

STRAIGHT AND NEAT: TRENDS INFLUENCING CONSUMERS' THIRST FOR SPIRITS

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SOARING SPIRITS

2017 was a very good year for the spirits market. And there is no indication that the pours are stopping soon.

According to the Distilled Spirits Council, the volume of spirits sold at U.S. retail locations rose 2.6 percent to 226 million cases in 2017 and sales at alcohol suppliers rose 4 percent to \$26.2 billion. For the eighth consecutive year, spirits gained market share, with sales rising to nearly 37 percent of the total alcohol market. Spirits are gaining greater “share of throat,” mostly at the expense of beer, with spirits taking market share away from beers for the eighth straight year, rising 0.7 percent to 36.6 percent share of the total U.S. beverage alcohol market.¹ High-end and super premium product growth across spirits categories includes whiskey, tequila and emerging mezcal while vodka remains the largest category representing one third of all volume².

We’re not surprised by spirits’ steady growth. Backed by 116 years of packaging expertise, TricorBraun has been advising beverage alcohol brands on how to align packaging with consumer preferences for decades.

There’s an essential connection between packaging design, functionality and the consumer’s evolving lifestyle and needs. We know, based on firsthand experience, how spirits brand owners can drive consumer loyalty through packaging – packaging that connects with your target consumers and delivers an outstanding experience.

It starts with understanding the consumer trends and lifestyle behaviors influencing spirits’ growth. Let’s examine three major trends that will impact your spirits packaging strategy.

3 TRENDS IMPACTING YOUR SPIRITS PACKAGING STRATEGY

1 Consumer Preferences are Changing

With the coffee and craft beer categories becoming increasingly saturated, the craft spirits category is emerging as the next big thing. Strategy&, PwC’s strategy consulting arm, says the craft spirits market is poised for a boom, with craft spirits volumes expected to grow to 25.6 million cases by 2020 – an annual growth rate of about 40 percent.

^{1,2}Distilled Spirits Council, annual economic briefing, February 1, 2018

What's behind the boom?

Consumers are eager to learn about spirits, and millennials in particular are willing to open their wallets for high-end, premium spirits. Strategy& indicates that as millennials and Gen Z grow in scale, they are embedding their distinct brand preferences – sustainable, experiential, personalized – that are “cool” to their generation. In many industries, including spirits, this has meant a scrapping of “old world” brands that were revered by their parents. Meanwhile, brand owners are responding by creating excitement with new products and new ways to interact with consumers, including the discoverability and exclusivity that consumers crave from the craft scene.

Artisanal Demand

Similar to the craft beer movement, consumers are seeking small-batch, hand-crafted, artisanal spirits from family-owned companies. They are willing to pay more for quality and seek better flavor, and unique taste experiences. Artisanal brands satisfy consumers' need for adventure, variety, and discovering something new and different. They love hearing the story of how a product came to be.

Take The 1970, an original, ready-to-drink vodka cocktail, based on a family recipe since 1970. With a [unique bottle](#) and graphics inspired by 1970s poster art, The 1970's [website](#) serves as an extension of its packaging, describing the family history and origin of the cocktail in detail.

How might your brand satisfy consumers' needs for adventure, variety and discovering something new through packaging? Consider how to share your brand's history or origin story via the label or bottle design. Or, incorporate your brand backstory and production details via secondary packaging.

Pre-Mixed Botanicals

Basil, bergamot, cinnamon, ginger, green tea...herbs and teas are expanding from the kitchen into spirits and cocktails. As consumers gravitate to healing properties and health benefits via wellness movements, they're adding botanical elements to smoothies, juices and enjoying them as pre-mixed botanical cocktails. For example, floral liqueur Songbird Flora, made from elderflowers, jasmine, raspberries and hibiscus, allows the consumer to visualize its botanical ingredients directly on the bottle. Or The 1970 vodka cocktail, based on a family recipe made with 19 exotic fruits, spices and botanicals. Brand owners are responding to changing consumers' preferences, and it's leading to inspired packaging.



The 1970 Fruit & Spice Flavored Vodka
The 1970



New Retail Models and DIY

Brands are responding to consumers' desire for education, experimentation and exploration with direct-to-consumer models and DIY kits. Waitlist-only monthly delivery service Flaviar offers consumers three vials of curated, high-quality, rare spirits samples. Secondary packaging includes tasting notes and background information. For the DIY crowd, Bespoke Post's barrel-aged cocktail kit and Wasmund's Barrel Kit allows consumers to simulate the barrel-aging process at home, in a right-sized barrel. Consider how your brand might bring consumers into your process, allowing them to customize or DIY at home.

Branded Experiences as Social Currency

Millennials look to go beyond the typical bar, and thirst for more immersive settings that stimulate the senses and heighten the drinking experience. They appreciate the caché that comes with attending a brand's prime-for-Snapchat, limited-time engagement, pop-up or party.

Single malt scotch whiskey creator Glenmorangie's Unseen pop-up in London, for example, allowed superfans to sample some of the company's limited production spirits and collector's items, and offered the option to bring home some of the company's most coveted whiskey. North Shore Distillery entices visitors with limited release spirits, giving the buyer bragging rights. These products are made on a limited basis (sometimes only once) and are only available at the distillery. Diageo used virtual reality to take viewers to the Glen Ord distillery and "into the cask" to experience their product's flavors.

