Crafting the Future:

GenZ's Influence on Alcohol Brands

PRESENTED BY:

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Today's Presenters

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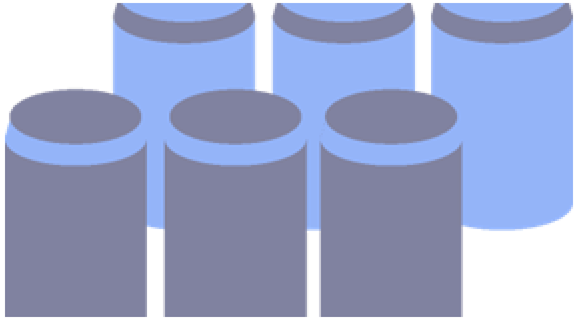
3-Tier Beverages in partnership with the American Cider Association

We are on a **Mission**

We are an analytics and growth consulting firm on a mission to make data-based decisions accessible to all.

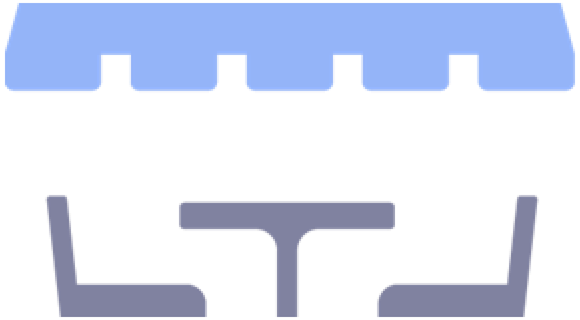
Our industry experts utilize intricate data sets to craft impactful narratives and facilitate effective decision-making to complement our partners' offerings.

What data sources will we be leveraging?



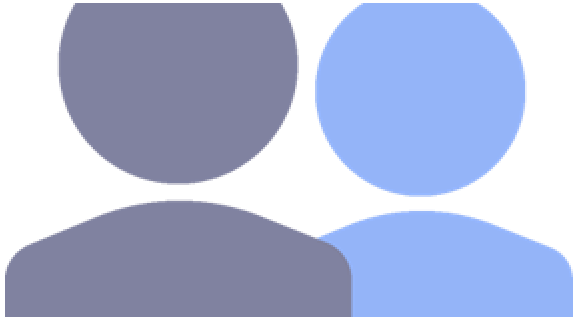
NIQ RMS

- Point of Sale Measurement in the Off Premise across Beer, Wine and Spirits with segmentation across attributes



CGA by NIQ On Premise

- On Premise data collected across independent and chain restaurants/bars and projected to a national, regional and state views of the On Premise



NIQ Consumer Panel

- Omnishopper panel with access to consumer purchasing behavior, demographics and trends

NIQ *Beverage Alcohol* Measurement

Off Premise

- Food (Total US)
- Drug (Total US)
- Mass Merchandiser (e.g. Target)
- Walmart
- Dollar (e.g. Family Dollar, Dollar General)
- Select Warehouse Club Stores (Sam's, BJ's)
- Whole Foods Market
- Military Exchanges

xAOC

- Convenience (Total US)
- Liquor* (selected geographies/retailers)

• *8 geographic markets, including* ***California Liquor*** *& 20+ Liquor chains* •

- Other measurement
  - Wine.com, Bevmo, 7-11
  - Omnishopper *(consumer panel insights)*
  - Omnisales *(deduplicated in-store and online sales)*
  - Byzzer – Small/Medium Business Solution

Updated June 2023

On Premise

- Total US
  - Eating (Restaurants) vs. Drinking (Bars)
  - Subchannels (Beer & Spirits)
  - Chains vs. Independents
  - 3 Years of History
- 9 Census Divisions + States & DMAs
  - **More granular brand reporting**
- Also available from CGA
  - Guest check level analysis
  - Daypart/week analysis
  - Key Holiday/event analysis
  - On Premise User Survey – 15,000 on prem visitors surveyed bi-annually
  - Channel specific reports for Hotels, Casinos, Stadia etc.

CGA's coverage projects to 100% of the Dining and Drinking channels. This equates to 78% of the entire On Premise channel.

AGENDA

1. The Current State of the Bev-Alc Industry
2. Overview of National Cider
3. Regional Cider's Growth
4. The Cider Consumer and Emerging Trends from Gen-Z
5. Closing Thoughts

