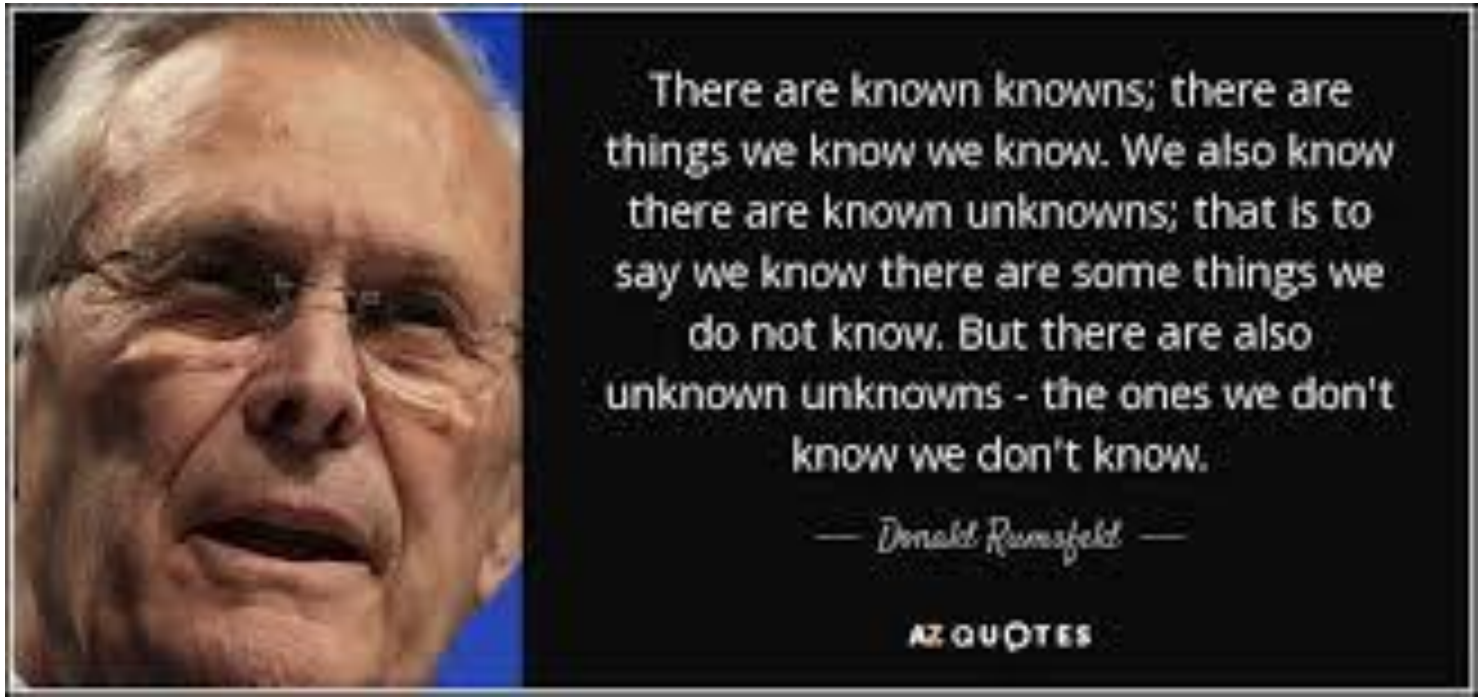


U.S. ECONOMIC OUTLOOK: ALCOHOL INDUSTURY AND ECONOMIC TRENDS

Lester Jones, CBE

Chief Economist

VP Analytics

National Beer Wholesalers Association

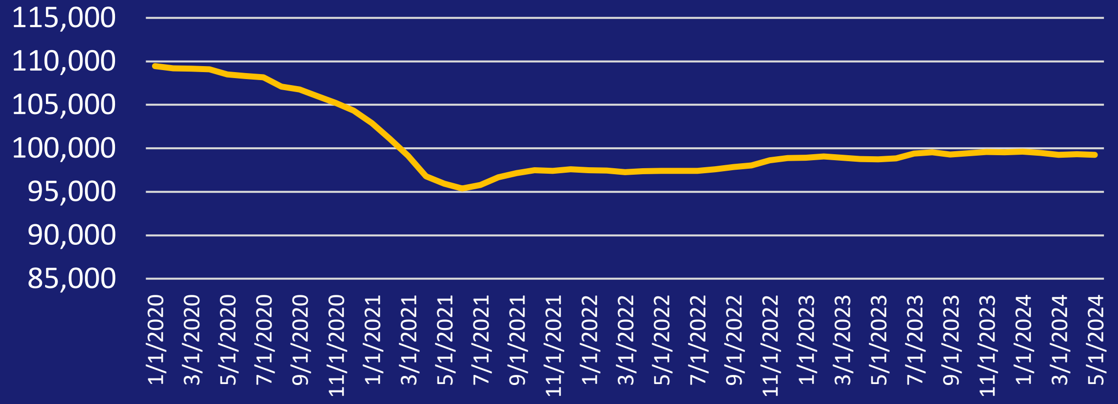
June 2024

NBWA

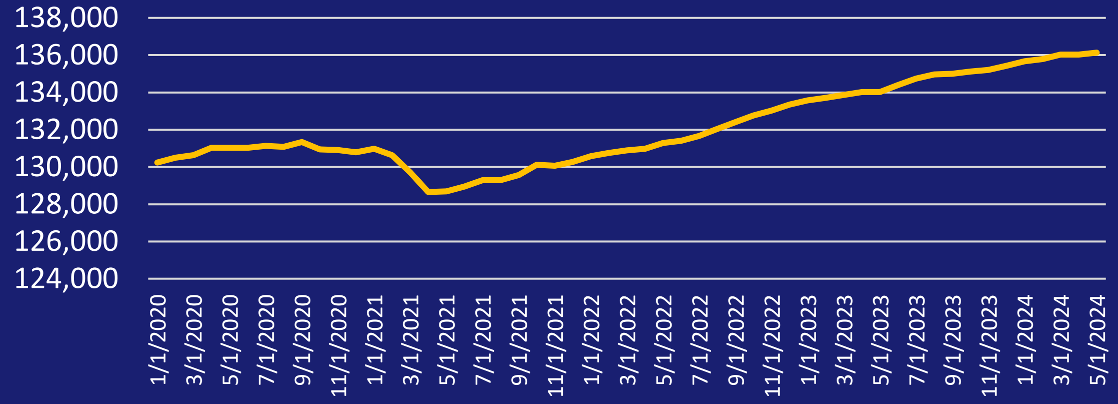
Total U.S. Beer Retail Beer by Channel/Ownership

Monthly January 2020 to May 2024 (623K Establishments)

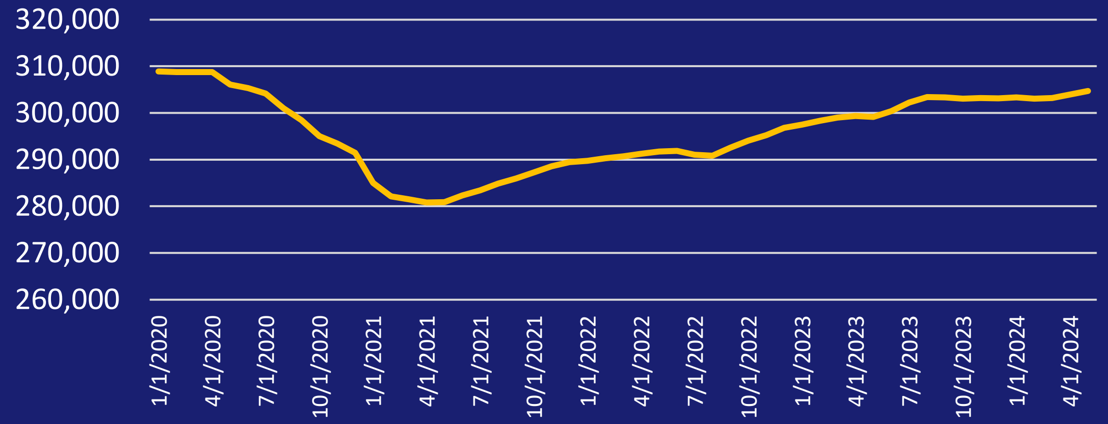
Off Premise Independent
January 2020 to May 2024



