

BevAlc Insights

by DRIZLY 

2022 Retail Report



Key Findings*



Supply chain seen as biggest headwind, and while inflation concerns loom, a large majority of retailers see consumers still willing to pay for delivery



Bubbly (albeit less pricey), bourbon and tequila expected to top holiday gift lists; alcohol gift purchases online poised to increase



2023 crystal ball: tequila will keep rolling; red wine and craft beer are poised for comebacks



New breed portable drinks are here to stay, and there's plenty of shelf space for both RTD cocktails and hard seltzers



Retail decision-making: customers speak loudest; celebrity owned is mattering more



*The survey is based on a representative sample of more than 250 adults who manage or own an independent liquor store and represent both non-Drizly partners and current Drizly Retail Partners. Respondents were recruited from Drizly's database and results were gathered in the form of an online survey. This survey was fielded in September-October 2022.

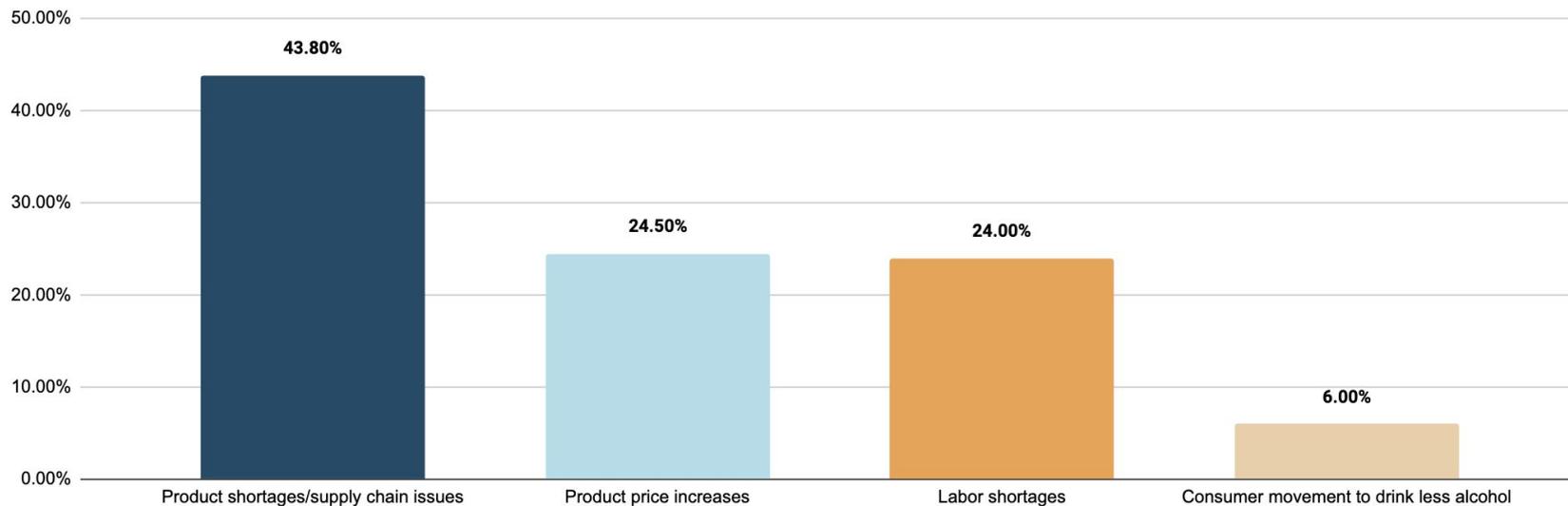
Supply chain seen as biggest headwind, and while inflation concerns loom, a large majority of retailers see consumers still willing to pay for delivery



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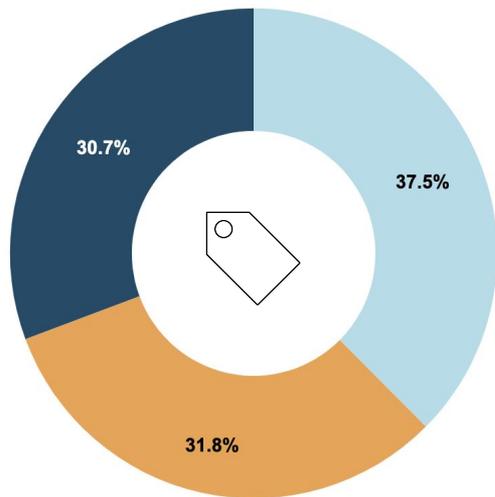
What is the biggest headwind you anticipate facing next year?

Even with inflation's threat making front page news, the supply chain continues to concern adult beverage retailers most, cited by **44%** of this year's respondents. Rising price threats clocked in second at **25%**.



Have you introduced more deals, sales or loyalty programs in the last year, in response to inflation?

Still, **82%** of retailers polled are at least somewhat concerned about rising prices' impact on holiday sales, and **63%** believe that inflation has impacted their sales this year. As a result, **38%** said they put more deals, sales and loyalty programs in place this year compared to last, while their shoppers are opting for less expensive products and fewer premium options.

