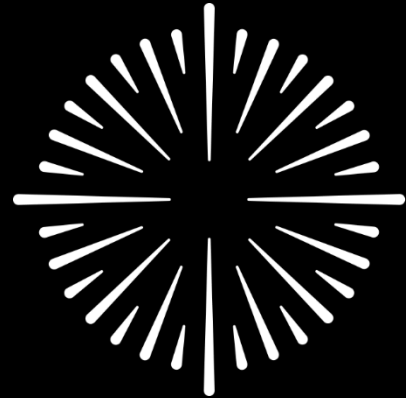




Technomic®
A Winsight Company





surging demand for high
quality beer—local
positioning has been key

Consumer Preference Evolving Towards Better; For Beer This Means...

- Craft/local
- Packaging innovation
- Price/value
- Selection



Gen Z and Millennials
driving the trends

48%

Say their knowledge of beer (styles, flavors, production methods, origins) has increased in past three years

61%

do not necessarily
purchase the same
brands for at home-
enjoyment as on-premise

HYPERCHOICE!



When the Beer
Of the Month is a
Multipack



Walmart



What is “craft”?

BREWERS ASSOCIATION:

- 6 MM barrels or less
- Independent
- Traditional



**Note: Craft Brewers $\neq$
Microbrewers**
(but all microbrewers *are* craft brewers)

The Progression to Retail

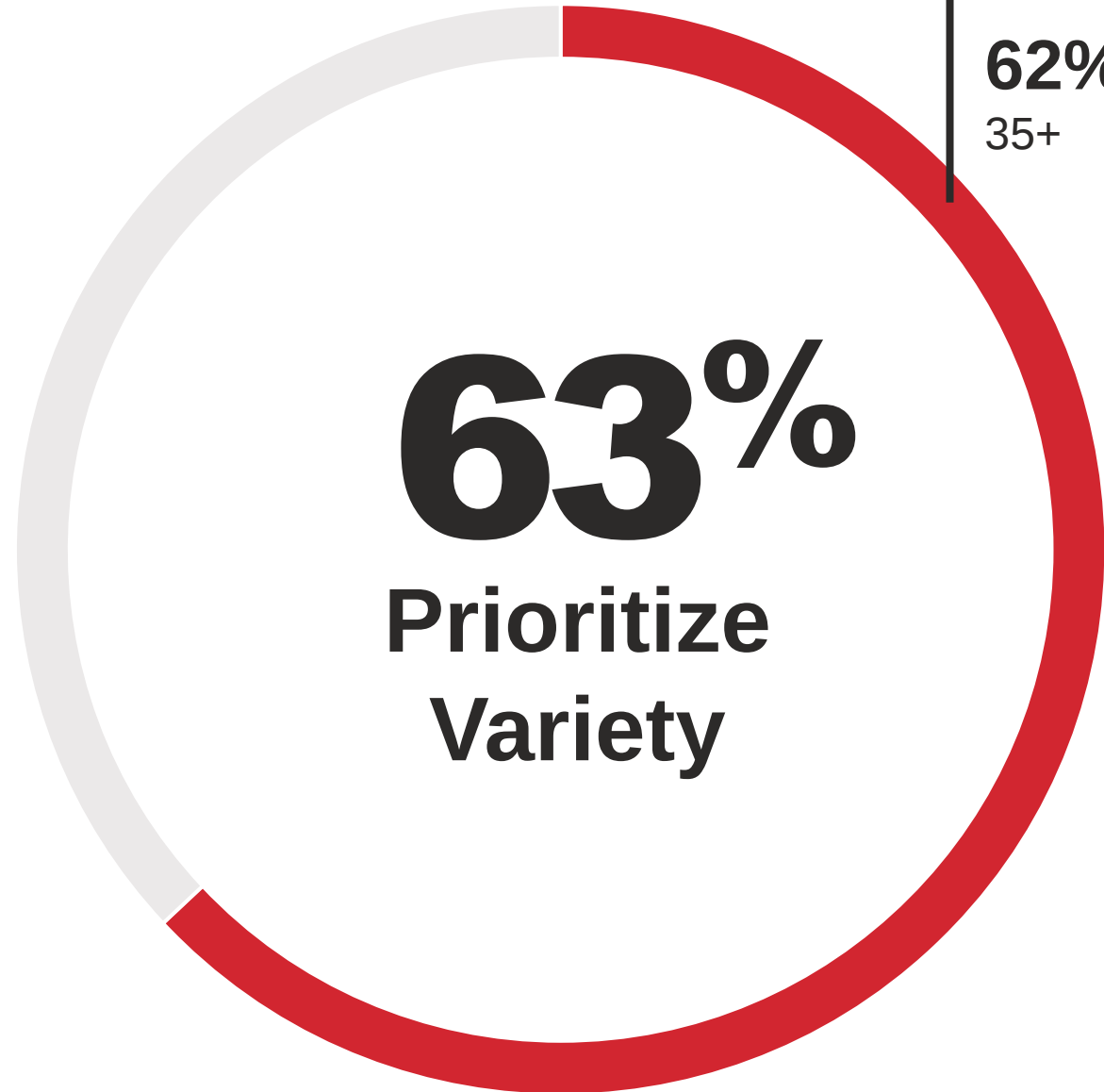
- ✓ *Many breweries start by selling to local bars and restaurants*
- ✓ *Increasingly more are selling beer in their own brewpub*
- ✓ *Longer term, success is driven by obtaining placements at new accounts and building brand equity to drive retail sales*
- ✓ *Retail outpacing on-premise today*

