

BEVERAGES



InView
December 2015



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General Industry News

- ▶ Research into the drinking behaviors of Millennials of drinking age describes this cohort as open and willing to learn about new styles and flavors of drinks. However, they balance their desire to explore new tastes with their loyalty to a few favorite brands. Millennials are likely to purchase alcoholic beverages of all types (beer, wine, and spirits) at a variety of retail and on-premises venues. They also have a propensity to drink more than one type of adult beverage with 30% doing so on their last on-premise occasion. As they age, their palates evolve and they favor craft beer and differential varietals of wines. *(Source: PR Newswire, September 30, 2015)*

- ▶ Approximately one-third of diners order an alcoholic beverage with their meal. Beer is the most popular choice accounting for 85% of all drinks ordered while dining out. Wine comes in second at 8.9% and spirits are third at 6.2%. On-premise drinking occurs most frequently at bars (40%), casual dining spots (38%), hotels (9%), and fine dining restaurants (5%). Some of the coming trends include establishments that focus on a particular type of alcohol, e.g. bourbon bar; wine on tap; cocktails made with wine, beer, and hard ciders; classic cocktails making a comeback, e.g. martinis and Tom Collins; more choices in serving sizes; boutique, better-for-you, and hand-crafted options for alcohol, mixers, and garnishes. *(Source: Tampa Bay Times, October 28, 2015)*



- ▶ Food & Wine magazine has partnered with Drizly to create Drizly Premium Food & Wine Hub. The hub will include cocktail recipes curated by Food & Wine, wine recommendations, and food pairings. The hub will launch with more than 20 classic cocktails. All the ingredients for the recipes will be shoppable and available for on-demand or future purchase. Advertisers in Food & Wine will also be presented with opportunities to participate in the Drizly hub. The featured partner for the launch is Appleton Estate. *(Source: Business Wire, October 29, 2015)*

- ▶ Ten beverage trends to expect in 2016 according to Restaurant Hospitality include: fresh herbs and spices; low-alcohol cocktails that don't skimp on flavor; ethnic mashups; creative applications for different types of tea including matcha; fermented drinks; grilled citrus to add a sweet smoky flavor to drinks; carbonation of coffee, tea, and other drinks; greater demand for seasonal ingredients; cold-brew coffee; and focus on drink presentation style. *(Source: Restaurant Hospitality, November 18, 2015)*

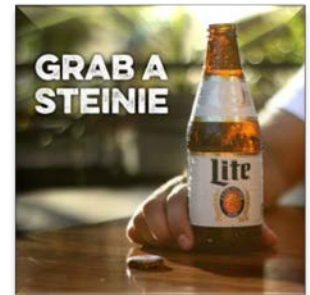
- ▶ Total Wine & More has created a 21st century liquor store. At the store, customers can experience virtual wine tastings via live-streaming video on a massive HDTV. They can also enter meal ingredients and cooking method into an app on a tablet and receive a list of suggested wines at different price points to pair with the meal. Customers can scan the barcode of a product and instantly receive descriptions and ratings for it. *(Source: The Boston Globe, November 18, 2015)*



- ▶ The on-premise channel for adult beverages remains competitive. The portion of adults who say the drink menu influenced their decision to visit a particular restaurant has increased since 2013. Interestingly, drink menus are shrinking with adult beverage items declining 2.2% year-over-year as part of a larger trend towards smaller, more focused food menus. Cost is the leading factor in deciding what drink to order with younger drinkers more concerned with this factor. However, less than one-quarter of consumers overall say price is more important than quality. *(Source: PR Newswire, November 24, 2015)*

