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Wine’s Survival Hinges on No Alcohol Bets

Producers are racing into reduced-alcohol wines, RTDs and smaller formats as younger drinkers pull back from traditional bottles

Friday, April 17, 2026



The wine business is being forced to confront a simple question: is it a category built around one bottle, one ritual and one drinking occasion, or is it a consumer business that must keep finding new ways to sell? For many producers, the answer will determine whether they grow or slowly lose relevance.

The old model assumed that wine could be managed as a stable tradition. Make the bottle better, protect the appellation, defend the ritual and trust that consumers would keep coming back. That logic is under pressure now. Younger adults in the United States are drinking less alcohol than they did two decades ago, and many of them see even moderate drinking as harmful. At the same time, wine is competing not just with beer and spirits but with ready-to-drink cocktails, no-alcohol beverages, coffee drinks, flavored waters and a wider set of lifestyle choices that all fight for the same moment of consumption.

That shift is not theoretical. It is showing up in sales data, product launches and corporate strategy. In the 10 largest markets, no- and low-alcohol beverages grew in 2024, both in volume and value, according to IWSR. The segment is expected to keep expanding through 2029. Boston Consulting Group has also pointed to steady growth in no- and low-alcohol drinks over the past decade. For wine companies, that means desalcoholized wines and reduced-alcohol products are no longer side projects or public relations gestures. They are part of a real market.

The same is true for format. In the United States, ready-to-drink beverages have grown much faster than still wine in recent years. Globally, cocktail-style RTDs are on track to keep gaining share through the end of the decade. Consumers are signaling that they want convenience, portability and novelty. A bottle on a table still matters, but it no longer owns every occasion.

European regulators have already acknowledged this reality. In 2021, the European Union changed its wine rules to make room for desalcoholized and partially desalcoholized products in response to rising consumer demand for innovative wines with lower alcohol content. More recently, EU institutions have moved toward a framework that is meant to be more competitive and more flexible, with simpler labeling and more room for innovation. The direction is clear: adaptation is not being treated as a threat to wine culture but as part of keeping the sector viable.

The details matter. European lawmakers have backed labeling terms such as “alcohol-free 0.0%” for wines below 0.05% alcohol by volume and “alcohol reduced” for products that are at least 30% below the standard alcohol level but still above 0.5%.

The rules also leave room for aromatized wine products and regional variations built on rosé or other bases. In practical terms, that gives wineries legal space to build new products without pretending they are something they are not.

Other industries have already shown what happens when companies stop defending a single format and start managing demand across multiple channels. Film did not disappear when streaming arrived; it became available on more screens, at more times and in more places. Netflix built its business around convenience and access rather than a fixed venue. Coffee moved from cafés into capsules, subscriptions, retail shelves and office systems without losing its identity. Nespresso turned coffee into a platform of machines, pods, clubs and accessories. Starbucks has also expanded beyond stores into packaged coffee and other channels.

Wine has examples of its own. Freixenet sells 0.0 sparkling wines and still wines with less than 0.05% alcohol by volume. Familia Torres has made Natureo one of the best-known alcohol-free wine brands in Spain and says it helped pioneer the category years ago. Henkell Freixenet has also introduced an alcohol-free aperitif aimed at consumers who want spritz-style drinks without alcohol. These companies are not abandoning wine; they are trying to capture more occasions with it.

Distribution is changing too. Southern Glazer’s now describes itself as a distributor of wine, spirits, beer and non-alcoholic products. That may sound like a small wording change, but it reflects a larger shift in how beverage businesses are being organized: around moments of use rather than rigid category borders.

For winery owners and executives, the strategic lesson is straightforward. The business cannot be run as if its only job is to preserve one traditional drinking ritual. It has to be managed as a portfolio business.

That means thinking by occasion first: dinner at home, aperitif hour, outdoor gatherings, travel, weekday drinking, gifting, restaurant service, e-commerce orders and single-serve consumption all require different products and different price points. It means protecting the core bottle while building adjacent businesses in no-alcohol wines, reduced-alcohol wines, smaller formats, cans where appropriate and RTDs based on wine when the brand can support them.

It also means treating innovation as a business line with its own targets for margin, repeat purchase rates, distribution gains and speed to market. If new products are left inside the legacy business as side experiments, they often die before consumers can adopt them.

The broader message is uncomfortable but hard to avoid: format changes do not weaken a brand if they help it stay relevant; irrelevance does far more damage than innovation ever will. Consumers are changing their habits. Regulators are making room for new products. Distributors are widening their portfolios. And some of the strongest players in wine are already moving.

For an industry built on heritage, that may feel like heresy. In business terms, it looks more like survival.