vinetur

US Younger consumers drive sweeping changes in alcohol spending and preferences

Generation Z reshapes alcohol norms with lower consumption and demand for authenticity

Thursday, June 19, 2025



The alcoholic beverage market in the United States underwent fundamental changes in 2024, marking what analysts now call a year of structural recalibration rather than a temporary slowdown. According to the annual report released by Vinetur on June 19, 2025, titled "U.S. Alcohol Market Report", the industry faced a paradox: total consumer

spending on alcohol increased, yet overall consumption volume fell. This indicates a significant shift in purchasing behavior and market structure.

In 2024, consumer spending on alcoholic beverages in the United States reached $408.8 billion, a 3.2% increase across both on-premise and off-premise channels. Some estimates place the total market value even higher, at $543.13 billion. While spending grew, total beverage alcohol (TBA) volume declined by 3%, continuing a downward trend that began in 2023, when it fell by 2.6%. Data from IWSR and BW166 shows that per capita servings for adults of legal drinking age dropped by nearly 2%, reaching levels 6.5% below the historical average from 1995 to 2022.

This disconnect between value and volume cannot be explained solely by inflation. Instead, it reveals deeper fractures in the market. The decline in volume is concentrated in mid-tier traditional categories such as domestic beer and wine. In contrast, value growth came from high-end segments like tequila and ready-to-drink beverages (RTDs), suggesting a market that is splitting into two poles: one driven by convenience and flavor exploration, the other by occasional high-end purchases. Mid-market products are losing ground, squeezed between consumers trading down for affordability and others trading up for special experiences. This erosion of the middle is now a central challenge for the industry.

The report highlights a bifurcated market in 2024, with stark differences in category performance. RTDs stood out as the only major segment to avoid volume decline, while imported beer and tequila also showed resilience. Non-alcoholic drinks surged in grocery sales, nearing $1 billion. On the other hand, core categories like beer, wine, and spirits saw declines in both volume and value, with the U.S. spirits market recording its first volume drop in nearly three decades.

Four key themes emerged from this transition: the normalization of moderation in alcohol consumption, a breakdown in universal premiumization, the rise of RTDs as a major category, and the growing influence of Generation Z consumers. Moderation has become a mainstream cultural behavior across demographics. Nearly 49% of Americans aim to drink less in 2025, up from 44% in 2023. Weekly average alcohol intake fell from four drinks in 2023 to three in 2024, and 34% of adults now identify as

"mindful drinkers."

This moderation trend is driven by complex motivations beyond long-term health. Younger consumers increasingly seek to avoid short-term consequences like hangovers and lost productivity. Mental health is also a factor, with 36% of Generation Z citing it as a reason to reduce drinking. Social norms have shifted as well. Peer pressure to drink is declining, and sobriety is more socially accepted, allowing people to align their consumption with personal values.

Consumers now employ deliberate strategies to manage their intake. The proportion of light drinkers has risen, temporary abstention is more common, and "single-category occasions"—where drinkers stick to one type of alcohol during an event—have become widespread. These shifts impact market dynamics. When people commit to one type of beverage per occasion, the choice becomes more critical. This heightens the importance of trust in brand quality and reduces willingness to risk an unfamiliar or mid-tier product, further pressuring the middle of the market.

Generational differences are now a primary predictor of alcohol behavior. Generation Z, now of legal drinking age, is the most disruptive group. Already accounting for 9% of alcohol-buying households, they are digital-first consumers who demand transparency, sustainability, and authenticity. Sixty-five percent plan to drink less in 2025, and 45% have never consumed alcohol. Millennials are more engaged with wine and spirits but are also flexible, switching between categories based on the occasion. They are key drivers of premium growth in specific segments. Baby Boomers remain a large share of the buyer base but are less likely to experiment and more loyal to established brands.

The NoLo (no- and low-alcohol) segment has grown rapidly alongside moderation. It is not only for non-drinkers; 93% of NoLo buyers also purchase alcohol. NoLo products are used strategically—for example, alternating between alcoholic and non-alcoholic drinks during social events. This category, led by Millennials, is projected to reach nearly $5 billion in value by 2028, growing at a compound annual rate of 18%.

