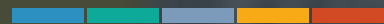


At-Shelf Decision Making in the Beer Industry: The Effect of Mobile Devices

March 2016



XENOPSI

Introduction



The beer industry has undergone dramatic and profound changes over the past 20 years.

In that time we have seen the rise of the craft and microbrewery movements, the consolidation of large brewers into ever larger conglomerates and an explosion in the amount of information and discussion around beer-related topics.

The advent of mobile technology is also having an impact on the industry and that impact – which manifests itself in consumer shelf-side behavior – is the focus of this report.

Our report explores the current state of beer purchase behavior, how smartphone usage at the shelf affects buying behavior, and delves into the profiles and behaviors of smartphone vs. non-smartphone users.

At XenoPsi we have a long and successful history of working effectively with some of the world's most prestigious beverage brands. Our intention with this report is to apply some of the lessons we have learned in the beverage business to the world of beer. The data in this report is designed to help beer brands better understand today's beer consumers and successfully market to them.

How Beer Purchasers At-Shelf Behavior Has Changed



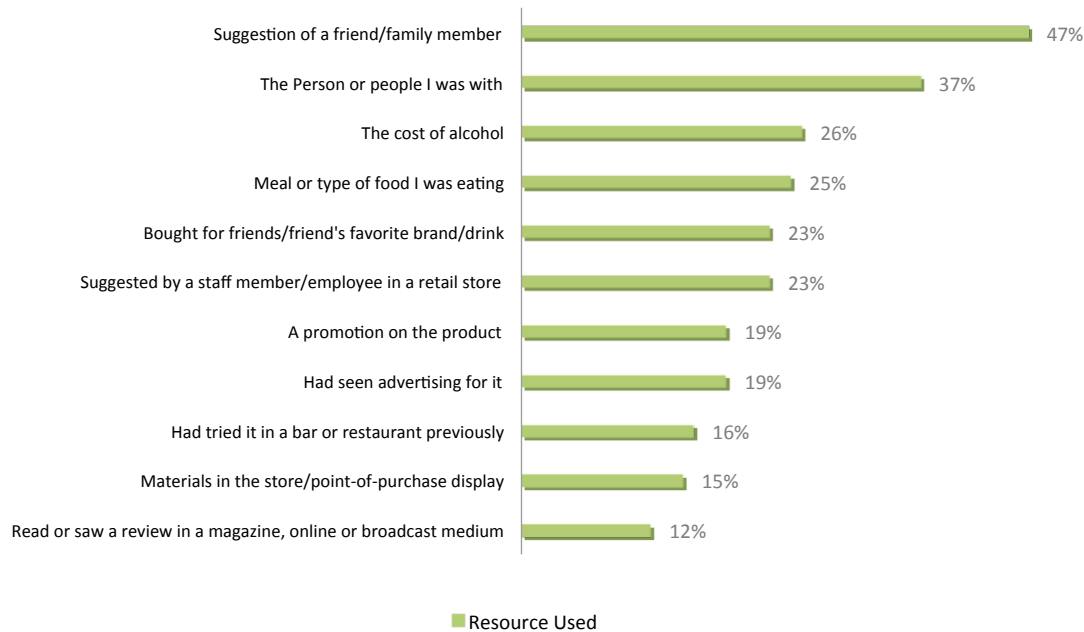
Conventional Wisdom on At-Shelf Influences



In the beverage industry, we have long accepted trial of new alcohol drinks¹ to be influenced by a well-know set of factors. These include:

How important were each of the following in your decision to try the drink you had not had before?

(N=1,064)