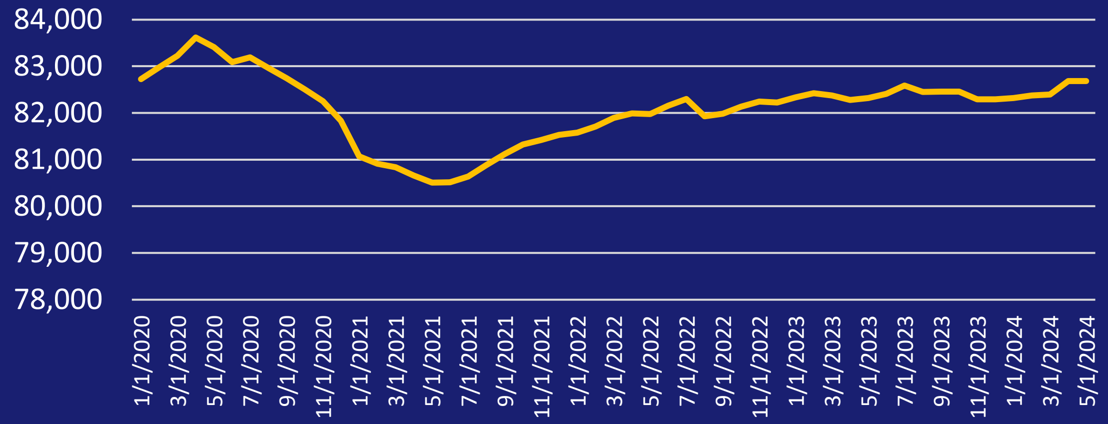
Off Premise Chain
January 2020 to May 2024



On Premise Independent
January 2020 to May 2023



On Premise Chain
January 2020 to May 2023



Source: TDLinx Account Tracker Report: Beer Selling Accounts, 2023.

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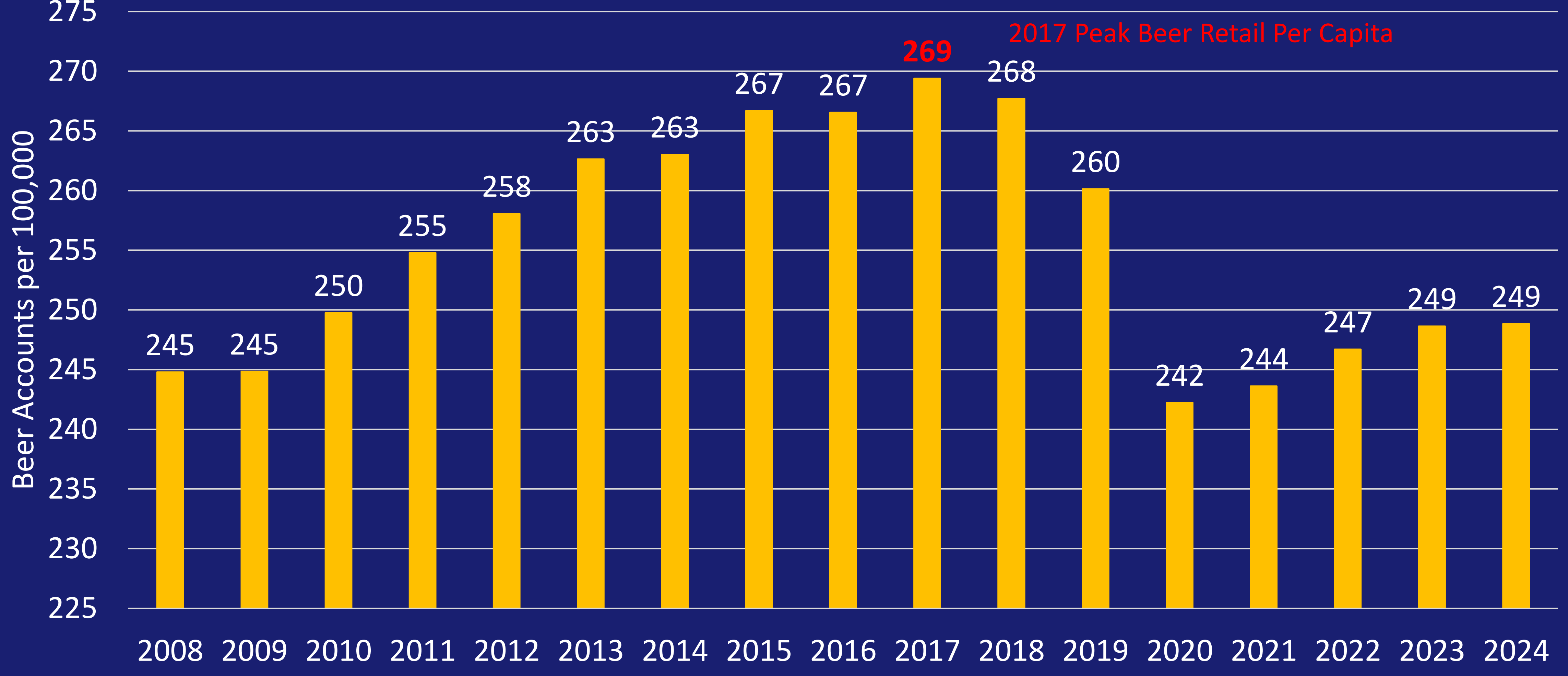
AMERICA'S BEER & BEVERAGE DISTRIBUTORS

Total U.S. Retail Establishments Selling Beer per 100,000 LDA Consumers
Yearly 2008 to May 2024



Source: TDLinx Account Tracker Report: Beer Selling Accounts, 2024.

Two Thirds of All New Beer Selling Establishments are On-Premise in 2023 and 2024

CHANNEL- Establishments	May-22	May-23	May-24	Change 22-23	Change 23-24	Share of New Retail Accounts
01 - Wholesale Club	1,181	1,200	1,222	19	22	0.2%
02 - Liquor	36,785	38,186	38,891	1,401	705	10.3%
03 - Drug	14,367	13,930	13,215	(437)	(715)	-5.7%
04 - Cigarette Outlet	2,263	2,288	2,639	25	351	1.8%
05 - Grocery	36,419	36,375	36,233	(44)	(142)	-0.9%
06 - Category Killer	382	403	419	21	16	0.2%
07 - Convenience Store	121,282	123,604	124,964	2,322	1,360	18.1%
08 - Mass Merchandiser	15,999	16,778	17,804	779	1,026	8.9%
Off Premise Total	228,678	232,764	235,387	4,086	2,623	33.0%
50 - Dining	211,057	215,870	218,987	4,813	3,117	39.0%
51 - Bar/Nightclub	79,250	81,133	82,203	1,883	1,070	14.5%
52 - Lodging	21,457	21,896	22,740	439	844	6.3%
53 - Recreation	52,071	52,561	53,030	490	469	4.7%
54 - Transportation	702	667	676	(35)	9	-0.1%
55 - Caterer	8,569	8,722	9,144	153	422	2.8%
57 - Military On-Premise	630	616	595	(14)	(21)	-0.2%
On Premise Total	373,736	381,465	387,375	7,729	5,910	67.0%
Total Beer Selling Accounts	602,414	614,229	622,762	11,815	8,533	100.0%

