

ATTITUDES TOWARDS LOW- AND NO-ALCOHOL DRINKS – GERMANY – 2023

Foster a category health halo, including creating a relaxant feel, using emerging technologies; build segues to encourage alcohol moderation and diversify ranges.



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Attitudes Towards Low- And No-alcohol Drinks – Germany – 2023

This report looks at the following areas:

- Market drivers for low/no-alcoholic drinks, including the mindful drinking trend
- Drinks consumed instead of alcohol to reduce consumption, including the pull of isotonic drinks and carbonated soft drinks (CSDs)
- Types of alcoholic and low/no-alcohol drinks consumed, including how modern breweries can look to diversify
- Factors that encourage buying of non-alcoholic/alcohol-free drinks, including how manufacturers can use ingredients to replicate the mouth-burn of alcohol
- Behaviours related to alcohol consumption and moderation, including ways to normalise use of low/no-alcohol drinks
- Behaviours relating to low/lower-alcohol and non-alcoholic/alcohol-free drinks, with reference to how brands can leverage the appeal of Euro 2024
- Recent launch activity and innovation



Foster a category health halo, including creating a relaxant feel, using emerging technologies; build segues to encourage alcohol moderation and diversify ranges.

Overview

72% of Germans drink alcohol, with usage higher amongst males than females. 27% of Germans indicate that they have reduced/moderated their alcohol intake in the 12 months to

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May 2023, with **28% not drinking alcohol likely the main target cohort for low/no-alcohol drink brands.**

Commodity price rises have contributed to **55% of Germans spending more on alcohol for drinking at home.** This potentially creates opportunities for low/no-alcohol variants, which are retailed at a lower price point on average, and private labels, despite de-alcoholisation costs. Lower cost than their alcoholic equivalent would encourage 20% of alcohol drinkers to buy more alcohol-free drinks.

Low/no-alcohol drink brands must first grapple with well-established competitors in the alcohol-moderation space. Water and carbonated soft drinks are way ahead as the moderators' choice. **Overcoming price and taste barriers will be the first step** towards usurping these drink formats. Ultimately, successfully **leveraging emerging technologies to create 'adult' CSDs** with mood-boosting elements are set to benefit most from the burgeoning alcohol-moderation trend.

There is an opportunity for brand activism too, to positively impact societal trends by encouraging mindful, responsible drinking habits with tangible initiatives (eg non-alcoholic drinks in standard multi-packs).

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Report Content



EXECUTIVE SUMMARY

- The five-year outlook for low- and no-alcohol drinks

Market context

- Mindful drinking is contributing to the alcohol-moderation trend
 - Graph 1: consumers who have limited alcohol consumption in the last 12 months or don't drink alcohol, % of respondents, by age, 2023
- Lower price of low/no-alcohol versions could drive retail volume sales
- Desire for relaxation set to drive low/no-alcohol drink innovation

Mintel predicts

- Low/no-alcohol drinks must fight off competition from more-established drink categories
 - Graph 2: beverages drunk instead of alcoholic drinks to limit/reduce alcohol consumption in the last 12 months, 2023
- The modern brewery diversification
- Low/no-alcohol drink launches set to rise amidst growing consumer demand

Opportunities

- Emerging technologies bring 'adult CSDs' closer to reality
- Utilise natural ingredients to emulate the 'mouthfeel' and flavour intensity of alcohol
- Anchor price and health credentials of low/no variants against standard alcoholic drinks
- Emphasise what can be gained by moderating alcohol intake
- Target on-premise sales in the lead-up to and during the Euro 2024 Championships

MARKET DRIVERS

The German economy

- Stagnation follows a technical recession
 - Graph 3: key economic data, in real terms, 2019-24
- Inflation slows down – but remains at a higher level
- Inflation is still the key factor affecting consumers' finances...
- ...confidence and consumer expenditure
 - Graph 4: financial confidence index, 2022-23

Market drivers for low/no-alcohol drinks

- A growing number of Germans are moderating their alcohol intake, broadening growth opportunities for low/no-alcohol drinks

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- Graph 5: consumers who have limited alcohol consumption in the last 12 months or don't drink alcohol, % of respondents, by age, 2023

- Increased availability and distribution may serve to boost demand for low/no-alcohol drinks
- Health/mindful drinking are further driving the alcohol moderation trend
- Indications of reduced alcohol abuse which results in hospitalisation create tailwinds for low/no-alcohol drinks
 - Graph 6: hospitalisations induced by acute alcohol usage, by age, 2019-21
- Alcohol may continue to hold appeal for those desiring relaxation, hampering sales of low/no drinks
- Low/no-alcohol drinks are at a regulatory advantage to make health claims
- Potential for CBD-infused drinks to add further momentum to the non-alcoholic frontier
- Increased focus on sleep quality may create more opportunities for low/no-alcohol drinks
- High commodity prices put manufacturers under pressure as German consumers feel the pinch
- Medium-term, economies of scale set to aid low/no-alcohol drink firms, if demand grows further

