

Unlocking the Power of *Generation Z* in BevAl

This analysis only looks at Gen Z that are of minimum legal drinking age-21 years

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**WINE
MARKET
COUNCIL**



Today's Agenda

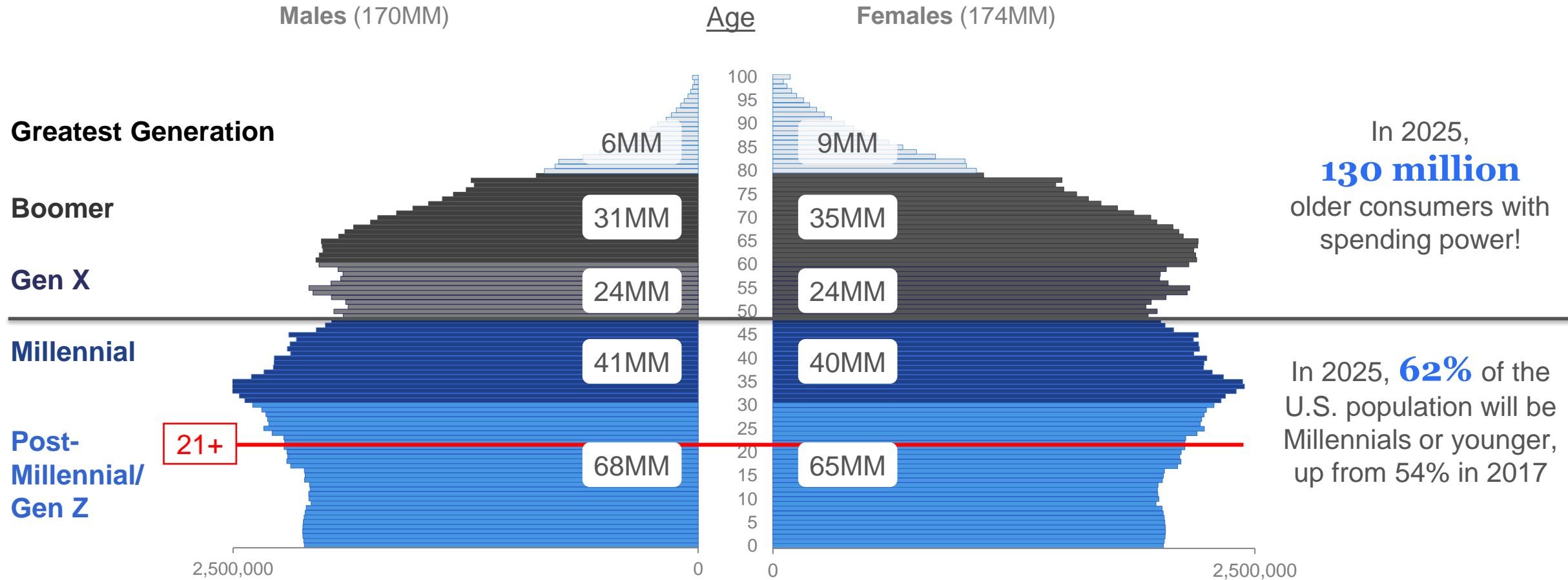
- 1 Demographics and Background
- 2 Purchasing of Beverage Alcohol
- 3 Where They Purchase Beverage Alcohol
- 4 Over Indexing Brands
- 5 Understanding Generation Z (21+) Behaviors



