

Government Reforms and the Rise of Zero –Alcohol Beverages: Reshaping Market Dynamics in the Global Beverage Industry

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Abstract:

Government reforms across multiple regions have played a pivotal role in accelerating the growth of zero-alcohol beverages, significantly reshaping market dynamics within the global beverage industry. Policy interventions such as stricter drunk-driving laws, higher excise duties on alcoholic products, public health campaigns, and regulatory support for low- and no-alcohol alternatives have collectively influenced both producer strategies and consumer preferences. These reforms align with broader public health objectives aimed at reducing alcohol-related harm while promoting responsible consumption patterns. Simultaneously, shifting societal attitudes particularly among millennial and Gen Z towards wellness, moderation, and mindful drinking have amplified demand for zero-alcohol products. Beverage manufacturers have responded by investing in innovation, improving taste profiles, leveraging advanced fermentation and de-alcoholization technologies, and positioning zero-alcohol beverages as premium lifestyle products rather than substitutes. The study examines how regulatory frameworks interact with health consciousness, sustainability concerns, and marketing innovations to redefine competition and value creation in the beverage sector. It also highlights regional variations in policy approaches and market responses, illustrating how supportive regulations can stimulate category expansion and attract new consumer segments. The findings suggest that government reforms are not merely restrictive measures but strategic catalysts enabling the emergence of a resilient and diversified global zero-alcohol beverage market, with long-term implications for industry structure, branding, and consumption culture.

Keywords: *Zero-Alcohol Beverages; Government Reforms; Public Health Policy; Beverage Industry Transformation; Consumer Behavior; Market Dynamics; Sustainable Consumption*

1. Introduction

The global beverage industry is experiencing a fundamental transformation as zero-alcohol beverages increasingly shift from niche alternatives to mainstream consumption categories. This transformation is strongly influenced by government reforms that aim to reduce alcohol-related harm while encouraging

responsible consumption patterns. Regulatory measures such as stricter drink-driving laws, public health advisories, and revised alcohol taxation policies have altered the economic and social cost structures associated with alcoholic beverage consumption. These reforms have indirectly stimulated the demand for zero-alcohol products by legitimizing them as socially acceptable and health-conscious choices. According to the World Health Organization (2023), zero- and low-alcohol beverages are increasingly viewed as complementary tools within broader alcohol harm-reduction strategies. As a result, beverage producers are repositioning their portfolios to align with evolving regulatory expectations. The growing presence of zero-alcohol beverages reflects a convergence of policy objectives and market responsiveness. This shift also raises important questions regarding product definition, labeling, and regulatory oversight. Governments play a critical role in shaping these frameworks. Consequently, the rise of zero-alcohol beverages must be understood as a policy-driven market phenomenon rather than a purely consumer-led trend. The government reforms influence beverage markets primarily through pricing mechanisms, availability controls, and information-based regulations. Alcohol taxation policies, minimum pricing laws, and excise duties increase the relative cost of alcoholic products while improving the competitive positioning of zero-alcohol alternatives. In parallel, reforms restricting advertising, sponsorship, and point-of-sale visibility of alcoholic beverages reshape consumer exposure and brand communication strategies. The Organisation for Economic Co-operation and Development (2025) stated that coordinated alcohol policy interventions are among the most effective instruments for modifying consumption behavior. These reforms encourage manufacturers to diversify their offerings and invest in innovation within the zero-alcohol segment. From a market perspective, policy coherence enhances predictability and reduces regulatory uncertainty, enabling long-term strategic planning. Conversely, fragmented regulations may distort competition and dilute public health outcomes. Therefore, government reforms act as structural levers that actively reconfigure market incentives. The resulting shift reflects a recalibration of risk, value, and compliance within the global beverage industry.

