



# The real reasons Generation Z is drinking less alcohol

## RaboResearch

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## Summary

In the US, data suggests that Generation Z is drinking less alcohol than previous generations did at the same age. Most industry experts believe that this trend is driven by young people's concerns about health and vanity linked to their heavy use of social media. We find these narratives are greatly overblown.

Instead, we've identified the structural and economic drivers behind Gen Z's behavior. We feel the data and findings behind this report will prove far more useful in predicting Gen Z's future consumption and will offer critical insights on how to market to this generation of young people more effectively and thoughtfully.

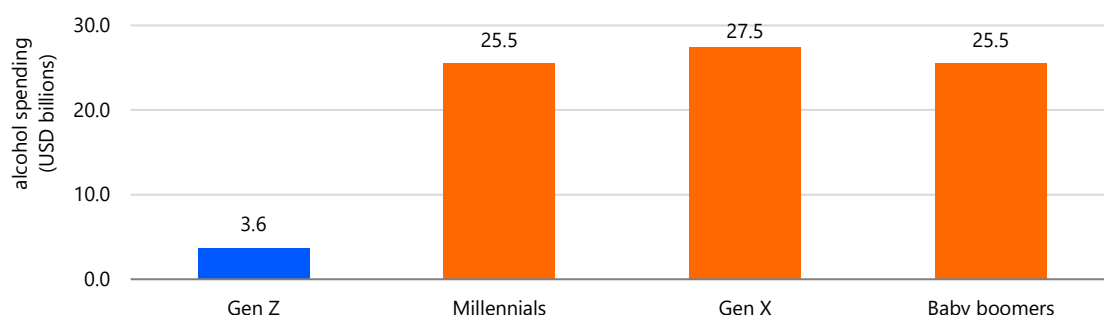
In particular, we find that Gen Zers' alcohol consumption will likely increase significantly as they age, such that by their mid-30s, their consumption will be much closer to that of previous generations. This is an ideal outcome for the alcohol industry, which can celebrate the declines in underage drinking and binge drinking while still benefiting when Gen Zers reach their more mature and responsible prime spending years.

## Is Gen Z drinking less because of life stage, or is it truly a generational shift?

During Brown-Forman's March 5, 2025 earnings call, CEO Lawson Whiting made an attention-grabbing comment about Generation Z. "They just don't have the money in their pockets to be able to do things," explained Mr. Whiting. "So I would think some of the popular press is sort of over reading into Gen Z ... And in fact, some of our internal studies, this will be something new I don't think we've said ... when you get to sort of in that 35 and up age group, we're actually seeing per capita going up in the United States."

Is Mr. Whiting correct? Does constrained income – an occupational hazard of being young – explain much of Gen Z's lower spending on alcohol? The answer is "yes" ... kind of.

Figure 1: Total US alcohol spending for households led by members of each generation,\* 2023



Note: \*What the BLS calls "consumer units."

Source: BLS, RaboResearch 2025

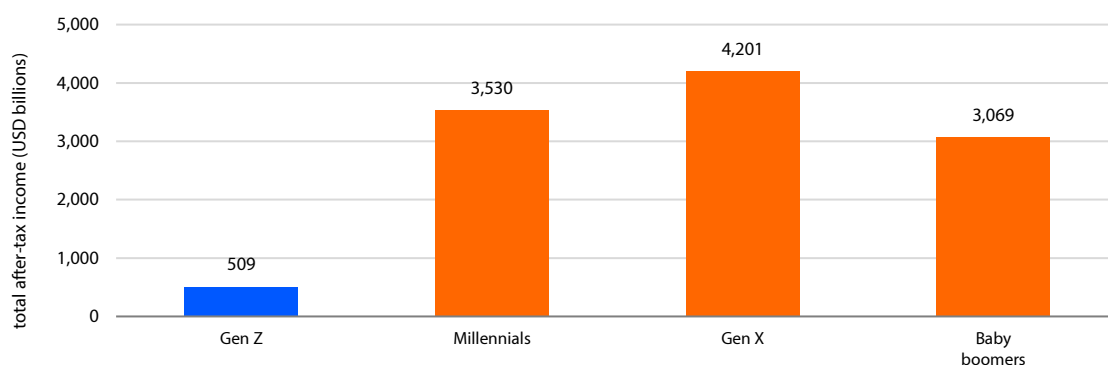
## Gen Z ain't got no money but spends the same share of their income on alcohol as millennials

It's possible that Mr. Lawson's comment was in response to a viral Instagram post that appeared a few days before Brown-Forman's earnings call. The misleading [post](#) contained the headline, "Gen-Z drinks 87% less alcohol than previous generations" and quoted the Bureau of Labor Statistics (BLS) as a source. It has thus far racked up 27,447 likes on Instagram. Figure 1 shows an updated version of the data the post referred to.

