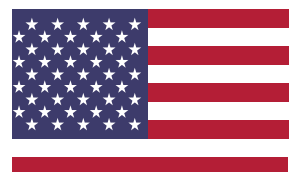




# On Premise Draft: Investing in Brand Equity

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Exclusive analysis of draft beer sales, style and segment trends and what consumers want

The Draftline and CGA by  
NIQ Draft Beer Report





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**Welcome to the first Draft Beer Report from Draftline Technologies and CGA by NIQ, packed with expert insights to help drive sales growth and engage consumers in the US On Premise.**

CGA by NIQ's data shows the draft beer market is worth **\$21.8bn** a year in the traditional On Premise. It achieves **25%** of all beer sales in the US, as well as **51%** of On Premise beer revenue—but its influence goes far beyond that. Draft is where brands achieve the best exposure, positioning and sampling, and good experiences with it can lead to sales in the Off Premise beer market as well. We also know that draft is also a key factor in the craft beer super cycle, which has seen the number of US breweries soar to more than **9,000**, and the number of brands rocket from around **1,000** in the 1970s to more than **60,000** now. We estimate that this has led to the creation of some **1.5** million lines in the US—more than triple the number available in the 1980s.

These remarkable figures show why understanding the latest trends and consumers' needs in the draft market is so important. In this report we combine CGA by NIQ's latest research with Draftline's expertise in the beer market to reveal the current state of play and future opportunities in draft. We hope you find it interesting and would love to hear your views.

## About our report

Data in this report is drawn from three sources within CGA by NIQ's portfolio of research tools:

**On Premise Measurement (OPM)** and **BeverageTrak**, the definitive sources of drinks sales data in the US On Premise.

- CGA OPM to W/E 03/23/2024 California Case Study OPM
- W/E 06.15.2024 vs YA
- CGA BeverageTrak L12w to August 3 2024

**TD Linx**, the authoritative database of bar, restaurant and other licensed outlets in the US.

- (TD Linx March 2024, California June 2024)

**On Premise User Survey (OPUS)**, a regular survey of 30,000 nationally representative On Premise consumers.

- (CGA US Spring OPUS)

**NielsenIQ (NIQ) Retail Measurement Services (RMS)**

- Total US xAOC, RMS; 52 week ending 10/26/2024

To learn more about these and other research solutions delivered by CGA by NIQ, visit [www.nielseniq.com](http://www.nielseniq.com).

## Beer in the US On Premise: CGA's expert overview

How has the beer category performed in the US On Premise in recent months? CGA by NIQ's research suite provides insights from three key perspectives: outlets, sales and formats.

### Outlets: Solid growth in distribution

After all the challenges of the COVID-19 pandemic, the BevAI outlet universe is back in solid growth. TD Linx shows there were **300,104** licensed outlets across the US at March 2024—**1.4%** more than 12 months previously. More than **99%** of these venues are licensed to sell beer and approximately 180,000 sell draft beer specifically.

With the exception of fine dining restaurants, casual nightclubs and premium bars, all On Premise channels have increased in size in the last year. There has been notably good growth in casual outlets where draft beer is a popular choice, like neighborhood bars (**1.7%**), casual dining restaurants (**2.0%**) and sports bars (**0.4%**)—and it has been fastest of all in quick service restaurants (**5.8%**). These upward trends have brought new opportunities for the discoverability and sale of beer brands on draft.

### Sales: Downward trends but draft more resilient

While distribution has increased, sales trends have been less positive. CGA's OPM data for the 12 months to end-March shows a **2.5%** drop in beer sales by value, a **6.1%** dip by volume, and a **9.2%** slide in rate of sale. This indicates that volume losses have been softened by increases in prices.

These negative trends are part of a wider fall in BevAI consumption in the US On Premise. Beer has proved more resilient than other mega-categories



like spirits, where the drop in sales by value has been nearly three times as steep as beer at **8.0%**; and wine, where it has been more than double at **5.5%**.

### Formats: Draft beats packaged in the traditional On Premise

Within the beer category, draft products have performed slightly better than packaged in the last year. Draft sales by value fell by **2.0%**—slower than the **2.6%** drop in packaged. Draft continues to command a greater share of the beer market and now has **52.3%** of all volumes, compared to packaged beer's share of **47.7%**.

CGA's BeverageTrak data shows draft also commands a much higher average value velocity in all top sub-categories—especially the craft and domestic super premium segments. A breakdown of sales by daypart confirms this is the case for most times of day, though draft's dominance is particularly apparent during the mid-afternoon and early-evening periods, when velocity is double that of packaged beers.

