OPUS Outlet Index REACH BeverageTrak

Is the **Australian On Premise** following global trends or on a different path ?

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Today's Speakers

Scott Elliott

MANAGING DIRECTOR: APAC

James Phillips

CLIENT SOLUTIONS DIRECTOR ANZ

Unrivalled coverage of On Premise Data and Research

Bartender Research

Qualitative Research on what Bartenders are seeing in the channel

OPUS

On Premise User Survey Consumer Insights

Outlet Index

Shape and Size of the On Premise

BeverageTrak

New POS data tracking sales in outlets across Australia

REACH

Global Insights from 25,000 consumers in 27 markets

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Contents

THE RETURN OF THE ON PREMISE AROUND THE WORLD

Firstly, why is this channel important?

Consumption & penetration

On average, consumers estimate they drink

40%

of their **total alcohol** consumption in the **On Premise**

Emotional relationships

3 in 5

Consumers state that experiences in the **On Premise** have prompted them to purchase drinks in the **Off Premise**

Trial, trade up & exploration

36%

Of consumers typically try **new drinks** in the **On Premise**, compared to 31% who "stick to what they know"

27%

Have paid more for **better quality** drinks

Source: CGA Reach, Sample size: 17664-21327

84%

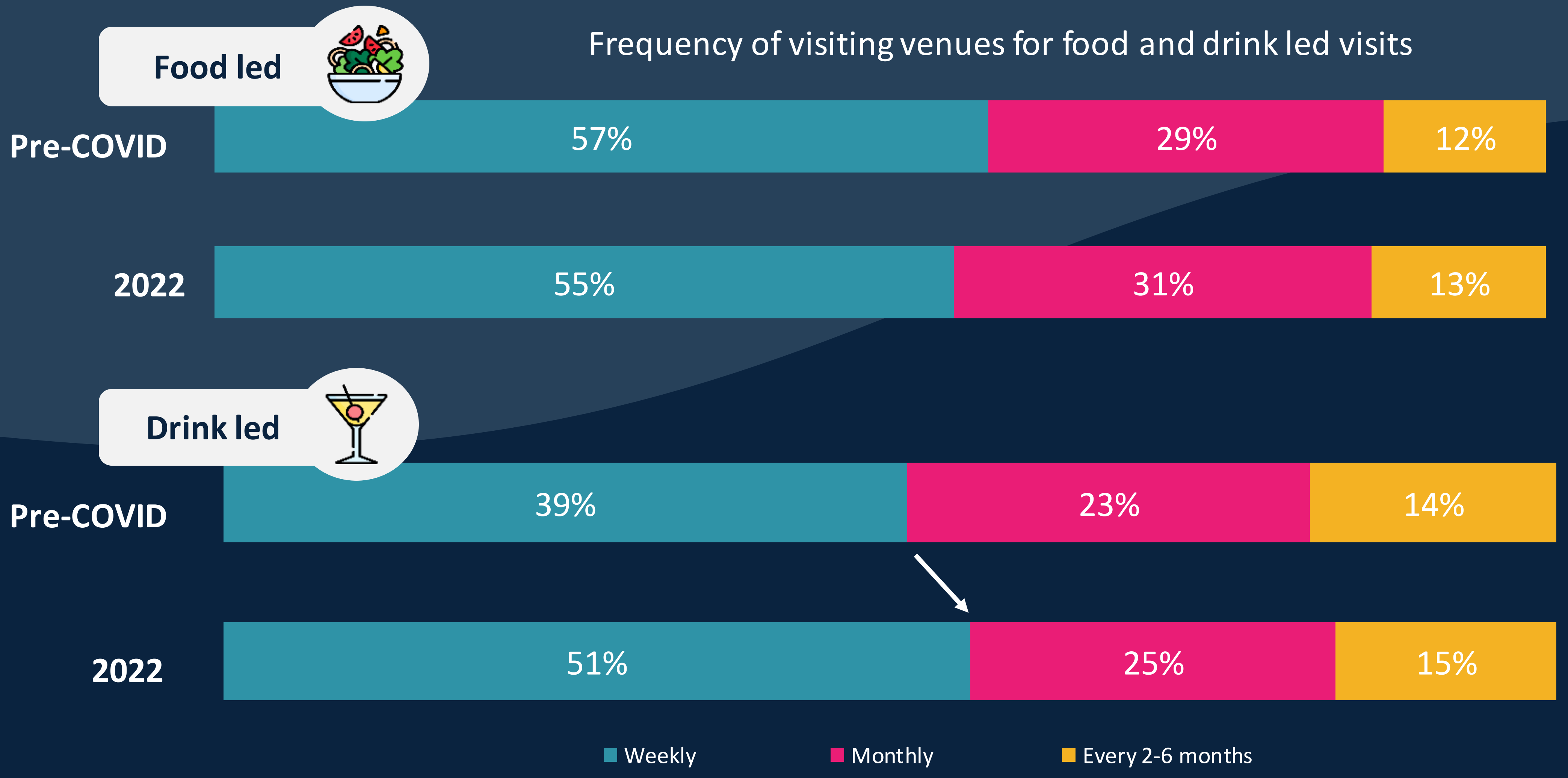
Of global consumers typically visit the On Premise

+3pp

vs 1YA

CGA REACH 2022 – Sample size: 37,934

Across the globe, we are broadly at pre-COVID levels of visitation, with the weekly frequency of Drink-led visits being the real winner



CGA REACH 2022 – Sample size: 24,570

This consumer demand is being met via a reduced Supply, meaning lower distribution and higher competition for most beverage suppliers.

'High quality', brand-relevant distribution has never been more important

Market reduction since pre-COVID

US	GB	France
14,222	**9,200**	**10,455***
-4.7%	***-8.0%***	***-6.3%***
Of total universe	*Of total universe*	*Of total universe*

*Estimated based on CGA delivered universe

Overall, consumer demand is not expected to significantly decline

47%

of global consumers plan to visit hospitality venues **more often** this year than they did in 2021

39% as often
14% less often

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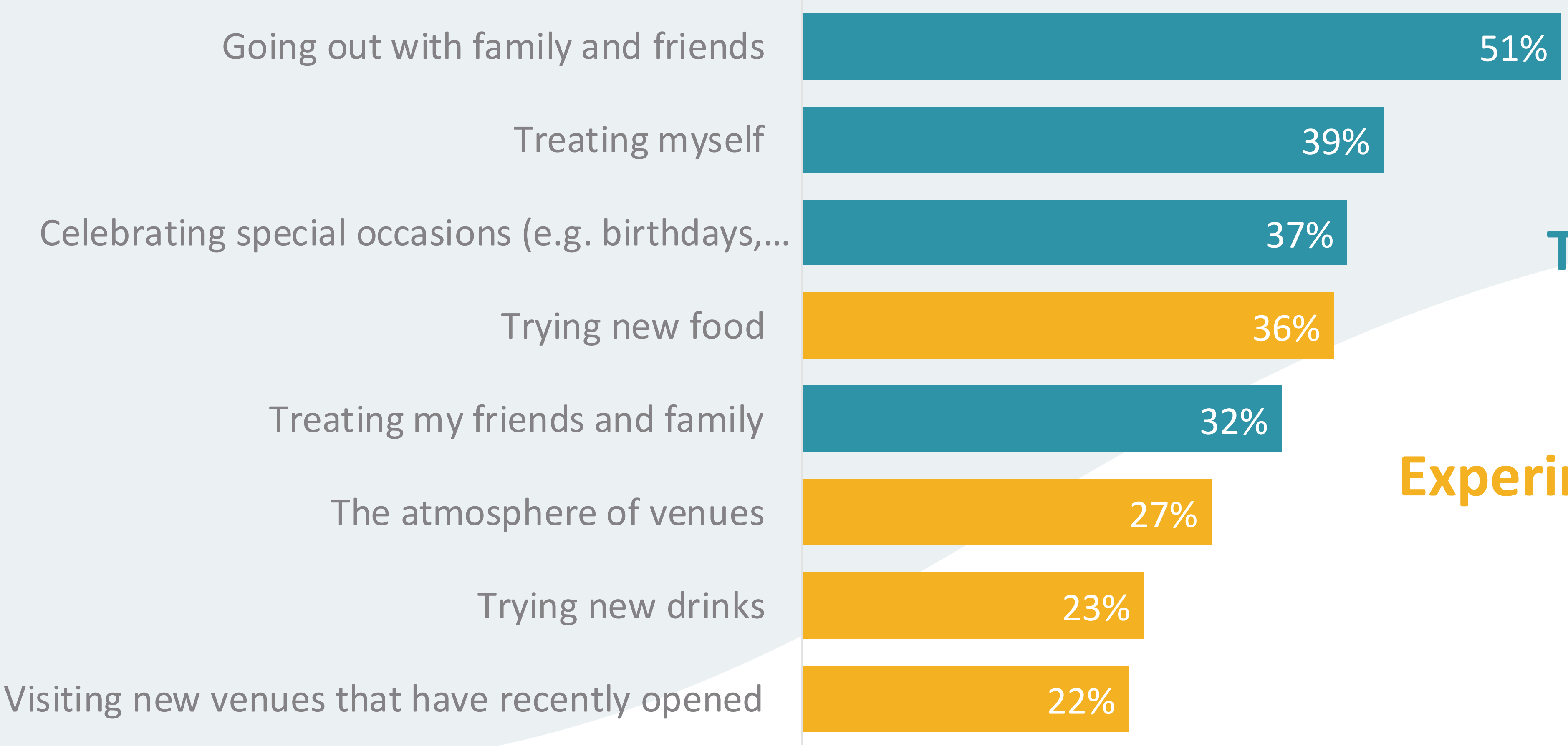
CGA REACH 2022 – Sample size: 24,393

Consumers have a real desire to make up for lost time, visiting the channel with a *Treat* and *Experimentation* mindset

Which of the below are you most looking forward to doing this year when eating and drinking out?