Alongside regulatory pressure, consumer preferences are evolving in ways that reinforce the expansion of zero-alcohol beverages. Growing health awareness, lifestyle moderation, and wellness-oriented consumption practices particularly among millennial and Gen Z have expanded demand for alcohol-free options. Industry data indicate that zero- and low-alcohol beverages are no longer perceived merely as substitutes but as premium lifestyle products. According to IWSR (2025), the no and low-alcohol segment demonstrate sustained growth across multiple global markets, driven by quality improvements and brand innovation. Beverage firms are leveraging advanced dealcoholization technologies, sophisticated packaging, and experiential marketing to enhance product appeal. These developments align with policy environments that discourage excessive alcohol consumption. As a result, market competition is intensifying, with both multinational corporations and specialized brands entering the segment. The interaction between regulatory reform and consumer lifestyle change accelerates category legitimacy. This dynamic reshapes value creation and competitive positioning within the beverage industry. The rise of zero-alcohol beverages presents unresolved regulatory and behavioral challenges. Key concerns include whether zero-alcohol products genuinely substitute alcoholic consumption or inadvertently reinforce drinking-related norms through branding and sensory similarity. Research suggests that consumer motivations for choosing zero-alcohol beverages vary significantly across social

contexts and cultural settings. A systematic review by Ford et al. (2025) emphasizes that policy effectiveness depends on how zero-alcohol products are framed and regulated within consumption environments. These findings highlight the importance of governance mechanisms that balance market expansion with public health safeguards. Firms may strategically interpret reforms to maximize commercial advantage, sometimes at the expense of policy intent. Therefore, understanding market dynamics requires a nuanced assessment of both regulatory design and consumer behavior. This study addresses these complexities by examining government reforms as mediating forces shaping the global zero-alcohol beverage market. It contributes to policy and industry discourse by integrating regulatory, behavioral, and market perspectives.

2. Background of Study

Alcohol consumption has long been recognized as a major public health concern due to its association with non-communicable diseases, injuries, and social harm. Governments across the world have therefore intensified regulatory attention toward alcohol control as part of broader health and development agendas. Epidemiological evidence continues to demonstrate the substantial global burden attributable to alcohol use, reinforcing the need for preventive and harm-reduction strategies. According to global health assessments, alcohol contributes significantly to premature mortality and disability-adjusted life years across regions and income groups. These findings have encouraged policymakers to explore regulatory pathways that reduce alcohol exposure without relying solely on prohibition. In this context, zero-alcohol beverages have emerged as a policy-compatible alternative that aligns with risk-reduction objectives. The category allows governments to promote moderation while preserving consumer choice and market stability. Consequently, zero-alcohol beverages are increasingly embedded within public health narratives. This shift represents a transition from abstinence-focused frameworks to substitution-oriented strategies. The background of this study is rooted in the evolving understanding of alcohol-related harm and regulatory innovation aimed at mitigating it (GBD 2021 Alcohol Collaborators, 2023). At the policy level, international and national frameworks increasingly emphasize comprehensive alcohol control strategies that integrate fiscal, regulatory, and behavioral interventions. Governments are no longer relying on isolated measures but are adopting multi-sectoral action plans that reshape consumption environments. The World Health Organization's Global Alcohol Action Plan underscores the importance of reducing overall alcohol availability while supporting safer alternatives. Within this framework, zero-alcohol beverages are implicitly positioned as instruments that can support public health goals without undermining economic activity. Regulatory reforms such as excise restructuring, marketing restrictions, and warning-label mandates indirectly enhance the attractiveness of alcohol-free products. These reforms also encourage industry compliance through innovation rather than resistance. As a result, policy environments are becoming more conducive to the expansion of zero-alcohol categories. The background of this study is therefore situated within a governance context where regulation acts as a catalyst for market transformation. Understanding this interaction is critical to assessing long-term industry and health outcomes (World Health Organization, 2022).

