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SOVOS ShipCompliant



WINES VINES ANALYTICS

Wine – DtC Shipments & Retail Off Premise

November 2020

WINE OFF PREMISE SALES MEASUREMENTS

An exclusive collaboration between Nielsen, Wines Vines Analytics, Sovos ShipCompliant



SOVOS ShipCompliant WINES VINES ANALYTICS

**Retail Off Premise
Sales Reporting**
\$20 Billion/209MM cases*

**Direct to Consumer
Shipment Reporting**
\$3.65 Billion/8.2MM cases*

*through Nov 2020

AGGREGATE of...

- Food; Drug, Mass Merchants, Convenience, Dollar, Military Exchanges, Select Warehouse Clubs,
- Liquor channel (7 geographic markets, and 20+ key Liquor retail chains, incl Wine.com)

AGGREGATE of...

- online orders placed at Winery website
- winery wine club shipments to their members
- tasting room purchases shipped to consumers
- Does not include - Tasting room carry out ; Events carry out; Online retailers; Non winery aggregating wine clubs (e.g. WSJ, LA Times Clubs)

Reporting by...

- Price tiers; Key Varietals; Key Origins (& combos)
- States (where sold/where shipped)
- Winery size segment (DtC)

Monthly updates – with 5 yrs history

Overall Commentary – November 2020

FIRST FOR...

- the lowest growth rates – both value and volume - since COVID impact starting March 2020 in both Retail off premise and DtC Shipment channels
- For the first time since March, dollar growth in Retail Off Premise exceeded value growth in DtC Shipments, albeit at very differentiated price point levels.

CONTINUING TRENDS...

- DtC shipment avg price per bottle continued to decline vs YAG (volume growth>value growth)
- Retail avg price per bottle continued to grow vs YAG (value growth>volume growth)

THANKSGIVING (UN)HOLIDAY...

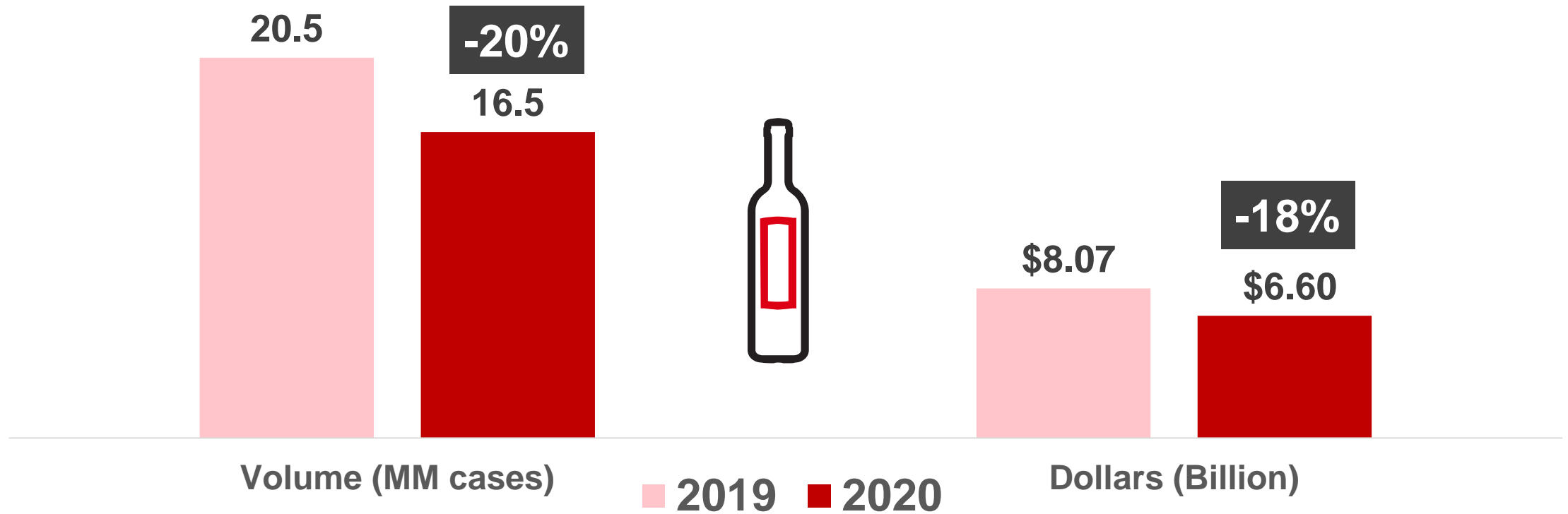
- It's evident that consumers generally were not celebrating Thanksgiving as they would have in prior years, and with that, their purchases of Wine only minimally exceeded year ago levels in the off premise
- They would have needed to be MUCH higher than that to offset losses from the On Premise – restaurants, bars, and tasting rooms – that might have even deepened given greater restrictions in a number of states

PRELIMINARY TOTAL DtC FOR 2020..

- Overall preliminary estimates for total DtC (shipments and carryout) in 2020 indicate total U.S. sales losses in the -20% range

PRELIMINARY ESTIMATES OF TOTAL DTC/TOTAL U.S. BUSINESS DOWN CLOSE TO -20% IN 2020

Total DtC (Shipments + Carry Out) Estimate – Total U.S.



