Alcoholic beverages

Understanding consumers in key markets

Australia, USA, UK, Singapore, China and Japan

In Collaboration with KANTAR

NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono

May 2021

The comprehensive piece of consumer research provides NZTE's customers with an understanding of what drives purchasing decisions in priority F&B categories and markets

Context

The Covid-19 pandemic has caused disruption to people globally and as a result, consumers have become complex.

Because of this, there is a fundamental need now by industry, more than ever, to understand end consumers and d how to market to them at an offer, channel, packaging and messaging level.

Therefore our project objective…

By better understanding the underlying values and needs of F&B consumers in priority markets…

…uncover the insights that will enable NZTE to help its customers market more effectively

… delivered by a substantial primary research study

Partnering with Global insights agency **Kantar** to segment consumers by key drivers of purchase, supported by insights into behavioural and emotive needs.

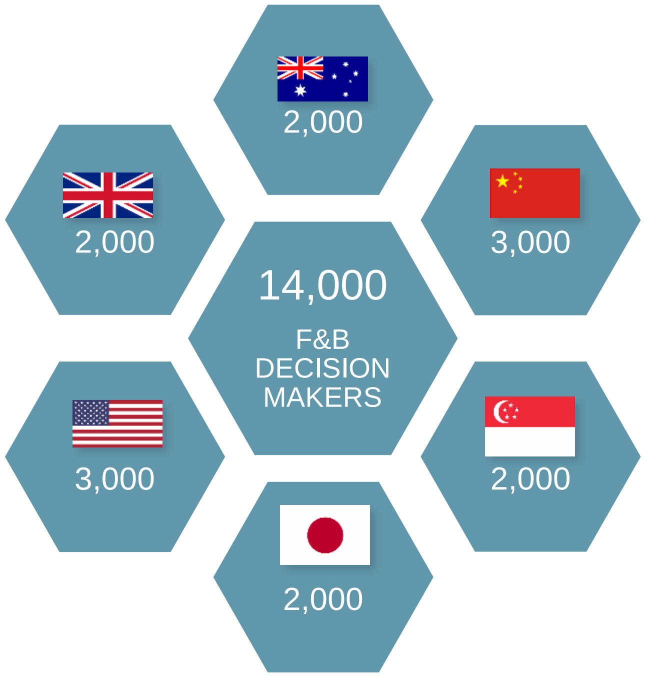
Within six markets

1. China, Japan, Singapore, Australia, USA, UK

Eight categories (and 29 sub-categories)

1. Meat, Dairy, Fruit & Veg, Seafood, Alcoholic beverages, Non-alcoholic beverages, Sweet snacks, Supplements / Mānuka honey

In collaboration with Global Insights Agency Kantar, we have looked at 6 markets and 8 categories, including Alcoholic Beverages and it’s sub-categories



Beef	Apples	Milk powder	White fish	**Wine**	Soft drinks / soda	Healthy snacks	Mānuka honey
Lamb	Kiwifruit	Fresh / UHT milk	Salmon	**Beer & Cider**	Juices	Packaged baked goods	Vitamins, minerals & supplements
Pork	Berries	Butter	Lobster / crayfish	**Spirits**		Chocolate	
Chicken	Stonefruit	Cheese	Shellfish				
	Everyday vegetables	Ice cream					
		Infant formula					

- Online survey
- Nationally representative
- Excluding bottom 25% of income brackets (in China this did mean we were talking to a higher income household)
- Booster in USA (West Coast & North East)
- Focus on Tier 1, 2 & 3 cities in China
- Fieldwork Jan / Feb 2021

Note: the study focused on off-premise purchases

Methodology

What did we do?
An online survey was sent to a nationally representative sample of 14,000 respondents in early January / February 2021 across 6 international markets of:

- Australia
- United Kingdom
- United States
- China
- Singapore
- Japan

There was a nationally representative sample of n=2,000 across each market excluding US & China.

In the US, the total sample size was n=3000. n=1000 was nationally representative, then there was an additional n=1000 booster for West Cost and n=1000 booster for North East. This was to allow for the ability to do deep dive into these regions.

In China, the total sample size was n=3000 with n=1000 in Tier 1 cities, n=1000 Tier 2 cities and n=1000 Tier 3 cities.

Questionnaires were translated into Mandarin and Japanese for respondents in China & Japan.

This data was collected, cleaned and weighted by Global Insights Agency Kantar who used Kantar Profiles and Dynata research panels across the specified markets to deploy the survey.

Who did we speak to?

- The main / joint decision maker for food & beverage products in their household (ie household shopper).
- Aged 18 – 74 years
- Excluding the bottom 25% of Household Incomes
- Regularly / occasionally buy at least 3 of the selected F&B products (see previous slide for detailed list of products)

No other parameters were set around household income, family structure, ethnicity, number of people in household – this all fell out naturally.
In China we have found that respondents had a higher household income and were therefore more affluent.

Purpose of the study
To understand what drives consumers purchasing decisions (what they value) when buying Food & Beverage products. This can then be used by NZ brands to develop compelling propositions / packaging / messaging that connects with what consumers look for when buying F&B products.

Note:
Statistical analysis was done to segment the data into different purchasing occasions. The names of these segments are the **essence** of what defines them and does not represent what was explicitly shown to survey respondents.

Limitations

With the sample sizes outlined in the methodology the data in this report has a confidence interval at 50% of approximately 2% across each market. Significance testing has been calculated at a confidence level of 95%. The study does not include on-premise or a B2B perspective.

Contents

Section 1

Understanding purchase drivers

Understanding Purchase drivers across Food and Beverage provides an understanding of the macro trends going on in F&B

Eight segments were identified across the six markets in the Food & Beverage market

Tasty	Affordable	Trusted brand	Safe product	Healthy	Fresh	Ethical	On Trend
These purchase decisions are driven by the **taste / flavour** of a product / brand	These purchase decisions are driven by price – both **affordability and value for money**	**Trust in the brand** is driving these purchase decisions Associated with **well-known brands**	Having **belief in the safety** of the product / brand is driving decision making	Making a **healthy choice** is what drives these purchase decisions	These choices are based on how **fresh the product / brand looks**	These purchase decisions are driven by **ethical, environmental or social issues**	These purchase decisions are driven by **environmental/ organic trends** and how this makes them **appear to others.**

Trusted brand and Safe product: Two aspects of 'quality' that are related, but Trust is best managed by brand signals while Safe is best managed by product category and provenance messages

Healthy and Fresh: Two similar 'healthiness' segments but Fresh is more about appearance while Health is more centred by belief that consumption is a healthy choice

Ethical and On Trend: Both have environmental and sustainability at their core, but decisions made for Ethical reasons are because it's the right thing to do, whereas On Trend is because it's *seen to be* the right thing to do

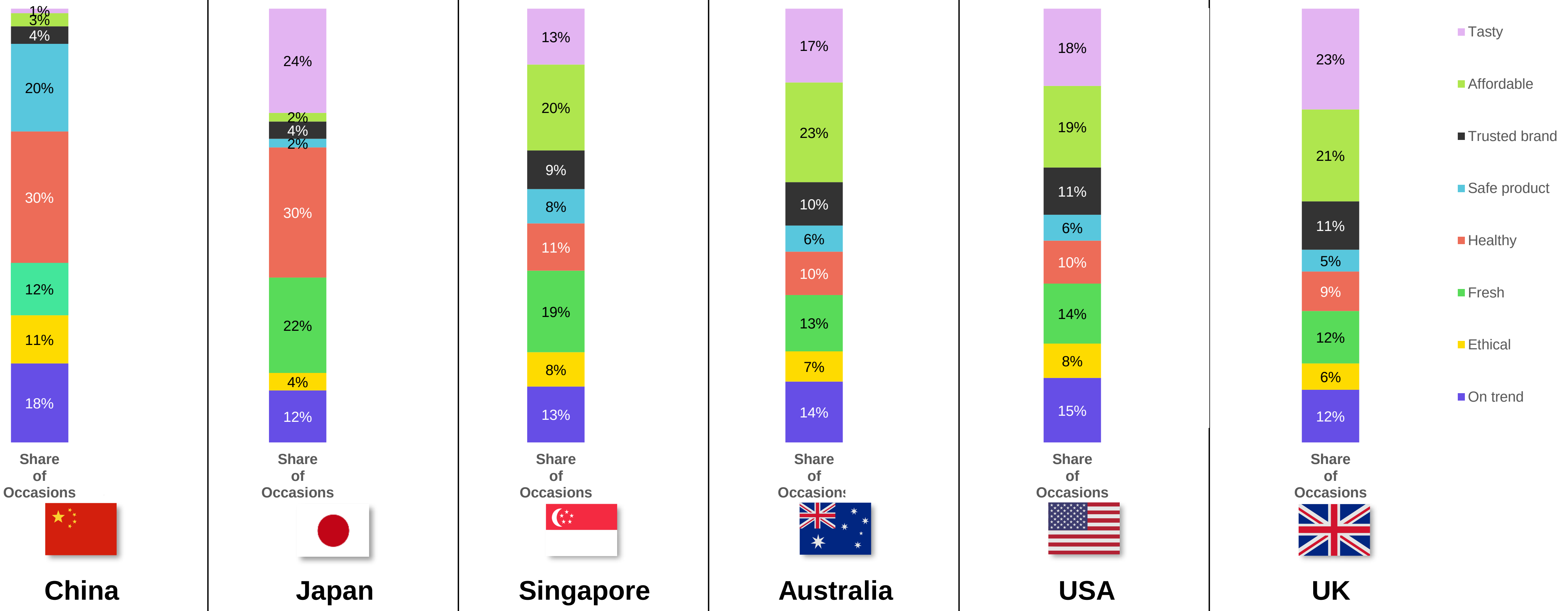
NOTE: The segment names are not what was explicitly shown to consumers, they instead are the essence of what the segment represents. See Q&A for more detail.

