Category Shifting and Wine Consumption

Wine Market Council Webinar

January 2024

Agenda

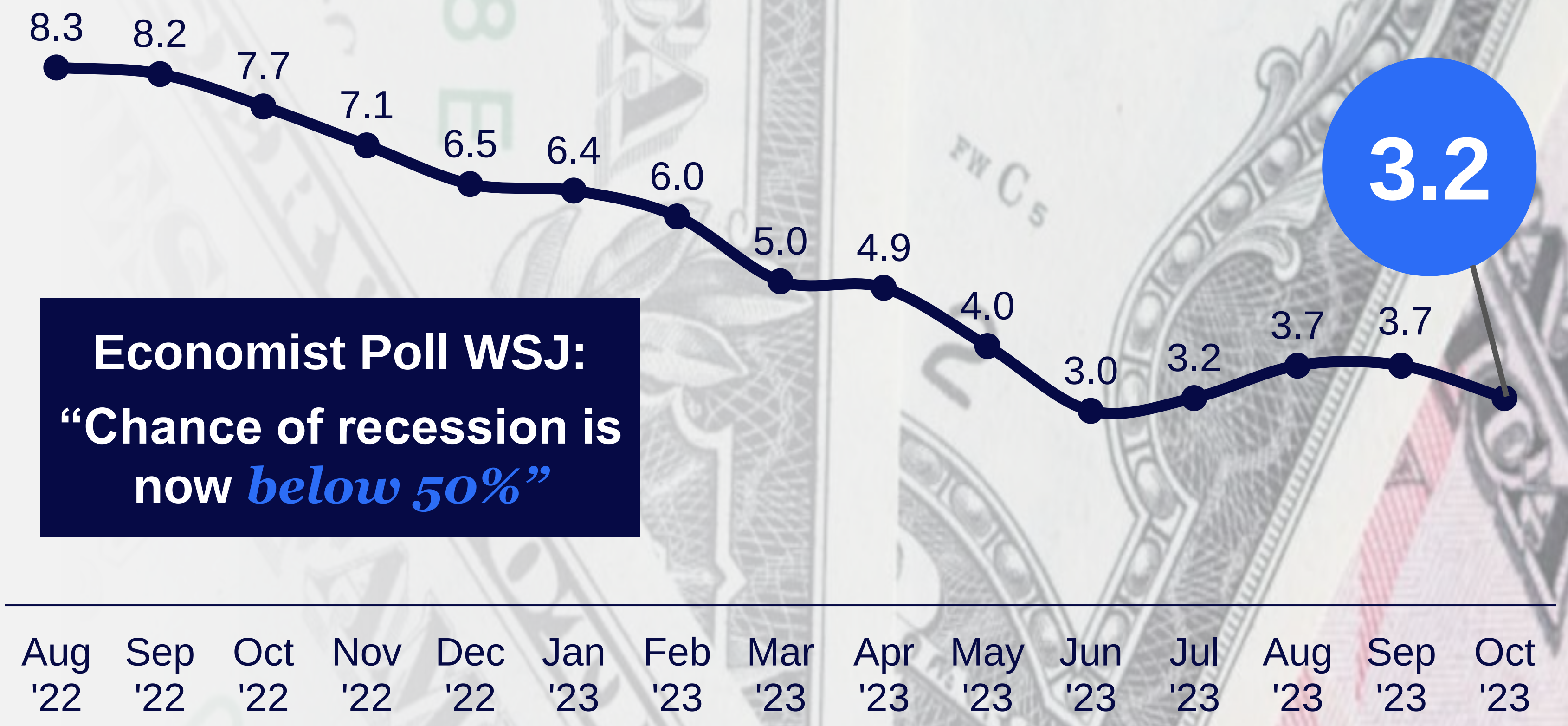
1) Economic Overview
2) Wine Consumers – Current Situation
3) Methodology & Research Results
4) Cannabis Impact
5) Key Take-Aways for the Wine Industry

Economic Overview

October rate of inflation remains stable

"Soft Landing" may not be the case for every category
On premise inflation still high above the average

U.S. CPI Inflation Rate



Economist Poll WSJ:
"Chance of recession is now *below 50%*"

6.7 Shelter

5.3 BevAl away from home

3.7 Total BevAl

3.3 All Food

2.7 BevAl at home

Source: U.S. Bureau of Labor Statistics – Consumer Price Index

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Taking price on Wine has been a mixture of strategies

With additional pressure on volume, look for some increased promo activity

Off Premise inflation and pricing may begin to make at home entertaining more appealing

Wine Inflation

At Home

+1.1%

Away from Home

+5.3%

Wine Price Tiers– Price Change vs. YAGO

NIQ off-premise channels

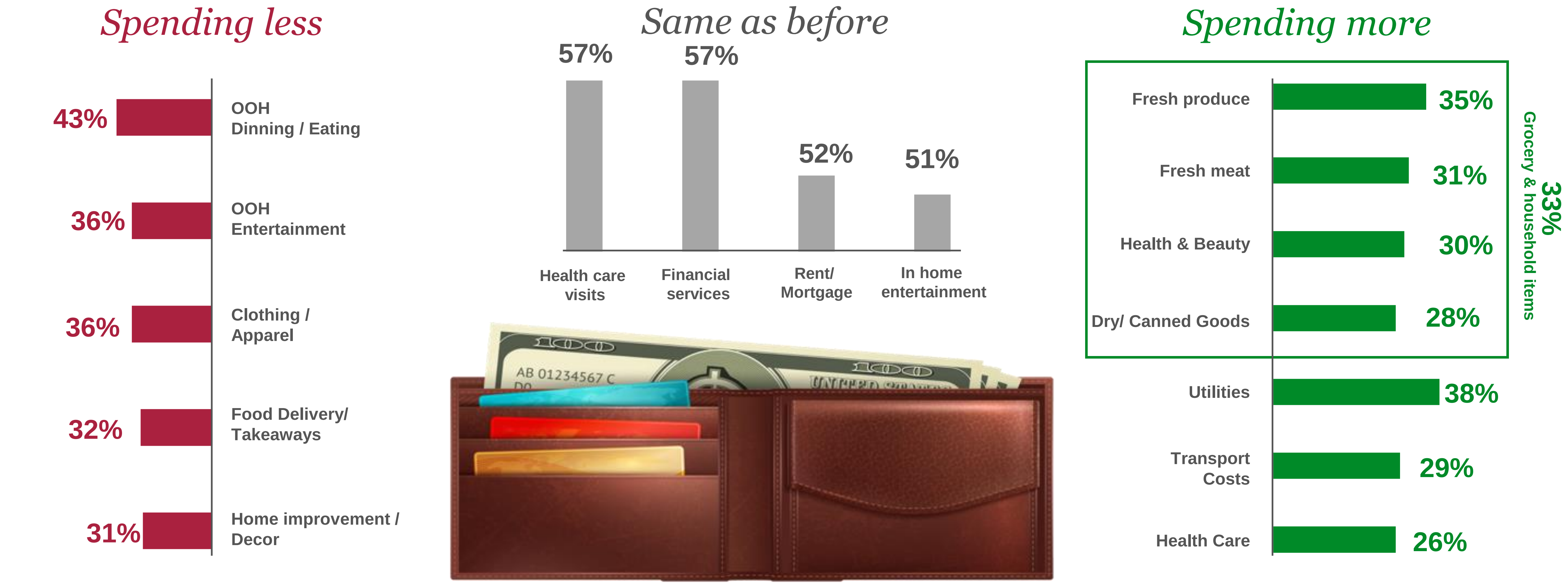
$ Share of Total Wine	*Wine UPC Retail Price*	Price Change vs. YAGO
3.2%	$0-2.99	5.5%
16.6%	$3-5.99	3.3%
9.2%	$6-7.99	3.1%
11.4%	$8-9.99	3.5%
30.1%	$10-14.99	1.1%
14.2%	$15-19.99	1.5%
5.1%	$20-24.99	1.9%
1.9%	$25-29.99	3.1%
3.5%	$30-49.99	4.4%
4.9%	$50+	3.8%

Nearly half of the dollar sales have been in the highly promoted $10-$20 range

Total US xAOC + Liquor Plus + Conv L52 weeks 11/4/23 / Inflation from US Census Reporting

