Introduction
Explore NBCUniversal’s latest perspectives and insights into the alcohol industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for alcohol brands and marketers as they navigate what’s next.

Our Approach
At NBCUniversal, we have a legacy of working with a diverse range of Alcohol partners to build their brands. This report has been created based on NBCU’s:

• Ongoing Industry Evaluation
• Conversations with Alcohol Advertisers and Agencies
• Continual Marketplace Analysis
• Examination of Consumer Attitudes towards the Alcohol Industry
NBCUniversal Has a Unique Perspective

In 2022, NBCU worked with:
20+ Alcohol Industry Portfolios

- Beer
- Wine
- RTD
- Spirits
- No-to-low
- Hard Seltzer
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Overview of Key Alcohol Marketplace Dynamics
In 2022, we are seeing alcohol portfolios **Diversify & Innovate** to future-proof their business against evolving beverage mindsets and preferences.
Consumption Habits Are Ever-Evolving

Alcohol consumption trends continue to fluctuate, as at-home drinking has retained its appeal and on-premise continues to recover but faces inflation challenges. Alcohol prices have remained relatively stable, but as costs rise brands may need to emphasize their value and points of differentiation.

A ‘Less-but-Better’ Mindset Is Embraced

A greater focus on health and wellness is challenging alcohol consumption and prompting consumer exploration of premium and better-for-you options. This mindset has led to growth in premiumization across the category and an emphasis on additional functional benefits that differentiate brands and drive trial.

New Growth Areas Continue to Emerge

Capitalizing on evolving consumer tastes and expectations, brands are diversifying their portfolios into growing demand spaces like RTD cocktails and no- to-low alcohol beverages, including CBD-infused options.

Sales Channels Continue to Shift

While the category remains dominated by in-store sales, the ease of ordering alcohol online continues to increase digital adoption. BOPUS and curb-side options that deliver on convenience are on the rise, while ecommerce remains a critical quick option with expectations of 15% growth in 2022.

Sources: 1. Rabobank
BRANDS ACROSS ALCOHOL SUB-CATEGORIES ARE
Adapting to Evolving Preferences & Expanding Beverage Repertoires

<table>
<thead>
<tr>
<th>Beer</th>
<th>Wine</th>
<th>Spirits</th>
<th>RTD &amp; Hard Seltzers</th>
<th>No-to-low Alcohol</th>
</tr>
</thead>
<tbody>
<tr>
<td>While overall beer consumption continues to be challenged, pockets of growth have emerged in the form of craft, imported, and more premium options. Brands will need to stay nimble in order to align with the continued evolution of consumer preferences.</td>
<td>Perceived health benefits and an ability to bridge both at-home and social occasions has helped fuel growth for wine. A ‘less-but-better’ consumer mentality may spur growth for premium, natural, and no-to-low alcohol wine options.</td>
<td>Spirits are experiencing their fastest growth in two decades, with revenues up 12% in 2021. Growth was fueled by premiumization, return of on-premise, and the growth of at-home cocktail occasions. Vodka continues to lead volume, but Tequila is on a meteoric rise.</td>
<td>Hard seltzer market growth has slowed due to increased competition in the form of other RTD options. Continued RTD growth is expected, driven by an emphasis on convenience, flavor and improved quality.</td>
<td>The no-to-low alcohol category continues to gain adoption as younger generations curb their alcohol consumption. Many are incorporating low-alcohol or no-alcohol options, as well as alternatives like cannabis and CBD-infused drinks.</td>
</tr>
</tbody>
</table>

| 21% increase in craft beer sales in the last year¹ | 63% of online alcohol sales in the last year came from wine² | 30% YoY increase in Tequila/Mezcal revenue in 2021 to $5.2B³ | 49% of U.S. adults aged 22+ drank RTDs in 2021, up from +40% in 2018⁴ | 26% of U.S. adult drinkers reported drinking less in 2021, representing a larger portion than those drinking more⁵ |

Alcohol Forward-Looking Trends

Key Trends We Expect to Influence Alcohol Marketing & Media Strategies
LOOKING AHEAD,
Key Alcohol Trends We Expect to Influence Marketing & Media Strategies

- Conscious Consumption Creates Growth Areas
- Engaging Consumers in New Places & Spaces
- Tapping Talent to Create Cultural Relevance
- Premiumization Gets Prioritized
- Multicultural Momentum
Conscious Consumption Creates Growth Areas

The rise of a growing wellness mindset prompts new areas of demand.

