

OnPrem Insights
by **union**

THE **TEQUILA** REPORT

This report analyzes guest behavior at Union on-premise venues from December 2021 through May 2022

May 2022 Report
December 2021 --- May 2022



WHAT'S IN THIS REPORT

This report analyzes guest behavior at Union on-premise venues from December 2021 through May 2022. The Union GuestMatch™ and MenuMatch™ technologies enable Union to form and track ad-hoc guest cohorts and analyze behavior over time.

These findings are based on actual guest consumption, not surveys, depletions into the venues, or other indirect techniques.

WHERE THE DATA COMES FROM

Union is a POS and mobile ordering/payment system specifically designed for the needs of the highest volume bars and restaurants. And the secret sauce is our proprietary canonical data foundation underlying all branded menu items.

This foundation allows Union to capture on-premise consumption data with an unprecedented level of precision, comprehensiveness, and granularity, from thousands of venues serving millions of guests per month across 34 states.

WHY THIS DATA MATTERS

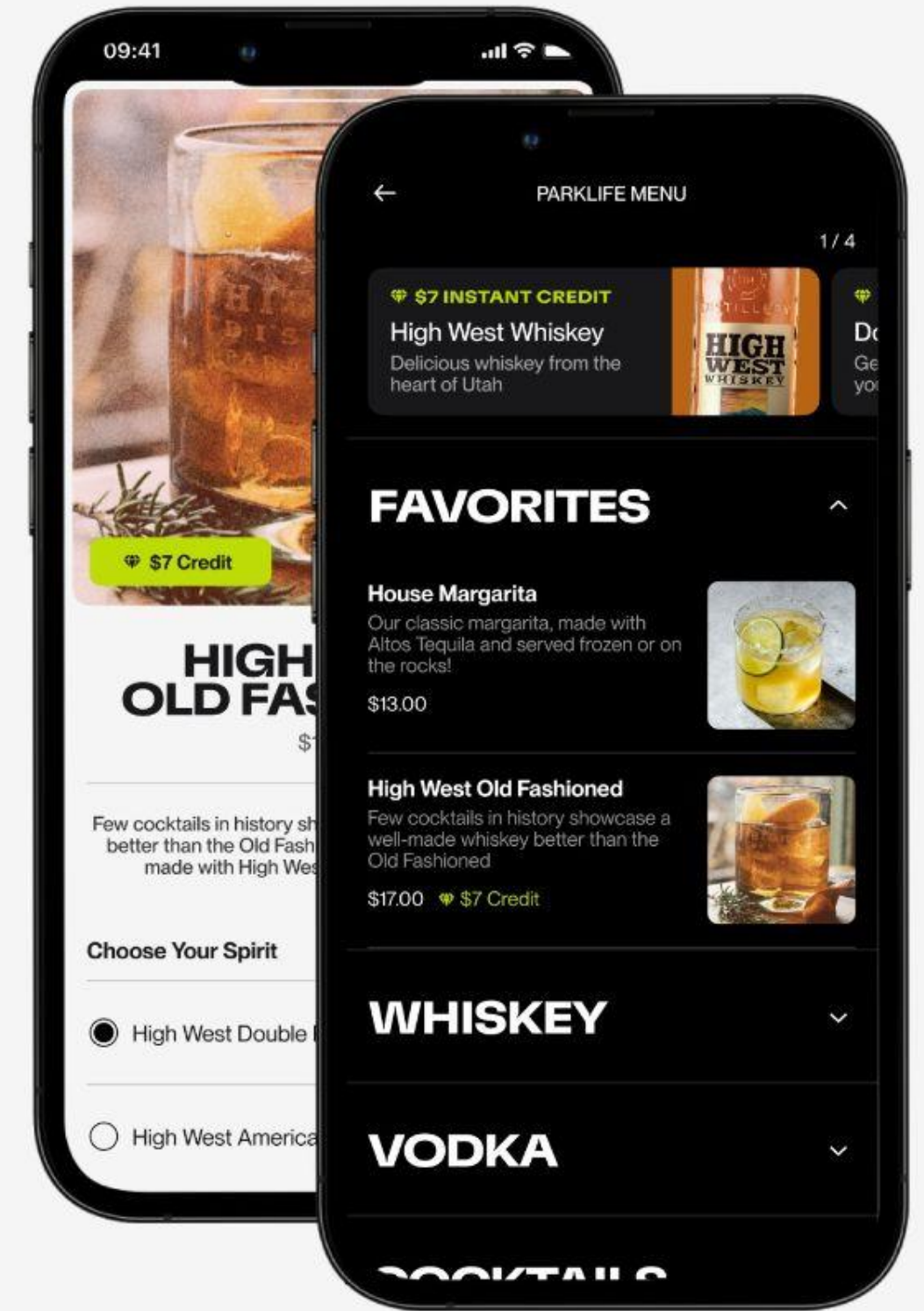
On-premise is the key channel for brand building. It's where consumers discover new brands, seek recommendations, and have their most formative brand experiences. Most importantly, every city has its most popular independent bars and restaurants - the venues where trends are born and take hold.

