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THE EFFECT OF COVID-19 ON U.S. WINE CONSUMPTION:

SIX MONTHS AFTER THE ORIGINAL LOCKDOWN

Research Report

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Introduction

The emergence of COVID-19 caused an unprecedented global crisis. In addition to threats to human health and lives, the pandemic had a dramatic negative impact on businesses around the world. But not all industries have been impacted equally. While the vast majority of on-premise locations were mandated to close at the outbreak of the pandemic, the U.S. off-premise wine industry has seen robust sales. The Nielsen data[1] rom the week ending March 20, 2020 – the first major week of lockdown – indicated that off-premise wine sales had increased by 66%, and online wine sales had risen 224% compared to sales data from the same week in 2019. Industry experts attribute these remarkable growth rates to intense panic buying of food and beverages: a so-called 'survivalist response'. Although the increases in sales did not remain at the original lockdown levels, Nielsen data further revealed that within the first six weeks of quarantine, total dollar off-premise wine sales still showed strength with sales up 32%. But is this growth sustainable?

While the Nielsen data provides a valuable and comprehensive landscape of the retail environment, it does not reflect much on the actual consumer behavior. It is unclear whether during lockdown people actually had been increasing their alcohol consumption or only stockpiling alcoholic beverages. Likewise, it is unknown whether the pandemic has created lasting changes in consumer shopping patterns and consumption habits.

As reported earlier in Wine Business Monthly[2] researchers at Texas Tech University and Sonoma State University jointly conducted an online survey to explore wine consumer behavior during the height of the COVID-19 lockdown compared to the time before the pandemic. In the current report, the results of this survey are referred to as '*Wave 1*'.

As COVID-19 progressed, along with the economic impact of unemployment and psychological stress that comes with it, the pandemic continued to dramatically reshape people's lives. The new question emerged, whether the way people started adapting to the 'new normal' was also reflected in their wine consumption and motivation changes. In an effort to revisit the impact of coronavirus on wine consumer purchase behavior, the same team of researchers conducted the second online survey six months after the original lockdown. The findings of the second survey are referred to as "*Wave 2*". The comparison of the two surveys data is presented in the report that follows. This research is part of the global effort coordinated by The Academy of Wine Business Research to track wine consumer behavior changes due to the pandemic. High-level of results for the U.S. data are reported herewith.

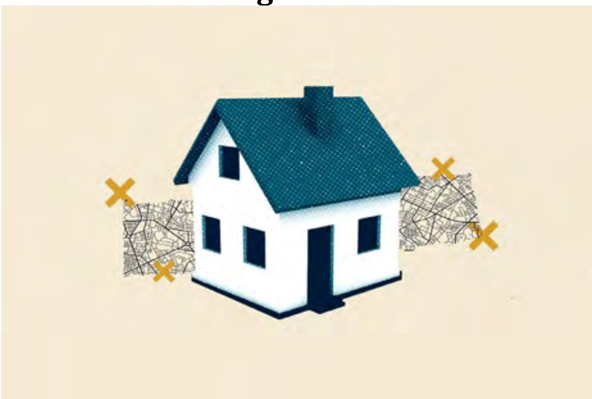
Research Methodology

Timeline: For Wave 1, the data were collected at the end of April/first week of May 2020, when the original lockdown was in effect in the majority of the U.S. states (it was not until May 11th that 15 states were set to move forward with loosening restrictions and reopening businesses). The Wave 2 data were collected six months after the initial lockdown, early November 2020. The six months timeframe was deemed appropriate to examine if changes in wine consumption during the strictest level of confinement lasted after many of the restrictions have been lifted.

Sample: A nationally representative panel of 1,703 wine consumers (886 in Wave 1 and 817 in Wave 2) was recruited to fit specified demographic parameters. The researchers used calibrations by Wine Intelligence[3] for the demographics breakdowns to ensure diversity in age, gender, income, or other relevant behavioral characteristics.

Recruitment: Services by one of the top global market research firms, as ranked by the American Marketing Association, was used. The investigators programed the survey in Qualtrics – a web-based tool for survey research – and provided a link to the market research company, who then distributed the survey to a large panel of consumers from their database. To be eligible for participation, respondents had to be of legal drinking age (21+) and be wine consumers (consume wine at least once a month).

Wave 1
During lockdown



Wave 2
Six months after lockdown

Demographics

The sample demographics were similar to other studies illustrating U.S. wine consumer characteristics. The sample in both surveys was slightly skewed towards more men, but overall the samples represented both females and males relatively equally (*Figure 1*). Respondents were geographically dispersed throughout the country, with 30% from Western states, 20% from the Midwest, 30% from Northeast, and 20% from Southern states (*Figure 2*).

