

# Marketing strategy: kegged cocktails essay sample

[Food & Diet](#), [Alcohol](#)



**ASSIGN  
BUSTER**

The Tippling Bros. are a nationally recognized beverage consultancy firm based in New York City, that combines the experience, expertise and creative genius of Tad Carducci and Paul Tanguay. With their joint experience of over 40 years working in both on and off premise arenas, the Tipplers strive to execute a singular mission in their pursuits; to help the world drink better. The Tipping Bros. have established themselves as leaders in the beverage industry by continually embracing, advancing and redefining the art of raising the bar behind the bar. They have a consistent track record of success in establishing a diversity of concepts, providing independent consultation and strengthening brand equity for globally recognized brands.

The Tippling Bros.' clients consistently see themselves awarded an expanded growth share of their market segment by broadening consumers' appeal across demographics. Clients' expanded growth share is directly correlated to The Tippling Bros. focus on innovation. This innovation manifests itself in the form of increasing operational efficiency, conceptualizing cutting edge design solutions and developing product diversification for their clients.

Currently, The Tippling Bros. are striving to offer clients a unique, customized and increasingly profitable beverage program solution through the product innovation of a new system of cocktail creation and delivery. This cutting edge product innovation focuses itself around the production and delivery of "Kegged Cocktails". Tippling Bros.' "Kegged Cocktails" provide clients the opportunity to offer customized, unique, freshly crafted cocktails with a premium value added experience to their customers. The "Kegged Cocktail" combines the idea that cocktails should feature fresh, all-natural premium ingredients delivered in a consistent and cost efficient manner. "Kegged

Cocktails” can be customized in regards to both local market trends and clients specifications related to their individual consumers preferences.

## OBJECTIVE

The restaurant recession appears to be over and patrons are starting to venture out from their homes to visit restaurants and bars once again. Over the past few years, operators have ramped up their beverage programs in order to draw consumers back. On-premise establishments are using a variety of strategies, such as offering market cocktails, ingredients, and flavors to innovative pricing and promotions. Unfortunately, the consumer demands for these offerings has not grown proportionally with the level of skill of the majority of bartenders. That’s where the Tippling Bros.’ “ Kegged Cocktails” come in. The objective of this report intends to detail the latest trends and factors impacting what and where people drink, including: \*

- \* Types of drink that are “ must haves” on every drink list and where there are gaps.
- \* Examples of how operators are implementing the latest cocktail trends successfully.
- \* What beverage promotions are being implemented and where there are additional opportunities.
- \* The demographics that are most likely to spend money and what they are most likely to spend it on.

## INTRODUCTION

The Tippling Bros.’ “ Kegged Cocktails” are an innovate approach to producing and delivery unique, freshly crafted cocktails to clients and consumers alike in mass quantities. The “ Kegged Cocktail” provides the opportunity for clients to provide craft cocktails that are cost effective and have flavor consistency. The Tippling Bros.’ “ Kegged Cocktails” have the

potential to be vastly applicable in on-premise settings. The on-premise setting's focus is to offer fresh, all-natural drinks with a premium value added experience ordered a la carte in bars, restaurants, nightclubs and fresh market settings such as Whole Foods. This will require exploring the marketing mix, uncontrolled variables and buyer behavior through market research. " MUST HAVE" DRINKS

The economic downturn created an environment that made it more difficult for on-premise establishments to draw consumers out of their homes. Currently analysts are now noticing a return to growth as establishments offer consumers products that they can't get at home. According to the American Culinary Federation; today's consumers are more affluent, bold and demanding in their expectations of restaurants and bars due to the observation that American palates have grown more sophisticated and adventurous than ever before.

