



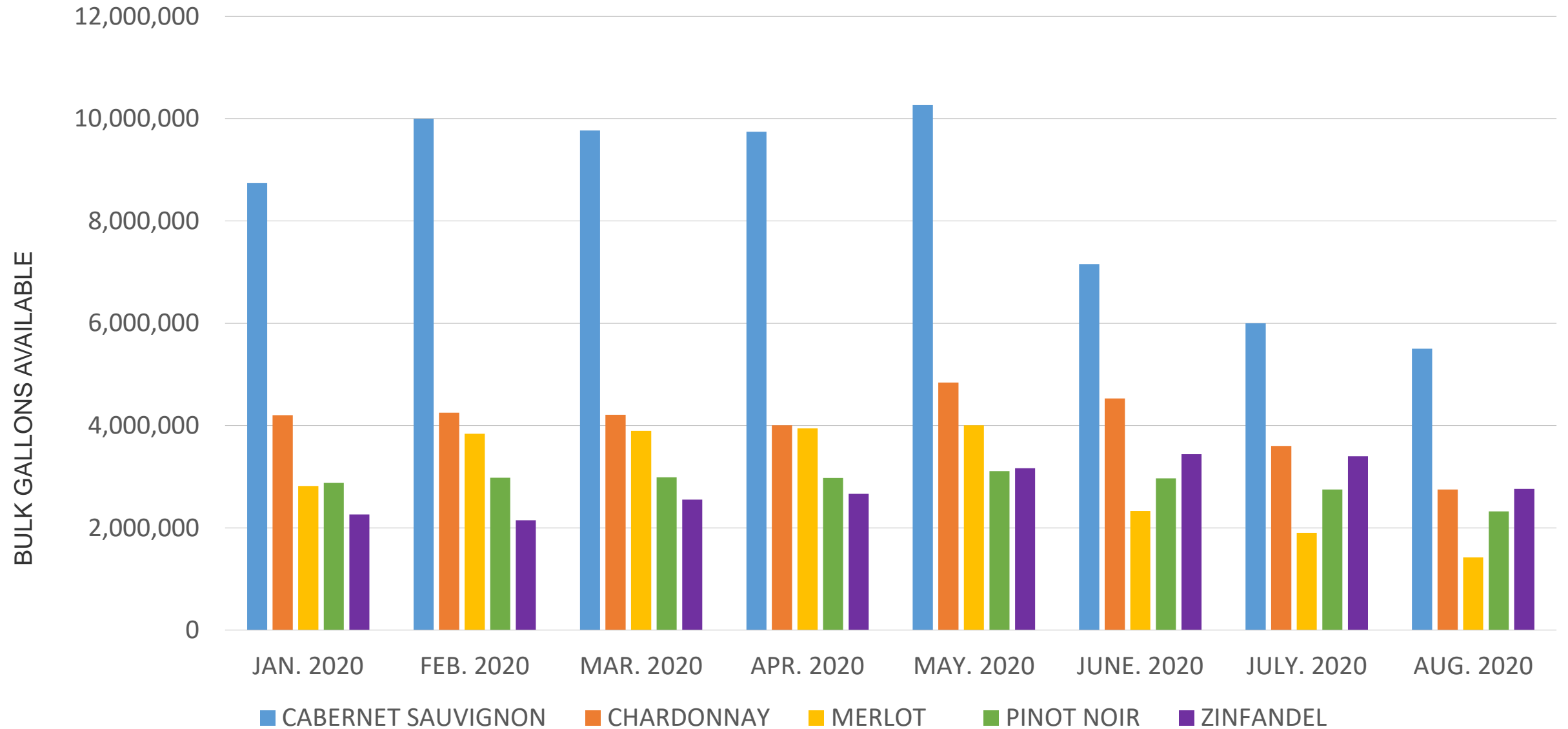
CIATTI MARKET UPDATE

WEDNESDAY, AUGUST 12, 2020
11:00AM – 12:00PM

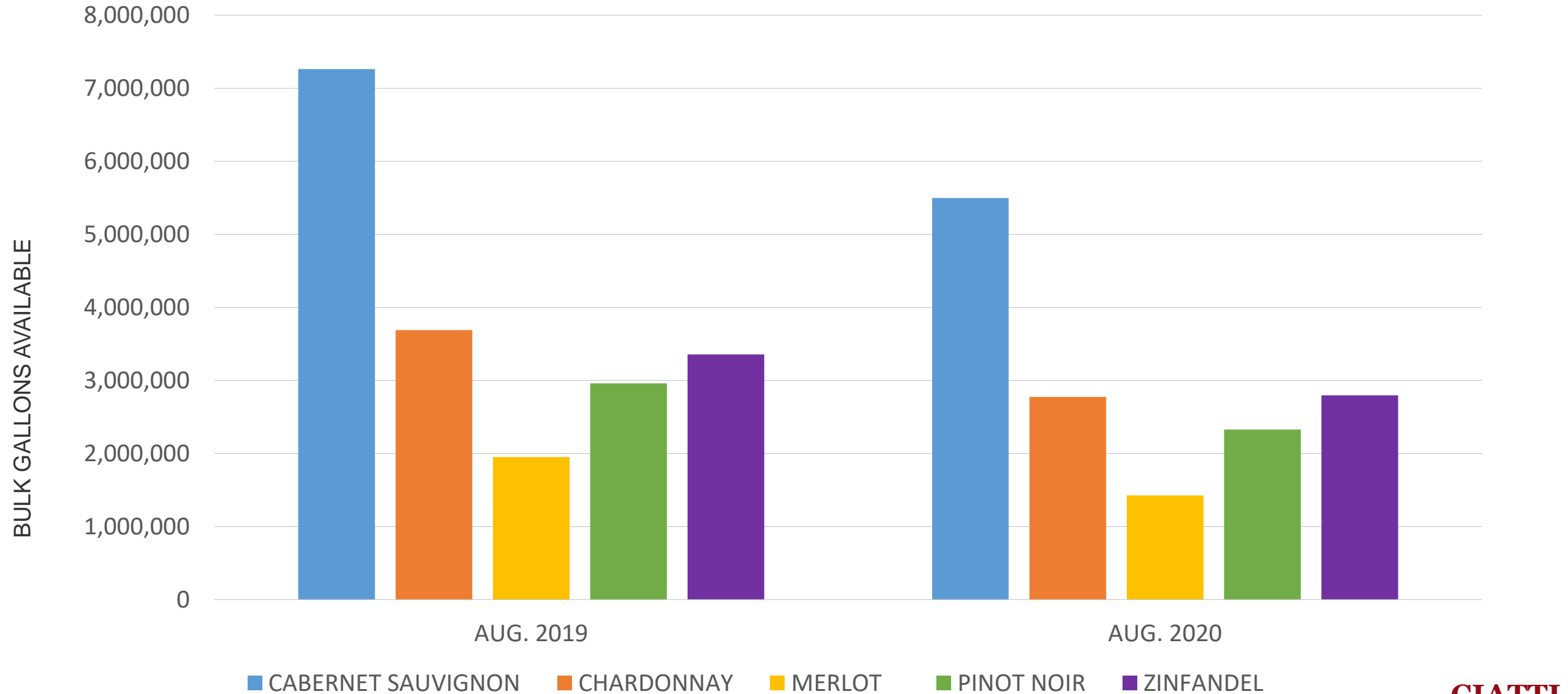
CALIFORNIA BULK MARKET

- ❖ Bulk market activity has picked up since March
 - ❖ Buyers have a specific purpose
 - ❖ Large wineries becoming buyers again
- ❖ Bulk pricing trends vary
 - ❖ Strengthening in value wines
 - ❖ Price decrease in some premium wines
- ❖ Mainstays are in demand (CS, PN, CH)
 - ❖ Strong demand for good quality Cabernet at California pricing
 - ❖ Muscat, PG, SB also in demand
- ❖ Two different markets
 - ❖ VALUE END/MID PRICED WINES – sourced for well positioned off premise brands
 - ❖ Strong activity in the bulk and grape market feeding these brands
 - ❖ PREMIUM END WINES – Sourced for smaller brands rely on tasting room and on premise
 - ❖ Limited activity in the bulk and grape market feeding these brands
 - ❖ Wineries have revised forecasts

CALIFORNIA BULK WINE INVENTORY



AUGUST 2019 VS AUGUST 2020



CALIFORNIA GRAPE MARKET

- ❖ More available grapes as wineries have given notice on long-term contracts
- ❖ Grape purchase activity has been mixed
 - ❖ INTERIOR/CENTRAL VALLEY: Early selective buying becoming more active
 - ❖ COASTAL REGIONS: Limited buying, value buyers looking for opportunities, regular buyers still waiting, some buyers becoming sellers
- ❖ Crop size looks average to slightly below, but it is early
- ❖ Uncertain future needs has been the biggest issue of buyers
 - ❖ Wineries are trying to understand “new normal”
 - ❖ Significant amount of grapes still available

THOUGHTS

- ❖ COVID market effects are benefiting some and challenging others
- ❖ New winery and field guidelines present challenges
- ❖ Other observations:
 - ❖ Delayed payments – cash flow
 - ❖ Contract price and payment term renegotiations
 - ❖ Financial tightening
- ❖ There could be more opportunities as harvest progresses
- ❖ Be willing to be creative with deals and get through in the short term



CIATTI

GLOBAL WINE & GRAPE BROKERS

UK MARKET REPORT

AUG 12, 2020

UNITED KINGDOM – GENERAL OVERVIEW

- For **the last year till 31 Mar 2020**:
 - Sales Volume decreased by 1.4%
 - Sales Value increased by 1.1%. **A steady Increase in Price/Lr** is the main factor in driving this growth.
- For **Jan - March 2020**: Beer, Wine & Spirits grew 4.7% in Volume & 6.5% in Value.
 - Mainly Beer drove **volume** growth, but **Wine** (£86m) and **Spirits** (£58m) **drove the value growth**.
- **Wine's Value** growth was 7.5% up against same 3 months period in 2019;.
- **IMPORTANT:** Only wines priced ~~£5+~~ per bottle showed both **Volume & Value growth** the 12 months till end March 2020;
- For the 1st 3 months this year, that trend shifted to wines **£6+** per bottle – *people are buying up!*

UNITED KINGDOM – GENERAL OVERVIEW

MOST IMPORTANT **VARIETALS**:

- **Malbec** is the *fastest growing* varietal in value (up 25%), **BUT**
- Sauvignon Blanc *added the most value* (£21m) to the Wine category growth over the 3 months.

MOST IMPORTANT **COUNTRIES** OF ORIGIN:

- France (£18m) and New Zealand (£17m) added the most to **Wine growth**, but **Argentina** saw the **fastest** value growth with 20%, mainly with Malbec.

UNITED KINGDOM – ON TRADE

- **The ON-TRADE** represents 46% of the UK's annual liquor spend – most likely higher than any European country.
 - **BREXIT** was thought to be the big unknown factor in all UK industries, but the **Covid-19 closure** of the UK Hospitality Industry for 17 weeks on 20 March 2020 caused:
 - **Sales Value** in the On-Trade to fall by 87%, a £30 Billion loss*** (from £34.2bn in 2019 to £4.6bn);
-
- On the positive side, just two weeks after opening again in mid-July, **ON-Trade** was almost back at 70% of pre-lockdown norms, **however**,
 - Despite the positive signs, a survey by *UK Hospitality* and data analyst *CGA*, found that over 75% of restaurants, pubs and bars might not be able to pay their bills over the next 12 months & a majority could face bankruptcy.

UNITED KINGDOM – OFF TRADE (incl Online)

- **OFF-TRADE** Alcohol sales through grocers & supermarkets during the On-Trade lockdown were up for the months of March through May and into mid- June 2020 respectively: (All compared to same period 2019)
 - 22% - March
 - 27% - Apr
 - 50% - May
 - 43% In the four weeks to 14 June (overlaps with May).
- **ONLINE** sales were up 91%, totalling 5.7 million online shoppers!
 - Retailer ***Majestic Wine*** reported about their online sales:
 - They gained 150,000 new clients and ONLINE growth of over 300%;
 - A 7% increase in mobile shopping;
 - An 11% increase in the average bottle price – (*confirmation - customers buying up!*)

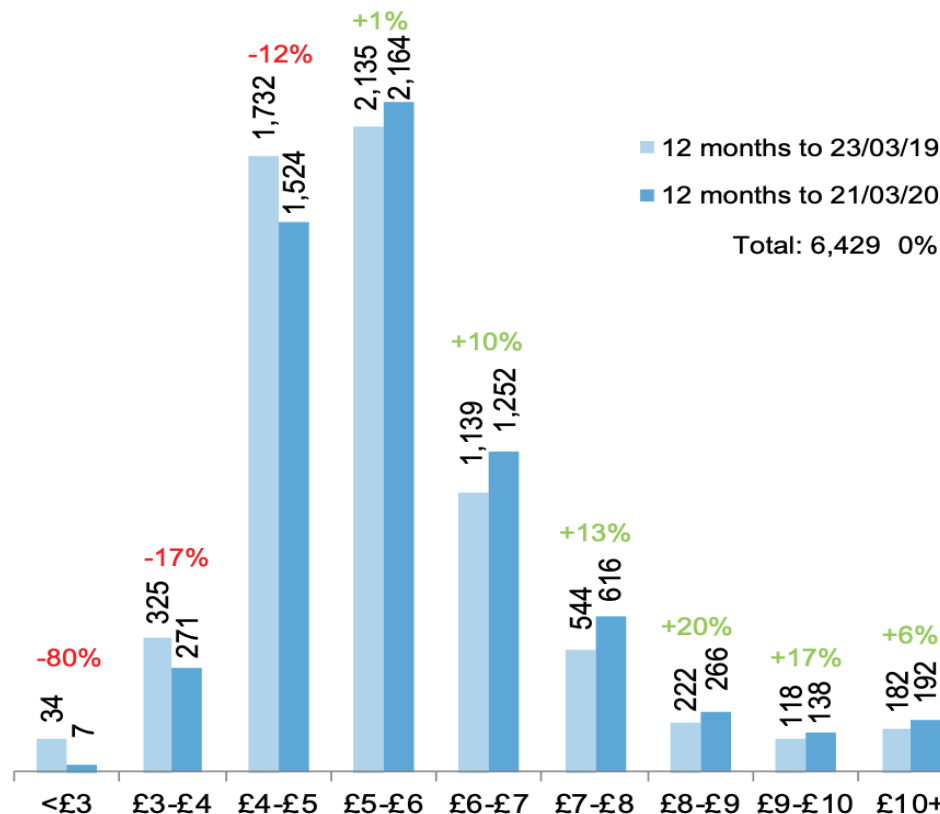
UNITED KINGDOM – OFF TRADE (incl Online)

- **STILL IN OFF-TRADE ...**
- Consumers spent £7.7bn on alcohol **in UK supermarkets** during the 17-week On-Trade lockdown, which is **a £1.9Billion increase** compared to the same period in 2019.
- **HOWEVER**
- This £7.7bn spent in OFF-TRADE during lockdown represents 1.3 billion litres, which was still 35% less than the 2 billion litres bought in the combined ON- & OFF TRADE for the same period 2019.
- Against the ON-TRADE loss of £30 Billion, the additional **£1.9Billion** gained in **OFF-Trade** was unfortunately not the promising gain generally perceived in the OFF-TRADE figures.

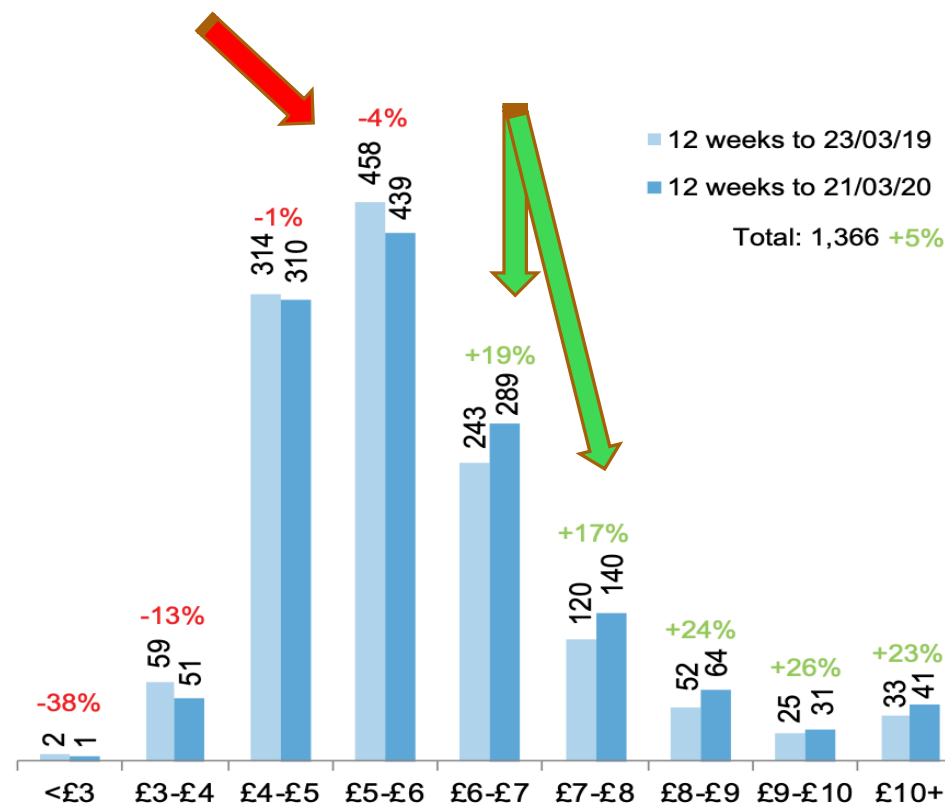
UK - WINE **VOLUME** @ PRICE POINTS - **OFF TRADE** (750ml bott.)

