

Consumer Trends: Technomic Releases State of the Adult Beverage Industry

CHICAGO (PRNewswire) — Declines in beer, the continued premiumization and price inflation across the industry is resulting in dollar increases and volume declines, according to Technomic's just-released [Special Trends in Adult Beverage Report: 2014 State of the Industry](#) [1]. Per capita consumption, volume and dollars rose for spirits and wine, while beer declined in per capita consumption and volume, and achieved a modest dollar gain.

Quickly evolving dynamics within each industry are prompting increased competition between the three for consumer occasions and dollars. "The market slowed overall in 2013 and shifting dynamics is the story in spirits, wine and beer," says Eric Schmidt, Director of Research at Technomic. "These trends will continue in 2014, which promises to be a challenging but exciting year for the adult beverage industry."

"The combination of rapidly changing consumer taste preferences and a sluggish economy is creating ever more intense competition for adult beverage occasions," observes Donna Hood Crecca, Senior Director at Technomic. "And today's consumers - especially Millennials - have a broad drink portfolio that involves drink spirits, wine and beer, with flavor and occasion as key factors in the what-to-drink decision. Never before has the battle for share of glass been so intense."

Total adult beverage volume declined 0.9 percent to 7.6 billion gallons in 2013, while dollars grew to \$204.2 billion, a 1.7 percent increase. Looking at the specific categories, some game-changing trends are evident:

- A first in decades: Whiskey categories collectively outperformed non-whiskey categories. Accelerated growth in American whiskey, coupled with increases in Irish whiskey and single malt Scotch, propelled whiskey to a 2.9 percent increase. Non-whiskey categories collectively grew 0.7 percent; the white spirits segment's softening was driven by a significant slowdown in vodka's momentum. "This is significant - brown spirits outperforming white spirits indicates a major shift in the American palate," Crecca observes.
- Beer evolution continues: Domestic struggle while craft and imports grow. Both mainstream domestic and light beer declined (-2.4 and -3.5 percent, respectively), while craft and imported beer grew. Coming off several years of double-digit increases, craft beer achieved a 9.6 percent increase. Imported beer grew 2.0 percent, with significant momentum coming from Mexican imports. "Beer industry dynamics continue to evolve, with flavor-seeking consumers migrating to products, styles and categories that deliver more complex or unique experiences," says Crecca.

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- Wine growth slowed, and domestic table wine dominated the market. The wine industry's 1.6 percent volume increase was the slowest in four years, but the industry's share of total adult beverage rose slightly to 10.9 percent. Domestic table wine outperformed imported table wine and maintained its majority share of market (68.0 percent). Champagne and sparkling wine was the fastest-growing wine category. "While sweet wines such as Moscato continued to trend, we're seeing signs of a move back toward traditional varietals and styles," says Crecca.

The [2014 State of the Industry Report](#) [2] is part of Technomic's [Trends in Adult Beverage series](#) [3], and provides a first look at in-depth national volume and sales information on spirits, wine and beer categories, leading brands and companies, as well as the consumer economic indicators influencing the industry, all presented with expert analysis and forecasting.

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