

Simple but savvy steps to navigate complex categories and offer an aspirational drinks range.

As we excitedly reach the light at the end of the long lock-down tunnel, smart, savvy and stimulating drinks range decisions that tap the key consumer trends are fundamental to on-trade recovery, optimising the on-trade offering, and setting up for success for the remainder of 2021, and beyond.

You will find this resource valuable if you are...

- A drinks brand/portfolio owner
- A Route-to-Market (RTM)
- An operator
- Bar staff
- A combination of the above
- (Oh, and ultimately, our on-trade guests)

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Introduction.

Quite rightly, the food menu always has and will continue to be a huge focus for most operators – after all, it is important to our visiting guests. Getting it right is an essential skill, balancing factors such as aspirational consumer appeal, catering for different and new consumer trends and occasions, rejuvenated offer with menu changes and seasonal specials, providing value for money without compromising on taste, all whilst managing costs to procure, produce and serve.

With food and drink going hand in hand in most on-trade occasions, at OTC we firmly believe that equal focus should be applied to your drinks offer to deliver significant benefits and increased value to all parties; the trade, the operator and the guest alike. In this Whitepaper you'll step through aspirational but simple and formulaic ranging principles that tap the key consumer trends for focused, value add drinks ranging and listing decisions, all in the landscape of increasingly complex consumer needs, trends and drinks categories.

Drinks range is important in the on-trade; it is a fundamental component to the total experience. Offering an appealing drinks range is increasingly proven to influence all the elements operators seek to drive with their guests; choice of venue, perceptions of quality, dwell time, number of drinks in the occasion, and spend on not only the drinks but on the food too. And therefore, to ultimate visit satisfaction, vital to likelihood of recommendation and repeat visit. With the continued explosion of new products and brands across all drink's categories, expertly and innovatively tapping into the

fast-evolving consumer trends, there are certainly heaps to choose from, try out, play around with, and drive strategically.

Whilst choice and exploration are important, there is, however, a balance to be struck to manage space constraints and optimise the range commercially. The smaller the range, the easier and more cost effective it is to serve and sell, combined with the benefits from working with preferred suppliers, preferential pricing terms, important activation support and general economies of scale. So naturally the proliferation of drinks categories and brands in the market and guests' repertoires means there is increased complexity in ranging decisions.

To strike the right balance between optimal guest experience and occasion spend vs operational costs and commercial considerations, we have compiled the following simple but aspirational drinks range principles.



Chapter 1

Perfectly pitch your drinks range to your outlet proposition.

Most people already have a spend range in mind when they choose the venue they are visiting. They will have a preconceived view of the outlet proposition and how that translates to the price of the products sold. We are all used to paying more for the same product like a draught Pepsi or a bottle of Bud, depending on where and how it is served. The drink brands the guests see available plays a key role in facilitating the outlet being able to achieve the best possible price that still feels like value for money for the consumer. Both the food and drinks offering helps guests to build their perceptions of the outlet proposition. A good starting point for drinks range decisions is defining where, in the quality spectrum, you want to pitch your outlet – this is where the weight of your range across categories should be.

In a more mainstream appeal outlet, guests expect to see, and will more frequently choose more mainstream drinks and brands. This is not about budget or economy brands in the on-trade like you will see in retail. Known brands give the required signposts of quality, important in all on-trade occasions and outlet segments. It is about



71% of publicans have seen an increase in purchases of premium drinks

Source: KAM Ontrade Outlook 2019

dedicating the weight of your range to brands that thrive in more value led environments – they will be expected in every range and have a sound bar call, they are highly recognisable, with accessible flavours, broad appeal, that you will likely find widely available and distributed across all channels. So, think the likes of Pepsi, Heineken and Smirnoff for example. Of course, on every occasion there is an increasing time and place for premium trade up options along the price and quality continuum. The question is ‘how premium?’ (or how more expensive indexed to the range entry alternative)? To justify a products place and space in the range, the ceiling quality level will likely be best around the upper end of premium, to achieve that sweet spot of margin and ROS. Caution should be given to niche, top end price drinks, where demand will likely be low at the price required to achieve a healthy margin. This is a rapidly changing landscape however as the trade works hard to drive more and more value into bar call and expected in every range territory that are famous for behaving as the engine room of ROS, take Fever Tree for example. So, what lives in the ‘the weight of the range’ should be a key focus in aspirational ranging decisions that continually drive value into the occasion for the operator and experience for the guest.

How does this compare with a venue at the other end of the spectrum, aiming for a highly premium or prestige positioning in outlet brand and proposition. The drinks range is best weighted with those brands and finished drinks perceived as worth more by guests with an emphasis on distinctive flavours and excellent serve. With guests already having determined they are willing to spend more on the occasion and more likely to be in an exploration mindset, they will be expecting and accepting of a higher price that delivers a desirable margin and does not act as a barrier to sufficient ROS. More traditional, lower value range entry drink brands can be consolidated in breadth, making space on bar / in fridge and menu for weight of range in the more exploratory, niche, and ultimately higher value and price products. Additionally, range entry choice can be from brands considered higher quality, and, in many cases, replaced with premium alternatives to play the range entry role with an injection of elevated experience. So, think Peroni instead of Stella, Tanqueray for the house gin, and a premium served glass bottled Pepsi for the cola, or even a crafted alternative like Square Root Soda's distinct and rich, but lower sugar cola. Both tactics combined will allow you to get more playful with new, different, and growing, and avoid confusion and compromise perceptions of the total offer and price (including the food), if the drinks brands served do not reflect other quality indicators of 'worth more' in the outlet proposition.



This looks at it from an operator and guest perspective. If you are a drinks producer, supplier or route-to-market, similar principles can be applied to shaping your portfolio strategy, to pitch your range right for your target outlet segments. Where and how a product is enjoyed is an excellent way to build consumer perceptions, experience associations and long-term brand equity. This presents smart and savvy collaboration opportunities for operators and suppliers to team up and reflect their mutual propositions.



