

## MARKET REPORT

November 2019

### Beverage trends:

#### Wine, sparkling wine, cider and spirits

- Growing global alcohol consumption forecast
- Idea of quality is rising

According to IWSR (international wine and spirit research), worldwide consumption of alcohol declined by 1.6 percent in 2018. However, this downturn is set to be temporary. For the next five years the market research institute forecasts further growth and the continuation of the trend toward increasingly higher-quality alcoholic beverages.

#### Gin – the front-runner

Within the alcoholic beverage market, sales of gin enjoyed the greatest growth in the last year. According to IWSR, this category of spirits grew by 8.3 percent worldwide, with more than 72 million 9-litre cases sold. In the UK alone, the growth rate was 32.5 percent. By 2023, global gin sales are expected to reach 88.4 million 9-litre cases. The key markets are regarded as the UK, Germany, Italy, France, the Philippines, South Africa, Uganda, Canada, Australia and Brazil. Following a doubling of gin sales in Brazil in 2018 the country is already being treated as the new “gin hotspot”.

Despite the currently booming gin market, market research institute Mintel predicts that the gin trend will be overtaken by a vermouth trend. Here too, smaller craft brands are fuelling growth. One example is a sweet vermouth made from cascara, an infusion of coffee cherry husks that are generally regarded as waste that therefore also allows the vermouth to meet the criterion for sustainability.

#### Whisky soon to be produced by AI as well

IWSR says that the spirit category of whisky also enjoyed strong growth last year, with sales up 7 percent worldwide. By 2023, an average annual increase of 5.7 percent is expected. If this happens, around 580 million 9-litre cases of whisky will be sold by 2023. One interesting development is

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that an award-winning Swedish whisky distillery is currently working with Microsoft and a Finnish technology company to produce what will supposedly be the world's first whisky designed and created by artificial intelligence. It should be available from autumn 2019. The idea is that although the whisky will be created by the AI it will still be curated by a human being.

### **Mixed drinks up, vodka, liqueurs and cane spirits in decline**

Other IWSR data show that consumption of alcoholic mixed drinks increased by 5.0 percent in 2018. By 2023, the market research institute predicts an annual consumption in this segment of around 597 million 9-litre cases worldwide. By contrast, vodka, liqueurs and cane spirits are probably likely to continue become less popular in the next few years.

### **Per capita consumption of spirits in Germany is 5.4 litres**

According to preliminary data from the German Federal Bureau of Statistics, there were around 713 million 0.7-litre bottles of spirits for sale on the German market in 2018. The per capita consumption was 5.4 litres. "In 2019, the trend is again expected to be toward strong German brands of spirits, imported products, craft spirits and higher-quality products in general," says Thomas Ernst, president of the BSI (Federal Association of the German Spirits Industry and Importers). In terms of volume, the biggest market shares in 2018 were held by clear spirits (around 38.1 percent), liqueurs (around 34.9 percent) and brandies/cognac (around 9.5 percent).

### **Increased expenditure on wine**

Following significant growth, global wine consumption declined; according to data from the German Wine Institute (DWI) and the International Organisation of Wine and Vine (OIV) it reached 244 million hectolitres in 2017. The IWSR reports a global decline in volume of 1.6 percent in 2018, primarily because less wine was consumed in Italy, France, Spain, Germany and China. In the wine segment too, there is a global trend in favour of higher quality wines. As a result, increasing expenditure on wine can be expected worldwide in future. By 2023 it is projected to be USD 224.5 billion, up from USD 215.8 billion in 2018. The sparkling wine category is likely to be even more dynamic and there is talk of an annual sales growth of 1.17 percent, fuelled above all by sales of prosecco.

IWSR also predicts a significant increase globally in alcohol-free and low-alcohol wines.

## **Alcohol-free wines on the up?**

German content marketing agency Carta recently carried out a survey with the University of Heilbronn and the Heilbronn Institute for Applied Market Research on the level of familiarity, actual consumption and expected potential of alcohol-free wine. The survey confirmed the potential of alcohol-free wine, at least for the German market. Some of the findings from the survey were that 72 percent of respondents had already heard of alcohol-free wine and just under 30 percent had already drunk it, while 51.0 percent of respondents rated the taste of alcohol-free wine as very good or good and 33 percent said it was mediocre.

## **Germany prefers dry wines**

According to the DWI (German Wine Institute), German wine consumption declined from 20.9 to 20.5 litres per head in 2018. In the last year, 46.0 percent of all wines sold were white, 44.0 percent red and 10.0 percent rosé. The proportion of wines of certified origin and quality (Qualitätsweine) and wines with special attributes (Prädikatsweine) was over 48.0 percent, one percent higher than in the previous year. In the case of Sekt (German sparkling wine), per capita consumption decreased by 0.2 litres to 3.3 litres. Germans consumed a total 19.8 million hectolitres of wine and sparkling wine in 2018.

## **Cider still predominantly a Western European drink**

The cider market continues to be largely based in Western Europe. The fact is that the Western European share of the global cider market has declined continuously over the years. Whereas in 2005 it was still at 79 percent, the European Cider and Fruit Wine Association (AICV) reported a 55.1 percent share for 2017 in its report "European Cider Trends 2018". Africa held a 13.3 percent of the global cider market in 2017, North America 10.9 percent, Australasia 7.8 percent, Eastern Europe 7 percent, Latin America 4.6 percent and Asia 1.2 percent. In 2017 global cider sales totalled around 2.6 billion litres, according to AICV (European Fruit Wine and Cider Association) data. In Germany, the VdFw (Association of German Fruit Wine Producers) reports that in 2018 cider continued to be

one of the best-selling products in the sector, recording an increase of 9.3 percent. Domestic sales were up from 46.3 million litres to 50.6 million litres.

## About BrauBeviale

BrauBeviale is one of the most important capital goods trade fairs for the beverage industry worldwide. During this three-day event at Exhibition Centre Nuremberg, international exhibitors showcase a comprehensive range of solutions for the entire beverage production process chain, including raw materials, technologies, logistics and marketing ideas. Visitors come from the technical and commercial management segments of the European beverage industry as well as from the retail and catering sectors. The product display is rounded out by an attractive supporting programme that explores and discusses the trending issues in the industry. The main topic is the future viability of the beverage sector. Other highlights include the BrauBeviale Forum, Craft Drinks Area and numerous themed pavilions. The usual relaxed atmosphere will make BrauBeviale the No. 1 meeting place for the industry. Private Brauereien Bayern (Bavarian Association of Private Breweries) is the honorary sponsor of BrauBeviale. BrauBeviale is a member of the Beviale Family, the global network of events focusing on the manufacture and marketing of beverages.

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