Union focuses only on these accounts. They collectively provide the most comprehensive and accurate "finger on the pulse" of alc bev consumers.

YOU CAN IMPACT THESE TRENDS

Union doesn't just report the news, but we also help brands make the news. Through our direct connection to thousands of GMs/Owners and millions of consumers, we help brands drive distribution and recruit new consumers at the most popular independent on-premise bars and restaurants throughout the country.

For more information on Union Impact programming, please see the last page of this report.



Union allows your brand to directly reach millions of consumers on their smartphones while ordering at bars & restaurants all over the country

CATEGORY PRICING

Union Pricing represents the average price consumers pay when ordering a certain product. This does not necessarily represent simply the listed menu price as it also can be impacted by promotions, drink format, and mixer choice.

Average price for a tequila drink was \$10.67, an increase of 3.0%. The increase was driven by a combination of consumers trading up to higher-priced brands and brand price increases (as we'll see on the next slide). This places Tequila at a significant price premium over all other categories with the exception of Cognac/Brandy.

Pricing by Category

	Current Quarter	Previous Quarter	Current vs. Previous	
	Mar 2022-May 2022	Dec 2021-Feb 2022	\$ Change	% Change
Cognac/Brandy	\$14.38	\$14.64	-\$0.26	-1.8%
Tequila	\$10.69	\$10.35	\$0.34	3.3%
Gin	\$9.37	\$9.24	\$0.13	1.4%
Vodka	\$8.81	\$8.72	\$0.09	1.0%
Whiskey	\$8.59	\$8.52	\$0.07	0.8%
RTD Spirit	\$8.41	\$8.60	-\$0.20	-2.3%
Rum	\$7.35	\$7.24	\$0.10	1.4%
Cordial	\$6.81	\$6.70	\$0.11	1.7%

BRAND PRICING

Average price increased for most brands over the past three months, particularly the highest-priced brands.

At the same time, the Well/House average price reduced as most brands were increasing.

Pricing by Tequila Brand

	Current Quarter	Previous Quarter	Current vs. Previous	
	Mar 2022-May 2022	Dec 2021-Feb 2022	\$ Change	% Change
Casamigos	\$12.61	\$12.42	\$0.19	1.5%
Don Julio	\$12.47	\$12.34	\$0.13	1.1%
Patron	\$10.76	\$10.43	\$0.33	3.1%
Herradura	\$10.13	\$9.90	\$0.23	2.4%
Cazadores	\$8.83	\$9.00	-\$0.17	-1.8%
Altos	\$8.69	\$9.03	-\$0.34	-3.8%
Espolon	\$8.42	\$8.09	\$0.34	4.2%
1800	\$8.23	\$8.05	\$0.18	2.2%
LUNAZUL	\$8.22	\$7.98	\$0.23	2.9%
Well/House	\$8.16	\$8.43	-\$0.27	-3.2%
Hornitos	\$7.88	\$7.81	\$0.07	0.9%
EL JIMADOR	\$7.56	\$7.91	-\$0.35	-4.4%
Jose Cuervo	\$6.71	\$6.56	\$0.14	2.2%

TEQUILA BY DAYPART

Tequila skews later in the night. It is much less popular than spirits overall in the earlier hours, but makes up for it with an index of 1.22 during the key late night period.

