US ON PREMISE IMPACT REPORT

CGA by NielsenIQ, July 2022

INTRODUCTION

CGA's dedicated focus is to measure, understand and consult on the On Premise channel in many countries around the world.

In these times of unprecedented change in both consumer needs, and in the very infrastructure of the channel, robust data-driven insights and consultation has never been more important.

Since COVID-19 hit us all in March 2020, we have been committed to providing bi-monthly, free for all, custom research designed specifically to add value to the topic areas that you, our valued customers, have told us is important.

Based on the incredible value that clients have told us these reports have delivered, we are continuing to deliver these going forwards as a way of tracking key metrics in the On Premise and exploring hot topics as they arise.

This update covers new research into current satisfaction with service within the On Premise, premiumization within late night visits, craft beer preferences and the impact of the rising cost of living to the hospitality industry.

During last week (July 20-22) CGA by NIQ surveyed 1605 respondents from Florida, Texas, California and New York on their expectations, desires and how they plan to behave in the next two weeks.

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CHANNEL STRATEGY STUDY 2022

Launching Q3 2022

Providing the insights and clarity for suppliers on where the opportunity for their brand/category is and how they need to tailor tactics to win in this space.

KEY MILESTONES:
Detailed intro and early commitment opportunity – July 2022
Fieldwork – Ongoing
Reports Available – From late August 2022

CORE CGA BY NIQ ON PREMISE SOLUTIONS

Essential Services to support your On Premise Strategies

OPUS

Consumer Insights

+ Build unique, compelling, sales stories by channel and brand

+ Understand brand engagement, serve styles, and consumer preferences by channel and occasion

+ National account RFP support drives revenue and fosters strong operator partnerships

+ Key topic syndicated reports and custom projects provide guidance for complex business cases

+ Ability to gain exclusive insights through custom questions*

BeverageTrak

On Premise Sales Data

+ Granular check-level sales data shows how brands & categories are being consumed, when and at what price

+ Day and daypart tracking measures performance and activation ROI enabling sales and marketing teams to develop effective strategies

+ Quick turnaround produces early indicator of key subchannel trends

OPM

Sales Performance

+ Industry leading Spirit, Beer, and Wine volumetric (L) & sales ($) measurement

+ Barometer for brand and category performance & benchmarking

+ Robust high-level data designed for central insights, brand and category teams, and c-suite

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CGA BY NIQ CONSUMER TOOLS

Additional Consumer Reporting where CGA by NIQ's expertise can be leveraged

Custom RFP Support Decks

Take banner-specific sales stories to your national account customers to give insights on not just your product but the market at large

Consumer Segmentation

Enabling you to more strategically and effectively target drinkers with messaging and offerings that relate to them, ensuring $ are spent more effectively in On Premise brand building

Optimum Assortment

CGA by NIQ's assortment tool allows you to enable your teams to showcase the optimal range for outlets and highlight where brands should be placed within a range to achieve highest sales and increase customer satisfaction

Custom Research

From online surveys to focus groups and in-outlet interceptions, CGA by NIQ has access to millions of consumers across the world to answer your most important questions

Path to Purchase

Understand the decision corridor consumers go through when purchasing products, and identify how these choices impact the decisions that result in final sales

Bartender Research

Bartenders and servers are the final touch point of influence in the channel. With such change, understanding advocacy and bartender needs is extremely important in influencing the sales of your products

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SUMMARY: KEY METRICS/ON PREMISE VISITATION

+ Two thirds of consumers have visited restaurants and/or bars for food-led occasions in the past 2 weeks, while around 2 in 5 have done so for drink-led occasions.
+ The frequency of visits to On Premise venues has remained consistent with 3 in 4 consumers having visited the On Premise 3 or more times in the past 3 months.
+ Future visitation remains positive with 7 in 10 planning to eat out in the On Premise during the next 2 weeks and almost half planning to head to venues for drink-led occasions.
+ Beer and cocktails remain the most consumed alcoholic drink categories in bars and restaurants.
+ Over 3 in 5 consumers' most recent visit to the On Premise was in the past week. There also remains a strong eagerness to visit the On Premise in the near future, with 57% intending to make their next visit to bars/restaurants within the next week.

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SUMMARY: HOT TOPICS

ON PREMISE SATISFACTION

- Reassuringly, consumers show high satisfaction levels across key elements of their visits to the On Premise.
- 9 in 10 are very satisfied/satisfied with the quality of service, and similar proportions are satisfied with food wait time, staff knowledge and wait time for drinks.

PREMIUMIZATION IN LATE NIGHT

- Among the 8% of consumers who have stated visiting On Premise venues for late night occasions (after 10pm) in the past 3 months, two thirds have paid extra for better quality drinks.
- Such high levels of trading up present strong opportunities within late night occasions. This is especially true for whiskey and tequila – the categories most commonly “traded up”.

