Industry Update

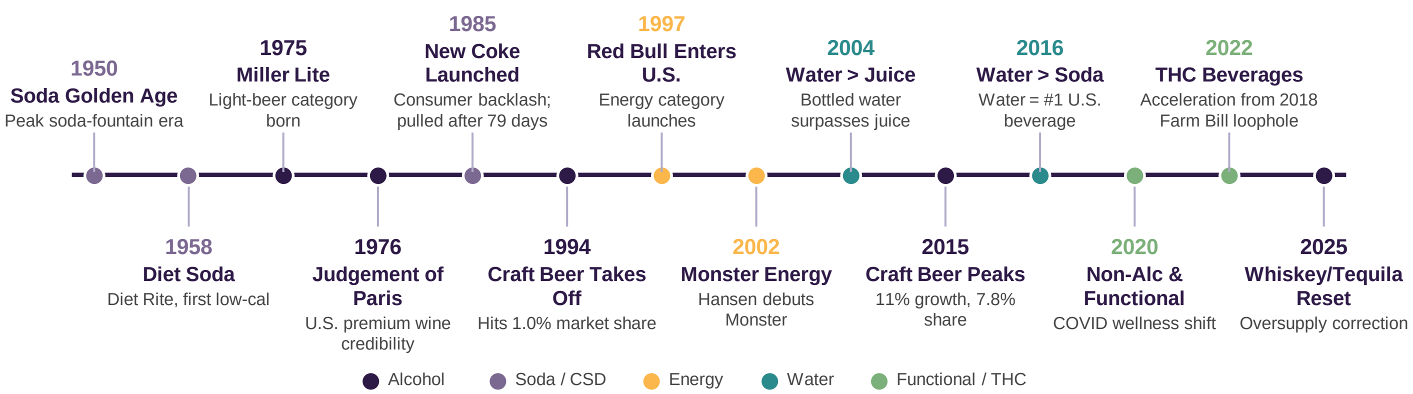
75 Years at a Glance

Decades of beverage disruption show that category trends are rarely permanent, and successful companies must adapt to shifting consumer tastes, channel dynamics, regulation, and the changing growth drivers across both alcohol and non alcohol categories.

- Since 1950, the $500B+ U.S. beverage market has repeatedly reinvented itself, proving that winners are those that adapt to changing environments
- Alcohol shifted from lager and light-beer dominance (1950s–80s) to fragmented craft beer, seltzers, RTDs, and THC beverages (2010s–present)
- Non-alcoholic: bottled water surpassed soda as the #1 U.S. beverage (2016) and energy drinks grew to $16B+ in under 30 years
- Today, premiumization and convergence define the market. Consumers drink less but spend more, and most non-alcoholic buyers also purchase alcohol, indicating these beverages are complementing rather than replacing alcohol consumption.

$36.4B U.S. Spirits 2025 Supplier Sales	**$113B** U.S. Beer Market 2025 Retail Dollar Sales
$115B U.S. Wine Market 2025 Consumer Spending	**$262B** U.S. Non-Alcoholic Beverages 2025 Market Size

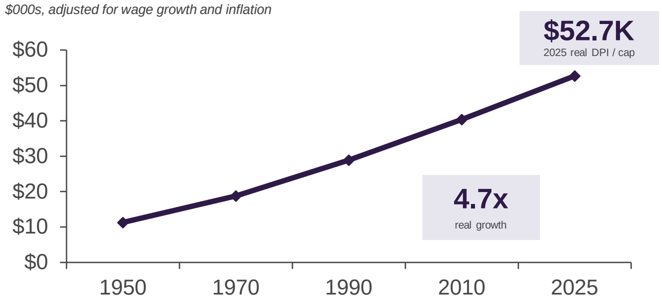
U.S. Beverage Milestones, 1950-2025



Real Disposable Income / Capita

Consumers have far more real purchasing power than in 1950, real disposable income per capita rose from $11.3K to $52.7K (≈4.7x).

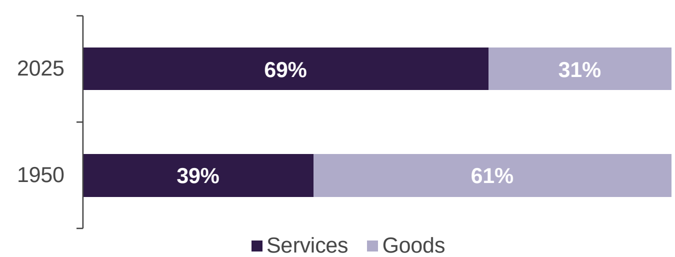
$000s, adjusted for wage growth and inflation



PCE Mix: Goods → Services

The economy's move from goods to services shows why successful beverage companies are increasingly those with strong occasion-based strategies.

% of total personal consumption expenditures



Sources: BW166, U.S. Census Bureau; DISCUS; NielsenIQ; Bevnet; FRED/BEA; Brewers Association; Beverage Marketing Corporation; Gallup; EY-Parthenon; Whitney Economics

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Alcohol's 75-Year Shift: Beer to Spirits, RTDs and Moderation

What is Taking Share from Alcohol Occasions?

