

# 2021 NEXTGEN SUMMIT

## READY-TO-DRINK AND LOW/NO ALCOHOL BEVERAGES

BY THE COUNCIL FOR LEADERSHIP DEVELOPMENT (CLD)

**Chad Stone & Chelsea Crucitti**

# What is an RTD According to Industry Leaders?

RTDs now span all three categories...Beer, Wine and Spirits

## Nielsen

Ready-to-drink products across beer, wine, and spirits

▶▶▶ **\$8.5B** in annual off premise sales  
vs. \$5.2B last year



## IWSR

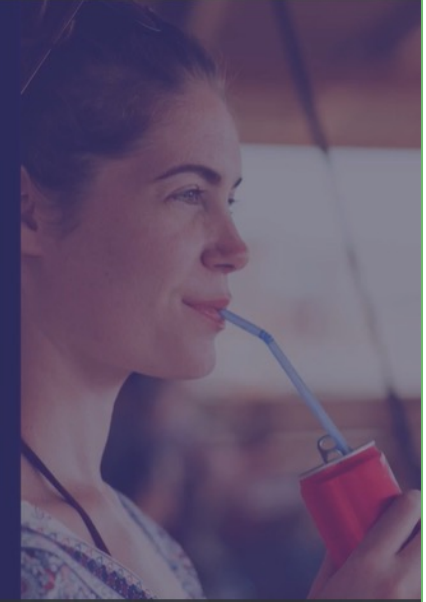
What is an RTD?

Hard Seltzers

FABs (Flavoured Alcoholic Beverages)

