LOW+NO 2023

THE CUSTOMER PERSPECTIVE

Behaviour

Trends

Opinions

Insight

KAM

In partnership with

LUCKY SAINT

FOREWORD

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After thousands of years of forming social connections around alcohol occasions, we're seeing a rapid cultural shift in attitudes towards drinking, and acceptance of not drinking, across all age groups. This idea that you feel you have to apologise for not drinking is fading away and with people actively seeking ways to moderate their alcohol intake, making quality alcohol-free options more widely available is critical.

We're delighted to partner with KAM on this report, as we continue to see the rise of the moderation generation.

The report shows that the movement has gone beyond January, it's becoming ingrained in people's lives throughout the year. With as many UK adults actively moderating during the summer as they do during 'Dry January', moderating has moved beyond a single month in the year, and beyond simplistic definitions of 'drinkers' and 'non-drinkers'. For venues, the opportunity remains. With massive numbers still entering the category, we need to provide consumers with the best possible experience whatever the occasion. Creating inclusive spaces for drinking and increasing the availability of great quality alcohol-free options is key to the category's growing success in the years to come.

We hope you enjoy reading the report, and to look at the impact the Low and No offering has for venues and customers alike.

Source: KAM Low+No 2023: The Customer Perspective

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CONTENTS

Unless otherwise stated, the data shown in this report is from a nationally representative sample of 550 UK adults (18+). Research was conducted in May 2023.

Source: KAM Low+No 2023: The Customer Perspective

THE CONTINUED TREND FOR MODERATION

How are habits changing over time?

What does moderation mean to the consumer?

Who is moderating and why?

We’re moderating more…

5.2m **fewer** UK adults are drinking weekly in 2023 vs 2021

77% of UK adults consume alcohol at least once a week

72% of 18-24’s consume alcohol at least once a week (the lowest consumption age group)

85% of 45-54’s consume alcohol at least once a week (the highest consumption age group)

90% of UK adults consumed alcohol at least once a week in **2022**

87% of UK adults consumed alcohol at least once a week in **2021**

Source: KAM Low+No 2023: The Customer Perspective

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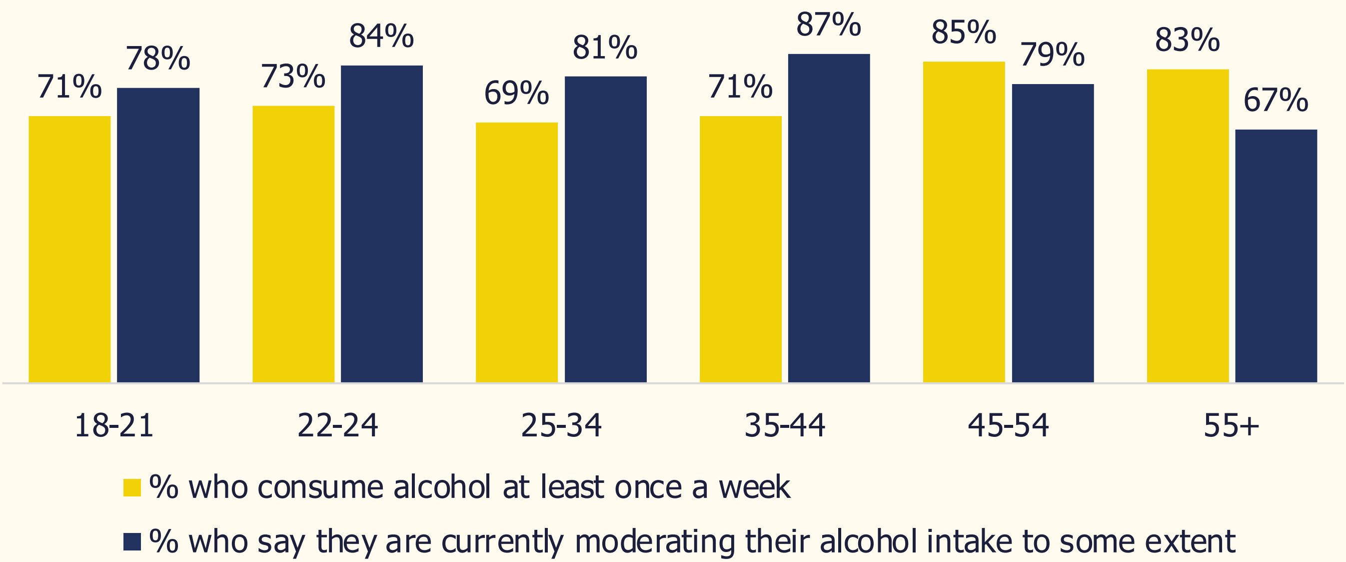
WHO is moderating?

3 out of 4 UK adults say they are moderating their alcohol intake to some extent, as many as are drinking weekly.

Moderation is high for all age groups, regardless of whether that age group typically consumes a lot of alcohol



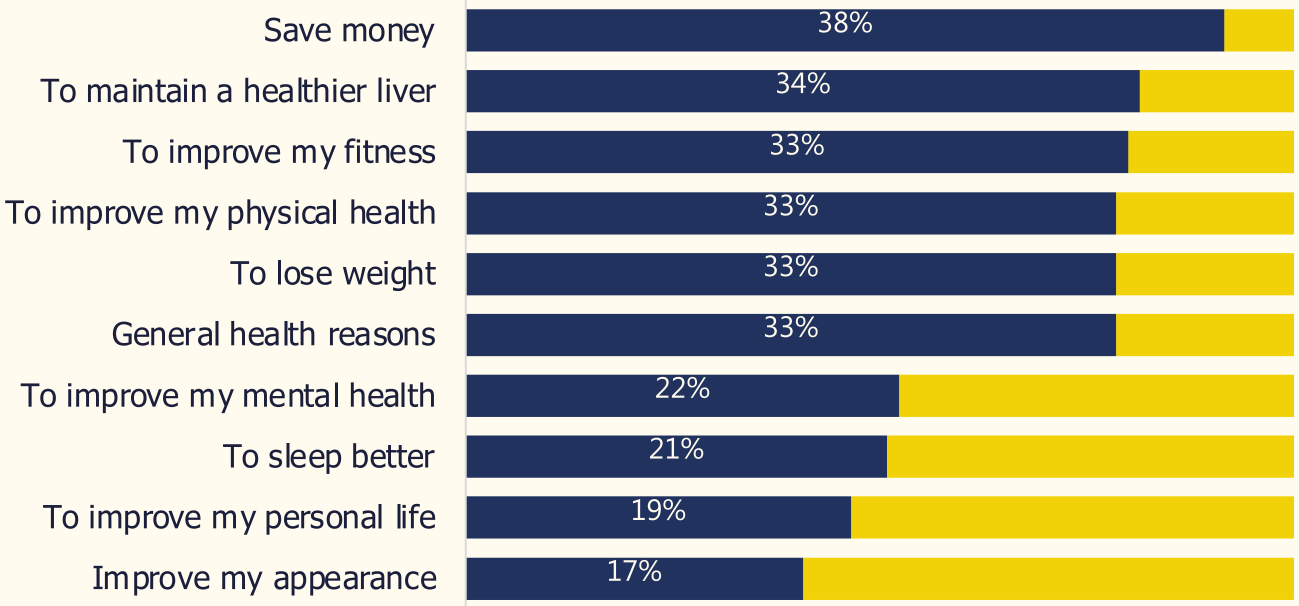
At a total level, the % of people who say they consume alcohol at least once a week is the same as those who say they are moderating (77%).

The trend of moderation is that we're not cutting OUT alcohol, we're cutting DOWN.

Source: KAM Low+No 2023: The Customer Perspective

WHY are we moderating?

Top 10 reasons for UK adults to moderate in 2023



The biggest year on year increases in reasons for moderating are…

26% Increase to improve my fitness

19% Increase to save money

10% Increase to improve my personal life

Source: KAM Low+No 2023: The Customer Perspective

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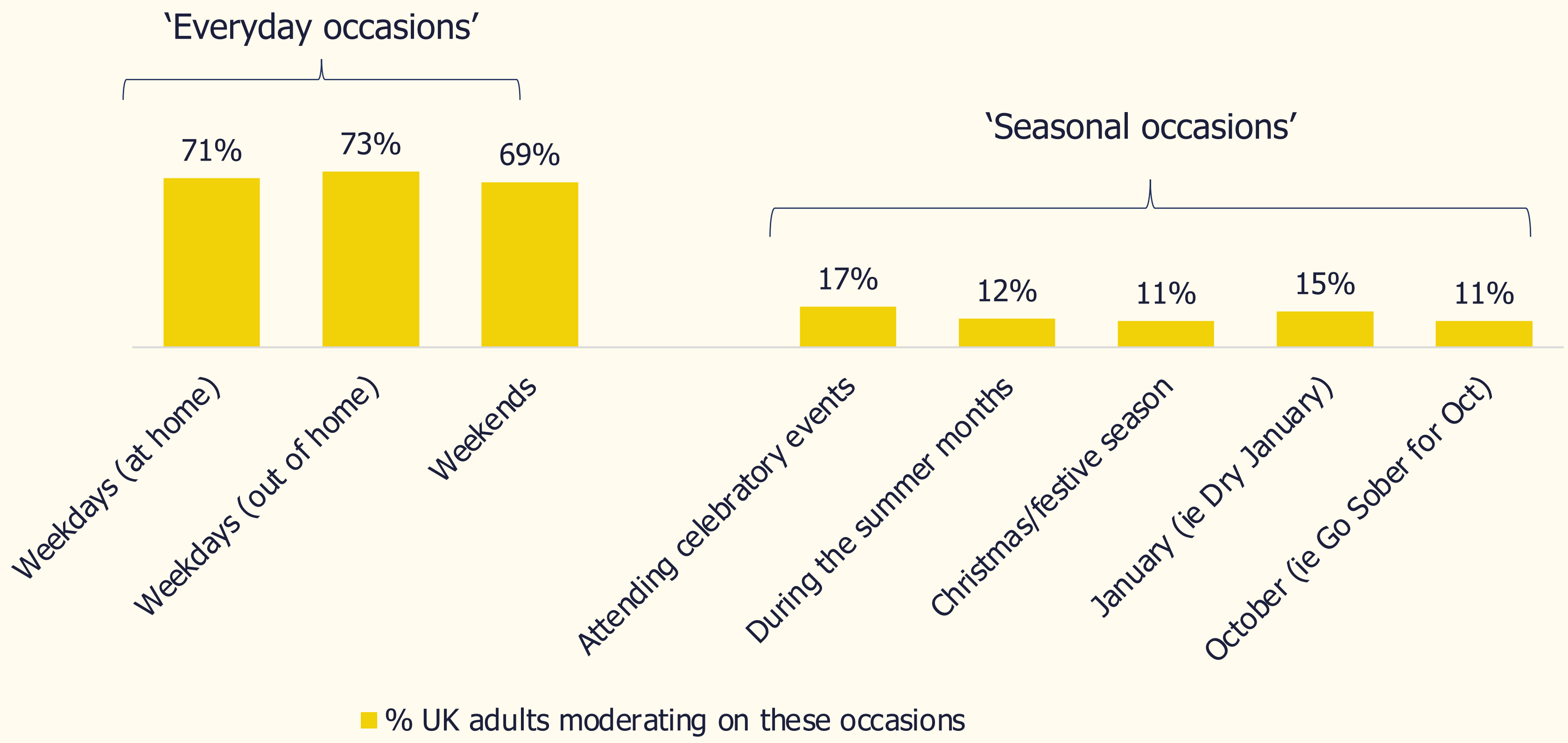
WHEN are we moderating?

