CRG Predictive Intelligence

powered by HUUNU®

Forecasting Tomorrow's Sips:

Key insights into the future of the low- and no-alcohol beverage market

Predictive Intelligence
Low- and No-Alcohol Beverage Market

Drink trends move quickly. Over the last 15 years, whiskey grew so popular that many thought it would unseat vodka as Americans' favorite spirit; instead, as a 2023 Distilled Spirits Council report shows, tequila is now poised to take the throne. Craft brewers struggled against then embraced hard seltzer, while the 2010s' rosé boom paved the way for newly ascendant orange wine.

All the while, another movement has been revolutionizing every corner of the beverage industry. Low- and no alcohol beverages span everything from craft and corporate dealcoholized wines and spirits, to low-proof session beers and ciders, to ready-to-drink (RTD) mocktails, and beyond. In 2022, the low- and no-alcohol drinks market was valued at $11 billion worldwide, according to industry analyst IWSR, and many believe that passion for and production of low- and no-alcohol drinks will continue to grow.

That's why CRG Global Inc. using HUUNU®, the company's prediction market research platform, conducted primary research to predict future developments in the dynamic low- and no-alcohol space. Experts in predictive intelligence, CRG goes beyond the headlines to probe deeper questions. For instance, who and what are driving the growth of low- and no-alcohol beverages, and why?

To answer these queries and more, in June 2023 CRG Global, Inc. conducted a study with 903 Americans aged 21-65, all with a household income of at least $60,000.

The research explored:

- Who will be purchasing low- and no-alcohol beverages three years from now?
- Why will (and won't) these beverages appeal to consumers?
- Which brands and beverage categories are best positioned to market low- and no-alcohol drinks?

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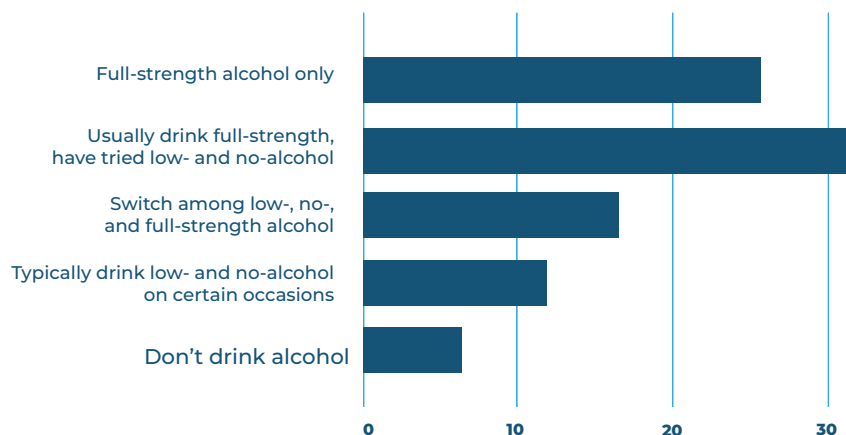
The CRG Difference

Rather than simply answering survey questions about personal preferences, participants were asked to make predictions about people like themselves. In doing so, they consider not only their own opinions but also their tacit understanding of their family, friends, and associates. Participants self-selected which questions they felt qualified to answer and responded with judgments on future drinking behavior. Instead of simply selecting an answer, they used tokens to invest in the likelihood of their predictions, enabling them additional flexibility to demonstrate their confidence by how heavily they "invested" in outcomes. After their predictions were made, participants were prompted to leave open-ended comments explaining their predictions. This gamified user experience increases engagement and lets participants share invaluable qualitative reasonings about their predictions.

