

Drizly Consumer Survey Report 2020



Alcohol shopping and attitudes, mid-2020: A landscape transformed

The life-changing experience of the COVID-19 crisis has altered consumer behavior and attitudes in nearly every major category. A 2.6B domestic business in aggregate in 2019, alcohol entered 2020 already experiencing shifts in preferences – some dramatic, as in the case of hard seltzer.

As the nation's leader in alcohol e-commerce and delivery, Drizly is a proven early barometer for such shifts, owed to its sales data and deep insights derived from the 3,000-plus, largely independent retailers on its platform, along with over 2MM, directly addressable consumers of legal drinking age in its database.

It puts Drizly in an unmatched position to examine alcohol shopping behavior, consumption trends and attitudes from March-June 2020. This report chiefly aims to identify the most notable shifts over that period and analyze their longevity – especially timely, with on-premise consumption opportunities gaining momentum and the summer season at hand.

The survey on which this report is based spanned topics such as in-store and online shopping, alcohol segment preferences, at-home consumption dynamics and overall purchase decision-making.

Report based on a survey conducted by Drizly during June 2020 among a representative sample of 15,000+ adults of legal drinking age who had used and not used Drizly before and includes some data points directly from Drizly's database. Respondents were recruited from Drizly's database and results were gathered via online survey. For the purposes of this survey, Gen Z is defined as age 21-26, millennials as age 27-41 and Gen X/Above as age 42 and older.

Among major findings:

Increased home consumption is poised to endure - Even as more states reopen and allow for some form of on-premise consumption, those who became accustomed to imbibing more frequently at home are likely to keep at it. 70% of respondents said they are planning to continue to drink less away from home, and 30% are poised to do so more at home... for the remainder of the year, at least.

Online ordering and delivery: habits are forming - 72% of current Drizly users and 50% of non-Drizly users anticipate at least 50% of their alcohol shopping will take place online, vs. in store, in the next year. For context, research conducted only last year found that 45% of consumers of legal drinking age questioned the legality of buying alcohol online. The past four months have both steepened the education and trial curves, with new users growing up to 1700% above baseline on Drizly since March of 2020.

Cocktail culture taking hold at home - More than half (52%) of those surveyed said they have made more cocktails at home during the past three months, and 54% predict that they'll keep mixing things up more in their kitchens and backyards this summer and beyond. Indeed, sales of mixers, bitters and other cocktail ingredients have risen sharply on Drizly since mid-March, with mixers, syrups and bitters becoming the fastest growing category on Drizly.

Among major findings: (continued)

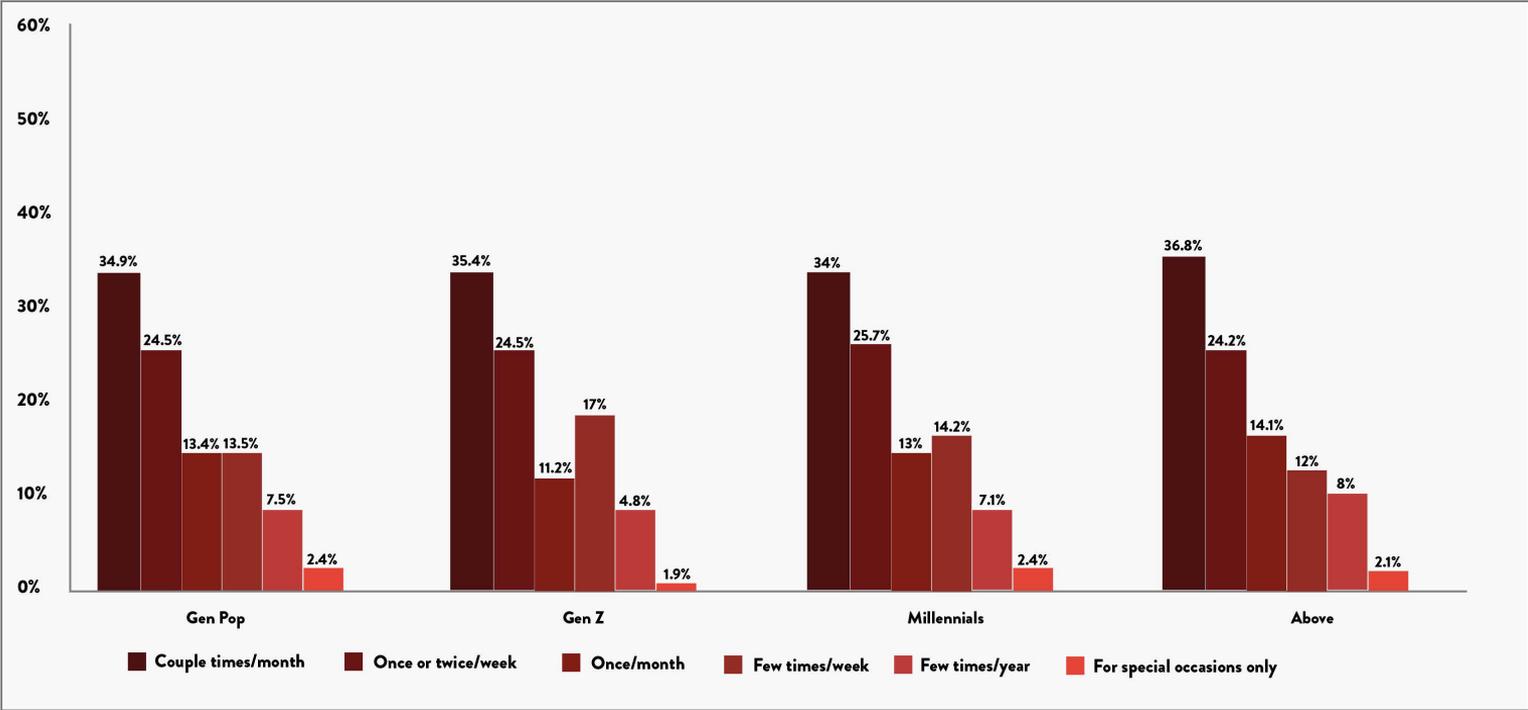
Hard seltzer, though now mainstream, is still dynamic - While a smaller share of imbibers plan affirmatively to drink hard seltzer this year than last year (38% vs. 52%). This is counter to the sales trends we continue to see but one could wonder whether it is a crack in the armor of seltzer. However, another 31% say they may drink seltzer. We can expect at least with existing converts buying in larger volumes and high-profile newbies like Bud Light Seltzer and Corona Seltzer entering the scene that there is still likely an expansion of the category ahead. This has played out thus far on Drizly, where hard seltzer sales are up on Drizly at 3.67% of total platform sales as of June 1, 2020, compared to 3.08% at the beginning of June in 2019. Hard seltzer drinkers and those planning to try will most likely do so at the expense of cider, hard lemonade and wine.

Gen Z is thirsty for variety and education - More than half (52%) of Gen Z members surveyed have tried at least one new alcohol brand since mid-March, outpacing the adventurous tendencies of Millennials, Gen Xers and Boomers. What's more, Gen Z proved thirstiest for knowledge about adult beverages, topping their older cohorts in wanting more information about cocktail craft (48%), white wine (31%) and emerging spirits like Mezcal and Soju.