Moderating isn't just about 'Dry January', it is happening year-round. Many adults are cutting back on alcohol during what we'd traditionally think of as 'boozy occasions' i.e. Christmas, summertime, birthdays etc. The research shows that proportionally, as many UK adults actively moderate during summer and the festive period as they do during 'Dry January'.



Dry Summer?
6.2m UK adults will be actively moderating their alcohol intake this summer.

Source: KAM Low+No 2023: The Customer Perspective

Moderation is mainstream

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As many UK adults actively moderate during summer as they do during 'Dry January'

Source: KAM Low+No 2023: The Customer Perspective

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The continued trend for moderation

- Moderation is part of the 'everyday' and is no longer reserved just for specific occasions, such as Dry January. The trend of moderation is that as a nation we're not cutting OUT alcohol, we're cutting DOWN on the amount we drink and/or how frequently

- The number of UK adults who NEVER drink alcohol (teetotallers) is fairly stable. However, we've seen the biggest increase in 18-24 year-olds

- Overall alcohol consumption has dropped across ALL age groups BUT fastest in 18-24 year-olds
    - 1-in-2 adults want to reduce their alcohol in-take, driven by those aged 18-44
    - 3-in-4 UK adults are moderating their alcohol intake in some way
    - Physical health, mental health & money are the biggest drivers of moderation

- 6.2m Brits will be actively moderating their alcohol in-take this summer
    - Moderation has moved well beyond 'Dry January'
    - As many actively moderate during summer and the festive period as Dry January

Source: KAM Low+No 2023: The Customer Perspective

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DEFINING AND DE-MYSTIFYING MODERATION

Defining what moderation means to consumers.

How are we currently moderating our alcohol intake?

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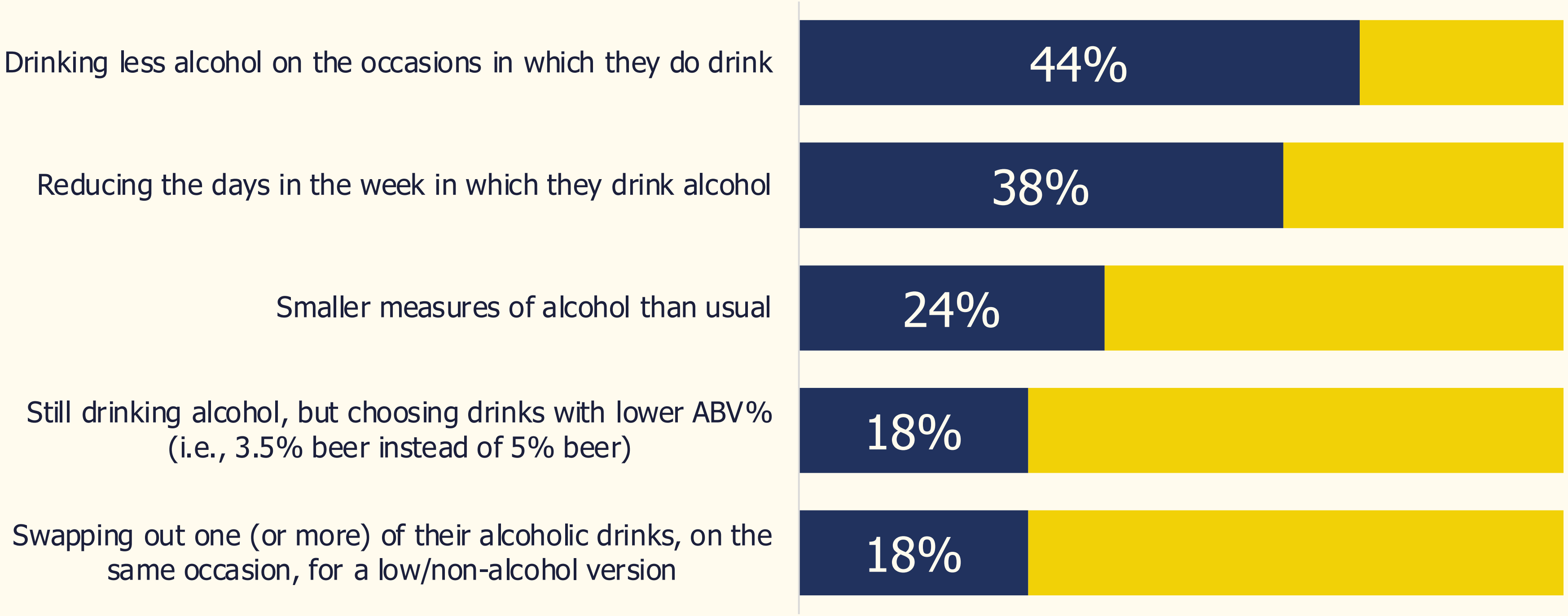
Defining ‘moderation’

When we talk about ‘moderation’ in terms of alcohol intake, what does this mean to the average consumer?

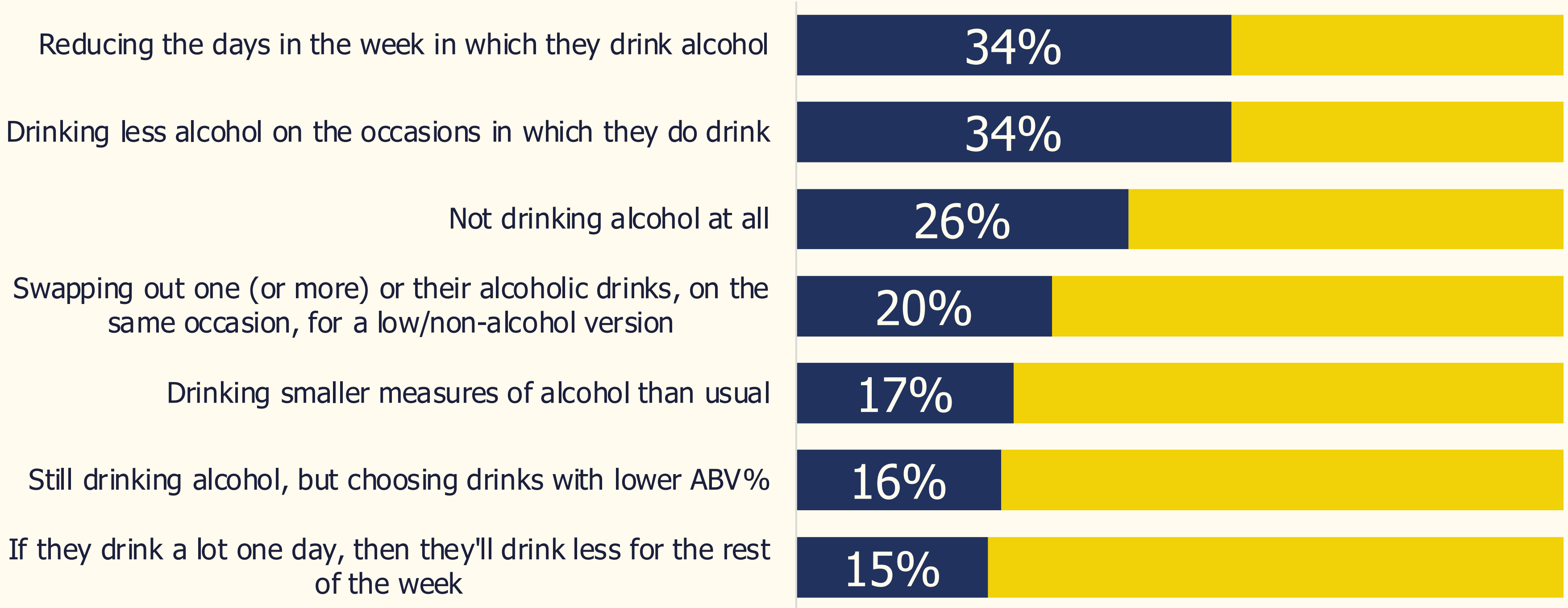


These are the top 5 ways in which the average UK adult would define the term ‘moderation’ when it comes to alcohol intake

Source: KAM Low+No 2023: The Customer Perspective

Top ways in which we're moderating

Reduction of the days in which we drink and drinking less on the occasions in which we drink both outweigh not drinking at all as current ways in which UK adults look to moderate their alcohol intake.



