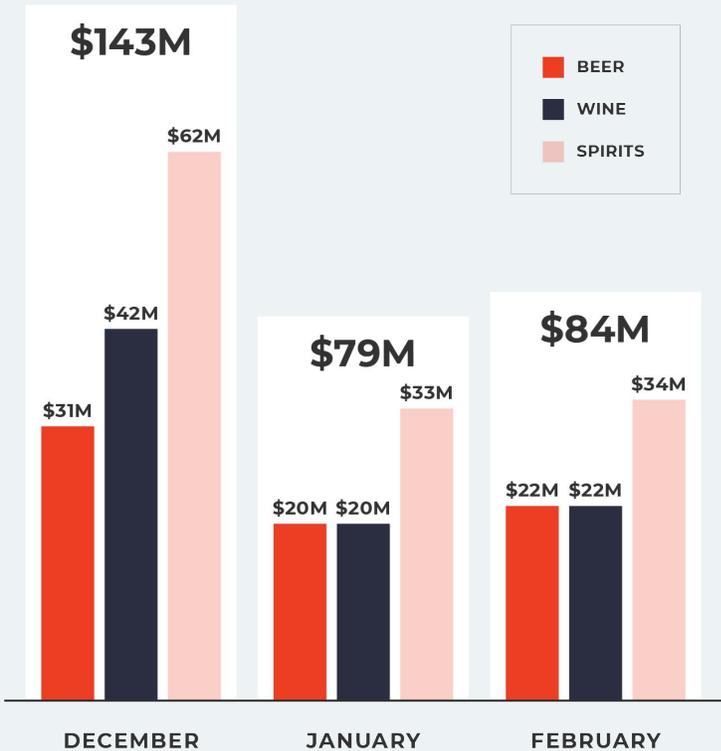


<sup>1</sup> See our methodology section for more on how this data was collected.

## Overall Dollar Sales 2018-2019

That's not in isolation. December 2018 brought \$143M in sales, while January 2019 only tallied \$79M.

That \$64M drop is significant. It forecasts the steep declines within each category during this period.



## Average Basket Size



We found the same plummet in average customer basket size between December and January, year after year.

Most recently, from December 2019 to January 2020, basket spend fell a little less than half.

So far, seems bleak—we know.

# The upside is in a shifted perspective

People will be buying less, so inventory should stay lean. Shift budget to focus on inventory management improvements instead.

Look at potential software updates, new shelving and displays, or better storage organization.

### **An early investment in digital marketing is also key.**

Many in the industry believe marketing should shrink in down months. We preach the opposite.

It's vital to have an ongoing communication with customers for off-season success. Social media, email newsletters and existing loyalty programs are a great start.

But these channels mainly cater to drinkers who are already buyers. Nabbing new customers requires a step into digital advertising.

This step expands the net, broadens the shopper network and drives more traffic. When a business can be precise about who they reach, digital advertising can really pull its weight.

### **DIP YOUR TOES:**

- **Build** promotions around affordable, high-in-stock varieties. Find ways to make room for products that sell in the spring..
- **Market** products that are popular year-round and sit at a lower price point.
- **Find** the available inventory that aligns with trends. *(More on this in the next section.)*
- **Spend time** with your products. Find ones with the best margins, then concentrate marketing and merchandising efforts there.

The best thing any retailer can do in January is be proactive.

In other words,

**when there is  
no demand,  
create the  
demand.**

“Consumers need to be led,” says Jeff Nedeau. He is the Director of Strategic Account Management at 3x3 and owner of a wine shop in Massachusetts.

“You can’t wait around to see if they’re coming to you.”

Remember: People are still buying and drinking in January—just differently.

Consumer focus will be on three areas at the start of the new year.

## Lower cost

“People have already spent their money by January,” Nedeau says—on alcohol, on gifts, potentially on travel.

A majority of consumers will not want to spend big on booze after the holidays.

### **But they are still spending.**

We saw strong sales and above-average basket spend in January 2020 on three lower-priced varieties.

“Consumers need to be led. You can’t wait around to see if they’re coming to you.”

- Jeff Nedeau

**GAMAY** (\$12/bottle) carried an average \$72 basket spend across the network

**RIESLING** (\$11/bottle) drove \$271,353 in sales across the network

**MICHELOB ULTRA** (\$15/case) drove \$623,764 in sales across the network

Cater to tighter budgets by promoting products with a smaller price tag like these.

Additionally, make discovery and selection of these lower-cost items simple.

**Retailers**, try a \$20 and under display in store (or online) with go-to affordable picks.

**Suppliers**, build marketing around more affordable options in your portfolio.

Shout about these offerings on social, in ads and through a newsletter. That way, consumers can't miss them.

## Lower ABV

Now entering: Dry January.

