Beer declines in Denmark

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Danish beer is one of the World's most recognised and exported brands, but despite this heritage, the popularity of beer in Denmark is diminishing and sales are stagnating, according to a new report from Euromonitor International, â€œAlcoholic Drinks in Denmarkâ€•.

Traditional beers, such as dark beer, stout and standard lager, have been hit the hardest from this decline in popularity, all experiencing a loss in volume sales over the last five years. Euromonitor International's research shows that between 2000-2005, the overall beer sector declined by an annual average of 1.3% in volume terms, while dark beer, stout and standard lager declined by 1.3%, 4.6% and 2%, respectively. Things started looking slightly better for standard lager in 2005, achieving 0.1% growth, however this was largely due to tax reductions that caused the price of beer to drop.

Tax reductions on beer were introduced in 2003 to prevent Danes from crossing the border to purchase cheaper beer from Germany. Currently, the price of some beer is so low that it is now often cheaper than soft drinks. These price-cutting measures have had minimal impact on the market, however, and it is estimated that Danes still purchase one fifth of their beer in Germany.

Premium and imported beer stand out
A key reason for the decline of beer is that Danish consumers are showing a preference for more unique and sophisticated beers, leaving the traditional varieties without the 'cool factorâ€•. Imported lagers, for example, saw a fan base develop in Denmark growing an average of 10% in volume terms a year between 2000-2005. Domestic lagers, on the other hand, showed an average annual decline of 1.7% over the same period. Increased travel abroad to places like South America or Eastern Europe has broadened consumers' tastes and frequent cross-border trade with Germany has encouraged more Danes to experience beers from other countries. Furthermore, imported lagers are often considered to be lighter in taste than homegrown varieties like Tuborg and, as a result, are attracting more women to a previously male-dominated market.

In 2005, premium beers also faired well, showing 7% volume growth and 5% value growth. Although Danes are starting to acquire premium tastes, cheaper prices also made premium and imported lagers more affordable, which in turn heightened their appeal.

Health consciousness impedes growth
Another reason for beer's waning popularity in Denmark is that consumers are becoming more health conscious. Many consumers are on calorie-controlled diets, for example, and are switching to lighter drinks to avoid the high calorie content of beer. Low-fat FABs or simply spirits are benefiting from this trend, as both of these are seen as a lighter alternative to beer.

Non-and-low alcoholic beers are also benefiting from Danish consumers attitude towards health, showing 2.2% average annual growth over 2000-2005. Further, despite a relaxed culture towards drinking, Denmark has some of the strictest drink-driving laws in the world. Alongside the consumer health concerns, this has also created opportunities for non-and low-alcohol beer varieties.

Outlook
The outlook for beer in Denmark is expected to be brighter over the next five years, mainly fuelled by consumer interest in premium and imported brands. Euromonitor International's research shows that the overall beer sector is expected to grow by 6.6% between 2005-2010, buoyed by sales of premium brands but held back by dark beer, which is expected to continue its decline of over 28% in the same period.

Beer will continue to face strong competition from both trendy FABs and spirits; however, consumer preferences towards premium and imported beers will mean that the sector is likely to recover from its recent poor performance.

Euromonitor International's "Alcoholic Drinks in Denmark" report offers a comprehensive guide to the size and shape of the market at a national level. It provides the latest retail sales data, allowing you to identify the sectors driving growth. It identifies the leading companies, the leading brands and offers strategic analysis of key factors influencing the market. Forecasts to 2010 illustrate how the market is set to change.

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