

THE

LAST

ROUND?

**How to
engage
the next
generation
of Mindful
Drinkers**

By prioritising health and productivity, Gen Z is challenging the traditional relationship that young people have with drinking.

But while the media sounds the death knell for the alcohol industry, the latest research from Red Brick Road and Opinium suggests this doesn't have to be the last round.



The last round?

In the media, Gen Z has been widely characterised as the most puritanical generation of young adults since the 1950s. Not only are they shunning the traditional experimentation in sex and drugs, but their aversion to risky behaviour means fewer 18-24 year olds smoke cigarettes or drive cars than ever before.

This attitude is also reflected in their views on drinking. Recent surveys suggest that 70% of Gen Z nominate binge drinking as a “very risky” activity – putting it in the same category as smoking cigarettes and sniffing glue. In fact, 28% think having just one drink carries a similar level of threat to your health.

This mindset is beginning to influence their behaviour. Fewer young adults drink during the week compared to their predecessors – and bar managers have observed that fewer drinks are being consumed when they can be convinced to leave Netflix and their gaming consoles behind.

Almost a quarter of Gen Z identify as teetotal – and alcohol-free dormitories are emerging at universities in response.

If these are signs that the drinking rites of passage are breaking down, this raises a sobering question for the alcohol industry: how do bars, brands, restaurants and retailers have to evolve to appeal to this new generation of customers?

To help find an answer, Red Brick Road and Opinium have partnered together to commission new research with Bar Goers and Bar Managers throughout the UK. This report examines the Gen Z attitudes that are driving drinking behaviour, how this is already impacting the alcohol trade, and what opportunities lay ahead.

Happily, the industry hasn’t sold its last round to young drinkers just yet – but it will have to recalibrate how it speaks to the mindful Gen Z consumer.

As technology has brought nightlife into their living rooms, Gen Z needs brands to provide them with new propositions for entertainment that will entice them out of their front doors and into a new relationship with the alcohol industry.

David

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POP-UP COMMUNITY

**10x Bar Managers
from across the UK**

Questionnaire
Video Diaries
Online Forum

**10x 18-30 year olds
from across the UK**

Questionnaire
Video Diaries
Online Forum



TELEPHONE SURVEYS

**100x Bar Managers
from across the UK**

Based in
metropolitan areas
Main customers
18-30 year olds

ONLINE SURVEYS

**250x 18-30 year olds
from across the UK**

Based in
metropolitan areas
Visit bars at least
once per month

**1011x
30-55 year olds**

Reflection on
Youth Drinking

Data based
on a series of
video diaries,
online forums,
telephone
surveys and
online surveys

Growing up during the Global Financial Crisis, Brexit and era of “Fake News”, Gen Z have steered themselves for an unforgiving adulthood. They believe that to succeed in these unfavourable conditions, developing security and independence is integral to their survival. Three-quarters of Gen Z respondents feel it is important to be in control of their lives at all times, while only half of those aged 30-55 thought they’d felt the same at that age.

Consequently, Gen Z’s relationship to alcohol is a drastic departure from Millennials and Gen Xers at the same stage of life. Gen Z drink on fewer occasions per week, and in significantly smaller quantities at each sitting. Alcohol is no longer perceived to be a performance enhancer that brings out “you at your best” – rather it’s viewed as a potential hangover and a threat to your productivity.

This desire for control has been exacerbated by the fact that Gen Z is hyperconnected to the world via social media, leading to 68% believing that they are the most scrutinised generation of young people in history. As the first digitally native group, social media drastically shapes their drinking. They don’t consume alcohol excessively in order to avoid negative images appearing online. They thoroughly plan their outing with tools such as DesignMyNight and scrutinise potential bars for price, menu and ambience to ensure they’re visiting somewhere suitable for their social feed.

