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Silicon Valley Bank

Trends For US Wine – 2018

Oregon

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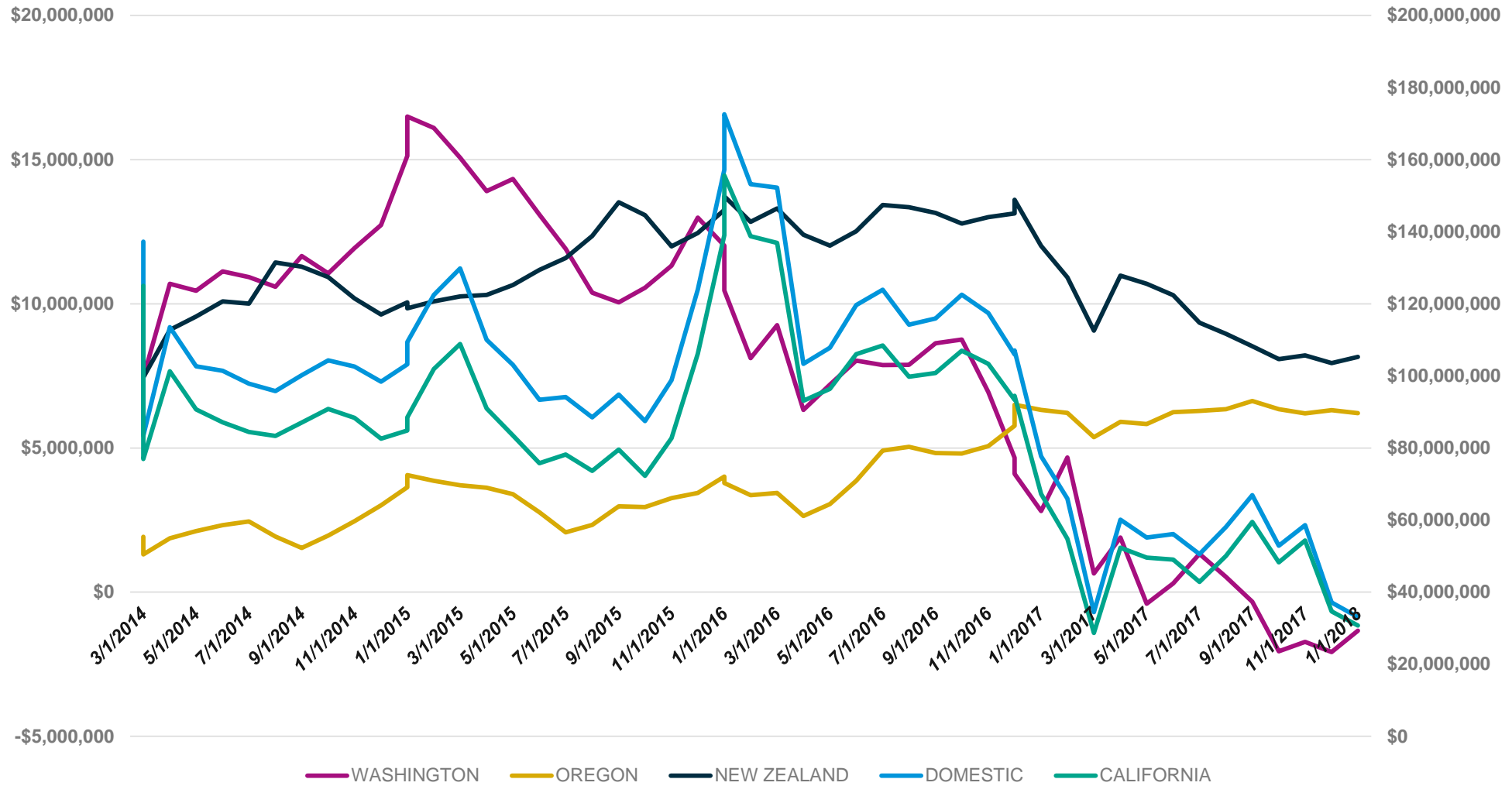




Oregon

Oregon Consistently Showing the Best Growth of Any Region!

