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Diageo executive says only six of 4,600 new spirits launches are still growing

Stephen Rust told an industry seminar that too many new liquor labels fail to create lasting value

Saturday, October 17, 2026



At an industry seminar in New York, Diageo’s top U.S. spirits executive warned that much of the recent wave of new liquor and ready-to-drink products has failed to create lasting value, even as suppliers keep launching more labels into a crowded market.

Speaking on October 8 at the 50th Annual Impact Seminar, Stephen Rust, president of U.S. spirits at Diageo North America, said the spirits business needs to focus less on sheer volume of launches and more on products that can build sustainable sales. Shanken News Daily reported the remarks on Friday.

Rust said the number of new stockkeeping units, or SKUs, entering the market doubled from 2022 through 2026, while dollars per SKU fell by 20%. Over that same period, 4,600 spirits or RTD SKUs were launched, he said. Of those, only 26 reached 100,000 cases, and only six are still growing.

The figures point to a market where innovation is widespread but often ineffective. For the broader beverage alcohol business, that could have real implications for how companies allocate money to new products, marketing and route-to-market support. In practice, the data raises questions for suppliers across spirits, beer and wine about whether the industry has been spreading investment too thinly across too many items.

Rust told the seminar that the industry should stop “playing defense” and instead focus on creating growth. He said Diageo and other spirits companies need to balance premiumization with consumer recruitment, noting that four million new legal-age consumers are expected to enter the U.S. market annually over the next seven years.

His message was that innovation still matters, but only when it adds something meaningful. Rust cited Guinness 0, Diageo’s nonalcoholic Guinness extension, as an example of a launch that expanded drinking occasions for the brand rather than simply adding another variation to the shelf. He also pointed to Ketel One as a brand gaining momentum through its “Made to Cocktail” positioning.

For other major labels, including Smirnoff and Captain Morgan, Rust said Diageo plans to evolve the portfolios in a “disciplined” way so they are easier for consumers to understand and shop. That approach suggests a greater emphasis on clarity and brand role than on multiplying flavors, line extensions or packaging formats.

Rust’s comments come at a time when the U.S. beverage alcohol market is under pressure from slower growth, changing consumer habits and tougher competition for attention and spending. His warning on value creation is likely to resonate well beyond

Diageo because the same conditions have pushed many producers to rely on frequent launches to defend shelf space or chase new occasions.

The seminar also featured a view from the distribution tier, where major changes are reshaping the way beverage alcohol reaches retailers and restaurants. Tom Day, chief executive of Reyes Beverage Group, said the current market is being defined by both challenge and opportunity as distributors expand beyond traditional categories and suppliers search for the next growth engine.

Day spoke about the “evolution of beverage alcohol distribution in the U.S.” at a time when Reyes is broadening its reach in wine and spirits. Long known as the country’s largest beer distributor, Reyes has become a larger player in other segments after acquiring 11 markets from Republic National Distributing Co., or RNDC.

According to Day, Reyes Beverage Group now distributes 360 million cases a year across 260,000 accounts in 16 markets. Those markets cover 52% of the U.S. legal-drinking-age population. Reyes is part of Reyes Holdings, a broader privately held company with $48 billion in global revenue and operations that also include a Coca-Cola bottler and a supplier to McDonald’s.

Day said Reyes remains committed to fine wine, a category that has faced its own pressures in recent years. He said the company kept all members of the former RNDC fine wine teams in the acquired markets to maintain continuity. He also said Reyes sees growth potential in fine dining, where higher-end wine still has room to perform despite softer demand in some retail channels.

On the state of the market, Day said difficult periods in beverage alcohol have often produced important new categories. He pointed to earlier transitions when light beer, wine coolers and hard seltzer helped revive momentum. Today, he said, spirits-based and wine-based RTDs are playing that role. But he argued that the larger task for the industry is to keep innovating until it finds what comes next.

That message aligns in part with Rust’s, though the two executives emphasized different parts of the value chain. Rust focused on the low hit rate of product launches and the need for more purposeful innovation. Day focused on the need for continued

experimentation and strong supplier support in the market. Taken together, the remarks suggest the industry is not retreating from innovation, but is under pressure to make it more selective, better funded and more relevant to consumers.

That matters for producers, wholesalers and retailers alike. If only a small fraction of new spirits and RTD products can reach scale, companies may need to rethink how they choose which brands to back, how long they support them and how they present them to consumers. Distributors, meanwhile, are signaling that they still want suppliers to invest behind the brands that make it into the system, especially as portfolios become more complex and category lines continue to blur.

Day said Reyes is continuing to invest in its own network despite the uncertain environment. He pointed to a new $650 million bottling facility in California that recently broke ground, describing it as part of the company’s long-term commitment to building for future demand.