



2022 Alcohol Report

Online Visibility Is Reforming The Alcohol Industry

How Online Retailers Are Paving the Way for the
Digital Liquor's Next Round



As is well documented, alcohol retailers that fared well during the disruption of Covid, successfully pivoted to omnichannel expansion in the face of supply chain challenges and changing consumer choices, successfully introducing consumers to the accessibility and convenience of purchasing alcohol online. To better understand the competitive landscape, from December 2021 to May 2022, we tracked 12 top alcohol retailers, grocers, and delivery intermediaries to analyze [price variations](#), stock availability, hyperlocality, [category compositions](#), and [Share of Search](#) insights across 20,000 SKUs for the 1,500+ Brands they carry to assess their strategy for improving digital visibility and achieving market share growth. Below is a summary of our findings.

27.5%

of Alcohol SKUs Seen With a Price Increase in May 2022

180%

The Growth in Availability for Ready-To-Drink Cocktails from December 2021 to May 2022

21%

Share of Category for Jose Cuervo Tequila Brands as of May 2022

HOW THE ALCOHOL DELIVERY BOOM REFRAMED DIGITAL STRATEGIES

U.S. online alcohol sales grew from \$2.6 billion in 2019 to \$6.1 billion in 2021— [131 percent](#). Despite inflation, consumers are still willing to trade up and [spend on alcohol](#).

Given demand, retailers and delivery intermediaries are rethinking their sales and service strategy models to keep up with the latest trends driving consumer preferences. Several retailers have expanded their digital footprint in alcohol beverage categories to gain mindshare and visibility, for example:

[Target](#) expanded its online beverage alcohol offerings from 3 states, before 2020, to 29 states by May 2021, tripling its alcohol sales

[Instacart](#) partnered with Meijer in 2021 to expand its alcohol delivery reach to nearly 75 percent of U.S. households

[Walmart](#) expanded alcohol delivery to 1,500 of its stores in 2021, and had 3,000 stores enabling alcohol pick-up orders.

As consumer demand for convenience and contactless delivery took hold through the pandemic, new preferences for high-quality ingredient beverages, health-conscious options, and the desire to support local brands intensified. Growth in take-home options such as ready-to-drink (RTD) cocktails also forced retailers to adjust their inventory and [pricing strategies](#) to reflect these new market trends.

Successful retailers worked with brand partners to increase delivery and service options, improve product availability rates, expand and localize their assortment strategies, and minimize the impact of necessary price changes due to rising packaging and raw materials costs.

