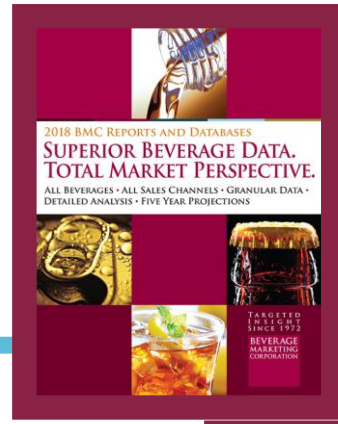
On-Premise Intelligence Report

2018 Edition (Published December 2018. Data, including consumer surveys.) More than 285 PowerPoint slides, with extensive text analysis, graphs charts and tables.



The new *On-Premise Intelligence Report*, jointly developed by Beverage Marketing Corporation, a leading source of U.S. beverage alcohol data and Technomic, a specialist in consumer grounded research and insights, includes channel, category and brand performance metrics, consumer and operator insights, as well as beverage menu trend information developed via primary research conducted by both firms.

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Inside:

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The answers you need

- What are the most important metrics for on-premise marketers?
- What kind of benchmarks can be developed from this data?
- What are the leading on-premise trends and how do they give me insights for marketing initiatives—drink and occasion opportunities?
- How do they support strategic planning—new product planning and trade programs?

This report features

The *2018 On-Premise Intelligence Report* combines Beverage Marketing Corporation's accurate hard data and in-depth trend analysis with Technomic's comprehensive surveys of on-premise accounts and consumers to bring you up to speed with what's happening and why in on-premise venues where fads become trends, new brands take root, old brands make comebacks, and new product creativity earns approval and acceptability. Volumes and sales for top performing brands are matched with metrics for top performing restaurants, hotels, and drinking establishments and expertly viewed through the lens of consumer insights. Users are introduced to using Drinker Archetypes, Technomic's new multi-phased psychographic segmentation model to analyze on-premise consumers.

On-Premise Intelligence Report

Sample pages for review

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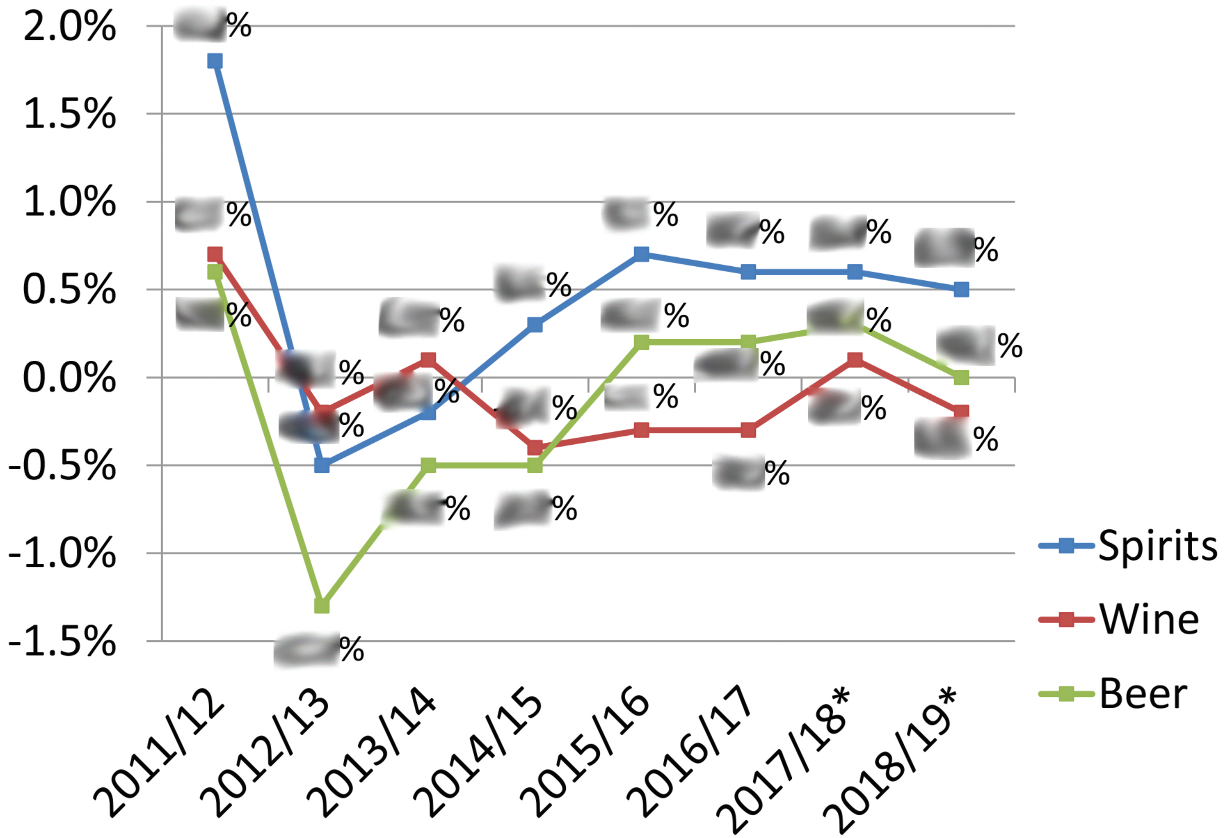
On Premise Category Volume Growth 2012-2018*