Chapter 2

Good, Better, Best..... Redefined for future growth.



In looking at the price ladder from an angle of the quality continuum and perceptions of 'worth more', we are still in the realm of the tried and tested 'Good, Better, Best (or Different) category ranging principles. Thanks goes to the efforts of several bold drinks' brands and in key on-trade drinks categories, who have successfully redefined and evolved, forward looking, aspirational and optimal range model, creating a framework for on-going drinks value injection into the on-trade occasion.

'Good' becomes 'Core'.

Engine room ros, expected in every range

This is an especially important evolution in aspirational ranging principles – important to:

- The operator; commercially and the value of the occasion.
- To the bar staff, the pride they get from their work and what they can deliver.
- To the consumer, their overall experience of on-trade food and drink occasion, and the associations they build with the outlet and the drinks they consume.

Typically, 'good' translates to the engine room of ROS, expected in every range, so again think about the Stella example. What happens when high value, Super Premium beer brands like Peroni and Estrella achieve top spot as the highest selling beer on the bar? More cash in the till. Couple that with the fact that guests will generally spend more on the food when consuming higher quality drinks¹, you have all round value injection to the occasion, commercially to the operator, and for the consumer by way of an enhanced experience. Beer is not the only category trail blazing in this space. Fever Tree have achieved similar admirable success. Convincing the consumer and bar staff alike that spirits should be mixed with the best, premium tonic is now the expected offer, and accepted at a higher price. This has impressively driven the rate of premiumisation and differentiation in gin and other long-mixed drink spirit and mixer categories. There is however still more headroom for value injection into the important Core range role in drinks categories that are currently lagging.

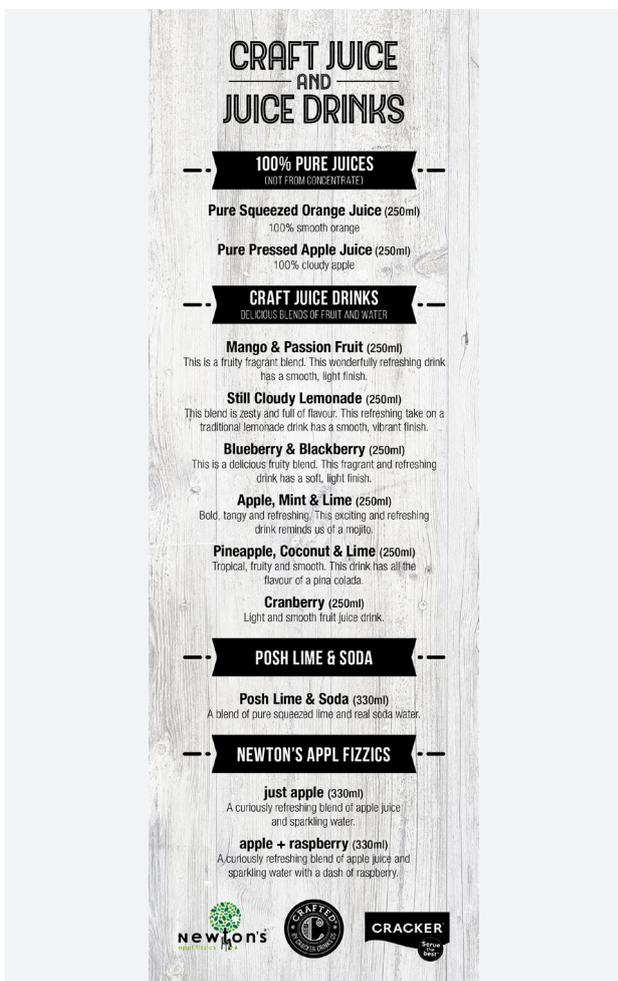


Whilst single serve mixers and soft drinks are now being given due care and attention, carton juice mixers can be forgotten or deprioritised, being hidden away in less visible areas of the fridge. As educated by Fever Tree’s relentless messaging, with three quarters of the drink being the mixer, and with our guests increasingly seeking to moderate their alcohol intake (more on that later), serving the best tasting juice, even when from a carton, should become just as much a focus for operators as their more visible single serve mixers in their range curation. Remaining in soft drinks, certain drinks and brands achieve ‘go-to-bar-call’ status for many guests seeking a no alcohol drink; a soda and lime, Coke and Appletiser for example. However, these default purchases typically do not deliver the best quality or most interesting experience that commands RSP, nor exploration or additional drinks in the occasion. We know there is a growing need for alternatives – both from the trade and the consumer – and with the alcohol moderation trend gathering pace, rightful focus is starting to be given to soft drinks as part of total drinks offer in outlet A sound all-rounder boldly taking a portfolio approach to injecting value into the high ROS soft drinks and mixer Core is

producer, The Cracker Drinks Co. Craft in juice drinks is particularly important to guests, however carton serve is often over-looked. CRACKER® 1 litre carton juice range boasts high quality ingredients that allow the natural taste of each fruit speak for itself. The orange juice is crafted using smaller, juicer oranges from Brazil, hailed as the best oranges for making juice drinks. Their craft apple juice was awarded a coveted Great Taste Award in 2020. In addition, their sales strategy offering CRACKER® carton juices exclusively to the on-trade pubs, bars and restaurants is a smart strategy to retain a high-perceived value differentiator versus its premium carton juice competitors that are also widely available in the off-trade for much less. Additionally, their CRACKER® SERVE THE BEST® messaging amplifies the good work done by Fever Tree in communicating and educating consumers and the trade alike in the importance of taste.

