

BREWBOUND SESSION

SUMMER 2017 | JUNE 15 | NEW YORK, NY



BREAKING DOWN BEER'S BUZZWORDS

The language of Craft – does it resonate with your consumer?

Danny Brager – SVP, Nielsen Beverage Alcohol Practice
Caitlyn Battaglia – Associate Client Manager, Beverage Alcohol Practice
June 15, 2017

So many stories, so well covered – by market researchers/analysts, industry associations, and industry newsletters/trade publications



- ✓ Beer still ceding ground to Wine/Spirits
- ✓ On Premise lagging Off Premise
- ✓ Craft slowdown; seasonals in steep decline
- ✓ Growth in IPA's; Craft Cans; Fruit flavors; Local crafts
- ✓ DM Premiums and Below Premiums still struggling
- ✓ Mexican, AND DM Super Premium still rocking
- ✓ Hard Seltzers/Sodas – trend? or fad?
- ✓ Cider category declines – but not uniformly

 nielsen

 nielsen | CGA

OFF PREMISE

Food
Drug
Target
Walmart
Dollar
Whole Foods
Convenience
Select Club Stores
Military Exchanges
Liquor (select markets & retailers)

ON PREMISE

Eating (Restaurants)
Drinking (Bars)

But now for something completely different

OR WHAT IS, AND IS NOT, CRAFT TO THEM

Q: Which do you think are essential for a beer to be defined as a craft beer?



% defining factor as essential for a craft beer to be defined as a craft beer

A beer with a unique flavor	48%
A beer with high quality ingredients	48%
Not mass produced	33%
A beer not owned by a big brewery	33%
Produced by an independent company	32%
Produced by a local company	31%
Produced by a company that makes a relatively small amount of beer	26%
A beer with unique manufacturing processes	23%
A beer with a traditional flavor	23%

Q: In your opinion, what stops a beer from being defined as a craft beer?



% defining factor as reasons for not being defined as a craft beer

Being mass-manufactured	53%
Being produced by a large company	40%
Lack of taste/flavor	37%
Being owned/bought by a big company (despite similar manufacturing processes & quality as before)	30%
Being too widely available	29%
Not having a unique flavor	26%
Not produced in the traditional way	15%
Having a low alcohol content	15%

BREAKING DOWN BEER'S BUZZWORDS

Are we sometimes talking to ourselves?

The Nielsen logo, featuring the word "nielsen" in a lowercase, sans-serif font. The "n" is blue, and the rest of the letters are grey. Below the text are seven small grey dots.The Social Standards logo, featuring a colorful circular icon with segments in red, orange, yellow, green, and blue, followed by the text "social standards" in a lowercase, sans-serif font.The Brewbound logo, featuring the word "BREWBOUND" in a large, bold, black, uppercase, sans-serif font. Below it, the text "CRAFT BEER NEWS, EVENTS & JOBS" is written in a smaller, black, uppercase, sans-serif font.The Harris Poll logo, featuring the text "the harris poll" in a lowercase, sans-serif font. "the" is black, "harris" is black, and "poll" is green. A green curved line arches over the word "poll". A registered trademark symbol (®) is located to the right of the word "poll".

BUT HOW ABOUT THESE INDUSTRY BUZZWORDS?

INDUSTRY/MARKETING

Collaboration

GABF

Innovative

Limited (edition)

**Independent/Independently
owned**

PRODUCT

Balanced

Barrel-aged

Brett

Citrus/citrusy

Drinkable

Dry-hopped

Fresh-hopped

Floral

Funky

Grassy

Hazy

Herbal

Hoppy

Juicy

Mosaic

New England-style

Piney

Smoked

Sour

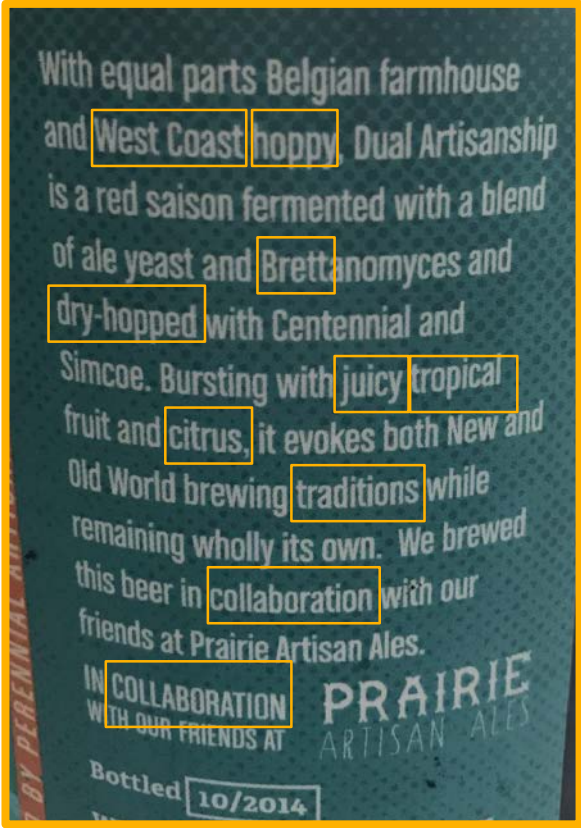
Traditional

Tropical

Unfiltered

West Coast (IPA)

