

DEMOGRAPHICS AND WINE

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VINTAGE ECONOMICS

www.vineconomics.com

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1. INTRODUCTION

Demographics and Wine provides a nuanced analysis of U.S. wine consumer demographics and their evolution over time. The report also situates wine's performance within the context of the broader beverage alcohol market and assesses the implications of America's evolving demographics for wine demand.

The report is based on Vintage Economics' analysis of public-use microdata from the Bureau of Labor Statistics' Consumer Expenditure "diary" survey. This survey produces detailed two-week spending records for approximately 6,000 "consumer units" per year and collects in-depth demographic information from respondents and their families. Consumer units are essentially households, though any household member that is deemed to be financially independent is broken out as a separate consumer unit. The term households and consumer units are used interchangeably in the report.

Vintage Economics uses the sample data along with the associated population weights to generate aggregate buying and spending estimates for the US overall and individual demographic segments.

Wine expenditures tend to be lumpy (e.g., an expensive bottle can cost \$500 or more) and there can be considerable variation in household spending from week to week. Thus, the annual estimates can be volatile, particularly for smaller demographic segments and those that purchase wine less frequently.

We make two adjustments to the estimates to improve the quality of the signal. First, spending is capped at the 99th percentile value to reduce the impact of outliers. Second, the metrics provided for individual demographic segments represent two-year moving averages, which reduces sampling error. We also estimate statistical models to isolate the independent effect of demographic attributes, as they tend to be correlated (e.g., high-income households generally also have high levels of educational attainment). While it is beyond the scope of this report to present detailed statistical results, we refer to them where they are relevant.

The data cover consumer expenditures only – business spending is not included in the survey – and spending while away from home on overnight trips is excluded as well. Consumers living in group quarters, such as college dormitories, military housing, or nursing homes are also excluded from the survey. The data pertain to spending in all channels – including in store, on-premise, online, and at wineries (except while on overnight trips).

All spending figures are adjusted for inflation using the consumer price index and presented in 2019 dollars.

As with any survey data, the results are subject to sampling and other forms of error. Margins of error are highest for small demographic segments that purchase wine infrequently. We advise readers to view the metrics as rough estimates and focus on the broad patterns over time as opposed precise changes from one year to the next.

Consumer Profiles by Education Segment

Aggregate Wine Expenditures	No 4-year Degree	Bachelors Degree	Advanced Degree	All Households
Annual Expenditures per Household	\$74	\$267	\$366	\$176
Annual Expenditures per LDA	\$37	\$130	\$175	\$86
Share of Total Households	57%	25%	18%	100%
Share of Total Wine Expenditures	24%	39%	38%	100%

Wine Participation: Prior Two Weeks (all households)	No 4-year Degree	Bachelors Degree	Advanced Degree	All Households
Bought Any Wine	11%	24%	28%	17%
Bought Off-Premise Wine	9%	19%	22%	14%
Bought On-Premise Wine	3%	10%	12%	7%
Share of Total Wine Buyers	36%	35%	30%	100%

Wine Spending: Prior Two Weeks (wine buying households)	No 4-year Degree	Bachelors Degree	Advanced Degree	All Households
Median Amount Spent	\$18	\$25	\$29	\$23
Average Amount Spent	\$27	\$44	\$50	\$40
Share Spending \$50+	13%	24%	31%	22%
Portion Spent On Premise	22%	25%	25%	24%

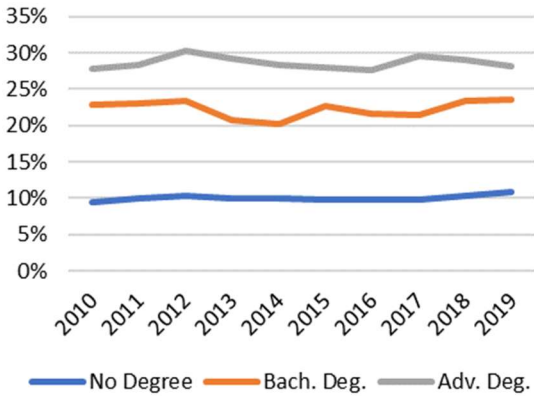
Beverage Alcohol Buying and Spending: Prior Two Weeks	No 4-year Degree	Bachelors Degree	Advanced Degree	All Households
Share Purchasing	29%	44%	47%	36%
Average Amount Spent	\$42	\$63	\$68	\$55
Portion Spent On Premise	36%	44%	41%	41%
Bought More than One Category	34%	50%	50%	43%

Wine's Beverage Alcohol Market Penetration	No 4-year Degree	Bachelors Degree	Advanced Degree	All Households
Total Spending Capture	24%	37%	44%	34%
On-Premise Spending Capture	14%	21%	27%	21%
Off-Premise Spending Capture	29%	50%	57%	44%
Alcohol Buyer Capture	37%	53%	60%	48%

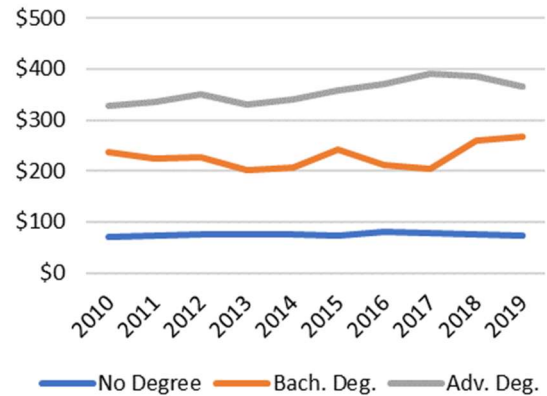
Alcoholic Beverage Preferences	No 4-year Degree	Bachelors Degree	Advanced Degree	All Households
Wine Spending Index	68	108	128	100
Beer Spending Index	125	93	78	100
Spirits/other Spending Index	103	101	95	100

Trends in Consumer Behavior by Education Segment

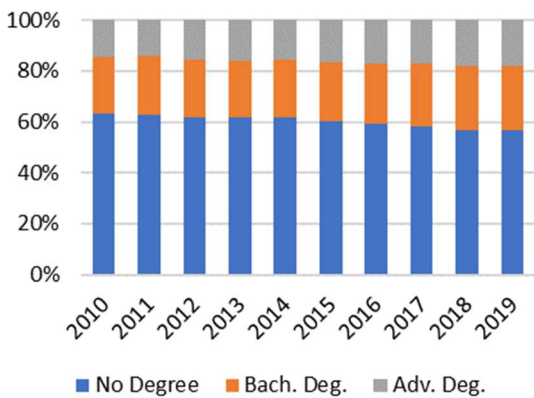
Share Buying Wine (past 2 weeks)



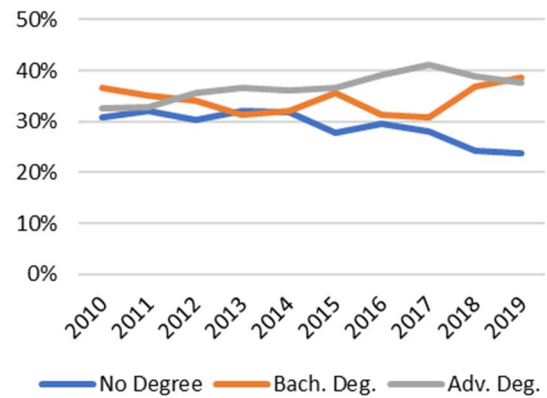
Annual Spend per Household



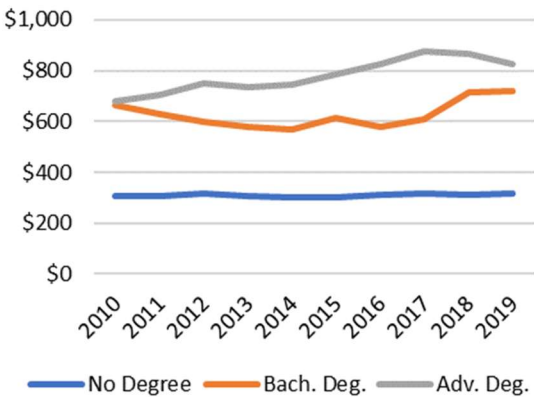
Share of Total Households



Share of Total Wine Spending



Annual Beverage Alcohol Spend Per Household



Wine's Share of Beverage Alcohol Spending

