Forecasting Flavor: *Trends and Disruption in Beer, Wine, Spirits & Beyond*

2025 On & Off Premise Adult Beverage Session

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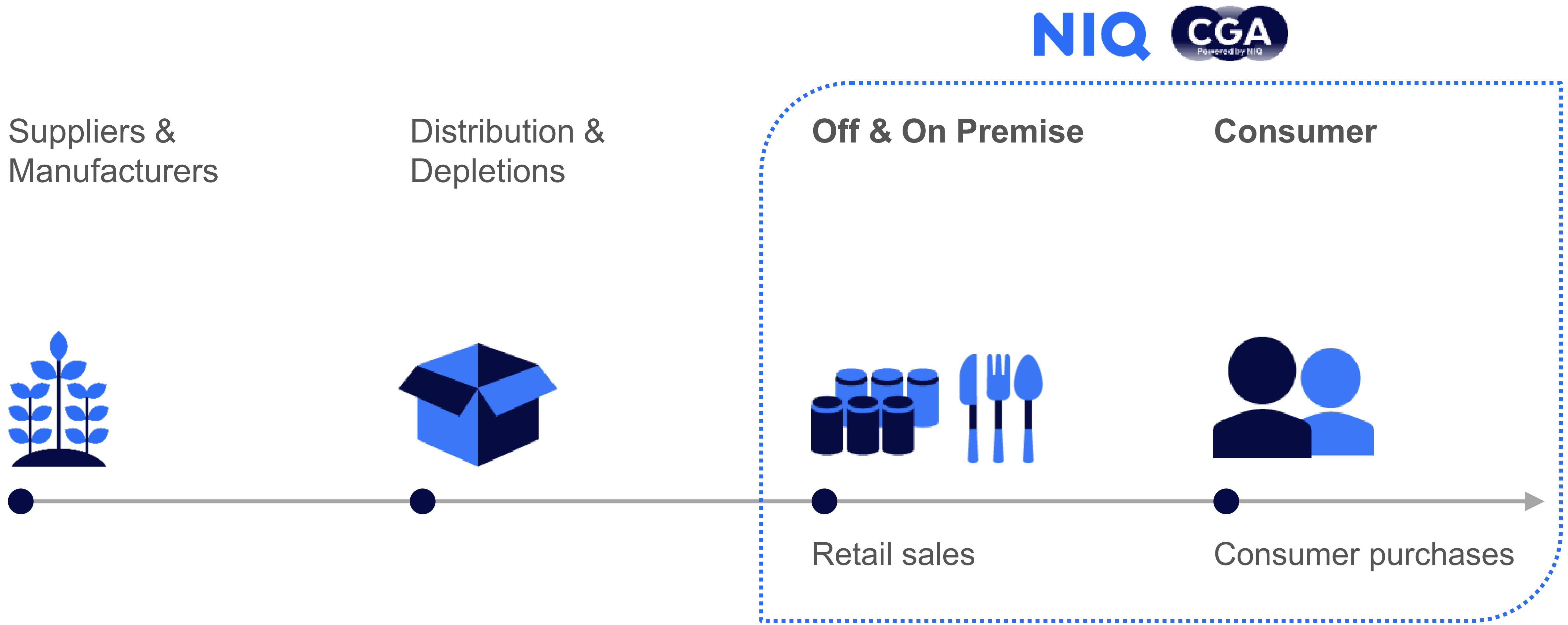
Agenda

Forecasting Flavor: *Trends and Disruption in Beer, Wine, Spirits & Beyond*

What does NielsenIQ measure?



Total *Beverage Alcohol* Performance

Off Premise Channels

$111 billion

Dollar sales of total Alcohol in the L52 weeks

-2%

Dollar sales change of total Alcohol in the L52 weeks vs year ago

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 8/9/2025 vs. year ago

NIQ

Conv is the driver in BevAl off premise dollar growth, with Liquor channel driving declines

Channel trends and dollar change vs year ago

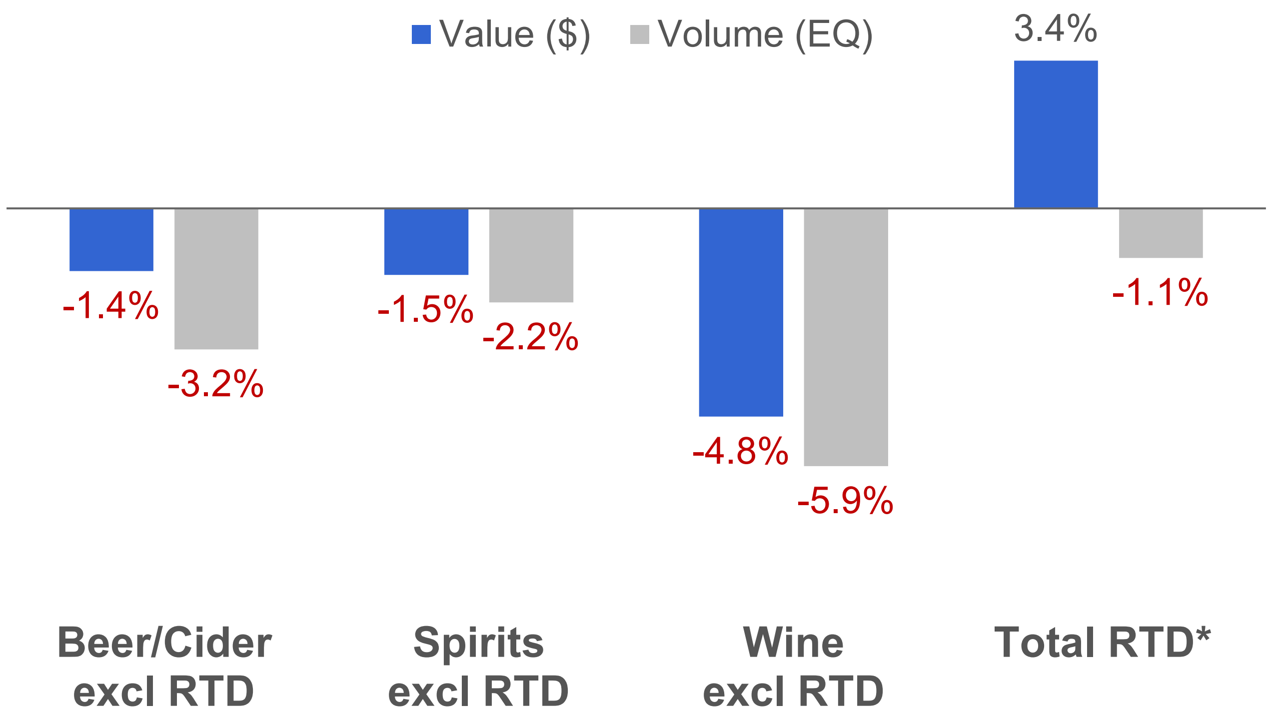
Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 8/9/2025 vs. year ago

