

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.



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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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