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Annual Review

# 2016 Bar & Restaurant Beverage Program Trends

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## What are bars & restaurants ordering?

We take a look at millions of dollars worth of ordering data that we've collected this year to search for trends.

Stephen Ngo

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## INTRODUCTION

2016 was an amazing year of growth for the BevSpot community. By the end of the year, [our ordering and inventory platform](#) was adopted by hundreds of bars and restaurants in 46 states and territories domestically, as well as in a few international markets.

In the process of this rapid expansion, we've amassed a significant amount of **bar and restaurant industry data**. This data has allowed us to examine demand for a variety of alcoholic beverage products and brands within the sole realm of the hospitality industry—excluding off-premises activity (e.g. grocery and liquor store sales) that is separate from bar and restaurant demand.

We've aggregated the year's distributor order data to see what alcoholic beverages are selling the most on BevSpot. We've also broken down the orders for

beer, whiskey, vodka, tequila & mezcal, rum, and gin to see which brands have the highest market shares for these product categories. (Because the market for wine is so fragmented and diverse, we've chosen not to break down that data, since it may not be representative of the industry as a whole).

All figures represent **percentages of orders in dollar terms**.

Thanks to all of our users and supporters for being with us as we closed out 2016 on a high note, and [stay tuned for more data](#) as we move into the new year!

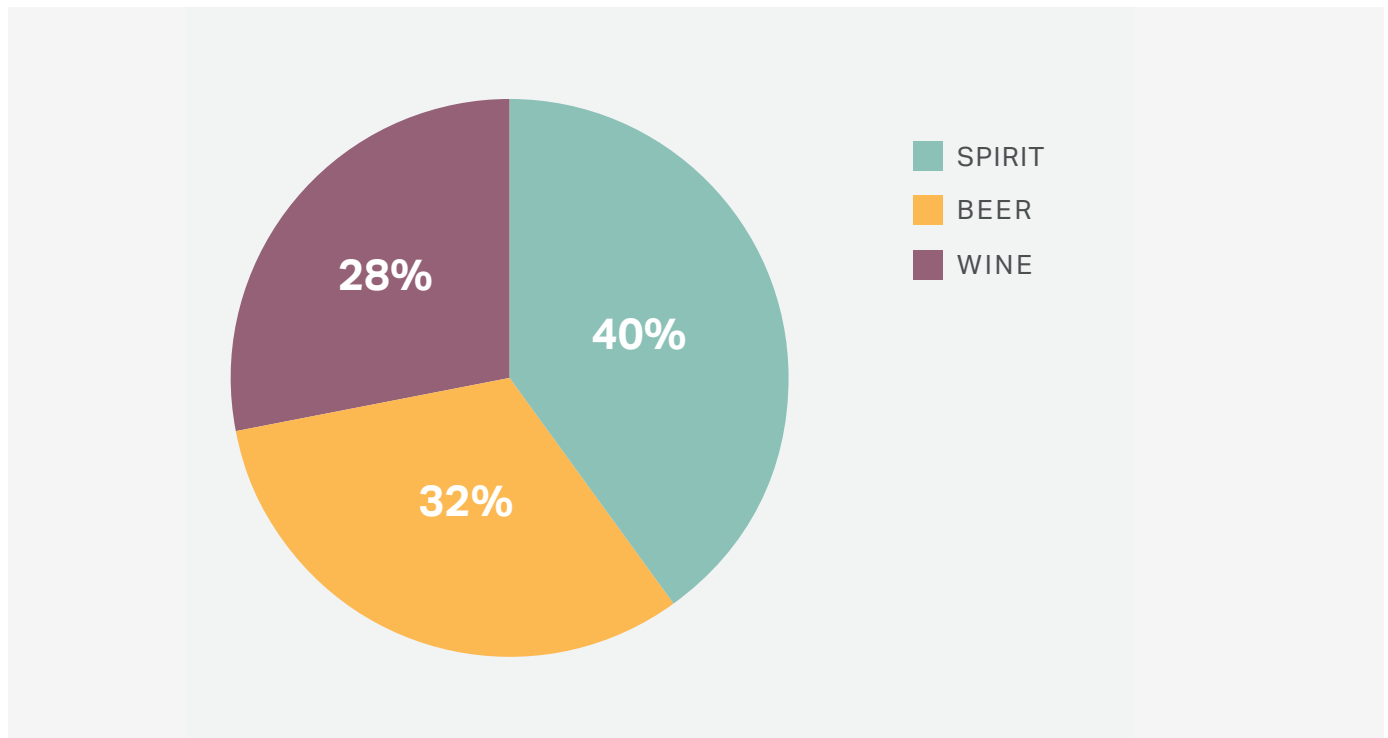
### What's BevSpot?