Beer/Malt Beverages

- ▶ Wild Ginger Brewing introduced Wild Ginger Alcoholic Ginger Beer in Ohio, Indiana, Kentucky, Tennessee, Georgia, Alabama, Mississippi, and North Florida. National availability is expected by the end of the year. (Source: Cheers, October 1, 2015)
- ▶ Of the top ten selling beers in the U.S., six are produced by Anheuser-Busch InBev and four by MillerCoors. Only two beers on the list experienced growth in volume in 2014 – Busch was up 2% and Michelob Ultra increased 2.3%. Bud Light (-1.7%), Coors Light (-3.5%), Budweiser (-4.6%), Miller Lite (1.6%), Natural Light (-6.8%), Busch Light (-0.1%), Keystone Light (-8.0%), and Miller High Life (-6.0%) all declined in volume. MillerCoors is responding to the decline with nostalgia by introducing the classic 1975 Miller Steinie bottle and launching its Coors Light “Always Game Ready” program. Budweiser has adopted a strategy of “us versus them” to compete with craft beers. Big brewers have been adding more craft-style beers to their portfolios either through acquisition, partnerships, or development. Unfortunately, associations with major brewers are a turn-off to consumers who are looking for small, local beers. (Source: Cheers, October 1, 2016)
- ▶ Supplemental Brewing has rolled out two protein-infused beers targeted to athletes. Brewtein is American wheat ale with 7g of protein, 5% alcohol, and 178 calories. NutriBeer is a lager with 4g of protein, 4% alcohol, and 122 calories. Whey protein is the source of the added protein. Supplemental Brewing is seeking funding to expand its operation. (Source: BeverageDaily.com, October 6, 2015)
- ▶ At its third annual conference, the Craft Brew Alliance outlined its strategic priorities for its portfolio of craft brands – Redhook, Widmer Brothers, Kona Brewing, and Omission Beer. CBA will continue to strengthen sales in each brand’s home market, take on partners in key beer geographies, expand its breweries to increase production, activate distinctive retail promotions, and leverage the strength of its distribution partnership with Anheuser-Busch InBev. (Source: Business Wire, October 14, 2015)
- ▶ Overall the beer volume declined by 0.1% in 2014. The craft beer segment grew 15.2%. Imported beers from Mexico also trended up for the year. The market is driven by younger consumers looking for brands which offer a certain level of distinction as well as beers that are produced locally. The category continues to see innovation such as hard sodas and ciders. (Source: PR Newswire, October 14, 2015)
- ▶ Bud Light’s new ads show football fans using a coin toss to dictate their social plans in a fun appropriation of the heads-or-tail decision at the beginning of each NFL game. Anheuser-Busch InBev, an official NFL sponsor, is supporting the ads with an on-premise game allows bar patrons to flip a digital coin on a tablet for the chance to win prizes, including NFL tickets. (Source: Advertising Age, October 15, 2015)
- ▶ Bud Light has launched a smart home beer fridge that allows consumers to access real-time information including the number of Bud Light cans and bottles it contains to when the refrigerator has reached the optimal temperature for beer. The Bud-E Fridge has a 78 beer capacity. The accompanying mobile app alerts consumers when the fridge is running low and reminds them of upcoming sports games of their favorite teams. The app is integrated with a beer-delivery service in some markets to facilitate convenient ordering and delivery of beer replenishments. At this time, the Bud-E Fridge is only available in California. (Source: PR Newswire, October 5, 2015)



- ▶ A Bud Light-branded experience targeted to Millennials has been created at Levi's Stadium where the San Francisco 49ers play. The Bud Light Patio gives connected fans a space to enjoy their devices and friends. It features a wall of live social media feed, brand ambassadors, a party pit, local DJs, and hangout areas. So far, the designated zone is attracting the desired audience and is typically packed from halftime to after the game. *(Source: Campaign Live US, October 18, 2015)*

- ▶ A small, but growing, number of pubs and fast casual restaurants are installing self-serve beer taps. The system requires drinkers to provide an ID to receive a wireless bracelet or card that permits operation of the taps. Customers are limited to two full beers before an employee must determine if they are sober enough to drink more. Dozens of beers can be on tap and customers can choose to sample several or pour a full glass. *(Source: The Buffalo News, October 19, 2015)*



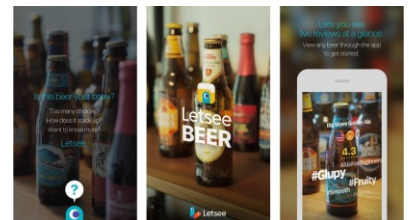
- ▶ Tecate Light's holiday promotion will use the tag line "Eat. Sleep. Celebra. Repeat." The fully-integrated retail program will include in-store displays and point-of-sale elements. Digital partners Pandora and Ibotta will deliver targeted content, product locators, and cash-back rebates to drive retail traffic. The program will run from Thanksgiving through January 6. Tecate Light targets Mexican bicultural consumers. *(Source: Convenience Store News, October 30, 2015)*