This evolution has been observed through the exponential growth of mixology focused on-premise beverage programs, craft cocktail diversification and artisan liquors sales since 2009. Reports have indicated that with the craft cocktail is emerging as a top trend in the industry. The craft cocktail is taking consumers beyond the traditional drink into more complex and adventurous culinary landscapes and establishing a firm foothold for itself in top bars and restaurants across the nation. National Restaurant Association (NRA) president and CEO Dawn Sweeney notes that, " Alcohol can play an important role in the restaurant experience. All-natural and artisan-made products reflect a shift in popular philosophy-driven

choices” amongst consumers in on-premise settings. (www.beverageindustry.com “ Alcohol Trends” 12/01/11).

These statements are supported by market research conducted by Chicago-based Technomic Inc. evaluating overall consumer expenditures on alcohol in the on-premise sector of the industry. According to their findings, consumer expenditures away from home will increase 2. 4% in 2012 alone. This is coupled with the fact that the NRA is reporting that the bar/restaurant industry as a whole is experiencing growth, with estimated sales expected to reach a record high of \$632 billion dollars this year. This will represent a 3. 5% increase in sales compared to 2011. Technomic’s VP David Henkes is most optimistic about the hotel segment’s beverage sales growth forecast, estimating it to be nearly 6% for alcohol sales in 2012 (www.beverageindustry.com “ High Hopes for On-Premise” 08/14/2012). This creates a competitive advantage for establishments willing to invest their time and resources toward diversifying their product offerings. Creating customized, unique, premium value-added experiences will allow such establishments to capture an increased market share of this overall segment, generate increased sales and enjoy growing profit margins.

Further research exists to support the claims that Americans tastes and palates have grown more sophisticated and adventurous than ever before. New exotic flavors, with a focus on local farming and all natural ingredients have become a focus amongst a large percentage of American consumers. Lu Ann Williams, head of research at Innova Market Insights, has noted that, “ Considering the numerous trends across the alcohol and non-alcohol soft

drink category, flavor experimentation is a key differentiator. Exotic and authentic flavors can attract consumers' attention." Innova's research has suggested that the current market trends indicate that consumers are increasingly attracted to all-natural products derived from super fruits, herbs, floral ingredients, nuts and spice flavors. Consumers have increasingly been moving away from mass produced products filled with artificial flavorings and ingredients towards the craft sector. Williams again notes that "...more complex flavor profiles should become more prevalent in the future to cater to consumers with more discerning tastes" (www. beverageindustry. com " Global Beverage Trends" 05/11/12).

When it comes to ingredients and health claims, fruits high in antioxidants, natural sweeteners and floral/botanical flavors have increased in popularity, according to Innova. This is supported by research from Mintel International reporting that even in the face of economic downturn, consumers who frequently purchase all-natural specialty products chose not to 'trade down' and stuck with these products even though many carried a higher price point with them. Further research surveys from Mintel noted that 25-30% of respondents are planning to buy more all-natural and organic products than last year. Reports from an adult US focus group conducted by Whole Foods market noticed that natural/organic food sales accounted for more than a quarter of their total food purchases in 2011. This signaled a 7% increase in category sales. Overall, Whole Foods has been able to grow its market share by more than 13. 3% since 2005 indicating that the desire for all-natural/organic foods should continue to increase in demand amongst US

consumers. (www. beverageindustry. com “ Dedicated consumers keep natural retailers steady” 10/15/10).

All natural, better-for-you beverages continue to appeal to an ever broadening consumer segment. To meet this increasing demand, establishments have turned away from the use of pasteurized juices that may save money in the short run in favor of freshly squeezed, unpasteurized juices high in antioxidants that meet customer desire and demands in the long run. A Mintel publication from 2011 reported that 36% of American consumers who regularly purchase beverages containing fruit juice seek out products that are 100% juice and are high in antioxidants. (www. beverageindustry. com “ Superfruits Expand Beyond Exotic Varieties” 01/12/2012)

As for other flavor and ingredient trends, natural sweeteners and floral/botanical flavors have risen to prominence. Innova noted from 2009-2011, the United States accounted for more than half of the stevia-containing soft drink launches. This is a trend that is can imaginably be linked to an increasingly health conscious and aging population. Research shows that beverage launches featuring floral and botanical ingredients are starting to create a presence amongst Western markets, including the US. Product launches containing these ingredients rose 11% in 2011 compared to 2010 (www. beverageindustry. com “ Global Beverage Trends” 05/11/12).

