



2021 Holiday Trends & 2022 Drinks Preview

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(20+ yrs)**

About us



**long time insights leader (category/
consumer)
E&J Gallo/Constellation**



Be careful with numbers & trends – still lots of COVID related noise out there

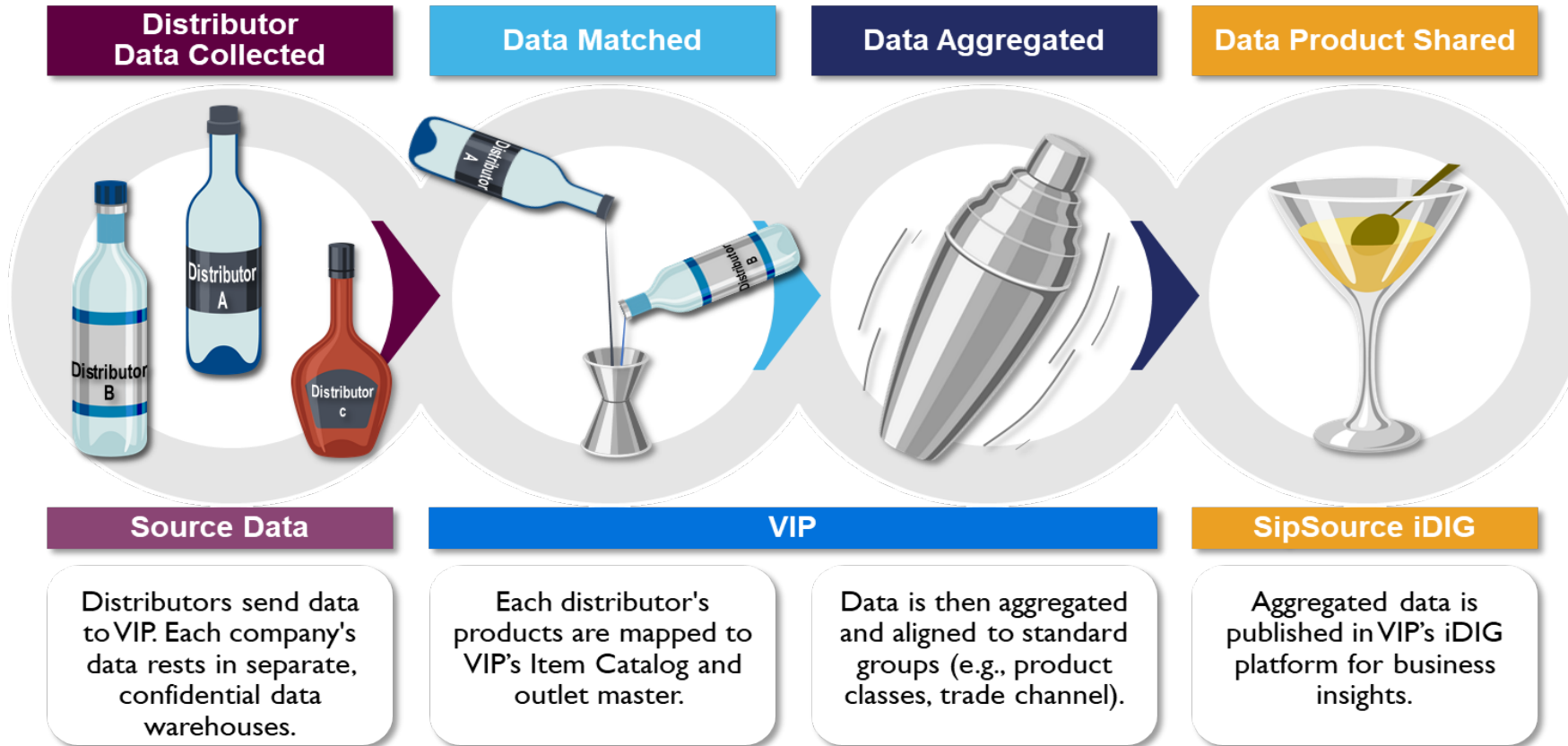
Many trends are disrupted, and/or can change quickly



- Which channel(s) are you looking at?
- Which parts of the country?
- What time periods are you looking at? And comparing against?
- **What changes will endure? What will return to pre-COVID norms?**



What is SipSource?



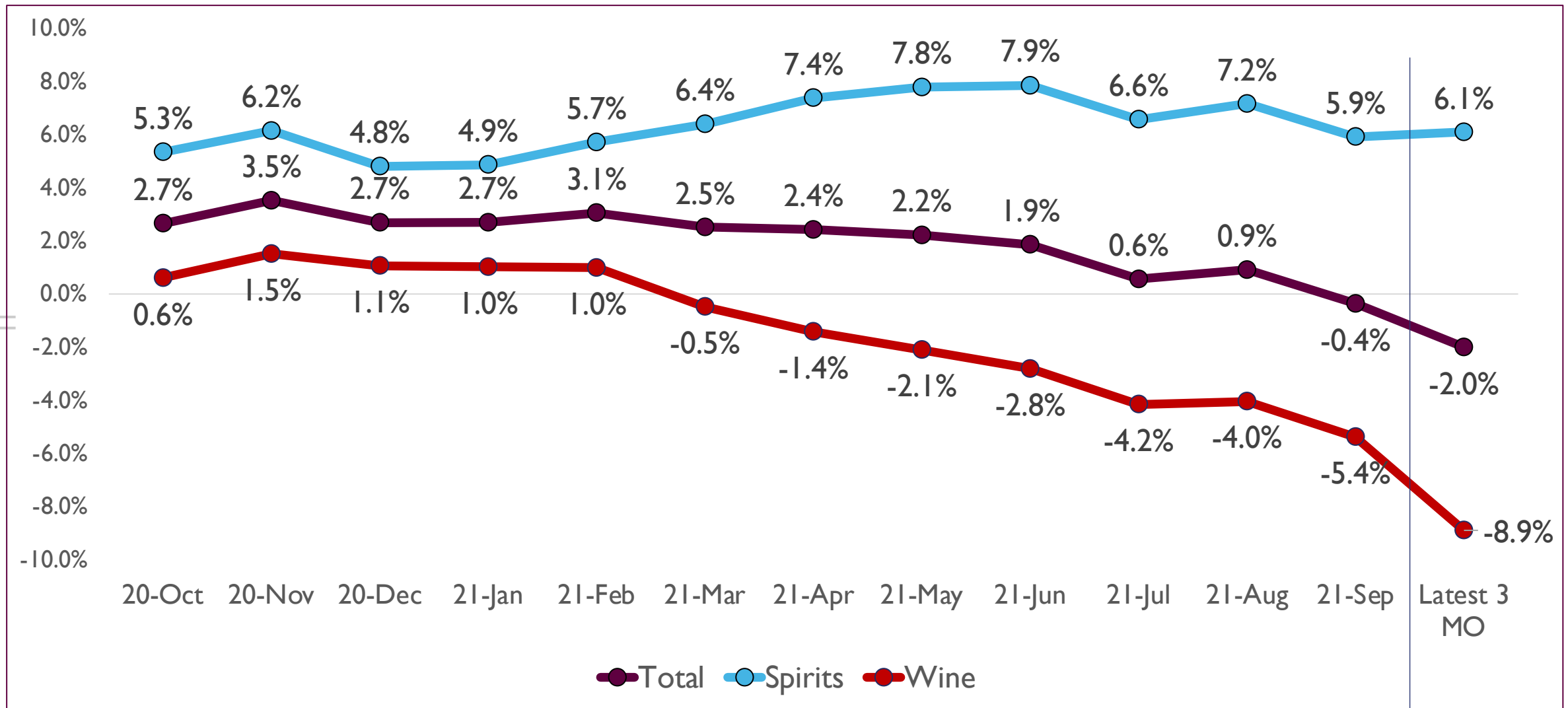


2021 Holiday Trends and 2022 Drinks Preview

- How important is the holiday season?
- What happened last year?
- What can we expect for 2021 holidays?
- What's in store for 2022?



Spirits continue to gain share from wine

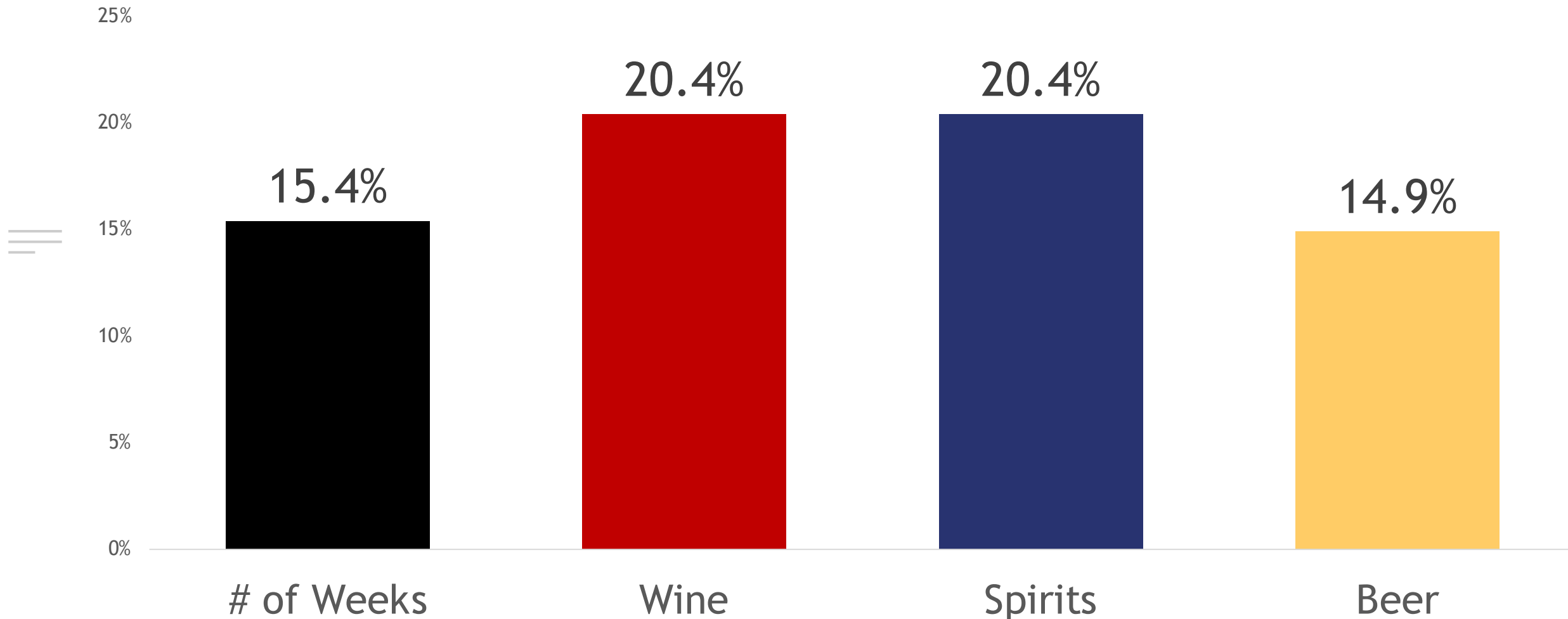


**How Important are
the Holidays?**



Winter holidays are a critical part of the year for Wine and Spirits - much moreso than for Beer

