

How to Improve Sales of Low and No Alcohol Beer Summary Report

Stuart Arnott MSc

With Dru Jaeger MA, Jessy Parker Humphreys MSc,
Dr Jussi Tolvi & Laura Willoughby MBE

CLUB SODA GUIDE
GOOD PLACES FOR
MINDFUL DRINKERS
clubsodaguide.com



IF YOU DON'T
LIKE BEER
I WON'T
THIS.

Club Soda Mindful
Drinking Festival
January 2019



laura@joinclubsoda.com
clubsodaguide.com
[@clubsodaguide](https://www.instagram.com/clubsodaguide)

Introduction

This research came about because we kept hearing of many barriers to the sale of low and no alcohol beer; from brewers, venues, and consumers.

There are many breweries now brewing great beers but there are also many pain points for venues and consumers in accessing them. We wanted to investigate what these pain points were and to look for solutions in order to find out how licensed venues can sell more low and no alcohol beer.

Finding solutions is important to us at Club Soda. Our goal is to create a world where nobody feels out of place if they're not drinking alcohol. We want everyone to have more choice in pubs, bars and

restaurants. We are not here to take anything away but to add more choice in.

How can we do that if there are still barriers that create an unlevel playing field for the new low and no alcohol entrants into the beer space? How can we educate the consumer and the retailer quicker so that we can maintain momentum for this new low and no drink trend?

We summarised these issues into setting out to find the answer to one question in particular:

How can licensed venues sell more low and no alcohol beer?



The low and no alcohol beer market in 2019

Approximately 8% of AB InBev's global beer sales volumes come from low and no alcohol beers (AB InBev 2018 Annual Report)

Low and no-alcohol beer has seen a 381% increase in wholesale sales since 2017 Eebria Trade's Craft Beer Trends Report 2019

Low alcohol beer made up 5.3% of the total production by The Society of Independent Brewers (SIBA) members in 2018, up from 3.4% in 2017. In 2018, 22 UK breweries reported brewing low or no alcohol beers The SIBA British Craft Beer Report 2019 - The UK's Independent Craft Beer Sector In Focus



"I'm old enough to remember several times when low non-alcohol beer was going to be the next big thing, and every single time it failed, mainly because the products were bloody horrible. And it's different this time. This time, it really is here to stay."

Pete Brown, Beer Writer
Chair of the British Guild of Beer Writers

A consumer-led movement

The growth in sales and interest in low alcohol and alcohol-free beer is led by a cross-generational, multi-motivated consumer base.

Three key factors in this are

- Changes in drinking traditions of the under 25s – **over a quarter of 18-24 year olds** now don't drink at all (ONS, Health and life expectancies 2017)
- Health motivated moderation on the increase – **8.6m drinkers** will be looking to cut down their drinking this year. (Drinkaware monitor 2018)
- Alcohol free lifestyles – **12% of adults don't drink** (Drinkaware monitor 2018).

These trends around consumer choices tell us

- People are drinking less alcohol and this is a generational trend that will continue
- Interest and sales in low and no alcohol beers is increasing
- Less people are going to the pub than ever before.

Taken together, this shows why licensed venues being able to sell more low and no alcohol beers will have a significant benefit to consumers, venues, and breweries. We know the market is there and now we want to help everyone make the most of it.

Laura Willoughby MBE, Club Soda





TV Presenter Adrian Chiles launched the first low and no beer summit in 2018, and the Club Soda Guide at the Mindful Drinking Festival in January 2019

Methodology & Approach

We hosted a Beer Summit with industry leaders to discuss the state of low and no alcohol beers.

Attendees developed user personas and followed their journeys to identify pain points that can impact low and no alcohol sales.

The pain points we discovered were:

- Perceptions of quality
- Perceptions of cost
- Availability
- Visibility
- Confusion around labelling
- Talking about health benefits.

We conducted a series of experiments and case studies around each pain point to develop a set of recommendations that would improve low and no alcohol beer sales.



Opportunity One: Improving availability

Case study:

London City Runners

We introduced London City Runners' clubhouse to FitBeer, a low-calorie isotonic alcohol-free lager. 42% of their runners only wanted water or a soft drink after a run, so the club managers were keen to offer different options within the category.

We found that:

- After tasting FitBeer, 93% found it better than their expectations
- 86% said they were very likely to drink FitBeer again
- Offering an alcohol-free beer was well-received by an overwhelming majority.

Adding an alcohol-free beer allowed members to enjoy a healthy drink and helped the club make more money.

Case study:

Corporate Catering Event

Club Soda were invited by an independent hospitality caterer to offer alcohol-free beers at an evening recruitment event for potential new staff by a major financial firm in the City of London.

Caterers often only offer a very poor selection of soft drinks. We took a selection of alcohol-free beers to the event where we found that :

- Attendees did not want to drink alcohol for health or religious reasons
- Attendees did not think it was appropriate to drink alcohol in front of a possible employer.

