

# Oregon Wine Industry Forum

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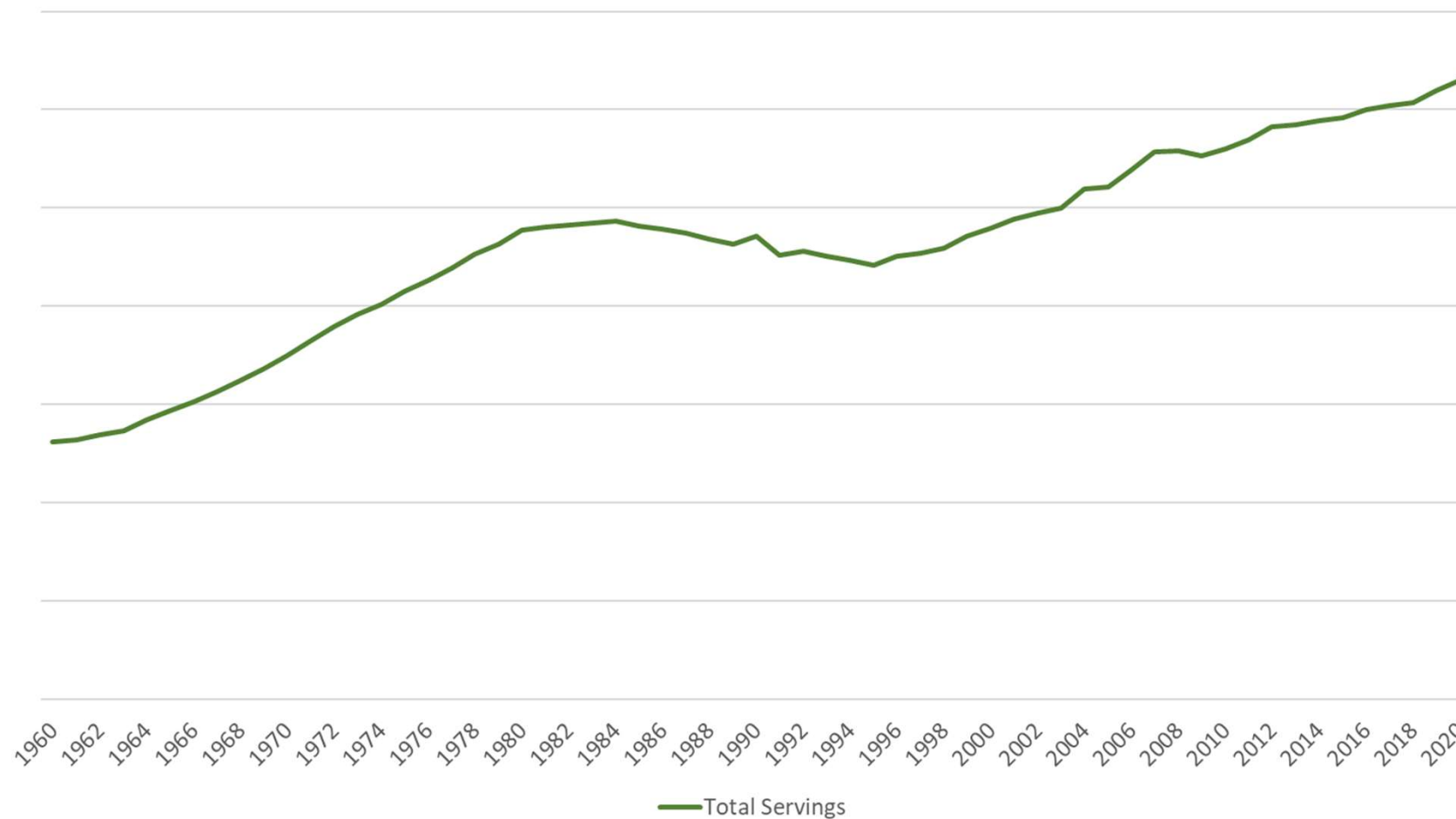
NOVEMBER 9, 2021



