

SEPTEMBER/OCTOBER 2020 BEVERAGE ALCOHOL UPDATE

NIELSEN COVID-19 BEVERAGE ALCOHOL INSIGHTS

NIELSEN AND NIELSEN CGA COVID-19 RESOURCES:

- Nielsen.com: [COVID-19: Tracking the Impact on FMCG, Retail and Media](#)
- Nielsen.com: [How Americans are Shopping During COVID-19](#)
- Nielsen CGA: [COVID-19: Measuring the On Premise Impact](#)

SEPTEMBER/OCTOBER 2020 UPDATE

Unless otherwise noted, data and insights below are for the months of **September and October 2020** compared to the same time periods in 2019 (9 weeks ending 10/31/20 vs year ago) in Nielsen off premise channels.



TOTAL ALCOHOL

For the months of September and October, total fast-moving consumer goods sales have slowed to single-digit growth, up 9% compared to the same time period last year. Given the ongoing restrictions in bars and restaurants, as well as second round of closures in some markets, alcohol sales continue to shift from on premise to off premise, allowing off premise alcohol sales to surpass growth rates of total fast-moving consumer goods. For September and October, off premise alcohol dollars grew by 17.6% compared to the same time period last year. Spirits led off premise growth, up 26.3%, followed by wine up 18.9%, and beer/FMB/cider up 13.9%. Core beer (excluding FMB and seltzers) grew 8.7%, lagging total consumer goods.

17.6%



Off premise alcohol dollar growth for September and October 2020

Dollar % Change vs. Year Ago	52 WE 02/29/2020	COVID-19 TO DATE	SEPT/OCT 2020	1 WE 10/31/20
TOTAL FMCG	2.1%	13.6%	9.0%	9.0%
TOTAL ALCOHOL	3.5%	21.8%	17.6%	17.9%
BEER/FMB/CIDER	3.8%	17.7%	13.9%	13.8%
TOTAL WINE	1.1%	23.7%	18.9%	17.5%
TOTAL SPIRITS	5.4%	31.4%	26.3%	28.5%

COVID-19 TO DATE = WE 03/07/20 THRU LATEST WEEK

COVID-19 TO DATE % Change vs. Year Ago	VOLUME	VALUE
BEER/FMB/CIDER	14.0%	17.7%
TOTAL WINE	18.0%	23.7%
TOTAL SPIRITS	26.3%	31.4%



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SPIRITS

For September and October 2020, dollar growth rates for off premise spirits were up 26.3% compared to 2019, slowing some since the summer. Spirit categories driving growth have been consistent throughout most of COVID, with tequila up 55.5%, cognac up 56.2%, and ready-to-drink cocktails up 131% for September and October. Cordials are still performing relatively strongly, up 32.1%, as is American whiskey, which is up 29.8%. Among these top growing categories, tequila gained the most share, up 2.1 points. Cognac is up 1.1 share points, RTD cocktails are up nearly a share point (+0.8), and American whiskey up 0.5 points, while total whiskey is down -0.5 points, driven by slower growth rates for Canadian whisky and Scotch. Most of the share gains came at the expense of share losses to Vodka, which is down 3.0 points in dollar share and up 12.1% in dollar growth, lagging growth of most other spirit categories.



Premiumization in spirits continues at a similar pace to previous time periods during COVID. Ultra premium spirits are up 50%, premium spirits up 28.7%, mid-tier spirits up 13.4%, and value spirits up 3.9%. Ultra and premium spirits are gaining share at faster rates than in pre-COVID time periods.



WINE

Total wine grew 18.9% in off premise channels. Table wine was up 15.1%, while sparkling wine grew even faster than previous COVID time periods, up 35.7% compared to last year, driven in great part by champagne (+71.3%).





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BEER/FMB/CIDER

Total Beer/FMB/cider is up 13.9% in off premise channels. Segments driving growth are seltzers (+103%), hard tea (+38%), super premium (+19.7%), craft (+15.4%), and cider (+14.9%). While still small, both hard kombucha (+129%) and non-alcoholic beer (+41%) are outperforming most other beer segments, indicating a continued interest in health and wellness -- a trend that was growing prior to COVID and seems to continue as consumers seek alternatives for mindful drinking. For Sept/Oct, hard seltzers accounted for 9% of total category dollars, down from summer months, but up 4 points compared to Sept/Oct last year.

\$ SHR CHG	+4.0	+0.4	+0.2	-2.0	-1.9
	SELTZERS	SUPER PREM	CRAFT	BUDGET	PREM LIGHT



Large pack sizes for beer/FMB/cider continue to outpace growth of singles and 6 packs, which continue to lose share.



