

# More than a Beverage

## *Cider Category Review*

**NielsenIQ**



February 2, 2023

Andrew Hummel, CGA  
Mary Mills, 3 Tier



*Thank you for your partnership!*



**NielsenIQ**



# Who We Are

Established 30 years ago and now the Global market-leading On Premise consultancy, CGA by NielsenIQ provides BevAI partners with bespoke and powerful insights derived from a robust toolkit of consumer trends, sales measurement, and data analytics.

We are committed to helping our clients understand competitive performance, build brand strategies, and ultimately achieve growth through expert insights and support.



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The NielsenIQ logo consists of the text "NielsenIQ" in a bold, black, sans-serif font, centered within a white rectangular box.

*3 Tier Beverages is an industry-leading consulting firm focused on helping suppliers and distributors leverage the data they purchase through NielsenIQ and VIP. Equipped with our custom reporting and years of beverage experience, our partners can focus their attention on what matters most – GROWING THEIR BRAND*

# Measurement Sources



## NielsenIQ

### Off premise

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- **Food** (Total US)
- **Drug** (Total US)
- **Mass Merchandiser** (e.g. Target)
- **Walmart**
- **Dollar** (e.g. Family Dollar, Dollar General)
- **Select Warehouse Club Stores** (Sam's, BJ's)
- **Whole Foods Market**
- **Military Exchanges** (AAFES, Nexcom, MCG, CGX)
  
- **Convenience** (Total US)
- **Liquor\*** (selected geographies/retailers)
  - 7 geographic markets & 20+ Liquor chains ·
- **Wine.com**
- **Ecommerce** (powered by Rakuten)
- **Direct-to-Consumer** reports



### On premise

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- On Premise Measurement (OPM)
- On Premise User Survey (OPUS)
- BeverageTrak (Check-level sales data)
- Consumer Pulse Report

XAOC

# CORE CGA BY NIQ ON PREMISE SOLUTIONS

## Essential Services to support your On Premise Strategies



OPUS

### Consumer Insights

- + Build unique, compelling, sales stories by channel and brand
- + Understand brand engagement, serve styles, and consumer preferences by channel and occasion
- + National account RFP support drives revenue and fosters strong operator partnerships
- + Key topic syndicated reports and custom projects provide guidance for complex business cases
- + Ability to gain exclusive insights through custom questions\*



BeverageTrak

### On Premise Sales Data

- + Granular check-level sales data shows how brands & categories are being consumed, when and at what price
- + Day and daypart tracking measures performance and activation ROI enabling sales and marketing teams to develop effective strategies
- + Quick turnaround produces early indicator of key subchannel trends



OPM

### Sales Performance

- + Industry leading Spirit, Beer, and Wine volumetric (288oz CE) & sales (\$) measurement
- + Barometer for brand and category performance & benchmarking
- + Robust high-level data designed for central insights, brand and category teams, and c-suite



# ON PREMISE

CGA by NielsenIQ



## Contents

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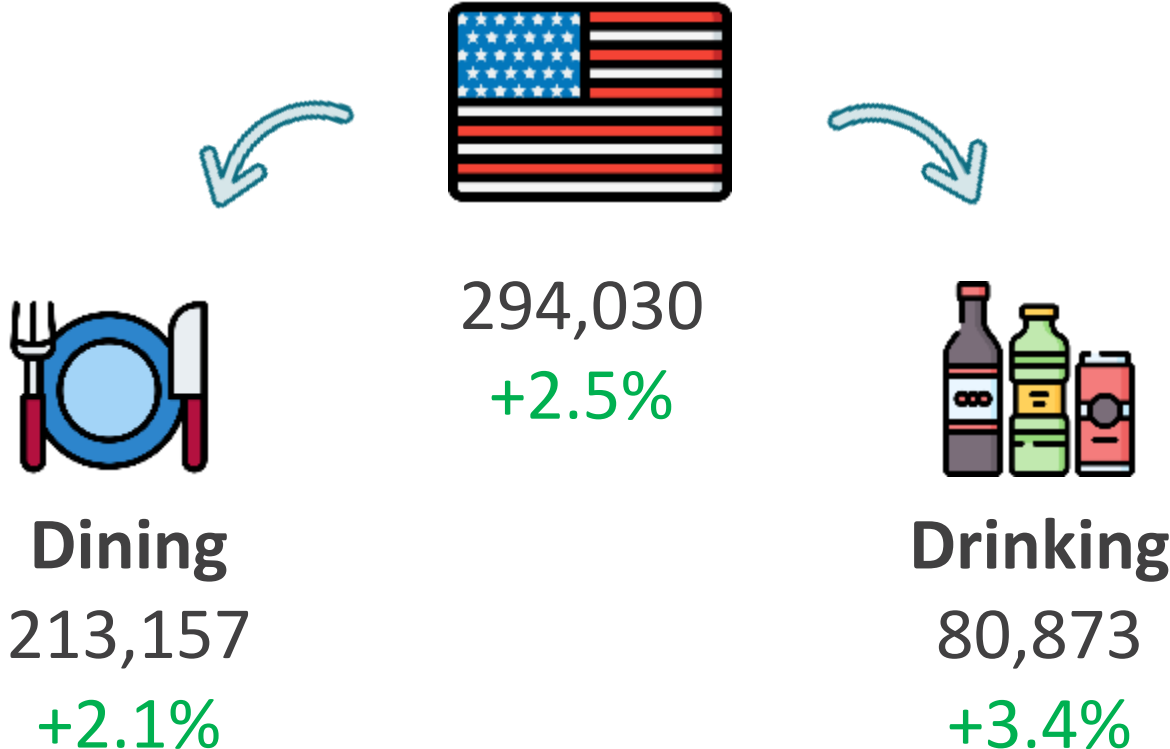
Overview Of The On Premise	3
Current Trends and 2023 Outlook	11
Cider & Beer Sales	15
How do On Premise consumers engage with Hard Cider?	21
Contacts	31



## Overview Of The On Premise

# The On Premise universe is in growth

# of On Premise dining and drinking outlets in the US  
December 2022 vs December 2021



Source: TDLinx, On Premise data to 12.21.2022 & 12.15.2021



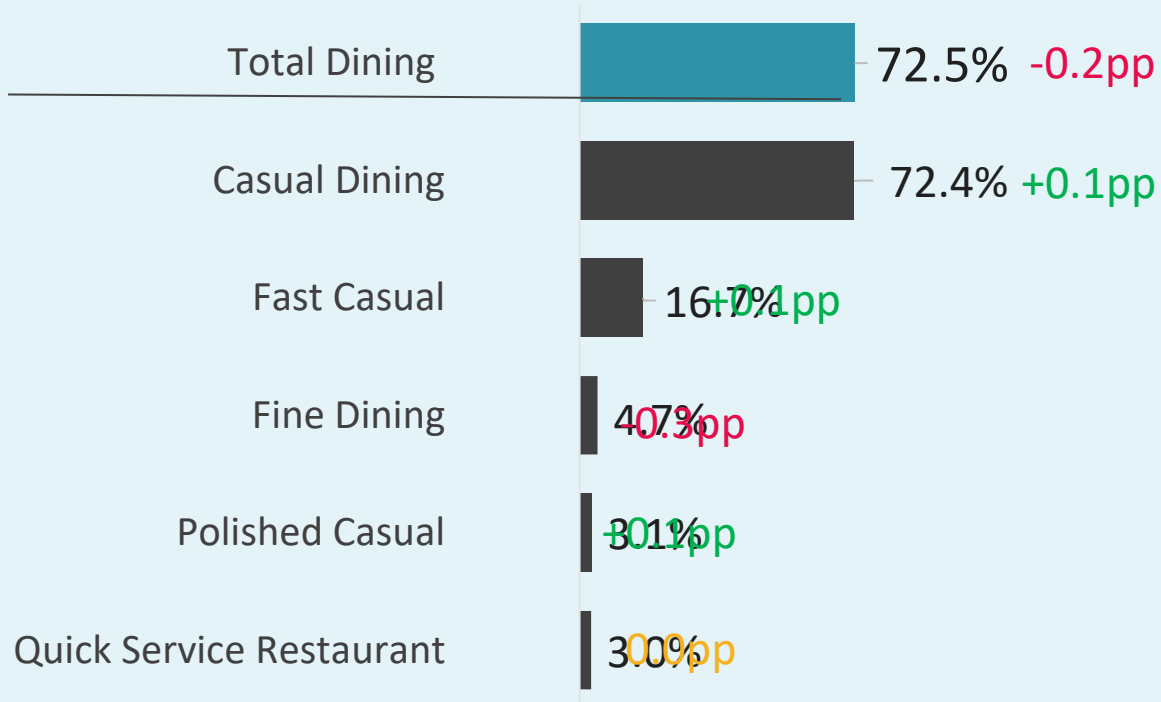
# Dining outlets were more resilient through COVID and hold the largest share of licensed venues