*Preliminary

Source: Beverage Marketing Corporation

Introduction

Adult beverages are a crucial component of a restaurant or bar's ability to attract customers and achieve sales and profit objectives. Beer, wine and spirits-based drinks heighten the venue's appeal to consumers and enhance the patron's experience, while also delivering comparatively higher profit margins than other menu items. In addition, the restaurants and bars that comprise the on-premise channel of the adult beverage industry play a key role in alcohol brand development and growth by providing an environment that prompts consumer trial and creates experiences that contribute to brand loyalty. The on-premise channel is vital to an alcohol brand's success.

Today's on-premise operators and adult beverage brand marketers face numerous challenges and opportunities. Consumer demand for quality, variety and authenticity are increasing while their flavor preferences are shifting. At the same time, the share of on-premise occasions that include an alcohol drink has been stagnant, although the trend in early 2018 indicates potential for growth.

While the appeal of adult beverages in restaurants and bars has never been greater, prompting purchases that drive sales growth is challenging. Competition among restaurants and bars for adult beverage occasions and among brands to win the drink order is intensifying.

To assist on-premise operators and adult beverage brand marketers with understanding consumer attitudes, behaviors and usage, as well as operator perspectives and category and brand trends, Technomic and Beverage Marketing Corporation have partnered to produce the 2018 On-Premise Intelligence Report.

Summary of Key Themes & Implications

Major On-premise Segments Struggle

Mature, saturated segments are challenged

Casual-dining restaurants and drinking establishments, which together generate the largest share of adult beverage sales in the on-premise, continue to underperform the segment in overall F&B sales growth.

Implication:
Traffic and F&B sales declines continue across leading casual-dining chains, although smaller chains and independent full-service restaurants have momentum. Many bars, pubs, taverns and other nightlife venues are also hard put to drive growth. Saturation is one issue, while e-commerce is raising the bar on at-home occasions and non-traditional on-premise locations are gaining favor. These trends are prompting consumers to seek unique, differentiated away-from-home experiences. Operators in these segments must strategize to meet consumers' expectations to remain relevant and competitive.

Adult Beverage Sales in Leading Casual-Dining Restaurants

2017 ranked by alcohol sales

Rank	Chain name	Menu classification	Alcohol sales %	Alcohol sales* $000	Total sales growth	Total sales $000	Unit growth	U.S. units	Check average
27	Texas de Brazil Churrascaria	Steak	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28	Mellow Mushroom	Italian/Pizza	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Old Chicago Pizza & Taproom	Varied Menu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30	Fleming's Prime Steakhouse & Wine Bar	Steak	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Mastro's Restaurants	Steak	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Cheddar's Scratch Kitchen	Varied Menu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Cooper's Hawk Winery & Restaurants	Varied Menu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Dave & Buster's	Sports Bar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Morton's The Steakhouse	Steak	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Chuy's	Mexican	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	On The Border Mexican Grill & Cantina	Mexican	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38	Maggiano's Little Italy	Italian/Pizza	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Seasons 52	Varied Menu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	McCormick & Schmick's	Seafood	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Pappadeaux Seafood Kitchen	Seafood	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Ninety Nine Restaurants	Varied Menu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Del Frisco's Double Eagle Steak House	Steak	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Brio Tuscan Grille	Italian/Pizza	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Bahama Breeze Island Grille	Varied Menu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Tilted Kilt Pub & Eatery	Sports Bar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Legal Sea Foods	Seafood	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Famous Dave's	Specialty	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	Fogo de Chao	Steak	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
50	Rock Bottom Restaurant & Brewery	Varied Menu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Alcohol sales calculated from the percent of sales from alcohol coming from total revenue. Due to possible revisions to previous years' data, direct comparisons should be avoided.

