October 2024

# The future of the alcoholic drinks industry 2025

# Introduction

As the alcoholic drinks industry evolves, consumer preferences are becoming increasingly complex, driven by a mix of health consciousness, economic pressures, and shifting social behaviours. The rise of mindful drinking is reshaping how and why people consume alcohol, with many opting for low or no- alcohol alternatives, while still valuing quality and premiumisation. Younger generations, in particular, are leading this movement, seeking more personalised, healthier options both at home and in social settings, yet still maintaining a taste for high-quality alcoholic beverages.

This Future of the Alcoholic Drinks Industry 2025 report draws on extensive data from **Vypr's community of over 80,000 UK consumers**, along with expert insights from Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency. It uncovers the key trends reshaping the market, including the growing demand for non-alcoholic options, the shift in on-trade drinking habits, and the continuing appetite for premium products.

We provide a thorough analysis of how these trends are impacting consumer behaviour, offering actionable insights for product development, marketing strategies, and positioning to help businesses adapt and thrive in this changing market. From the rise of health-driven choices to the enduring importance of premiumisation, this report serves as a comprehensive guide to navigating the alcoholic drinks industry as it heads towards 2025.

# In Brief

**Mindful Drinking on the Rise:** A significant portion of consumers are shifting towards reducing or abstaining from alcohol, driven by health concerns and economic considerations.

**On-Trade Consumption Changes:** There's a notable shift in drinking habits at pubs and bars, with an increasing preference for healthier, non-alcoholic options, particularly among younger demographics.

**Continued Premiumisation:** Despite varying trends, there's a consistent inclination towards premium alcohol products, especially consumed at home, reflecting evolving consumer preferences.

**Tom Khan-Lavin,**
**CEO of YesMore Drinks**

Tom Khan-Lavin, CEO and co-founder of YesMore Creative Drinks Marketing Agency, has led the agency to become a leader in social media, content production, and influencer marketing for the drinks industry. Founded in 2017 with Dan Hooper, YesMore champions creativity while promoting a healthier relationship with alcohol. With multiple industry awards and an upcoming B-Corp certification, Tom is committed to reshaping the drinks marketing landscape with a strong focus on social responsibility and mental wellbeing.

We asked Tom for his thoughts on the current state of the market:

**Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency, reflects on the current state of the market:**

**The UK's alcohol beverage market is currently navigating a complex landscape shaped by evolving consumer preferences, economic pressures and broader societal trends. While many reports suggest younger consumers are driving the trend towards more health-conscious choices, the reality is far more nuanced.**

**The market also faces potential challenges as alcohol-related health issues and social disturbances prompt increased scrutiny from government bodies**

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

This insightful observation underscores the complexity and dynamic nature of today's market.

Guided by these observations, we will explore the nuanced shifts towards mindful drinking, the increasing preference for healthier and non-alcoholic options, and the sustained interest in premium alcohol products. Our insights will equip you with the necessary tools to capitalise on these emerging opportunities for effective product development and market positioning.

Additionally, we will outline strategies to effectively promote your products and ranges to consumers, ensuring that your marketing efforts are finely tuned to current demands. This comprehensive guidance ensures that your product decisions are well-informed and timely, helping your business to navigate and thrive in a rapidly evolving market.

## Mindful Drinking
## Off-Trade Trends: Mindful Drinking at Home

Over the past year, 39% of consumers report that their alcohol consumption at home has remained stable, marking a 9% decrease from 2023. While this figure still represents a significant portion of the market adhering to their previous drinking habits, a notable shift is occurring.

An increasing number of individuals are reducing their alcohol intake or abstaining entirely, with 41% of respondents now indicating a reduction or complete cessation. This trend underscores a persistent and growing movement towards more health-conscious decisions, reflecting broader changes in consumer behaviour towards mindful drinking.

**Reasons Behind the Reduction** Health concerns are the primary driver for reducing alcohol consumption, with many consumers actively choosing a healthier lifestyle or being compelled by new health conditions. Economic considerations also play a role, as some individuals prioritise cutting non-essential expenses, including alcohol. The narrative of health and economy intertwines as consumers attempt to balance enjoyment with wellbeing.

**Contrary to popular belief, the shift towards moderation and mindful drinking is not solely driven by the younger demographic. While the 'sober-curious' movement has led to increased demand for low and no-alcohol alternatives, many younger consumers still engage in traditional drinking behaviours, especially in social settings where alcohol consumption remains culturally ingrained.**

**Instead, it is a broader cross-section of consumers, including older demographics, who are increasingly prioritising health and wellness. These groups are exploring lower ABV options and moderating their drinking habits, driven by health concerns and a desire for balance rather than abstinence.**

**This trend is likely to reduce overall consumption frequency while increasing demand for higher quality or healthier options, including LowNo products with added functional benefits.**

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

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Why consumers are reducing their alcohol consumption.