Greater awareness of the health consequences of drinking have prompted Gen Z to moderate their drinking behaviours. Half (49%) of Gen Z respondents said that health is an important consideration in the type of alcohol they choose to drink – more than double the number of Millennials and Gen X who thought the same. Significantly more young drinkers are also aware of the mental health risks of excessive drinking, with 41% associating the word “alcohol” with the words “vulnerability”, “abuse” or “sadness”.

For a generation that prioritises holistic health and work performance over socialising, the role that alcohol plays in their lives has diminished.

For a generation that prioritises holistic health and work performance over drinking, the role that alcohol plays in their lives has diminished.

Part 1

“Many of us don’t want to live for the weekend, and if we do, then we want to make the most of that time, not spend a fortune on alcohol and then be hungover for the duration of it”

Courtney, Online Community Member

a/

Performance Over Partying

“I am more cautious of going out to bars all the time and consuming lots of alcohol due to the rising costs of university and the pressure to come out with the highest possible honours due to how competitive the job market is”

Lewis, Online Community Member

75%

of Gen Z feel it is important to be in control of all aspects of their life at all times, naming work and study as their number one priorities in life.



b/

Insta-anxiety & Public Scrutiny

51%

claim their online image is always at the back of their mind when they go out socialising and drinking.



“I avoid posting photos of my friends or myself when we might have had too much to drink, as I think it’s a bit of a childish thing to do”

Tom, Online Community Member



“A rise in focus on health and wellbeing plays a huge part too. With more young people striving for fitness over skinniness and good mental health over short term pleasure and enjoyment, alcohol and its benefits are in question. Eating together, travelling, outdoor activities and events at theatres or concerts being seen as more valuable ways to spend both time and money”

Courtney, Online Community Member

c/ Holistic Health Awareness

“People are more aware of the health risks and focused on their image”

Chris, Bar Manager, London

83%

feel mental health is just as important a factor as their physical health when considering drinking.



THREE IN FOUR (76%) care about being **fit and healthy**



TWO IN THREE (61%) watch their weight



45% ACTIVELY avoid food and drinks that have a **negative impact** on their health



49% SAY health is an **important consideration** in the alcohol they choose to drink

Part 2

“Being seen on The Scene” – How Gen Z is changing drinking behaviours

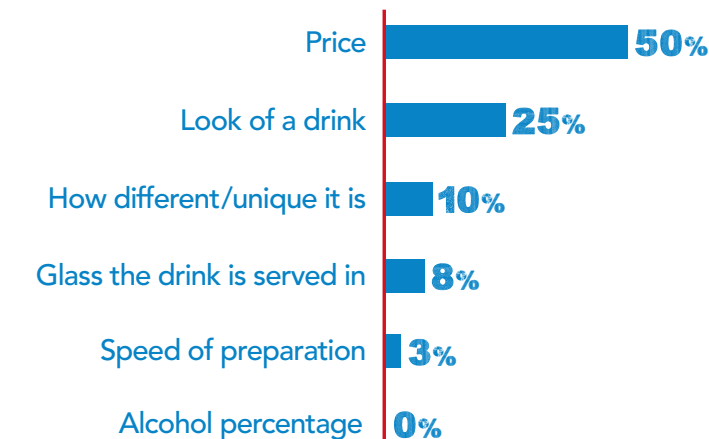
With their changing priorities, Gen Z’s behaviours have already been impacting upon drinking culture. The industry has been struggling to keep up: young drinkers are spending less time in bars than their predecessors, and bar managers are under pressure to deliver an experience that can’t be replicated at home. They’re not just competing in the night-time economy – but need to convince Gen Z to give up gaming, Deliveroo and Netflix for the evening and head out. To do this, bars are having to accommodate Gen Z’s desire for premium, Instagram-ready experiences that have the personality and exclusivity to win on the “Being Seen Scene”.