Source: NBWA Industry Affairs and TDLinx, May 2024

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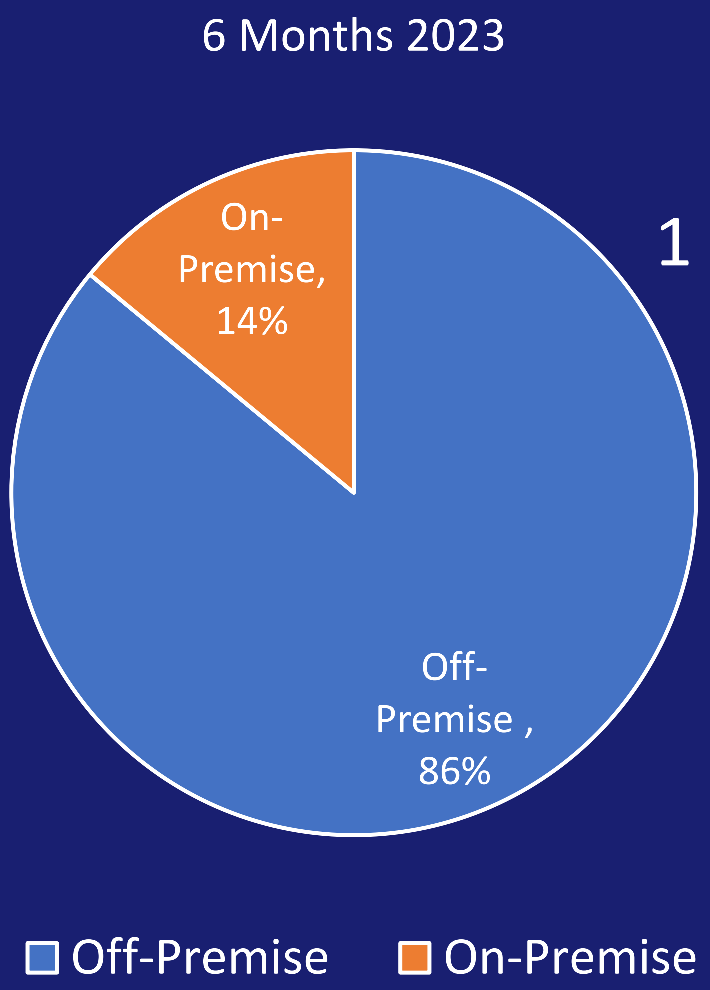
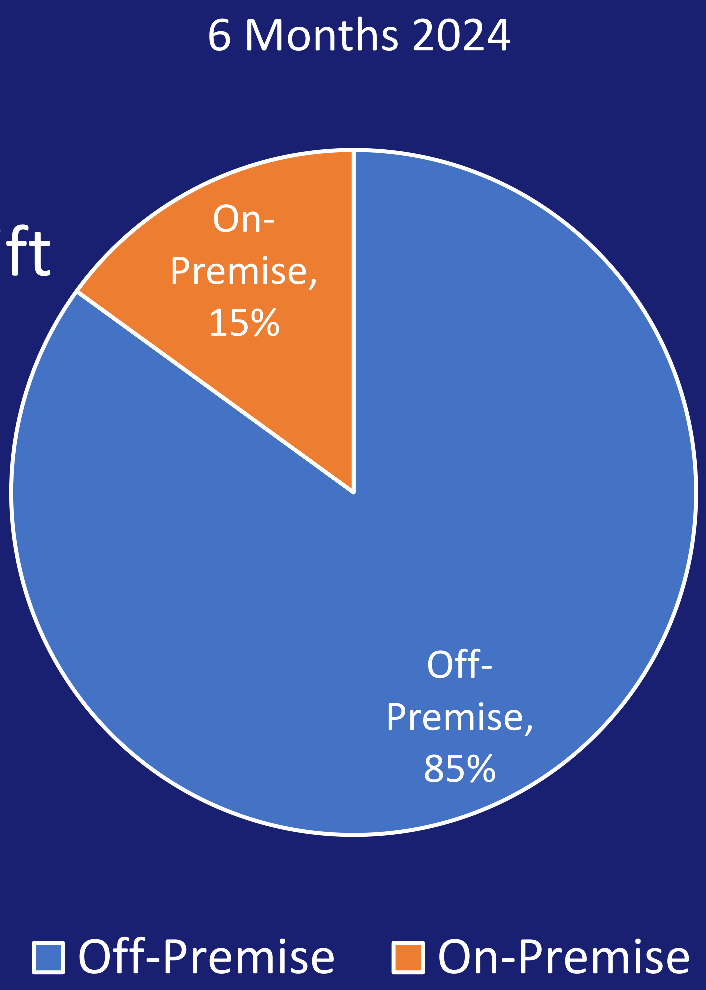
AMERICA'S BEER & BEVERAGE DISTRIBUTORS

Share of On-Premise Vs Off-Premise Fintech Retailer Purchases 2023 vs 2024

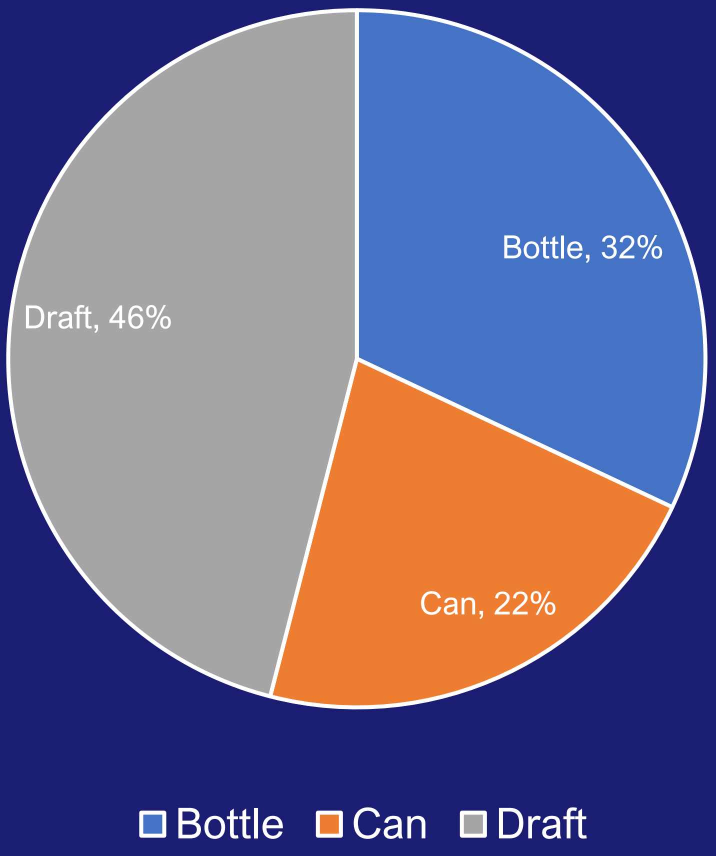


1 Share Point Shift
+$300 million



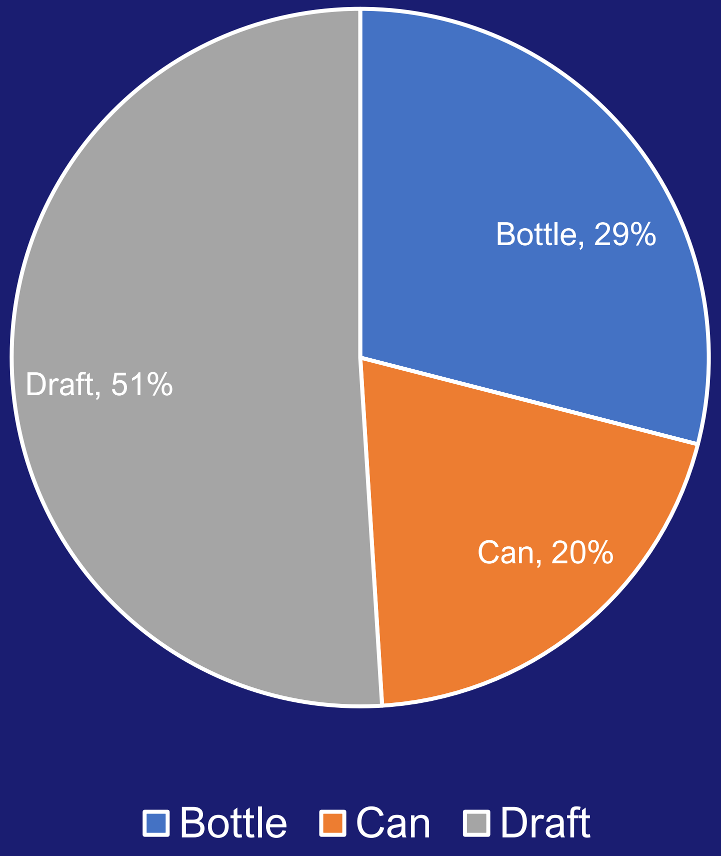
Share of Package Sales in On-Premise Fintech Retailer Purchases 2023 vs 2024

6 Months 2023



6 Share Point Shift
$150 Million

6 Months 2024



FINTECH

NBWA

People and Money Moving Around the Country
State Winners vs. State Losers

Adjusted Gross Income Flows (2021)					
State	Rank	AGI (Inflow)	AGI (Outflow)	AGI (Net)	Largest Net State-to-State Flow
Florida	1	$58.2B	$19B	**$39.2B**	$9.8B from NY
Texas	2	$27.8B	$16.9B	**$10.9B**	$5.6B from CA
Nevada	3	$8.9B	$4.2B	**$4.6B**	$4.4B from CA
North Carolina	4	$13.3B	$8.8B	**$4.6B**	$877M from NY
Arizona	5	$12.2B	$7.7B	**$4.4B**	$2.6B from CA
New Jersey	47	$11.2B	$15B	−$3.8B	-$3.8B to FL
Massachusetts	48	$7.3B	$11.6B	−$4.3B	-$1.8B to FL
Illinois	49	$7.6B	$18.5B	−$10.9B	-$3.9B to FL
New York	50	$13.7B	$38.2B	−$24.5B	-$9.8B to FL
California	51	$21.3B	$50.3B	−$29.1B	-$5.6 B to TX

