



Wine Market Topics, Trends, and Thoughts

Wine Drinker Views of Climate Change

In an August survey of the Wine Opinions consumer panel, respondents were asked to evaluate a number of statements on climate change and its impact on grape and wine production. There were 1,557 respondents, 84% of whom were high frequency wine drinkers.

More than half agreed that scientific evidence of climate change is unequivocal, that its impact around the globe is apparent, and that climate change is affecting vineyards and winemaking in many countries.

Nearly half of respondents (47%) also were in agreement that the prolonged drought in California was evidence of climate change.

Only 1 in 10 respondents expressed the opinion that climate change was just a naturally occurring cyclical event.

It is of interest that while a majority of high frequency wine drinkers show concern over climate change affecting vineyards and wine production, only 6% say they have made purchase decisions influenced by climate change concerns. Nearly twice as many (11%) of those who buy wines costing \$35 or more on a monthly or more often basis say they have made wine purchases based on their perception of climate change effects.

And 1 in 4 (23%) believe that climate change has not affected any of the wines they have purchased.

Views on Climate Change
(Percent who "strongly agree")

The impact of climate change in the U.S. and other countries is already apparent	58%
Climate change is historically cyclical – there’s no reason to be alarmed by recent weather patterns	10%
Global warming, drought, and the consequences of climate change are affecting vineyards and wine production in many countries	56%
Prolonged drought in California is evidence of climate change	47%
I have made some wine purchase decisions based on how climate changes may have affected regions or the wines they produce	6%
Climate change has not affected any of the wines I buy	23%
Scientific evidence for warming of the climate system is unequivocal	53%

The Downturn in Wine Depletions

SipSource data for the 12-month period ending July highlights the recent uphill battle for wine category depletions, which are now down -3.8%. The on-premise, while improving, continues to suffer the most and is down -12.8%. Off-premise depletions have moved into negative territory and are now down -2.8%. However, there are some bright spots for wine such as Sparkling, Sake, and Table Wine over \$11.00, according to SipSource analyst Dale Stratton.

After a difficult year in 2020, Sparkling wines have bounced back and are growing +11.5% - led by Champagne, which is up +25.5%, and Prosecco, up +13.6%. Last year was a very bumpy ride for Champagne while Prosecco proved to be more steady throughout the year, according to Stratton. “The early months of the pandemic really hit Champagne hard, but it has recovered nicely so far in 2021. It will be interesting to see how sales go for the balance of the year” he said. Prosecco, meanwhile, has largely maintained strong growth over the long-term and proves to be a consumer "go-to" item.

No wine segment took a harder hit than Sake when the on-premise shut down last year. Sake depletions are now up +12.4% and are gaining significant momentum. Currently, 35.5% of all Sake depletions are done in the on-premise compared to 9.3% for the total wine category. Sake is gaining significant volume in the off-premise, which is up +16.7%.

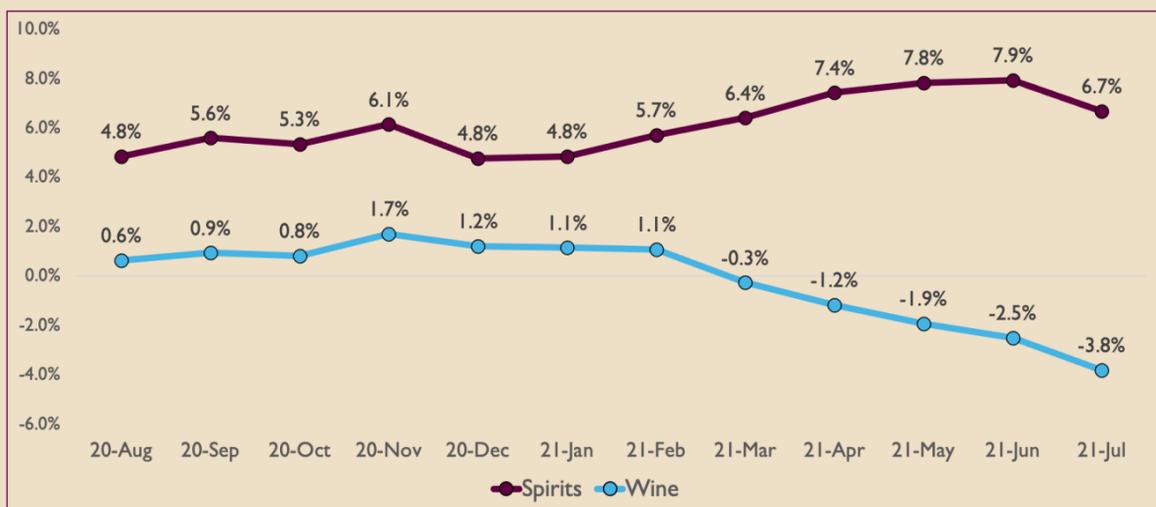
The dichotomy in trends for Table wine under and over \$11.00 is dramatic. Table wine over \$11.00 is growing +4.9%, while Table wine under \$11.00 is down -8.7%. While the indication of consumer trade-up is great, 76.5% of all depletions are in Table wines under \$11.00, meaning overall growth is impossible if this slide continues.

Red Blends are leading the way in growth for Table wines over \$11.00, up +21.7% with growth balanced across domestics (up +23.0%) and imports (up +20.3%). Rosé Table wines are back to solid growth in this higher price range (up +12.5%) with imports leading the way (up +13.6%) while domestics are up +9.9%. White Table wine drinkers who buy over \$11.00 appear to continue to experiment with alternatives to Chardonnay, which is down -0.9%, as Pinot Grigio is up +8.6% and Sauvignon Blanc is up +6.2%.

From a geographical standpoint, the Pacific and Northeast areas continue drag the wine category down. Depletions are down -6.9% for the Pacific and are down -5.8% in the Northeast. The recovery in the on-premise is especially slow for these two geographies with the Pacific down -26.1% and the Northeast down -18.4%.

Noting the past 6-months trend lines for wines and spirits, Stratton puts it succinctly: "The divergence in trends between the two categories would indicate spirits are winning occasions with consumers, and taking share from wine."

Wine vs. Spirits Depletions
(Percent change vs. previous year)



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