



## DISTILLED SPIRITS COUNCIL OF THE UNITED STATES

### NEWS RELEASE

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#### **Distilled Spirits Council Annual Economic Briefing:**

### **U.S. Spirits Revenues Maintain Market Share Lead of Total Beverage Alcohol Market in 2023**

*Sector Resets Following Accelerated Growth During Pandemic*

**WASHINGTON** – U.S. spirits revenues maintained its market share lead in 2023 as the sector reset following the robust sales spikes during the pandemic super cycle, the Distilled Spirits Council of the United States (DISCUS) reported today at its annual economic briefing for media and analysts.

In 2023, spirits market share totaled more than 42%, with steady gains over the past 14 years. This represents the second year in a row spirits supplier revenues have surpassed beer. The spirits sector has gained more than 13 points of market share since 2000. Each point represents \$890 million in supplier revenue.

“The spirits sector showed resilience in 2023, navigating through the choppy wake of the pandemic and maintaining our market share lead of the total beverage alcohol market,” **said DISCUS President and CEO Chris Swonger**. “The phenomenal sales growth we saw during the pandemic was unprecedented and unpredictable but also unsustainable, and now, the spirits market is recalibrating.”

Swonger reported that spirits supplier sales in the United States were flat (0.2%) in 2023 totaling \$37.7 billion, while volumes rose 1.2% to 308.8 million 9-liter cases.

Swonger attributed the challenging sales environment to a number of dynamic market factors including difficult economic conditions with high inflation and interest rates reducing consumer discretionary spending; consumers returning to more normal routines and buying habits post-pandemic; and retailers and wholesalers putting a pause on reordering as they reduced inventory build ups.

#### **U.S. HOSPITALITY INDUSTRY REBOUNDING BUT RECOVERY REMAINS FRAGILE**

During the briefing, DISCUS reported that the hospitality industry continues to rebound from the pandemic but that its recovery remains fragile.

U.S. Bureau of Labor statistics show nearly four years later, the [hospitality industry's employment](#) has not yet recovered to its pre-pandemic level of nearly 17 million. The hospitality industry added 588,000 jobs in 2023, but it still requires an additional 86,000 jobs to reach the seasonally adjusted employment level recorded in February 2020.

“The past few years have been tumultuous for hospitality businesses dealing with pandemic closures, supply chain shortages, higher food and input costs, and uncertainty in the economy in general,” **said Swonger**. “These businesses continue to battle through ongoing challenges, but their recovery remains fragile. Our message to legislators is clear: hospitality businesses anchor local communities providing much-needed jobs while boosting tourism. These businesses need your continued support, not unnecessary regulations and higher taxes.”

## **CONSUMER PREFERENCE FOR HIGH-END TEQUILA/MEZCAL, AMERICAN WHISKEY CONTINUED IN 2023**

Presenting an overview of the spirits sales trends in 2023, Christine LoCascio, DISCUS chief, policy, strategy & membership, reported that despite the overall slowdown, the premiumization trend continued for some spirits categories in 2023 including Tequila/Mezcal and American Whiskey.

## **DEMAND FOR SPIRITS RTDS REMAINS ROBUST**

LoCascio also reported that spirits ready-to-drink (RTD) products continued to grow in popularity in 2023 with sales up 26.8%, representing the fastest growing spirits category by revenue.

Presenter Marten Lodewijks, head of consulting - Americas at IWSR Drinks Market Analysis, presented additional data on the overall RTD category.

“Despite the hard seltzer craze we witnessed from 2017 to 2021 which was malt-driven, spirits-based products have actually grown faster, just off a smaller base,” *said Lodewijks*. “Spirits-based products, including the vodka- and tequila-based hard seltzers that entered the picture later, offer consumers a slightly more premium experience, and that has been key to their success over the malt-based alternatives that initially created the category.”

## **2023 SPIRITS CATEGORY TRENDS:**

### **The top 5 spirits categories by revenue:**

- Vodka sales nearly flat totaling \$7.2 billion
- Tequila/Mezcal sales up 7.9% or \$476 million totaling \$6.5 billion
- American Whiskey sales up 3.8% or \$192 million totaling \$5.3 billion
- Cordials sales nearly flat totaling \$2.9 billion
- Premixed cocktails including spirits RTDs up 26.8% or \$599 million to \$2.8 billion

### **Fastest growing spirits categories by revenue:**

- Premixed cocktails including spirits RTDs up 26.8% or \$599 million to \$2.8 billion
- Tequila/Mezcal up 7.9% or \$476 million to \$6.5 billion
- Blended Whiskey up 4.1% or \$38 million to \$978 million
- American Whiskey up 3.8% or \$192 million to \$5.3 billion

## **2023 POLICY WINS & 2024 POLICY PRIORITIES**

In the public policy arena, Swonger highlighted a number of important victories in 2023 at the federal and state levels including:

- U.S.-EU agreement to extend the suspension of EU’s retaliatory tariff on American Whiskeys until March 2025
- Seven-day spirits sales in Montana and increased Sunday sales hours in New York
- Cocktails to-go permanency in five new states (bringing permanent states total to 23) and extensions in three states
- Wins on spirits RTDs in three states
- Defeated tax threats in six states
- Retail tastings laws expanded in Arkansas and West Virginia
- Expanded distillery sales and/or tastings opportunities signed into law in Connecticut, Texas and West Virginia

Swonger also outlined DISCUS’ priorities for 2024 including advocating for the permanent suspension of retaliatory tariffs on spirits products; fairer tax treatment and increased retail access for RTD products in the states; defending against hospitality tax threats; and expanding marketplace modernizations including cocktails to-go and direct-to-consumer shipping.

## Promoting Responsibility and Road Safety

Swonger, who also serves as president and CEO of Responsibility.org, underscored the spirits industry's strong commitment to preventing underage drinking and drunk driving, and encouraging responsible consumption among adults who choose to drink.

He cited Responsibility.org's leadership in developing programs such as Ask, Listen, Learn for youth and Alcohol 101+ for college students, as well as the continued support for the industry-supported We Don't Serve Teens campaign. He highlighted the latest [federal data](#) showing alcohol consumption and binge drinking among America's teens is at or near record low levels.

"As a nation, we continue to make significant progress in reducing underage drinking, but we must also remain vigilant in our efforts to rid our roadways and highways of impaired drivers," *said Swonger*. "After decades of declines in drunk driving fatalities, the latest data show alcohol-impaired driving is on the rise. The spirits industry is fully committed to working with federal and state legislators, policymakers and other concerned stakeholders to reverse this disturbing uptick."

Swonger pointed to the spirits industry's advocacy to reduce impaired driving including supporting state legislation mandating ignition interlocks for first-time offenders; advocating for the continued development of impaired driving prevention technology in new vehicles; and Responsibility.org's leadership role in addressing the growing problem of multiple substance impaired driving through the formation of the [National Alliance to Stop Impaired Driving \(NASID\)](#).

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### SUPPORTING MATERIALS:

[DISCUS Annual Economic Briefing Presentation - 2023](#)

[Economic Briefing Support Tables – 2023](#)

The [Distilled Spirits Council of the United States](#) is the leading voice and advocate for distilled spirits in the U.S.