## Total US

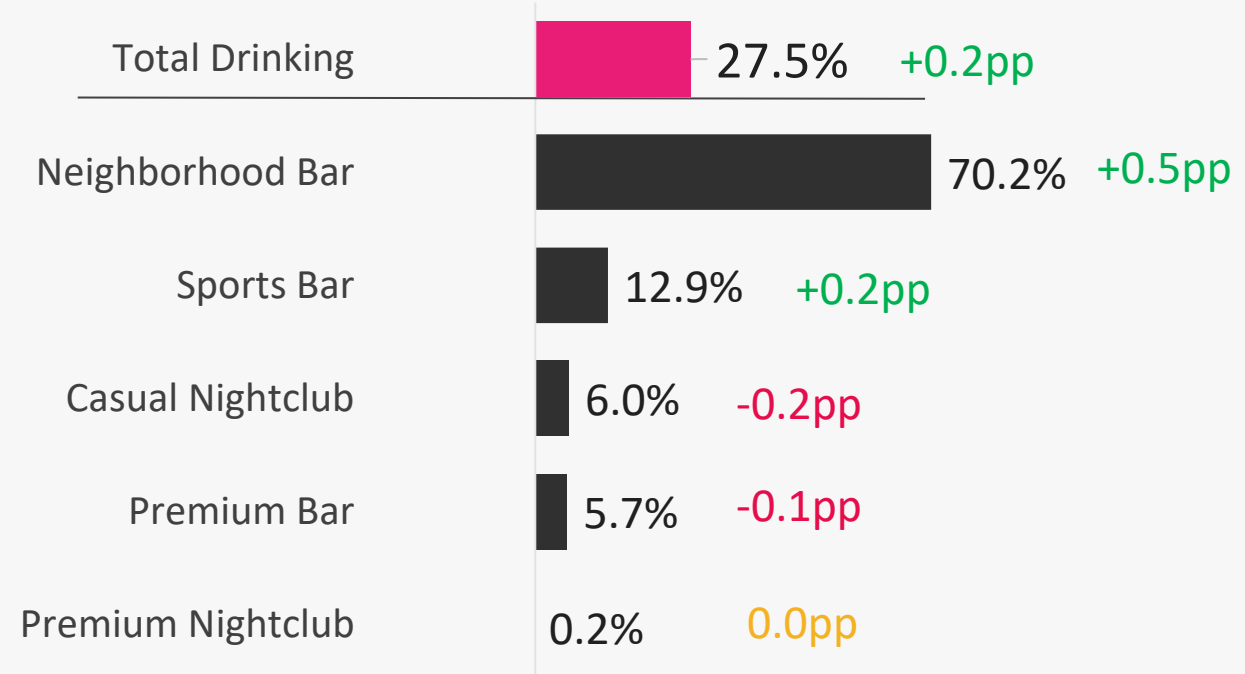
1 Year Overview



### Dining Channel Share & Share Chg vs YA (December 2022 vs December 2021)



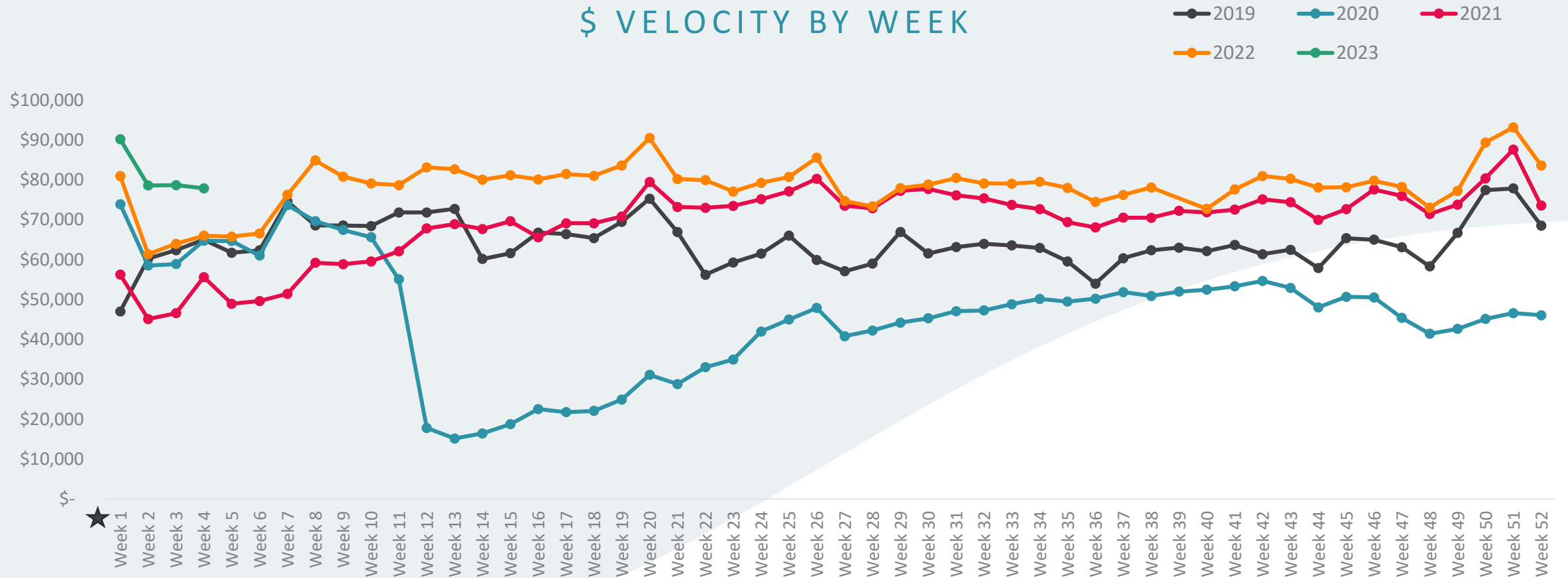
### Drinking Channel Share & Share Chg vs YA (December 2022 vs December 2021)



# TOTAL US MARKET SALES: RECAP

With no Covid-induced interruptions, velocity at the start of 2023 exceeds previous years (+20%).

## \$ VELOCITY BY WEEK



★ Exact dates can be found in the appendix

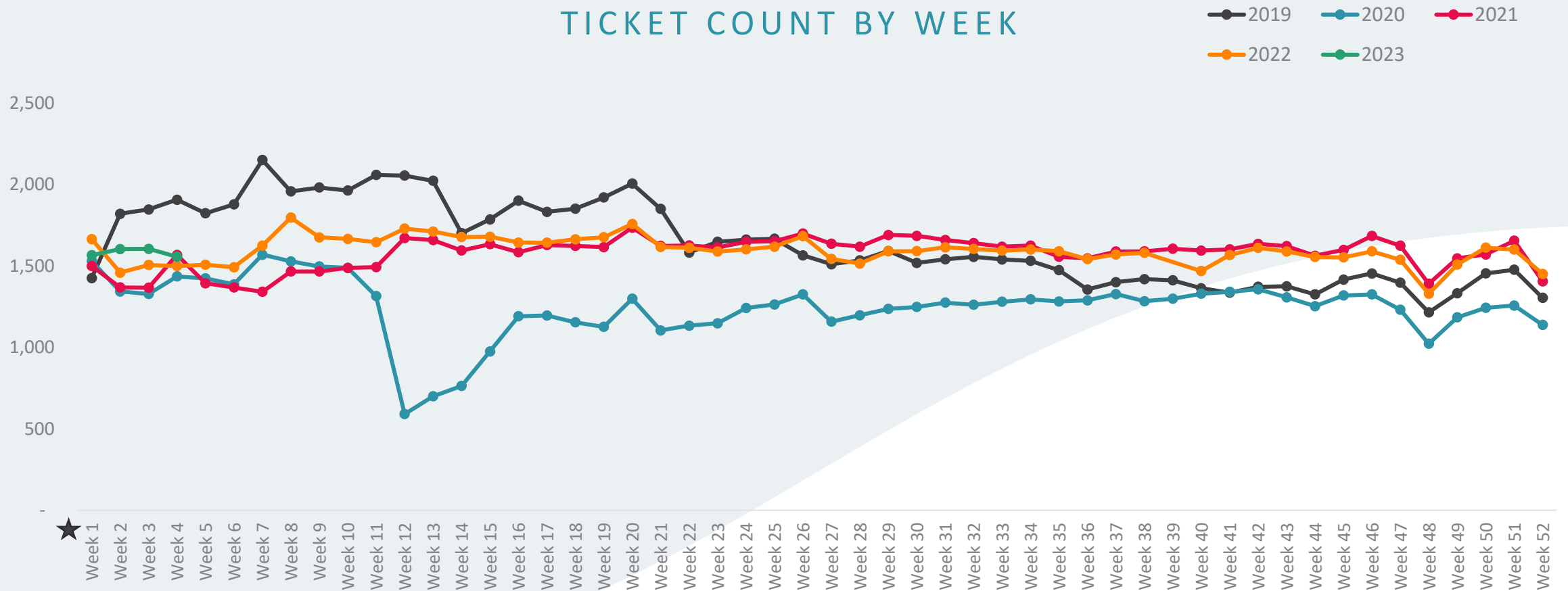
• N.B. Incomplete data for week 39



# TOTAL US MARKET SALES: RECAP

Traffic exceeds last year (+6%), although remains below 2019 levels.

## TICKET COUNT BY WEEK



★ Exact dates can be found in the appendix

• N.B. Incomplete data for week 39





# Current On Premise Trends & 2023 Outlook





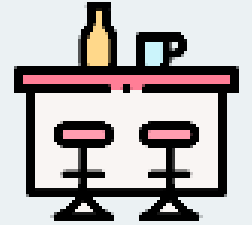
# 54%

of US consumers have made a purchase in-store of a brand that they first tried in bars/restaurants

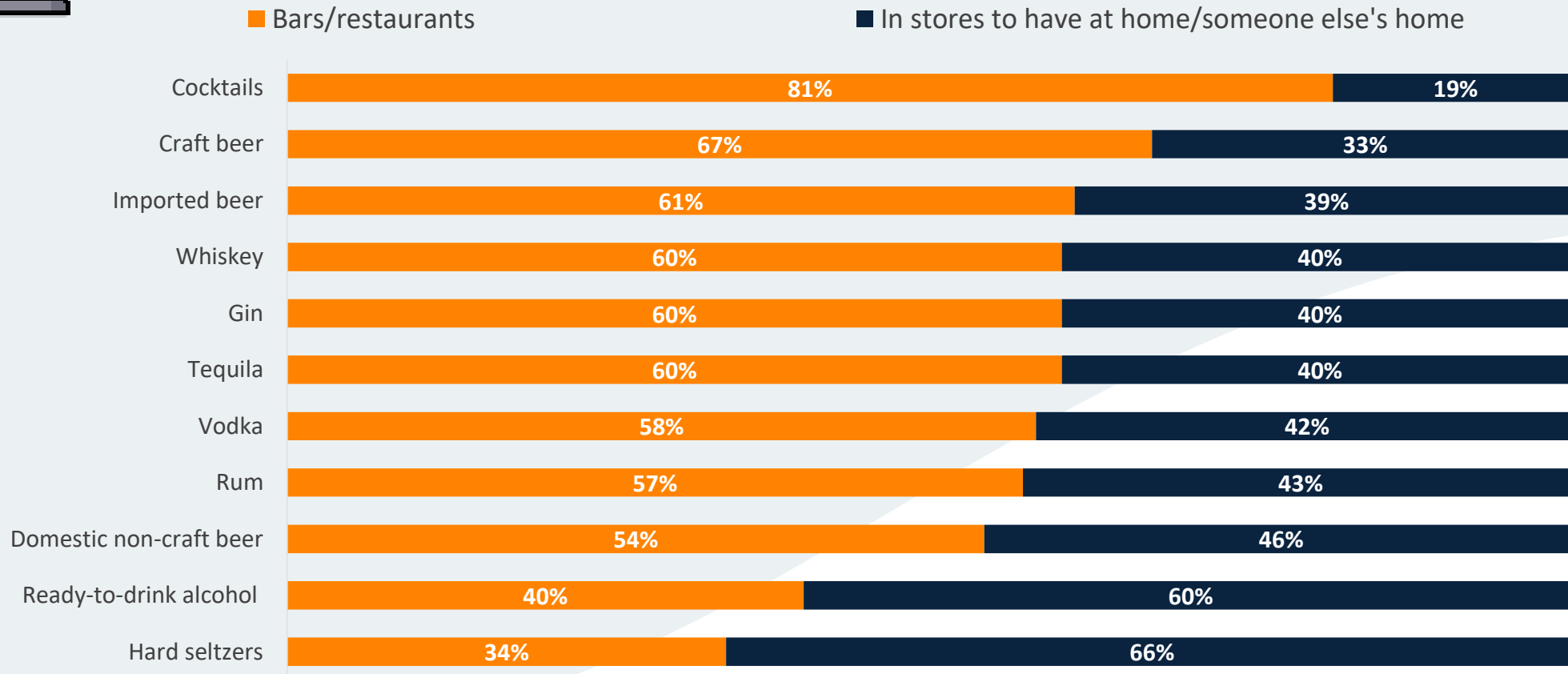


SOURCE: CGA BY NIQ US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1601)

# The On Premise is essential for brand building



Where are consumers likely to purchase a new drink brand to try?



TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH  
THE BELOW STATEMENTS?