Volume (000s HLs)

Last 12 months



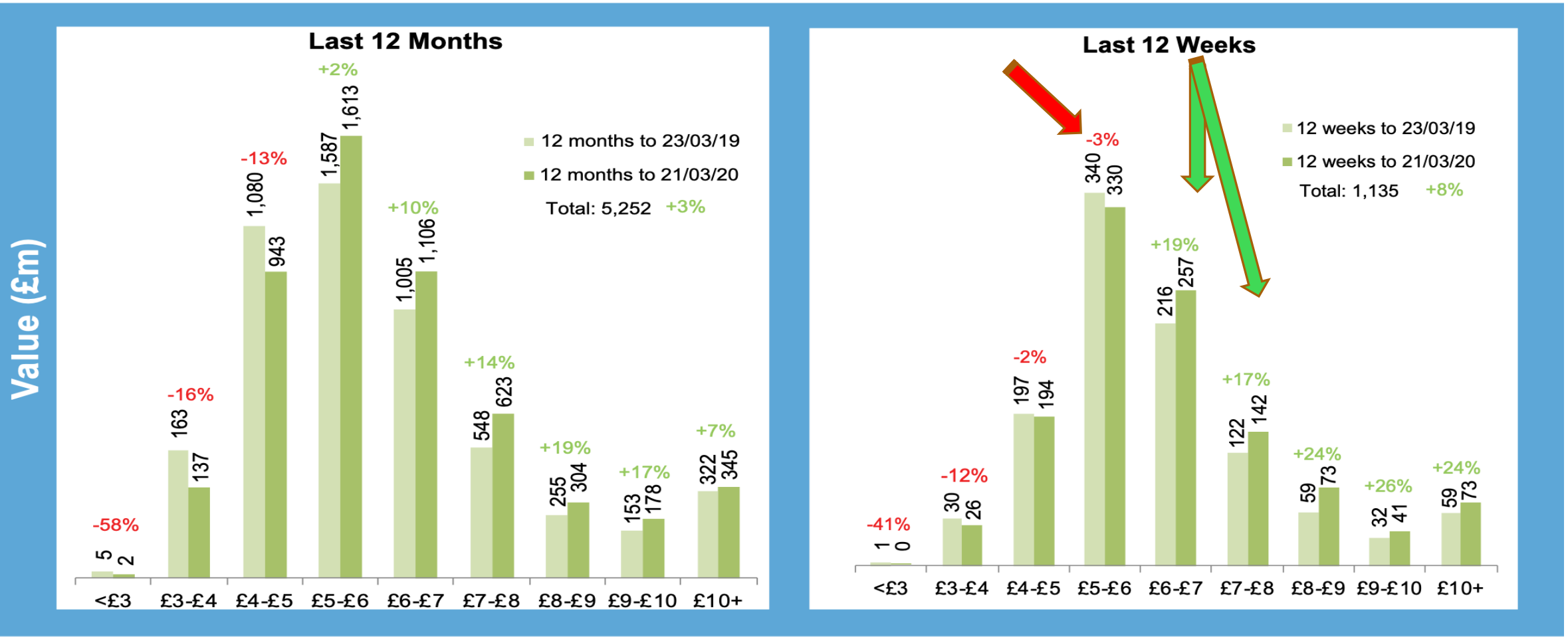
Last 12 weeks



- Wines priced between £8 and £9 again saw the largest increases in volume sales, and there is now a clear divide - growth in wines priced £5+ and large volume losses below the £5 mark over the last 12 months. Over the last 12 weeks, however, that divide has shifted upwards, to the £6 mark.











UK - WINE VALUE – OFF TRADE

- A similar trend is seen in terms of value, with value gains for wines priced above the £5 mark. Growth was particularly strong over the last 12 weeks, as consumers looked to buy extra wine in anticipation of a lockdown.



STILL WINE – Country of Origin

Last 12 months (to 21/03/2020)

		Country of origin	000s hl	% change (YOY)	£m	% change (YOY)	price/L	% change (YOY)
1		Australia	1,554	-5	1,192	-2	£5.75	+3
2		Italy	932	-1	703	+2	£5.66	+3
3		Chile	783	+9	577	+9	£5.52	0
4		USA	739	-3	588	-1	£5.97	+2
5		France	689	+2	704	+5	£7.66	+3
6		Spain	623	-3	484	0	£5.82	+4
7		New Zealand	567	+8	550	+9	£7.27	+1
8		South Africa	544	-9	395	-6	£5.45	+3
9		Argentina	293	+18	249	+20	£6.37	+1
10		Germany	83	-8	55	-8	£4.95	0

- Over the last 12 months, wines from Chile, New Zealand and Argentina enjoyed the strongest growth, whilst there was also modest volume growth for French wines. Australian wines are still the most popular in the off-trade, whilst wines from Germany and South Africa saw the largest value losses.



CIATTI

GLOBAL WINE & GRAPE BROKERS

NETHERLANDS MARKET REPORT


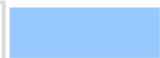










AUG 12, 2020

- **DUTCH WINE CULTURE 2018 - 2020:**
- With a population of 17 million, the Dutch consumers are:
 - Drinking less;
 - Looking for Better Quality;
 - Mindful about their health and the environment;
- **DUTCH WINE MARKET last 12 – 24 months:**
 - Volume is declining
 - Value is Stable
 - Consumers are buying up!

- **CONSUMPTION:** Consumers are buying less wine & drinking more gin and beer. *Cause: Hotter summers?*
- **Top Countries of Origin:** France / South Africa / Chile / Spain / Italy.
- RSA lost volume due to heavy price increases in 2018- & '19 and also due to a recent total alcohol ban, closing off all exports for Apr into May 2020 due to Covid-19 lockdown.


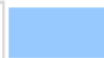









Top alcoholic beverages

% who have drunk the following beverages in the past 12 months

	2014	2020	
 White wine	85%	84%	
 Red wine	78%	76%	
 Beer	62%	70%	 
 Rosé wine	62%	47%	 
 Prosecco	41%	37%	

Top countries of origin

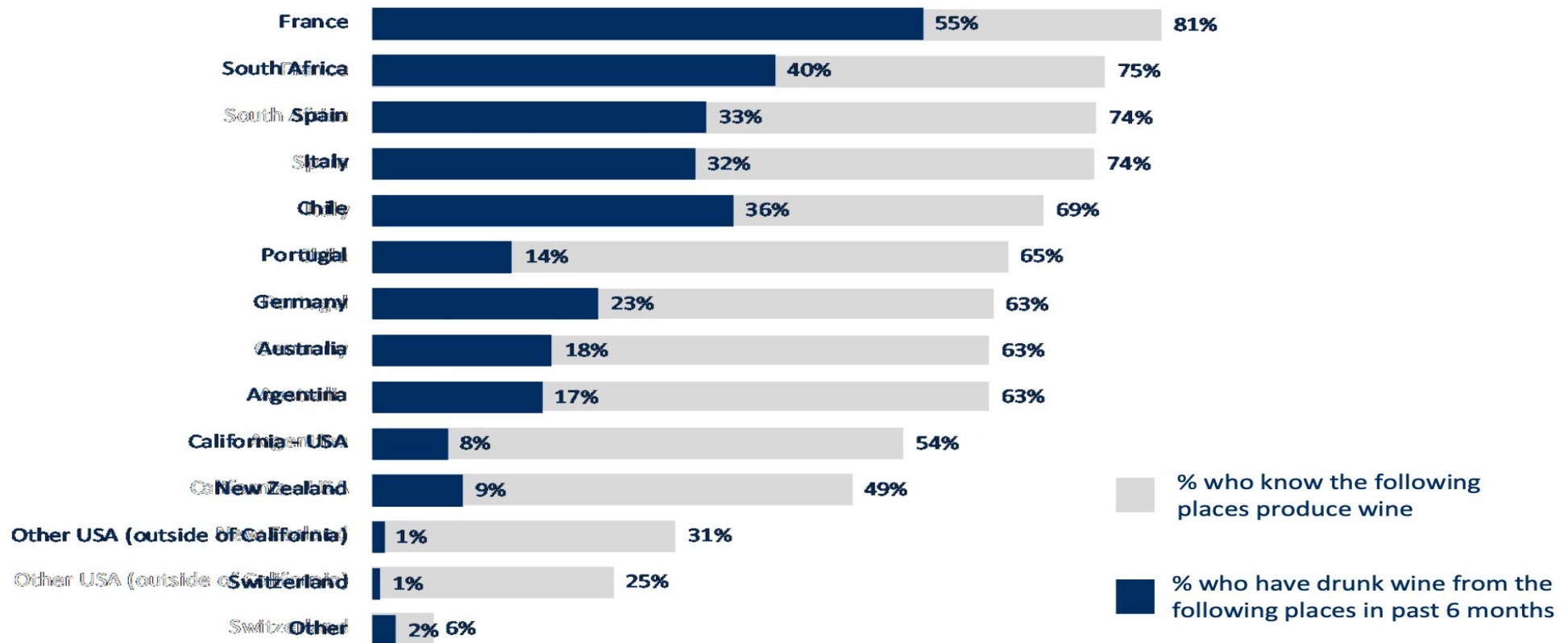
% who have drunk wine from the following places in the past 6 months

	2014	2020	
 France	59%	55%	
 South Africa	46%	40%	 
 Chile	33%	36%	
 Spain	31%	33%	
 Italy	30%	32%	

NETHERLANDS - COUNTRY OF ORIGIN AWARENESS vs. CONSUMPTION

- France, South Africa and Chile are the best at converting consumer awareness of their wines into purchases. First two are favourite holiday destinations, not so Chile.

• OPPORTUNITY: CALIFORNIA?








NETHERLANDS - VARIETAL CONSUMPTION

- Over 50% of Dutch wine consumers drink Chardonnay, Sauvignon Blanc and Merlot regularly.
- Malbec is up 90% against the 2014 base – shows what can be done, albeit from a small base!
- **OPPORTUNITY VARIETALS** for Countries to turn **Awareness into Sales**: Merlot / Pinot Noir / Chardonnay / Sauvignon Blanc.






Top red varietals

% who have drunk the following varietals or wine types in the past 6 months

	2014	2020	
Merlot	52%	55%	
Cabernet Sauvignon	48%	46%	
Pinot Noir	26%	30%	
Shiraz / Syrah	25%	23%	
Malbec	10%	19%	

Top white varietals

% who have drunk the following varietals or wine types in the past 6 months

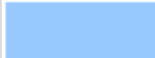




	2014	2020	
Chardonnay	54%	59%	
Sauvignon Blanc	46%	55%	
Pinot Grigio / Pinot Gris	29%	34%	
Riesling	23%	23%	
Grüner Veltliner	5%	14%	

NETHERLANDS – OFF-TRADE CHANNELS

- 85% of regular Dutch wine drinkers purchase wine from supermarkets.
- More than 50% of these same consumers buy their wine from just 2 Supermarkets:
 - Albert Heijn and
 - Gall & Gall.


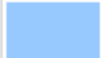








Top wine-buying channels

% who have bought wine from the following channels in the past 6 months

	2014	2020	
In a supermarket	86%	85%	
At an off-licence chain	41%	33%	
At a wine shop	29%	21%	
Via the internet	9%	12%	
At a wholesaler	13%	9%	

Top wine-buying retailers

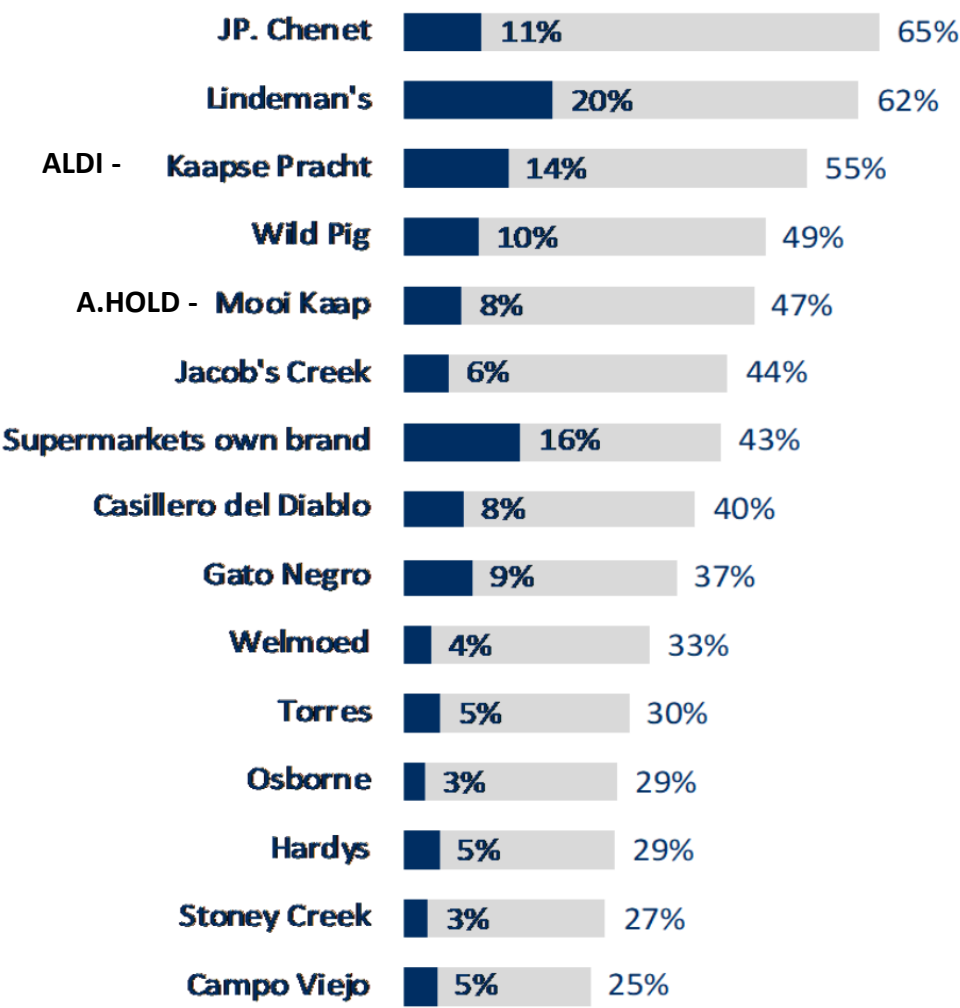
% who mainly use the following retailers to buy wine

	2014	2020	
 Albert Heijn	49%	51%	
 Gall & Gall	34%	35%	
 Jumbo	16%	27%	
 Lidl	22%	23%	
 Aldi	14%	11%	

NETHERLANDS – TOP BRANDS: AWARENESS VS. PURCHASE



Top 15 brands by awareness and respective purchase level:



WHAT DO TRADE EXPERTS SAY?

