

Alcohol and the German Wine Market

Subjects: Others

Contributor: Frederik Nikolai Schulz, Hadi Farid, Jon H. Hanf

Beverages are a central part of our daily diet. As new products enter the global beverage market, water; juices; soft drinks; and alcoholic beverages such as wine, beer, and spirits are no longer limited to a handful of brands and varieties. Due to their constant consumption, beverages have been the focus of nutrition research for years. The fundamental scientific findings on the health effects of certain ingredients are an important part of the global health policy debate on reducing harmful consumption patterns. In the German beverage market, a shift in consumption has become apparent: away from alcoholic beverages and towards non-alcoholic alternatives. This indicates a tradeoff between two important and nutritionally relevant substances: alcohol and sugar.

Keywords: non-alcoholic ; beverages ; sugar ; alcohol ; marketing ; alibi marketing ; tradeoff

1. Alcohol, Sugar, and the German Wine Market

In Germany, the cultivation, production, and consumption of wine have a long tradition. In 2021, the German wine culture was granted the status of an intangible cultural heritage ^[1]. In 13 official winegrowing regions, approximately 100,000 hectares of vines are cultivated ^{[2][3]}. More than 16,000 winegrowing businesses and approximately 36,000 co-operative winegrowers are responsible for a production of around 9 million hectoliters of wine each year, which made Germany the 9th largest wine producer worldwide in 2022. With over 13 Million hectoliters, Germany has an outstanding position as the world's second largest wine importer, which makes the country one of the most important consumer markets ^[4].

As mentioned above, the German wine industry has, so far, remained largely unaffected by the general shift in consumption towards non-alcoholic beverages. Nevertheless, the German wine industry has been attempting to establish alcohol-free alternatives for a long time. One focus lies in non-alcoholic wines, which have been produced since the beginning of the 20th century but have not yet achieved considerable importance, although a steady increase in demand and production has been apparent for several years ^[5]. Non-alcoholic sparkling wines had already reached a share of five per cent of the total German sparkling wine market in 2020 ^[6]. Wines are less important, with a market share of around one percent, but strong growth rates are also attested to in this category ^[7].

Non-alcoholic wines differ from grape juices and sparkling wines in that the alcohol is removed from already fermented wine using a dealcoholization process with the aim of producing a beverage whose sensory properties are as close as possible to those of its alcoholic counterpart.

There are two basic ways to remove the alcohol content of wine: membrane-based processes and vacuum distillation. The former include techniques such as reverse osmosis, nanofiltration, pervaporation, and osmotic distillation. A comprehensive overview of the individual procedures is provided by Zamora ^[8]. As Schmitt and Christmann ^[9] showed, membrane processes can be particularly suitable for partial dealcoholization. Such techniques can be used, for example, to reduce the alcohol content of wines from regions where grapes tend to become particularly ripe ^[8]. However, full dealcoholization is associated with high energy and resource consumption, which is why technologies such as reverse osmosis are rarely used for this purpose. In Germany, thermal processes in the form of vacuum distillation have become the most popular method to produce non-alcoholic wine, e.g., by vacuum rectification or spinning cone column ^[9]. Overall, the method relies on distillation of the wine under reduced atmospheric pressure, whereby almost the complete amount of ethanol evaporates at temperatures of around 30 degrees Celsius ^[10]. Non-alcoholic wines normally contain around 0.3 to 0.4 percent alcohol, which is below the legal limit of 0.5 percent by volume applicable in Germany. Due to the low temperatures during distillation, important aroma components are retained in the alcohol-free liquid or can be recovered via additional process phases. In terms of sensory characteristics, "raw" non-alcoholic wines are mainly characterized by a clearly more present acidity ^[11]. Additionally, Schmitt et al. ^[11] showed that while the fruit characteristics of wine are not significantly affected during dealcoholization, the perception in terms of body and fullness of the product differs significantly from that of the untreated initial wine. In order to balance the perception of acidity, sugar is added to the products. At the same time, the addition of sugar is intended to imitate the mouthfeel of ethanol in alcoholic wines ^[8].

