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Britain’s alcohol market added £1.1bn despite lower drink volumes

Pubs, bars and restaurants generated nearly all of the gain, suggesting higher prices rather than stronger demand lifted sales

Wednesday, November 18, 2026



Britain’s beer, wine and spirits market added value over the past year even as drink volumes fell, with pubs, bars and restaurants driving almost all of the increase, according to NielsenIQ data presented at an industry conference on November 10.

The research showed total sales across the trade rose by £1.1bn to £50.3bn, while total volume fell by 73 million liters from a year earlier. The on-trade, which includes pubs, bars and restaurants, accounted for £1bn of the value growth. The off-trade, which includes supermarkets and other take-home retailers, added £76m.

Volume moved in the opposite direction. NielsenIQ said the on-trade recorded a decline of 55 million liters, while the off-trade fell by 18 million liters.

The figures suggest consumers are still spending on drinking occasions outside the home, but they are not necessarily buying more alcohol overall. That distinction matters for brewers, winemakers, distillers and retailers because it points to growth being driven largely by pricing rather than by stronger underlying demand. It could affect how companies set sales forecasts, build assortments and divide investment between hospitality venues and retail channels.

Rachel Weller, commercial leader for beverage alcohol at NielsenIQ, said a large share of the increase in market value came from higher prices. Consumers are paying more for drinks than they were a year ago, she said, but they are still choosing some occasions that they see as worth the expense.

That has left the market looking more resilient in value terms than in volume terms, even as households remain under pressure. Weller said changing consumer habits and continued strain on disposable incomes are reshaping both how people drink and where value is being created.

Within that shift, the on-trade has taken a larger role in supporting revenue growth than supermarkets and other take-home outlets. Weller said the trend also underlined the role of pubs, bars and restaurants in building brands and keeping consumers engaged with categories even when budgets are tight.

The data presented at the Drink Tank conference, hosted by The Morning Advertiser and The Grocer, also pointed to differences between drink categories. Weller said beer, cider and ready-to-drink products were coping better with current pressures than many other parts of the alcohol market.

She said part of that resilience came from the way consumers perceive value in those products. Longer serves can make beer, cider and RTDs feel like a better deal than some alternatives. Those categories also tend to offer a wider spread of alcohol-by-volume levels than in the past, giving drinkers more options as moderation becomes a bigger factor in purchasing decisions.

That may help explain why some parts of the market are holding up better as people adjust their drinking habits. Consumers who want to spend less, drink less alcohol or stretch an occasion may still find options within those segments, whether at home or in licensed venues.

For supermarkets, the numbers point to a weaker contribution to value growth than the one seen in hospitality. Off-trade sales still increased in cash terms, but the gain was modest compared with the rise in the on-trade. With volume also down, the data indicates that retail growth in alcohol is becoming harder to sustain without higher prices.

For the broader drinks industry, the market picture is mixed. Revenue is rising, but fewer liters are being sold. That means producers and sellers are operating in a market where price, channel mix and consumer behavior may matter more than headline sales totals alone. In that setting, businesses tied to beer, wine and spirits are likely to watch closely whether consumers keep accepting higher prices and whether spending in pubs, bars and restaurants remains strong enough to support further value growth.