SHELTER-IN-PLACE CONSUMPTION, DELIVERY, & SMART REGULATION

WEDNESDAY, APRIL 29, 2020
SHELTER-IN-PLACE CONSUMPTION, DELIVERY, & SMART REGULATION

@WSWAMedia
@Wine & Spirits Wholesalers of America
@WSWA
TREND DIVERGENCE REMAINS SIGNIFICANT - WINE STABILIZING

12 MONTH GROWTH ROLLING AVERAGES

- Q-2 2019: -1.4%
- Q-3 2019: -2.0%
- Q-4 2019: -2.7%
- Q-1 2020: -1.9%

- Q-2 2019: 4.1%
- Q-3 2019: 5.6%
- Q-4 2019: 5.7%
- Q-1 2020: 4.9%

Sipsource

TREND DIVERGENCE REMAINS SIGNIFICANT - WINE STABILIZING
IMPACT OF SHELTER IN PLACE EVIDENT IN Q-1 2020 DATA
Off-premise sales are only expected to make up for some of the on-premise sales losses due to pandemic related business closures.

Respondents expect that off-premise sales will remain high enough to offset some, but not all, of the on-premise losses from stay-at-home guidelines and bar/restaurant closures due to COVID-19.

**Question:** Premise Impact: To what degree do you expect to make up the loss of on-premise beverage alcohol sales due to the closure of establishments during the current COVID-19 pandemic with off-premise sales (based on 2019 share)?

**Growth**

1. All numbers based on individual responses unless otherwise noted
2. N/A responses filtered out

Source: Kearney Survey results
Current economic conditions have caused a stark re-ranking of headwinds

Concerns about the impact of cannabis legalization on beverage alcohol are tempering

Top 5 potential HEADWIND to growth – Q3, ‘19 (% of total respondents)

1. Health & wellness preferences among consumers 65%
2. U.S macro-economic performance 44%
3. Cannabis legalization 43%
4. Channel shift (e.g., supplier direct to consumer) 34%
5. Wholesaler consolidation 27%

Top 5 potential HEADWIND to growth – Q1, ‘20 (% of total respondents)

1. U.S macro-economic performance 69%
2. Health & wellness preferences among consumers 53%
3. Channel shift (e.g., supplier direct to consumer) 46%
4. Cannabis legalization 30%
5. Retailer consolidation 23%

Question: Company Growth: What do you see as the highest potential HEADWIND to the growth of your company in the next 12 months?

1. All numbers based on individual responses unless otherwise noted; N/A responses filtered out

Source: Kearney Survey results
Technology evolution has replaced economic performance as the major tailwind of 2020.

Technology and channel shifts are expected to put wind in the sails of the industry.

**Top 5 potential TAILWIND to growth – Q3, ‘19**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S macro-economic performance</td>
<td>46%</td>
</tr>
<tr>
<td>B2C technology evolution (e.g., home delivery apps (Drizly))</td>
<td>40%</td>
</tr>
<tr>
<td>Wholesaler consolidation</td>
<td>37%</td>
</tr>
<tr>
<td>B2B technology evolution (e.g., demand forecasting)</td>
<td>35%</td>
</tr>
<tr>
<td>Health &amp; wellness preferences among consumers</td>
<td>32%</td>
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</tbody>
</table>

**Top 5 potential TAILWIND to growth – Q1, ‘20**

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<tr>
<td>B2C technology evolution (e.g., home delivery apps (Drizly))</td>
<td>50%</td>
</tr>
<tr>
<td>B2B technology evolution (e.g., demand forecasting)</td>
<td>41%</td>
</tr>
<tr>
<td>Wholesaler consolidation</td>
<td>34%</td>
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<td>Health &amp; wellness preferences among consumers</td>
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**Question: Company Growth:** What do you see as the highest potential TAILWIND to the growth of your company in the next 12 months?

1. All numbers based on individual responses unless otherwise noted; N/A responses filtered out

Source: Kearney Survey results
Q & A

UNFORTUNATELY, WE CAN ONLY ACCEPT WRITTEN QUESTIONS SUBMITTED THROUGH THE ZOOM APP.

PLEASE FIND THE “Q&A” BUTTON AT THE BOTTOM OF YOUR SCREEN TO BRING UP A CHAT BOX AND SUBMIT YOUR QUESTION.
THANK YOU!

MEDIA INQUIRIES: SEND FOLLOW UP QUESTIONS TO MICHAEL BILELLO AT MICHAEL@WSWA.ORG

TO LEARN MORE ABOUT THE VALUE OF MEMBERSHIP WITH WSWA: CONTACT BOB WIGGANS AT BOB@WSWA.ORG