Though the post is, surprisingly, even more incorrect than most commentary on the subject, the data cited in this Instagram post is emblematic of a broader failure among journalists and industry analysts to distinguish between shifts in behavior driven by life stage and shifts in behavior driven by generation. For example, members of Gen Z use their phone more and socialize in person less than previous generations; this is one reason they drink less than previous generations did at the same age. That is an example of a generational shift.

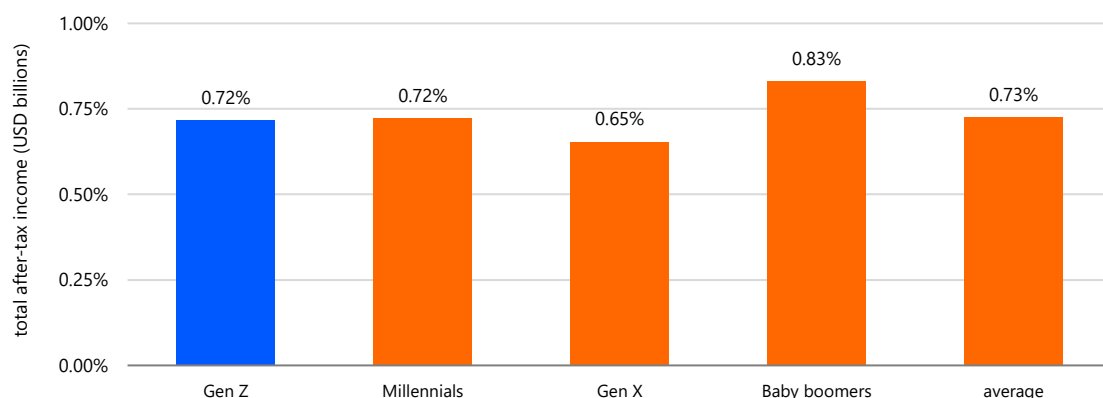
However, life stage can explain all of the BLS data in figure 1. Firstly, half of Gen Z isn't even the legal drinking age, and even less have established an independent household. Furthermore, the members of Gen Z that are over 21 years old have yet to get a college degree, are working an entry-level job or not working at all, and therefore don't have any money to spend on alcohol (see figure 2). This was also true of millennials, Generation X, and baby boomers when they were in their twenties. If instead you look at the share of after-tax income each generation spends on alcohol, then Gen Z is exactly average (see figure 3).

**Figure 2: The main reasons Gen Z-led households spend less on alcohol than other generations is that they don't have money and many are under the legal drinking age**



Source: BLS, RaboResearch 2025

**Figure 3: While they don't yet make as much money as older generations, they spend an equal share of what they do make on alcohol**



