Four Drinks (BevAI) Mega Trends US

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CGA Powered by NIQ NIQ

Four BevAl Trends *for 2024*

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, non alcohol choices, and increased support for LGBTQ+ initiatives.

Psychology of Premiumization

Explores the distinction between premium brands and the premium experiences offered in the On Premise. Macroeconomic trends are also influencing the overall premiumization trend. Each major segment has premium products that tend to define the standards for shoppers.

Four BevAl Trends *for 2024*

Dynamic Demographics

Evolving consumer demographics, particularly focusing on unique scenarios with Gen Z (21+) and the Graying of America with older consumers, are trending towards non alcohol consumption and moderation changes in drinking habits.

Flavor Forward

Flavors are taking center stage in diverse categories like Ready to Drinks, Whiskey, Beer, Wine, Tequila, and more. Suppliers are adapting with a dynamic approach to flavor exploration with shorter product life cycles, going beyond a mere lineup of offerings to introducing new styles. On Premise will define trends in cocktails.

Top Beverage Alcohol wellness attributes span from social responsibility to “better for you”

Trending health & wellness attributes for Total Alcohol – Dollar % change vs year ago
NIQ off-premise channels

*Insights powered by **NIQ Total Product Insight** data*

- **+212%** — **Free from high fructose corn syrup** *stated*
- **+49%** — **No Sugar Added** *stated*
- **+32%** — **Eco Friendly Certified** *stated*
- **+17%** — **Vegan** *stated*
- **+10%** — **All Social Responsibility** *qualified*
- **+3%** — **100 calories or less** *qualified*
- **+2%** — **Natural positioning** *stated*

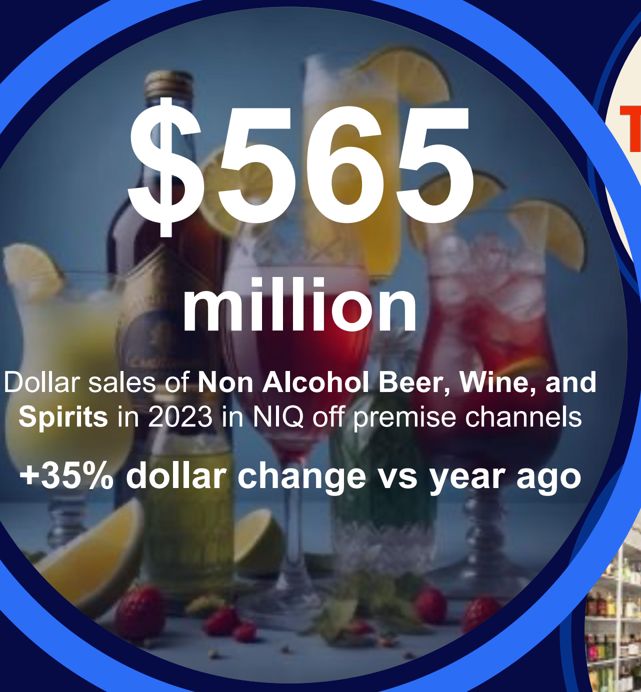
Source: NIQ Discover Integrated BWS Database; off-premise channels; latest 52 weeks ending 12/02/2023

“Dry January” or is every month one of *moderation*?

Indicators of *Moderation*

Dry January captivates an audience each year, but consumers have a newfound enthusiasm to explore sober curious lifestyles and lean into moderation.

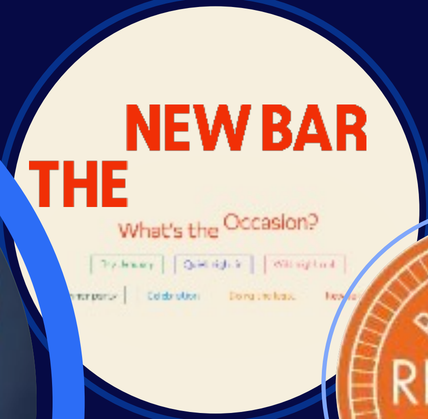
- **New item launches** within the Non Alcohol Beer, Wine, and Spirits category
- Popular **RTD brands** are launching non alcohol variants
- **Alcohol-free bars and brick & mortar stores** are opening in major cities
- Bars and restaurants are including an **Alcohol-free section on menus**
- **E-commerce** sites curate collections of Non Alcohol options, some with a brick & mortar presence
- Some stores unable to legally sell Alcohol offer upwards of 8ft of shelf space to alternatives