The Current State of the Bev-Alc Industry

NIQ

Total *Beverage Alcohol* Performance

Off Premise Channels

$112 billion

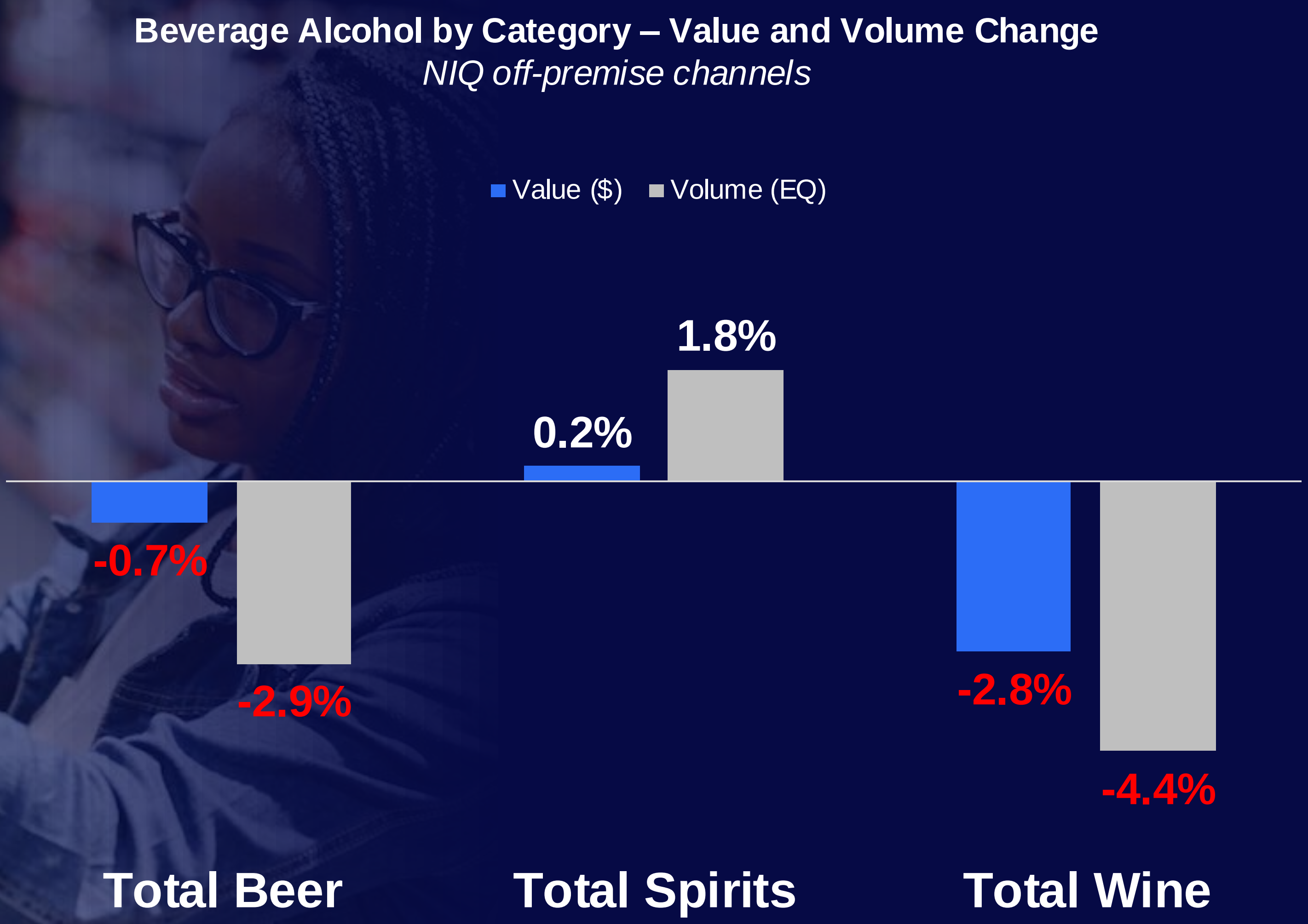
Dollar sales of total Alcohol in 2024

-0.8%

Dollar sales change of total Alcohol in the 2024 vs 2023

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

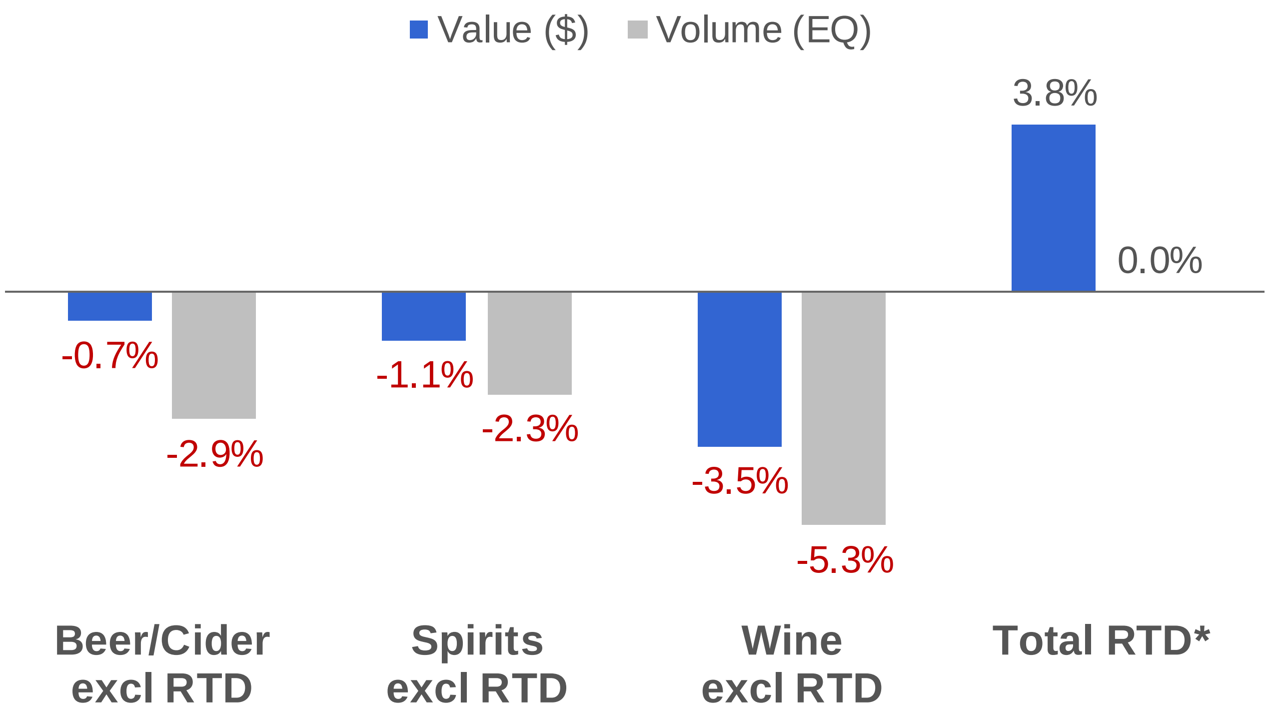
2024 struggled to achieve value and volume sales growth



Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs year ago

Outside of RTDs, BevAl categories are in decline

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



	Beer/Cider excl RTD	Spirits excl RTD	Wine excl RTD	Total RTD*
$ Share	**42.2**	**27.2**	**19.0**	**11.6**

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

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

RTD's growing in the On Premise too, while Beer is still managing to grow share from W&S

	Spirits	Beer	Wine	RTD’s
$ Share of On Premise BevAl	45.9%	40.5%	12.6%	1.1%
$ Share pp vs YA	-0.7pp	+0.5pp	-0.3pp	+0.4pp
$	$50.7B	$44.7B	$13.9B	$1.2B
$ % chg vs YA	-3.3%	-0.6%	-4.0%	+60.7%

