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Vinifact...

In Canada, **Adventurous Treators** account for only **6%** of regular wine drinkers, but **15%** of total spend on wine.



Source: Wine Intelligence Vinitrac® Canada March'10 & October '10, n=4,050

What's the future for the North American wine market? From younger to older wine drinkers, this business bulletin highlights the potential profit of targeting key consumer groups, based on findings from Canada and USA Portraits 2011, the Wine Intelligence consumer segmentation reports released last week. Meanwhile, reflecting on recent US industry events, Paul Henry, associate director, comments on the Landmark Australia wine tastings and Joyce Steers-Greget, USA business development manager, shares findings from a Direct-to-Consumer sales conference in California. And if all this leaves you with more questions than answers, our omnibus wine consumer tracking survey, Vinitrac®, is launching in North America (and other markets) very soon.

Canada: Time to invest in the young

Younger Canadian adults have caught the wine bug in recent years, according to the latest update of the Wine Intelligence Canada Portraits [Press Release](#) "Younger Canadian wine drinkers driving value growth, as older consumers trade down". They're not only getting into wine earlier but they're also more interested in the subject, and spending more on a bottle – on average – than their older peers.

We have dubbed these drinkers "Adventurous Treators" – but who are they exactly?

- **Drink less often, but spend big:** typically spend C\$15 or more on wine to drink at home and happily drop over C\$30 a bottle in the on-trade – but don't do it as often as over 45s
- **Seek the unique:** most of them enjoy trying new/different styles of wine regularly
- **Wine-knows:** they have a strong interest in wine. Choosing wine is an important decision for them and is an integral part of their "image", as they like to impress as well as share their knowledge with others
- **And yes, they're younger (for wine drinkers):** 60% are under 45 years old
- **How to engage with them?** 1) Think online - they often use the internet to find out more about wine. 2) Show your varietal on the bottle – they are highly influenced by varietal, country of origin and sometimes region of origin. 3) Get staff talking – this group is more likely than the average to listen to recommendations from in-store staff.

Related Reports: [Canada Portraits 2011, Published in February 2011](#)

USA: Every Vote Counts

It may be more glamorous to seek out the high spending consumers who know their Montepulciano from their Maipo Valley (see Canada story above), but there's still a lot of spending happening among the solid, occasional wine drinkers of middle America, according to the new Portraits USA report.

Our Kitchen Casuals, Senior Sippers and Bargain Hunters – the three least highly-involved, oldest, and low spending monthly wine drinking segments in the USA - collectively account for only 19% of total stated spend on wine according to our 2011 Portraits USA report, despite making up over half the wine drinking population.

While those spend numbers don't set many pulses racing, it's still one dollar in five spent on wine in America last year, or roughly \$4.5 billion at retail prices. So as part of our preparation for the new Portraits USA report, we conducted some one-on-one interviews with these older wine drinkers allowing us to find out what they are drinking, how much they are spending and, in a word, "why".

None of these wine drinkers are very involved in the wine category, a fact that we have been well aware of for sometime. "Wine is just something I drink...certainly not a hobby or a passion" reports one Senior Sipper. Also not surprising, they choose most of their wines based on price and for consumption at home versus a restaurant setting.

However there are consistencies in their behavior that do make them a group that can be targeted collectively. Remember 19% is still 19%.

Safety is essential whether it be price, recommendation by family or friend or brand familiarity. This is not a group interested in taking chances: "I think fairly carefully about the money I spend on wine...it feels like a luxury" reports one Kitchen Casual.

Let them know their tried and trues will continue to deliver and they will continue to purchase their market share. When targeting this collective group it is essential to remind them, in a wine world full of new faces, you are still their old friend be it in the form of brand, varietal or even country and they will continue to reward you with their loyalty and, their 19%.



Aussie in North America

Paul Henry, associate director, comments

The whole debate on Australia and whether or not it has a legitimate 'narrative' in North America – Matt Kramer's Wine Spectator blog of 01.02.11 – can be viewed as either a failure or an opportunity.

Either way, it is both terrifying and galvanizing that a room full of serious tasters in New York can profess both delight and surprise at such relatively 'mainstream' propositions as regional specialties from Australia – Clare Valley Riesling; Yarra Valley, Mornington Peninsula and Tasmania Pinot Noir.

In short: the oldest soils in the world; the oldest vines in the world; 150 years of serious endeavour and Australia is still best known in North America for commercial flavours and/or a monolithic style favoured by one US critic, now currently divesting his writing portfolio...

However, the recent Landmark Australia tastings held in New York, Los Angeles and San Francisco throughout January show that among the next generation of influential trade - independent retailers, sommeliers and bloggers like @DrVino and @goodfoodrevolution - there is a level of curiosity and more than latent interest that can be leveraged. I think it's the only way to shift perceptions, and there will be no significant 'moving of the needle' until Australia accomplishes that fundamental, generational change in perceptions. Until that time, Australia will remain seen as a commercial producer on the wane, with its once dominant mainstream influence as the peoples' champion for consumer-branded, technically-correct, varietal wine at a value price now usurped by Argentina - with a little help from an AU\$ which is worth the same as, and occasionally more than, its US counterpart.

I think the time is right to tell another chapter of the Australia story - one that can compete on value and interest rather than volume and price-point. The work has to start now – and there's a lot of it to do.



Direct-to-Consumer: The billion dollar market?

Joyce Steers-Greget, business development manager USA, reports

After attending a recent Direct-to-Consumer (DTC) Symposium in Santa Rosa, California, it is apparent that DTC is becoming a much more significant distribution channel for wineries. This is particularly true for the many small to medium size wineries that still make up the bulk of the wineries in the USA.

