

Navigating Trends: Insights into Wine and Spirits for Cider Makers

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NIQ



Today's Presenters



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What we'll cover

- Total BevAlc
- Wine
- Spirits

Total BevAlc

BevAlc is defined by value and volume disparity

Beverage Alcohol by Category – Value and Volume Change
NIQ off-premise channels

■ Value (\$) ■ Volume (EQ)

0.01%

-0.03%

Total Bev-Alc

0.1%

-3.4%

Total Beer

-0.7%

Total Wine

-3.5%

3.5%

5.5%

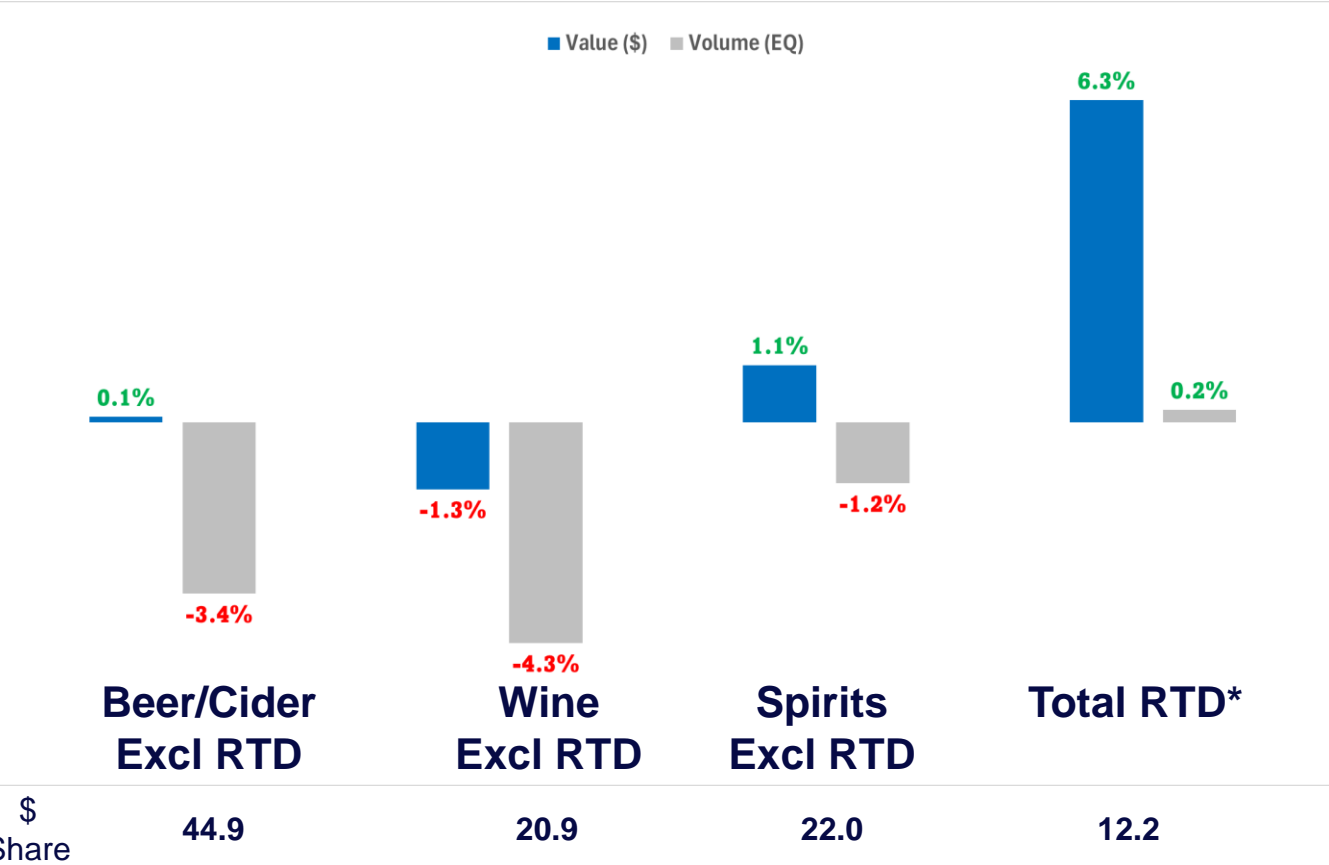
Total Spirits

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database. Latest 52 weeks ending 4/10/2024 vs. year ago



Excluding RTDs, annual growth is tough to come by

Beverage Alcohol by Category (excl RTDs) – Value and Volume Change
 NIQ off-premise channels



* Total RTD = Seltzers / FMBs / Spirits RTDs / Wine RTDs

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 04/20/2024 vs. year ago



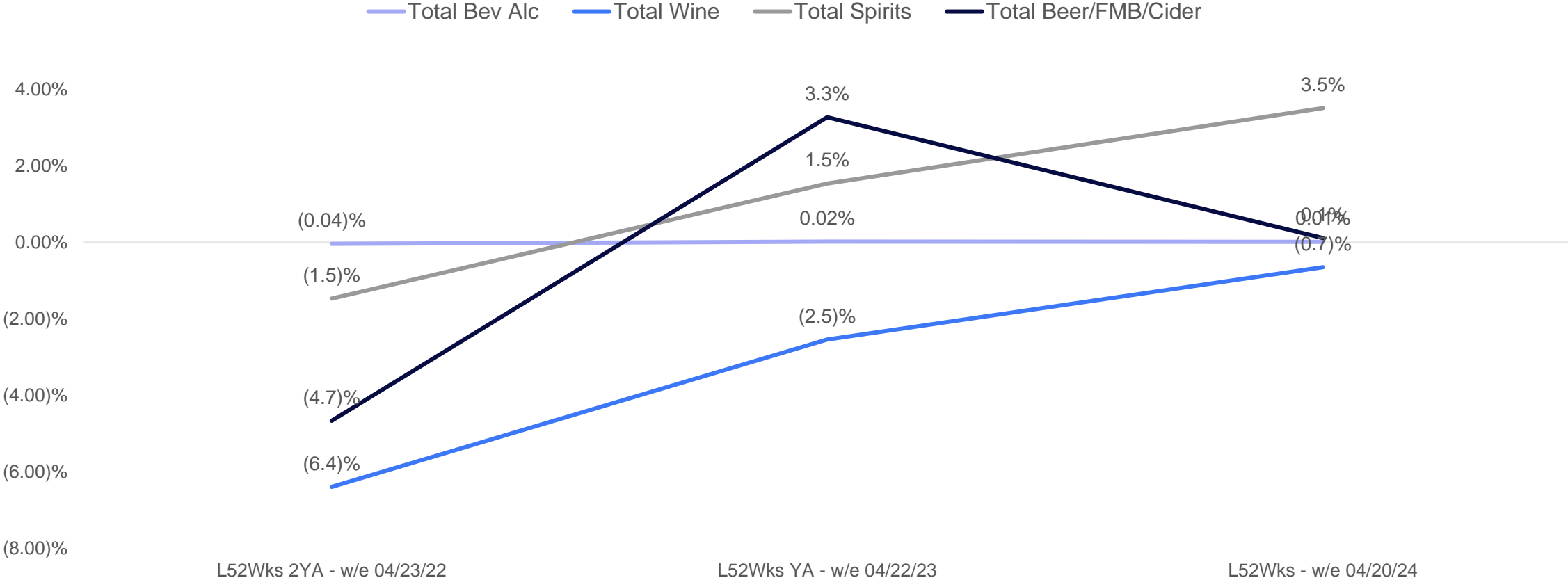
Dollar sales continue to show slowing growth, while *volume remains elusive* across all major BevAl segments

Fragmentation of segments may be creating shopper fatigue.

Trends have improved over the years for Spirits and Wine, with Beer seeing a positive shift in 2022 and recently leveling off

Total BevAlc has remained steady across latest 3 periods

\$ Sales % vs YA

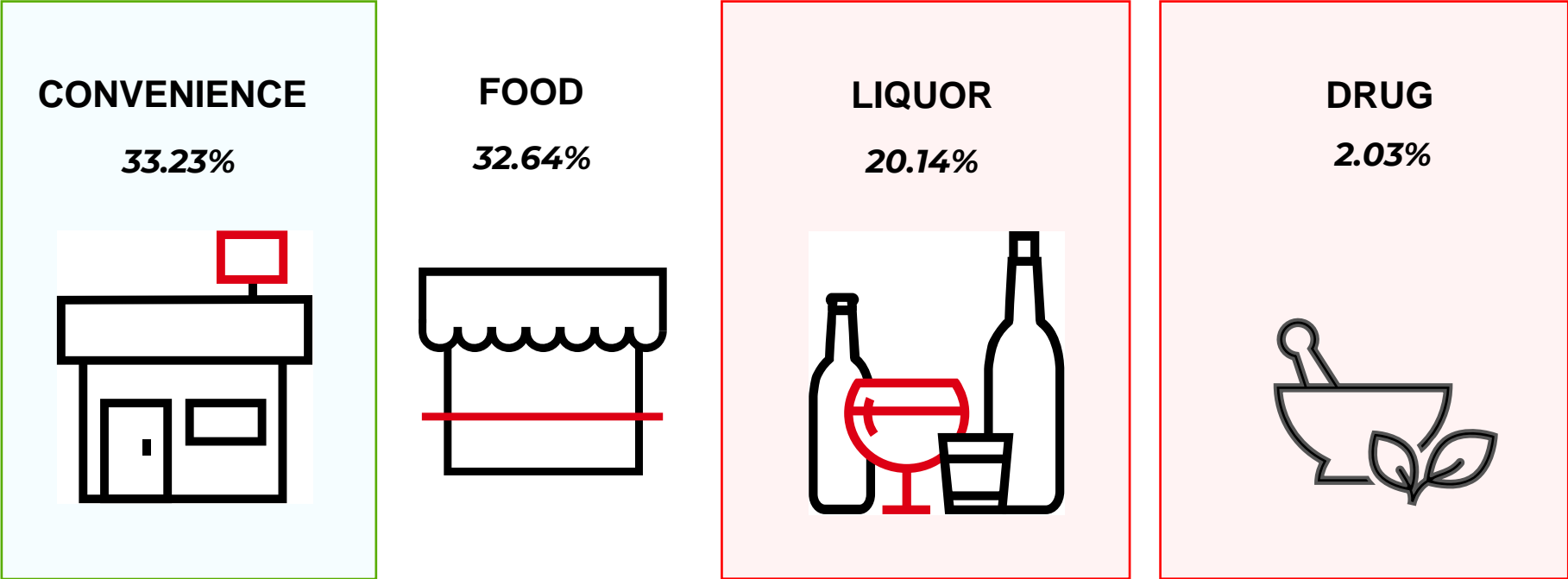


Source: Nielsen IQ Total USxAOC Channel L52W Apr 20, 2024



Convenience is now #1 channel across BevAI, and driving growth across categories

Share of BevAI Market



Beer/FMB/Cider

0.5%

-0.1%

-2.9%

-7.6%

Total Wine

+9.6%

-0.2%

-4.5%

-7.3%

Total Spirits

+15.7%

+3.5%

+0.1%

-7.9%

Source: Nielsen IQ Total USxAOC Channel L52W Apr 20, 2024

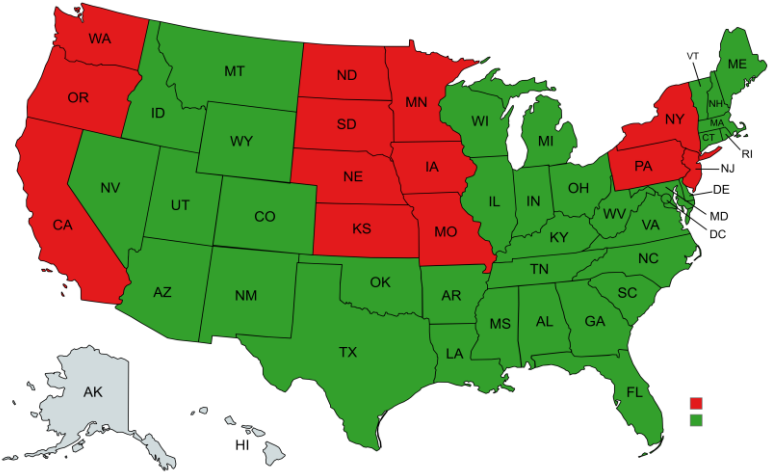
BevAl category declines are prevalent on the West Coast, with declines also notable within the North Central and Mid-Atlantic

TOTAL US xAOC Divisions

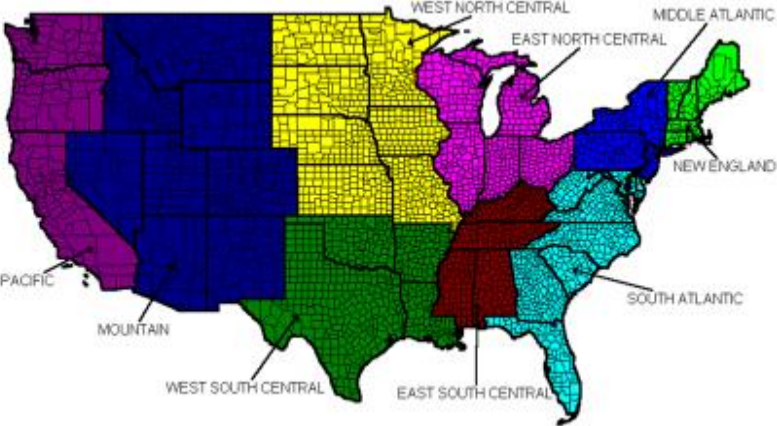
Retail Sales (\$) L52 vs YA %

Market	Total Bev-Alc	Beer	Wine	Spirits	Cider
Pacific Division	↓	↓	↓	↓	↓
South Atlantic Division	↑	↓	↓	↑	↑
East North Central Division	↑	↓	↓	↑	↓
Middle Atlantic Division	↓	↓	↓	↔	↓
West South Central Division	↑	↑	↓	↑	↓
Mountain Division	↑	↑	↑	↑	↑
New England Division	↑	↓	↑	↑	↓
West North Central Division	↓	↓	↓	↑	↓
East South Central Division	↑	↑	↑	↑	↑

