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Beverage Retailers Brace for Tariffs as Consumer Preferences Shift

Retailers face potential import price hikes while adapting to demand for ready-to-drink beverages and healthier options.

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As 2025 begins, beverage alcohol retailers are preparing for potential price hikes on imports due to looming tariffs. Despite this, consumers are showing strong interest in alternative, convenient, and healthier drink options. Retail sales of ready-to-drink (RTD) beverages and natural wines are off to a strong start. However, tariffs on imported wine and spirits could significantly affect sales. Gary Fisch, CEO of Gary’s Wine & Marketplace in New Jersey, warns that tariffs could harm the industry. He believes

consumers will resist if prices rise significantly, and domestic products won't compensate for the loss in imported wine sales.

At Wine.com in San Francisco, imported wines made up a large part of 2024 sales, contributing 59.5% of revenue, while imported spirits accounted for 78%. Michael Osborn, the company's founder, notes that domestic policy uncertainty, especially tariffs, could impact consumer demand. In 2024, European Union wines contributed over half of Wine.com's revenue. Younger consumers, particularly Gen Z and Millennials, prefer imports, with 68% and 64% respectively choosing imported wines over domestic ones.

Retailers are closely monitoring changing consumer trends. Andrew Mendez, vice president of operations for Mendez Fuel in Miami, notes the difficulty in predicting consumer purchases due to the wide range of options. He opts for week-to-week ordering to adapt to changing demands. During Dry January, Mendez Fuel saw increased sales of CBD- and THC-infused drinks, non-alcoholic beverages, and organic wines. Prosecco sales also rose.

RTDs continue to drive industry growth. Popular items at Mendez Fuel include spirits-based premixed cocktails like Monaco and wine spritzers like Briosa. The store also stocks sakes and various beers, with 19-ounce cans becoming a staple. Retailers are making strategic investments to adapt to these trends. Wine.com is enhancing personalization and using data to help customers make informed decisions. The company is also curating its value-priced wine selection to manage shipping costs. Wines under $15 accounted for less than 4% of revenue in late 2024, down from 7% in 2023. This shift increased the average price per bottle to $32.12 in 2024.

Expanding the spirits category is a priority for Wine.com. Although the company has sold wine for 26 years, spirits were introduced only five years ago. Currently, spirits sales are limited to four states due to regulatory restrictions, affecting growth potential. In Bernardsville, New Jersey, Gary’s Wine & Marketplace has expanded its spirits and RTD selections and increased warehouse space for online orders. Fisch notes that while RTDs are growing, the market is competitive, and shelf space is limited. The additional capacity will help maintain service for both in-store and online customers.

Fisch's goals for 2025 include promoting private-label wines, expanding event programming, and encouraging customers to try new products. Despite challenges, he remains optimistic about growth.