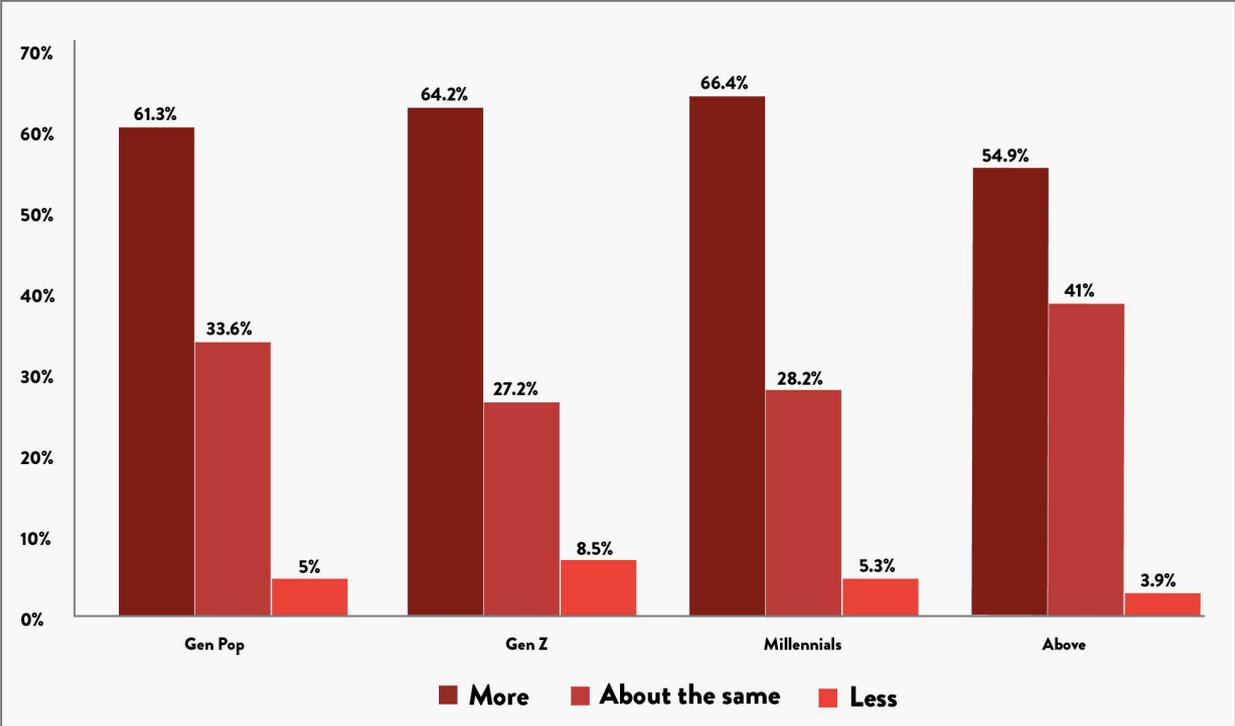
Stay-at-home orders not only dramatically increased alcohol purchased for at-home consumption; they also spurred trial.



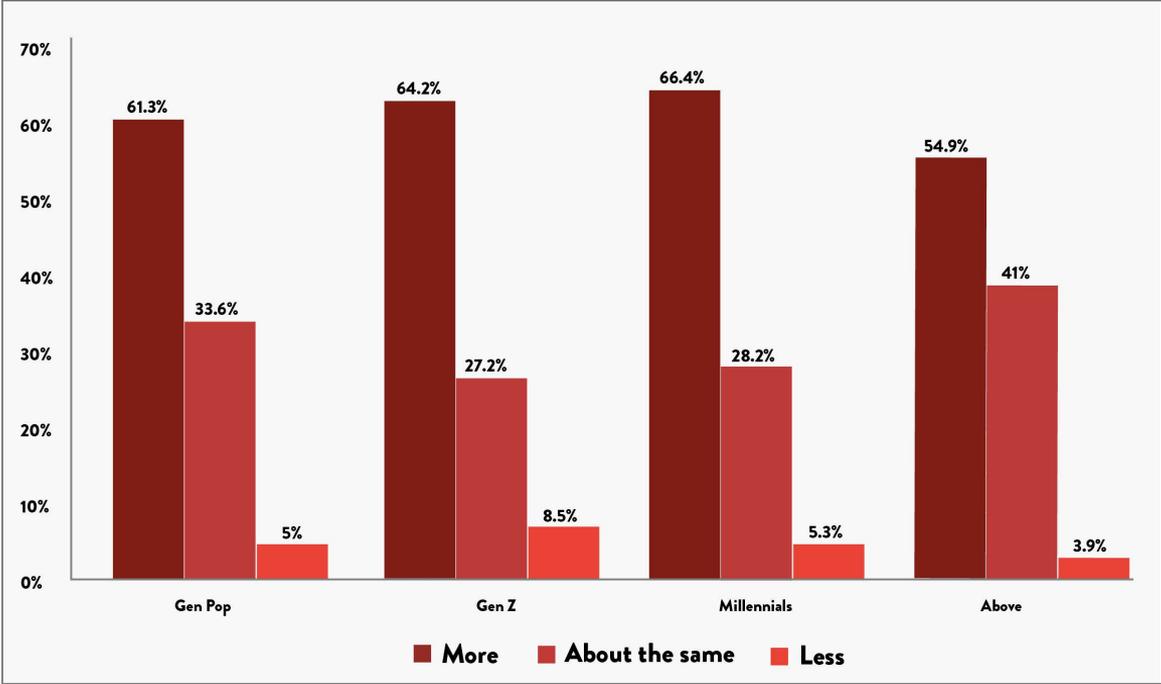
Prior to March 2020, how often did you purchase alcohol to drink at home? Prior to COVID-19's emerging national impact, the majority of adults of legal drinking age purchased alcohol to drink at home once or twice per week through a couple of times per month. That majority held across all age cohorts, with Gen X and above leading in such purchase-for-home frequency (~61%).



Since March 2020, have you purchased alcohol to drink at home more, less or the same? American adults significantly increased alcohol purchases for home consumption since stay-at-home orders widely took effect, to generally consistent degrees across cohorts – Millennials highest among them at 66% and Gen X/Above lowest at 55%.

