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Premium Alcohol Sales Growth Slows as Super-Premium Segment Attracts Younger, Diverse Consumers

Millennials and middle-income buyers drive demand for high-end spirits, reshaping strategies in the global beverage industry

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After more than twenty years of steady growth in premium alcohol sales, the trend known as “premiumisation” is showing signs of slowing in major markets. This shift comes after a period during the Covid-19 pandemic when consumers, with more disposable income and fewer options for travel or entertainment, increased their spending on higher-end spirits and wines. Now, as economic pressures mount and moderation in alcohol consumption becomes more common, the pace of premiumisation is decelerating.

For the global beverage alcohol industry, this change is significant. Many leading producers have built their strategies around selling more premium and super-premium products, especially in mature markets where overall alcohol consumption is declining. The logic is clear: selling one expensive bottle can be more profitable than selling several cheaper ones, partly because taxes on alcohol are often flat rates based on alcohol content rather than price.

Recent data from IWSR, a leading beverage market analyst, shows that sales of spirits at the “Premium” price tier—defined in the U.S. as bottles retailing between $22.50 and $30.50—lost momentum in 2023 compared to 2022. This pattern holds true across several key markets, even when adjusting for local taxes and purchasing power.

However, within this broader slowdown, there is a notable exception. Sales of spirits at the “Super-Premium” tier and above—bottles costing more than $30.50—continue to grow. This segment has shown persistent growth for two decades, with only brief pauses during the 2009 financial crisis and the first year of the pandemic in 2020.

The drivers behind this continued growth are changing. In the United States, an emerging group of middle-income consumers is fueling demand for high-end spirits. These consumers tend to be younger, more diverse in gender, and more adventurous in their tastes compared to traditional buyers of premium spirits, who were typically older men with higher incomes.

This new group is also more engaged with cocktail culture and mixed drinks, and they value brands that offer experiences and align with their broader values—not just taste or packaging. Their approach to luxury is more holistic, considering how a brand fits into society and what it represents beyond the product itself.

The U.S. whiskey market illustrates these changes well. Categories like Bourbon, Rye, and Tennessee whiskey have seen retail sales at premium price points outpace those at standard levels by three to one. In 2021, for the first time since IWSR began tracking data fifty years ago, volumes of premium-and-above U.S. whiskey surpassed those of standard-and-below products.

Consumer tracking data from IWSR's Bevtrac platform shows that today's U.S. whiskey drinker is increasingly likely to be a Millennial (aged 27-42), female (now just over a third of drinkers), and living with a partner or young children. While upper-income households still drive much of the demand for super-premium products, the most significant growth comes from households earning between $100,000 and $150,000 per year.

Drinking occasions are also shifting. Socializing at home remains popular—a habit reinforced by pandemic restrictions—and whiskey is now more often consumed in cocktails or mixed drinks rather than straight. There is also a small but growing trend of pairing whiskey with food; one in six whiskey drinking occasions now involves a meal.

Millennials are willing to spend more per bottle than older generations. Over the past six months, Millennials reported an average highest spend of $55 per bottle of whiskey, compared to $44 for Generation X and $39 for Baby Boomers.

Similar patterns are seen in other spirit categories with established super-premium offerings. Tequila's rapid growth at higher price points is also driven by Millennials in middle- and upper-income brackets, with consumption split almost evenly between men and women. Like whiskey, tequila is often enjoyed at home in small groups or as part of cocktails.

As these new consumer segments emerge and drinking occasions evolve, beverage companies are rethinking their strategies. IWSR and OC&C Strategy Consultants have identified new "category codes"—factors that influence purchasing decisions—which are shaping the next phase of premiumisation in beverage alcohol.

While overall growth in premium alcohol sales may be slowing, the super-premium segment continues to attract younger, more diverse consumers who are willing to spend more for brands that resonate with their values and lifestyles. This shift presents

both challenges and opportunities for producers navigating a changing market landscape.