OREGON WINE SYMPOSIUM

February 3 & 4, 2025

Oregon – Growing Forward/Together

Danny Brager – Fact Based Industry Analyst

PROGRAM PRODUCER oregon wine BOARD

TRADE SHOW PRODUCER OWA Oregon Winegrowers ASSOCIATION EST 1981

3-TIER Beverages EST 2019 CHICAGO IL

AZUR ASSOCIATES

CONGRATULATIONS!!!!

THE GOOD NEWS – *Relatively Speaking*

- **Oregon share is GROWING**
  - ➢ **BOTH - In Oregon; Beyond Oregon**
  - ➢ **In Varietals most important to us – P Noir at the top**
- **We participate in the more premium part of the market that's performing better**
- **A good percentage of BOTH top Oregon brands in 3 Tier, and Oregon wineries in DtC are - GROWING**

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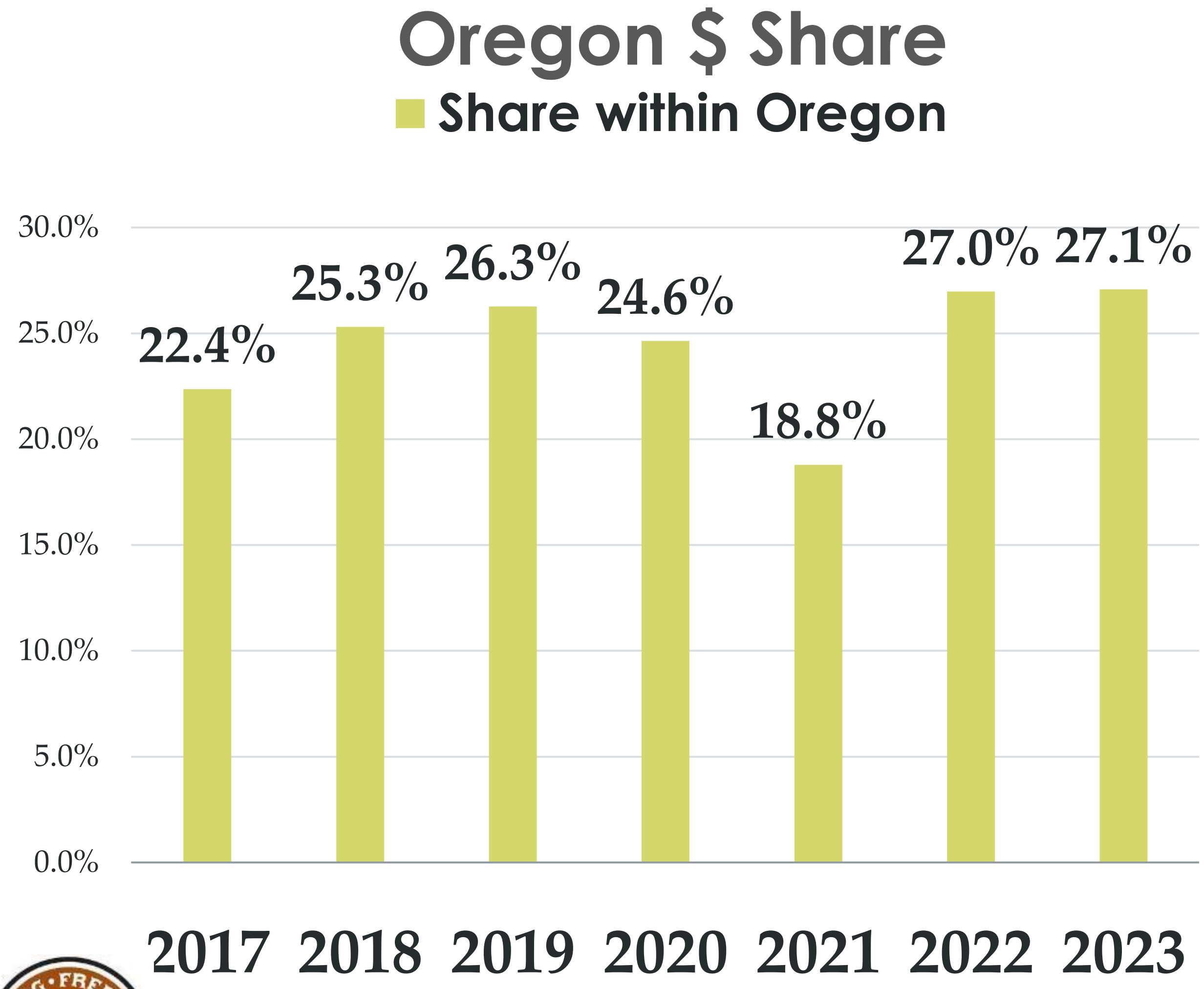
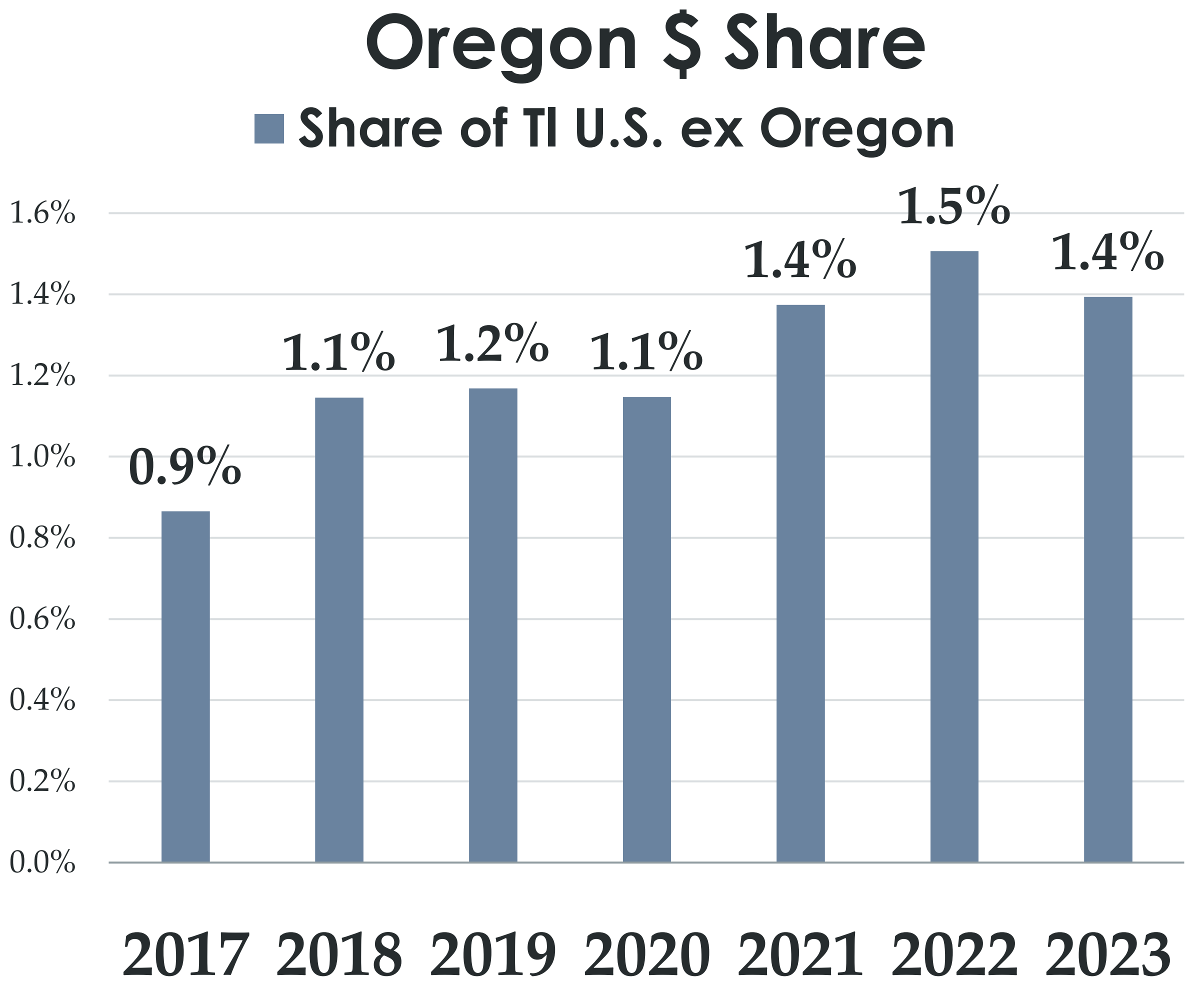
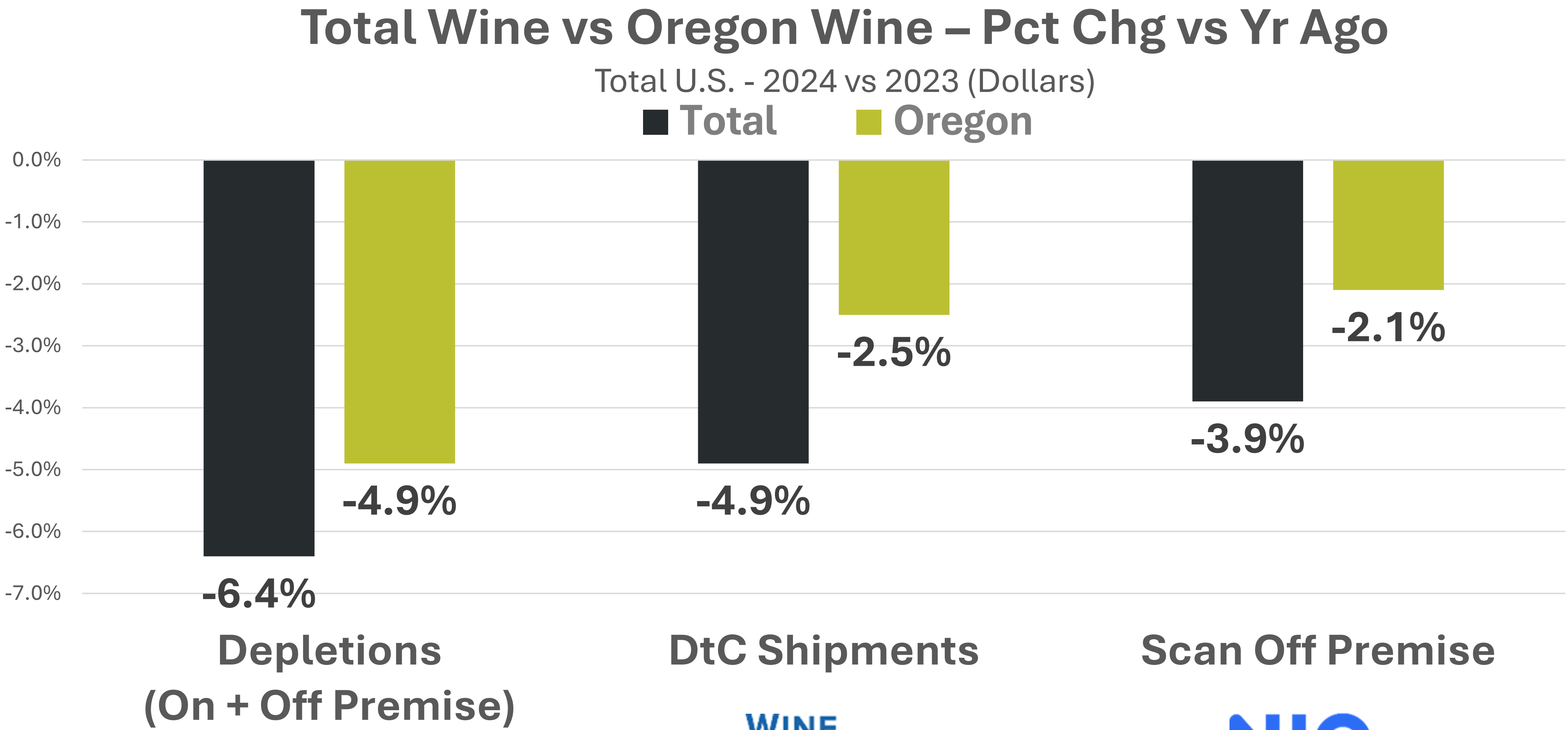
We Have Protected/Expanded Our Share In Oregon, and Are Building Our "Brand" Beyond Oregon