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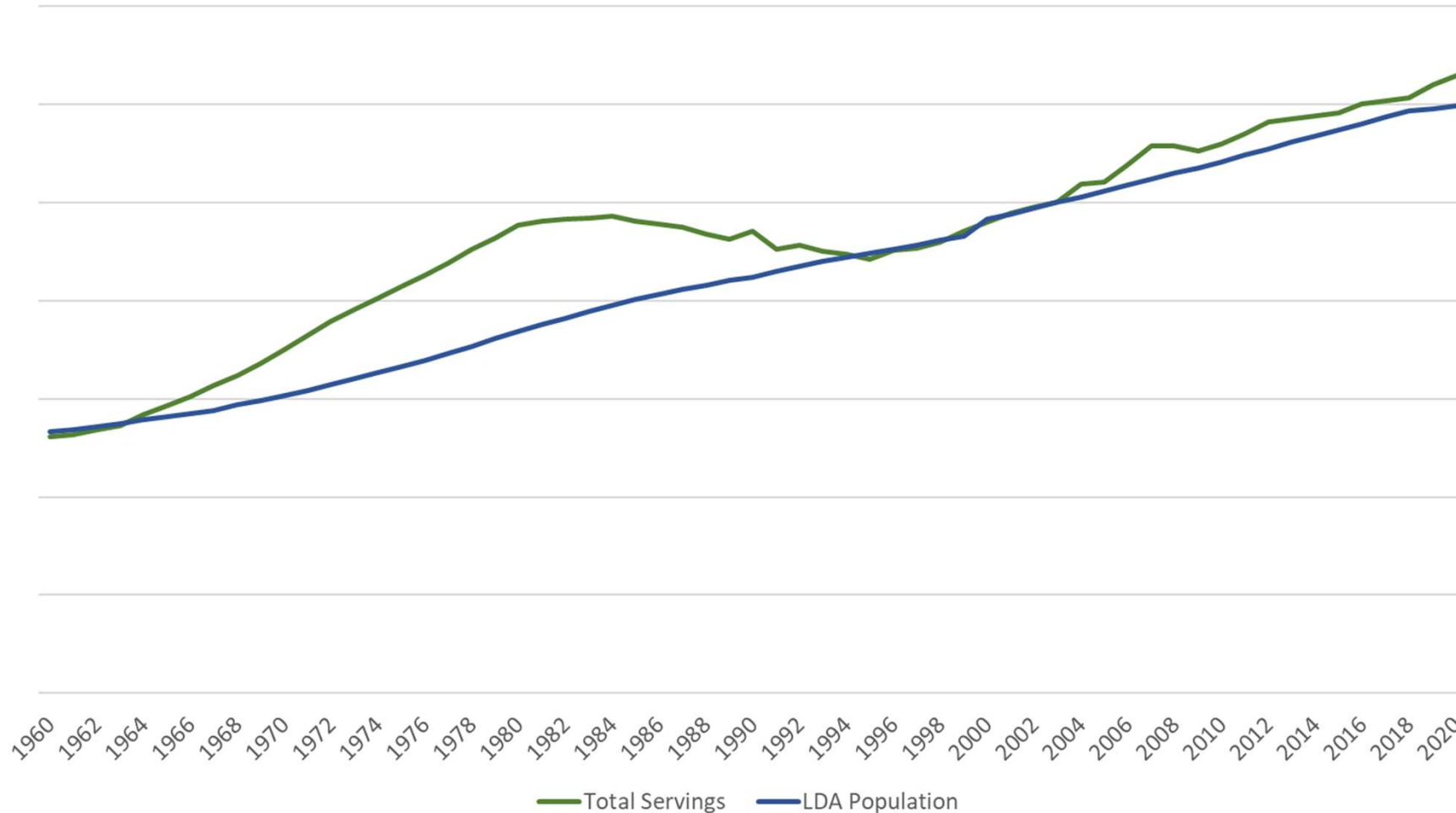


