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Cognac Sales Plunge 41% in U.S. Since 2021 Peak as Younger Drinkers Shift Preferences

Producers target metro markets and new products to counter economic headwinds and changing consumer tastes amid slow recovery

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Cognac producers in the United States are working to reverse a sharp decline in sales after the category peaked at about 8.5 million cases in 2021. According to Impact Databank, Cognac depletions fell to 5 million cases last year, and retail volumes have continued to slip through 2024. The downturn follows a period of rapid growth from 2015 to 2022, when Cognac's value in the U.S. market nearly doubled.

Industry leaders point to several factors behind the recent slump. Economic uncertainty, lingering inventory surpluses from the pandemic era, shifting consumer habits, and increased competition from ready-to-drink (RTD) beverages and other spirits have all played a role. Brian Radics, chief marketing officer at Hotaling & Co., which distributes Hine Cognac, said that while the brand's negative performance has stabilized in recent months, the company is now focused on returning to growth by 2026.

Data from NielsenIQ shows that Cognac volumes are down nearly 8% this year through mid-November across major retail channels. Four of the top five brands have seen declines. The exception is Martell, owned by Pernod Ricard, which posted a modest 1.1% increase in retail volume so far this year, building on its 139,000-case performance in 2023.

The category's challenges are compounded by changing consumer preferences. Younger drinkers have increasingly turned to Tequila and other spirits, while inflation and lower disposable incomes have affected luxury purchases among key demographics. Despite these headwinds, Cognac marketers remain committed to rebuilding their brands for long-term success.

Gigi DaDan, general manager for D'ussé Cognac at Bacardi, identified New York City, Atlanta, Houston, Detroit, and Chicago as major metro markets with strong growth potential. She also noted that regions in California, Florida, and Washington, D.C., are showing promise. D'ussé is focusing on its VSOP offering and recently launched a 1.75-liter magnum edition aimed at holiday gatherings.

Hennessy remains the dominant player in the U.S., holding a 62.3% market share last year—up from 58% in 2023. The brand has pursued high-profile partnerships, including a limited-edition bottling with LeBron James and a "Made for More" campaign that

highlights mixology.

Some brands are beginning to see signs of improvement. Rémy Martin reported strong sales growth in the U.S. over the past two quarters, helped by easier comparisons with previous periods and improved depletion rates. Franck Marilly, CEO of Rémy Cointreau, said the company is focusing on innovation and pricing strategies that align with evolving consumer expectations while maintaining its core values. Rémy Cointreau now expects full-year sales to be stable or slightly positive due to a recovery in Cognac sales.

While the overall category remains under pressure, marketers are investing in quality messaging and cultural partnerships to keep their brands relevant with younger consumers. Industry leaders say they are prepared for a slow recovery but believe their efforts will position them well when market conditions improve.