ARGENTINA BREAKING NEW GROUND

SERIES

Wine market trends. How and why the wine scene is changing in USA and Brazil.

Insights by Lulie Halstead, WI CEO.

BODEGAS CARO

11 de septiembre

16.00 hs.

WINES OF ARGENTINA

Agencia Argentina de Inversiones y Comercio Internacional

wine intelligence

ARGENTINA
BREAKING
NEW
GROUND
SERIES

PROGRAMA

16:00 - 16:10	Acreditaciones.
16:10 - 16: 15	Palabras de bienvenida.
16:15 - 16: 45	Presentación Observatorio Vitivinícola Argentino
16:45 - 17:30	Presentación *“Future Trends in Wine”.*
17:30 - 17:45	Q&A.
17:45 - 18:15	Coffee break.
18:15 - 19:15	Presentación *“The wine landscapes of the USA and Brazil”.*
19:15 - 19:30	Q&A.
19:30	Cierre.

WINES OF ARGENTINA

Agencia Argentina
de Inversiones
y Comercio Internacional

wine
intelligence

ARGENTINA
BREAKING
NEW
GROUND
SERIES

DISERTANTES

DANIEL RADA
Director Observatorio
Vitivinícola Argentino

LULIE HALSTEAD
Chief Executive Officer
Wine Intelligence

RODRIGO LANARI
Brazil Country Manager
Wine Intelligence

RECOMENDACIONES

ARGENTINA
BREAKING
NEW
GROUND
SERIES

Rogamos silenciar los teléfonos celulares para un mejor desarrollo del encuentro.

Abriremos la instancia para preguntas y comentarios luego de las presentaciones.

Agradecemos completer la encuesta de la AAICI al finalizar.

