Press Release

August 2020

Covid-19 Will Create Far-Reaching Impact on Alcohol Consumption

IWSR Drinks Market Analysis' 'Global Trends Report' 2020 Examines Fast-Changing Developments in Global Beverage Alcohol

London – As the impact of the ongoing Covid-19 pandemic on the global beverage alcohol market continues to come into focus, IWSR Drinks Market Analysis has released a comprehensive Global Trends Report that examines the drivers and disruptors shaping the alcohol industry.

Compiled from IWSR analysts' extensive local market expertise, along with on-the-ground insight from their expansive global network of in-market industry stakeholders, the annual report has identified six key macro trends to watch, including:

<u>Sophistication and Premiumisation</u>

The search for authenticity and status, enabled by consumer knowledge and spending power:

- Premium-and-above spirits are forecasted to increase their global volume market share to 13% by 2024 as consumers continue to favour quality over quantity, including cocktails and high-end sipping spirits.
- By value, China is the world's largest premium-and-above market for wine and spirits, although, by volume, the US trails it closely.
- In both countries, premium-and-above brands are forecasted to increase their volume market share by approximately one percentage point between 2019 and 2024, as the premiumization trend continues to influence market developments.

<u>Evolving Traditions</u>

Generational shifts in consumer behaviour encouraged by globalisation or emerging as a reaction against it:

- Local products and experiences – accelerated by travel restrictions and closed borders during the pandemic – will continue to gain popularity as consumers rally behind symbolic and job-sustaining producers.

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- Adapting to bar and restaurant outdoor dining restrictions and closures has forced consumers – especially among younger LDA generations – to form new drinking habits that will likely persist into the future, with portable/convenient beverages such as canned wine and RTDs well-poised for this.
- Spirits categories that are expected to continue to ride the globalization trend include premium-and-above tequila (which has grown 15% year-on-year between 2015-2019), and spirit aperitifs (which after the Covid-19 slump, due to on-trade closures, should return to healthy growth by 2021, with volumes increasing by almost 16% from 2019 levels).

Health and Ethical Consumption

Increasing focus on personal health and wellness, and the impact of choices on the environment and society at large:

- Health-conscious drinkers generally adopt a policy of moderation, cutting back in volume or reducing occasions. These consumers are likely to trade up to a higher-quality drink or one they perceive as healthier when they do choose to drink. Regular drinking occasions are also changing, thanks to the growing profile of better low- and no-alcohol alternatives.
- In the top countries for low- and no-alcohol products, no-alcohol beer is set to grow its share of the beer category to 4.45% by 2024, as sober and moderating consumers embrace newly improved products across a wide range of occasions.
- The top organic wine markets as of 2019 are Germany, France, the UK, the US, Sweden and Japan. Here and elsewhere, broad consumer-and state-led shifts toward health and/or sustainability are likely to continue in the wake of the Covid-19 pandemic. This will have implications for the whole beverage alcohol industry, from production and packaging to distribution and administration.

The new “IWSR Global Trends Report 2020” also includes a detailed analysis of more than 20 major world markets, as well as global category outlooks and future trends for wine, beer, spirits, cider, and RTDs. The far-reaching report also contains case studies and specific recommendations on how brands and companies can successfully navigate the changing beverage alcohol landscape post-Covid-19. The six key macro trends analysed in the report are: Digital and Ecommerce; Sophistication and Premiumisation; Evolving Traditions; External Pressures; Health and Ethical Consumption; and Social Drinking Experiences.

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"From mastery of the ecommerce channel and at-home consumption, to futureproofing the production and distribution chain, to aligning with lifestyle choices and consumer experiences, beverage alcohol brands are wise to identify and understand macro trends taking place right now in the industry, to ensure longevity and success post-Covid," says Mark Meek, CEO of IWSR Drinks Market Analysis. "That's why it's so important for us at IWSR to not only track and analyse data, but to identify what those numbers are telling us as well."

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About the IWSR
The IWSR is the leading source of data and intelligence on the alcoholic beverage market. The IWSR's 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. The 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 alcoholic beverage market suppliers. The IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. The 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 in order to capture local insight, key market trends, and the 'why' behind the numbers. For more information about the IWSR, please visit www.theiwsr.com