

Are The Lancet's Alcohol Consumption Forecasts Inflated? *IWSR Analysis of Consumption Trends Suggests Future Per Capita Growth of Beverage Alcohol Drinks could be Declining*

London – A new study published in the medical journal *The Lancet* reports a considerable upsurge in the global consumption of alcoholic drinks. The study suggests that between 1990 and 2017, alcohol intake has jumped by as much as 70%. Importantly, the study anticipates a further per capita rise of nearly 18% to 2030, something that would put into jeopardy the World Health Organization's targets for alcohol reduction.

"IWSR Drinks Market Analysis has tracked a similar rise in per capita alcohol consumption during the 27-year period and actually recorded a marginally higher rise of 74% in 100% alcohol intake," says Mark Meek, IWSR's CEO. "More recent trends might, however, question whether the momentum is in place for the alcohol sector to realise the continued growth levels predicted to 2030."

In the 10 years between 1990 and 2000, alcohol intake increased by a fifth, accelerating to a quarter in the next decade. The most recent 10-year period has, however, seen a considerable slowdown, with consumption growth dropping to 17%. Although the study accepts there will be a drop-off in the growth rate, the scale of the rise appears bullish even with the anticipated rise in female drinkers and higher wages in low- and middle-income countries.

In many of the lower- and mid-income countries, the illicit trade, which goes under the radar, has traditionally been a significant part of the market and some of the alcohol growth can be accredited to consumers upgrading to branded alternatives which do feature in the recorded figures. An upturn in these 'visible' sales does not equate to an increase in consumption. A rise in regulated, taxed and ultimately safer alternatives should be seen as a positive development.

This is particularly relevant in Africa where the IWSR tracks the amount of alcohol imbibed as having ballooned nine-fold since 1990. For instance, leading wines and spirits player Diageo carefully prices its products to appeal to all income groups, allowing drinkers at the lower end of the spectrum to upgrade to their cheaper brand offerings from the invisible illicit segment.

The approach adopted by the industry in selling alcohol products has also shifted as drinks players recognise that if they are too successful at selling volume, then there will be an inevitable public relations backlash. There is now a strong industry ethic towards fostering a culture of responsible drinking in all markets rich and poor. This is exemplified by the world's largest brewer, AB InBev's ambitious Global Smart Drinking Goals. These include a commitment to "ensure no- or lower-alcohol beer products represent at least 20% of AB InBev's global beer volume by the end of 2025". If per capita does reach the level forecasted in 2030, then all these initiatives will have had a very muted impact.

Many drinks operators are now focused more on generating value than volume and this is borne out in the premiumisation of the market and the rapid emergence of the craft movement. The IWSR's figures show that while the overall global wine and spirits market has slipped by -1.4% in the last five years, the volume of drinks that fall into the 'premium-and-above' segments have risen by a fifth. A lot of future drinkers will be drinking less but better.

Governments too are playing their part in discouraging drinking levels. In developing countries, which the study assumes will drive alcohol ingestion upwards, regulation and tax are becoming more widespread. In one market cited, Vietnam, where beer demand has risen steeply in the last decade, a rise in tax has flattened the market in 2018.

In developed markets it is not just responsible drinking initiatives and government activity that are limiting consumption levels, but consumers themselves. Consumer antipathy towards drinking is manifesting itself in changing consumption habits among, most notably, Millennial consumers who were once alcohol's core age users. An IWSR consumer survey covering a number of key westernised markets identified a growing theme of abstinence among younger drinkers. It is foreseeable that this negative attitude towards alcohol could even be hardening among tomorrow's drinkers, the Centennials. Under the watchful eye of the social media age, being drunk is out of fashion.

"In the future it is likely that all these constraining factors will come together to dilute the per capita growth levels for alcoholic drinks, suggesting that *The Lancet's* study projections are inflated," concludes Meek. "There is also another disruptor appearing over the horizon that could potentially redefine the beverage landscape as we know it. The domino effect of cannabis legalisation could mean that, by 2030, THC-infused cannabis drinks will have marginalised alcoholic drinks in some parts of the world."

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About the IWSR

The IWSR is the leading source of data and intelligence on the alcoholic beverage market. The IWSR's database, essential to the industry, quantifies the global market of wine, spirits, beer, cider, and mixed drinks by volume and value in 157 countries, and provides insight into short- and long-term trends, including five-year volume and value forecasts. The IWSR tracks overall consumption and trends at brand, price segment and category level. Our data is used by the major international wine, spirits and beer companies, as well as financial and alcoholic beverage market suppliers. The IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. Our analysts travel the world in order to meet over 1,600 local professionals to capture market trends and the 'why' behind the numbers.