*Represents "All Other Channels" including Mass Merch, Dollar, Club, Drug, Military, and Other

RTDs are disrupting value and volume trends in the Off Premise alongside economic concerns, premiumization, and moderation

Beverage Alcohol by Category (excl RTDs) – Value and Volume Change

NIQ off-premise channels



12% RTDs share of Alcohol

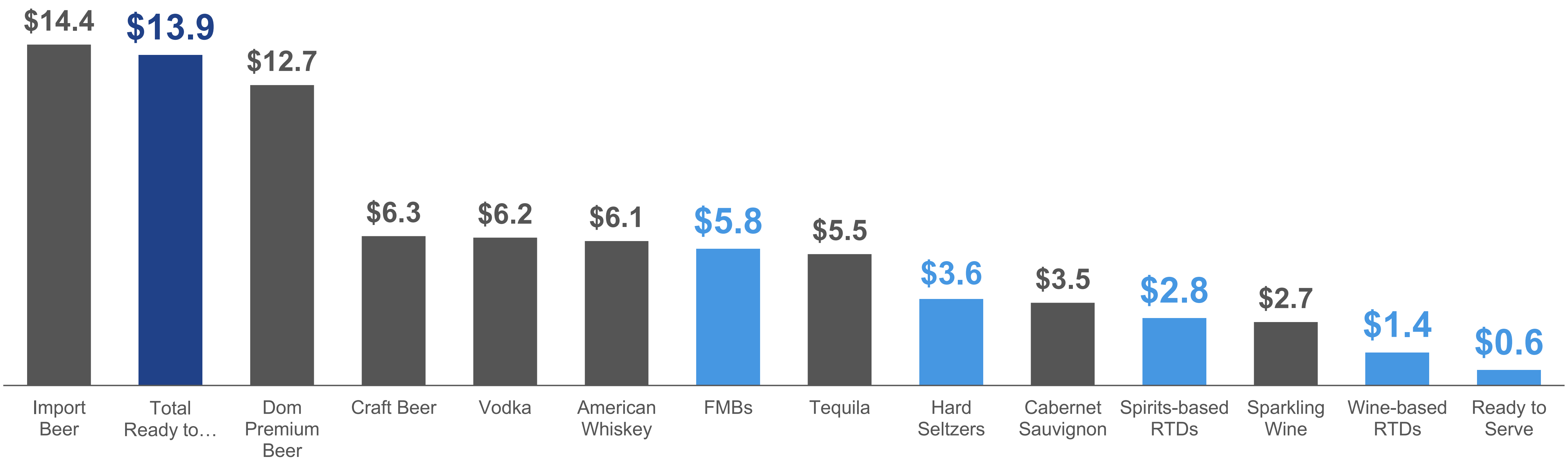
* Total RTD = Seltzers / FMBs / Spirits RTDs / Wine RTDs

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 8/9/2025 vs. year ago

How do *Fourth Category* segments stack up against other Beverage Alcohol categories?

FMBs and Hard Seltzers are mature segments facing declines, while Spirits-based RTDs are approaching the $3 billion mark

Top Beverage Alcohol Segments (in $ Billions)
NIQ Off Premise Channels



$ % CYA	+0.8%	+3.2%	-5.3%	-3.7%	-2.5%	-1.5%	+0.3%	+6.2%	-13.2%	-4.5%	+20.0%	-4.0%	+14.0%	+7.2%

Source: NIQ Discover Integrated Database; Scan Off Premise Channels (xAOC+Conv+Liquor Open State); L52 weeks ending 07/12/2025

Three hot topics in Beverage Alcohol to keep us focused

Moderation

- Consumers are moderating due to health & wellness, GLP-1 medications, cannabis use, and cultural shifts, but continued interest in alcohol shows evolving drinking habits rather than declining relevance

Premiumization

- Consumers continue to gravitate toward high-quality, trusted alcohol brands. Premiumization is no longer about price alone but about perceived value—consumers are willing to pay more for quality, authenticity, and experience

Economic Pressures

- Rising costs, income disparity, and shifting shopper behaviors are pushing brands to rethink value—whether through pack size, promotions, or channel strategies—to retain relevance in a polarized market

