WINE INTELLIGENCE

# PREMIUM WINE DRINKERS IN THE US MARKET

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# Introduction

In 2014, we published our first Premium Wine Drinkers in the US Market report, which focused squarely on the bigger spenders: those who drink wine once or more per week, typically spending over $15 in the off-premise. As one can expect, the US premium wine category has experienced shifts over the past five years. US premium wine consumers continue to be statistically more likely to be male than female, more affluent and more likely to branch out and try new wines regularly. Though the US Premium wine drinking population remains at around a quarter of all monthly wine drinkers and continues to represent slightly over a third of total volume consumed, the share of total spend has fallen from 56% in 2014 to 49% in 2019. We are also seeing reduced daily wine consumption, seen by the decreased proportion of daily US premium wine drinkers, and is likely driven by growing moderation, health consciousness and category switching.

Our Premium Wine Drinkers in the US 2019 report continues to carry a detailed analysis of our three US distinct premium segments: Popular Premiums, Super Premiums and the Ultra Premiums. Popular Premiums are the largest and oldest segment of premium drinkers, typically enjoying wine 1-3 times a week and spending sub $20 retail. Experience with wine has built up over time among those in this segment, resulting in a more settled and less adventurous repertoire. Super Premiums are frequent consumers who typically spend $20-30 retail who are younger and mid aged drinkers. Confident wine drinkers who are keen to discover new wines on a regular basis. Finally, Ultra Premiums are the youngest and highest spending segment of premium drinkers who typically enjoy wine most days and have the highest involvement within the category, actively participating in winery visits and events and reading wine-related literature. While the highest spending segment is the smallest, the population of Ultra Premiums has increased by approximately one million people, possibly due to the global trend of trading up, while moderating consumption.

What are the opportunities and challenges that the US premium wine market may experience? For starters, premium wine drinkers are more likely to trade up for sustainable, organic and lower-alcohol wines due to higher awareness and purchase incidence. There is the question of whether cannabis wine will positively affect the entire US wine market, including the premium sector, with some seeing it as a threat and others as an opportunity. In terms of challenges, trade experts voice concern over tariff wars, which could affect disposable income, as well as climate change, which could be helpful in the short-term but less so in the long-term. Finally, like many markets, the US premium wine drinking population is aging, suggesting there is an issue with recruiting, as well as maintaining, younger consumers into the category. So how can the category improve its recruitment of younger wine consumers, who are crucial to the premium wine category? First, Millennials are attracted to the authentic, story-telling aspect of wine and seek connection and knowledge about the product. They are also more likely to seek differentiation as well as pay a premium for alternative wine types, including organic and lower-alcohol wine as well as alternative packaging formats. As Millennial premium wine buyers drive new trends, it is imperative for the industry to both win them over, as well as keep them in the category.

# Contents

# Quantitative methodology

- The data for this report was collected in July 2014 and July 2019
- Data was gathered via Wine Intelligence's Vinitrac® online survey:
  - 707 US premium wine drinkers in July 2014
  - 605 US premium wine drinkers in July 2019
- Respondents were screened to ensure that they drink wine at least once per week, to drink at least red, white, rosé or blush wine and to typically spend USD $15+ on a bottle of wine in the off-premise
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The data is representative of US premium wine drinkers
- The distribution of the sample is shown in the table

| | | *July '14* | *Jul '19* |
|---|---|---|---|
| | *n=* | ***707*** | ***605*** |
| **Gender** | Male | 63% | 64% |
| | Female | 37% | 36% |
| | ***Total*** | ***100%*** | ***100%*** |
| **Age** | 21 - 24 | 12% | 8% |
| | 25 - 34 | 36% | 32% |
| | 35 - 44 | 23% | 19% |
| | 45 - 54 | 16% | 18% |
| | 55-64 | 7% | 13% |
| | 65 and over | 6% | 10% |
| | ***Total*** | ***100%*** | ***100%*** |
| **Region** | New England | 7% | 5% |
| | Middle Atlantic | 18% | 15% |
| | East North Central | 10% | 9% |
| | West North Central | 6% | 2% |
| | South Atlantic | 19% | 20% |
| | East South Central | 8% | 5% |
| | West South Central | 9% | 13% |
| | Mountain | 6% | 6% |
| | Pacific | 18% | 25% |
| | ***Total*** | ***100%*** | ***100%*** |

Source: Wine Intelligence, Vinitrac® US, July'14, n=707 and July-19, n=605, US premium wine drinkers

# Research methodology

## Qualitative methodology

### Trade interview methodology

- 10 trade interviews were conducted with experienced industry professionals in the US wine trade in July and August 2019
- Interviews followed a pre-determined discussion guide and covered overall premium wine market trends, opportunities for different premium wine styles, retail channels and pricing
- The interviewees were members of the US wine trade working as:
  - 1x Wine Importer
  - 4x Key Opinion Leader
  - 1x Online Retailer
  - 1x Wine Educator
  - 1x Brand Director and Consumer Insights
  - 2x Wine Distributor / Importer

### Focus group methodology

- Date: March and July 2019
- Group length: 1.5 - 2 hours
  - 20 minutes of standard questions on general wine usage and attitudes
  - 60 minutes for confidential and bespoke client questions
- Location: Private dining rooms, restaurants in Philadelphia, central NYC and Chicago
- Sample: 3 groups: 1 group in Philadelphia, 1 group in NYC and 1 group in Chicago
  - n=24
- Recruitment specifications:
  - Mixed gender across groups
  - Aged 25 – 65
  - Drink wine at least once a week
  - Typical spend per bottle for an everyday occasion = + USD $15
  - Fulfil standard Wine Intelligence best practice recruitment criteria

# Research methodology

## Vinitrac©

### How does Vinitrac® work?

**1) Defining the right samples:**

- Wine Intelligence, with the support of global research companies (e.g. TNS, YouGov), regularly runs calibration studies in each market in order to define demographic specifications of the wine consumers and the size of the market (i.e. penetration of wine consumption)

**2) Running the online survey:**

- Invitations to participate in an online survey programmed by Wine Intelligence are then distributed to residents in each market
- Respondents are directed to a URL address, which provides access to the online survey
- Based on given criteria (e.g. age, beverage, frequency of wine consumption) respondents will either proceed or screen out of the survey
- Wine Intelligence monitors completed responses to build samples representative of the target markets' wine drinking population based on the most recent calibration study

**3) Cleaning the data:**

- When a representative sample is logged, the survey is closed
- Wine Intelligence will then clean out all invalid data points (e.g. those who sped through the survey or gave inconsistent answers to selected questions) and weight the data in order to ensure representability

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