

Q&A: A click away from your next drink with Drizly

Article

Cathy Lewenberg

COO of Drizly



Insider Intelligence spoke with Cathy Lewenberg, COO of online alcoholic beverage delivery platform Drizly. The brand partners with more than 5,000 retailers across the US to bring beverage options to digital consumers.

The pandemic skyrocketed consumers' digital shopping habits within the food and beverage space, driving online sales at companies like Drizly. We estimate that US food and beverage sales will increase nearly **21%** year over year (YoY) in 2022.

Insider Intelligence: What opportunities do you see for smart technologies in improving ecommerce?

Cathy Lewenberg: There's going to be a lot more of the consumer expecting a personalization piece in their purchasing journey. Technologies, like AI chatbots, will help customers find the right item. A lot of the things that happen in the store today are going to come online. We'll be able to replicate the experience of going into a store and talking to an expert about what wine you should purchase.

In addition, the way people shop has shifted, especially among the younger generations. There's a new level of transparency that consumers are looking for that comes with the online shopping experience, especially in terms of where products are sourced, how they're made, etc. You have a group of socially conscious consumers, especially with Gen Z being of legal drinking age, and to them, it is meaningful where they chose to spend their money.

II: How are paid subscriptions, such as your recent offering with Uber One, going to drive the food and beverage space forward?

CL: We just enabled Uber One, Uber's membership program, where you can subscribe and get delivery included, on the Drizly platform. One of the top barriers to using these subscription services is price. While there is obviously a price to join one of the subscription programs, in the long run, it takes away a lot of the fees and reduces or eliminates some of the delivery costs on a use-case basis.

Paid subscription services are key in driving repeat shopping behavior and keeping the platform top of mind for a consumer.

II: What have been the recent shifts in consumer behavior around using digital alcohol deliveries, and how has Drizly met those changes?

CL: The No. 1 barrier pre-pandemic was consumers realizing that alcohol delivery was legal in many states. When the pandemic hit, everybody quickly learned where it was legal and that's when we saw the market shift. Heading into 2020, less than **2%** of off-premise alcohol sales were going through digital channels. When the pandemic hit, we pulled a few years' worth of growth forward as consumers looked to alcohol delivery.

From a shopping-behavior standpoint, we saw a major shift in why people started ordering alcohol deliveries. For many years, we were the service to get alcohol delivered in under 60 minutes, and the use cases we were serving were around peak holidays and Friday and Saturday nights. But within these past two years, people started coming to us for a lot more than just that immediate need—gifting is a prime example. It has grown consistently since the pandemic hit and continues to be something consumers are coming to us for.

II: How do you meet consumers' needs in their in-store shopping journeys with your platform?

CL: We have a highly engaged beverage shopper on the Drizly platform, with **40%** of our consumers coming to Drizly to research for their in-store shopping experience—there's a lot of value to be had in offline purchases and using our platform as a point of research.

We see everything from consumers standing in an aisle looking up reviews of a wine to comparing prices to checking the inventory. There's the ability to meet the immediate needs of the consumer in the digital world versus the physical world. It isn't black or white where the shopper's journey is only online or only in store—it is a crossover.