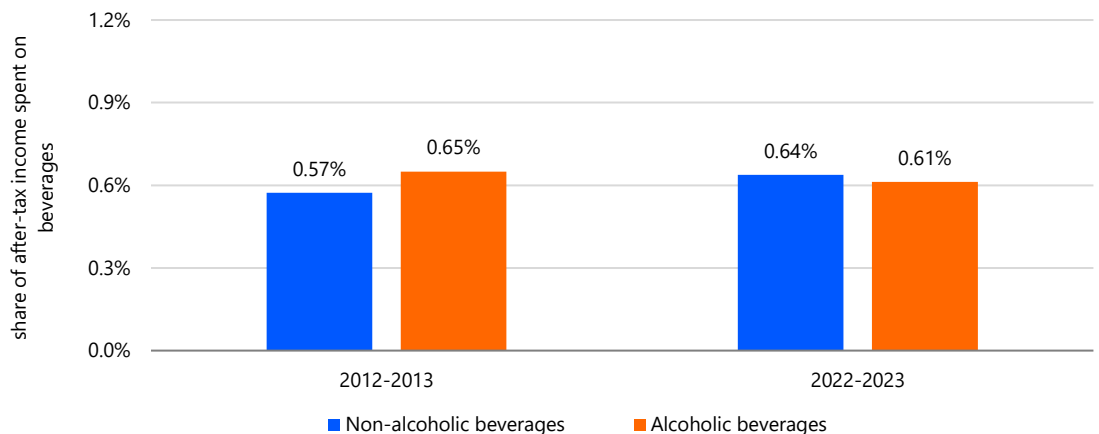
Source: BLS, RaboResearch 2025

## Young people have always been broke, but they used to spend far more of what they did have on alcohol

Gen Z's lower income and smaller share of the legal drinking-age population can explain most of the difference in spending on alcohol versus other generations. However, one big problem for the alcohol industry remains: Young people used to spend a much higher share of their income on alcohol.

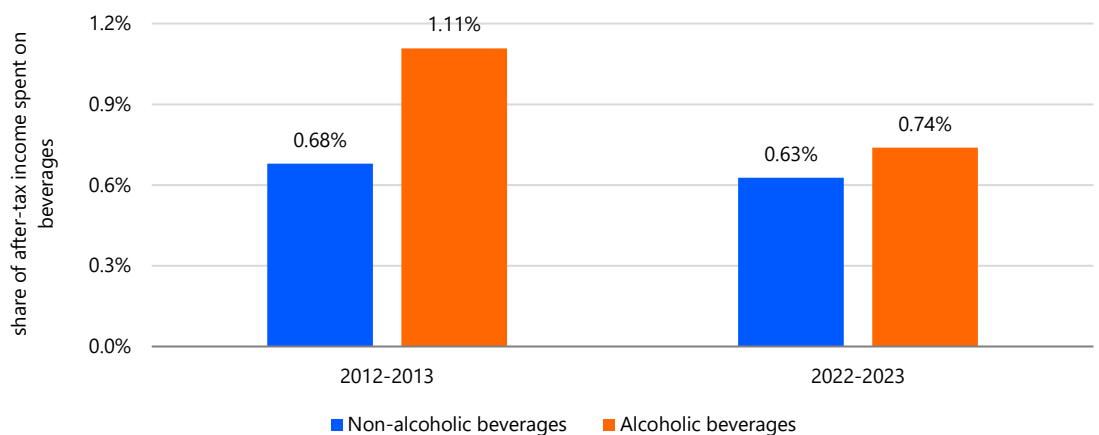
A decade ago, households led by an individual under 30 spent 1.1% of their income on alcohol. Today it is closer to 0.74% (see figures 4 and 5). Meanwhile, spending on alcohol has largely remained unchanged for households led by people over 30. This data suggests Gen Z is spending one-third less on alcohol today than similarly aged millennials did a decade ago. Uh oh.

**Figure 4: Households led by people over 30 spend as much on alcohol as they did a decade ago.**



Source: BLS, RaboResearch 2025

**Figure 5: Households led by people under 30 years old have cut the share of income spent on alcohol by a third since 2012/13**



Source: BLS, RaboResearch 2025

## Why is Gen Z drinking less, and will they eventually start drinking more??

Currently, Gen Zers, like all young people from previous generations, are broke. As they age, they will acquire college degrees and advanced degrees and higher-paying jobs. This increase in income will mechanically ratchet up their spending on alcohol. The question is whether Gen Z will

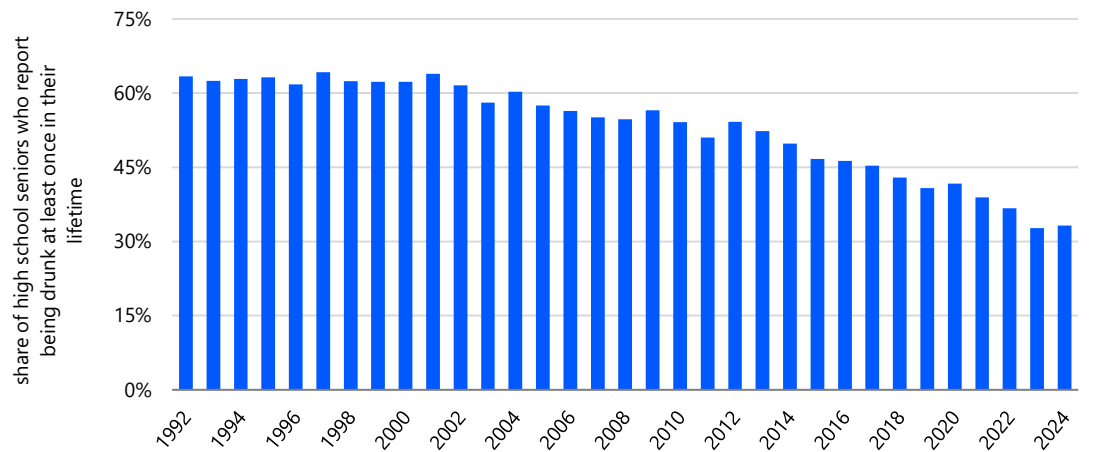
continue to drink less than previous generations did at the same age, or will it, as Brown-Forman’s CEO suggested, eventually drink at levels in line with historical norms?

