Wine Market Topics, Trends, and Thoughts

“ Wine Opinions ”

March, 2020

Important Update

Very recently, the Wine Opinions internet URL address was hacked, shutting down our website and taking our email accounts offline. We have moved the website to an alternative address: wineopinion.com and will be operating as "Wine Opinion" until we can reclaim our Wine Opinions identity.

None of our client data was lost, and our panels of members of the wine trade and wine consumers are not affected. We retain full capabilities for conducting online surveys and discussion groups.

Please note our contact changes:

- Website - https://wineopinion.com
- General inquiries: info@wineopinion.com
- Email address: john@wineopinion.com

Thanks very much and best regards,

John Gillespie
Wine Opinions Founder and CEO

The Future of Canned Wine

In January, at the Sonoma County Winegrowers and Vintners annual meeting, Danny Brager - Senior VP of the Beverage Alcohol and Cannabis Practices for Nielsen - presented wine sales results of the past year, including a focus on canned wine sales, which in Nielsen channels measured over $125 million in 2019. While that is a bit less than 1% of total Nielsen-measured wine sales in dollars, the canned wine growth trend over five years is most impressive (see the chart below).

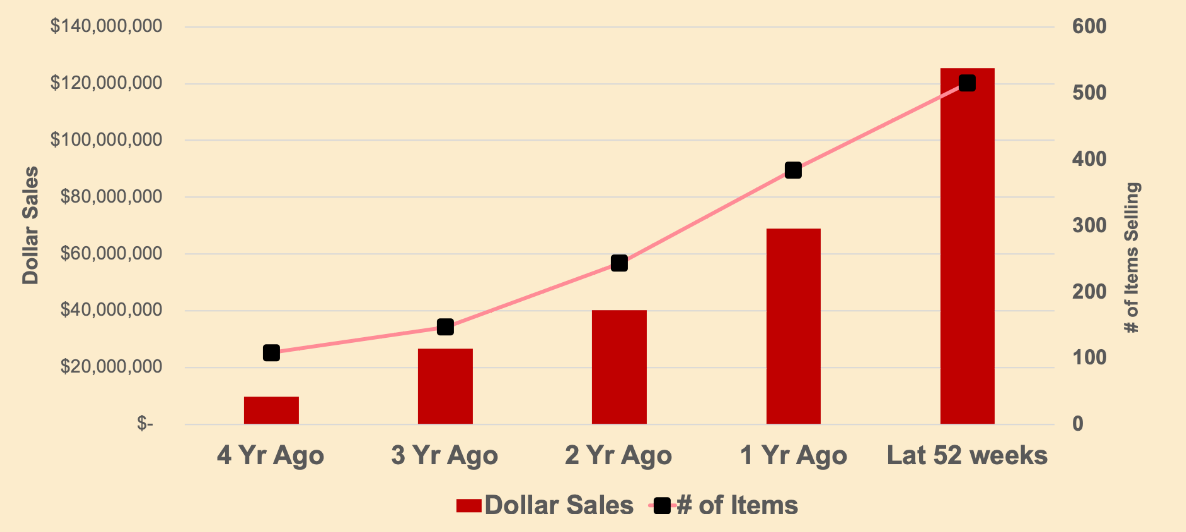
Danny spoke of the convenience and portability of wine in cans, and the opportunity for canned wine to open consumption occasions at the beach, camping, tailgating, picnics, and the like. He believes canned wines have more "headroom" to grow, and represent a long-term trend, not a fad. With more than 500 items in the category at this time, Danny advised suppliers not to overwhelm the market with new entries that are not differentiated, as the "rising tide" of category growth cannot be expected to lift every new brand.

At Wine Opinions, we agree with Danny's forecast. A survey of 1,931 mostly high-frequency wine drinkers we conducted recently found that 17% of respondents had purchased wine in a can once in the past 12 months, while another 13% had made multiple canned wine purchases in that period.

More importantly, among those who had not purchased canned wine, 36% indicated they were interested in trying canned wine, while 64% expressed no interest. Those with an interest in purchasing canned wine skewed under age 50, as did canned wine purchasers.

Another recent survey of those who buy rosé wines in 750ml bottles across all price segments found that just over 50% of respondents indicated they would be either "very" or "somewhat" interested in buying their favorite rosé wines in cans, if they were available.