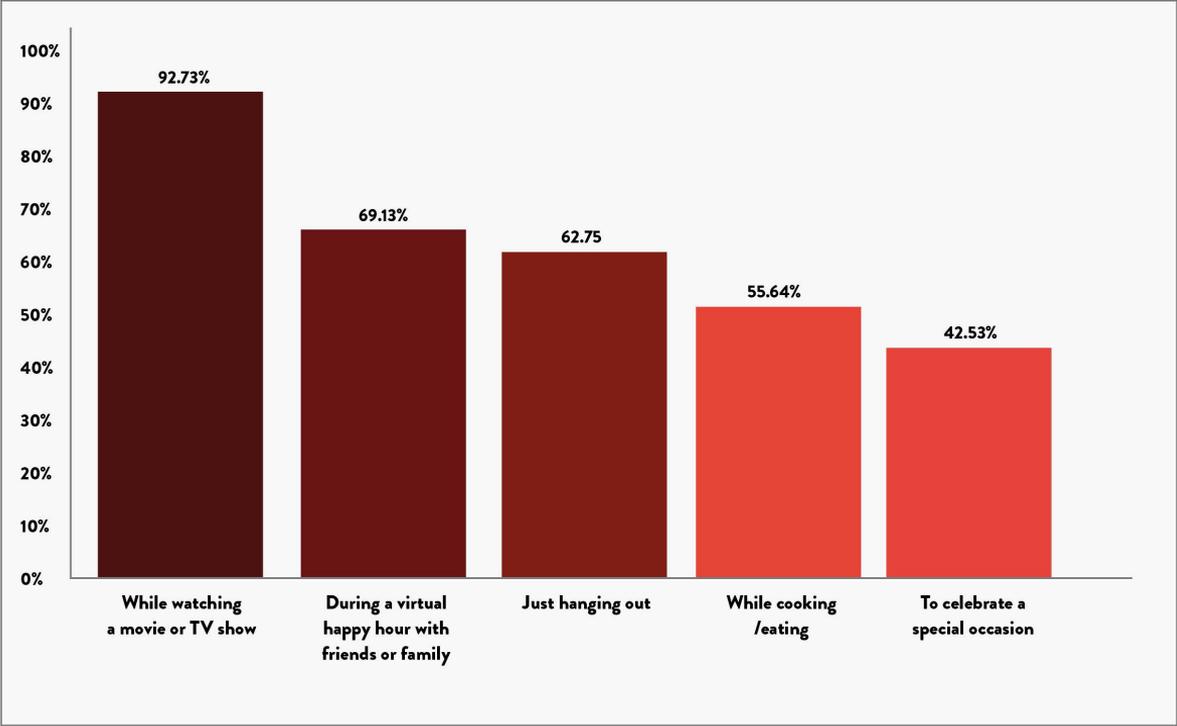


Have you tried new brands of alcohol more or less since March of 2020? Despite a reported fall back on tried and true brands, this report highlights a notably high incidence of brand trial, with Gen Z and Millennials leading the charge. Perhaps increased online shopping at home took the place of the on-premise environment as primary trial catalyst, with ease of discovering products and comparing prices on screen a contributing factor. Whether that trial will lead to enduring switching behavior is worth watching closely.



Since March of 2020, during which of the following occasions did you enjoy a drink(s) at home?

Couch potatoes took deep root in March, with 92% of those polled saying they enjoyed a drink(s) while watching TV or a movie, followed by 69% who cited imbibing most often during a virtual happy hour with friends or family.

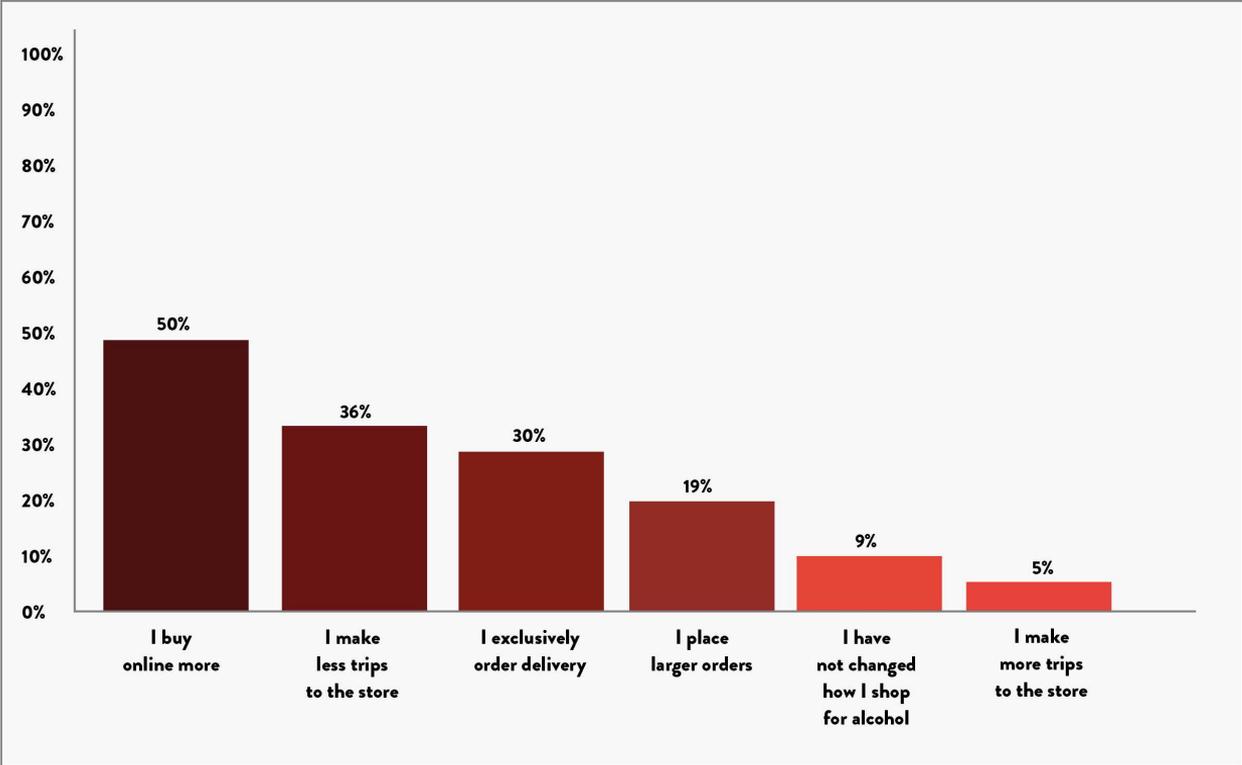


E-commerce and delivery are poised to enter the alcohol shopping mainstream.



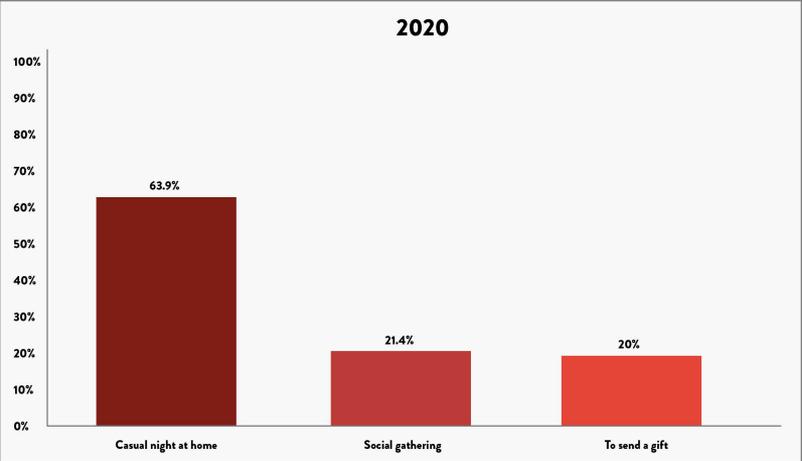
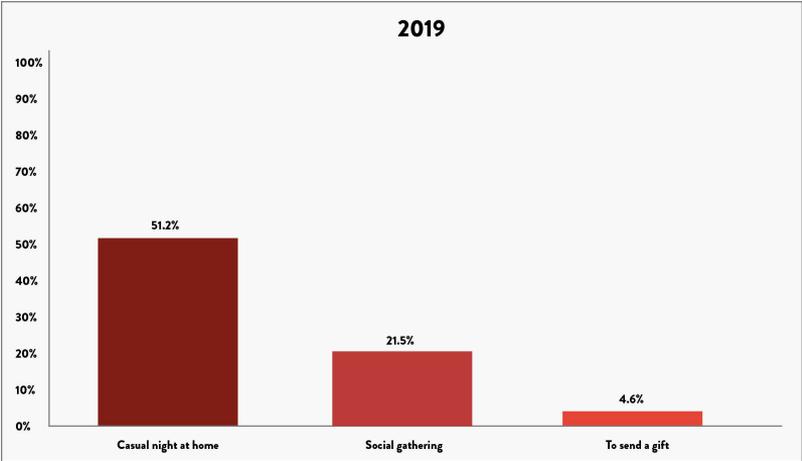
Since March 2020, have you changed how you shop for alcohol? (Check all that apply)?

