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Cocktail-based RTDs gained U.S. market share after hard seltzer volumes fell 8% in 2025

IWSR said total ready-to-drink alcohol volumes slipped 1%, with cocktails up 17%, hard teas up 5%

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The U.S. ready-to-drink alcohol market is shifting away from the products that drove its first major growth wave, with canned cocktails, long drinks and hard teas taking share from hard seltzers and flavored alcoholic beverages, according to a new industry study published by IWSR on Thursday, November 12.

IWSR, a beverage alcohol data and analysis group, said total RTD volumes in the United States fell by -1% in 2025 after several years of strong post-pandemic expansion. But the overall decline masked a sharp split inside the category. Hard seltzers, still the largest segment, posted an -8% volume drop in 2025, while flavored alcoholic beverages, or FABs, fell by -4%. Over the same period, RTD cocktails rose by +17% and hard teas grew by +5%.

The firm said those diverging results are changing the shape of the market and are expected to keep doing so through 2030. IWSR forecasts hard seltzer volumes will decline at a -7% compound annual growth rate from 2025 to 2030, while FABs are expected to contract at a -3% CAGR. By contrast, the broader cocktails and long drinks segment is projected to expand at a +9% CAGR, and hard teas are expected to grow at a +5% CAGR.

That trend is pushing cocktail-based RTDs closer to the category leaders. Susie Goldspink, IWSR’s head of RTD insights, said the market is reaching a point where cocktails, hard seltzers and FABs could converge in size by 2030, changing where brand owners put their money.

“With cocktail, hard seltzer and FAB volumes converging by 2030, investment should be prioritized where momentum is building, rather than on defending legacy share,” Goldspink said in the report. “Consumers have shown a willingness to spend more for premium products they like.”

The report said innovation patterns are also changing. During the peak of the hard seltzer boom, companies released a large number of new products, many of which did not last. IWSR said producers have since become more selective, and new product development has slowed across the category. Even so, cocktails and long drinks have remained the main focus for launches during the market’s consolidation phase.

Hard seltzer innovation has dropped sharply, the report said, and FAB innovation has also shifted as companies redirect resources toward faster-growing niches. Yet IWSR said that even in cocktails and long drinks, new launches are no longer the main source of growth. Spirit-based cocktail and long drink volumes rose by +53% in 2025, but only 2% of that increase came from newly launched products. Most of the gains, the firm said, came from brands already on store shelves.

The report pointed to whiskey-based RTDs as one example of how premium products are changing category performance. Total whiskey RTD volumes fell by -11% in 2025, but whiskey sour RTDs grew by more than 1,500% and now make up 66% of all whiskey RTD volume, according to IWSR. Goldspink said that result shows demand for more premium cocktail formats can offset weakness in older products that once defined the segment.

IWSR forecasts whiskey RTDs will post a +1% CAGR through 2030, a pace the firm described as essentially flat. But within that flat headline figure, it sees stronger demand for premium cocktail-style products than for legacy items.

Another major change is where consumers are buying and drinking these beverages. RTDs are still consumed mostly at home, but IWSR said bars, restaurants and other on-premise venues are becoming more important, especially for spirit-based RTDs.

According to IWSR’s U.S. Spirit-based RTDs 2026 report, the on-premise share of spirit-based RTDs rose from 6% in 2020 to 16% in 2026. The group expects that figure to reach 19% by 2030. Over that period, IWSR projects on-premise sales will grow at a +12% CAGR, compared with +5% for off-premise channels such as liquor stores, grocery stores and convenience stores.

Consumer survey data in IWSR’s broader RTDs Strategic Study 2026 USA showed a similar pattern. In 2026, 47% of respondents said they remembered buying RTDs in on-premise settings, up from 37% in 2023.

Goldspink said that shift matters because the on-premise channel can help establish premium pricing and broaden the range of spirit bases consumers are willing to try. In retail, vodka has often dominated RTDs, but she said whiskey- and gin-based RTDs tend

to perform better in bars and restaurants, where consumers may be more willing to experiment or pay for a more premium serve.

“The on-premise is growing twice as fast as the off-premise for spirit-based RTDs,” Goldspink said. “On-premise activation is the fastest path to premium positioning. The channel establishes the price reference point that follows a product into retail.”

The study also highlighted a smaller but emerging niche: RTDs that borrow cues from sports drinks. IWSR classifies those products under FABs, but it said the segment is developing its own identity as consumers look for drinks that combine alcohol with lower sugar, non-carbonation, electrolyte claims and “ade” flavors associated with sports beverages.

To support that point, IWSR cited data from WGSN’s Food and Drink Signal Map showing that the share of social media posts worldwide featuring both sports or energy themes and alcohol more than tripled between 2018 and 2026, rising from 0.07% to 0.25%. North America led that trend at 0.29%. The number of posts worldwide containing both sports or energy themes and alcohol from January through August 2026 was up +14% from the same period in 2024.

IWSR said those signals suggest a growing consumer interest in what Goldspink described as “fun and function” products in the better-for-you space. The report said a new wave of vodka RTDs is using sports-drink cues to target daytime and casual occasions, a positioning that differs from traditional carbonated alcoholic refreshment products.

The findings suggest the next phase of the U.S. RTD market will be less about rapid category-wide expansion and more about competition among segments with different price points, flavor profiles and drinking occasions. In that environment, IWSR said, growth is increasingly tied to premium cocktails, harder-to-replicate brand identities and a stronger presence in bars and restaurants rather than to broad-based hard seltzer demand.