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ALUMNI

The changing face of the U.S. consumer:

How shifting
demographics are
re-shaping the U.S.
consumer market
for wine

Prepared by:

Wine Opinions LLC for WSET



It is well understood that wine consumption in the U.S. rose dramatically in the 1970s as the first wave of Baby Boomers came into adulthood and started choosing wine over beer or spirits on many occasions. Their strong preference was for white wine, and mainly California wine. Today, more than 30 years later, Baby Boomers still account for the greatest share of wine consumption in the U.S., but that is about to change.

In the two-year period of 2015 – 2016, we are seeing significant shifts in the generational composition of the U.S. wine market, which may signal a market evolution in years to come¹. In order to better understand the current market and to anticipate change, Wine Opinions recently conducted a two-part survey of over 2,300 U.S. wine drinkers with the aim of better understanding three things: how the cultural adaptation to wine varies across the generations of U.S. adults; market trends that are primarily generation driven; and how Millennial wine drinkers as a group differ in their wine behaviours by gender and age segment.

Generational Milestones¹

	2015	2016
 <p>WWII Generation Born between 1910 and 1932</p>	<p>There are now fewer members of the World War II Generation than the population of New Jersey</p>	<p>Youngest member turns 84</p>
 <p>Swing Generation Born between 1933 and 1945</p>	<p>Youngest member turns 70</p>	
 <p>Baby Boomers Born between 1946 and 1964</p>	<p>Baby Boomers still account for the greatest share of wine consumption in the U.S.</p>	<p>Oldest member turns 70</p>
 <p>Generation X Born between 1965 and 1976</p>	<p>Oldest member turns 50</p>	<p>Youngest member turns 40</p>
 <p>Millennials Born between 1977 and 1994</p>	<p>Youngest member turns 21</p>	
 <p>iGeneration Born between 1995 and 2009</p>	<p>Members of the iGeneration are now on the wine market horizon. There are 61 million members of iGeneration, and the eldest among them are turning 21 in 2016.</p>	<p>Oldest member turns 21</p>

¹ Generation age ranges from American Generations 8th Edition, population figures from U.S. Census Bureau.

This article focuses on the survey results of Wine Opinions consumer panel respondents classified as ‘High Frequency’ wine drinkers (1,072 completed surveys). These are consumers who say that, on average, they drink wine at least several times a week².

While the high frequency segment of wine drinkers represents about 1 in 3 of all U.S. wine drinkers³, they are responsible for most of the wine purchases and are drivers of the market.

To perform generational segmentation analysis, Wine Opinions divided the high frequency wine drinker survey respondents into groups conforming to the generational age ranges established in American Generations⁴. In the survey year (2015) this set Millennials as ages 21–38, Generation X as ages 39–50, and Baby Boomers as ages 51–69.

Looking at wine consumption by type, there are moderate but significant skews by generation. Of all the wine Baby Boomer respondents drink, 62% is red compared to 56% for Generation X and 53% for Millennials. Millennial respondents, on the other hand, consume significantly more rose and sparkling wines as a percentage of their total wine consumption than Baby Boomers.

² Wine Opinions consumer panel August 2015, n=1072, 90% CI of ± 1.5% - 2.5%. The Wine Opinions panel consists of over 12,000 highly involved wine consumers across the U.S. in a nationally representative distribution. About 85% of the panel members are high frequency wine drinkers and about 40% buy 750ml wines costing \$20 or more on a monthly or more often basis. Like nearly all opt-in and online panels, these survey respondents comprise a “non-probability” sample, meaning that results should not be projected as representative of all U.S. wine drinkers, or even all high frequency U.S. wine drinkers.

