IWSR drinks market analysis

wine intelligence
A division of the IWSR Group

WINE PARIS | VINEXPO PARIS
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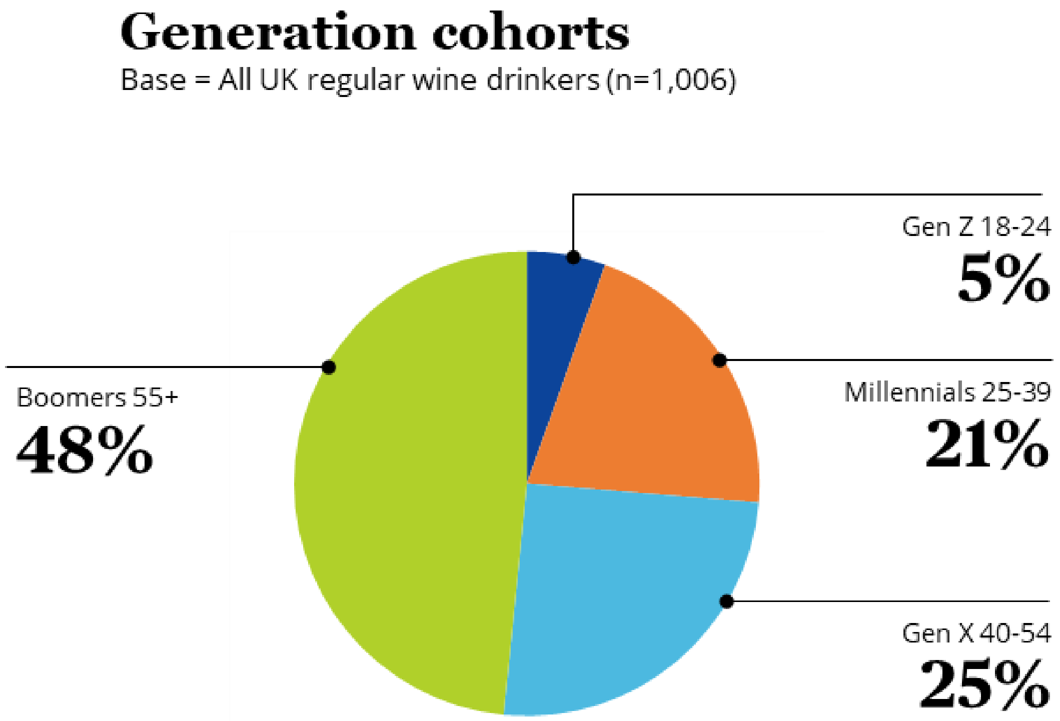
# The Battle of Generations in the UK

## Wine Paris & Vinexpo Paris

Press Conference
November 2022

# Introduction : the UK wine drinking population

## 26% of UK Regular Wine Drinkers are aged 18-39




Note : all mentions of Gen Z age group throughout this presentation refer to Gen Z of legal drinking age.

