

Alcohol Ready to Drink (RTDs) - UK - September 2009

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What is this report about?

While FABs (Flavoured Alcoholic beverages) grew the alcoholic RTD (Ready-to-drink) sector exponentially during the late 90s, the landscape of the alcoholic market has since led to their equally sharp decline. With furore over binge and underage drinking, they have found themselves, somewhat harshly, a scapegoat for wider societal problems, however, they have done little to challenge this label and appeal to a broader audience.

What have we found out?

- The Flavoured Alcoholic Brands (FABs) market, such as WKD and Smirnoff Ice, has collapsed over the last five years, declining from £1.6 billion to just over £500m between 2004 and 2009.
- The sector is looking to pre-mixed cocktails and spirits to drive market growth. Worth £47m already, these market segments are forecast to more than double in the next five years, as people increasingly drink more at home and seek more sophisticated ready-to-drink (RTD) options.
- Contrary to perceived wisdom, FABs typically have fewer calories per 100ml (61) than white wine (74), a factor which is likely to be particularly appealing to its core female target.
- While 10 million adults refuse to contemplate drinking RTDs, 17 million admit that drinking these beverages simply never occurs to them. Further research shows that this is because they have little understanding of the benefits of these drinks and how they fit into their drinking repertoire.
- The new product VK Lo taps into two meaningful trends for increasingly health-conscious drinkers. At 49 calories per bottle it beats the new Bacardi 100 calories claim. And with an Alcohol By Volume (ABV) of just 1.2%, it claims to be the lowest strength FAB on the market. This taps into trends seen in beer, where Stella Artois and Guinness have launched lower ABV variants to tap into consumer demand.
- Increasingly, people are choosing soft drinks and hot beverages over alcohol. For example, alcoholic drinks' share of the total drinks market has decreased from 78% to 73% over the past ten years.

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