Generations: Demographics and Background

By 2025, 62% will be millennials or younger

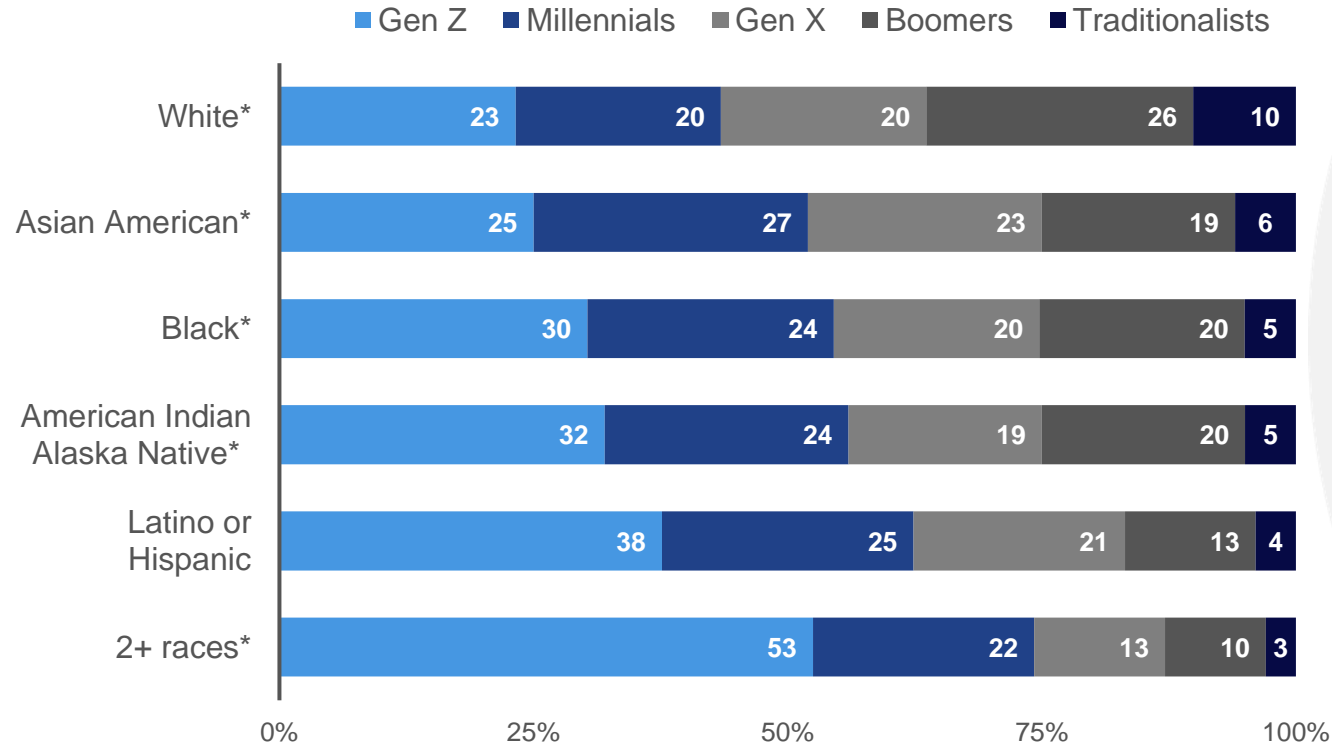
U.S. Population Projections – 2025: All Races/Ethnicities



Source: U.S. Census Bureau (2017 National Population Projections); MM = million

Younger generations are more ethnically diverse

Race and ethnicity distribution of the population, by generation



Census release shows America is more diverse and more multiracial than ever



Our analysis of the 2020 census results show that the US population is much more multiracial, and more racially and ethnically diverse than what we measured in the past.

– Nicholas Jones, Director and Senior Advisor of Race and Ethnic Research and Outreach in the US Census Bureau's population division

Source: <http://statista.com>; Distribution of the race and ethnicity of the United States population in 2018, by generation



Who are *Generation Z* in this analysis?

Generation Z refers to the generation shaped by advances in technology, political movements, and economic changes. For the following slides, only Generation Z born between 1995 and 2002 are analyzed (those that are 21+ years of age, the legal drinking age in the United States).



