IWSR charts unprecedented global drinks market drivers

Unprecedented change and volatility in the global drinks market are creating vehicles for change within an industry increasingly displaying unpredictable and surprising consumption swings and market preferences, according to leading international wines and spirits analysts, IWSR.

These are some of the bottom-line findings in the recently-released IWSR Global Trends Report 2017, which also identify key trends creating both opportunities and challenges for industry executives – including ever-changing consumer tastes.

In addition, IWSR points to digitalization driving both preferences and purchasing in key markets and trading – both up and down – plus the well-documented rise in healthy lifestyles.

UNDERLYING CONSUMPTION DRIVERS

IWSR adds that the increase in home consumption has also hit on-premise business hard, while it points to an interesting series of ‘underlying consumption drivers’ which continue to reshape the overall global drinks landscape. These include the following: Category Convergence; Health and Wellness; Trading up and down; Digitalization; and Authenticity.

CATEGORY CONVENIENCE: IWSR says that in a continuation of the trend already seen in recent years, the lines between categories are being increasingly blurred: “Many consumers no longer think in terms of distinct drink types or occasions, making choices based on personal inclination at the time, rather than loyalty to a certain category.

“As a result, alcoholic drinks companies are increasingly finding themselves competing for share of stomach across the entire beverage space.”

HEALTH AND WELLNESS: “With growing awareness of the health implications of excessive drinking, many people are opting to reduce their alcohol intake. For some this involves choosing products that are lower in alcohol. Consequently, low-ABV and non-alcoholic drinks are growing rapidly and producers are introducing ever-more varieties in order to tap into the trend.

“For others it means drinking less but of better quality, helping to fuel the premiumisation trends seen across a growing number of categories in regions such as North America, Key Europe* and Australasia. Other health trends filtering down from the food industry, including an increased demand for gluten free, dairy free, organic or vegan products, are leading to innovation and new
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The IWSR Global Trends Report 2017. launches.”

[*Key Europe includes: Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, UK].

TRADING UP AND DOWN: “The premium-and-above segment generally continues to grow well. While in some cases this is simply due to consumers having more money and therefore the means to trade up, it is also related to increasing knowledge.

“The rise of professional bartenders and popularity of drinks apps, among other factors, is helping to educate people about alcohol and leading them to make more discerning drinks choices.

“Simultaneously however, the mainstream segment is growing in many parts of the world. In major developing regions such as Asia and Africa, this is due to the ongoing growth of the middle classes, which is encouraging consumers to trade up from lower-priced traditional and local products.

DIGITALIZATION: Technology is becoming increasingly involved in the sales cycle from building awareness to point-of-sale. Increased access to the internet, social media and digital technology is exposing consumers to more brands and categories, adding pressure on marketers to get their brand to stand out.

“Websites and apps are becoming increasingly influential in consumer choice by providing drinkers with information, recommendations and even price comparisons. Perhaps even more significant is the rise of the e-commerce channel, which is growing fast and quickly spreading to new markets.

“Online giants like Amazon are competing with more established grocery retailers, changing not only the way in which consumers purchase alcohol, but also which products and brands they buy.”

AUTHENTICITY: Consumers are using price less as a definer of quality, instead focusing on the quality of the liquid itself as well as brands’ back stories and values. They are also increasingly seeking out unique and interesting products that reflect their values, focusing on attributes such as quality, authenticity and provenance.

“As a result, the craft trend continues to grow and spread geographically, making
Lifestyle and experiences are more important to many young people today, with a huge number nowhere near as loyal to the old established drinks categories as their parents once were.

Its influence felt across most alcoholic drinks categories, although volumes remain small, with the exception of beer in the US.”

IWSR concludes that while some ‘consumption drivers’ are continuations or evolutions of previous trends, others are still developing and their full impact has yet to be seen. It claims that the IWSR Global Trends Report 2017 pulls together both long-term and emerging trends from the global alcoholic drinks industry, which have been collated from in-depth insights gained from local operators.

*Key Europe includes: Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, UK.