

Uncorking How Ready-to-Drink Alcohol Beverages are Changing Consumption

May 2023

NIQ



Your presenters today



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The Alcohol industry is constantly evolving.

Over the past few years, particularly in a post-COVID world, what consumers drink and how they're drinking has changed.



2023 Outlook & Predictions for *Beverage Alcohol*

Big themes we are watching for development this year

Premiumization

Consumers are seeking better quality products without compromising on their BevAl choices.



Gen Z LDA Recruitment

Watch Gen Z's interactions with BevAl closely and be nimble here as drivers of choice are likely to change.



Channel Mix – Friction Free Retail

“Friction Free” retail experiences are the gold standard. RTDs will likely drive convenience channel focus.



Health Centric Wellness

BevAl ingredient transparency is important to consumers, along with consideration for the planet



RTD – Cocktail in a Can

Spirits-based RTDs will have headwinds with distribution limitations as taxation is addressed.



Economic Impact for BevAl

Consumers are evolving their principles are premiumization with some adopting the "Split Brain Budget".



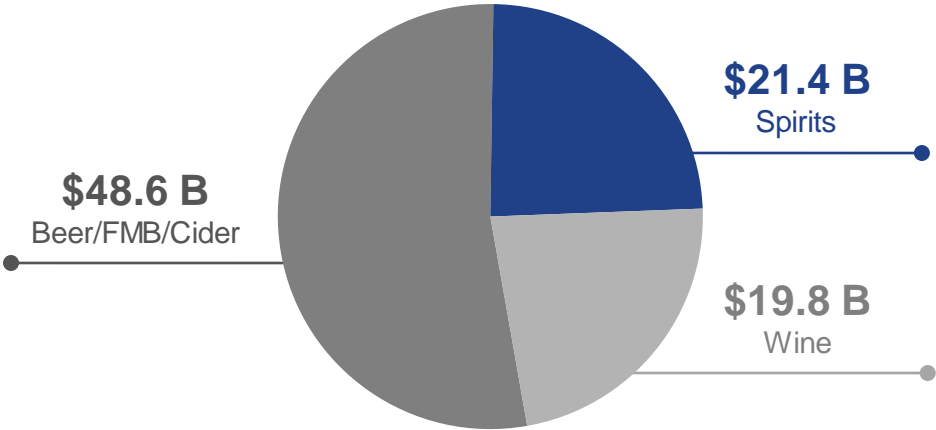
Off premise beverage alcohol dollar sales exceeded expectations in 2022

\$89.9 B

Total off premise alcohol dollar sales in the L52 weeks

+1.7%

Dollar growth of off premise alcohol in the L52 weeks vs YA

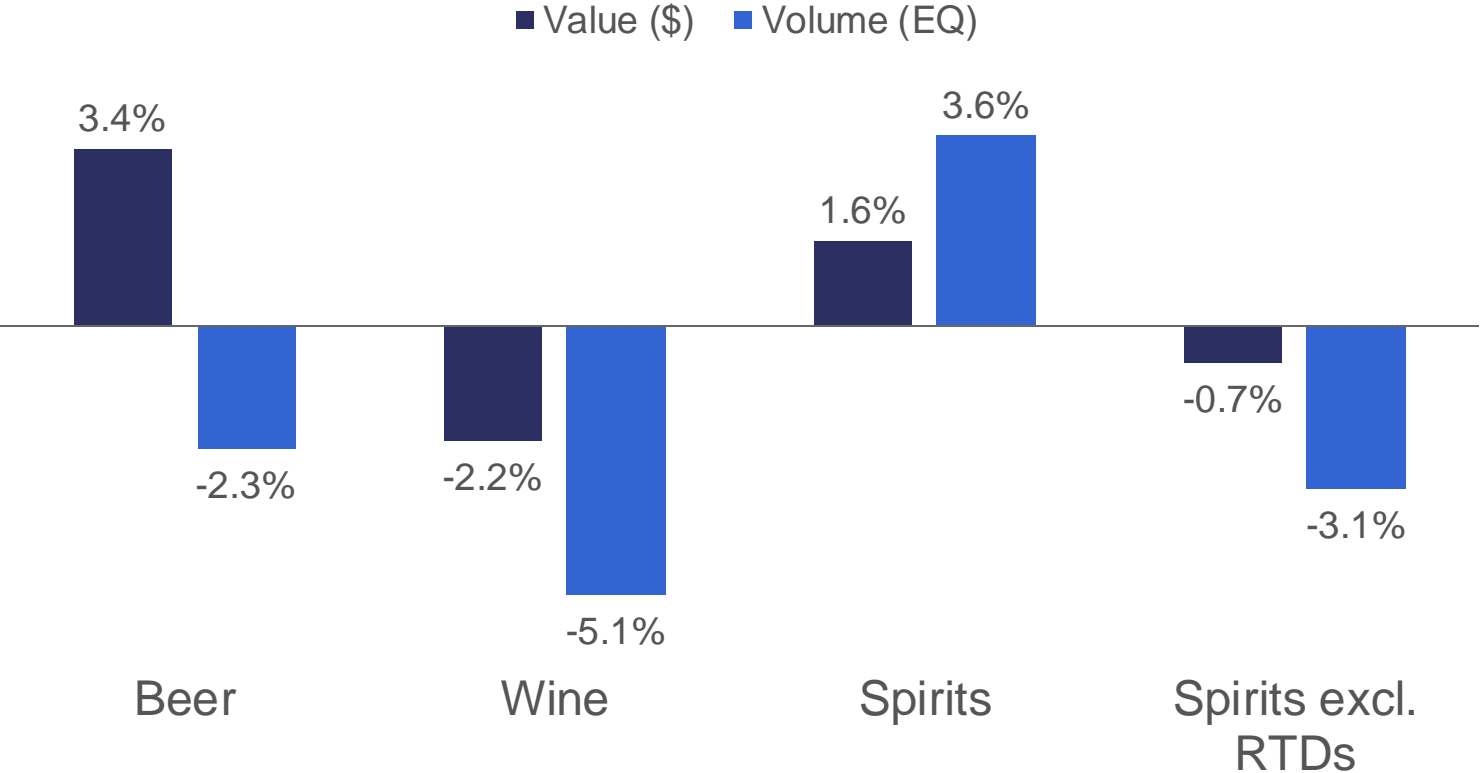


Source: NIQ Discover Integrated BWS Database; off-premise channels; latest 52 w eeks ending 03/18/2023

RTD is driving changes in Spirits and all BevAI

Value vs volume growth

Beverage Alcohol by Category – Value vs Volume differential
NIQ off-premise channels



Price is driving a lot of the growth.

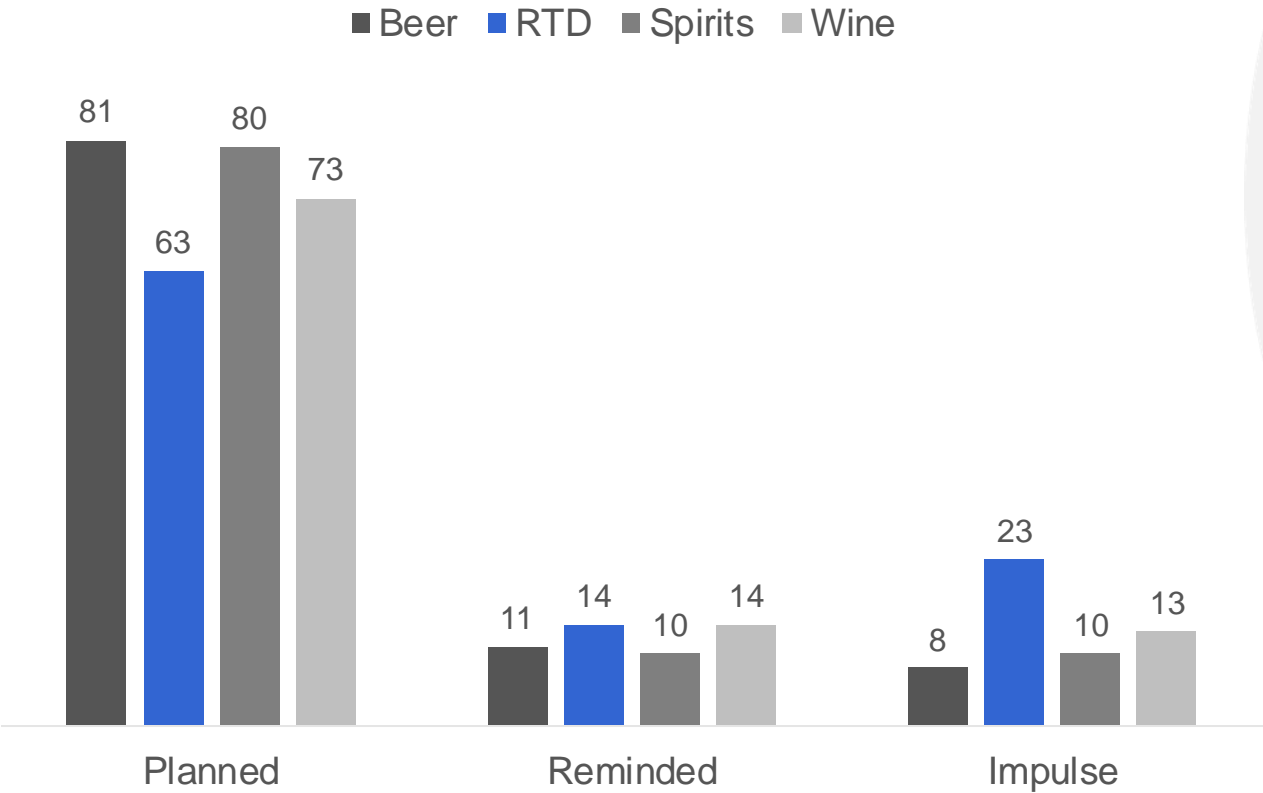
While beer experiences the largest differential between value and volume, Wine faces declines across both value and volume.

Overall, the Spirits story looks positive, but RTDs are aiding Spirits, and when excluded, Spirits is declining in both value and volume.