From an industry perspective, the global beverage market is undergoing diversification as firms respond to regulatory pressure and changing consumer values. Market intelligence reports indicate that zero-alcohol beverages are among the fastest-growing segments in mature and emerging markets alike. According to Euromonitor International (2024), sustained demand growth is driven by urbanization, health consciousness, and regulatory normalization of alcohol-free consumption. Beverage companies are reallocating resources toward research and development, premium branding, and expanded distribution for zero-alcohol lines. These investments reflect a strategic response to policy signals that discourage high-risk alcohol consumption. The background of the study thus includes a competitive landscape where innovation is increasingly aligned with compliance and sustainability. Zero-alcohol beverages are no longer peripheral but central to portfolio resilience. This evolution highlights how regulation and market logic converge to reshape industry trajectories. Beyond regulation and industry strategy, behavioral and social factors further contextualize the rise of zero-alcohol beverages. Consumption choices are influenced by social norms, perceived risk, and situational constraints shaped by policy interventions. Research on behavioral responses to alcohol policies suggests that availability of appealing non-alcoholic alternatives increases compliance and reduces resistance to regulation. Studies in behavioral science indicate that substitution-based approaches are more effective than restrictive measures alone. According to Marteau et al. (2023), policy environments that alter choice architecture can significantly influence healthier consumption decisions. Zero-alcohol beverages operate within this choice architecture by providing socially acceptable substitutes in regulated contexts such as driving, workplaces, and public events. The background of this study therefore encompasses behavioral adaptation alongside structural reform. This multidimensional context justifies a market-focused examination of zero-alcohol beverages as outcomes of regulatory, industrial, and behavioral convergence.

3. Scope and Significance of Study

The scope of the present study extends to examining how government reforms influence the structural transformation of the global beverage industry, with specific emphasis on the rapid expansion of zero-alcohol beverages. It covers regulatory interventions such as alcohol taxation, marketing restrictions, road safety laws, and public health campaigns that indirectly shape market demand for alcohol-free alternatives. The study adopts a global perspective, enabling comparative understanding across developed and emerging economies where policy intensity and enforcement vary significantly. By focusing on policy-driven market shifts rather than isolated consumer trends, the study broadens the analytical lens of beverage industry research. It also incorporates the strategic responses of beverage manufacturers, including innovation, portfolio diversification, and compliance-driven branding. According to Babor et al. (2022), alcohol policy reforms operate as system-level interventions that reshape consumption environments and commercial behavior. This study situates zero-alcohol beverages within that system, highlighting their role as regulated substitutes rather than marginal products. The scope thus encompasses regulatory, industrial, and consumption dimensions. Such a comprehensive approach allows for a nuanced understanding of market restructuring processes. The study is therefore positioned at the intersection of public policy and market economics. The significance

of this study lies in its contribution to policy-oriented market analysis, an area that remains underexplored in existing beverage industry literature. While prior research has extensively examined alcohol consumption and health outcomes, limited attention has been given to how regulatory reforms actively enable new product categories. This study addresses that gap by conceptualizing zero-alcohol beverages as outcomes of regulatory governance rather than purely lifestyle-driven innovations. The findings are particularly relevant for policymakers seeking evidence-based alternatives to prohibition or punitive regulation. According to Anderson et al. (2023), effective alcohol control policies require complementary market mechanisms that facilitate behavioral change. Zero-alcohol beverages offer such a mechanism by preserving choice while reducing risk. The study therefore provides insights into how regulatory alignment with market incentives can enhance policy effectiveness. Its significance also lies in informing balanced regulatory frameworks that support both public health and economic sustainability. This dual relevance strengthens the practical value of the research.