#### CURRENT COCKTAIL TREND IMPLEMENTATION

In the current US on-premise environment, craft cocktails and mixology have come to take center stage. Bars and restaurants embracing classic cocktail

techniques and utilizing fresh, premium ingredients are growing at an exponential rate. Gone are the days when an establishment intending to be taken seriously can cut corners on quality and focus solely on the bottom line. For an establishment to be viewed as an industry leader no longer can products such as pasteurized fruit juices and artificial ingredients be used. Building flavor profiles solely with the endless array of mass produces cordials and liqueurs is a thing of the past.

Today's savvy bar/restaurant patron is seeking out customized, unique and fresh offerings. Unfortunately, the demand for these offerings hasn't grown proportionally with the skill and understanding of the vast majority of working bartenders. This has created a situation where many owners and bar managers are left wondering how they can keep up. This is where Tippling Bros' "Kegged Cocktails" program comes in and provides an opportunity for establishments to stay ahead of the competition.

Tippling Bros' "Kegged Cocktails" offer the opportunity to have a mixologist (in a keg) delivered right to your door. Their expertise creates an increased competitive advantage for their clients in their particular market segment. "Kegged Cocktails" keep drink offerings competitive as well as controlling costs and operational efficiency. "Kegged Cocktails" allow bars and restaurants to alleviate themselves of the cost and burden of developing a distinguished cocktail program that offers a premium, value-added experience for their customers. Buying equipment, finding talented bartenders, committing time and financial resources to training existing staff



are all issues that can be completely avoided with the commitment to the Tippling Bros' services.

Industry reports support the claims that cocktails are becoming the top trend in bars and restaurants. Research from Technomic released in 2011 indicates that on-premise establishments can expect a continued rebound in sales over the coming years. Among the segments in this channel, alcohol sales increased 1.9% by the end of the calendar year 2011. (www.beverageindustry.com "Alcohol Sales Show Resilience in On-Premise" 04/04/11). Technomic forecasted that spirit-based drinks will experience the highest rate of growth amongst this segment, with an expected growth of 2.3%. This is in comparison to estimations of wine and beer growing less dramatically at 1.4% and 1.6% respectively.

End of the year reports demonstrated that Technomic's estimates were in line with actual sales results and 2012 forecasts where even more optimistic than the previous year. Based upon 2011's numbers and current market research, Technomic is optimistic that 2012 will witness a record setting year in both growth and total sales across the industry. They estimate that overall alcohol sales away from home will be 3.5% and total restaurant industry sales will reach a record high of \$632 billion. Technomic is most optimistic about hotels, forecasting that the segment will grow as a whole approximately 5.4% during 2012. It expects the alcohol sales in hotels to grow at an even slightly higher rate. (www.beverageindustry.com "High Hopes for On-Premise" 08/14/12)

These numbers should ease bar and restaurant owners apprehensions about adopting such cutting edge innovation. Not only are cocktails forecasted to increase in sales margins, but “Kegged Cocktails” provide the opportunity for owners to control liquor costs. Since the spirits are pre batched into the kegs, owners need not worry about one bartender's pour count being vastly different than another. All those .25 – .50oz over pours over the course of a day, a week, a year can equal thousands of dollars at the end of the year. Consistency is king in this industry and Tippling Bros’ “Kegged Cocktails” can deliver that. Consistently.

#### BEVERAGE PROMOTIONS AND ADDITIONAL OPPORTUNITIES

On-premise bar promotions are as diverse as the world of drinks themselves. Owners and managers have tried nearly everything imaginable to draw consumers to their watering holes time and time again. While not always the most creative or sophisticated, these promotions create a value added experience for the consumer which has proved to be a leading factor in consumer's purchasing decisions. According to Technomic's executive vice president, Darren Tristano “Today's foodservice consumers continue to base their decisions on their personal perception of value. Innovative operators are creating such value by crafting new beverages that are uniquely flavorful, fresh and a better-for-you option.” (www.beverageindustry.com “Beverages Can Boost Restaurant Check Averages” 09/25/12). This coupled with the fact that 2012 witnessed 71% of consumers purchase beverages away from home two or more times a week, makes it a quintessential area of focus and investment for establishments hoping to maintain success for years to come.