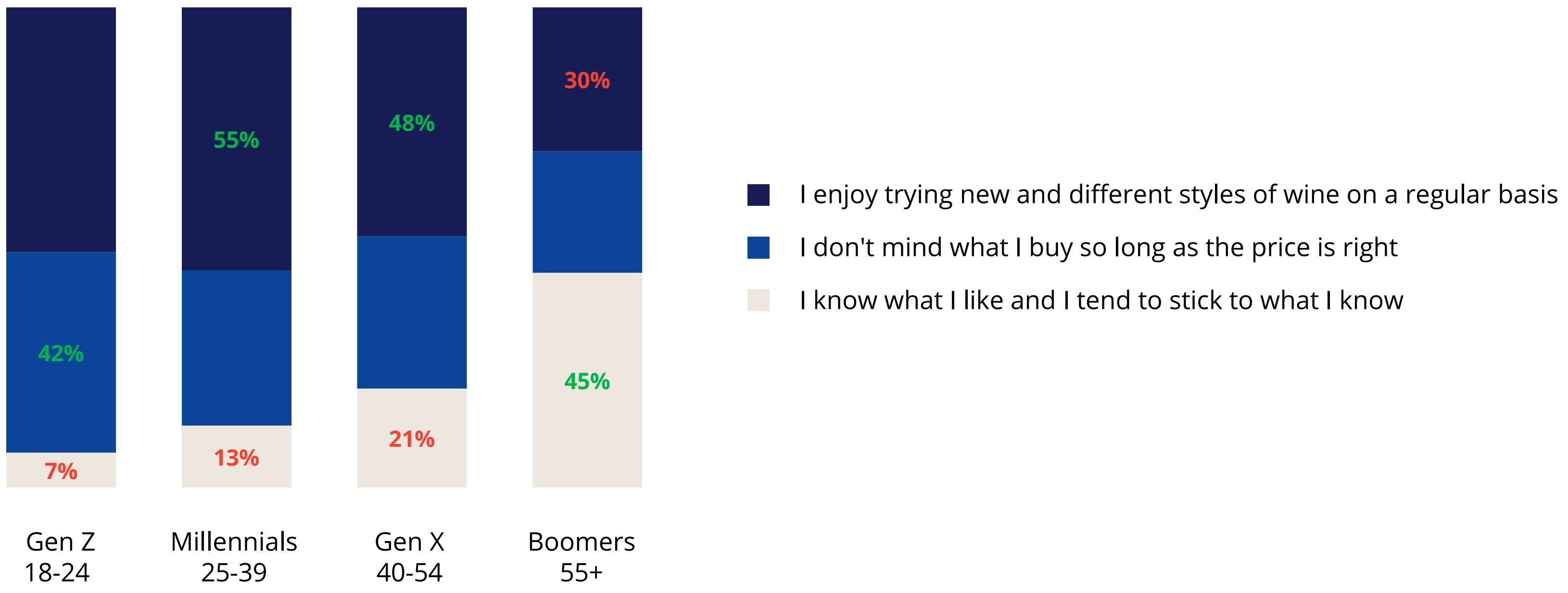
1 ONS, 2021 census data
2 Wine Intelligence online calibration studies, rolling average of June 2021 and June 2022 (n=2,231) UK adults,18+. Wine=still light wine (red, white, rosé)
Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

# Wine-drinking motivations

LDA Gen Z and Millennials see wine as a specific occasion-based beverage in social settings; for Boomers, wine has more of a functional role.

## Attitudes towards wine: by generation

Base = All UK regular wine drinkers (n=1,006)




Older consumers are mostly focused on functional attributes (taste, relaxation, food matching).

Younger LDA consumers are also more likely to consider wine as being an expensive drink.

Boomers are the most likely to rely on habitual purchase patterns. Other generations are more likely to favour novelty-seeking.

% / %: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

# Wine in context: other alcohol beverages

## Among younger LDA+ drinkers, wine must share space with a variety of other alcoholic beverages, particularly spirits, cider and cocktails

### Alcohol repertoire: main beverages (40%+ penetration) drunk by each generation

% who have drunk named beverage in the past 12 months
Base = All UK regular wine drinkers (n=1,006)

| **Gen Z** (18-24) | **Millennials** (25-39) | **Gen X** (40-54) | **Boomers** (55+) |
|---|---|---|---|
| • Vodka | • Beer / craft beer | • Beer / craft beer | • Beer / craft beer |
| • Cocktails | • Gin | • Gin | • Gin |
| • Beer / craft beer | • Cocktails | • Cider | |
| • Gin | • Cider | • Vodka | |
| • Cider | • Vodka | | |

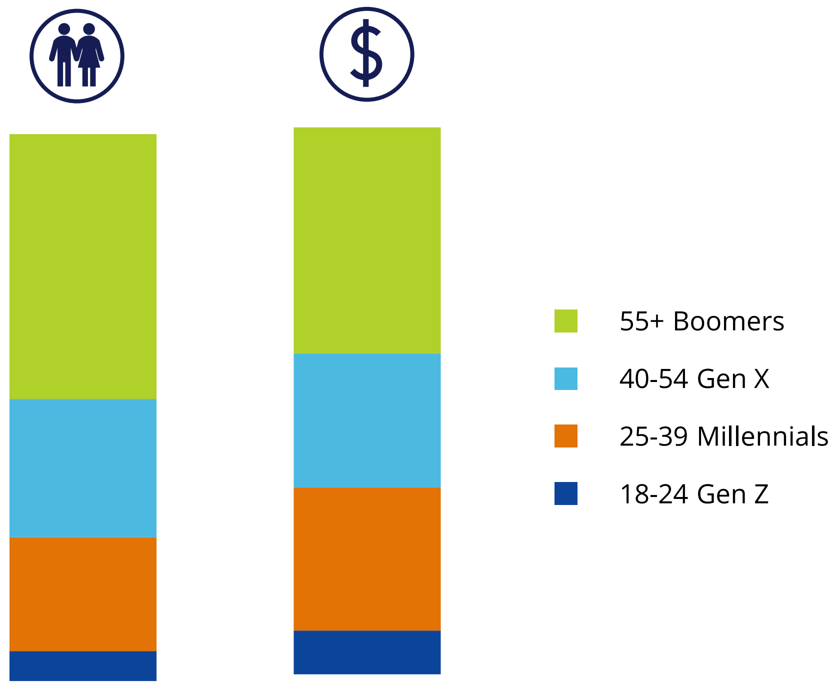
Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

# Market sizing: focus on off-premise

## Younger LDA+ consumers slightly over-index vs older generations for total spend in off-premise.

### Market sizing by generation: still wines in off-premise

Proportion represented by each segment with consumption and spend estimated based on recalled usage frequency and spend data
Base = Those who drink wine in the off-premise




Consumers aged 18-39 account for 26% of the regular wine drinking population. But 34% of total spend in off premises.

Boomers are heavily focused on informal wine drinking occasions. Younger LDA+ consumers will have a more balanced repertoire of wine drinking occasions, and more of them in social settings.

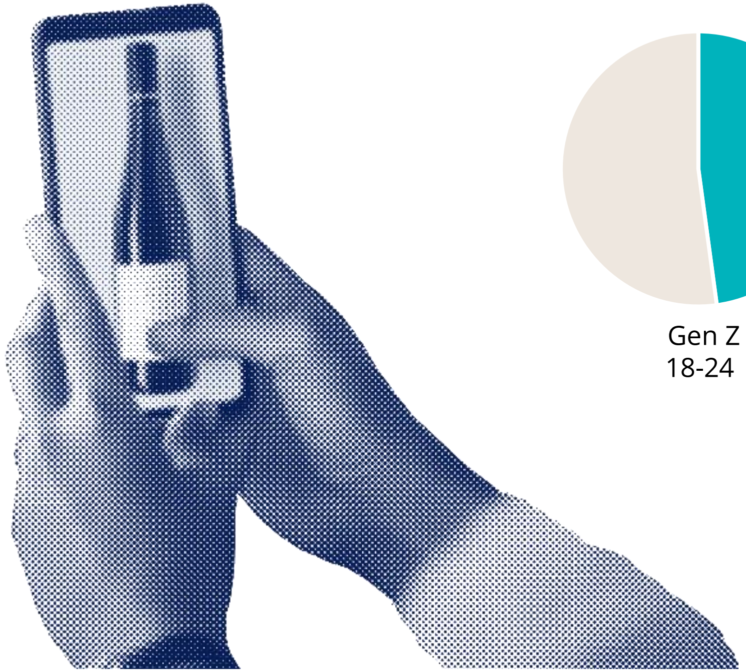
Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

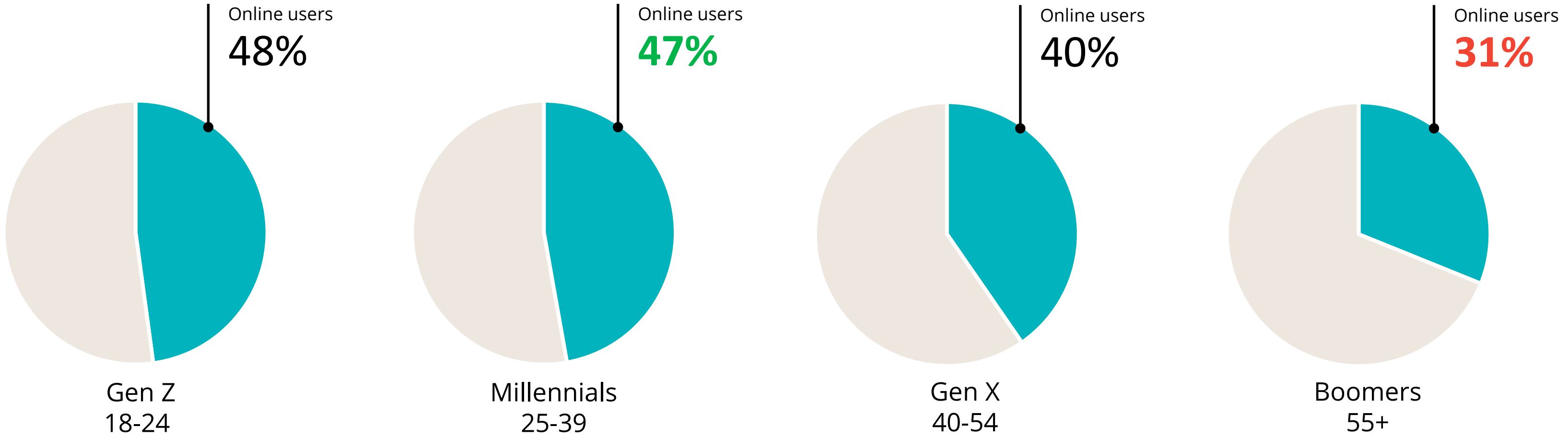
# Off-premise: Ecommerce wine buying

## Almost half of younger LDA+ consumers say they buy wine in E-commerce channels.

### Incidence of online wine purchasing: by generation

% who have bought wine online in the past six months
Base = All UK regular wine drinkers (n=1,006)





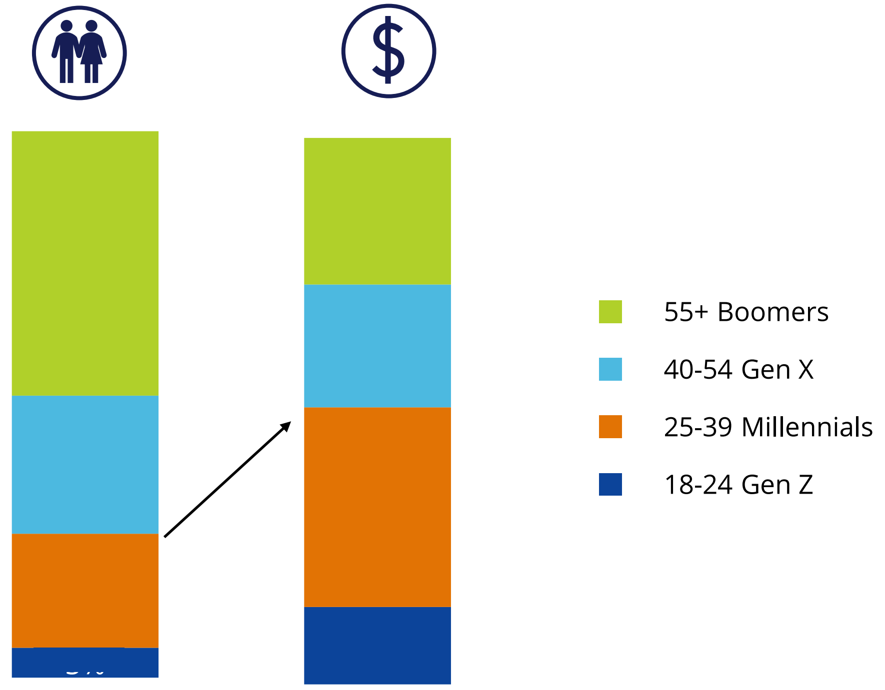

% / %: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level
Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

# Market sizing: focus on on-premise

## In these settings, young LDA regular wine drinkers account for about half of still wine volumes and total spend.

### Market sizing by generation: on-premise

Proportion represented by each segment with consumption and spend estimated based on recalled usage frequency and spend data
Base = Those who drink still wine in on-premise




Across all age groups, a vast majority drink wine in restaurants (80%+).

Main point of difference is wine penetration in **bars and/or pubs :**

- 82% for Gen Z
- 69% for Millennials
- 60% for Gen X
- 52% for Boomers

LDA Gen Z and (to a lesser extent) Millennials drive still wine consumption in on-premise, especially for up-tempo social occasions.

Millennials exhibit a particularly high willingness to trade up in on-premise.

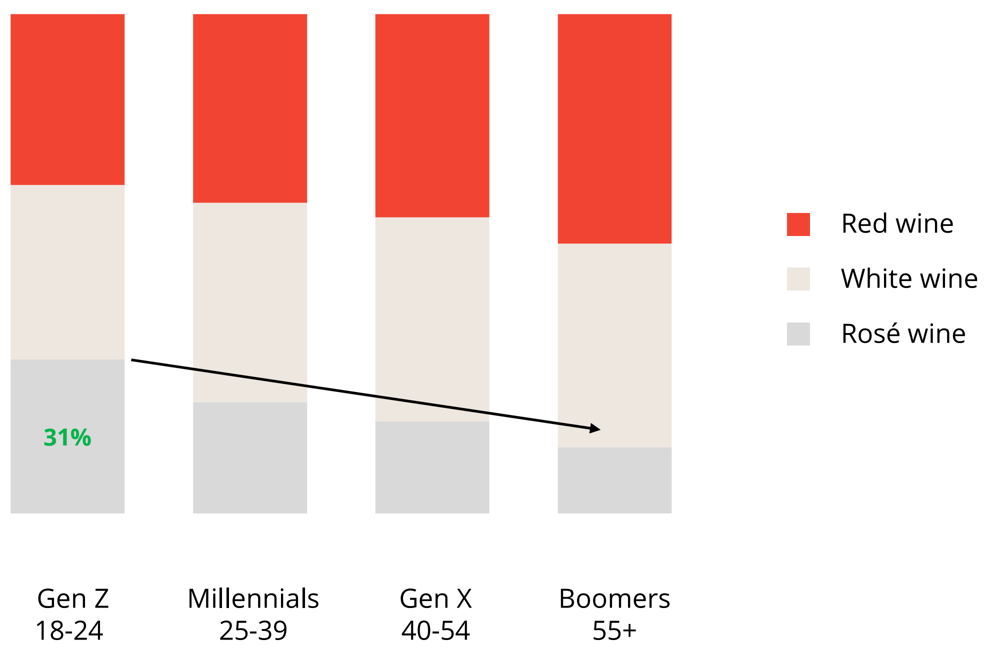
Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

# Wine consumption repertoire: colours

## Compared with Boomers, younger LDA+ consumers over-index on rosé wines.

### Proportions of red, white and rosé wine consumed (as stated by consumers)

Share of consumption volume calculated based on consumer responses
Base = All UK regular wine drinkers (n=1,006)




Younger LDA consumers are also more likely to drink :

- **Sparkling** wines
- **Sweet / dessert wines**

For white wines, most generations tend to focus on a similar repertoire. Younger LDA consumers are also more likely to drink Moscato (20%+ for 18-39 vs 11% for Gen X and 4% for Boomers).

For red wines, it’s noteworthy that Shiraz penetration increases with age. Shiraz is the most generation sensitive red varietal : from 17% for LDA Gen Z to 42% amongst Boomers.

Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

# Wine repertoire: focus on alternative wines

## Overall, Boomers don’t exhibit high interest for alternative wines.

## Other generations will sometimes be interested in at least one of them, especially fair trade, ‘natural’ and organic categories.

### Alternative wines purchase: by generation (10%+ penetration)

% who have sought to purchase named alternative wine
Base = All UK regular wine drinkers (n=1,000)

**Gen Z** (18-24)

- ‘Natural’ wine
- Organic wine
- Environmentally friendly wine
- Preservative free wine

**Millennials** (25-39)

- Fair trade wine (15%)
- ‘Natural wine’ (15%)
- Organic wine (13%)
- Environmentally friendly wine
- Vegan wine

**Gen X** (40-54)

- Fair trade wine
- Organic wine
- ‘Natural wine’

**Boomers** (55+)

- None at 10%+

Source : Wine Intelligence, Vinitrac® UK, October 2021 (n = 1,000) UK regular wine drinkers

# Wine repertoire: focus on formats

Boomers are mostly focused on the standard 75cl bottle. Conversely LDA Gen Z and Millennials are more open to a diversified range of formats.

**Packaging type purchase: top 3** (amongst eight measured formats) **by generation**

% who have purchased wine in the following packaging types
Base = All UK regular wine drinkers (n=1,006)

Top 3 for each generation

| | Gen Z 18-24 | Millennials 25-39 | Gen X 40-54 | Boomers 55+ |
|---|---|---|---|---|
| Standard bottle (750 ml) | 66% | 75% | 91% | 93% |
| Small bottle (single serve) | 35% | 20% | 20% | 16% |
| Large glass bottle / magnum (1.5L) | 51% | 23% | 18% | 6% |
| Large bag-in-box (3L) | 12% | 8% | 10% | 8% |

Two other formats exhibit strong correlation with age:

- Wine in a **can** (from 19% for Gen Z to 3% amongst Boomers)
- Wine in a **pouch** (from 11% amongst Gen Z to 1% amongst Boomers)

% / %: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level
Source : Wine Intelligence, Vinitrac® UK, July 2022 (n = 1,006) UK regular wine drinkers

# Key takeaways

- **Boomers** and **Gen X** remain key targets for the wine industry because wine drinking is a solid habit and wine dominates their alcohol repertoire.
    - These two groups account for 73% of the wine drinking population and 66% of total spend in off-premise.
    - Focus on the informal and functional (taste, food matching, relaxation)
    - Routine purchase-patterns at entry and mid price points.
    - Gen X (40-54) more willing to trade up in off premises, more involved, and still seeking novelty

- **LDA Gen Z** and **Millennials** are key targets in **on-premise** and for **premium and super premium wines**.
    - Both generations account for only 26% of the regular wine drinking population but for ≈50% of total spend in bars, pubs and restaurants.
    - For both of these cohorts, wine carries social values, prompting curiosity, involvement and higher spend levels
    - LDA Gen Z tend to be price sensitive though are willing to trade up for social occasions. They also show specific interest for sweeter styles of wines, rosé and sparkling.

# Appendix

# Research methodology

- Data was gathered via Wine Intelligence's Vinitrac® UK online survey
- Respondents were screened to ensure that they were at least 18 years old; drank red, white or rosé wine at least once a month; and bought wine in the off-trade or in the on-trade
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The data is representative of UK regular wine drinkers ; sampling is quotas-based in terms of gender, age, annual pre-tax household income and region
- The distribution of the sample is shown in the table:

| | | *Oct-21* | *Jul-22* |
|---|---|---|---|
| | *n=* | *1 000* | *1 006* |
| **Gender** | Male | 43% | 48% |
| | Female | 57% | 52% |
| | ***Total*** | ***100%*** | ***100%*** |
| **Age** | 18-24 | 5% | 5% |
| | 25-34 | 10% | 12% |
| | 35-44 | 13% | 16% |
| | 45-54 | 16% | 18% |
| | 55-64 | 20% | 17% |
| | 65 and over | 36% | 32% |
| | ***Total*** | ***100%*** | ***100%*** |
| **Annual household income before taxes*** | Under £19,999 | 12% | 13% |
| | £20,000 - £29,999 | 21% | 16% |
| | £30,000 - £39,999 | 21% | 26% |
| | £40,000 - £59,999 | 20% | 17% |
| | Over £60,000 | 26% | 29% |
| | ***Total*** | ***100%*** | ***100%*** |
| **Region** | Norths | 23% | 22% |
| | Midlands | 16% | 16% |
| | East Anglia + South East | 18% | 26% |
| | London | 10% | 12% |
| | South West | 15% | 7% |
| | Wales | 7% | 5% |
| | Scotland | 8% | 8% |
| | Northern Ireland | 2% | 3% |
| | ***Total*** | ***100%*** | ***100%*** |

*Different base: those who answered 'Prefer not to answer'.

Source : Wine Intelligence, Vinitrac® UK, October 2021 and July 2022 (n ≥ 1,000) UK regular wine drinkers

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