From an industry perspective, the study holds significance for beverage manufacturers, marketers, and distributors navigating increasingly regulated consumption environments. Understanding how government reforms shape demand, pricing, and brand legitimacy enables firms to develop compliant and resilient business strategies. The research highlights how zero-alcohol beverages are becoming central to long-term portfolio planning rather than peripheral extensions. Industry-oriented significance is reinforced by evidence that regulatory pressure accelerates innovation and premiumization in alcohol-free segments. As noted by Deloitte (2024), regulatory trends are a critical determinant of strategic investment decisions in the beverage sector. This study equips industry stakeholders with policy-informed insights to anticipate regulatory change and align innovation trajectories accordingly. It also aids in identifying growth opportunities that are socially and legally sustainable. The significance thus extends beyond theory to strategic decision-making. By linking regulation to competitive dynamics, the study adds managerial relevance to academic discourse. The study contributes to interdisciplinary scholarship spanning public policy, marketing, and consumer behavior. It advances theoretical understanding by framing government reforms as market-shaping institutions rather than external constraints. The study also enriches behavioral research by contextualizing consumer choice within regulated environments that promote substitution and moderation. According to Petticrew et al. (2023), policy evaluations must consider market adaptations to fully capture real-world effects. By integrating regulatory analysis with market outcomes, this study responds to that call. Its significance lies in offering a framework that future researchers can apply to other regulated consumption markets such as tobacco alternatives and sugar-reduced products. The research thus has broader applicability beyond the beverage industry. It supports evidence-based policymaking while advancing academic rigor. Overall, the study holds substantial significance for scholars, policymakers, and industry practitioners alike.

4. Objectives of Study

- To examine the role of government reforms and regulatory interventions in accelerating the growth of zero-alcohol beverages within the global beverage industry
- To analyze how public health policies, taxation measures, and alcohol control regulations influence market demand and consumer acceptance of zero-alcohol beverages

- To assess the impact of government reforms on the strategic responses of beverage manufacturers, including product innovation, portfolio diversification, and branding practices
- To evaluate the extent to which zero-alcohol beverages contribute to reshaping competitive dynamics and value creation in the global beverage market
- To explore the interaction between regulatory frameworks and changing consumer behavior in driving the adoption of zero-alcohol beverages across different regions
- To identify the broader implications of zero-alcohol beverage growth for sustainable consumption and responsible drinking initiatives supported by governments
- To provide policy- and industry-relevant insights that support balanced regulatory approaches aligning public health objectives with market development

5. Review of Literature

Recent scholarship indicates that the rapid expansion of no- and low-alcohol (NoLo) beverages is best explained through an integrated lens that combines product attributes, individual motivations, and environmental enablers. Evidence synthesized through systematic review methods suggests that sensory quality, perceived authenticity, and brand credibility are central product-level drivers, while health orientation, self-regulation goals, and identity signaling influence individual adoption. Environmental factors such as availability in mainstream channels, social acceptability in mixed-occasion contexts, and the visibility of NoLo options in on-trade venues appear to accelerate diffusion beyond early adopters. The literature also points to methodological concentration in high-income settings and an overreliance on cross-sectional designs, indicating the need for stronger causal inference and broader geographic representation. Notably, contemporary research increasingly emphasizes that NoLo consumption is not a single behaviour but a portfolio of practices shaped by occasion, peer norms, and perceived “fit” with daily routines. This stream collectively suggests that NoLo growth is not merely a substitution trend but a category formation process with distinct determinants. These insights provide a structured foundation for analyzing how policy reforms can amplify, constrain, or redirect NoLo market development (Wahning & Wells, 2024).

A second line of literature examines how marketing communications and brand strategies may expand NoLo consumption occasions in ways that are not always aligned with harm-reduction objectives. Qualitative and campaign-level analyses show that some NoLo marketing frames the products as additions to consumption repertoires rather than replacements for higher-strength alcohol, encouraging adoption in new spatial and temporal contexts. This “occasion expansion” framing raises concerns about whether NoLo products reduce total ethanol exposure or simply reorganize drinking-related routines, potentially normalizing alcohol-adjacent cues through brand extension and familiar design. At the same time, the literature recognizes that for many consumers NoLo products provide practical tools to manage social situations where abstinence is stigmatized, supporting moderation identities without withdrawal from social rituals. The emerging consensus is that NoLo marketing operates within a complex ethical and regulatory space because it can simultaneously support reduced-risk choices and reinforce alcohol

brand presence. Accordingly, the literature underscores the need for governance that distinguishes substitution-supportive messaging from consumption-expanding narratives (Nicholls, 2023).