Preliminary Estimates from



WINES VINES ANALYTICS +



Commentary – November 2020

DtC Shipment Channel

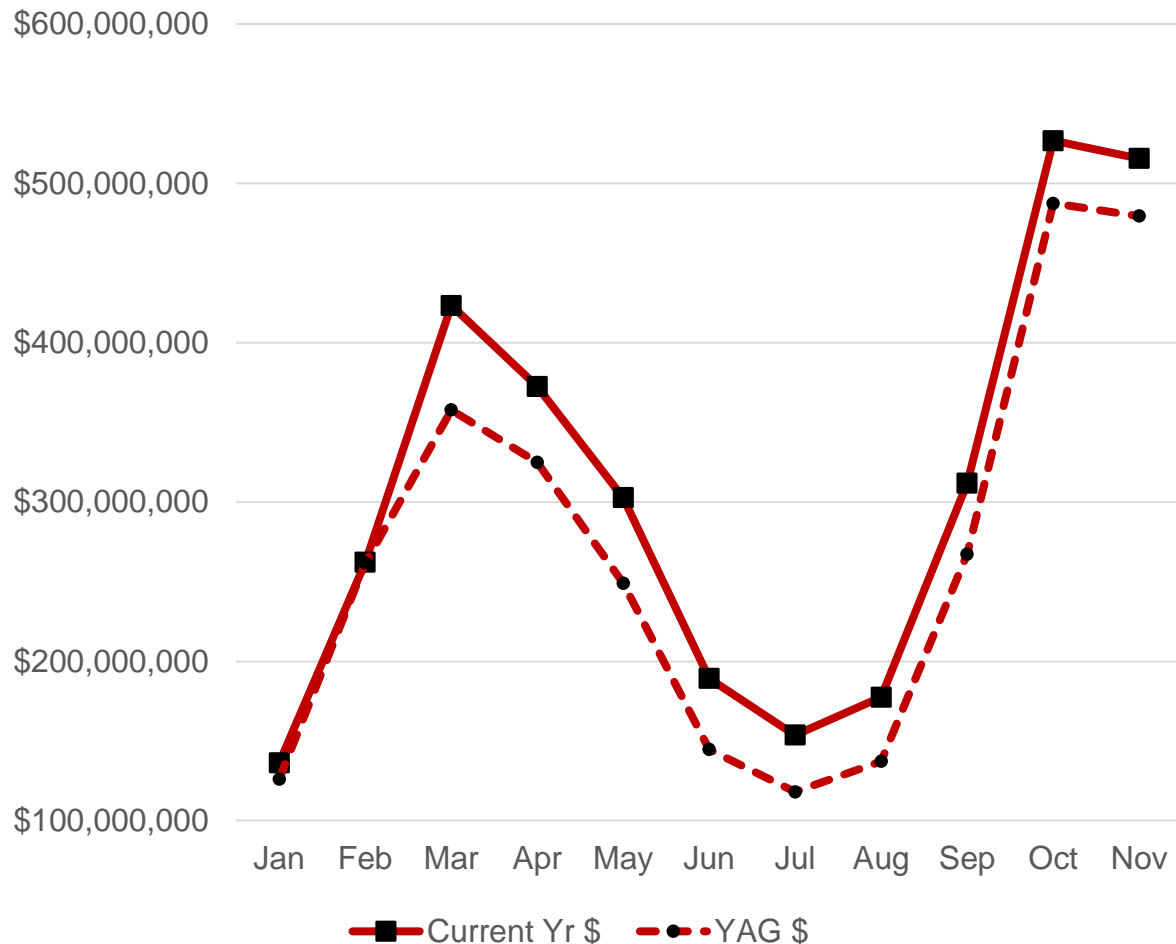
- Nov 2020 DtC Shipment dollars eased back on dollars from the prior month, but achieved a historic volume high
- At the same time, growth vs year ago was at its lowest level since the COVID induced changes beginning March 2020 - volume (just +7.5%) and dollars (+16.9%)
- Price tier growth was substantially better under \$30 per bottle than over \$30, and volume growth doubled value growth. The resulting average price per 750 ml bottle dropped by almost -\$4 vs year ago, to just under \$44
- Shipment volume growth was minimal for wines of Central Coast, Rem CA, and Oregon, while Sonoma and Rem CA (states beyond CA/WA/OR) stood out positively, with double digit volume and volume growth
- Large wineries (over 500K annual case production) – with the lowest average prices - continued to lead growth by a very large margin. Average bottle prices of limited production wineries – traditionally the highest - dropped substantially

