The American Alcohol Consumer Is Changing

Is the Industry Ready to Serve Them?

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**Summary**

For this report, we identified four critical demographic trends impacting alcohol consumption in the US and shared our findings with leaders from across the industry. We interviewed epidemiologists, lobbying groups, as well as CEOs, marketing, M&A, strategy, and consumer insights teams from a dozen top alcohol brands. With the feedback from these experts – and a lot of data – we explore how the American alcohol consumer is changing and what it means for alcohol companies, and add valuable context to some of the most important sales trends of the 21st century.

**Trend #1 – Older Consumers Are Drinking More and Trading Up**

- In 2019, people over 50 accounted for 39% of alcohol consumption in the US – up from 29% in 2007. This shift is a consequence of an aging population, reduced alcohol use among people under 25, and an increasing share of the 50+ population that drinks regularly (as opposed to regular drinkers over 50 drinking more).

- Assuming their thirst for discovery has atrophied, most brands don’t target people over 50. Counterpoint: per capita alcohol spending of 65+ consumers has doubled since 2004.

- While they are overwhelmingly moderate drinkers, this rise in consumption is a growing concern for public health officials, as older consumers are more susceptible to the negative health impacts of alcohol abuse.

**Trend #2 – The Consumer Is Diversifying Fast, but the Industry Has Been Slow to React**

- Fifteen years ago, only 23% of regular drinkers were people of color. Today, that number is 31%. The shift is even more dramatic among young people: 40% of regular alcohol users aged 25 or younger are people of color.

- Most of the individuals we interviewed said company leadership is not doing enough to address the lack of diversity within their organization. Without more diversity, it is not clear how brands can thoughtfully and ethically market to some of these underserved communities.

- Inviting people of different backgrounds, race, and gender to the table won’t just help companies speak to underserved consumer groups and avoid marketing snafus, it can refresh how they market to all audiences!

**Trend #3 – Women Are Drinking More Than Ever, Men Are Drinking Less**

- 2019 was the first year in US history that women represented the majority of alcohol consumers under 25. Unfortunately, more women in bars doesn’t always lead to more women in the boardroom at alcohol companies.
This rise in consumption is largely a story of empowerment, not despair. For example, women represent 57% of recent college graduates, and many are delaying (or foregoing entirely) marriage and starting a family until later in life – all reliable predictors of regular alcohol use.

Even though the overall rates of alcohol use disorder (AUD, i.e. alcoholism) have declined, the rates of AUD among women have doubled over the past two decades. Women are more sensitive than men to the adverse health effects of alcohol abuse.

**Trend #4 – Underage Drinking Has Fallen off a Cliff… Nobody Really Knows Why**

- Alcohol companies spend millions on ‘responsible drinking’ campaigns, which fall into three buckets: preventing underage drinking, binge drinking, and drunk driving. All three have declined significantly in recent decades.
- The decline in underage drinking has accelerated dramatically over the past ten years. According to our estimates, the share of alcohol that ended up in the hands of underage consumers fell 60% since 2007.
- Along with less alcohol, US teens are doing fewer drugs and having less sex, yet those who drink are more likely to drink alone, and the prevalence of depression and anxiety is rising fast. Nobody knows why, but when pressed, most experts suggest social media is the most likely culprit.

**Introduction**

In the US, per capita alcohol consumption has been remarkably stable over the past 15 years (see Figure 1).\(^1\) Consumption hit its peak in 1981, followed by a steady decline until 1995.\(^2\) It then slowly rose (driven by wine and spirits) until 2007 and hasn’t really changed since. How Americans drink and which Americans drink, however, is undergoing a seismic shift.

**Figure 1:** Historically, rates of alcohol consumption in the US have risen and fallen over a somewhat regular cycle. Over the past 15 years, per capita consumption has been unusually stable

In this report, we share how drinking behaviors are changing across four major demographic groups and what this could mean for alcohol companies and society at large. Those four trends are:\(^3\)

1. **Older Americans are drinking more.** This, combined with an aging population, means individuals over 50 are now responsible for 40% of the alcohol consumed in the US.
2. **People of color are taking a growing share of alcohol consumption**, a trend driven by population-level demographic changes and a particularly sharp rise in per capita consumption among Black and Latina women.
3. Legal-aged women are drinking more than ever, and men are drinking (slightly) less.

