

Press Release

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Beverage Alcohol Ecommerce Value Grows by +42% in 2020, to Reach US\$24 Billion

*US Forecast to Overtake China to Become World's Largest
Beverage Alcohol Ecommerce Market by End of 2021*

London – As consumers continue to adjust to the effects of Covid-19, beverage alcohol ecommerce has become an increasingly important retail channel across the globe. New research from IWSR Drinks Market Analysis, the leading authority on the global beverage alcohol industry, forecasts that the value of alcohol ecommerce will increase by 42% this year, across 10 core markets, to reach US\$24 billion. In comparison, alcohol ecommerce value in those markets grew by 11% in 2019.

The 10 core markets included in IWSR's new comprehensive Global Ecommerce Strategic Study (Australia, Brazil, China, France, Germany, Italy, Japan, Spain, UK, and the US) collectively represent over 90% of total alcohol ecommerce value. The report also examined an additional 10 "markets to watch" (Mexico, Colombia, Argentina, Netherlands, Israel, Nigeria, Kenya, South Africa, Singapore, and the Philippines.) Across all of those 20 markets, IWSR expects the total value of alcohol ecommerce to exceed US\$40 billion by 2024.

"Consumers' increasing proclivity for online purchasing has been driven by necessity in recent months, but these purchasing behaviours are here to stay. As brand owners increasingly invest in the channel, markets must be assessed on their own merits with a bespoke strategy developed. This is especially important as government regulations for alcohol ecommerce may evolve as the channel continues to grow," says Guy Wolfe, Strategic Insights Manager at IWSR Drinks Market Analysis.

Wolfe adds, "The forecast size and growth of ecommerce means it can no longer be viewed as merely an interesting niche. Online is now a market in its own right, and one that the IWSR forecasts to equal the Indian beverage alcohol market in value by 2024. The channel should therefore be given an equivalent level of focus and be fully integrated into route-to-market strategies."

World's Largest Beverage Alcohol Ecommerce Market, China, Grows at a Slower Pace than Other Markets; US will Overtake China by the End of 2021.

Alcohol ecommerce has grown in almost all markets this year, but some have experienced more rapid increases than others. China is currently the largest online alcohol market in the world, however, its growth rate (23% value growth, 2019-2020) has been slower than that of the US, UK, Australia and Brazil. This is because alcohol ecommerce is already reasonably well developed in China, allowing for less room for growth. IWSR consumer research findings show that most (46%) Chinese consumers who buy alcohol online have done so for several years. The market is also heavily reliant on restaurants and bars, where about half of China's alcoholic drinks are sold.

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After witnessing a value growth of over 80% in 2019-2020, the US is poised to overtake China to become the largest alcohol ecommerce market in the world by the end of 2021. Between 2019 and 2024, US total alcohol ecommerce value will grow six-fold, from half that of China to nearly double. Growth, however, is coming from a low base: in 2019, ecommerce represented just 1% of off-trade retail alcohol volume in the US. By 2024, IWSR estimates that ecommerce will account for 7% of total off-trade beverage alcohol volume in the country, compared to 6% in China.

“This year, there has been a huge increase in awareness of alcohol ecommerce among US consumers, while some states have relaxed legislation to facilitate online sales and home deliveries. IWSR consumer research data shows that in the US, 44% of alcohol e-shoppers only started buying alcohol online in 2020, compared to 19% in 2019. Growth is largely being driven by the omnichannel segment as supermarkets and traditional retailers seek to rapidly enhance their online offering. On-demand players are also expected to gain significant share,” notes Wolfe.

Across the 10 core countries, marketplaces currently account for nearly half of total online alcohol sales by value, but the omnichannel and on-demand channels are predicted to gain share. The value of the Direct-to-Consumer (D2C) channel will also grow by almost US\$3 billion between 2019 and 2024, at a value CAGR rate of 24% (2019 - 2024).

RTDs Set to Drive Ecommerce Value Growth Through to 2024

Though wine is the dominant ecommerce category in most countries, across the 10 core markets, ecommerce for ready-to-drink (RTD) products is predicted to represent 10% of total alcohol ecommerce value by 2024 – up from 2% in 2019.

The US is the main market driving RTD category growth, and ready-to-drink products are set to represent 20% of US alcohol ecommerce value by 2024, compared to 5% in 2019. This would make RTDs a bigger online business than beer in the US.

“Spurred by the trend for the category in the market as a whole, the expansion of the US omnichannel and the prevalence of younger legal drinking age consumers in ecommerce, online sales of RTDs are expected to soar in the coming years,” notes Wolfe.

Outside of RTDs, agave-based spirits (tequila and mezcal) and US whiskey are also seeing growth across ecommerce.

Markets to Watch: Mexico, Argentina, South Africa and the Netherlands

Among the “markets to watch,” the Netherlands is currently the largest for online alcohol sales. But countries such as Mexico, Argentina, and South Africa are also expected to post high value growth this year. Over the next five years, Mexico is projected to generate the greatest incremental value in online sales, at over 60% CAGR, 2019 to 2024.

In the 10 “markets to watch,” beer is expected to grow the fastest overall, but trends vary by market. In Mexico, for instance, ecommerce wine is forecast to increase by more than 80% CAGR 2019-2024, while spirits are on track for 50% online growth in the Philippines.

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About the IWSR

The IWSR is the leading source of data and intelligence on the alcoholic beverage market. The IWSR's database, essential to the industry, quantifies the global market of wine, spirits, beer, cider, and RTDs (ready-to-drink) by volume and value in 160 countries, and provides insight into short- and long-term trends, including five-year volume and value forecasts. The IWSR tracks overall consumption and trends at brand, price segment and category level. Our data is used by the major international wine, spirits and beer companies, as well as financial and alcoholic beverage market suppliers. The IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. The IWSR boasts a team of global analysts, each of whom is equipped with local market expertise and an expansive network of on-the-ground industry contacts. Our analysts meet and speak with their industry contacts throughout the year in order to capture local insight, key market trends, and the 'why' behind the numbers. For more information about the IWSR, please visit www.theiwsr.com