



# SHELF TALK

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A REPORT ON NO AND LOW ALCOHOL

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# NOLO: STATE OF THE NATION



## EDITOR'S NOTE

I'm delighted to introduce the first ever 'Shelf Talk' by HEINEKEN UK – a new series of reports, shedding light on key opportunities in the category and offering tips on how to grow your cider and beer sales. Today we look at the booming no and low alcohol category, observing key players, addressing the opportunity and looking ahead at emerging trends. With today's consumers making more health-conscious choices, as well as one in five adults now being teetotal<sup>1</sup>, there is scope for significant growth in the no and low alcohol category. There's no doubt that no and low alcohol is a trend that's here to stay, so keeping up to speed with the latest news is essential for your business. Enjoy!

Toby

Toby Lancaster, Category & Shopper Marketing Director

1/3

of 18-24 year olds are teetotal<sup>1</sup>



50%

of drinkers are limiting their alcohol consumption<sup>2</sup>

**+24%**

The No, Low & Gluten Free beer and cider category is in **+24%** growth<sup>3</sup>

**£75M**

The Live Better driver equates to an incremental **£75m** in value

**£60M**

The No Alcohol beer and cider category is worth **£60m** to the Off-Trade<sup>4</sup>

**142%**

Heineken® 0.0 has grown **142%** in the last year<sup>5</sup>

**+270M**

The alcohol-free category could become **+£270m** of the total beer market

**438K**

The No Alcohol category adds **438k** new shoppers to the total beer and cider category<sup>6</sup>



## TIP: How can you capitalise on the booming no and low category?

- Clear signage to alcohol-free options is essential, with the opportunity across grocery, wholesale and convenience for dedicated 'Zero Zones' to strengthen visibility and showcase the breadth of the range (turn to page 9 for more info on Zero Zones)
- Stocking the right pack sizes of no and low options in chillers will provide added convenience for customers, e.g. small packs for those customers who are looking to consume later in the day and larger packs for those having get togethers with friends and family
- Creative POS is a guaranteed way to capture the attention of shoppers. Disrupt their traditional shopping habits and encourage impulse purchase, with eye-catching displays that tap into an occasion (such as sporting and seasonal events) and cross-merchandise like-minded products e.g. alcohol-free beer with food

# KEY PLAYERS WITHIN THE INDUSTRY



## THE TOP 5

performing No & Low beer and cider brands in the off-trade: (000's)



## FASTEST GROWING

brands in the off-trade: (000's)



• Heineken® 0.0 adding **+239k** incremental shoppers to the no and low alcohol category<sup>2</sup>

• AB InBev has pledged that **20%** of its sales will be attributed to low or no alcohol beers by 2025

• BrewDog has launched a 0.0% abv version of the bestselling IPA, called **Punk AF**<sup>3</sup>

• HEINEKEN UK launched **Birra Moretti Zero** in March, an alcohol-free version of Birra Moretti - the fastest growing beer brand up £34m in 2018<sup>4</sup>

## IN CONVERSATION WITH...

### Laura Willoughby, Founder of Club Soda



**Laura Willoughby MBE**, Founder of Club Soda, a Mindful Drinking Movement, Club Soda aims to normalise attitudes towards teetotal and mindful/moderated drinking habits, so that everyone feels confident to change their drinking habits if and when they want to.

#### What do you think is behind the rising trend for no and low alcohol options?

A lot of media report that the millennial generation are fuelling the growth of no and low alcohol, but it's definitely cross-generational. Older folk like myself, know you can eat as much kale as you want but after a couple of beers, you've undone all your hard work, so abstaining from alcohol becomes a more mindful and considered choice to live better.

This coupled with impressive technological advancements

in the brewing industry, makes for a perfect storm, as rising demand fuels a broader variety and more availability of products in this space. Also over the years, the narrative has changed - something that's been largely driven by our work at Club Soda and the launch of its Guide for Mindful Drinkers in 2017. It was at the very start of the wave, when we started placing news stories with journalists who offered a new perspective around changing drinking habits - positioning a more mindful approach to

drinking as a positive choice. This was undoubtedly a catalyst for conversation and as social stigmas have started to fall away, it has paved the way for even greater success.