EL MERCADO DE ESTADOS UNIDOS

Análisis del mercado

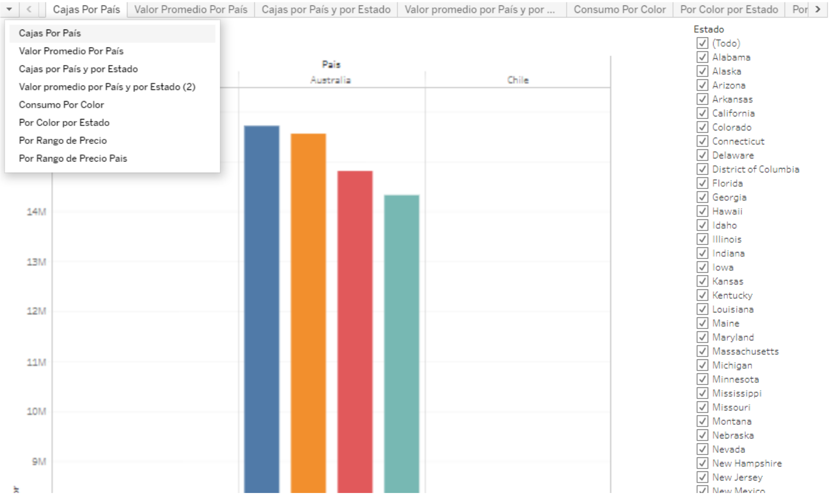
WINES OF ARGENTINA

Agencia Argentina
de Inversiones
y Comercio Internacional

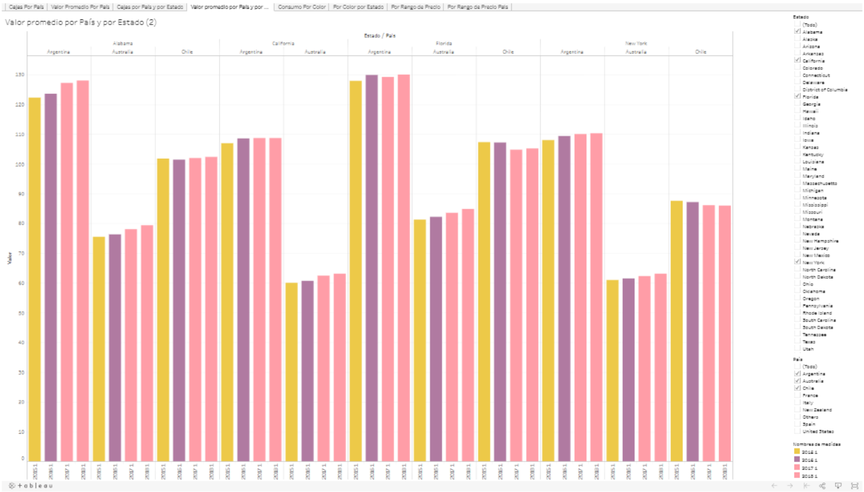
Observatorio
Vitivinícola
Argentino

NUEVA HERRAMIENTA

La plataforma de inteligencia comercial más utilizada del mundo para aumentar su potencial de análisis.

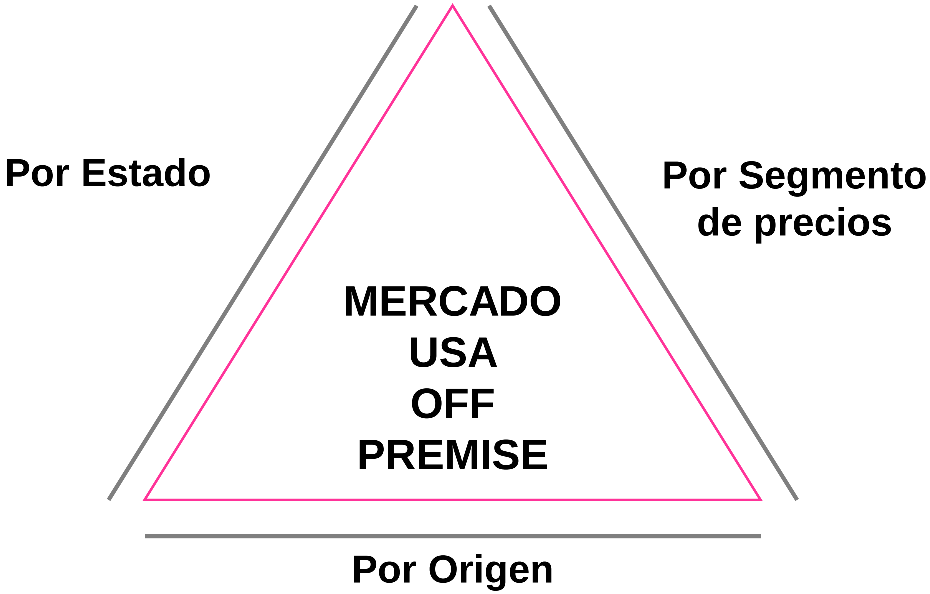


Análisis integral, eficaz, seguro y flexible sobre el mercado de **Estados Unidos**: conozca la performance de Argentina y sus principales competidores por Estados, segmentos de precio, volumen y valor.



Desarrollada con la ayuda del Observatorio Vitivinícola Argentino y utilizando datos estadísticos de IWSR.

ESTRUCTURA DE ANÁLISIS



Por Estado

Por Segmento
de precios

MERCADO
USA
OFF
PREMISE

Por Origen

↓

Participaciones y Variaciones del mercado
(2015 – 2016 – 2017 – 2018)