³ Wine Market Council segmentation survey performed by Opinion Research Corporation, June, 2015

⁴ Data from American Generations 8th Edition © 2013, New Strategist Press, LLC

High frequency wine drinkers³



Total Consumption by Wine Color and Generation

(Average percentage of total consumption by volume among high frequency wine drinkers in survey²)

Millennial



Gen X



Baby Boomers



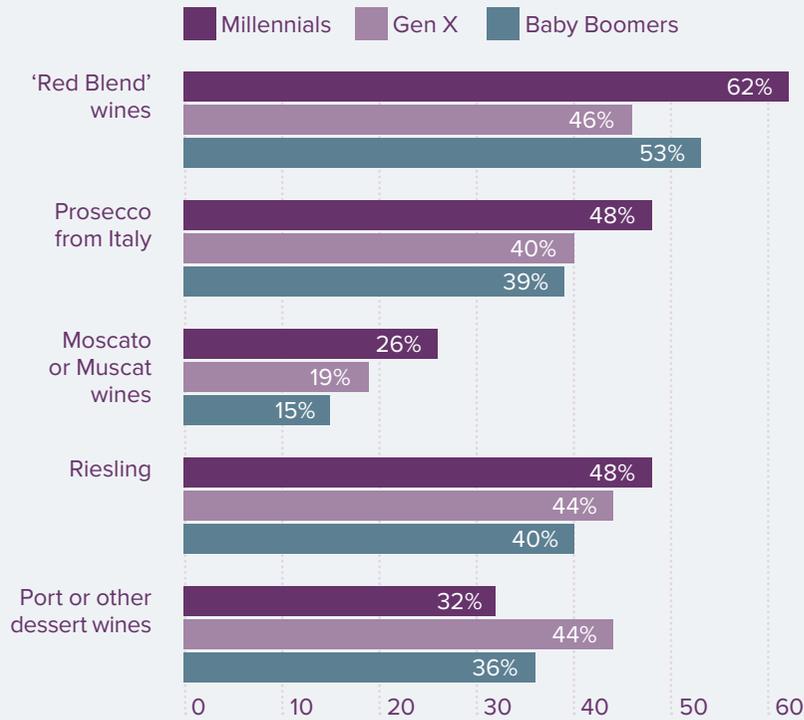
Red wine
 White wine
 Rose or blush wine
 Sparkling wines of any kind

Millennial wine drinkers are also seen to be driving most of the newly popular wave of sweeter styles of wine, which calls to mind the trend in the early 1980s when inexpensive Lambrusco wines reached a peak of more than 20 million cases in the U.S., driven mostly by the taste preferences of Baby Boomers in their late 20s and early 30s. Among survey respondents, it is Millennials (in comparison to older generations) who exhibit a greater preference for 'red blend' wines, Prosecco, and Moscato or Muscat - all of which were categorized as 'somewhat sweet styles' in the survey. Furthermore, among Millennials themselves, it is mainly the younger cohort (those now in their 20s) who lead this trend in Moscato consumption.

Looking at the ratio of imported vs. domestic wine consumed by these high frequency wine drinker survey respondents, there is a decided skew toward domestic wines among Baby Boomers, while imported wine consumption is higher among the younger generations, especially Millennials.

Frequent/Occasional Purchase of 'Somewhat Sweet' Styles of Wine by Generation

(Base: high frequency wine drinkers in survey²)



Older respondents are more likely to:



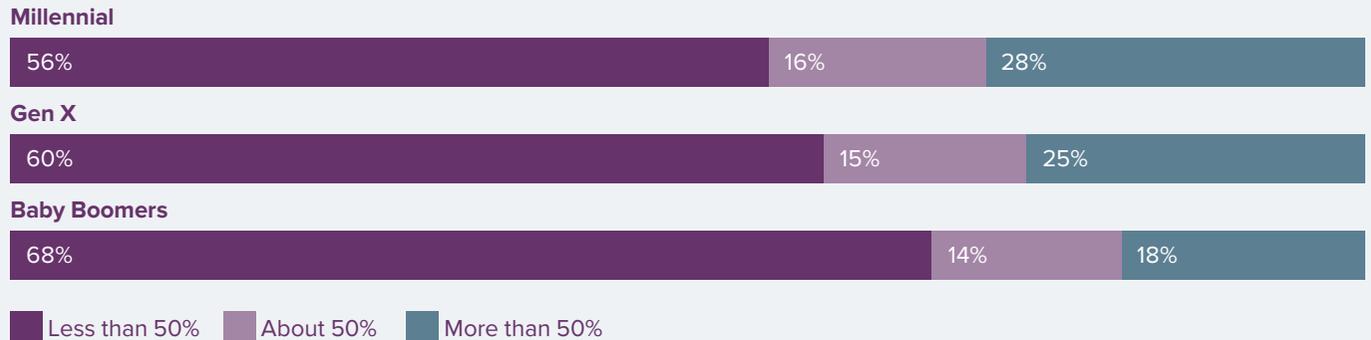
consume domestic wines



purchase wine recommended by a critic or a wine column

Imported Wines as a Percent of Total Wine Consumption

(Base: high frequency wine drinkers in survey²)