Source: NIQ Discover Integrated BWS Database; off-premise channels; latest 52 weeks ending 03/18/2023

RTDs are more likely to be an impulse purchase vs beer, wine, or spirits due to evolving mix

Category Planning - % of purchases



Extensive fragmented distribution can cause shopper decisions to be more of a factor at the shelf for RTD

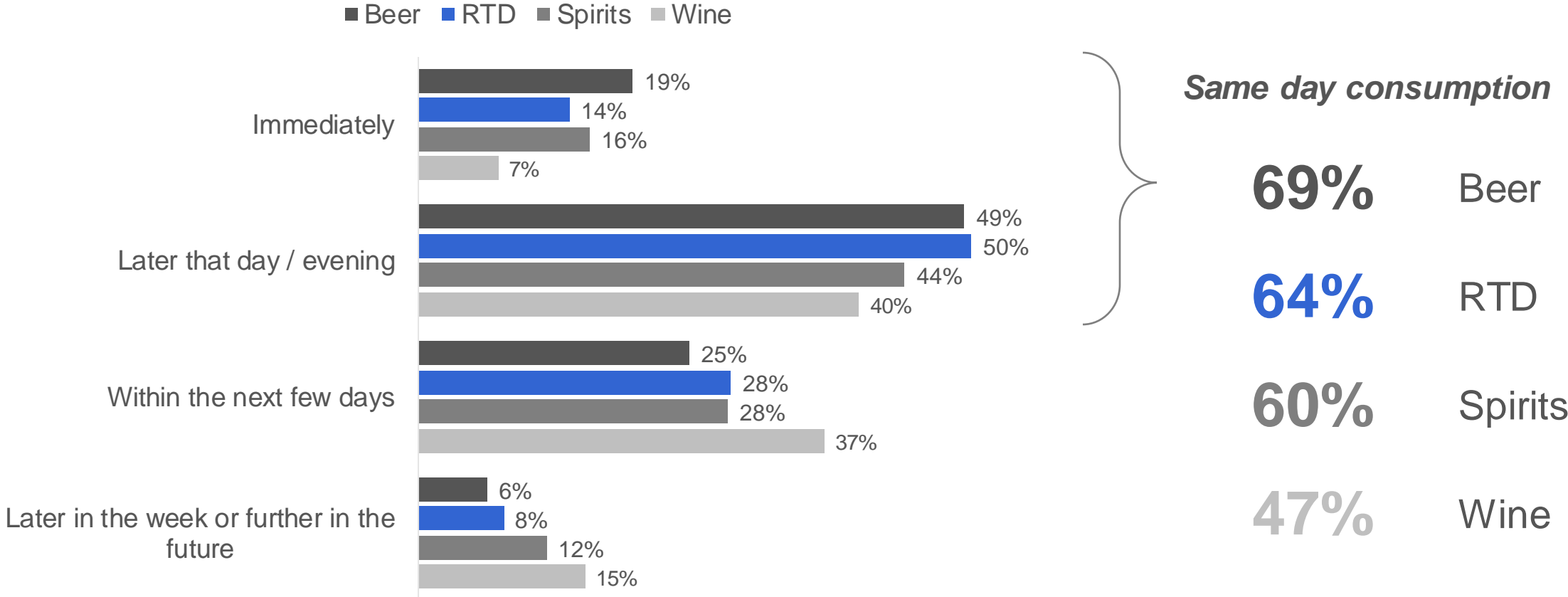
Implication – ATL spending is more important than ever

Shoppers are *time starved and less willing* to be influenced at the point of purchase

Purchase timing continues to align with consumption

Consumption is taking place very close to time of purchase. Setting up consumers for subsidized purchase can be useful, but the timing near consumption occasion is pivotal.

Consumption - % of purchases



The RTD space in particular has undergone a lot of innovation over the past several years. Beer and Spirits are still king in the industry, but RTD consumption has grown +104% in the past 2 years*.

Hard Seltzers accounted for 43% of RTD dollar sales in 2022, with Premixed cocktails and spirits growing by 4.6%.

Interestingly, nonalcoholic categories are also benefitting from RTD trends, with hard soda sales growing 63% and hard tea by 24%.



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Sources: [NIQ Key Growth Strategies for Emerging Beverage Alcohol Brands, Feb 2023](#)
[*CSF BevAI 2022 Key Findings Report](#)

With these market insights in mind, the team behind Consumption Moments at NIQ recently conducted research on Alcoholic Beverage consumption occasions – with a focus on Ready-to-Drink Alcohol Beverages



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Research Approach



Methodology

Consumption Moments
In-moment consumption recording via user-friendly mobile application



Project scope

Markets: United States
Field dates: November 1-21, 2022
Sample size: 2539 occasions, 328 qualified respondents



Key respondent qualifications

Legal Drinking Age (21+), Males & Females
Any alcohol beverage category consumed at least once a week, planning to drink RTDs in the next 2 weeks



Ready-to-Drink (RTD) Alcohol Beverages Definition

In this study, we defined Ready-To-Drink beverages as Prepared/Pre-Mixed Cocktails, or Seltzer, Cider, or other flavored Malt beverages

Product hierarchy based on NIQ's Integrated Alcoholic Beverages database in Discover



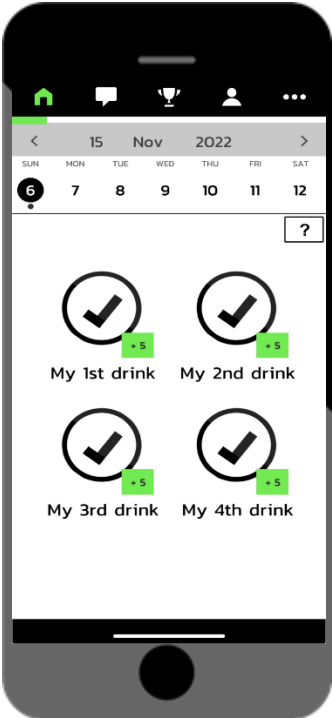
What did we do?

With Consumption Moments, we understand consumption occasions - anywhere, anytime - and the motivations behind those moments to influence strategic product or category planning.



Consumption Moments provides a 360° view of consumption

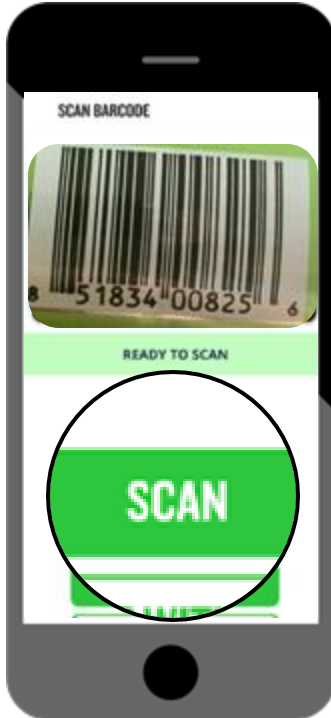
A seamless, intuitive data collection experience



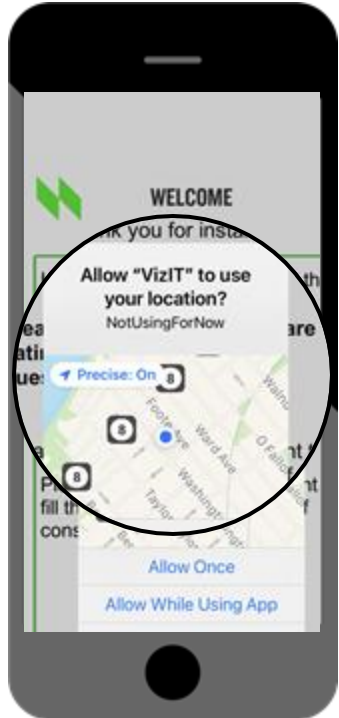
Easy and intuitive interface that makes tracking a breeze



Short, to-the-point questions to capture consumption and keep panelists engaged



Barcode scan automatically identifies and populates UPC for on-the-go product validation



Location identifies panelists' location at time of consumption



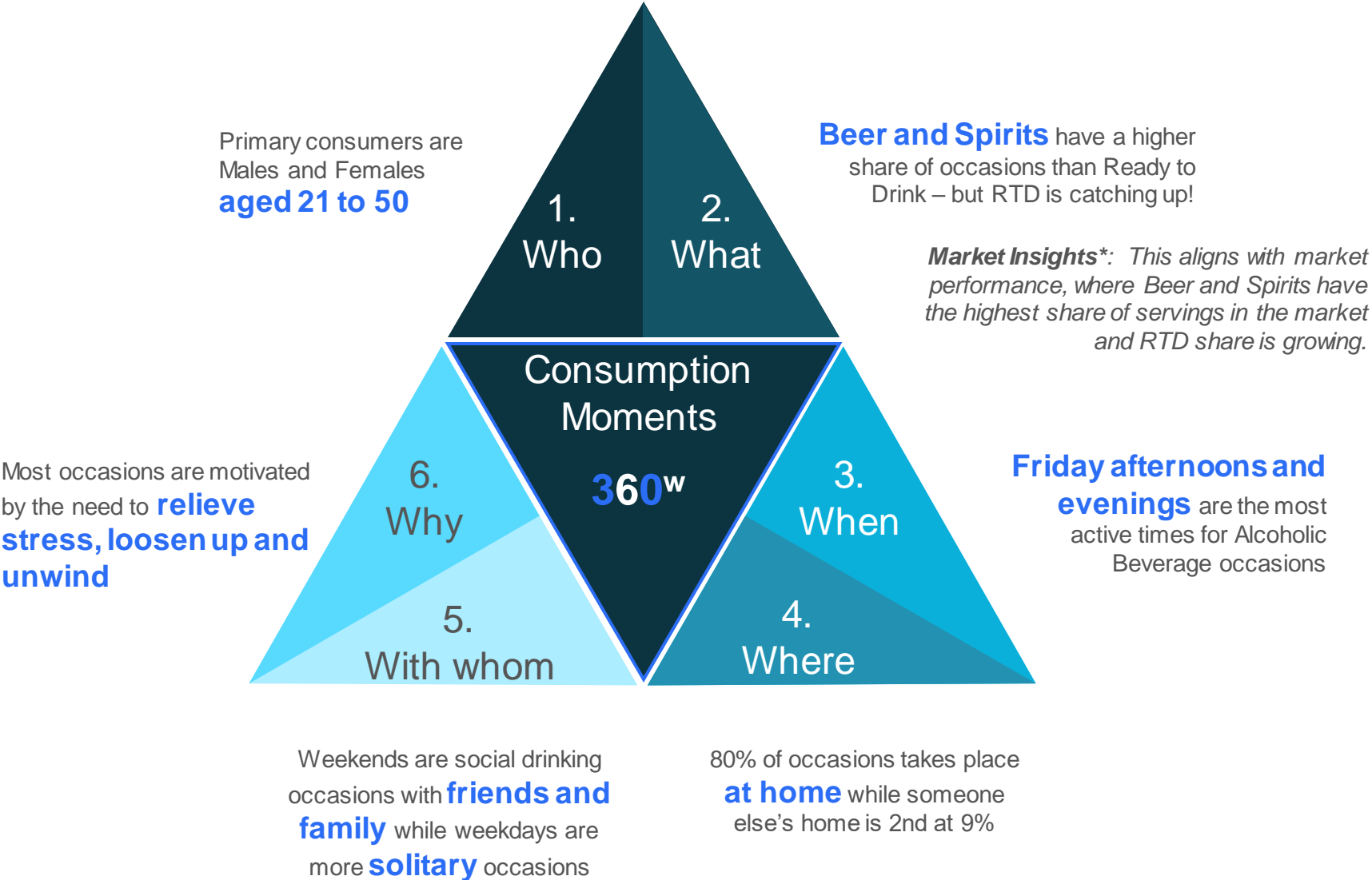
Don't miss a moment! Participants receive easy-to-interrupt prompts, and online/offline capability to assure we capture consumption occasions as they unfold.

Summary of Consumption Behavior



Alcoholic Beverages

6W Breakout



NielsenIQ Consumption Moments Alcoholic Beverages Pilot November 2022

*Discovery NIQ- Bev AI Integrated database Year 2022, Year 2021

So how are consumers drinking RTD today?



Across RTD beverages, **Seltzers** represent most occasions at 65%

White Claw and Truly have the highest incidence, while Jack Daniels RTD is rising in share of occasions



RTD beverages have the highest share of occasions **consumed with a spouse or significant other**



RTD beverages are more likely to be consumed by individuals reporting **low energy levels**

Men in particular drink RTD to feel more energized

Within RTD... what's unique to Prepared & Pre-mixed Cocktails?