Low-alcohol and no-alcohol products play a prominent role after the holidays.

For many consumers, January marks the end of a marathon of heavy drinking occasions.

But the gravitation toward low-and-no-ABV options is now more than a fad.



*of millennials drank more alcohol-free beer and mocktails in 2020*



*tried alcohol-free beer for the first time during COVID-19*

*drank alcohol-free beer to limit alcohol intake*



The COVID-19 pandemic had a big effect, increasing low-and-no-ABV drinking occasions.

A [Heineken USA survey](#) found that more than half of millennial respondents increased their consumption of alcohol-free beer and mocktails since March 2020.

Attract these buyers and drive incremental sales by promoting a spectrum of lower-alcohol options.

For starters: This chart shows January 2020 sales from four low-or-no-alcohol products.



The 3x3 Retail Network **sold fewer units** of Gamay and Seedlip Non-Alcoholic Spirits, **but saw bigger baskets** associated with those products.

The network **sold more units** of low-ABV Riesling and Michelob Ultra, **but saw smaller basket sizes** associated with those products.

Here, Gamay is a winner. It has a low price and low-ABV for the consumer and bigger basket or per-trip purchase for the seller.

## Fewer trips

The mix of January cold and COVID-19 means decreased foot traffic for many retailers.

Consumers are limiting the number of store trips they take to limit exposure.

They are also turning to digital channels more often before they shop. This has significantly shifted the discovery process.

To make the cut, beverage alcohol retailers need to prove their value with diverse offerings and a holistic e-commerce strategy.

**And by e-commerce, we mean more than online shopping.**

It should encompass the full suite of channels available to businesses, pulling hand-selling from the physical world into the digital one.

## GET CREATIVE:

- **Replace in-person tastings** with at-home kits they can pick up curbside and a virtual event.
- **Curate boxes** that make it easy to get all ingredients for popular cocktails—like negronis or margaritas—at once.
- **Guide customers** through different parts of the world through products in place of travel.
- **Recreate the on-premise experience** by offering ready-to-drink varieties (batched, bottled or canned).

In short, offer consumers something they can't get anywhere else. Make it a necessity for them to visit the business in person or place an order to pick-up curbside.



Your New Year's business resolution?

# Create strategic demand.

Any beverage alcohol business can turn a bleak month into an opportunity. **All you need is the right mindset and preparation.**

In January, step back and (literally) take stock. Balance inventory budgets with marketing. Try new digital strategies, new community-building events, new inventory arrangements.

After all, at the end of January comes February and the start of early spring growth. //

**3x3** is a digital customer engagement company that marries consumer intelligence gathered from transaction data with localized customer acquisition and retention tactics to unlock value for brands, retailers and consumers of beer, wine and spirits.

3x3 marketing technology provides the world's best beverage alcohol brands — from international staples to cutting-edge craft newcomers — with an advantage:

Localize emerging beverage trends to capture market share from competitors.

By focusing on **Precision-Guided Shopper Acceleration™** through digital and social media, 3x3 delivers the right customers to the point of purchase, enabling brands and retailers to collectively build valuable, lasting relationships with them.

To do this, 3x3 leverages its curated network of 1,500 progressive liquor retailers and grocers to compile and analyze more than \$10B in receipt-level transaction data.

The company enriches the basket-level sales data with consumer attributes to reach high-propensity buyer audiences through targeted digital media channels.

3x3 helps clients plan and execute their social media and programmatic digital advertising campaigns by targeting the best consumers exclusively and directly — based on known purchasing behaviors for maximum ROI.

Whether a brand or retailer wants to enhance the effectiveness and efficiency of its annual mixed marketing calendar, launch a product, or expand to new markets and customer sets, 3x3's marketing technology can play an integral role in its strategy and success.

*For additional information about 3x3, or to learn more about becoming a business partner, please visit [www.3x3.us](http://www.3x3.us). For additional information about Loeb.nyc, visit [www.loeb.nyc](http://www.loeb.nyc).*

## Methodology

To build this report, we aggregated dollar sales data from our network of 1,493 beer, wine and spirits retail stores.

These retailers range in size from independent package stores to independent chain and grocery stores.

Stores are located in 37 U.S. states and 14 regions of Mexico.



All data not otherwise cited comes from sales within this network during December 2018, January 2019, December 2019 and January 2020.

To compare low- and no-alcohol products, we selected four popular varieties and brands (Gamay, Michelob Ultra, Riesling, Seedlip) across three categories (wine, beer, non-alcoholic spirits) that represented various retailer and supplier offerings.

We looked only at January 2020 sales data for these four items.

# 3x3

3x3 captures the hearts and minds of the drinking consumer for beer, wine and spirits businesses.

Learn more about how we can help your business in January and beyond.

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