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The wine industry's shift towards low- and non-alcoholic options

Health-conscious consumers and tech innovations are driving a new era in wine production

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The wine industry is undergoing a period of transformation driven by changing consumer habits and growing interest in healthier alternatives. During the recent Unified Wine & Grape Symposium, market analyst Danny Brager described the alcoholic beverage market as a "zero-sum game," where the growth of one segment comes at the expense of another. Brager urged wine producers to explore new growth

opportunities, such as developing low-alcohol and non-alcoholic wines. While these categories currently represent a small share of total sales, Brager emphasized their potential should not be underestimated.

According to NIQ data, U.S. non-alcoholic wine sales reached $89.9 million in 2024, marking a 27% increase from the previous year. Over the same period, table wine sales dropped 7%. Compared to 2021, non-alcoholic wine sales have risen by more than 88%. Although this category represents only 0.35% of total wine sales, if it were to reach 2% — the current share of non-alcoholic beer within its category — it could generate an additional 5.8 million cases sold annually.

The growth in low- and non-alcoholic wine production has been fueled by consumer demand for healthier options. Courtney Cochran, founder of LoNo Wine Company, noted that this trend accelerated during the pandemic as consumers sought beverages aligned with their wellness goals. Cochran explained that the concept of "sessionable" alcoholic beverages, designed for prolonged consumption without adverse effects, emerged in 2015. This approach has supported the development of wines with lower alcohol content that still offer the traditional wine experience.

In 2024, low-alcohol wines showed greater adoption potential than non-alcoholic wines, as they better retain the flavor and experience of traditional wine. Low-alcohol wines typically have an alcohol content between 7% and 10%. According to Christine Mahaffy, insights manager at Republic National Distributing Company, the combined low- and non-alcoholic wine segment represents a market worth nearly $500 million. Mahaffy pointed out that wines with less than 7% alcohol must include nutritional labeling, a feature that particularly appeals to younger consumers.

A 2024 Datassential survey found that 30% of respondents said they would consume low- or non-alcoholic beverages year-round, while 56% reported they would choose such drinks at afternoon or early evening social gatherings. This shift reflects a broader social change, with moderate drinking gaining ground over daytime or heavy weekend consumption.

This consumer behavior shift has created new opportunities for the wine industry to expand consumption occasions. According to Kim Kulchycki, marketing director at Rack & Riddle, consumers are not giving up alcohol entirely but are instead choosing specific moments for drinking. Rack & Riddle recently announced a partnership with German company Solos, which specializes in aroma-capturing technology, to improve non-alcoholic wine production in the United States.

Technology is playing a key role in this transformation. Matt Hughes, general manager of dealcoholization at Prodilem, Solos' parent company, explained that previous alcohol extraction processes struggled to preserve wine's characteristic aromas. Solos' system now allows aromatic compounds to be separated from the alcohol and reintroduced into the final non-alcoholic product, improving its sensory profile.

Producers are also adopting new techniques to maintain wine's texture and body without adding sugar, a practice that raises concerns among health-conscious consumers. Techniques such as aging on lees before dealcoholization are gaining popularity for their ability to enhance the wine's volume and complexity.

The development of low- and non-alcoholic wines could also help address the grape surplus affecting the industry. Tracey Sweeney, founder of Tomorrow Cellars, noted that vineyard removal is being considered this year due to overproduction. Sweeney believes non-alcoholic wine production could offer an alternative use for excess grapes.

This emerging category is also attracting younger consumers. According to Wine Market Council President Liz Thach, Gen Z consumers value moderation as part of their self-care routines and seek products that align with this lifestyle. An NCSolutions study found that 49% of Americans plan to reduce their alcohol intake in 2025, with 65% of Gen Z respondents expressing an interest in moderation — the highest percentage among all age groups.

The wine industry faces the challenge of delivering quality products that meet consumer expectations. Sweeney warned that some brands are launching low-quality wines, which could harm the category's reputation. Chris Becker, founder of Better Rhodes, one of the leading U.S. retailers of low- and non-alcoholic wines, noted that consumers often overlook the higher production costs associated with these wines.

However, Becker remains confident that as the category evolves, quality will improve, and prices will stabilize.