Behaviour One: Prioritising pageantry over endless pints



Important factors when ordering a drink:

Bartenders on young customers



In line with their rejection of binge drinking and embracing quality over quantity, the younger generation is flocking towards premium brands – they’re savouring their drinks rather than getting sloshed on cheaper alternatives. **69%** of bar managers report an increased demand for cocktails over the last 5 years and **72%** report an increase in premium drinks.

This shift in preferences is represented in the responses of our Gen Z drinkers, as **38%** said they would prefer to choose cocktails on a night out whereas only **19%** of 30-55 year olds said they did the same at that age.

“You must ensure the consumer experience is top notch. It’s well documented that consistent, well made, perfectly garnished drinks presented in the correct glassware is increasingly important to consumers and a key part of the out of home experience. Instantly Instagrammable...”

Ben Anderson, Funkin Cocktails

Two in five (**43%**) bar managers highlight the importance of aesthetic factors for Gen Z customers when ordering a drink – noting that the pageantry of preparing the cocktail, the unique glass, and the exploration of new flavour profiles provide an experience that can be wholly savoured.

This was backed up by respondents, as **32%** of Gen Z drinkers said the look of their drink was the most important factor when ordering – double the corresponding number amongst previous generations.

“I like a good and unusual cocktail menu to choose from, particularly when they come in unusual glasses or with something extra like sweets, etc. I like things to be Instagrammable and look good on camera”

Kerry, Online Community Member

Behaviour Two:**The Rise of DIY Bartending and “Stay-In Socialising”**

Bar managers are concerned that they offer an experience that customers can create for themselves. **91%** of bar managers claim it is important to their bars to offer an experience that cannot be replicated at home. Traditional bars are not just competing with other nightspots for Gen Z's attention – their offering needs to beat the sheer comfort of socialising in your home. Brought up in an era when catching up with your friends takes place through the Houseparty phone app, a Fortnite gaming session or a Reddit messageboard, nights out are no longer the primary bonding ritual for this generation.

“We have to offer something different to get people off their couch – because nowadays they can enjoy their latest delivery of craft beer or bar quality drinks they made themselves watching YouTube clips, without leaving their house”

David, Bar Manager, Edinburgh

35% of our Gen Z respondents suggested that they often make cocktails at home, copied from YouTube tutorials and online recipes – making it even harder for bars to offer a sense of surprise or novelty.

“Technology provides a challenge as the art of physical, social interaction is on the wane – the bar, which in years gone by would have been seen as the ultimate meeting place, is being replaced” Steve Looney, Opinium

**Behaviour Three:****Prepare Setting for “Face-to-Phone”**

Bar managers feel that an integral part of coaxing younger customers into their bar is through maintaining an “Instagram-Ready” look in either the service or setting. **71%** say their bars have to be unique these days to attract customers – often capitalising on an Instagrammable feature wall or installation as a calling card that has social currency in online conversations as friend groups plan their night out.

“We are constantly trying to make our bar more “Instagrammable” – we have installed neon signs with the logo of the venue, upgraded our displays, and are constantly looking for new ways to make things more picture perfect – while still keeping to our branding and vibe”

Chris, Bar Manager, London

Being able to facilitate a phone friendly experience has become key – **87%** of bar managers believe it's essential to offer WiFi and smartphone charging points to satisfy clientele – capturing their life digitally is a reflex for Gen Z.

This face-to-phone phenomenon has completely changed the atmosphere in venues, according to bar managers, **57%** of whom believe that the traditional art of conversation in bars is dying amongst young drinkers.

