Growth in low-/no-alcohol options is expected amid the rise of mindful drinking; premiumisation continues to drive sales; and hard seltzers are category growth catalysts.

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Growth in low-/no-alcohol options is expected amid the rise of mindful drinking; premiumisation continues to drive sales; and hard seltzers are category growth catalysts.

This report looks at the following areas:

• Market drivers for the ready-to-drink alcoholic drink (RTD) category, including financial/personal health and demographic changes
• Consumption behaviour of RTDs, showing a rise among non-drinkers and reduced intake of alcohol
• Place of purchase, with supermarkets being the most popular shopping location, followed by HoReCa, though it has less activity
• Formats of RTDs used, with standard packaging in bottles and cans prevailing
• Types of base alcohol used, with wine being the most popular, followed by vodka and whiskey
• Consumption habits of RTDs, with a focus on at-home usage, mostly in social settings
• Priorities when buying RTDs, with taste, ABV levels and base alcohol ranking the highest
• Behaviours related to RTDs, including the desire for a treat and relaxation
• Launch activity and innovation
• Market share, size and forecast

18-34s are the main users of RTDs, while over-35s drink significantly fewer RTDs or are significantly more likely to be non-drinkers. Over-35s typically take greater care of their health* and prefer less-sweet drinks, which explains the usage gap. Additionally, amidst the
rising cost of living, 53% of buyers/drinkers were prompted to purchase fewer RTDs than they usually do.

Although 33% of Germans* stick to a grocery budget, 52% of RTD consumers are willing to pay more for a premium brand, showing RTDs' image as a treat. 'Premium' is a popular claim, as agreed by 46% of Germans*; this reinforces the premiumisation trend.

The rise in non-drinkers and reduced alcohol intake among consumers are reflective of the impact of the financial crisis and growing health awareness. Thus, looking ahead, to mitigate future decline in volume sales due to health trends, brands could add functional ingredients and reduce alcohol and sugar content. Also, introducing new concepts like mindful drinking and spirits could enhance the appeal of the RTD category, cementing the category's long-term future.

Adjacent categories are already venturing into the RTD sector with a range of non-alcoholic alternatives. This strategic expansion showcases brands' recognition of the growing demand for healthier, alcohol-free options.
EXECUTIVE SUMMARY

Key issues covered in this Report

- A note on terminology
- Overview
- The five year outlook for ready-to-drink alcoholic drinks

Market context

- 18-34s are key users, though over-65s are superior in numbers
- Alcohol moderation and health trends demand innovative changes to mitigate impact on sales
- RTDs' treat image is insurance for steady sales
  - Graph 1: growth/decline in retail value and volume sales of selected alcoholic drinks, 2018-22

Mintel predicts

- Long-term growth of value/volume sales due to the appeal of premium and low-/no-alcohol versions
- Market size & forecast
- RTD value sales expected to grow from 2023-28
- In comparison to value sales, more moderate volume sales are expected from 2023-28

Opportunities

- Adapt to RTD drinkers' preferred consumption location – the home
- Help take the awkwardness out of not drinking with low-/no-alcohol alternatives
- Use premiumisation with a focus on brands to remain in consumers' shopping baskets
- Amplify convenience to assure appeal among consumers
- A focus on naturalness and low sugar is key to remain relevant with demanding consumers
- Jump on the bandwagon of hard seltzers to ensure continued volume/value growth

The competitive landscape

- Brown-Forman has a strong lead in RTD sales due to the popularity of Jack Daniel's and whiskey as a base alcohol
  - Graph 2: company retail market share of RTD alcoholic drinks, by value and volume, 2022

MARKET DRIVERS

The German economy

- Graph 3: key economic data, in real terms, 2019-24
- Continuously high inflation shapes consumers, brands and the economy...
- ...impacting financial wellbeing...
• ...confidence and consumer expenditure

**Financial/personal health and demographic changes**

• The cost-of-living crisis will add momentum to the alcohol moderation trend
• Cutback of alcohol consumption forces brands to lure consumers with premium offers
  - Graph 4: reasons to limit/reduce alcohol consumption, by top five factors, 2021
• Health concerns are challenging RTD sales
• A focus on naturalness and low sugar is key to remain relevant with demanding consumers
• An ageing population...
  - Graph 5: population structure, by age, 2020-30
• ...remains a challenge for the RTD alcoholic drink category with its sweet flavour profiles

**WHAT CONSUMERS WANT AND WHY**

**Consumption of ready-to-drink (RTD) alcoholic drinks**
- Graph 6: consumers who have limited their alcohol consumption in the last 12 months or don't drink alcohol, % of respondents, by age group, 2023
- Graph 7: consumers who have limited their alcohol consumption in the last 12 months or don't drink alcohol, % of respondents, by age group, 2021
- Graph 8: consumption of RTD alcoholic drinks, 2021 vs 2023

• 18-34s are the main user group of RTDs, making social media the most effective tool to target them...
• ...but don't forget the over-55s, as they show high engagement with social media platforms

**Place of purchase of ready-to-drink alcoholic drinks**
- Graph 9: place of purchase of ready-to-drink alcoholic drinks in the last six months, 2023