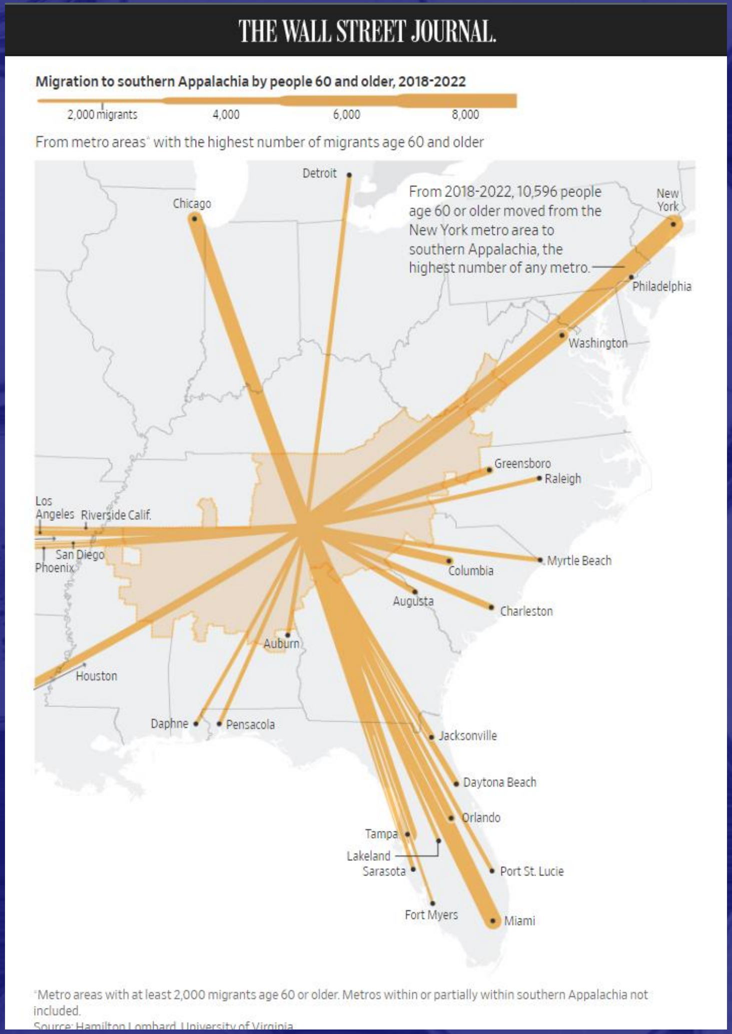
https://eig.org/interactive-income-flows/?utm_source=substack&utm_medium=email

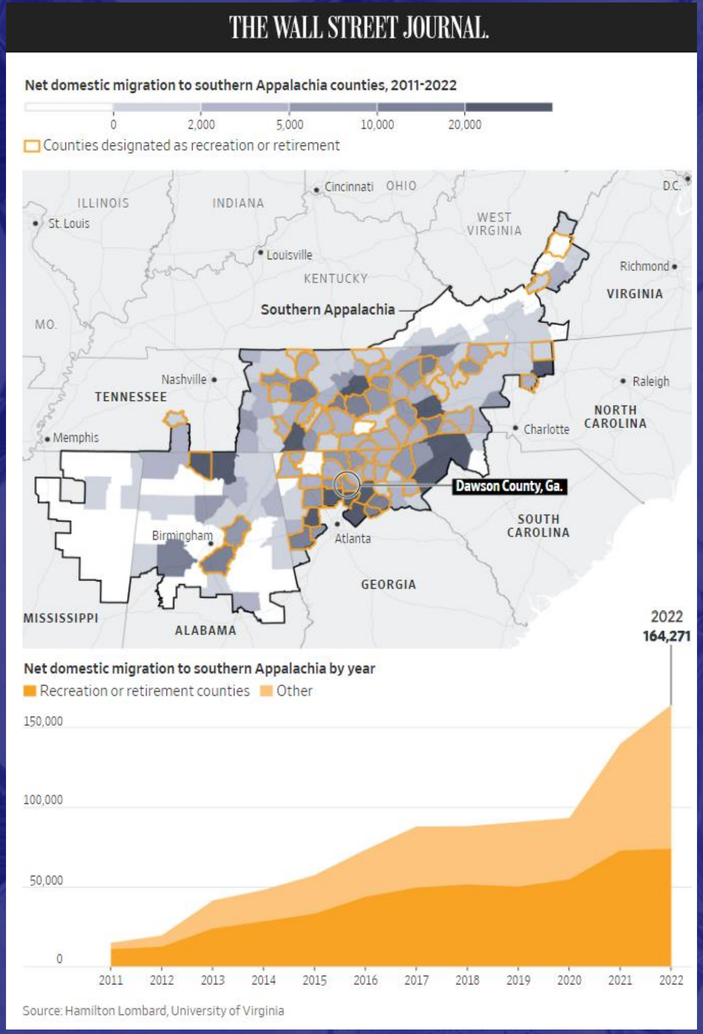
NBWA

The Who, Where, When and How People Drink is Always Changing – where are people now?

[The Boomers Who Tried Moving to Florida and Ended Up in Appalachia]

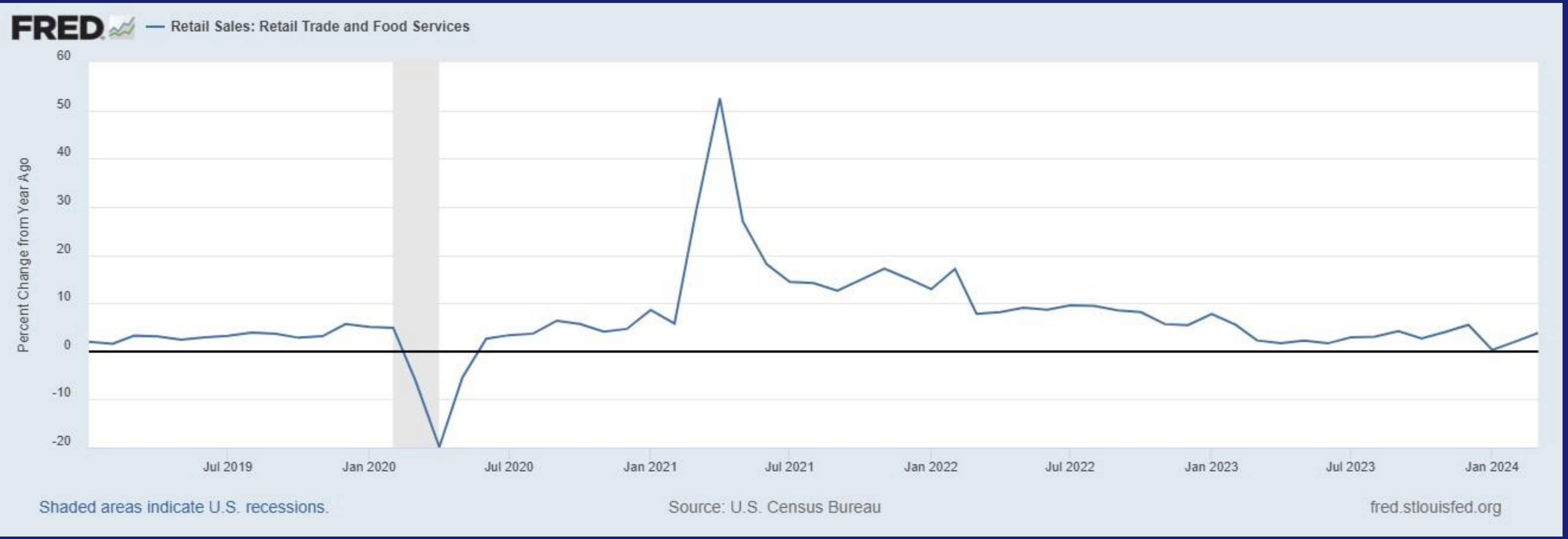
"An older, wealthier population is transforming a rustic region into a bustling retirement haven, giving local governments something they haven't had to handle before: explosive growth."



