



Premiumization Stalls as Difficult Trading Conditions Persist

by The IWSR Drinks Market Analysis, www.theiwsr.com

The global beverage alcohol market underperformed during 2025 as volume performance ran ahead of value for the first time in recent history, beset by challenging political and macroeconomic trends, as well as continued moderation.

Alcohol spend continued to decline across most of the world's major markets in 2025 as the long-running premiumization trend slowed and even slipped into reverse thanks to falling consumer confidence and spend.

According to preliminary data from IWSR, total beverage alcohol (TBA) volumes in the world's leading 21 markets (plus global travel retail) declined by -2% during 2025 with value down -4% — the first time in recent history that volume performance has outstripped that of value.

In category terms, volume declines were all but ubiquitous with beer down -1% on the year and declines for spirits (-1% excluding national spirits; -4% including them) and wine (-4%). RTDs, however, posted gains for volume (+2%) and value (+4%).

There are clear signs that premiumization is taking a back seat as TBA value fell for the first time since 2020 with spirits especially impacted. A few bright spots included the continued gains for no-alcohol and growth in emerging markets — India in particular.

"Despite rising GDP, the volatile political and trade landscape and the embedding of lifestyle trends continued to shape alcohol consumption during 2025," said Marten Lodewijks, IWSR Managing Director & President. "High inflation, political polarization and international conflict have dampened consumer confidence leading to a reduction in alcohol spending across most T21 markets. This, coupled with consumers becoming more conscious and intentional in their alcohol consumption, is leading to people going out less and consuming fewer categories when they do."

Thanks to persistent pressure on disposable incomes, consumers are prioritizing spend on fresh food, personal care and cleaning products. According to IWSR Bevtrac consumer research, recalled spend on alcohol in 2025 declined in every T21 market except for China and India where research is confined to urban, middle-class consumers. A similar trend is observed in terms of on-premise visits with no sign of channel recovery on the horizon.

"A turbulent 2025 has caused the drinks industry to recalibrate," said Lodewijks. "Tariff disruption and a cautious consumer put premiumization strategies under pressure while emerging markets offered a rare bright spot. The major multinational spirits players, whose prior strategies centered chiefly on continued premiumization, are now shifting tack. Recent restructuring and leadership changes indicate a greater focus on volume, relevance and more evenly weighted portfolios across price tiers rather than margin expansion."

Key findings from IWSR's preliminary data for 2025 include:

Premiumization pause

- BWS (beer, wine and spirits; excluding RTDs) value declined by -1% last year with premium-and-above products mirroring that fall and almost half of the T21 markets recording declines.

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USDA Awards Distilled Spirits Council \$900,000 to Expand Export Opportunities

The Distilled Spirits Council of the United States (DISCUS) was awarded \$900,000 by the U.S. Department of Agriculture's (USDA) American First Trade Promotion Program (AFTTP) to promote American spirits in international markets in 2026 and 2027.

This funding is in addition to USDA Regional Agricultural Promotion Program (RAPP) funding awarded to DISCUS in 2025 for use over a five-year period and 2026 Market Access Program (MAP) funding. DISCUS plans to build upon the momentum of these programs with AFTTP funds by hosting activations at trade shows in Germany and France and activities across South Korea.

"We are incredibly excited to continue to work with USDA to promote U.S. spirits through this new and exciting program," said DISCUS Manager of Export Promotion Joel Matticks. "Our export promotions are designed to equip American distillers with the tools, connections and visibility they need to deliver new U.S. spirits export sales."

Under the AFTTP, products distilled in the U.S. from at least 51% U.S. agricultural material are eligible to participate.

DISCUS' two-decade partnership with USDA has played a pivotal role in the growth of the U.S. craft distilling sector by helping small and mid-sized distilleries enter and compete in international markets, as well as educating hospitality professionals, adult consumers and media in these markets on the taste, heritage and diversity of American distilled spirits.

Since 2024, the DISCUS export program has directly resulted in U.S. craft distillers securing at least \$10.5 million in new U.S. spirits exports. In just the past three years, the DISCUS program has supported more than 45 U.S. distilleries across the U.S. through these programs. Overall, since DISCUS began its partnership with USDA to promote U.S. spirits in overseas markets, total U.S. spirits exports have grown by nearly 189%, rising from \$831 million in 2006 to \$2.37 billion in 2025.

DISCUS export program highlights the full range of American spirits, with a particular emphasis on

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