

CiderCon Category Performance Review: On and Off-Premise Trends

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Today's Presenters



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Thank you for your partnership!



NIQ



What we'll cover

- Industry Trends
- Cider Overview
- Regional Deep Dive
- Consumer Landscape and What's Ahead
- Q&A

Industry Trends

On Premise

Total Alcohol

+0.7%

*Latest 52 weeks ending 11/4/23
dollar change vs year ago*



Off Premise

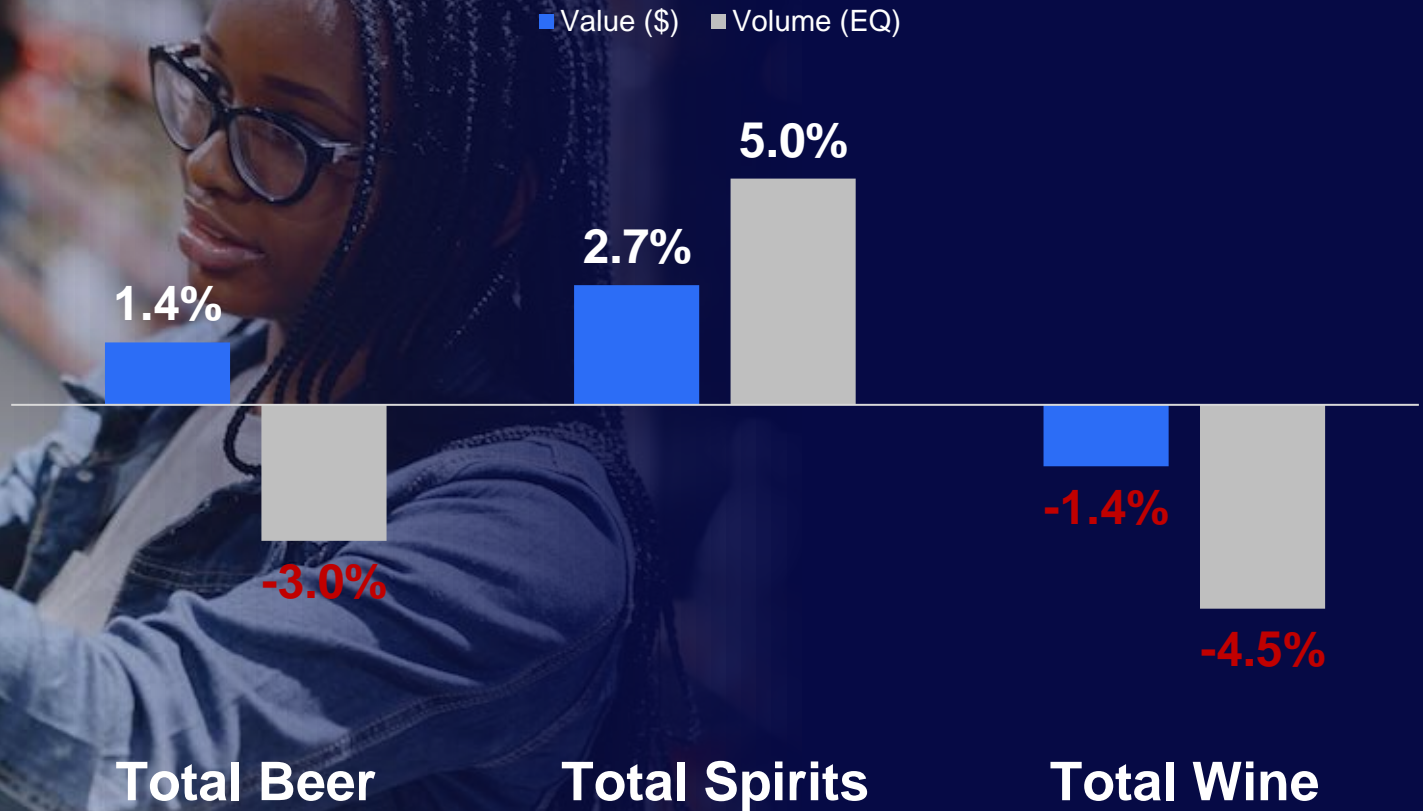
Total Alcohol

+1.1%

*Latest 52 weeks ending 12/30/23
dollar change vs year ago*




2023 is defined by value and volume disparity

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



Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database. Latest 52 weeks ending 12/30/2023 vs. year ago.

In the last year, the Beer/FMB/Cider category has regained \$ share from Spirits and Wine in the On Premise

	Spirits	Beer	Wine
\$ Share of On Premise BevAL	46.8%	39.8%	13.4%
\$ Share pp chg vs YA	-1.0pp	+1.0pp	0.0pp
			
\$	52.1B	44.3B	14.9B
\$ % chg vs YA	-1.5%	+3.1%	+0.4%



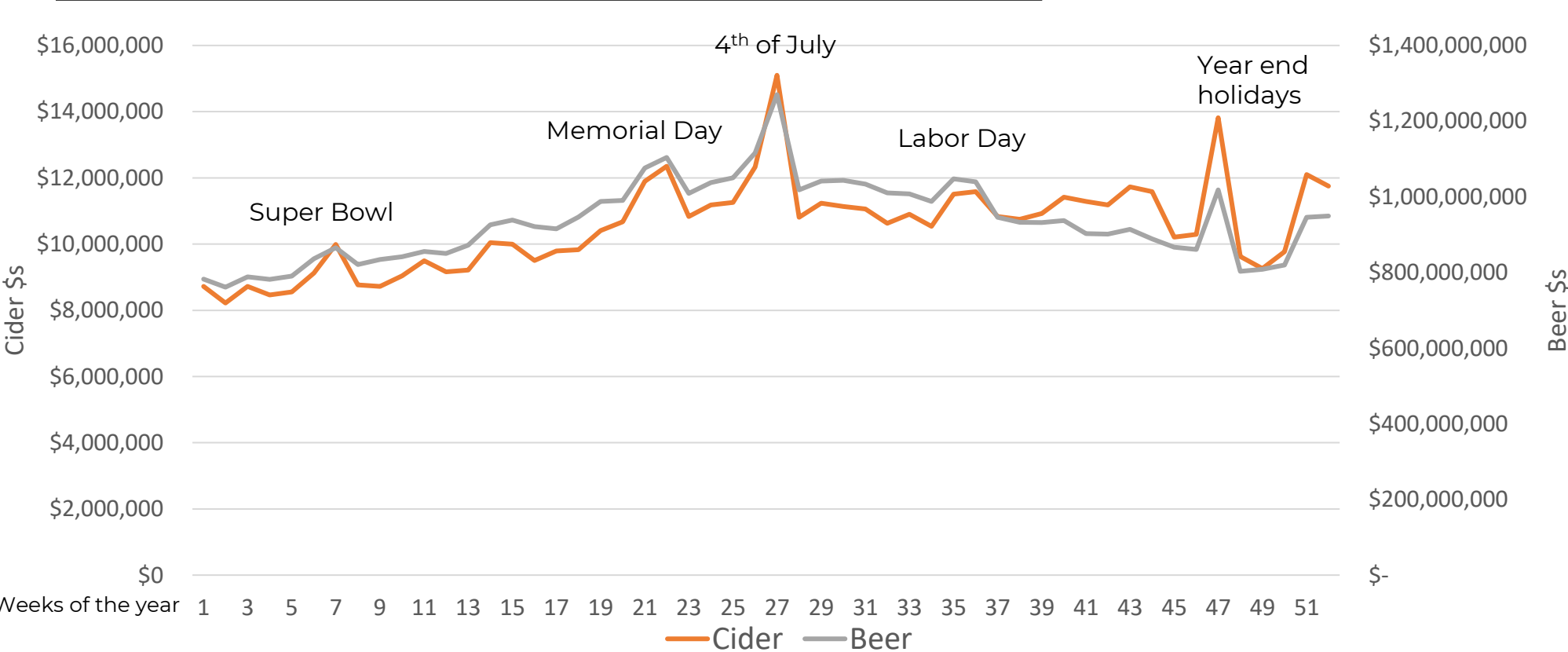
Cider Overview

Cider growth manages to outpace Beer/FMB/Cider in 2023

Seasonal peaks are similar, Cider elevated throughout the Fall and Year End Holidays

Total Beer/FMB/Cider vs. Cider weekly dollars

NielsenIQ off-premise channels



2023

Off-premise Cider up

+1.9%

vs year ago

Off-premise Beer up

+1.4%

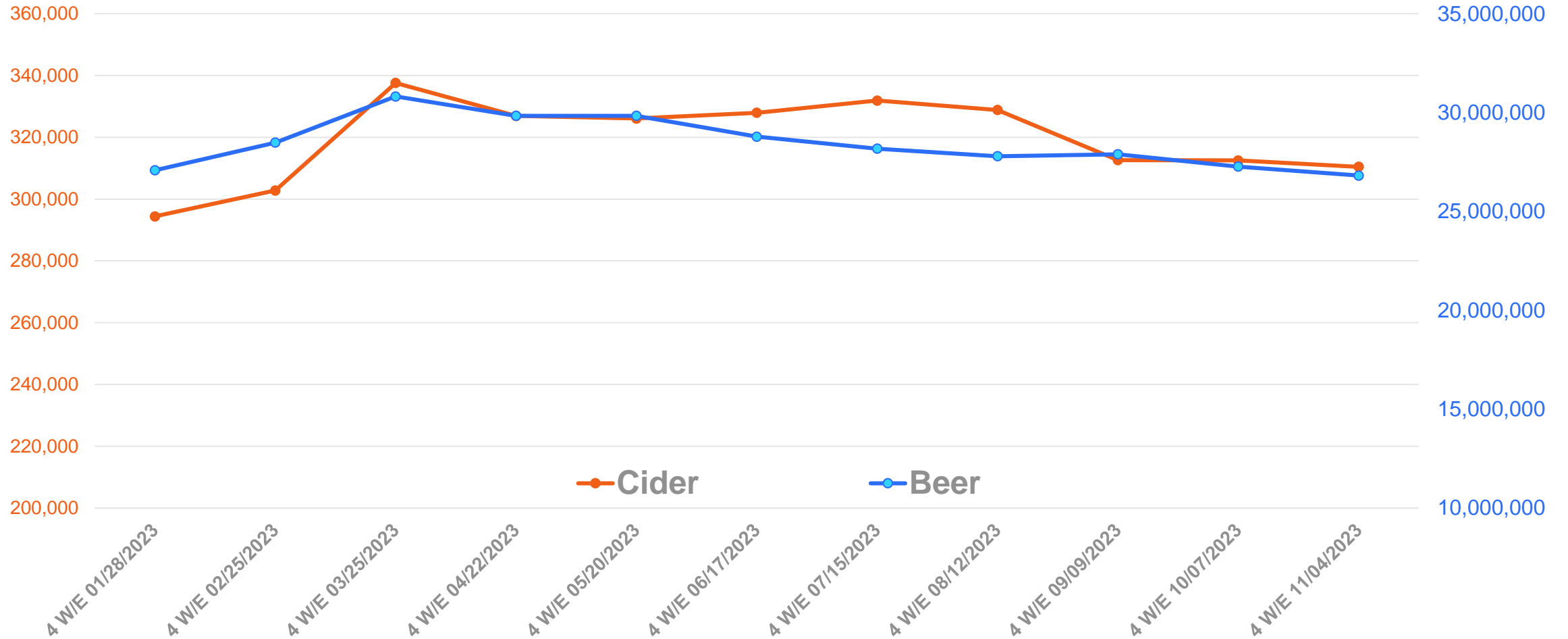
vs year ago

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



Cider peaked more than total beer through the summer months, demonstrating summer is the optimal season for Cider on premise

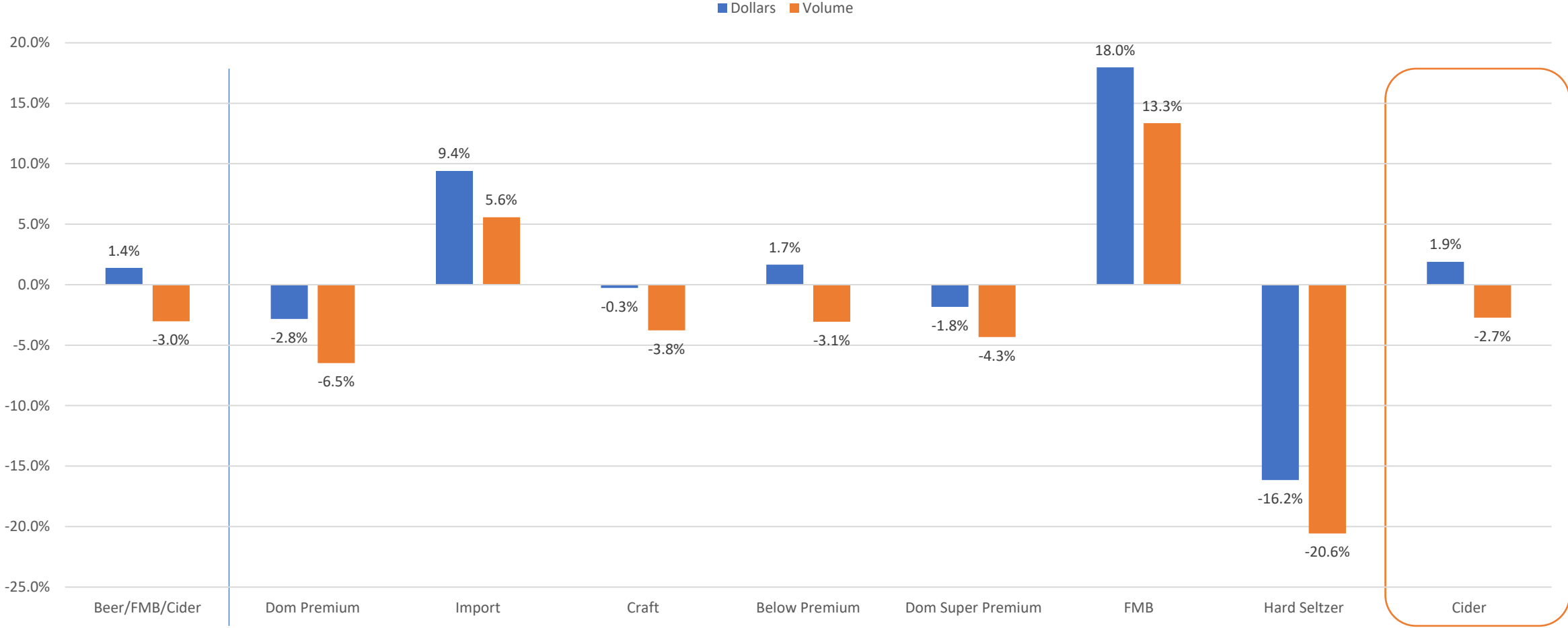
Volume Sales 288oz – Cider vs Total Beer



Price increase continue to mask underlying volume issues for Beer/Cider off premise