BevSpot is a bar management software platform for inventory, ordering, invoicing and unlocking your bar's sales data. Ordering data from the platform has generated the insights discussed in this report.

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## ORDERS BY PRODUCT CATEGORY

*Across BevSpot customers*



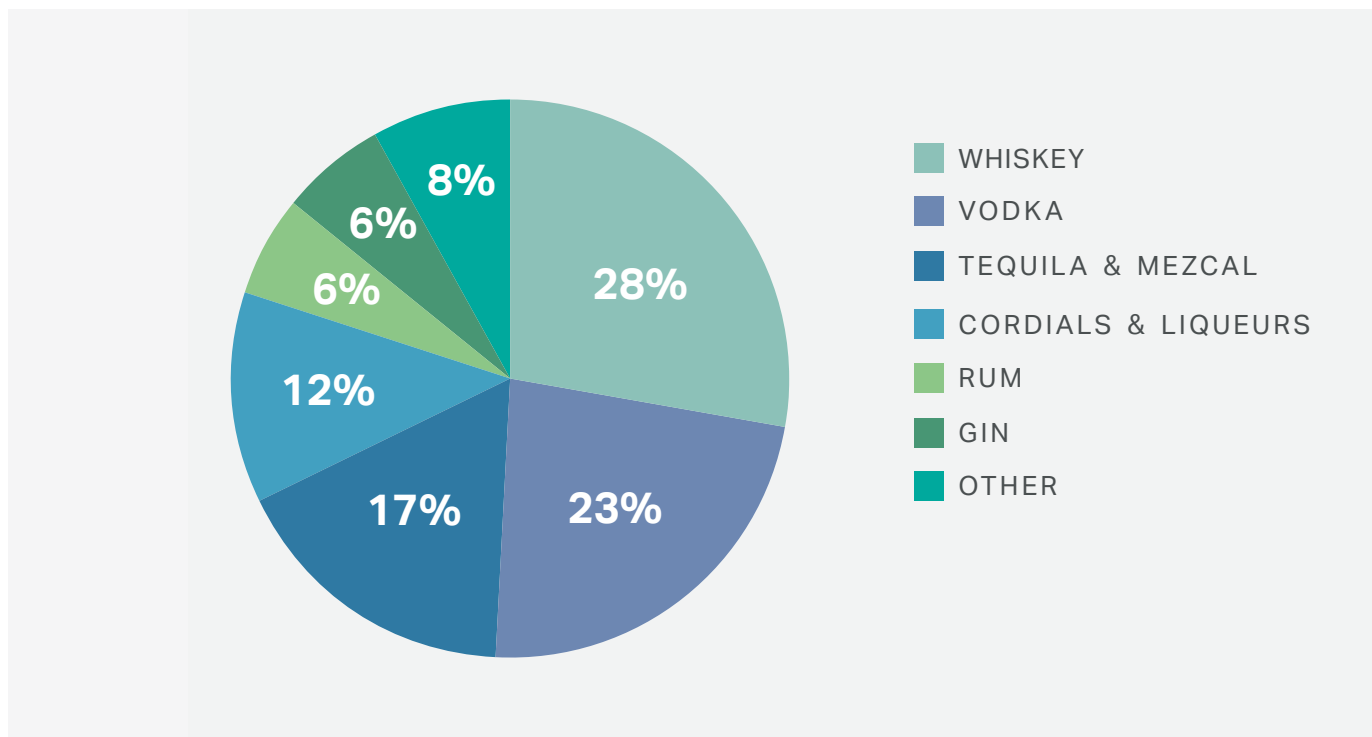
While beer is the largest alcoholic beverage category by beverage volume (i.e. based solely on number of cases or actual number of drinks) for the beverage industry as a whole, we find that **spirits are the dominant category among BevSpot bars and restaurants** in terms of dollars of orders. This diverges from [the last time we explored this breakdown](#), seemingly because our growth has brought onboard many beer-heavy establishments.

This outcome makes sense for a number of reasons. Because we are looking at orders based on dollar value, it would follow that spirits would make up a higher percentage as the cost per ounce of spirits is generally higher than that of beer. If we were

measuring categories in terms of volume (cases or number of drinks), it would skew these figures towards beer. It's also important to note that we're not just looking at bars versus the beverage industry as a whole, but also bars that tend to have larger inventories to manage as well as inventories that generally have more product diversity (and thus usually more spirits). Both forms of market segmentation will skew measures of the market towards wine and spirits.