“Brands depend on the channel. Lindeman’s and Concha y Toro are doing well. That is what you see a lot. The big brands are in the shops and they are doing well”

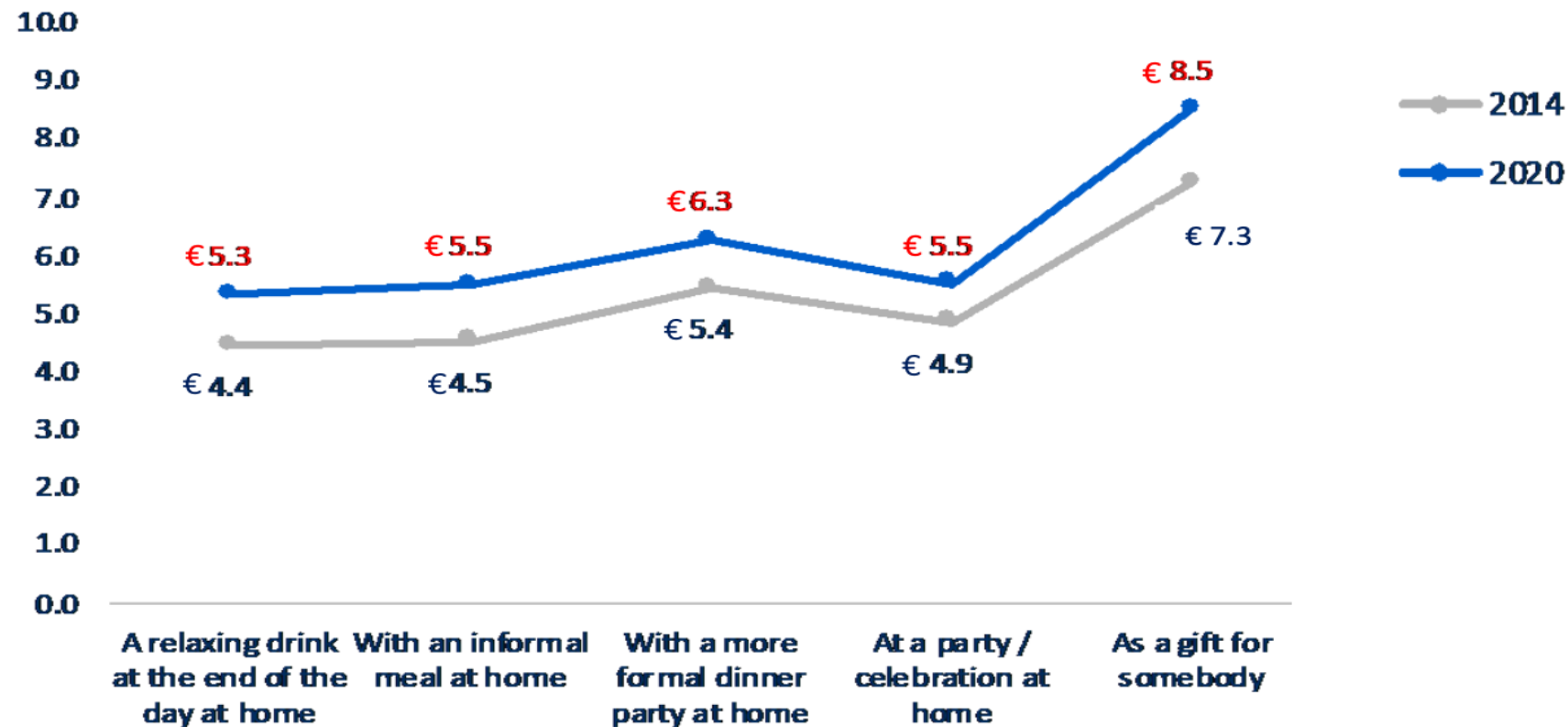
*Wine Consultant,
Netherlands*

- % who have heard of the following brands
- % who have bought the following brands in the past 3 months

NETHERLANDS – OFF-TRADE: SPEND ON WINE BY OCCASION

Majority of consumers still spend less than €5 per bottle in **off-trade**, but a growing minority is spending more,- a premiumisation trend is taking hold slowly;

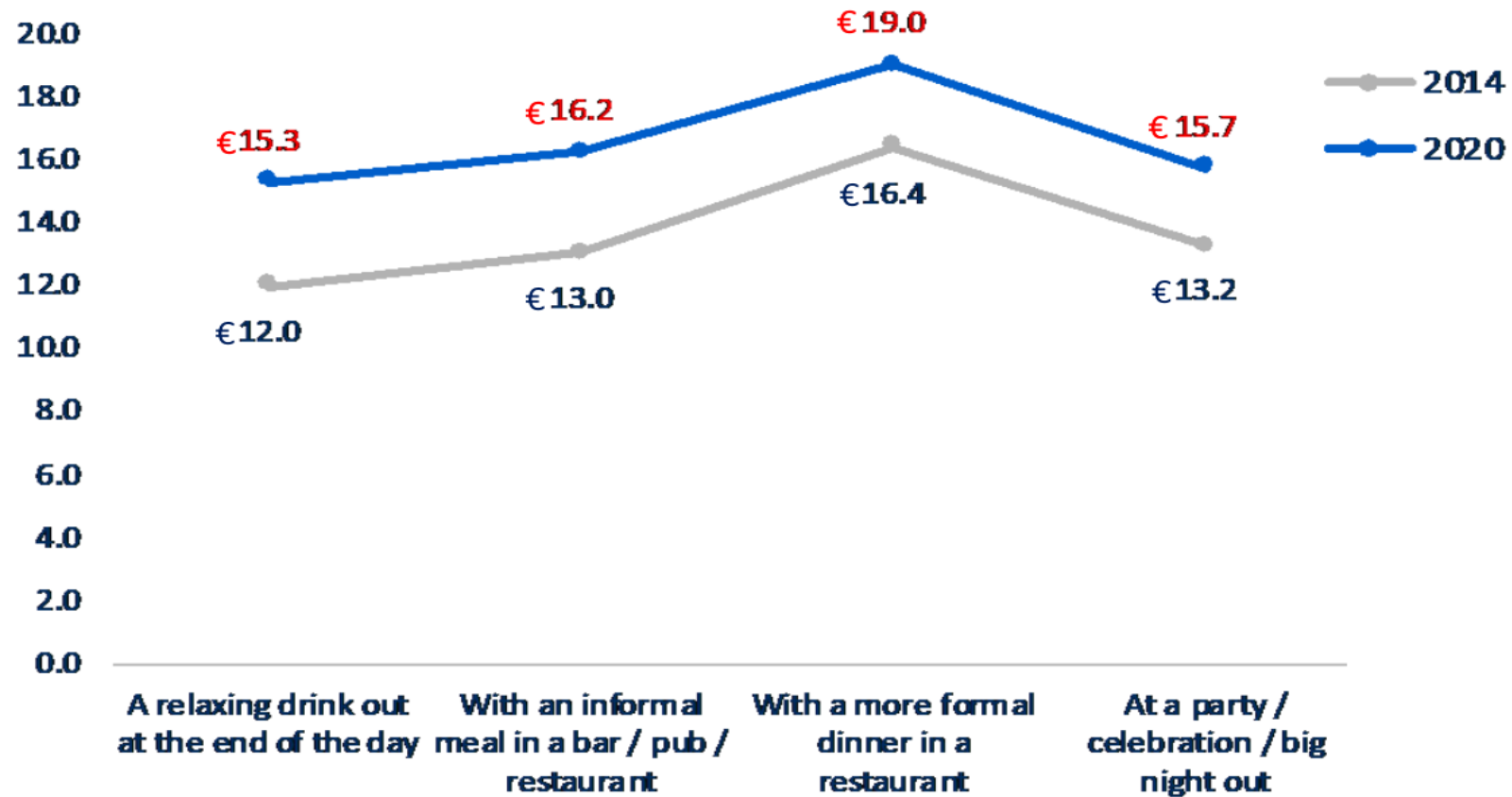
% who typically spend the following amount on a bottle of wine on each occasion
Base = Those who drink wine on each occasion



NETHERLANDS – ON-TRADE: SPEND ON WINE BY OCCASION

As with Off-trade, there is an increased willingness to trade up in the On-trade amongst regular Dutch wine drinkers.

% who typically spend the following amount on a bottle of wine on each occasion
Base = Those who drink wine on each occasion





CIATTI

GLOBAL WINE & GRAPE BROKERS

GERMANY MARKET REPORT

AUG 12, 2020

GERMANY – GENERAL OVERVIEW

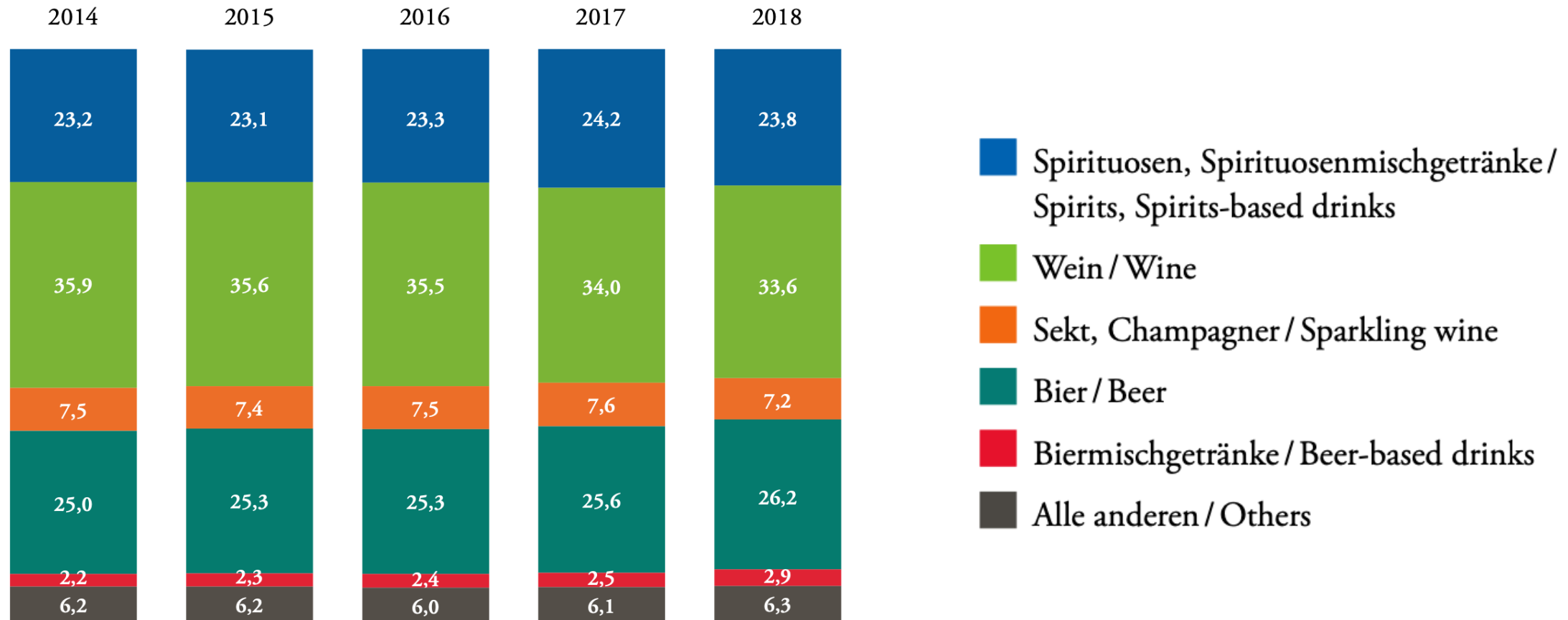
- Wine Imports decreased by 4%.
- Population increased by 2 million / 2,5%
- Consumption for both German- & Imported wine decreased by 4.5%

POPULATION & WINE CONSUMPTION BY ORIGIN	2012/2013 in 1.000 hl	2013/2014 in 1.000 hl	2014/2015 in 1.000 hl	2015/2016 in 1.000 hl	2016/2017 in 1.000 hl	2017/2018 in 1.000 hl
Wine imports total	15.982	16.012	15.392	15.232	15.125	15.343
Bevölkerung (in Mio.) / Population (millions)	80,8	80,8	81,2	82,2	82,5	82,8
theoretischer Verbrauch pro Kopf ges. (l) / Theoret. per capita consumption (l)	25,0	24,4	24,1	24,6	24,4	23,8
inländischer Herkunft / German origin	9,0	8,8	8,6	9,2	9,1	8,9
ausländischer Herkunft / Foreign origin	12,1	11,9	11,9	11,9	11,8	11,6
Schaumwein / Sparkling wine	3,9	3,7	3,6	3,5	3,5	3,3

- **ON-TRADE** represents approx **20%** of total wine sales.
- **OFF-TRADE** represents approx **80%** of total wine sales, of which:
 - **RETAIL SUPERMARKETS** are the most important channel at **78% of Off-Trade**.
 - Of these:
 - **Discount supermarkets** (“Discounters”) - 50 %;
 - **Classic supermarkets** - 17%;
 - **Hypermarkets** - 11%

GERMANY – HOUSEHOLD SPEND ON ALC BEVERAGES (in %)

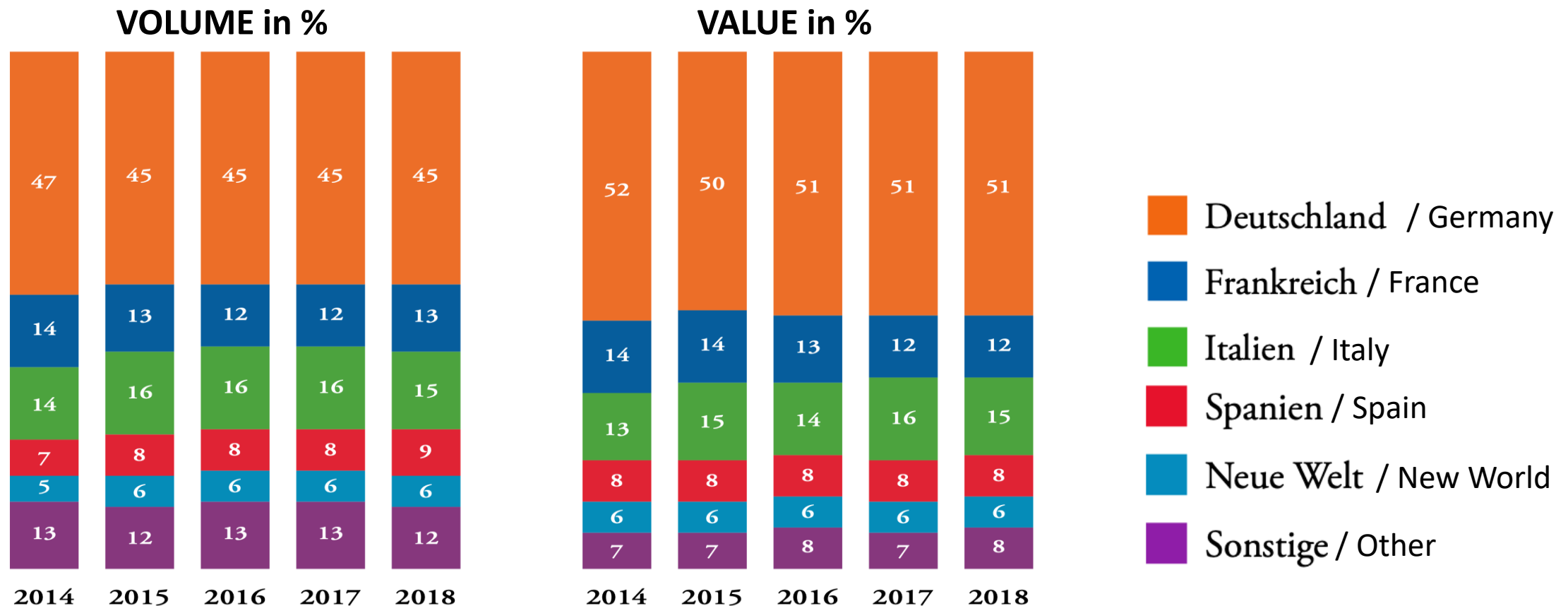
- Highest household spend is still on Wine – well above 30%, but unfortunately DECREASING;
- Beer is increasing its share of spend – *influence of warmer weather patterns?*
- Spirits, Sparkling Wine & Other stay relatively steady.



Source : Deutscher Wein Statistik 2019 / 2020

GERMANY – HOUSEHOLD SPEND ON WINE BY COUNTRY OF ORIGIN

- Spend on German wines is by far highest, but GOING DOWN;
- Spend on France DOWN / Spend on Italy UP;
- Spain & New World – CONSTANT over 5 yrs; - *good news for New World importing countries*



IMPORTED VARIETALS:

- WHITE represents **40%**, of which:

• CHENIN BLANC	-	5%
• SAUV BLANC	-	7%
• CHARDONNAY	-	23%

- RED represents **60%**, of which:

ROSÉS (GENERIC + VARIETALS)	-	6%
GENERIC RED	-	6%
MERLOT	-	10%
CABERNET SAUVIGNON	-	20%
SHIRAZ / RUBY CAB / RED ZIN	- EACH	5%

IMPORT COUNTRIES:

- CHILE is 1st: at 37% of all imports, almost double most other countries, except AUSTRALIA, 2nd at 22% of total.
- NB: These 2 countries dominate with Sauv Blanc / Chardonnay / Merlot / Cab Sauv / Shiraz (highlighted 60%)
- CHILE'S additional advantage - There is no import Duty on Chilean wine imported into any EU country;
- CALIFORNIA & SOUTH AFRICA are both at 18% of imports and all other countries are in single digit numbers.
- **OPPORTUNITY** for USA / ARG / RSA is market share on Chardonnay / Sauv Blanc / Merlot / Cab Sauv / Shiraz (the dominated 60%).