Understanding why Gen Z drinks less than previous generations did at the same age is very important for answering this question. Here are two explanations that we feel are most valid, relevant, and actionable.

The rise of cellphones and their impact on Gen Z’s drinking behavior is misunderstood. Here is what is actually happening:

[In 2020, we wrote that](#) “underage drinking has fallen off a cliff, and nobody knows why” (see figure 6). In 1991, 64.4% of high school seniors said they had been drunk at least once in their lifetime. By 2024, that number had fallen to 33% of high school seniors. Most of the decline – around two-thirds – came after 2012. That was about the time when the use of mobile devices became a ubiquitous part of teenage life (see figure 7). When we asked public health professionals about what was driving this trend, they all pointed to the same culprit: cell phones, tablets, and screens in general. Indeed, the fall in underage drinking is one of the [only positive outcomes](#) from the advent of a [phone-based childhood](#).

Figure 6: The number of high school seniors that drink alcohol has fallen by half since 1991, with two-thirds of that decline occurring since 2012



Source: Monitoring the Future survey, RaboResearch 2025

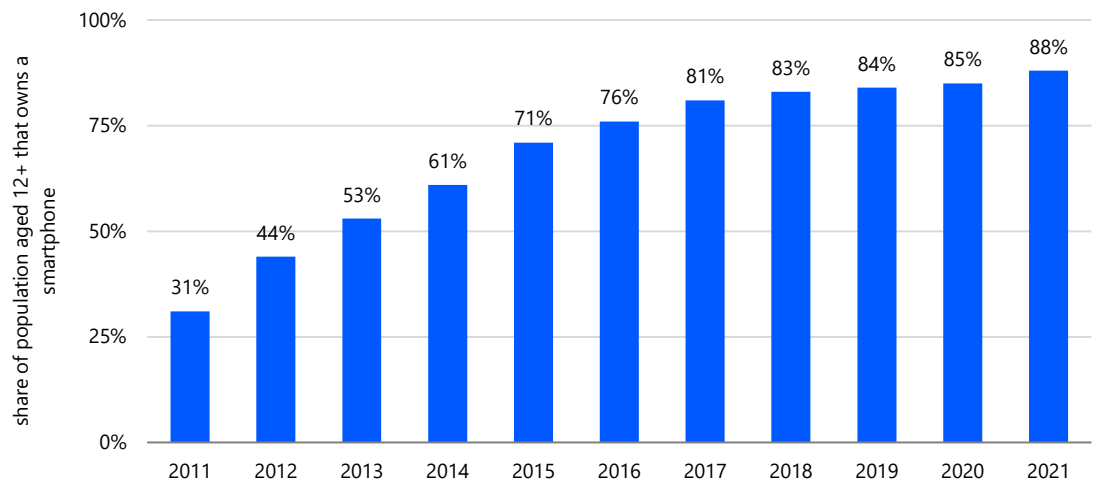
As their lives move online, young people have fewer in-person social interactions. Since the vast majority of drinking occasions for young people are social ones, fewer hangouts and fewer parties mean less drinking. [In that 2020 RaboResearch report](#), we found that, while underage drinking overall has declined, teens who do drink are much more likely to drink alone than they were in the past. This supports the idea that a loss of social drinking is driving the decline in underage drinking.

