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CONSULTING

2024 INDUSTRY TRENDS:

WINE, SPIRITS,

AND BEER



As we continue into 2024, the [wine, spirits, and beer industry](#) is still reeling with the changes in the aftermath of the pandemic. The greatest challenge facing the industry is dealing with the ever-changing ebbs and flows of alcohol consumption trends and demands. As consumers adjusted to a more home-centered lifestyle with remote working and lockdowns, the demand for convenient purchases grew. However, even though we've returned to a more pre-2020 world, consumers aren't willing to give up the convenience.

Many brands in the wine and spirits industry have now incorporated Direct-to-Consumer (DTC) options to allow for easy purchasing and delivery of products right to the consumer's door. Consumers are also increasingly leaning toward purchasing premium alcohol products, reallocating money they'd normally spend in restaurants and bars to higher-end products enjoyed at home. In addition, [Generation Z](#) is now at the legal drinking age, opening another market for retailers to focus on. The alcohol industry is constantly shifting to keep up with the changing preferences of its consumer base and the trends that are taking the spotlight in 2024.

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1 0% ABV (ALCOHOL BY VOLUME) BEVERAGES

An increasing number of consumers are shifting to a sober-curious lifestyle, and wine, spirits, and beer brands are looking for ways to maintain a connection with this population. In a survey conducted about alcohol consumption patterns, only [42% of millennials reported](#) they regularly consumed alcohol. While the purchasing power of Gen Z is still growing in this industry, only 21% of those in this young generation surveyed partake regularly as well.

To cater to the sober-focused lifestyle, many brands, such as White Claw, have introduced beverages with a 0% ABV. The market sales of 0% ABV beverages reached [\\$11 billion in 2022](#), with a predicted [CAGR of about 10%](#) through 2033. 0% ABV beverages provide the social experience that traditional alcoholic beverages come with and can often maintain the flavor profile of the alcoholic equivalent.

New 0% ABV beverages, such as the [White Claw seltzer](#), eliminate many of the downsides of alcohol consumption. The novel drinks have a [lower health risk](#), are safe for driving, and eliminate hangovers and other negative effects. They can also be great, authentic tasting [additions to non-alcoholic cocktails](#) to replicate the typical alcohol experience and taste.

One of the biggest advantages of the new 0% ABV beverages is their ability to replicate the social experience of drinking without the alcohol content. Most of the drinks look almost identical to their alcoholic counterparts, allowing those who are engaging in the dry lifestyle to still engage with friends and colleagues in the same way as before and limiting potential outside judgment of consumption habits. This can be a strategic marketing strategy where companies can maintain consistent branding but showcase a wide variety of products.

The continued growth of the 0% ABV beverage market caters to the consumer demand for more sober-conscious options and helps brands stay in touch with all participants in their consumer base. For companies to maintain and grow their market share in this industry, it will be critical to invest in 0% options to account for the changing consumption patterns.

**The market sales of 0% ABV beverages reached
\$11 billion in 2022, with a predicted CAGR of about
10% through 2033. – SOURCE**



FUNCTIONAL BEVERAGES: BENEFITS BEYOND

TASTE AND ABV

Functional beverages are defined as [beverages that provide a benefit outside of hydration and flavor](#), such as added vitamins or minerals. By 2032, the functional beverage market is expected to reach a size of [\\$261 billion with a CAGR of 6.5%](#). Much of this market share is attributable to non-alcoholic beverages, such as energy drinks or protein shakes, that provide [protein, caffeine, and hydration](#).

While functional beverages themselves aren't a new concept, the development of functional alcoholic beverages is relatively new to the industry. One of the driving brands in this market, Vizzy, offers [fortified alcohol products](#), designed to incorporate vitamins and antioxidants into the drinking experience. Other beverages released include [Hard Kombucha](#), which is low-calorie, made with real fruit, and has an assortment of other natural benefits while still providing the desired alcohol content. [FitVine](#) has also released wines that stand out for zero sugar content without compromising flavor or ABV.

Functional alcoholic beverages help wine, spirits, and beer brands reach a much larger consumer base. In fact, [29% of consumers](#) actively pursue healthier drinking options, and these new beverages offer an appealing alternative to traditional alcoholic options. Functional alcoholic beverages can't eliminate the adverse effects of alcohol consumption, but they do present the opportunity for balance between regular drinking and a sober lifestyle.

As of now, the [FDA hasn't endorsed](#) the addition of vitamins and minerals to alcoholic beverages, and these drinks also still warrant moderation in consumption. Traits such as a [high sugar content](#) can undermine the effectiveness of functional beverages, but the opportunity to stay in touch with shifting consumer demands makes this market especially enticing. Functional beverages are expected to continue to grow in popularity, and companies must invest in this sector to keep up with consumer trends. These beverages sit at a crucial middle ground between traditional alcohol beverages and 0% options, so it can be an effective way to maximize your consumer base.

**29% of consumers actively pursue
healthier drinking options. – SOURCE**



END-TO-END USE OF INNOVATIVE TECHNOLOGY

Over the next decade the beer, wine, and spirits industry, like all industries, is going to be changed by the adoption of new technology. Not every industry or company adopts these innovative technologies at the same time; however, we've seen the wine industry in particular working to integrate new technology to improve efficiency of production, sustainability, and the overall consumer experience.

One of the most significant technological advancements in the wine industry is the concept of smart vineyards and connected agriculture. By utilizing various sensors, drones, and Internet of Things (IoT) devices, vineyard managers can monitor environmental factors within their grape cultivation like soil moisture, temperature, light intensity, and humidity levels. This real-time information enables winemakers to make data-backed decisions to improve both grape quality and yield.