4. Underage drinking has dropped precipitously, and nobody really knows why.

The shifting demographics of the alcohol consumer will challenge some of the strategies and tactics upon which alcohol brands have built their success. The industry has long been male-dominated and lacking in diversity (both in its leadership and its marketing), raising concerns about whether it is equipped to effectively and ethically serve an increasingly diverse universe of beverage alcohol consumers.

Older Americans Are Drinking More

Older Americans are drinking slightly more and spending a lot more on alcohol per capita than they did 15 years ago (see Figures 2 & 4). Driven by this rise in consumption (particularly among women) and the growing 50+ population (the Boomer cohort is gargantuan), our analysis indicates individuals over 50 now account for two out of five alcoholic drinks consumed in the US.

Figures 2a & 2b: Older consumers’ share of alcohol consumption (a, left) is rising more quickly than their share of the overall population (b, right)

Why more older consumers are drinking alcohol isn’t entirely clear, though two theories seem to have the most merit:

1. Individuals over 65 are remaining healthier longer, allowing them to continue lifestyles and routines that include alcohol. One company’s head of consumer insights called them the true “Forever Young” generation.

2. Boomers and older members of Gen X entered adulthood at a period of historically high alcohol consumption (1970s and 1980s), which established a long-lasting association with alcohol as an important part of social life. In fact, per capita alcohol consumption reached an all-time high in 1981, when the youngest Boomers were on the verge of turning 18 years old. One epidemiologist jokingly referred to them as the “Brett Kavanaugh generation” – the famously beer-loving justice was a high school senior in 1982.

To be clear, the local retirement community isn’t turning into the Vegas Strip! Older individuals continue to be overwhelmingly moderate drinkers with binge-drinking at rates one-third that of some younger age groups (see Figure 3).
Older Consumers Are Open to New Brands

Most brands don’t direct marketing dollars toward consumers over 45 even though they account for half of spending in categories like premium spirits. The reason is that people under 45 are more likely to be going through a life-changing event (i.e. leaving college, having children, buying their first home, etc.). This makes them more receptive to switching to a new brand – and to be honest, it doesn’t hurt that young people live a lot longer.

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The conventional wisdom holds that older consumers are fixed in their ways, so marketing to them would be ‘redundant.’ “Their choices have already been made in life,” one source told us. This take is not supported by the evidence. Per capita spending is rising much more quickly than consumption among older populations (see Figure 4). That either means the price of Carlo Rossi has gone through the roof or older consumers are trading up (i.e. switching) to more premium brands. And all this time, we’ve been blaming Millennials for being fickle over-spenders!

Figure 4: The rise in per capita alcohol spending is highly correlated with age, i.e. older consumers are drinking more and paying more for what they drink

Source: BLS, Rabobank 2020

[Graph showing the trend of per capita alcohol expenditures by age group from 2004 to 2020, indicating a significant increase in spending among older consumers.]
Is It Time to Start Marketing to Older Consumers?

When we presented our findings to industry leaders, it was clear that only a few organizations had caught on to this opportunity. “They are still alive. They’re still experimenting with life... and they can afford to,” one market insights manager told us, referring to the resilience and spending power of older consumers, particularly women. Another company’s head of insights recounted an instance a few years ago when they discovered that people over 50 represented over 50% of sales for their most iconic brand. They were “laughed out of the room” for suggesting they allocate resources to market to older people.

It is not clear what targeting the 50+ demographic would look like. “This country and the world still puts a premium on youth in imagery... There is still a longing for youth,” said Rodney Williams, CEO of Belvedere Vodka. If putting more 50+ actors in ads is not the answer (counterpoint: George Clooney!), a strategy targeting older consumers may come down to local execution, like devoting resources for targeted merchandising in stores near retirement communities. One thing is certain, however: Working with influencers on TikTok probably isn’t gonna cut it!

Beware, Lest Your Assets Decay With the Demise of the Boomers!