40%

are more willing to buy a new beer at retail if they've tried it on-premise first

SELECTION DRIVES VISITS

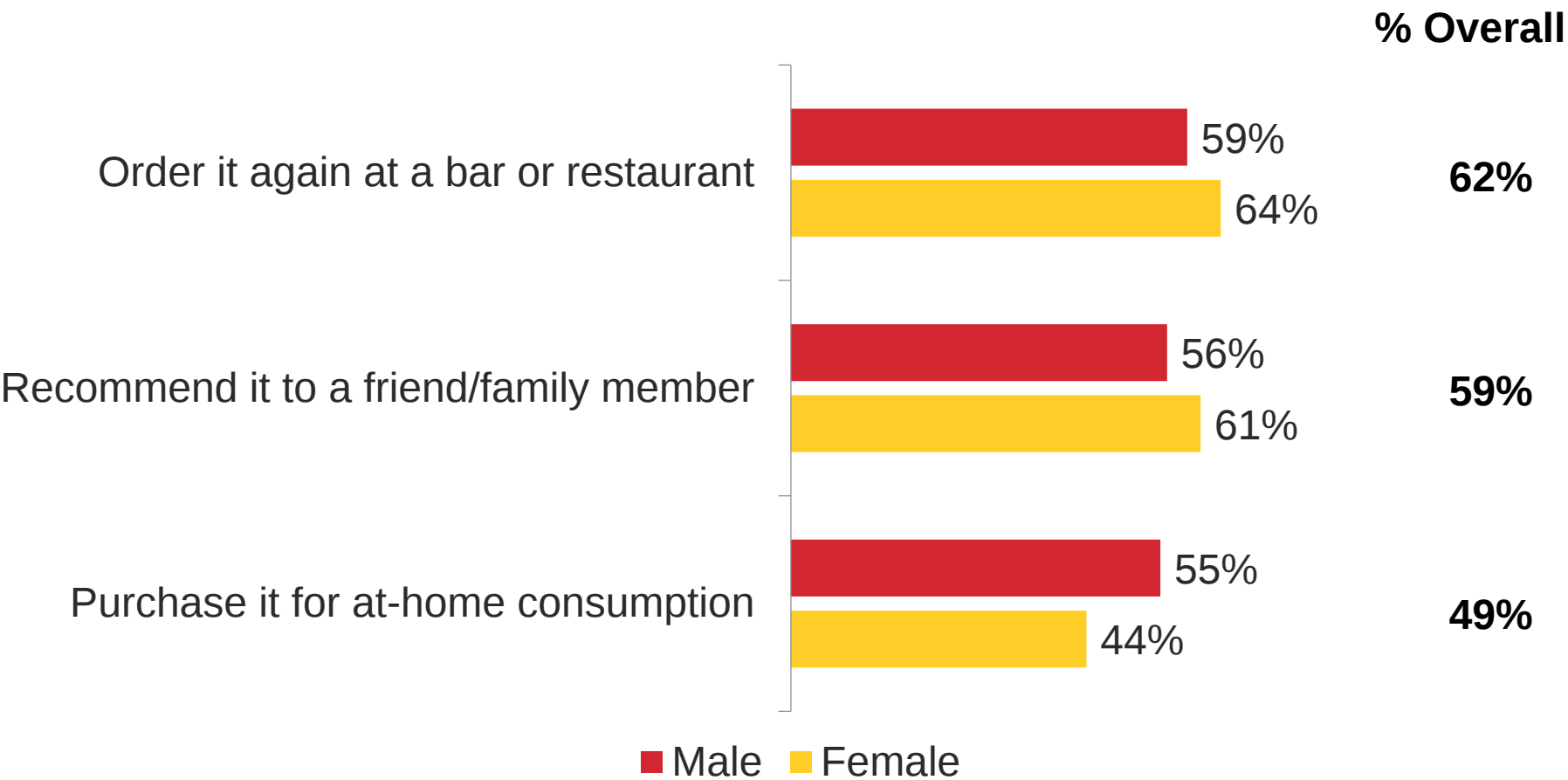
Especially For Younger
Consumers



67%
16-34 year olds

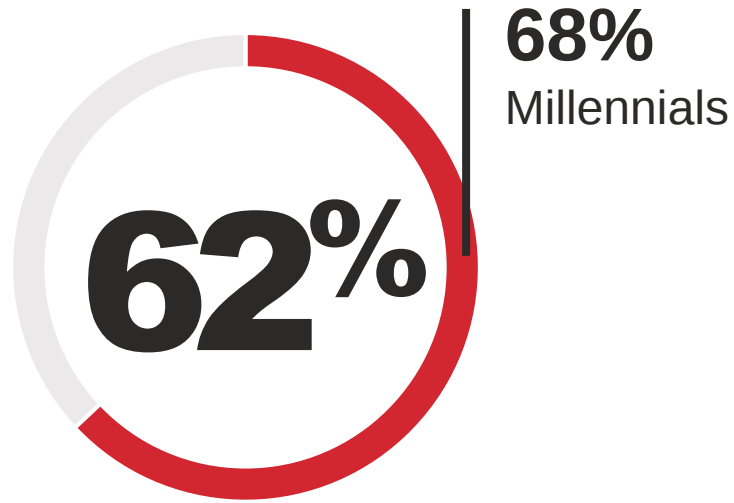
62%
35+

After having tried, how likely or unlikely are you to ____? Likely and extremely likely



