
CEO Interview: Wayne E. Chaplin, CEO, Southern Glazer's Wine & Spirits

What current events, trends or issues do you feel our industry is facing right now?

Consumers are more educated than ever about wines and spirits. They are drinking more wine, interested in craft cocktail experiences and willing to pay more for high-quality, premium brands. The spirit trend that is impacting the on-premise category the most continues to be the move toward premium and ultra-premium products. Revenue is growing as people moderate the number of drinks, but migrate upward to a premium experience. This is playing a role in how restaurants and bars stratify their portfolio of offerings. The same can be said for wines. Average bottle price points may have moderated, but wine by the glass and larger format glass pours and price points continue to increase as guests look for affordable luxury to complement their dining experience.

Hotels, restaurants and bars looking to increase profitability have a great opportunity to leverage these trends through their beverage programs. An on-premise beverage program and experience is directly linked to the overall experience and guest satisfaction. In fact, studies show that guest satisfaction increases when people have an alcohol beverage with their meal. In addition, if you have a successful beverage program, those profit margins can help subsidize other costs in the business that drives overall value. Southern Glazer's has the largest repository of on-premise sales data, so mining that data by channel and sub-channel really helps us understand what categories are driving success across different types of customer accounts, and we use these data to help our customers build the most profitable beverage programs.

What do you consider to be the driving forces of change for the hospitality industry in the near future? What changes do you expect our industry to see in the next five years?

Shifting demographics in the USA are making our consumer population more diverse. The multicultural consumer represents \$3.3 trillion in buying power and 33 percent of the alcohol beverage market. Millennials are going to be the most diverse population in history. This is only expected to grow over the next decade. This means the way the hospitality industry attracts and recruits employees, and the way we market and sell our products in services, has to change. At Southern Glazer's, we are extremely focused on bringing more diverse talent into our organization, which is critical as we look to sell to a more diverse customer base. We have also created a multicultural center of excellence that is developing very innovative programming for our suppliers and customers to make sure they are capturing these important consumer groups in their marketing and sales activities.



What competencies do you feel are necessary for an individual to succeed in the hospitality industry? What are your expectations for hospitality students?

The way consumers shop for, purchase and consume goods and services has changed dramatically, and this applies to the hospitality industry. Now more than ever, students need to understand consumer behavior, especially when it comes to millennials and multicultural consumers. They also need to learn about technology, not only in terms of how it can be used for sales and marketing, but how it can be leveraged to gather insights to improve a customer's experience.

What message would you like to give to hospitality educators?

It is a really exciting time to be in the hospitality industry. We believe in giving students the opportunity to apply their knowledge through hands-on experiences and interactions with current industry leaders and professionals. This is what the Chaplin School of Hospitality & Tourism Management school delivers through the expert faculty, rich curriculum and state-of-the-art learning facilities. I encourage hospitality educators to remain engaged with business leaders in the industry, to understand the challenges that are affecting their businesses, to bring them into speaking with students and to find real-world experiences that enable students to see in practice what they are learning about in a classroom environment. For example, we are proud of our role as host of the Food Network & Cooking Channel South Beach Wine & Food Festival, which has raised more than \$28m for the Chaplin school over the past 17 years. Beyond the money raised, the festival serves as an interactive educational platform for FIU students to get a real-life hospitality experience – over 1,000 students volunteer each year to help produce the festival. We believe the festival is the perfect vehicle to help us reinforce our company's commitment to hospitality education and develop future leaders in our industry.

Is there anything else you would like to share?

At Southern Glazer's, we are committed to attracting, developing and retaining the most talented and diverse team of people in the hospitality industry. Our people are our most important resource, and that belief has been at the heart of our company since our founding. The faculty and administration of our nation's hospitality programs are responsible for the future of the hospitality industry, and students in these programs today are the future of the hospitality industry. Our hope is that students will take advantage of every resource there is available to them and then bring that knowledge and experience back to us – or to one of our suppliers or customers.