- ▶ Boston Beer, brewer of Samuel Adams, was the scrappy upstart that launched the current craft beer trend. Now Boston Beer is losing share to smaller craft beer competitors. The company has cut its earnings forecasts for the year and cut its sales forecasts for the third time this year. *(Source: The Boston Globe, October 31, 2015)*

- ▶ Anheuser-Busch InBev is test marketing Bud Light Apple in Georgia. The 22-week test will determine if the product goes national. Georgia was chosen because of the variety of demographic groups that live there as well as a partiality for apple-flavored adult beverages. *(Source: The Atlanta Journal-Constitution, November 3, 2015)*

- ▶ Bud Light's sponsorship of the National Football League has been extended for another six years, through the 2022 Super Bowl. The extension is valued at more than \$1.4 billion, a 15% increase over Anheuser-Busch InBev's current deal which ran through the 2017 Super Bowl. As part of the new deal, Bud Light will be the first NFL sponsor permitted to use footage from games in highlight clips such as "Player of the Game" and "Play of the Day" on its website, Facebook page, and other digital outlets. Bud Light sponsors 28 of the 32 NFL teams. Its sponsorship allowed the use of NFL team logos on Bud Light cans and packaging in 28 markets this fall which reportedly helped sell more beer. As part of the new agreement, Bud Light can use team logos outside of their home market whereas previously use was confined to a 75-mile radius. *(Source: The Wall Street Journal, November 4, 2015; Advertising Age, November 4, 2015)*

- ▶ Letsee Beer is a new app which uses augmented reality to provide instant access to beer reviews. Users launch the app and use it to take a photo of the beer about which they want more information. Letsee Beer immediately serves up user reviews and ratings. *(Source: PR Newswire, November 4, 2015)*



- ▶ Sales of mead – a fermented honey beverage made with herbs, hops, and fruit – grew 84% between 2012 and 2014. Production of mead increased 128% from 2013 to 2014. In 2014, 42 new meaderies opened with more planned across the nation. Some mead makers are experimenting with dry, lighter, carbonated meads that are more drinkable. Similar to craft beers, these meads can be found on tap and offer an alternative for non-beer drinkers. *(Source: The Washington Post, November 18, 2015)*

- ▶ Anheuser-Busch InBev NV has reached a formal agreement to purchase SABMiller PLC for \$108 billion. The agreement comes after two months of negotiations. The deal launches a year-long process of gaining regulatory approval for the merger from governments around the world including the U.S., European Union, China, South Africa, Colombia, Australia, and India. As part of the agreement, AB InBev made a side deal to sell SABMiller's 58% stake in MillerCoors LLC to Molson Coors Brewing which owns the other 42% as well as the Miller portfolio outside of the U.S. for \$12 billion. The side deal, which was made to satisfy U.S. regulators, is contingent on the larger deal moving forward. If the merger moves forward, AB InBev – SABMiller would have 45% share of the U.S. market and Molson would have 25% (Source: *The Wall Street Journal*, November 11, 2015)

- ▶ Small Town Brewery announced the introduction of Not Your Father's Ginger Ale, a fruit-inspired botanical beer brewed with ginger. This is Small Town Brewery's second nationally distributed product after the roll-out of Not Your Father's Root Beer last spring. Sales of the root beer have exceeded expectations. (Source: *Marketwired*, November 17, 2015)



- ▶ Constellation Brands purchased San Diego-based craft brewer Ballast Point Brewing and Spirits for \$1 billion. Ballast makes more than 40 styles of beer and sells them in more than 30 states. Ballast will operate separately and keep its current management. (Source: *Chicago Sun-Times*, November 16, 2015)

- ▶ Stella Artois's "Give Beautifully" campaign puts mobile in the forefront by enabling consumers to stream an original song by John Legend, "Under the Stars," on its mobile-optimized StellaArtois.com website. Consumers can also shop a curated gift guide through a partnership with Gilt, a digital fashion retailer that receives more than half of its revenue from mobile orders. A limited edition Stella Artois Holiday Chalice is one of the items available for purchase through the site. (Source: *Mobile Marketer*, December 1, 2015)