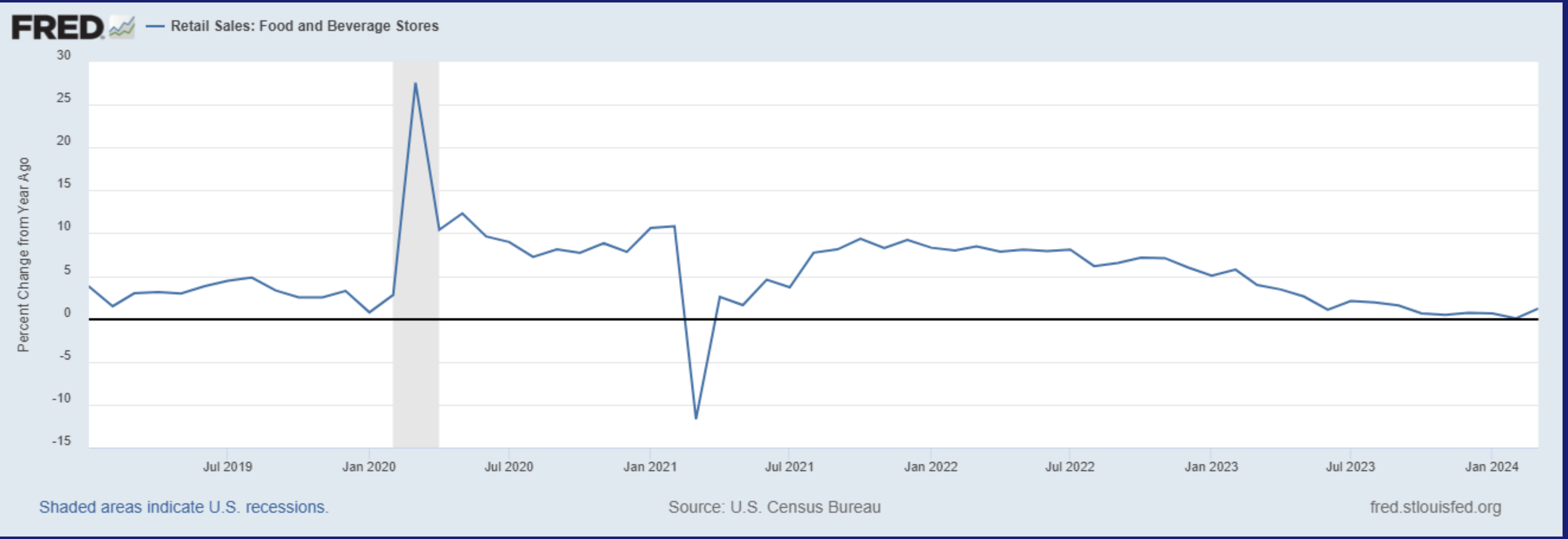


NBWA

Steady Spending for Retail Sales Food and Beverages Away From Home and At Home Spending



Consumer spending at retail for food services and drinking places "away from home" rose +5.5% YoY in April 2024. Indicating steady growth. On Premise is where beer industry is happening.



Consumer spending at retail for food and beverages "at home" rose +1.2% YoY in April 2024. Indicating growth but not as much as away from home.

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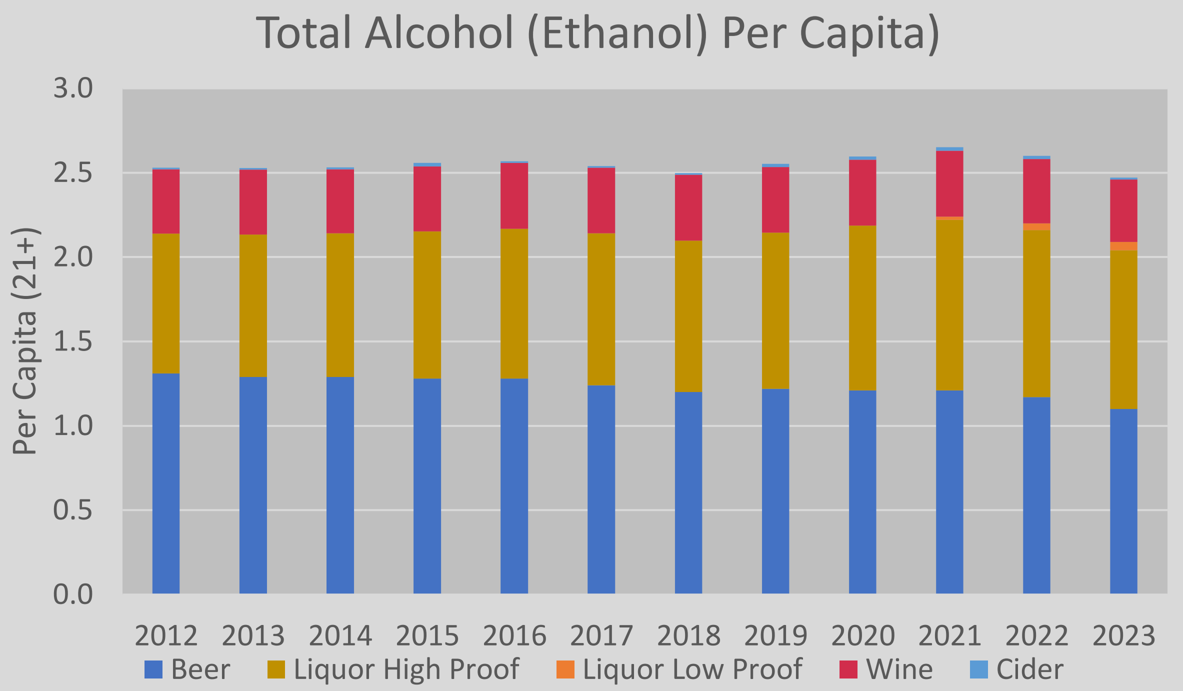
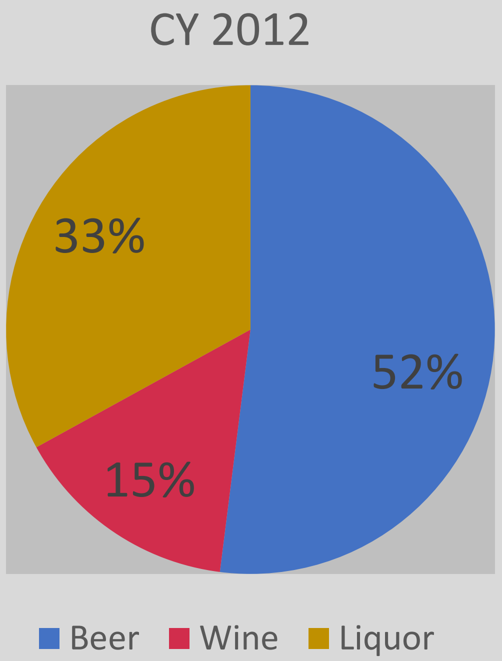
Alcohol and Beer