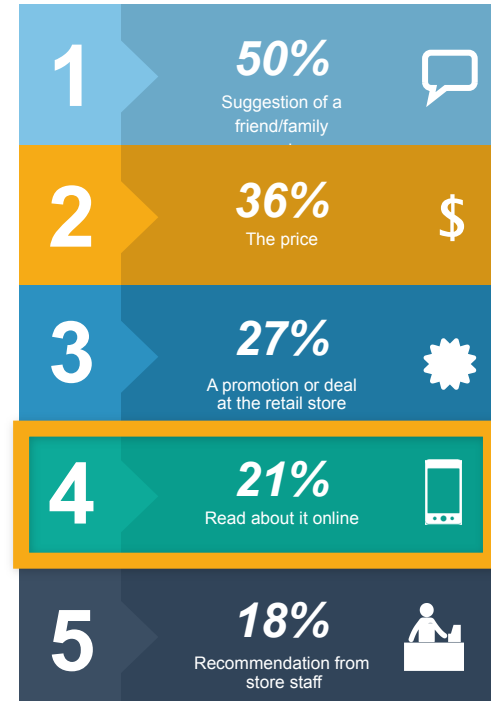
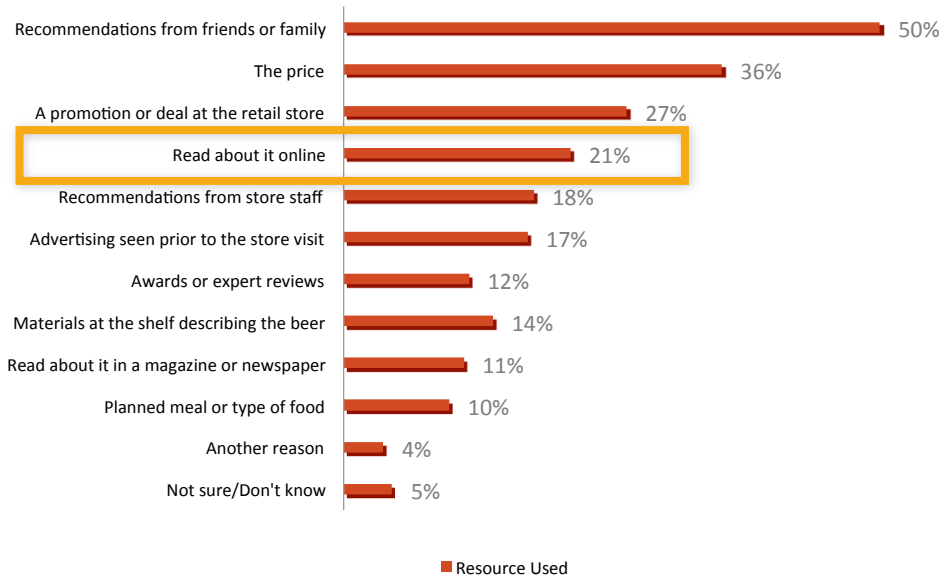
¹ Data Source: Technomic, Inc., 2012, Special TAB Report: Millennial Consumer Insights

What Our Research Uncovered



Our new nationwide study has found that the internet – specifically learning about products online - has almost doubled in importance over the last few years. Today, it is now the fourth most important factor affecting purchase at the shelf

What motivates you to buy a brand of beer at a retailer that you have never purchased before? Please select all that apply.
(N=1,016)



Q12. What motivates you to buy a brand of beer at a retailer that you have never purchased before? Please select all that apply.



Which spurred the question for us here at XenoPsi...

How can brands better effect purchase decision

SPECIFICALLY DURING AT-SHELF DECISION MAKING

What Our Research Discovered



We found smartphone use at the shelf was a major factor in spurring consumers to **try new types of beer** and to **purchase more beer overall**