The Cracker Drink’s Co’s fruit-based drinks portfolio that delivers in the Core role does not end with premium quality carton juices. Sparkling apple juice drinks are often a go-to in adults and kids’ repertoires alike. There has, however, been little innovation to bring this sought-after soft drink sub-category up-to-date and dislocate it from the kid’s soft drink range. Until now. Cracker Drinks Co’s NEWTON’S APPL FIZZICS® sparkling apple juice packaging, serve and flavour is all round more premium, contemporary, crafted and grown up, with a mature, dry taste versus the mainstream alternative. Plus, the serve size is bigger and therefore all-in-all guests are happy to pay more for this ‘expected in the range’ packaged soft drink. And with nearly 60% of lime & soda drinkers interested in trading up from the regular lime & soda to a posh one in a bottle made with real squeezed lime juice and real soda water,² just imagine the incremental value opportunity from converting the high incidence yet disappointingly poor value and experience typical soda and lime to a CRAFTED® POSH LIME & SODA®, made with fresh squeezed lime juice and real soda water.

In summary, and to reiterate, Core is so much more important and exciting that the ‘good’ range role of yesteryear. It is critical to get right, for the consumer, operator, and on-trade at large, and should be given significant focus for all categories in drinks range reviews. It also provides a highly lucrative opportunity for challenger brands to penetrate this high ROS range role with alternatives that deliver an elevated experience.



'Better' becomes 'Extend'.

Sweet spots of safe trial, ros, incremental penetration & value

These are the drinks, brands and flavours that start to bring more interest to the range, but with relatively safe trial and exploration. Unlike 'better', they may not necessarily be more expensive – they may simply be more distinctive in flavour, but without being too far a leap from what we all know and feel safe with in Core. This is also an important range role to get right. It provides the sweet spot of incremental value coupled with a reasonable ROS, and it encourages guests to start to get experimental with their drink's choices outside of their go-to. The flavoured gin revolution is a good example here, plus flavoured colas like Pepsi Max Cherry, Ginger and Raspberry, and fruit ciders like Kopparberg and Rekorderlig. Another resounding success in this space is the coordinated efforts of the craft beer movement, launching and driving highly visible draught distribution of premium, distinctive but accessible flavour and ABV beers such as session pale ales from Camden, Meantime, Brew Dog & Beaverton, to name but a few. Hats off to you. OTC's client Jubel craft lager, cut with fruit, is an absolute diamond one to watch in this sweet spot 'Extend' space with its fruity unisex flavour appeal, accessible and sessionable 4% abv, lower sugar, vegan and gluten free



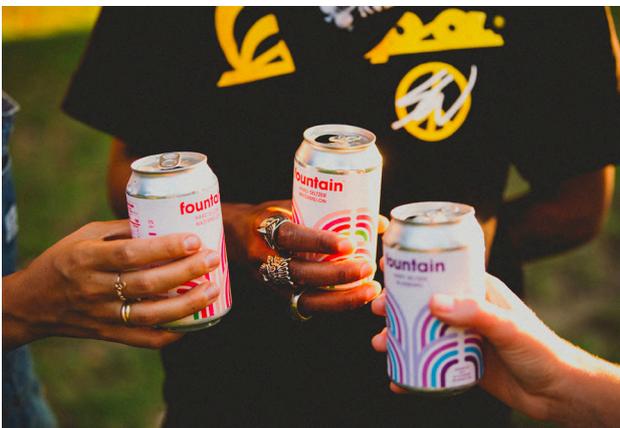
More than half of drinkers are more interested in searching out unique beers since being in lockdown.

Beer Enthusiasts – The impact of lockdown 2020 (KAM Media & Brew LDN)



attributes, and carbon neutral production to boot. Jubel has all the ingredients to be massive, as a brand, and as a new highly valuable and enjoyable sub-category of beer that delivers a perfectly fruity infusion of incremental value through RSP, penetration, weight of purchase, ROS, and therefore ultimately loyalty, repeat visit and purchase. The small, tight-knit Jubel crew who are boldly banging the drum for this new sub-category of beer are passionate and as supportive of making their brand work where they are distributed as they get – they will move ski-slopes and salty seas to unlock the potential for operators and consumers alike.

Some drinks categories and brands can play different roles depending on where and how they are experienced and served. Swiftly moving across the pond from the states and into UK consumers drink repertoires are Hard Seltzers. These ready-to-drink fruit infused, alcoholic sparkling water tipples are ultra-versatile in who they appeal to, when and where. As a relatively new and undiscovered category for many guests, Hard Seltzers play perfectly to the Extend range role. With accessible, light, fruity flavours they offer relatively safe trial for a broad range of guests in pubs and bars and served over



ice in a long glass with garnish make a super-satisfying yet easy to serve drink in the food occasion. However, with some clever and innovative activation and delivery, in the right environment and occasion, we think this category has the potential to quickly manoeuvre into a high value, Core rate-of-sale role. We have New York brand Fountain pegged as the Hard Seltzer to harness to achieve this value injection shift. Fountain is brewed so the flavour is infused, rather than added later as with other Hard Seltzers. Leveraging their impressive range of flavours (they have seven! Plus seasonals!) to offer enticing mix-it-up bundle buckets for fun group occasions, we predict Fountain will fly out of fridge doors at festivals, student unions, and in high tempo, late night occasions and venues. Plus (love this!) watch this space for 'Fountain from the Fountain,' an incredible exciting future evolution for the on-trade draught offer, tapping upcoming, bang-on-trend and broad appeal category.

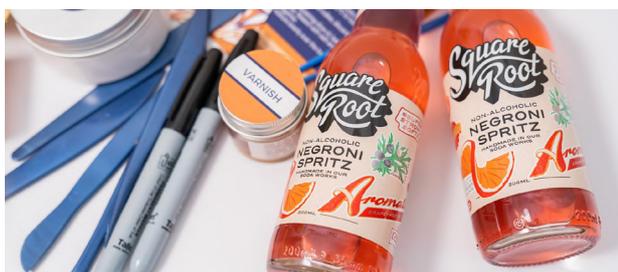
And finally, 'Best' becomes 'Excite'.

