

NBCUniversal

Dry January

An Evolving
Tradition

MARCH 2023



➤ **Background & Growing Interest**

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➤ **Looking Ahead: Future Opportunities & Interest Areas**



Dry January

Background & Growing Interest



Dry January

An Evolving Tradition

Dry January started in 2013 as a campaign to increase awareness of health risks associated with alcohol by non-profit Alcohol Change UK. **Over the past decade it has evolved into a cultural movement**, embraced by anyone looking to hit the reset button and benefit physically, mentally, or even financially **as an annual tradition**.

As a **greater focus on health and wellness challenges alcohol consumption**, Dry January is also having a growing impact on the alcohol category. January-specific alcohol beverage household penetration has declined 3% since 2021¹.

Most Dry January participants are younger, legal age drinkers, who state the main reasons for participating includes “trying to be healthier” and “trying to drink less overall”.

Although the tradition continues to have significant traction amongst consumers, **participation slipped 4%, from 19% in 2022 to 15% this year, potentially as a result of growing overall moderation**². Consequently, brands across the industry are leaning into not only the moment, but NOLo and beyond non-alcoholic alternative beverages to capture the nascent and growing market.

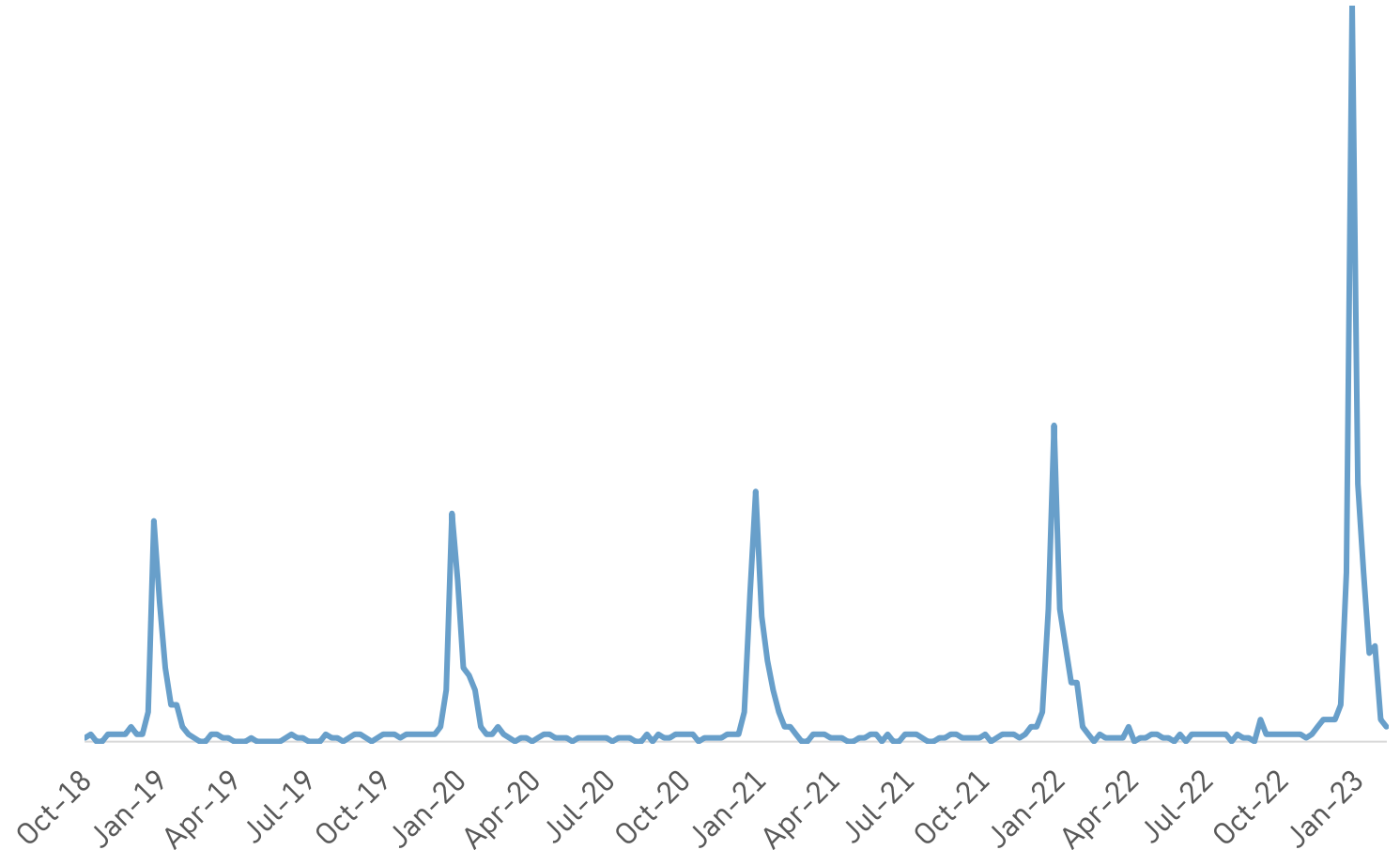
Interest in Dry January Continues to Grow as the Trend Gains Traction with Consumers