Leading Cocktails' Share of Menu

Leading Cocktails by Menu Incidence 2018

Cocktail Type	*Percent of Total Cocktail Offerings*
Restaurant originals	[illegible]%
Margarita	[illegible]%
Martini	[illegible]%
Classic cocktails	[illegible]%
Moscow mule/other mule	[illegible]%
Shot/shooter	[illegible]%
Sangria	[illegible]%
Mojito	[illegible]%
Long Island iced tea/other teas	[illegible]%
Adult coffee drinks	[illegible]%
Beer cocktails	[illegible]%

Base: Q2 2018—Cocktail offerings across 389 leading restaurant chain menus
Source: MenuMonitor; Technomic Inc.

Leading On-Premise Gin Brands

000s of 9-liter cases

Brand	Marketer/supplier	2013	2014	2015	2016	2017	2018*	% change 2017/2018*
Domestic								
Seagram's Gin	Pernod Ricard USA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
New Amsterdam	E & J Gallo Winery	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Barton Gin	Sazerac	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Gordon's Gin	Diageo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Crystal Palace Gin	Sazerac	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Total leading domestic gin brands		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Others		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Total domestic gin		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
								Imported
Tanqueray	Diageo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Bombay Sapphire	Bacardi USA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Beefeater	Pernod Ricard USA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Hendrick's	William Grant & Sons	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Bombay Original	Bacardi USA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Total leading imported gin brands		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Others		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%
Total imported gin		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]%

*Projection
Note: (000s of 9-liter cases)

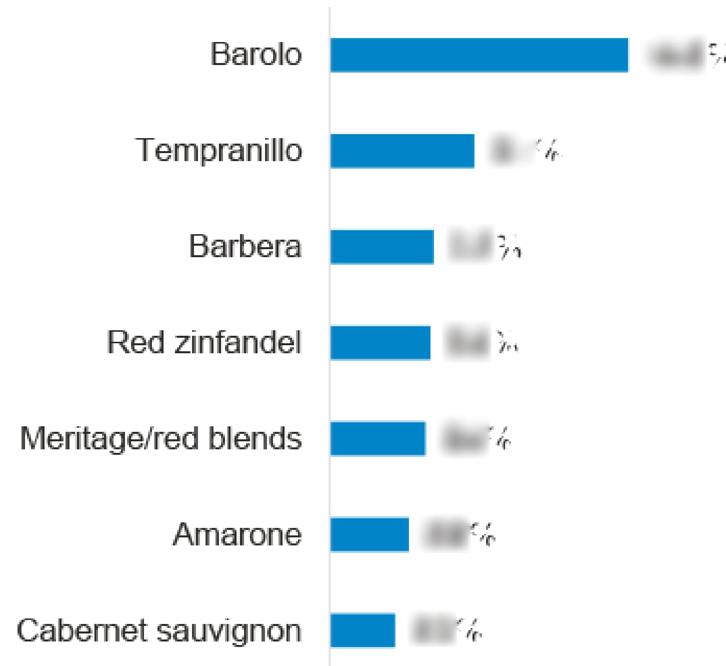
Red Wine Varietal & Style Share of Menu

Most Commonly Menued Red Wine Varietals & Styles at Leading U.S. Restaurant Chains in 2018

Red wine varietal	***Percent of total red wine offerings***
Cabernet sauvignon	[illegible]
Pinot noir	[illegible]
Meritage/red blends	[illegible]
Other red wine	[illegible]
Merlot	[illegible]
Malbec	[illegible]
Red zinfandel	[illegible]
Shiraz/syrah	[illegible]
Bordeaux	[illegible]
Chianti	[illegible]