Annual Shipments (Table Wine)

Oregon Doing "RELATIVELY" Better



JOIN TOGETHER GROW FORWARD >>

Realism

- *Face facts: Wine has a DEMAND problem*
- *Apply facts*
- *Attack the issue (it won't solve itself)*

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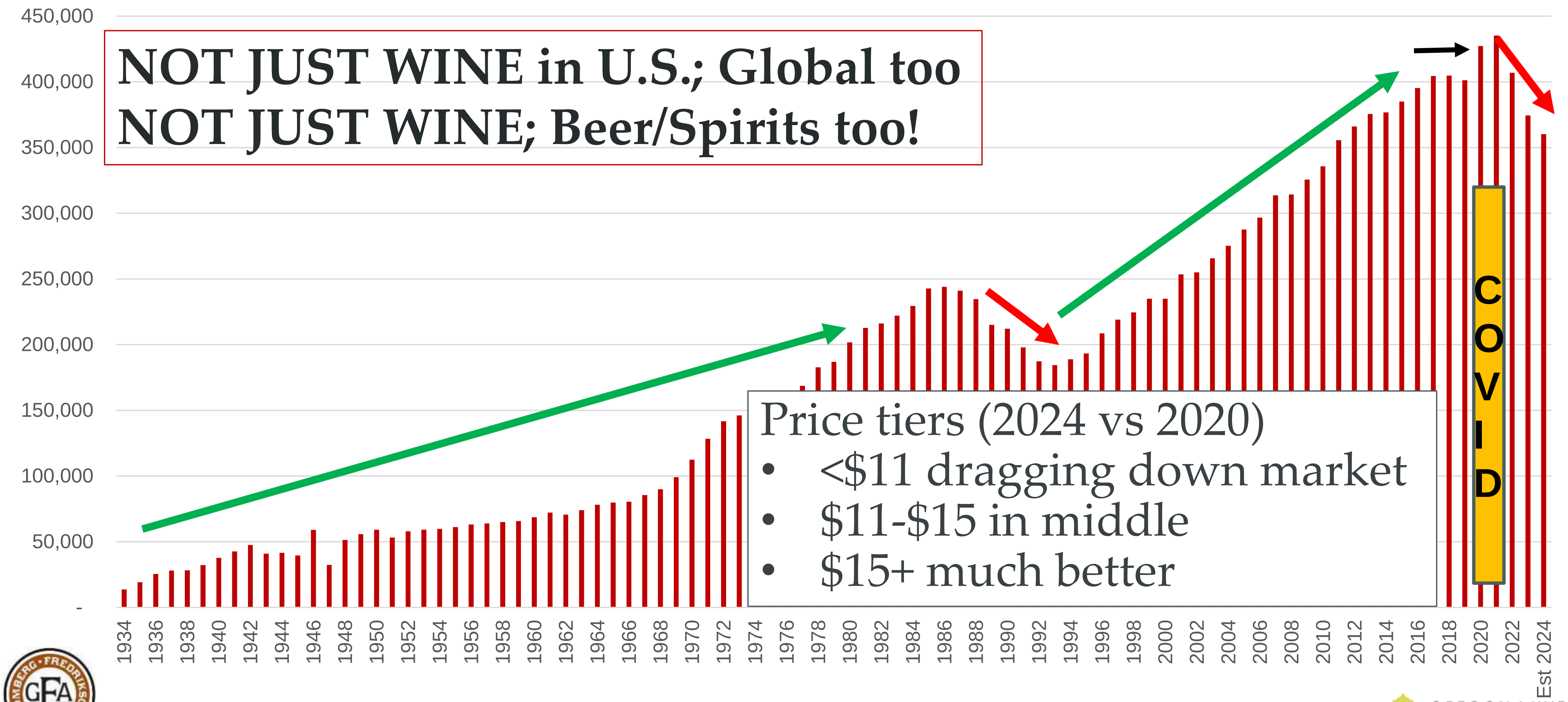
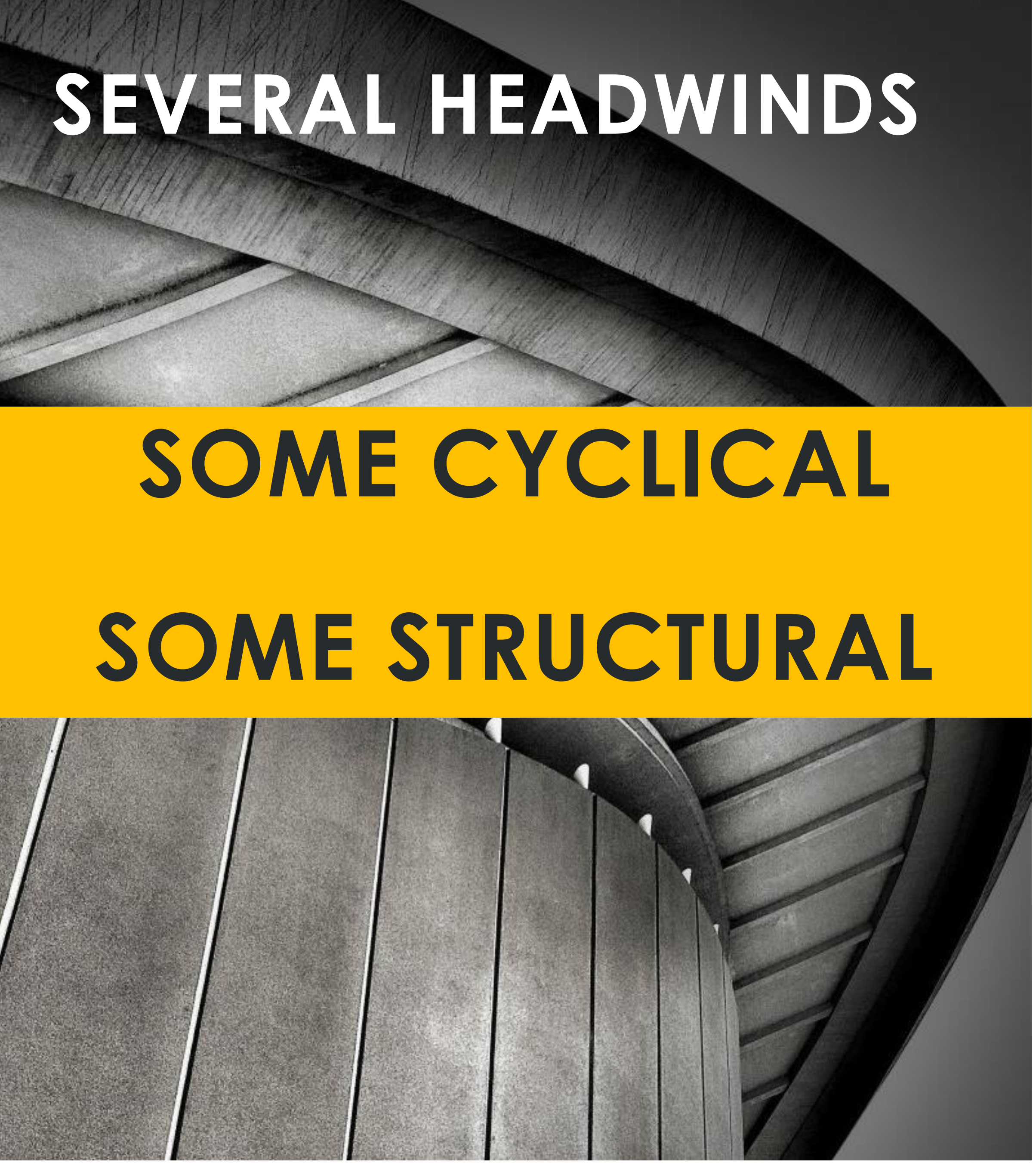
U.S. Wine Market – 9L Cases (000)





SEVERAL HEADWINDS

SOME CYCLICAL

SOME STRUCTURAL

1. **Economic**
   - Inflation
   - Relatively high interest rates
     - Consumer debt
     - Tight Inventory management
   - Tariffs? Immigration?
2. **Consumer Changes**
   - Generational/Lifestyle changes
   - Demographic changes
3. **Competitive Landscape**
   - Expanding consumer repertoire
     - Within Beverage Alcohol
     - Beyond Beverage Alcohol
4. **Health/Anti Alcohol**

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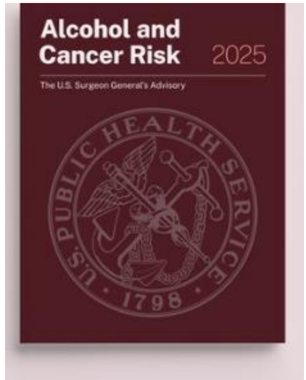
Headwinds – in Pictures

NO ALCOHOL



World Health Organization

CONSUMER DRIVERS

1. Consumers drinking across Bev Alc & Beverage aisle
2. Importance of multi-cultural/diverse segments
3. Flavor forward; and cultural nuances
4. Convenience seeking – what/where/how they buy
5. Wellness driven – for 'me' and 'we'
    - Social moderation/healthier lifestyles
    - Sustainability/Planetary health
6. Transparency seeking
7. Experience seeking
8. Authenticity seeking
9. Alignment to brands purpose/values
10. Open to experimentation
11. Approachability (Unintimidating)
12. Positivity (Life is Hard)

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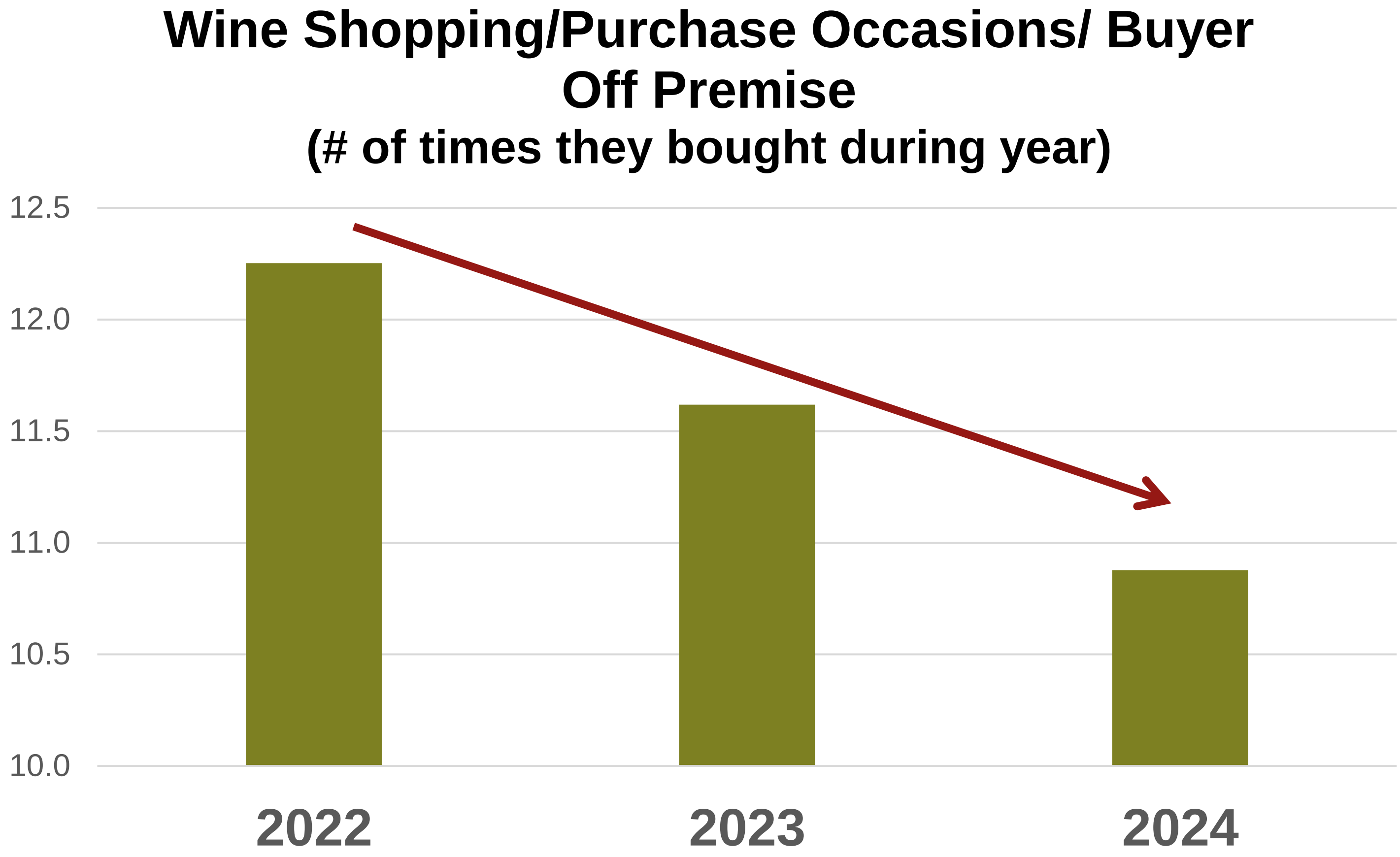
Alcohol Pie and Wine is Shrinking AND Fragmenting



The bigger issue isn't the # of wine drinkers overall – *it's the frequency of Wine occasions among Wine drinkers, and who those consumers are/are NOT*

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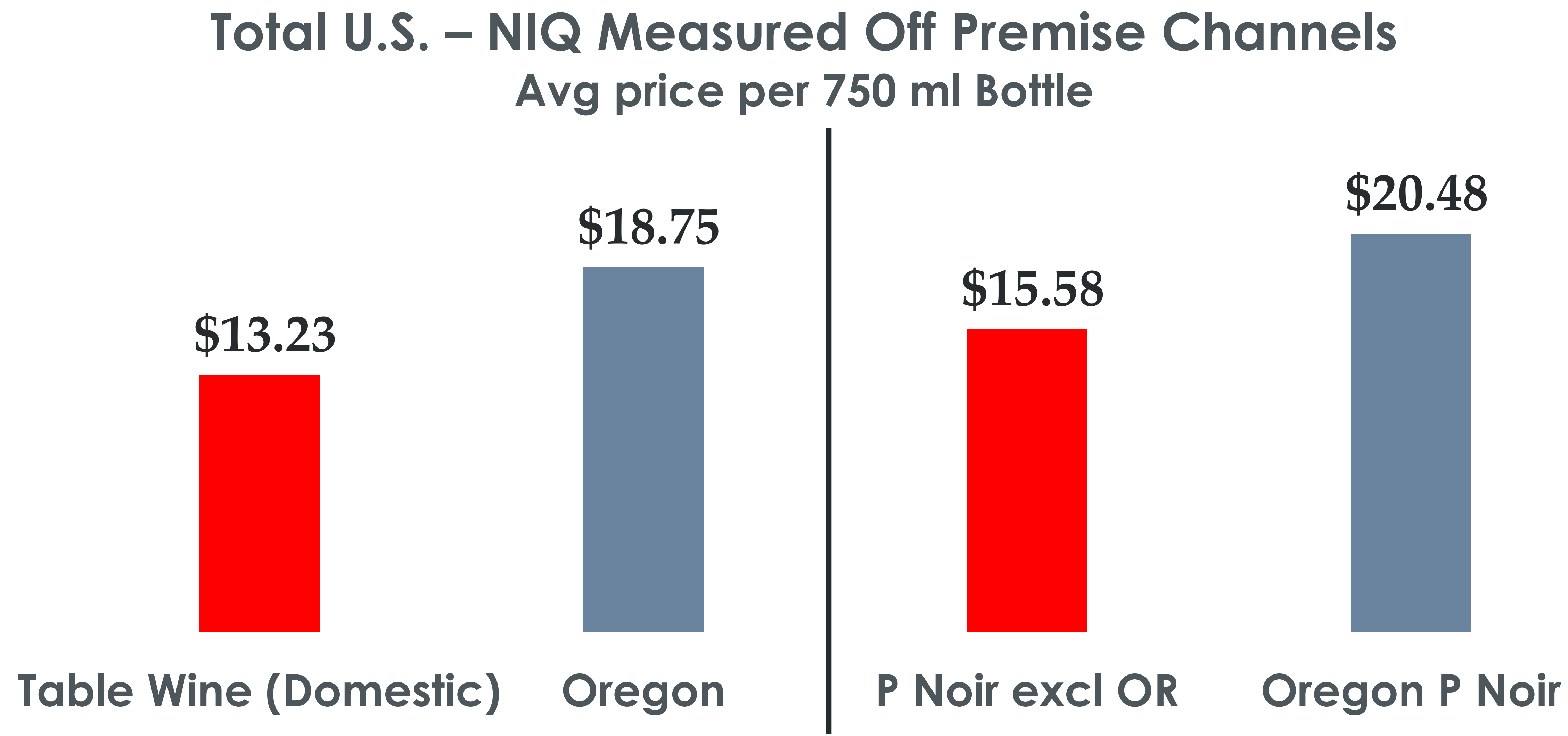
OREGON

Oregon Overall - & Oregon P Noir - More Premium



NIQ *Total U.S. Measured Off Premise (Dollars); 52 w/e Dec 28, 2024*

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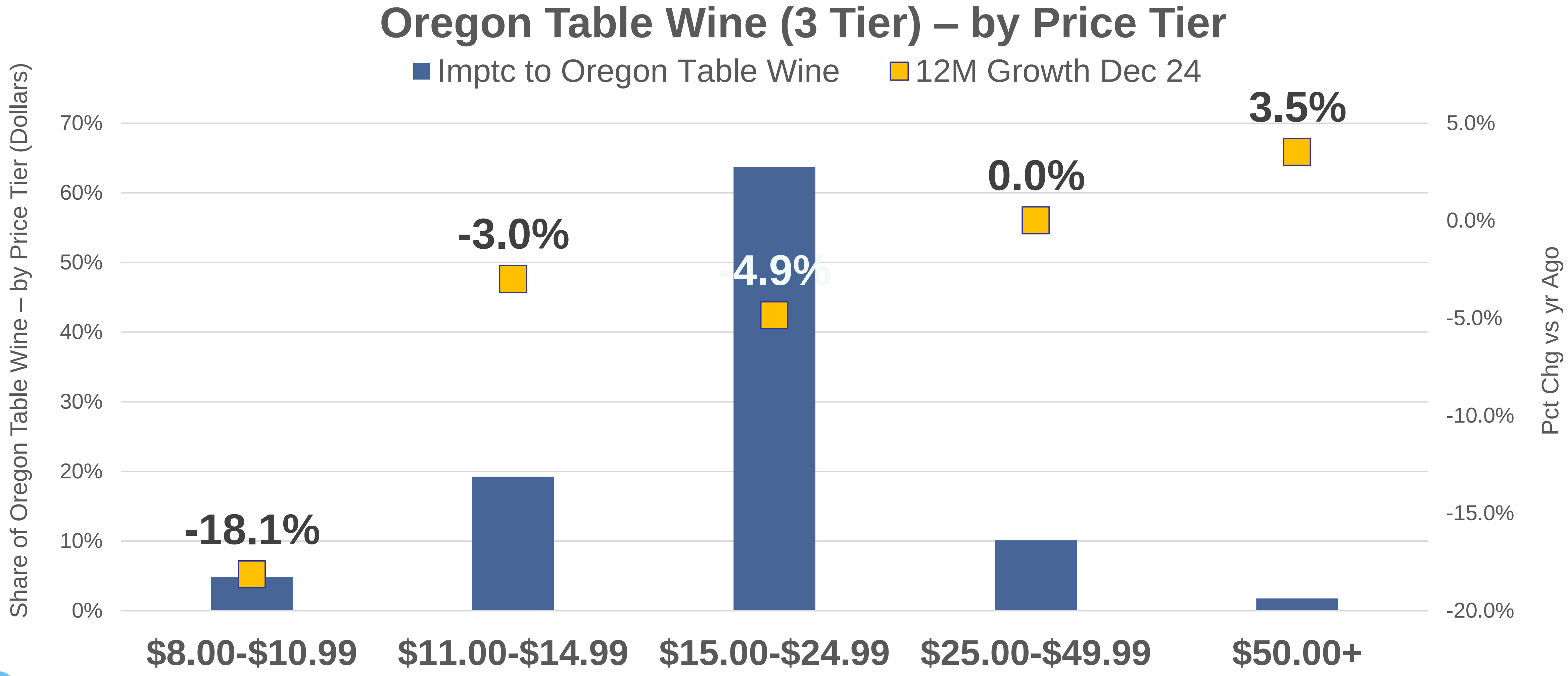
Oregon Performance Improves with Price Tier Range; $15-$25 by Far the Most Important in 3 Tier



Annual 2024 (Revenue)

Top 100 OREGON Brands

1-10	A to Z	Erath	Under wood	Will Valley	Elouan	Acrobat	King Estate	Argyle	The Four Graces	Firesteed
11-20										
21-30										
31-40										
41-50										
51-60										
61-70										
71-80										
81-90										
91-100										

NIQ Total U.S.: Off-Premise Measured Channels; 52 week period ending Dec 28 2024 vs 2023

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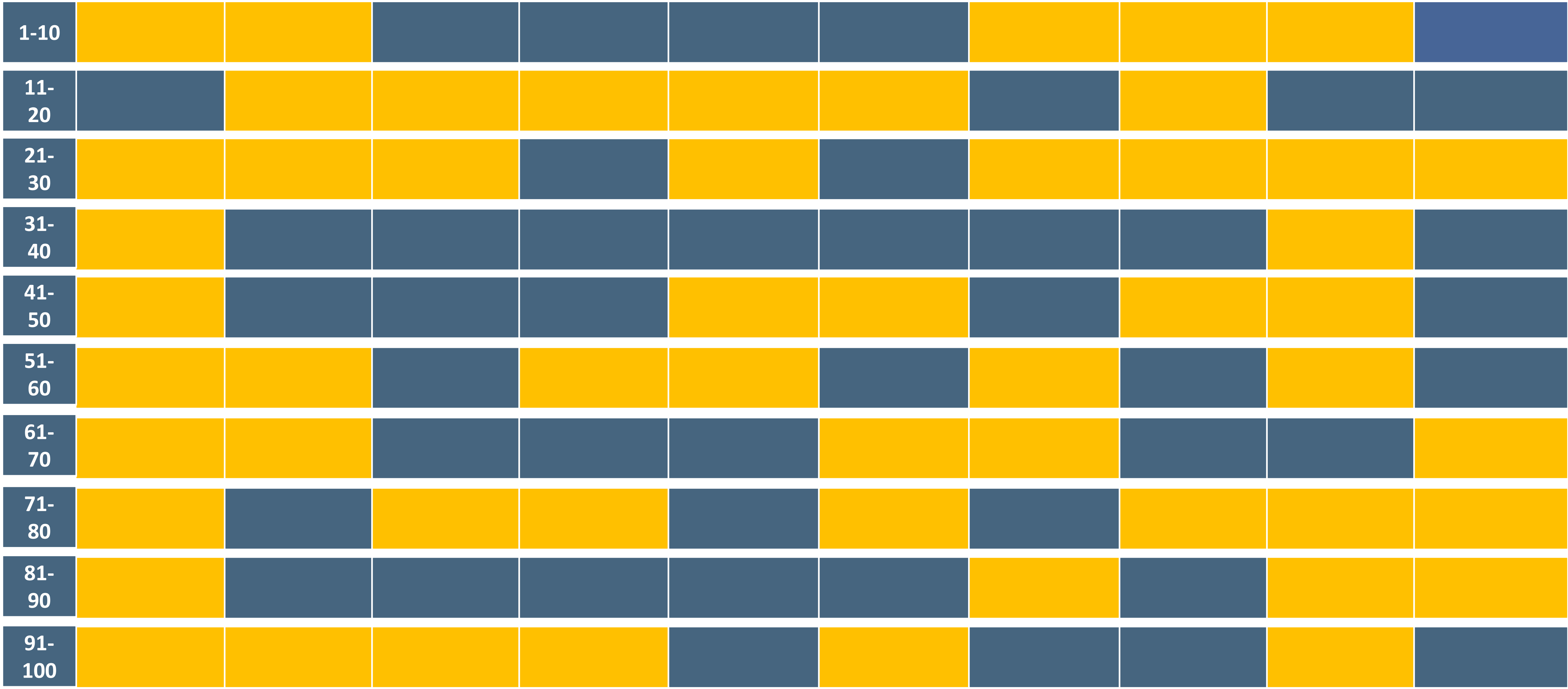
Top 100 OREGON Brands (3 Tier Off Premise)