Wallet shifts during pressured times

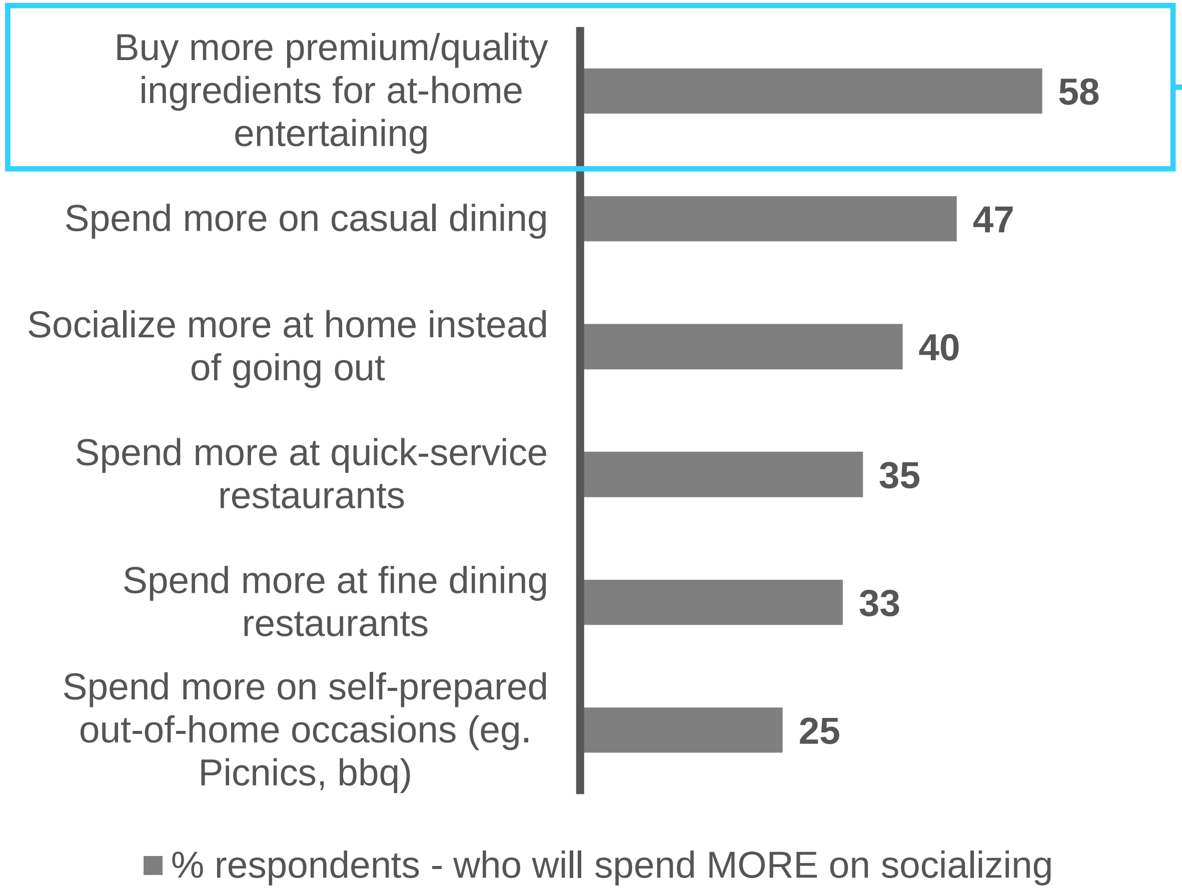
FMCG categories central to 2023 consumer spending intentions



Source: NIQ 2023 Mid Year Consumer Outlook Survey
Interpreted as: "43% of US respondents plan to spend less on Out-of-home (OOH) Dining and Eating"

Despite financial concerns, some consumers are willing to pay a premium for socializing

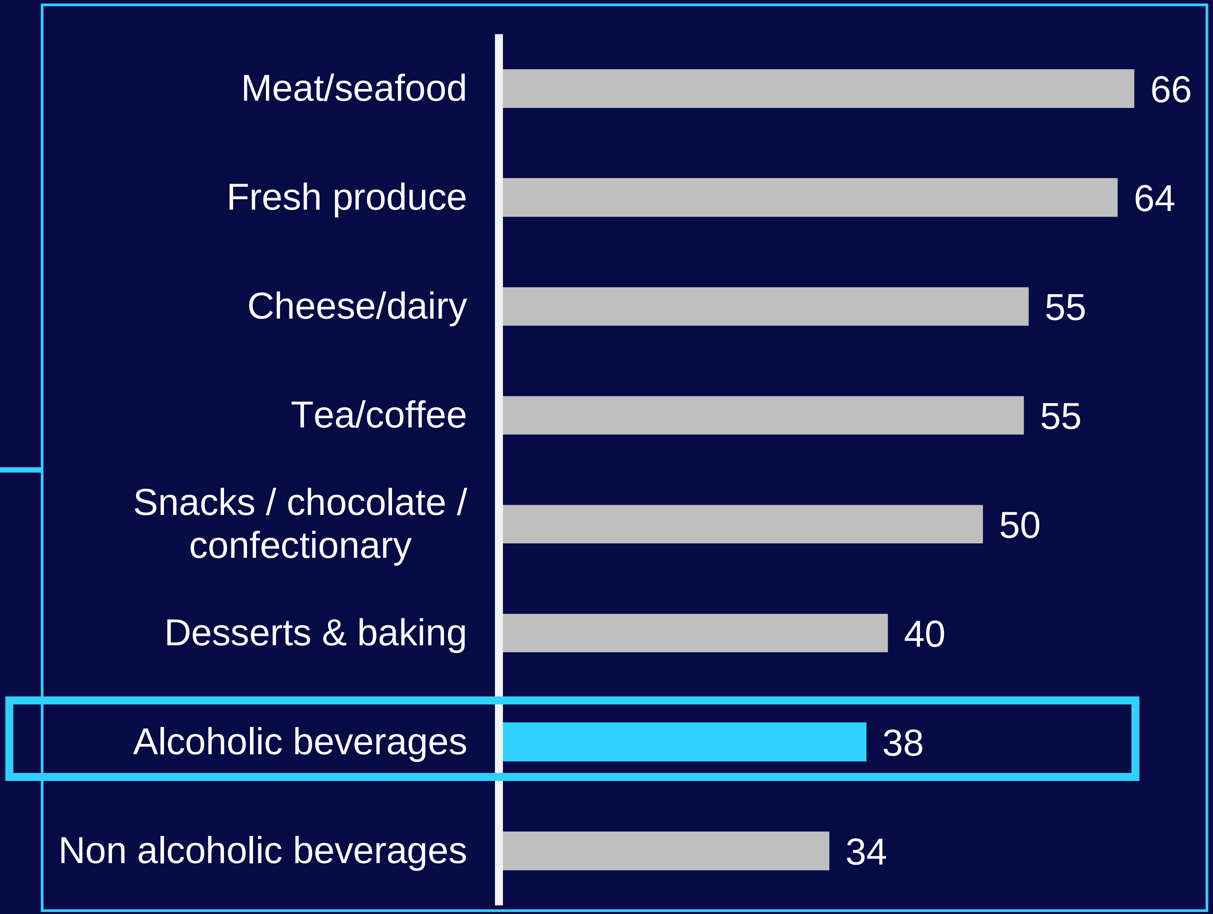
Top spending habits of those who will spend **MORE** on socializing



Source: NIQ Mid Year Consumer Outlook Survey 2023

Premium Alcohol is a socializing luxury

These consumers are most likely to **upgrade to a better meat or seafood option** this holiday season

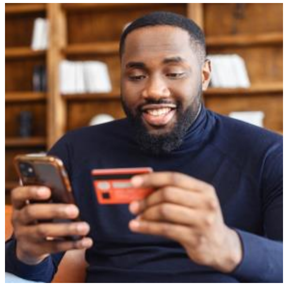


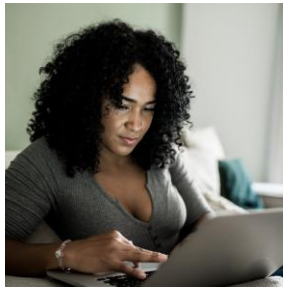
Wine Consumers – Current Situation

Generational Impact

Recruitment is not easy, but Wine needs to find a way to supplement older consumers who are driving volume currently.