Investing behind older individuals clearly represents an opportunity for growth in the short and medium term, but the fact that so many brands and categories depend on older individuals to drive sales points to a long-term problem: Many brands are failing to connect with younger audiences. The rise of wine consumption over the past 25 years coincides with the current cohort of 50+ consumers reaching their peak years of spending and consumption. Now that the giant Boomer generation is starting to, umm, shrink, volume growth has flattened out.

The wine industry will have to learn to attract younger generations (see the next section, The Alcohol Consumer Is Diversifying) to ensure that it does not follow its consumers to the grave. This also helps explain the downward trajectory of many of the world’s most iconic spirits brands. The dominance of Tito’s Handmade Vodka, for example, is as much a testament to established brands’ weakness with younger consumers as it is to Tito’s actual strategy.

Public Health Pitfalls!

The shift in consumption toward older consumers has raised red flags among epidemiologists. According to the NIAAA, older individuals are at higher risk of the negative impacts of alcohol. Among other things, they are more likely to take medications that can interact with alcohol, and have lower alcohol tolerance (this is important given that alcohol is estimated to be a factor in 60% of falls). In fact, moderate drinking among men over 65 is defined as one drink per day instead of two, in order to account for these factors.³

When it comes to public health, alcohol companies focus resources on responsible drinking, which falls into three buckets: preventing underage drinking, binge drinking, and drunk driving. While they do not face much external pressure on this issue today, the definition of responsible alcohol consumption may have to evolve in the face of an aging consumer.

The Alcohol Consumer Is Diversifying. The Industry? Not So Much

In 2004, only 23% of regular drinkers were people of color, according to NSDUH data analyzed by Rabobank.⁶ In 2019, that number jumped to 31%! At first glance, it appears most of this shift is due to population growth. The population of white people (excl. Latinos) over the age of 18 grew 4.4% from 2004 to 2019. The rest of the population grew by 44%.
Under the surface, though, something interesting is happening. Alcohol use among Asian, Black, and Latino men is flat or declining, while it is increasing substantially among Asian, Black, and Latina women. In fact, the population of women of color who regularly use alcohol has increased by more than 84% since 2004 (see Figure 5). Much of the change in the drinking habits of Black, Asian, and Latina women can be boiled down to empowerment along both cultural and economic dimensions. Here are a few examples of what that means:

- The rise of musicians like Nicki Minaj, Megan Thee Stallion, and Cardi B, movies like Girls Trip, and comedians like Ali Wong and Tiffany Haddish are stripping away outdated norms of ‘appropriate behavior’ for women of color.6
- Communities of color tend to be more religious than their white counterparts. As church attendance declines, so does the view that alcohol use is immoral – especially for women.
- College attendance is one of the most reliable predictors of increased alcohol use. Over the last 20 years, for example, the number of Latina women with a four-year college degree has more than tripled!

Figure 5: The number of Black, Asian, and Latino individuals who use alcohol in the US is growing rapidly, especially women*

*Figure for Asians includes individuals 12+, not 21+
Source: NSDUH, Rabobank 2020

Figure 6: White men still account for the majority of alcohol consumed in the US, but their share is falling quickly

Source: NSDUH, Rabobank 2020

The Industry Isn’t Diversifying Fast Enough

In 2018, Heineken produced an ad featuring a light-skinned bartender who slides a bottle of Heineken Light across a bar. As reggae music plays, the beer passes three Black people en route to
a light-skinned woman, and then the tagline “Sometimes Lighter is Better” flashes on the screen. The campaign was quickly abandoned once Heineken was made aware the content was racist.

It makes you wonder, how many people – senior and junior members of the brand team, the agency that created the ad, members of the social media and PR teams, etc. – must have reviewed that ad before it was approved? “People often revert to their instincts” when their own personal experiences or culture do not match that of their target audience, Rodney Williams, CEO of Belvedere Vodka told us during a phone call. “The problem is that those instincts can be racist or depend heavily on stereotypes,” he added.

Only a couple of people we spoke to (out of more than a dozen) felt their company’s leadership was acting quickly enough to address the lack of diversity within their organization. “You can’t fire people for being white and male,” said one source. That is true, but companies can hire people of color. Building a diverse team is an investment not a waiting game.