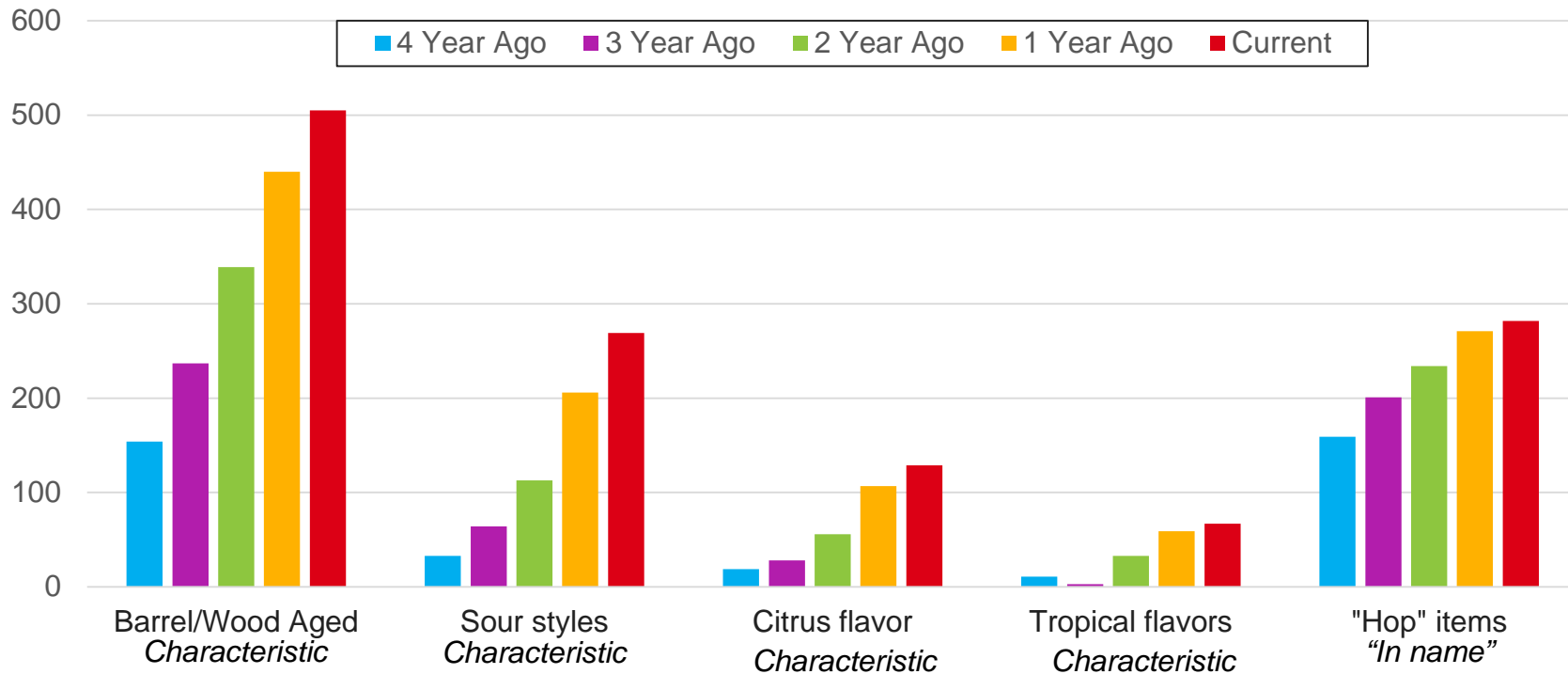
Wet-hopped



- WEST COAST
- HOPPY
- BRETT
- DRY HOPPED
- JUICY
- TROPICAL
- CITRUS
- TRADITIONAL
- COLLABORATION

GREATER AVAILABILITY OF CRAFT BEER WITH SOME OF THESE BUZZWORDS ON THE LABEL (OR NAME)