As many consumers adopt more health-focused or moderate lifestyles, better-for-you and non-alcoholic options are becoming mainstream. Interest in these options is becoming more popular year-round. Many alcohol portfolios have started to experiment with better-for-you, no-to-low, cannabis, and CBD offerings, and will look to position themselves as leaders in these emerging growth categories.

Better-for-You Products

66% of consumers are likely to be influenced to buy an alcoholic beverage that provides health benefits.

No-to-Low Products

315% increase in online sales of no-to-low alcohol between October 2020 and 2021, while ‘alcoholic’ options increased by 26%

Alcohol Alternatives

51% of consumers in adult-use states say they have consumed cannabis in the past six months and 26% are open to the experience.

“People are approaching alcohol consumption more consciously as they have put more emphasis on moderation by drinking less, but better. No-alcohol beer fits into the consumer lifestyle of wanting to drink a beer without the effects of alcohol, leaving open more consumption occasions for the segment.”

ADAM ROGERS, IWSR’s North American Research Director

Engaging Consumers in New Places & Spaces

As consumer routines and preferences become more fluid, brands will seek opportunities to build connective tissue.

A combination of evolving beverage preferences, shopping behaviors, and consumption routines is challenging alcohol portfolios to adapt and find ways to capture attention and command loyalty.

In response, we expect brands to consider strategies that allow them to reach the most engaged audiences, embed their brand in key occasions, and align with experiences that turn browsing into buying.

Widening of Beverage Repertoires
by acquiring and partnering with specialized startups

27% of buyers
are those who purchase a combination of beer, wine and spirits, comprising the largest beverage alcohol buyer group.¹

Normalization of At-Home Routines

76% of U.S. adults
are going to bars less often due to looming inflation, meaning that at-home consumption remains elevated.²

Growing Comfort With Digital Adoption

$42 billion
is the expected global ecommerce market size by 2025, driven by strong growth in the U.S.³

Sources: 1. IRI; 2. eMarketer; 3. IWSR
Tapping Talent to Create Cultural Relevance

Alcohol brands turn to content and talent partnerships to generate buzz and earn cultural currency.

1 in 4 U.S. adults believe celebrities, sports stars and influencers are effective at promoting alcoholic drinks.¹

As alcohol brands look to differentiate, prompt trial, and build loyalty, many are deploying strategies that leverage star power and association with premium content. We expect brands will continue to look for opportunities to inject their brand into the cultural conversation in the form of launches, collaborations, and endorsements.

Sources: 1. YouGov

Katy Perry Gets into the Wellness Game with De Soi, a Line of Non-Alcoholic Aperitifs.

NBC's ‘Grand Crew’ Puts Black Wine Lovers in Primetime.

Miller Lite Continues Partnership with J Balvin in New Ads Emphasizing the Human Behind the Celebrity
Premiumization Gets Prioritized

Consumers and brands embrace premium options as consumers lean into quality over quantity and brands seek profitability.

While consumers may be re-evaluating the volume of alcoholic beverages they consume, many are embracing a ‘fewer but better’ mindset and exploring more premium options.

Some portfolios are prioritizing their premium offerings to help fuel growth. Looking to the future, we expect many brands to consider strategies that enable them to position themselves in a more luxurious light.

82% of the spirits sector’s total revenue increase was from the sale of high-end and super-premium spirits brand.

Sources: 1. IRI; 2. Winemag
Multicultural Momentum

Multicultural consumers are increasingly becoming tastemakers and driving the direction of alcohol offerings and flavors.

