

RTD ALCOHOLIC DRINKS – GERMANY 2021

Alcoholic RTDs is the fastest growing spirits category. The easing of lockdown restrictions will enable outdoor drinking occasions and further drive sales.



Heidi Lanschützer, Deputy Research Director, Germany



Report Content

EXECUTIVE SUMMARY

Key issues covered in the report

- Mintel's perspective

Impact of COVID-19 on RTD alcoholic drinks

- Retail sales continued to soar in 2020
- COVID-19's impact on RTD alcoholic drinks and German consumer behaviour

Market context

- Germans are drinking less alcohol
- RTD alcoholic drinks growth outstrips other categories
 - Graph 1: % growth/decline in retail value and volume sales of alcoholic drinks, 2015-20

Mintel predicts

- Market size & forecast following COVID-19 outbreak
- RTD alcoholic drinks set to continue growing
- RTD alcoholic drinks volume sales forecast to more than double from 2020-25
- RTD alcoholic drinks retail value sales will almost double up to 2025

What consumers want, and why

- Consumers want: convenient products for drinking out-of-home
 - Graph 2: where RTD alcoholic drinks are mostly drunk, January 2021
- Consumers want: sustainably made, natural drinks
 - Graph 3: consumers who are willing to pay more for all-natural, locally sourced or sustainably produced RTDs, January 2021
- Consumers want: tried and trusted brands

Opportunities

- Innovate with low/no alcohol RTDs for greater permissibility
- Focus on lower sugar content to appeal to health-conscious drinkers
- Explore hard seltzers and capitalise on their healthier perceptions
- Hard RTD iced teas also have more potential in Germany
- Leverage gin's rising popularity
- Allow drinkers to 'Make it Mine' with customisation options

The competitive landscape

- Brown-Forman has a strong lead for RTD alcoholic drinks sales

RTD Alcoholic Drinks – Germany 2021

- Graph 4: company retail market share of RTD alcoholic drinks, by volume and value, 2020
- Quick download resources

MARKET DRIVERS

COVID-19 and the German economy

- Ongoing lockdown
- The impact of COVID-19 on the German economy
 - Graph 5: key economic data, in real terms, 2019-22
- COVID-19 drives more in-home consumption of RTD alcoholic drinks
- Brexit: some disruption for German trade will be inevitable

Germany's alcohol market

- Germany has one of Europe's highest levels of alcohol consumption, but it's declining
- Alcohol moderation poses a huge challenge for the industry
- Changing age structure presents challenges and opportunities
 - Graph 6: current and projected share of age groups among population, 2020-2030
- Impact of the alcopop tax on product development

WHAT CONSUMERS WANT, AND WHY

The impact of COVID-19 on consumer behaviour

- COVID-19 prompts reduced spend on alcoholic drinks
 - Graph 7: change in spending habits on drinks compared to before the COVID-19 outbreak, 1-12 April 2021
- Half of Germans are worried about exposure to the virus
- RTDs offer convenience and simplicity
 - Graph 8: consumers who think ready-to-drink versions of alcoholic drinks are good alternatives to freshly made ones, by age groups, October 2020
- Germans look forward to going out for meals and drinks
 - Graph 9: consumers who are looking forward to going out for a meal or drink once current social distancing measures are relaxed, 1-12 April 2021

Consumption of RTD alcoholic drinks

- 52% of German adults drink RTD alcoholic drinks
 - Graph 10: formats of RTD alcoholic drinks drunk in the last six months, January 2021
- Vodka is the overall most popular base spirit...
 - Graph 11: consumption of RTD alcoholic drinks by base spirit, January 2021
- ...but some gender differences are apparent
 - Graph 12: consumption of RTD alcoholic drinks by base spirit, by gender, January 2021

Where RTD alcoholic drinks are drunk and for which occasions

- Germans do most of their drinking at home
 - Graph 13: where RTD alcoholic drinks are mostly drunk, January 2021
- RTD alcoholic drinks are good for out-of-home drinking
 - Graph 14: occasions for drinking RTD alcoholic drinks in- and out-of-home in the last six months, January 2021
- Marketing needs to reflect gender differences in drinking occasions
- Men drink RTDs to relax
 - Graph 15: occasions for drinking RTD alcoholic drinks at home in the last six months, by gender, January 2021
- Women drink RTDs with family/friends
 - Graph 16: occasions for drinking RTD alcoholic drinks out-of-home in the last six months, by gender, January 2021
- Meal pairing suggestions can help boost usage
 - Graph 17: how RTD alcoholic drinks are drunk, January 2021