IN CONCLUSION: UK / NETHERLANDS / GERMANY

- Wine Consumption (ie Volume) shows a steadily declining trend in all 3 these markets;
- Value is very slowly, but steadily increasing through consumers preferring better quality and buying up, even **despite current adverse economic conditions**;
- Online is becoming a separate important growing market, which has not matured yet, so potentially still lots of scope;
- **As things stand now**, there are still opportunities for countries, especially NEW WORLD, to grow their international bulk varietals in some of these market segments;

THANK YOU! 🍷

WINE – Sales & Consumer Update



Ciatti Market Update Webinar

August 12, 2020

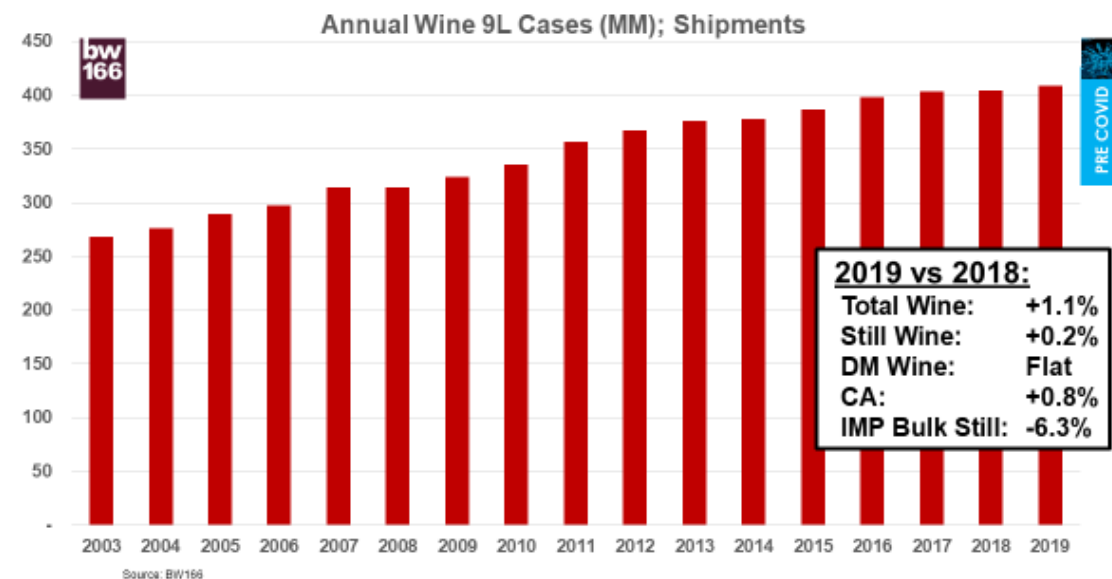
Danny Brager – Beverage Alcohol Consulting
Former Nielsen SVP Beverage Alcohol Practice
bragerdanny@gmail.com

Wine – Where We Were Pre-COVID

n

WINE MARKET VOLUME GROWTH STALLED (at best)

n

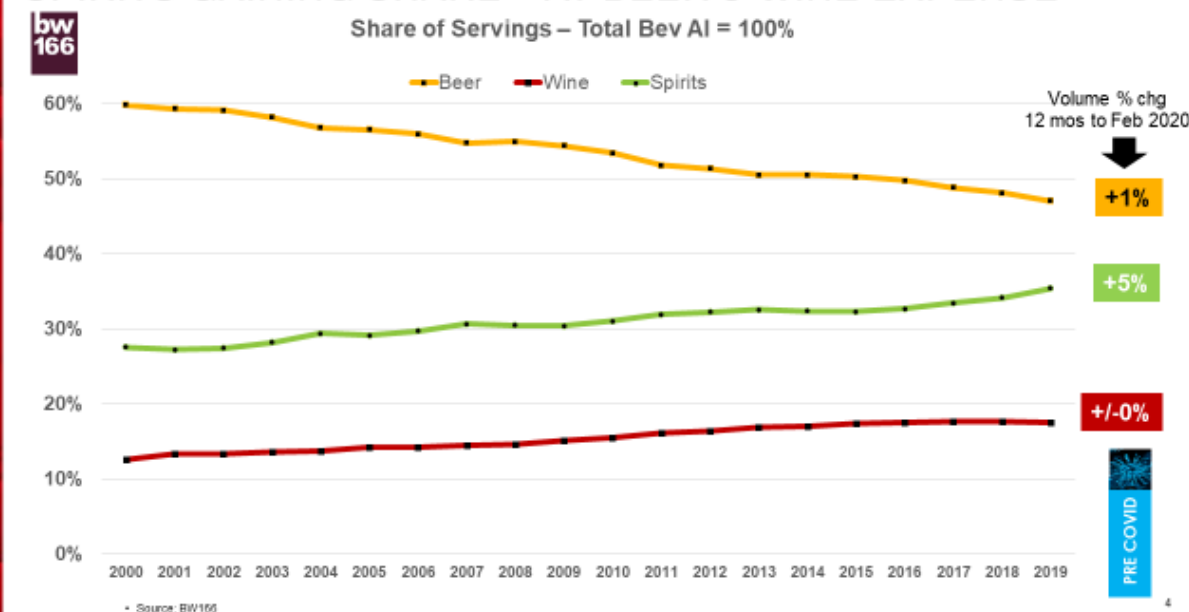


- Growth stalled/volumes flat
- Corroborated by a number of industry sources

- Losing share

SPIRITS GAINING SHARE – AT BEER & WINE EXPENSE

n



January 2020

NEWS

No 34747/53

Only fresh news

www.news.com

founded 1953

- *Is the U.S. Wine consumption boom over?*
- *Oversupply of premium wine, slower sales growth*
- *Millennials not embracing wine*
- *Millennials like White Claw better than wine*
- *Hard times ahead for U.S. Wine*
- *Wine grape growers felt the squeeze in 2019; 2020 looks no friendlier*



**UNLIKE
ANYTHING
WE'VE EVER
SEEN - & HOPE
WE NEVER WILL
AGAIN**



THE WORLD AS WE KNOW IT NOW

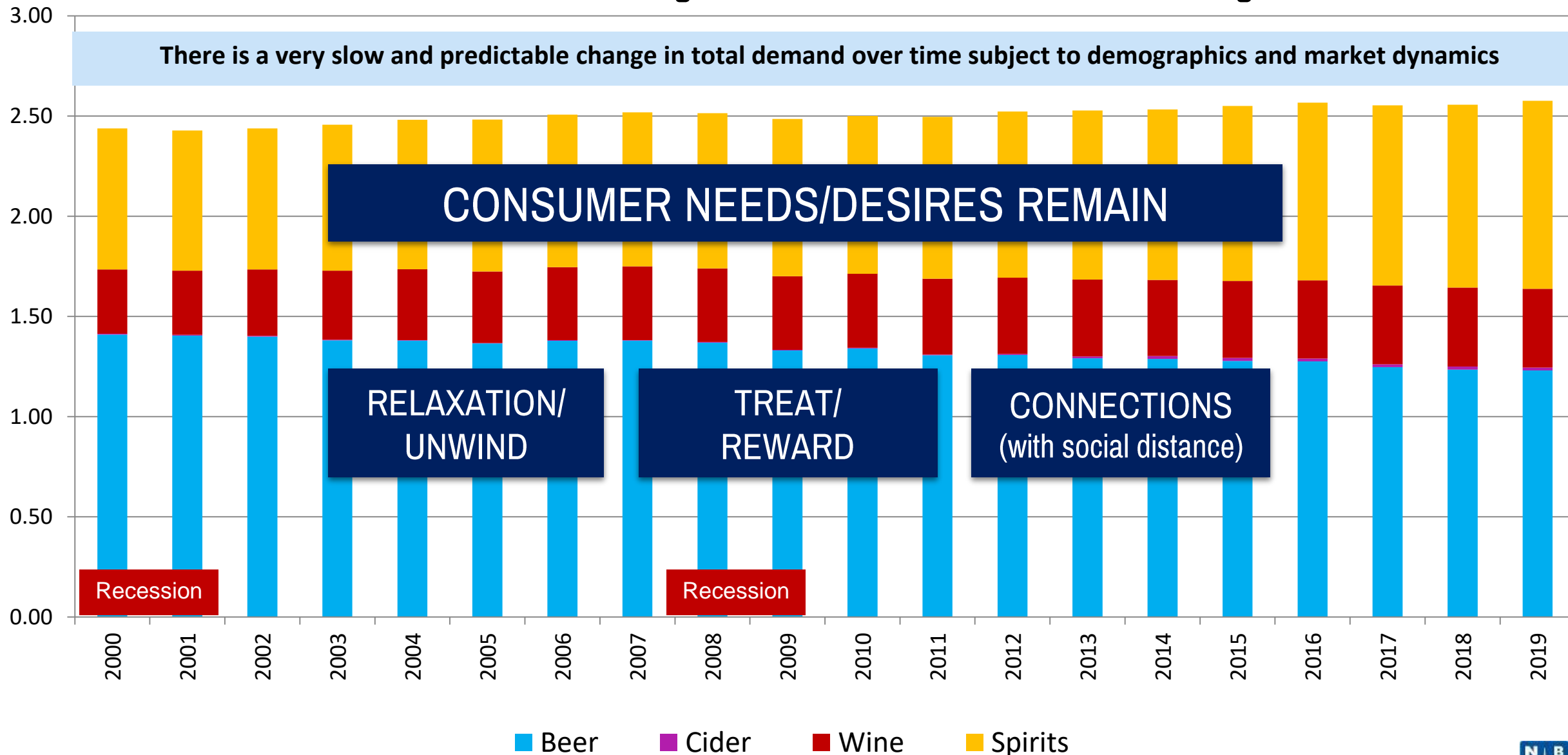
OVERALL	COMMENTS
Safety – health & hygiene	#1 consideration
Massive shifting of “WHERE”	<ul style="list-style-type: none"> • On to Off Premise; a greater ‘homebody’ economy • <u>ON</u> the premises to more delivery/take-out • E-commerce/digital explosion
Consumers act/react differently <ul style="list-style-type: none"> • Economic impacts • Health related behavior 	<ul style="list-style-type: none"> • Constrained vs Insulated spenders? • Younger vs older? • Where do they live? <div>Who is <u>the</u> consumer?</div>
Premiumization/Trading Up Muddier & more nuanced now	In mainstream channels – YES, but in highly premium channels – NO On Premise trading down? On to Off Premise shifting down in ‘spend’
Industry/Company Impact	EXTREMELY UNEVEN – Big vs small; Off vs On Premise balance; 3-Tier vs DtC balance
Overall Consumption	Likely in the flat range overall <ul style="list-style-type: none"> • Beer share losses accelerating • Spirits growing best • Wine growing – but likely only a little?



COVID

GALLONS OF ETHANOL CONSUMED PER CAPITA

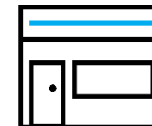
Consumer needs/desires remain – in good times or bad - with substantial Bev AI range to meet needs



A FEW KEY THINGS RE: nielsen MEASUREMENT

- Off Premise; mainstream channels + some Liquor channel geographies/retailers
 - Retail sales to consumers
 - Weekly reporting
 - Some brick & mortar retailers include their e-comm. sales in what we receive
- Averagely, off premise volume would initially have needed to grow in the low **+20%** range for total category growth to get back to flat; now need to be in **high teens**
 - To grow share, a segment or brand has to grow above that level
- On Premise; Restaurants & Bars

nielsen OFF PREMISE



- **Food** (Total US); incl. Whole Foods
- **Drug** (Total US)
- **Mass Merchandiser** (Target, Walmart)
- **Dollar** (Family Dollar, Dollar General)
- **Select Warehouse Club Stores** (Sam's, BJ's)
- **Military Exchanges** (AAFES, Nexcom, MCG, CGX)
- **Convenience** (Total US)
- **Liquor*** (selected geographies/retailers)
 - 7 geographic mkts – CO, FL, MA, MD, MN, NJ, NYC
 - 20+ key Liquor chains across the country
 - Wine.com



ON PREMISE



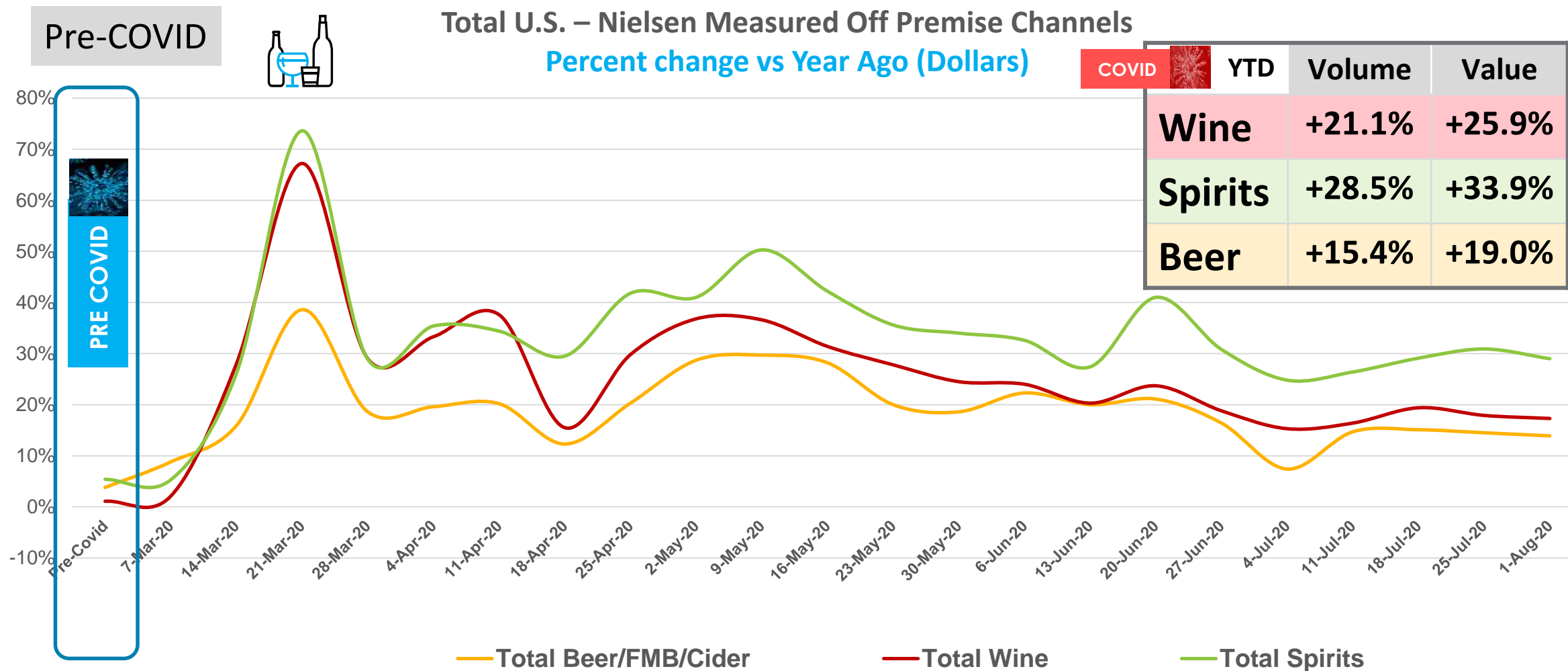
IMPORTANT TO REVIEW RECENT TIME PERIODS TO DETERMINE IF/HOW CONSUMER BEHAVIOR IS CHANGING AGAIN



TIME PERIODS	WHAT'S INCLUDED
PRE-COVID	52 w/e Feb 29, 2020
COVID YTD	w.e. March 7 thru latest week Aug 1; 22 weeks
➤ Restricted Living	w.e. March 7 thru May 30, 2020
➤ Re-Opening	w.e. June 6 thru latest week (July 25, or Aug 1)



SPIRITS LEADS OFF PREMISE RETAIL GROWTH & GAINING SHARE; WINE NEXT, BEER TRAILING & LOSING SHARE

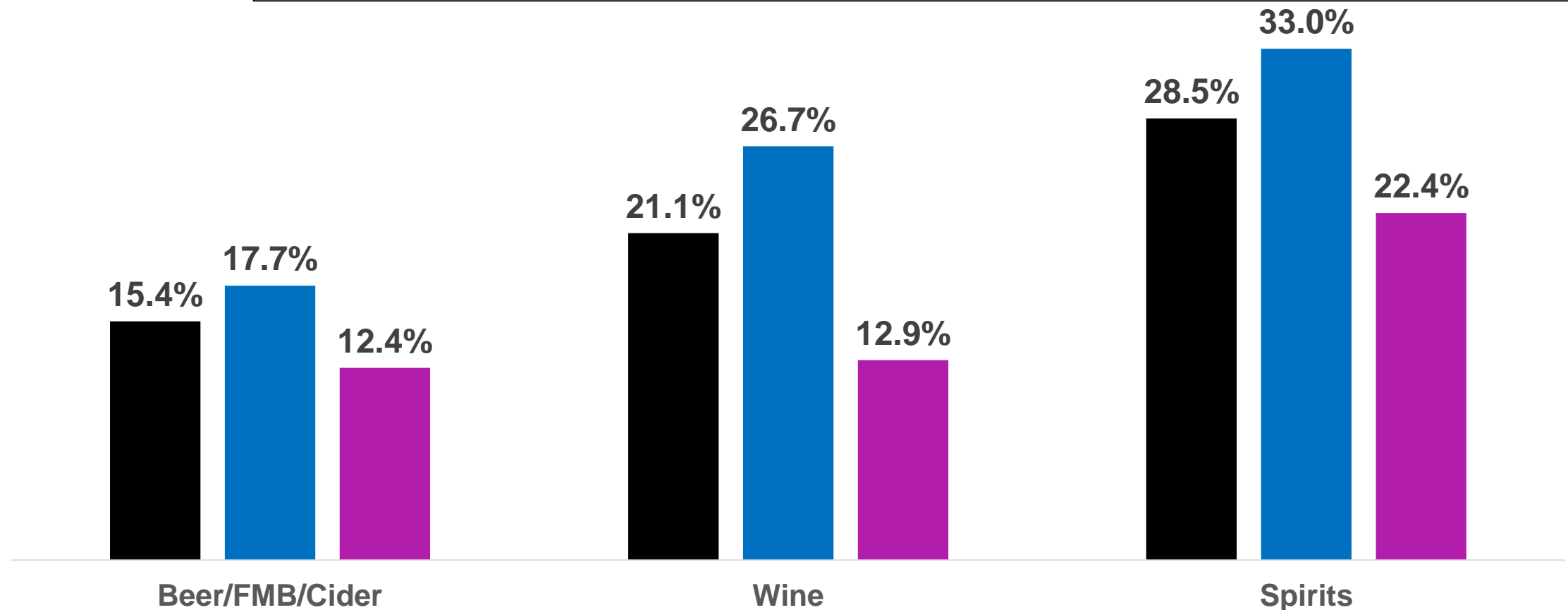


Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars) COVID-19 to Date; w/e March 7 through Aug 1, 2020

RETAIL OFF PREMISE GROWTH HAS TAPERED POST THE INITIAL LOCKDOWN; SPIRITS GROWTH HELD BEST; WINE LEAST

Category Percent Change vs Yr Ago (Volume)

■ COVID YTD ■ Restricted Living (w.e 3/7 thru w.e 5/30) ■ Re-Opening (w.e 6/6 thru w.e 8/1/)

