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Adult Alternatives for Social Drinking: A Direction

Abstract

In their survey/study - Adult Alternatives for Social Drinking: A Direction - by John Dienhart and Sandra Strick, Assistant Professors, Department of Restaurant, Hotel and Institutional Management, Purdue University, Dienhart and Strick begin with: "Changes in consumer habits have brought about a change in the business of selling alcoholic drinks and have impacted upon hotel food and beverage operations. The authors surveyed a sample of hotel corporate food and beverage directors to ascertain how they are handling this challenge."

Dienhart and Strick declare that the alcoholic beverage market, sale and consumption thereof, has taken a bit of a hit in contemporary society.

"Even to the casual observer, it's obvious that the bar and beverage industry has undergone a great deal of change in the past few years," say the authors. "Observations include a change in the types of drinks people are ordering, as well as a decrease in the number of drinks being sold," they qualify.

Dienhart and Strick allude to an increase in the federal excise tax, attacks from alcohol awareness groups, the diminished capacity of bars and restaurants to offer happy hours, increased liability insurance premiums as well as third-party liability issues, and people's awareness of their own mortality as some of the reasons for the change.

To quantify some empirical data on beverage consumption the Restaurant, Hotel, and Institutional Management Department of Purdue University conducted a study "... to determine if observed trends could be documented with hard data."

In regards to the subject, the study asks and answers a lot of interesting questions with the results presented to concerned followers via percentages. Typical of the results are:

"When asked whether the corporation experienced a change in alcoholic sales in the past year, 67 percent reported a decrease in the amount of alcohol sold."

"Sixty-two percent of the respondents reported an increase in non-alcoholic sales over the past year. The average size of the increase was 8 percent.

What Dienhart and Strick observe is that the decrease in alcoholic beverage consumption has resulted in a net increase for non-alcoholic beverage consumption. What are termed specialty drinks are gaining a foothold in the market, say the authors. "These include traditional cocktails made with alcohol-free products, as well as creative new juice based drinks, cream based drinks, carbonated beverages, and heated drinks," say Dienhart and Strick by way of citation .

Another result of the non-alcoholic consumption trend is the emergence of some novel marketing approaches by beer, wine, and spirits producers, including price increases on their alcohol based beverages as well as the introduction of faux alcoholic drinks like non-alcoholic beer and wine.

Who or what is the big winner in all of this? That distinction might go to bottled water!

Keywords

John Dienhart, Sandra Strick, Adult Alternatives for Social Drinking: A Direction, Happy hour, Excise tax, Non-alcoholic drinks, Specialty drinks, Wine, Beverage

Adult Alternatives for Social Drinking: A Direction

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Changes in consumer habits have brought about a change in the business of selling alcoholic drinks and have impacted upon hotel food and beverage operations. The authors surveyed a sample of hotel corporate food and beverage directors to ascertain how they are handling this challenge.

Even to the casual observer, it's obvious that the bar and beverage industry has undergone a great deal of change in the past few years. Observations include a change in the types of drinks people are ordering, as well as a decrease in the number of drinks being sold. "Food and beverage operations are simply not capturing the clientele," says David Bekermeier of Technomic Consultants. Comparing a 5 percent annual climb in the number of rooms with a mere 2 percent increase in the number of guests, he noted that food and beverage sales per occupied room have remained flat for the past two years.¹

In the past year the business of selling alcoholic beverages has taken a beating for several reasons. The federal excise tax on alcohol was increased for the first time in 20 years and is targeted to be increased again in 1987. Alcohol awareness groups have attacked the sale of alcohol across the nation. "Happy hours" have been outlawed, and liability insurance for the food and beverage industry has become almost non-negotiable. Third party liability issues have become such a threat to some restaurateurs that there are examples such as Sarge Oaks of Lafayette, Indiana, that limits patrons to one drink at the bar. Also, certain county governments have instituted legislation that restricts patrons to one drink unless they purchase food.

Another major cause of change is the result of the changing consumer. People are more concerned than ever about what they put in their bodies. They are concerned about their cholesterol, sodium, and alcohol consumption.

Beverage Consumption Trends Are Changing

Based on continued interest in the area of non-alcoholic beverages, a pilot study was conducted by the Restaurant, Hotel, and Institutional Management Department of Purdue University to determine if observed

trends could be documented with hard data. The beverage consumption survey attempted to discover what patterns were emerging in the consumption of non-alcoholic beverages in hotel food and beverage operations.

The pilot survey was sent to 15 hotel corporate food and beverage directors; those chosen were listed in the *1986 Directory of Hotel & Motel Systems* which listed food and beverage directors by name. Of the 15 sent, 14 were returned, for a response rate of 93 percent.

When asked whether the corporation experienced a change in alcoholic sales in the past year, 67 percent reported a decrease in the amount of alcohol sold. The decrease in alcohol consumption is further verified by a study recently completed by the insurance industry. According to a recent CBS Broadcasting report, the insurance industry's study reported a significant decline in alcohol consumption in the past four years. This decrease was attributed to the rise of the health conscious consumer.

Sixty-two percent of the respondents reported an increase in non-alcoholic sales over the past year. The average size of the increase was 8 percent. Interestingly enough, Hank Evans, national accounts manager for Schieffelin and Company, wine and spirit importers, is quoted as saying that "alcoholic beverage sales have dropped 8 percent in the past year."

The enforcement of responsible drinking has become the responsibility and obligation of food and beverage operators. Alcohol awareness groups have attacked the sale of alcohol across the nation and the outlawing of "happy hours" in many states has forced many operators to shift emphasis away from drinks and toward the promotion and sale of food.