## SPIRIT ORDERS BY TYPE

Across BevSpot customers



In 2014, Quartz reported that whiskey was finally surpassing vodka as the highest-selling spirit in the United States. Our 2016 data seems to confirm this: **whiskey accounted for 28% of spirit orders** on BevSpot, **5 percentage points more than vodka** did. (The last time we looked at this, whiskey accounted for 25% of spirit orders.)

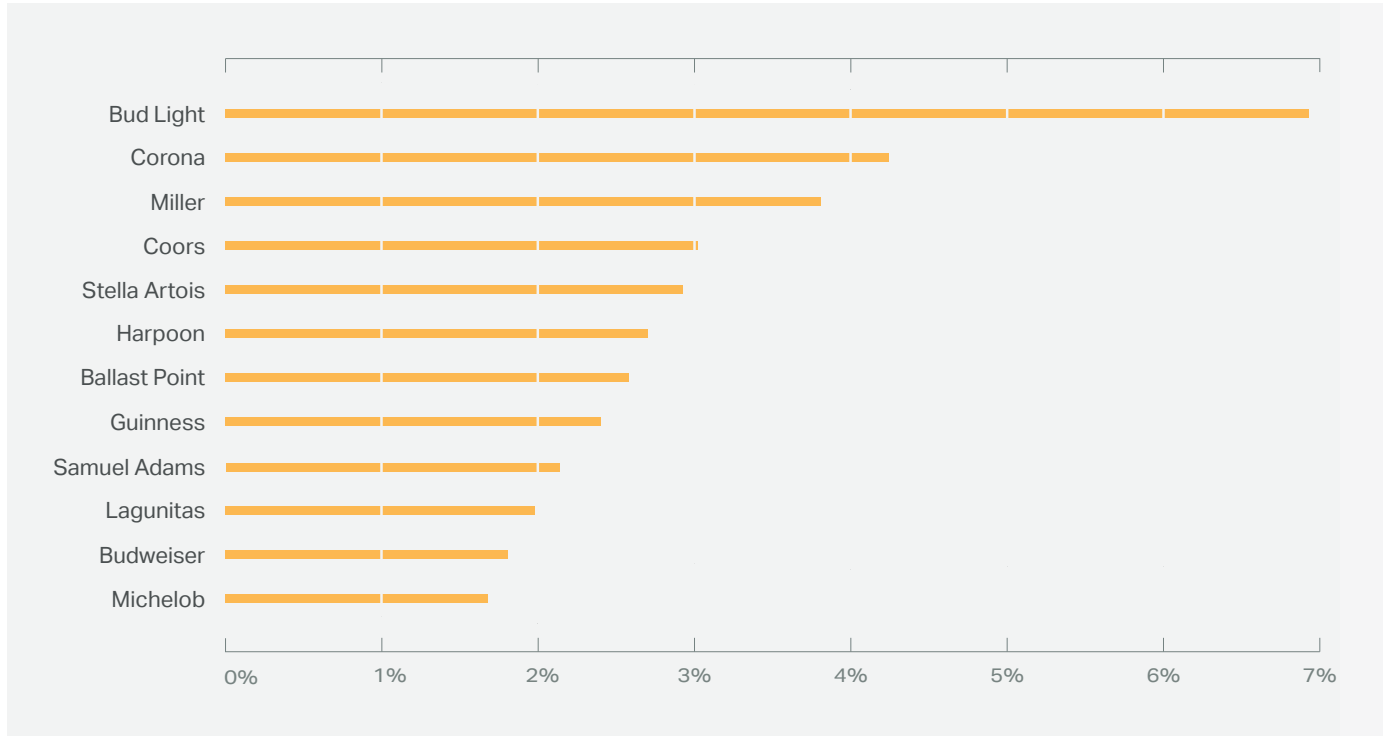
If whiskey and vodka sales were neck-and-neck just a couple years ago, one might expect the gap between these products' order figures to be much smaller. Why has whiskey run so far ahead of the runner-up? Product orders made on BevSpot reflect bar and restaurant sales, so this could point to whiskey being disproportionately consumed on-premises rather than off-premises. In addition, BevSpot users tend to be more efficiently-operated, more technologically-

savvy than the rest of the hospitality industry as a whole. The establishments they manage may not only be quicker to adapt to changes in technology, but also to shifts in consumer demand. If this is the case, then BevSpot bars' order data would reflect these shifts well before that of the beverage industry as a whole.