Generations: Purchasing of Beverage Alcohol

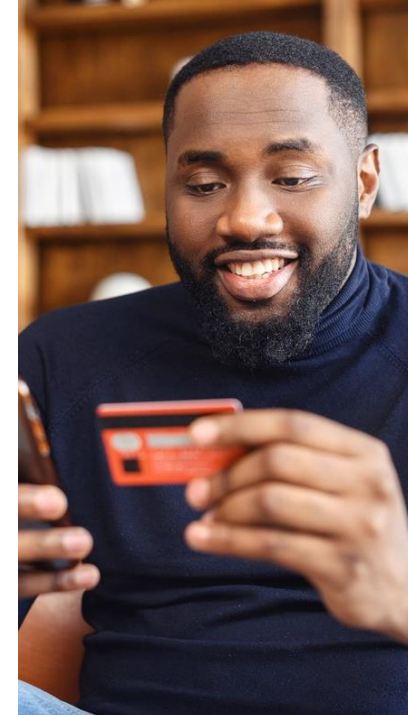
BevAI Buyers by Generation

% of BevAI Buying Households



6%

Generation Z

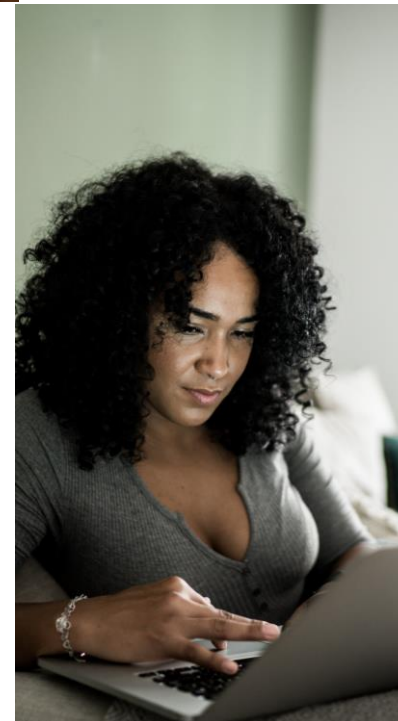


32%

Millennials

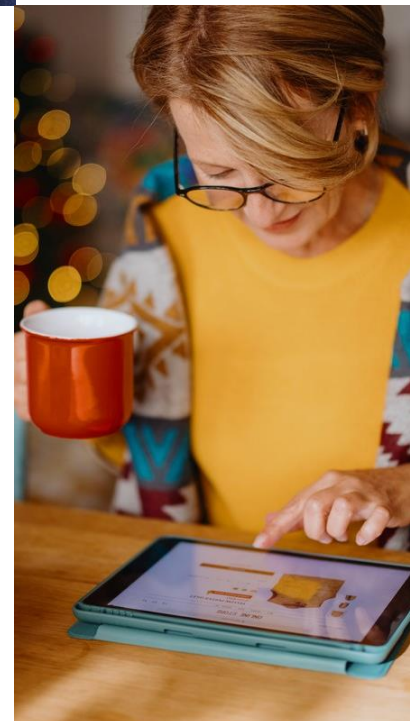
27%

Generation X



36%

Boomers/
Traditionalists



Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 07/15/2023, Total Outlets, Total US

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Boomer/Traditionalists are largest group & spend the most on BevAl, followed by Millennials

Generational group importance for Beverage Alcohol



Gen Z (21+)



