Wine Market Topics, Trends, and Thoughts

"Wine Opinions"

NOVEMBER, 2020

Lessons from Polling Miscues

Editorial Comment

A good number of polls predicting the outcome of the 2020 presidential race proved to be inaccurate, especially in battleground states, just as in they were in 2016. Research professionals are offering a variety of explanations of what when wrong, but most of the errant polling results stem from one of two flaws in research methodology - audience qualification and question composition. Each of these is fundamental to reliable survey outcomes, and both are embodied in the dictum of polling that Wine Opinions follows: "Pose the right questions, in the right manner, to the right people."

This year, as in 2016, political pollsters asked the right question (Who will get your vote?) but often asked the question of voters with significantly varying degrees of voting likelihood, diluting the reliability of the results. And in some cases, the question was artlessly posed, allowing (if not encouraging) unreliable answers.

Audience Qualification

Screening to qualify survey respondents, and sorting them into meaningful segments for analysis, are fundamental to delivering reliable results. But "likely voter" is just as ambiguous a term as "wine drinker."

The definition of "likely voter" in various polls ranged from "registered voters," to those who had voted in the 2016 election (and/or the 2018 election). While some polls also asked for a respondent's degree of certainty that they would vote, few asked if survey respondents had voted in their most recent municipal or school board elections or whether they considered voting a "civic duty" (indications of higher levels of voter engagement).

In wine market research, the definition of "wine drinkers" can be equally elusive. Results of surveys on "regular wine drinkers," for example, may include those who drink wine a few times a month, once every 2 - 3 months, or even less often. But it is high frequency wine drinkers who drive the market for wines of every type, in every price segment.

Wine Opinions uses a very stringent screening criterion for "high frequency" wine drinkers, who we define as those drinking wine "a few times a week or more often." These highly engaged wine drinkers are the equivalent (in political polling terms) of the *most likely* voters, because they account for more than 80% of all wine sales.

Question Composition

After the 2016 election, and again this year, some research professionals pointed to the existence of the "shy Trump" voter as an explanation of polling misses, especially in battleground states. Maverick polling company Trafagar Group cites "social desirability" as a reason some Trump supporters might mislead pollsters when asked directly who they will vote for. So, instead of asking "which candidate do you support?" Trafalgar might ask "who do you think most of your neighbors will vote for?"

The use of "oblique" questions to indirectly satisfy a learning objective, and asking multiple questions related to the same objective, are techniques that Wine Opinions employs to provide meaningful insights on issues such as purchase intent, packaging alternative preferences, and brand perceptions. Additionally, we often follow a quantitative question, such as a price estimation, with qualitative questioning (with comment boxes) to illuminate not just "what" but also "why."

Like winemaking, public opinion polling is as much an art as a science. When polls go astray, there is always something to be learned. In the case of 2020 election polling, the art of posing questions in the right manner, and the science of finding the right people to ask fell short all too often. Those are correctable errors. And it's worth remembering that many polls (both state and national) were validated by the election outcome.

John Gillespie
Founder and CEO, Wine Opinions

Consumer Interest in Nutritional or Ingredient Labeling

In October, Wine Opinions conducted a "snap poll" of our national consumer panel to establish a baseline of wine consumer interest in ingredient or nutritional labeling for wine. The three-question survey was completed by 1,053 members of the Wine Opinions consumer panel. Respondents were fairly evenly divided by gender (52% female, 48% male) and were mainly (84%) high frequency wine drinkers (those who drink wines "a few times a week" or more often).

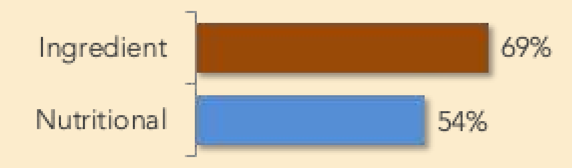
There was somewhat more interest in ingredient labeling than nutritional labeling. Respondents were asked to rate their interest in these kinds of information on wine labels using a 7-point scale, where "1" meant "not at all interested," and "7" meant "extremely interested." Taking together ratings of "5," "6," and "7" as positive expressions of interest, 69% of survey takers showed interest in having ingredient labeling on wine, and 54% were interested in nutritional labeling. The degree of interest for these kinds of information skewed toward the high end of the scale, as more than half of all positive responses were ratings of "7" compared to the sum of "5" and "6" ratings.