According to legislation of the European Union (Art. 3 (5) Regulation EU 2019/934 read in conjunction with Annex I Regulation (EU) 1308/2013), only the addition of grape must, concentrated grape must, and rectified concentrated grape must is permitted, whereas the addition of sucrose or sugar substitutes is not.

While the process almost completely removes the alcohol content, a simultaneous increase in the sugar content is required. A dry-tasting wine with alcohol contains significantly less sugar than a dealcoholized wine with the same flavor profile; sugar contents of over 40 g per liter are common in the field of dealcoholized wines. A similar picture emerges in the area of non-alcoholic beers, whose sugar contents are also higher than those of beers with alcohol ^[12]. Although the sugar contents of these drinks are far below those of soft drinks, for example, a tradeoff seems to occur with regard to the fundamental effects of the two most important health-impairing ingredients: alcohol and sugar.

A definitive statement on the health effects of this tradeoff requires a more extensive analysis. Nevertheless, the development of the alcohol-free category with regard to the alcohol and sugar ingredients—classified as “unhealthy commodities” ^[13]—is not purely favorable with regard to diets.

In a recent publication, the WHO addressed the health effects of beverages in the “no & low” category, i.e., beverages with an alcohol content of between 0 and 3.7 percent by volume ^[14]. According to WHO, the impact of no- and low-alcohol beverages on worldwide ethanol consumption and public health remains unknown. Concerns include their ability to minimize alcohol use and related harm, to deceive vulnerable people, and to gently encourage alcohol consumption. However, so far, there has been little research on the production of no-alcohol beverages, their consumption, and their health effects. A worldwide action plan for 2022–2030 intends to accelerate progress in addressing alcohol use and its consequences by using available evidence and policy know-how. Although no- and low-alcohol beverages can affect consumer choice and replace higher-ethanol drinks for heavy users, they do not serve as a gateway to regular beer drinking ^[14].

It seems surprising that WHO, in its recent publication on no- and low-alcohol beverages, does reference a possible tradeoff between alcohol and sugar. Instead, it refers to possible “alibi marketing”, with which the alcohol industry could promote the sale of its products by using well-known brands. This issue is discussed in more detail below.

2. Non-Alcoholic Wines and the Need for Differentiation

As mentioned previously, the market for non-alcoholic wines in Germany has developed dynamically in recent years. The compound annual growth rate is indicated at 9 percent for the period from 2021 to 2025 ^[15]. Still, market shares are at a very low level of around one percent for still wine and five per cent for sparkling wine in Germany. Particularly noteworthy in the development is the large number of new products entering the market. In a tasting of non-alcoholic wines and sparkling wines carried out by an important German wine trade journal, a total of 247 products were tested in March 2022. Eleven years earlier, only 20 products had been submitted. This rapid development is also made possible by new offers of the service for dealcoholization of wines, which is now possible with small quantities of around 300 L ^[16], enabling the market entry of small and medium-sized wineries, which play an important role in the small-scale structured German wine market, with over 16,000 producers. Especially given the large number of smaller wineries, the marketing of new products is associated with a high relevance of competitive strategies expressed through the generic strategies of cost leadership and differentiation ^{[17][18]}. For small businesses, the differentiation strategy is a fundamental dimension, as competitive advantages cannot be achieved in the form of cost leadership due to their size. Since direct sales play a particularly important role for smaller wineries in Germany, a differentiation strategy to build loyal customers is an important approach to marketing. The same applies to indirect sales, as the absence of customer contact increases the relevance of differentiation, e.g., through branding.

Overall, emotions play a critical role in shaping consumer decision-making processes, affecting preferences, and determining purchasing intentions according to extensive scholarly studies ^{[19][20]}. As Shaw et al. ^[21] showed, various consumption values play an important role in the consumption of non-alcoholic wines, both for wine drinkers and non-wine drinkers. Non-alcoholic wine brands can develop strong emotional connections with consumers by methodically crafting sensory experiences that elicit positive emotions such as pleasure, relaxation, and indulgence. These emotional connotations have the potential to greatly increase the perceived appeal of non-alcoholic wines as a viable alternative to their alcoholic counterparts, particularly among those looking to reduce their alcohol intake or adopt healthier lifestyles. Additionally, the implementation of an emotional experiential strategy in the marketing of non-alcoholic products has the potential to encourage people to switch from alcoholic to non-alcoholic wine ^[22]. Still, the need for differentiation can be seen as an obstacle to the marketing of such products. Usually, marketing is associated with high levels of investment,

which cannot be borne by wineries of smaller sizes, making a dual brand strategy difficult to imagine for smaller businesses.

