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UK's non-alcoholic beverage market set to double by 2024

Younger consumers and Baby Boomers drive interest in non-alcoholic alternatives

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The non-alcoholic beverage market in the United Kingdom has experienced significant growth in recent years, driven primarily by the dynamism of the non-alcoholic beer segment. According to recent data from IWSR, this category remains the most significant driver of organic growth, while progress in non-alcoholic wine and spirits has been more moderate.

In terms of overall performance, the non-alcoholic and low-alcohol beverage market is projected to have more than doubled in size in 2024 compared to 2023. This increase has been supported by changes in taxes and adjustments to beer alcohol content, which provided a temporary boost rather than sustained growth. Nevertheless, forecasts suggest that total sales in this market will grow at a compound annual rate of 7% between 2024 and 2028.

Non-alcoholic beer consumption, which accounts for over 2% of total alcoholic beverage sales in the UK, grew by 20% in 2024 compared to the previous year. While growth in the non-alcoholic spirits segment has slowed, it is still expected to increase by 7% in 2024 compared to 2023. Non-alcoholic wines grew by 8%, whereas low-alcohol wines saw a 5% decline.

Premiumization has also played a key role in the market's dynamics. In the non-alcoholic beer segment, premium and high-end brands make up two-thirds of total volume, driving innovation and expansion. Conversely, non-alcoholic wines are predominantly led by budget brands, although standard and premium brands are growing more rapidly, albeit from smaller bases.

The consumer base for this category has expanded, particularly among younger individuals of legal drinking age. These consumers are motivated by wellness trends, as well as the increasing quality and availability of these beverages. Although most consumers belong to younger generations, Baby Boomers represent one-quarter of non-alcoholic beverage buyers. Boomers tend to consume these products occasionally and are more price-sensitive compared to traditional alcoholic beverages.

However, the market faces significant challenges, including limited availability of non-alcoholic and low-alcohol products in stores and sales outlets, as well as competition for shelf space, particularly against the well-established presence of non-alcoholic beers.

In terms of innovation, new product launches are pushing the traditional boundaries of the market. Brands like Botivo and Collider are exploring natural ingredients and health benefits, while the non-alcoholic wine sector is witnessing advancements in production techniques, such as Bolle's double fermentation process and Kylie Minogue's Sparkling Blanc fermented with green tea.

Despite the challenges associated with reducing alcohol content while maintaining flavor, the non-alcoholic beverage market continues to evolve. With an increasingly diverse and sophisticated product range, it is adapting to consumer preferences and capitalizing on growing interest in healthy and accessible alternatives.