Off Premise: Importance of last 8 weeks of year to total year (dollars)

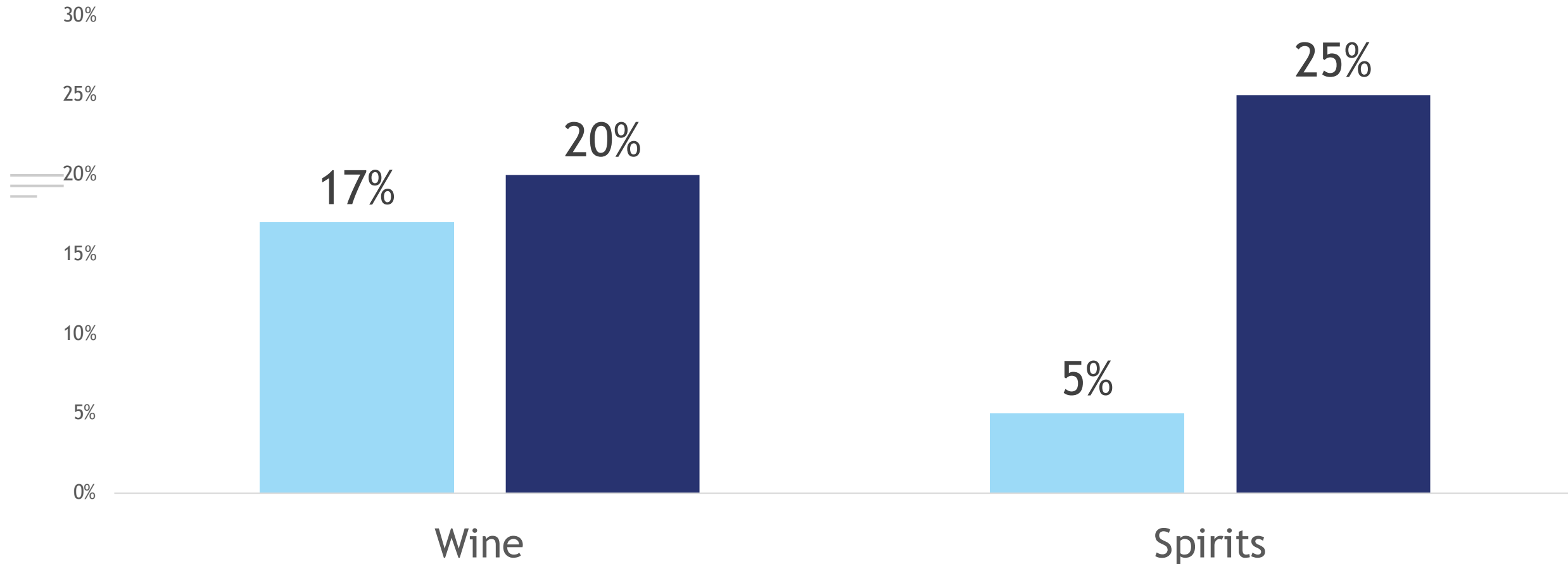




Wine and Spirits share of total Bev Alc (off premise) rises significantly during winter holidays

Wine/Spirits \$ share of Bev Alc X % higher during Holidays vs remainder of year

■ Thanksgiving ■ X-Mas/New Years



**What happened
in 2020?**



Holidays 2020




'I'm making Christmas plans. Are we not coming to you, or are you not coming to us?'

PUBLIC EAVESDROPPING

by Leah Garchik

"Who would have thought people would be smoking weed at a family gathering, but the illegal part would be the family gathering."

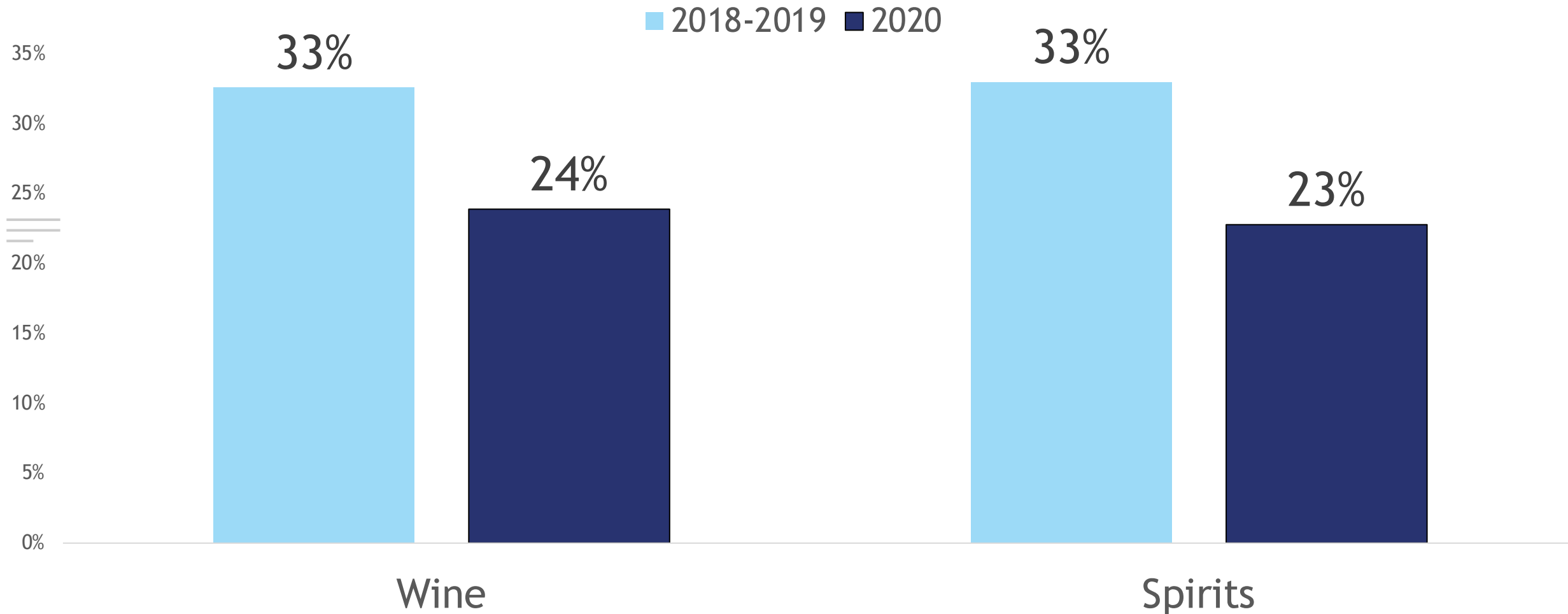
 *Man from Key West, Fla., during a Zoom call, overheard by Kent Peterman*

► Overheard something?
Send it to overheard@sfchronicle.com.



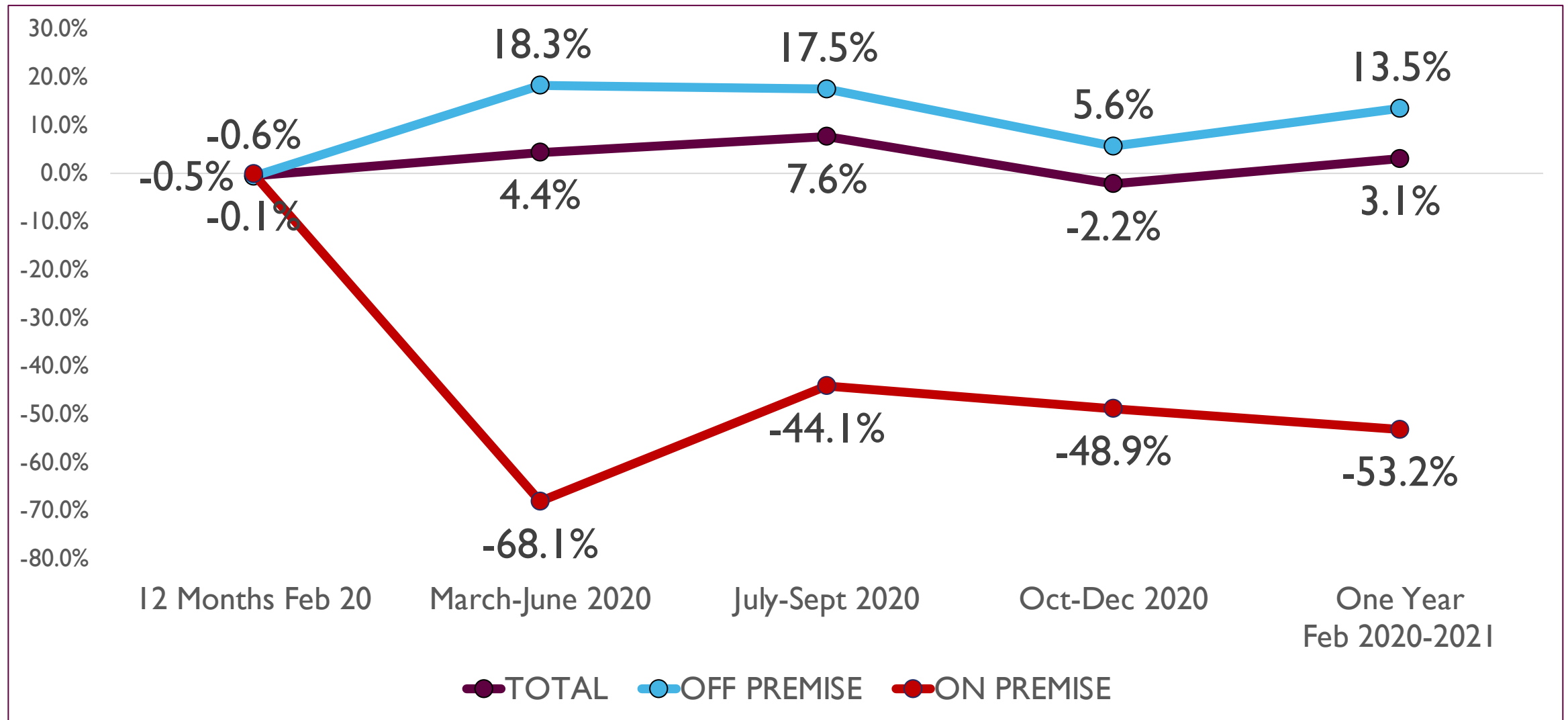
The 'normal' increase of sales during the last two months of the year were muted in 2020; even moreso given on premise closures

Off premise: Average week increase - last 8 weeks of year vs avg week of full year





Largest Channel Shift in History



**What should we
expect for 2021
Holidays?**



Which holidays will it be this year?