Despite rising disposable income, alcohol's share of discretionary spending is under pressure as consumers allocate more dollars toward wellness, entertainment, and alternative beverage choices.

Health / moderation
54% of adults drink alcohol
U.S. drinking down from a 2022 peak of 67% to a record-low 54%; 53% say moderate drinking is unhealthy

GLP-1s
44% of users drink less
~12% of U.S. adults now use GLP-1s for weight loss; users report lower alcohol use, which may persist

Online gambling
$166.9B wagered
Now legal in 39 states, sports betting is a fast-growing draw on discretionary dollars once spent on alcohol

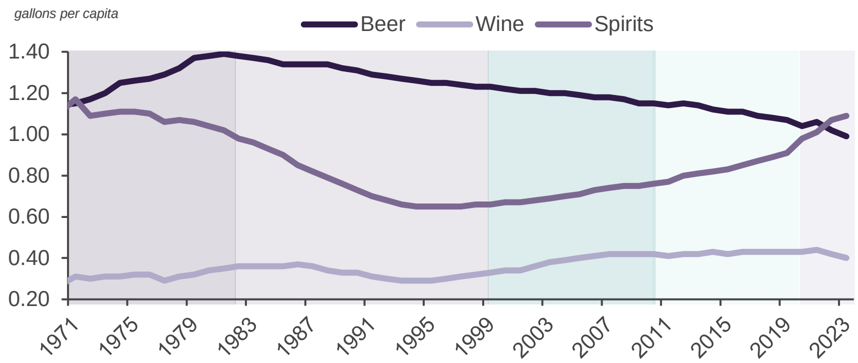
Spirit-based RTDs
$3.8B sales, +16.4% growth
Fastest-growing alcohol format; spirit-based cocktails are winning social occasions

Non-alc / sober curious
+$1B sales, +19% growth
Non-alc beer / wine / spirits surpassed $1B and grew +19.2%

THC substitution
$1.0–1.3B THC beverage sales
Since the 2018 Farm Bill, THC beverages have become a fast-growing alternative category

Spirits Overtake Beer: Per-Capita Consumption by Category

Beer consumption has declined from roughly 1.4 to 1.0 gallons per capita since its early-1980s peak, while spirits have risen from about 0.65 to 1.1 gallons, driven recently by the rise in spirit-based RTDs. This reversal has propelled spirits past beer as the largest alcohol category.



Period reads from the chart

1970–81 | Beer-led peak
Total alcohol rose; beer peaked near 1.39 gal/cap

1982–late 1990s | Moderation reset
Consumption fell 20%+; spirits saw the sharpest reset

Late 1990s–2009 | Spirits recovery
Premiumization and cocktail culture rebuilt demand

2010–19 | Fragmentation
Craft, imports, bourbon, tequila and seltzer widened choice

2020–present | Spirits / RTDs / moderation
Spirits surpass beer; RTDs become the growth engine

The Beer and RTD Story in Five Eras

Beer drinkers increasingly switch by occasion rather than staying loyal to one beer type. *Consumers are less loyal to a single beer style and more likely to switch across light beer, imports, craft, hard seltzer, spirit-based RTDs, non-alc beer, and THC beverages based on occasion, wellness goals, calories, convenience, or novelty.*

What is the next emerging trend? *RTDs, non-alc beer, and functional/THC-adjacent formats should continue to lead experimentation, but durability will depend on repeat purchase. Brands should expect faster innovation cycles, shorter shelf-life for "fad" products, and more pressure to refresh flavors, pack sizes, and occasions every 12–24 months.*

Traditional Lager Era
1950 1980
Domestic lagers dominate; beer leads a rising market

Light Beer Revolution
1975 2010
Miller Lite launches light beer; beer peaks 1.39 gal (1981), then a moderation reset

Craft Renaissance
2010–2019
Craft, imports, bourbon & tequila fragment the market; craft hits 7.8% share

Hard Seltzer Boom
2018–2022
Seltzer's rapid rise and reset, the new boom-to-bust template

Emerging Products
2022→Present
Spirits surpass beer; RTDs ($3.8B, +16.4%), non-alc & THC lead next

Product cycles are shortening materially. Major producers once rewarded patient, long term brand bets, but today s winners often spike quickly and then normalize as consumers move to the next flavor, format, or occasion; hard seltzer s rapid rise and correction is the clearest example of the new boom to reset cycle. Similarly, non alcoholic beverages have followed similar trends with shorter product cycles.

Sources: DISCUS; NielsenIQ; BW166; Gallup; EY-Parthenon/Forbes Health; American Gaming Association; Beverage Digest; Whitney Economics; IWSR / The Spirits Business

Health and Convenience Redraw the Non-Alcoholic Market

Non alcoholic beverages continue to shift from more soda" to **"functional beverages"** as consumers prioritize **health, convenience, and functionality**. Like alcoholic beverages, growth is being fueled by **better for you innovation, occasion based positioning, stronger retail execution, and higher income households** that are driving a disproportionate share of category spending.