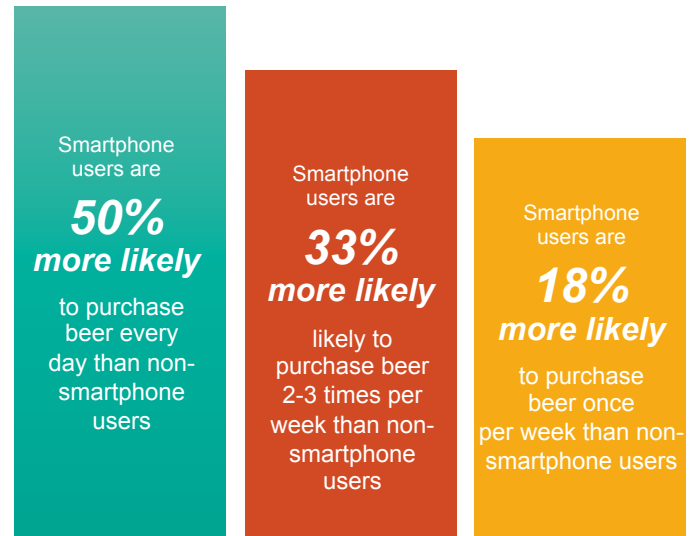
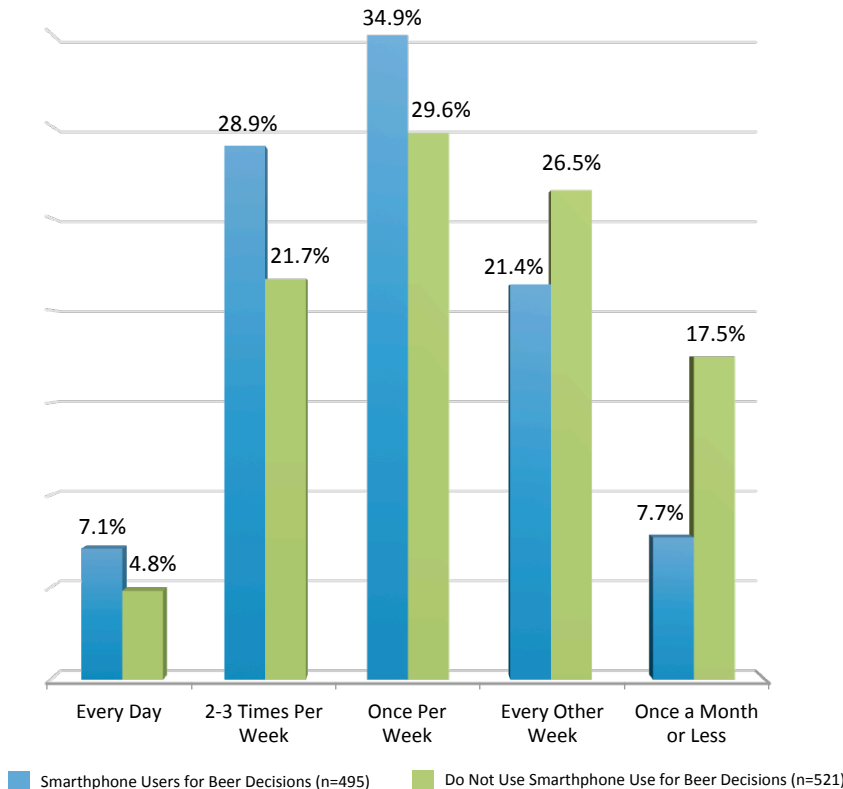
Q5.7. Have you ever used your smartphone when shopping in a retail store to help you decide what beer to purchase? / Q2. How often do you purchase beer at a retail store (not at a bar or restaurant)? / Q5. In the past 30 days, how often did you purchase a beer you have never tried before when you were at a retail store? / Q6. Thinking about the last time you purchased beer in a retail store, how much time did you spend in the store deciding what to purchase? / Q.8 On this visit, how much beer did you purchase?

Smartphone Users are More Frequent Purchasers



Overall, those that use smartphones to inform their beer purchase are 26% more likely to purchase weekly than non-smartphone users:

- 71% of smartphone users buy beer at least once per week, compared to only 56% of non-smartphone users



Q2. How often do you purchase beer at a retail store (not at a bar or restaurant)?