Prepared/Pre-Mixed Cocktails represent 35% of RTD occasions, peaking on **Saturday's** while other categories peak on Friday's



Prepared/Pre-Mixed Cocktails are largely consumed in the **Late Afternoon/Evening**, while other RTDs see an earlier start time



Prepared/Pre-Mixed Cocktails have the highest share of occasions consumed with a **spouse or significant other** (44%) compared to all other categories

Diving deeper into Alcohol Beverages & RTDs



Our Consumption Universe



328 total sample, primarily aged 21-50



2,539 unique consumption moments



2,806 different products consumed

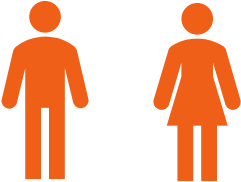
Actual photos from the research

Respondents are generally female between the ages of 21-50

Respondents' profile

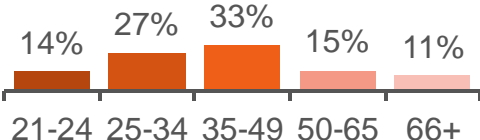
% of respondents | Base: 328 respondents

Gender

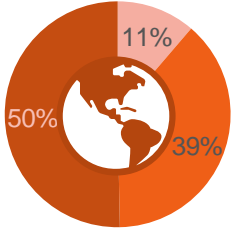


Male: 43% Female: 56%
Non-binary: 1%

Age

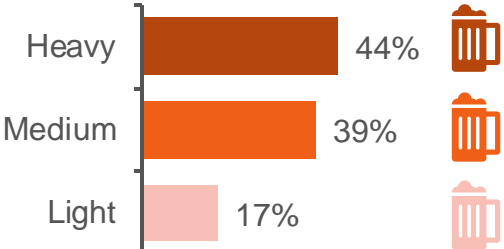


Area



- Rural area (countryside, remote area, farmland)
- Suburban (living just outside of a town or city)
- Urban (a town or city)

Consumption Frequency



*Respondents self-identify whether they reside in a Rural, Suburban or Urban location

*User Types: Light = 1 occasion, Medium = 2-6 occasions, Heavy = 7+ occasions

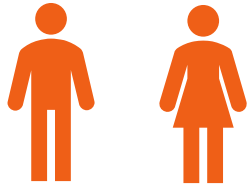
RTD and Wine respondents lean more heavily Female compared to other categories

The RTD category sees fewer Heavy users than the other categories, averaging 3 occasions per RTD drinker (compared to 5 occasions in the other categories)

Respondents' profile

% of respondents | Base: 165 Beer respondents, 142 RTD respondents, 203 Spirits respondents, 91 Wine respondents

Gender



	% Male	% Female	% Non-Binary
Beer	51%	48%	1%
RTD	39%	59%	1%
Spirits	45%	55%	-
Wine	32%	68%	-

Age



	% 21-24	% 25-34	% 35-49	% 50-65	% 66+
Beer	13%	23%	34%	17%	13%
RTD	15%	24%	34%	15%	11%
Spirits	14%	25%	33%	17%	11%
Wine	14%	29%	25%	13%	19%

Area



	% Rural	% Suburban	% Urban
Beer	12%	33%	55%
RTD	13%	46%	41%
Spirits	10%	35%	55%
Wine	5%	43%	52%

Consumption Frequency



	% Light	% Medium	% Heavy
Beer	10%	37%	53%
RTD	11%	42%	46%
Spirits	8%	36%	56%
Wine	7%	36%	57%

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*Respondents self-identify whether they reside in a Rural, Suburban or Urban location

*User Types: Light = 1 occasion, Medium = 2-6 occasions, Heavy = 7+ occasions

RTD beverages have room for growth but show promising trends



Beer and spirits make up over **60% of occasions**, but **RTD** is catching up, accounting for around **20%**



Within RTD, **Seltzer, Cider, or other flavored Malt Beverage** are most popular for RTD occasions

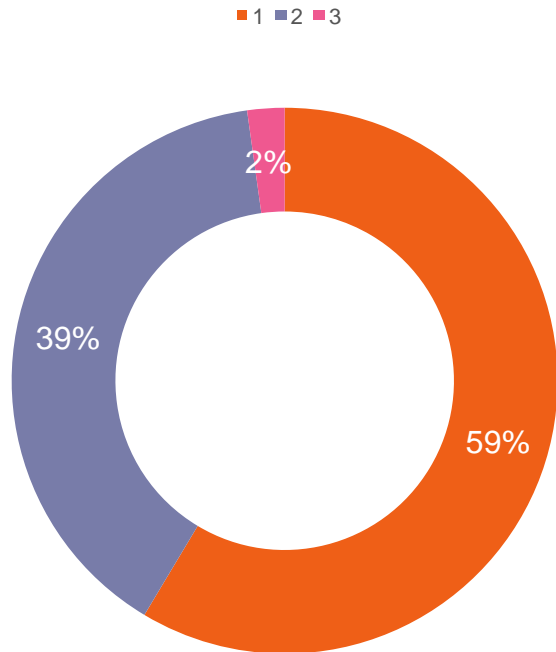


Mark Anthony Brands has the highest RTD incidence and share of occasions, followed by **Boston Beer Co.**

Majority of consumers don't switch between alcohol categories in a single consumption occasion. Spirits and Beer have the highest share of occasions, followed by RTD

No. of categories consumed per occasion

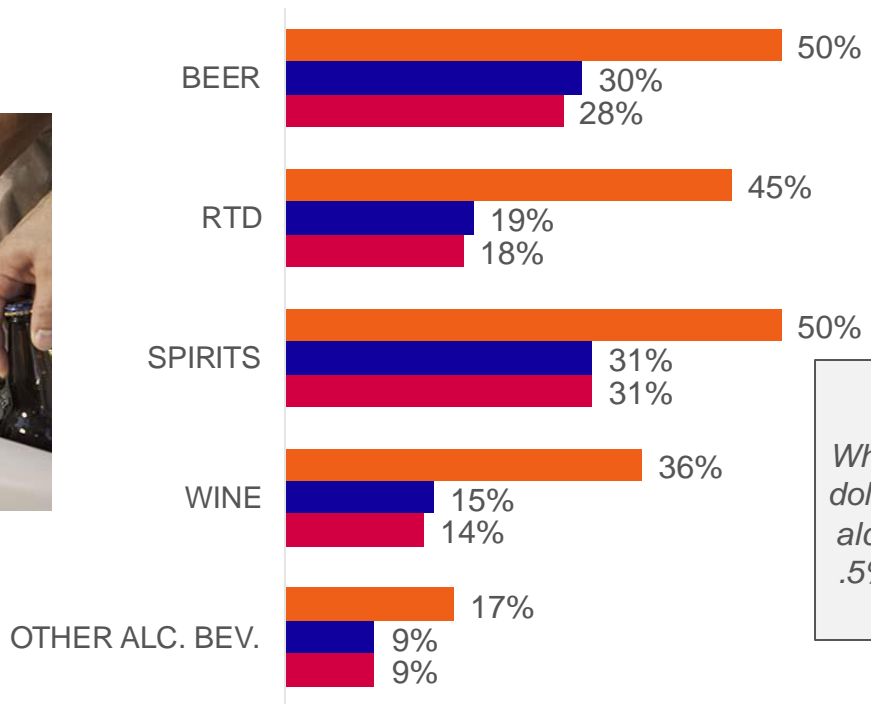
% of occasions with more than 1 category consumed | Base: 227 occasions



Categories

Base: 328 respondents, 2539 occasions, 2806 products

■ % of respondents ■ % of occasions ■ % of products



Market Insights*

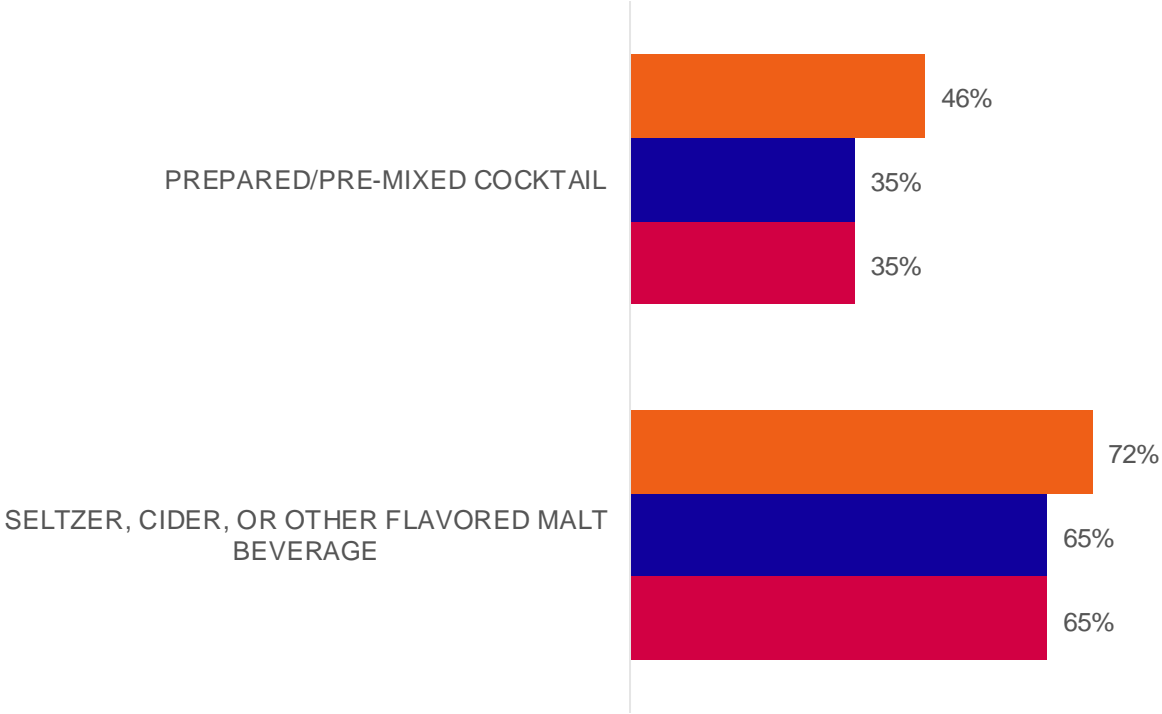
While RTD had the smallest dollar share in 2022 vs other alcohol categories, it saw a .5% growth, similar to Beer which had .6% growth

Within RTD, most consumption occasions are driven by seltzer, cider, or other flavored malt beverages

RTD subcategories

Base: 142 respondents, 471 occasions, 493 products

■ % of respondents ■ % of occasions ■ % of products



Ready to Drink competitive highlights



Mark Anthony Brands – maker of White Claw – sees the highest RTD incidence and share of occasions