**I am living a healthier lifestyle. I exercise more, eat healthier, and have decided to reduce my alcohol intake**

55-64 Male

**Advised to opt for healthy and functional drinks**

24-34 Male

**I'm trying to reduce non-essential spending. I drink about half as much but still enjoy it when I do**

55 –64 Female

## Insightful Divergence

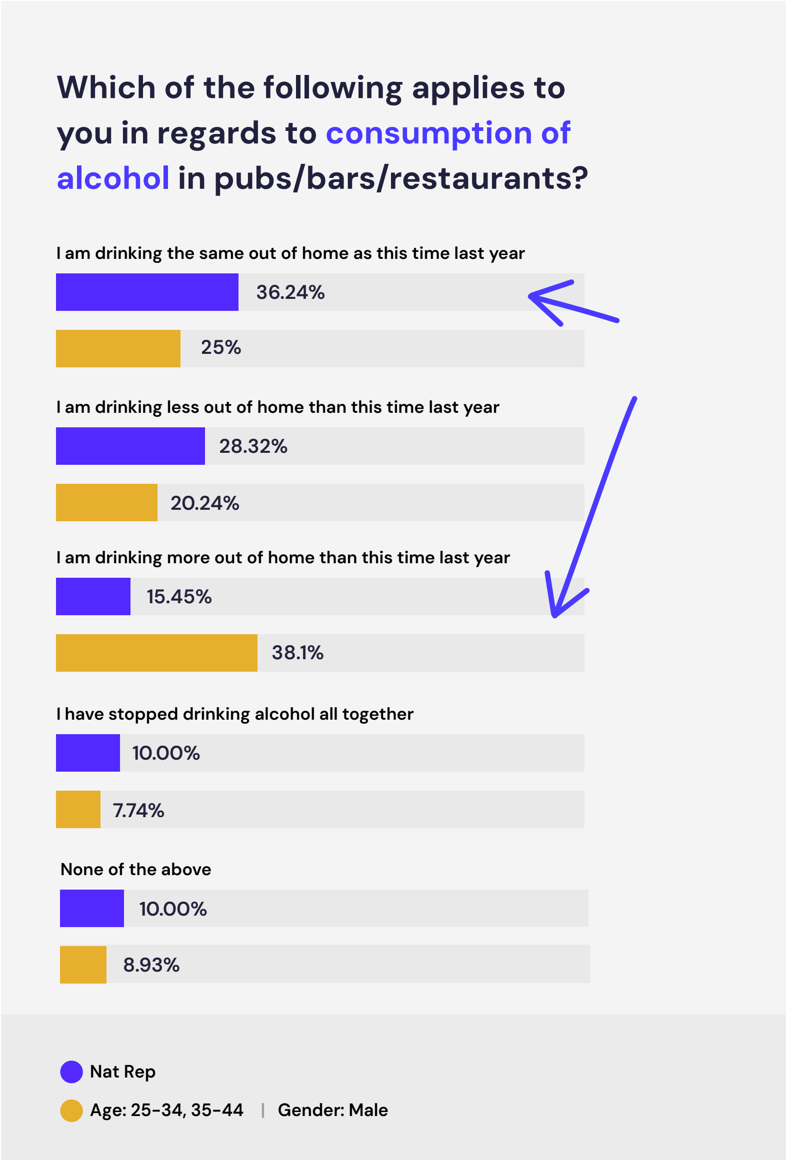
Only 11% of consumers have reported an increase in alcohol consumption. Notably, men aged 25-44 are the most prominent within this group, with over 24% indicating they are drinking more than last year.

This trend starkly contrasts with the overall decrease in alcohol use, underscoring a demographic split where younger men are diverging from the broader move towards reduction. The reasons for this increase are deeply personal and vary from emotional coping to a desire for greater social engagement.

# On-Trade Trends:
# Mindful Drinking in Social Settings

This year has seen a nuanced shift in drinking habits among patrons of pubs, bars, and restaurants. In general, the population is drinking the same or less, the data suggests a significant proportion of consumers are reevaluating their drinking habits, with more than half opting for healthier lifestyles as their primary reason for drinking less. Financial pressures also play a crucial role, influencing a third of the respondents to reduce their visits to pubs and bars. This shift towards health and economy is not just a passing trend but a reflection of deeper societal changes.

However, it's notable that the increase in consumption is most prominent among men aged 25-44, with 38% drinking more out-of-home compared to last year. This contrasts sharply with women in the same age group, where only 18% report increased consumption. This gender divergence not only highlights different social behaviours but also underscores potential areas for targeted marketing strategies.



