2025 WINE, SPIRITS, AND BEER INDUSTRY TRENDS

As we move into 2025, the alcohol beverage industry is continuing to rapidly evolve. Beer and wine saw decreases in both sales and volume in 2024, following a similar down year in 2023. According to Nielsen, spirits experienced a slight overall growth, but a deeper look reveals a more mixed result. The growth within spirits was almost entirely attributable to the tequila and ready-to-drink (RTD) spirits and cocktails categories, with almost every other category experiencing a decline from 2023 sales. What we're seeing in the top-line sales and volume numbers from 2024 can largely be explained by the trends we're seeing with consumers and in the industry.

In this report, we break down six wine, spirits, and beer industry trends for 2025.

1. LOW-, NO-, & TEMPO DRINKING
2. DIRECT-TO-CONSUMER SALES & CHANGING DISTRIBUTION CHANNELS
3. CANNABIS DRINKS CONTINUE GROWING IN THE FACE OF LEGAL HURDLES & AMBIGUITY
4. BRAND EXPANSION THROUGH PARTNERSHIPS AND PRODUCT DIVERSIFICATION
5. GROWTH THROUGH ACQUISITION & CELEBRITY BACKING
6. SUSTAINABILITY IN THE ALCOHOL INDUSTRY

1 LOW-, NO-, & TEMPO DRINKING

The movement of moderation in drinking cannot be seen as a fad anymore given its rise to a nearly one-billion-dollar category. Gen Z may have pioneered the sober and sober-curious trend, but now it has morphed into its own category with a cross-generational and demographic appeal as evidenced by the nearly 30% year-over-year increase in sales.

The trend has also moved beyond just non-alcoholic beverages. There's a fast-growing market for low-alcoholic beverages, particularly within beer, wine, and ready-to-drink (RTD) beverages. This growing market has opened the door for many start-up brands to enter the market. For example, in Q3 of 2024, California-based Arlow launched a new, low-ABV wine that offers full flavor but with half the alcohol and calories.

2024 also saw the continued growth of a new drinking behavior with consumers called tempo drinking. This is where consumers moderate their alcohol intake by alternating between alcoholic and non-alcoholic beverages. This opens up the door for low- and no-alcohol brands in 2025 to capture additional sales with traditional alcohol buyers without cannibalizing alcohol sales.

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2 DIRECT-TO-CONSUMER SALES & CHANGING DISTRIBUTION CHANNELS

Like many aspects of alcohol beverage sales and distribution, direct-to-consumer (DTC) alcohol regulations are complex and highly variable. After all, only 10 states allow DTC for breweries and only seven allow for distilleries. Wineries, however, are permitted to sell DTC in 47 states.

While some consumers may not be able to buy directly from the producers in their states, many are still able to capture the convenience of DTC through other means. Consumers, for instance, have been able to utilize the existing landscape of food delivery apps such as Uber Eats and DoorDash to purchase alcoholic beverages without going to the store. These apps distribute through retailers and restaurants, rather than directly from the producers, which provides an opportunity for on- and off-prem retailers.

In 2024, DoorDash announced an investment and expansion in the alcohol delivery space, including the launch of several partnerships and the creation of sponsored products and campaigns within the app. Launching into alcohol sales in 2021, DoorDash has since expanded their alcohol sales to 32 states nationwide. Continued expansion into 2025 signals a growing consumer demand for alcohol delivery, which may result in incumbent producers heavily scaling their own DTC efforts.

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3 CANNABIS DRINKS CONTINUE GROWING IN THE FACE OF LEGAL HURDLES & AMBIGUITY

The CBD beverage market is poised to grow at a CAGR of 23.5% from 2023 to 2032.

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The beverage industry as a whole has seen rapid growth and expansion of cannabis drinks since the passing of the 2018 Farm Bill that legalized hemp production in the United States. Many consumers view cannabis-based drinks, such as CBD and Delta-9, as providing an alternative to alcohol without the perceived negative side effects of hangovers and high calories. High demand shows that the market is poised to grow at a CAGR of 23.5% from 2023 to 2032.