Source: Technomic Convenience Store Refreshment Study 2017

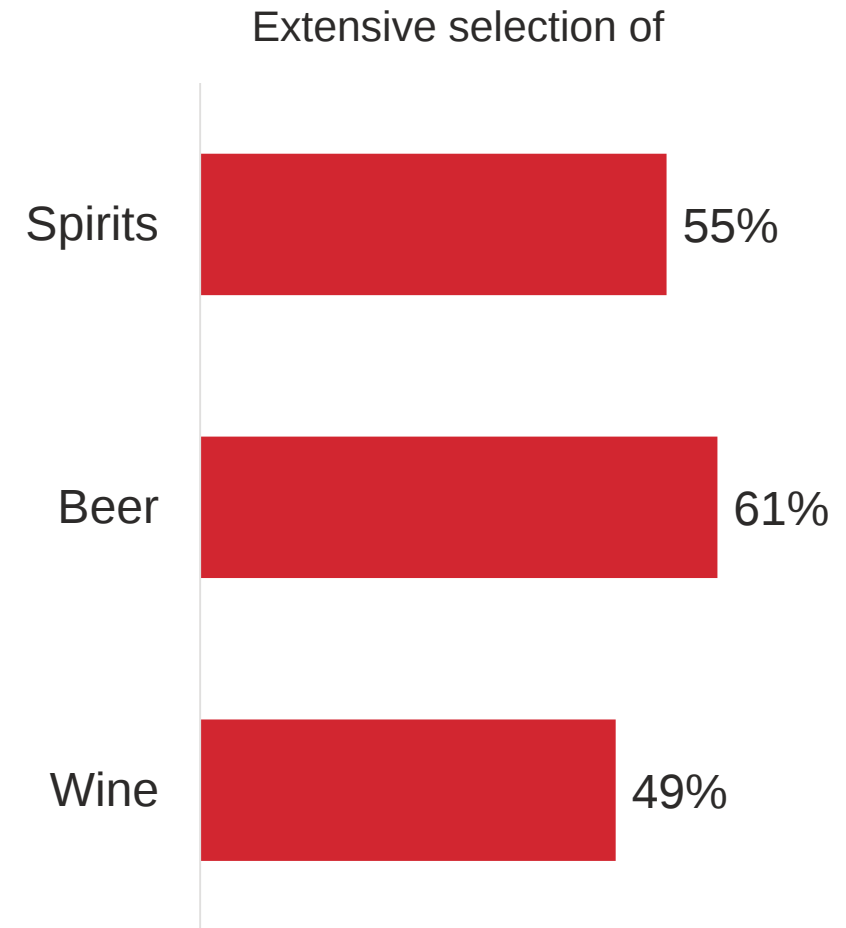
ADULT BEVERAGE VARIETY PROMPTS VISITS



“I am more likely to visit a c-store that offers a wide selection of cold bottled/canned alcohol beverages (beer, wine, etc.)”

Base: 249 consumers age 21+
Source: Technomic Convenience Store Market Brief

How likely are the following to impact your decision of which convenience store to visit for adult beverage purchases?