Recommendations

Wholesalers to be more open to the category and to stock more low and no alcohol beers to give venues and caterers the ability to select product.

Venues to take positive action to discover and stock more low and no alcohol beers.

Caterers to review their long-held formulas for events and to work with clients to offer a range of options that makes everyone feel welcome. Offering pre-packaged low and no on sale-or-return like alcohol would give their clients more options.



Opportunity Two: Challenging perceptions of cost

Case Study: City Pub Group

City Pub Group expanded their offer to include 20 low and no alcohol beers including Adnams Ghost Ship 0.5% on draught. Between June 2017 and December 2018 they sold 2,500 pints of Adnams Ghost Ship and 14,300 bottles of low and no alcohol beers, worth almost £60,000 in sales.

“Low/no beers make business sense – the demand is growing, and an offer tailored to your venue can be profitable.”

Gemma Catlin, Head of People and Development, City Pub Group

BELIEF: Customers don't want to buy low or no alcohol beers because they are too expensive.

REALITY: Venues don't always upsell the soft drinks they offer – staff assume a customer will want cheaper drinks such as cola or juice rather than trying to upsell a premium products.

BELIEF: Traditional soft drinks are cheaper.

REALITY: *“If you mix two drinks together, such as orange and bitter lemon, a pint can work out more expensive than a pint of beer.”*

Lisa Barber, Which? Car Editor

Recommendations

Venues to bear with initial sales of low and no alcohol beers - it will take customers some time to adjust.

Venues to make the strong business case to their peers about how low and no alcohol beers have generated profit for them.

Venues to equalise any happy hour, loyalty schemes and drinks deals to include a low and no alcohol beer.

Emma Inch beer tasting
tour at the January 2019
Mindful Drinking Festival



BELIEF: Alcohol-free beer is cheaper to make than alcoholic beer.

REALITY: *“It's actually more difficult making an alcohol-free beer than it is to make an alcoholic beer, and it can be more expensive as well”*

Becky Kean, Cofounder, Nirvana Brewery.

BELIEF: Venues will make more money from products with higher markups

REALITY: Customers are a lot more likely to drink multiple low or no alcohol drinks of an evening than they are multiple fizzy drinks or juices.

Small Beer Founders at the collaboration event with the
All Party Parliamentary Group for Beer, June 2019





St Peter's Without at the collaboration event with the All Party Parliamentary Group for Beer, June 2019

Opportunity Three:

Challenging perceptions of quality

Case study: SOAS Student Union bar

Club Soda ran a “Low and No Alcohol Beer Tasting” at a School of Oriental and African Studies Student Union bar. A wide range of beer styles were available to be sampled including lagers, pale ales, wheat beers, brown ales and stouts.

30% of the students who tried the alcohol-free beers said they would definitely drink more no-and-low alcohol beer, and 65% said they would maybe drink more.



Case study: The Fountain and Ink

During January 2019, The Fountain and Ink in Southwark put Big Drop’s Pale Ale on draught.

“We found it a really good excuse to give people a taste and to convince people that the product was really good. And those people who tried it with us in Dry January have come back and have been asking for it in bottles afterwards, because there was no financial risk for them in trying it the first time”

Ashley
Naismith,
General
Manager,
The
Fountain and
Ink



Recommendations

Venues to offer samples to customers to encourage them to try.

Venues to train their staff and give them the opportunity to try any low and no alcohol beers so they can pass on their knowledge and recommendations to the customers.



Jane Peyton beer tasting at
the January 2019 Mindful
Drinking Festival
Heineken 0.0 and
Budweiser Prohibition

Opportunity Four: Improving visibility

We discovered two pain points around the visibility of low and no alcohol beers.

Letting customers know what is available to them

“When the pubs are busy and the bar is packed with people waiting to order it’s very challenging to start asking what non-alcoholic drinks they have (it feels like ending up having a negotiation, waiters are not very willing to help, they feel anxiety, they feel like a burden) and so they opt for their default alcoholic choice.” Online survey response

Customers not wanting to be perceived as not drinking

“I think it's partly that ritual people like to have a pint poured, they like to go up and look like everyone else is looking”

Fergus Fitzgerald, Head Brewer, Adnams Brewery



Adnams Master Brewer Fergus explains how Ghost Ship alcohol-free is made at the January 2019 Mindful Drinking Festival

Recommendations

Venues to train their staff around their adult soft drinks selection so they are equipped to help out a customer who is choosing not to drink alcohol.

Venues to try out low and no alcohol beers on draught.

Wholesalers to take on low and no alcohol beers in keg.

Breweries to offer their low and no alcohol beers in keg.

Industry to work to dispel the misconception around kegged low and no alcohol beer.

Venues to make use of point of sale opportunities such as menus, A-boards and social media to show off their low and no alcohol beer offering.



