2021 Drizly Consumer Report

Introduction

As a “new normal” takes hold, an early picture of how Americans will enjoy and purchase alcoholic beverages moving forward is coming into focus. Behaviors forged and tastes formed during the pandemic, the growing influence of Gen Z adults of legal drinking age, and e-commerce’s transformation to mainstream shopping channel are poised to shape the category’s future, our third annual Drizly Consumer Report has found.

Drizly partnered with a research firm to survey over 1,000 Americans of legal drinking age, independent from Drizly’s customer base, in late June 2021[1] on a range of topics, from their beverage choice inclinations for this summer and fall (and what influences those choices), to how newfound interests at home stand to impact consumption occasions and locations longer term, and how they are purchasing alcohol.

Notable themes emerged – among them: the blurred lines in consumers’ eyes between hard seltzers, ready-to-drink cocktails and other recent canned beverage innovations. Also, how Gen Z consumers of legal drinking age differ from previous generations, particularly in how conscious consumption motivates their purchase decisions.

[1]Results are from an ENGINE Insights CARAVAN® survey conducted among a sample of 1,004 U.S. adults, aged 21 and older who have purchased alcohol online in the past year. Respondents had to reside in one of the following 32 states in order to qualify for the survey: Arizona; California; Colorado; Connecticut; District of Columbia; Florida; Georgia; Idaho; Illinois; Indiana; Iowa; Kentucky; Lousiana; Maine; Maryland; Massachusetts; Minnesota; Missouri; Nebraska; New Jersey; New York; North Carolina; Ohio; Oklahoma; Oregon; Pennsylvania; Rhode Island; Tennessee; Texas; Virginia; Washington; and Wyoming. The online omnibus study was conducted June 21-27, 2021 and weighted across five variables, including age, sex, geographic region, race and education.

Major findings

Competition is heating up between hard seltzers and RTDs as the lines between the two blur. Is hard seltzer's bubble about to burst? While the breakout drink of 2019 and 2020 is still growing, it's not what 21-plussers say they will reach for first this summer. Ready-to-drink cocktails and other new canned drinks are playing off of hard seltzer's innovation, and in the process, taking some of its some growth momentum. Year to date, RTDs share is growing at 15 times the rate as hard seltzer on Drizly. And quite surprisingly, consumers know little about what makes hard seltzer…hard seltzer…and what differentiates it from its newer competitors.

The fine print matters to some in alcohol purchase decisions, and the most to Gen Z. With the pandemic came a growing thirst for knowledge about how products are made, who makes them and what brands stand for. Our consumer survey found that it's no different with alcohol, whether scrutinizing ingredients on a can, researching a brand's ownership or gaining an understanding of sustainable practices. However, which factors matter most differ across generations.

The pandemic brought drinking occasions home. How did behaviors change and which will stick around? Changes in consumption behaviors as a result COVID-19 were perhaps rivaled by only those wrought by Prohibition. Virtually overnight, after work drinks, dinners out and weekend brunches were replaced with virtual stand-ins and at-home occasions. The question is no longer just which behaviors were created during the pandemic, but which have staying power beyond the pandemic.

Major findings (continued)

A return to normal-ish - a majority of consumers are ready to get back to "normal," but for some, pandemic impacts are lasting. It is no secret that the pandemic had a significant impact on where and how consumers socialized and celebrated occasions throughout 2020 and into 2021. However, halfway into the year, the impact is shifting as restrictions lift and the on-premise fully reopens across the US. While about half of consumers are ready to return to "normal," the other half are split.

While the pandemic fueled alcohol e-commerce, it is poised for long-term growth. Like many categories, online sales and delivery of alcohol skyrocketed over the past year and half as consumers looked for ways to shop from the safety of their own home. As we move beyond the pandemic, not only will online ordering continue, a majority of consumers expect to order alcohol online more than they did during the pandemic. As demand for online alcohol purchasing has grown, so have the channels in which consumers can do so. From ordering directly from retailers or producers to shopping across retailers and brands on marketplaces - where are buyers shopping for drinks online?

