

THIRSTY HABITS:

Affluent consumption from 2022
points to good times ahead
for the drinks industry

An Ipsos Point of View

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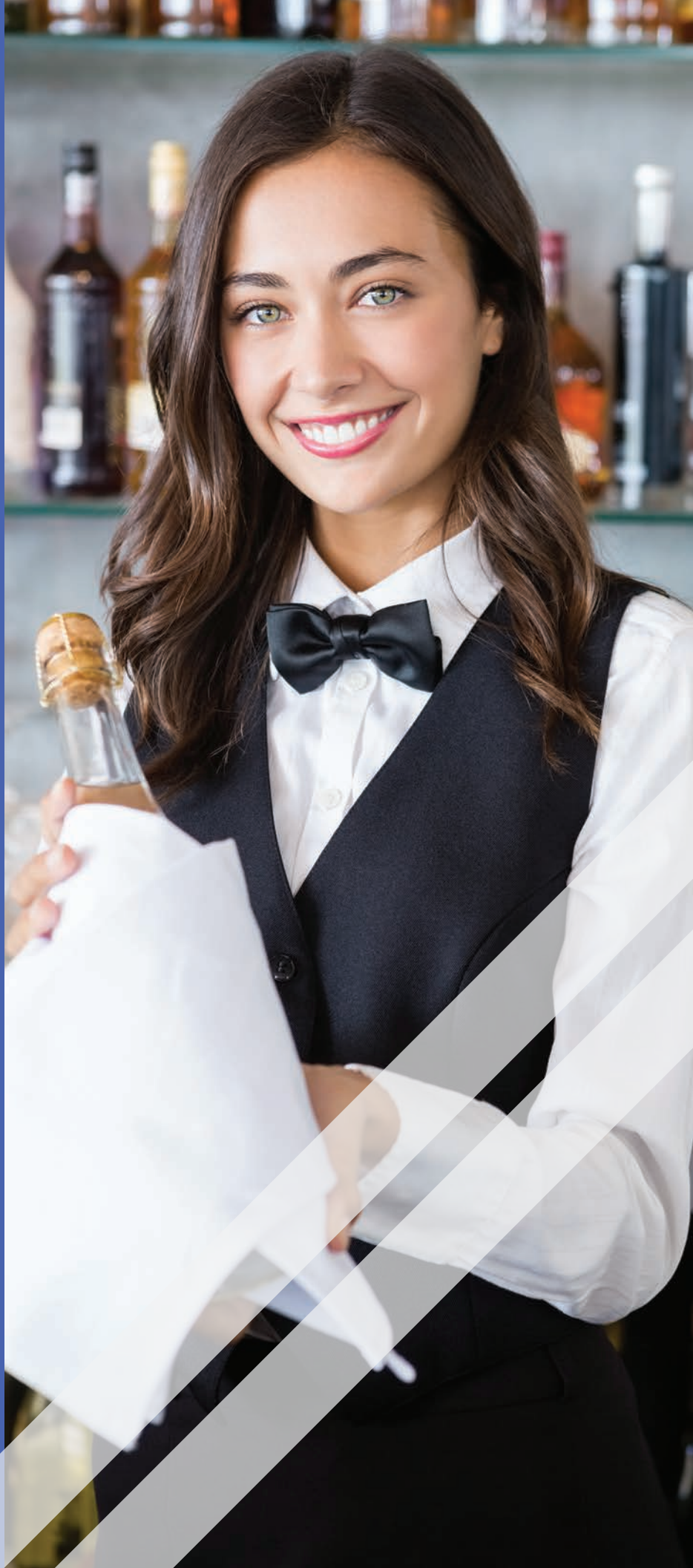


GAME CHANGERS



KEY FINDINGS:

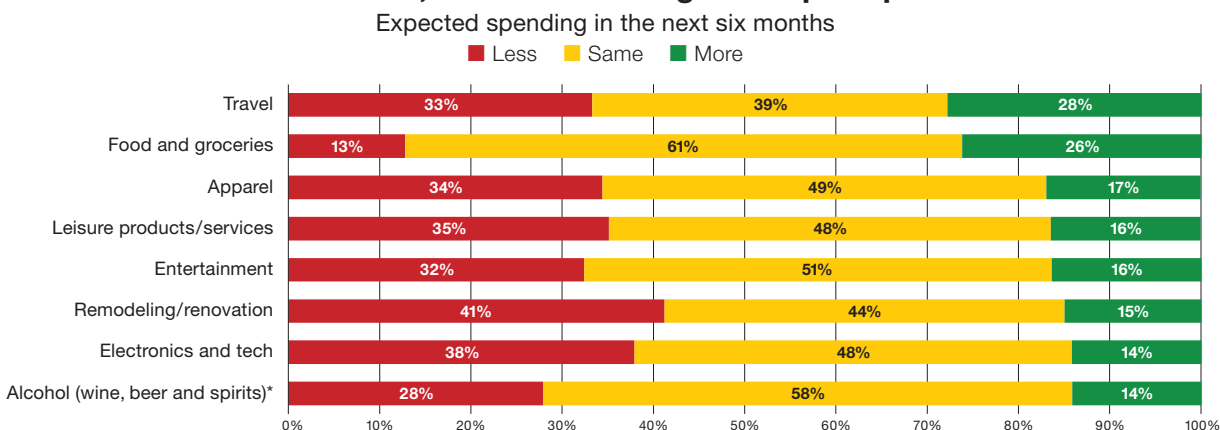
- Three quarters of Affluents plan to spend the same or more on alcohol in the next six months, compared to the last six.
- Affluents are returning to food service at a much faster pace.
- Older Affluents consume more wine and spirits, while younger Affluents prefer beer and ready-to-drink beverages.



As we enter the new year, data from Ipsos' Affluent Surveys and the Alcohol Consumption Tracker (ACT) tell us that affluent consumers aren't letting concerns about the economy and inflation dampen their spirits.

Affluents have long been key constituencies for the alcoholic beverages industry, outspending non-affluent households four to one. The \$30 billion they spend yearly on beer, wine and spirits is expected to hold up into 2023, as three-quarters of affluent consumers say they anticipate spending the same or more on alcohol in the next six months, compared to the last six.

Affluents continue to plan to spend more on travel and groceries in the near term, while remodeling eases post-pandemic



Q. Comparing the last 6 months to the next 6 months, do you expect to buy more, less, or about the same amount on the following?

*Alcohol asked only of Adults 21+

Source: Ipsos Affluent Barometer, Q4-2022

Behind this is the fact that affluent consumers tend to be more insulated from economic downturns than the average American household, and despite the current uncertainty there is little to suggest that this time will be different. Two thirds of Affluents describe their family's finances as the same or better than a year ago. Significantly, the share of Affluents reporting this is up compared to when we asked in April 2022.

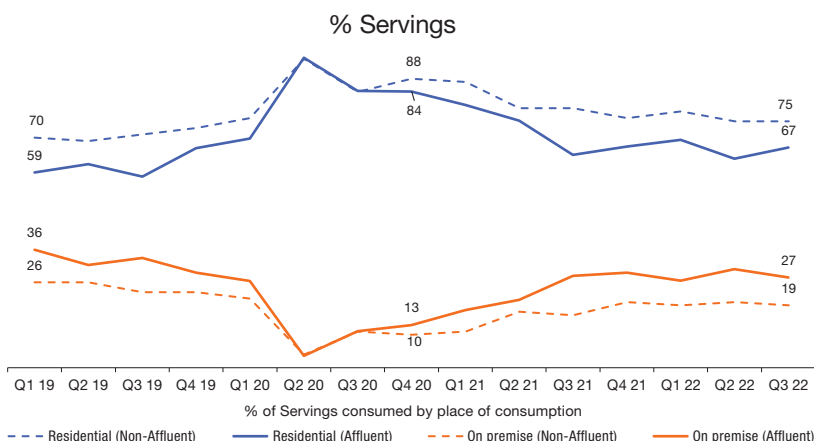
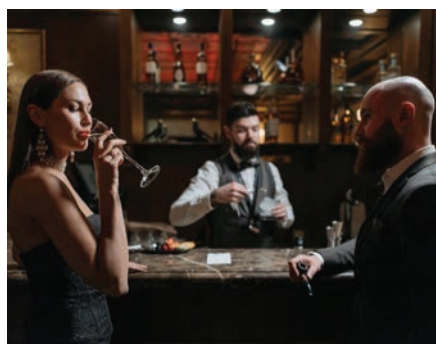
However, there's something more to Affluents' alcohol consumption habits than just a comfortable financial situation, and it relates to the sociable nature of the affluent mindset. Affluents love to entertain friends and family; in an average month, more than 80% of them say that they entertain at home, and two thirds of them do so outside the home.

Over the past couple of years, as Affluents have looked for safe ways to get together, our data showed a major shift towards at-home alcohol consumption. During the worst part of COVID, more than 9 in 10 servings shifted to "at-home" compared to "on-premises" (meaning places like restaurants, bars and sporting arenas).



This balance has recently started to return to normal levels. Last year saw fewer restrictions on social gatherings compared to 2021, and the last two quarters in particular saw growth in on-premises sales, where Affluents are returning at a much faster pace than non-affluent households. In general, Affluents' desire to stay connected with their family and friends has helped lift alcohol sales across the board.

Affluents are returning to food service at a much faster pace



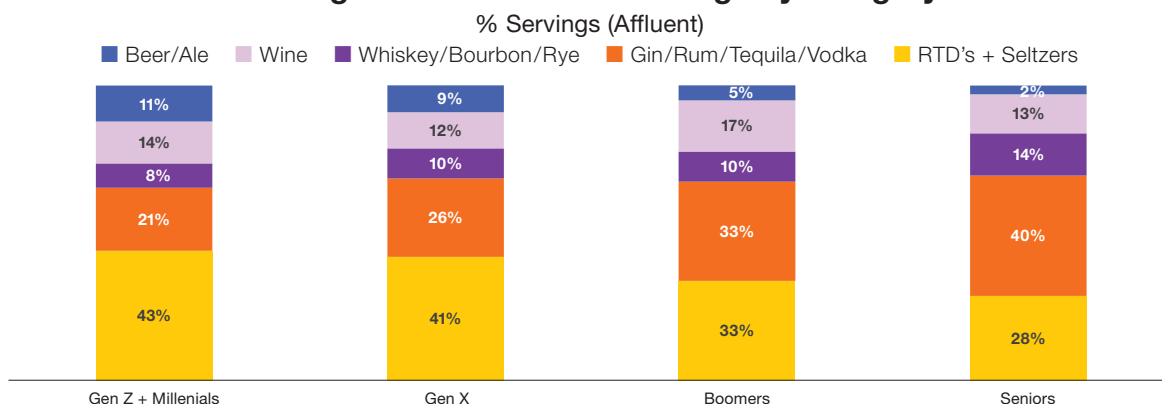
Source: ACT US | SYNDICATED

So, what are affluent consumers drinking? The majority consume one or more glasses of alcohol per week, with wine being the most popular. Interestingly, although wine consumption is roughly even between men and women, male consumption of beer and spirits is close to twice as high as women.

This tells us that a one size fits all approach certainly does not apply to Affluents and the types of alcohol they prefer, and evidence shows that generational nuances in consumption preferences exist as well. In general, older cohorts tend to consume more wines and spirits, while Gen Z and Millennials favor beer.

Younger consumers have also driven growth in one category in particular since the start of the pandemic—ready-to-drink (RTD) alcoholic beverages. We link this to a general trend among this group towards health and wellness, even within overall alcoholic consumption, and RTDs are now encroaching into a share of the market traditionally occupied by beer.

Clear generational skews emerge by category



Source: ACT US | SYNDICATED, 12ME Sep 22

Regardless, the fact that Affluents continue to feel good about their personal finances in spite of rising inflation shows that their drinking habits haven't changed significantly. With one out of every two dollars spent on alcohol in the United States coming from the affluent consumer, they're clearly a force to be reckoned with—something that beverage marketers will no doubt be hoping to raise a toast to again in 2023.

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