In Union's upcoming cocktail/drink format report, we will see the impact specific types of tequila drinks have on its time skew.

Tequila Sales by Daypart

	Tequila	Total Spirits	Index
Lunch (Before 4PM)	4.8%	8.1%	0.59
Happy Hour (4-7PM)	13.7%	17.2%	0.79
Dinner (7-10PM)	24.0%	27.4%	0.88
Late Night (After 10 PM)	57.6%	47.3%	1.22

CATEGORY RETENTION

We define Retention as the propensity that a guest will purchase a product, then purchase the same category or brand on their next bar visit.

The Tequila category has an overall Retention of 47%. This is third highest in spirits, behind vodka and whiskey.

Tequila drinkers also regularly purchase vodka but are not as likely to participate in other spirit categories.

Tequila Category Retention

	Vodka	Whiskey	Tequila	Gin	Cordial	Rum	Cognac/Brandy
Vodka	55%	20%	17%	3%	3%	3%	0%
Whiskey	21%	55%	14%	3%	3%	3%	0%
Tequila	25%	20%	47%	3%	2%	2%	1%
Gin	25%	20%	17%	33%	2%	3%	0%
Cordial	23%	26%	14%	2%	32%	3%	0%
Rum	25%	21%	14%	3%	3%	33%	0%
Cognac/Brandy	20%	24%	23%	3%	2%	3%	25%

BRAND RETENTION

For Brand Retention, we examine the propensity that a guest who purchases a specific brand will then purchase that same brand on their next bar visit during which they consume the same category - in this case tequila.

Jose Cuervo has the strongest Brand Retention within Tequila, and is the only brand with stronger Retention than Well/House. Hornitos, Milagro, and Espolon are the next highest.

Tequila Brand Retention

	Espolon	Casamigos	Don Julio	Patron	Milagro	Hornitos	LUNAZUL	Cazadores	Jose Cuervo	Altos	Well/House
Espolon	62%	10%	4%	2%	2%	1%	2%	1%	0%	1%	15%
Casamigos	9%	59%	8%	3%	1%	1%	2%	1%	0%	1%	15%
Don Julio	10%	16%	53%	7%	2%	1%	1%	0%	0%	1%	9%
Patron	7%	10%	9%	54%	1%	1%	1%	1%	1%	0%	15%
Milagro	9%	8%	2%	1%	62%	0%	1%	0%	0%	1%	16%
Hornitos	7%	4%	3%	2%	0%	63%	0%	1%	0%	5%	13%
LUNAZUL	18%	13%	2%	1%	1%	1%	38%	1%	0%	1%	23%
Cazadores	8%	6%	3%	2%	0%	3%	1%	56%	0%	1%	19%
Jose Cuervo	3%	4%	2%	5%	1%	1%	0%	0%	74%	0%	10%
Altos	12%	19%	7%	3%	2%	1%	3%	1%	0%	35%	15%
Well/House	9%	9%	2%	2%	2%	1%	2%	1%	0%	0%	70%

CATEGORY ADOPTION FUNNEL

Union also tracks Category Adoption. For guests that purchased a spirit during at least 5 separate visits within the period, we examine their choices to understand their dedication to each specific category. Drinkers are segmented into three buckets.

Trial - Have consumed at least once

Repertoire - Represents at least 15% of overall consumption - a category they are happy to drink amongst others

Go-To - Represents more than 50% of overall consumption - the main category they seek

Tequila has the third highest penetration and also the third strongest conversion through the adoption funnel.

