

Press Release

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Global Beverage Alcohol Expected to Gain +3% Volume in 2021 *Resilience in Key Markets and Brand Owners' Swift Response to Changing Market Conditions Leads IWSR to Forecast Alcohol Consumption to Grow by +1.5% CAGR 2021-2025*

London – According to comprehensive new forecasts from IWSR Drinks Market Analysis, global beverage alcohol is showing positive signs of recovery, and is projected to grow in volume by +2.9% by the end of 2021.

By 2023, IWSR expects total beverage alcohol consumption to return to pre-Covid levels, with consumption steadily increasing through to 2025. Recovery will be boosted by the industry pivoting rapidly in key markets, the momentum of ecommerce and RTDs, and increasing sophistication of the at-home occasion in many markets. Long-term volume recovery is forecasted at +1.5% compound annual growth rate 2021 to 2025. The two fastest-growing categories, according to IWSR forecasts, are no-alcohol spirits (projected at +30.6% CAGR 2021-2025), and RTDs (+10.2%).

“In many global markets, Covid-19 accelerated the impact and growth of key industry drivers, such as the development of ecommerce, premiumisation, the rise of the ‘home premise,’ moderation, and the need for convenience in product formats,” says Mark Meek, CEO of IWSR Drinks Market Analysis, the leading authority on the global beverage alcohol market. “These are the trends that will also underpin the industry’s resilience as it pivots to meet consumers where they are in the years to come. Additionally, across many markets, some segments of the population now have significantly more disposable income than they did in 2019, some of which will be spent on beverage alcohol products.”

Based on IWSR’s exhaustive examination of data from 160 countries across the globe, total beverage alcohol volume decreased by -6.2% globally in 2020, impacted by the near complete shutdown of bars and restaurants around the world. Though an unprecedented downturn, the -6.2% decline was less than previously forecast, as several factors ultimately helped the industry last year, such as: acceleration of ecommerce (up +45% from 2019, to reach US\$29 billion in 2020), growth of RTDs, strong at-home consumption in key markets, and resilience and growth in the US and China.

Another pre-Covid trend that will continue to accelerate beverage alcohol recovery is product premiumisation. Though the economic impact of Covid-19 has led to restricted spending for some, alcohol is an affordable luxury for those willing to spend. IWSR forecasts that premium-and-above wine and spirits will increase by +25.6% in total volume 2020-2025 (compared to +0.8% volume growth over the same period for brands in lower price tiers.)

IWSR’s analysis of the outlook of the global beverage alcohol market also shows:

Tequila overtakes rum to become the third-largest spirits category in the US

The global tequila category grew by +9.6% in 2020, driven especially by gains in the US (the world's largest tequila market) where tequila is now the third-largest spirits category in the country (behind vodka and whisky). Also, thanks in large part to the success of tequila, consumer awareness and interest in mezcal has lifted that category to a projected +8.8% volume CAGR 2021-2025. Agave-based spirits overall are expected to grow +4.7% CAGR 2021-2025.

Whisky sub-categories have been more impacted by Covid-19, but show long-term resilience

Global whisky experienced a -10.7% volume decline in 2020, but the category is forecasted to rebound +5.5% this year, and post +4.2% volume CAGR 2021-2025, bolstered by growth in the US and India. Whiskeys are among the fastest-growing sub-categories of spirits, with Irish whiskey volume projected to increase +7.9% CAGR 2021-2025, aided by the return of the on-trade and strength of new entrants; Japanese whisky at +6.0%, US whiskey +5.1%, with growth mainly coming from both of their respective home markets. Most of the growth for Scotch whisky, forecasted at +3.8% CAGR 2021-2025, will come from delayed recovery in the key market of India and eventual revival of global travel retail, especially for premium Scotch.

Gin grows, vodka remains flat

Gin is forecasted to increase +4.5% CAGR 2021-2025, driven notably by Brazil, South Africa, and Russia, and also by brands priced premium-and-above (with this segment projected to grow +11.4% CAGR 2021-2025). Global vodka volume was flat last year and is expected to remain so through to 2025. In Russia, the top global market for vodka, consumers are trading down from premium vodka as a result of the impact of Covid-19, however in the US (the second-largest market for the category), vodka is projected to grow +1.1% CAGR 2021-2025. In total, spirits are expected to grow +0.6% globally this year, and +0.8% CAGR 2021-2025.

Many consumers in key markets chose still wine as their go-to drink at home during Covid

Though wine consumption has been in decline, consumers in markets such as the UK, Australia, Brazil, Canada, and the US have lifted wine to a global volume growth of +1.7% this year, and +0.4% CAGR 2021-2025. In Brazil alone, still wine grew by +28% in 2020, driven by a rise in higher-quality imports and increasingly accessible prices. Conversely, imported wine in China has experienced a steep decline which will contribute to an expected -7.7% decrease in wine volume in the country 2021-2025.

RTD volume projected to increase by almost +27% in volume this year

Not only did RTDs post double-digit global growth in 2020 (+26.4%), it was the only beverage alcohol category to grow at all during the Covid crisis, resonating with consumers across all demographics, and driven by the trend for convenience, refreshment, and flavour. IWSR projects that RTD volume will increase by +26.6% in 2021, and +10.2% CAGR 2021-2025, driven by growth in the US (with 44% share of global RTD volume in 2020), Japan (22% share), Australia, Canada, and China. In the US, where the hard seltzer sub-category of RTDs grew by +130% in 2020, RTD volume is already larger than the total spirits category, and by the end of this year, RTD volume consumption there will be larger than that of wine.

Top beer markets forecasted for growth

Beer was the most exposed category during lockdown, losing -7.1% volume globally in 2020. However, beer volume is forecasted to grow by +2.5% this year and +1.2% CAGR 2021-2025. Except for the US, where RTD competition has considerably impacted beer sales, all of the top-10 global beer markets (by volume) are projected to show growth into 2025.

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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