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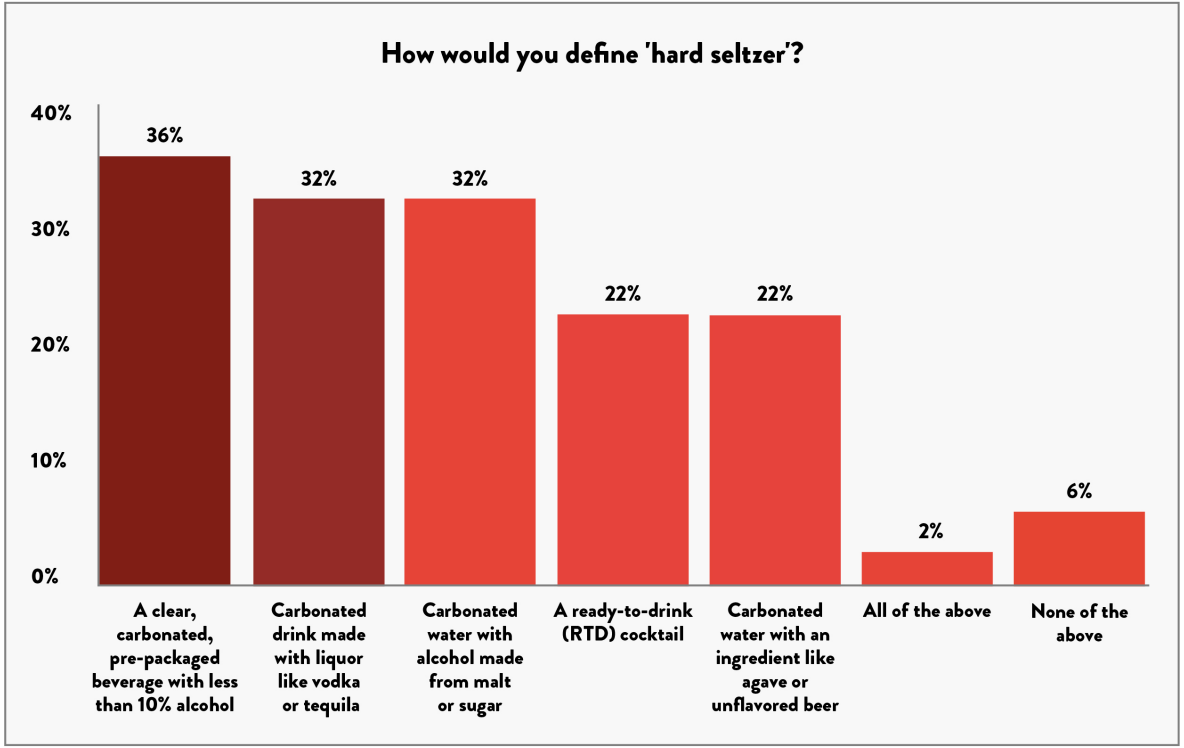
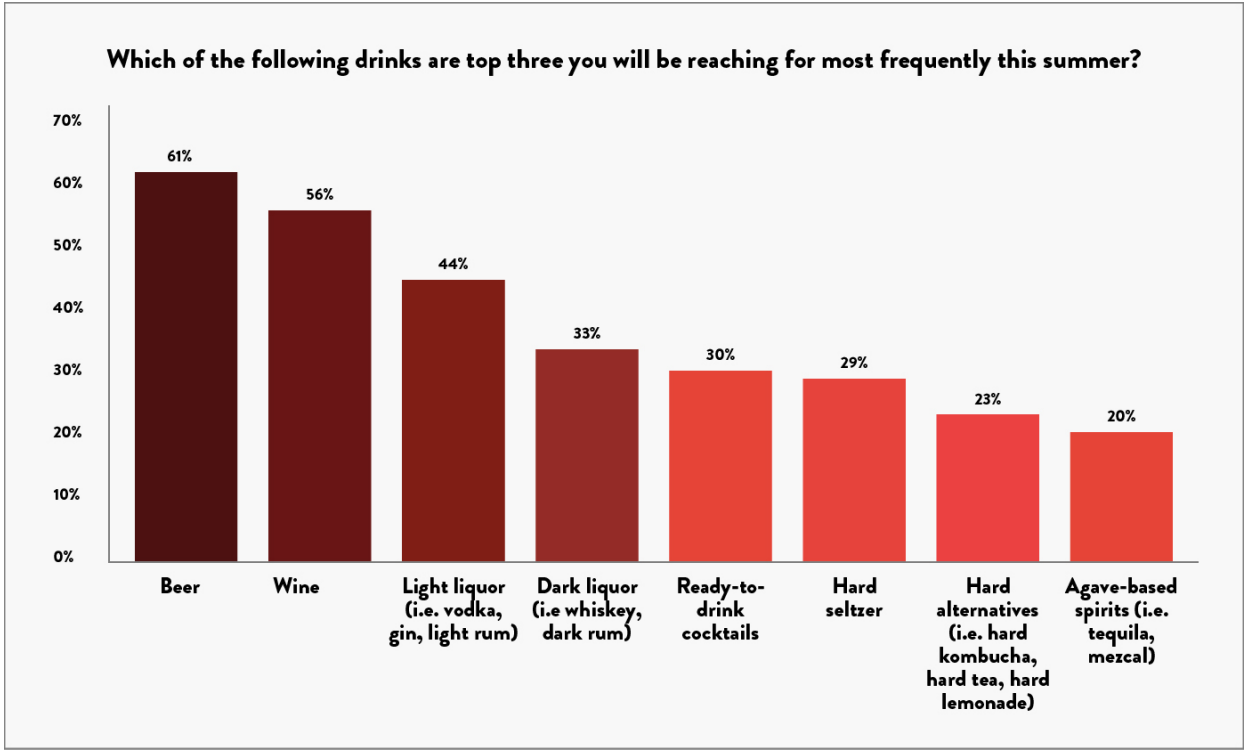
And quite surprisingly, consumers know little about what makes hard seltzer...hard seltzer...and what differentiates it from its newer competitors.

How would you define hard seltzer? Surprisingly less than a third of consumers could define what it is. The correct definition – carbonated water with alcohol made from malt or sugar – was known to only 32% of respondents. That placed behind or on par with erroneous definitions such as “a clear, carbonated pre-packaged beverage with than 10% alcohol” (36%) and “a carbonated drink made with liquor like vodka or tequila” (32%). “A ready-to drink-cocktail” - wasn’t far behind (22%). Findings were mostly consistent gender-to-gender and generation-to-generation.



Which of the following drinks are top three you will be reaching for most frequently this summer? Unsurprisingly, the traditional beer, wine and spirits categories led the way for the drinks respondents plan to sip on most this summer. Interestingly however, ready-to-drink cocktails placed ahead of hard seltzer at 30% and 29% respectively, despite RTD share on Drizly being about half that of hard seltzer in 2021 to date. Not far behind hard seltzer, 23% of respondents anticipate hard alternatives to be among their top three drinks of choice this summer.



