5 TRENDS DRIVING GLOBAL ALCOHOL BEVERAGE IN 2021 & BEYOND

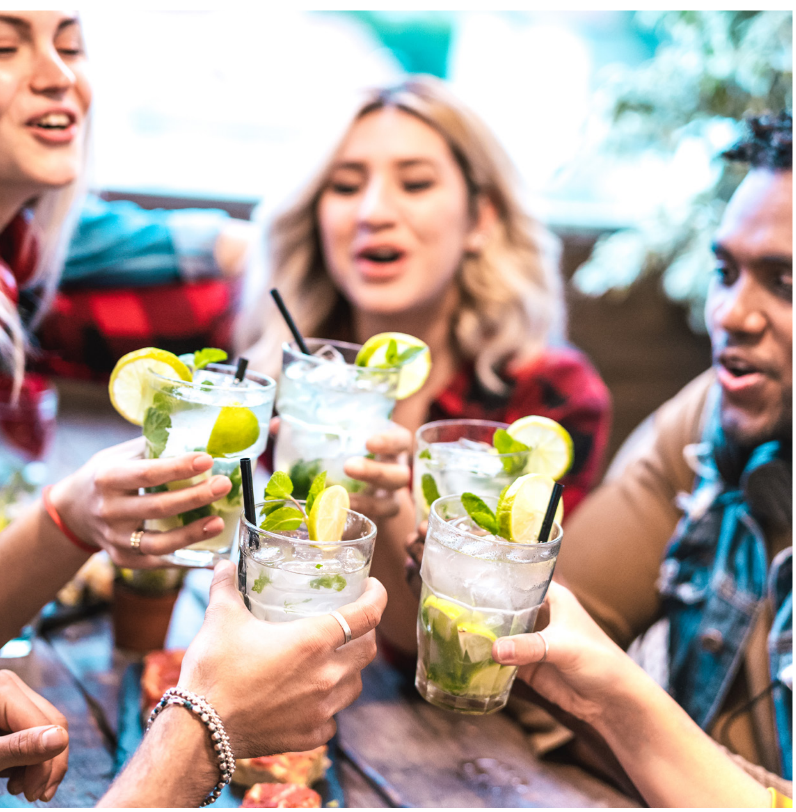
The alcohol beverage industry has been impacted by nearly a year of disruption, fluctuating habits and shifting preferences. While examining annual trends is standard practice, uncovering lasting and actionable themes can be challenging during turbulent times. Although timelines, severity, restrictions and effect vary greatly by region, identifying consistencies in global consumer sentiment can help lead to holistic industry implications.

AT-HOME DRINKING

Even pre-pandemic, the at-home drinking occasion was on the rise. In 2019, over half of U.S. consumers preferred a drinking night in.

Consumer Sentiment: Prior to becoming the default option, many pre-pandemic consumers (especially Gen Z/category entrants) preferred at-home drinking for reasons related to money and effort. Add in dine-in restrictions and safety concerns, and it's safe to say drinking in is here to stay.

Market Considerations: While shifting spending away from on-prem bars and restaurants was a reactive necessity in 2020, the channel is expected to experience long-term, if not permanent, decline. That said, consumer circumstances have created an array of new occasions, touchpoints and demand spaces for alcohol companies to leverage. The influx of at-home eating, cooking and snacking creates opportunity for promotions tied to meal pairing, home-tending, recipe integration and happy hour snacking.



AND AT-HOME SHOPPING

Nearly half of alcohol shoppers bought online for the first time in 2020. Compared to 2019, the global ecommerce channel is expected to double in value by 2024.

Consumer Sentiment: Aligned with at-home drinking, initial spikes in online shopping behavior were driven primarily by health and safety needs and preference to steer clear of physical stores. As of January 2021, 52% of millennials and 45% of all consumers say they prefer it.

