

THIS ROUND'S ON US

A pint-sized guide to beer sales

IT SEEMS CANADIAN GROCERS ARE FINALLY CATCHING UP WITH the U.S. The Ontario government recently granted licences to some grocers to sell beer. In B.C., a recent law approved the sale of beer in farmers' markets, while Newfoundland and Quebec have long allowed beer to be sold at grocery and/or convenience stores. Thus, we at *Canadian Grocer* felt it time to give grocers a guide to their beer-drinking customers. For those of you who aren't selling beer yet, don't fret. There are still some key takeaways to be used in other areas of your store.

Renowned beverage and alcohol consultant Bump Williams says that when marketing and merchandising beer, it's important to emphasize the sustainability and localness of your product. Sound familiar?

When it comes to craft beer, it turns out the reason so many customers flock to small brewers is because people believe that local companies are more trustworthy. "Artisanal" and "handmade" are the buzzwords of the day, so why not extend the same marketing lingo to your bakery and deli counters as you do in your beer section?

Grocers need to know what their customers want and make sure it's easily accessible. Improving the customer experience is key, no matter the product or category. Cheers.



Meagan Kashty

Editor

meagan.kashty@canadiangrocer.rogers.com



WHEN HOPPORTUNITY KNOCKS

What's the best way to turn suds into sales? Rethink your marketing strategy

By Mark Cardwell // Illustration by Tom Froese

If there's one thing Daniel Poulin has learned over the past 30 years working in the Quebec grocery business, it's that people love their beer.

"With beer, it's the 80-20 rule," says Poulin, manager of IGA des Sources in Cap-Rouge.

"Most people buy a few of the most popular brands, and a few people buy the smaller ones. You have to build and maintain a balanced offering."

The experience grocers such as Poulin have gained dealing with everything from in-store placement of beer to promotions and pairings could be worth its weight in gold to grocers in other provinces where retail liquor laws are being relaxed.

Take Michael Pugliese, whose family operates



TURN BEER INTO BUCKS

WHAT INFLUENCES SHOPPERS' DECISIONS TO BUY?

56%

NO INFLUENCES/I WOULD HAVE PURCHASED THIS ANYWAY

4.3% OTHER

3.3% IN-STORE FLYER

3% BONUS AIR MILES FOR THAT SPECIFIC BRAND

22.7%

REDUCED PRICE

2.2% BONUS CONTAINER(S) INCLUDED

1.5% FREE TASTING IN THE STORE

13.2%

AVAILABLE CHILLED

1.4% GIFT BOX/BAG PACKAGE

7%

IN-STORE DISPLAYS SUCH AS ON SHELF OR END OF AISLE

1.2% OTHER FREE NON-LIQUOR MERCHANDISE

IPSOS REID SHOPPING MONITOR

two Michael-Angelo's in the Greater Toronto Area, and got permission from the Ontario government to carry beer in its Mississauga location.

According to Pugliese, the pre-Christmas launch was so fast and furious that staff only had time to wheel out skids of cases to create makeshift end caps. Since then, a section has been created using advice from big breweries, such as Labatt, Molson Coors and Sleeman, as well as the more than 50 craft brewers whose products Pugliese's store now carries.

Chains in Quebec have had a running start on the ins and outs of marketing and merchandising beer. Metro has a central beer-purchasing unit that provides both corporate and franchise stores with beer planograms, and scours the world looking for emerging trends. "Craft beers are a good example," says Metro's Geneviève Grégoire. "We developed a concept for our stores, and some of our independent merchants have done a great job with it."

CST Canada's Dépanneur du Coin network, in Quebec, launched a program, in December, that devotes six feet of floor space at 40 stores to a lineup of a dozen craft breweries, available in mix-and-match packs of four 500-ml bottles or four 473-ml cans. According to Sophie Provencher, CST Canada's director of marketing and commercialization, inspiration for the Microbrasseurs du Coin program came from the U.S. market.

Frédéric Tremblay, president of l'Association des Microbrasseries du Québec, says his association's 140 members have enjoyed steady growth, and now account for 8.1% of total beer sales in Quebec stores, up from 4.5% in 2007. It's predicted to account for 12% by 2017.

For Bump Williams, a retail strategy consultant in the Amer-

ican beverage-alcohol industry, selling beer successfully boils down to the "five buckets" of effective merchandising. Be innovative in your product offerings and in-store placement, play into people's desire to think and drink local, and educate customers about taste profiles and food pairings, says Williams. Telling brand stories in regards to localness and sustainability is "one of the best merchandising techniques in the U.S. today," he adds. Finally, pay attention to the math: generate profits through cross-category purchases of everything from chips and condiments to steaks and charcoal briquettes.

In-store sampling is another way to put a smile on shoppers' faces and boost sales. "Beer goes with everything," says Poulin. "But it all depends on the individual and what they are looking for." Poulin says beer connoisseurs are eager to discover pairings with foods they can prepare at home that go beyond the everyday pub food, such as chicken wings and nachos.

"People are buying more charcuterie and cheese, which is very trendy with beer right now," says Poulin. His store recently held an in-store sampling session with Fromagerie Bergeron and Archambault brewery.

According to cheese specialist David Beaudoin, the key to beer and cheese pairings is texture and taste. Beer is easier to pair with cheeses than wine, says Beaudoin, but you need a basic understanding of cheese types and age. Wheat ales, for example, go well with almost any cheese.

"The same principles apply to beer as to non-alcoholic categories," says Williams. "Retailers need to tinker with their product offerings and marketing strategies to see what provides them with the most lift and differentiates them from the competition."