## US Beverage Alcohol



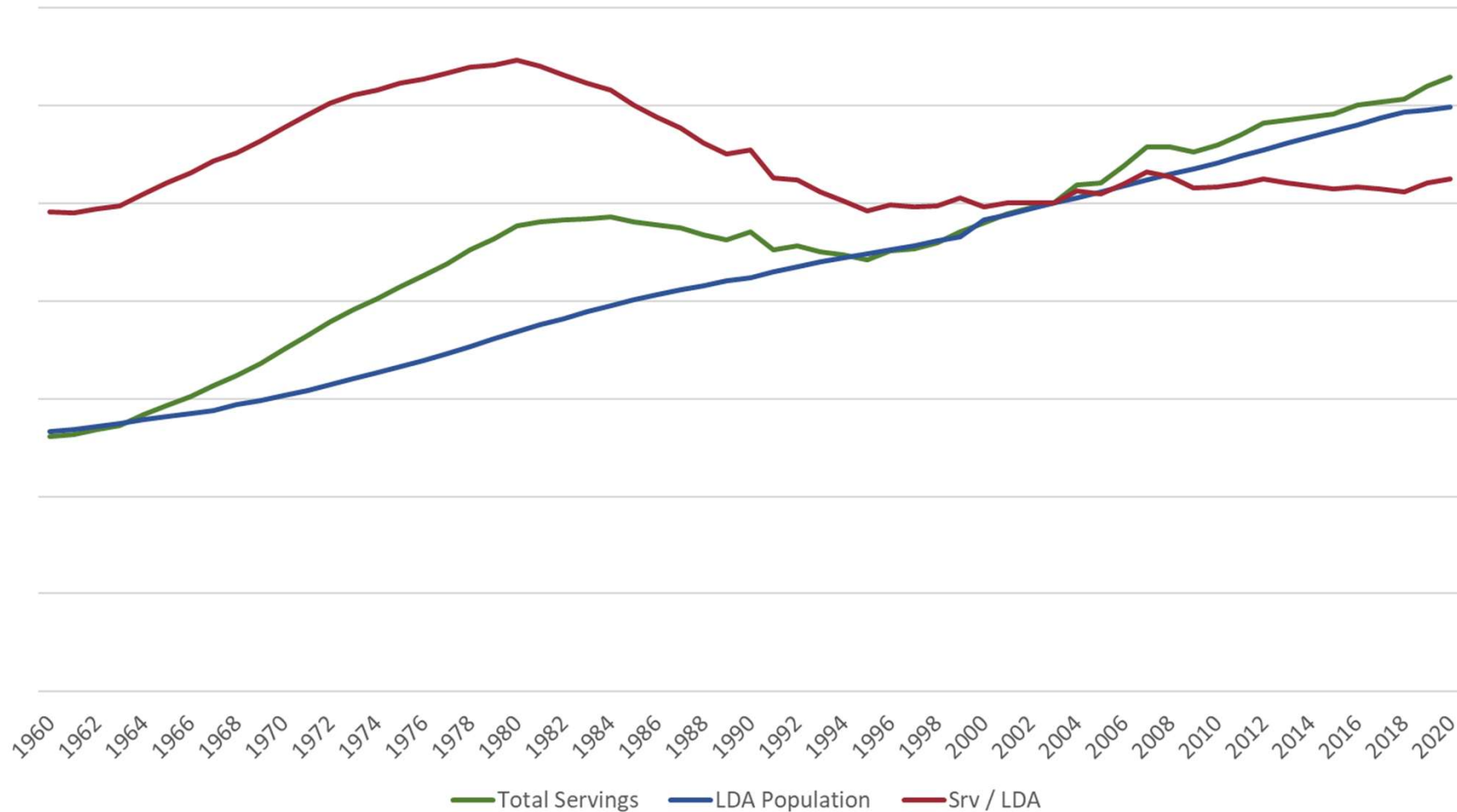
- Beverage Alcohol grew rapidly in the 60's & 70's
- Three Martini lunch and reduced drinking age
- 80's backlash to drunk driving and other societal issues.