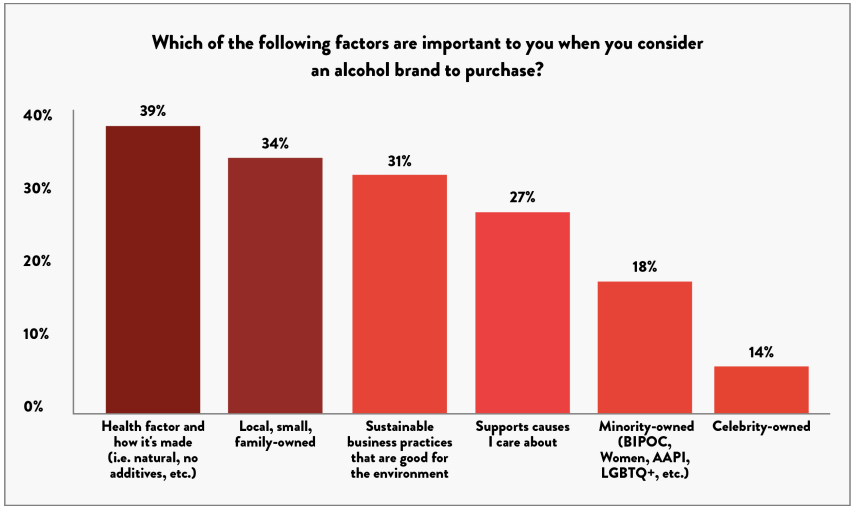
The fine print matters to some in alcohol purchase decisions, and the most to Gen Z.

With the pandemic came a growing thirst for knowledge about how products are made, who makes them and what brands stand for. “Brand transparency is certainly not a new trend, but…it’s reached new heights during COVID-19, and it’s bound to soar long after,” said Maura Regan of the Forbes Business Council last year.[2]

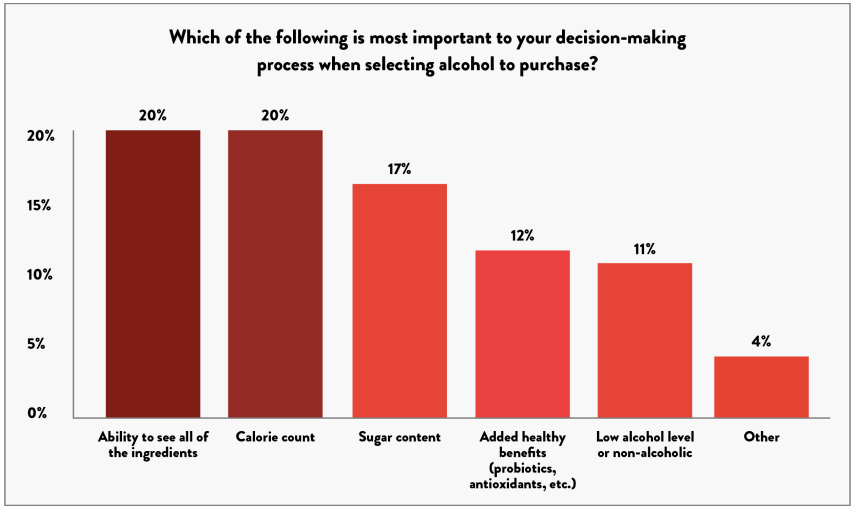
Our consumer survey found that it’s no different with alcohol, whether scrutinizing ingredients on a can, researching a brand’s ownership or gaining an understanding of sustainable practices. However, which factors matter most differ across generations.

[2]Quote sourced from the Forbes Business Council from May 26, 2020

Which factors are important when considering an alcohol brand to purchase? 39% of respondents said that perceived "healthiness" mattered to them, good for the first place spot among major consideration factors when taking traditional drivers like price and availability out of the equation. When asked which health factor is the most important in the purchase decision, transparency of ingredients and calories count rose to the top, each selected by 20% of respondents. Family ownership, size and local-ness matters too, 34% of survey takers ranked these factors second.