Figure 1: Gender of Respondents

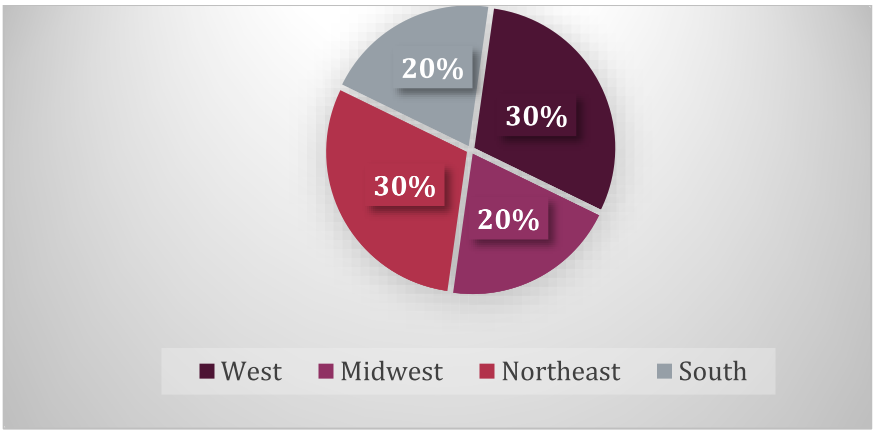


Figure 2: Sample Geographical Representation

A representative split of generational cohorts was important to have a balanced sample (*Table 1*). Age cohorts included Matures (born 1945 and earlier), Baby Boomers (born 1946 – 1964), Generation X (born 1965 – 1980), Millennials (born 1981 – 1994), and Generation Z (born 1995 and later). The age cohort division in the sample broadly mirrored the age groups representation among U.S. wine consumers.

Table 1: Age of Respondents (Generation Cohorts)

Cohort	Years Old	Wave 1	Wave 2
Generation Z	21 - 25	15.7%	12.1%
Generation Y	26 - 39	21.4%	25.9%
Generation X	40 - 55	21.7%	27.2%
Baby Boomers	56 - 74	33.8%	30.6%
Matures	75+	7.4%	4.2%

The sample was highly educated, with the majority of respondents having a university degree of Bachelor's level or higher (*Table 2*). Over one-third of the sample in Wave 1 and almost a quarter in Wave 2 had obtained a graduate degree. These demographics are similar to other studies showing that in general, wine consumers have higher levels of education. For comparison, according to the U.S. Census Bureau report, about one-third (33.4%) of the U.S. population finished four years of college (US Census, March 30, 2017)[4].

Table 2: Respondents' Levels of Education

	Wave 1	Wave 2
High School	19.8%	30.2%
Bachelor's Degree	41.4%	39.5%
Master's Degree	25.4%	20.6%
Doctoral Degree	8.6%	3.8%
Other	4.5%	5.8%

The sample was also representative of households in all ranges of annual gross incomes (*Table 3*). In Wave 1, almost half of the respondents (46.3%) indicated their annual gross income was over $80,000 and 37.9% reported income of $120,000 or higher. Over a quarter of the sample had annual household incomes of over $170,000. Wave 2 sample had similar breakdowns, with the exception of the last category (over $170,000), which was lower (10.6%). In sum, the two samples were comparable in terms of all demographic characteristics.

Table 3: Total Annual Household Income

	Wave 1	Wave 2
Below $10,000	3.7%	3.3%
$10,000 - $19,999	6.9%	4.7%
$20,000 - $29,999	6.9%	7.3%
$30,000 - $39,999	6.2%	13.1%
$40,000 - $49,999	8.6%	10.1%
$50,000 - $64,999	7.2%	12.1%
$65,000 - $79,999	6.8%	9.8%
$80,000 - $99,999	7.3%	11.1%
$100,000 - $119,999	5.9%	7.5%
$120,000 - $169,999	12.5%	10.1%
$170,000 and over	25.4%	10.6%

Frequency of Wine Consumption

The comparison of data from the two surveys revealed that in general people started drinking more wine since the beginning of lockdown (*Figure 3*). Furthermore, from the time of the strictest levels of confinement, the number of respondents who drink wine regularly (at least once a week or more often) increased by 5.59% and made up over 70% of people in the sample in Wave 2. For further data analysis, the sample was divided into two categories: *occasional drinkers* (people who drink wine 1-3 times a month or less often) and *frequent drinkers* (those who drink wine at least once a week or more often). Respondents who indicated they did not drink wine since the beginning of lockdown (less than 4%) were excluded from the analysis.