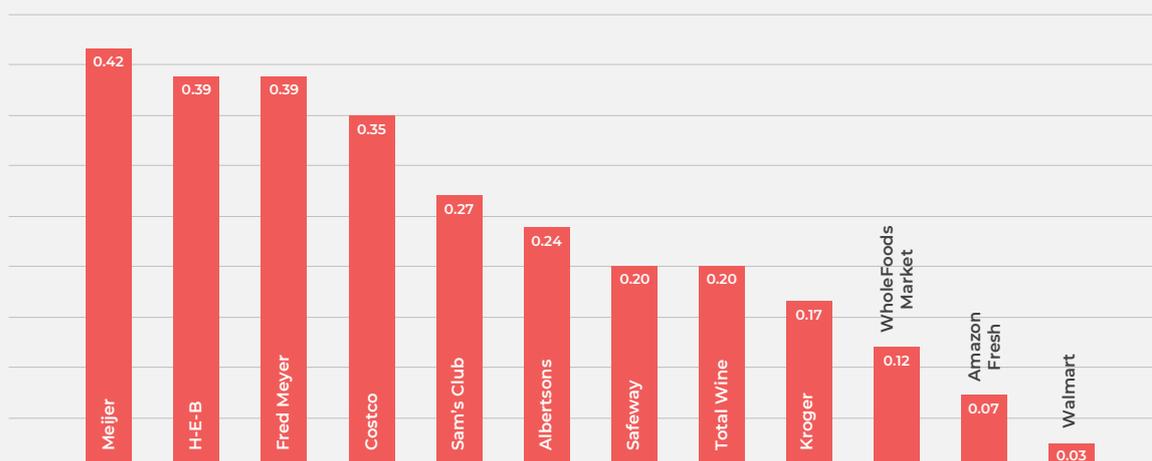
A HYPERLOCAL STRATEGY EXPANDS REACH

Some retailers addressed the spike in demand by strategically building micro-warehouses in high-volume regions. This reduced lead times and increased supply chain efficiencies, allowing for [hyperlocal delivery](#) options at a more affordable cost and enabling retailers to capture a larger consumer base with a localized assortment strategy.

We used our data to create a Hyperlocality Index to assess the strength of this strategy

and measure how retailers' product assortments varied across stores. A ranking of 1 on the Index indicates that all stores sell the same products, while a 0 ranking indicates that all stores stock different products—a sign of hyperlocal success. For example, in 2021 Walmart launched GoLocal, a new delivery-as-a-service business. As of May 2022, Walmart had the strongest hyperlocality* index at 0.03, while Costco, Fred Meyer, H-E-B, and Meijer all had hyperlocality rankings greater than 0.35.

Hyperlocality Index by Online Alcohol Retailer - May 2022



Source: DataWeave Product Assortment — Hyperlocality (lower the index, higher the hyperlocality) index by retailer website as of May 2022 for 20,000 SKUs analyzed across 47 zip codes

PRICING ASSORTMENT STRATEGIES REVEALED

PRICING DIVERSIFICATION BY RETAIL TYPE

In building a hyperlocal strategy, retailers like Kroger and Walmart also focus on targeting mass consumers, with 41 to 50 percent of alcohol products priced between \$10 and \$20, as of May 2022. On the other hand, pure play alcohol retailers such as Wine.com showcase more than 50 percent of products priced \$50

and up on their website, obviously catering to a more premium beverage alcohol consumer. Delivery intermediaries such as Drizly, GoPuff, and Instacart put emphasis on a wide array of price points and diversify their product offerings to cater to all segments of alcohol consumers.

Price Composition For Top Alcohol Online Retailers And Delivery Intermediaries - May 2022



Source: DataWeave Pricing Intelligence — Percentage of product's price points on top performing retailers' websites across 5 price compositions for total page results compared to results shown on the first page only for the alcohol category

STRATEGIC PRICE CHANGES

As raw material prices ([barley](#), for example) increased alongside rising shipping costs and supply chain disruptions, categories that use these ingredients, such as rum, gin and whiskey, have been seeing subtle and strategic pricing changes to minimize the impact on demand, as noted below.

withstand more drastic price increases—as noted by the 4.1 percent average price increase seen below, which is nearly 2 percent greater than the next leading category, Rye. Intensified demand for other food grains could also affect profit margins for alcohol brands and further increase alcohol prices.

Brandy, on the other hand, tends to have a smaller but loyal customer base that can

Price Change Percentage by Alcohol Category Available Online - May 2022 Vs. Dec 2021