SUMMARY: HOT TOPICS

CRAFT BEER BREWERIES

- 1 in 5 On Premise visitors have consumed craft beer in the past 3 months.
- Independent breweries local to their region are most popular with category drinkers (particularly in California), closely followed by independent microbreweries local to their town/city (over-indexing in New York).
- Half of craft beer drinkers consume lager, making it the single most popular style of craft beer, although various alternatives also have high consumption rates.
- Having seasonal craft beer options available is key with drinkers liking to experiment within the category. Despite this, it is also essential for craft breweries to have a flagship beer that is always available.

COST OF LIVING

- A third of On Premise visitors say they are currently spending more in venues per visit compared to 3 months ago, while 18% say they are spending less.
- The main reasons for spending more include increased prices for both food and drink.
- Looking forward, 3 in 10 expect they will spend more in the next 3 months per visit to venues than they currently do, compared to 15% expecting to spend less.
- 2 in 5 consumers agree recent inflation has had a negative impact on their disposable income with a similar proportion expecting to have to cut back on visits to bars/restaurants because of this.

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KEY METRICS / ON PREMISE VISITATION

LOOKING BACK

65%

OF CONSUMERS HAVE GONE OUT TO EAT IN THE PAST 2 WEEKS
(-3pp vs. June 2022)

42%

OF CONSUMERS HAVE GONE OUT FOR A DRINK IN THE PAST 2 WEEKS
(-1pp vs. June 2022)

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SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1600 - 1605)

LOOKING FORWARD

71%

OF CONSUMERS PLAN TO GO OUT TO EAT IN THE NEXT 2 WEEKS
(+1pp vs. June 2022)

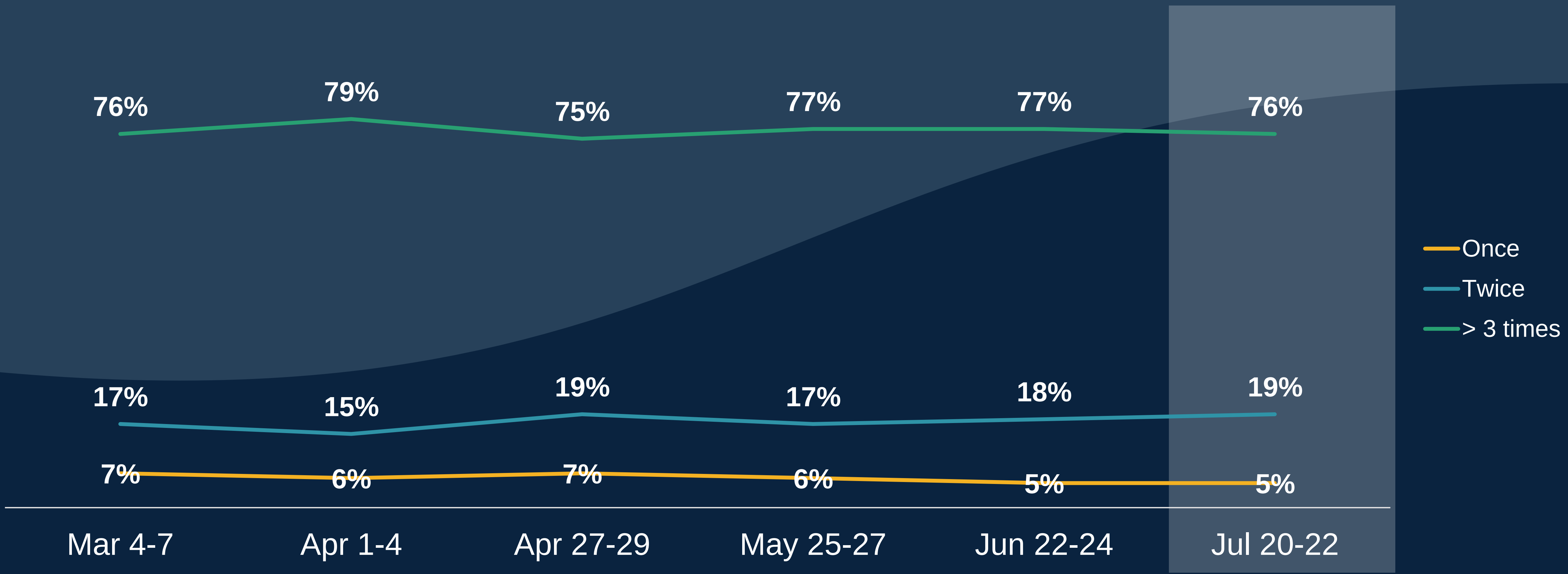
46%

OF CONSUMERS PLAN TO GO OUT FOR A DRINK IN THE NEXT 2 WEEKS
(-1pp vs. June 2022)

SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1600 - 1605)

FREQUENCY OF ON PREMISE VISITS IN THE PAST 3 MONTHS BY THOSE WHO HAVE BEEN OUT

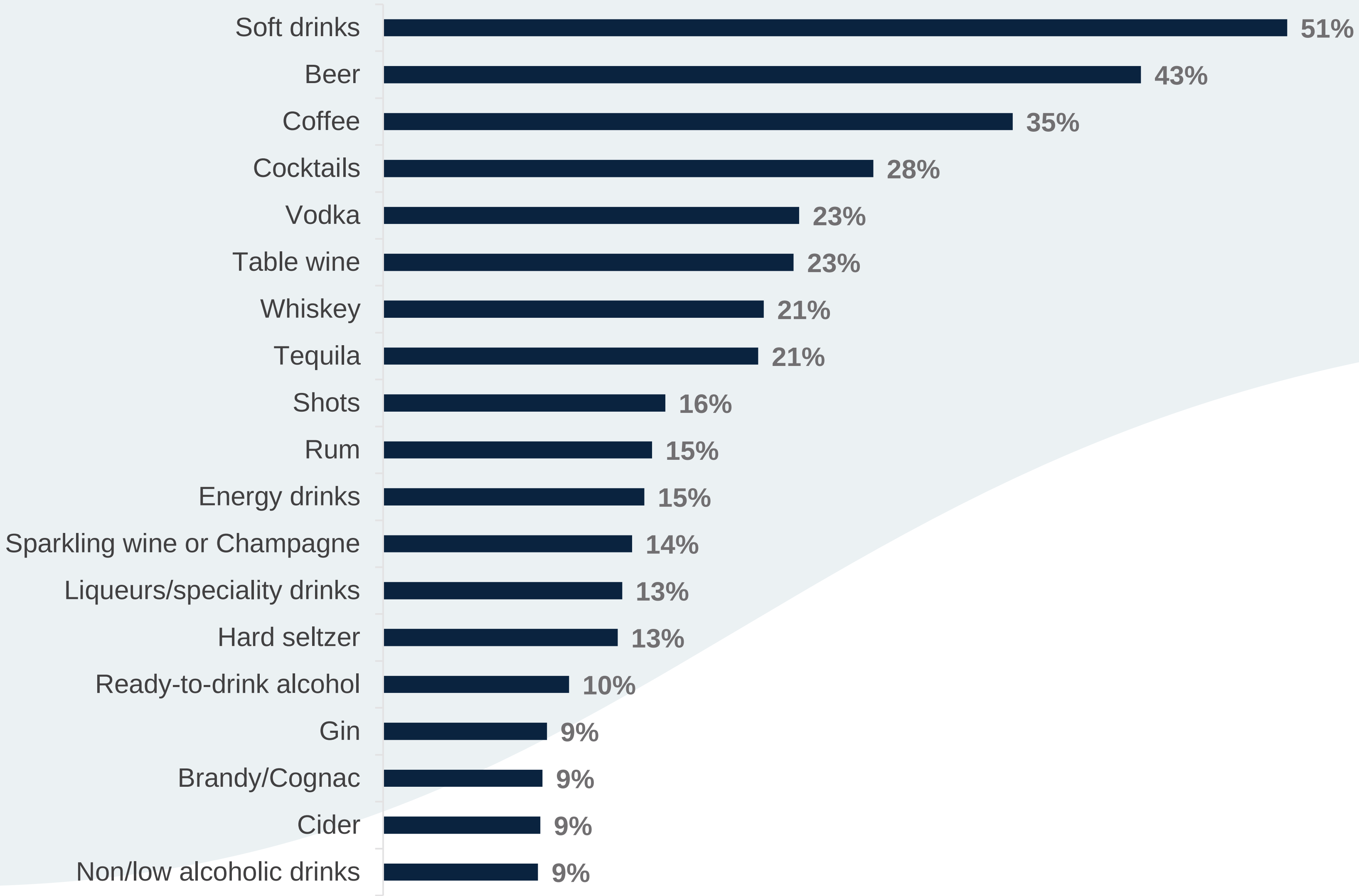
The changes across 6 months



SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1586 - 2005)

WHICH OF THE FOLLOWING HAVE YOU HAD IN BARS AND RESTAURANTS IN THE PAST 3 MONTHS?

