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Consumer Morsel

Raising the bar or last call?

13 February 2025

Key takeaways

- Consumers are heading to the bars rather than imbibing at home, according to Bank of America aggregated card data. Spending at bars was up 1% year-over-year (YoY) in January 2025, an improvement since last fall, but significantly slower than the 26% YoY growth rate two years ago. Meanwhile, spending at alcohol stores decreased 5% YoY in January.
- The drop in at-home drinking could be due to more consumers abstaining, inspired by social media trends like 'Dry January.' Gen Zers are leading the charge, spending 15% less on alcohol this January than two years ago.
- Another reason could be that people are still destocking their liquor cabinets after over-purchasing during the pandemic when many bars were closed. Spending at alcohol stores made up 4.8% of total food and beverage spending in January 2025, down a full percentage point from three years ago.
- Perhaps surprisingly, Baby Boomers are behind the increase in bar spending, up 4% YoY and higher than any other generation, according to Bank of America internal data. And some appear to be more readily choosing the bar instead of traditional restaurants.

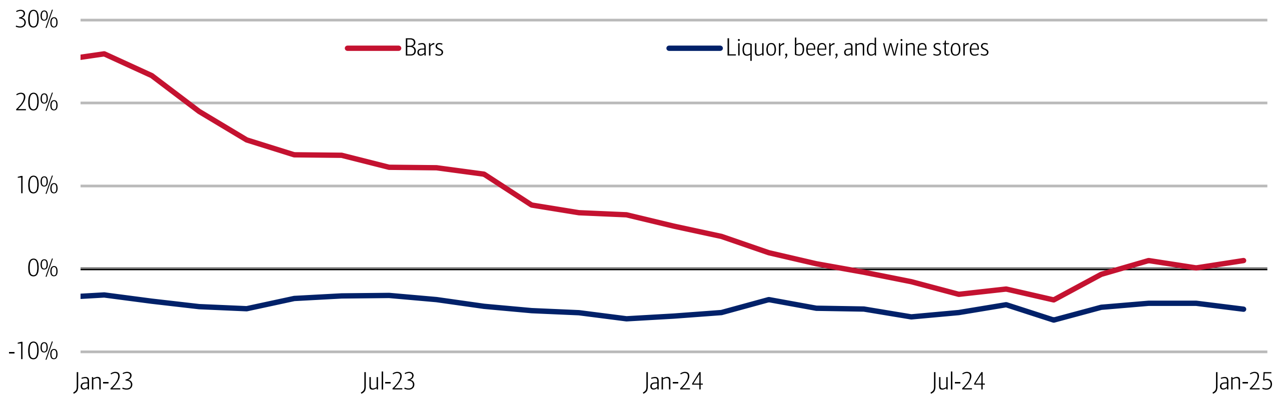
Spirited away: Spending at liquor, wine, and beer stores declined year-over-year

Some consumers still prefer going out to a bar over consuming alcohol at home, but there may be some souring on consumption overall driven by moderating demand.

According to the National Institute of Health, 79% of Americans have tried alcohol at some point in their lifetime.[1] But Bank of America aggregated credit and debit card data suggests that consumption is not what it used to be (Exhibit 1). Spending growth at bars, up 1% YoY in January 2025, has improved since last fall, but is much lower than the 26% YoY growth rate from two years ago when consumers were still 'revenge spending' post-pandemic, and is lower than the 14% average YoY growth of 2019. Additionally, spending at liquor, beer, and wine stores (referred to as *alcohol stores*), declined 5% YoY in January, consistent with the past two years, but down from the 1% average YoY growth in 2019.

