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US spirits market slows as consumers shift spending and ready-to-drink products gain ground

Premiumization persists in whiskey and gin while small pack formats and RTDs reshape industry growth patterns

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The US spirits market is showing signs of a slowdown, with growth falling below its long-term trend. According to Nielsen data, the industry’s value dropped by about 3% in August. This decline is consistent with the 2024 figures reported by the Distilled Spirits Council of the United States (DISCUS), which showed industry volumes and

value—excluding ready-to-drink (RTD) products and cocktails—down 3.0% and 2.6%, respectively.

Mark Brown, CEO of Sazerac, recently addressed these trends in an industry update. He noted that while consumers are trading down in categories like vodka and rum, premiumization remains strong in whiskey and gin. Brown explained that inflation and more moderate consumption habits among Gen Z are affecting sales, but he believes long-term drivers such as premiumization and increased market share for spirits are still robust.

The market faces two main challenges. First, spirits-based RTDs continue to take volume from traditional distilled spirits. Second, small pack formats are gaining popularity, now accounting for 80% of volume growth. These smaller packages offer lower out-of-pocket costs for consumers. Brown pointed out that while these trends put pressure on current volumes, they also attract new consumers to the category and could support future premiumization.

Price and mix trends across different spirit categories show a mixed picture. Tequila saw a slight decline of 0.6%, which was less severe than in July. Gin grew by 1.6%, vodka by 0.5%, rum fell by 0.5%, bourbon rose by 1.0%, Canadian whisky increased by 1.5%, cognac dropped by 2.7%, and scotch edged up by 0.6%. Brown highlighted that despite tequila’s slowdown, gin, bourbon, and Canadian whisky continue to support the premiumization narrative.

In tequila, Don Julio stood out with a 6.2% increase in sales and an 8.2% rise in volume, outperforming competitors even as the overall category declined by 1.8%. Other brands like Casamigos and Altos saw significant drops of 20% and 11.7%, respectively.

Scotch volumes fell by 6.4%, but price/mix remained positive at 0.6%. Premium brands such as Johnnie Walker and Chivas Regal posted gains of 2.2% and 0.9%, helping offset declines among mainstream labels. Irish whiskey held steady, with Jameson down just 1.1% over the past three months.

American whiskey continues to benefit from premiumization, with brands like Colonel Taylor driving growth even as Jack Daniel’s and Jim Beam experienced declines.

Canadian whisky saw Crown Royal rebound in August with a gain of 0.8% after a sharp drop in July. New flavor innovations played a role: Blackberry surged by more than 180%, while Peach fell nearly 15%. Brown cautioned that volatility may persist as new flavors enter the market.

White spirits such as vodka continue to face downtrading pressures, with established brands like SKYY and Absolut losing ground. In contrast, RTDs posted strong growth of nearly 27% in August compared to about 22% the previous month. Brands such as Surfside, Sun Cruiser, Buzzballz, Cutwater, and Nutrl were among the top performers in this segment.

Major global companies remain heavily invested in the US spirits market: Diageo derives about half its business from the US, Remy Cointreau about 40%, Campari around a quarter, while Pernod Ricard has significant but smaller exposure.

Brown described the current environment as a “correction” for distilled spirits in the US but expressed optimism that conditions will improve once inflationary pressures ease and RTD growth stabilizes.

The information for this report comes from Mark Brown’s Industry News Update Newsletter—US Spirits: De-premiumisation Tracker August 2025—with image courtesy of Brett Sayles via Canva.com.