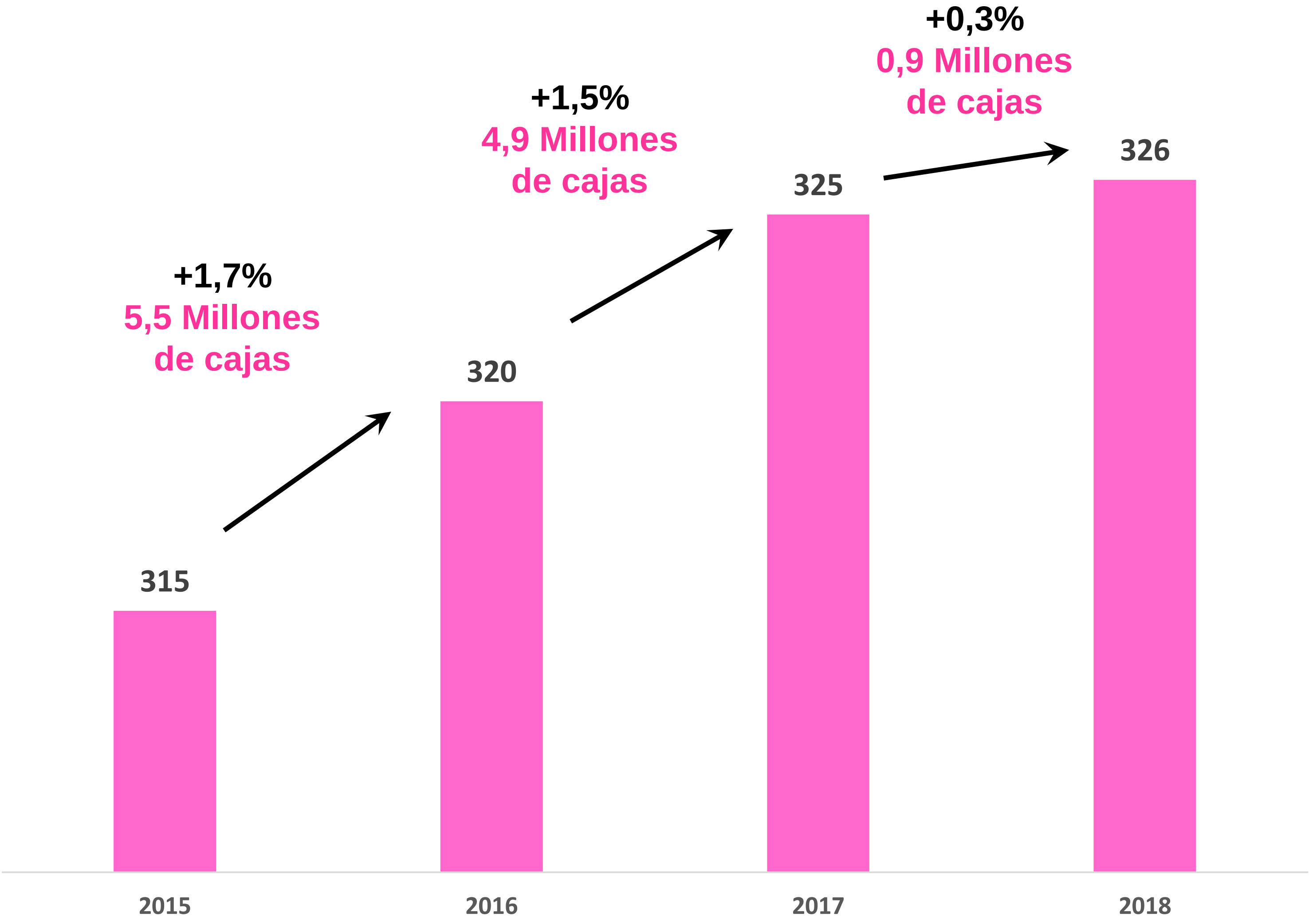
↓

ARGENTINA

EL MERCADO GLOBAL

Ventas totales Mercado

(En millones de cajas de 9 Litros)
2015 a 2018
Fuente: Reporte IWSR



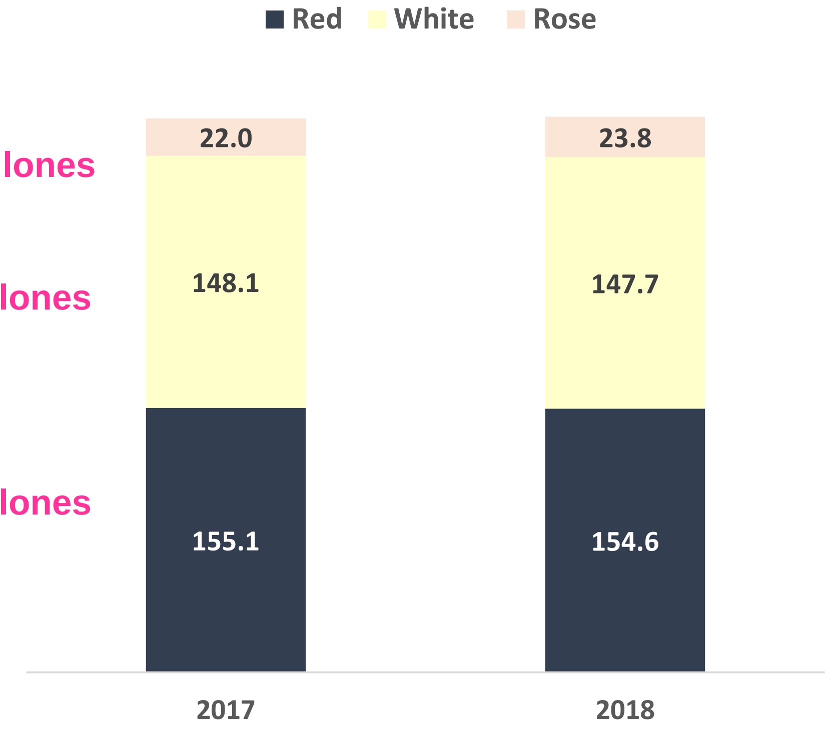
+1,7%
