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The rising tide of alcohol moderation: shifting alcohol consumption trends

Health, economy, and lifestyle: the drivers behind changing drinking habits

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In recent years, the beverage alcohol market has witnessed a significant shift, with moderation becoming a key trend. According to IWSR data, the no- and low-alcohol segment is projected to grow by 6% CAGR from 2023 to 2027 across the top 10 global

markets. This shift is predominantly driven by health and lifestyle choices, leading consumers to either reduce their overall alcohol intake or moderate the frequency and intensity of consumption.

Generational Trends in Alcohol Consumption

While Gen Z and Millennial consumers are at the forefront of the moderation movement, the trend extends across all age groups. Economic factors, particularly the current squeeze on disposable incomes, play a substantial role in this behavioral change. IWSR's research indicates that 64% of adults in the top 10 markets are moderating their alcohol intake, with this figure rising to 75% among Gen Z and 70% among Millennials. In contrast, the proportion is lower among Gen X and Boomer generations.

Different age groups exhibit varied approaches to moderation. Younger consumers often alternate between alcoholic and non-alcoholic drinks, either within the same occasion or across different events. Millennials are increasingly adopting this 'substituter' approach. On the other hand, Gen Z shows a preference for soft drinks, while Boomers are more inclined to choose water.

Economic Moderation: A Necessity-Driven Trend

Economic factors are becoming a primary driver of alcohol moderation. Rising living costs and reduced disposable incomes are prompting a re-evaluation of alcohol spending across all age groups. IWSR's research from September 2023 reveals that economic considerations are the main limiters of alcohol consumption in 11 out of 15 key markets, marking a significant increase from earlier in the year.

Consumers are adopting various strategies to manage their alcohol budgets, including purchasing larger formats or multi-packs to save money. This trend of 'economic moderation' is resulting in a shift towards prioritizing essential spending, with alcohol often taking a back seat.

Structural vs. Short-Term Behavioral Shifts

There is ongoing debate about whether these changes in alcohol consumption are long-term or temporary, influenced by current economic pressures. Some data suggest that a percentage of abstainers might return to alcohol consumption once financial stability is regained. However, the overall trend indicates a growing inclination towards moderation, influenced by both lifestyle choices and economic factors.

Implications for the Beverage Industry

This shift towards moderation, particularly pronounced among younger consumers, suggests that beverage companies need to adapt their strategies. The focus is likely to be on catering to a more health-conscious consumer base, which could entail a continued growth in the no- and low-alcohol segments.

The moderation trend in alcohol consumption is a complex interplay of health, lifestyle, and economic factors. As it continues to evolve, it will undoubtedly shape the future strategies of the beverage industry, emphasizing the need for a nuanced understanding of consumer behavior across different demographics.