Total Bev-Alc Dollar Trends vs YA



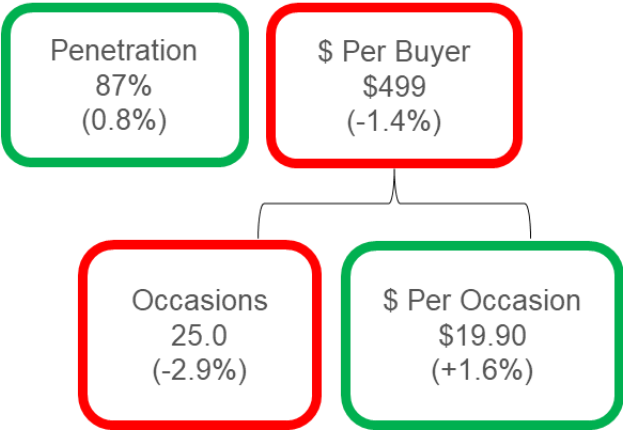
US CENSUS DIVISIONS



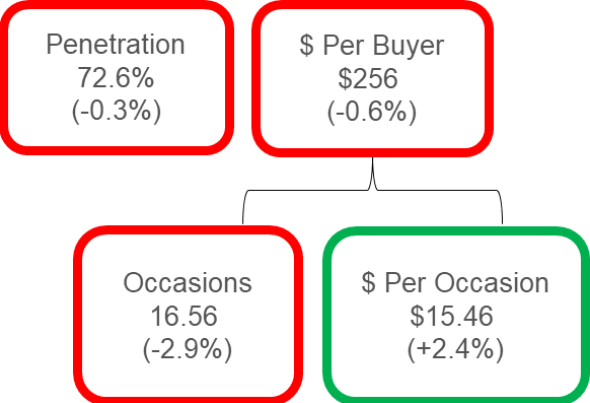
Source: Nielsen IQ Total USxAOC Channel L52W Apr 20, 2024

Total BevAI, driven by Wine & Spirits, is attracting new consumers; overall spend is down with consumers decreasing purchasing frequency across segments

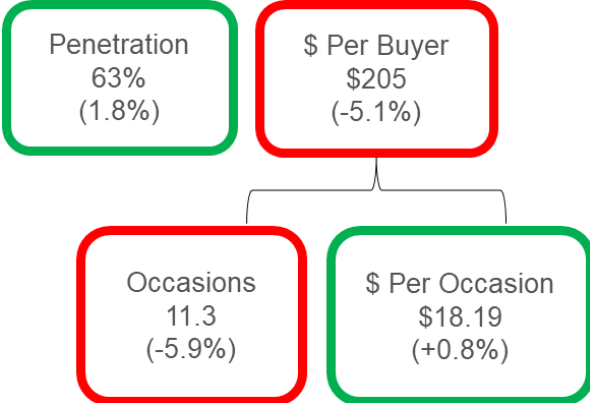
Total BevAI Consumer Decomposition



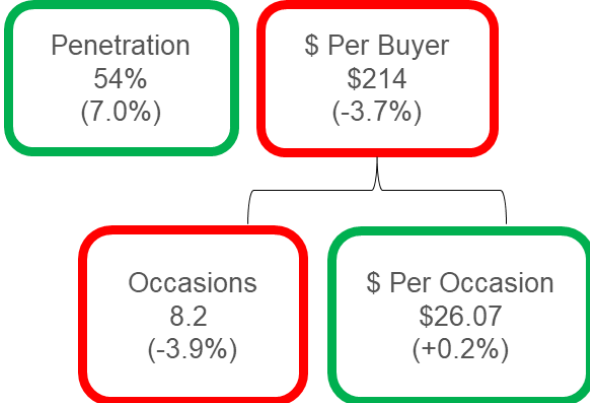
Beer



Wine

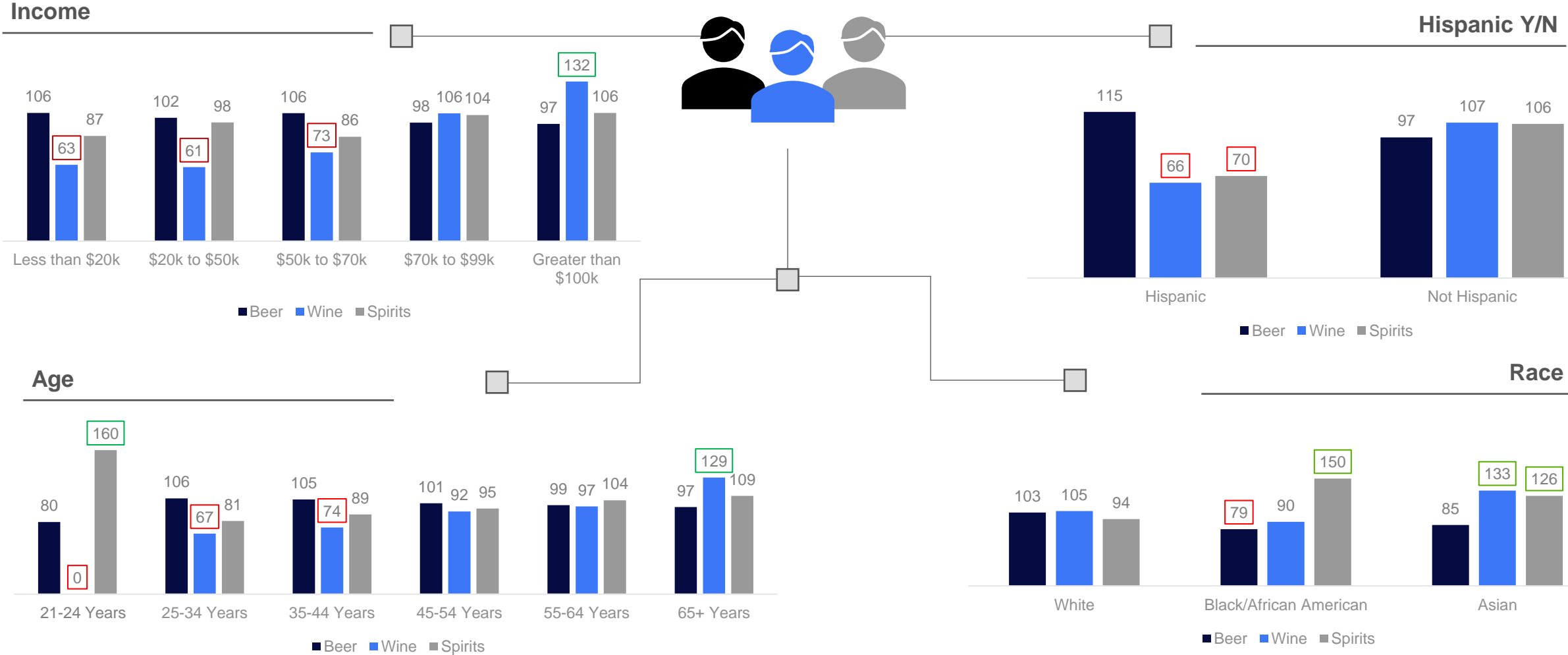


Spirits



Wine & Spirits attract multicultural consumers; Spirits reaching a younger consumer base and Wine, an older more affluent drinker

Beer Drinkers – Wine Drinkers – Spirit Drinkers vs Total BevAI Drinkers



Consumer Landscape



Dynamic Demographics

- Gen Z Approaching Beverage Alcohol with **caution**; Seeking “**better for you**” and non-alc alternatives
- America is more **diverse** and more **multiracial** than ever
- **Hispanics** are the fastest growing population in the U.S.



Shifting Shopping Behaviors

- Characterized by lifestyle changes that emphasize **convenience**, **wellness**, and **sustainability**

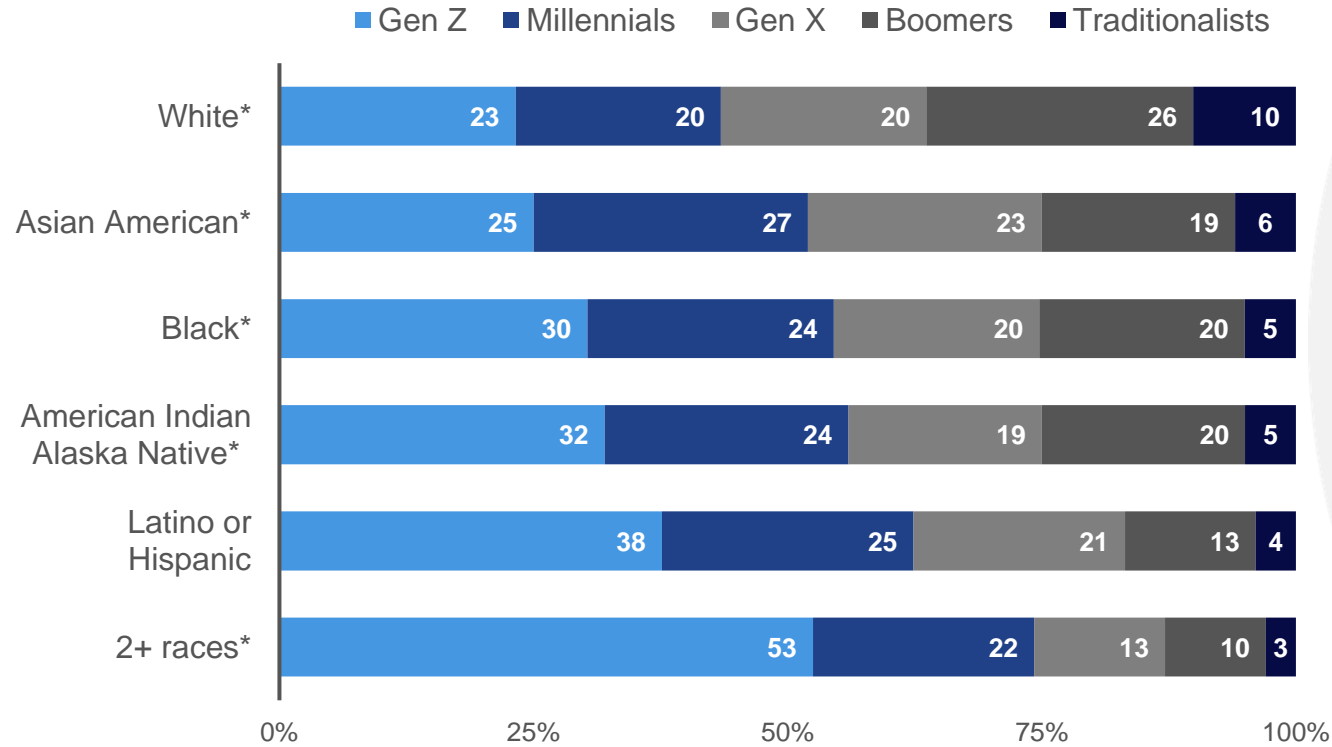


Broader Consideration Set

- **Cross Category** Consumption
- **Premium** products and experiences but still with authenticity
- **Flavors** are center stage in categories like RTDs, Beers and Ciders
- Consumers are trending towards **no/low alcohol** products and moderation changes in drinking habits

Younger generations are more ethnically diverse

Race and ethnicity distribution of the population, by generation



Census release shows America is more diverse and more multiracial than ever



Our analysis of the 2020 census results show that the US population is much more multiracial, and more racially and ethnically diverse than what we measured in the past.