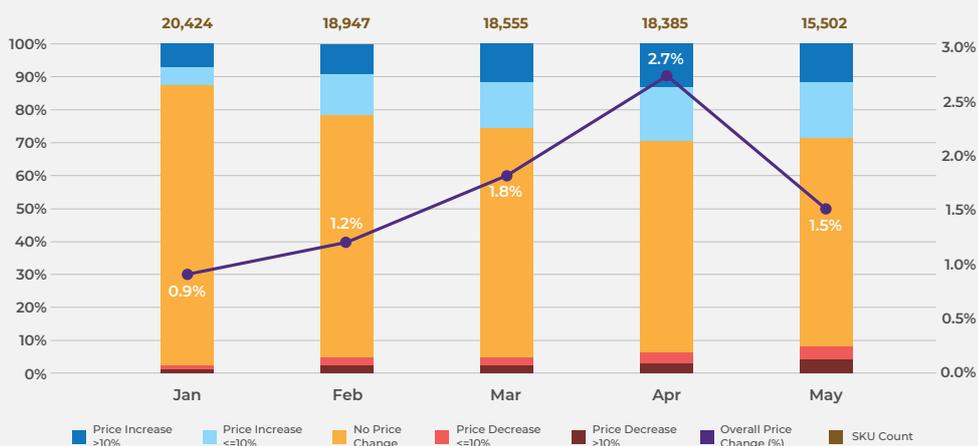


Source: DataWeave Pricing Intelligence — Average alcohol category price changes seen from December 2021 to May 2022 by price percentage group across 9 alcohol retailer websites (Amazon Fresh, Drizly, GoPuff, Instacart, Kroger, Meijer, Total Wine, Walmart Grocery, and Wine.com) and 20,000+ products

Brands are increasing the intensity of productivity initiatives and pricing advocacy to reduce internal inflationary pressures, offset added production costs, and meet profit margin guidance. According to our analysis, alcohol prices have steadily increased every month on average since January 2022, with

the greatest month-over-month increase of 2.7 percent occurring in April 2022. Reviewing price changes at a SKU level, we saw 12.3 percent of total SKUs with price increases in January 2022, while in May 2022, 27.5 percent of total SKUs had price increases.

Average Price Change Percentage For Alcohol Available Online (by Month vs December 2021 Prices)



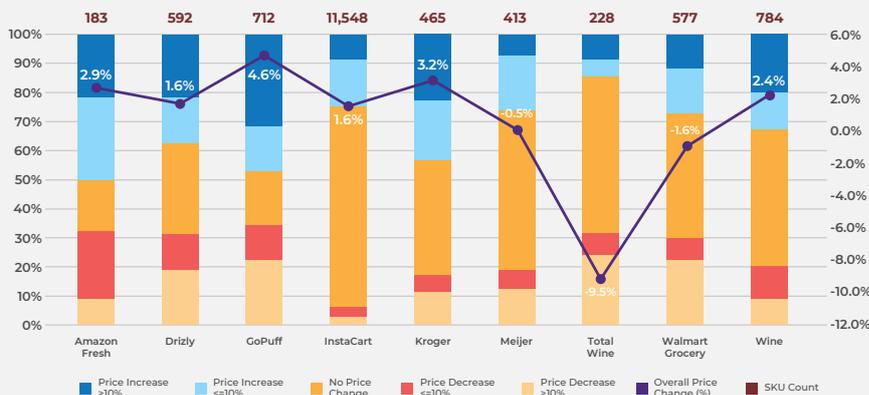
Source: DataWeave Pricing Intelligence — Average alcohol category price increase seen each month from January to May 2022 versus December 2021 prices, across 9 alcohol retailer websites (Amazon Fresh, Drizly, GoPuff, InstaCart, Kroger, Meijer, Total Wine, Walmart Grocery, and Wine.com) and 20,000+ products

Observing varied price composition strategies and average price hikes made us want to understand how drastically prices have changed across alcohol retailer platforms from December 2021 to May 2022. For example, delivery intermediary GoPuff witnessed the greatest average price increase (4.6 percent) in May 2022 compared to December 2021, with 32

percent of its SKUs showing a price increase greater than 10 percent.

On the contrary, Total Wine offered the greatest discounts in May 2022 versus December 2021 with an average price decrease of 9.5 percent and 25 percent of its SKUs offered at a discount of 10 percent or greater.