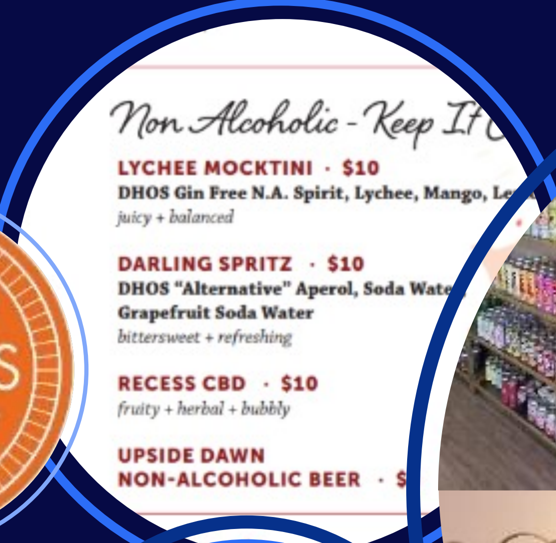


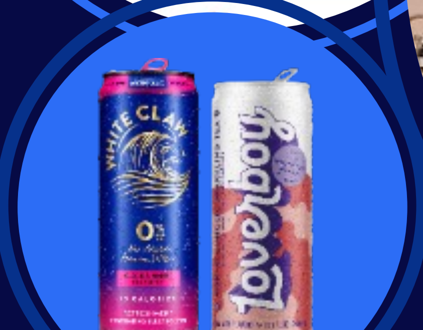
$565 million

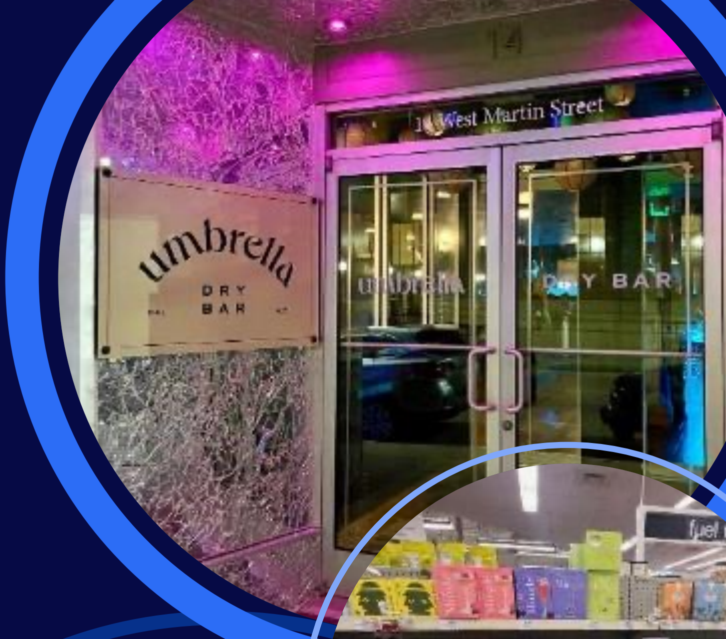
Dollar sales of **Non Alcohol Beer, Wine, and Spirits** in 2023 in NIQ off premise channels