'I'm making Christmas plans. Are we not coming to you, or are you not coming to us?'

These???





Which holidays will it be this year?

Or these???





2021 Holiday Trends

WHAT to EXPECT

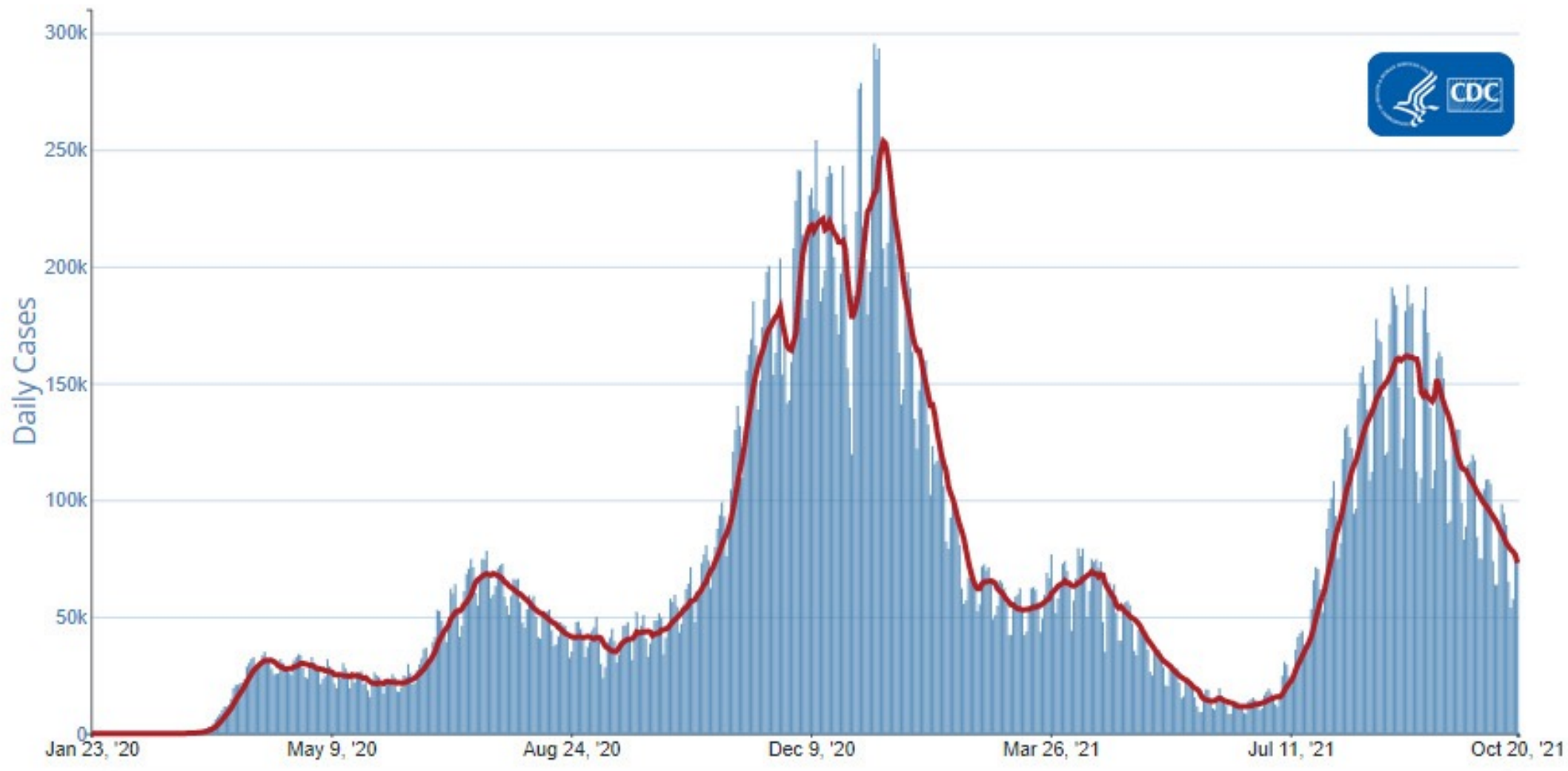
- Some supply shortages; consumer might want to have a second choice
- RTD's (or whatever you want to call them) – left, right, and center; liquid base almost a secondary consideration
- Increased travel
- More online shopping (but below 2020)
- High end wines will perform well

WHAT NOT to EXPECT

- Heavy discounting-not a lot of deals on select categories
- A clear definition of an RTD
- Back to 2019 levels
- A perfect supply chain
- Below \$10 to keep pace w/high end



COVID cases declining - will it continue? Let's hope so!



<https://www.cdc.gov/coronavirus/2019-ncov/covid-data/covidview/index.html>



What does the consumer think about their upcoming holiday celebrations?



'I'm making Christmas plans. Are we ~~not~~ coming to you, or are you not coming to us?'

2020 Percentage saying that...

40%

...they are cancelling their usual holiday get-togethers

66%

...their family will be having smaller holiday get-togethers than usual

2021

29%



56%

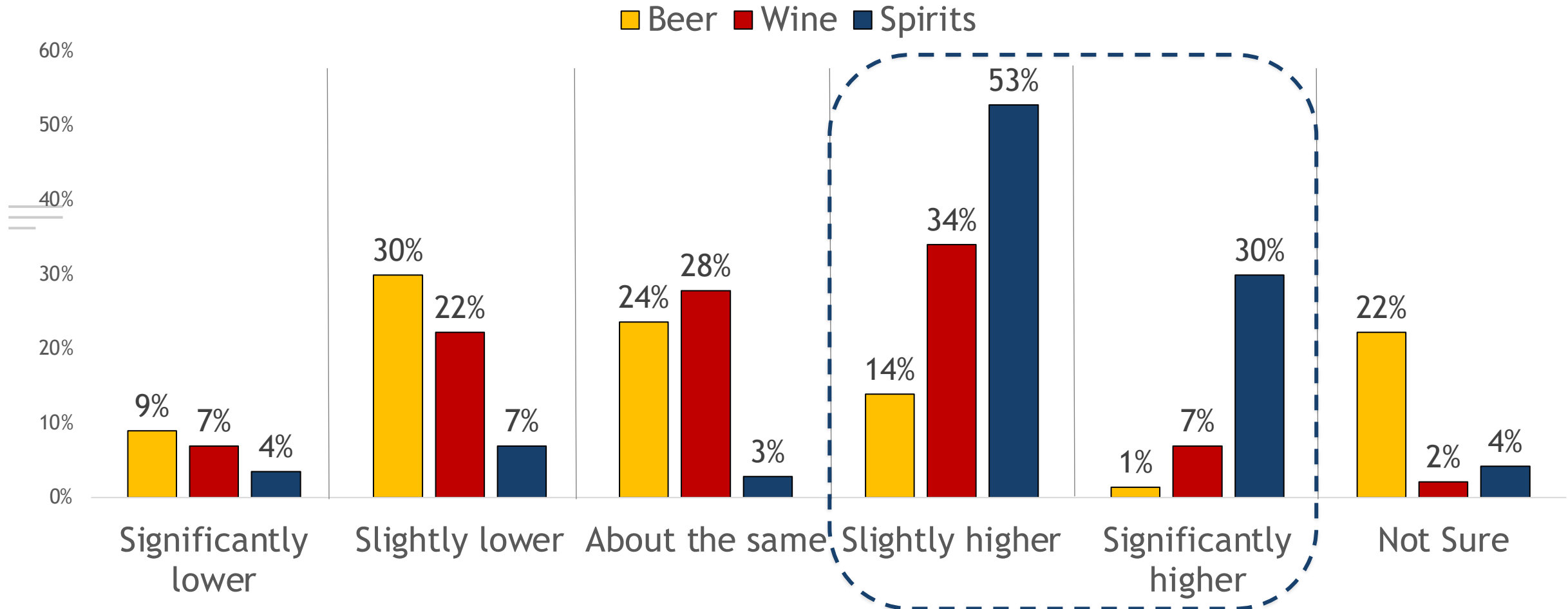


Much improved vs 2020!