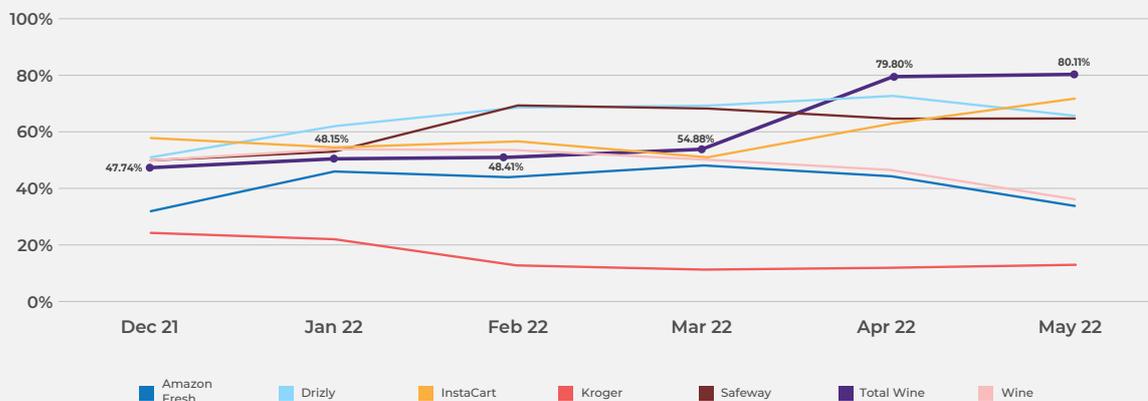
Price Change Percentage by Online Alcohol Retailer (In May 2022 vs December 2021)



Source: DataWeave Pricing Intelligence — Average alcohol price changes on top performing retailers' websites across 5 price compositions and 1,500+ SKUs in May 2022 versus prices seen in December 2021

As discounts ramped up for Total Wine, so did their product availability, increasing on average from around 48 percent availability in December 2021 to 80 percent in May 2022.

Alcohol Availability by Online Retailer From Dec 2021 - May 2022



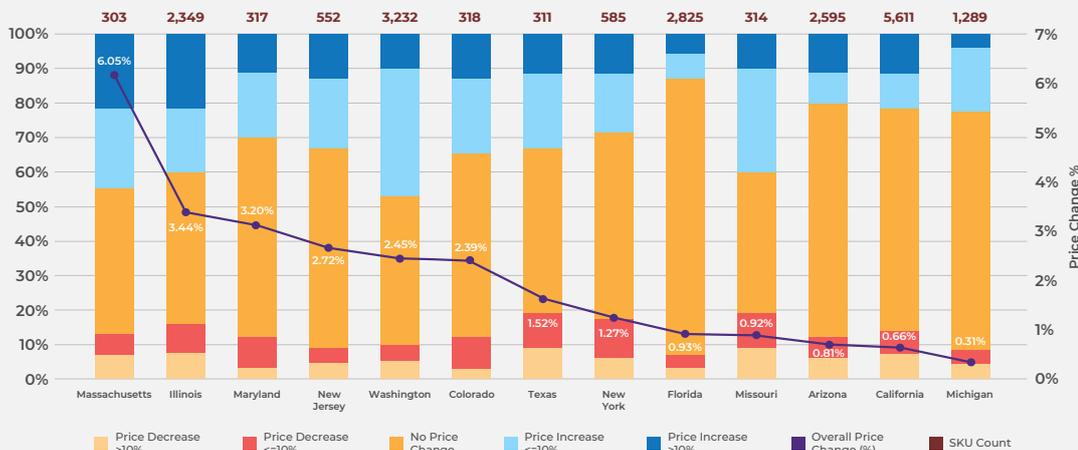
Source: DataWeave Product Availability — The average availability percentage for alcohol across top performing retailer websites from December 2021 to May 2022 for 20,000+ SKUs

GOING HYPERLOCAL

Our state-by-state analysis also shows variations in alcohol pricing strategies, as retailers focused on expanding their geographical reach across the country and delivery laws evolved within each state. For example, it was [legal in Massachusetts](#) to sell alcohol-to-go through May 2022, which could be reason for the sudden average price hike of 6 percent seen that month—almost 3 percent greater than the next leading state driving price increases, Illinois.

In Washington, where total SKU volume was second only to California’s, almost 50 percent of products offered witnessed a price increase, whereas in Florida, around 80 percent of the products saw no price changes in May 2022 versus those seen in December 2021. Coincidentally, Washington has the highest alcohol tax per gallon on spirits—[\\$33.22](#)—while in Florida it is only \$6.20.