Treat

&

Experimentation

CGA REACH 2022 – Sample size: 24,556

The Aperol Spritz Social

Seaport Artois

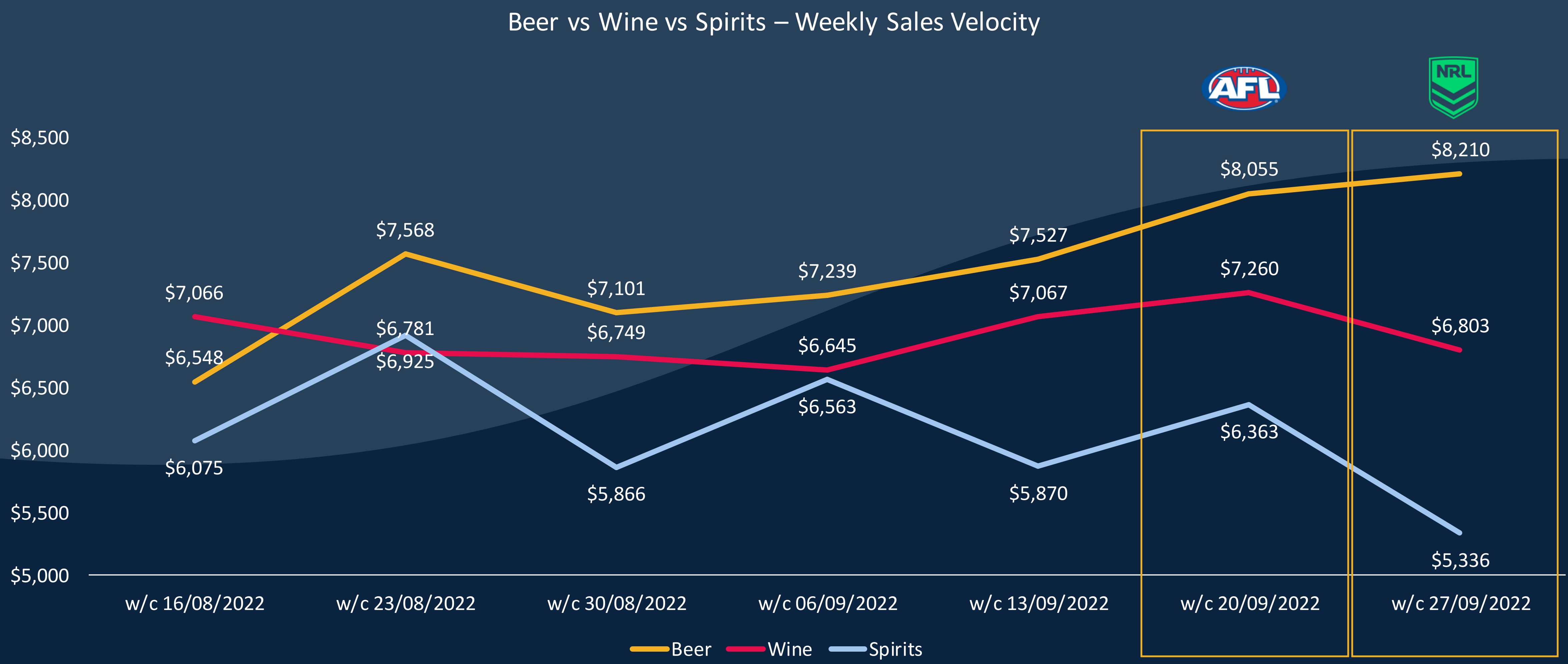

Red Bull Lab Bar

Corona Hard Seltzer Limonada x Duolingo

Piazza De Aperol Covent Garden

Absolut.Land, Coachella 2022

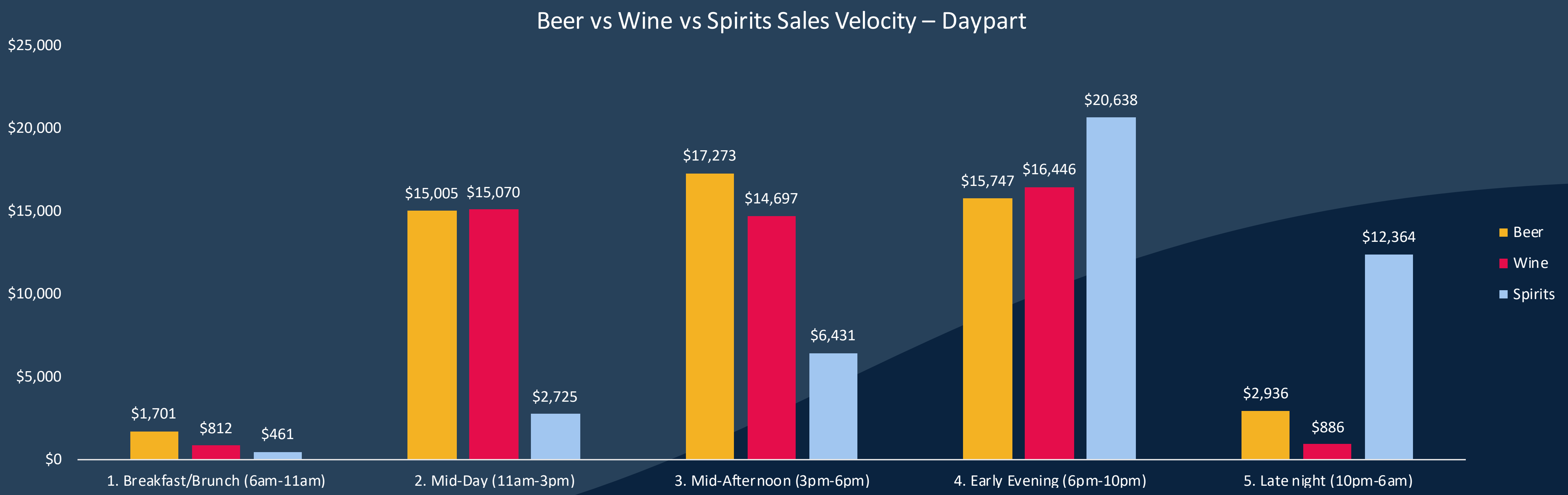
Big events can drive higher category sales



BeverageTrak

Source: CGA BeverageTrak Australia – wc 16/8/22 – 27/9/22

Daypart preference can focus activation

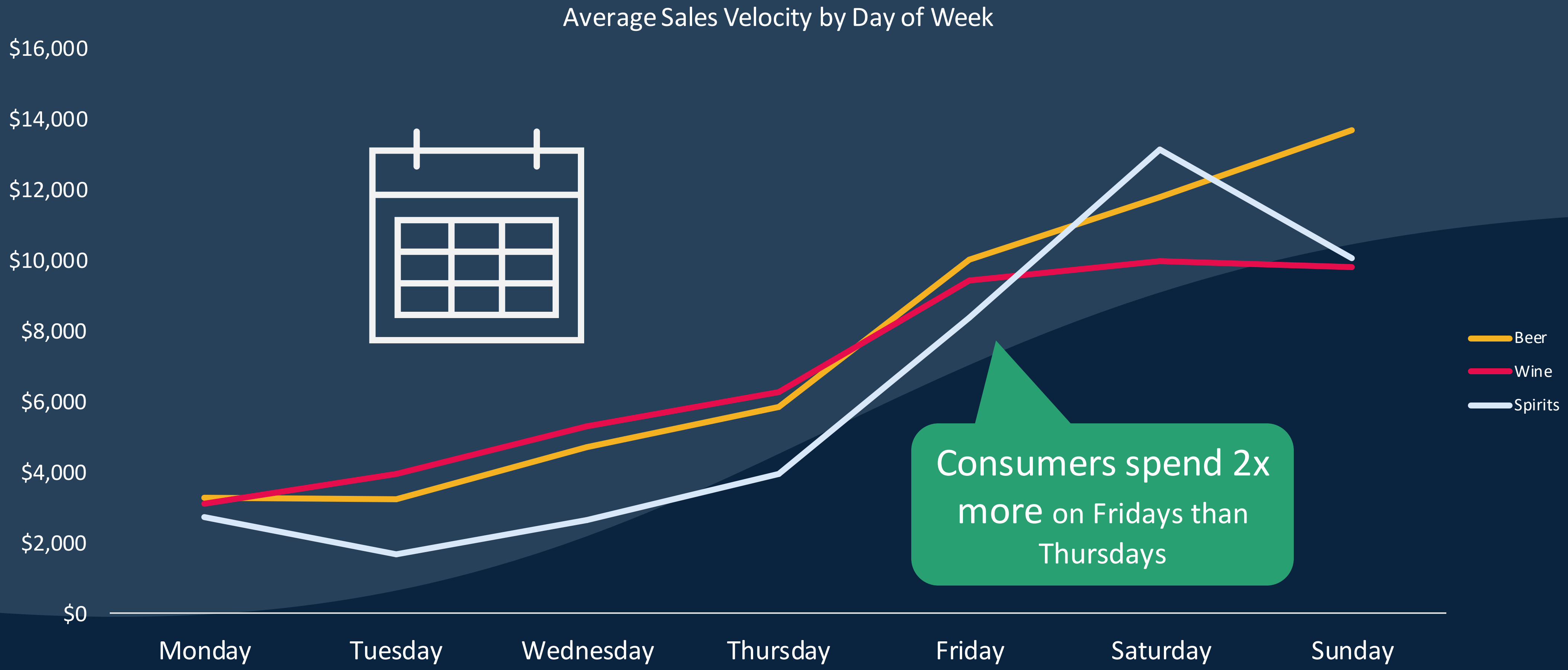


BeverageTrak

CGA Powered by NielsenIQ

Source: CGA BeverageTrak Australia – wc 16/8/22 – 27/9/22

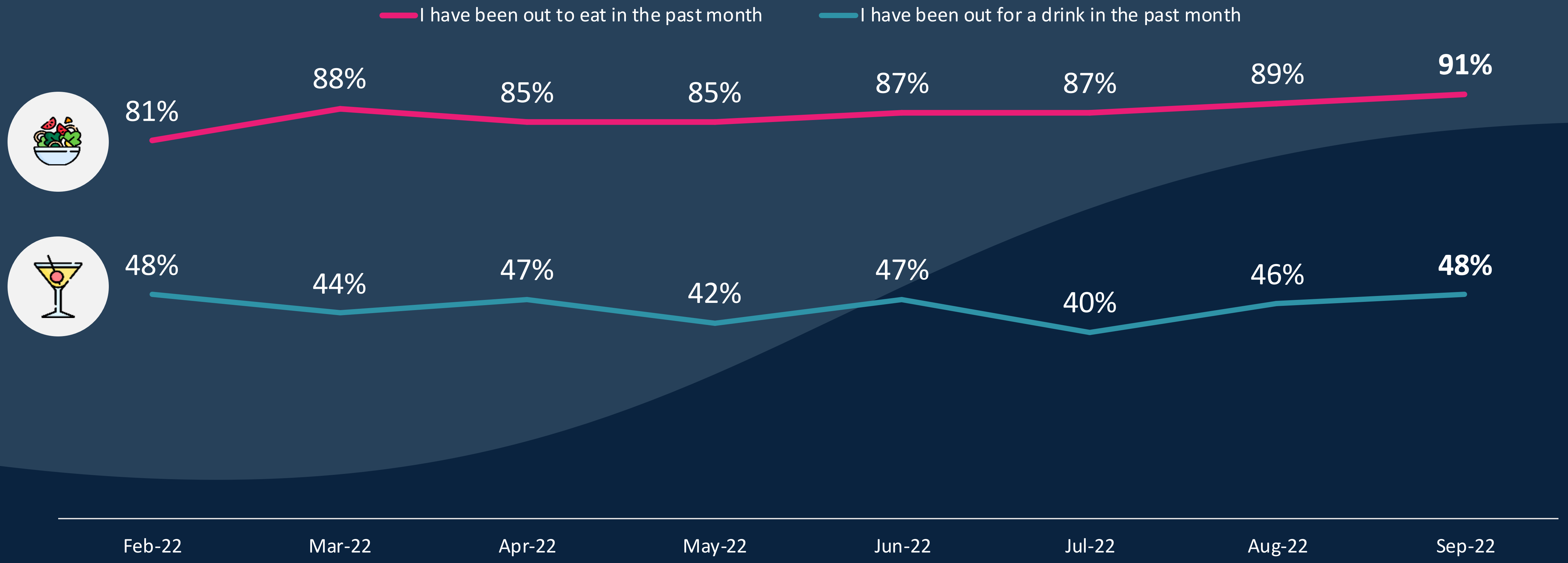
Thursday did not become the new Friday….



BeverageTrak

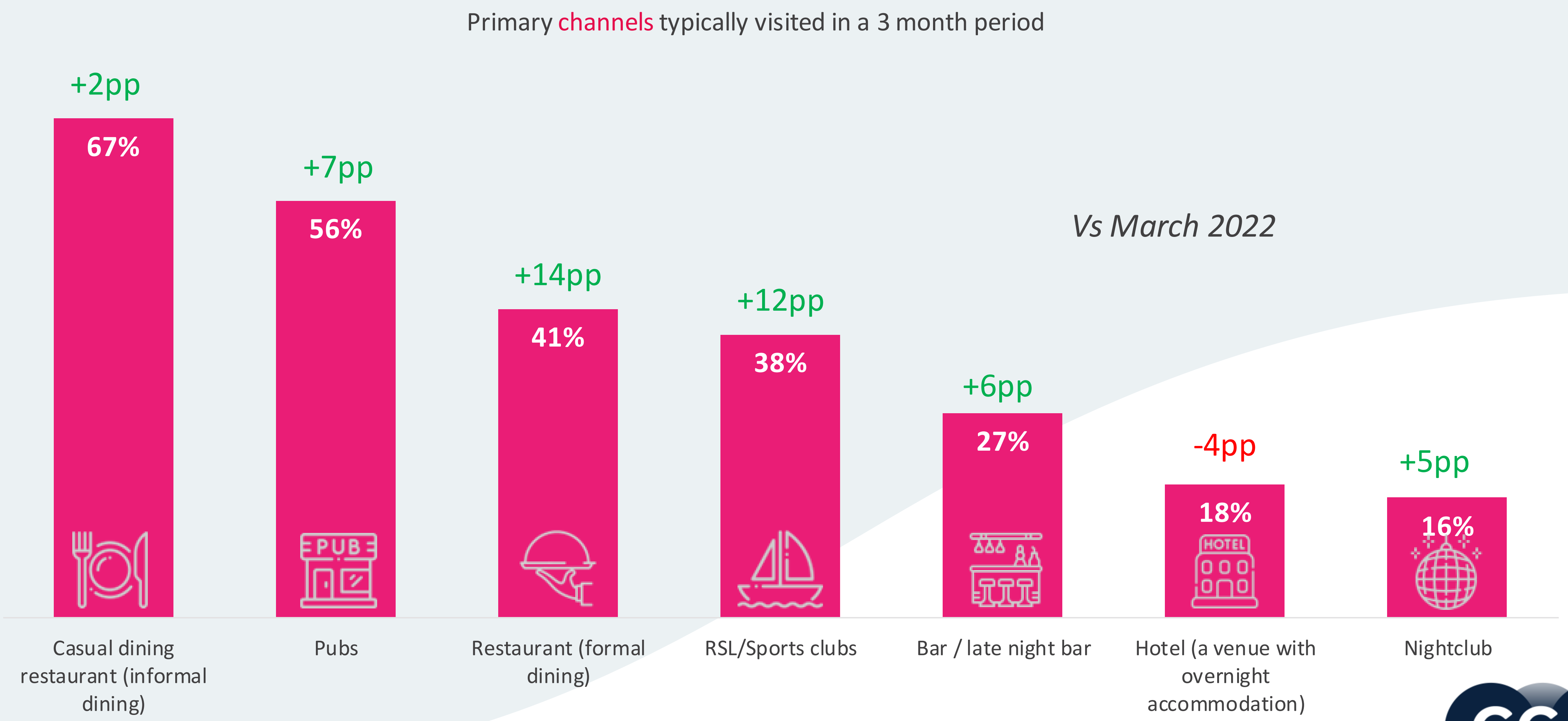
Source: CGA BeverageTrak Australia – wc 16/8/22 – 27/9/22