Retail Off Premise Channels

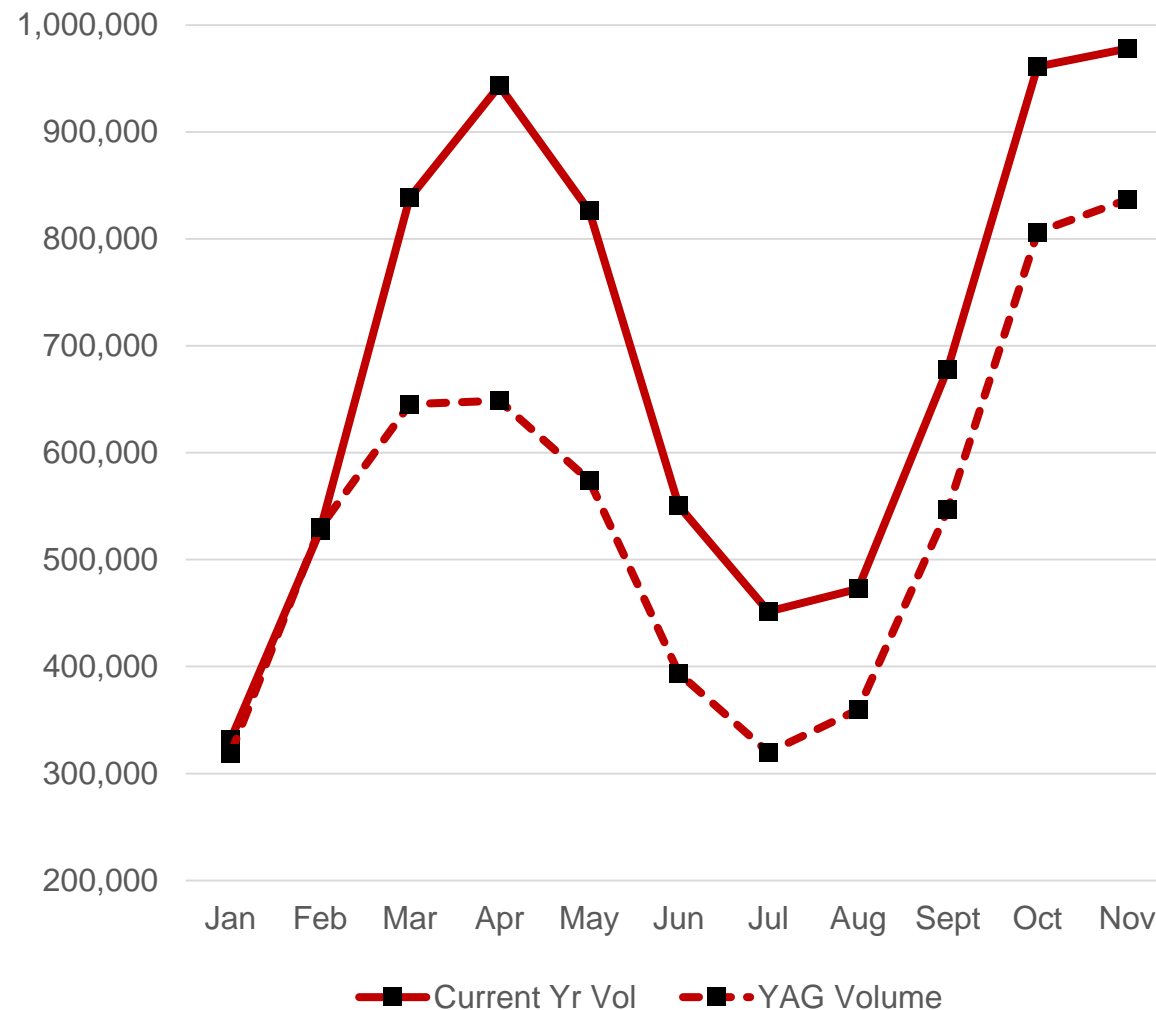
- Growth continued to decelerate, reaching their lowest levels since March – on both dollars and volume
- While dollar growth continued to exceed volume growth, the differential was sharply reduced – so the off premise trading up in price points was less pronounced this month. But at the same time, ALL price tiers north of \$11 were up double digits
- Sauv Blanc and Sparkling wines outperformed all other major varietals by a significant degree, with Rose' the only other in double digit growth territory on both dollars and volume
- For the month, best performing Wine regions in this channel were Napa and Oregon (double digit gains on both volume and value). At the other end, Washington State wine growth trailed

DtC Wine Shipments – Jan 2020 thru Nov 2020 (vs Year Ago)

Monthly DtC Shipments (Dollars)

