

# [The growth of at least 3.5 percent](https://assignbuster.com/the-growth-of-at-least-35-percent/)

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The UnitedStates has a beverage market worth $354. 2 billion with alcoholic beveragestotaling over 60 percent of the revenues with more than $211.

6 billion insales. The alcoholic beverage market is split between wine and spirts and alsomalt beverages. In the alcoholic market, vodka owns about 34 percent of themarket. Whiskey and rum combine for about percent market share, followed bywine which makes up about 15 percent of the market (Parkstreet). During thelast ten years, this market has seen a lot of growth, and from the period of2016-2020 analysts expect a growth of at least 3. 5 percent (PRNewswire). American made vodka has been growing at a rate so fast that it surpassesimports.

Brands like Tito’s, Smirnoff, and Grey Goose have taken off andcreated a huge vodka boom in 2016 (Beverage Dynamics). Tito’s alone sold almost4 million cases of vodka in 2016 and continues to grow at an astonishing rate. Shipments of vodka have increased at a greater rate than the whole spiritsindustry, and sales of vodka have increased by over 5 percent each year from2012 (Beverage Dynamics). The figure below shows the U. S. spirits market in2015. As you can see, sales and growth of vodka drinkers and buyers are constantlyincreasing.

More and more brands are coming into the market and will provideconsumers with different types of vodka in order to keep their purchasing behaviorsthe same. Market Segments/Demographics: The total market for vodka drinkers in the UnitedStates could easily consist of anyone over the age of 21 or over the legaldrinking age, but vodka makers need to market to different segments in orderfor their products to be sold efficiently. Education is one market segment thatvodka drinkers can be segmented by.

Surprisingly, those who have achieved somekind of college education make up about 47 percent of vodka consumers(Anastarian). About 30 percent of vodka drinkers are high school graduates whodid not attend or receive a university education (Anastarian). The second way to segment vodka drinkers is by age. The highest market composition is from people who are aged from about 45-65 orsome older than 65 (Anastarian). Young consumers who are about 34 and youngermake up another smaller segment but are generally the second highest consumersin terms of age. With that being said, consumers from the age of 21-34 are thesecond highest consumers in terms of age. Most likely these numbers are alittle off because a large population of vodka drinkers are high school andcollege students who aren’t even legal, but obviously that can’t be taken intoaccount statistically speaking. The most intriguing market segment for vodka consumersis the average income level.

For vodka in general, most consumers are peoplewho make less than $20, 000, and the second highest consumer level is for peoplewho make between $50, 000 and $75, 000. However, most people who are at thehighest consuming level are often buying the cheapest brand of vodka. Similarly, people who have higher income levels and make up the second level ofconsumers are often purchasing premium brands of vodka like Tito’s.

The last and least important demographic segment isgeographic location. Geographic locations of vodka purchases are split up intofive different regions. The regions are Northeast, South, Midwest, Southwest, and West. In each region, there is a fairly similar purchase pattern and oneregion does not over power another in sales.

The least likely vodka consumersof these five regions were the South and the Northeast. The next highest consumerwas the South which includes areas like Florida and the Carolina’s. The mostlikely regions to consume vodka and make more purchases than the other regionswere the West and the Midwest.

Brands marketing vodka clearly don’t really havean exact region or two to market to, there are consumers all over the UnitedStates. This will help brand makers but also could hurt them while marketing. Duringmarketing, they obviously want to have specific target markets, but in thiscase it is hard because the consumers are all over (Infoscout). Tito’s Vodka Stats: In a study done for consumers of Tito’s vodka, theconsumer behavior results were quite interesting considering they are one ofthe most well-known brands. Out of 231 consumers surveyed 135 were male and 96were female. For the age section 672 consumers were surveyed, more than 534were aged between 34 and 65 or higher and 138 consumers were aged between 21and 34 (InfoScout). When it comes to education, over 80 percent of thosesurveyed either had a college degree or some kind of advanced degree.

As forthe income levels, there is no surprise that more than 66 percent were thosewho earned more than $80, 000 (InfoScout). The highest level of consumer incomefor Tito’s vodka is actually those who earn more than $125, 000. This shows thatdrinking premium vodka or any upper level alcohol is more common in upper-incomeAmericans and those who have a true and more formal education, especially afterhigh school (Jones). Product Trends: Vodka is by far the favorite spirit among Americandrinkers even with consumers wanting different flavors and new brands, theproduct continues to grow. Vodka makers are now making flavored vodkas thatappeal to consumers and appeal to new trends in the market (Barton).

In thelast few years, flavored vodka sales have grown more than 30 percent andcontinue to grow even more which shows this new trend is very appealing toconsumers (Anastarian). In 2011, out of all vodka sales in the United States, flavored vodka accounted for more than 25 percent (Anastarian). There have beenhundreds of different flavor combinations that have been created in order toappeal to different consumers (Barton). Even though flavored vodka appeals tocustomers online and in stores, most of the time consumers tend to buy thenon-flavored vodka. Flavored vodka sales do tend to rise at all differentlocations, but it has not affected the sale of regular tasting vodka brands atall.             Another vodka trend lately has beenlight vodka, or low-calorie vodka which has been made from brands like Smirnoff. Because more and more people are being more conscious about their weight andliving an active and healthy lifestyle, low calorie vodka has been becomingvery popular (Barton).

Traditional vodka sales have not been affected at allfrom this trend but the sales of this new trendy vodka have increased and ismaking a healthy alternative to normal brands of vodka (Cocktail Hunter).            The latest trend for vodka productshas been innovating packaging. Most vodka brands are hard to tell apart andthey only reason to tell the difference is by reading the label. Vodka makershave been producing bold and unique packaging in order to differentiate theirproducts from competitors. Companies like Svedka are actually gaining a goodportion of market share ever since they created new bottles and packaging (FoodManufacturing).

Because old brands are now being outnumbered by the newer, more unique lookingbrands it is forcing them to redesign and innovate their packaging in order toregain their market share (FoodManufacturing). It will be interesting to see inthe next year or so what brands will change their packaging or overall productin order to have a competitive advantage over their competitors. Consumers arealways looking for different products, not just the name but they also look atthe aesthetics of the product. Consumers are more likely to buy a vodka productthat is aesthetically pleasing than just a standard white bottle of vodka(FoodManufacturing).             CustomerAppeal/Buying Preferences:            When it comes to purchasing vodka, astudy has been done that proves the bottle shape and label design really domake a difference when it comes to appealing to the customer and them fallingin love with that specific product (Gabriele). A liquor store conducted a studyby setting up aisles of vodka brands with brand names written on cards in oneaisle and actual bottles on the shelves in the other aisle (Gabriele). Theirresults were that the package is more important than the taste of the actualproduct.

In fact, a blind taste test was performed and more than half of theconsumers were not able to tell the difference between a low-quality brand anda premium vodka brand (Gabriele). Consumer stated that they were more attachedto a vodka brand based on the marketing and advertising or promotion they haveseen on the items, and not just the taste. Projected Salesfor Future:            As stated previously, vodka is by far the favorite andmost purchase spirit in all of North America and is expected to keep growing ata rate of 3-5 percent per year. From 2015 to 2017 vodka was expected to make anincrease in the spirits market share from 33. 7 percent to 37 (Anastarian).