5,5 Millones de cajas

+1,5%
4,9 Millones de cajas

+0,3%
0,9 Millones de cajas

Ventas totales Mercado por COLOR

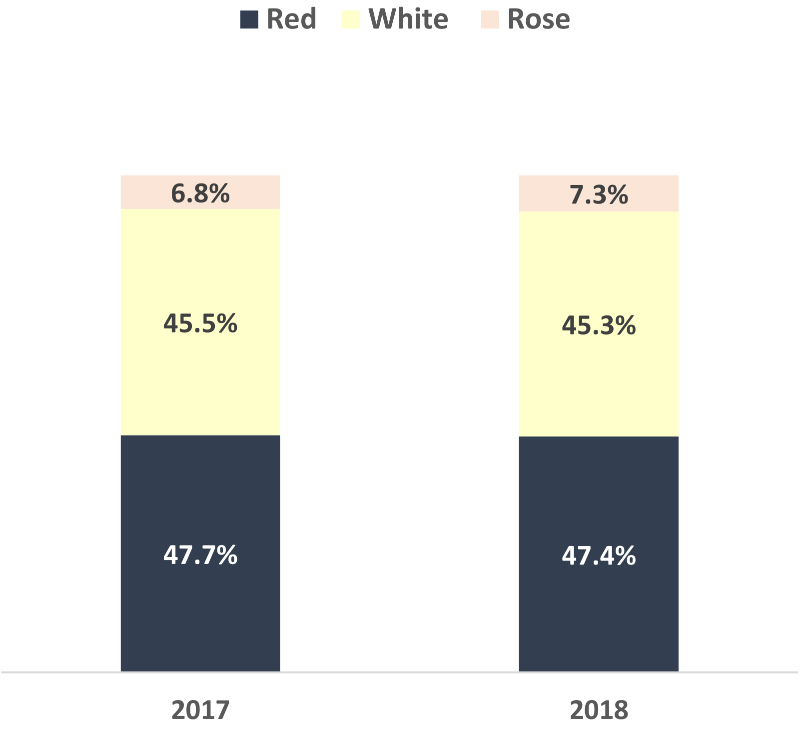
(En millones de cajas de 9 Litros)
2017 a 2018
Fuente: Reporte IWSR


Millones de cajas de 9 Litros

+ 1,8 Millones

- 0,4 Millones

- 0,5 Millones

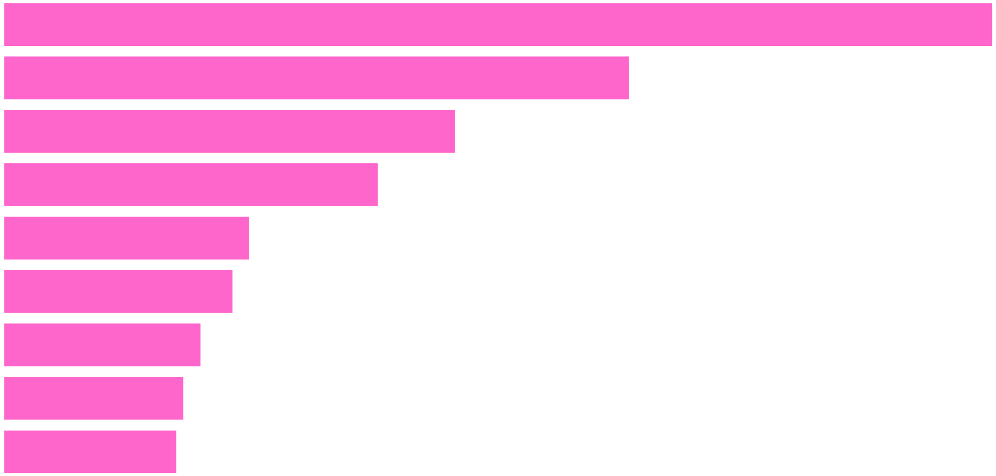

Participación Relativa

Ventas totales Mercado por ESTADO

(En millones de cajas de 9 Litros)

2018

2018	TOTAL	Participación
California	**56.591.600**	**17%**
Florida	**35.796.200**	**11%**
New York	**25.819.200**	**8%**
Texas	**21.389.600**	**7%**
New Jersey	**14.014.500**	**4%**
Illinois	**13.073.700**	**4%**
Massachusetts	**11.242.800**	**3%**
Washington	**10.250.900**	**3%**
Pennsylvania	**9.861.500**	**3%**
Subtotal TOP 10	198.040.000	61%
Total general	326.060.400	100%

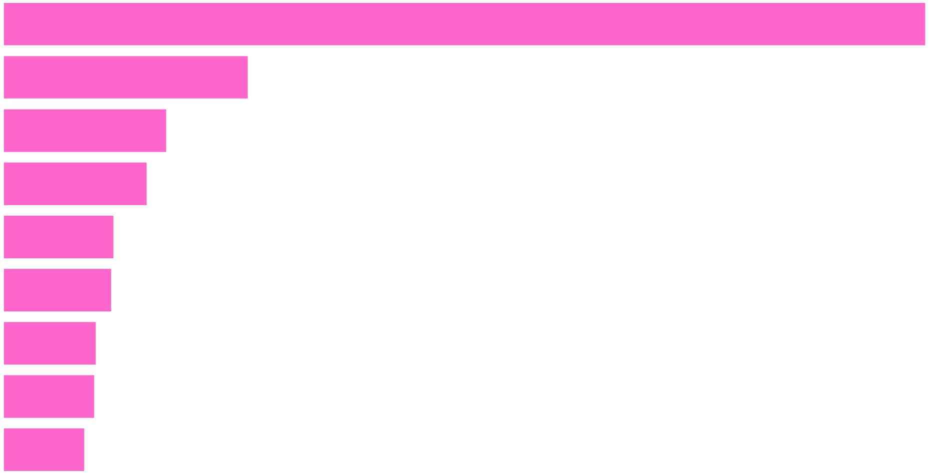


Variaciones de las ventas totales Mercado por ESTADO

(En millones de cajas de 9 Litros)

2018 VS 2017

2018 vs 2017	TOTAL	Participación
Florida	439.500	49%
California	116.300	13%
New Jersey	77.500	9%
Virginia	68.100	8%
Texas	52.200	6%
Maryland	51.200	6%
Utah	43.800	5%
Illinois	43.100	5%
Massachusetts	38.400	4%
Subtotal TOP 10	930.100	103%
Total general	903.800	100%