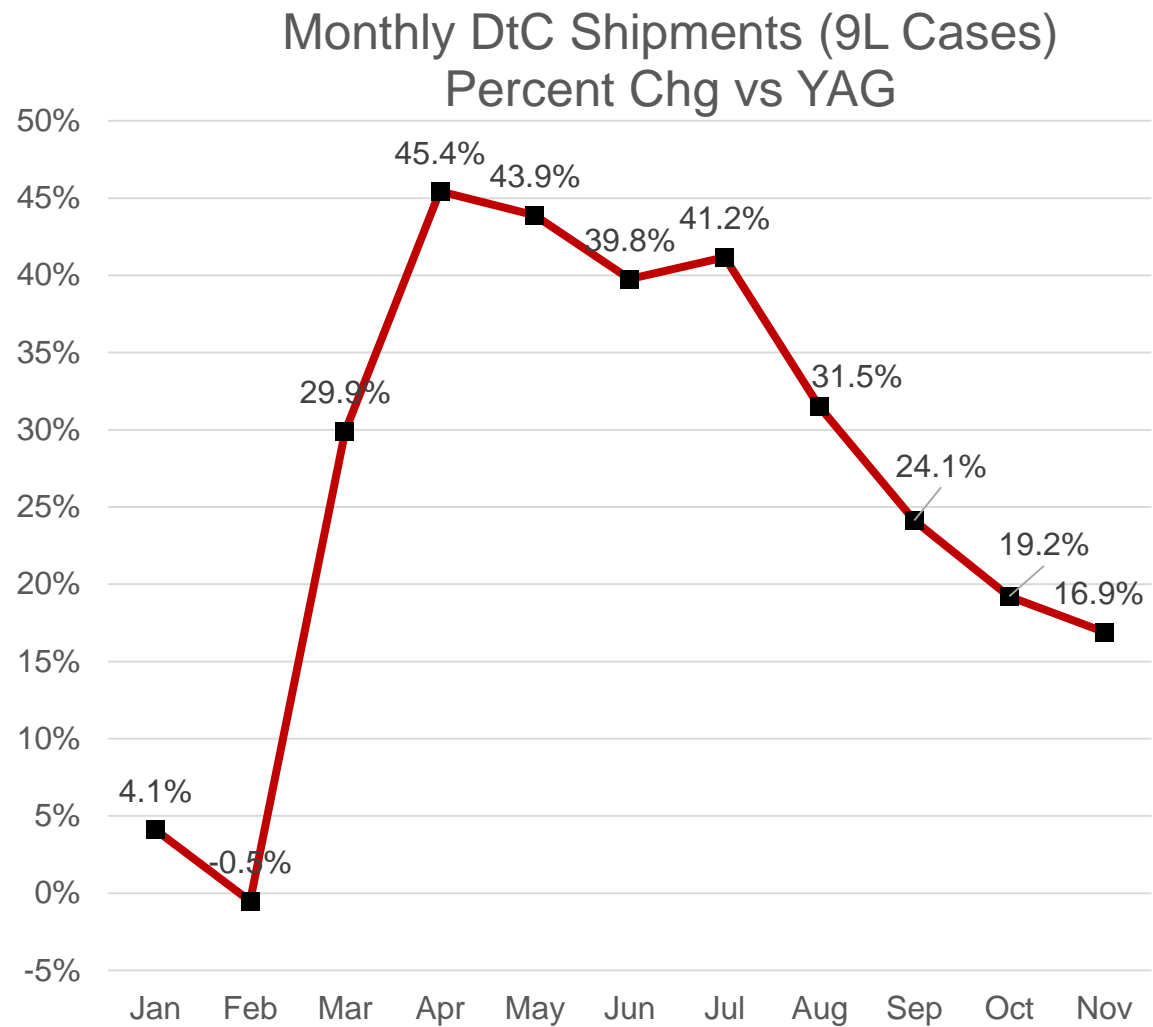
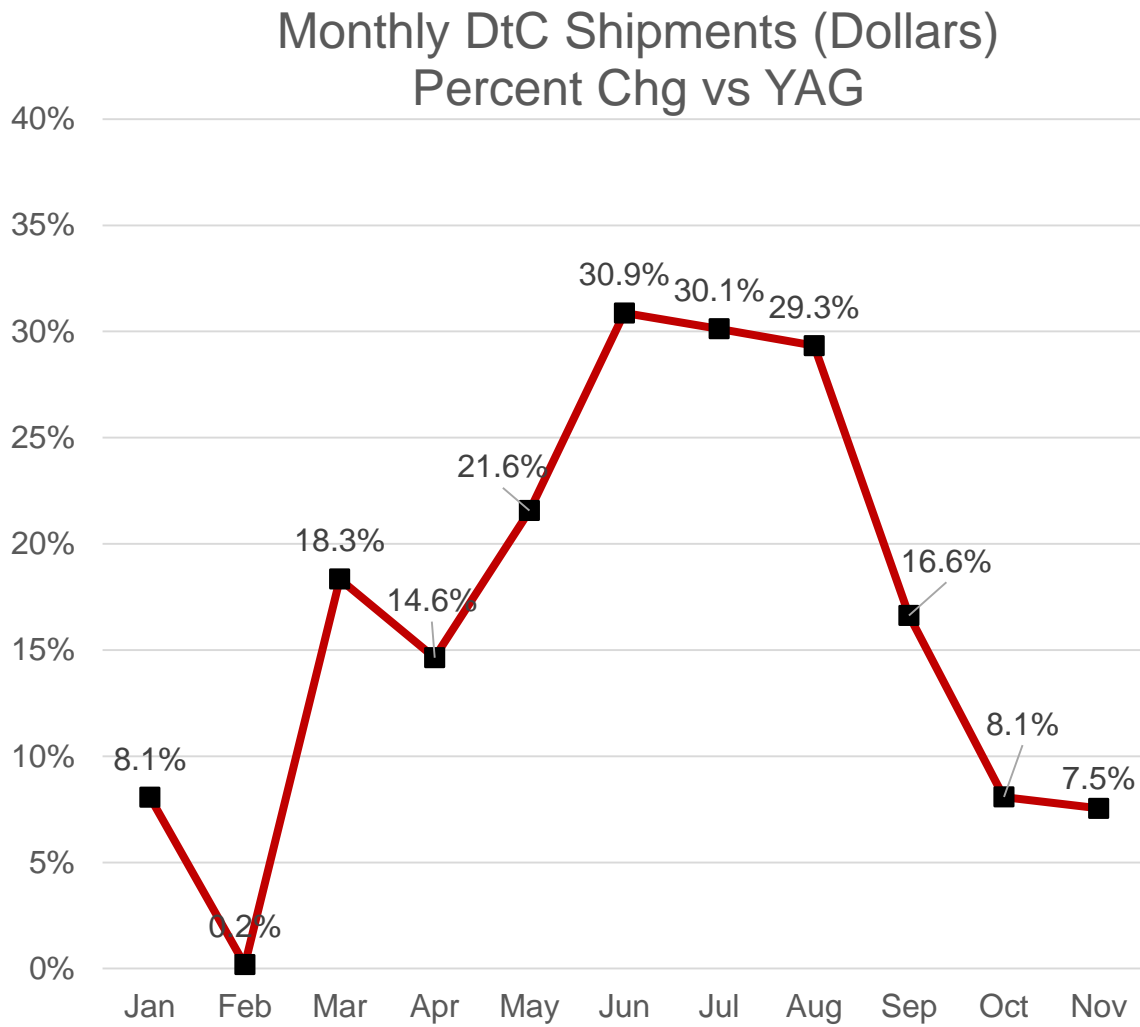


Monthly DtC Shipments (9L Cases)



