

5 LEARNINGS FROM LOCKDOWN



& OUR COVID-19 IMPACT REPORT SERIES

RICHARD HALSTEAD, JUNE 2020

1 WHEN LIFE GETS DIFFICULT, LITTLE LUXURIES MATTER

In a quotidian existence without much in the way of punctuation or excitement, **little luxuries become more important – and wine has benefitted** (along with other alcoholic products). Consumers in European and North American markets have all purchased more wine during this time. There are also parallels with the global financial crisis of just over a decade ago. Then, as now, the wine category saw little overall decline in volume, though the mix did shift temporarily towards lower priced wines.

2 THANK YOU ZOOM AND THE MILLENNIALS WHO USE YOU FOR SOCIAL DRINKING

One of the reasons that wine volumes have held up through the coronavirus pandemic is the **popularity of online social catch ups with wine**. In the US, 42% of regular wine drinkers – approximately 32 million people – were drinking wine during an online chat weekly or more often. The Zoom-and-wine occasion was led by Millennials (25-39 year olds), particularly those who previously did a lot of socialising in on-premise and were more connected with the category.

3 ONLINE RETAIL AND CONVENIENCE ARE THE WINNING CHANNELS

Online wine sales have boomed in markets where wine can be sold online without too many licensing restrictions. During lockdown, over half of all Chinese regular wine drinkers (54%) said they used the internet to buy wine, which is the first time it has gone over 50%. **Convenience stores have also benefitted** – in part because they might have been easier to access than traditional big supermarkets, particularly in the early stages of lockdown when panic buying and long queues were the norm.

4 PEOPLE ARE CAUTIOUS ABOUT IN-PERSON SOCIALISING, BUT THE EXTENT DIFFERS

If you convince people that in-person socialising is dangerous, we will be cautious about in-person socialising. Around **1 in 6 consumers in the 12 markets we studied can't wait to get back to restaurants, shops and bars**, but around **a quarter are very resistant to the idea** of being among crowds again. Conclusion: the on-premise in particular will see at best 75% of its traffic even when restrictions have been removed and table capacity is restored – at least until the most cautious 25% of the population have been fully reassured.

5 MONEY WORRIES WILL PUT THE BRAKES ON SPENDING FOR AT LEAST 12 MONTHS – PROBABLY LONGER

A consistent finding in the Covid-19 Impact Reports is that **consumers are going to try to spend less and save more over the coming 12 months**. Our data is suggesting that **the principle casualties of this spend freeze will be longer-term and more expensive spending decisions** such as moving house, buying a

car or planning big trips abroad. **Less affected will be the small luxuries** alluded to in point one above, though even here the consumer default position will be to seek out value and avoid risky, esoteric and potentially disappointing products and experience – including wine.