The number of Black-owned alcohol brands on Drizly grew by +10% in 2021 vs. 2020, and by +115% in 2021 vs. 2019.1

An increasingly multicultural consumer base continues to drive growth in the category and influence alcohol brands’ areas of investment. To stay relevant, it will be important for brands to evaluate how best to authentically connect with this increasingly valuable audience.

"Ask questions and get to know not only the product but also the story and individuals behind the brand, consumers look for an authentic and real story because that translates to an authentic and real product."2

EDUARDO BACARDI, Director of Sales and Marketing for Ron del Barrilito

Sources: 1. Drizly Black Owned Brands; 2. Drizly Hispanic Owned Brands
Key Alcohol Trends We Expect to Influence Marketing & Media Strategies

Consistent Consumption Creates Growth Areas
The rise of a growing wellness mindset prompts new areas of demand.

Engaging Consumers in New Places & Spaces
As consumer routines and preferences become more fluid, brands will seek opportunities to build connective tissue.

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Alcohol brands turn to content and talent partnerships to generate buzz and earn cultural currency.

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Multicultural Momentum
Multicultural consumers are increasingly becoming tastemakers and driving the direction of alcohol offerings and flavors.
NBCU Alcohol Strategic Considerations

Key Considerations for Driving Growth for Alcohol Brands
## NBCUNIVERSAL

### Alcohol Strategic Considerations

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<tr>
<th>01. Amplify Your Brand Story Across Platforms</th>
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<td>Maximize reach across platforms to tell your brand story in high impact environments with a modernized video approach.</td>
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<td>Leverage the combined power of incremental reach platforms and passion points to connect and resonate with priority audiences such as younger LDAs, multicultural audiences, or women.</td>
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Alcohol Strategic Considerations

01. Amplify Your Brand Story Across Platforms

**Why:** In a crowded market with widening beverage repertoires, it is imperative brands broadly communicate differentiation points.

**Good For:** Awareness | Consideration | Salience | Broad Reach | Storytelling | Launch

02. Build Relevance Through Cultural Connection

**Why:** Cultural relevance enables brands to capture attention and build deeper consumer connections.

**Good For:** Awareness | Consideration | Familiarity | Brand Perception | Trial | Familiarity | Purchase Intent

03. Engage Strategic Growth Audiences

**Why:** Emerging platforms can help reach elusive audiences, while passion point content & contextual strategies capture attention.

**Good For:** Awareness | Targeted Reach | Brand Perception | Consideration | Loyalty | Ad Recall

04. Supercharge Your Data-Led Approach

**Why:** Data-driven approaches can help identify sources of growth, improve targeting, and tailor messaging.

**Good For:** Awareness | Targeted Reach | Incremental Reach | Conversion

05. Create Interactive Experiences

**Why:** As the alcohol shopper journey continues to evolve, brands must align with content experiences that both create and convert demand.

**Good For:** Consideration | Discovery | Engagement | Conversion | CRM / Lead Generation
01. Amplify Your Brand Story Across Platforms

Maximize reach across platforms to tell your brand story in high impact environments with a modernized video approach.

The way content is being consumed continues to evolve.

**NBCU One Platform – Share Of Minutes**

P21-49, reflects aggregate viewership across NBCU portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Linear</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>17/18</td>
<td>93%</td>
<td>7%</td>
</tr>
<tr>
<td>18/19</td>
<td>88%</td>
<td>12%</td>
</tr>
<tr>
<td>19/20</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>20/21</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>21/22</td>
<td>58%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Expand your brand’s message and relevantly reach audiences by adopting a cross-platform approach.

Source: Traditional TV (MVPO): Nielsen Media Research, L7, Time Spend Viewing TV + AA*Duration. Non-Traditional TV (Streaming/Digital): DAAD and PAAD. Includes all available and measured consumption across the portfolio, where data is available; 21/22 based on 4Q21-1Q22; 22/23 and 23/24 are projections based on internal estimates.
02. Build Relevance Through Cultural Connection

Build cultural capital by embracing impactful opportunities like alignment with IP, events, influential talent, and social engagement.