• Targeting young consumers could boost consumption in bars/pubs

**Formats of ready-to-drink alcoholic drinks used**
- Graph 10: formats of RTD alcoholic drinks purchased in the last six months, 2023
• ...and are likely to persist due to their recyclability and convenience

**Type of base alcohol in ready-to-drink alcoholic drinks**
- Graph 11: type of base alcohol in RTD drinks consumed in the last six months, 2023

• Favouritism aside, consumers crave disruption in their alcohol routines
  - Graph 12: number of alcohol types consumed in RTD alcoholic drinks in the last six months, by age group, 2023
• More mature palates are in favour of wine mixers
• Vodka and whiskey are among the top three alcohols for RTDs, but new trends are on the rise
• Base alcohol is a key target driver for RTDs
  - Graph 13: type of alcohol consumed as RTD drinks in the last six months, by age group, 2023
• Younger consumers like vodka-based RTDs...
• ...but gin and tequila pose an opportunity for more variety
• Colour coding as a hidden instrument of gender-specific advertising...
• ...is outdated, but still seems to signal effectively to audiences

Consumption habits of ready-to-drink alcoholic drinks

- Graph 14: location where ready-to-drink alcoholic drinks have been consumed in the last six months, 2023
- ...and opens up avenues for new packaging concepts
- Graph 15: occasions for ready-to-drink alcoholic drink consumption in the last six months, 2023
- Low-/no-alcohol alternatives to alleviate social pressure
- Graph 16: consumption type of ready-to-drink alcoholic drinks in the last six months, 2023

Priorities when choosing ready-to-drink alcoholic drinks

• Taste is most important, followed by ABV level, base spirit and branded mixer options
• Keep flavour innovation alive to attract consumers who seek excitement
• Herbal and bitter flavours are catalysts for category growth
• A diverse range of bitter flavours emerges, appealing to a broad spectrum of consumers
• Use a brand's appeal to drive purchase

Behaviours related to ready-to-drink alcoholic drinks

• Position RTDs as unguilty pleasures for Germans seeking a break
  - Graph 17: behaviours towards ready-to-drink alcoholic drinks, 2023
• Include functional benefits to boost permissibility of RTDs as a treat
• Offer natural relaxation: swap alcohol for natural soothing ingredients and optimise their health benefits
• Promote mindful-drinking products as effective alternative to classic RTDs
• Hard seltzers pave the way for health-related associations in the category...
• ...as they only have a third of the calories other RTDs have
• Unlock the power of transparency: use nutritional fact (NF) sheets to woo health-conscious consumers
• Lower purchasing power leads to reduced consumption
• Despite the rising cost of living, premiumisation remains an opportunity for RTD alcoholic drinks

LAUNCH ACTIVITY AND INNOVATION

- Graph 18: launches of alcoholic beverages, by top five sub-categories, 2019-23
• Brands are leading the RTD market, but retailers like Rewe and Aldi Group have high launch activity
  - Graph 19: RTD alcoholic drink launches (incl low-/no-alcohol variants), by ultimate company, 2022-23
  - Graph 20: RTD alcoholic drinks launches (incl low-/no-alcohol variants), by branded vs private label, 2019-23
• Branded RTD alcoholic drinks continue to lead launch activity, but private labels recuperated
• Brown-Formans’ Jack Daniel’s and coke: a classic goes RTD
• Diageo, known for its Smirnoff ice and Tanqueray gin
• Beam Suntory’s features classics like Jim Beam but is also inspired by its Japanese roots
Unleashing a sober revolution: icons and newcomers embrace the zero alcohol wave

Adjacent categories are pushing into the RTD sector with non-alcoholic alternatives

Premium positioning has many facets

Convenience prevails as the captivating appeal of RTDs

Advertising and marketing activity
- RTDs are promoted as summery drinks that take you to tropical places such as the beach
- On-the-go consumption at the centre of advertisement
- The slogan ‘born ready’ highlights the natural advantage of ‘rum and coke’ RTD from Jack Daniel’s and Coca-Cola

MARKET SHARE
- The ready-to-drink alcoholic drink market is fragmented and dominated by brands
- Jack Daniel’s coke and rum puts the Brown-Forman Corporation at the top of value sales, with own label hot on its heels
- The Brown-Forman Corporation is the strongest in terms of volume sales, while own labels gained some share in 2022

MARKET SIZE, SEGMENTATION AND FORECAST

Market segmentation for ready-to-drink alcoholic drinks
- Retail value/volume sales have slowed considerably but are still in double digits
- Retail value sales of ready-to-drink alcoholic drinks, by segment, 2020-22
- Retail volume sales of ready-to-drink alcoholic drinks, by segment, 2020-22

Market forecast for ready-to-drink alcoholic drinks
- Value sales continue to grow with steady frequency
- Volume sales are expected to grow at a slower rate than value sales but they will still be substantial
- RTD value sales are expected to grow from 2023-28
- In comparison to value sales, more moderate volume sales are expected from 2023-28
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 methodologies

• Forecast methodology
• Forecast methodology – fan chart
• Market size – value
• Market size – volume
• Market forecast and prediction intervals – value
• Market forecast and prediction intervals – volume
• Flavourscape AI methodology
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