Case Study:

Heineken 0.0 Blade at Robinsons Pubs

Having introduced Heineken 0.0 into Robinsons Brewery pubs, there was a 59% increase in sales of low or no alcohol beers and ciders in comparison with 2018 (Morning Advertiser, 2019).

“We are finding that groups of core customers are...switching on certain occasions, particularly for draught”

David Bremner, Marketing Director, Robinsons Brewery

Heineken's Jo Dring, the Blade, and Inapub editor Robyn Black at the event with the All Party Parliamentary Group

Opportunity Five: Clarifying labelling

Case Study:

Club Soda members' perception of 0.5% labelling

We surveyed 527 Club Soda members online to see what their opinions of 0.5% labelling was

At the start of the survey around half of those surveyed said they'd count 0.5% ABV as 'alcohol-free'

But this rose to 67% once they were provided with a set of facts around 0.5% such as that 0.5% ABV beer is safe to drink if you are pregnant and that almost all drinks contain traces of or up to 0.5% of alcohol.

Case Study:

Spain as a leader in alcohol-free beer

In Spain, alcohol-free beer counts for around 18% of the overall market. They attribute this to:

- A positive campaign around drinking it as an alternative to beer when driving
- Advertising campaigns with road safety organisations
- Distributing free samples of alcohol-free beer at highway bars
- Acceptance of 0.5% ABV as being alcohol-free.

Recommendations

Industry to come together to lobby the government that 0.5% beers should be able to be labelled as alcohol-free.

Industry to advocate for alcohol-free drinks to be seen as a stand alone category separate from soft drinks or alcoholic drinks.

All trusted sources of information (the government, retailers, drinks sector and special interest groups such as drivers and pregnancy groups) to have a clear and consistent line on what alcohol-free is.

More research to be done on low ABV beers.



Lucky Saint, Infinite Session and Old Speckled Hen at the January 2019 Mindful Drinking Festival

Opportunity Six:

Discussing health benefits

Alcohol-free beer has a number of health benefits including reducing the risk of heart disease, reducing the risk of respiratory tract illness and being rehydrating.

It is important to equip bar staff in venues with information that will allow them to answer common questions about low and no alcohol beer, including calories, sugar and other ingredients, on top of questions around ABV.

Case study: using alcohol-free drinks to change drinking habits

16% of Club Soda members say that Club Soda normalising low and no alcohol drinks helped them change their drinking, making them feel confident about socialising without alcohol, helping to increase the availability of low and no alcohol drinks, and adopting a more mindful approach to drinking.

“I've always drunk pints of real ale and have seen that as part of my identity, so that is something I need to address. I've found the availability of non-alcoholic beers a real help.”

Recommendations

Venues to educate their staff around the health benefits of low and no alcohol beer.

Breweries to clarify on their labelling and through conversations with venues the health benefits of low and no alcohol beer.



Freestar, and Club Soda
Experiments at the Mindful
Drinking Festival in
Glasgow in October 2018

Moving forward



ClubSodaGuide.com already has over 85 low and no alcohol beers listed.

Club Soda Guide

The Club Soda Guide has been redeveloped in conjunction with this beer research, and we have used one to inform the other throughout the process. It now lists over 2,500 venues and 1,000 low and no alcohol drinks aimed at adults, providing information about where to find them in venues, retail and online shops.

Training materials

Based on what we have learned during this research, we have produced a series of industry focused training videos and other materials aimed at venue managers and staff. These will inform managers and staff about the importance of low and no alcohol beer and the best ways to sell it.

These will be made freely available on the Club Soda Guide video channel.

Nirvana founders at the collaboration event with the All Party Parliamentary Group for Beer, June 2019





BREWERS' COMPANY

Cheers

This research was supported and funded by the Worshipful Company of Brewers via a grant from the Brewers' Research and Education Fund. Other funders included City of London and Heineken UK.

With thanks to:

Aaron Newell at J A Kemp

Adrian Chiles

All Party Parliamentary Group for Beer and Paul Hegerty

Ambra Consentino and Nesta

Ashley Naismith and The Fountain and Ink

Becky Kean and Nirvana Brewery

Budweiser UK&I

CAMRA

City of London

Cipher Brew

Emma Inch

Faizan Fiaz

Fergus Fitzgerald and Adnams Brewery

FitBeer

Gemma Catlin and City Pub Group

Heineken Blade

Infinite Session

Jane Peyton

Janey Lee Grace

John Hadingham and St Peter's Brewery

Krombacher

Lewis Silkin LLP

London City Runners

Morning Advertiser

Pete Brown

Robinsons Brewery

Rob Fink and Big Drop Brewing Co

School of Oriental and African Studies Student Union

Small Beer Brew Co

The Cock Tavern

The Chesham Arms

The Old Ship

The British Guild of Beer Writers



Drop Bear Beer founders at the collaboration event with the All Party Parliamentary Group for Beer, June 2019

