

Bar quality cocktails...



...in a can

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Simon Gresty,
Chairman of
Can Makers

The RTD (ready to drink) cocktail market is already well established with big brands like Gordon's, Smirnoff, and Jack Daniels all offering cocktails in cans. Ranging from the simple classic gin & tonic to the in-vogue espresso martini, and even off-the-wall hits like mango margarita, the variety of canned cocktails now available shows how big brands and boutique liquor companies alike have embraced the beverage can.

The popularity of canned cocktails has been reflected by the March 2020 inclusion of cocktails in cans in the RPI 'basket of goods', illustrating that canned cocktails are a regular and popular choice with British shoppers.

The global ready to drink cocktail market is showing strong growth, continuing trends over the past few years. With the rise of "tinnies in the park" during the coronavirus pandemic, creating some of the few fond memories for many from those difficult years, canned cocktails were established as a popular choice for al-fresco drinks after work and at barbecues on the weekends.

As well as offering consumers more options when they are out and about, canned cocktails have also been embraced as the sustainable option. Consumers are increasingly concerned about the planet's health and often look to businesses to lead the way in taking action to tackle climate change. Many producers of RTD cocktails have turned to cans as an environmentally friendly option which is easy to recycle.

Despite the strong growth shown by the RTD cocktail market in recent years, the sector has continued to innovate as well-established brands bring out new beverages and challenger brands seek to shake up the status quo with quirky and exciting products. Not only are cans allowing brands to innovate with the flavour

of their products, but the 360-degree printable surface of aluminium cans means brands are standing out on supermarket shelves like never before – attracting new consumers and catching the eye of people who have not traditionally been cocktail drinkers.



In this report, we have examined the trends and factors that are shaping the RTD cocktail and canned spirit markets. We have explored recent innovations in the sector and taken a closer look at some of the brands which are descending on this growing market.

We have also spoken with MOTH Drinks, a disruptive company producing high quality RTD cocktails in cans. MOTH is the fastest growing RTD brand in the UK, and we have exclusive insight from Co-Founder Sam Hunt about why cans are perfect for cocktails.

To close the report, we have shared our predictions for what could be next for the market and gathered insights from across the market to illustrate how confident brands are that the can is the future of on-the-go cocktails.

I hope you enjoy this report on an exciting and disruptive market segment which has seen amazing growth in recent years. I am sure that this report will prove useful for all, from producers to brands, and designers to retailers, as we work to support stakeholders through the value chain to realise the benefits of the can.

December 2022

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Market overview

The global ready to drink (RTD) cocktail market has shown rapid growth in recent years, valued in 2021 at US\$ 782.8 million with forecasts showing the market could be worth US\$ 2.43 billion by 2030.

Although demand for canned cocktails was already rising, the coronavirus pandemic gave a boost to the market that has propelled continuing growth. During the pandemic, many consumers changed their buying habits in an effort to reduce contact with others whilst simultaneously pubs and bars were forced to close, meaning that many people adopted cocktails at home or in the park.

As many people now return to the office and their busy lives after the pandemic. It is expected that the market will continue to grow as people look for convenient, ready to drink, cocktails in cans.

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Trend setters to-go

Far from dodgy measures and subbing ingredients you forgot to get in the weekly shop in home-made cocktails, consumers are turning to professionally mixed canned cocktails for drinks at home and on the go.

Research conducted by the Can Makers in October 2021 highlighted that cocktails are the drink of choice for more than 7m adults in the UK. However, despite being a nation of cocktail lovers, 23% of those surveyed say they never pour the correct measures and 41% say they know very little about mixology.

Canned cocktails are a convenient choice which don't require consumers to go to a bar or plan well ahead for all the cocktails they might make at their next party. In recent years, the canned cocktail market has made a move away from simple gin & tonics, to more sophisticated mixes with alcoholic bases of vodka, tequila and rum becoming increasingly popular.

