

NBCUniversal

2023

Alcohol Industry Assessment



Welcome!



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 2023, NBCU worked with:

20+ Alcohol Industry Portfolios



Beer



Wine



RTD



Spirits



No-to-low
Alcoholic Beverages



Hard Seltzer

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with NBCU

Looking Back

2023 IN REVIEW



In 2023, Alcohol
portfolios experienced a

Changing of the Guard

as Spirits sales surpassed
Beer, in the wake of
changing consumption
habits and preferences



Alcohol Brands Adapt & Adjust to Evolving Mindsets & Behaviors

'Better-for-You' Influences the Industry



Prioritization of health & wellness has prompted the adoption of more mindful alcohol consumption habits. Brands are evolving their portfolios to deliver on preferences for quality over quantity, while also providing new, more wellness-oriented options.

'Premium' Is Put Under Pressure



Cost-conscious consumers are becoming more selective in how and when they spend on alcohol. 52% of alcohol drinkers stated they were concerned about the cost of alcoholic beverages.¹ While demand for premium options persists, growth is expected at a more moderate rate.

Innovation Remains a Portfolio Priority



In a crowded marketplace, alcohol brands are innovating and diversifying to drive trial and remain relevant. This comes in a variety of forms – expanding product lines, cross-over collaborations, celebrity tie-ups, and new flavors which are key to breaking through in an overwhelming space.

At-Home Consumption Remains Elevated



Consumers are increasingly opting to drink at home, as rising costs have reduced on-premise frequency and created uneven recovery. There is also a resurgence in home entertaining with 21% of consumers stating they plan to host friends and family at home more often this year.²

BRANDS ACROSS ALCOHOL SUB-CATEGORIES

Seek to Capture Attention to Drive Consideration & Trial

Beer

The **affordability and versatility of beer** has helped the category to be less vulnerable to the impact of inflation. However, the rise of occasion-based drinking as well as alcohol alternatives have challenged the category. Imports continue to be a bright spot, but further innovation & diversification may be required to drive growth.

52%

of recent beer drinkers say that price is the most important factor when buying beer¹

Wine

Wine brands are **evolving go-to-market strategies to combat falling volumes and declining wine knowledge**. Many seek to connect with younger audiences through new flavors, formats, and experiences that move wine perceptions from formal to fun. Category growth areas include premium options, sparkling, and no-to-low.

60%

of U.S. wine spend is driven by Gen Z and Millennials, even though they only make up 30% of regular wine drinkers²

Spirits

Spirits growth continues to accelerate, driven by pursuit of premium drinking experiences and loyalty to spirits' brands. Vodka remains the volume leader, while interest in premium offerings has led to the rise of Tequila/Mezcal and American Whiskey, and an explosion of brands and options vying for share.

42%

U.S. spirits alcohol sales market share in 2022, surpassing beer as market share leader for the first time since 2000³

RTD & Hard Seltzer

The RTD category (*canned cocktails, FMBs, wine coolers*) **is building upon the success of Hard Seltzers**. While the meteoric rise of Hard Seltzer may be slowing, the category delivers the convenient, flavorful, and fun beverages consumers crave. However, intense competition will call for clear and compelling differentiation.

6 in 10

U.S. adults aged 22+ purchased RTDs in 2022, up +20% YoY⁴

No-to-Low Alcohol

The NoLo category **continues to mature** with increased adoption of health & wellness-focused lifestyles, along with the growing availability of NoLo options across the marketplace. As demand for healthier and more mindful drinking endures, NoLo products continue to capture consumer interest.

70+

New NoLo products were introduced to the market in the last year⁵

MARKETPLACE PARTNERSHIP EXAMPLES

How Alcohol Brands Are Evolving Their Media Strategy & Storytelling



Creating Cultural Relevance

Heineken teamed up with *Marvel's Ant-Man* to run the first non-alcoholic beer ad during the Super Bowl while also building anticipation for the upcoming film.



Celebrating Cultural Heritage

Rémy Martin partnered with a group of Asian cultural tastemakers to honor Asian heritage and celebrate the Lunar New Year, by spotlighting their unique backgrounds and traditions.