RTD alcoholic drink attributes consumers are willing to pay more for

- Tried and trusted brands are worth a premium
 - Graph 18: RTD alcoholic drinks attributes consumers are willing to pay more for, January 2021
- RTD cocktails appeal particularly to young women
 - Graph 19: willingness to pay more for RTDs based on classic cocktail recipes, by age and gender, January 2021
- Younger drinkers will pay more for sustainably sourced and natural ingredients
 - Graph 20: willingness to pay more for RTDs made with all-natural ingredients and/or sustainably produced, by age group, January 2021
- Natural, handcrafted products have craft appeal

Interest in RTD alcoholic drinks innovation

- Scope to develop RTDs with new mixers to keep users engaged
 - Graph 21: interest in RTD alcoholic drink innovation, January 2021
- Juice and coconut water have female appeal
- Alcoholic RTD iced tea appeals to younger drinkers
 - Graph 22: interest in RTD alcoholic drinks with iced tea and/or coffee ingredients, by age group, January 2021
- Spiked coffee appeals to a slightly older audience

Attitudes towards RTD alcoholic drinks

- RTD alcoholic drinks' sugar content needs addressing
 - Graph 23: attitudes towards sugar content and sweetness of RTD alcoholic drinks, January 2021
- Engage older drinkers with sugar reduction
 - Graph 24: concerns about sugar content and sweetness, by age group, January 2021
- Customisation options add more fun to the category
- Consumers trust well-known spirits brands
 - Graph 25: attitudes and behaviours towards RTD alcoholic drinks, January 2021

RTD Alcoholic Drinks – Germany 2021

- Processed image is a barrier to increased consumption
- Hard seltzers look set to underpin market growth
- Develop low/no alcohol RTDs for long-term growth
 - Graph 26: interest in more low-alcoholic versions of RTD alcoholic drinks, by age group, January 2021
- Brand leaders step into lower-alcohol options
- Herb/spice flavours find favour

LAUNCH ACTIVITY AND INNOVATION

- RTDs are the fastest growing category globally
- RTDs increase share of spirits launches
 - Graph 27: RTD alcoholic drinks' share of all alcoholic drinks launches, 2017-20
- Wine is the leading ingredient for RTDs
 - Graph 28: NPD in RTD alcoholic drinks by select ingredients*, Jan 2017-April 2021
- Tap into cider's growing popularity among younger adults
- Expand environmental claims beyond recyclable packaging
 - Graph 29: RTD alcoholic drinks NPD by leading claims, Jan 2017-Mar 2021
- Suggest usage occasions on-pack
- Familiar flavours in the lead
 - Graph 30: RTD alcoholic drinks NPD by flavour component, Jan 2017-Mar 2021
- Hard seltzers to see more launch activity
- Hard seltzers shake up the market
- Hard RTD teas have higher appeal than hard seltzers
- Alcoholic RTD iced teas and tea-based drinks
- Gin-based RTDs are the fastest growing segment
- Sugar content declines sharply
- Reducing the alcohol content
 - Graph 31: RTD alcoholic drinks NPD by ABV, 2017-20

Advertising and marketing activity

- RTDs are promoted to the key 18-34 year old drinkers with youthful lifestyle messaging
- Rave to Save app supports the nightlife industry
- Havana Club collaborates with German rapper Capo
- Pitú sponsors reality TV series 'Promis Unter Palmen'

MARKET SHARE

- Brown-Forman has a convincing lead

Germany: company retail market shares of RTD alcoholic drinks, by value, 2019-20

- Brown-Forman takes the lead

Germany: company retail market shares of RTD alcoholic drinks, by volume, 2019-20

- Private labels lose share in 2020

MARKET SEGMENTATION, SIZE AND FORECAST

Forecasting during the COVID-19 pandemic

- Note on forecast in response to COVID-19
- RTD alcoholic drinks set to benefit from product innovation
- RTD alcoholic drinks fan chart forecast – volume
- RTD alcoholic drinks fan chart forecast – value

Market segmentation

- Whiskey-based RTDs accounted for 48% of value sales in 2020, up from 45% in 2019
- Gin-based RTDs saw fastest growth over 2019-20

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 – volume
- Market size and forecast – value
- Market size and forecast – RTD alcoholic drinks (volume) – best and worst case
- Market size and forecast – RTD alcoholic drinks (value) – best and worst case

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