The long-standing trend of premiumization also saw a shift in 2024. While consumers still aim to "drink better," the focus is narrower. Sales of high-end spirits—priced over $100—dropped 8.5% year-over-year. Products in the $50–$99.99 range declined by

4.3%. Consumers are moving toward "affordable luxury" in the $17–$49.99 range. This middle ground is now the new battleground, while traditional mid-tier brands are losing relevance.

Premiumization is not uniform across categories. Premium-plus beer volumes grew by 2%, offering a relatively low-cost upgrade. Select segments like super-premium tequila and American whiskey remain strong, particularly among Millennials. However, vodka is in decline as consumers favor cheaper cocktail mixers. The wine category, especially in the direct-to-consumer (DtC) channel, is struggling across price tiers. Even ultra-premium wines over $80 saw growth slow from 5% in 2023 to 2% in 2024.

For today's consumer, premium means more than price. Attributes like authenticity, craftsmanship, unique flavors, brand heritage, and sustainable practices now define value. Premiumization is increasingly about experience—whether that's a curated cocktail, a tasting room visit, or a story-driven brand.

RTDs, now recognized as the fourth major alcohol category alongside beer, wine, and spirits, continued to grow. They now represent 12% of total alcohol sales in dollars. Distilled-based RTDs are driving this growth, with an 11% volume increase in early 2024. Meanwhile, malt-based RTDs were flat, and wine-based RTDs declined. Consumers are showing clear preference for bar-style cocktails in portable formats. RTDs also play a vital role in product innovation. Their short shelf life and low consumer risk encourage rapid flavor experimentation. Successful RTD flavors often migrate into core categories, acting as a testing ground for broader trends.

The spirits category, while still leading the market by value, faced structural setbacks. Total spirits revenue fell 1.1% in 2024 to $37.2 billion, while volumes rose slightly by 1.1%. Within the category, tequila and mezcal showed growth, while vodka, American whiskey, and rum declined. Pre-mixed cocktails and distilled RTDs continued to grow rapidly, becoming a primary source of volume expansion.

Wine was the most challenged category in 2024. Sales declined 3.5% in value and 5.3% in volume. Younger consumers are shifting away from wine in favor of RTDs, premium beers, and spirits. A surplus of low-end wine continues to weigh down pricing. Even within premium tiers, growth has stalled. A notable consumer trend is the shift from red

to white wine, driven by preferences for lighter and more refreshing styles.

The beer market experienced similar bifurcation. Overall sales declined, but imported beer and non-alcoholic beer segments saw gains. Craft beer production volume fell by 4%, and for the first time since 2005, more craft breweries closed than opened. However, retail value for craft beer rose 3%, and taproom sales are helping offset broader declines.

Digital and direct-to-consumer sales are becoming critical. The distinction between online and in-store is fading as most consumers now shop across multiple channels. In 2024, global alcohol e-commerce reached $64.55 billion and is projected to more than double by 2029. In the U.S., online buying is increasing in frequency and reach.

The wine DtC channel, once a high-margin success story, is now in decline. Shipments dropped by 10% in volume and 5% in value in 2024. Consumers are unwilling to pay shipping fees for wines under $40. The channel's future depends on shifting to exclusive, high-value offerings. Meanwhile, the DtC channel for spirits is a largely untapped opportunity, restricted by outdated regulations. A majority of consumers want direct delivery of craft spirits, indicating strong demand if legal barriers are removed.

On the regulatory front, the Alcohol and Tobacco Tax and Trade Bureau (TTB) is proposing new labeling rules. If adopted, alcohol packaging will need to include standardized "Alcohol Facts" panels and allergen declarations. Public comment is open until August 15, 2025, and a five-year compliance window is planned. Brands that prepare early may benefit from growing consumer demand for transparency.

At the same time, the DtC legal landscape remains fragmented. States like Montana and Virginia are expanding delivery options, while others like Colorado maintain restrictions. A federal bill, the USPS Shipping Equity Act, aims to allow the U.S. Postal Service to ship alcohol, potentially opening new access for rural consumers and cutting shipping costs.

As the U.S. alcoholic beverage market enters a new phase, marked by cultural shifts and evolving consumer values, brands that adapt quickly to changing tastes, invest in innovation, and embrace transparency will be better positioned to succeed. The

recalibration seen in 2024 is likely not a temporary disruption, but the beginning of a long-term transformation.