# U.S. SUSTAINABLE WINEGROWING WEBINAR

## CA, NY, OR & WA

## CONSUMER AND TRADE PERCEPTIONS OF SUSTAINABLE WINE | JUNE 5, 2020

SPEAKERS: ALLISON JORDAN | LULIE HALSTEAD | CHRISTIAN MILLER


# CONSUMER AND TRADE PERCEPTIONS OF SUSTAINABLE WINE

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# Sustainability Trade Research Update

Christian Miller

Full Glass Research

June 5th, 2020

Full Glass Research

# Methodology

- ✓ Wine Opinions trade panel (≈4,700 members)
- ✓ Online survey fielded in October 2019
- ✓ N=425 (328 in wholesale/retail tiers)
- ✓ Panelists included all tiers of trade, ranging from store clerks to store owners, sommeliers to chefs, MWs to chain buyers, distributor management and reps, PR and marketing.
- ✓ Panelists sent email invitation with a link to the online survey. Completion of the survey entered participants into a lottery for various cash rewards. Survey also served as a screener for an online discussion group.
- ✓ Qualitative research consisted of a 4 day online discussion group of 9 trade members, selected from respondents to the survey. Goal was to provide context and reasoning for the survey results, probe some issues more deeply than feasible in a survey format.

“ Wine Opinions ”

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# QUANTITATIVE RESEARCH

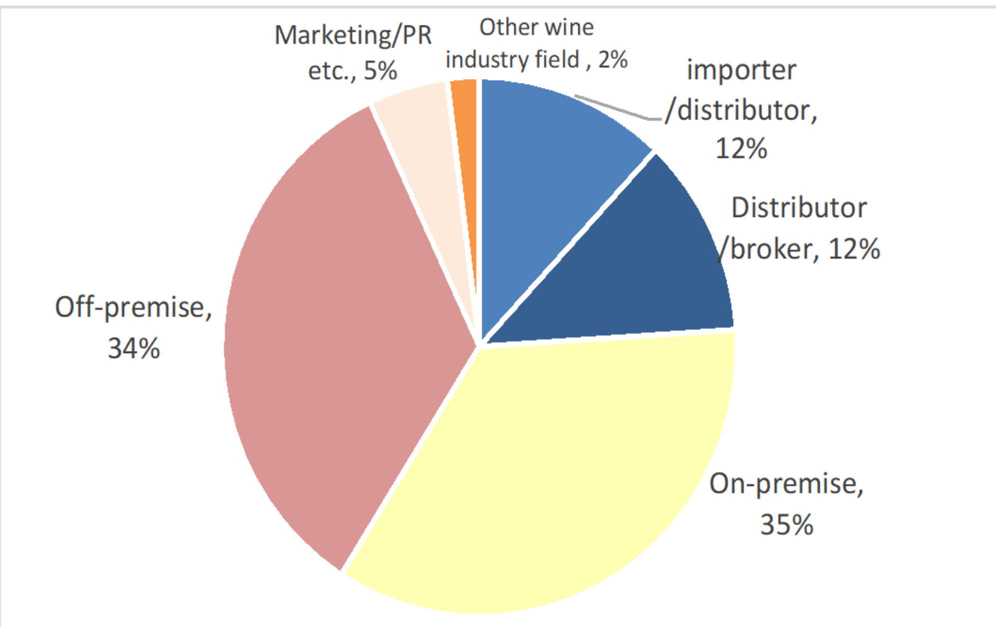
## ONLINE SURVEY

Full Glass Research

# Who’s in the Study?

63% Male, 37% Female

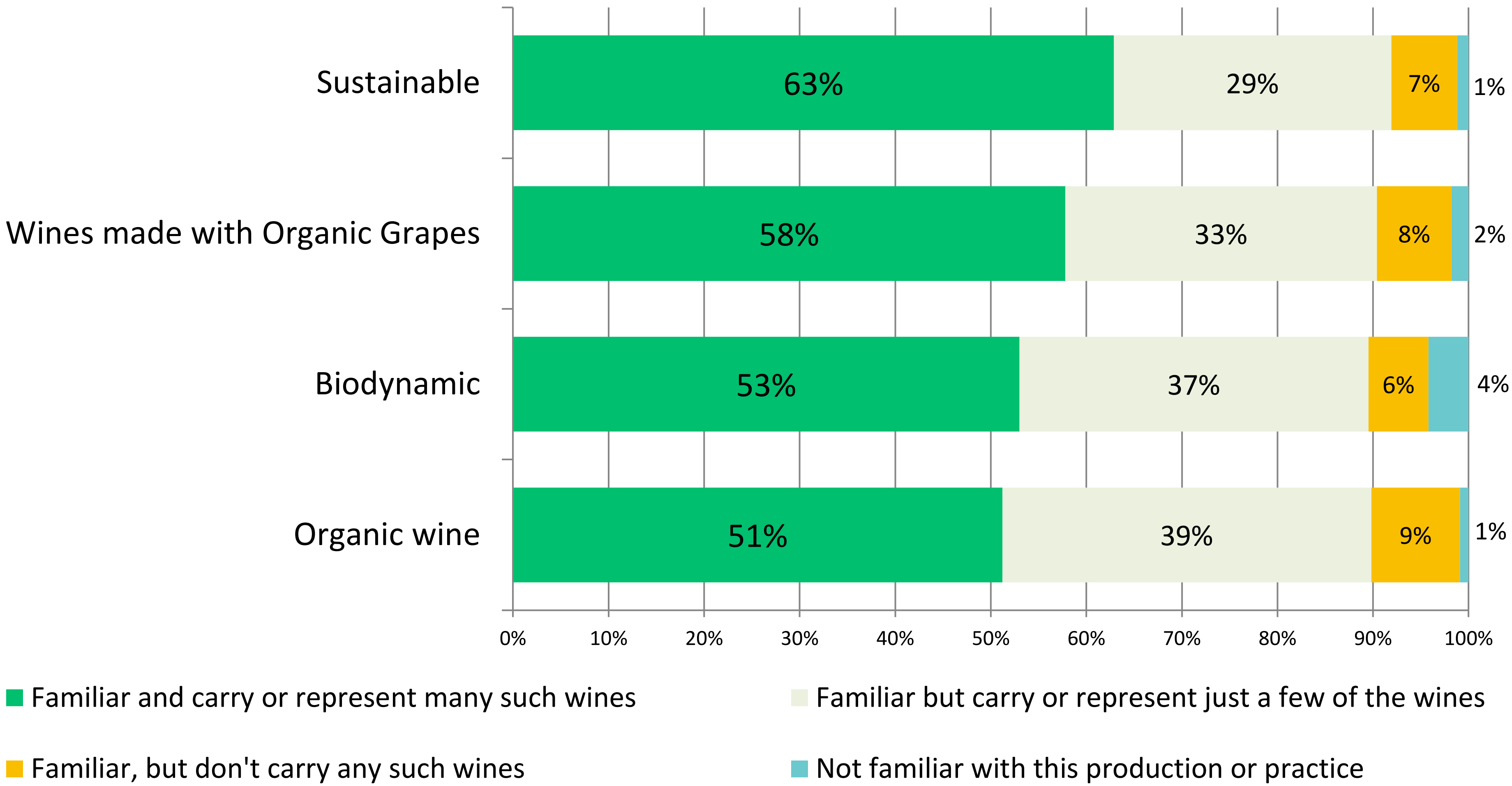
| Age Bracket | % of Respondents |
|---|---|
| **21-29** | 8% |
| **30-39** | 27% |
| **40-49** | 24% |
| **50-59** | 23% |
| **60+** | 19% |




| REGION | DEFINITION | SHARE |
|---|---|---|
| **NORTHEAST** | CT, DE, DC, ME, MD, MA, NH, NJ, NY, PA, RI, VT | 29% |
| **SOUTHEAST** | AL, AS, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV, | 16% |
| **MIDWEST** | IL, IN, IA, KS, MI, MN, MO, ND, OH, SD, WI | 13% |
| **MOUNTAIN** | CO, ID, MT, NV, UT, WY | 6% |
| **SOUTHWEST** | AZ, NM, OK, TX | 8% |
| **PACIFIC** | CA, OR, WA, AK, HI | 26% |
| **CANADA** | | 1% |
| **OTHER** | Multiple states and 1 each UK, NZ, Bulgaria (removed) | 1% |

