## FROM THE GROUND TO THE CLOUD, THE LIQUOR INDUSTRY IS CHANGING

How one local startup is driving innovation in the online space.

Coming out of Covid stronger was the plan for **Hello Drinks Online liquor**, and that is what they have just gone and done. Having come through live testing in October with flying colors, they have now officially relaunched as the **largest cloud-based superstore** in Australia. JP Tucker, the founder, continues to drive innovation in the online liquor space by ditching their warehouse and moving fully to the cloud.





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Launching the business with 12 products out of a Sydney storage unit this time 5 years ago, they went onto hold approx. 200+ products during the peak of Covid delivering 7 figures to the business, and with the latest move it sees them scale their range of products to 4000+. Tucker commented on the change saying "it's great for our customers, as it offers more choice, new categories, brand extensions. We've come a long way from when we started out at Kennards Storage to where we are today, it was always our vision to become a cloud-based business but felt the industry wasn't ready for it in the early stages. However, during Covid the landscape has changed to open up the opportunity".

They had a goal to do bring something different to the industry driven by their proprietary algorithms. In an industry with challenging margins, low competitor pricing, increasing 3PL fees, so their bottom line is always top of mind in reducing their costs to allow them to be more competitive. Tucker adds, "The move to the cloud has allowed us to remove costs of 6 figures off our bottom line, whilst remaining competitive, with an additional 4000 products".



Hello Drinks Co-founder JP Tucker after exclusively launching Conor McGregor's Proper Twelve Irish Whiskey in Australia.

Whilst traditional marketplaces like Dan Murphy's (Endeavour), Amazon, Kogan, Catch, MyDeal ship items from multiple vendors, it results in multiple deliveries to the end customer. This increases the backlogs at couriers, drives more vans to customers doors, not to mention the additional costs that suppliers are usually left with. Through testing this out they found customers weren't satisfied with this type of model, so they set about solving a lot of problems to deliver a better customer experience. For suppliers, it is a leaner, more cost effective model to be on board with.

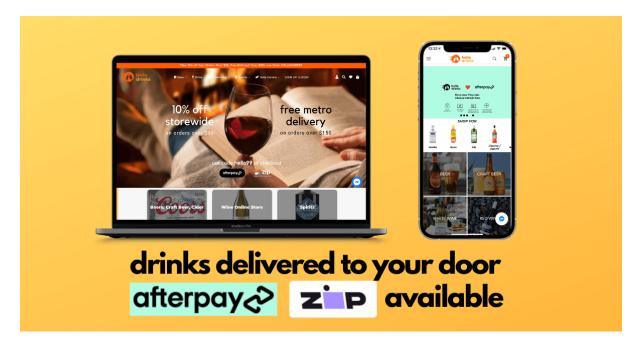
Today, 95% of our product range sits under one cloud, which more often than not will result in one delivery to our customer, not only reducing our shipping costs, but it has also eliminated approx. 250 trucks from suppliers/wholesalers delivering to our shed, which then crosses out the need for a forklift to load/unload 1000+ pallets, which has a positive impact on reducing our carbon footprint.



In 2020, Dhawal came on board as a co-founder with a skill set to help scale the business, that aligned with the vision of JP & his wife Steph; to put it simply, our goal is to disrupt traditional models in the online space. By eliminating the need to hold stock, Hello Drinks are showcasing a superstore of beverages that rivals any large liquor store, Hello Drinks demonstrates that vision coming to fruition. JP Tucker said "the business started as a project to see whether consumers would buy from us, and ahead of Covid we held 200-250 products, and at that we had growing challenges that we went about fixing, today we are at 3000+ products, with an additional 1000+ scheduled to hit the website just in time for the peak Summer/Festive months.

This feels like the beginning all over again, but on a bigger scale comments Steph. "We took a decision during Covid to go for it so we came out of lockdown stronger than we peaked, and to launch on the same weekend that on-premise was reopening couldn't have been timed better. The team have worked hard to get us in this position. Already we are seeing increased basket sizes, wider spread of purchases, and we still haven't spent \$1 on advertising, so I am excited with the plans we have in the pipeline to scale the business."

During Covid they saw growth of 400%, peaking over 600% at times, and even though they had a dip in sales over the past two months, this was to be expected as they transitioned to the cloud. The website is loaded with the latest AI software, which allows us to understand what customers want, so we can improve on their experience next time around.



"The Pandemic has had a positive effect on our business as we are seeing more customers shopping online for drinks, and while we don't have the budgets of the supermarkets, their marketing spend is bringing new customers to the category, where we have had some success in intercepting their traffic to showcase our independent business, and with a solid plan in place, we aimed to come out of Covid stronger that we peaked, and we are already seeing the benefits of the changes" Tucker said.

You can read about some of Tucker's journey here, his 10+ years at Dell Computers gave him the grounding to disrupt in a lean environment, improving operations with a strong emphasis on operating leaner teams, with improved outcomes, and of course not having a negative effect on the bottom line.

