BEER – GERMANY – 2021

The COVID-19 lockdowns have boosted retail sales of beer. Further innovation in low-/non-alcoholic options is needed to address general alcohol moderation.

Heidi Lanschützer, Deputy Research Director, Germany

Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Mintel's perspective

Impact of COVID-19 on beer

- The impact of COVID-19 on the category
- COVID-19's impact on beer and German consumer behaviour

Market context

- Pandemic outbreak challenges the entire beer industry
  - Graph 1: turnover of food and beverage service activities at constant prices (in real terms), March 2020–January 2021
- Health and financial concerns lead to further alcohol moderation
  - Graph 2: consumers who drink less alcohol because of health or financial reasons, by age groups, October 2020

Mintel predicts

- "Getting back to normal" will prompt modest fall in beer volume sales
- Market size & forecast following COVID-19 outbreak
- Retail volume growth is predicted to decrease once life gets back to normal
- Premiumisation will drive value growth by 2025

What consumers want, and why

- Consumers want: more low-/non-alcoholic beer
- Consumers want: locally produced beer
- Consumers want: further innovation in the beer segment

Opportunities

- Elevate drinking occasions at home
- Position premium beers as affordable luxuries
- Use the power of Instagrammable packaging to attract younger beer users

The competitive landscape

- Radeberger Gruppe KG remains the market leader…
  - Graph 3: retail market shares of beer, by value and volume, 2020
- Quick download resources

MARKET DRIVERS

- Ongoing lockdown
- The impact of COVID-19 on the German economy
  - Graph 4: key economic data, in real terms, 2019-22
- Brexit: some disruption for German trade will be inevitable
- Beer industry hit hard by on-premise losses…
  - Graph 5: turnover of food and beverage service activities at constant prices (in real terms), March 2020–January 2021
- …making the at-home occasion for drinking beer even more important
  - Graph 6: consumption of alcoholic drinks in public venues, by age groups, October 2020
- A structural shift of the beer industry is looming
- General alcohol moderation is health and finance driven
  - Graph 7: consumers who drink less alcohol because of health or financial reasons, by age groups, October 2020
- New level of hyper-nesting offers trade-up opportunities
  - Graph 8: consumers who are actively seeking ways to reduce stress, July 2019 vs July 2020*

WHAT CONSUMERS WANT, AND WHY

Impact of COVID-19 on consumer behaviour

- One third of Germans have made changes to the amount of beer they drink since COVID-19
  - Graph 9: current beer consumption compared to before the COVID-19 outbreak, December 2020
- Fewer social events make focusing on in-home drinking more important
  - Graph 10: reasons for currently drinking less beer compared to before the COVID-19 outbreak, December 2020
- Virtual socialising can create new drinking occasions
- COVID-19 outbreak boost usage of low-/non-alcoholic beer
  - Graph 11: users of low-/non-alcoholic beer who currently drink more of it than they did before the COVID-19 outbreak, by age groups, December 2020

Usage & purchase of beer

- Germany remains a beer nation, with three in four adults drinking it
  - Graph 12: frequency of drinking beer, both in and out of home, in the last three months, December 2019 and December 2020
- Men are the beer market's core audience
  - Graph 13: drinking beer at least once a week, by gender and age groups, December 2020
- Beer consumption differs with financial situation
  - Graph 14: beer consumption in the last three months, by financial situation, December 2020
- Pilsener is the most popular beer type
- Beer mixes' usage significantly drops with age

- Graph 15: consumption of beer-based mixed drinks in the last three months, by age groups and gender, December 2020

- One in three German beer drinkers reach for non-alcoholic options
  - Graph 16: low-/non-alcoholic beer drunk in the last three months, by age groups, December 2020
- Supermarkets are the top purchase channel for beer in Germany
  - Graph 17: places where beer was bought in the last three months, 2019 vs 2020
- Online grocery shopping is gaining ground