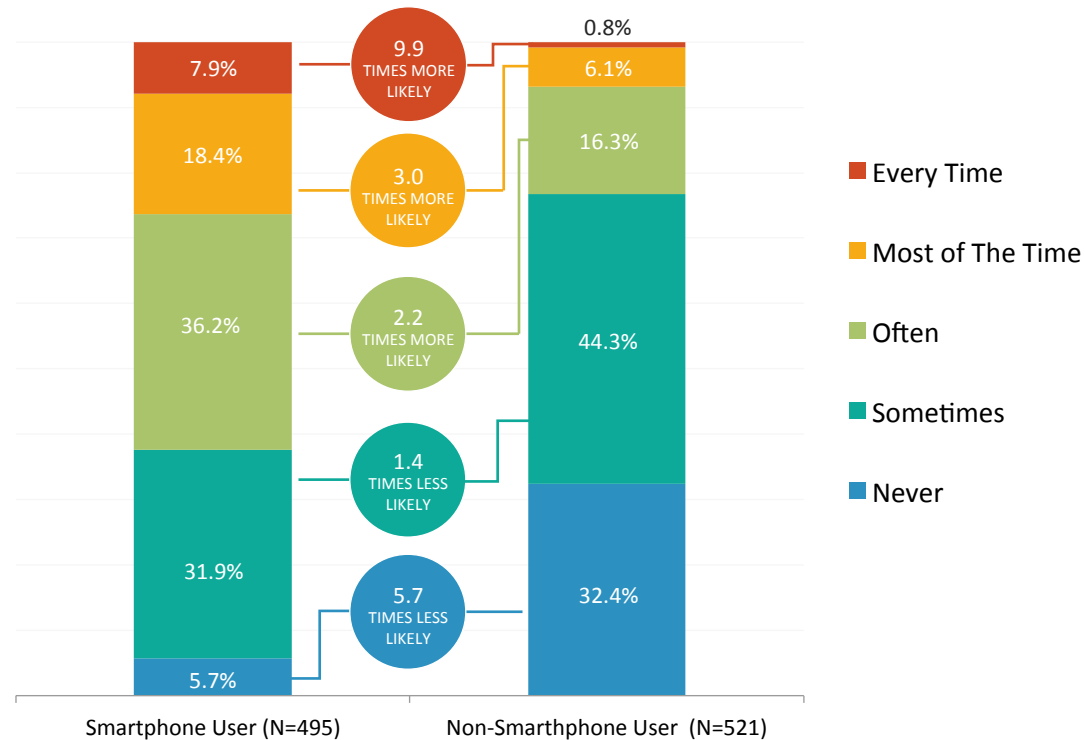
Smartphone Users are More Likely to Buy New Brands



Those that used smartphone devices were much more likely to purchase a beer that they have ***not previously tried***

- Of those using a smartphone, 26% most often or always chose a beer they've never tried before, compared to only 7% of those that don't use their smartphone device

Purchase A Never-Tried-Before Beer



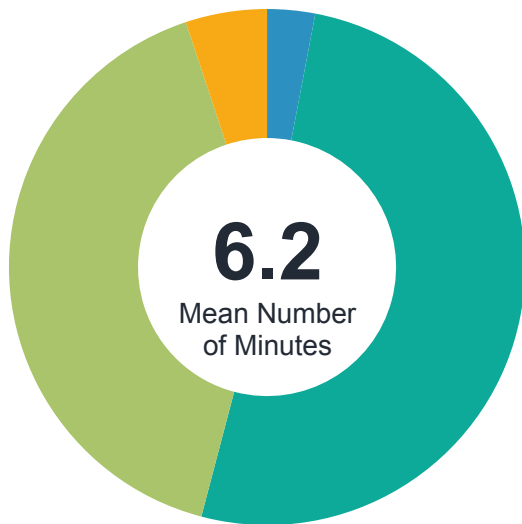
Q5. In the past 30 days, how often did you purchase a beer you have never tried before when you were at a retail store?

Smartphone Users Spend More Time at the Shelf



Those that use smartphones spend more time - on average nearly 60% - at the shelf than those who do not use their smartphones

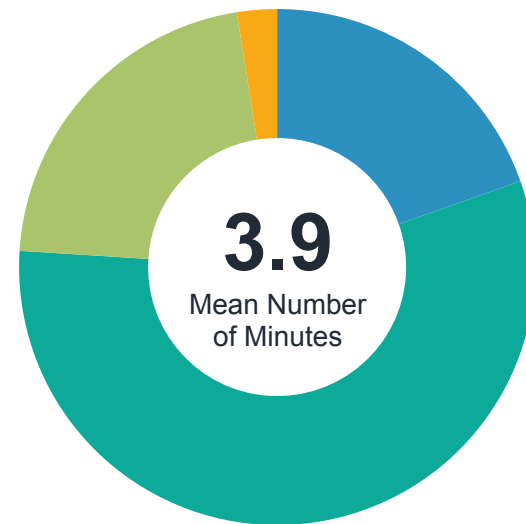
Number of Minutes Spent at Beer Shelf by Those Using Smartphone



■ under a minute ■ 1-4 minutes ■ 5-14 minutes ■ 15+ minutes

(N=495)