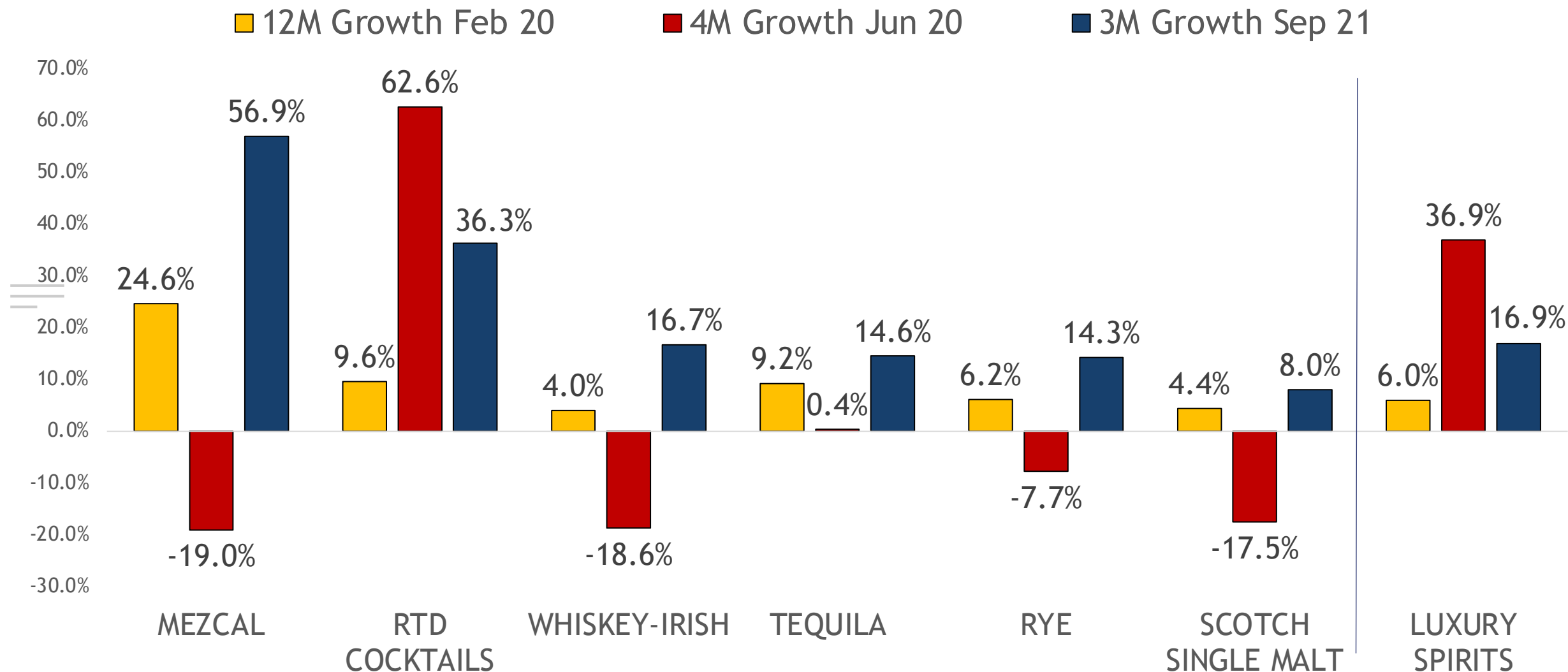
Industry leaders are **VERY** bullish about Spirit sales for 2021 holidays; less so about Wine, and pessimistic about Beer

Q: Thinking about the upcoming holiday period (Oct thru Dec 2021), how do think total beverage alcohol sales will compare to the 2020 holiday period