High value differentiation & build your brand

Now it is brands that live here where you can get nice and playful with your range. Do not expect big things in terms of ROS – it is not their job. The role of these brands is to give you differentiation and excitement in your range, using products that really reflect and shout about your outlet proposition. They will be a more daring trial for your guests - but that is fine, with a great 'Extend' range you are taking your guests on the journey and edging them out of their comfort zone to make it feel less daunting. There will be things that do not work – no problem – guests will appreciate your spirit for trying. And seasonality plays in heavily here to switch things up. But what about those 'Excite' drinks that do work – by nature they are likely to be higher value. When these brands take off, they are positively disruptive and revolutionary for the value that is possible for the future of the Core and Extend range roles, where there is the added attraction of ROS. The zero-proof spirit and mixer category led by brands like Seedlip has done incredible things for those seeking to moderate their alcohol without compromising on experience. Finally starting to bridge the RSP gap between alcohol and soft drinks, by delivering firmly in the 'Excite' role it has helped shine the spotlight on the alcohol moderation without compromising on taste movement. Thank you Seedlip for paving the way for more high value, no/low adult choices that are accessible in flavour and price

for guests, and operationally efficient for staff to serve. Square Root Soda NRB range features crafted no-alcohol classic cocktails. It is very tough to detect the difference between their alcohol counterpart Mojito, Negroni Spritz and Gin & Tonic. From a new brand launch perspective, proliferation and competition is high here, with slower burn ROS returns. Brand equity, loyalty, and experience with the right operators, in the right environments, and with the right guests is an incredibly powerful opportunity. And with the benefit of having a great range of crafted core and seasonal sodas drinks with matching highly visible and appealing packaging, the Square Root portfolio is really impactful in fridge.

As with the price ladder (quality ladder in your guests' eyes) in chapter 1, the science, economics, art and flair is understanding and leveraging these three evolved range roles to achieve the right balance of Core, Extend and Excite in your range, and selecting the drinks and brands that play these roles best for your outlet proposition. There is no hard and fast formula but making sure you cover the bases of the drinks range roles with the right balance of space is an excellent start. It will reap the benefits that each of the range roles deliver to you commercially and to your guests experience and overall visit satisfaction.



Chapter 3

Tap the Trends.

Offer differentiation, outlet proposition build & high value



The final step to make aspirational range decisions smartly but simply from the plethora of drinks categories and brands is to reflect the ever-evolving consumer trends, linked to your overarching proposition. What are the occasions, and the guests types you target and attract (or want to attract)? Unlike in take-home, where there is much more space to cater for all the growing trends, On-Trade often needs to be selective in respect of the space and cost to serve restrictions. With some savvy selection of drinks to offer, operators can turn this into a real positive. Authenticity is critical to perceptions of value for money, 'worth-more' and trust, across all goods and services. The drinks that an on-trade outlet



sells are no different. Think about what you want to stand for and make an 'Extend' and 'Excite' hero feature from drink types and brands in these categories, always working with the perfectly pitched level of premium principles for your outlet proposition in mind. Work with drinks suppliers who will help you shout about this by nature of their own intrinsic and communications, to amplify what you are all about. Here are some of the key trends that you can consider when thinking about when making range and portfolio decisions, and those brands and drinks to hero in your range and become the outlet of choice.

Fabulous with Food.

Increasingly the drink well paired to the food is growing in importance to guests, operators, chefs, and bar staff alike. The ever evolving premium and crafted trends have evolved our taste palates and therefore liquid taste preferences and repertoires alike. This is facilitating increasing opportunities for the food and the drink offer to connect and work collaboratively to optimise the occasion, experientially and commercially, as consumers appreciation for pairings has matured beyond wine.

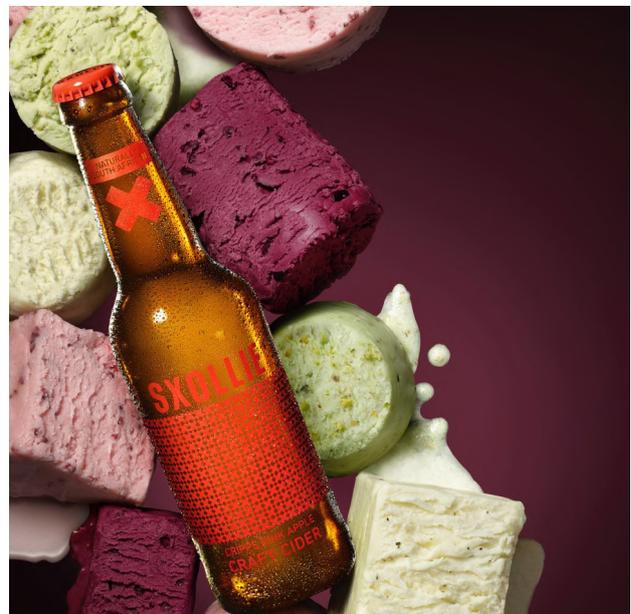
The team at Maison Mirabeau vineyards in Provence is famed for making delectable, dry pink wines that are a perfect partner to a vast assortment of foods and that are diverse enough to be served on any occasion. With wine's traditional associated pairing in the food occasion, Mirabeau's recent venture into the wonderful world of gin, launching their beautiful hand-crafted dry Rosé Gin with accent botanicals from Provence makes perfect sense to broaden the drinks with food experience.



Moving up a gear, cider is now evolving to play into food pairings. TV presenter and wine expert Olly Smith called out big things in 2021 for cider with food, having “as much provenance as great wines, with orchard and apple varieties echoing the roles of vineyards and grapes.” Olly recommends, “Cider with just about any pork dish is scrumptious but try pouring cider with your next cheeseboard for mouthfuls of miracles.” He highlights single varietal SXOLLIE Granny Smith XIDER as a sparkling, zingy alternative to Sauvignon Blanc, and we anticipate SXOLLIE’s Golden Delicious XIDER as the new ‘Tiger’ of Asian cuisine.

There are also several admirable efforts from operators tapping into ingredients and flavours that authentically pair to country of origin. This adds an extra level of provenance and theatre to the occasion, and effortlessly draws out all round flavour. Italian restaurants are famous for this, with their crisp, pale lagers, Chianti wines, and classic prosecco infused cocktails. Operators like Dishoom take this to the next level with distinctive signature long mixed drinks (with and without alcohol), that perfectly compliment the flavours of their sensational cuisine.