Number of Craft brands with “x” on label/or characteristic

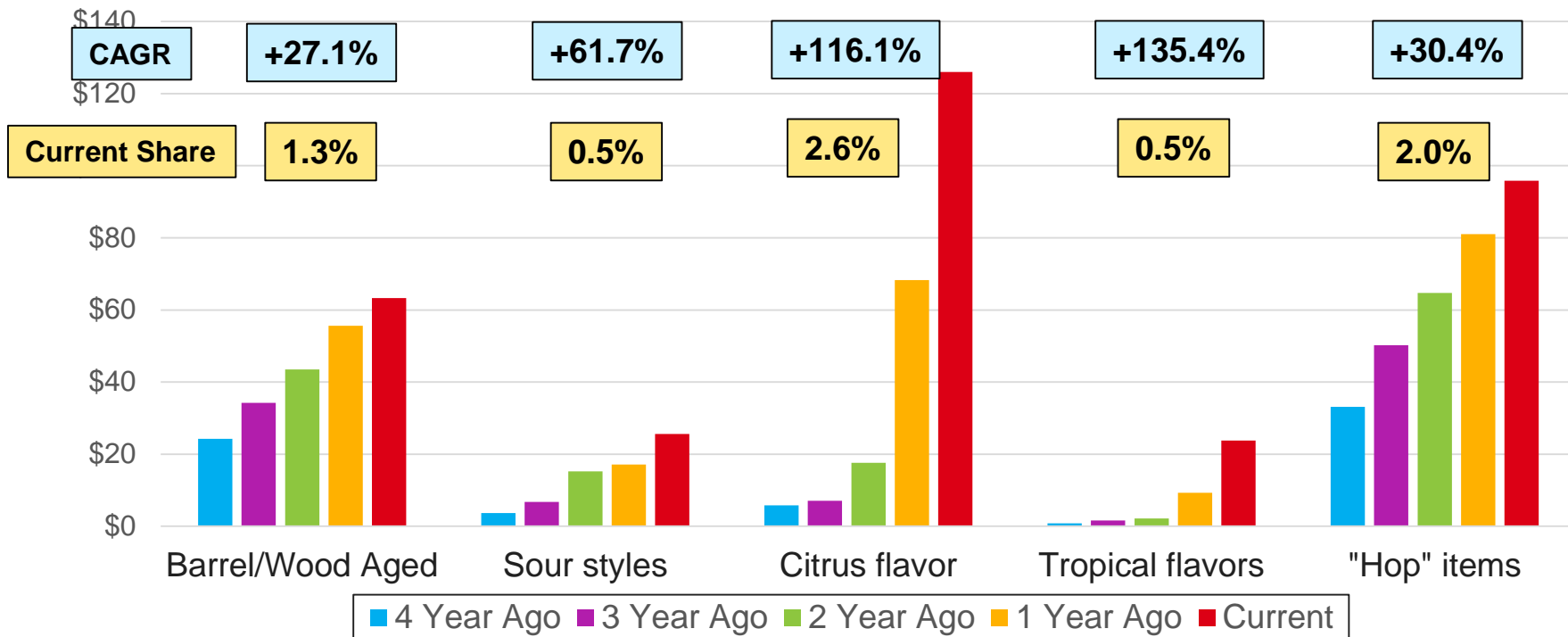


Source: Nielsen measured Off-Premise Outlets (xAOC + Liq Plus + Conv + Military); 52 week periods ending 05/20/17 (dollars)

*ITEMS defined by BRAND EXTENSION

ALONG WITH CORRESPONDING SALES GROWTH...

Annual Dollar Sales (MM); Craft only



Source: Nielsen measured Off-Premise Outlets (xAOC + Liq Plus + Conv + Military); 52 week periods ending 05/20/17 (dollars)
 *ITEMS defined by BRAND EXTENSION

NIELSEN CRAFT BUZZWORDS SURVEY

In conjunction with Brewbound; conducted by the Harris Poll

- National survey fielded May 19-23, 2017
- Approximately 2,000 adults 21+; representative and projectable
 - 773 regular Craft beer drinkers (almost 500 several times per month)
- Craft self-defined by respondents
- Primary analysis among the most REGULAR (i.e several times per mos) Craft beer drinker

NIELSEN CRAFT BUZZWORD SURVEY

...in collaboration with Brewbound

Awareness

How familiar are you with each of the following terms as they relate to beer?

- ✓ 4 point scale from...not at all familiar to very familiar

Purchase Influence

Thinking about the beer-related terms you are familiar with, if you heard or saw each term in connection with a particular beer, would you be more likely, less likely, or equally as likely to purchase the beer?

AWARENESS LEVELS (percentage across 29 terms)

LOWEST



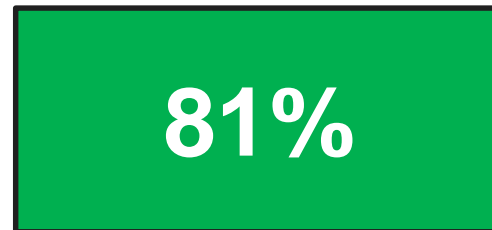
GABF

Brett
Funky
Grassy
Mosaic

AVERAGE



HIGHEST



**Independent/
Independently owned**

Traditional
Hoppy
Drinkable
Limited edition

Nielsen study conducted by the Harris Poll (May 19-23, 2017)
Q: How familiar are you with each of the following terms as they relate to beer?