Fastest Growing Spirits



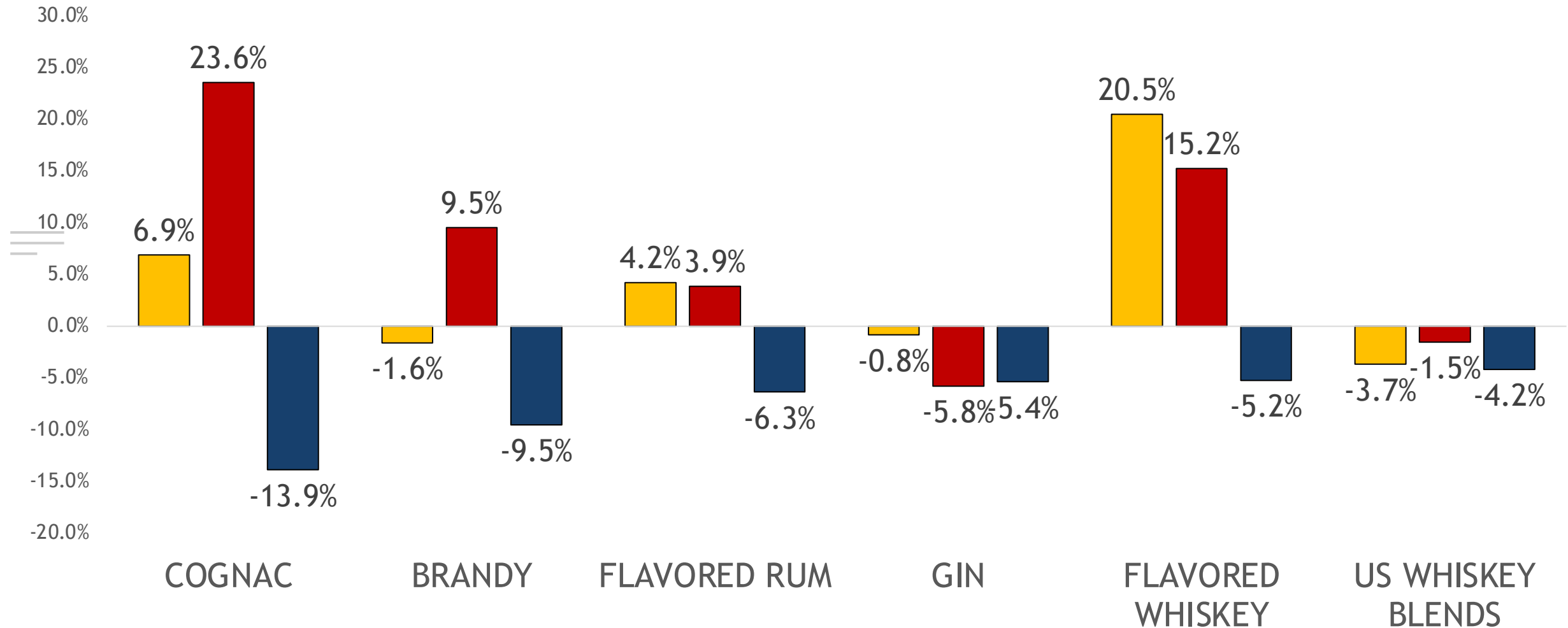


Fastest Declining Spirits

12M Growth Feb 20

4M Growth Jun 20

3M Growth Sep 21





Fastest Growing Wines

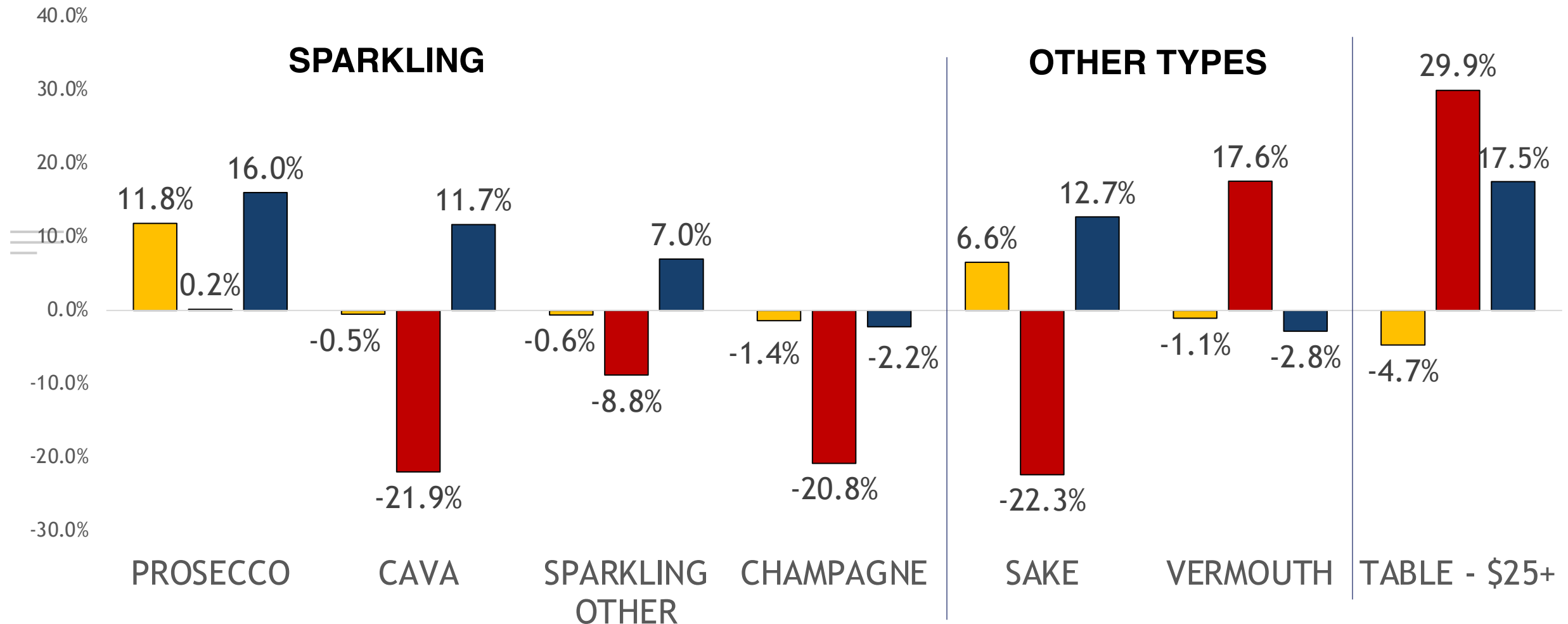
■ 12M Growth Feb 20

■ 4M Growth Jun 20

■ 3M Growth Sep 21

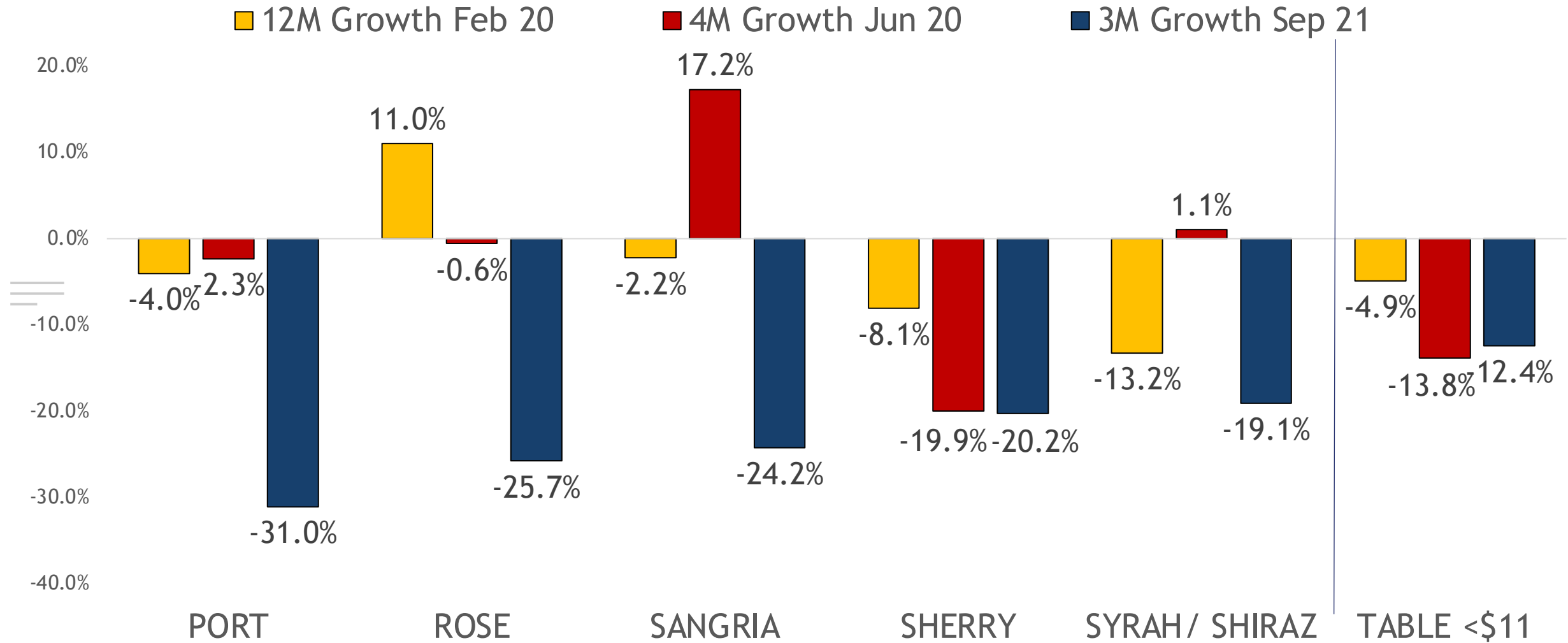
SPARKLING

OTHER TYPES



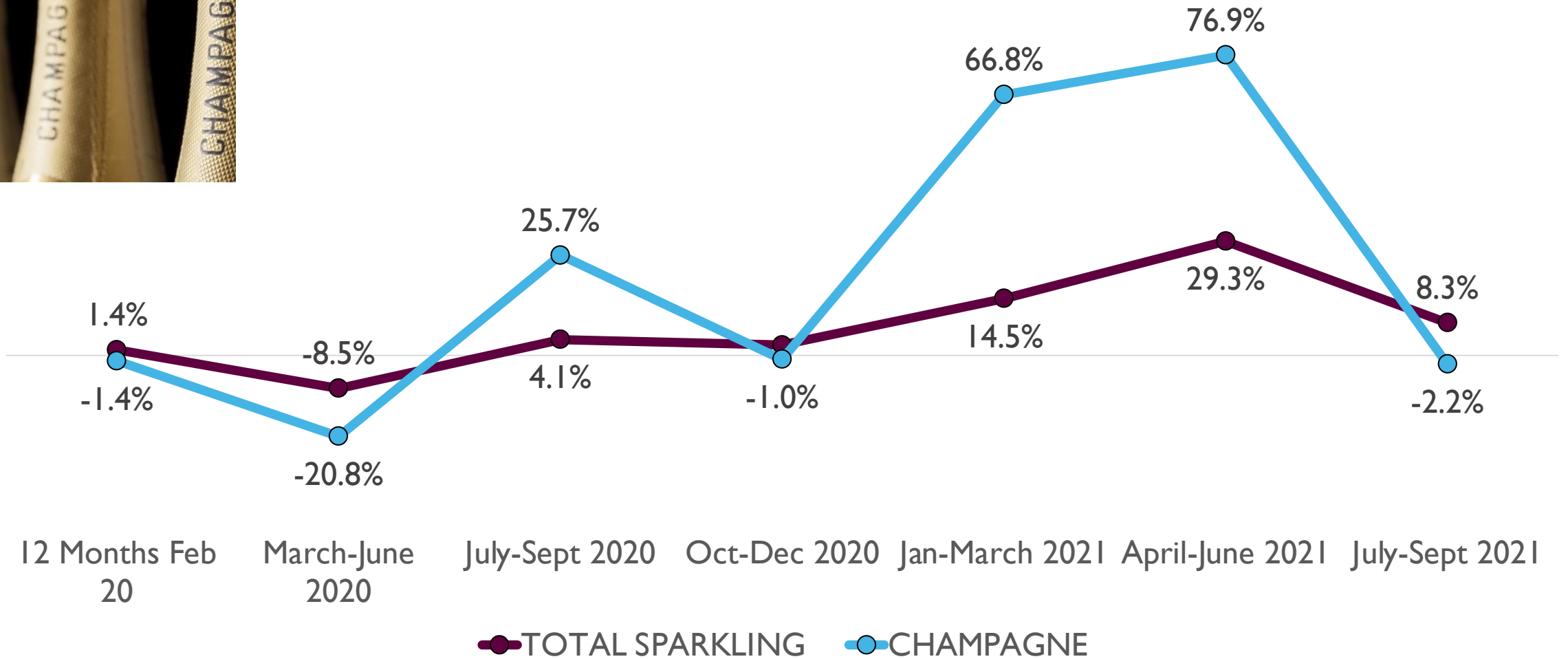


Fastest Declining Wines





How is your Champagne Supply?





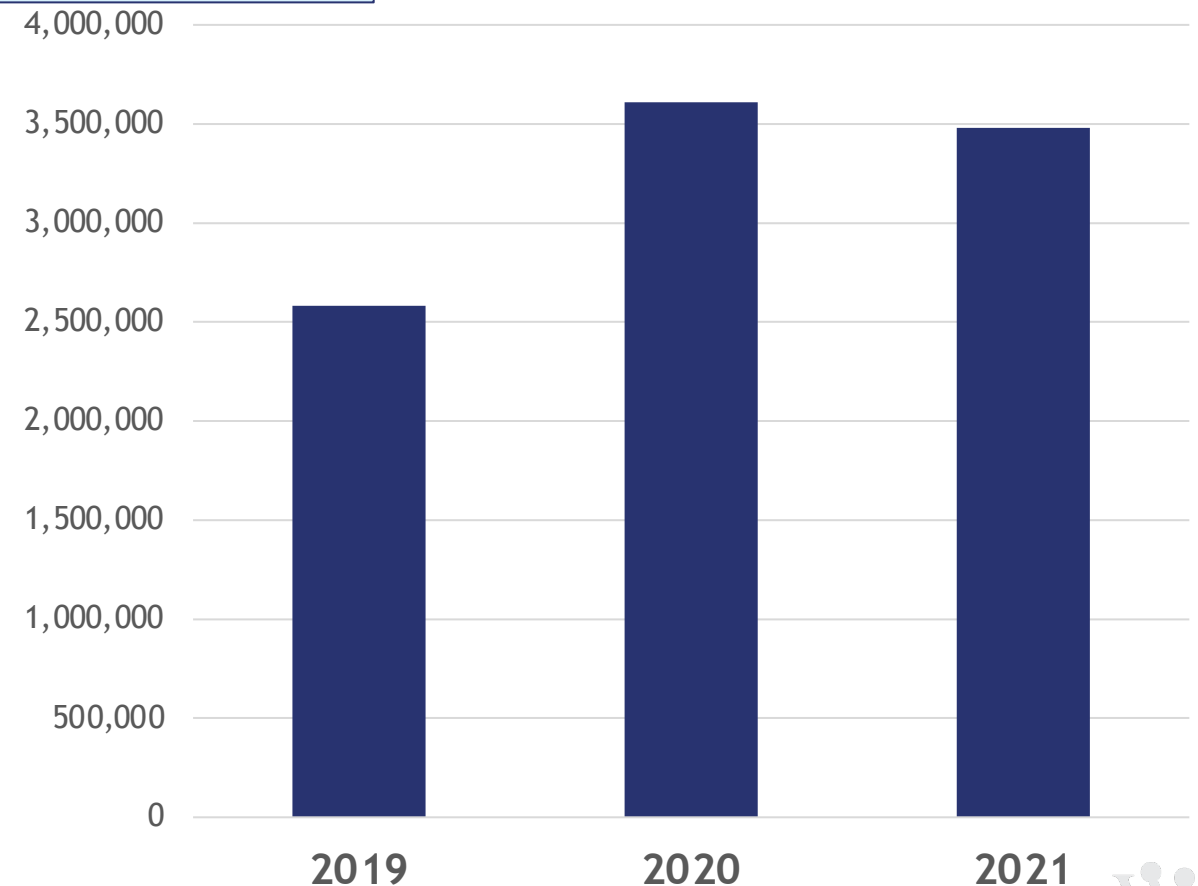
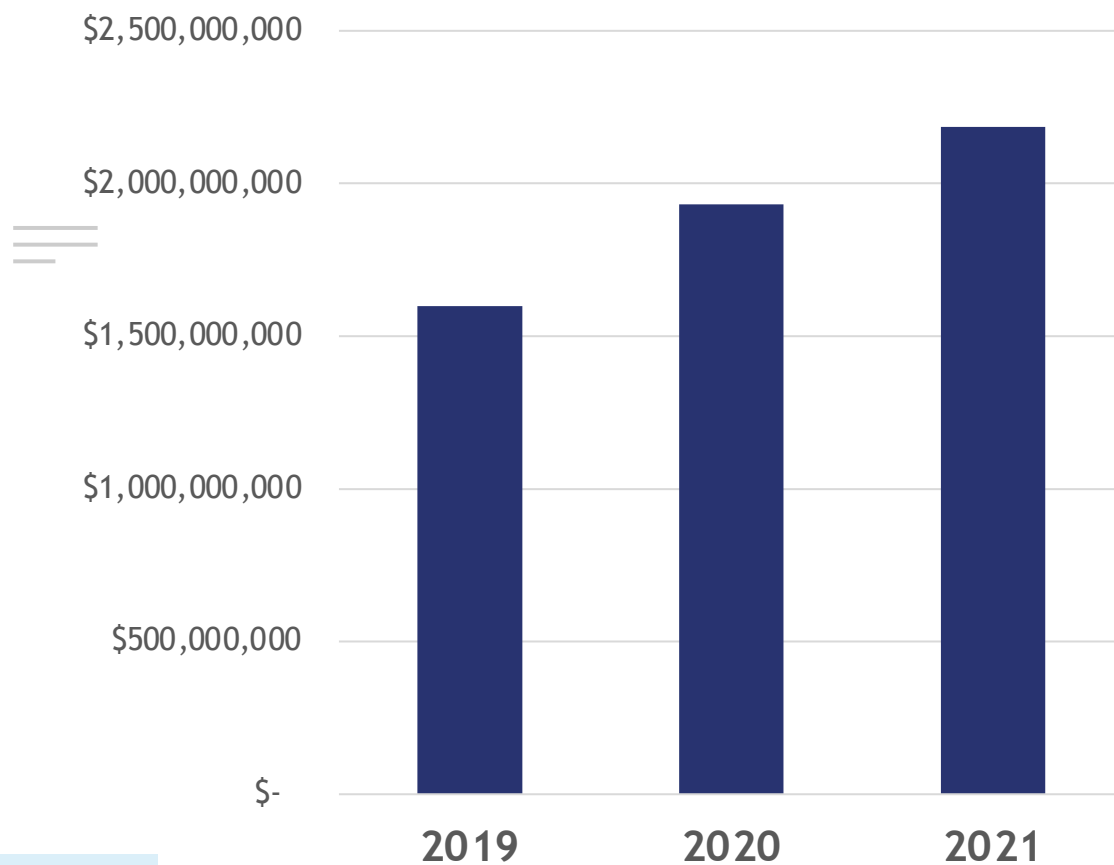
DtC channel – and high-end wines within, performing well – strong shipments even with tasting room carryout business back now