Category Adoption

	% of Tequila Drinkers			Conversion	
	Trial	Repertoire	Go-To	Repertoire	Go-To
Vodka	28.8%	25.3%	10.8%	88%	43%
Whiskey	25.9%	21.8%	8.9%	84%	41%
Tequila	24.2%	19.5%	6.3%	81%	32%
Gin	7.3%	4.6%	0.8%	63%	18%
Rum	7.0%	4.2%	0.7%	59%	16%
Cordial	5.6%	2.9%	0.4%	52%	13%
Cognac/Brandy	1.1%	0.6%	0.1%	54%	10%

BRAND ADOPTION FUNNEL

Brand Adoption works in the same fashion as Category Adoption. For guests that purchased tequila during at least 5 separate visits within the period, we examine their choices to understand their dedication to specific brands. Drinkers are segmented into three buckets.

Trial - Have consumed at least once

Repertoire - Represents at least 15% of category consumption - a brand they are happy to drink amongst other options

Go-To - Represents more than 50% of category consumption. This is the main brand they seek

Espolon has the highest penetration and the strongest Brand Adoption Conversion, while Well/House remains a key choice for a large portion of Tequila consumers.

Brand Adoption

	% of Tequila Drinkers			Conversion	
	Trial	Repertoire	Go-To	Repertoire	Go-To
Well/House	41.9%	40.0%	31.3%	96%	78%
Espolon	18.4%	14.7%	4.3%	79%	30%
Casamigos	13.8%	10.5%	2.9%	76%	28%
Don Julio	6.9%	4.6%	0.9%	66%	20%
Patron	5.2%	3.4%	0.6%	65%	19%
LUNAZUL	3.9%	2.4%	0.2%	60%	9%
Hornitos	2.8%	1.7%	0.4%	61%	26%
Milagro	2.7%	1.7%	0.3%	62%	20%
Cazadores	1.9%	1.1%	0.2%	56%	16%
Altos	1.5%	0.8%	0.1%	51%	12%
Jose Cuervo	1.0%	0.6%	0.2%	62%	29%

BRAND WIN RATE

Win Rate conveys tequila drinkers' collective propensity to choose one brand over another, adjusted for availability since not every brand is at every location.

A brand records a “win” vs. a competitor when both are available and a consumer chooses that brand. A row represents the Win Rate of a brand relative to the competitors in the columns (e.g., Patron has a 48% Win Rate vs. Don Julio).

Patron has the widest availability of any brand, while Espolon is the one brand that beats every other brand head-to-head, barely edging Casamigos.

Win Rate by Tequila Brand

	Patron	Don Julio	Casamigos	Espolon	Hornitos	Jose Cuervo	Cazadores	Milagro	Altos	LUNAZUL	Overall Availability
Patron		48%	29%	28%	79%	86%	86%	79%	87%	77%	76%
Don Julio	52%		31%	29%	80%	86%	87%	80%	87%	78%	69%
Casamigos	71%	69%		48%	90%	93%	94%	90%	94%	89%	62%
Espolon	72%	71%	52%		91%	94%	94%	91%	94%	90%	59%
Hornitos	21%	20%	10%	9%		61%	63%	51%	63%	48%	38%
Jose Cuervo	14%	14%	7%	6%	39%		52%	39%	52%	36%	34%
Cazadores	14%	13%	6%	6%	37%	48%		38%	51%	35%	23%
Milagro	21%	20%	10%	9%	49%	61%	62%		63%	47%	21%
Altos	13%	13%	6%	6%	37%	48%	49%	37%		35%	17%
LUNAZUL	23%	22%	11%	10%	52%	64%	65%	53%	65%		9%