Online alcohol buying came on strong once traditional store visits became restricted, with half of respondents reporting increased online purchasing. (Drizly experienced a 800% spike at peak.) Significant numbers reported ordering exclusively for home delivery, which is increasingly facilitated online.



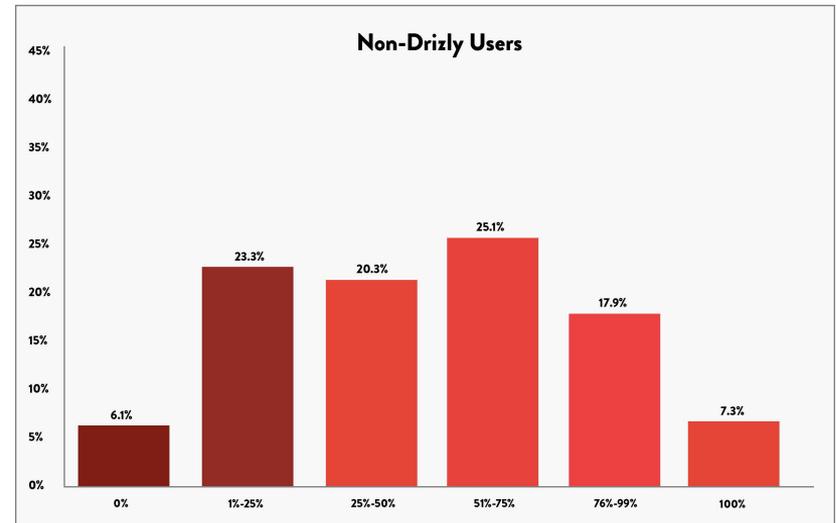
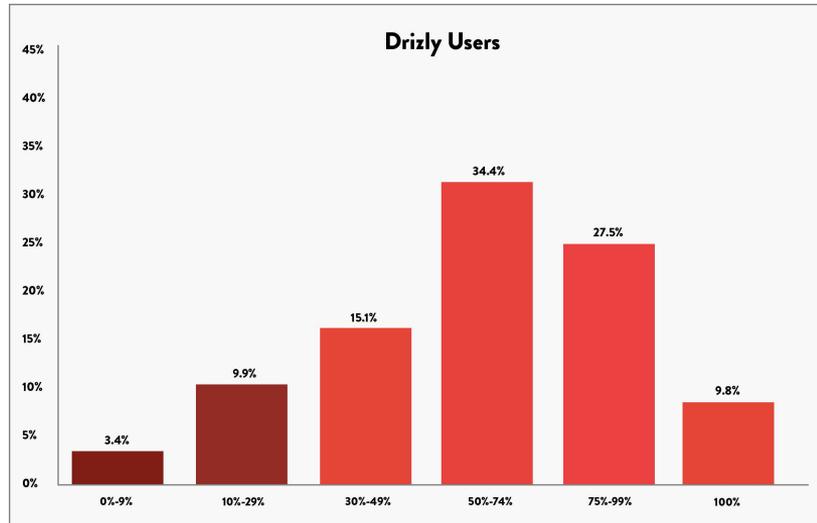
For which of the following circumstances have you used an online delivery service to purchase alcohol

(Check all that apply)? Those saying they used an online service for gifting is markedly higher than in previous years. The rise may have been driven by a growing understanding of its legality, and perhaps a desire to surprise and delight friends and family with whom physical contact wasn't possible. This matches up closely to growth seen on Drizly, specifically, with gifting exceeding December averages from a share perspective in both May and June of 2020.



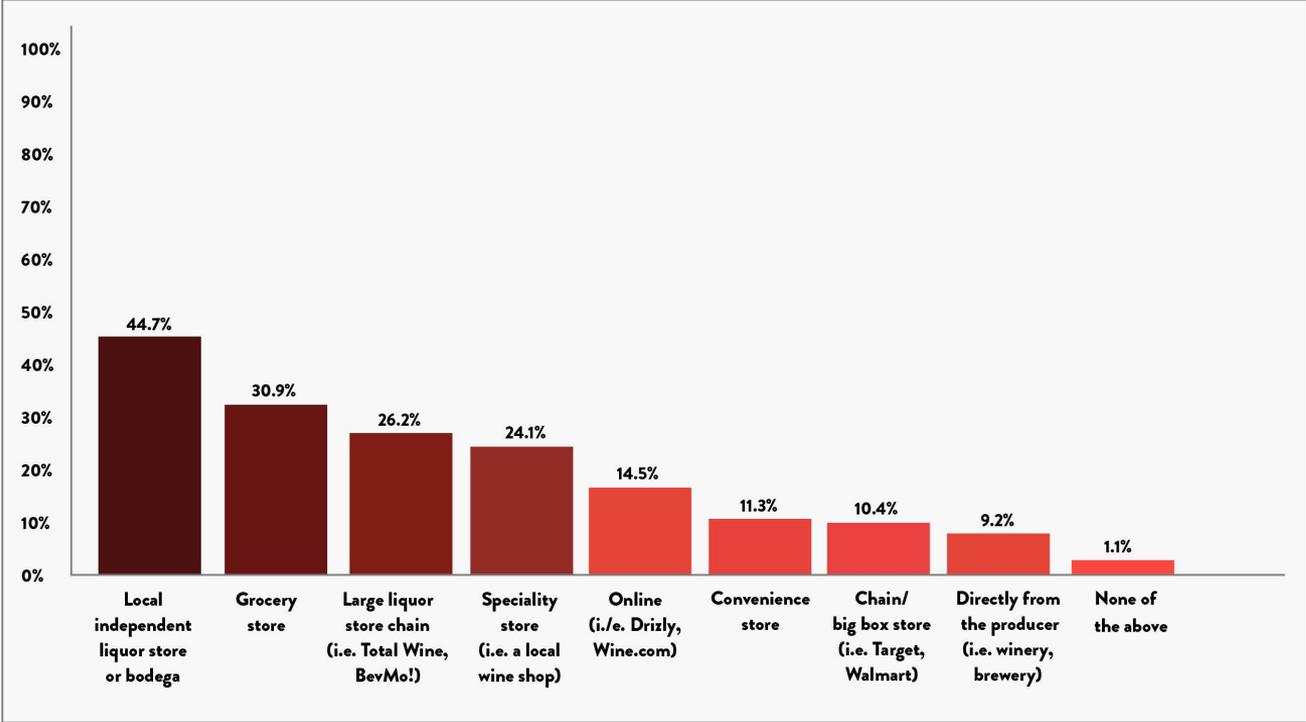
What percentage of your alcohol shopping do you anticipate will be online vs. in-store in the next year?