As of 2023, nearly 1 in 4 U.S. adults have heard something about Dry January.¹

Growth in year-round consumption of NOLO alcoholic beverages, as well as growing adoption of teetotalism has also supplied the movement with additional momentum as the category continues to gain interest.

Dry January

U.S. Search Interest Over Time



Brands Across the Industry Are Leaning Into the Dry January Moment & NOLO Options

Beer

"People want **better non-alcoholic options** without sacrificing flavor."



"Continued **commitment to making moderation cool** and the ultimate expression of relevant, responsible consumption."



"We're going all-in on non-alc—we've **doubled our investment** since last year in the category, it's one of our big pillars for the year."



Wine & Spirits

"We understand that **Tito's drinkers might choose to opt out of drinking this month to partake in Dry January**, and we support them in doing that."



"Fortunately, staying away from **alcohol no longer means you must stay away from concerts, dinners out or even trips to the vineyards.**"



"The nolo category has evolved tremendously in the last couple of years. **People are seeking high-quality nolo cocktail options and established brands are stepping up to the plate to deliver.**"



DTC & Emerging

"Gone are the days where it's expected to drink alcohol at gatherings. **Campaigns like Dry January have changed drinking culture.**"



"**The trend for low and no is certainly picking up pace** and there is a place for high quality options of both no & low drinks."



"It's not about getting rid of alcohol, we're not anti-alcohol at all. **We're just another tool in the cocktail kit.**"



Dry January 2023

Participation & Brand Activity



15% of Adults 21+ Participated in Dry January in 2023

Overall participation dipped 4% from a peak in 2022, however this is likely due to a decline in alcohol drinkers overall.

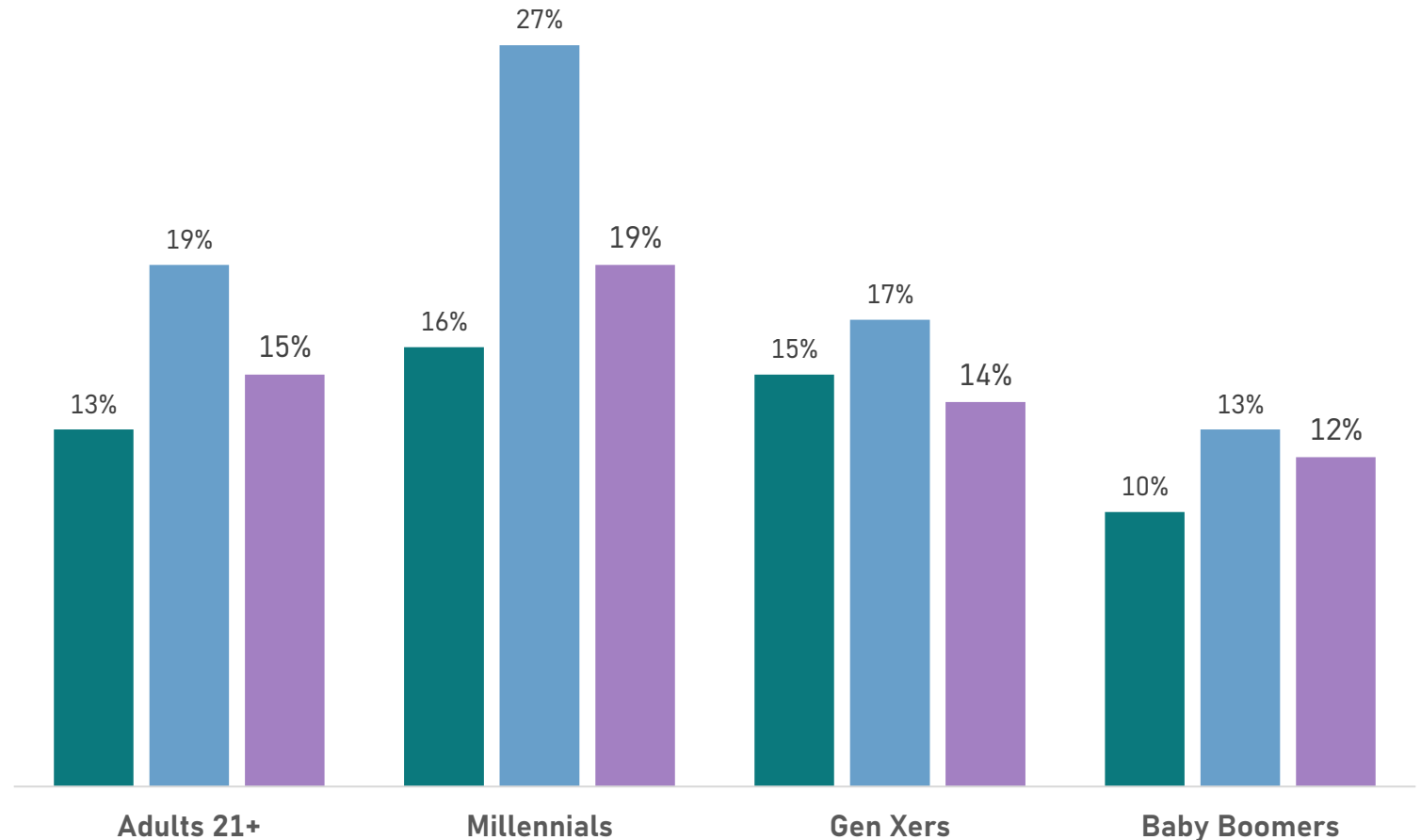
The share of millennials who said they drink alcohol declined from 69% in December 2021 to 62% a year later. This translates to fewer potential Dry January participants.

