WINE INTELLIGENCE

OPPORTUNITIES FOR LOW- AND NO-ALCOHOL WINE

MARCH 2021

REPORT BROCHURE

PRICING

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CONTENTS

INTRODUCTION

What really are the opportunities for lower alcohol and no-alcohol wine? The evidence from this report suggests that there is an unmet consumer need. There is a clear pattern: people around the world, across multiple cultures, are thinking along similar lines when it comes to lifestyle. Perhaps this alignment of consumer needs comes from the effect of globalised media and social media fostering a more global conversation – or maybe it was always present, but unseen.

These needs can be summarised in three words: health, control and taste. We want to drink stuff that is better for us, be it in fewer calories, more 'natural' ingredients and fewer headaches. We want to drink things that won't cause us to lose control, whether it is because we value this control for its own sake, or just want to avoid being embarrassed by a legion of social media uploads. And, not surprisingly, we want drinks that taste pleasant and interesting, and – ultimately – genuine to what they are. Beer without alcohol still needs to taste like beer.

Marketers and brand owners will also be sitting forward in their seats at the sight of such a clear and tempting consumer target that will be in the market for many decades to come. Moderating alcohol consumption is a clear lifestyle goal of those in the Generation Z and Millennial cohorts, and clearly not of interest to those over 55, according to the data in this report.

As we relate these needs to the wine category, we see why the spark of the low and no alcohol wine opportunity is struggling to become a blaze. As this report plainly shows, low and no alcohol wine product struggles to meet the benchmark of what wine should taste like. Individual winemakers have come close, but it seems clear from the data that the category as a whole suffers from a version of the tragedy of the commons: when a sufficient proportion of products in market fail the consumer taste test, it tarnishes the whole category.

Availability also appears to be a problem, with retailers perhaps reluctant to invest heavily in promoting a product that requires a very specific need, and most likely a hand-selling effort. This latter factor has been conspicuous by its enforced absence over the past 12 months, as COVID-19 has restricted both the opening hours of specialist retail, and the inclination of shoppers to dwell, browse and engage with sales staff.

The final inertia factor for the lower and no-alcohol wine category appears to be the evident success that other alcoholic beverage categories are having in terms of convincing consumers that their low / no alcohol product is more in tune with a moderating, healthier lifestyle. Chief among these are the successful low and no-alcohol beer brands, such as Heineken 0.0, which has taken the bold step of aligning its core premium brand image with a no-alcohol product. So far few wine businesses have been so brave.

Other categories are also rising to meet the need. One could argue that some of the recent success of the hard seltzer category in the US and Canada is down to the category's positioning as 'low calorie, low carb'. Our research so far suggests that hard seltzer drinkers see the product as a light, low alcohol alternative to other drinks (even though a typical 330ml / 12oz can at 5% ABV contains almost as much alcohol as a 150ml glass of wine).

Finally, even the strongest boosters for the lower and no-alcohol wine need to admit that, at best, the category will be an interesting niche rather than the main event in the wine category. Taking alcohol out of the equation will meet some needs, and those needs may grow over time, but for the foreseeable future most consumers will still choose 'standard' wine most of the time, and opt for moderation that simply involves drinking smaller amounts, less often.

METHODOLOGY: MARKETS ANALYSED FOR THIS REPORT

17 reference markets, with 4 focus markets explored in more detail: Australia, Canada, US and UK

Total sample size: 17,000 regular wine drinkers

See appendix for quota sampling methodology and regular wine drinker definitions by market

CALCULATING THE SOLA WINE OPPORTUNITY INDEX

Using four measures (awareness, intent to purchase, purchase consideration and affinity) an index is created to show which alternative wine types have the strongest market opportunities

- The index is **weighted to reflect the size of the wine drinking population** in each market, enabling the SOLA wine opportunity index to be **reflective of the global market opportunity**

Purchase intent

% who have specifically sought to buy the type of wine in the past 6 months

Consideration

% who would consider buying the type of wine in the future

For more information on additional SOLA wines, please see our Global SOLA 2021 report

Awareness

% who are aware of the types of wine

SOLA Opportunity Index

Affinity

% who think the type of wine is right for people like them

Increase in rank position since 2019

Decrease in rank position since 2019

No change in rank position since 2019

EXAMPLE SLIDE:

MANAGEMENT SUMMARY

ALCOHOL MODERATION: GLOBAL VIEW

Alcohol moderation globally is driven by younger consumers

In most markets, consumers under 35 are more likely than all wine drinkers to moderate their alcohol intake, highlighting a generational shift towards moderation and consumption of lower alcohol beverages.

