



Don't Blame Gen Z: As Challenges Persist, Younger Legal-Drinking-Age Consumers Are Re-Engaging with Alcohol

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

Budgets for alcohol are shrinking in many markets, thanks to cost-of-living concerns and the moderation trend, but affluent consumers appear more insulated, and Gen Z is making a comeback, according to Bevtrac, IWSR's longitudinal consumer sentiment tracker.

Consumers are spending less on alcohol across the world's leading markets thanks to a combination of increased moderation and the rising cost of necessities, but Gen Z is confounding conventional wisdom by reviving participation rates and consumption occasions.

According to Bevtrac consumer research undertaken in March 2025 by IWSR, there is a mixed picture across the world's leading 15 markets when it comes to consumer sentiment, with India and China remaining positive and Europe recovering slightly, but a more negative picture in North America and across the rest of Asia-Pacific.

As disposable incomes come under sustained pressure, consumers in developed markets are prioritizing essential items over alcohol, and hopes of an on-premise revival have been frustrated as drinkers around the world remain less motivated about going out.

More positively, recalled alcohol consumption among the LDA+ Gen Z age cohort has risen to similar levels of participation seen in the population as a whole in most markets. These younger consumers also display a greater propensity to explore a wide array of drink categories, maintaining a broad repertoire of products and, unlike older consumers, are now visiting the on-premise more frequently.

"Alcohol usage among LDA+ Gen Z adults has increased significantly from April 2023 lows, and there is evidence that the propensity to go out and spend more is recovering among this group, challenging the received wisdom that this generation is 'abandoning' alcohol," said Richard Halstead, COO Consumer Insights.

Meanwhile, political uncertainty has impacted consumer confidence in North America, thanks in part to policy shifts by the second Trump Administration, but there are clear signs of growth in India and Brazil, where confidence is strong among higher-income groups, in particular.

As the long-running premiumization trend continues to soften for wine and spirits, growth in premium-and-above beer has accelerated in a number of markets, including Brazil, France and Spain, but consumer recruitment into the no-alcohol category is slowing in some markets.

"The current macroeconomic climate is posing a challenge for beverage alcohol, with consumer sentiment neutral to negative and spend even more subdued," said Halstead. "The U.S. and China are seeing some of the biggest falls, and sentiment has weakened across Asia-Pacific, with other markets maintaining the same levels as a year ago. India remains the only market with all three indicators — consumer sentiment, recalled volume and recalled

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Toasts Not Tariffs Coalition Sends Letter to President Trump Urging Permanent Fair & Reciprocal Trade for U.S. & E.U. Spirits & Wines

The Toasts Not Tariffs Coalition, a group of 57 associations representing the entire three-tier chain of the U.S. alcohol industry and related industries, sent a letter recently to President Donald J. Trump urging that fair and reciprocal tariff-free trade for spirits and wine products be included in the final agreement between the U.S. and E.U.

The organizations commended the administration's objective to strengthen the economic vitality of the U.S. and stated that securing an agreement with the E.U. that includes a permanent return to fair and reciprocal trade for spirits and wine would "represent a clear and significant win for American workers, businesses and consumers."

The coalition raised concerns that if an agreement between the U.S. and E.U. is not made soon, it could jeopardize the critical holiday selling season.

"Mr. President, we need toasts, not tariffs, as we head into the most important season for our industry. As part of your America First Trade Policy, we seek your leadership to secure fair and reciprocal tariff-free trade for U.S. and E.U. spirits and wines as soon as possible," the letter stated noting that a 15% tariff on E.U. wine and spirits could result in more than 25,000 American job losses and nearly \$2 billion in lost sales.

The letter stated: "Our coalition members produce, distribute and sell wine and spirits in every U.S. state and support more than 3.5 million jobs, generating \$476 billion in annual economic activity. These include farmers who grow inputs such as grapes, corn, wheat, barley, hops, rye and rice on more than one million acres of farmland, all the way through the supply chain to the waiters, bartenders, truck drivers and retail clerks. These jobs also include fields such as transportation and distribution, bottling and packaging, marketing and finance, restaurants, bar staff, taverns, small package stores and large and small grocery outlets."

The coalition explained that wine and spirits are unique products, often tied to specific geographical regions around the world.

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