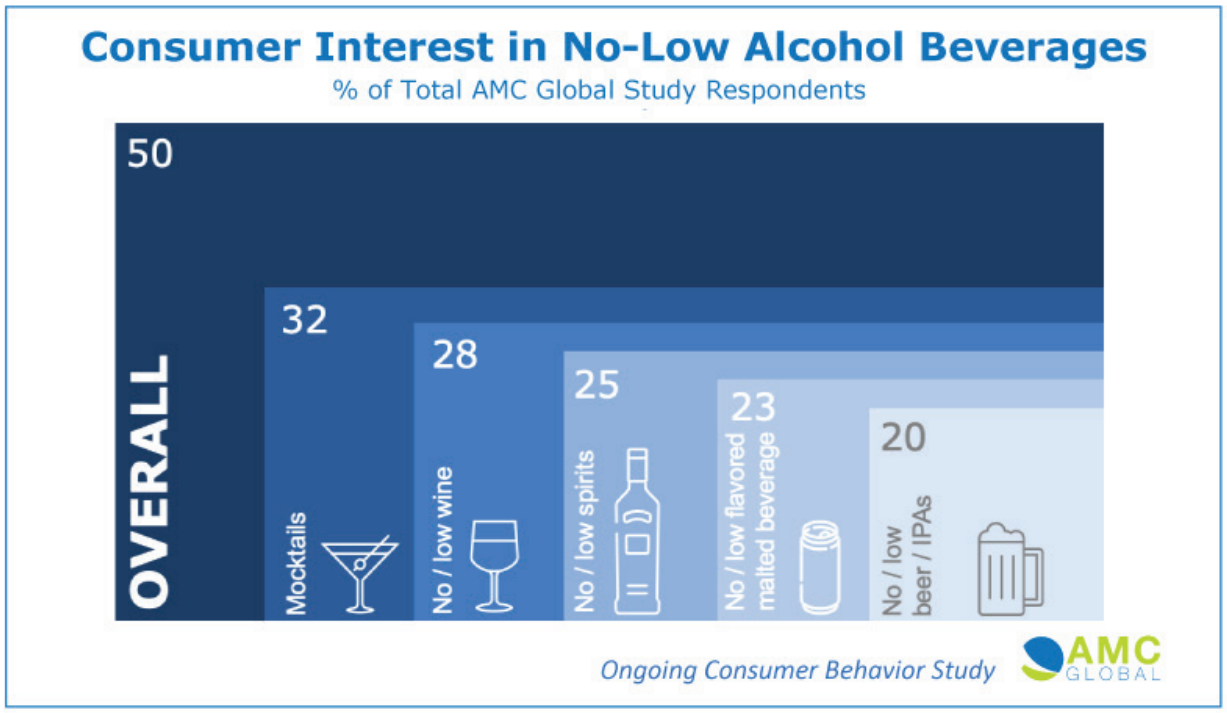
White Paper

To drink... or to drink differently?

How the adult beverage marketplace is expanding, and how market research can help your brand keep up.

The marketplace responds to consumer demand, and adult beverage consumers' demands, desires and needs have been adjusting and emerging. With all the accelerated change in today's world from a variety of fronts, we've been keeping up with trends in our ongoing consumer study. Recent waves of the study show that Americans are becoming more health-conscious and choosing what they perceive to be healthier options in food and beverage—including reducing alcohol intake. Choice and awareness is growing among consumers for alternative beverages like non-alcoholic, low-alcoholic and functional benefit wellness beverages.

Our ongoing consumer research study shows half of all adults are interested in low alcohol and no alcohol beer, wine and spirits.



Non-Alcoholic and Low-Alcoholic Beverages

Adult beverages for the adult drinker don't always have to include alcohol. While the definition of no-alcohol differs by region, it is generally defined as non-alcoholic beer, spirits, wine and other alcohol replacement beverages as products that contain less than 0.5% ABV.[1] Beers defined as low-alcohol contain between 0.5% ABV and 3.5% ABV, while low-alcohol wines are under 7.5% ABV. There is no doubt that this category is growing[2]... let's take a closer look at the various verticals.

No-Low Beer

Non-alcoholic beer is nothing new, but consumers used to have only a couple choices if they wanted to drink their brew sans alcohol. That's no longer the case, with a plethora of non-alcohol and low-alcohol beers now gracing the refrigerated aisle at the store. The Beverage Marketing Corporation[3] shares that this category is expected to gain momentum with "market share for nonalcoholic beers tripling...by 2024."

Although in the past, consumer perception of no-alcohol beers has not been as positive, that is changing with people recognizing health benefits of cutting back on alcohol. When keeping up with changing consumer sentiment, it is essential to send the right message (and develop the right products) that will resonate with consumers. One way to get the message right is through message testing research, where we look at effective and motivating product and brand positioning—and differentiation points—to gain the attention of target no-low alcohol beer consumers.

No-Low Spirits

No-low spirits sales volume grew the most over the past year out of the whole no-alcohol and low-alcohol category, shown in the recent study by IWSR. There is quite a bit of innovation happening with spirits to meet this new-found demand. According to *Decanter* magazine,[4] it's a big challenge to capture flavor when creating a no-alcohol spirit—but beverage companies are rising to the challenge to serve the growing segment of their consumers looking for spirits without alcohol.

The Rise of the Mocktail

As no-low spirits become more available, the breadth of available mocktails is growing. As one would think, a mocktail is a cocktail without the liquor. While there have long been staple mocktails like the Shirley Temple or the Roy Rogers, more now can enjoy a more traditional mule, Bloody Mary or even a martini using no-low liquor. Our consumer study showed this is the no-low alcohol beverage choice they are most interested in, so we can expect continued innovation in this popular beverage arena.

Since, in many cases, it actually costs more to make a non-alcoholic version of most spirits than it does to make their regular full alcohol version, companies must fully evaluate what their launch will look like with consumers so they can ensure success. Given the newness of this category, it is critical to communicate the product benefits and properties. One way to do this is through choice of packaging. Package testing prior to launch will help ensure consumers know what they are getting, and help no-low spirits succeed in the marketplace.

No-Low Wine

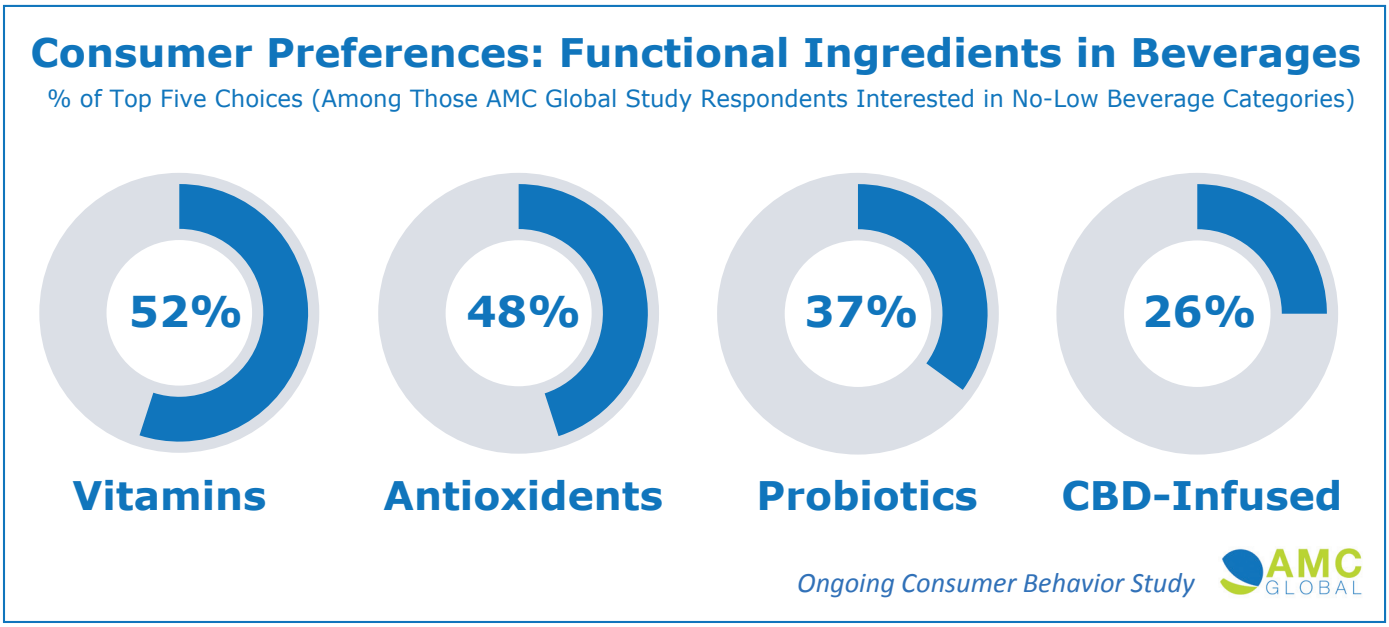
While the market has seen reduced alcohol or alcohol-free beer and spirits start to really charge ahead, wine is lagging a bit in the overall no-low category (but still growing rapidly). According to *Wine Industry Advisor*, the small segment of no-low wine is still a niche vertical making up a very small piece of the overall worldwide wine industry. Our recent study showed 28% of consumers are very interested in this category.

Beyond a somewhat lesser—but growing—consumer demand for this particular category comes the practicality of creating an alcohol-free or a low alcohol wine. The dealcoholization process to remove the alcohol from wine is expensive, laborious and complicated. And after dealcoholization, the wine must be reconstructed to regain the sought-after qualities of aroma and taste.[5] However, reaching this growing category of the new non-alcoholic wine consumer may outweigh the extra effort in creation of the wine. New methods and innovations for preserving taste and aroma are rapidly being developed as the category starts to grow.

For any wine-maker, doing the right market research on target consumer groups will help give the insights to determine whether expansion into no-low alcohol wine will result in marketplace success. Not only must consumer perceptions of a potential new no-low wine be explored, wine-makers must also understand the fragrances, flavors and overall experience these consumers are looking for in this very different product. Taste tests are essential to ensure the end product meets consumer expectations. We use our ProductPulse™ approach to identify innovation opportunities in the vertical, and then track in-market success. With a newer niche like this, the right market research approach and insights can really make or break success with consumers.

No-Low Beverages Packaging Preferences

Our AMC Global ongoing consumer behavior study shows the preferred packaging for no-low alcohol beverages was single serve glass bottles—with 65% of our study participants citing this preference. Next up was single serve cans (62%), multi-serve glass bottles (48%) and single serve plastic bottles (46%). Packaging is one of the key touchpoints with the consumer and the right research into function and form is an essential piece of any brand's innovation or new product launch track.



Functional Beverages

And it's not just the no-low category that is rapidly growing as consumers look for more variety in their beverage choices. As a rise in focus on healthful behaviors takes hold, people are looking for functional benefits with claims ranging from improving heart health to supporting digestion to boosting immunity. These benefits could be folded into the above discussed no-low beer, spirits and even wine, or give rise to new categories. Our recent study shows consumers are looking for vitamins, antioxidants, probiotics, and cannabis (CBD) infused ingredients in their beverages.

Probiotic Beverages

Kombucha, which originated in asian regions centuries ago, has made its way to mainstream America—with brewers getting fancy with flavors and claims. It is a fermented, bubbly, sometimes sweetened, tea drink that has picked up steam among many generations for its purported health benefits and probiotic properties. According to our ongoing consumer behavior study, 21% of Americans drink Kombucha at least monthly.

Kefir-based probiotic beverages are also garnering more interest among consumers. A bit more mild than kombucha's tart flavors, kefir is being infused into sparkling beverages sweetened with fruit juices, or into drinks based in coconut milk.[6] There is experimentation going on among beverage manufacturers to meet demand for this popular functional benefit of supporting digestive health.

To find out where consumer preference or future innovation opportunities may exist, brands can use discovery market research to understand the white space in this beverage category. Identifying, developing and launching the RIGHT products and services is a critical component of successful organizational growth and consistent market success in this emerging category.

CBD Beverages

Another beverage touting functional benefits and an alternative choice for alcohol is the CBD-infused beverage market. CBD is a non-psychoactive cannabis product, and these beverages claim to provide wellness benefits such as pain relief, relaxation and mood balancing effects. CBD is being infused into every kind of beverage imaginable, running the gamut from sports drinks to hot chocolate to fancy waters. Some companies are creating CBD powder additives for consumers themselves to add to beverages of their choice.[7] To understand who is buying CBD beverages, how and why they use them, AMC's ResponseCash® Purchaser Follow-up PFU™ program easily taps into these consumers.

Conclusions

Consumer awareness is growing, and consumer preference is changing. There's no doubt that the beverage space is moving rapidly, and that new options for non-alcohol, low-alcohol and wellness beverage choices will become increasingly important for consumers. The right market research approach will be key to brand success in these beverage categories.

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Want to learn more about how your brand can keep up with changing consumer preferences? Reach out:

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Reference Links

1 https://www.theiwsr.com/wp-content/uploads/IWSR_No-and-Low-Alcohol-Gains-Share-Within-Total-Beverage-Alcohol-2021.pdf

2 https://www.ift.org/news-and-publications/food-technology-magazine/issues/2021/march/features/making-a-splash-with-no-and-low-alcohol-beverages

3 https://www.fooddive.com/news/once-mocked-nonalcoholic-beer-creates-a-buzz-as-traditional-brew-sales-sta/588413/

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6 https://www.lifehack.org/791257/probiotic-drinks

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