SPIRITS – GERMANY – 2022

To tap into the alcohol reduction trend, spirits brands can focus on "drink less but better" messaging as well as innovate with new spirits alternatives for growth.

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MINTEL

Spirits – Germany – 2022

This report looks at the following areas:

- Alcohol consumption – and reduction – and consumption of low-/non-alcoholic spirit alternatives
- Consumption of spirits by type, with whisky and vodka being top of the chart, and how spirits are consumed, ie on the rocks or in long drinks
- Change in frequency of drinking spirits compared to 2020
- Factors that would encourage the purchase of one spirit over another, with most drinkers preferring a favourite brand, but recommendations playing an important role
- Behaviours and attitudes towards spirits, including the importance of social occasions and changes in behaviours since COVID-19
- Market performance, including sales by category and by brand

> To tap into the alcohol reduction trend, spirits brands can focus on "drink less but better" messaging as well as innovate with new spirits alternatives for growth.

Overview

Similar to spend on food & drink in general, 50% of Germans are spending about the same amount on alcoholic drinks as a year prior. If looking to save money on food & drink, one in six adults would cut back spending on alcohol, which could benefit private labels.

Germans who are limiting/reducing their alcohol intake typically drink spirits 2-7 days a week. This suggests they'd prefer to enjoy a small tipple on a regular basis rather than cutting down the number of drinking occasions. In line with this alcohol reduction trend, it makes sense for luxury spirits to promote a 'drink less but better' message.

Recommendations would encourage 32% of spirits buyers to choose one spirit over another. Recommendations are particularly valued by spirits buyers aged 18-34, highlighting the importance of encouraging social media interaction by younger drinkers, eg posting photos of their long drinks or cocktails, in order to influence their peers to also try the drinks.

Since July 2021, the number of adults who have tried spirit alternatives and would drink them again has increased notably, highlighting how the **low-/non-alcoholic sector is gaining favour with Germans who want to limit/reduce their alcohol intake.** More launches of new spirit alternatives will therefore help to entice more people to try these products.

Report Content

EXECUTIVE SUMMARY

Key issues covered in this report

- Overview
- The five year outlook for spirits

Market context

- Household costs are rising for most Germans
  - Graph 1: financial situation, 2022
- Vodka category could be more impacted than others
- Alcohol reduction trend drives demand for spirit alternatives
  - Graph 2: limited/reduced alcohol in the last 12 months compared to the amount usually consumed, 2022

Mintel predicts

- Market size & forecast
- Volume sales to stagnate, but value sales increase
- Volume sales to stagnate up to 2027
- Value sales benefit from consumer demand for premium spirits

Opportunities

- Highlight sustainable initiatives
- Introduce more flavour variation…
- …with beneficial botanicals
- Spirit alternatives have growth potential
- Long drinks (including RTDs) can reinvigorate categories

Competitive landscape

- Jack Daniels is the biggest spirits brand by value
  - Graph 3: top five spirits brands by value and volume, 2021
- Quick download resources

MARKET DRIVERS

- German economy hit hard by COVID-19 disruptions
- Strong post-COVID-19 bounceback followed by a period of slower growth
  - Graph 4: key economic data, in real terms, 2019-23
- Younger adults are less financially squeezed

- Graph 5: financial situation, 2022

- Alcohol spend could take a hit if consumers need to cut back
  - Graph 6: spending habits on alcoholic drinks in the last 12 months, 2022
- The impact of the economy on spirits
- Ukraine conflict impacts vodka category most significantly
- Steadily declining alcohol consumption in Germany
- Providing calorie information would be advantageous
- Spirits brands look to lower their carbon footprints…
- …with replacements for glass

WHAT CONSUMERS WANT AND WHY

Alcohol reduction and low-/non alcoholic alternatives

- Alcohol reduction trend continues to take hold
- Germans become more willing to try spirit alternatives
  - Graph 7: experience with and interest in low-/non-alcoholic alternatives to spirits, 2021-22
- Drink recommendations can encourage trial of spirit alternatives
- Non-drinkers also eschew alcohol-free spirits
  - Graph 8: experience with and interest in spirit alternatives, by limiting/reducing alcohol in the last 12 months, 2021
- Expand the non-alcoholic spirits options

Consumption of spirits

- Vodka has the fastest growing consumer base…
  - Graph 9: consumption of white and dark spirits in the last six months, 2021-22
- …but will lose out most from the alcohol reduction trend
  - Graph 10: consumption of spirits in the last six months, by limited/reduced alcohol consumption in last 12 months, 2022
- Dark spirits tend to be served neat/with ice
  - Graph 11: ways of drinking spirits in the last six months, 2022
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  - Graph 12: spirits drunk neat or with ice in the last six months, 2022
- Traditional long drink styles are still preferred
  - Graph 13: spirits drunk as a long drink in the last six months, 2022
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  - Graph 14: frequency of drinking spirits in the last six months, 2020 and 2022
- Alcohol reducers drink little and often

- Graph 15: frequency of drinking white or dark spirits in the last six months, by limited/reduced alcohol consumption in the last 12 months, 2022

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  - Graph 16: purchase of white or dark spirits in last six months, by limited/reduced alcohol consumption in last 12 months, 2022
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  - Graph 17: factors that would encourage purchase of one spirit over another, 2022
- Young drinkers take notice of influencers
- Promote quality with German production and awards
- Sustainability is crucial for younger drinkers
- Promote spirits' eco-ethical credentials

Behaviours and attitudes towards spirits

- Spirits are mainly drunk on social occasions
  - Graph 18: behaviours towards spirits, 2022
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- Encourage post-COVID-19 at-home drinking
  - Graph 19: COVID-19-related spirits behaviours, 2022
- Promote cocktails as a way to drink less
- Smaller bottles and low-alcohol alternatives support alcohol reduction
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- New varieties account for one in eight launches
  - Graph 21: spirits NPD by launch type, 2018-22
- Potential for private label spirits
- Eco-ethical factors are purchase drivers
  - Graph 22: spirits NPD with select ethical/environmental claims, 2018-21
- Young drinkers will respond to eco-ethical claims
- Vodka 4 Peace fills gap left by Russian vodka
- Recommending mixers for new taste experiences
- Botanicals with benefits
- Sweeter flavours to expand user base

MARKET SHARE

- Jack Daniels is the most popular spirits brand in Germany

Brands' retail market shares of spirits, by value, 2019-21

- Jack Daniels is the biggest spirits brand by value

Brands' retail market shares of spirits, by volume, 2019-21

- Gorbatschow is the biggest spirits brand by volume

MARKET SEGMENTATION, SIZE AND FORECAST

- COVID-19 sales boost to be maintained in 2022
- Volume sales to stagnate up to 2027
- Value sales benefit from consumer demand for premium spirits

Market segmentation

- Gin is the fastest growing spirits category
- Brandies take the lead in spirit sales
- Gin and whiskies see fastest growth

APPENDIX

Appendix - products covered, abbreviations, consumer research methodology and language use

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

Appendix – market size and central forecast methodology

- Forecast methodology
- Forecast methodology – fan chart
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- Market size and forecast – spirits - value
- Market forecast and prediction intervals – spirits– volume
- Market forecast and prediction intervals – spirits– value

Appendix - market size - spirits & liqueurs

- Spirits and liqueurs: retail volume sales
- Spirits and liqueurs: retail value sales

Appendix - company shares - spirits & liqueurs

- Spirits and liqueurs: company shares

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