ON PREMISE

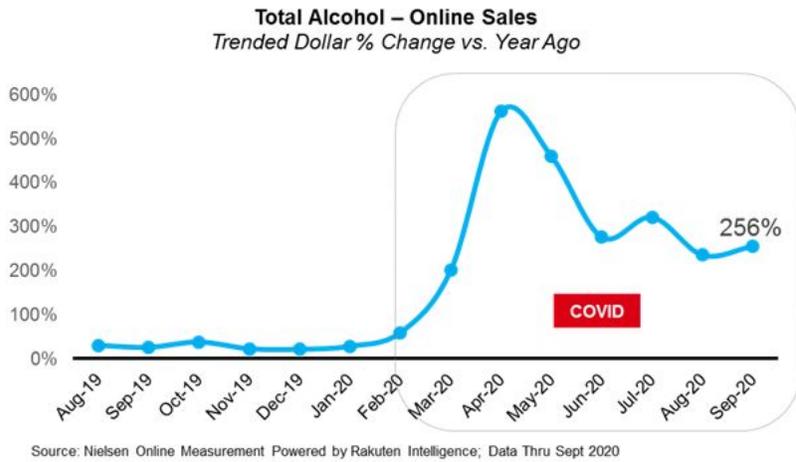
On premise velocity in outlets that are currently operational has increased +233% for the week of November 7 v March 28, when the on premise shutdown first commenced. Velocity in the latest week is down -26% compared to last year. Average outlet \$ sales (velocity) are up +4% in the latest week (November 7 v October 31) across the U.S. This growth should be viewed within the context of declines in the week to October 31, where velocity was down -9% across the U.S. vs last week.

Of the 5 states analyzed (CA, FL, TX, IL, NY), all are flat or growing in velocity for the week ending November 7 vs October 31. Following 2 weeks of significant velocity decline, Illinois shows velocity growth of +1% November 7 v October 31. However, Chicago enters its fourth week of consecutive decline, down -37% November 7 v October 10. The complete closure of all in-dining had an effect here. Texas remains the best state benchmarked against performance versus last year, with velocity in outlets that are operational in Texas being down only -7% November 7, 2020 v November 9, 2019.

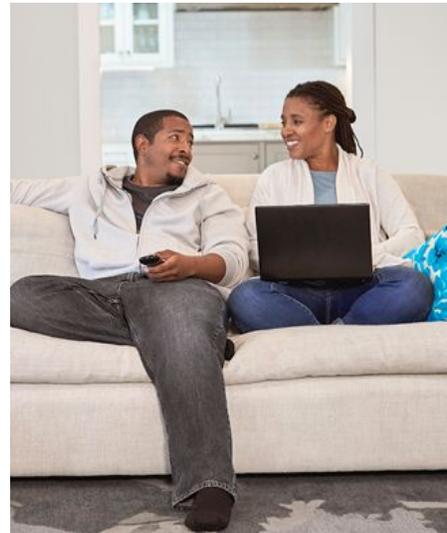


ONLINE ALCOHOL

While online alcohol sales have slowed from the 500+% growth rates during peak pantry-loading months earlier this year, they still continue to outperform most other consumer goods categories. For the month of September, online alcohol sales were up 256% compared to last year. Similar to offline sales, spirits led growth up 354%, followed by beer/FMB/cider up 274%, and wine up 234%. While wine continues to lead in share of online alcohol sales, that lead is diminishing, down 4.5 points compared to September of last year.

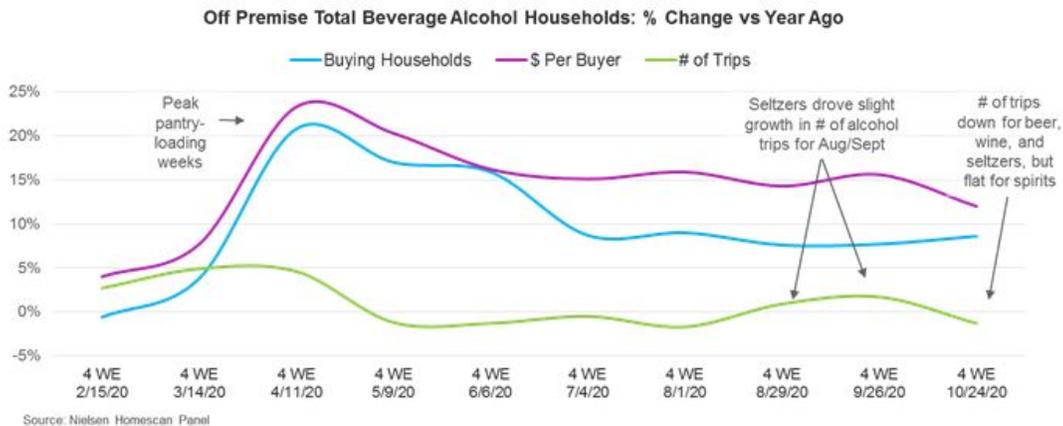


Source: Nielsen Online Measurement Powered by Rakuten Intelligence; Data Thru Sept 2020