However, lower participation levels could be viewed as a signal consumers are adapting moderation as a more regular part of their everyday lifestyle, rather than confining the behavior to a single month.

Sources: 1. Morning Consult; 2. Drizly

Dry January Participation by Generation

■ 2021 ■ 2022 ■ 2023



Source: Morning Consult

Although Participation Was Down, Participants Grew More Committed

72% of 2022 Dry January participants said they would again in 2023, and of those that participated, an 70% said they would not drink at all, up from 52% in 2022 ¹.

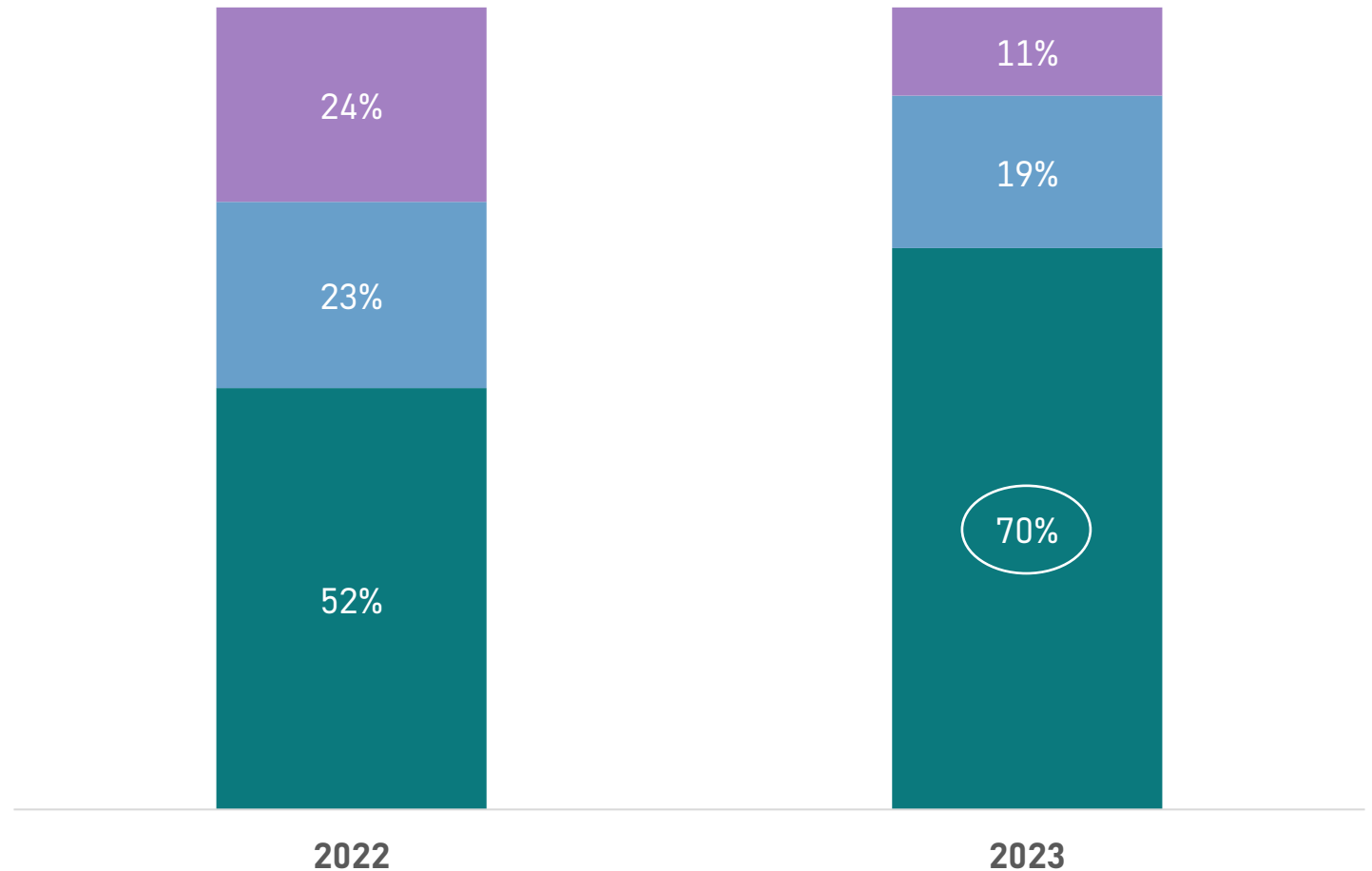
While commitment to sustained alcohol abstinence for January grew, the larger trend appears to be in overall moderation rather than complete elimination.

According to alcohol delivery service Drizly, 82% of consumers who purchase non-alcoholic wine, beer, and spirits have also purchased alcohol on the platform, and some are even purchasing alcoholic and non-alcoholic products in the same basket.²

Sources: 1. Morning Consult

Dry January Participation Levels

- I will drink more than a few days, but less than I normally would
- I will only drink a few days



Source: Morning Consult

How Brands Are Adapting to New Mindsets & Preferences