“Inviting people of different backgrounds, race, and gender to the table won’t just help companies speak to women and communities of color. It can help refresh how they market to all audiences.”

Inviting people of different backgrounds, race, and gender to the table won’t just help companies speak to underserved consumer groups and avoid marketing snafus like Heineken’s, it can refresh how they market to all audiences. With so many flagship brands at risk of dying out with the aging – and much whiter – Boomer generation, a refresh may be exactly what the doctor ordered.

If Brands Prefer to Market to Young People, They Should Remember Young People Are Way More Diverse Than the Overall Population

While the overall drinking population is diversifying quickly, this shift is even more pronounced among younger consumers: 40% of regular drinkers under 25 are people of color. As mentioned in the previous section, alcohol companies like to target young, legal-drinking-age consumers who haven’t yet settled. Brands hope that if they score the first-mover advantage, they will have a loyal, lifelong customer. As one executive told Rabobank, “It is hell of a lot cheaper to retain an existing customer than going out to get new ones.”

Young alcohol consumers are much more diverse than the overall drinking population, and marketing to young people has a much higher return on advertising spend (ROAS) and lifetime customer value (LTV). The math is simple enough. This dynamic should create even more urgency for the industry to diversify its ranks and build brands in a more inclusive way.

Can Brands Figure Out How to Appeal to a Diverse Audience?

There is no single answer on how exactly to market to such a diverse cohort of alcohol consumers. At least cringe-worthy ads like PepsiCo’s spot featuring Kendall Jenner show us what doesn’t work: You can’t and shouldn’t try to be everything to everybody.

Rodney Williams shared that “reaching a community of color doesn’t [necessarily] mean you have to put a Black person in your ad.” He then referenced a Hennessey campaign featuring Manny Pacquiao, Erykah Badu, and Martin Scorsese as an example.

On the flip side, more than one executive expressed frustration at a deeply held – and wrong – belief in the alcohol industry that brands “can’t be luxury and too minority.” Let’s clear that up. An ad featuring content, culture, and celebrities more relevant to women and communities of color
can and often does have mass appeal. Black Panther is a great example. The director, Ryan Coogler, told Rolling Stone, “I wanted to tell epic stories, stories that felt big and fantastic... but I wanted to do it for people who look like me and people I grew up with.” The movie fetched more at the domestic box office than any movie in Marvel’s history and second most of any movie ever at the time of its release.

Who Runs the World? All the Single Ladies

Here’s a statistic that might surprise you: In 2019, young women were more likely than young men to regularly use alcohol (see Figure 7). Think about that for a second because it defies many of our prejudices about alcohol consumption. Men still drink way more than women, but over the past 15 years, per capita alcohol consumption among men has been flat or declining, while it has steadily increased among women. This trend is consistent across age, racial, and ethnic groups. Women, for example, account for most of the rising prevalence of alcohol use among older consumers and people of color.

Figure 7: 2019 was the first year in US history that the number of young women who drink surpassed the number of young men who drink

Source: NSDUH, Rabobank 2020

The alcohol industry is well aware of the growing power of female consumers, and most people attribute the rise in consumption to women’s changing role in society. Some industry leaders still remember when bars in New York City were allowed to ban women. Here’s an excerpt from a 1970 New York Times article about Lucy Komisar, the first woman to enter a male-only bar on the day the ban was lifted. Her experience shows just how fast and how much things have changed:

*When, one tall, unidentified man showed her an obscene poem he had scrawled on a piece of paper, [Miss Komisar] tried to snatch it out of his hand. “Why you little—” he shouted, dumping a stein of ale over her head.*

*...An old-timer in an open-collar shirt shook his head sorrowfully. “That woman is trouble. All women are trouble. This is what happens when you let them in here.”*

Indeed, this is largely a story of empowerment, not despair. Women now represent 57% of recent college graduates. Just 15 years ago, women were twice as likely to be married before turning 26 (hence the reference to Beyoncé’s Single Ladies). Marital status and education are strong predictors of regular alcohol use. One epidemiologist told us that women with the highest socioeconomic status are showing some of the most drastic changes in consumption patterns and pointed to the role alcohol plays in networking among people in high-profile jobs (i.e. ‘meeting up over drinks’). Essentially, more women in power has led to more women in bars (hence the reference to Beyoncé’s Run the World (Girls)).
Unfortunately, more women in bars has not translated to more women in the boardrooms of alcohol companies. The industry needs to come to terms with how ridiculous and potentially disastrous it would be for this gap to persist.