Translating to increased channel penetration in Australia



Source: CGA monthly On Premise Consumer Pulse Report – Sample: 751

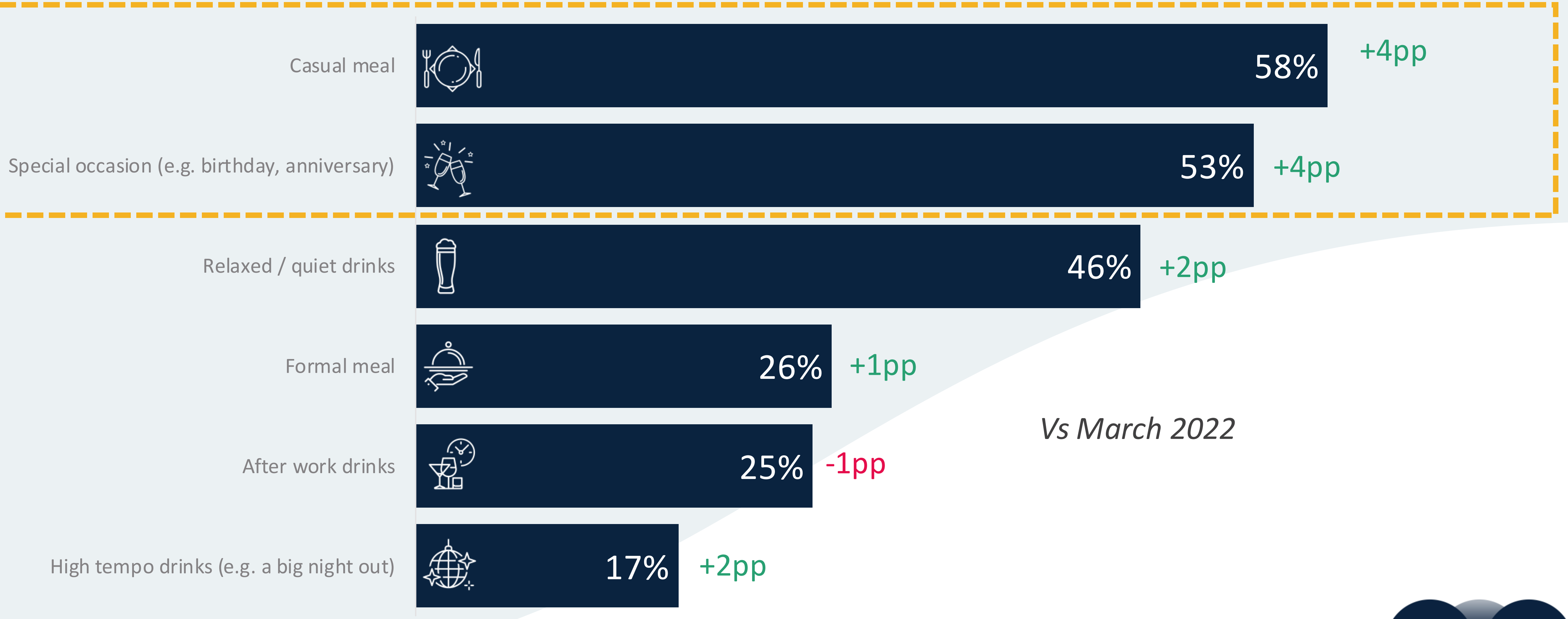
With penetration growth across most channels in the past 6 months



Source: CGA OPUS Spring (September) 2022 Australia, 4045

…as did occasions, suggesting opportunities across drink categories

Primary occasions typically visited in a 3 month period



Source: CGA OPUS Spring (September) 2022 Australia & Autumn (March) Australia 2022, 4004-4045

Despite positive penetration gains, in the short term net visit frequency is down

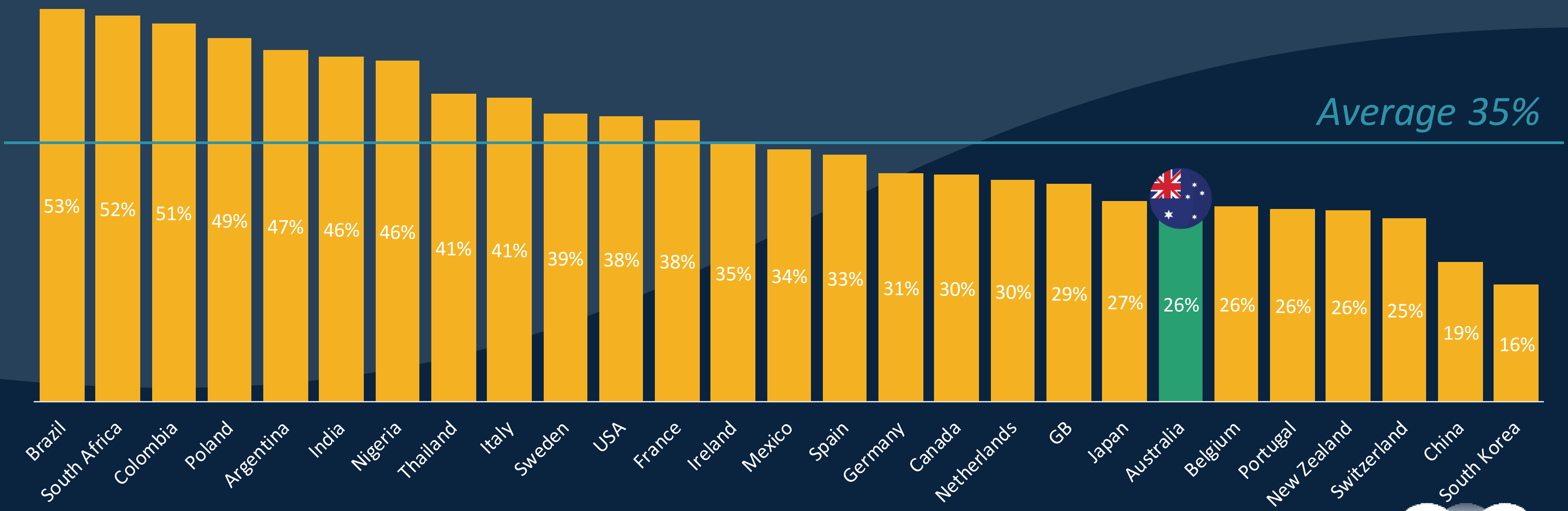
Frequency of visits compared to **3 months ago**

I am going out less often	I am going out as often	I am going out more often
36%	**46%**	**18%**

Source: CGA OPUS Spring (September) 2022 Australia: 1530

Australians are less concerned than many global On Premise visitors by the growing cost of living

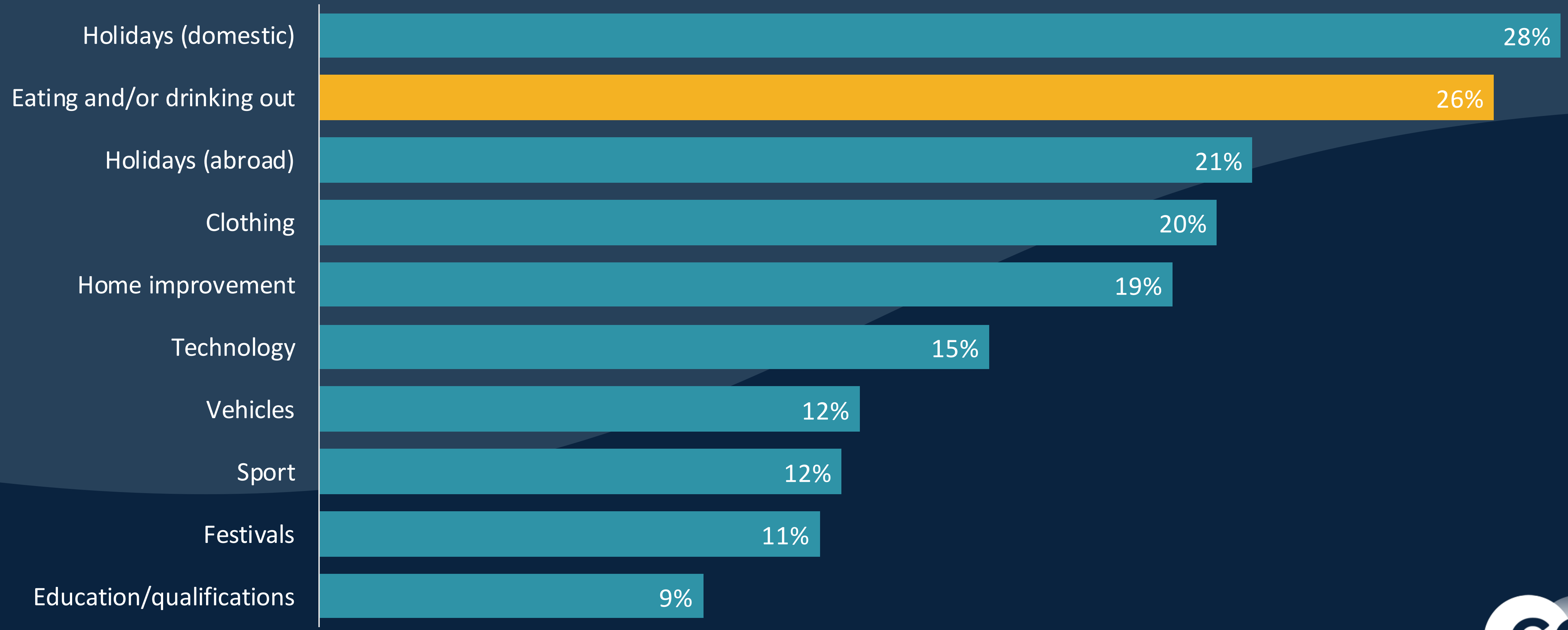
Proportion of consumers who say that the increased cost of living has “severely impacted” their financial hardship



CGA REACH 2022 – Sample size: 25,564

Locally, eating and drinking out remains an affordable luxury

Are you planning to spend more than you usually would on any of the following things over the next 12 months?