Source: **SOVOS** ShipCompliant  **WINES VINES ANALYTICS**

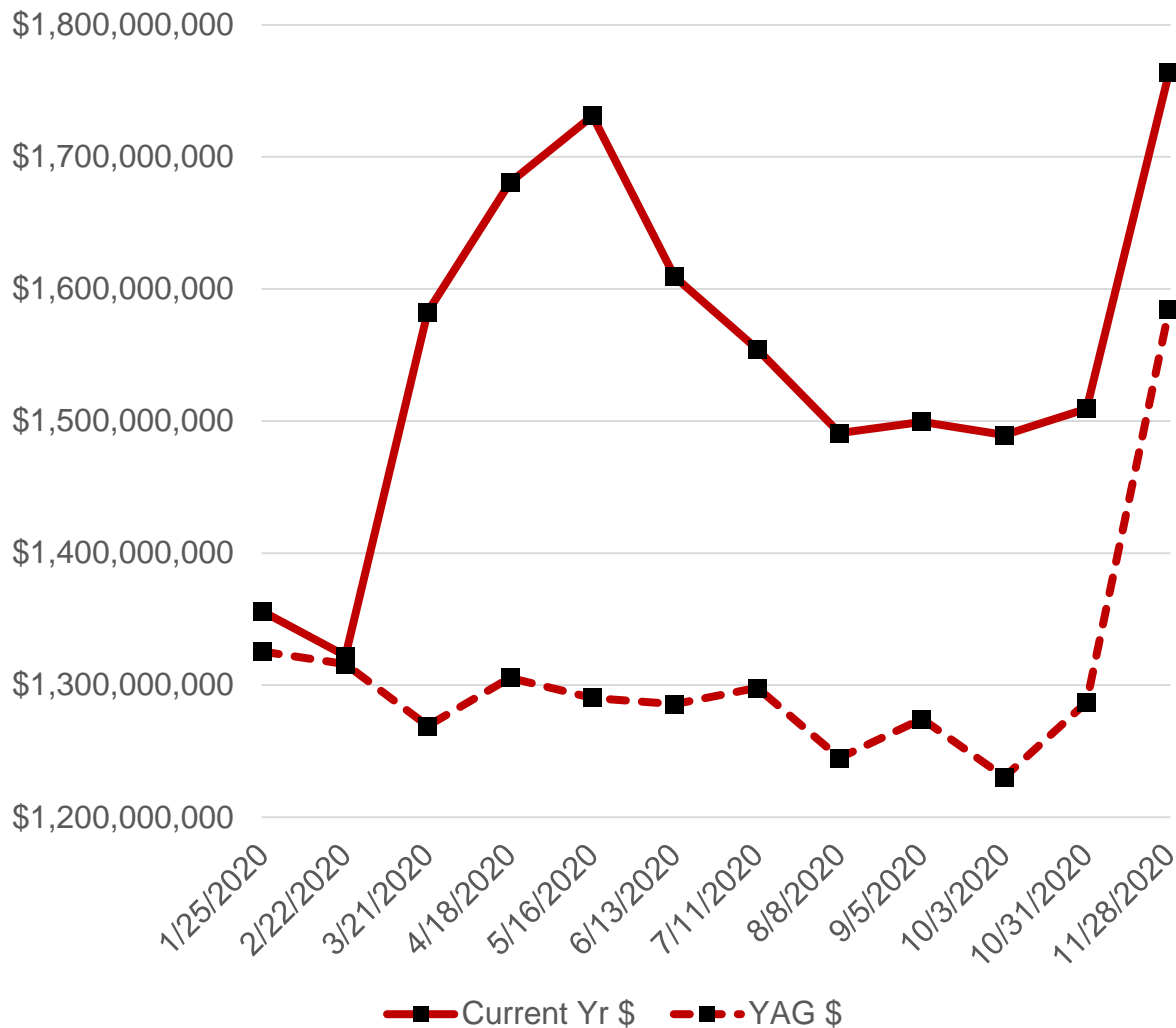
DtC Wine Shipments – Jan 2020 thru Nov 2020 (vs Year Ago)



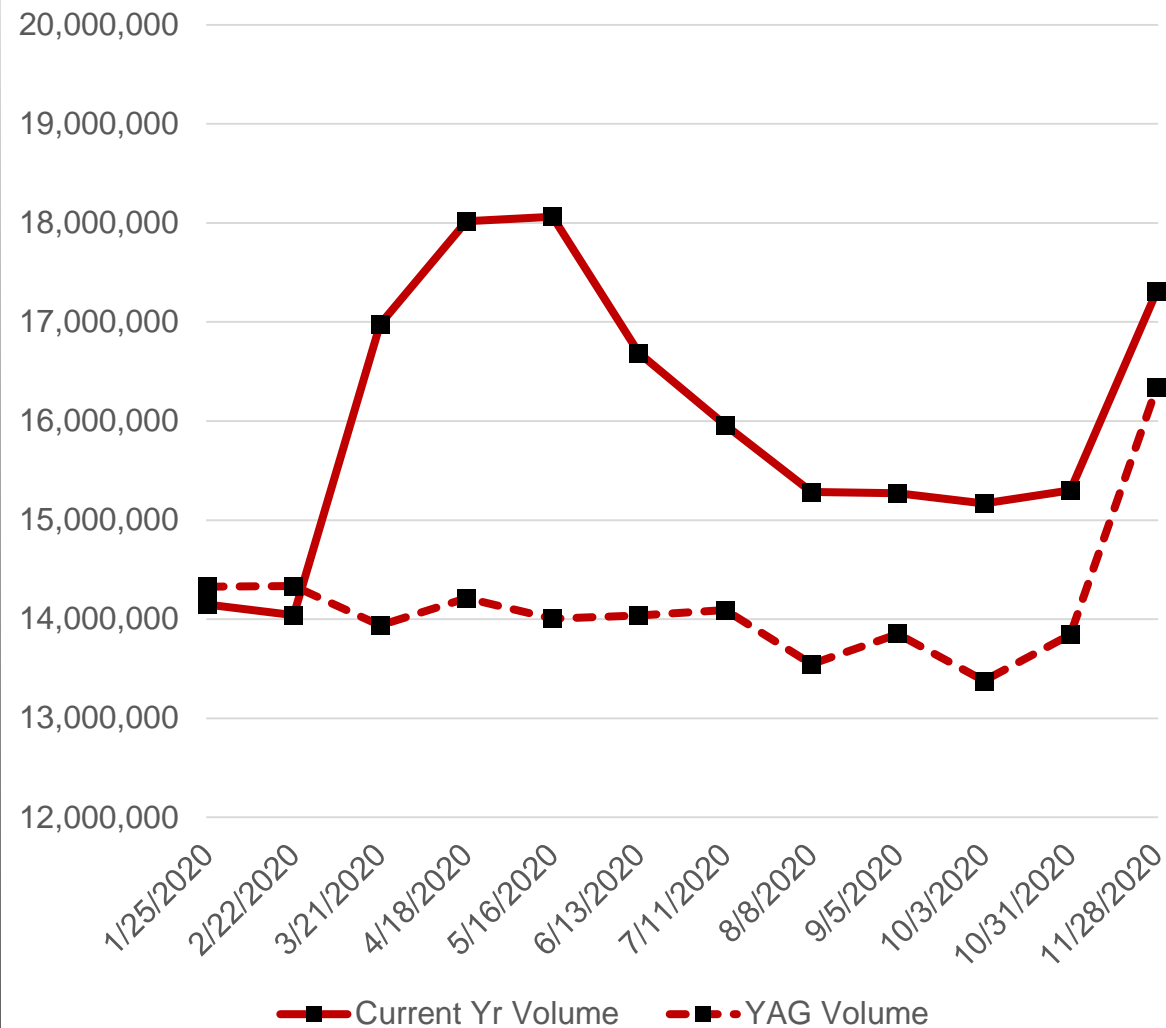
Source: **SOVOS** ShipCompliant **WINES VINES ANALYTICS**