The number of occasional drinkers decreased from Wave 1 (30.4%) to Wave 2 (25.7%). On the contrary, the number of frequent wine drinkers increased since the beginning of lockdown (65.5% in Wave 1 versus 71.09% in Wave 2).

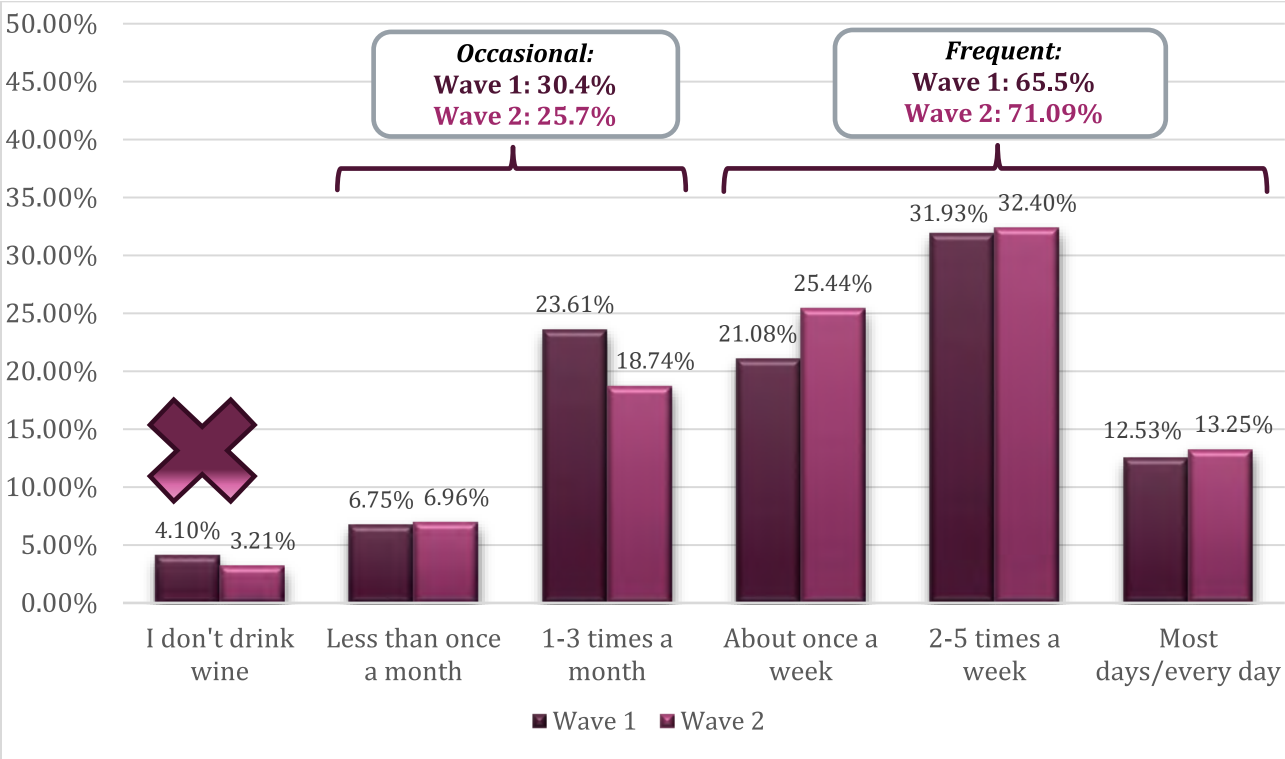


Figure 3: Frequency of Wine Consumption

Consumption Frequency by Gender

In cross-comparison analysis between males' and females' consumption frequency, female participants were found to consume wine significantly more often than male respondents, as shown in *Table 4.* Males' wine consumption hardly showed any changes, staying at about the same level before, during, or six months after lockdown. On the contrary, females' consumption considerably increased with the progression of the pandemic. Before lockdown, 68% of females reported their wine consumption levels as frequent (once a week or more often). This number increased to 81.3% six months afterwards.

Table 4: Gender and Wine Consumption

	BEFORE lockdown		DURING lockdown		6 months AFTER lockdown	
	Occasional	Once a week or more often	Occasional	Once a week or more often	Occasional	Once a week or more often
Males	19.0	81.0	20.1	79.9	20.6	79.4
Females	32.0	68.0	25.3	74.7	18.7	81.3

Changes in Frequency of Wine Consumption by Alcohol Type

Respondents were further asked to estimate changes (if any) in their wine consumption during lockdown (compared to before the pandemic) and six months afterwards. Specifically, a question was asked whether they have consumed less wine, more wine, or if their consumption patterns did not change much. As seen in *Table 5*, the majority of respondents (over 50% in the still wine category) reported that their wine consumption had not changed much. However, the number of people who indicated that their consumption has *increased* was almost twice as many compared to those who said they started drinking *less* wine. The increase was reported mainly in the red and white wine categories. A slight 2% decrease in red wine consumption in Wave 2 is most likely the result of seasonality. The six months timeframe after lockdown occurred during warm temperatures, including three summer months, when people generally drink less red wine. Dessert and sparkling wine consumption both rose 2% when lockdown was released, compared to during lockdown.