Because of the ambiguity of the most recent Farm Bill, many of these brands have been operating in a legal grey area. While these brands have experienced significant growth overall, many states in 2024 cracked down on where these beverages can and cannot be sold. California banned the sale of any hemp product containing THC at any business with an alcohol license, and Missouri similarly banned the sales of any hemp-derived THC beverages. However, some states, such as Minnesota, explicitly made the sales of cannabis-based beverages legal.

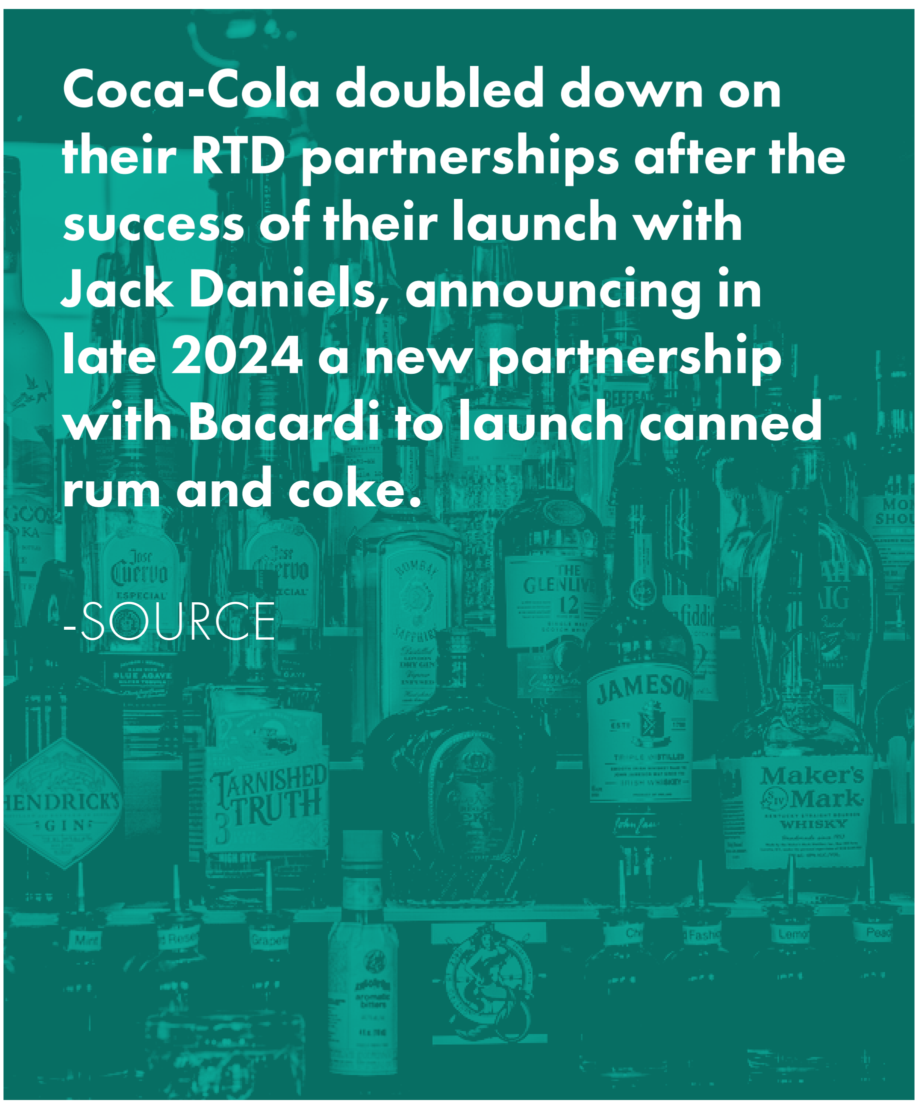
With the 2018 Farm Bill being extended until September 2025, brands can expect to be in federal ambiguity for a majority of the year but should continue to monitor the changes in regulations at the state level.