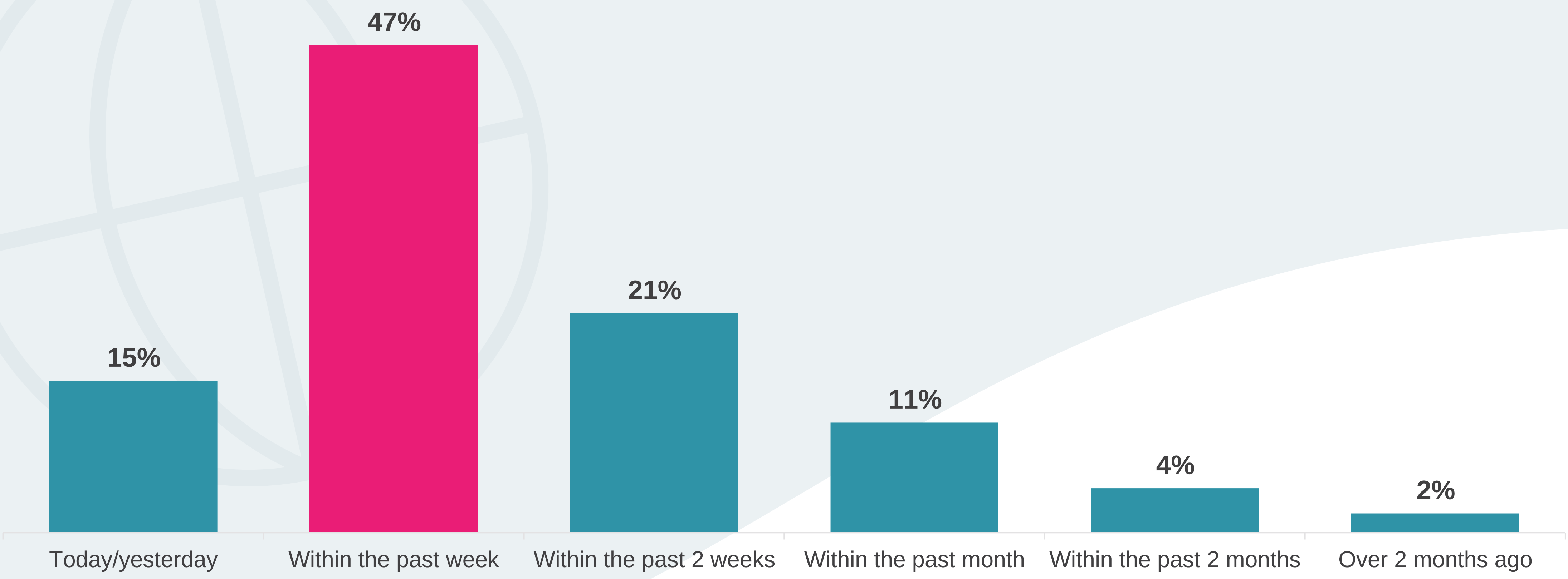
Drink choice of those who have visited the On Premise in the past 3 months



SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1605)

WHEN DID YOU LAST VISIT BARS AND/OR RESTAURANTS?