Source, CGA by NIQ OPM, Megacategory, $, Value, rolling 52 w/e 11/30/2024

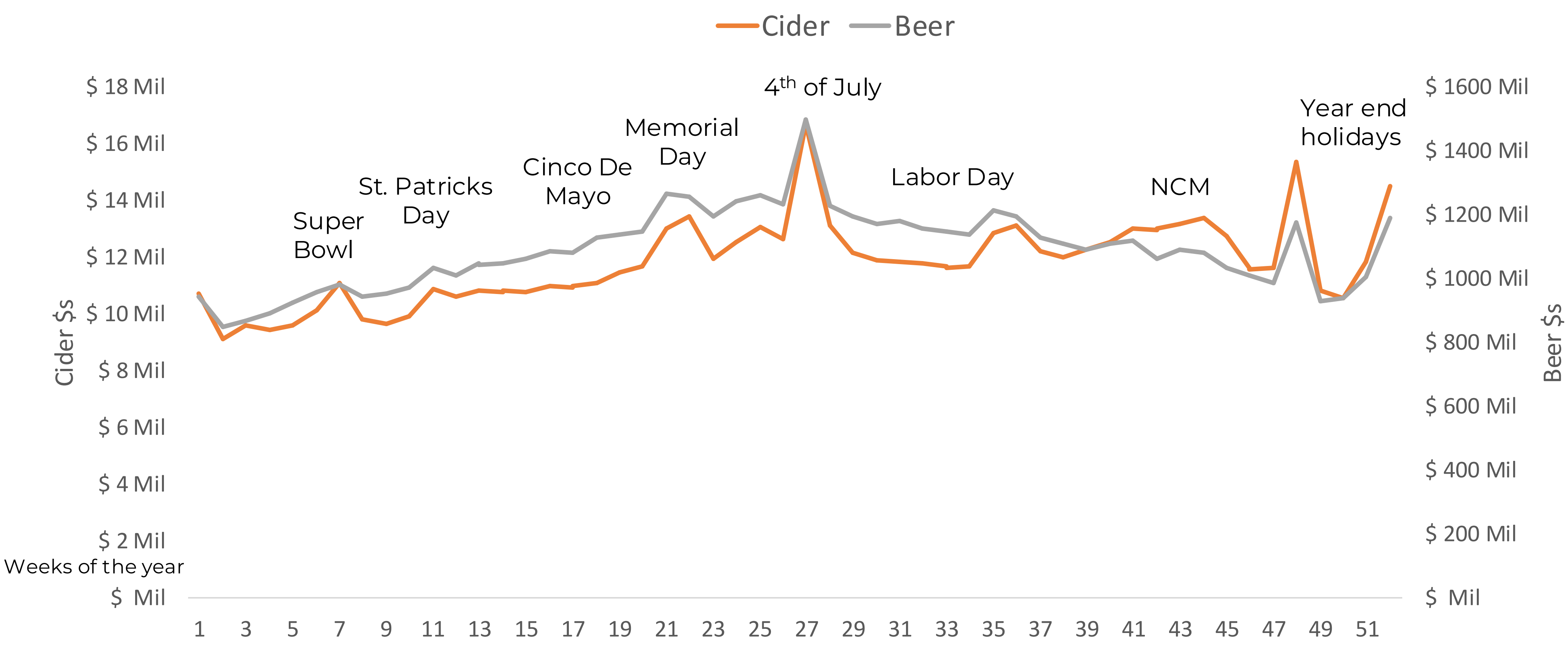
Overview of National Cider

Cider declines outpace Beer/FMB/Cider in 2024

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



2024

Off-premise Cider up

-2.1%

vs year ago

Off-premise Beer up

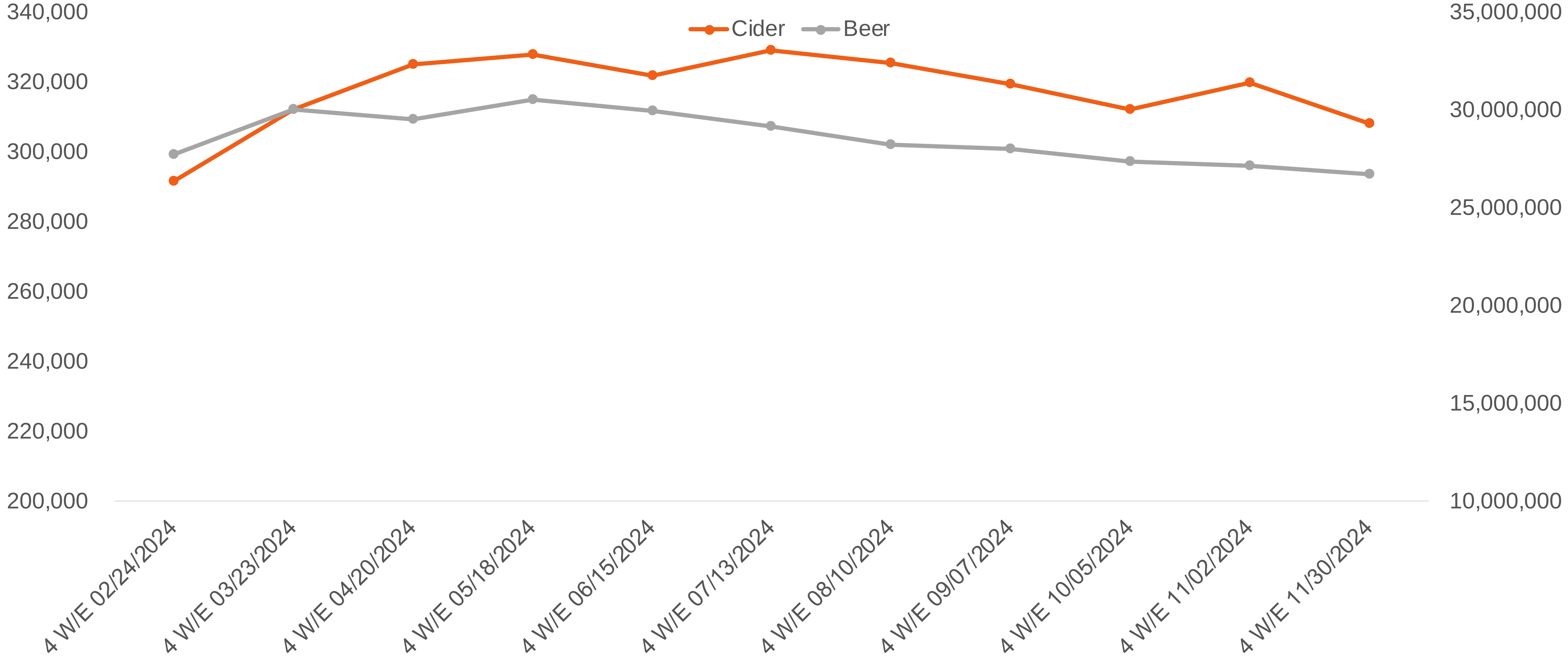
-0.7%

vs year ago

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

Cider sees elevated sales in summer and fall months in the On Premise

Volume Sales 288oz – Cider vs Total Beer
NielsenIQ On-Premise channels

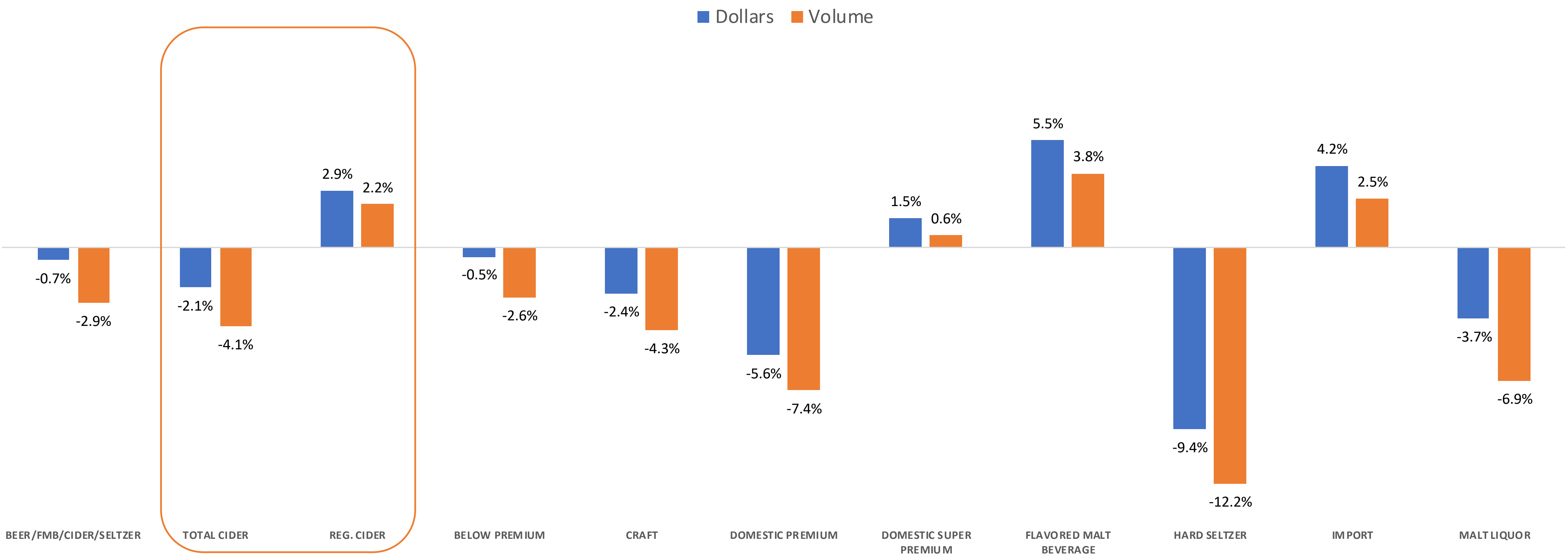


Total Beer = Total Beer/ FMB/Cider
Source: CGA by NIQ OPM data – Total US, megacategory, subsegment, volume, 288OZ EQ, 4 w/e 02/24/2025 to 11/30/2024

Regional Cider is among the few bright spots in an otherwise declining Beer category

Imports, Dom. Super Premium and FMBs also drive positive momentum in the category

Cider Volume Percent Change vs YA
NielsenIQ On-Premise channels

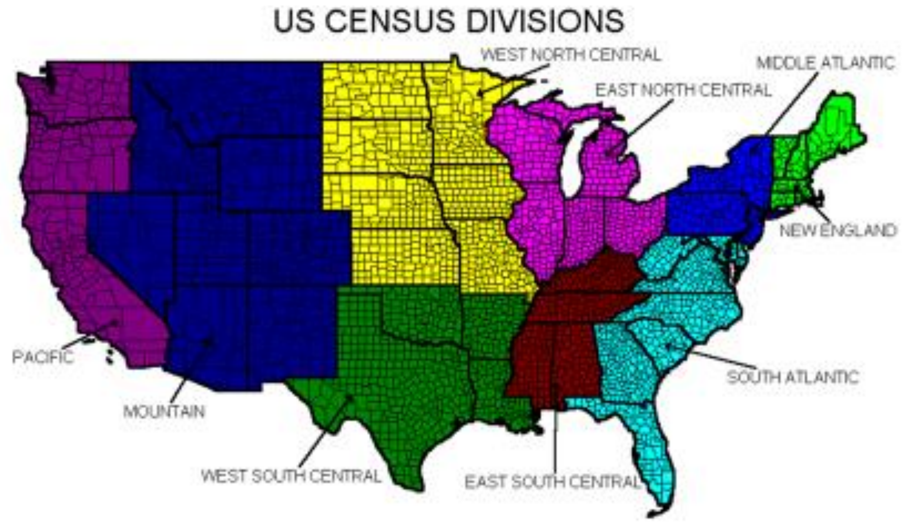


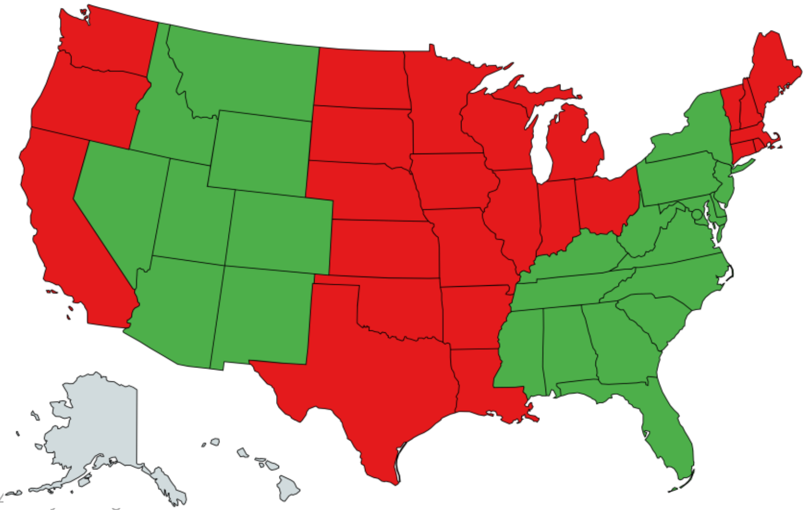
Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

Cider is winning in most critical markets; Middle Atlantic and Mountain account for majority of growth

TOTAL US xAOC Divisions – Retail Sales 2024 vs YA %
NielsenIQ off-premise channels

Market	$ Share of Total $s	Total $ 2024	$ Chg 24 vs YA	$ % Chg 24 vs YA
PACIFIC DIVISION	33.7%	$106.6M	$-2.3M	-2.1%
SOUTH ATLANTIC DIVISION	20.2%	$63.9M	$275.6K	0.4%
MIDDLE ATLANTIC DIVISION	10.5%	$33.1M	$321.4K	1.0%
EAST NORTH CENTRAL DIVISION	10.4%	$32.8M	$-892.5K	-2.6%
MOUNTAIN DIVISION	7%	$22.3M	$2.2M	11.2%
WEST SOUTH CENTRAL DIVISION	6.2%	$19.7M	$-882.0K	-4.3%
NEW ENGLAND DIVISION	4.9%	$15.5M	$-1.2M	-7.2%
WEST NORTH CENTRAL DIVISION	3.5%	$11.2M	$-663.4K	-5.6%
EAST SOUTH CENTRAL DIVISION	3.5%	$11.1M	$186.7K	1.7%





Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024

Tropical, Mango and Blueberry are among the top flavors leading growth

Flavored* Share of Cider *Sales*

39%

Flavored* Share of Cider *Growth*

59%

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

Top Flavors (based on $)

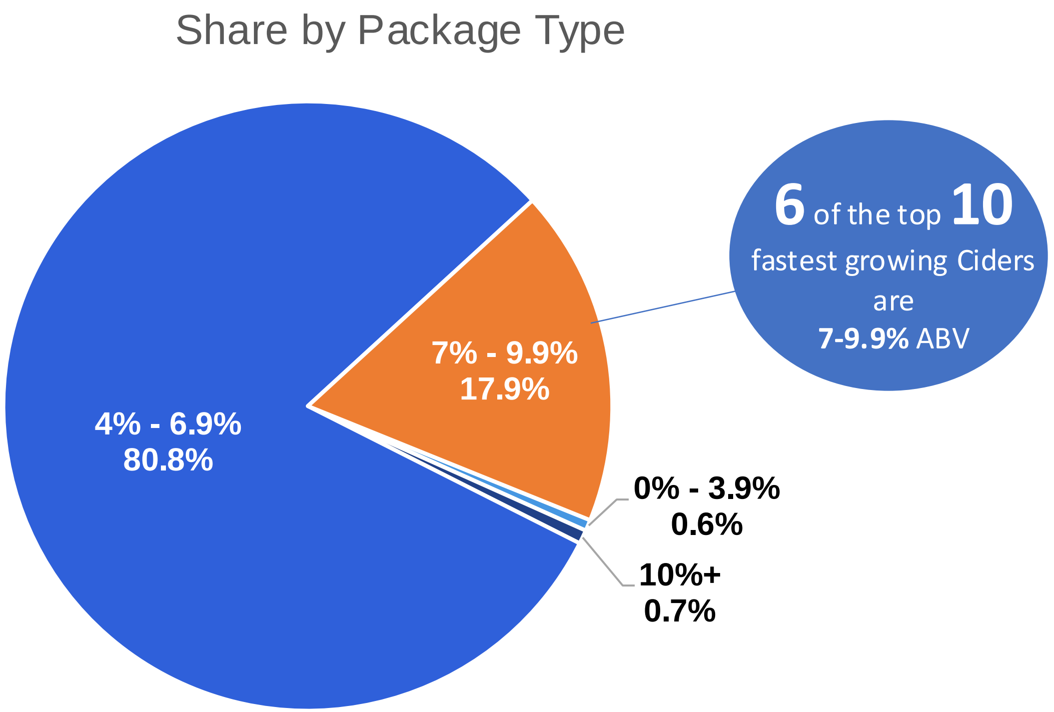
Flavor	$ % change
APPLE	-0.5%
ASSORTED	-9.5%
BLACKBERRY	-2.7%
PINEAPPLE	-15.3%
FRUIT COMBINATION	-12.0%
TROPICAL	156.8%
MANGO	12.3%
BLUEBERRY	4.4%
CHERRY	-36.5%
ROSE	-14.4%