61%

of US consumers strongly agree/agree  
that when they try a new drink brand  
they like in the On Premise they are  
more likely to look for it in stores

+15pp for  
21-34 year-olds

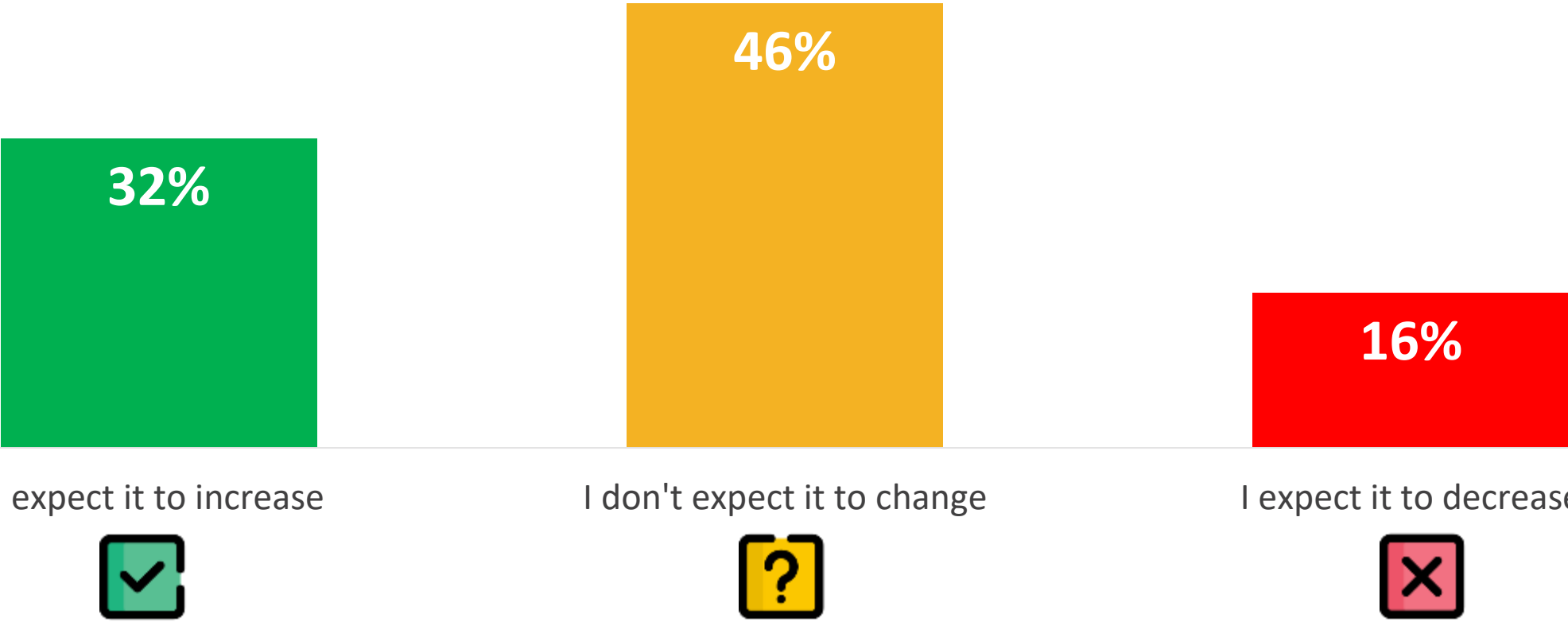
67%

of US consumers strongly agree/ agree  
that if they try a new drink brand they  
like in the On Premise, they are likely to  
continue drinking it on  
subsequent visits



# Despite economic uncertainty, most consumers anticipate spending the same or more in bars and restaurants in 2023

*Expected change in spending in the next 12 months*



SOURCE: CGA BY NIQ US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1601)



# LOOKING AHEAD TO 2023 IN THE ON PREMISE

## PREDICTED FREQUENCY OF VISITS FOR 2023 COMPARED TO 2022

*Much more often than I did in 2022* **14%**

*Slightly more often than I did in 2022* **23%**

*As often as I did in 2022* **47%**

*Slightly less often than I did in 2022* **13%**

*Much less often than I did in 2022* **4%**

## PREDICTED SPEND ON BETTER QUALITY DRINKS IN 2023 COMPARED TO 2022

*Much more often than I did in 2022* **14%**

*Slightly more often than I did in 2022* **23%**

*As often as I did in 2022* **47%**

*Slightly less often than I did in 2022* **9%**

*Much less often than I did in 2022* **7%**





Given the increase in popularity of working from home since 2019...

Thinking about next year, how much time do you expect to spend in bars and restaurants in urban areas?  
– Comparison to 2022

33%

Predict they will spend *much more/slightly more* time in bars/restaurants in urban areas



(+16pp for 21-34 year-olds)

46%

Predict they will spend *as much* time in bars/restaurants in urban areas



(+9pp for 55+ year-olds)

20%

Predict they will spend *much less/slightly less* time in bars/restaurants in urban areas















# Cider & The Beer Category



In the last year, the Beer/FMB/Cider category has regained \$ share from Spirits and Wine in the On Premise

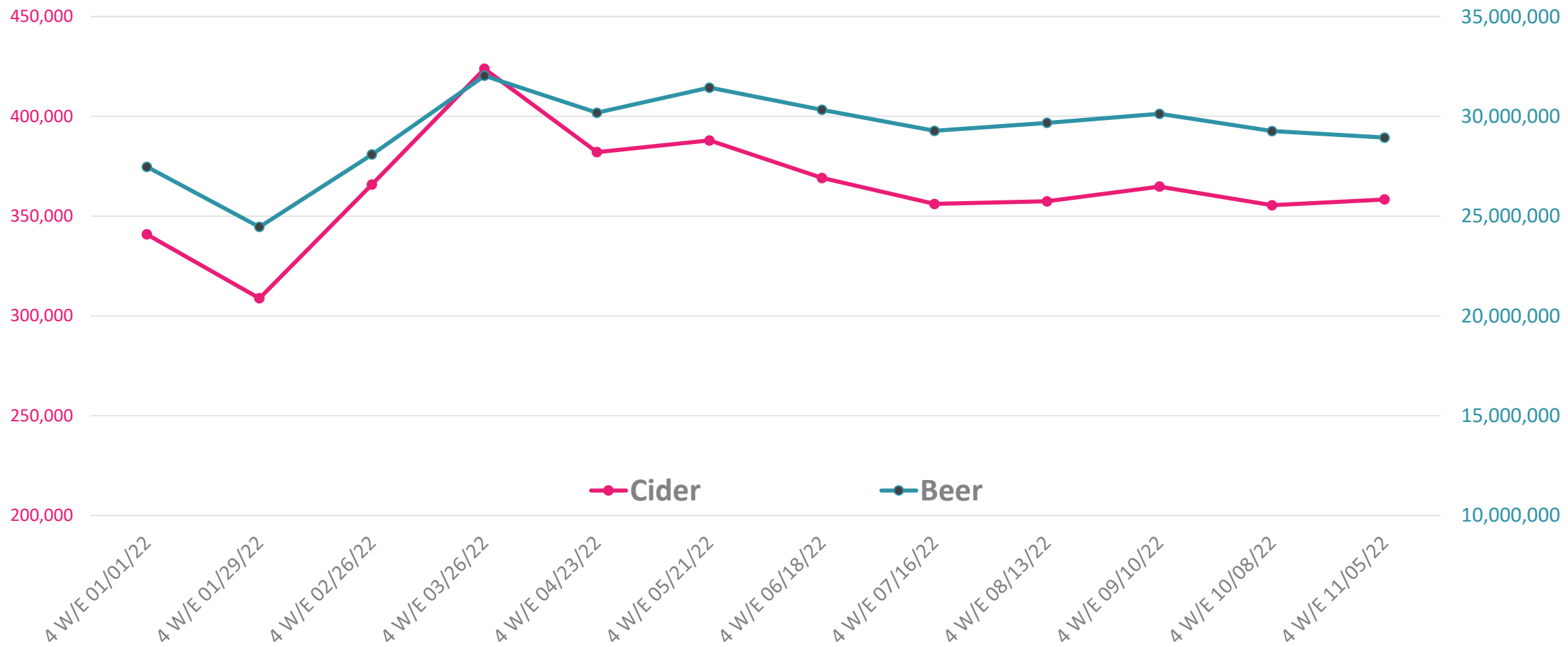
	Spirits	Beer	Wine
\$ Share of On Premise BevAL	47.8%	38.7%	13.5%
\$ Share pp chg vs YA	-0.2pp	+1.1pp	-0.9pp
			
\$	52.5B	42.4B	14.8B
\$ % chg vs YA	+23.1%	+27.4%	+15.8%

# Hard Cider outperformed most subsegments but lagged behind total Beer performance, which was driven by Import and Craft

	Domestic Premium	Craft	Import	Domestic Super Premium	Below Premium	Cider	Flavored Malt Beverage
288OZ EQ Share of Beer	<b>32.3%</b>	<b>28.9%</b>	<b>19.6%</b>	<b>6.3%</b>	<b>3.7%</b>	<b>1.2%</b>	<b>0.7%</b>
288OZ EQ Share pp chg vs YA	-0.7pp	+0.5pp	+0.8pp	-0.2pp	-0.1pp	0.0pp	0.0pp
							
288OZ EQ	<b>122.8M</b>	<b>110.0M</b>	<b>74.6M</b>	<b>24.0M</b>	<b>14.1M</b>	<b>4.7M</b>	<b>2.8M</b>
288OZ EQ % chg vs YA	+13.9%	+18.6%	+21.2%	+12.2%	+13.6%	+17.2%	+15.5%

# Hard Cider consumption peaked in Spring




Volume Sales 288oz – Cider vs Total Beer






Source: CGA by NielsenIQ On Premise data – volume, 288OZ EQ, 4 w/e 01/01/2022 to 11/05/2022



While draft holds the largest share of Hard Cider volume, packaged was the best performing

	Cider	Draft Cider	Packaged Cider
288OZ EQ Share of Beer/Cider	1.2%	61.5%	38.5%
288OZ EQ Share pp chg vs YA	0.0pp	-0.6pp	+0.6pp
			
288OZ EQ	4.7M	2.9M	1.8M
288OZ EQ % chg vs YA	+17.2%	+16.1%	+19.0%

# Regional and local cider brands have momentum and are outperforming nationally distributed competitors

	Cider	Regional Cider Brands*	National Cider Brands*
288OZ EQ Share of Beer/Cider	1.2%	52.8%	47.2%
288OZ EQ Share pp chg vs YA	0.0pp	+2.2pp	-2.2pp
			
288OZ EQ	4.7M	2.5M	2.2M
288OZ EQ % chg vs YA	+17.2%	+22.3%	+11.9%

Source: CGA by NielsenIQ On Premise data – volume, 288OZ EQ, rolling 52 w/e 11/05/2022 vs YA





How do On Premise consumers engage with Hard Cider?