Total Wine by generational group – Total US





	Total panel	Generation Z (21+)	Millennials	Generation X	Boomer/traditionalist
*% change in **buyers***	+1.5%	+50.6%	+3.0%	+5.9%	-6.5%
***value** per buyer*	$208	$134	$193	$212	$228
***purchase cycle** (in # days)*	27 days	36 days	30 days	26 days	24 days

Source: NIQ Omnishopper, Total U.S., Latest 52 weeks ended 06/17/2023 vs. year-ago; Gen Z is legal drinking age 21+ on this slide

Health is top of mind for U.S. consumers, even when it comes to alcohol. Over the last two years, sales of "better for you" wine products grew 35%.

Better For You (BFY) wine trended $ sales
NIQ Beverage alcohol vertical, December 2022

+35%
vs 2YA

Consumers are bringing their growing **health consciousness** to the wine aisle. They want vino with **less sugar, fewer calories, and more sustainable production practices**.

"**Better for you**" (BFY) wine is still a relatively small branch of total wine sales in the off-premise channel, but it's growing fast.

Fastest growing attributes stated on BFY wines
Ranked on L52 week dollar sales % change vs year ago

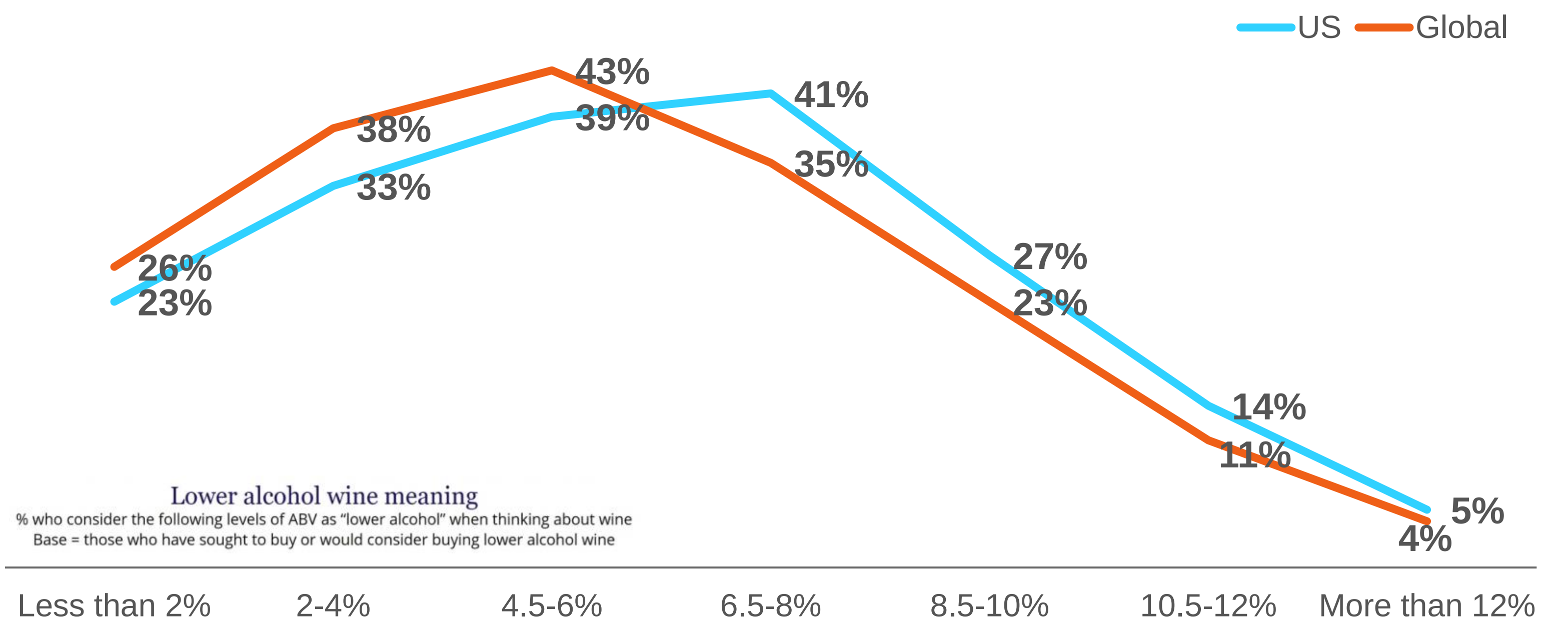
1	Free from high fructose corn syrup	**New**
2	EU organic farming	**New**
3	100 calories or less (per serving)	**+132.6%**
4	Sugar free	**+128.7%**
5	Eco friendly certified	**+112.6%**

Source: NIQ, What's happening with Better for You (BFY) wines?, https://nielseniq.com/global/en/insights/analysis/2023/the-better-for-you-wine-category-continues-to-expand/#BFY

There is growing opportunity for lower-alcohol wine in the market, with moderation being the trend

Expected ABV levels for low-alcohol wine amongst US regular wine drinkers

Wine Intelligence Report



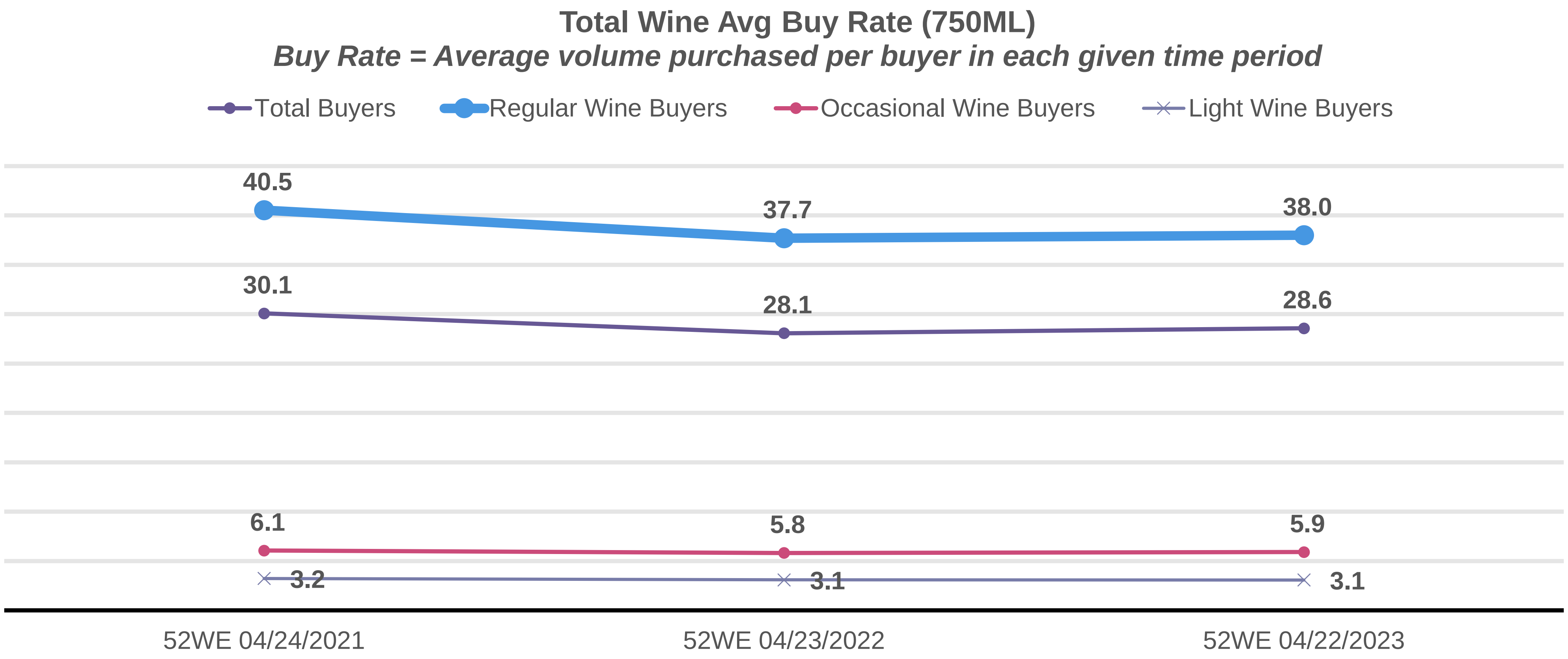
Mindful drinking trend: Mindful drinking is becoming more popular. A larger proportion of wine drinkers are increasing their lower and no-alcohol consumption as a result of reducing their alcohol intake.