Moderation in a modern marketplace

Moderation

Moderation impacts are leading to Beverage Alcohol volume declines

Non Alcohol Beer, Wine, and Spirits

Surgeon General Warning

GLP-1s

Health & Wellness

Economic Pressures

Dry January

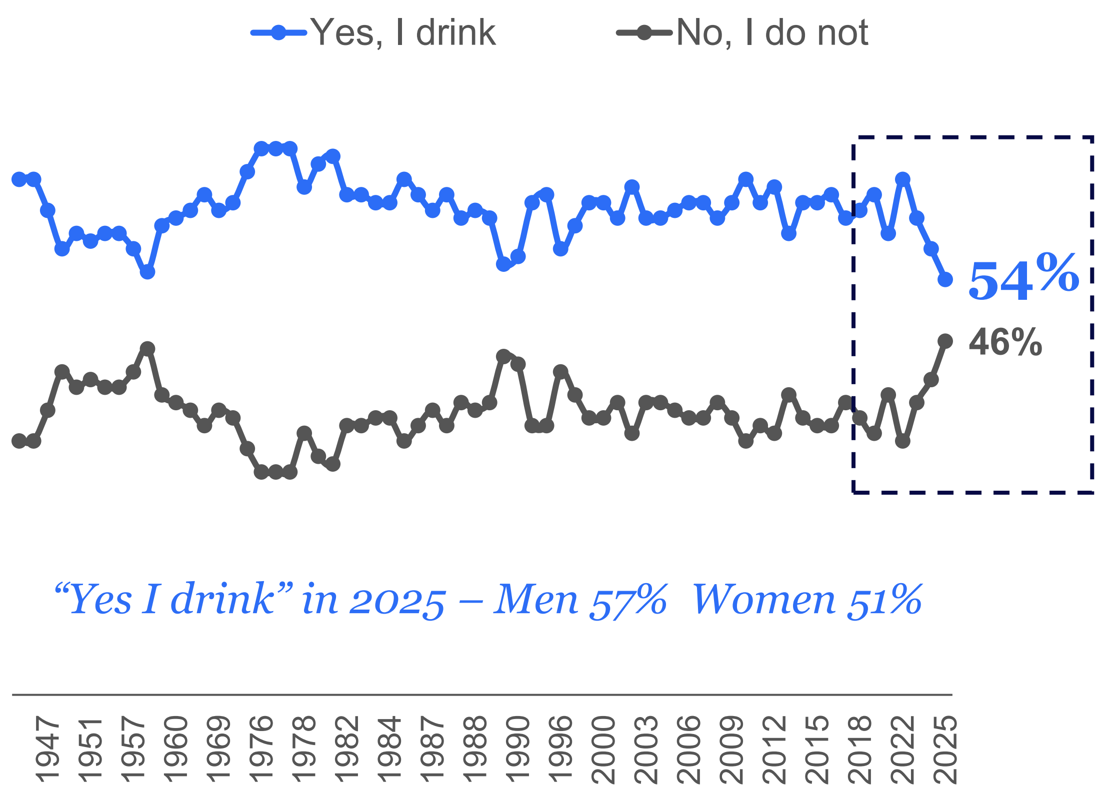
Tariffs

Premiumization

Cannabis Consumption

Despite moderation impacts, consumers still have a purpose for Beverage Alcohol

Do you have occasion to use alcoholic beverages such as liquor, wine or beer?



Gallup Survey 2025

$925M

Off premise **Non Alc sales** in the latest 52 weeks

Up $166.2 million vs year ago | +21.9% vs year ago

Non alc is 0.8% sales of total alcohol

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 08/02/2025 vs. year ago

Non Alcohol products are solidifying their place in the consumer repertoire

Non Alcohol Beer, Wine, and Spirits

92%

of ***the buyers of Non Alcohol Beer, Wine, and Spirits*** are also purchasing alcohol containing products.

47%

of On Premise visitors drink a ***mix of alcohol and non-alcohol*** alternatives in one visit, referred to as "zebra striping"

Source: CGA Vibe Presentation; CGA by NIQ US REACH April - May 2024. Sample: 1,243; OPUS 2024 US
Source: NIQ Expanded Omnishopper Panel on Demand, Total U.S., Latest 52 weeks ended 7/12/2025 vs YA

BevAl Buyers by Generation

% of BevAl Buying Households
% of BevAl Dollars

10%
Generation Z
(21+ LDA)

7% of dollars

31%
Millennials

30% of dollars

23%
Generation X

27% of dollars

36%
Boomers/ Traditionalists

37% of dollars

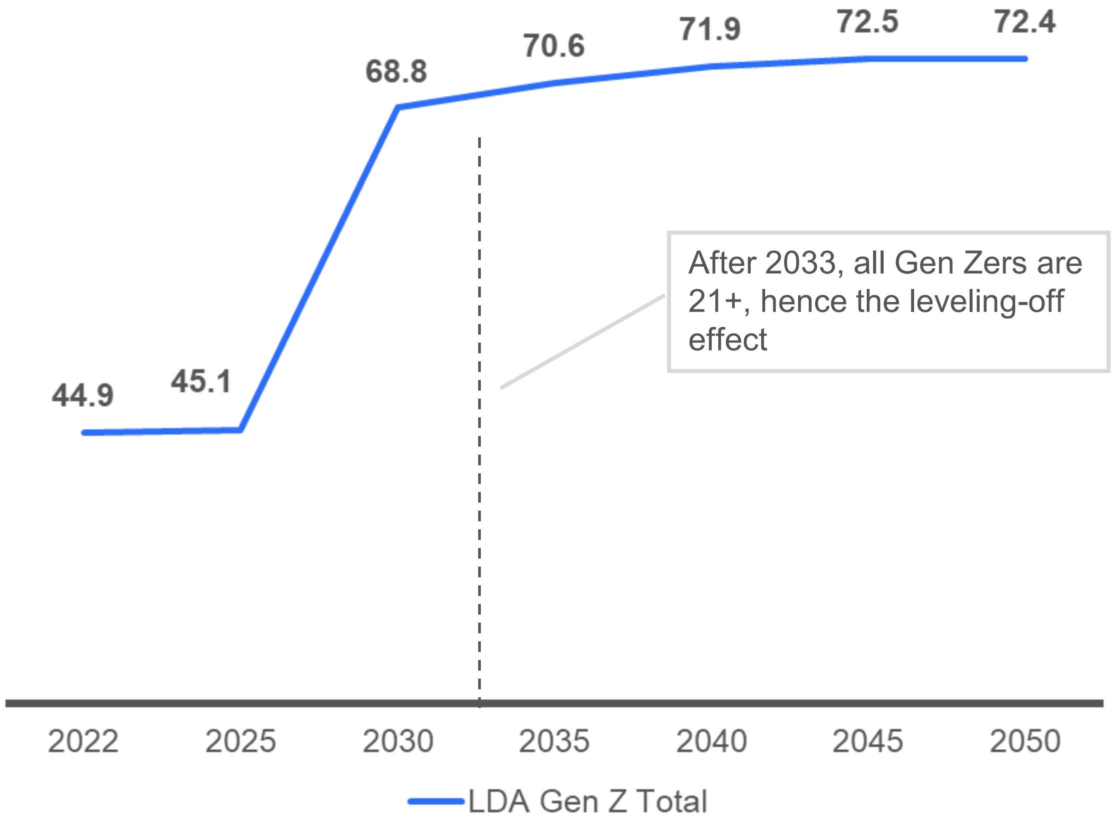
Source: NielsenIQ Expanded Omnishopper Panel on Demand, US ALC – Integrated (21+ Only) Database; L52 WE 06/14/2025, Total Outlets, Total US

A differentiated strategy for reaching LDA Gen Z will be increasingly important

LDA Gen Z over indexes in On Prem visitation and spend, but consumption is intentional