10%

of US consumers drink  
Hard Cider in the On Premise

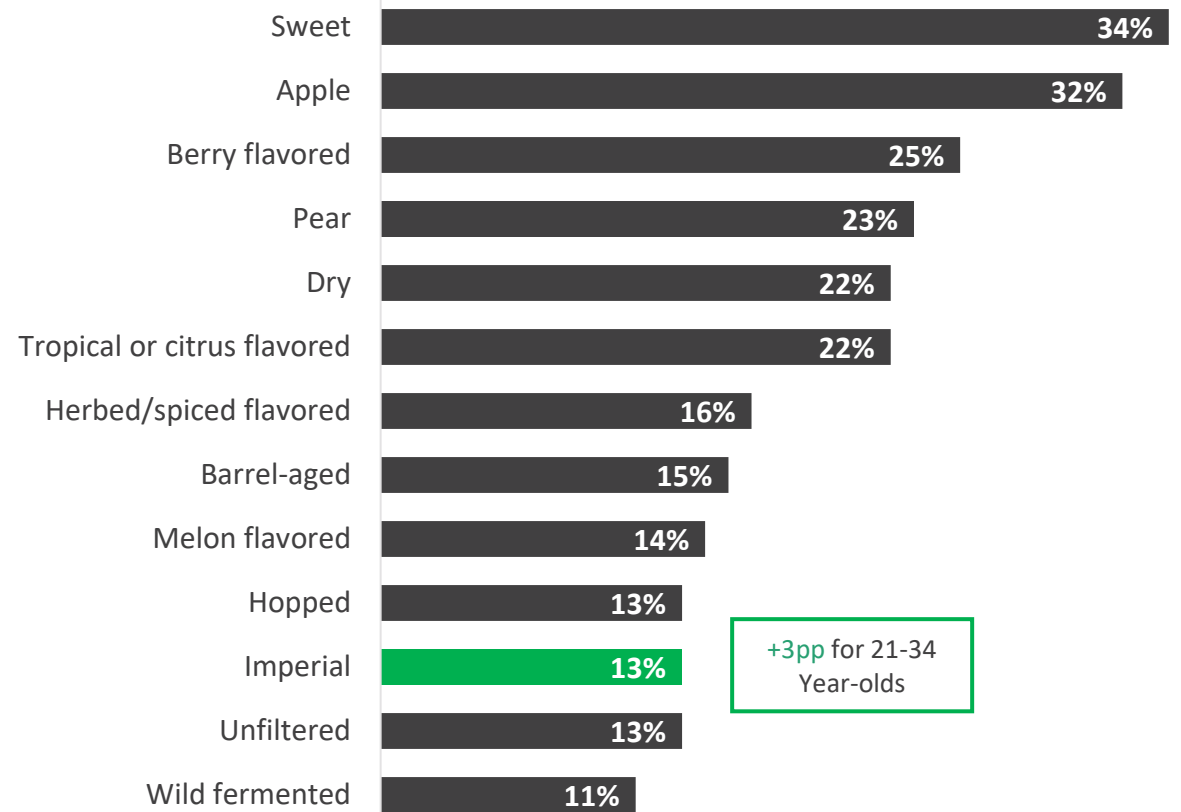
+6pp

for 21-34  
Year-olds



# Over a third of Hard Cider drinkers prefer a “sweet” offering

*Hard cider types consumed when out – Hard Cider drinkers*

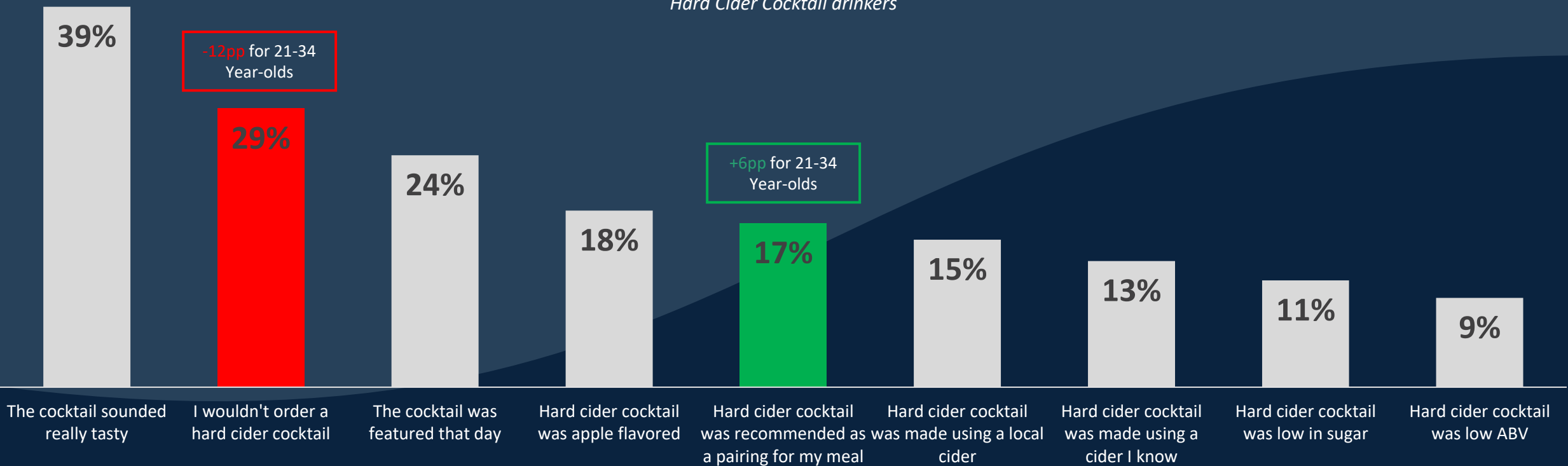


Source: CGA x NielsenIQ On Premise User Survey (Fall 2022) - Sample Size: 594 - 1481



# Prime cocktail menu placements and LTO features will help drive Hard Cider Cocktail purchases

*Reasons for ordering hard cider cocktails from a menu*  
*Hard Cider Cocktail drinkers*



The background of the image shows three glasses of beverages on a wooden tray. The first glass on the left contains a light-colored beer with a white head of foam. The middle glass contains a golden-yellow hard seltzer. The glass on the right contains a reddish-orange hard cider. The tray is placed on a light-colored wooden surface.

30%

Of *Hard Seltzer drinkers*  
consume **Hard Cider** in the  
On Premise

+20pp more than average  
US consumers

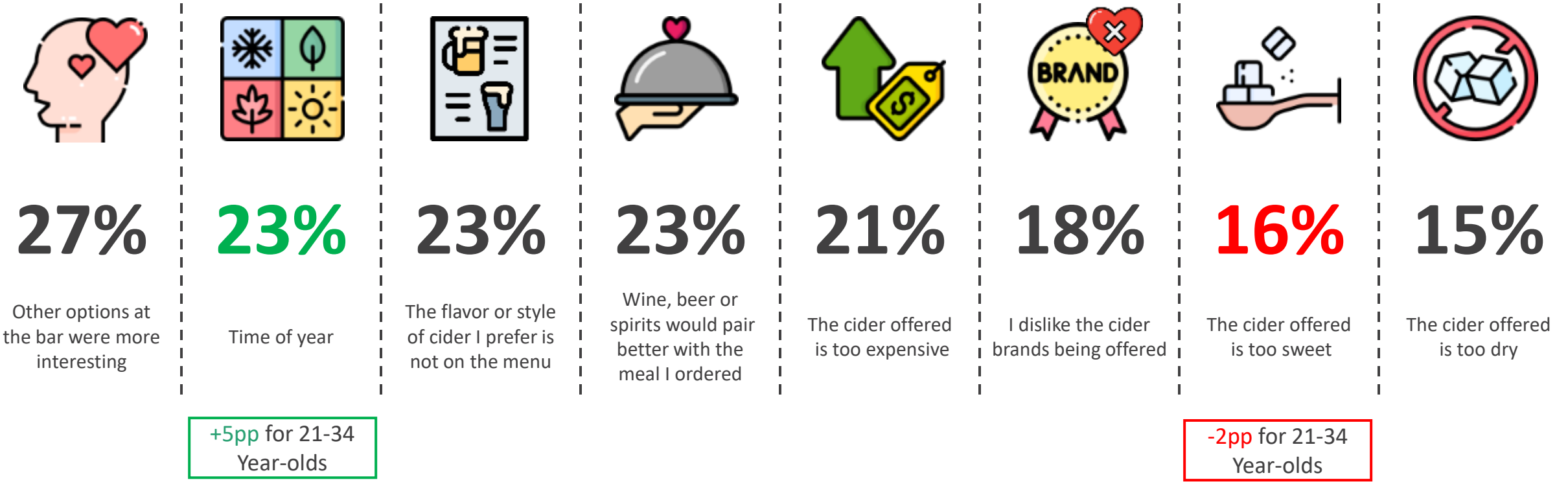
42%

Of *Hard Cider drinkers*  
consume **Hard Seltzers** in  
the On Premise



# Younger consumers are less discouraged by sweetness and are more influenced by the season

## Reasons for drinking something other than hard cider when out Hard Cider drinkers



Source: CGA x NielsenIQ On Premise User Survey (Fall 2022) - Sample Size: 594 - 1481





# 22%

of *Hard Cider drinkers* say  
Hard Seltzer is the category they  
are most likely to pay extra for better  
quality, when in the On Premise

**+13pp**  
more than  
average US  
consumers



# Sweet fruit flavors are the most appealing Hard Seltzer flavors...Hard Cider has the benefit of natural sweetness and flavors

## Typical flavors of hard seltzers consumed Hard Seltzer drinkers

1. Berry



32%

2. Mango



32%

3. Lemonade



32%

4. Black cherry



30%

5. Pineapple



30%

+4pp for 21-34 Year-olds

+5pp for Hard Cider drinkers

6. Wild berry



28%

7. Lime



28%

8. Fruit punch



26%

9. Lemon



25%

10. Cherry



25%

+5pp for Hard Cider drinkers





# OFF PREMISE

# Off-premise: what we'll cover



- Macro Trends
- Regional Cider
- Consumer Trends & Competitive Landscape
- What's next





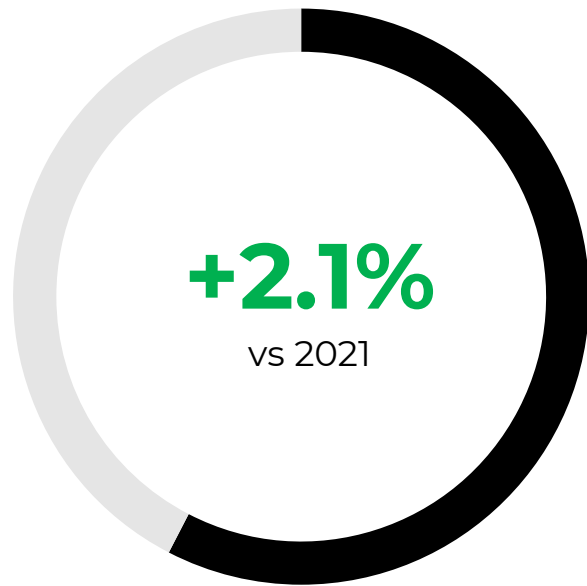
# Macro Trends

# Beer/FMB/Cider managed to outpace Wine and Spirits in dollar sales in 2022

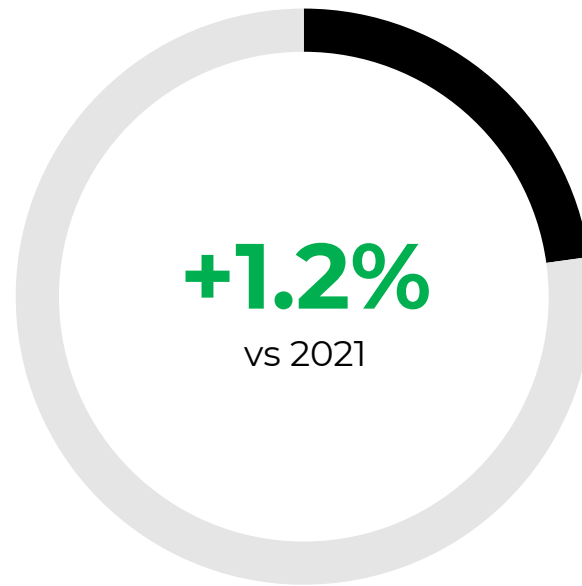


## Dollar % change vs year ago

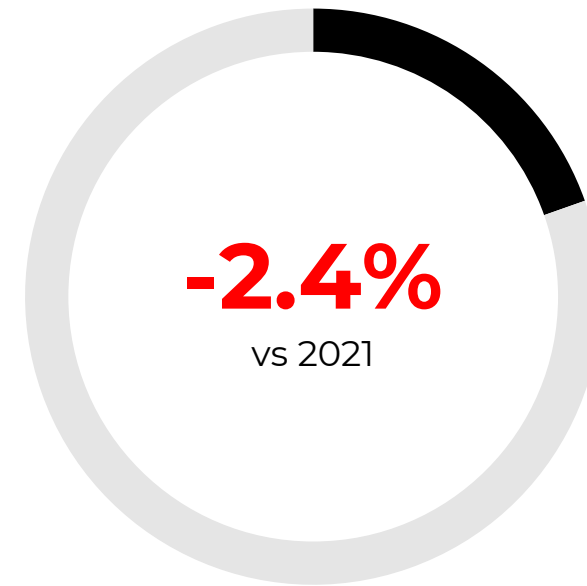
Circles represent share of Total Alcohol