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Producers like Whitebox have taken the popularity of canned cocktails further than the fruity mixes that most people traditionally think they might find in a can. Whitebox have pioneered the amazingly popular Pocket Negroni, and has more recently launched the Freezer Martini, both of which pack a punch in flavour and alcohol content. This move toward more traditional and stronger cocktails in cans shows that consumers who would most usually be found in cocktail bars in the late hours of the evening have also started to embrace the can.

In fact, during the coronavirus pandemic when indoor dining and bars were forced to close, high-brow cocktail bar Dante in New York which won the accolade of World's Best Bar in 2019, produced canned cocktails for delivery across the US. This move by a world-beating cocktail bar signalled to the world, including the market here in the UK, that canned cocktails are not only here to stay, but they are now also trend setters on the global cocktail scene.

The canned cocktail market is stronger than ever, and many retailers stock a wide range from the classics to the crowd pleasers. One of the biggest innovations in canned cocktails are nitro products, which have started to set the trend for nitrogen-infused cocktails in bars. Popular brands such as Funkin have launched successful nitro espresso martini canned cocktails which provide consumers with a greater flavour profile and a texture to the head of the drinks that can only be found from nitro cans.

There is little doubt that sales of cocktails in cans will continue to grow and as more brands recognise the creative design opportunities which cans present, it is inevitable we will see greater variety than ever before in the months ahead.

Market
overview

"The variety and quality of cocktails in cans is greater than ever before. More brands are adopting the can, or launching their products exclusively in cans, as they take the stress out of getting the measurements right to make consistent bar quality cocktails at home."

- Cameron Attfield, World Class Bartender of the Year 2019

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Helping to reduce household waste

Many households will have a cupboard full of bottles of spirits or mixers which only have a little bit left in the bottom from a cocktail hour gone by. Left at the back of the cupboard only to be rejected eventually in favour of a new, more appealing bottle, many will simply be poured down the drain.

Canned cocktails, however, are a great way to reduce waste as they are contained in a perfect single-serve can meaning that making too much of a cocktail or leaving just a little bit of the ingredients left in the bottom of various bottles can be a thing of the past.

With canned cocktails available in a range of sizes depending on the drink, they are the perfect choice for an individual serving. Companies such as MOTH produce a range of cocktails including an Old Fashioned,

a Margarita, and a Mojito. Not only are these canned cocktails a way to reduce waste, coming in at just over £3.00 per can they are also a cost-effective way for consumers who drink less alcohol to enjoy an occasional cocktail at home or on the go.

In addition to reducing wasted ingredients, cans remain the most sustainable packaging option as metal recycles forever. With a recycling rate of over 82%, cans are easy to recycle and due to the closed loop recycling often used for aluminium cans, they can be back on the shelf in supermarkets as another can in just 60 days.

The can's sustainability credentials are second to none. In fact, the can is the ideal choice for brands seeking to help consumers reduce waste and to make a positive choice for the environment.

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"I firmly believe that aluminium cans have a really important part to play in creating a sustainable value chain for a circular economy in FMCG products. A recent study by IAI found that in 5 key markets, more than 70% of the material used in aluminium cans is recycled into new products – almost double that of glass and plastic."

Sam Hunt, Co-Founder of MOTH Drinks

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Innovation

The last two years have seen a significant shift in consumer purchasing behaviour, which has led to an unprecedented level of innovation in every industry.

The RTD cocktail market saw a surge in demand driven by hospitality venues closing during the pandemic, paired with warm weather as some restrictions eased, which spurred the behavioural change and saw more people meeting outdoors for drinks.

The growing popularity of RTD cocktails has allowed producers to target new demographics with unusual flavours and bold packaging designs, whilst also winning over some stalwart cocktail enthusiasts with classics such as the ever-popular negroni.

“The growing popularity of RTD cocktails has allowed producers to target new demographics”



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The classics reimagined

With the rising popularity of canned cocktails, and the fact that many seasoned cocktail drinkers were not able to go to their favourite bars for months during the pandemic, some producers have reimagined the classic cocktails which are now available in cans.

