



CONSUMER PRODUCTS INDUSTRY

# Why Owning the Moment Wins in a Changing Alcohol Market

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It is hardly news that the US alcohol category faces significant challenges today. Total revenue is down, and fewer consumers are participating. But behind the headlines there are still pockets of growth.

Brands such as High Noon, Cutwater, and Finnish Long Drink have captured market share. These players helped nearly double the in-store sales of ready-to-drink (RTD) cocktails between 2022 and 2025, according to data from NielsenIQ, making the segment larger than gin, brandy, and rum combined.<sup>1</sup> Athletic Brewing and its peers, meanwhile, have driven a nearly twofold increase in non-alcoholic beer sales. And wine-based RTDs have more than doubled.

These successes share two common threads. First, winning players tailor their products for specific consumer occasions and the emotional and functional needs consumers are trying to meet in those moments. Second, these players make a deliberate choice on brand strategy. Rather than stretching legacy brands, they build fit-for-purpose propositions from the ground up and adopt a new marketing playbook. Companies facing the industry’s headwinds can take inspiration from these leaders and apply the same winning principles to accelerate growth.

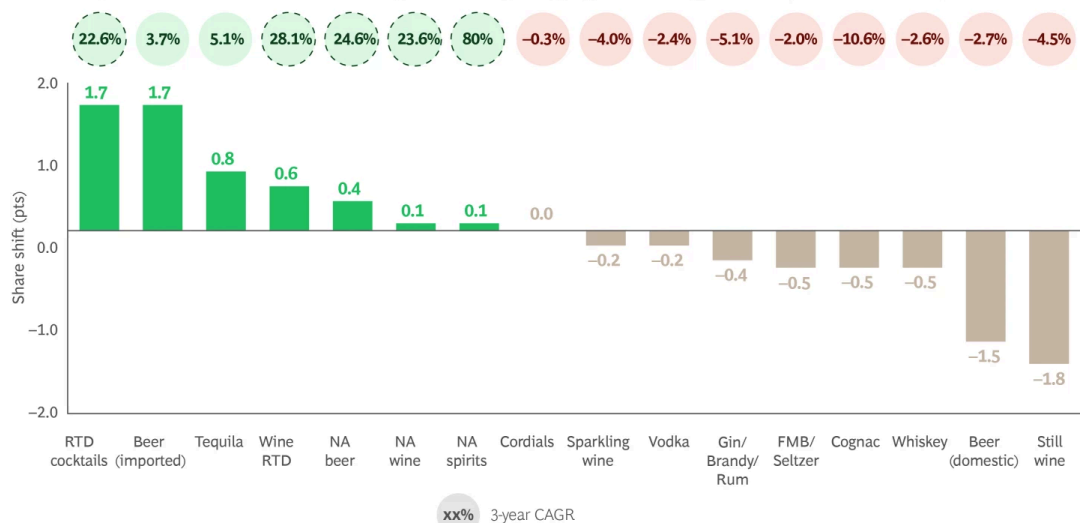
# Owning the Occasion

The data gives a clear picture of the challenge facing the alcohol beverage market. Certainly, there are some pockets of strength—for example, imported beer and tequila continue to capture market share. But overall traditional spirit categories have lost share in recent years, as have wine and domestic beer. Growth has been concentrated in RTD cocktails, wine-based RTD, and the small but growing non-alcoholic beer, wine, and spirits segments. (See Exhibit 1.)

## EXHIBIT 1

### A Few Categories Are Growing Amid Industry Headwinds

US beverage alcohol revenue share shift and growth rate by category, 2022–2025 (tracked off-premise channels)



Source: NielsenIQ US eXtended All Outlet Combined (xAOC) plus convenience and liquor store scanner data, CY 2022–2025.

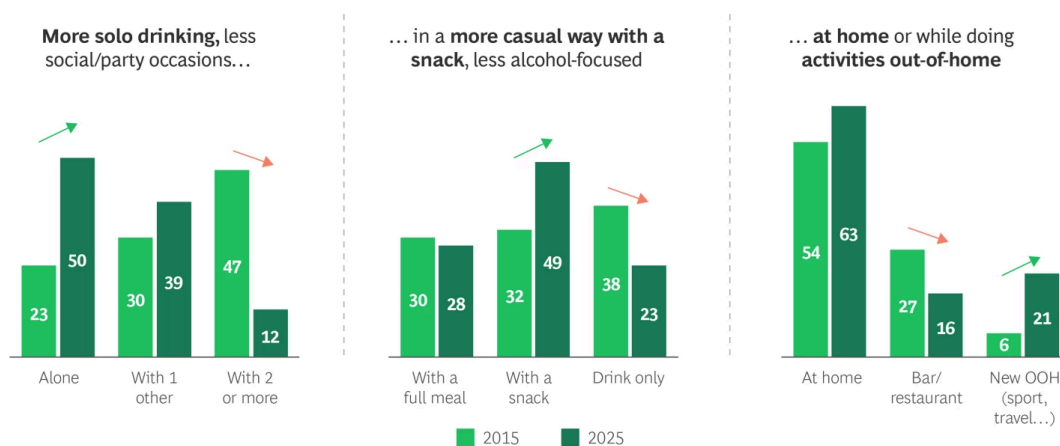
Note: Covers tracked in-store (off-premise) channels only; does not include on-premise, e-commerce DTC, or non-tracked retail. Growth rates and share shifts are directionally robust within tracked channels but should not be interpreted as total market figures. RTD = ready-to-drink; NA = non-alcoholic; FMB = flavored malt beverage.