Launching Brand Collaborations

Absolut Vodka partnered with **Kraft Heinz** to launch a limited-edition tomato vodka sauce as part of the brand's Taste Elevation platform, which is designed to focus on associating the brand with flavors found in premium foods.



Leaning into Experiential

High Noon launched their new tequila line extension with a full 360 marketing campaign that included experiential opportunities to trade up your tequila-inspired malt-based seltzer for the premium, spirits-based product.

Looking Ahead

KEY INDUSTRY TRENDS TO WATCH



LOOKING AHEAD

Key Alcohol Trends & Emerging Sub-Categories We Expect to Influence Marketing & Media Strategies



Distilling Down
Generational Consumption



The Moderation Movement
Grows



Brands Tap into
Key Occasions



Contemporary Values
Command a Premium



On-Premise
Remains in Recovery Mode



Emerging Sub-Categories & Brands:
Sparkling Wines, Tequila, and RTDs

Distilling Down Generational Consumption

As generational priorities evolve, consumption preferences and habits experience unprecedented shifts.



Drinking habits of younger generations have shifted dramatically in recent years, with many people increasingly drawn to a more sober-curious lifestyle.

In response, many alcohol brands are prioritizing diverse portfolios that caters to diverging needs, and embracing more flexible, multi-pronged audience strategies to communicate most effectively in a way that resonates with each group.

% of generation
purchasing alcohol¹

GEN X

86%

Generational Nuance:

The most likely to consume News content online, with 61% of this generation getting their news digitally²

BOOMERS

85%

Generational Nuance:

Display the highest level of brand loyalty, with 89% agreeing that when they find a brand they like, they stick to it²

MILLENNIALS

84%

Generational Nuance:

Adopted online shopping more so than any other generation, with 75% of Millennials making at least one online purchase in the past month²

GEN Z

79%

Generational Nuance:

The largest multicultural population of any adult generation, with over 27% of the Gen Z population made up of individuals who identify as non-white³

The Moderation Movement Grows

Once primarily driven by personal health, moderation of alcohol consumption is now increasingly being encouraged by consumers' wallets in addition to their wellness.

~50% of alcohol consumers expressed interest in moderating their alcohol consumption, as of December '22.¹

Consumers are embracing different approaches, from limiting occasions to substituting with alcohol alternatives. Alcohol portfolios are investing in new demand areas and seeking opportunities to connect with audiences as their mindsets and behaviors shift.

Sources: 1. IWSR; 2. MorningConsult; 3. IRI

Consumers Evaluate Consumption Habits

4 in 10

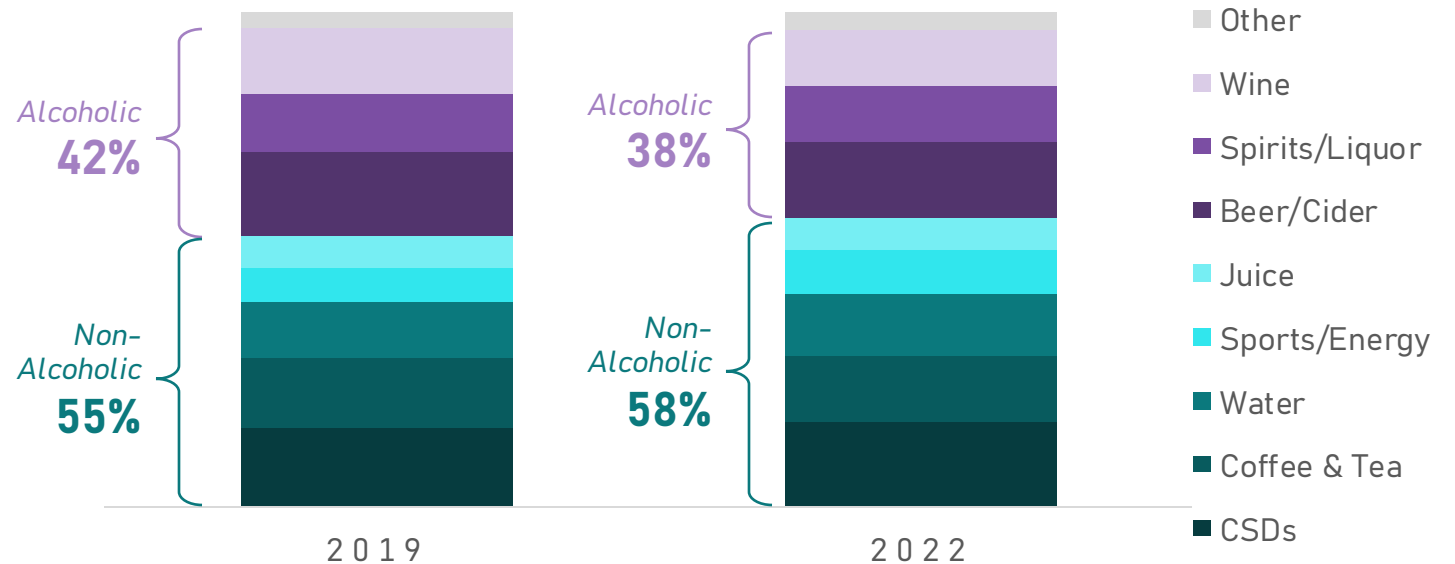
consumers claim they are choosing not to drink alcohol on at least some on-premise occasions¹