SECTION 1

UNDERSTANDING PURCHASE DRIVERS

What drives purchase decisions differs across markets, therefore the way offers are constructed and communicated needs to be tailored

F&B Share of occasions by market

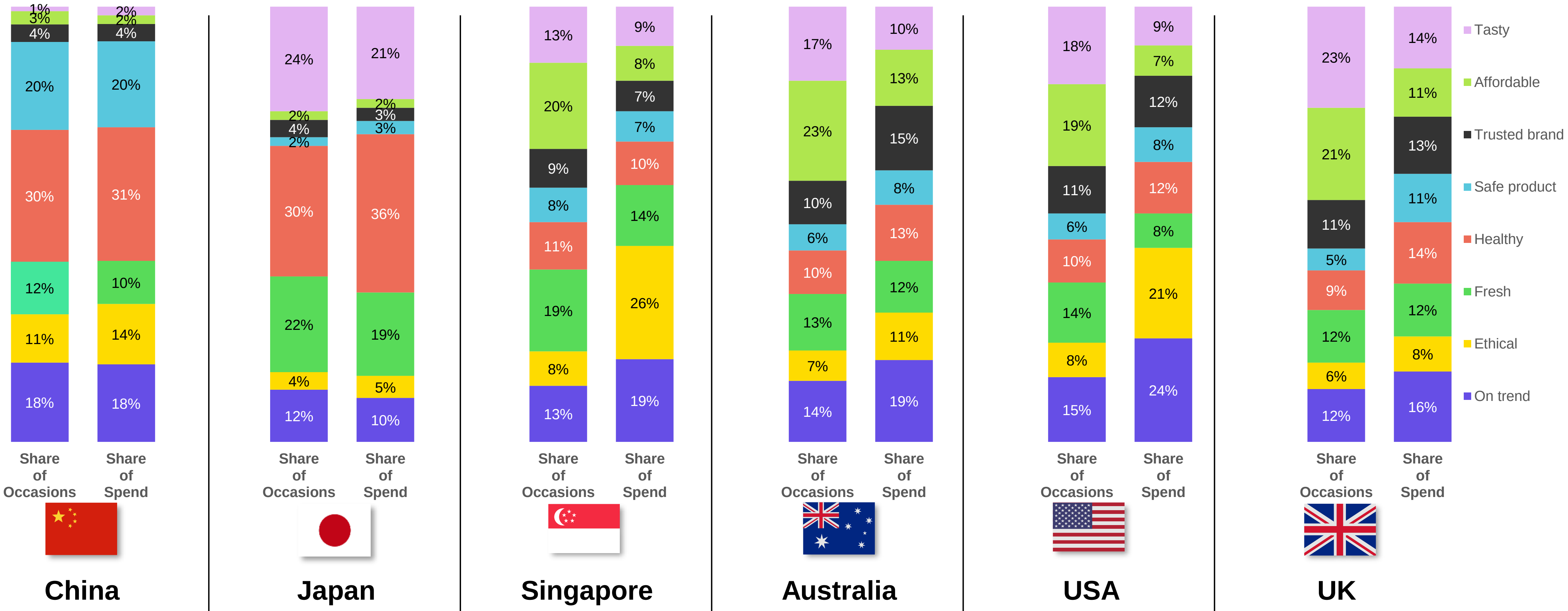


1. Note: due to the multi-modal nature of the market (people will choose different F&B products for different reasons and different purposes, even within the same shopping trip), the segmentation is based on individual purchase decisions or ‘occasions’ rather than people

SECTION 1 UNDERSTANDING PURCHASE DRIVERS

The sustainability-focused Ethical and On Trend segments tend to deliver higher value

Share of occasions and spend by market for F&B



1. Note: due to the multi-modal nature of the market (people will choose different F&B products for different reasons and different purposes, even within the same shopping trip), the segmentation is based on individual purchase decisions or ‘occasions’ rather than people

Several different proposition types providing a premium across F&B

Understanding the **drivers of purchase** across Food and Beverage can help form a base of what **consumers are looking for more broadly**. From here it is important to look into categories that are more similar to your own as a contrast.

Taste is an important role in recruiting consumers on mass to products, particularly in **Japan**. This **doesn't provide a value-add** across food and beverage in most markets.

Across key markets, there is a trend towards more **sustainability focused** products **providing a premium**. Brand, Safety and health also providing a premium in certain markets.

Section 2

Alcoholic Beverages

Alcoholic beverages

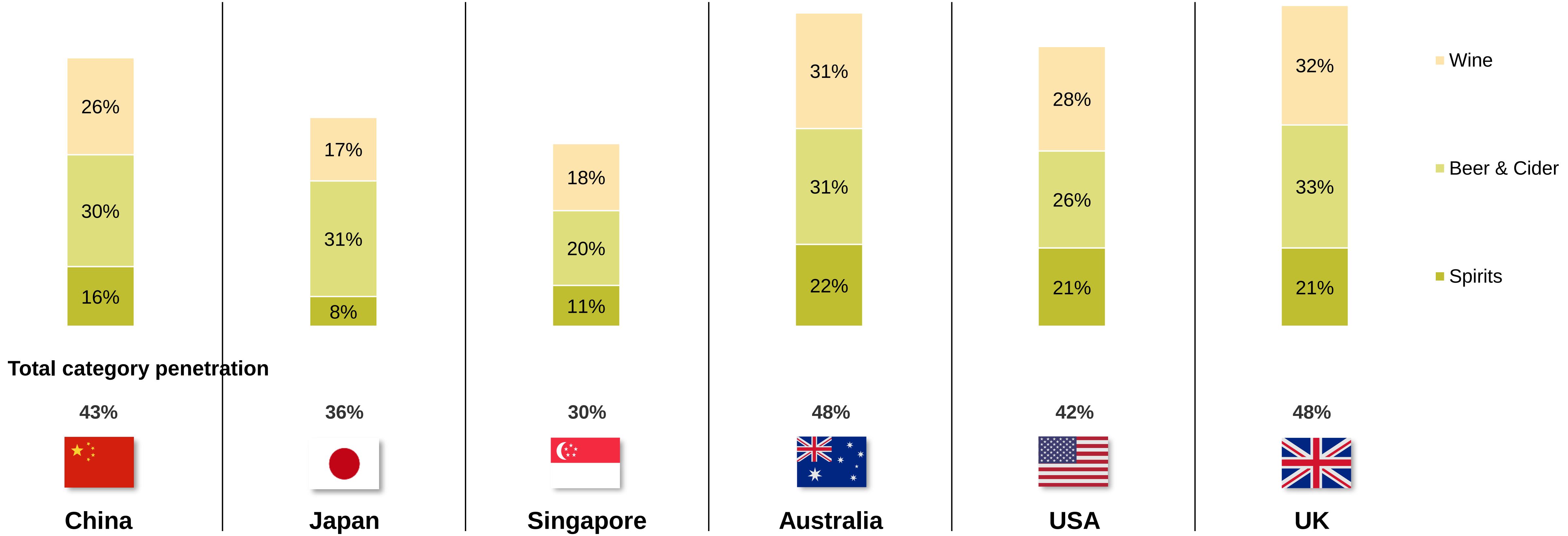
Including…

Beer/Cider **Wine** **Spirits**

Beer is popular in most markets, Wine is more consumed by Western market whilst Singapore has least regular alcohol consumers

Sub-category penetration by market

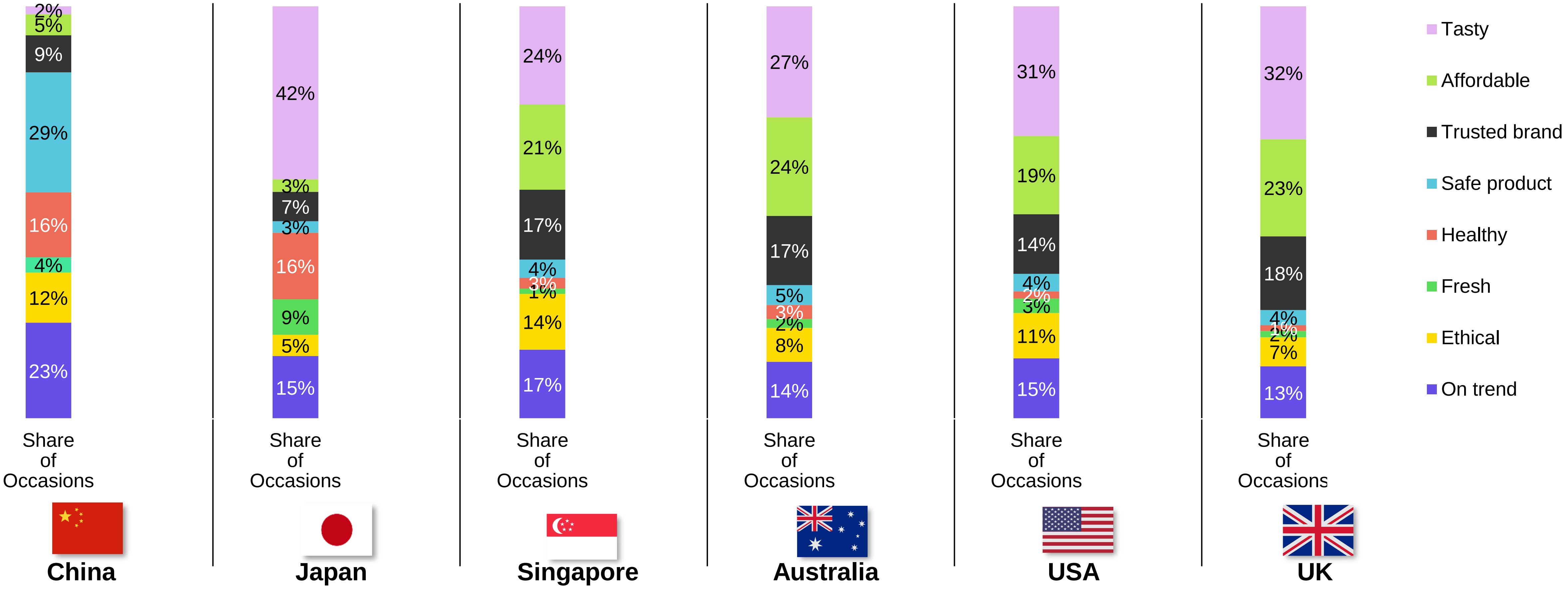
Proportion of market population[1] who purchase each category regularly