Consider enhancing these branded experiences to drive purchasing by offering fans limited edition bottle designs at live events or pop-ups to coincide with event themes and also consider how this experience might filter into the consumer's home.



Wasmund's Barrel Kit
Copper Fox Distillery®

2 Lifestyle and Diet Movements

Consumers are increasingly paying attention to what they are putting in their bodies, from quantities, portions and the origin of ingredients, to processing methods and health benefits claims, and spirits is no exception. As a result, consumers are looking to bottle labels and overall branding for both ingredient lists and messaging that align with their lifestyle choices, preferences and nutritional goals.



Farm-to-Table Meets Farm-to-Flask

Heirloom tomatoes, balsamic vinegar and fresh arugula are no longer limited to the farm-to-table menu. These ingredients and more are making their way to spirits cocktails. These local and seasonal ingredients are inspiring consumers to rethink their view of the category.

For instance, Square One Organic Vodka, inspired by the garden, is crafted from 100% organic American rye and water originating in the Teton Mountains. Square One Basil is infused with the essence of four basil varieties – Genovese, Thai, Lemon and Sweet – with a touch of coriander, honeysuckle and lemongrass. The story and inspiration behind Square One’s spirits are detailed prominently on the company’s website. Consider how you might incorporate your product’s natural, botanical or herbal ingredients into your bottle or label design or via your product’s story on your website.

Wellness-Driven Drinking

Our research shows that consumers are looking for healthy, super-food ingredients (akin to a juice bar) and low-sugar cocktail options. These include cocktails made with ingredients such as turmeric, coconut water, ginger honey and carrot juice.

The Coco brand, for example, offers a coconut water and vodka blend, targeting health-conscious consumers by leveraging coconut water’s mass appeal as a source of hydrations, electrolytes and overall replenishment.

Healthy Diets, Healthy Cocktails

Similar to wellness needs, consumers with dietary preferences are seeking organic, gluten-free, dairy-free and non-GMO options in spirits and other alcohol products. Tito’s Handmade Vodka, a corn-based spirit, is a good example; while most vodkas are made with wheat or rye, the company crafts one of the few gluten-free alcohol brands. To appeal to these health-conscious consumers, other brands will need to respond with cleaner product offerings that include third party certifications.

With this trend in mind, brand owners and their packaging partners need to consider how their spirits’ packaging design positively or negatively impacts consumers’ perceptions of how healthy their spirits might be. Spirits companies should also consider how to use lifestyle movements to inspire the materials, colors and other components used in the product’s packaging.



Tito's Handmade Gluten-Free Vodka
Tito's®



Triple Crown Singles and Doubles
Triple Crown Distilling Co.



Mocktails Brand Alcohol-Free Cocktails
Mocktail Beverages Inc.



LIQS Cocktail SHot
LIQS®

3 Usage & Consumption

New occasions are emerging on the drinking front, and consumers are seeking a more effortless, on-the-go consumption experience. These new usage scenarios must appeal to a variety of audiences and their tastes. How can your brand – through packaging form and function – fit seamlessly into any setting, for on-the-go and party or event consumption?

On-the-Go Drinking

Several brands are aiming to fit into consumers’ active lifestyles by providing high-quality beverages in convenient packaging formats that seamlessly fit into an array of activities and environments.

For example, Maven Vodka Cocktails seek to meet the needs of the sophisticated consumer who desires a portable option with both great taste and style through its frosted glass packaging and logo design that pays homage to New York City. Hochstader’s Slow & Low Rock & Rye whiskey in a 100ml can is another portable example that provides consumers an option to drink straight from the can.

Injecting F-U-N into R-T-D

One powerful way brands are capturing consumers’ attention is through bright packaging and fun shapes. Buzzballs, for instance, are ready-to-drink cocktails with plastic packaging that allows them to be both unbreakable and buoyant while drinking by the pool. Or Triple Crown Whiskey, which is the first whiskey available in single- and double-serve flexible pouches that are portable and fit easily in a pocket.

For those that don’t drink alcohol but want to be a part of the party atmosphere, Mocktails are colorfully-packaged, 18-ounce non-alcoholic drinks shaken and served from a cocktail shaker. The four initial Mocktails – Karma Sucre Cosmopolitan, Vida Loca Margarita, Sevilla Red Sangria and Scottish Lemonade Whiskey Sour—are low calorie, all-natural with no preservatives and no high fructose corn syrup.

Festival Formats

More and more consumers are socializing not only in bars and nightclubs, but at experiential, yoga and music festivals or art and food events. This trend, according to Forbes, could spark “a revolution toward portable, lightweight, non-breakable and maybe shareable packaging that contains pre-mixed and/or low-alcohol beverages.” By providing festival or party-goers with premium, pre-mixed shots with peel-able lids, for example, LIQS allows their product to follow consumers wherever they go.

WINNING IN SPIRITS WITH PACKAGING

Spirits brand owners can drive consumer loyalty through packaging that meets consumers preferences and enhances the consumer experience. To achieve this, you need an experienced packaging partner who understands the consumer trends and behavior driving the market and can help you develop meaningful packaging solutions that deliver on consumer preference and ultimately win at the shelf.



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