Newer categories are also moving into prime position. Kombucha, fermented and boasting complex flavours and similar qualities to wine, can be equally exquisitely paired with foods. The delicate flavour profiles from different fruits and botanicals make a great complement to the right dish. Additionally, kombucha enjoyed with, or after a meal is thought to aid digestion, with the carbonation providing comfortable feelings of fullness. Taking it that step further, kombucha used in cooking as an ingredient is likened to a slightly sweet and sparkling vinegar, adding a hint of acidity to bring almost all dishes to life. Authors of book ‘Botanical Brain Balms (Perry & Perry 2018) recommends pairing with or adding Fix8 Citrus & Saffron to salads, paella and stews for a unique flavour.



Health and wellness.

This means different things to different people on different occasions.

Absolutely – and this statement is getting broader all the time with exciting innovations coming through. What remains constant however, is that the flavour of the drink is really important.

Spotlight on Sugar.



The UK market has successfully striped out more than 30 thousand tons of sugar

and 37.5 billion calories a year from the UK's annual dietary intake through drinks.



Public Health England Food & Drink Industry Progress Report 2019

With initiatives like the Soft Drinks Industry Levy (SDIL) in recent years, sugar moderation has been high on the agenda for drinks suppliers and operators alike. The UK market has successfully striped out more than 30 thousand tons of sugar and 37.5 billion calories a year from the UK's annual dietary intake through drinks. *

Juice drinks is a category that has seen a dip in demand over recent years as sugar-content-conscious guests seek to moderate their sugar and calories intake, and as such risks trading out into a lower value bottled, or even tap water. Nevertheless, we can help consumers make more permissible choices in juice by including and communicating in menus lower sugar juice drink alternatives. The Cracker Drink's Co. CRAFTED® range is a blend of fruit with water, with each serving 20% lower in both sugar and calories than other juices whilst still providing 1 of your 5 a day. With new and exciting flavour combinations to create distinctive blends, CRAFTED® provides a distinctive, easy to serve and permissible long drink soft drink and mixer solution.

There is now however growing consideration of what we are putting in our bodies beyond sugar. The traditional carbonated soft drinks can be seen as replacing sugar with perceived 'artificial nasties' by some, which provides a great opportunity for those brands that can deliver lower sugar, naturally great tasting drinks through

relentless care and attention to quality ingredients and production processes. As would be expected with the introduction of the SDIL there are bountiful soft drinks category examples. Pioneered by the premium mixer category hand in hand with the gin revolution, brands such as Fever Tree and London Essence Co. paved the way for an explosion of exciting innovations along the soft drink's quality continuum, and a huge value injection to the trade. Take NEWTON'S APPL FIZZICS® from The Cracker Drinks Co, a refreshing blend of apple juice and sparkling water. Containing around 40% less sugar than apple juice and its more widely available mainstream competitor, it presents all-natural ingredients and no preservatives. Combined with a lovely drier taste and premium serve experience, NEWTON'S APPL FIZZICS® comfortably achieves a higher price point. We think this is just the sort of innovation that should feature in every premium led outlet fridge and menu to drive value in and take sugar out from the widely consumed soft drinks category Core offer.

All this attention is not only great for a balanced diet, but it also means we finally have a deserving focus on soft drinks, (the highest incidence and penetration category out-of-home), from suppliers with exciting innovations, operators in their ranging decisions and bar staff in their attention to sell and perfect serve.



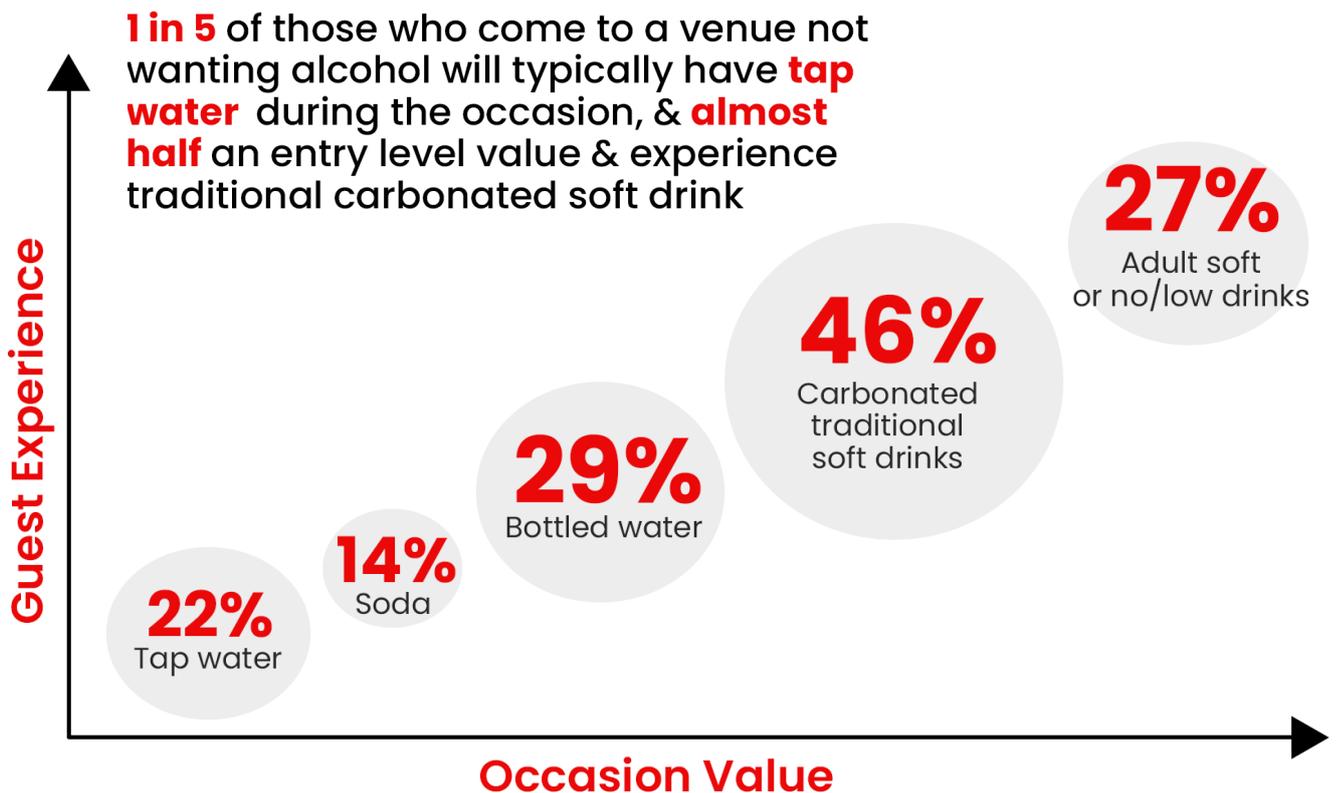
Moderate with alcohol.