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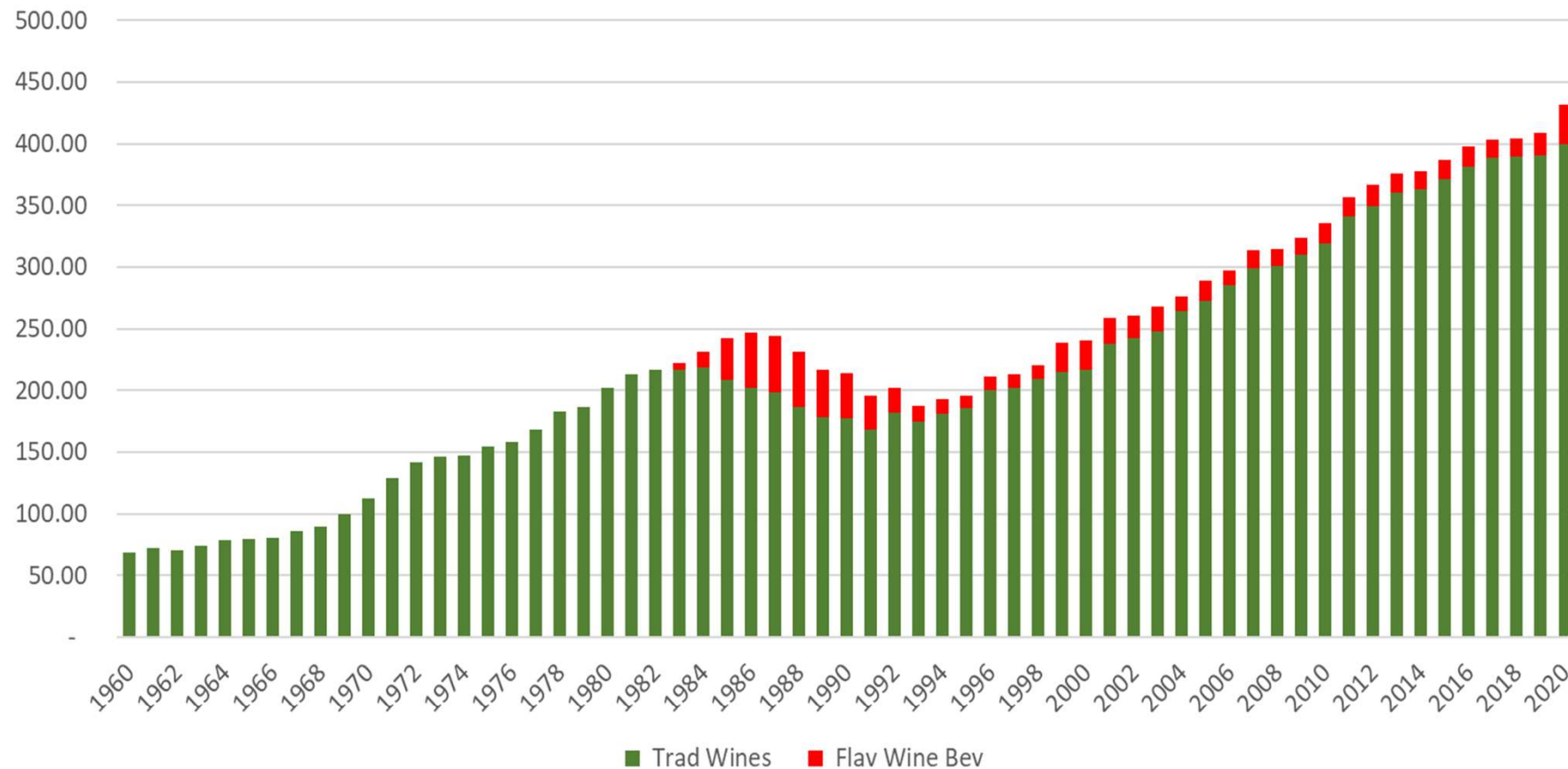
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- Since early 90's servings have been growing in line with LDA population.
- Growth for both has been 1.2% per year