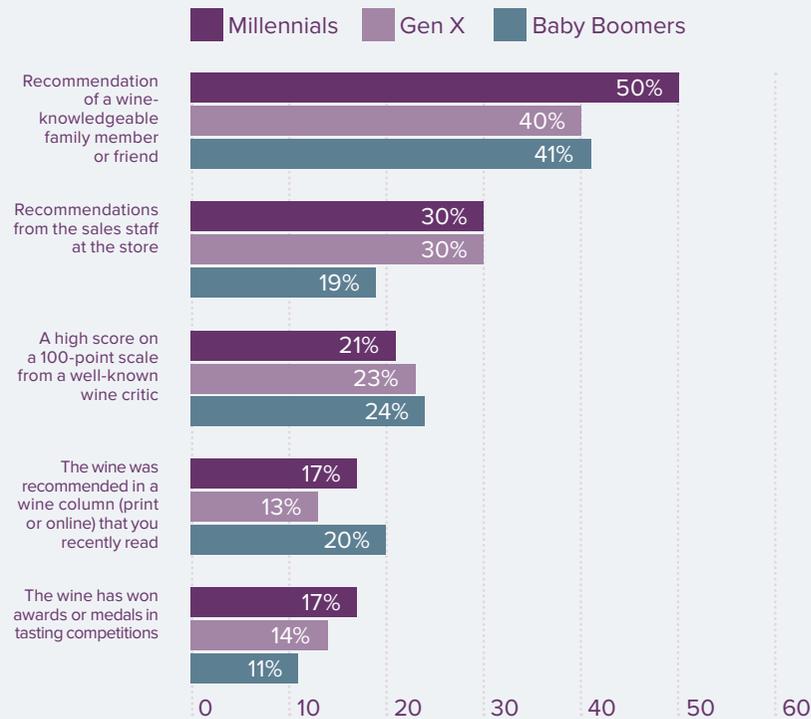
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Also of interest are the factors that influence wine shoppers and here, there are also a few notable differences by generation. Many surveys conducted by Wine Opinions in the past have shown that, when considering the purchase of a wine they are not familiar with, the most influential recommendation is a wine-knowledgeable family member or friend. The same result is seen in the high frequency wine drinker survey. Among survey respondents, a recommendation by a wine knowledgeable family member or friend was cited as 'very influential' when purchasing an unfamiliar wine more often by Millennials than the other generations. Also, recommendations from the sales staff at a store were found to be more influential among both Millennials and Generation Xers than among Baby Boomers.

In the U.S. market, there has been some recent interest in the sales of wine in cans, most notably the 375ml size can. Survey respondents were asked if they have purchased, or have an interest in purchasing wine in this type of package. While overall purchase rates were low, slightly more Millennials in the survey had purchased wine in a can, and slightly more of them, who had not purchased wine in a can, expressed interest in doing so compared to other generations.

'Very' Influential Factors when Buying an Untried Wine by Generation

(Base: high frequency wine drinkers in survey²)



Younger respondents are more likely to:



be influenced by recommendations from family, friends and sales staff



have an interest or have purchased wine in a can



purchase wine that has won awards or medals in tasting competitions

Past 12 Month 'Wine in a Can' Purchase by Generation

(Base: high frequency wine drinkers in survey²)

Millennial



Gen X



Baby Boomers



Have purchased
 Have not purchased but am interested
 Have not purchased and have no interest

