

WHAT'S DRIVING THE EXPLOSIVE GROWTH IN NON-ALCOHOLIC BEVERAGES



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Whole Foods Market Reveals Top 10 Food Trends for 2022

BUZZ-LESS SPIRITS

The dialed-down spirits category experienced record growth in our stores this year. With millennials and Gen Z-ers dabbling in “drysolation” during the pandemic, we don’t see the sober-curious mindset going away anytime soon. Enter a new lineup of drinks that provide the taste and sophistication of cocktails without the buzz. If you want to shake things up, there are elegant mocktail options to explore.



5 trends that will drive growth in specialty foods consumption in 2022

"The low- and no-alcohol trend is booming, and one new area within it is de-alcoholised wine," said Kara Nielsen, member of the SFA's trendspotting panel.



The Top 10 Drinks Trends for 2022

Low-alcohol and no-alcohol options will expand.

What growth!

De-Alcoholized Drinks-Off-Premise Trends

(Millions of dollars)

Category	Percent Change ¹				
	2019	2020	2021	2019-2020	2020-2021
Beer²	\$136.7	\$190.6	\$236.5	39.4%	24.0%
Wine³	\$25.5	\$35.9	\$46.4	40.5%	29.3%
Spirits³	\$0.7	\$2.0	\$3.8	194.6%	93.6%
Grand Total⁴	\$162.9	\$228.5	\$286.6	40.3%	25.5%

1 Based on unrounded data

2 52 weeks ending 12/29/19,12/27/20 and 12/26/21 in IRI channels

3 52 weeks ending 1/4/20, 1/2/21 and 1/1/22 in Nielsen channels

4 Addition of columns may not agree due to rounding

Sources: IRI, Nielsen iQ and IMPACT DATABANK © 2022

Mattson Consumer Panel

Wellness drives interest in non-alcoholic alternatives

#1

**I don't think it is part
of a healthy lifestyle**

45%
of teetotalers

43%
of those drinking less

#2

33%
of teetotalers

**I don't like the
way it tastes**

35%
of those drinking less

**It doesn't fit with my
current diet or the way
I eat and drink**

Consumers reach for non-alcoholic alternatives when...

- **Driving**
- Have been drinking alcohol but need to **slow down**
- What to be **fresh the next day**
- Getting **“healthy”**
- **With friend/family who don't drink**
- It's a **work function**
- **Daytime**

I do not drink and drive. ”

When I'm working on cutting back on sugar and other things that are unhealthy. ”

When I am at a bar and I have had too many cocktails and want something lighter without alcohol to continue my night and continue to finish the evening with my friends. ”

Usually if there are a lot of kids around I will not drink as much as I try to be the responsible adult. ”

When it's a social gathering during the middle of the week and I have many things to attend to the following day, and getting inebriated is not on the itinerary. ”

During the day at get-togethers. It makes me loopy and I get a headache afterwards. ”

Source: Mattson Consumer Panel, Non-Alcoholic Alternative Survey, 2022

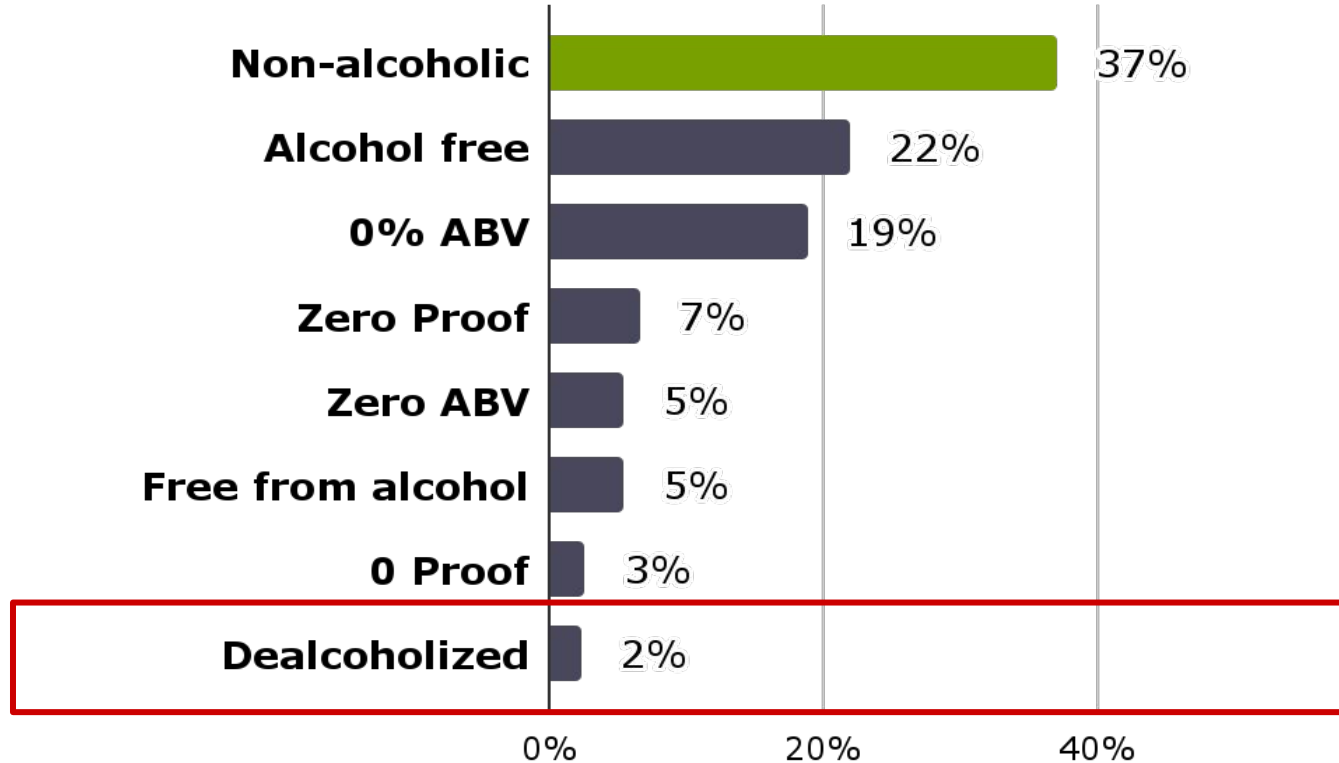
What non-alcoholic alternatives are consumers drinking?

Carbonated Soft Drink	78%
Plain water	71%
Tea or a tea-based drink	59%
Sparkling water on its own	58%
Fruit juice	53%
Coffee or a coffee-based drink	52%
Sparkling water mixed with a non-alcoholic beverage (e.g., fruit juice)	42%
Sports drinks	39%
Energy drinks	30%
Alcohol-free beer	27%
Alcohol-free spirits or a cocktail made with alcohol-free spirits	26%
Alcohol-free wine	17%

Where do non-alcoholic analogs come in?

	Want an option similar in style to an alcoholic beverage	Any non-alcoholic beverage will do	Would choose to drink alcohol
Restaurant with friends	40%	32%	26%
Bar or cocktail lounge	38%	19%	39%
Work event	38%	43%	8%
Been drinking and need to slow down	36%	54%	4%
Sporting event, concert, theater	36%	31%	27%
When you're very busy the next day	35%	55%	7%
Someone's house for a sit-down dinner	35%	40%	24%
Barbecue or picnic	34%	35%	29%
When you'll be driving home	33%	56%	2%
Watching sports at home/someone's home	29%	35%	29%

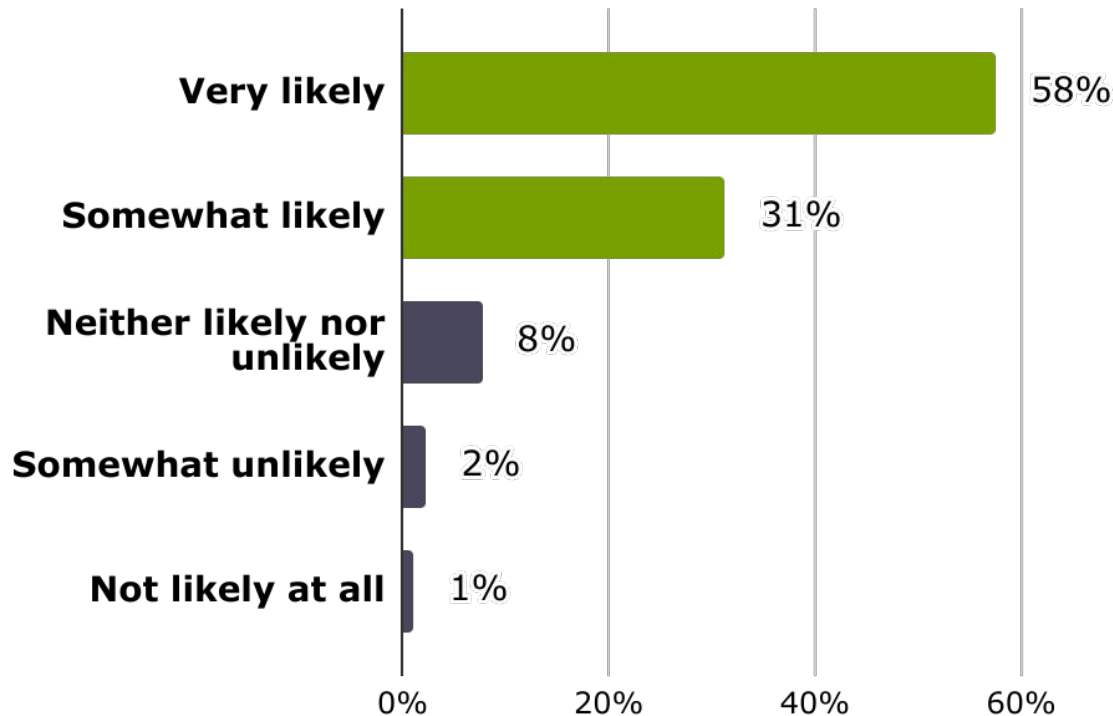
What should these alternatives be called?



Opportunity to keep one foot in the familiar

89% = yes!

How likely would you be to purchase an alcohol-free beverage made by one of your favorite **alcoholic beverage brands**?



WHAT'S DRIVING THE EXPLOSIVE GROWTH IN NON-ALCOHOLIC BEVERAGES



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Senior Food Scientist,
Fermentation Expert
Mattson



Terms

“Non-Alcoholic” is the broad term for beverages which do not contain Alcohol.

- In the US, the cut-off is 0.5% ABV.
- This cut-off varies by country, with some being as low as 0.0%.

“No Alcohol” and **“Alcohol Free”** are not federally defined terms in the US, but are generally understood to mean less than 0.0%-0.05%.

- In the UK this is a defined term.

“Dealcoholized” means the product had alcohol in it which was removed.



Processes of Making Non-Alcoholic Beverages

Approach A:

Start with alcoholic beverage and remove the alcohol (“Dealcoholization”).

Generally: Beer, Wine.



Approach B:

Create the taste and sensory experience of the alcoholic beverage without alcoholic fermentation.

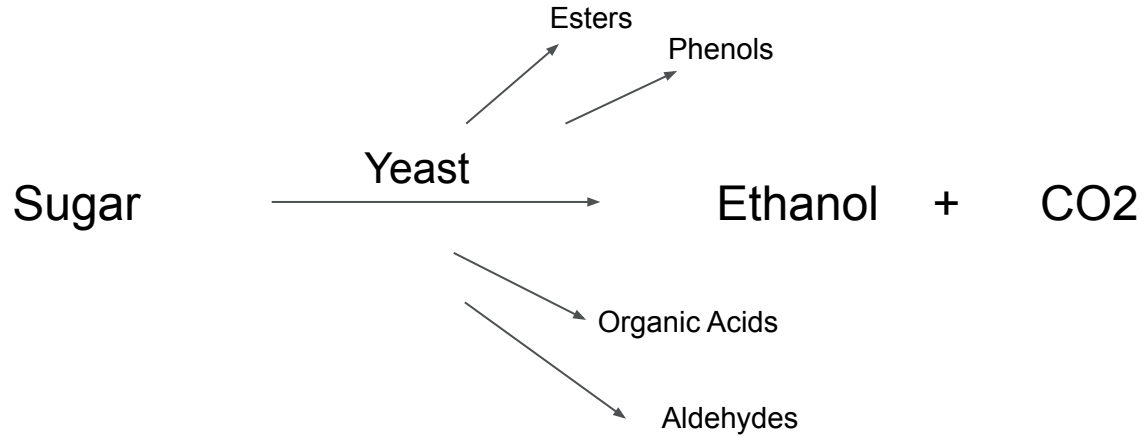
Generally: Spirits, Mocktails



Basic Reaction for Producing Alcohol



But... There is *much* more going on!



Approach A: Dealcoholization

Problems: Both alcohol and aroma are volatile, (aroma even more so than alcohol) so removing the alcohol removes the aroma. The enemies of quality for alcoholic beverage are (generally) heat, time, and oxygen.