Moderation is a core driver of this, with a 'less but better' attitude among wine drinkers.

Source: Wine Intelligence Report, GROWING OPPORTUNITY FOR LOWER ALCOHOL WINE IN THE US MARKET. https://www.wineintelligence.com/growing-opportunity-for-lower-alcohol-wine-in-the-us-market/

Total Wine has seen a decline in Penetration over the past 3 years

Less valuable Regular and Occasional Wine buyers trickling down, with heavier Regular buyers still remaining
Regular buyers are responsible for largest portion of volume



Segment Group	Definition
"Regular" or sometimes written as Core	6+ occasion buyers of Wine
"Occasional" wine buyers	2-5 occasion buyers of Wine
"Light"	1 time buyers of Wine

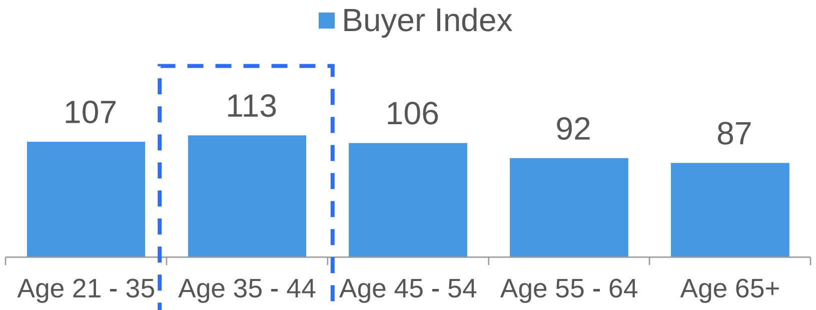
NIQ Homescan Panel – Total US, Total Outlets, Total Wine

Demographics of Lost Regular Wine Buyers

Wine buyers who have dropped out of regular purchasing index highest for 35-44, $40-70K income, 3-4 member households

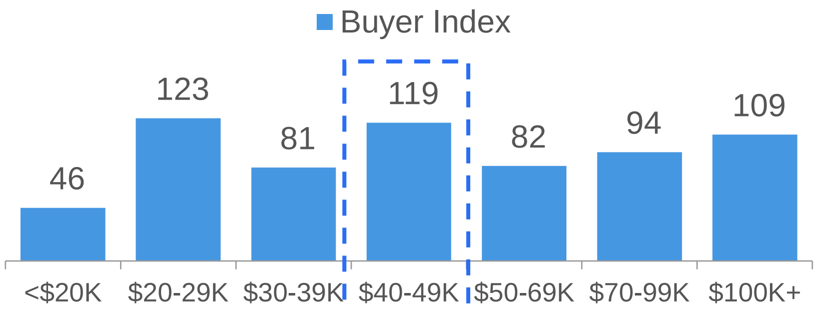
Lost = Households who purchased in P1 and not in P2

Age



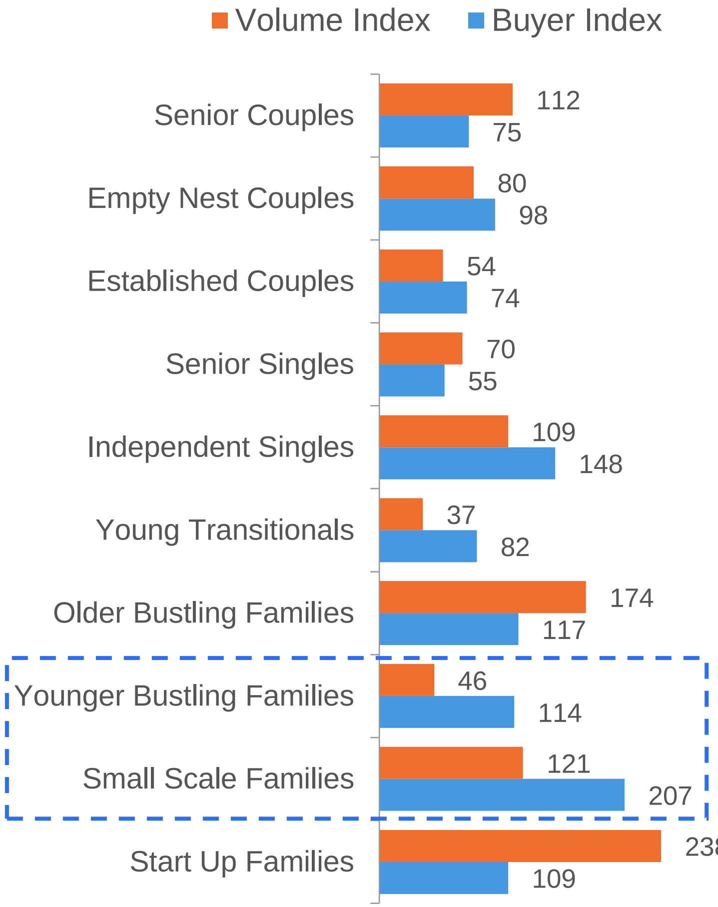
% Volume Distribution	Age 21 - 35	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65+
	14	24	12	20	29

Income



% Volume Distribution	<$20K	$20-29K	$30-39K	$40-49K	$50-69K	$70-99K	$100K+
	3	10	2	8	21	16	41

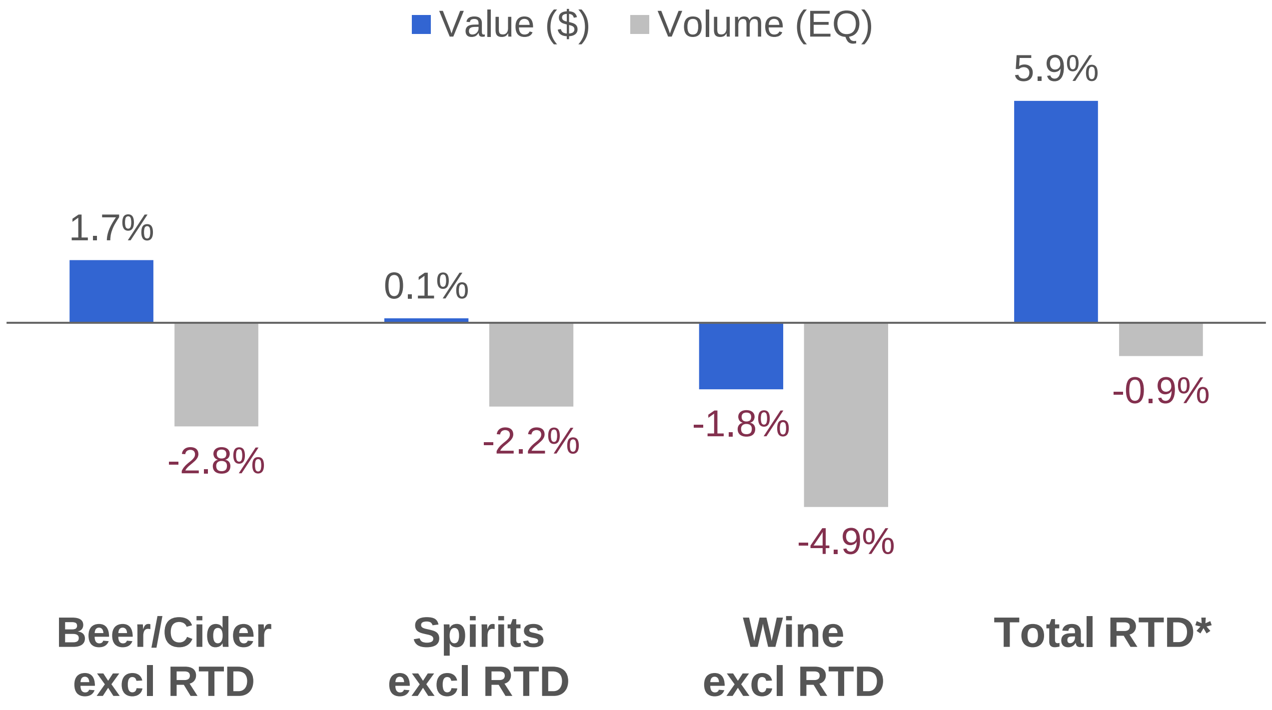
Behavior Stage



Source: NIQ Homescan Panel; Lost Buyer Demographics; 52WE 6/17/23 vs YA

Excluding RTDs, annual growth is tough to come by

Beverage Alcohol by Category (excl RTDs) – Value and Volume Change
NIQ off-premise channels



$ Share	Beer/Cider excl RTD	Spirits excl RTD	Wine excl RTD	Total RTD*
	45.2	**22.2**	**20.6**	**11.9**

* Total RTD = Seltzers / FMBs / Spirits RTDs / Wine RTDs

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/30/2023 vs. year ago

Dollar sales continue to show slowing growth, while *volume remains elusive* across all major BevAl segments

Fragmentation of segments may be creating shopper fatigue.