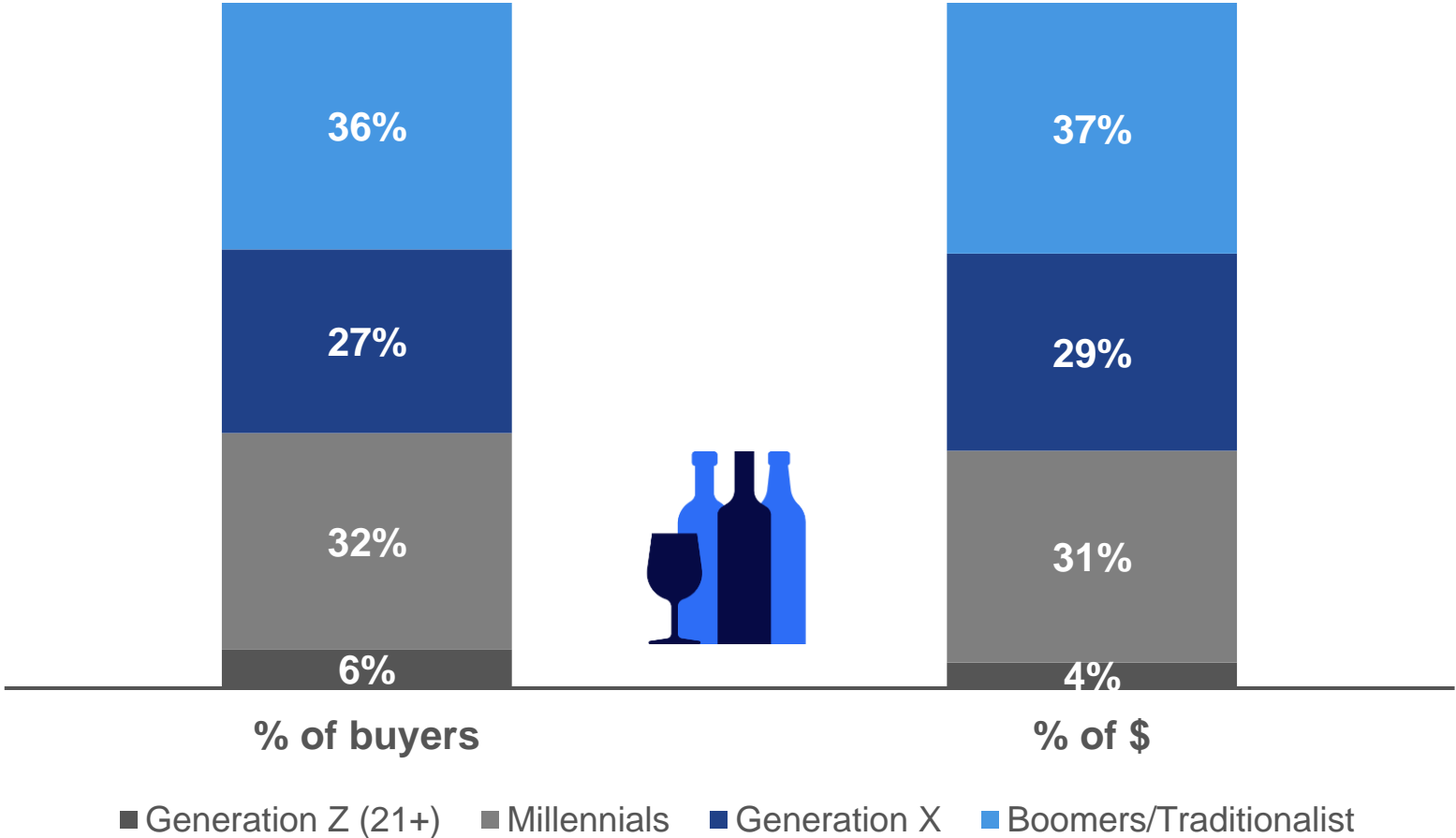
Gen X



Millennials



Boomer/
Traditionalist



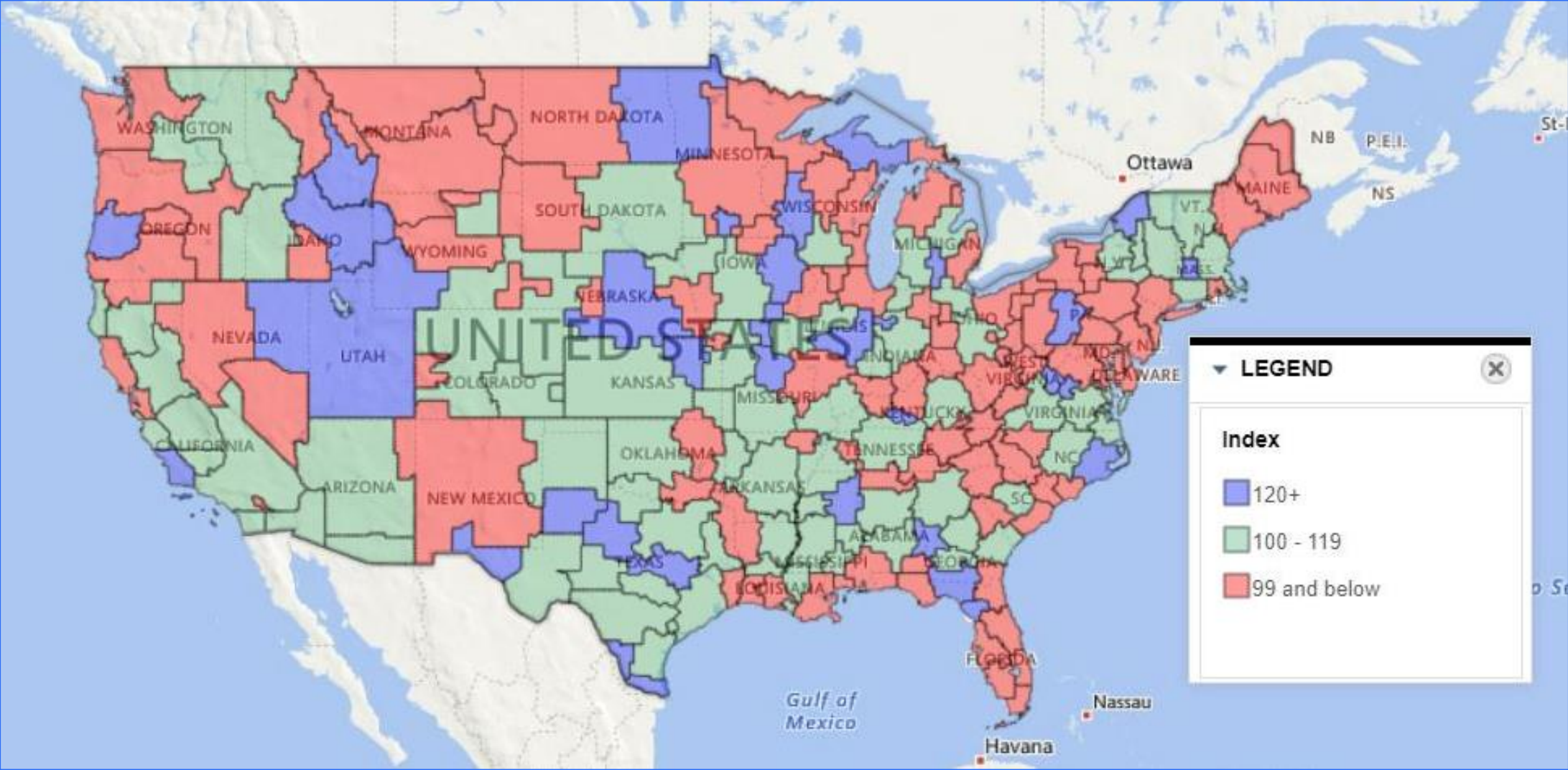
Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 07/15/2023, Total Outlets, Total US