Table 5: Changes in Consumption by Wine Type

	DURING lockdown			**6 months AFTER lockdown**		
	I consume LESS often	My consumption has not changed	I consume MORE often	I consume LESS often	My consumption has not changed	I consume MORE often
Red wine	12%	51%	27%	10%	57%	25%
White wine	14%	48%	22%	11%	55%	22%
Rosé wine	11%	37%	14%	11%	50%	14%
Sparkling wine	12%	41%	12%	11%	48%	14%
Dessert wine	10%	36%	9%	10%	45%	11%

Next, a comparison across alcohol categories was conducted between occasional drinkers and frequent drinkers. A noticeable increase in the number of frequent drinkers has been found in Wave 2 (*Table 6*). This change can be observed throughout all categories. Some increase is likely to be seasonal: it applies to white wines, which increased by 19%, rosé by 19%, sparkling by 15 %, and beer by 22%. Alternative alcoholic beverages were also on the rise, with ready-to-drink beverages (including seltzers) showing the most significant growth. The number of people who started drinking RDTs frequently increased fourfold. This could be due to the general current popularity of RTDs on the U.S. market, combined with the seasonality effect. Somewhat surprisingly, dessert wine consumption went up almost at the same rate as RTDs; and spirits consumption almost doubled compared to before the pandemic.

Table 6: Occasional vs Frequent Drinkers by Alcohol Type

	BEFORE lockdown		6 months AFTER lockdown	
	Occasional	Once a week or more often	Occasional	Once a week or more often
Red wine	45%	48%	31%	61%
White wine	55%	33%	35%	52%
Rosé wine	54%	12%	40%	31%
Sparkling wine	62%	10%	45%	25%
Dessert wine	49%	7%	33%	20%
Beer	56%	31%	30%	53%
Ready-to-Drink	43%	6%	29%	24%
Spirits	64%	23%	37%	42%

To further explore the types of alcohol for which respondents indicated they consumed *more of it* after lockdown, the generational cohort analysis was performed (*Table 7*). Gen Y showed the most notable increase across all types of drinks, with the most noticeable growth in white, rosé, and sparkling (seasonality effect again). This generation is also responsible for the highest increase (51.6%) in dessert wine consumption. One possible reason for this seemingly surprising surge in desert wines could be sweet still or sparkling wines (e.g., Moscato). The popularity of fizzy, frothy and sweet wines has skyrocketed in the U.S. market within the last decade.

Gen X (and Gen Z to a lesser extent) also had a significant impact on consumption changes, although their numbers are lower than Gen Y's. In conclusion, the data shows it was mostly Millennials who showed a significant growth in consumption of all types of wine and other alcoholic beverages.

Table 7: Changes in Frequency of Wine Consumption by Generational Cohorts

	Gen Z	Gen Y	Gen X	Baby Boomers	Matures
Red wine	15.3%	38.7%	34.0%	10.0%	2.0%
White wine	16.8%	42.0%	26.7%	13.7%	0.8%
Rosé wine	16.5%	48.2%	28.2%	7.1%	0.0%
Sparkling wine	17.9%	48.7%	23.1%	10.3%	0.0%
Dessert wine	16.1%	51.6%	27.4%	3.2%	1.6%
Beer	13.1%	46.2%	26.2%	13.8%	0.8%
Ready-to-Drink	21.9%	30.6%	27.2%	25.9%	4.2%
Spirits	17.0%	43.4%	26.4%	13.2%	0.0%

Range and Price of Wines

Consumers felt that the range of wines predominantly stayed the same during lockdown and afterwards, with over 70% of respondents indicating no changes with regards to the wines they buy. Less than 20% thought that the variety of wine has increased since the beginning of the pandemic; and at the same time, the number of people who felt that the range decreased was significantly lower in Wave 2 (*Figure 4*).

