

Strong relationships, dynamic systems key to successful SA liquor trade

Communication is key for liquor suppliers facing stock challenges. With liquor shortages expected over the festive season, the Advantage Group has some suggestions for suppliers.



Source: [Flxabay](#)

The liquor industry has faced unprecedented supply challenges over the past three years resulting from a perfect storm of events. These range from the war in Ukraine and other global geo-political issues, to international logistics headaches, the economic crisis, poor harvests, and the Covid-19 lockdowns and local alcohol bans.

At the same time there exists in South Africa what's being referred to as the “revenge party” phenomenon - where one might expect consumers to tighten their belts over the festive season due to financial constraints, the opposite often occurs.

According to Advantage Group Africa, there are indicators that consumers will continue to desire premium but look for value, and the dichotomy in the market will highlight escapism and excess versus pennywise celebrations. Premiumisation continues, while the value consumption market also continues to grow.

What does this mean for B2B partnerships and engagement in the SA liquor industry?

Critical time for liquor trade

“South African firms are good at rising to face a crisis and working together to find collaborative solutions,” says Dylan Piatti, managing director of Advantage Group Africa.

“The ability to be agile and respond to changing needs and environment comes through as an overall strength of the market. Global socio-political and economic conditions will continue to put a strain on trade terms as suppliers and retailers navigate stock availability, increasing costs, discerning consumers, and price vs value competition. While there is a strategic play beyond the festive season, this is still going to be a critical time for liquor trade.

“From our conversations with liquor suppliers and retailers, they identify managing stock availability is their primary concern. As a result, if you are not able to compete on stock, where can you focus? We have seen that those that lean into customer-centric strategic engagement, are able to manage this challenge more effectively than others, and more often than not, emerge in a better position for trade partnerships beyond the festive season.”



Relationship dynamics between retailers and suppliers strengthen - report

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The Advantage Group aims to help businesses unlock growth by highlighting how they can strengthen their B2B relationships. Its program continuously monitors and provides feedback on the cooperation of both parties through the mutual evaluation mechanism between the platform and the brands. This helps suppliers and retailers identify advantages and opportunities and indicates the industry's latest development trends.

Suppliers and retailers are measured in the Advantage framework, which is composed of four drivers: partnership, execution, reputation and vision, which encompass 26 competencies of strategic partner engagement.

Working with clients and collaborators in the industry, Advantage measures the health of B2B relationships at multiple levels, including communication, trust, and ease of doing business, pinpointing areas that can be improved for increased market share and future growth, while also providing a competitive benchmark.

Top performing liquor suppliers and retailers

According to retailers who participated in the group's [Advantage Report](#) for 2021, the liquor suppliers that ranked top for Overall Performance and for Trust were Pernod Ricard #1 Supplier 2021, and Heineken #1 Trusted Supplier.

Meanwhile, the retailer results showed Makro as #1 Trade Partner (Wholesale and Retail), Ultra Liquors #1 Retailer, and Norman Good Fellows #1 eCommerce Retailer.

The 2022 results will be available in detail to the market in December 2022, and high-level to the public in February 2023.



Liquor Amendment Bill might be further toughened up

Marecia Damons 18 Oct 2022



How to win with retailers - 6 tips for liquor suppliers

The latest Advantage Report report surfaced six recommendations that Piatti says can help retailers and suppliers - including those in the liquor industry - deepen retail partnerships, remain competitive and find commercial success:

- **Collaboration** – Collaborate on innovation with your retail partners and bring them into the process as early as possible to foster consensus and investment. Connecting with your partners helps you both co-develop strategies, align on messages, and more effectively meet the needs and wants of shoppers together.
- **Objectivity** – Being objective in your assessments removes your bias and emotions and generates trust with your partner. It sends a message that you are interested in cultivating a healthy and successful partnership. Use fact-based data and present strategies that drive consumption, benefitting both supplier and retailer.
- **Help** – Offer help, even on issues that appear insignificant. Actively ask your partners what they need. This will show a genuine interest and attempt at mutual, not independent, growth.
- **Leadership** – Continue leading on expertise. It's a privileged identity to have established, so do not take it for granted, actively seek to maintain it through consistent engagement. Lead with your knowledge and insights of the local market and your products. Bring a different and relevant perspective. This will position you to actively engage around what the market might want or need and that your category development solutions reflect that.
- **E-commerce** – Every aspect of the business needs to be assessed through the lens of e-commerce. Make sure your development plans consider e-commerce platforms, integrated systems, offline-to-online (O2O), and current and evolving trends in the digital world. Be mindful that this also includes and may depend on the digital needs of consumers who are steadily becoming more reliant on technology to satisfy their shopping needs.
- **Agility** – As much as possible, try to be more agile. Retailers are frustrated with what they perceive as inefficient decision-making within companies. Empower your teams to make decisions that they are confident in by aligning on retailer strategies down to a category level and keeping consistent communication lines open.

Piatti believes that suppliers will find that a focus on value-driven engagements, e-commerce, agility in planning and logistics, and reassessed value drivers will be predictors of success in managing the challenges around maintaining stock levels and keeping retailers happy through the coming festive season and beyond.

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