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U.S. Wine and Spirits Sales Keep Falling

WSWA data show continued declines in volume and revenue, with premium bottles and wine hit hardest in the first quarter.

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The U.S. wine and spirits market continued to contract in the first quarter of 2026, though March brought a modest improvement in some channels and categories, according to new data released Thursday by the Wine & Spirits Wholesalers of America.

The WSWA’s SipSource report showed that core spirits ended the quarter down 4.4% in volume and 5.7% in revenue on a 12-month basis, while wine fell 8.3% in volume and 5.3% in revenue. The trade group said inflation, higher gas prices, tight inventories and consumers trading down to lower-priced products continued to weigh on sales across the three-tier system that governs alcohol distribution in the United States.

March offered a slight break from the broader slowdown, especially for wine revenue and on-premise sales, although WSWA said the timing of the calendar and one additional shipping day compared with the first quarter of 2025 helped lift results.

“The current environment reflects tighter portfolio management, ongoing SKU rationalization and more value-oriented consumer behavior,” Danny Brager, a SipSource analyst, said in a statement. He added that spirits-based ready-to-drink cocktails remained a bright spot, but one facing growing competition as more brands enter the category.

The report pointed to continued pressure on premium products. In spirits, the gap between volume and revenue widened to 130 basis points, the largest spread recorded in SipSource data, suggesting consumers are moving toward cheaper bottles. The $50 to $99.99 tier fell 8.8%, while products priced at $100 and above declined 9.3%.

Tequila, one of the strongest spirits categories in recent years, also softened. Core tequila and agave spirits declined 3.0% in volume and 6.6% in revenue in the quarter. Six years ago, those products accounted for 9.4% of core spirits volume; they now make up 13.3%, but growth has slowed sharply. A year ago, luxury tequila revenue was still rising 4.2%.

Wine showed a similar pattern of weaker volume but somewhat better revenue trends. Revenue improved by 80 basis points from the end of 2025 to finish March at minus 5.3%, while volume remained down 8.3%. The sub-$5 tier, which makes up 22.2% of all wine volume, dropped 19.1%.

Some wine segments posted gains in revenue, including wine-based cocktails at 11.8%, Prosecco at 6.1%, Champagne at 2.0%, Sauvignon Blanc at 1.1% and sake at 1.3%. On-premise wine revenue fell 2.3%, compared with a 6.0% decline off-premise.

The report said spirits-based RTDs continued to outperform the broader beverage alcohol market, rising 30% in dollar sales and accounting for 28% of total spirits volume in off-premise retail channels. Wine-based RTDs rose nearly 14%, while malt-based RTDs, still the largest segment by dollar sales, continued to decline, according to NIQ data cited by WSWA.

Distribution also remained under pressure. Points of distribution fell 3.2% in the latest period, an improvement from a peak decline of 5.0% in 2025 but still a sign that retailers and bars are trimming inventories and reducing shelf space for slower-moving products. Total accounts were down 0.5%.

Across channels, on-premise combined wine and spirits volume declined 3.0%, outperforming off-premise sales, which fell 7.4%. WSWA said on-premise trends have improved gradually over the past year even as off-premise softness has persisted.

Eric Schmidt, WSWA’s director of SipSource, said the data gives suppliers and wholesalers a clearer view of where pressure remains strongest and where growth is still possible across categories, channels and price tiers.

The SipSource Q1 2026 Industry Overview is available to subscribers through WSWA’s iDIG platform.