Alcohol moderation by age: Global View

% who are moderating their alcohol intake
Base = All regular wine drinkers in Australia, Belgium, Canada, Ireland, Japan, Netherlands, Switzerland, UK and US (n≥700)

		Gender		Age		
	All wine drinkers	Male	Female	LDA-34	35-54	55+
Switzerland	**58%**	58%	57%	59%	58%	57%
Netherlands	**54%**	55%	53%	62%	52%	50%
Ireland	**49%**	49%	48%	56%	50%	43%
Australia	**46%**	47%	45%	56%	43%	40%
Belgium	**41%**	41%	40%	50%	44%	34%
UK	**39%**	38%	39%	56%	38%	29%
Canada	**37%**	36%	38%	47%	36%	29%
US	**36%**	39%	32%	49%	41%	21%
Japan	**36%**	36%	36%	40%	39%	33%

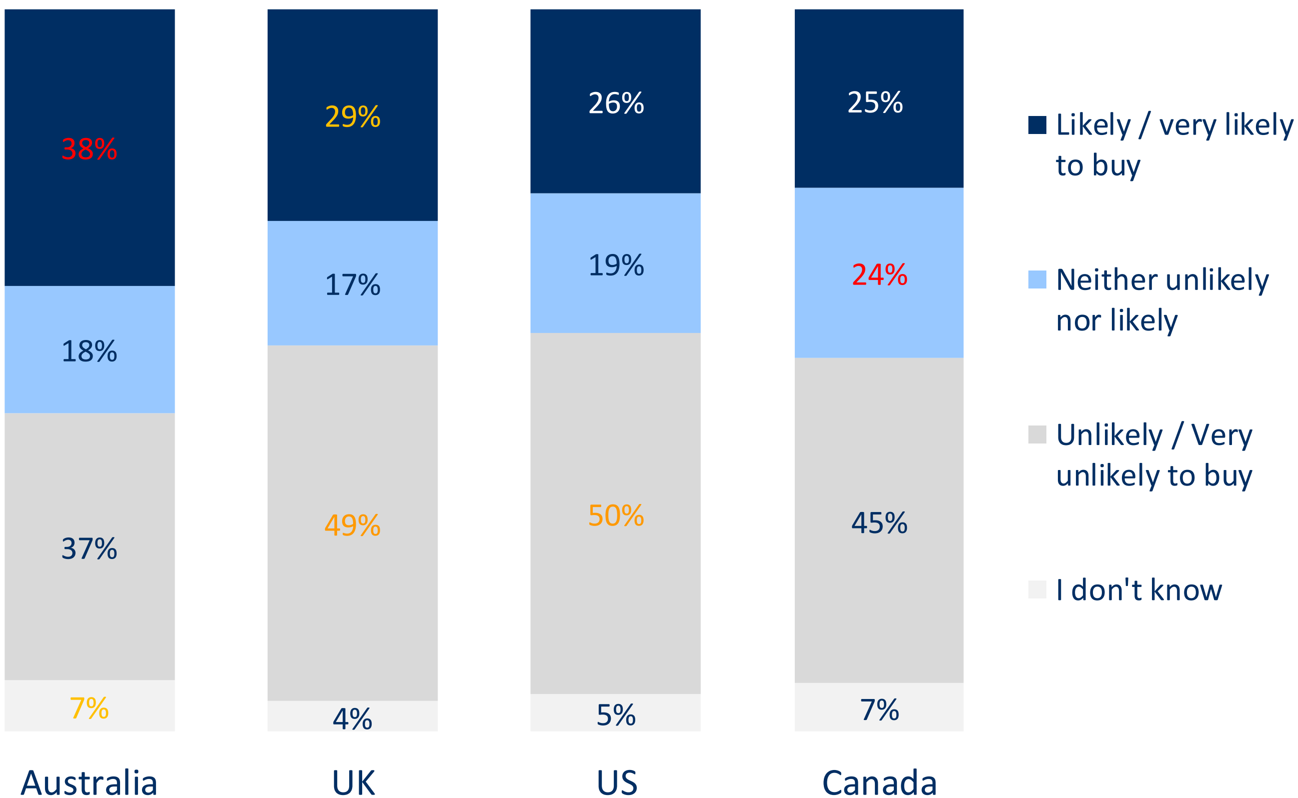
LDA = Legal drinking age
Red / Blue: Statistically significantly higher / lower than all wine drinkers in each market at a 95% confidence level
Source: Wine Intelligence, Vinitrac®, October 2020 (n≥700), Australian, Belgian, Canadian, Irish, Japanese, Dutch, Swiss, UK and US regular wine drinkers