Number of Minutes Spent at Beer Shelf by Those Not Using Smartphone



■ under a minute ■ 1-4 minutes ■ 5-14 minutes ■ 15+ minutes

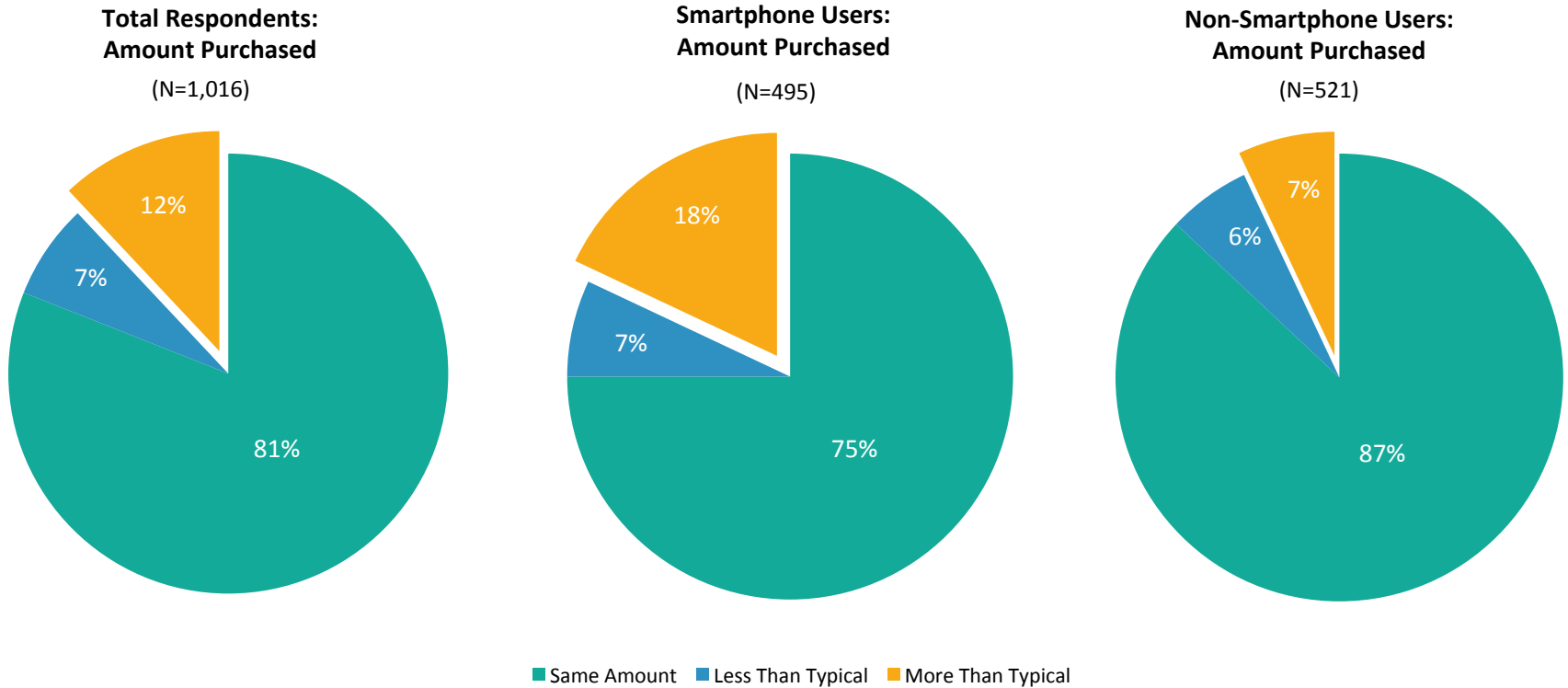
(N=521)

Q6. Thinking about the last time you purchased beer in a retail store, how much time did you spend in the store deciding what to purchase?

Smartphone Users Purchase More at the Shelf



When asked about the last time they purchased, smartphone users were 2.5x more likely to purchase “more than they typically would” compared to non-smartphone users



Q8. On this visit, how much beer did you purchase?

So Who are These Smartphone Users?