WHAT CONSUMERS WANT AND WHY

Drinks consumed instead of alcohol to reduce alcohol consumption

- Low/no-alcohol drinks face stiff competition from other drinks in the alcohol moderation space
- Encourage teetotalers by emphasising the isotonic qualities of non-alcoholic beer
- Own labels can create tertiary brands to lower prices of low/no-alcohol drinks yet retain air of quality
- Merge into 'adult' CSD category using emerging technologies

Types of alcoholic/low/no-alcohol drinks consumed

- Standard alcohol content drinks remain most popular across all categories, with low/no drinks acting as a halfway house
 - Graph 7: versions of traditionally alcoholic drinks drunk in the past three months, 2023
- Target parents of under-18s with promises of better sleep
 - Graph 8: consumption of non-alcoholic/alcohol-free drinks, by 'any children', 2023**
 - Graph 9: consumption of low/lower-alcohol drinks, by 'any children', 2023*
- The modern brewery diversification
- Consumers drink a larger repertoire of standard alcohol drinks
 - Graph 10: standard alcohol, low/lower-alcohol and alcohol-free drink consumption repertoire, 2023

Factors that encourage buying non-alcoholic/alcohol-free drinks

- Taste and price are lead purchase factors for non-alcoholic/alcohol-free drinks
 - Graph 11: factors that encourage buying non-alcoholic/alcohol-free drinks, 2023
- Use ingredients such as ginger and cayenne pepper to replicate alcohol's 'mouth burn' sensation...
- ...however, don't only bank on taste mimicry for long-term growth
- Attract attention using exciting flavours such as citrus and spirit
- CSDs can use novel flavours alongside hoppy flavour notes to draw custom from alcohol moderators
- Sweeten the deal of non-alcoholic beer to increase appeal for females

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- De-alcoholised wine may drive usage by retaining flavour profiles
- Low/no-alcohol drink manufacturers can anchor prices against standard alcoholic drinks to drive appeal
- Anchor lower calorie content against higher-calorie alcoholic drinks

Behaviours related to alcohol consumption and moderation

- Whilst there is increased concern for emotional wellbeing, enjoying the moment is still a top priority
- Drink better, not more
- Include low/no-alcohol variants in standard multi-packs to normalise consumption
- Retain original packaging style to allow moderators to enjoy sobriety in peace
- Emphasise how low/no drinks can help enjoy the moment

Behaviours relating to low/lower-alcohol and non-alcoholic/alcohol-free drinks

- Increasing visibility and guidance is key to the next phase of growth of low- and no-alcohol drinks
 - Graph 12: behaviours towards low-and no-alcoholic drinks, 2023
- The UEFA Euros in 2024 are the perfect opportunity to target on-premise sales
- Restaurants can offer drink pairing suggestions to fuse mindful drinking and sustainable nutrition
- Emphasise non-alcoholic status to broaden appeal and choose 0% ABV location wisely

LAUNCH ACTIVITY AND INNOVATION

- Low/no-alcohol drink launch shares are rising amidst growing consumer demand
- No clear company domination in terms of launch innovation
 - Graph 13: low/no-alcohol drink launches, by ultimate company, 2023
- Krombacher focuses on the isotonic value of its non-alcoholic drinks for sport...
- ...and targets younger consumers with the world's first 'Limobier'
- Veltins uses novel flavour pairings to enhance appeal of low/no drinks
- Paulaner blends tradition and innovation with its 0.0% offering
- Augustiner set to bow to pressure to join the alcohol moderation trend
- German hipster beer trend extends to low/no-alcohol variants
- Manufaktur Jörg Geiger stands for 100% taste, 0% alcohol
- Brands are dominant in terms of low/no-alcohol drink launches, but expect private label to step up its game
 - Graph 14: low/no-alcohol drink launches, branded vs private label, 2020-23
- Key players emphasise their taste equivalents to the original
- Krombacher's CSD range emphasises the versatility of non-alcoholic drinks
- Private label favours 0% alcohol content to aid clarity and help consumers' decision making
- 0.0% on pack helps buyers differentiate between low/no-alcohol drinks
- Seasonal flavours offer opportunity for experimentation
- Privatbrauerei Eichbaum's co-branded promotions may widen appeal of non-alcoholic drinks
- Wine launches grow significantly in 2023 as the market begins to diversify away from beer

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- Low/no-alcohol launch share within sub-categories remains relatively niche
 - Graph 15: percentage of launches within a sub-category classed as a low/no-alcohol drink, 2021-23
- Commitment to alcohol moderation by market leader Rotkäppchen wines demonstrates momentum of the trend
- Benefit-led propositions for health-conscious Germans
- Low/no-alcohol drinks mirror the wider drink industry on packaging and vegan labelling
 - Graph 16: low/no-alcohol drink and drink launches, by top 10 claims, 2022-23
- Drink mixes help improve taste to attract more drinkers
- Unflavoured/plain flavour components dominate as brands look to develop a health halo with natural feel
 - Graph 17: low/no-alcohol drink launches, by flavour component growth, 2022-23

Advertising and marketing activity

- ERDINGER attempts to own the post-exercise space
- Bitburger highlights the BFY benefits of 0.0% beer
- Carlsberg: 'there is more to beer than its alcohol content'
- Build anticipation with alcohol-free wine
- Krombacher proves its isotonic claims with scientific proof

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

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