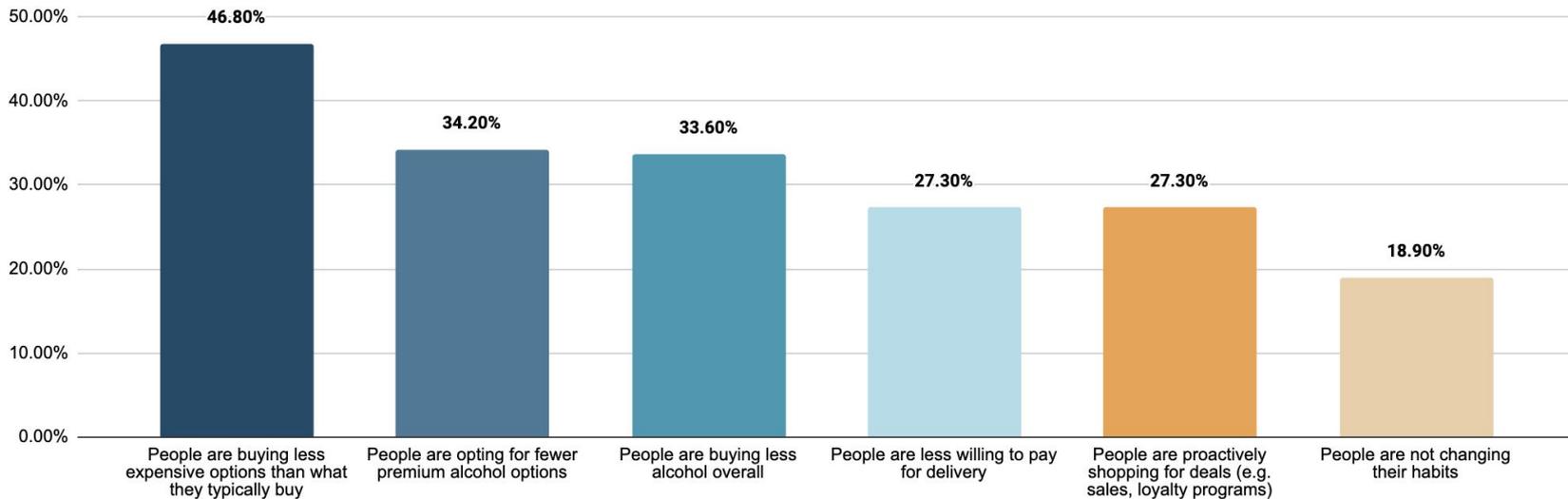


- Yes, I have introduced more deals, sales or loyalty programs.
- I am offering the same number of deals, sales or loyalty programs as I did before inflation spiked.
- No, I have not introduced/ do not offer any deals, sales or loyalty programs as I did before inflation spiked.

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Based on what you've seen this year to date, how have consumers shifted their alcohol shopping due to inflation compared to years prior, if at all?

At the same time, **73%** of respondents reported that shoppers are still willing to pay for the convenience of delivery, underscoring that new shopping habits formed over the past few years appear to have staying power.

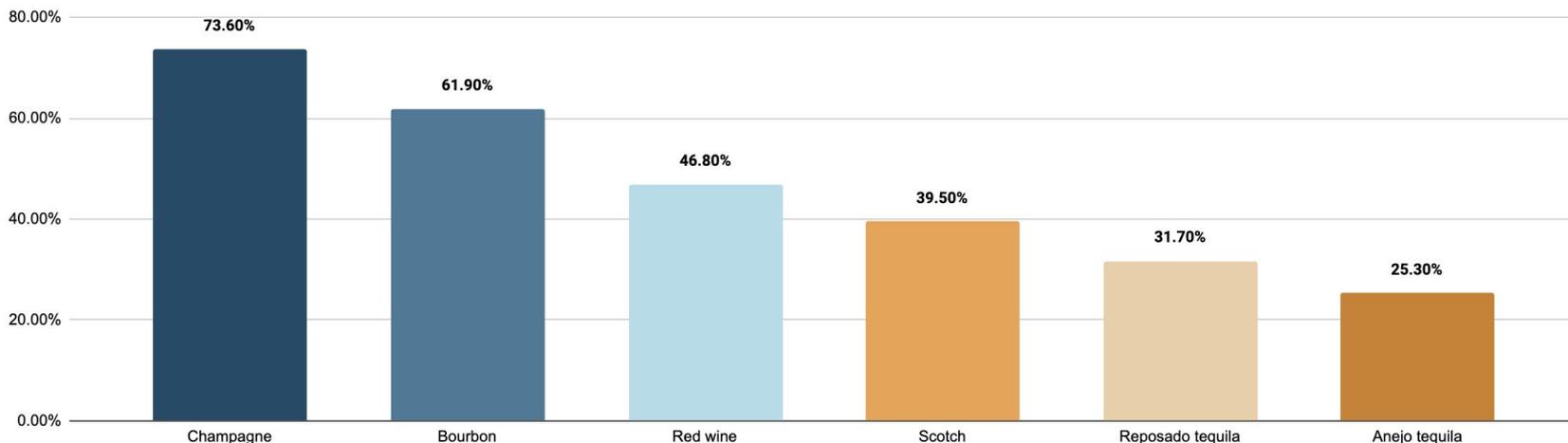


**Bubbly (albeit less pricey), bourbon and tequila
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What products do you anticipate people will gift most this holiday season?