GROWTH



Total U.S.: Off-Premise Measured Channels; 52 week period ending Dec 28 2024 vs 2023

NIQ

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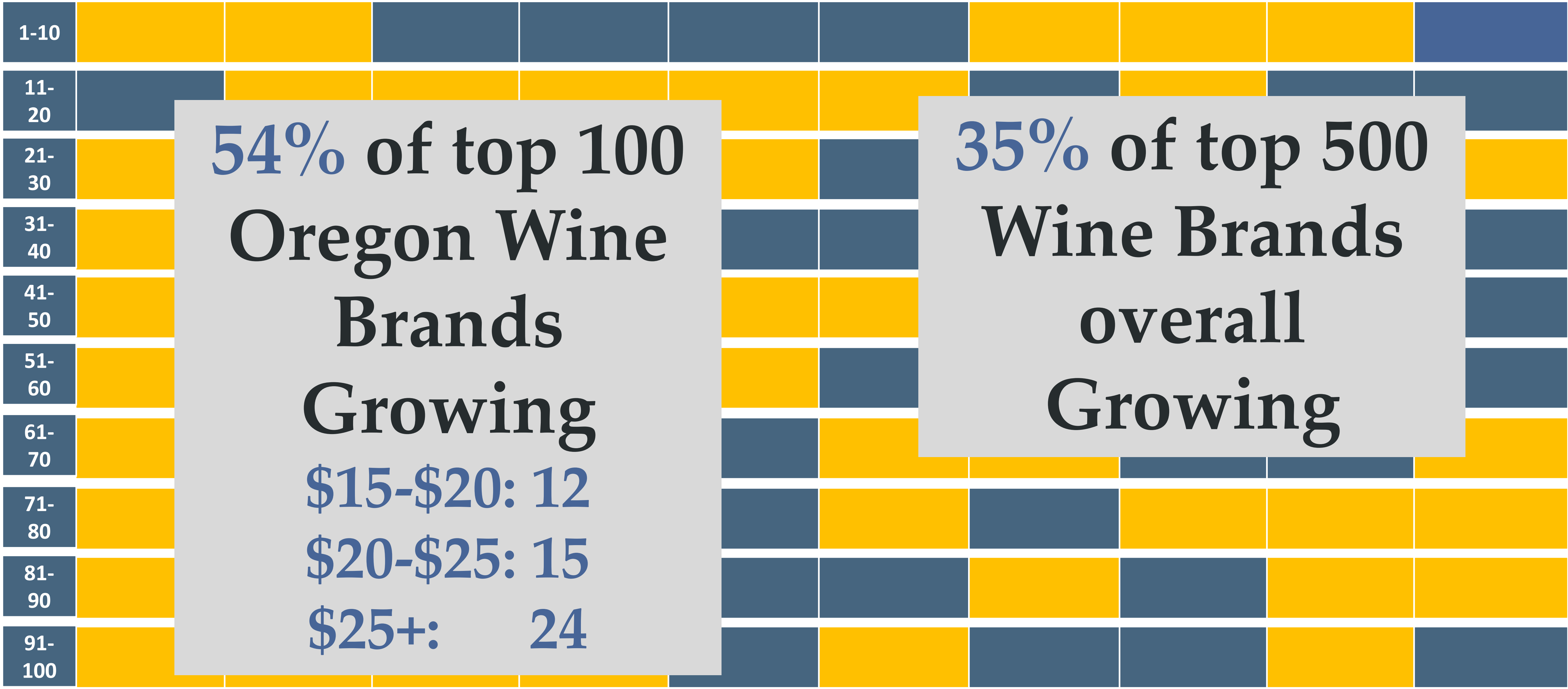
PORTLAND

Top 100 OREGON Brands (3 Tier Off Premise)

GROWTH



54% of top 100 Oregon Wine Brands Growing

$15-$20: 12
$20-$25: 15
$25+: 24

35% of top 500 Wine Brands overall Growing

NIQ

Total U.S.: Off-Premise Measured Channels; 52 week period ending Dec 28 2024 vs 2023

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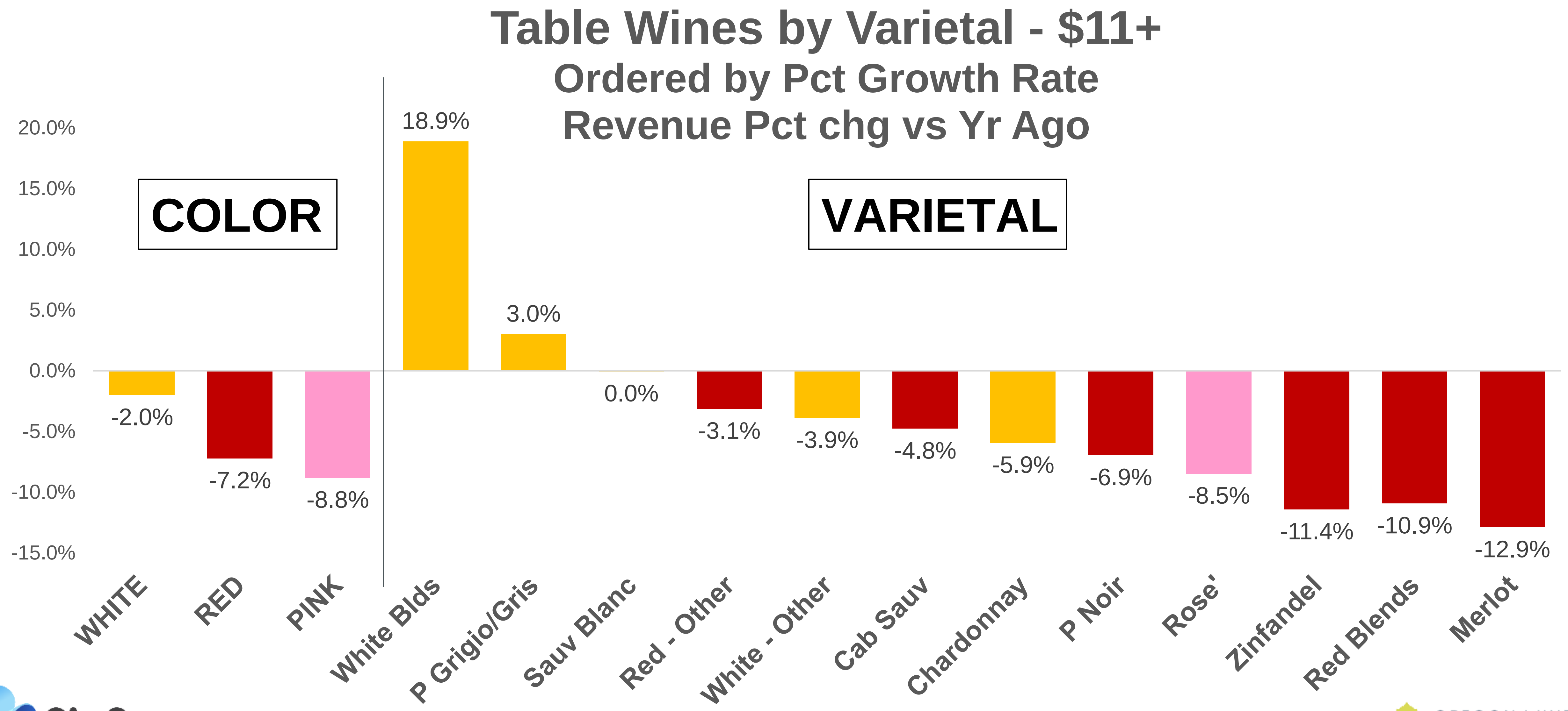
Some Wine Growth Segments (albeit more ‘niche’)