#### How do you think no and low options can stand out from the traditional soft drink market?

What's interesting is that this a brand new area entirely and doesn't yet have an identity. We need to challenge no and low alcohol brands to break out of this silo as let's face it, alcohol-free beverages are an upgrade from a traditional soft drink as we know it.

Water aside, brands like Heineken® 0.0 are the healthier choice vs. a traditional soft drink when you're not drinking alcohol. Part of what we're trying to show to our members, is that this is not 'fake alcohol' - these alternatives are good, refreshing drinks in their own right.

Navigation is key across both the on and off-trade, as consumers are compromising where they shouldn't have to and often don't want to. Be sure to help steer your customers to their choices, by merchandising alcohol-free beers alongside soft drinks for example, as well as in the traditional alcohol aisles.

#### Do you think alcohol brands need to worry about the changing face of the drinking industry, or will there always be a place for alcohol?

This movement is entirely different - it's simply offering equal experiences and options to those who don't wish to drink alcohol. Group gatherings such as BBQs or nights out with friends are important social occasions and traditionally if you don't want to drink alcohol, you'll sometimes say no to going at all. We want you to start saying yes and this is why alcohol-free is so important for the sector. As part of the work we're doing with the Brewers Research & Education Fund, we've discovered it's much more than availability that will improve sales, you need to be confident about the product, and this is fundamental across both the on and off-trade. Make sure you have tried it, proactively steer people and recognise the opportunity it presents. Alcohol-free variants are creating new drinking occasions, one that works for both lunch and pairing with food at dinner, so it's good for the till too.

#### Where do you think we are going to start seeing the most interesting innovation across the no and low category?

Across wine, alcohol-free cocktails, beers, spirits and ciders - everything. We're already seeing a rise in botanical spirits such as Cedar's and there will be more dark spirit alternatives coming this year. Cocktails make for a great Instagram photo - it is the finish that matters - no one knows if they have alcohol in or

not on social media!

Alcohol-free wine is still a challenge as the timings and processes are different, but we know progress is being made and there is innovation in their sector too. It's essential as well, as a lot of growth we see in this area is pairing non-alcoholic alternatives with food, which is where beer and cider has come into its own and where wine needs to stake a claim!

#### Do you see an emerging market for disruptive collaborations between alcoholic brands with traditionally sober pastimes, such as yoga and fitness classes or expeditions?

Potentially in the future. There is definitely an education job that needs to be done about what is alcohol-free, where it fits into our diets, socialising and reward structures. This will always be a struggle for alcohol brands when they also sell full strength products, as to show why alcohol-free is great, you may too occasionally talk about why alcohol is not. That's why Club Soda doesn't shy away from realities whilst still talking about choice. It is not just the individuals that need to be less reliant on alcohol but the on and off-trade too. I want everyone to see the opportunities in alcohol-free.

Similarly, at our Mindful Drinking Festival we gathered some really interesting insight on behaviours. Consumers are willing to spend money on an

alcoholic drink they've never tried, but less inclined to do so on a non-alcoholic drink. As such, alcohol-free will always have a harder job to do, and the right brand alignments, occasions and insight will help us create more conversation. Beers like FitBeer for example are going after a very specific market and you see it work, as people begin to make the association with fitness and a healthier or more mindful choice of beverage.

For a crowd sourced guide to the best non-alcoholic drinks experiences (soon to include off-trade businesses) visit Club Soda's Mindful Drinking Guide at [www.club sodaguide.com](http://www.club sodaguide.com), funded by Heineken 0.0, City of London and the Brewers Research & Education Fund





# SAY YES

WITH **ALCOHOL-FREE**



Find us  
in the **ZERO  
ZONE**

**OLD  
MOUT  
CIDER**

**Heineken**  
0.0

**BIRRA  
MORETTI  
ZERO**

for the facts  
[drinkaware.co.uk](http://drinkaware.co.uk)



## TACKLING THE BIG ISSUES

## Social stigma



"I'm keen to stock some more no and low alcohol options in my store, but my colleague thinks it's uncool. I heard that alcohol-free cider and beer doesn't project the right image with the younger generation (18-24)<sup>1</sup> – how do I combat this?"