- ▶ Anheuser-Busch InBev has extended its deal with the National Basketball Association for another four years. The updated deal includes the production of branded digital videos hosted on NBA-owned properties and shared on A-B properties. In addition, the brewer will use two brands, Budweiser and Bud Light, in NBA activations during the same season. Previously, the beer maker only used one brand per year. A-B InBev also secured rights to feature NBA and team logos on a national basis on cans, bottles, and other packaging for the 22 teams which it has individual sponsorship agreements. A-B has been an NBA sponsor since 1998 and also has sponsorships with the National Football League and Major League Baseball. (Source: *Advertising Age*, December 1, 2015)

- ▶ For the 25th consecutive year, Corona Extra is running the same holiday spot – possibly the beer industry's longest running TV ad. "O Tannenpalm" features a single palm tree decorated with Christmas lights and the text "Feliz Navidad." The ad, which has no dialogue, voice-overs, actors, or product, has run annually since 1990 between Thanksgiving and New Year's Day. To mark this milestone, Corona Extra is sharing behind-the-scenes details about the ad in a special video on the brand's YouTube page. (Source: *MarketingDaily*, December 2, 2015)



- ▶ MillerCoors will reprise three classic ads featuring the High Life Man – a plain-spoken everyman who makes observations such as "beef" and "beer" have only one letter different. The ads will run in several Midwest markets and continue MillerCoors recent spate of retro plays. In October, the brewer introduced limited-edition, vintage design packaging that has been very successful. It has also been selling clothing inspired by its very early 20th century advertising. The brand plans to return to its 2014 "I am Rich" campaign next year which combines wealthy terms and common-man living. (Source: *Advertising Age*, December 4, 2015)

- ▶ Heineken USA is the first alcoholic beverage company to join The Recycling Partnership, an organization dedicated to improving curbside recycling in America. Heineken has a global commitment to sustainability as witnessed by its Brewing a Better World program which focuses on reducing CO2 emissions and sourcing sustainably. The brewer will focus on consumer education, driving increased recoverability of recyclable glass, and better curbside recycling. *(Source: Progressive Grocer, December 4, 2015)*

- ▶ Anheuser-Busch InBev's Oculito brand is rolling out limited edition bottles of the tequila-infused beer that light-up when touched. Using smart labels, a pressure-sensitive switch turns on the LED lights when the beer bottle is held. The lights shine through the mask illustration on the label. Earlier this year, Oculito's labels included hidden messages that only appeared when the beer was cold. By scanning a code on the bottles, drinkers can connect to a geo-targeted web application, "Relics of the Night," which allows them to interact with the brand and win prizes. *(Source: Adweek, December 4, 2015)*



- ▶ Anheuser-Busch InBev introduced a new incentive program to independent distributors which offered annual reimbursements of up to \$1.5 million if 98% of the beers sold are A-B InBev brands. Distributors whose volume is 95% A-B InBev are eligible to have half of their marketing support for those brands covered. There is concern among government regulators and market participants that the incentives will cause distributors to drop competing brewers from their distribution. The incentives may also discourage distributors from adding new brewers. Distributors qualify for the incentive program if the craft brewers they carry produce less than 15,000 barrels annually or sell beer in only one state. Distributor participation in A-B incentive programs has fallen to 38% and the company is trying to double participation rates in the next three years. *(Source: The Wall Street Journal, December 4, 2015)*

- ▶ Alcoholic root beer resonates with a wide audience, even non-beer drinkers according to Small Town Brewery, the maker of Not Your Father's Root Beer. The brand had \$75.3 million in sales through November 1 and is among the top 10 craft beers sold in stores. Not Your Father's Root Beer sells for an average of \$43.29 per case versus the \$22.40 per case for the overall beer category. Other hard root beers are being introduced. Boston Beer Co. launched Coney Island Hard Root Beer in early 2015 and it has had sales of \$16.9 million as of November 1. Anheuser-Busch is rolling out Best Damn Root Beer in mid-December. *(Source: St. Louis Post-Dispatch, December 6, 2015)*

- ▶ Dos Equis signed a multi-year sponsorship with the college football playoff (CFP). As the official beer sponsor, Dos Equis will gain a year-round marketing platform that includes CFP marks and on-site fan engagement opportunities at CFP games. The agreement covers the CFP semifinals, national championship, and the "New Year's Six" bowl properties – Peach, Sugar, Fiesta, Rose, Cotton, and Orange bowl games. *(Source: MarketingDaily, December 7, 2015)*