	2021	2022	2023	2024
Better For You* (aggregate of 24 brands/brand extensions)	$122 MM	$187 MM	$225 MM	$250 MM
Wine Based Cocktails	$485 MM	$560 MM	$703 MM	$910 MM
Organic labeled	$224 MM	$232 MM	$243 MM	$254 MM
Non Alc Wine	$50 MM	$59 MM	$71 MM	$90 MM
Smaller sizes (<750 ml)	$1.5 B	$1.5 B	$1.6 B	$1.8 B

NIQ *Total U.S. Measured Off Premise Channel (Dollars)*

Whites Generally Performing Better than Reds/Pink



SipSource By WSWA

12 mos ending Dec 2024; Off + On Premise

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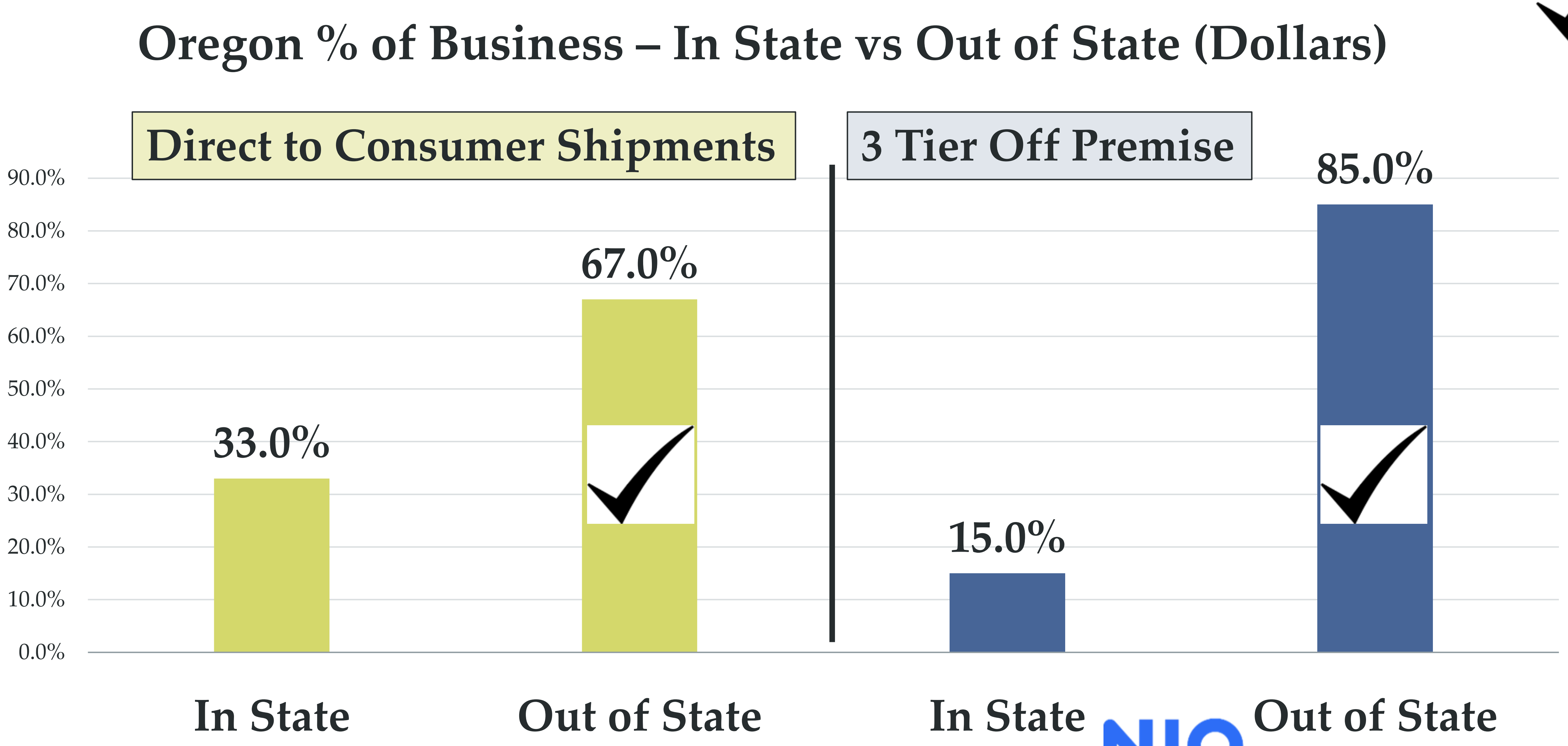
Oregon's Business Out of State Performing Better

Performing better ✓



WINE BUSINESS ANALYTICS

DtC Shipments; Annual 2024

NIQ

52 weeks ending Dec 28, 2024

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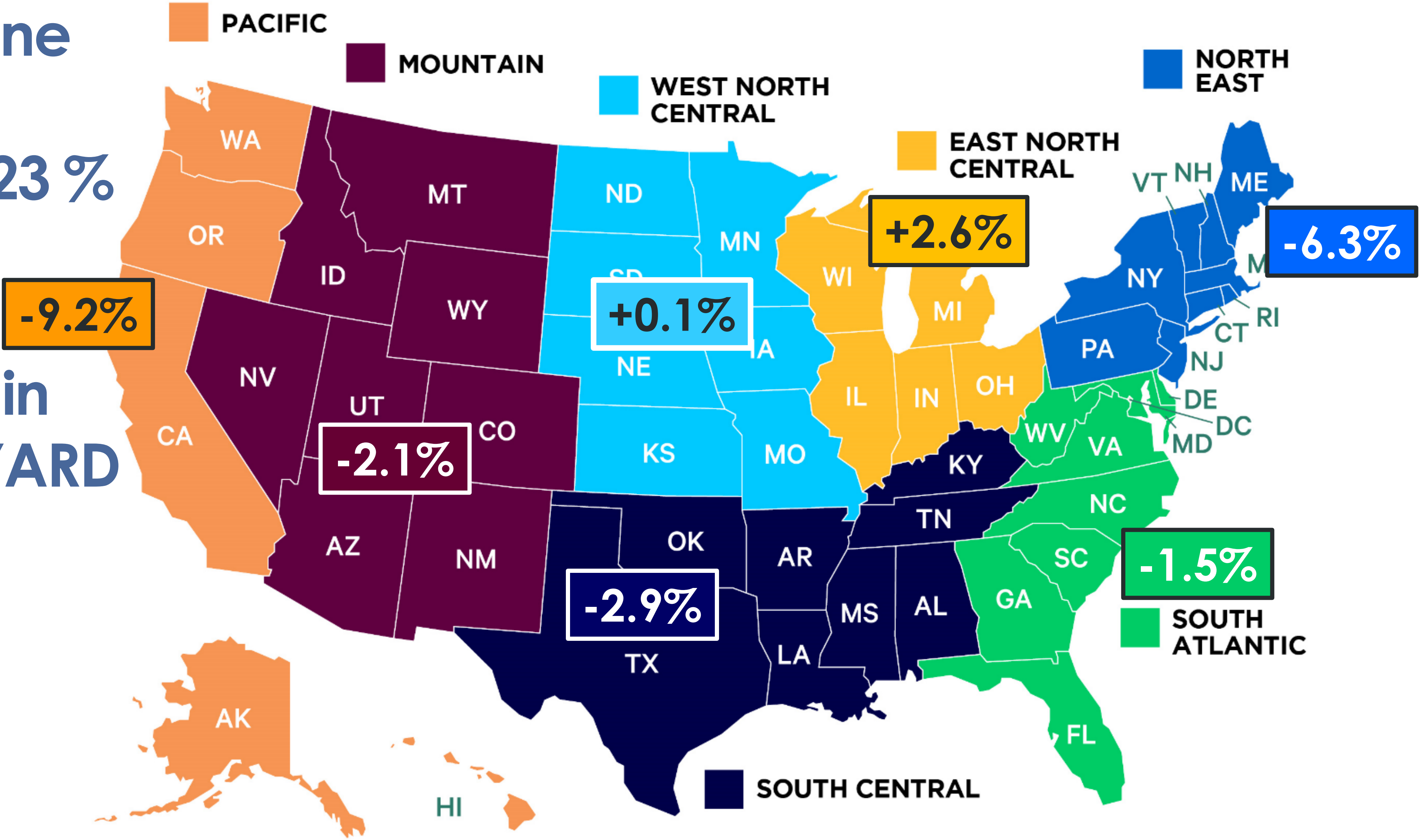
Oregon Wine Depletions 2024 vs 2023 % Change