Membrane Filtration:

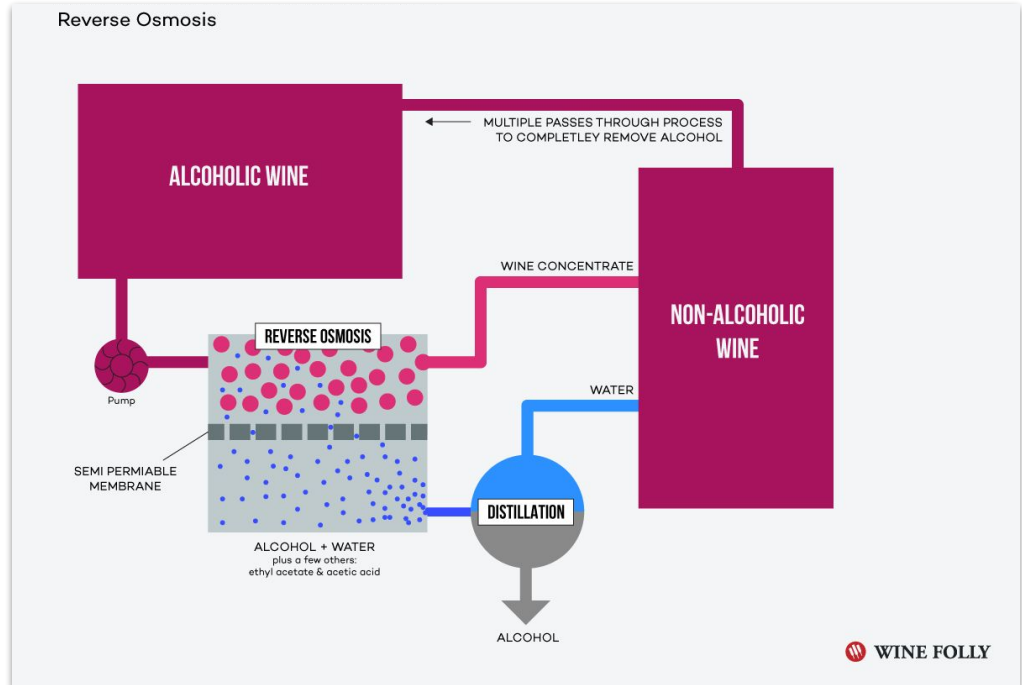
- Ex: Reverse Osmosis Filtration

Vacuum Distillation:

- Ex: Spinning Cone Column

Fermentation Based Methods

- Ex: Glucose Oxidation



Approach A: Dealcoholization

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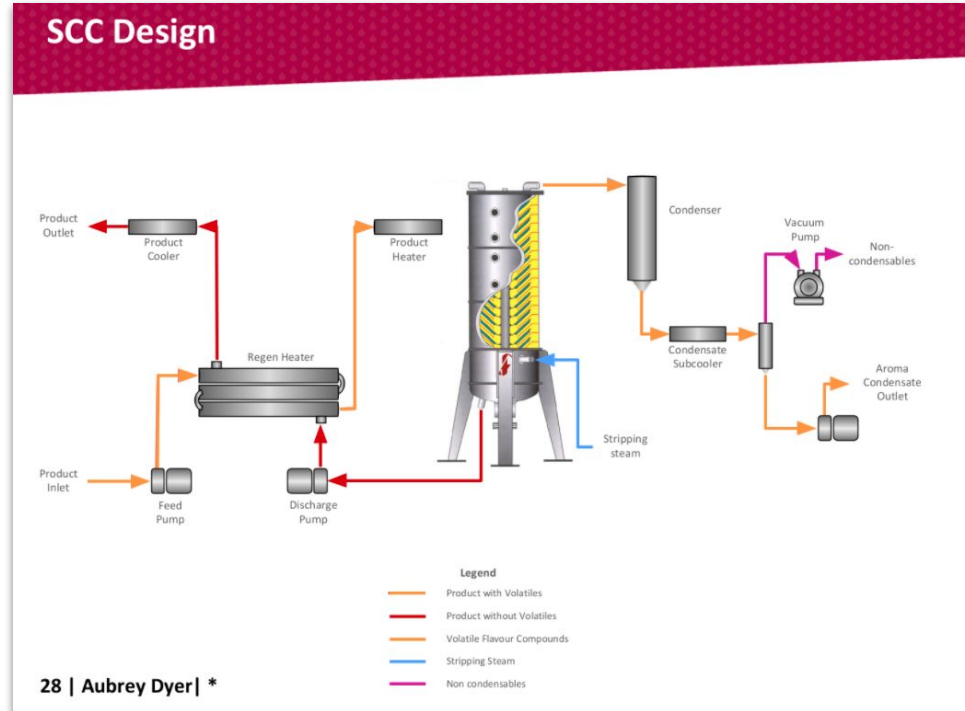
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Fermentation Based Methods

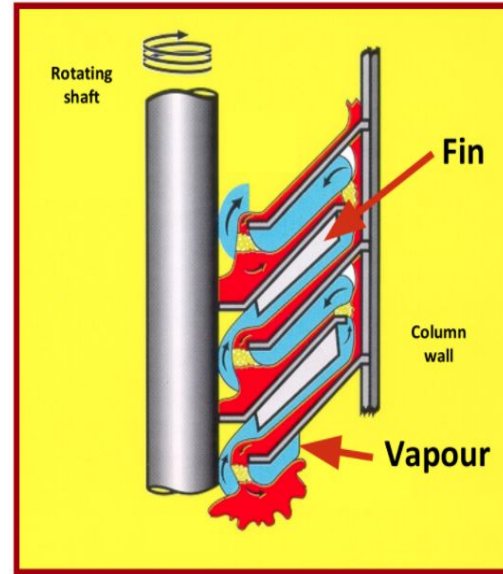
- Ex: Glucose Oxidation



Approach A: Spinning Cone Column

SCC Design

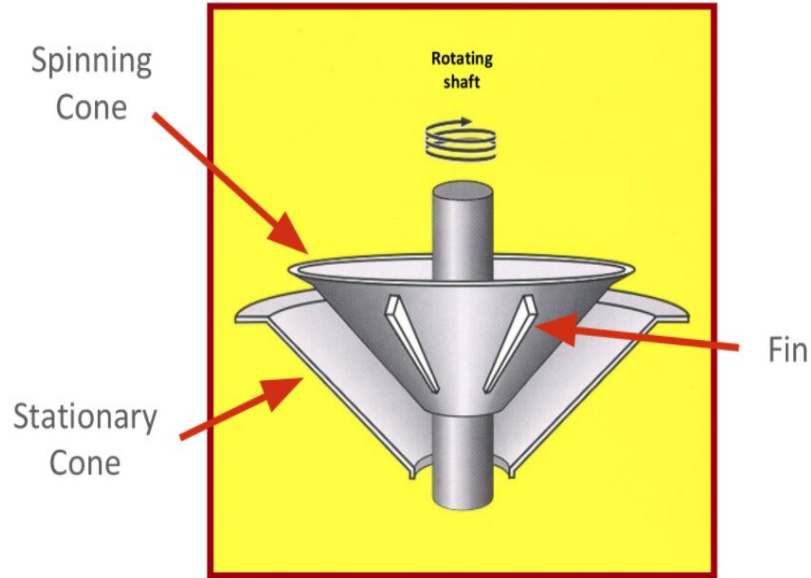
- Highly turbulent
- Low pressure drop
- Low temperatures
- Long path length