The relationship between the market shares of tequila and rum also diverges from the Euromonitor data cited by Quartz: in our data, tequila orders were almost triple that of rum in dollar terms. (In the aforementioned study, Euromonitor estimated that U.S. rum sales were in line to be higher than those of tequila.) We suspect this is also related to the difference in on-premise and off-premise consumer preferences. This divergence in preferences can be seen in the following brand order data.

## MOST-ORDERED BEER BRANDS

Across BevSpot customers



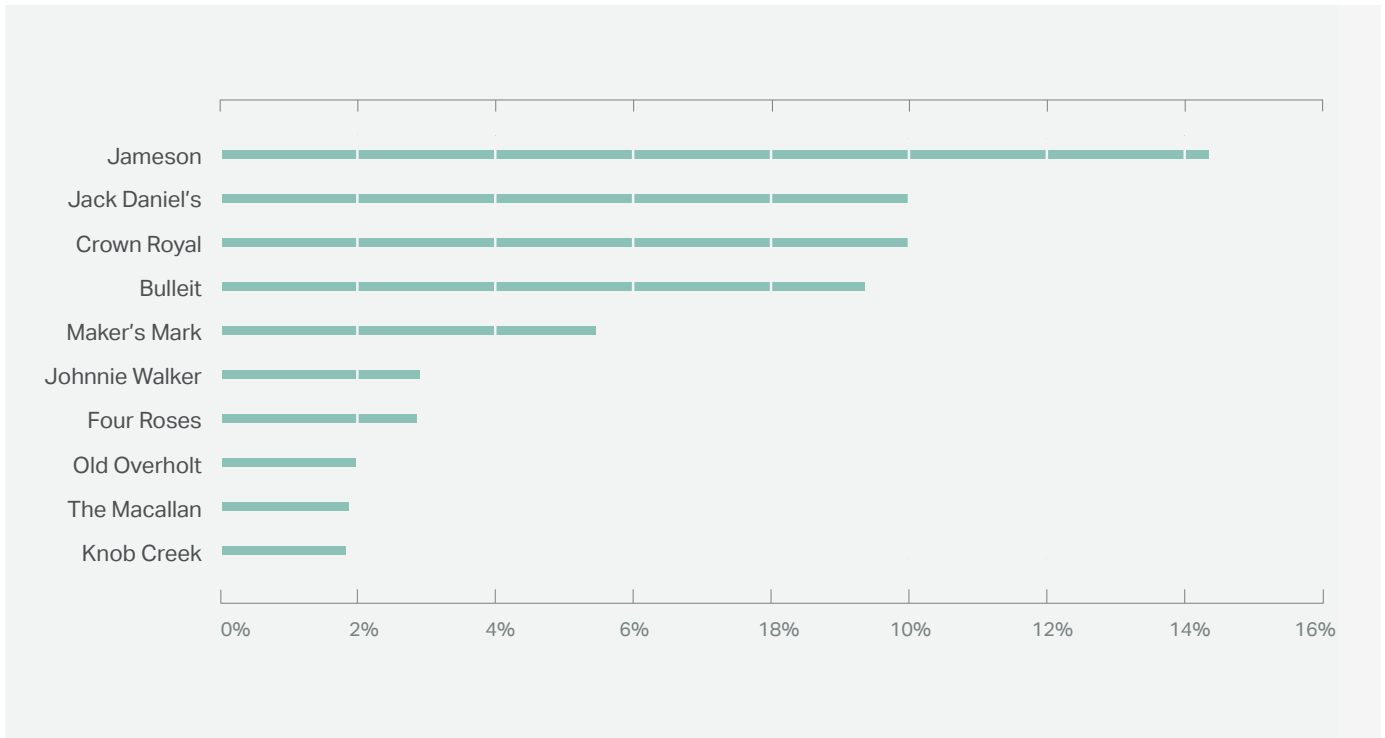
Beer is the market segment where BevSpot's Boston roots are the most obvious. While more than half of the orders in our data were for bars outside of New England, two brands that originated in the city still made it into the top 12: Harpoon at #6 and Samuel Adams at #9. While Sam Adams is now one of the best-selling brands across the U.S., New England is still the dominant distribution market for Harpoon.

While many of the **mass-market beer brands that usually dominate** beverage industry sales figures are

present—**Bud Light takes the crown for most-popular beer** by a long shot—there are still a few non-Boston brands that don't fit this mold. Stella Artois, Ballast Point, Guinness, and Lagunitas are rarely ranked near the top of the beverage industry. This might be another case where these products are disproportionately consumed on-premises, and thus are better represented in our data. It also might be that the clientele served by BevSpot customers differ from that of most bars such that their preferences skew towards these brands.

## MOST-ORDERED WHISKEY BRANDS

Across BevSpot customers

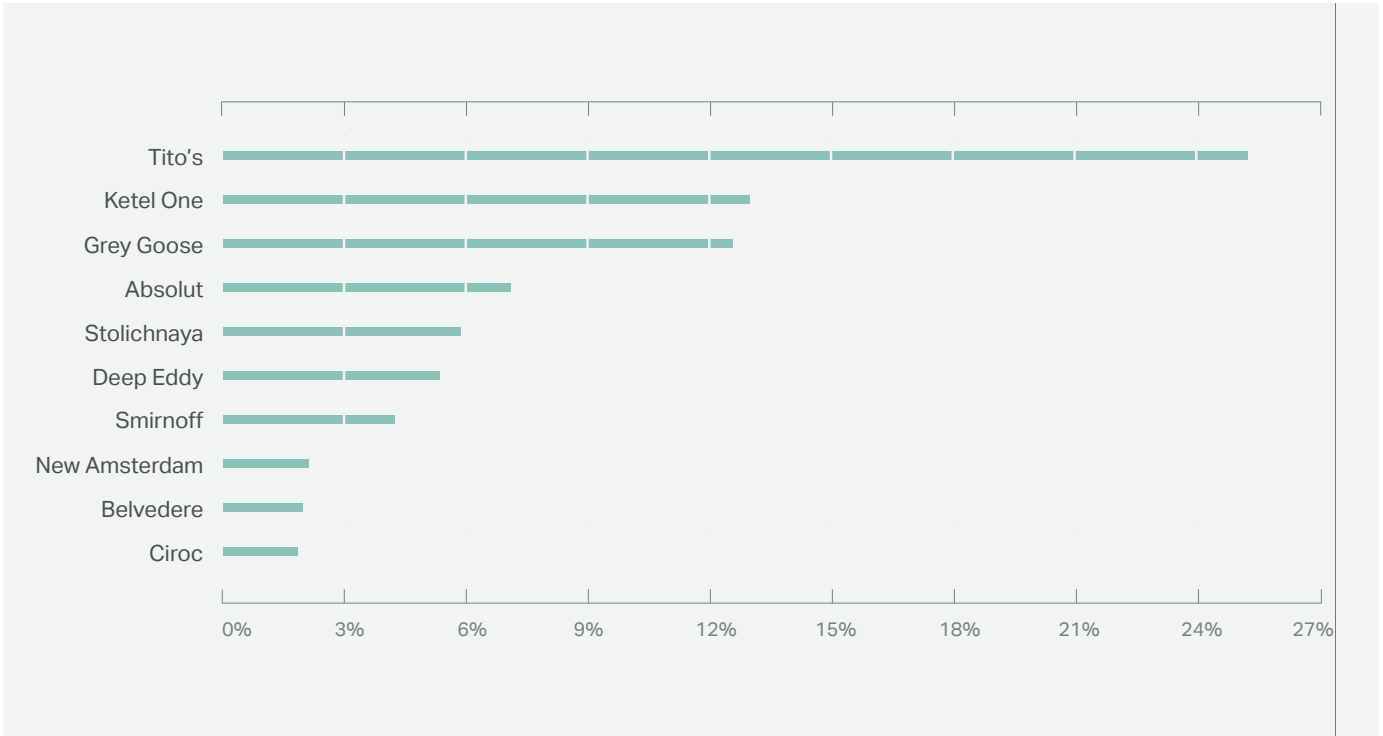


Other estimates of whiskey market share have put Jack Daniel's, Crown Royal, and Fireball at the top. In our data, **Jameson stands out as the most popular whiskey brand**, at 14% of total orders (4 percentage points ahead of Jack Daniel's). Jim Bean, meanwhile, doesn't make it into the top 10.

Though they lack the market share of the aforementioned brands, Bulleit, Four Roses, Old Overholt, The Macallan, and Knob Creek still make it into the top ten.

## MOST-ORDERED VODKA BRANDS

Across BevSpot customers



The remarkable growth of Tito's Handmade Vodka has been one of the biggest stories in vodka in recent years. While Smirnoff and Absolut still remain the market leaders, **the combined sales of Tito's and New Amsterdam (another upstart brand) have already overtaken those of Absolut, according to Bloomberg.**