CGA REACH 2022 – Sample size: 24,459

Average spend rises echoes consumer confidence in channel

Average spend per month on eating/drinking out

Autumn 2022:

$203

+13.4%

+$27.00

Spring 2022:

$230

Source: CGA OPUS Spring (September) 2022 Australia, 4045, Autumn (March) 2022 Australia, 4004

60%

Of consumers feel **confident** that they will be able to afford to **visit the On Premise as frequently** in the next 12 months

28%

Feel **neither less nor more** confident

12%

Feel **less** confident

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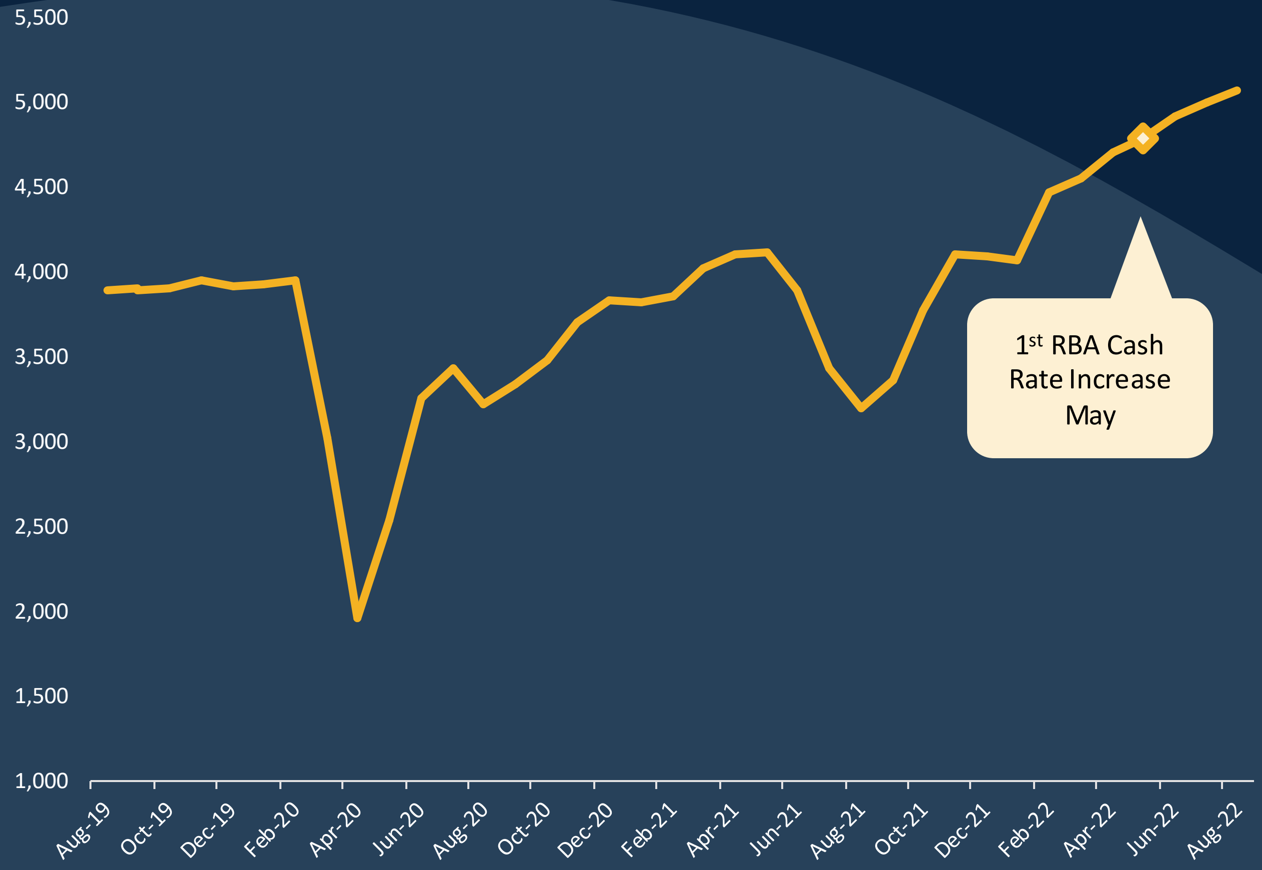
Source: CGA OPUS Spring (September) 2022 Australia, sample size 1,529

The On Premise is a source of economic resilience in Australian retail consumption

Cafes, restaurants and takeaway food services
Retail Sales Seasonally adjusted ($m)



Nasdaq

Australian retail sales keep defying gravity with August jump

Inflation had already surged to a 21-year peak of 6.1% in the June quarter, led by energy, construction and food costs, though petrol prices...

2 weeks ago

"The rise [August] was driven by the combined increase in food related industries, with **cafes, restaurants and takeaway food services up**"

Ben Dorber, Australian Bureau of Statistics Head of Retail

Source: ABS 2022 https://www.abs.gov.au/media-centre/media-releases/retail-sales-continue-rise-06-cent-august, https://www.ragtrader.com.au/news/christmas-spending-to-grow-by-64b-despite-cost-of-living

Consumers see the On Premise as an important part of their lives

How much of a priority is eating/drinking out in your life

I absolutely love eating/drinking out and would be lost without it	I enjoy eating/drinking out and would feel disappointed if I could no longer do it	I like eating/drinking out but could easily not do it	I could very easily stop eating/drinking out and it would have no impact on my life
22%	51%	21%	5%

Source: CGA OPUS Spring (September) 2022 Australia, sample size 1234

ARE CONSUMERS LOOKING TO PREMIUMISE OR IS IT A POLARIZED MARKET?

The post-COVID On Premise visitor is lookingfor what they perceive to highquality AND good value, which is highly subjective.

Proportion of consumers who state it is now **more important** than it was pre-COVID-19 that their drinks are…

15%	35%	37%
Premium	High quality	Good value
= vs 2021	**+2pp vs 2021**	**+4pp vs 2021**

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CGA REACH 2022 – Sample size: 24,571

When only looking at Price Tier, premiumisation *and* polarisation is evident in spirit sales across the US. The mid-tier is getting squeezed the most.

Spirits Price Tier On Premise $ Sales

	Value	Mid	Premium	Super Premium	Ultra
$ Share	14.1%	22.8%	33.5%	23.6%	4.8%
L52 $ Share chg vs 2YA	-0.4pp	-1.1pp	-0.2pp	+1.3pp	+0.5pp

Source: CGA On Premise data – category, price tier, volume, 9L EQ, L52 w/e 07/16/2022 vs 2YA
*Share of total Spirits

Casamigos shows the potential of premium brands when they get it right in the On Premise

	Casamigos Reposado Tequila	Casamigos Blanco Tequila
Volume (9L EQ)	107,703	231,518
%chg vs 1YA	+431.01%	+320.14%
	#1 highest growing spirit brand vs 1YA	#4 highest growing spirit brand vs 1YA

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CGA OPM – ROLLING 52 W/E 03/26/2022

The growth of premium brands in times of ‘hardship’ is a long running trend

During the recession of 2008, challenger brands were able to play on premium credentials On Premise success

MAT Volume Change July 2009 vs. 2008
(UK On Premise volume sales)

	Peroni Draught	Peroni Packaged	Hendrick’s	Jack Daniel’s
MAT Volume Change	+13.4%	+27.4%	+51.6%	-6.6%

Globally

63%

of On Premise users say they are likely to trade up for a 'better quality' drink

vs 11% unlikely

CGA REACH 2022 – Sample size: 24,544

32%

Of consumers will look for more value options as a result of the recent increased cost of living

CGA REACH 2022 – Sample size: 24, 549

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Quality and value for money are prioritised when consumers are choosing drinks

Proportion of consumers who state it is now **more important** than it was pre-COVID-19 that their drinks are…

11%	15%	25%	38%
Premium	Local	High quality	Good value

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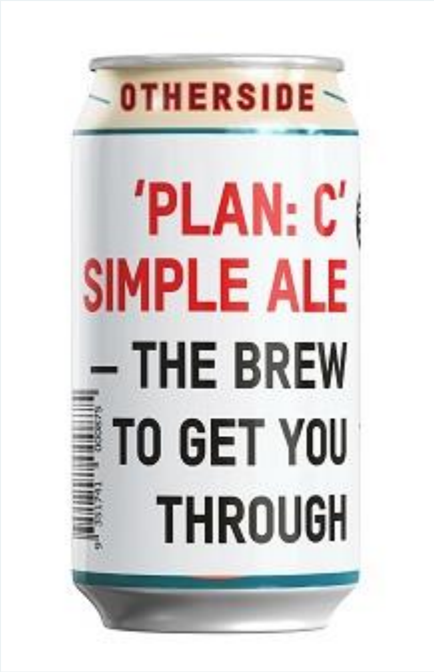
CGA REACH 2022 – Sample size: 741 – 1,255

Affordable Craft Beer launches across the Pandemic as consumers switched to value

Otherside Brewing Co. and Ballistic Beer Co



delicious.

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$10 for a schooner?! Why Australian beer prices are about to rise


VINOVERSE
VINO
VERSE


WINE ON TAP
1.5L
pinot gris
WOLF BLASS
ENTERTAINER'S EDITION
SHIRAZ CABERNET
VINOVERSE

THE “BAGNUM”

The average consumer is now more willing to trade up in the On Premise

% of consumers likely to **pay extra for a better quality drink** when out

Autumn 2022:

47%

+6pp

Spring 2022:

53%

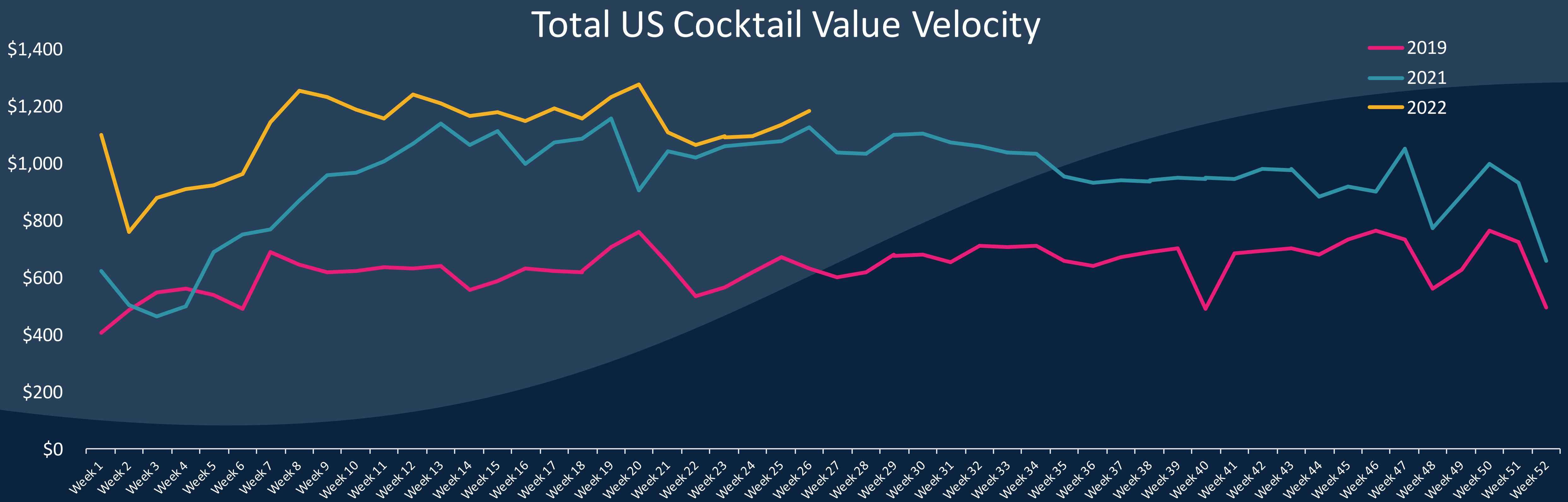
Source: CGA OPUS Spring (September) 2022 Australia, 4045, Autumn (March) 2022 Australia, 4004


Dom Perignon and Caviar - Merivale

COCKTAILS, NO/LOW ALC AND OTHER ON PREMISE DRINK TRENDS

Cocktails have seen a *huge resurgence* around the world – none more than in the USA.

Post-lockdown, consumers devoured the category and led to a 50%+ increase in rate of sale vs 2019. That trend is continuing in 2022.