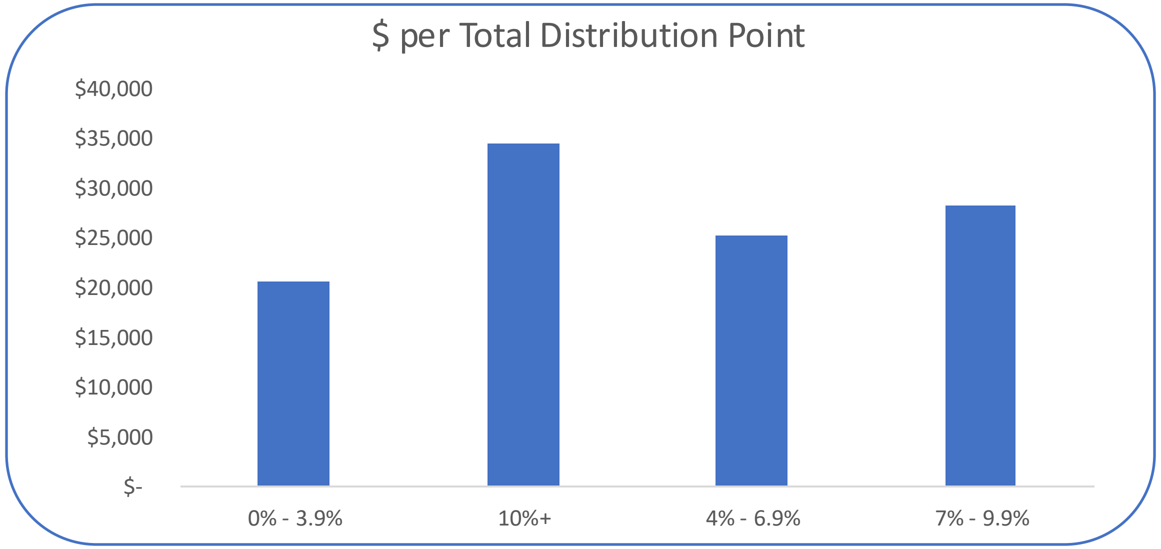
Top Flavors (based on $ chg)

Flavor	$ chg
TROPICAL	7.2MM
APRICOT	1.8MM
BERRY	1.2MM
MANGO	1.1MM
PEACH	910.9K
RASPBERRY	794.9K
STRAWBERRY	606.1K
COTTON CANDY	508.3K
TROPICAL PUNCH	446.5K
BLUEBERRY	369.9K

Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 28, 2024

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





ABV	Share Chg	Absolute $ Chg
0% - 3.9%	**0.3%**	**$2.3M**
4% - 6.9%	**-4.2%**	**$-24.3M**
7% - 9.9%	**3.9%**	**$34.8M**
10%+	**-0.0%**	**$-180.1K**

Top 3 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 28, 2024

Top 20 Cider Brands by Total $ Share

1-5	ANGRY ORCHARD HARD CIDER	2 TOWNS CIDERHOUSE	SCHILLING HARD CIDER	BOLD ROCK HARD CIDER	NEW ENGLAND'S DOWNEAST UNFILTERED CRAFT CIDER
6-10	GOLDEN STATE CIDER	BLAKE'S HARD CIDER CO.	INCLINE CIDER COMPANY	CIDERBOYS HARD CIDERS	Austin EASTCIDERS
11-15	ACE PREMIUM CRAFT CIDERS	BEAK & SKIFF APPLE ORCHARDS	STELLA ARTOIS	WOODCHUCK HARD CIDER	STRONGBOW APPLE CIDERS
16-20	PORTLAND CIDER COMPANY	CITIZEN CIDER	SEATTLE CIDER CO	ORIGINAL SIN HARD CIDER	SQUARE MILE CIDER CO. PACIFIC NORTHWEST GROWN

Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 28, 2024

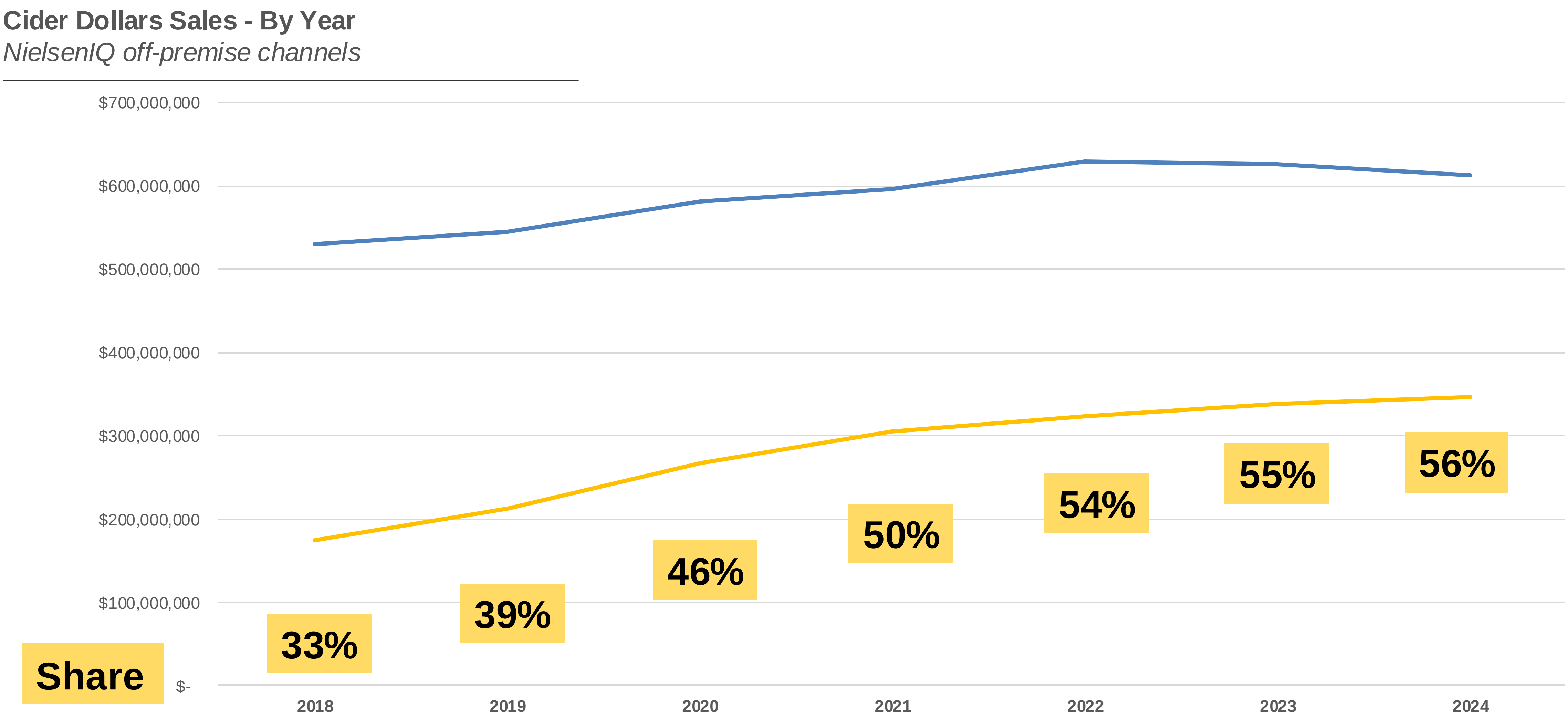
Top 20 Cider growth brands

1-5	BLAKE'S HARD CIDER CO.	SCHILLING HARD CIDER	2 TOWNS CIDERHOUSE	GOLDEN STATE CIDER	INCLINE CIDER COMPANY
6-10	POTTER'S CRAFT CIDER	PORTLAND CIDER COMPANY	AVID CIDER CO.	TIETON CIDER WORKS	VANDER MILL CIDER MILL & WINERY
11-15	HANDCRAFTED EST. ATLANTA 2017 HARD CIDER CO.	HUDSON NORTH CIDER CO NEW YORK EST. 2019	HUMBOLDT CIDER CO.	BEAK & SKIFF APPLE ORCHARDS	AVAL FRENCH CIDER
16-20	STORMALONG	STOWE CIDER	VON STIEHL WINERY	BEND CIDER CO	Stem CIDERS

Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 28, 2024

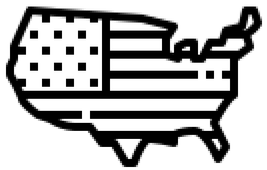
Regional Cider's Growth Across the United States