The interest in DTC sales stems from the higher margin sales potential and the ability to increase distribution in areas that are not covered by traditional distributor arrangements. DTC has broadened its scope to become much more than cellar door and tasting room sales.



It now comprises winery membership sales and sales through on-line (virtual) winery stores, with much of the interest in winery brands fueled by new media. Varying shipping laws throughout the United States still makes DTC a challenge in some states; however with over half the states in the USA allowing DTC, it is becoming more prevalent.

So, let's have a look at the numbers – such as they are. The biggest problem in this sector is coming up with an accurate market size. Here's a couple of data points, suggesting quite different market sizes: according to Nielsen estimates, DTC comprises 1% of total US winery sales, suggesting a total market (including import sales) of perhaps US\$300 million annually. Then there's Wines and Vines and the Ship Compliant Shipment Model data which estimates that 2.7 million 9L cases of wine, worth over \$1 billion, was shipped to DTC customers in 2010, a healthy increase on 2009 data.

Our view is that DTC sales are growing rapidly in importance, and given the limited reporting tools available, are almost certainly underestimated by mainstream sales tracking. So our estimates are closer to the Wines & Vines/Ship Compliant model – call it a US\$ 1 billion market for now. Perhaps more exciting is the nature of these sales – which tend to be higher value per bottle than corresponding sales through traditional retail channels – and the nature of the customers. Over the next few months Wine Intelligence will be compiling a report that looks specifically at several aspects of the DTC channel. We will investigate which type of consumers use the DTC channel, what they are buying, how are they are using they channel, how much they are spending in the channel, why they are utilizing the channel and what brought them in to the channel. The DTC report will be augmented by a new report looking at the use of social media in the wine industry in the USA. This will supplement our current report about social media usage specifically on the East Coast of the USA.

Related Reports:

- [The Internet and Social Media Report Series, the Wine Intelligence comprehensive consumer insights about the use of wine information online](#)

Published in January 2011



Do you have questions for North American wine consumers?

Vinitrac® - the Wine Intelligence omnibus tracking survey of wine drinkers around the world - is launching in North America and 7 other markets in just 2 weeks.

In the USA and Canada, using quota sampling, we survey over 1,000 (2,000 in USA) regular wine drinkers fully representative of the wine drinking populations, tracking attitudes and behaviour with wine.

To get the answers you are looking for, build on the standard* data we always collect, and add in your own additional questions:

- Monitor detailed consumer perception of your brand, region or country
- Test new label and packaging options
- Develop consumer target groups and profiles
- Profile your brand's consumers by retail channel and specific retailer
- Analyse your consumers of your brand and understand what else they are drinking and why

*Vinitrac® standard base pack questions track: varietal usage, country and region of origin, top 30 wine brand health measures, retailer patterns, frequency of consumption and price paid, type of wine consumed.

Want to see the base pack questions? Email natasha@wineintelligence.com



Français

Résumé

1. Au Canada, les jeunes adultes deviennent des consommateurs qui poussent la croissance sur le marché du vin
2. Aux États-Unis, nous avons organisé de nouveaux focus groups qui révèlent comment fidéliser les consommateurs de vin les moins réguliers
3. La vente directe de vin au consommateur gagne en importance aux États-Unis et c'est un marché qu'on estime à un milliard de dollars*.
4. Paul Henry nous envoie son compte-rendu de la récente dégustation « Landmark Australia » qui a eu lieu aux États-Unis: le véritable potentiel du vin australien ne semble pas encore complètement reconnu
5. Voulez-vous interroger les consommateurs de vin nord-américains? Vinitrac® - l'enquête en ligne des consommateurs de vin du monde entier – sera lancée très prochainement. Posez vos questions dès maintenant.

**Source: Wines and Vines and the Ship Compliant Shipment Model data*

Pour tout complément d'information sur un des ces sujets veuillez contacter Natasha par email natasha@wineintelligence.com



Español

Destacados de este boletín:

1. Los consumidores jóvenes de Canadá están liderando el crecimiento del valor del mercado de vino
2. En los Estados Unidos los grupos de discusión conducidos recientemente por Wine Intelligence revelan cómo mantener la fidelidad de los consumidores de vino menos frecuentes.
3. Las ventas de vino “directas al consumidor sin intermediarios” están creciendo en importancia y ahora representan un mercado de cerca de mil millones de dólares en EEUU*.
4. Paul Henry, tras el wine tasting de Nueva York “Landmark Australia”, considera que el verdadero potencial de los vinos de Australia todavía no está siendo reconocido
5. ¿Qué le gustaría preguntar a los consumidores de vino de EEUU y Canadá? Vinitrac®, la encuesta global de consumidores de vino, se lanzará en las próximas semanas. Incluya sus preguntas ahora. Para más información use el siguiente enlace o contacte con nosotros.

**Fuente: Wines and Vines and the Ship Compliant Shipment Model data*

Por favor contacte con Natasha para más información: natasha@wineintelligence.com



中文

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1. 在加拿大，年轻消费者成为驱动市场价值的群体
2. 在美国，我们开展的最新访谈小组揭示如何保持非经常性葡萄酒饮用者的忠诚度
3. 在美国，葡萄酒直销市场日显其重要性，据估计此市场价值十亿美元
4. Paul Henry从纽约Landmark Australia 品酒会上发来的报道：澳大利亚葡萄酒的潜力未被完全发掘
5. 您有关于北美葡萄酒消费者的提问么？新一期Vinitrac®国际葡萄酒消费者市场调查即将发出。请尽快向我们提问！

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