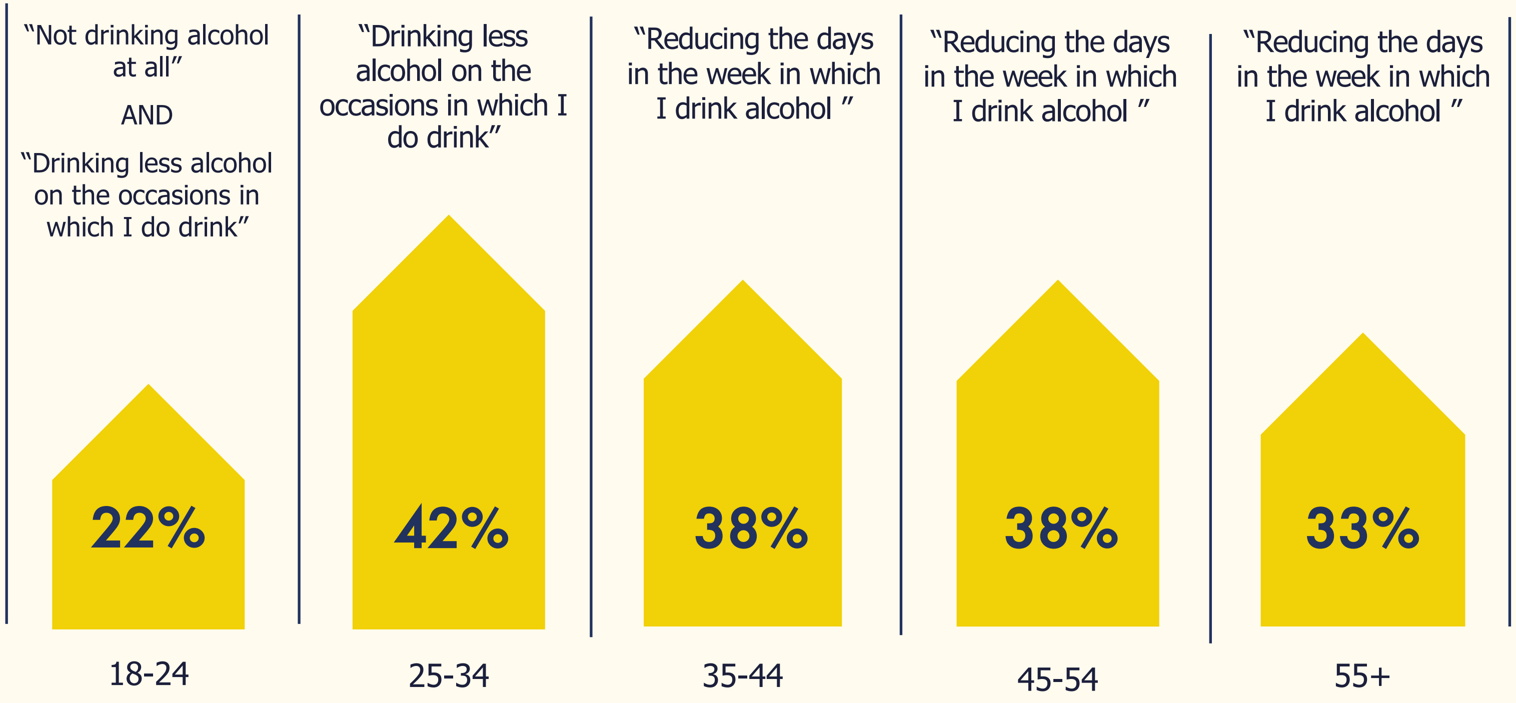
On average, UK adults use a combination of 2 of these 'tactics' to moderate.

18-21s and 55+ use just 1 of these tactics on average.

Source: KAM Low+No 2023: The Customer Perspective

How ‘moderation’ differs across the age spectrum

Here are the #1 tactics of moderation, by age groups



How we moderate will be dictated by our life stage and our social habits – whether that be cutting down on the days we drink or cutting down on how much we consume on the occasions that we do drink

Source: KAM Low+No 2023: The Customer Perspective

Defining and de-mystifying moderation

We see a difference in moderation 'techniques' between the younger (under 34) and older (over 34) demographics. The younger groups, with potentially busier social lives, are more likely to cut down their number of alcoholic drinks per occasion, rather than cut down on these occasions themselves.

This represents an opportunity for the on-trade - by providing great alcohol-free options. These consumers are choosing to moderate on their 'traditional drinking occasions', and looking for an experience in which best suits how they moderate e.g. zebra striping (the practice of swapping between alcoholic and non-alcoholic drink)

Source: KAM Low+No 2023: The Customer Perspective

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LOW & NO CONSUMPTION BEHAVIOURS

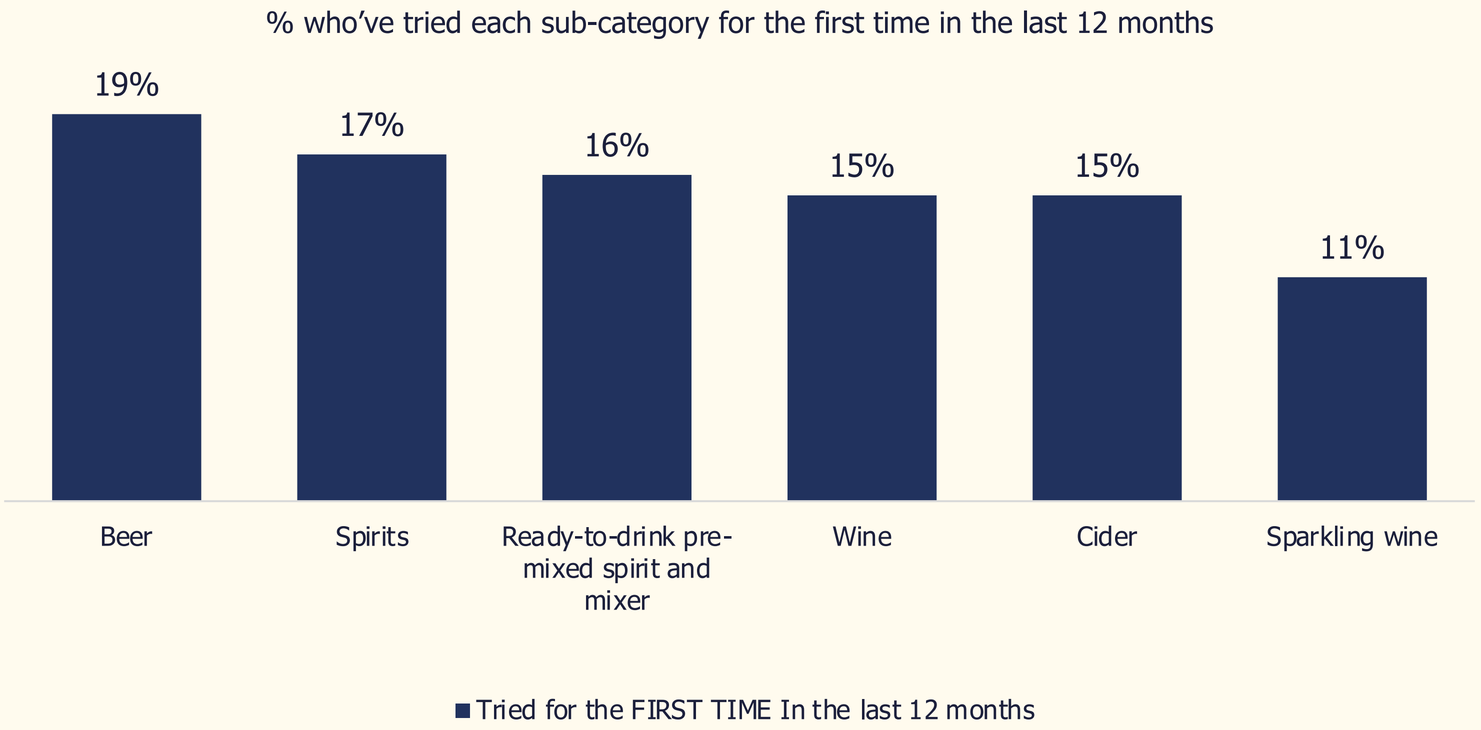
Looking at how consumers are discovering the Low & No category and how the category is evolving.

Attracting new customers

New customers continue to enter the category, across all age groups. For instance, 15% of 55+ year-olds have tried Low & No beer for the first time in the last 12 months.

An additional 9.7m people have tried Low & No beer specifically for the first time in the last 12 months.

This shows that the Low & No market is still maturing rapidly, even for the most established category (beer).



Source: KAM Low+No 2023: The Customer Perspective

Newer Low & No drinkers are more likely to remain in the category longer term

Low & No **BEER drinkers** who tried for the first time in the last 12 months…

54%

drink Low & No beer at least once a fortnight

Compared to 33% for those who first tried 3+ years ago

Low & No **WINE drinkers** who tried for the first time in the last 12 months…

33%

drink Low & No wine at least once a fortnight

Compared to 25% for those who first tried 3+ years ago

Low & No **SPIRITS drinkers** who tried for the first time in the last 12 months…

35%

drink Low & No spirits at least once a fortnight

Compared to 28% for those who first tried 3+ years ago

Improvements in product quality over the last 3-5 years is likely a significant factor in the increased loyalty amongst consumers who have recently entered the category. Brands must continue to re-engage with more mature category consumers in order to ensure that product innovation achieves cut-through.

Source: KAM Low+No 2023: The Customer Perspective

We're drinking more Low & No drinks

27% of UK adults say that they are drinking Low & No MORE now vs 12 months ago

55% are drinking the same amount

34% of 18-24 year-olds are now drinking more Low & No compared to 12 months ago **(this is the highest age group)**

30% of 35-44 year-olds are now drinking more Low & No compared to 12 months ago **(this is the 2nd highest age group)**

21% of 55+ year-olds are now drinking more Low & No compared to 12 months ago **(this is the lowest age group)**

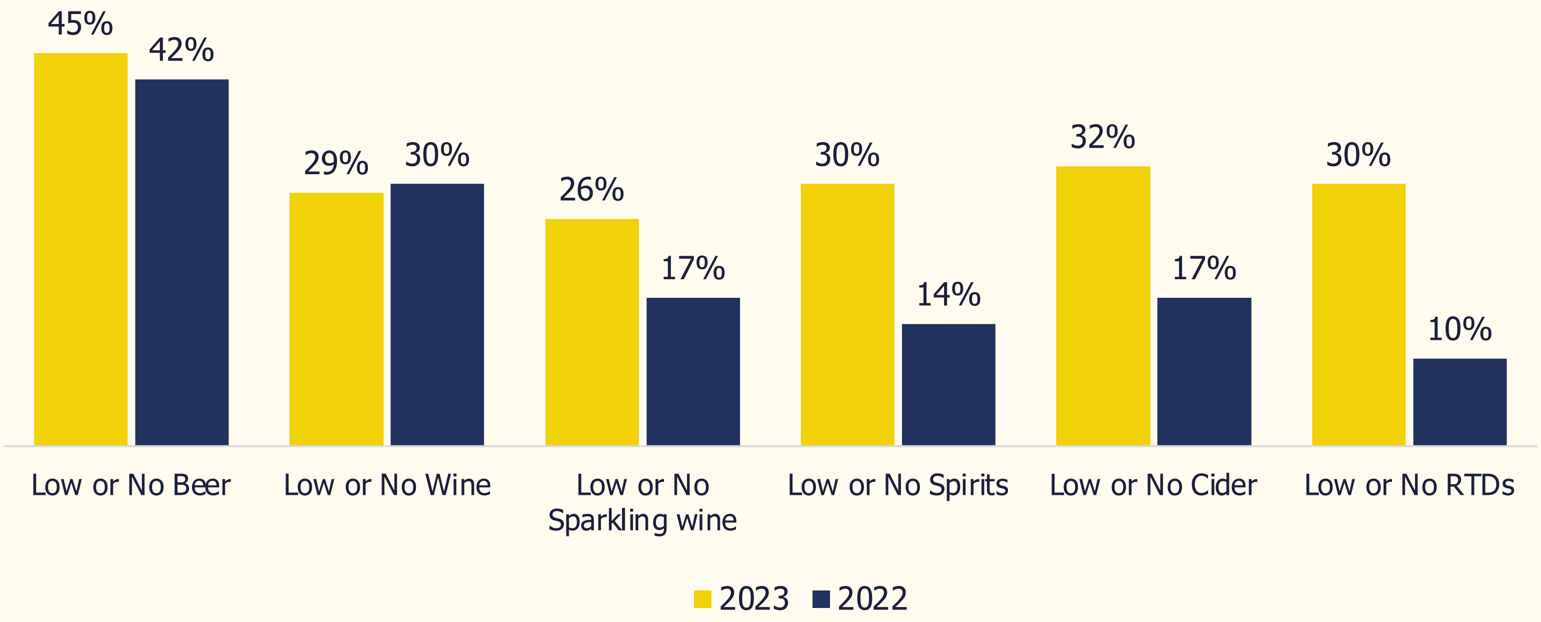
Source: KAM Low+No 2023: The Customer Perspective

Consumption habits show that the Low & No category is now mainstream

Consumption habits across all categories show that Low & No is now not just about the beer category, as consumers widen their exploration and as we see continued innovation within the category.