– Nicholas Jones, Director and Senior Advisor of Race and Ethnic Research and Outreach in the US Census Bureau's population division

Source: <http://statista.com>; Distribution of the race and ethnicity of the United States population in 2018, by generation

Hispanics are the fastest growing population in the U.S.
Truly an economic force to pay attention to and understand

62.1M



19%

of US Population

Population has quadrupled in past
40 years



15.9M

Hispanic 21+ HHs purchasing **BevAI** in the L52 weeks*



\$7.8B

Spent on **BevAI** in the L52 weeks*



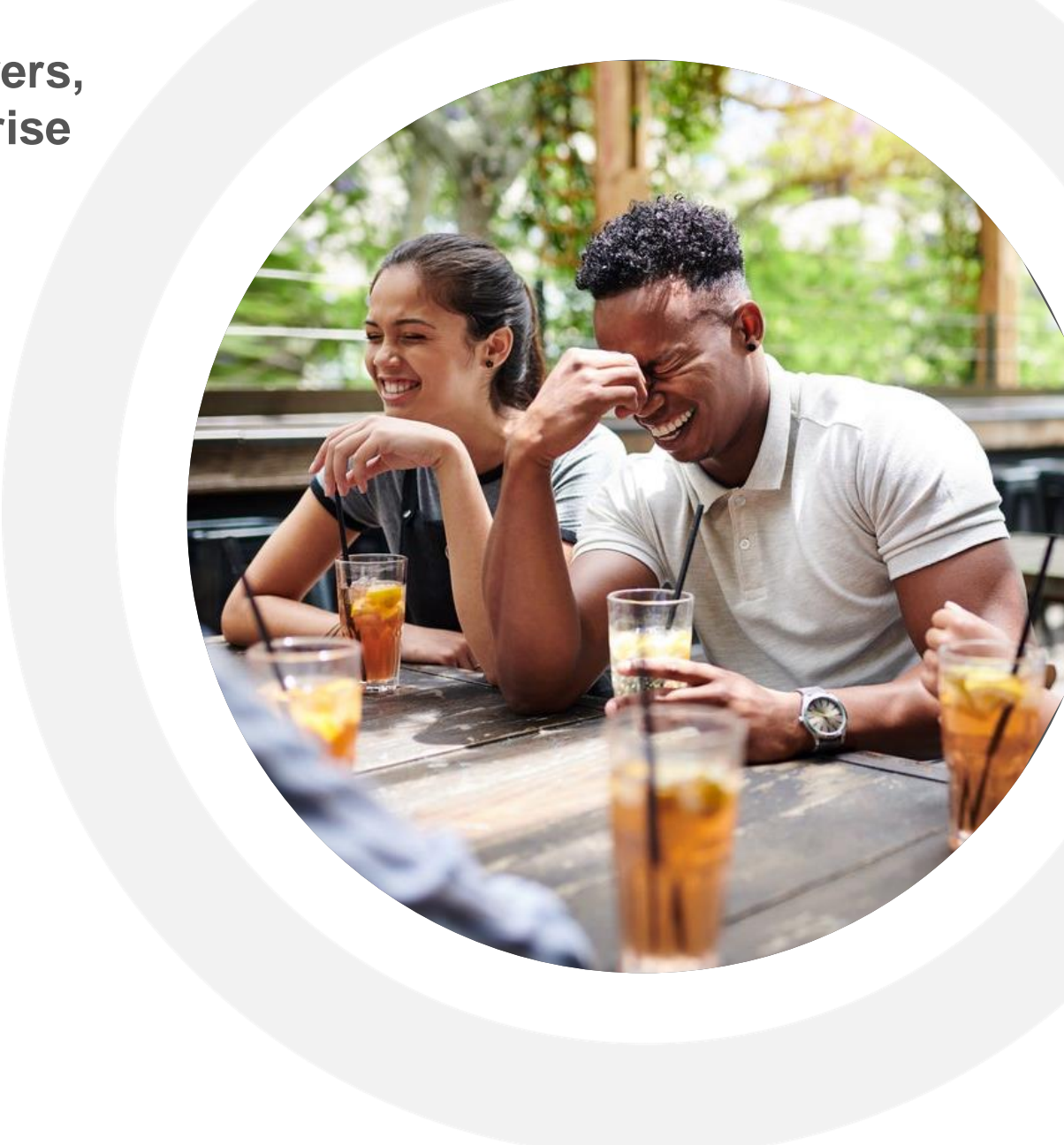
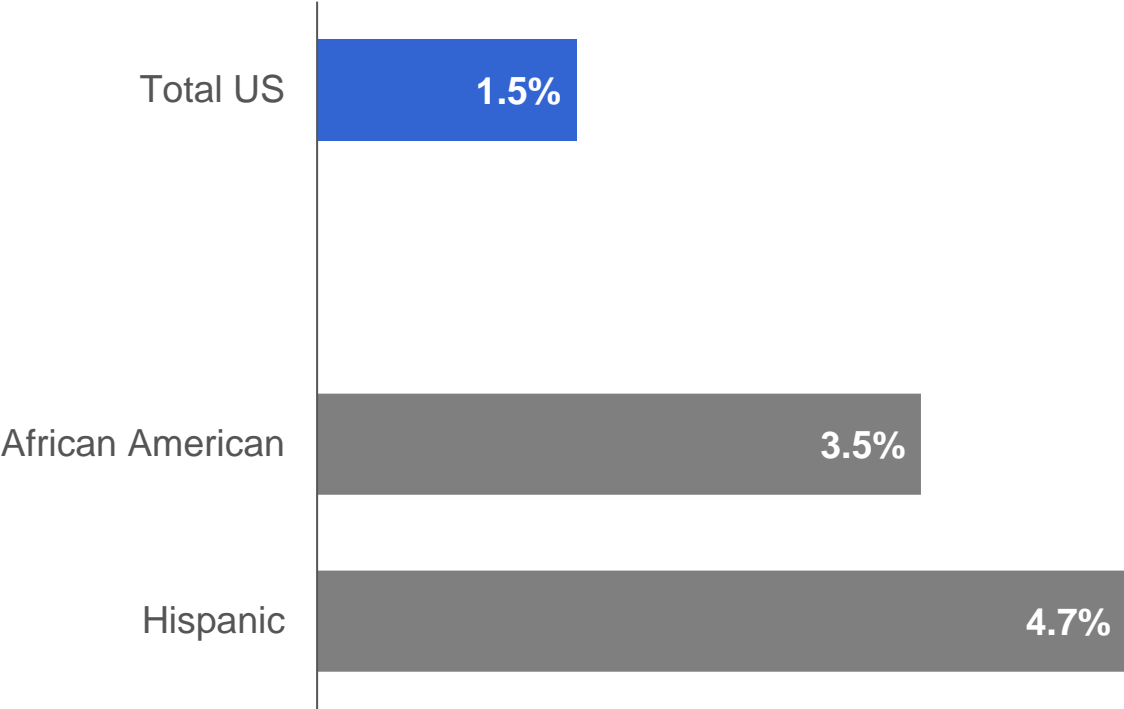
67%
born in the US



Divers Voice: Hispanic Consumer Report 2023; BevAI Omnishopper 21+ I52 Weeks 7/15/2023

As Gen Z turns LDA, bringing the most diverse buyers, dollars from multicultural BevAI buyers are on the rise

Total Beverage Alcohol
\$ volume growth vs year ago

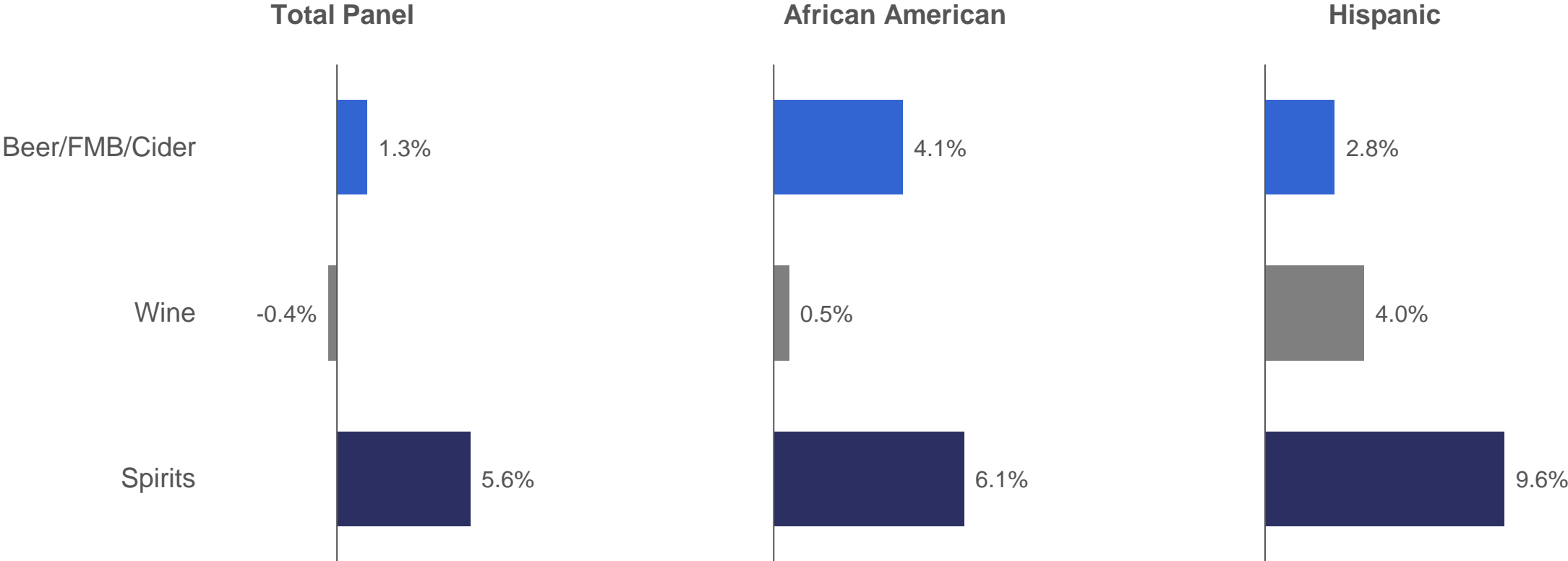


Source: NIQ Omnishopper; Bev AI Integrated 21+ database; Latest 52 weeks ending 01/20/2024 vs. year ago

Spirits performance is stronger than Beer and Wine with multicultural consumers

The influence of imported products remains high within total beverage alcohol, but is a clear growth driver for Beer and Spirits

Beverage Alcohol by multicultural group
\$ volume growth vs year ago



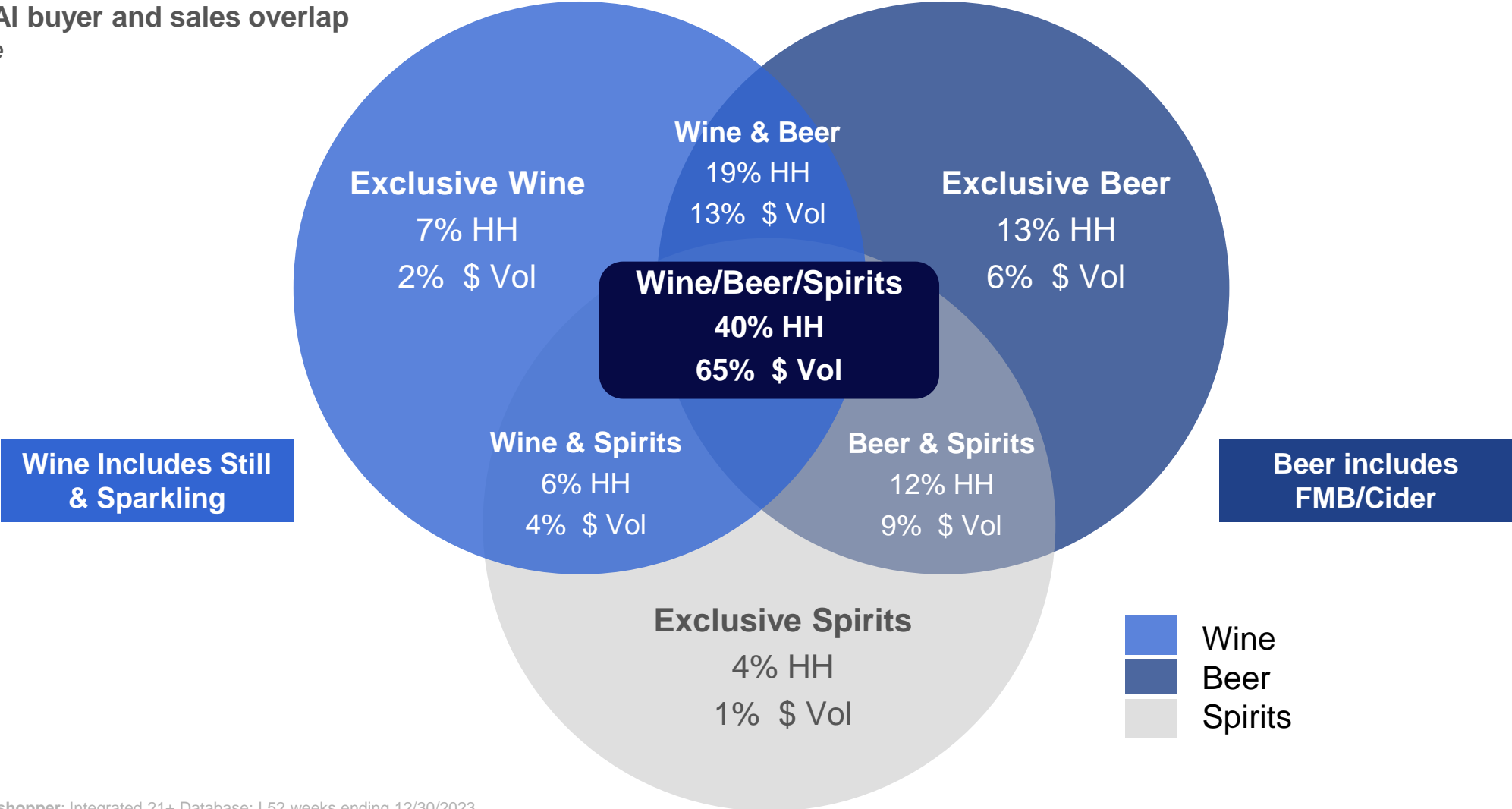
Source: NIQ Omnishopper; Bev AI Integrated 21+ database; Latest 52 weeks ending 01/20/2024 vs. year ago



Buyers of B & W & S contribute two thirds of Bev AI dollars sales

At home entertaining, RTD proliferation, and ecommerce availability are all supporting consumers cross over of categories