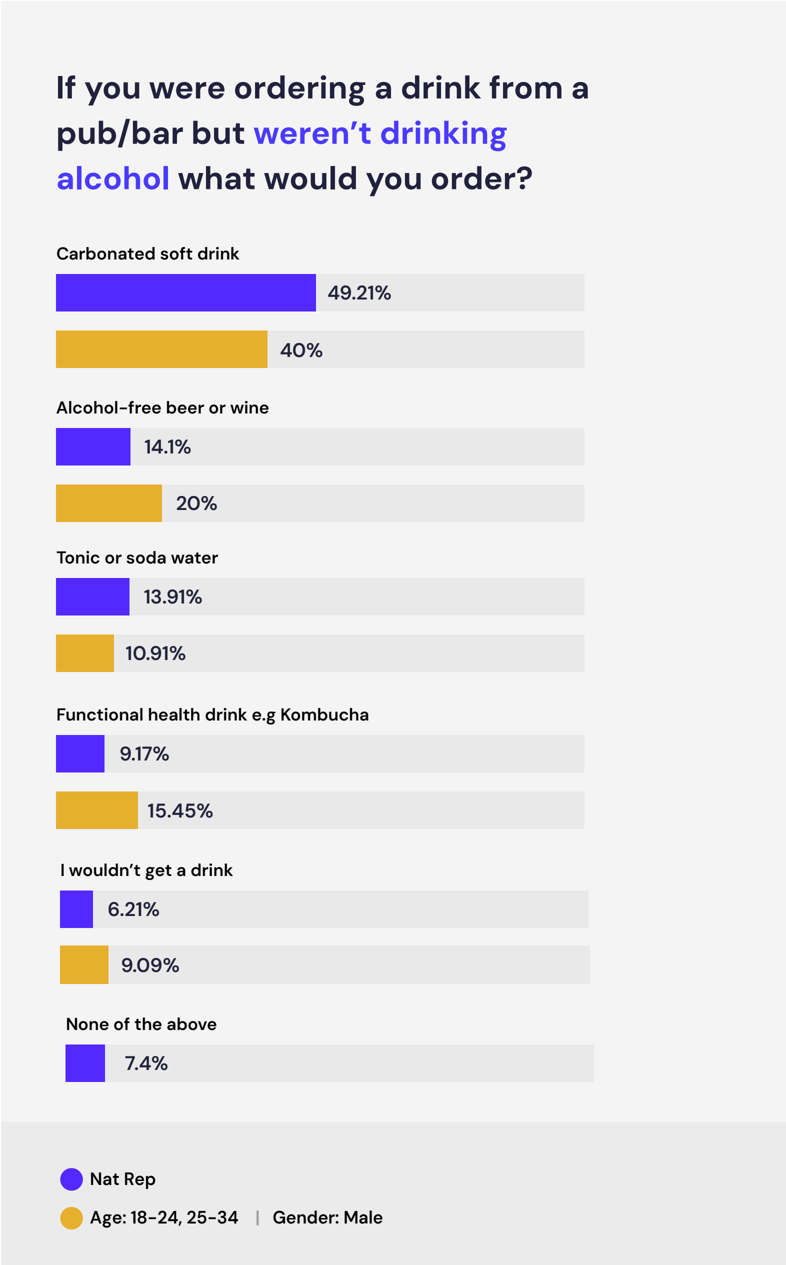
# Exploring Alternatives:
# The Shift Towards Non-Alcoholic Options

As some consumers shift away from consuming alcohol, they are increasingly opting for substitutes rather than merely reducing intake. In tune with these evolving preferences, non-alcoholic beverages are rising in popularity, particularly among younger patrons. Notably, nearly half of those who choose not to drink alcohol in pubs or bars select carbonated soft drinks, with alcohol-free beer or wine also being popular choices.

There's a marked interest in functional health drinks like kombucha, especially among the youngest demographic (18-25 years old), where twice as many opt for these alternatives compared to other age groups. This trend towards healthier and more diverse drink options presents a significant opportunity for on-trade establishments to expand their beverage menus to cater to this growing consumer base.

### Business Implications

This dichotomy presents an opportunity for businesses to consider how their products can responsibly support consumers' lifestyles—whether by offering alternatives that enhance social experiences without necessarily increasing alcohol consumption. The challenge lies in aligning product offerings with the diverse needs of consumers, ensuring that alternatives are both appealing and accessible for those seeking comfort or celebration.