Consumption of Low & No across all categories has increased year-on-year, with the largest rises seen in spirits, cider and RTDs. Beer still dominates the Low & No category.

% who have CONSUMED low or no versions of the following, in the last 12 months (v 2022)

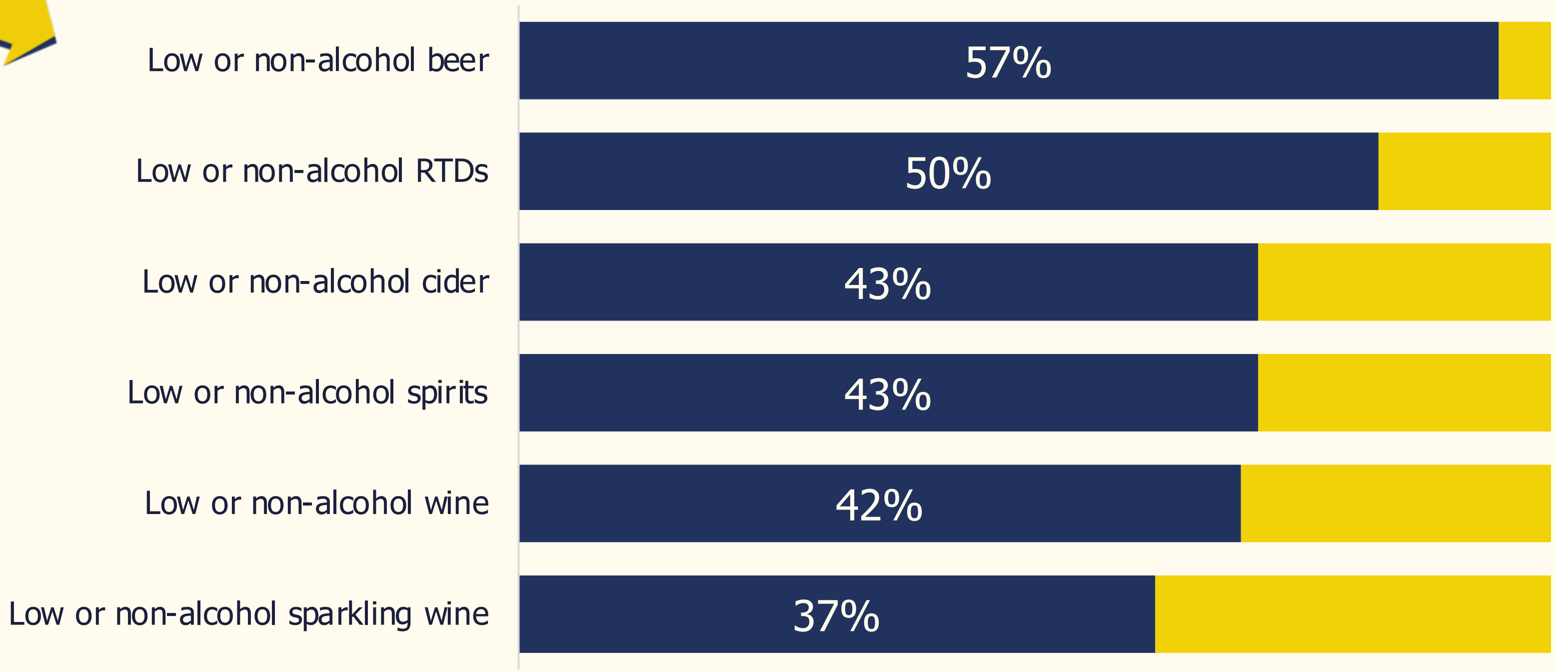


Low & No products have established themselves as a regular part of category-adopters repertoire

1-in-5 UK adults now drink Low & No beer fortnightly

For men this increases to **1 in 4**

% of Low & No drinkers who drink the following at least one a month



Source: KAM Low+No 2023: The Customer Perspective

We have seen a significant rise in sales of Low & No (particularly No) in the past few years. We increased our range of non-alcohols significantly last year.

I feel quite strongly that there are some excellent products on the non-alcohol market and some genuinely dreadful ones (which are sometimes hard to spot!) I hope the next few years sees some real innovation and work on quality non-alcohols products which genuinely stack up to great wines/beers/spirits etc. Rather than the slight free-for-all that the sector has appeared to be in recent years!

Liam Davy, Head of Bars, Hawksmoor

Low & No consumption behaviours

- Low & No continues to attract new customers into the category. We're also consuming more, across all age groups, and have seen an increase in consumption across all categories showing that Low & No has now entered the mainstream.

- Interestingly, when we look at 18-24-year-olds, we see similar levels of consumption with beer (49%) having tried in the last 12 months, and wine (30%), but *higher trial* with sparkling wine (28%), spirits (43%), cider (47%) and RTDs (46%). Suggesting that these 'new drinkers' are more likely to have 'Low & No' as part of their repertoire across all alcohol categories, far more so than the average drinker, and the older drinkers specifically. It's essentially a more normalised part of their drinking culture.

- We also see a similar (although less pronounced) trend amongst the 35-44 age group, who also have higher than average trial for low and no beer (82%)
    - They have a higher repertoire of categories within their Low & No portfolio, and are also more likely to be trialling newer types of products as they enter the market
    - Key groups for trial for Low and No are the 22-24 and 35-44 age groups

Source: KAM Low+No 2023: The Customer Perspective

The big tap water switch

What opportunity does Low & No offer for trade up?

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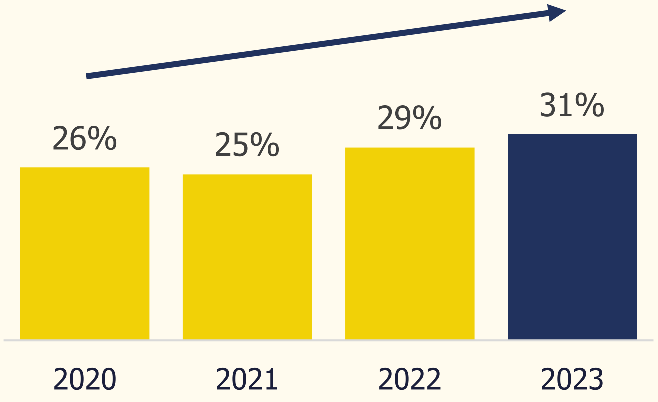
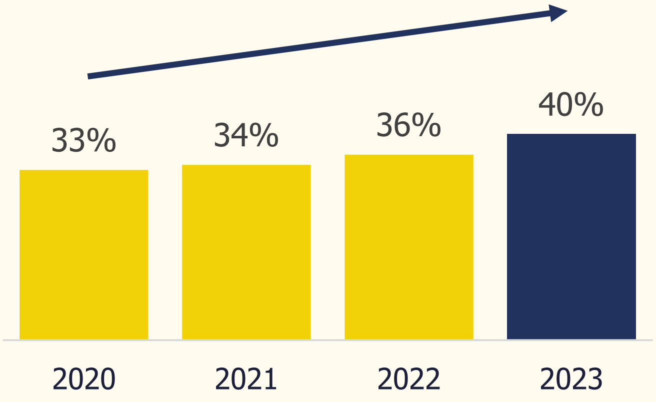
The number of alcohol free visits to pubs and restaurants continues to rise

More than 1-in-3 visits to the on-trade are now alcohol free



% of visits to UK **pubs/bars** which are alcohol-free



% of visits to UK **restaurants** which are alcohol-free

1 in 4 still choose tap water

1 in 4 UK adults choose a tap water as their drink of choice if they are not drinking alcohol when visiting pubs, bars and restaurants

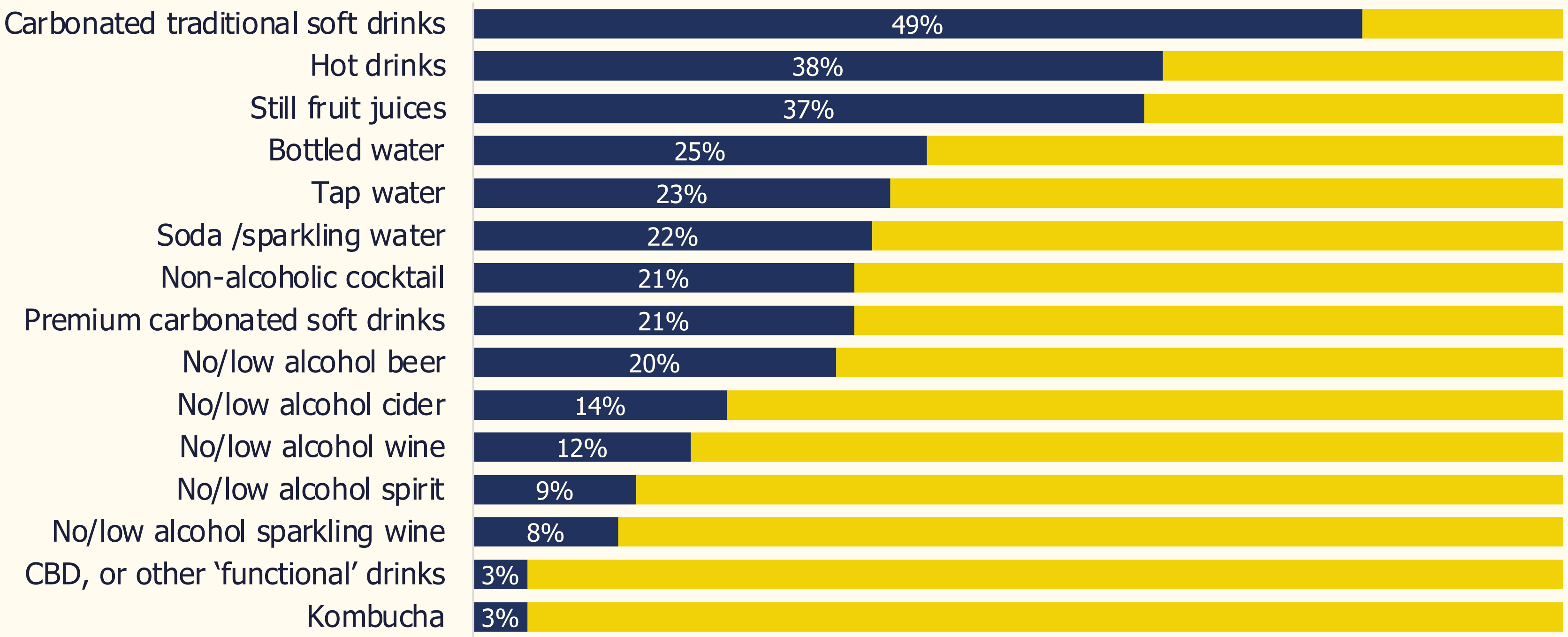
£800m

Missed annual revenue opportunity for venues when consumers order tap water

Source: KAM Low+No 2023: The Customer Perspective

What we choose when we choose not to drink alcohol

These are the most purchased drink categories that consumers choose when they choose not to drink alcohol in pubs, bars and restaurants



Source: KAM Low+No 2023: The Customer Perspective

What should we be doing to influence the in-venue experience and drive these missed sales up?

