March 31, 2020

All Eyes on Anheuser-Busch

Dear Client:

BEERBOARD FOUNDER PAINTS DIRE PICTURE OF ON PREMISE: BUT THINKS "SOME COULD COME OUT STRONGER"
Just how hard has the on premise been hit by COVID-19 closures?

It's essentially rolling to a halt. BBD caught up with BeerBoard founder Mark Young last week for a lay of the on-premise world. The company manages more than $1 billion in draft sales through its technology.

By now, Mark says, his world of some 3,000 bars and restaurants, from independents to the largest national accounts, are down about 85%-90% on average.

"I think we all know we got hit with this unprecedented situation, this Coronavirus hit the nation and I'm sure you can imagine … you don't need BeerBoard to know our bars across the country have been hit hard."

The first week of pain –around the weekend before St. Patrick's Day – they saw a roughly 20% drop in overall volume at the bars.

"And then it quickly went to different areas," Mark said. "Some were hit harder, like New York, California… then we saw the Great Lakes, Chicago area get hit."

Then, the week of March 22, "this decrease swelled to about [down] 82% in aggregate (compared to same week in 2019) as bars chose to shut down or many states mandated them to close (at least no on premise dining/drinking)."

But now, the carnage is everywhere. Mark says "<u>over 95% of our locations are near zero volume and total volume down over 90%</u> the last 7 days, from the same time frame in 2019."
Which begs the question: Are we going to see a lot of folks go out of business?

That's "tough to say," says Mark. "I think a lot of clients are going to come out stronger. This is a crisis for any business, yours or ours. We look at, how can we be more efficient? What are the things we need to push for …put more focus on." (For example: Maybe not as many tap lines.) But "could there be a contraction? I think we can agree that's probably going to happen" because closures could last for months. "This could be tough for some of these smaller operators, to sustain that length of closure."

What about takeaway sales, does that help?

"Overall I don't think it's making a dent," he said. There may be some situations where tasting rooms or taprooms are "set up to do more of that."

But based on his conversations, "talking to bars, maybe they're doing 10-15 a day, pouring [growlers]—it really doesn't make a dent. … I don't see that making a dent in recouping this lost volume. Bars are for experiences."

As for how his clients may look different when they actually re-open, Mark agreed that there may not be as many tap handles for the long tail.

"I think that's absolutely correct," he said. "A crisis does give you an opportunity to relook at your business, and ways you could do things a little better."

Like: "How do we help these GMs spend [more time] on guest experiences… they're focused on guests and we give them so much work."

"They have to be beer buyers, receivers… there's a lot." He describes them as CEOs of each unit. But BeerBoard's clients recognize the need to lighten their load, through data.

"We gotta help with more intelligence, technology, to make them more efficient; to focus on bigger items."

WHAT ABOUT THE STIMULUS BILL? While the recently passed stimulus bill has some in it for the industry, many in the restaurant world are disappointed that insurance carriers didn't step up there.

Asked about the bill, Mark said, "What's interesting to me is the insurance — there's no insurance kicking in, and this seems to me like a time when you should have insurance. I think that could be debated at length, and our insurance carriers wouldn't agree. But could the federal government … and that's what the Restaurant Association was pushing for, too – was to funnel some of that stimulus money through the insurance carriers to help with this interruption of business. If there was ever an interruption of business for bars, it's right now."

Listen to the entire podcast with Mark on YouTube here>>.