Innovation is crucial for establishments to remain competitive and become industry leaders in the immediate future. As we have discussed previously, consumers tastes today are increasingly sophisticated and demand unique, creative offerings. A Beverage Consumer Trend Report noted that 29% of overall respondents stated that they like trying new and unique beverages. Adopting the Tippling Bros.' "Kegged Cocktail" product line will provide operators the opportunity to meet this demand while simultaneously increasing their industry credibility and bottom line.

Based on my research, I believe in addition to the traditional on-premise bar or restaurant account there exist further expanding opportunities that are well suited to adopt Tippling Bros.' "Kegged Cocktails". Fast-casual and foodservice chain establishments are beginning to offer alcohol options and are taking these offerings seriously. In 2011, Technomic reported that fast-casual chain restaurants outpaced the rest of the industry, with the top 100 growing 6 percent collectively and bringing in nearly \$18.9 billion. Forecasts for 2012 were optimistic as well showing a predicted growth of 4.5% in the segment compared to 1.6% growth for fine dining and mid-scale restaurants. These chains are perfectly suited for the adoption of "Kegged Cocktails" with their demand of consistency across accounts and need for cost effective solutions (www.beverageindustry.com "Foodservice Channel Making Strides" 07/11/11)

## DEMOGRAPHICS

As we have frequently mentioned, current consumers have developed a more sophisticated palate and are more aware of what products they are

spending their disposable income on. Consumers are increasingly drawn to fresh, all-natural products they have unique interesting flavor profiles. The Tippling Bros' "Kegged Cocktails" create a product that creates the ideal blend to meet demands. But who exactly are these consumers and what do they desire to spend their money on?

The Hispanic demographic is the fastest growing consumer group in the United States, making up 16% of the total population, according to Chicago-based SymphonyIRI Group ([www.beverageindustry.com](http://www.beverageindustry.com) "Targeting Demographics in Beverage Marketing" 10/12/12). This segment has grown nearly 43% in the last ten years and are estimated to hold \$1.3 trillion in purchasing power in the coming year. "Hispanic consumers are a key growth segment, with buying power increasing 50% through 2015", according to Kris Licht who manages consumer practices department at McKinsey & Co, in Colorado Springs,

Millennials (18-24) are the driving force behind the generational demographic trends. Millennials have been reported to drive innovation in the market segments of boutique spirits, craft beer and sweeter flavor profiles in wine. They consume an exponentially higher percentage of new and unique drinks with reports showing that 47% have said that they would like to try new and unique beverages offered at restaurants and bars. David Henkes of Technomic cautions beverage professionals, suppliers and marketers of treating this group as a single homogenous demographic though. He has been quoted as saying "Due to its sheer size and inherent diversity, operators and marketers alike must be very strategic in engaging millennials

in terms of adult beverage occasions and consumption.” He recommends education about brands flavor and cocktails at on-premise locations, as well as building variety into menus. This coupled with sampling, offering flights and having an alluring back story to your menu will keep this demographic engaged and spending an icreasing their disposable income.

## CONCLUSION

Based on the research and trends highlighted in this report, it is definitely clear that the Tippling Bros.’ “ Kegged Cocktails” are poised to make an immediate impact from the moment they become readily available in the market. The “ Kegged Cocktail” meets consumer demands for a fresh, all-natural, better-for-you product offering and pushes innovation of unique flavor profiles as well. Success can be seen from the operator stand point as well by providing a product that can be customized per establishment, while increasing operational efficiency, maintaining product consistency and maximizing cost effectiveness.