“ Wine Opinions ”

Wine Market Topics, Trends, and Thoughts

JUNE, 2021

Are Wine Drinkers Reaching "Peak Seltzer?"

In May, Wine Opinions conducted a survey among the high frequency wine drinker members of its national wine consumer database. There were 1,654 respondents, all of whom drink wine either "a few times a week," or "daily."

Survey takers were asked if they currently purchase or have tried hard seltzers. Those who had not purchased or not tried hard seltzer were asked to indicate whether or not they were interested in trying them.

Nearly half of the respondents have tried hard seltzer. They are evenly divided into those who currently purchase hard seltzers (24%) and those who have tried but do not currently purchase hard seltzer (25%).

Those who buy hard seltzer skew female (65%, vs. 35% males). Among those who have tried hard seltzer but do not currently purchase, there is a slight male skew (54%, vs. 46% females). Hard seltzer buyers also skew somewhat younger than those who have tried but do not purchase hard seltzers.

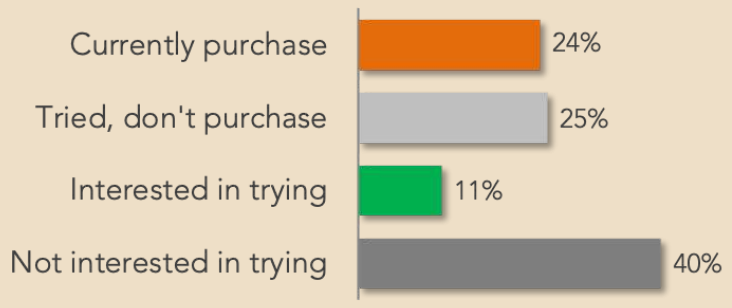
Among those who have not tried hard seltzer, interest in doing so is very weak - just 11% of the high frequency wine drinker respondents have not tried hard seltzer but have an interest in trying, while 40% have no interest in trying.

In the latest Nielsen beverage alcohol update, hard seltzer sales in the four weeks ending May 29th were up 3.6% compared to the same period in 2020.

Steady growth may well be ahead for hard seltzers, but very little of it is likely to come from high frequency wine drinkers.

Hard Seltzer Purchase or Interest

(High Frequency Wine Drinkers)



Food Store Sales Gains for Select Group of Napa Valley Wines

The Gomberg, Fredrikson & Associates June 15th webinar on wine sales results through the 2nd quarter of 2021 touched on several "post-COVID" trends that are beginning to emerge. Jon Moramarco, a GFA partner and editor of the Gomberg Fredrikson Report, led attendees through the data and its implications.

Of special interest was a chart comparing the total volume of case sales in U.S. food outlets of a group of Napa Valley wine brands across the same 4-week periods in 2018, 2019, 2020, and 2021. The brand set included Caymus, Silver Oak, Rombauer, Cakebread, Phelps, Duckhorn, and Stag's Leap Wine Cellars.

Moderate gains are seen in 2019 over 2018, and in the beginning of 2020 compared to 2019. With the onset of the pandemic, 2020 sales rise dramatically. Notably, sales in 2021, even in the recent period when restrictions on restaurant dining have been lifting, are topping same-period sales during the full "lockdown" pandemic weeks of last year.

Of the dramatic gains in food store sales for the brands in question, Jon Moramarco explained that in the onset of the pandemic "wine suppliers had to rethink their distribution strategies - no one knew how long the market would be disrupted."

The response of the Napa Valley brands who sales are summarized in the chart below was a shift in allocation programs between on-premise and off-premise accounts in states where legal.

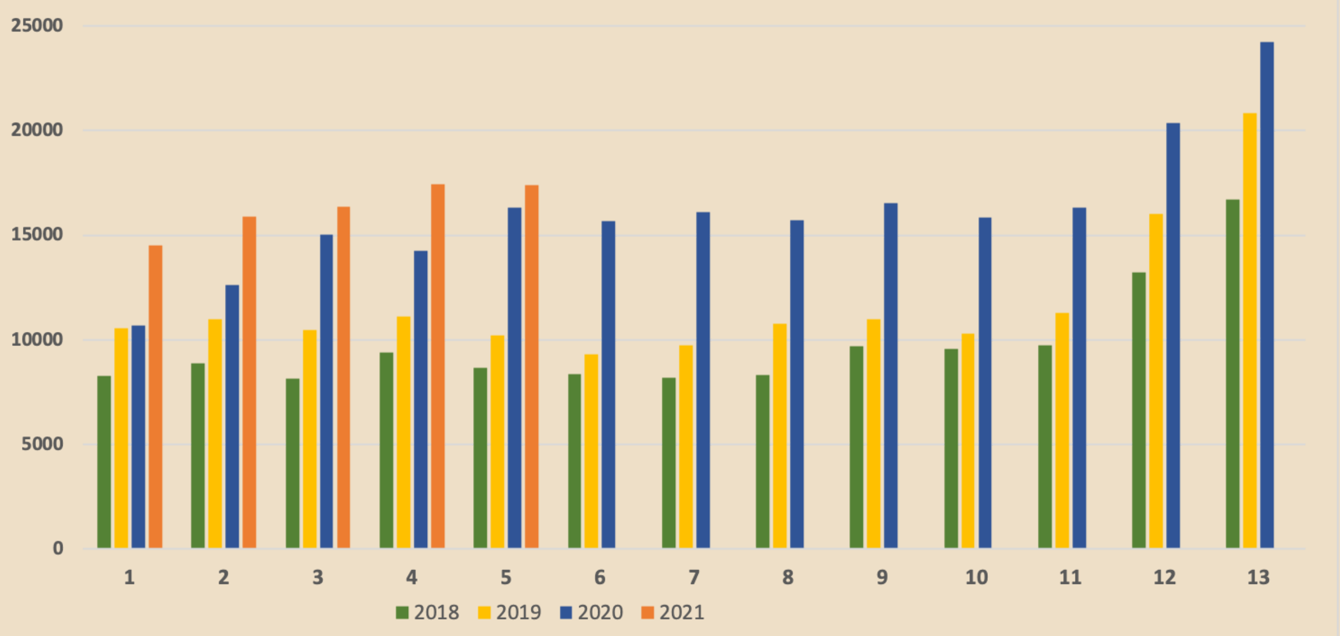
"With the declines in the on-premise," Moramarco noted, "these well-known brands already had existing distribution in chain stores but had limited how much they could buy. So allocations were shifted to the off-premise, and the retailers were more than happy to take these extra cases." In addition, consumers saw familiar, high-end wines on food store shelves that they recognized from restaurant wine lists at much higher prices. The resulting uptick in food store sales for these brands was driven in no small part by this phenomenon.

Asked how long it will take to restore restaurant wine sales to pre-pandemic levels, Moramarco did not venture a guess. "Business during the pandemic was not simple," he said. "Post-pandemic business will not be simple, either."

For more information on the GFA webinar or data, please contact admin@bw166.com.

U.S. Food Stores Select Napa Table Wine Sales (9L cases)

(9L cases total sales by 4-week period)



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