Brands Are Evolving Their Storytelling Alongside the Category



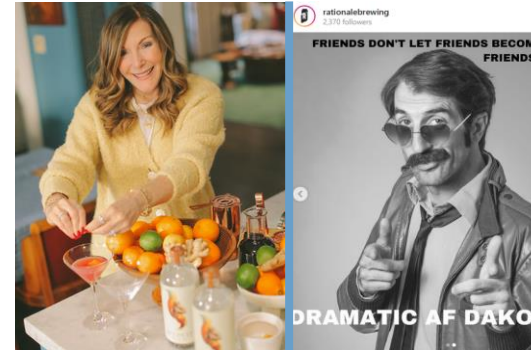
Creating Cultural Relevance

As brands look to build awareness for NOLO product availability many are deploying strategies that leverage star power and association with premium IP as means to drive cultural relevance. endorsements.



Putting the Product to the Test

An ongoing major barrier that both established and emerging brands must overcome is comparison to traditional alcohol versions. Brands continue to look for creative ways to breakthrough with their messaging in order to communicate with consumers in a way that is relatable to encourage trial.



Building DTC Relationships

Connecting with consumers directly, particularly younger generations that are looking for alcohol alternative, is a critical driver for NOLO brands with unique product benefits. Social media, influencers and promotions, are heavily relied upon by DTC brands looking to build relationships and drive direct sales.



Embodying Health & Wellness

36% of consumers drink less alcohol for benefits to either their physical or mental health¹. As consumers demand brands to incorporate more functionality into their products, wellness has become a consistent theme to the approach and messaging of many NOLO brands.