YOU CAN IMPACT THESE TRENDS

An Entirely New Approach

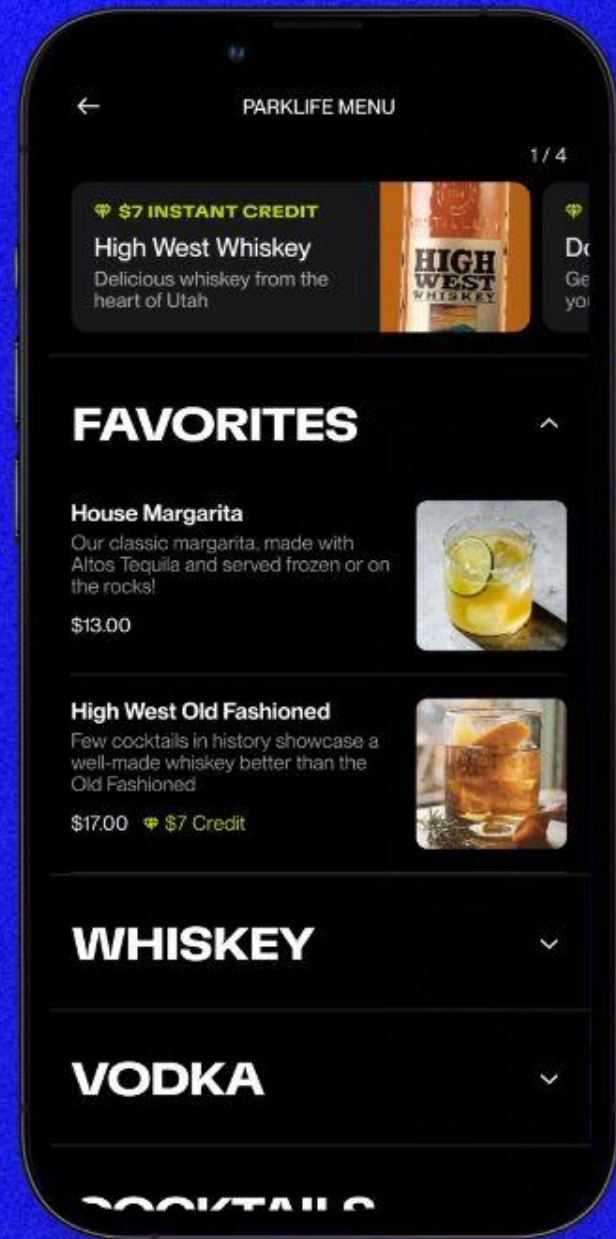
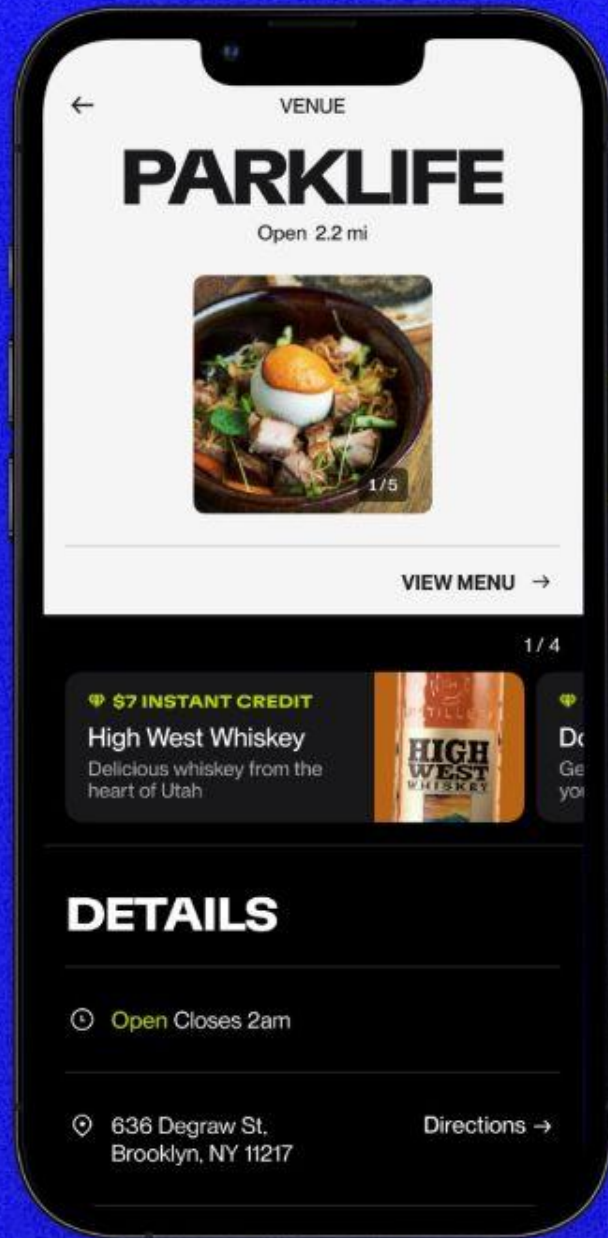
Iconic brands are built in the most popular independent bars and restaurants. For years, the industry has relied on expensive, unmeasurable, and ineffective sampling programs to drive trials.

