STATE OF THE INDUSTRY
economic impact & consumer insights
2018

Christian Miller

Proprietor, Full Glass Research

Background

Full Glass Research

- Provider of industry & market research to food & drink companies and organizations, governments
- Economic impact studies, category outlook and trend analysis, VAPG grant feasibility, supply vs. demand
- Consumer & Trade research: surveys, pricing, package/label testing, brand image, sensory attributes, feature trade-offs, customer satisfaction, etc.

Two sections this year

OREGON WINE PORTLAND SYMPOSIUM

ECONOMIC IMPACT UPDATE	CONSUMER INSIGHTS
• Sources of information • Big Stories • Changes vs. 2013 • Grape and Wine Sales	• TRADING UP • SPARKLING WINE

ECONOMIC IMPACT STUDY

Sources of Information (2016):

OWB/FGR Winery & Vineyard Surveys

SOURCE

CASS, OASS, WASS

Scan Data from Nielsen

OLCC, TTB

Economic Forensics & Analytics

Numerous industry/trade interviews

OREGON WINE
PORTLAND
SYMPOSIUM

What is Economic Impact?

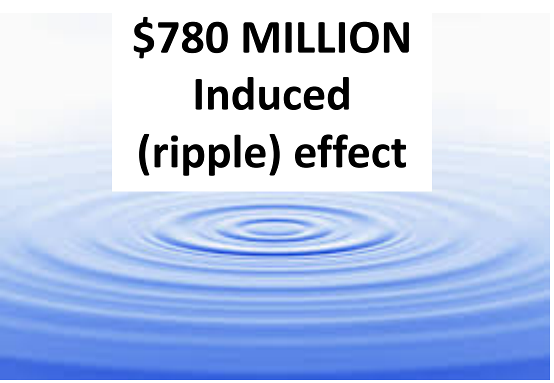
- Vertically measured – from vineyards through wineries and wholesalers to retail; and suppliers to each tier
- Revenues/Spending related to wine: spending by businesses & spending by consumers
- Wages: workers in the industry, workers at firms supplying or servicing the industry, workers in jobs resulting from industry wages or spending or taxes
- Jobs: jobs related to the industry by the same criteria
- Taxes: paid by industry participants or resulting from their spending
- NOT profits, NOT a valuation
- ONLY in-state impact is counted
- Types of Impacts – Direct, Indirect, Induced, Net

One Big Number and Many Smaller ones

$80M IN STATE TAXES

$27 MILLION PROFESSIONAL SERVICES

$5.62 BILLION



7,625 JOBS
WINE TOURISM

SUPPLIER &
SERVICES TIER
$1B

JOB UNDERCOUNTS?

