

Why is Gen Z drinking less alcohol? A matter of money, technology, and identity

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Generation Z's reduced alcohol consumption isn't solely about health consciousness. Economic constraints, technological influences, and demographic shifts play significant roles. As this generation matures, their drinking habits may evolve, but the wine industry must adapt now, embracing inclusivity, affordability, and authentic communication to engage these emerging consumers effectively.

The decline in wine consumption among Generation Z has become a recurring topic in recent years. I've contributed to this discussion through various articles, considering it a strategic issue for the future of our sector.

When discussing future trends, predictions can be both right and wrong. Therefore, it's best to rely on authoritative observers who study large and reliable consumer panels.

RaboResearch recently released findings titled "The Real Reasons Generation Z is Drinking Less Alcohol." This study focuses on the U.S. market, which, with approximately 34 million hectoliters, is the world's largest wine consumer.

In the U.S., and unfortunately not only there, Generation Z consumes fewer alcoholic beverages than previous generations did at the same age.

The common belief that this reduction is due to increased health or image awareness is considered exaggerated by the study's authors.

The study identifies economic, technological, and demographic factors as the true causes.

The Myth of the health-conscious Gen Z

The narrative that Gen Z is abandoning alcohol for health and wellness reasons is only partially true. Rabobank's research shows that the real causes are more complex, rooted in economic, technological, and social dynamics.

An economic issue, not a value one

Generation Z simply has less money to spend. Many are still studying or starting their careers. While their alcohol spending relative to income is similar to Millennials at the same age, their overall economic availability is lower.

Alarmingly for the sector, the share of income spent on alcohol by young people has decreased by about a third compared to ten years ago.

Digital socialization and social control: smartphones change habits

Technology's impact is another key factor. The widespread use of smartphones has revolutionized youth socialization: fewer live parties, more virtual relationships.

Additionally, real-time tracking by parents and the risk of being exposed on social media have made binge drinking riskier than before.

Result: alcohol initiation occurs later and in more controlled environments.

Who drinks less? Women and ethnic minorities

Gen Z is the most diverse generation in American history: 50% belong to ethnic groups that traditionally consume less alcohol.

Moreover, women—now the majority among young consumers—tend to drink significantly less than men.

This demographic shift profoundly affects overall alcohol consumption.

The Future: Gen Z will drink more, but differently

As Gen Z ages and their income increases, their alcohol consumption will grow. However, it won't return to previous generations' levels.

Some dynamics, like fewer physical social occasions, seem destined to persist.

Interestingly, while wine may face a slowdown, the spirits

sector could benefit: young women and minority consumers show a growing preference for these products.

Implications for the wine and alcohol industry

For wine companies and the alcohol sector in general, the point isn't to lament a generation that "drinks less," but to deeply understand the reasons behind this change.

Authentic and inclusive communication, capable of engaging an increasingly multicultural audience, will be necessary.

Companies must build teams that truly represent these new consumers to interpret their needs and desires effectively.

Understanding Gen Z today to build tomorrow's market

The future belongs not to those who view youth consumption through outdated lenses but to those who anticipate changes.

Alcohol consumption won't disappear; it will transform. Those who understand this in advance will build a solid and lasting competitive advantage.

Solutions aligned with Rabobank's findings:

1. More economically accessible proposals

- **Quality wines at affordable prices:** Create "entry-level" lines designed for young people without compromising perceived quality.
- **Smaller formats:** 375 ml or 500 ml bottles at accessible prices to facilitate purchase and responsible consumption.

2. Creating new consumption occasions

- **Informal and inclusive events:** Pop-up wine bars, street-style tastings, food & wine-themed evenings for young people who may not feel comfortable at “connoisseur” events.
- **Innovative packaging:** Cans, lightweight bottles, modern and fun labels (without being trivial).

3. Communicating authentically and smartly

- **Genuine storytelling:** Present wine as a personal experience involving emotions, territory, and people, not just technicalities.
- **Micro-videos on social media:** Utilize Instagram Reels, TikTok, and short video storytelling—the language of Gen Z.
- **Young ambassadors:** Employ real testimonials from their generation (not imposed “young” figures).

4. Embracing diversity and inclusivity

- **Communication representing women, diverse ethnicities, LGBTQ+:** In advertising campaigns and events.
- **Products catering to different cultural tastes:** For example, aromatic wines, sweet sparkling wines, or wine-based cocktails appealing to various ethnic segments.

5. Educating without judging

- **Mini wine courses:** Accessible and non-“academic” events or online formats to introduce young people to wine without making them feel inadequate.
- **Simple pairings:** Suggest how to enjoy wine with hamburgers, pizza, ethnic food—not just gourmet dishes.

Key points

1. Economic factors limit Gen Z's alcohol spending.
2. Digital lifestyles delay alcohol initiation and reduce consumption.
3. Diverse demographics correlate with lower alcohol use.
4. Spirits may gain popularity over wine among young consumers.
5. Authentic, inclusive marketing is crucial for industry adaptation.