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Five trends shaping the global alcoholic beverage market in 2025

IWSR report highlights growth opportunities in alcoholic beverages despite economic uncertainty

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IWSR has just published a new report identifying five trends that will shape the global alcoholic beverage market in 2025. The study highlights that despite economic uncertainty, there are growth opportunities across various categories and regions.

The alcoholic beverage market in 2025 is evolving in a complex economic environment, marked by persistent inflation, geopolitical tensions, and fluctuating consumer confidence. Despite these challenges, the IWSR report identifies growth opportunities in different categories and markets, with trends that will transform consumption and commercialization on an international scale.

Market performance in the first half of 2024 shows notable regional differences. In Spain, the alcoholic beverage market has grown amid low inflation and a slight GDP increase. Poland and France, despite high inflation, have recorded growth in alcohol consumption, while Germany and Italy have seen market declines. The United States has experienced moderate growth in the sector with low inflation, whereas in China, despite controlled inflation, the market has contracted. These figures suggest that alcohol consumption does not always follow GDP or inflation trends, indicating the influence of other factors on demand.

The IWSR report highlights five key trends that will define the market in 2025: moderation in consumption, the growth of premium beer amid a slowdown in premiumization in other categories, shifts in growth dynamics with emerging markets gaining prominence, an increase in informal consumption, and transformations in purchasing channels.

The trend toward moderation has solidified across all consumer segments. The report indicates that in 2024, the number of consumers drinking less frequently or intensely has increased, becoming the dominant group across the 15 markets analyzed. Temporary abstinence has also gained traction, particularly among younger generations. In India, 72% of high-income consumers in major cities reported having stopped drinking alcohol for a certain period. Additionally, the number of beverage categories consumed per occasion has decreased from 2.4 in 2023 to 1.8 in 2024, reflecting more controlled drinking habits.

This shift has fueled the expansion of the non-alcoholic and low-alcohol beverage segments. These categories are expected to grow at an annual rate of 4% through 2028, with the non-alcoholic segment increasing by 7%, while low-alcohol beverages are expected to remain stable. In ready-to-drink (RTD) beverages, the low-alcohol segment could see a 17% increase, while wine could grow by 10%. However, non-

alcoholic beer and cider have not shown significant growth, and non-alcoholic spirits have declined by 4%, reflecting challenges in consumer acceptance.

Changes in market growth drivers favor countries with young populations and expanding economies. India, China, and the United States are expected to lead growth in value through 2028, followed by Brazil, Mexico, South Africa, Vietnam, and Nigeria. In India, the alcoholic beverage market grew by 4% in the first half of 2024, driven by rising demand for premium spirits, RTDs, and Indian single malt whisky. In Vietnam and the Philippines, premium beer and spirits have gained traction, while in South Africa, RTDs, beer, and cider have experienced sustained growth.

India stands out as a high-potential market due to regulatory changes at the state level that facilitate the commercialization of alcoholic beverages, combined with population growth and an expanding middle class. Between 2023 and 2028, the value of the Indian alcoholic beverage market is projected to grow at a rate of 4%, compared to 0.8% expected for the U.S. market. In China, weak consumer confidence has led to a 20% drop in Champagne consumption and a 14% rise in demand for Prosecco, reflecting a shift toward more affordable options. In the U.S., a mix of favorable economic conditions and negative consumer sentiment has reduced purchases of high-end wine and spirits. However, a recovery in the spirits category is anticipated in 2025.

Premiumization remains a key factor, though its evolution varies across categories. Premium beer has grown by 2% in volume in the first half of 2024, while premium spirits and wine have declined by 3%. In Colombia, premium spirits dropped by 20%, whereas premium beer grew by 10%. In South Africa and Japan, both categories expanded, with beer leading the growth. In Mexico and the U.S., premium beer has shown positive momentum, while premium spirits have contracted. This trend reflects consumers' preference for more affordable options within the premiumization segment, opting to pay less for premium beer rather than investing in high-value wine or spirits.

The luxury spirits market presents different trends based on income levels. In the U.S. and the U.K., lower-income households have reduced consumption, while high-income households have maintained or increased their spending. In India, both lower- and higher-income households have increased their luxury spirits consumption. In China, the trend is reversed: lower-income consumers have increased consumption, while

high-income consumers have cut back.

On-premise consumption has shown signs of recovery in countries such as China, Germany, Italy, Mexico, the U.K., and the U.S. In China, the percentage of consumers drinking outside the home rose from 58% in September 2023 to 64% in September 2024. In Italy, it increased from 43% to 48%. In Mexico and the U.K., on-premise consumption grew from 34% to 40%. In the U.S. and Canada, the growth has been more moderate, suggesting a slower recovery in these markets.

Digital platforms have become increasingly relevant in purchasing decisions, with 63% of online alcohol consumers conducting thorough research before buying. This trend has extended to physical stores, where shoppers consult digital sources such as brand websites and product reviews to guide their choices. The most important factors in this process are price comparison and product discovery.

RTDs have gained ground over traditional categories such as beer and spirits in several markets. In China, RTDs have largely replaced spirits, while in Germany, the U.S., and Canada, they have taken market share from both beer and spirits. In South Africa and Brazil, RTDs have absorbed part of the spirits market. This shift reflects a preference for more accessible, convenient, and lower-alcohol options.

Growth opportunities in 2025 will focus on three key areas: emerging markets, premiumization, and adapting to evolving lifestyles. India and other developing economies represent the main drivers of growth. Within premiumization, premium beer, luxury spirits, premium agave spirits, and Prosecco are expected to have the highest potential. The demand for RTDs and non-alcoholic options will continue to rise, driven by factors such as taste, availability, and brand identification.

The alcoholic beverage market in 2025 will be shaped by shifts in consumption patterns, the growth of non-alcoholic beverages, and expansion in emerging markets. The recovery of on-premise consumption and the increasing role of digitalization in purchasing decisions will be key factors in the sector's transformation.

5 Key Trends in the Alcoholic Beverage Market for 2025 According to IWSR

- **Moderation in Consumption**
  - More consumers are drinking less often or in smaller amounts.
  - There’s a rise in temporary abstinence, especially among young people.
  - The market for non-alcoholic and low-alcohol drinks is growing.
- **Slowing Down of Premiumization**
  - Premiumization is losing steam, with premium beer on the rise.
  - Consumption of premium wines and spirits is declining.
  - Premium beer is becoming a more accessible choice within the premium category.
- **Shifting Growth Drivers**
  - Emerging markets like India, Mexico, and Brazil are leading the way in growth.
  - In contrast, China and the United States are experiencing a slowdown due to economic uncertainty.
- **Rise in Informal Drinking and Growth of RTDs**
  - Ready-to-drink beverages (RTDs) are increasingly taking the place of beer and spirits.
  - Consumers are leaning toward options that are more affordable and have lower alcohol content.
- **Transformation in Purchasing Channels**
  - Consumption in on-premise venues (like bars and restaurants) is bouncing back in key markets.
  - More people are using digital platforms to research and compare products before they buy.