Pre-mixed Cocktails

Long Drinks

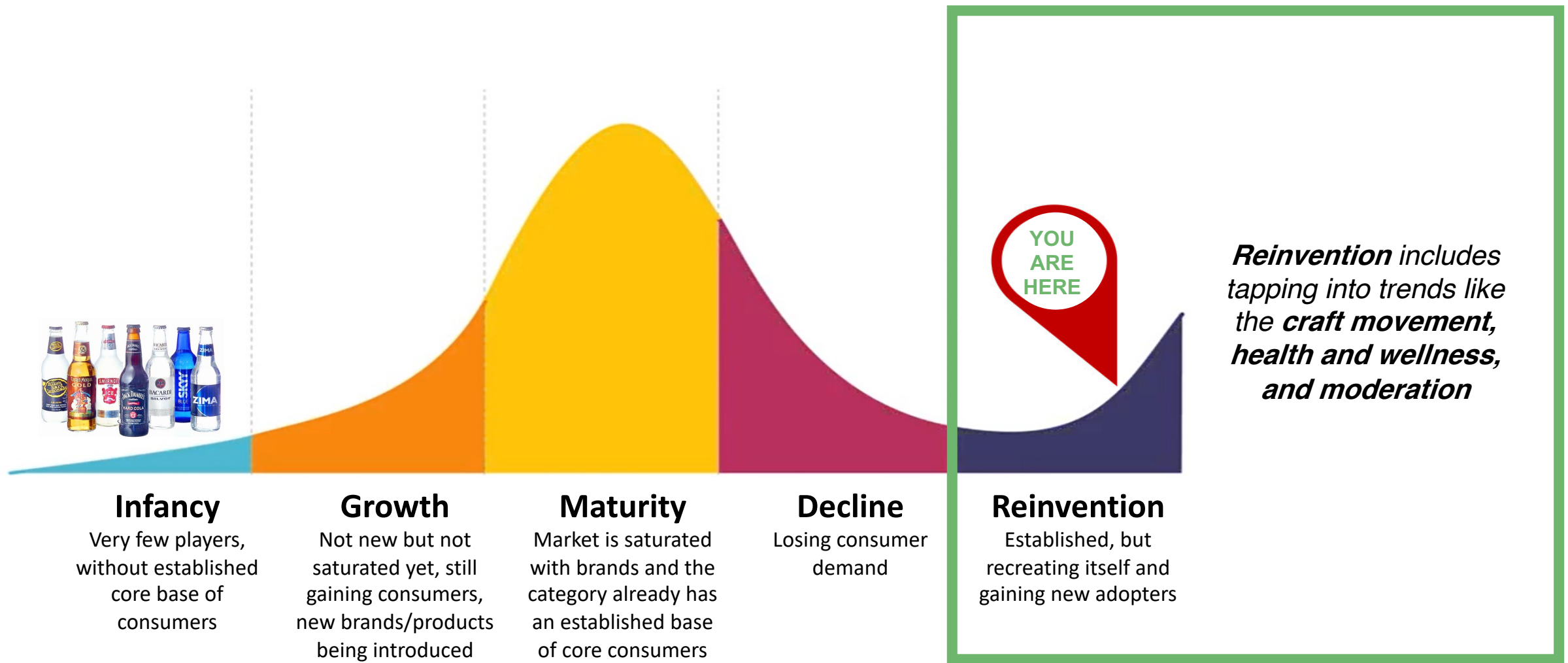


**Wikipedia:** “RTD packaged beverages are those sold in a prepared form, ready for consumption.”



# RTD Category in Reinvention Phase of Its Lifetime Journey...

Engaging w/ New & Established Consumers



Source: IWSR 2021

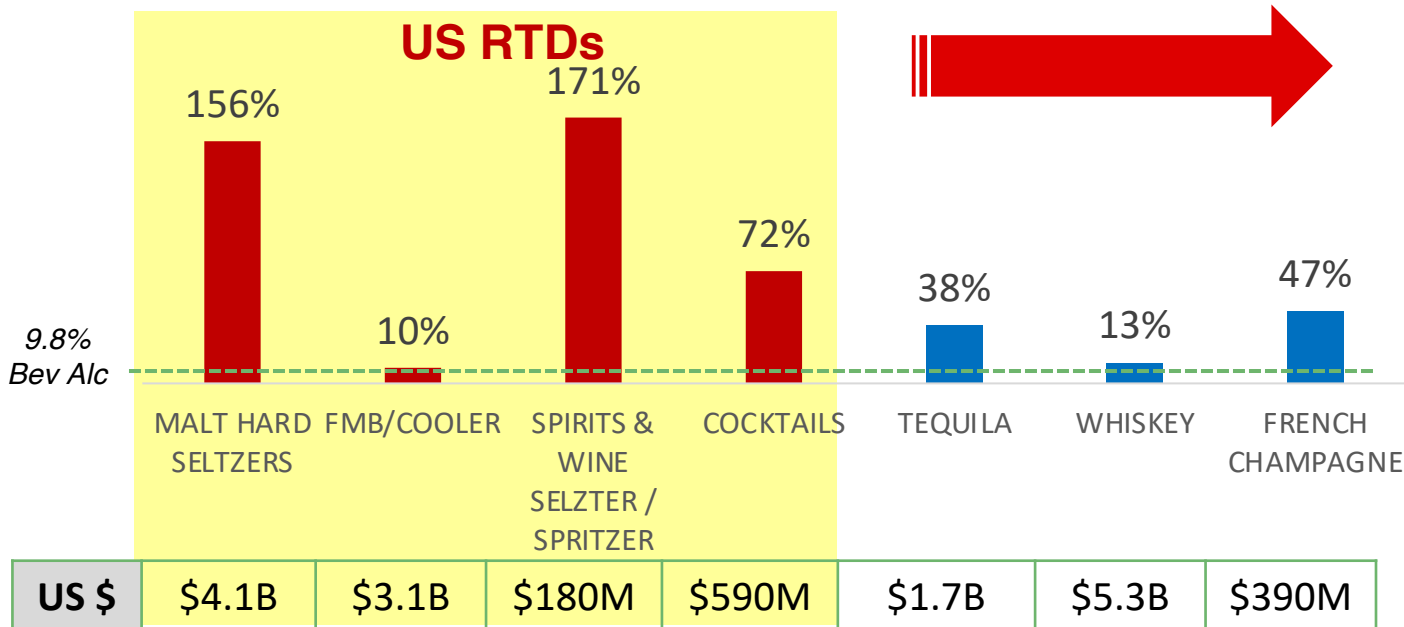


# RTDs are hottest growth segment across all US Alcohol Beverage

## SUMMARY

- **RTDs** – Across B/W/S, incl. all cocktail-type products sold in individual servings. Excl. pack innov (e.g. canned Wine)
- **\$ Opportunity – \$8.0B Retail** (10% of Alc Bev Revenue)
  - Faster growth vs any other hot B/W/S category in US (fastest growing in the world last 3 years)
- **Growth Potential:** In next 5 years, RTD will sell more volume than **the entire Spirits category!**

## Hot Categories Across B/W/S (12M \$ % Chg)



## RTDs Hot and Getting Hotter!



Source: Nielsen Total US + Liquor Data 52 wks Ending 5/22/21, IWSR



# High Opportunity RTDs



## FMB / "Hard"

- All malt-based products (ex. Hard Seltzer), incl. Cocktails/Coolers
- Similar pricing across malts, mostly lower ABV <10% (vs higher ABV Spirits/Wine cocktails)
- Subsegments for Tea, Lemonade, Coffee, All Other
- **Top brands**
  - Mike's
  - Smirnoff Ice
  - Seagram's
  - Twisted Tea
  - Pabst Hard Coffee
  - Small Town Brewery

Malt-based



## Seltzer/Spritzer (B/W/S)

- Consumers view Seltzer/Spritzers as **similar products**, regardless of base. Label says "seltzer", "spritzer", "and soda", or sparkling