Retail Off Premise – Jan 2020 thru Nov 2020 (vs Year Ago); 4 week ending periods

Retail Off Premise (Dollars)

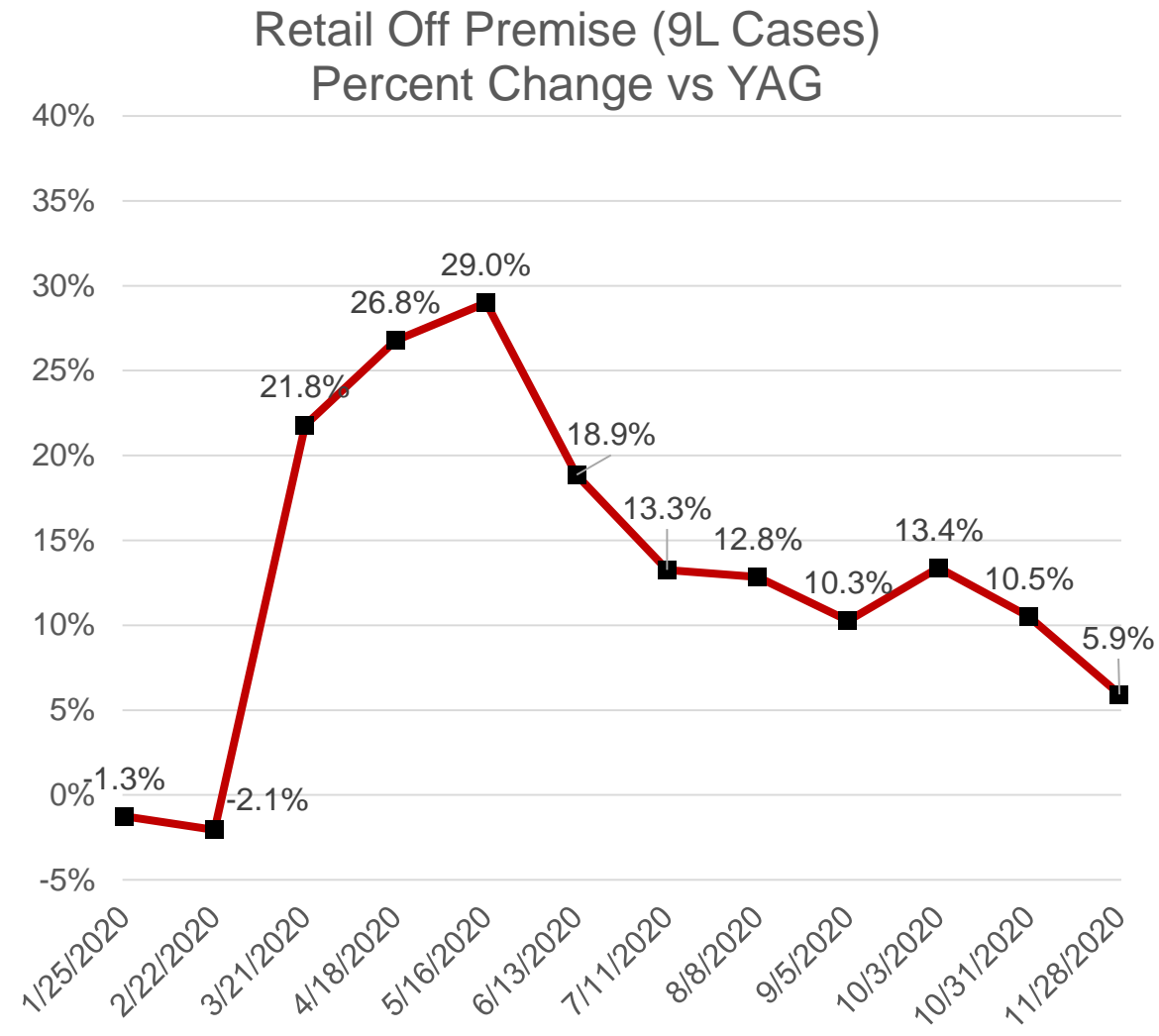
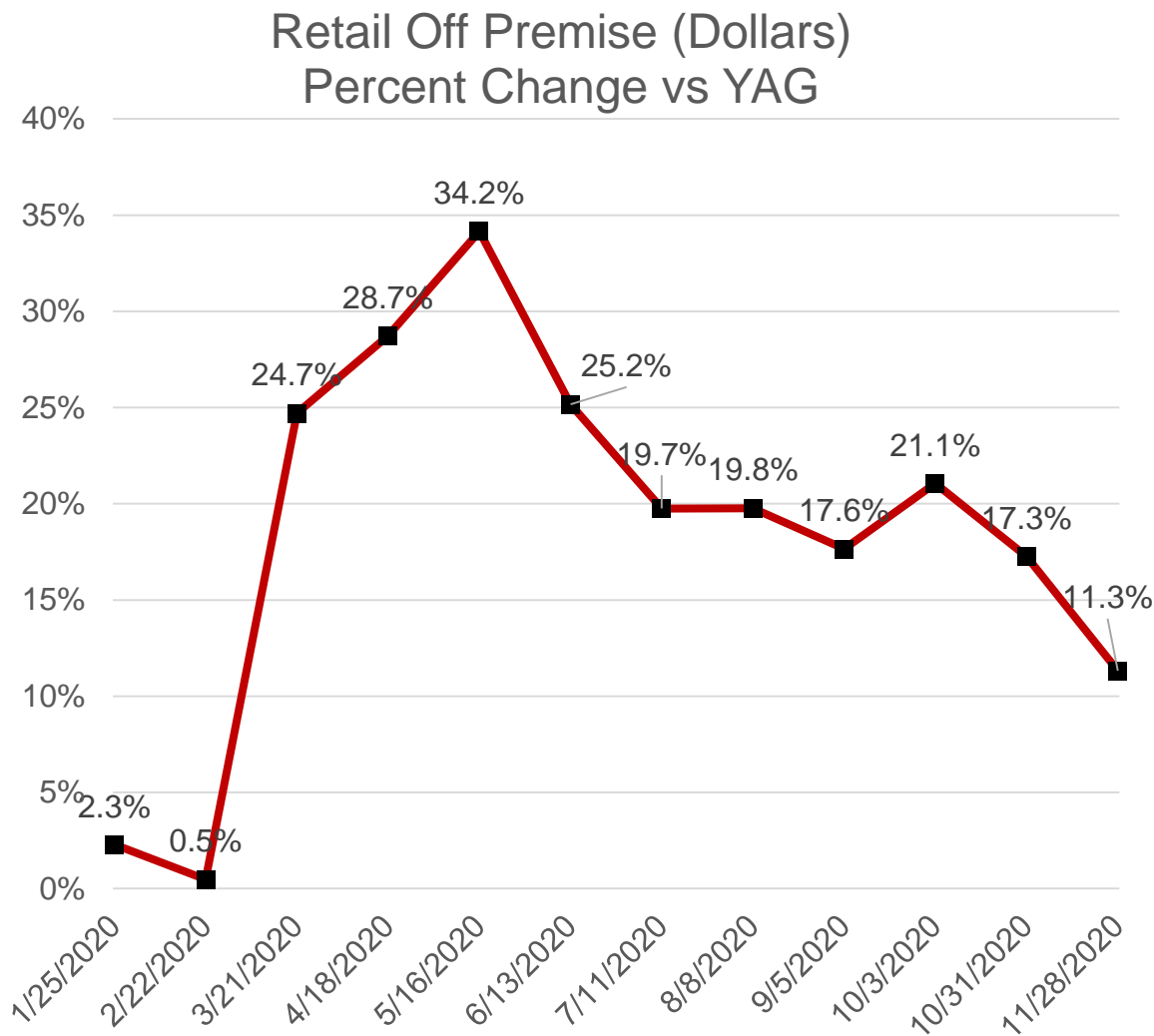


