

# HARD SODA AN EASY SELL

**Millennials driving demand  
for upstart subcategory**

By Kristina Peters

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ard soda is flooding the adult beverage market.

MillerCoors has Henry's Hard, Anheuser-Busch has Best Damn, the Boston Beer Co. has Coney Island and North American Breweries has Seagram's Hard Soda. And it all began last year with Small Town Brewery's Not Your Father's Root Beer, which is now affiliated with Pabst Brewing Co.

"There's so much innovation out there. ... The portfolios of the big brewers, as well as the small companies, are just exploding," says David Henkes, advisory group senior principal for Technomic, Chicago.

And the growth continues. Henry's Hard is expanding to include a Cherry Cola variety that

will be launched in August, according to *Crain's Chicago Business*, and Anheuser-Busch released Best Damn Cherry Cola in March. Meanwhile, Wachusett Brewing Co. recently introduced Nauti Seltzer, a "healthy alternative in the hard-soda category."

These rollouts will contribute to the surge of hard soda in 2016: New York-based Beverage Marketing Corp. expects the hard-soda market could grow nearly 175% to about 16 million cases this year, vs. 6 million cases in 2015.

Millennials, who are attracted to hard soda's sweet flavor profiles and its "retro-cool" factor, are driving the growth. "When you look at their willingness to experiment, their quest for new flavors or new experiences, hard soda certainly fits right in with this," says Henkes, who believes legal-age Gen Zers are also a prime target for the trend.

Because of hard soda's millennial appeal, Henkes suggests retailers market the product through loyalty apps and social media. But while hard soda is an opportunity to "promote yourself as a leading-edge, innovative retailer," he advises c-stores against overinvesting. Though the hope is that millennials will grow with the hard-soda trend, the reality could be quite different.

"The challenge for the marketers and suppliers of these items is to create something ... that five or 10 years down the road is going to be an ingrained part of the consumer's beverage alcohol portfolio," Henkes says. "I suspect, though, that as the millennials age, their taste palates and their expectations for beverage alcohol ... will probably mature."

# 175%

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