27 | Aubrey Dyer | *

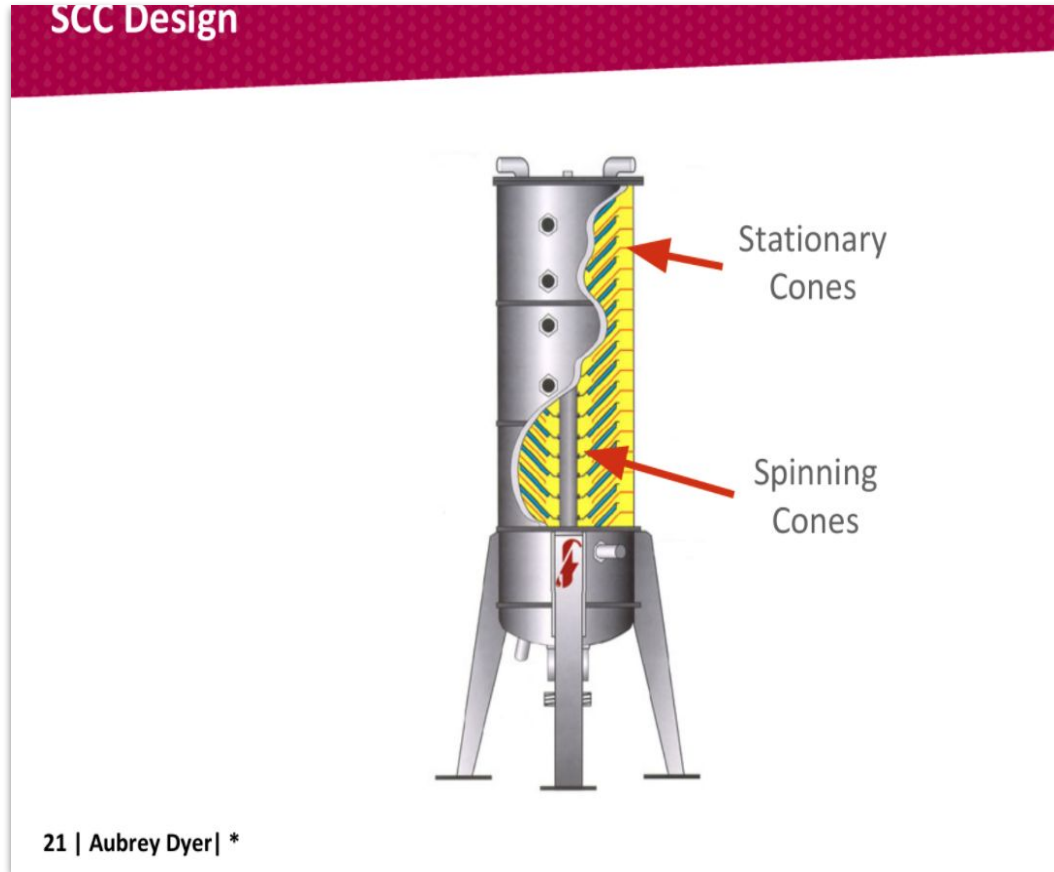
Approach A: Spinning Cone Column

SCC Design

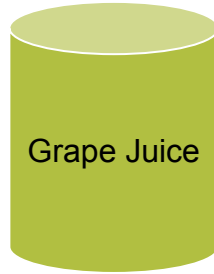
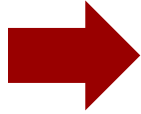