Generations: Where They Purchase Beverage Alcohol

Population of adults aged 21-24

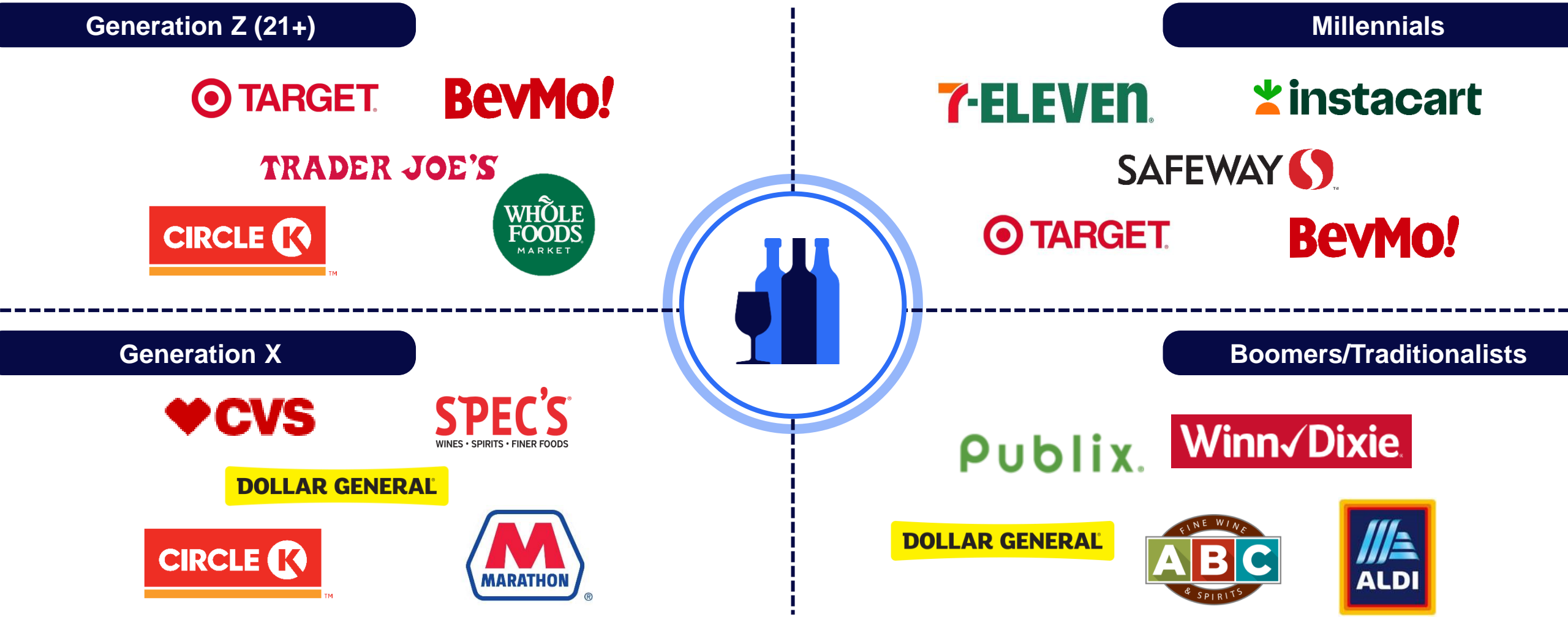
DMA Ranking Indexed to Total US



Spectra US Census Demographics by DMA 2022 August

Top retailers BevAl over indexes being purchased at by Generation

Over indexing = greater than 120 index



Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 07/15/2023, Total Outlets, Total US



Generations: Over Indexing Brands

Generation Z (Age 21+)

Over Indexing Beverage Alcohol Categories Purchased

Greater than 120 index vs Total Panel 21+

Import Beer

138 index

Hard Seltzer

196 index

FMBs

175 index

Tequila

166 index

Cider

206 index

Spirits RTDs

135 index

Source: NIQ Omnishopper Database; Consumers 21+; Generation Z 21+; L52 weeks ending 07/15/2023 vs. year ago

Top over indexing brands being purchased by Gen Z (21+)

Over indexing = greater than 120 index

Generation Z (21+)