Average Alcohol Price Change Percent by U.S. State (May 2022 vs December 2021)



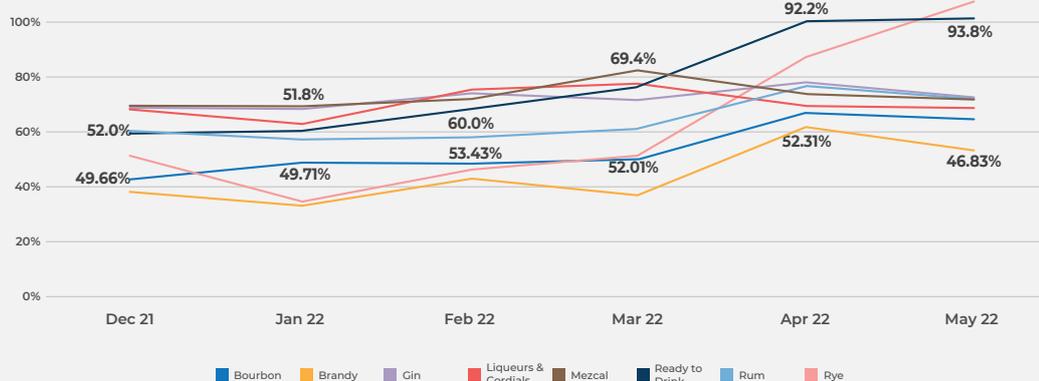
Source: DataWeave Pricing Intelligence — Average alcohol price changes for 12,000+ SKUs on 11 alcohol retailer websites (Amazon Fresh, Drizly, Go Puff, InstaCart, Kroger, Meijer, Sam's Club, Total Wine, Walmart Grocery, Walmart, and Wine.com) across 65 zip codes in May 2022 versus prices in December 2021

EVOLVING PREFERENCES CHANGED ASSORTMENT STRATEGIES

READY-TO-DRINK (RTD) GAINS POPULARITY

Low alcohol, low sugar, and natural ingredients in RTD cocktails hold increasing appeal for health-conscious customers, while demand for different types of bases in RTD cocktails drives category innovation. To meet increasing demand, retailers have increased the availability of RTD beverages from around 52 percent in December 2021 to around 94 percent in May 2022, according to our analysis.

Alcohol Online Availability By Category (Dec 2021 – May 2022)



Source: DataWeave Product Availability — Average alcohol availability seen from December 2021 to May 2022 across 11 alcohol retailer websites (Amazon Fresh, Drizly, Go Puff, InstaCart, Kroger, Meijer, Sam's Club, Total Wine, Walmart Grocery, Walmart, and Wine.com) and 20,000+ products

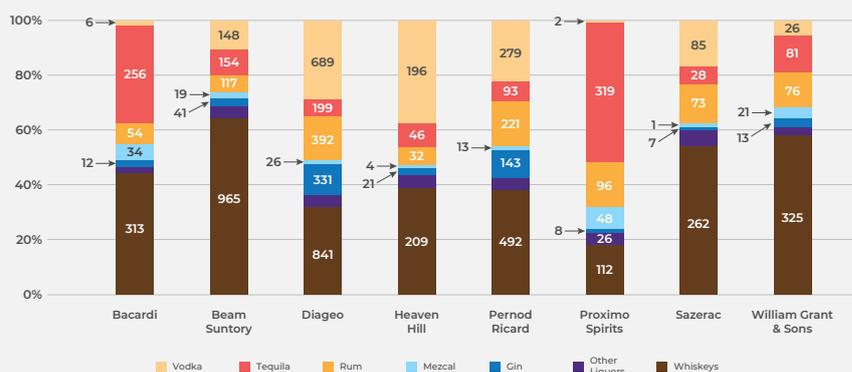
GROWTH AND PREMIUMIZATION OF AGAVE-BASED SPIRITS

While Vodka, a key base ingredient offered in many popular RTD beverages, remains the most popular liquor sold in the U.S., agave-based spirits are now the second most popular category ([notably Tequila and Mezcal](#)), with sales reaching \$5.2 billion in 2021, a 30 percent year-over-year increase. Below is a snapshot of U.S. alcohol category compositions by leading liquor manufacturer as of May 2022, indicating the presence seen for agave-based offerings, like Tequila, within each Brand's total assortments. Proximo Spirits, for example, has more than 50 percent of their total assortment dedicated to Tequila, and Bacardi has 42 percent.