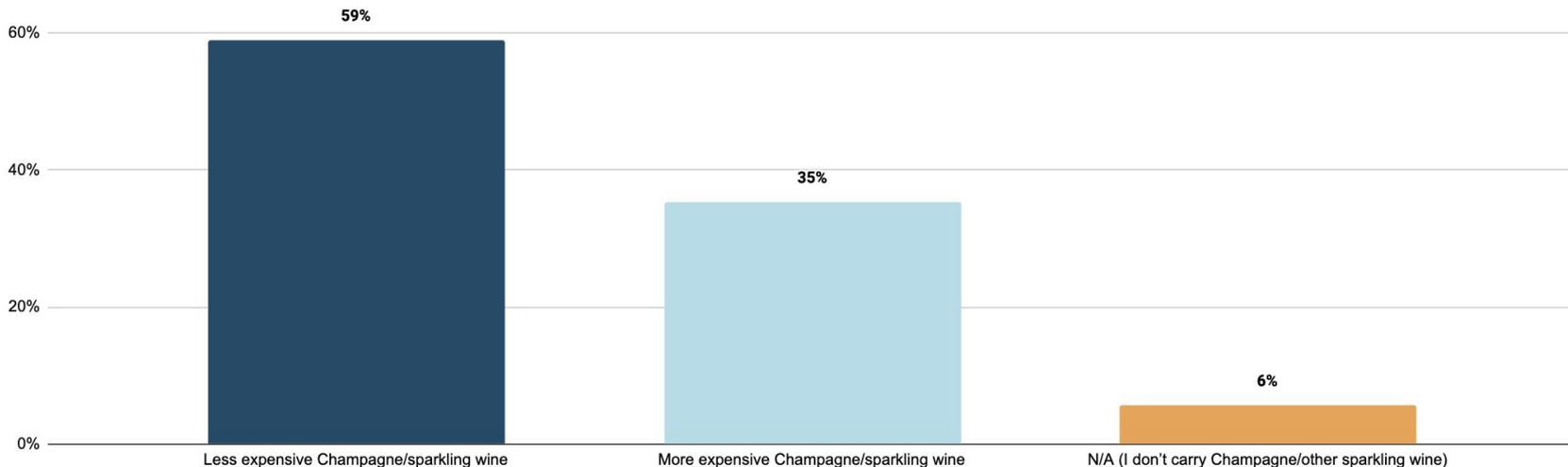
According to retailers surveyed, adult beverage gift givers this season will favor Champagne (**74%**), bourbon (**62%**), tequila (**57%**), and red wine (**47%**). Ready-to-drink (RTD) cocktails are poised to get in on the gifting act too – at **37%**, outpacing the likes of mainstays like vodka (**30%**) and up-and-comers like non-alcoholic spirits (**11%**).



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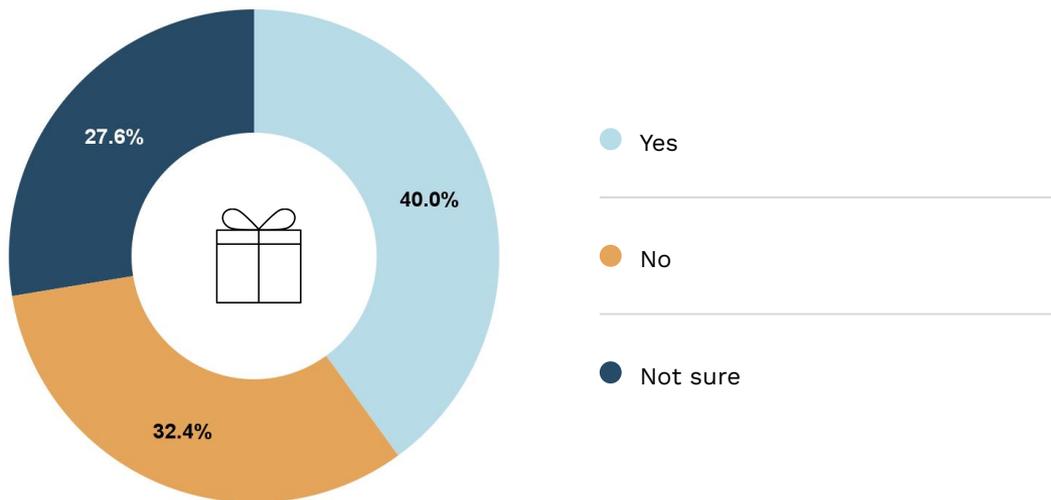
On a per-bottle basis, what do you expect people to buy more of this year compared to last year?

An inflation-driven trade down for Champagne and other sparkling wines may be on the horizon, with **59%** of retailers expecting to sell more less expensive bubbly than last year, on aggregate.



Do you expect to see more online gift orders this year compared to last year?

In terms of how holiday gifts will get transacted, more retailers (**40%**) expect online gift orders to grow this year compared to last year than those who don't (**32%**). This mirrors the sustained momentum Drizly has experienced for gifting on the platform over the past few years, with gift order share scaling over 100 percent from 2019 through 2022 to date.