Regulatory and definitional scholarship highlights persistent international inconsistency in what constitutes “alcohol-free,” “zero,” “low,” or “reduced,” creating compliance ambiguity and consumer confusion across markets. Comparative analyses show that threshold definitions differ substantially by jurisdiction, affecting labeling claims, taxation treatment, and trade compatibility, and these variations can distort competitive conditions. This literature emphasizes that residual ethanol content even at trace levels has implications for specific consumer groups and for the integrity of product claims, reinforcing the importance of harmonized standards and sensitive analytical measurement. In addition, scholars argue that NoLo products warrant dedicated regulatory attention because they can be marketed in proximity to core alcohol brands and may be interpreted as “safe by default,” which may not reflect the nuances of health risk, relapse sensitivity, or youth appeal. Overall, this stream positions definitional clarity, labeling governance, and enforcement capacity as foundational conditions for ensuring that NoLo market growth supports public health rather than undermining it through misleading claims or regulatory arbitrage (Okaru & Lachenmeier, 2022).

Population-level evidence is beginning to document measurable increases in the use of alcohol-free and low-alcohol drinks as strategies for reducing alcohol consumption, particularly among people reporting attempts to cut down. Recent population-based findings from Great Britain indicate an upward trend over 2020–2024 in the reported use of alcohol-free low-alcohol drinks during reduction attempts, with noteworthy growth among older adults over time. This literature is significant because it moves beyond market-sales narratives to behavioural indicators that are more proximal to public health impact. At the same time, the evidence base cautions that increased use does not automatically imply effectiveness, and highlights the need for stronger evaluation designs to determine whether NoLo adoption produces sustained reductions in ethanol intake at the individual and population levels. The literature also flags that evidence-based supports for alcohol reduction remain comparatively underutilized, suggesting that NoLo products may function as accessible but incomplete harm-reduction tools. Collectively, this empirical stream strengthens the rationale for policy-focused research that tests how reforms shape not only availability and marketing, but also the real-world effectiveness of NoLo products in reducing alcohol consumption (Buss et al., 2025).

6. Discussion and Analysis

The discussion reveals that government reforms function as active market-shaping instruments rather than passive regulatory constraints in the global beverage industry. Policy measures such as alcohol taxation, stricter drink-driving enforcement, and limitations on alcohol marketing alter the relative attractiveness of alcoholic versus zero-alcohol beverages. These reforms reduce situational demand for alcohol while simultaneously expanding socially legitimate occasions for alcohol-free consumption, including workplaces, mobility contexts, and mixed-age social settings. The analysis suggests that zero-alcohol beverages benefit from a regulatory spillover effect, whereby policies targeting alcohol risk indirectly promote alternative categories. This aligns with regulatory economics perspectives that view

policy as a mechanism for reallocating market incentives rather than suppressing demand outright. Consequently, zero-alcohol beverages emerge not as substitutes driven purely by preference but as outcomes of institutional restructuring. The findings underscore that regulatory coherence strengthens category growth, whereas fragmented or weak enforcement dilutes market impact. The discussion thus confirms that government reforms are central to explaining structural shifts in beverage market dynamics rather than peripheral influences (Rehm & Manthey, 2023).

From an industry standpoint, the analysis indicates that government reforms accelerate strategic realignment among beverage manufacturers. Firms increasingly treat zero-alcohol beverages as core portfolio components rather than marginal extensions, reflecting long-term regulatory expectations. Investments in dealcoholization technologies, product differentiation, and premium branding suggest that firms anticipate sustained policy pressure on conventional alcohol. The discussion highlights that regulatory predictability encourages innovation by reducing uncertainty around future compliance costs. At the same time, firms leverage zero-alcohol lines to maintain brand equity in increasingly restrictive advertising environments (Porter & Kramer, 2023). This strategic adaptation supports the argument that regulation can stimulate innovation rather than hinder competitiveness. However, the analysis also identifies asymmetries, where multinational firms are better positioned to absorb compliance costs than smaller producers. These dynamics indicate that reforms may reshape industry concentration alongside category growth. Such findings are consistent with evidence that regulation-driven markets reward adaptive capacity and scale.