Exhibit 1: Spending at alcohol stores decreased 5% YoY in January 2025 and after 18 months of declining growth, spending at bars has improved since fall 2024, and was up 1% YoY in January

Spending per household by category, based on Bank of America card data (3-month moving average, YoY%)



Source: Bank of America internal data

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[1] National Institute of Health: Alcohol Use in the United States: Age Groups and Demographic Characteristics

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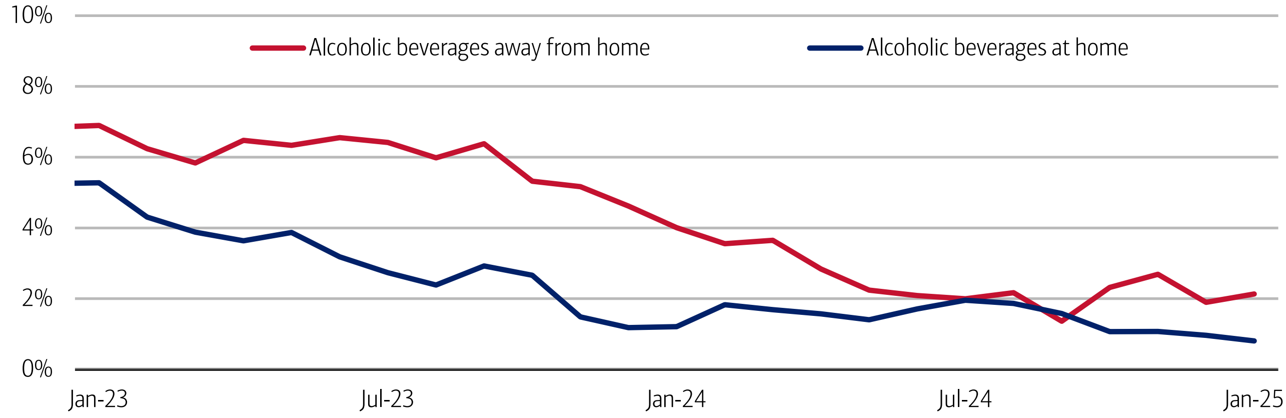
What's behind this decrease in spending at alcohol stores? Some of it may be due to slowing price growth. Spending on alcohol for at-home consumption was up 1% YoY in January 2025, but has fallen nearly four percentage points over the past two years, according to Consumer Price Index (CPI) inflation data from the Bureau of Labor Statistics (BLS) (Exhibit 2). Obviously since prices are still growing, albeit more slowly, this cannot fully explain the decline in alcohol spending, although the recent acceleration in inflation for bars may explain some of the recent improvement in bar spending on Bank of America cards.

Exhibit 2: Price growth has slowed for alcoholic beverages away from home, up 2% YoY in January 2025, and alcoholic beverages at home, up 1% YoY in January

CPI growth by category (monthly, YoY%, non-seasonally adjusted (NSA))



Source: Bureau of Labor Statistics

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Destocking the home bar, abstaining or less room in the booze budget?

Another way we can view this is to analyze spending at alcohol stores as a share of total food and beverage spending (e.g., grocery and alcohol stores combined). Our analysis of card spending showed that the share of January spending at alcohol stores has declined every year for the past four years and now sits at 4.8%, down a full percentage point from three years ago (Exhibit 3). Meanwhile, bars spending as a share of total restaurant spend (e.g., bars and restaurants combined) has increased in January almost every year, although growth was nearly flat YoY.

Exhibit 3: Spending at alcohol stores made up a smaller share of total grocery spending over the past four years and was at 4.8% in January 2025, while bar spending has increased as a share of total restaurant spending, also at 4.8% in January

Share of spending at alcohol stores over total grocery and share of spending at bars over total restaurants (3-month moving average, %)

Source: Bank of America internal data

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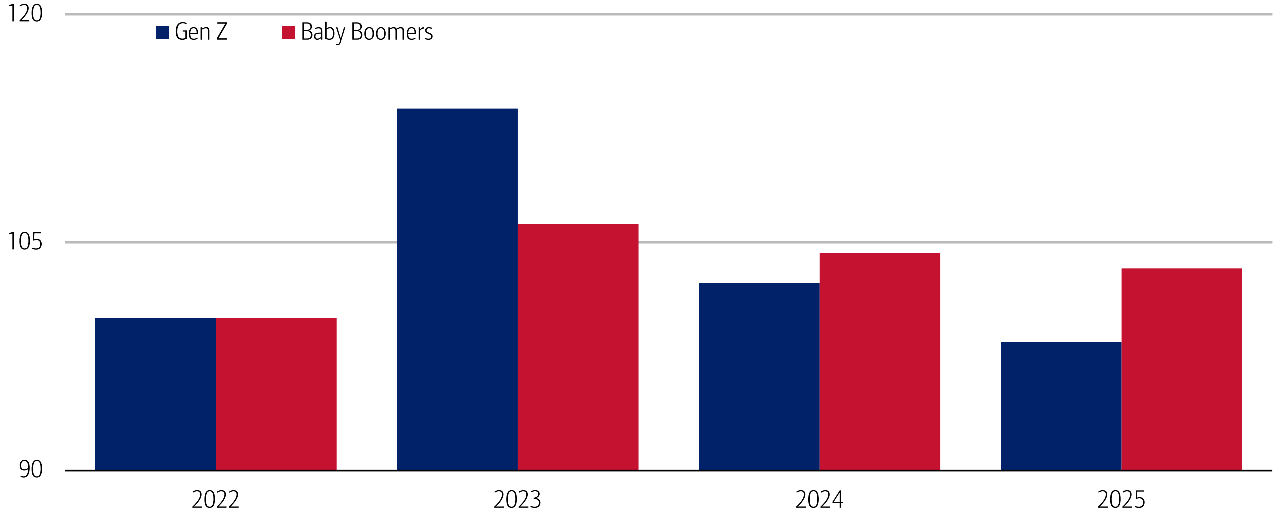
It's likely that some of the decline in at-home consumption can be attributed to a pivot to experiences post-pandemic, as people returned to socializing at bars and, in turn, drank less at home. According to BofA Global Research, it's also possible that consumers, with elevated deposits from stimulus funds, purchased more spirits than they could consume while bars were closed during the pandemic and are still 'destocking' their liquor cabinets.

Another explanation: some consumers may be abstaining entirely, spurred by the rise of social media trends like 'Dry January' and non-alcoholic alternatives (e.g., mocktails and soft drinks). In fact, Bank of America card spending at bars and alcohol stores decreased in January for the past two years, especially for Gen Z, who spent 15% less than in January 2023 (Exhibit 4).

Exhibit 4: Gen Z has decreased its January spending at bars and alcohol stores by 15% since 2023
Spending per household at bars and alcohol stores for Gen Z and Baby Boomers (January, index January 2022 = 100)



Source: Bank of America internal data

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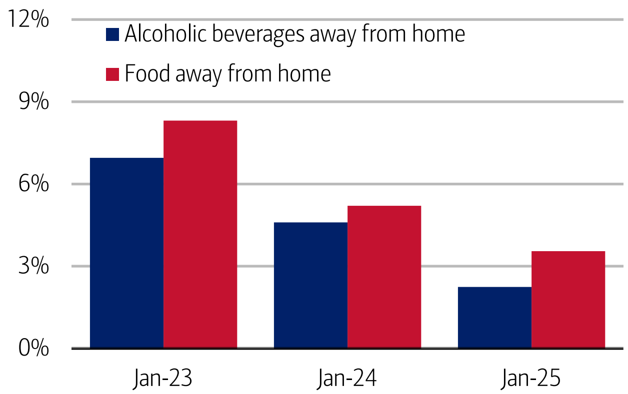
In our view, consumers may also be thinking with their wallets when it comes to alcohol, purchasing smaller portions and consuming less alcohol, especially as they prioritize spending on experiences (see: January Consumer Checkpoint) and make room for the rising prices of necessity items like groceries.

Exhibit 5 shows that price growth for bars and restaurants has been comparatively similar for the past three years, according to CPI inflation data from the BLS. However, grocery (food at home) prices, up 29% in January 2025 compared to 2019 levels, have increased much more than alcohol consumed at home, up only 12% (Exhibit 6). And given that grocery prices are rising again, in our view, it's likely that the price incentive to economize alcohol consumption may remain for the time being.

Exhibit 5: Price growth was similar in the past three years for alcoholic beverages away from home, up 2% YoY in January 2025, and food away from home, up 4% YoY
CPI inflation growth for alcoholic beverages away from home and food away from home (3-month moving average, YoY%, NSA)



Source: Bureau of Labor Statistics

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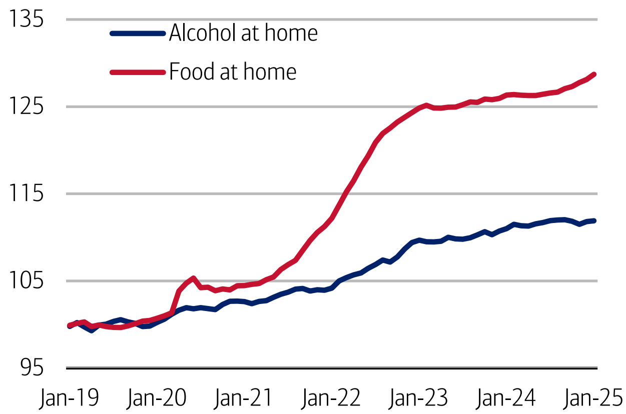
Exhibit 6: Food at home prices were up 29% in January 2025, compared to 2019 levels, while alcohol at home was up 12%
CPI inflation growth for alcohol at home and food at home (monthly, index 2019 average = 100, seasonally adjusted (SA))



Source: Bureau of Labor Statistics

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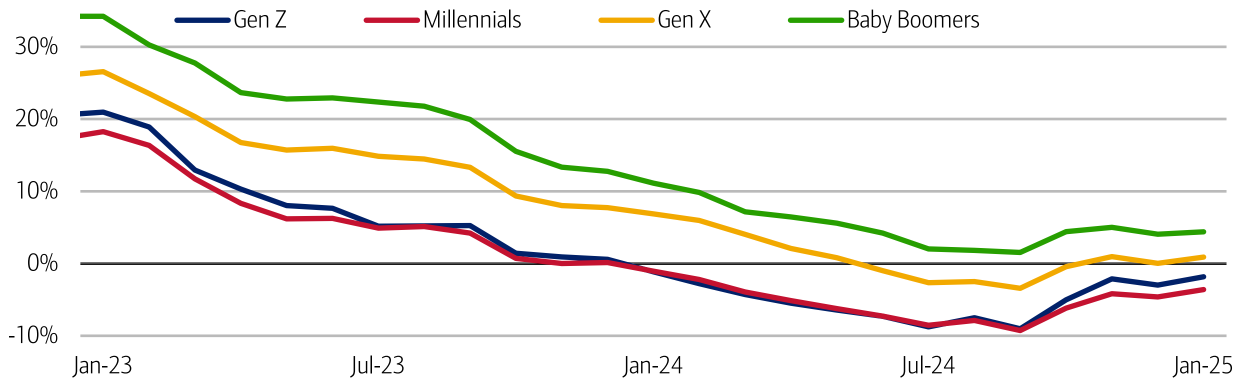
Silver spirits: Baby Boomers heading to the bar more than other generations

But what, or whom, is behind the increase in bar spending? Looking across generations, using Bank of America card data, it's clear that Baby Boomers are the driving force.

Spending at bars among Baby Boomers is growing faster than that of any other generation, up 4% YoY in January 2025 (Exhibit 7). Meanwhile, Gen X bar spending is also positive, up 1% YoY, but declined throughout much of 2024. And while younger generations' (Millennials and Gen Z) bar spending has improved since last fall, it is still negative YoY.

