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United Kingdom

At home drinking is taking off

London – At home drinking is growing faster than drinking in pubs, cafes, clubs and restaurants, according to a new report* from independent market analyst Datamonitor. The off-trade consumption of alcoholic drinks is forecast to rise by almost 15%, to £12.3bn in 2010, and UK consumers drink slightly more at home than they do outside. Per capita consumption of pure alcohol at home currently stands at 5.7 liters per year, against 5.3 liters in the on-trade. Women are the key growth in the off-trade and Datamonitor forecasts their consumption of alcoholic drinks at home to increase by 25%.

Staying in is the new 'going out'

Total spending on at-home alcoholic drinks in the UK is forecast to grow by 15% from £10.8bn in 2005 to £12.3bn by 2010. Consumption is also on the rise from 270.1m litres of pure alcohol in 2005 to 294.1m in 2010. In comparison the on-trade alcoholic drinks market is forecast to grow 10% in value over the same period, even though volume of consumption is declining. The strength of the off-trade market volume relative to the on-trade is largely explained by the importance of the home for consumers and the levels of comfort and entertainment options consumers are integrating into their homes. "The investment in homes both financial and emotional is considerable so consumers want to spend time at home to enjoy the benefits of their outlay and good taste," comments Adams.

The competitive pricing and extensive choice offered in UK supermarkets is also making drinking at home both affordable and a real pleasure. However the success of at-home drinking is also driven by the declining appeal of the on-trade. Drinking at home provides greater personal freedom for consumers and protection from the highly publicised binge-drinking culture, and drink-related violence and disorder. Drinking at home also gives freedom to smoke or avoid smoking in the run-up to the imminent watershed of the UK-wide on-trade smoking ban in 2007.

With one of the lowest consumption rates in Europe, the UK off-trade market offers further growth opportunities. Across the seven European countries** surveyed, Germany has the highest consumption rate at an average of 10.6 liters of pure alcohol per head compared with the European average of 6.8 liters. Spain has the lowest at-home consumption of any of the nations studied at 4.6 litres.

	2005	2010	2005-2010 CAGR
Germany	10.59	10.24	-0.7%
France	8.70	8.47	-0.5%
Sweden	6.99	7.34	1.0%
Europe	6.79	6.72	-0.2%
Netherlands	6.71	6.64	-0.2%
Italy	6.00	5.90	-0.3%
UK	5.72	6.03	1.1%
Spain	4.60	5.46	3.5%

Source: Datamonitor

Wine is the drink of choice

In 2005, off-trade wine sales overtook beer by £1 million (both at £4.3bn) as spirits and cider sales dwindled while FABs made moderate but short-lived gains. Wine's success story will continue to blossom with over 5% annual growth between 2005-2010 reaching £5.5bn by 2010. This value growth is matched by volume growth of 3.2% annually until 2010 when the wine category will account for 294.1m litres of pure alcohol. In fact, spirits will be the only category forecasted to experience volume decline from 2005 to 2010. The success of wine shows that drinking habits and preferences are changing to improved healthiness and drinking with home dining as the image of wine continues its demystification.

"Consumers perceive wine as being the healthiest alcoholic beverage, or the one, that does the least harm when consumed in moderation," says Adams. "The stuffy image of wine being consumed exclusively with meals by affluent customers with extensive knowledge of what to buy and how to drink it has been dissolved," he continues.

Women are key to growth

Men are still the biggest consumers of alcoholic drinks at home but women are closing the gap and having a significant impact on the volume of the off-trade. By 2010 they will account for over 40% of the volume of the market and in many categories are helping to underpin the growth in volume and value. Datamonitor forecasts the consumption of alcoholic drinks at home by women to grow from just under 100m litres of pure alcohol in 2005 to 124m in 2010. "Drinking at home leaves them free to enjoy the experience of social bonding with friends but in an environment where they can relax and not worry about safety or social norms," comments Adams.

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