AWARENESS LEVELS (percentage)

<20%	20 to 30%	30 to 40%	40 to 50%	50 to 70%	70%+
GABF	Brett	Hazy Juicy Smoked Collaboration Funky Grassy Mosaic	Floral Tropical Herbal Sour Piney Wet hopped	Balanced Innovative West Coast IPA Unfiltered Dry hopped Fresh hopped N England style	Independent Traditional Hoppy Drinkable Limited edition Citrus/citrusy Barrel-aged

LOWER ←————→ **HIGHER**

Nielsen study conducted by the Harris Poll (May 19-23, 2017)

Q: How familiar are you with each of the following terms as they relate to beer?

AWARENESS LEVELS - GENDER

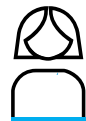
Average Awareness



Male



17 terms >50%



Female



11 terms >50%

COMMENTS

- #1 in awareness for Females – citrus/citrusy (73%)
- Smallest gender gaps (along with high or decent awareness overall) ...
 - Citrus/Citrusy; followed by Limited edition, West Coast IPA, Sour, and Juicy

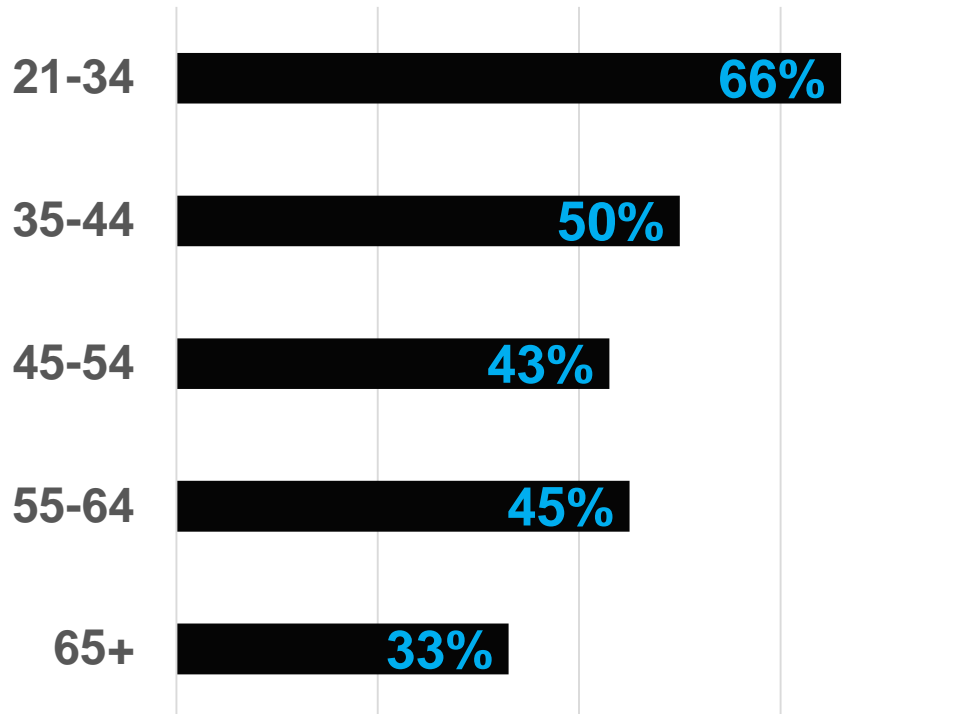
Nielsen study conducted by the Harris Poll (May 19-23, 2017)

Q: How familiar are you with each of the following terms as they relate to beer?

AWARENESS LEVELS – AGE GROUP



Average Awareness



Significant AGE GAP

in awareness levels, even among regular craft beer drinkers of these groups

Nielsen study conducted by the Harris Poll (May 19-23, 2017)

Q: How familiar are you with each of the following terms as they relate to beer?

PURCHASE INFLUENCE (among those familiar with term)

23 of 29 terms have a 'net' positive

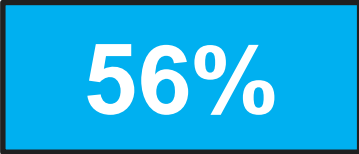
**LESS
LIKELY**



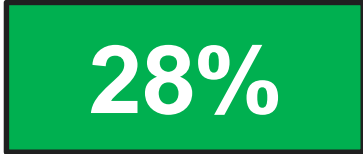
Sour

Funky
Piney
Hazy

**EQUALLY
AS LIKELY**



**MORE
LIKELY**



Drinkable

Indep/Independently owned
Traditional
Limited Edition
West Coast (IPA)

These terms also have a 'net' less likely to purchase

Nielsen study conducted by the Harris Poll (May 19-23, 2017)

Q: *Thinking about the beer-related terms you are familiar with, if you heard or saw each term in connection with a particular beer, would you be more likely, less likely, or equally as likely to purchase the beer?*

PURCHASE INFLUENCE (among those familiar with term)