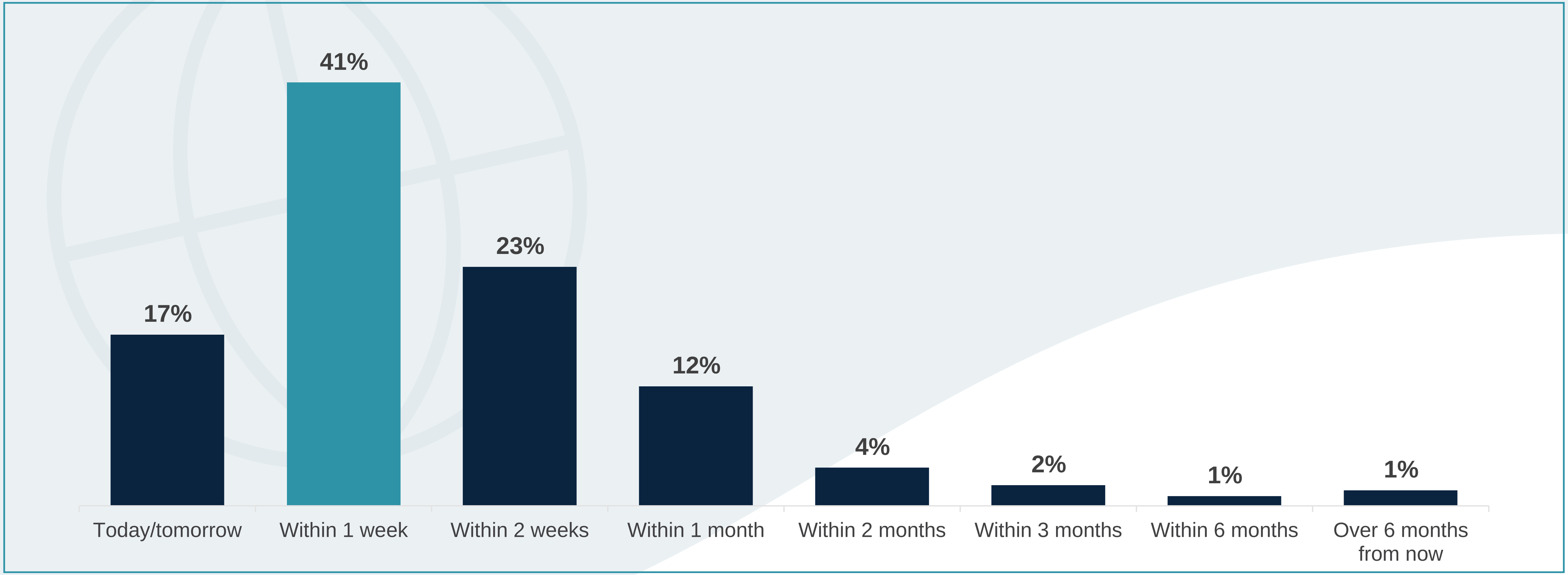
Previous bar and restaurant visitation



SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1605)

WHEN ARE YOU PLANNING TO NEXT VISIT BARS AND/OR RESTAURANTS?

Planning for future bar and restaurant visitation



SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1605)

HOT TOPICS

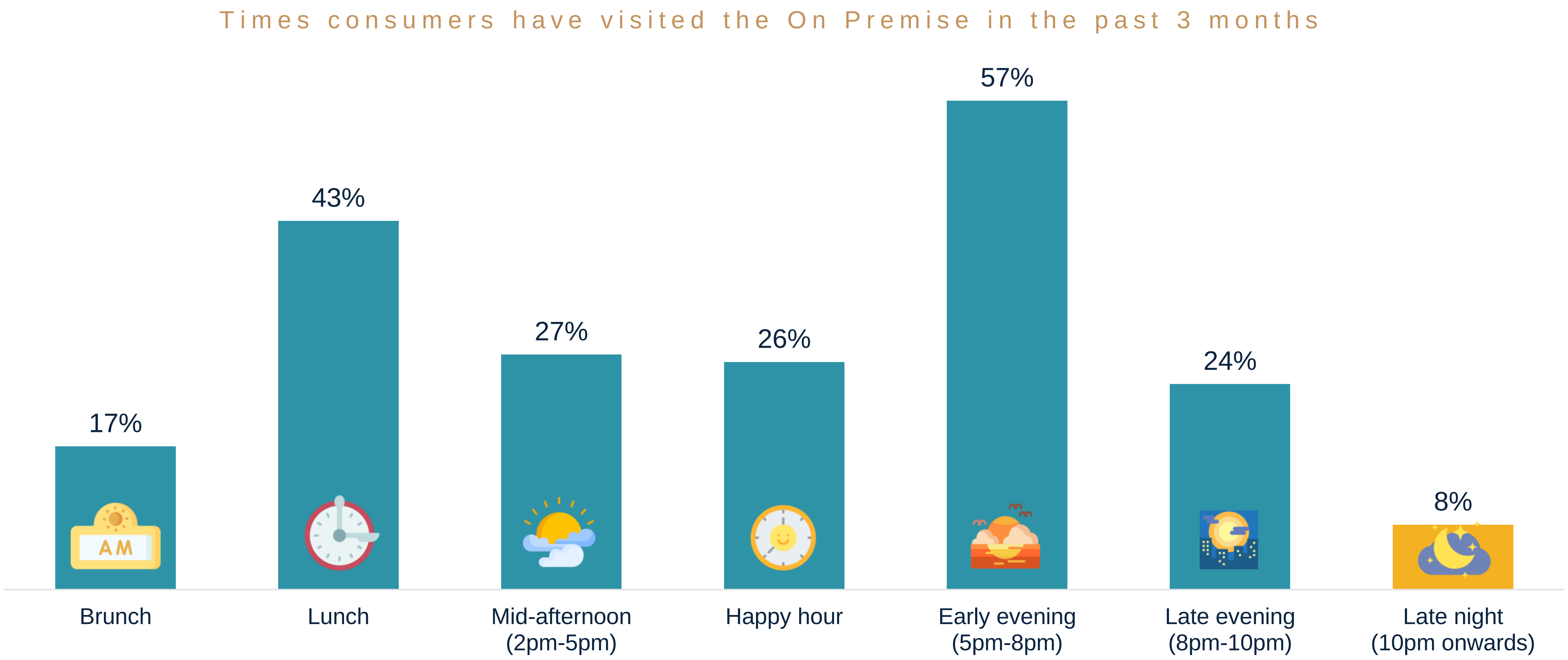
SATISFACTION ON RECENT VISITS TO BARS, RESTAURANTS OR SIMILAR VENUES IN THE PAST 3 MONTHS

% Very satisfied/satisfied with...