This seems of particular relevance, since adding emotional elements to non-alcoholic product marketing offers a promising path to support the acceptance of non-alcoholic wine as an alternative to alcoholic wine. Brands may establish long-lasting connections with consumers and change their preferences towards non-alcoholic wines by leveraging the persuasive power of emotions. Furthermore, in contexts where alcohol excise taxes apply, the economic benefits of no- and low-alcohol wines provide an extra incentive for consumers to embrace these alternatives.

3. Alibi Marketing in the Context of No and Low Alternatives

The previous section showed that non-alcoholic wines and sparkling wines require marketing strategies for their commercialization. In recent years, however, the accusation of “alibi marketing” has been made with regard to “no and low” alternatives. This discussion will most likely continue to gain traction, with the recently released “Snapshot Series on Alcohol Control Policies and Practice” by the WHO, which focuses on the marketing of zero- and low-alcohol beverages ^[14]. “Alibi marketing” can be defined as a strategy employed by brands to associate certain attributes with their products without directly promoting them. Originally, the term was associated primarily with the marketing of tobacco. Previous studies have identified examples of alibi marketing being utilized to avoid cigarette sponsorship rules in Formula 1 racing. Following the passage of the European Directive on cigarette advertising in 2005, Philip Morris International, for example, used “barcode” designs as substitutes for Marlboro emblems ^[23]. The tobacco industry subsequently faced accusations of attempting to mask the addictive properties of nicotine and deflect attention away from well-established health hazards ^[23] ^[24].

One key target of tobacco advertising was the youth population, and the imagery used in advertisements was designed to attract them ^[25]. The young adult market was referred to publicly, regularly examining young people’s lifestyles, motives, and aspirations. It was determined that young people smoked for emotional reasons and that branding might meet their requirements by instilling aspiration, coolness, and a sense of “street cred” in the products ^[26]. Such techniques violated regulatory standards that prevented cigarette advertisements from implying links between smoking and social achievement or exploiting the vulnerabilities of emotionally fragile individuals, particularly young people. To increase smoking initiation and continuation, advertising agencies addressed different areas of marketing, such as pricing, distribution, and other forms of commercial communication, such as point-of-sale materials and direct mail ^[27]. Advertising and sponsorship became inextricably linked, with both playing critical roles in establishing brand images that were appealing to young smokers ^[28].

Besides tobacco, the term alibi marketing has been used in connection with other sectors. Concerning the sugar sector, it is used to downplay the link between excessive sugar consumption and a variety of health problems ^[29]. Although the sugar industry is frequently associated with claims of using alibi marketing strategies, it shares deceptive marketing practices with the alcohol and tobacco industries. Companies have resorted to marketing their sugar-laden products as “natural” or “organic” to divert attention away from their high sugar contents as consumer demand for better food options and a greater emphasis on health consciousness continue to rise. This marketing strategy generates a false image of healthier options, sometimes leading customers to make rash decisions ^[30].

In the alcohol business, attempts to promote responsible consumption while downplaying the negative effects of alcohol on health are observable ^[31]. Alibi marketing received major promotional attention during the final seven games of the EURO 2016 championship. The Carlsberg brand name and trademark were completely replaced on digital advertising billboards surrounding the football pitch during UEFA Euro 2016 broadcasts by two alibis: the word “Probably” and the phrase “...the Best in the World” ^[32].

However, consumption of non-alcoholic beverages is an area where comprehensive data on manufacturing, consumption patterns, and potential health effects remain insufficient ^[33]. As the labeling and marketing of non-alcoholic beverages are currently unregulated, opportunities for alibi marketing are conceivable. According to the WHO ^[14], alibi marketing of the products in question ceased after the relevant regulations were extended in 1997.

