

3 key growth areas for alcohol brands and retailers

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After seeing an unprecedented 16.2% increase in 2020, sales of off-premise alcohol (i.e., alcoholic beverages purchased at retail stores for off-premise consumption) in the US are returning to the pre-pandemic growth rates.

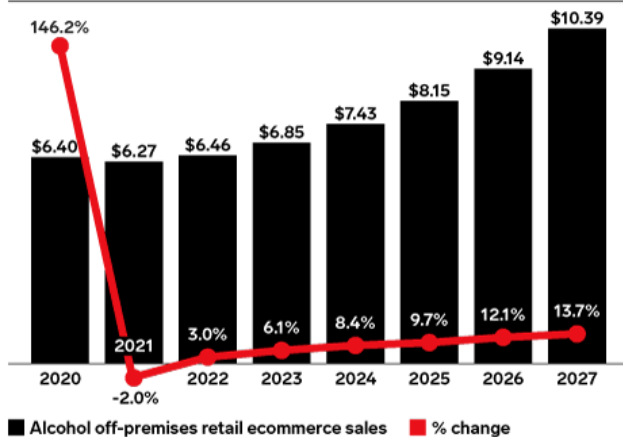
This year, we forecast off-premise alcohol retail sales will grow by a modest 3.5% to \$178.20 billion. This growth will accelerate slightly through 2027, driven by ecommerce, customers

willing to splurge on premium beverages, and capitalizing on at-home consumption trends (as opposed to in restaurants or bars).

Ecommerce: Despite representing less than 4% of total off-premise alcohol sales this year, ecommerce alcohol will outpace traditional retail sales for alcohol, growing 6.1% YoY, per our forecasts.

US Alcohol Off-Premises Retail Ecommerce Sales, 2020-2027

billions and % change



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, Feb 2023

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This means there's a lot of room for expansion, according to IWSR, as US consumers become more accustomed to ecommerce and as the infrastructure of **online alcohol delivery** becomes more established.

Third-party delivery companies like Gopuff have leaned into alcohol ecommerce by acquiring regional alcohol retailers like **Liquor Barn** and **BevMo!**, as well as **partnering with Drizly** for on-demand alcohol delivery.

IWSR expects omnichannel and on-demand retailers to gain share over brick-and-mortar as large supermarket chains make ecommerce investments and on-demand platforms provide consumer convenience.

A trend toward premium: **Sales of premium alcohol** continued to grow last year even as total volumes declined, according to IWSR.

Premium-and-above segments of wine, beer, and cider grew by 6%, 4%, and 11%, respectively, while premium spirit volumes grew 13% and premium ready-to-drink alcoholic beverages were up 38%.

And while some shoppers may start trading down to save money, there's a huge opportunity for growth among consumers who have a little extra cash to spend: In a fall 2022 Ipsos survey, 52% of affluent adults (people earning \$125,000 and over) agreed that top shelf or premium liquor brands are worth the additional cost.

At-home consumption: Using restaurants and bars to encourage consumer trial is essential for alcohol brands to increase awareness and drive purchases. As restaurants struggle with labor shortages and consumers cut back on dining out, brands need to highlight the ways their products can be enjoyed at home.

- Retailers can use multiflavor or multipack products to introduce consumers to new flavors, or leverage holidays and major events to promote seasonal products, [per IRI](#).
- Brands can also use social media to promote new flavors or products, share recipe ideas, or suggest entertainment occasions (while, of course, adhering to each platform's policies on advertising alcohol).

Brands should also lean in on consumers looking for an opportunity to treat themselves and their loved ones by highlighting craft ingredients, decadent flavors, or limited-edition products.

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