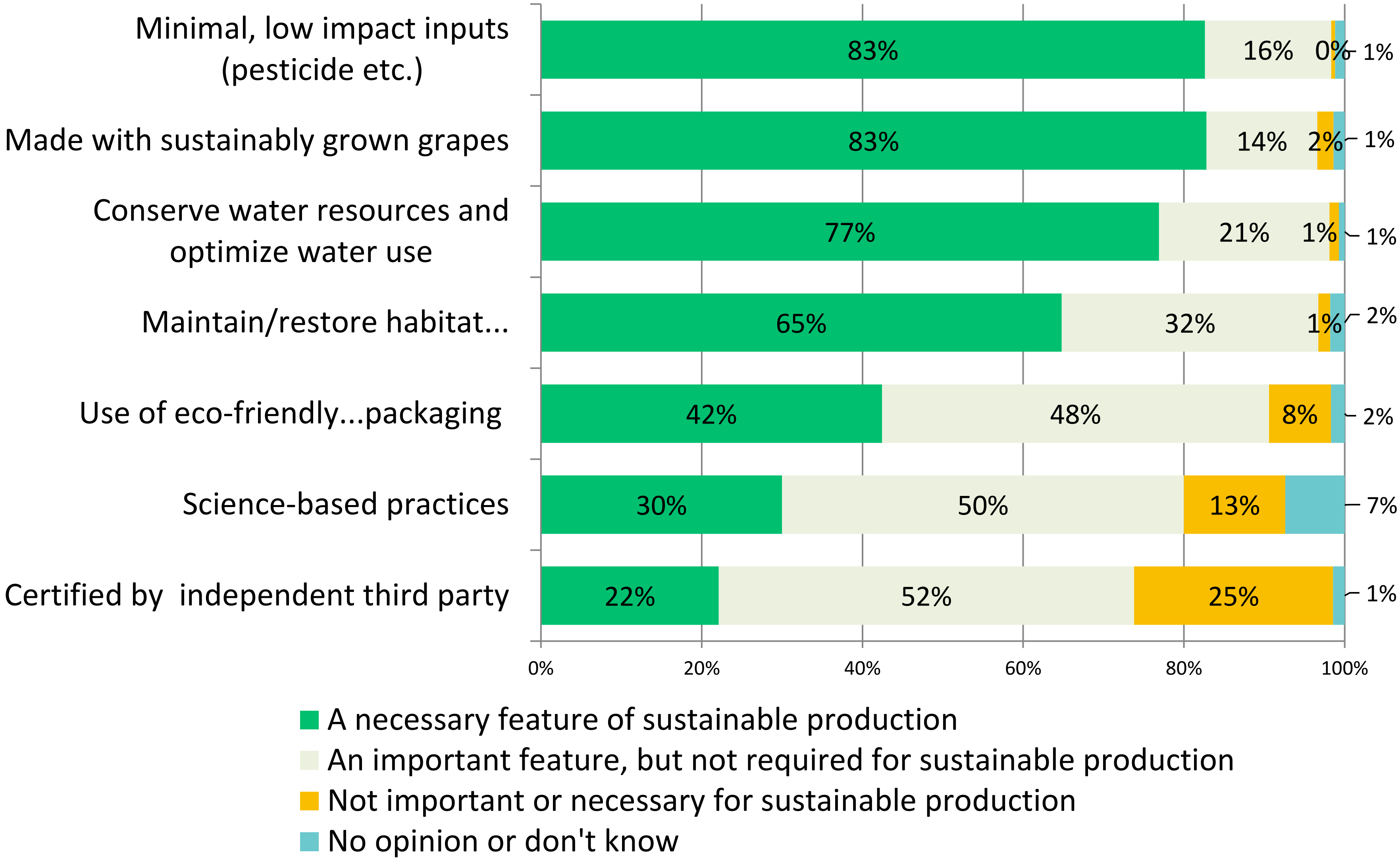
Source: Full Glass Research, CSWA 2019

# Trade Familiarity with Production Methods



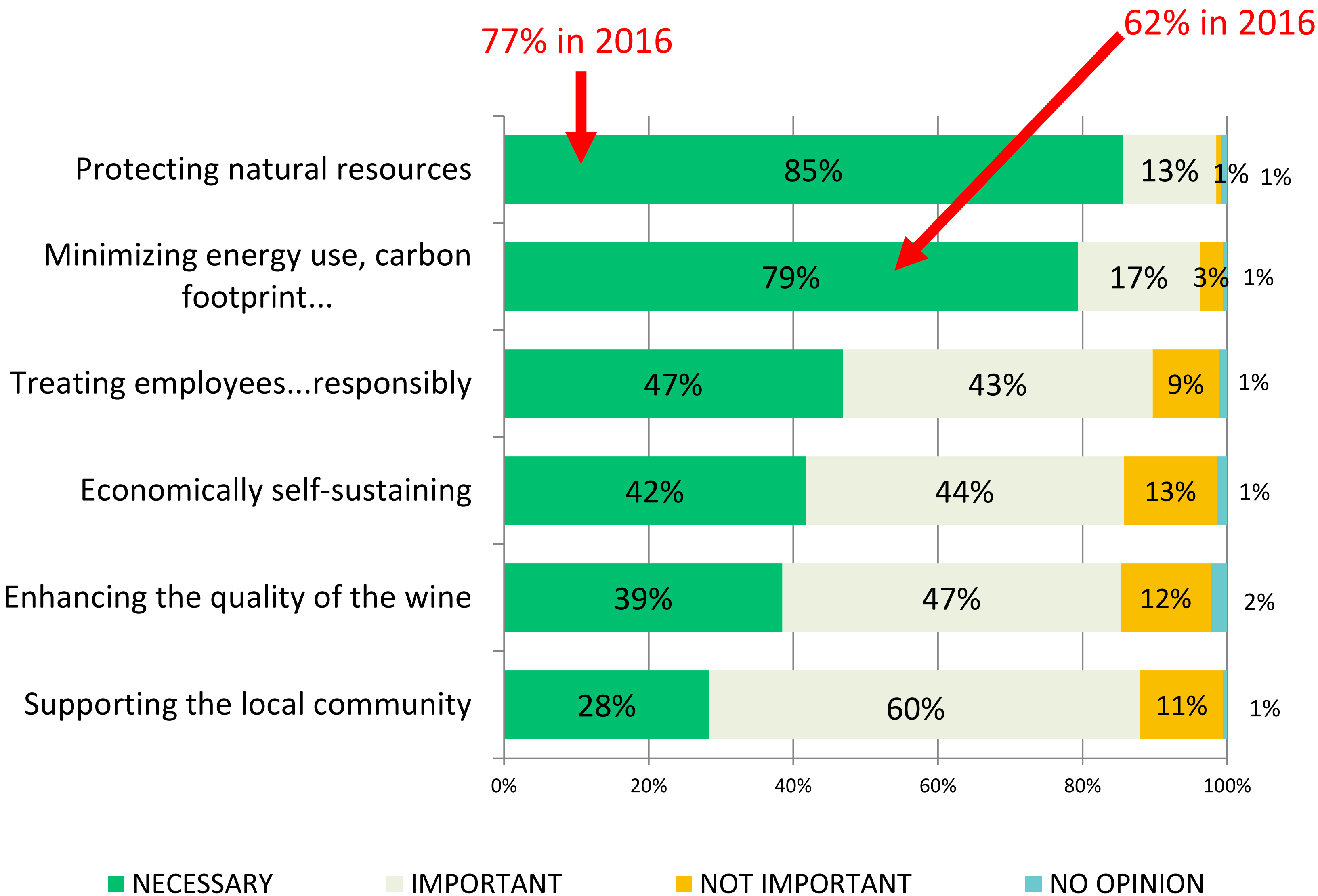

Source: Full Glass Research, CSWA 2019

# Features of Sustainable Production




Source: Full Glass Research, CSWA 2019

# Goals for Sustainable Production



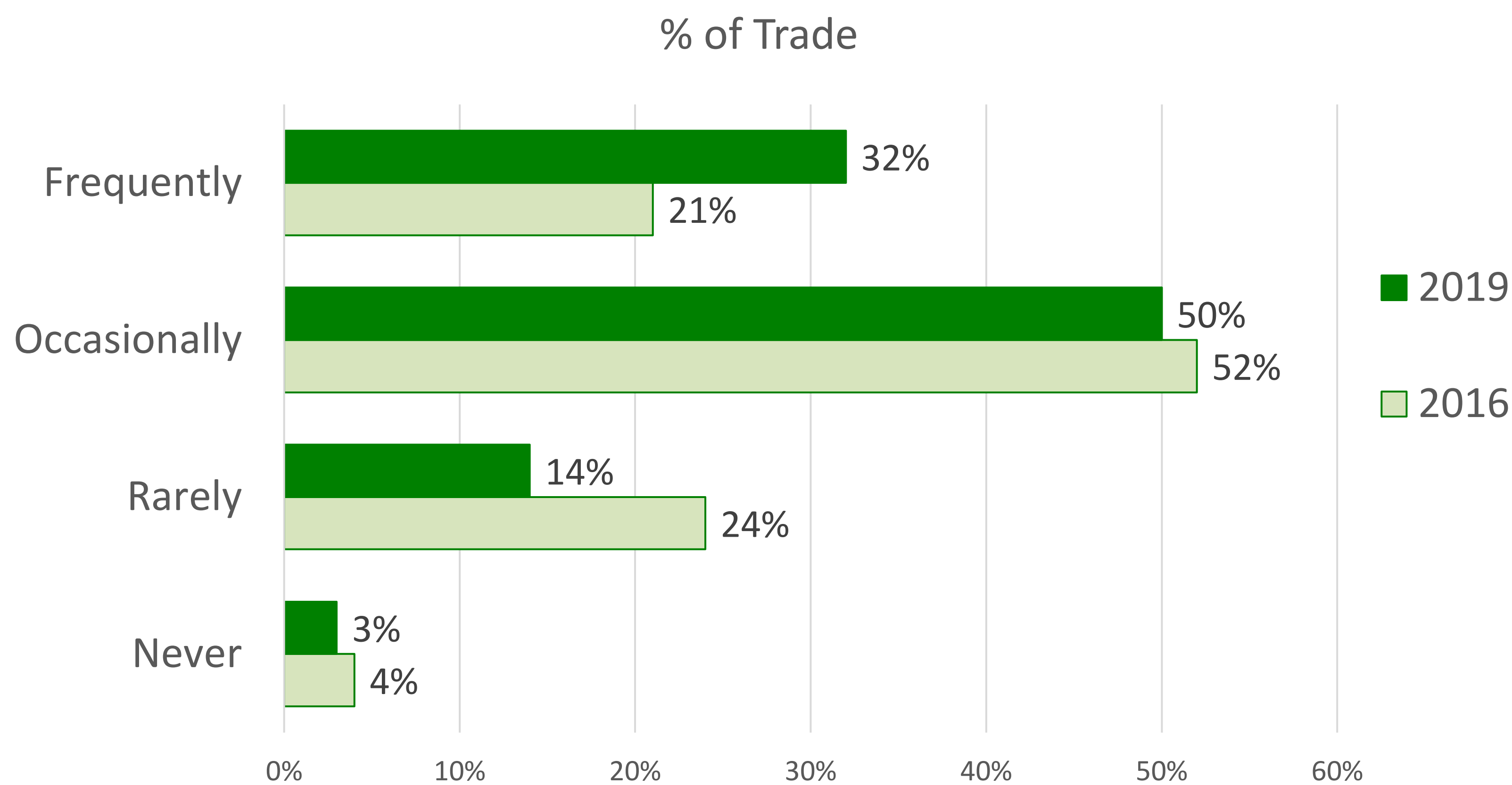

Source: Full Glass Research, CSWA 2019

# “Wines made with certified sustainable practices…”

| Finishing Statement | % Agreement |
|---|---|
| … have more positive impacts on the environment | 87% |
| … should be made with sustainable practices in both the vineyard and winery. | 86% |
| … are consistent with my personal philosophy. | 59% |
| … have more positive impacts on the community in which they're made. | 58% |
| … realize a price premium over similar but conventionally produced wines. | 26% |
| … have a better reputation among trade and consumers. | 23% |
| … are higher quality than conventionally produced wines. | 17% |

Source: Full Glass Research, CSWA 2019

# Q: To what extent are sustainable practices a factor when choosing a wine to market or sell to your customers?




Source: Full Glass Research, CSWA 2019

# Why does Sustainability Matter?

Base = those who said sustainable practices were a factor "occasionally" or "frequently" in choosing wines to stock or sell

| Statements | % Agreeing | |
|---|---|---|
| I personally care about sustainable or environmental attributes of wines. | 84% | 71% in 2016 |
| There is increased consumer demand for sustainably produced wines. | 71% | |
| Sustainable production is a useful selling feature or attribute for a wine. | 68% | |
| Trade buyers or my customers in the trade are specifically asking for wines with sustainable or environmental attributes. | 49% | |
| My organization has goals focused on sustainable or environmental purchasing or promotion. | 29% | 19% in 2016 |
| Other factor (please describe below) | 6% | |