Most people will think of canned cocktails as an easy mixer, like Jack Daniels & Coke or Gordon's Gin & Tonic, and consumers who are fans of cocktails which are usually crafted by an expert barman would not usually give a canned cocktail any consideration. However, producers like Whitebox have taken the classics by storm and reimagined what a canned cocktail is able to offer for the traditionalists, with creative options like the Pocket Negroni and Freezer Martini.

Packing a punch, traditional cocktails in cans are the perfect drink for those who prefer their cocktail on the stronger and bitter side rather than the sweeter alternatives which have traditionally been found in cans.

In this premium market, cans offer brands greater choice than ever for stylish, eye catching designs that resonate with their target market. As the craft beer market has already proven, the opportunity to engage consumers through innovative design is key to long-term growth.

It's no surprise then cocktails in cans have a forecasted annual growth rate of 13.9% to 2030.

"Further premiumisation seems to be inevitable. Canned cocktails do not need to be cheap as the can is such a perfect vessel for holding cocktails and maintaining flavour.

Cans can be used for more delicate, complex, and interesting flavours to be carried across in the cocktails, which means that more premium RTD producers like Whitebox Cocktails can use them to closer emulate the premium cocktail experience that people are used to in top cocktail bars."

WhiteboxCocktails

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According to recent IWSR consumer research, the most essential component for producers to consider when developing a premium brand image in beverages is the regular introduction of new flavours.

As the canned cocktail market has grown, new products have been introduced to the market quickly with innovative and creative flavours becoming an ever more popular choice for consumers. From Fiorito's Limoncello Tonic to East London Liquor Co.'s Vodka and Rhubarb, producers are ramping up their imaginations to showcase the bold flavours they can professionally mix for high-definition flavour profiles in cans.

In addition to the introduction of new flavours, consumers are becoming more health conscious which is driving a shift toward natural and organic ingredients, and toward lower alcohol content in some cocktails. Market research by Esomar projects that the growing preference for natural and organic ingredients will boost the market in the forthcoming years, spelling a bright future for canned cocktails and no sign whatsoever of slowing demand.

"Cans let producers control how their spirits are showcased. It removes the trust needed that a bartender is going to show off what makes the booze stand up the same way a brand owner will. It lets them control the narrative at the point of liquid on lips and that can't be underestimated."

East London Liquor Co.

Innovation



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Nitro drinks

Pioneered by coffee-based canned beverages, nitro cocktails are on the rise as a popular choice among consumers looking for high-quality ingredients, velvety texture, and a foamy head on their cocktails which until recently could only be achieved by using a traditional cocktail shaker.

Nitro cans have proved to be particularly popular with drinkers of coffee-based cocktails such as the espresso martini. When opening the can of a nitro cocktail, customers will be met with the familiar 'whoosh' popularised by cans of Guinness, as the nitrogen-widget is activated and micro-bubbles are released throughout the can, perfectly mixing the ingredients of the cocktail.

But it's not just espresso martinis that are taking advantage of the nitro can. Producers including Funkin are also using the nitro can for Passionfruit Martinis, Amaretto Sours, and Pink Gin Fizzes, meaning that there is a cocktail for everyone in a nitro can. After launching its nitro cocktail range in 2019, Funkin invested £1m in related marketing - a clear demonstration of the brand's confidence in its range of cocktails in cans and the can's ability to drive growth.

"When opening the can of a nitro cocktail, consumers will be met with the familiar 'whoosh' popularised by cans of Guinness, as the nitrogen-widget is activated and micro-bubbles are released throughout the can, perfectly mixing the ingredients of the cocktail."



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Sam Hunt

Co-founder of MOTH Drinks

Movers and shakers from across the industry share their experience and offer opinion on how we can expect the market to develop, the challenges ahead and what's coming next.

Industry opinion

Q. How are canned RTD cocktails allowing producers to innovate with new flavours?

A. For MOTH, it allows us to produce an almost perfectly consistent drink of incredible quality. Without giving away our secrets, our recipes and the canning process gives the consumer bar-quality cocktails full of freshness and deliciousness unmatched by any other RTD brand on the market currently. The can also allows us to create new drinks quickly and easily that fit into this process.