4 BRAND EXPANSION THROUGH PARTNERSHIPS AND PRODUCT DIVERSIFICATION

While it isn't a new trend for companies to diversify their product portfolio and expand into different categories, we saw brands do it uniquely in 2024 and we expect to see it continue into 2025.

One way we saw alcohol brands, specifically spirits, diversify was through partnerships with non-alcoholic brands to create spirit-based RTD cocktails. For example, after announcing the partnership in 2023, Pernod Ricard's collaboration with Ocean Spray officially hit the shelves with their canned Absolut Vodka Cranberry. Coca-Cola doubled down on their RTD partnerships after the success of their launch with Jack Daniels, announcing in late 2024 a new partnership with Bacardi to launch canned rum and coke.

Other brands seem to be expanding their portfolio to adapt to the changing consumer preferences as well. Hard seltzer giants White Claw and Boston Beer's Truly both rolled out tequila soda RTDs in a year that saw major gains in tequila sales. In 2025, we're expecting more partnerships between household brand names looking to move into the alcohol beverage space.



5 GROWTH THROUGH ACQUISITION & CELEBRITY BACKING

Merger and acquisition (M&A) activities within the wine, spirits, and beer industry were largely down in 2024, as a result of economic conditions and the aggressive nature of the Federal Trade Commission. There were still several major moves, however, that will impact the industry as we move into 2025. Sazerac, for instance, made a large investment in the RTD space, with their acquisition of BuzzBallz and recent agreement to acquire Svedka and their RTD vodka soda and hard seltzer lines. Carlsberg also made a major move into the non-alcoholic space, with the $4.2 billion acquisition of beverage manufacturer Britvic.

As it's been for the better part of the last decade, celebrities have also continued to heavily invest and throw their influence behind start-up beverage brands. In one of the biggest celebrity partnerships of the year, Moët Hennessey launched a whisky brand, SirDavis, with Beyoncé. There are estimated to be over 350 celebrity-affiliated alcohol brands, and it's not just for the growing and start-up brands anymore. The Moët Hennessey and Beyoncé partnership shows that big companies understand the power of celebrity influence in growing their brands into 2025. This is made clearer as incumbent firms acquire celebrity brands due to their market presence. For example, Casamigos, a tequila brand co-founded by George Clooney, Rande Gerber, and Mike Meldman, was bought by Diageo in 2017 for around $1 billion.

While it's expected that 2025 will see an uptick in M&A activities overall, only time will tell how and when this will come to the alcohol beverage industry.