- ▶ A limited-edition of Samuel Adams Utopia will be released this year – only the ninth batch brewed since the first release in 2002. This year's edition was brewed in small batches using traditional methods, blended with previous vintages as old as 1992, and finished in barrels. Utopia is a non-carbonated, extreme beer known for its rich flavor. It is 28 percent alcohol by volume and sold in specialty beer and liquor stores. *(Source: Progressive Grocer, December 7, 2015)*



- ▶ For the month of December, the Miller Lite billboard in Time Square will be decked out in a giant, ugly-holiday sweater that was handwoven out of actual yarn. The sweater features reindeer and the iconic Miller Lite Steinie bottle. Real Miller Light ugly Christmas sweaters are also available for sale. *(Source: Adweek, December 10, 2015)*

Bottled Water

- ▶ The sparkling water segment has posted volume growth of 26% in the past year and recorded \$682 million in sales. The top seller in the category is LaCroix which experienced 50% sales growth. LaCroix has 30% market share followed by Perrier with 15% and San Pellegrino with 12%. Both Coke and Pepsi are preparing to launch flavored sparkling water entries to compete with LaCroix – Coke under its Smartwater label and Pepsi under its Aquafina brand. Coke also sells Dasani sparkling water which has 6% of the market. Pepsi exclusively bottles and distributes Schweppes seltzer. (Source: *The New York Post*, December 4, 2015)



Carbonated Soft Drinks

- ▶ Pepsi will be selling 6,500 bottles of "Pepsi Perfect" online on October 21, 2015 which is the same date time traveler Marty McFly travels to in the film "Back to the Future, Part 2." While visiting 2015, McFly drinks a "Pepsi Perfect." The collective bottle will sell for \$20.15 and contain regular Pepsi. Pepsi will launch a supporting ad campaign with the hashtag #TheFutureIsNow and have a booth at New York's Comic Con that will recreate the café where McFly drinks the Pepsi Perfect in the movie. (Source: *CNN Wire*, October 5, 2015)
- ▶ Pepsi plans to introduced a new brand called 1893 which is the year Pepsi's predecessor, "Brad's Drink," was created. Pepsi was invented by Caleb Bradham, who created a beverage from sugar, water, caramel, lemon oil, nutmeg, and other natural additives. "Brad's Drink" was renamed Pepsi-Cola in 1898. 1893 will be one of several premium brands the cola company is introducing. Last year it launched Caleb's Kola made from cane sugar, kola nuts, spices, and citrus. It is also introducing a line of craft fountain sodas called Stubborn Soda. The company hopes the new drinks will help made soda cool again. (Source: *Advertising Age*, November 4, 2015)
- ▶ Pepsi was written into a storyline on Fox's hit show "Empire." Over the three-episode arc, one of the rising singers on the show, Jamal Lyon, lands an endorsement deal with Pepsi and makes a real-life ad which aired during the show. The ad was directed by Empire's co-creator, Lee Daniels, who played himself directing the commercial on the show. The terms of the deal were not revealed but are estimated to be approximately \$20 million. (Source: *The Wall Street Journal*, December 3, 2015)
- ▶ Schweppes is introducing Schweppes Dark Ginger Ale in the Northeast. The drink has a stronger flavor than traditional ginger ale. (Source: *PR Newswire*, December 7, 2015)
- ▶ Pepsi is bringing Crystal Pepsi back for a limited time. The clear soda from the 1990s will be available through a sweepstakes on the Pepsi Pass app on December 10 and 11. Winners will be selected on December 14. Pepsi has also announced it will have another sweepstakes for a limited run of Mtn Dew Pitch Black. (Source: *Advertising Age*, December 8, 2015)
- ▶ Coca-Cola released fun new packaging which allows drinkers to turn the label into a festive bow. The limited edition "bow bottles" are only available in Great Britain. (Source: *Business Insider*, December 7, 2015)