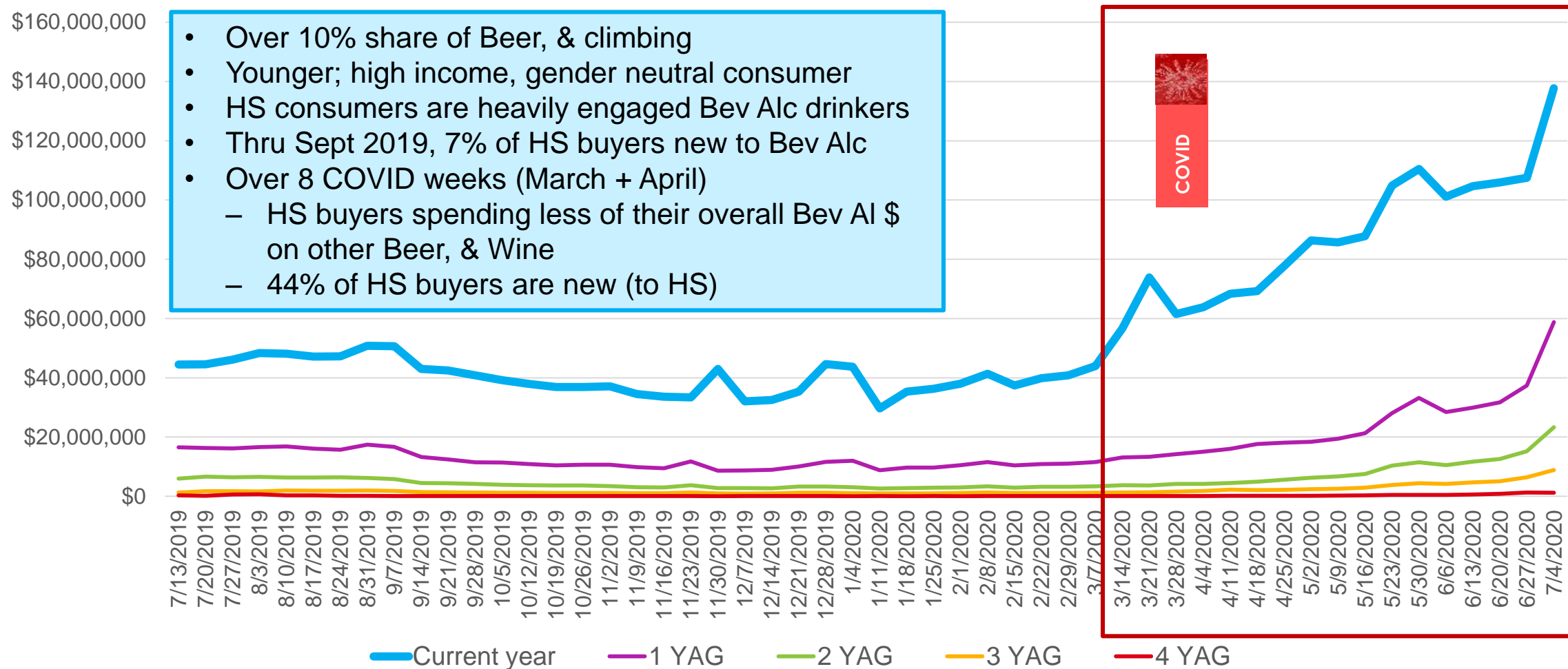


Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars) RESTRICTED LIVING (w/e 3/7/2020 thru 5/30/2020); RE-OPENING (w/e 6/6/2020 thru 08/01/2020)

HARD SELTZERS NOW OVER \$3B ANNUALLY

Hard Seltzer type Spirits/Wine represent additional \$175MM annually (+91% vs YAG)

Weekly Hard Seltzer Dollar Sales



SPIRITS GROWTH LED BY RTD's, TEQUILAS, COGNAC – both “convenience” and DIY drinks around the home

nielsen

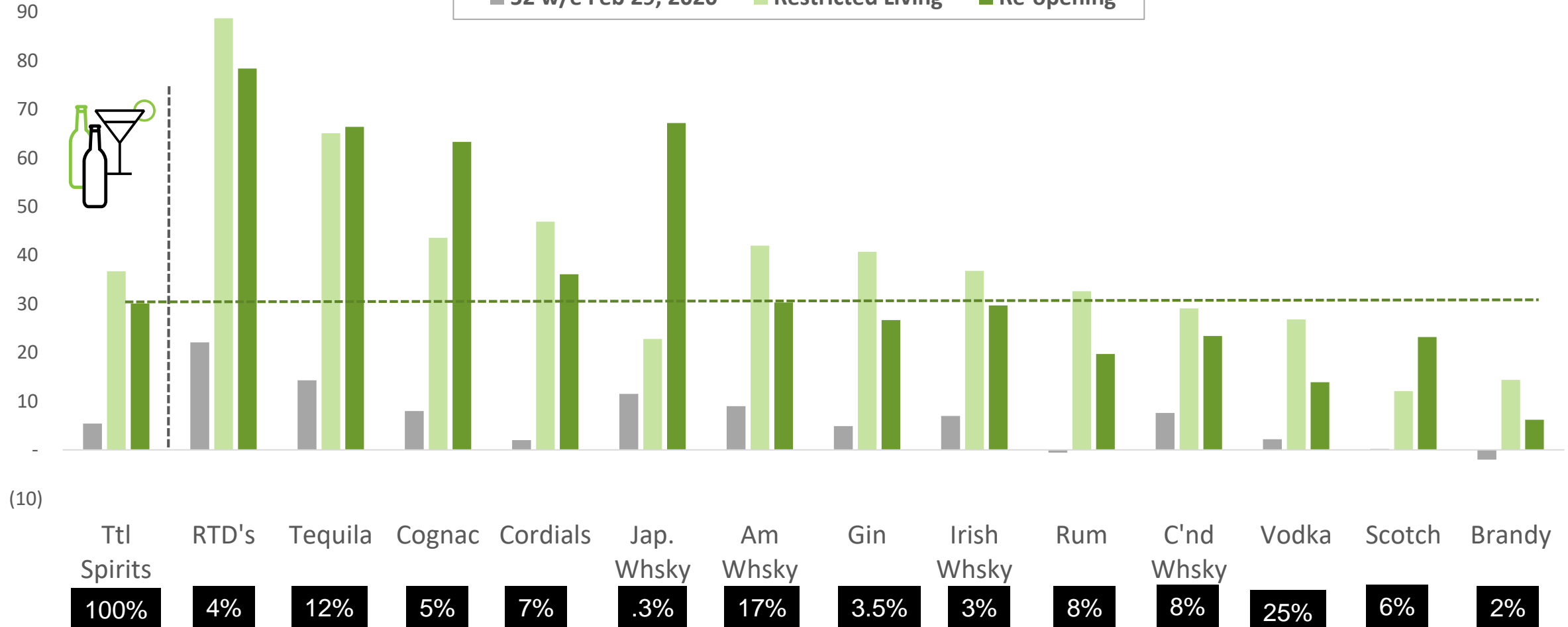
Percent change vs Yr Ago (Dollars)

Total U.S. – Nielsen Measured Off Premise Channels

■ 52 w/e Feb 29, 2020

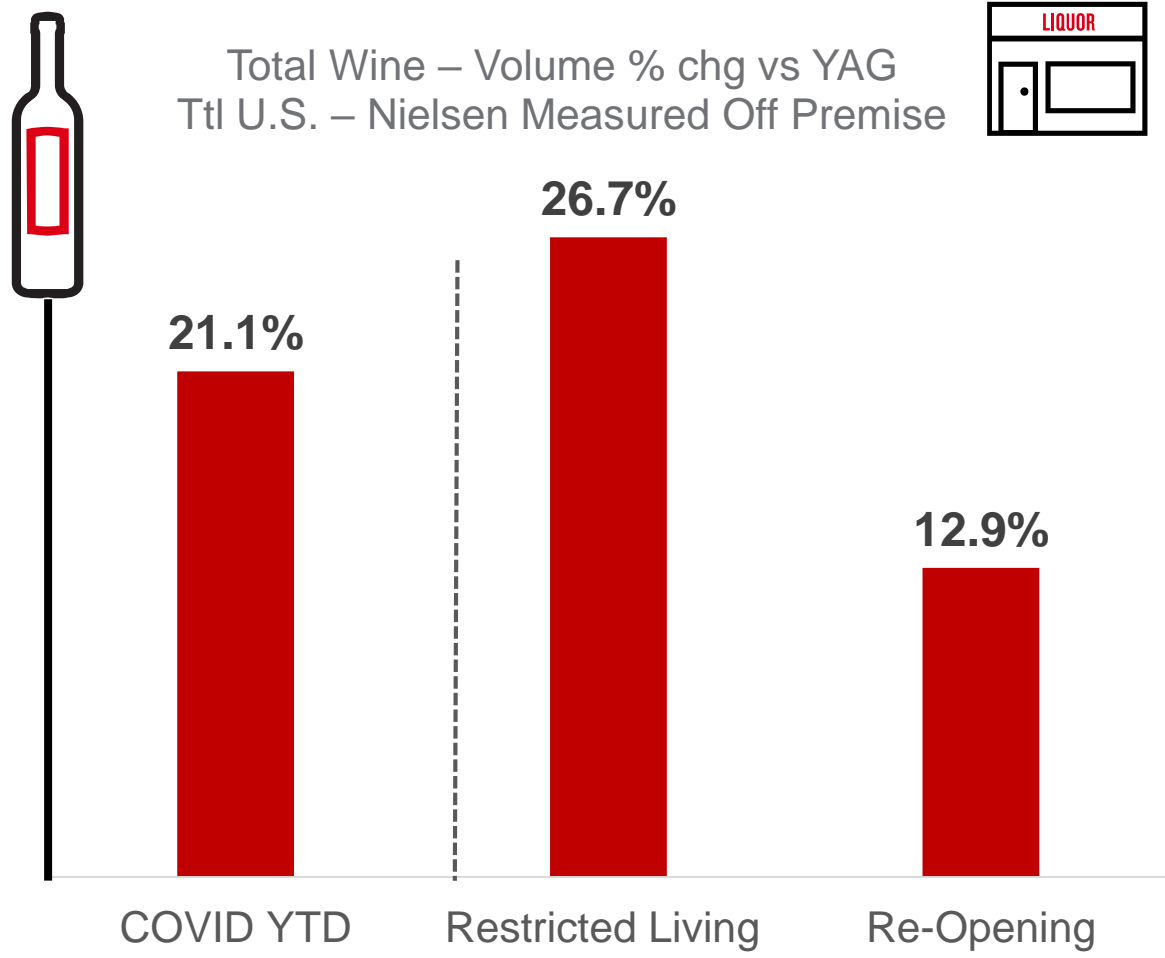
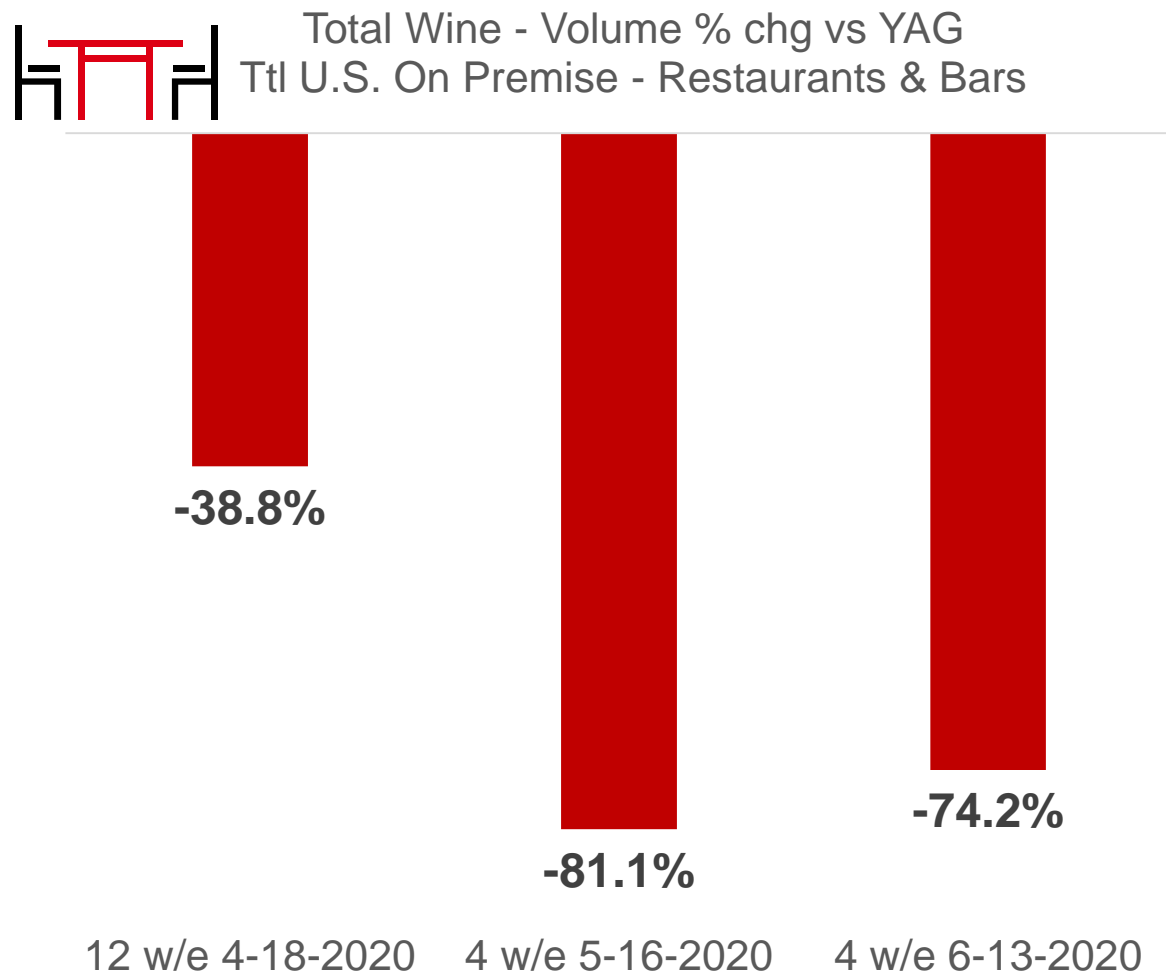
■ Restricted Living

■ Re-opening

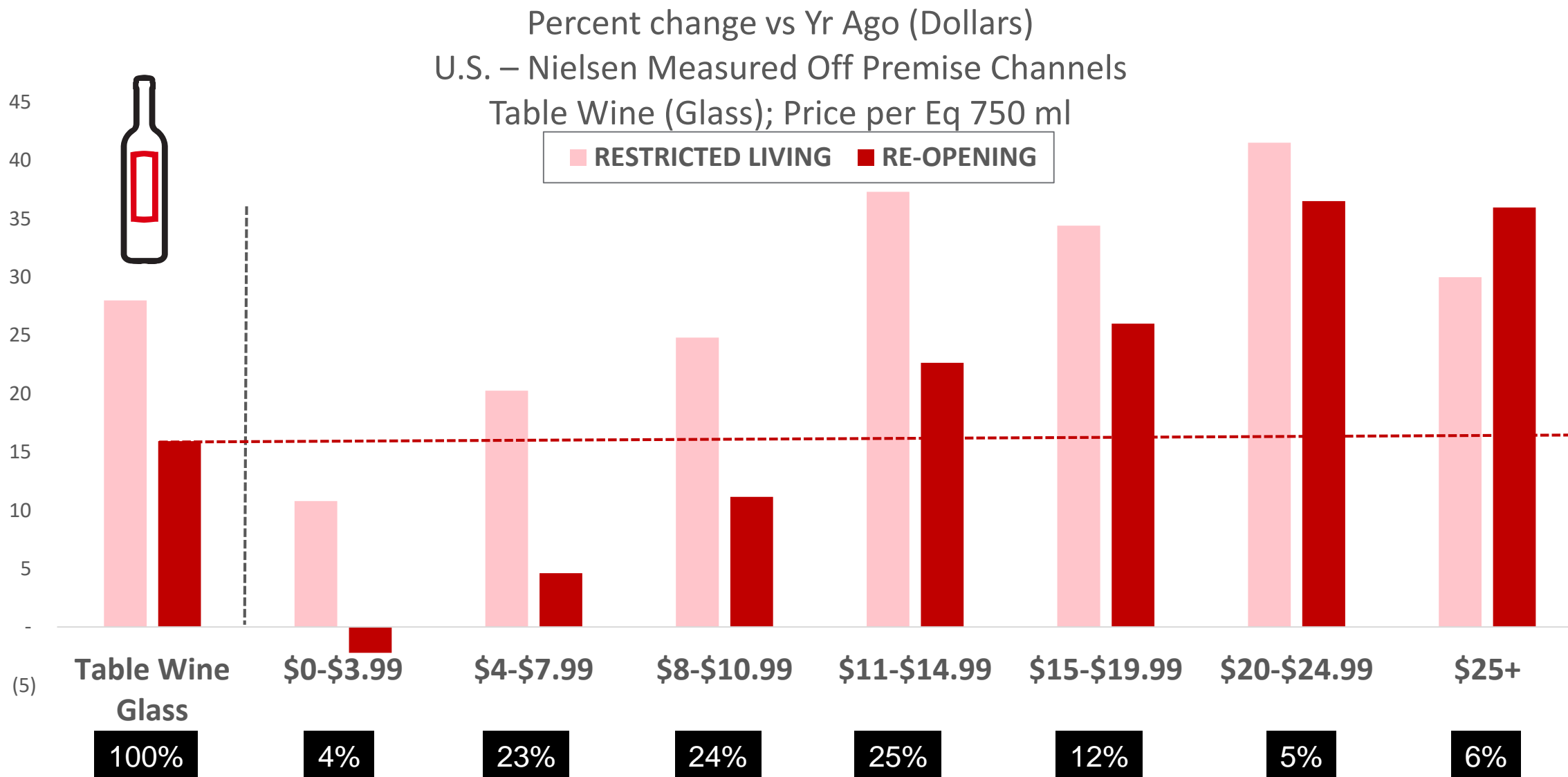


Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars) COVID-19 to Date; w/e March 7 through Aug 1, 2020