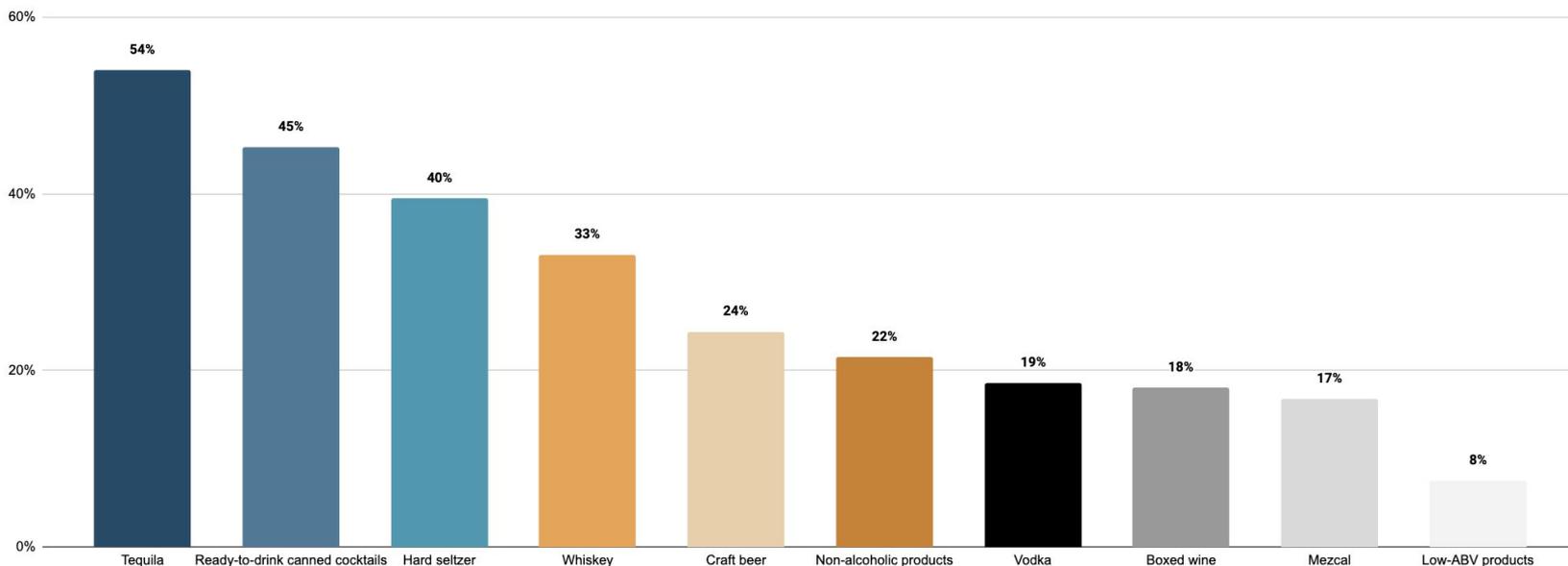


2023 crystal ball: tequila will keep rolling; red wine & craft beer are poised for comebacks



In the past year, what category has overperformed your expectations? Select all that apply.

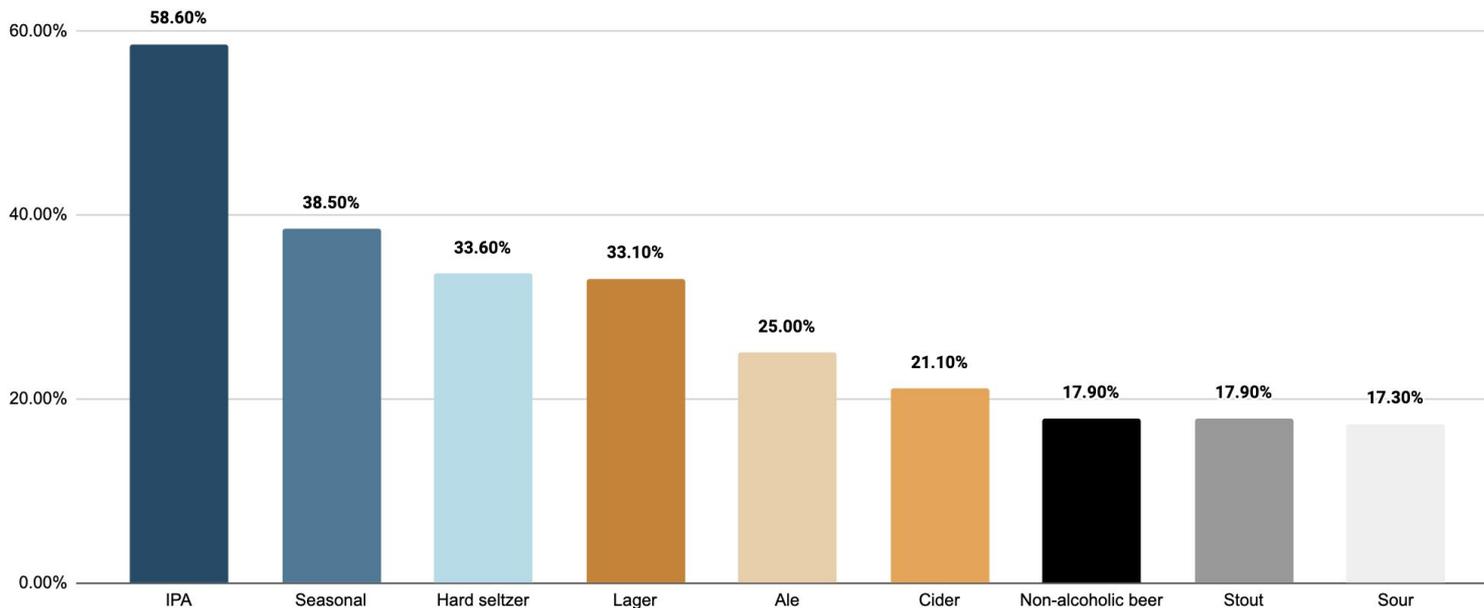
The juggernaut that is tequila shows no sign of slowing down. **64%** of retailers surveyed plan to give the agave-based spirit more shelf space than any other spirit next year, edging bourbon by nearly a point and a half, and switching places with it from last year. Such thinking may be rooted in another finding: **54%** of retailers said that tequila has over-performed their expectations this year, outpacing all other spirits.



