



# RAISING THE BAR

## UNLOCKING ALCOHOL CONSUMPTION SIGNALS

### *The Ipsos Alcohol Consumption Tracker (ACT) in conjunction with our Global Trends report selected five key trends that will shape the future of the alcohol sector.*

At the backdrop of headwinds facing the alcohol industry with words like abstinence and sober curious entering drinkers' lexicon, reality of the past decade of actual alcohol consumption behaviour paints a very different picture. While the incidence of monthly alcohol drinkers has been steady in the last ten years, drinkers have balanced their consumption with fewer drinking occasions (-9%) however are imbibing more during those times (+10%).

These select core key drivers of change summarize how the changing habits and preferences of drinkers will shape the trajectory of the Alcohol sector in 2023 and beyond.

#### THE TREND



#### Intentional Socializing

#### DRIVERS LEADING TO THE TREND

- Return to normal has been hampered by external forces such as inflation, which is becoming the No.1 concern for Americans.
- Alcohol servings are up vs. the pandemic but still not back to the pre-pandemic levels. Open states are recovering faster than control states.
- Food service has recovered but still muted compared to pre-pandemic.
- Consumers are more mindful of how and where they want to socialize as they want to maintain some of the simplicity of pandemic life coupled with the financial pressures related to the current climate of uncertainty.

#### IMPLICATIONS FOR THE ALCOHOL SECTOR

- As much as consumers want to cocoon in their homes, there is no denying the **recovery of on-premise**. Leverage this commercially lucrative channel by **focusing on your frequent drinkers** (9+ drinks a month) as their drinking rate is nearly 6x relative to infrequent drinkers. Consider trialing innovations or extended happy hours to cater to these individuals.
- **Hometainment drinking has persisted** beyond the pandemic. Differences exist when one drinks at home vs. hosts. Think of the opportunities to directly cater to these occasions via product promotions, packaging, bundled kits with snacks or gifting.

## THE TREND



### Shifting Generational Dynamics

- We are currently witnessing a cultural shift when it comes to alcohol consumption. Generation Z are consuming far less alcohol than any other generation, and clearly shying away from excessive drinking. 20% less alcohol is being drunk per capita by Gen Z.
- However, the average number of beverage categories are considerably higher among younger cohorts, highlighting their need for variety and impacting their average alcohol servings relative to older cohorts.
- There is a generational divide not only in terms of what cohorts drink, but also in terms of traits that drive preference for alcohol choice for Gen Z.



### Educated Consumer

- The advent of the internet and infotainment options through streaming services is leading to a more informed and educated consumer today, which is in turn impacting their consumption choices.
- Younger cohorts care about the nutritional content of the alcohol they drink, and older cohorts exhibit an intention for moderation.

## IMPLICATIONS FOR THE ALCOHOL SECTOR

- It is crucial to focus on creating **differentiated offerings tailored to various generational preferences** to stay ahead in the market.
  - To attract younger consumers, explore options such a **no/low alcohol alternatives or experiential/ premium offerings**.
  - Remember, this cohort is more flirtatious when it comes to categories and brands but can be **influenced through recommendations, have preference for unique labels and packaging** and wish to impress others with their choices.
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- People still want to drink but are looking for **permissible offerings**. It provides an **opportunity for innovation-both in terms of product and flavour expansion**, especially in the no/low alcohol alternatives.
  - Given the occasions and needs are very different, manufacturers would need to **adopt a different mindset and approach when speaking to the drinkers who want to be mindful of their consumption**.

## THE TREND



### Authentic Craft and Traceability

- Increasingly, consumers are asking hard questions surrounding companies' values, actions and ESG policies.
- 63% of drinkers are concerned and active about sustainability/ sustainable products. Nearly equal prefer local brands made in a specific region or city over global brands



### Transforming Ingredients

- As part of the evolution and holistic nature of health and wellness, consumers are considering various interpretations of well-being, and alternative and higher quality of ingredients are becoming more widely accepted and sought out.
- Health is increasingly defined by emotional benefits as consumers are eager to re-focus on themselves.
- There is a rising demand for premiumization as drinkers are preferring quality over quantity.

## IMPLICATIONS FOR THE ALCOHOL SECTOR

- There are process elements that are surely going to have an impact on a companies' ESG cache such as **biodegradable products, recyclable packaging, or sustainable/reusable energy.**
- And it is likely to pay dividends as nearly 1 in 3 is willing to pay more for or invest in brands and companies which act in sustainable manner
- Ingredients and products, particularly functional ones, are being welcomed. Brands should **leverage functional ingredients to support consumers' health goals.**
- There are opportunities for alcohol brands to combine **innovations in no/low alcohol products with the use of functional ingredients.**

Every crisis has the potential to serve as a catalyst for positively impacting people's lives and improve your organisation. As we live in uncertain times where we all remain in transition, it is super important to update the foundational understanding of habits, drivers and preferences of consumers.

We are simply scratching the surface on the number of trends facing the beverage alcohol sector. To learn more on how we can address your Beverage Alcohol business needs, get in touch with the ACT team. We have decades worth of rich data that has been used to support sector leaders on areas such as category/brand loyalty, uncovering core targets, white space opportunities, supporting your innovation pipeline, among many other analyses.

# CONTACTS



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## About ACT

The Alcohol Consumption Tracker (ACT) is an online consumption diary that has been running in the USA since January 2013.

It is unique in the market in that participants record all of their alcohol consumption, every day, for a whole month.

This serves to provide share of throat, volume, and occasion trend insights for alcohol consumption.

## About Ipsos

At Ipsos we are passionately curious about people, markets, brands, and society. We deliver information and analysis that makes our complex world easier and faster to navigate and inspires our clients to make smarter decisions. With a strong presence in 90 countries, Ipsos employs more than 18,000 people and conducts research programs in more than 100 countries.