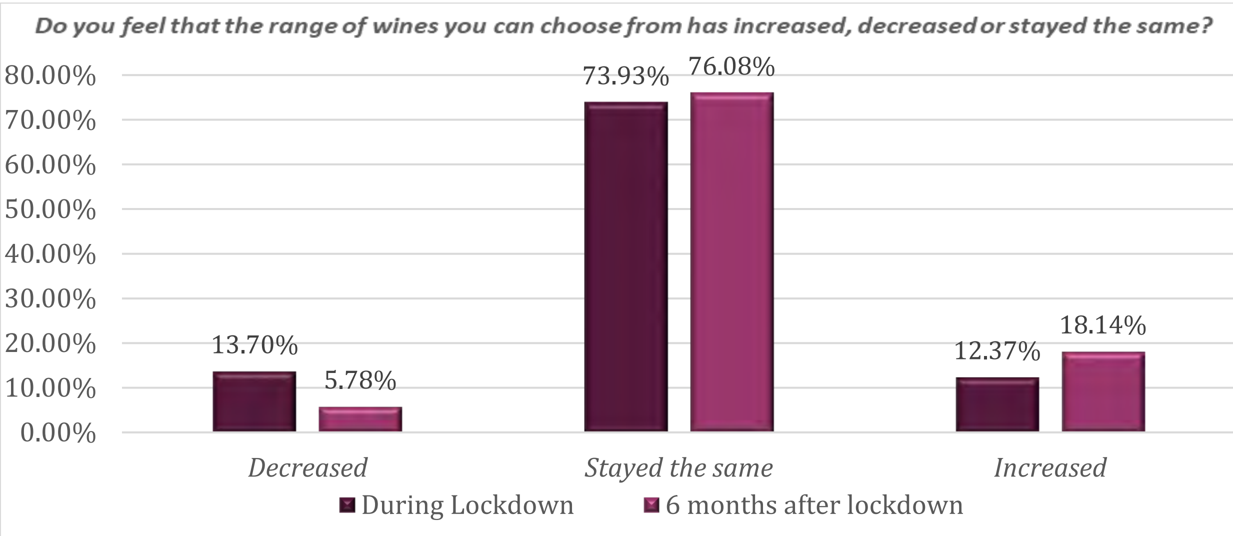


Figure 4: Changes in Range of Wines

A similar question was asked regarding spending on wine. As seen in *Figure 5,* there was not much change in the amount of money consumers spent on wine during and after lockdown: "about the same price per bottle as before the pandemic" seems to be a general consensus among respondents. With time, consumers marginally reduced their typical spend on wine. However, a more in-depth analysis revealed that younger consumers, on the contrary, increased their spending per bottle of wine during the pandemic.