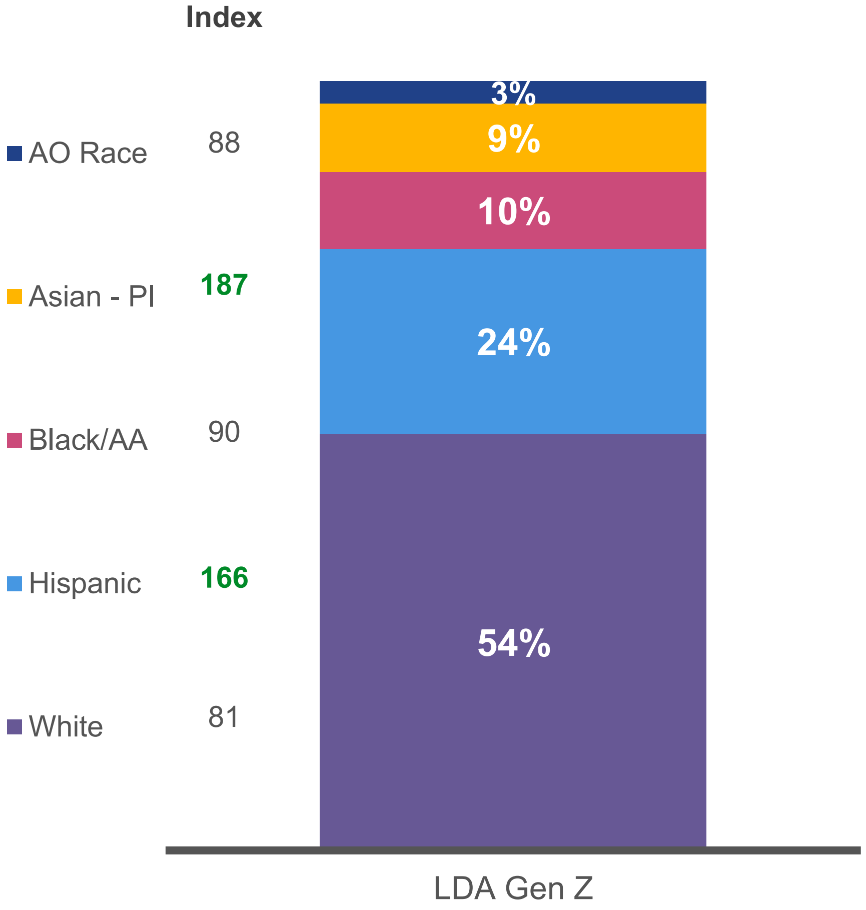
By 2030, LDA Gen Z+ is projected to grow by over 50%

Legal Drinking Age Gen Z+ Population Projection (MM)



Gen Z is more ethnically diverse, driving new preference trends

Distribution of Buyers index to Total Panel



Source: U.S. Census Bureau (2022 National Population Projections); MM = million
Source: NielsenIQ Omnishopper | Total US | Total Alcohol | Latest 52 Wks 08/10/24

Why does RTD matter to your business?

Why does Cannabis matter to your business?

All about the **usage occasions** battleground with consumers. RTD and Cannabis are setting up to steal volume and mindshare in the **"wind down"** or **"relax"** occasion. Authenticity, history, and tradition are options to consider as counter measures.

% of Usage Occasion Comparison

	RTD	Spirits
High Energy Moments	**15%**	**19%**
Unwind & Slow Down	**41%**	**36%**

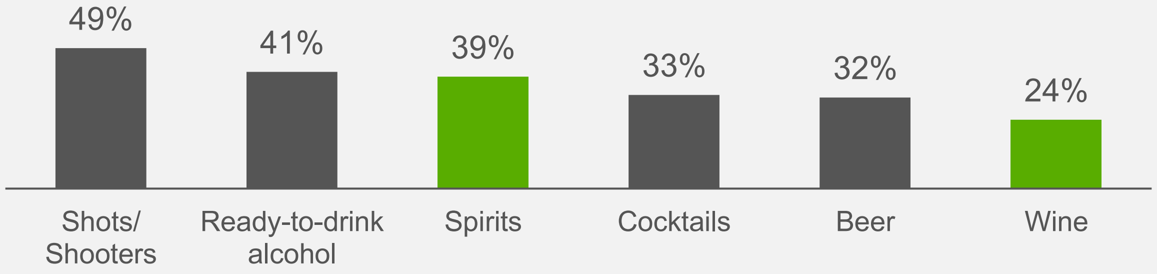
Women are more likely to drink to **relieve stress, loosen up and unwind** (39% of occasions) compared to Men (32%), while Men are more likely to drink to **feel fresh and energized** (22%) compared to Women (17%) across categories.

30% of the Adult Pop are Cannabis consumers

Cannabis consumers skew **younger in age**

#1 The top reason for choosing Cannabis instead of Alcohol is **TO RELAX**

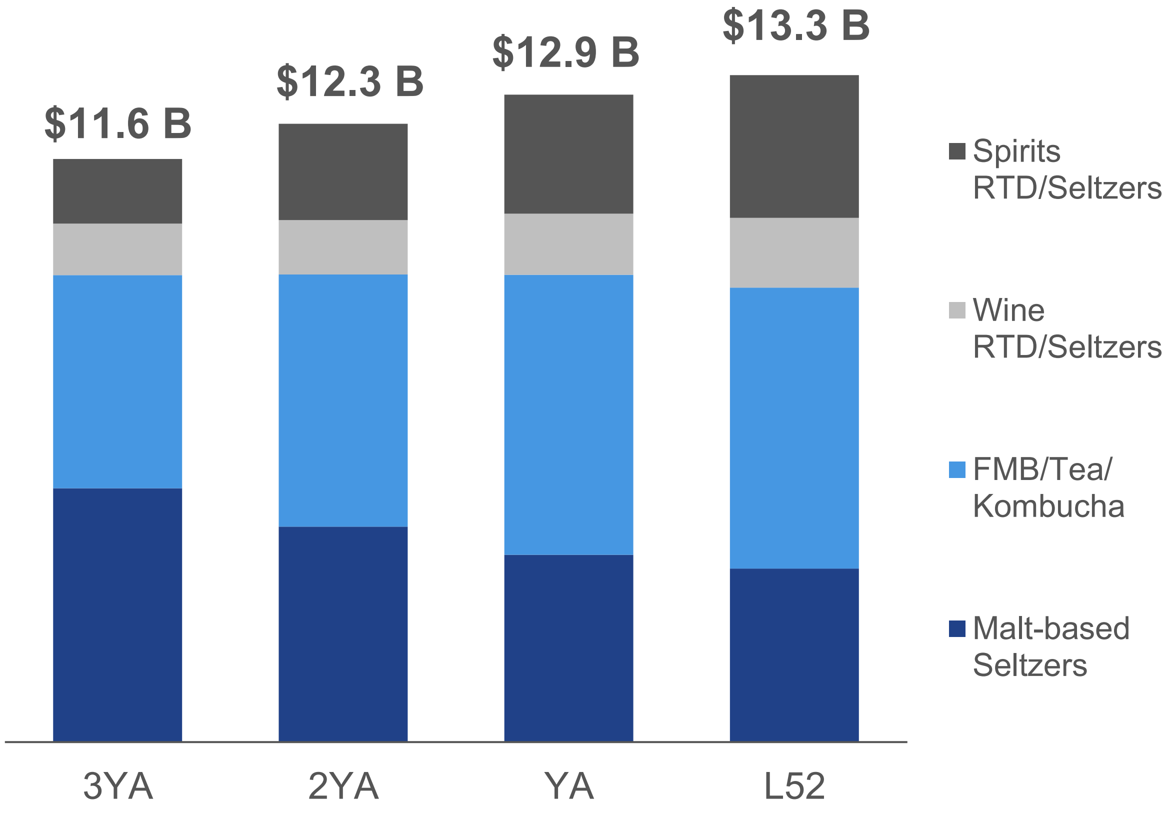
On Premise Cannabis consumption in the past 6 months – split by drink category consumer



