



Karen Williams

# 10 HOLIDAY BUYING TRENDS TO WATCH

FROM GIFTING TO BUBBLES TO ECOMMERCE, TRADE PROS PREPARE FOR AN ANYTHING-BUT-NORMAL SEASON

BY COURTNEY SCHIESSL

In normal years at this time, restaurants are booked with nightly holiday parties and retailers are preparing for the crush of shoppers. Holiday season 2020 will play out very differently.

It's difficult to make any definitive predictions about holiday sales across the beverage alcohol industry, particularly as the pandemic has affected different channels

and product categories in disparate ways. In addition, liquor laws in various states are changing, which presents both new opportunities and challenges to operators.

“There have been so many changes,” says Emma Forster, the marketing manager for importer and distributor T. Edward Wines & Spirits in New York, “and they’re not necessarily changes that wouldn’t have happened, but they have been accelerated, and will be impacting holiday sales in many ways.”

Many professionals are optimistic about the 2020 holiday season, seeing potential for savvy businesses that have adapted to the altered landscape. We spoke to restaurateurs, retailers, and importers to hear their take on the top trends that will shape holiday beverage sales this year.

## 1 VIRTUAL & OFF-SITE CORPORATE EVENTS PRESENT OPPORTUNITY

Companies are looking for creative alternatives to large holiday parties. “Some are asking us for virtual wine tastings and cooking classes, while some want to gift food and wine to their employees celebrating at home,” says



**"Ecommerce will be the biggest way we generate revenue during the holidays this year."**

**- Eric Moorer, Domestique Wine**

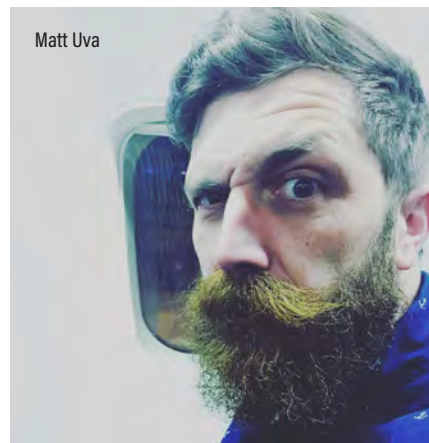
Gretchen Thomas, the Connecticut-based VP of national chain Barcelona Wine Bar.

Despite talk of "Zoom fatigue" during quarantine, Eric Moorer, the director of sales for Domestique Wine, a natural wine shop in Washington, D.C., has received requests from groups to replace holiday parties with virtual events. Erin Drain, the Chicago-based head of marketing for importer Olé & Obrigado is seeing similar demand and began offering virtual events for the patrons of their restaurant and retail customers. "As an importer, we've tried to offer that extra layer of service to our business partners," she says. "I plan to hit up all the restaurant partners who support us and say, 'What can I do for you?' Let's offer two or three wines and give your customers an experience."

Le Pigeon restaurant in Portland, Oregon, has been hosting small offsite events and is now receiving holiday event requests. "For those off-site events, we'll probably see some bigger beverage sales," says Andy Fortgang, the co-owner and wine director.

Matt Uva, the owner of Curate: Natural Wines at Eola General Store in Orlando, Florida, has also seen an uptick in requests for such small off-site events as dinners

and wine pairings. Beverage packages included in those events have helped to offset losses elsewhere. In addition, Uva has been partnering with local realtors for open house catering and new homeowner gifts. One advantage to those smaller-scale events is a higher per-bottle spend. "Large corporate events usually look for lower-priced offerings so the loss of those events allows us to use inventory dollars on items with better margins," he says.



Matt Uva

## **2 GIFT SALES ARE ABOVE AVERAGE**

This year, thanks to limited travel and parties, gifting is playing a larger than normal role. Because companies aren't hosting holiday events, corporate budgets are being funneled to gifting. "We expect to see fewer holiday party stock-up orders and more gift orders sent to employees and clients this season," says Lindsey Andrews, the cofounder and CEO of Minibar Delivery in New York.

The same is true of consumer gifting, she reports. "Customers are purchasing gifts much earlier than previous years," Andrews adds, noting that gifting started to pick up in mid-September—six weeks earlier than usual. Spending is also up. "We're seeing more individual orders of higher-priced bottles versus larger orders

of mid-priced items," Andrews says.