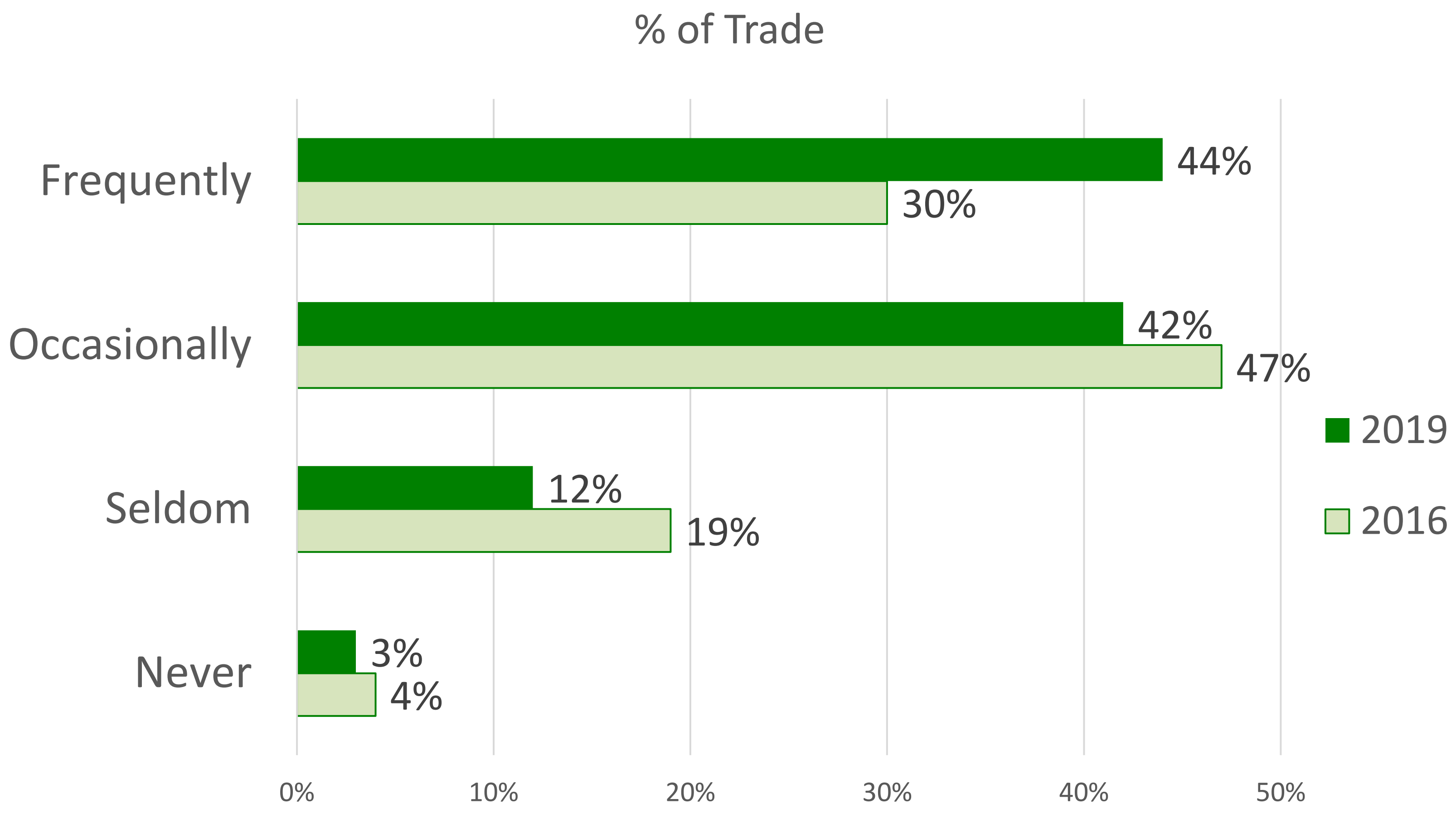
Source: Full Glass Research, CSWA 2019

# Identifying Sustainable wines to Purchase/Carry/Sell

| Method of Identifying | 2019 | 2016 |
|---|---|---|
| Marketing material or communications provided by winery | 73% | 59% |
| Third party certification seal or statement on the bottle or label | 65% | 41% |
| Information from the winery on the front or back label | 66% | 56% |
| Third party certification seal or statement in the winery marketing materials or website | 61% | 37% |
| Heard or read about the winery's sustainable production practices | 54% | 50% |
| Information provided by distributor/importer or their representatives | 54% | 66% |
| Information on winery or third-party websites | 34% | 49% |
| Information on news, wine or social media | 73% | 59% |
| Other (please explain below) | 6.5% | 41% |

Source: Full Glass Research, CSWA 2019

# How often do you recommend and/or feature wines that are sustainably produced?




Source: Full Glass Research, CSWA 2019

# Market Outlook for Sustainably Produced Wines

| Statements | % Endorsing | |
|---|---|---|
| Demand for sustainably produced products will increase steadily in the next 5 - 10 years. | 76% | 66% in 2016 |
| Demand for sustainably produced products has increased over the past 5 - 10 years. | 73% | |
| All things being equal, I would purchase or support a wine that is sustainably produced over one that is not. | 71% | NA in 2016 |
| I have significantly more customers asking about sustainability or environmental impact now than 5 years ago. | 52% | NA in 2016 |
| Sustainability is too vague a concept to give confidence. | 33% | |
| Wine has a reputation for being produced sustainably relative to other food and beverage products. | 27% | |

Source: Full Glass Research, CSWA 2019

# Which Promotions would be Most Useful?

| Promotion or Action | % endorsing |
|---|---|
| Clear and highly visible labeling or identification on the package of wine (e.g. logo, certifying organization) | 69% |
| Back label information highlighting methods of sustainable production (e.g. cover crops, minimized pesticides, etc.) | 68% |
| Tastings or seminars at consumer events | 60% |
| Articles and coverage of sustainability in traditional media (e.g. magazines, newspapers, online news, radio, TV) | 58% |
| Social media outreach | 57% |
| Back label information specifying the benefits of sustainability (e.g. lowering carbon emissions, preserving environment) | 53% |
| Advertising identifying sustainable wines and their benefits | 50% |
| Point of sales materials identifying and promoting sustainable wines | 48% |
| Other types of promotion | 6% |

Source: Full Glass Research, CSWA 2019

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# QUALITATIVE RESEARCH

## ONLINE DISCUSSION GROUP

Full Glass Research

# Pro sustainability, but with reservations

Participants all supported and championed sustainable production in principle.

- All believe there is a relationship between quality wine and sustainable production. "I think wineries who are committed to sustainability are more committed to the quality of their wines in general."
- All saw sustainable production as having a beneficial Impact on the environment.
- Most saw it as a sign of better treatment of employees, communities "I feel that businesses that care about the environment and care about producing quality products also care about their employees."

Reservations center around the notion that sustainability was perceived to have no legal definition.

- Only a few could cite specific organizations or certifications, no one brought up specifics of monitoring or enforcement. Awareness of the extent and rigor of sustainable certifications was limited.
- Among Organic, Biodynamic and Sustainable, ”sustainable" was seen as the least restrictive.

When defining sustainable wine, many had top-of-mind flagship or go-to wineries, few of which overlapped.

When assessing sustainably-produced wines, first mentions were personal education: researching the winery, meeting winemakers, buying from a trusted vendor.

- “To me, I am more inclined to trust the wine is made sustainably when I trust the vendor or importer.”

Source: Full Glass Research, CSWA 2019

# Selling & Promoting Sustainable Wines

- Challenge of communicating sustainability to a customer:
  - ❖ One-on-one communication (e.g. asking interested consumers what sustainable means to them, and suggests wines based on the customer's understanding of the term; “Ask them what it means to them. What are the boxes they want the wine to check? Biodynamic? Organic? Dry-Farmed? Local?”
  - ❖ BUT "every wine can't be a hand-sell." “Retailers need consumer-facing information on the bottle or on-site.” “Any type of certification emblem must be easy to interpret and to see.”
- Pros and cons of placing "green" wine offerings in their own section:
  - ❖ Pro: easy for customers who are specifically looking for green wines to find them.
  - ❖ Con: the main shelf set gets more traffic. ”We had a separate section set aside at the shop for 'green' wines, but it would get passed by because most of our customers came in looking for a certain grape or ...When we integrated the green wines in with the other wines, we sold more of those producers.”
- Other successful methods of promotion:
  - ❖ Green stickers on price tags or menus to identify sustainable/organic/biodynamic/natural wines.
  - ❖ Promoting sustainable wines in a weekly newsletter.
  - ❖ In-store tastings that highlight sustainably produced wines.
  - ❖ In some cases, promotional POS supplied by producers, in the form of POS and shelf talkers

Source: Full Glass Research, CSWA 2019

# QUESTIONS WILL BE FIELDED AT THE END

Full Glass Research

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wine intelligence

# CONSUMER PERCEPTIONS OF SUSTAINABLE WINE

WEBINAR JUNE 5TH 2020

PRESENTED BY LULIE HALSTEAD

CALIFORNIA SUSTAINABLE WINEGROWING ALLIANCE

# Key takeaway:

## US wine drinkers are turning towards sustainable and local

### Attitudes towards ethical engagement

% who agree or strongly agree with the following attitudinal statements
Base = All US regular wine drinkers (n=2,000)

| | All US regular wine drinkers |
|---|---|
| "I try to buy food that is **grown or produced locally** (in the region where I live)" | 29% |
| "I am willing to **pay more for** a product that is **environmentally safe**" | 24% |
| "I am willing to **give up convenience** in return for a product that is **environmentally safe**" | 22% |
| "I expect the **brands** I buy to **support social causes**" | 20% |
| "I actively eat more / exclusively **vegetarian** or **vegan food**" | 16% |

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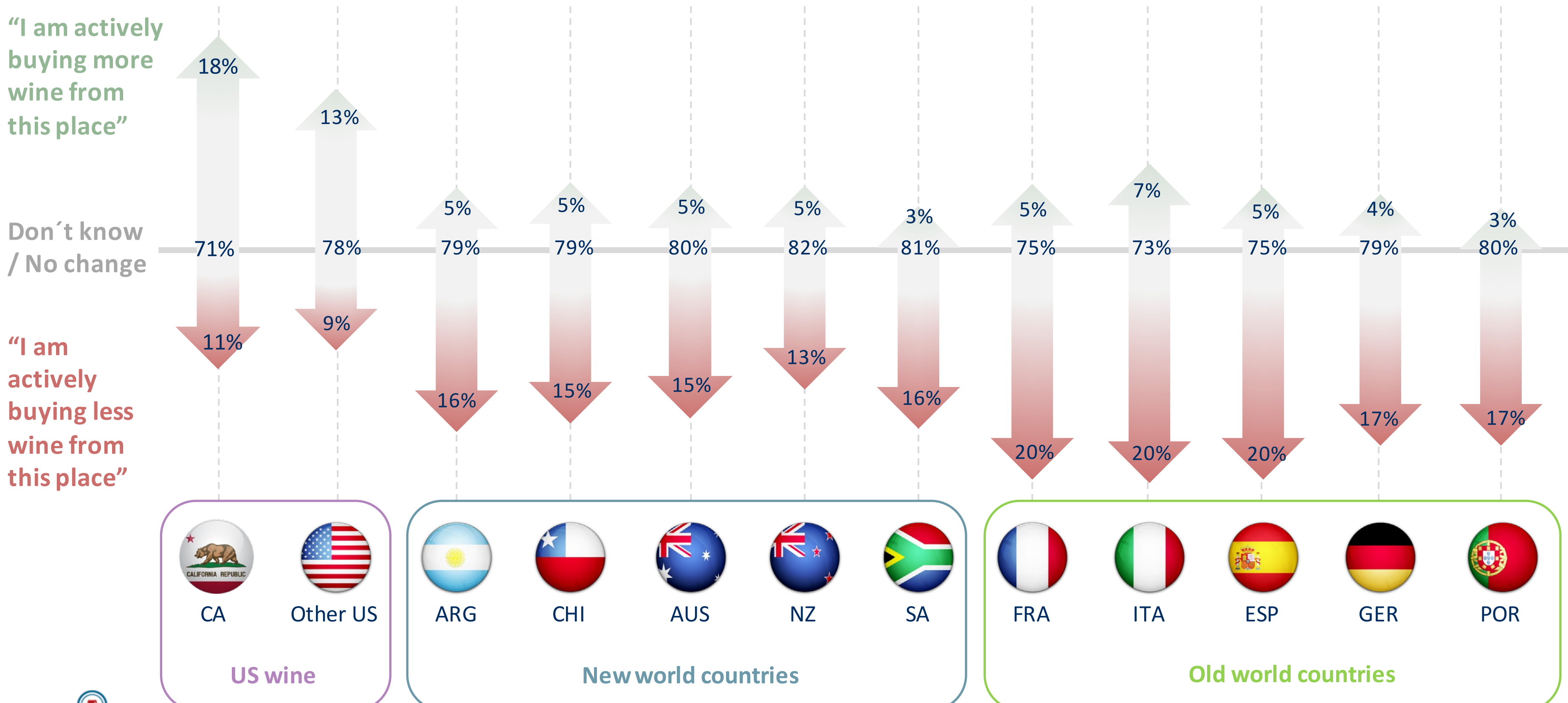
Sources: Wine Intelligence, Vinitrac© US, January 2020, n=2,000 US regular wine drinkers

# Key takeaway:

Shift to domestic wines amongst US wine drinkers during the lockdown impact

Country of origin change in purchase during lockdown April 2020 compared with pre-virus behaviour in USA

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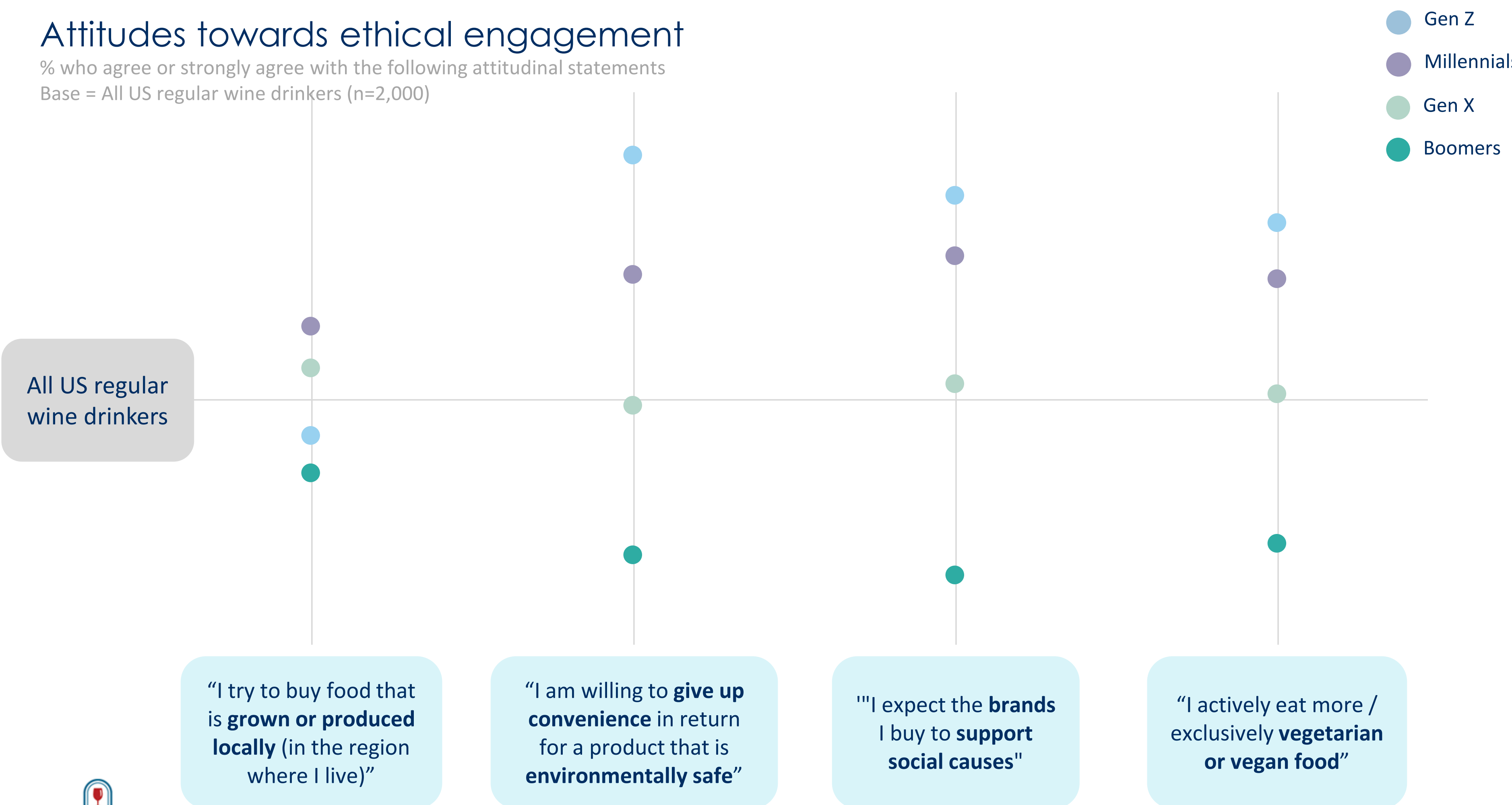
Sources: Wine Intelligence, Vinitrac® US, Mar '20 (31st March 2020 – 16th April 2020), n=2,000 US regular wine drinkers

# Key takeaway:

## Gen Z & Millennials are willing to trade convenience for environmental credentials

### Attitudes towards ethical engagement

% who agree or strongly agree with the following attitudinal statements
Base = All US regular wine drinkers (n=2,000)




Gen Z: 21-24 / Millennials: 25-39 / Gen X: 40-54 / Boomers: 55+
Sources: Wine Intelligence, Vinitrac© US, January 2020, n=2,000 US regular wine drinkers

# Key takeaway:

## Increasing awareness of sustainably produced wine

### Alternative wine styles: **Awareness: Tracking**

% who are aware of the following alternative wine styles
Base = All US regular wine drinkers (n=2,000)

| | Jan-19 | Jan-20 | Tracking |
|---|---|---|---|
| *n=* | *2,800* | *2,000* | *Jan '20 vs Jan '19* |
| Organic wine | 44% | 46% | → |
| Sustainably produced wine | 25% | 30% | ↑ |
| Sulphite free wine | 26% | 24% | → |
| Environmentally friendly wine | 21% | 23% | → |
| Preservative free wine | 21% | 18% | ↓ |
| Vegan wine | 12% | 11% | → |
| Wine from a carbon neutral winery | 11% | 9% | ↓ |
| Vegetarian wine | - | 7% | - |
| Biodynamic wine | 6% | 7% | → |
| None of these | 19% | 19% | → |

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Red / Blue: Statistically significantly higher / lower than previous wave at a 95% confidence level
Sources: Wine Intelligence, Vinitrac© US, January 2019, January 2020, n>=2,000 US regular wine drinkers

# Key takeaway:

## Stable consideration to purchase alternative wine types amongst US regular wine drinkers

### Alternative wine styles: **Consideration: Tracking**

% who would consider buying the following alternative wine styles in the future
Base = All aware of the following alternative wine styles

| | Jan-19 | Jan-20 | Tracking |
|---|---|---|---|
| | | | *Jan '20 vs Jan '19* |
| Sustainably produced wine | 70% | 71% | ➡ |
| Environmentally friendly wine | 67% | 71% | ➡ |
| Organic wine | 64% | 64% | ➡ |
| Preservative free wine | 60% | 58% | ➡ |
| Sulphite free wine | 61% | 57% | ➡ |
| Biodynamic wine | 51% | 55% | ➡ |
| Wine from a carbon neutral winery | 53% | 54% | ➡ |
| Vegetarian wine | | 48% | - |
| Vegan wine | 43% | 45% | ➡ |
| None of these | 18% | 19% | ➡ |

CALIFORNIA SUSTAINABLE WINEGROWING ALLIANCE

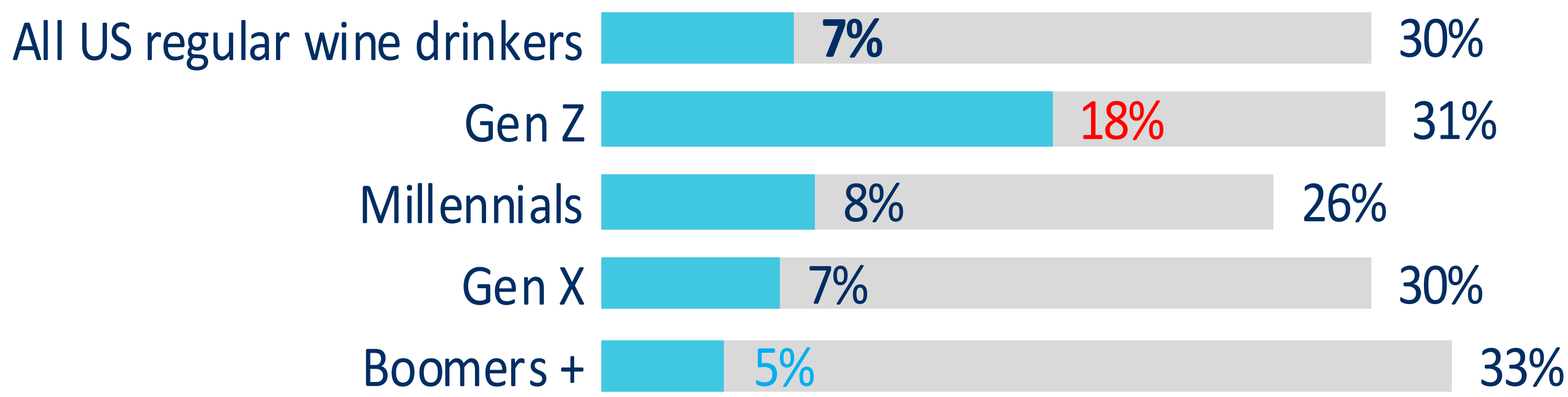
Red / Blue: Statistically significantly higher / lower than previous wave at a 95% confidence level
Sources: Wine Intelligence, Vinitrac© US, January 2019, January 2020, n>=2,000 US regular wine drinkers

**Key takeaway:**

# Younger consumers are still significantly more engaged with sustainable wine, viewing it as increasingly important to protect the future

## Awareness and purchase of sustainably-produced wine

% who are aware of sustainably-produced wine
% who have purchased sustainably-produced wine in the past 6 months
Base = All US regular wine drinkers (n=2,000)




Red / Blue: Statistically significantly higher / lower than all US regular wine drinkers at a 95% confidence level
Sources: Wine Intelligence, Vinitrac© US, January 2020, n=2,000 US regular wine drinkers

# Key takeaway:

## Younger drinkers continue to be willing to pay more for sustainably produced wines

2019

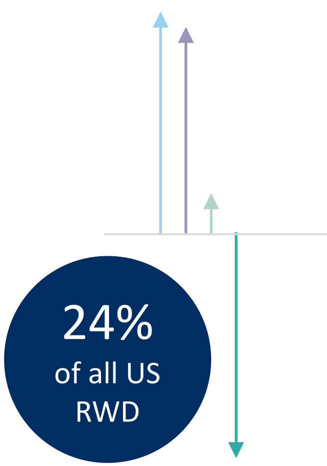
2020

### Willingness to pay more for sustainably produced wine

% who would pay the following extra amount for a sustainably produced wine
Base = All US regular wine drinkers (n=2,000)

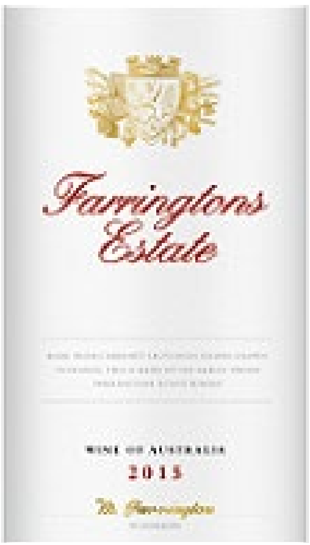
| | All US regular wine drinkers | Generations | | | |
|---|---|---|---|---|---|
| | | Gen Z (21-24) | Millennials (25-39) | Gen X (40-54) | Boomers + (55 +) |
| *sample size =* | *2,000* | *154* | *601* | *470* | *775* |
| I would not be willing to pay more | **26%** | 14% | 11% | 22% | 43% |
| Up to $1 more | **10%** | 8% | 7% | 10% | 13% |
| $1.00 to $1.99 more | **14%** | 20% | 13% | 13% | 14% |
| $2.00 to $2.99 more | **18%** | 25% | 20% | 19% | 14% |
| $3.00 to $3.99 more | **11%** | 13% | 17% | 10% | 7% |
| $4.00 to $4.99 more | **7%** | 5% | 11% | 8% | 3% |
| $5 or more | **14%** | 14% | 20% | 16% | 8% |
| **Average extra value** | **$3.0** | **$2.9** | **$3.3** | **$3.1** | **$2.5** |

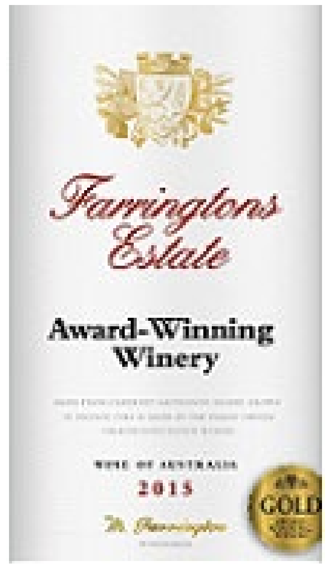
"I am willing to pay more for a product that is environmentally safe"



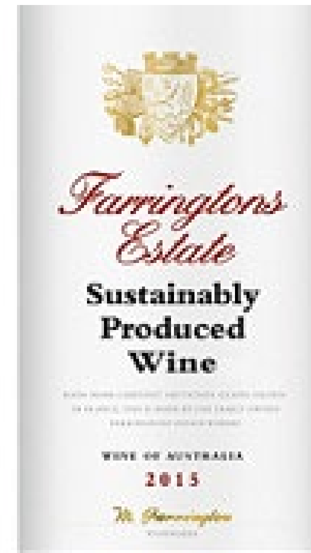

Sources: Wine Intelligence, Vinitrac© US, April 2019 , January 2020, n>=2,000 US regular wine drinkers

# Testing alternative wine types:









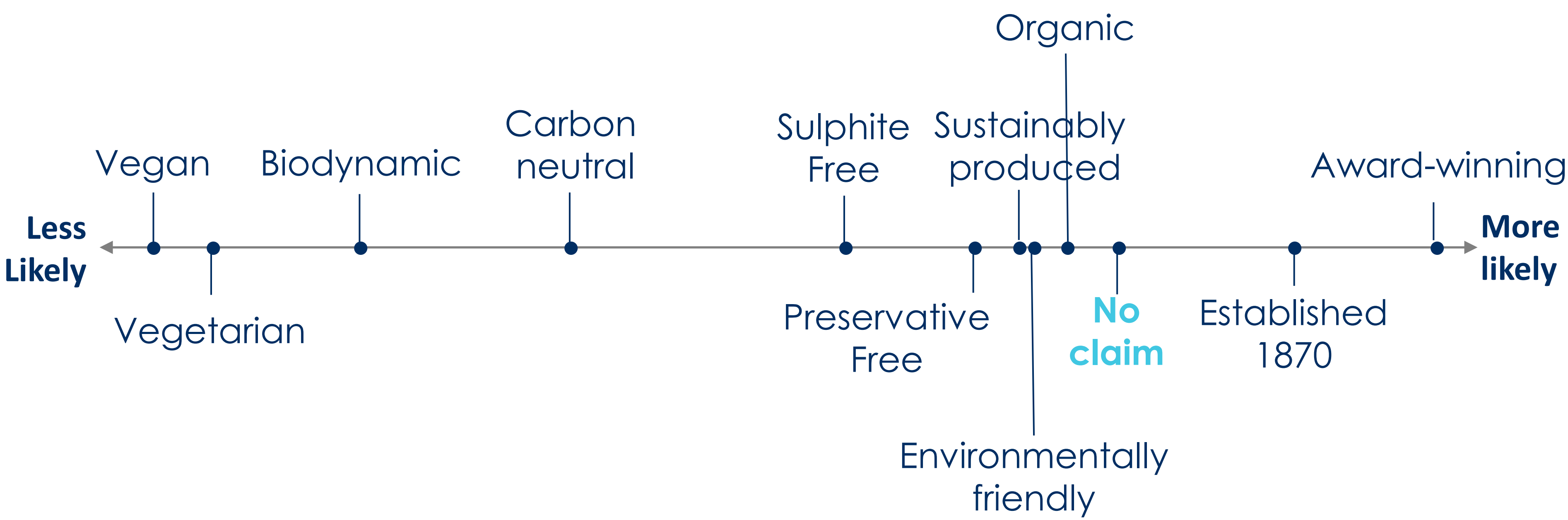

Sources: Wine Intelligence, Vinitrac© US, January 2020, n=2,000 US regular wine drinkers

**Key takeaway:**

# Quality endorsement and heritage continue to influence more strongly than sustainability for wine

## Sustainability labeling cues - likelihood to buy - Averages

Labeling cues are shown on a scale of 1 = 'very unlikely' to 5 = 'very likely' ranked on their average likelihood to buy
Base = All US regular wine drinkers (n=2,000)




Sources: Wine Intelligence, Vinitrac© US, January 2020, n=2,000 US regular wine drinkers