ON PREMISE WINE VOLUMES REMAIN in HUGE DISTRESS, WHILE OFF PREMISE GROWTH RATES HAVE SHRUNK



CONSUMERS TRADING UP in RETAIL OFF PREMISE

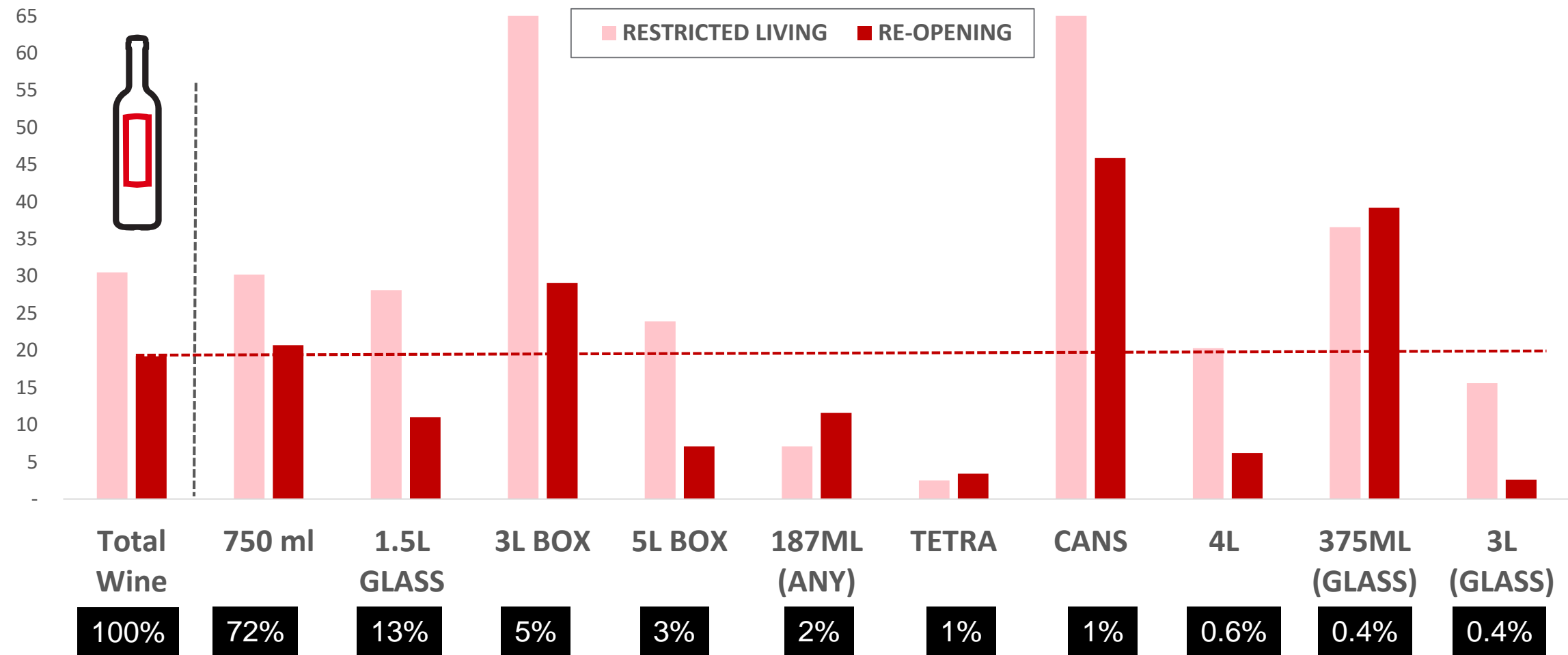


Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars); Restricted Living (w/e 3/7/2020 thru w/e 5/30/2020); Re-Opening (w/e 6/6/2020 thru w/e 8/1/2020)

LARGER FORMAT SIZE GROWTH NOW DECELERATING; CANS & ½ BOTTLE WITH CONSIDERABLE GROWTH ON SMALL BASE

n

Percent change vs Yr Ago (Dollars)
Total U.S. – Nielsen Measured Off Premise Channels

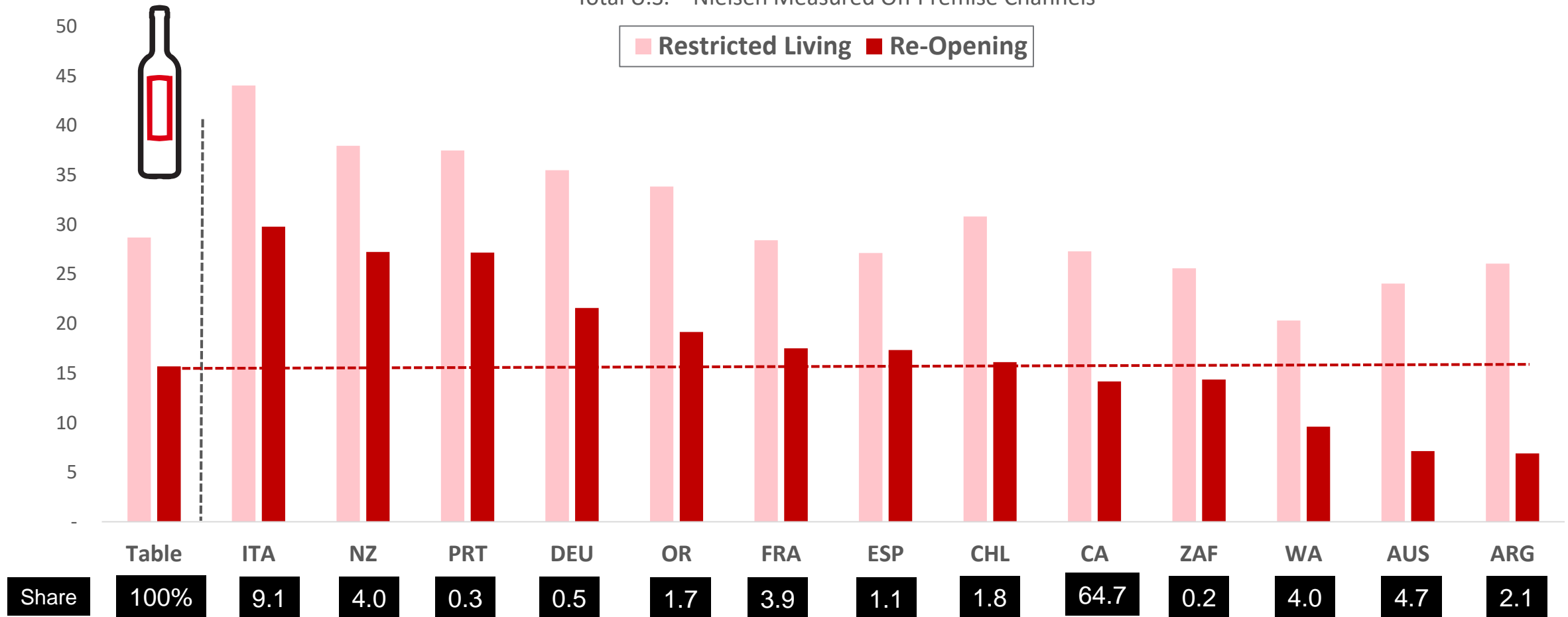


Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars); Restricted Living (w/e 3/7/2020 thru w/e 5/30/2020); Re-Opening (w/e 6/6/2020 thru w/e 8/1/2020)

TABLE ORIGIN % GROWTH LED BY SOME IMPORTS (NZ, PRT, DEU, FR), & OR; BUT CA LEADS ABSOLUTE GAINS BY FAR

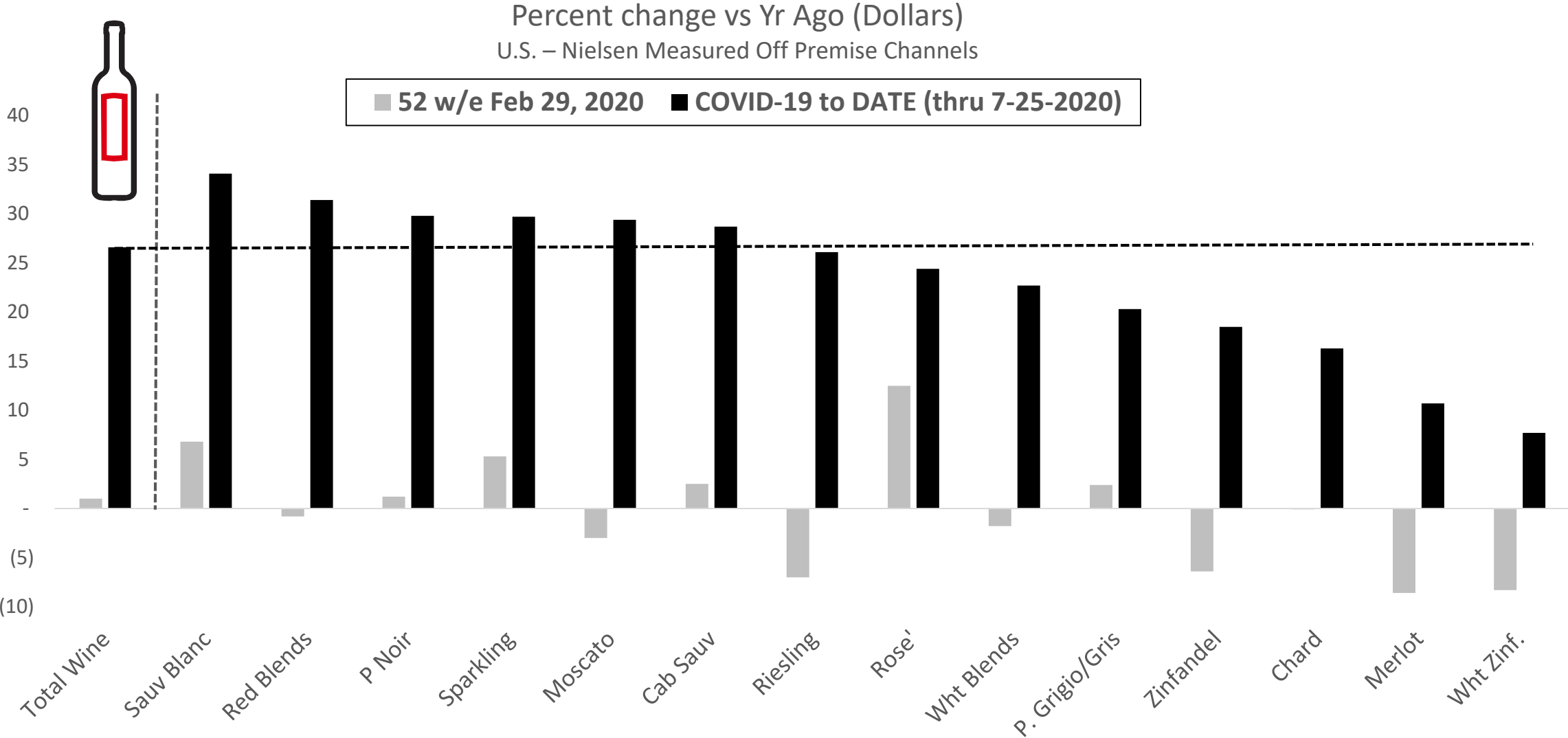


Percent change vs Yr Ago (Dollars)
Total U.S. – Nielsen Measured Off Premise Channels



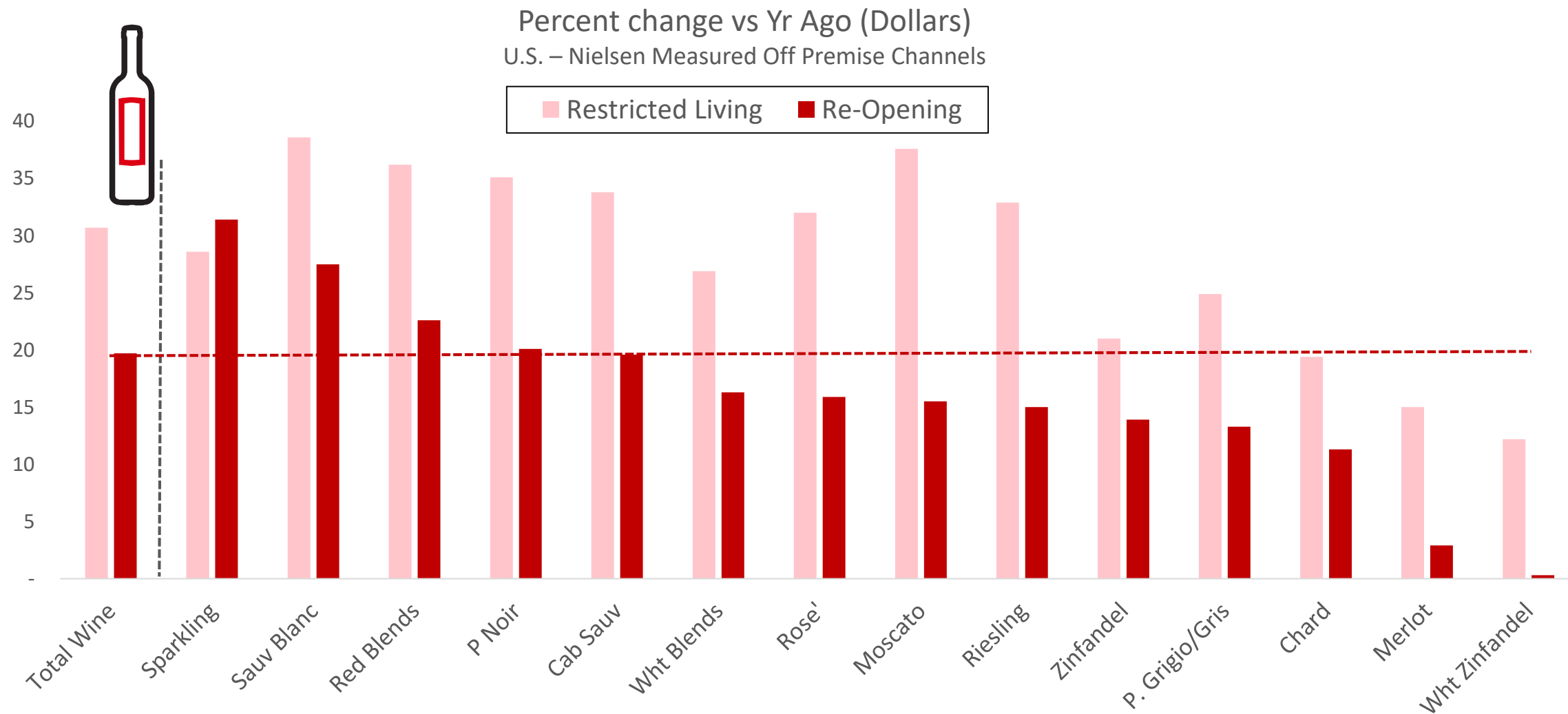
Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars); Restricted Living (w/e 3/7/2020 thru w/e 5/30/2020); Re-Opening (w/e 6/6/2020 thru w/e 8/1/2020)

VARIETAL GROWTH COVID YTD LED BY SAUV BLANC, RED BLENDS, P NOIR, SPARKLING – MOSCATO & RIESLING REBOUND



Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars); Restricted Living (w/e 3/7/2020 thru w/e 5/30/2020); Re-Opening (w/e 6/6/2020 thru w/e 8/1/2020)