“My use of Instagram and Snapchat in places that are quirky or are a new experience is an automatic response”

Lewis, Online Community Member

“It's not uncommon to see a table of 6 sitting in silence while all on their phones. Drinks need to be put on Instagram. The group has to check in on Facebook. All dancing has to be put on Snapchat” Jason, Bar Manager, Glasgow



Part 3

“From Gen Zzz to Next-Gen drinkers” – Thoughtstarters

“Gen Z are looking for a more meaningful experience, and are more interested in curating and documenting their lives than in escapism or hedonism. Investing in experiences, whether that’s via serving suggestions or on-trade experiences, is crucial to getting them onside. But brands need to offer variety too – once you’ve experienced something once and shared it to your followers, you’ll be looking for the next thing to share. Thanks to social media there’s more opportunities to engage with this audience than there ever has been, but that also puts pressure on brands to be constantly innovating and evolving to stay relevant”

Rachel Millington, Red Brick Road

Though the rituals of alcohol are changing, bars and brands can still create an offering that chimes with Gen Z. As part of our community discussion with young bar goers, bar managers, and industry leaders, we’ve identified some thought-starters for how brands might broach a new conversation with the Next generation of drinkers.

All hail non-alcoholic



“The innovation in the Low&No Alcohol category is really fascinating. We are on the tip of a real revolution, in the same way we saw with Gin a few years ago”

Russell Danks,
Punch Taverns

48% of bar managers have seen an increased demand for mocktails and non-alcoholic spirits in their bars – but little has been done to capitalise on this growing market.

“People started to drink more “consciously”, asking for particular ingredients or brand of drinks... They are actually looking for alcohol-free drinks, or maybe those with fresh ingredients like carrot juice or beetroot juice, etc. We’ve had to change how we operate to accommodate demand”

Luca, Bar Manager London

“The two biggest needs we’re meeting with zero proof spirits are firstly, the ability to have a grown up drink with zero alcohol. Secondly, people can still feel self conscious if they are not drinking with their peers and friends – so drinking a zero proof spirit ensures people remain included and firmly part of the moment”

Alex Carlton, STRYYK

“When I started out as a drinks journalist 15 years ago non-alcoholic drinks was an extremely dull sector. Today, the no- and low-alcohol market is one of the most dynamic and exciting categories in drinks. The quality is not there yet in most cases, but it soon will be, and that’s going to completely transform the landscape in the on- and off-trade”

Alice Lascelles, Financial Times

Elevate the experience into a brand world:

Gen Z believe we've reached “peak stuff” as a society – and their appetites have evolved into a desire for memorable experiences over accumulating material possessions. Despite its diminished place in their everyday life, **73%** believe alcohol is still important in a celebration. However, it's delivering a proposition and an experience that cannot be replicated at home that is necessary to motivate them.

“Themed bars are a major trend at the moment, especially pop-ups. Their temporary nature appeals to the FOMO factor. More permanent establishments can tap into this feeling by hosting events that turn a night out into a special occasion, from a singalong movie night to a cocktail-making workshop”