THE BIG STORIES

ON-PREMISE
$99m
WAGES

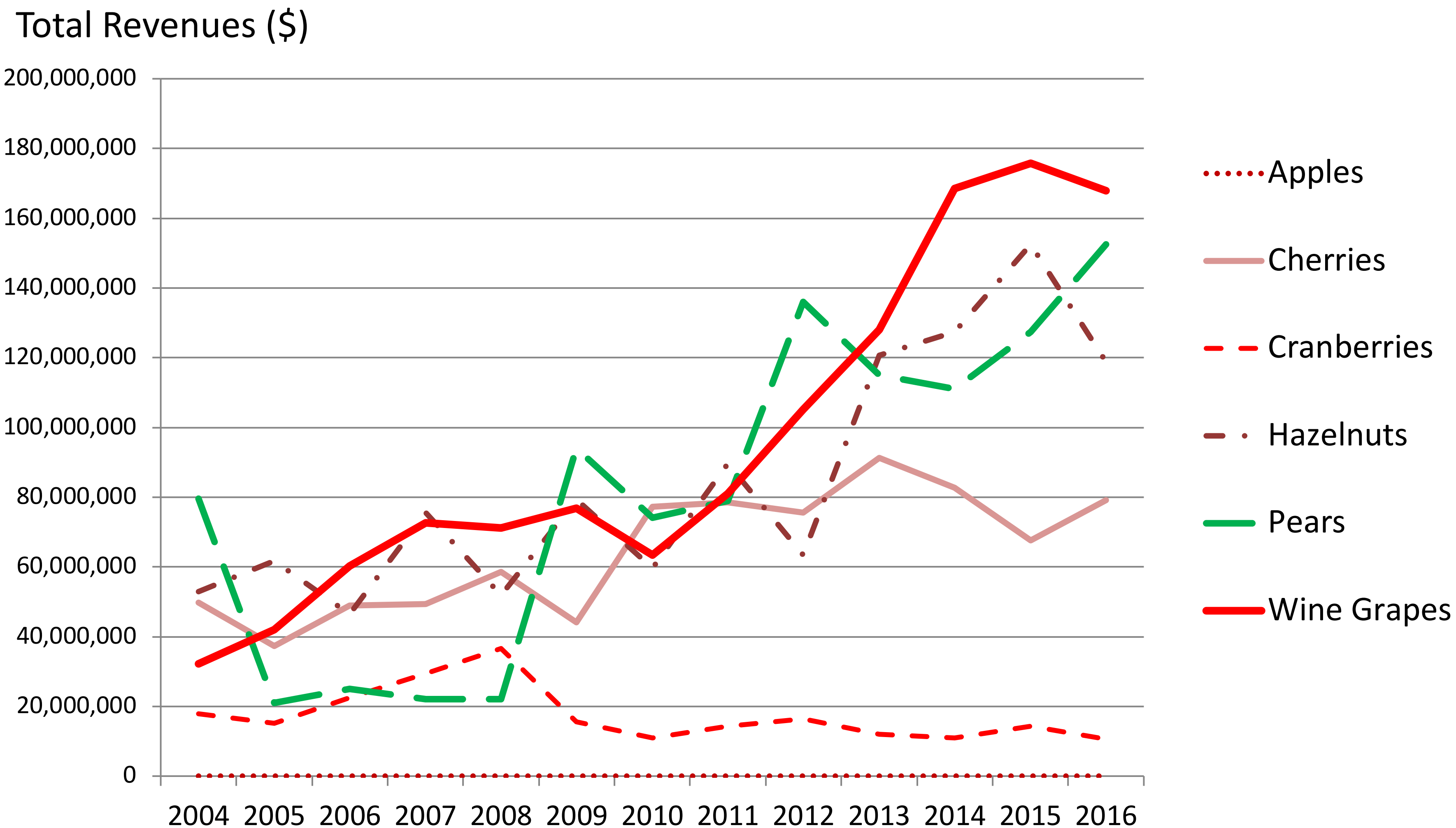
TRADING
UP

CH-CH-CH-CHANGES

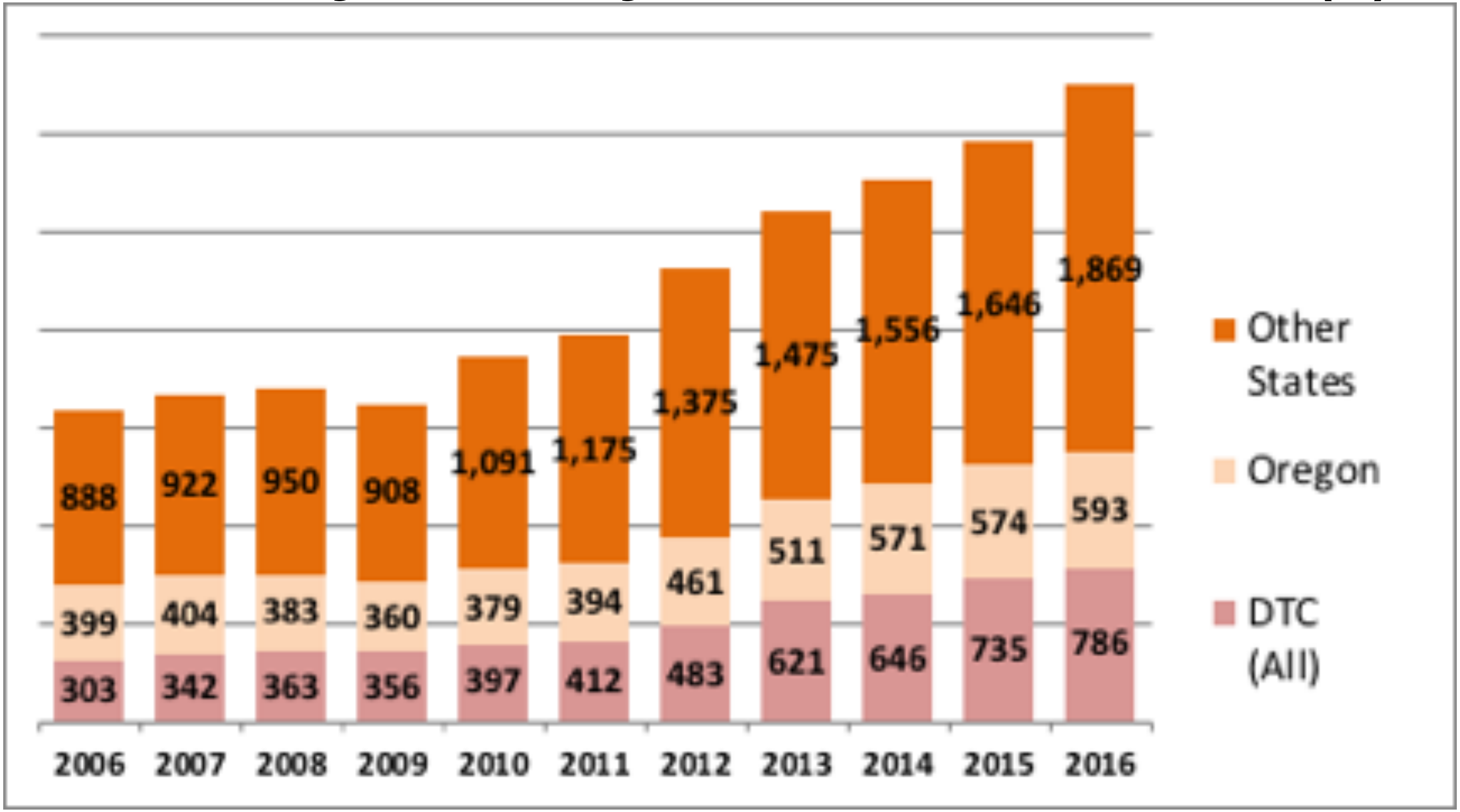
OREGON WINE PORTLAND SYMPOSIUM

Revenue Category	2013	2016	% Change
Winery Sales	$363M	$529M	46%
Wine exported from state*	$127M	$195M	**53%**
Wine sold Direct-to-Consumer	$197M	$286M	**45%**
Wine Grape Crop Value	$128M	$167M	**31%**
Wholesale revenues**	$463M	$516M	12%
Retail Sales (on/off premise)**	$887M	$1044M	18%
Wine-related Tourism	$295M	$787M	167%
Indirect/Supplier revenues	$449M	$1030M	**128%**
Induced revenue impact	$388M	$783M	101%

Wine Grapes & Other Fruit/Nuts



OR Winery sales by channel - 9L Cases (k)

