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New Mintel Report Shows Imported Beer, Spirits and Wine Chipping Away at Sales

Chicago (December 19, 2006)- Domestic beer is losing its brew bragging rights, according to a new Mintel report. With sales estimated to reach $90.3 billion by year's end, the category is facing strong competition from other alcoholic beverage categories, and now represents 42 percent of spending on alcoholic beverages. Imported beer, spirits and wine are all contributing to relatively flat sales. According to Mintel's exclusive research, only one quarter of American adults over the age of 21 drink regular domestic beer, a decrease of 15 percent since 2001.

The light beer segment is the only domestic segment to gain sales over the last two years, growing 4.8 percent in volume. It accounts for nearly 60 percent of all domestic beer sales by volume, consistent with consumer interest in other low-calorie food and beverages. According to Mintel's exclusive consumer research, 37 percent of males and 44 percent of females who purchased beer within a 30-day period preferred light/low-calorie beer to regular beer. Half of respondents think that wine is healthier than beer.

"The shift from domestic beer has as much to do with taste as it does with health," said Bill Hulkower, analyst for Mintel. "Consumers who don't care about the calories in their beer are reaching for fuller flavor craft, regional, and imported beers. When consumers want a lighter flavored, low-calorie product, domestic beer takes center stage. But looking ahead, domestic might have trouble even maintaining its light offerings with new imported lights selling well."

Advertising is another issue facing domestic brands. Only 31 percent of Mintel respondents who purchased beer in the past 30 days like how the beer they drink is advertised in the media. And on a per case basis, imports and some craft beers are outspending domestic beer on the advertising front. Imported beer is positioned as an "affordable luxury".

Volume sales of imported beers increased 27 percent over the last five years. In contrast, regular domestic beer posted a 19 percent decline during the last five years. The exceptions to the rule lie in premium, craft, regional, seasonal and specialty brews, which show gains. Along with the increase in imported beer, this suggests that Americans are "trading up" when it comes to beer purchases and alcoholic beverages in general.Â

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