An overwhelming 72% of respondents that are already Drizly users anticipate at least 50% of their alcohol shopping will be done online alcohol shopping (vs. in-store). Of non-Drizly users, a slightly lower but still significant percentage (60%) said they will shop for alcohol online over 50% of the time in the next year. It all points to an increase in awareness, understanding of and experience with e-commerce vs. in-store shopping since March of this year.



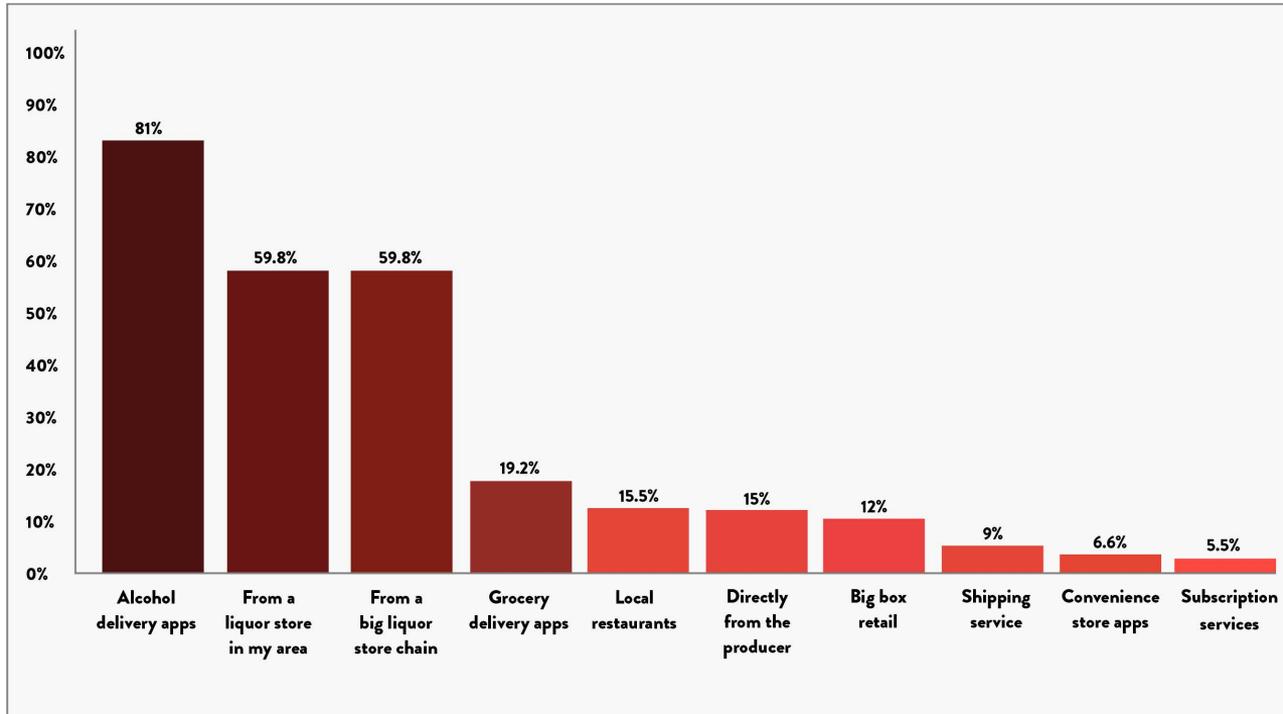
Under normal circumstances (prior to March 2020), where did you most frequently buy your alcohol for at-home consumption?

Before stay-at-home orders became widespread, physical retail reigned supreme as the place to shop for alcohol to be enjoyed at home. Local independent liquor stores or bodegas led the way – the former notable for comprising the bulk of Drizly’s retail partner base, e.g the retailers that actually make the sale and handle delivery.



Where do you expect to purchase alcohol from for the rest of 2020 (Check all that apply)?

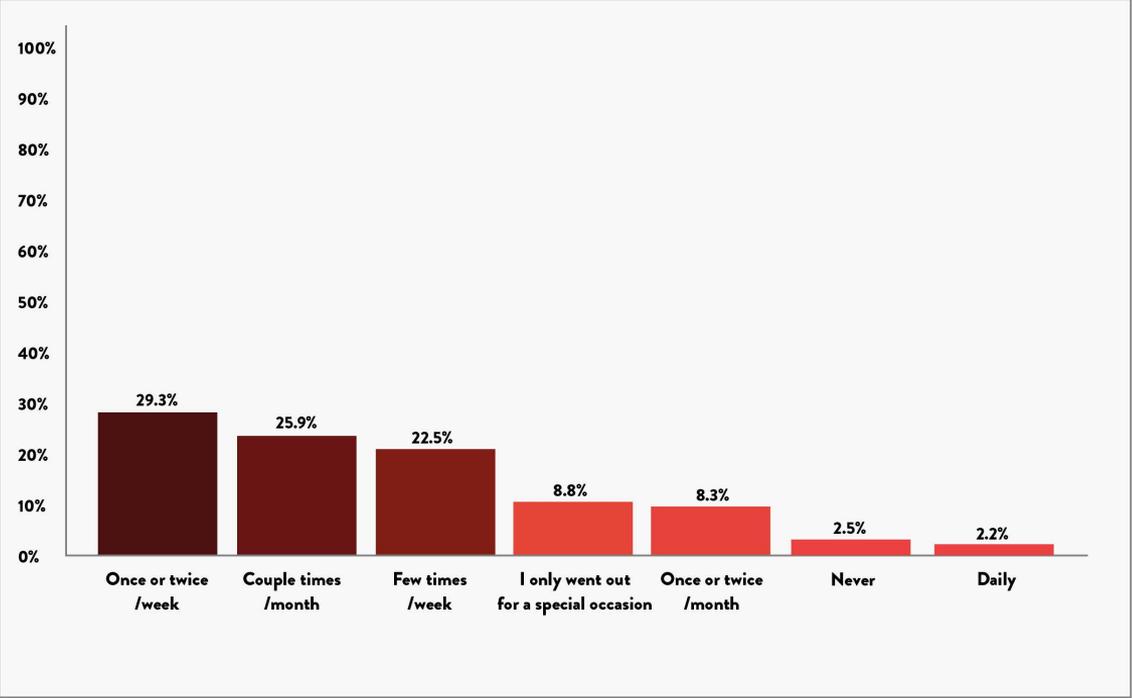
81% of respondents (a majority of which have used Drizly before) cited alcohol delivery (encompassing online shopping on platforms such as Drizly, which facilitates purchases at local independent retailers) as being in their shopping plans for the remainder of the year. Another 15% pointed to delivery by grocers. It all points to a likely long tail created by record alcohol e-commerce trial since March.