With Union, brands:

- Build distribution by communicating key selling facts directly to account GMs
- Drive liquid to lips by reaching consumers while they're ordering
- Directly facilitate on-premise to off-premise conversion
- Precisely measure results while acquiring granular consumer insights

Union is the most powerful, efficient, and targeted way to recruit new drinkers and cultivate ongoing loyalty.

For more information on Union Influence please reach out to brands@getunion.com

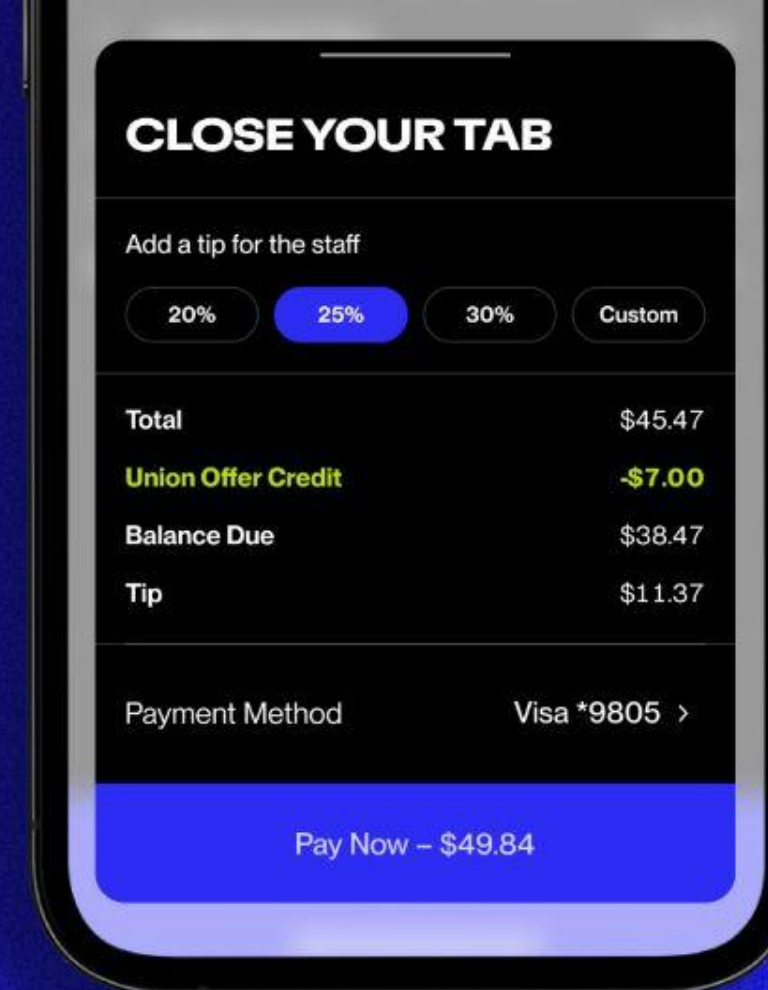




MAKE AN IMPACT

Union POS with completely integrated mobile order & pay increases table turns, allows staff to cover more tables, and gets consumers what they want faster

Put your brand front-and-center of the new guest experience



union