+35% dollar change vs year ago









NIQ CGA

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

62.1M

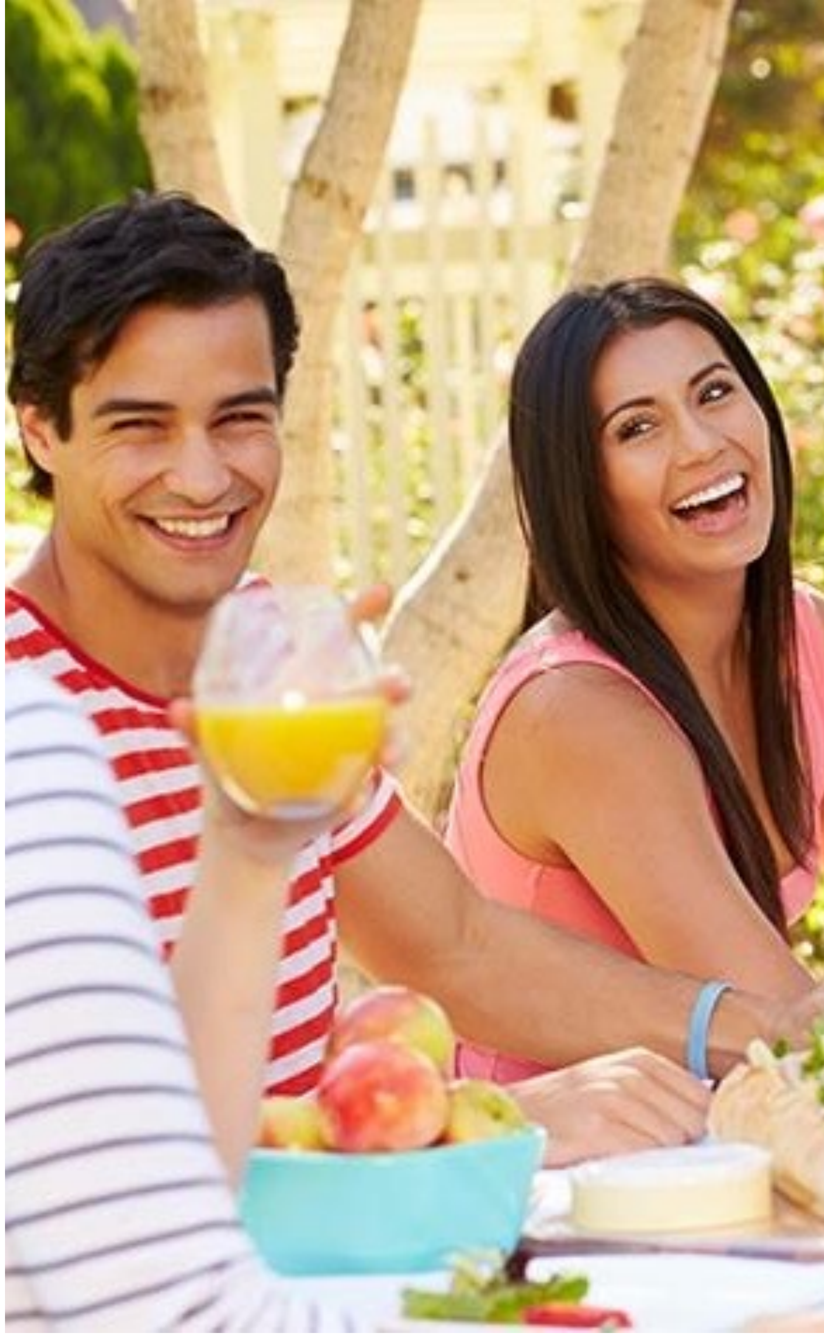
19%
of US Population

Population has quadrupled in past
40 years

15.9M