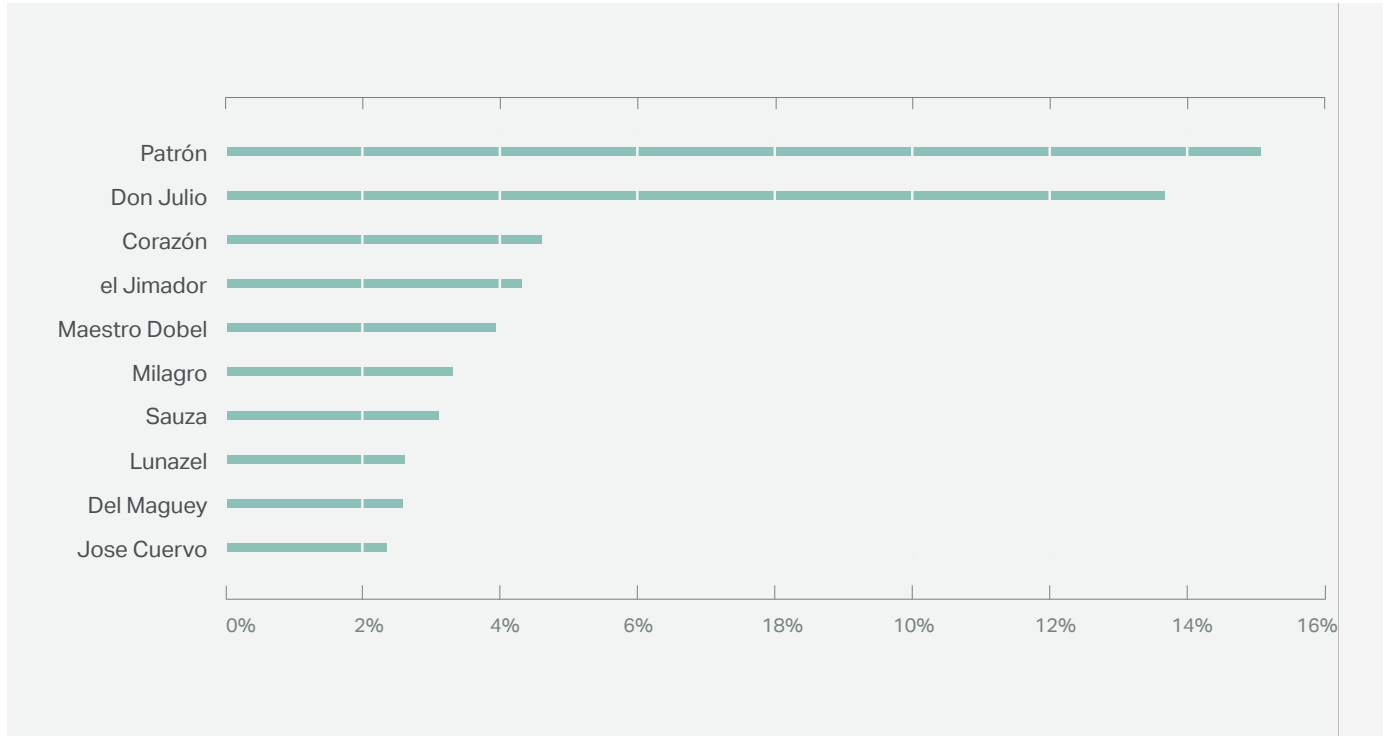
Among BevSpot bars and restaurants, this brand hasn't just grown: it has already taken a commanding lead. **Orders for Tito's represented more than 25% of vodka orders** in our data, the most dominant

of any market leader in any other segment we analyzed. Runners up Ketel One and Grey Goose each accounted for about 13% of orders, or about half of Tito's share of the market.