DtC Shipments (excludes carryout) March through Sept each year

Dollars

Avg price \$39 (+\$5 vs YAG)
Growth @high end; led by \$100+

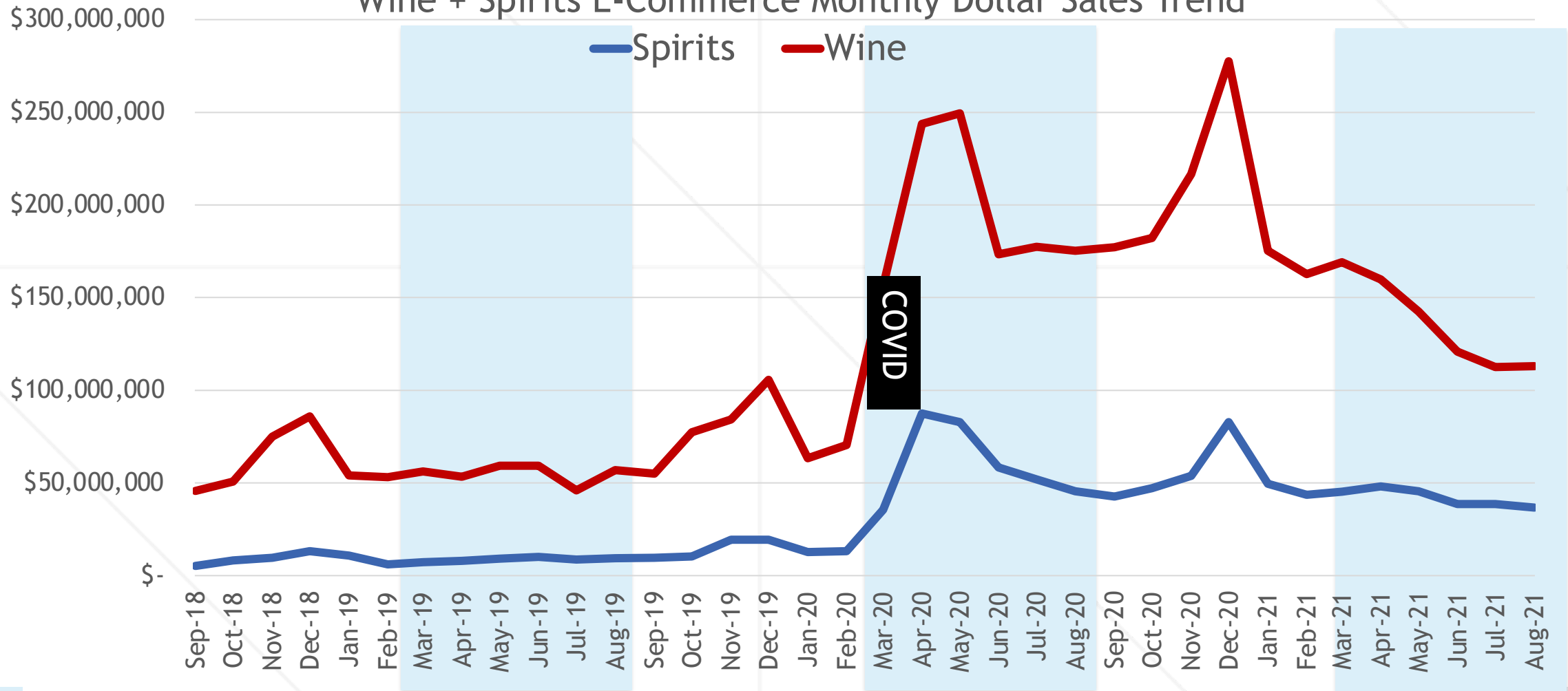
Volume (9L cases)





Online sales March thru Aug 2021 way ahead of pre-COVID for both Wine (2.5x) & Spirits (5x); not unexpectedly less than COVID heights (-30%)

Wine + Spirits E-Commerce Monthly Dollar Sales Trend

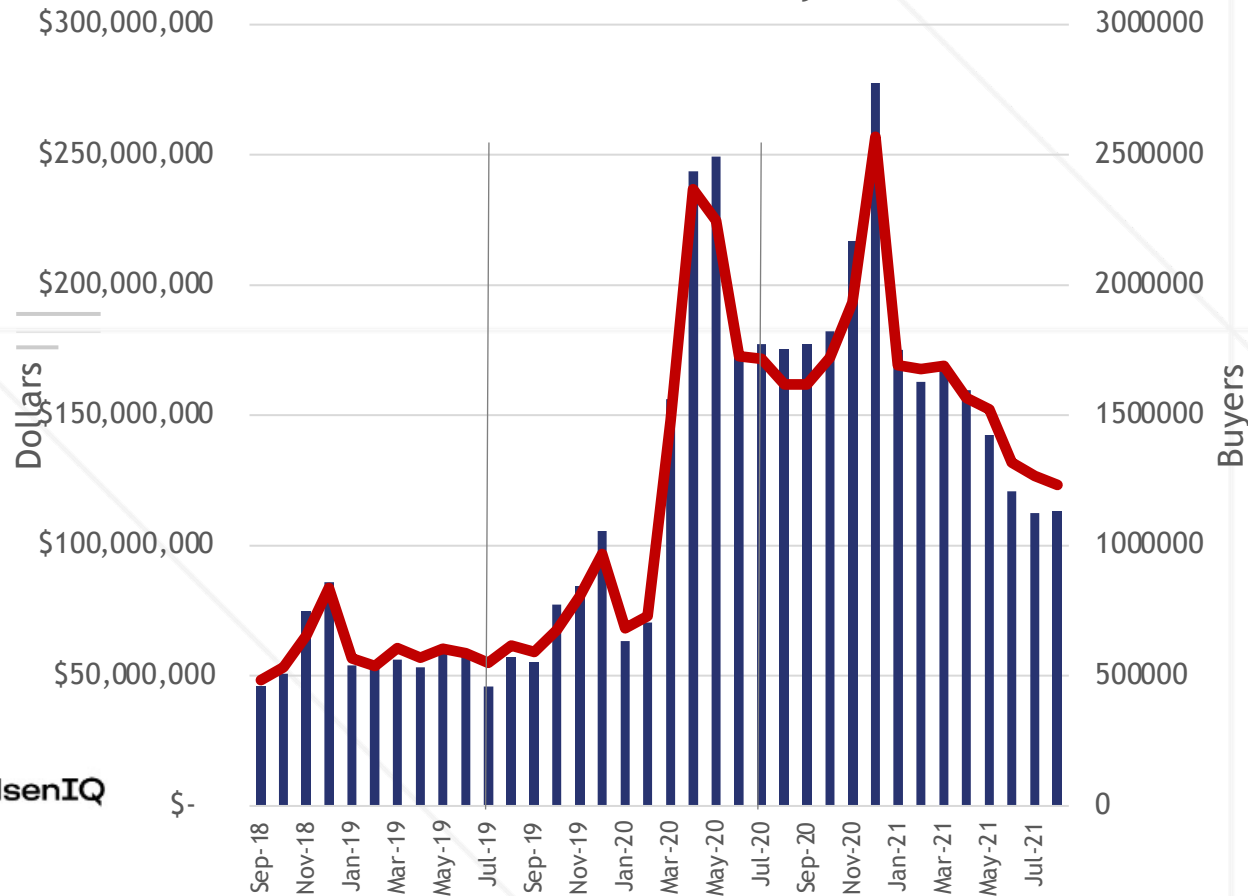




The main driver of e-commerce acceleration has been “new to online” wine and spirits consumers