Beer/FMB/Cider



Spirits



Wine



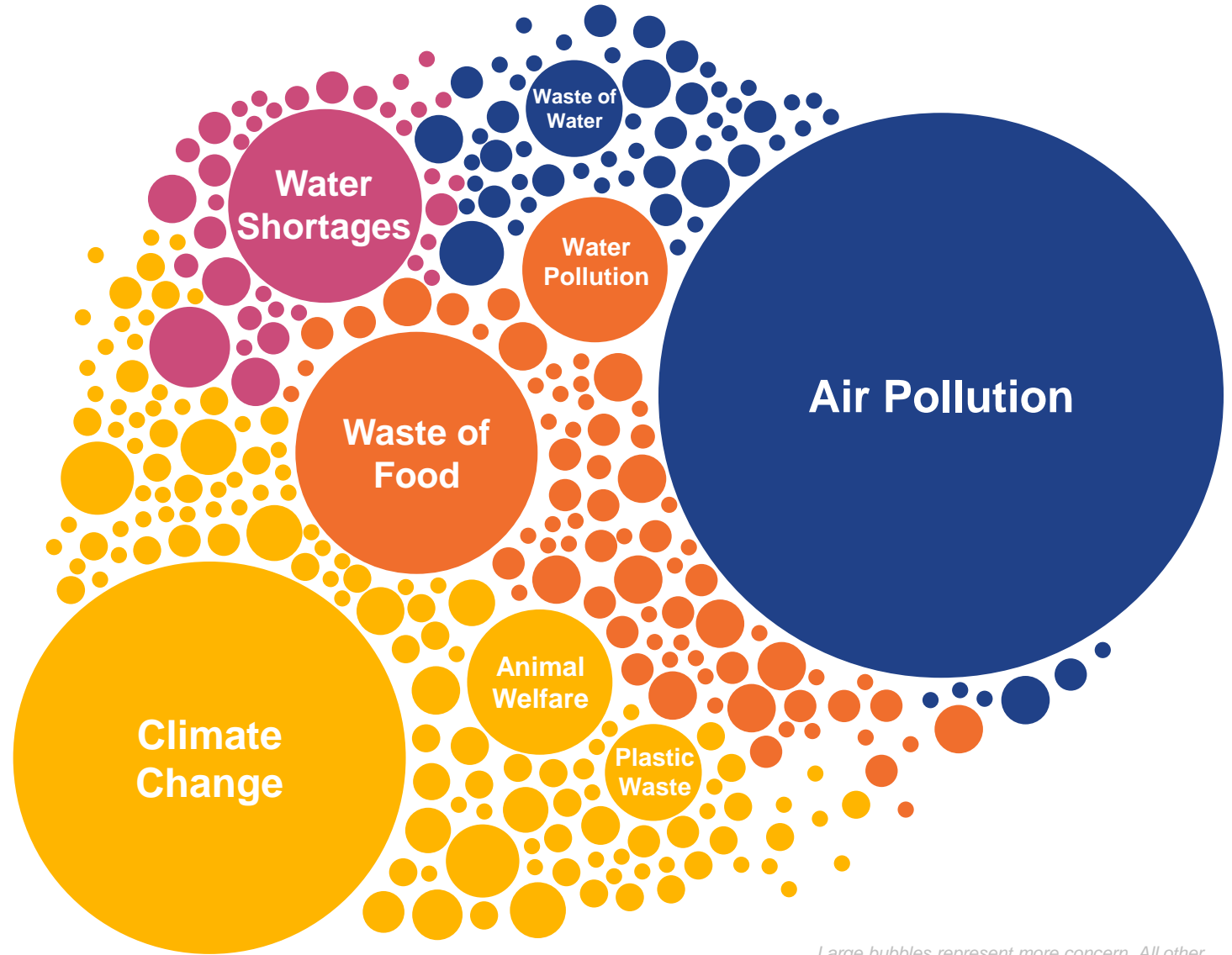
Source: NielsenIQ Omnishopper, US ALC – Integrated (21+ Only) Database; L52 WE 07/15/2023, Total Outlets, Total US



Generation Z (21+): Understanding Behaviors

What are Gen Z (21+) concerned about?

Q4: Which of these topics are you personally most concerned about? Please select all that apply.



Large bubbles represent more concern. All other bubbles are for visual purposes.

Source: NielsenIQ Gen Z Study 2023; Gen Z is legal drinking age 21+ on this slide

How willing would you be to purchase the products of a certain company, if the company...