Another exploding trend under the health and wellness umbrella, making seismic shifts in the on-trade drinks offer is alcohol moderation. As with sugar, this comes in a variety of guises as guests take all sorts of approaches to achieving this depending factors such as the day, time, and occasion to name but a few. These range from teetotalism, through to moderation such as drinking on less days, breaking the occasion with less alcoholic drinks, or choosing lower ABV strength options. On-trade operators are now dedicating admirable fridge and menu space, curating enticing no, and low drinks ranges that tap into increasing numbers of categories. Quality no/low beers were quick to move along with innovation in the spirits category (Seedlip – love your work). Therefore, it is equally promising for on-trade value growth to observe exciting drinks innovations coming though that accessibly bridge the flavour and RSP gap of lower value traditional soft drinks, and high perceived price of the first mover zero-proof adult drinks. Square Root Soda were borne out of a desire for better alcohol-free options. Their sophisticated, fizzy, totally booze-free take on iconic cocktail classics (Negroni, Mojito and of course the G&T) is the culmination of that journey and proves guests do not need a tipple to have a good time, and

that operations do not have to be complicated to serve great tasting drinks that tick several moderations boxes: alcohol, sugar, calories and artificials.

Enough with the alcohol moderation already? No. “I’m finally allowed back out and I’m planning on spending as much time as I can out with my friends and family socialising and holidaying this Summer. I’m in the mood to reward myself, relax and unwind – but after so long locked in I want to stay the distance and enjoy every moment, without being forced into such drastic moderation decisions as limiting myself to ‘just the one’, or no-alcohol or soft drink option”. Make space for the perfectly permissible mid-strength sweet spot category, providing casual moderation at a cool ABV of 2.8% – 3.5%. And by its very nature, it contains less sugar, carbs, and calories, so that’s actually four moderation ticks for our guests.

For operators, we are looking at a happy medium of higher value moderation than adult softs, and increased dwell time with all the additional occasion spend benefits that come with it. We predict a bright future for this new (and now we think about it rather obvious) ABV drinks category gap.



Source: KAM Media Low+No 2021



Increasing expectations & demand for Low/No but supermarkets rate much higher for their range than pubs, bars & restaurants

63%

Would like to see healthier or no/low alcohol options for drinks in pubs, increasing in Gen Z

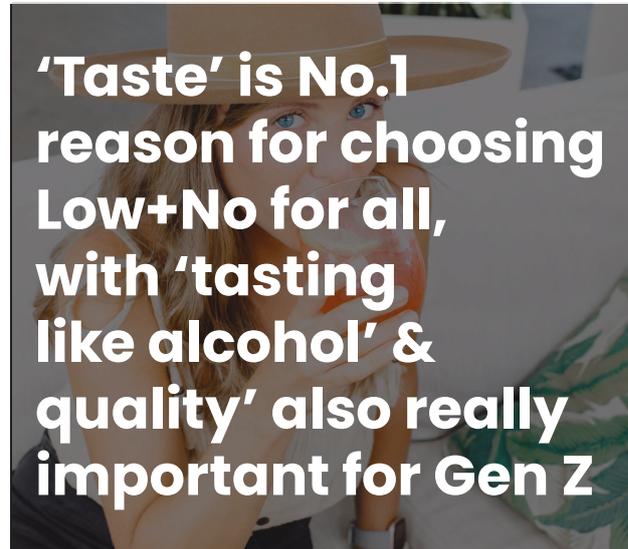
Successfully seeding new categories that unlock incrementally takes a shrewd and coordinated effort between suppliers and operators, educating both the staff and the guests as to why this category is different, who it is for, on what occasions and most importantly, what it brings to enhance the occasion and guest experience. We are excited to see innovations popping up predominantly in the packaged craft beer section of fridges, but we think the real game changer is a draught mid-strength solution that provides great visibility and facilitates easy sampling to fast-track consumers awareness, understanding and demand for mid-strength.

Beer obviously plays best on draught as guests are accustomed to scanning the highly visible taps to understand and explore the range. As long as the brand credentials, liquid and taste stand up to its full-strength beery counterparts, we think guests will happily pay the same pint price as other similar quality, full strength alternatives, delivering better cash in till vs packaged mid-strengths, no/low alcohol and soft drink options. We have our money on new craft beer brand Shandy Shack to catapult mid-strength into the moderation mindset, having a head start with guests understanding shandy as

Source: KAM Media Low+No 2021

35%

Plan to reduce their alcohol consumption in 2021 similar levels as in 2020.



'Taste' is No.1 reason for choosing Low+No for all, with 'tasting like alcohol' & 'quality' also really important for Gen Z

a lower strength option for happy medium moderation. Shandy Shack are rejuvenating shandy with crafted, flavourful, and quality beer and soda combinations, ticking just so many brilliant boxes; moderated alcohol, calories and carbs, balanced with delicious, distinctive flavour experience and natural, quality ingredients. It is all infused and ready-to-drink from the bottle, can and tap, so no drama with inconsistent flavour, money losing fizzing over and annoying drippy glass serve. And with a broad gender and age group appeal, we think Shandy Shack is well placed to earn its through-put stripes in the draught beer range.



