

Press Release

December 2022

No- and Low-Alcohol Category Value Surpasses \$11bn in 2022

No/low-alcohol consumption to increase by a third by 2026, spearheaded by growth of no-alcohol products

LONDON - Driven by increasing consumer demand, no- and low-alcohol beer/cider, wine, spirits, and ready-to-drink (RTD) products grew by more than +7% in volume across 10 key global markets in 2022, according to a comprehensive new study published by IWSR Drinks Market Analysis, the global leader in alcohol data and analysis. The pace of growth of the no/low-alcohol category is expected to surpass that of the last 4 years, with forecast volume CAGR of +7%, 2022-26, compared to +5%, 2018-22. No-alcohol will spearhead this growth, expected to account for over 90% of the forecast total category volume growth.

Among the 10 focus markets examined in the December 2022 release of the IWSR No- and Low-Alcohol Strategic Study (Australia, Brazil, Canada, France, Germany, Japan, South Africa, Spain, the United Kingdom, and the United States), the market value of no/low alcohol products in 2022 surpassed \$11 billion, up from \$8 billion in 2018.

“The dynamic no/low-alcohol category presents opportunities for incremental sales growth as consumers are recruited from drinks categories such as soft drinks and water. Brand owners have an opportunity to recruit non-drinkers of alcohol,” comments Susie Goldspink, Head of No- and Low-Alcohol, IWSR Drinks Market Analysis. “As more people opt to avoid alcohol on certain occasions – or abstain from it altogether – no-alcohol is steadily increasing its share of the no/low category.”

No-alcohol products spearhead overall category growth

No-alcohol volumes grew 9% in 2022, increasing their share of the overall no/low-alcohol space in the world’s 10 leading no/low markets to 70%, up from 65% in 2018. “No-alcohol is growing faster than low-alcohol in most markets,” says Goldspink. “The countries where this does not apply, such as Japan and Brazil, are early-stage low-alcohol markets with a small volume base.”

Improved taste, production techniques, and a diversification of consumption occasions, are driving no-alcohol’s dominance over low-alcohol in many markets. IWSR expects no-alcohol volumes to grow at a compound annual growth rate (CAGR) of +9% between 2022 and 2026.

Germany remains world’s largest no/low-alcohol market; others show more dynamic growth

The maturity of the no/low-alcohol category varies widely by market. Germany, the world’s largest and most mature no/low-alcohol market, will see relatively slow growth due to beer market maturity and lack of innovation.

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Meanwhile, more dynamic growth will come from markets including Australia, Canada and the US, which will all see double digit volume compound annual growth rates, 2022-26. The world's most valuable no/low-alcohol markets are Germany, Japan, Spain, the US, and the UK.

No-alcohol beer/cider spearheads growth

No-alcohol beer/cider will contribute nearly 70% of the overall no/low-alcohol growth between 2022 and 2026. Almost all of the no-alcohol RTD growth will come from the US and Japan, whereas no-alcohol wine growth is expected to be more fragmented, but positive, across markets. No-alcohol spirits will see some of the more dynamic growth, as brand owners invest in innovation, and products are given more space by retailers and the on-trade.

Low-alcohol is expected to grow at a 2% volume CAGR, 2022-26, with much growth driven by the low-alcohol beer and wine categories. The US is the dominant driver of low-alcohol wine, with early seeds of innovation and traction in others.

A maturing consumer base for no/low-alcohol

No/low consumers are maturing at a global level, with Millennials the largest age group.

Switching between alcohol and no/low is common, both in the same occasion and between different ones. 78% of consumers of no/low products also drink full-strength alcohol; the largest subset (41% of no/low consumers) are classified as 'substituters', who choose no/low products when avoiding alcohol on certain occasions.

However, 'abstainers', who refrain from drinking alcohol altogether, account for 18% of no/low consumers, and their numbers are rising in most markets, with younger legal-drinking-aged consumers at the fore. The 'abstainers' group has changed most in size in the past year, with nine out of 10 markets seeing an increase.

Consumers opt for no/low-products more often

As no/low products permeate a wider variety of occasions – low-alcohol often in low-key social settings, no-alcohol alone or unwinding with a partner at home – newer recruits to no/low are increasing their frequency of consumption. With people motivated to drink no/low by lifestyle, rather than necessity, growth is now being driven both by recruitment of new consumers and by greater participation. Daytime consumption of both no- and low-alcohol has increased this year, signalling potential for the category to expand beyond alcohol-replacement occasions.

"This pattern of avoiding alcohol on certain occasions or altogether is driving no- over low-alcohol growth," says Goldspink. "Pair this with the rise of functional beverages – often containing 'mood-enhancing' adaptogens or nootropics – and the result is a strong outlook for no-alcohol."

Product availability is the key barrier to further consumption for consumers of no/low

The biggest challenge facing the no/low category is one of availability: in many markets, no/low products lack visibility in the mainstream on-trade; among retailers, there is often confusion about where they should be displayed – in the beer/wine/spirits aisle, among soft drinks, or on their own. In both channels, the choice of products is often limited.

Cost has become less of a barrier for non-consumers of no/low-alcohol, dropping from 14% in 2021 to 7% in 2022. Despite the cost-of-living crisis, cost as a barrier to purchase currently remains unchanged among those who do consume no/low drinks. Where no/low is established, prices are similar to equivalent full-strength alcohol categories.

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Product innovation focuses on packaging, flavour and functional benefits

While many NPD approaches so far involve modification of ABV (alcohol by volume), some producers are focusing on innovation in packaging, functional benefits, and flavour, to broaden the options available to consumers and to allow brands to keep consumers within their portfolios.

Examples of these include sliding ABV scales and multipacks, the use of botanicals to create more intense flavour, and the introduction of spirit alternatives across a wider range of categories, such as aperitifs, dark spirits, and agave. There are also signs of increasing product focus on functional benefits, such as added nootropics, vitamins, and adaptogens, with product messaging shifting from the absence of alcohol to flavour and other benefits. Some mixer brands are also broadening their range to offer products that can be enjoyed without a spirit or spirit alternative.

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About IWSR Drinks Market Analysis

IWSR is the leading source of data and insight on the global beverage alcohol market. The IWSR database, essential to the industry, quantifies the global market of wine, spirits, beer, cider and RTDs (ready-to-drink) by volume and value in 160 countries, and provides insight into short- and long-term trends, including five-year volume and value forecasts, as well as consumer behaviour. IWSR tracks overall consumption and trends at brand, price segment and category level. Our data is used by the major international wine, spirits and beer companies, as well as financial and beverage-alcohol market suppliers.

IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. IWSR boasts a team of global analysts, each of whom is equipped with local market expertise and an expansive network of on-the-ground industry contacts. Our analysts meet and speak with their industry contacts throughout the year to capture local insight, key market trends, and the 'why' behind the numbers.