Hispanic 21+ HHs purchasing **BevAl** in the L52 weeks*

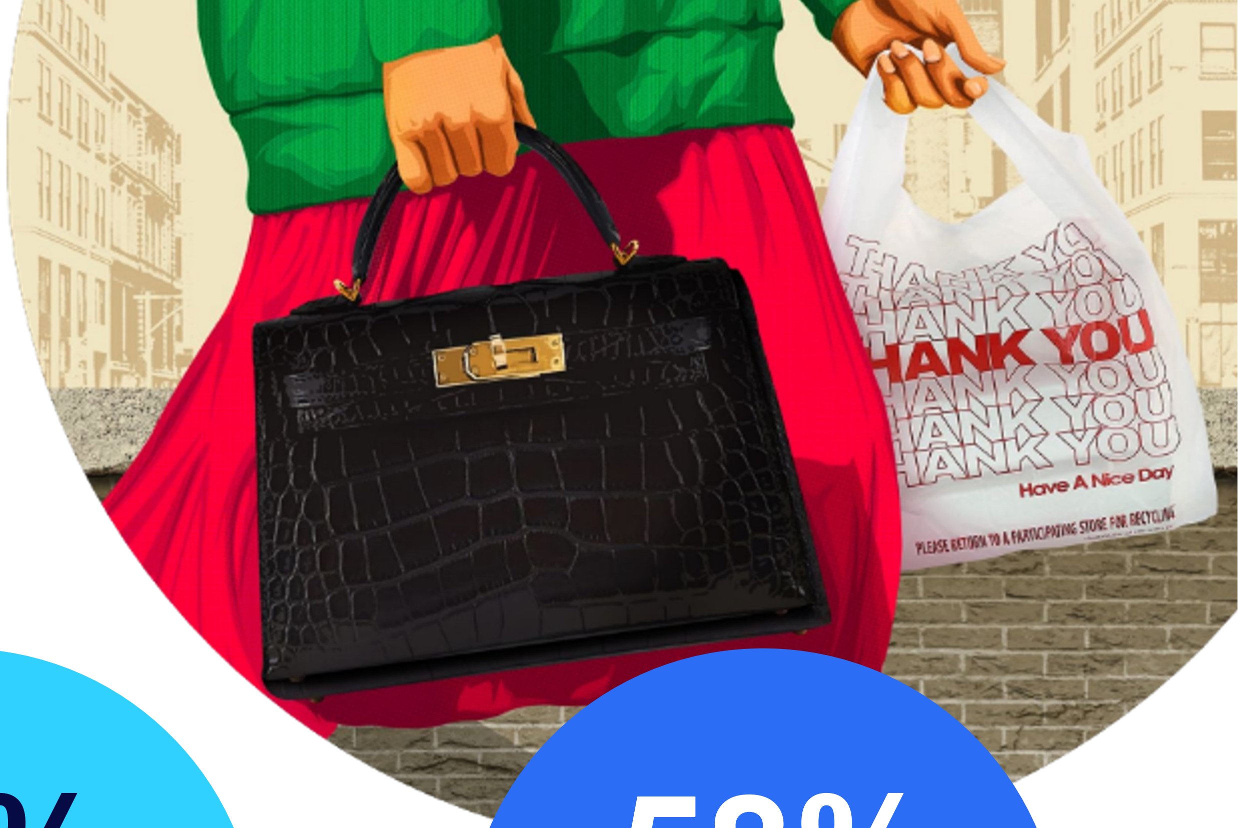
$7.8B
Spent on **BevAl** in the L52 weeks*

67%
born in the US



Divers Voice: Hispanic Consumer Report 2023; BevAl Omnishopper 21+ l52 Weeks 7/15/2023