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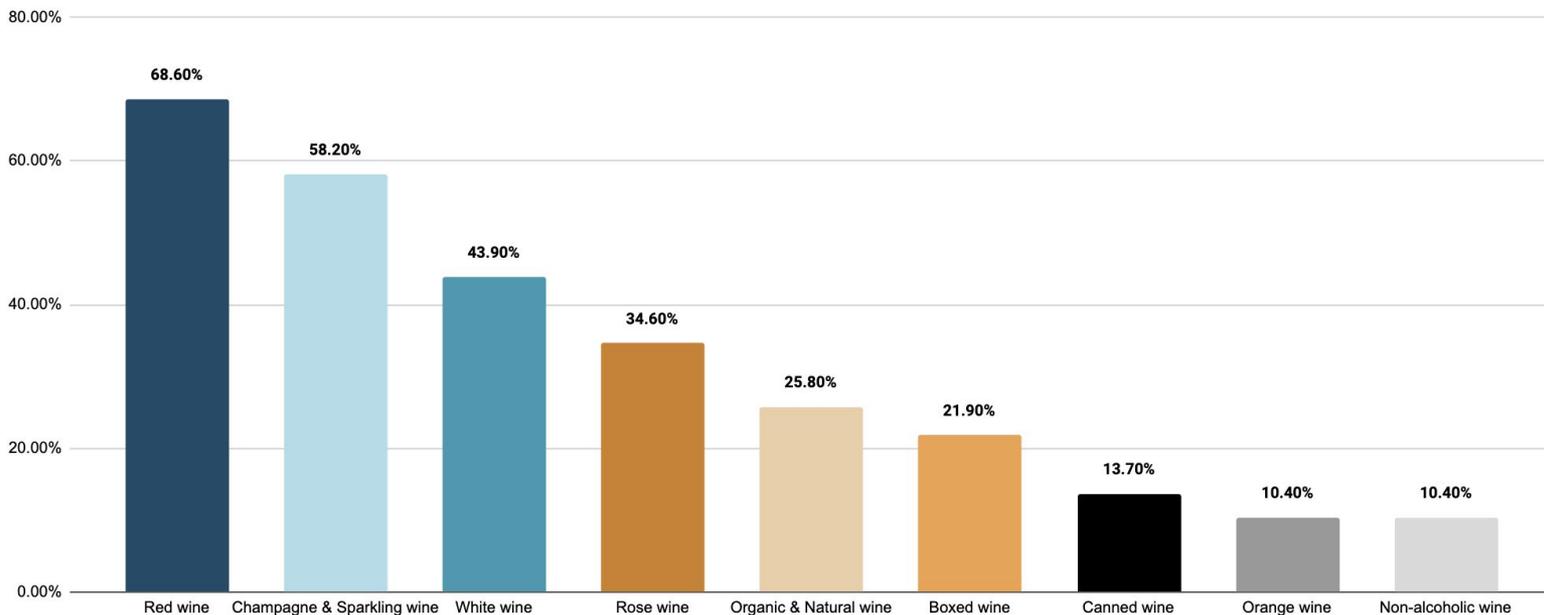
Which of the following beer categories do you expect to stock more of next year? Select all that apply.

Could 2023 mark a comeback for craft beer? Retailers are bullish, with **35%** of respondents citing craft beer as the top trending adult beverage category for 2023. Style-wise, **60%** of respondents singled out IPA for additional cooler and shelf space next year. With IPA sales as a share of overall sales on Drizly having declined by 1 percentage point in the past 12 months, next year may be poised for a shakeup.



Which of the following wine categories do you expect to stock more of next year? Select all that apply.

Merchants are seeing red for wine sales next year. Nearly **69%** of respondents expect to carry more red wine come 2023, ahead of Champagne and sparkling wines (**58%**) and white wine (**44%**). That expectation echoes a similar finding in this year's Drizly Consumer Trend Report¹, which found an increasingly clout-carrying Gen Z expecting to up their purchases of red wine more than any other alcohol segment. And echoing IPAs, it signals a possible about face: red wine sales have lost 2 share percentage points in overall Drizly wine sales in the past 12 months.



