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# Constellation Brands lowers profit outlook as beer sales weaken amid shifting consumer demand

Hispanic consumers cut back on high-end beers, contributing to forecasted declines in sales and operating profit for 2026

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Constellation Brands, the company behind Modelo and Pacífico beers, has issued a profit warning after seeing weaker demand for its products. The brewer, based in Victor, New York, lowered its earnings forecast and now expects annual beer sales to fall. The company pointed to “volatile consumer purchasing behavior” as a key reason for the revised outlook.

President and CEO Bill Newlands said that since the first quarter of fiscal 2026, the company has faced a challenging macroeconomic environment. This has led to dampened consumer demand and more unpredictable buying patterns. In April, Constellation Brands noted that pressure on Hispanic consumer sentiment in the United States was affecting its beer business. Although there were some signs of improvement in consumer confidence in May, Newlands said this week that demand among Hispanic consumers for higher-priced beers has dropped further.

Newlands explained that over recent months, sales of high-end beers have slowed. Both the frequency of shopping trips and the amount spent per trip have declined. He noted that these declines were more pronounced among Hispanic consumers than in the general market. This trend has had a significant impact on Constellation's beer business because Hispanic drinkers make up a large portion of its customer base.

Despite these challenges, Newlands said Constellation Brands managed to grow its "volume share" in 49 out of 50 U.S. states. Citing data from Circana, he added that the company's beer business remained the top dollar share gainer in the total U.S. beer category, with a 0.4 percentage point increase.

However, due to what Newlands described as "incremental macroeconomic headwinds," Constellation Brands now expects its annual beer net sales to fall by 2% to 4% for its 2026 financial year, which ends in February. This is a significant change from its previous forecast of flat sales or up to 3% growth.

The company also warned of a 7% to 9% drop in operating profit from its beer division, compared to an earlier projection of flat or up to 2% growth. The decline is attributed to lower volumes, operational deleveraging, and additional tariffs.

Overall, Constellation Brands now forecasts reported diluted net income per share between $10.77 and $11.07 for fiscal 2026, down from its previous estimate of $12.07 to $12.37. The company also projects a 4% to 6% decline in enterprise organic net sales, compared with an earlier forecast ranging from a 1% increase to a 2% decrease.

Industry analysts say that while Constellation’s guidance reflects current industry pain points rather than a loss of market share to competitors, it highlights broader challenges facing the U.S. beer market. Nadine Sarwat, an analyst at Bernstein, noted that Constellation continues to gain market share even as overall industry volumes decline at a mid-single-digit rate.

Following the announcement, shares in Constellation Brands fell nearly 7%, trading at $150.73 by midday trading on Tuesday. The company’s performance will be closely watched as it navigates ongoing shifts in consumer behavior and economic conditions affecting the beverage industry across the United States.