



## **PRESS RELEASE**

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### **SipSource Year End Report Tracks “Worst Performance” Since Report Inception**

*Despite 2022 Negative Growth Trends, Analysts Urge “Long View” For True Representation of Market Growth Trends*

**WASHINGTON, D.C., 02/21/2023** – Wine & Spirits Wholesalers of America (WSWA)’s SipSource, the first and only source for wine and spirits distributor depletion data that covers sales to hundreds of thousands of on- and off-premise accounts, today released year-ending data for 2022. The 2022 Q4 SipSource report identifies wine and spirits trends and explores commercial and consumer behaviors as the market begins to normalize after 3-years of massive disruption. The report focuses on data over a 12-month period (January 2022 — December 2022), predicts what consumer trends will bring for both the on- and off-premise in 2023, and gives short- and long-term insight and understanding for the industry’s future.

“This is by far the worst performance since we have been reporting on these categories via SipSource,” said SipSource Analyst and industry veteran Dale Stratton. “That said, there are some clear anomalies that have impacted the single year-on-year trend demonstrating why considering a longer period is important in painting a true picture of the market.”

Twelve-month rolling data places total spirits and wine depletions down -2.9% compared to year end 2021. However, data over a four-year period – averaging massive disruptions from COVID, European land wars, and supply chain interruptions – places total growth rate down only -0.2%, essentially flat with the spirits category up +4.2% in volume and wine down -3.9%.

“The four-year period from 2019-2022 has seen significant swings in depletion trends, generally with a clear root cause. Some events drove a change in channels – like pantry stocking during the beginning of COVID – while others impacted specific product categories or price tiers – like trade tariffs and the advent of the canned cocktail. By looking at the numbers across the total four-year period, we get a clearer picture of what happened in the U.S. alcohol marketplace,” said Stratton.

### **Consumers Slow to Return to On-Premise at Pre-Pandemic Levels**

The monthly SipSource Channel Shift Index, which measures the degree of recovery in the on-premise, showed promising year-end 2022 depletions at 95% of pre-pandemic levels for spirits and 90% for wine. However, SipSource analysts predict that 2023 won’t bring pre-pandemic levels to local restaurants and bars as inflation continues to impact consumers’ disposable income.

### **Spirits Premiumization Slows in 2022**

“Premiumization has definitely slowed in calendar year 2022,” said Stratton. “While Tequila and Bourbon over the \$50 price point are both +18.8% and +16.8%, respectively, overall spirits priced over \$25 category is only up +0.2%.”

### **Spirits to Watch – Flavored Whiskey**

After a brief upturn in Q3, 2022 ending data places flavored spirits down -5.0% overall, but flavored whiskey continues to be a category growth driver up +4.1%. “We’ll definitely be keeping an eye on flavored spirits in 2023,” said Stratton.

### **What Does a Successful 2023 Wine Market Look Like?**

The wine category continued to struggle in 2022 despite strong growth rates in the over \$15 price segment during the holiday season. Wine ended the year down -7.1% but averaged -3.9% 2019-2022. SipSource Analysts predict growth in the category won’t be easy in 2023 amid significant economic uncertainty and predict that achieving an overall volume loss of -3.9% in 2023 would be seen by many as a successful year.

### **Port Goes Viral**

The port category saw an astronomical +75.4% growth in 2022 that SipSource Analysts attribute directly to the power of social media. “If something defies logic, blame the internet,” said Stratton. “The growth is driven by a single brand that has gained popularity across the Tik-Tok platform.” All growth in the category is coming from the under \$6 price segment which is up +134%.

### **About SipSource**

SipSource is the ONLY source for aggregated distributor depletion data, built from unique items sold to individual stores. Since wholesalers distribute to all types of retailers, SipSource has unrivaled channel segmentation. It also covers the largest volume of bona fide alcohol sales and does not need to rely on estimates, samples or projections. SipSource uses an industry leading platform: VIP’s iDIG to deliver timely, transparent and trusted data. In addition to the reporting tool, subscribers have access to quarterly and annual reports that leverage powerful collaboration with industry leaders and provide high-level insights into the wine and spirits marketplace.

Interested in subscribing to SipSource? Please contact Michael Maloney at [Michael.maloney@wswa.org](mailto:Michael.maloney@wswa.org) for more information.

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