Another positive trend on the draft side can be found in market penetration. CGA's data shows draft beer increased its total distribution points by **8.1%** in the 12-month period—more than double the **3.5%** increase of packaged. While general BevAI performance in the last 12 months has been weaker than suppliers would like, draft beer clearly remains an integral part of the US On Premise, with a market presence that sets it up for better performance in the years ahead.

**\$7.35**

Average selling price of a draft serving of craft beer

**80.5%**

Across all beer selling outlets, Draft's share of total craft beer sales in California's On Premise

## Craft and draft: A California case study

California has long been a hotbed for draft and craft beer in the US, and CGA by NIQ's state data shows they both remain integral parts of the On Premise.

Total beer sales in California totaled **\$4.4bn** in the 12 months to mid-2024, taking **36.1%** of total BevAI sales. Draft attracted **60.3%** of those sales—a higher share than the US-wide average of **52.3%** and a year-on-year gain of 0.5 percentage points at the expense of packaged products.

Draft is as popular with Californian venues as it is with beer consumers. In the average dining and drinking venue in the state, when both draft and packaged formats are stocked in the same outlet, draft beer earns **+367%** more than the value of packaged beer.

The gap is even wider when it comes to the craft category. When served by draft, this generates the

average Californian outlet an added **+657%** of the value velocity of packaged. Draft dominates craft, with an **80.5%** share of all sales.

Craft draft beer can also command a significantly higher price. Consumers pay an average of **\$7.35** for a 16oz serve in California—**12%** higher than the average of **\$6.54** for packaged products. Draft also outprices packaged on other key segments, like import and domestic premium. In addition, with regards to Gross Profit per Case Equivalent, there is reward with profitability of craft beer, highlighted by higher profits per sale for Premium Domestic (**73%**), Craft (**21%**) and Domestic Super Premium (**42%**).

All these numbers make a compelling case for prioritizing draft. At a time when spending is under such pressure, it's the ideal format attracting consumer dollars with a unique experience that can't be recreated at home.

**657%**

Draft generates +600% the value velocity of packaged in the craft category when both are available in the average outlet.

### A short history of Cali craft

The popularity of craft beer on draft dates back to the start of the craft beer movement. Anchor Brewing is widely credited as the birthplace of American craft, having reinvented itself in the 1960s as a brewer of artisan beers and heritage styles. Several small start-ups emerged in the 70s, before Ken Grossman opened the Sierra Nevada Brewing Co and its Pale Ale in Chico in 1980. A steady stream of micro-breweries and brewpubs followed, and by 2000 there were at least 200 craft operators across California.

The Californian Craft Brewers Association estimates that California is now home to more than **1,100** craft breweries—more than any other US state. They produce around **3.5** million beer barrels a year, and are major contributors to the Californian economy, generating around **\$8.8bn** annually and supporting nearly **50,000** jobs. TD Linx shows there were over **35,000** traditional On Premise licensed outlets across California in June 2024—**350** more than 12 months previously. More than **99%** of these venues are licensed to sell beer and approximately **26,849** sell draft beer specifically.

The rich history and density of brewers in California makes it the perfect place to showcase craft on draft. The CCBA says **95%** of state residents now live within 10 miles of a craft brewery—and while some enjoy packaged products, draft remains overwhelmingly the preferred serve.

## The draft beer drinker in numbers



**300,104**

Total BevAI outlets in the US at March 2024



**1.4%**

Growth in outlets in the 12 months to March 2024



**2.5%**

Drop in total beer sales by value in the 12 months to March 2024



**52.3%**

Draft beer's current share of total beer sales in the traditional On Premise



**9.5%**

Growth in draft beer distribution points in the 12 months to March 2024

## Segments and styles

For all venues and suppliers, it's vital to understand the latest changes in beer drinkers' demands and adapt draft accordingly. CGA's sales data reveals the key segments and styles to track in order to optimize offerings.