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Do Demographics Help Explain Why Seltzer Hit the Sweet Spot?

Whether it was decades of sexist advertising or the actual flavor that left a bad taste in their mouth, beer has rarely been the drink of choice among women. This created a problem: All these new female drinkers had nothing ‘sessionable’ at their disposal.11 Viewed through this lens, it is less surprising that seltzers were a revelation. Sparkling, light, low-carb, and free from baggage, women finally had something refreshing to sip at the beach and everywhere else.

Even more fascinating, hard seltzer is famously gender-neutral. Turns out there were a lot of men who were facing the same problem. As my colleague Jim Watson likes to say, hard seltzer “passes the pool-party test.” What is ‘cool’12 easily bleeds across demographic boundaries. In fact, this a repeating theme of this report: Meeting the needs of underserved consumers often pays off in ways you’d never expect.

Public Health Pitfalls 2.0

Recent declines in the overall rates of heavy drinking and alcohol use disorder (AUD) are driven by men, who historically had much higher rates of problem drinking. Unfortunately, the rise in alcohol use among women has been accompanied by a similar increase in heavy alcohol use (see Figure 8). Similarly, the prevalence of AUD has doubled for women over the past two decades.

Figure 8: Rates of heavy drinking* have fallen sharply among men over 21; among women it is rising at a concerning rate

According to the NIAAA, women who drink have a higher risk of certain alcohol-related problems compared to men, and according to Dr. Corliss Solomon, an expert on alcohol use among women in the US, “minority women tend to carry the largest burden of problematic drinking” and are less likely to have “access to resources to help with alcohol issues.” While women still drink more moderately and are more likely to be abstinent than men, these are concerning trends that the industry must take seriously and address thoughtfully.
Underage Drinking Has Fallen off a Cliff, and Nobody Knows Why

Underage drinking has been falling for decades, but over the past ten years or so, this trend has accelerated dramatically. According to the Monitoring the Future survey, the percentage of high school seniors who say they got drunk in the last 30 days fell twice as much in the past 10 years as it did over the previous 20 (see Figure 9). In fact, one epidemiologist posited to Rabobank that alcohol companies saw this trend long before scientists did, and they assumed this explained why so many non-alcoholic products were coming to market.

Alcohol companies have long invested in campaigns to reduce underage drinking, so for the industry, this trend is a universally good story to tell. Sources at industry lobbying groups shared that alcohol companies have never been in better standing with the public and public officials.

Why so many teens have abandoned alcohol is a mystery and a matter of profound interest for researchers and public health officials. The most common theory we heard from people in the alcohol industry is that young people are replacing alcohol with marijuana. This theory was quickly dismissed by epidemiologists and even a cursory investigation into the data: Marijuana use among teens has been flat or declining over the past 25 years. One industry executive posited that an emphasis on personal health might explain the decline, while another suggested it was scare tactics from public health officials that lumped alcohol together with intravenous drugs. For the record, teens aren’t perceiving alcohol use as more dangerous than they did in the past.

The thing is that today’s teens aren’t only drinking less, they are doing fewer drugs and having less sex than past cohorts, but the likelihood of a high school senior experiencing anxiety or a major depressive episode has nearly doubled in the past decade. Furthermore, even though the prevalence of drinking and binge drinking has fallen, the teens who do drink are much more likely to drink alone (see Figure 10).

This all points to a generation that is socializing less and suffering severe mental distress as a consequence. While this is speculation, it is possible that the increasingly digital nature of young people’s social life is falling short on the fundamental human need for connection. The decline in underage alcohol use is a good thing, but it seems society now has something even worse to worry about.
Building a More Inclusive and Ethical Industry

Making the necessary adjustments to serve a fast-shifting drinking population may be one of the most critical tasks the industry will face over the next decade. But, let’s be clear: Meeting the needs of women, people of color, or older individuals does not mean brands have to abandon white men or any other consumer.