Total Bev AI buyer and sales overlap
Off premise



Source: NIQ Omnishopper; Integrated 21+ Database; L52 weeks ending 12/30/2023

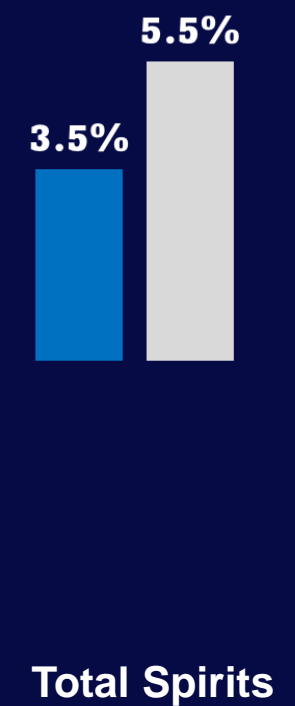
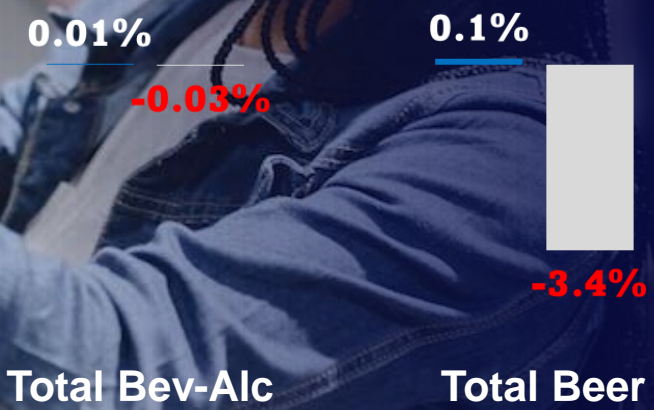


Wine Overview

Wine lags behind Total BevAl and segments

Beverage Alcohol by Category – Value and Volume Change
 NIQ off-premise channels

■ Value (\$) ■ Volume (EQ)

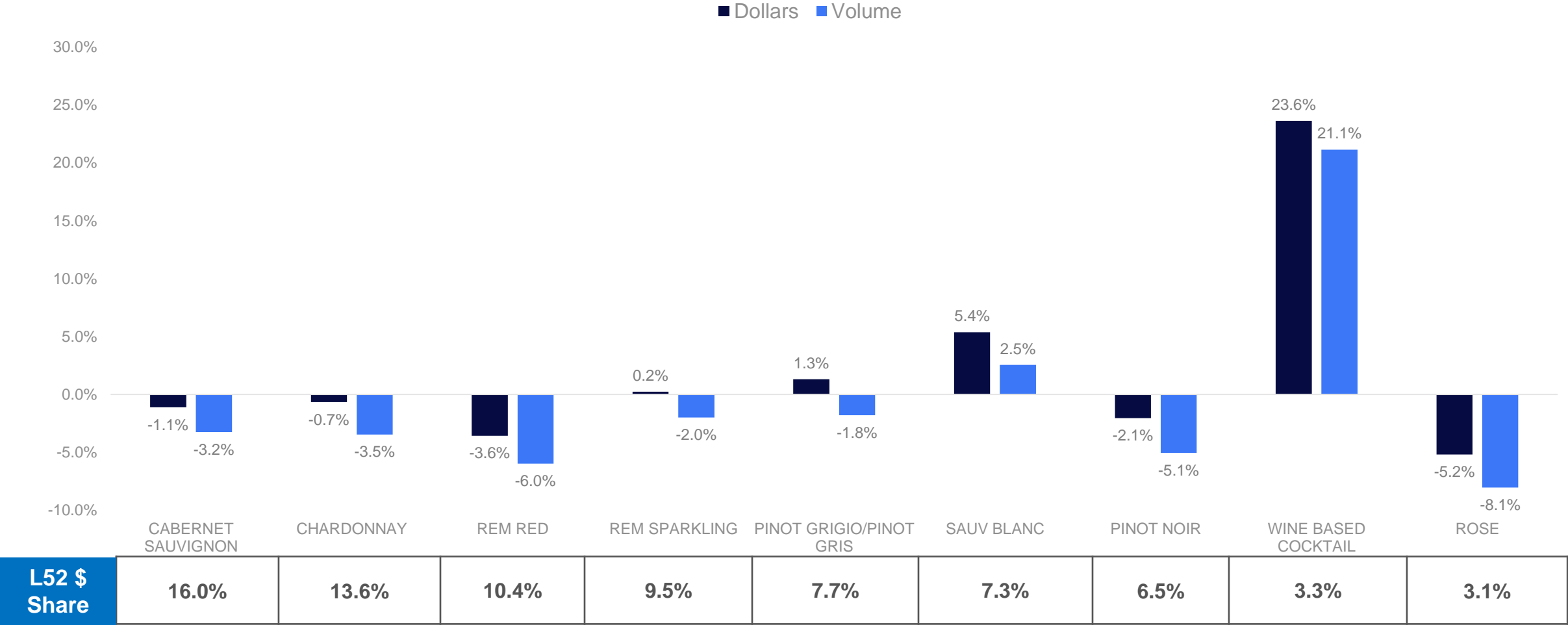


Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database. Latest 52 weeks ending 4/10/2024 vs. year ago



Volume issues seen across varietals; with largest segments having most negative impact, notably Cabs and remaining Reds

Wine Based Cocktails, along with Sauv Blanc and Pinot Grigio, drive positive momentum yet not enough to offset declines in largest varietals



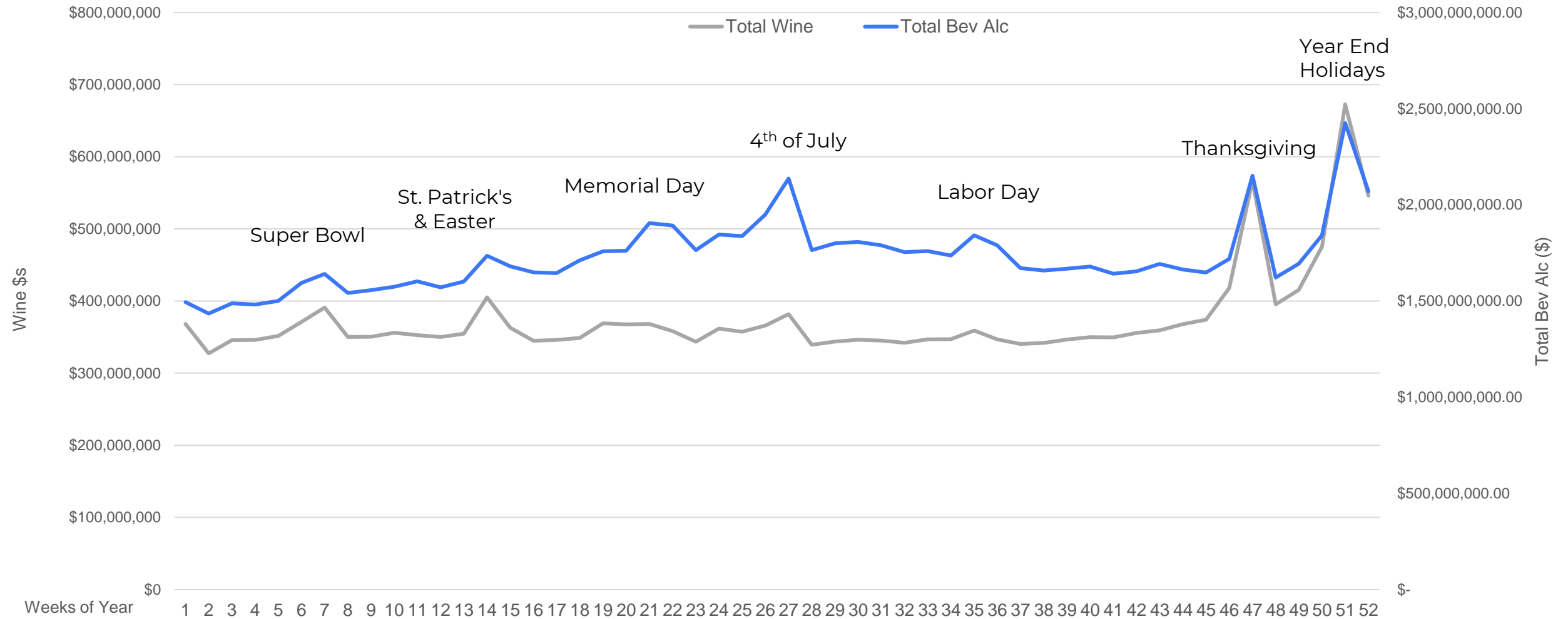
Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W April 20, 2024

Varietals shown make up ~80% share of the category, and are displayed in order of category share



Seasonal peaks are similar to Total BevAl, elevated at Year End Holidays with minimized impact in Summer

Weekly Dollar Sales - 2023 Calendar Year

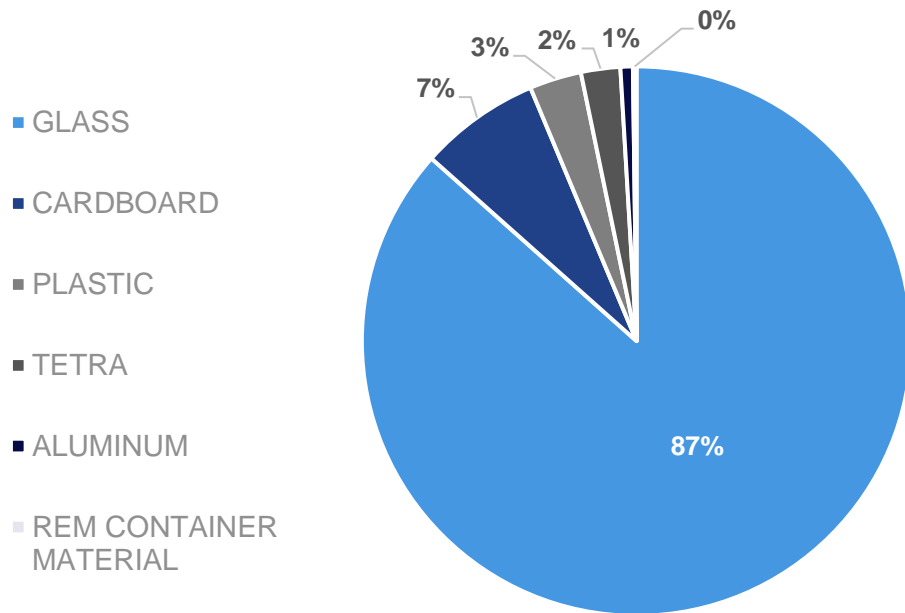


Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 30, 2023

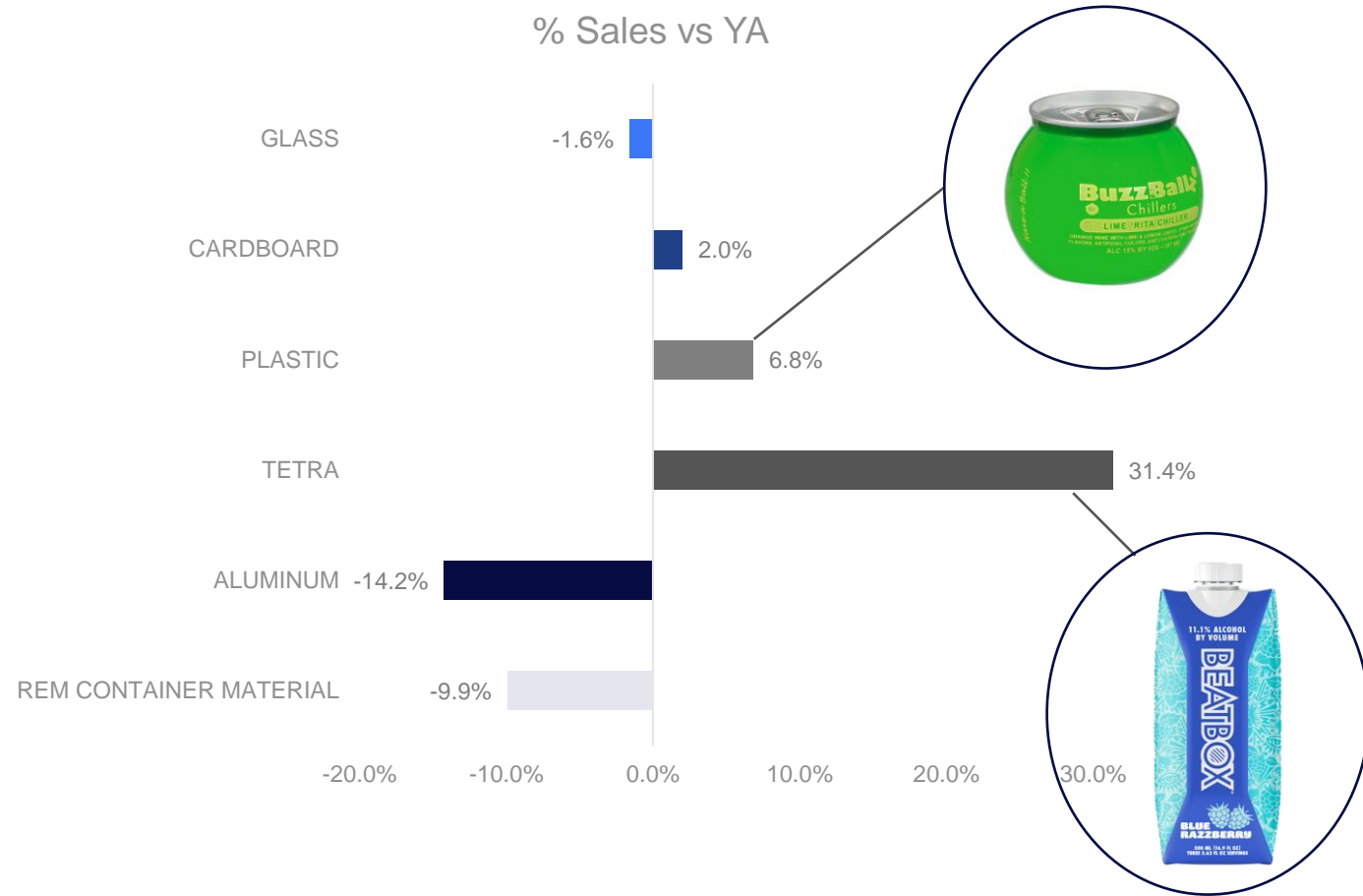


Glass bottles dominate the Wine category yet drive decline; alternate formats potentially perceived as sustainable experiencing growth