Toby says: "Today's younger generation are actually one of the key consumers driving the growth in the no and low alcohol category, with our Live Better driver an example of this kind of behaviour. 18-24 years olds are opting to drink less alcohol overall, with a third claiming they are teetotal<sup>1</sup>, so it's important to bring credibility and the cool factor into the category. Brands like Bud Prohibition and Heineken® 0.0 have already done a great job of changing perceptions, with the latter's 'Now You Can' campaign providing a strong narrative that supports the opportunities for the no and low category. Exotic fruit ciders and craft or premium beers such as Old Mout Alcohol Free Berries & Cherries, or Birra Moretti Zero are also examples of non-alcoholic beers and ciders that are attracting a younger, more style-conscious demographic and reassuring customers that there is a great tasting option for them. As it becomes further engrained into everyday society and culture, we will see further barriers being broken around the 'cool factor'."

## Taste perception



"I recently tried an alcohol-free beer and was really impressed. However, it seems there is a bit of miseducation around taste perception. Suggestions have been made that products available are seen as poor tasting, boring and losing to other categories – is this the case? What can I do to educate customers?"

Toby says: "Why not try a tasting in store to highlight the great taste to customers? There is now such a great variety across alcohol-free, there's something for cider and beer lovers alike. Highlighting the breadth of the category and choice on offer, with clear signage and dedicated Zero Zones is key to education and will help customers easily navigate and browse alcohol-free options."

**"Try a tasting in store to highlight the great taste"**

## Occasion confusion



"Alcohol-free options are great for designated drivers or an after work drink, but what are the rules? Is it socially acceptable (and responsible) to be promoting alcohol-free options beyond the evening drinking occasion?"

Toby says: "The short answer is yes! Alcohol-free in particular offers a wealth of opportunity to retailers across the off-trade – we've already seen the implementation of alcohol-free beers to meal deals and this is just the beginning. Similarly, let's remember that there's a number of great sporting occasions coming up this year. It wouldn't feel right not to have a cold beer in hand as we watch the home nations in the Rugby World Cup, but with matches early in the day a refreshing Heineken 0.0 is more the ticket. Plus, a third of all drinking occasions now include food so why not try merchandising beers like Birra Moretti Zero with that mid-week pasta dish? It offers a perfect pairing of beer and pasta without the guilt for those who are keen to Live Better."

## POSTCARDS FROM...

## Discovering Zero Zones

## Poland

Poland was the birthplace of the first ever "Zero Zone" last year – an initiative commissioned by HEINEKEN UK following the observation that sales of alcohol-free beer in Poland increased by 22.9%<sup>1</sup> (faster than any sales in any other beer segment) the year before. With the growing demand for no and low alcohol options spreading internationally, the award-winning concept has since begun to roll out worldwide, with trials across the UK already in selected stores. Zero Zones are available for off-trade retailers, offering dedicated POS, display installations and information for consumers, with a view to navigating shoppers and helping them discover great alcohol-free options in-store. The longer term goal is to develop whole Zero Zone aisles or fixtures like you would find in any other aisle, so look out for a Zero Zone coming to you in the UK soon.



## THE ELIXIR OF OLYMPIANS

## Germany

According to The Sydney Herald, Germans drink more non-alcoholic beer than any other nation (except Iran) and it seems its athletes even have a taste for it. Last year, it was revealed by Dr Johannes Scherr (doctor to Germany's Olympic ski team) that nearly all of his athletes drink non-alcoholic beer during training with brewery Krombacher even supplying the team with litres of it. Dr Scherr commissioned a double-blind study published in Medicine & Science in Sports & Exercise, where non-alcoholic beer was proven to have a salubrious effect on athletes. Linus Strasser, an Alpine skier from Munich said to The Sydney Herald, "It's good for the body... Alcohol-free wheat beer for example is extremely healthy. It's isotonic... and good for us sports guys."<sup>2</sup>



PRIORITY



# LOOKING FORWARD

## TO FUTURE PREDICTIONS FOR 2019/2020

### PERFECT PAIRINGS WITH FOOD

As alcohol-free opens up opportunities to 'say yes' to that lunchtime beer with colleagues, or if you've got the car, you will start to see more no and low alcohol brands in traditional soft drinks spaces. Beyond a lunchtime meal deal, the credentials of beers, ciders and wines when pairing with foods, will also open up new opportunities for the off-trade on cross-merchandising (Birra Moretti Zero pairs perfectly with authentic Italian dishes for example.)