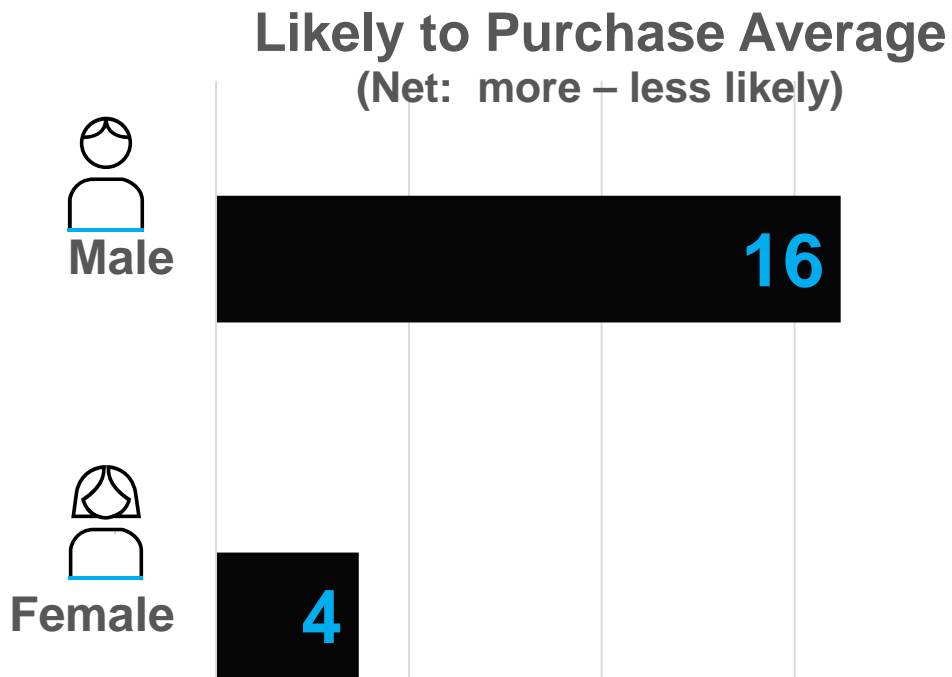


<-5	-1 to -5	0 to 10	10 to 20	20 to 30	30+
Hazy Funky Sour	Unfiltered Smoked Piney	Juicy Mosaic Hoppy Wet hopped Herbal Floral Grassy	Tropical Collaboration Citrus/citrusy Brett GABF	Barrel-aged Balanced N England style Fresh hopped Dry hopped West Coast IPA	Drinkable Limited edition Independent Traditional Innovative
		>70% awareness	50-70% awareness		

Nielsen study conducted by the Harris Poll (May 19-23, 2017)

Q: Thinking about the beer-related terms you are familiar with, if you heard or saw each term in connection with a particular beer, would you be more likely, less likely, or equally as likely to purchase the beer?

PURCHASE INFLUENCE - GENDER



COMMENTS

Only a few positive terms with balanced & positive Gender views

- drinkable
- limited edition
- New England style
- tropical
- citrus/citrusy

Nielsen study conducted by the Harris Poll (May 19-23, 2017)

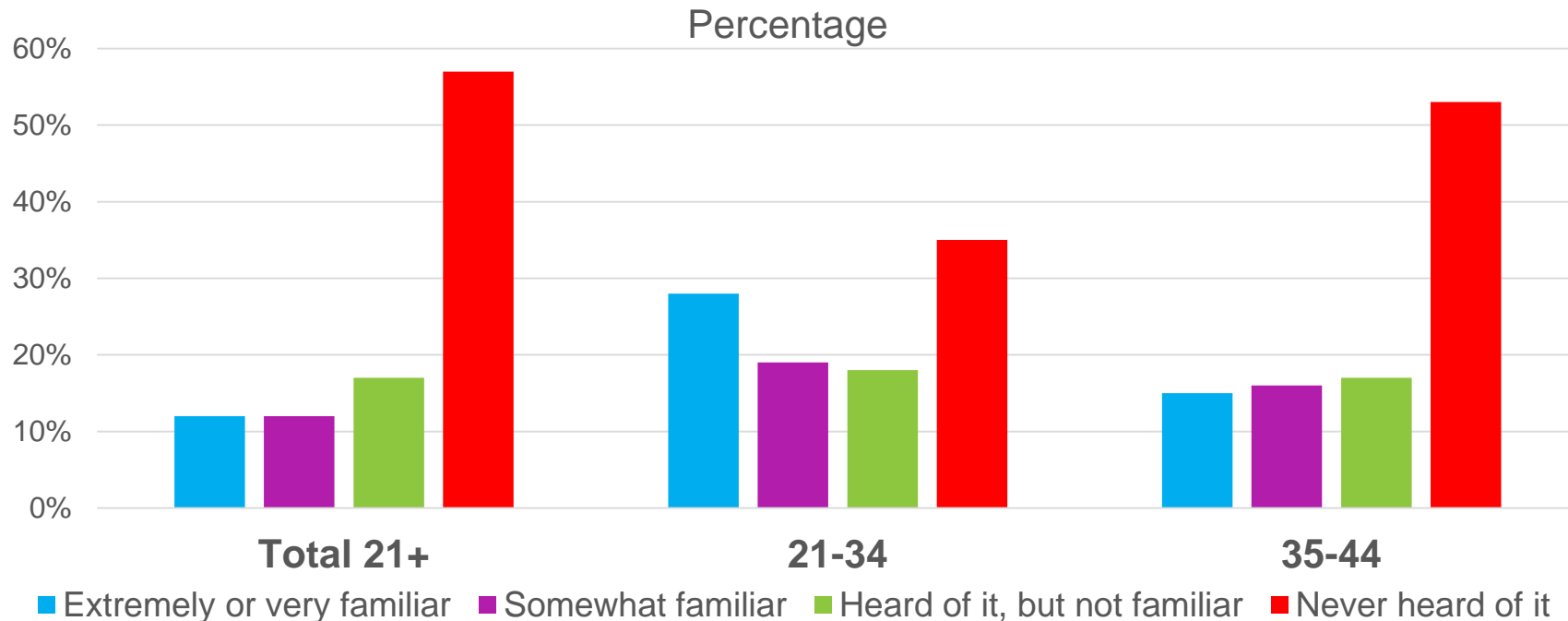
Q: How familiar are you with each of the following terms as they relate to beer?