## MOST-ORDERED TEQUILA & MEZCAL BRANDS

Across BevSpot customers



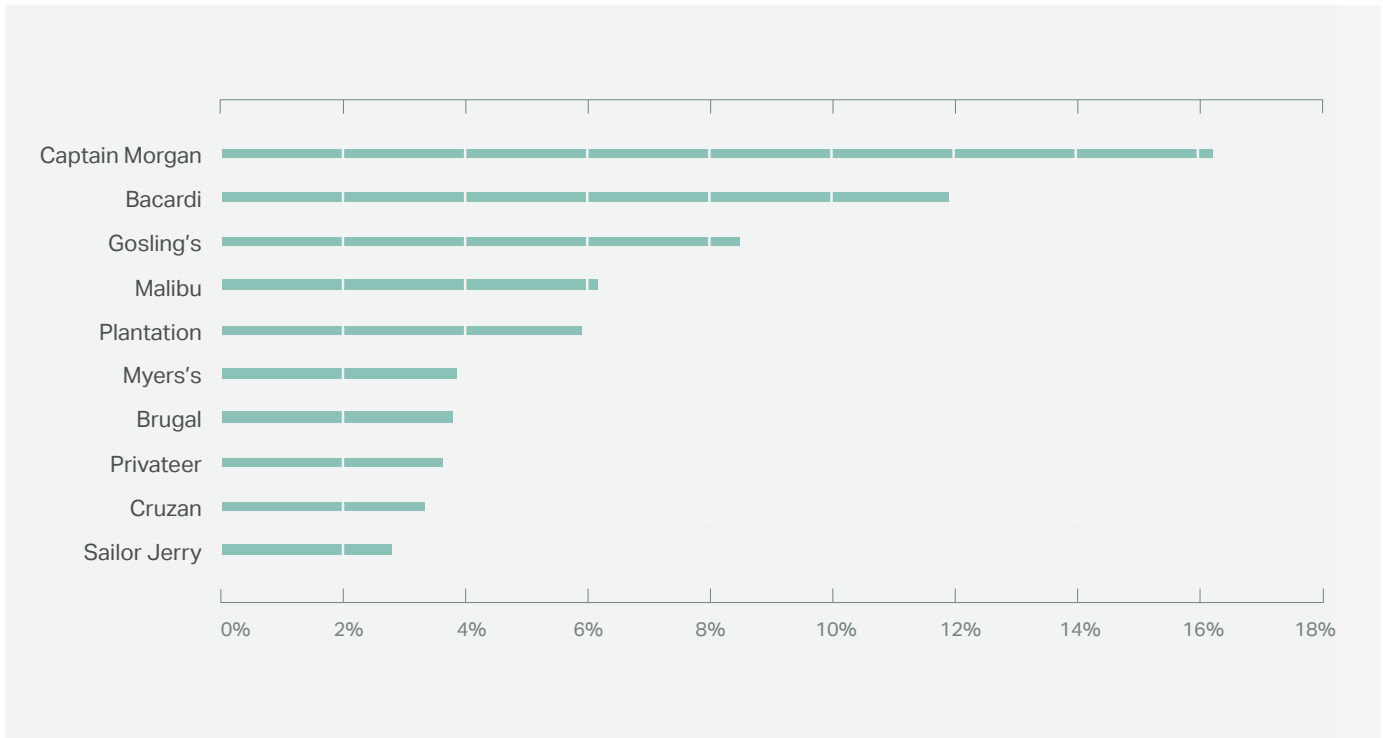
Jose Cuervo is usually considered the leading tequila brand. Yet in our on-premises data, **Patron and Don Julio are at the forefront of tequila orders**, with about 15% and 14% of orders respectively.

One aside on the tequila & mezcal category: this product market segment is the most concentrated of any other segment—the top 2% of bars and restaurants in terms of tequila orders placed more than a third of all tequila orders (the 2nd-most

concentrated segment is rum, where the top 2% of bars and restaurants placed about a fifth of all orders). The brand preferences of those top 2% of beverage programs are disproportionately reflected in the order volumes of the most popular brands.