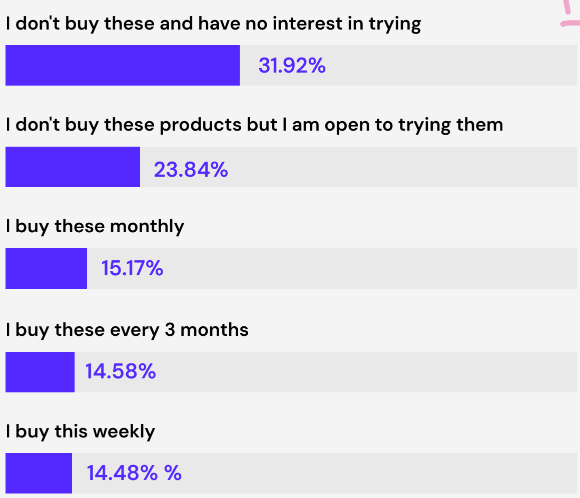


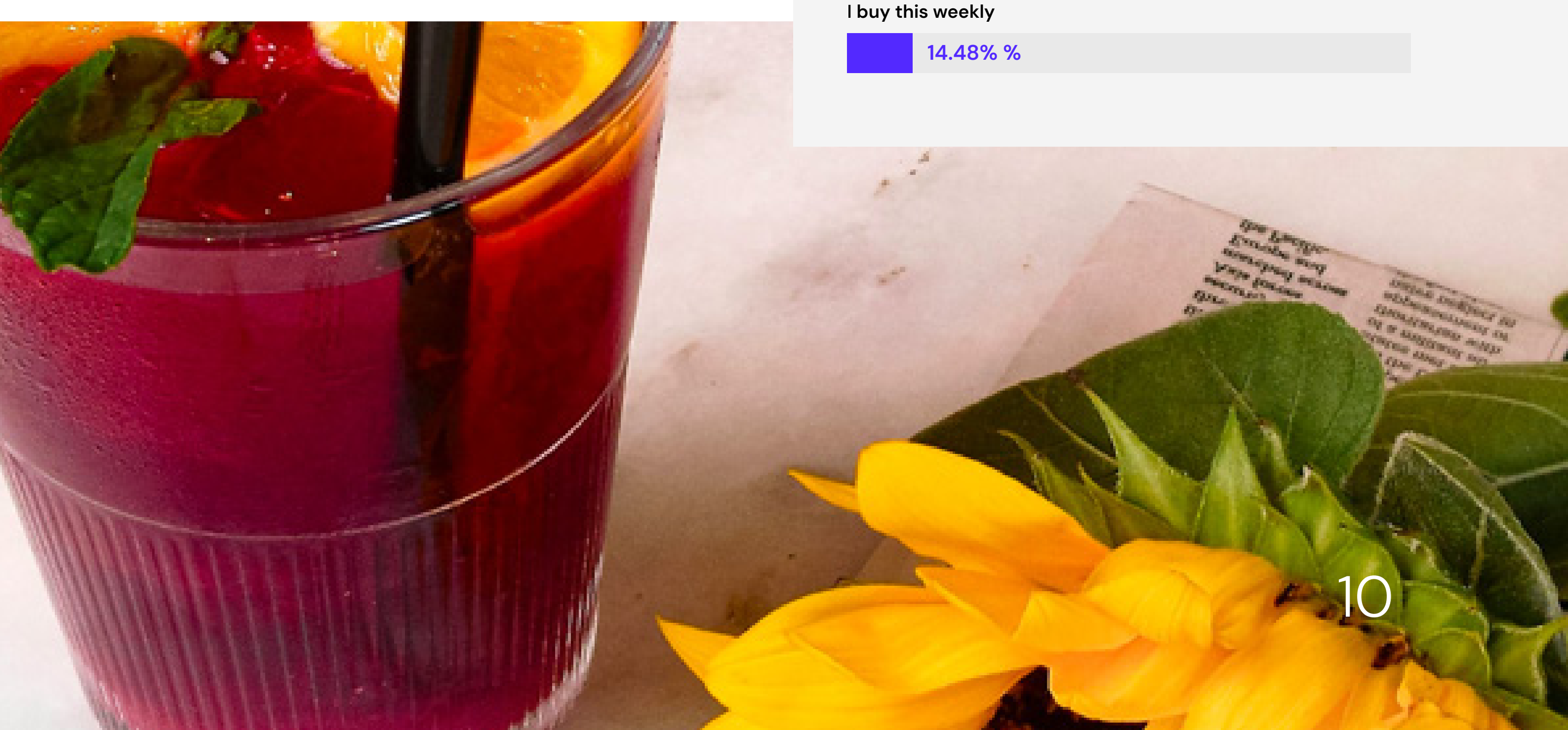
# Functional Drinks:
# Unpacking Consumer Behaviour and Market Dynamics

**Consumer Resistance and Potential for Engagement:** Our analysis reveals a significant segment of the market, specifically 32% of respondents, expressing no interest in functional drinks such as Kombucha, health shots, and CBD-infused products. This considerable resistance signals a potentially untapped market segment where increased consumer education and awareness could transform disinterest into engagement. It appears that the barriers to entry may be rooted in a lack of understanding about the benefits these products offer, suggesting an opportunity for targeted educational campaigns.

**Analysis of Market Engagement:**
Conversely, there's a robust engagement from nearly half of our survey participants, with 44% already incorporating functional drinks into their routines. This group's purchasing habits are well-distributed across various frequencies: 15% buy weekly, 16% monthly, and 14% every three months. This data not only confirms a solid foundation of regular consumers but also highlights the opportunity to increase the frequency of consumption through strategic marketing efforts.

**Which of the following applies to you in regards to purchasing functional drinks? E.g. Kombucha, health shots, CBD etc?**



# Functional Drinks:
# A Demographic Analysis

Younger consumers, particularly men aged 18–44, show the highest engagement, with many purchasing these drinks weekly or monthly. This contrasts sharply with the older demographics (55+), where there is a notable disinterest in functional drinks.