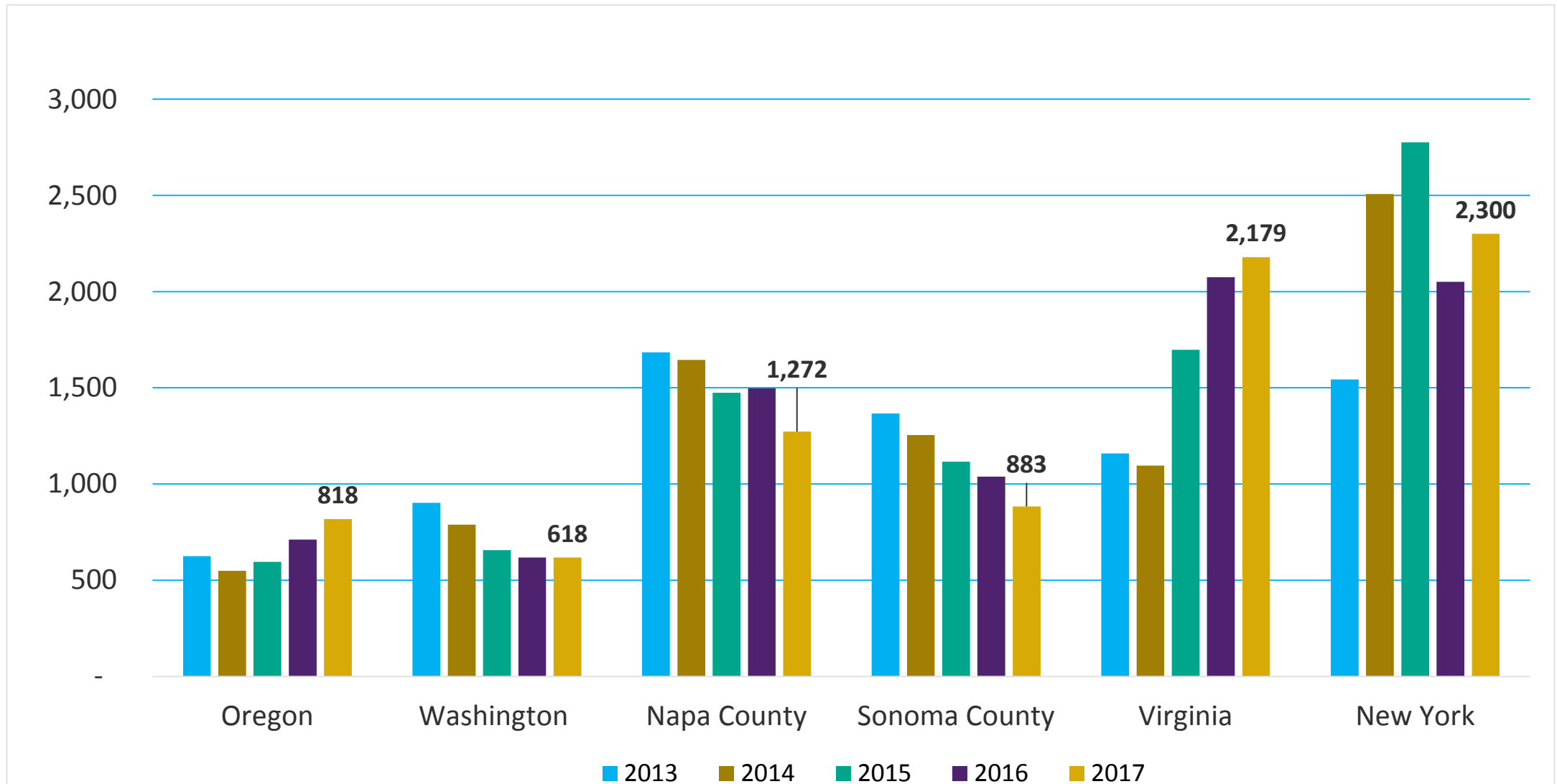
Time to Relax!!



Nielsen Beverage

Monthly Tasting Room Visitor Counts Rising in Oregon

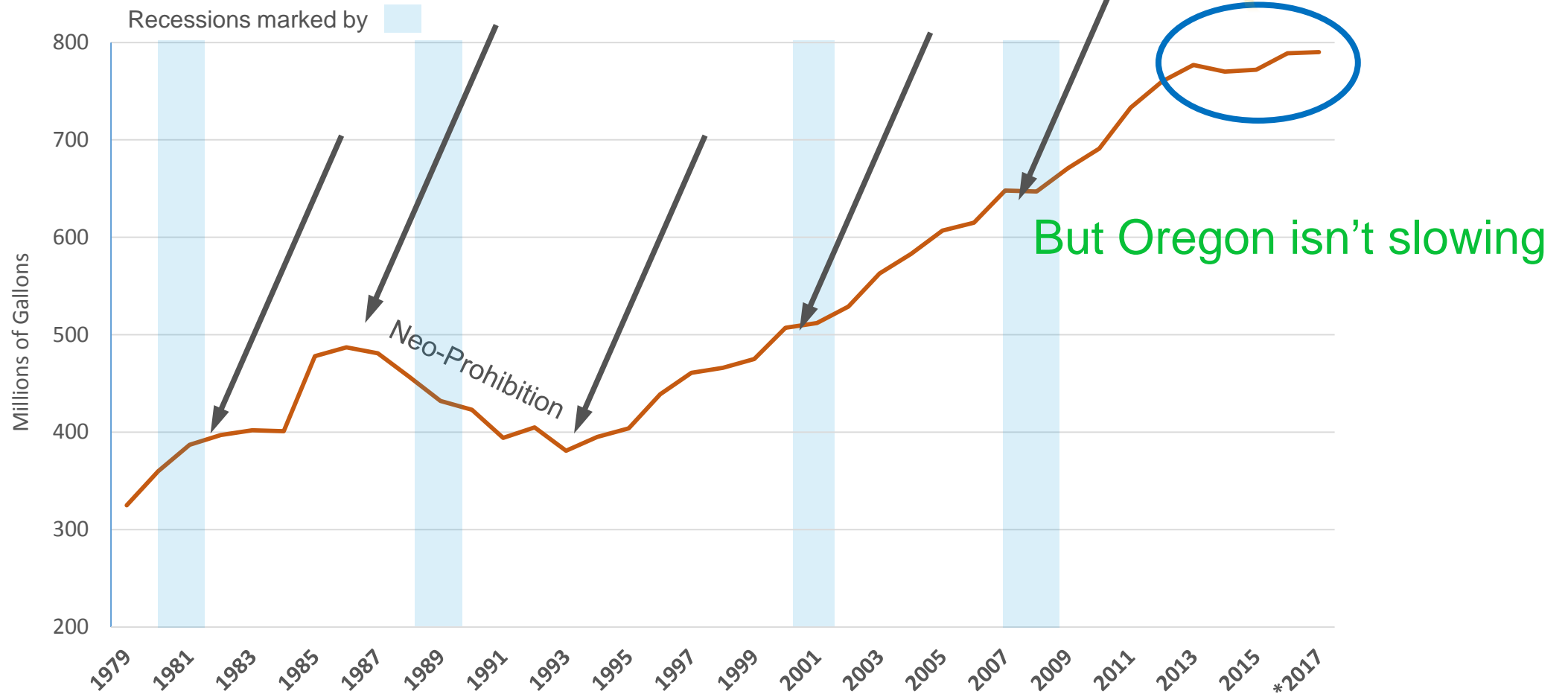
Tourism Up. What's to Worry About?



