

# WHITE SPIRITS AND RTDS – UK – 2024

A continued marketing focus on how white spirits and RTDs can elevate ordinary at-home occasions is key to driving purchase in 2024 amid sluggish income growth.



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# White Spirits And RTDs - UK - 2024

## This report looks at the following areas:

- The impact of the cost-of-living crisis on value and volume sales of white spirits and RTD alcoholic drinks.
- Shifts in purchase channels for white spirits and RTDs over 2021-23
- Trends in launch activity for white spirits and RTDs, and opportunities for further innovation
- Key at-home and out-of-home drinking occasions for white spirits and RTDs
- Key factors prompting purchase of a white spirit brand/flavour not bought before



A continued marketing focus on how white spirits and RTDs can elevate ordinary at-home occasions is key to driving purchase in 2024 amid sluggish income growth.

## Overview

Inflationary pressures on household incomes in 2023 drove down volume sales of white spirits and RTDs as consumers cut back on discretionary spending. Sluggish income growth in 2024 will continue to hinder category sales. Volume sales should then pick up in 2025 with consumers' improved finances.

The projected decline in the population of 20-34s over 2023-28 will erode category volume sales, people in this age group being the key users both of white spirits and of RTDs. This continues to highlight the need for brands to retain interest among older groups, such as through linking with low-key **occasions**.

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A marketing focus on 'ordinary' at-home occasions, these leading among usage occasions for both white spirits and for RTDs, remains relevant for driving purchase of these drinks in 2024. The ongoing income squeeze is expected to continue to curb people's scope for out-of-home leisure activities.

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# Report Content

### Key issues covered in this Report

- Overview

## EXECUTIVE SUMMARY

### Opportunities for the white spirits and RTDs market

- Focus on at-home occasions remains relevant in 2024 amid weak income growth
- Tap into widely held views that glassware aesthetics enhance the enjoyment
- Continuing opportunities for RTDs to benefit as an alternative to drinks out of home

### Market dynamics and outlook

- Market size and forecast
- Market predictions
- Improved on-trade sales in 2025 will give a boost to value sales growth
- On-trade loses ground to retail in 2023 as cost-of-living crisis bites
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- Sierra, Flawless and Coca-Cola's launches feature current trends
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- Ageing UK population will erode category sales
  - Graph 30: trends in the age structure of the UK population, 2023-28
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## WHAT CONSUMERS WANT AND WHY

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- Link up with broadcast and on-demand TV to build associations with evenings in
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- Publicise drinks serves relevant to popular entertainment
- Promote low-/no-alcohol versions for midweek occasions
- RTDs are well-placed to appeal on midweek occasions, but are not realising their full potential
- Meal pairing holds untapped potential for RTDs

## Prompts to buy white spirits

- Multiple options to drive purchase of white spirits
  - Graph 38: prompts to buy a new white spirit, 2023
- The human factor is crucial in promoting white spirits
- Harnessing social media engagement's role as implied recommendation holds potential for companies
  - Graph 39: "I have shared photos of white spirits on social media in the last six months", by age group, 2023
- Offer exclusive rewards in return for posts on social media
- Tap into the enjoyment that many get from displaying their white spirits
- Suggest how people can make white spirits a decorative object
- Gifting is particularly important among younger adults
- Combination gifting formats remain a relevant method to boost brands' gift-worthiness
- Link up with sweet treat and drinking glass brands to drive gifting purchase outside of major seasonal celebrations
- Smaller formats can appeal both on value and aesthetic grounds

## Behaviours relating to white spirits

- Visually appealing glassware is widely held to make drinking white spirits more enjoyable
  - Graph 40: behaviours relating to white spirits, 2023
- Make play of the visual appeal of the serve to drive consumer engagement
- Explore seasons other than Christmas for glass giveaways
- Focus on the aesthetic interplay of the glass and garnishes
- Bolstering drinks' visual appeal helps to encourage sharing on social media
- Explore glass promotions linked with relevant films and TV programmes
- Branded glasses in the on-trade can be valuable in raising a brand's profile