There is a potential **42% uplift** if staff upsell alcohol-free to consumers in-venue

15%

of UK consumers say that staff have tried to encourage them to order a non-alcoholic version of an alcoholic drink instead, when ordering a regular soft drink or water in a pub/bar/restaurant, in the last 3 months

65%

The opportunity for upsell is there, though, as 65% of consumers say that they wouldn't mind it if staff did this

42%

Furthermore, 42% say that they would be likely to order a non-alcoholic version of alcoholic drink instead of a soft drink or water, if staff in a pub, bar or restaurant highlighted the options available

Source: KAM Low+No 2023: The Customer Perspective

Having a credible non-alcoholic spirit offering listed on menu is key for venues to succeed in this category. We're seeing that both moderators and non-drinkers lean towards liquids with unique, full flavoured taste profiles over those which aim to replicate alcoholic counterparts. The key is ensuring that an exciting and delicious drinking experience is on offer and that's really apparent in our rate-of-sale data. We've seen a 10x increase in rate-of-sale just from adding listings to menus and working with our customers to make sure they're choosing the right serves to complement our liquid and healthy drinking ethos.

Alistair Frost, Founder, Pentire Drinks

The big tap water switch

- The on-trade is missing out on a potential £800m revenue opportunity, simply through consumers defaulting to tap water when they choose NOT to drink alcohol in venues.

- The percentage of UK adults who would choose to order tap water, when in pubs, bars, and restaurants has remained stable since KAM started researching the category - 23% in 2023, 25% in 2022, 23% 2021, 28% in 2020), suggesting that, as an industry, we've not managed to unlock this opportunity yet.

- Range, visibility and staff are three of the crucial touchpoints that operators and brands need to get right in order to realise the £800m opportunity. We will take a look at each of these in detail as we explore the Low & No customer journey in the on-trade within the upcoming section of this report.

The Low & No customer journey in the on-trade

Exploring the four stages of the customer journey

1. Consider
2. Evaluate
3. Purchase
4. Loyalty

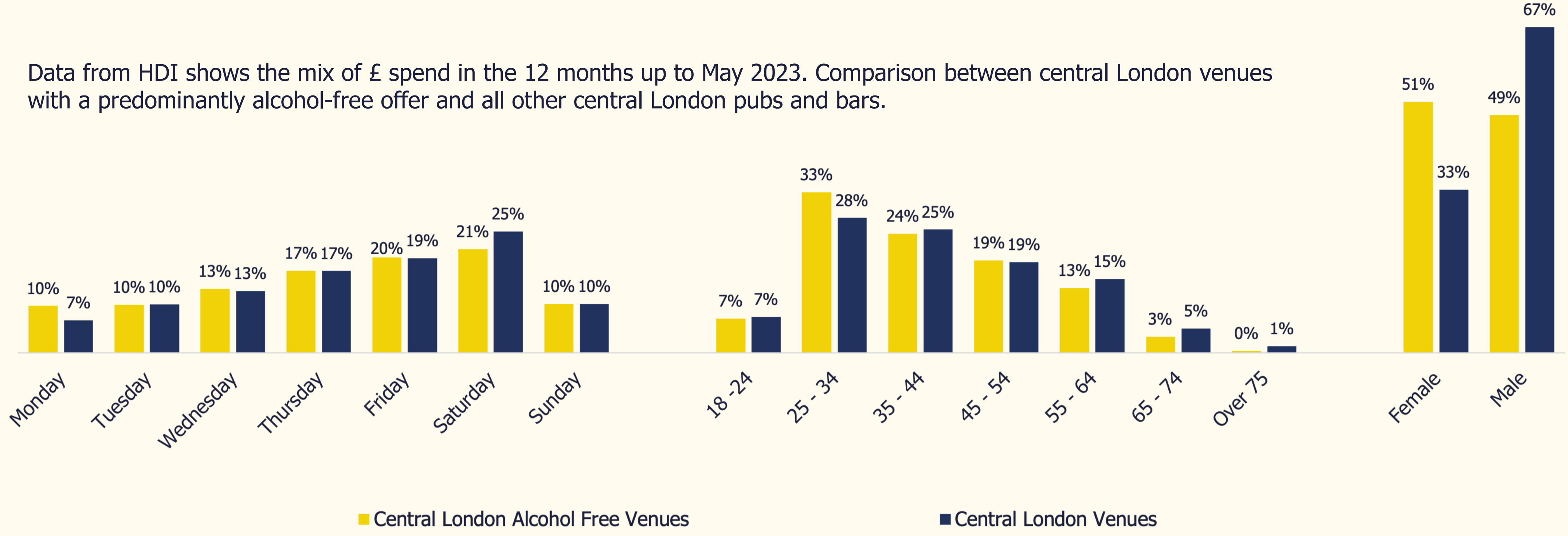
CONSIDER

That moment when a potential customer considers the 'need' and considers the solutions that fit that 'need'

On trade Low & No visits show a diverse customer profile

The Low & No on-trade customer has a similar profile to the regular customer. Confirming that moderation is happening across the demographic spectrum and across all occasions throughout the week.

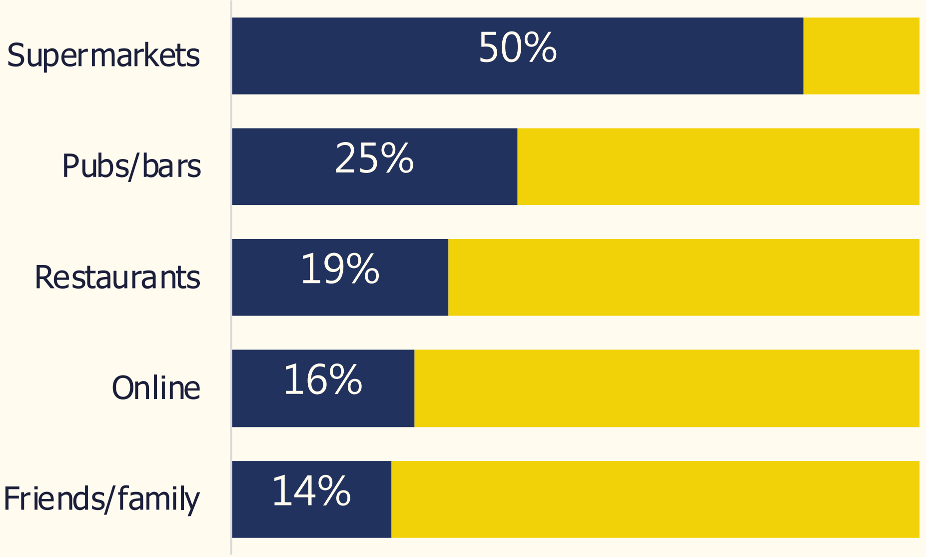
Data from HDI shows the mix of £ spend in the 12 months up to May 2023. Comparison between central London venues with a predominantly alcohol-free offer and all other central London pubs and bars.



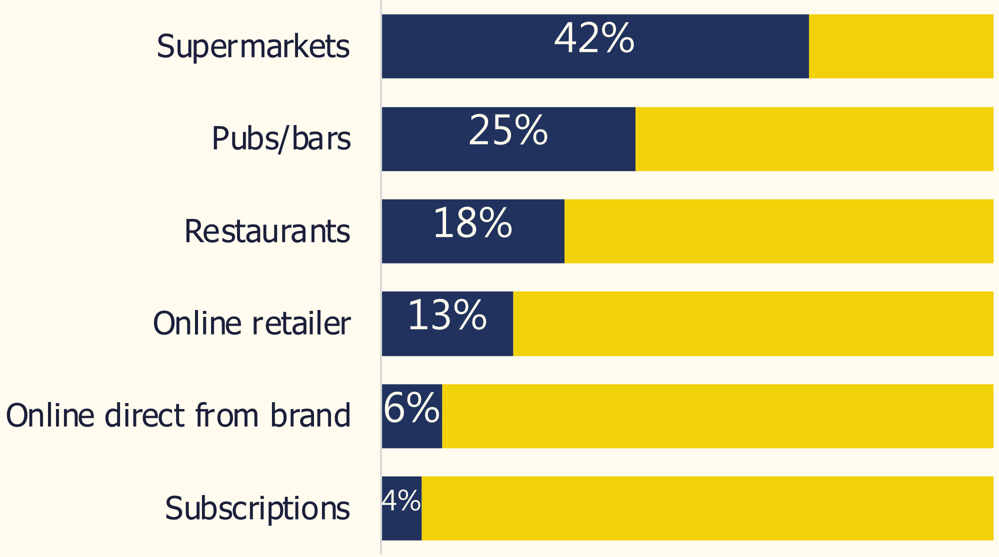
Source: KAM Low+No 2023: The Customer Perspective / data supplied by HDI Panel, 12 months to May 2023