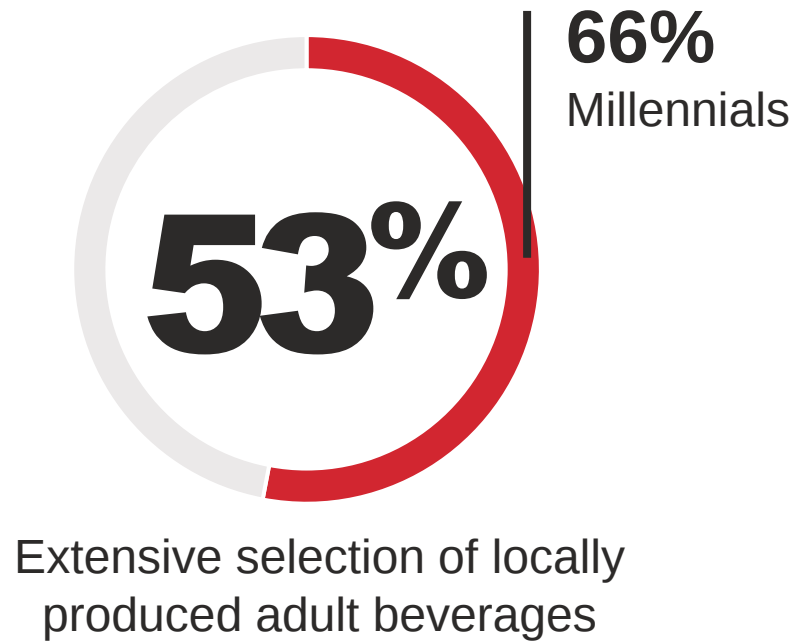




Mix & Match Craft Beer 6-pack \$10.99

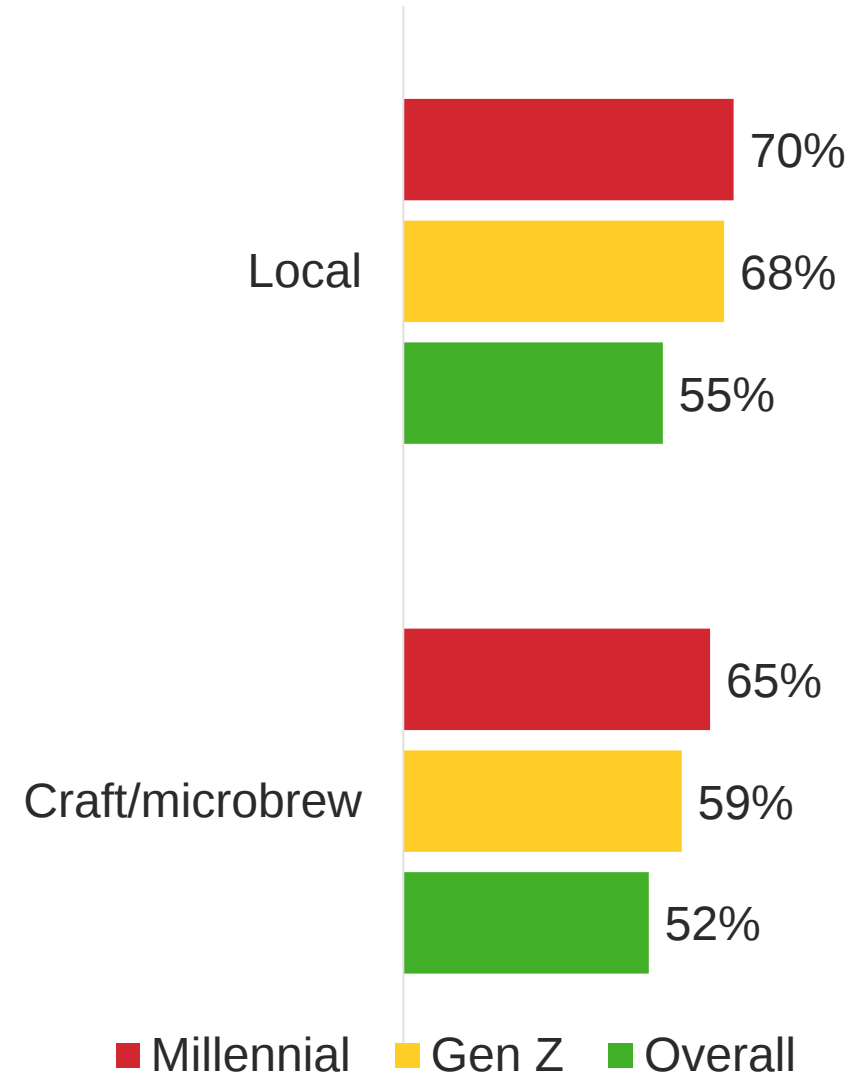


LOCAL, CRAFT APPEALS IN ADULT BEVERAGE



Base: 249 consumers age 21+
Source: Technomic Convenience Store Market Brief

Extensive selection of _____ beer likely to impact choice of c-store



80%

said no promotions
impacted their beverage
purchases

DISCONNECT!

C-store Operators' Top Beverage Promotions

1. LTOs
2. Loyalty card/brand app tie-in
3. BOGO (free or reduced price)
4. Bundling with foodservice
5. Coupons
6. Bundling with gas purchase
7. Bundling with retail foods
8. Free samples