High proportions of drinkers switching ABVs including to lower

55%

Men are 55% more likely than women to want the taste of alcohol in their drinks

Beer Enthusiasts – The impact of lockdown 2020 (KAM Media & Brew LDN)

We are what we eat... And drink!

Dietary choices like gluten free, plant based and vegan friendly are increasingly being included in food and drinks ranges alike, with space dedicated to highlighting these attributes on packaging and in menus. Whilst those who strictly adhere to these diets remains small, the opportunity is where more people are moderating their dietary choices more often.

Added Benefits.

It does not always have to be about removing things and moderating – after all – it is the on-trade where we all like to treat ourselves. Within the health and wellness trend, for more people on more occasions it is also about putting good stuff in, and we are seeing a massive influx of new products carving out new sub-categories and precious drinks chiller space that boast added benefits; vitamin boost shots, natural energy, pro-biotic drinks to name but a few. Whilst these are leading the way in On-The-Go (OTG) convenience they are increasingly becoming more relevant in the on-trade as we see channel blurring and 24 hour lives seeking OTG food and drink solutions in the on-trade. One sub-category that we think is already nailing it in the On-Trade as well as OTG is kombucha.



Kombucha, as a slightly tart tea, fermented with yeast and bacteria is purported to have desirable gut health benefits. Plus, with only a small amount of remaining alcohol and sugars, it is officially non-alcoholic, and it is not going to sit heavily on the waistline. Thanks to the excellent work of categories like craft beer, spirits, and herbal tonics this bang-on-trend premium, high value drink innovation also taps into our rapidly maturing adult palates and desire for more distinctive, less sugary flavoured drinks. Highly enjoyable and easy to serve as a stand-alone adult soft drink or as an interesting mixer, we are looking forward to seeing operators get increasingly creative with kombucha. With lots of new entrants in this space to choose from, we are backing Fix8 – they are obsessed with fermentation and flavour. Brewed by Chris (former head of beer at Partizan) their premium kombucha is handmade the traditional way, fermenting for 14 days to achieve optimum flavour and bacteria count, making their liquid quality, taste and authenticity stand out in the crowd of tamer kombucha brand alternatives.

It is all about me!

Catering for guests' individual preferences is also a trend that's all about adding good stuff in, by way of flavour and ingredients. This can be cleverly catered for in a smartly selected drinks range. Drinks brands that play in up-coming category spaces and provide the operator and guests with the broadest range of exciting flavours that appeal to personal preferences and flex throughout the occasion and across the seasons are also a savvy choice to include in the range.

Take SXOLLIE XIDER for example, founded by South African Laura Clacey. Frustrated by the lack of sessionable strength options for the female palate, Laura wanted to create a long drink that is thirst quenching, sparkling and flavoursome..... like cider.... but lighter, brighter, and less sweet. Laura is keen to make the distinction that SXOLLIE is a single varietal, sparkling apple evolution from cider (hence the XIDER). Made with sun-soaked South African apples (because "apples from South Africa are the best"

Laura endorses) and delivers a drinking experience that overcomes some of the pre-conceptions of traditional and fruit cider, with a gender balanced appealing drink that surprises and delights. We love listening to Laura talk about her brand. It comes through in buckets that to her, SXOLLIE is personal. And with three incredibly good variants, it's personal to consumers too. SXOLLIE is single varietal (meaning only one type of apple is used) where you can taste not just apples, but your favourite British variety of apple (The Golden Delicious (sweet),The Granny Smith (sour) and The Cripps Pink (fruity) for three definite tastes, all unique from each other. The Granny Smith has me hooked. Combined with the other top trend benefits it boasts (no added sugar ("it doesn't need it with apples that sweet naturally!" Laura tells us), no concentrates, no flavourings, no colourings, gluten free and 100% vegan (a rare trait for ciders). We can see why it was voted the best New World Cider at the 2019 Global Cider Masters, receiving a coveted Great Taste Award. And it appears others with good taste agree; Sxollie is the first ever to make it onto the menu and be served at Heston Blumenthal's The Fat Duck.



New York craft brewed Fountain Hard Seltzer offers an impressive seven sumptuous flavours to delight guests this Summer. Ticking the lower in calories, carbs and 'nasties' boxes as a category, Hard Seltzers appeal across genders for their permissibility, and their light, accessible fruity flavours mean they are refreshingly session-able compared with options that are more challenging; on the palate (i.e. craft beers), stay-ability (i.e. wine, prosecco and spirit & mixers), the waistline (i.e. flavoured ciders) and the wallet (i.e. cocktails). All these features offer easy temptation to younger adults moving into drinking age as they form their preferences and drinking habits in high tempo, fun environments. At 5% ABV and available in 330ml cans and on draught, Fountain delivers that juicy spot of value for money and enjoyment in its high tempo, group-fun heartland. With Fountain's impressive collection of flavours, they offer the added benefit of allowing playfulness for operators with their range and activation, and for groups of mates with their choices. We are looking forward to operators leveraging the flavours to mix it up with seasonal menu variations, plus innovative group bundle solutions such as their highly anticipated mix-it-up bundle buckets (chuck in a cheeky round of nachos, chicken wings and dirty fries with that please!) to deliver excitement and weight-of-sale in groups. Combine that with their iconic and impactful branding (created by Pentagram, the world's largest independent design consultancy) Fountain is set to pack a real punch in menus, mouths, moments and minds this Summer.