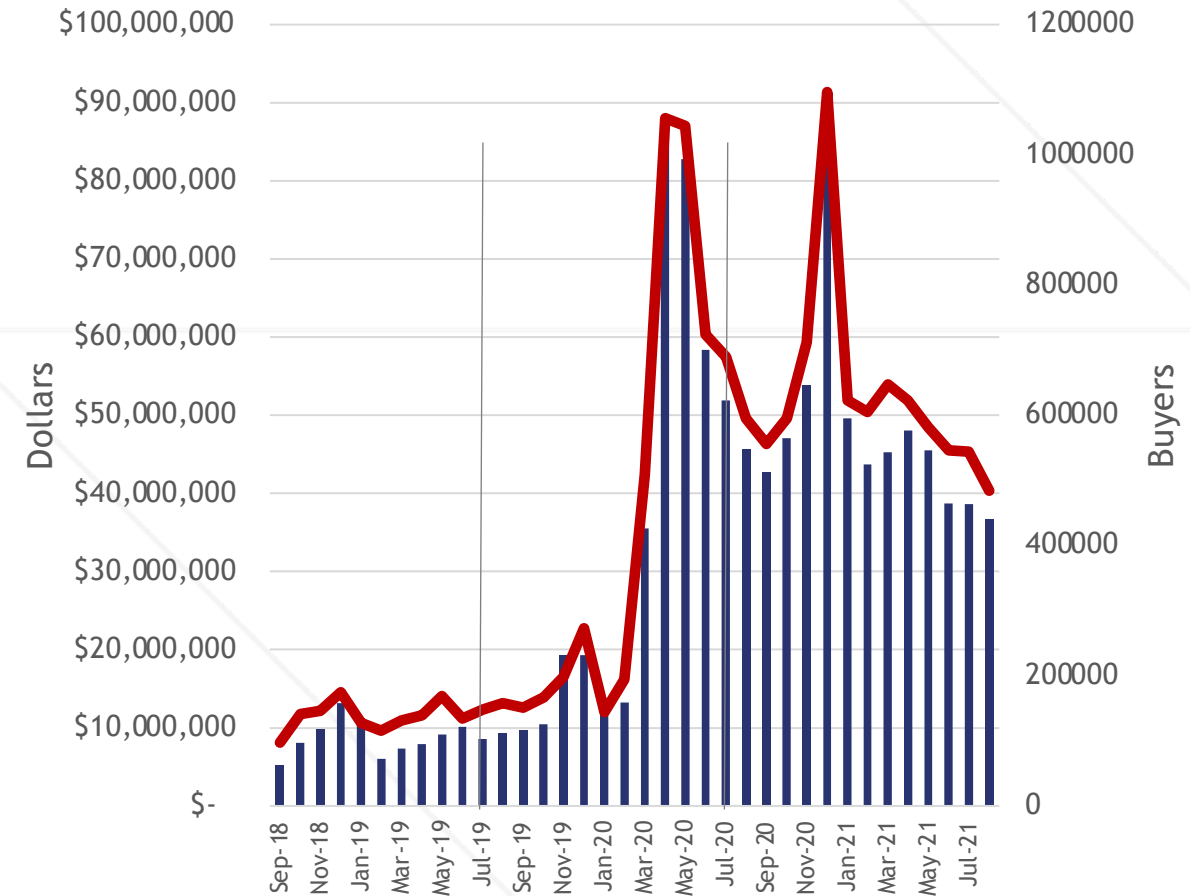
Wine e-commerce - Total U.S.

■ Dollars — Buyers



Spirits e-commerce - Total U.S.

■ Dollars — Buyers



NielsenIQ



54% say that they will give fewer gifts in person this year and rely more on delivery and/or mailing gifts instead - due to...

2020

Percentage saying that they will rely more on holiday shopping online than on stores, due to...

2021

28%

... convenience

44%



46%

...pandemic safety concerns

26%



21%

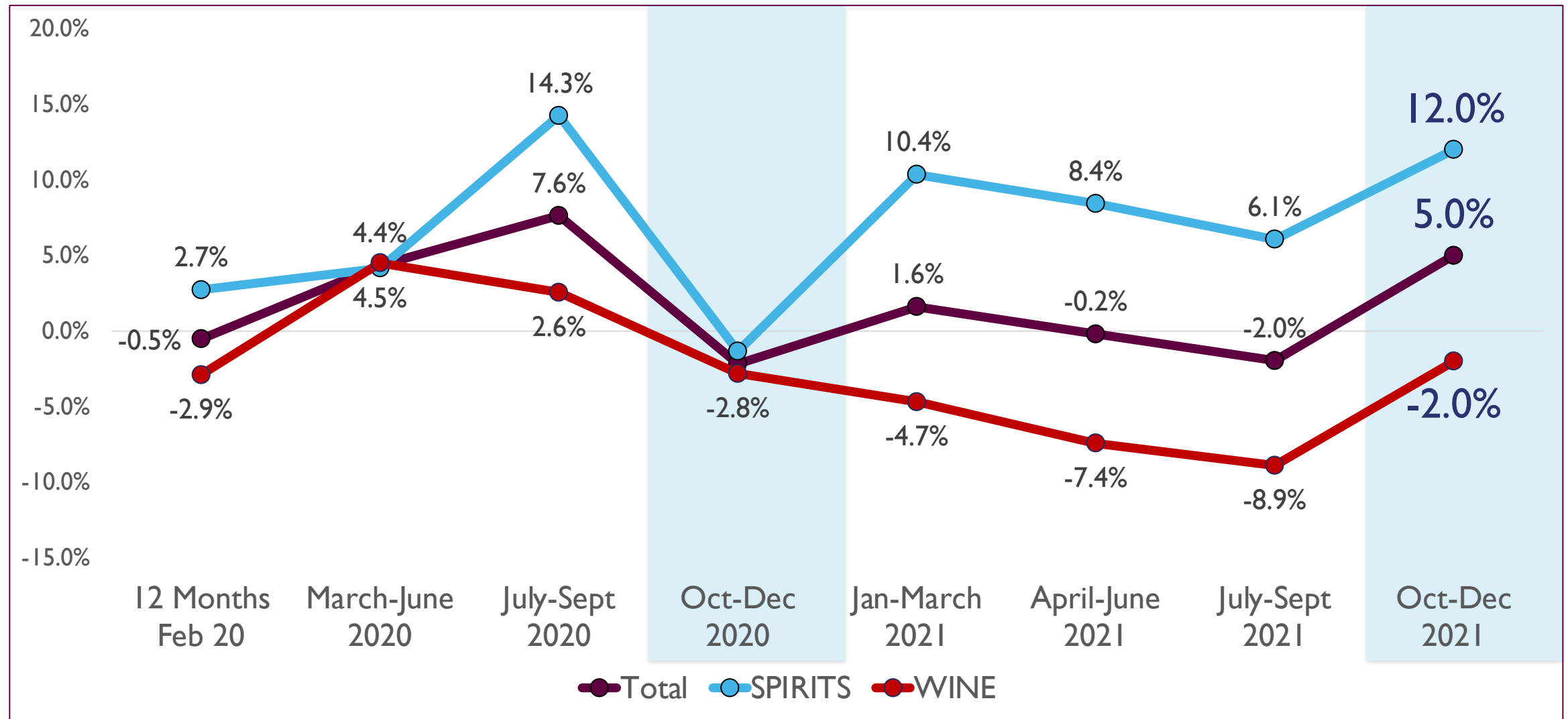
...I've begun to shop online more since the pandemic and now prefer it

26%





Holiday Sales Will Improve Significantly vs 2020



**What
should we
expect in
2022?**





Key factors for 2022

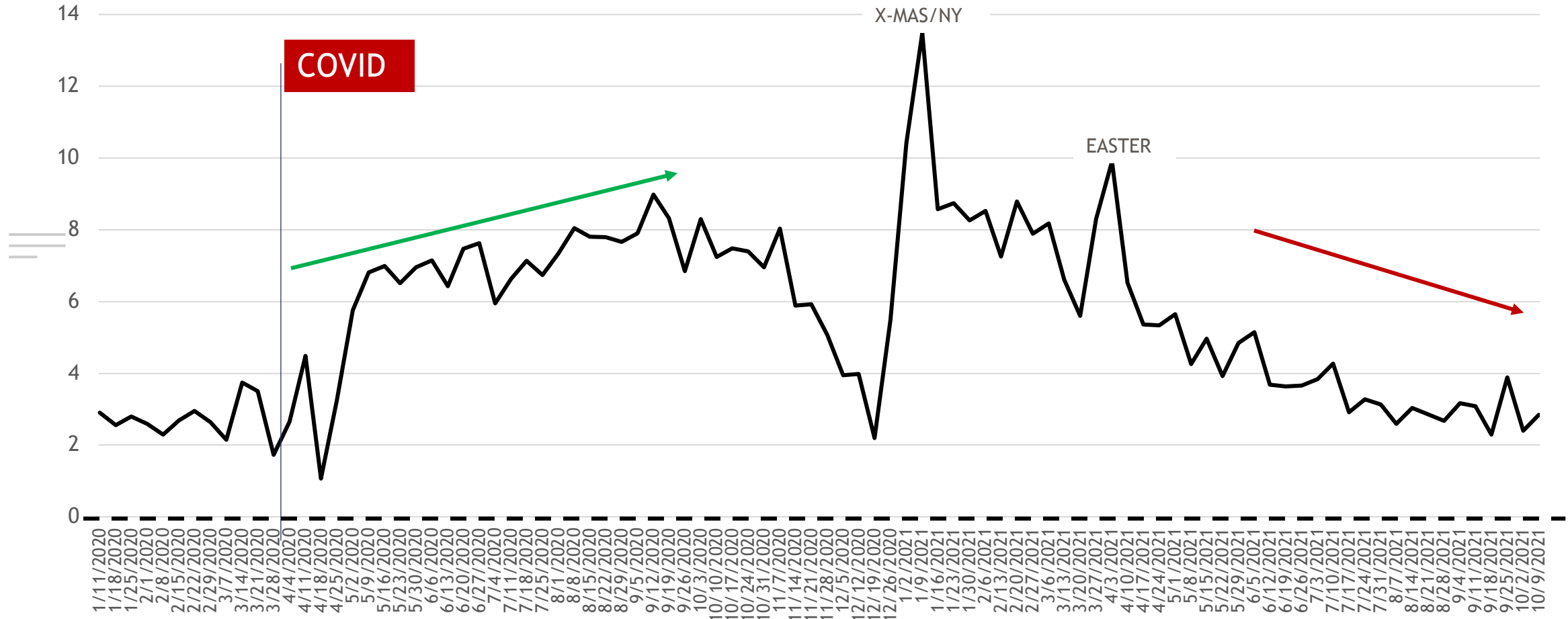
- Online Shopping will only increase in the future
- Premiumization is here for ever, or is it?
- RTD's will expand in entries and volume; but could there be a shakeout of brands as they continue to flood in?
- Spirits will continue to steal share from wine
- Tequila will continue to lead growth of mainstream Spirits
- Luxury wines may thrive, but not mainstream table wines
- The on-premise will remain challenged
- Supply chain issues will remain a factor



Wine Off Premise premiumization that spiked during COVID now shrinking, though still positive



Wine Off Premise Price Mix (difference dollar vs volume growth)

