

# An attractive industry with a runway for growth

Total beverage alcohol (TBA) has seen a strong record of value growth over the last 10 years. And international spirits, where Diageo is the number one player, has grown faster than TBA.<sup>(1)</sup>

We believe TBA presents sustainable long-term growth opportunities for Diageo, underpinned by attractive consumer fundamentals. This includes three key factors: a growing middle class; increased spirits penetration; and premiumisation in both developed and emerging markets.

## 1 Consumer base that can afford premium spirits is growing

The latest projections by the United Nations suggest that the global population could grow to around 8.5 billion by 2030.<sup>(2)</sup>

Globally, an emerging middle class continues to grow in key markets such as China, where it is estimated that, between 2022 and 2030, the middle class and affluent consumer will increase by 80 million, reaching nearly 40% of the population.<sup>(3)</sup>

This continued growth of the 'middle class and above' income bracket should enable 470 million<sup>(4)</sup> more consumers to access and enjoy our brands by 2032.

## 2 Consumers are increasingly choosing spirits over beer and wine

Over the past five years, the TBA market worldwide grew at a 4% compound annual growth rate.<sup>(1)</sup> Spirits grew considerably faster at a 6% compound annual growth rate as consumers increasingly move away from beer and wine.<sup>(1)</sup>

Spirits, which are versatile and adaptable, have a strong position and considerable runway for growth given consumers' interest in new serves suitable for a broader range of occasions, including with food and at home.

Retail sales value of global alcohol market<sup>(1)</sup>

**\$1.17 trillion**

Equivalent units of alcohol sold<sup>(1)</sup>

**5.4 billion**

## 3 Consumers across the world are trading up, choosing superior quality

Consumers are 'drinking better, not more' and are increasingly choosing brands and categories that stand out for superior quality, authenticity and taste.

We call this trend premiumisation, in which consumers have a greater desire to explore new aspirational experiences, driving demand for quality drinks at a range of price points.

**546 million**

new legal purchase age consumers estimated to enter the market by 2033<sup>(4)</sup>

**470 million**

estimated to join the middle class and above income bracket by 2032<sup>(4)</sup>

**+9%**

increase in spirits TBA share<sup>(1)</sup>

(1) IWSR, 2022  
 (2) United Nations Department of Economic and Social Affairs, Population Division, 2022  
 (3) Mind the Generation Gap, Boston Consulting Group, 2023  
 (4) World Bank, 2022



📷 Ketel One Bloody Mary