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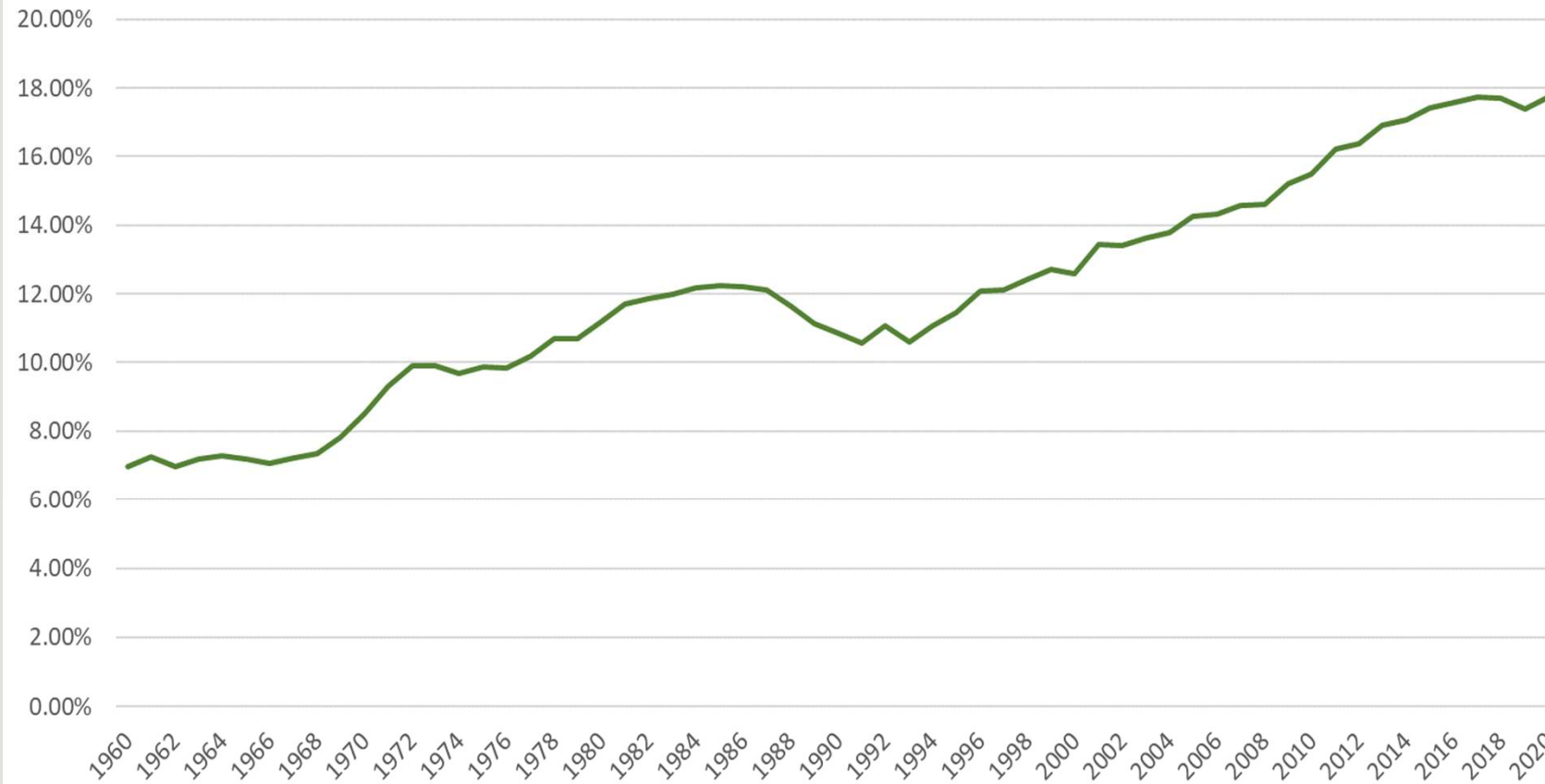
- Beverage Alcohol grew rapidly in the 60's & 70's
- Three Martini lunch and reduced drinking age
- 80's backlash to drunk driving and other societal issues.
- Since early 90's servings have been growing in line with LDA population
- Growth for both has been 1.2% per year
- This means per capita consumption has been flat for thirty years

## US Wine Market (9L Millions)



- From 1993 to 2016 wine grew at a 3.4% rate
- Since 2017 wine is growing in line with TBA

## Wine Share of TBA Servings



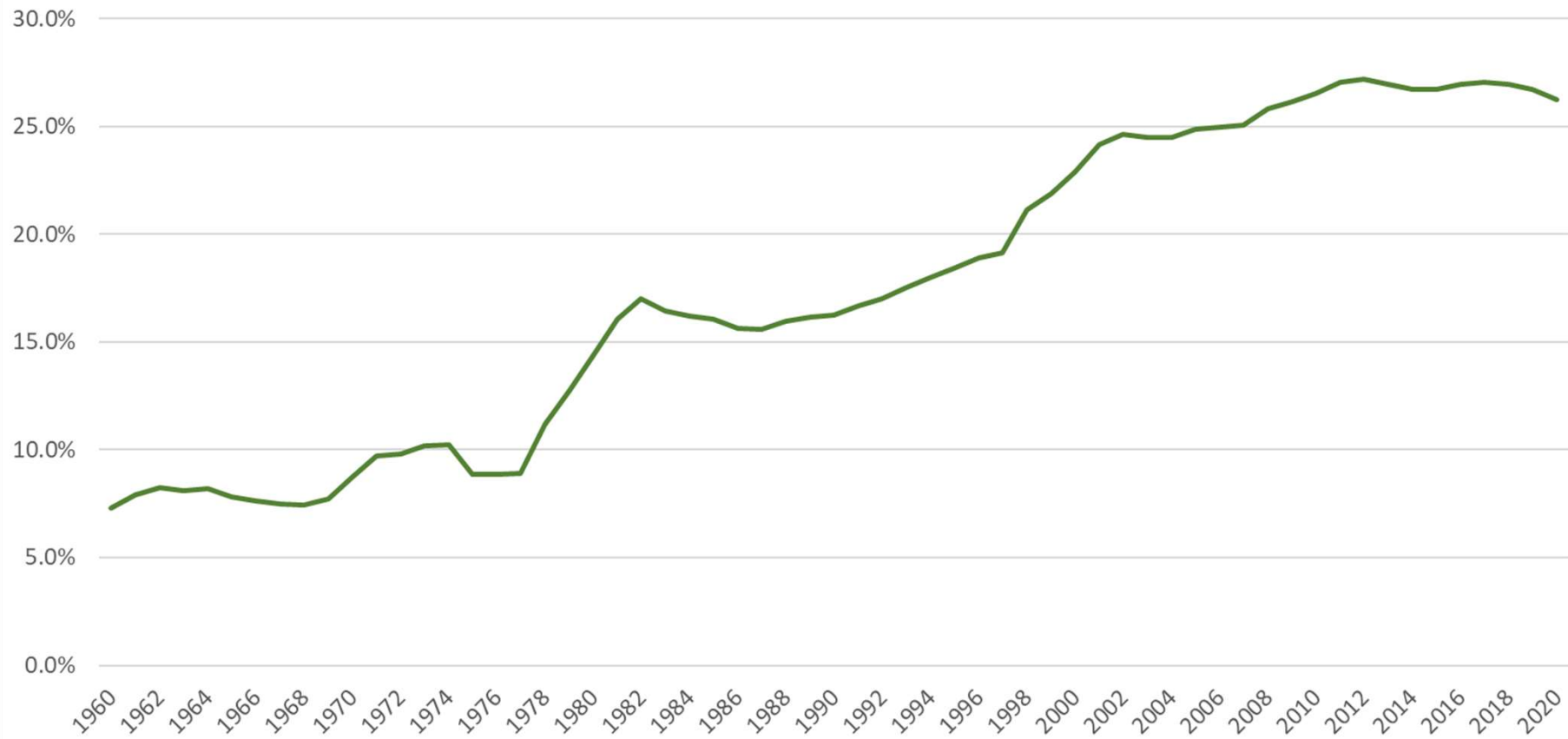
- Wine took share from 1993 to 2016
- Roughly from 10% to almost 18%