Q. Why did you choose the can for your products?

A. Premium RTD cocktails have traditionally been in heavy glass bottles. We were planning on launching MOTH into glass bottles as well, until one day we were stood in a warehouse looking at a pallet of cans. My co-founder Rob and myself had always said we wanted to make great cocktails as easy as a can of beer, and the answer on that day was quite literally staring us in the face. So, we made the move to cans, and have never looked back.



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Q. Are the sustainability credentials of the can important to your business?

- A.** Extremely. I firmly believe aluminium cans have a really important part to play in creating a sustainable value chain for a circular economy for FMCG products. A recent study by IAI (March 2022) found that in 5 key markets, more than 70% of the material used in aluminium cans is recycled into new products – almost double that of glass (34%) and plastic (40%). It is also a more energy efficient process to recycle aluminium cans compared to that for glass or plastic.

Q. What do you expect to see in the future of the canned RTD cocktail market?

- A.** The RTD market is really booming at the moment. We see it in the UK, as MOTH is the fastest growing RTD brand in the UK currently (Nielsen, October 2022) and we see it globally as well. The US RTD market is creating huge opportunities.

Much like craft beer 10 years ago, RTD cocktails are quickly being adopted in consumers lives as they learn to trust the incredible quality of drinks being produced. We see it already in some of MOTH's on-trade partnerships, but I think the future of RTDs is also going to be in pubs & restaurants, allowing customers to have bar-quality cocktails that they know and love wherever they are.

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In a market segment which has become increasingly adventurous, there is no sign of the trend slowing. Research from Fact.MR suggests that canned cocktails will soon branch out to primary ingredients other than spirits, toward wine and malt based RTD cocktails.

Growing creativity has not been limited to the cocktails on offer or the striking designs of cans in which they are sold. As sustainability becomes increasingly important throughout the value chain, innovation in multi-pack solutions has also featured strongly in 2022. These more sustainable solutions include Modelo's Fit Pack interlocking cans, which remove the need for any additional packaging at the point of sale. Similarly, Carlsberg have introduced a Snap Pack in which four, six, or eight-packs of cans are held together by small amounts of strong glue, which audibly snap when they are pulled apart. The glue used in these packs can be recycled along with the cans, which maintains the environmental credentials of the can.

Innovative packaging solutions like Modelo's Fit Pack and Carlsberg's Snap Pack are also helping to reduce plastic waste and give brands confidence that all of the materials used can be recycled effectively.