## MOST-ORDERED RUM BRANDS

Across BevSpot customers

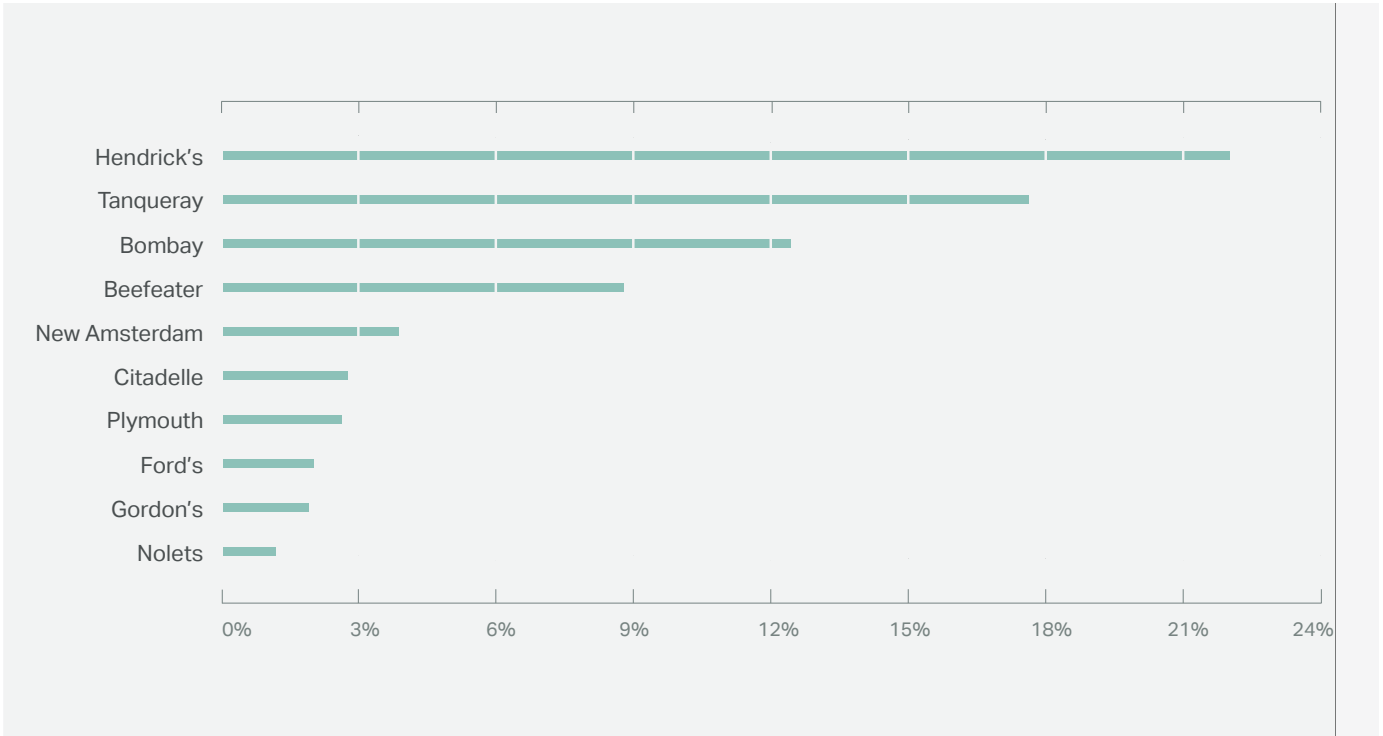


With about 16% and 12% of rum orders, leading brands **Captain Morgan and Bacardi have built comfortable leads** in the market. This is surprising, given the impressive diversity of rum types. (Generally, the more product differentiation exists

in a market, the more difficult it can be for market leaders to emerge.) Still, talk of “premiumisation” in the category might be a leading indicator of a coming wave of smaller independent brands, one echoing past or present waves in beer, whiskey, and vodka.

## MOST-ORDERED GIN BRANDS

Across BevSpot customers



While Seagram's is the **highest-selling gin brand in the U.S. market overall**, it doesn't even make the top 10 in our on-premise data. **BevSpot bars seem to prefer U.K. gin brands**, with the top 4 (Hendrick's, Tanqueray, Bombay, and Beefeater) taking up over 60% of gin orders.

New Amsterdam, the most popular American gin among these bars, only accounts for about 4% of gin orders in our data.

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## CONCLUSION

With 2016 officially in the books, we're excited to have another year's worth of data to explore. (This report is just the tip of the iceberg.) The growth and diversity of our account base has grown into what we believe is a fairly representative sample of the U.S. market as a whole. As we move closer to our goal of a truly statistically-significant national sample, it's interesting to see how BevSpot users as a whole diverge from published national trends.

Our data from the past year is now largely echoing national trends, with a few differences as we've noted in the above report. Some of the results have surprised us this year—such as the relationship between tequila and rum (pg. 3) as well as the preference towards U.K. gins (pg. 9). These particular outcomes go against the predictions of other industry reports and some common industry assumptions. We're curious as to why the BevSpot community as a whole behaved differently than the expectations of the industry.

We believe this distinct behavior might be attributed the progressive nature of our user base: it's possible that early adopters of technology products might tend to respond faster to market trends, moving faster to adopt new ideas and stay ahead of the curve.

It will be especially interesting to see if this is indeed the case, or if our user trends move closer to the national average as our user base continues to expand.

Overall, we're excited to see what surprises might come in 2017 and will work hard to continue providing our community the latest in-depth data and insights.

To make sure you see the latest—make sure to subscribe to [our blog](#), where we publish the most up-to-date findings.

Cheers!

## New to BevSpot? Welcome!

Did the results from this report surprise you at all? How did your top-performing products compare to the results? How does your beverage program compare to those of our users?

No two BevSpot users are identical, but one thing that they all have in common is that they're just as passionate as we are about using their bar's actual inventory, ordering, and sales data to unlock the best business decisions for them. With a more efficient system in place and a firm grasp of their numbers, our users can focus on what matters the most: providing the best possible experience to their guests.

We work with our users to understand how their pour costs stack up to the rest of the industry, find the ideal sitting inventory for their establishment, and set their drinks to the most profitable prices. The results speak for themselves.

If you're ready to bring your beverage program to the next level, we're here to help. Check out our growing library of free tools and see what our software can do to get you to where you want to be.