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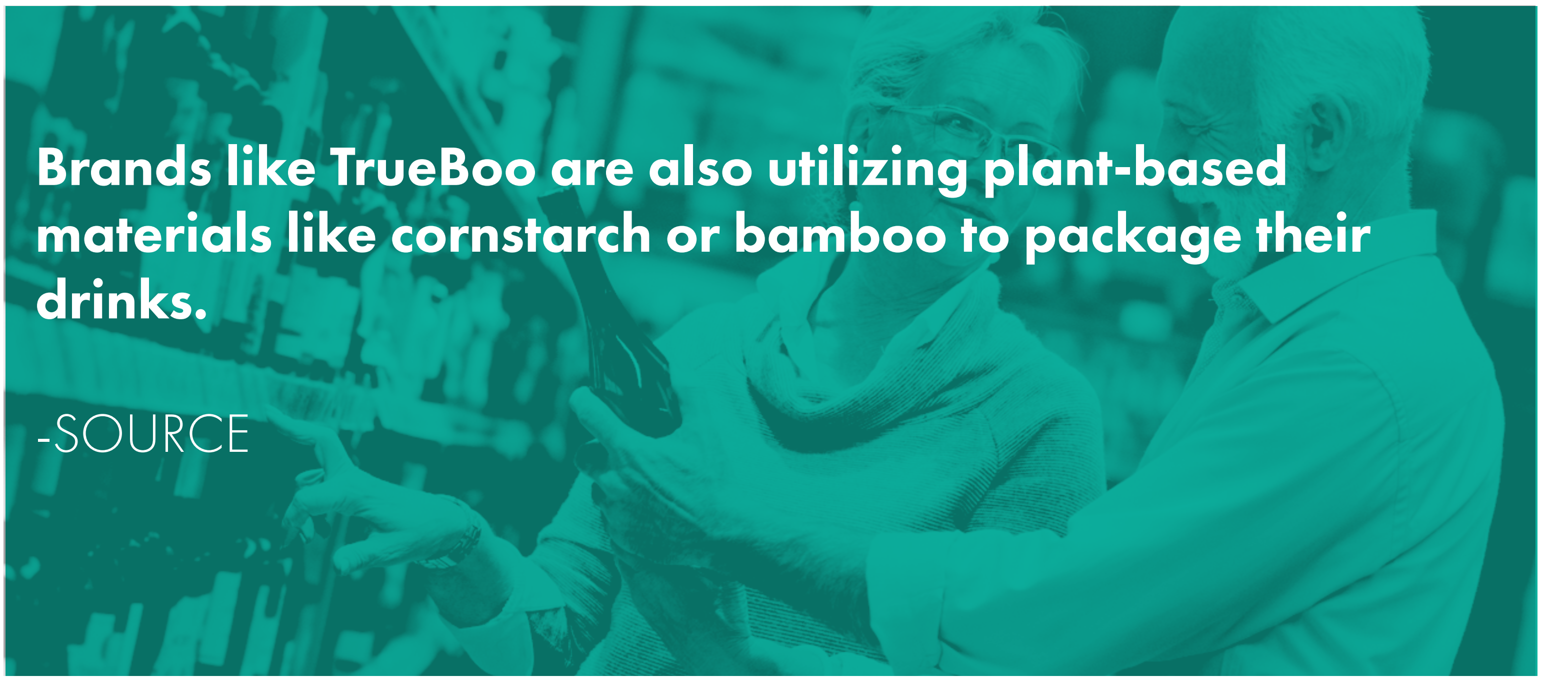
6 SUSTAINABILITY IN THE ALCOHOL INDUSTRY

Especially within the younger generations, consumers are caring much more about the sustainability of their drinks. Many alcoholic beverages are packed in recyclable materials, like glass and aluminum, though many are not actually recycled. Consumers may thus gravitate toward brands that make explicit efforts toward sustainability, like educational messaging on bottles indicating their ability to be recycled.

Brands like TrueBoo are also utilizing plant-based materials like cornstarch or bamboo to package their drinks. Cartons that are biodegradable have a lower carbon footprint and offer a unique look for consumers. In another instance, No. 1 Swedish Vodka has doubled down on its lower environmental footprint in its advertising. This is important given the changing landscape of sustainability in 2025, although it's yet to be seen whether brands will continue their environmentally conscious pushes.



LOOKING AHEAD

As the beverage alcohol industry enters 2025, trends in consumer behavior and preferences such as moderation in drinking, growth in low- and no-alcohol products, the rise of cannabis-based drinks, and the desire for more sustainable products are shaping the market. Alcohol brands are diversifying through partnerships and acquisitions, with celebrity-backed ventures gaining momentum. Even how consumers purchase their alcohol is changing, with many consumers opting for direct-to-consumer or other home delivery options. Wine, spirits, and beer companies will need to assess how prepared they are to navigate these trends but also how to prepare for any future changes in 2025 and beyond.

Contact Clarkston's experts to learn more about what's in store for the Wine, Spirits, and Beer Industry.

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