Supports
LGBT+
Community

Supports
Racial/Ethnic
Minorities

Is socially
Responsible/Active
on *Social Issues*

34%

Agree they are
MORE likely to
purchase its products

46%

Agree they are
MORE likely to
purchase its products

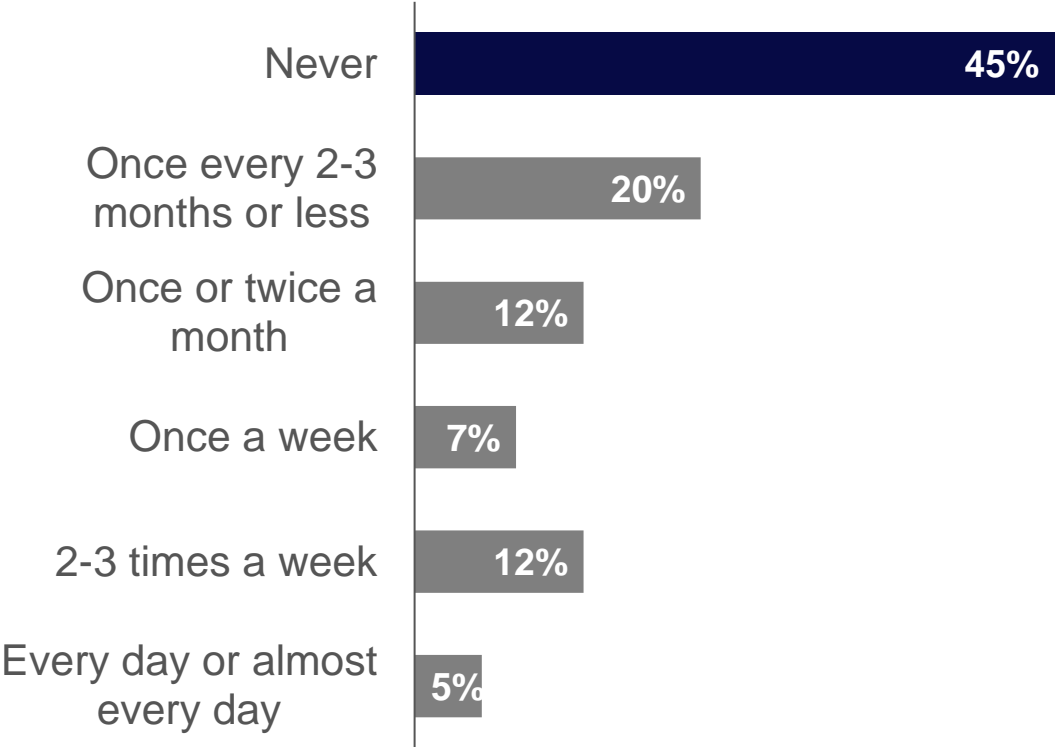
46%

Agree they are
MORE likely to
purchase its products

NIQ Gen Z Study; Gen Z is legal drinking age 21+ on this slide; Q6 on the survey

Recruiting with Gen Z is multi faceted

21+ Gen Z: How often do you consume alcohol?



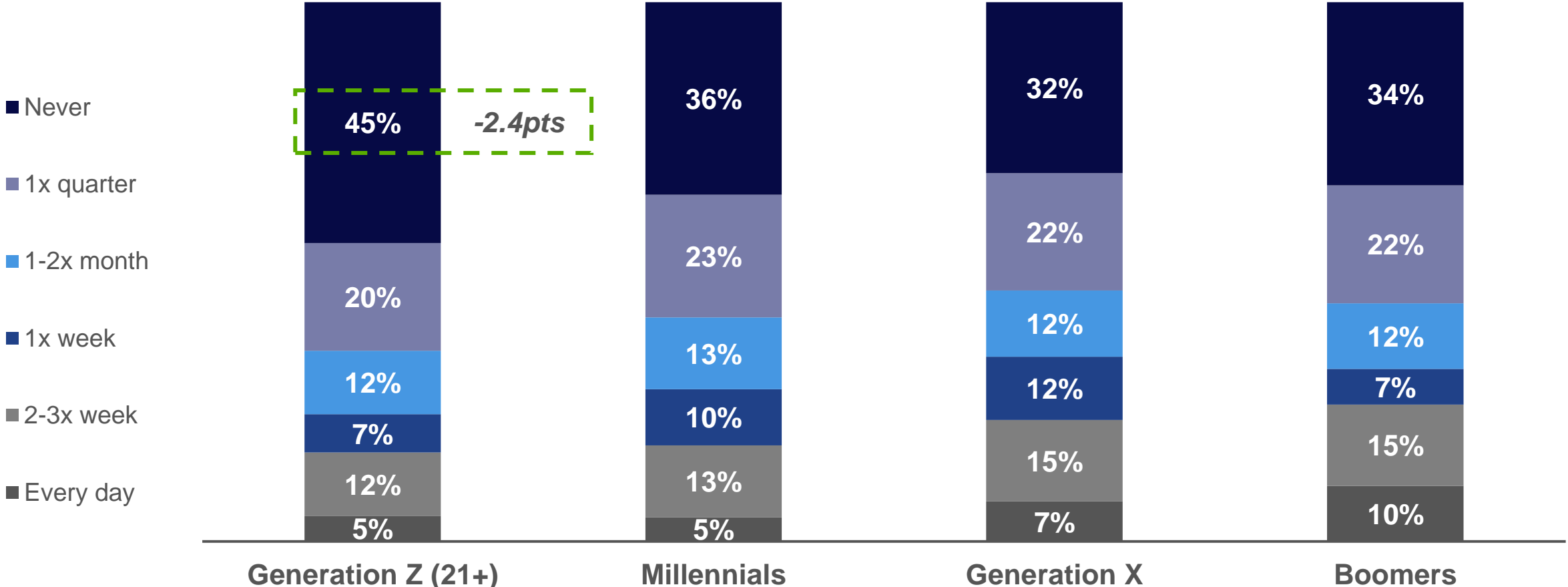
NIQ Gen Z Study; Gen Z is legal drinking age 21+ on this slide