Smartphone Users vs. Non-Smartphone Users



Smartphone Users

Non-Smartphone Users

60% are < 35



60% are > 35

50% are college graduates



37% are college educated

Nearly a third have incomes of > \$75k



Median income of \$53,000

50/50 Android/iPhone split



61/32 Android/iPhone split

20% purchase mostly craft beer



70% purchase mostly mass market beer

47% 'strongly agree' that they like to try new brands of beer



22% 'strongly agree' that they like to try new brands of beer

A Profile of Beer Purchasers Who Use Smartphones At-Shelf



Most are **younger in age**:
60% are <35



Affluent:
Half are college graduates and about a third have income >\$75K



Socially **engaged influencers**: +/- 20% 'strongly agree' that
1) friends/colleagues look to them for opinion/advice, and
2) they like to share information about interesting brands or products



Social Media Users: Significantly More **engaged with social media** (i.e., account activity and purchase behavior) than those who don't use smartphones at-shelf



Tech savvy: Significantly more likely to consider themselves technologically savvy, to be the first to know about the latest tech trends, and are early tech adopters



Smartphone use:
Equal split between Android and iPhone



Craft beer drinkers:
Nearly 20% mostly purchase craft beers and another 24% drink mass market and craft beers equally



Decidedly open to **trying new beer types and brands**: Nearly half (47%) 'strongly agree' that they like to try new brands of beer and 44% also 'strongly agree' that they like to try new beer styles



Significantly more likely to **buy all kinds of alcohol** (beer, liquor/spirits, wine, hard cider)



Purchase beer more frequently:
71% buy beer at least once per week

Smartphone Users Attitudes and Preferences



Respondents who have used their smartphones in-store while shopping for beer are more open to, and interested in, trying new brands of beer compared to those who have never used their smartphones while shopping for beer.

- When compared to all respondents, they are also more open to trying new beer brands and learning about new types of beers

Strongly Agree/Agree	Total Respondents (N=1,016)	Have Used Smartphone While Beer Shopping (N=495)	Have NOT Used Smartphone While Beer Shopping (N=521)
I am open to trying any new kind of beer	83%	91%	75%
I like to try new brands of beer	79%	89%	70%
I enjoy learning about new beers	77%	90%	65%
I like to try new types of beers (e.g., IPA, Wheat Beer, Pilsner)	73%	87%	61%
I am more likely to try a new brand of beer if I can read any information about it	65%	83%	47%
I tend to stick with my favorite brands of beer	61%	53%	69%
I tend to stick with the types of beer I am familiar with	56%	49%	64%

S7. Have you ever used your smartphone when shopping in a retail store to help you decide what beer to purchase? Q1. Please tell us how much you agree or disagree with the following statements.

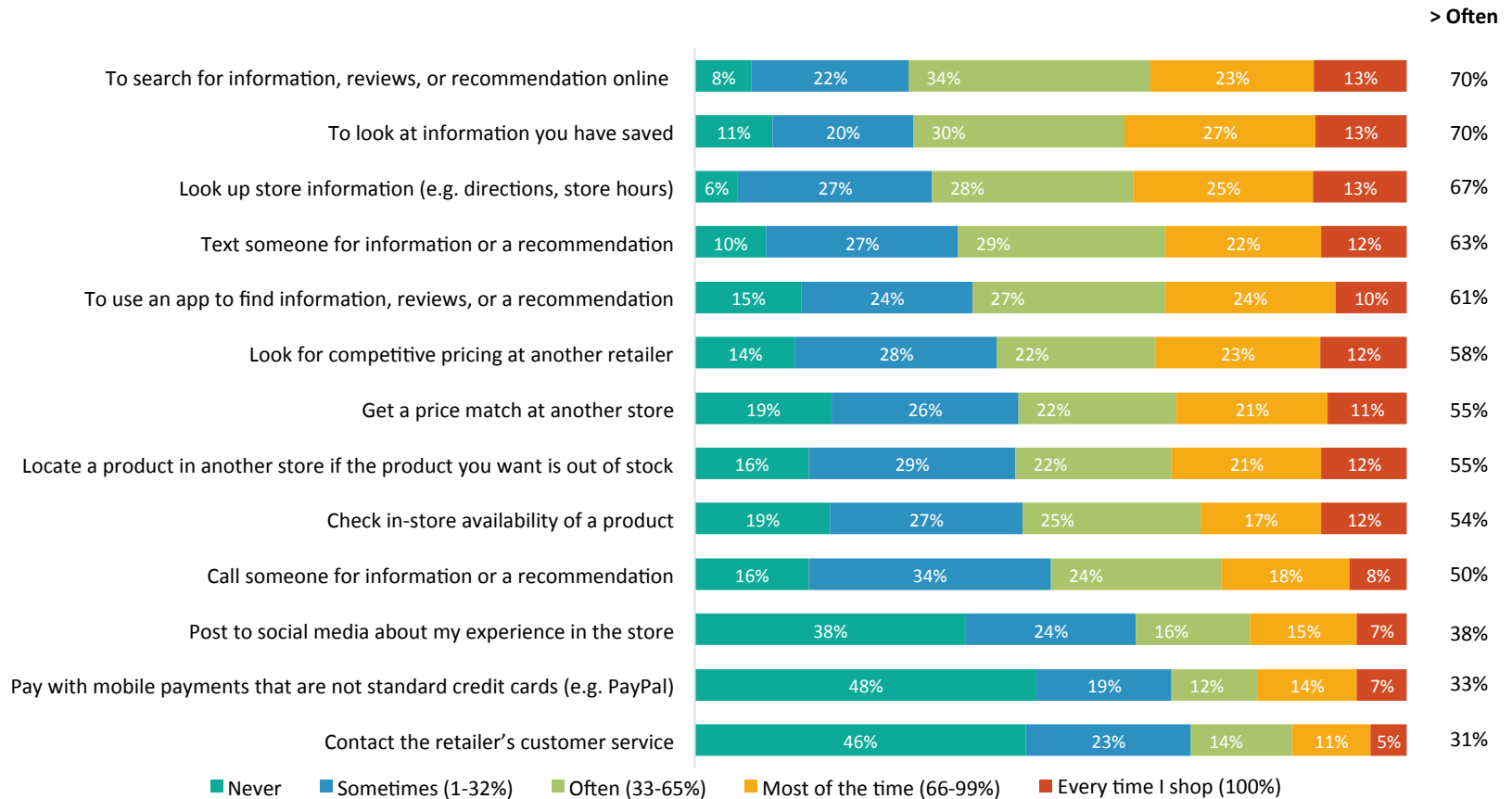
Examples of What Smartphone Users Are Doing At The Shelf