20 | Aubrey Dyer | *

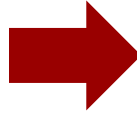
Approach A: Spinning Cone Column



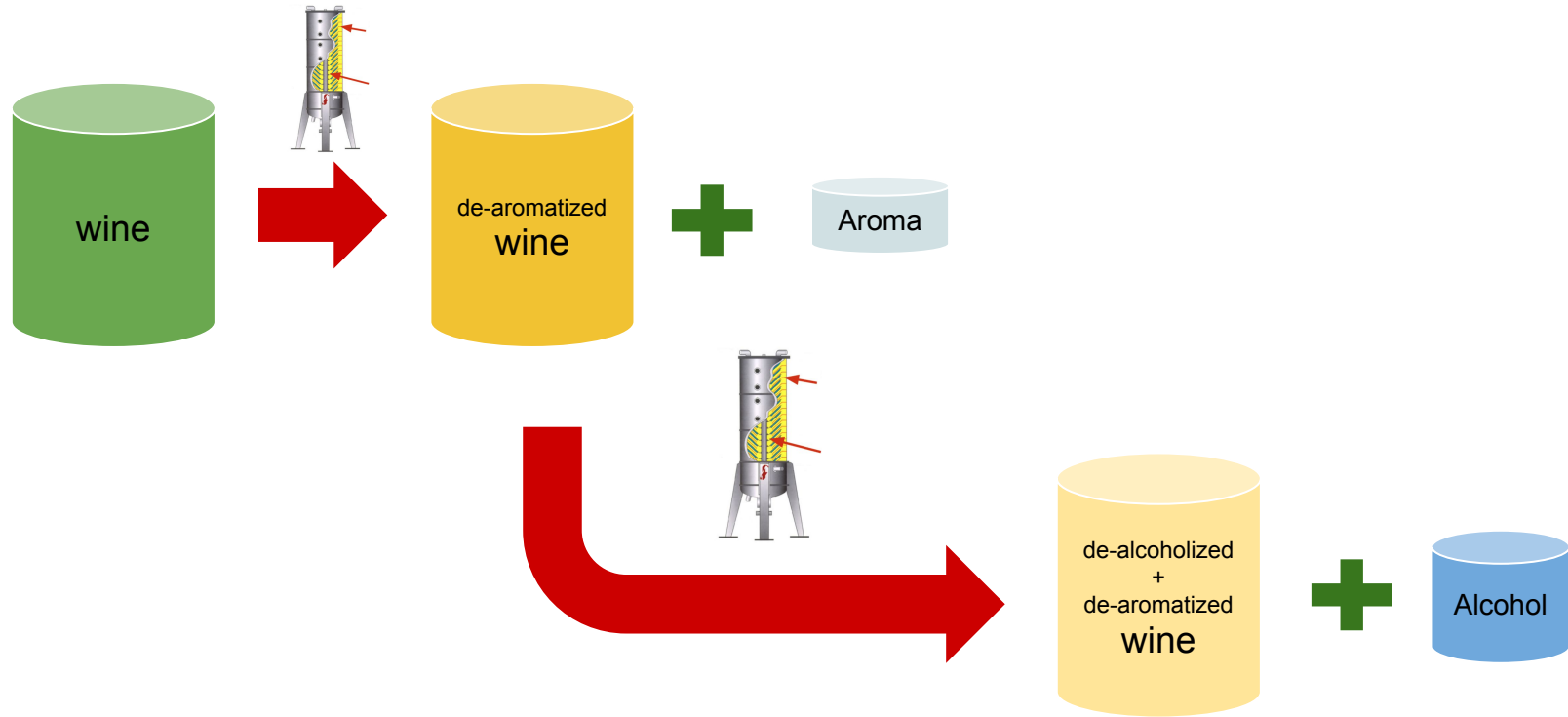
Approach A: Part 1, Make Wine



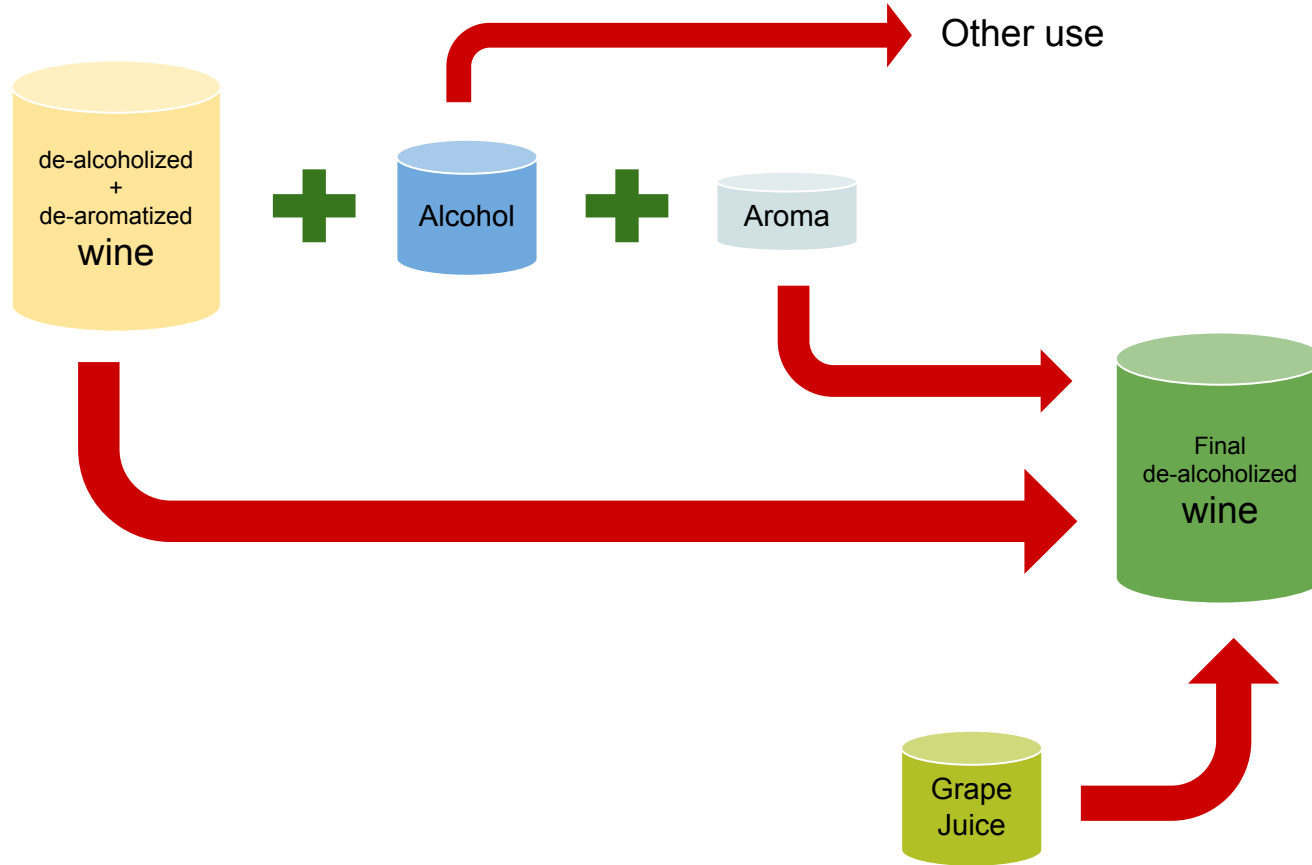
Yeast



Approach A: Part 2, Separating the Wine



Approach A: Part 3, Re-combining the Wine



Approach B

Goal: Create a beverage that resembles the taste and sensory experience of an alcoholic beverage without an alcoholic fermentation.

Think about whether the beverage should be a direct replacement for an alcoholic beverage (beer, wine, tequila, specific cocktails etc) or if it should resemble the *experience* while being entirely distinct. This would include tasting both alcoholic and non-alcoholic beverages in the area explored.



Approach B

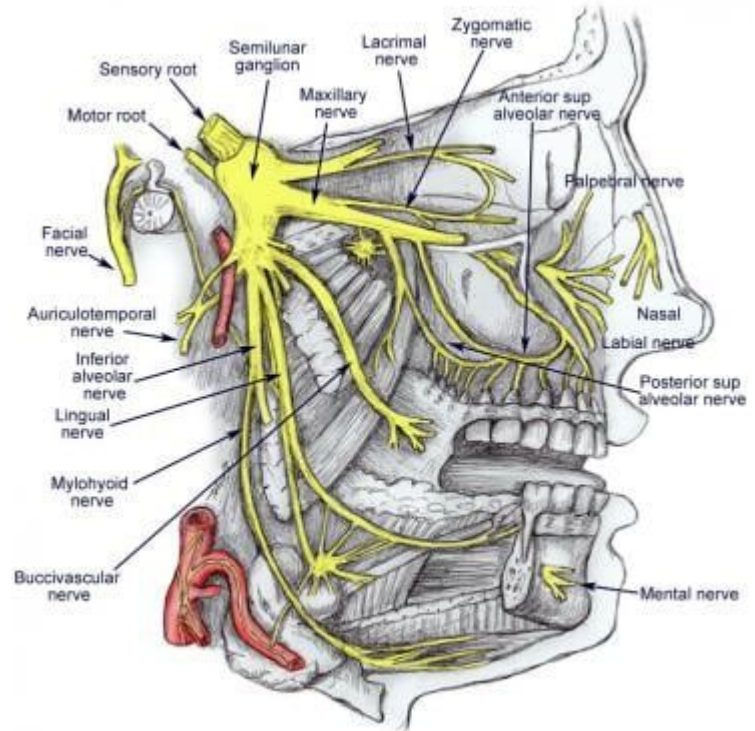
Dissect what was successful and unsuccessful and try and understand why. Start by thinking about:

- primary tastes: sweet, sour, bitter, umami, salt.
- texture.
- aroma.
- trigeminal experience: carbonation, tannins, spice (capsaicin)

The elements which aren't directly affected by alcohol will probably be the easiest to replicate. While those which alcohol directly contributes to (flavor delivery, burn) will require more creative solutions.

Develop a process which is stable without the preservative effects of alcohol.

Iterate!



Trigeminal Nerve

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Dale Stratton

President
Wine Market Council

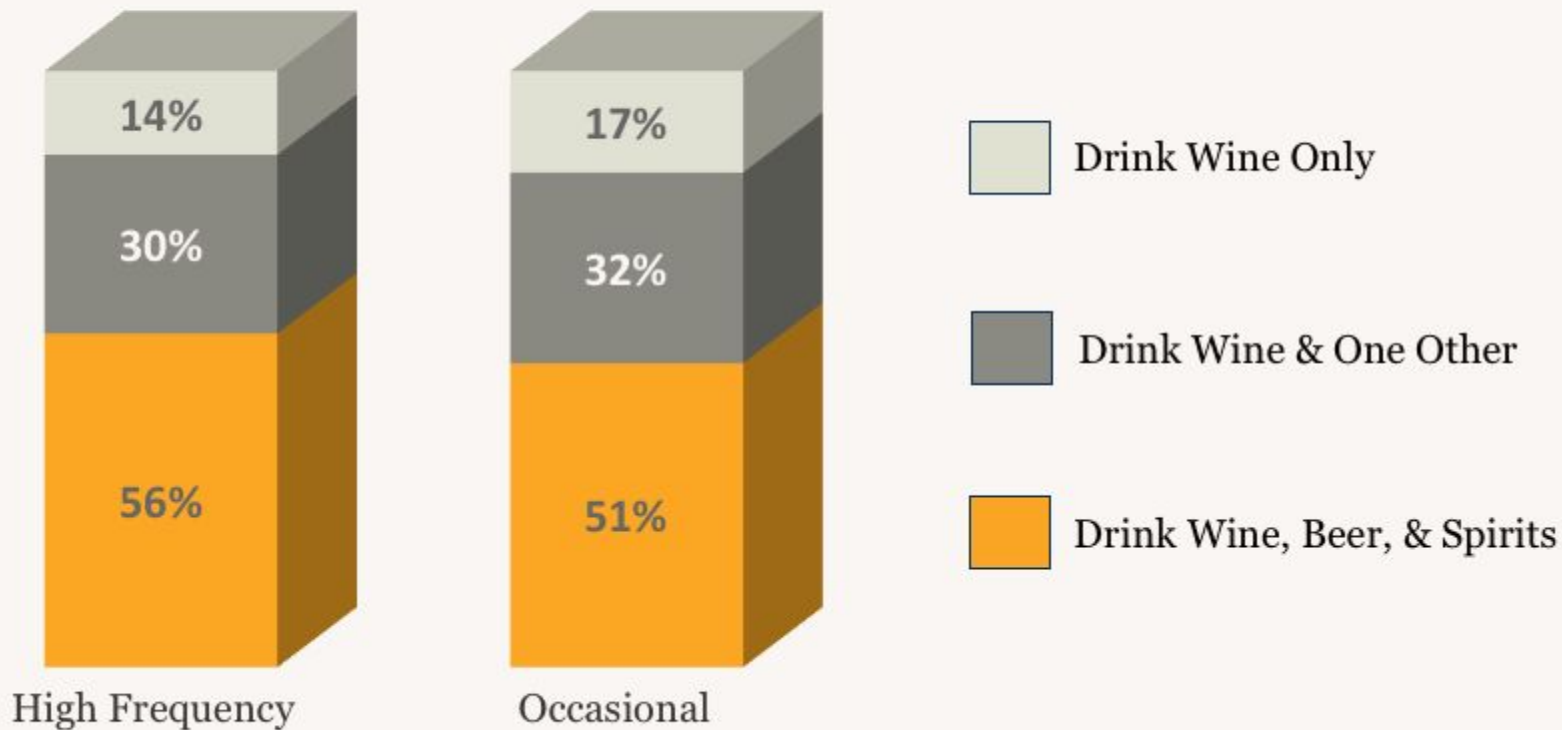


Wine Market Council

Wine Market Council is the leader in forward looking market research on U.S. wine consumer buying habits, attitudes and trends.



Today's Consumer is a TBA Consumer



Beverage Alcohol is ~\$265 Billion Category



\$115 Billion



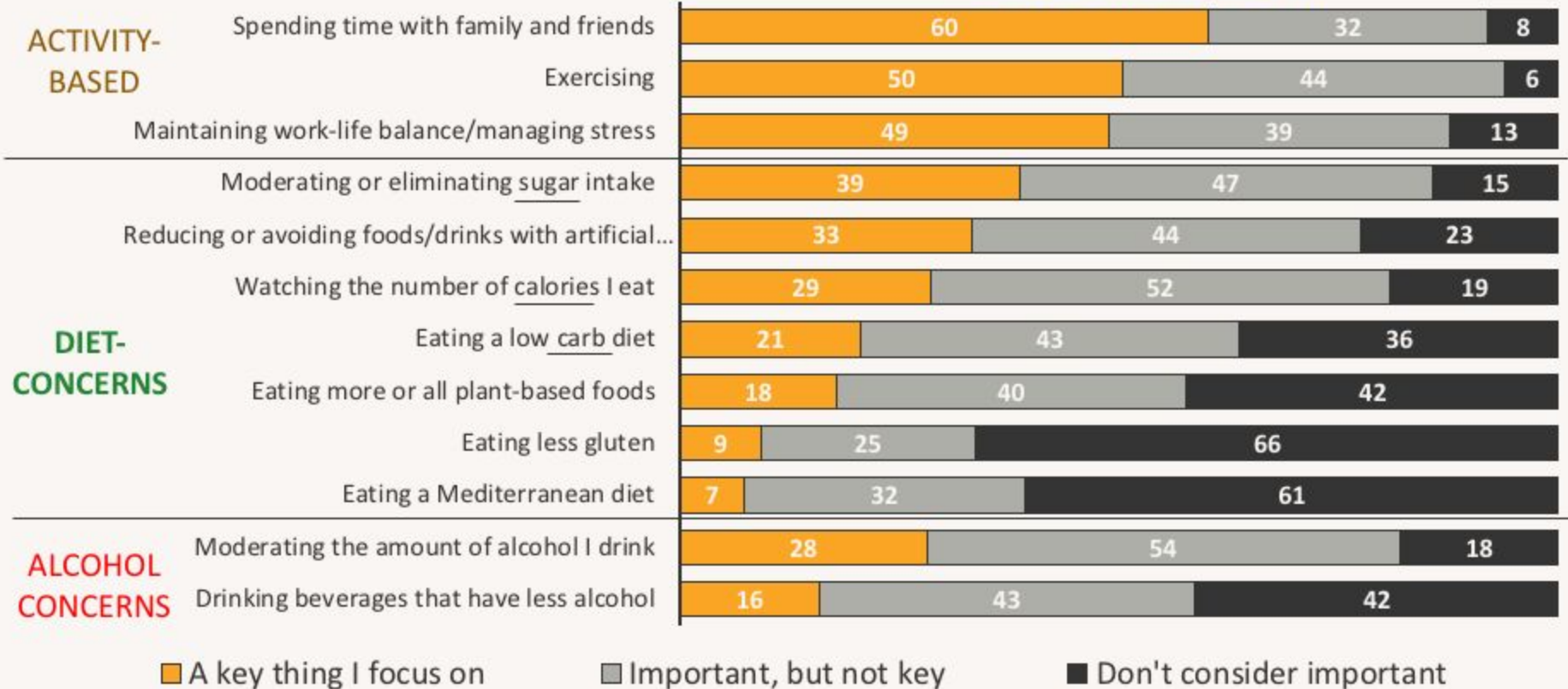
\$80 Billion



\$70 Billion

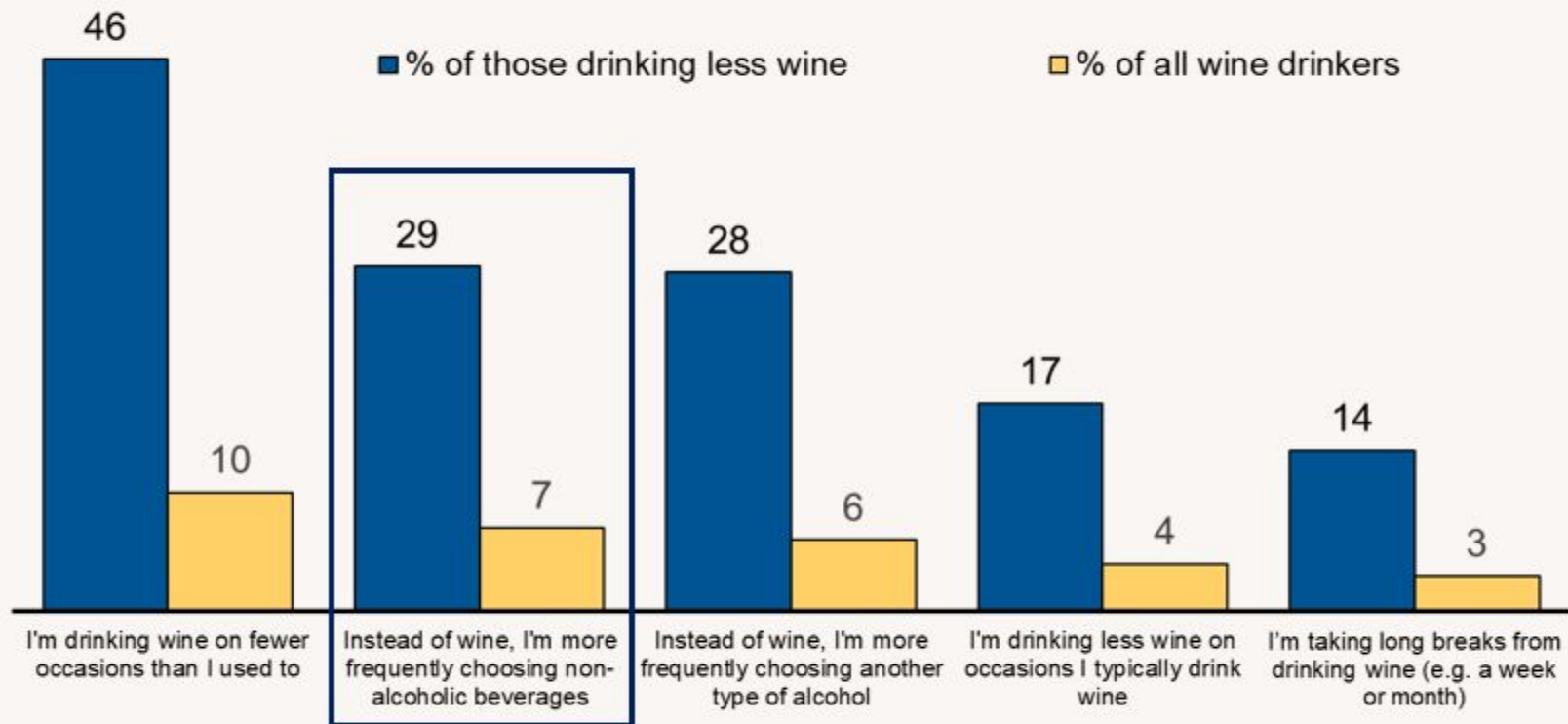
Wellness means more than diet to consumers

Healthy Lifestyle Choices (%)



* Q17. Please indicate how important each of the following is to you in order to maintain a healthy lifestyle. *Wine Market Council – Health & Wellness Nielsen Homescan Panel Survey*

METHODS OF REDUCING WINE CONSUMPTION



Q15. Which of the following best describes how you are drinking less wine (sparkling or still)? Please select all that apply. *Among those that selected Less for Wine in Q11. Wine Market Council – Health & Wellness Nielsen Homescan Panel Survey (Fielded 10/16/2020 – 11/9/2020). Alcoholic Beverage Buyers (n=430)*

Reasons For Not Drinking Wine

Wine Consumption Barriers (% citing)



Wellness Related

High Growth Off Small Bases in Wine Category

On Label	% Growth vs 2 YAG	\$ Share
Gluten Free	+110%	1.8%
Organic	+24%	0.8%
Low Calorie	+468%	0.6%
Vegan	+167%	0.6%
Seltzers/Spritzers	+35%	0.3%
Low/No Sugar	+438%	0.3%
Non Alc	+65%	0.2%
Low Carb	****	0.1%
Selected Brands	+288%	0.6%

34% of respondents said that **Wine** is **healthier** than most Alcoholic Beverages

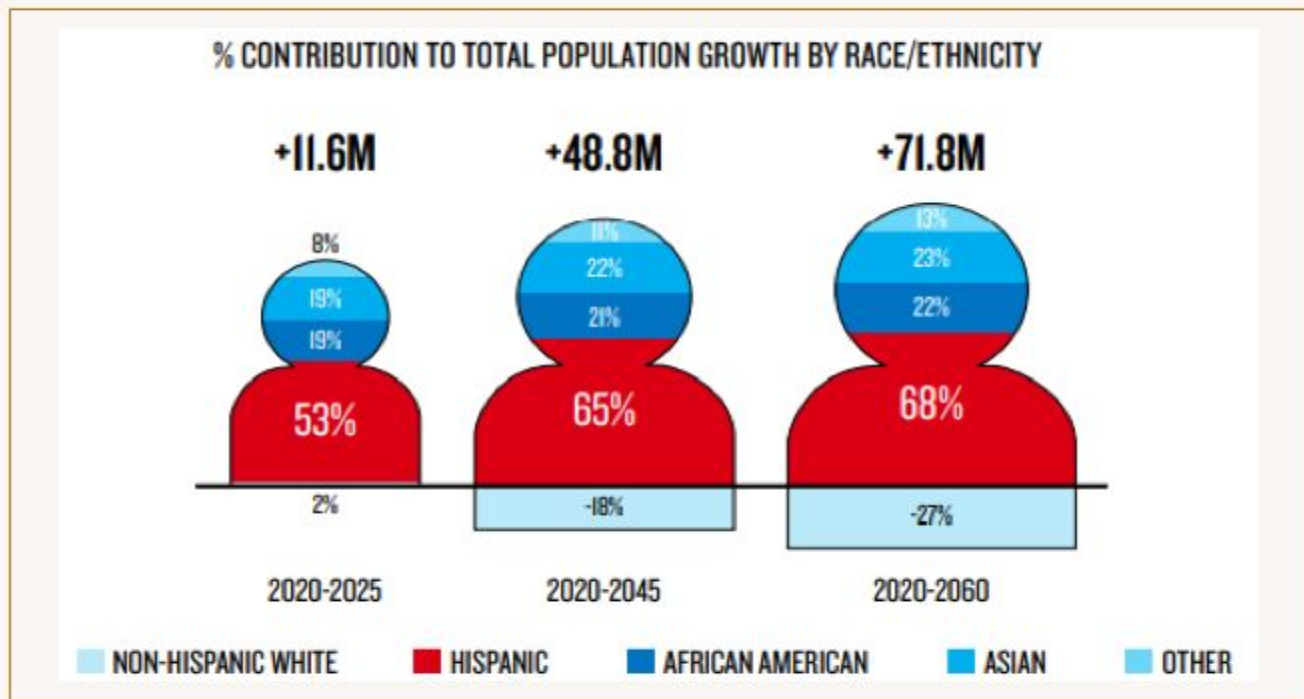
Compared to ...

13% for Hard Seltzers; 5-6% for Beer or Spirits

Q21. Which type or types of alcoholic beverages, if any, would you most closely associate with each statement? Please select as many types of alcoholic beverages as apply... *Wine Market Council – Health & Wellness Nielsen Homescan Panel Survey (Fielded 10/16/2020 – 11/9/2020). Alcoholic Beverage Buyers (n=1933)*

Selected brands include:
Avaline; Babe 100; Bev; Bota Box Breeze; Brancott Flight Song; Cupcake Lighthearted; Evenly Fit Vine; Girl Go Lightly; Kim Crawford Illuminate; Lifevine; Liquid Light; Mind & Body; Skinny Dipping; Skinny Fiz; Skinny Freezer; Skinny Vine; Thomson & Scott Skinny; Social; Starborough Starlite; Yellow Tail Pure Bright

But we do know
that demographics
are changing
quickly



Latinos are responsible for **90.8%** of labor force growth from 2010 to 2020

Investing in Multicultural Consumers Will Have the Highest Return



NON-HISPANIC WHITE



AFRICAN AMERICAN



ASIAN AMERICAN



HISPANIC

LIFE EXPECTANCY

78.7

74.3

87.3

83.5

MEDIAN AGE

42

32

35

27

YEARS OF EFFECTIVE
BUYING POWER

36.7

42.3

52.3

56.5

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Marcos Salazar

Chief Executive Officer
Adult Non-Alcoholic Beverage Association



Promoting and Protecting the Adult Non-Alcoholic Beverage Industry

We are the leading voice for adult non-alcoholic beverage producers,
partners, and allies

[Learn More](#)marcos@nabeverages.org



Ecosystem Building

1. Producers
2. Distributors
3. Wholesalers
4. Retailers
5. Production businesses
(machinery, equipment,
ingredients, canning,
packaging)
6. Non-alcoholic bottle shops,
Service providers (legal,
marketing, PR, strategy)
7. Restaurants and Bars
8. Other Industries - Hospitality,
Events/Conferences,
Weddings, Corporate
Wellness

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THANK YOU FOR YOUR FEEDBACK



We knew we had our work cut out for us when we first started developing the recipe for our Red Wine blend, **which is why we brought you all along for the journey.** We had a few ideas for the recipe when we started mixing, but we knew we wanted your feedback to make it the best.

THE BEST IS YET TO COME 🤗

Thanks to the input from our amazing community, the Grüvi Red Wine Blend 2.0 is one of our favorite recipes yet. As we all know, fine wines take time — but don't fret, ours will be available **very soon!**

This is a launch you will NOT want to miss — keep an eye out for more information and stay tuned for the next batch.

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Thank you.



 **MATTSON**
WE MAKE FOOD HAPPEN



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