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Five million fewer wine drinkers since 2021, IWSR study finds

Demographic shifts and moderation trends impact wine consumption, yet millennials' interest in premium and innovative wines offers potential.

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The global wine industry is navigating a complex landscape as it approaches 2025. Despite facing structural challenges such as demographic shifts, moderation trends, and economic pressures, there are still opportunities for growth. The Global Wine Trends Executive Summary 2024 by IWSR highlights that while wine volumes are

declining in key markets, there are pockets of opportunity, particularly among younger, more adventurous consumers.

The wine market is experiencing a decline in consumption, with an ageing consumer base. However, millennials, now in their late 20s to early 40s, are showing increased interest in wine. They are more experimental and willing to spend more on wine, unlike older consumers who are cutting back. Millennials are drawn to brands that offer storytelling and experiences that align with their lifestyles. This demographic shift presents an opportunity for the wine industry to innovate and cater to these consumers.

Governments are increasingly focusing on climate change and reducing excessive alcohol consumption. This creates opportunities for no-/low-alcohol, natural, organic, and sustainable wines. Despite the challenges, there is potential for innovation in the wine industry. IWSR has identified five key trends that will shape the global wine market in the coming years.

Demographic challenges are evident as the number of wine drinkers in key markets has declined since the pandemic. In the US, although the adult population has grown, the number of monthly wine drinkers has only slightly increased. Older drinkers now make up the largest age group in many mature markets. This shift highlights the need to attract younger consumers who are more involved and willing to spend more on wine.

The moderation trend is another factor affecting the wine market. Consumers are becoming more mindful of their alcohol consumption, leading to declining sales volumes in top wine markets. Health concerns and financial worries are driving this trend. Many consumers are reducing their wine intake and have little intention of returning to previous consumption levels. This shift in behavior is reshaping cultural norms around alcohol consumption.

Economic pressures are also impacting the wine market. The decline in wine consumption is more pronounced at the lower end of the price spectrum. Sales volumes of value-level wines have fallen significantly, and growth is expected only in premium price tiers. As consumers pay more for wine, they are seeking more information and recommendations to ensure their purchases are worthwhile.

Despite these challenges, there are innovation opportunities in the wine industry. No/low-alcohol wines are gaining popularity as moderation becomes more common. No-alcohol sparkling wines are the largest segment, while low-alcohol still wines are growing rapidly. Alternative wines, such as organic, sustainable, and natural options, are also appealing to consumers due to their environmental credentials. However, these wines are often perceived as more expensive.

Millennials represent a valuable market segment for the wine industry. They are highly involved in the wine category and are willing to spend more on wine. Millennials are also open to experimenting with different grape varieties and beverages. This presents both an opportunity and a challenge for wine brands seeking loyal customers. Engaging millennials through personalized experiences and storytelling can help build awareness and loyalty.

In conclusion, while the global wine market faces significant challenges, there are opportunities for growth and innovation. By understanding and adapting to the changing preferences of younger consumers, the wine industry can navigate this complex landscape and thrive in the coming years.