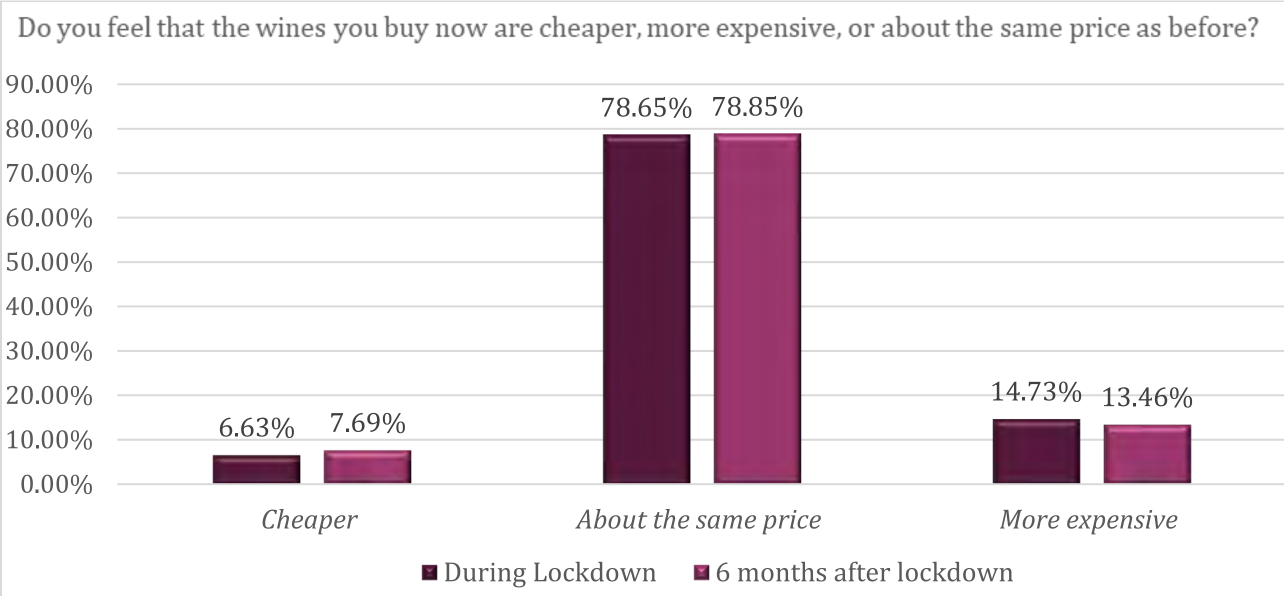


Figure 5: Changes in Price of Wines

Motivations for Drinking Wine

The survey included a list of reasons for drinking wine. The list was compiled from the previous wine marketing literature on motivations to consume wine. Respondents were asked to select all statements that apply to their personal motivations (*Figure 6*). Enjoying the taste of wine and for relaxation were the top two reasons both during lockdown and afterwards. A notably increasing number of people in Wave 2 chose reasons associated with stress: "to distract from problems", "to help me sleep" and "to relax". This probably indicates that respondents were seeking a means to deal with the stress of the situation. The pandemic has put a lot of stress on people, both physically and mentally; and people seem to be enjoying a glass of wine at the end of the day to alleviate their problems.

Interestingly, Wave 1 data showed that romantic motivations for wine consumption during lockdown have considerably decreased. With time though, more people started to drink wine for romance. Lastly, more people started drinking wine because it goes well with food. This is hardly surprising. With restaurants being closed during lockdown and operating at lesser capacity when the restrictions were lifted, people have settled into routines that involve a lot more home cooking. According to a report by Acosta[5], many consumers anticipate they will dine out less than before or not at all after the pandemic is over. Home cooking has become a new normal; and it is logical to expect that many people will pair their meals with wine.

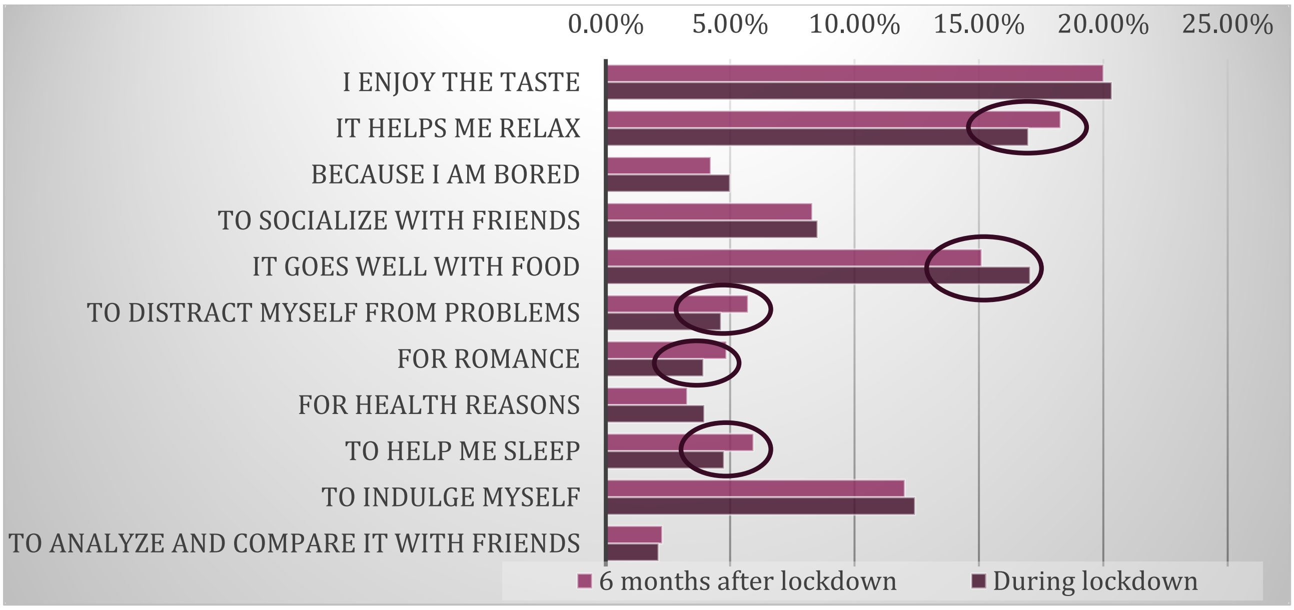


Figure 6: Motivations for Drinking Wine

Wine Drinking Occasions

Respondents were asked about their wine drinking occasions before, during, and six months after lockdown restrictions (*Table 8*). The results for this section are hardly surprising. Having a relaxing drink at home once a week or more frequently was the most common occasion for 40% of consumers before the pandemic; and this trend increased by 24% during lockdown, and by 25% after the confinement. To pair wine with an informal meal at home on a weekly basis was the second most common occasion for 30% of respondents, which also increased by 18% and 19% during lockdown and afterwards, respectively. These findings support many recent reports stating that Americans were incorporating more wine with dinners at home with the emergence of the pandemic. Naturally having wine with guests at home or in restaurants did not occur during lockdown. Somewhat surprisingly, 31% of participants reported that even before COVID-19 they were occasionally having wine during online meetings with friends, and 5% were even having online wine tastings at least once a week. Online tastings increased by 15% with the growing popularity of virtual happy hours that commonly took place during lockdown. Six months later, this tendency continued, and the number of online meetings and tastings increased by 26%. It should also be noted that the overall trend for most consumption occasions remained similar after lockdown. It stands to reason that the trends consumers picked up during lockdown will remain, even when the pandemic subsides.