A SIGNIFICANT PORTION OF REGULAR BEER DRINKERS ARE NOT FAMILIAR WITH 'SESSIONABLE'

(THOUGH HIGHER AMONG YOUNGER DRINKERS)



Q: How familiar are you with the term session or sessionable beer?



Source: Nielsen survey conducted by Harris Poll; Fielded January 20-24, 2017; 2099 21+ respondents; Base – regular Beer drinkers

5.1% - 6% ABV SEEMS TO BE THE SWEET SPOT FOR CRAFT BEER

% stating ideal ABV of craft brew

0% - 3.0%

3.1% - 4.0%

4.1% - 5.0%

5.1% - 6.0%

6.1% - 8.0%

8%+



3%

13%

26%

32%

20%

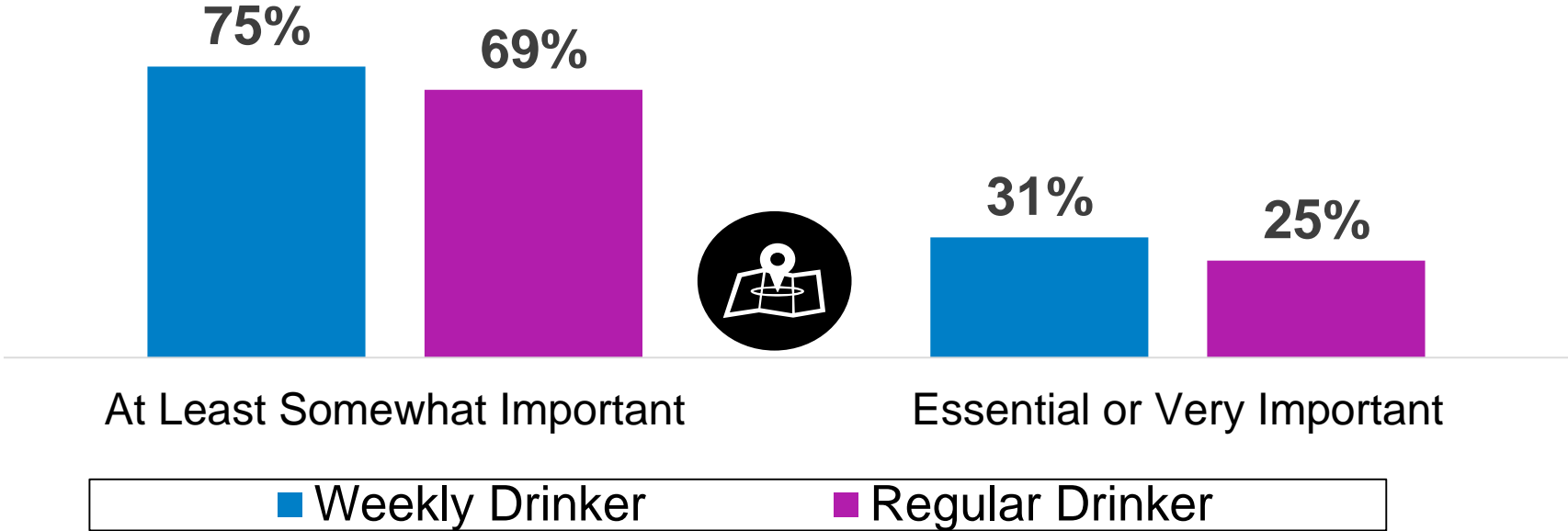
6%

Source: Nielsen CGA On Premise User Survey (March-April 2017) – sample size: 3124;
Q: What would be the ABV (alcohol content) of your ideal craft brew?