CONSUMER/SHOPPER BEHAVIOR

During early months of the pandemic, off premise alcohol growth was fueled by the increase in buying households and dollar spend per buyer. Beginning in July, growth in buyers slowed, which is also reflected in the slowing of off premise growth in scan data during that same time period. Since June, off premise alcohol spend per buyer has maintained similar growth rates, with a recent and slight deceleration in October, driven in part by a decline in dollar spend for hard seltzers. We do, however, see a slight increase in buyers for October, which could indicate a shift in buyers from on premise back to off premise, with cooler weather coming and a second round of on premise closures beginning.



Source: Nielsen Homescan Panel



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PREDICTING HOLIDAY SPENDING

This unprecedented year and pandemic will no doubt have an impact on the ways Americans are gathering -- or not gathering -- to celebrate the holidays. In a recent [Nielsen insights article](#), our Global Intelligence Unit identified four emerging patterns to help predict the drivers of pandemic purchase decisions. When applied to the new consumer groups that will emerge this festive season, these reset patterns highlight some important considerations when converting holiday shopping opportunities this year.

Please visit the article for more details!

FIVE CONSUMER GROUPS WILL EMERGE THIS HOLIDAY SEASON

\$	1. CONSTRAINED AND RESTRICTED Already financially constrained or newly constrained having suffered income loss as a result of COVID-19, these consumers have less money to spend. Due to local restrictions to travel, business openings and social interaction, these consumers also have less freedom to physically congregate and shop for their holiday needs. As a result of limited physical shopping, they may have less opportunity to shop around for the best deals and assortment.
\$	2. CONSTRAINED BUT FREE Already financially constrained or newly constrained having suffered income loss as a result of COVID-19, these consumers have less money to spend. They are likely to have a savings mindset as they prepare for the festive season <i>but</i> because they have no physical restrictions, they will have more freedom to celebrate with others and to seek the right products and price points to suit their needs.
\$\$	3. CAUTIOUS MIDDLE Not yet impacted financially and celebrations are not limited by local physical restrictions. These consumers hold fears for what might be in store in the near future. They are more likely to be cautious spenders and may prioritize occasions and gift giving with only those closest to them.
\$\$\$	4. INSULATED BUT RESTRICTED Not financially impacted by COVID-19 but festivities will be impacted by local physical restrictions. Smaller gatherings may curtail normal spending and encourage self-indulgent celebrations. Financial flexibility will drive these consumers to splurge in some ways to compensate for experiences that are no longer possible (eg. travel).
\$\$\$	5. INSULATED AND FREE Not financially impacted by COVID-19. While their own social interactions may not be restricted, their typical celebrations may be affected by those unable to be with them this year. These consumers are likely to spend the most freely and to exhibit pre-COVID-19 holiday behavior. Many will be compensating for luxuries forgone earlier in the year, and may be more inclined to help those less fortunate, especially those close to them.

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HOLIDAY PLANNING CONSUMER SURVEY

To better understand COVID's impact on upcoming fall and winter holiday celebrations, Nielsen conducted a consumer survey, fielded October 22, 2020 through November 2, 2020 to approximately 15,000 U.S. households. Below are highlights of the survey results for Thanksgiving. For more detailed information and results for December holidays as well, please reach out to your Nielsen representative or danelle.kosmal@nielsen.com.



7 in 10 respondents are planning a Thanksgiving gathering with less than 6 people

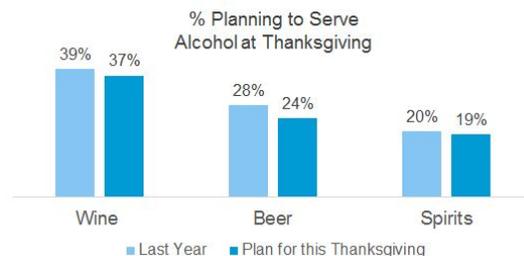
38%



plan to celebrate Thanksgiving at home with immediate family, up from 14% last year



25% of households plan to shop online (delivery or pickup) compared to 10% last year



nearly **1/4** of consumers plan to spend less than \$25 on alcohol for Thanksgiving this year