Regional Cider brands continue to see growth



Regional Cider brands continue to be the preferred choice On Premise too

	Cider	Regional Cider Brands*	National Cider Brands*
288OZ EQ Share of Total Beer/Cider	**1.1%**	**52.5%**	**47.5%**
288OZ EQ Share pp chg vs YA	0.0pp	+1.5pp	-1.5pp
288OZ EQ	**4.1M**	**2.1M**	**1.9M**
288OZ EQ % chg vs YA	-1.2%	+1.6%	-4.2%

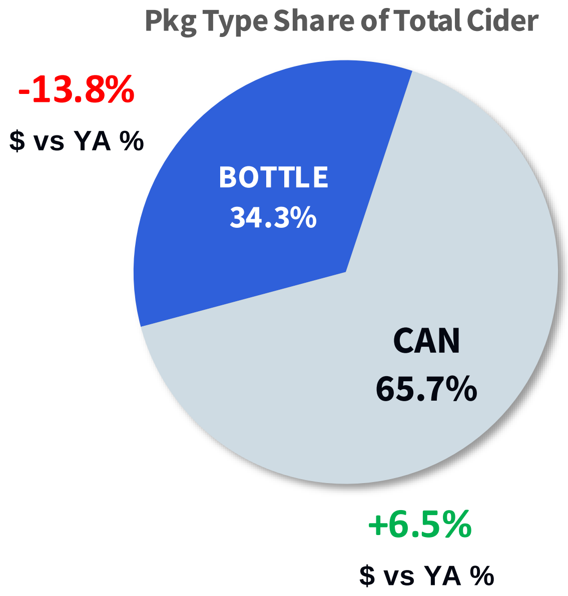
*This is the minimum distribution for these aggregated product levels, as we pull through the most widely distributed manufacturer/flavor distribution for custom groups.
Total Beer = Total Beer/FMB/Cider
Source: CGA by NIQ OPM data – Total US, megacategory, subsegment, volume, 288OZ EQ, rolling 52 w/e 11/30/2024 vs YA

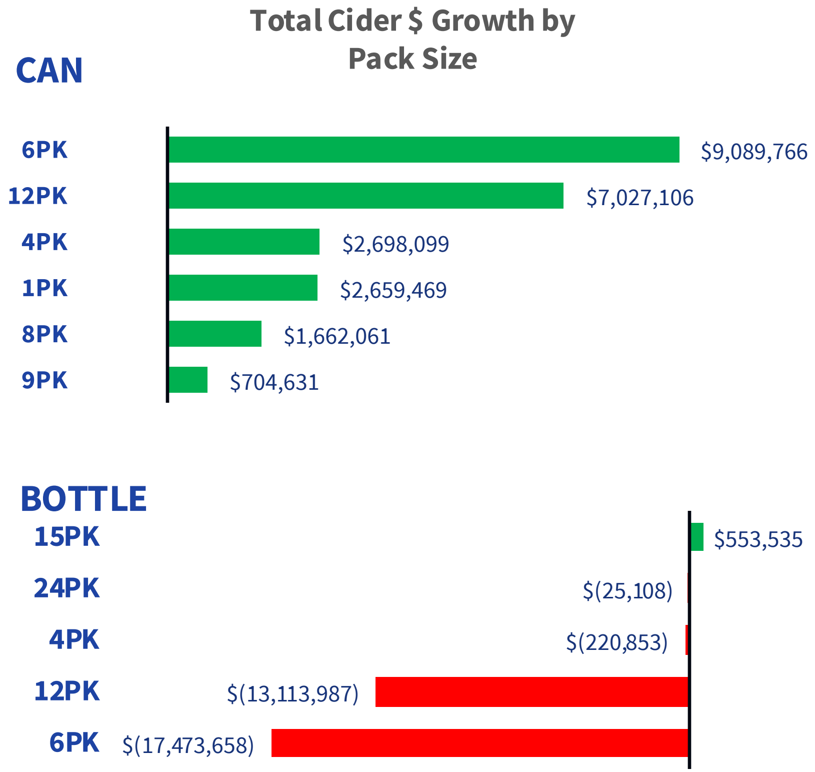
Draft Cider continues to be the dominant format on premise

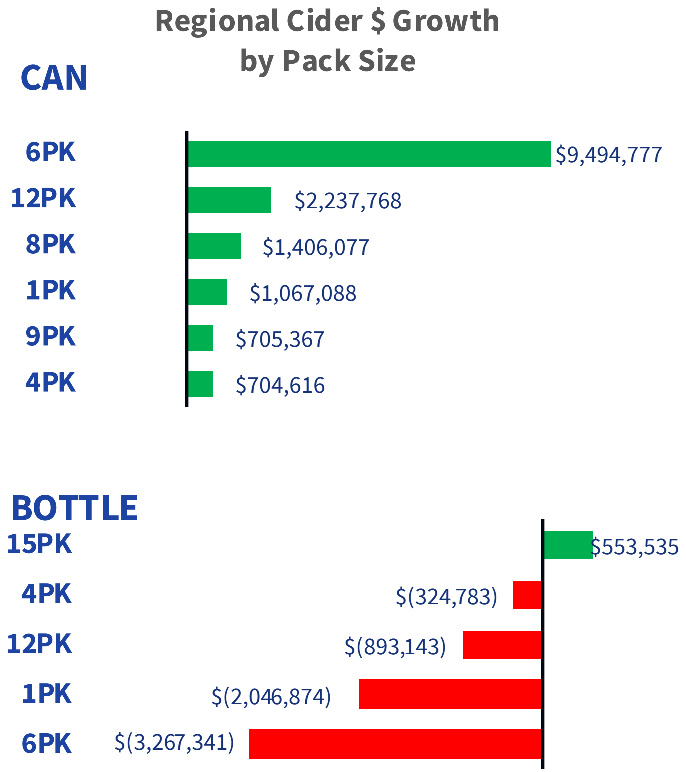
	Cider	Draft Cider	Packaged Cider
288OZ EQ Share of Total Beer/Cider	**1.1%**	**60.6%**	**39.4%**
288OZ EQ Share pp chg vs YA	0.0pp	+0.5pp	-0.5pp
288OZ EQ	**4.1M**	**2.5M**	**1.6M**
288OZ EQ % chg vs YA	-1.2%	-0.4%	-2.5%

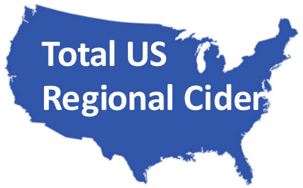
Total Beer = Total Beer/FMB/Cider
Source: CGA by NIQ OPM data – Total US, megacategory, subsegment, format, volume, 288OZ EQ, rolling 52 w/e 11/30/2024 vs YA