Factors that encourage consumers to try new beers

- Local production encourages new beer trial as much as special offers/promotions
  - Graph 18: factors that would encourage the trial of new beers, December 2020
- Local production particularly appeals to older beer drinkers
- Importance of localism boosted by COVID-19…
- Go beyond "made in Germany" claims
- Explore more ways to attract ethically…
- …and environmentally conscious shoppers
- Using and generating renewable energy can strike a chord
- International inspiration: brands set new standards in the sustainability space
- Visually appealing packaging particularly intrigues younger beer users
  - Graph 19: beer drinkers who choose 'visually appealing packaging' as one of the most encouraging factors for trying a new beer, by age groups, December 2020
- Flavour innovation should chime with younger beer drinkers
- International inspiration: botanical flavours in beer
- Low-alcohol formulations should help attract more women and over-55s

Behaviours around beer

- Beer brands should actively tap into great popularity of beer for evenings-in
  - Graph 20: behaviours around beer, December 2020
- Position beer more actively for evening in occasion
- Bring the on-tap experience into the home
  - Graph 21: beer users saying a wider selection of draft beer would make them choose one pub/bar over another, by age groups, December 2020
- The home is where consumers will seek to trade up
  - Graph 22: beer users who would rather drink small amounts of premium beer than a larger amount of standard beer, by financial situation, December 2020
- Continue highlighting and proving quality aspects
- Capitalise on beer drinker's willingness to pay a premium for craft beer
- The time is right for private label craft beer
- Consumers are looking for new beer experiences
  - Graph 23: amount of beer types drunk, by age group, December 2020

- Make it easier for consumers to try new products at home
- Ageing population increases demand for less-sweet beer mixes
  - Graph 24: agreement with "I think most beer-based mixed drinks are too sweet", by age groups, December 2020
- Beer mixes can up their health image by using fruit juice
  - Graph 25: interest in trying beer mixed with fruit juice, by age groups, December 2020

LAUNCH ACTIVITY AND INNOVATION

- Private label gains more importance in terms of launches
- Lidl and Aldi were leading in terms of launches in 2020
  - Graph 26: beer launches by top companies, 2020
- Explore various ways to attract ethically conscious shoppers
  - Graph 27: beer launches, by selected ethical and environmental claims, 2019 vs 2020
- Tapping into the sustainability halo of Fridays for Future
- Beer brands trade on local provenance in different ways
- Natural is one of the most important claim categories which tends to grow
  - Graph 28: top five natural claims in beer launches, 2016 vs 2020
- Unfiltered beer can foster natural associations
- Low- and no-alcohol beer launches continue to gain share
  - Graph 29: beer launches, by alcohol content and by year, 2019 vs 2020
- Breweries acknowledge thirst for no-alcohol options
- Beer mixes explore opposite ends of alcohol content
- Going beyond alcohol reduction for a "healthier" image
- Brands look to botanicals and herbal ingredients to convey relaxing image

MARKET SHARE

- Private label retains top position in beer volume sales

Germany: retail market share of beer, by volume, 2019-20

- Private label leads volume sales in the beer market

Germany: retail market share of beer, by value, 2019-20

- Radeberger Gruppe enjoys market leadership

MARKET SEGMENTATION, SIZE AND FORECAST

Forecasting during the COVID-19 pandemic

- Note on forecast in response to COVID-19
- Retail sales of beer will benefit until life returns to normality

- Retail volume growth is predicted to decrease when life gets back to normal
- Premiumisation is expected to drive value growth by 2025

Germany: retail volume sales of beer, by type, 2019-20

- Craft beer and export seem to struggle the most due to the COVID-19 impact

Germany: retail value sales of beer, by type, 2019-20

- White beer and lager enjoy huge growth in value sales

Germany: retail volume sales of beer excluding beer mixes, by alcohol content, 2019-20

- Sales of non-/low-alcoholic beers continue to rise in both volume…

Germany: retail volume sales of beer excluding beer mixes, by alcohol content, 2019-20

- …and value terms

APPENDIX

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

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

Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart
- Market size and forecast – value
- Market size and forecast – volume
- Market size and forecast – value – best- and worst-case
- Market size and forecast – volume – best- and worst-case

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UK	+44 (0)20 7778 7155
US	+1 (312) 932 0600
Australia	+61 (0)2 8284 8100
China	+86 (21) 6386 6609
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