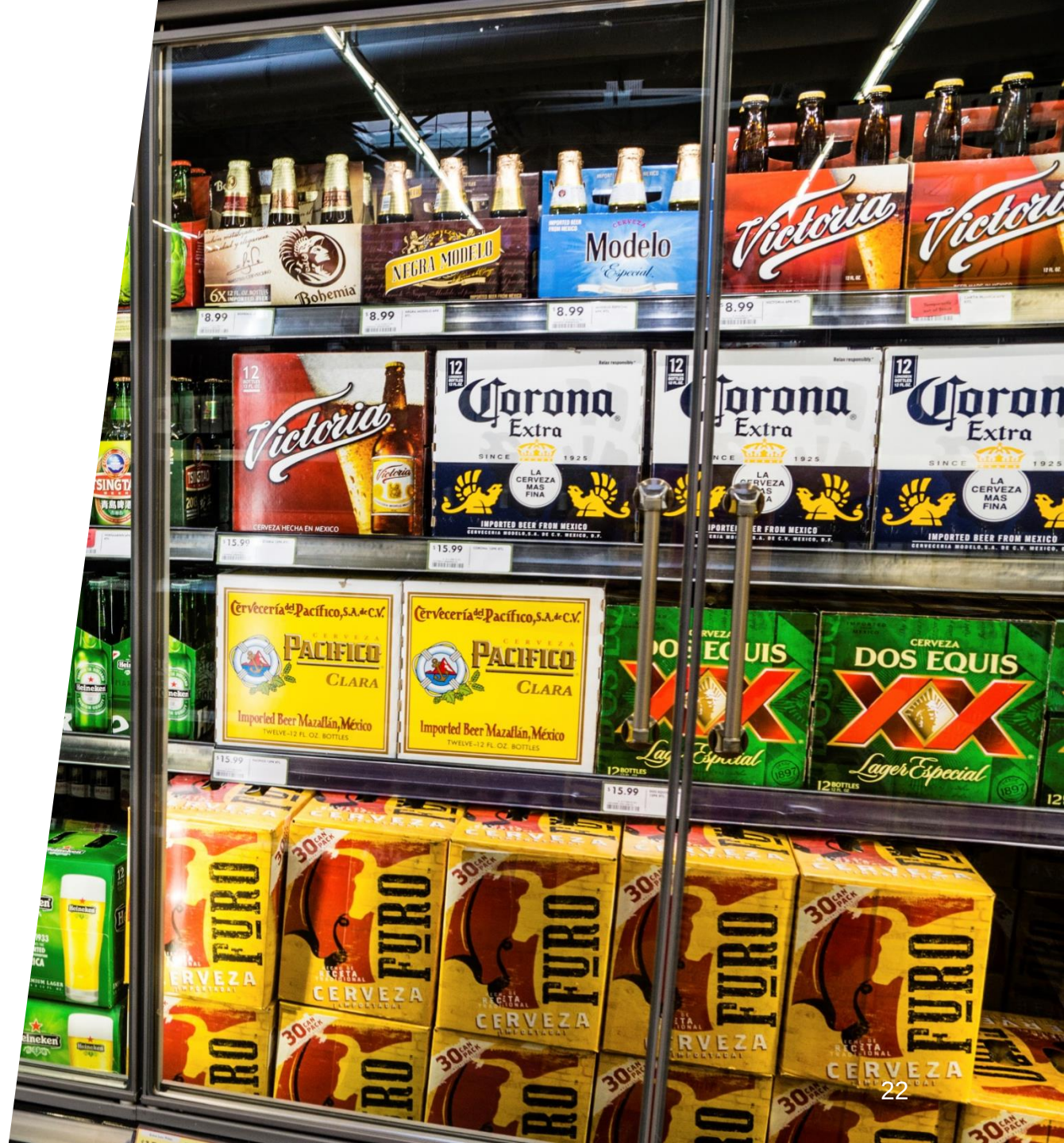
Consumers' Top Beverage Promotions

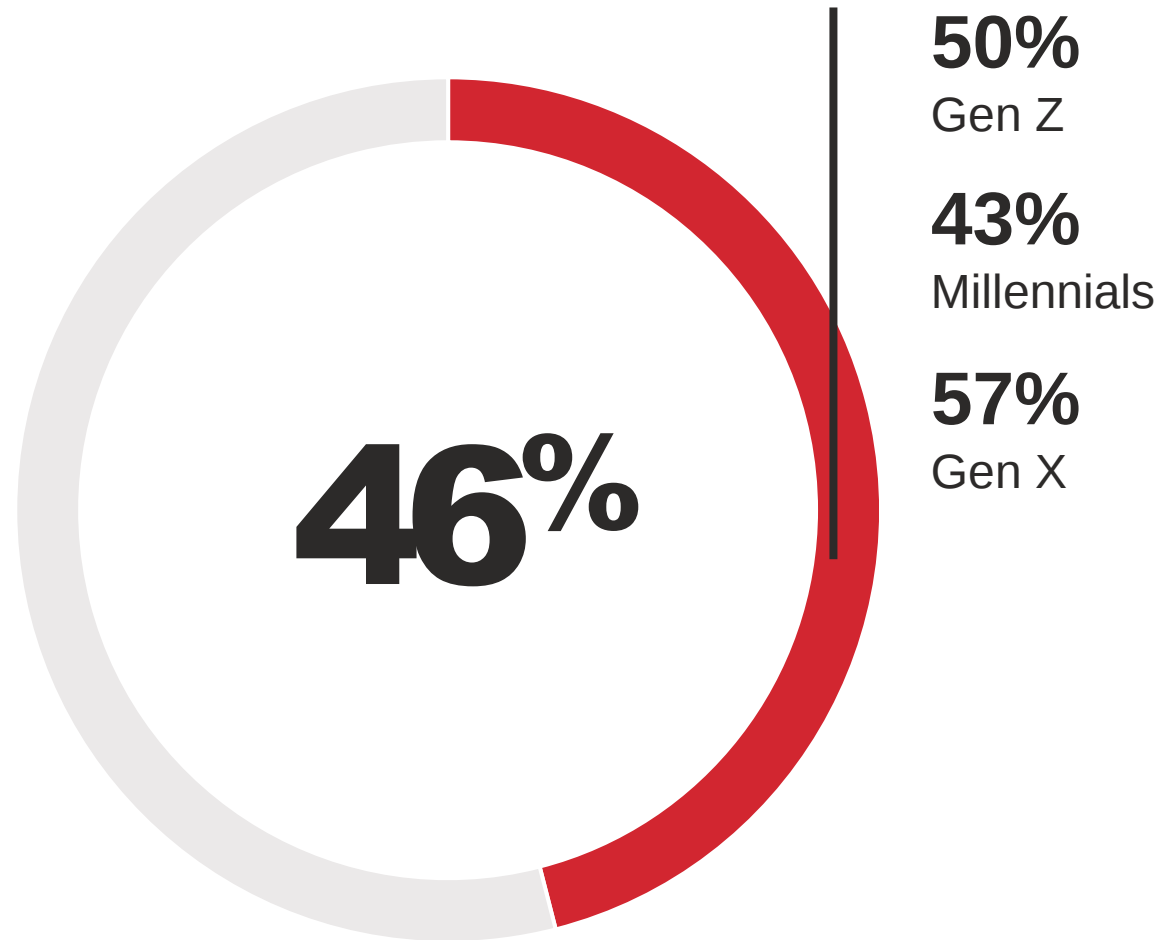
1. BOGO (free or reduced price)
2. Free samples
3. Coupons
4. Loyalty card/brand app tie-ins
5. Bundling with gas
6. Bundling with prepared food
7. LTOS
8. Bundling with retail food



“Brands are built
on-premise.”

**BETTER
TOGETHER**





I like the convenience of being able to
buy alcohol where I also purchase
snacks, foodservice items, etc.

Rethinking Promotions

1. Consumer expect competitive prices

- BOGO
- Samples—challenging to execute, but worthwhile?
- Loyalty/reward programs—drive frequency of beverage visit
- Creative bundles