## Young Adult Consumers 18–24 Years

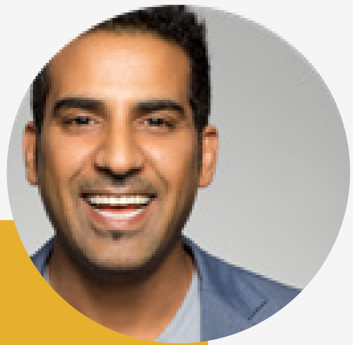
Young men in this bracket are highly engaged, with 30% buying functional drinks weekly.

Young women also show considerable interest but tend towards monthly purchases.

## Core Working Age 25–44 Years

Men aged 25–34 and 35–44 exhibit the strongest purchasing frequency, with 37 % and 38% respectively buying weekly.

Women in these age groups are more varied in their purchasing frequency but are significantly open to trying functional drinks.



## Mature Adults 45–54 Years

Both men and women in this age group show a decline in weekly purchases but maintain a consistent interest in trying these products.

## Seniors 55+ Years

The least interest in functional drinks is observed among seniors, with over 53% of both men and women expressing no interest in trying these products.

# Functional drinks: Marketing Implications

This demographic landscape offers clear directives for marketing strategies:

**Targeted Marketing:** Marketing efforts should be particularly targeted at men aged 18-44, who are currently the most frequent buyers of functional drinks.

**Educational Campaigns:** There is an opportunity to engage women aged 25-44 and adults 45-54 through educational campaigns highlighting the health benefits of functional drinks.

**Addressing Seniors:** For the 55+ age group, a different approach is needed, potentially focusing on health benefits relevant to age-related concerns.

# Functional drinks:
# Key Consumption Times

**Morning and Post-Exercise:** Consumers prefer to integrate functional drinks like Kombucha and health shots into their morning routines, often using them as an energising start to the day or as a post-breakfast boost. This trend is particularly pronounced among those who purchase these drinks weekly, highlighting their role in daily wellness practices.

**Evening Relaxation:** Functional drinks are also popular in the evenings, especially among weekly buyers who use them to unwind after a stressful day. This indicates the drinks' versatility, appealing to those seeking relaxation as well as physical health benefits.

**Strategic Insights for Marketing:** These insights suggest opportunities for marketing these products as essential components of both morning and evening routines. Emphasising the health benefits for energy, recovery, and relaxation can help position these drinks as daily staples in consumer diets.

**I have these straight after breakfast**

Female 45 – 54

**Mainly in the morning when I need an energy boost**

Male 25 –34

**I drink after the gym to fill with electrolytes**

Female 18 – 24

**I take functional drinks at leisure or when I want to feel relax**

Male 35 - 44

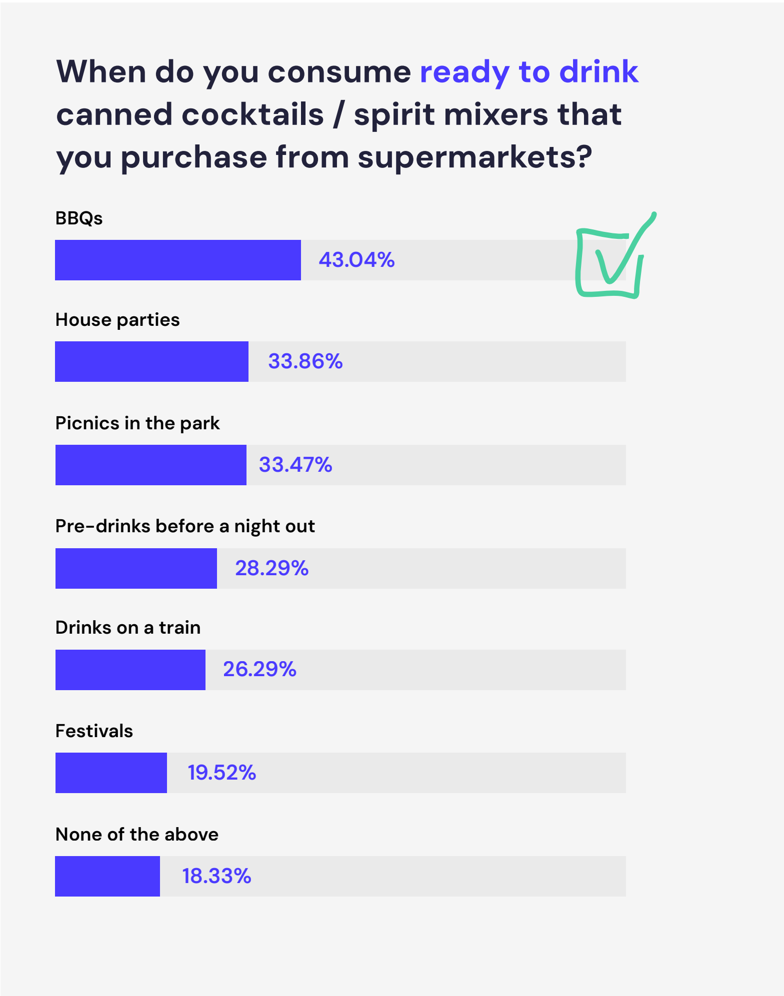
# Ready To Drink (RTD): Market Dynamics

Consumer engagement with Ready-to-drink (RTD) cocktails and spirit mixers varies widely. The largest group, 34% of respondents, buys these products semi-annually, pointing to their preference for occasional use. Another significant portion, 30%, purchases monthly, indicating a steady customer base. Regular buyers, making up 11%, demonstrate strong brand loyalty, potentially responsive to rewards programs.

