Diverse Flavours’ MD Anthony Budd discusses South Africa’s alcohol sales standstill

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(From L) Anthony Budd, Managing Director Diverse Flavours, Michiko Budd, Finance and Administration Director Diverse Flavours and Yumi Hayashi, Export Manager TMF International

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(Diverse Flavours' Sake partner)

South Africa announced on 30th April that the country plans to lift some restrictions that have had the country on lockdown for the last five weeks. Although some shops will open, exercise will be allowed for three hours a day between 6am-9am, select home food delivery services will operate, restaurants will remain closed and the sale of alcohol and tobacco remains banned.

The Southern African Alcohol Policy Alliance in South Africa (SAAPA SA) explained the government's reasoning: Alcohol limits a person's willingness to reduce social distancing, and alcohol weakens the immune system.

Gulf-Africa Duty Free spoke to Anthony Budd, Diverse Flavours Managing Director, to get an insider's look at a country normally brimming with local wine and spirits sales fuelled by national and international demand, all of which is currently on hold.

"The government has been very strict on the sale and supply or movement of alcohol during the lockdown. Basically nothing has been allowed. Therefore up to April 30th, there have been no domestic sales of alcohol, no movement of goods to the ports, and no export of wine or other alcohol has been permitted. But we had good news last Thursday night that wine and spirit exports are now allowed from this week," states Budd.

In South Africa there is uncertainty about when business will return to normal. "I think it is the same as everywhere in the world. When will this end? The government has done a good job managing the crisis, but we retain a certain amount of anxiety about when the economy can start again. As in so many countries you have an element of the community that will get through this crisis well enough, but on the other hand you have a massive part of the community that is really struggling to survive day to day. These are the people we really need to be concerned about," says Budd.

Business as usual?

Budd stresses the importance of being patient. Although his team has orders that they can now ship in the coming weeks, his clients are holding off sending new orders for the time being.

Diverse Flavours has a unique portfolio offering with both South African wines and Japanese sakes. "The business has developed in line with our expectations, and we still work on the "three P's"

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philosophy: Patience, Perseverance, Passion. We know and understand that South African wines and Japanese sake are not core categories, but we also know that consumer demand and interest is increasing. The retailers, airlines, border shops we work with know this, and are seeing the positive results," notes Budd.

Budd is realistic about the future, with Diverse Flavours shipments in 2020 expected to be down overall by 25-35% based on stock in market and pipeline fill. "I imagine consumption will be down more, simply based on the month's sales we have lost and will lose, and will not get back," he says.

"As an owner of a private company we are not under the pressures of the big multi nationals with share holders and banks. Therefore we are not under the same pressures to overcome the loss in business, provided we can keep overhead under control and cash flow in check. These will be the priorities. However, looking ahead we are taking this time to work on new NPD projects that will target future revenue channels either by the end of 2020 or most likely in 2021.

Moving forward, Diverse Flavours — like many businesses — is reverting to more online meetings, calls and is increasingly updating its website with information, supplying more brand data and presentations so that they can be used internally.

The million-dollar question is, what will the new normal look like? "Realistically, I think we need to get through 2020 as best we can. Ask me in a year's time," concludes Budd.

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