“Cost is also a barrier hampering over-45s’ interest in the market and introductory offers or money-back guarantees could encourage trial to try to address the doubts about the quality of these drinks.”

– Chris Wisson, Senior Drinks Analyst

This report looks at the following areas:

- Managing expectations of saving money on low/non-alcoholic drinks
- Winning over older drinkers
- Competing more efficiently with soft drinks
- Following in German footsteps

Lower/non-alcoholic variants remain a niche part of alcoholic drink markets in the UK, with a quarter of adults having drunk them in the six months to February 2015. With many Brits cutting back on their consumption of alcohol on health grounds, there are opportunities for reduced alcohol drinks to thrive as less calorific options. However, they appear to be losing out to soft drinks, which are many drinkers’ preferred alternative to standard-strength alcoholic drinks for a variety of occasions. Links to being too expensive and having an unappealing taste continue to hamper the market.

Nevertheless, there have been encouraging signs of rising lower-alcohol beer sales since the introduction of the 2.8% ABV (Alcohol by Volume) tax band, with the segment being buoyed by an increasing number of high-profile operators. However, lower/non-alcoholic wines continue to struggle, largely due to perceptions of their inferior taste and a lack of innovation. An increase in NPD (New Product Development) activity, store visibility and marketing support is likely to be needed to drive these segments into more robust growth in the coming years.
Attitudes towards Low- and Non-alcoholic Drink - UK - April 2015

Executive Summary

The market
Low/non-alcoholic drinks achieve only limited penetration
Figure 1: Usage of types of alcoholic drinks in the past six months, February 2015
Soft drinks dominate when standard-strength drinks are not desired
Figure 2: Preferred alternatives to standard-strength alcoholic drinks on different occasions, February 2015
Many consumers have realistic expectations of calorie contents of their drinks
Lower-alcohol drinks suffer from some unfavourable associations
Figure 3: Qualities associated with low/non-alcoholic drinks, February 2015
Lower-alcohol drinks must compete harder on cost and taste
Figure 4: Attitudes towards low/non-alcoholic drinks, February 2015

What we think

Issues and Insights

Managing expectations of saving money on low/non-alcoholic drinks
The facts
The implications
Winning over older drinkers
The facts
The implications
Competing more efficiently with soft drinks
The facts
The implications
Following in German footsteps
The facts
The implications

Market Drivers

Key points
UK consumers continue to cut back on alcohol

Reducing the Strength scheme

Alcoholic drink prices continue to rise

Changes to taxes on alcoholic drinks

An ageing population could pose a threat to lower/non-alcoholic drinks

Strengths and Weaknesses

Strengths

Weaknesses

Who’s Innovating?

Beer dominates lower-alcohol NPD activity

Wine’s lack of lower-alcohol NPD appears to be impacting on sales

International inspiration

Market Performance

Key points

Lower-alcohol wines gain marginal traction

Lower-alcohol beer showing encouraging signs of growth

The Consumer – Usage of Alcoholic Drinks

Key points

Low/non-alcoholic drinks achieve only limited penetration

Still wine fares poorly in the lower-alcohol segment

Three in 10 users of lower-alcohol drinks are increasing their usage

The Consumer – Occasions for Consumption

Key points

Standard-strength alcoholic drinks are popular in and out of home

Soft drinks dominate when standard-strength drinks are not available

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Figure 18: Combined preference for low/non-alcoholic drinks as alternatives to standard-strength alcoholic drinks on different occasions, February 2015

Low-alcohol drinks could thrive in the on-trade

Tapping into more niche occasions

The Consumer – Perceptions of Calories in Alcoholic Drinks

Key points

Consumers have realistic expectations of calorie contents of beer

Figure 19: Perceptions of the calorie content of a pint of beer (568ml), by strength, February 2015

Many drinkers overestimate wine’s calorie content

Figure 20: Perceptions of the calorie content of a large glass of wine (250ml), by strength, February 2015

The Consumer – Perceptions of Low/non-alcoholic Drinks

Key points

Lower-alcohol drinks suffer from some unfavourable associations

Figure 21: Perceptions of low/non-alcoholic drinks, February 2015

Figure 22: Perceptions of low/non-alcoholic drinks, by gender, February 2015

Millennials emerge as the advocates

The Consumer – Attitudes towards Low/non-alcoholic Drinks

Key points

Summary of attitudes towards low/non-alcoholic drinks

Figure 23: Attitudes towards low/non-alcoholic drinks, February 2015

Reduced alcohol drinks struggle to compete against soft drinks

Figure 24: Attitudes towards the health credentials of low/non-alcoholic drinks, February 2015

Winning over the taste sceptics

Figure 25: Attitudes towards the taste of low/non-alcoholic drinks, February 2015

Figure 26: Attitudes towards low/non-alcoholic drinks with significant differences, by gender, February 2015

Cost is a barrier to market growth

Figure 27: Prices of selected alcoholic drinks, 10 March 2015 (excludes promotional prices)

Figure 28: Attitudes towards the image and cost of low/non-alcoholic drinks, February 2015

Improved visibility could boost the market’s fortunes

Figure 29: Attitudes towards the availability of low/non-alcoholic drinks, February 2015

The Consumer – Target Groups

Key points

Four target groups

Figure 30: Target groups, February 2015

Sceptics (29%)

Disengaged (29%)

Health-aware (23%)

Lower-alcohol Fans (19%)