GREAT WITH FOOD



### ALCOHOL-FREE ON DRAUGHT

This year sees alcohol-free beer on draught being rolled out across the nation, with Heineken® 0.0 on Blade, now widely available in the on-trade across the UK. Following a successful four-month trial, across 60 outlets, Heineken® 0.0 on Blade (the revolutionary beer draught system allowing you to serve draught beer from any countertop) saw a sales uplift of 20 pints per week, delivering a ROS increase of 6:1 vs. packaged testament to the increased demand for more mindful options. Heineken® 0.0 on Blade will now be installed across 3,000 outlets nationwide this month with more expected to follow.

ALCOHOL-FREE ON DRAUGHT



### TAKING THE 'LIVE BETTER' DRIVE FURTHER

We know that the Live Better driver is hugely valuable and fuelling the explosion of the no, low and gluten-free alcohol category. As such, we will see further experimentation in the category with flavours and wellness trends coming to the forefront as well as organic varieties.

LIVE BETTER



BOOZELESS BRUNCH

### BOOZELESS BRUNCHES

With alcohol-free opening up so many new drinking occasions, expect to see its appearance in unexpected places, such as at your local gym café, private family clubs, sober raves, music festivals and so on. You might even see a much-loved Heineken® 0.0 next to a soft drink in the vending machine...



TEETOTAL INFLUENCERS

### TEETOTAL INFLUENCERS

The rise of the teetotal influencers could open a new world for no and low alcohol brands, with social stigmas knocked out the window. We know younger generations are opting to drink less (or not at all) to lead healthier lifestyles, so perhaps a smoothie by day and zero-alcohol cocktail or beer by night, will be what's on your Instagram feeds.





# TOUCHDOWN WITH A BEER?

## NOW YOU CAN!



of cider and beer value sales being sold over key seasonal periods



The alcohol-free category could become **5%** of the total beer market



The No Alcohol beer and cider category is worth **£60m** to the Off-Trade<sup>1</sup>

There is ample opportunity to capitalise on the growing number of sports & seasons occasions set to take place in 2019, particularly with **52%**<sup>2</sup> of cider and beer value sales being sold over key seasonal periods. One of the most important of these sporting events, will be the Rugby World Cup from September to November in Japan. **The biggest rugby tournament on earth.** The Rugby World Cup comes around just once every four years, so sales during and leading up to the event are set to be significant, with customers stocking up for the sporting celebration. As such, this presents a key opportunity for wholesalers and retailers to capitalise on the rise in demand.

However, with the event hosted in Japan this year, the majority of matches will take place early in the

day in the UK, when an alcoholic drink might not be appropriate. As such, the Rugby World Cup presents a strong opportunity for **unlocking value** in the no and low alcohol category, with customers wanting a great tasting beer to feel part of the occasion, but without the alcohol.

As well as The Rugby World Cup, there will be a number of other big seasonal sporting events this 2019, including the **F1 season, Champion's League Final and Women's World Cup**, all providing key opportunities for retailers to capitalise on no and low alcohol drinking occasions. No matter what time of day, or if consumers are driving to their friend's place to watch the big game, you can still offer them a great tasting beer or cider with no alcohol variants like Heineken<sup>®</sup> 0.0.

Beyond sports and seasons, alcohol-free beer and cider is broadly an exciting, booming area of the drinks category and in 36% growth<sup>3</sup> with more shoppers choosing healthier options to Live Better.

To capitalise on the ongoing opportunities, retailers should implement creative points of sale to disrupt traditional category flows and grab shoppers' attention. Events such as the Rugby World Cup or Champion's League Final should be front of mind, prompting consumers to stock up ahead of the big games. Through merchandising zero alcohol ranges alongside alcoholic ranges, retailers can provide customers with the best of both worlds no matter what they are looking for, whilst dedicated Zero Zones will also offer maximum efficiency and convenience for shoppers.