- White spirits cocktail recipes for the autumn/winter have wide appeal
- Promote seasonal flavour variants as ideally suited to seasonal cocktails
- Offer recipes for hot white spirits-based mixed drinks to boost cold weather associations

### Behaviours relating to RTDs

- RTDs sold in retail have benefited from people switching away from on-trade
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- Continuing opportunities for RTDs sold in retail to benefit as an alternative to going out
- Weak income growth in 2024 will continue to favour at-home drinking of RTDs
  - Graph 42: retail volume sales decline for white spirits and RTDs, by segment, 2023
- Offer branded glasses as a way to elevate the drinking experience
- Offer garnishes to give RTDs the wow factor and replicate the cocktail bar experience
- Further capitalise on outdoor meal occasions to drive purchase
- Offer prompts at POS, and feature RTDs in picnic/barbecue bundle offers

## INNOVATION AND MARKETING TRENDS

### Launch activity and innovation

- Low-/no-alcohol 'spirits' launches continue in 2023
- Further activity in lower-alcohol 'spirit drinks'
- Brands and retailers launch low-/no-alcohol RTDs
- Leading white spirits brands add premium variants
- Niche brands and own-label launch their own premium spirits
- Brands and own-label release limited-edition products to mark the Coronation
- Fruit flavours remain a key trend, but savoury flavours also garner activity
- White spirits brands explore alternatives to fruit flavours
- Colourful spirits trend continues in 2023
- Colourless RTD cocktails will build associations with purity
- Established and newcomer spirits brands explore lighter weight bottles
- More spirits and RTDs appear in cardboard bottles
- Bombay Sapphire declares its fully sustainable sourcing
- Further activity in white spirits made from 'surplus' ingredients
- Leading spirits brands add (more) RTDs
- RTDs brands expand their ranges
- New and crossover brands continue to emerge in the RTDs category in 2023
- Leading spirits and soft drinks brands collaborate on RTDs
- RTDs sold in retail take inspiration from trends in foodservice
- Further activity in RTDs with winter flavours over 2022-23



## Advertising and marketing activity

- Diageo and Bacardi dominate white spirits advertising
  - Graph 43: total above-the-line, online display and direct mail advertising on white spirits<sup>^</sup> and RTDs, by top four advertisers, 2019-23
- Diageo's gin brands focus on at-home occasions
- Gordon's goes for colour appeal
- Smirnoff extols the importance of people coming together
- Bacardi marks Halloween 2023
- Bombay Sapphire encourages people to "find the creativity in the everyday"
- Hendrick's pushes the importance of real, lived experience
- Craft spirits brands promote their links with tennis
- Brands and retailers look to tap into the excitement around new film releases
- Opihr promotes the idea of travel through flavour in its first out-of-home campaign
- Au Vodka raises its profile through social media

## APPENDIX

### Supplementary data

- Appendix: market segmentation
- Appendix: market segmentation and channels to market
- Appendix: white spirits value sales – brands (1-10)
- Appendix: white spirits value sales – brands (11-20) and own-label
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- Appendix: white spirits volume sales – brands (11-20) and own-label
- Appendix: white spirits value sales – brand owners
- Appendix: white spirits volume sales – brand owners
- Appendix: RTDs value sales – brands
- Appendix: RTDs volume sales – brands

### Market forecast data and methodology

- Market size and central forecast
- Market forecast and prediction intervals (value)
- Market forecast and prediction intervals (volume)
- Forecast methodology

### Social, environmental and legal factors

- New alcohol duty system raises prices for higher-ABV products

## The consumer

- Drinking with a single mixer leads for vodka, gin and white rum, but not for tequila/mezcal and other types of white spirits
  - Graph 44: drinking of different serves of white spirits, by type, 2023
- Multiple at-home and out-of-home usage occasions for both white spirits and RTDs

## Report scope and definitions

- Market definition
- Market definition (cont'd)
- Abbreviations and terms

## Methodology

- Consumer research methodology
- Nielsen Ad Intel coverage

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