

Combatting Smaller Cocktail Menus & Beer and Wine Lists

by Scott Rosenbaum, Ah So Insights

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Distributor strategies for ensuring success amidst an era of bar and restaurant minimalism

Much has been written about shrinking beer lists, wine lists and cocktail menus. The pandemic exacerbated the growing trend of drink minimalism, but its seeds were sown much earlier. While sommeliers and beverage directors rightfully bemoan the loss of creative freedom and diversity that larger lists afforded, the implications for distributors have been largely unaddressed.

Smaller lists raise the stakes for both distributors and suppliers self-distributing by:

- providing fewer opportunities for sales.
- increasing one's chances of selling more, if a placement is made.
- focusing on beers, wines and cocktails that are "self-explanatory."³
- focusing on beers, wines and spirits with higher margins.
- potentially reducing the total number of account placements as restaurants won't want their limited offerings to "overlap" with their competitors.
- forcing buyers to work with fewer distributors/suppliers and favor those with diverse selections.

The challenges posed by smaller lists will prove destabilizing to those distributors that fail to plan. Customer concerns and product availability will frustrate reps that aren't informed of a broader strategy.

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Here's what distributors should consider when forming a strategy in the face of diminished lists:

Pricing matters more than ever

Many restaurants are doing away with "separate" bottle lists meaning that every selection now has to do double duty as a by the glass offering. Is your pricing sharp enough?

Pay attention to your breaks and family plans (where legal)

With fewer offerings comes the potential to score "bigger" 5-case and 10-case sales. Your pricing should reflect the reality that there will be fewer customers for any particular product, but that they'll likely buy more of it since their clientele will have less choice.

• Fill those one-stop-shop gaps

Want to "own the list?" You have to make sure you have products in the categories that will allow you to do so. If there's a category, you or your company once swore off because "every other company sells it," it's time to reconsider. What's missing?

Different goals for different reps

Sales and portfolio managers need to make sure reps are pouring diverse samples to reduce the potential for uncomfortable redundancy across on-premise accounts. In short, not everyone should have the same thing in their bag at once.

Loosen the allocation reins for off-premise accounts

Remember all of those Brunello di Montalcino and Burgundy restaurant allocations you were forced to scrap during the pandemic? It's time to reconsider retailers when it comes to allocations. Previously, "off-limit" products should now be made available to off-premise. Communicate to suppliers that one can no longer privilege on-premise accounts over off-premise ones.

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- (1) I recall industry pundits pointing to the closing of NYC's <u>Cru</u> in 2010 as the beginning of the end for tome-like wine lists. The Great Recession and its wake laid bare the uneconomical excess of housing a cellar that required two wine lists—one for reds and one for whites.
- (2) Kristen Bieler did touch on the topic in <u>"What Wholesalers' Inventory Depletions Reveal</u>
 About Industry Recovery."
- (3) Shorter lists tend not to require guides to help navigate them. They are more likely to feature those wines and cocktail ingredients that are already familiar to guests. Think Sancerre and Chianti over Pouilly-Fumé and Morellino di Scansano.