Imports, Below Premium, FMBs and Cider drive positive momentum in the category

Volume Percent Change vs. YA

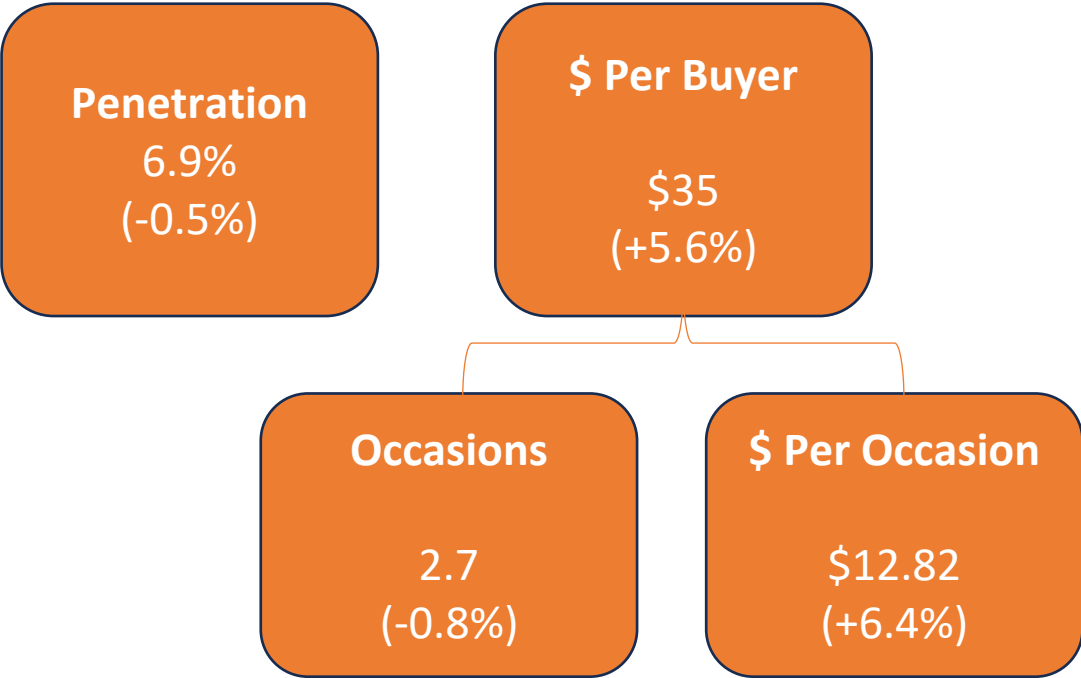


Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 30, 2023

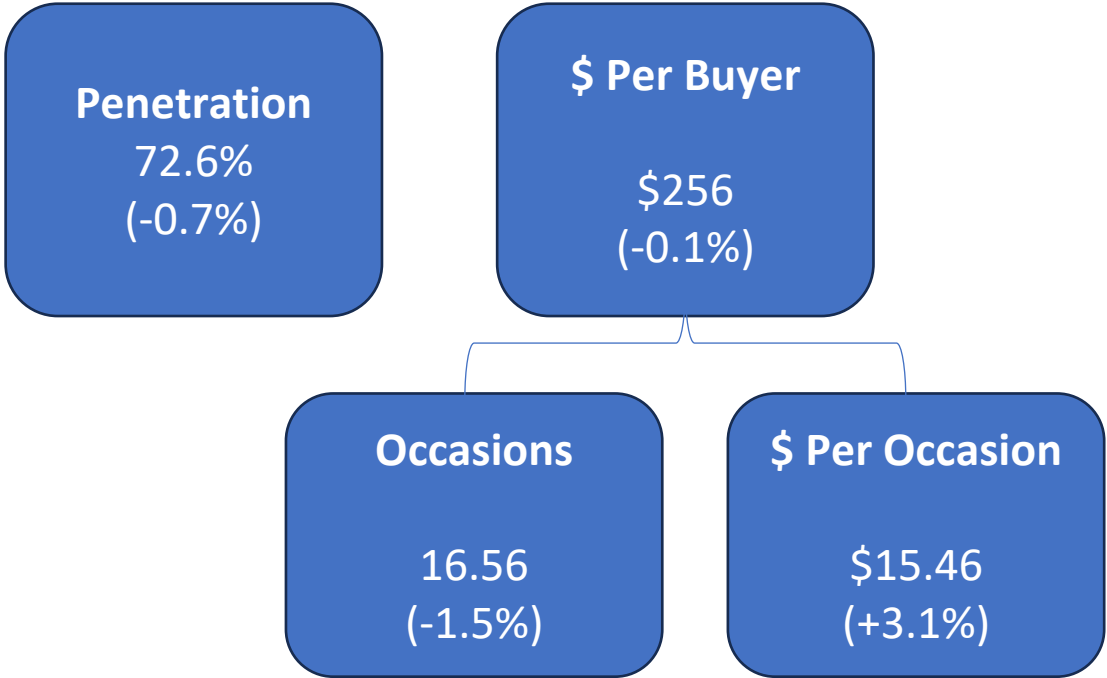


Likewise, from a consumer perspective, growth is driven by an increase in spend per shopping trip

Cider Consumer Decomposition



Beer Consumer Decomposition

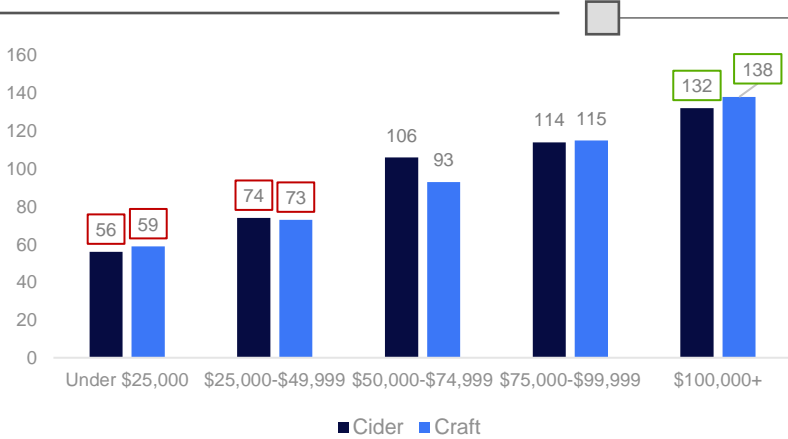


Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 11/02/2023, Total Outlets, Total US

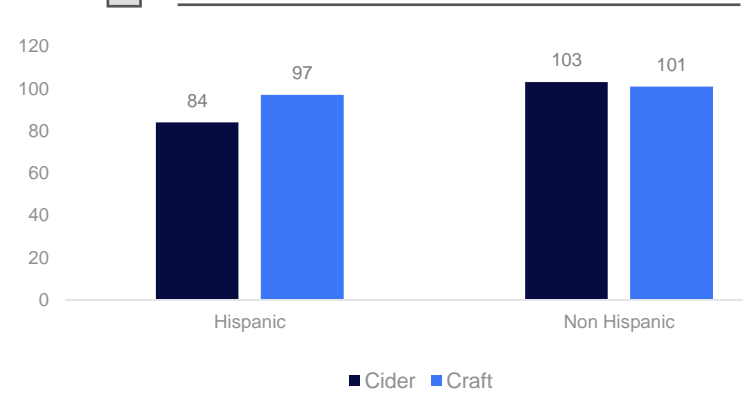
Cider drinkers are younger, high-income households; opportunity exists to reach multicultural consumers