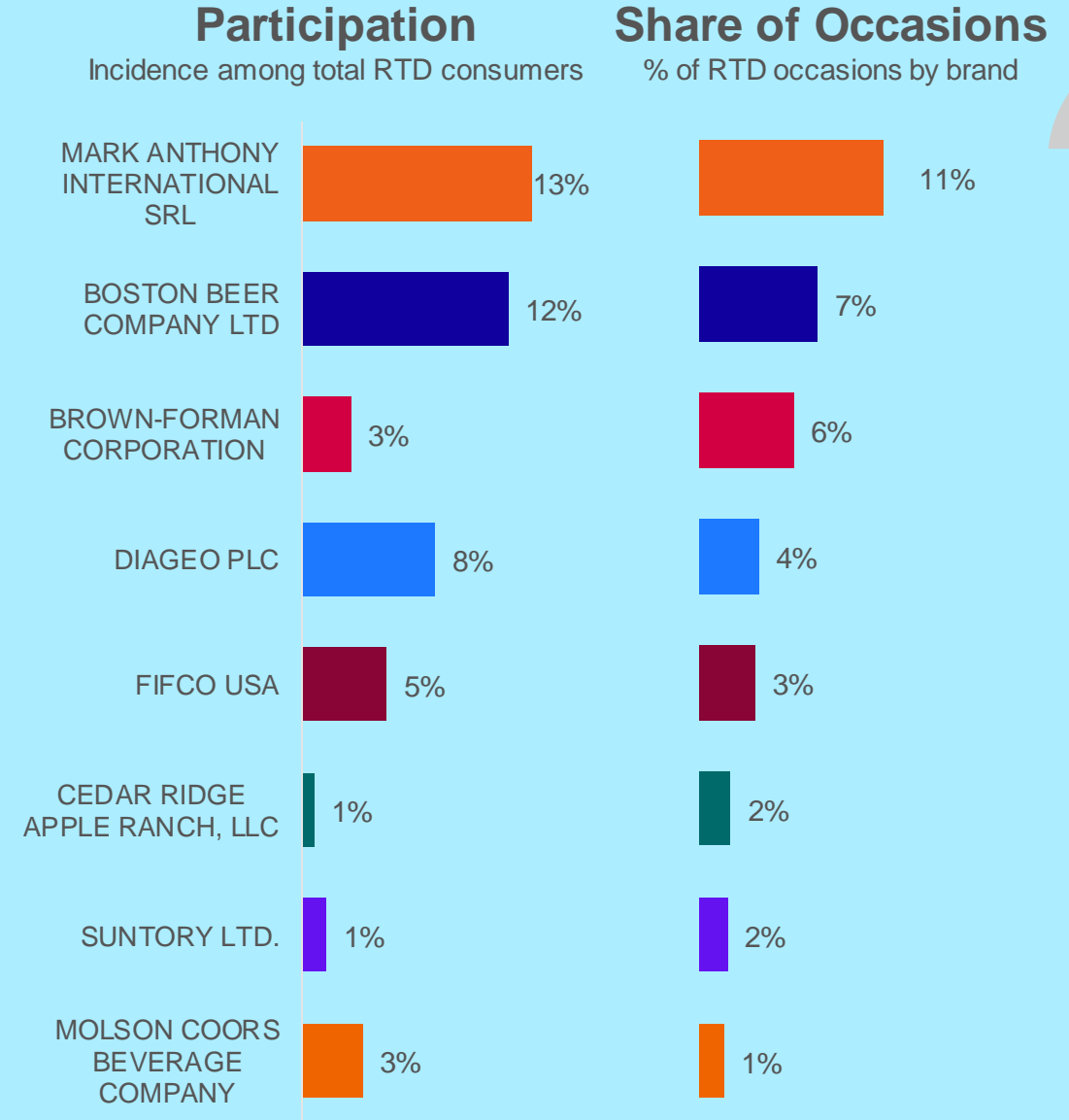


BROWN-FORMAN

Despite taking the #5 spot for incidence among consumers, Brown-Forman corporation – maker of Jack Daniels RTD beverages – ranks third in share of total occasions



As a brand, Jack Daniels over-indexes on occasions with a motivation of “To escape reality”



TGIF! Alcohol drinkers kick off their weekends with a celebratory beverage



Across alcohol categories, **Friday** sees the highest number of occasions



Prepared/pre-mixed cocktails occasions pick up on **Saturdays**



While late afternoon/evening is the most common time for Alcohol occasions, **RTD** beverages are also commonly consumed earlier in the day (particularly on the weekend)

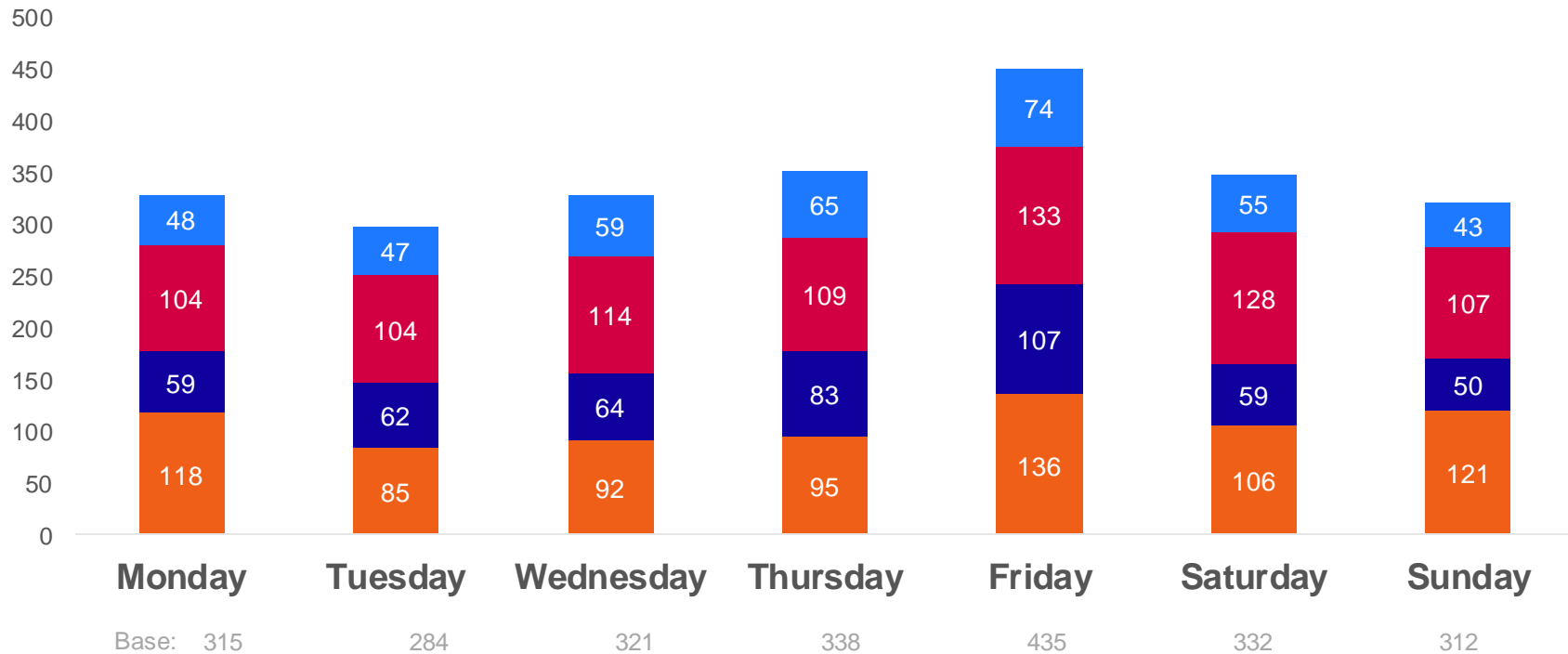
Across categories, consumption occasions are most common on Fridays

Occasions for Spirits drinkers are the most consistent throughout the week. Meanwhile, Beer drinkers see upticks on Sunday and Monday, possibly linked to Football watching

Daily consumption

Number of occasions

beer rtd spirits wine



RTD consumption was higher on **weekdays** for **21–24-year-olds** compared to other age groups

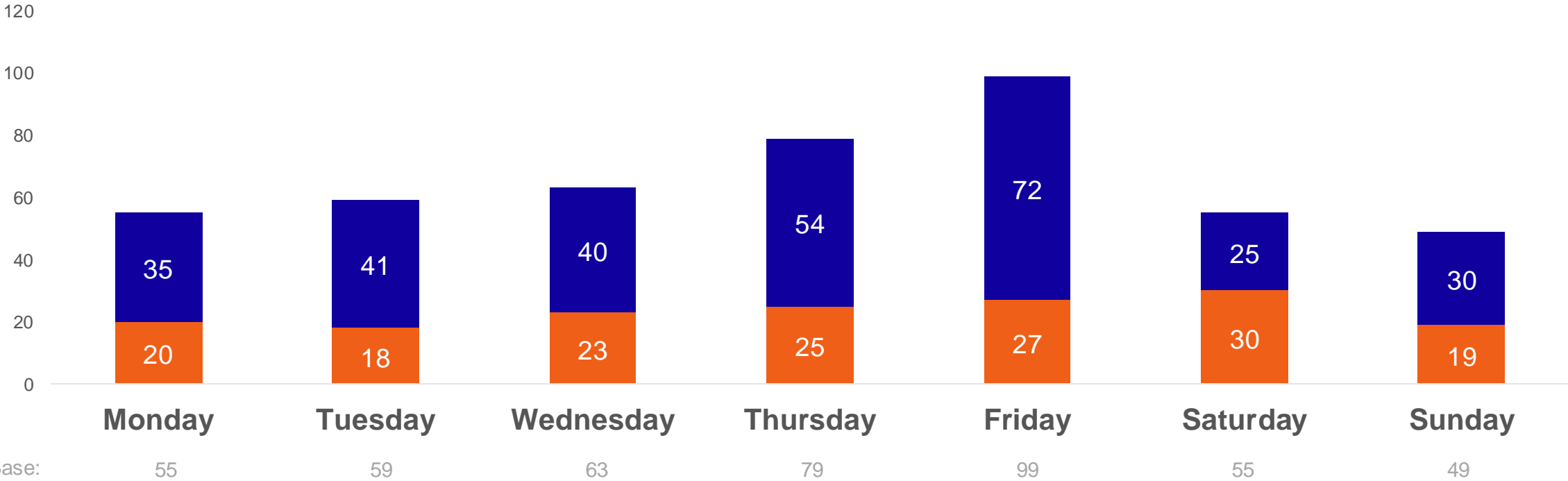
Within RTD, seltzer/cider drives the highest number of occasions throughout the week, except for Saturdays when prepared/pre-mixed cocktails are more likely to be consumed



Daily consumption – RTD category

Number of occasions

■ prepared/pre-mixed cocktail ■ seltzer, cider, or other flavored malt beverage



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Alcohol consumption generally occurs in the late afternoon/evenings

However, over 1/3 of Spirits, Beer, and RTD consumption happens in the mornings or early afternoon

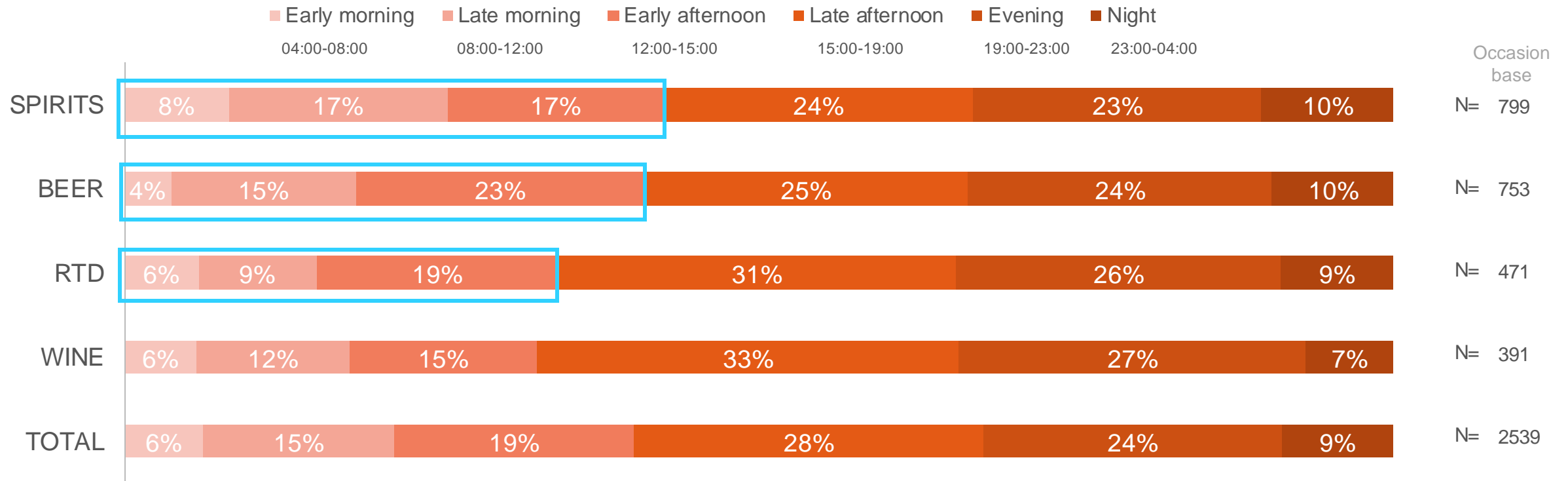


Consumers are more likely to be **Eating** during early in the day vs. other dayparts. In the late morning specifically, **Cooking** is the most common activity.