Table 8: Wine Drinking Occasions Before, During and 6 Months after Lockdown

	BEFORE lockdown		**DURING lockdown**			**6 months after lockdown**		
	Occasional	Once a week or more often	Less often than before	About the same as before	More often than before	Less often than during lockdown	About the same as during lockdown	More often than during lockdown
A relaxing drink at home	53%	40%	13%	52%	24%	10%	59%	25%
With an informal meal at home	64%	30%	12%	55%	18%	10%	59%	19%
When inviting guests home for dinner	81%	11%	-	-	-	13%	37%	12%
Celebrating a special occasion at home	85%	10%	15%	44%	7%	12%	47%	13%
When out at a café or restaurant	88%	14%	-	-	-	16%	13%	31%
During an online meeting / virtual tasting	31%	5%	7%	23%	15%	8%	14%	26%

Wine Purchase Outlets

Respondents were asked, "*Before lockdown measures were implemented, how often did you buy wine from each of the following types of retail outlets*?" A 6-point scale was used: 0 = never, 1 = less than once per year, 2 = about once per year, 3 = two to five times per year, 4 = about once every two months, 5 = one to three times per month, 6 = once a week or more often. Thus, the higher the number, the more frequently consumers purchase wine at a specific outlet. The results are illustrated in *Table 9.* Before COVID-19, the majority of consumers purchased wine at wine shops, supermarkets and grocery stores. This is consistent with prior American wine consumer research findings. When examining whether purchasing through these channels has changed during COVID-19, there was a clear difference between the buying patterns of *high frequency* wine shoppers (purchase wine at least once a month) and *occasional* wine shoppers (purchase wine once every couple of months or less frequently). Frequent shoppers reported an increase of 30% to 35% in brick-and-mortar establishments, but nearly a 50% rise in purchasing more wine online. Even occasional shoppers reported 15% and 18% growth in purchasing wine from a winery's website and online wine retailers, respectively. This trend is supported by other sources, such as Nielsen reporting large increases in online wine retail sales during the first phases of lockdown. Many wineries also reported upturns in their online sales during COVID-19 when they adopted virtual tastings and online advertising to reach consumers throughout lockdown. Some also offered curbside pick-up that allowed consumers to collect wine at the cellar door, thus accounting for the 47% increase for this outlet by frequent shoppers, compared to only 9% of occasional shoppers reporting more purchases at cellar doors during lockdown. Clearly, frequent shoppers proved the most loyal customers who support their local wineries during these difficult times. In Wave 2, occasional shoppers continued buying wine at brick-and-mortar stores at about the same rate as prior to and during lockdown. Online sales went up considerably only for frequents shoppers, with a notable exception of online generic retailers, where even occasional shoppers reported a 5% increase.

Table 9: Wine Purchase Outlets Before, During and After Lockdown

	BEFORE lockdown	**DURING lockdown**		**6 months AFTER lockdown**	
	Mean*	Purchased MORE by OCCASIONAL Shoppers**	Purchased MORE by FREQUENT Shoppers**	Purchased MORE by OCCASIONAL Shoppers**	Purchased MORE by FREQUENT Shoppers**
Wine shop	5.01	11%	31%	11%	37%
Supermarkets/Hypermarkets	4.99	13%	35%	14%	37%
Ordinary grocery store	4.81	17%	30%	11%	35%
Online wine retailer, *e.g. Wine.com*	3.24	18%	48%	20%	49%
Winery's website	3.10	15%	51%	16%	54%
Winery's cellar door	3.03	9%	47%	7%	52%
Online generic retailer, *e.g. Amazon.com*	2.94	12%	50%	17%	48%

** The higher the number, the more frequently purchased at the outlet*
*** Occasional Shoppers = purchase wine once every couple of months or less frequently*
*** Frequent Shoppers = purchase wine at least once a month*

On-Premise Wine Consumption after Lockdown

Clearly, wine consumption at home has been higher than on-premise consumption, but the fact that in Wave 2 almost 60% reported that they drink wine at home at about the same frequency as during lockdown may be an indication that the "drink wine at home" trend is here to stay. New habits are likely to determine wine consumption behavior beyond the period of the pandemic. Because in most states on-premise locations have been open at the time of Wave 2 data collection (albeit at lesser capacity), a question about on-premises wine consumption was added asking consumers how often they consumed wine at various locations. Two most popular on-premise locations have been chosen for the purposes of this report. Results are presented in *Figure 7*. Distinct generational differences were observed, where Baby Boomers and Matures mostly responded "never" about visiting restaurants and tasting rooms after lockdown. On the contrary, younger generations are shown to be more open to visit restaurants and tasting rooms. In our sample, people who indicated that they visited restaurants and tasting rooms once a week or more often are younger generations (Gen Z, Gen Y and Gen X).

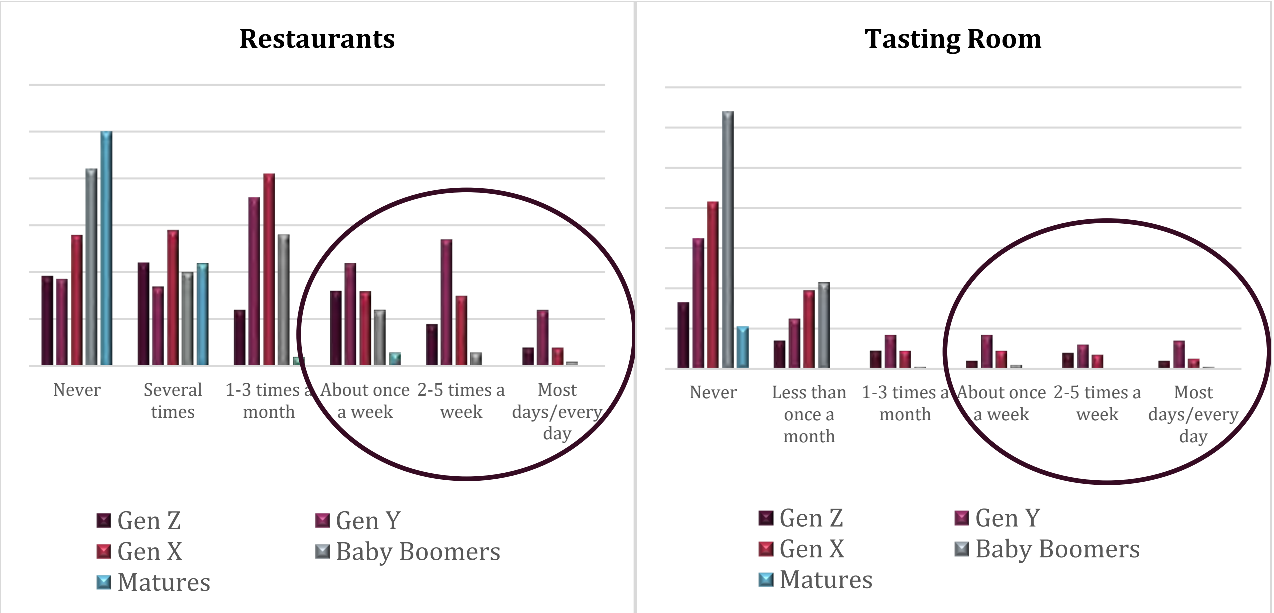


Figure 7: On-Premise Wine Consumption after Lockdown

Top Three Takeaways

1. Consumers have started drinking more alcohol during the pandemic, and wine is not an exception. The **increase in frequency** of wine consumption was most pronounced for **women**, up 13% within just 6 months after the emergence of the pandemic. Consumption also spiked among **Millennials**, who are responsible for the increase in every category of alcohol type, including all types of wine. Millennials also spend more money on a bottle of wine, whereas other generations did not change their spending habits; neither did they start buying a wider range of wines.
2. Consumers **motivations** for drinking wine during the pandemic are largely driven by **stress-relief reasons.** Further, with on-premise dining being off-limits during lockdown and perhaps not being a choice even when they re-opened, home cooking prevailed. Because wine is a frequent companion to food, it is not surprising that people chose to drink wine **to go with their meals.** Even if consumers may find themselves losing steam coming up with multiple meals a day, most experts believe that the trend of home cooking is here to stay after the pandemic. Thus, wine marketers need to keep this motivational reason in mind and market their wines accordingly.
3. Lastly, our survey clearly shows that **younger consumers** are much more **open for on-premise dining and wine drinking.** This means that as restaurants and wineries re-open, they are likely to see marginally younger consumers, while older consumers may continue staying put for longer. In order to enhance marketing approaches to connect with younger consumers in a post-COVID environment, wineries need to have a clear understanding of this market's behaviors, attitudes, and preferences.

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