Total: China n = 3388; Japan n = 2365; Singapore n = 2134; Australia n = 2236; USA n = 3463; UK n = 2164
Market population defined as main/joint household shoppers, aged 18-74, excluding lowest salary bands

Taste, Affordability and Trusted Brand important in most markets

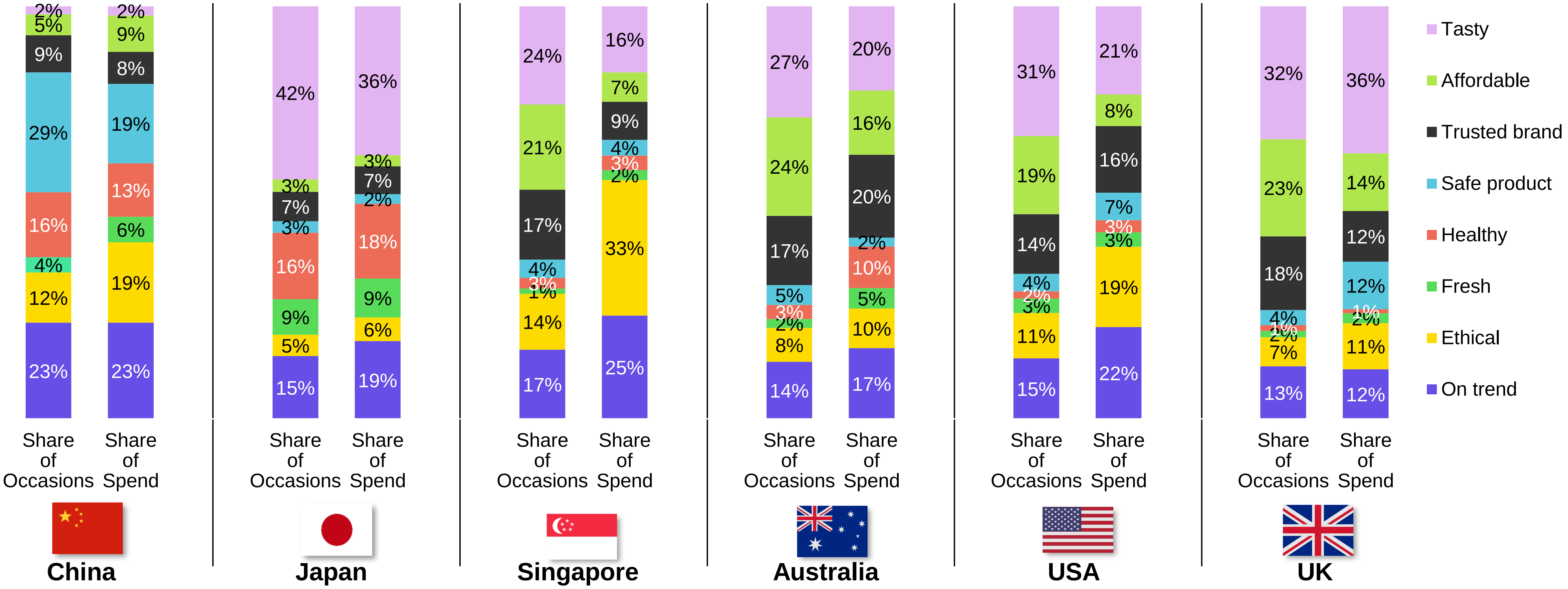
Alcoholic beverage segment size by market (occasion)



Total: China n = 1204; Japan n = 753; Singapore n = 751; Australia n = 749; USA n = 1124; UK n = 752

Taste and Affordability offer mass opportunities but without a premium - which is where Ethical & On Trend deliver

Alcoholic beverage segment size by market (occasion and spend)



Total: China n = 1204; Japan n = 753; Singapore n = 751; Australia n = 749; USA n = 1124; UK n = 752

Within Alcoholic Beverages, Sustainability and Trusted Brand driving volume to value shift

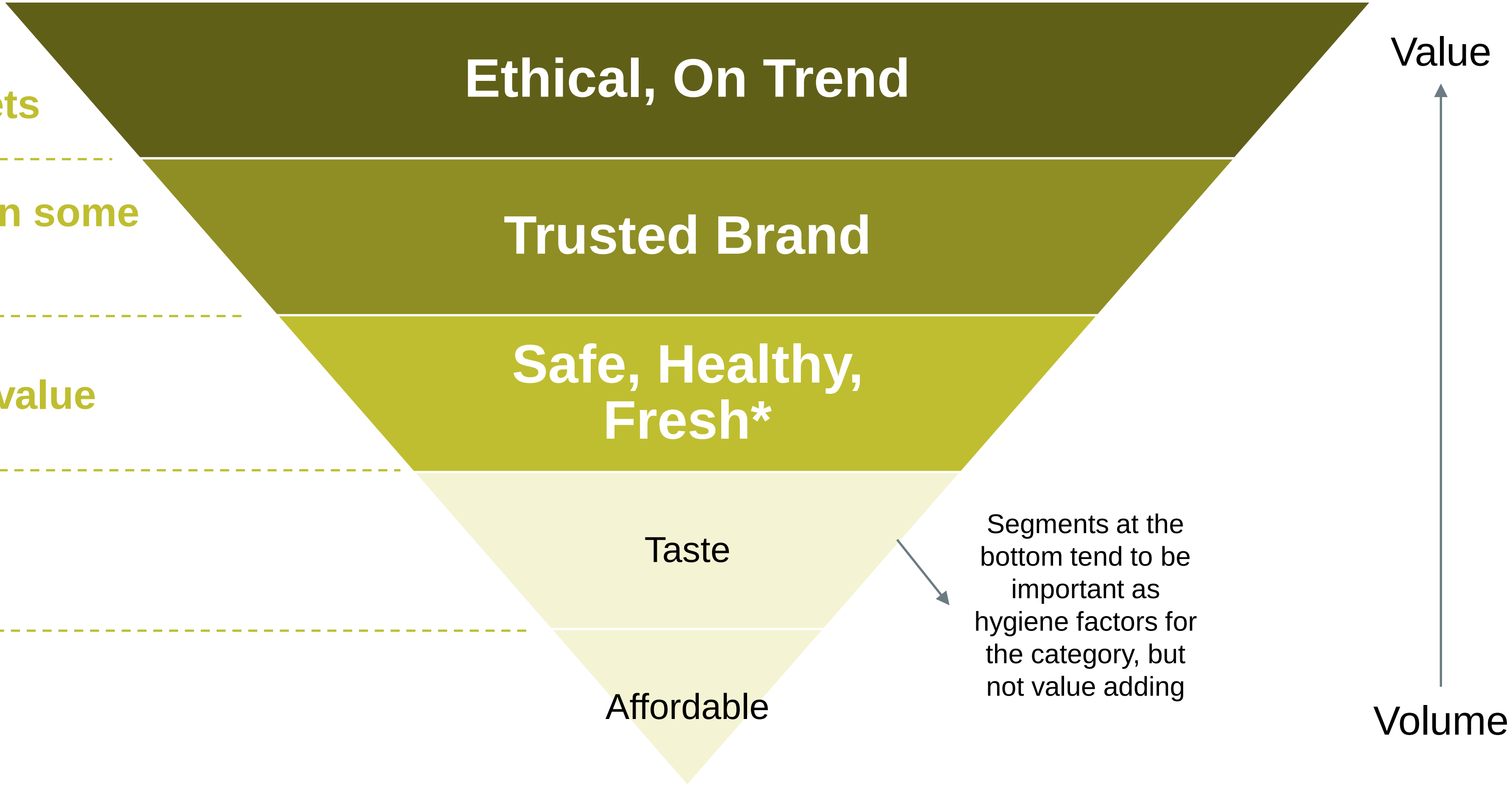
Strong volume to value in all markets

Volume to value in some markets

Slight volume to value

Mass market

Budget



*Note: Fresh, Safe & Healthy segments have low volumes in some markets, this means these have been positioned on the volume to value hierarchy based on a few markets only.