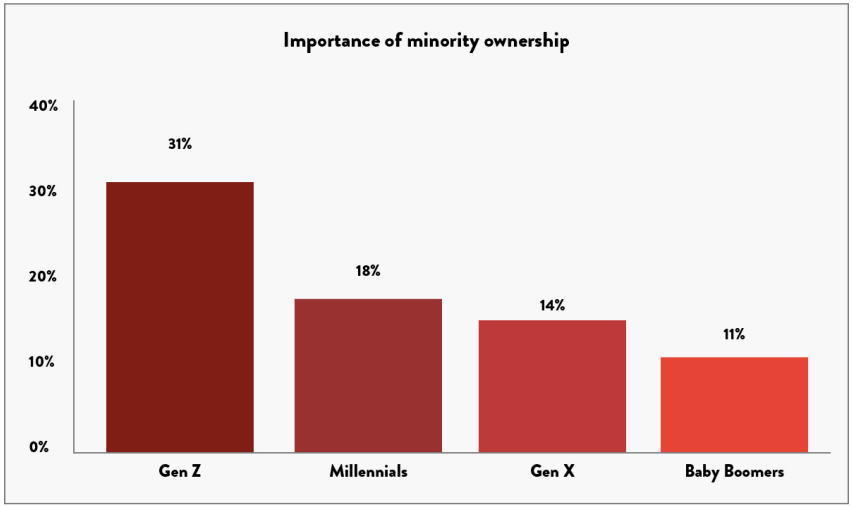


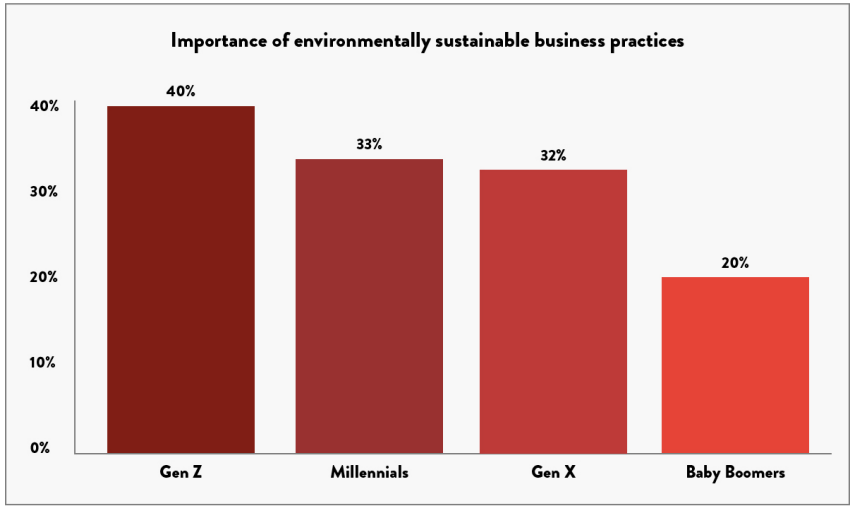
Consumers could select all that apply.



Consumers could select only one option.

Gen Z: the most conscious alcohol consumers. How it's made and by whom matters most for Gen Z, who over-indexed on both factors compared to other generations in purchase decision making. Nearly one third of 21 to 24-year-olds surveyed cited minority-ownership (BIPOC, women, AAPI, LGBTQ+, etc.) as an important brand choice consideration, followed by Millennials at 18%, Gen X at 14% and Baby Boomers at 11%. Sustainable business practices are also a driving force for Gen Z, with 40% saying that they factor environmental track record into alcohol brand selection, followed by Gen X (33%), Millennials (32%) and Baby Boomers (20%).



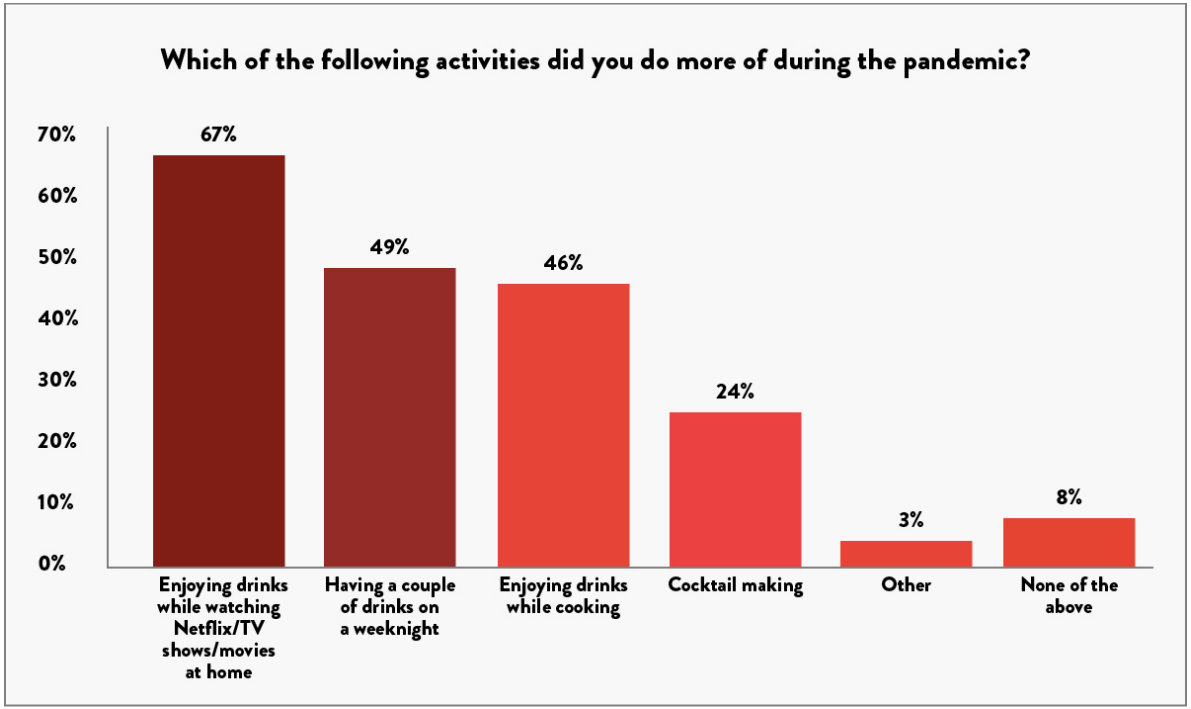


The pandemic brought drinking occasions home. How did behaviors change and which will stick around?

