WINE INTELLIGENCE

SPARKLING WINE IN THE US MARKET

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- Wine Intelligence Ltd: 109 Maltings Place, 169 Tower Bridge Road, London SE1 3LJ Tel: 020 73781277. E-mail: info@wineintelligence.com. Registered in England as a limited company number: 4375306

Contents page

Introduction

Sparkling wine continues to be seen as an alcoholic beverage associated with special occasions and celebrations as consumption frequency decreases over the past year among drinkers of sparkling wine in the US. Domestic wine is in a challenging position as imported wines continue to grow. Imported wines now outsell domestic sparkling wine by a staggering 3 million cases and Italian sparkling wine leads the group with 37% of the market share. In line with flat year on year sales of domestic sparkling wine, quality perceptions and value for money of domestic sparkling wines have decreased as a result of the success of imported wines in the market. Domestic sparkling wines were ranked as less good value for money, while Asti was ranked number one, owing its rank to the dominant position of Italian sparkling wine in the US market. Trade insights indicate that this trend is driven by the quantities of Italian wine sold overshadowing other sparkling wine types as a result of the appealing price point.

On a more positive note, domestic brands Barefoot Bubbly and Cupcake have not been subject to cognitive off-loading (a process in which we rely increasingly on instant, online resources to retrace information when we require it and commit less information to memory) like other brands in the market as seen by the long-term decrease in of US consumers aware of a broad range of sparkling wine brands. Barefoot Bubbly is ranked as the most powerful sparkling wine brand in the US market, outperforming all other brands for purchase and connection.

The key focus for those in the industry is Millennial consumers. Similar to other markets worldwide, more and more of these younger drinkers are entering the category and are rapidly becoming the main consumers of sparkling wine. Involvement levels of sparkling wine are being shored up by motivated Millennials who are highly involved in the category and willing to explore. Previously, Baby Boomers were driving the sales of sparkling wine, but as reflected in our data, they are drinking less frequently which is contributing to the slowing growth of sparkling wine in the US. Category disengagement is driven by these older consumers, particularly male sparkling wine drinkers who are less likely to feel competent in their knowledge of wine and view sparkling wine as important to their lifestyle compared with younger men.

Lora D'Costa
Project Executive

Research Methodology

Vinitrac®

- The data for this study was collected in October 2014, May 2018 and May 2019

- Data was gathered via Wine Intelligence's Vinitrac® online survey of all alcohol drinkers and sparkling wine drinkers in the US:
  - 634 drinkers of sparkling wine in the US **who have ever drunk sparkling wine before in October 2014**
  - 2,200 drinkers of sparkling wine in the US **who drink sparkling wine at least once a year in May 2018**
  - 2,000 drinkers of sparkling wine in the US **who drink sparkling wine at least once a year in May 2019**

- Respondents meet the following requirements:
  - Adult drinking age
  - Permanent resident of the country
  - Are aware of at least one sparkling wine type*
  - Drink at least one type of sparkling wine at least once a year*

- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis

- The survey was quota-based and post-weighted to be representative of US alcohol drinkers and sparkling wine drinkers in terms of age, gender and region

		US		
		2014	2018	2019
	sample size	*634*	*2,200*	*2,000*
Gender	Male	44%	47%	47%
	Female	56%	53%	53%
	Total	**100%**	**100%**	**100%**
Age	21-24	10%	12%	12%
	25-34	22%	26%	26%
	35-44	14%	19%	19%
	45-54	16%	17%	17%
	55-64	18%	13%	13%
	65 and over	19%	14%	14%
	Total	**100%**	**100%**	**100%**
US Divisions	New England	6%	6%	6%
	Middle Atlantic	16%	15%	15%
	East North Central	13%	14%	14%
	West North Central	6%	6%	6%
	South Atlantic	22%	16%	16%
	East South Central	4%	5%	5%
	West South Central	8%	9%	9%
	Mountain	6%	6%	6%
	Pacific	19%	24%	24%
	Total	**100%**	**100%**	**100%**

Wine Intelligence, Vinitrac® US, October 2014 n=634, May 2018 n=2,200 and May 2019 n=2,000 drinkers of sparkling wine in the US who drink sparkling wine at least once a year

* = methodology changes / new criteria from 2018 sparkling wave

Research Methodology

IWSR

- Measures from the IWSR correspond to actual wine consumption figures. This means sales into the trade (on + off trade)
- The IWSR visits each market each year. Discussions are held with key local experts in the market including importers, producers, grey market operators, duty free operators, and supermarket/hypermarket buyers.
- All volume data is given in thousand 9 liter cases
- In the breakdown by country of origin, IWSR includes (depending on the market and the size of the category) the following two categories: 'Other' and 'International'
  They are defined as followed:
  - 'Other': category including wine blends (normally in bulk or bottled without specified country of origin) and wines from other countries with volumes too small to break out separately
  - 'International': Category including wine brands that have wines from various countries
- The IWSR includes the following types of wine in its definition of 'wine':

Definitions	
WINE =	
Still light wine +	Sub-categories
Sparkling (Champagne & other) +	
Fortified +	
Light aperitifs (vermouth…) +	
Other (rice wines...)	

Research Methodology

Qualitative trade research

Trade interview methodology

- Trade interviews were conducted with four experienced industry professionals in the US wine trade

- Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for different wine styles, retail channels and pricing

- The four interviewees were members of the wine trade working in different roles within the industry:
  - *x 1 Master of Wine*
  - *x 1 Brand Owner*
  - *x 1 Wine Producer*
  - *x 1 Wine Bar Owner*

Research Methodology

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

Wine Intelligence Ltd Terms and Conditions of Licence for Syndicated Research Products – key sections

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For more information about Wine Intelligence please contact us:

Wine Intelligence
109 Maltings Place
169 Tower Bridge Road
London
SE1 3LJ
UK

Telephone: +44 (0)20 7378 1277
Email: info@wineintelligence.com
Web: www.wineintelligence.com
Follow us: