

NON-ALC IN 2020 AND BEYOND

DESPITE COVID-19 AND THE GLOBAL SLOWDOWN OF THE ON-TRADE, NON-ALC CONTINUES TO GROW.



NEW BRANDS CONTINUE TO LAUNCH AT PACE

U.K.	U.S.
42 U.K. BASED NON-ALC SPIRIT BRANDS	29 U.S. BASED NON-ALC SPIRIT BRANDS
11 LAUNCHES IN 2020	12 LAUNCHES IN 2020

(DV HOT BRANDS MARKET SURVEY, 2020)

↑↑↑
506%

UNPRECEDENTED BRAND GROWTH

No-and-low sector has seen sales rise by **506% SINCE 2015**. In the U.K. alone last year, sales of Non-Alc spirits grew by **30%**.

(NIELSEN, 2020)



NON-ALC BRANDS DRAW INVESTMENT INTEREST

LYRE'S

A\$11.5M

PARTAKE

\$4M

CLEAN LIQUOR CO

£8.9M



SPIRITS BRANDS ENTERING THE NON-ALC SPACE

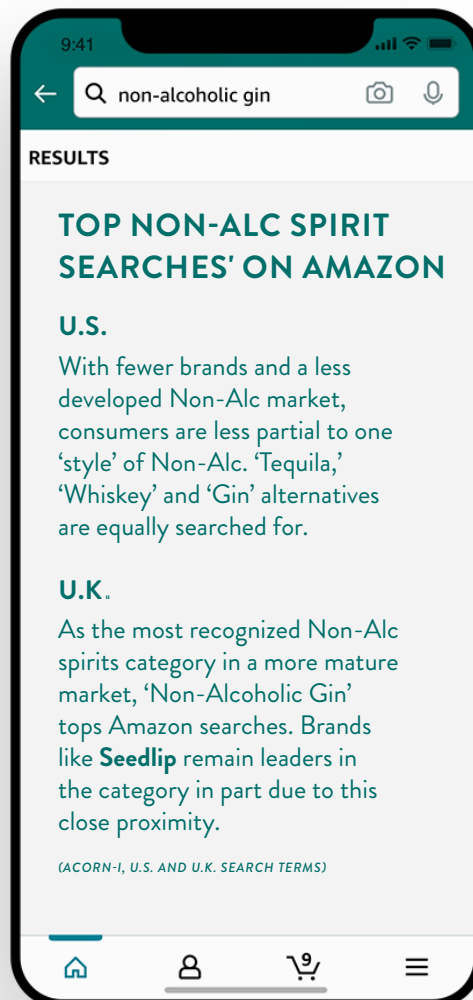
Brands like **WARNER EDWARDS**, **SALCOMBE**, **SIEGFRIED**, and **OLD CURIOSITY** have released Non-Alc offerings alongside their full strength spirit ranges.

(SPIRITS BUSINESS)

AMONG NON-ALC CATEGORIES, SPIRITS ARE GAINING MARKET SHARE IN THE UNITED STATES

Just as many people (**8%**) reported they drank Non-Alc spirits as they did Non-Alc beer, a category that has been more mature than spirits for some time.

(DISTILL VENTURES US NON-ALC SURVEY, 2020. US STATES: NEW YORK, ILLINOIS, FLORIDA, CALIFORNIA, COLORADO, WASHINGTON. 2000 LEGAL DRINKING AGE RESPONDENTS)



TEQUILA, RUM AND WHISKEY ALTERNATIVES HAVE ARRIVED



2020 wasn't just about gin and vodka launches, with new 'aged' spirits offerings hitting the market.

THE NON-ALC CONSUMER

THE NON-ALC CONSUMER (IN THE U.K.)

