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European Wine Prices in U.S. Surge Up to 25% as Tariffs and Costs Reshape $11 Billion Market

Premiumization drives modest growth while younger consumers and shifting demographics challenge traditional wine industry strategies through 2026

Monday, January 12, 2026



The U.S. wine market is facing a period of transition as it heads into 2026, according to a recent report by OhBev, a marketing agency specializing in the alcoholic beverage sector. The report highlights several key factors shaping the industry, including the ongoing impact of tariffs on European wines, shifting consumer demographics, and broader economic pressures.

Since the imposition of a 15% tariff on European wines under former President Donald Trump, expectations were high that American wineries would gain a competitive edge. However, the anticipated benefits have not fully materialized. European wines, which make up about 72% of U.S. wine imports, have become more expensive for American consumers. A bottle that once cost $15 now arrives in the U.S. with an added tariff, retailing for around $29—a 20% increase over previous years. This price hike has made European wines on U.S. shelves generally 15-25% more expensive than last year.

The uncertainty surrounding tariff rates—initially announced at various levels before settling at 15% in August—led many importers to halt shipments from Europe earlier in the year. When the final rate was set, there was a rush to resume orders, causing supply chain disruptions and logistical inefficiencies. These issues resulted in either excess inventory or shortages and increased administrative costs.

Despite these challenges, American wineries have not seen a significant boost in sales. Some reported modest gains between late 2025 and early 2026, but overall growth has been limited by several factors. Distributors and retailers stockpiled European wines ahead of the tariffs, and consumer preferences have remained strong for specific regions and varietals—those who favor Barolo are unlikely to switch to California Cabernet overnight.

American producers have also faced rising costs for essential materials like glass bottles, corks, and packaging. About 70% of wine bottles used by U.S. wineries are imported from countries such as China, France, and Mexico. Chinese glass faces its own 20% tariff, while European glass is subject to the same 15% rate as wine. This has driven up packaging costs by as much as $1 per bottle, squeezing profit margins across the industry.

On the export side, a strong dollar has made American wines less competitive abroad. In response to U.S. tariffs, Canada imposed bans on American wine and spirits imports, further limiting opportunities for growth outside domestic markets.

Looking ahead to 2026, OhBev forecasts that overall wine volumes in the U.S. will remain stable. However, market value is expected to rise by 2-4%, driven mainly by premiumization—consumers buying fewer but more expensive bottles—and price increases rather than higher consumption rates. Wines priced above $50 continue to perform well among affluent buyers and collectors, while those in the $15-49 range show solid results. Lower-priced wines under $10 are struggling as both consumers and producers move away from this segment due to thin margins and perceptions of lower quality.

Economic conditions are also influencing consumer behavior. High interest rates and persistent inflation—currently around 3%—are limiting discretionary spending for many Americans. This environment favors premium products but puts pressure on lower-priced offerings.

Demographic shifts present another challenge for the industry. Baby Boomers, who once drove much of America’s wine consumption, are drinking less as they age. Generation X and older Millennials are partially filling this gap, but younger Millennials and Generation Z are not adopting wine at the same rate as previous generations. Many younger consumers are influenced by wellness trends and cultural shifts toward moderation or abstinence from alcohol—evident in movements like “Dry January.” The no- and low-alcohol (No-Lo) beverage category is expanding rapidly; global sales surpassed $11 billion in 2025 with annual growth projected at about 7% through 2026.

Premiumization remains a defining trend even among younger drinkers, who often associate low prices with poor quality. Producers and importers are focusing more on higher-margin wines above $10 per bottle as costs for materials and labor rise.

In terms of wine styles, white wines such as Sauvignon Blanc, Pinot Grigio, Albariño, and Chenin Blanc are leading demand growth in the U.S., while rosé continues to perform strongly. Red wines face more challenges overall but lighter reds like Pinot Noir and Gamay are gaining traction among Millennials and Gen Z consumers interested in

chilled red styles promoted by many urban wine bars.

Sparkling wines remain popular with Prosecco leading import growth into 2026. Domestic sparkling wines from California, Oregon, and New Mexico are also gaining ground while Champagne’s outlook is stable or slightly positive for both volume and value.

Emerging grape varieties such as Sangiovese from Italy and Chenin Blanc are attracting attention alongside lesser-known grapes like Grenache, Grüner Veltliner, Gamay, and experimental options such as Assyrtiko.

New regions within the United States—including Texas, Virginia, New York State, Michigan, Ohio, Maryland, Arizona, New Mexico, and Idaho’s Snake River Valley—are being recognized for their growing contributions to American wine production.