Regardless of what's driving purchasing decisions, there are 3 common things consumers *also* look for when buying alcoholic beverages

Product attributes

Best quality product

A brand I trust

The taste me / my household like

Brand trust and quality are dominant features consumers in China and Singapore look for

Top 10 product attributes consumers look for

China

Japan

Singapore

Total: China n = 1211; Japan n = 753; Singapore n = 750

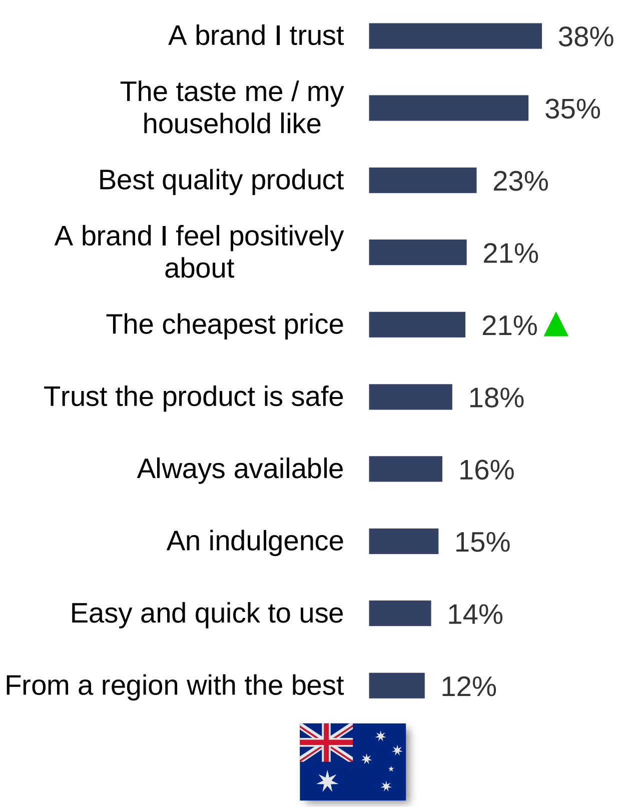
▲▼ = Significantly higher / lower than other markets

SECTION 2

PRODUCT ATTRIBUTES

Brand as important as taste or quality in Western markets

Top 10 product attributes consumers look for



Australia

USA

UK

Total: Australia n = 754; USA n = 1125; UK n = 751

= Significantly higher / lower than other markets

Taste is a strong driver of purchase in Alcoholic Beverages

When entering a new market it is important to consider **how your brand should be positioned**. By knowing what consumers of your category are looking for in the markets can help frame up how you market your product.

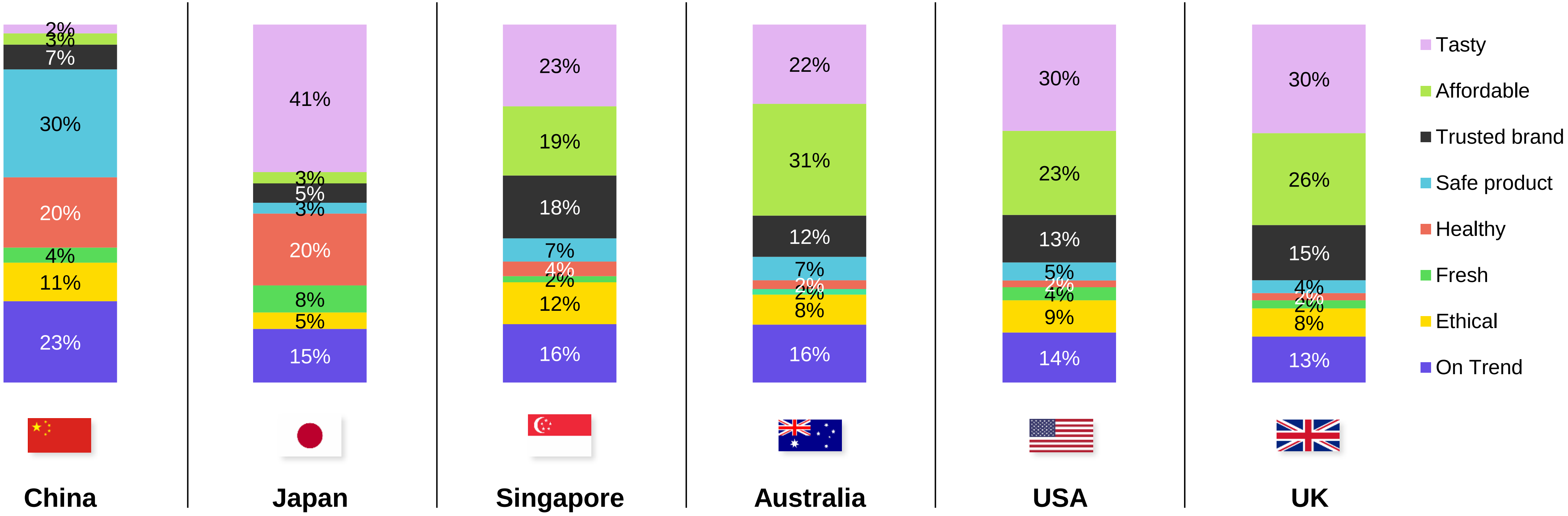
Taste offers a strong volume play for **alcoholic beverages** in most markets. Although this translates to **slightly less value**, this difference is smaller than most other categories suggesting this might still be an opportunity.

Brands that can deliver more **sustainably produced / organic** products (Ethical and On Trend) in the alcoholic beverages space that look great, have access to a pathway form **volume to value** across all markets.

How does this play out across the different alcoholic beverage sub-categories?

Taste is the key purchase driver for Wine across most markets, with affordability coming into play in Western markets. On Trend is a common purchase driver across all

Wine segment size by market (occasion)



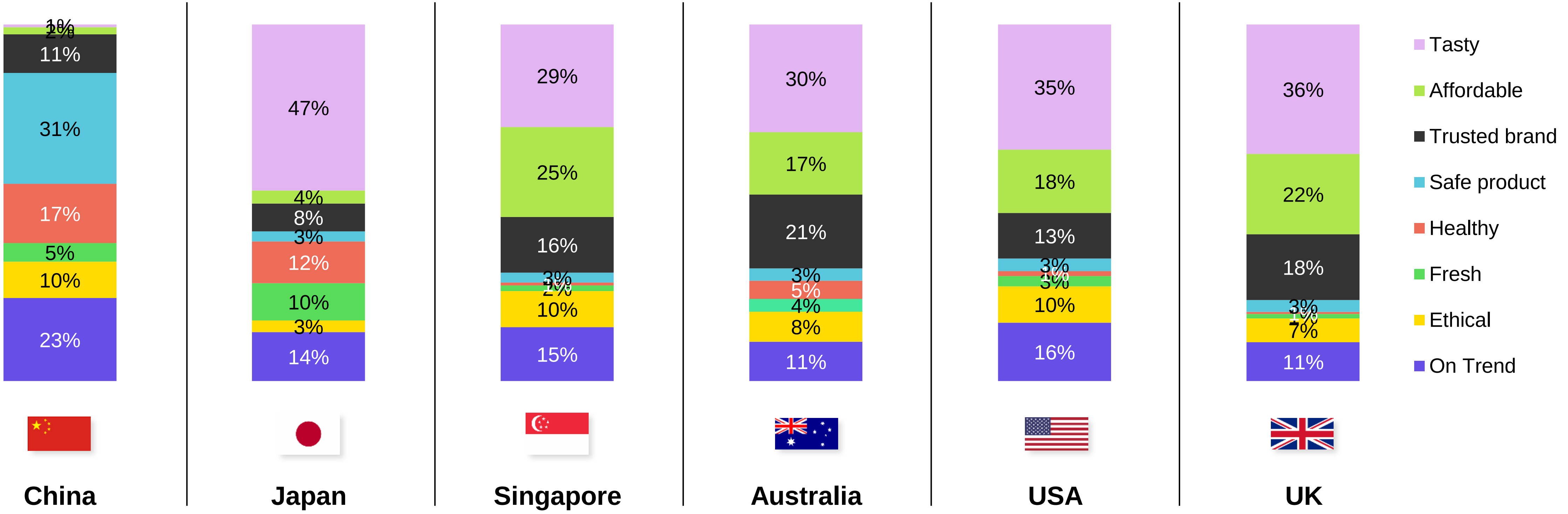
Base: Wine. AU n=249; USA n=375; UK n=251; SG n=250; China n=400; Japan n=255

SECTION 2

UNDERSTANDING PURCHASE DRIVERS

Trusted brand becomes more important for Beer than Wine, particularly in Australia & the UK

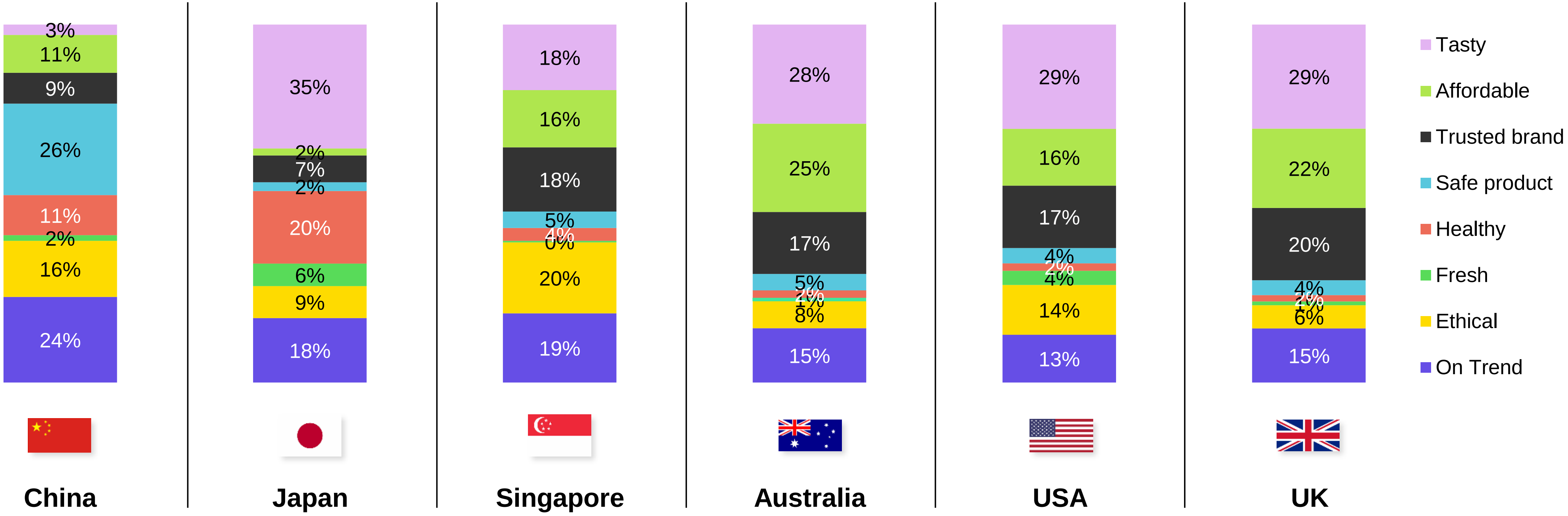
Beer & Cider segment size by market (occasion)



Base: Beer & Cider. AU n=251; USA n=376; UK n=251; SG n=251; China n=403; Japan n=256

Ethical and On Trend become more important for Spirits, particularly in Asia

Spirits segment size by market (occasion)



Base: Spirits. AU n=249; USA n=373; UK n=250; SG n=251; China n=401; Japan n=242

Taste is a strong driver of purchase in beer/cider, wine & spirits

Taste is important across all alcoholic beverages in most markets and plays a particularly important role with **Beer/Cider**.