Additionally, 12% are curious but haven't yet tried RTDs, representing a ripe opportunity for targeted marketing to foster trial and adoption. In contrast, 15% express no interest, suggesting a segment less likely to be swayed by conventional marketing.

We asked about the occasions when consumers typically enjoy ready-to-drink canned cocktails and spirit mixers purchased from supermarkets.

The most popular settings for consuming RTD canned alcohols purchased from supermarkets are BBQs, where 43% of consumers enjoy these beverages. This is closely followed by house parties and picnics in the park, highlighting a preference for casual, social gatherings. Conversely, the least common scenarios for consuming these RTDs are during train travel and at festivals, indicating that these beverages are less frequently chosen for on-the-go situations or large public events.



# Ready To Drink (RTD): Marketing Implications

The data suggests several key strategies for capitalising on the RTD market:

**Targeted Marketing for Occasions:** Since RTDs are popular at BBQs and house parties, marketing campaigns could focus on these occasions, positioning RTDs as essential for enhancing social gatherings.

**Expanding Consumer Base:** For those open to trying RTDs, creating introductory offers or sampler packs could encourage trial purchases, potentially converting them into regular buyers.

**Leveraging Regular Buyers:** Understanding the preferences and feedback of weekly purchasers could provide insights into product improvements or new flavours that cater to their tastes.

# Trends in Premium Alcohol Consumption

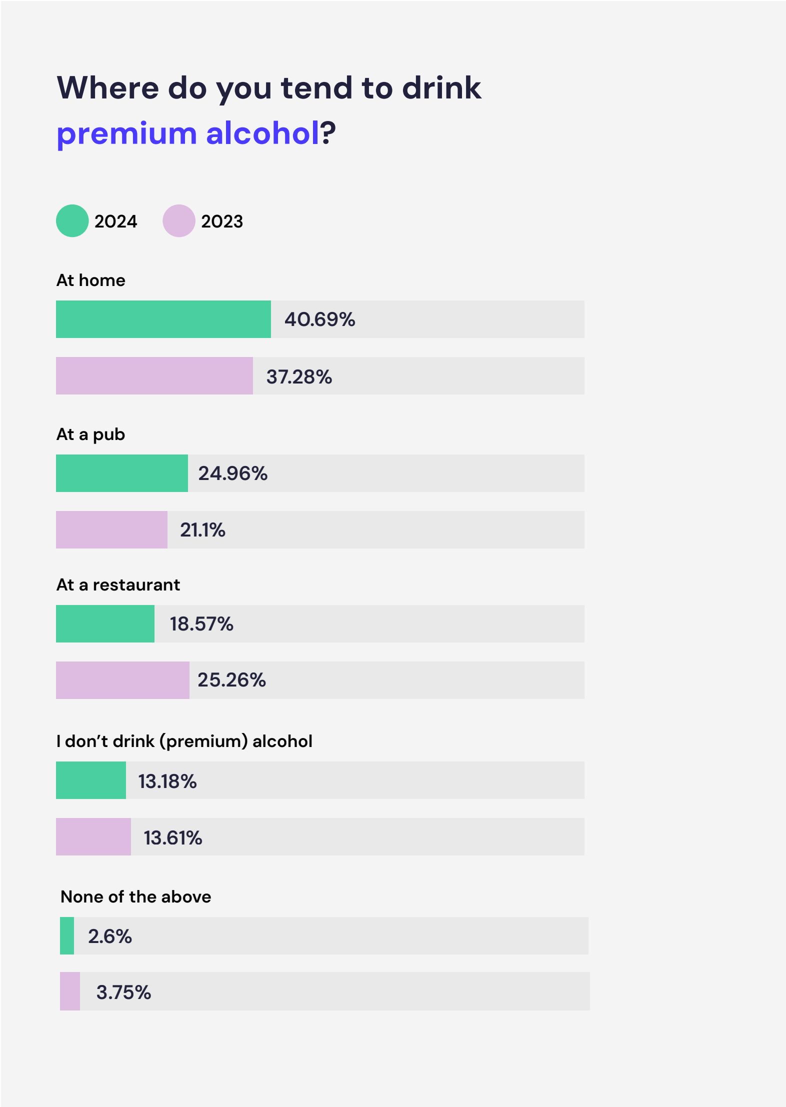
The trend of premiumisation in alcohol consumption is nuanced, showing shifts in where consumers prefer to enjoy premium drinks.

**Off Trade Rise:** In 2024, there's a notable preference for consuming premium alcohol at home, with 41% of respondents indicating this choice, up from 38% in 2023. This increase suggests that more consumers are opting to enjoy high-quality drinks in the comfort of their own homes

**Pub consumption remains:** seeing an increase to 25% in 2024 from 21% the previous year, indicating a resilient interest in enjoying premium drinks in social settings.

