

News Release

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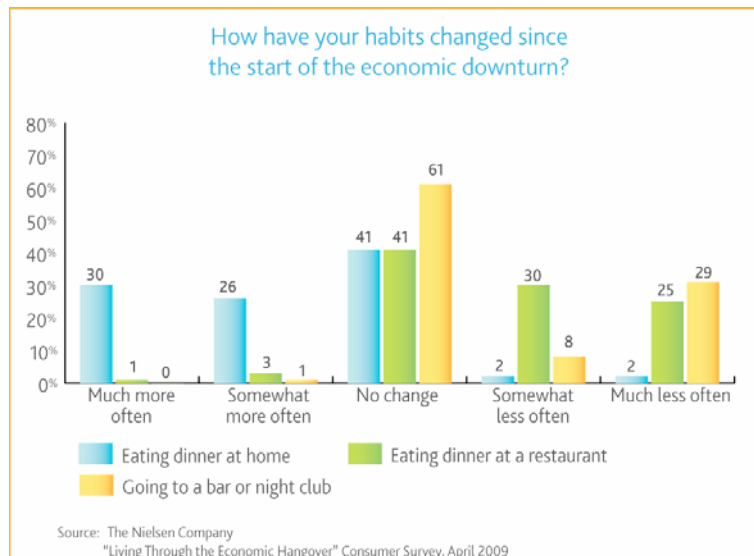
FOR IMMEDIATE RELEASE

NIELSEN: ONCE “RECESSION-RESILIENT” ALCOHOLIC BEVERAGE INDUSTRY SHOWS SIGNS OF STRAIN IN TOUGH ECONOMIC TIMES

U.S. Consumers Indicate Economic Hangover, or Mood of Restraint, When Recession Lifts

ORLANDO, FL., May 13, 2009 – It may seem like the party is over, but due to the economic downturn, it’s probably being held at home, and hosts may be serving less expensive beer, wine and spirits, according to The Nielsen Company. Results of the new U.S. consumer survey were presented today at Nielsen’s Consumer 360 conference, the consumer packaged goods industry’s premier educational and networking event, attended by more than 700 industry professionals.

Nielsen’s research shows that more than half (56 percent) of consumers eat dinner at home more often than before the downturn and nearly the same percentage are eating dinner less often at restaurants. More than one-third (37 percent) of consumers surveyed report going to bars or clubs less often.





“While alcohol beverages are sometimes thought to be ‘recession proof’, we’re seeing significant evidence of changes in consumers’ dining and buying habits,” said Danny Brager, vice president, group client director, Beverage Alcohol, The Nielsen Company. “Consumers are clearly focused on value and in many cases, altering their shopping behavior in order to get the most for their money. It remains to be seen if these changes are temporary or exactly how long the ‘economic hangover’ will last once we come out of recession.”

Large Sizes, Made in the U.S.A. and the Tried and True

Relative to their behavior before the economic downturn, consumers reveal significant changes in their buying habits: a greater tendency to buy larger package sizes, presumably to get the most for their money (42 percent); buying more products made in the U.S.A. (28 percent); purchasing more locally made products (25 percent); and taking less of an “experimental” approach by buying more “tried and true” products rather than risk their dollars on something new (23 percent).

“Many of these general shopping behaviors translate to what we are seeing today with respect to alcoholic beverage purchases,” said Brager.

Shopping for Deals, Trading Down

When it comes to stretching their alcoholic beverage dollar, beer, wine and spirits consumers report several bargain-hunting strategies. While about half report not changing the way they shop for alcoholic beverages, the other 50 percent are actively seeking out the best deals. Across all alcoholic beverages, the most prevalent strategies include comparing shelf prices, waiting for a sale and taking advantage of other special offers.

“Value attracts consumer attention in this economy, and sales and special offers can be an effective way of getting people into the store or to try a new brand,” said Brager. “With consumers’ actively comparing shelf prices, alcohol beverage suppliers need to ensure that they have their products priced right compared to the competition.”