RECENT VARIETAL GROWTH LED BY SPARKLING, SAUV BLANC, RED BLENDS, P NOIR, CAB SAUV

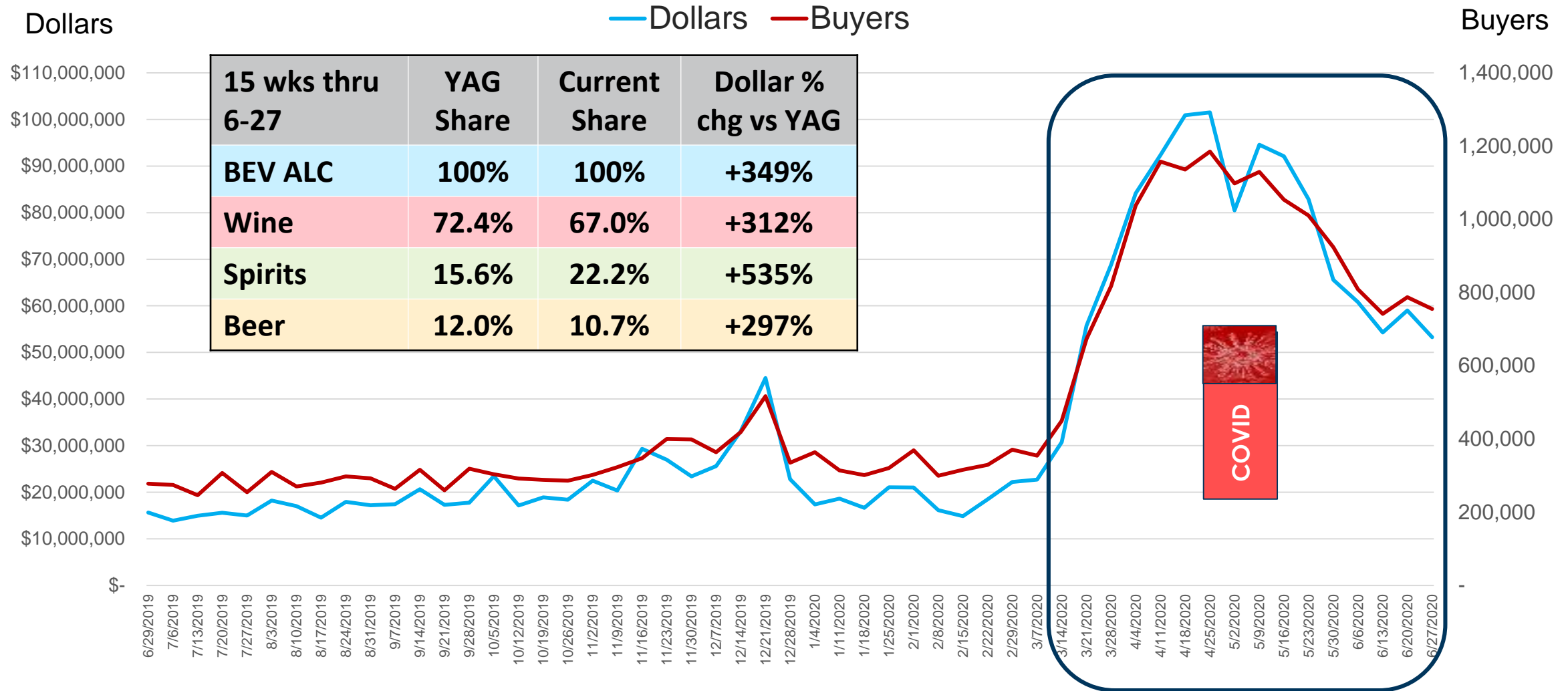


Source: Nielsen Measured Off Premise Channels; Total U.S. (Dollars); Restricted Living (w/e 3/7/2020 thru w/e 5/30/2020); Re-Opening (w/e 6/6/2020 thru w/e 7/25/2020)

ALCOHOL E-COMM GAINS (3-TIER & DtC) DRIVEN BY NEW BUYERS; DOMINATED BY WINE, **BUT** SPIRITS LEAD GROWTH



Alcohol E-Commerce Trend



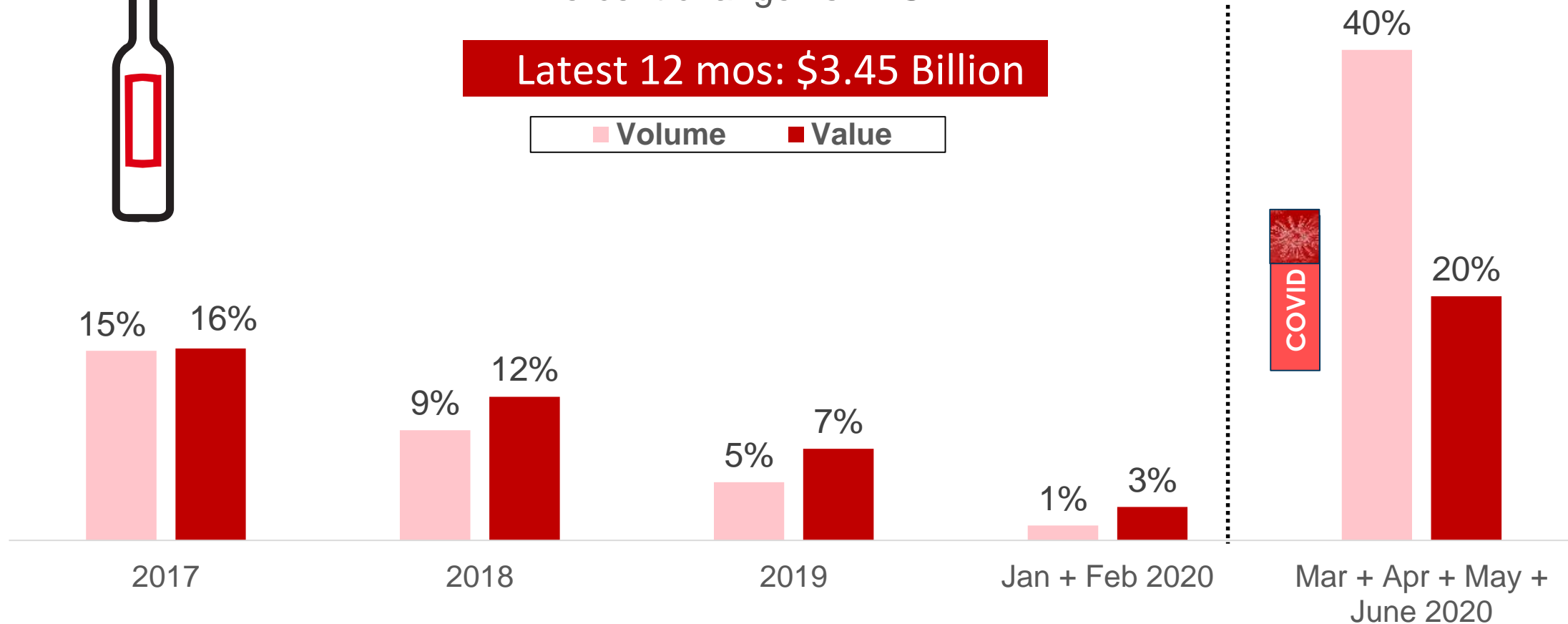
DtC WINE SHIPMENTS GROWTH REBOUNDS AS TASTING ROOMS SHUTTER, BUT PRICE IMPACTED



Direct to Consumer Wine Shipments (total U.S.)
Percent change vs YAG

Latest 12 mos: \$3.45 Billion

Volume Value



Source: **nielsen** in partnership with

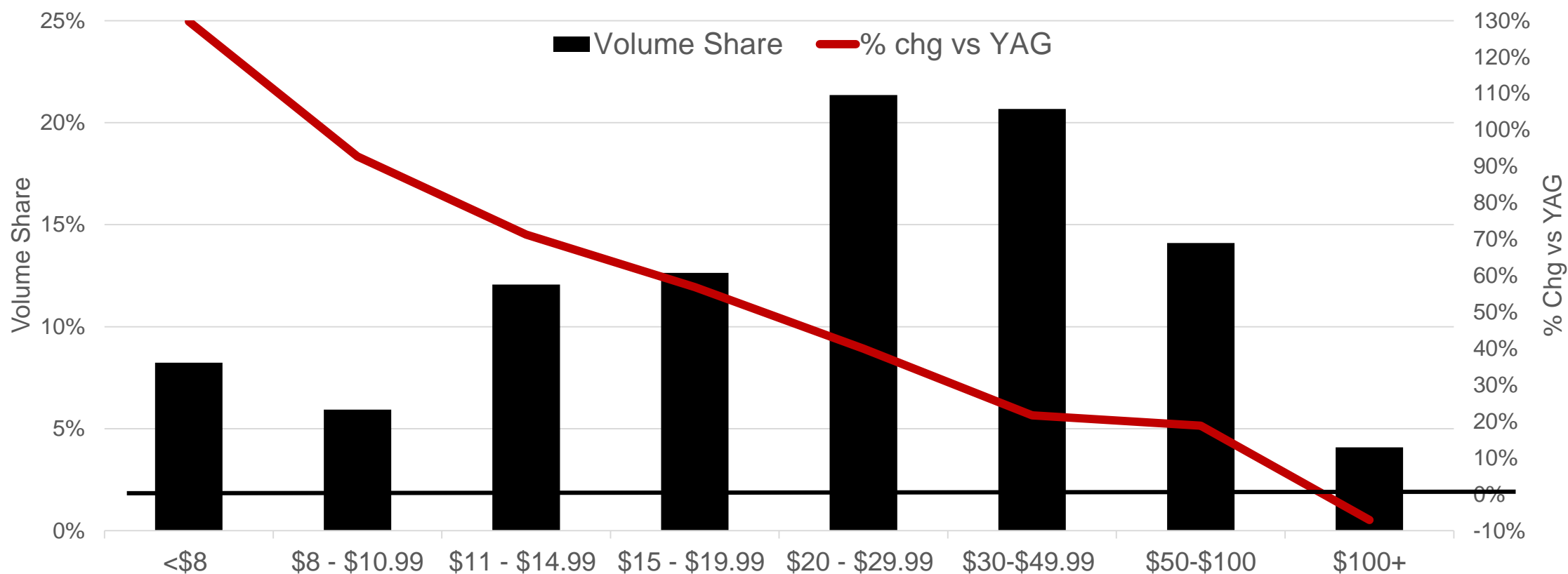


SOVOS ShipCompliant

DtC SHIPMENTS: PRICE TIER GROWTH HIGHEST at LOWER END; SLOWS AS PRICE INCREASES

Significant volume spread through price tiers; highest \$20-\$50

DtC Shipments by Price Tier – Volume
4 mos – March thru June 2020

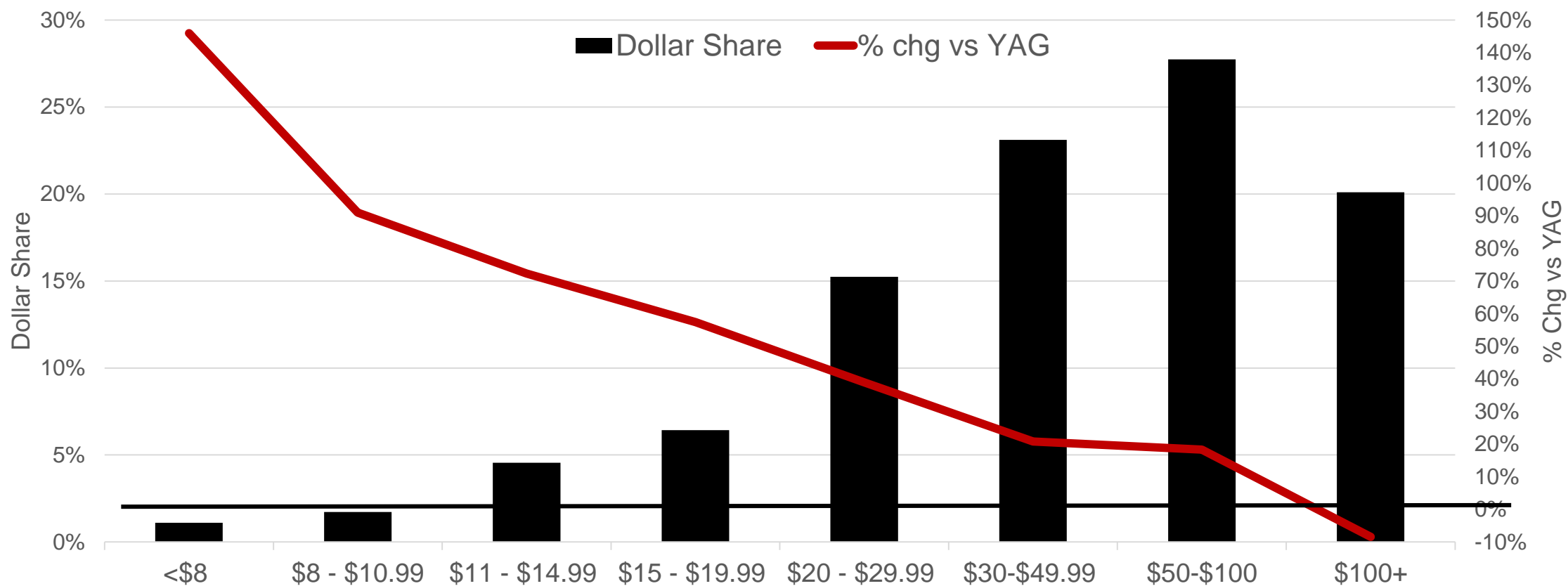


Source: **nielsen** in partnership with **WINE'S VINES ANALYTICS** **SOVOS ShipCompliant**

DtC SHIPMENTS: PRICE TIER GROWTH HIGHEST at LOWER END; SLOWS AS PRICE INCREASES

Based on dollars, >\$30 dominates

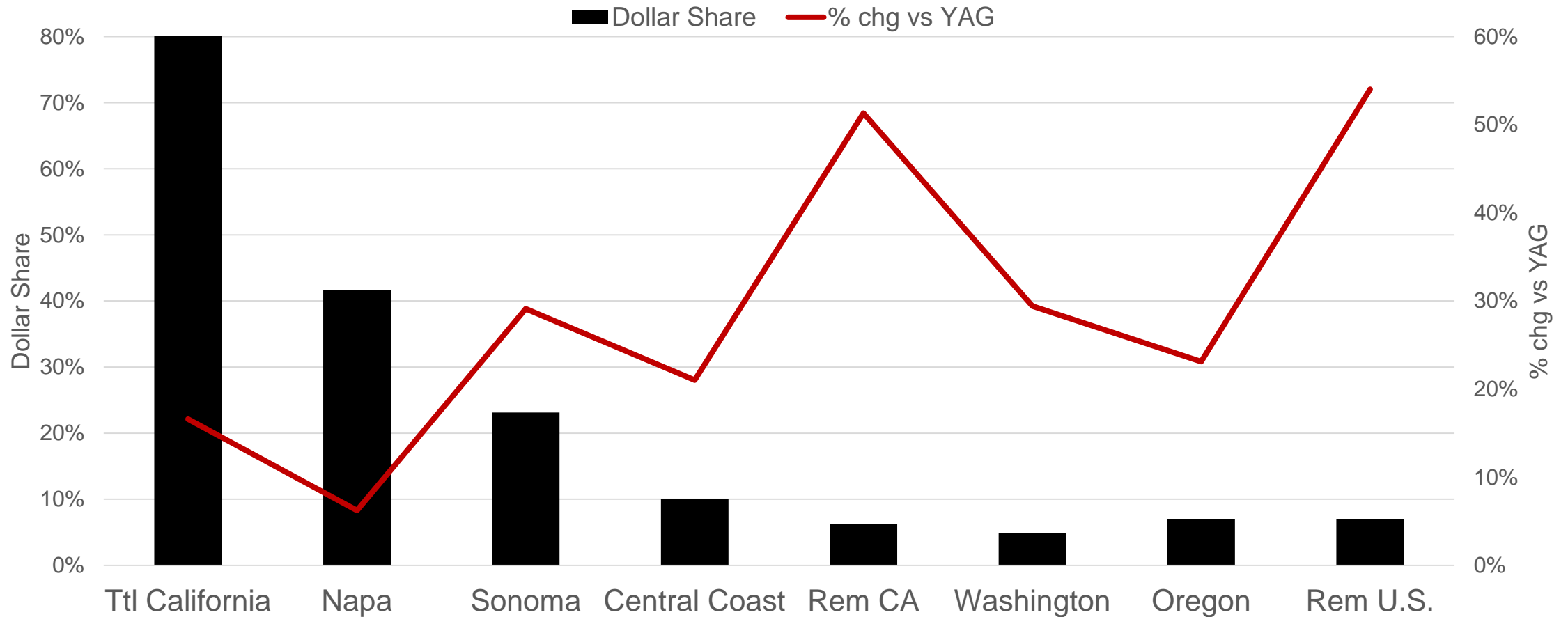
DtC Shipments by Price Tier – Dollars
4 mos – March thru June 2020