**Decline in restaurants:** Preference for premium drinking dropped from 26% in 2023 to 19% in 2024, likely due to shifting dining habits or economic factors.

The comparison between 2023 and 2024 for on-trade locations reveals a shifting landscape where home environments are becoming increasingly favoured for premium alcohol consumption. This shift could be influenced by a rise in home entertainment or perceived value in purchasing premium products for home use.



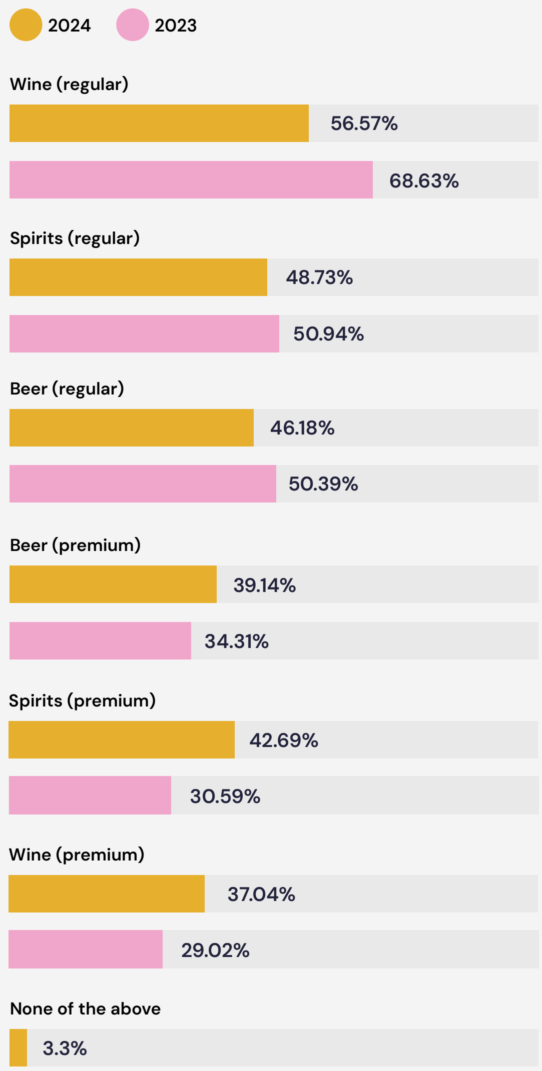
# Trends in Premium Preferences

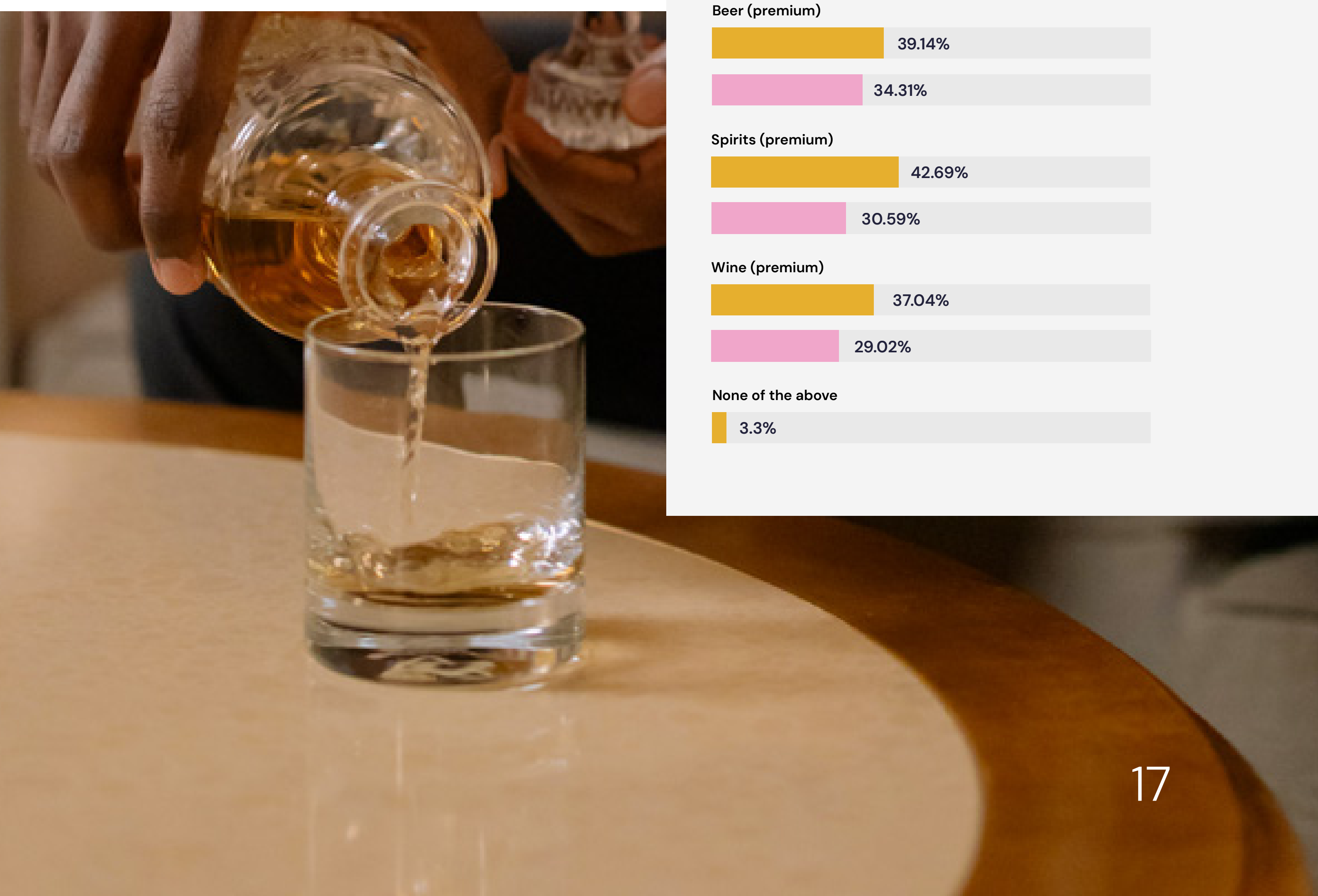
The preference for different types of alcoholic beverages further underscores the premiumisation trend:

**Wine:** There has been a decrease in the consumption of regular wine from 69% in 2023 to 57% in 2024, while premium wine consumption increased slightly to 37%.

**Spirits and Beer:** Regular spirits and beer consumption also saw declines, but premium variants like premium spirits increased to 43%, and premium beer rose to 40%. This indicates a robust interest in higher quality, specialised alcoholic beverages.

### Which of the following alcoholic beverages do you drink?



## Implications for the Alcohol Market

These insights suggest that while the premiumisation trend remains strong, it is evolving. Consumers show a clear inclination towards higher-quality spirits and beers, and there is a growing trend towards enjoying these products at home. Alcohol brands and retailers could leverage this by enhancing their premium offerings and marketing premium products more aggressively for home consumption.

Tom Khan-Lavin, shares his view:

**The craft movement has reshaped the market, with consumers increasingly seeking out niche, small-batch products that tell a story. Localism and authenticity are crucial, with many consumers preferring locally sourced products.**

**As sustainability becomes a more significant concern, brands that emphasise eco-friendly practices and transparency in production are likely to see continued growth. Consumers are also becoming more aware of industry conversations around sustainability issues, such as the environmental impact of heavy glass packaging**

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

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## Economic Pressures and Changing Purchasing Habits

Tom Khan-Lavin, reflects on the current economic pressures:

**"The economic landscape is also shaping the alcohol beverage market. The cost-of-living crisis and inflationary pressures have made consumers more price-sensitive, impacting purchasing decisions. While premiumisation remains strong, there is a growing demand for value-for-money options, leading to increased interest in private label brands and discounted alcohol products.**

**The shift towards e-commerce, accelerated by the COVID-19 pandemic, has had a lasting impact on alcohol purchasing habits. Online sales of alcohol have stayed strong, with consumers appreciating the convenience and variety offered by digital platforms. This trend is likely to continue, with online and direct-to-consumer channels becoming increasingly important. Convenience is also driving growth in the Ready-to-Drink (RTD) sector, especially among younger consumers who value quick and easy options for social occasions."**

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

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# Authenticity and the role of brands

In the competitive landscape of alcohol retail, understanding the factors that influence consumer purchases is crucial. Brand story — which encapsulates the heritage, ethos and uniqueness of a brand — can play a pivotal role in consumer decision-making. Here we'll explore how much value consumers place on the narrative behind the brands they choose from supermarket shelves.

The importance attributed to brand stories reveals a broad spectrum of consumer attitudes:

- The largest portion of respondents (nearly 29%) consider brand stories somewhat important, suggesting that while stories may not be the deciding factor, they do influence purchasing decisions to some extent.

- Approximately 24% of participants express neutrality, indicating that brand stories do not particularly sway their purchase decisions. This ambivalence highlights a potential opportunity for brands to captivate this segment with engaging narratives.

- Interestingly, there is a significant divide in perception, with about 15% viewing brand stories as very important and nearly 20% considering them not important at all. This variance underscores the diverse criteria that consumers apply when selecting alcohol brands.

### Impact on Purchasing Decisions

Brand stories are just one piece of the puzzle in what influences alcohol purchases at supermarkets:

- **Price Dominance:** Price is the dominant factor, with over 70% of respondents prioritising it above all else. This emphasises the primary concern for most consumers, especially in a price-sensitive market.

- **Subtle Influences of Brand Story:** Despite few consumers placing explicit value on-brand stories (14% selected this as a priority), the influence of elements related to the brand's narrative (such as packaging and origin), suggests that the brand story is still a significant, albeit indirect, influence on the purchasing process.

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