### Segments: Share growth for imports and below-premium

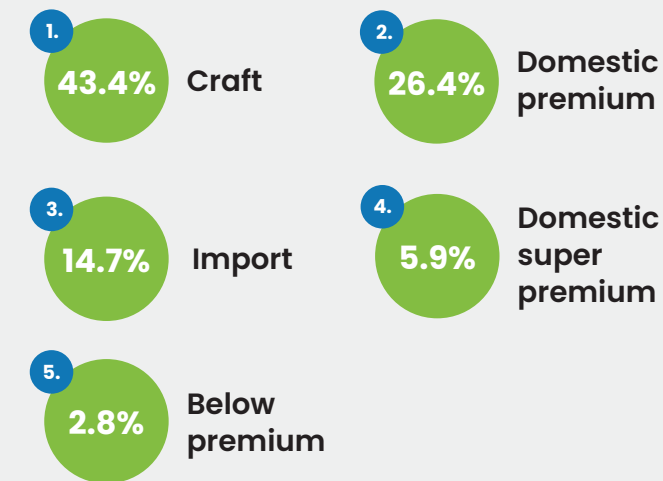
CGA's breakdown of draft beer sales shows craft remains the most popular choice for US consumers. It took **47.2** cents in every dollar spent on draft in the 12 months to end-March (see box). But beyond craft, there have been two notable trends in draft style choices.

One is in the balance of domestic and imported beer. Domestic premium and super-premium brands share **32.8%** of all draft sales, but their split has fallen by **0.8** percentage points in the last 12 months. By contrast, imports have increased their volume share by **0.5** percentage points to **14.7%**. It's a sign that some beer drinkers are increasingly looking beyond the US for different tastes and new brands (see box). Imports share gain is a result of its increased availability on draft.

The second shift is in the demand for premium and value draft beer. Against that **0.8** percentage point drop for domestic premium and super-premium, below-premium has increased its share by **0.2** percentage points to **2.8%**. This may be a small change, but it indicates how some drinkers are sharpening their focus on price as pressure on their spending continues.

### Top five draft segments

Numbers in brackets show share of draft beer sales by volume in the 12 months to end-March



### Countries of origin

As some US drinkers turn towards overseas brands, CGA's data reveals the top countries of origin. Comfortably topping the list outside the US is Mexico, which has eight times the sales by value of the second placed nation, Ireland—though Mexico's current year-on-year growth (**2.9%**) outpaced by Ireland's (**10.1%**).

The rest of the top ten is dominated by Europe, with Holland, Germany, Italy, Belgium, England and Austria all present, alongside Japan and the US'

neighbor, Canada. However, year-on-year sales are down in all these countries except Italy.

Beyond this top ten is a long tail of countries of origin for beer in the US. While sales from most of them are still relatively low, drinkers' thirst for new brands may open up extra sales in the years ahead. For suppliers and venues alike, the challenge will be to find the optimum range, balancing mainstream options from established beer nations with niche brands from fresh territories for more experimental consumers.



### Styles: No and low alcohol among the winners

While sales of many beer styles have fallen in the last 12 months, there have been pockets of growth.

The most significant of them is no and low alcohol beer, where combined draft and packaged volumes have risen **25.9%** year-on-year and distribution points have jumped **10.7%**. It remains a small element of the market, but it's an increasingly visible part of draft as well as packaged portfolios in the On Premise. With more consumers focusing on their health and moderating alcohol intake, there is plenty of growth potential in the years ahead.

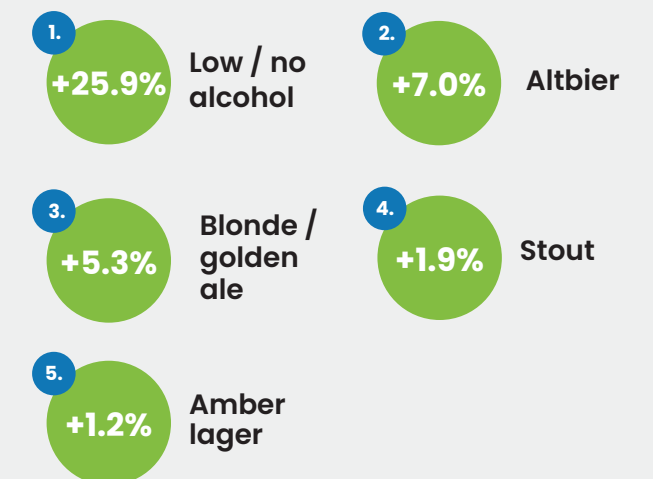
Other growing styles (see box) include altbier—another small category, but one that has earned volume growth of **7.0%**. Blonde and golden ales, stout and amber lager are much more substantial styles, sharing annual sales of more than **\$3bn**—and all three have been in year-on-year volume growth.

Amber lager's resilience may have come at the expense of other common styles like pale lager and

India Pale Ale, where volumes dropped by **6.0%** and **5.8%** respectively. Other styles with falling volumes include seasonal beers (down **14.3%**), pale ale (down **5.6%**) and pilsner (down **9.6%**).