Particularly significant in terms of potential incentives to consume alcohol is that as “no and low” beers become more widely available, they appear to replace higher-strength alcoholic beverages rather than serve as a gateway to increased beer consumption ^[33]. Still, the actual degree to which “no and low” beverages can effectively replace higher-strength alternatives remains unknown.

Despite similar health concerns, sugar and alcohol face differing regulatory and public perceptions in the context of alibi marketing. Alcohol, a regulated substance with well-documented harmful effects, is subject to tight marketing rules and restrictions in many nations. Sugar, on the other hand, despite its link to health problems like obesity and diabetes, does not receive the same level of scrutiny or oversight. Conceivably, companies offer the image of healthier options by emphasizing elements such as natural ingredients or health claims while still delivering products with high sugar contents.

References

1. Unesco. Weinkultur in Deutschland. Available online: <https://www.unesco.de/kultur-und-natur/immaterielles-kulturerbe/immaterielles-kulturerbe-deutschland/weinkultur> (accessed on 12 September 2022).
2. Deutsches Weininstitut. Deutscher Wein Statistik 2021/2022. Available online: https://www.deutscheweine.de/fileadmin/user_upload/Website/Service/Downloads/Statistik_2021-2022.pdf (accessed on 20 October 2022).
3. Richter, B.; Hanf, J.H. Analyse des Wettbewerbsumfelds aus Sicht der deutschen Winzergenossenschaften. Ber. Über Landwirtsch. Z. Für Agrarpolit. Und Landwirtsch. Aktuelle Beiträge 2021, 99, 370.
4. OIV. State of the World Vine and Wine Sector. Available online: https://www.oiv.int/sites/default/files/documents/2023-04_Press_Conf.pdf (accessed on 10 June 2023).
5. Hieronimi, H.H. Alkoholfreier Wein? Erfahrungen in Deutschland. In Proceedings of the 33rd World Congress of Vine and Wine 9th General Assembly of the OIV, Tbilisi, Georgia, 20–25 June 2010; OIV, Ed.; pp. 513–521.
6. Deutsches Weininstitut. Alkoholfreie Weine und Schaumweine. Available online: <https://www.deutscheweine.de/wissen/wein-mehr/entalkoholisierte-weine/> (accessed on 3 July 2023).
7. Bertram, J. Langlebiger Trend. Wein Markt 2021, 2, 32–36.
8. Zamora, F. Dealcoholised Wines and Low-Alcohol Wines. In Wine Safety, Consumer Preference, and Human Health; Moreno-Arribas, M.V., Bartolomé Suáldea, B., Eds.; Springer International Publishing: Cham, The Switzerland, 2016; pp. 163–182. ISBN 978-3-319-24512-6.
9. Schmitt, M.; Christmann, M. Alcohol Reduction by Physical Methods. In Advances in Grape and Wine Biotechnology; Morata, A., Loira, I., Eds.; IntechOpen: London, UK, 2019; ISBN 978-1-78984-612-6.
10. Hamatschek, J. Technologie des Weines; Ulmer: Stuttgart, Germany, 2015; ISBN 978-3-8001-7959-6.
11. Schmitt, M.; Freund, M.; Schuessler, C.; Rahuhut, D.; Brezina, S. Strategies for the sensorial optimization of alcohol-free wines. In Proceedings of the BIO Web of Conferences, 43rd World Congress of Vine and Wine, Ensenada, Mexico, 31 October–4 November 2022; 2022; Roca, P., Ed.;
12. Perpète, P.; Collin, S. Influence of beer ethanol content on the wort flavour perception. Food Chem. 2000, 71, 379–385.
13. Stuckler, D.; McKee, M.; Ebrahim, S.; Basu, S. Manufacturing epidemics: The role of global producers in increased consumption of unhealthy commodities including processed foods, alcohol, and tobacco. PLoS Med. 2012, 9, e1001235.
14. WHO. A Public Health Perspective on Zero- and Low-Alcohol Beverages. Available online: <https://www.who.int/publications/i/item/9789240072152> (accessed on 6 July 2023).
15. IWSR. IWSR: Growth of No- and Low-Alcohol. Available online: <https://www.theiwsr.com/wp-content/uploads/IWSR-2022-No-and-Low-Alcohol-Press-Release.pdf> (accessed on 8 August 2023).
16. Keller, E.-M. Das neue Alkoholfrei. Weinwirtschaft 2022, 13, 26–30.
17. Richter, B.; Hanf, J. Competitive Strategies for Wine Cooperatives in the German Wine Industry. WEP 2021, 9, 83–98.
18. Porter, M.E. Competitive Strategy: Techniques for Analyzing Industries and Competitors; Free Press: New York, NY, USA, 1980; ISBN 0-684-84148-7.
19. Kim, J.-H.; Kim, M.; Yoo, J.; Park, M. Consumer decision-making in a retail store: The role of mental imagery and gender difference. IJRDM 2021, 49, 421–445.
20. Moriuchi, E. Who am I? A Cross-Cultural Study on Japanese-American Biculturals' Consumption Preference Towards Hedonic and Utilitarian Products. Ph.D. Thesis, Manchester Business School, Manchester, UK, 2012.
21. Shaw, C.L.; Dolan, R.; Corsi, A.M.; Goodman, S.; Pearson, W. Exploring the barriers and triggers towards the adoption of low- and no-alcohol (NOLO) wines. Food Qual. Prefer. 2023, 110, 104932.