Source: Silicon Valley Bank, DtC Surveys, 2013-2017

The Search for Kryptonite

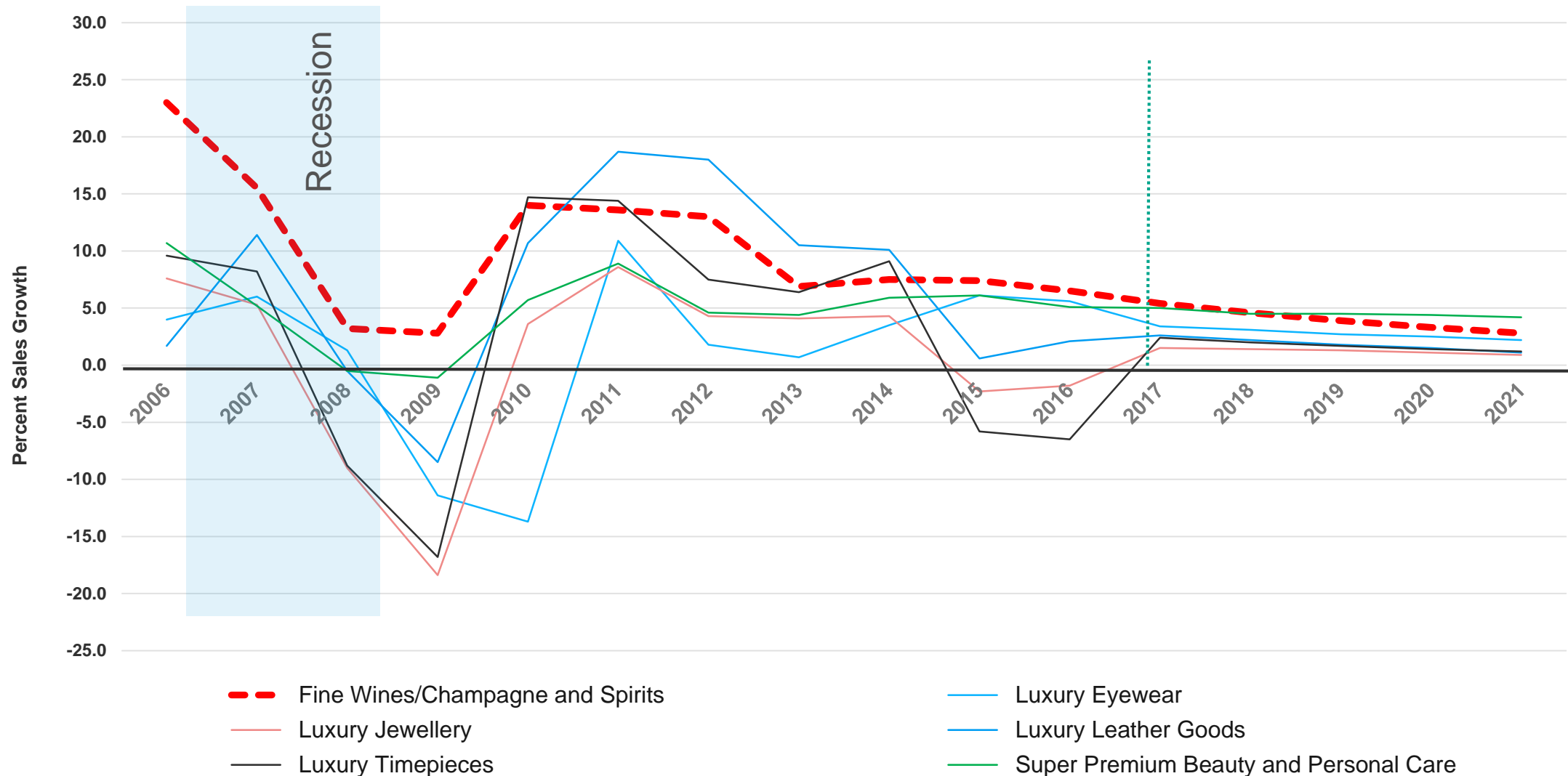
US Wine Consumption Is Slowing After 20 Year Run