### Five growing draft beer styles

Numbers in brackets show share of draft beer sales by volume in the 12 months to end-March





## The draft beer consumer

CGA data indicates that nearly 30 million US consumers have bought draft craft beer in the US On Premise over the last three months. But who are these drinkers, and what motivates their purchases? The latest edition of CGA's On Premise User Survey provides the answers.

The research shows draft beer is a universally popular choice. While two thirds (66%) of craft beer consumers identify as male, and half (51%) are aged 55 or over, this leaves a substantial number of female and younger drinkers. Those aged 21 to 34 over-index for segments like imported beer, and they're much more likely than average to look for health aspects, like alcohol content and artificial ingredients.

Nearly two in three (63%) draft beer drinkers say they go out to eat at least weekly—three percentage points more than the average US consumer, and four more than the average packaged beer drinker. Because 21 to 34 year-olds are even heavier users of the On Premise—71% of them go out to eat at least weekly, compared to 50% of those aged 55 or

over—they represent a particularly good opportunity for draft beer brands and venues.

Everyday meals with family and friends are their most common occasions—which points to the opportunities for draft beer sales well beyond bars, and in relaxed restaurants in particular. More than two in five (43%) have been to a casual dining chain restaurant in the last three months, while 38% and 33% have been to independently-owned and fast casual restaurants respectively. Sports bars, neighborhood bars and tap rooms are their next three most popular destinations.

Draft consumers also tend to be freer with their spending and more experimental than their packaged counterparts. They spend an average of \$160 on eating and drinking out—\$11 more than the average consumer—and have an average of 6.7 brands in their repertoire—slightly higher than the 6.5 among packaged beer consumers. It all emphasizes the huge value of draft beer consumers to the On Premise, and the importance of meeting their expectations.

### The draft beer drinker in numbers



### Why choose draft?

In many On Premise venues, beer drinkers have a choice between draft and packaged serves. So what makes them select draft? CGA's OPUS data reveals a variety of factors are at play (see box). Most important of all is taste, but draft also signifies freshness in many drinkers' minds—so these two selling points should be front and center of in-venue promotional activity. A preference for glasses over bottles or cans and value for money are among the other top drivers to draft.

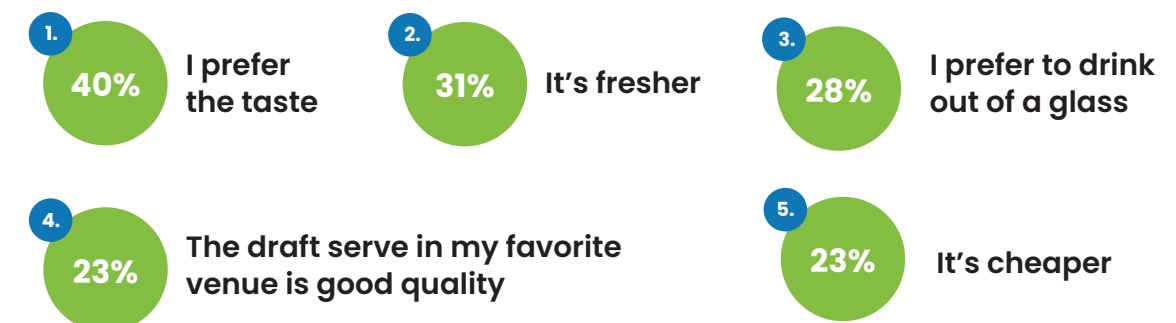
Taste is the top factor for packaged beer drinkers too, but they are also driven to this format by the reassurance that what they get will be of a consistent quality every time. Venues that want to attract more drinkers to draft need to focus on system maintenance to ensure consistent quality and temperature every time.

OPUS also provides clues to the factors that influence craft beer choices. The style of beer, brewery and specific brand are the top three drivers here—which means venues need to give drinkers a quick and clear indication of their options at their points of purchase, as well as a variety of choice that balances mainstream and newer brands.

The keg package is eco-friendly

Avg lifespan of a keg is 30 years!

### Top five reasons for choosing draft over packaged





## Growing the draft market: Six areas for focus

### 1. Low/No Alcohol options

Strong growth in low and no alcohol draft beer shows the increasing interest in health—especially among younger consumers. A fifth (**21%**) of beer drinkers aged 21 to 34 say a healthy lifestyle is important to them, and the number is likely to rise in the future. Venues that find room for no and low alcohol draft taps are well placed to capitalize on this market.

