NON-ALC IN 2020 AND BEYOND

DESPITE COVID-19 AND THE GLOBAL SLOWDOWN OF THE ON-TRADE, NON-ALC CONTINUES TO GROW.

NEW BRANDS CONTINUE TO LAUNCH AT PACE

U.K.

42 U.K. BASED NON-ALC SPIRIT BRANDS

11 LAUNCHES IN 2020

U.S.

29 U.S. BASED NON-ALC SPIRIT BRANDS

12 LAUNCHES IN 2020

(DV HOT BRANDS MARKET SURVEY, 2020)

506%

UNPRECEDENTED BRAND GROWTH

No-and-low sector has seen sales rise by **506% SINCE 2015.** In the U.K. alone last year, sales of Non-Alc spirits grew by **30%.**

(NIELSEN, 2020)

NON-ALC BRANDS DRAW INVESTMENT INTEREST

LYRE'S

A$11.5M

PARTAKE

$4M

CLEAN LIQUOR CO

£8.9M

SPIRITS BRANDS ENTERING THE NON-ALC SPACE

Brands like **WARNER EDWARDS, SALCOMBE, SIEGFRIED,** and **OLD CURIOSITY** have released Non-Alc offerings alongside their full strength spirit ranges.

(SPIRITS BUSINESS)

AMONG NON-ALC CATEGORIES, SPIRITS ARE GAINING MARKET SHARE IN THE UNITED STATES

Just as many people **(8%)** reported they drank Non-Alc spirits as they did Non-Alc beer, a category that has been more mature than spirits for some time.

(DISTILL VENTURES US NON-ALC SURVEY, 2020. US STATES: NEW YORK, ILLINOIS, FLORIDA, CALIFORNIA, COLORADO, WASHINGTON. 2000 LEGAL DRINKING AGE RESPONDENTS)

9:41

non-alcoholic gin

RESULTS

TOP NON-ALC SPIRIT SEARCHES' ON AMAZON

U.S.

With fewer brands and a less developed Non-Alc market, consumers are less partial to one 'style' of Non-Alc. 'Tequila,' 'Whiskey' and 'Gin' alternatives are equally searched for.

U.K.

As the most recognized Non-Alc spirits category in a more mature market, 'Non-Alcoholic Gin' tops Amazon searches. Brands like **Seedlip** remain leaders in the category in part due to this close proximity.

(ACORN-I, U.S. AND U.K. SEARCH TERMS)

TEQUILA, RUM AND WHISKEY ALTERNATIVES HAVE ARRIVED

2020 wasn't just about gin and vodka launches, with new dark spirits offerings hitting the market.

THE NON-ALC CONSUMER

THE NON-ALC CONSUMER (IN THE U.K.)

(PULSAR, DIGITAL AUDIENCE SEGMENTATION, 2020)