81%

of drinkers who already have or plan to cut back on alcohol said the primary reason is to save money²

Alcohol's Share of Wallet Is Trending Downwards

Total Beverage Share of Wallet³



L52WE 11-6-22 vs. 3YA

Brands Tap into Key Occasions

As consumption becomes more selective, cultural moments & personal occasions become key connection points for brands to engage audiences.

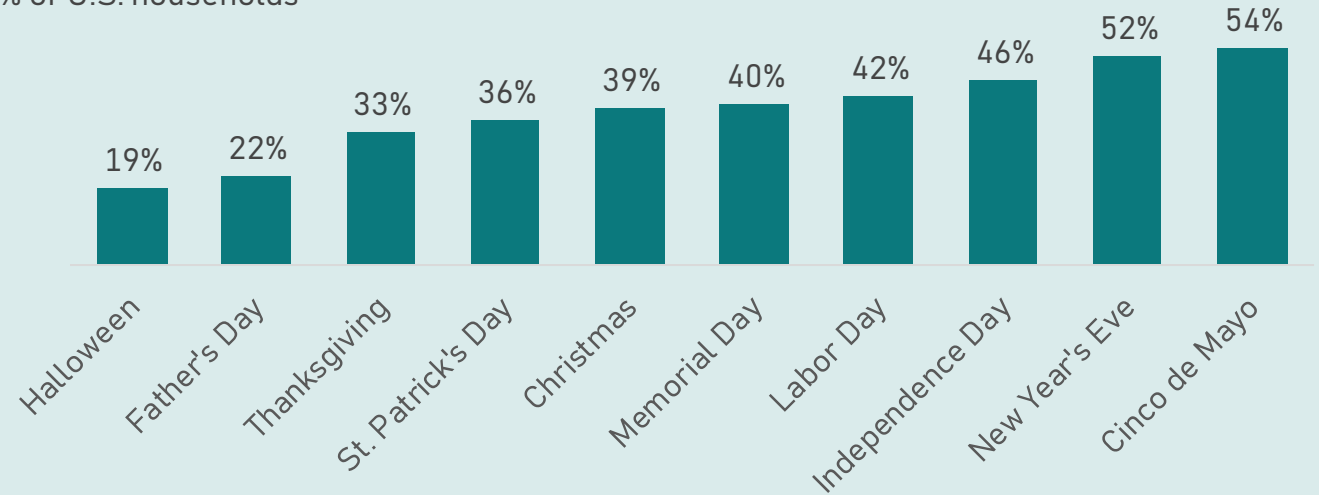
Major holidays, gifting occasions, and other social events are often when consumers “basket build” alcoholic beverages, driving increased sales.

Whether it’s Cinco de Mayo, BBQ season, or watching football games at home, brands will likely continue to identify and embed themselves within these key moments.

Alcohol Purchases Are Associated With Many Holidays...