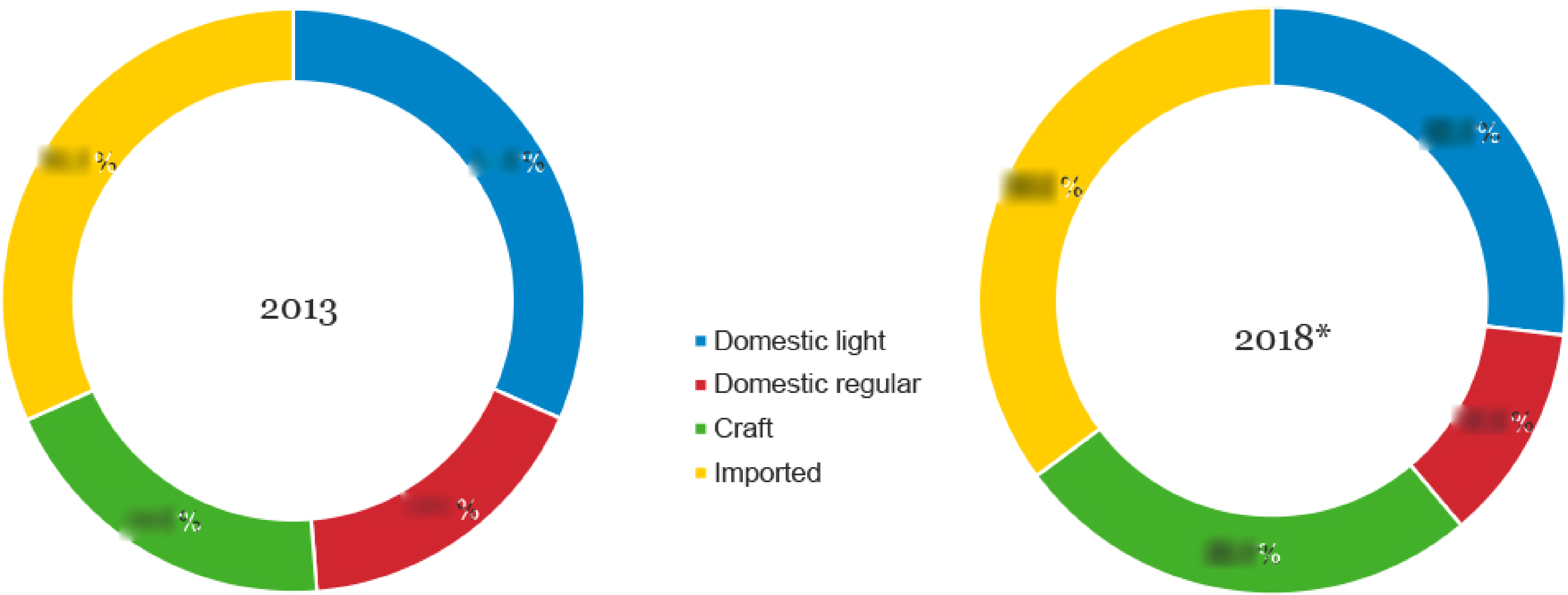
Base: Q2 2018—Red wine offerings across 438 leading restaurant chain menus
Source: MenuMonitor; Technomic Inc.

Fastest-Growing Red Wine Varietals & Styles on Leading Restaurant Menus (Percent change 2017-2018)



Base: Q2 2017 & Q2 2018—Red wine offerings from 411 U.S. menus
Minimum 10 mentions (2018) required for inclusion; growth based on menu incidence
Source: MenuMonitor; Technomic Inc.

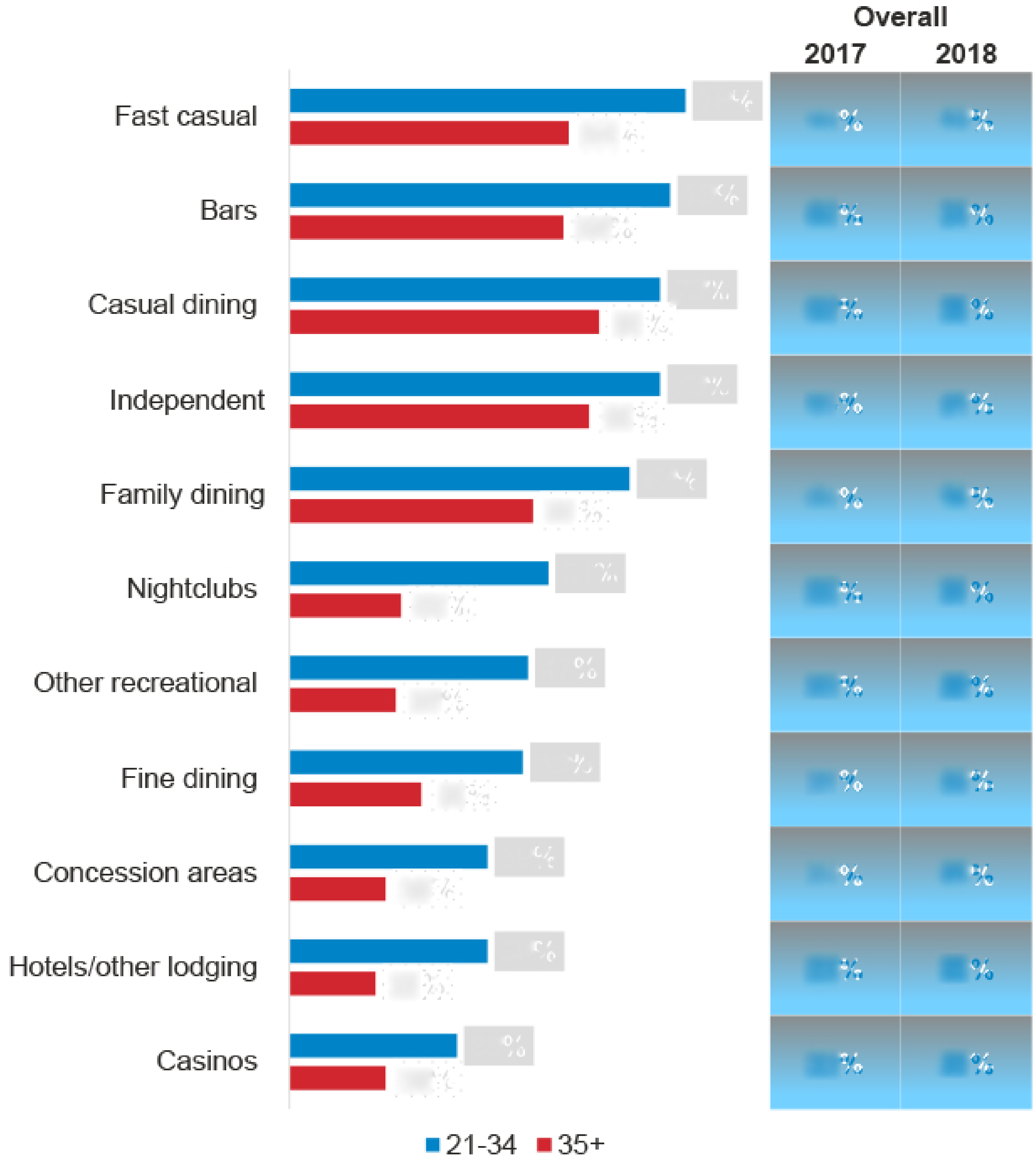
Beer On-Premise Dollar Share by Category



*Projection

Patronage Frequency by Location

Monthly +

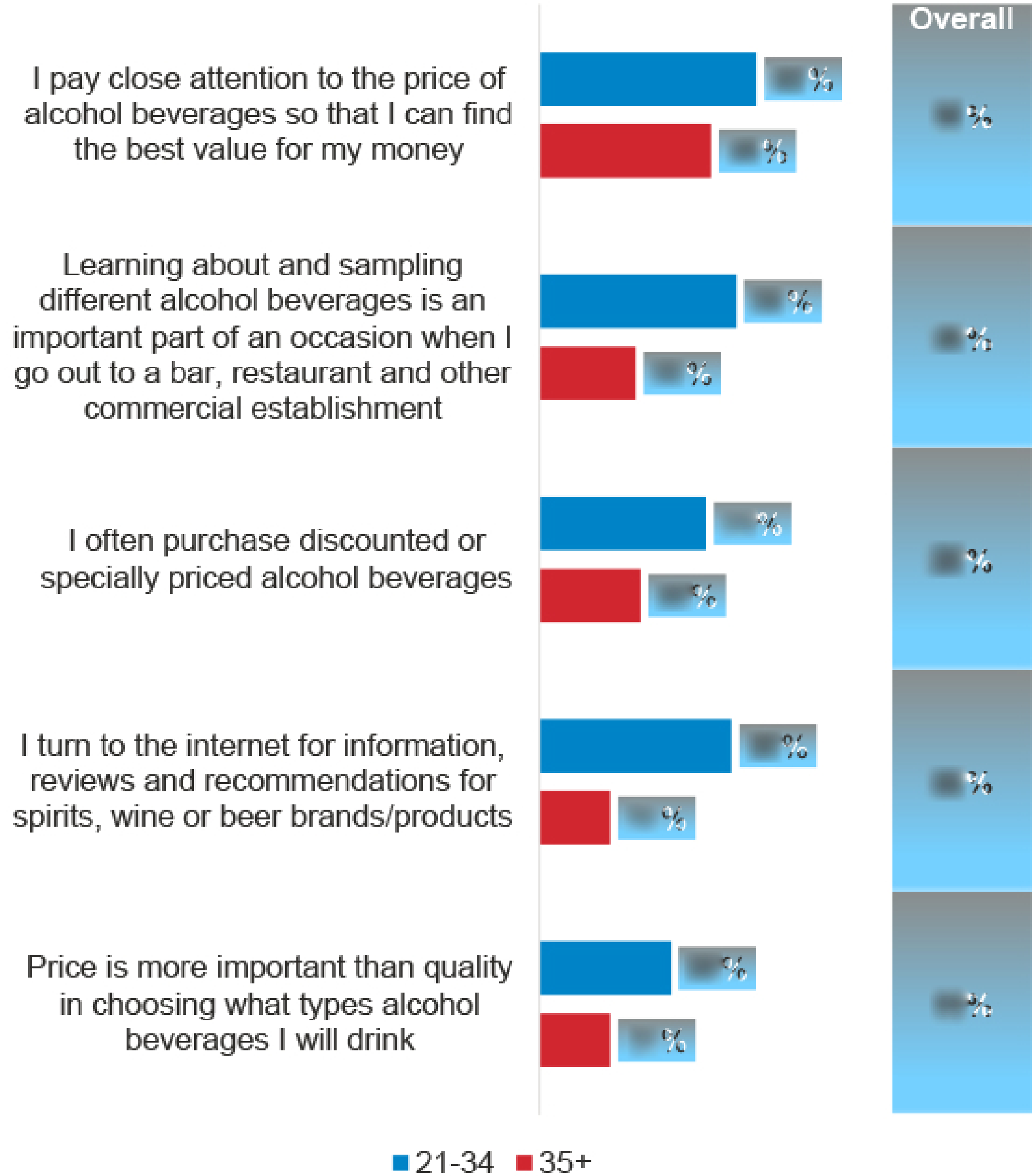


Younger consumers (ages 21-34) visit all on-premise segments more frequently than older consumers. Younger consumers overindex at fast casual, family dining, bars and local independent establishments.

The 2017 data shows moderate decreases from 2016 patronage in the casual-dining, fast-casual, family-dining and fine-dining restaurant segments.

Base: 1,500 (all respondents); 458 (21-34), 1,042 (35+)
Q: How often do you visit the following types of establishments?

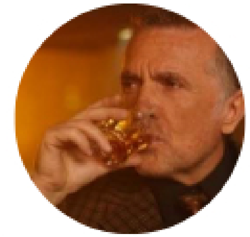
Alcohol Beverage Attitudes



Education has become increasingly more important, as one-quarter of consumers indicate learning about and sampling different alcohol beverages. This is more common among consumers ages 21-34.

Base: 1,500 (All respondents)
Q: How much do you agree or disagree with each of the following statements? Please use a scale of 1 to 6, where 1=disagree completely and 6=agree completely.

Drinker Archetypes Overview

	The Maximizer	***The Chameleon***	***The Extrovert***	***The Purist***	***The Tourist***
Category Index (Monthly+ consumption away from home)					
Beer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wine	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spirits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Channel Opportunity Index (Monthly+ channel visits* likelihood to purchase beverage at visit)					
Fast casual	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Family dining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Casual dining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine dining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Independent	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bars	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nightclubs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hotels/lodging	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Casinos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Concession areas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other recreational areas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]