Alignment with IP
Align your brand with NBCU’s premium, brand-safe, passion point content via sponsorship and integration opportunities.

Premier Live Events
Tap into the breakthrough moments and events that shape today’s cultural conversation.

Cultural Heritage Celebrations
Celebrate Multicultural audiences and drive impact by aligning with moments that matter year-round.

Talent Room
Explore NBCU’s influencer hub, a standalone website connecting brands with the right talent to authentically share their brand story.
03. **Engage Strategic Growth Audiences**

Leverage the combined power of incremental reach platforms and passion points to connect and resonate with priority audiences.

**Incremental Reach**
Expand distribution by including platforms tailored toward more elusive and strategic audiences.

**EXAM P L E S:**

<table>
<thead>
<tr>
<th>Audience</th>
<th>Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young LDAs</td>
<td>Peacock</td>
</tr>
<tr>
<td>Travelers</td>
<td>ReachTV</td>
</tr>
<tr>
<td>Gamers</td>
<td>Anzu</td>
</tr>
<tr>
<td>Mobile Shoppers</td>
<td>Apple News</td>
</tr>
</tbody>
</table>

**Passion Points**
Understanding audience interests creates an opportunity for your brand to build new connection points with consumers.

**EXAM P L E S:**

<table>
<thead>
<tr>
<th>Audience</th>
<th>Passion Point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Drinkers</td>
<td>BravoCon</td>
</tr>
<tr>
<td>Hispanic</td>
<td>World Cup on Telemundo</td>
</tr>
<tr>
<td>Female Millennial / Gen Z</td>
<td>The Rundown on E!</td>
</tr>
<tr>
<td>Sports Enthusiasts</td>
<td>Sunday Night Football</td>
</tr>
</tbody>
</table>
04. Supercharge Your Data-Led Approach

Leverage data to reach relevant audiences across platforms and reinforce brand messaging with existing or prospective customers.

Brands can bring their audiences to match to NBCU IDs or partner to develop custom audiences. NBCU can create new custom audiences by combining a variety of data including our own, brand data, and 3rd-party data. Audiences can be further expanded through lookalike modeling.

AdSmart provides seamless connection to NBCU inventory for audience activation.
05. Create Interactive Experiences

Get closer to point of purchase and prompt audiences to discover, engage, or buy through actionable content and commerce opportunities.

Prompt Interaction with Commercial Innovation
- Seamlessly blend advertising and content to better engage the consumer and create interactive viewing experiences.
- Formats include but are not limited to PIP, Interactive Countdown Clock, Pause Ads, Engagement Ads, In-Scene Ads etc.

Influence Behavior via Apple News Actionable Ad Formats
- Reinforce messaging and generate quality leads via Apple News engaging ad solutions.
- Tap-to capabilities can drive users to site, app download, deep link within app, email, chat, map, wallet etc.

Collapse the Funnel via NBCU Commerce
- Create seamless and meaningful shopping experiences for consumers.
- NBCU commerce opportunities include but are not limited to experiential, social commerce, ShoppableTV, and Interactive web.

Note: Activation feasibility would require further discussion
NBCU Relevant Materials
Example Beverage Industry Partnerships
NBCUNIVERSAL
Beverage Partnership Examples
NBCU Beverage Industry Content
TOGETHER SITE

Category Content & Strategies

Fueling the Cultural Conversation:
Premier Live Events

Embracing & Connecting with
Today’s American Family

Blending of Worlds:
Rise of a Global Culture

A Marketer’s Guide
to the Metaverse

Beverage Case Studies

AdSmart Data–Driven Linear +
Beverage Brand

AdSmart Data–Driven Linear +
Alcohol Beverage Brand

AdSmart Data–Driven Linear +
Beverage Brand

Kentucky Derby +
Woodford Reserve
2022

Alcohol Industry Assessment

NBCUniversal

NBCU ALCOHOL CLIENT STRATEGY TEAM:
Caitlin Collins, Nick Cafiero, Ben Cohen