Alcohol Purchase Intentions By Holiday¹

% of U.S. households



...But Key 'Events' Span Beyond Calendar Holidays

Tito's  **Handmade VODKA**

“Martha Stewart partnered with **Tito's Handmade Vodka** on a new campaign focused on how to put the vodka to good use during **Dry January**”²


WOODFORD RESERVE

“**Woodford Reserve** Unveils ‘Most Collectible’ Commemorative **Kentucky Derby** Bottle Ever With Art Depicting Secretariat’s Historic Win”³


TEQUILA PATRÓN

“**Patrón Tequila** serves AI-generated cocktails for **National Margarita Day**”⁴

Contemporary Values Command a Premium

As consumers prioritize quality over quantity, brands evolve to meet modern values with sophisticated standards for premium offerings.

Premiumization continues to be a portfolio focus and consumer interest that's driving industry growth. High end & super premium spirits accounted for 61% of sales in 2022.¹

Brands must ensure that they are delivering beyond price and catering to the changing values and expectations of consumers.

Source: 1. DISCUS



Experience-Oriented

An overall cultural shift towards seeking unique and enriching experiences rather than solely consuming a product has trends like distillery tourism and signature event drinks rising in popularity.

Seeking Symbols of Self-Expression

Owning and sharing premium products has become a way for consumers to signal their discerning taste and individuality. Limited editions, rare ingredients, and small-batch productions are highly sought after by those who crave exclusivity.

Environmentally Conscious

Demonstrating commitment to ethical, environmentally responsible practices resonates with consumers that have growing sustainability expectations for food & beverage brands.

On-Premise Remains in Recovery Mode

The 'new normal' between on-premise and off-premise remains to be seen, challenging brands to experiment across the consumer journey.

On-premise is still in recovery mode, as brands adapt to changing consumer routines and decreasing disposable income. Additionally, ecommerce penetration for the category remains low.

As a result, we expect alcohol brands to continue to look for ways to fluidly reach engaged audiences across channels and create experiences that turn browsing into buying.



On-Premise Still Recovering

On-premise could not remain fully open during the lockdowns, but the category has shown **remarkable resilience** as the industry **slowly returns to pre-pandemic levels**. To achieve this difficult task, bars and restaurants will also **rely on ecommerce**.

BeverageDynamics



E-Commerce Growth Moderates

as the market enters a period of post-pandemic normalization, remaining a low contributor to total alcohol sales

34% sales growth

for alcohol across e-commerce platforms between 2021-2026, down from 43% in 2020.¹



Growing At-Home Consumption

driven by economic concerns

*"Even after the pandemic, shoppers are consuming more alcoholic beverages at home than at bars and they are cutting back on them. And that's mainly because inflation is impacting them."*²

-Renata de Moura, Sr. Director of Shopper Category Insights, Kantar

EMERGING SUBCATEGORIES

Sparkling Wine, Tequila & RTDs are driving significant category growth

Sparkling Wine

A sub-category of wine typically associated with social gatherings, including segments such as Champagne and Prosecco



WHY TO WATCH

+10.2% The largest market share increase of any wine sub-category in 2022 vs. 2020¹

50% of wine consumers purchased sparkling wine for an at-home occasion²

BRANDS TO WATCH

IAMARCA
PROSECCO

CHANDON

CHAMPAGNE
Laurent-Perrier
MAISON FONDÉE EN 1828

CHAMPAGNE
PIPER-HEIDSIECK
Reims France

Veuve Clicquot
REIMS FRANCE

BRICKFOOT
WINE & SPIRITS

Tequila

One of a variety of white spirit sub-categories, alongside Vodka, Gin, and some styles of Rum.



WHY TO WATCH

+17.2% YoY revenue growth in 2022, the largest growth of any non-RTD spirit³

61% increase in sales volume of tequila in the United States over the past five years⁴

BRANDS TO WATCH

ESPOLÓN

CASAMIGOS

Don Julio

Jose Cuervo

CASA DRAGONES

RTDs

Ready-to-drink canned cocktails, inclusive of flavored malt beverages, prepared spirit-based cocktails, and hard seltzers



WHY TO WATCH

42.3% growth of RTD sales in the U.S. in 2022, up to \$1.6 Billion⁵

73% of RTD drinkers consume at home⁶

BRANDS TO WATCH

CAYMAN JACK

ON THE ROCKS
PREMIUM COCKTAILS

NÜTRL

CUTWATER
SPIRITS

SUMMARY

Key Alcohol Trends We Expect to Influence Marketing & Media Strategies



Distilling Down Generational Consumption

As generational priorities evolve, consumption preferences and habits experience unprecedented shifts.