The commercial scale of the shift is significant. RTD cocktails gained 1.7 share points within the total off-premise alcohol market between 2022 and 2025 and more than five share points within spirits alone. As a whole, the hard seltzer, flavored malt beverage (FMB), spirit-based RTD, and wine RTD universe has grown from roughly 10% to 12% of total off-premise alcohol sales over the three-year period—this despite hard seltzer losing roughly a third of its peak revenue. Those dollars rotated into spirit-based and wine-based RTDs rather than returning to traditional categories.

So, what accounts for the success of categories such as RTD cocktails amid tough industry dynamics? BCG research has shown that the most powerful driver of consumer choice is the occasion of use. And over the past decade, drinking occasions—and the needs consumers have in those moments—have changed in a number of ways. (See Exhibit 2.)

## EXHIBIT 2

### Alcohol Consumption Has Shifted from Big Parties to Quieter Moments



Sources: BevAlc Demand-Centric Growth Survey, May 2015 (N=4400); BCG BevAlc Survey, October 2025 (N=2768).  
 Note: OOH = out-of-home.

According to a late 2025 BCG survey of nearly 2,800 consumers, people are consuming alcohol less frequently at big gatherings and more during quiet moments, alone or with one person. Consumption tends to be a casual occasion with snacks rather than a full meal, gatherings that favor convenient formats. And drinking in a bar or restaurant is less common, with people consuming alcohol more at home or while out enjoying activities such as traveling or attending sporting events.

A number of success stories in the market highlight the power of aligning with these trends. High Noon and Surfside, for example, are aimed at casual gatherings. Both are convenient, portable, and sessionable (not too heavy), designed for the cooler and the patio rather than the bar cart.

As brands focus on adapting their offerings to how and where people consume alcoholic beverages today, they are also taking other important factors into account. Consider affordability. Consumers have been grappling with tighter wallets in recent years, a reality reflected in the strength of single-serve formats: while beer is declining in aggregate, sales of single-serve formats

grew at a 4% CAGR over three years. Even within hard seltzer, single-serve formats grew while multipacks drove the entire category decline—not surprising given that a single tall can at \$3 to \$5 is a lower-commitment decision than a \$15 twelve-pack. And the same pattern shows up in spirits, where small formats are outperforming standard bottles across most price tiers. Leading brands are responding by ensuring the right mix of formats—so consumers who want to keep spending in check can still enjoy the brand.

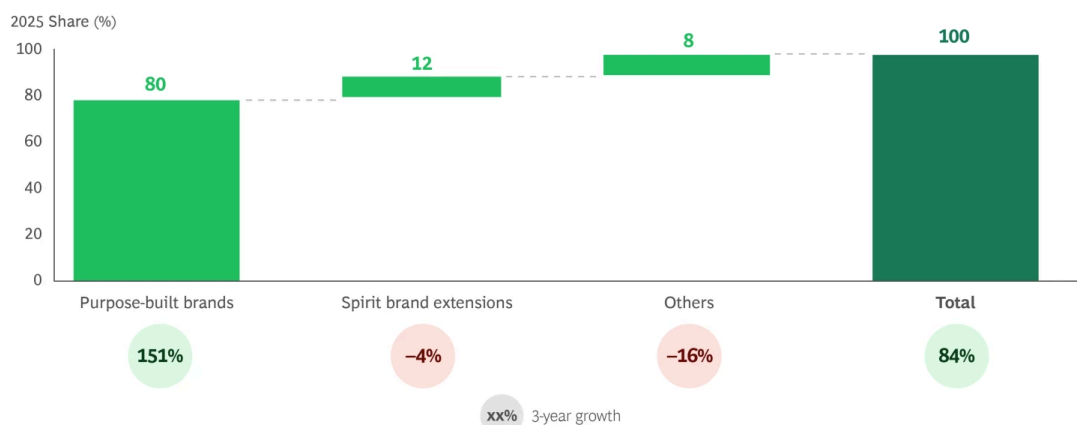
## Building the Right Brand

A focus on the right occasion is a starting point. Capturing that occasion requires savvy branding and marketing. We analyzed every RTD cocktail brand generating meaningful scale in tracked channels and classified them as either “purpose-built” (brands created specifically for RTD) or “spirit brand extensions” (launched under an existing spirits name). The analysis found that purpose-built brands with over \$10 million in 2025 revenue represent roughly 80% of the total RTD cocktails market. Spirit brand extensions struggled. (See Exhibit 3.)