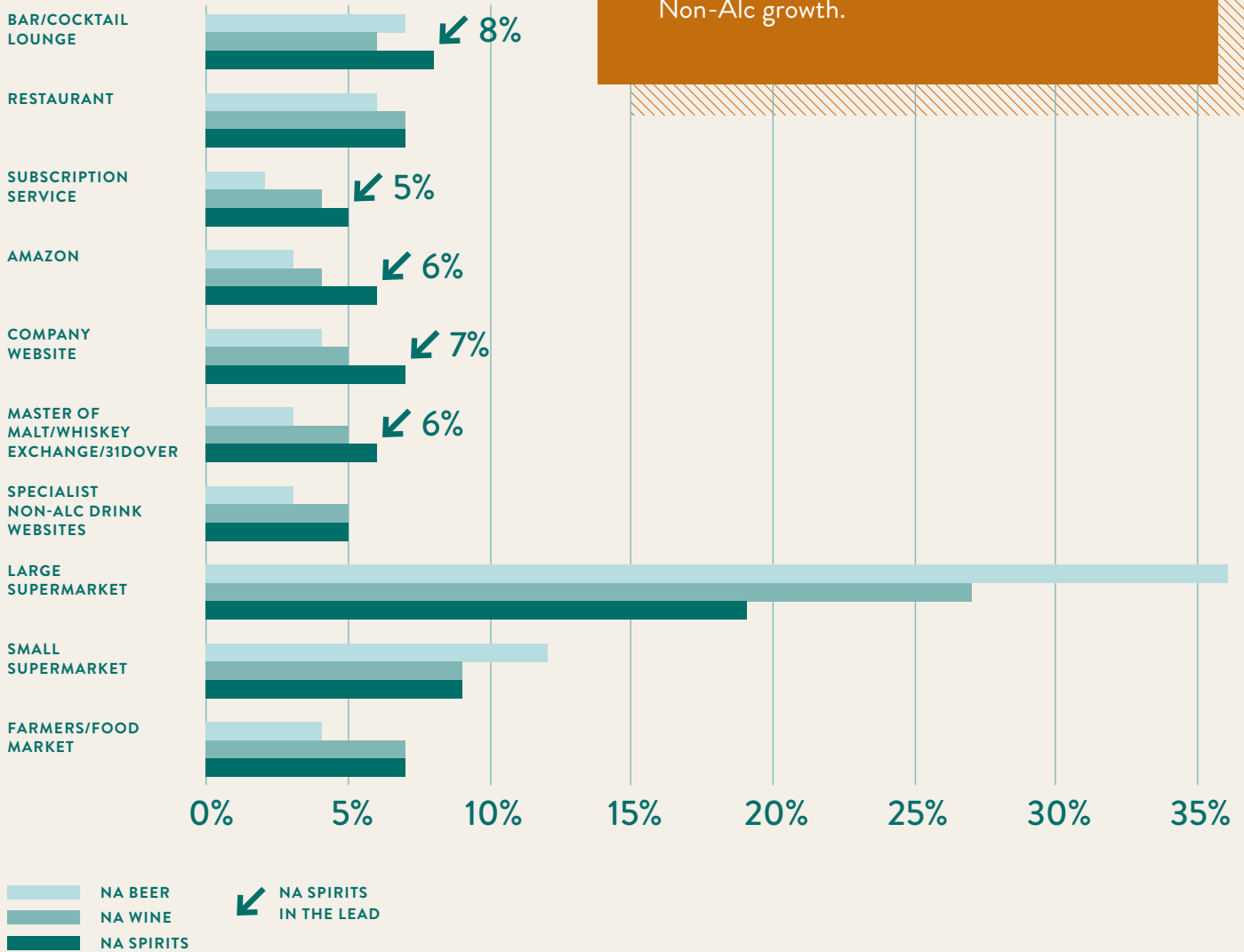
(PULSAR, DIGITAL AUDIENCE SEGMENTATION, 2020)

27%
AGED 35-44

56%
♀ FEMALE

35%
LIST FOOD & DRINK AS A TOP INTEREST

NON-ALC SPIRITS CONSUMERS SHOP ONLINE MORE THAN NON-ALC BEER CONSUMERS



(DV U.K. QUARTERLY NON-ALC TRACKER: Q2 N=1000, JUNE)

Non-Alcoholic Beer's strong hold is in traditional distribution channels while **NON-ALCOHOLIC SPIRITS OWN DIGITAL.**

As drinking habits have changed in the last year - with more in home occasions and a heavier reliance on e-commerce through Amazon, specialty websites, dedicated brand shopping sites, and grocery - this shift has helped create an opportunity for Non-Alc growth.

DRY JANUARY: A BIG OPPORTUNITY FOR NON-ALC

Dry January continues to be the most popular 'season' for Non-Alc interest and coverage from a consumer, trade, and media perspective.

DRY JANUARY 2020: THE NUMBERS

SEARCH RESULTS FOR DRY JAN

↑ 25% GREW BY 25% IN THE U.S.

↑ 10% AND BY 10% GLOBALLY (2019-2020)

(GOOGLE TRENDS, 2020)

SEARCH DATA SHOWS ACCELERATING INTEREST IN "NON-ALCOHOLIC" DRINKS

NON-ALCOHOLIC | 🔍



52%

OF U.S. ADULTS ARE ACTIVELY TRYING TO DRINK LESS

(BEVERAGE DAILY, CIRCLE UP GROWTH PARTNERS OCT 2, 2020)



30%

OF U.S. ADULTS DON'T DRINK AT ALL

↑ 17%

"Dry January"

increase in news articles MENTIONING 'Dry January' (over 2019)

↑ 42%

2020 saw 42% increase in TWITTER activity surrounding Dry January compared to 2019

(DV MEDIA STUDY, 2020)

↑ 39%

39% increase in NON-ALC BEER sales in January 2019 vs 2020

(NIELSEN, JANUARY, 2020)



21%

OF ADULT CONSUMERS IN THE U.S. PARTICIPATED IN DRY JANUARY IN 2019.

(NIELSEN, JANUARY, 2020)



10%

ONE IN TEN ADULT CONSUMERS IN THE U.K. (10%) PLANNED TO TAKE ON DRY JANUARY IN 2020.

(YOUNGOV POLL BY ALCOHOL CHANGE U.K., DEC 2019)

WHAT'S NEXT?

DESPITE THE INCREASING INTEREST, NON-ALC FACES KEY CHALLENGES:

1. LIQUID EXCELLENCE
2. EDUCATION
3. THE DRINKS EXPERIENCE

Developing delicious, elevated cocktail experiences through zero proof offerings is both challenging and costly, and currently, the on-premise – a critical tool for brand discovery – is on pause.

As such, brands need to focus on creating relevant brand connections and at home experiences.