**Drinking at home may have
fundamentally shifted.**

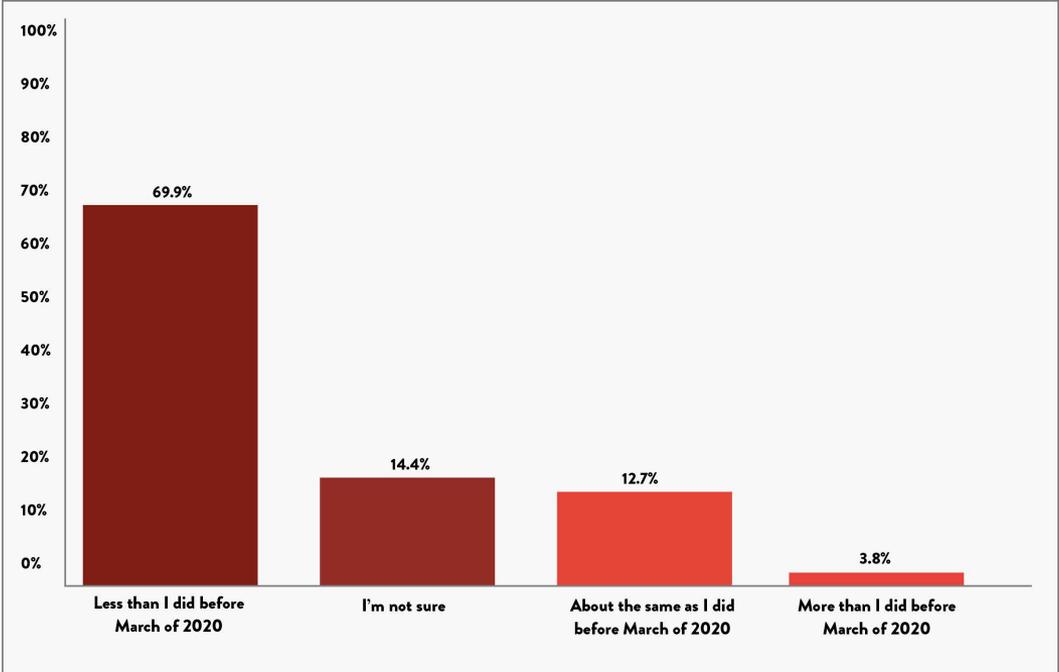


Under normal circumstances (before March of 2020), how often did you typically go to bars or restaurants over the course of a month? Prior to March, a majority of respondents habitually frequented on-premise venues at least a couple of times per month, with nearly a third venturing out at least once or twice per week.

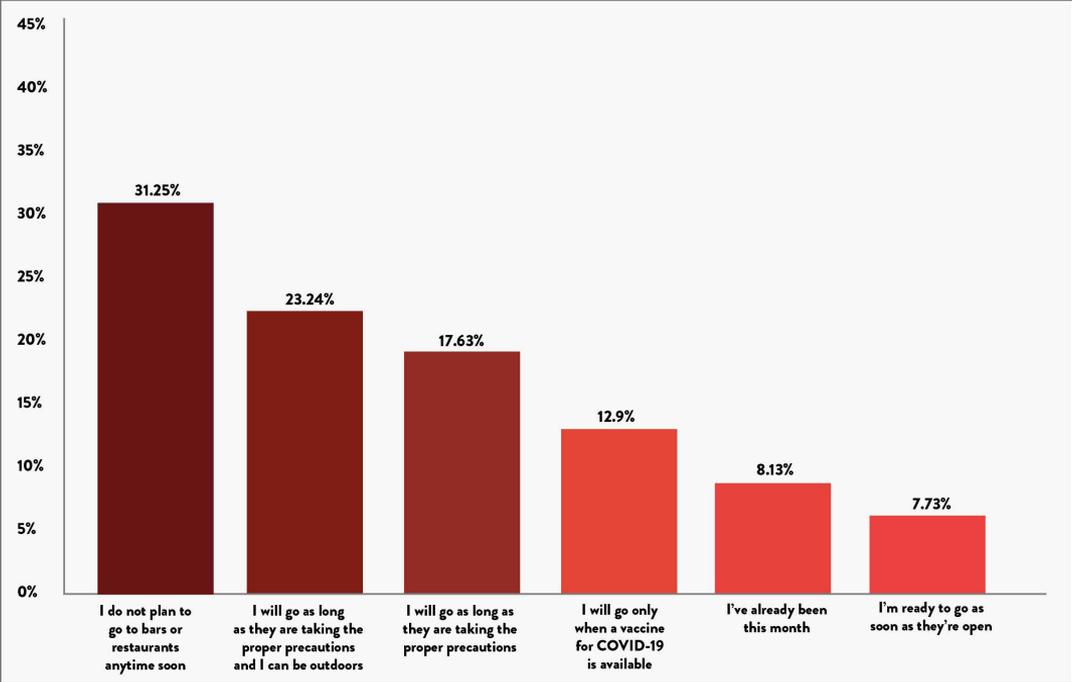


How frequently do you anticipate you will go to bars/restaurants for the remainder of 2020?

Only time will tell, but as of June, the data points to more than two thirds of adults of legal drinking age planning to visit bars and restaurants less frequently through year-end compared to pre-March 2020.

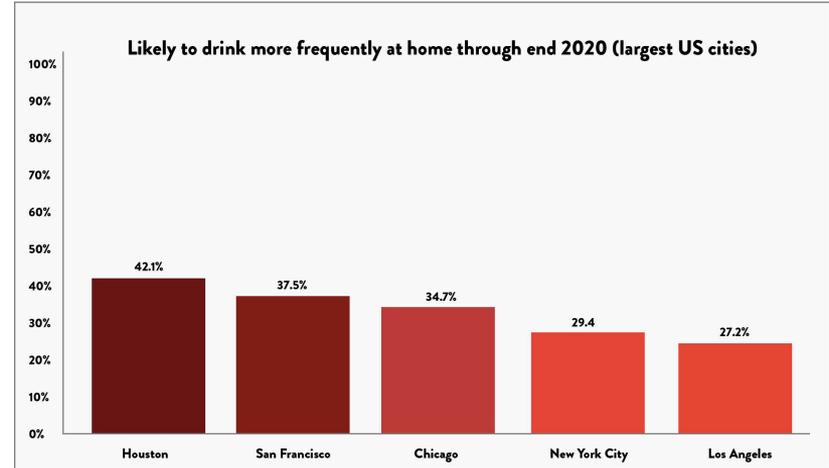
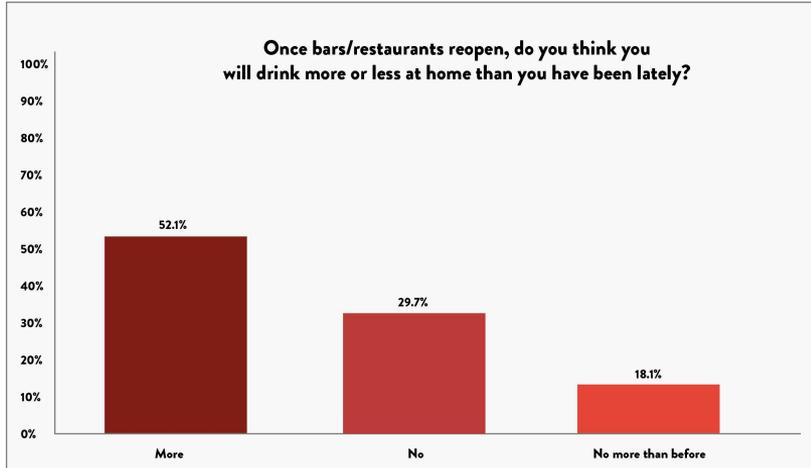


When do you expect you will return to bars or restaurants again? Only 16% of respondents planned to return to bars or restaurants without hesitation. Proper precautionary measures were important for about 41% of respondents to return, while another 13% were planning on waiting for a COVID-19 vaccine. 31% had no plans to return anytime soon.

