

IWSR anticipates beer category to grow up to two percent



According to IWSR, consumers increasingly perceive beer as an "affordable luxury"

While the impact of rising costs of living is being felt in many markets, it is expected that beer will remain largely resilient as consumers defer big-ticket purchases. [IWSR](#), the most widely used source for beverage alcohol trends in the world, anticipates that the beer category will remain largely buoyant in 2023, with forecast volume growth of between one and two percent.

The fragile economic environment is likely to delay the recuperation of alcohol sales generally in the on-premise channel. This will have implications for the brewing community and, notably, the smaller craft players, which are more reliant on these outlets. Inevitably, pressure on disposable incomes this year may discourage footfall in pubs, bars and restaurants, speculates an IWSR press release.

The biggest worldwide market for beer, China, underperformed last year due to the return to strict lockdown conditions. But with China re-opening its borders in January 2023 after three years of travel restrictions and quarantine requirements, the on-premise is expected to enjoy a bounceback. Some brewers have already reported seeing a notable rebound in markets in the Asia-Pacific region last year as COVID-related restrictions were eased, particularly in Vietnam, Malaysia, Cambodia and Indonesia.

In the US, preliminary 2022 findings show that while total beer continues to recover from pandemic losses, imports (led by Mexican beer) showed positive volume gains (4%) for the year. The rise of hard seltzer hit beer sales hard in the States but in other markets around the world, the threat to beer

from seltzers now looks to be less pronounced than it was a year or so ago.

There is continued optimism for beer volumes in 2023 for Brazil, Mexico, and Latin America generally. This part of the world has been the focus of considerable investment by brewers in recent times – and this spend is yielding strong results. IWSR expects beer volumes in Brazil and Mexico – the third and fourth largest beer markets respectively – to continue to grow over the coming years.

Across the 16 most influential e-commerce markets, beer will generate the fastest online growth over the next few years: together with cider and RTDs, it will account for nearly a quarter of e-commerce value sales by 2026 as the major brewers increasingly recognize the opportunities that this channel has to offer and view it as the direction of travel longer term.

The online environment is well suited to promoting premium brands, and the expansion of online beer sales should help to facilitate the ongoing premiumization of the beer category. Despite the inflationary pressures of 2022, the process of premiumization appears to be enduring and is likely to again this year. This trend is expected to continue into 2023 as consumers increasingly perceive beer as an "affordable luxury", thus propping up value within the category.

No-alcohol beers are normally not liable to any duty but often still command an attractive retail price for operators. Widening availability, increased marketing support, innovation, better-tasting product and rising consumer engagement are driving opportunities for the segment. Technological advances will mean that, in 2023, we will likely see more draught no-alcohol beers feature in the on-trade, giving them even more of a presence. Although 2023 will be another year of uncertainty for brewers, the positive factors are expected to outweigh the negative ones, and the next 12 months are forecast to deliver growth. A slackening of inflationary pressures and an end to the war in Ukraine would trigger a considerably more upbeat set of results.