



## RISING SPIRITS:

Why no- and low-alcohol drinks  
are booming

As movements like “Dry January” and “Sober Curious” gain traction around the world, it’s clear that consumers are reassessing their relationship with alcohol – and beverage makers are taking note. From mocktails to “near beers,” the adult beverage space is evolving to reflect a new brand of drinker.

Bolstered by double-digit U.S. unit sales growth, with a five-year CAGR of 19.7%,<sup>1</sup> it’s little wonder the low- and no-alcohol business has become a hotbed for innovation. Data from Innova Market Insights finds that between 2019 and 2023, North American no-alcohol beverage launches surged by 46% CAGR.<sup>2</sup> Dig into U.S. trends, and you’ll find that low/no alcohol launches rose by almost twice the rate of alcoholic beverages, underscoring the dynamic potential of this emerging segment.<sup>3</sup>

The burst of new product development comes as consumers – especially Millennials and Generation Z – are more likely to eschew alcohol in a bid to prioritize health. Not so long ago, Americans of all stripes tended to believe moderate drinking had little effect on health. Today’s consumers have a different point of view. Data from Gallup finds that 65% of younger adults say alcohol is bad for their health, compared with 37% of adults ages 35 to 54 and 39% of adults 55 and older.<sup>4</sup>

“But it’s not just alcohol these consumers aim to avoid,” says Jennifer Berndt, Cargill’s Marketing Manager for beverages. “Sugar and calories are on their radars, too.” She notes that claims related to sugar and calorie content are among the fastest-growing for new product launches. Among no-alcohol beverages, low-calorie claims tripled, to nearly one-third of launches in 2023.<sup>5</sup>

“Alcoholic beverages long held a reputation as ‘empty calories,’ but younger consumers won’t stomach the old paradigm,” Berndt continues. “Yes, they’re eager to grab a cocktail-style drink. What they don’t want is the alcohol, sugar and calories that have historically been the norm.”

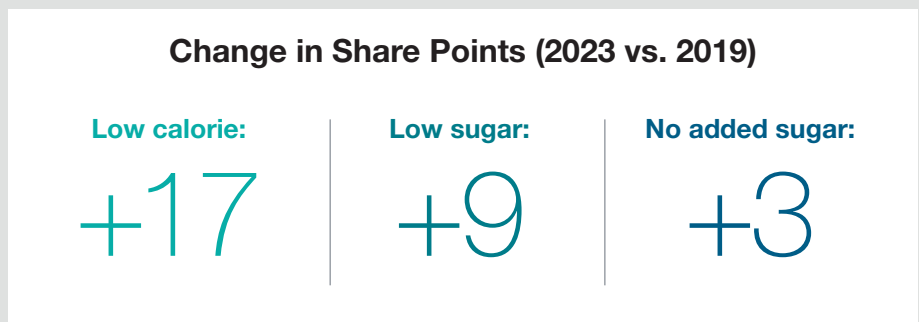
### Sweet secrets

A growing cadre of tools makes achieving all those goals possible, led by advances in high-intensity sweeteners like stevia. Cargill’s Leanne Pinsonneault, a senior scientist on the company’s beverage application team, points to a portfolio of leaf-based and fermentation-derived solutions that enables formulators to achieve a range of taste profiles and sweetness targets.

For products that require more sweetness, Pinsonneault suggests Cargill’s EverSweet® stevia sweetener, which delivers a higher sweetness intensity and a more sugar-like taste. “It’s light-years away from early stevia iterations,” she says, noting improved sweetness quality and reduced aftertastes like bitterness and licorice.

Still, even the best sweetener may need some help, especially for no-sugar-added formulations. Erythritol, a member of the polyol sweetener family, is a great partner for stevia, helping to round out its flavor profile and add body for improved mouthfeel.

Fastest-growing claims for no-alcohol launches



Source: Innova Database (U.S., 2019-2023).