Beauty is in the eye of the beer holder

Stocking beer on your shelves is half the battle. Now who are you planning to sell it to? **by Meagan Kashty**

CANADIANS ARE OFTEN CHARACTERIZED for their love of lagers. But which beer consumers are likely to come to your store?

Baby boomers lead the beer drinking pack, according to Ipsos Reid's "Alcohol Consumption Tracker", a study that tracks the alcohol consumption habits of Canadians.

Of those surveyed, Canadians above 50 were most likely to identify themselves as beer drinkers, followed by those aged 30 to 49.

According to John Mohler, vice-president at Ipsos Reid, boomers not only outpace the younger generation in volume when it comes to beer drinking, but they also indulge more often. "Boomers tend to be more routine in their drinking patterns," explains Mohler. "While younger drinkers tend to drink more servings per occasion, older drinkers tend to drink more frequently."

Across all age groups, says

Mohler, people who shop for beer do so fairly frequently. Not only do half of beer buyers make weekly shopping trips, but nearly half (48%) drink beer alongside food. What does this mean? Grocers can grow shoppers' basket sizes by taking advantage of their frequent beer shopping habits. Mohler recommends grocers cross-sell and merchandise by linking beer with other products, particularly snack foods.

Wine is outpacing beer as the beverage of choice during meals because it pairs well with a wide variety of foods and meal occasions, says Mohler. "Think about how common it is to see wineglasses as part of the standard place setting at the dinner table," he says.

But craft beer is gaining ground at the dinner table because it's available in a wide range of flavour profiles that pair well with different foods.

BY THE NUMBERS BEER DRINKING BASICS

MALE

78%

FEMALE

22%

HOW OLD?

22%

(1982-2000)

33%

(1965-1981)

37%

(1946-1964)

8%

OTHER

WHERE?

58% My home

14% Someone else's home

13% Bar/lounge/club

6% Restaurant

4% All other

3% Cottage/chalet/vacation home

2% Hotel/motel/banquet hall

WHILE DOING WHAT?

26% Consumed when relaxing/after work

26% While watching the game/gaming

13% Talking with others/hanging out

9%

Having a meal/while cooking

8%

Other

6%

At a party or ready to go out

6%

As a special occasion

5%

Working around home

IPSOS REID ALCOHOL CONSUMPTION TRACKER



Crafty consumers

With beer trickling into the grocery channel, could the local movement produce big gains for the fast-growing craft segment?

by Chris Powell

THE “LOCAL” MOVEMENT THAT’S TRANSFORMING how consumers are buying everything from produce to dairy might be manifesting itself in beer sales, particularly as suds begin trickling into Ontario’s grocery channel.

“People like to buy local,” says Drew Knox of Ontario Craft Brewers, adding that shoppers trust small breweries to give them a good local product.

SMALL BREW, BIG GROWTH

According to Knox, the craft segment currently accounts for about 5% of Ontario’s total beer sales; it was also the Liquor Control Board of Ontario’s fastest-growing beer segment in 2015, with year-over-year growth of 36%.

Craft sales are outpacing the beer industry as a whole. According to NPD data, Canadian craft beer sales increased 7% in 2014, despite a 6% decline in overall beer consumption.

Craft is also bubbling up in other sectors. Millennials’ taste for artisanal products has helped boost craft beer’s popularity in the foodservice industry, says Donna Dooher, president and CEO of Restaurants Canada.

WITHIN ARM’S REACH

Despite its popularity, craft beer sales at the Beer Store chain in Ontario are stagnant. According to Knox, that’s be-

CRAFT CURES WHAT SALES YA

Customers shopping for craft beer seem to be more influenced by in-store displays, meaning grocers can influence brand choices

WHEN DO YOU DECIDE WHAT BRAND OF CRAFT BEER TO BUY?



IPSOS REID SHOPPING MONITOR

cause less than a quarter of its locations are self-serve. Many Beer Stores keep beer behind a wall, requiring customers to ask for a particular brand. Knox says women in particular aren’t fond of that environment. “They like to shop and see the beer,” he says. At the LCBO and grocery stores, shoppers can peruse the shelves at their leisure.

According to John Mohler, vice-president with Ipsos Reid, craft beer drinkers are more experimental, so are more apt to choose a brand “on the fly.”

HOP INTO IT

In Quebec, relationships with micro-

breweries and savvy partnerships have made IGA stores “beer destinations”. Beer expert Philippe Wouters works with IGA stores to develop flavour profiles for beer enthusiasts.

Ontario chain Farm Boy stocks only craft beers. President and CEO, Jeff York, says even non-traditional beer drinkers are picking up a can or six-pack, sometimes on a whim. “We believe in a compelling local proposition, something that’s not featured anywhere else.” **CG**

CG
Canadian Grocer

Beer Guide 2016

PUBLISHER

Alison Wood 416.764.3837
alison.wood@rci.rogers.com

ASSOCIATE PUBLISHER

Ariel Burkett 416.764.4168
ariel.burkett@rci.rogers.com

EDITOR

Meagan Kashty 416.764.2005
meagan.kashty@canadiangrocer.rogers.com

ART DIRECTOR

Josiah Gordon 416.764.1667
josiah.gordon@rci.rogers.com

Contents Copyright © 2016 by Rogers Publishing Limited, may not be reprinted without permission. One Mount Pleasant Road, Toronto, Ontario, M4Y 2Y5.

canadiangrocer.com