Share by Package Type

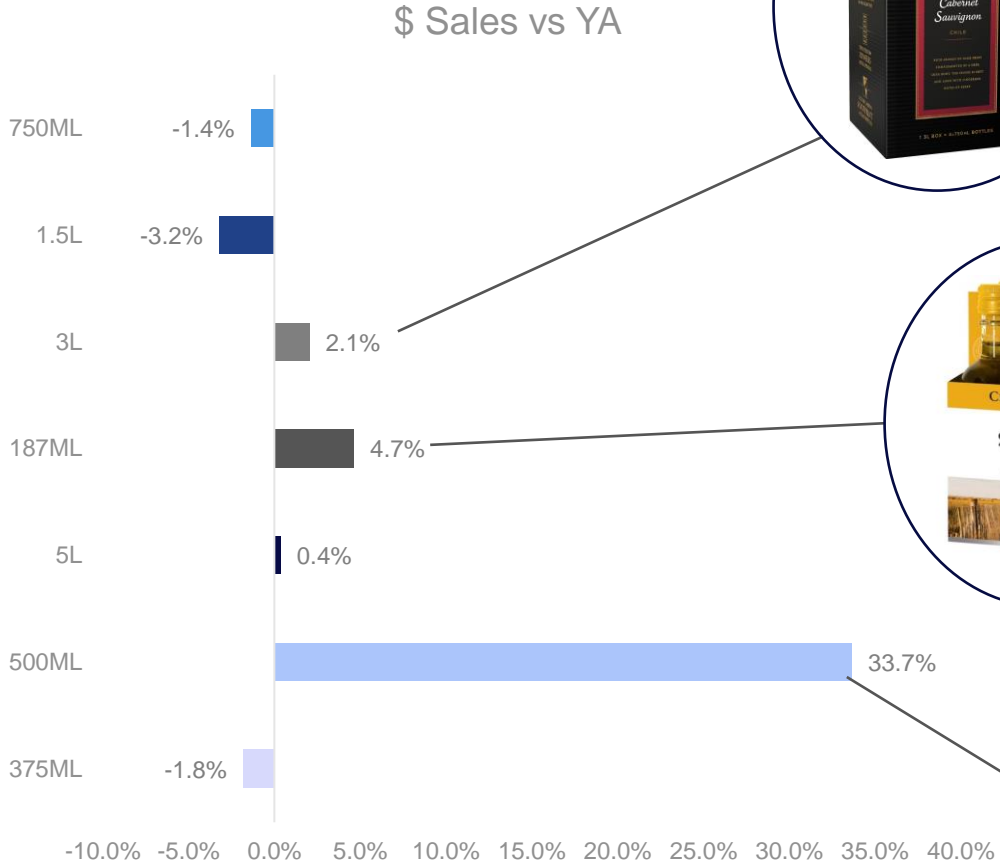
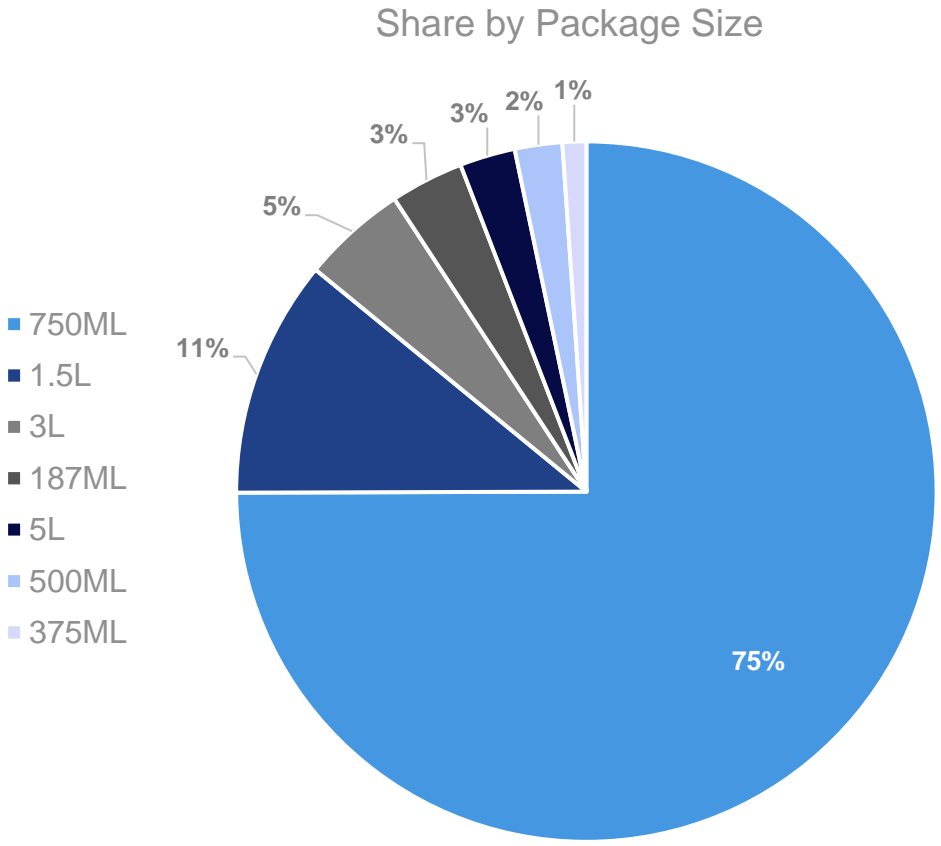


% Sales vs YA



Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W April 20, 2024

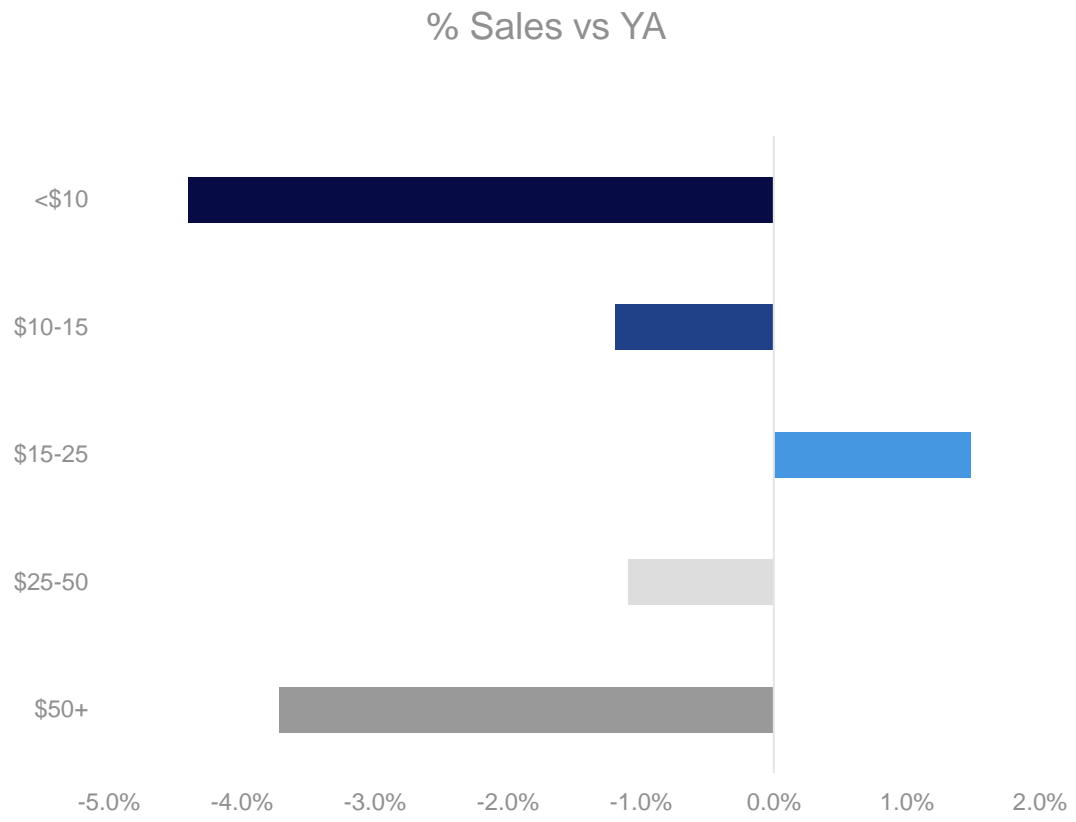
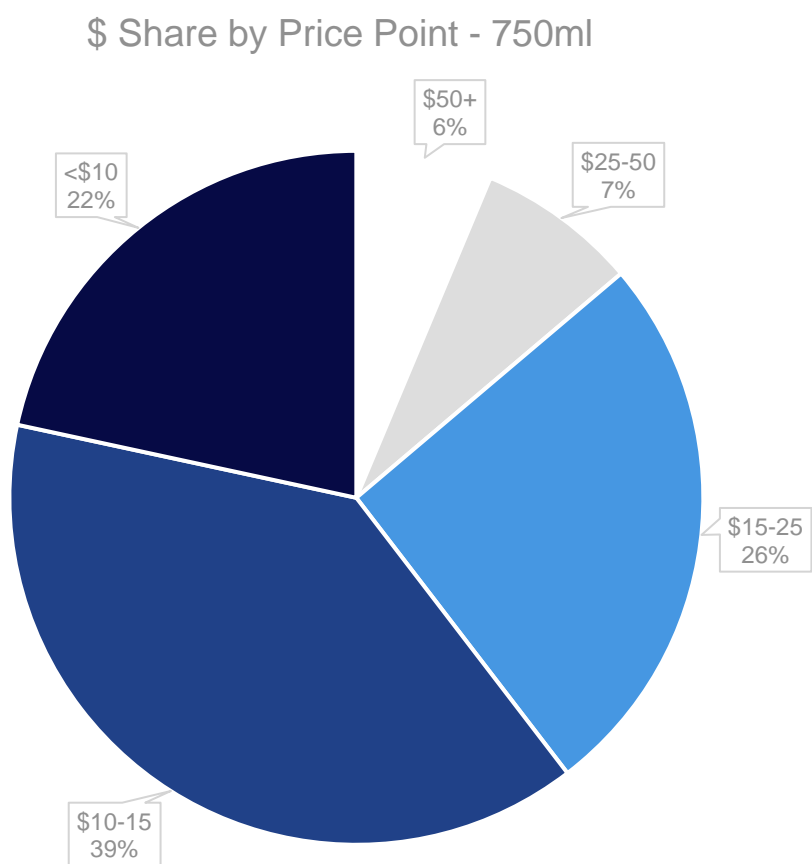
750ml bottles dominate Wine, yet growth stems from both multi-serve offerings and single-serve multipacks



Package Sizes shown make up ~98% share of the category, and are displayed in order of category share

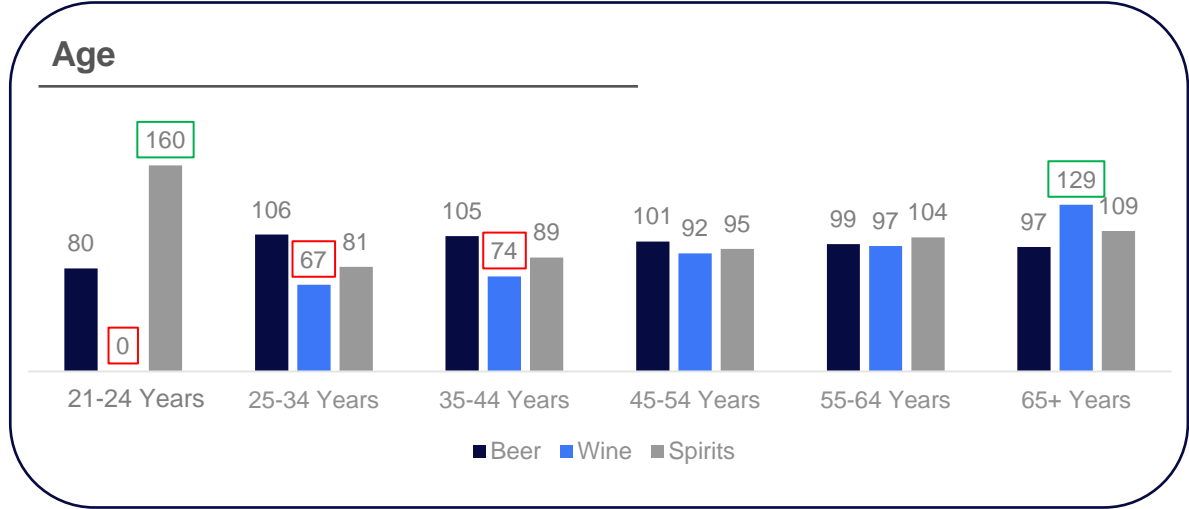
Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W April 20, 2024