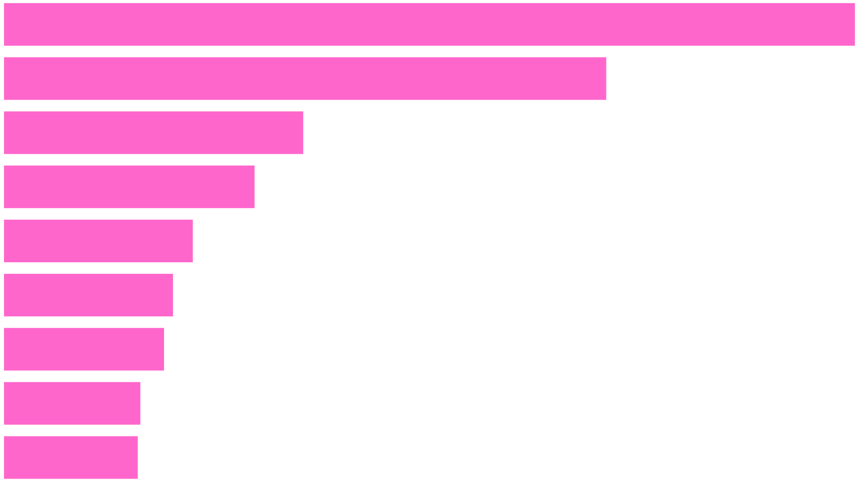


Variaciones de las ventas totales Mercado por ESTADO

(En millones de cajas de 9 Litros)