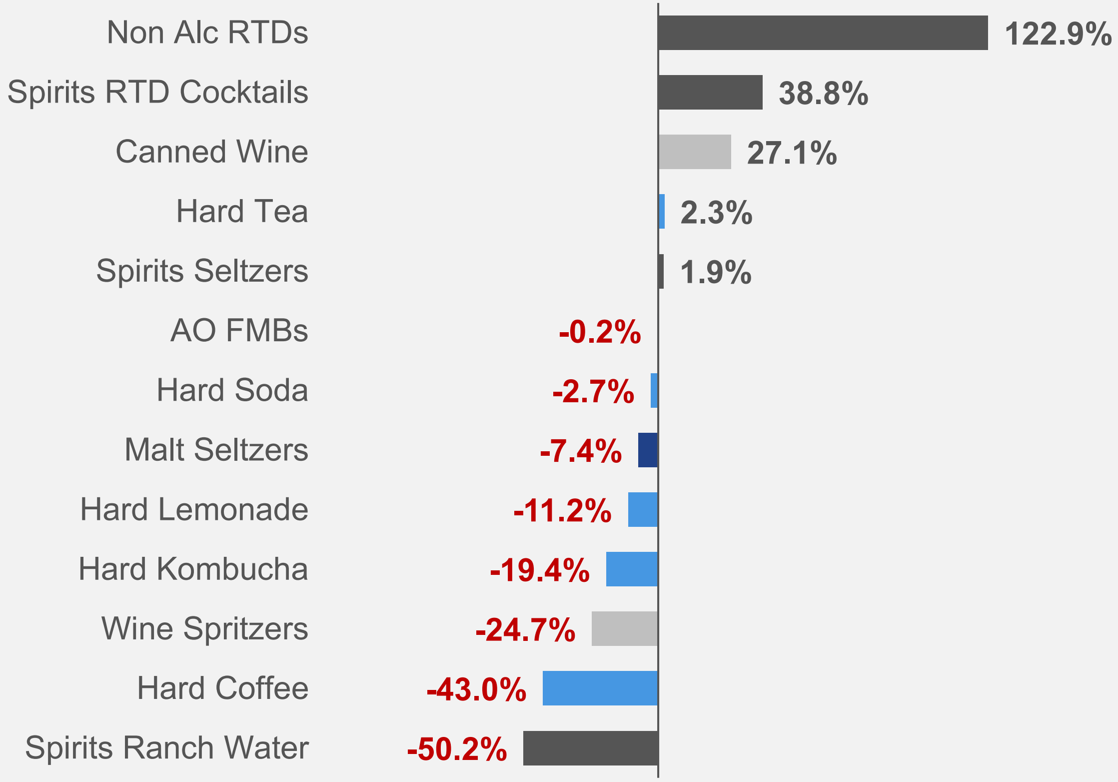
Source for RTDS: Consumption Moments Alcoholic Beverages Pilot November 2023
Source for Cannabis: Indexed to the average Adult Age 18+ Base: Total Population, *Base: Cannabis Consumers [Cannabis Consumer Type] Which of the following forms of cannabis have you personally consumed or used in the last 12 months? & CGA by NIQ OPUS US (Spring 2024) – Sample Size: 1273 - 5020

Spirits-based RTDs and FMB segments driving growth of RTDs

Total RTD – $ by Alcohol Base
NIQ Off Premise Channels



Total RTD - $ growth by Segment
NIQ Off Premise Channels



Source: NIQ Discover Integrated Database; Scan Off Premise Channels (xAOC+Conv+Liquor Open State); L52 weeks ending 07/12/2025

Cannabis/THC/Delta 8/Delta 9 Beverages

This is a representation of a collection of 160+ coded brands that are sold across tracked NIQ in-store channels. Please use this data directionally as this is not currently fully inclusive of all Cannabis beverages

Cannabis Beverages

$145M

+204% vs year ago

Brand Examples

Cannabis beverages are becoming increasingly popular in states where recreational cannabis is legal, as well as states that utilize a grey area in legislation for legal sales. Cannabis beverages range from containing THC, Delta-8, and Delta-9 derivatives at various dosages, with some additionally including CBD. Many of these beverages are selling in traditional Convenience, Liquor, and Grocery outlets, as well as direct to consumer. These beverages induce a varying range of “high” or “intoxicating” effects.

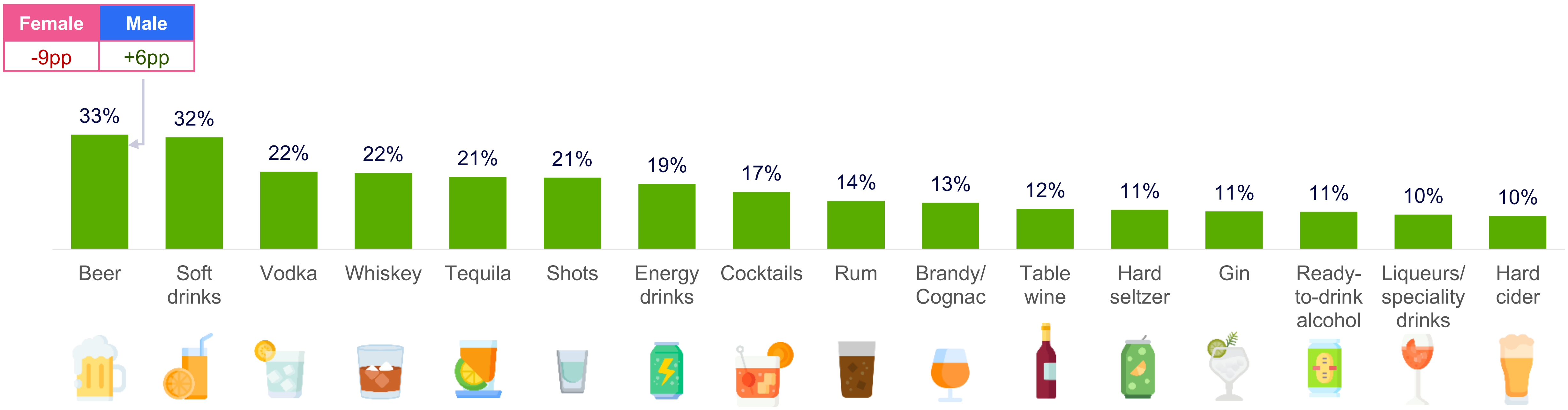
At this time NielsenIQ is in an exploratory phase of Cannabis beverages.