Research Results

Wine Category Shifting Study
Part 2 - Survey

Sample design and research approach

Online Quantitative survey, conducted in English

Field dates: Oct 6, 2023 – Oct 26, 2023

Average completion time: ~12 minutes

Representative of US General Population,

N=1,500 total completes + booster for Asian Americans (n=150)

Northeast: 342

Midwest: 269

South: 592

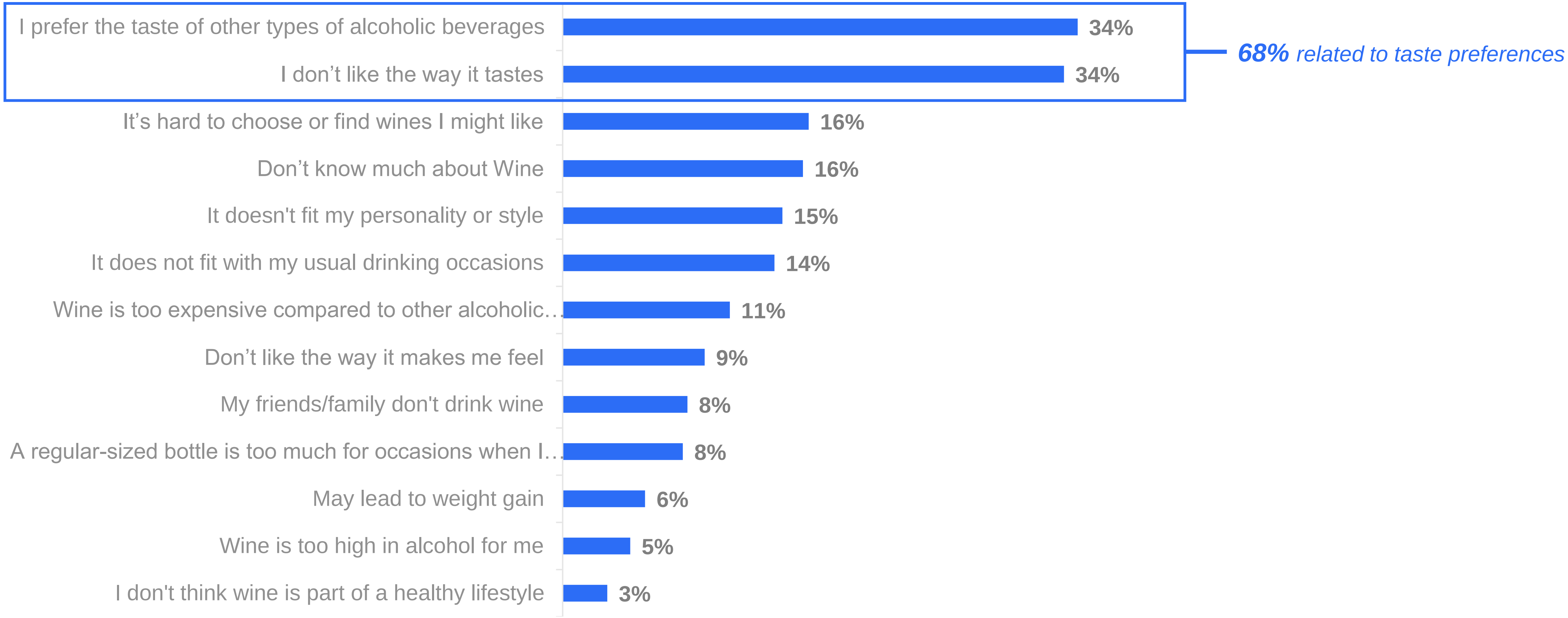
West: 297

Sample Distribution
Total Sample Achieved, N=1,500

Age	(n=1500)	%	Gender	(n=1500)	%
21-24	78	5%	Male	590	39%
25-29	183	12%	Female	910	61%
30-39	402	27%	**Income**	**(n=1500)**	**%**
40-49	289	19%	Less than $25,000	165	11%
50-59	257	17%	$25,000-$49,999	352	23%
60-65	142	9%	$50,000-$74,999	317	21%
65+	149	10%	$75,000-$99,999	229	15%
Racial Background	**(n=1500)**	**%**	$100,000-$124,999	139	9%
Caucasian or White	1032	69%	$125,000-$149,999	126	8%
Hispanic or Latino	251	17%	$150,000-$199,999	100	7%
Black or African American	263	18%	$200,000 or more	55	4%
Asian or Asian American	70	5%			
American Indian or Alaska Native	45	3%			
Other	15	1			
Native Hawaiian or Pacific Islander	9	1%			

Those who don’t drink Wine often or at all say their reasoning is mostly due to taste preference

Why they don’t drink Wine often or at all



SCQ9. You mentioned you don’t drink Wine (Table/sparkling) even once every 2-3 months. Please tell us the reason(s) for not drinking wine often or at all. (n=1306)

Drinking Less Wine

Alcohol consumption is largely at home/other people's homes, especially for Hard Seltzers, Beer, and Table/Still Wine

Alcohol consumption in past 12 months

	Table/Still Wine A	Sparkling Wine B	Beer of any type C	Spirit/ Liquor/ Cocktails D	Fortified wine such as Port, Sherry, Vermouth E	Fruit or fruit-flavored wine F	Wine-based drinks G	Cider H	Premixed/ Ready-to-drink cocktails I	Hard seltzers/ hard tea J
Base:	*1326*	*871*	*1096*	*1158*	*304*	*557*	*636*	*500*	*645*	*797*
At home or at other people's homes	**89% BDEGHI**	83%	**90% BDEFGHI**	84%	80%	87% EGH	81%	80%	86% EGH	**91% BDEFGHI**
Bars, Restaurants, Wine Bars, Events, Clubs, etc.	56% BFHIJ	51% FIJ	**71% ABEFGHIJ**	**71% ABEFGHIJ**	53% FIJ	45%	58% BFHIJ	49%	45%	45%

ABCDE – score is significantly higher than indicated group (at 95% confidence interval)

QCC 1. Which of the following alcoholic beverages have you consumed in past 12 months at home and/or outside the home (e.g., bars, restaurants, outdoors, events or other people's homes). Select all that apply.