3/4 OF WEEKLY CRAFT DRINKERS SAY 'LOCAL' IS IMPORTANT

Q: How important is local (i.e., a product being "locally made") to you?

% Craft Beer Drinkers Saying LOCAL is....



Source: Nielsen's Craft Beer Insights Poll (CIP) conducted June 2016 by Harris Poll (n=1,018 Craft Drinkers; n=555 weekly craft drinkers)

SOCIAL MEDIA "BUZZ"



We cover each market vertical in its entirety — every social mention for every brand and every product category — so you can finally measure everything in **proper context** and **take action** confidently.

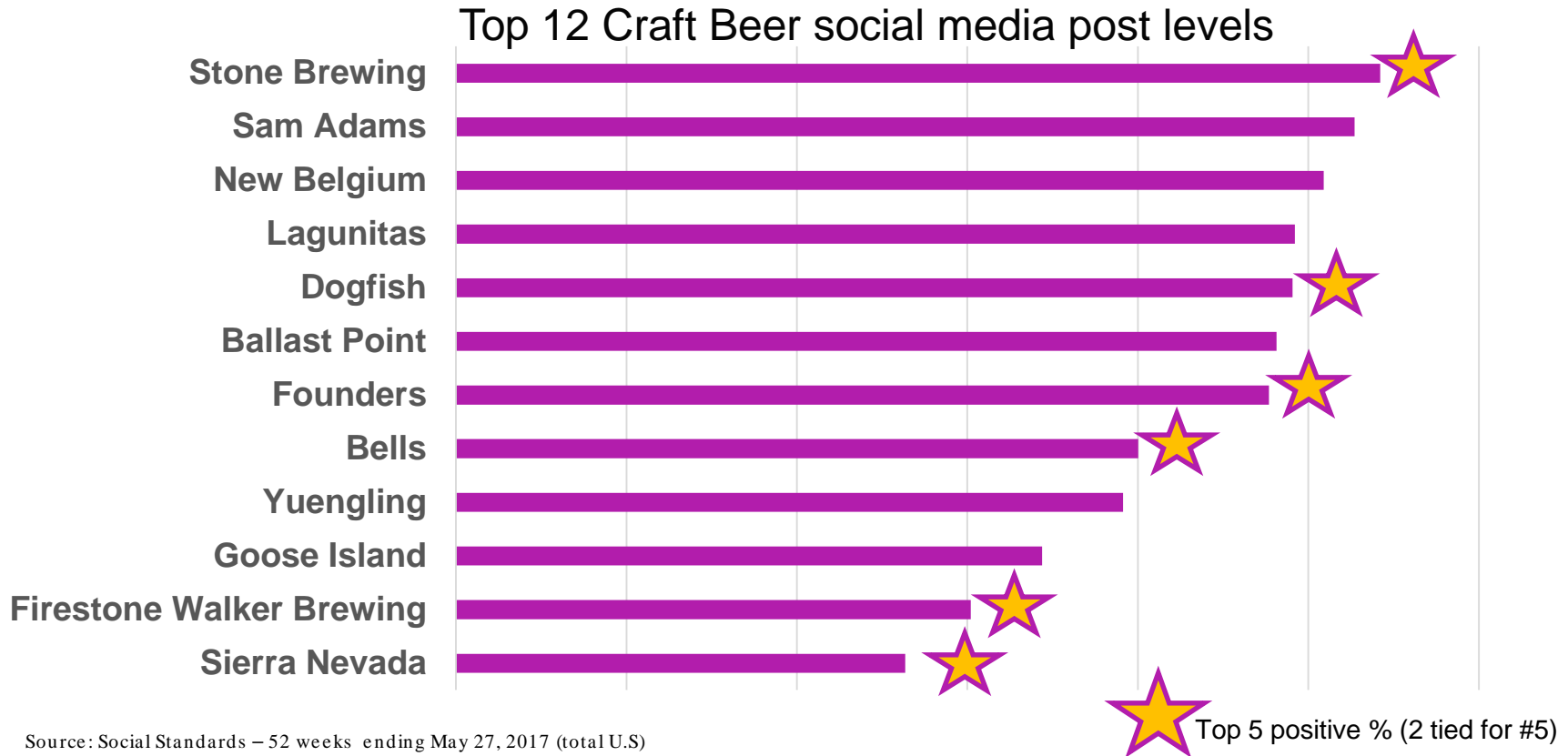


CRAFT BEER – 21%* of BEER CONVERSATIONS

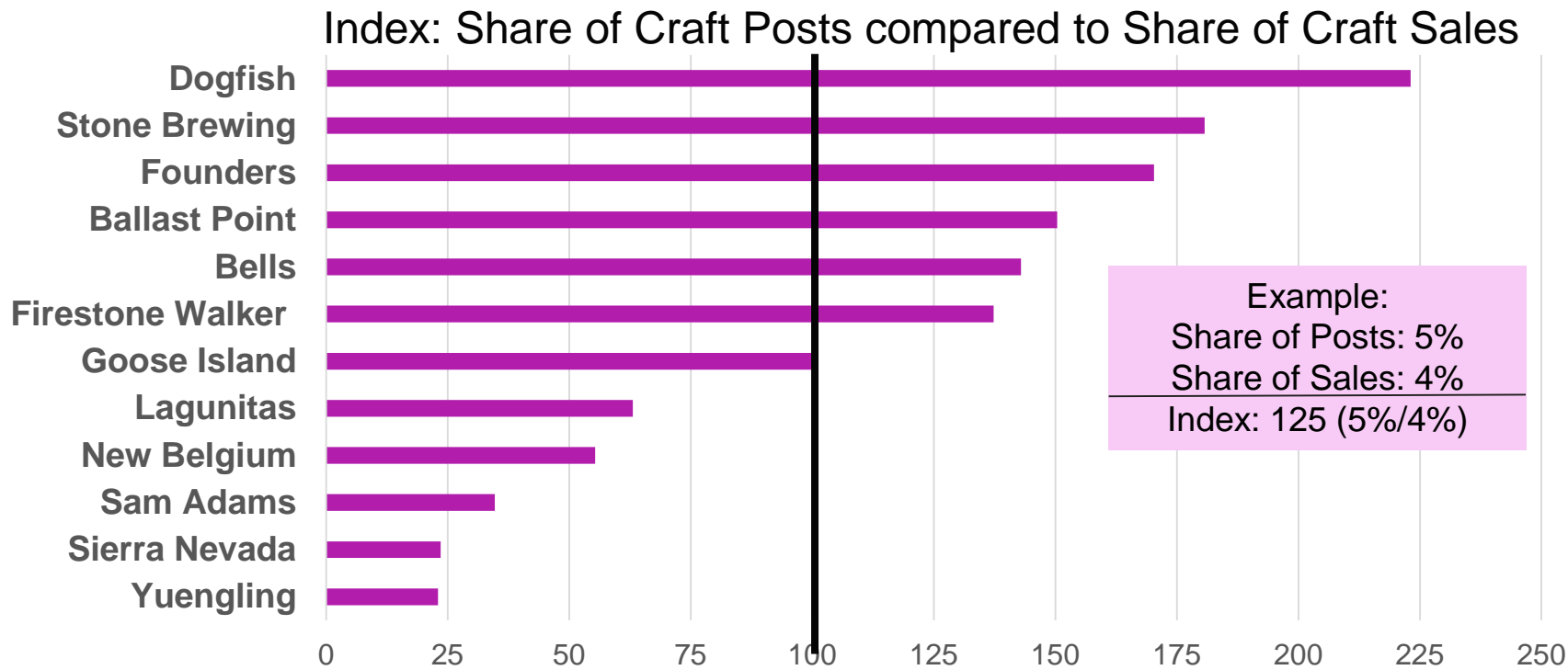
* Source: Social Standards; Period: 52 Wks ending May 27, 2017



THE CRAFT SOCIAL MEDIA CONVERSATION RANKING IS NOT A MIRROR IMAGE OF SALES RANKINGS



SEVERAL TOP CRAFT BRANDS HAVE A SOCIAL 'WEIGHT' AHEAD OF THEIR SALES SHARE



TOP CRAFT TERMS IN SOCIAL MEDIA MENTIONS, and MOST FAVORABLY MENTIONED

...Among the “Brewbound” Craft beer terms

MOST MENTIONED
Hoppy
Sour
Barrel-Aged
Juicy
Citrus

MOST FAVORABLY MENTIONED (>40%)
Balanced
Citrus
Collaboration
Limited Edition
Piney
Tropical
Traditional

KEY TAKEAWAYS

Do we talk just to ourselves? **Sometimes!!!**

1. Awareness levels range from very broad, to very narrow – you can't assume that every regular craft drinker is a craft 'expert'
 - Some terms may just not resonate – maybe not worth the marketing effort around it
 - Others may require continual 'education', or refinement of the message
2. Post awareness, most terms have a positive purchase influence, some more than others (emphasize those, raise their awareness)
3. There is still a significant GENDER and AGE gap to overcome – one that is significant for the industry to address in general given growth challenges
4. Leverage both social media space and taproom/tasting room visits for marketing/education re: the language of Craft
5. Prioritize what you're communicating to drinkers (and what's really important to your brewery/your beers) – sometimes 'less is more'

For more information, contact....

Danny Brager – danny.brager@nielsen.com

Caitlyn Battaglia – caitlyn.battaglia@nielsen.com

nielsen
• • • • • • • •