Cider drinker vs Craft Beer drinker

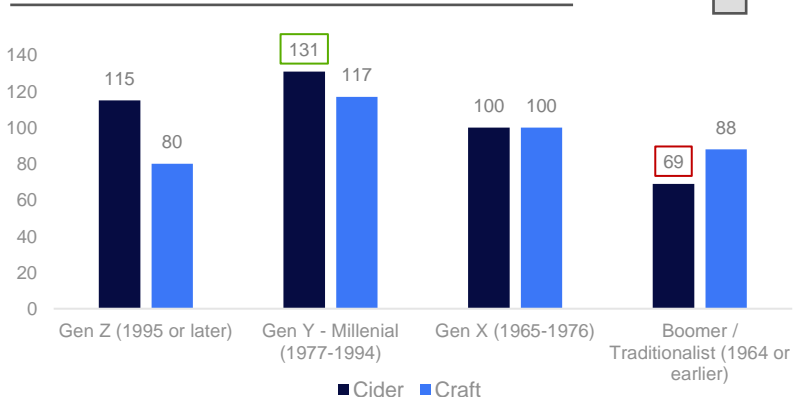
Income



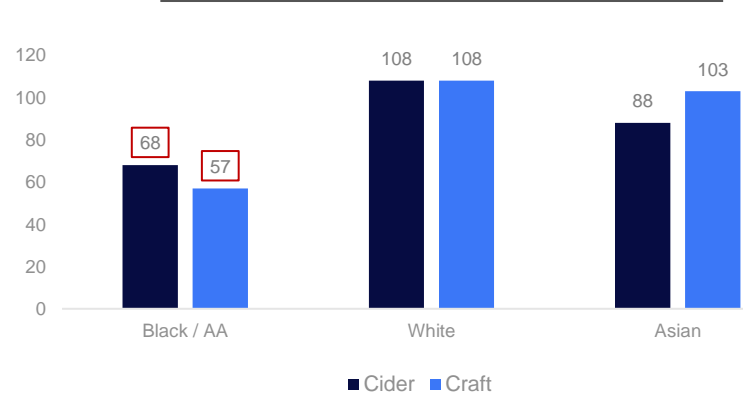
Hispanic Y/N



Generation

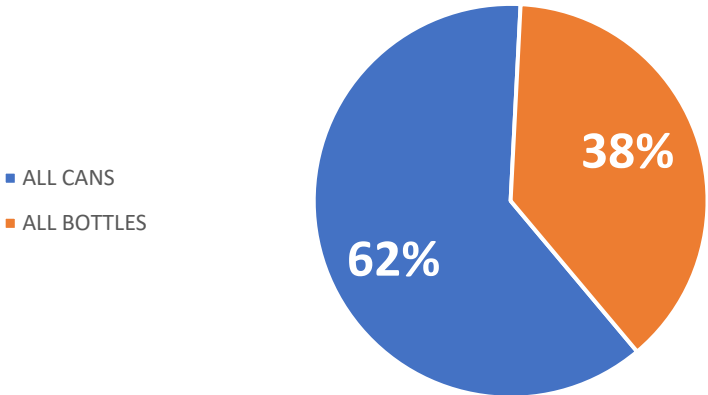


Race

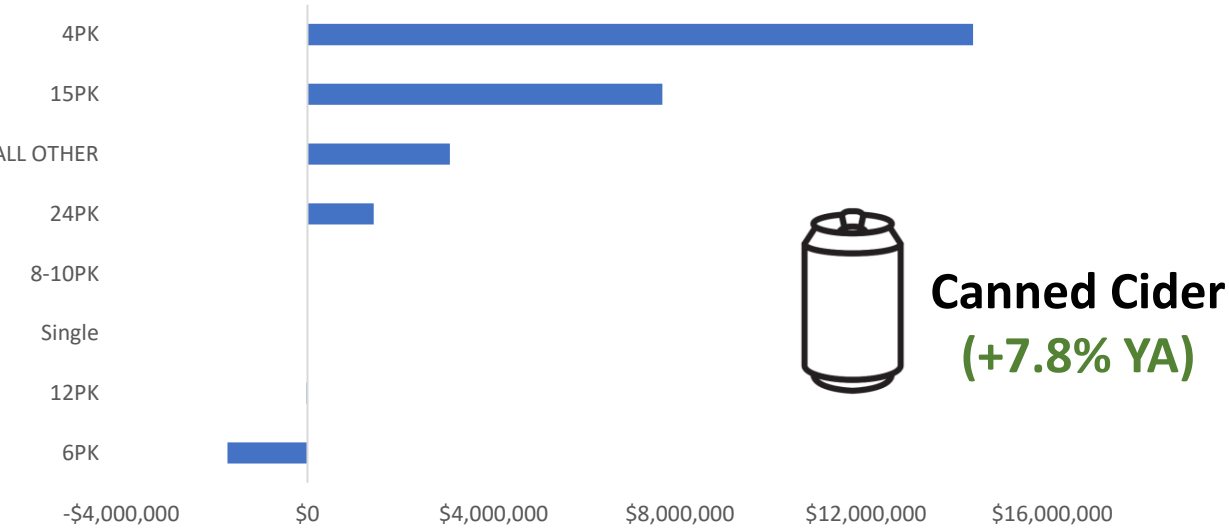


Cans continue to dominate the Cider Category and drive growth

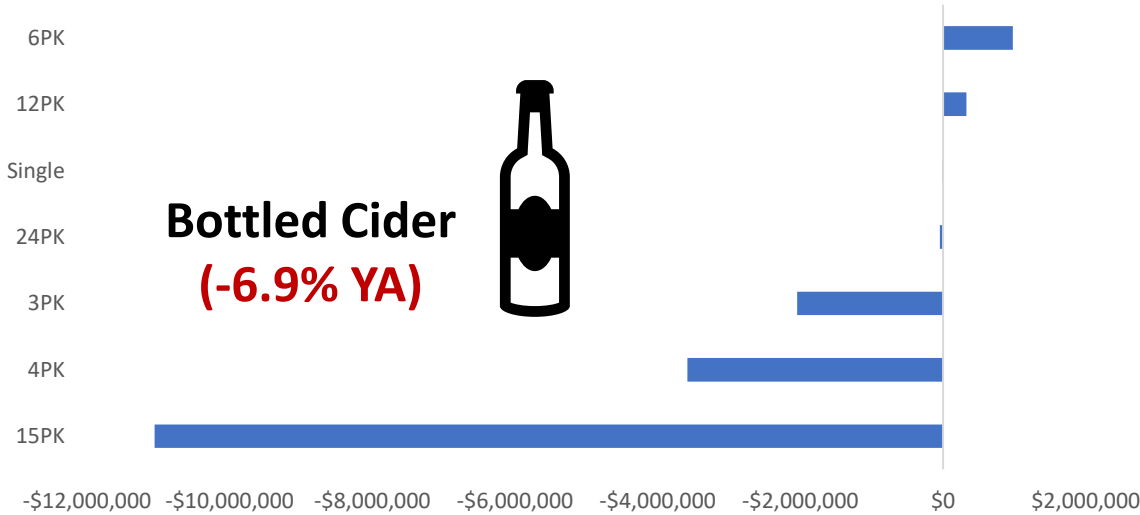
Cans vs Bottles Share



Cider Can \$ CYA






Cider Bottle \$ CYA



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

While draft holds the most share of Cider, packaged gained share over the year

	Cider	Draft Cider	Packaged Cider
288OZ EQ Share of Beer/Cider	1.1%	60.1%	39.9%
288OZ EQ Share pp chg vs YA	-0.1pp	-1.2pp	+1.2pp
			
288OZ EQ	4.2M	2.5M	1.7M
288OZ EQ % chg vs YA	-12.6%	-14.3%	-9.9%



Cherry leads cider absolute growth, surpassing Apple; Berry flavors ones to watch going



Flavored* Share of Cider Sales

41%



Flavored* Share of Cider Growth

46%

6 of the top **10** growth SKUs are Flavored* Ciders

Top Flavors (based on \$)

Flavor	\$ % change
APPLE	1.6%
ASSORTED	-2.3%
BLACKBERRY	17.3%
FRUIT COMBINATION	-19.1%
PINEAPPLE	3.9%
CHERRY	90.4%
MANGO	20.1%
ROSE	-15.3%
PEAR	-3.4%
BLUEBERRY	70.0%

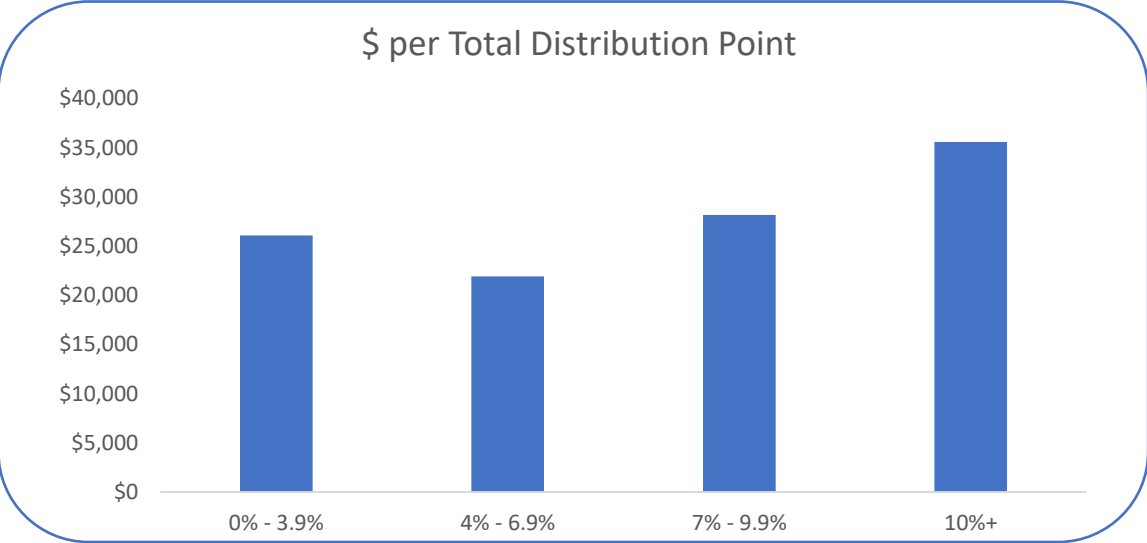
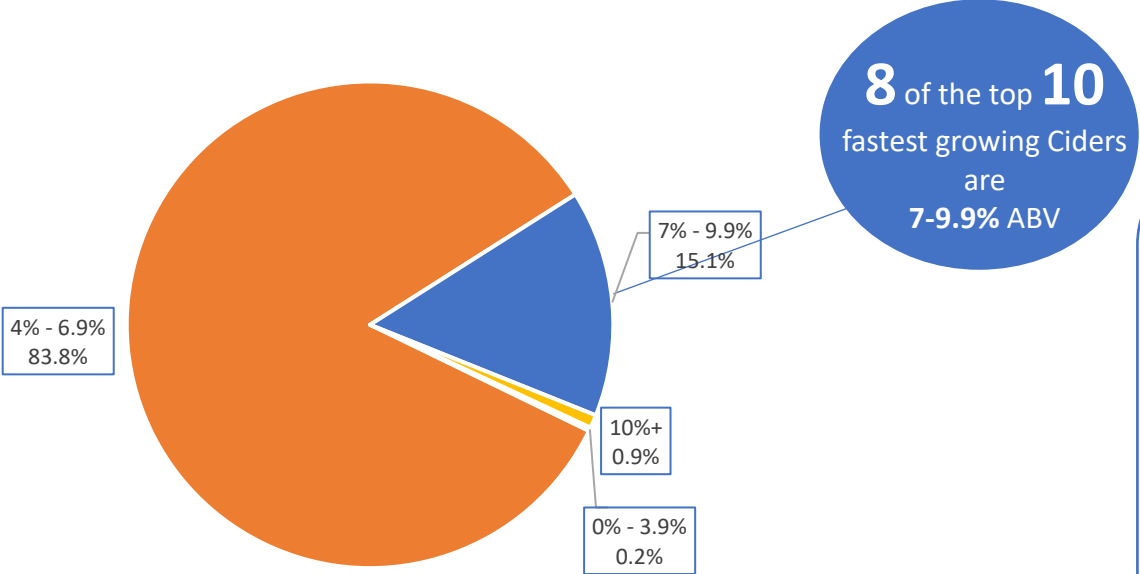
Top Flavors (based on \$ chg)

Flavor	\$ chg
CHERRY	5.3MM
APPLE	5MM
BLACKBERRY	3.2MM
BLUEBERRY	2.8MM
RASPBERRY	2.2MM
MANGO	1429.6K
PEACH	984.3K
SEASONAL	818.9K
PINEAPPLE	743.5K
BERRY	530.7K

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

ABV 7%+ drives category growth and productivity; Low ABV an emerging opportunity

ABV Share



ABV	Share Chg	Absolute \$ Chg
0% - 3.9%	0.2%	\$0.9M
4% - 6.9%	-7.3%	-\$25.7M
7% - 9.9%	6.9%	\$34.8M
10%+	0.2%	\$1.2M