Source: NIQ Discover; Select Markets & Retailers; L52 weeks ending 8/2/2025 vs. year ago

Beer and soft drinks are often consumed alongside cannabis/marijuana. Consider how brands can complement cannabis/marijuana consumption if appropriate

On Premise

Top drink categories consumed alongside cannabis/marijuana in the On Premise



Q. Which drinks do you have alongside cannabis/marijuana when visiting bars, restaurants or similar venues? Please select all that apply
Source: CGA by NIQ OPUS US (Spring 2024) – Sample Size: 381 - 971

Premiumization with a purpose

Good value remains the #1 factor for consumers when choosing a drink

And it's not slowing down...

It is not just value that consumers are seeking however, **trusted, and high-quality brands** also resonate

Compared to 12 months ago, it's now more important to me that my drink is...

#1 Good Value

+4pp vs 2023

High Quality

Trustworthy

My "Go To" Choice

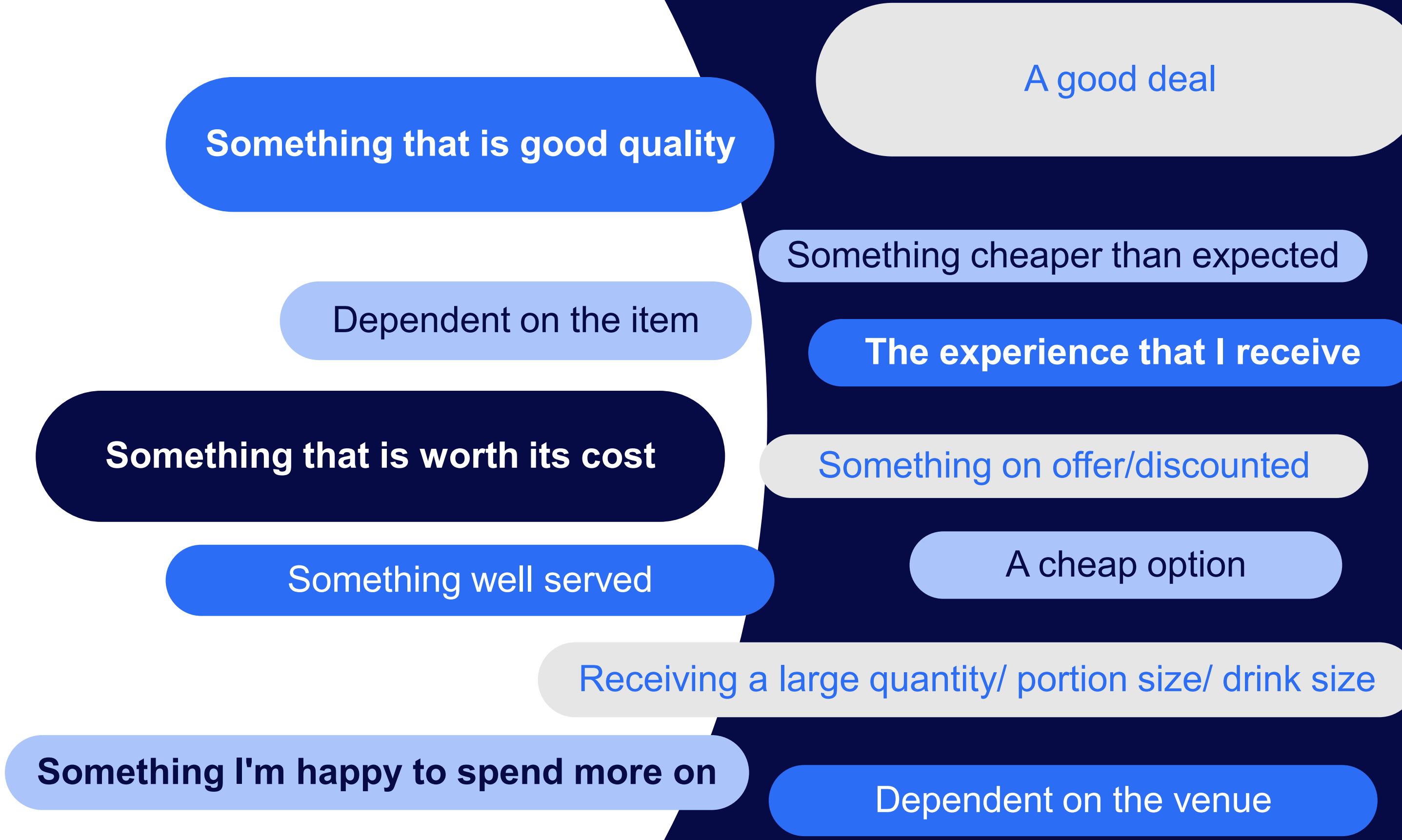
Healthy

Source: CGA US REACH 2024. Sample: 1247 - 1252

Value = *Quality*

Consumers link value to quality rather than cheap, **revealing premiumization** potential by emphasizing product quality

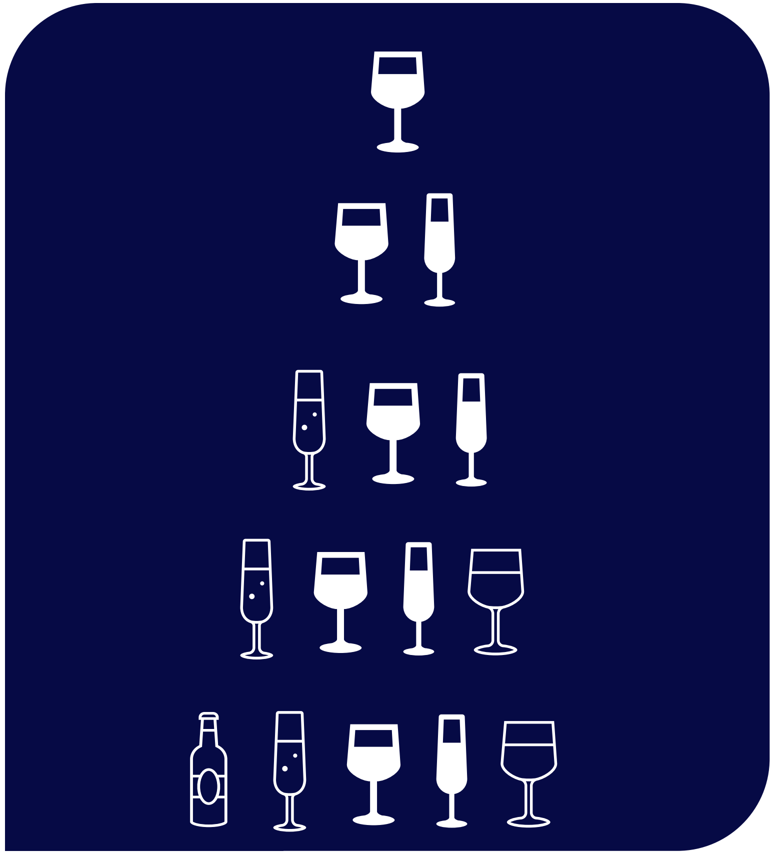
Based on what I spend when I eat and drink out, value for money is...