“The imagery and iconography around drinking is not in sync with who is really buying alcohol.”

- Rodney Williams, CEO Belvedere Vodka

As we’ve highlighted in this report, marketing that excludes or ridicules one group (e.g. describing a wine as ‘feminine’ or ‘masculine’ or whiskies as sexual conquests) is increasingly going to turn off everyone else too.

Conversely, speaking directly to underserved consumer groups can pay larger dividends and attract people that you never knew needed something new. The industry needs to act with urgency to elevate, promote, invest behind, hire, and then listen to the people who can help them do that.

Lastly, brands, messaging, and the teams that build them aren’t the only things that may need to change. If the demographics of alcohol consumption shift, the public health impact of alcohol is going to follow. Make no mistake, there is plenty for the industry to celebrate. Alcohol companies spend millions on ‘responsible drinking’ campaigns, which fall into three buckets: preventing underage drinking, binge drinking, and drunk driving. All three have declined significantly in recent decades.

As we’ve discussed, women (women of color, in particular) and consumers over 65 are taking a larger and larger share of overall alcohol consumption in the US. Unfortunately, evidence suggests that these groups face more severe health consequences at lower levels of consumption than men or young people. It may be time for the alcohol industry to review their existing harm-reduction framework and ensure their definition of ‘drinking responsibly’ keeps up with the people they serve.
The public discourse around this relatively straightforward trend is surprisingly inconsistent. Here is an example: In January 2019, the Wall Street Journal published an article with the following statement: “Americans’ consumption of ethanol, or pure alcohol, has declined sharply over the past couple of decades.” In August 2020, they published an article on new FDA dietary guidelines for alcohol consumption, noting “The shift reflects scientists’ evolving thinking on moderate drinking, and comes on the heels of a 20-year rise in Americans’ drinking.”

The conversation from that period should sound very familiar to industry observers today. “These changes were reflected by greater interest in beverages with reduced alcohol content as well as increased public awareness regarding physical fitness, nutrition and alcohol abuse,” wrote one journalist in the New York Times in 1989. It is also worth mentioning that the decline also coincides with a period in which states started increasing the legal drinking age from 18 to 21.

Readers should keep in mind that demographic trends can be misleading. The variables responsible for driving changes in behavior are extremely complex, and researchers spend lifetimes trying – and failing – to disentangle them. As one company’s head of consumer insights warned, “If you look only at demographics, Prince Charles and Ozzy Osbourne are the same person.”

Our methodology is different than that used by NIAAA or bw166. Those studies use taxes and/or sales data, while we derived our estimates from a high-quality, nationally representative survey called the National Survey of Drug Use and Health. That survey is conducted by the CDC with a sample of 70,000 individuals.

This actually offers valuable context – among other things – to the reasoning behind the FDA’s newly proposed dietary guidelines that recommend men should drink no more than one drink per day. One drink per day was already the recommended daily limit for women, and, as we mentioned, people over 65.

Individuals who drink at least once per month.

Unfortunately, we did not have access to robust data on indigenous communities or individuals who identify as mixed-race.

Think of Cardi B and Megan Thee Stallion’s WAP, daring “benevolent sexists” to attack them for failing to “comply with stereotypical expectations of being pure and moral.”

On his Twitter account, Chance the Rapper accused them of “purposely putting out noticeable racist ads” in order to boost sales on the back of the ensuing controversy.

Another source suggested the key is empowering a diverse sales force with strong roots in the communities they service. The goal of this bottom-up approach is to ensure that the ability to produce thoughtful marketing and execution is baked in at the local level, regardless of the communities’ demographic make-up. The individual, a Black man, decided to leave the industry because he “didn’t think things would change.”

Unless you count cloyingly sweet and distinctly juvenile ‘alcopops’, and for all their merits, wine and spirits just don’t fit the bill.

Sexism isn’t cool, guys. It is just as likely to turn off men as it is women.

The Monitoring the Future survey is conducted by researchers at the University of Michigan and funded by the National Institute of Health. The goal of the survey is to study the trends in drug use (which includes alcohol) among teenagers and young adults. It is also called the National High School Senior Survey.