# modern Distillery Age

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## How Will the U.S. Beverage Alcohol Market Evolve to Meet Consumer Needs in 2021?

*by The IWSR Drinks Market Analysis, www.theiwsr.com*

**Innovation in Premium RTD Products**

Malt-based RTDs have been the preferred choice of many RTD producers, driven by factors such as lower excise taxes and wider points of channel distribution across the U.S. However, 2021 will see the rise of spirit-based RTDs as the next iteration of premium RTD offerings.

Brand owners will look to extend the reach of their products to attract consumers interested in flavor and convenient cocktail options. IWSR data shows that nearly 50% of consumers in the U.S. place importance on alcohol base when selecting an RTD. Innovation in premium ingredients, alcohol base and flavors will drive the RTD market in the U.S.

**E-Commerce Offerings that Make it Easier to Own the Consumer Experience**

The global rise of e-commerce due to Covid-19 transformed the channel into a critical component of market strategies going forward. In the U.S., e-commerce alcohol sales are expected to continue to increase rapidly, with average annual growth of nearly 45% in value, 2020 to 2024. Put into the wider market context, this means that online alcohol sales will jump to 1.6% of total off-premise volume in 2020 and reach 6.9% by 2024.

Although e-commerce structures are more complex in the U.S., we will start to see more alignment in the three-tier system, with a move towards easier solutions for brand owners to reach consumers online. Brand owners will also want to own the consumer experience, and we will likely see a rise of white label e-commerce platform services as well as a push toward state legislation to allow for direct-to-consumer shipping where not currently allowed. Access to consumer data will be a key consideration for brand owners evaluating their e-commerce strategies as well.

**Relevance with Contemporary Consumers**

In 2019, still wine volume consumption in the U.S. decreased for the first time in 25 years. The downward trend is likely to continue, with IWSR forecasting a -1.2% volume CAGR (2019 to 2024) for still wine in the U.S. This trend is prompting brand owners to pivot their product offerings. We will see an evolution of wine, with brand owners leaning towards more casual offerings that bring the category closer to younger LDA consumers — recent findings from *Wine Intelligence* show that U.S. consumers are simplifying their engagement with wine.

With Millennial LDA drinkers shifting the dynamics of wine, more accessible packaging and brand messaging, as well as closer alignment with current consumer trends, such as health and wellness, moderation and sustainability cues, will drive category relevance.

**A Demand for Transparency**

The health and wellness movement has fueled the no/low alcohol category, but it is also making consumers more conscious of what they drink. We will see a growing need for brands to offer more transparency — everything from what's in the liquid and where the ingredients

*continued on page 2*

## Alcohol Most Popular Financial Vice Amid Pandemic – MagnifyMoney Survey

*"The coronavirus pandemic has made financial vices more alluring for many Americans."*

According to the latest MagnifyMoney survey, 70% of consumers have spent money during the pandemic on financial vices such as alcohol, cigarettes, adult entertainment and lottery tickets. Alcohol appeared to be the most popular financial vice as 22% of consumers increased their spending on alcohol in 2020, the highest percentage of the traditional vices pinpointed.

To find out how the pandemic impacted this kind of spending, MagnifyMoney surveyed 1,550 Americans on what vices people were spending on — and what money they used to do so.

Full survey findings are here.

**Key Findings**

- Alcohol, cigarettes and lottery tickets are vices consumers have most commonly spent money on during the pandemic
- 45% of Americans have spent money on alcohol during the pandemic, 27% on cigarettes and vape pens and 9% on adult entertainment
- Those who increased spending during the pandemic on the traditional financial vices pinpointed tended to do so with alcohol (22% increase). The next most common options were cigarettes or vape pens (17% increase) and adult entertainment (16% increase). Drugs came in last at 10%, which makes sense given the often-illicit nature of that vice.

"People have just been bombarded by stress continuously for the past year, and many people lean on their vices to help them through really difficult times," said Matt Schulz, LendingTree's Chief Credit Analyst.

*Editor's Note: The word "vice" is from LendingTree, not Modern Distillery Age.*