Exhibit 7: Baby Boomers' bar spending growth has risen since last fall and is growing faster than that of any other generation, up 4% YoY
Spending at bars by age generation (3-month moving average, YoY%)



Source: Bank of America internal data

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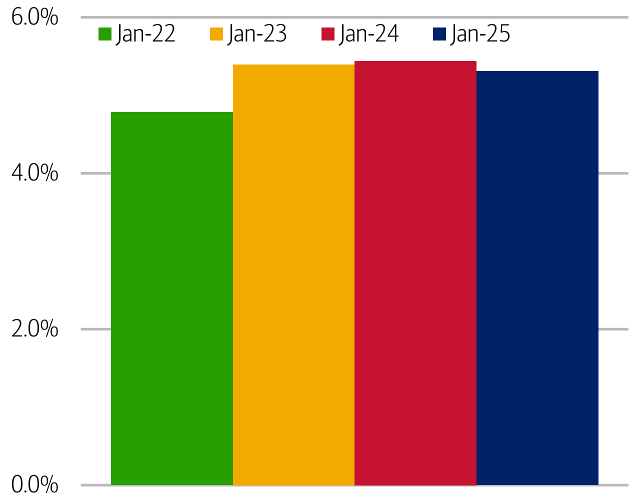
Additionally, younger generations are spending more of their 'going out' budgets at restaurants, while Baby Boomers are more likely to head to the bar. Within total restaurant spending, Gen Z and Millennials have a higher share of bar spend, but this share has declined YoY (Exhibit 8). Conversely, while Baby Boomers' bar spending makes up a lower share of the total, this share has increased in each of the past three years, although there has been some slowdown in the past year (Exhibit 9).

In our view, it could be that younger generations are heading to the bar less as they take on more family and financial responsibilities (see: When we were young). Meanwhile, Baby Boomers, the youngest of whom are 59, may be approaching retirement, or are already retired, and are enjoying more well-earned downtime.

Exhibit 8: Gen Z and Millennials' bar spending has decreased as a share of total restaurant spending to 5.3% in January 2025
Combined Gen Z and Millennials' per household share of spending at bars over total restaurants (3-month moving average, %)



Source: Bank of America internal data

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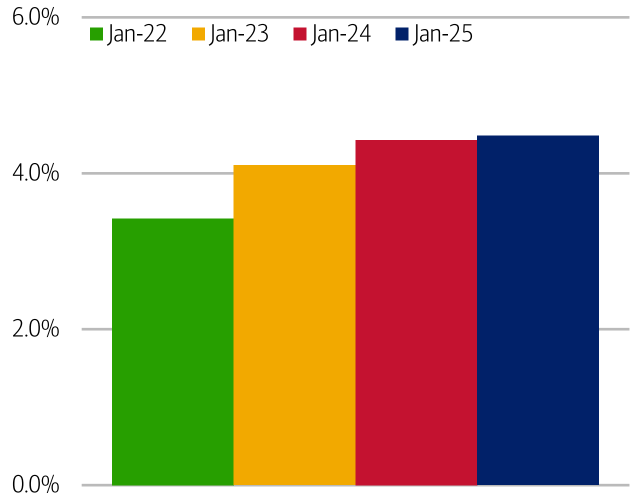
Exhibit 9: Baby Boomers' bar spending has increased as a share of total restaurant spending to 4.5% in January 2025
Baby Boomers' per household share of spending at bars over total restaurants (3-month moving average, %)



Source: Bank of America internal data

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Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Alcohol stores refer to stores that specifically sell beer, wine, or liquor. There are various laws and regulations across states that affect where alcohol can be sold. For example, there are 17 states where the sale of liquor is controlled by the state government. Additionally, there are 5 states where the sale of wine is controlled by the state government. Furthermore, there are states where regulations dictate where wine and liquor can be sold (e.g., in New York, wine and liquor cannot be sold in the grocery store).

Spending at alcohol stores does not include alcohol purchased at grocery stores. Spending at bars includes both food and alcohol purchased at a bar. Bars are determined by MCC codes and other proprietary classifications.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

Additional information about the methodology used to aggregate the data is available upon request.

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Sources

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Disclosures