21–24-year-olds are more likely to consume **Beer at Night**, when they are **cooking, eating, or socializing** vs. other age groups and categories.

Daypart consumption

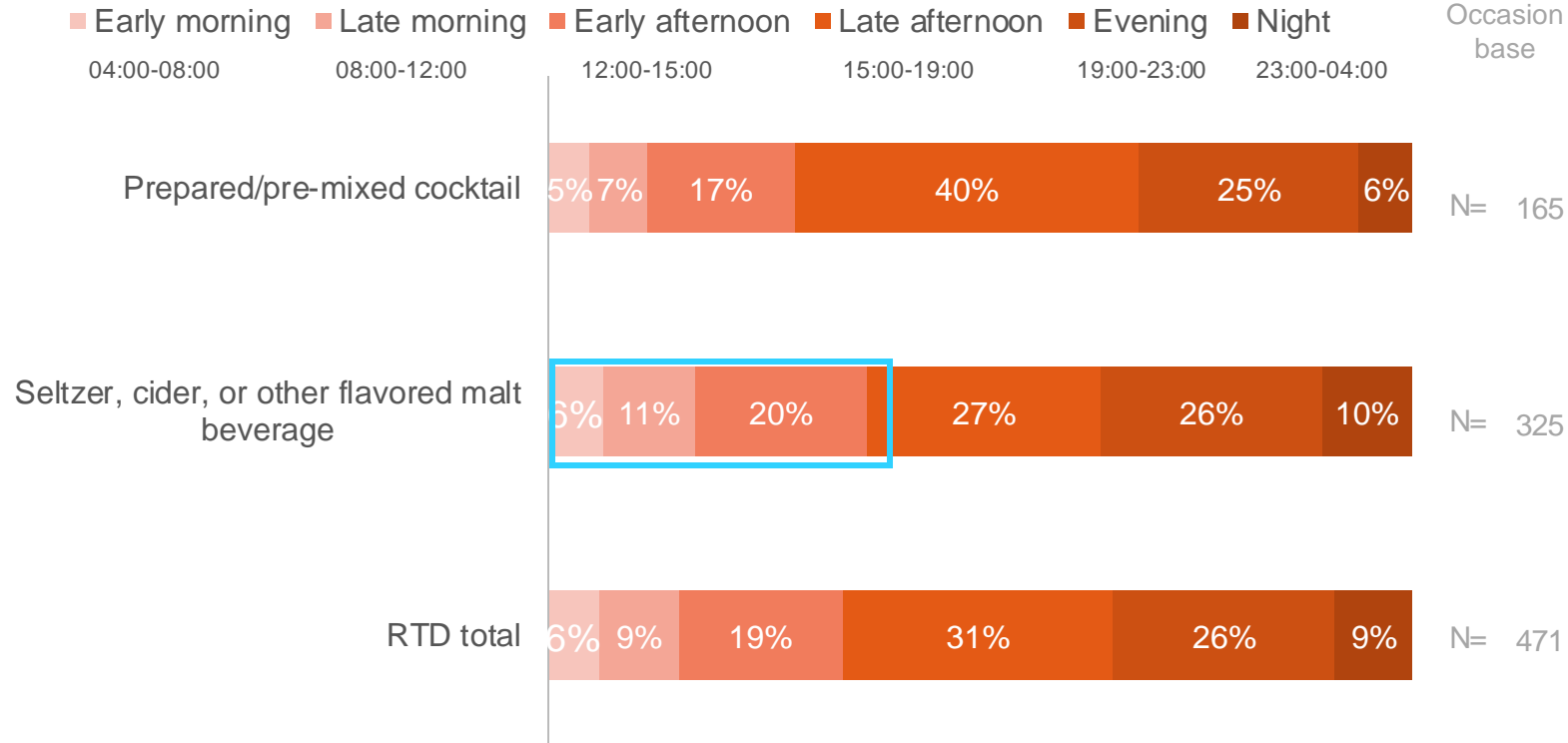
% of occasions



Seltzers/ciders/malt beverages are consumed a little earlier in the day than prepared/pre-mixed cocktails

Daypart consumption – RTD category

% of occasions



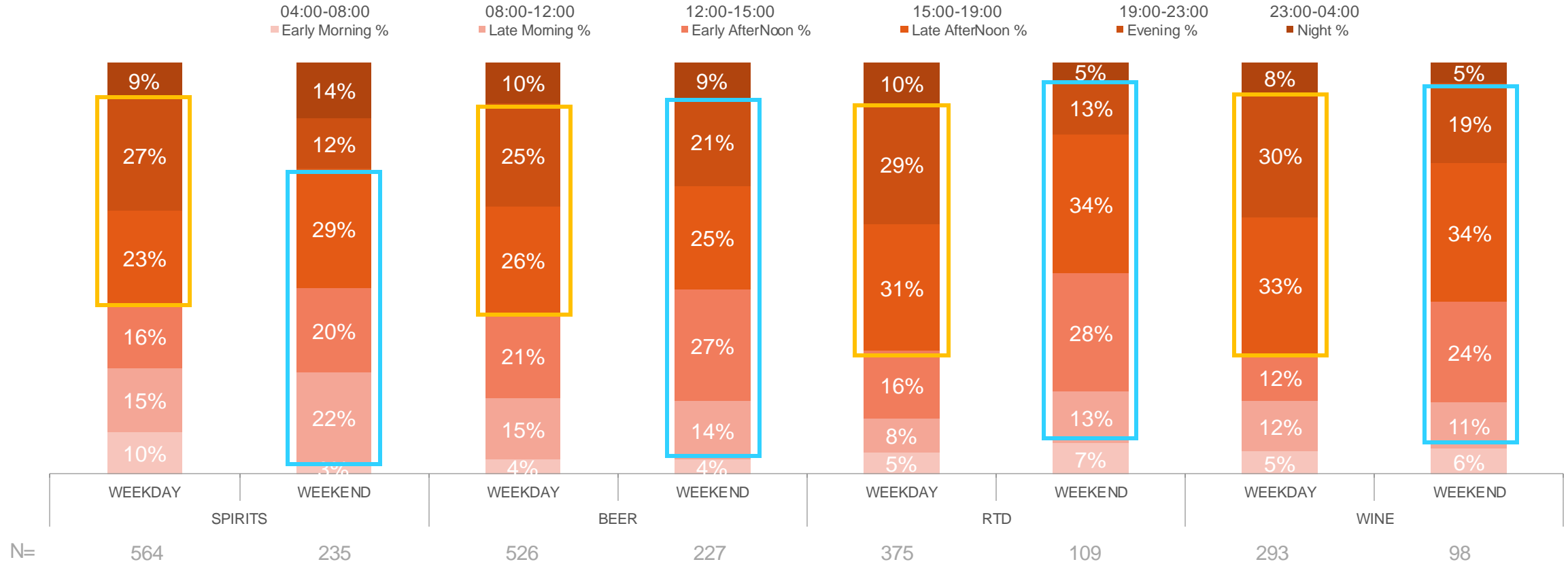
Across categories, consumption occasions tend to skew earlier in the day on the weekends than on weekdays, when the bulk is during late afternoons/evenings

Daypart consumption

% of occasions



Compared to other categories, early morning RTD consumption is largely while **watching TV/playing video games**, which could be related to the category's tendency to be consumed by those with **low energy levels**



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Our panelists are opting to drink from the comfort of their own home

4
where



82% of RTD beverage occasions are at home



The next most popular location is **someone else's home** at **9%** of occasions

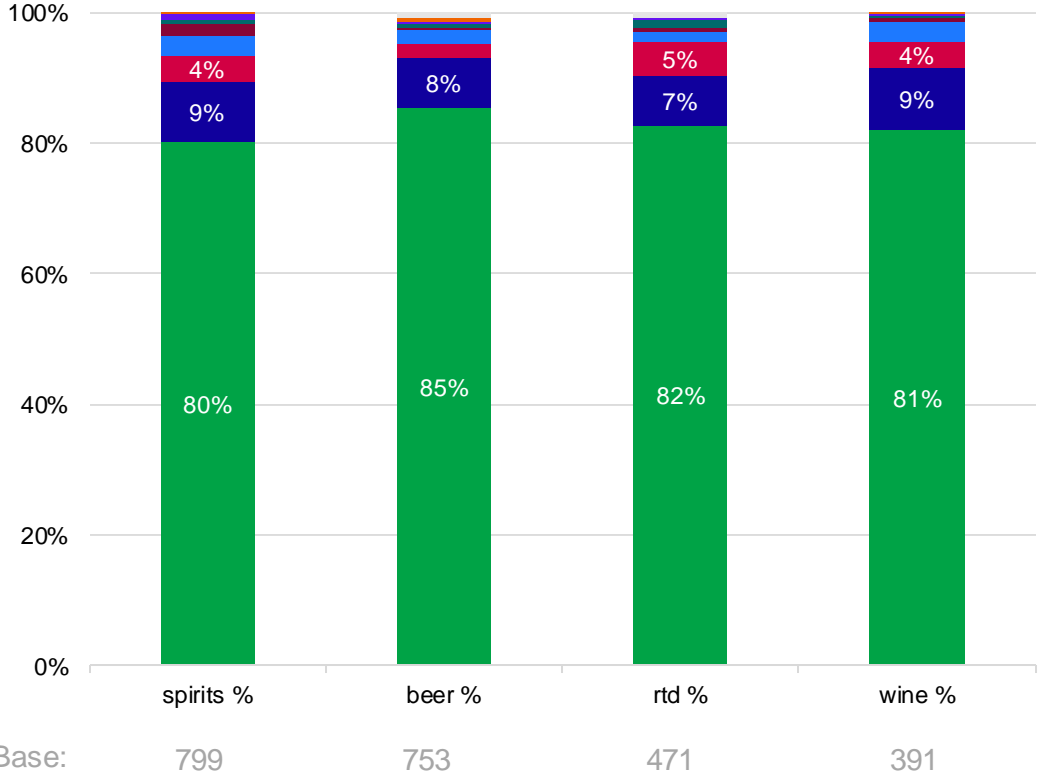


While only 18% of RTD occasions occurred **away from home**, Jack Daniel's, Mike's Harder, and Truly are commonly enjoyed at **someone else's house or restaurants**