Smartphone Users At-Shelf Behavior



How often are they doing the following with their smartphones during beer purchases?
(N=495)



Q18: How often do you use your smartphone to do the following when you are deciding what beer to purchase at a retail store?

What They're Searching For...

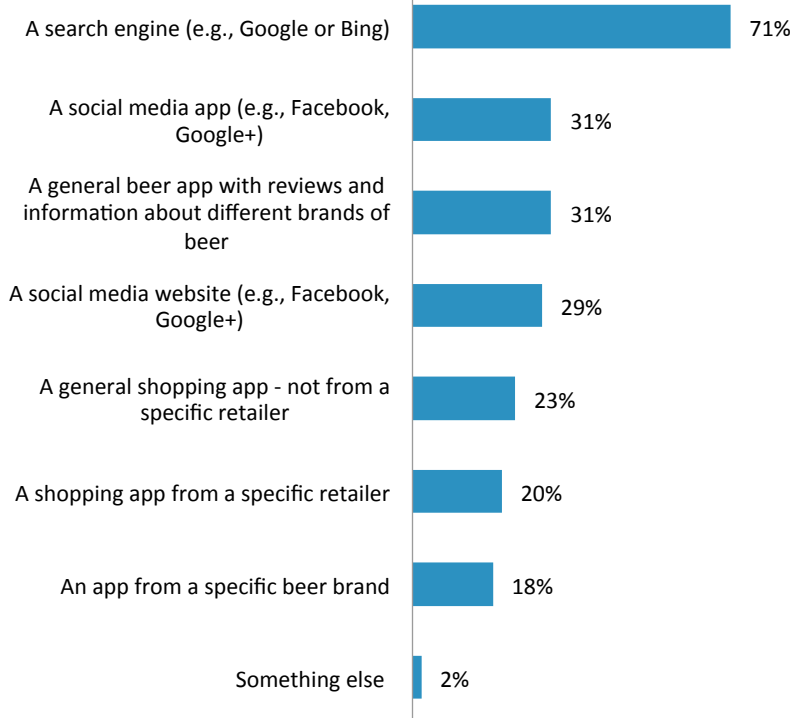


Among those who regularly use their smartphone to search for information or recommendations, more than half are looking for information about ***specific beers they have not tried***.

- When looking for beer information online, people are most likely to use a search engine, though searching on social media is also popular.