90%	88%	87%	85%
Quality of service	Wait time for food	Staff knowledge	Wait time for drinks

SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1605)

WHICH OF THE FOLLOWING TIMES OF DAY HAVE YOU VISITED BARS AND RESTAURANTS FOR FOOD OR DRINK IN THE PAST 3 MONTHS?



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SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1605)

HAVE YOU PAID EXTRA FOR A BETTER-QUALITY DRINK IN A VENUE DURING A LATE-NIGHT OCCASION IN THE PAST 3 MONTHS?

Asked to consumers who visited the On-Premise late night in the past 3 months

64%

of consumers have paid extra for a *better-quality drink* when visiting late night

3% don't know

32%

of consumers have not paid extra for a *better-quality drink* when visiting late night

SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (121)

WHICH OF THE FOLLOWING DRINKS DID YOU PAY MORE FOR?

Asked to consumers who pay extra for better quality drinks during late night

Whiskey	Tequila	Beer	Cocktails	Vodka	Liqueurs/ speciality drinks	Shots	Table wine	Rum	Brandy/ cognac
51%	49%	44%	40%	36%	32%	31%	29%	29%	29%

SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (78)

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TYPES OF BEER CATEGORY CONSUMERS HAVE HAD IN THE PAST 3 MONTHS

Asked to beer consumers only

Domestic	66%
International	61%
Craft	48%

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SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (685)

CRAFT BEER BREWERY TYPES CONSUMERS TYPICALLY CHOOSE

Asked to craft beer drinkers

67%
Independent craft brewery local to my region

63%
Independent microbrewery local to my town/ city

50%
Independent national craft brewery

38%
National craft brewery

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SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (326)

CRAFT BEER BREWERY TYPES CONSUMERS TYPICALLY CHOOSE

Split by state

New York		California		Florida		Texas	
Independent micro brewery local to my town/ city	74%	Independent craft brewery local to my region	76%	Independent craft brewery local to my region	59%	Independent micro brewery local to my town/ city	63%
Independent craft brewery local to my region	72%	Independent micro brewery local to my town/ city	63%	Independent national craft brewery	56%	Independent craft brewery local to my region	57%
Independent national craft brewery	49%	Independent national craft brewery	50%	Independent micro brewery local to my town/ city	49%	Independent national craft brewery	45%
National craft brewery	33%	National craft brewery	40%	National craft brewery	43%	National craft brewery	36%

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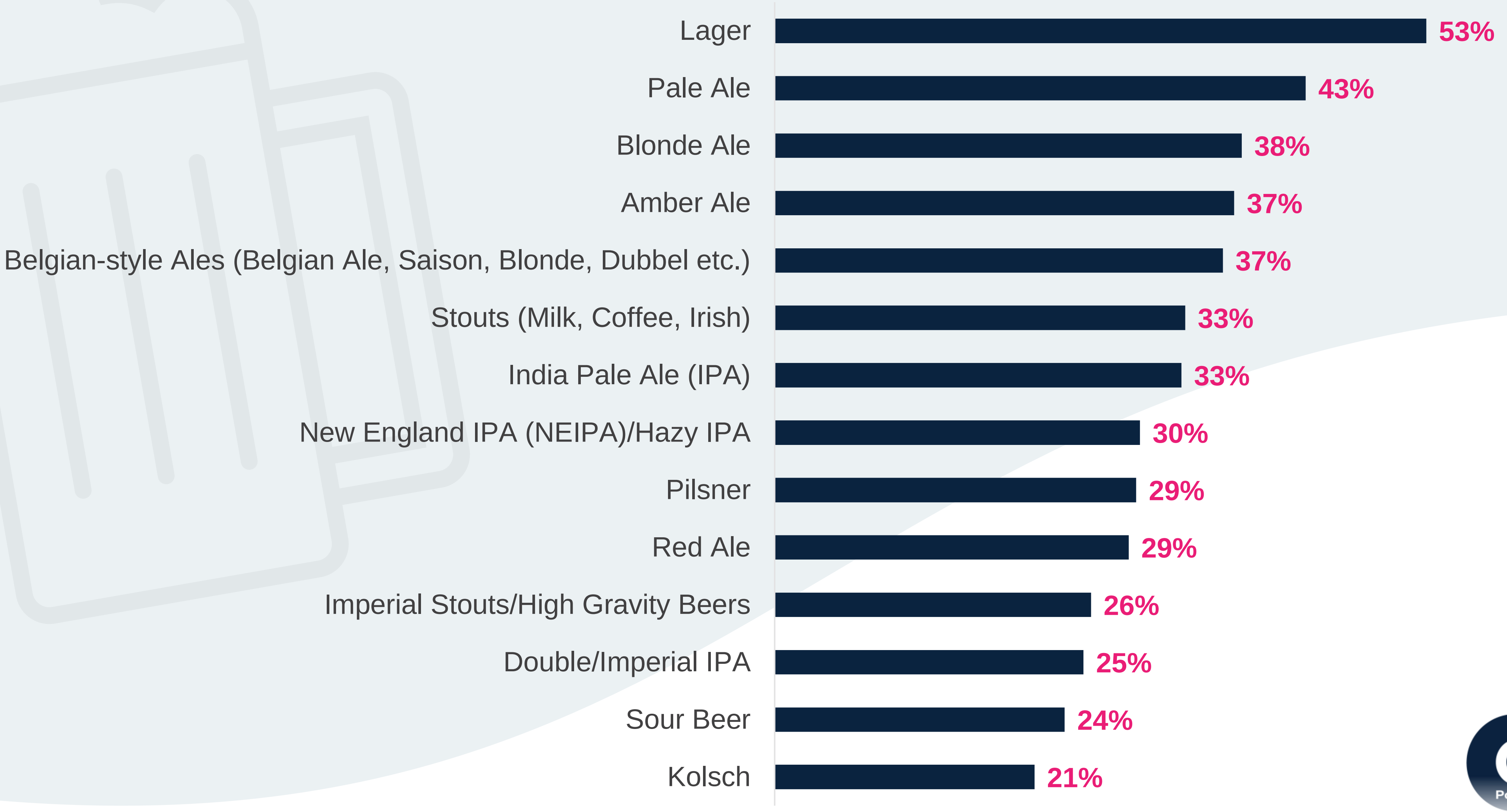
SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (67-94)