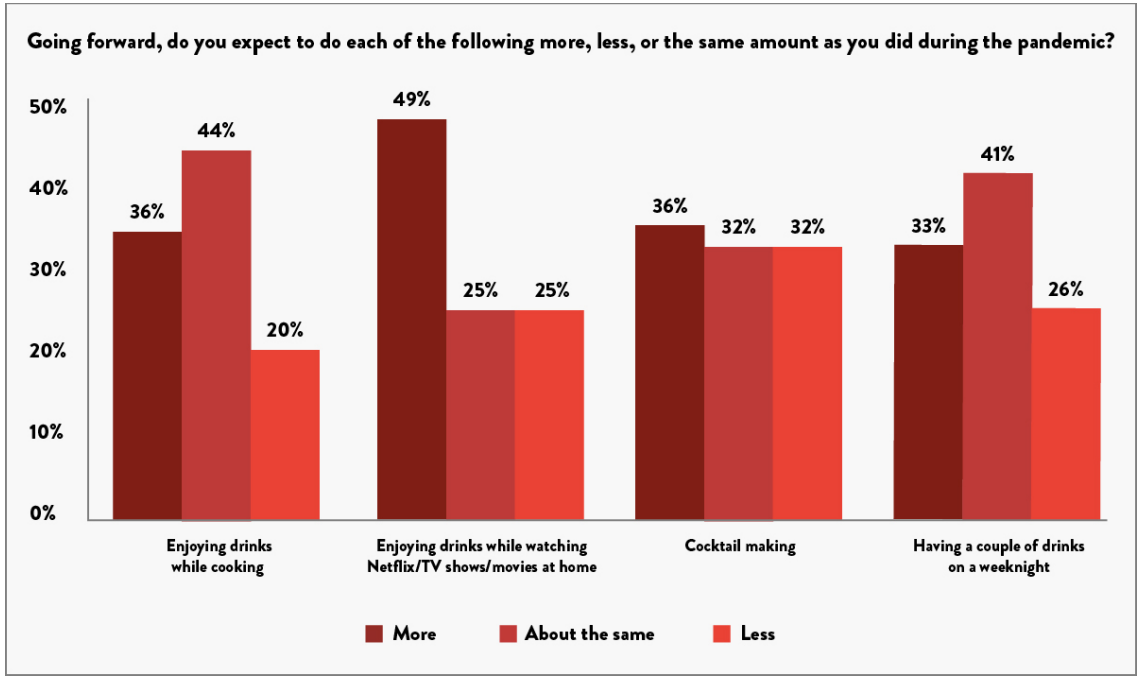
Changes in consumption behaviors as a result COVID-19 were perhaps rivaled by only those wrought by Prohibition. Virtually overnight, after work drinks, dinners out and weekend brunches were replaced with virtual stand-ins and at-home occasions.

The question is no longer just which behaviors were created during the pandemic, but which have staying power beyond the pandemic.

What drinking behaviors did you partake in most during the pandemic? Call it Netflix and Chill(ed Beverages) – at least when it came to drinking during the pandemic. 67% of respondents said that they enjoyed adult beverages while watching TV shows, movies and the like at home. Enjoying a couple of drinks on a weeknight (49%) and drinking while cooking (46%) placed second and third. When it came to at-home cocktail making, pursued by 24% of all respondents, younger mixologists drove the trend. Millennials (31%) and Gen Z'ers (29%) found themselves shaking and stirring more than Gen X (17%) and Baby Boomers (14%).



Going forward, which behaviors do you expect to do more, the same or less than during the pandemic? As the phrase dubbed "normal-ish" sets in, our survey findings point to activities like cooking (80%) and streaming (74%) poised to be enjoyed with a drink with the same or greater frequency as during the pandemic. This aligns with related findings. According to Bloomberg[3], recent studies that found nearly a third of consumers are still planning to cook at home more. While cocktail making ranked last in terms of post-pandemic stickiness, it remains strong with over half (68%) of respondents expecting to continue home mixology with similar or greater frequency.



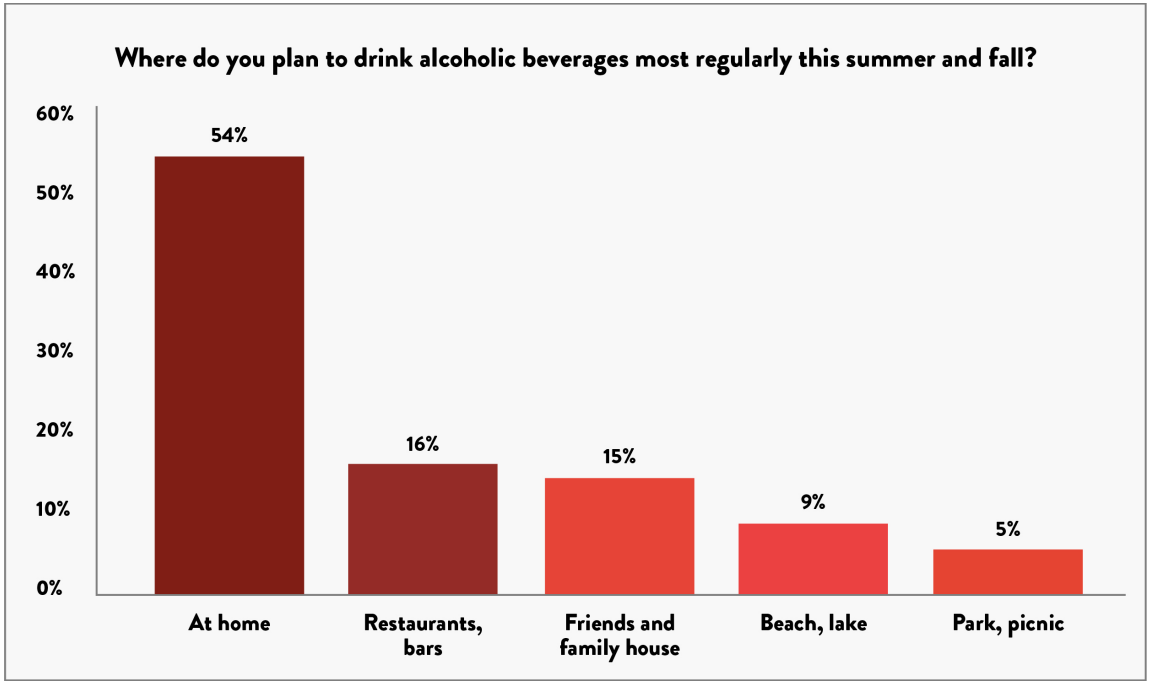
[3]Data sourced from a survey conducted by Bloomberg Morning Consult from June 26-28, 2020 among 2,200 U.S. adults.

