



## Spirit-Based RTDs Continue to Be a Bright Spot for the U.S. Market

by The IWSR Drinks Market Analysis, [www.theiwsr.com](http://www.theiwsr.com)

Latest IWSR data highlights the continued growth of spirit-based RTDs in the U.S. — Spirit-based RTDs have grown across all states since 2019, with the strongest volume growth seen in California, South Dakota and Connecticut.

The ten states with largest volume percentage increases for 2024 (January-August) are Wyoming, Colorado, Virginia, Tennessee, New York, Florida, Arizona, Indiana, New Jersey and Wisconsin, all of which grew well above 15% versus the same period last year.

This latest data comes from *IWSR US Navigator* by price tier for all 50 states going back to 2019, based on accurate local tax office data.

### Growth drivers

Analysis from IWSR's recently published *U.S. Spirits-based RTDs Report* shows that spirit-based RTDs are forecast to grow by 6% CAGR from 2023 to 2028. The volume decline of hard seltzers is offset by the growth of hard teas, FABs and, to a slightly lesser extent, cocktails/long drinks.

Bright spots exist across all types of spirit bases. RTDs with vodka and tequila bases will continue to dominate due to the growing availability of more sessionable vodka/tequila soda offerings. Vodka overtook tequila as the leading RTD spirit base three years ago, and brands are reinforcing its dominance by leveraging its versatility and approachable flavor profile.

Vodka remains the most preferred spirit RTD spirit base across demographic groups, but gin is becoming a favorite base with more RTD buyers, driven by LDA Gen Z. This represents an opportunity in a market where gin-based RTDs hold just 5% of total RTD market share.

A shift in RTD pack sizes towards 355-ml cans has brought consumers more convenience. The share held by these packs has surged from 7% to 69% within five years, driven by high demand for single serves.

"The emergence of single-serve canned RTDs has allowed brands to gain ground in venues/locations where glass bottles are typically not allowed, such as sports venues, concerts and beaches," said Marten Lodewijks, president of the U.S. Division at IWSR.

Recent regulatory changes have also boosted the segment in several states: North Carolina's Governor Roy Cooper signed SB527 which lowered taxes on spirits-based RTDs. Pennsylvania Governor Josh Shapiro signed SB688, allowing spirit RTDs to be sold in certain retail outlets that also sell beer and wine.

### Innovation trends

Innovation has slowed overall in recent years, and cocktail/long drink innovation continues to outpace that of other RTD sub-categories. New cocktail/long drink products account for over a third of recent innovations. Though this is a lower percentage than in the past few years, the segment still has the highest share of recent innovations.

"The reduced rate of innovation combined with continued category volume growth is a great sign for the industry," said Lodewijks. "While RTDs will remain an innovation-driven category, the proliferation of brands and variants in 2021/22 created consumer confusion and saturation that

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## Brown-Forman: Change in Board of Directors Chair

Brown-Forman has announced that Campbell P. Brown will step down as Chair of the Brown-Forman Board of Directors in July. Subject to his reelection at the annual meeting, he will continue to serve on the Board as a Director. Marshall B. Farrer, a fifth-generation descendent of the company's founder and a current Director of the Board, will assume the role of Chair of the Board, subject to his reelection to the Board.



Marshall B. Farrer (left) and Campbell P. Brown (right)

"It has been an honor to serve as Chair of the Board and to work alongside the many talented professionals who comprise Brown-Forman's Board of Directors and Executive Leadership Team," said Brown. "Brown-Forman has always believed that thoughtful, well-planned leadership transitions strengthen our company for the long term. After working closely with Board leadership, the time is right to entrust the role of Chair to my cousin and fellow Board member, Marshall Farrer."

"We extend our deepest gratitude to Campbell for his exceptional leadership as Board Chair," said Michael Todman, Lead Independent Director. "His fresh perspectives, unwavering trust and strategic guidance have been invaluable during his tenure. We are grateful for his steady hand and approach, which have significantly contributed to Brown-Forman's success."

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