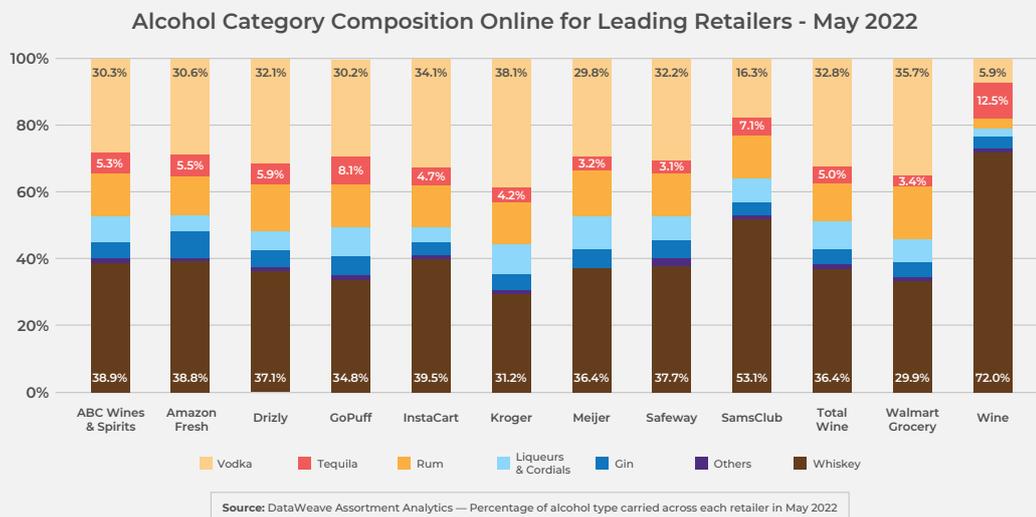
According to DISCUS, Tequila witnessed the highest annual growth rate (75 percent) in 2021, followed by American whiskey and Cognac at 46 percent and 31 percent, respectively.”

Alcohol Category Composition Online For Leading Manufacturers - May 2022



Source: DataWeave Assortment Analytics — SKU count by alcohol type carried across 11 alcohol retailer websites (Amazon Fresh, Drizly, Go Puff, InstaCart, Kroger, Meijer, Sam's Club, Total Wine, Walmart Grocery, Walmart, and Wine.com) in May 2022

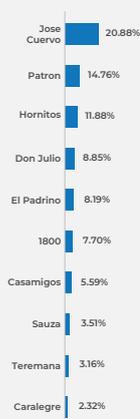
We see this as an opportunity for retailers to adjust their category mix to reflect the trends spotted at the brand level for Tequila in particular. While most retailers work to keep pace with the demand for RTD beverages, only Wine.com seems to be assorting a higher volume of Tequila, 12.5 percent, versus others averaging closer to around 5 percent of their total available assortment.



Our cross-retailer analysis shows Jose Cuervo to be the best positioned brand in the Tequila category, with nearly 21 percent [Share of Category Search](#), followed by Patron at almost 15 percent and Hornitos at roughly 12 percent. These results align with our analysis conducted earlier this year on [Share of Search during Cinco de Mayo 2022](#) for the keyword “Tequila”, as Jose Cuervo was the #1 brand seen on 8 out of 10 retailer websites reviewed.

