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 April 20, 2021

Sizing Up the Low & No Alcohol Category

Dear Client:

The low/no alcohol category is still a relatively small piece of the total bev alc pie, but it's growing double-digits year-over-year, particularly as consumers' focus on health and wellness only increases and more and more products are introduced in the space.

Indeed, your editors have increasingly reported on new low and no-alc products, including Bota Box Breeze, Kim Crawford Illuminate, and Scheid Family Wines' Sunny with a Chance of Flowers, just to name a few.

So, just how big is the low/no alc category, and how fast is it growing?

Total non-alc + low-alc accounts for just about 3.2% share of total alcohol sales in NielsenIQ-measured off-premise channels for the 52 weeks through April 10, up 0.3 points vs. a year ago, and totaling \$2.94 billion. Here's how that breaks down across categories:

- Beer no-alc +low-alc = \$1.16 billion, up 20.8% year over year
- Wine no-alc +low-alc = \$1.47 billion, up 30.6%
- Spirits no-alc +low-alc = \$368.8 million, up almost 40%

Note, NielsenIQ defines low alcohol as: beer less than 4% abv, wine less than 10% abv (excluding moscatos), and spirits less than 30% abv (excluding cordials and prepared cocktails).

By volume, the total low/no alc market is about 1.5% share in 2020, according to IWSR data, and IWSR expects the category to grow 50% in volume and value through 2024.

"When we look at the growth rates however, even though it's on a small base, we see double-digit, often high double-digit, growth," says IWSR's Brandy Rand. She noted it's "similar to what you're seeing with mezcal," in that "it's something to pay attention to given the amount of innovation and the consumer demand for this segment."

NO-ALC VS. LOW-ALC. Breaking down low-alc vs. no-alc, beer dominates the no-alc segment while wine leads low-alc.

In NielsenIQ-measured channels, low alc accounts for the lion's share of the category at \$2.65 billion for the 52-week period (up 26.2% vs. year ago), and total non alc reached \$295.6 million in the same period (up nearly 40% vs year ago).

Brandy notes there's a key difference in consumers choosing low-alc or no-alc. Low-alc products are more focused on mindful consumption, i.e. lower calories, while non-alc consumption is driven by abstinence.

DOES 'SEASONALITY' HAVE AN IMPACT? We wondered if there's any 'seasonality' for the segment, e.g. around Dry January and Sober October.

According to NielsenIQ, there are big peaks in dollar sales around key holidays for the no/low segment including Christmas, New Year's Eve, Fourth of July and St. Patrick's Day.

Brandy also says there are certain peaks, noting the trend towards low/no alc certainly started with Dry January and Sober October, "where it was more about consumers abstaining from alcohol for a period of time and going back to normal drinking behavior," and this has "progressed, now you have moderation as part of a year-round" health and wellness lifestyle.

Indeed, "more people are just including low/no alc in their lifestyle" overall, she says. 58% of US consumers surveyed said they switch between a typical cocktail/wine/beer with a low/no alc option during the same drinking occasion, according to IWSR. "We've seen this across categories," with consumers drinking across beer, wine and spirits in the same night, "and you're just adding abv as another component to that," says Brandy.

INNOVATION & INCREASING SHELF SPACE. As mentioned, we've seen a lot more innovation in the space recently. "I think the interesting part, when you look over the past several years, there's been a lack of innovation in the low/no alc space," says Brandy. "So it's really interesting to see over the past 1-2 years how quickly brands have innovated."

"That's key to point towards – if you have enough brands to have a section at retail, people are more likely to explore it," she says, adding, "The amount of shelf space now dedicated to low/no alc didn't used to exist."

Here's a few innovations in the space that NielsenIQ is keeping an eye on: Kim Crawford Illuminate, Ritual Zero Proof Tequila, Spiritless Kentucky 74, Dogfish Head Lemon Quest, Sam Adams Just the Haze, and Karbach Free & Easy IPA.

It's a "very dynamic and interesting point in time because it's kind of a new frontier," says Brandy.

MAINE DISTRIBUTORS ARGUE OUT-OF-STATE RETAILER SHIPPING BILL IS A "DIRECT THREAT" TO STATE'S ECONOMY

Maine's distributors are pushing back against legislation that would open up Maine to out-of-state retailer direct-to-consumer wine shipping.

Recall, legislation was recently proposed by Senator David Miramant to allow out-of-state retailers like wine clubs and specialty wine stores to ship directly to Maine consumers through a designated permit [see [WSD 03-23-2021](#)].