However, there are other very important and often overlooked ways that cell phones may be driving the decline in underage drinking. The first is the ubiquity of cell phone trackers. Every parent with teenage children can track their location 24 hours per day. Though the purpose of tracking is mostly for safety and convenience (e.g., knowing when and where to pick up your kids from the soccer game), trackers have effectively made it impossible for teens to lie to their parents. If a teenager says they are at “Kyle’s house” or “Maria’s apartment” but are actually attending a party in the woods, at least one parent in that friend group is liable to notice the discrepancy.

Additionally, with the ubiquity of smartphone cameras, selfies, and social media, one unwanted photo can out bad behavior to parents and school administrators alike. Getting caught drinking

alcohol has real, immediate consequences for students and, in particular, student athletes. Whether through Instagram, “Finstagram” (i.e., a fake Instagram account), TikTok, a screenshot of a Snapchat, or a group chat inadvertently spotted by a parent, if a school administrator sees an image of students drinking, smoking, or partying, those students will be suspended or even kicked out of extracurricular activities. The consequences apply whether the kid is playing football or soccer or part of theater club, the math team, or choir.

**Figure 7: In less than a decade, smartphone ownership went from novelty to ubiquity in the US, transforming people’s conceptions of socialization, privacy, and acceptable behaviors**



Source: Edison Research, RaboResearch 2022

#### What are the implications of smartphone use for future alcohol sales?

This data shows that people are having their first experience with alcohol much later in life than they did in the past. What is not clear is whether this initial delay will result in Gen Z drinking meaningfully less than other generations when they reach their mid-20s and 30s.

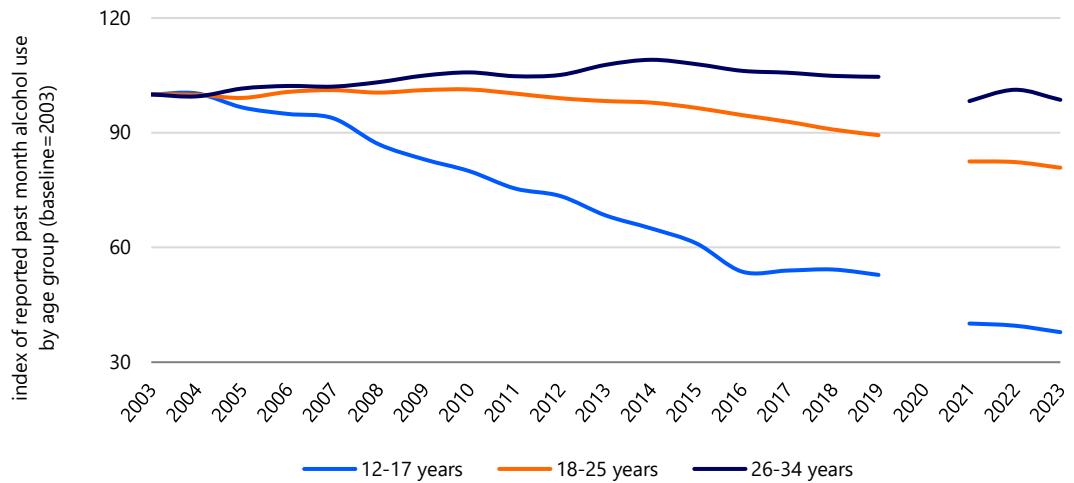
On one hand, the move away from in-person socialization toward social media seems like a permanent shift with consequences for young people’s well-being that go far beyond alcohol consumption. If one assumes that this is the factor driving the declines in alcohol use, then future consumption seems unlikely to recover to historic norms as Gen Zers reach their prime spending years.

However, if the main driver is universal parental surveillance and a loss of privacy making underage drinking a far riskier activity than it was in the past, then that is a condition or restriction that will disappear as Gen Z becomes more independent during later years of adulthood.

In summary, certain elements of social media and cell phone use will suppress future consumption, but others (i.e., surveillance risks in adolescence) appear temporary and will disappear as Gen Z reaches later stages of life. Ultimately, these facts together suggest that as they age, Gen Z will probably drink less than previous generations, but that gap between Gen Z and other generations will shrink significantly over time. The data thus far very much supports that conclusion. Figure 8 shows an index for the share of various age groups that report drinking at least once in the past month. The data clearly demonstrates that most of the declines in consumption seen in earlier years do not persist into adulthood and virtually disappear as consumers reach their mid-30s. That said, we won’t see the first Gen Z consumers reach their 30s until 2027, and the drop in reported alcohol use by the 18-to-25 age group since 2014 is an indicator that this resilience may be deteriorating.