Regional Ciders are driving the growth of cans, while bottle continue to decline



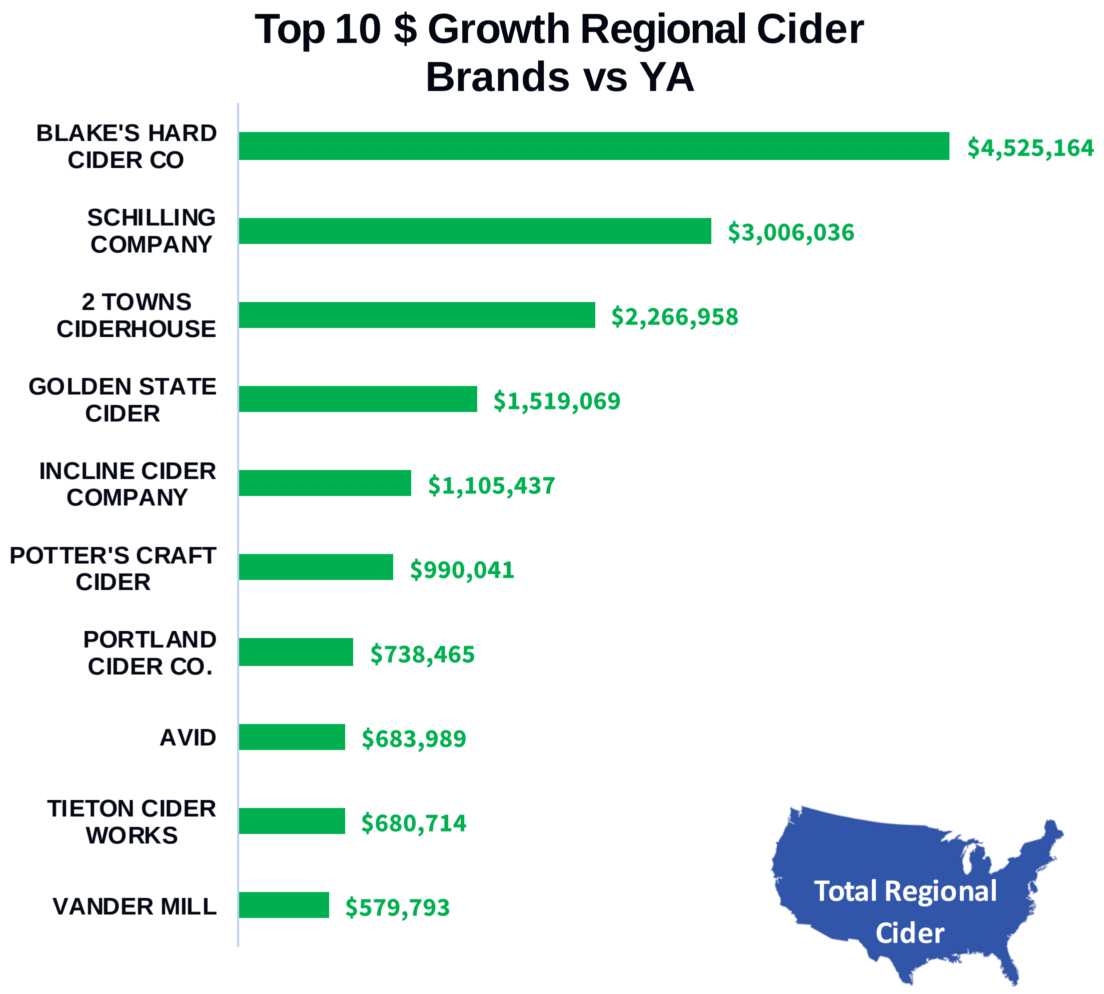


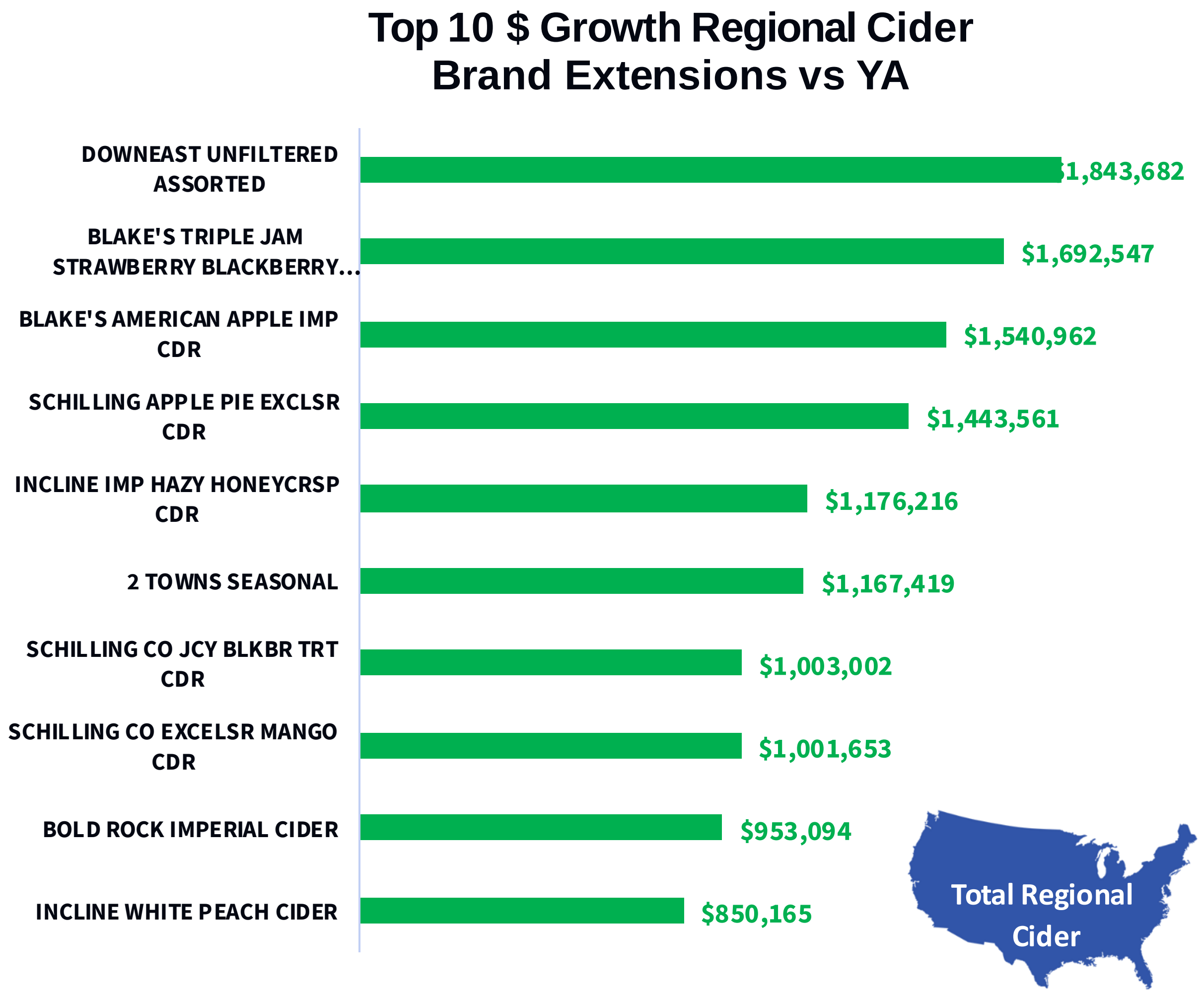




Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 28, 2024

Top Growing $ Regional Cider Brands





Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels L52W Dec 28, 2024

The Cider Consumer and Emerging Trends from Gen-Z

Consumer Panel Fundamentals

What is a Consumer Panel?

A consumer panel is a **statistical sample** of people, that represents a **defined population**, that continuously tracks and records **their purchases.**

How does NIQ's Omnishopper Panel work?

- Panelists use in-home scanners or Smart Phones to record all purchases, from any off premise outlet, intended for in home use to continually provide information about their purchases

- NIQ's Consumer Panel is a "mini-U.S.A.," representing millions of Americans. Nationally based and Geographically & Demographically representative

Cider is bringing in new, lighter buyers

Cider Consumer Decomposition

Penetration
6.9%
(+0.1%)

$ Per Buyer
$34
(-$1)

Occasions
2.7
(0.0)

$ Per Occasion
$12.38
(-$0.4)

Beer Consumer Decomposition

Penetration
71.3%
(-0.7%)

$ Per Buyer
$256
(-$8)

Occasions
16.1
(-0.9)

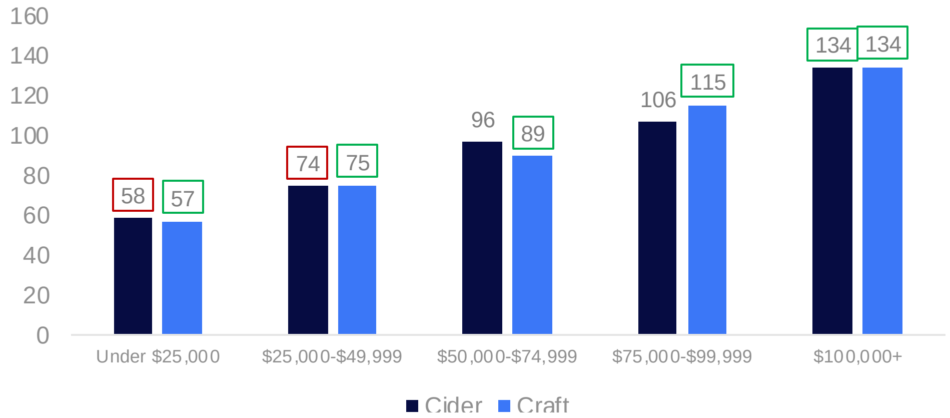
$ Per Occasion
$15.94
(+0.4)

Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 12/28/2024, Total Outlets, Total US

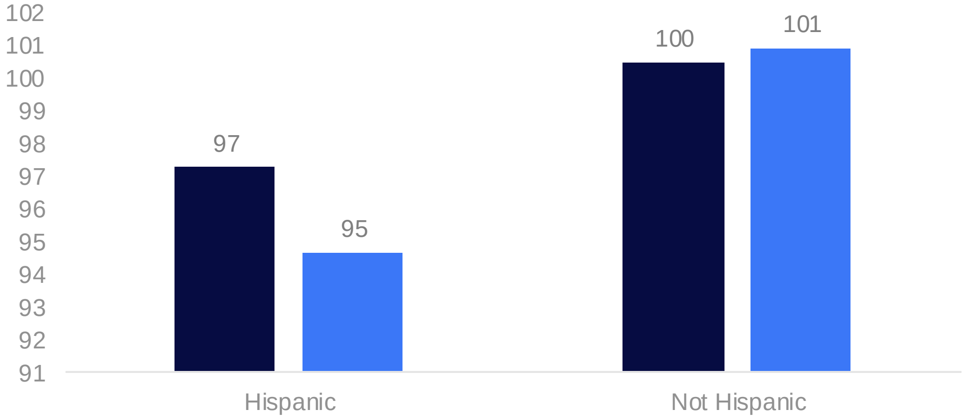
Cider drinkers are younger, high-income households; opportunity exists to reach multicultural consumers

Cider drinker vs Craft Beer drinker

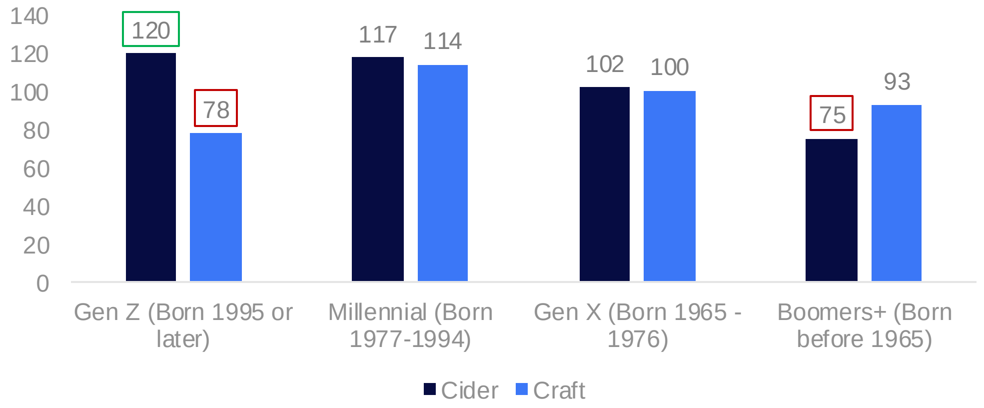
Income



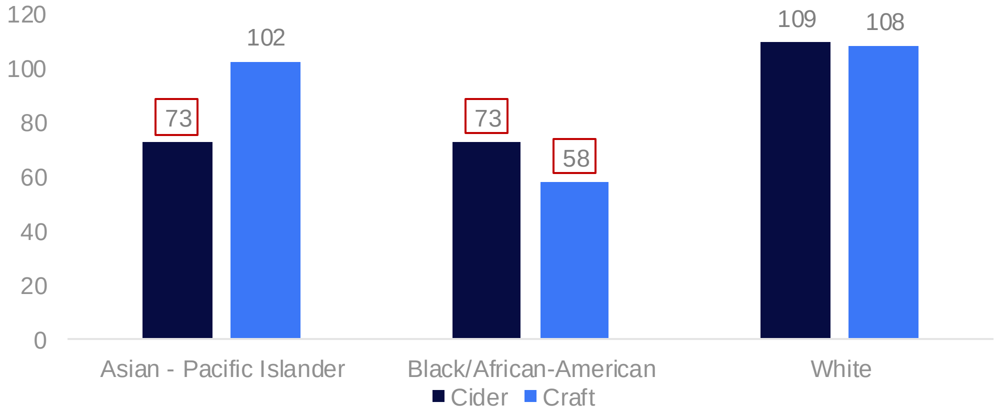
Hispanic Y/N



Generation



Race



Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 12/28/2024, Total Outlets, Total US

Cider experiences growth among Gen Z consumers, yet opportunity exists to increase engagement

Cider Buyer Decomposition

Total Cider Buyers

Penetration
6.9%
(+0.1%)

$ Per Buyer
$34
(-$1)

Occasions
2.7
(0.0)

$ Per Occasion
$12.38
(-$0.4)

Gen Z (21+) Cider Buyers

Penetration
8.2%,+0.4%

$ Per Buyer
$29, -$6

Occasions
2.4, -0.5

$ Per Occasion
$11.96,
-$0.16

Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 12/28/2024, Total Outlets, Total US

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

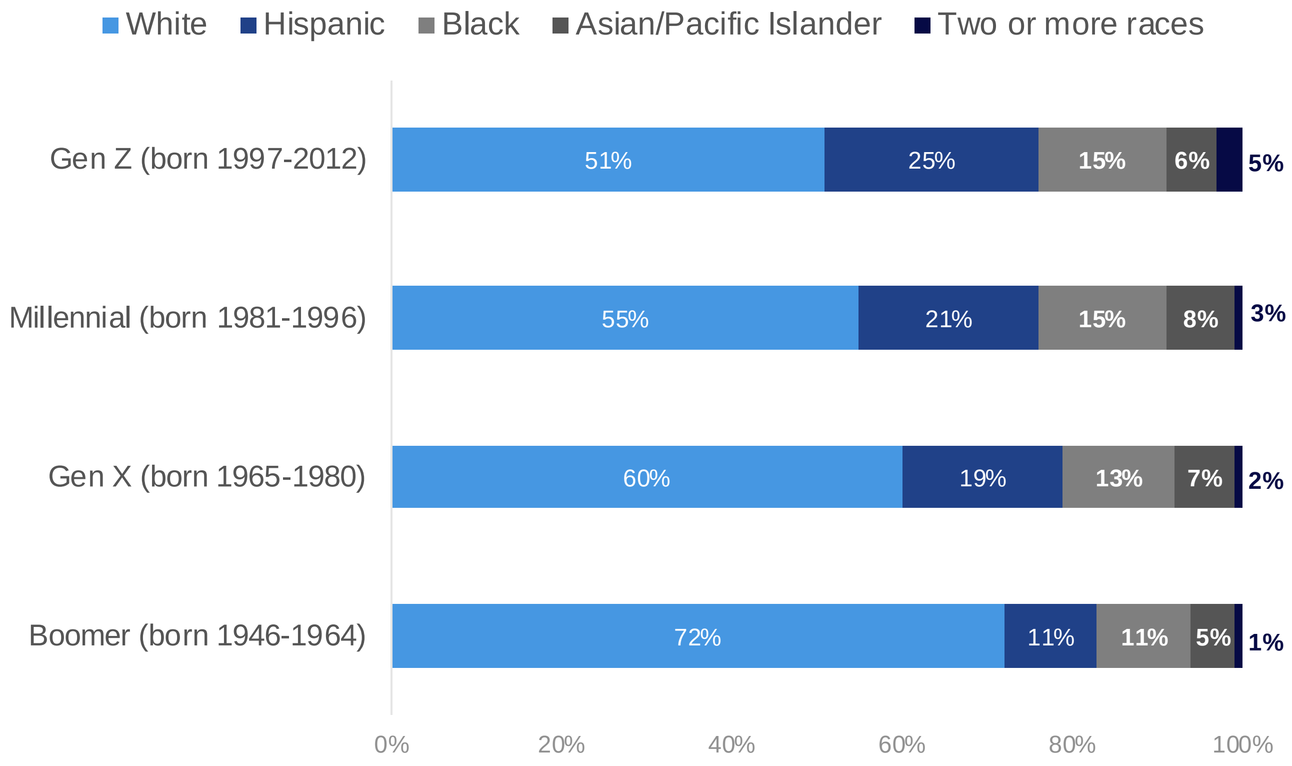
- Characterized by lifestyle changes that emphasize **convenience**, **wellness**, and **sustainability**

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



According to the US Census Bureau, the multiracial population is projected to be the fastest-growing racial or ethnic group over the next four decades, followed by the Asian or Pacific Islander and Hispanic populations. The non-Hispanic white population is expected to continue shrinking.

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

Source: http//statista.com; Distribution of the race and ethnicity of the United States population in 2022, 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

16.6M
Hispanic 21+ HHs purchasing **BevAl** in the L52 weeks*

$7.7B
Spent on **BevAl** in the L52 weeks*

67%
born in the US

Divers Voice: Hispanic Consumer Report 2023; BevAl Omnishopper 21+ l52 Weeks 12/28/24

BevAl Buyers by Generation

% of BevAl Buying Households
% of BevAl Dollars

8%
Generation Z
5% of dollars

32%
Millennials
32% of dollars

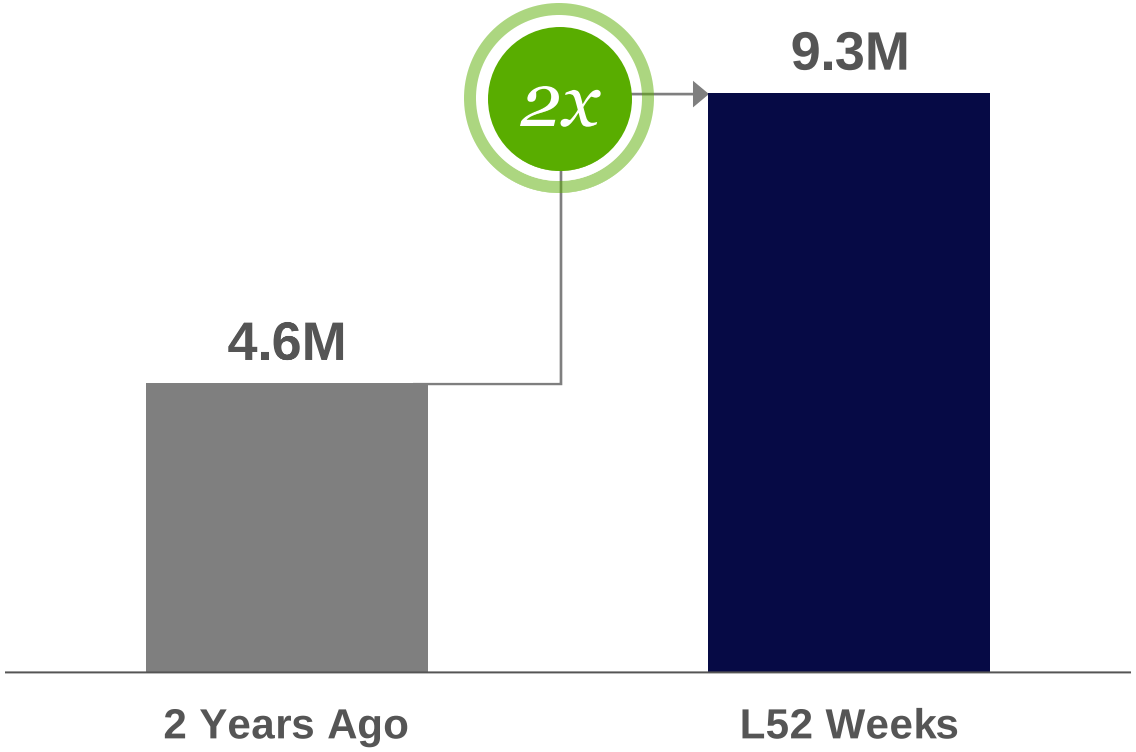
27%
Generation X
29% of dollars

33%
Boomers/ Traditionalists
34% of dollars

Source: NielsenIQ Omnishopper Panel on Demand, US ALC – Integrated (21+ Only) Database; L52 WE 11/02/2024, Total Outlets, Total US

Roughly half of Gen Z are Legal Drinking Age and entering the Beverage Alcohol category

Gen Z (21+) *households purchasing Beverage Alcohol have* ***doubled*** *in the past two years.*



Source: NielsenIQ Omnishopper Panel on Demand; Discover Integrated Alcohol 21+ Database; 52 weeks ending 11/02/2024

Gen Z (21+) purchasing of Beverage Alcohol is in flux as more buyers enter the category

77%

Of **Gen Z (21+) households** are purchasing Beverage Alcohol in the latest 52 weeks

+0.7pts vs 2 years ago

$300+

The average **Gen Z (21+) household** spends over $300 per year on Beverage Alcohol

-$55 per buying households vs 2 years ago

Interactions of Non Alc and High ABV Beer...