The Moderation Movement Grows

Once primarily driven by health, moderation of alcohol consumption is now increasingly being encouraged by consumers' wallets in addition to their wellness.



Brands Tap into Key Occasions

As consumption becomes more selective, cultural moments & personal occasions become key connection points for brands to engage audiences.



Contemporary Values Command a Premium

As consumption habits shift and consumers prioritize quality over quantity, brands evolve to meet modern values with higher standards for premium offerings.



On-Premise Remains in Recovery Mode

The 'new normal' between on-premise and off-premise remains to be seen, challenging brands to experiment across consumer journey.



Emerging Sub-Categories & Brands

Sparkling Wine, Tequila, RTDs

The Power of Advertising

& MEDIA TRENDS TO WATCH



ALCOHOLIC BEVERAGE

Spirit-based RTD
brands that included
linear in their media
mix saw higher growth
vs. brands with digital-
only investments

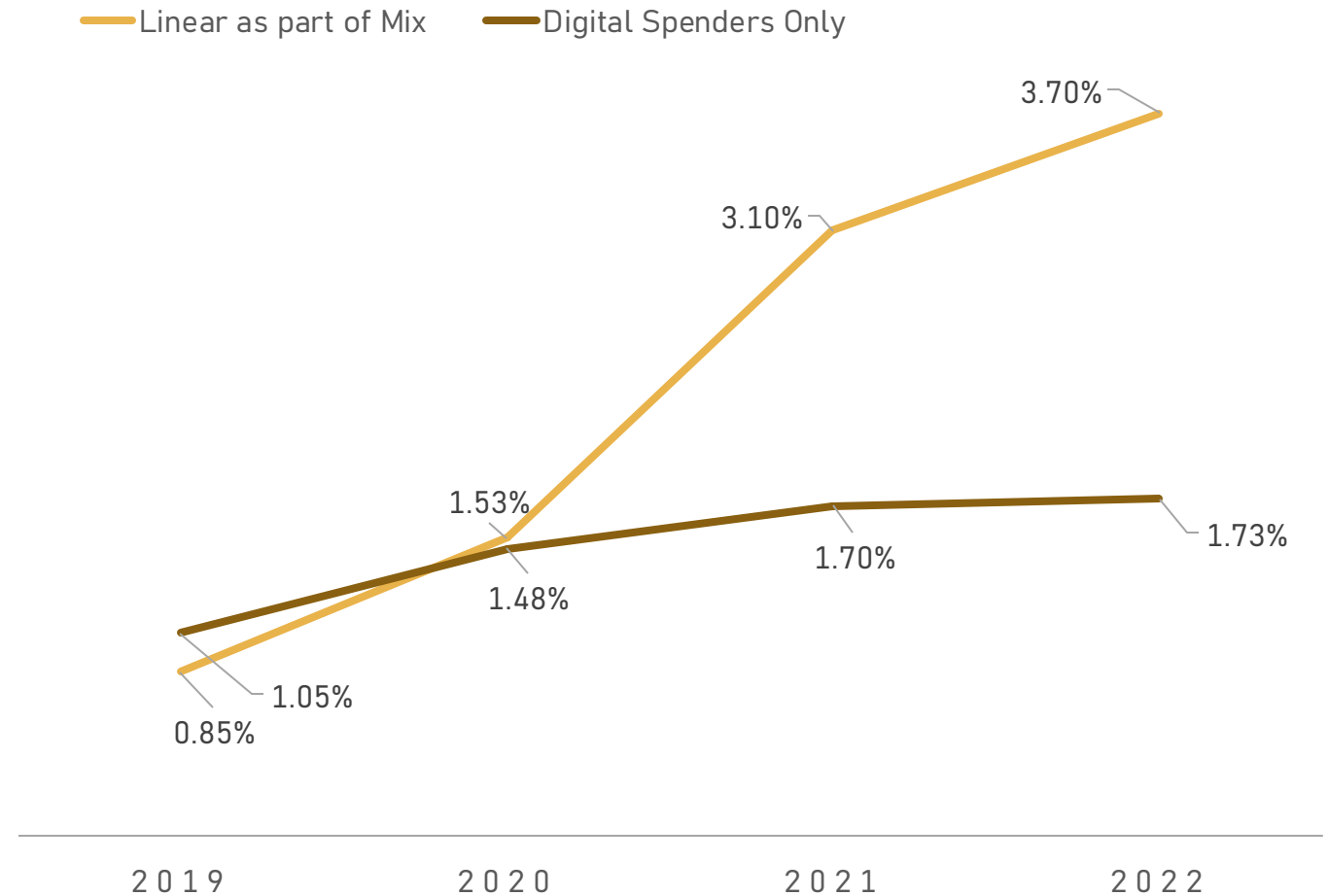
8x

Higher growth in Average
Household Penetration for
brands with linear ad spend as
part of media mix vs. brands
who spent on digital exclusively

Sources: MediaRadar, Morning Consult

Household Penetration by Brand Spend

Comparing RTD brands who used linear as part of media mix vs. brands who spent on digital *only*



ALCOHOLIC BEVERAGE Media Trends to Watch

The alcohol category continues to see the value of premium environments and live events as a means of aligning with key social occasions and conversations. The category is also leaning more into targeted, digital channels to reach and engage key audiences like Spanish Language Audiences.