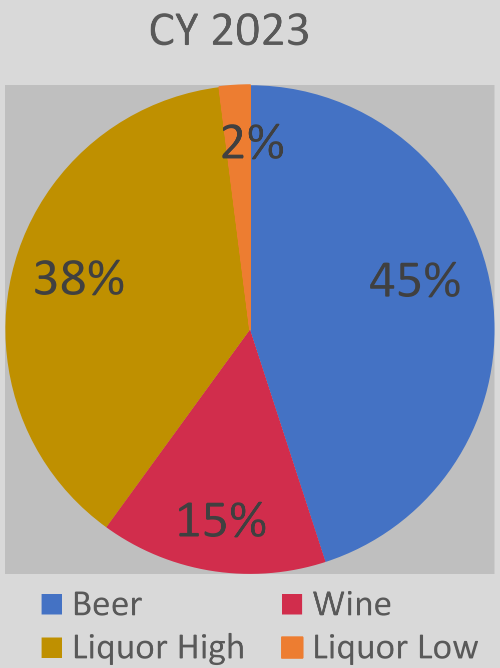
Predictable Consumption

Dynamic Beverages

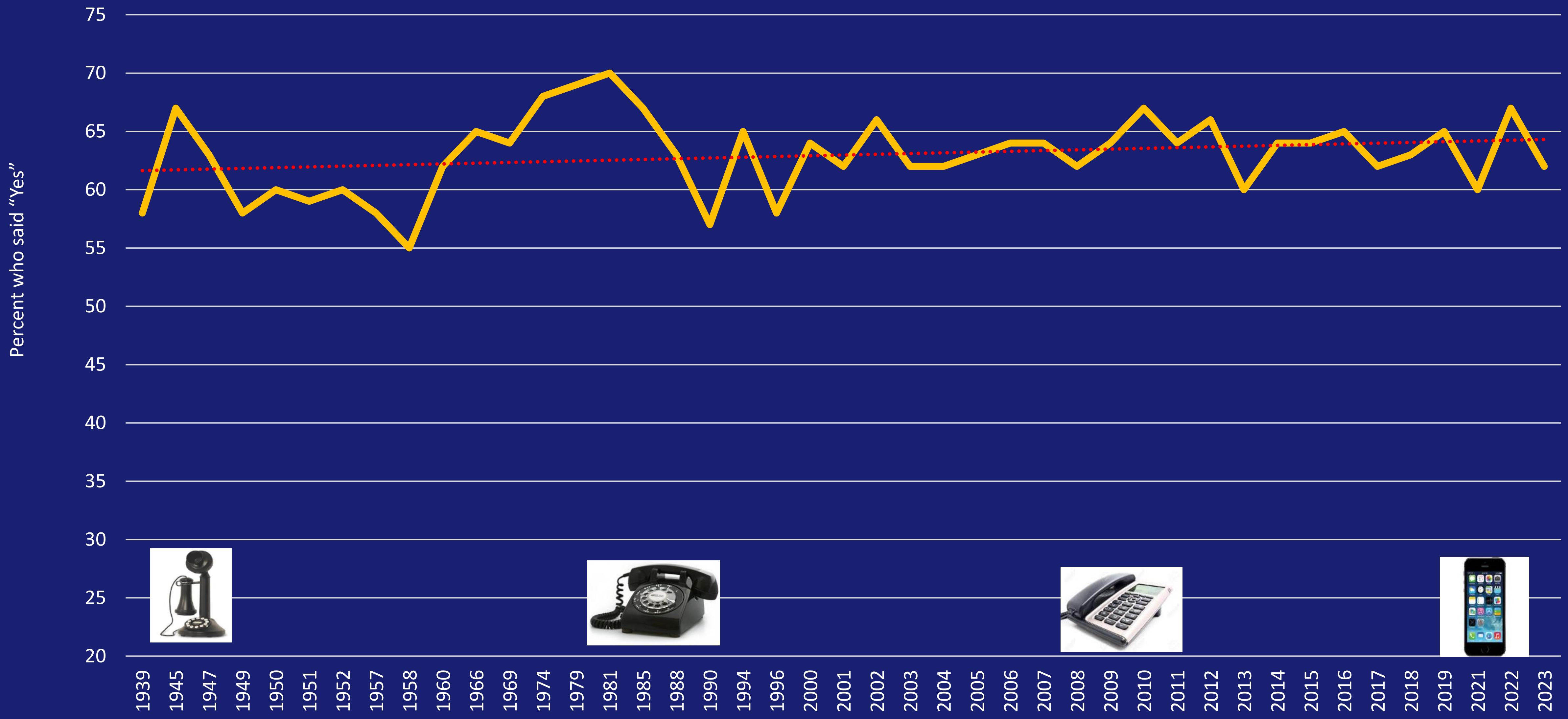
Beer Share Loss







Alcohol Is Consumption Is Consistent Over Time
"Do You Have Occasion to Drink Alcohol?"



Results are based on telephone interviews conducted July 3-27, 2023, with a random sample of –1,015—adults, ages 18+, living in all 50 U.S. states and the District of Columbia. For results based on this sample of national adults, the margin of sampling error is ±4 percentage points at the 95% confidence level.

Source: Gallup Poll, July 2023.

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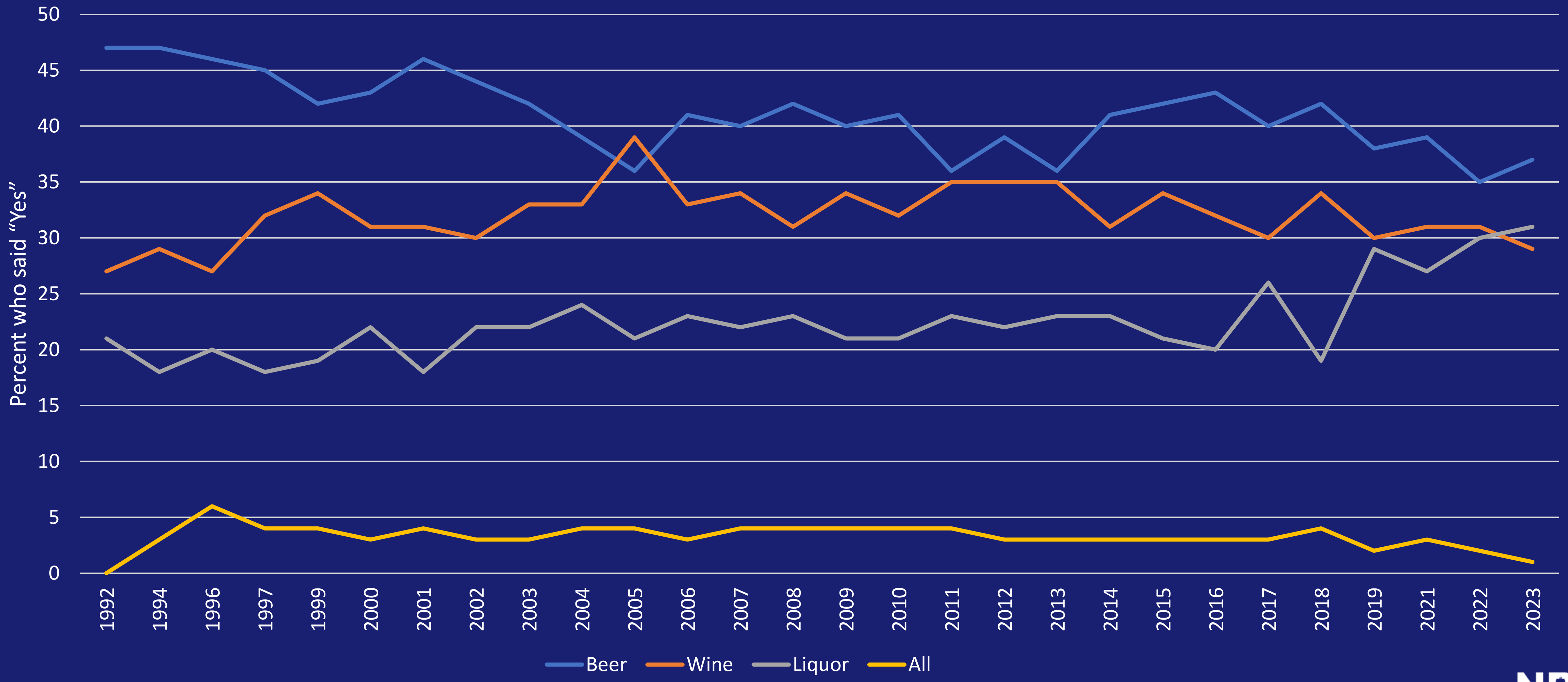
AMERICA'S BEER & BEVERAGE DISTRIBUTORS

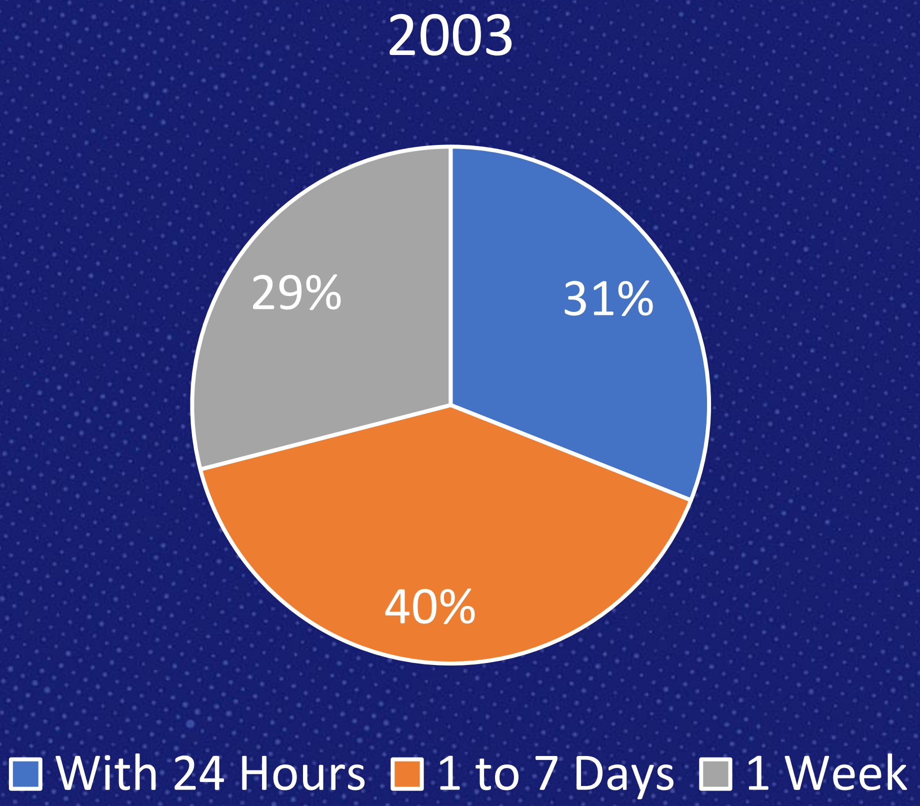
Beer is the Preferred Beverage of Consumers But Lines are blurring (1992 to 2023)