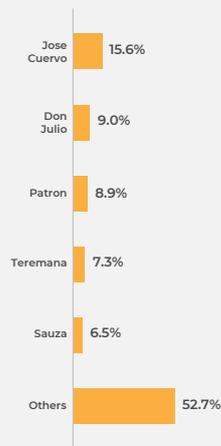
On Walmart.com, there are 4,960 Tequila SKUs, making it the third largest category following Whiskey and Vodka. Among these, Jose Cuervo tops the brand list with around 15.6 percent share in the Tequila category, followed by Don Julio at around 9 percent.

Brand Share of Category for Tequila Across Retailer Websites



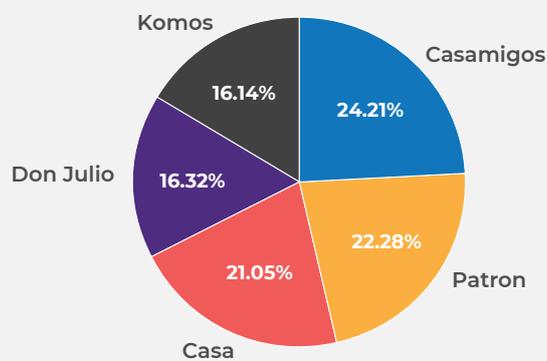
Source: DataWeave Share of Search Category – Brands with top Share of Search for the Tequila category across 12 retailer websites in May 2022

Share of Tequila Brands Available on Walmart.com



Source: DataWeave Assortment Analytics — Share of top Tequila brands available on Walmart.com in May 2022

Brand Share of Category for Tequila on Wine.com

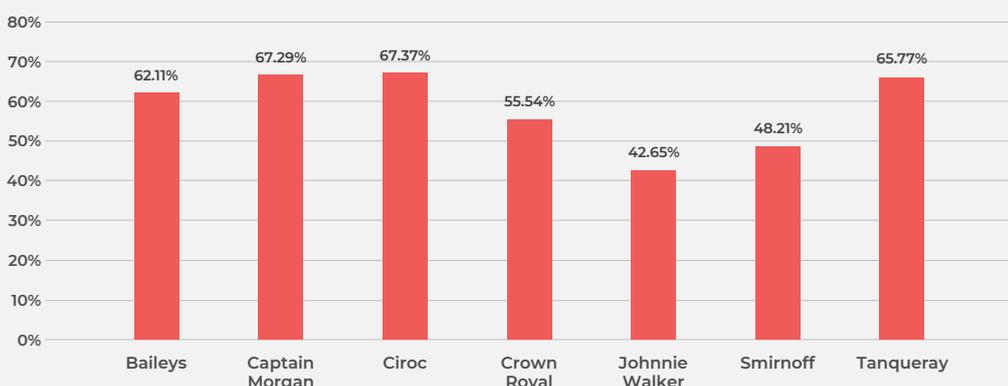


Source: DataWeave Share of Search Category – Brands with top Share of Search for the Tequila category on Wine.com in May 2022

Coincidentally, though Wine.com had the greatest Tequila category composition, Jose Cuervo wasn't available on their website during our analysis; Casamigos carried the top Share of Category there with just over 24 percent.

Another clear indication that retailers have room for improvement in keeping up with Tequila demand is that none of the top performing Tequila brands fell within those showing the greatest SKU count available at the major retailers we analyzed—Amazon Fresh, Drizly, Instacart, Kroger, Safeway, Total Wine, and Wine.com. The brands with the greatest [SKU count and availability](#) on those websites were Captain Morgan, Ciroc and Tanqueray, with more than 65 percent of stock available as of May 2022.

Availability for Alcohol Brands with the Greatest Online SKU Count



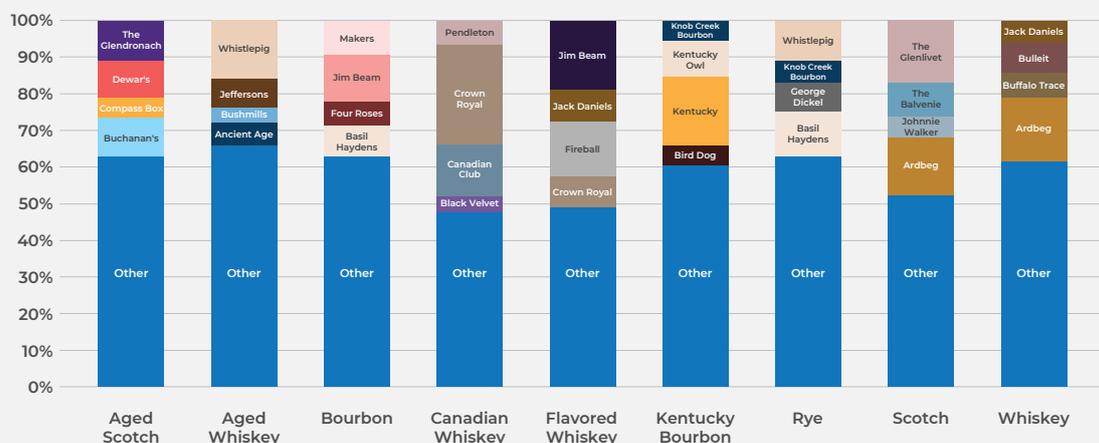
Source: DataWeave Product Availability — Percentage of alcohol availability by Brand across for those with the highest number of SKUs available across Amazon Fresh, Drizly, Instacart, Kroger, Safeway, Total Wine, and Wine.com websites in May 2022

WHISKEY BRANDS DOMINATING SHARE OF SEARCH

For the same health-conscious reasons that consumers are seeking liquor alternatives with superior ingredients, there’s been increased consumption for other high-end spirits like Whiskey. As seen in the chart at the top of page 8, the Whiskey category has the greatest digital presence, on average, across all Retailers considered within our analysis. Below is a snapshot of the brands winning [Share of Keyword Search](#) for popular Whiskey types on Drizly.com, for deeper insight.

For example, when consumers are searching for ‘Canadian Whiskey’ on Drizly.com, they are most likely to see Crown Royal and Canadian Club brands, whereas if they are searching for ‘Scotch’ they are most likely to come across The Glenlivet and Ardbeg brands.

Share of Keyword Search for Whiskey Related Words Searched on Drizly.com



Source: DataWeave Share of Keyword Search — Brands that dominate page one search results for Whiskey related search terms on Drizly.com in May 2022

WHERE DO YOU GROW FROM HERE?

Moving forward, alcohol retailers need to focus on expanding their local reach, which can further improve inventories, decrease delivery time, optimize pricing, and enhance consumer experiences. Aiming to achieve a lower Hyperlocality Index would naturally prioritize maintaining in-demand inventory and competitive prices—increasing profit margins so that e-commerce platforms can operate more efficiently and effectively. Focusing on specific categories based on consumer demand, such as ready-to-drink alcoholic beverages and Tequila, would ensure growth opportunities.

It is critical for brands to collaborate with retailers for online advertising opportunities and virtual engagement strategies to help promote their products and maximize digital shelf visibility. Retailers and brands need to continue to work hand-in-hand to minimize the impacts of inflation and rising material costs to keep online demand on its continued growth trajectory.

As the alcohol industry evolves and new online purchasing habits are formed by more consumers due to the added conveniences online ordering provides, it will be crucial for brands and retailers to have access to [critical pricing, merchandising, and competitive insights](#). These will enable the development of data-driven growth strategies that directly influence their eCommerce performance, accelerate revenue growth, and drive profitability.



ABOUT DATAWEAVE

DataWeave is a leading provider of advanced sales optimization solutions for e-commerce businesses, consumer brands and marketplaces. The AI-driven proprietary technology and language-agnostic platform aggregates consumable and actionable Competitive Intelligence across 500+ billion data points globally, in 25+ languages, with insights to performance for more than 400,000 brands across 1,500+ websites tracked across 20+ verticals, to ensure online performance is always optimized.

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