PROMOTING PREMIUMIZATION in Premium Environments

+30%

Increase in **Broadcast Prime** ad spend in 1H '23 vs. 1H '22, as Alcohol portfolios look to drive mass premiumization by aligning with high quality content environments.¹

Spirits ON THE RISE

47%

Of alcohol category spend was driven by Liquor and Spirits brands in FY 2022, growing at a 17% CAGR since 2019, while Beer has remained flat.¹

CONTINUED SHIFT to Targeted Channels

+34%

Increase in programmatic ad spend YoY as it takes up 20% of the alcohol category's media mix, second behind linear TV.

THE IMPORTANCE OF Spanish Language Audiences

+37%

Increase in Spanish Language targeted ad spend in 1H '23 vs. 1H '22, as Alcohol brands look to unlock growth with the growing Multicultural majority.²

Partnering with NBCU

CATEGORY PERFORMANCE, STRATEGIC CONSIDERATIONS
& PARTNERSHIP EXAMPLES



ALCOHOL

Proven Impact Across Brand KPIs



BUSINESS OUTCOME

NBCU ALCOHOL CAMPAIGNS – Test vs. Control

Brand
(Upper Funnel)

Brand
Familiarity
+10%

Ad
Recall
+37%

Brand
Favorability
+11%

Performance
(Lower Funnel)

Search
Engagement
+23%

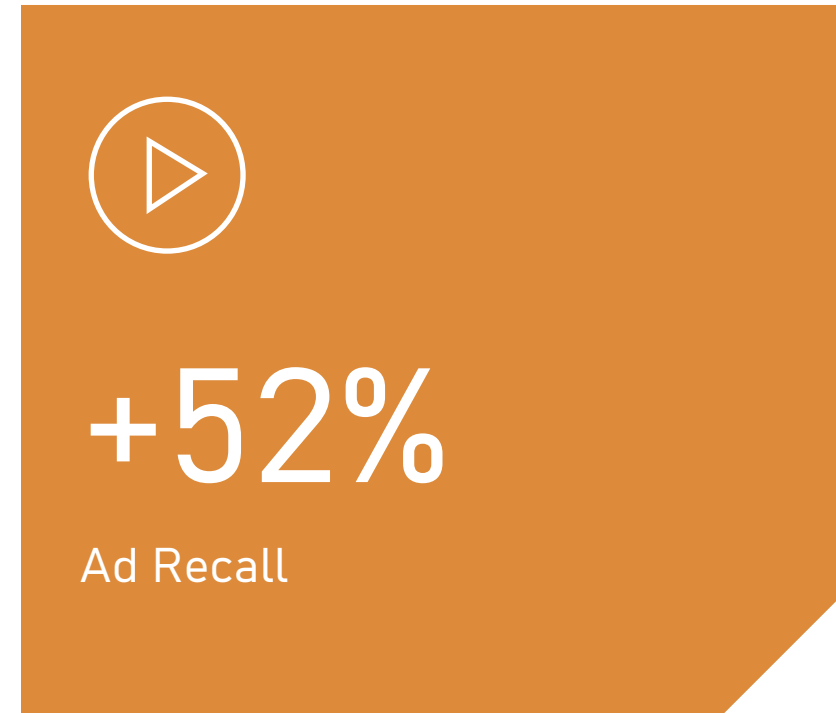
Purchase
Intent
+39%

Brand
Recommendation
+36%

Source: NBCU Ad Impact Database 2017-2022, 17 Brand Impact, P21+
Custom research, vendors vary. Average of exposed vs. control cells for NBCU. Top 2 box
Search Engagement (SER Index): EDO, Volume in five minutes following ads airing on NBCU vs. same brand competitive averages expressed as an index (123).