~85% of 750ml wines are priced under \$25; those moderately priced at \$15-25 are the only segment experiencing growth



Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W April 20, 2024

The Lifestyle of Moderation Gaining Momentum



52%
21-34 say that drinking – even in moderation – is bad for your health

vs **34%** in 2018

GALLUP

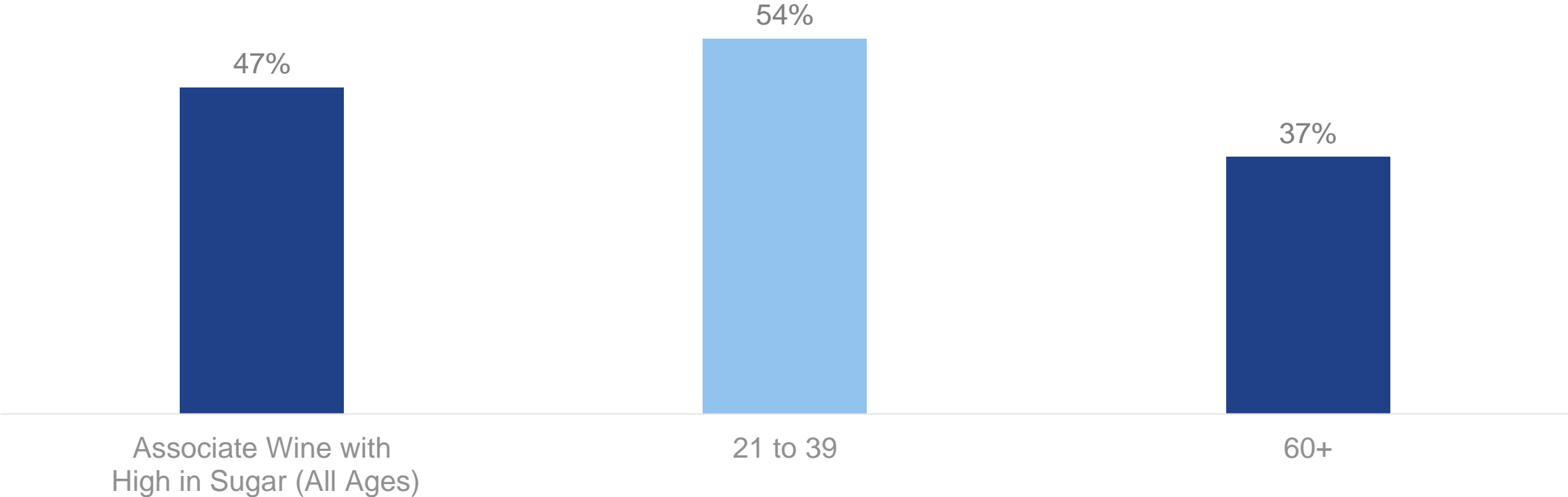
94%
of Non Alc buyers also purchase Alcohol (Beer, Wine or Spirits)

NIQ



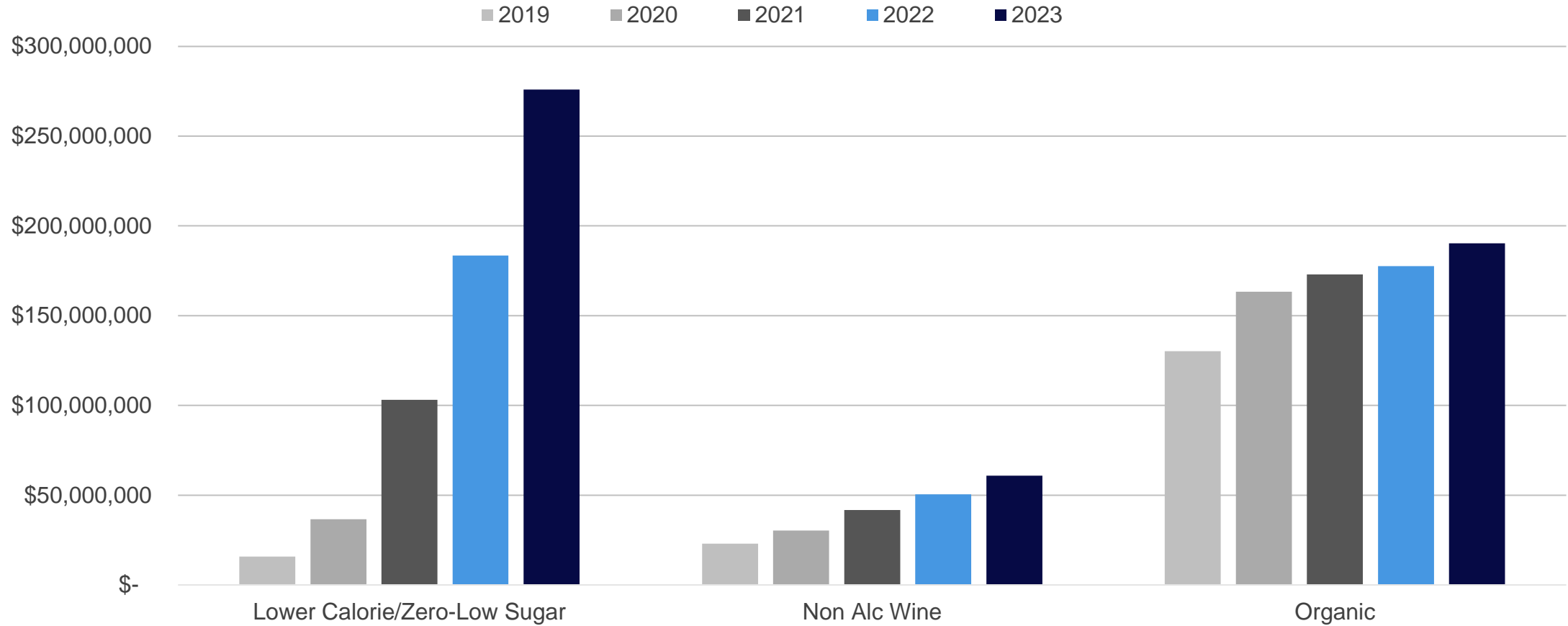
A Significant Portion Associate Wine With Being High In Sugar/Calories – Especially among Younger LDA

% of Wine Drinkers That...



Wine With Attributes Associated With ‘Better For You’ Are Growing

Total U.S. – Measured Off Premise Channels - Dollars

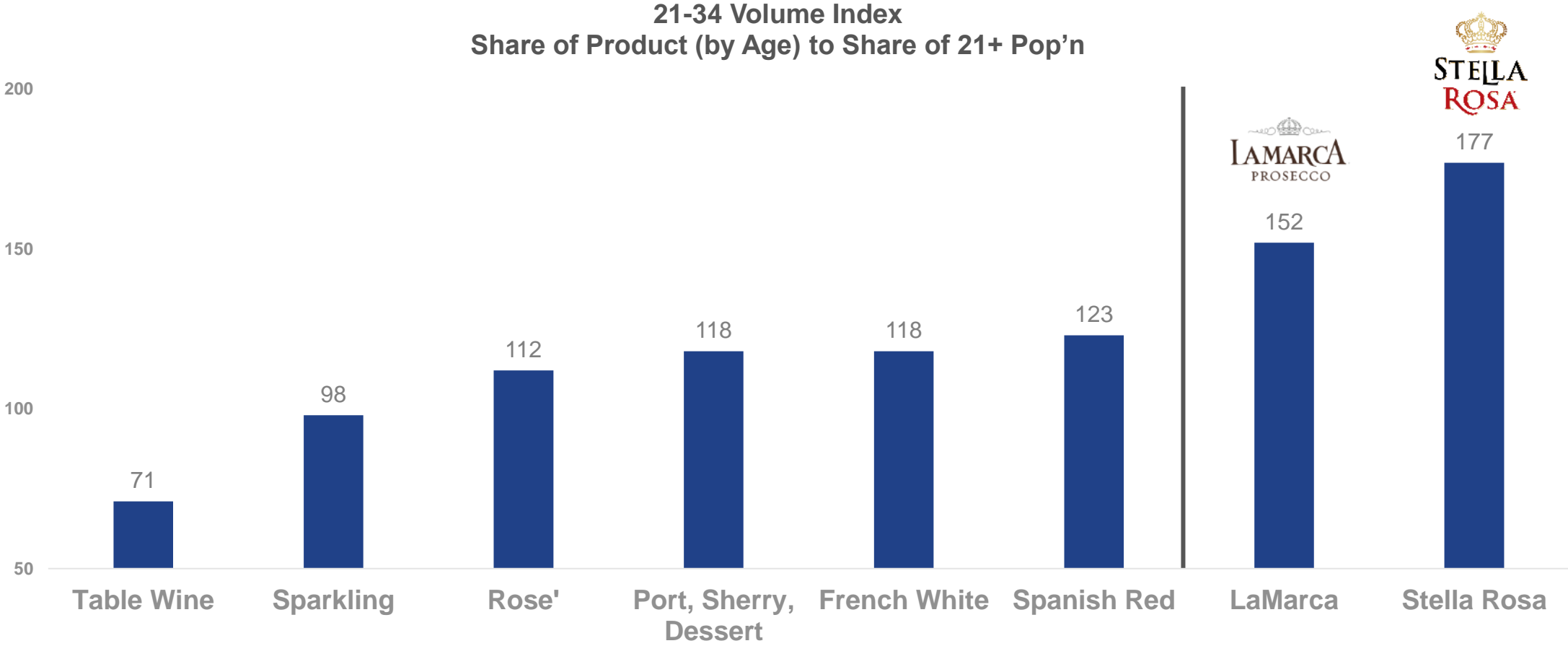


Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W December 30, 2023

Some Examples Zero/Low Sugar/Low Calorie



While the Wine core consumer is largely 65+, some segments and brands experience success with younger LDAs



Top 20 Wine Growth SKUs



La Marca Prosecco Sparkling White Wine



Beatbox Beverages Blue Razzberry Wine Based Cocktail



Beatbox Beverages Fruit Punch Wine Based Cocktail



Vintner's Reserve California Chardonnay



Josh Cellars Hearth Cabernet Sauvignon



Josh Cellars Sauvignon Blanc North Coast



Beatbox Beverages Pink Lemonade Wine Based Cocktail



Josh Cellars Pinot Grigio/Pinot Gris California



Buzzballz Lime Rita Chillers Can Cocktail



Veuve Clicquot Brut France Sparkling Wine



Josh Cellars North Coast Chardonnay



Whitehaven Sauvignon Blanc



Taylor Port



Stella Rosa Assorted 5pk



Beatbox Beverages Hard Tea Party Punch Wine Based Cocktail



Beatbox Beverages Zero Sugar Juicy Mango Wine Based Cocktail



Bonanza Cabernet Sauvignon Lot N.V.



Meomi Bright Pinot Noir California



Josh Cellars 2020 Cabernet Sauvignon



Buzzballz Strawberry Chillers Can Cocktail

Navigating Trends – *The BevAl Landscape*

Wine

What is happening?

We're seeing declines in Wine right now driven by some of the largest varietals and struggling to bring in younger demographic

What opportunity exists?