Taste tends to be associated with **quality products**, so highlighting both the **great flavour** and **high quality** of the product will align with this segment across wine, Beer/Cider & spirits.

Trusted brand is also an important factor, particularly for spirits – **well known brands** and brands that can leverage the equity in their name will do well in Western markets and Singapore specifically.

Focusing on **authentic story telling** is a way brands can create an emotive connection with consumers.

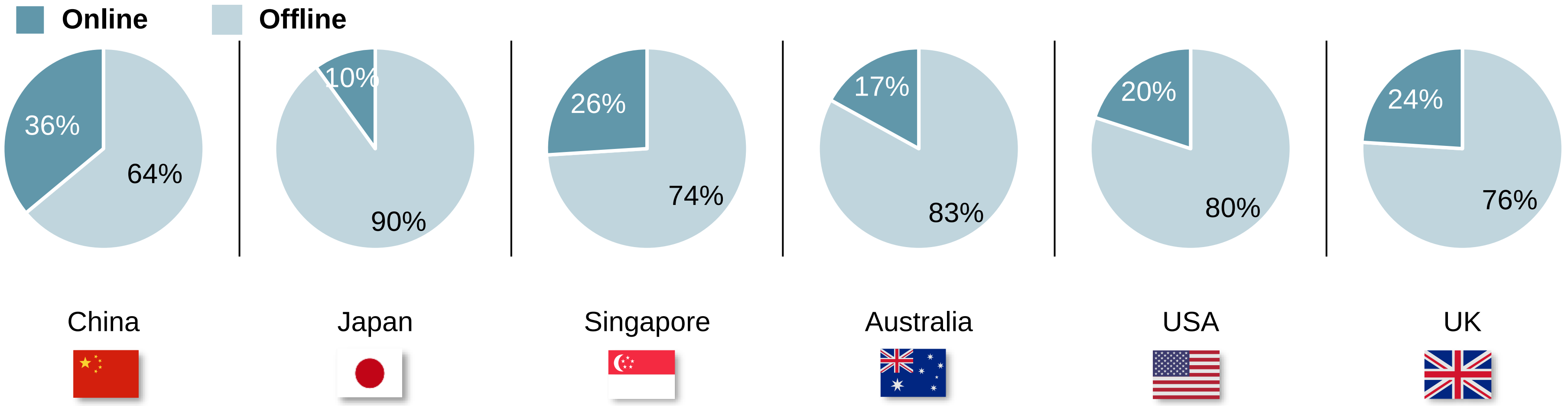
Brands that can deliver to **On Trend** and **Ethical** purchasing decisions will benefit by highlighting their **sustainable practice** and **organic credentials**, particularly in Wine & Spirits. It's also important that **appearance** of the product is appealing and has **convenient** formats.

SECTION 3

Where consumers are shopping

Almost one quarter of UK & Singapore alcohol is bought online

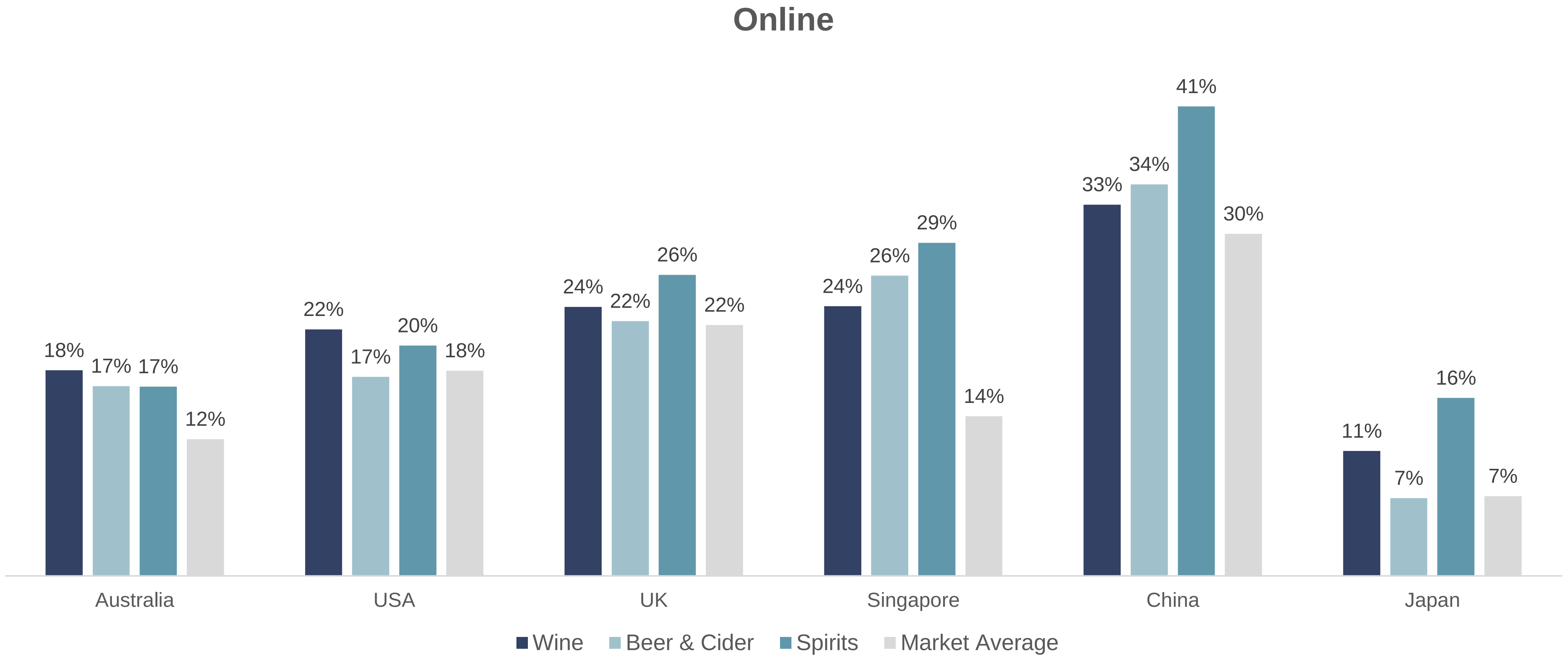
Where consumers shop – Alcoholic Beverages



Total: China n = 1204; Japan n = 753; Singapore n = 751; Australia n = 749; USA n = 1124; UK n = 752

Wine & Spirits are the type of alcohol that's most likely to be purchased online

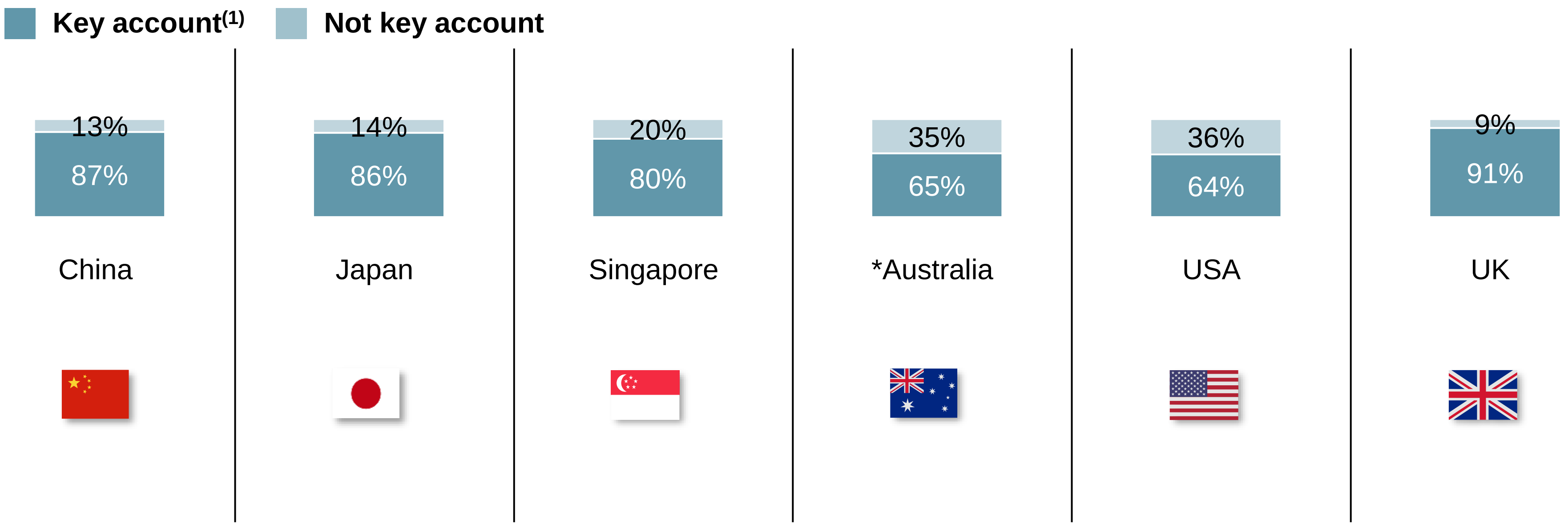
Where consumers shop – By sub-category



Total: China n = 1204; Japan n = 753; Singapore n = 751; Australia n = 749; USA n = 1124; UK n = 752

Liquor stores making up the majority of USA alcohol purchasing channels

Detail of where consumers shop



*Note - BWS / Dan Murphy although classified as non-key accounts are owned by Woolworth's parent group

Total: China n = 1204; Japan n = 753; Singapore n = 751; Australia n = 749; USA n = 1124; UK n = 752
Definition of 'key account': Supermarket / hypermarket, Department store, convenience store, wholesale / discount store, online food retailer, food box delivery service, large E-commerce platform or social media
Definition of 'not key account': Markets (farmers, local wet), gas stations and specialised stores (e.g. butcher, baker etc.)