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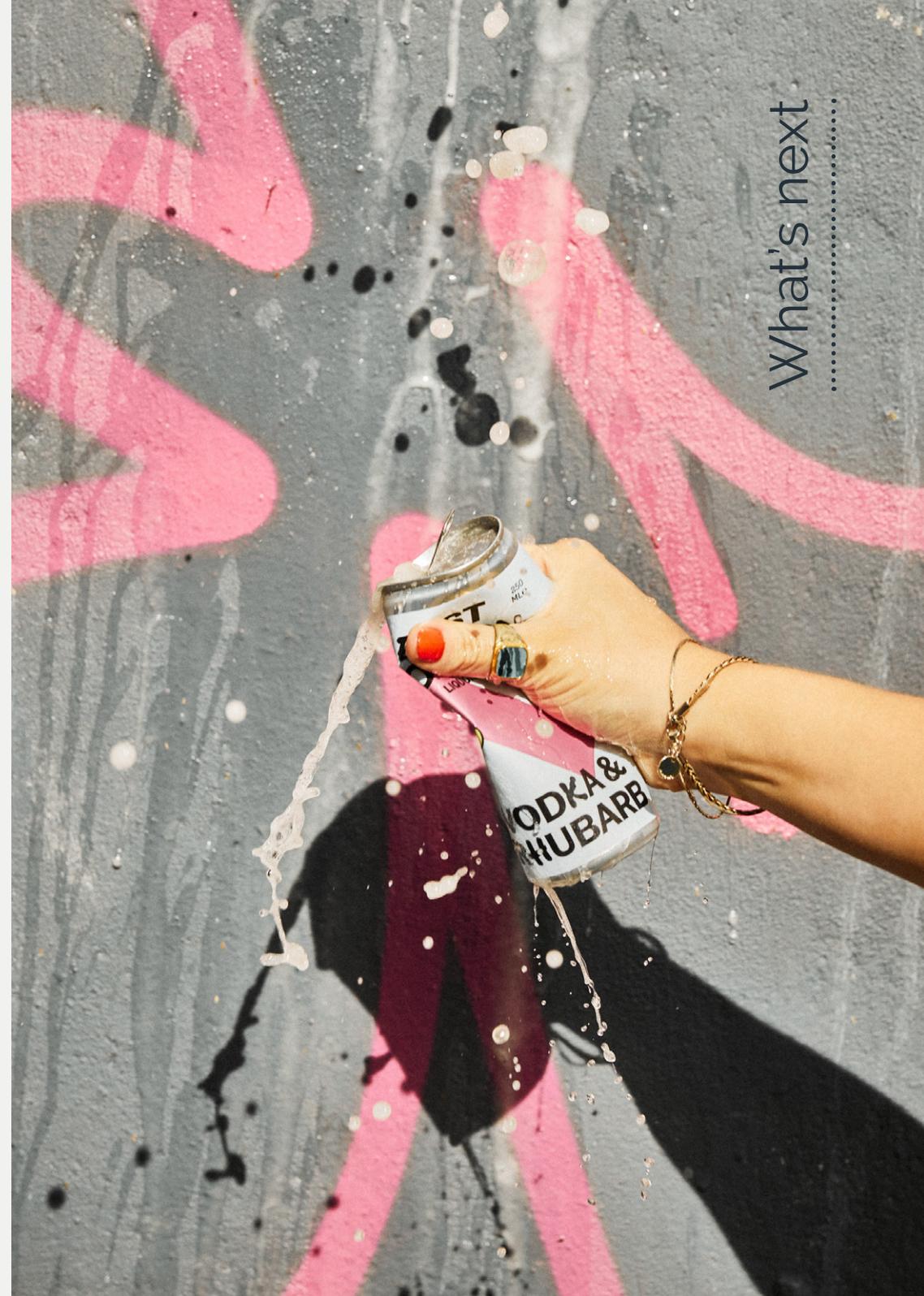
With the growth of the canned cocktail market comes an opportunity for new companies to bring their products to the fast-moving RTD cocktail scene.

The introduction of more traditional cocktails in cans has represented a shift in the market, but in addition to the growth of this segment it is likely that more low-and-no alcohol options will become available in line with increasing consumer demand for such options.

Market research by IWSR predicts that low-and-no RTD sales will rise 31% by 2024 compared to 2021 figures. We are already seeing this trend, with brands like Mocktails making waves in the market with their no alcohol Mockaritas, Mockscow Mules, Mockapolitans, and Sansgrias.

The increasing variety of low-and-no alcohol options is clearly popular with those who do not drink alcohol but still want a 'tippie' on social occasions. These products also appeal to health-conscious consumers who are looking for a low-calorie option compared to alcoholic drinks.

Ultimately, there can be little doubt that this exciting and rapidly evolving market is set to see strong growth in the immediate future and as brands take advantage of the can's credentials to respond to health and sustainability trends, there is no reason to imagine this growth will not continue in the long-term.



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The Can Makers is the trade body representing drinks can manufacturers in the UK. Members work together to promote the benefits of the drinks can and aid communications between the industry and its customers: the brewers and soft drinks manufacturers and the retailers, as well as the packaging industry, the media and consumers.

The Can Makers was the first organisation in Europe formed to promote drink cans, and is part of the Metal Packaging Manufacturers Association (MPMA), which represents the UK metal packaging industry.

For more information, please visit: www.canmakers.co.uk.