A return to normal-ish; a majority of consumers are ready to get back to “normal,” but for some, pandemic impacts are lasting.

It is no secret that the pandemic had a significant impact on where and how consumers socialized and celebrated occasions throughout 2020 and into 2021.

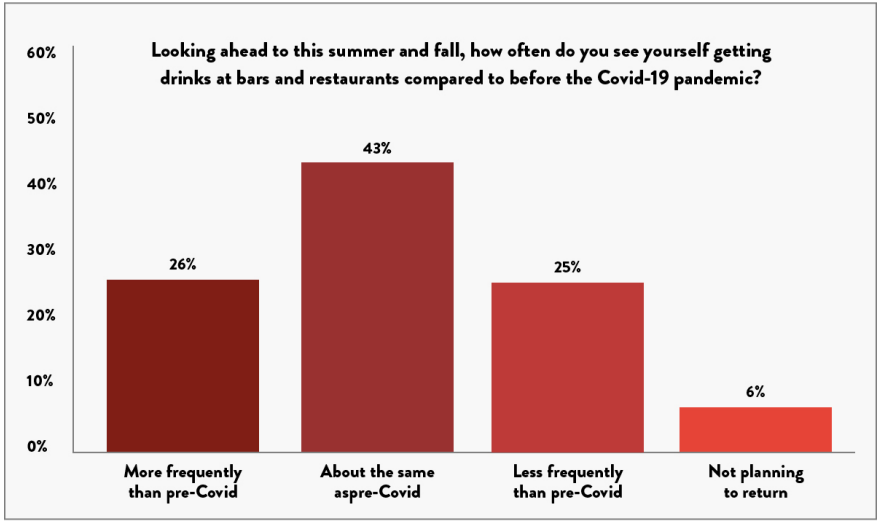
However, halfway into the year, the impact is shifting as restrictions lift and the on-premise fully reopens across the US. While about half of consumers are ready to return to “normal,” the other half are split.

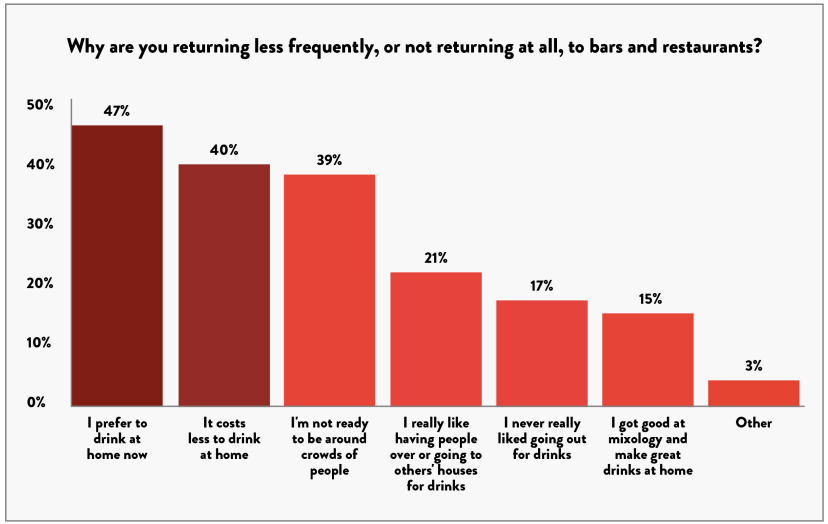
Where do you plan to drink alcoholic beverages most regularly this summer and fall? According to IWSR[4], historically the split between on-premise and off-premise alcohol sales is 20% vs 80%, respectively. Our 2021 consumer survey shows signs of moving back towards this "normal" split after nearly a year and a half of the pandemic's impact causing a significant decline in on-premise consumption. 16% of respondents plan to drink most regularly bars and restaurants this summer and fall. 69% plan to sip at their own and friend's or family's homes, while 14% expect to drink most regularly at outdoor locations like parks and beaches.



