



How Can AI Benefit Beverage Alcohol?

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

IWSR looks at how AI is being used across the beverage alcohol industry.

Beverage alcohol brand owners are using artificial intelligence (AI) as a research tool and an aid to new product development — but the technology has the potential to deliver additional benefits across company operations, from revenue management to production efficiency.

The use of AI within beverage alcohol is still in its infancy, and for now, the technology is mostly being used in two main areas: new product formulation, often linked to marketing activity, and driving increased efficiency across company operations.

AI meets NPD

In many cases, AI used to inform NPD and subsequent marketing campaigns are one-off projects, such as online drinks retailer The Whisky Exchange's use of AI to design labels for a luxury collection of 12 bottles of The Glenlivet 50-year-old single malt, sold for €40,000 a bottle to mark the distillery's bicentenary in 2024.

Other examples include NanoFizz, a 7% ABV RTD product from Germany's Katlenburger Winery, claimed to be Europe's first AI-generated RTD cocktail; and two new 'AI' wines unveiled by Wine of Moldova at this year's Prowein trade fair in Germany.

In both cases, product development involved a combination of machine learning and human skills: Katlenburger used AI in the naming, recipe and design of the RTD, but still required the expertise of specialist fruit winemakers to finalize the recipe.

AI was involved in every aspect of the creation of the Moldovan wines — harvesting, winemaking, blending, labelling and communication — but the physical work and the blending process were performed by people.

Some brand owners are also employing AI to drive quality improvements: Minnesota-based von Stiehl Winery used the technology to develop its AI White and AI Red wines, encouraging purchasers to give feedback and tasting notes, which will then be used to generate AI recommendations to improve the quality of the next batch of the wines.

Meanwhile, researchers at KU Leuven University in Belgium used machine learning to analyze 250 beers, alongside consumer reviews and tasting notes, to construct models predicting how beers of different compositions would taste and how positively they would be received.

The results were used to tweak the recipes of existing commercial beers, playing up components that the data suggested were predictors of improved appreciation, such as lactic acid and glycerol, with positive results in human trials for both full-strength and no-alcohol beers.

Other businesses are embedding AI more deeply into their NPD processes. For example, Sapporo Breweries partnered with IBM Japan to establish N-Wing Star, an AI system to create new products.

It analyzed about 1,200 product formulations, and 700 raw materials used in 170 existing products, to create Otoko Ume Sour Salty Plum, a 5% ABV chuhai (canned carbonated RTD cocktail) released in Japan in 2023.

continued on page 3

Breakthru Beverage Bolsters Tequila & Whiskey Portfolios with New Partners

Breakthru Beverage Group is deepening its focus on the fast-growing tequila and whiskey categories by expanding its offerings through its Trident Portfolio, Breakthru's emerging brand incubator. Tequilas and whiskeys have led spirits growth in 2024 and continue to gain share in both the on- and off-premise, especially ahead of the busy summer season, and as consumers seek out creative cocktail experiences.

"These new portfolio offerings empower Breakthru customers to expand their selections and stay ahead of consumer demands," according to a company statement.

"Breakthru continually outperforms U.S. spirits trends across categories and price points, and we don't see consumers' interest in unique, additive-free tequilas and super-premium whiskeys slowing down any time soon," said Jenna Oppe, National Director, Emerging Beverages at Breakthru. "There is an enormous opportunity in these emerging categories, particularly tequila, due to its strong performance in the on- and off-premise and penetration with a diverse range of consumers. We will continue to invest in both categories to ensure we can add value to our customers and meet consumer demand."

The newest tequila and whiskey additions to the Trident Portfolio include:

- Alma Del Jaguar Tequila partners with Breakthru in South Carolina. The brand donates proceeds from every bottle to the Northern Jaguar Project in Mexico.
- Hillrock Estate Distillery, whose portfolio includes Solera Aged Bourbon Whiskey, Estate Single Malt Whiskey and Double Cask Rye Whiskey, is building on its California partnership by expanding into Missouri.
- Inspiro Tequila is expanding into Florida, building on its relationship with Breakthru in Missouri and Illinois. A Certified B-Corp, female-founded portfolio, the additive-free brand offers the only Rosé barrel-aged Reposado tequila.
- Lalo Tequila, a Mexican-owned brand focusing on premium blanco tequilas, joins Breakthru in Delaware, Missouri and Nevada.

continued on page 3