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New report finds life stage, not social media, driving Gen Z’s lower alcohol intake

Gen Z drinks less alcohol, but not for the reasons many assume

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A report released on April 17 by Rabobank, authored by analyst Bourcard Nesin, examines the decline in alcohol consumption among Generation Z and challenges prevailing narratives in the beverage industry. The study argues that the drop in drinking among Americans born since the mid-1990s is not primarily due to health concerns or aesthetic preferences shaped by social media, but instead tied to

structural, economic and demographic changes.

In the United States, Generation Z's lower alcohol intake is largely a matter of life stage. Many in this group are not yet of legal drinking age or are just entering the workforce with limited income. According to the U.S. Bureau of Labor Statistics, while their overall alcohol spending is lower than previous generations at the same age, the share of income allocated to alcohol is comparable. However, data also show that under-30 consumers today spend a smaller portion of their money on alcohol compared to young people in 2012.

The report attributes this trend in part to decreased in-person socializing. With smartphones and social media dominating communication, young people are meeting face-to-face less frequently. The rise of apps that track users' locations and the risk of being recorded or photographed during nights out have added pressure to behave more cautiously, discouraging underage and excessive drinking.

These behavioral shifts are contributing to a delay in the age at which many first try alcohol, and this delay could shape consumption habits well into adulthood. While alcohol use is expected to rise as Generation Z ages, it remains uncertain whether their consumption levels will match those of earlier generations. New data suggest that the long-assumed normalization of alcohol consumption after age 30 may be weakening.

Demographic changes are also a key factor in the evolving alcohol landscape. Generation Z is more diverse than previous cohorts, with women and people from racial or ethnic groups that tend to drink less representing a larger portion of the population. Women now make up the majority of young alcohol consumers but drink less than men. At the same time, African American, Asian and Latino individuals—groups historically associated with lower alcohol use—comprise 50% of Generation Z, compared to just 29% among baby boomers.

This demographic shift is not affecting all beverage categories equally. Wine may face long-term challenges due to changing consumer profiles, while spirits appear to be gaining traction with younger drinkers who show stronger interest in that segment.

Rabobank's report concludes that understanding the future of alcohol consumption in the U.S. requires a deeper analysis of who is drinking and why. As Generation Z matures, their alcohol purchases are likely to grow, but industry players will need to adjust their products and messaging to connect with a more diverse and cautious generation that relates to alcohol differently than its predecessors.