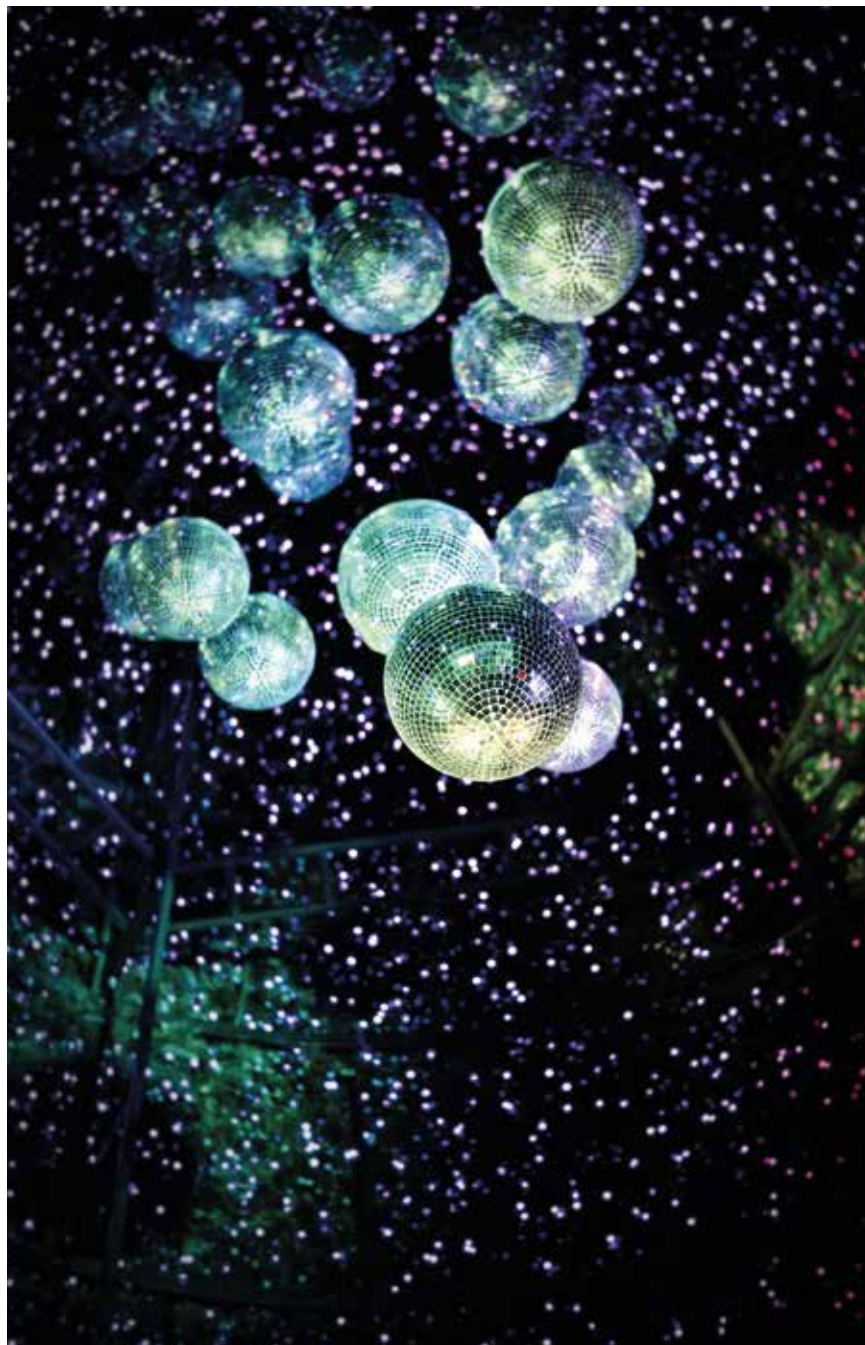
Simon Eder, The Beans Group

Successful brands have entered into partnerships that elevate a bar from a place of utility for purchasing alcohol and into unique experience that absorbs customers in their brand world.

- House of Vans in London created a brand world that lives and breathes the skater personality. There's a café, bars and cinema space, free skate sessions, live music and all the iconography of the Vans brand identity – complemented with 360 degree Virtual Tour available online, so customers can buy-in to the setting before they ever buy a drink.
- The drinking scene in Chicago has turned to pop-culture-pop-up experiences in bars to entice young patrons through the door and keep them feeling fresh. By leveraging Gen Z's pop culture icons to create a Simpsons-themed “Moe's Tavern”, a “The Upside Down” Stranger Things experience, and even a VR “Spring Break” hangout – complete with heat lamps – bars are offering a social conversation-starter beyond the booze.

“The most successful bars and brands are those that differentiate themselves in a way that is original, relevant and connected. Usually highly creative, and more experiential than ever before. Recently we have seen the rise of more experiential outlets where great food, meets amazing drinks, meet showtime... the bars in question genuinely adding value to the evening entertainment”