While enthusiasm for ingredient labeling was evident, the effect of having such information on making a purchase decision was somewhat muted, with 39% of respondents saying that having ingredient labeling would make them more inclined to purchase such a wine, but 57% indicating such information would have no effect on a purchase decision.

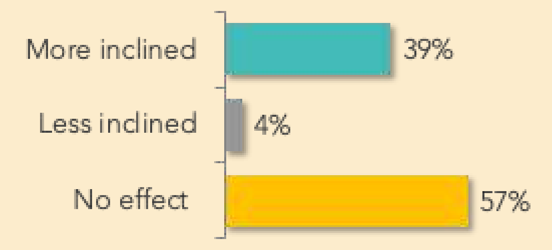
A follow-up question on the kinds of nutritional information of interest showed that listing calories and carbohydrates was of greatest importance to respondents (83% and 58%, respectively, indicating these were of interest).

Interest in Informational Labeling

(Sum of 5 - 7 Ratings on 7-Point Scale)



Effect of Ingredient Labeling on Purchase Intent



Interest in Nutritional Information

Total fat	25%
Calories	83%
Sodium	37%
Carbohydrates	58%

New Depletions Data from SipSource

With the U.S. now eight full months into the shelter-in-place and social distancing directives driven by the COVID-19 pandemic, a simple question persists: "Are consumers drinking more or less alcohol?" While there has been a great deal of speculation based on a variety of indicators, SipSource, as the only source for aggregated wine depletion data (sales from distributors the retail and restaurant establishments) is able to provide both data and insights for the wine and spirits categories.

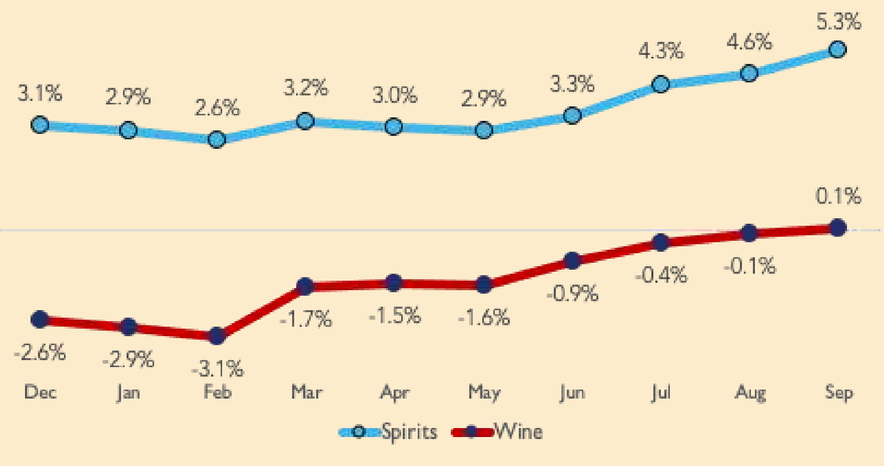
In review of the first seven months since the start of the pandemic, SipSource representative Dale Stratton confirms that consumers are likely drinking more wine and spirits through this period. Looking at 12-month rolling numbers, the growth trend on wine and spirits volume combined improved 300 basis points from down -0.6% to up +2.4% from the beginning of March to the end of September. While spirits growth of +5.3%, continues to outpace wine (at +0.1% growth) there is good news for the wine category.

One would have to go back to September 2018 to see a positive trend on total wine depletions, so the +0.1% growth figure is actually significant for the category, according to Stratton. While depletions of wine do not always translate to immediate consumption, the sustained upward slope of trends on the chart to the right are encouraging for the category's overall health, Stratton added.

In general, the improvement in trends is consistent across most categories - import vs. domestic; varietal types; or package sizes, with a few notable exceptions.

The loss of on-premise business hurt the Sake category which dropped from +5.5% growth to -6.0% decline in seven months. Initially, the Sparkling category also suffered losing 370 basis points of growth in two months, but trends have improved each of the last four months. This improvement is largely driven by Prosecco, which is +7.3%, ending September, the second fastest growing varietal or type. The top honor goes to Sauvignon Blanc which is up +9.5%, according to Stratton.

12-Month Rolling Depletion Tracking



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