There is, however, one other set of factors that may also be driving the declines: Who drinks alcohol is shifting toward demographic groups that, historically, drink more moderately.

**Figure 8: Americans are starting to drink later in life. Though underage drinking fell, millennials eventually drank at levels in line with previous generations, and the same appears true, though to a lesser extent, for Gen Z**

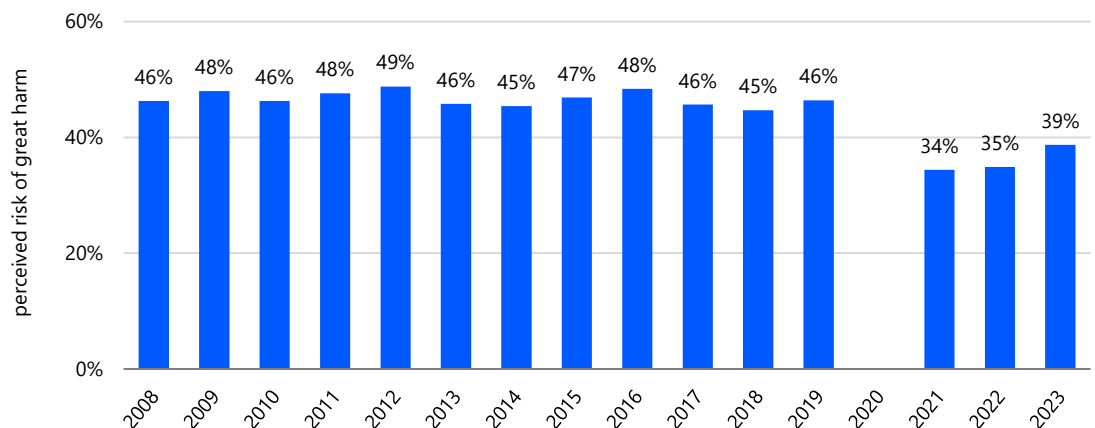


Note: No data was collected in 2020, and data collected prior to 2020 is not comparable to data collected after 2020 due to methodology changes.  
Source: NSDUH, RaboResearch 2025

## Health concerns don't appear to be the primary driver of Gen Z's lower levels of alcohol consumption

The most frequently cited reason to explain Gen Z's lower alcohol intake is that they are deeply concerned about their health. But as this report shows, there are other factors driving the generation's lower levels of consumption, and characterizations of Gen Z concerns about health and alcohol may be greatly exaggerated. Data from the Monitoring the Future survey reveals that, even as alcohol use among high school seniors declined, the perceived risk of binge drinking on a weekly basis (how young people tend to drink, unfortunately) has not budged for nearly two decades (see figure 9). In 2008, 46% of high school seniors said that drinking five or more drinks every weekend was a high-risk activity. In 2019, that number was still 46%, suggesting that the trends mentioned above are more likely culprits for driving the trend of young people drinking less.

**Figure 9: Among high school seniors, the perceived risk of great harm from consuming "five or more drinks once or twice each weekend" has not changed in two decades, undermining conventional health-based narratives about Gen Z alcohol consumption**

