

Low alcohol startup CleanCo secures £7M investment

The popularity of no and low alcohol spirits is soaring. From 2017 to 2019, UK volume sales of non-alcoholic spirits grew by 169.7%, according to IWSR data.

As a nod to this new thirst, British premium low-alcohol spirits startup CleanCo has secured £7M in funding. The latest investment takes the total now raised by the business to £9.1M.

UK-based CleanCo received the cash injection from existing and new gold-stamped investors including Ursula Burns, board member of Uber and former board member of Diageo, and Stonebridge PLC, a digital-first consumer brand investment firm set up by DTC entrepreneur James Cox, who will also advise the company on its future growth plans.

Booming sales

Recording +580% uplift in sales since the start of 'Dry January' this year and +1419% year-on-year, the low-ABV spirits business – founded by TV personality and entrepreneur Spencer Matthews and ex-director of the Gin Guild, Justin Hicklin – uses traditional distilling methods to create low-alcohol spirits.

The pair entered the market in November 2019 with CleanGin, followed by CleanRum in May 2020, both at 1.2% ABV and priced at £19 for 70cl.

The capital raised in its latest financing push will support the brand's international expansion, including plans to launch a number of significant new markets in H1 2021. The new funds will also allow for significant marketing investment in the UK to increase brand awareness.

Matthews, who has been sober since 2018, said: "Anyone can have a good reason to avoid or reduce their intake of alcohol. After a sub-par 2020, many of us will start 2021 with a sore head, coupled with fresh resolve and ambition to change destructive habits.

"We want more drinkers to be aware that there are choices when it comes to drinking high- or low-strength alcohol.

"At CleanCo, we're offering an easy transition with quality and credible replacements, without compromising on taste or social experience."

The UK producer of spirits has just released its first ready-to-drink canned cocktail range, featuring 0.5% ABV twists on classic serves.

CleanRum & Cola is made using traditional Jamaican rum techniques, while CleanGin & Tonic offers a blend of juniper, grapefruit, cardamom, mint, ginger and cinnamon. The London-headquartered company also plans to release a vodka later this year.

Market value

Kantar recently valued the UK low and no alcohol market at £143M, with sales growing by £17.2M over the last 12 months, with the largest increase in spirits at a 112% growth.

As the impact of the pandemic unfolds, overall alcohol volume consumption in the UK is now expected to decline by 10% in 2020, according to the IWSR. Most major categories are expected to post volume losses, including beer, vodka, gin, and blended Scotch.

Despite this, the low and no alcohol market is expected to buck the trend, continuing its volume growth by a projected 22% in the UK from 2019 to 2024. Globally, the low or no alcohol market is expected to grow by 34% in volume

over the same period.

CleanCo's latest funding success follows a £2.1M seed funding round led by investment firm Lightspeed Venture Partners in 2020, taking the total raised to £9.1M.

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