White varietals like Sauv Blancs as well as Wine Based Cocktails, offerings with claims of low sugar / low calorie alongside sustainable packaging, such as tetra serve as opportunities to bring in a younger, more diverse consumer

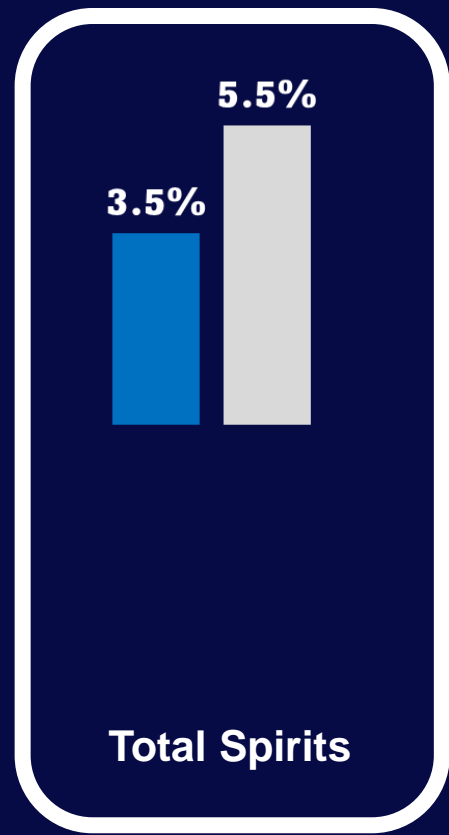
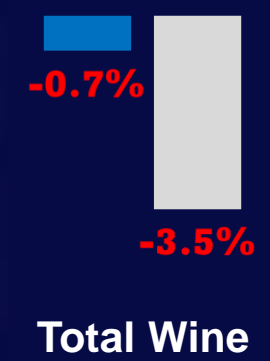
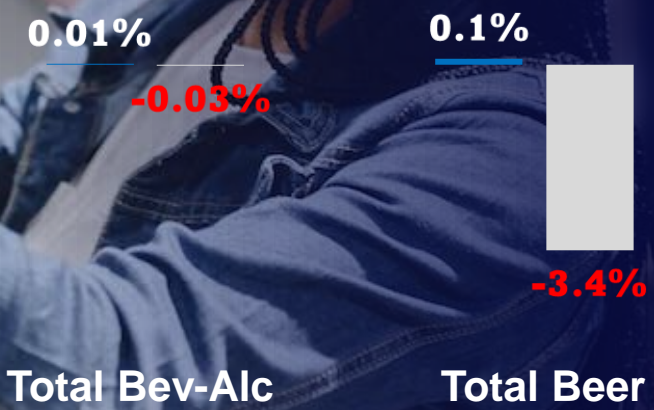
Spirits

Spirits Overview

Spirits outpaces Bev Alc in dollars and volume

Beverage Alcohol by Category – Value and Volume Change
NIQ off-premise channels

■ Value (\$) ■ Volume (EQ)

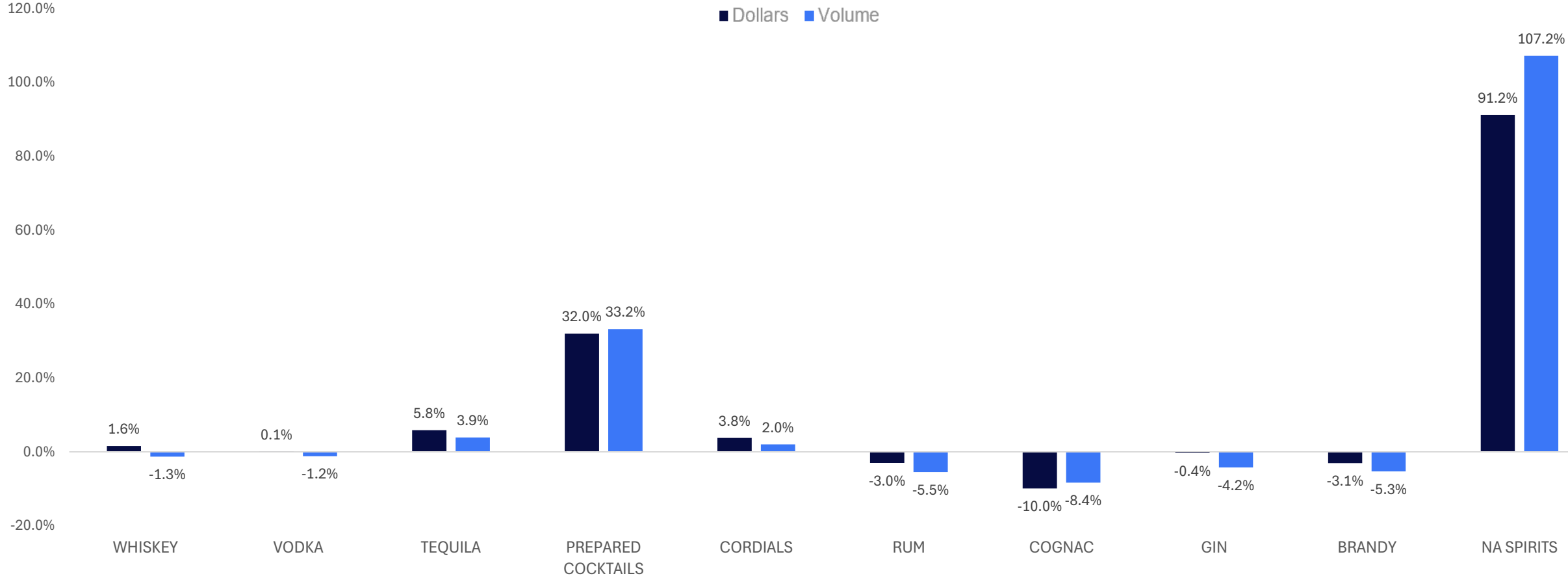


Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database. Latest 52 weeks ending 4/10/2024 vs. year ago



Prepared Cocktails drives majority of growth in Spirits, with Tequila and Whiskey also contributing to dollar growth

Larger, growing segments offset declines seen in smaller segments including Rum, Cognac, Gin and Brandy



L52 \$ Share	34.9%	20.1%	14.0%	9.8%	7.4%	5.7%	3.9%	2.6%	1.4%	0.1%
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Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W April 20, 2024



68%

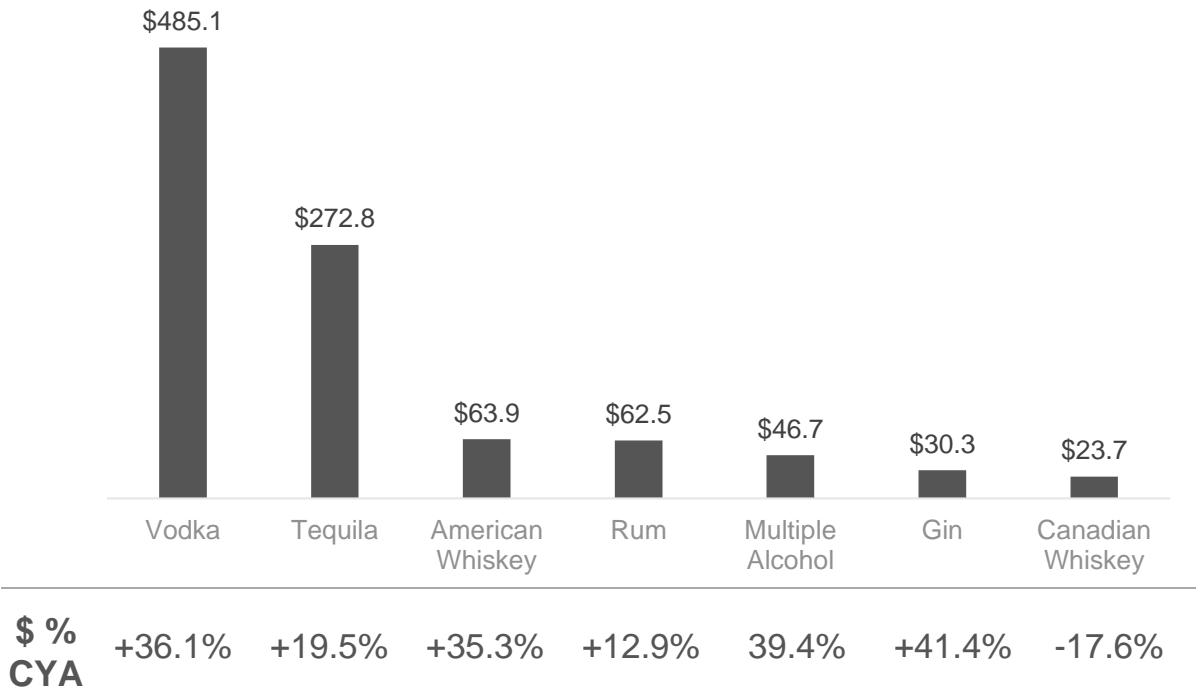
of \$ Growth in Spirits from Prepared Cocktails

Ready to Drink led by Soda/Seltzer Cocktails likely with a Vodka or Tequila base

Simple mixed drinks are a key staple of the On Premise and the translation to RTD cocktails is very clear

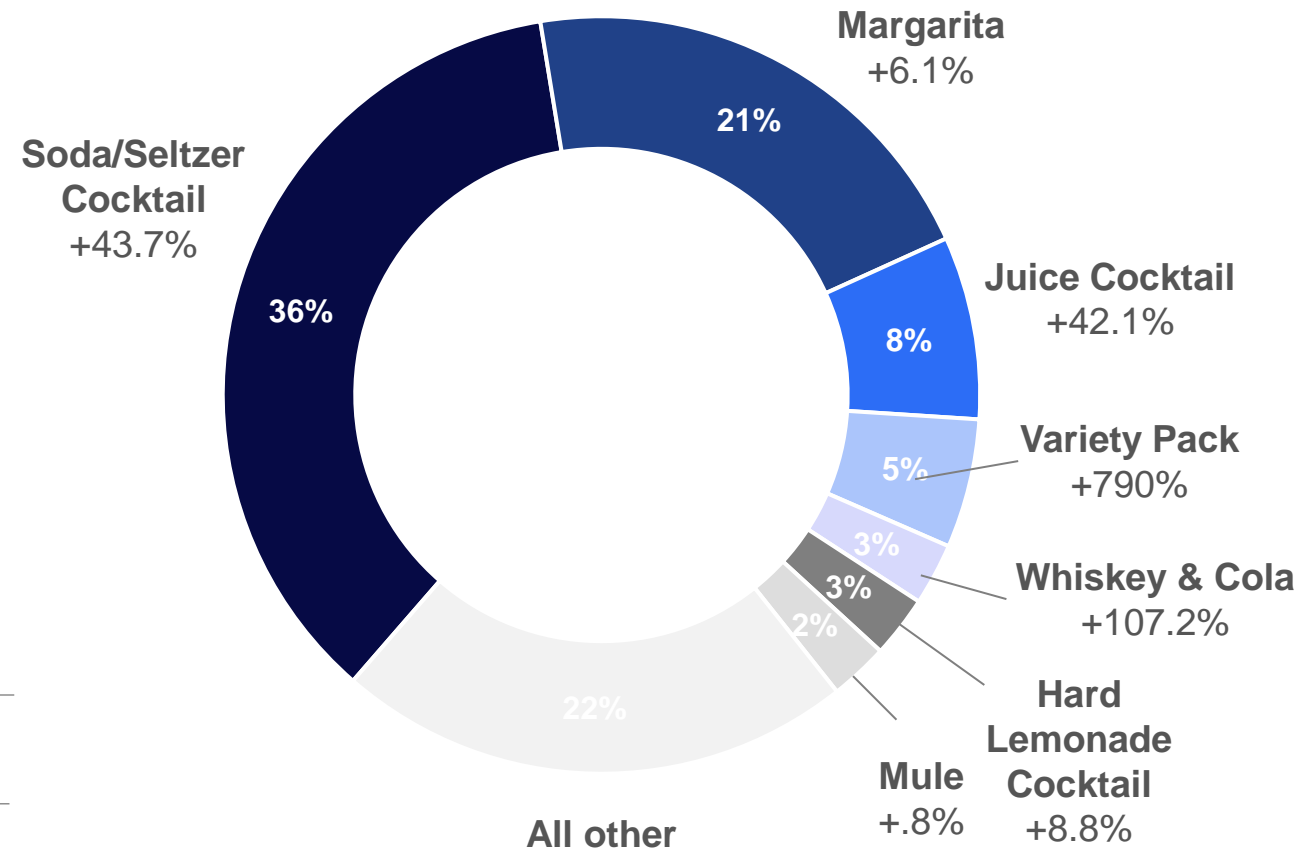
Spirits RTDs Total Dollars by Alcohol Base

L52 weeks absolute \$ (in millions) & % change vs. year ago



Spirits RTDs Total Dollars by Cocktail Type

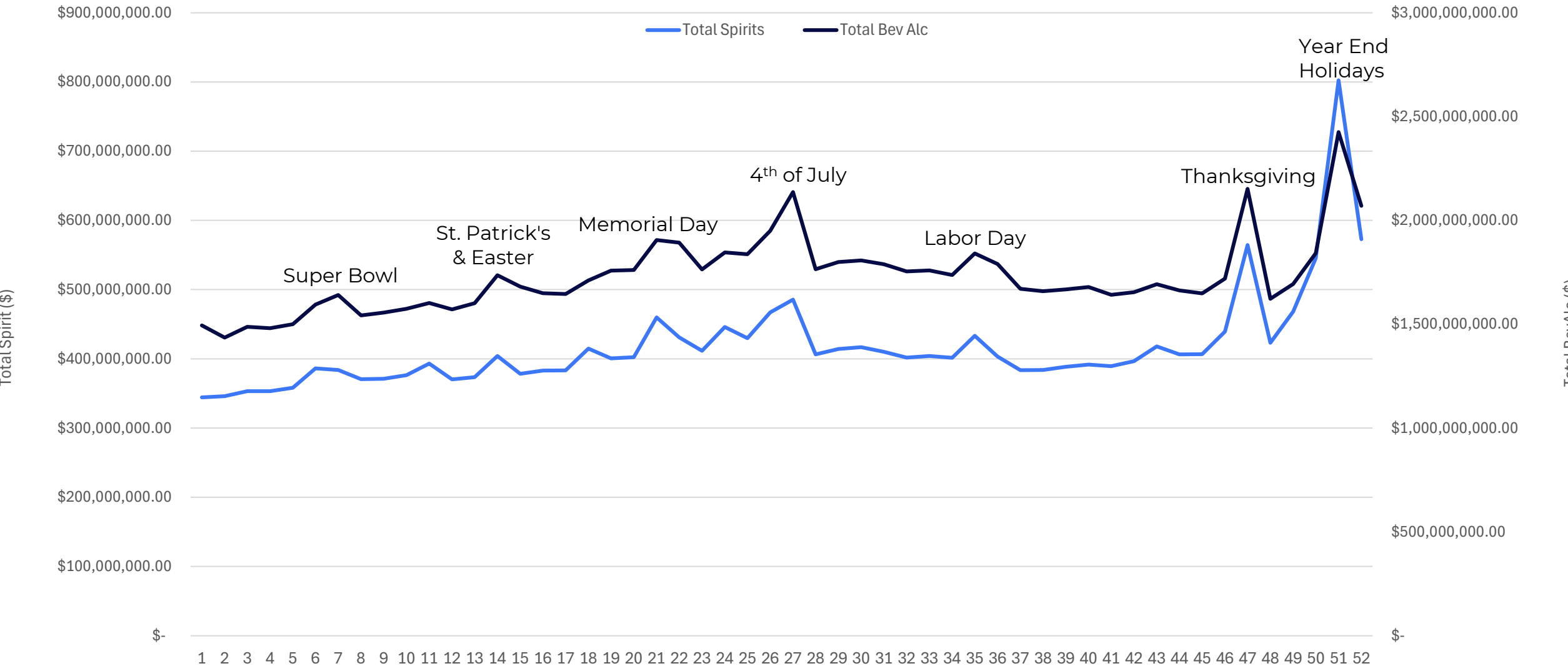
L52 weeks dollar share & % change vs. year ago



Source: NIQ Discover; Scan Off Premise Channels; L52 weeks ending 04/20/2024 vs. year ago

Similar to Wine, Spirits seasonal peaks are strongest at year end holidays

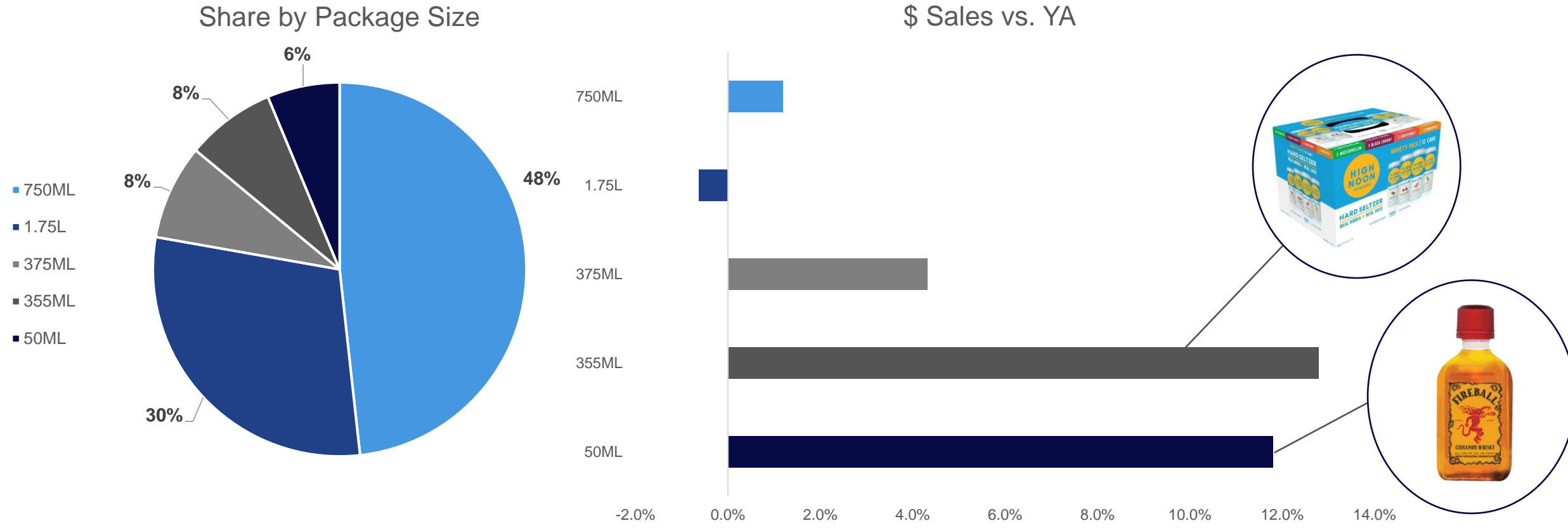
Weekly Dollar Sales - 2023 Calendar Year



Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 30, 2023



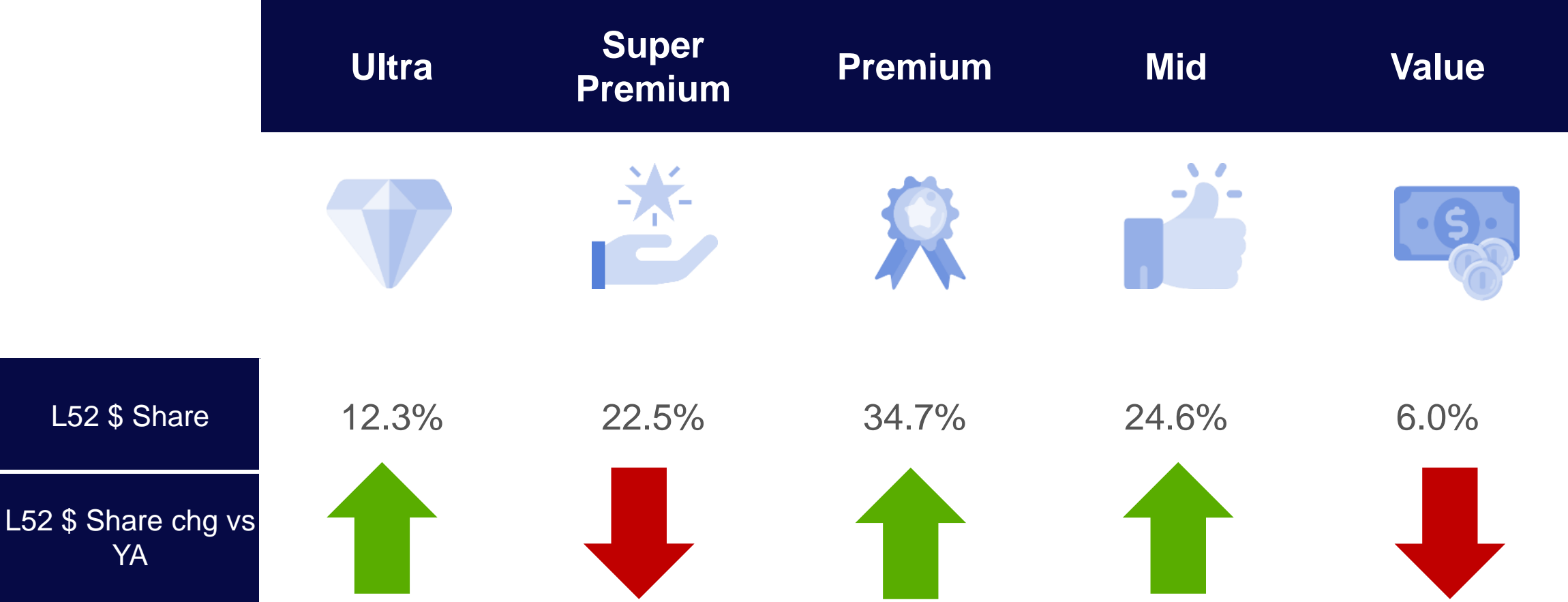
750ml and 1.75L bottles dominate Spirits, yet growth stems from single serve sizes in 355ml RTDs and shooter sized 50ml bottles



Package Sizes shown make up ~98% share of the category, and are displayed in order of category share

Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W April 20, 2024

Mid tier, premium and ultra gain share, at the expense of super premium and value Spirits



Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W April 20, 2024

Top 20 Spirits Growth SKUs



High Noon Tequila Seltzer 8pk



Captain Morgan Spiced Rum
1.75L Plastic Bottle



High Noon Vodka Seltzer 12pk



Jim Bean White Label Bourbon
Whiskey



Don Julio Tequila
750mL Glass Bottle



Crown Royal Blackberry
Whiskey 750 mL Glass Bottle



Sunny D Vodka Seltzer 4pk



Buchanan's Pineapple Scotch
Whiskey 750mL Glass Bottle



Buffalo Trace Bourbon
Whiskey 750mL Glass Bottle



Smirnoff Vodka
1.75L Plastic Bottle



Nutrl Vodka Seltzer 8pk



Jack Daniels Whiskey Coke
RTD 4pk



White Claw Soda Seltzer 8pk



High Noon Vodka Seltzer "El Pres" 8pk



Bailey's Chocolate Liqueur
750mL Glass Bottle



Crown Royal Peach Whiskey
750 mL Glass Bottle



Fireball Cinnamon Whiskey
50mL Plastic Bottle 10pk



Tito's Vodka 750mL Glass Bottle



Blanton Original Single Barrel
Bourbon Whiskey 750mL Glass Bottle



Jack Daniels Coke
Zero RTD 4pk

Navigating Trends – *The BevAl Landscape*

What is happening?

What opportunity exists?

Wine

We're seeing declines in Wine right now driven by some of the largest varietals and struggling to bring in younger demographic

White varietals like Sauv Blancs as well as Wine Based Cocktails, offerings with claims of low sugar / low calorie alongside sustainable packaging, such as tetra serve as opportunities to bring in a younger, more diverse consumer

Spirits

Spirits is experiencing strong growth, majority driven by RTD Spirit Cocktails which supports attraction of new, younger consumers. Largest segments of Whiskey and Tequila are growing, despite volume issues; ultra and mid-tier spirits continues to grow while value declines

RTDs based in Vodka and Whiskey, as well as approachable Soda / Seltzer flavors serve as key staples and likely entry points; single-serve drives growth in Spirits with premium offerings likely to attract the broadest consumer base

What does this mean for your Cidery?

Consider success seen with "better for you" and familiar flavor offerings in Wine and Spirits as an opportunity in Cider. Sustainable and unique packaging could also provide a new way for consumer to engage with your brand.

We can help you leverage scan, panel and depletion data to support your brand

Quarterly Cider Category Dashboard accessible to all members!

NIelsenIQ / 3 TIER BEVERAGES SCAN DASHBOARD

NAVIGATION MENU

- MARKET OVERVIEW
- ALL GEOGRAPHY
- FLAVOR & STYLE
- PACKAGE ROLLUP
- SEGMENT COMPS
- GLOSSARY

NIQ

AMERICAN CIDER ASSOCIATION

IN PARTNERSHIP WITH 3 TIER Beverages CHICAGO, IL

Custom Brand / SKU Level Dashboards & Consulting

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iDig Integration

Hide Your Reports

Search for a report...

Report Builder View Reports Dashboard TeamBoards GeoView enter keywords

Overview Reports

- Division Overview
- Distributor Overview
- Account Overview
- Chain Overview
- Custom Overview

Key Metrics

- Market Comparison

Inventory Reports

- Days of Inventory
- Inventory History
- Shipments
- IDIG Extra
- Nielsen Beer Scan Data
- Nielsen Wine Scan Data
- Nielsen Spirits Scan Data

Sales Reports

- Comparison
- Rolling Periods
- Historical Comparison
- Pricing Analysis
- Custom Columns

Distribution Reports

- Distribution
- New Placements
- Lost Placements
- Net New/Lost
- Unsold

Submit a VIP Help Center ticket

VIP

NIQ scan data, fully accessible alongside other familiar iDIG reporting modules.

Competitive item and brand retail sales reports. Drill down into category, brand, and/or item level specific performance across chosen markets and/or retailers

Thank you!

Price Tier Methodology



The NIQ methodology uses:

- Total US xAOC + Liquor + Conv to base pricing
- 750ml average unit prices (unless otherwise noted)
- Current 52-week time frame
- Brand extension based

	Price Tier				
	Value	Mid	Premium	Super Prem	Ultra
Brandy	≤9.99	\$10-14.99	\$15-24.99	\$25-34.99	\$35+
Cognac	≤15.99	\$16-24.99	\$25-39.99	\$40-59.99	\$60+
Cordials *	≤9.99	\$10-14.99	\$15-24.99	\$25-34.99	\$35+
Gin	≤9.99	\$10-15.99	\$16-24.99	\$25-34.99	\$35+
Rum	≤9.99	\$10-15.99	\$16-24.99	\$25-34.99	\$35+
Tequila	≤12.99	\$13-19.99	\$20-34.99	\$35-49.99	\$50+
Vodka	≤9.99	\$10-14.99	\$15-24.99	\$25-34.99	\$35+
Canadian & Other Whiskey	≤9.99	\$10-14.99	\$15-24.99	\$25-39.99	\$40+
American Whiskey	≤9.99	\$10-15.99	\$16-23.99	\$24-39.99	\$40+
Irish Whiskey	≤9.99	\$10-21.99	\$22-29.99	\$30-39.99	\$40+
Scotch Whiskey	≤15.99	\$16-24.99	\$25-44.99	\$45-69.99	\$70+
Japanese Whiskey	<15.99	\$16-29.99	\$30-44.99	\$45-69.99	\$70+
Wine/Malt Based Alternatives	≤9.99	\$10-14.99	\$15-24.99	\$25-34.99	\$35+
Non Alc Spirits	≤9.99	\$10-15.99	\$16-24.99	\$25-34.99	\$35+
Cocktails Ready to Drink (per serving = 1PK)	≤1.50	\$1.51-2.50	\$2.51-5.50	\$5.51+	
4PK equivalent	≤6.00	\$6.01-10	\$10.01-22	\$22.01+	
Cocktails Shooters	all				
Cocktails Novelties		all			
Cocktails Pods			all		
Cocktails Ready to Serve (750EQ)	≤9.99	\$10-14.99	\$15-24.99	\$25-34.99	\$35+