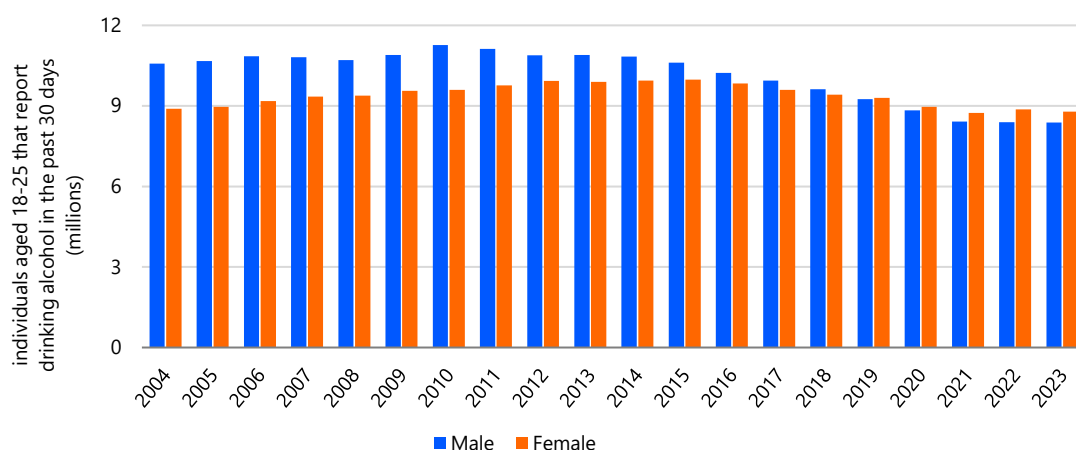


Note: No data was collected in 2020. Data collected since 2021 is not comparable to data from previous years due to a change in methodology.  
Source: Monitoring the Future survey, RaboResearch 2025

## Demographics are shifting toward groups that historically drink less alcohol, driving down Gen Z's overall alcohol consumption

The declines in Gen Z drinking are not evenly spread across demographic groups. In fact, drops in the number of young men drinking alcohol have driven the vast majority of the declines in alcohol consumption among young people over the past 20 years (see figure 10). According to the National Survey of Drug Use and Health (NSDUH), women now represent the majority of adult alcohol consumers aged 25 and under.

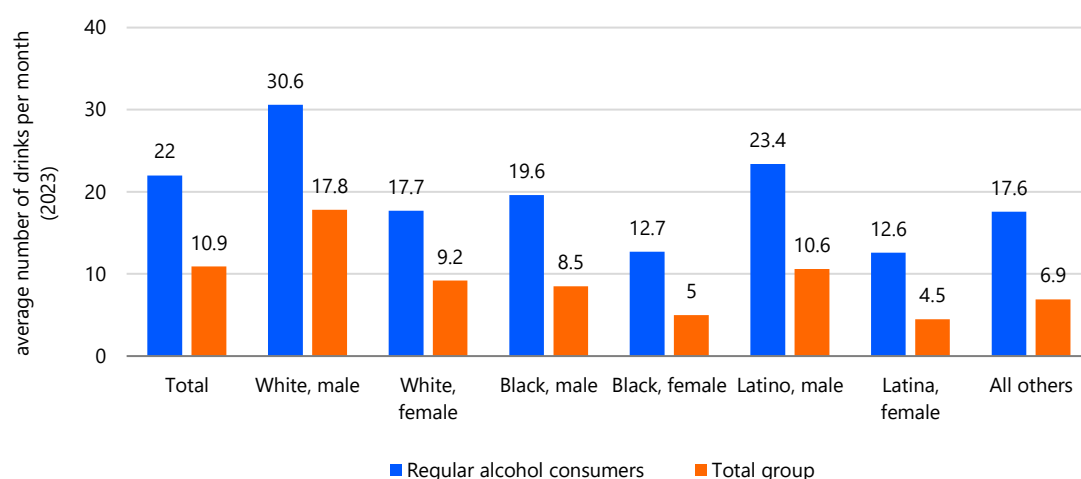
**Figure 10: Since 2019, women have represented the majority of alcohol consumers 25 and under**



Source: NSDUH, RaboResearch 2025

[As we wrote in a 2020 report](#), this trend is mainly a story of empowerment, driven by the increasing number of women with high-ranking jobs and a college degree. For example, 57% of recent college graduates are women, and the share of women 25 or younger who are married is less than half of what it was 20 years ago. Both things are very highly correlated with an increase in alcohol consumption. And because women who drink tend to drink much less than men who drink (about half as much, see figure 11), the net effect of this shift – even if we maintain the same number of drinkers overall – is a decline in overall alcohol consumption.

**Figure 11: White consumers and men of all groups are more likely to drink and drink much more than women and other demographic groups that represent a larger share of Gen Z**



Source: NSDUH, RaboResearch 2025

Similarly, Gen Z's ethnic/racial makeup is another driver of its lower levels of alcohol consumption. Black, Asian, and Latino consumers historically drink less alcohol than white consumers. Those groups represent 50% of Gen Z yet were only 29% of the baby boomer generation (see figure 12).

For example, white men drink twice as much as the average Black man and four times as much as the average Latina woman. If you only look at drinkers, that gap narrows but remains very large. This is the clearest reason why Gen Z drinks less than previous generations.