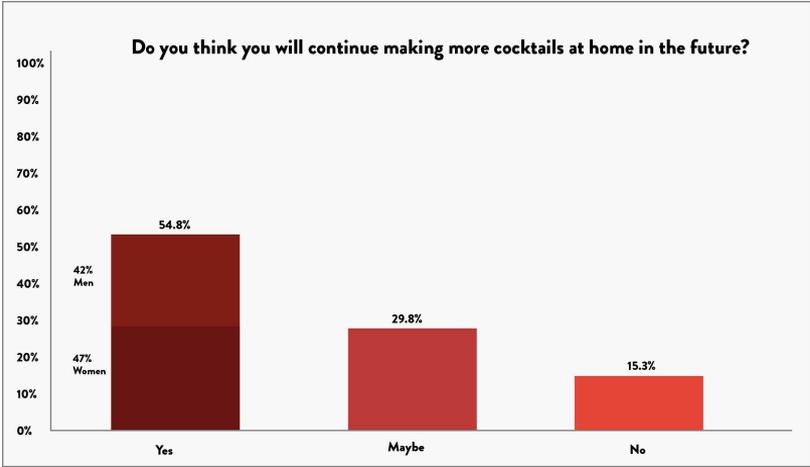
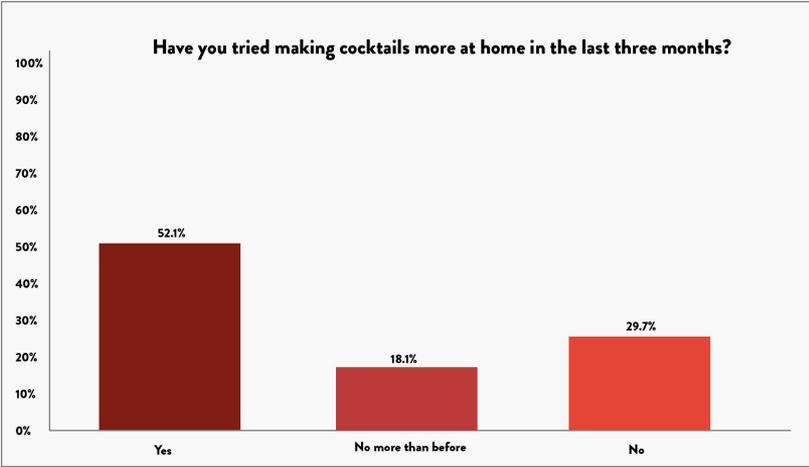


Once bars/restaurants reopen, do you think you will drink more or less at home than you have been lately?

While many expressed hesitations to return, the majority of respondents were planning on frequenting bars/restaurants more. Still, nearly one third of respondents are planning to enjoy alcohol more frequently at home than they normally do through the end of this year. Among the five largest cities of respondents, Houstonians are most likely to imbibe more often at home, while Angelinos are most inclined to get back on the town.



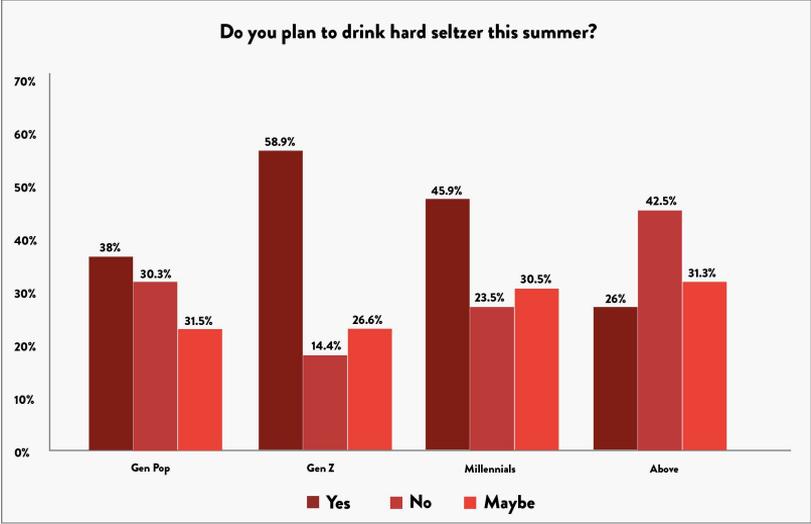
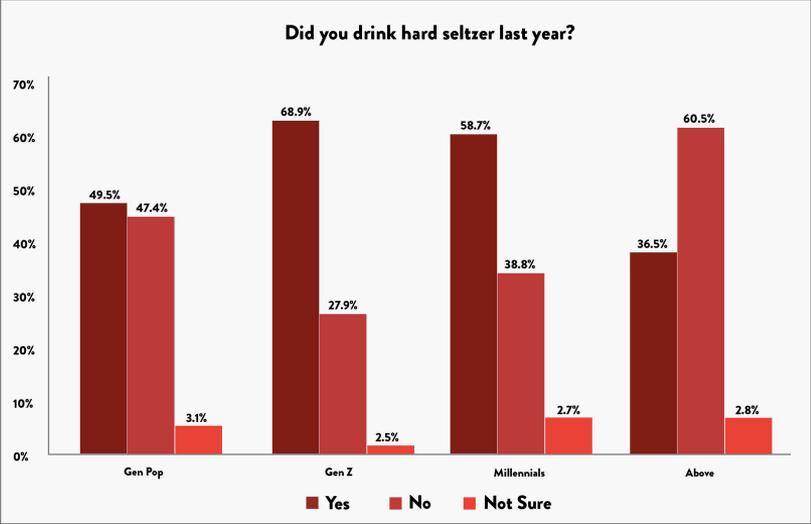
Have you tried making cocktails more at home in the last three months? Do you think you will continue to (do so) at home in the future? Time formerly spent commuting home may have (at least partially) been invested in learning and perfecting at-home cocktail craft. More than half of those polled made more cocktails at home from March-June. And among them, more than half plan to keep at it, with women slightly edging out males among budding home mixologists. Drizly data points to a bona fide trend, with sales of mixers, bitters and other cocktail ingredients up dramatically on the platform since March. From week of 3/23 through week of 5/25, liqueurs, cordials & schnapps were up 814% over baseline, or what Drizly would have expected at that time, and mixers, syrups and bitters up 1107% over baseline.



Hard Seltzer is growing up fast,
but is still very dynamic.