Guy Lawrence, Jägermeister



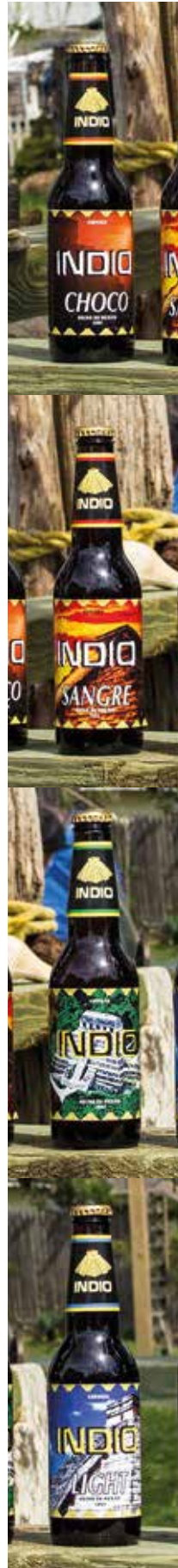
Invite Co-creators

Gen Z are turning away from mass market brands that don't offer them the opportunity to customise and be creative with their product. They're the generation of YouTube stars, viral memes and fan fiction – and whether it's selecting a flavour, choosing music or designing a label, allowing Gen Z customers to co-create with a brand builds a lasting bond.

Pernod Ricard's “Living Lab”

Malibu and Kahlúa have explored new ways to give tech-savvy Gen Z more ways to play with their product and embrace the trend of experimentation at home. As part of their “Living Lab” project, Pernod Ricard are trialling technology to get their attention:

- **Cocktail Genius**, an application or “skill” that can be installed on Amazon's new Alexa voice assistant device Echo Show that provides a video guide to making cocktails.
- **Summer Taps**, a near field communication transmitter for supermarkets that provides information to young shoppers on their phones about where in the store to find cocktail ingredients.
- **Come On In**, a Bluetooth transmitter that can send branded messages to people in proximity to a bar – for example, Be At One – who have the branded app installed on their phone.



Indio Beer

A popular beer with young drinkers in Mexico, Indio needed to retain its relevance with Gen Z against a shifting cultural backdrop. Identifying that its nationalistic branding no longer represented a vision of the country that young people recognised, Indio invited them design their own versions of the label in a nationwide competition. The initiative not only tripled the audience for their social channels and bonded them to the brand, but positioned the brand as an icon of modern Mexico.

Genuine Liqueur

London establishment Genuine Liqueur has recognised that Gen Z are rewriting the rules of the cocktail bar. With take-away cocktail options and drink-making masterclasses that allow customers to take control behind the bar, they vow to put the experience in the hands of the younger customers rather than dictate it to them.



“Younger consumers are choosing to drink less and are more conscious about what they are putting into their bodies, so brand owners should adapt accordingly. That's not to say brands should lose focus on their core business, but they should ensure they diversify their portfolio or provide line extensions that appeal both aesthetically – in packaging and brand positioning – and functionally to this audience”

Rob Salvesen, Kopparberg



RED BRICK ROAD

At Red Brick Road we create Followings. We develop creative ideas that people are magnetically attracted to. We use a blend of data, advertising, PR, social media and content marketing to acquire Fans, and to build Tribes and Movements for brands.

Our strategic and creative expertise has been used by alcohol brands including Jägermeister, Funkin Cocktails, Heineken and Magners. We also have extensive FMCG, retail and hospitality credentials.

We develop ideas that create Followings for our clients.

Recent awards include:

- 2018 Marketing Society Excellence Award Winner**
'Brand Revitalisation'
- 2018 Effie Awards UK Winner**
'Brand Renaissance'
- 2018 Marketing New Thinking Awards Winner**
'Brand Evolution'

Our clients include:



Opinium is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on the pulse of what people think, feel and do.

Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges — helping them to get to grips with the world in which their brands operate.

We help our clients make strategic decisions.

Recent awards include:

- 2018 Market Research Society (MRS) Business-to-Business Research Winner**
- 2018 The Drum, Agency Business Awards Great Place to Work Winner**
- Ranked 2nd in the UK's Best Workplaces for Women 2018**
- Ranked 9th in the UK's Best Workplaces 2018**

Our clients include:



Deloitte.



SAMSUNG



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