Where Americans buy wine is also evolving. On-premise consumption (restaurants and bars) is rebounding after pandemic lows; OhBev estimates that by early 2026 it will reach about 85-95% of pre-pandemic levels seen in 2019. Direct-to-consumer sales remain steady with modest value growth while e-commerce platforms like Wine.com and Vivino’s marketplace play an increasingly important role alongside local delivery services.

Environmental volatility continues to affect production across major regions: heatwaves and droughts in California; wildfires along the West Coast; frost damage in the Northwest; but also new opportunities as climate change makes previously unsuitable areas viable for viticulture.

Marketing strategies are adapting as well. While celebrity endorsements remain effective for reaching broad audiences quickly, many brands are shifting toward authenticity—highlighting real people and places behind their wines—to connect with consumers seeking genuine stories beyond product quality alone.

Alternative packaging formats such as cans or Tetra Pak cartons are being used to expand wine’s presence at events or venues where traditional bottles have struggled to gain traction.

The report emphasizes that success in coming years will depend on reaching new consumer segments through sustainability initiatives, technology adoption—including social media platforms like Instagram and TikTok—and continued innovation in both product offerings and marketing approaches aimed at Millennials and Gen Z consumers who will shape the future trajectory of America’s wine market but whose habits differ markedly from those of previous generations.

A Shifting Palate: The US Wine Market's New Reality

THE BIG PICTURE: A MARKET IN DECLINE



CONSUMPTION DROPS 5% IN VOLUME

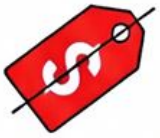
In the last year, consumption fell to 298 million cases, marking the first time it has dipped below 300 million cases in 20 years.





SPIRITS SURPASS WINE FOR THE FIRST TIME SINCE 1979

Spirits sales reached 396 million cases, overtaking wine, largely fueled by the rapid growth of ready-to-drink (RTD) canned cocktails.



THE END OF AN ERA FOR CHEAP WINE

Wines prized under $10 are losing market chare as they are associated with lower quality and offer poor margins for producers and importers.



THE FORCES OF CHANGE: NEW CONSUMERS & NEW TASTES



THE GENERATIONAL HANDOVER FALTERS

The Baby Boomer generation has passed its peak consumption, and younger generations (S, Millennial, 2) are not componsating for the decline in volume.



THE $11 BILLION NON-ALCOHOLIC BOOM

The market for non-alcoholic and low-alcohol beverages exceeded $11 billion in 2025, attracting health-conscious young consumers.

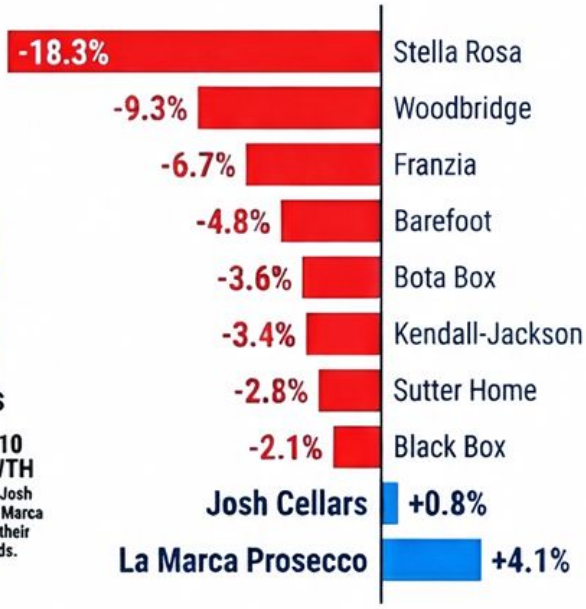


PREMIUMIZATION: DRINKING LESS, BUT BETTER

Consumers are increasingly opting to buy fower bottles of wine but at a higher quality, driving growth in premiunt price segments.

Created by Vinetur

WINNERS & LOSERS: A DIVIDED MARKETPLACE





THE FEW WINNERS

ONLY 2 OF THE TOP 10 BRANDS SHOW GROWTH

In a widespread downturn, only Josh Cellars and the sperkling wine La Marca Prosecco managed to increase their sales among the leading brands.



WHITES, ROSÉS & LIGHT REDS LEAD THE WAY

In-demand varintals include Sourtgnon Bians and Pinot Brigic. Traditional red wines are lasing ground, escept for lighter styles liks Pinot Hob that appeal to younger aiidits.



THE PRICE POINT SWEET SPOT

Seles remain stable and positive in the $15.$19.99 and $25.560 price ranges, while segments below this struggle.

EXTERNAL PRESSURES & THE PATH FORWARD