Off trade is driving discovery & trial

Where UK consumers go to discover new Low & No drinks



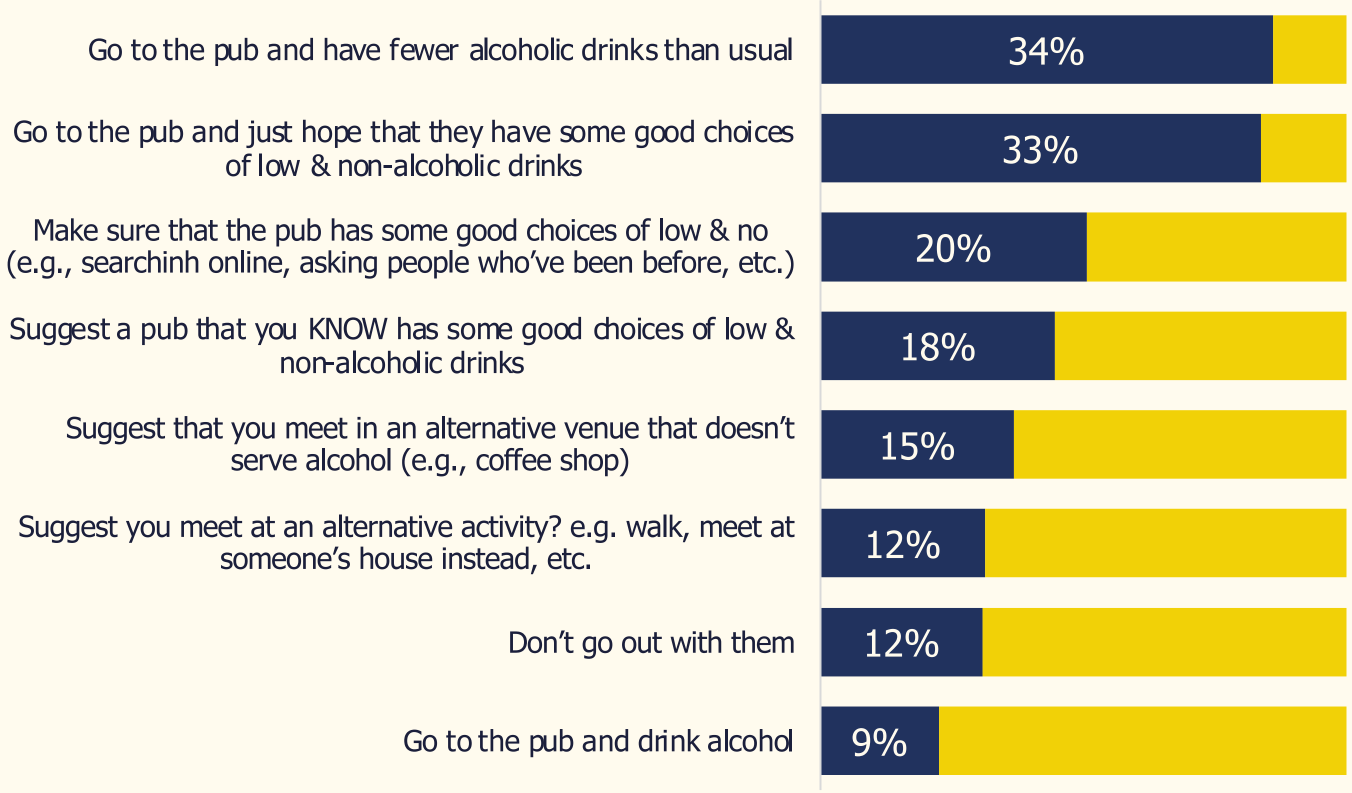
Where UK consumers have purchased Low & No drinks from in the last 3 months



Grocery retail is the entry point for the average consumer in terms of discovering new products and trialling the Low & No category. It's critical, therefore, that brands get their off trade proposition right in order to filter through into on-trade behaviours.

Source: KAM Low+No 2023: The Customer Perspective

If people are not drinking alcohol, will they consider going ‘out’ at all?



Imagine a scenario where you are trying to moderate but your friends want to meet up for a catch up in a pub. Which of the following would you do?

12% of UK adults would turn down a night out with friends if they didn’t want to drink alcohol (**20% for 22-24-year-olds**).

13% of UK adults have chosen to socialise at home instead of going out because me or a friend wasn’t drinking alcohol (25% for 35-44-year-olds)

Source: KAM Low+No 2023: The Customer Perspective

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If they do go out, many will research Low & No options to help them decide the venue

42% of moderating consumers would likely try and find out what Low & Non-alcoholic drinks a venue sells before they visit

This is highest for 18-21s… **63%**

…followed by 22-24s… **56%**

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Without a doubt, people search for all sorts of detail online before they visit or book a table. Freddie from Vagabond Wines tells me their group bookings have increased since they created a better alcohol-free offer. This points to customers scanning menus online in advance for all sorts of dietary needs to make sure everyone in the group has as equally a good time. Ensure you upload your low and no offer, and don't hide it on softs.

Google menus are helpful here. Don't just stick up a Pdf. Use it to highlight all sorts of unique attributes (dog-friendly, gluten-free menu) but mainly the alcohol-free brands you have in stock. Make sure the description of your venue mentions your stunning range of alcohol-free. You will pop up when people specify these things in their search. It all helps.

Laura Willoughby MBE, Co-Founder, Club Soda

Are people able to find the Low & No information that they're looking for?

72%

of consumers say they are satisfied with the information that they are currently able to find about which Low & No alcohol drinks are available

63%

However, this is lowest with those age groups who are most likely to be looking for the information (18-21: 53%)

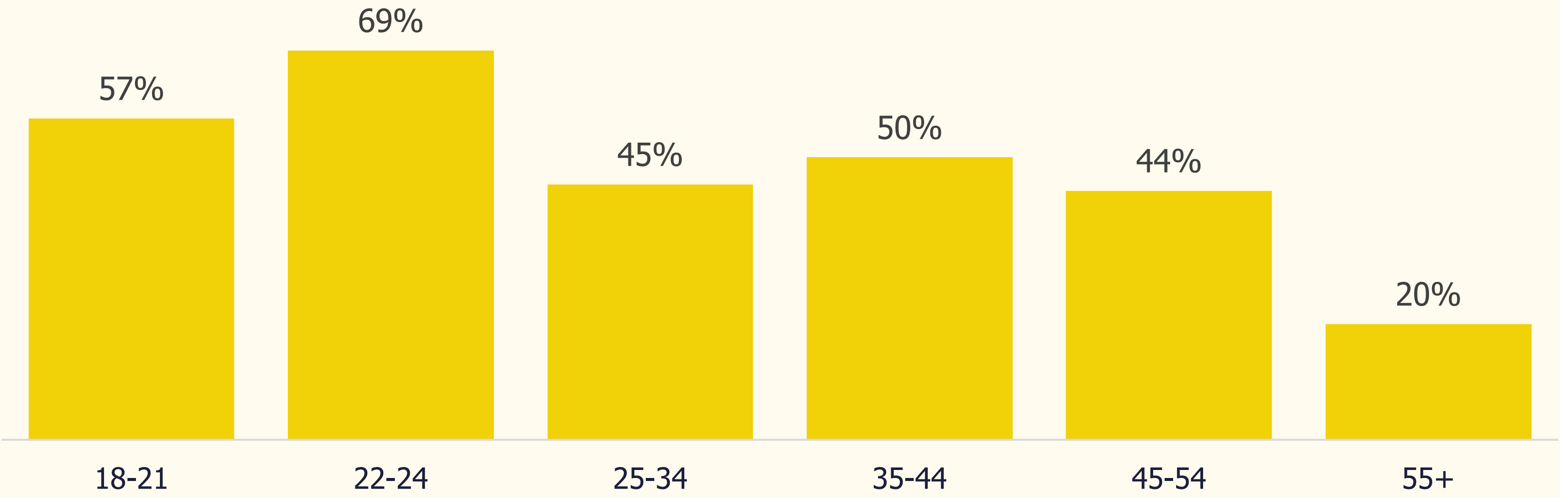
This suggests that the information may be limited/basic, or that it's not necessarily easy/intuitive to find

Source: KAM Low+No 2023: The Customer Perspective

The power of draught alcohol-free beer

When asked if having at least one draught alcohol-free beer is in their top 3 most important factors to choose a venue, 41% of consumers say 'yes'

% of UK adults who agreed that draught alcohol-free beer was in their top 3 most important factors that influence their choice of venue



There's a clear trend that shows alcohol-free beer, on draught, is more important to the younger demographics and is a key driver in choice of venue. Draught appears to be the future for alcohol-free beer.

Source: KAM Low+No 2023: The Customer Perspective

EVALUATE

When the customer evaluates all the options available to them and decides which is their most preferred

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The risk of a poor Low & No offer

3.7 million UK adults have ruled out a specific venue in the last 3 months alone due to poor Low & No options. This represents a potential **loss of £590m** per annum to the sector.

43% of moderating adults say that the choice of Low & Non-alcoholic drinks in a venue impacts their decision to visit

7% of UK adults have ruled out a specific venue in the last 3 months because they found out it didn't have any good alcohol-free options

42% of consumers are put off (to at least some extent) visiting pubs, bars, and restaurants because there is not enough choice of Low & Non-alcoholic drinks…

Source: KAM Low+No 2023: The Customer Perspective

The power of the non-drinker

1-in-3 on-trade visits do not involve alcohol.

Non-drinkers influence venue choice 1-in-2 of these visits.

46% of UK adults say that if they're visiting a venue and one (or more) people in the group are not drinking alcohol that day, they would influence the choice of venue.

This is highest for 18-21s… **73%**

…followed by 22-24s… **53%**

PURCHASE

How the customer makes the choice of Low & No drink when in venue

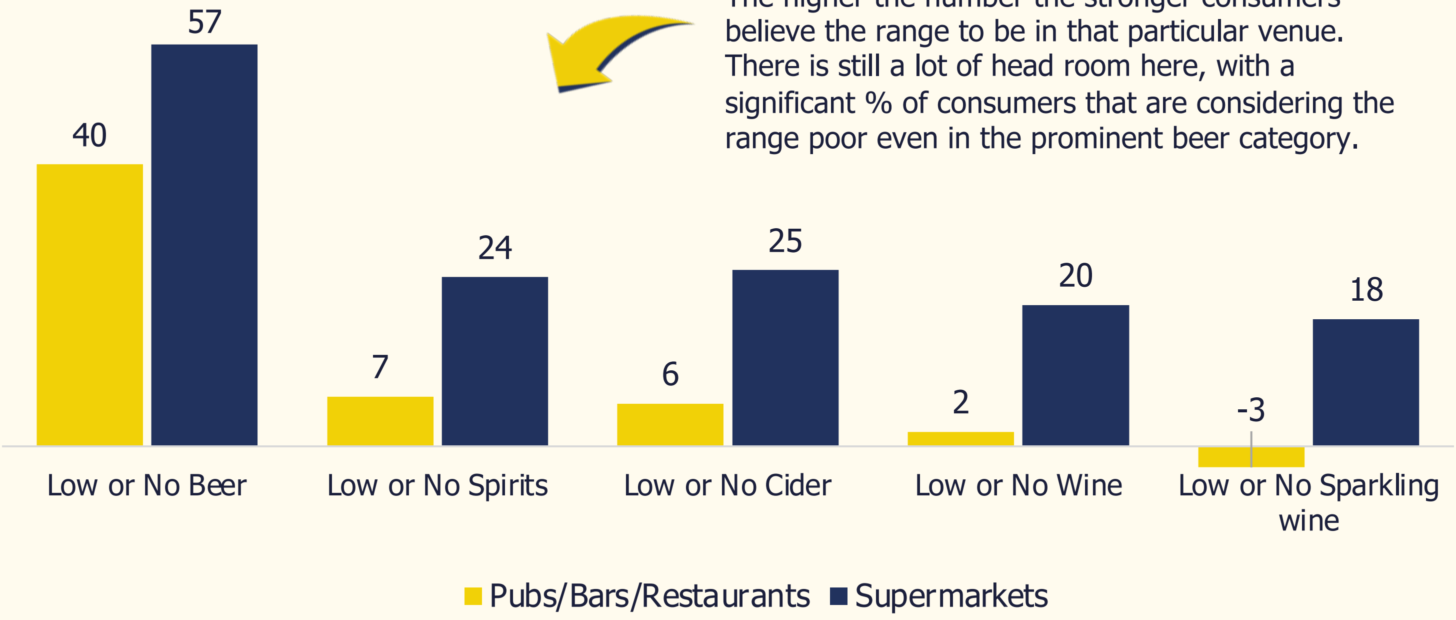
Getting the Low & No range right

Hospitality venues are doing a *better* job of their Low & No beer range BUT other categories are still below par in customers eyes.

