

Press Release

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IWSR Data Shows US Total Beverage Alcohol Consumption in 2020 was the Largest Volume Gain in Nearly 20 Years

Driven by Consumer Demand for Flavor, Convenience, and Better-For-You Options, Key Beverage Alcohol Segments were Accelerated by the Increase in At-Home Occasions in 2020

New York – Total beverage alcohol volume in the US last year was up +2.0%, marking the largest gain for alcohol consumption in the country since 2002, according to new findings from IWSR Drinks Market Analysis, the leading authority on the global beverage alcohol market.

IWSR research shows that year-to-date 2021 performance in the US is still higher than 2019, with the year expected to end at +3.8% growth in volume and +5.5% increase in value. IWSR forecasts a more moderate growth rate over the next five years as normalization returns, with a +0.5% volume and +2.8% value CAGR 2020-2025.

“A key driver of US beverage alcohol consumption is flavor,” says Brand Rand, IWSR’s COO of the Americas. “Flavored subcategories – from beer to vodka to US whiskey – are significantly outperforming traditional non-flavored sub-categories. Flavor is also the top consumer driver of the fast-growing ready-to-drink (RTD) category, and that’s likely creating a halo effect on total alcohol as well.”

IWSR’s analysis of the US beverage alcohol market by category:

Spirits market in the US posts largest volume increase since 1990

The US market posted the largest volume increase (+4.6%) for the spirits category since 1990, with value increasing +7.7%.

Within the category, agave-based spirits grew +15.9% in volume in 2020, overtaking rum to be the third largest spirits category in the US, behind vodka and whisky. Cognac/Armagnac was also a big winner last year, posting volume gains of +20.1%. Both categories are expected to continue their growth path over the next 5 years.

The whisky category showed mixed results, as tariffs negatively impacted single malt Scotch (-6.1% in volume) while bar and restaurant closures dragged down Irish whiskey (-0.5%). Last year marked the first time on record that these two sub-categories post volume declines in the US. Overall, total whisky volumes grew +4.9%, led by Japanese, Indian and US whiskies, in that order. The whisky category’s growth, however, is outpacing vodka, with total whisky expected to be larger than total vodka in volume consumption by 2022.

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No- and low-alcohol spirits are being driven by alcohol-free spirit alternatives and spirit-adjacent products that focus on mood-enhancing properties like adaptogens. Though trending from a small base, no-alcohol spirits are expected to end 2021 up +31.4% in the US.

Wine resonates with consumers during lockdowns

Total wine in the US grew slightly at +0.7% by volume and +1.5% by value in 2020, reversing the volume declines seen in 2019. Both still and sparkling wine volumes were up +0.8%, but still wine is forecast to go back to softening declines as RTDs and spirits grow at faster rates. Despite a non-celebratory 2020, sparkling wine managed to post growth, with Prosecco (especially rosé expressions) making up for declines in Champagne consumption.

Low-alcohol wine volumes more than doubled in 2020 in the US, with major brands entering the category offering lower calorie and lower sugar options in sessionable ABVs – a direct response to RTD occasion overlap pressure. Imported wine volumes grew more than domestic US wine (+2.5% vs +0.3%) from markets such as Chile, Italy, and New Zealand, which did not have tariffs in place.

RTDs set to become second largest beverage alcohol category in the US, in terms of volume consumption

The biggest gains in beverage alcohol consumption in the US last year were seen across the RTD category (which includes the popular hard seltzer sub-category), making RTDs more sizable in volume than total spirits in the US, and by the end of 2021, larger than total wine.

RTDs grew +62.3% by volume in 2020, led by hard seltzers which grew +130%. Hard seltzers represent 56.7% share of the total RTD category in the US, followed by flavored alcoholic beverages (FABs) (25.9% share), and ready-to-drink cocktails/long drinks (6.9%).

“Though the cocktail/long drink sub-category is still comparatively small by volume, the segment grew +52.7% in 2020 with canned cocktail growth spurred by on-premise closures and the on-premise pivot to ‘drinks to go,’ as well as more at-home consumption and outdoor socialization,” notes Rand.

The IWSR has tracked a rise in more spirit-based RTD launches at a higher price point due to taxes in US, but volumes remain small compared to the traditional malt-based segment. However, several US states have recently passed or are reviewing legislation to reduce spirit-based RTD tax reductions.

The overall RTD category shows no signs of slowing down – IWSR expects RTDs to grow to be 22% volume share of total beverage alcohol by 2025 (up from 9.6% share currently).

No- and low-alcohol beer is a bright spot for the category

Beer continued annual volume declines with a -2.8% loss in the US in 2020, as volume gains in imported beer (+3.1%) weren't enough to sustain losses in domestic beer volume (-4.4%). Imported beer grew market share, nonetheless, at 21.8%, up from 20.6% in 2019.

No- and low-alcohol beer proved a bright spot for the category, however, and the category is expected to continue to grow. Volume consumption of no-alcohol beer is projected to outpace that of low-alcohol beer, with no-alcohol beer forecast to grow by volume CAGR of +23.6%, 2021 to 2025. Additionally, flavored beer grew +10.4% in the US last year, driven by cheladas and radlers.

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About the IWSR

The IWSR is the leading source of data and intelligence on the alcoholic beverage market. The IWSR's database, essential to the industry, quantifies the global market of wine, spirits, beer, cider, and RTDs (ready-to-drink) by volume and value in 160 countries, and provides insight into short- and long-term trends, including five-year volume and value forecasts. The IWSR tracks overall consumption and trends at brand, price segment and category level. Our data is used by the major international wine, spirits and beer companies, as well as financial and alcoholic beverage market suppliers. The IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. The IWSR boasts a team of global analysts, each of whom is equipped with local market expertise and an expansive network of on-the-ground industry contacts. Our analysts meet and speak with their industry contacts throughout the year in order to capture local insight, key market trends, and the 'why' behind the numbers. For more information about the IWSR, please visit www.theiwsr.com