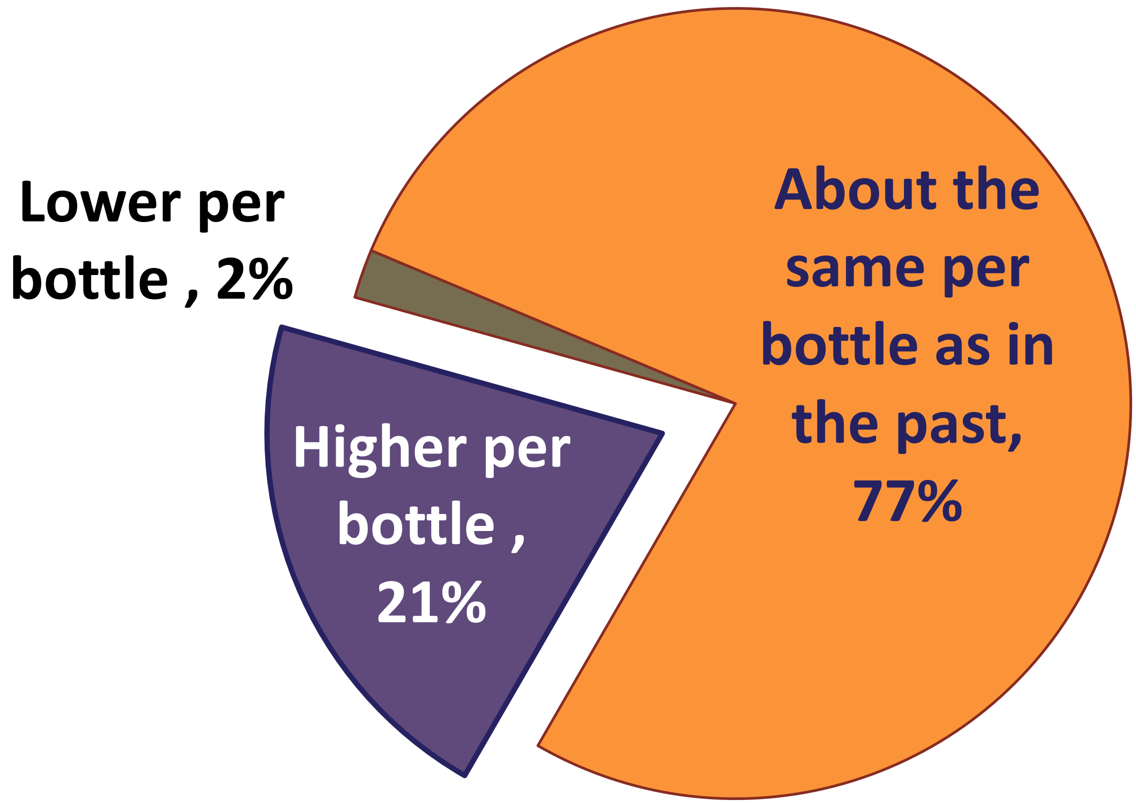


Source: OASS, Southern Oregon University Winery Report

WINE MARKET CONSUMER RESEARCH FUN FACTS

- WMC expanding scope and frequency of research
- Annual all-consumer and high frequency consumer studies contain huge database of demographics and key metrics on consumers
- Snapshot studies on topical issues: rosé, trading up, competition from other beverages, “green” consumers, canned wine, etc.
- All research available to members

“Premiumization”: Changes in Purchases Casual Drinking at Home



Source: Wine Market Council 2017

PREMIUMIZATION vs. DRINKING MORE among High Frequency Wine Drinkers

Change in overall wine consumption	Change in spending on casual wine purchases		
	Spending More	Spending Less	About the same
Drinking more wine	55%	44%	40%
Drinking about the same	43%	52%	57%
Drinking less wine	3%	4%	3%

Source: Wine Market Council 2017

OREGON WINE
PORTLAND
SYMPOSIUM

Sparkling Wine: A Glass Half Full

Sparkling Wine sales have soared:

❖ 5 years of double digit growth rates

❖ Highest share of total wine sales in over a decade

And yet…

❖ Only 44% of all wine drinkers drink sparkling wine

❖ Broadly true across spectrum from high frequency to occasional drinkers

❖ Those who do drink sparkling skew younger than table wine drinkers: 40% are millennials vs. 30% who are Baby Boomers

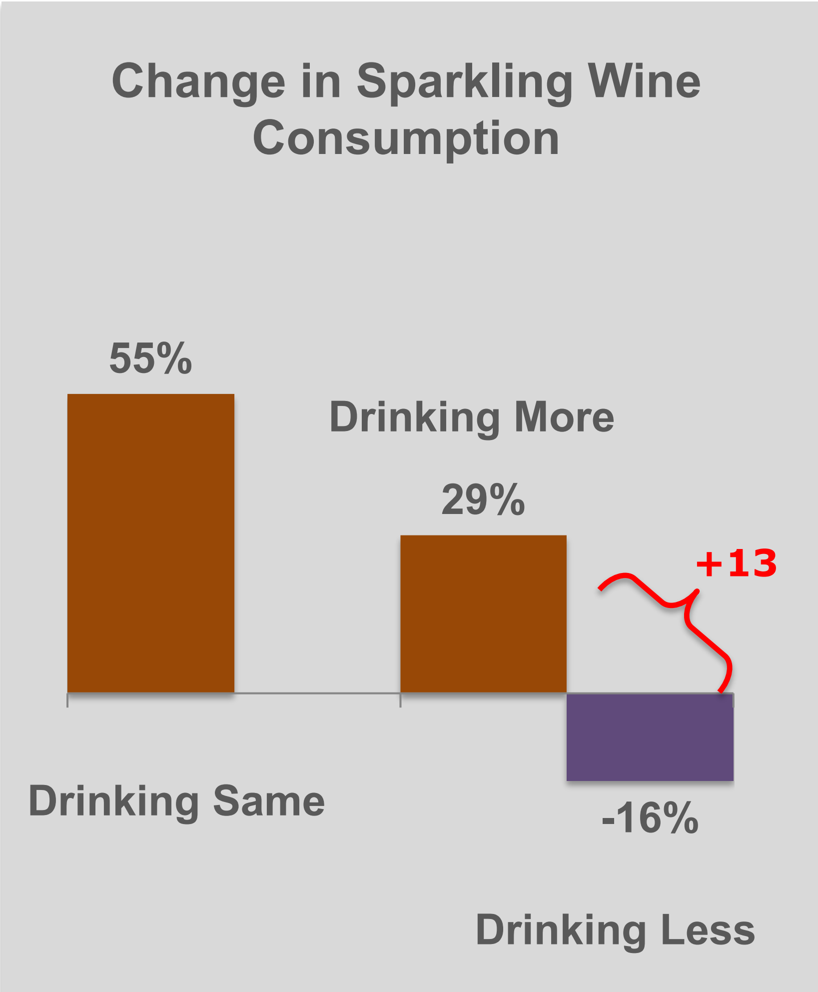
❖ High interaction with other drinks – 61% of sparkling wine drinkers drink beer, 65% drink spirits