- Non Alc is a repertoire choice for bev alc consumers. Many, especially 21+ Gen Z may **not be entering the category through alcohol-based products.**
- 21+ Gen Z are more likely to consume **beyond beer categories** (including FMBs, Seltzers, Hard Tea, Hard Kombucha, and Hard Cider), as well as **non alc beer, wine, or spirits** compared to other generational cohorts
- 21+ Gen Z are more likely to consume **Sparkling Wine** over consuming Table Wine

45% of Gen Z (21+) have NEVER consumed BevAI, down from over 47% year ago

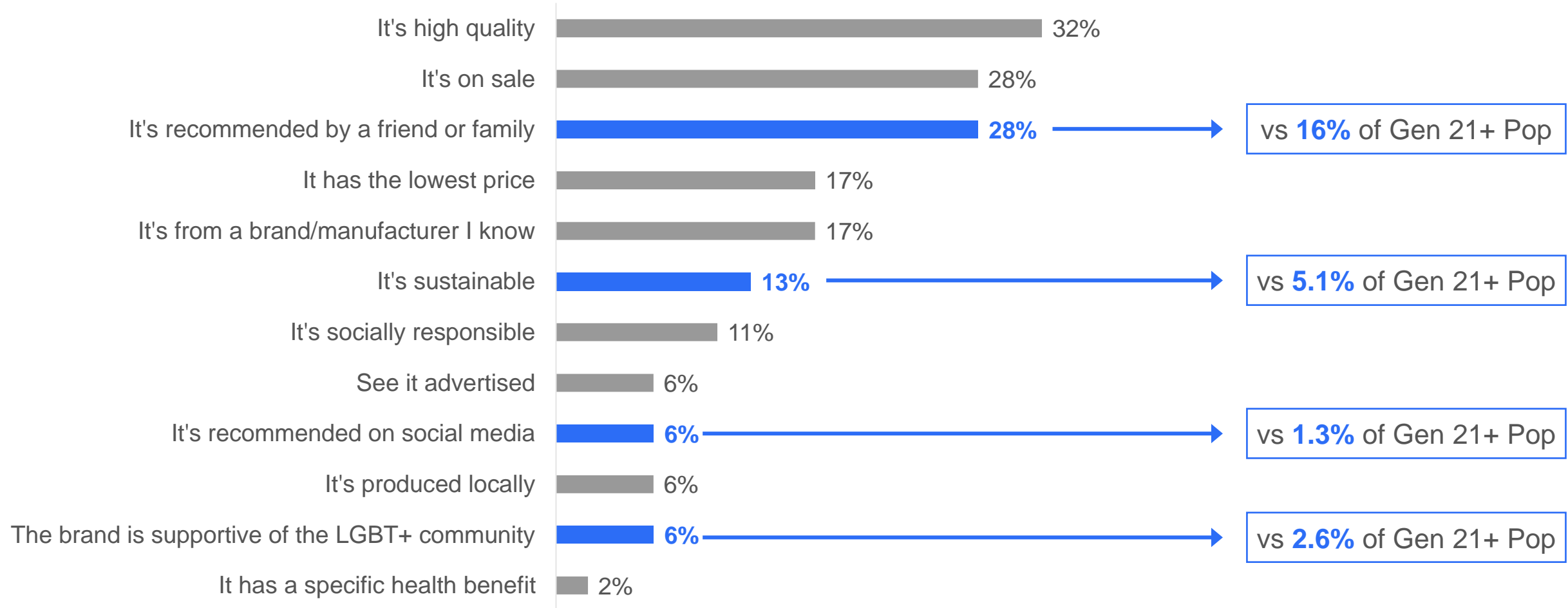
Q18: How Often do you Consume Alcohol? Versus the point change to if ever, did you consume alcoholic beverages a year ago?



NIQ Gen Z Study; Gen Z is legal drinking age 21+ on this slide

Gen Z (21+) value family/friend recommendations, social media, sustainability, and supportive of LGBT+ community significantly more than older generations

Q22: Which of the following are important to you when purchasing alcoholic beverages? Please select all that apply.



NIQ Gen Z Study; Gen Z is legal drinking age 21+ on this slide



Summary

Key Takeaways for Wine

- Ramp up the **important generational insights** for future recruitment and product planning within the Wine industry, always starting with the consumer
 - **Action:** observe the detail work WMC will do this year and set a goal to make some test and learn changes to your portfolio approach
- With Gen Z, what was once old and a brand of the past, is now new and exciting again, **nostalgia is a key consideration**
 - **Action:** consider messaging that calls out brand heritage and affiliation to previous generations making an older brand new again
- **Authenticity, Wellness and Moderation** are all important characteristics to consider with Gen Z recruitment, watch for other generations to focus on these elements as well
 - **Action:** check your portfolio with the ability to call out these elements and feed into what Gen Z deems as important messaging

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Thank you!

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