Across categories, most alcohol consumption occasions occur at home

Place of consumption

% of occasions



On Premise Survey Insights*:
 25% of US consumers drink out in the On Premise at least once a week, with **Spirits** as the most popular category

- Entertainment venue (e.g., sport venue, movie theater)
- Event or Festival
- Café/Coffee shop
- On-the-go (car, train, bus, plane)
- My place of work
- Bar/Nightclub
- Restaurant
- Someone else's home
- My home

Base: 799 753 471 391

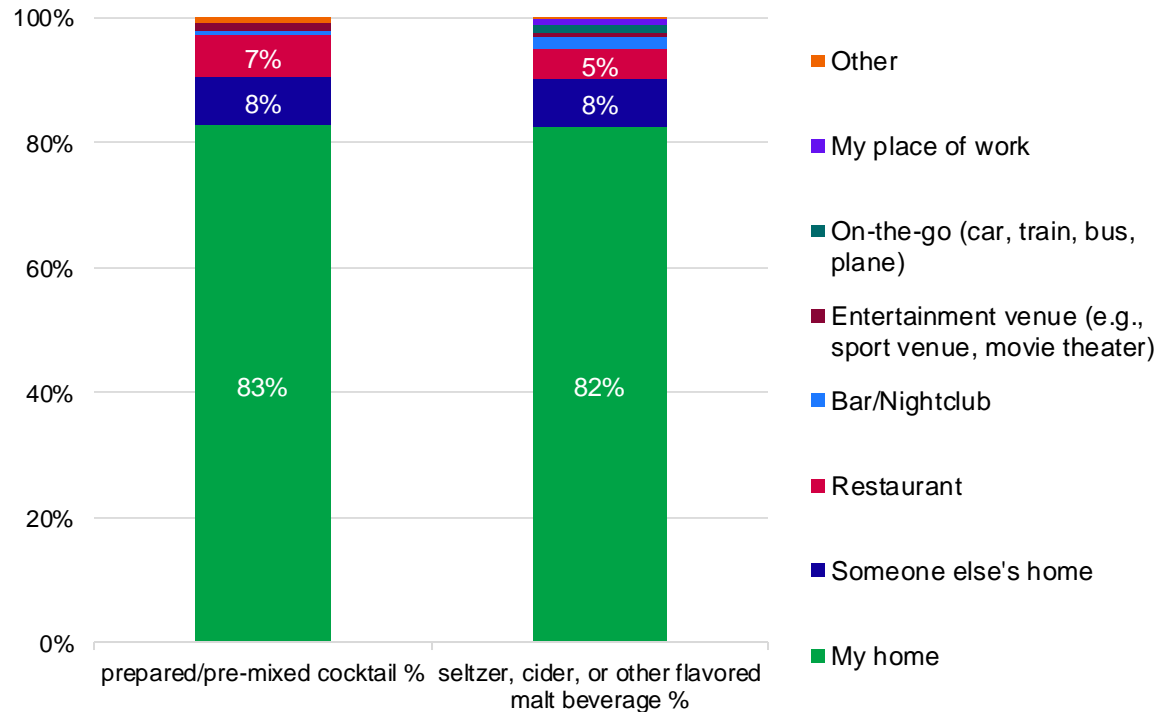
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 *NIQ 2022 US BevAI Annual Review



Most RTD beverage consumption occurs at home...

Place of consumption – RTD category

% of occasions



Base: 165

325

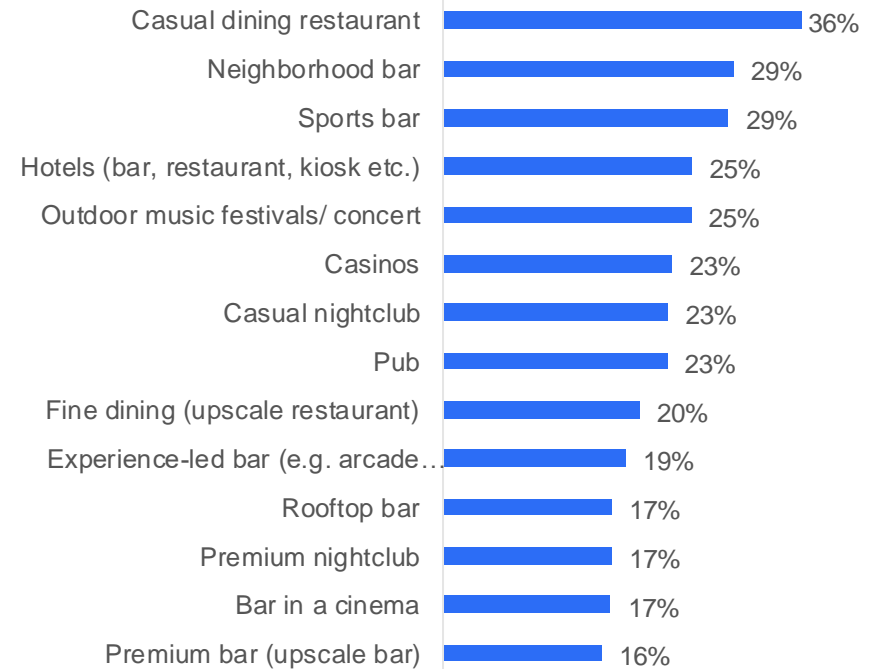
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*CGA—OPUS US Spring 2022-RTD deep dive

...though when consumed on-premise, drink-led venues are most popular

RTD Consumption in On-Premise Venues*

% of consumption



On Premise Survey Insights*:

Although RTD isn't consumed as much in the On-Premise as other categories, RTD drinkers tend to be **more active in the On-Premise**, with **55%** of RTD drinkers drinking out weekly vs. 30% of US average



Alcohol consumption is largely a solitary venture, though that changes on the weekends

Weekends are a time to gather with **friends and family...**



...while **weekdays** are more **solitary** drinking occasions

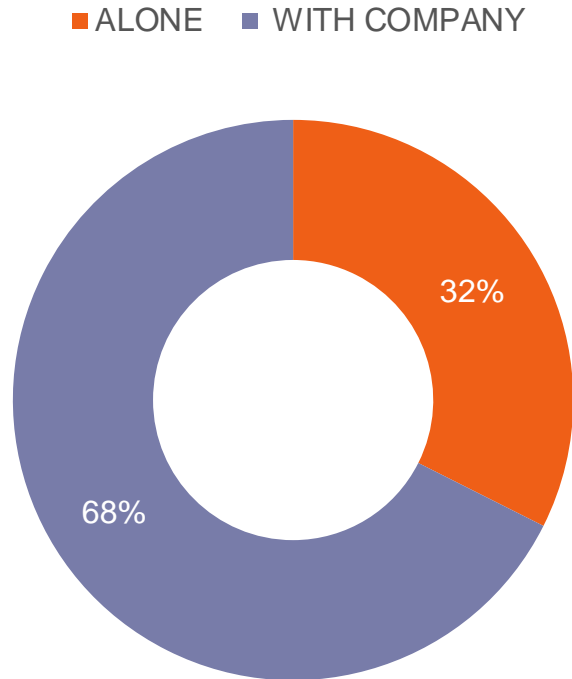


41% of RTD drinkers consume with their **spouse/significant other** – more so than other Alcohol categories

Overall, alcohol is primarily consumed in the company of others. However, consumption during the week tends to be a more solitary occasion

Companionship during consumption

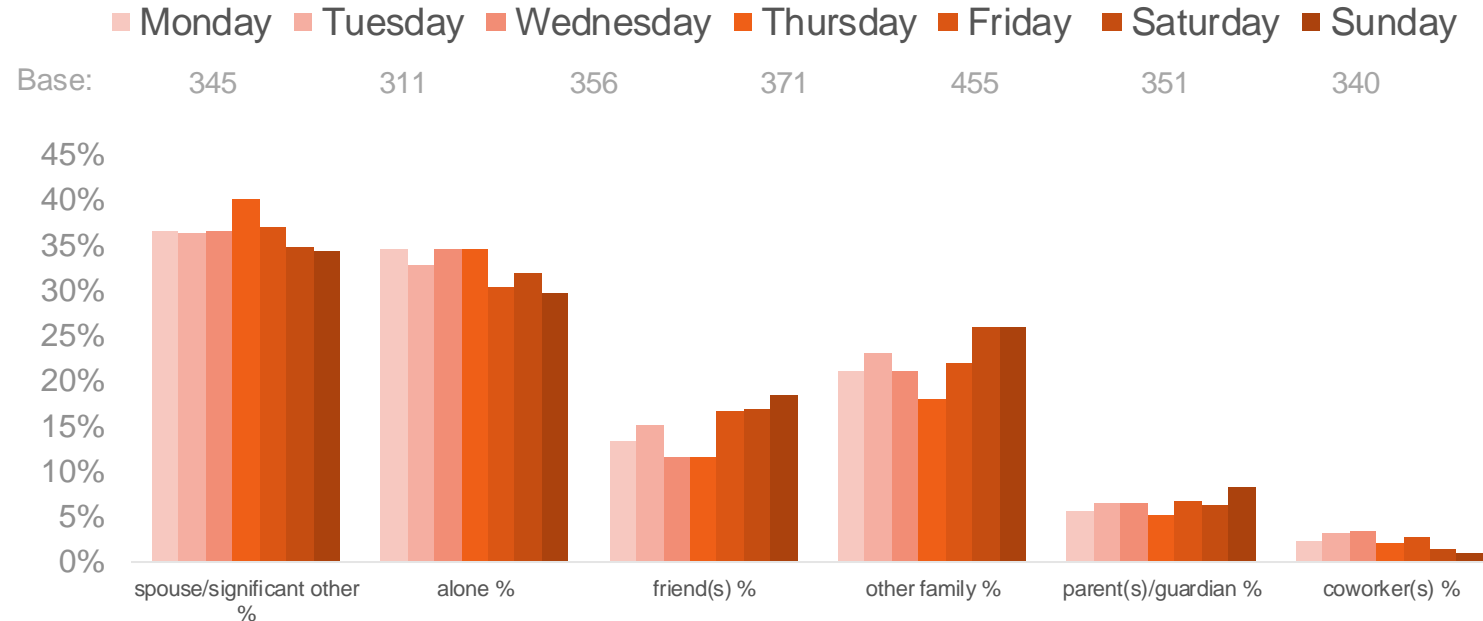
% of occasions



Base: 2539 occasions

Category Shopping Fundamentals Insights*:

Drinking with **friends** is up since COVID through “renewed social occasions” as there are no longer restrictions on social gatherings