27% AGED 35-44

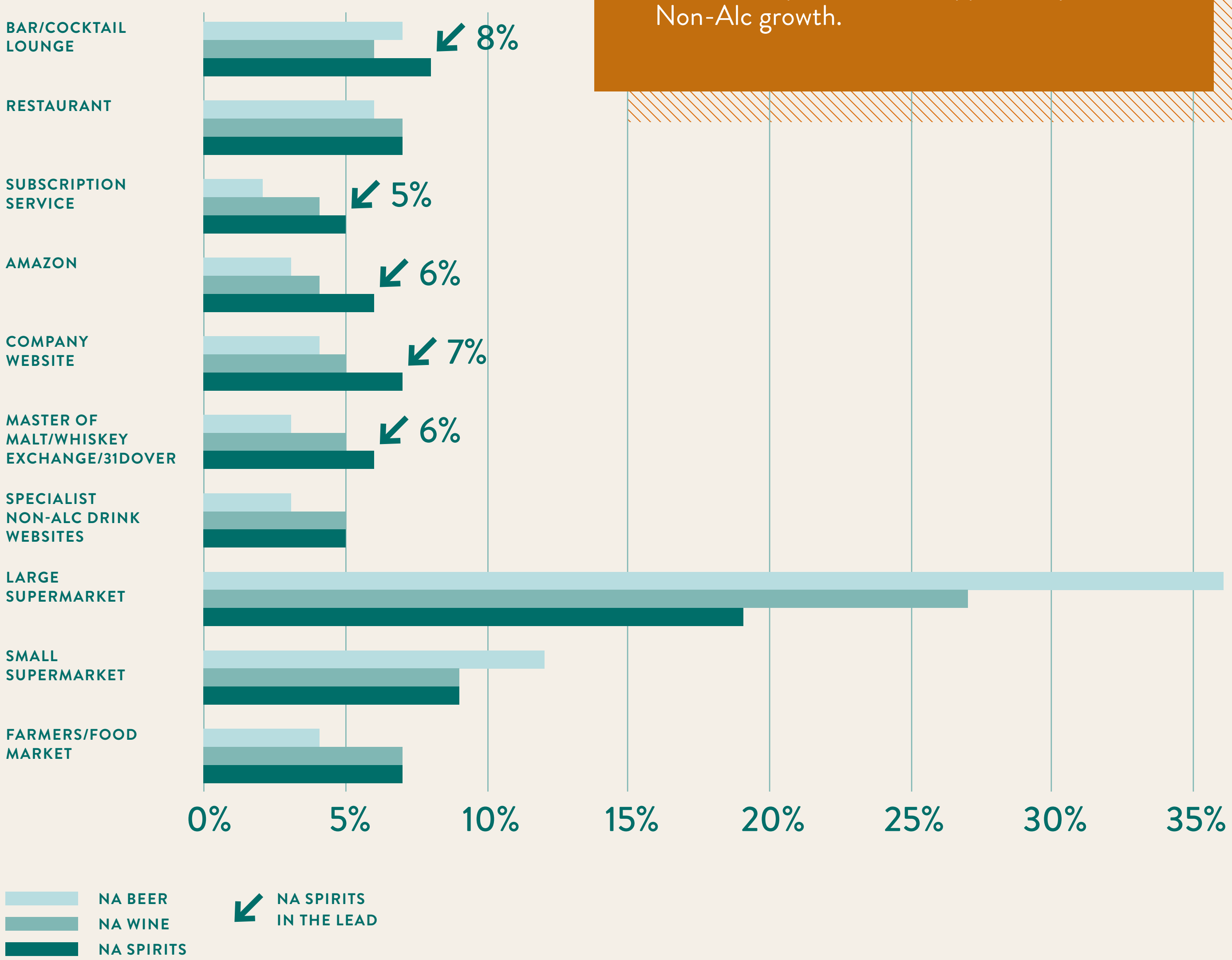
56% ♀ FEMALE

35% LIST FOOD & DRINK AS A TOP INTEREST

Non-Alcoholic Beer's strong hold is in traditional distribution channels while **NON-ALCOHOLIC SPIRITS OWN DIGITAL.**

As drinking habits have changed in the last year - with more in home occasions and a heavier reliance on e-commerce though Amazon, specialty websites, dedicated brand shopping sites, and grocery - this shift has helped create an opportunity for Non-Alc growth.

NON-ALC SPIRITS CONSUMERS SHOP ONLINE MORE THAN NON-ALC BEER CONSUMERS



(DV U.K. QUARTERLY NON-ALC TRACKER: Q2 N=1000, JUNE)

DRY JANUARY: A BIG OPPORTUNITY FOR NON-ALC

Dry January continues to be the most popular 'season' for Non-Alc interest and coverage from a consumer, trade, and media perspective.

DRY JANUARY 2020: THE NUMBERS

SEARCH RESULTS FOR DRY JAN

↑25% GREW BY 25% IN THE U.S.

↑10% AND BY 10% GLOBALLY (2019-2020)

(GOOGLE TRENDS, 2020)

SEARCH DATA SHOWS ACCELERATING INTEREST IN "NON-ALCOHOLIC" DRINKS

NON-ALCOHOLIC |

52% OF U.S. ADULTS ARE ACTIVELY TRYING TO **DRINK LESS**

30% OF U.S. ADULTS **DON'T DRINK AT ALL**

(BEVERAGE DAILY, CIRCLE UP GROWTH PARTNERS OCT 2, 2020)

↑17% **"Dry January"** increase in news articles **MENTIONING** 'Dry January' (over 2019)

↑42% 2020 saw 42% increase in **TWITTER** activity surrounding Dry January compared to 2019

(DV MEDIA STUDY, 2020)

↑39% 39% increase in **NON-ALC BEER** sales in January 2019 vs 2020

(NIELSEN, JANUARY, 2020)

21% **OF ADULT CONSUMERS IN THE U.S.** PARTICIPATED IN DRY JANUARY IN 2019.

(NIELSEN, JANUARY, 2020)

10% **ONE IN TEN ADULT CONSUMERS IN THE U.K. (10%)** PLANNED TO TAKE ON DRY JANUARY IN 2020.

(YOUGOV POLL BY ALCOHOL CHANGE U.K., DEC 2019)

WHAT'S NEXT?

DESPITE THE INCREASING INTEREST, NON-ALC FACES KEY CHALLENGES:

1. LIQUID EXCELLENCE
2. EDUCATION
3. THE DRINKS EXPERIENCE

Developing delicious, elevated cocktail experiences through zero proof offerings is both challenging and costly, and currently, the on-premise – a critical tool for brand discovery – is on pause.

As such, brands need to focus on creating relevant brand connections and at home experiences.