¹ Source: Drizly Consumer Trend Report, 2022

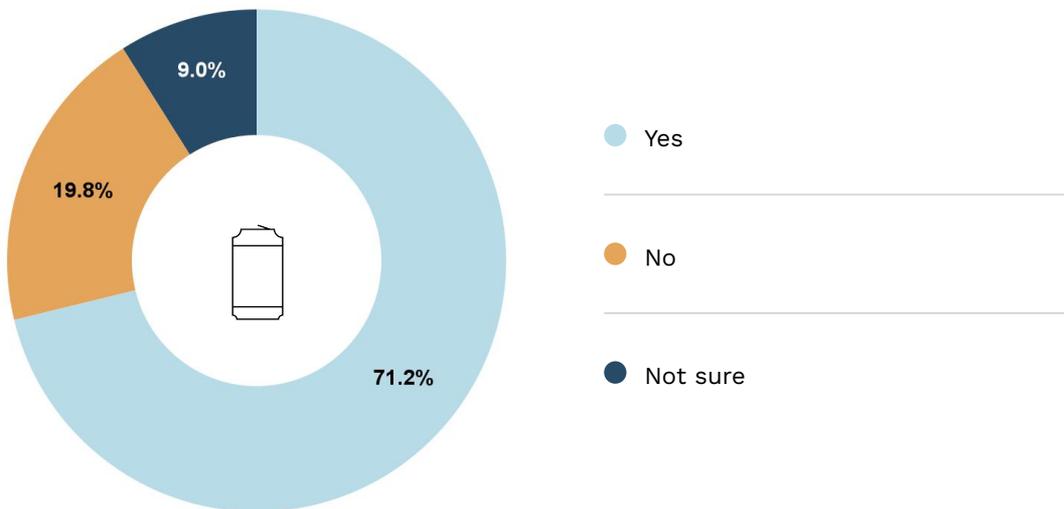


**New breed portable drinks are here to stay,
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Has the growth of canned alcoholic beverages (e.g., RTD cocktails and/or hard seltzers) permanently changed how and where you stock your products?

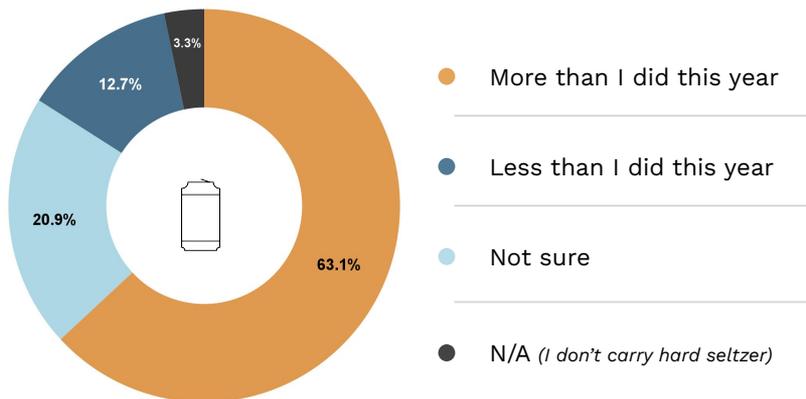
The canned adult beverage innovation phenomenon of the past five years has fundamentally altered how retailers manage their shelf, cooler and floor space. **71%** of respondents said that RTD cocktails and their hard seltzer canned cousins have permanently changed how and where they stock products. Moreover, RTDs and hard seltzers finished second and third, respectively, in terms of categories that have outperformed retailers' expectations this year, trailing only tequila.



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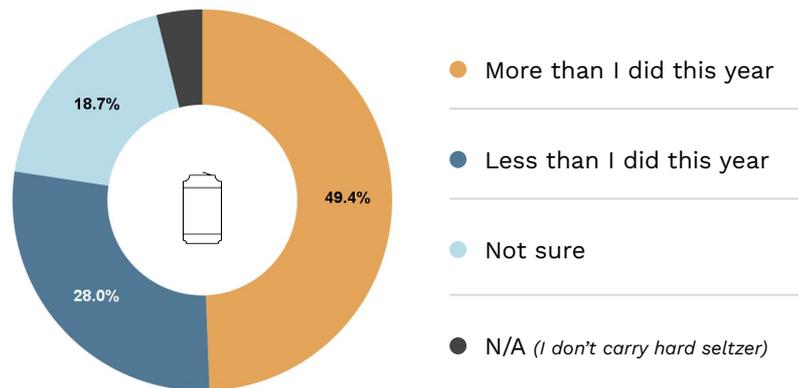
How much ready-to-drink cocktails (RTDs) inventory do you expect to carry next year?

Looking ahead, **63%** of respondents expect to carry more RTD inventory next year, with a mere **13%** planning to stock less. And overall, RTDs trail only tequila, bourbon and scotch among categories retailers plan to stock more next year.



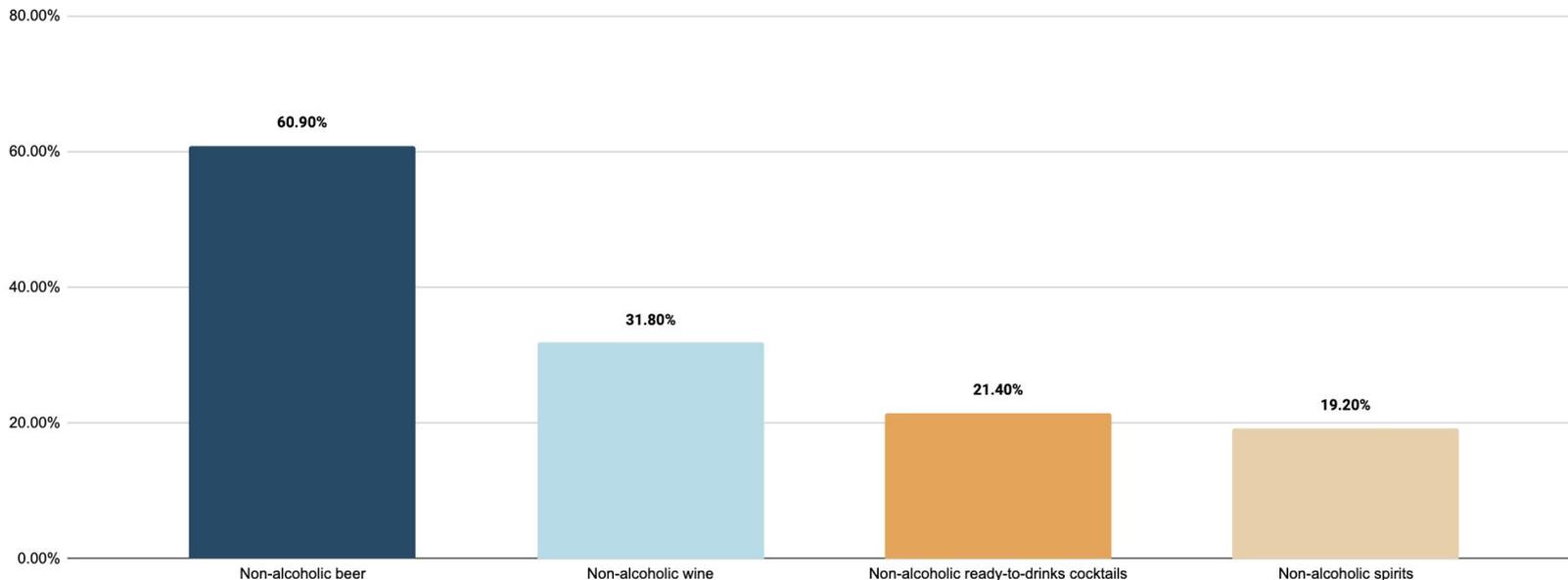
How much hard seltzer do you expect to carry next year?

Despite reports of hard seltzer's growth slowdown, the flavored malt alternative has clearly established its place in the category, with **49%** of retailers surveyed planning to carry more hard seltzer next year.



Which non-alcoholic category are you planning to stock more of next year? Select all that apply.

As portable, single-serve drinks continue to trend and non-alcoholic (NA) options proliferate across all adult beverage segments, beer is poised to drive overall NA growth. Nearly **61%** of respondents called out beer as the non-alcoholic product they're planning to stock more next year – nearly 30 points ahead of second-place finisher wine. Overall, **18%** of retailers surveyed plan to carry more NA beer in 2023.

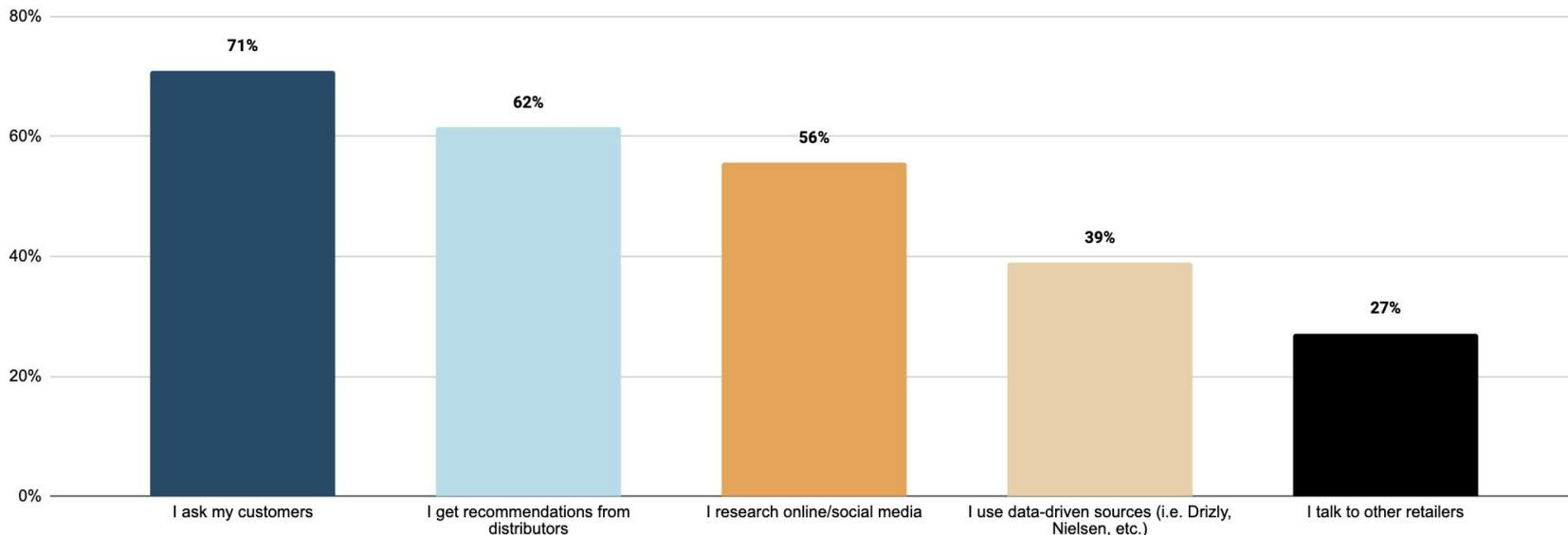


Retail decision-making: customers speak loudest; celebrity owned is mattering more



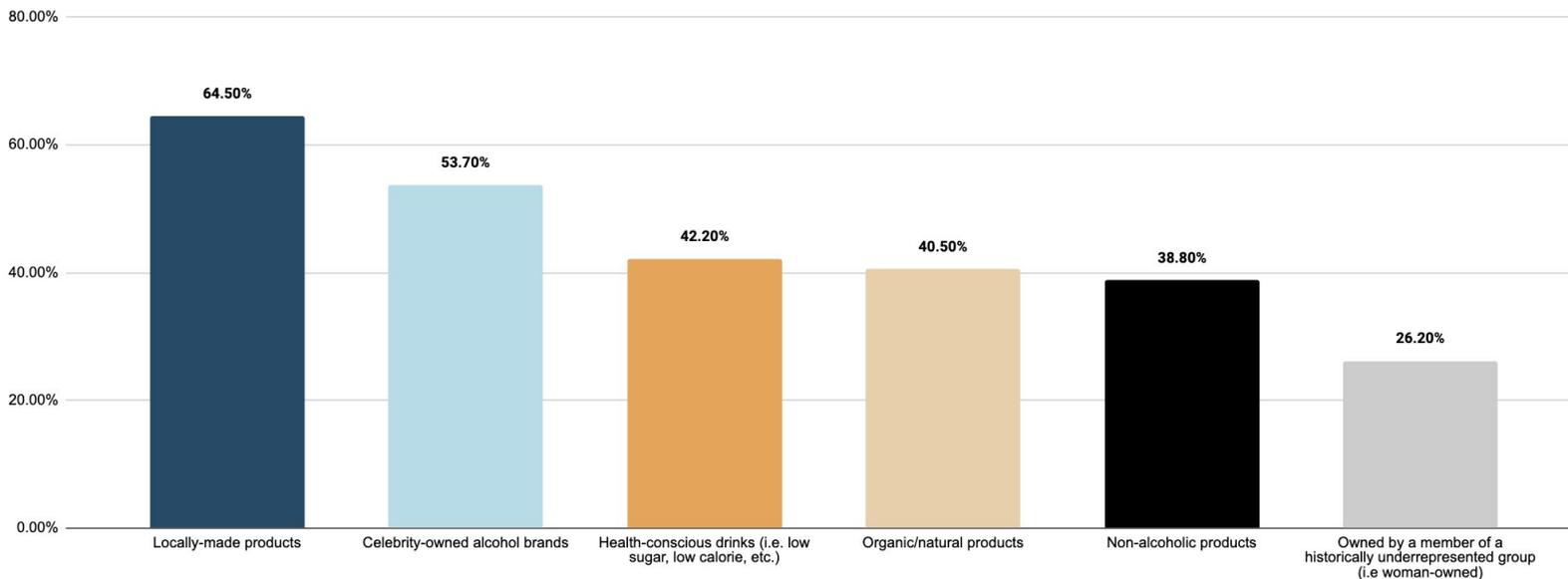
How do you prioritize which new brands to carry? Select all that apply.

As the middle tier players between suppliers and retailers in a tightly regulated industry, distributors have traditionally had strong influence on product stocking. That sway still holds, with **65%** of respondents citing such recommendations as a factor in inventory decision making. This year, however, **71%** of retailers identified customer feedback as a strong factor. At **56%**, online and social media research ranked third, where consumer attitudes and behaviors can be tracked in near-real time.



Do you intentionally stock any of the following types of products? Select all that apply.

“Celebrity owned” climbed into second place among special product attributes this year, with **54%** of retailers identifying star power as a reason to carry a product – up from third place last year. With well-traveled success stories like George Clooney-founded Casamigos (Drizly’s top-selling tequila brand) being joined by newer players like The Rock’s Teremana (Drizly’s 7th top-selling tequila brand), the ongoing evolution of star powered adult beverages is well worth watching.



BevAlc Insights

by DRIZLY 

BevAlc Insights by Drizly is a resource for data and insights about the beverage alcohol industry and the growing e-commerce sector. Leveraging Drizly's unique data and access to experts and partners throughout the industry, BevAlc Insights forecasts category and market trends, shares consumer insights, and showcases operational successes to support and empower a network of retailers across the U.S. and Canada. Retailers interested in learning more about growing their business and optimizing with on-demand alcohol delivery on Drizly's e-commerce platform can find more information at joindrizly.com.