The Split Brain Budget
Affordable Luxury & Holiday Spending



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

63%

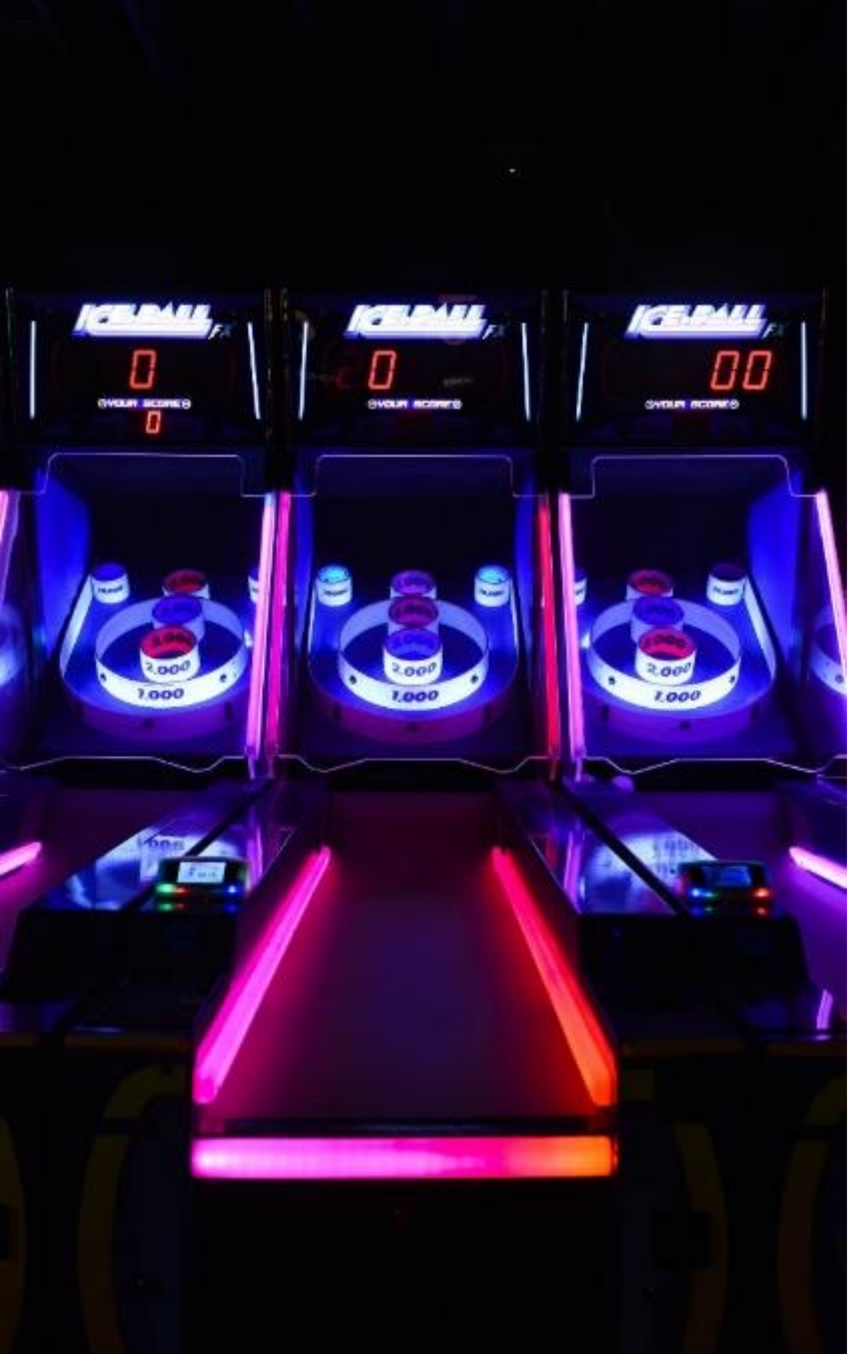
"I'm not going to deprive myself"

69%

"I have cut out more 'in-between'

58%

Of consumers are willing to buy more premium/quality



We expect growth in experiential bar sub-channel, many of which have innovative beverage programs

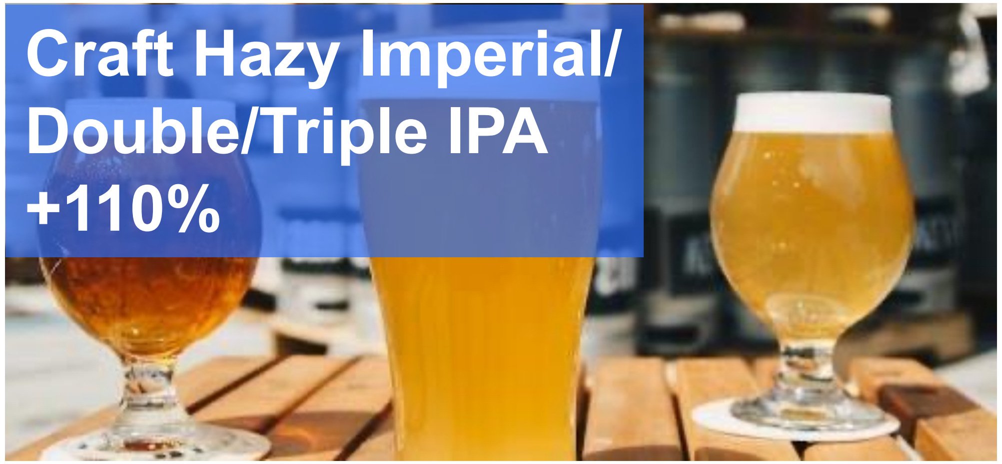
% visiting experiential bars in the last 3 months
Age Generation