Brands may also find benefits when stevia is added to formulas with more subtle sweetness needs. “Sometimes using stevia at low, flavor-with-modifying-property (FMP) levels puts the finishing touch on a system,” Pinsonneault explains. “It gives characterizing flavors a little lift that lets them shine.”

While it’s not a must-have for every situation, FMP levels of stevia can make citrus and other fruit flavors pop, or even alter the flavor profile in subtle, but noticeable, ways. “A raspberry flavor may seem a little more ripe or have more of a candy character – a change which might be desirable in a seltzer or cocktail-inspired application,” Pinsonneault continues.

### Added benefits

The addition of stevia can yield other benefits, too. Brands trying to hit certain calorie targets will appreciate its status as a zero-calorie sweetener. Then there’s the less-obvious potential for cost savings. Whether used at FMP levels, or at higher levels to benefit from its full-fledged sweetening power, stevia offers cost-in-use advantages over many other nutritive sweeteners.

“Many times, brands will want some sugar in their formula, but if we can replace even a small portion with stevia, there may be cost savings,” Berndt notes. “It’s a classic win-win. Brands can reduce their sugar, hit a calorie target, lower their costs and still get the sweetness boost they need – all with a delicious impact on taste.”

Which brings up what Pinsonneault sees as one of the biggest innovation advantages of the emerging no/low alcohol space: a clean formulation slate.

“When brands are working from the ground up, there’s not some sugary benchmark we have to hit,” she explains. “In so many categories, consumers come in with expectations around sweetness, built around sucrose. That’s not the case here. We can create something without added sugar that tastes great and use stevia sweeteners right from the start.”

To showcase the possibilities, Cargill’s beverage scientists created several no-alcohol, seltzer-style product concepts. A customer favorite is the company’s Grapefruit Basil Sparkling Seltzer. Sweetened with EverSweet and Zerose® erythritol, the alcohol-free drink combines a sweet, tangy burst of pink grapefruit, softened by a hint of basil. With a sugar equivalent value (SEV) of 6%, the concept highlights stevia’s prowess in the mid-sweet range, but Pinsonneault says Cargill’s portfolio also includes solutions that can accommodate higher or lower sweetness intensity needs.

### Opportunity awaits

As consumers – especially Gen Z and Millennials – lean into health and wellness trends, demand for low- and no-alcohol beverages seems destined to gain momentum. Future iterations may even double down on the segment’s health leanings, infusing drinks with functional ingredients from caffeine for energy to turmeric for immune support.

“Consumption of these beverages is normalizing, which suggests we’ll see consumers expand both the occasions and reasons they reach for a low- or no-alcohol alternative,” Berndt predicts. And because adults often make these choices with an eye toward health, she expects sugar and calorie claims will only increase in importance. Just don’t forget the key component: taste.

“In the quest to quench consumers’ thirst for healthier options, the challenge is clear,” she emphasizes. “Keep the flavor flowing, while tapping into the trends that matter most. The brands that master this balance will be the toast of the town.”

Raise a glass to better-for-you beverages,  
powered by Cargill **industry-leading sweeteners.**

<sup>1</sup> NielsenIQ unit sales data, Aug 15, 2020–Aug. 10, 2024.

<sup>2</sup> Innova Market Insights. “Category Insider: Low/No Alcohol Drinks Promise Global Growth.” May 2024.

<sup>3</sup> Innova Market Insights. “Category Insider: Entertaining Opportunity: U.S. Growth in Low/No Alcohol Beverages.” May 2024.

<sup>4</sup> Gallup Consumption Habits Poll, July 1–21, 2024. <https://news.gallup.com/poll/648413/alcohol-consumption-increasingly-viewed-unhealthy.aspx>

<sup>5</sup> Ibid, Innova. “Low/No Alcohol Drinks.”

EverSweet® is a product of Avansya, a joint venture of Cargill and dsm-firmenich.