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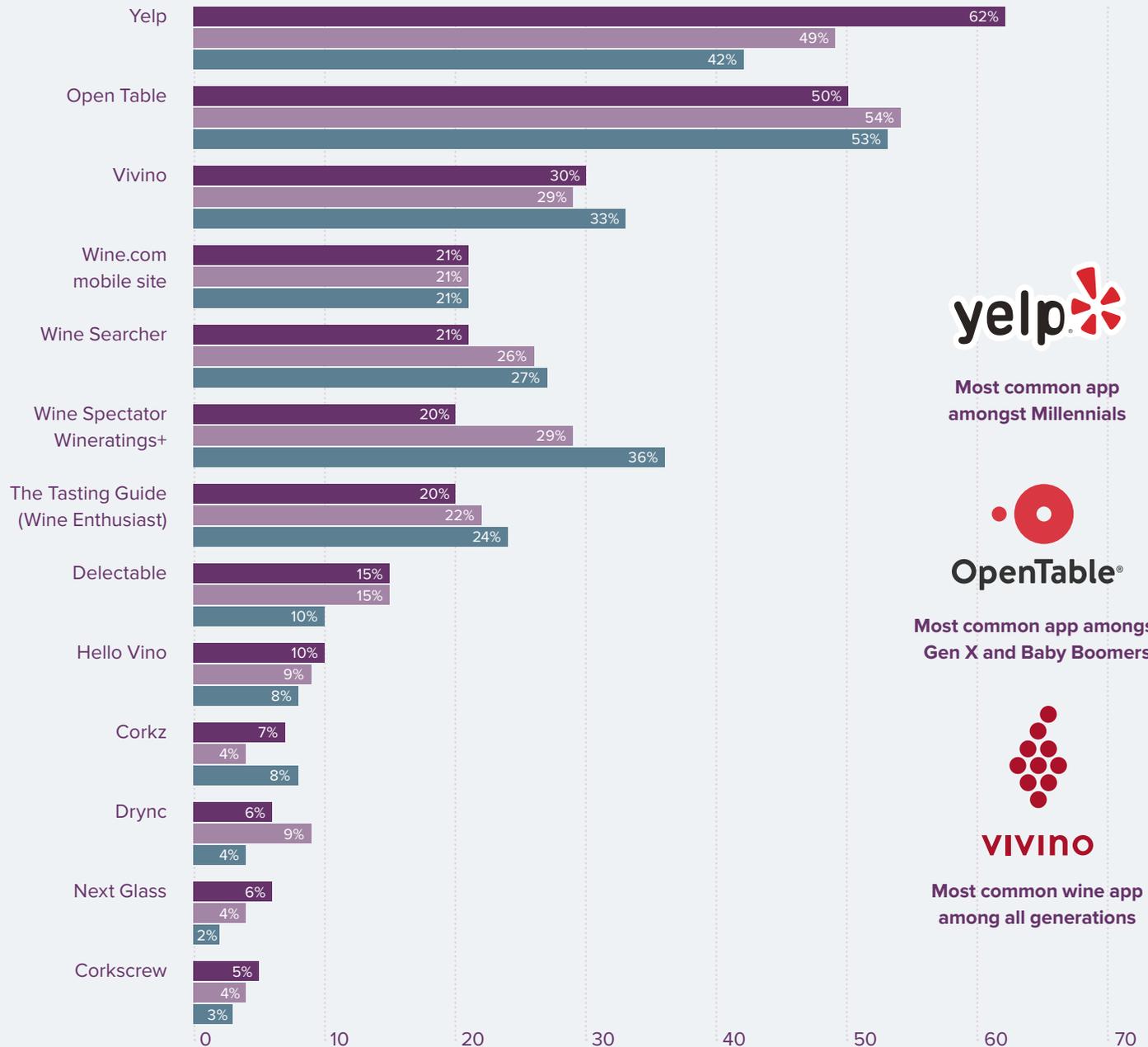
While there were numerous differences among the generations of high frequency wine drinker survey respondents in terms of the types and styles of wines they prefer, many high frequency wine drinkers in the survey are seen as adopters of smartphone and tablet computer apps related to wine. While the usage of Yelp skews somewhat Millennial in the survey, other applications used for wine or dining information are evenly spread across generations, with Vivino established as the most frequently found wine app on these devices. The mobile version of Wine.com was reported in the survey as equally spread across generations, while Wine Searcher and the Wine Spectator's Wineratings+ app skewed somewhat to Baby Boomers.