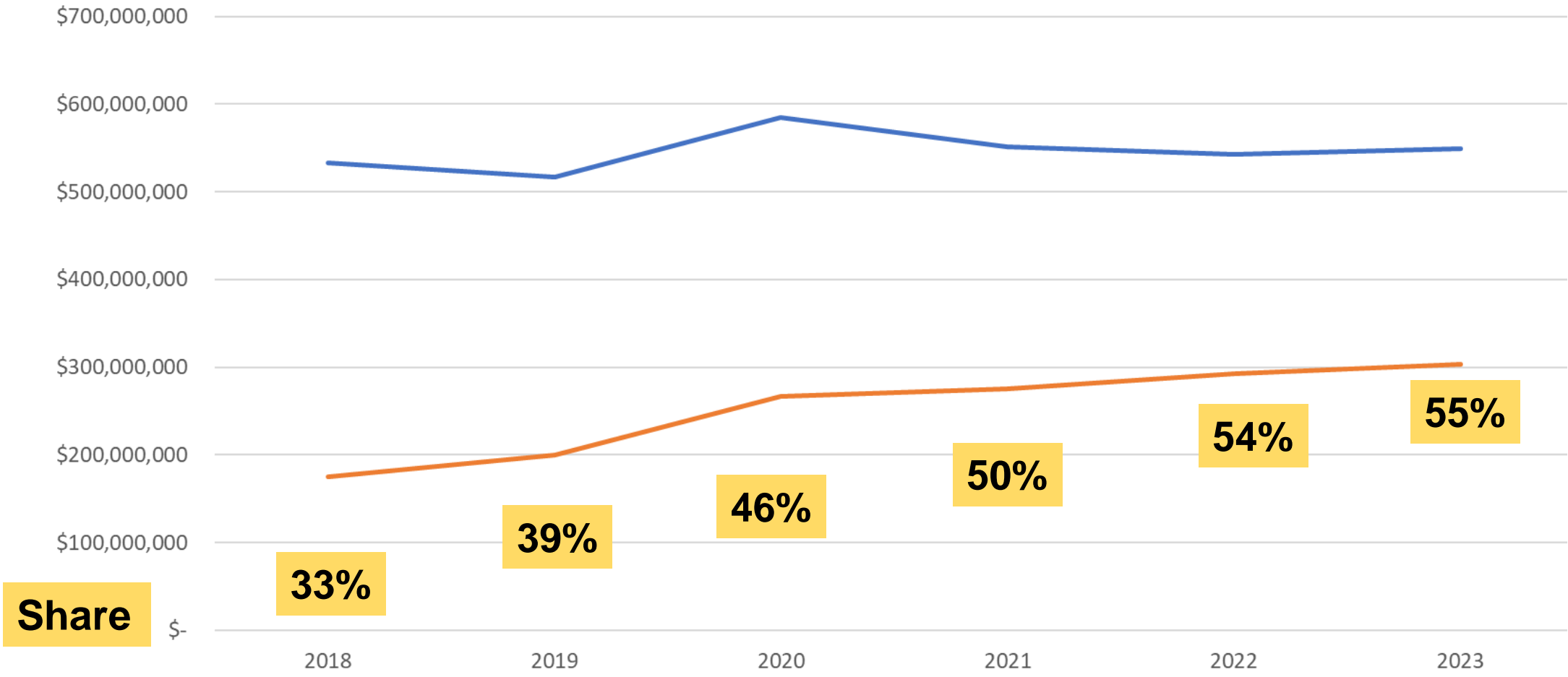
Top 2 Brands in **0-3.9% ABV** are all new to the space this year

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

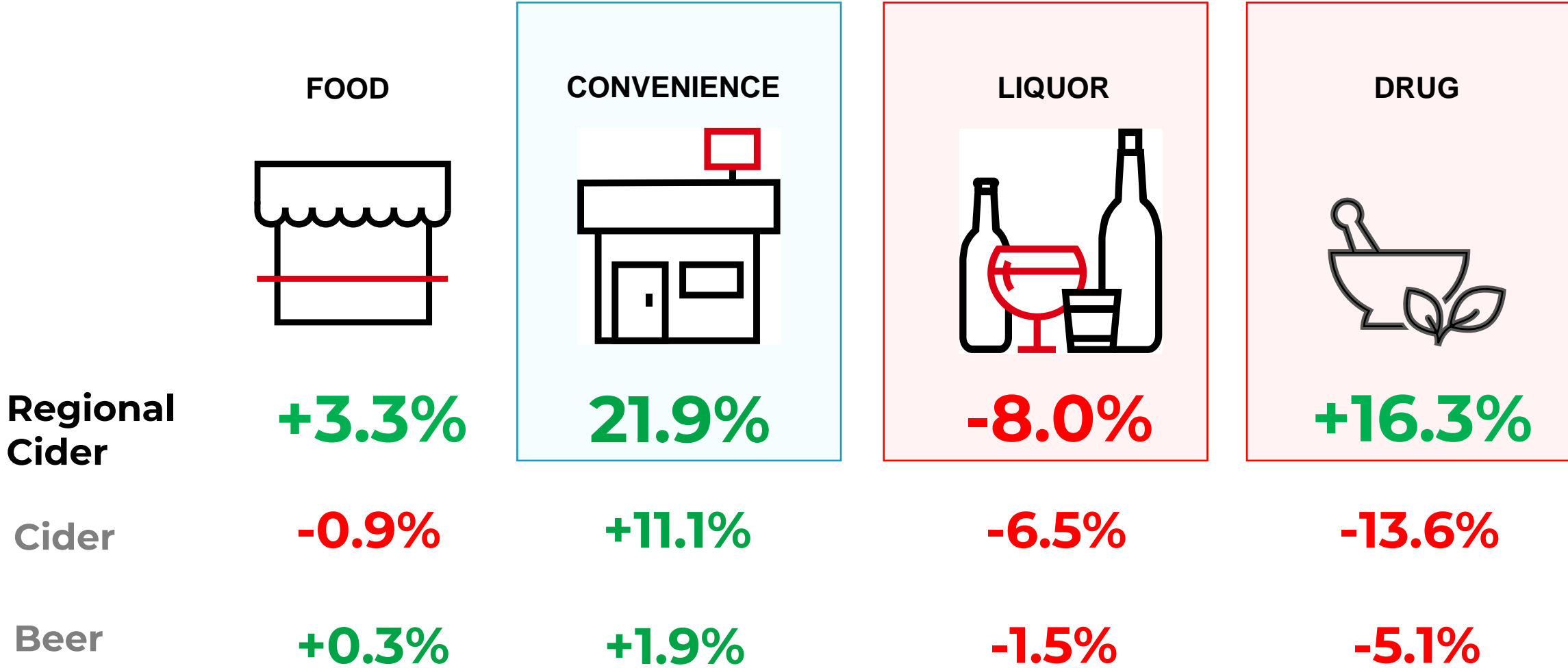
Regional Cider

Regional Cider brands continue to see growth

Cider Dollar sales – by Year



Regional Cider outpacing in Food and Convenience channels






Top 20 Cider growth brands

SCHILLING
HARD CIDER



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

Regional Cider still bigger than National On Premise, but seeing more significant declines

	Cider	Regional Cider Brands*	National Cider Brands*
288OZ EQ Share of Beer/Cider	1.1%	51.1%	48.9%
288OZ EQ Share pp chg vs YA	-0.1pp	-1.9pp	+1.9pp
			
288OZ EQ	4.2M	2.1M	2.0M
288OZ EQ % chg vs YA	-12.6%	-15.7%	-9.1%



How do On Premise consumers engage with Hard Cider?



11%

of US consumers drink
Hard Cider in the On
Premise

+6pp

for 21-34
Year-olds

34%

Of *Hard Seltzer drinkers*
consume **Hard Cider** in the
On Premise

+23pp more than average
US consumers

47%

Of *Hard Cider drinkers*
consume **Hard Seltzers** in
the On Premise

+5pp vs Fall 2022

A wide variety of hard seltzer flavors are popular, with berry and pineapple being most consumed

Typical flavors of hard seltzers consumed
Hard Seltzer drinkers



Apple drives growth in regional cider, with variety packs and multi-fruit flavor combinations spiking interest

Similar to TTL Cider, Regional Cider in the Midwest faces headwinds, however fruit combinations and berry flavors drive growth

Flavored \$ Sales

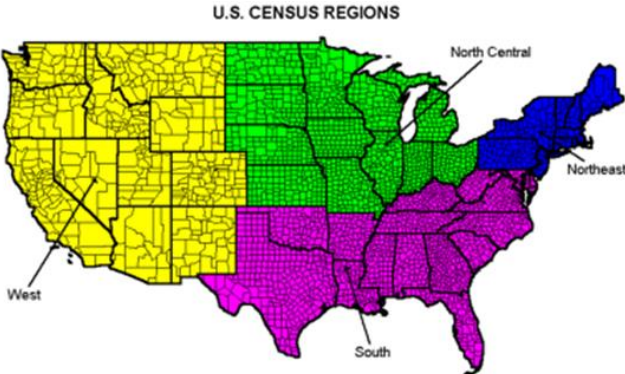
+4.9%

vs year ago

Apple \$ Sales

+8.1%

vs year ago



West Region	
Top Flavors	Top Growth Flavors
1. Apple	1. Apple
2. Assorted	2. Blueberry
3. Blackberry	3. Raspberry
4. Blueberry	4. Pineapple
5. Mango	5. Mango

Midwest Region	
Top Flavors	Top Growth Flavors
1. Apple	1. Fruit Combo
2. Assorted	2. Strawberry
3. Fruit Combo	3. Blueberry
4. Cranberry	4. Pumpkin
5. Cherry	5. Pineapple

South Region	
Top Flavors	Top Growth Flavors
1. Apple	1. Apple
2. Blackberry	2. Blackberry
3. Assorted	3. Fruit Combo
4. Pineapple	4. Assorted
5. Orange	5. Seasonal

Northeast Region	
Top Flavors	Top Growth Flavors
1. Apple	1. Apple
2. Assorted	2. Assorted
3. Pineapple	3. Fruit Combo
4. Ginger	4. Pineapple
5. Fruit Combo	5. Peach Tea

Source: Nielsen IQ Total USxSOC Channel L52W Dec 30, 2023

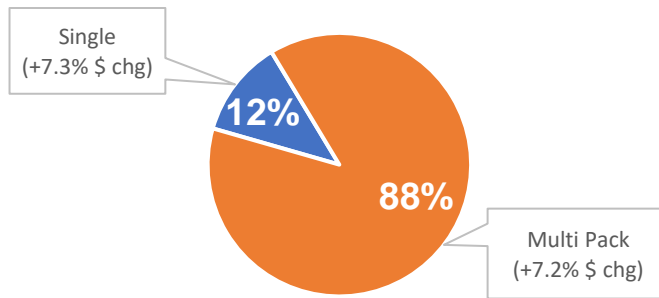
Both formats drive growth, with cans playing an integral role

