



Opportunities in Germany's evolving On Premise beer market

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When people think of Germany, beer often comes to mind as a defining element of the country's identity. It is such a strong cultural association, which however does not shield the category from negative trends. Indeed, recent data from the newly launched OPM solution in Germany reveals that beer faced significant setbacks in 2024, with declines in both volume and value across the country.

Beer volumes reached 4.95 million hectolitres, marking an **11.1%** decline compared to last year, while sales fell by **7%** year-on-year. Beer's performance was particularly poor in the south of Germany, where the decline was more

pronounced. Volumes fell by just over **14%** in the southwest, with sales down **10.2%**, while the southeast experienced an additional 1pp (percentage point) drop. Northern states performed slightly better, but they still recorded negative results, with the northwest – the best-performing area – saw beer sales decrease by **3.2%**, with volumes down **7.9%**.

63%

decline compared to last year, while sales fell by 7% year-on-year. *Beer's performance was particularly poor in the south of Germany*

A matter of style

Despite the overall decline, there are bright spots within the beer category. CGA's research reveals that certain types of the category have actually been performing well, offering opportunities for operators and manufacturers to capitalise on in the coming months. Pilsners, for instance, have gained nearly 2pp in volume sales, signalling growth within an already substantial segment, as it accounts for two out of every five beers sold in the German On Premise market.

Even more promising are relatively smaller categories like Helles and Alkoholfrei (alcohol free) beers, each of which has grown by 0.4pp compared to last year. This figure may seem modest, but with each style representing around a fifth of all beer sales in the country, their growth is rather significant and suggests strong potential for the coming months. Alcohol-free beer has

traditionally been more popular in Germany compared to other European markets, but with the recent global rise in interest in this segment, the country's alcohol-free beer market should expect a strong potential for continued growth in the future.

Meanwhile, the bier mix category – which includes popular beer-based mixed drinks like the classic German Radler – is experiencing a negative trend. This decline is particularly pronounced in the northeast, where volumes have dropped by a substantial **15.8%**. Weizen (wheat) beer is another style facing significant challenges in the German On Premise, with a year-on-year loss of 0.7pp in volume market share. While this decline is evident nationwide, it is most pronounced in the southern federal states, where the category has seen the steepest drops.



Bier mix

is the second most expensive beer category in Germany, averaging €10.09 per litre

Pricing dynamics

Analysing the pricing trends of specific beer styles can uncover deeper insights into consumer behaviour, helping to identify why On Premise users might be shifting away from certain beer styles and in turn offering manufacturers valuable guidance to inform their future strategies. Amid the ongoing cost of living crisis, one might expect that consumers would steer away from higher-priced drinks. Yet, the data presents a different picture. Pilsners, which have shown growth despite beer's overall downward trend, are among the more expensive beer options in Germany, averaging €9.93 per litre. This is higher than the average price of Weizen beers, which – as we have seen previously – have experienced a significant drop in market share nationwide. Non-alcoholic beers are more expensive than Weizen beers too, yet, like Pilsners, they have also performed better despite their higher price tag. Additionally, Pilsners have seen a higher cost increase over the past year compared to other styles, which does not

appear to have adversely affected their satisfactory performance in the On Premise market.

It is worth noting, however, that Bier mix is the second most expensive beer category in Germany, averaging €10.09 per litre, and it has seen a decline. This suggests that price may well influence consumer choices to, yet only to a certain degree, and other factors should be considered. For instance, Weizen beer is the second cheapest option available in Germany's southern federal states, the heartland of this style. Despite its affordability, Weizen beer has faced the steepest decline, which is a particularly surprising development given its historical popularity as a traditional favourite in the region. This trend could indicate that southern On Premise users – particularly younger drinkers – might be shifting away from traditional styles (like wheat beers), possibly due to their association with older generations and outdated lifestyles.



2 in 5
visit venues on
a *weekly basis*

Who are Germany's Beer drinkers?

With beer being the leading alcoholic category consumed in the On Premise, it is crucial for operators, manufacturers and brands to gain a detailed understanding of consumer interactions and behavioural changes in this environment. This deeper insight is essential for fully grasping shifts in how consumers engage with the beer category when they go out.

CGA's consumer research reveals that drinkers in the country are engaged with the On Premise environment. And whilst the market has experienced a decline in visitation, two out of five visit venues on a weekly basis, a figure that certainly confirms the significance of the On Premise in their lives. Regular visitors to bars, pubs, and restaurants are more likely to consume beer compared to the average user, making them a crucial target audience for businesses looking to capitalise on beer opportunities. Regular visitors tend to be younger – predominantly Gen Z and Millennials – and

they generally benefit from higher incomes, which, crucially, translates to a higher potential monthly spend. Despite the overall decline in the beer category, price seems not to be a determining factor in German consumers' beer choices.