Canned Wine Sales by Dollars and Number of Items



Source: Nielsen Total U.S. All Outlets; 52 w/e 12-28-2019 (annual time periods)

Tariffs May Drive Sales to These Regions

On February 14th, U.S. Trade Representative Robert Lighthizer announced that the 25% tariff on wines from France, Spain, and Germany levied in October would remain in place indefinitely. While producers, exporters and importers have in many cases absorbed the tax on these wines, keeping shelf prices relatively unchanged, shipments of these wines to the U.S. have plummeted, and price hikes now seem inevitable.

In January, Wine Opinions conducted a survey among frequent buyers of European wines to assess likely outcomes of rising prices.

Asked the identify how they would respond to price increases on the French, Spanish, and German wines they now purchase, 56% indicated they would continue buying those wines, but would buy them less often. Nearly the same percentage (57%) indicated they would compensate by buying more wines from regions outside of Europe.

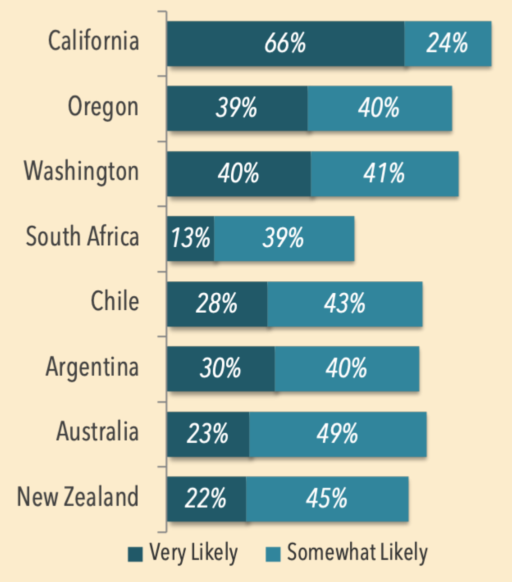
When presented with a list of alternative sources to European wines, it is no surprise that California was named most frequently, with 66% saying they would be "very" likely and 24% "somewhat" likely to choose California wines as a replacement for their European wine purchases.

Oregon and Washington formed a second tier of choice, each deemed "very likely" as alternative sources by significantly greater percentages than any of the other regions listed.

French wine buyers were especially likely to name Oregon (84% vs. 78% of others) and Washington (86% vs. 80% of others) as "very or somewhat" likely alternatives. Similarly, buyers of wines from Spain were more likely to name Chile (81% vs. 69% of others) and Argentina (78% vs. 71% of others) as "very or somewhat" likely alternatives to their Spanish wine purchases.

Likely Alternatives to European Wine Purchases

(Buyers of Wines from France, Spain, Germany)



Who Follows Wine Accounts on Social Media?

In a recent survey of more than 2,000 mostly (78%) high frequency wine drinkers, respondents who have either Facebook, Instagram, or Twitter accounts were asked about their usage of social media relating to their interests in wine.

Some 92% of respondents had Facebook accounts, 65% were on Instagram, and 50% had Twitter accounts. A key question was whether these wine drinkers follow any wine-related accounts in their preferred social media channels.

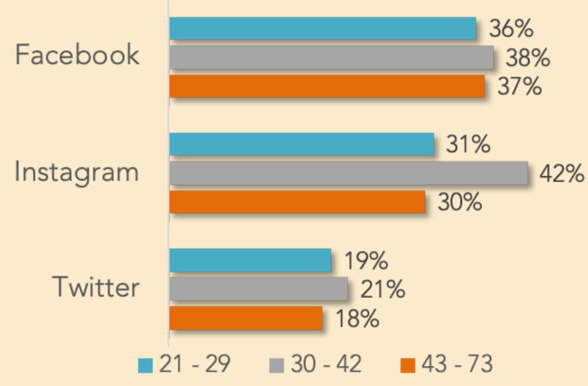
The chart at right shows the percent of wine drinkers who do follow wine-related accounts. Results are presented by channel, and by age or generation segments (those in their 20s, Millennials ages 30 - 42, and GenX or Baby Boomers ages 43 - 73).

Those who follow wine accounts on Facebook evenly span the age/generations segments, while on Instagram, significantly more Millennials ages 30 - 42 are followers of wine accounts.

Fewer wine drinkers on Twitter follow wine accounts (about 1 in 5, across the age groups).

By gender, both Facebook and Instagram have nearly equal percentages of male and female wine-drinker users who follow wine accounts. Those who follow wine accounts on Twitter skew male.

Percentage of Wine Drinkers Following Wine Accounts by Age and Channel



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