Source: CA Wine Institute

US Luxury Sales Growth Rate is Near Zero

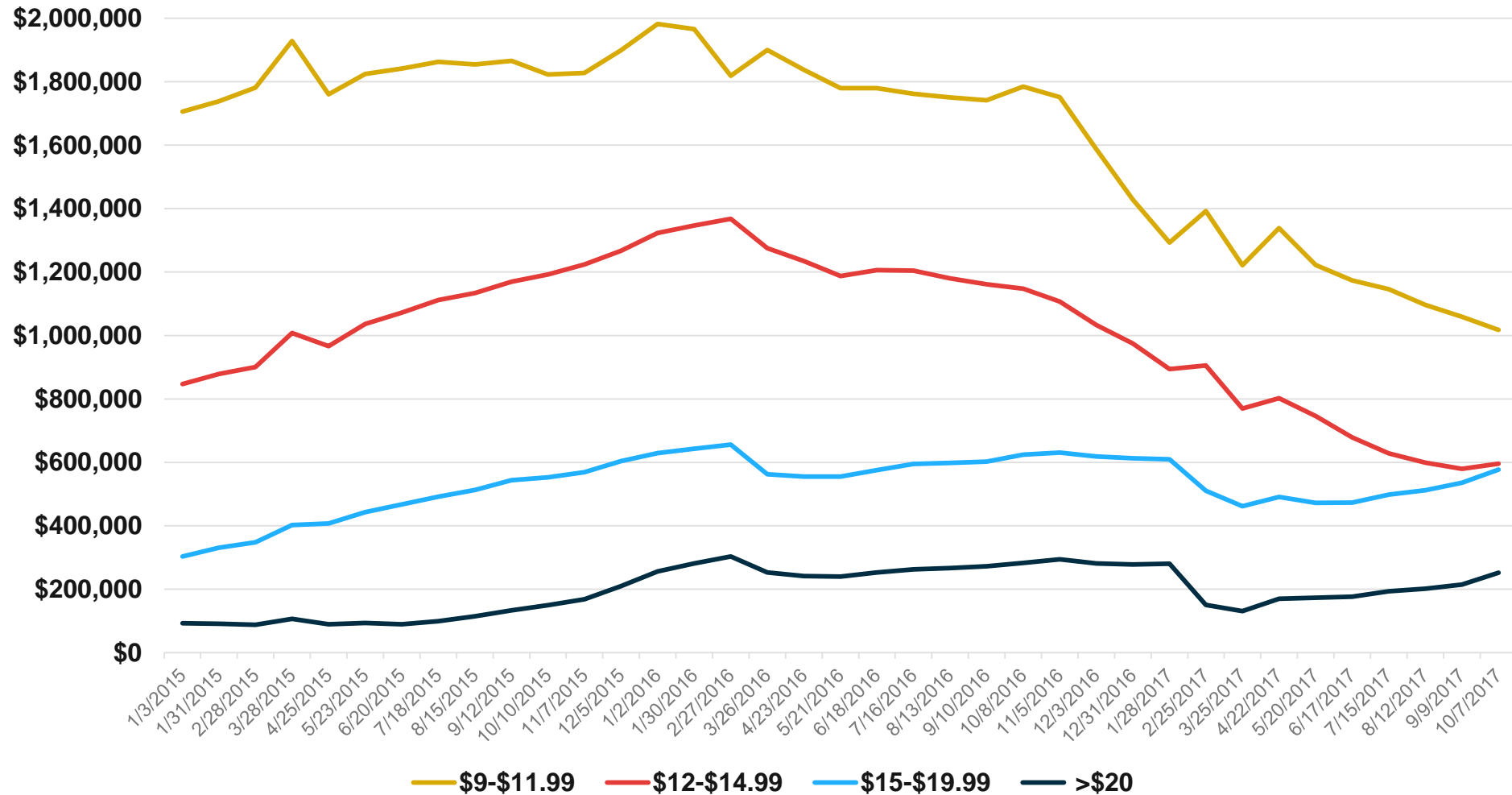
There is Kryptonite Somewhere



Source: Euromonitor International, Passport, Dec 2017

Sales Growth Above \$9.00 Slowing In US

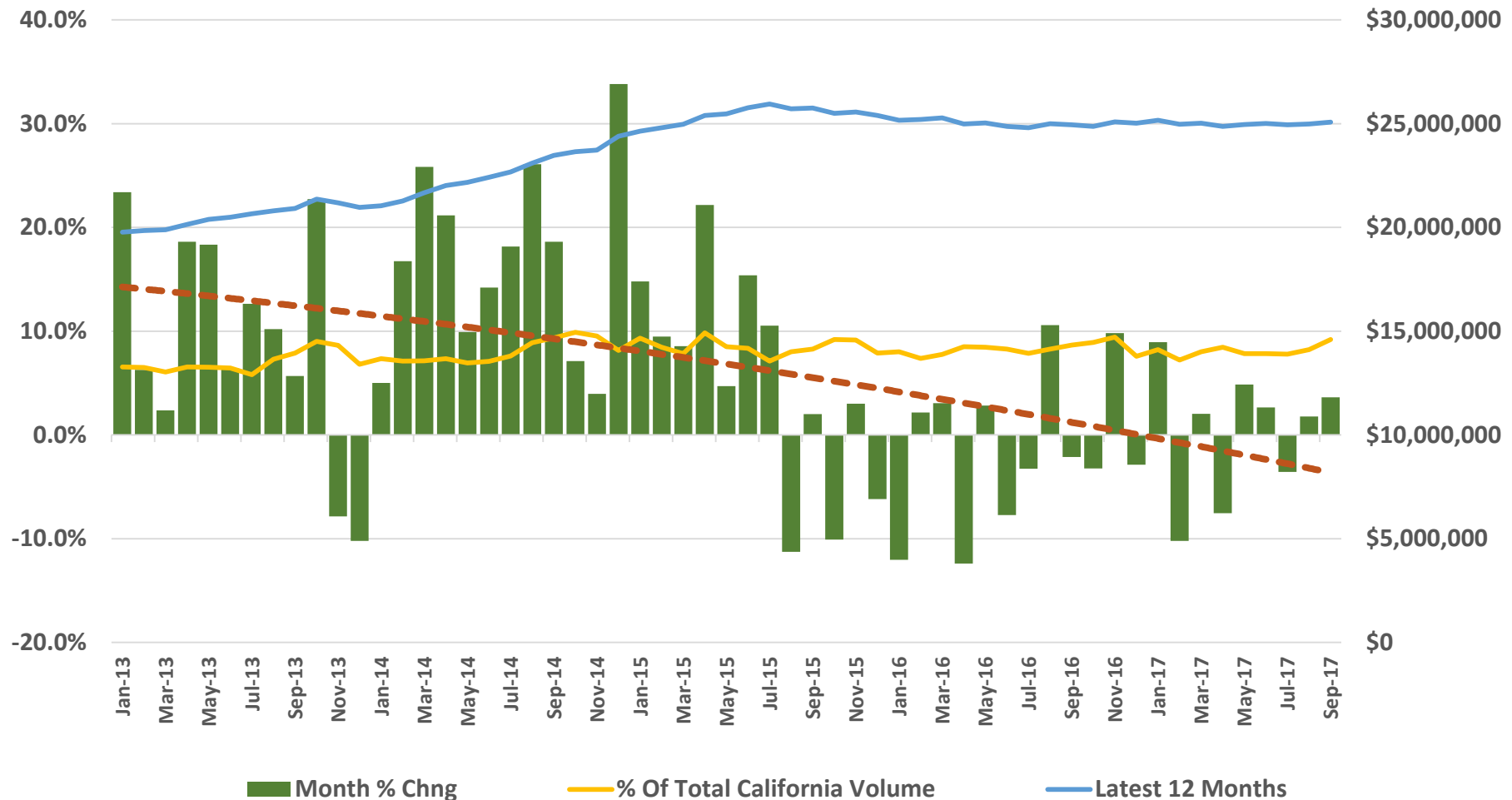
\$15+ and \$20+ Showing Recent Growth



Source: Nielsen Beverage

Warehouse Shipment Trends

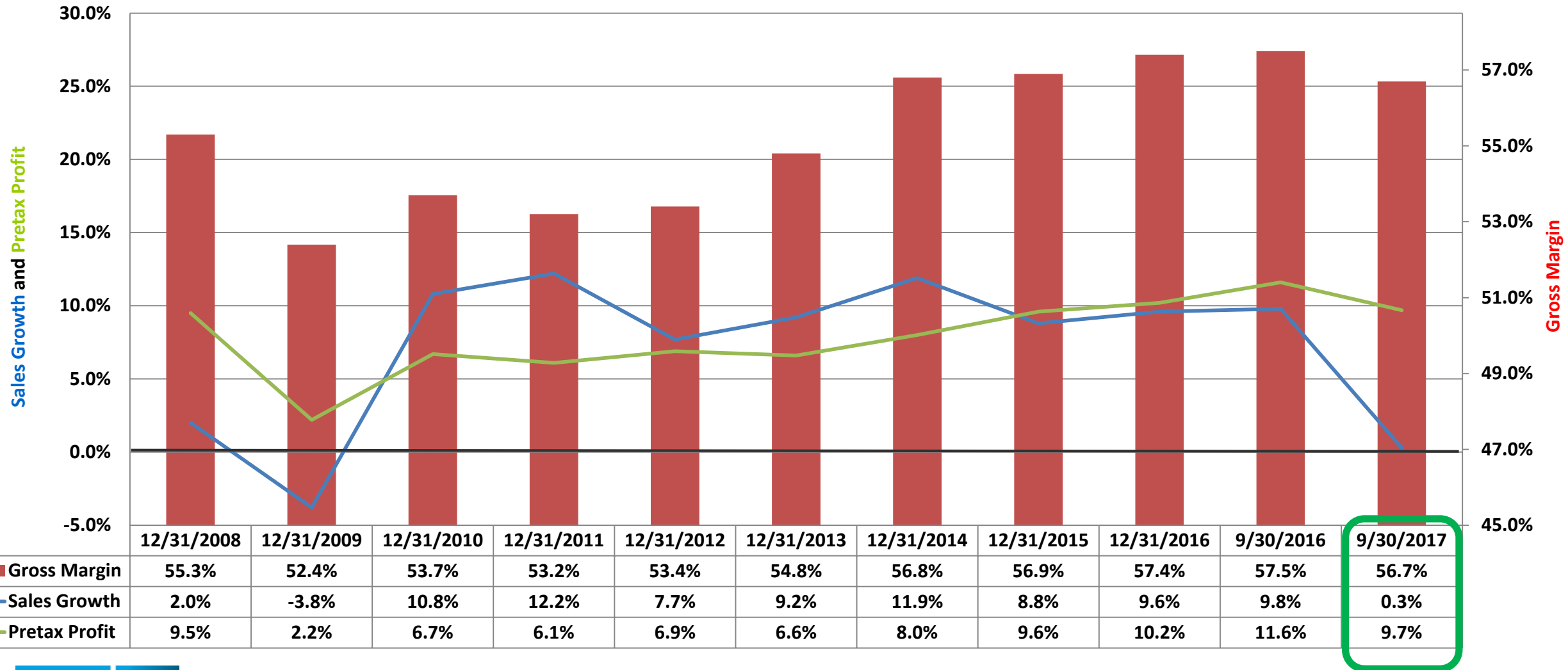
January 2013 to September 2017



Source: Gomberg-Fredrickson, BW166

Income Statement Trends & Benchmarks

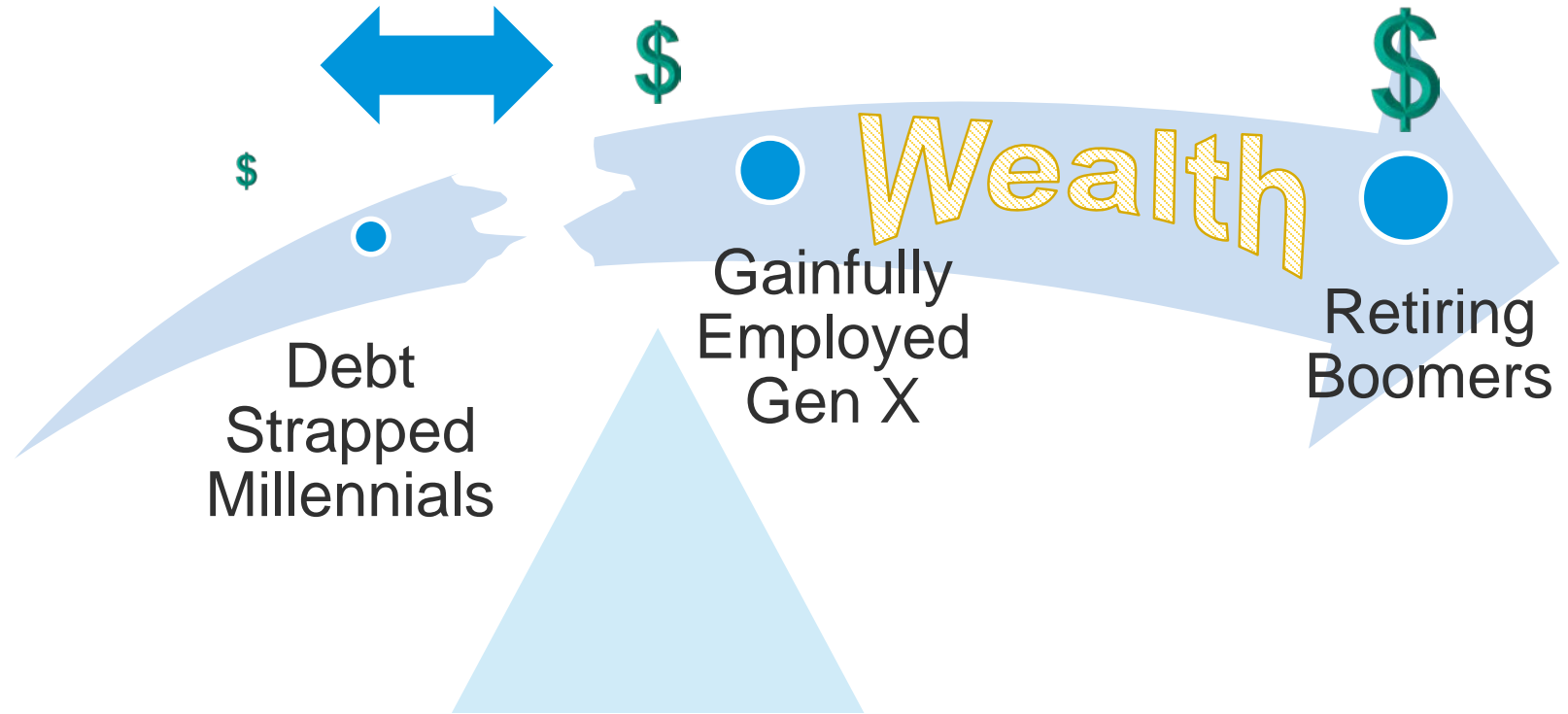
2008 - 2017



Source: Silicon Valley Bank Peer Group Analysis Data Base

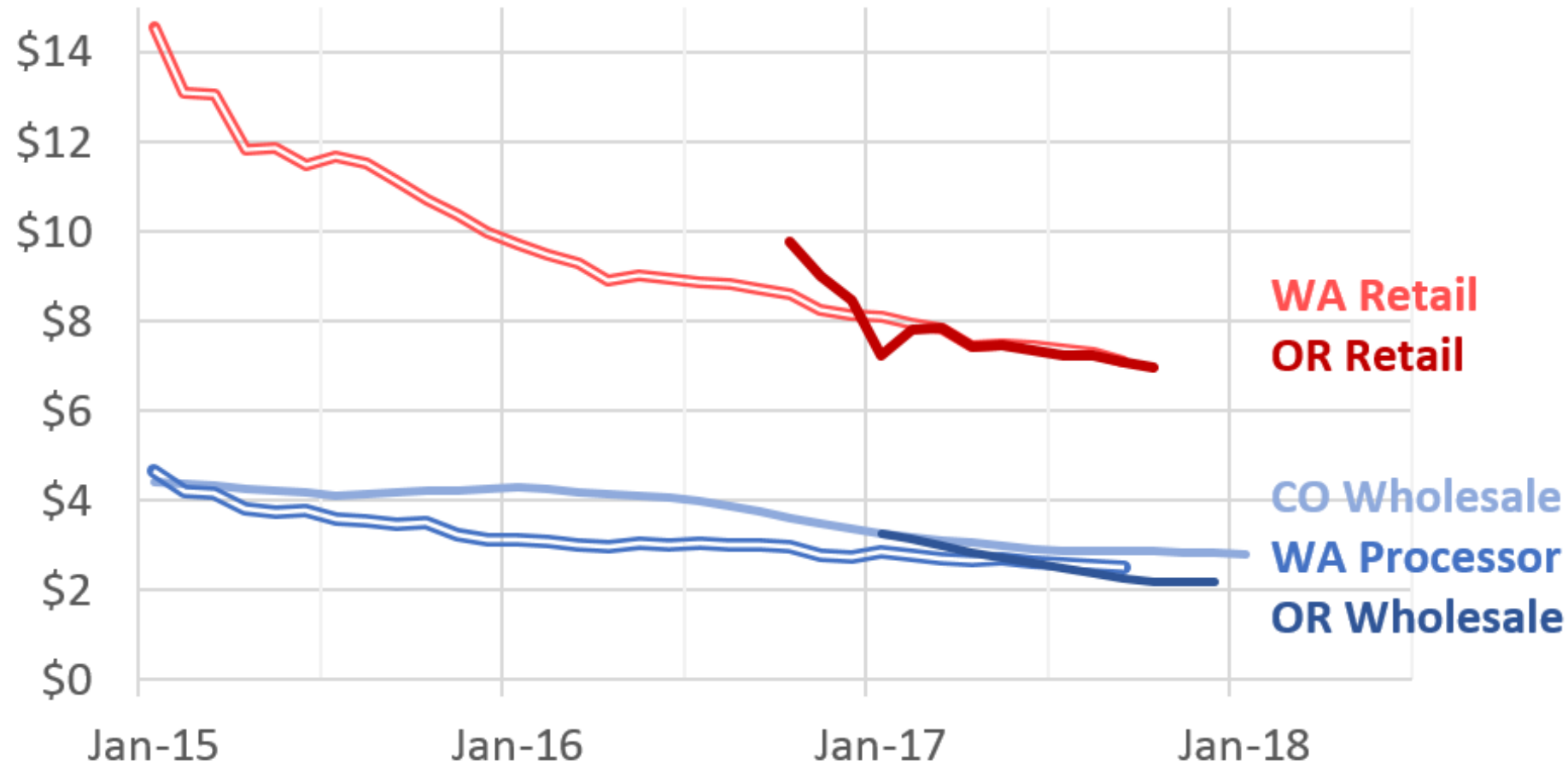
Indulgence Gap – *Kryptonite?*

10K Boomers Replaced by 10K Millennials Daily



Declining Price in Legalized Marijuana – Kryptonite?

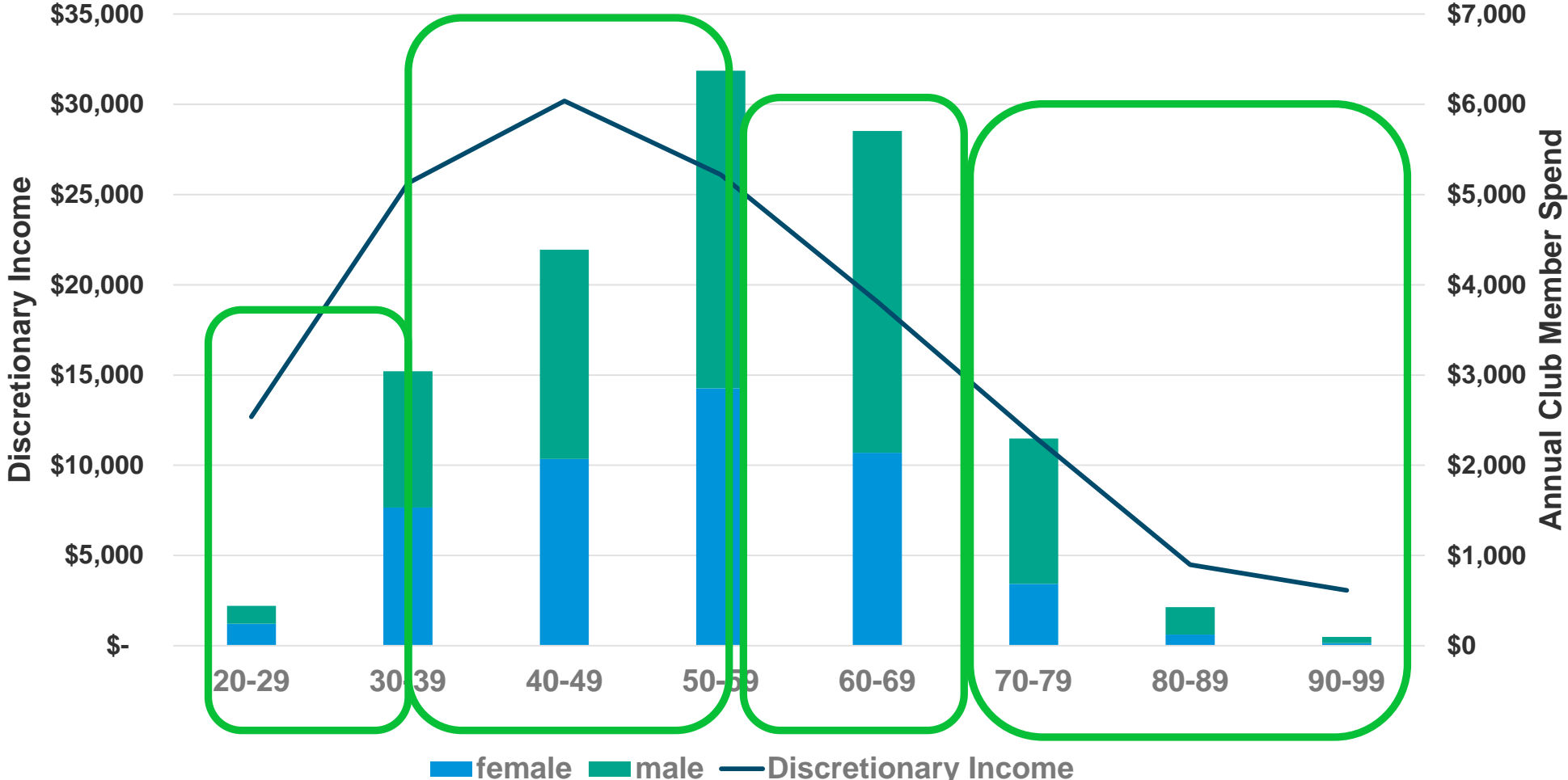
\$200 per ounce!



Source: CO Dept of Revenue, Portland Business Journal, WA Econ and Rev Forecast Council, OLCC, Oregon Office of Economic Analysis