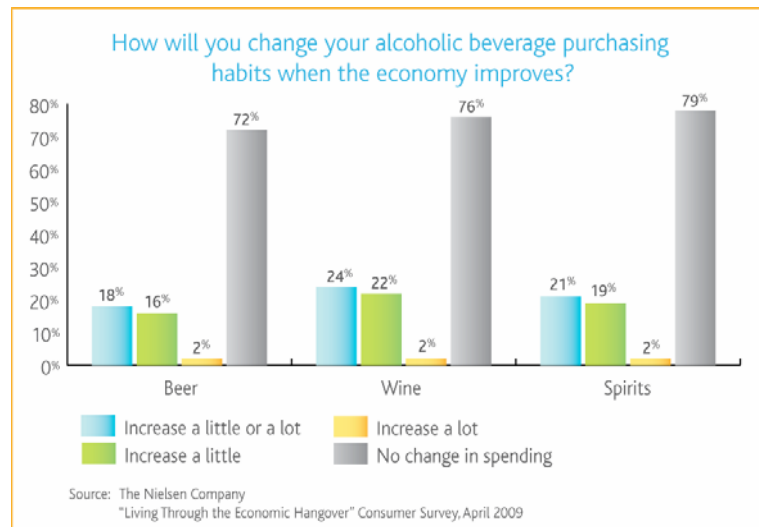
When out at a restaurant, bar or nightclub, a considerable number of consumers are changing their behavior. Trading down is more prevalent among wine consumers, with 24 percent of wine consumers choosing less expensive drinks while a fairly equal number (about one-third) of beer, wine and spirits consumers order fewer drinks.

“The on-premise or ‘going out to drink’ environment is a very, very difficult one right now,” said Brager. “Consumers are looking for ways to cut back their spending, including ordering draft beer instead of bottles, shifting from wine by the bottle to the glass and from calling for a specific brand name of liquor to letting the house decide.”

Restrained Recovery

When asked about spending plans when the economy improves, the majority of consumers indicate an unwillingness to revert back to former spending habits. When the economy does return, consumers say they are most likely to spend their money on travel (46 percent), dining out (43 percent), and out-of-home entertainment (42 percent). Even in these cases, consumers indicated a willingness to spend only *a little*, and not *a lot* more.

Spending on alcoholic beverages is expected to be more restrained, according to Nielsen’s research. More than 75 percent of consumers say either when out or at home, they are not planning to change their spending habits when the recession lifts. When economic conditions do improve, approximately 24 percent of consumers say they would increase spending on wine, 21 percent say they would increase spending on spirits and 18 percent say that they would increase spending on beer.



“Similar to *today’s* alcoholic beverage weakness in the on-premise, or out-of-home, consumers’ *future* restraint is more pronounced in the on-premise as well,” said Brager. “The biggest opportunity for alcohol beverage suppliers and retailers today is around ‘the home’ and based on what consumers



are telling us, the home will remain the strongest venue when the economy recovers.”

Young Americans

Nielsen’s survey shows that the return to spending will most likely be led by younger consumers, with those 21-34 significantly more likely to increase spending on travel, dining out, beer, wine and liquor than those 55 and older.

“Consumers in their 20s and 30s have never really known a true economic downturn so they are naturally more optimistic that things will only get better,” explained Brager. “Older consumers, however, have been hit hardest by the current economic downturn, and will likely continue to rein in their spending in an effort to shore up their retirement prospects. Alcoholic beverage manufacturers and retailers would be well served to focus on value, and provide products in a range of price categories, in order to appeal to the range of consumers, including many that are now financially-strapped.”

About the Survey

Results from Nielsen’s “Living through the Economic Hangover; What Lies Ahead” report are based on an April 2009 Nielsen Homescan survey with responses from approximately 5,000 U.S. alcoholic beverage consumers of legal drinking age. Chart percentages may not equal to 100% due to rounding.

About The Nielsen Company

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