

United States Alcoholic Drinks Packaging Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The US alcoholic drinks packaging market is expected to record a CAGR of 5.5% during the forecast period 2022-2027. The packaging of alcoholic beverages plays a significant role in the brand promotion of alcoholic drinks. It helps brands communicate with their consumers who can touch and feel the product through the packaging. Recent innovations such as lightweight glass and effective recycling are driving the market.

? In 2020, the US witnessed the biggest volume gain in total alcohol beverage volume in nearly twenty years. It was up by 2%, the most significant increase since 2002. Among alcoholic beverages, beer witnessed substantial growth in the past few years. The majority of beer is sold in glass bottles and is driving the need for increased production rates in the glass packaging industry. The increasing demand for premium variants in alcoholic drinks like whiskey, rum, etc., is also driving the growth of glass bottles.

? Due to the COVID-19 pandemic, overall consumption of alcoholic beverages didn't change much: beer and wine sales rose, whereas hard liquor sales declined. Demand for budget and mid-priced spirits increased, while demand for high-end super-premium and ultra-premium spirits decreased. As consumers limited interactions and spent more time at home, there were huge spikes in wholesale wine and beer demand. Consumers are also spending more per bottle than before the pandemic.

? The US consumes the highest volume of wine, amounting to 33 million hectoliters in 2020. Portability and convenience have become significant drivers for wine packaging innovation, leading US-based new-age wine sellers Bota Box and Black Box to explore alternative packaging, such as tetra packs and bag-in-box wine and cartons. According to the State of Wine Industry Report 2020 by Silicon Valley Bank, canned wine in the country recorded an 80% growth in 2019, despite accounting for 0.5% of the overall market share.

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? Manufacturers of canned wine and beer witnessed considerable demand for aluminum can packaging due to the broader acceptance of cans among young consumers. A significant cultural shift has increasingly driven this trend since millennials stand out as keen adopters of different wine formats that offer convenience.

? The ongoing trade war between the US and China may impact the glass packaging market in the country. Ardagh Group stated that over 70% of the US wine industry's glass bottles are imported from China; and due to an increase in the tariff rate imposed on Chinese imports, the need for improving glass manufacturing infrastructure is expected to rise, leading to a rise in the overall cost of the product over the coming years.

US Alcoholic Drinks Packaging Market Trends

Wine Consumption Expected to Grow Significantly

? The COVID-19 pandemic has spurred a significant increase in alcohol e-commerce and digital engagement since e-commerce allows consumers to compare, review, and discover different alcoholic beverages. It is particularly well suited to the wine segment since people get a fair idea about the taste and smell of wine even before taking a single sip. Wine holds only a 14% value share of the total drinks market compared to a 40% share online.

? According to the State of the US Wine Industry 2021 Report by Silicon Valley Bank, domestic and imported US wine market volume grew by 1.45% and 14.33%, respectively. Millennials are adopting wine at a faster rate than any other generation. They have low brand loyalty, which means they are more into experimenting with distinct-tasting wines from various regions in different packaging, which greatly appeals to their sense of adventure. Consumers are receiving PET wine bottles positively, as they are unbreakable and easier to carry, making them exceptional for cottages, parties, and outdoor events.

? For wine, packaging and branding is an important aspect, which is evolving, and many suppliers are extending and launching their current and new brands in this space. For instance, US-based wine producer E and J Gallo launched a new brand, "Naked Grape," in the 3-liter box category of wine and it was commercially successful. Other brands are experimenting with innovative packaging solutions to stand out on the store shelf. For instance, the Sofia brand sells wine in pink cans, and the Bandit brand packages its wine in small, sustainable 500 ml and one-liter cartons.

? According to the United Nations of Fine Wines, veganism is one of the fastest-growing wine trends. It is also reflected in wine production, leading to more vegan-friendly wines, which would require glass bottles because of zero rates of chemical reactions ensuring that the wine inside the glass bottle has its aroma and flavor intact. This new trend will help the glass packaging segment retain its top position in the market studied.

Glass Packaging Expected to Hold Significant Market Share

? Packaging material, like glass, accounted for the largest segment of the packaging market. It is a favorable option for packaging since glass does not react with the chemicals present in drinks and preserves these beverages' aroma, strength, and flavor. Due to this, most beer volume is sold in glass bottles. This trend is expected to continue over the forecast period. Glass packaging is 100% recyclable, making it a desirable packaging option from an environmental point of view.

? More liquor manufacturers are becoming conscious about using recycled materials in their packaging and increasing the percentage of recycled glass used in their bottles. For instance, premium vodka manufacturer Absolut has vowed to minimize its packaging waste by launching a limited-edition design made from 41% recycled glass.

? Lightweight glass has been a significant innovation in recent times, offering the same resistance as older glass materials and

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higher stability while reducing the volume of the raw materials used and CO2 emitted. Switching to lightweight glass is a resource-efficient solution and can save more than 150,000 ton of glass per year.

? In 2021, Johnny Walker, a prominent whiskey brand, announced it would launch a limited-edition whiskey in a paper-based bottle. It is just one of the steps toward the brand's sustainable goal of minimizing its environmental impact. Nevertheless, suppose Johnny Walker applies this sort of packaging at mass level in the future, and other brands also start to switch toward paper-based packaging. In that case, it will significantly impact the glass packaging market in the long term.

US Alcoholic Drinks Packaging Market Competitor Analysis

The availability of several players providing packaging solutions for alcoholic beverages has intensified the competition in the market. Therefore, the market is moderately fragmented, with many companies developing expansion strategies. Some of the recent developments include:

? In December 2020, Ardagh Group SA announced its purchase of a facility in Huron, Ohio, to start manufacturing metal cans. The company aims to produce beverage cans in multiple sizes for a variety of categories, including sparkling water, soft drinks, tea, and alcoholic beverages. ?

? In February 2020, Garcon Wines collaborated with Amcor PLC to produce flat wine bottles made with post-consumer recycled (PCR) PET plastic in the US. Amcor's PET Bottles are sleek, modern, and perfectly match current lifestyle requirements for convenience and sustainability. PET bottles are unbreakable, beach- and pool-friendly, and have environmental benefits since they are lightweight, infinitely recyclable, and have a lower carbon footprint than glass bottles or aluminum cans.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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