Retail Off Premise (9L Cases)



Source: **nielsen** 4 weeks ending 1/25/2020 thru 11/28/2020 (vs Year Ago)

Retail Off Premise – Jan 2020 thru Nov. 2020 (vs Year Ago); 4 week ending periods



Source: **nielsen** 4 weeks ending 1/25/2020 thru 11/28/2020 (vs Year Ago)

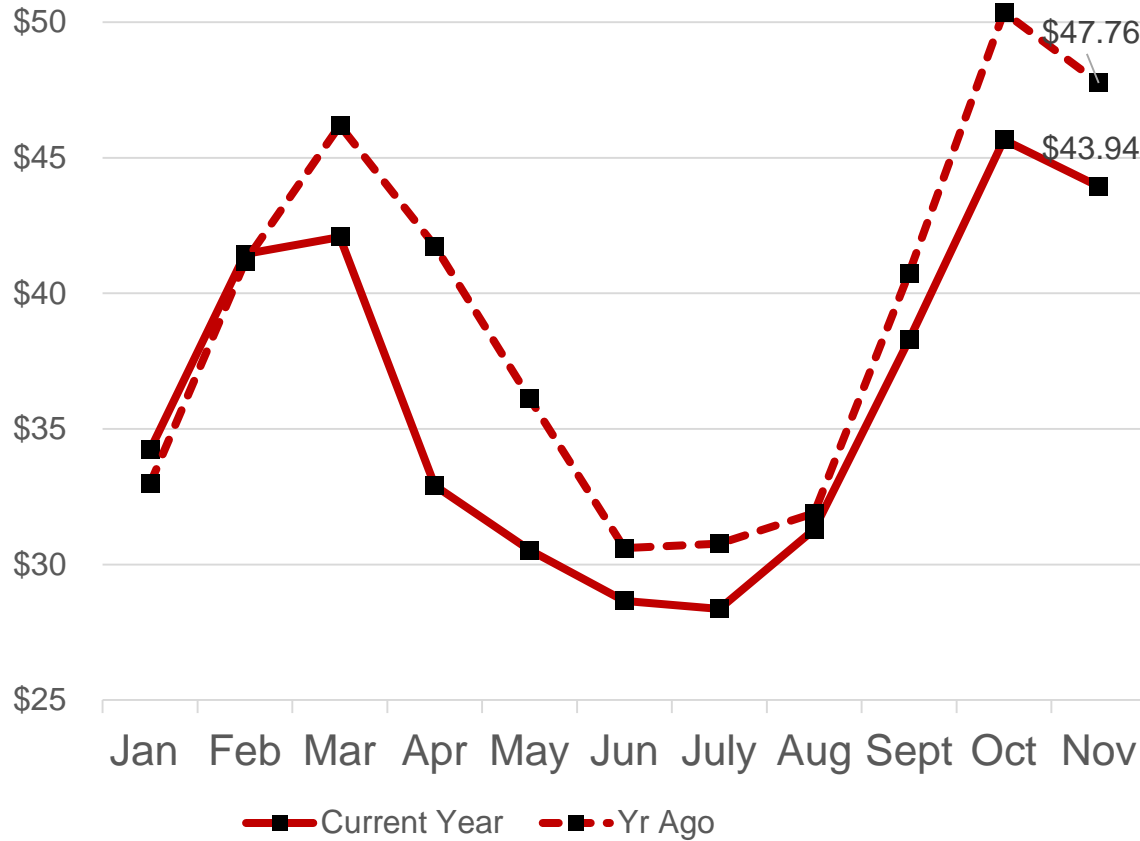
DtC AVERAGE PRICE FALLING; RETAIL PRICE INCREASING