In the minds of consumers, Low & No beer leads the way with a net range rating of 57 for supermarkets and 40 for pubs/bars/restaurants. However the increase from 32 for Low & No beer in 2022 suggests improvement in the ranges within hospitality venues

The 18-24 age bracket ratings for ranges ranked lowest across each category. Suggesting that these consumers are more demanding and have higher expectations for quality and range of Low & No options.

The higher the number the stronger consumers believe the range to be in that particular venue. There is still a lot of head room here, with a significant % of consumers that are considering the range poor even in the prominent beer category.



This chart shows the 'net range rating' given by UK consumers. (The 'net range rating' is % of those who rate the range as very good or good minus those rating very poor or poor.

Source: KAM Low+No 2023: The Customer Perspective

Moderating with a meal

What do moderating consumers switch to when having a meal out?

Consumers who say they would typically have a **beer** with a meal…

27%

….would switch to a low or no alcohol beer

The top 'switches' are:
- 48% Trad. soft drinks
- 27% Still fruit juice
- 25% Tap water

Consumers who say they would typically have a **wine** with a meal…

14%

….would switch to a low or no alcohol wine

The top 'switches' are:
- 43% Trad. soft drinks
- 28% Still fruit juice
- 25% Bottled water

Consumers who say they would typically have a **spirits** with a meal…

23%

….would switch to a low or no alcohol spirit

The top 'switches' are:
- 59% Trad. soft drinks
- 30% Still fruit juice
- 27% Non-alc. cocktail

Beer has the highest retention rate when switching to a Low & No variant

With a meal, consumers aged 35-54 are more likely to switch to Low & No variants, compared to younger demographics. These younger consumers are more likely to trade into traditional carbonated soft drinks and/or water.

Source: KAM Low+No 2023: The Customer Perspective

Bridging the range gap can bring rewards

Improving range of Low & No has the potential to attract an **additional 117.3m visits per year**

24% of consumers say that if pubs, bars, or restaurants improved the choice/range of low and non-alcoholic versions of alcoholic drinks, that it would encourage them to try them. It would also make them more likely to…

20% …visit more often

(27% for 21-24, 33% for 35-44)

11% …spend more when they do visit

(20% for 22-24, 19% for 35-44)

22% …return to the same venue again

(31% for 22-24, 27% for 35-44)

Source: KAM Low+No 2023: The Customer Perspective

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If operators do only one thing, then making a start with No & Low beer is the priority, listing a lager, an ale and possibly a stout. Then, consider the venue's core occasions and key categories and ensure the No & Low range matches the value and experience that the core full-strength drinks deliver. If cocktails are an important RTV for a venue, then operators need to develop a focussed range of No & Low cocktails, likewise for wine and so on.

The next priority is to disrupt the guest's default buying behaviour; ensure that the No & Low offering is visible and that front-line teams understand the role of No & Low and are communicating the range to guests. Guests won't automatically assume that a venue has a range of No & Low options, so the category needs to be placed in a prominent position on menus and bar merchandising."

James Bolton, Head of Drinks Category Management, Mitchells & Butlers

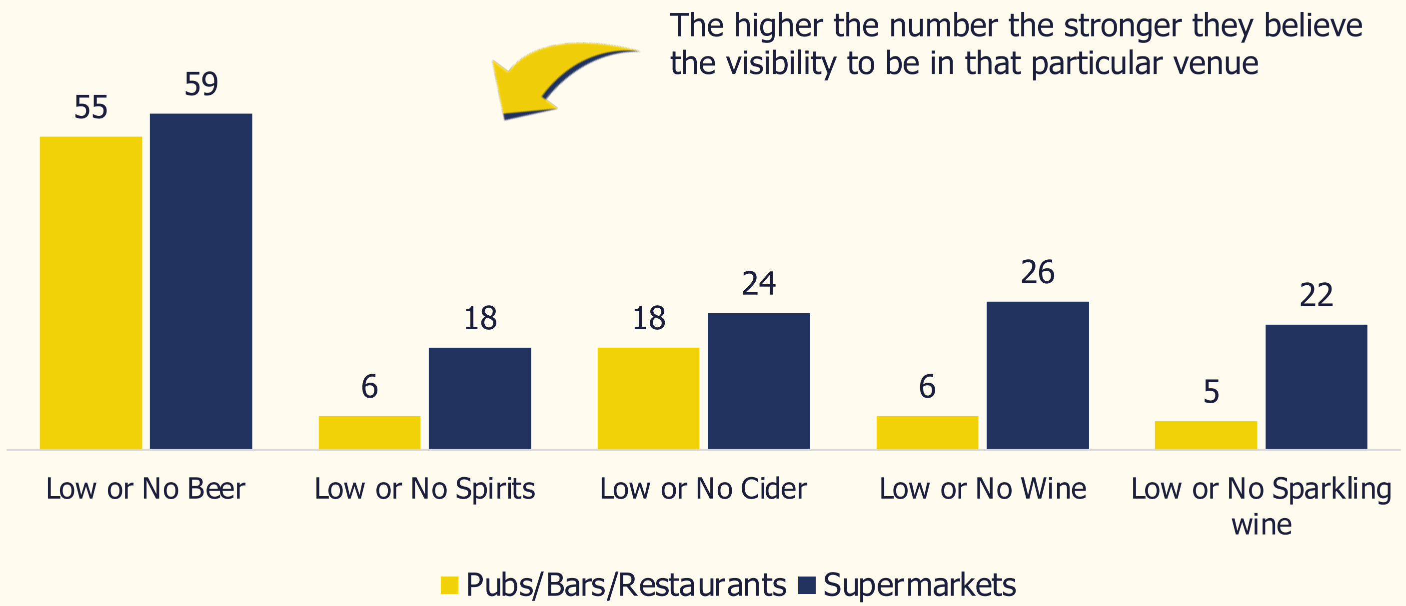
KAM LUCKY SAINT

Getting Low & No visibility right

VISIBILITY of Low & No beer, specifically, in on-trade has improved, less so for other Low & No categories

At a total consumer level, Low & No beer comparisons on visibility are broadly competitive.

Low & No beer scored a net visibility rating of 59 for supermarkets and 55 for pubs/bars/restaurants (this is an increase on 23 in 2022).



This chart shows the 'net visibility rating' given by UK consumers. (The 'net visibility rating' is % of those who rate the visibility as very good or good minus those rating very poor or poor.

Source: KAM Low+No 2023: The Customer Perspective

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Drinks menus are a powerful tool

25%

of UK consumers say that if pubs, bars, or restaurants put more information about the low and non-alcoholic versions of alcoholic drinks on the menus, that it would encourage them to try them.

1 in 4 UK consumers use Google ‘near me’ search to find pubs, bars and restaurants. It’s a quick win for venues to add their menus to their Google business profiles and highlight their Low & No offerings.

Source: KAM Low+No 2023: The Customer Perspective

Improving visibility of Low & No can bring rewards

Improving visibility of Low & No has the potential to attract an **additional 123m visits per year**

28% of consumers say that if pubs, bars, or restaurants improved the visibility of low and non-alcoholic versions of alcoholic drinks, that it would encourage them to try them. It would also make them more likely to…

21% …visit more often

(29% for 21-24, 32% for 25-34)

14% …spend more when they do visit

(22% for 22-24, 21% for 35-44)

19% …return to the same venue again

(31% for 35-44)

Source: KAM Low+No 2023: The Customer Perspective

KAM LUCKY SAINT

Staff have a vital role to play

There is a huge opportunity to trade consumers into Low & No categories and to grab a slice of the £800m tap water size of prize.

22%

of UK adults have asked staff in pubs, bars, or restaurants, in the last 3 months, for advice/ recommendations when ordering low and non-alcoholic versions of alcoholic drinks

- 41% for 18-21
- 38% for 22-24

85%

of those who have asked for advice/recommendations said that the advice they received was helpful/very helpful

This is lower for those key groups
- 22-24s: 77%
- 35-44s: 79%.

12% of 22-24s said the advice they received was unhelpful (compared to just 4% on average). Whilst some advice might be acceptable to the majority it looks like consumers who are more advanced in their engagement within the category are looking for more.

Source: KAM Low+No 2023: The Customer Perspective

Proactive not reactive staff

Although we see that staff appear to be engaged when prompted, they don’t seem to be as strong when it comes to being proactive.

15% of UK adults say that staff have tried to encourage them to order a Low & No alternative instead of a regular soft drink or water in the last 3 months.

65% Of consumers wouldn't mind being upsold to Low & No - the opportunity is there for venues to drive trial

30% of consumers say that if pubs, bars, or restaurants offered tasters for their low and non-alcoholic versions of alcoholic drinks, that it would encourage them to try them.

Source: KAM Low+No 2023: The Customer Perspective

Staff power to drive Low & No

2 in 5

UK adults say that they would likely order a non-alcoholic version of alcoholic drink instead of a soft drink or water, if staff in a pub, bar or restaurant highlighted the options available

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We have zero proofed every single cocktail on our Hakkasan and Yauatcha cocktail lists. This took nearly 6 months of development across both brands, with lots of support from our partners; Seedlip, Tanqueray 0.0 CleanCo and Bacardi Martini.

Our teams absolutely love the initiative. We have a dynamic online training platform via 1Huddle and daily briefings that supports the Low & No movement as well as weekly incentives from a global and restaurant level designed to support our teams in understanding the proposition as well as enhancing our guests experience of Low & No.

It is important that our teams are passionate and educated about the expertly curated propositions that our team's put together. It gives our guests credible alternatives to alcoholic drinks as well as contributing to a better guest experience; who wants to sit and drink diet coke all night?

