Wine Market Topics, Trends, and Thoughts

“ Wine Opinions ”

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"New Temperance" Movement? Not So Fast...

Editorial Comment

The annual Gallup poll of beverage alcohol consumers is the longest-running study of its kind, dating back to 1945. A fundamental question that begins the survey is this: "Do you have occasion to use alcoholic beverages such as liquor, wine, or beer? Or are you a total abstainer?" The results of this year's poll contradict recent speculation that a new "temperance" movement will soon reduce the level of alcohol consumption in this country.

The Gallup survey was conducted in July among 1,013 U.S. adults. Respondent samples were weighted to match national demographics of gender, age, race, ethnicity, education, and other factors.

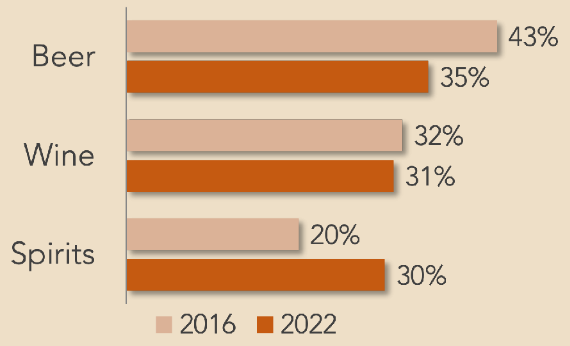
The percentage of respondents citing some form of beverage alcohol consumption has ranged from 55% to 71% through the years, and annual shifts of 3% - 4% in one direction or another are common. But the percentage of beverage alcohol consumers tallied in this July's Gallup poll was an unexpected 67% - an increase of 7% - the largest one-year gain in the more than 70-year history of this study. Even with a +/- 4% margin of error at a 95% confidence level, the jump in beverage alcohol consumption this year is eye-opening, to say the least.

Of interest as well are the shifting preferences for beer, wine, and spirits among beverage alcohol drinkers.

The chart below shows the percentages of U.S. beverage alcohol drinkers who indicated they most often choose beer, wine, or spirits. The tan-colored bars show the results of the survey in 2016 and the dark orange bars show this year's results. While preference for wine has remained flat in the 5-year period, favor for beer has significantly declined, while "most often" consumption of spirits has risen to a new all-time high.

"Drink Most Often"

(Beverage Alcohol Five-Year Trend)



Looking at shifts in preference in the past 30 years, beer is at its lowest point since hitting its highest mark (47%) in 1992. Wine preference has modulated widely (27% in 1992 to 39% in 2005) and liquor has slowly and steadily gained favor (21% in 1992 to 30% this year).

John Gillespie - Wine Opinions Founder and CEO

Above $15 Wine Sales Still Growing, but Slowing

Guest Column

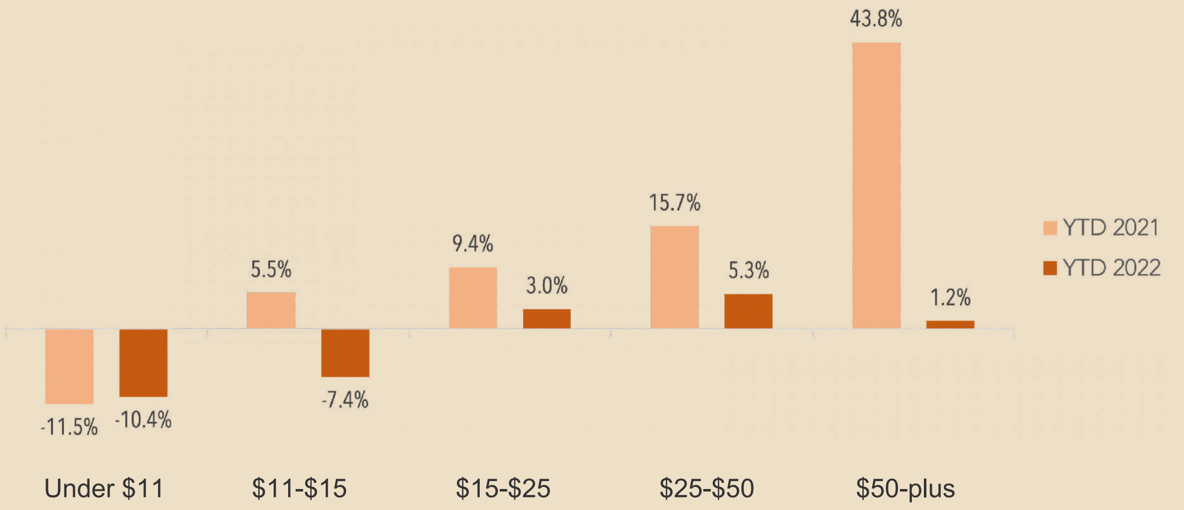
Within a wine category challenged in overall growth, the year to date picture looks both different and the same as year ago. What's the same is that the lower-end price points, <$11 table wines on an equivalent 750ml basis, remain significantly down, as they were last year. And the higher end (table wines $15+) are still growing and in much better shape than lower price points. What's changed? $11-$14.99 is now in decline, and the huge growth of last year for $15+ wines has decelerated sharply.

What explains the sudden, dramatic changes? Well, for one, the "comps" for those higher price tiers were monstrous last year, when many people were restricted in where they could spend their money due to COVID, but those that had money not only bought wine but traded up in their choices. This year, consumer spending options are much broader - travel and entertainment among them.

On top of that, the broader impact of inflation and rising interest rates may be causing some belt-tightening, impacting the rate of premiumization. I remember when $8-$11 was a hot price point a few years ago, and that is no longer the case. Even more recently, $11-$15 was a hot price point, and that has not been the case in the last year. That creeping up of price tier softness is a concern for the category, but we should remember that 2020 - 2021 were "abnormal" years that we are now comparing against.

Danny Brager
Brager Beverage Alcohol Consulting

Gain/Loss in Sales by Price Segment



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