DtC Shipments – Avg Price per 750 ML

Jan thru Sept 2020

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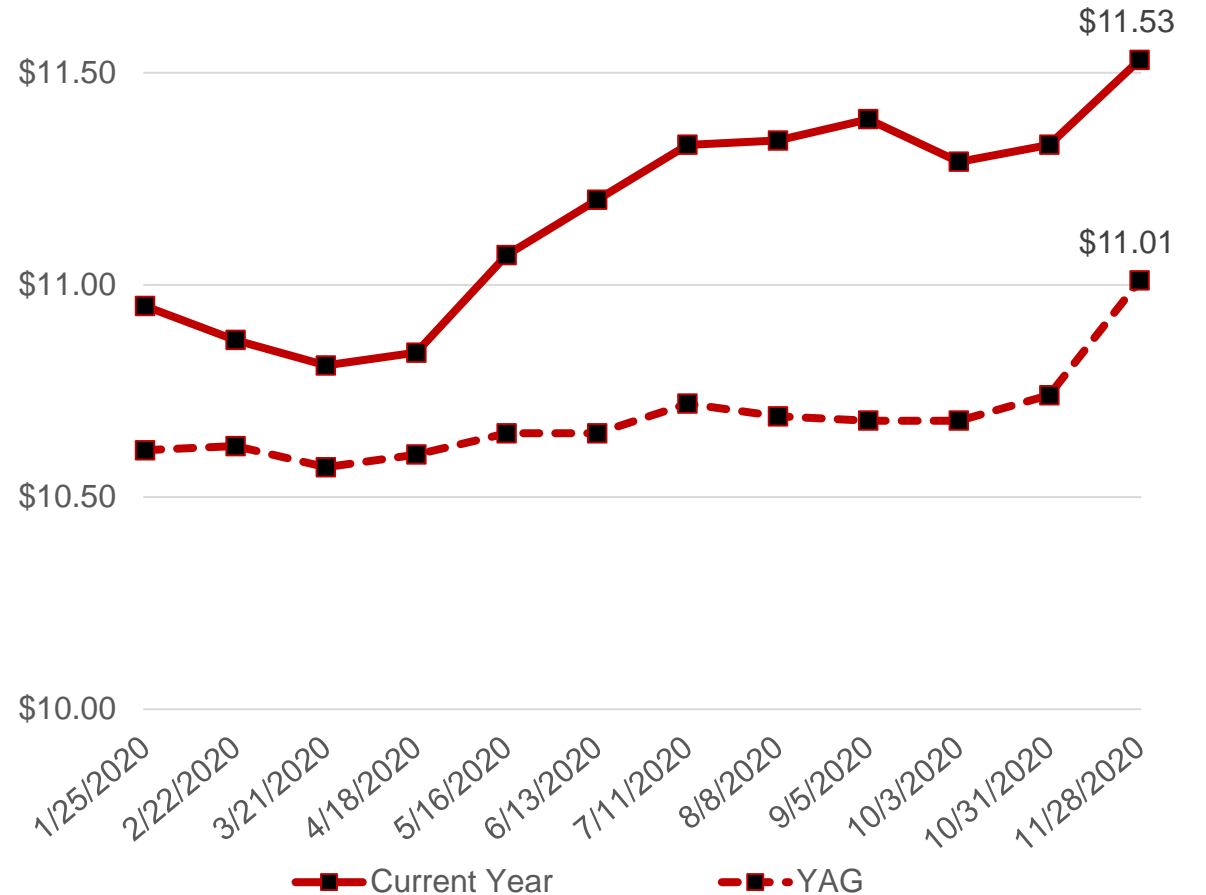
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Retail Off Premise – Avg Price 750 ml bottle

4 wk periods: Jan thru Sept 2020

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DtC Shipments vs Retail Off Premise Scorecard – Jan thru Nov 2020

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Monthly Periods

DtC Shipments	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov
Value % chg	+8%	+/-0%	+18%	+15%	+22%	+31%	+30%	+29%	+17%	+8%	+8%
Vol % chg	+4%	-1%	+30%	+45%	+44%	+40%	+41%	+32%	+24%	+19%	+17%
Avg Price	\$34.23	\$41.45	\$42.08	\$32.91	\$30.53	\$28.66	\$28.36	\$31.29	\$38.29	\$45.67	\$43.94
Price \$ chg vs YAG	+\$1.26	+\$0.29	-\$4.11	-\$8.84	-\$5.60	-\$1.95	-\$2.41	-\$0.53	-\$2.46	-\$4.70	-\$3.82



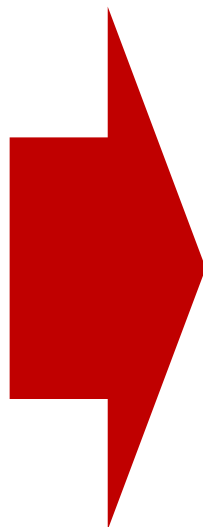
4 Week Ending Periods

Retail Off Premise	1/25/2020	2/22/2020	3/21/2020	4/18/2020	5/16/2020	6/13/2020	7/11/2020	8/8/2020	9/5/2020	10/3/2020	10/31/2020	11/28/2020
Value % chg	+2%	+/-0%	+25%	+29%	+34%	+25%	+20%	+20%	+18%	+21%	+17%	+11%
Vol % chg	-1%	-2%	+22%	+27%	+29%	+19%	+13%	+13%	+10%	+13%	+10%	+6%
Avg Price (750 ml bottle only)	\$10.95	\$10.87	\$10.81	\$10.84	\$11.07	\$11.19	\$11.33	\$11.34	\$11.39	\$11.29	\$11.33	\$11.53
Price \$ chg vs YAG	+\$0.34	+\$0.25	+\$0.24	+\$0.24	+\$0.42	+\$0.54	+\$0.61	+\$0.65	+\$0.71	+\$0.61	+\$0.59	+\$0.52

Interested in Going Deeper?

Performance by...

- Price Tiers?
- Varietals?
- Origin?
- Winery size?
- Destination markets (States)



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