BeverageTrak

*Week endings in the appendix

Source: CGA by NeilsenIQ BeverageTrak, Data to June 30th 2022

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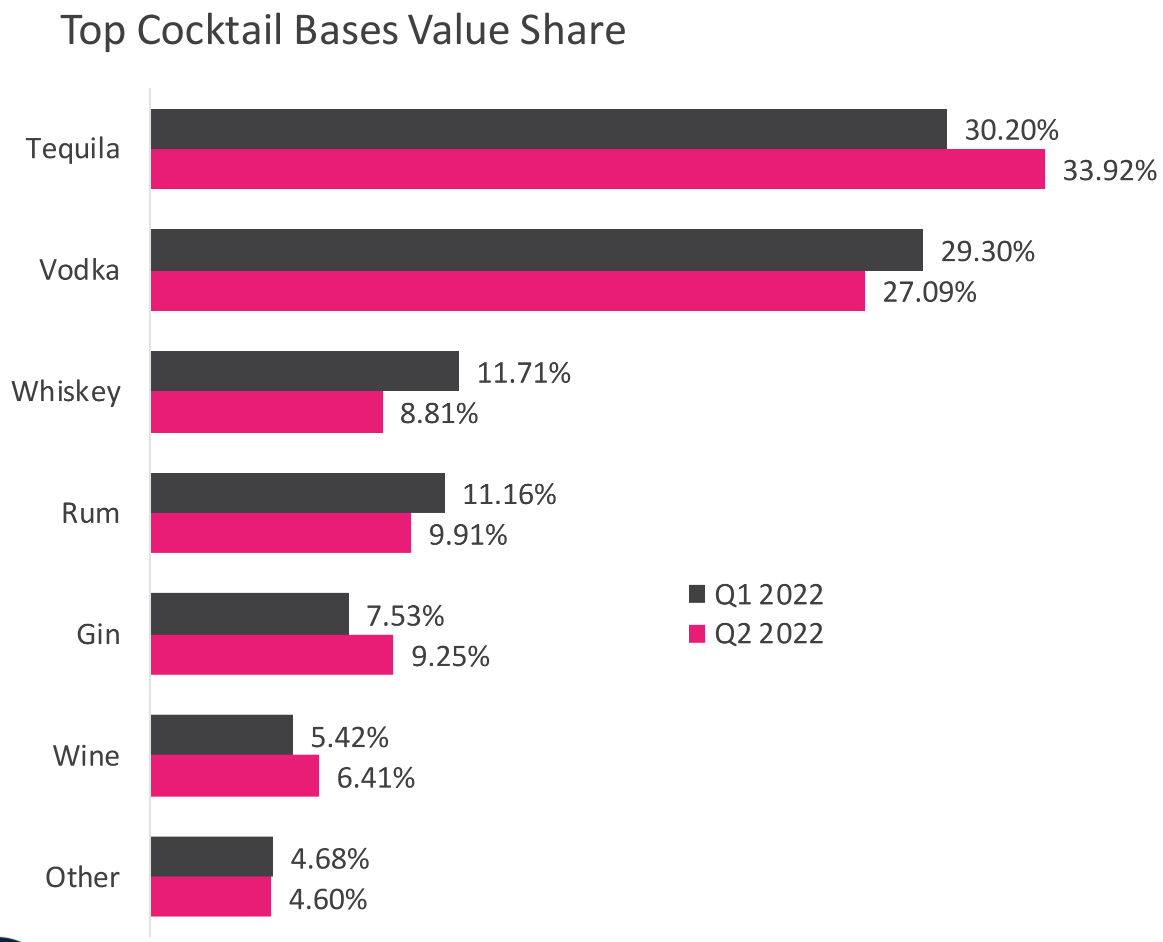
Driven by Margaritas, Tequila based cocktails hold the largest share of the category. Increasing share over the L12 weeks



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Source: CGA by NeilsenIQ BeverageTrak, to June 30th 2022

Cocktails were tipped to be the biggest trend in 2022 by bartenders…

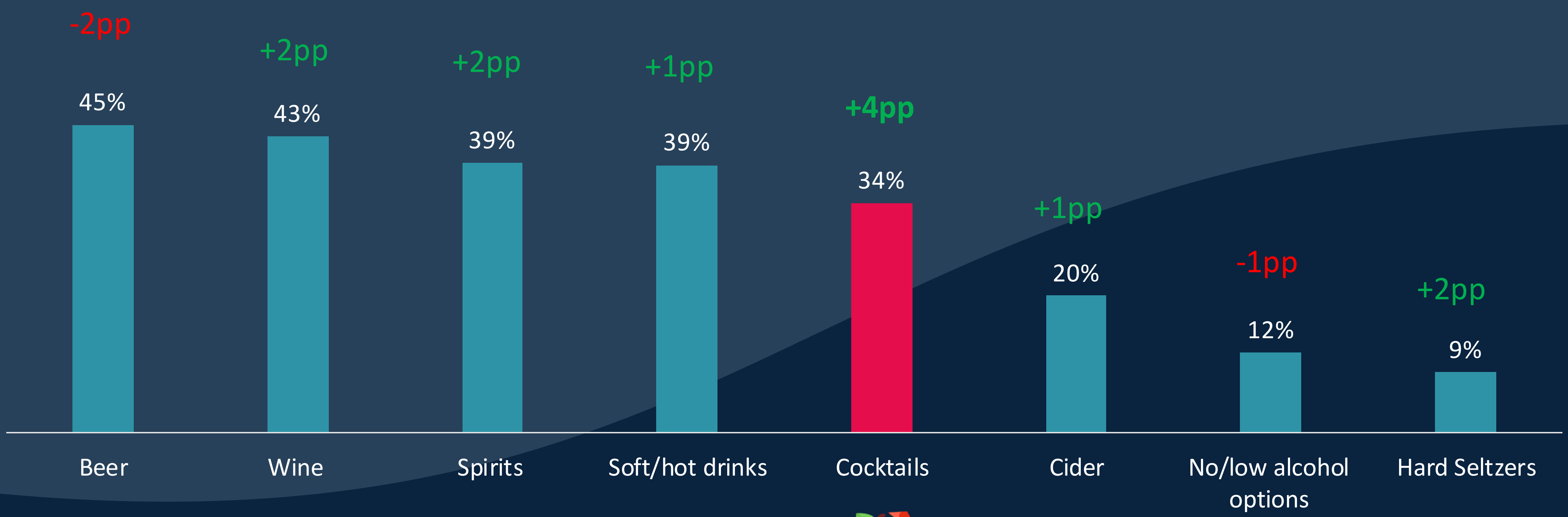
59%

Of bartenders think that cocktails are in the best position to thrive in 2022

CGA AUSTRALIAN BARTENDER PULSE SURVEY – JAN 2022 SAMPLE SIZE: 82

This is evident in the recent increase in cocktail penetration over the past 6 months in the On premise

Metacategories consumed out of home



Source: CGA OPUS Spring (September) 2022 Australia, 4045, Autumn (March) 2022 Australia, 4004

Long term this year cocktails are increasing in penetration across more casual, typically "beer occasions"

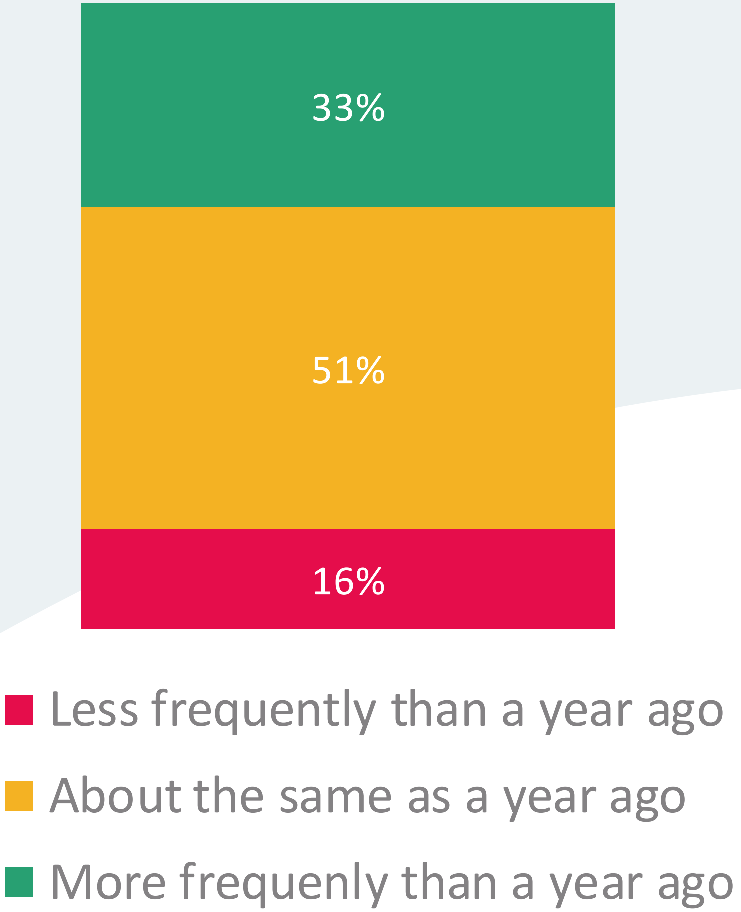
Mr Stubbs– Australian Vintage

Spirits continue to target Beer occasions through communications and format

Mainstream

Craft

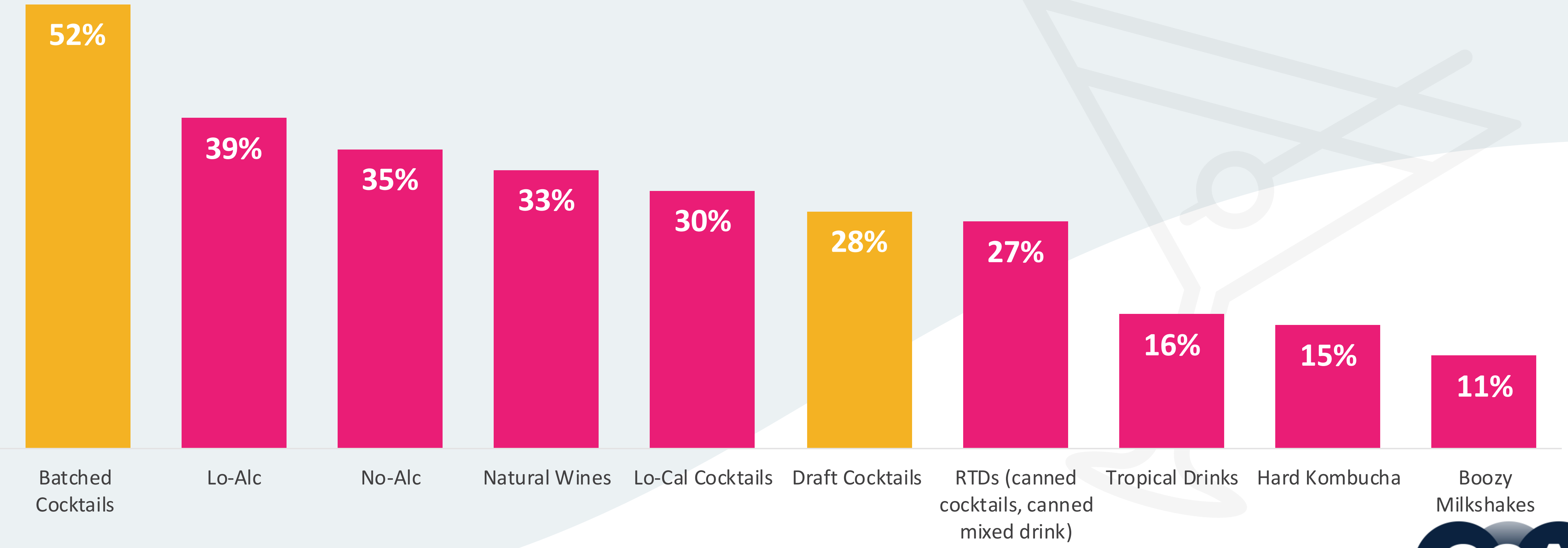
Cocktail consumption has increased over the past year, with 1 in 3 consumers drinking it more frequently



Source: CGA OPUS Spring (September) 2022 Australia, 1335, Autumn (March) 2022 Australia, 1265

With operational concerns around staffing, could new processes help to alleviate these stressors?

Which trends do you think will affect the alcoholic drinks industry, in the next 12 months?

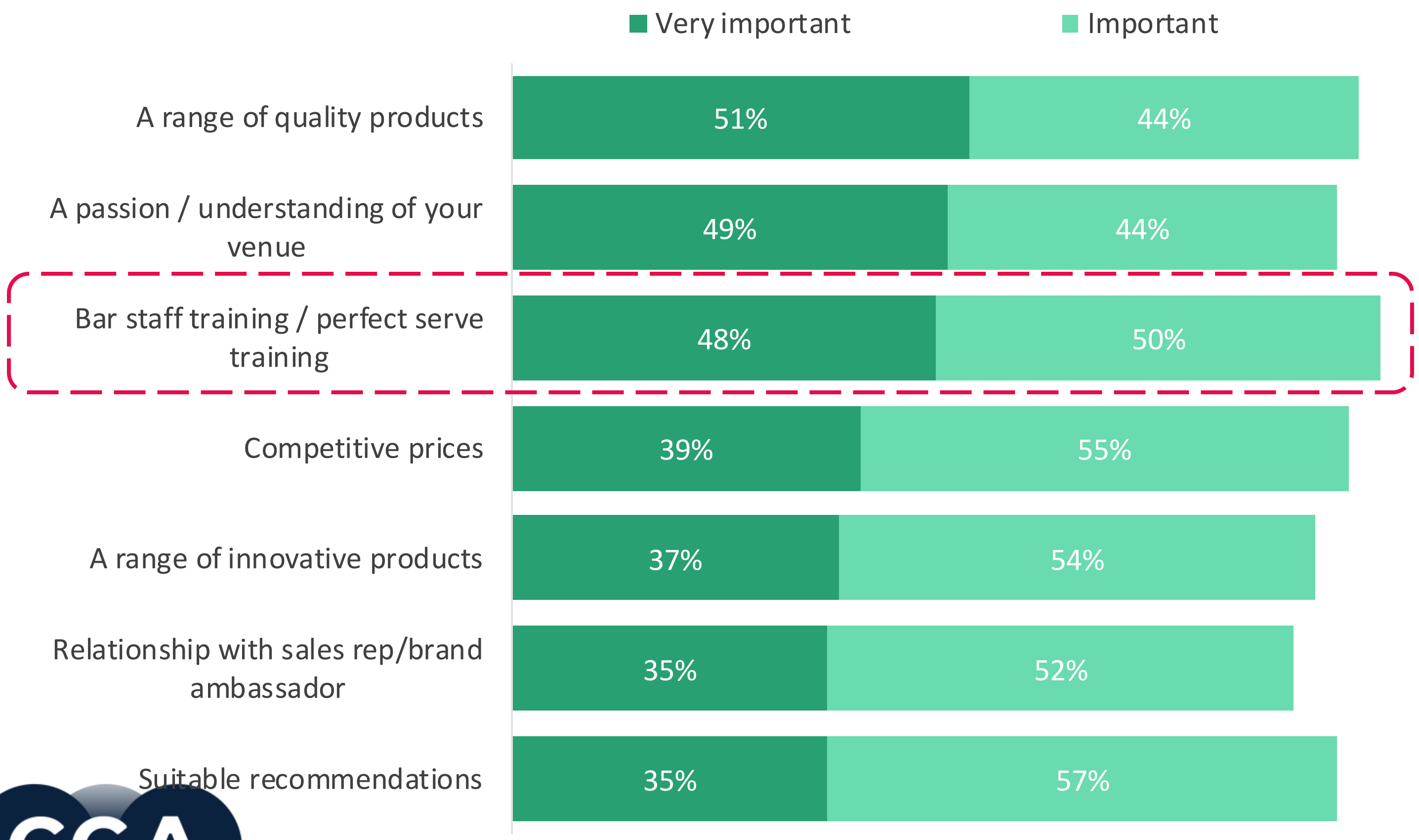


CGA AUSTRALIAN BARTENDER PULSE SURVEY – JAN 2022 SAMPLE SIZE: 82

The Great Pub Casting Call – Australian Venue Co.

Bartenders say staff training is very important for relationships with suppliers

How important are the following when it comes to having a good relationship with a drinks supplier?



CGA AUSTRALIAN BARTENDER PULSE SURVEY – JAN 2022. SAMPLE SIZE: 82

Social Media drives decision making in the On Premise

When looking through my friends' social media I often ***get ideas of where to go to eat or drink***

41%

I often ***order new and exciting drinks*** *that I see on social media*

31%

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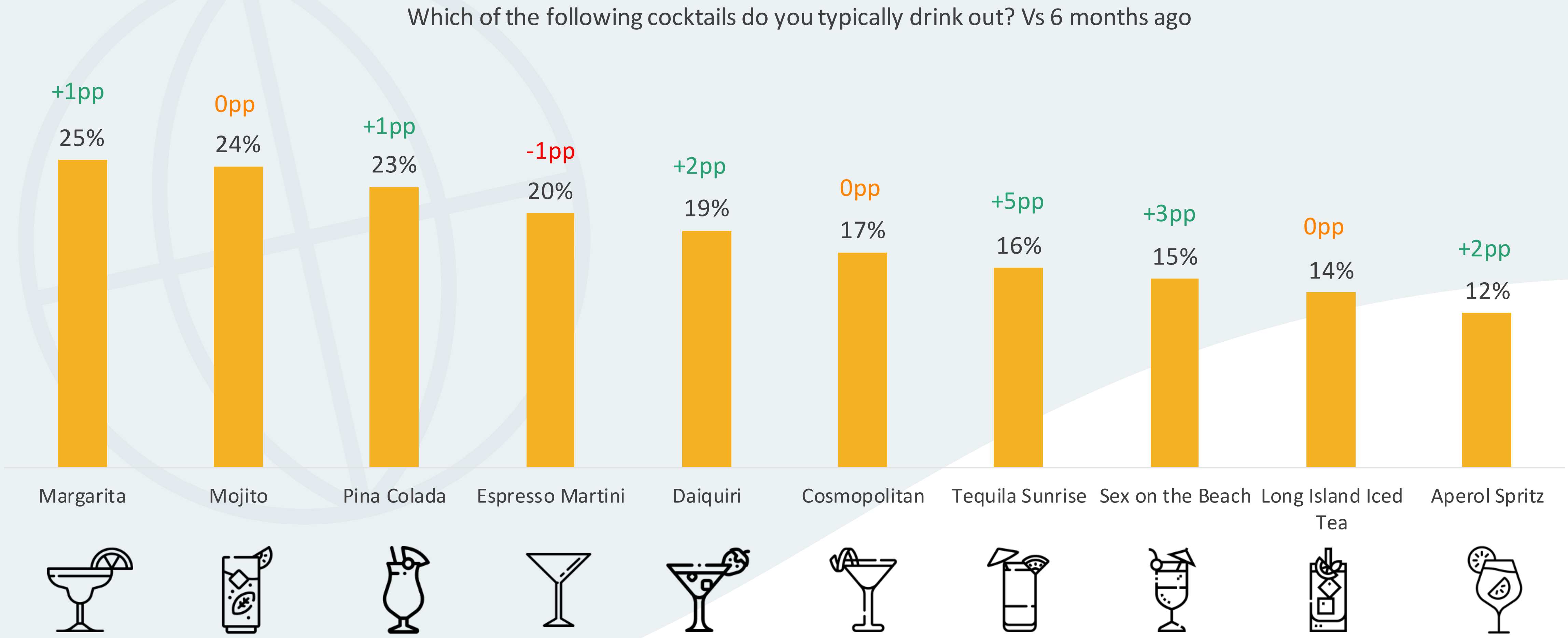
CGA REACH 2022 – Sample sizes: 245 Australia

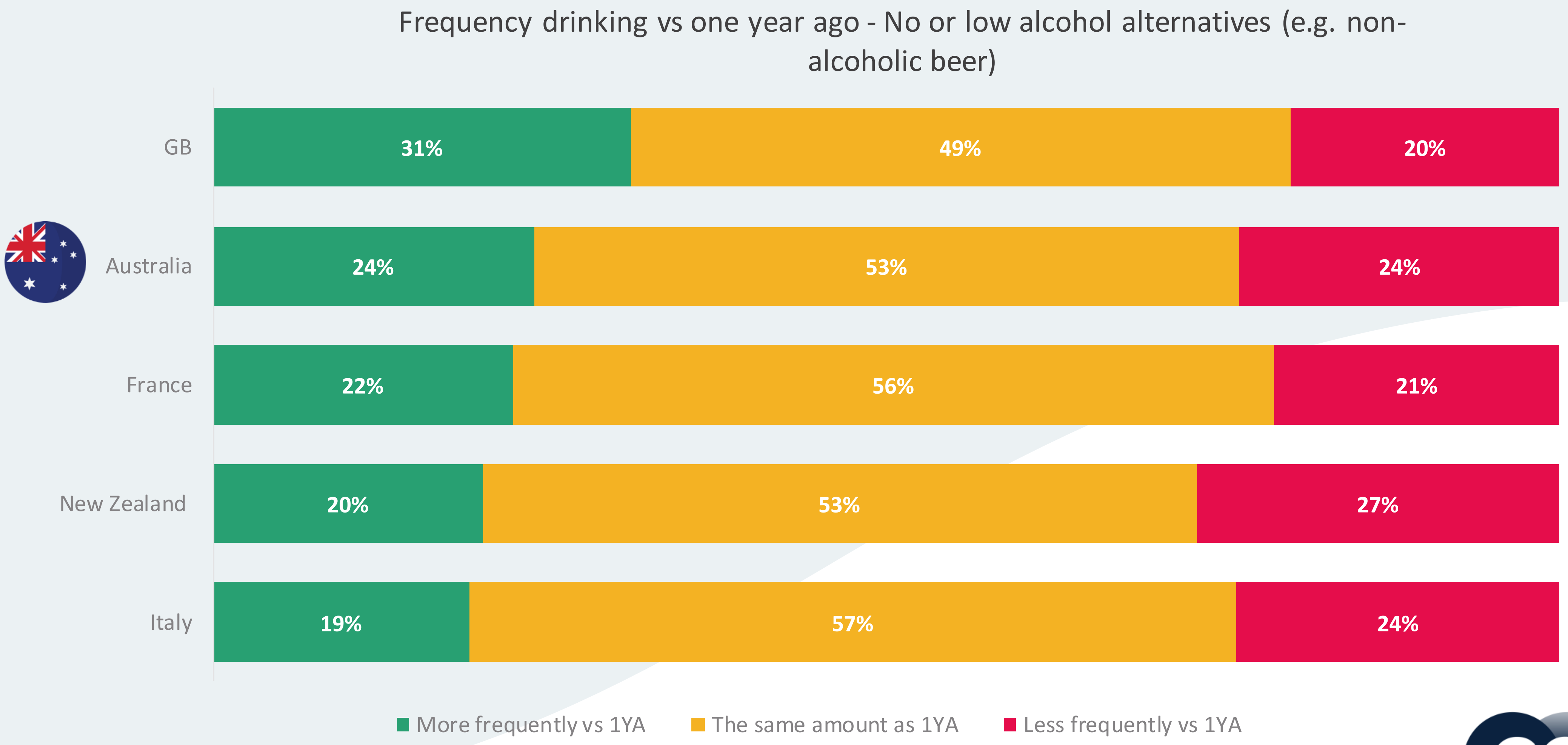

SPAM
Glorious SPAM

Classic cocktails showing penetration growth with Margarita #1 cocktail in the On Premise



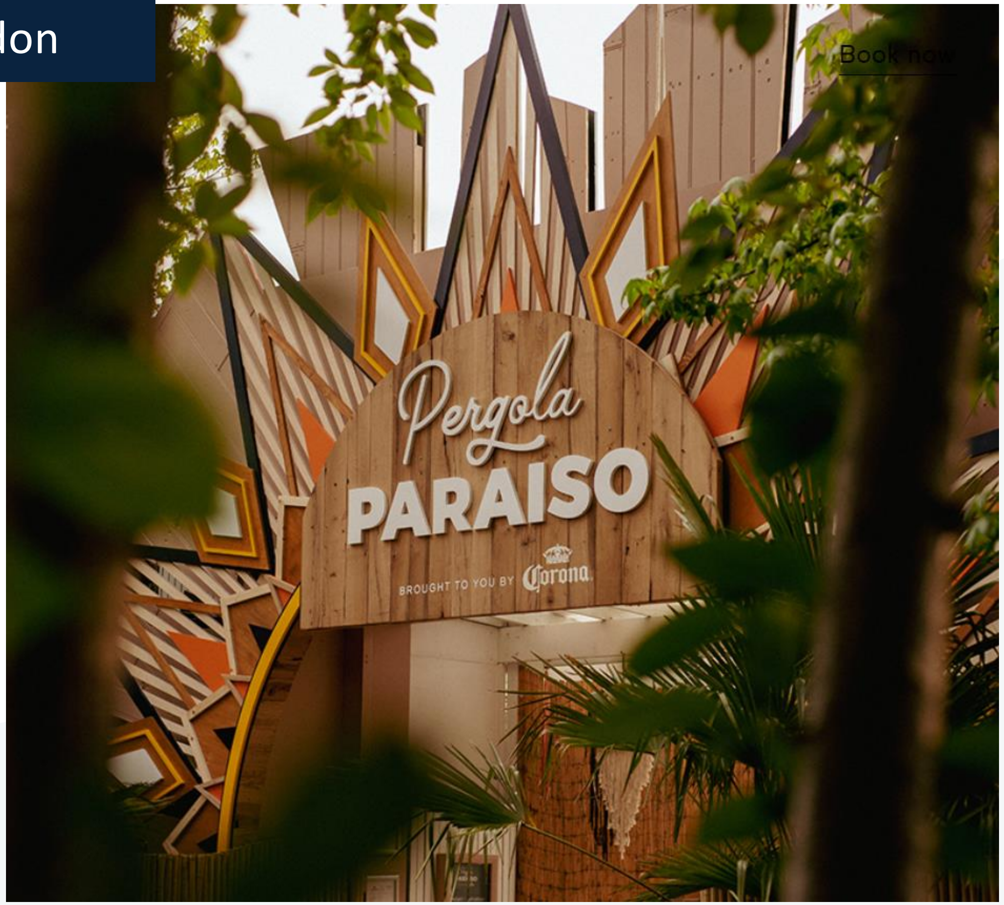
Source: CGA OPUS Spring (September) 2022 Australia, 798, Autumn (March) 2022 Australia, 852