Alcoholic beverages one of the most purchased via online channels in Asia

Where consumers shop

	China	Japan	Singapore
In person	**▼ 64% in person**	**▲ 90% in person**	**74% in person**
Supermarket / hypermarket	44% ▲	58% ▲	48% ▲
Grocery store	2% ▼	6% ▼	4% ▼
Convenience store	5%	4%	4%
Wholesale / discount store	2% ▼	8% ▲	2%
Department store	3%	1%	4% ▲
Wine / liquor store	8% ▼	9% ▼	10% ▼
Other	0%	3%	1%

	China	Japan	Singapore
Online	**▲ 36% Online**	**▼ 10% Online**	**26% Online**
Online Supermarket	5%	2% ▼	7%
Online department store	2%	0%	2%
Online food retailer	3% ▲	1%	3%
Buy direct from the brand	3% ▲	1%	1%
Food box delivery service	0%	0%	1%
Large e-commerce platform	20% ▲	5%	5%
Social media	1%	0%	1%
Online wine / liquor store	2% ▼	1% ▼	6% ▲
Online butcher	0%	0%	0%
Other	0%	0%	1%

▲▼ = Significantly higher / lower than other markets

Total: China n = 1204; Japan n = 753; Singapore n = 751

SECTION 3 CHANNEL

Liquor stores dominant in Australia & the US

Where consumers shop

	Australia	USA	UK
In person	**▲ 83% in person**	**▲ 80% in person**	**76% in person**
Supermarket / hypermarket	16% ▼	17% ▼	58% ▲
Grocery store	5% ▼	23% ▲	6% ▼
Convenience store	1% ▼	5%	4%
Wholesale / discount store	2%	4%	2%
Department store	2%	2%	2%
Wine / liquor store	56% ▲	28% ▲	4% ▼
Other	0%	2%	1%
Online	**▼ 17% Online**	**▼ 20% Online**	**24% Online**
Online Supermarket	3% ▼	4%	12% ▲
Online department store	1%	2%	1%
Online food retailer	2%	2%	2%
Buy direct from the brand	2%	1%	2%
Food box delivery service	1%	1%	2%
Large e-commerce platform	1% ▼	3% ▼	2% ▼
Social media	1%	1%	1%
Online wine / liquor store	6% ▲	4%	2%
Online butcher	0%	0%	0%
Other	0%	0%	0%

▲▼ = Significantly higher / lower than other markets

Total: Australia n = 749; USA n = 1124; UK n = 752

Channels for alcoholic beverages are impacted by legislation more than most

Knowing how the channels look for the category can help develop the channel strategy. Knowing whether to sell **Online or offline** and in key accounts or more niche can help set the **relationships in market** that you build.

Liquor stores are dominant in **Australia** both online and offline. In **Singapore** the online liquor stores are relatively large, while the same is true in-store for the USA.

Supermarkets are most dominant in UK and Japan. In the UK this is both online and offline.
Large e-commerce channel a particular avenue for purchase of alcohol in China.

SECTION 4

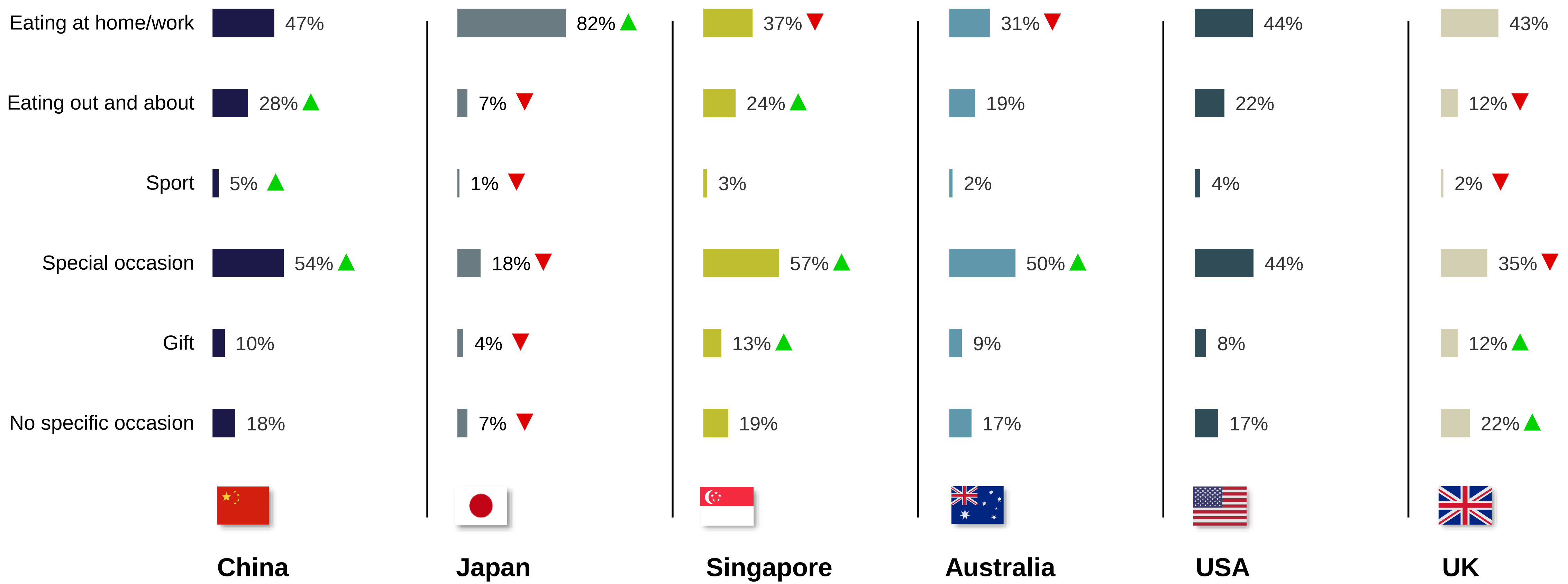
Occasions for purchasing alcohol

SECTION 4

OCCASIONS

Alcohol often consumed as special occasion

When are alcoholic beverages consumed (grouped)



Total: China n = 1204; Japan n = 753; Singapore n = 751; Australia n = 749; USA n = 1124; UK n = 752

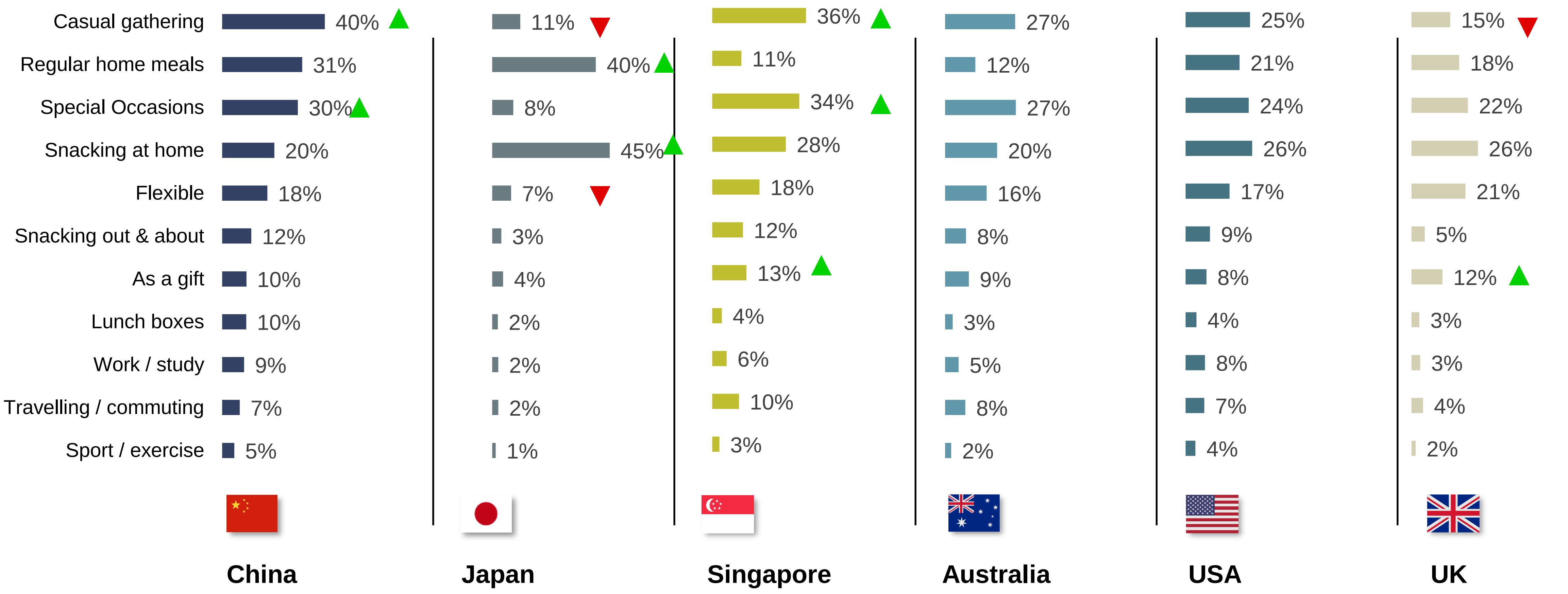
▲▼ = Significantly higher / lower than other markets

SECTION 4

OCCASIONS

Alcohol often consumed for many different occasions - casual gathering and regular at home consumption dominate

Occasions for consuming Alcoholic Beverages



= Significantly higher / lower than other markets

Total: China n = 1204; Japan n = 753; Singapore n = 751; Australia n = 749; USA n = 1124; UK n = 752

Alcohol is purchased for in-home consumption or casual gatherings

Knowing the occasions for the category, helps in the development of marketing campaigns to **connect** with the times people purchase different product.