WHICH OF THE FOLLOWING CRAFT BEER STYLES DO YOU TYPICALLY DRINK?

Typical beer style choice of craft beer drinkers



SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (326)

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

Asked to craft beer drinkers

% Strongly agree/agree with…

If a brewery released a seasonal craft beer offering, I would be likely to try it over my typical craft beer choice	83%
It's important for a craft brewery to have a flagship beer that's always available	83%
I prefer to support local independent craft breweries over larger, national craft breweries	81%
I consistently drink seasonal offerings when they are made available by craft brewing companies	78%
I tend to change the style of craft beer I drink based on the season (e.g. Lighter beers in the summer)	73%

SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (326)

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AVERAGE SPEND NOW ON ALCOHOL PER VISIT TO THE ON PREMISE VERSUS 3 MONTHS AGO

Spend comparison between now and 3 months ago

18% Have been spending <u>less</u>

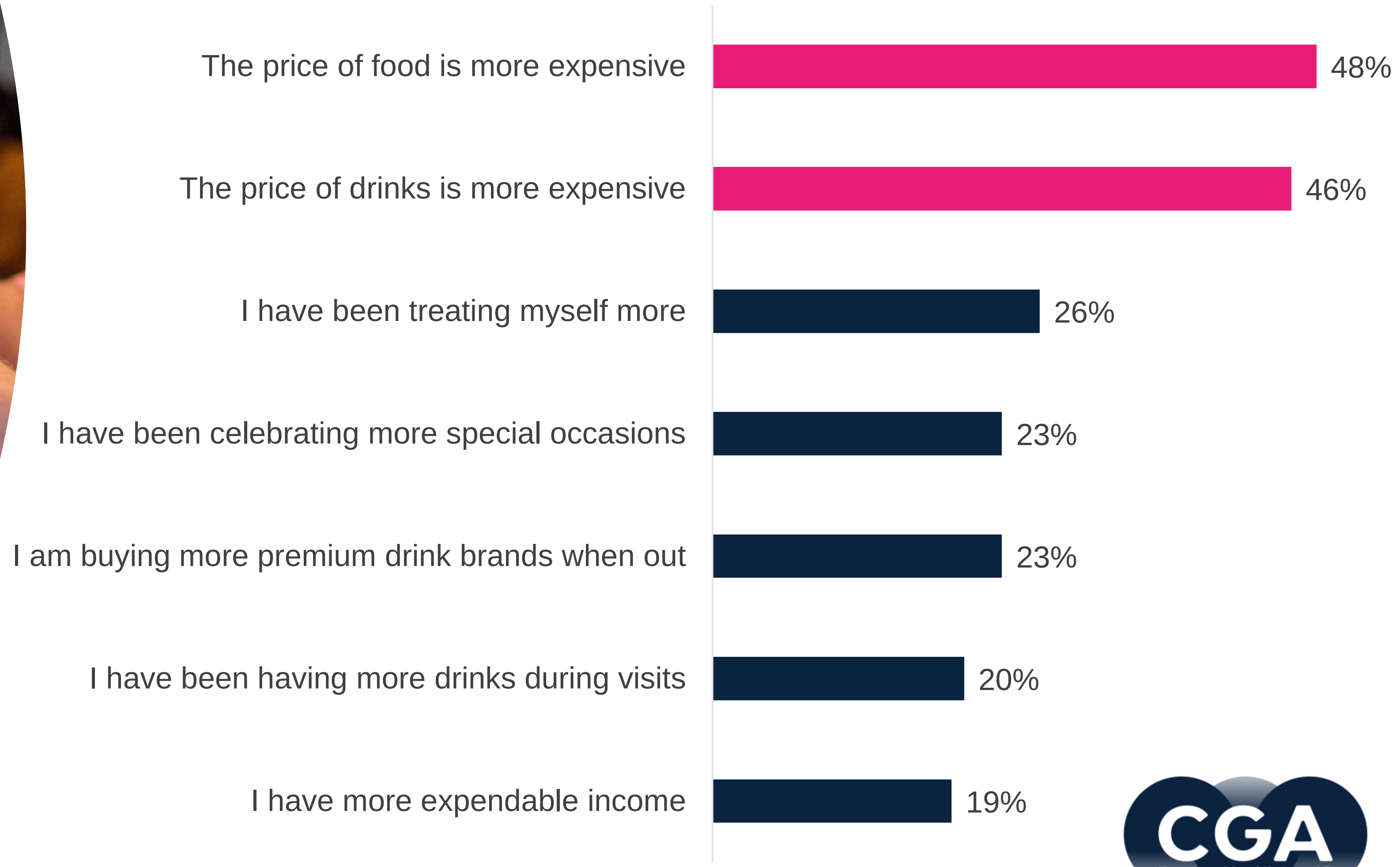
33% Have been spending <u>more</u>

48% Have been spending <u>the same</u>

SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1605)

REASONS WHY YOU ARE SPENDING MORE NOW ON ALCOHOL PER VISIT TO BARS, RESTAURANTS AND OTHER SIMILAR VENUES VERSUS 3 MONTHS AGO?

Asked to consumers spending more on alcohol



SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (534)

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HOW MUCH DO YOU EXPECT TO SPEND ON ALCOHOL PER VISIT TO THE ON PREMISE IN THE NEXT 3 MONTHS

Expected spend in the next 3 months

29%	56%	15%
Expect to spend more	Expect to spend the same	Expect to spend less

SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1605)

WHICH OF THE FOLLOWING STATEMENTS AROUND RECENT INFLATION APPLY TO YOU?

42%

Recent inflation has had a negative impact on my current disposable household income

40%

I have had to/will have to cut back on visits to bars/restaurants due to inflation

36%

I will be/have been making a conscious decision to visit cheaper (lower cost) venues

(+7pp for 21-34s)

15% say "none of these" are a factor

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SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (402 - 1605)

Looking for additional insights on the Hotel channel? Our Hotel Study will uncover the following:

Key questions the study will provide answers to:

- ✓ What anticipated hotel visitation looks like over the next 6-12 months and how it compares to pre-2020
  - Current plans for travel over the next 12 months
  - Understand destination types planning to visit and if this has changed versus pre-2020
  - Identify most popular hotel and casino types for different demographics
  - How beverage offerings influence choice of lodging, comparing hotels with a beverage offering versus those without (short term rentals/Airbnb's)

- ✓ How consumers want to engage in the channel over the next 12 months
  - Type of travel they are planning and how their behavior differs for each purpose
    - Understand differences between business, leisure, banquet & catering and non-overnight travellers
    - How their behavior changes based on who they are travelling with

- ✓ What consumers want from the beverage offering in hotels
  - Interaction with drinks in different hotel areas i.e. mini bar, hotel bar, drinks vending machines, room service, grab and go
  - Most popular drink categories in different hotel areas
  - When and how they interact with the main hotel bar
  - Motivating factors for buying drinks in the main hotel bar and what they feel is missing
  - Interaction with Grab & Go and drink categories most important here

- ✓ What support suppliers can provide to specific hotel chains

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2023 STRATEGY

TALK TO US ABOUT YOUR 2023 STRATEGY

CGA by NIQ’s defining purpose is to build unique services which help our clients to offer better solutions to the trade, to sell more product and to more easily navigate a difficult and complex channel. The remainder of 2022 and into 2023 brings many opportunities for the channel and for suppliers, retailers and distributors alike, as the market continues to recover from challenging times.

To keep delivering the most effective solutions, we want to stay aligned with your priorities and business challenges, to ensure our solutions are designed to add the most value possible to you and your teams. We’ll be reaching out to you over the next month to talk through your plans and our new services to demonstrate how we can best help.

Methodology

CONSUMER RESEARCH

CGA by NIQ have surveyed 1605 LDA On Premise consumers across four key states (Texas, New York, Florida & California). Consumers had to have visited the On Premise in the past 3 months.

An equal number of respondents were collected from each state, with each nationally representative on gender and age.

Fieldwork was 07/20/22 to 07/22/22