Although many suppliers have dialed back their value-added gift package releases, retailers report that those that were produced are in high demand. "We have a hard time keeping anything that comes in a gift box in stock," says T. Edward's Forster. Gifting goes beyond the bottle, too; retailers expect such items as gift cards, wine club subscriptions, and cocktail sets to see greater sales this year.

## **3 INCREASED INTEREST IN HEALTH & MODERATION**

Consumers are seeking out healthier alternatives this holiday season. "We are seeing a rise in demand for nonalcoholic options such as alcohol alternatives and mocktails," says Moorer. "We've all been locked in for eight months, so it's an easier way to try new things and dip a toe into a new style of consumption where there isn't the con of being hungover."

Other beverage experts have noticed an increase in healthier alcoholic options, including low-ABV hard seltzers and organic spirits, particularly among millennials. "We expect to see continued growth in the low-alcohol category through the holidays, particularly with

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**- Lindsey Andrews, Minibar Delivery**





Mike Provance

younger consumer segments,” says Mike Provance, CEO of beverage retail marketing platform 3x3 in New York. “As we move past the holidays into Dry January, no- and low-alcohol products will play an even more prominent role.”

Companies that choose to have small holiday events may also opt for healthier options. “Companies are more cognizant of health now,” says Philip Camino, the owner of the recently reopened Fellow restaurant in Los Angeles. “People are going to be a little less decadent this year.”

**4 ECOMMERCE IS KING**

After experiencing a sales surge in the spring, online wine marketplace Vivino reports strong retention rates among buyers. “This holiday season, more than ever before, consumers will start their wine search digitally and use online platforms to purchase wines,” says Vivino founder and CEO Heini Zachariassen.

Across large online platforms, experts expect people to stock up on larger quantities of lower-priced wines through the holidays, as they have throughout much of the pandemic. In May 2020, Vivino



Philip Camino

noticed the average bottle price started trending downward from \$28 despite higher cart sizes as people purchased their “comfort wines” online.

Ecommerce has become a critical sales channel for independent retailers as well. “Online sales are going to be huge for independent retailers this season,” says Moorer, who notes that Domestique Wine since June has welcomed in-store shoppers by appointment only. “Ecommerce will be the biggest way we generate revenue during the holidays this year.”

Independent retailers competing with large online marketplaces that sell major brands should highlight their unique selections, says Provance. “Independents benefit from an elongated holiday sales window but are confronted by a broader range of competitors that carry major brands,” he says. “They must play to their strengths by promoting craft and artisanal beer, wine, and spirits, and hard-to-find products.”

In-store capacity restrictions this year make curbside pickup essential. Although Brooklyn wine shop Vine Wine has largely transitioned back to in-store shopping, owner Talitha Whidbee is encouraging consumers to preorder online for curbside pick up through the holidays. “We need to limit our exposure,” she says. “Anyone who can pre-order and pickup is going to do us all a huge favor.”

**5 PREPARE FOR SOME SUPPLY SHORTAGES**

Due to a myriad of factors—packaging shortages, delayed shipments—a number of retailers are expecting to see increased supply issues in some categories. Some retailers are expecting shortages for in-demand Champagne and Cognac brands due to increased competition off-premise. In addition, an ongoing aluminum can shortage could inhibit the beer supply chain.

Matthew Green, national sales director for fine wine importer Europvin, predicts



Heini Zachariassen

that some retail-focused brands will experience difficulties maintaining supply. “Retail demand has exceeded production plans this year,” he says, “and demand continues to outstrip supply for some products.”

Like many importers of European wines hoping to avoid tariffs, Europvin purchased inventory to last through the holidays back in February. It was a smart move; the 25 percent tariff put in place in October 2019 is causing shortages this season. Many importers invested in up

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- Sally Stewart, Denver Wine Merchant



to a year of inventory before tariffs were imposed in order to keep prices low, but much of that supply has been sold. “The initial tariffs raised some prices as expected, so some importers stopped bringing in certain wines or brought in less,” says Uva in Portland. “The threat of added tariffs a few months back caused many importers to not bring as much wine stateside as they previously had.”

## 6 A NEW YEAR'S EVE SALES SPIKE

Most restaurant professionals interviewed plan to close for service on Thanksgiving and Christmas, but many plan to be open on New Year's Eve and many predict a surge. “People haven't had an opportunity to go out,” says Fellow's Camino, “and there will be a celebration of 2020 coming to an end.”

Le Pigeon, for example, usually closes between December 24 and early January—but not this year. “With fewer people traveling, we see potential to maximize sales during the holidays, so we'll be open on New Year's Eve,” says Fortgang.