Campaigns Across More than One Platform Are More Effective

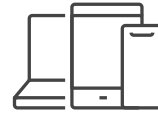
Alcohol Category NBCU Campaigns:
Multi-Platform vs. Single Platform
% LIFT



Strategic
Considerations for

Driving Growth for Alcohol Brands

Embrace a Multi-Platform Approach to Grab Attention & Build Awareness



Why

Dynamic beverage repertoires make it critical for brands to broadly reach consumers to communicate points of differentiation and product news.

How

Capitalize on evolving consumption patterns and activate across platforms to tell your brand story & build perceptions of quality and value.

Reinforce Relevance by Aligning with Cultural Occasions & Conversations



Why

As consumption becomes more selective, cultural moments & social occasions have become key audience connection points.

How

Engage audiences and influence behavior by tapping into breakthrough moments and events that shape the cultural conversation all year long.

Secure Growth by Engaging Key Audiences



Why

Changing consumption habits and occasions have heightened the need to communicate with high-value audiences at the right moment.

How

Leverage audience insights and targeting capabilities to create & and distribute content that resonates with key audience segments.

Create Interactive Experiences that Drive Engagement



Why

As the Alcohol shopping journey continues to evolve, brands must align with content experiences that both create and convert demand.

How

Get closer to point of purchase through actionable content and commerce opportunities that fuel discovery and trigger consumer behavior.

NBCU solutions
for delivering

Brand & Business Impact for Alcohol Brands

SCALE

Embrace a Multi-Platform Approach to Grab Attention & Build Awareness

REACH

227M

NBCU viewers
with low duplication
across platforms



Reinforce Relevance by Aligning with Cultural Occasions & Conversations



SNL50



bravo CON



BIG



SUNDAY NIGHT
FOOTBALL



PARIS 2024
PARIS 2024



PREMIOS
billboard
DE LA MÚSICA LATINA

Secure Growth by Engaging Key Audiences



Leverage data and targeting solutions to build meaningful connections at scale and drive measurable impact

PRECISION

Create Interactive Experiences that Drive Engagement



Ad Innovations | Commerce Solutions | Actionable Ad Formats

NBCUNIVERSAL PARTNERSHIP EXAMPLES

How Our Partners Are Evolving Their Media Strategy & Storytelling



Prompting Trial through Experiential Events

Bud Light Seltzer connected with Bravo superfans as the official hard seltzer of **BravoCon**. Fans danced the night away at *BravoCon After Dark* presented by Bud Light Seltzer. The party featured iconic performances, Bud Light Seltzer's Bravo-themed Glam Bar, and the brand's epic and share-worthy photo moments.



Infusing Product Integrations

Simply Spiked and **Bel-Air S2** created a high-impact partnership promoting the launch of their new flavor. From weaving Simply Spiked Peach into the storyline via in-show integrations, and contextual ad innovations, to branded signage and sampling at an exclusive release party – Simply reached key audiences across multiple touchpoints.



Tapping into IP & Talent

Heineken Silver celebrated a new chapter of the **Real Housewives of New York** at the launch party event in New York City's iconic Rainbow Room. Heineken Silver was served on-site with co-branded photo ops available for all guests. Social posts from Bravo and *RHONY* talent garnered both organic and paid social amplification.



Leaning into Cultural Moments

As the returning entitlement sponsor of the **149th Kentucky Derby**, **Woodford Reserve** was front-and-center across NBC Sports' entire broadcast thanks to a variety of branded graphics, verbal mentions, on-site signage, and custom segments from the official Toast to the Derby to the Winners Circle.

2023 Alcohol Industry Assessment

NBCUniversal

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