Club Spending By Age vs Discretionary Income

Thirty-five to Fifty-five is the Dominant Cohortbut long spending tail

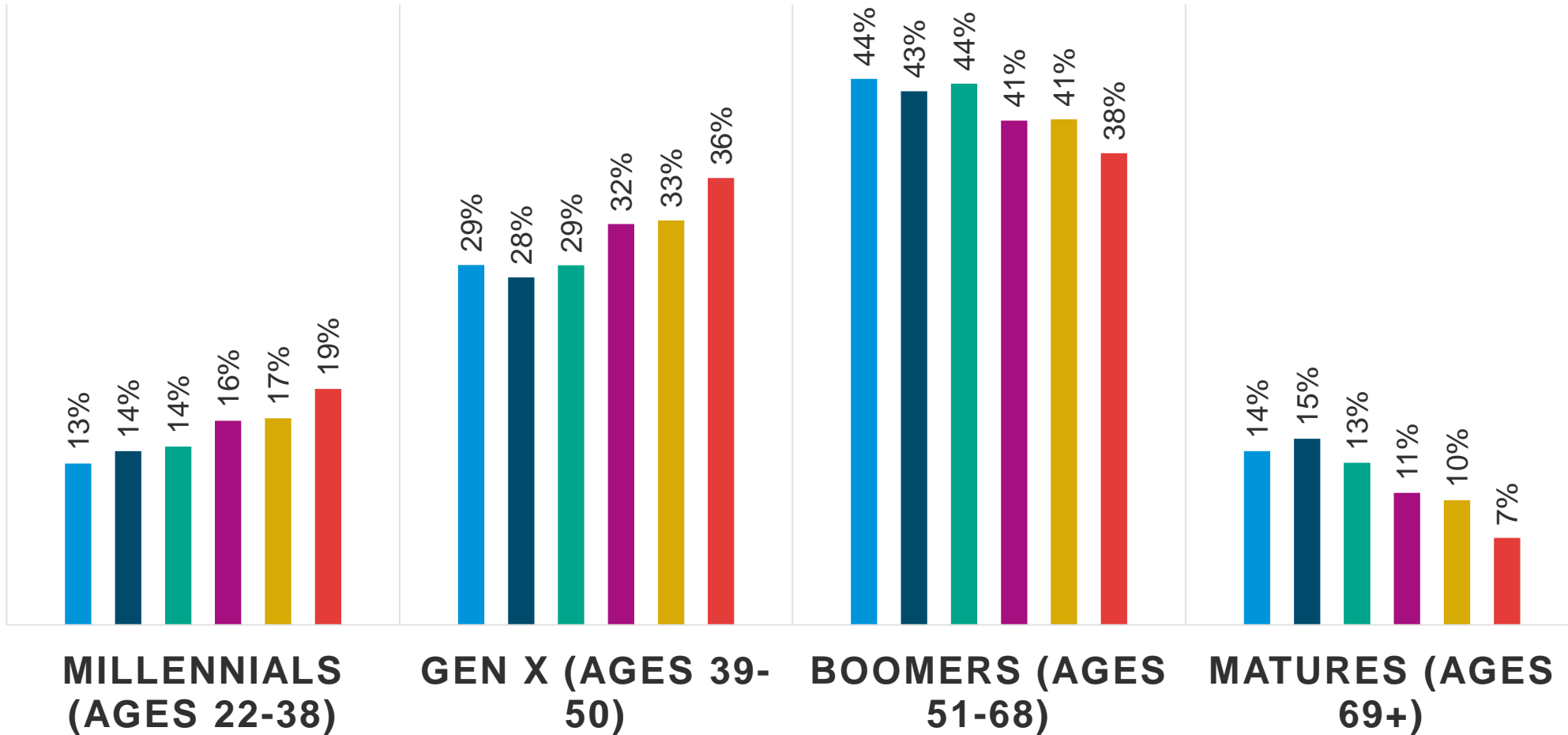


Source: Customer Vineyards, Census Bureau

Cohorts Share of Winery Sales

Gen X Will Take over from Boomers by 2021

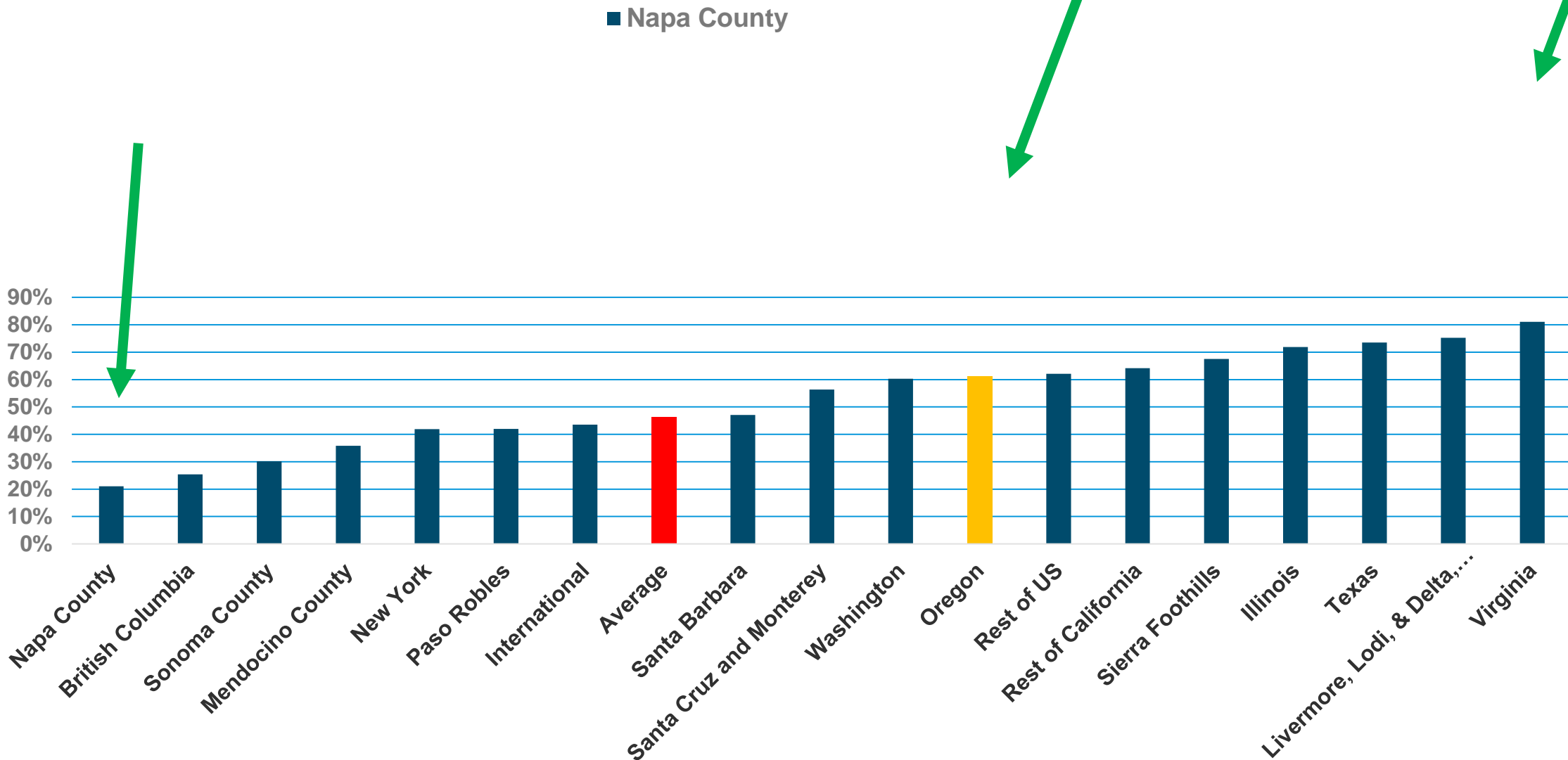
■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 est.



AS SUPERMAN CONCENTRATES, HIS X-RAY VISION PIERCES THRU THE ROOM'S WALLS . .



Percent of Locals In Wine Clubs – *Here's the Kryptonite*



Source: 2017 Silicon Valley Bank Direct-to-Consumer Survey

DtC has to evolve

Tasting Room Model Will Lose Effectiveness

Portland is too Important to Winery Sales

Tourism Needs to Take Center Stage

Marketing Has to Lead Evolution

Concluding Remarks

- Oregon is in the sweet spot for on-coming consumer demand
- How will consumers know without an “OPEN” sign out in front?
 - Improve e-Commerce marketing – SEO, Analytics, paid SM advertising, evangelists
 - Move past thinking wine club are your customers. Wine drinkers are your customers
 - Cherish the Boomer & Gen X, but leave a digital back door open for millennials
 - Focus Direct Marketing in specific regions, not Nationally
 - Work with AVA and Tourism Associations to continue to build the Oregon Brand.

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Thank You!!

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