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The younger demographic of weekly visitors significantly over indexes across most channels, but especially in venues suited to larger groups and longer outings, such as drink-led establishments, bars, and nightclubs. Despite the popularity of drink-led venues, bars, and nightclubs among regular visitors, restaurants and hotels remain the most popular channels overall, accounting for over half of the market. For beer brands and suppliers, however, these are precisely the venues where the category's

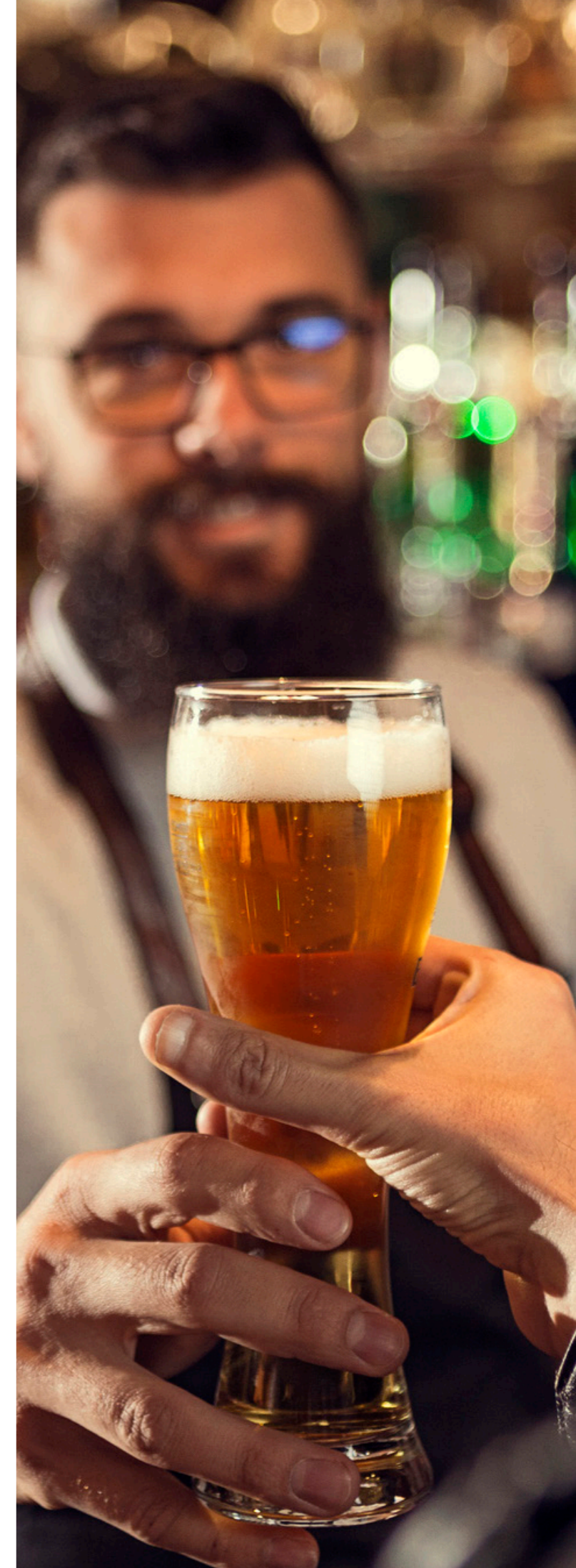
volumes have experienced the sharpest fall. Beer's market share has instead increased in smaller venues such as pub bars, fast-food outlets, and small food establishments, which represent only a limited fraction of the total beer volumes sold in Germany.

Beer's market share has instead increased in smaller venues such as *pub bars, fast-food outlets*

Several factors could explain the beer category's success in these smaller or more casual venues. For one, casual environments may better suit the preferences of frequent beer drinkers, who might favour beer consumption in a relaxed setting while opting for other beverages in more formal venues. Furthermore, while cost does not appear to be a determining factor in the specific styles of beer that people choose, financial constraints may influence the types of venues where they prefer to imbibe them. In fact, CGA research shows that the cost of living crisis is impacting the choices of nearly half of Germany's On Premise users. These consumers may be favouring more affordable, casual venues as they typically offer lower prices for both food and drinks.

Lucky for operators, the undeniable inflationary pressures do not seem to negatively impact the overall future outlook for the sector. Insights indicate a positive trend for future On Premise visits, especially among those younger demographics with may have higher spend levels when they go out. One in five are still willing to trade up during special outings, and half are likely to simply pay more for higher-quality drinks.

Beer has yet to fully capitalise on this opportunity. The category remains the most consumed alcoholic beverage in the German On Premise market, but its appeal among Gen Z is relatively limited. This is promising news for beer brands, manufacturers and operators, as it unveils a promising path to enhance engagement with this demographic and drive higher-value purchases. A path that will lead to success, however, only for those businesses that invest and base their decisions and strategies on detailed, accurate, and current data.





Untapped opportunities for beer in the German On Premise

CGA by NIQ offers an unparalleled and comprehensive view of the On Premise market through its suite of research services. OPM provides a robust and extensively validated measure of beer performance in Germany. This tool enables businesses to address key questions related to category, channel, and occasion, and to optimise their sales and marketing strategies.

To explore how OPM research can enhance your strategies or to learn more about CGA's other consumer insights for brands, operators, and suppliers, contact George Argyropoulos, Client Solutions Director, EMEA, at George.Argyropoulos@nielseniq.com