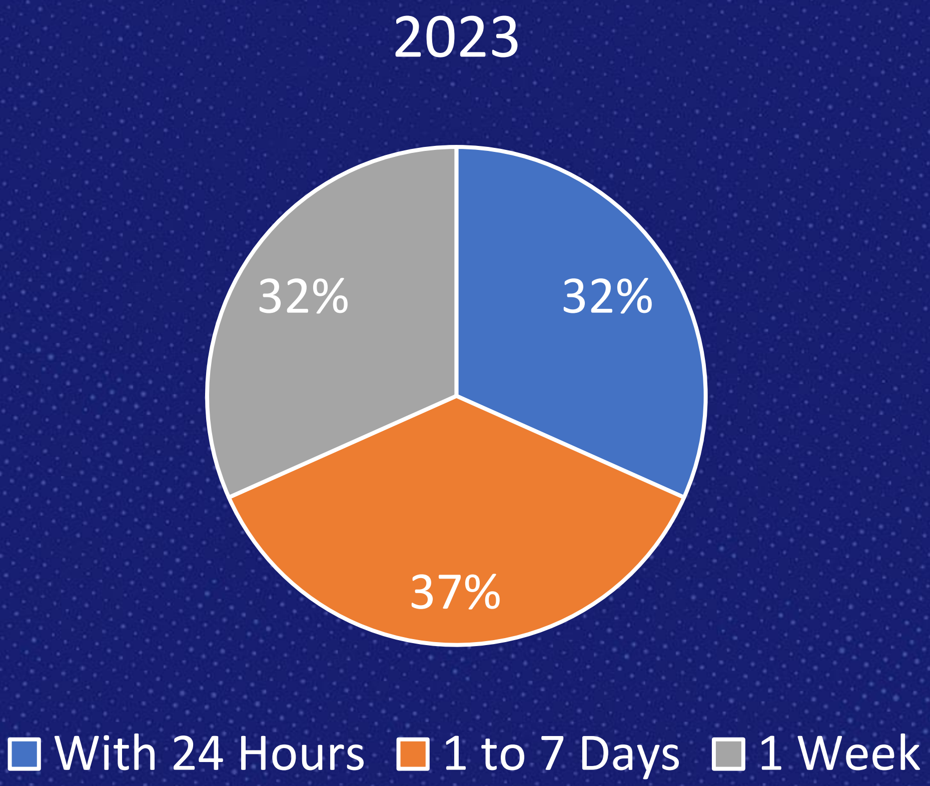
Beer continues to be preferred beverage of choice for US consumers of legal drinking age. (4 pts +/- margin of error)



Source: Gallup Poll, 2023: *Do you most often drink beer, wine, or liquor*?

When Was your Last Drink? Once Again, Consistency in Drinking Behavior





Source: Gallup Poll, 2023: *(Asked of those who drink alcohol) When did you last take a drink of any kind of alcoholic beverage?*

NBWA

How Many Beer Drinkers?
More Drinkers in 2023 than in 2013!

Drank Beer in Past 30 Days Scarborough Research			
Year	21+ Population	**Drank Beer Past 30 Days**	Number of Beer Drinkers
2013	225,006,308	42.9%	96,527,706
2023	261,311,943	39.9%	104,263,465
Change	36,305,635		**7,735,759**

Drank Beer in Past 7 Days Scarborough Research			
Year	21+ Population	**Drank Beer Past 7 Days**	Number of Drinkers
2013	225,006,308	25.2%	56,701,590
2023	261,311,943	22.6%	59,056,499
Change	36,305,635		**2,354,910**

The consumer is *here* and *willing*, winning beer occasions is the priority.

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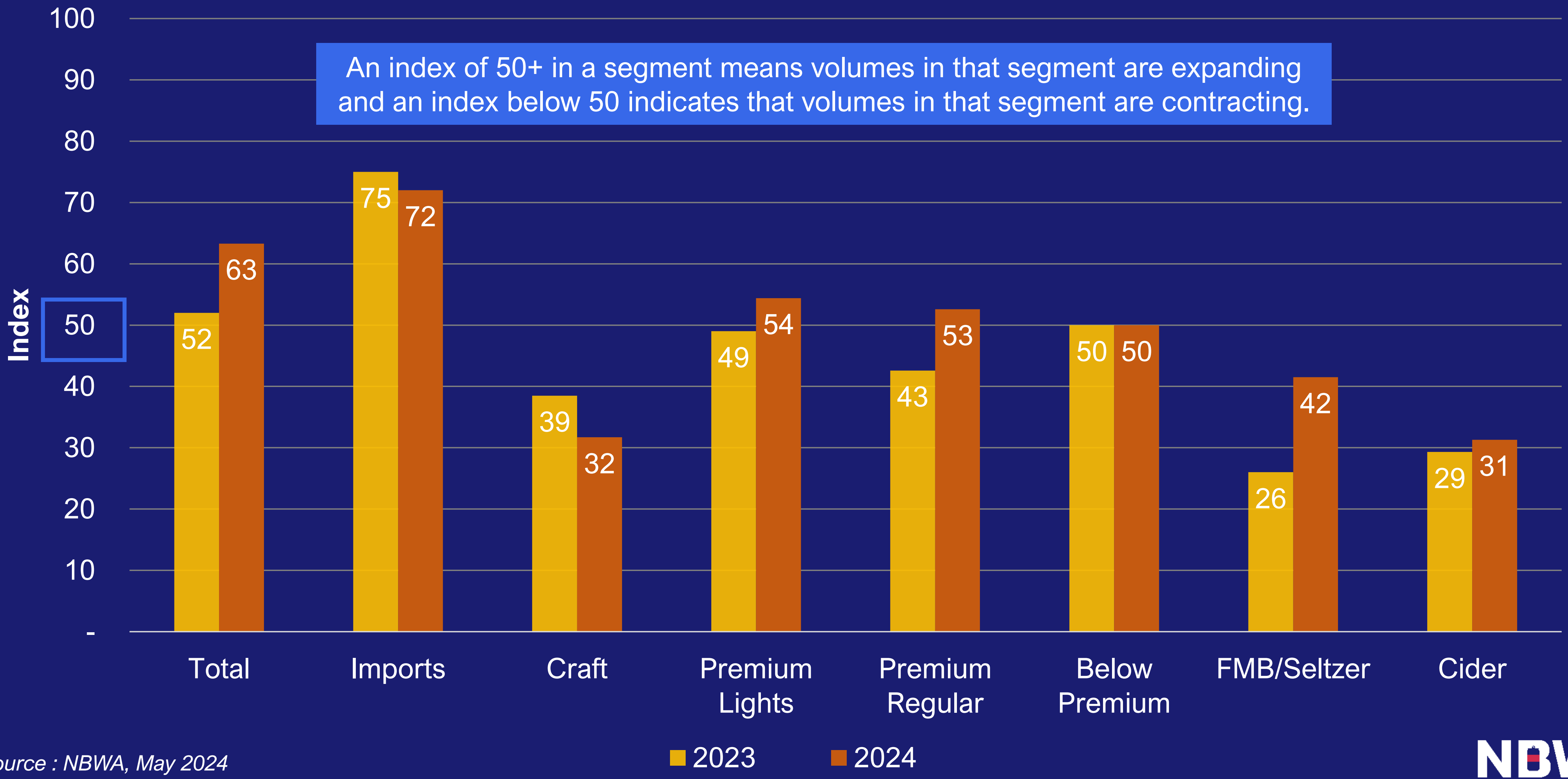
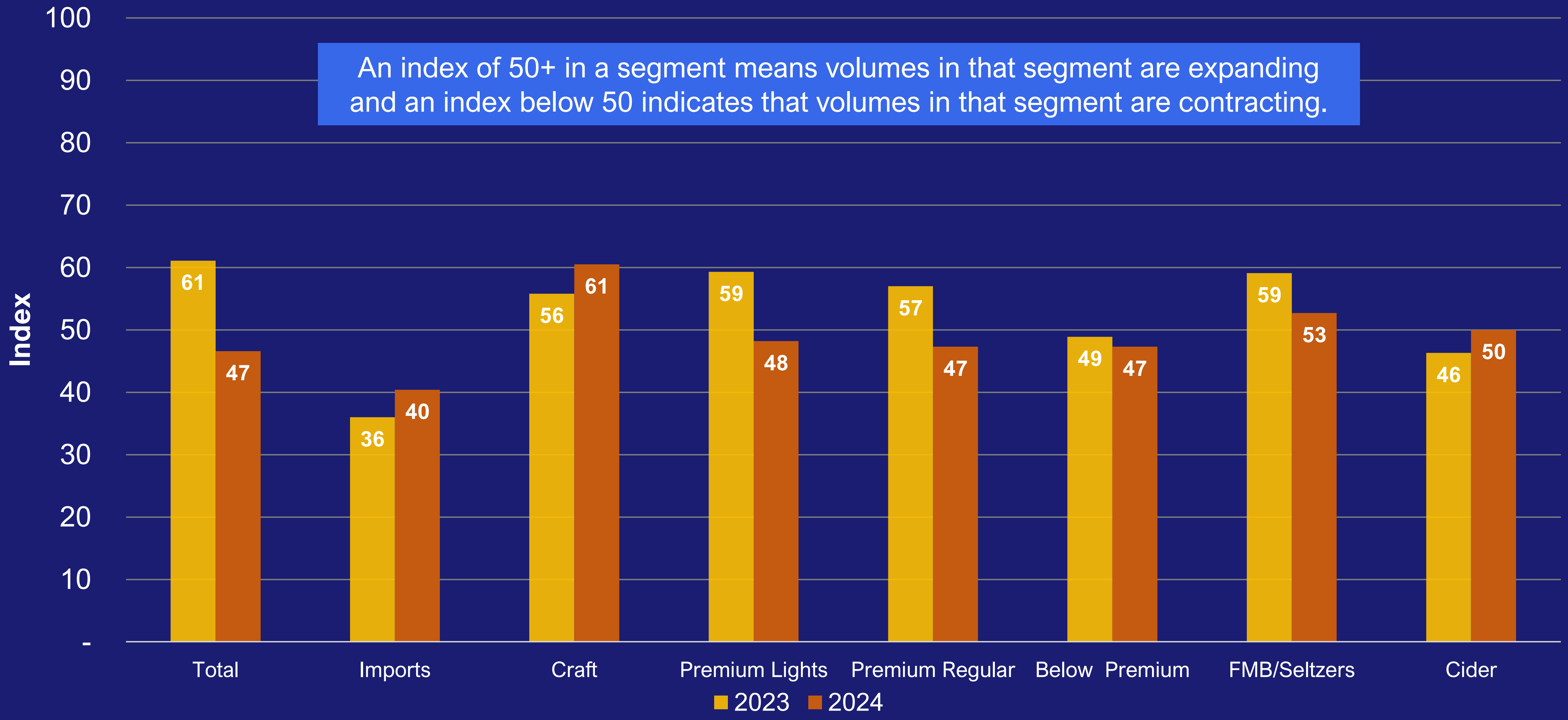
NBWA Beer Purchasers' Index