TOUGHEST in our BACKYARD



SipSource By WSWA Annual 2023 vs 2022 (Revenue percent change)

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Oregon DtC Performance Ahead Of Our Neighbors

DtC: % of Suppliers Growing (2024)

OR: 45%

WA: 31%
CA: 36%

CommunityBenchmark™

DtC Shipments

What's Growing?

- Varietals: PG, Chard, Riesling, Rose' (P Noir flat)
- 5K-50K case Wineries
- $50+ price tiers

What's Not?

- Other Reds
- 50K+ case Wineries
- <$50 price tiers

WINE BUSINESS ANALYTICS

OREGON WINE SYMPOSIUM PORTLAND

OREGON WINES SHARE (TOP 18 STATES + ID) - DM TABLE WINE

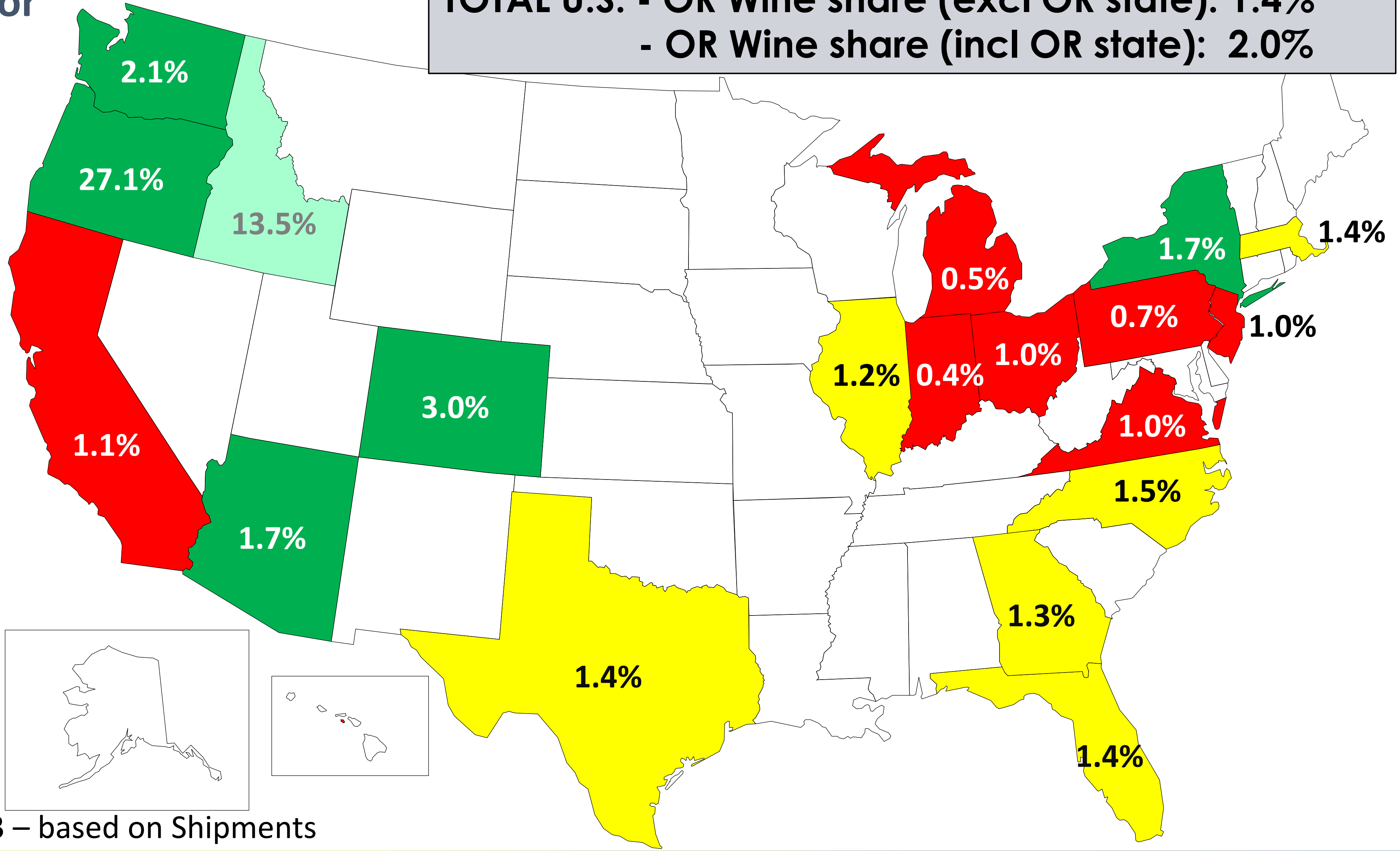
TOTAL U.S. - OR Wine share (excl OR state): 1.4%
- OR Wine share (incl OR state): 2.0%

TOP 18 States for Domestic Wine (76% of U.S>)

1.7%+

1.2% - 1.6%

1.1% + below



Annual 2023 – based on Shipments

Collaborate with others

Be Fact-Based

Less is More - Focus

Think Occasions

Connect your <u>BRAND</u> with the Consumer

Who they are, where they are, what's relevant & resonates with them (it may not be what you think)

OREGON – WHICH WAY NOW?

DEFENSE/PROTECT

- P Noir
- Our OR home turf
- Our premium position – Quality/Value – but don't price yourself out
- Large Wine states where we have a "strong" share
- Core Boomer generation

OFFENSE/ATTACK

- Expand Whites
- Widen the 'playing field' beyond Oregon – large states where we have a small share
- Participate in LO/NO sector
- Our industry needs to…
  - ✓"WIN" more Beverage occasions
  - ✓Effectively engage with the Younger LDA Generation
  - ✓MEET them where they ARE
  - ✓More Liquid to More Lips

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Thank You!!!

Danny Brager
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