



Brand Keys

PRESS RELEASE
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What's "Essential" During COVID-19 Pandemic Is Up For Debate: But Not For Liquor Stores and Not For Brands

Alcoholic Beverage Sales Up By 75% YOY
Brands That Build Loyalty During Market Disruptions See Average Sales Increase 40%

NEW YORK, NY April 13, 2020 – With an increasing number of states issuing stay at home directives, "essential" businesses remain open.

"But it's all a little idiosyncratic and haphazard," said Robert Passikoff, president of Brand Keys, the New York-based brand engagement and customer loyalty research consultancy (brandkeys.com). "What's deemed 'essential' in one state may differ in other jurisdictions." But throughout the COVID-19 pandemic, one business sector that has seen significant increases in activity and sales are liquor stores – and in many cities are considered "essential" businesses.

Beverage Sales Soar

Spirits sales are up nearly 80%. Beer purchases are up 70% YOY, according to the Brand Keys Alcoholic Beverage Tracker April 2020. "Social distancing and stay-at-home orders have resulted in increased levels of consumer anxiety," noted Passikoff. "A drink provides an opportunity to relax and, perhaps, provide a sense of normalcy. And the holidays, combined with an increased number of virtual 'gatherings' and parties, has invigorated the category."

Which Brands Benefit?

With alcoholic beverage category sales up sharply, brands that have generated high levels of customer loyalty will be the beneficiaries. According to Brand Keys' 2020 Customer Loyalty Engagement Index, the alcoholic beverage brands with the most-loyal customers:

- Vodka: Svedka
- Gin: Bombay Sapphire
- Whiskey: Jack Daniels
- Single Malt: Glenfiddich
- Tequila: Jose Cuervo
- Rum: Bacardi
- Light Beer: Miller Lite, and (ironically)
- Regular Beer: Corona Extra

Market Disruptions Are Emotional

During previous market disruptions – ones that came close to the magnitude of the coronavirus pandemic – successful brands recognized, by planning or providence, that not only had the marketplace, but consumers themselves, changed dramatically.

“This pandemic has changed consumers’ world and brand views. Their decision processes — more emotional than rational— show that emotional decision-making runs higher than ever and will likely to continue to do so. *Views* and *values* consumers use to assess brands are wildly different than they were just four months ago,” noted Passikoff

Loyalty Is Critical To Brands Surviving This Pandemic

Loyalty can’t cure the virus, but it has proven itself to be an effective remedy to market crises. “Loyalty is alive and well, just very different in 2020, and very, very different since the COVID-19 inserted itself into the marketplace and the daily lives of consumers,” said Passikoff. “Loyalty has evolved to meet the expectations of more sophisticated and more connected – and now disconnected – consumers. It’s more complex to define and to measure, and marketers are going to have to place ‘loyalty’ at the top of their Key Performance Indicator (KPI) list if they want to come out of this maintaining – even growing – the customer base.”

It is critical that brands adapt and identify new strategies to accommodate a vastly changed, more emotional marketplace. “What’s been historically and independently-validated,” noted Passikoff, “Is that real engagement and loyalty metrics – psychological inquiry and higher-order statistical analyses – identify emotional aspects of real consumer decision-making as they will exist in the next 12 to 18 months. That will be critical to guarantee brand survival.”

“And yes, what’s ‘essential’ to one consumer may not be ‘essential’ to all consumers. But loyalty is going to be an essential strategy for every brand that wants to come out of the other end of this pandemic unscathed,” noted Passikoff.

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