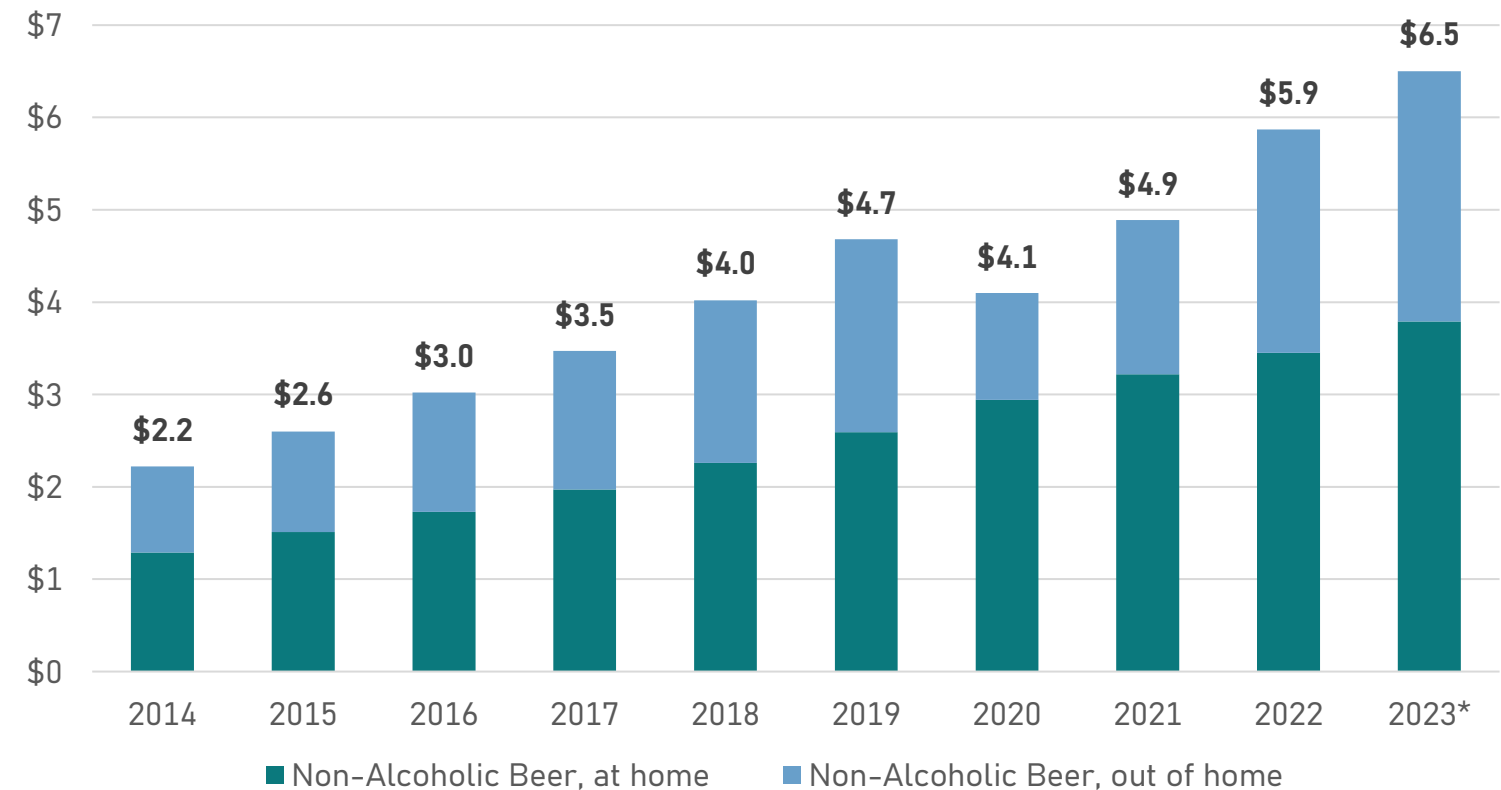
As Awareness Increases, Overall NOLO Sales Continue to Climb

All non-alcoholic subcategories combined saw a +70% share increase in sales YoY in January 2023 on Drizly. Of these three subcategories, non-alcoholic beer recorded the largest share, growing +25% YoY.¹

Non-Alc share of total alcohol continues to grow as well, increasing by +21% in 2022 versus the year prior.² Despite this growth, non-alcoholic beer is only set to comprise 2.3% of the total alcohol market revenue in 2023.³

Sources: 1. Drizly; 2. NielsenIQ; 3. Statista

Non-Alcoholic Beer Revenue (\$B)



"As non-alcoholic share continues to grow on Drizly it has become apparent that the consumers shopping these products go beyond just non-drinkers"