Specialty drinks were found to be the most popular category of non-alcoholic beverages offered. These include traditional cocktails made with alcohol-free products, as well as creative new juice-based drinks, cream-based drinks, carbonated beverages, and heated drinks.² Those surveyed found that specialty drinks reflect dining atmosphere, customers' demands, and management's imagination.

Sparkling water ranked second in popularity among the non-alcoholic beverages with non-alcoholic wines and non-alcoholic beers ranked third and fourth, respectively. The beer industry is responding to these changing trends through the use of the media. Kaliber, a light malt beverage brewed by Guinness of Ireland, was named the official brew of the NFL players for Super Bowl XXI.³ The Bass Brewing Company of England launched an advertising campaign for another malt beverage called Barbican.⁴ Industry support for alternatives to alcoholic drinks may be the key to acceptance by the consumer.

When asked how their companies responded to the decrease in alcohol consumption, 55 percent of the food and beverage directors reported an increased emphasis on non-alcoholic beverage promotions; 38 percent reported their company reacted to the decrease in alcoholic sales by increasing the prices of their alcoholic beverages. To maintain revenue levels, the remaining corporations compensated for lost sales volume by promoting alcoholic specialty drinks.

Liability concerns were the main reason for offering non-alcoholic beverages; 75 percent of the food and beverage directors surveyed said the threat of third-party liability suits encouraged them to promote beverages without alcohol. Sixty-three percent agreed that offering non-alcoholic beverages satisfied demands of their patrons—those looking for an opportunity to drink good-tasting beverages in a social setting without the effects of alcohol; 50 percent admitted that offering non-alcoholic beverages was a way of boosting sagging sales.

With regard to the emphasis directors place on promoting the various non-alcoholic beverages, 100 percent of those surveyed felt it was important to actively promote non-alcoholic specialty drinks. Perhaps hotel food and beverage operations are finally realizing what Dairy Queen International and the corner soda fountain have known for years. They offered and sold mocktails successfully and profitably for years but in different atmospheres with different social pressures. Sixty-three percent promote non-alcoholic beer and 37 percent non-alcoholic wine.

Seventy-five percent of those surveyed are promoting sparkling waters. The growing popularity of these products was recently discussed in the *Wall Street Journal*: "...sales rising 15% in each of the past 5 years to about \$1 billion in 1986. Water is the second fastest growing segment of the beverage industry." The average American currently consumes 5.2 gallons of bottled water annually, (and that isn't just plain water).⁵ A water bar recently opened in November of 1986 in Beverly Hills, California, which features straight shots for \$1 and \$2—straight shots of water. Guests can sip and compare 51 different brands of bottled water from 18 different countries.⁶

Table tents were the leading tool used to promote non-alcoholic beverages of all types; 100 percent of those surveyed reported that drawing attention to specific non-alcoholic beverages through the use of table tents was a necessity. Eighty-eight percent depend heavily on the skills of their staffs to suggest non-alcoholic beverages to their customers; 78 percent listed non-alcoholic beverages on their menus. Sixty-three percent depend on effective visual presentation to promote non-alcoholic beverages—realizing that people eat and drink with their eyes, choosing drinks because of their appealing appearance.

It's Simply a Matter of Education

There are not enough commercial non-alcoholic beverage mixes on the market according to the consensus of 73 percent of those surveyed. These food and beverage directors would like to see a greater variety of specialty beverage mixes available for purchase through their purveyors. Some of these are already available. For example, Bacardi Tropical Fruit Mixes, a non-alcoholic product made by Coca-Cola, offer a little something special at cocktail time without the effects of alcohol. The authors wish to suggest that perhaps there are a great number of these products already on the market and it's simply a matter of educating the consumer to accept these products as alternatives to drinks with alcohol. Second on their list of wishes, hotel food and beverage directors would like to see more non-alcoholic specialty recipes. As the demand for non-alcoholic

beverages increases and the beverage industry meets these demands, the problems are likely to take care of themselves. When asked to look into their crystal balls and project the status of non-alcoholic beverages in the future, all hotel food and beverage directors agreed that non-alcoholic beverages are a trend that is here to stay.

What does the future hold? People will still drink specialty beverages with or without alcohol, but alternatives to alcoholic drinks can be introduced and promoted with the intention of creating the same impressions in the same social setting. Peer pressure will continue to be an influence on the consumer just as alcoholism remains a major disease in today's world. The opportunity remains to educate, to train, and to influence the social drinking experiences of future social gatherings such as wedding receptions, business meetings, graduations, retirement parties, and campus functions.

This hotel food and beverage survey, while not statistically significant, has indicated the need for considerations to be given to alcoholic drink alternatives promoted and served by hotel food and beverage departments. Management needs to encourage, support, and use imagination to promote non-alcoholic beverages in the proper social setting. The negative connotations (non, no, mock) should be removed from the names and the promotion of the non-alcoholic drinks of the future. Some pizzazz in marketing the "drink" together with the "experience" should be directed to markets of all ages. It will be necessary for food and beverage operators to overcome the stigma of selling non-alcoholic drinks, and it will also be necessary for the consumer to overcome the stigma of ordering alternatives to alcoholic drinks.

The bar and beverage industry has undergone a great deal of change in the past few years. Future changes will most certainly be determined by changing consumer trends and how those trends are influenced by the bar and beverage industry.

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⁴"Look Again. It's Barbican," (advertisement) *Wall Street Journal*, (June 19, 1986), p. 23.

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