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HEADLINE: New Wine Market Council Study Shows How Consumers Are Shifting in the Wine Category and Desired Price Points



Customer Shopping for Wine in a Grocery Store. Photo Credit: Pexels.com, G. Fring

Sept. 13, 2023 - Napa Valley, California — Lately the wine news has been filled with reports of declining wine consumption in the U.S. Because of this, Wine Market Council (WMC) launched a new research study to investigate why this is happening and what types of wine and price points are still desirable. The study also shows other alcohol categories to which wine consumers are shifting.

The first phase of the study was just completed, in partnership with NielsenIQ, with a second longer survey in the works. Phase one was based on a large sample of 100,000 U.S. households

that tracked each households' wine and alcohol purchases from off-premise retailers for the past 3 years (2021 to present).

Recently WMC members were invited to a webinar to view Phase One results, and some of the findings were surprising. This article highlights the high-level results, because detailed statistics and data files are reserved for WMC members. The webinar featured guest speakers, Jon Berg and Justin Wirth from NielsenIQ and Curtis Mann, MW, VP of Alcohol Sales for Safeway/Albertson's.

U.S. Consumers Trading Down in Wine Price Points

"In the past several months, we have seen \$20+ wine consumers trading down to the \$10 to \$19.99 category, and \$10-19.99 consumers trading down to wine that is priced less than \$10," stated Jon Berg, Thought Leadership VP at NielsenIQ.

Curtis Mann, MW, with Safeway/Albertson's agrees. "We have just started noticing this trend in the past few months," he said. "But we believe that \$15 - \$19.99 is the sweet spot in our stores. Now is not a good time to take large price increases in off-premise."

It is important to mention that demographically, the consumers who are dropping out of regular (6+ times a year) wine purchasing skewed towards ages 35 to 44, with an income level of \$40,000 to \$70,000. This level of churn is not as noticeable in other age and income groups. For example, purchasing of wine in general, and \$20+ wine in particular, continued to index high among older households with high incomes.

Wine Consumers are Reducing Purchases Broadly and Switching to Craft Beer and Spirits RTDs

So where are consumers going who are cutting back on wine purchases? In 2022-23, part of the decline resulted from wine consumers reducing purchases for home across most beverage alcohol categories. Some table wine losses traced to switching to other categories, led by craft beer and ready to drink (RTD) spirits. Sparkling wine also took some business from table wine, along with imported beer. On the other hand, many consumers are abandoning the hard seltzer category, with above \$10 being one of the beneficiaries.

"We think what happened to hard seltzers is that consumers learned they were primarily malt-based and not spirits based," reported Jon Berg. "Therefore, they switched to RTD spirits and wine, because they believed there was more transparency there."

The desire for authenticity and transparency in alcohol beverages was a theme that was also identified by Curtis Mann, MW. "Increasingly we see consumers who are interested in knowing more about the products they are consuming," he said. "This is especially the case with younger consumers who are interested in authenticity, transparency and sustainable/organic products."

Need for More Innovation in the Wine Industry

All of the speakers provided some key take aways and action items that the wine industry should consider. In addition to the need for increased authenticity and transparency (*let consumers know the calories of your wine, ingredients, sustainable farming methods, etc.*), the need for innovation also was mentioned.

“Consumers are switching alcohol and beverage categories faster than ever now,” stated Curtis Mann. “It is important for wine brands to be innovative – to try to do something different to stand out.”

Jon Berg added, “And be nimble enough to change direction.”

Future Wine Market Council Research Studies

Phase 2 of this **Category Shifting Study**, will be an extensive survey of over 1000 wine consumers, designed to reveal on what occasions consumers are most likely to cut back wine drinking, what they are switching to and why. As with the first phase, members will have access to the complete report and data, along with a webinar on the findings. The report is expected to be complete in October 2023.

In addition, a new **2023-2024 Benchmark Segmentation Study** will launch this month. This survey is conducted every two years on U.S. wine consumer buying habits, attitudes and trends with around 4500 consumers. Another ongoing research study this year is on **High-End Wine Consumers** who spend regularly \$20 or more for a bottle of wine. This new survey examines their attitudes, behaviors and motivations, and is especially great research for WMC members who sell wine DTC and at higher price points.

About the Wine Market Council and Membership

Wine Market Council (WMC) is a non-profit organization powered by members with an interest in advancing the U.S. wine market and industry. Established in 1996, the mission of WMC is to “be the leader in forward-looking market research U.S. wine consumer buying habits, attitudes and trends.”

By becoming a member of Wine Market Council your organization will have access to cutting-edge research on the U.S. wine consumer, along with member webinars, newsletters, access to data files and statistics, and other benefits. Membership starts as low as \$1000 per year for access to data files, depending on the size of your organization. Our members include wineries, distributors, growers, importers, regional, national, and international trade associations, and affiliates. For more information on membership and costs, please see <https://winemarketcouncil.com/join/>.