



A Silver Lining Beneath Wine's Dark Cloud

Editorial Comment

We have been here before. The current "hair on fire" moment the wine industry is having over concern for the beverage alcohol tastes and preferences of younger consumers is a rerun of a movie we've seen a few times before.

There are, indeed, some current negative indicators. One of these emerged in a survey conducted in March by our LDA Opinions research service. (Note: LDA Opinions survey respondents are frequent beverage alcohol drinkers in ages 21-39 directly recruited online, and do not include the Wine Opinions database of high frequency wine drinkers.)

The top chart at right groups the LDA Opinions survey respondents by their stated preference for beer, wine, or spirits. In each group, the preferred type of beverage alcohol is, of course, the most often consumed. Among those who prefer beer, 74% say they drink beer weekly or more often. Of those who prefer spirits, 59% drink spirits weekly or more often. And among those who prefer wine, 56% are weekly or more often wine drinkers.

But when those who prefer beer or spirits choose to enjoy a different type of beverage alcohol, wine is their "third choice." Young beer drinkers more often choose spirits when they are not drinking beer. And young spirits drinkers more often choose beer when they are not drinking spirits. If winning the favor of under-40 beverage alcohol drinkers were a 10-K road race, wine would walk away with a "Participant" trophy.

There are, however, silver linings. Wine.com reports that 44% of its new customers since the beginning of the COVID crisis are Millennials or younger. And the average price of each bottle they buy is higher than that of any other generation. Moreover, surveys run by Wine Opinions in the past two years have confirmed that Millennial wine drinkers are significantly more frequent purchasers of wines costing \$35-plus than Baby Boomers.

There is good news also in other results from the March LDA Opinions survey, from a question put to those who drink wine once a month or more often. They were asked how important it is to them that the wines they buy are either made from organically grown grapes or made by a winery certified for sustainable practices. The results can be seen in the bottom chart at right.

Of the age segments in the survey, respondents in their 20s most often cited both organic and sustainable as "very important" in their wine purchase decisions. Those in their 30s largely agreed. The overall interest in "organic" and "sustainable" of those under 40 dwarfed the responses of over-40 wine drinkers.

The LDA Opinions survey further showed the highest purchase incidence of "better for you" wines to be among wine drinkers under 40.

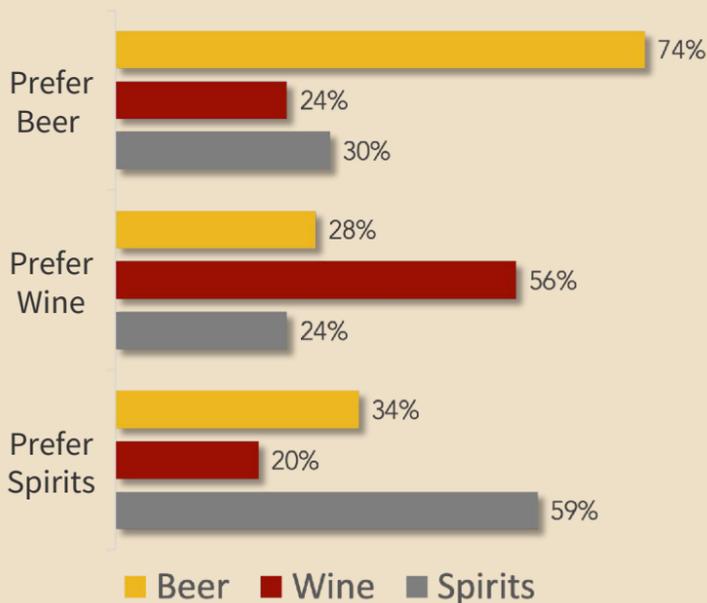
The path to winning the favor of younger beverage alcohol consumers runs through their shared values and mindfulness of not just their own well-being but that of the world they inherit. Wine has inimitable advantages that align with these concerns, and wine marketers have become increasingly aware of that. At Wine Opinions, we see this in the research project learning objectives of our clients.

In the history of the wine market since the end of Prohibition, those who have looked at wine's "graying" consumer base and said "don't worry about younger consumers, they'll eventually drink wine" have always been right (though GenX came to the table awfully late).

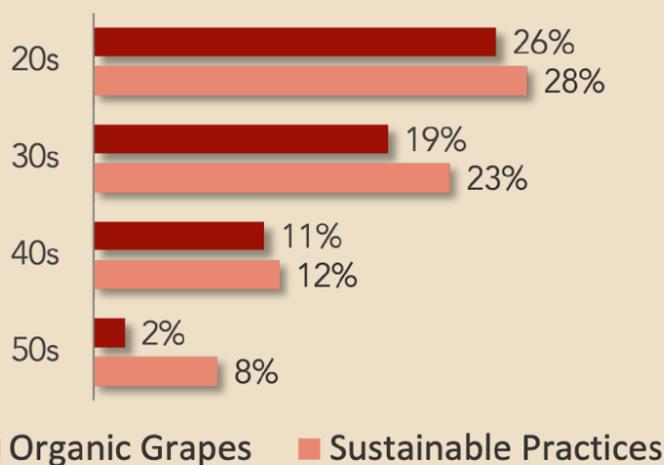
I believe the conventional wisdom will prove true once again, but it will take more brands investing in the appeal to under-40 beverage alcohol consumers of "organic," "sustainable," and "wellness" to win the day.

John Gillespie
Wine Opinions Founder and CEO

Weekly or More Often Consumption by Type
(Frequent Beverage Alcohol Drinkers Under 40)



Importance of "Organic" or "Sustainable"
(Percent "Very Important" by Age Segment)



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