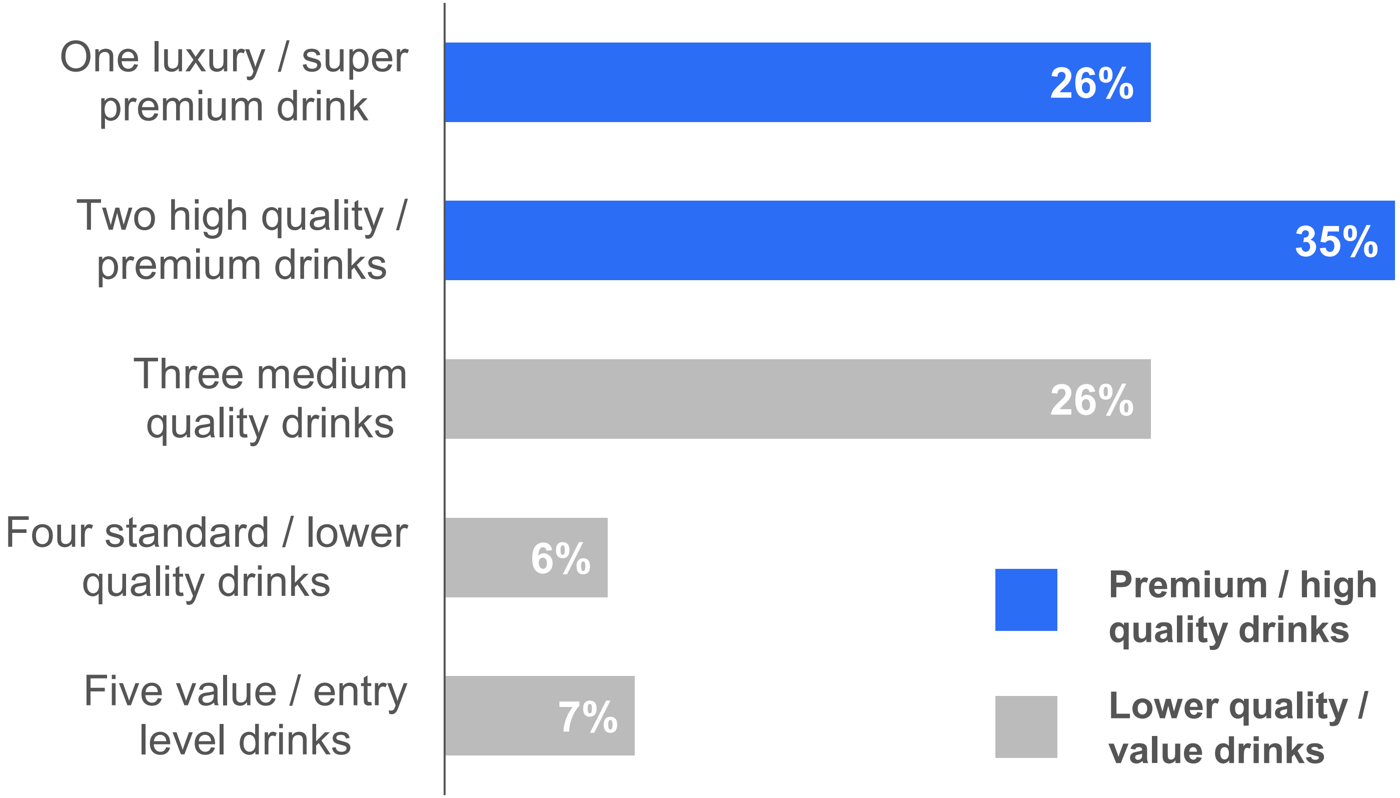


Source: CGA US REACH 2024. Sample:1248; *The height of the bubble denotes importance

Despite ongoing financial polarization, there remains a preference for *'less, but better'*

If you were choosing what to drink out, and the total of your bill was the same regardless of which option you picked, which of the following would you prefer?





Source: CGA US REACH 2024, 2023. Sample: 1243

Economic Pressures in an era of uncertainty

Alongside lifestyle choices, *financial issues are impacting consumption*, creating a need to facilitate value elsewhere

You have said you are drinking less alcohol out than you were one year ago, why is this?