Coffee and Tea

- ▶ Although cold brew coffee accounts for a measly .4% of ready-to-drink coffee sales, retail sales grew 115% between 2014 and 2015 and 300% since 2010. Research into the market discovered 24% of U.S. consumers have purchased cold-brew coffee at retail. Older Millennials (55%) and men (30%) are more likely to buy it. However, 58% of those who don't drink cold brew coffee aren't even interested in trying it. Among those who have tried it, 48% did not like its taste while 9% said it cost too much. (Source: *Restaurant Hospitality*, October 2, 2015)
- ▶ Hot coffee in a ready-to-drink can is a \$15 billion market in Japan. HotShot will introduce a similar product in the U.S. in January. The premium coffee will be made from 100% Arabica beans grown in Sumatra and served in aluminum cans that are warmed by a custom-designed hot "fridge." When opened, the cans emit steam and a fresh-brewed coffee aroma. Initially, the coffee will be available in Espresso, Caramel, Vanilla Frappe, and Hot Chocolate flavors. A starter kit that includes the hot box and 12 cans in assort flavors is being sold direct for \$69.99. An additional 12-pack sells for \$26.99. (Source: *PR Newswire*, November 2, 2015)
- ▶ Sales at coffee shops grew 5% to a record \$19.1 billion last year – double the sales in 2004. Premium coffee shops such as Intelligentsia, Stumptown, and Blue Bottle are growing faster than the segment overall. (Source: *Crain's Chicago Business*, October 12, 2015)
- ▶ Swiss Water Decaffeinated Coffee created a stir when it launched a week-long Manhattan pop-up that sells only decaf coffee. Swiss Water pioneered a decaffeination process in 1933 which uses only water to remove caffeine. Its products are 99.9% caffeine-free. The "sensory experience" called "The Art of Coffee Without Caffeine" resulted in many comments about what would happen to New York without caffeinated coffee and that caffeine is the most important element of coffee. (Source: *Orlando Sentinel*, November 3, 2015)
- ▶ While the number of coffee drinks has decreased over the past three years, tea sales have increased to \$10.8 billion annually. A recent survey found among Americans under 30, 42% prefer to drink tea and an identical percent prefer coffee. Slightly more than one-quarter (27%) of Millennials drink only tea. (Source: *PR Newswire*, November 10, 2015)
- ▶ Dunkin' Donuts launched the #DDCoffeeJoy photo and video contest which encourages people to share their holiday moments for a chance to win prizes including one dozen JetBlue travel certificates and 50 Dunkin' mGifts. Selected submissions will be displayed on a special #DDCoffeeJoy web page. (Source: *PR Newswire*, November 24, 2015)
- ▶ A new coffee shop concept in Philadelphia asks customers to serve themselves from a wall of single-serve coffee pods. Customers choose from 136 varieties of hot beverages, purchase their single-serve cup for \$1.75 for regular and \$3.00 for gourmet blends, and then make their own coffee in a single-serve machine. The shop's staff cleans and recycles the cups. (Source: *Metro-Philadelphia*, November 9, 2015)
- ▶ Keurig Green Mountain introduced a new collection of café-inspired beverages. The Green Mountain Coffee Coffeehouse line includes three flavors: Cappuccino, Salted Caramel Macchiato, and Vanilla Latte. The beverages are made with Fair Trade Certified coffee, sugar, skim milk, cream, and sea salt. They contain no artificial sweeteners, artificial flavors, or preservatives. (Source: *MarketLine*, November 30, 2015)



- ▶ Caribou Coffee's "Season of Surprise" campaign will be promoted through social media as well as paid digital and social ads and in-store signage. Members of their loyalty club will receive an enhanced version of the surprise offers (i.e., bigger discounts). The season will include a dedicated area of the chain's website with special offers and interactive games; a "Holiday Hauler" that will provide 100 college students a free bus ride home to Minneapolis; a pop-up concert featuring Minneapolis-born singer Mark Andrew with the location chosen via fan vote; a social media take-over by Zach Parise, forward for the Minnesota Wild; and two new beverages – Ginger Chai Latte and Chai Nog Latte. *(Source: MarketingDaily, November 24, 2015)*



