

Distillery modern Age



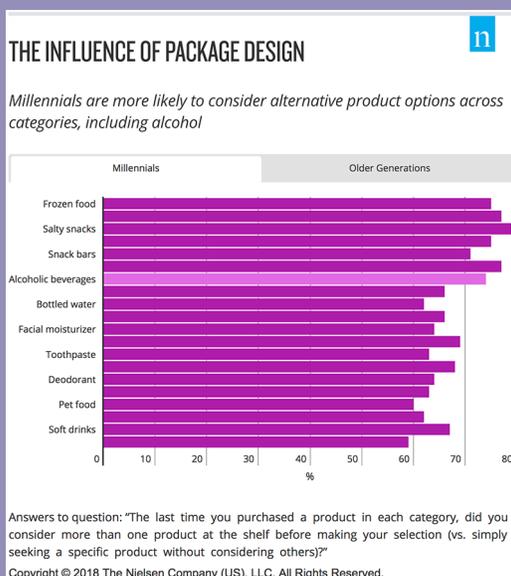
JUNE 8, 2018 | MODERN DISTILLERY AGE

VOLUME 9 | NUMBER 19

Four Design-Driven Trends Sweeping the Adult Beverage Category

Special to Modern Distillery Age from Nielsen, www.nielsen.com

Competition among adult beverage brands has reached a fever pitch as more new entrants pour in, even as category growth slows. In the beer category alone, manufacturers launched 1,400 new offerings last year — and for good reason. Consumers appreciate the swift pace of beverage-alcohol innovation, as 62% of in-store buyers pause to peruse the available options rather than pre-committing to a specific brand.



With so many consumer eyes browsing the myriad of options on store shelves, those seconds of consideration are pivotal for brands. Among hundreds of offerings, is the package quickly grabbing consumers' attention? Once a consumer notices a package, do they feel compelled to give it a try? In an environment with an ever-growing roster of choice, alcoholic beverage manufacturers are steadily being reminded that appearances matter.

Moreover, compared with other fast-moving consumer goods (FMCG) categories, adult beverage brands rely more heavily on the decision-making that happens in brick-and-mortar environments. While the pull of e-commerce is inevitable, alcoholic beverage sales have been slow to ramp up online, due to a variety of factors including social responsibility and regulatory restrictions. While one-fifth of U.S. consumer purchased groceries online in 2016, only 8% had purchased alcoholic beverages. In the absence of other information, such as customer reviews, in-store buyers rely even more heavily on how a product looks when choosing between alternatives.

In this design-driven environment, alcohol beverage brands are relying on the power of effective packaging to help them retain current buyers, attract new audiences and command higher price points. Below, we outline four design-related trends that are currently playing out in the alcoholic beverage industry.

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U.S. Beverage Alcohol Volumes Decline Again

Special to Modern Distillery Age by IWSR Magazine, www.theiwsr.com

For the third year in a row, total beverage alcohol consumption decreased -0.7% in the U.S. in 2017 due to a struggling beer category, according to the just-released *IWSR US Beverage Alcohol Review (US BAR)* database.

Though wine and spirits experienced growth of 1% (3.5 million nine-liter cases) and 2.2% (4.8 million nine-liter cases) respectively, it was not enough to offset a massive decline in beer of 29.4 million nine-liter cases (-1.1%), which holds the majority share of alcohol volume. Continued pressure on domestic and light beer overshadowed growth in the import and craft sector.

Despite total beverage alcohol volume loss, industry value continues to increase as consumers trade up to more quality products. The U.S. alcohol industry is valued at \$157.7 billion, up 1.6% from the prior year. This has been led by spirits, most notably tequila (+7.3%), Cognac (+9.3%) and U.S. whiskey (+5.5%). Both still wine (+0.9%) and sparkling wine (+4.3%) have enjoyed continued momentum as consumers gravitate toward alternative packaging and view wine as an everyday drinking occasion.

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WSWA & ABL Lobby DOJ

Two leading beverage alcohol industry associations told the U.S. Department of Justice (DOJ) that the ever-evolving beverage alcohol marketplace is evidence that current state-based regulatory systems guiding the industry have succeeded in balancing regulation with competition while ensuring an innovative and diverse purchasing environment and promoting public safety for consumers.

The Wine & Spirits Wholesalers of America (WSWA) and American Beverage Licensees (ABL) filed joint comments with the government agency last week to share their expertise in an ongoing series of DOJ-led panel sessions exploring the relationship between competition and regulation.

Comments submitted jointly by ABL Executive Director John Bodnovich and WSWA President and CEO Craig Wolf recommended that efforts to deregulate the industry are not warranted because the current legal systems underpinning the U.S. marketplace protect

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