Members of the iGeneration are now on the wine market horizon. There are 61 million members of iGeneration, and the eldest among them are turning 21 in 2016. They are the most ethnically diverse of all generations, and as they enter the wine market, their tastes and behaviours with wine will be scrutinized by wine marketers around the globe.

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Smartphone/Tablet Wine-Related Apps Penetration by Generation

(Base: high frequency wine drinkers in survey²) Millennials Gen X Baby Boomers



Most common app amongst Millennials



OpenTable®

Most common app amongst Gen X and Baby Boomers



VIVINO

Most common wine app among all generations

Appendix

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Generational Milestones 2015 – 2016¹

2015	2016
There are now fewer members of the World War II Generation than the population of New Jersey	The oldest Baby Boomer reaches 70 years of age
Youngest Swing Generation member turns 70	The youngest member of Generation X turns 40
Oldest Generation X member turns 50	First wave of the iGeneration reach legal drinking age
Youngest Millennial reaches legal drinking age	

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Total Consumption by Wine Color and Generation

(Average percentage of total consumption by volume among high frequency wine drinkers in survey²)

	Millennial	Gen X	Baby Boomer
Red wine	53%	56%	62%
White wine	27%	28%	26%
Rose or blush wine	10%	9%	6%
Sparkling wines of any kind	10%	7%	6%

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Frequent/Occasional Purchase of ‘Somewhat Sweet’ Styles of Wine by Generation

(Base: high frequency wine drinkers in survey²)

	Millennial	Gen X	Baby Boomer
‘Red Blend’ wines	62%	46%	53%
Prosecco from Italy	48%	40%	39%
Moscato or Muscat wines	26%	19%	15%
Riesling	48%	44%	40%
Port or other dessert wines	32%	44%	36%

Imported Wines as a Percent of Total Wine Consumption

(Base: high frequency wine drinkers in survey²)

	Millennial	Gen X	Baby Boomer
Less than 50%	56%	60%	68%
About 50%	16%	15%	14%
More than 50%	28%	25%	18%

¹ Generation age ranges from American Generations 8th Edition, population figures from U.S. Census Bureau.

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'Very' Influential Factors when Buying an Untried Wine by Generation

(Base: high frequency wine drinkers in survey²)

	Millennial	Gen X	Baby Boomer
Recommendation of a wine-knowledgeable family member or friend	50%	40%	41%
Recommendations from the sales staff at the store	30%	30%	19%
A high score on a 100-point scale from a well-known wine critic	21%	23%	24%
The wine was recommended in a wine column (print or online) that you recently read	17%	13%	20%
The wine has won awards or medals in tasting competitions	17%	14%	11%

Past 12 Month 'Wine in a Can' Purchase by Generation

(Base: high frequency wine drinkers in survey²)

	Millennial	Gen X	Baby Boomer
Have purchased	14%	8%	5%
Have not purchased but am interested	32%	28%	21%
Have not purchased and have no interest	54%	64%	74%

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Smartphone/Tablet Apps Penetration by Generation

(Base: high frequency wine drinkers in survey²)

	Millennial	Gen X	Baby Boomer
Yelp	62%	49%	42%
Open Table	50%	54%	53%
Vivino	30%	29%	33%
Wine.com mobile site	21%	21%	21%
Wine Searcher	21%	26%	27%
Wine Spectator Wineratings+	20%	29%	36%
The Tasting Guide (Wine Enthusiast)	20%	22%	24%
Delectable	15%	15%	10%
Hello Vino	10%	9%	8%
Corkz	7%	4%	8%
Drync	6%	9%	4%
Next Glass	6%	4%	2%
Corkscrew	5%	4%	3%

² Wine Opinions consumer panel August 2015, n=1072, 90% CI of ± 1.5% - 2.5%. The Wine Opinions panel consists of over 12,000 highly involved wine consumers across the U.S. in a nationally representative distribution. About 85% of the panel members are high frequency wine drinkers and about 40% buy 750ml wines costing \$20 or more on a monthly or more often basis. Like nearly all opt-in and online panels, these survey respondents comprise a "non-probability" sample, meaning that results should not be projected as representative of all U.S. wine drinkers, or even all high frequency U.S. wine drinkers.

Wine Opinions is a leading provider of U.S. wine market research to wine producers, wine marketing companies, and wine trade associations around the globe.
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