



Wine Market Topics, Trends, and Thoughts

Trade and Consumer Personal Financial Conditions

Wine Opinions conducted surveys of our trade and consumer panels at the end of 2020 to measure the impact of the pandemic on their personal financial conditions. The questions posed were similar to those used in the long-standing University of Michigan consumer sentiment survey.

Respondents were first asked to assess their household's financial condition at the end of 2020, compared to a year earlier. They were then asked to project the financial condition of their household at the end of 2021.

Most high-frequency wine drinkers (86% of consumer survey respondents) indicated they were in about the same financial condition at the end of 2020 as the previous year, and nearly 1 in 4 said they were better off. Members of the wine trade did not fare as well, with 36% saying they were worse off (driven mainly by the on-premise trade tier, with 55% reporting they were worse off than a year ago). Even so, 20% of trade members said their personal financial condition improved in 2020.

Many wine drinkers believe their financial conditions will improve in 2021. While a plurality of consumers (43%) were predicting little change in their personal financial condition a year from now, some 36% anticipated being better off at the end of 2021. Consumers who buy \$20-plus wines monthly or more often were the most likely to project that they would be financially better off in the coming year (40%).

Members of the wine trade were even more optimistic, with 42% believing they will be better off in 2021, compared to 33% who think they'll remain in the same financial condition.

Financial Condition at Year End

	Consumers	Trade
Better off now than a year ago	23%	20%
About the same as a year ago	53%	40%
Worse off now than a year ago	21%	36%
Prefer not to say	3%	4%

Projections for End of 2021

	Consumers	Trade
Likely to be better off in a year than now	36%	42%
Likely to be about the same in a year as now	43%	33%
Likely to be worse off in a year than now	6%	4%
Too uncertain to predict	14%	20%
Prefer not to say	1%	1%

"O-N-D" Contest Results

At the beginning of October, we invited newsletter readers to project the number of cases of still and sparkling domestic and imported wines shipped to the U.S. market through the end 2020.

Each of these categories grew in 2019 vs. 2018 shipment levels. Through August, domestic still and sparkling shipments were slightly above 2019 levels. Imported sparkling wines were just below 2019 levels through August, and imported packaged still wines were flat.

At the end of the year, shipments of still wines (both imported and domestic) showed gains over total shipments in 2019. Sparkling wines finished the year just below the 2019 shipment levels. Despite the losses in sparkling wine shipments, total wine shipments to market in 2020 exceeded the 2019 total, with domestic still wines leading the way.

Several of our contest participants came very close to correctly projecting shipments in all four categories. The winner was Charlie O'Brien, who is and executive with FLM Harvest, a strategic consulting, marketing, and communications agency based in Minneapolis. Looking ahead, Charlie believes there will be a small uptick in domestic still wine sales this year. He also expects U.S. wine consumers to become more familiar with Australian wines this year, as more of Australian exports are directed away from China and to the U.S. market.

Jon Moramarco of bw166, whose data comprises the table below, believes that the larger domestic brands will benefit most from the continuing dominance of off-premise sales in 2021. On the other hand, Moramarco predicts that as restaurants reopen, the smaller brands and many imports will be the beneficiaries, even though import tariffs will continue to depress shipments from France and Spain.

Thanks to everyone who entered the "O-N-D" contest, and best wishes for a more prosperous year ahead.

Shipments to Market 2018 - 2020

	2018	2019	2020
Domestic Still Wines	255.3	256.7	262.6
Domestic Sparkling Wines	12.7	12.9	12.3
Imported Packaged Still Wines	83.0	83.7	84.8
Imported Packaged Sparkling Wines	14.9	16.6	15.5

Prospects for On-Premise Wine Sales in 2021

In a survey conducted at the end of December, members of the Wine Opinions trade panel were asked to predict the degree to which on-premise wine sales would recover in the coming year.

Just over half of all respondents believe that restaurant wine sales will recover somewhat this year. Small percentages look for a return to the healthy sales levels of 2019 (7%) or even sales exceeding 2019 levels (5%).

About one in five respondents felt it too soon to make a prediction, and 16% saw only a continuation of the depressed on-premise sales of the past year.

Of interest, the projections of respondents who are in the on-premise trade tier varied only slightly from those in the importer, distributor, and off-premise tiers of the trade.

Projections for 2021 On-Premise Wine Sales

Likely to be as bad as 2020	16%
A little recovery in 2021	53%
Will be nearly the same levels as 2019	7%
May exceed sales of 2019	5%
Can't even guess at this point	19%

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