**Key takeaway:**

# Beyond an expectation of higher prices, organic wine both better for the environment and 'better for me'

## Organic wine understanding

% who find the following statements about organic wine true compared to 'regular' wine
Base = US regular wine drinkers (n=2,000)

| | |
|---|---|
| More expensive | 37% |
| More environmentally-friendly | 30% |
| Better for my health | 27% |
| It is less processed | 23% |
| More ethically responsible | 22% |
| Higher in quality | 16% |
| Tastes better | 11% |
| More prestigious | 10% |
| Better with food | 9% |
| Tastes worse | 9% |
| Lower in calories | 8% |
| Lower in alcohol | 6% |
| None of these | 19% |

Sources: Wine Intelligence, Vinitrac© US, January 2020, n=2,000 US regular wine drinkers

# **Key takeaway:**

Younger drinkers have a more positive impression of the quality and taste of organic wine

## Organic wine understanding

% who find the following statements about organic wine true compared to 'regular' wine
Base = n=2,000 wine drinkers in the US

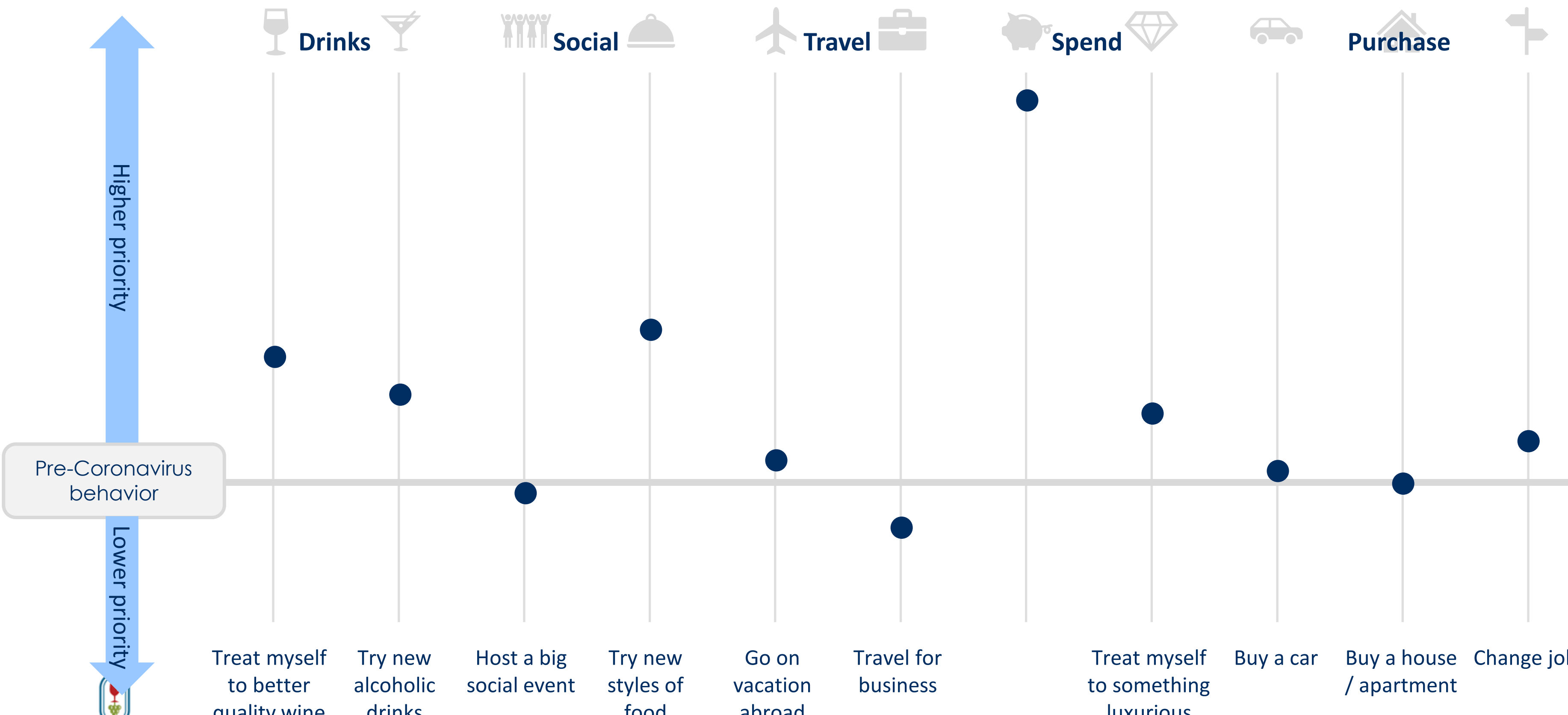

Gen Z: 21-24 / Millennials: 25-39 / Gen X: 40-54 / Boomers: 55+
Sources: Wine Intelligence, Vinitrac© US, January 2020, n=2,000 US regular wine drinkers

# Key takeaway:

## US wine drinkers anticipate spending less & boosting savings will be a much higher priority in the future, though ¼ expect to treat themselves to better quality wine

### Future intentions

Change in priorities for the following activities once the danger of Coronavirus has passed
Base = All US regular wine drinkers (n=2,000)



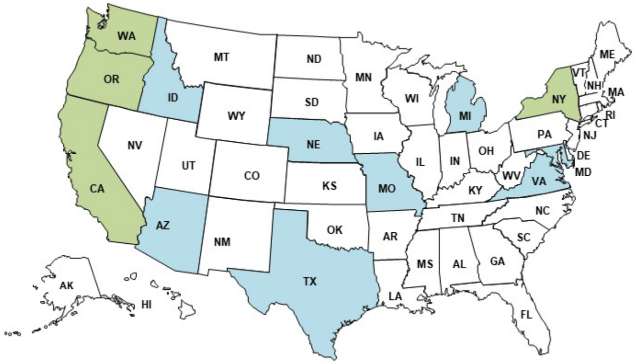

Source: Wine Intelligence Vinitrac® US, Mar '20 (31st March 2020 – 16th April 2020), n=2,000 US regular wine drinkers

# MARKETING SUSTAINABLE WINE DURING & AFTER COVID-19

1. Embrace core & committed 'green' drinkers
2. Deliver concise core benefits – feelings & 'now'
3. Leverage 'local'
4. Continue marketing spend – it's more effective now (and particularly during recession) than before
5. Utilize visual endorsement

# Q & A

# COMMUNICATING SUSTAINABILITY





SPEAKERS: ALLISON JORDAN | LULIE HALSTEAD | CHRISTIAN MILLER

# TALK ABOUT IT!

- Train your staff on certification and sustainability practices
- Share your story with wine trade and consumers
- Make your sustainability story easy to find
- Communicate with consumers and industry peers

*Visit* ***sustainablewinegrowing.org*** *to view the Value of Certification along with benefits, tips and an online calculator.*

# COMMUNICATION TIPS

- Today not tomorrow
- Positive not negative
- People like you
- Feel not fact
- Blink not blah, blah blah

Credit: Lulie Halstead, Wine Intelligence
Five Ways to Sell Sustainability:https://www.wineintelligence.com/five-ways-to-sell-sustainability/


California Association of Winegrape Growers

LIVE

California Sustainable Winegrowing Alliance

Long Island Sustainable Winegrowing

Oregon Wine Board

Washington Winegrowers® Advancing Our Industry

Boldly, NY. www.newyorkwines.org

WA 46°N WINE

Wine Institute