EXAMPLE SLIDE: PURCHASE INTENT OF LOWER ALCOHOL WINE

Intent to purchase a wine with a lower alcohol claim is relatively strong in Australia, but is only of interest to around a quarter of drinkers in the UK, US and Canada

Intent to purchase: Lower Alcohol wine

% who would be likely or very likely to buy lower alcohol labelled wine
Base = All Australian, Canadian, UK and US regular wine drinkers (n≥1,000)



Red / Orange: Statistically significantly higher than 3 / 2 other markets at a 95% confidence level
Source: Wine Intelligence, Vinitrac®, October 2020 (n≥1,000), Australian, Canadian, UK and US regular wine drinkers

EXAMPLE SLIDE: ALTERNATIVE WINES AWARENESS

Lower alcohol and non-alcoholic wines have relatively high awareness in the US, with around 3 out of 10 regular wine drinkers aware of them

wine intelligence

Alternative Wines Awareness

% who are aware of the following types of wine
Base = All US regular wine drinkers (n=2,000)

		Gender		Age			Wine Involvement		
	All US regular wine drinkers	Male	Female	21-34	35-54	55+	Low	Medium	High
n=	*2,000*	*1,026*	*974*	*567*	*691*	*742*	*424*	*1,025*	*551*
Organic wine	44%	41%	47%	46%	44%	41%	30%	45%	51%
Non-alcoholic wine	30%	27%	34%	30%	31%	29%	25%	30%	34%
Lower alcohol wine	29%	29%	29%	31%	28%	28%	21%	27%	39%
Sustainably produced wine	24%	25%	24%	21%	26%	26%	16%	24%	31%
Environmentally friendly wine	24%	24%	23%	29%	24%	19%	14%	22%	35%
Sulphite free wine	23%	22%	23%	18%	22%	27%	16%	24%	26%
Fairtrade wine	18%	19%	17%	19%	20%	15%	11%	17%	25%
Preservative free wine	17%	17%	17%	19%	19%	14%	10%	17%	24%
Vegan wine	12%	14%	10%	18%	15%	5%	7%	11%	18%
Wine from a carbon-neutral winery	11%	13%	8%	15%	14%	5%	4%	9%	19%
Orange / skin contact wine	8%	10%	5%	11%	10%	2%	5%	5%	14%
Vegetarian wine	7%	9%	5%	11%	9%	2%	2%	5%	13%
Biodynamic wine	7%	9%	4%	9%	10%	2%	2%	5%	13%
None of these	21%	19%	23%	12%	18%	30%	34%	21%	11%

Red / Blue: Statistically significantly higher / lower than all US regular wine drinkers at a 95% confidence level
Source: Wine Intelligence, Vinitrac® US, October 2020 (n=2,000), US regular wine drinkers

vinitrac

SAMPLE AUSTRALIA RESEARCH METHODOLOGY: QUANTITATIVE

EACH MARKET VARIES

- The data was collected in Australia since March 2019
- The following wave October 2020 was tracked against March 2019
- Data was gathered via Wine Intelligence's Vinitrac® online survey
- Respondents were screened to ensure that they were at least 18 years old; drank red, white or rosé wine at least once a month; and bought wine in the off-premise or in the on-premise
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The data is representative of Australian regular wine drinkers in terms of gender, age and region
- The distribution of the sample is shown in the table:

		Mar-19	Oct-20
	n=	*1,000*	*1,000*
Gender	Male	50%	54%
	Female	50%	46%
	Total	***100%***	***100%***
Age	18-24	13%	9%
	25-34	19%	19%
	35-44	16%	18%
	45-54	15%	19%
	55-64	16%	16%
	65 and over	20%	19%
	Total	***100%***	***100%***
Region	Australian Capital Territory	1%	1%
	New South Wales	33%	33%
	Northern Territory	2%	1%
	Queensland	18%	20%
	South Australia	7%	7%
	Tasmania	1%	3%
	Victoria	29%	25%
	Western Australia	9%	9%
	Total	***100%***	***100%***

Source: Wine Intelligence, Vinitrac® Australia, March 2019 and October 2020 (n= 1,000) Australian regular wine drinkers

Other sources in the report include Wine Intelligence market experience and secondary sources

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