The discussion further demonstrates that consumer adoption of zero-alcohol beverages is mediated by policy-created choice environments rather than driven solely by health consciousness. Regulatory interventions normalize alcohol-free consumption by embedding it within everyday routines where alcohol use becomes costly or risky. This normalization effect reduces social stigma and increases trial and repeat consumption. Behavioral analysis suggests that consumers respond more positively to substitution opportunities than to restrictive messaging alone. Zero-alcohol beverages function as “compliance-enabling” products that allow individuals to align with regulations without social withdrawal. However, the analysis also cautions that consumer outcomes depend on how products are framed and marketed (White & Signal, 2024). If positioned as additions rather than replacements, zero-alcohol beverages may expand consumption occasions without reducing overall alcohol exposure. This highlights the importance of governance over marketing narratives. The discussion therefore reinforces that policy effectiveness depends on interaction between regulation, industry conduct, and consumer interpretation.

The analysis highlights broader implications for sustainable consumption and public health governance. Government reforms that support zero-alcohol markets align with sustainability goals by reducing health externalities and encouraging responsible consumption patterns. The rise of zero-alcohol beverages illustrates a shift from prohibition-based governance toward adaptive regulation that leverages market mechanisms. However, the discussion emphasizes that policy success requires continuous monitoring, clear labeling standards, and safeguards against youth exposure and misleading health claims. Without

these, category growth risks undermining public health objectives. The study's analysis supports a balanced regulatory approach that treats zero-alcohol beverages as conditional allies rather than unconditional solutions. This perspective contributes to policy debates on how markets can be steered toward socially desirable outcomes. Overall, the discussion confirms that zero-alcohol beverages represent a governance-mediated transformation with significant implications for industry structure, consumer culture, and public health strategy (Room et al., 2023).

7. Findings of Study

The findings indicate that government reforms play a decisive role in accelerating the adoption and normalization of zero-alcohol beverages within the global beverage industry. Regulatory measures such as increased alcohol taxation, stricter enforcement of drink-driving laws, and expanded public health messaging have collectively reduced the situational attractiveness of alcoholic beverages. These reforms have indirectly enhanced the relative appeal of zero-alcohol alternatives by embedding them within regulated consumption contexts such as workplaces, mobility settings, and public events. The study finds that policy-driven shifts create new demand spaces rather than merely displacing existing alcohol consumption. This confirms that zero-alcohol beverages emerge as institutional outcomes of governance frameworks rather than spontaneous market innovations. The findings further suggest that regulatory consistency and enforcement strength significantly influence the pace of category growth. Markets with coherent alcohol control policies demonstrate more stable and sustained expansion of zero-alcohol segments. Thus, government reforms function as structural enablers reshaping market trajectories.

A second key finding relates to the strategic transformation of beverage manufacturers in response to regulatory pressure. The study reveals that firms increasingly integrate zero-alcohol beverages into their core portfolios rather than treating them as experimental or niche offerings. Regulatory predictability encourages long-term investment in dealcoholization technologies, product quality enhancement, and premium positioning. The findings also show that firms use zero-alcohol variants to preserve brand presence in environments where alcohol marketing is restricted. However, the study identifies asymmetrical adaptation capacity, with larger multinational corporations better equipped to absorb compliance costs and innovate at scale. This dynamic suggests that government reforms may contribute to market consolidation alongside category diversification. Overall, regulation-driven innovation emerges as a central mechanism through which market competition is reshaped (Euromonitor International, 2024).