Consumer frustrations with 2020 as a whole may also result in higher New Year's Eve sales for retailers. “I believe we may even see a boost in Champagne sales with people hoping to toast to a better year in 2021,” says Karen Williams, the founder of Acme Fine Wines, a retail shop in Napa Valley.

## 7 PEOPLE ARE STILL TRADING UP TO PREMIUM WINE

Despite economic anxiety and stock-up mentality on value wines, premium bottles continue to sell. “Wine drinkers who would normally be indulging in special bottles at restaurants will be doing so at home this year,” says



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Denver Wine Merchant

Sally Stewart, a co-owner of Denver Wine Merchant in Denver. The store has been stocking up on wines that are typically difficult for retailers to get, including certain Champagnes and Burgundies.

Money normally spent on travel or dining out will “allow for increased personal buying, gifting of wine, and splurging on special bottles for the holiday tables,” adds Williams.

Restaurants are also seeing diners indulge. “People who are dining out are doing so far less, so they are spending more on wine when they do,” observes Fortgang. “We are hoping that trend continues. People are looking for the celebration where they can find it.” Though Le Pigeon must reduce the number of guests in the restaurant, its seeing higher per-bottle spend, and Fortgang has continued to purchase higher-end and allocated wines at a similar rate to last year.

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## 8 A SURGE IN CHAMPAGNE DEMAND

Although diminished on-premise activity hurt Champagne earlier in the year, industry experts paint a rosier picture for the holidays. “With our brands, there has been a surge in sparkling across all price points,” says Forster.



Alexander Michas

Premium Champagnes in particular have potential. “We think that higher-end Champagne between \$70 and \$100 will still be strong this holiday season,” says Andrews. “These products are very popular gifts, and people are looking for reasons to celebrate.”

Part of this may be due to the familiarity of certain brands in the U.S. market. “Especially given that our price points are at the top of the market, it is surprising to see us ahead of 2019 sales for Champagne Bollinger,” says Alexander Michas, the COO of Vintus in New York. “We have seen trade and consumer sales go to the benchmarks, the top producers with a history of outstanding quality.”

Champagnes also benefit from being spared the tariffs crippling other high-end European wines. “Champagne has the fortune of avoiding tariffs so relative to other French wines it now delivers more value,” says Steven Washuta, a co-owner of Denver Wine Merchant. “We have already seen a high demand for sparkling wine and hope that consumers will want to celebrate the end of a difficult year.”

## 9 CONSUMERS STILL CRAVE DISCOVERY

While “comfort brands” boomed in the pandemic’s first six months, retailers are seeing a renewed and increased interest in exploring new products and regions. “Consumers are looking for diversity, since so many of their other routine things can’t necessarily be done right now,” says Shawn Paul, the wine operations director of Foxcroft Wine Co. in Charlotte, North Carolina. “People want a little more variety and discovery in what they’re drinking.”

Drain agrees, noting that Olé & Obrigado has seen an uptick in Spanish Albariño and Portuguese wine sales. “Wine drinkers are looking to try something new and branch out, particularly since they can’t travel,” she says.

Uva has been stocking up on such off-beat styles as *piquette* and orange wines as consumers look to share new discoveries with family over the holidays. “We predict an increase in retail sales on specialty

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Shawn Paul

items like new wine styles or new regions,” he says. “Many of our customers used their quarantine time to dive deeper into their wine knowledge and sharing that knowledge is what makes wine so enjoyable.”

## 10 INCREASED DEMAND FOR CUSTOMIZED PACKS

Because consumers are still limiting the time they spend in stores, curated packs will play more of a role this season. “It takes the guesswork out of it for people,” says Moorer. “It also adds a bit of entertainment to see what someone else will pick for you.”

“Smaller might be the way to go this year,” says Moorer, who has seen success with a pack that includes two bottles each of wine, cider, and beer—enough to be interesting for a couple without overwhelming them. “I think people are going to buy things on more of an individual basis.”

Rather than relying on pre-packaged gift options, Uva has been building small baskets based on individual customer’s tastes and budget. “We like this approach because it makes for a more thoughtful gift,” he says.

For restaurants in states that now permit off-premise wine and spirits sales, curated wine packs allow them to offer consumers a bit of the restaurant experience. Fortgang has been offering themed wine packs since the spring. “It’s been successful for us because that’s what we’re able to add: our wine recommendations,” he says. “We’ve found ways to bring some of the restaurant into people’s homes.” ■