### EXHIBIT 3

#### Purpose-Built Brands Outperform Spirit Brand Extensions

RTD cocktail brand performance, purpose-built vs. spirit brand extensions, 2022–2025 (tracked off-premise channels)



Source: NielsenIQ US eXtended All Outlet Combined (xAOC) plus convenience and liquor store scanner data, CY 2022–2025.

Note: Prepared Cocktails category within Spirits. Purpose-built = brand without a traditional parent spirits brand affiliation. Covers brands >\$10M in tracked 2025 revenue (22 purpose-built, 15 extensions). “Others” includes all brands <\$10M in tracked 2025 revenue.

Nine of the top ten brands are purpose-built. Purpose-built brands succeed because they are designed from the ground up around specific consumer occasions, building equity in a new space rather than borrowing it from an existing one.

The brands that have achieved the greatest scale have also built distinctive approaches to reaching consumers through social and experiential channels rather than relying primarily on distribution and shelf placement. Meeting consumers where they already gather, through partnerships, social content, and culturally relevant brand building, has been as important as the liquid itself.

Traditional brands can also win by ensuring their offerings align with changing consumer occasions. Aperol, for example, has boosted sales through the launch of its signature Aperol Spritz drink in a single serve bottle and will soon roll out a version in can form. The key is a brand built on a clear occasion, a signature serve, and consistent communications that build cultural relevance over time. Such an approach is helping purpose-built RTD brands succeed even with Gen Z consumers, a group that drinks less than previous generations. (See “The Gen Z Opportunity.”)

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## — The Gen Z Opportunity

Much has been made of younger generations drinking less. At a high level, the data supports this: Gen Z alcohol buyers spend roughly half what the average consumer does per year, with fewer purchase occasions. The share of US adults who report having occasion to drink is at its lowest level in decades.<sup>2</sup>

But the picture is more nuanced than the headline suggests. Gen Z is not simply spending less on beverages; they are also adopting purchase patterns that are quite different than other groups when they do drink. Nearly 14% of Gen Z’s alcohol wallet goes to RTD cocktails and seltzer/FMB combined, compared with roughly 8% for the average consumer and under 6% for Boomers, according to NIQ data. At the same time, they are purchasing less wine and traditional spirits than older generations. In general, they are less attached to traditional categories, with BCG’s consumer research finding Gen Z indexes significantly lower on “traditional tastes.”

The path to brand discovery is also different: Social media, not on-premise or the retail shelf, is the primary channel through which Gen Z finds new brands. That customer journey may reward smaller, occasion-focused brands that resonate on social platforms over legacy names that rely on distribution muscle.

The bottom line: Capturing Gen Z requires more than adapting the product. The best positioned brands are built around clear occasions, show up on the channels where discovery actually happens, and earn relevance rather than assume it from legacy equity.

Beyond aligning with occasions, legacy beverage companies must treat the RTD opportunity as a genuinely new business to create the right conditions for success. That means dedicated teams, distinct brand identities, independent P&Ls, strong consumer insights, and consistent communications that build cultural relevance over time.

## Seizing the Moment

The beverage alcohol market will likely continue to face pressure in aggregate. But the shifting contours of demand create opportunities. Brands can take three steps to seize that opportunity.

### **Build around the occasion, not just the liquid.**

Whether building or acquiring, winning in cross-category formats requires brands and operating models designed around consumer occasions. What matters is the commitment to building genuine equity in the new space, with dedicated teams, distinct positioning, and a willingness to treat the opportunity as a new business.

### **Plan for the lifecycle.**

Each generation of cross-category innovation has followed a pattern: rapid growth, differentiation, and eventual maturation. Some of today's fastest-growing brands will face their own maturation, just as hard seltzer did before them. But the best brands in each wave have shown staying power: Smirnoff Ice, a first-wave FMB, remains meaningful more than two decades after launch. The brands that endure understand that today's winning format will need to be refreshed, and that the next wave of differentiation is already forming.

### **Rethink how brands reach consumers.**

The path to brand discovery has shifted. Social media, cultural partnerships, and community-driven engagement are increasingly how consumers, particularly younger ones, find and connect with brands. Marketing structures and activities built for distribution-led brand building need to evolve alongside the portfolio. The companies that reach consumers where they already are, rather than where the industry has traditionally placed them, will have a meaningful advantage.

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Consumers are not choosing between alcohol categories, they are choosing for moments. Companies that continue to manage portfolios by category risk missing where demand is moving and why. Those that reframe around occasions, invest in distinct propositions, and adapt how they reach consumers will be best positioned to capture the next wave of value.

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- 1 NielsenIQ, US all outlets (e.g., food and drug stores) plus convenience and liquor stores, CY 2022–2025, SKU-level pack size analysis. Covers tracked in-store channels only; does not capture on-premise or e-commerce, where consumption patterns differ.
- 2 BCG BevAlc Consumer Survey (Oct 2025, N=2,768); BCG Supplemental Survey (Nov 2025, N=505); NIQ US Panel data, CY 2025, generational cohort analysis; Gallup alcohol consumption data, 2024.