

# Why alcoholic beverage brands need to pay attention to Gen Z's shifting consumption patterns

Article

Gen Zers drink an estimated 20% less than millennials, according to 2023 data from CivicScience. Gen Z adults are the most likely to participate in Dry January, the same report found.

“Any shift in consumer behavior is important to keep your eye on, but particularly when a younger generation—which is going to have considerably more buying power—is really leading the charge,” our analyst Blake Droesch said on an episode of the [“Behind the Numbers: Reimagining Retail” podcast](#).

Here’s how brands are reacting to consumers’ changing alcohol habits.

### **Consumers aren’t drinking the same.**

The Gen Zers who do consume alcohol are drinking more often than older generations. Nearly half (47%) of consumers ages 21 to 24 say they drink at least weekly, compared with 44% of consumers ages 25 to 29, 39% ages 30 to 34, and 39% ages 35 to 54, per CivicScience.

Younger consumers are also more likely to enjoy the convenience of ready-to-drink (RTD) beverages—including premixed cocktails and hard seltzers—a category where consumption has grown more than 104% in two years, according to a 2023 report by NielsenIQ.

### **What’s holding alcohol back?**

“The alcohol industry is very highly regulated, which is a long-term prohibitor of digital growth,” Droesch said. Some states forbid brands from selling directly to consumers, while other states restrict third-party delivery services such as Instacart and Uber Eats.

Still, US alcohol off-premise retail ecommerce sales (i.e., sales of alcoholic beverages purchased through retailers online to be consumed at home; not including sales at restaurants or bars) are expected to rise 8.4% YoY in 2024, reaching \$7.43 billion, per our November 2023 forecast. Growth will continue through the end of our forecast period in 2027, when it will break the \$10 billion mark, as companies like Amazon and DoorDash lobby for eased alcohol delivery regulations.

### **What are the growth opportunities?**

“It’s about diversifying your product offering in order to meet the consumer for what they want at the moment,” Droesch said, whether it’s nonalcoholic drinks or more premium products.

As Gen Z gravitates toward innovations like spiked kombucha and organic wines, with nearly half of the generation purchasing beverages labeled “natural,” per a 2022 Food Insight study cited by Forbes, Droesch expects popularity for more basic, mid-end drinks to stall.

“[The trend] is going to have a permanent effect on the sales of light beer, for example, particularly as the older generations, which are really propping up these industries, start to make less of an impact,” he said.

Molson Coors, for example, is responding by expanding its portfolio of premium beverages with Simply Spiked lemonades and Peace Hard Tea, as well as its acquisition of Blue Run Spirits last August.

Consumers need a range of options so they can stay loyal to your brand no matter how their drinking preferences change, Droesch said.

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