



PRESS RELEASE

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Volatility creates opportunity in global drinks market

London. The global drinks market is changing at an unprecedented rate, with consumption swings and market preferences both unpredictable and surprising. The recently released IWSR Global Trends Report 2017 highlights some of the key trends that are creating opportunities and challenges for industry executives. These include ever-changing consumer tastes, the role of digitisation in driving preference and purchase, up-trading and downtrading in key markets, an increase in healthy lifestyles, and a rise in at-home consumption affecting the on-premise. These underlying consumption drivers are affecting the overall global drinks landscape. A few key insights include:

Category Convergence: In a continuation of the trend already seen in recent years, the lines between categories are being increasingly blurred. Many consumers no longer think in terms of distinct drink types or occasions, making choices based on personal inclination at the time, rather than loyalty to a certain category. As a result, alcoholic drinks companies are increasingly finding themselves competing for share of stomach across the entire beverage space.

Health & Wellness: With growing awareness of the health implications of excessive drinking, many people are opting to reduce their alcohol intake. For some this involves choosing products that are lower in alcohol. Consequently, low-ABV and non-alcoholic drinks are growing rapidly and producers are introducing ever-more varieties in order to tap into the trend. For others it means drinking less but of better quality, helping to fuel the premiumisation trends seen across a growing number of categories in regions such as North America, Key Europe* and Australasia. Other health trends are filtering down from the food industry are an increased demand for gluten-free, dairy-free, organic or vegan products are leading to innovation and new launches.

Trading Up & Down: The premium-and-above segment generally continues to grow well. While in some cases this is simply due to consumers having more money and therefore the means to trade up, it is also related to increasing knowledge. The rise of professional bartenders and popularity of drinks apps, among other factors, is helping to educate people about alcohol and leading them to make more discerning drinks choices. Simultaneously however, the mainstream segment is growing in many parts of the world. In major developing regions such as Asia and Africa this is due to the ongoing growth of the middle classes, which is encouraging consumers to trade up from lower-priced traditional and local products.

Digitalisation: Technology is becoming increasingly involved in the sales cycle from building awareness to point-of-sale. Increased access to the internet, social media and digital technology is exposing consumers to more brands and categories, adding pressure on marketers to get their brand to stand out. Websites and apps are becoming increasingly influential in consumer choice by providing drinkers with information, recommendations and even price comparisons. Perhaps even more significant is the rise of the e-commerce channel, which is growing fast and quickly spreading to new markets. Online giants like Amazon are competing with more established grocery retailers, changing not only the way in which consumers purchase alcohol, but also which products and brands they buy.

Authenticity: Consumers are using price less as a definer of quality, instead focusing on the quality of the liquid itself as well as brands' back stories and values. They are also increasingly seeking out unique and interesting products that reflect their values, focusing on attributes such as quality, authenticity and provenance. As a result, the craft trend continues to grow and spread geographically, making its influence felt across most alcoholic drinks categories although volumes remain small, with the exception of beer in the US.

While some are continuations or evolutions of previous trends, others are still developing and their full impact has yet to be seen. *The IWSR Global Trends Report 2017* pulls together both long-term and emerging trends from the global alcoholic drinks industry, which have been collated from in-depth insight gained from local operators.

* Key Europe includes Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the UK.

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Press contact Helen Jagger – helen@theiwsr.com +44 (0)79 7680 9346

Other enquiries US & Canada: Brandy Rand – brandy@theiwsr.com +1 646 830 2616
Rest of world: Graziella Jeffery – graziella@theiwsr.com +44 (0)20 7689 6834

About the *IWSR Global Trends Report 2017*

The annual publication of the *IWSR Global Trends Report* is now in its eighth year. The report pulls together both long-term and emerging trends from the global alcoholic drinks industry.

As part of the unique IWSR methodology, our researchers have spent the first half of 2017 travelling to over 118 countries across the globe, meeting more than 1,500 local operators. Our annual visits give our researchers the chance to build strong relationships with key operators in the market, as well as to collect brand sales information, observe local consumption habits first-hand and sample some of the latest product launches. As a result, all of our researchers are able to gain an in-depth insight into the latest trends in each market from the people who know it best.

Due to the diversity and sheer volume of this local knowledge, it has always been difficult to quantify our insights or to share them with third parties. The *IWSR Global Trends Report* is our answer to this problem. It is designed to shed light on the meaning behind the numbers and is therefore deliberately light on volume data. The report does not aim to be exhaustive – many other trends and fashions are, of course, happening in the global world of alcoholic beverages. However, the *IWSR Global Trends Report* is a selection of the trends which we think will be at the frontline of the drinks industry in the future and browsing through the report offers unique observations about every important alcoholic drinks category in (almost) all corners of the world.

Additional commentary on product innovation is sourced from Radius, the IWSR's product innovation tracker.

About the IWSR

The IWSR is the leading source of data and analysis on the alcoholic beverage market. The IWSR's database, essential to the industry, quantifies the global market of wine, spirits, beer and mixed drinks by volume and value, and provides insight into short- and long-term trends. Our data is used by all of the largest multinational wine and spirits companies, as well as many more local companies. The IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. The IWSR conducts face-to-face interviews with over 1,500 companies in 118 countries each year, with further input from 350 companies. The IWSR tracks overall consumption and trends at brand, quality and category level.