BEERBOARD

INSIGHTS BRIEF

September 26, 2024

THE RIGHT ON-PREMISE ALCOHOL ASSORTMENT

On-premise operators are facing a combination of higher costs and budget-conscious consumers. Selecting the right assortment of beer, wine and spirits is critical to driving revenue and increased monthly cash flow.

BeerBoard tracks real-time alcohol consumption data via draft flow monitoring and point of sale integrations in thousands of restaurants across the country. In a recent analysis, BeerBoard looked at monthly category performance across all brands to offer a high-level view of volume and revenue share by category and brand.

Results show that a limited number of brands drive revenue across all categories tracked: draft beer, packaged (beer, RTDs, cider), wine and spirits. However, secondary brands are still important and contribute to overall profitability and ensure operators can satisfy consumer demand.

Operators must balance wide-ranging consumer preferences with basic business fundamentals such as acceptable inventory turnover rates and the overhead associated with each unique brand and cocktail added to their offering. With this in mind, it's the long tail group of brands which on-premise operators need to address – either through promotion or consolidation – since most have 35% or more of their products accounting for less than 10% of the volume.

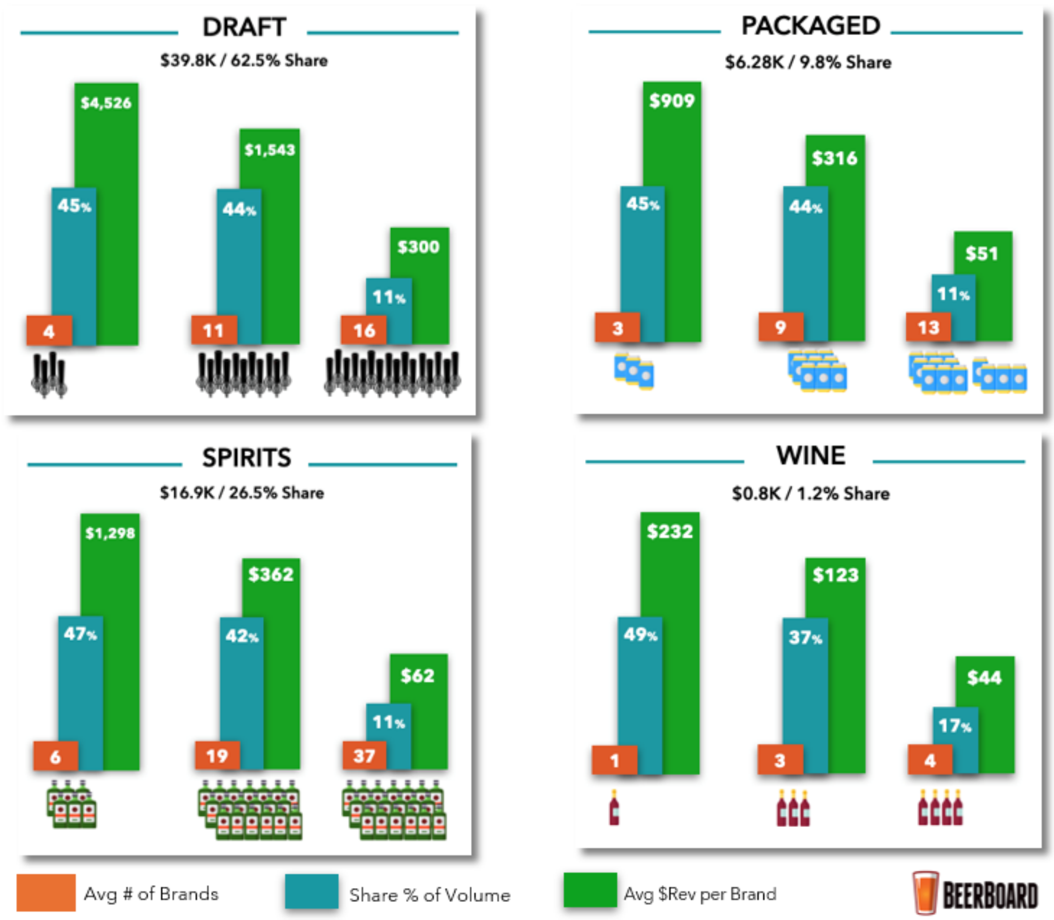
Diving further into the numbers, in an average casual dining/pub location:

- Draft beer holds nearly 64% volume share of total alcohol, with only four brands generating 45% of sales.
- The next 11 brands account for 44% of draft beer share while the remaining 16 brands only contribute 11%.
- From a revenue perspective, those top four brands contribute about 2.5x more sales than the 11 brands and 15x more revenue than the long tail brands. This means operators benefit from a focused assortment of draft beer brands that have higher velocity.

For the beer industry, faster sell-through means fresher beer for the consumer and better rate of sale for the category. Simply filling empty draft lines does not translate to more beer sales or a better guest experience.

The same theory holds true across packaged beer, cider and RTDs, with three brands contributing 3x the revenue of the next nine brands and 18x the revenue of the remaining 13 brands across the average assortment of packaged product sold at casual dining/pubs. For spirits, the top six brands make up 47% volume share while a staggering 37 brands only contribute 11% volume share.

Monthly Assortment for Average Casual Dining/Pub



Overall, as alcohol distributors, suppliers and operators think about driving success in the on-premise channel, focusing on assortment matters. The average on-premise chain location can expect 10-35% of their overall sales to come from alcohol depending on a number of factors. Understanding velocity, margins and revenue by category and brand will help bars establish the right alcohol assortment that will benefit all three tiers as well as the consumer.

About BeerBoard

BeerBoard, the leading alcohol management platform for bars and restaurants, measures total beverage alcohol volume poured and actual sales to consumers across chain, regional and independent locations across the U.S. The company manages more than $1 billion in alcohol sales and 100,000 products through its industry-leading solutions. Its patented digital platform captures, analyzes, and reports real-time data related to alcohol ordering, inventory and payments. Find out more about how BeerBoard is changing the alcohol industry at beerboard.com.