2. Staying top-of-mind is critical and an ongoing challenge



Rethinking Promotions

Rethinking Cross-Category Opportunities

1. Identify key categories of specific appeal to your customer

- Non-foods
- Packaged food

2. Align beer with other items

- Strategically cross-merchandise and co-promote

Rethinking Cross-Category Opportunities



Rethinking Outreach

1. Ability to target local consumers

- Evolving consumer tastes
- Millennials and Hispanic consumers

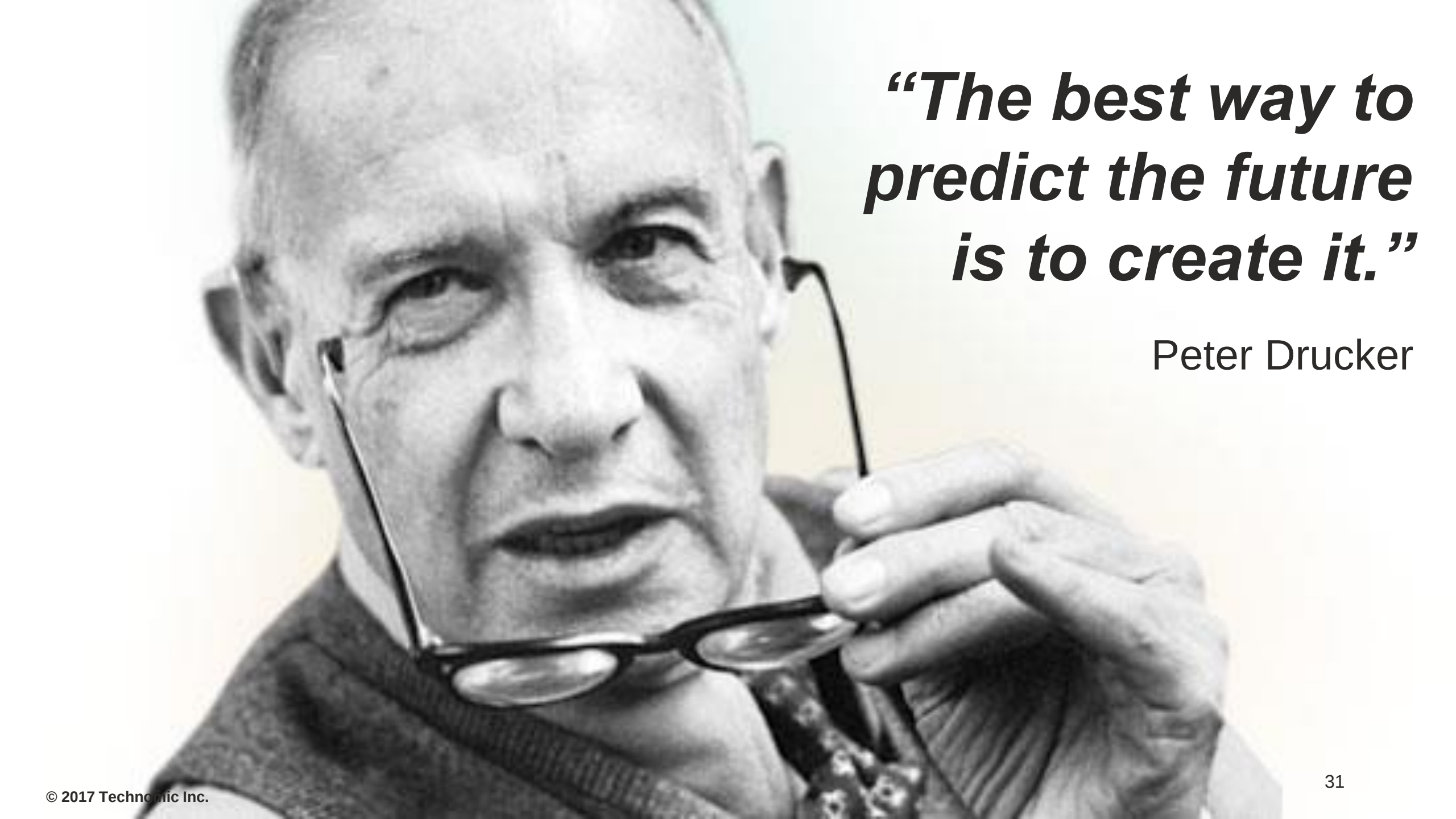
2. Making innovations matter

Rethinking Outreach



Overarching Conclusions

- 1** The retail experience is changing; be mindful of assumptions
- 2** Generational influences are critical to understand
- 3** Creative merchandising and promotion matters

A black and white close-up portrait of Peter Drucker. He is an older man with a serious expression, looking slightly to the right. He is holding a pair of dark-rimmed glasses in his right hand, with the frames resting near his chin. He is wearing a dark, textured sweater over a collared shirt. The background is a soft, out-of-focus gradient of light colors.

***“The best way to
predict the future
is to create it.”***

Peter Drucker

QUESTIONS?

Erik Thoresen

Principal

Technomic

erikthoresen@technomic.com