Alcoholic beverages are most commonly purchased for in-home consumption and casual gathering, with casual gathering & special occasions being more common in Singapore and China.

Beer is most likely to be for in-home consumption, whilst spirits are more likely to be with main meals in Singapore, China & Japan.

Wine is more likely to be for consumption at regular home meals in Australia, UK & USA.

Bringing it all together

Taste key driver of volume, but On Trend and ethical delivering value potential for Alcoholic Beverages

Taste is a very important factor in consumers decision making for alcoholic beverages, so ensuring the flavour profile is fit for what the market looks for is important and may mean reformulation to meet in market flavour preferences.

On Trend and **Ethical** are key to delivering value potential so having great looking but also organic certified products will deliver this.

Channels for alcoholic beverages are impacted by legislation more than most

Liquor stores are dominant in Australia both online and offline. **Supermarkets** are most dominant in UK and Japan. In the UK this is both online and offline.

Large e-commerce channel a particular avenue for purchase of alcohol in China.

Alcohol is purchased for in-home consumption or casual gatherings

Alcoholic beverages are most commonly purchased for **in-home consumption** and casual gathering, with **casual gathering** & special occasions being more common in Singapore and China.

Comms with imagery focused on ‘casual gathering’ is an effective way of connecting with consumers.

SECTION 5

Demographics

Who are regular consumers of Alcoholic Beverages in Australia

GENDER

Female	Male
43%	57%

AGE

Age	%
18-29	21%
30-39	26%
40-49	21%
50-59	15%
60-74	17%

INCOME

Income	%
$40-60k	17%
$60-75k	11%
$75-100k	20%
$100-150k	29%
$150-200k	14%
$200k plus	9%

LIFESTAGE

SINKS/DINKS	Small family	Large family	Older single/ couple
24%	44%	10%	22%

AREA

Urban	Suburban	Rural
33%	57%	10%

Base: Regular consumers of alcoholic Beverages, Australia: n=(991)

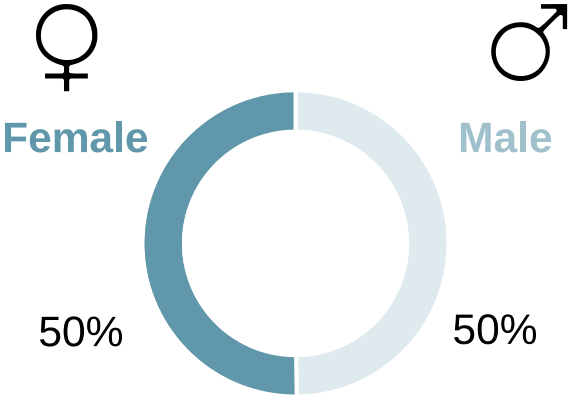
▲▼ = Significantly higher / lower than rest of the market

SECTION 5 DEMOGRAPHICS

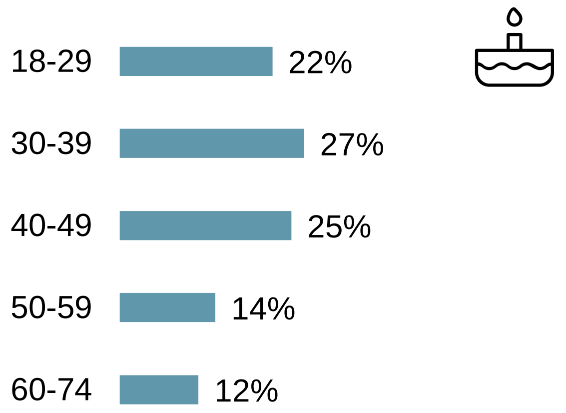
Alcoholic Beverages

Who are regular consumers of Alcoholic Beverages in China

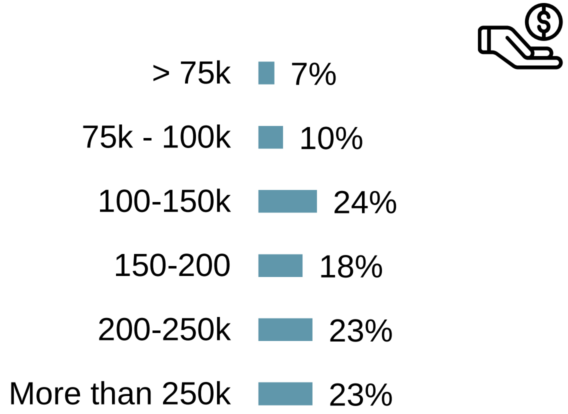
GENDER



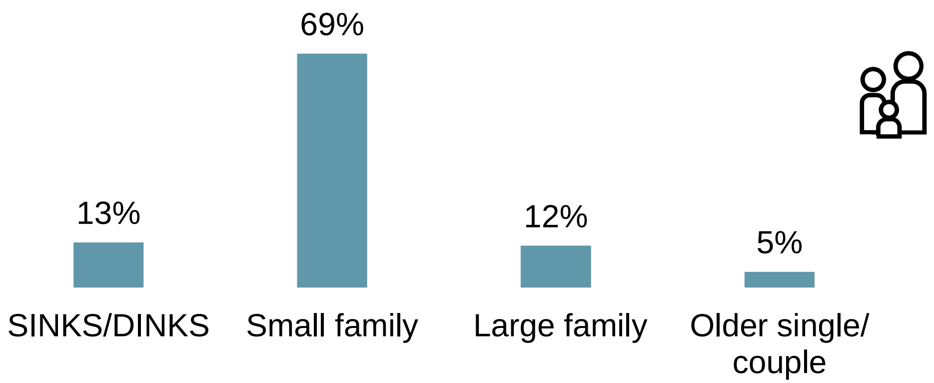
AGE



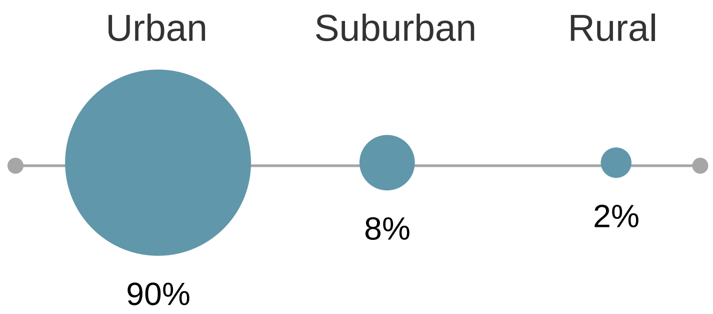
INCOME



LIFESTAGE



AREA



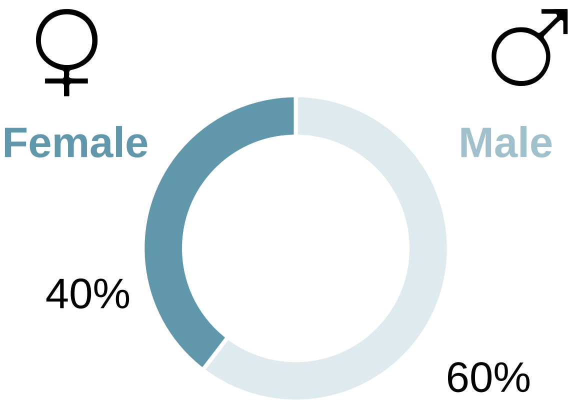
▲▼ = Significantly higher / lower than rest of the market