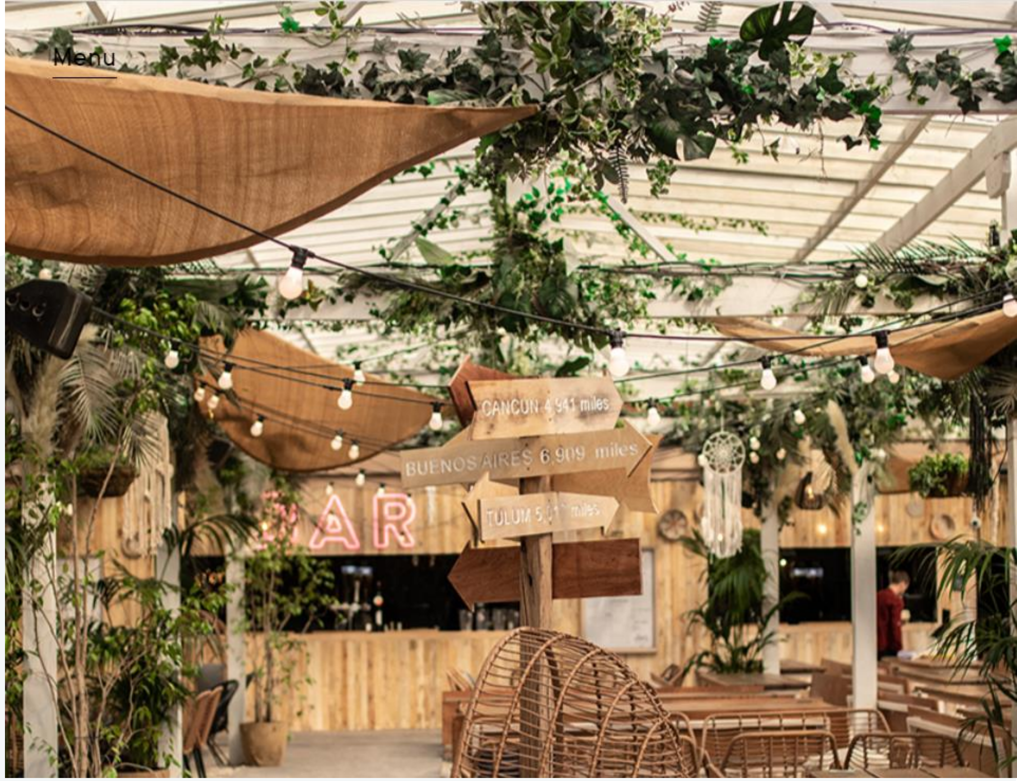
Differing experiences with No/Low alcohol alternatives across the globe



CGA OPUS – Sample size: 503 – 1330 - H1 2022

Pergola x Corona, London





US seeing large penetration declines in No/Low alternatives

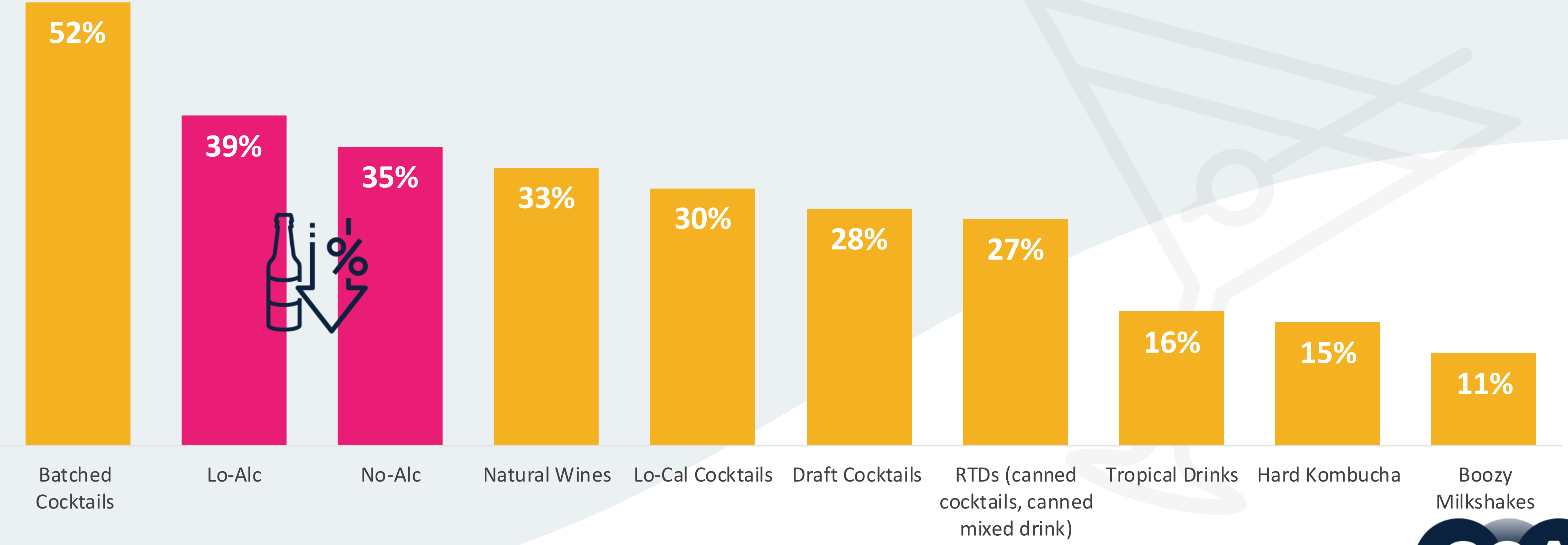
% drinking no/low alternatives when out

Spring 2021	Spring 2022
26%	21%

Source: CGA OPUS Spring (May) 2022 USA, sample size 15000, Spring (May) 2021 USA 15000

Bartenders predicted that No / Low alcohol will be a popular trend in 2022 in Australia

Which trends do you think will affect the alcoholic drinks industry, in the next 12 months?



CGA AUSTRALIAN BARTENDER PULSE SURVEY – JAN 2022 SAMPLE SIZE: 82

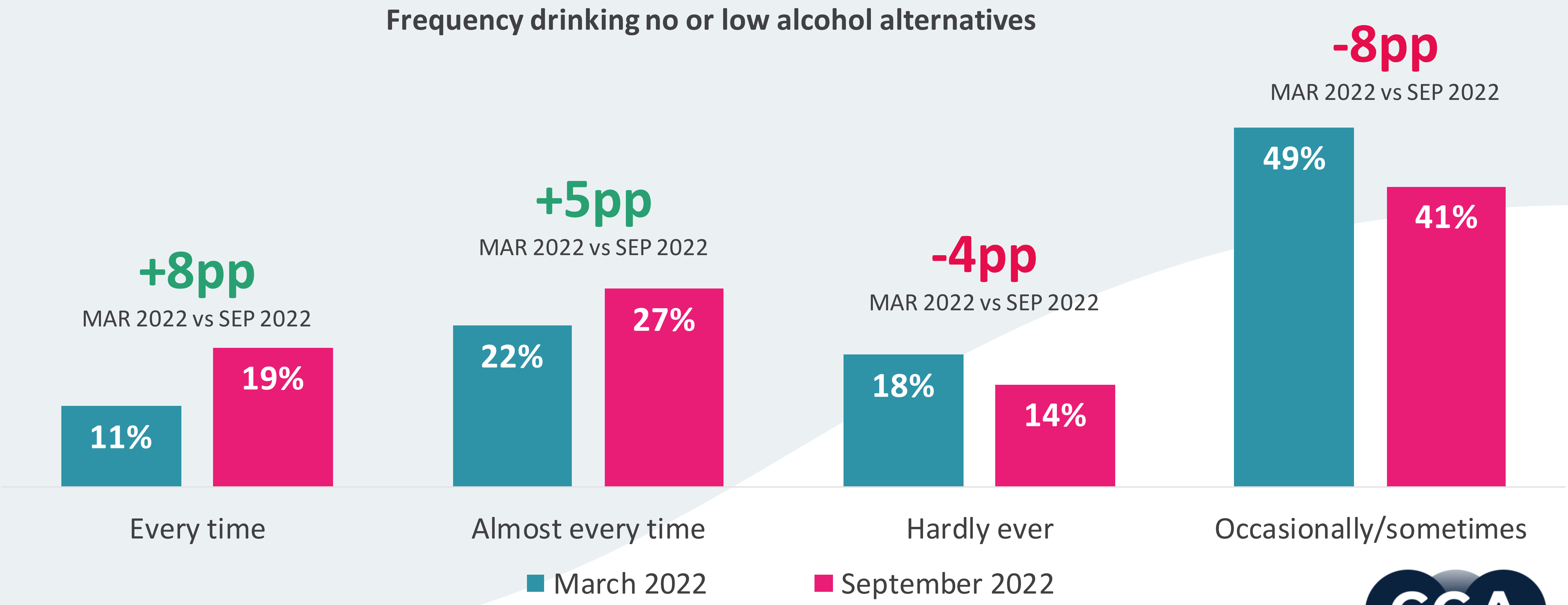
This has not quite translated with consumer adoption, with penetration down versus 6 months ago…

% drinking no/low alternatives when out

Autumn 2022	Spring 2022
13%	12%

Source: CGA OPUS Spring (September) 2022 Australia, sample size 4045, Autumn (March) 2022 Australia 4004

Despite a decrease in penetration of no/low drinks, loyal consumers are drinking more often



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0.0 Beer sub-brands showing similar signs in the Off Trade

Purchase Drivers

SUM OF SELECTION

Total Value
-3.1 %

Units
4.9 %

Price Per Unit
-7.6 %

Buyers
-10.4 %

Occasions
0.7 %

Units Per Occasion
4.2 %

Less overall buyers in 0.0 Beer

Loyal 0.0 Beer buyers increasing occasions and units per occasion

Period (6 Latest 12 Weeks)

12 WE 11/09/22 vs 12 WE 18/07/21

Source: NielsenIQ Omni-Shopper Panel – 0.0 Beer Group Purchase Drivers Last 12 weeks to 11/9/22 vs YA

Health and Wellbeing is more than abstaining with other ways to moderate or drink healthier

Thinking about your visits to pubs, bars, restaurants and similar venues over the past 12 months, which of the following statements apply to you?

Source: CGA OPUS Spring (September) 2022 Australia, sample size: 1533

The growth of the Hard Seltzers and RTDs has been notable

Hard Seltzers Expected To Keep Growing In 2022.

Published by H. Lindenberger, 11.05.21

Canned Alcoholic Drinks Market is Booming Worldwide | Diageo, Anheuser-Busch Inbev, Heineken

Published by Newsmantraa, 02.03.22

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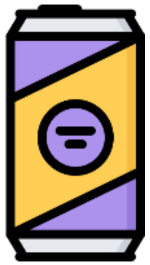
Huge success has led to a surprising variety of serve styles for Hard Seltzers in the US in the On Premise

% drinking hard seltzer serve



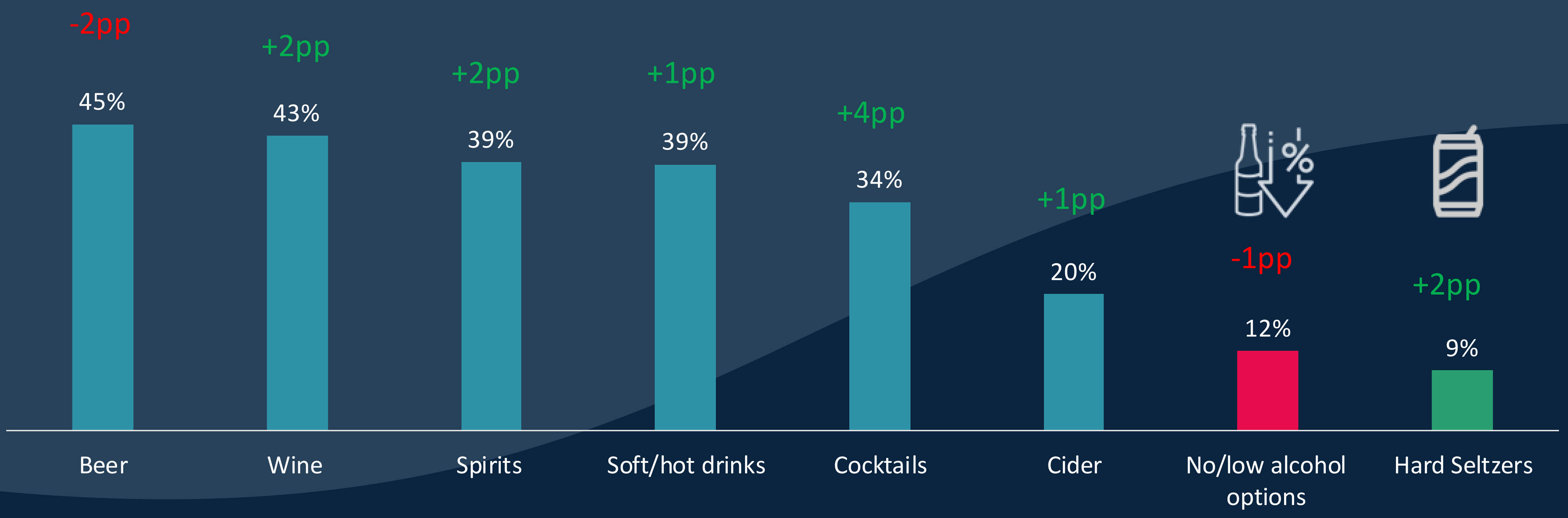

On its own	On its own with ice	As a mixer with a cocktail	As a mixer with a spirit
56%	35%	26%	23%

Source: CGA On Premise User Survey (Fall 2021) – Sample Size: 2455

CGA

Hard seltzers rise in the On Premise could in part be due to the desire to live a healthier lifestyle

Categories consumed out of home vs Spring 2022



Source: CGA OPUS Spring (September) 2022 Australia, 4045, Autumn (March) 2022 Australia, 4004

Consumers are now making more health conscious decisions Hard Seltzers

+4pp

vs 6 months ago

Source: CGA OPUS Spring (September) 2022 Australia, 353, Autumn (March) 2022 Australia, 259

Hard Seltzer brands are finding different ways to innovate and appeal to different needs

Health and Wellness Benefits

Formats in the On Premise - On Tap

American legislation on cannabis seems to full 1/3 of consumers being open to trying CBD drinks

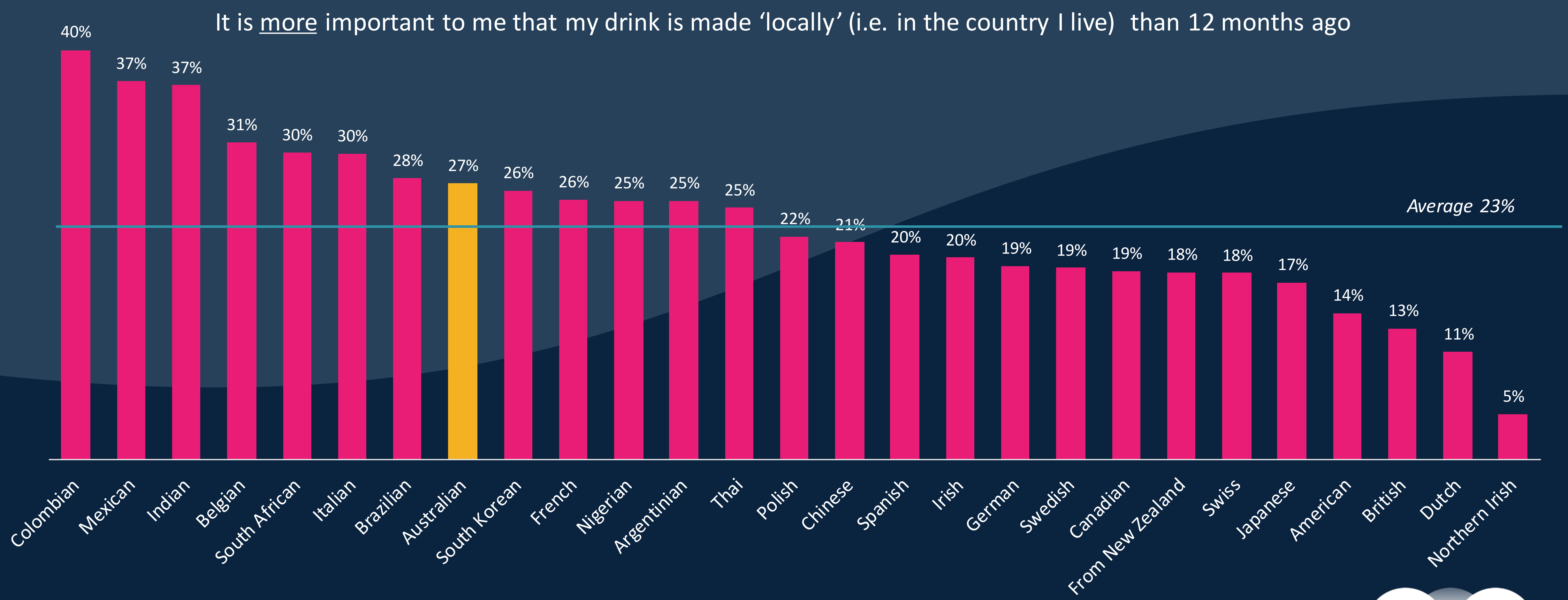
Trend	Have tried	Would try	Wouldn’t try
Hard tea/coffee/kombucha	30%	25%	35%
Non-alcoholic drinks (i.e. 0% ABV alcoholic drinks)	28%	22%	42%
Low calorie drinks (e.g. skinny cocktails)	25%	31%	36%
Low/non-alcoholic spirits	24%	26%	41%
Low carb drinks (e.g. 0% carb beer)	24%	26%	41%
CBD infused drinks	14%	31%	41%

Q: Please select the likelihood of you trying the following in a bar, restaurant or similar venue?

Source: CGA On Premise User Survey (Spring 2022) – Sample Size:15010

THE DESIRE FOR LOCAL

Across the global markets there is a strong and growing desire for 'local' since COVID

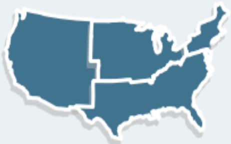


CGA REACH 2022 – Sample size: 472-1332

Example: Texas-grown Tito’s tapped in to craft and ‘local’ to rise to the top of the biggest category in one of the biggest spirit markets

	Tito’s Handmade Vodka	Grey Goose Reg Vodka	Ketel One Reg Vodka	Absolut Reg Vodka	Smirnoff Reg Vodka
9L EQ	1.6m	688k	558k	487k	443k
9L EQ % Chg YA	+26.2%	-4.5%	-5.2%	-9.6%	-2.5%
$	2.0b	1.0b	777.8m	592.0m	494.7m
$ % Chg YA	+27.1%	-4.2%	-4.7%	-9.0%	-1.9%

Total US

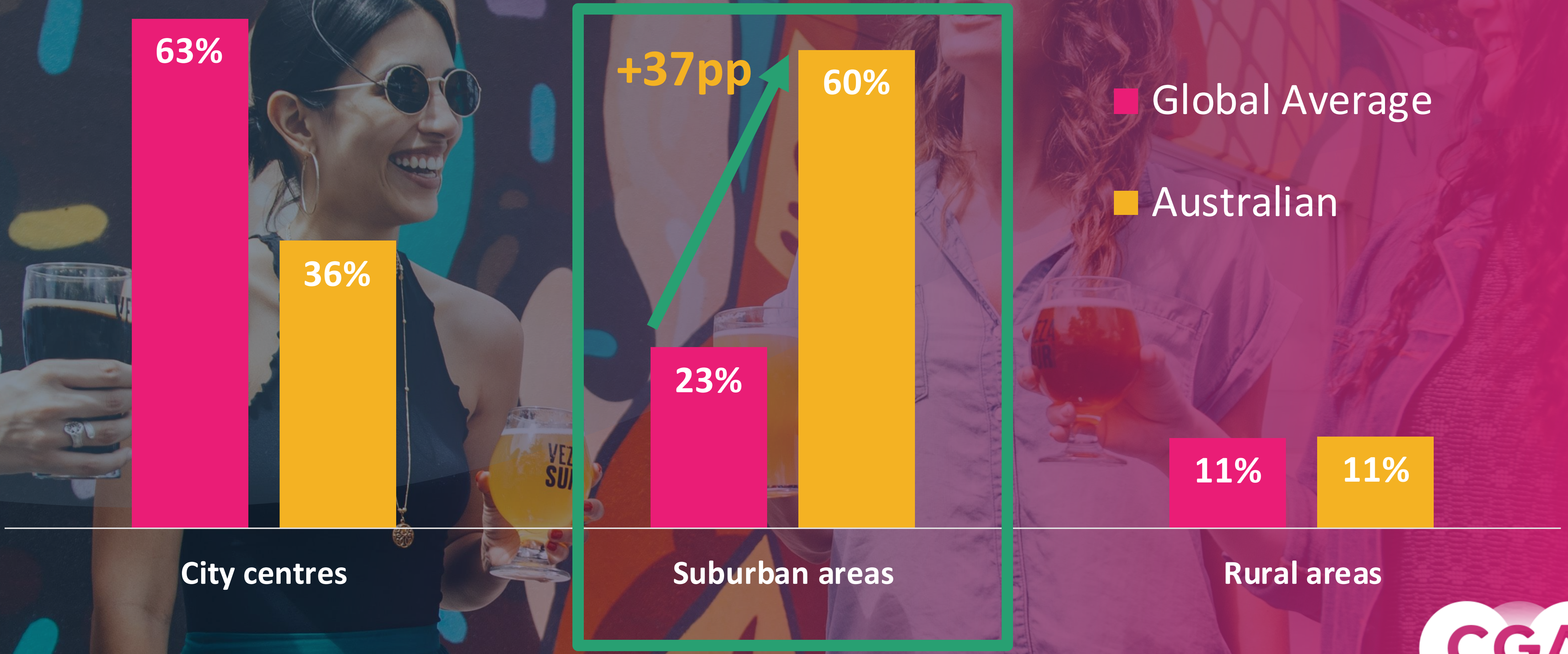


Source: Nielsen CGA on premise data – brand extension, volume, 9L EQ, value, $, rolling 52 w/e 02/22/20 vs YA

…small and local still drives the brand message (for what is now a HUGE national/global brand)

Suburbs reign supreme in Australia…..

On Premise consumers visiting each area for food/drinks



CGA REACH 2022 – Sample size: 85-442, Australia

The Inner West Ale Trail, Sydney Australia

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The Beer Engine, New Zealand

Proven learnings from around the world

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SOME KEY TAKEAWAYS

A CLEAR CHANNEL STRATEGY IS KEY

- Clarity is absolutely essential.
- Value or Quality? Locational bias? Occasions to defend and win? Sub-channel nuances?
- Are your brand strategies <u>coherent</u> with your customer segmentation, commercial planning and sales function?
- Do local sales KPI's for brands and portfolios dovetail with central brand development goals?
- Are local sales KPI's owned at the highest level to ensure support and accountability?

INVEST…BUT CHOOSE WISELY

- Brands can be made or lost with a resurgent On Premise, but mistakes are expensive
- You can't invest in everything…test the most important levers for your brands and invest narrowly
- Support your customers to help drive footfall and rate of sale/average spend per visit
- Cleaning and re-segmenting your On Premise CRM now will pay dividends

EARN TRIAL AND ADVOCACY

- Re-assess your category and brand strength for the On Premise consumer. Do consumers like your brands as much as you think they do.
- Who is advocating for your brands in-venue?
- What else is influencing their decisions in-venue?
- Bartender training and activations work well when delivered well. They must form part of a coherent, long term, advocacy program though.

Contact Us

Please feel free to get in touch:

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