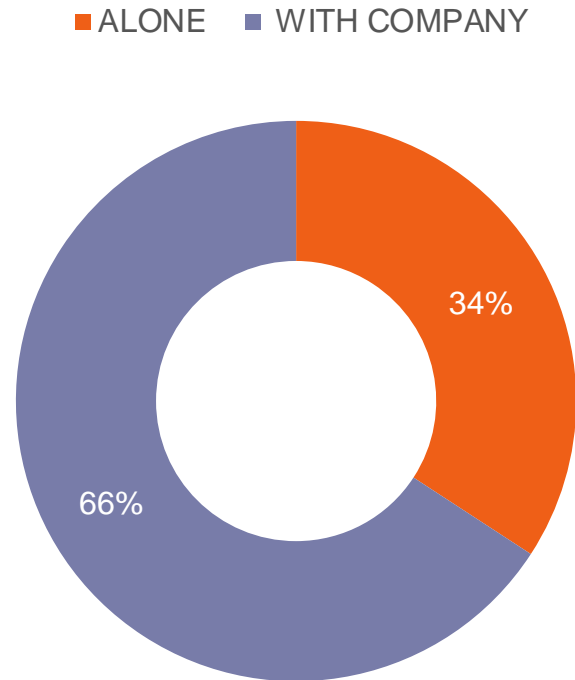
Across categories, **Men are more likely to drink alone** (37% of occasions) than Women (28% of occasions)

Older respondents (66+) are more likely to drink with others (83%) across categories than the other age groups

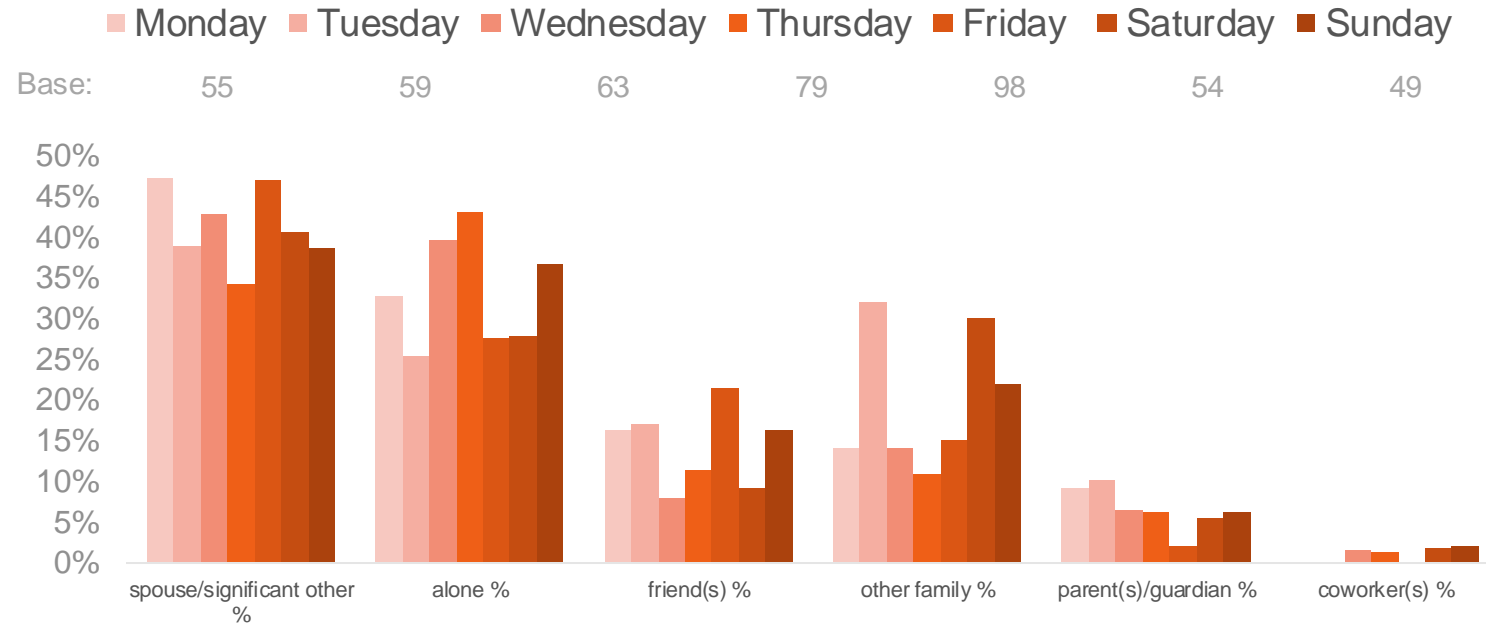
RTD consumption is more solitary on Wednesday/Thursday, but more social on Friday-Tuesday

Companionship during consumption – RTD category

% of occasions



Base: 471 occasions

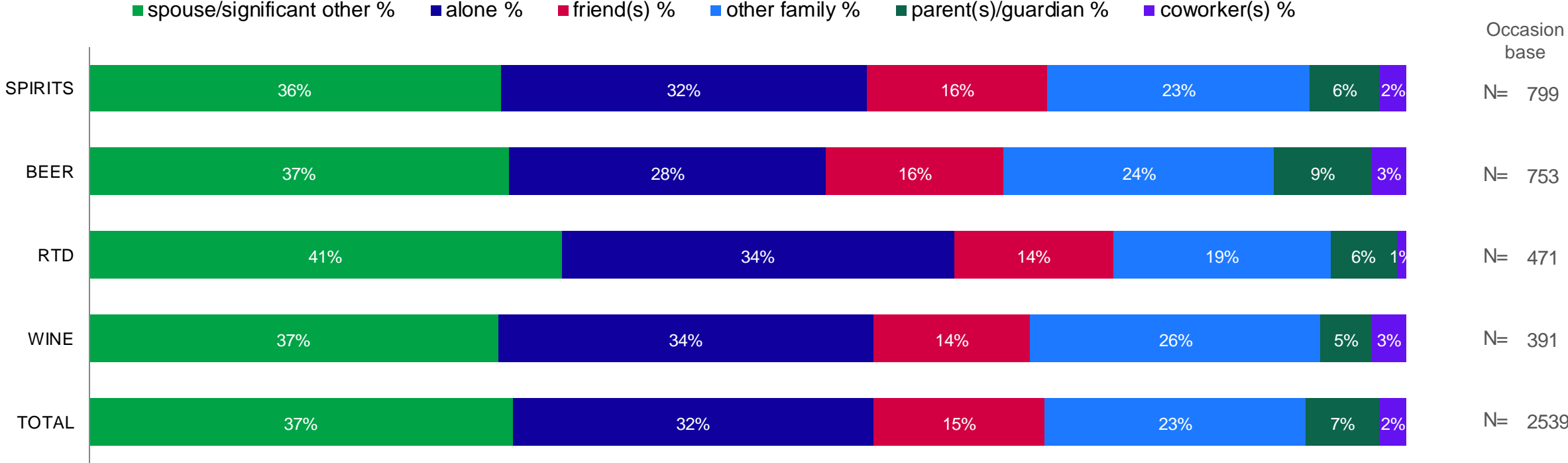


Within RTD, **25–34-year-olds** are more likely to drink **alone** (43%) vs. other age groups

Beer is the most social category, with 72% of consumption occasions occurring with a companion. RTD sees the highest consumption among spouses

Companionship during consumption

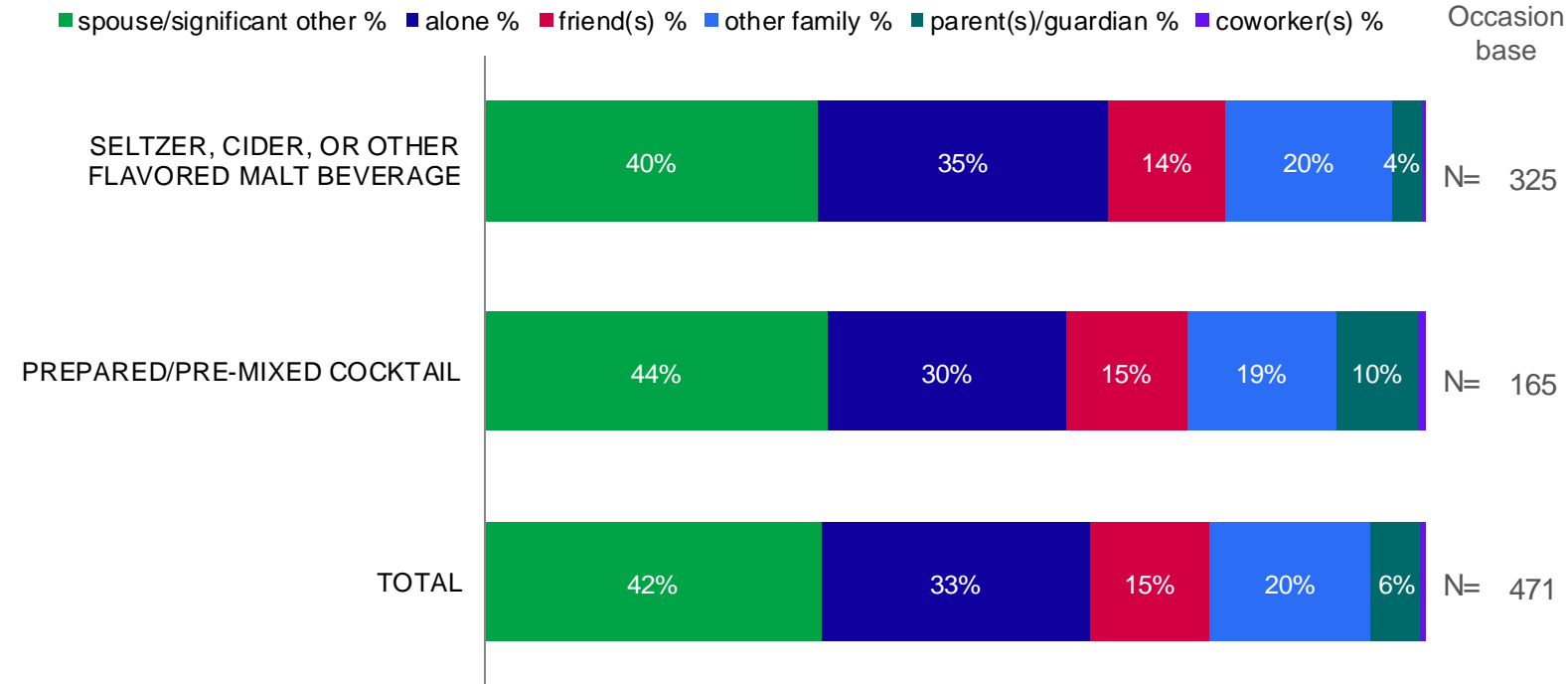
% of occasions



Prepared/pre-mixed cocktails see more consumption occasions occur with a spouse or significant other

Companionship during consumption – RTD category

% of occasions



Relaxation is key to Alcohol consumption, though RTD beverages have an opportunity to promote stronger feelings of refreshment

6
why



Consumers of **RTD** beverages stand out by primarily drinking them while **watching TV/playing video games**. Beer and wine are mainly consumed while eating



Across categories, Alcohol is mainly consumed to **relieve stress, loosen up and unwind**



