



Who is the American **RTD** drinker?

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Originally published in *Global Drinks
Intel. Magazine*





The **ready-to-drink (RTD)** category continues to retain its status as a widely consumed beverage type among American consumers, with On Premise drinkers keen to explore different expressions, flavours, and alcohol bases. **Andrew Hummel**, CGA client solutions director, Americas, analyses CGA's latest research data to illustrate how manufacturers, suppliers and operators can tap into the potential of RTDs by **targeting the appropriate audience and optimising product offerings**.

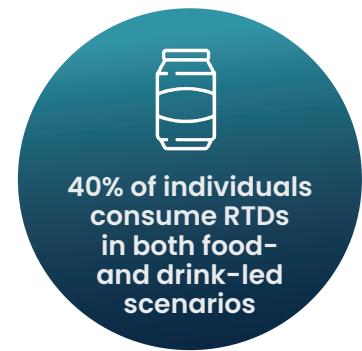
Market overview

Data from CGA's OPUS research, which provides manufacturers, suppliers, and operators with crucial insights into **consumer segmentation**, show that ready-to-drinks (RTD) are retaining their position as a **popular and successful alcohol beverage category** across the American On Premise.

The RTD drinker demographic is rather young – **with only 16% of drinkers being above the age of 55** – and, with an average of \$83,000 per year, a little wealthier than the regular American household income. On the other hand, consumption is not particularly gender-specific, as figures show that RTDs just slightly **more attractive to females (52%) than to males (48%)**.

While RTD beverages are typically associated with Off Premise sales channels, the On Premise sector serves as a critical avenue for adventurous consumers seeking to engage with the category. Indeed, CGA's research shows that **17% of American drinkers who visit bars, pubs, and restaurants have consumed RTD alcohol in the past three months**. Seasonal figures collected over the past two years also suggest that RTD consumption is consistent across seasons. **Between Fall 2021 and the following Spring, consumption sat stable at 18% of all On Premise users**. The figure experienced a slight drop of 2pp in the Fall of 2022, only to increase to 17% in the Spring of the following year.

A significant **majority of 75% of all RTD consumers dine out at least once a week**, while almost half visit On Premise venues with the primary intent of consuming alcohol. Additionally, **40% of individuals consume RTDs in both food- and drink-led scenarios**, while the remaining portion is evenly divided between those who prefer RTDs while dining out or drinking out exclusively.



Americans engage with RTDs in a range of different occasions. In more informal settings, **48% of individuals consume them as they catch up with friends, while over a third imbibe on them as a means to unwind**. Around a quarter enjoy RTDs while watching sports, as a regular everyday beverage, or during after-work drinks. That being said, RTDs are also a popular choice for more formal occasions, with **37% of drinkers choosing the category during celebrations and 25% during romantic occasions**.

Diverse motivations

RTD alcohol consumption is largely driven by convenience: **over one third of users select the drink based on what they perceive to be a good value for money proposition**, while 25% look for special offers and discounts. Over a quarter of people also trust friends' recommendations, but less – one out of five – rely on the bar staff or the menu for RTD advice.



When it comes to selecting an RTD, **people are primarily motivated by the variety of flavours offered (28%)**, which reiterates the importance of having a diverse range of options available to satisfy a broad range of preferences. Health considerations, on the other hand, do not appear to play a key role in consumer decision-making. **While 20% of individuals may look at the alcohol content, only a minority is concerned with calories.**

Approximately 20% of individuals place a premium on brand recognition, with nearly as many always choosing their favourite brand. This consumer preference is reflected in brand loyalty figures, which our research suggests to have remained relatively stable over the past two years. However, our OPUS data also indicates that **18% of consumers are actively seeking out new RTD brands and a smaller segment can be tempted by increasing product visibility on the bar or in fridges**, showing that some RTD drinkers are still keen to try new brands.



When promoting unfamiliar brands, manufacturers and suppliers need to account for the large majority – a remarkable 56% – for whom quality is paramount. **The range of flavours available come as a relatively close second with 48% of RTD drinkers looking for a variety of expressions**, meaning that there are plenty of innovation opportunities for manufacturers within the RTD category.

The packaging of RTDs carries a certain appeal for around a quarter of consumers, but a higher proportion – approximately one-third – choose based on the type of base alcohol used (e.g. malt, sugar, or spirit). Among white spirits, **vodka is by far the most popular (70%) while Tequila's popularity, selected by over half of RTD consumers, aligns with wider consumer trends in the country**. Rum is a very popular base alcohol, selected by 42% of RTD drinkers while Gin is the least appealing white spirit base (30%). Meanwhile, whisky (43%) is almost twice as desirable as brandies and Cognac (23%).

 **One-third** consumers choose RTDs based on the type of base-alcohol used.

As the **popularity of RTDs shows no signs of abating**, insights drawn from OPUS research can assist manufacturers, suppliers, and operators to more effectively target the relevant audience and fully harness the category's potential across the American On Premise.

CGA by NIQ's OPUS research provides a rich resource of data and insights that helps manufacturers, suppliers and operators answer **category, channel, occasion, and brand questions**, and optimise sales and marketing strategies across the US' On Premise industry. Meanwhile, **BeverageTrak** data combines powerful datasets to provide an ultra-granular view of how drinks categories are being ordered and distributed across the US.



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CGA's expert team can also provide **bespoke analysis to pinpoint opportunities** for individual brands and sub-categories. To learn more about CGA's capabilities across the On Premise, visit www.cgastrategy.com and email **Andrew Hummel** at Andrew.Hummel@nielseniq.com.