Simon Farrow, Category Director, Tao Group

LOYALTY

Ensuring the customer enjoys
and connects with the experience
and comes back for more

KAM LUCKY SAINT

There remains a stigma with Low & No

The stigma and/or negative perceptions from peers, when it comes to not drinking alcohol in traditional alcohol environments, is still prevalent.

38%

of UK adults say that they would be more likely to drink low and non-alcoholic versions of alcoholic drinks if other people with them were unaware and/or they wouldn't be judged.

60%

This is as high as 60% for 22-24s, and is 48% for 35-44s.

40%

It's higher for women than men (40% v 35%)

Source: KAM Low+No 2023: The Customer Perspective

A comparable experience is key

Making the experience as 'comparable' across Low & No and traditional alcoholic drinks is a key part of reducing the stigma and normalising alcohol-free consumption.

1 in 3

UK adults say they would be more likely to drink a low or non-alcoholic version of alcoholic drink in a pub, bar, or restaurant if it came in a branded glass

1 in 2 for 22-24s and 35-44s

1 in 5

UK adults say that if pubs, bars or restaurants had alcohol-free beer on draught, that it would encourage them to trial

Source: KAM Low+No 2023: The Customer Perspective

The Low & No customer journey in the on-trade

The risk of missing the mark with Low & No can be costly.
3.7million UK adults have ruled out a specific venue in the last 3 months, because they believed it didn't have any good alcohol-free options.

- Grocery retail is the entry point for the average consumer in terms of discovering new products and trialling the Low & No category. Therefore it's critical that brands get their off trade proposition right in order to filter through into on-trade behaviours.

- Visibility of Low & No, is fundamental, even more important than range in driving purchase in the on-trade.

- Having Low & No products on drinks menus is an obvious first step, alongside more prominent displays and messaging. Alcohol-free beer on draught is key in driving awareness of the category at the bar and will both encourage trial, when in venue, whilst also being a driver to venue choice for those customers seeking to moderate.

- Staff are doing a good 'reactive' job in offering advice when prompted but are not doing a good 'pro-active' job at trading consumers away from water, specifically, into Low & No alternatives – the opportunity is there as consumers appear open to it and are likely to purchase if prompted.

Source: KAM Low+No 2023: The Customer Perspective

KEY AGE GROUPS FOR LOW & NO

22-24s and 35-44s are the two age groups who appear more likely to be moderating their alcohol intake and are more likely to trial or be regular consumers of Low & No. We take a closer look at these two age groups

22-24s and 35-44s are the two age groups who are more likely to be moderating their alcohol intake and are more likely to be regular Low & No consumers

Reasons for which **22-24s** over-index, against the average person, for wanting to moderate their alcohol intake

- **+35%** To have better control over my behaviour
- **+35%** To improve my physical health
- **+34%** To improve my fitness
- **+33%** To save money

Reasons for which **34-44s** over-index, against the average person, for wanting to moderate their alcohol intake

- **+37%** To sleep better
- **+37%** To improve my personal life
- **+35%** So I have more energy to do things
- **+35%** To improve my mental health

Source: KAM Low+No 2023: The Customer Perspective

Influences on the customer journey

How do 22-24s moderate differently when their friends suggest a catch up in the pub (index vs average consumer)

22-24s

22-24s are '24% more likely' to go to the pub and have fewer alcoholic drinks than usual

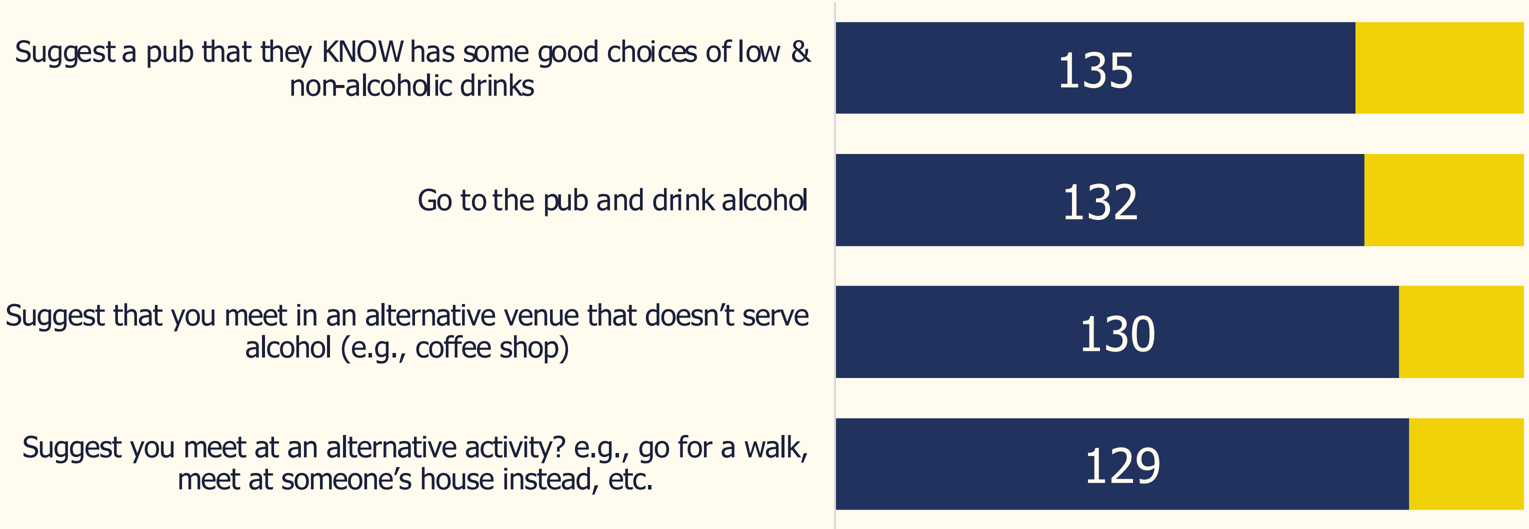
In total 22% of 22-24s would suggest going somewhere other than a pub if their friends wanted to meet them in a pub but they were moderating. We risk losing nearly 1 in 4 customers (and their respective group) if we don't have the right range and visibility of Low & No.

Source: KAM Low+No 2023: The Customer Perspective

Influences on the customer journey

How do 35-44s moderate differently when their friends suggest a catch up in the pub (index vs average consumer)

35-44s



35-44s are '35% more likely' to go to the pub and have fewer alcoholic drinks than usual

In total 30% of 35-44s would suggest going somewhere other than a pub if their friends wanted to meet them in a pub but they were moderating. We risk losing nearly 1 in 3 customers (and their respective group) if we don't have the right range and visibility of Low & No.

Source: KAM Low+No 2023: The Customer Perspective

A close look at key age groups for Low & No

Moderation is happening across all age groups, with 22-24s and 35-44s driving the category forward.

Understanding how these particular customers engage with the category, and the intrinsic behaviours and attitudes which are driving the initial need for non-alcohol products, is fundamental in understanding how to unlock the opportunities for the future consumers. And ensure that your brand or venue is well placed to take a chunk of the continued growth of the Low & No category.

These age groups in particular are more likely to trial Low & No, and more likely to be regular consumers of the category. They are also more demanding of pubs, bars, and restaurants with their expectations for range and their demand for visibility. They also expect more from staff in terms of their knowledge and advice. The choice of low & no on offer plays a huge role in influencing their choice of venue.

Source: KAM Low+No 2023: The Customer Perspective

Key take outs

We review the big headlines from this year's report

Top takeaways

Moderation is mainstream - proportionally, that same amount of UK adults are actively moderating during summer as they do during 'Dry January'

3 out of 4 UK adults say they are moderating their alcohol intake to some extent. The same number are moderating as drinking weekly. **We're not cutting OUT alcohol, we're simply cutting DOWN**

Moderation 'techniques' will vary by demographic and motivations. Consumers are choosing to **moderate on their 'traditional drinking occasions'**, and looking for an experience in which best fits their specific motivations

New customers continue to enter the Low & No category, across all age groups. The Low & No market is still maturing rapidly, as even for the most established category (beer) we are still seeing an additional 9.7m people entering the category for the first time in the last 12 months

Moderation is happening across all age groups, however, **22-24s and 35-44s are those which are driving the category forward**. Understanding how these particular customers engage with the category, and the intrinsic behaviours and attitudes which are driving the initial need for non-alcohol products, will be fundamental in understanding how to unlock the opportunities for the future consumers

There remains a **£800m missed opportunity** for the sector as 1 in 4 consumers still default to ordering tap water when they don't want an alcoholic drink

Visibility, range and staff education are the three steps to improve the Low & No offer in venue. The risk of missing the mark with Low & No can be costly. 3.7million UK adults have ruled out a specific venue, in the last 3 months, because they believed it didn't have any good alcohol-free options. This equates to a **potential loss of £590m to the hospitality sector per annum.**

Low & No by numbers

£800m

Missed annual revenue opportunity for venues when consumers order **tap water**

£590m

Annual loss to the sector if **visibility, range and staff knowledge** is not up to standard for Low & No

117m

Annual hospitality visits that can be gained if **visibility** of Low & No was improved

123m

Annual hospitality visits that can be gained if **range** of Low & No was improved

Source: KAM Low+No 2023: The Customer Perspective

Closing statement

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Moderation has most certainly hit the mainstream and it's part of a bigger shift in how we, as a nation, are spending our leisure time. We now see a modern consumer where socialising is not centred around drinking culture, who is more aware of the risks of alcohol, and therefore is pro-actively taking action to ensure that they are drinking at what they consider to be responsible levels. But consumers don't want to miss out on all the occasions where alcohol is normally present, going to the pub with friends, celebrating a birthday at home, enjoying a beer while watching sport, for example. The increasing number of low alcohol or alcohol-free options available is therefore being welcomed with open arms.

Despite this long-term growth in low or alcohol-free occasions, hospitality venues are still at risk of losing customers, by giving them an underwhelming experience and not maximising potential sales on these low or alcohol-free occasions due to poor range and visibility. Venues must ensure they stay ahead of the curve, or they risk becoming less relevant for many potential customers.

Katy Moses, Founder & MD, KAM

About

Insights with purpose.
Providing insight, trends and content creation for UK hospitality and foodservice channels. At KAM our aim is to be the knowledgeable, credible, and supportive voice of the UK hospitality and foodservice sectors whilst delivering valuable and actionable insight solutions to our clients.

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In 2016, the founder of Lucky Saint, Luke, set out to revolutionise alcohol-free beer. His idea was simple: a classic, refreshing lager without the alcohol. To reward those who aren't drinking with the beer they deserve. He spent two years, working with six different breweries in three countries before landing on the recipe. A refreshing alcohol-free, classic lager using centuries-old brewing techniques, but with one crucial, untraditional twist: the beer was left unfiltered. They called it 'Lucky Saint', a nod to virtuosity and the luck derived from hard work. The next revolution in lager was here.

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