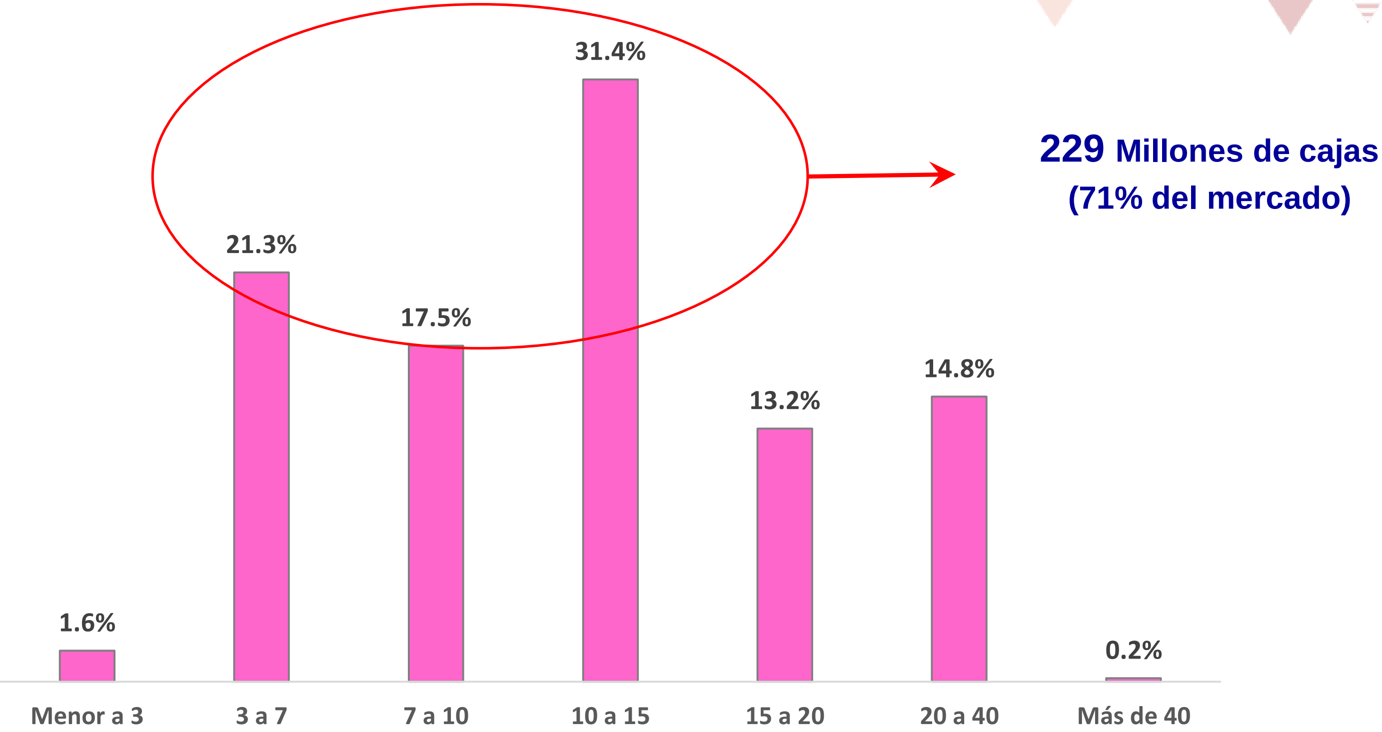
2018 VS 2015

2018 vs 2015	TOTAL	Participación
California	2.293.700	20%
Florida	1.623.600	14%
Texas	807.000	7%
New York	675.600	6%
Virginia	509.200	5%
New Jersey	455.700	4%
Pennsylvania	431.800	4%
Illinois	367.800	3%
Massachusetts	360.800	3%
Subtotal TOP 10	7.525.200	67%
TOTAL	11.239.300	100%