22. Grammatikaki, E.; Sarasa-Renedo, A.; Maragkoudakis, P.; Wollgast, J.; Caldeira, S. Marketing of Food, Non-Alcoholic, and Alcoholic Beverages: A Toolkit to Support the Development and Update of Codes of Conduct; Publications Office of the European Union: Luxembourg, 2019; ISBN 978-92-76-14174-7.
23. Grant-Braham, B.; Britton, J. Motor racing, tobacco company sponsorship, barcodes and alibi marketing. *Tob. Control* 2012, 21, 529–535.
24. Gilmore, A.B.; Fooks, G.; Drope, J.; Bialous, S.A.; Jackson, R.R. Exposing and addressing tobacco industry conduct in low-income and middle-income countries. *Lancet* 2015, 385, 1029–1043.
25. Gilpin, E.A.; White, M.M.; Messer, K.; Pierce, J.P. Receptivity to tobacco advertising and promotions among young adolescents as a predictor of established smoking in young adulthood. *Am. J. Public Health* 2007, 97, 1489–1495.
26. Lewis, T.; Kotch, J.; Proctor, L.; Thompson, R.; English, D.; Smith, J.; Zolotor, A.; Block, S.; Dubowitz, H. The Role of Emotional Abuse in Youth Smoking. *Am. J. Prev. Med.* 2019, 56, 93–99.
27. Freeman, B.; Watts, C.; Astuti, P.A.S. Global tobacco advertising, promotion and sponsorship regulation: What's old, what's new and where to next? *Tob. Control* 2022, 31, 216–221.
28. Dewhirst, T.; Davis, B. BRAND STRATEGY AND INTEGRATED MARKETING COMMUNICATION (IMC): A Case Study of Player's Cigarette Brand Marketing. *J. Advert.* 2005, 34, 81–92.
29. Lustig, R.H.; Schmidt, L.A.; Brindis, C.D. Public health: The toxic truth about sugar. *Nature* 2012, 482, 27–29.
30. Alfayad, K.; Murray, R.L.; Britton, J.; Barker, A.B. Population exposure to alcohol and junk food advertising during the 2018 FIFA world cup: Implications for public health. *BMC Public Health* 2022, 22, 908.
31. Petticrew, M.; Maani Hessari, N.; Knai, C.; Weiderpass, E. How alcohol industry organisations mislead the public about alcohol and cancer. *Drug Alcohol Rev.* 2018, 37, 293–303.
32. Murray, R.; Breton, M.O.; Britton, J.; Cranwell, J.; Grant-Braham, B. Carlsberg alibi marketing in the UEFA euro 2016 football finals: Implications of Probably inappropriate alcohol advertising. *BMC Public Health* 2018, 18, 553.
33. Anderson, P.; Kokole, D.; Llopis, E.J. Production, Consumption, and Potential Public Health Impact of Low- and No-Alcohol Products: Results of a Scoping Review. *Nutrients* 2021, 13, 3153.

Retrieved from <https://encyclopedia.pub/entry/history/show/119650>