



TOPIC: MARKETING AND SALES

THE POST-COVID-19 HOSPITALITY FORECAST...MAYBE

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A commentary with Stephen Beaumont

In June 2020, much of the world is well into its fourth month of facing down the coronavirus. The good news is that the measures taken thus far appear for the most part to be working and many jurisdictions are either preparing or beginning to open up. The bad news is that, for a sizable chunk of the hospitality sector, even a partial reopening is still weeks or even months away.

Across Canada, only a small minority of licenced establishments have been allowed to open at the time of writing, while south of the border a handful of states have begun the process of reopening their bars and restaurants, most with careful controls in place. Across the Atlantic, on the other hand, carefully regulated and measured reopening in Italy is complemented by authorities in the U.K. and Ireland “hoping” that pubs there will be able to open by July and August, respectively.

What can be counted upon is that bars, taverns, cafés and pubs will reopen eventually, although their exact numbers may be significantly diminished. Equally certain is that, for the first months, at least, things will not be the same.

For breweries the world over, however, it is the *uncertainty* that vexes. Questions abound, from how dramatically on-premise sales might be reduced to what sort of packaging ratios will make sense once things begin to return to some semblance of normal. While there is no way to know for certain what direction things will take, some scenarios are definitely more likely than others.

1. Bars Will Open with Social Distancing Measures in Place (likelihood 98%)

Most jurisdictions are only going to allow their bars, restaurants and cafés to reopen if strict social distancing and sanitation measures are fully in place, as seen already in Italy and elsewhere. Even if outdoor spaces are allowed where they previously were not, as is being recommended and implemented in many major cities around the world, this is going to translate into greatly reduced seating capacity – and yes, people will for the most part need to be seated in order to be served, as proposed in Ireland – and a corresponding reduction in sales.

2. Draught Sales Will Remain in Dramatic Decline (likelihood 95%)

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While some beer drinkers, dream of the day when they might once again wrap their fingers around a pint of fresh draught beer, a recent poll revealed that only 18% of Americans feel comfortable about returning to a bar. (Caveat: Polls are notoriously unreliable in the current climate, with sentiments and opinions changing daily, if not hourly!) Further, there is every reason to believe that, when they do return to bars, virus-phobic consumers might feel more comfortable drinking canned or bottled beer rather than draught, given packaged beer's lack of contact with the outside – read: possibly contaminated – world.

Combine these two factors and the traditional 20% of the overall North American beer market that draught represents – a percentage far greater in countries like the U.K. and Ireland – is likely to remain much, much smaller for some time to come.

3. Direct-to-Home Delivery is Here to Stay (likelihood 80%)

Like the proverbial genie in the bottle, once a good idea makes its way into the real world, it's tough to reverse course and contain it. And so, in those districts where direct-to-home beer sales were introduced as a means of survival for smaller breweries, the odds are against such measures ultimately being rolled back. For breweries that have merely stuck their toes into the delivery waters, this should serve as a wake-up call to tighten up your e-commerce and delivery games.

4. Taprooms Will Need to Be Reconfigured (likelihood 75%)

In the current spring issue of *Whisky Advocate* magazine, writing in my regular 'Thinking Drinker' column, I fret about the state of many brewery taprooms and distillery tasting bars, bemoaning their general lack of comfort and reluctance or inability to provide succor. As we emerge from the pandemic, I suspect very strongly that this will be much less the case, since social distancing requirements will force such places to move away from the common bar-centric format to a strongly table-focused approach. Make those tables and their chairs more comfortable than the rickety plastic or cold and unyielding metal so often seen in pre-COVID days, and offer a bit of coziness in place of concrete and so-called 'industrial chic,' and patrons might return in significant numbers.

5. Cans Will Become More Difficult to Source (likelihood 65%)

Less draught beer out in the world, and more beer deliveries on the road, will result in a lot more packaged beer on the market. And since the bottle has already lost the battle to the can, it's a safe bet that the demand for cans is going to skyrocket.

Already, canning giant Ball Corp. has, in its own report, characterized supplies as "tight," according to *Beer Business Daily*, and Molson Coors has ceased production of some economy brands in the U.S. amid concerns over its dwindling inventory of 12 ounce cans. It would be most unwise to wager that such a situation is going to get better before it gets worse.