### 2. Environmental Impact

Draft can also play to younger consumers' interest in ethics. One in eight (**12%**) of those aged 21 to 34 says an environmentally-friendly lifestyle is important to them, and the greater sustainability of draft—served in reusable glasses rather than single-use bottles or cans—can be attractive. Younger drinkers also place greater emphasis on things like supporting communities and good causes, so these might also be emphasized in promotional activity.

### 3. Food

With so many beer consumers eating out frequently, there's significant untapped potential for draft beer in restaurants—especially casual dining venues. Promoting food-and-drink pairings is one route to growth.

### 4. Compete on all fronts

Draft beer has a loyal consumer base, but there is room to attract drinkers from other categories. CGA's data shows **42%** of all consumers drink beer in the On Premise, with wine (**28%**), cocktails (**26%**) and vodka (**24%**) the next most popular. Tempting consumers away from categories like these isn't easy, but understanding their motivations may help to achieve crossover purchases.

### 5. Maximize Draft Options

Draft cocktails, wine, kombucha and others have been tipped as potential growth areas for some time. Because they are already familiar with tap-dispensed serves, draft beer drinkers can be a good target. Well over half (**56%**) of draft beer drinkers have either already tried cocktails on tap or are open to the idea—six percentage points more than the average among all consumers. In-outlet influences like limited-time offers could encourage trial here.

### 6. Quality

It's very clear that many beer drinkers are attracted to draft because of its superior taste and freshness. However, consistency is all-important. If drinkers don't get the quality they expect from draft they will turn to other options or stop spending in a venue entirely. Dependably high-quality beer, dispatched from efficient and well-maintained lines, is vital.



# Make Draft Work

Grow Market Share, Increase Sales,  
Reduce Portfolio Churn & Ensure  
Draft Quality with Our Integrated  
On-Premise Solutions

Draftline Technician



Draftline Data

[draftlinetechnologies.com](https://draftlinetechnologies.com)



### Jennifer Hauke

Founder and Principal, Draftline Technologies

Jennifer Hauke is the Founder of Draftline Technologies. Jennifer has spent the last thirty years working in the On Premise draft category, beginning with her family's company in Detroit, Michigan. With a background that includes everything from draft service, installation, administration, and routing to product research, software development, data implementation, and sales strategy. Jennifer and her husband, Drew have three children and call Winter Park, Florida home.

## Testimonials

"The information that we receive from Draftline reports is incredibly valuable. We are two steps ahead of our competition and our Team Leaders can lay out effective plans from their sales teams. By targeting specific competitive brands, we can reference where we are missing opportunities for increased distribution and sales. It is a great tool to get a bird's eye view of the overall market, and to pinpoint underrepresented breweries, brands, accounts, and territories.

Our seasonal conversations have increased by tracking competitive brands lingering in the market past their seasons.

Draftline has also given us an advantage when launching new suppliers. Using different reports,

we can custom tailor a target list of accounts for distribution that makes sense and doesn't hinder the performance of any other brands in house. We can monitor open draft lines available in the market and identify where product churn is happening too frequently.

Draftline will absolutely put you in a position to increase your market share of taps, and we all know that leads to increased sales and profitability."

**Nick Berg , On Premise Team Leader –  
Doll Distributing**



### About CGA by NIQ

CGA by NIQ provides definitive On Premise consumer intelligence that reveals new pathways to growth for the world's most successful food and drink brands. With more than 30 years of best-in-class research, data, and analytics, CGA by NIQ provides the Full View™.

CGA by NIQ works with food and beverage suppliers, consumer brand owners, wholesalers, government entities, pubs, bars, and restaurants to protect and shape the future of the On Premise experience. Using the most complete and clear understanding of measurement and insights, CGA by NIQ provides a competitive edge to guide winning strategies for On Premise businesses.

NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit [NIQ.com](http://NIQ.com) or [www.cgastrategy.com](http://www.cgastrategy.com).



### About Draftline Technologies LLC

Draftline operates in 40 states. The Draftline database tracks tap handle data in 100,000+ on-premise accounts and over 1,000,000 draft beer lines. Our Draftline Data product offers a suite of reports to measure brand performance, monitor new tap handle placements, and identify opportunities for growth. To "make draft better" we offer a Technician Services product for managing and monitoring beer line system maintenance which includes the capabilities to provide third party service audits, and supplier compliance tools.

[www.draftlinetechnologies.com](http://www.draftlinetechnologies.com)