- ▶ An investment group has purchased Keurig for \$14 billion. JAB Holding will operate Keurig as an independent entity so fans of the brand will not see many differences. The Luxembourg-based holding company also has a controlling stake in Jacobs Douwe Egberts (whose coffee brands include Gevalia and Tassimo), Peet's Coffee & Tea, and Caribou Coffee. Sales of K-cups, which account for more than 80% of Keurig's revenues, rose 1% to \$3.6 billion in the year ending September 26. Sales of Keurig machines fell 23% to \$632.6 million during the same time. Analysts have also expressed concern about the prospects for Keurig's new single-serve cold drink machine, Kold, which has had a disappointing rollout. The deal is expected to close in the first quarter of 2016. *(Source: The Associated Press, December 7, 2015; The Boston Herald, December 8, 2015)*
- ▶ The single-serve coffee market represents 40% of the \$11 billion retail, packaged coffee industry sales which includes ground, instant, and whole bean coffee. Sales of single-cup coffee were up 18% this year compared to last. Some of the key market influences are the migration of licensed, branded single-cup coffee to the Keurig 2.0 platform, an influx of new brands into the space, a growing gap between the price of private label products and national brands, the emergence of new brewing platforms, and Keurig's push into private label. Consumers are expected to benefit from these trends with a wider array of choices from which to choose and less expensive options for brewing platforms. The category is expected to continue to grow, albeit at slower rates. Unit sales are expected to grow faster than dollar sales reflecting gradual price compression. *(Source: PR Newswire, December 14, 2015)*

Distilled Spirits/Liquor

- ▶ The Glenlivet has introduced The Glenlivet Nadurra Peated Whisky Cask Finish. This is the third release in The Glenlivet Nadurra line which includes The Glenlivet Nadurra Oloroso Matured and The Glenlivet Nadurra First Fill Selection. The new whisky was inspired by distillers' practice in the early 1800s of using peat smoke to dry the malted barley resulting in a smoky flavor. The new whiskey is matured in casks which have previously held heavily peated Scotch whisky to bring forth that smoky flavor. The Glenlivet Nadurra Peated Whisky Cask Finish is bottled and released in small batches without chill-filtration to give it that "just drawn from the cask" taste and feel. *(Source: PR Newswire, October 21, 2015)*



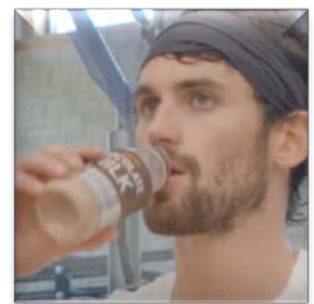
- ▶ In the past year, more than 2.7 million cases of Irish whiskey were sold in the U.S. accounting for \$553 million in sales, a revenue increase of 10% and up 648% since 2003. As Irish whiskey becomes more popular with Americans, who favor its lighter, smoother taste, more distilleries have opened or expanded in Ireland. Presently, Irish whiskey accounts for just under 5% of the U.S. market by volume. *(Source: The Daily Herald, October 22, 2015)*

- ▶ Ciroc has introduced its sixth infused vodka – Ciroc Apple Infused Vodka. Sean “Diddy” Combs promoted the product on “Late Night with Seth Meyers” and will also host the Emperor’s Ball in New York City as a launch party for the vodka infused with a vivid green apple taste. American performance painter David Garabaldi has been commissioned to create two larger than life wallscapes – one in New York and one in Los Angeles – in high-traffic areas. *(Source: PR Newswire, October 29, 2015)*
- ▶ Jack Daniels has partnered with BeMyDD (Be My Designated Driver) and Montgomery County, Maryland for The Holiday Rides Program. Liquor stores across the county will encourage the use of designated drivers by posting educational signs and handing out \$20 gift cards towards the use of the BeMyDD service. The service provides a professional, insured driver who will drive the drinker home in their own car. *(Source: GlobeNewswire, November 23, 2015)*
- ▶ Bacardi is expanding its campaign for Bacardi Oakheart nationally from four markets. The effort for the spiced rum is targeted towards Millennial males of drinking age and includes digital takeovers of sports-focused web sites at times that coincide with big games. Mobile ads are also appearing in relevant sports environments such as Bleacher Report, Yahoo Sports, ESPN, and CBS Sports. The ads position Bacardi Oakheart as a better tasting spiced rum in a bid to drive trial among current Captain Morgan drinkers. The ads encourage men to join the Oakheart brotherhood. A social media component includes Facebook, Instagram, and Twitter and asks users to “jump the captain’s ship” and pledge the Oakheart Brotherhood by uploading a photo with the hashtag #AllInAllHeart. *(Source: Mobile Marketer, November 30, 2015)*
- ▶ While other brands cut their ads shorter to accommodate Snapchat and Vine, Diageo has rolled out two short films for Johnnie Walker Blue Label starring Jude Law. The first, released in July 2014, had 45 million views across all digital platforms. Based on that success, a new 11-minute film has been released that features Law tinkering with a vintage race car and dashing off to Monaco. *(Source: Adweek, November 30, 2015)*
- ▶ Absolut Vodka is planning trials in 2016 which will harness the Internet of Things to turn bottles into a media channel. Connections may be powered by NFC, Bluetooth, or QC codes. Absolut hopes that the bottle of the future can provide personalized provenance or provide on-demand services that nurture loyalty and drive repeat purchases. *(Source: IoT Daily, December 9, 2015)*



