

Cheers to Change: What's Happening in Alcohol

Just as in other industries, new consumer behaviors and priorities are disrupting the \$250B U.S. alcohol industry. While alcohol is, for now, a growing market, much has been said about Millennials consuming less. While the truth on Millennials is a bit more complicated than that generalization, sound research does indicate that Gen Z is abstaining more than prior generations. The key for brands is innovation.



DESPITE SHIFTS, BUSINESS IS STILL UP



Since 2015, the U.S. alcohol industry has grown about **13% to \$250B** and is expected to grow through 2020

Stores selling alcohol increased by more than **100,000** locations between 2007 and 2017



MILLENNIALS: IT'S MIXED



Data from 2015-2017 reflects **consistent Millennial drinking patterns**, with over 60% reporting they drank alcohol the prior month

That said, as the generation ages their preferences are shifting, with many drinking less, replacing alcohol with CBD, or sparking the trend "sober curious"

Generally, younger Millennials prefer ciders and spirits while older Millennials enjoy beer and wine

GEN Z: STATISTICALLY IMBIBING LESS

Gen Z is drinking about 20% less than Millennials did at their age

They are considered a major driver in the expectation for low- and no-alcohol beverage sales to rise by approximately **32% through 2022**

Gen Z's lower alcohol usage is likely tied to social media usage; they need to appear in control and maintain their image

CONSUMERS ALSO WANT... CONVENIENCE



The ready to drink (RTD) sector is burgeoning with trends like **hard kombucha, spiked cold brew, and new mixed creations**

Along with convenience, consumers want new options that feel branded, premium, and **better-for-you**

THE ROLE OF CBD & WELLNESS

The ever-present wellness halo is driving the rise of new non-alcoholic options and hip sober bars.

In 2017, a study found that **alcohol sales dropped over 12% in counties with legalized medicinal cannabis**, when compared to similar counties without legalized cannabis



SPIKED SELTZER SALES LITERALLY SPIKED THIS SUMMER

210%

The increase in sales for summer 2019

After that blockbuster period, new forecasts place the hard seltzer category at **\$2.5B by 2021 (currently \$550M)**

2X as likely:

The amount that consumers aged 25-34 are to drink hard seltzer than all other consumers

The room for growth is obvious: hard seltzer producer White Claw points out that **only 4% of households** have ever purchased their product