A lot of opportunity!

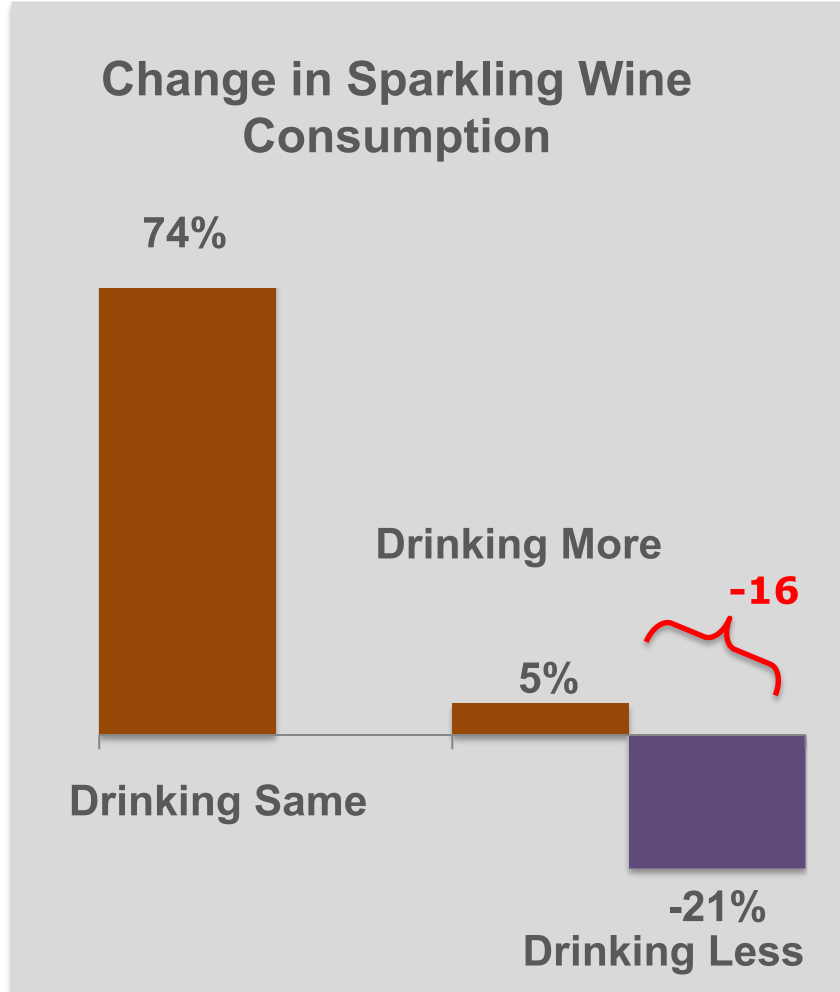
Source: Wine Market Council 2017

OREGON WINE PORTLAND SYMPOSIUM

Sparkling Wine: Interaction with Wine



High Frequency Wine Drinkers Who are Drinking more wine



High Frequency Wine Drinkers Drinking the same or less wine

Source: Wine Market Council 2017

OREGON WINE PORTLAND SYMPOSIUM

STATE OF THE INDUSTRY
economic and consumer update
2018

Christian Miller
Proprietor, Full Glass Research
cmm@fullglassresearch.com
@CMMwine