Self-reported wine consumption is stable with a negative trend of 22% less
Those cutting back on wine are also consuming fewer other alcoholic beverages

Shift in alcoholic beverage consumption

	Table/Still Wine A	Sparkling Wine B	Beer of any type C	Spirit/ Liquor/ Cocktails D	Fortified wine such as Port, Sherry, Vermouth E	Fruit or fruit-flavored wine F	Wine-based drinks G	Cider H	Premixed /Ready-to-drink cocktails I	Hard seltzers/ hard tea J
Base:	*1320*	*862*	*1088*	*1152*	*302*	*552*	*627*	*493*	*643*	*792*
Less often	22%	22%	24% E	23% E	18%	20%	21%	23%	21%	22%
About the same	60% CDFJ	57% J	55%	56% J	59% J	54%	59% J	57% J	56%	51%
More often	18%	20%	21% A	20%	23% A	25% ABD GH	19%	19%	23% A	26% ABC DGH

QCC2: Thinking about the following alcoholic beverages would you say the amount you consume these days is:

ABCDE – score is significantly higher than indicated group (at 95% confidence interval)

Consumers are drinking less Still/Table wine due to cost, while declines in Sparkling Wine have more to do with the Taste

Why they drink less…

STILL/TABLE WINE

- Too **expensive** compared to other alcoholic beverages (17%)
- No specific reason, just choosing other drinks more often (12%)
- Drinking less alcohol in general (8%)

SPARKLING WINE

- Less of a **taste** for it/their tastes have changed (23%)
- Started to prefer other types of drinks (11%)
- Don't socialize or have as many wine-drinking occasions as they used to (10%)

STILL/TABLE/SPARKLING WINE

- Too **expensive** compared to other alcoholic beverages (13%)
- Drinking less alcohol in general (12%)
- Less of a **taste** for it/their tastes have changed (11%)

QCC 3. You mentioned that you consume LESS [PIPE IN WINE TYPE FROM QCC2] these days; please tell us what made you drink LESS of this Wine? (Open-ended) Still/Table n=191, Sparkling n=100, Still/table/sparkling n = 93*

Among those overall consumers drinking less wine, the top reasons are that they're drinking less alcohol in general and that they're cutting back on their spending

Those who decline to drink both types of wine state it is also because wine impacts their physical health

Top Reasons they're consuming less Wine	Still/Table Wine Drinkers (n=191) (A)	Sparkling Wine Drinkers (n=100) (B)	Table & Sparkling Wine Drinkers (n=93*) (C)
I'm drinking less alcohol generally	38% B	25%	34%
I'm cutting back on spending in general	38% B	26%	32%
I have started to prefer other types of drinks	21%	19%	18%
Cutting down on my sugar intake	19%	17%	22%
I don't socialize or have as many wine-drinking occasions as I used to	18%	17%	22%
It makes me feel physically bad or affects me more than it used to	8%	12%	23% A

More Males are consuming less Sparkling wine due to **health-related** reasons (e.g. cutting down on sugar) than women , as well as **cutting back on spending** in general.

More in younger age groups (Millennials and Gen X) are consuming less Still/Table wine in general, one of the reason being it's **too expensive** compared to other alcoholic beverages compared to older generations (Boomers and Seniors)

QCC 4. Are any of the following important reasons that you are consuming less [PIPE IN WINE TYPE FROM QCC2] these days? Select all that apply.

ABCDE – score is significantly higher than indicated group (at 95% confidence interval)

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Random Forest Analysis of Drivers of Drinking More/Less Wine

Random Forest is an analytical technique using an advanced Machine Learning algorithm, which we used to predict classification as an increaser/decreaser in wine consumption. The solution then ranks accuracy of variables as predictors.

Random Forest :

500 classification trees are built with random subsets of predictors and respondents. The trees then vote to obtain a final classification.

01 63 Variables were selected as possible predictors of changes in Wine drinking

02 A Random Forest, an advanced Machine Learning algorithm was used to fit a model to predict changes in wine drinking in the past 12 months

03 Importance of each predictor variable is assessed by measuring the decrease in accuracy of the model if a variable is dropped.

04 The most important variables are returned to help structure the analysis story.

Those who are drinking less table wine are drinking less of the category overall

Random Forest Analysis

MOST IMPORTANT

Top 5 Important Predictors of Drinking LESS Still/Table Wine	Among those drinking less Still/Table Wine	Among those drinking about the same Still/Table Wine	Among those drinking more Still/Table Wine	Drinking more vs. less ▲
Drinking LESS Spirit/Liquor/Cocktails	**61%**	13%	11%	**50**
Drinking LESS Beer of any type	**64%**	15%	12%	**52**
Drinking LESS Sparkling Wine	**67%**	13%	6%	**61**
Drinking LESS Fruit or fruit-flavored wine	**69%**	10%	7%	**62**
Drinking LESS Wine-based drinks	**65%**	11%	10%	**55**

Random Forest Analysis

Similarly, those who are drinking less sparkling wine are also drinking less of Table Wine and Hard Seltzers

Top 5 Important Predictors of Drinking LESS Sparkling Wine

MOST IMPORTANT

Predictor	Among those drinking less Sparkling Wine	Among those drinking about the same Sparkling Wine	Among those drinking more Sparkling Wine	Drinking more vs. less ▲
Drinking LESS Table/Still Wine	**60%**	10%	4%	56
Drinking LESS Hard seltzers, Hard tea, Hard Kombucha	**59%**	13%	13%	46
Bottle Spend = $10 to $19.99	**49%** Monthly Plus	57% Monthly Plus	73% Monthly Plus	24
ARE Core wine drinkers	**61%**	65%	82%	21
Purchased Legal Cannabis product	**45%**	42%	56%	11

Among those consuming less alcohol in general, spending reductions or economic concerns are key

Health concerns and impact of alcohol an important secondary driver

Top 5 Reasons they're consuming less Alcohol in general

I'm cutting back on cost due to economic conditions (47%)

Alcohol affects me more than it used to (38%)

Alcoholic beverages have become too expensive compared to what they used to cost (33%)

I don't think drinking alcohol is healthy (28%)

It makes me feel physically bad (25%)

More Marginal Wine drinkers are cutting back on costs due to economic conditions

More Males than Females are consuming less alcohol in general due to a **recommendation from a health professional and due to medical reasons**

QCC 4a. You mentioned 'I'm drinking less alcohol generally'. Could you please tell us the reason(s) why? (n=130)

Nearly ½ of those that prefer Other types of Drinks over wine specifically prefer Spirits/Liquor

This is largely due to taste preference

Top 5 Other types of drinks they prefer over wine and Why

1. **Spirits/Liquor (Vodka, Gin, Rum, Whiskey, etc.) (48%)**
   - **Like the taste of some spirits/liquor better than wine (44%)**
   - **Like the taste of most cocktails better than wine (42%)**

2. Ready to drink cocktails (margaritas, Moscow mule's, etc.) (43%)
   - Fun trying different cocktails or flavors (59%)
   - Portion size is just right for one time consumption (50%)

3. Cocktails made at home or at bar/restaurant (41%)

4. Hard Seltzers, Hard Tea, and Hard Kombucha (39%)
   - Fun trying different cocktails or flavors (59%)
   - Like the taste better than wine (55%)

5. Wine-based drinks (sangria, wine spritzers, etc.) (32%)

QCC 4b. You said you prefer "other types of drinks" Please tell us which beverages you prefer over wine these days. (n=75*)
QCC 4c. Please tell us why you prefer the drinks below over wine these days. (RTD n = 32; Hard Seltzers/Tea/Kombucha n = 29*)
QCC 4e. Please tell us why do you prefer Spirits or Liquor over wine these days?. (n=36*)

* Low base read data with caution

Drinking More Wine

Those who drink more Still/Table wine do so for a variety of reasons, namely for the way it makes them feel, the way it compliments what they're eating, or for the taste

Why they drink more…

STILL/TABLE WINE

Main Themes:

- Makes them feel more relaxed/laid back (12%)
- Compliments specific food/dishes better than other drinks (11%)
- Tastes better than most other alcoholic beverages (11%)

SPARKLING WINE

Main Themes:

- Tastes better than most other alcoholic beverages (15%)
- Acquired more of a taste for it (15%)
- Makes them feel more relaxed/laid back (5%)

STILL/TABLE/SPARKLING WINE

Main Themes:

- Tastes better than most other alcoholic beverages (13%)
- Makes me feel better (8%)
- Helps deal with stress/anxiety(7%)

QCC5. You mentioned that you consume MORE [PIPE IN WINE TYPE FROM QCC2] these days; please tell us what made you drink MORE of this wine? (Open-ended) Still/Table n=158, Sparkling n=96

Those that are drinking more wine do so because it makes them feel more relaxed or they appreciate the wide range of choices the category provides

Top 5 Reasons they're consuming more Wine

Still/Table Wine Drinkers (n=158)

1. Makes me feel **more relaxed** and laid back (57%)
2. Complements specific food or dishes better than others (44%)
3. Has positive health benefits (e.g. antioxidants, heart healthy) (39%)
4. Tastes better than most other alcoholic beverages (37%)
5. More interesting; I enjoy wine more as I learn more about it (36%)

Sparkling Wine Drinkers (n=96)

1. Offers a **wide range of choices** (e.g. flavor, regions, varieties) (42%)
2. Makes me feel more relaxed and laid back (41%)
3. Tastes better than most alcoholic beverages (41%)
4. Been able to find the wine styles I like (36%)
5. More moderate drink compared to other alcoholic beverages (35%)

Wine (Table/Sparkling) Drinkers (n=75)

1. Makes me feel **more relaxed** and laid back (52%)
2. Friends or family often drink wine (44%)
3. More interesting; I enjoy wine more as I learn more about it (43%)
4. Offers a wide range of choices (e.g. flavor, regions, varieties) (41%)
5. Tastes better than most alcoholic beverages (41%)

More Females are consuming more Still/Table Wine because it makes them **more relaxed and laid back**, while more Males are doing so for the **positive health benefits** or **social reasons** (friends/family often drink it).

