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Non-alcoholic wine moves from niche to mainstream in global market shift

North America dominates NOLO wine revenue, Asia-Pacific posts fastest growth

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The global wine industry is undergoing a significant transformation with the rapid growth of the non-alcoholic and low-alcohol (NOLO) wine segment, according to the report "The Global Rise of Non-Alcoholic and Low-Alcohol Wines", published by Vinetur

on Tuesday, May 28. The shift reflects changes in consumer behavior influenced by health-conscious lifestyles, responsible drinking habits, and evolving cultural attitudes toward alcohol consumption. What once was a niche market has now become a sector with consistent long-term growth potential.

Estimates for the global non-alcoholic wine market in 2023 ranged from $1.18 billion to $2.26 billion, depending on the classification criteria used by different firms. Projections for compound annual growth rates (CAGR) vary widely—from 7.9% to as high as 23.5% over the next decade. Despite the discrepancies, the consensus across research indicates that NOLO wines represent a rapidly expanding category. According to IWSR, a 5% CAGR is forecasted through 2028 in key markets for non-alcoholic wines.

The expansion is not limited to commercial gains. The technological challenges of removing alcohol from wine while preserving its sensory characteristics have led to significant developments in production methods. Two of the most commonly used technologies—reverse osmosis and vacuum distillation, including spinning cone columns—enable ethanol removal while retaining the wine's aromatic profile. These processes require substantial financial investment, which contributes to the relatively high cost of NOLO wines.

In parallel, preventive vineyard practices such as early harvesting, selective yeast use, and late pruning are being employed to naturally reduce alcohol levels without compromising the wine's identity. These techniques demand strict agronomic and enological precision. Producers emphasize the need for a high-quality base wine, as the dealcoholization process often strips some body and aromatic depth, making raw material selection critical to the final product's appeal.

Demographics are also playing a pivotal role in the rise of NOLO wines. Millennials and Gen Z consumers are the most active in this category. Their interest is largely driven by health, wellness, and social inclusivity. These consumers are looking for beverages that can be consumed in a variety of settings without the effects of alcohol. North America currently leads the market in revenue, while Asia-Pacific is showing the fastest growth, with an expected CAGR of 13% through 2030.

Within the segment, non-alcoholic sparkling wines are the most popular, particularly in Europe where they account for more than 60% of sales. Their festive image has helped accelerate their acceptance. However, still wines are expected to gain more prominence as consumers seek suitable alternatives for everyday drinking.

NOLO wine distribution is largely focused on the off-trade sector—supermarkets, specialty retailers, and e-commerce. However, interest is growing in the on-trade segment. More restaurants and bars are including NOLO wines on their menus to meet customer demand for non-alcoholic alternatives, helping to normalize these products in traditional social settings.

Regulation remains one of the key obstacles facing the global NOLO wine market. Inconsistent definitions, labeling laws, and alcohol content thresholds between countries complicate international trade. The European Union, through Regulation 2021/2117, allows wines that have undergone authorized dealcoholization to be labeled as "wine" if they originally complied with all wine production rules. In contrast, the United States operates under a dual regulatory structure. The FDA oversees products with less than 0.5% ABV, while the TTB manages those above this threshold, creating a complicated framework for producers. Other countries such as the UK, Australia, Canada, South Africa, and Japan have separate definitions and labeling requirements, adding to the complexity of global market entry.

Packaging trends are evolving alongside product development. While traditional glass bottles remain dominant, alternative formats such as cans are gaining popularity. These formats appeal to younger consumers, offer convenience, and are perceived as more sustainable. Some producers are also experimenting with bag-in-box systems, lightweight bottles, and fully recyclable materials to align with environmental concerns.

Premiumization is another defining trend in the NOLO wine market. High-end non-alcoholic wines are now being marketed at prices comparable to premium traditional wines. This is driven by improvements in sensory quality and the availability of recognizable varietals such as Cabernet Sauvignon and Chardonnay. These developments are attracting consumers who expect a refined drinking experience without alcohol.

Large beverage companies are taking strategic positions in the NOLO sector. Firms like Moët Hennessy, Diageo, and Freixenet have launched non-alcoholic lines or invested in specialized producers. Alongside them, a growing group of boutique NOLO wineries is emerging, with a focus on innovation and quality aimed at well-informed consumers.

One of the challenges for the industry remains consumer education. Many consumers expect non-alcoholic wines to be cheaper than traditional ones due to the absence of alcohol and related taxes. However, the production of NOLO wines often involves higher costs due to complex dealcoholization processes, high-quality ingredients, and enhanced communication efforts. The industry must communicate the value behind these costs to justify price points.

The ongoing development of NOLO wines depends on refining sensory quality, achieving regulatory consistency, adapting packaging formats, and understanding evolving consumer expectations. The sector now represents a stable and growing part of the global wine industry, with active participation from both established producers and new entrants.