Taking the 'for me' personalisation to the next level, let's take a look at a firm favourite, Five Guys total offer. With some really clever food menu engineering, they can shout about 250,000 possible meal combinations to choose from. If you had one Five Guys meal a day, it would take you 684 years to try them all! They successfully



translate this to their drinks offer too. Milkshake mix-ins also give you 1000 possible combinations, while the Coca-Cola Freestyle machines in every restaurant give you over 125 possible drink combinations. Whilst Five Guys ability to give you exactly what you want is an extreme example of personalisation, we are excited by the increasingly innovative, interesting and operationally effective new drinks solutions entering the market, making personalisation a reality for more and more on-trade operators. Over recent years we have seen the use of quality syrups making seasonal signature long-mixed drinks and quality cocktails more available in the mainstream, along with an influx of flavoured, crafted spirits and tonics, making flavour preference personalisation possible. We are really excited by a new wave of flavour solutions coming to market, such as award-winning innovation from Hocus, who filter premium spirits into their two parts; their unique essence profile and their silky smooth alcohol base. They offer seven natural spirit essences for budding alchemists to hand curate their choice of spirit, great not only for personalisation, but also as experience enhancing make-your-own drinks activities. Another personalisation potential to watch for the much broader consumer, occasion and on-trade outlet type appeal is the world first London Essence Fresh Serve from The London Essence Company. They bring premium, botanical flavour infusions to easy to operate draught, using micro-dosing technology at the point of pour. Not only does London Essence Fresh Serve deliver pure, flavoursome tonics, it also saves bar staff valuable service time restocking the most popular tonic lines. More than just an elegant addition to your bar, a London Essence Fresh Serve dispenser is a sustainable selection, capable of up to 1,000 serves with a 96% reduction in packaging and lower CO2 emissions. Which seamlessly brings us on to our next trend...

Social responsibility and sustainability.

Appetite, expectation, and appreciation of organisations to balance economic growth and the welfare of society and the environment is widespread. Social responsibility messages are increasingly influencing consumers choice of outlet and purchase decisions, and operators range choices. Within the on-trade landscape, the three vital topics of interest, concern and focus are (1) Waste Management, (2) Sustainable Packing and (3) Ethical Sourcing³. Drink's producers who authentically live and breathe their commitment to these three areas in their day-to-day and in their future strategy will be an attractive choice for operators who want to make sure they are also selling and serving drinks for the right reasons, end to end.

All of Ocean Beer generated profits are destined to ocean clean-up and conservation projects through the Ocean Born Foundation. Jubel (sessionable craft lager cut with fruit) is also a social responsibility super-star, reflecting all three important sustainability essentials. Certified carbon negative for their combined efforts and sustainability strategy, Jubel are purging plastics from their supply-chain where possible. Repurposing waste plastics into POS visibility kit, supporting their brand and their customers with green merch gear using organic and 100% recycled materials, produced in ethical working environments, powered by renewable green energy. This and more means they are well on the way to becoming a B-Corp certified business - which means they publicly commit to balancing purpose and profit, and use business as a force for good. business as a force for good.





Finally, we wanted to pay due respect to spirit brand Avallen, for their passion for promoting planet positive practices. A spirit born from a simple question: what's the most sustainable spirit they can make? They declare the most sustainable thing a producer can do is remove process. Avallen boasts nothing but apples, water and time in its creation - they take apples from the orchards in Normandy, wash them, juice them and leave them to ferment for up to two months until they turn into cider, and then distil the cider to make Avallen. What sets Avallen apart is their mission is for the on-trade to have a positive impact on the environment as a channel. Recognising they cannot do this on their own, their primary goal is to collaborate, not compete, with a call to arms for industry thought leaders to join them on the journey to educate, influence and inspire, with initiatives such as their excellent Bee More Report 2021 (check it out by following the link to our OTC Resources



portal at the end of this whitepaper). By questioning the environmental impact of every single raw material and aspect of producing their drink 'from blossom to bottle', and they have really done their research; into raw materials and sourcing; lifecycle analysis, green houses emissions, water consumption – even their labels are made from waste apple pulp. And their commitment has paid off – with no compromise in flavour of their delicious spirit, Avallen is officially classified a climate positive product, removing 2.73kg/CO2e with every bottle produced. Genuinely too – other drinks brands do claim this but certain things are 'off-set,' whereas Avallen have achieved this entirely and authentically through in-setting. This means the entire production process is positive without any offsetting strategies that technically make the rating possible, but less genuinely when you dig a little deeper. Hats off to you team Avallen!

In Conclusion.

The team at OTC are really excited about the opportunities of aspirational range optimisation, and the tangible benefits it offers as we move into full on-trade reopening, recovery and a bustling trading Summer 2021. Be you a brand/portfolio owner, route-to-market, operator, bar staff, or indeed a combination of these, we hope this resource has helped guide how to adopt an aspirational drinks range strategy that both taps the consumer trends and negotiates the confusing proliferation. It is a huge topic, and as has been said a few times in this Whitepaper – it’s a mix of science, economics, art and flair. There are several ways to cut the cloth depending on your outlet or brand proposition and positioning (both current and ambition), the occasions and types of guests to appeal to and want to attract, and to differentiate from your competition. At OTC we have significant experience and expertise in identifying the optimal drinks range strategy for you individual operators drinks range and brand owners portfolios, and welcome you to get in touch to explore this in relation to your business.

Like this article? Watch out for more like it in the OTC Sector Insights and Thought Leadership Resources series as this is just the start! All to come in the series:

- Aspirational ranging for evolving market trends, channel and daypart blurring.
- New drinks category spaces deep dive demystification.
- Optimised, innovative and operationally effective selling, serving.
- Future of tech in the on-trade deep dive.

We would like to take the opportunity to thank our strategic partners KAM Media for supporting us on this Whitepaper, providing us their thought leadership pieces, insights and infographics. And to all the drinks brands included who have made it so easy for us to bring the principles to life with aspirational, value enhancing credentials, with special mention and thank you to Avallen for their bold and admirable ambition to educate and inspire the trade to produce planet positively. To view KAM Media’s suite of insightful resources, and Avallen’s Bee More Report 2021, please visit the On-Trade Consultancy Resources Portal. [Resources - On-Trade](#)

