

# What Health Kick? Young Americans Still Thirst for Alcopops

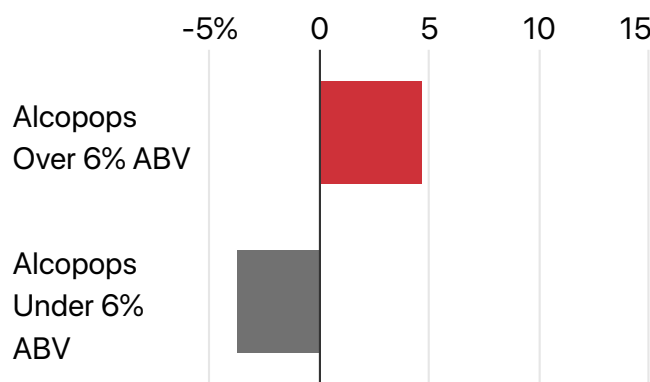
Sugary, high-alcohol drinks like Smirnoff Ice Smash and Mike's Harder are seeing strong growth

[Saabira Chaudhuri](#) April 3, 2019 9:00 a.m. ET

## Drinking Up

Stronger alcopops are increasingly popular

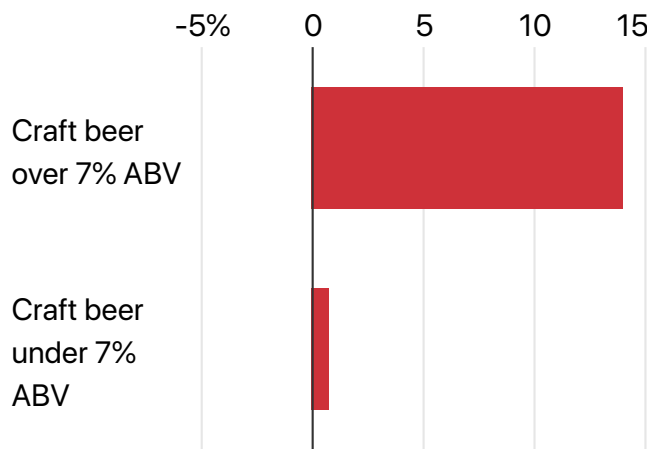
**2018 sales percentage change from previous year**



"We debate this ourselves on a daily basis," said Nuno Teles, Diageo's head of U.S. beer, reflecting on the popularity of Smash beverages at a time when Americans are increasingly reaching for healthy options. "We see two different consumers."

Miller Lite owner [Molson Coors Brewing Co.](#) in January launched a sixth flavor of its 8% alcohol-content Steel Reserve Alloy alcopop called "Spiked Tropic Storm" after taste tests showed it appealed to 21-to-27-year-old consumers. It said that sales of the brand are up 11% so far this year and that its data indicates

...a trend also seen in craft beer...



millennials of both genders are driving Steel Reserve Alloy sales growth. The brewer also sells 24-ounce cans of its Redd's Wicked alcopop at gas stations, pharmacies and delis. A new seasonal flavor, sour apple, sold so well that the company recently turned it into a full-time offering.

Sales of alcopops with 6% or higher alcohol content grew 4.7% to \$1.14 billion last year in grocery, convenience and liquor stores, according to research firm Nielsen. That compares with a decline of 3.6% for similar alcopops under 6% ABV and a

0.2% drop in beer sales. Wine sales climbed 2.1% and spirits 3.1%.

The alcopop figures include traditional flavored malt beverages like Smirnoff Ice, as well as hard sodas, teas and coffees, but exclude spiked seltzers. Alcopops generally contain less booze than wine and spirits, but have levels comparable to or higher than most beers. While exact numbers aren't available, industry executives and analysts say that millennial-age drinkers are among the largest buyers of alcopops.

"Health and wellness is not a trend for all consumers," said [Anheuser-Busch InBev SA BUD 1.56%](#) Chief Executive Carlos Brito in an

...and in the broader alcohol market

interview. "For some, when they go to some occasions, they want higher [alcohol] products, they don't care about the calories."

The Budweiser brewer in January rolled out Ritas Spritz, a series of canned, sparkling margarita and sangria drinks containing 6% alcohol in flavors like cherry lime and strawberry blueberry. It also sells a higher-alcohol line of flavored Ritas alcopops in regular and large cans.

Note: Alcopops include alcoholic teas, sodas, cof but exclude hard seltzers. Data is for off-premise channels.

Source: Nielsen



Made from a base of malt that is flavored to resemble a premixed cocktail, alcopops are attracting drinkers seeking strong flavors. Widely found in 7-Eleven and similar chains, they offer a relatively cheap and convenient option for drinkers seeking a buzz. The drinks are generally taxed like beer—less than spirits

or wine—despite often being stronger and containing spirits.

Alcopops, which exploded in popularity in the 1990s, have grown at 2.5% a year from 1990 to 2018 in the U.S., according to industry tracker IWSR. It says the category has doubled in size over that time,

from 45 million nine-liter cases to over 90 million nine-liter cases.

These sugary, flavored drinks have drawn fire for targeting young people, who are often attracted by their resemblance to soft drinks. Companies say they seek to appeal to legal-age drinkers, although they acknowledge the demographic for these ready-to-drink beverages skews young.

Smirnoff Ice Smash reminds Mary Cochran of a pink Popsicle. "It's pretty decent," said the 26-year-old from Charlotte, N.C., who posts video reviews of drinks in her free time. "But I still feel like it's just so full of sugar that it can't be a good decision."

AB InBev's Natty Rush brand is aimed at young drinkers who don't have lots of disposable income and haven't taken to beer, says Chelsea Phillips, vice president of marketing for AB InBev's "Beyond Beer" unit. The drink, which has an alcohol content of 8%, is sold in flavors including "Watermelon Smash" and "Hurricane Punch."

The growing popularity of alcopops is a boon for brewers, who typically include the drinks in their beer-volume figures, helping offset slowing demand for [some of their biggest lager brands](#) and lure back consumers defecting to wine and spirits.

Executives say sugary alcopops aren't being hurt by the popularity of so-called spiked seltzers. This smaller, newer category of drinks, which includes brands like White Claw and Smirnoff Seltzer, is aimed at more health-conscious consumers. Sales of spiked seltzers—which typically contain less alcohol than traditional alcopops—are sugar-free and have fewer calories, soared 169% last year to \$488 million, according to Nielsen.

High-calorie alcopops and spiked seltzers are often drunk by the same consumers, just on different occasions, said Ms. Phillips. She reflected on this seeming inconsistency in her own life, saying she eats a lot more salad now but still keeps cookie dough in the fridge for when she wants to indulge.

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