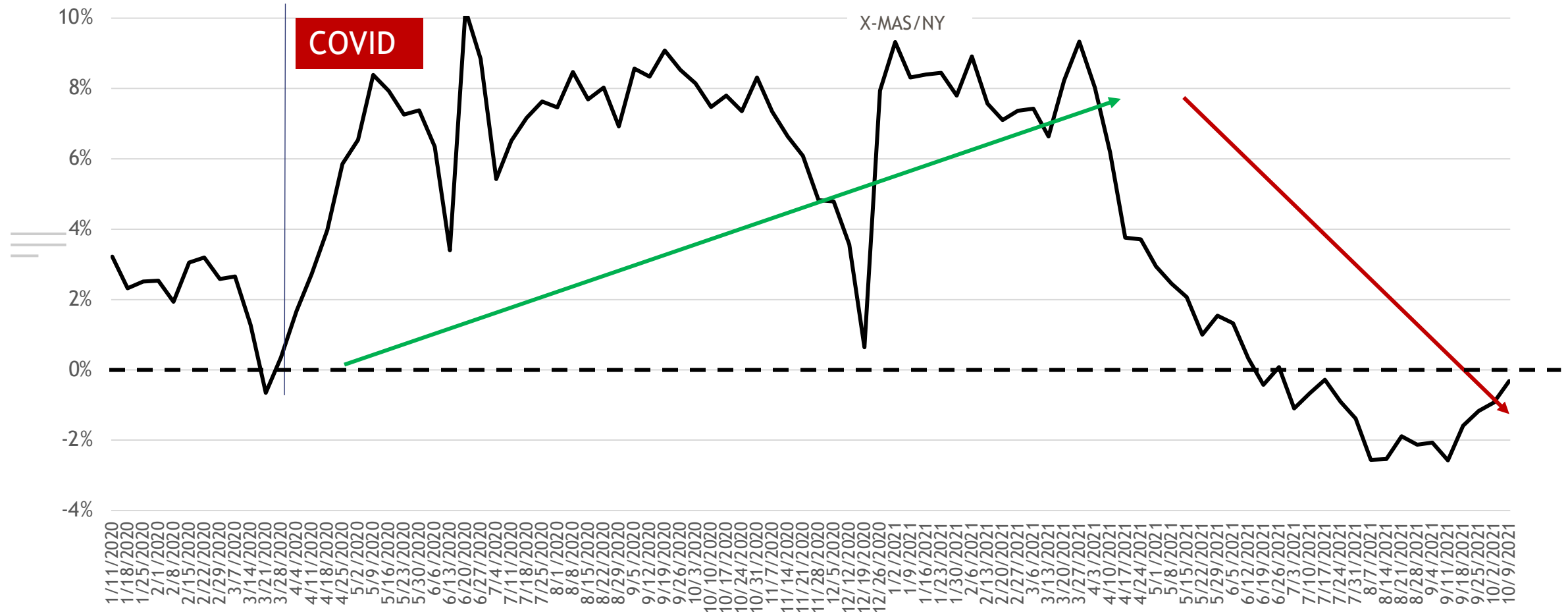




Spirits Off Premise COVID rapid premiumization slowed as many consumers buying RTD's, and many returning to On Premise



Spirits Off Premise Price Mix (difference dollar vs volume growth)



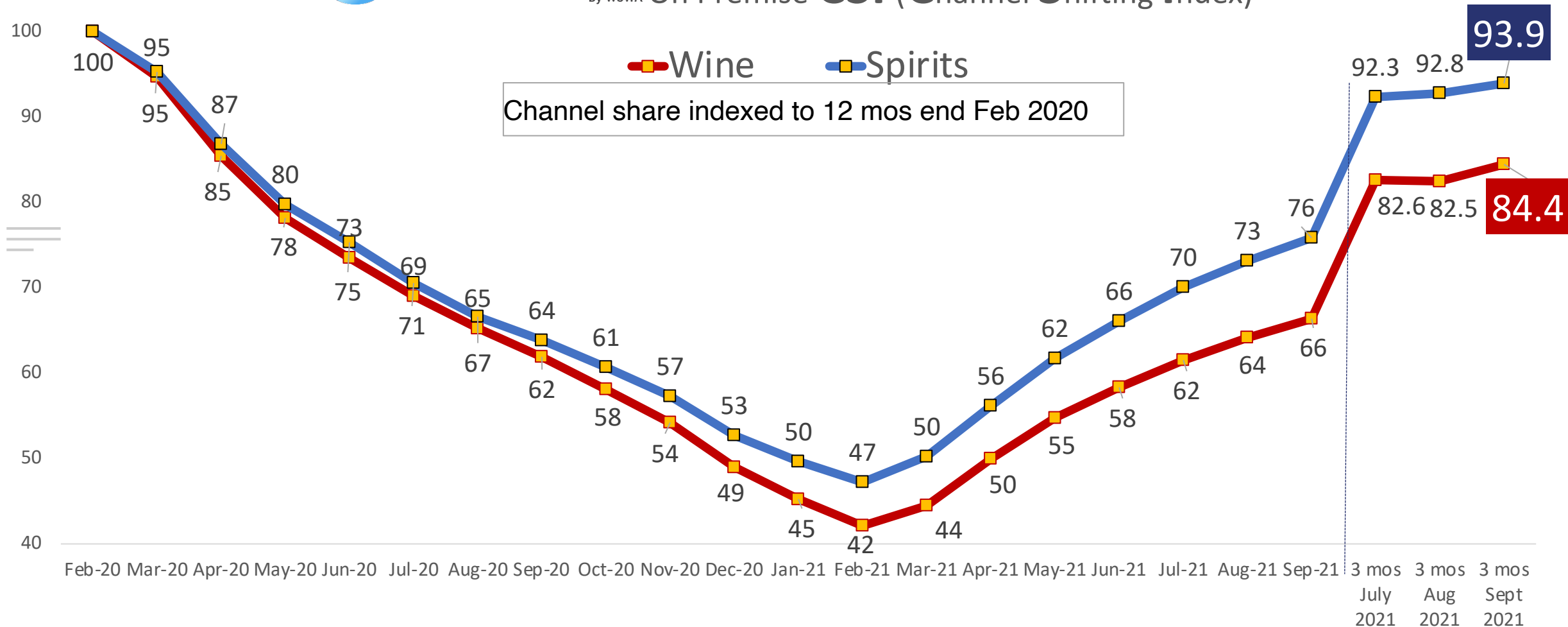


On Premise recovery - which stalled in August – resumed its progress thru September. Wine recovery still considerably behind Spirits



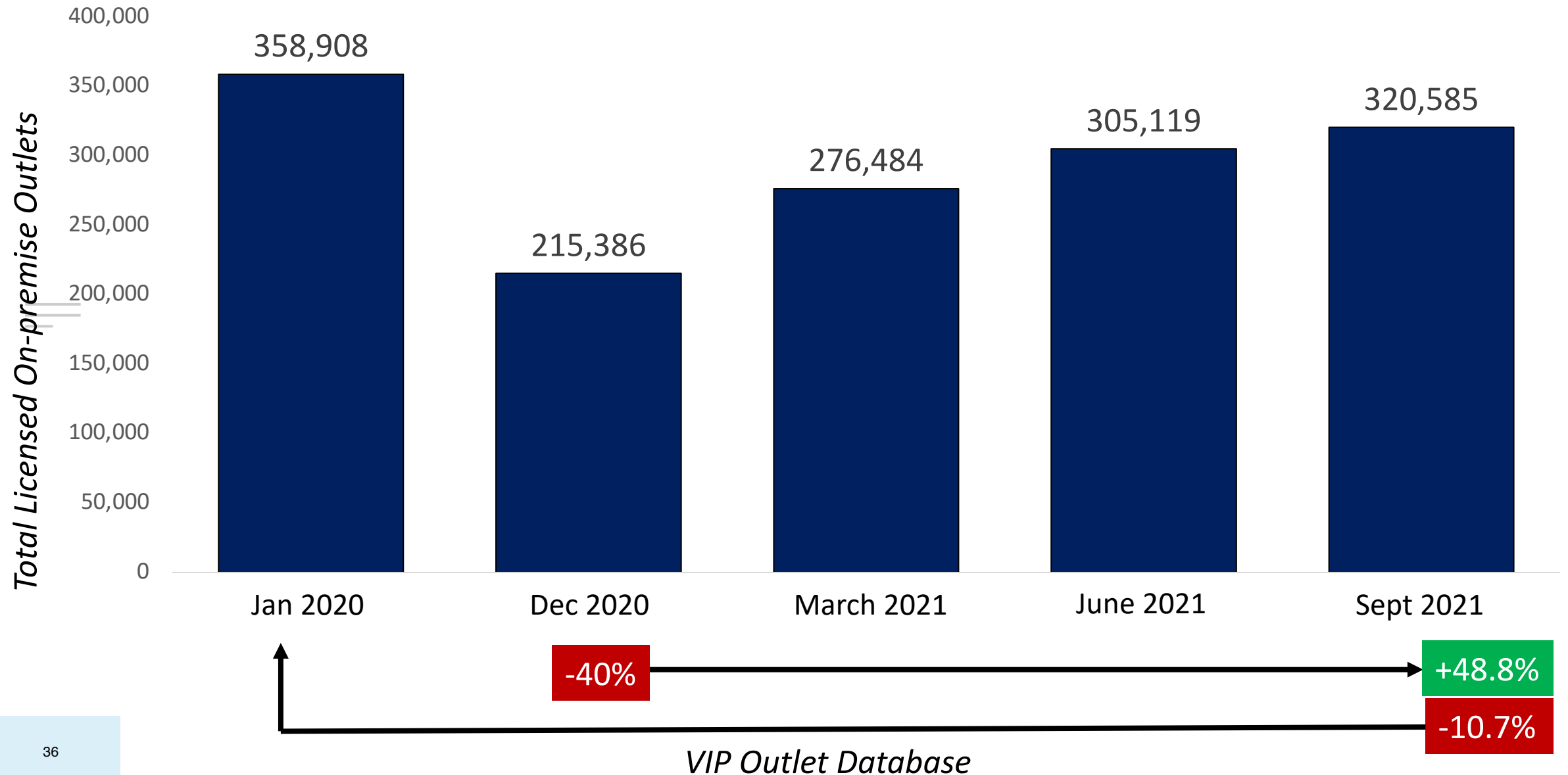
SipSource
By WSWA

On Premise **CSI** (C**h**annel **S**hifting **I**ndex)





On-premise accounts down -10.7% since Jan 2020





Key Takeaways

- Holiday 2021 will be big (vs 2020)
- Spirits will continue to gain share in 2022
- Luxury wine is strong while below Premium struggles
- Supply chain disruptions will impact select segments
- On-premise recovering but long road ahead
- Convenience based solutions will drive growth – along with flavor, health & wellness related attributes



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