Milk

- ▶ The Player’s Tribune, a digital media company that produces content for fans by athletes, has signed Chocolate Milk as a sponsor. Chocolate Milk will sponsor a documentary series called “Singular Focus” which follows professional athletes’ preparation for major moments in their career. NBA star Kevin Love will be the focus of the next installment in the series. Love also happens to have an endorsement deal for Chocolate Milk and mentions of the beverage will be woven into the show. A separate “Built with Chocolate Milk” campaign will also be promoted on the site. Chocolate Milk is trying to reposition from a kids’ drink or occasional treat to a healthy option for athletes and exercise enthusiasts. *(Source: Advertising Age, October 16, 2015)*



Nutritional/Functional Drinks

- ▶ E-hydrate is advertising its Protein On-the-Go hydration drink mixes in its first national campaign. The multi-million dollar integrated campaign includes television, digital spots on YouTube, and social media advertising. The “E-hydrate Family” campaign targets on-the-go women and moms age 18 to 49. “What Sports Do We Play?” shows the “sport” of being a mom while “Oops!” showcases Kids E-hydrate + immunity drink. Both ads drive awareness and highlight the products availability at Target stores.

(Source: PR Newswire, September 30, 2015)

- ▶ Zico Beverages has included a new flavor of juice blend – strawberry banana. Zico Chilled Strawberry Banana Juice Blend combines coconut water with strawberry and banana puree and apple juice. The juice blend has five naturally-occurring electrolytes for hydration including the potassium of a small banana. The product has fewer calories than regular fruit drinks. Other flavors in this line are orange and pineapple mango. *(Source: Business Wire, November 19, 2015)*



- ▶ Many athletes carefully select the foods and beverages they consume to include organic, unprocessed, and natural ingredients. With that target in mind, sports drinks that avoid artificial ingredients and simple sugars are gaining traction. Nuun is a low-calorie electrolyte drink sweetened with monk fruit extract and stevia plants. Ultima Replenisher, which is featured at the Portland Marathon, is free of sugar, GMOs, and artificial ingredients and is vegan. In response, Gatorade is exploring using more natural or organic ingredients in some of its products. The brand has also removed brominated vegetable oil and high-fructose corn syrup from its products. Powerade has no plans to alter its formula which includes high-fructose corn syrup and artificial colors. *(Source: The Wall Street Journal, November 30, 2015)*

- ▶ “Woodsy” waters are gaining momentum as alternatives to coconut water. Some of the new waters on the market include:
 - ❖ Cactus or nopal water which contains the juice from prickly pear cactus and is the only known fruit to contain all 24 betalains (which are powerful antioxidants that are good for the skin). It is also good for muscle recovery.
 - ❖ Birch water, which has been consumed in Nordic and Baltic regions for centuries, helps to eliminate uric acid and contains a naturally occurring sugar, Xylitol.
 - ❖ Maple water has a light, refreshing maple taste and is also low-calorie and nutrient laden.

(Source: Cassandra Daily, December 2, 2015)

Wine

- ▶ At present, natural wines have no more than one percent share of the wine market. However, a debate is currently raging about them. Natural wines are made from grapes which are minimally manipulated from vine to bottle and do not have additives. On the one hand, the wines have more character or different tastes that reflect the places where the grapes were grown. Natural wines also offer more transparency about where and how they were made. On the downside, the additives to wine make for a consistent taste and prevent the wine from turning into vinegar. That makes each bottle of wine a wild card until it is opened. To add to the uncertainty, many natural wine makers are still learning the craft and relying on market feedback for guidance. *(Source: Details, November 2015)*





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