

Press Release

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As Consumers Embrace 'Dry January,' No- and Low-Alcohol in Key Global Markets Reaches Almost US\$10 Billion in Value

New IWSR Research Shows No/Low Alcohol Continues to Outperform Full-Alcohol and Increase Share of the Total Beverage Alcohol Market

LONDON – Once but a sliver of the global beverage alcohol market, no- and low-alcohol beer/cider, wine, spirits, and ready-to-drink (RTD) products grew by more than +6% in volume in 10 key global focus markets in 2021, and now command a 3.5% volume share of the industry, according to a new study published by IWSR Drinks Market Analysis, the global leader in alcohol data and analysis.

Among the 10 focus markets examined in the 2022 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 in 2021 was just under US\$10 billion, up from \$7.8 billion in 2018. The IWSR forecasts that no- and low-alcohol volume will grow by +8% compound annual growth rate (CAGR) between 2021 and 2025, compared to regular alcohol volume growth of +0.7% CAGR during that same period.

“While January has become a popular month for people to cut back or abstain from alcohol, interest in no- and low-alcohol drinks has increasingly become a year-round trend among consumers across the world,” says Emily Neill, COO of IWSR Drinks Market Analysis. “To meet that demand, beverage alcohol companies have invested heavily to introduce a number of innovative new products, and many established mainstream brands have recently crossed over to develop no/low alcohol versions of their popular beer, wines, and spirits.”

No-Alcohol is the Growth Driver over Low-Alcohol

Beer/cider is the largest no/low category (at 75% volume share), with no-alcohol beer projected to drive growth at more than +11% CAGR over the study’s 2021-2025 forecast period. No-alcohol RTDs and no-alcohol spirits are both expected to post about +14% CAGR volume growth. The wine category is the exception, as the taste of low-alcohol wine is perceived by many consumers to be superior to that of no-alcohol wine. Low-alcohol wine is expected to grow almost +20% CAGR 2021-2025, vs. no-alcohol wine projected at +9% CAGR.

By Volume, Germany Dominates No/Low Alcohol, Followed by Spain, the US, Japan, and the UK

Volume of no- and low-alcohol products in Germany is more than three times that of the next-largest no/low market, Spain. Both Germany and Spain clocked volume increases of about +2% in 2021, while the US grew by +31% and the UK by +17%. Total volume of no/low products in Japan registered a small decline (-1%) last year.

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While Germany and Spain are the larger and more mature markets for no/low alcohol, the UK and the US are two of the most dynamic ones, and are growing at a faster rate. The no/low alcohol segment in the US is forecast to grow by +28% volume CAGR 2021-2025, and the UK's at +6%.

Who is the No/Low Consumer?

Moderation is the most common use of no/low products, with significant cross-over between no/low and alcohol consumers. According to the new IWSR research, 43% of adults across the focus markets who have purchased no- and low-alcohol beverages say they are substituting those products in place of full-strength alcohol for certain occasions, rather than abstaining from alcohol overall. The majority of no/low drinkers also enjoy standard strength alcohol too – only 17% of people report they are drinking no/low to avoid alcohol completely. The country with the largest proportion of alcohol abstainers is the US, with 23% of no/low drinkers avoiding alcohol completely.

Why Do Consumers Choose No/Low Products?

Among adults who have purchased no/low alcohol, 37% of people say the reason for doing so is to avoid the effects of drinking alcohol. A third of drinkers buy no/low alcohol because they enjoy the taste.

Demographics and Occasions for No/Low Alcohol

While evening occasions at home – including socialising and mealtimes – are the most popular times for no/low beverages across all demographics, millennials and higher-income consumers across markets are more likely to use no/low products to unwind or post-exercise. The IWSR study found that only 5-6% of no/low consumers drink it after 11pm. Many no/low brands targeting late night partying and dark spirits occasions have found it tougher to gain consumer acceptance.

“The no/low alcohol market is still very much in its early growth stage in many categories and geographies, as the sector continues to define itself,” adds Neill. “Brands that will ultimately dominate in the no/low space are those that are successful in navigating the barriers of taste, price, pack format, availability, and overall consumer education.”

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Press contact: Greg Cohen – press@theiwsr.com, +1 917 714 8237
Other enquiries: enquiries@theiwsr.com

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.