Robotics has also begun to find its footing in vineyard management. Sensors in the ground, for example, can assist in soil management and help grape growers determine the optimal times for watering. Drones flying overhead can check for signs of disease and drought, while robots with scissor-like hands can rove through the vineyard to prune vines. The introduction of robots such as the [one used by Willamette Valley Vineyards](#) that uses ultraviolet light technology to combat powdery mildew, or [TED by Château Clerc Milon](#) for weeding and soil cultivation, indicates a shift toward more automated and precise agricultural practices.

Further, increased access to data helps to optimize irrigation, predict harvest times, and prevent disease outbreaks. However, the massive amounts of data generated by these sensors can be overwhelming for human teams to navigate. This is where AI can be most valuable, as it can assist in [managing this data](#) and offering actionable insights. Some companies are already taking advantage of this with technologies like [SmartVineyard](#), which can predict grape disease by analyzing a vineyard's microclimates through precision sensors. This can decrease yield loss, pesticide use, and vineyard work, creating a high-quality and sustainable final product. Precision agriculture not only leads to higher-quality grapes but also reduces water and resource consumption, making it a sustainable choice for wineries.

Alcohol brands are also integrating new technology to enhance and personalize the consumer experience. For example, companies have begun to take advantage of AI developments and create virtual chatbots to communicate with consumers, which can offer personalized recommendations for consumers as well as information about pairings, wine histories, and product recommendations based on individual pallets. There's no consensus on which or how to use new technology in the beer, wine, and spirits industry. However, companies should focus on developing case studies and pilot programs with new, relevant technology to determine what might best suit your individual needs.



4 CONSUMPTION CHANGES DRIVEN BY GENERATION Z

The combination of the pandemic and the entrance of Gen Z into the alcohol market have resulted in significant changes in alcohol consumption patterns. Alcohol consumption grew significantly during the pandemic, and while there's been a reactionary response to this increase, consumption levels have still [not lowered to pre-pandemic levels](#), with 62% of adults 18-34 saying that they do drink (not a specific amount, just in general) in 2023, as opposed to [72% in 2021](#).

While alcohol consumption has been increasingly normalized due to social media and the public's general idea of the "normal" social scene, health trends and overall health concerns are starting to push back through. This has shifted the focus of many to functional beverages and non-alcoholic options.

Gen Z is also more sober curious than older generations, including millennials, and their social media presence and general consumption preferences help to drive the 0% ABV movement and trends such as "[Dry January](#)." Alcohol brands will need to keep each generation in mind when determining products and marketing to cater to the changing consumer demands.



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CONSUMER ENGAGEMENT AND INFLUENCER MARKETING EFFECTS

With the growing purchasing power of younger generations has also come the increasing influence of social media on alcohol consumption. General social media users as well as prominent influencers can easily bring attention to specific alcohol brands or types of cocktails, which can strongly influence the public's purchasing choices. Watching and recreating videos of making at-home cocktails has become incredibly popular and has led to many consumers [choosing to drink at home](#). Influencers can promote the “drinks of the summer” and quickly generate alcohol trends that many consumers then follow.

TikTok has especially contributed to the rise of drink trends. In 2023, the [Aperol Spritz cocktail](#) gained immense momentum on the social media platform. What started as short recipe videos detailing how to make the traditional Aperol Spritz cocktail quickly became a plethora of recipes with personal modifications, such as replacing the traditional soda water with Orange Poppi and adding orange sherbet for extra sweetness. The 2023 Aperol Spritz, as well as the 2023 [Espresso Martini](#) and 2022 Negroni [Sbagliato](#), reached peak interest on Google trends due to social media's consumer base.

Many wine and spirits brands are taking advantage of this and have utilized the services of online influencers, as well as general social media trends, to drive movements in their favor. [Casamigos](#), a major tequila brand, has seen interact with sponsored influencer media that advertises their products. Newer brands, such as Casa Dragones, are led by female entrepreneurs and have taken advantage of social media's call for [increasing business diversity](#) and created trending hashtags that showcase their empowerment of women. Online influencers can also easily draw attention to the growing eCommerce alcohol market, which allows brands to play into the growing market of online purchases.

Beer, wine, and spirits brands should work to inorganically reach their consumers through sponsorships, [influencer partnerships](#), and other outside engagements to boost their consumer base. Brands must also be prepared to meet higher levels of demand should they go viral organically by closely engaging with social media.





LOOKING AHEAD

As consumer preferences continue to shift after the pandemic, wine, spirits, and beer brands are looking for more methods to balance an extremely strong alcohol market with a growing sober lifestyle. Many market influences, such as social media, are driving many consumers to adopt a sober-curious mindset with regards to their alcohol consumption. This has resulted in a variety of brands experimenting with new 0% ABV beverages to maintain relevance in the eyes of all consumers.

Brands are also increasingly looking for ways to incorporate innovative technologies into all sales avenues, as it's essential for the alcohol industry to stay on pace with technological innovation to fully cater to the needs of newer generations and a consumer base that focuses more and more on the convenience and ease of their purchasing experience.

As we move forward into 2024, the alcohol industry will continue to find the means with which to grow together with the increasing purchasing power of Gen Z. Gen Z is responsible for the drive of many new consumption trends, but the industry will also find ways to continue to cater to older generations that continue to partake. By maintaining a balance between the desires of all generations with purchasing power in this industry, brands will continue to evolve their technologies, product offerings, and other operations that characterize the alcohol industry.

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