



Factors Shaping New Product Development for the No-Alcohol Category

by The IWSR Drinks Market Analysis, www.theiwsr.com

IWSR analyses innovation within the global no-alcohol market, including the influence of the cocktail trend and the pre-dinner occasion.

In 2022, no- and low-alcohol sales across ten key markets totaled over \$11 billion, with no-alcohol products accounting for 70% of this figure. By 2026, the value of the no/low-alcohol category across key markets is set to grow by more than a third, driven largely by no-alcohol products.

Product innovation is increasingly focusing on meeting the needs of consumers who choose to avoid alcohol on certain occasions — also known as Substituters. 41% of no/low consumers fall into this category, the largest group within the no/low space. Abstainers from alcohol are increasing across markets, particularly in younger adult generations. This pattern is driving no- over low-alcohol growth. Pair this with the rise of functionality, much of which is restricted to no-alcohol by regulations, and the result is a strong performance from no-alcohol overall.

No-alcohol brand extensions provide familiarity and reassurance

78% of no/low consumers also drink alcohol, and this underpins why much of the new product development in the segment comes from brand extensions on existing high profile alcohol brands. Drinkers seeking a no- or low-alcohol alternative can stay within their favorite umbrella brands, diluting any perceived risk of entering the no- and low-alcohol space.

In the beer sector, the major global brewers have harnessed their flagship brands to build their no-alcohol volumes, but we are increasingly seeing more specialist, as well as more localized, brands adding no-alcohol alternatives. Heineken, for instance, added Desperados Virgin Mojito 0.0%, Lagunitas Hoppy Refresher sparkling water and Cruzcampo Gran Reserva 0.0 to its no-alcohol portfolio in 2022, while also introducing a 0.0 variant to its Mexican Tecate brand.

Australia, which is at the forefront of much of the development in no-alcohol wine technology, has seen many of its well-known wine export brands utilized as a vehicle for entering the no-alcohol segment. Examples would include Mcguigan Zero, Lindeman's Alcohol Free, Jacobs Creek Unvined and Hardy's Zero.

The no-alcohol spirits category is still in its infancy and is driven by a number of new-to-market, dedicated no-alcohol brands. However, launches from bigger players are being rolled out more widely, such as Diageo's rollout of Gordons 0.0% and Tanqueray 0.0% into new markets. If the momentum is maintained in no-alcohol spirits, we expect to see more of the established spirits brands offer a no-alcohol alternative.

Celebrity endorsements will expand out of the U.S.

Celebrity-endorsed products provide a similar reassurance for consumers to brand extensions. Having proved popular in full-strength alcohol categories in the U.S., IWSR has seen the emergence of celebrity-backed no-alcohol products in the U.S., as well. Musician Kylie Minogue has introduced

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ADI's 2023 International Spirits Competition

The American Distilling Institute's 2023 International Spirits Competition has revealed its winners.

Best of Class – Distilled Spirit

Waikulu Distillery – Ohana Reserve Silver Agave Spirit – US Agave Spirit

Borderland Spirits – Mazot Bacanora Blanco – International Agave Spirit

Suti Craft Distillery – Ru'ou Dé Ông Già - Old Man – US Asian Spirit

Komaki Jozo – Ikkomon Shochu – International Asian Spirit

Jaxon Keys Winery and Distillery – Private Stock Brandy – Brandy

Calvados Christian Drouin – Les Millesimes 1994 Calvados Pays D'Auge – International Brandy

Still 630 Distillery – Confluence American Gin – Gin
Hernö Gin Distillery – Pink BTL Gin – International Gin

Old Tennessee Distilling Co. – Lemon Ice Cookie – Liqueur

Societe Des Vins Et Eaux-de-vie – Callières Triple Sec – International Liqueur

Long Road Distillers – Lavender Lemonade – Ready to Drink

House of Tequila – Olmeca Altos Classic Lime Margarita – International Ready to Drink

Pollyanna Brewing And Distilling – Offbeat Aquavit – Specialty Spirit

Borderland Spirits – Mazot Palmilla – International Specialty Spirit

Maggie's Farm – Single Barrel Rum – Sugar Cane Spirit

Terramar Brewstillery – Vodka – Vodka
Republic of Fremantle Distilling – Signature Vodka – International Vodka

New Holland Spirits – Dragon's Milk Origin Small Batch Bourbon Whiskey – Whiskey

Cotswolds Distillery – Bourbon Cask Single Malt Whisky – International Whiskey

Best of Class – Bottled & Blended Spirits

Fósforo – Tobala Mezcal – International Agave Spirit
Alkohol – Mahua Spirit – International Asian Spirit

Cutwater Spirits – White Russian – Ready to Drink
Waterman Spirits – The Perfect Crush – Specialty Spirit

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