

Declining Economy Has Little Impact on Consumers' Alcoholic Beverage Purchases in Stores

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New Research Revealed at Nielsen's Consumer 360 Conference Shows Value and Convenience Important to Consumers

New research from The Nielsen Company indicates that alcoholic beverage purchases may be somewhat recession-proof, with the declining economy having only a mild impact on consumers' alcoholic beverage purchases at off-premise locations, such as grocery, liquor, convenience stores, warehouse clubs and other stores. The study was released today at Nielsen's Consumer 360 conference, the consumer packaged goods (CPG) industry's premier educational and networking event, attended by more than 1,000 industry professionals.

Nearly half of consumers surveyed report that the downturn in the economy has had no influence in the amount they are spending for beer, wine or spirits at off-premise locations, less than 20 percent indicate a significant impact. More than 80 percent of consumers say they are spending the same amount or more on beer, wine and spirits compared to a year ago.

'Although consumers have less money to spend due to rising gas prices and other economic pressures, our research shows the economic slowdown is having only a modest impact on alcoholic beverage purchases,' said Danny Brager, vice president, Client Service, Beverage Alcohol, The Nielsen Company. 'Alcoholic beverages are withstanding the economic slowdown very well, compared to other categories that might be considered indulgent or non-necessities. To many consumers, alcoholic beverages are an affordable luxury.'

According to Nielsen's research, a large number of consumers report that they are going out less often to 'out-of-home' venues, such as restaurants, bars and nightclubs.

'Purchases at out-of-home or on-premise locations may be more susceptible to a negative economy as consumers eat out less and entertain at home more often,' said Brager. 'Off-premise sales in grocery, mass merchandise, convenience, liquor and other stores will likely see benefits of this activity.'

Value, Convenience and One-Stop-Shopping Draws Consumers

Of those consumers that responded the economy has significantly impacted their alcoholic beverage purchases in stores, more than 60 percent report that they are now shopping at places where they can get a better price and nearly half report that they are shopping at stores that are closer so they can save on gas. More than a third of consumers are shopping for alcoholic beverages at stores where they combine other shopping purchases while a majority report that they simply buy less often.

So Many Choices

While alcoholic beverage consumers shop a diversity of store types -- where state laws determining what beverages can be sold where allow it -- the traditional grocery store is most often shopped for beer and wine. Consumers shop the liquor store, followed by the traditional grocery store, most often for spirits, partly due to these state laws. Warehouse clubs and mass merchandise stores, perhaps as a reflection of the importance of value pricing to consumers, are also shopped frequently for alcoholic beverages. Convenience stores rank high for beer purchases.

'More stores carry alcoholic beverages -- where it is legal to do so based on state laws -- beyond the traditional liquor store,' said Brager. 'Whether it's convenience stores, drug stores, club stores, mass merchandisers or variations of the traditional grocery store, consumers have many shopping choices, even the Internet.'

The Why Behind Store Selection

When asked about the primary reasons consumers shop for alcoholic beverages at certain types of stores, convenient location and better prices or promotions top the list for beer, wine and spirits purchases. In certain store types, other factors are important. For example, beer and wine buyers cite, 'a fun, interesting place to shop' as the main reason for shopping at less traditional stores, while consumers cite the liquor store as a preferred store for its helpful and knowledgeable staff. Wine buyers also prefer specialty grocery stores for this reason.

Depending on the occasion, consumers may change their shopping location for alcoholic beverages. For example, when hosting a party at home, some consumers respond that they are more likely to shop warehouse clubs, larger liquor store chains or specialty grocery stores.

'While value and convenience clearly matter to consumers when deciding where to buy, our research also indicates that consumers choose where to buy based on a variety of factors, ranging from the occasion to what type of product they are looking for to the store's services and ambience,' said Brager. 'And while we don't see a radical shift in consumer behavior depending on the occasion, there are opportunities for specific types of retailers. Cross-merchandising with party supplies and offering party food pairing ideas may resonate with these consumers.'

About the Survey

Results from Nielsen's 'Through the Eyes of the Bev AI Shopper' consumer survey are based on a May 2008 Nielsen Homescan survey with responses from approximately 3,500 consumers who have purchased alcoholic beverages from a store during the last three months.

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