Market Considerations: The fundamentally different experience of shopping online can have major impact on categories like alc bev. Finding ways to promote browsing and discovery through new verticals and tactics is essential. In many cases this means planning beyond traditional retailer networks to create an always-on presence and branding delivery and last-mile partners. To ensure effective logistics and legality adherence, geo-specific strategies tailored to local laws are paramount.

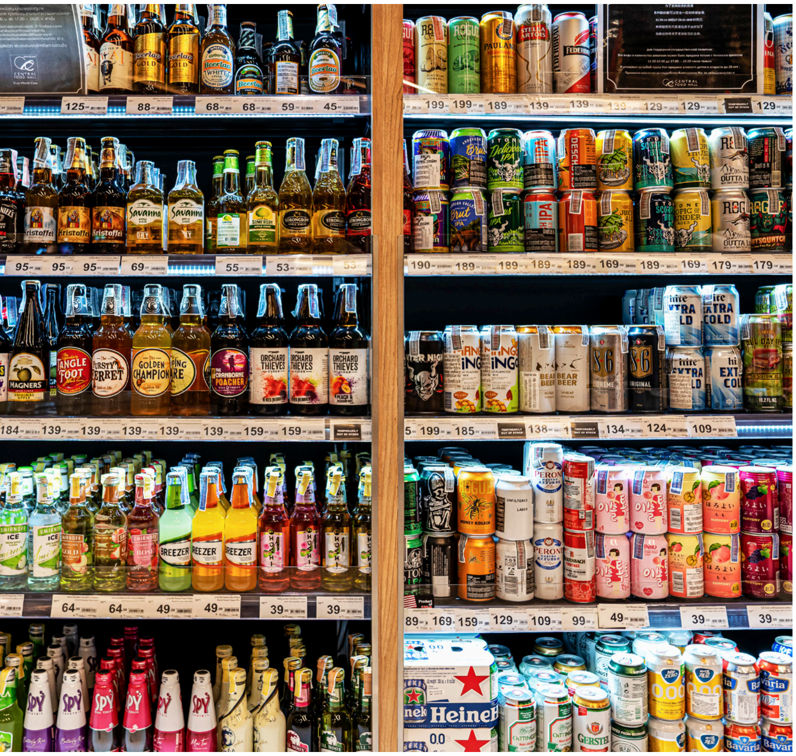
POLARIZING PREMIUMIZATION

Some consumers benefited from COVID-19 cost savings, while others were forced to cut back. Nonessential or indulgence categories were directly impacted by this kind of financial gain or strain.

Consumer Sentiment: Regarding alcohol purchases, well-faring consumers have adopted a “less but better” approach, opting for quality. On the other end, more price-sensitive consumers are mitigating risk by avoiding experimentation and relying on tried and trusted brands.

Market Considerations: Pre-pandemic, most alcohol brands were focused on how to get a foot in the premium tier door. In 2021 and beyond, brand owners will need to apply a more nuanced approach to premiumization strategies dependent on country, channel, category and demographic combinations. To build reputation and credibility at both ends of the spectrum, strategies that encourage digital reviews, testimonials and influencer impressions will be increasingly important.

DIFFERENTIATION AMONG RTDs



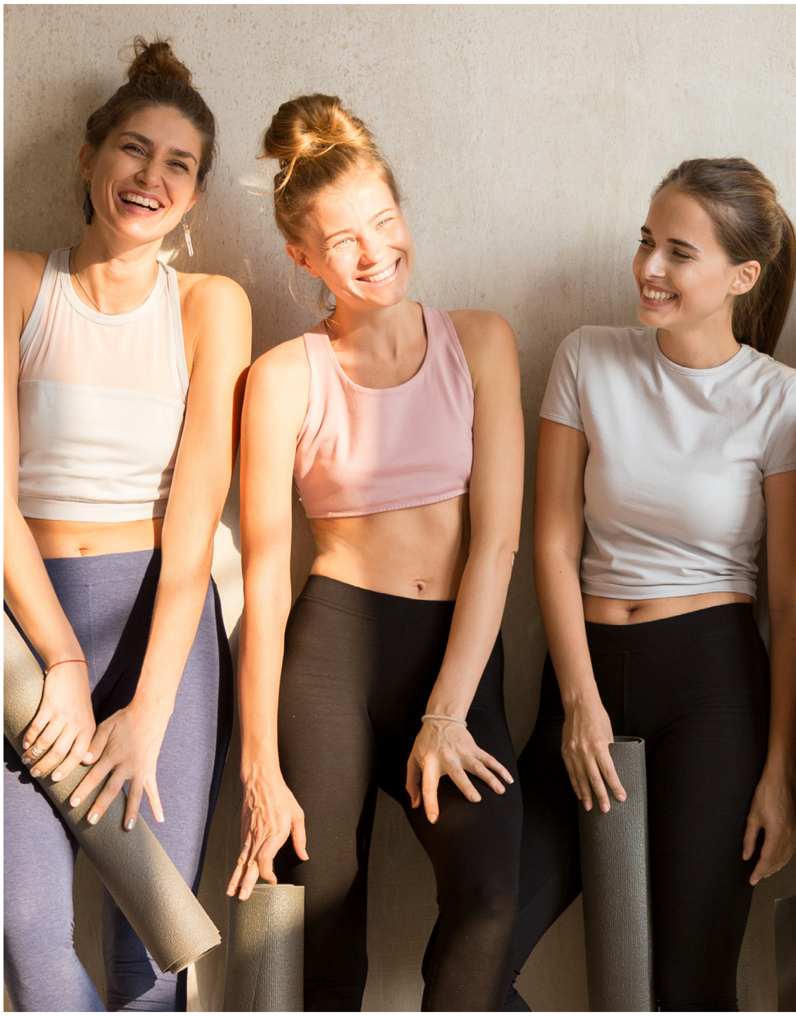
Between 2019 and 2020, consumers in 10 key markets gained close to 2,000 new RTD products, sparking a rapid category evolution. In 2020, RTDs were the only alcohol segment to see global growth.

Consumer Sentiment: While there are distinct differences across countries, it is clear that hard seltzers or seltzer-like products are continually and universally growing in popularity as consumers look for sessionable, lower-ABV, portable and convenient options.

Market Considerations: In attempt to stand out among the masses, throughout 2021 we will see brand owners invest further in RTD innovation. Hard seltzers will continue to make inroads globally, as more developed markets are expected to maintain and gain momentum with premium spirit-based RTDs launched by well-known brands. Strong first-party data that leads to deeper differentiating insights will be crucial for targeting and messaging that can cut through the clutter.

ACCELERATED MODERATION

The trend towards moderation has increased the traction of no/low alc bev among a broader range of consumers. 2020 circumstances cemented the no/low segment as a mainstay in consumers' repertoires.



Consumer Sentiment: Growth in moderation and no/low alc bev is driven primarily by an acceleration of the at-home occasion and an increased awareness around health and well-being. These attitudes and habits are expected to carry through 2021. Where no/low offerings were once stigmatized, the category has now become aspirational.

Market Considerations: Late 2020/early 2021 has shown a flurry of high-profile no/low launches. Most regions are expecting to see growth within the segment, with key markets including the US, Germany, Spain and the UK. As no/low continues to establish itself, unique partnerships, targeting strategies and portfolio plays have begun to take shape.

CLOSING

The global alc bev market in 2021 and beyond will be shaped by continued at-home drinking and shopping habits, nuanced premiumization strategies, the quest for differentiation in RTDs and an acceleration of moderation. Industry professionals can begin to apply these foundational, global trends at the company and brand level through the following three actionable items:

1. INVEST in ecommerce and frictionless buying best practices

2. TEST new digital touchpoints and experiences to increase demand

3. LEAN IN on actionable data to inform deeper insights and stronger targeting

Sources

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