Non Alcohol Cross Purchasing

33%

of Non Alc buyers are purchasing
High ABV (7%+) Beer/Cider

***93%** of Non Alc buyers are purchasing Alcohol-containing Beer, Wine, or Spirits*

Source: NIQ Omnishopper, Total U.S., Latest 52 weeks ended 11/02/2024

Buyers want both for different occasions!

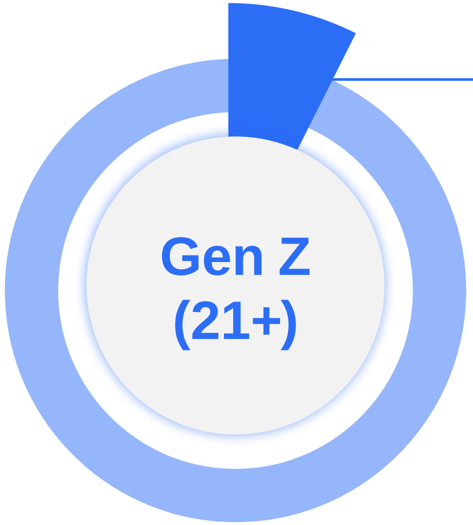
High ABV 7%+ Beer/Cider Cross Purchasing

10%

of High ABV (7%+) Beer/Cider buyers are purchasing **Non Alcohol**

Gen Z (21+) share of wallet over indexes on Non Alcohol and High ABV (7%+) Beer/Cider

Dollar Share of Wallet (% loyalty) for Non Alcohol



7%

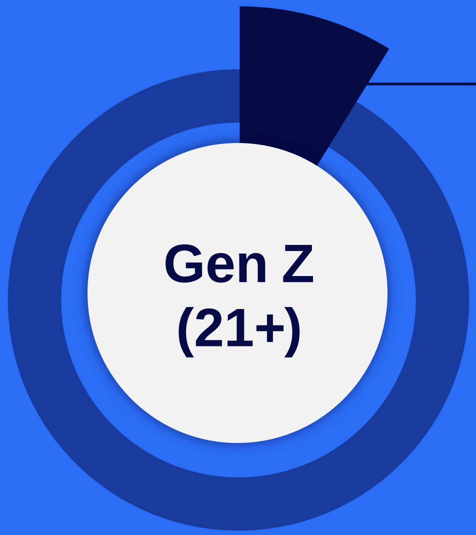
133 index

Millennials 6%

Gen X 5%

Boomers 6%

Dollar Share of Wallet (% loyalty) for High ABV (7%+) Beer/C



9%

129 index

Millennials 7%

Gen X 7%

Boomers 6%

Source: NIQ Omnishopper, Total U.S., Latest 52 weeks ended 11/02/2024

NIQ CGA Powered by NIQ 3-Tier Beverages Chicago IL

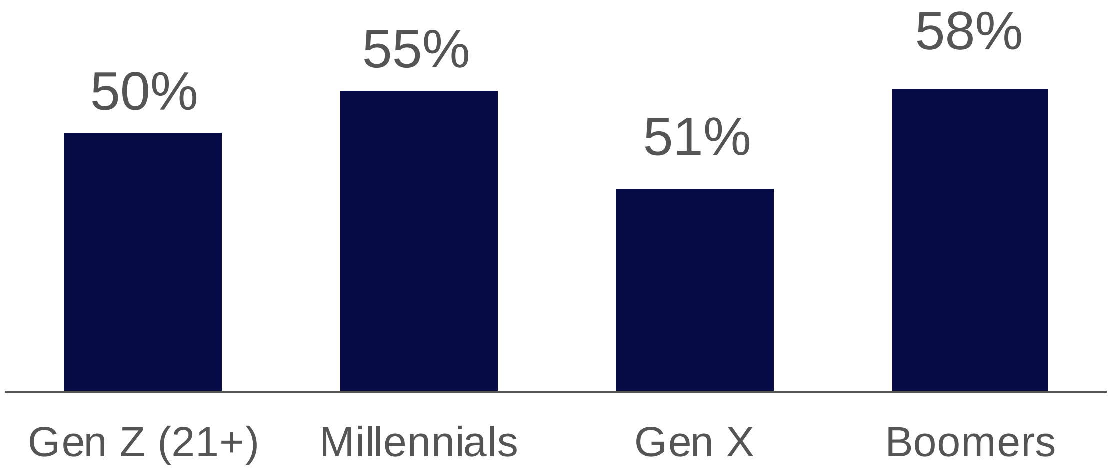
Generational Shoppers – It's all about the planning … or is it?

In Cider, similar to Beer and Wine, it tends to be more of an "impulse" purchase often times, across all generations

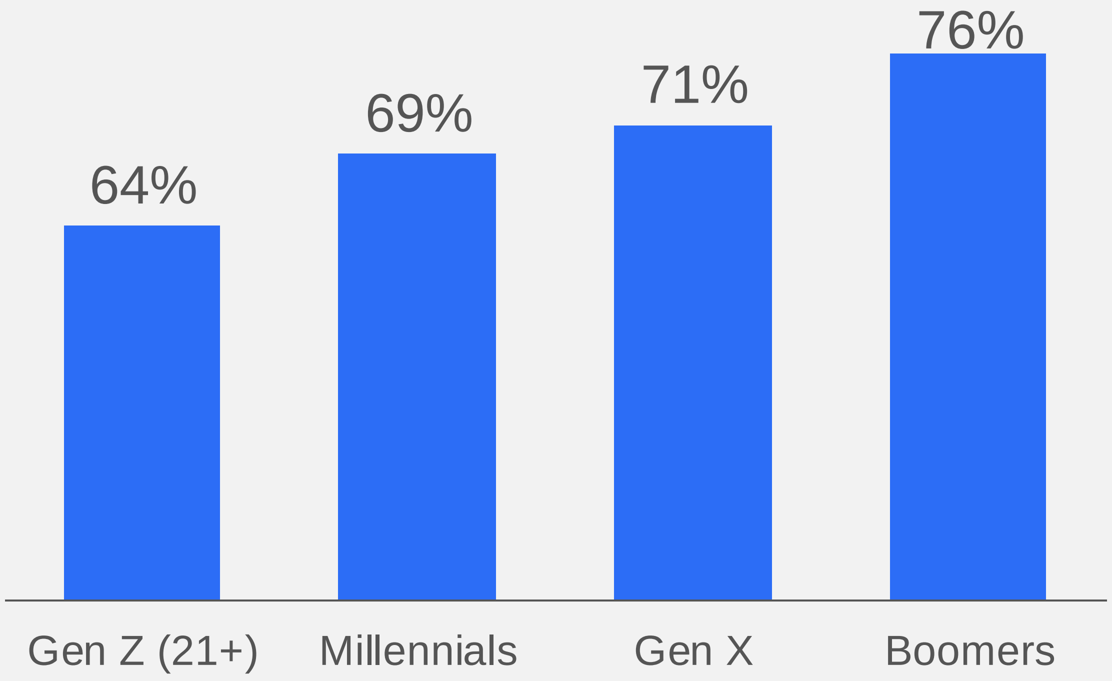
While Spirits is more of a planned purchase

% of shopping is "planned purchase"

Cider



Total Spirits



NIQ Omni Shopper Fundamentals 2024   A: I new I was going to buy this brand before I started shopping

High Quality

On Sale

Recommended by Friend/Family

Lowest Price

Brand/Mfg I know

Sustainable

Socially Responsible

Advertised

Social Media

Gen Z (21+) Important BevAl Purchasing Drivers

***Dark Blue and BOLD represent an over-index**

NIQ Gen Z Study; Gen Z is legal drinking age 21+ on this slide; Q22: Which of the following are important to you when purchasing alcoholic beverages? Please select all that apply.

54%

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

77%

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

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

NIQ CGA Powered by NIQ

11%

of US consumers drink Hard Cider in the On Premise

+5pp
for 21-34 Year-olds

Source: CGA by NIQ OPUS (Fall 2025) - Sample Size: 3596 – 15001

- **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 2025
- Younger generations have more diversity ethnically and the **buying power with Hispanics** is a large-scale opportunity in 2024

How will changing demographics impact 2025?

Closing Thoughts

Today’s Takeaways

- **Regional Cider** continues to drive growth for the Cider and broader Beer category. Continue to lean into your authentic stories and high-quality products that draw consumers in.

- **Recruitment of Gen Z** (21+) will take a multi-faceted strategy. Cider is already resonating with them due to its natural and local qualities. Find ways to connect with them through social media and highlight ethical practices.

- Whether consumers are **sober curious** or **abstaining** from alcohol consumption, they expect low and non-alcohol options in the on and off premise as they turn towards “**wellness**.”

- Opportunity exists to bring in more **ethnically diverse** consumers, which will continue to grow in importance with Gen Z and future generations.

Thank you!

Come see us at booth #328!