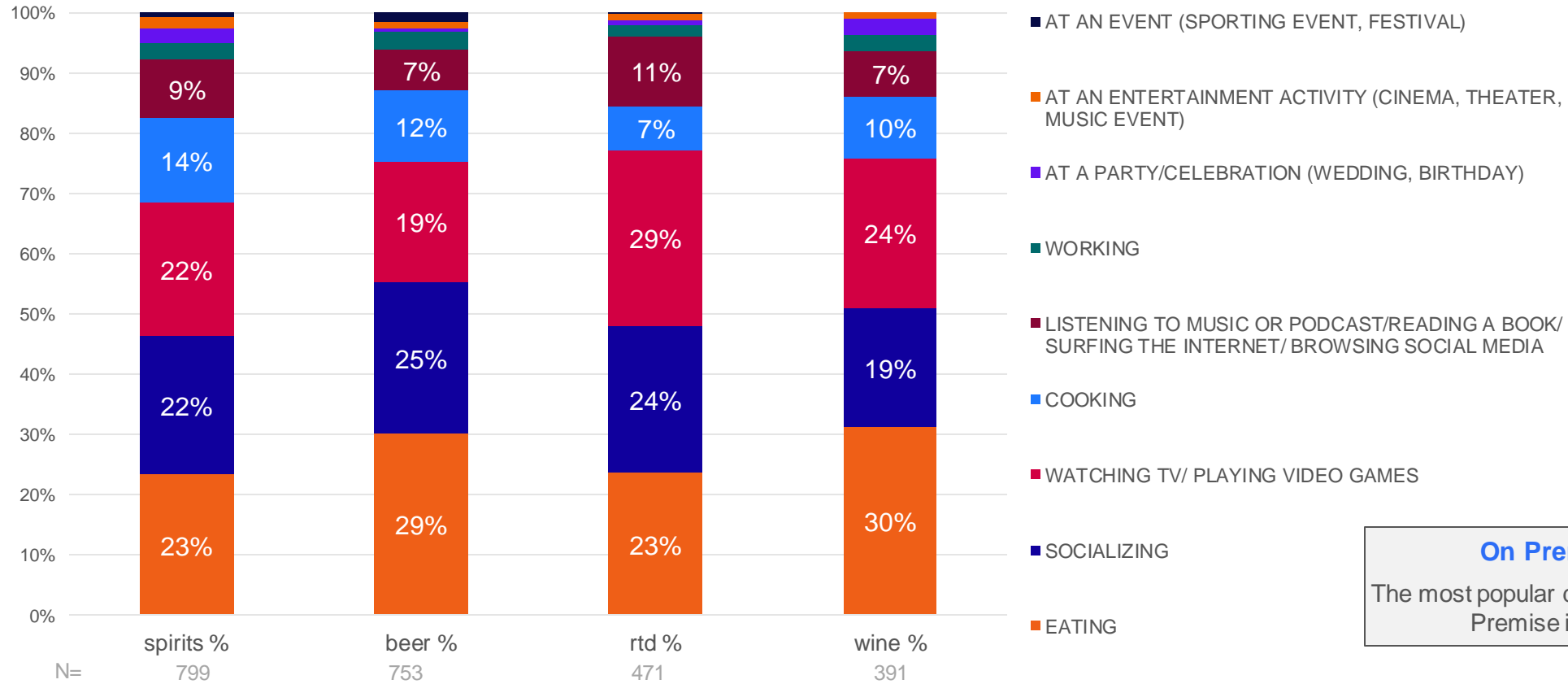
RTD under-indexes on being consumed in order to **feel refreshed and energized** compared to Beer

Beer and Wine are most commonly consumed while eating, particularly on Fridays, while RTD beverages are more common accompaniments to watching TV/playing video games



Activity during consumption

% of occasions



Older respondents (66+) are more likely to be Eating while drinking (34%) vs. other age groups

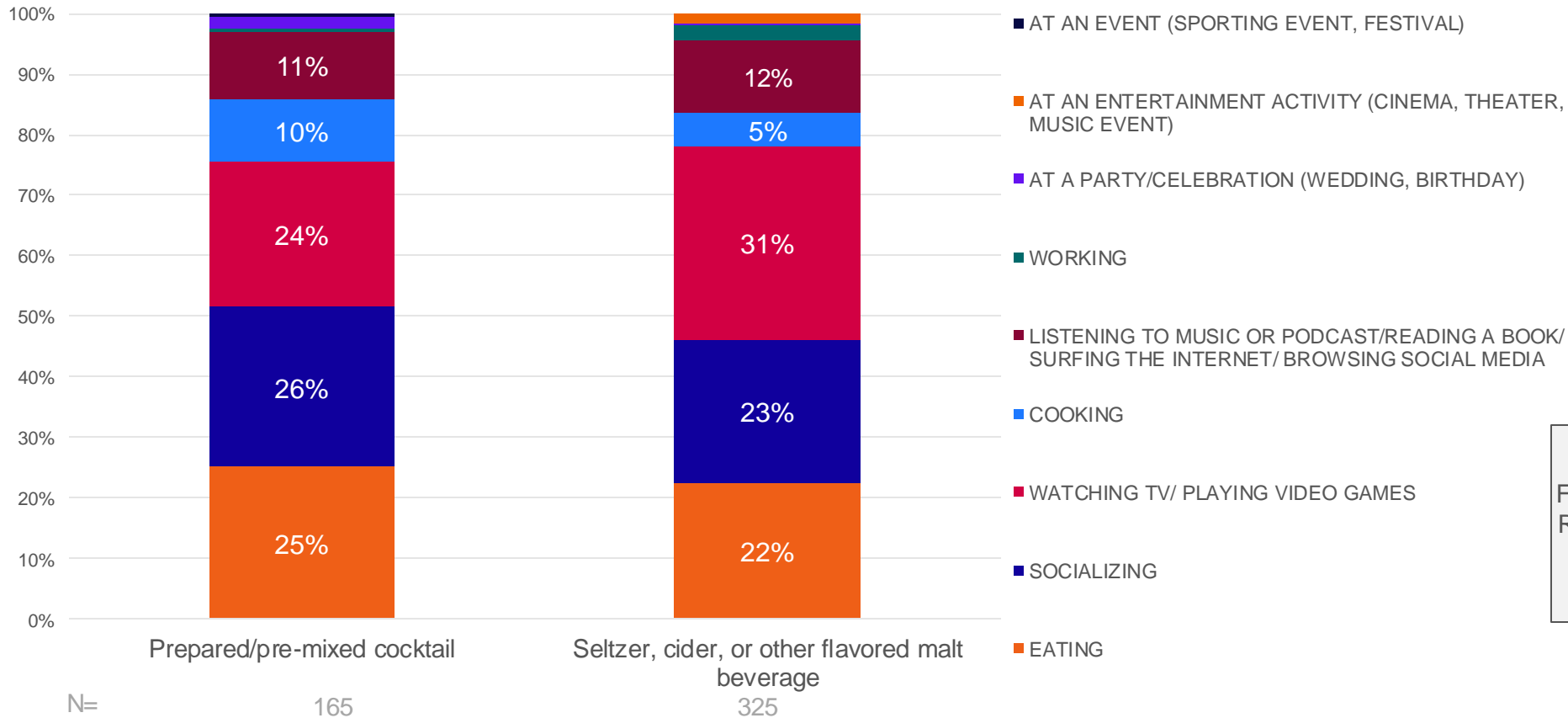
On Premise Survey Insights*:
The most popular drinking occasion for RTDs in the On Premise is to **catch up with friends**

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*NIQ 2022 US BevAI Annual Review

Seltzers/ciders see the highest consumption while watching TV/playing video games. RTD occasions shift on Saturdays, when they become more social

Activity during consumption – RTD category

% of occasions



On Premise Survey Insights*:
 Females are more likely to consume RTDs while catching up with friends, while Males are more likely to consume as an after-work drink

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 *CGA—OPUs US Spring 2022

Alcohol consumption occasions are largely motivated by a desire to relieve stress, loosen up, and unwind

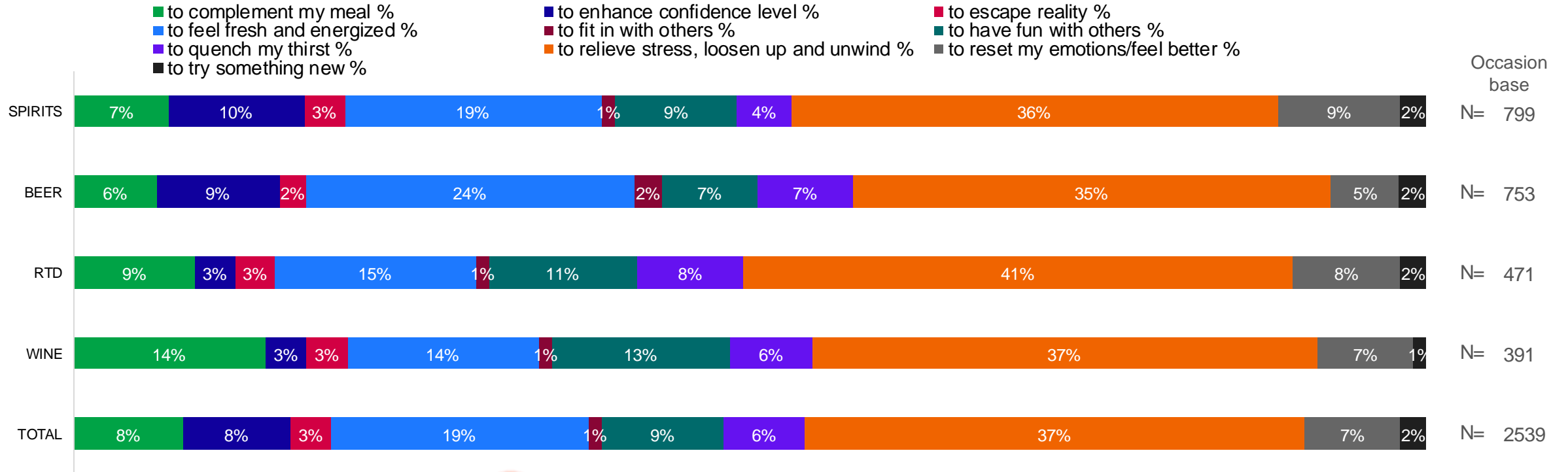
Compared to other categories, Beer is more commonly intended to drive feelings of freshness and energy, while Wine is seen as a compliment to a meal



25-34-year-olds are more likely to use **Beer or Spirits** to **enhance their confidence level** compared to other categories and age groups

Motivation for consumption

% of occasions



Women are more likely to drink to **relieve stress, loosen up and unwind** (39% of occasions) compared to Men (32%), while Men are more likely to drink to **feel fresh and energized** (22%) compared to Women (17%) across categories.

RTD Occasion Snapshot

How can you target a certain occasion?

1
who



Primarily **more females** than other categories, aged 21-50
More **suburban** than urban

2
what



Seltzers are consumed most often - 65% consumed Seltzer, Cider or another flavored Malt beverage, while 35% consumed RTD spirits

3
when



Fridays have the highest occasions, followed by Thursday – RTD spirits lead on Saturdays
Seltzers tends to be consumed **earlier in the day** vs. RTD spirits – and even earlier on the weekends

4
where



RTDs are mostly consumed in one's **own home**, followed by a friend's home

5
with whom



Spouses are the main consumption partner, seltzers are consumed more alone vs. RTD spirits
25–34-year-olds are more likely to consume RTDs **alone**
RTDs are consumed more alone on Wednesdays and Thursdays, while **weekends are social**

6
why



Largely to **relieve stress, loosen up, and unwind** with main activities of watching TV/playing video games, socializing, or eating
RTDs spirits consumed more while **socializing and eating** vs. Seltzers

Base: 190 occasions

So, wrapping this up, what does this mean for RTDs?

1



Consider targeting messaging around the benefit of “**feeling refreshed and energized**”, especially for Men, who are more likely to use this motivation than Women

2



Consider marketing and innovations that can more organically tie RTD beverages to the **brunch occasion** to connect with morning/early afternoon consumption timing

3



Opportunity to expand RTD consumption occasions – consider messaging around being the drink of choice for date night



Q&A

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Thank you!