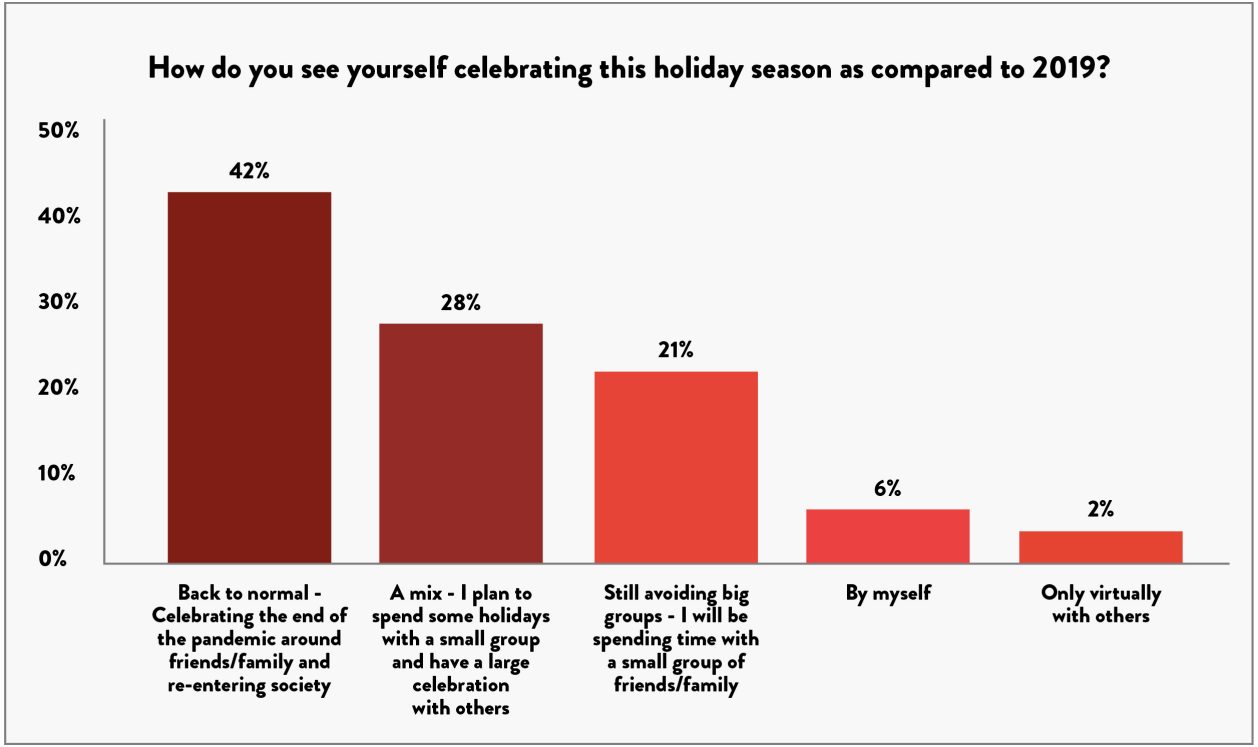
[4]Data sourced from IWSR Drinks Market Analysis in 2020.

How often do you see yourself getting drinks at bars and restaurants compared to before the pandemic? A year and half after the pandemic shuttered on-premise venues, only six percent of respondents reported that they did not plan to return to a bar or restaurant. The greatest number of respondents (43%) plan to return to bars and restaurants this summer and fall about the same as they did pre-pandemic, and the other half of consumers are split. While 26% of respondents report they plan to drink on-premise more frequently than pre-pandemic, just about as many (25%) plan to less frequently. For the 31% of respondents who plan to drink at bars and restaurants less frequently or not at all this summer and fall, the leading reasons are that they prefer to drink at home now and that it costs less to drink at home.





How do you see yourself celebrating this holiday season as compared to 2019? Looking ahead to holiday season celebrations, the story is similar to the return to bars and restaurants. 42% plan to celebrate like they did prior to the pandemic, with big celebrations. The other half are split between a mix of some bigger celebrations and others in small groups (28%) or keeping all celebrations small and avoiding big celebrations (21%). The final 8% of consumers plan to stick with celebrating by themselves or virtually.



While the pandemic fueled alcohol e-commerce, it is poised for long-term growth.

Like many categories, online sales and delivery of alcohol skyrocketed over the past year and half as consumers looked for ways to shop from the safety of their own home. As we move beyond the pandemic, not only will online ordering continue, a majority of consumers expect to order alcohol online more than they did during the pandemic.

