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Baijiu accounts for about 70% of China’s alcohol market value

Younger consumers are driving faster growth in imported spirits and low-alcohol drinks as the vast market shifts beyond banquet traditions

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China remains the world’s largest alcohol market, and one drink still towers over every other category: baijiu. The clear distilled spirit, central to business banquets, family celebrations and gift-giving, accounts for about 70% of the sector’s total value, according to industry estimates cited by the China Alcoholic Drinks Association and

market researchers. Beer ranks second by volume, wine holds a much smaller place, and imported spirits and low-alcohol drinks are gaining ground as younger consumers reshape demand.

The broad picture from 2024 through 2026 is one of scale, slower growth and changing tastes. Total alcohol consumption in China is holding near 50 billion liters a year, while market value continues to rise modestly, helped by premium products and urban middle-class spending. Analysts project annual growth of roughly 3% to 5% over this period, even as economic caution, demographic change and government pressure against conspicuous consumption weigh on some traditional categories.

Baijiu remains the backbone of the market because it carries cultural weight that goes beyond drinking. It is tied to hospitality, status and ritual. Premium labels such as Kweichow Moutai and Wuliangye continue to dominate the high end, while regional producers like Luzhou Laojiao, Yanghe and Fenjiu maintain strong local followings. But the category is no longer expanding in a uniform way. Lower-priced baijiu faces stagnation or slight contraction in volume, while premium and super-premium bottles still benefit from gifting, collecting and brand prestige, though under tighter scrutiny than in earlier boom years.

That scrutiny matters. Beijing’s long-running austerity policies have curbed lavish official entertaining and reduced some of the most visible forms of luxury alcohol consumption. This has not erased demand for top baijiu brands, but it has changed where and how they are consumed. Producers have had to rely more on private buyers, collectors and affluent households rather than public-sector banquet spending.

Beer remains China’s largest category by sheer volume, with annual sales estimated at roughly 45 billion to 50 billion liters. For years it was driven by mass-market lagers sold at low prices. That model is shifting. Large brewers are pushing premium lines, specialty styles and fruit-forward flavors aimed at younger urban drinkers who want variety rather than quantity alone. Domestic giants still dominate distribution, but imported beer and craft-inspired products have helped move the category toward higher margins.

Wine occupies a far smaller role than many international producers once hoped. Consumption is around 1.6 billion liters a year, with red wine still the dominant style. But the category has been in slow decline. Wine never became an everyday staple for most Chinese consumers, and it now faces pressure from several directions: weaker gifting demand than in the past, competition from beer and cocktails among younger adults, and a broader shift toward drinks seen as easier to understand and more casual to consume.

Per capita wine consumption remains low by global standards, which suggests room for long-term growth in theory. In practice, however, that potential has been difficult to unlock. Imported wine has struggled with price sensitivity, changing trade conditions and uneven consumer education. Domestic wineries continue to invest in quality and tourism, especially in regions such as Ningxia, but wine remains a niche compared with baijiu and beer.

Imported spirits are still minor in total volume but are growing faster than many established categories. In the first half of 2023, liquor imports rose 10.5% in volume to 58.68 million liters and 34% in value to $1.15 billion, according to trade data cited in industry reports. Brandy and whisky posted especially strong gains. The figures point to a market that is becoming more segmented: small in absolute terms compared with baijiu or beer, but increasingly important in bars, hotels, duty-free retail and affluent urban households.

Whisky has benefited from cocktail culture, gifting and interest among younger professionals in international brands. Cognac and other brandies retain prestige value in nightlife and banquet settings. Vodka, rum and tequila remain smaller but are visible in major cities where Western-style bars and restaurants have expanded their reach. These categories are also helped by travel retail and social media exposure, which have made imported labels more familiar to consumers who may not drink them regularly but recognize them as aspirational products.

One of the clearest shifts in the market is happening at the lower end of alcohol strength. Ready-to-drink cocktails, pre-mixed beverages and fruit wines have surged on the back of demand from younger consumers, especially women in large cities who

want convenience, lighter flavors and lower alcohol levels. This segment is valued at about RMB7.16 billion and is projected to grow at an annual rate of 11.3% through 2030, according to market estimates cited in the source material.

These drinks fit several current trends at once: portability, sweeter flavor profiles, attractive packaging and moderation. They also align with a broader change in attitudes toward drinking among younger Chinese consumers. Industry analysts increasingly describe this as “mindful drinking,” a pattern seen in other markets as well. It does not mean abstinence on a large scale, but it does mean more interest in lower-alcohol options, smaller servings and beverages that feel social rather than ceremonial.

That generational shift could prove more important over time than short-term swings in imports or pricing. China’s population is aging, and younger adults do not always share the same attachment to strong spirits that shaped earlier generations. Baijiu still carries enormous cultural force, but many younger drinkers prefer beer, wine-based drinks or cocktails that are easier to approach. Some also associate heavy drinking with older business culture rather than modern lifestyle consumption.

Public health data adds another layer to the picture. The World Health Organization has estimated pure alcohol consumption among people age 15 and older in China at roughly 4 to 5 liters per person annually, a moderate level compared with some heavier-drinking countries. But because baijiu often has high alcohol content by volume, total beverage consumption translates into much larger physical volumes across categories when measured by liters sold rather than pure alcohol intake.

For producers inside and outside China, this creates a market that is both vast and difficult to read. Scale alone can be misleading. A category may be enormous in liters but weak in profitability; another may be small but expanding quickly among high-spending consumers. Baijiu illustrates this divide clearly: it dominates value because premium bottles command high prices even if overall volume growth slows.

Foreign beverage companies continue to view China as essential despite these complications. Wine exporters see long-term opportunity if consumer education improves and trade barriers stabilize. Spirits groups are investing behind whisky and

cognac because growth rates remain attractive from a low base. Brewers are betting that premiumization can offset slower population growth and softer mass-market demand.

Tourism and hospitality also play a role in how these trends unfold. International hotels, upscale restaurants and cocktail bars have become important gateways for imported beverages in cities such as Shanghai, Beijing, Shenzhen and Guangzhou. Domestic tourism has also supported local drinking cultures by exposing travelers to regional baijiu brands, brewery taprooms and winery visits in emerging wine regions.

The result is a market defined less by simple expansion than by internal rebalancing. Baijiu still leads by a wide margin and will likely continue to do so through 2026. Beer remains indispensable because of its scale and adaptability. Wine is struggling to regain momentum. Imported spirits are growing faster than their small base suggests. Low-alcohol drinks are becoming one of the clearest signals of where younger consumers may take the market next.

For now, what China drinks says as much about social change as it does about taste: tradition still rules the banquet table, but convenience, moderation and experimentation are steadily reshaping what people order at home, in bars and across the country’s biggest cities.