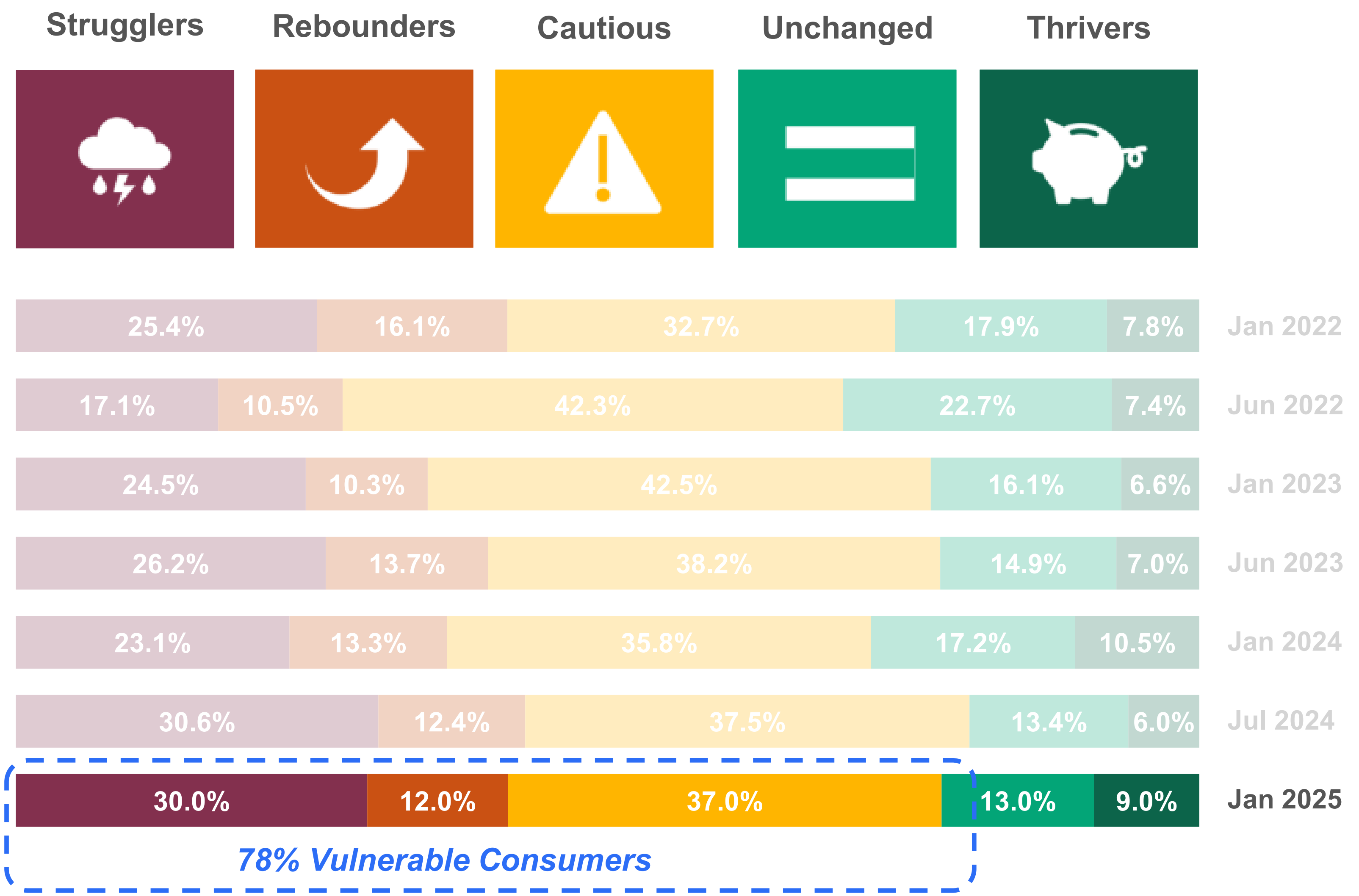
I am trying to save money

I am going out less

I am trying to be healthier

Source: CGA US REACH 2024. Sample: 352

The Economic Divide –
Tracking financial situations and responses

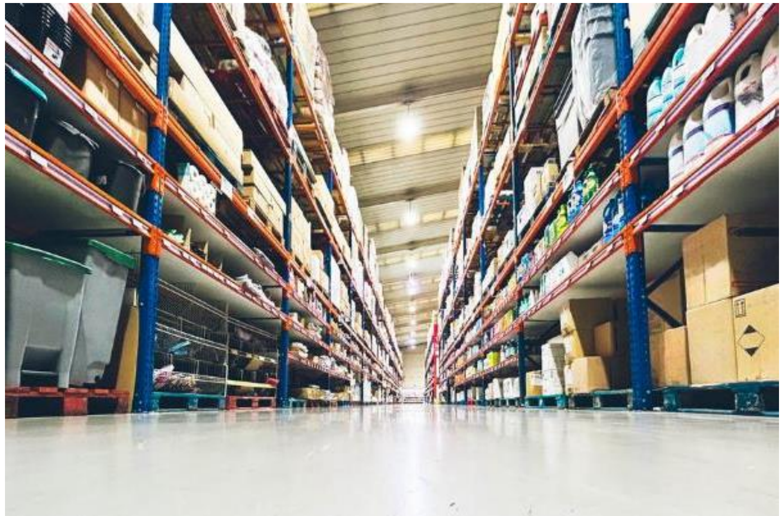


Source: NIQ Consumer Outlook Report, Jan 2022 to Jul 2025, US Market

Where are your shoppers? *Meet your shoppers where they are*

Liquor Channel
Destination Purchasing

E-comm Click & Collect
Convenience & Ease



Retailer Shifting
Trip Consolidation

Second Half View

The Game Plan
What to Expect

While there are certainly BevAl segments to be optimistic about in the back half of the year, there are several potential issues that may prove challenging:

Continued Consumer Caution

Premium and luxury segments may have to create stronger value propositions or new types of emotional connections to their brands. Value is a consumer perception beyond just a low price, factoring in quality and brand story. Tactics need to evolve quickly.

Holiday Heavy Dependence

For Spirits and Wine there is more riding on Q4 holiday gifting than ever before. Ensure the unique drivers for the consumer and shopper are clear. Shoppers do not always recognize categories and brands at retail as they are not always the consumer. Communicate to both shoppers and consumers.

On and Off premise Velocity is Challenging

Do not be surprised if price discounting levels from last year do not produce the same velocity outcome in the back half of 2025. Look for opportunities to drive profit, as volume seeking may be too expensive and will create consumer subsidization that can not be replicated.

Growth Expected for Non Alc, Low ABV, High ABV, and RTDs

Tie brand propositions to growth segments, spanning from Non Alc to Low ABV to High ABV and RTDs in between. Moderation can take on many forms of ABV, so this is a great time to test and learn, while leveraging brand heritage that has been valuable.

Retailer Resistance to Price Increases

The retail community will be pushing back on price increases to maintain share of wallet with shoppers and continue to drive store traffic. Weigh the impacts of price increases versus less subsidization at retail.

NIQ

Second Half View

The Game Plan Actions

Staying connected to core brand shoppers should be a priority in volume challenging times, and some action steps are certainly needed:

Reignite Demand with Occasions

Cultivate consumption occasions in Q3 and Q4 like never before. Creating at home occasions for entertainment and push for increased social gatherings at and away from home. Unconventional methods and thinking outside the box, AKA guerilla tactics, will be necessary to find opportunities.

Offer More Value without Cutting Price

Package innovations may be able to carry consumer value component where funding is not possible to subsidize price. Cost of goods elements and marketing materials may be less expensive than funding retail price at the shelf. Utilize AI solutions for cost savings and streamlining internal functions.

Shift Portfolio Support

Understand current promotional support and where possible, shift support toward categories where velocity can be effectively subsidized, such as with RTDs or Non Alc products. These segments continue to benefit from strong trial and impulse purchasing.

Sharpen Retail Execution

Retailers want proof not promises, so it is critical to build brand stories around results and insights. Showcase measurable wins, successful activations, and past performance demonstrating the brand's ability to drive traffic, velocity, and category growth. Success stories and benefits build credibility with retailers.

Plan for 2026: NOW!

Stay tuned for more insights from NielsenIQ as we look ahead to 2026. This is a year of strategic survival—focusing on long term goals, while staying top of mind with consumers and shoppers.
Be ready for the rebound when the cycle turns.

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James and **Jon** are here to chat ☺

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Thank you!

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