- Liz Paquette, Head of Consumer Insights



*Projected 2023 revenue
Source: Statista

Heineken 0.0 Continues to Dominate NOL0 Category Media Spend; Emerging Brands Are Expanding Their Visibility



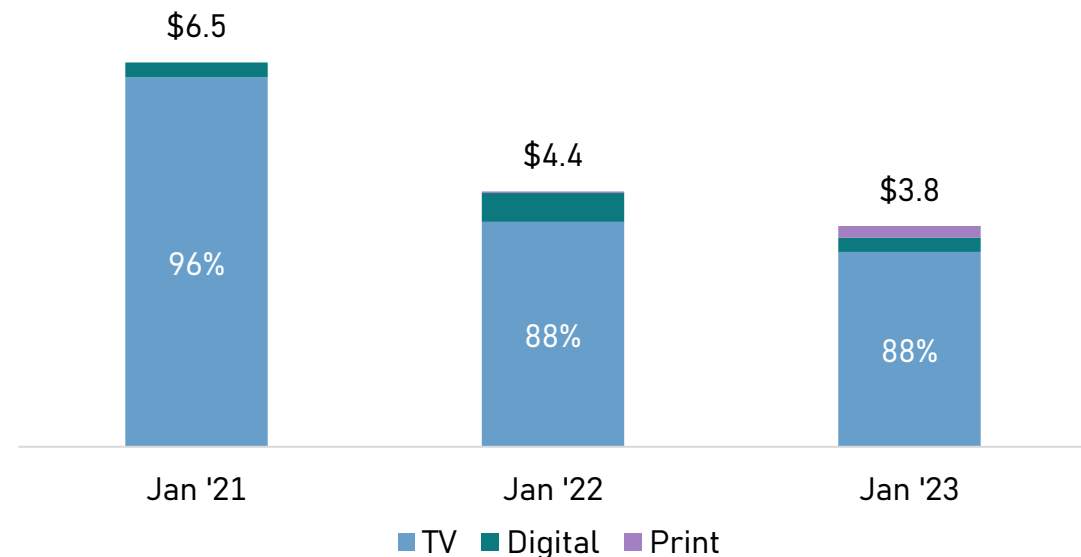
Heineken 0.0 enters the market early and remains prominent

Heineken 0.0 accounted for 97% of all ad spend in the NOL0 category in January '22 and 62% of the category's full year ad spend. 24% of the brand's 2022 ad spend total came in the month of January.

In January '23, 93% of the category's total ad spend for the month came from Heineken 0.0.

Source: MediaRadar

NOL0 January Ad Spend by Channel (\$M)



Although total ad spend has decrease -14% YoY in the month of January, 2022 total ad spend across the **NOL0 category increased by +14% vs '21, and an even more significant +28% from mid-tier and long tail advertisers**, as brands are continuing to adapt to shifts in **consumers' lifestyles of adopting moderation throughout the year.**



Looking Ahead

Future Opportunities & Interest Areas



NOLO Beverages are Moving Beyond Non-Alcoholic Alternatives

- Functional adult beverages and CBD/THC infused beverages continue to gain prominence among drinkers looking for alcohol alternatives.
- These categories are comprised of a variety of beverages intended to help consumers mitigate stress, like alcohol, but without the added negative effects.
- Education is key in this category, as brand must work to communicate ingredients and product benefits.



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NOLO Strategic Considerations



01. Build Relevance Through Cultural Connection

Build cultural capital by embracing impactful opportunities like alignment with IP, events, influential talent, and social engagement.

02. Engage Strategic Growth Audiences

Leverage the combined power of incremental reach platforms and passion points to connect and resonate with audiences that over-index for NOLO engagement such as younger legal age drinkers and millennials.

03. Create Interactive Experiences

Get closer to point of purchase and prompt audiences to discover, engage, or buy through actionable content and commerce opportunities.

04. Plan for NOLO Year-Round

As moderation grows in adoption, it expands from a moment in time imitative to a year-round area of interest for not just non-drinkers but for all as many people are purchasing alcoholic and non-alcoholic products simultaneously.

Example Discussion
Topics and Alcohol
Content

**Make Our Insights
Work for You**

Alcohol Industry Assessment



A New Era of Wellness



Preparing for the Impact of Inflation



CPG & Beverage 2022 Media Spend Recap



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Thank You!

**For more information, reach out to your
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