



From Necessity to Novelty, U.S. Beverage Alcohol E-Commerce Is Evolving

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

IWSR analysis shows that although recruitment to the e-commerce channel has slowed, there is still headroom for growth.

The U.S. e-commerce market for beverage alcohol is entering a period of more moderate growth as trading conditions continue to normalize, with consumer demand transitioning from pandemic necessity to novelty and convenience.

While recruitment to the channel has slowed since the Covid-19 pandemic, there is still headroom for future growth, particularly among Millennial and LDA Gen Z consumers.

The channel also lends itself to higher-value alcohol purchases, with wine enjoying a larger online presence thanks to its established D2C (direct to consumer) presence, although both spirits and beer are expected to gain share over the next few years.

However, online consumers are also becoming more price-sensitive thanks to ongoing economic pressures, and they are increasingly prioritizing special offers and lower prices over faster delivery times.

"The U.S. online alcohol market achieved steady but slower growth of 1% (by value) in 2022, with a slight year-on-year decrease in the total number of online alcohol buyers," said Guy Wolfe, Head of Ecommerce Insights, IWSR. "After substantial pandemic growth, online alcohol sales have stabilized as the on-trade recovers and consumers revert to more typical purchasing habits."

Recruitment potential

As it normalizes, e-commerce is still expected to outperform the overall U.S. total beverage alcohol market: IWSR forecasts predict a 2023-27 value CAGR of +7% for online alcohol sales compared to a total beverage alcohol (TBA) CAGR of +1% over the same timescale. That would see e-commerce's TBA share increase from 3.2% in 2022 to 3.9% in 2027.

Although there has been a slowdown in online use by alcohol purchasers — in 2023, 14% said they had shopped in the channel in the past six months in 2023, down from 18% in 2022 — IWSR consumer research suggests that there is still plenty of growth potential in the U.S.

"Recruitment has unsurprisingly slowed down since the pandemic, especially among Boomers, indicating that the channel is becoming more mature," said Wolfe. "However, there is still room for growth, as one in four online buyers has been recruited in the past two years. In addition, frequency of online shopping has continued to rise among those who use the channel."

Millennial and LDA Gen Z consumers who don't currently buy alcohol online are most likely to consider doing so in the future: according to IWSR consumer research conducted in 2023, 44% of Millennials are somewhat or very likely to start making online alcohol purchases in future, as are 39% of Gen Zs.

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B.R. Distilling Secures Asset Backed Line of Credit from Live Oak Bank

B.R. Distilling in Tennessee, maker of Blue Note Bourbon, has secured an asset backed line of credit from Live Oak Bank, providing the company with working capital to finance its inventory purchases under its long-term production agreement with Green River Distilling, the tenth oldest distillery in Kentucky. The transaction also frees up the company's other capital for sales and marketing support to fuel the growing brand.



"Live Oak Bank is proud to partner with B.R. Distilling to further the company's growth and support their business needs as they expand their operations," said Jeff Clark, Vice President of Wine and Craft Beverage lending at Live Oak Bank.

"With decades of industry experience in supporting small business, Live Oak Bank shares our long-term vision for continued growth and innovation," added Logan Welk, President and Chief Operating Officer of B.R. Distilling.

In connection with the line of credit, the company recently closed a multimillion-dollar financing round from existing shareholders and expanded its production facilities in Memphis to 110,000 square feet, which includes a public tasting room.

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