This is the CRG difference. In a rapidly changing drink landscape, predictive intelligence cuts through the noise to provide quantitative foresight and qualitative rationales about what people will buy—and why—for years to come.
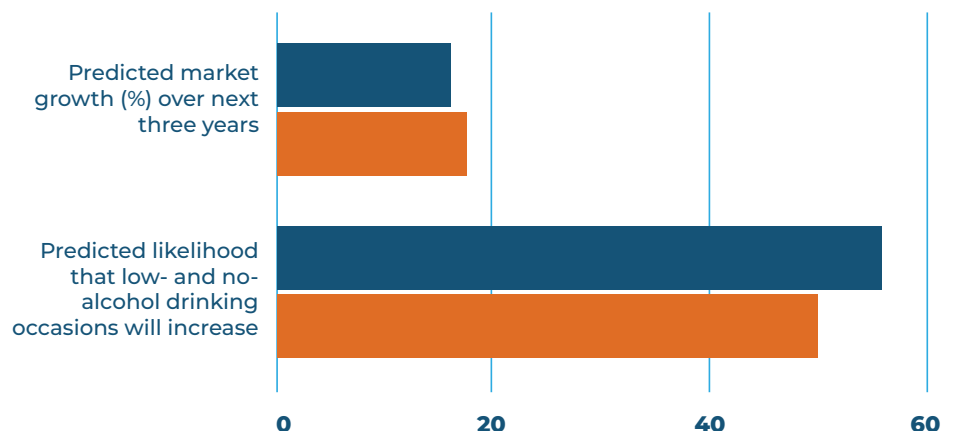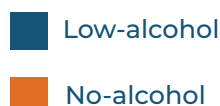
Meet our Participants

Types of alcoholic beverages purchase over the last 6 months (%)
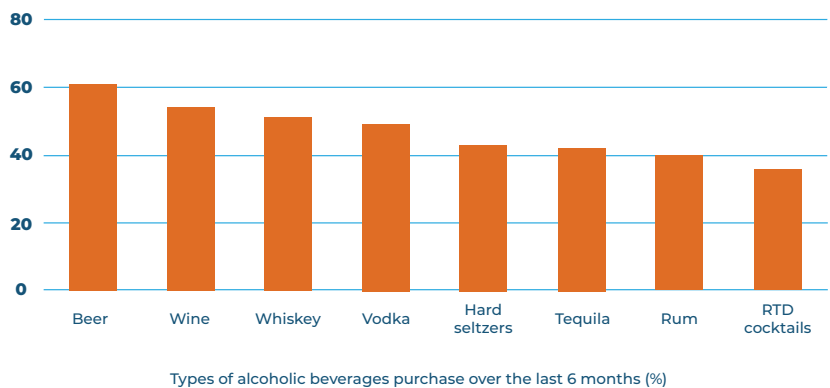
Familiarity with low- and no-alcohol beverages (%)

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Key Predictions about Low- and No-Alcohol Drinks

1. In 2026, penetration for low- and no–alcohol beverages will have increased, and people will be drinking them more frequently.

2. People will reach for low- and no-alcohol beverages for health-related reasons, when they want to fit in while socializing, and when they want to be able to drive home afterward.

3. The biggest hurdles to low- and no-alcohol beverages' success are whether they deliver the same taste and feel of their boozy equivalents—and getting people willing to embrace alcohol-free drinking at all.

4. Younger and high-income consumers think that low- and no-alcohol spirits will cost as much as or more than traditional booze, but the majority expect them to be less expensive.

5. RTD cocktails and mocktails will be the most popular low- and no-alcohol drinks, followed by beer and low-alcohol hard seltzers.

6. Established alcohol brands will be the most successful at launching low- and no-alcohol products. Low-alcohol beverages can benefit from established branding, but no-alcohol beverages are better off with new branding to avoid being confused with their boozy counterparts.

7. People will expect to buy low-alcohol drinks in liquor stores and no-alcohol drinks in grocery stores.

8. People will usually drink low- and no-alcohol beverages at home or parties; not at bars or restaurants.

Predicted low- and no-alcohol beverage market at a glance

■ Low-alcohol
■ No-alcohol

Predicted market growth (%) over next three years

Predicted likelihood that low- and no-alcohol drinking occasions will increase

0   20   40   60

Low- and No-Alcohol Beverages Keep the Party Going

These are inherently social drinks. There's a 2-to-1 chance that people will drink low-alcohol beverages with others, and a nearly 2-to-1 ratio for no-alcohol beverages. **Why?** Firstly, low- and no-alcohol beverages also enable consumers to have more than one low- or no-alcohol beverage and still drive home safely: A margarita, America's most popular cocktail, has 25% alcohol by volume (ABV); wine is typically in the 12% ABV range; and most beers range from 4-9% ABV. However, low-ABV drinks tend to weigh in at 4-7% ABV, and no-alcohol beverages are 0% ABV. Plus, some people feel self-conscious when they imbibe alcohol at events like family or professional gatherings, particularly if those around them drink in moderation or don't drink at all. Low- and no-alcoholic beverages enable them to sustain themselves at events where they don't want to get or appear intoxicated, all while they participate in the social atmosphere. We predict that people will be more than three times as likely to have a low-alcohol beverage at a time when they'd usually have booze versus a time when they might sip something non-alcoholic, like water. They'll feel similarly about no alcohol beverages, reaching for them primarily when they'd otherwise drink alcohol, not as an alternative to soft drinks or water.