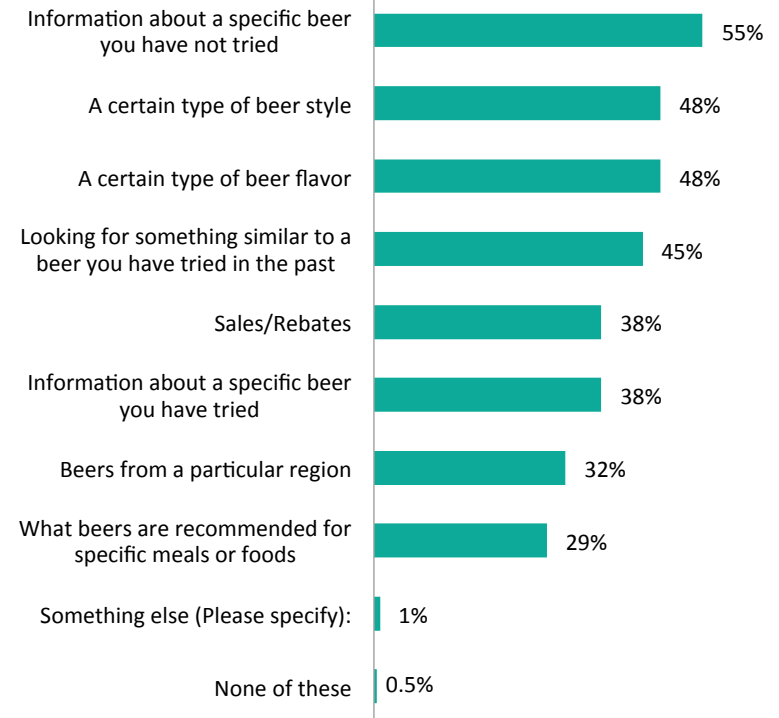
Sources Used To Search For Information/Recommendations

(N=495)



Type of Information Searched For (among Smartphone Users that most often search)

(N=346)



Q20. When you search for information about beer on your smartphone, which of the following do you use? Please select all that apply. / Q22. What kind of information do you search for? Please select all that apply.

What Does This Mean For Your Brands?



We at XenoPsi are alcohol marketing experts who understand how consumers connect and engage with brands. We reach thirsty target audiences with compelling brand messages that increases trial, preference, and ultimately, case sales.

We have hundreds of additional data points and insights that will change the way you affect at-shelf decision making.

Let's Continue the Discussion... info@xenopsi.com

Methodology



Methodology



- XenoPsi partnered with Equation Research to conduct research into the consumer decision-making process at the shelf when purchasing beer.
 - Data was collected via a 12 minute online quantitative survey
- Respondents recruited via email from a nationally representative panel
 - Total Respondents - 1,016
- Screening criteria:
 - 21+
 - Purchased beer at a retail store in the past two weeks
 - Own a smartphone

Appendix



Survey Demographics: Total Respondents



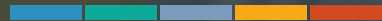
	Total Respondents (n=1,016)
Gender	
Male	69%
Female	31%
Age	
21-24	8%
25-29	19%
30-34	22%
35-39	13%
40-44	13%
45-49	14%
50-54	4%
55-64	4%
65+	3%
Marital Status	
Married	49%
Never married (single)	39%
Widowed	2%
Legally separated	1%
Divorced	9%
Ethnicity	
Asian	5%
Black or African American	8%
Native American, Eskimo, or Aleut	2%
Native Hawaiian or other Pacific Islander	<1%
White	79%
Hispanic or Latino	9%
Other	1%
Prefer not to answer	1%

	Total Respondents (n=1,016)
Residential Location	
Downtown/Urban area	10%
In a city but not downtown	26%
Suburban area	43%
Rural area	21%
Education	
Grade school or less	<1%
Some high school	3%
Graduated high school	22%
Trade or technical school	6%
Some college, no degree	26%
Graduated college	31%
Post-graduate work	3%
Post-graduate degree	9%
Household Income	
Less than \$30,000	19%
\$30,000 to \$49,999	26%
\$50,000 to \$74,999	24%
\$75,000 to \$99,999	15%
\$100,000 to \$124,999	5%
\$125,000 to \$149,999	3%
\$150,000 to \$199,999	2%
\$200,000 or more	2%
Prefer not to say	3%



THANK YOU

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