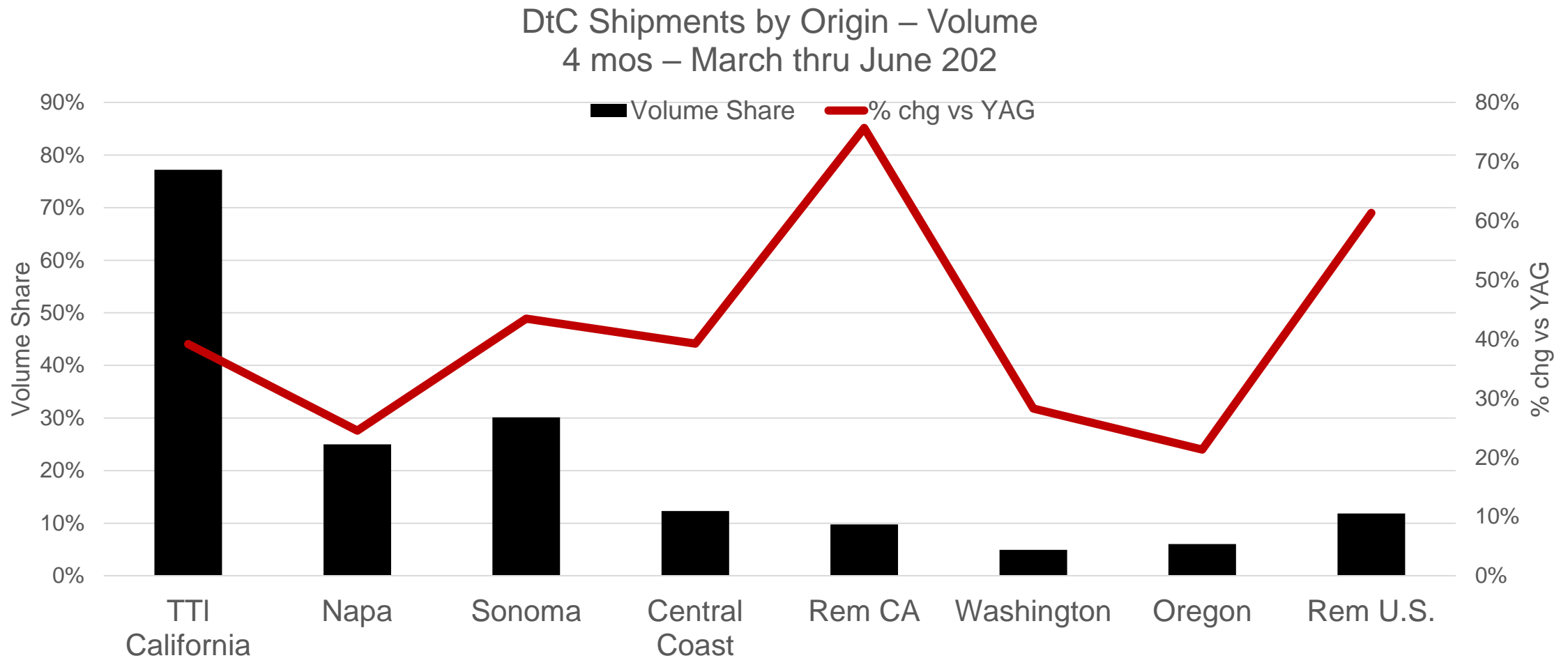
Source: **nielsen** in partnership with **WINE VINES ANALYTICS** **SOVOS ShipCompliant**

DtC SHIPMENTS: ORIGIN DOLLAR GROWTH STRONG but NAPA ONLY UP SINGLE DIGITS

DtC Shipments by Origin – Dollars
4 mos – March thru June 2020

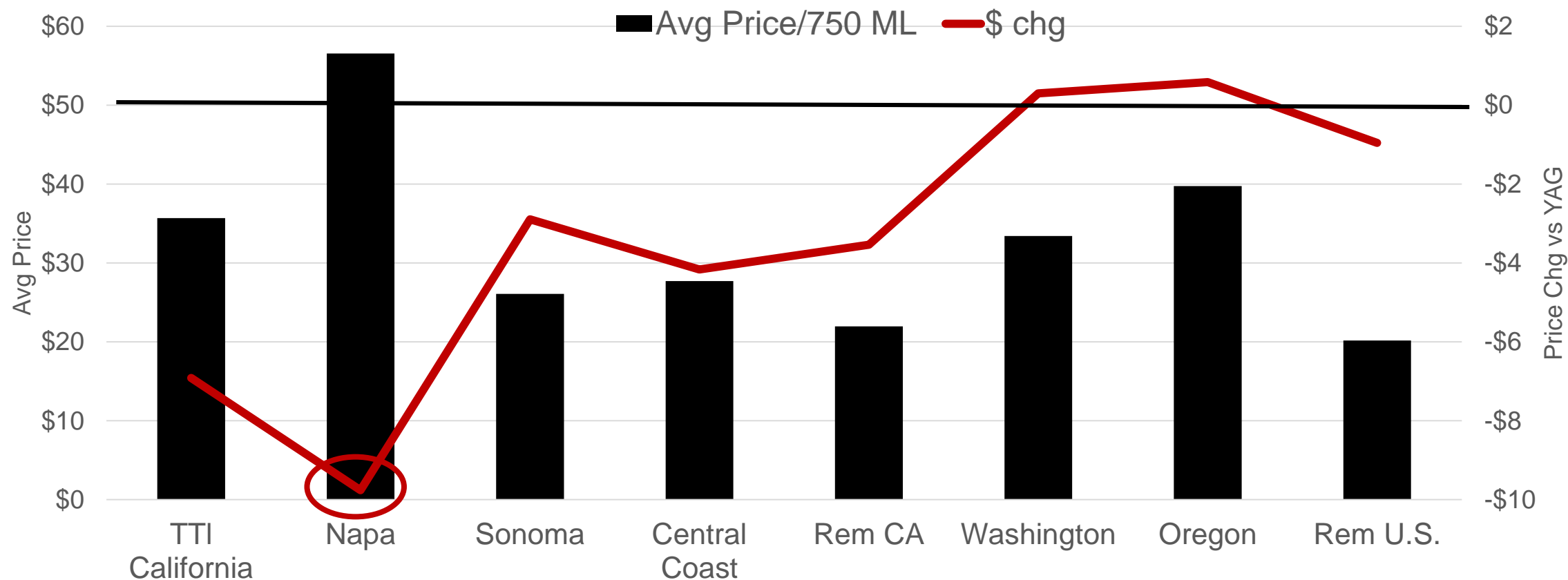


DtC SHIPMENTS: ORIGIN VOLUME GROWTH STRONG GENERALLY, INCL NAPA



DtC SHIPMENTS: PRICE FALLING MODERATELY IN CA EXCEPT FOR MORE EXTREME NAPA DROP; PRICE HOLDING BEYOND CA

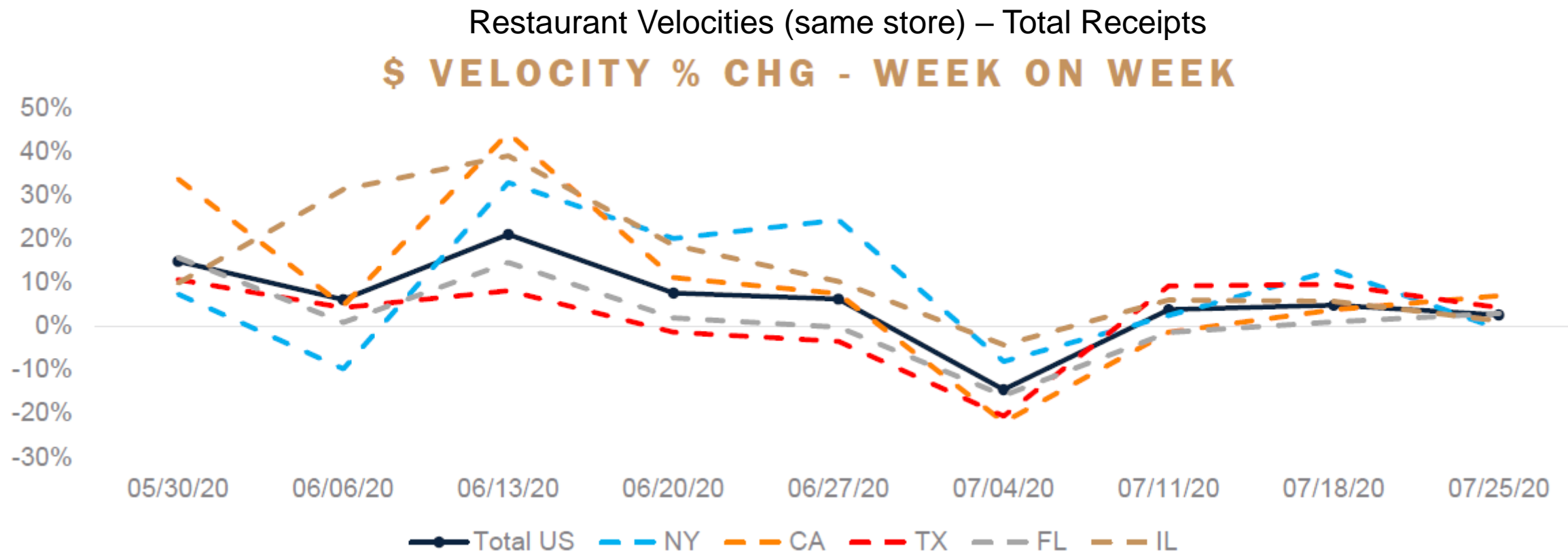
DtC Shipments by Origin – Avg Price/Price Chg
4 mos – March thru June 2022



Source: **nielsen** in partnership with **WINE'S VINES ANALYTICS** **SOVOS ShipCompliant**

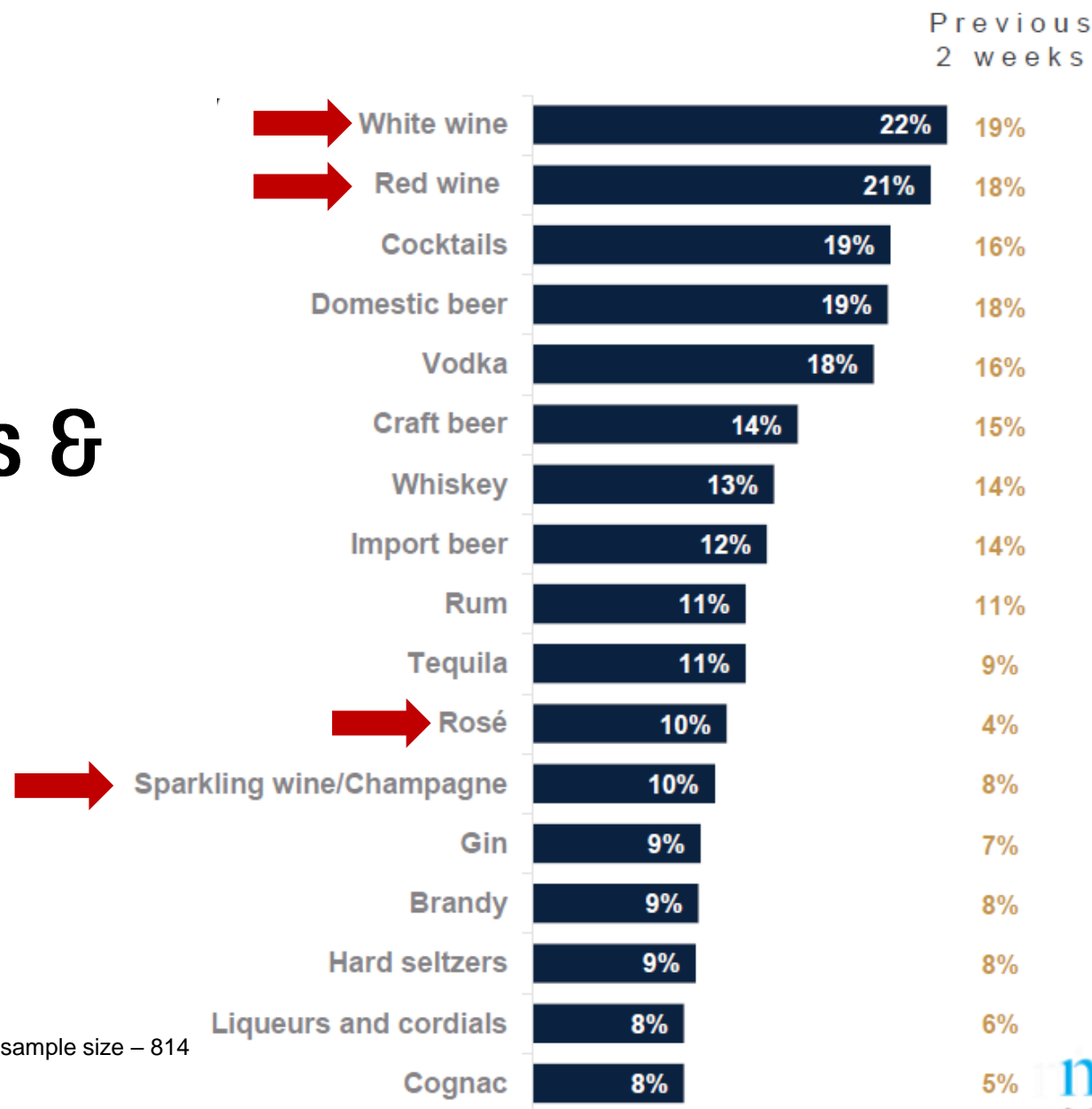
RESTAURANT WEEK TO WEEK VELOCITIES RELATIVELY STABLE

“Same store” On Premise velocities are down close to -30% vs YAG in the week to July 25; since the July 4th dip, the major states have shown a relatively stable picture throughout the month vs the larger fluctuations we were seeing prior



WINE fares well among those returning to Bars & Restaurants

What did you drink when in bars and
restaurants in past 2 weeks?



NCGA COVID-19 IMPACT SURVEY – July 17-19, 2020; sample size – 814
Survey of 1,500 consumers in TX, FL, CA, NY

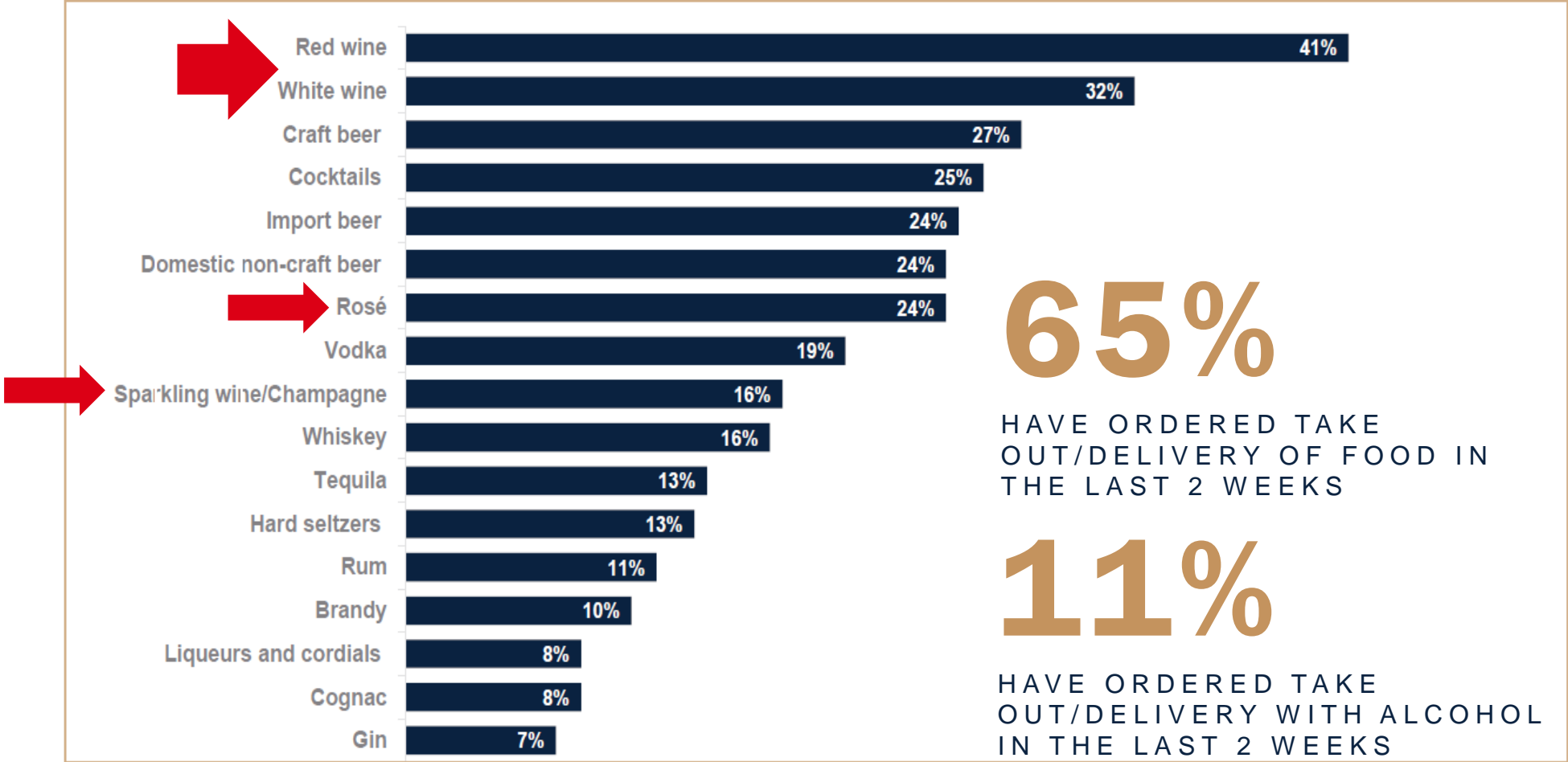
nielsen

CGA
PHENOMENAL DATA. EXPERT INSIGHT.

And among those ordering alcohol to go

DRINKS WITH TAKE OUT/DELIVERY

Which of the following have you ordered for take out/delivery in past 2 weeks?





SOME CLOSING THOUGHTS

- The true economic fallout could still be ahead of us; “VALUE” end growth could accelerate if the economic burden grows, & consumers adjust their spend
- Consumers ‘trading up’ today in mainstream off premise, but down in DtC & On Premise
- Retail off premise (brick n mortar) & e-commerce will remain the biggest opportunity for the foreseeable future, connected to a significantly larger ‘homebody’ economy
- On premise very fragile; many locations will close
 - Assortment/menus likely to shrink
 - Pricing may need to adapt
 - More delivery – including alcohol to go
- Size importance of key consumer groups to your business
 - Constrained VS Insulated
 - Younger VS Older LDA
 - City centers/Suburban/Rural (flight away from high commuter city centers)
- Battle for share – within Beverage Alcohol, and Wine; imperative to move inventory

minimize downside/maximize upside

Be granular (geography, timelines) to quickly act on/react to local demand signals
Be flexible and nimble for twists and turns that will lie ahead

bragerdanny@gmail.com