- Subsegments for Seltzer, Spritzer, All Other
- **Top Brands**
  - White Claw
  - Truly
  - High Noon
  - Decoy Seltzer (wine based, flavored)
  - Barefoot Spritzer or Seltzer
  - Onda Sparkling Tequila
  - Ketel One Botanicals Vodka Spritz

Spirits-based



## Cocktails

- Wine and Spirit-based only, but generally higher priced than Beer cocktails (FMBs)
- Incl. popular cocktail like Moscow Mule or Margarita
- Need breakouts for <10% and 10%+ ABV
- **Top Brands**
  - Cutwater
  - Monaco
  - Daily's
  - BuzzBallz
  - Tip Top Cocktails
  - Five Drinks Co (Moscow Mule, etc.)

Wine-based





# Consumer Journey → Trading up with RTDs

## Consumer Trade-up Journey

### How do consumers view this space?

- Most consumer enter RTD space with FMBs (mostly Mid \$, products line priced with White Claw)
  - However, White Claw + other malts show limited ability to premiumize
- More sophisticated RTD drinkers start experimenting with higher priced Spirits & Wine offerings (Premium \$)
- We anticipate continued consumer trade-up with Ultra Premium Cocktails \$



### Consumer entry pt

#### Malt Hard Seltzer

Mid ~\$2.50-\$5 (750mL EQ – 2 cans)



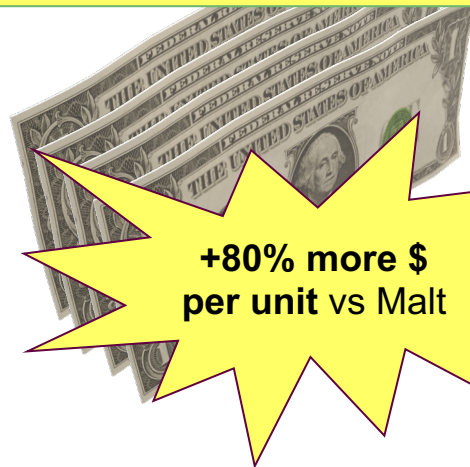
*Ltd ability to premiumize within FMB space*



### Initial trade-up

#### Spirits / Wine Seltzer

Premium ~\$5-\$7



**+80% more \$ per unit vs Malt**



### Con't RTD trade-up

#### RTD Cocktails

Ultra Premium >\$7



**+130% more \$\$ per unit vs Malt**

