

Worldwide Alcohol Consumption Declines -1.6%

IWSR 2018 Global Beverage Alcohol Data Shows Growth in Spirits, but Beer and Wine Volume is Down; Market Expected to Grow by 3% Over Next 5 Years

London – Beverage alcohol drinkers across the globe consumed a total of 27.6bn nine-litre cases of alcohol in 2018, but while that number represents a decrease of -1.6% from the year prior, new data from the IWSR forecasts that total alcohol consumption will steadily increase over the next five years, to 28.5bn cases in 2023.

In terms of retail value, the global market for beverage alcohol in 2018 was just over \$1tn, a number which the IWSR expects to grow 7% by 2023 as consumers continue to trade up to higher-quality products.

These figures – and more than 1.5m other points of data – are included in the just-released IWSR Drinks Market Analysis Global Database, which also shows:

Gin was the Leading Global Growth Category in 2018, and Forecasted to Reach 88m Cases by 2023

The largest gain in global beverage alcohol consumption in 2018 was in the gin category, which posted total growth of 8.3% versus 2017. Pink gin was a key growth driver, helping the category sell more than 72m nine-litre cases globally last year. In the UK alone, gin was up 32.5% in 2018, and the Philippines (the world's largest gin market) posted growth of 8%, fueled by a booming cocktail scene and premiumisation of the market. By 2023, the gin category is expected to reach 88.4m cases globally, with particular strong growth in key markets such as the UK, Philippines, South Africa, Brazil, Uganda, Germany, Australia, Italy, Canada and France. Notably, Brazil has emerged as a new hotspot for the category, with volumes there more than doubling last year and forecasted to grow at 27.5% CAGR 2018-2023, as the gin-and-tonic trend has increased in upmarket bars of São Paulo and Rio de Janeiro.

Consumption of Whisky and Agave-Based Spirits Continues to Increase

Spurred by innovation in whisky cocktails and highballs, the global whisky category increased by 7% last year, driven in large part by a strong Indian economy (whisky grew by 10.5% in India, as consumers continue to trade up in the category). The US and Japan posted 5% and 8% growth, respectively. The IWSR forecasts whisky to grow by 5.7% CAGR from 2018 to 2023, to almost 581m nine-litre cases. Also, continued interest in tequila and mezcal (especially in the US), and innovation in more premium variants and cocktails, drove the agave-based spirits category to 5.5% global growth in 2018 – and is expected to post 4% growth over the next five years (2018-2023 CAGR).

Mixed Drinks and Cider Grow

The mixed drinks category (which includes premixed cocktails, long drinks, and flavoured alcoholic beverages) grew 5% globally in 2018. By 2023, it is projected that more than 597m nine-litre cases of mixed drinks will be consumed across the world. The growth is backed by continued strong gains in ready-to-drink (RTD) cans in the US and Japan, the category's two largest markets. In Japan, most RTDs are locally made and almost exclusive to Japan. Their popularity is partly due to the fact that they are relatively dry, which makes them more food-friendly and sessionable. In the US, the popularity of alcohol seltzers has been a tremendous engine for growth in the RTD market. In the cider category, as investment levels in those products continue to rise, almost 270m cases are expected by 2023, a 2.0% CAGR 2018-2023. Both of those categories (mixed drinks and cider) are taking share from beer as perceived accessibility increases (less bitter, easier to drink.)

Vodka, Liqueurs, and Cane Spirits are in Decline

Vodka lost volume in 2018 (-2.6%) as the market for lower-priced brands continued its decline in Russia and the Ukraine (two of the largest markets for this spirit). Higher-priced vodkas, however, showed a more positive trend last year. Nonetheless, the outlook for total vodka over the next five years remains sluggish as the category is forecasted at -1.7% CAGR 2018-2023. Also in decline is the flavoured spirits category (liqueurs), which dropped by -1.5% globally in 2018, and is expected to continue to slip in 2019 before rebounding slightly in 2020. Cane spirits (primarily Brazilian cachaça) was down -1.6% last year, and is forecasted to lose another 4.5m cases by 2023.

Beer Continued to Lose Volume in 2018, but is Expected to Rebound

Global beer declined -2.2% in 2018, impacted greatly from volume decreases in China (-13%). Other large markets such as the US and Brazil also fell (-1.6% and -2.3%, respectively), while Mexico and Germany saw growth (6.6% and 1%, respectively). The future outlook for beer, however, paints a more positive picture, as the category is expected to show a slight increase in 2019 and post a 0.7% CAGR 2018-2023.

Wine Volume Declines, but Value Increases

Wine, which had posted strong global growth in 2017, lost -1.6% in volume in 2018 as wine consumption declined in major markets such as China, Italy, France, Germany and Spain (the US market was flat). However, though consumers are drinking less wine, they're increasingly drinking better – pushing wine value to increase. Globally, the retail value of wine is projected at \$224.5bn by 2023, up from \$215.8bn in 2018. The one bright spot in wine volume is the sparkling wine category, which is expected to show a five-year CAGR of 1.17% 2018-2023, driven in large part by prosecco.

Low- and No-Alcohol Products on the Rise

Low- and no-alcohol brands are showing significant growth in key markets as consumers increasingly seek better-for-you products, and explore ways to reduce their alcohol intake. Growth of no-alcohol beer is expected at 8.8%, and low-alcohol beer at 2.8%. No-alcohol still wine is forecasted at 13.5%, and low-alcohol still wine at 5.6%. Growth of no-alcohol mixed drinks is predicted at 8.6%. (Above figures are all CAGR 2018-2023.)

Top Ten Performing Global Markets, 2018-2023

A look at the world's fastest-growing beverage alcohol markets shows an emergence across a variety of developing countries. A combination of growing legal-drinking-age populations and healthy economies is driving some of this growth, which is expected to continue over the next five years.

Market	2018 % Share of Total	2020 % Share of Total	2023 % Share of Total
India	2.4%	2.7%	3.3%
Mexico	3.7%	4.0%	4.5%
Vietnam	1.7%	1.7%	1.9%
Philippines	1.1%	1.2%	1.4%
Nigeria	0.8%	0.9%	0.9%
Poland	1.7%	1.7%	1.8%
Ethiopia	0.4%	0.4%	0.4%
Myanmar	0.2%	0.2%	0.3%
Sri Lanka	0.1%	0.1%	0.1%
Turkey	0.5%	0.4%	0.4%
Total Leading Markets	12.6%	13.5%	15.1%

Units: '000s nine-litre cases Source: IWSR 2019

“Every year our analysts spend months traveling the world to speak with suppliers, wholesalers, retailers, and other beverage alcohol professionals to assess what is happening market by market in this fast-changing business,” says Mark Meek, the IWSR’s CEO. “The raw data we collect is enormously valuable, but equally important is what that data tells us in terms of trends, challenges, and opportunities facing the industry.”

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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 mixed drinks by volume and value in 157 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. Our analysts travel the world in order to meet over 1,600 local professionals to capture market trends and the ‘why’ behind the numbers.