Within bottled, single serve struggles across a variety of bottled sizes



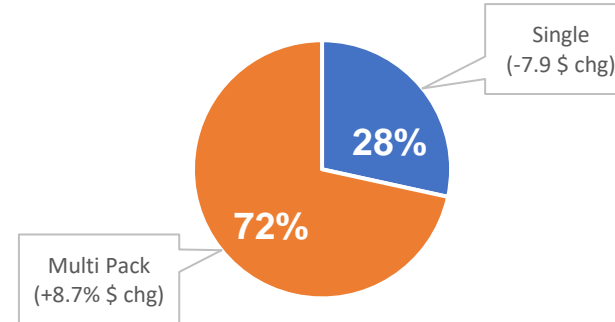
Canned Cider
(84% Share; +7.2% YA)

Single vs. Multi Pack \$ Share

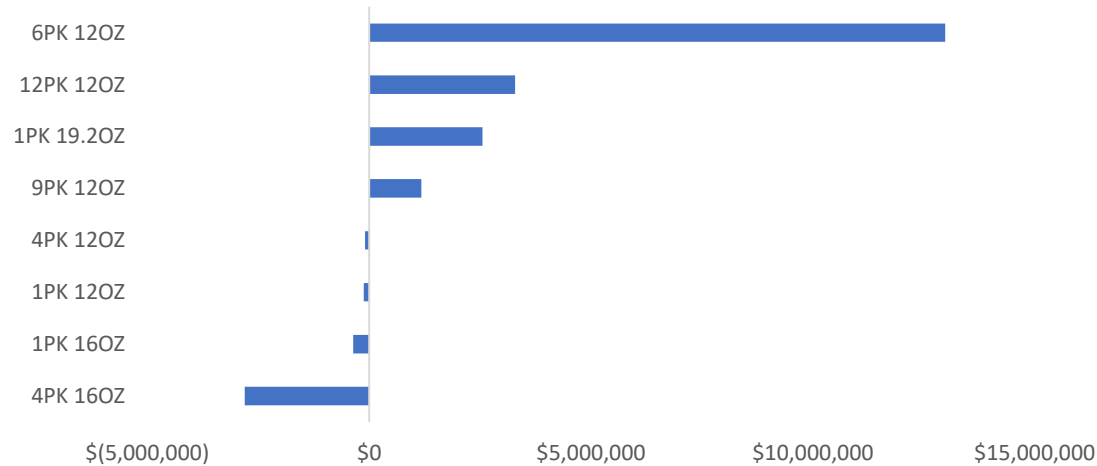


Bottled Cider
(16% Share; +3.4% YA)

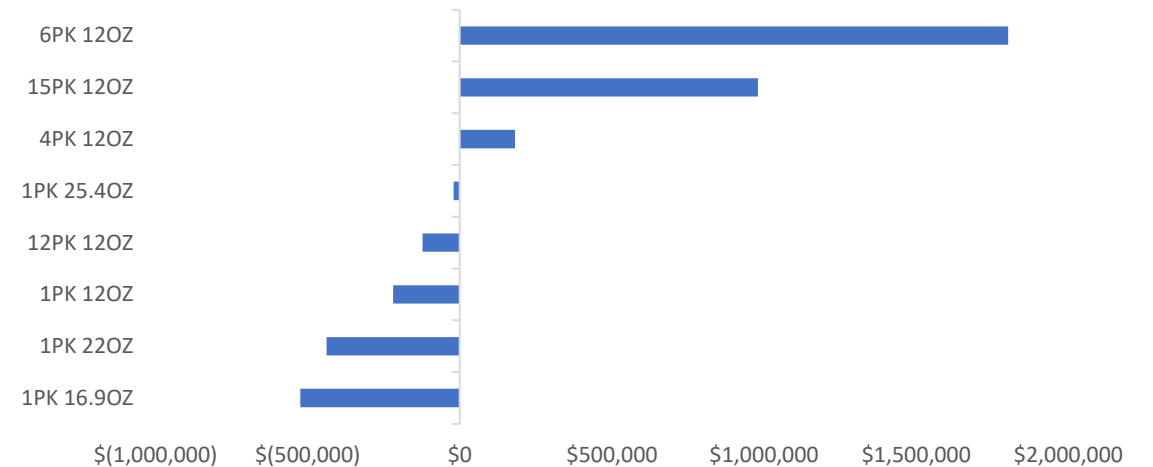
Single vs. Multi Pack \$ Share



Top 8 Canned Cider Pack Sizes \$ CYA



Top 8 Bottled Cider Pack Sizes \$ CYA



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

Consumer Landscape

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

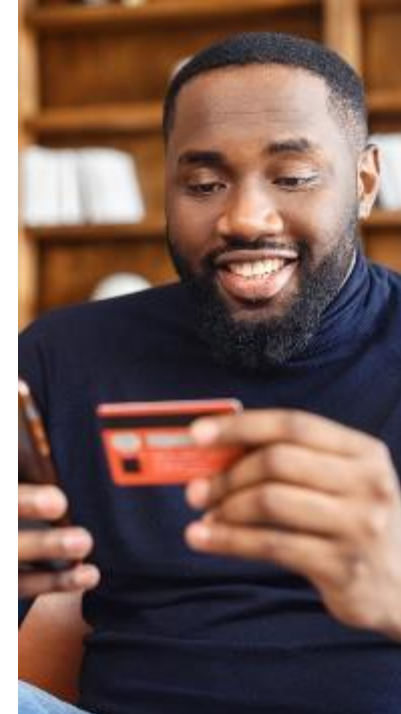
- **Cross Category** Consumption
- **Premium** products and experiences but still with authenticity
- **Flavors** are center stage in categories like RTDs, Beers and Ciders
- Consumers are trending towards **no/low alcohol** products and moderation changes in drinking habits

BevAI Buyers by Generation

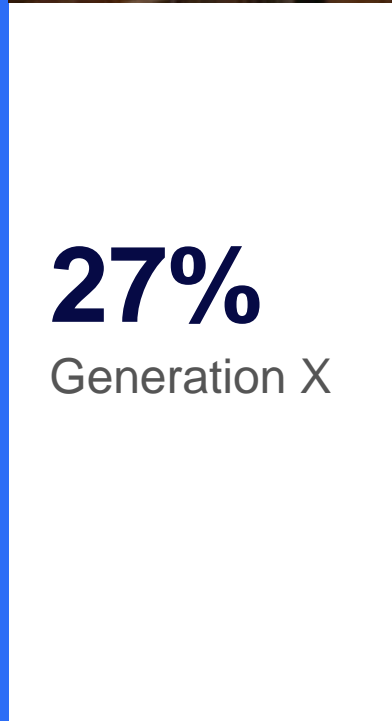
% of BevAI Buying Households



6%
Generation Z



32%
Millennials



27%
Generation X



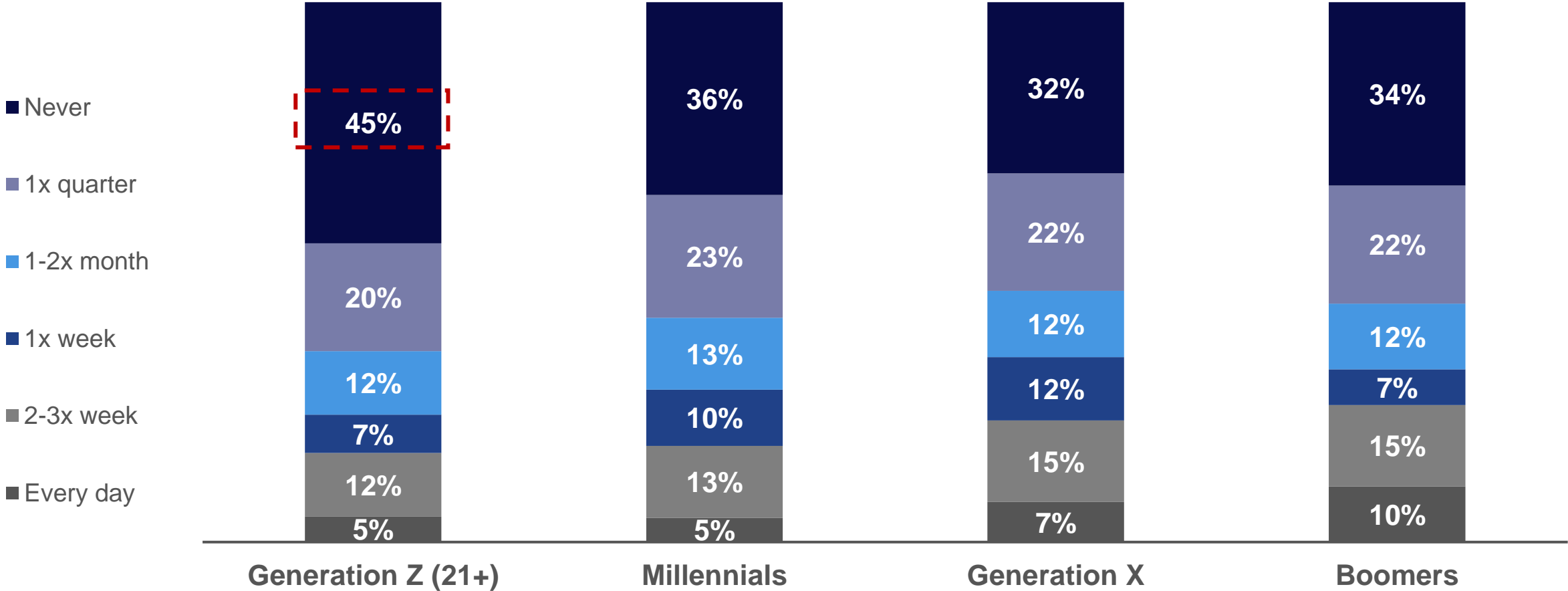
36%
Boomers/
Traditionalists



Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 07/15/2023, Total Outlets, Total US

45% of Gen Z (21+) have NEVER consumed Alcohol

Q18: How Often do you Consume Alcohol?