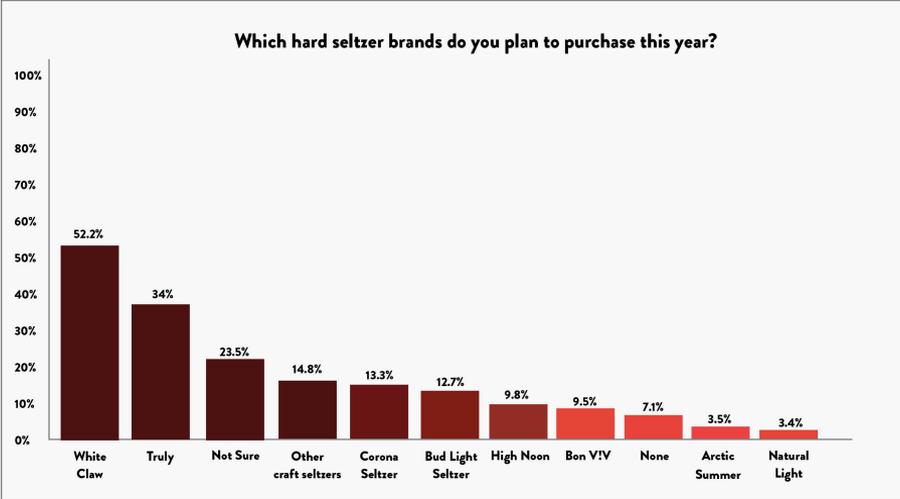
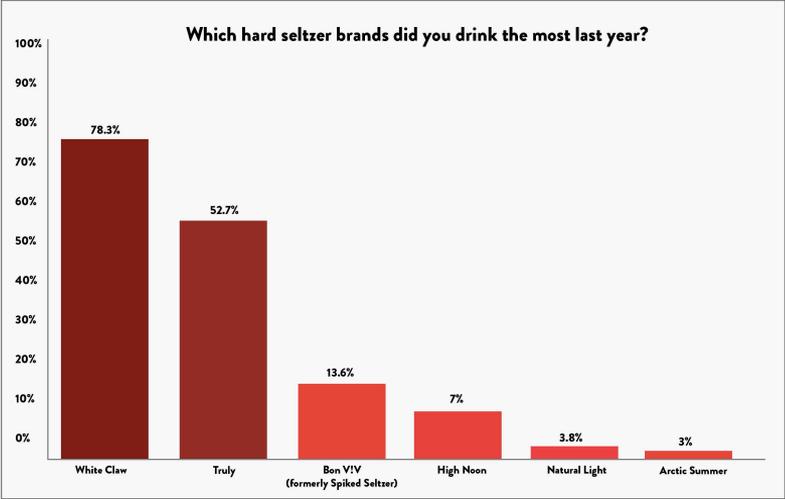


Did you drink hard seltzer last year? Do you plan on drinking (it) this summer? Virtually half of respondents said they drank hard seltzer last summer, led (unsurprisingly) by Gen Z and Millennials, and with women edging out men overall. It may come as a surprise to see fewer adults, across the board, planning to definitively return this year. However, it's likely that the "maybe" bucket will convert new fans and those who will remain in the hard seltzer fold are there to stay and will make it a significantly bigger part of their overall alcohol purchases, driving anticipated ongoing segment growth. In particular, it will be interesting to watch Gen X and above to see if they test the waters this summer.

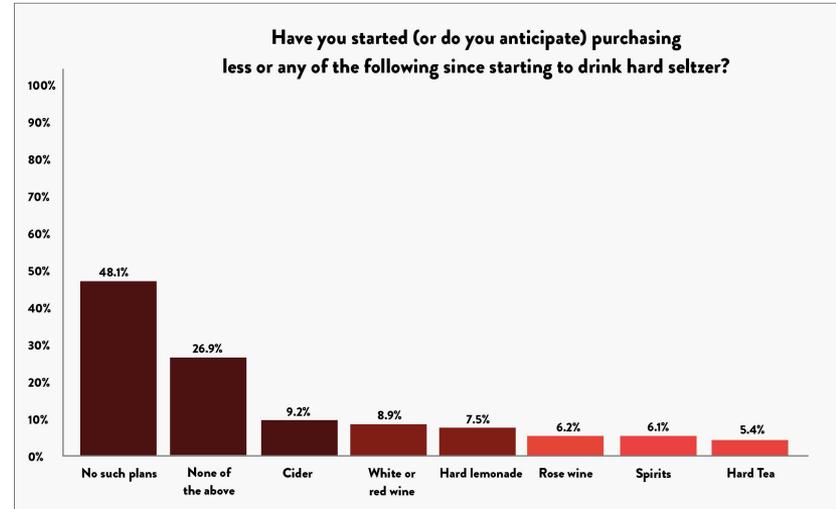
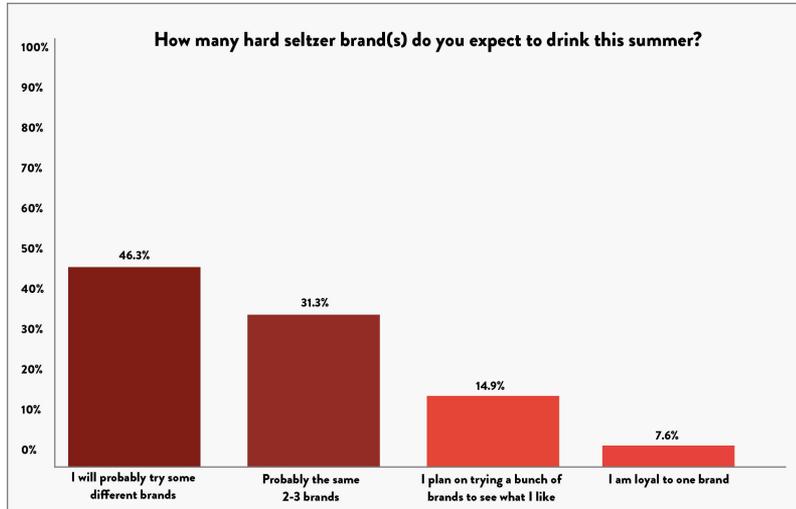


Which hard seltzer brands did you drink the most last year? Which do you plan to purchase this year (Check all that apply)?

While White Claw's white hot rise last year to the top of the hard seltzer heap has been well documented, it's telling to see the large degree to which Truly likely interacted with it...and the extent to which segment pioneer Bon V!V did not. This year's highest-profile introductions, Bud Light Seltzer and Corona Seltzer, may take double-digit share while likely expanding the category. Craft seltzers also stand to shake up the category as more SKUs come into the mix.



How many hard seltzer brands do you expect to drink this summer? Have you started (or do you anticipate) purchasing less of other alcoholic beverages since starting to drink hard seltzer? White Claw may be tops, but there is still plenty of hard seltzer exploration going on, along with vigorous trial of, and loyalties to, multiple brands. Hard seltzer drinkers, and those planning to try, are generally not planning on drinking any less of other categories, but are most likely to trade from cider, wine and hard lemonade.



About Drizly

Drizly is North America's largest ecommerce alcohol marketplace and the best way to shop beer, wine, and spirits. With the speed and convenience of on-demand delivery and shipping, Drizly partners with retailers in over 1200 cities to offer consumers of legal drinking age unrivaled selection and a transparent, personalized shopping experience. Backed by world-class institutional investors, Drizly partners with retailers to bring their shelves online, helping them to reach new customers, tap into key market and customer insights, and diversify their business to grow sales.



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