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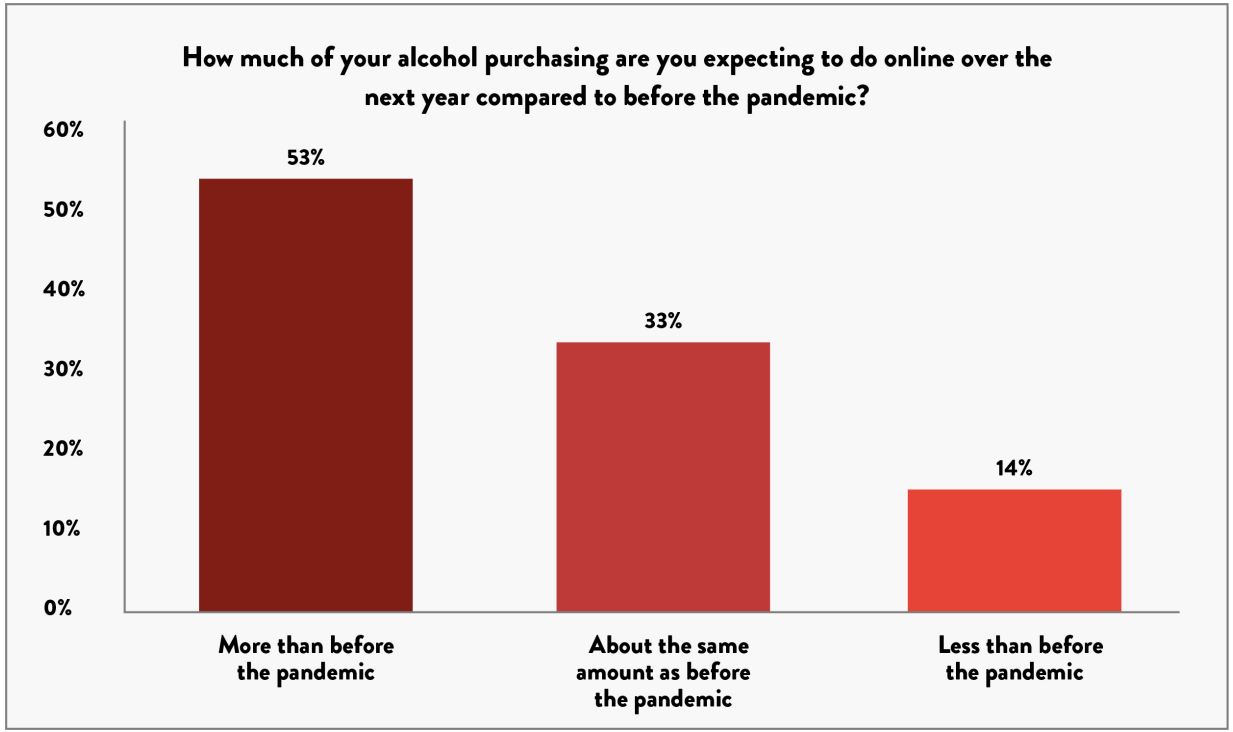
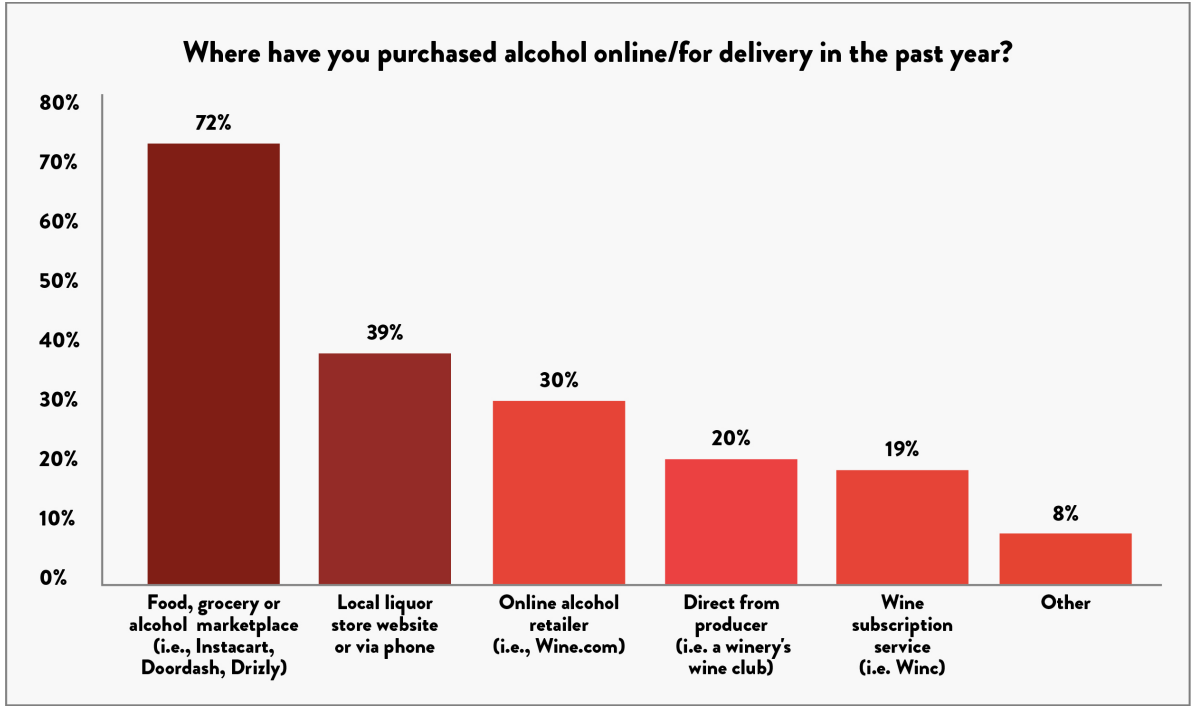
How much of your alcohol purchasing are you expecting to do online over the next year compared to before the pandemic? Despite spikes in delivery order volume and stock-up behavior that occurred amidst the pandemic, the majority of respondents (53%) anticipate more of their alcohol purchases will be made online in the next year compared to during the pandemic. Another 33% expect to order online about the same as during the pandemic, while only 14% plan to order less.



Where have you purchased alcohol online/for delivery in the past year? Online marketplaces, including those focused especially on alcohol as well as those that sell alcohol in addition to other categories like food and grocery, led responses with 72% of consumers who have purchased alcohol online in the past year. 39% of respondents have bought drinks online or for delivery directly from retail stores. Direct-to-consumer offerings including online-only retailers, subscription services, and producers were reported by 69% of survey takers.



About Drizly

Drizly is North America's largest e-commerce alcohol marketplace and the best way to shop beer, wine, and spirits. With the speed and convenience of on-demand delivery and shipping, Drizly partners with retailers in over 1,800 cities to offer consumers of legal drinking age unrivaled selection and a transparent, personalized shopping experience. Backed by world-class institutional investors, Drizly partners with retailers to bring their shelves online, helping them to reach new customers, tap into key market and customer insights, and diversify their business to grow sales.

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