Non-alc growth

Three levers behind the value shift

1 Functionality

Better-for-you CSDs, energy, electrolytes, enhanced water and RTD coffee take share

2 Channel execution

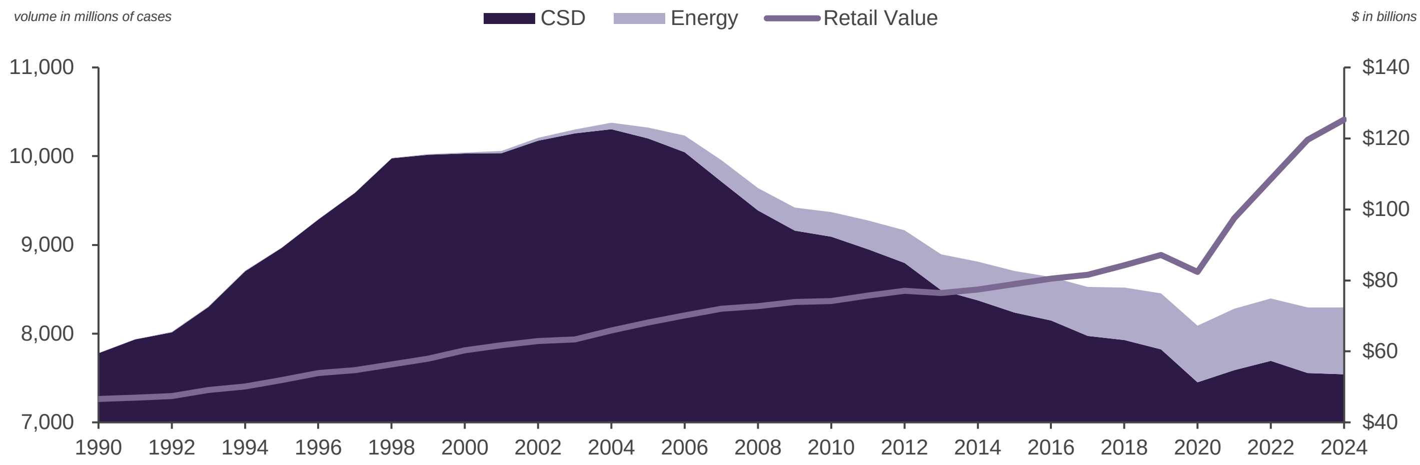
Convenience, cold placement and single-serve formats are now margin levers

3 Premium households

$100K+ households drive 80%+ of non-alcoholic growth; 65%+ of purchases are planned, not impulsive

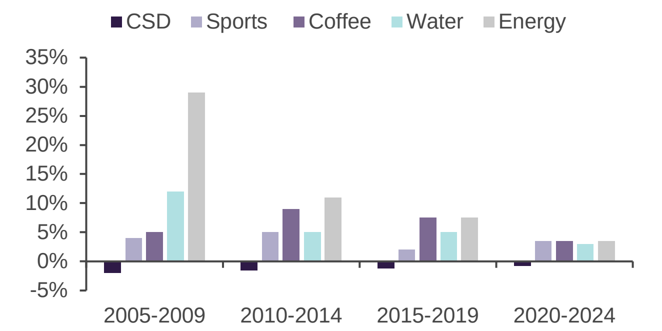
Soda Volume Erodes as Energy and Retail Value Climb

Carbonated soft drinks ruled for decades, peaking in the late 1990s, but health awareness and shifting preferences drove a steady decline. Conversely, energy drinks transformed U.S. non-alcoholic beverages from a volume-led market to a premium, functionality-led category, taking share from soda occasions while lifting total retail dollars through higher price points, convenience-channel strength, and frequent innovation.



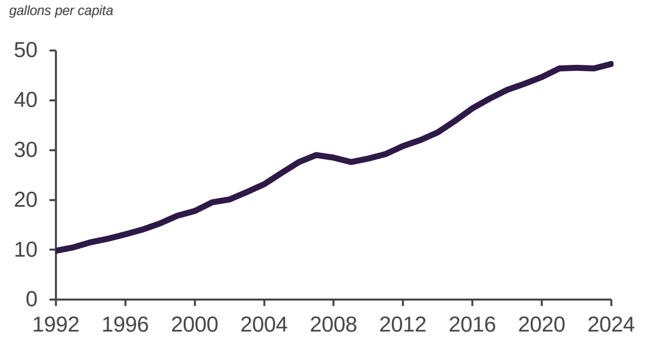
5 Year CAGRs by Segment

U.S. non-alcoholic beverage demand has seen stable growth shifting from traditional CSDs toward "functional refreshment", with soda volumes declining, energy drinks surging then stabilizing, sports drinks benefiting from hydration/wellness occasions, and ready-to-drink coffee expanding as consumers seek convenience, caffeine, and premium formats.



U.S. Bottled Water Consumption

Bottled water shifted from a niche convenience to America's leading beverage, more than quadrupling per-capita consumption and overtaking carbonated soft drinks as consumers prioritized health, portability, and convenience. Today, it stands at ~47 gallons per capita, roughly 5x the early-1990s level.



Sources: Beverage Marketing Corporation; Beverage Digest; NielsenIQ; BW166; DISCUS