Base: Regular consumers of Alcoholic Beverages, China n=1,398

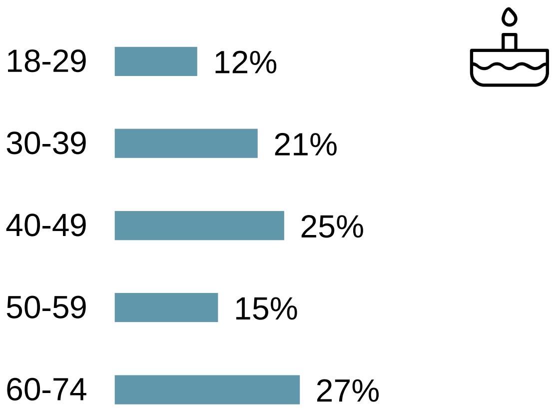
Alcoholic Beverages

Who are regular consumers of Alcoholic Beverages in Japan

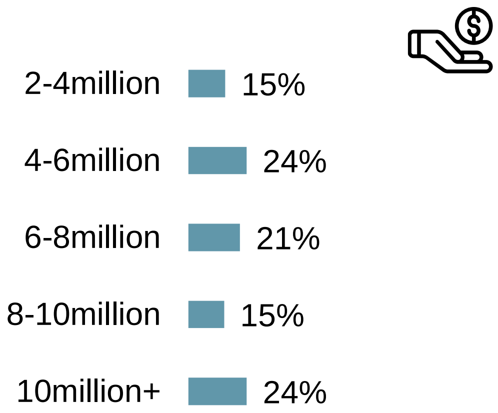
GENDER



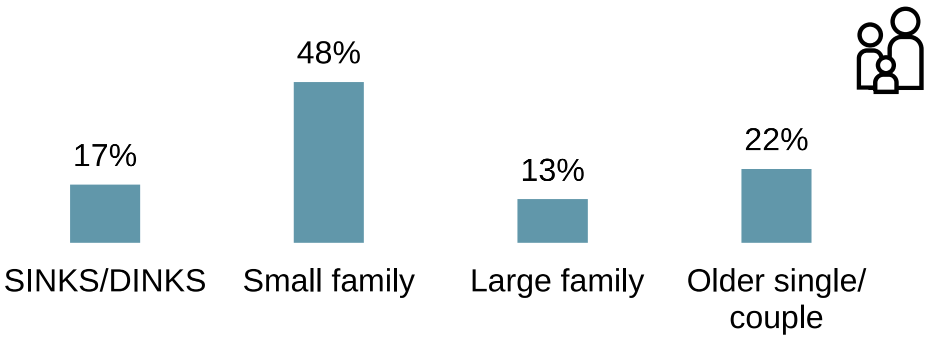
AGE



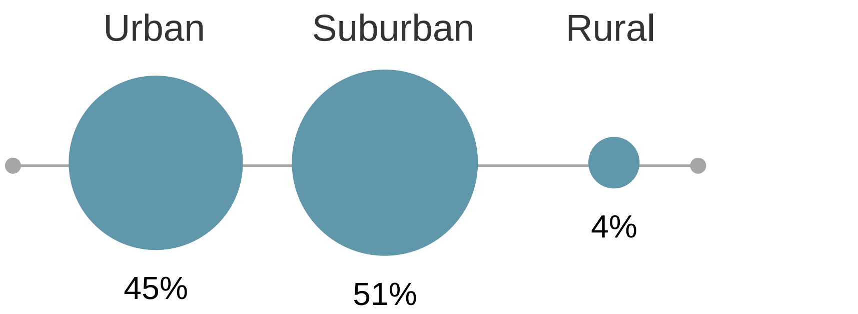
INCOME



LIFESTAGE



AREA



▲▼ = Significantly higher / lower than rest of the market

Base: Regular consumers of Alcoholic Beverages, Japan n=776

SECTION 5

DEMOGRAPHICS

Alcoholic Beverages

Who are regular consumers of Alcoholic Beverages in Singapore

GENDER

Female	Male
41%	59%

AGE

Age	%
18-29	13%
30-39	27%
40-49	22%
50-59	19%
60-74	20%

INCOME

Income	%
$40-75k	23%
$75-100k	26%
$100-150k	29%
$150-200k	13%
$200k plus	10%

LIFESTAGE

SINKS/DINKS	Small family	Large family	Older single/ couple
14%	60%	17%	8%

AREA

Urban	Suburban	Rural
61%	35%	4%

▲▼ = Significantly higher / lower than rest of the market

Base: Regular consumers of Alcoholic Beverages, Singapore n=760

Alcoholic Beverages

Who are regular consumers of Alcoholic Beverages in UK

GENDER

Female	43%
Male	57%

AGE

18-29	16%
30-39	24%
40-49	19%
50-59	19%
60-74	22%

INCOME

£20-40k	41%
£40-50k	19%
£50-70k	21%
£70k plus	19%

LIFESTAGE

SINKS/DINKS	18%
Small family	43%
Large family	9%
Older single/ couple	30%

AREA

Urban	34%
Suburban	48%
Rural	18%

Base: Regular consumers of Alcoholic Beverages, UK n=974

▲▼ = Significantly higher / lower than rest of the market

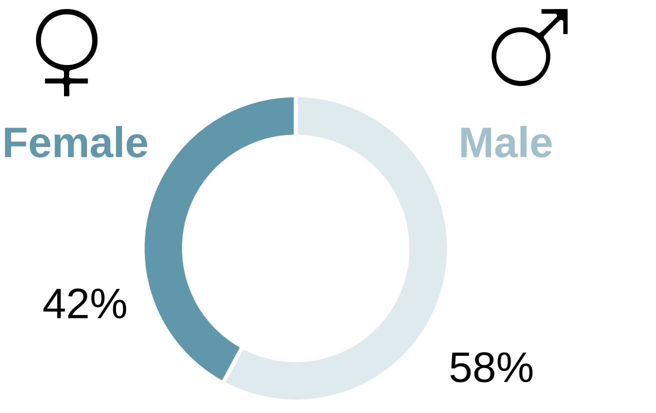
SECTION 5

DEMOGRAPHICS

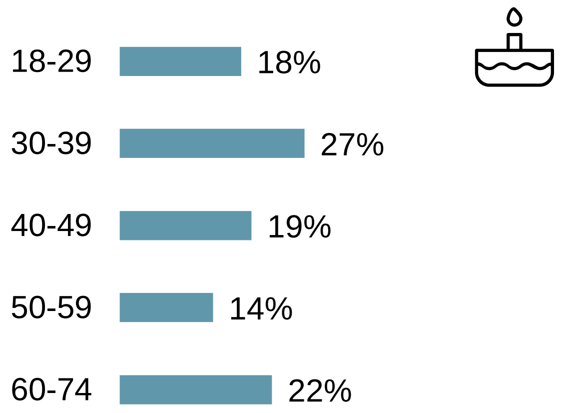
Alcoholic Beverages

Who are regular consumers of Alcoholic Beverages in USA

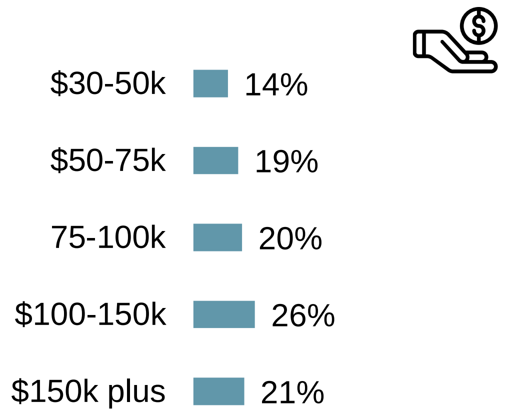
GENDER



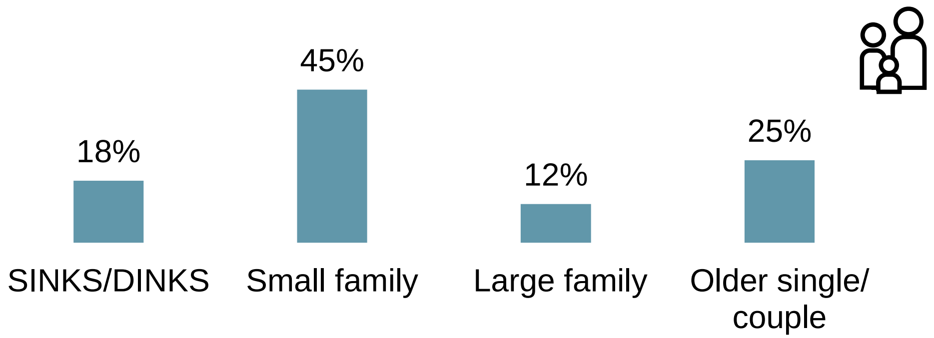
AGE



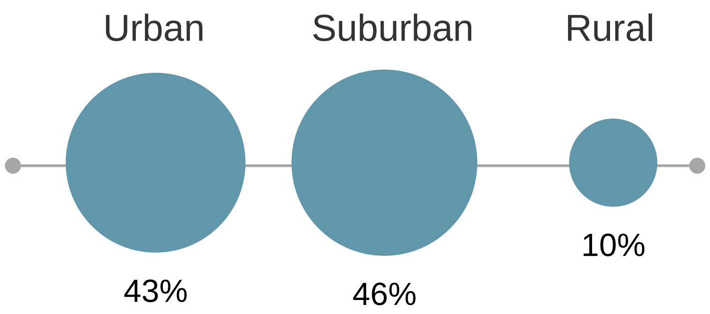
INCOME



LIFESTAGE



AREA



Base: Regular consumers of Alcoholic Beverages, USA n=1,306

▲▼ = Significantly higher / lower than rest of the market

Tēnā koutou

New Zealand Trade and Enterprise (NZTE) is the Government agency charged with a single purpose: growing companies internationally, bigger, better and faster, for the good of New Zealand.

We employ 600 people, have over 200 private sector partners and draw on a global network of thousands more.

We have people based in 50 offices, working across 24 time zones and 40 languages to support New Zealand businesses in over 100 countries.

Our global presence lets us deliver value to the businesses we support, through our unique know-how (knowledge and experience) and know-who (networks and connections).

Our know-how and know-who is expressed in our Māori name:
Te Taurapa Tūhono.

Te Taurapa is the stern post of a traditional Māori waka, which records valuable knowledge, and stabilises and guides the craft forward. Tūhono represents connections to people and an ability to build relationships.

We provide customised services and support to ambitious businesses looking to go global. We help them build their capability, boost their global reach, connect to other businesses and invest in their growth. We also connect international investors with opportunities in New Zealand through a global network of investment advisors.

We call on our Government network and work closely with our NZ Inc partners and the business community, to grow our national brand and help businesses to open doors in global markets.

nzte.govt.nz

NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono