



BACARDI 2020 COCKTAIL TRENDS REPORT

Presented by the Bacardi Cultural
Insights Network.





The Bacardi 2020 Cocktail Trends Report is a curation of trends based on research with brand ambassadors, the trade and multiple third-party research experts.

We have identified a set of new and evolving trends that we see as a reflection of what's creating excitement this year for bartenders and consumers.

NO/LOW IS GAINING TRACTION

More and more people are choosing to enjoy a lighter drink for many reasons including lowering calories, trying something different and a growing focus on mindful drinking. This doesn't mean people are willing to sacrifice on flavor or experience. Low-ABV offerings are growing in sophistication and are seen as additions to a bar rather than a replacement for full-strength cocktails. This trend goes hand-in-hand with the increased interest in naturally low-ABV fortified wines,

amaros, sherries and vermouths. Vermouth cocktails are emerging amongst the Top 5 cocktails and consumers are demanding flavorful alternatives to continue socializing. We are seeing excitement by bartenders around drinks involving low-ABV colorful vermouths like MARTINI® Fiero that provide the ability to make a colorful, flavorful, and all natural Spritz.



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LOW-ABV ARE THE MOST ENGAGING COCKTAILS TO INFLUENTIAL BARTENDERS



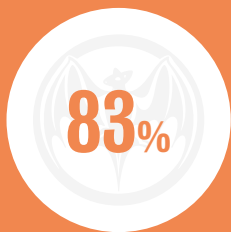
expected CAGR growth in low-alcohol beverages market during 2017-2021
(Technavio, 2017)



online searches with the word 'mocktail' are up
(Google Trends, 2019)



of the bartenders in New York, LA and London believe the no-and low-alcohol trend will continue to grow within the next 12 months
(Distill Ventures, 2019)



of bartenders cite that Low-alcohol drinks are hot
(Nielsen CGA On-Premise User Survey, Fall 2019)



on-premise consumers claim to typically consume NoLo offerings
(Nielsen CGA On-Premise U.S. Survey, Fall 2019)



bartenders interested in bitter liqueurs globally
(Global Brand Ambassador Survey (GBAS), 2019)



IN RUSSIA SPRITZES ARE TRENDING (77%)

and are in second in Western Europe (48%) after general low-ABV cocktails (50%)



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CONSUMERS CONTINUE TO DRINK BETTER

Premiumization remains to be one of the single largest market drivers across most developed economies. Across almost all product categories two strands exist that serve different purposes. The first, affordable luxury, is driven by the rise in the middle class. More consumers now have the disposable income to elevate everyday moments. Despite political uncertainty, consumer confidence is rising and consumers are exploring new flavor profiles and categories. The need for knowledge and transparency around how and what we consume has also driven the rise in premiumization, motivated

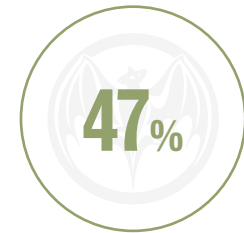
by the value-driven millennial consumer that wants to demonstrate their beliefs through inconspicuous consumption. In contrast, the second driver, absolute luxury, is a marker of exclusivity. It has transformed from overt displays of money to consumers demonstrating knowledge, cultural capital, and exclusivity, which make great stories. This strand embodies the true 'rich person' who still wants to demonstrate wealth but through less tangible, 'meaningful' means. In alcohol, it plays out in a stronger desire to try and buy goods that have an interesting story, provenance, craft credentials, and clout.



5%
growth in overall luxury market in 2018
(Bain & Company Luxury Study, 2018)



2.5%
rise in sales of premium spirit sales and a fall in standard spirit sales of 1% in 2017
(LWC Drinks UK, 2019)



47%
consumers already do or would upgrade to a better-quality spirit and mixer in the UK
(CGA Mixed Drinks, Q1 2019)



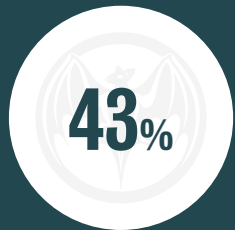
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BARTENDERS SEE ALLURE IN AGED RUM

Cross-category competition and consumers' premium demands have pushed producers to create a more diverse, innovative rum category. In the past five years, UK rum sales have grown 15% by volume and 32% by value (according to the 2017 WSTA Spirits Report), and have now broken £1 billion (\$1.3 billion). Premium rum represents 15% of the total rum sector, and the segment is continuing to grow. Dark rum is the category that is premiumizing the most.

- **Dark Rum (43%)**
- **Tequila (40%)**
- **Gin (37%)**
- **Mezcal (29%)**
- **Vermouth (21%)**

(GBAS, 2019)



bartenders globally voted dark rum as the top spirit to premiumize (GBAS, 2019)



top spirit of interest in the U.S. (GBAS, 2019)



top premiumizing category in Russia (GBAS, 2019)



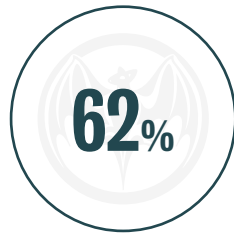


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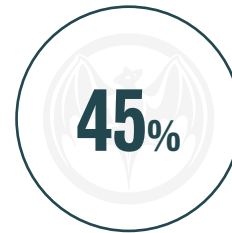
NATURAL INGREDIENTS ARE HERE TO STAY

With rising awareness about food and where it comes from, people are seeking the safety of natural ingredients that they can recognize (and pronounce). Heavily sweetened, crazy-colored beverages are no longer a part of the daily routine and support for sugar taxes reflects how people are instead

demanding balanced, natural, fresh, and healthy ingredients. From earthy ginger to floral lavender to citrus grapefruit, brands are celebrating these attributes and are helping consumers feel like they are making the best (and most natural) choice.



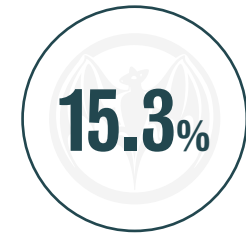
of U.S. consumers are seeking natural beverage options
(Beverage Industry, 2018)



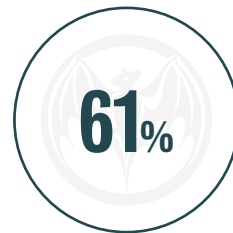
berry is the top flavor profile of consumers when drinking cocktails in the UK
(CGA Mixed Drinks, Q1 2019)



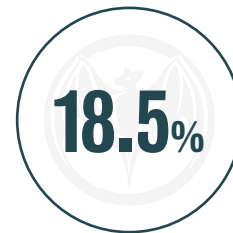
zero-waste ingredients are the leading bartender interest in North America and the UK
(GBAS, 2019)



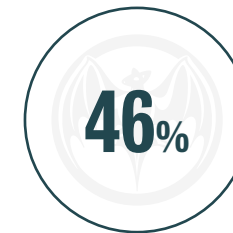
CAGR growth for Europe's organic wine consumption between 2012-2017
(IWSR, 2019)



of Britons would like to see a greater range of soft drinks targeted at adults, while serving more health-conscious lifestyles
(CGA, 2019)



increase in organic spirits sales over last three years
(LCBO Statistics, 2018)



of millennials priority when it comes to food is nutrient density, no artificial additives (40%), organic foods (39%), and plant based (37%)
(Sweet Earth Foods, 2019)



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EXOTIC INGREDIENTS CONTINUE TO FASCINATE

We are living in a moment where our access to the global pantry seems to be forever increasing. In today's connected world, it is easier than ever to learn about other cultures and their cuisines. Innovation has seen brands take cues and ingredients from other countries to excite the consumers that are uninspired by the status quo. Consumers are looking to signify their wealth through social capital. Exotic, exclusive

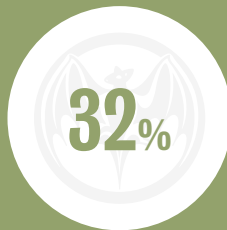
ingredients also provide this. Additionally, with the rise of flexitarians and vegans, consumers are looking overseas for exotic, functional ingredients to excite their plant-based diets and meet nutritional goals. Exotic ingredients allow the opportunity for brands to connect with adventurous consumers. They are curious about exotic flavors, new food experiences, and the unique story behind the product.



say that exotic fruit flavors are trending
(Sparks & Honey, 2018)



of people like to experiment and try new and different spirit flavors
(CGA Mixed Drinks Report UK, 2019)



fresh fruit and berries cited as ingredients increasingly appearing in cocktails
(GBAS, 2019)



TOP INGREDIENTS OR MIXERS OF INTEREST



Zero-Waste
Ingredients

58%



Ferments
(E.g. Kombucha/
Kefir)

51%



Coffee

39%



Flavored
Tonics

35%



Herbs/
Herbal

32%



Aromatic/
Flavored
Bitters

32%



Local and
Fresh Fruit/
Berries

31%



Teas

29%



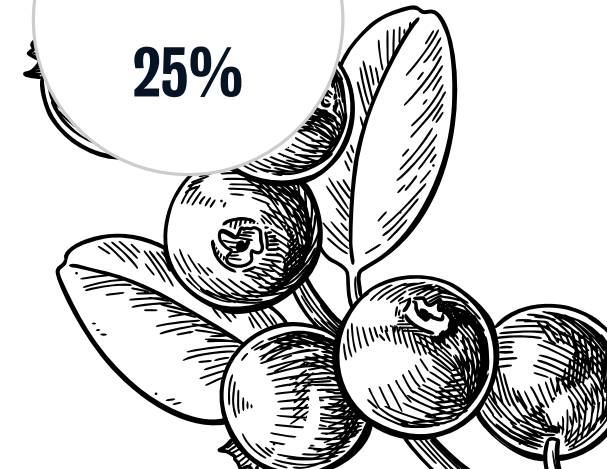
Coconut
Water

27%



Flavored
Soda

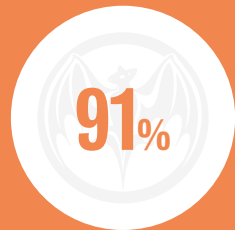
25%



SAVORY COCKTAILS ARE IN STYLE

The culinary cocktails trend borrows methods and techniques from the kitchen and champions fresh, seasonal, herbal, and savory ingredients. Advocating the farm-to-table movement, culinary cocktails offer a premium experience. Some progressive bars are starting to

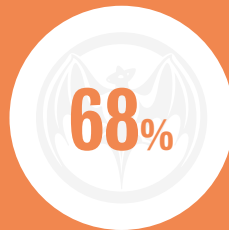
offer cocktails as individual courses. This movement is also seeing bartenders experiment with savory and exotic flavors to match with tasting menus including harissa-infused mezcal and plantain-infused scotch.



of bartenders are using vegetables in their cocktails
(Tales of the Cocktail, 2018)



of chefs see smoky flavors influencing menus in 2019
(Kimpton, 2018)



of American Culinary Federation members rated culinary cocktails as a "hot trend" in 2018
(National Restaurant Association, 2018)





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RISE OF THE READY-TO-DRINK (RTD)

The rise of ready-to-drink (RTD) and ready-to-serve (RTS) cocktails and the premiumization of them can be attributed to the overarching demand for consistent and convenient well-crafted cocktails beyond the bar. Pre-mixed cocktails are moving away from artificial colors and favoring premium ingredients to meet the demand for sophisticated on-the-go options to take with them to festivals, to the beach and

to go camping. Due to improved packaging, brands have transformed the canned cocktail to be an upmarket option. There is also movement into using glass and plastic bottles to create an even more sophisticated and “instagramable” look. RTD options also open opportunity for creative experiences such as kegs on tables and gas infusions.



increase in pre-mix can shoppers
(Kantar UK, 2019)



cite convenience as top reason to buy RTD drinks
(Bacardi Global UK Shopper Segmentation Study, 2018)



of bartenders are noticing more G&T (and twists) RTD/RTS products
(GBAS, 2019)



increase of vodka soda & flavors RTDs in North America
(GBAS, 2019)



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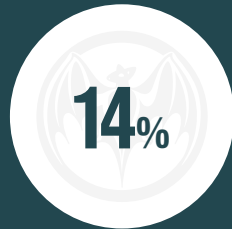
HOME ENTERTAINMENT CONTINUES TO DIVERSIFY

Today people want the luxury of both spontaneous intimate get-togethers as well as planned parties at home. With convenience, cost and time being major factors of consideration, home entertainment is becoming an increasingly appealing option. Advances in home-kits to cocktails machines to AI-recommend cocktail recipes are further fostering this trend. In an era where you can

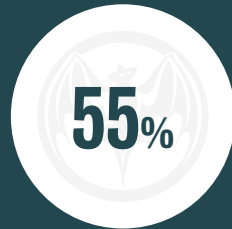
learn a new skill from a YouTube® video, it has never been easier for consumers to craft their own sophisticated cocktails in the comfort of their own home and consumers are looking for tools to do this. Home entertainers want to create ceremony and spectacle through their dinner parties – they want to impress their guests.



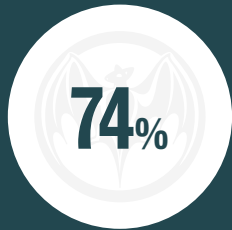
of all cocktail consumption happens at home
(Just Drinks, 2017)



of Gen Z enjoy learning how to prepare new drinks
(Opinium Research & The Drum, 2019)



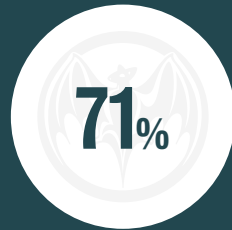
of American consumers prefer drinking at home
(Mintel, 2018)



of those who prefer drinking at home do so because it is more relaxing
(Mintel, 2018)



of consumers own a spirits measure
(Waitrose, 2018)



of UK shoppers state convenience is more important now than 5 years ago
(Sun Branding Solutions, 2018)



WHERE PEOPLE DRINK IS EVOLVING

Drinking occasions go way beyond the bar, restaurant and at home. #Foodfestival appears half a million times on Instagram® and #Beerfestival appears a quarter of a million times. Millennials and boomers alike are prioritizing experiences over material goods and food and drink festivals provide a destination. Consumers are keen to educate

themselves and champion local producers and hence distillery visits are on the rise. Consumers want to get closer to a brands' world so events like outdoor concerts, sporting events, and pop-ups that make the consumer experience the heart of the occasion and bring people together.



of total craft spirit sales come from on-site sales at their distilleries
(Craft Spirits Data Project, 2016)



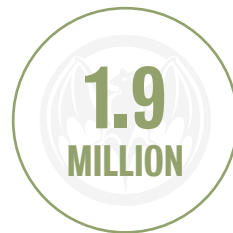
UK consumers spend on alcohol at festivals each year
(CGA, 3019)



of U.S. consumers prefer to visit entertainment formats over typical casual restaurants
(Technomic, 2019)



of U.S. consumers say that visiting restaurants is a form of entertainment
(Technomic, 2020)



record-breaking visits to Scotch visitor centers in 2017
(Scotch Whisky Association, 2018)



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ATTENTION TURNS TO TRANSPARENCY

Consumers are demanding and expecting brands to be transparent with their supply chain, production process and backstory. Boomers and Gen Xers want ingredient lists and nutritional information, and millennials want this as well as allergy, animal welfare, fair trade and labor practices information. Millennials are looking for authentic

brands that can represent their lifestyle. In a world where you can find out where a product comes from in a simple online search, brands cannot hide from unethical practices and need to make this information really clear to build consumer trust. Blockchain and digital labels now have the power to details the entire farm-to-bar process in seconds.



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LAC

75%

would switch to a brand that provides more in-depth product information beyond the label
(Food Marketing Institute, 2018)

76%

of shoppers turn to the internet for answers that they can not find on labels

9/10

consumers will stop purchasing from brands that lack transparency
(Sprout Social, 2018)

60%

of drinkers care about where their beer is brewed
(YouGov, 2017)

78%

of consumers trust transparent brands more

SPOTLIGHT ON PURPOSE-DRIVEN SPIRITS

Consumers validate their own identity and values through the products they buy. People are looking to brands to be transparent about their values to make their own purchasing decisions easier. Spirit brands, internally and publicly, have always worked with charities to support good causes but is this enough? This trend highlights the brands making long-term commitments through design-led innovation and

campaigns that wholeheartedly support and commit to solving important issues. Mainstream brands are becoming more outspoken about declaring their values and the response has been overwhelmingly positive. It is, however, crucial that the 'purpose' is coming from a genuine place and brands stay true to their word in order to be perceived as authentic and trustworthy.



of consumers around the world are "belief-driven" buyers
(Edelman, 2018)



say brands should make their values on important issues transparent
(Edelman, 2018)



faster growth for brands with a purpose
(Kantar Consulting, 2018)



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SUSTAINABILITY STIRS CONVERSATIONS IN BARS

Sustainability is at the forefront of every consumer's mind nowadays, and waste management is a huge topic within the food and drink sector. Recently demonstrated by the overwhelming commitment to refuse plastic straws, concerns for the environment are at an all-time high. Driven by anti-waste, Trash Tiki bars are now offering zero-ingredients

cocktails by repurposing waste, serving room temperature cocktails, and even growing their own 'garnish' gardens. As an industry, we have barely scratched the surface of this movement. Now brands and bartenders will have no choice but to take a "root to leaf" approach.



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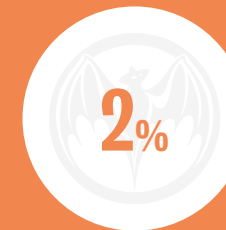
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of bartenders are increasingly interested in zero-waste ingredients
(GBAS, 2018)



of bartenders consider sustainability when designing a new cocktail
(Kimpton, 2018)



of on-premise consumers agree with 'I often seek out products that are more sustainable'
(U.S. On-Premise Consumer Survey, 2019)

BARTENDER FITNESS BECOMES A PRIORITY

Bartending, although fun, is physically demanding and often disrupts sleep. Bartenders are realizing the importance of their health and seeking resources to help support their well-being beyond the bar. As bartenders play such a key role within the spirits industry, brands are taking responsibility for them and supporting their welfare. Brands organize self-defense workshops, exercise boot camps and post-shift meditation sessions. Programs like Bar Spar presented by Bartender Boxing and sponsored by CAZADORES® tequila are in high demand. Crafted with the main objective of bartender wellness, the program has grown from 2 cities in the U.S. to 10 cities across North America in under 3 years.



Specific statistics and examples are referenced and web linked throughout the document.

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