**Beer/FMB/Cider**



**Total Spirits**



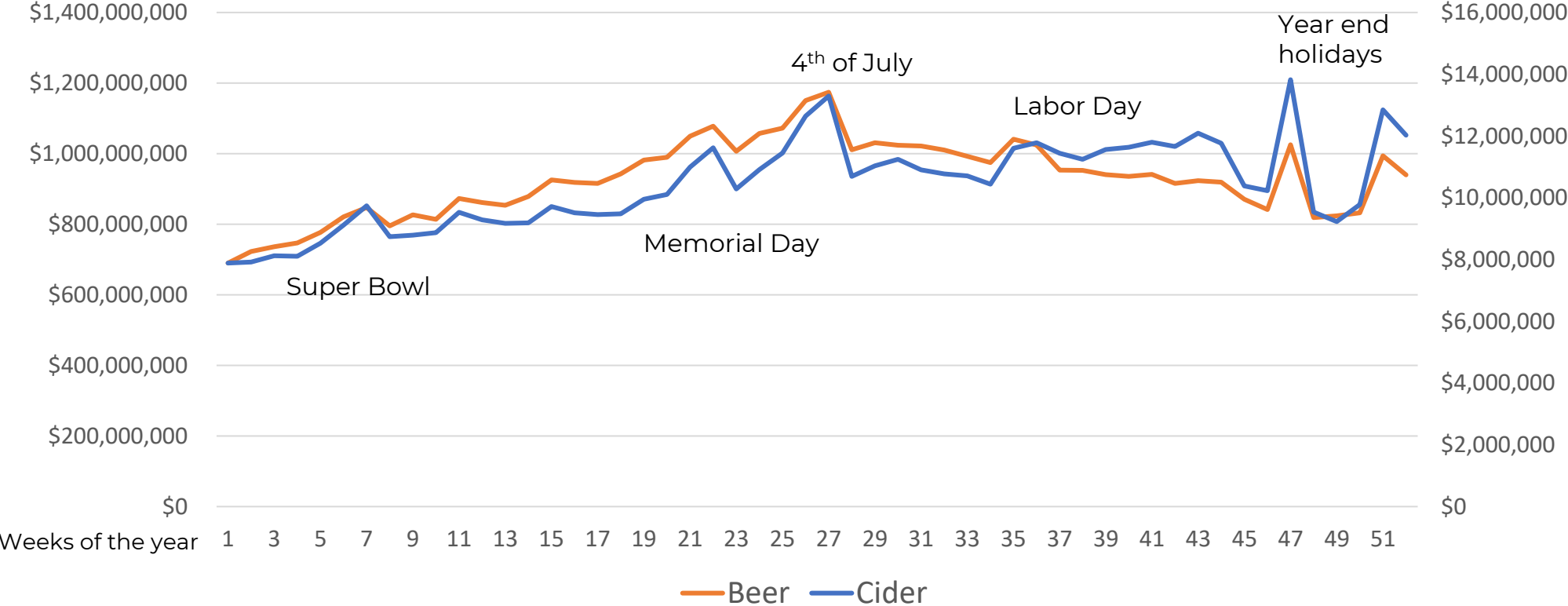
**Total Wine**

# Cider Seasonality mimics Beer



## Total Beer/FMB/Cider vs. Cider weekly dollars

NielsenIQ off-premise channels



2022

Off-premise Cider down

**-1.6%**

vs year ago

Off-premise Beer up

**+2.1%**

Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels (thru Dec 31, 2022)

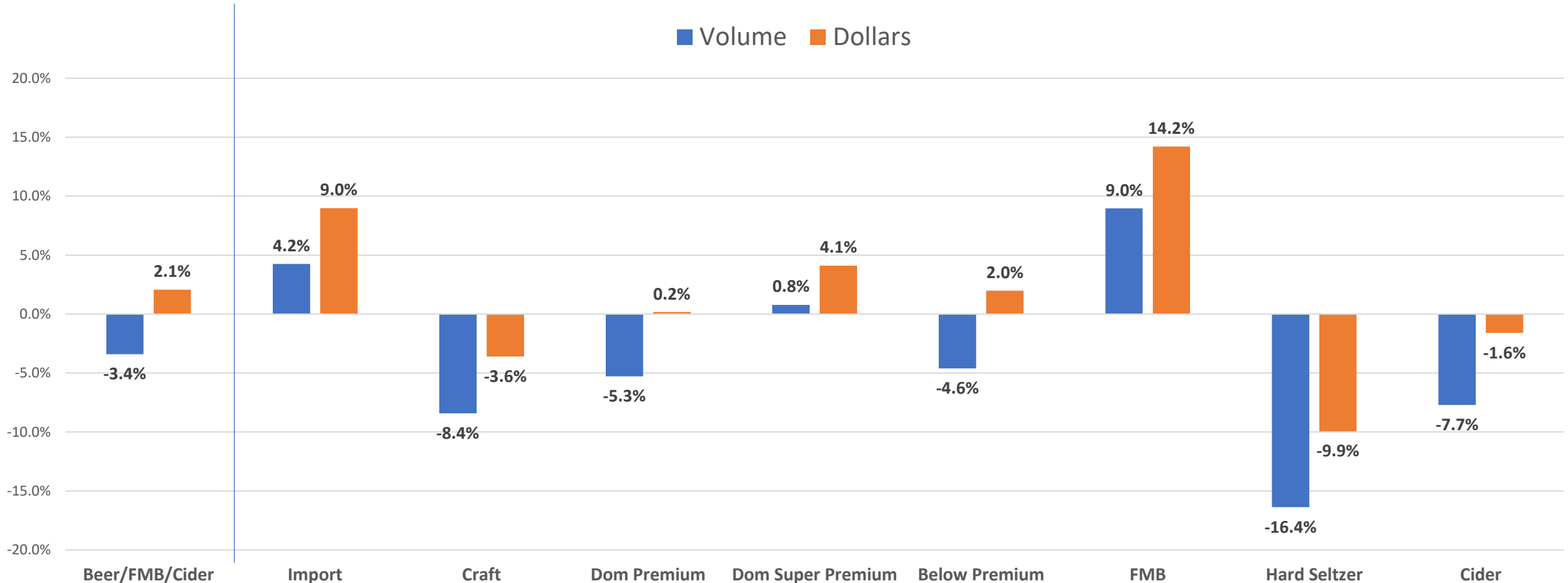


# Price increases mask underlying volume issues for Beer/Cider



Imports, Super Premium, and FMBs driving positive momentum for the category

## Volume Percent Change vs. YAGO

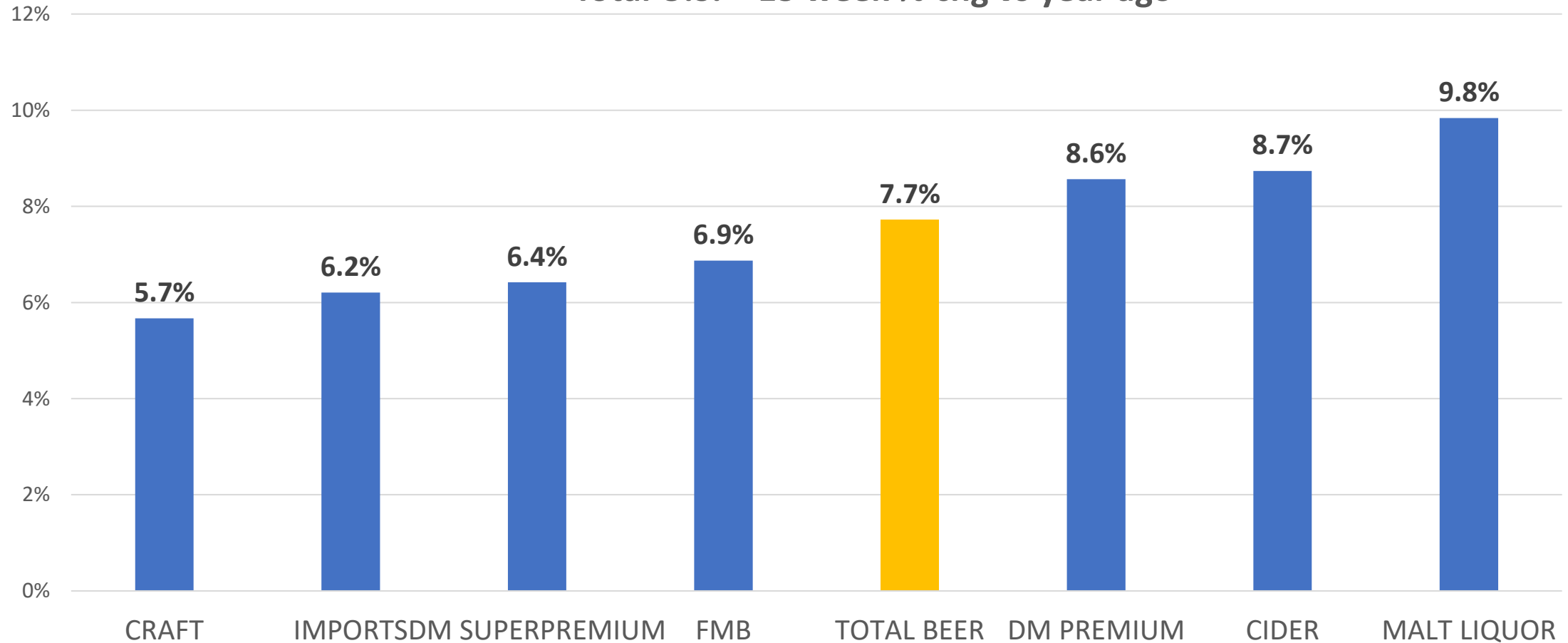


Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels (thru Dec 31, 2022)

# Segments across Beer all increased price, partially as a cautionary measure to offset volume declines



Beer Segment Average Pricing Percent Change  
Total U.S. – 13 week % chg vs year ago

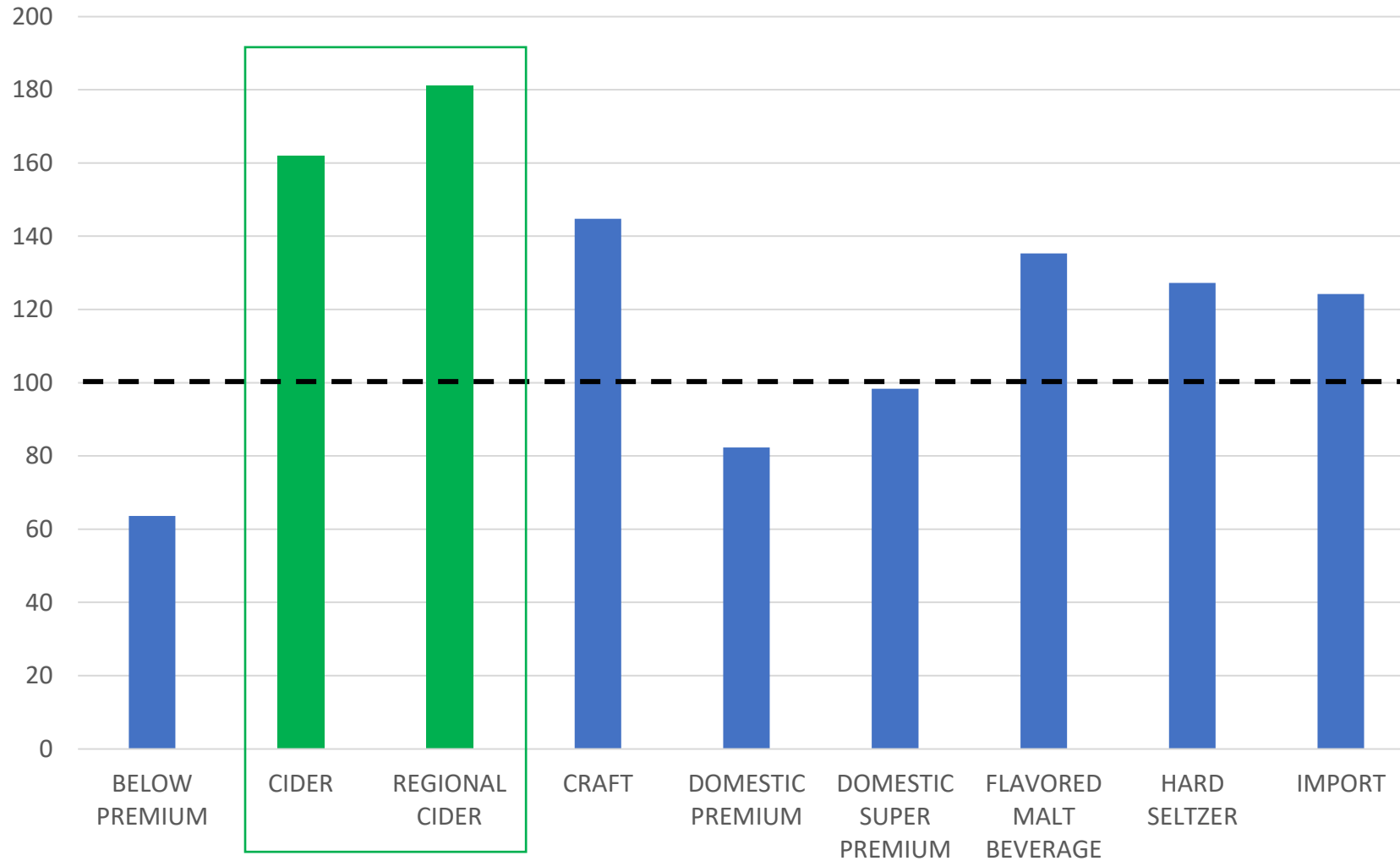


Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels (13 weeks thru Dec 31, 2022)

# Cider Represents a “trade-up”



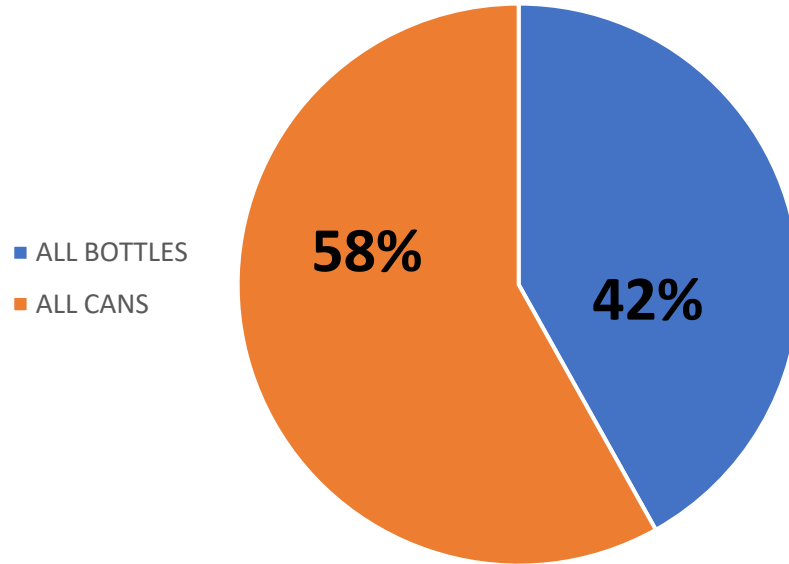
Avg Price Per Case (indexed to Beer/FMB/Cider=100)



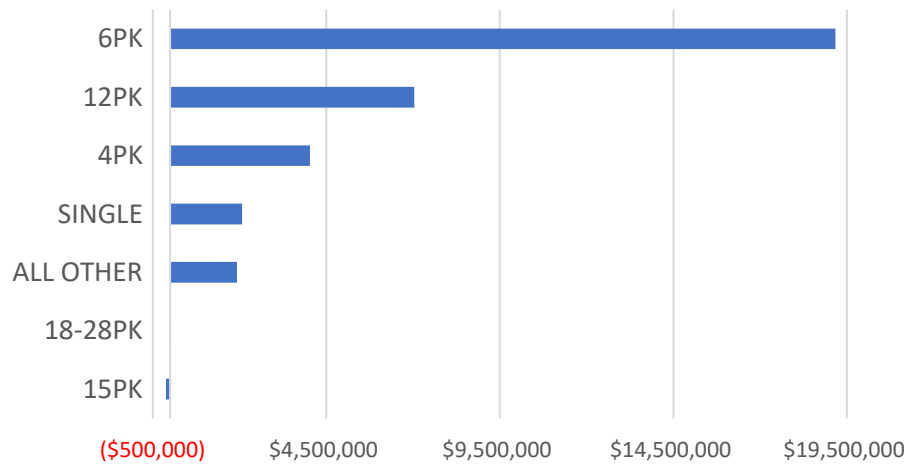
# Cans now dominate the Cider Category and are driving growth



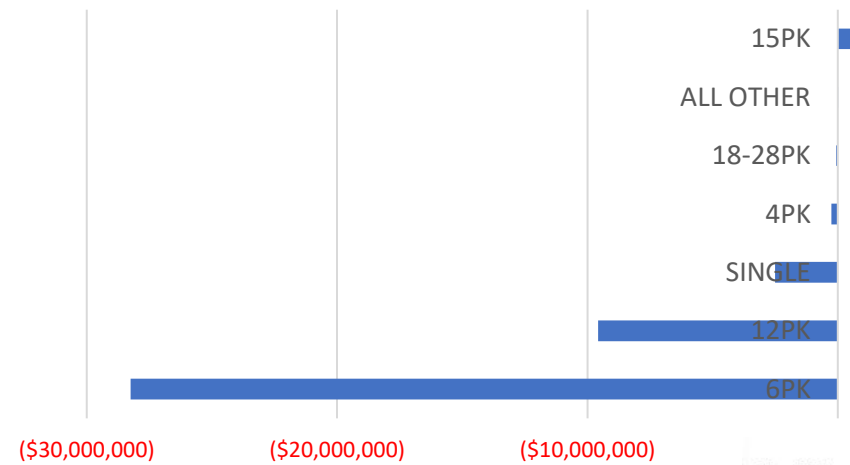
### Cans vs Bottles Share



### Cider Can \$ CYA



### Cider Bottle \$ CYA

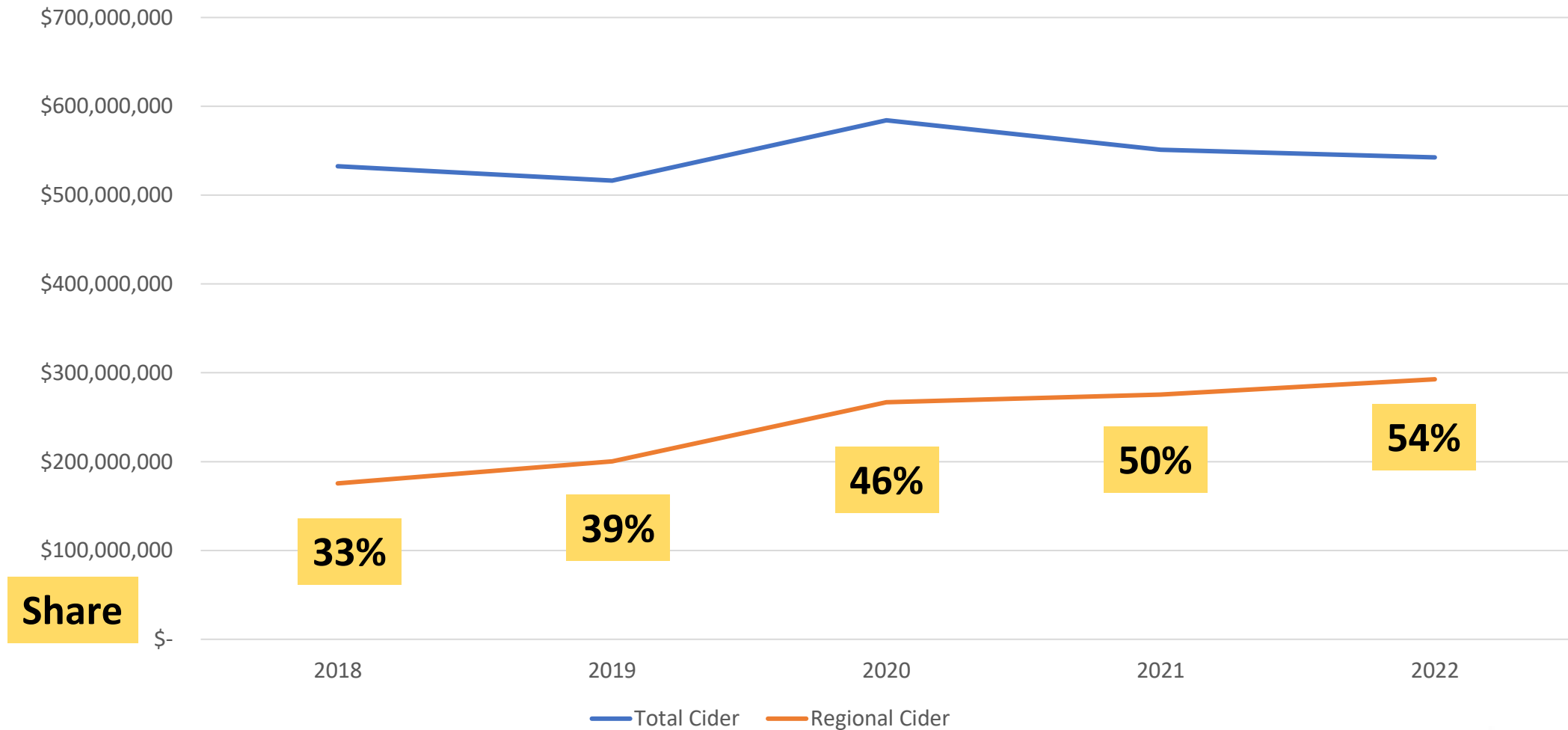




# Regional Cider

# Regional Cider brands continue to see growth

## Cider Dollar sales – by Year



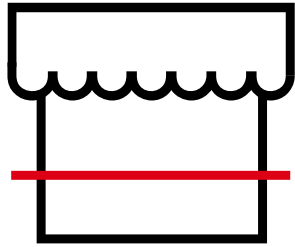
Share

# 2022 \$ by Channel



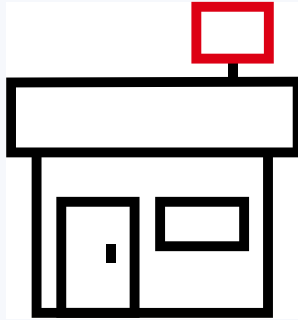
Regional  
Cider

FOOD



**+5.4%**

CONVENIENCE



**20.4%**

LIQUOR



**-3.7%**

DRUG



**+10.3%**

Cider

**-1.7%**

**+4.8%**

**-5.4%**

**-15.0%**

Beer

**+0.9%**

**+4.0%**

**-4.3%**

**-13.5%**

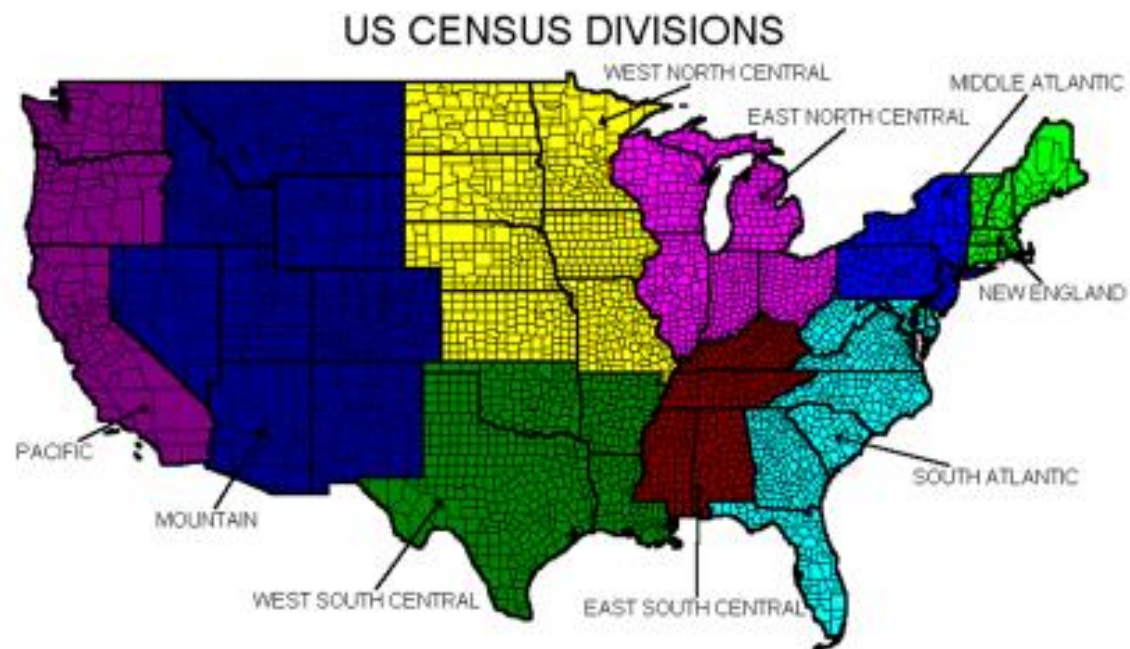
# Regional cider is winning in most critical market; watchout for other core markets seeing softer trends



TOTAL US xAOC Divisions

Retail Sales 2022 vs YA %

Market	\$ Share of Total US	\$ % Chg 22 vs YA
East North Central Division	10%	-1.3%
East South Central Division	2%	14.5%
Middle Atlantic Division	10%	8.4%
Mountain Division	4%	16.5%
New England Division	6%	10.1%
Pacific Division	44%	11.1%
South Atlantic Division	16%	-1.7%
West North Central Division	3%	-2.9%
West South Central Division	6%	-7.7%



# Top flavors driving growth for regional ciders



## Top Flavors (based on \$)

Flavor	\$ % change
APPLE	5.4%
ASSORTED	6.2%
BLACKBERRY	(9.1)%
FRUIT COMBINATION	(1.9)%
PINEAPPLE	(8.7)%
MANGO	261.9%
ROSE	(24.1)%
ORANGE	(6.2)%
PEAR	(17.0)%
CHERRY	14.4%

## Top Growth Flavors (based on \$ chg)

Flavor	\$ chg (MM)
APPLE	7.0
MANGO	4.3
BLUEBERRY	2.9
ASSORTED	2.1
PASSION FRUIT	1.9
STRAWBERRY LEMONADE	1.5
RASPBERRY	1.0
TEA PEACH	1.0
CRANBERRY	0.8
CUCUMBER	0.7

# Double digit growth brands

**SCHILLING**  
HARD CIDER



**GOLDEN STATE**  
CIDER



**DOWNEAST**  
THE UNFILTERED CRAFT CIDER



SINCE 1868  
*Martinelli's*  
GOLD MEDAL®



**SQUARE**  
**MILE**  
CIDER CO



AMERICAN HARD CIDER  
**STORMALONG**





# Consumer Trends & Competitive Landscape

# Consumer outlook



## Bev AI consumers are more recession resilient

### 2022 US consumers vs Beverage Alcohol / Beer dollar spend

US consumers



Beverage Alcohol dollar spend



Source: NielsenIQ 2022 Consumer Outlook Survey United States; Bev AI numbers updated through 10/8/22  
Q. Which of the following best describes how COVID-19 impacted your overall household financial situation over the last 2 years?

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# There are endless decisions impacting the consumer



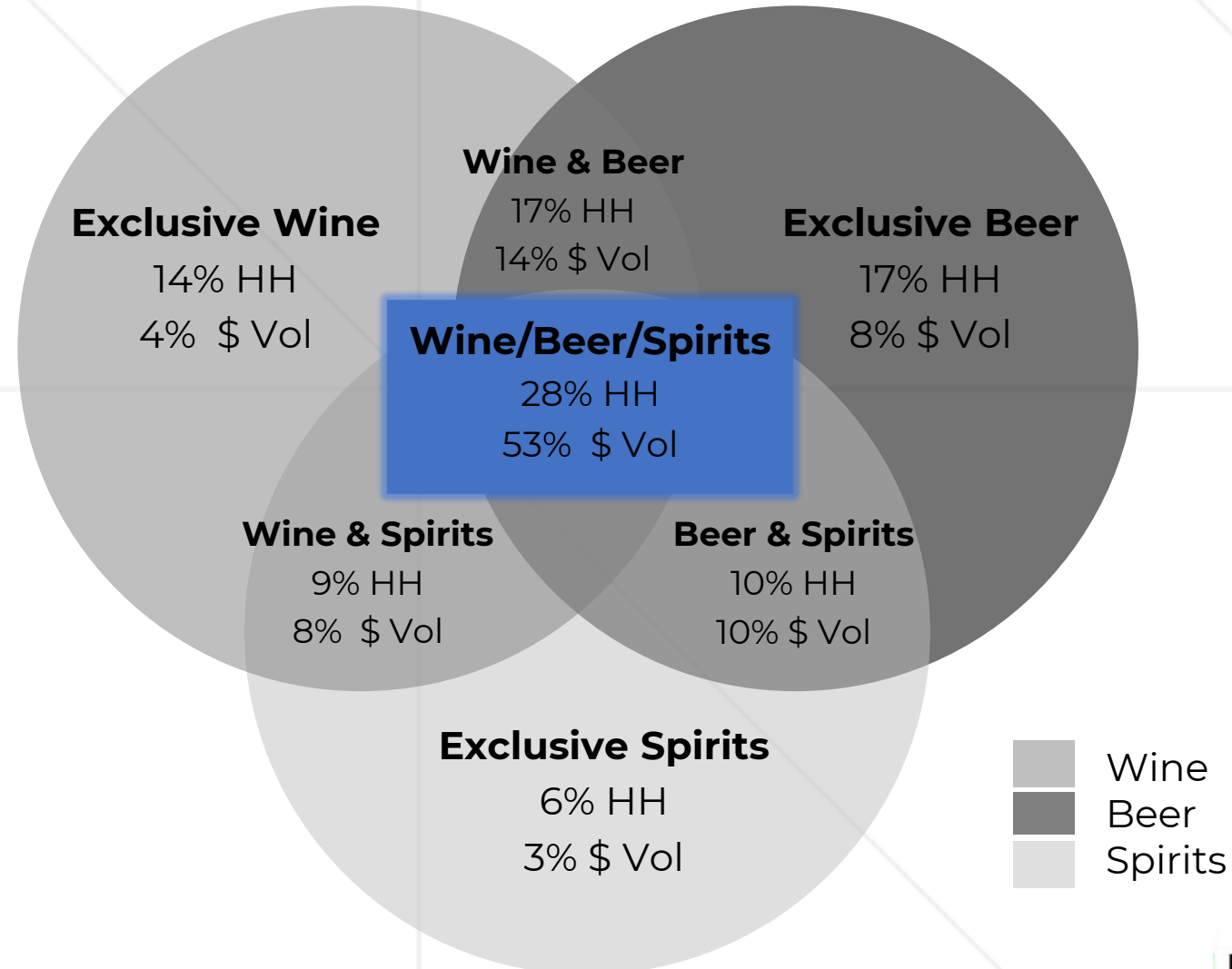
- 1 Total Beverage** → Cross category drinking/blurring of lines
- 2 Experience** → Authenticity; Discovery; Entertainment
- 3 Flavors** → Flavor seekers
- 4 Convenience** → Shopping/buying    Right pack type/size
- 5 Wellness – for ‘me’ & ‘we’** → Healthier choices/  
desire for transparency    Sustainability/CSR
- 6 Premiumization** → Drinking better –not necessarily more –with  
rational price/value decisions
- 7 Demographics** → Gender    Age/Generation    Multi-cultural

# BevAI Shopper Repertoires are more diverse than ever



**Total Bev AI buyer and sales overlap**  
Off premise

**Exclusive category buyers are fewer and fewer – and NOT a major contributor to their category sales**



Source: NielsenIQ Homescan Panel, Total US:

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IT'S A  
**BLURRY**  
WORLD

**CONSUMERS CHOOSE DIFFERENT  
PRODUCTS FOR DIFFERENT OCCASIONS  
AND DIFFERENT NEED STATES**

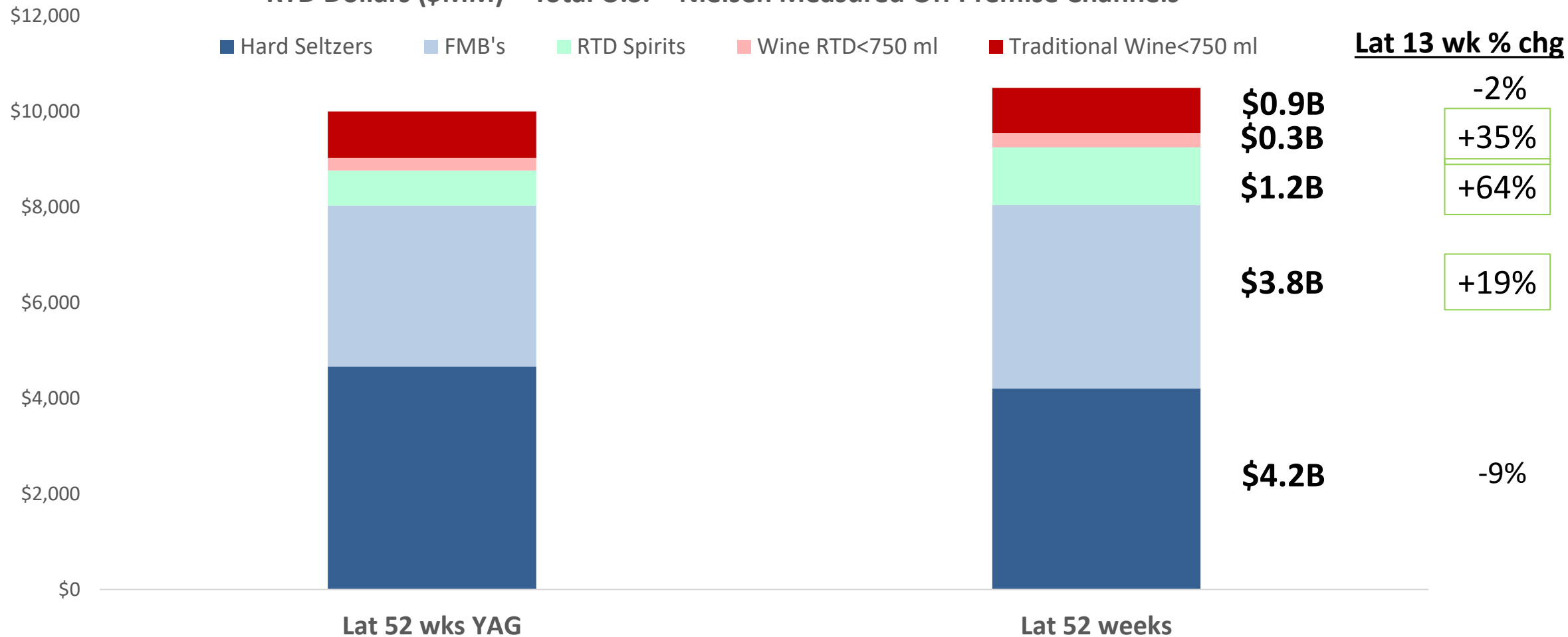
# Ready to Drink...what?



# RTDs have grown to \$10B, with Seltzer in decline and growth coming from FMBS and Spirit & Wine RTDs



RTD Dollars (\$MM) – Total U.S. – Nielsen Measured Off Premise Channels

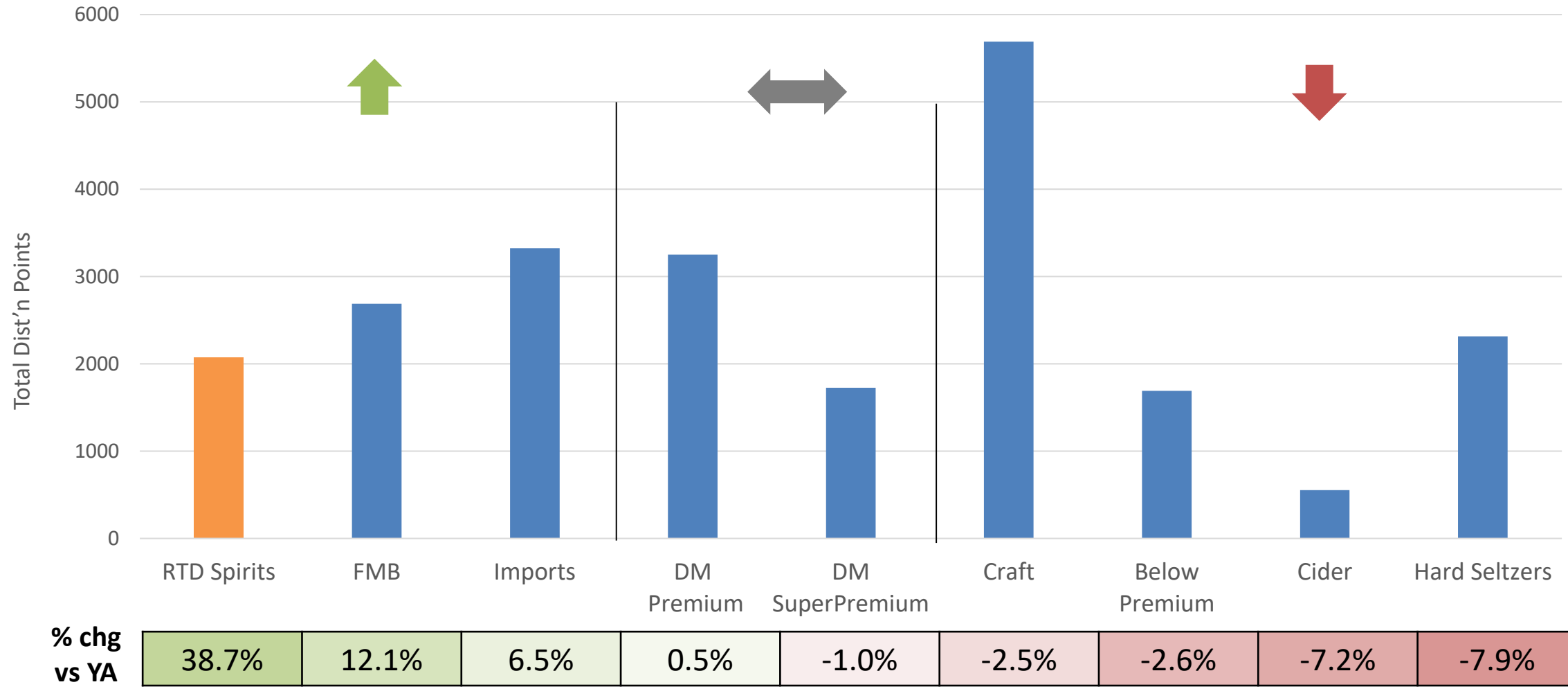


Source: NielsenIQ Scan Off-Premise Channels; period ending Dec 31, 2022 (Dollars)  
 Traditional wines – incl table, sparkling, dessert, sangria, flav bev wines

# Competitive shelf space continues to put pressure on Craft, Cider and Seltzers



Beer (& RTD Spirits) – Total Distribution Points and % Chg vs Year Ago



Source: Nielsen IQ Total US xAOC + Liquor + Convenience Channels (13 weeks thru Dec 31, 2022)

# Non alc Beer, Wine, and Spirits continue to pique interest of the alcohol consumer

**\$424M**

Off premise non-alc beer, wine, and spirits sales in the L52 weeks; **up 21.5%** vs year ago

**38%**

Of consumers are very likely/likely to take part in Dry January *via CGA by NIQ US On Premise Impact Consumer Research*

**19.3%**

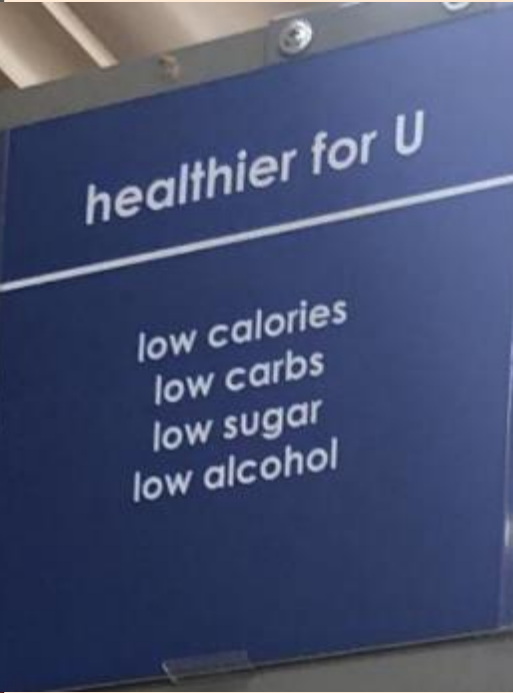
Percent of Alcohol online searches that contain “Non Alcoholic” or “Alcohol Free” *via NIQ Product Insight search trends*

**4 in 5**

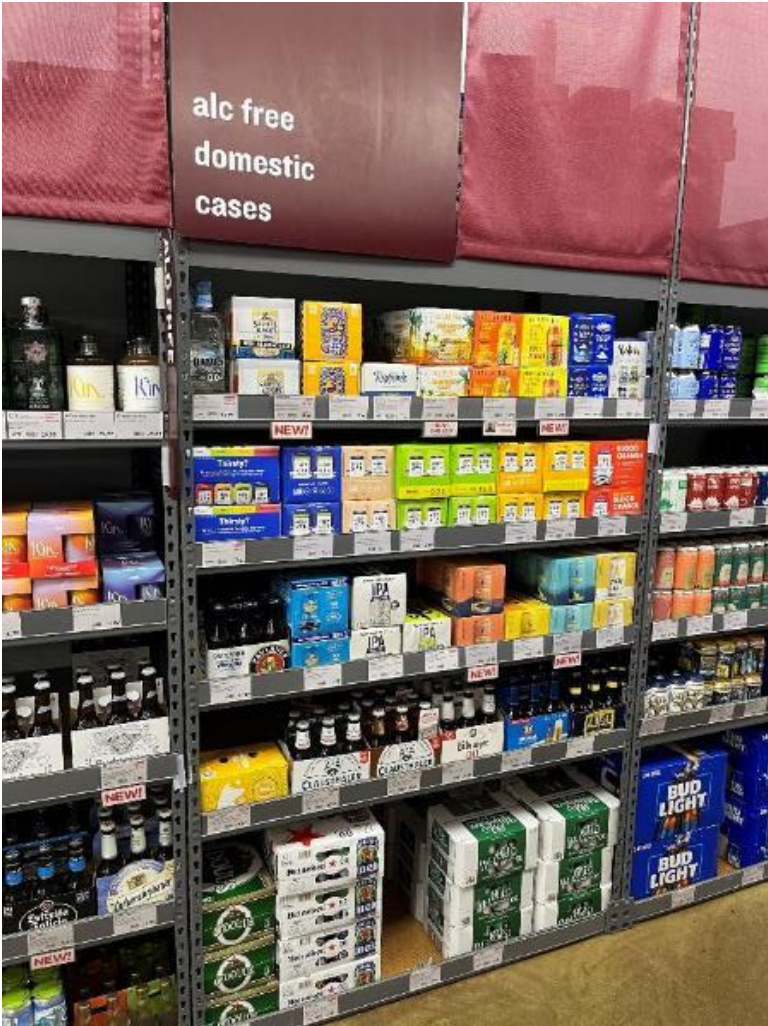
Buyers of non alc beer, wine, or spirits also purchase Alcohol-containing beer, wine, or spirits

NA Spirits growing fastest, but largest value share is Beer (85%)





# BevMo! + gopuff





# WHAT'S AHEAD

# A few things to watch in 2023: macro

- **Inflationary Impacts** – consumers may be less open to trying something new; but, your innovation pipeline should remain strong
- **Premiumization** - consumers willing to pay more for a better product--- but restraining effects of inflation may lower their overall purchase size or frequency
- **Health centric** will continue to be a driver of innovation– Better for You without compromising taste; Lo/No Alc functional products will proliferate and continue to make inroads.
- **Channel** –Within Off Premise, **Convenience** remains a key Beer/Cider channel to penetrate (largest and growing fastest)
- **Visitation**: Despite economic headwinds, the On Premise is maintaining momentum and most consumers anticipate visiting bars and restaurants as much or more than they did in 2022
- **Recruiting Gen Z**
  - Younger visitors intend to visit the on premise channel in Urban areas much more often, with 1 in 2 saying they'll be visiting more over the next year. These consumers are more influenced by in-venue sales tactics.
  - Off premise may mean focus on sustainability, quality of ingredients, etc. Drivers above and beyond social networking will be key

# A few things to watch in 2023: category specific

- **CIDER**
  - **Regional cider brands** have continued to gain share of the category both on and off premise – we expect that to continue (and maybe even accelerate) this year
  - **Flavor opportunities:** high cross-category overlap with Hard Seltzer. Younger Cider drinkers are more driven by the time of year and are open to sweet flavors like fruit punch and pineapple.
  - **Innovation:** Within Cider, innovation and outlet-level engagement may reach and recruit new consumers. consider flavor profiles that are non-traditional and blending categories like hard cider cocktails, which most young consumers would be willing to try, especially with a recommendation from staff.
- **BEER/FMB/Seltzer**
  - **Hard Seltzers** -while it will remain a large segment, SKU rationalization could cause extensive brand shakeout at retail
  - **Hard soft drink brand expansion** – If Fresca, Simply, Jack & Coke, Hard Mtn Dew are successful, watch for more brands to jump into the mix, creating new branding opportunities with key Bev Alc suppliers
  - **Craft and Cider** – selective style/brand winners, but likely continued reductions in assortment/space at retail
- **SPIRITS** - likely to settle into lower growth rates vs tough comps; Tequila and RTD's will remain growth drivers
  - **RTD versions** of existing master brands will continue – in some cases this is defensive and leverages brand familiarity/loyalty; less opportunities for “breakthrough” brands
- **WINE**
  - **Table wine** will continue to struggle, given the decline in price tiers less than \$15 that still account for a large majority of overall wine volume. Continued growth \$15+
  - **Demographic** base not keeping pace with the with the new America as well as younger LDA generation of drinkers
  - **Sparkling** wine will continue to expand



## Quarterly reporting of Cider trends (off/on premise) – on American Cider Association website for member use

- National, Regions, and multiple Local markets
- Category and key segments (e.g. ABV, Pkg type/size, Flavors)
- More detail (e.g. brands, retailers, etc) through NielsenIQ/3Tier or CGA directly

## Get your products coded

- If you sell at Retail – let's ensure your SKU's are being measured and reported accurately
- Stop by booth 102 and we can get your items coded TODAY





# Thank You!

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