NIQ Gen Z Study; Gen Z is legal drinking age 21+ on this slide

77%

of Gen Z visit the
On Premise
Weekly *
(+10pp vs avg)

54%

of Gen Z use
TikTok to browse
Food/Drink
Trends
(+22pp on avg
consumer)

48%

of Gen Z post on
Instagram to
complete a Night
Out **
(+9pp vs Avg)

57%

Would choose
brands who
promote good
values/
ethical practices
(+5pp vs avg)



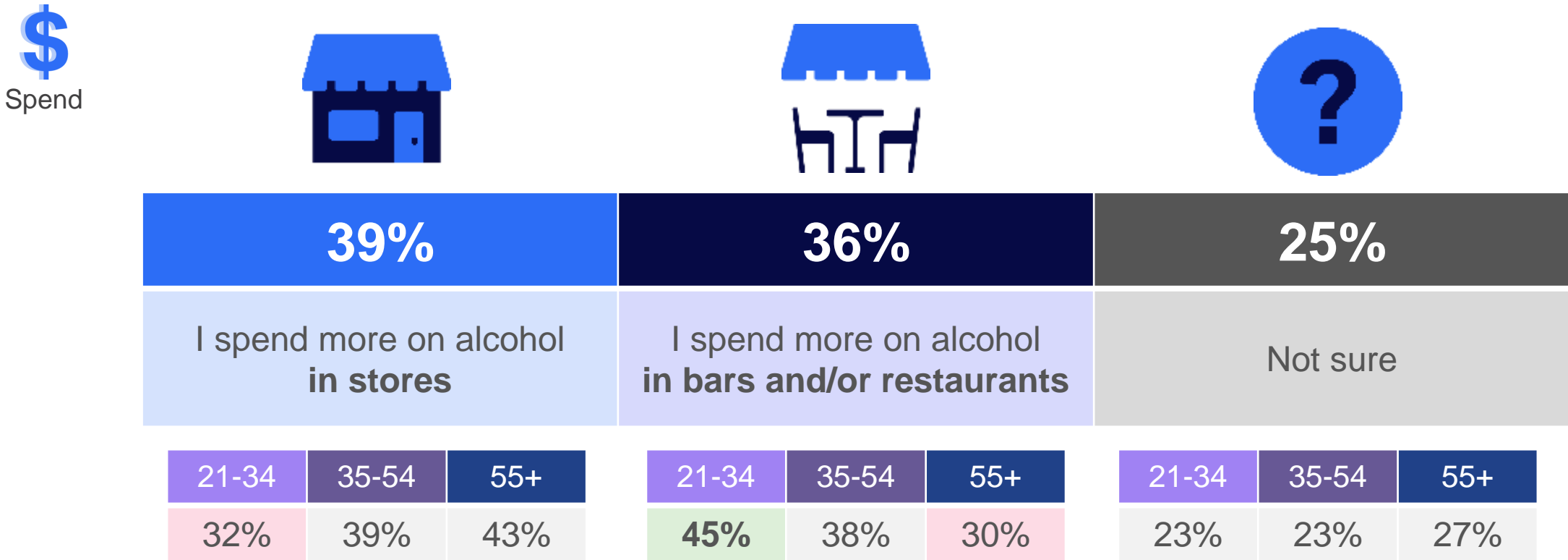
Source: CGA by NIQ US REACH 2023 – Sample Size: 61 – 1,256

* answered 3-5 times a week, 1-2 times a week, everyday

** answered Agree/Strongly Agree

On Premise channel captures significant share of wallet especially among *younger consumers*

Where consumers typically spend more on alcohol

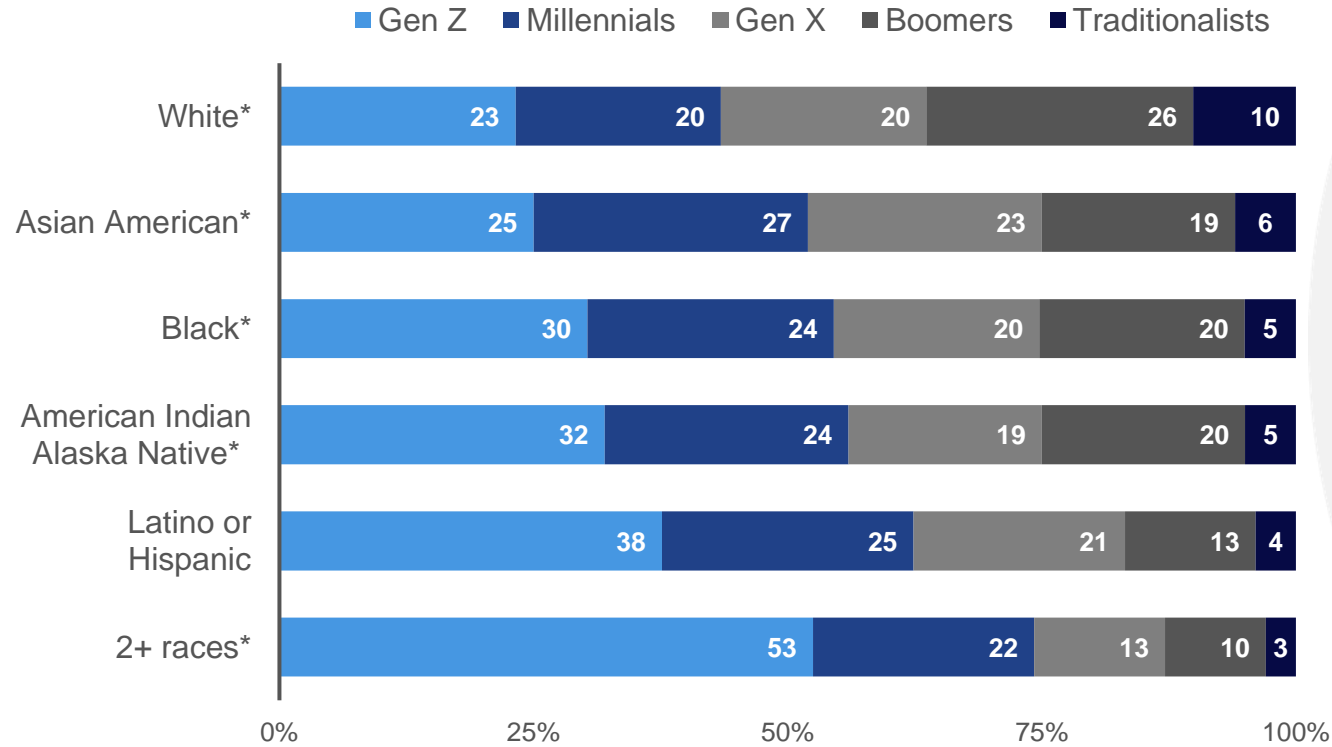


Thinking about a typical month, where do you spend more on alcohol?
 Source: CGA by NIQ OPUS US (Spring 2023) sample size: 3808 - 14953

Significant increase vs average
 Significantly decrease vs average

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



- **Gen Z** LDA are a very important recruitment target but several challenges come with that demographic
- **On premise** engagement with **Gen Z** is unique and represents significant experiential incremental dollars in 2024
- Younger generations have more diversity ethnically and the **buying power with Hispanics** is a large-scale opportunity in 2024

How will changing demographics impact 2024?