Sen. Miramant claims the measure "attempts to help folks in Maine who want to expand the options for obtaining the types of wine they choose while helping Maine businesses to open their markets," [reports](#) the Sun Journal.

Distributors disagree, arguing that introducing DTC wines from out-of-state retailers would create a disadvantage and hurt business for in-state retailers, wholesalers and other stakeholders.

Central Distributors president Mike Barriault told lawmakers that "every bottle of wine that is sold into Maine that circumvents Maine distributors and our Maine retail partners must be considered a direct threat to Maine jobs and the Maine economy," adding that bills like this erode "our otherwise robust liquor laws that are meant to protect our communities."

The committee handling the measure has not scheduled a work session for the bill yet, the Journal notes. We'll have more as this legislation progresses.

WSD BRIEFS:

LAWRENCE FAMILY AND CARLTON MCCOY JR. LAUNCH BRENDEL BRAND. Heitz Cellars ceo and master sommelier, Carlton McCoy Jr., as well as Heitz owner, the Lawrence Family, announced today that they are launching the Brendel wine brand. Recall, the Lawrence family has acquired a handful of estates across Napa Valley in recent years, including Burgess Cellars, Haynes Vineyard, and Stony Hill Vineyard. The new brand, named for Napa Valley pioneer Leon Brendel, will be led by brand director Cassandra Felix. Brendel wines are "free of unnecessary ingredients, and made with organically farmed 100% Napa Valley fruit," per release. Its brand portfolio includes a Young Leon Frizzante Rose 2019 (srp \$30); Everbloom Sauvignon Blanc 2019 (srp \$28); Noble One Chardonnay 2019 (srp \$30); Chorus Cuvee Blanc 2019 (srp \$28); Chorus Cuvee Rouge 2019 (srp \$30); and Cooper's Reed Cabernet Sauvignon 2019 (srp \$40). The wines will be available direct-to-consumer nationwide starting in early May via Brendel's website. The wine brand will also open its downtown Napa tasting room this summer.

WILSON DANIELS ADDS FAMILLE JOLY TO PORTFOLIO. Wine importer Wilson Daniels announced today that it will be adding Loire Valley producer, Famille Joly, to its portfolio. Famille Joly is a 12th century estate

purchased by Andre and Denise Joly in 1962 that consists of three biodynamic chenin blanc vineyards surrounding its monopole, Clos de la Coulee de Serrant, per release. In addition to the monopole wine, Wilson Daniels will handle importing the estate's Clos de la Bergerie and Les Vieux Clos wines. All three wines from the 2019 vintage will be available nationwide beginning in May. "With their terroir-focused approach, multi-generational family oversight, and commitment to the highest standards of biodynamic production, the Famille Joly wines could not be more at home in the Wilson Daniels portfolio," says Wilson Daniels president Rocco Lombardo.

VEHRS DISTRIBUTING APPOINTS NEW VP OF STRATEGIC RETAIL.

Washington-based Vehrs Distributing Company announced today that it has appointed Blake Darrow its vp of strategic retail. In his new role, Blake will lead expansion of retail chain services across the Pacific Northwest and will oversee the chain account management team, retail area managers and sales associates, per release. Blake most recently was the gm and vp of sales for Winebow and has also held executive leadership roles at Click Wholesale Distributing and Alaska Distributors. "We are thrilled to have Blake join the Vehrs family," says president and coo Shaun Dobbelaere. "He brings more than thirty years of industry experience to Vehrs, including a proven record of building effective sales teams and establishing strong connections with supplier partners. Blake's extensive experience in the Pacific Northwest market, as well as his long-term relationships with area retail chains, are critical to our continued growth."

SCHEID FAMILY PROMOTES CASEY DI CESARE TO WINEMAKER. Shield Family Wines announced today that it is promoting Casey Di Cesare to winemaker for its Sunny with a Chance of Flowers, Metz Road and Grandeur brands. Casey previously held the roles of enologist and assistant winemaker for over four years, where he helped create the wine brands he will now oversee. "With an insatiable curiosity for experimentation for the end goal of producing better wines, Casey has taken on the vital role of changemaker at Scheid," says vp of winemaking Dave Nagengast. "His talents offer a tremendous value during this exciting time of growth and momentum for us."

Until tomorrow,

Your editors

Sarah Barrett, Executive Editor

Hana Kruger, Assistant Editor

"What is a weed? A plant whose virtues have never been discovered." –
Ralph Waldo Emerson

——— *Sell Day Calendar* ———

Today's Sell Day: 14

Sell days this month: 22

Sell days this month last year: 22

This month ends on a: Fri.

This month last year ended on a: Thurs.

YTD sell days Over/Under: -1

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