## Recent Independent Price Survey

| Class           | Brand / Item                       | Size    | Price | Ounces | Serving Size (Ounces) | Servings / Pack | Cost / Serving |
|-----------------|------------------------------------|---------|-------|--------|-----------------------|-----------------|----------------|
| Malt            | Average Retail Price               | 24 Pack | 30.45 | 288.00 | 12.0                  | 24.00           | 1.27           |
| Malt            | Modelo Especial                    | 12 Pack | 16.99 | 144.00 | 12.0                  | 12.00           | 1.42           |
| Malt            | White Claw                         | 12 Pack | 16.99 | 144.00 | 12.0                  | 12.00           | 1.42           |
| Malt - Value    | Pabst Blue Ribbon                  | 30 Pack | 19.99 | 360.00 | 12.0                  | 30.00           | 0.67           |
| Spirits         | Average Retail Price               | 750 ml  | 18.64 | 25.36  | 1.5                   | 16.91           | 1.10           |
| Spirits         | Jack Daniels                       | 750 ml  | 21.99 | 25.36  | 1.5                   | 16.91           | 1.30           |
| Spirits         | Tito's                             | 750 ml  | 19.99 | 25.36  | 1.5                   | 16.91           | 1.18           |
| Spirits         | Jack Daniels                       | 1.75 L  | 39.99 | 59.17  | 1.5                   | 39.45           | 1.01           |
| Spirits         | Tito's                             | 1.75 L  | 29.99 | 59.17  | 1.5                   | 39.45           | 0.76           |
| Spirits - Value | Popov                              | 1.75 L  | 13.99 | 59.17  | 1.5                   | 39.45           | 0.35           |
| Wine            | Average Retail Price               | 750 ml  | 11.28 | 25.36  | 5.0                   | 5.07            | 2.22           |
| Wine            | La Marca Prosecco                  | 750 ml  | 13.99 | 25.36  | 5.0                   | 5.07            | 2.76           |
| Wine            | Kendall Jackson Chardonnay         | 750 ml  | 11.99 | 25.36  | 5.0                   | 5.07            | 2.36           |
| Wine            | Josh Cab Sauv                      | 750 ml  | 11.99 | 25.36  | 5.0                   | 5.07            | 2.36           |
| Wine            | Bota Box Cab Sauv                  | 3.0 L   | 18.99 | 101.44 | 5.0                   | 20.29           | 0.94           |
| Wine - Value    | Franzia White Wine                 | 5.0 L   | 14.99 | 169.07 | 5.0                   | 33.81           | 0.44           |
|                 | Average Beer/Wine/ Spirits Serving |         |       |        |                       |                 | 1.31           |

- Wine has done very well premiumizing.
- However this puts wine at a disadvantage from a price competition standpoint.

## Wine Share of TBA Consumer Spending



- Wine accounts for 18% of TBA volume.
- Wine accounts for 26% of TBA consumer spending



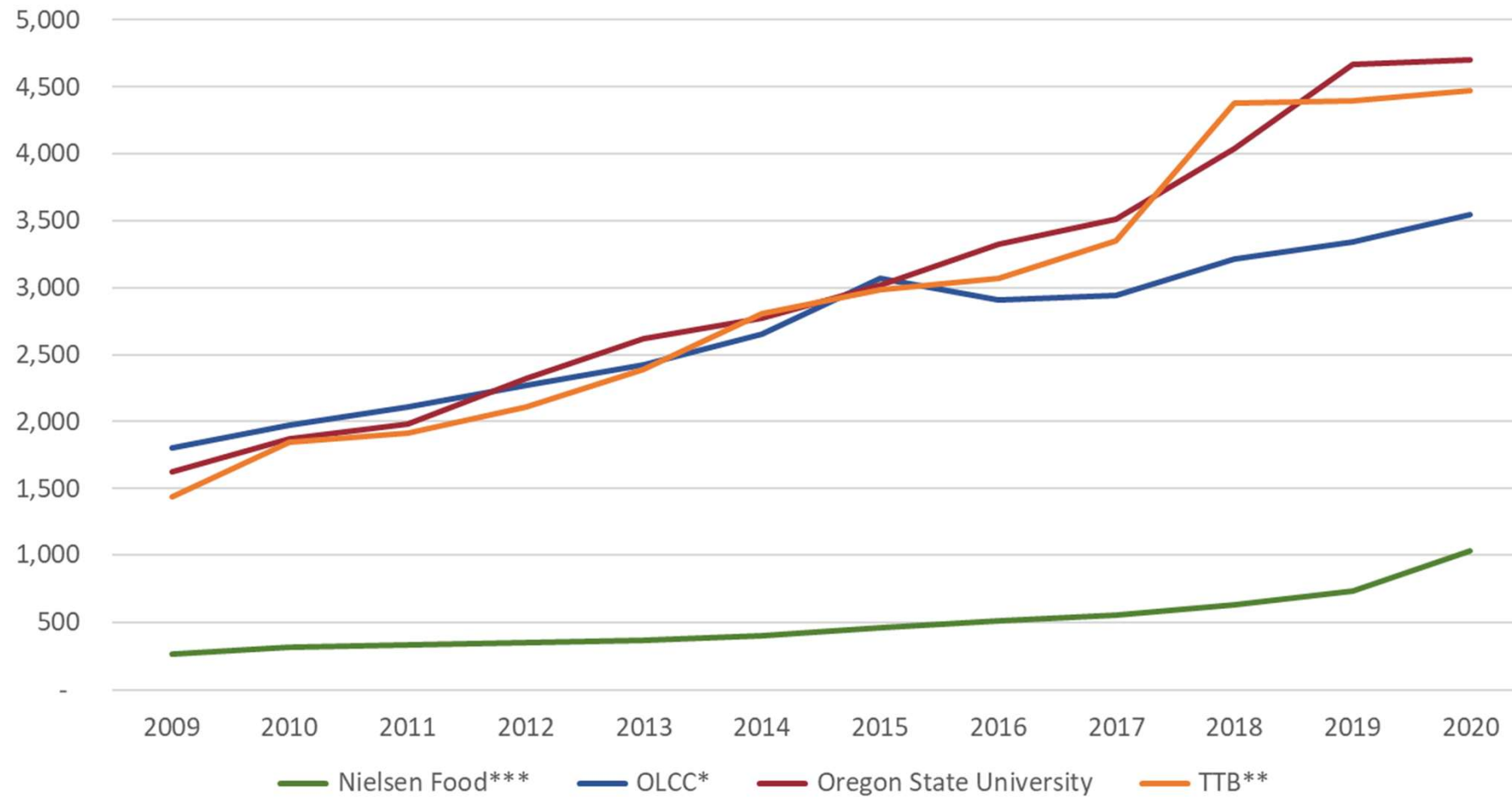
## 2019 Wine Market Volume & Values

|   | 9L cases<br>(Millions) | Consumer<br>Spend USD<br>(Billions) \$ / 750 ml eqv. | Supplier Rev.<br>USD (Billions) |             |
|---|------------------------|--|---------------------------------|-------------|
| <b>Domestic</b>                                 |                        |  |                                 |             |
| Nielsen Food                                    | 75.7                   | 6.9  | 7.57                            | 3.7         |
| Nielsen Other est.                              | 69.2                   | 5.6  | 6.75                            | 3.0         |
| Other Off Premise                               | 85.2                   | 12.4   | 12.13                           | 6.2         |
| On premise est.                                 | 49.3                   | 18.2   | 30.68                           | 2.9         |
| Winery DTC                                      | 6.6                    | 3.2  | 40.71                           | 3.2         |
| Winery Cellar Door                              | 13.9                   | 4.8  | 29.05                           | 4.8         |
| <b>Total Domestic</b>                           | <b>299.9</b>           | <b>51.1</b>  | <b>14.20</b>                    | <b>23.9</b> |
| <b>Imports Packaged</b>                         |                        |  |                                 |             |
| Nielsen Food                                    | 18.0                   | 2.1  | 9.93                            | 1.2         |
| Nielsen Other est.                              | 20.0                   | 2.6  | 10.74                           | 1.4         |
| Other Off Premise                               | 51.2                   | 10.3   | 16.80                           | 5.2         |
| On premise est.                                 | 17.7                   | 8.3  | 39.19                           | 1.3         |
| <b>Total Imports</b>                            | <b>106.9</b>           | <b>23.4</b>  | <b>18.22</b>                    | <b>9.0</b>  |
| <b>Totals</b>                                   | <b>406.8</b>           | <b>74.5</b>  | <b>15.26</b>                    | <b>33.0</b> |
| Domestic includes imported bulk. Excludes Cider |                        |  |                                 |             |
| Winery DTC & Cellar Door                        | 20.50                  | 8.07   |                                 | 8.07        |
| Share of Domestic                               | 7%                     | 16%  |                                 | 34%         |

## 2020 Wine Market Volume & Values

|   | 9L cases<br>(Millions) | Consumer<br>Spend USD<br>(Billions) \$ / 750 ml eqv. | Supplier Rev.<br>USD (Billions) |             |
|---|------------------------|--|---------------------------------|-------------|
| <b>Domestic</b>                                 |                        |  |                                 |             |
| Nielsen Food                                    | 85.6                   | 7.9  | 7.74                            | 4.3         |
| Nielsen Other est.                              | 75.0                   | 6.4  | 7.09                            | 3.4         |
| Other Off Premise                               | 108.4                  | 15.8   | 12.13                           | 7.9         |
| On premise est.                                 | 26.5                   | 10.2   | 31.99                           | 1.6         |
| Winery DTC                                      | 8.1                    | 3.7  | 37.73                           | 3.7         |
| Winery Cellar Door                              | 8.2                    | 2.9  | 29.32                           | 2.9         |
| <b>Total Domestic</b>                           | <b>311.8</b>           | <b>46.8</b>  | <b>12.52</b>                    | <b>23.8</b> |
| <b>Imports Packaged</b>                         |                        |  |                                 |             |
| Nielsen Food                                    | 21.1                   | 2.6  | 10.23                           | 1.4         |
| Nielsen Other est.                              | 23.3                   | 3.2  | 11.39                           | 1.7         |
| Other Off Premise                               | 68.0                   | 10.3   | 12.56                           | 5.1         |
| On premise est.                                 | 10.7                   | 4.4  | 34.66                           | 0.7         |
| <b>Total Imports</b>                            | <b>123.0</b>           | <b>20.5</b>  | <b>13.86</b>                    | <b>9.0</b>  |
| <b>Totals</b>                                   | <b>434.8</b>           | <b>67.3</b>  | <b>12.90</b>                    | <b>32.8</b> |
| Domestic includes imported bulk. Excludes Cider |                        |  |                                 |             |
|   | 16.37                  | 6.58   |                                 | 6.58        |
|   | 5%                     | 14%  |                                 | 28%         |

## Reported OR Wine Shipments (9L-000)



- Bill Clinton and James Carville - 1996
  - IT'S THE ECONOMY STUPID
- The Wine Industry - Today
  - IT'S MARKET SHARE STUPID

# Market Share

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- Total Beverage Alcohol of All Beverages
- Wines share of Beverage Alcohol
- Domestic Wine vs. Imports
- Oregon vs. Other Domestic Wines
- Geographies within Oregon
- One Winery vs. Another
- Direct sales to consumers are critical for most wineries.
- Oregon Wine Country tourism infrastructure