Love Low- and No-Alcohol Drinks? Hate Them? It All Depends on Who You Are.

The appeal and perceived shortcomings of low- and no-alcohol beverages vary by demographic. Older consumers worry that low-alcohol beverages won't deliver the same taste or "burn" as their boozy counterparts, while younger people are more concerned about the cost. Meanwhile, younger and female consumers are drawn to no-alcohol drinks because they seem to be healthier options; similarly, high-income consumers are drawn to low-alcohol beverages in hopes of maintaining their fitness goals. The intersection of alcohol and health is especially topical: Many Americans' long-standing belief that red wine benefits heart health was recently debunked, and, in 2023, the Canadian government amended its guidelines to aver that no amount of alcohol was healthy.

How Low- and No-Alcohol Drinks Are Marketed—And to Whom—Determine What People Are Willing to Pay

Every consumer product has target and secondary markets, but low- and no-alcohol beverages occupy a complex space. They're less likely to be evaluated for what they are than through the lens of the alcohol they lack. And so, the majority of people will expect no-alcohol drinks to cost less than those that contain alcohol, regardless of how they're made. However, as social mores evolve, so will consumers' views of these products. Given the proliferation of self-professed "sober curious" Gen Z consumers, not to mention celebrity investment in non-alcoholic drink brands like Kin Euphorics (Bella Hadid) and Betty Buzz (Blake Lively), it's fitting that younger people and those who earn more than $200,000 per year figure low- and no-alcohol drinks will cost as much as their boozier brethren.

People Want Ready-Made Low- And No-Alcohol Drinks From Brands They Trust (Hello, Smirnoff)

Canned or bottled categories—RTD cocktails, beer, and hard seltzer—are poised to be the most popular low-alcohol drinks. All are more than twice as likely to succeed than low-proof spirits or wine. This reflects general drink trends: Since 2021, RTDs have been steadily gaining market share; and analysts predict that hard seltzer will grow by 16.2% CAGR over the next 10 years. While low-proof tequila doesn't have enormous consumer confidence, its position as the top-ranking spirit is fitting. In recent years, tequila has acquired a hazy health halo because it contains no carbohydrates or sugar, so a low-proof version could appeal to those looking to cut alcohol for health reasons. Non-alcoholic beer and RTD mocktails are similarly positioned to succeed, with different consumer markets for each: beer will be most popular among male and younger consumers, while older and female consumers will opt for RTD mocktails.

The brand best positioned to the low- and no-alcohol beverage market is Smirnoff. People are twice as confident about buying a non-alcoholic Smirnoff beverage than the next likeliest brand (Bacardi); and one-and-a-half times as confident in a low-alcohol Smirnoff drink than the next contender (Jack Daniel's). These brands already have a great deal of consumer trust—Jack Daniel's, Smirnoff and Bacardi are among the top spirits in the U.S.—so consumers feel comfortable that they could deliver a reliable product with a familiar flavor and texture. Other top-ranked brands for low-alcohol products include Absolut, which younger people are especially confident about, and Captain Morgan, a popular choice among older consumers. Americans tend to consume more cocktails than straight spirits: our participants are one-and-a-half times as likely to drink a cocktail or RTD than liquor neat or on the rocks. Plus, we typically order our favorite cocktails by brand (e.g., Jack and Coke or Captain and Coke, versus whiskey and cola or spiced rum and cola), so having an established brand behind a low- or no-alcohol RTD cocktail or mocktail suits our consumption habits.
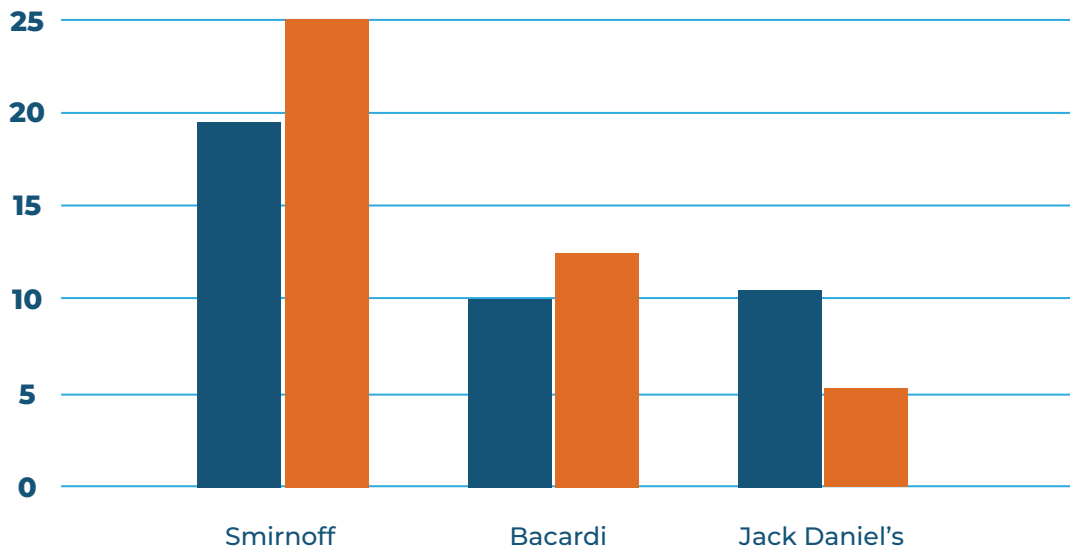
Most popular low- and no-alcohol beverage categories

■ Low-alcohol ■ No-alcohol

Category	Low-alcohol	No-alcohol
RTD cocktails/mocktails	24	22
Beer	19	23
Hard seltzers	16	7
Tequila	7	5
Wine	7	8
Whiskey	4	6
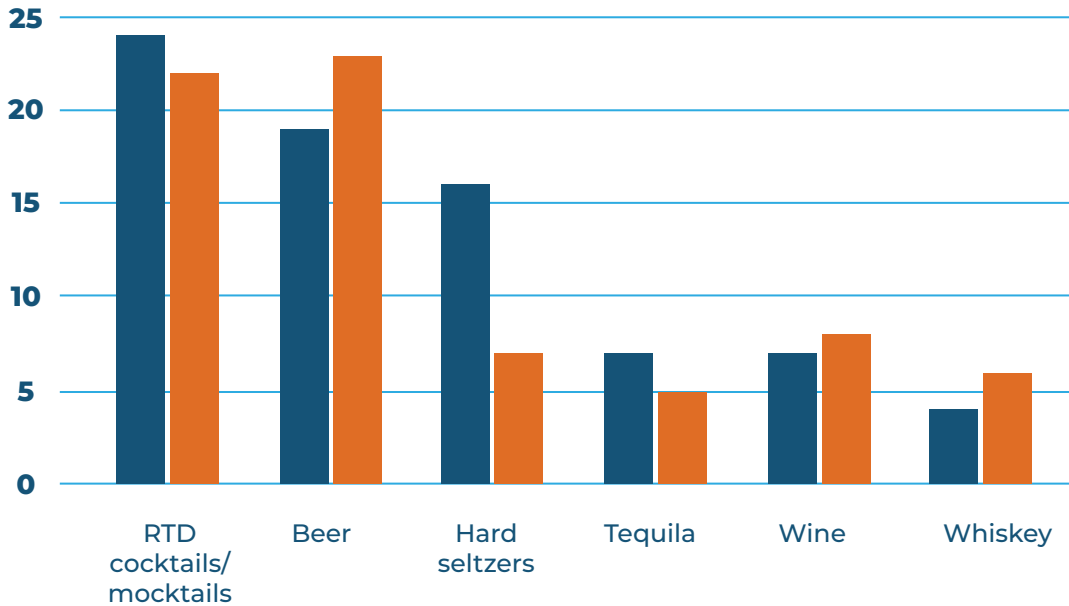
Brand poised for success

■ Low-alcohol ■ No-alcohol

Brand	Low-alcohol	No-alcohol
Smirnoff	19.5	25
Bacardi	10	12.5
Jack Daniel's	10.5	5.5

Want to know more?

Curious to learn more about the future of low- and no-alcohol beverage growth, or receive a more detailed copy of the report? Please reach out to **https://crg-pi.com/contact**.