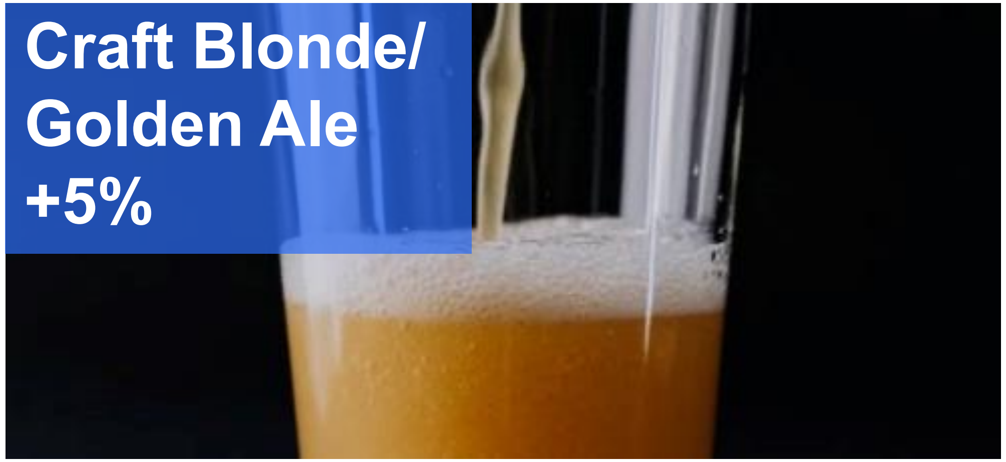
Baby Boomer	Gen X	Millennial	Gen Z
2%	8%	17%	14%