### Will shifts in who drinks depress future alcohol sales?

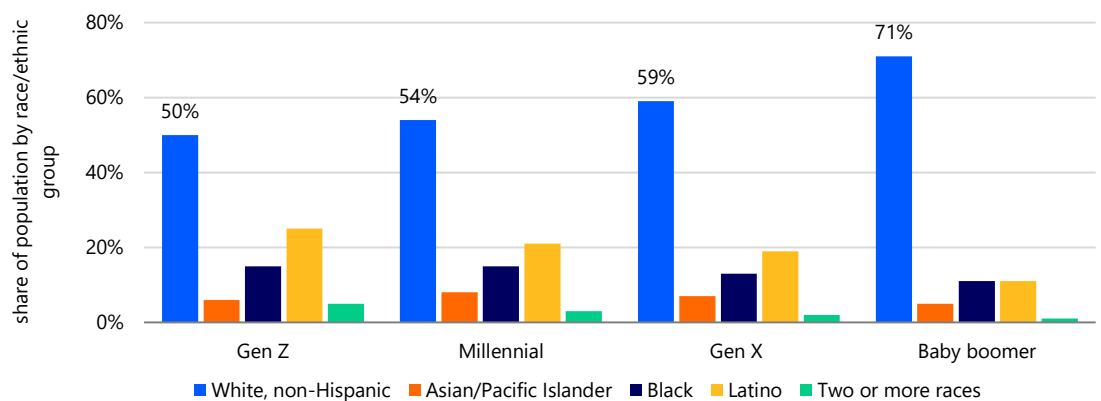
Gen Z is more racially/ethnically diverse than prior generations, and women make up the majority of Gen Z consumers who drink alcohol; these consumer groups drink less than white consumers and men, respectively. The impact of this trend will depress Gen Z's overall alcohol consumption, even as this cohort ages. In fact, "who" is drinking can significantly influence consumption at a population level, as figure 11 succinctly illustrates.

While the overall effect of these demographic shifts is negative in terms of volumes, the impact is far more variable at the category level. Spirits may actually benefit from this generational shift because these groups tend to over index on spirits, a point CEO Debra Crew made during Diageo's 1H 2025 earnings call.

"We are still seeing household penetration for [Gen Z] plus 3%. They are coming into spirits faster than what millennials did... Even if their numbers are down, so to speak, they are coming into spirits faster. So that ultimately is helping us."

By contrast, Black, Latino, and Asian consumers, for the most part, do not have a strong tradition of wine consumption, which will create headwinds for that category far into the future. But even in wine there are shoots of hope. White wine has consistently outperformed red wine in recent years. If you were watching women become a larger and larger share of the drinking population in the United States, the outperformance of white wine, which has traditionally been targeted toward women, should come as no surprise.

**Figure 12: Gen Z is more way more diverse than previous generations, comprised of demographic groups that historically drink less**



Source: US Census Bureau, Annie E. Casey Foundation, RaboResearch 2025

## The lasting impact and implications of Gen Z's early relationship to alcohol

For reasons discussed throughout this report, Gen Zers are having their first drink far later in life. So even if Gen Z's lower levels of consumption do not represent a reasoned, deliberate rejection of alcohol for health or moralistic reasons, alcohol is not a part of their formative and most impressionable years. This means that, moving forward, they are far less likely to factor alcohol into their conception of identity, socialization, and perception of acceptable behavior (i.e., don't get sloppy or else some jerk will post it on Instagram). Put simply, as they age, Gen Z will drink less than previous generations.



That said, being able to identify why Gen Z is drinking less can help alcohol brands more thoughtfully and deliberately serve these consumer groups as they reach their prime spending years. For now, companies would be well served to remember that young people are broke and, therefore, likely can't afford that superpremium tequila.

For the future, companies need to realize that knowing that Gen Z is drinking less is far less important than knowing why Gen Z is drinking less and, ultimately, which members of Gen Z are drinking less. A major reason Gen Z drinks less is because women and minority groups comprise a massively larger share of consumers who drink alcohol compared to previous generations. Therefore, successfully marketing to Gen Z requires brands to successfully market to women (women with college degrees, to be precise) and people of color. A logical next step, therefore, is for alcohol brands to ensure their organizations hire enough members of these groups (and put them in positions of power) to thoughtfully, effectively, and authentically drive innovations in product and marketing that reflect the needs of Gen Z consumers as they reach their mid-20s and 30s. That is, when they can afford to buy what they want.

# Imprint

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