



Achintya Securities Limited

The Global Alcohol Paradox

Deep Dive into India's Rise
Amidst a Worldwide Decline



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Introduction

The global beverage and alcohol ecosystem is currently navigating a period of profound structural disruption. Across the world, consumer preferences, macroeconomic conditions, and societal attitudes toward health are evolving at a breakneck pace. This shifting landscape has triggered a fascinating paradox: while the global population of legal drinking age is expanding, the total volume of alcohol consumed is steadily shrinking.

Yet, against this backdrop of global contraction, India is emerging as an undisputed powerhouse of growth. Based on recent data from IWSR—the leading authority on global beverage alcohol data—and broader macroeconomic indicators, the next decade will redefine how, where, and what the world drinks. Let us deeply analyse this contrasting trend, the hidden catalysts driving it, and the lucrative opportunities it presents for forward-thinking investors.



The Global Contraction: More Consumers, Fewer Pours

The most striking revelation from IWSR's first-ever 10-year forecast—spanning 160 global markets—is the undeniable decoupling of demographic growth from alcohol consumption. Over the next decade (by 2035), the number of legal-age alcohol consumers worldwide is projected to expand by a robust 9%. However, total global alcohol consumption volumes are expected to drop by 1% compared to 2025 levels.

This translates to a noticeable decline in per capita consumption. Statistically, the average global consumer will reduce their intake by the equivalent of roughly two bottles of spirits or an entire case of wine annually. The overarching theme in the Western world is no longer "drinking more," but rather "drinking mindfully."



The Triumvirate of Change: Inflation, Wellness, and Modern Medicine

To understand why the world is drinking less, we must look at three converging macroeconomic and sociological trends:

- 1. The Cost-of-Living Crisis:** Persistent global inflation and rising living costs are forcing households to scrutinize their discretionary spending. High-frequency leisure activities, including frequenting bars and purchasing bulk alcohol, are being optimized for cost.
- 2. The "Sober Curious" Wellness Movement:** Driven largely by Gen Z and Millennials, there is an unprecedented focus on holistic health, mental well-being, and fitness. The NoLo (No and Low Alcohol) category is seeing exponential growth as consumers actively manage their caloric intake and sleep hygiene.
- 3. The Rise of GLP-1 Weight-Loss Drugs:** A highly novel and disruptive factor is the widespread adoption of GLP-1 receptor agonists (such as Ozempic and Wegovy). Clinical observations show that these medications, designed for diabetes and weight loss, actively suppress the brain's reward centres, drastically reducing the craving for alcohol among millions of users in key Western markets.



The Category Pivot: RTDs and the Premiumization Era

As volume declines, consumer preferences are pivoting heavily toward quality, convenience, and portion control—a trend industry experts call "Premiumization."

Traditional heavy-volume categories like standard beer and wine are projected to face the steepest declines by 2035. In their place, newer formats such as Ready-To-Drink (RTD) beverages, hard seltzers, and premium canned cocktails are capturing immense market share. Consumers are willing to pay a premium for a high-quality, perfectly mixed, low-calorie beverage in a convenient format, prioritizing a "better, not more" philosophy.



Market Contraction: The Slowdown in Legacy Economies

The impact of these shifting habits is most pronounced in the world's most mature economies. IWSR estimates indicate that total alcohol consumption in the United States and China—historically the foundational pillars of global alcohol revenues—could plummet by more than 18% by 2035.

Similarly, mature markets like the United Kingdom, Germany, and Japan (which is currently running government campaigns to encourage youth drinking to preserve tax revenues) are facing significant demographic aging and volume declines. This macroeconomic pressure is already visible on Wall Street; global beverage titans like Diageo and AB InBev have reported sluggish volume sales since 2023, leading to cautious investor sentiment and compressed valuation multiples.



The Indian Anomaly: A 38% Growth Engine

While the West embraces moderation, the East—led emphatically by India—is experiencing an alcohol renaissance. Against the global tide of deceleration, India's alcohol consumption is forecast to surge by a staggering 38% over the next decade.

By 2032, this explosive trajectory is expected to propel India past the United States, making it the world's second-largest alcohol market by volume, trailing only China. Several unique structural tailwinds are fuelling this hyper-growth:

- **The Demographic Dividend:** India possesses a remarkably young population. Every year, an estimated 15 to 20 million Indians cross the legal drinking age threshold, constantly replenishing and expanding the consumer base.
- **Rapid Urbanization and Rising Affluence:** A burgeoning middle class with rising disposable incomes is eagerly participating in urban nightlife and dining cultures.
- **Cultural Shifts and Premiumization:** The social stigma historically associated with alcohol consumption in India is rapidly fading. There is a marked increase in female consumers and a massive shift towards premium craft spirits, notably Indian single malts and craft gins, which are gaining both domestic dominance and global acclaim.

The Strategic Playbook for Investors

For institutional and retail investors, this polarized landscape—declining legacy markets versus booming emerging markets—requires a highly nuanced investment strategy.

- 1. Geographic Reallocation:** Companies heavily indexed to the US and Chinese markets may face sustained headwinds. Investors should look for multinational corporations that are aggressively expanding their footprint in India, or domestic Indian beverage companies (such as leading local distillers and brewers) that are perfectly positioned to capture the 38% volume surge.
- 2. Focus on Value, Not Just Volume:** In declining markets, profitability will come from premiumization. Companies that successfully launch high-margin premium spirits, craft offerings, and health-conscious RTDs will maintain revenue growth even as they sell fewer physical liters of alcohol.
- 3. The NoLo Opportunity:** The No and Low Alcohol sector is transitioning from a niche trend to a mainstream staple. Beverage companies acquiring or innovating high-quality non-alcoholic spirits and beers are tapping into a highly defensive, high-growth revenue stream that aligns with global health trends.



What's Next: The 2035 Horizon

As we look toward 2035, the global alcohol industry is bifurcating. Success in the coming decade will no longer be determined merely by the ability to mass-produce and distribute liquid.

In mature markets, survival will depend on agility—understanding the younger, health-conscious, and value-driven consumer who demands premium, convenient, and experiential products. Meanwhile, fast-growing powerhouse economies like India will serve as the sector's gravitational centre, driving volume and dictating new global trends. For the industry, adapting to this new reality is no longer optional; it is the absolute prerequisite for future profitability.





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