Source: CGA by NIQ OPUS Fall 2023 – Sample Size: 1422 - 4608

Flavors are driving growth among various Beer segments

Brands are finding success in niche flavor segments

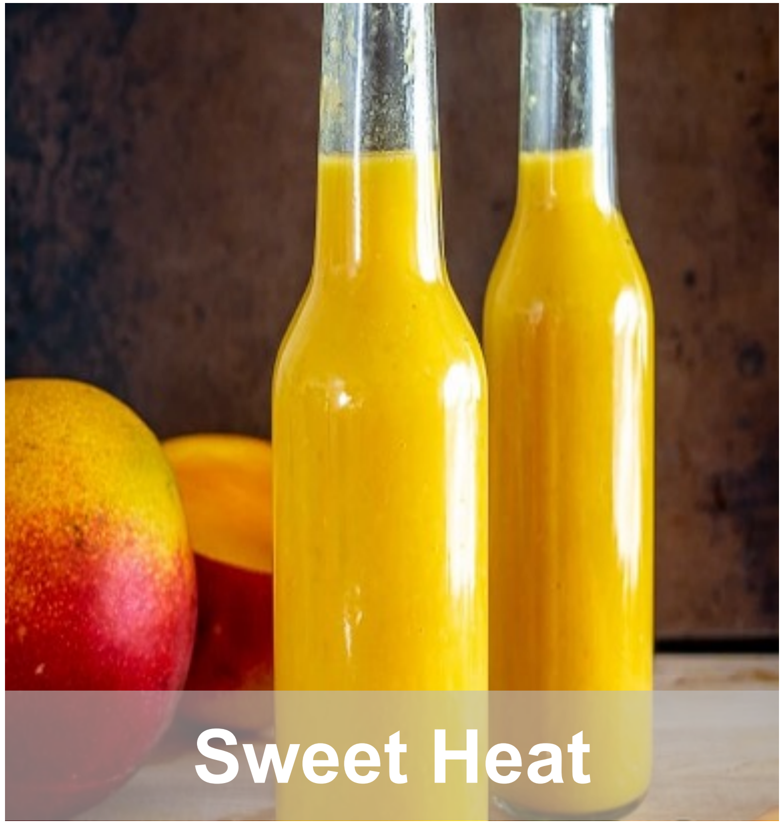




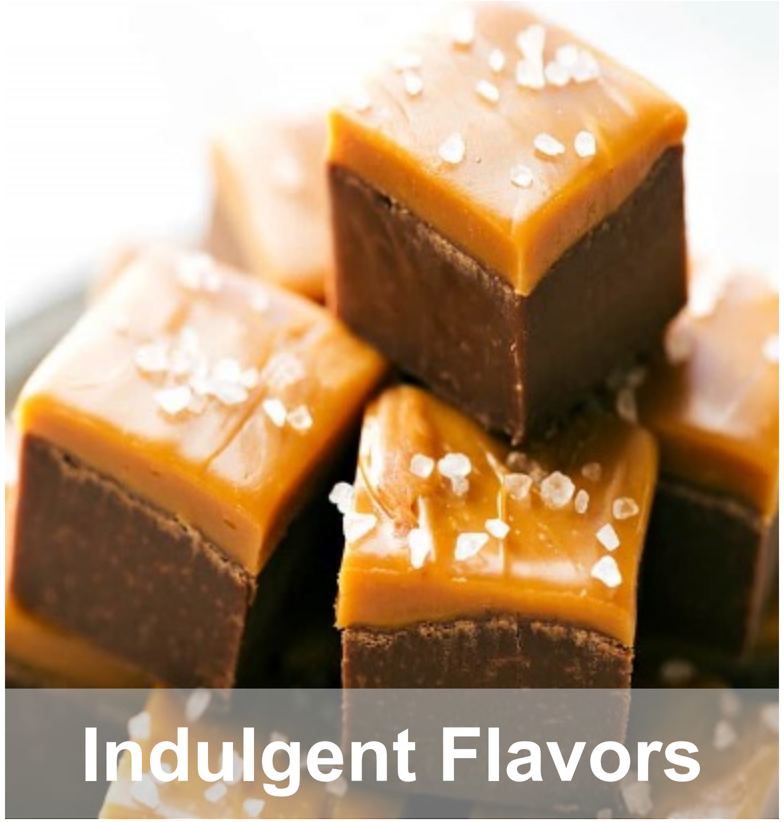
Source: NIQ Discover Integrated BWS Database; off-premise channels; latest 52 weeks ending 12/2/23

Other Flavor Fun and Creativity

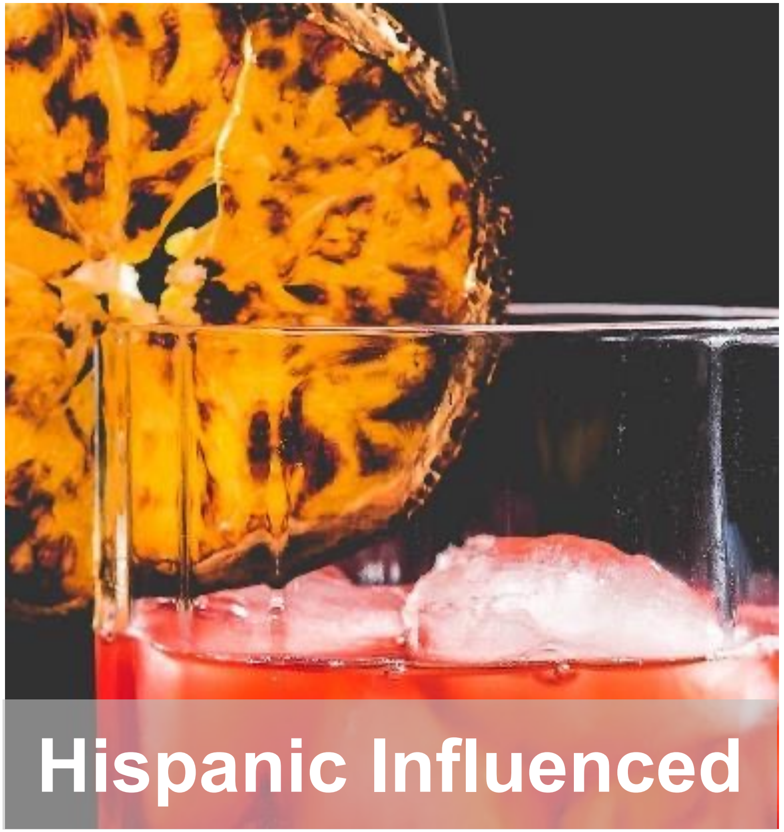
Flavors continue to evolve and 2024 will see new directions tested with consumers



Mango habanero, chili lime, and spicy margaritas to rise in popularity



Rich and comforting flavors like chocolate, caramel, and toasted coconut are gaining traction



Smoky mezcal, sweet falernum, tamarind, and tropical fruits are making their way into cocktails and beverages

Summary – Dynamics continue to shift in the US ON Premise

- Consumers demand experience more than ever – cities such as Nashville have it in abundance
- Cost of living effects consumers in different ways – polarization is evident with the middle ground being squeezed
- BevAl assortment is diverse with consumers more fickle than ever
- Demographics in the US continue to change – offerings will have to also.