Wine Opinions

Wine Market Topics, Trends, and Thoughts

February, 2020 *(Issue 2 of 2)*

When You Can't See the Trees for the Forest

Nearly every day, we see headlines or declarations by marketers purporting to reveal the mindset, cultural identifiers, or *gestalt* of the generations. We are told that many Millennials still live in the basements of their parents' homes. That GenX wine drinkers have more disposable income than the other generations. That if you want to market to Generation Z you need to reach them through WhatsApp. And Baby Boomers? Well, they're doing meds the way they used to do mescaline, but there are still about 70 million of them and they drink wine even if they can't remember the name of the wine they used to buy in glass jugs at the funky liquor store in the Haight.

Looking only at generations as a whole - entertaining as that might be - comes down to seeing the forest and not bothering to notice the many and varied trees that abound within it.

It is odd, therefore, when Gen Z and even Millennial wine drinkers are dismissed by wine marketers as less valuable target audiences than Generation X or Boomers. Wine Opinions research among highly-involved Millennial wine drinkers shows there are over 10 million high frequency wine-drinking trees in that forest. Even the nearly 2 million high frequency wine drinkers ages 21 - 25 are low-hanging fruit for the picking, if they are not ignored.

Among highly-involved wine drinkers, the percentage buying $20 or more wine on a monthly or weekly basis is considerable across all age segments and generations, with the highest concentration of $20-plus buyers (42%) now in their thirties - all Millennials. Among highly-involved Gen X wine drinkers, 36% are $20-plus buyers, as are 31% of Baby Boomers, and even 11% of Gen Z.

Market research of generations or even "wine drinkers" by generation seldom provides valuable insights. Within those "forests" are high frequency wine drinkers with brand or category usage, whose behaviors and opinions are most relevant to the challenges wine marketers face. Research among these consumers sheds light on the challenges wine marketers face, and leads to fulfillment of their marketing goals.

High Frequency Wine Drinkers by Generation

	Percent*	Millions
GenZ 21 - 25	5%	1.7
Millennial 26 - 43	32%	10.6
GenX 44 - 55	21%	7.0
Boomer 56 - 74	37%	12.3
Older 75+	5%	1.6

*Wine Market Council / ORC survey, 2019

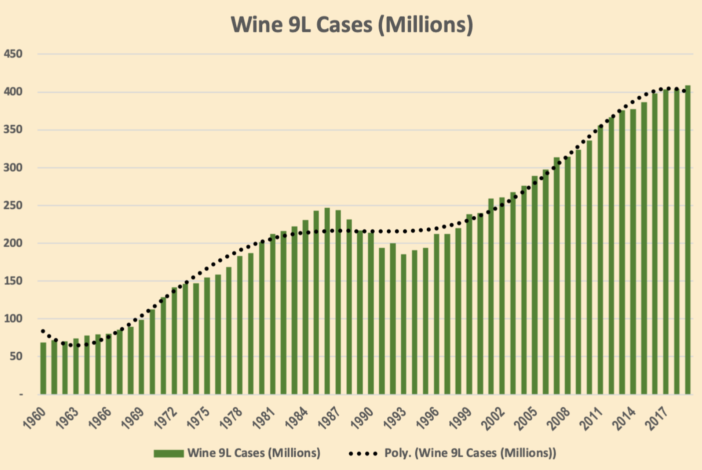
U.S. Wine Market Shows Slight Gains in 2019

Data and reporting released on January 21st by bw166 showed a slight increase in wine shipments in the U.S. to 409 million 9L cases, an increase of 1.1% compared to the 2018 total of 405 million cases. The bw166 figures were based on tax-paid shipments.

The bw166 report notes that in recent years, the growth of the U.S. wine market has essentially mirrored the growth rate of the U.S. adult population. The report also shows the strongest growth in 2019 shipments to market coming from the sales of imported sparkling wines.

The growth curve in the chart at right heads sharply upward around the turn of the century, but slows and flatness in the past several years.

*Shipment to the U.S. Wine Market 1960 - 2019**



*bw166, 2019

Likely Consumer Responses to Tariff Hikes

In January, Wine Opinions conducted a survey among highly involved wine drinkers to identify their current usage and preferences for European wines and their likely responses to price hikes that would result from the imposition of further tariffs on those wines.

1,461 respondents indicated they regularly purchase wines from either France, Italy, Spain, German, or Portugal. In total, these purchases account for 44% of the overall annual wine purchases of survey takers.

Wines from Italy were purchased most often by 42% of survey takers, followed by wines from France (34%), Spain (17%), Portugal (4%), and Germany (3%).

Respondents were asked to indicated their most likely responses in the event that the prices of their European wine purchases rose above a price they would usually pay for these wines.

Most respondents (56%) would keep buying their favorite European wines, but would buy them less often. An equal number (55%) would start buying more non-European wines, while 24% said they would buy more European wines, but at lower price points.

Likely Responses to Higher European Wine Prices

I'd keep buying my favorite European wines, but I'd buy them less often	56%
I would buy more wines from non-European regions	55%
I'd buy more European wines in lower price ranges	24%
I'd just pay the increase and keep buying the same types and quantities of European wines	12%
I would cut down on the overall amount of wines I buy and drink	11%

Corvettes and Wine Have This in Common

In the late 1990s, General Motors developed the fifth generation of the Corvette sports car, which debuted in 1997. The engineers were mulling paint quality and colors when John Heinricy, a lead test driver, reportedly said "Why are we having this discussion? All Corvettes are red. The rest are mistakes."

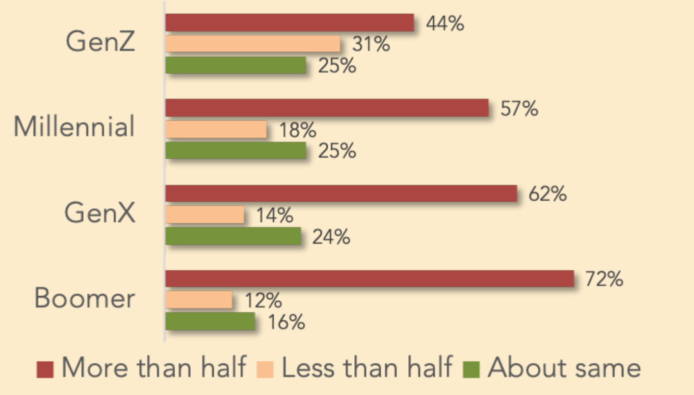
Many wine lovers share that feeling when it comes to what they most often buy and enjoy. In a recent Wine Opinions survey of 2,160 U.S. wine drinkers, survey takers of every generation indicated strong purchase preferences for red wines.

The percentage of each generation stating that red wines accounted for more than half their purchases increased markedly by age, from 44% for GenZ wine drinkers to 72% among Baby Boomer respondents.

There was also a male skew to higher percentages of red wine purchase (75% for males vs. 52% for females).

Interestingly, preference for red wines differed very little by wine consumption frequency, with 64% of high frequency wine drinkers and 62% of occasional wine drinkers reporting that red wines comprised more than half of their wine purchases.

Red Wine Percentage of Purchases by Generation



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