



No-Alcohol Share of Overall Alcohol Market Expected to Grow to Nearly 4% by 2027

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

Almost a fifth of all no-alcohol consumers in 2023 were new entrants to the category.

Latest data from IWSR shows that no- and low-alcohol consumption across the world's leading ten no/low markets, which account for approximately 70% of global no/low-alcohol volumes, grew by +5% in volume in 2023, and the market is now worth over \$13 billion. The no/low-alcohol category is forecast to grow at a volume CAGR of +6% between 2023 and 2027, led by no-alcohol at +7%, with low-alcohol expanding by +3% over the same timescale.

Although this marks a slightly slower growth rate from previous years (no-alcohol grew at a volume CAGR of +8% between 2019 and 2023), the no-alcohol category is continuing to attract new recruits. Almost a fifth (17%) of all no-alcohol consumers in the past year were new entrants; for low-alcohol, the figure is 16%. This trend is especially evident in emerging no- and low-alcohol markets such as the U.S. and Canada. Younger cohorts of legal drinking age are recruited the most across markets, with fewer Boomers entering the category.

"As no- and low-alcohol becomes a more established part of the beverage alcohol landscape, growth is slowing after a peak in 2020 to 2021, but the category is poised for robust gains in the coming years spearheaded by no-alcohol and persistently strong recruitment levels," said Susie Goldspink, Head of No- and Low-Alcohol Insights, IWSR.

No-alcohol now accounts for two-thirds of no/low-alcohol category volumes, with 72% of that made up of beer/cider. No-alcohol continues to take share from traditional alcohol, and IWSR expects no-alcohol to command nearly 4% of TBA volumes across the T10 markets by 2027.

Future growth in no-alcohol will be spearheaded by less developed no-alcohol markets, such as Canada, the U.S., Australia and Brazil. However, the more mature markets of Germany and Spain are each expected to grow at a CAGR of only +2%, 2023-2027, with Japan forecast to grow at +5%.

The forecasts largely correspond to no and low's current market penetration: in Germany and Spain, the category has a TBA (total beverage alcohol) share above 10%, but it remains at less than 2% in both Canada and the U.S.

"In terms of growth opportunities, there is now a clear disparity between more mature and lower-penetration markets," noted Goldspink. "Countries that are more established in no/low tend to skew towards older consumers, higher alcohol avoidance rates and lower no/low repertoires. Higher-growth markets generally have lower no/low penetration and a greater share of younger LDA consumers who have a higher tendency to moderate and participate more in no/low categories."

IWSR consumer research suggests that new entrants to no/low are also driving increased consumption frequency. While roughly half of new entrants are frequent no/low purchasers, for 'experienced' consumers the figure is less

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Cordillera Raises \$62 Million for Whiskey Opportunities Fund

Cordillera Investment Partners in California, an investment management firm that exclusively invests in privately held niche, non-correlated assets, has completed fundraising for its \$62 million Whiskey Opportunities Fund. This is the firm's first fund to exclusively focus on the buying and aging of whiskey barrels as institutional assets.

The Fund aims to address the growing demand for premium whiskey products by identifying a diverse portfolio of U.S. and non-U.S. whiskey assets. Coined the "Bourbon Boom," revenues in bourbon and Tennessee whiskey grew 249% from 2003 to 2021, according to *Distilled Spirits' American Whiskey Report 2022*.

"The rapidly growing demand for premium product in the whiskey industry, combined with increasing investor demand for new and innovative strategies to stay ahead of the economic environment, has presented a tremendous opportunity," said Chris Heller, co-founder and co-Managing Partner of Cordillera. "Whiskey aging is an undercapitalized market and therefore a great opportunity for Cordillera, where we focus exclusively on these types of niche, non-correlated assets. For our LPs, it offers both diversification and compelling potential returns."

According to Cordillera: "The whiskey industry is experiencing a steep aging curve where market prices of aged products significantly exceed prices of new-fill bottles. The *Distilled Spirits* report also found that the 'super premium' category of whiskey as a whole has seen 129.2% volume growth in the last five years, though capital constraints prevent craft brands and distillers from aging significant quantities of whiskey."

The Fund will target both U.S. and non-U.S. whiskey assets. Its investor base is comprised of endowments and foundations, family offices, registered investment advisors and other institutional investors.