All Segments for May 2023 vs May 2024



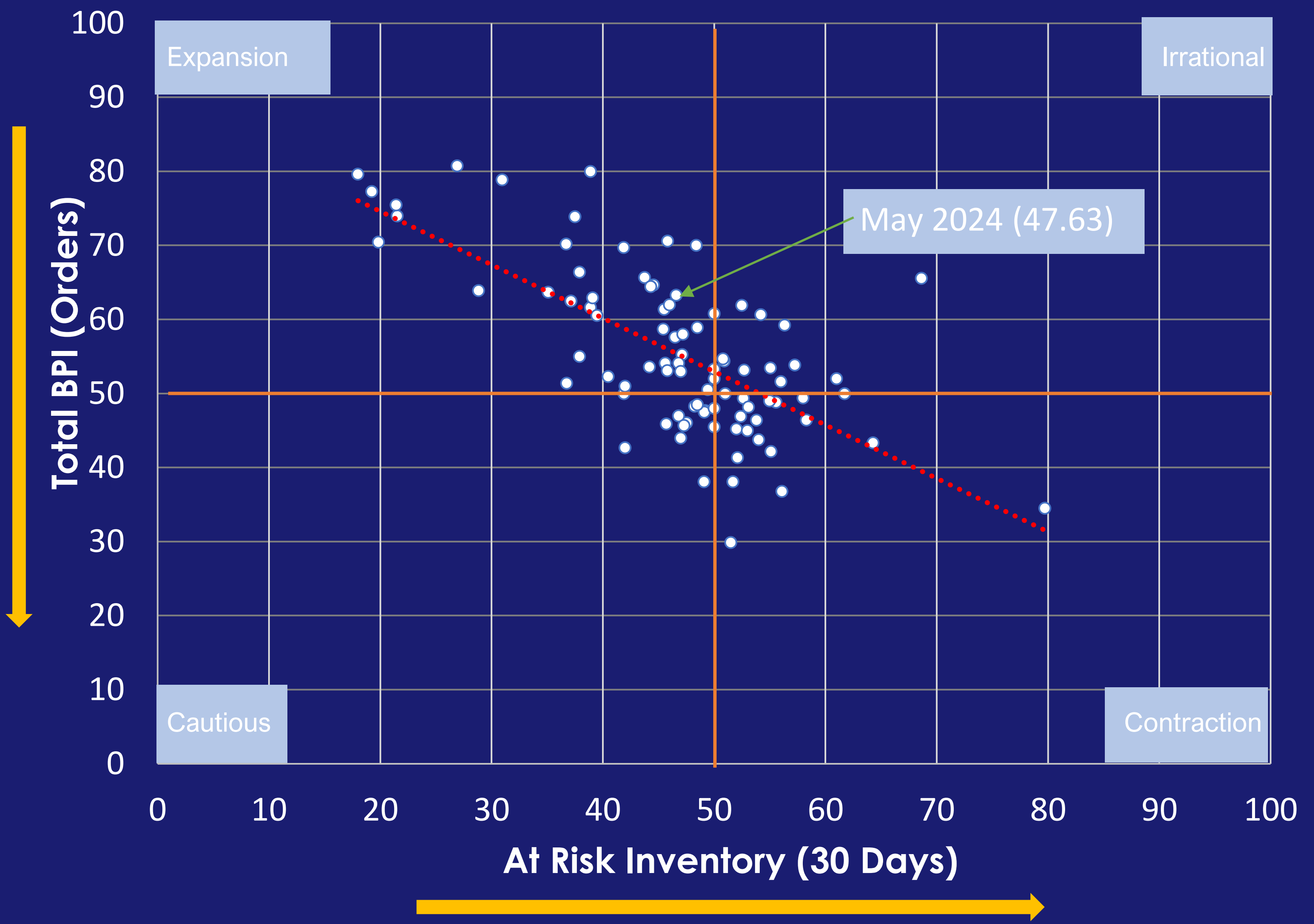
Source : NBWA, May 2024

“At-Risk” Inventory Index
All Segments for May 2023 vs May 2024



Source : NBWA, May 2024

Total At-Risk (ARI) vs Total Beer Purchasers (BPI)
Industry Moves Further into Expansionary Territory in May



- The BPI serves as a forward-looking measure of beer-retailer demand. The ARI serves as a measure of missed expectations of that beer demand.
- Plotted together, the industry exists in one of four "states"
  - Expansionary BPI>50, ARI<50
  - Contractionary BPI<50, ARI>50
  - Cautious BPI<50, ARI <50
  - Irrational BPI>50 and ARI >50
- The industry spends most of its time in the "expansionary" quadrant and focused around the 50/50 "bulls-eye."

Source : NBWA, May 2024

Thank You!

NBWA

AMERICA'S BEER & BEVERAGE DISTRIBUTORS

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