



## The Geometry of High Frequency Wine Drinkers

An early lesson in Geometry is this: "All squares are rectangles, but not all rectangles are squares." Though there is an important difference in the shape of a square compared to other rectangles, it is still a rectangle by definition. The same principle applies to high frequency wine drinkers. While they have in common that they drink wine more often than once a week, on average, they come in several varying "shapes."

Taken as a whole, their importance to the wine market cannot be overstated. Though they account for just over one in three wine drinkers (35%) they purchase more than 80% of all wine sold.

Wine Opinions regularly analyzes three sub-sets (or "shapes") of high frequency wine drinkers:

- *Bag-in-box Buyers*
- *\$20-plus Buyers*
- *Bargain Bottle Buyers*

A 2019 Wine Market council survey shows that only 11% of U.S. wine drinkers buy 3L or 5L bag-in-box wines monthly or more often, but 76% of them are high frequency wine drinkers. At the other end of the spectrum, 56% of those who buy 750ml wines costing \$20 or more a bottle monthly or more often are high frequency wine drinkers. Bargain bottle buyers are those whose most frequent 750ml purchases are wines costing less than \$20.

In a recent survey that included 1,247 high frequency wine drinkers, Wine Opinions compared the demographics and 750ml wine purchases of \$20-plus wine buyers vs. bargain bottle buyers. The greatest differences were the gender skews - bargain bottle buyers were 58% female vs. 42% male, while \$20-plus buyers were 65% male vs. 35% female.

Baby Boomers were the largest generation segment of each group (47% of bargain bottle buyers and 42% of \$20-plus buyers), but it is noteworthy that while Millennials were just 20% of bargain bottle buyers, they were 24% of \$20-plus buyers. GenX accounted for 31% of bargain bottle buyers and 32% of \$20-plus buyers. GenZ respondents were just 2% of bargain bottle buyers and 1% of \$20-plus buyers.

The tables below show the purchase frequencies by price segment of 750ml wines for each "shape" of high frequency wine drinker.

Bargain bottle buyers' most frequent purchases are in the \$10 - \$14.99 range (75% buy these wines monthly or weekly) but weekly purchases skew somewhat to wines under \$10 (36%, vs. 29% purchasing \$10 - \$14.99 wines weekly). For bargain bottle buyers, wines over \$15 are almost entirely monthly or less often purchases.

Of interest when looking at the purchases of \$20-plus buyers is the percentage of them making frequent purchases of wines in both the \$10 - \$14.99 and \$15 - \$19.99 price ranges. Clearly, these \$10 - \$19.99 wines are staples in the households of \$20-plus buyers, as 61% buy \$10 - \$14.99 wines monthly or more often and 81% buy \$15 - \$19.99 wines at that frequency.

Also notable is the fact that while only 8% of bargain bottle buyers say they never purchase wines under \$10, 28% of \$20-plus buyers never buy those wines.

### Bargain Bottle Buyers (High Frequency Wine Drinkers)

	WEEKLY	MONTHLY	SEV X YEAR	LESS OFTEN	NEVER
Under \$10	36%	31%	10%	15%	8%
\$10 - \$14.99	29%	46%	15%	7%	3%
\$15 - \$19.99	7%	39%	31%	19%	4%
\$20 or more	0%	0%	49%	40%	11%

### \$20-Plus Buyers (High Frequency Wine Drinkers)

	WEEKLY	MONTHLY	SEV X YEAR	LESS OFTEN	NEVER
Under \$10	17%	15%	12%	28%	28%
\$10 - \$14.99	32%	29%	15%	18%	6%
\$15 - \$19.99	37%	44%	11%	6%	2%
\$20 or more	29%	71%	0%	0%	0%

## Danny Brager Launches Independent Consulting Practice

Long recognized as one of the most intelligent and astute observers of the U.S. wine market, Danny Brager has concluded his long tenure as the Senior Vice President of Nielsen's Beverage Alcohol Practice in the U.S. During that time, his counsel and ability to succinctly deliver data-driven analysis has been highly valued by beverage alcohol producers, importers, distributors, retailers and financiers, as well as many trade associations and the media.

In August, Danny introduced Brager Beverage Alcohol Consulting, offering analysis services to companies seeking to translate market data into authoritative, fact-based insights in support of their brand and corporate goals.

Danny will also continue to be a contributor and speaker at wine industry events, including the upcoming Wine Industry Financial Symposium, which will be conducted virtually on September 15th and 16th.

In the featured column below, Danny offers analysis of off-premise and direct-to-consumer sales trends through the COVID-crisis period.

Those with an interest in off-premise sales data and/or DTC shipment data, including market analysis and reporting, can contact Danny at [bragerdanny@gmail.com](mailto:bragerdanny@gmail.com).

## Off Premise vs. DTC Sales: Upward but Divergent Paths

### Guest Column by Danny Brager

In the midst of the pandemic, the fortunes of individual wineries are tightly tied to their channel mix: On-Premise vs Off-Premise vs. Direct-to-Consumer (the sum of on-site and shipment sales).

The negative impact of the pandemic on wine sales in restaurants, bars, and tasting rooms has been well documented. Retail sales and the direct-to-consumer business have benefitted from the channel shift away from on-premise sales.

Looking at the March through July sales period, wine sales in Nielsen measured off premise channels have grown more than 20% in value, compared to the same period in 2019. This matches the over 20% value growth of direct to consumer shipments in the period (per Wines Vines Analytics and Sovos ShipCompliant). The chart at right, though, shows that total value growth is not the whole story. In the off-premise channel, the average bottle price is rising faster than volume growth, while in the DTC channel it is the reverse, with volume growth compensating for sagging average bottle prices.

In the Nielsen measured off premise channels, it is sales growth at price points above \$11 that continues to drive the market - with even faster growth through the COVID period than before. To some extent, this may be due to off premise sales effectively replacing wines that might have been ordered in restaurants, at considerably higher prices.

In the DTC shipment channel, reductions in the average bottle price have been impacted by a reduction in the prices of Napa Valley wines, which have dropped by \$9.11 through the March - July period. Central Coast and Sonoma County wines have also shown a decline averaging about -\$3, but on a much lower base. Average prices of DTC shipped wines from Washington and Oregon have mostly held steady.

Wineries that traditionally have a strong presence in the off premise and DTC shipment channels, and those who have successfully pivoted to those channels as the on-premise market collapsed, have likely been more able to maintain and even grow market share at healthy rates, even in these remarkably "less than healthy" times.

### Off Premise vs. DTC Sales - Total Wine (March - July 2020 vs. 2019)

	Off Premise	DTC Shipments
Volume % change	+17.5%	+39.8%
Value % change	+20.6%	+20.7%
Average 750ml bottle price	\$11.05	\$33.28
Change in average bottle price vs. 2019	+\$0.45	-\$9.51

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