Gen Z and Millennials show increased engagement with non-alcoholic drinks

Top 3 reasons for choosing non-alcoholic drinks when out – Gen Z



41% to be healthier

-9pp vs Millennial



35% to save money

+3pp vs Gen X



31% to try something new

+16pp vs Baby Boomer

Source: CGA by NIQ OPUS Fall 2023 – Sample Size: 213 – 15,000



Non Alc Cross Purchasing

94%



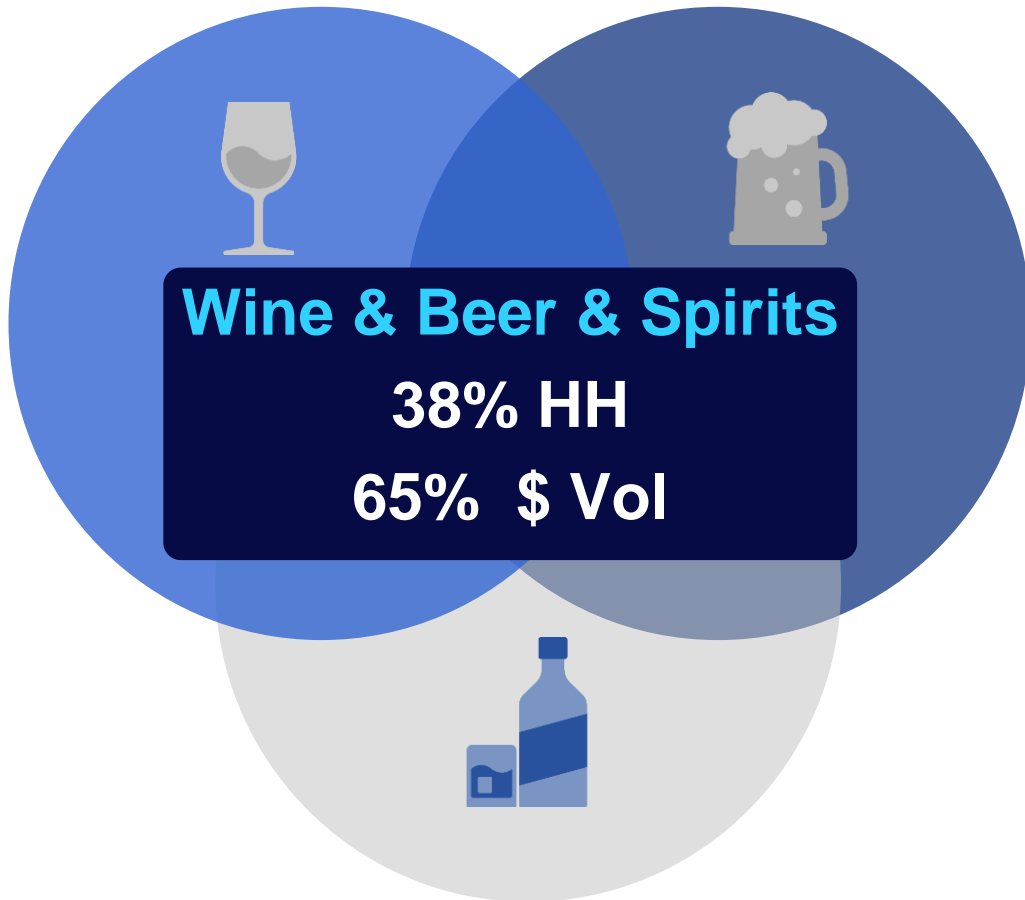
*of Non Alc buyers are purchasing
Alcohol-containing Beer, Wine, or Spirits*



Source: NIQ Omnishopper, Total U.S., Latest 52 weeks ended 07/15/2023

Consumer Considerations that Matter

Total BevAI Buyer and Sales Overlap
Off premise



Repertoire

Consumption cuts across all segments like never before

Authenticity

Consumers like to be able to tell the brand story to their social network

Taste Preferences

Flavor driven segments have new offerings constantly

Social Influencing

Celebrities are their own “brand” and that association is a driver

Source: NIQ Omnishopper

The Split Brain Budget- Affordable Luxury

For finances, consumers are embracing a "split-brain budget", *meaning cutting back on the basics while making room for personal luxurious items.*



63%

"I'm not going to deprive myself"

69%

"I have cut out more 'in-between'"

58%

Of consumers are willing to buy more premium/quality

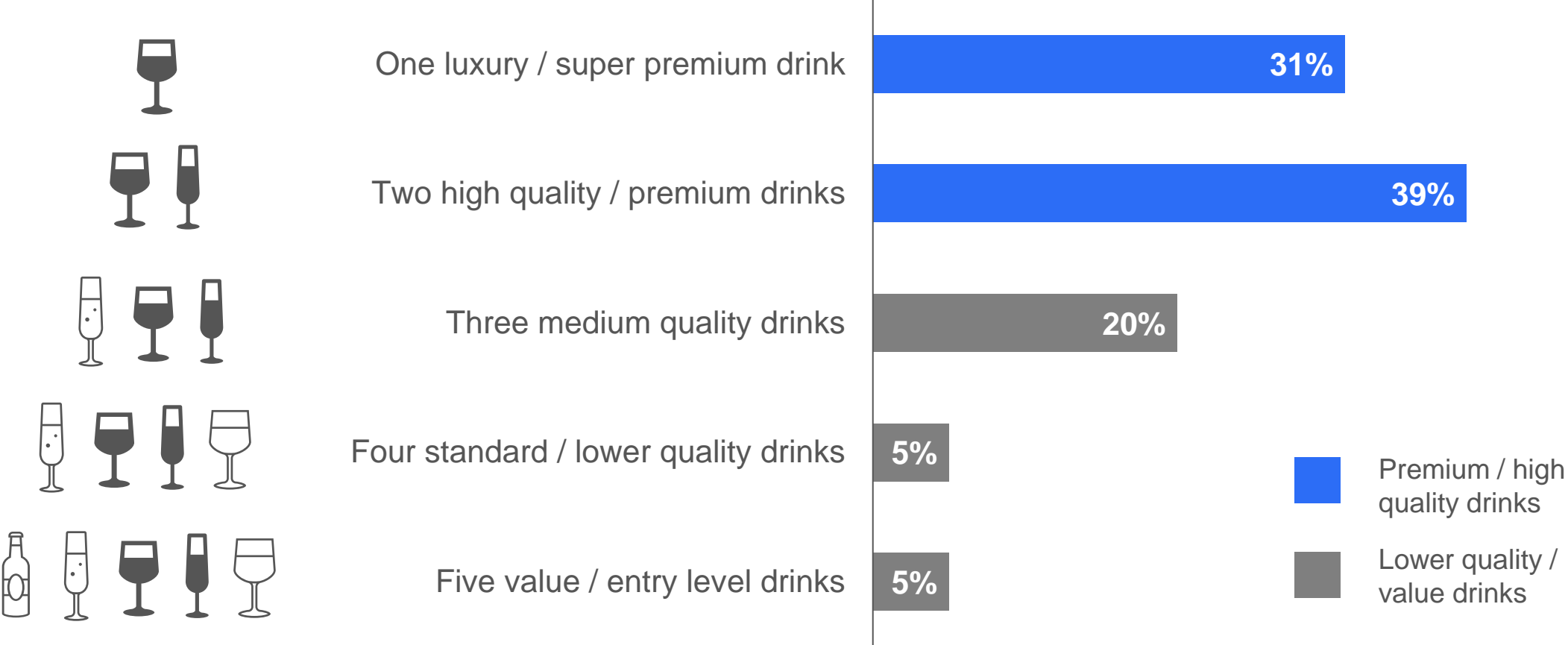


**Bars &
Restaurants are
engrained into
the social fabric
of US consumers,
with 1 in 3 saying
they would be
lost without it**

**24% of
consumers
plan to spend
more in the On
Premise over
the next 12
months**

Given a fixed \$ amount, how do On Premise consumers behave?

If you were choosing what to drink out, and the total of your bill was the same regardless of which option you picked, which of the following would you prefer?



CGA By NIQ: US REACH 2023. Sample Size: 185 -1,243

27%

of On Premise
consumers drink
cocktails out-of-home







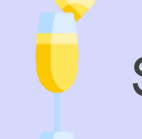
Q. Which of the following have you had to drink when out at a bar, restaurant or similar outlet in the past 3 months? Please select all that apply
Source: CGA by NIQ OPUS US (Fall 2023) – Sample Size: 3826 - 15000






BevAI suppliers have an opportunity to help operators curate targeted cocktail programs

Top 5 cocktail flavors typically consumed in Summer and Winter

Summer

Winter

	Berry	65%
	Fruity & Sweet	64%
	Wine cocktails	51%
	Citrus	48%
	Sparkling wine cocktails	45%

	Coffee	48%
	Hot	45%
	Creamy	41%
	Cider cocktails	35%
	Boozy	34%

Q: Which of the following cocktail flavors do you typically drink when out? Please select all that apply
 Source: CGA by NIQ OPUS US (Fall 2023) – Sample Size: 781 - 2814

Flavors are driving growth among various Beer segments

Brands are finding success in niche flavor segments



Source: NIQ Discover Integrated BWS Database; off-premise channels; latest 52 weeks ending 12/2/23



- **RTD revolution** will continue to drive flavors growth in 2024 helping to support innovation in Beer / Wine / Spirits
- **Flavor creativity** will proliferate in 2024 with functional beverage design being a key driver that consumers will recognize
- The search for flavors can easily extend into **craft beer and cider** where consumers can enjoy local and regional affiliation
- **On premise cocktail creativity** is not slowing down and mixologists are going to be challenging the status quo again in 2024

How will flavors lend to innovation trends in 2024?

Closing Thoughts

BevAI Trends – *what does this mean for Cider?*

What's the trend?

How is the trend defined?

What does this mean for Cider in 2024?

Dynamic Demographics

Evolving consumer demographics trending towards different product offerings and consumption behaviors, including changes in drinking habits.

- Gen Z LDA recruitment remains important
- On premise key for LDA engagement
- Hispanic opportunity will expand significantly

Shifting Shopper Behaviors

Characterized by lifestyle changes that emphasize convenience, wellness, and sustainability. This shift is evident in preferences for local products, moderation in consumption and no/low alcohol choices.

- Lean into authentic messaging
- Experiential events remain important
- Low/No Alcohol emerging opportunity

Broader Consideration Set

Flavors taking center stage in categories like RTDs, Beer, Cider and more. Premium products define the standards for shoppers. Suppliers are adapting with a dynamic approach to flavor and ABV exploration, and normalizing shorter product life cycles

- Moderation supports premiumization
- Craft and local brands are perceived to be more premium
- Repertoire diversification presents opportunity

Thank you!

Come see us at booth #116!