The findings further demonstrate that consumer acceptance of zero-alcohol beverages is strongly mediated by policy-shaped choice environments. Rather than being driven solely by health consciousness, adoption is influenced by regulatory constraints that normalize alcohol-free options in everyday life. Consumers perceive zero-alcohol beverages as socially acceptable substitutes that allow compliance with regulations without social disengagement. This substitution effect is particularly evident in contexts where alcohol use carries legal or reputational risk. However, the findings also caution that consumer outcomes depend on how zero-alcohol products are framed. When marketed as

complementary additions rather than replacements, their potential to reduce overall alcohol consumption may be weakened. This highlights the importance of regulatory oversight of marketing narratives to ensure alignment with harm-reduction objectives. Consumer behavior thus reflects the interaction of regulation, social norms, and industry practices (Nicholls, 2023).

The study finds that the rise of zero-alcohol beverages has significant implications for sustainable consumption and public health governance. Government reforms that encourage alcohol-free alternatives align with broader sustainability goals by reducing health-related externalities and promoting responsible consumption patterns (Room et al., 2023). The findings suggest a shift from punitive or prohibition-based regulation toward adaptive governance that leverages market mechanisms. However, the study also identifies risks related to youth exposure, misleading health claims, and inconsistent labeling standards. Without continuous monitoring and regulatory clarity, category growth may undermine public health objectives. Therefore, zero-alcohol beverages should be viewed as conditional policy instruments whose effectiveness depends on governance quality. Overall, the findings confirm that government reforms are reshaping not only market dynamics but also the normative boundaries of consumption in the global beverage industry.

8. Conclusion

All of the above discussion shows that the government reforms have emerged as decisive catalysts in reshaping the global beverage industry by accelerating the growth and legitimacy of zero-alcohol beverages. Rather than functioning solely as restrictive instruments, regulatory interventions actively restructure consumption environments, redefine acceptable market practices, and influence innovation trajectories. Alcohol taxation, marketing controls, and road-safety regulations collectively alter relative risk and affordability, creating favorable conditions for alcohol-free alternatives. The findings confirm that zero-alcohol beverages are not merely demand-driven lifestyle products but policy-mediated market outcomes embedded within governance frameworks. This underscores the importance of viewing regulatory reform as a dynamic force that reallocates market incentives and reshapes competitive landscapes. From a structural perspective, the rise of zero-alcohol beverages reflects a broader shift toward adaptive regulation that aligns public health priorities with market mechanisms. Such alignment illustrates the evolving role of the state in steering consumption patterns without resorting to prohibitive measures. The study further highlights that industry adaptation to government reforms is strategic, anticipatory, and uneven across market actors. Beverage manufacturers increasingly integrate zero-alcohol offerings into core portfolios as a response to long-term regulatory signals rather than short-term consumer trends. This strategic repositioning is accompanied by investments in technology, premium branding, and distribution, reinforcing the permanence of the category. However, the study also recognizes that regulatory compliance capacity varies, potentially advantaging large multinational firms over smaller producers. As a result, reforms may influence not only product diversification but also industry concentration. From a consumer perspective, the study concludes that zero-alcohol beverage adoption is strongly mediated by policy-shaped choice architectures. Regulatory environments normalize alcohol-free consumption by embedding it within everyday contexts where alcohol use is

constrained or discouraged. Without clear regulatory oversight, there is a risk that these products may expand consumption occasions rather than reduce overall alcohol exposure. Therefore, governance quality remains critical in determining whether zero-alcohol beverages function as effective harm-reduction tools. This reinforces the need for integrated regulatory approaches that consider behavioral responses alongside market outcomes. The study concludes that the rise of zero-alcohol beverages represents a governance-mediated transformation with significant implications for public health, sustainability, and market development. Government reforms act as enabling structures that encourage responsible consumption while preserving consumer choice and economic vitality. However, zero-alcohol beverages should be viewed as conditional allies in public health strategy rather than standalone solutions. Their effectiveness depends on coherent regulation, transparent labeling, responsible marketing, and continuous monitoring. The study contributes to academic and policy discourse by demonstrating how regulation and markets co-evolve to produce socially desirable outcomes. It also provides a foundation for future research on regulated consumption markets beyond alcohol.

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