Compared to Males, more Females say they are consuming more Sparkling Wine because it **tastes better** than most other alcoholic beverages and they've had **more social or wine drinking occasions** recently.

Taste is also a driver to drink more Sparkling wine among younger respondents (Gen Z and Millennials) compared to older generations (Gen Xers and Boomers).

QCC6. Are any of the following important reasons that you are consuming MORE [PIPE IN WINE TYPE FROM QCC2] these days? Select all that apply.

Wine Consumption Occasions

Meals at home (gourmet or weekday dinners) and Casual drinks out with friends are the primary occasions seeing a decline in wine consumption from the year before

Change in wine consumption by Occasion

	Relaxing at home after work or on weekend A	Holiday meals or festivities B	Weekday dinner at Home C	Brought to a friend's home for dinner or a gift D	Gourmet sit-down Meal at Home E	Special occasion or celebration F	Romantic dinner or drinks out G	Casual Drinks out with friends H	With family or friends at a casual restaurant I	With family or friends at a fine dining or gourmet restaurant J
Base:	*938*	*836*	*915*	*752*	*752*	*909*	*695*	*1063*	*1008*	*771*
Less often	17% F	13%	**19% BF**	16% F	**20% ABDFGI**	12%	16%	**19% BF**	15%	17% F
About the same	63%	69% ACGJ	64%	69% ACGJ	65%	**71% ACEGJ**	64%	69% AJ	**71% ACEGJ**	64%
More often	**20% DEHI**	17% H	17% H	14%	14%	17% H	**20% DEHI**	13%	14%	**19% DEHI**

Still/Table Wine

Less than top occasions

- Gourmet sit-down Meal at Home (21%)
- Weekday dinner at Home (20%)
- Casual Drinks out with friends (19%)

More than top occasions

- Relaxing at home after work or on weekend (20%)
- With family or friends at a fine dining or gourmet restaurant (18%)

Sparkling Wine

Less than top occasions

- Gourmet sit-down Meal at Home (19%)
- Casual Drinks out with friends (18%)
- With family or friends at a casual restaurant (16%)

More than top occasions

- Romantic dinner or drinks out (31%)
- Special occasion or celebration (29%)
- Brought to a friend's home for dinner or a gift (25%)

QCC8a. Thinking about those wine-drinking occasions from the past 12 months, would you say you chose wine more often, less often or about the same vs. the year before?.

ABCDE – score is significantly higher than indicated group (at 95% confidence interval)

Formal occasions are opting for Spirits over wine while Non-formal occasions at home are more likely to opt for Non-Alcoholic beverages

Both types of substitutions are due to Spirits/Non-Alcoholic beverages better matching the mood or fun of the specific occasion compared to wine

What they are drinking for each occasion instead of Wine & Why

Relaxing at home after work or on weekend

- Non-Alcoholic drink 24%
  Spirits or made-to-order cocktails 20%
- *Matches mood or fun of occasion better than wine 38%*

Holiday meals or festivities

- Spirits or made-to-order cocktails 29%
  Non-Alcoholic drink 23%
- *Matches mood or fun of occasion better than wine 39%*

Weekday dinner at home

- Non-Alcoholic drink 41%
- *Costs less than comparable wine 30%*
  Prefer its flavor to wine 27%

Brought to a friend's home for dinner or gift

- Wine-based drink 20%
  Domestic or imported non-craft beer 18%
- *It's what my social circle is drinking 43%*
  Matches mood/fun of occasion better than wine 42%

Gourmet sit-down meal at home

- Non-Alcoholic drink 34%
  Matches mood or fun of occasion better than wine 34%

Special occasion or celebration

- Spirits or made-to-order cocktails 40%
  Matches mood or fun of occasion better than wine 41%

Romantic dinner or drinks out

- Spirits or made-to-order cocktails 33%
  Matches mood or fun of occasion better than wine 35%

Casual drinks out with friends

- Spirits or made-to-order cocktails 35%
  Matches mood or fun of occasion better than wine 59%

With family or friends at a casual restaurant

- Non-Alcoholic drink 24%
  Spirits or made-to-order cocktails 23%
- *Costs less than comparable wine 34%*
  Matches mood or fun of occasion better than wine 32%

With family or friends at a fine dining or gourmet restaurant

- Spirits or made-to-order cocktails 27%
  Wine-based drink 20%
  Non-Alcoholic drink 20%
- *Matches mood or fun of occasion better than wine 43%*

QCC8B. You indicated that you chose wine less often on the occasions below. What are you drinking most often instead of wine on those occasions? Please select one.(n=109-156 per occasion)
QCC9A. Why do you prefer [PIPE IN DRINK TYPE OPTION SELECTED AT QCC8B PER OCCASION] instead of wine on the occasion below? Select all that apply. (n=96-119 per occasion)

Cannabis Impact

Sparkling wine drinkers are more likely to have legally purchased cannabis in the last year than Still/Table Wine drinkers

This is especially true of Core Sparkling wine drinkers, where more than ½ have purchased legal cannabis in the last 12 months compared to 41% of Core Still/Table wine drinkers

Purchased legal Cannabis in last 12 months

		Core Wine Drinkers		Marginal Wine Drinkers	
	TOTAL (N=1500) (A)	Still/Table Wine Drinkers (n=713) (B)	Sparkling Wine Drinkers (n=245) (C)	Still/Table Wine Drinkers (n=376) (D)	Sparkling Wine Drinkers (n=166) (E)
Yes	42% D	41%	52% AB	36%	40%
No	57% C	58% C	45%	64%	58%
Prefer not to answer	1%	0%	3% AB	1%	2%

Significantly more Males and younger generations (Gen Z, Millennials, or Gen X) have purchased legal cannabis than Females or those from older generations (Boomers or Seniors).

QCA 1. Have you purchased 'Legal Cannabis / Marijuana products' or had someone purchase for you in the last 12 months? Please select ONE.

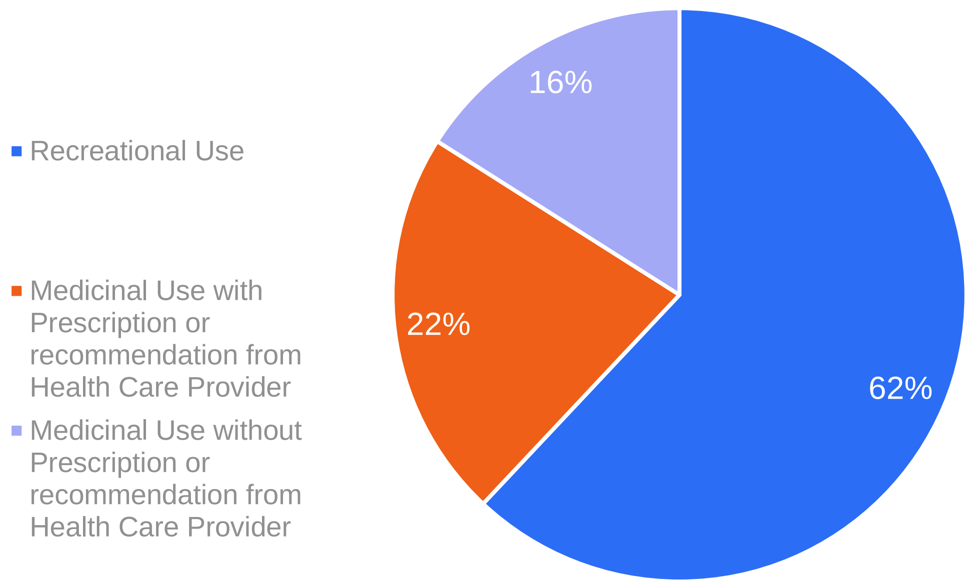
ABCDE – score is significantly higher than indicated group (at 95% confidence interval)

Wine drinkers primarily use cannabis recreationally and it's likely to overlap with wine consumption

This is especially true of Core Sparkling wine drinkers, where 42% say cannabis frequently overlaps with their wine consumption

If "Yes" have purchased legal cannabis in last 12 months…

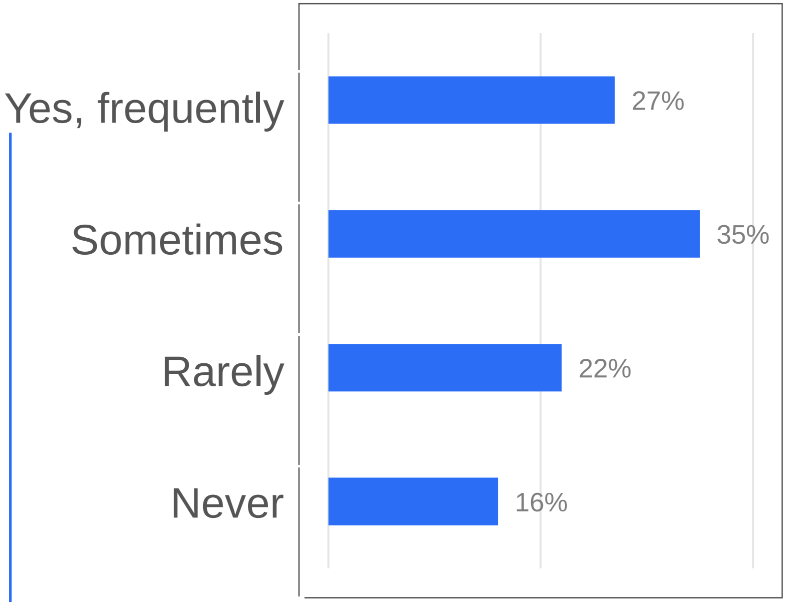
Primary usage of legal Cannabis



Significantly more Core Sparkling wine drinkers (35%) primarily use cannabis for medicinal use with prescription/recommendation from a health care provider compared to the other groups.

If *Recreational or Medicinal without Prescription…*

Does Cannabis usage overlap with Wine consumption



Significantly more Males, younger generations, and Core Sparkling wine drinkers say their cannabis consumption frequently overlaps with their wine consumption compared to Females, older generations, and the other Wine consumption groups.

QCA 2. Your primary usage of 'legal Cannabis or Cannabis related products' would be described as… Please select ONE. (n=624)
QCA 3. Do you find that recreational or medicinal use without prescription cannabis consumption overlaps with your wine consumption? I.E., you consume both at the same time or within a couple of hours of each other (n=487).

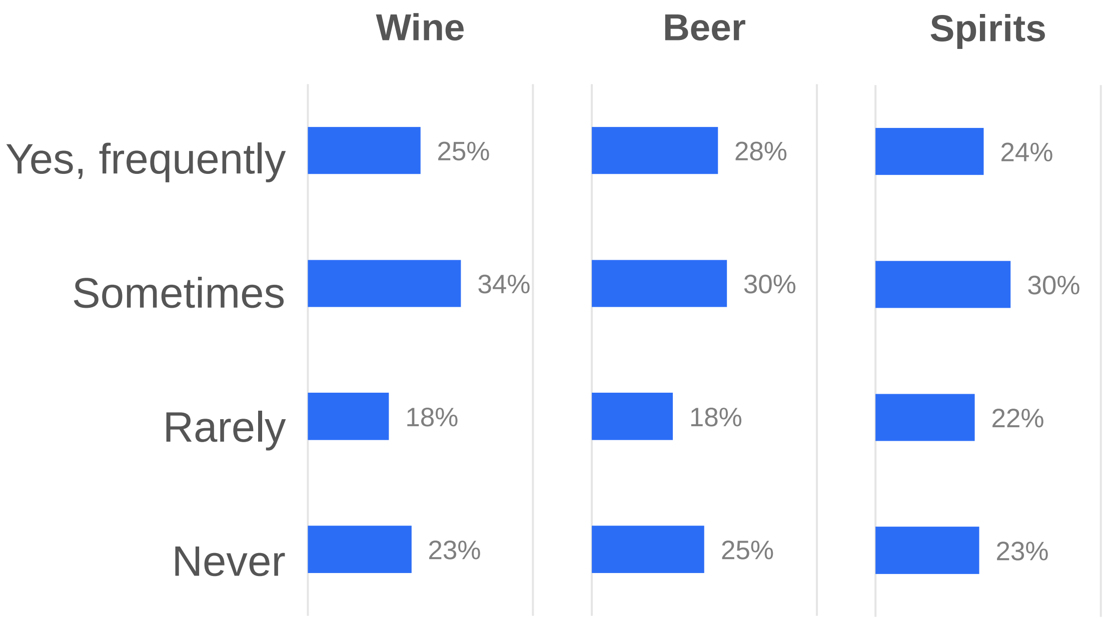
Core Sparkling wine drinkers are most likely to frequently opt for Cannabis instead of Wine, Beer or Spirits

Specifically for Wine, the majority make this substitution as they personally prefer the effects of cannabis over the effects of wine

Cannabis usage and overlap with Wine

If "Yes" have purchased legal cannabis in last 12 months…

Do they opt for Cannabis instead of the following drinks



Across BevAl categories, significantly more Core Sparkling wine drinkers will **frequently opt for cannabis *instead*** of Wine (41%), Beer (39%) or Spirits (37%) compared to the other groups.

If *Yes, frequently or Sometimes* for Wine…

Top 3 Occasions for Cannabis instead of Wine & Why

Relaxing at home after work or on the weekend - 66%

As a night cap or before bed - 61%

Socializing with friends at home or at their place - 55%

1. Personal preference for cannabis effects (56%)
2. Little to no hangover effects for cannabis (45%)
3. Lower risk of intoxication with cannabis (39%)

Significantly more Core Sparkling wine drinkers opt for cannabis instead of wine because they have a **personal preference** for cannabis effects (72%) compared to the other groups.

Significantly more Marginal Table/Still wine drinkers choose cannabis instead of wine due to **little to no hangover effects** (59%) compared to the other groups.

QCA 4. When planning to consume any of the following drinks, do you sometimes choose to use cannabis instead? (n=487)
QCA 5. Please tell us the occasions/moments when you choose to use cannabis instead of wine? (n=284)
QCA 6. What factors influence your decision to consume cannabis instead of wine in these situations? (Select all that apply) (n=284)

Key Take-Aways

Action Items for the Wine Industry

7 Key Action Items to Consider

Recruitment of Gen Z LDA and younger shoppers will be critical as they are evolving into the category – consider new and distinct approaches to breakthrough to this group like emphasizing relaxed and laid-back drinking occasions

Focus on wine flavors and addressing any flavor perceptions that are raised by non-adopters of wine and wine drinkers switching to other drinks

Innovation with new flavors and tastes along with emphasizing alcohol content and low sugar attributes are essential to attract new shoppers

Continue to make **at-home wine drinking** appealing and address any price barriers to consumption with **price promotions**

Highlight **key wine consumption occasions across communication touchpoints** to drive relevancy including relaxing at home, after work, or on weekends, romantic dinners, drinks out with family or friends, gifting, and special occasions/celebrations

Look for ways to get a **larger footprint** for wine in the **C Store Channel** with a focus on exploring key price points that can help wine make a breakthrough in this channel

Consider **Wine RTDs** to bring people back into the category with its more approachable format that can span across different consumption occasions

Thank you!