Ventas totales Mercado por SEGMENTOS DE PRECIOS

(En millones de cajas de 9 Litros)
2018

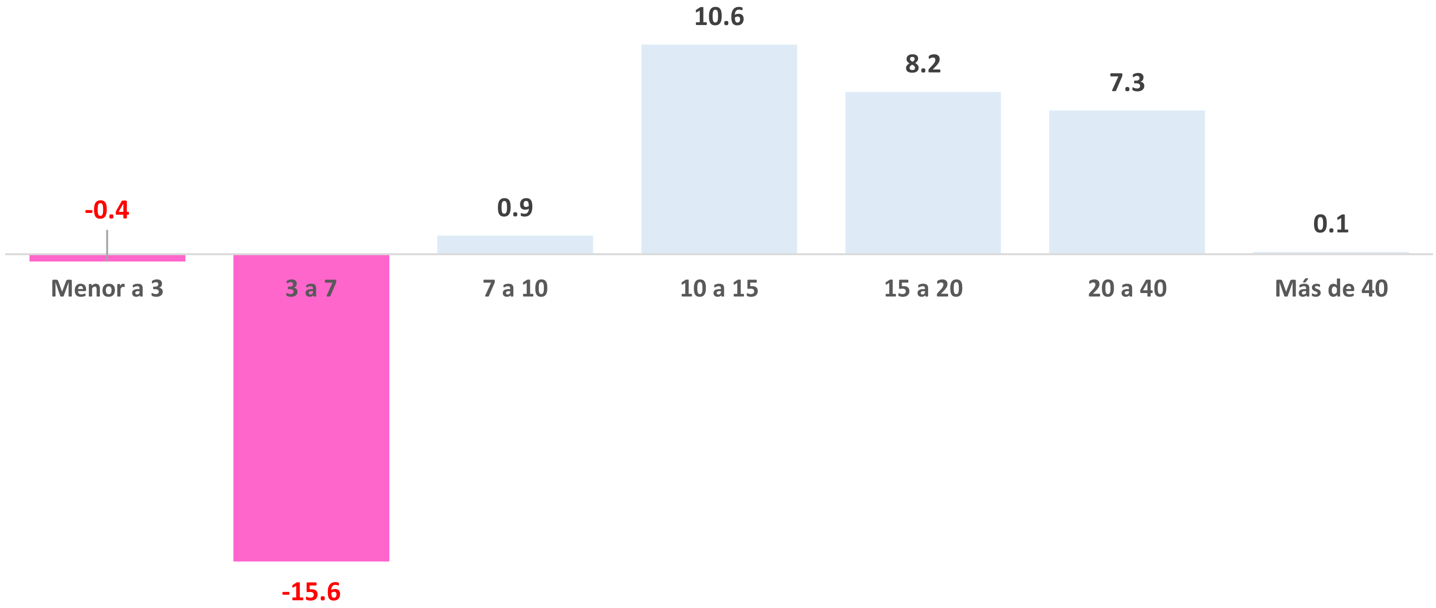


229 Millones de cajas
(71% del mercado)

	Menor a 3	3 a 7	7 a 10	10 a 15	15 a 20	20 a 40	Más de 40	Totales
Millones de Cajas	5,3	69,5	57,1	102,3	43,0	48,4	0,6	326,1
Participación %	1,6%	21,3%	17,5%	31,4%	13,2%	14,8%	0,2%	100,00%

Variación por Segmentos de precios

2018 a 2015

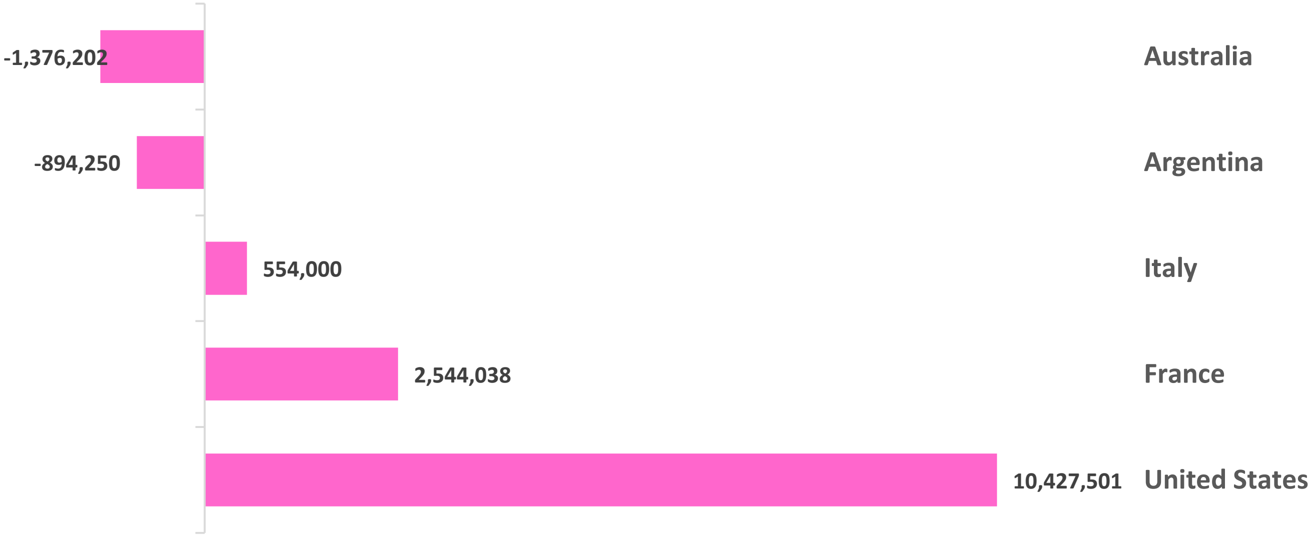


2018 vs 2017	-3,2%	-5,8%	-0,9%	2,2%	5,5%	3,0%	6,2%	0,3%
2017 vs 2016	-2,6%	-7,9%	2,0%	4,3%	9,5%	5,6%	10,6%	1,5%
2016 vs 2015	-1,0%	-5,9%	0,6%	4,7%	7,0%	8,2%	7,0%	1,7%
2018 vs 2015	-6,6%	-18,3%	1,7%	11,6%	23,7%	17,7%	25,7%	3,6%

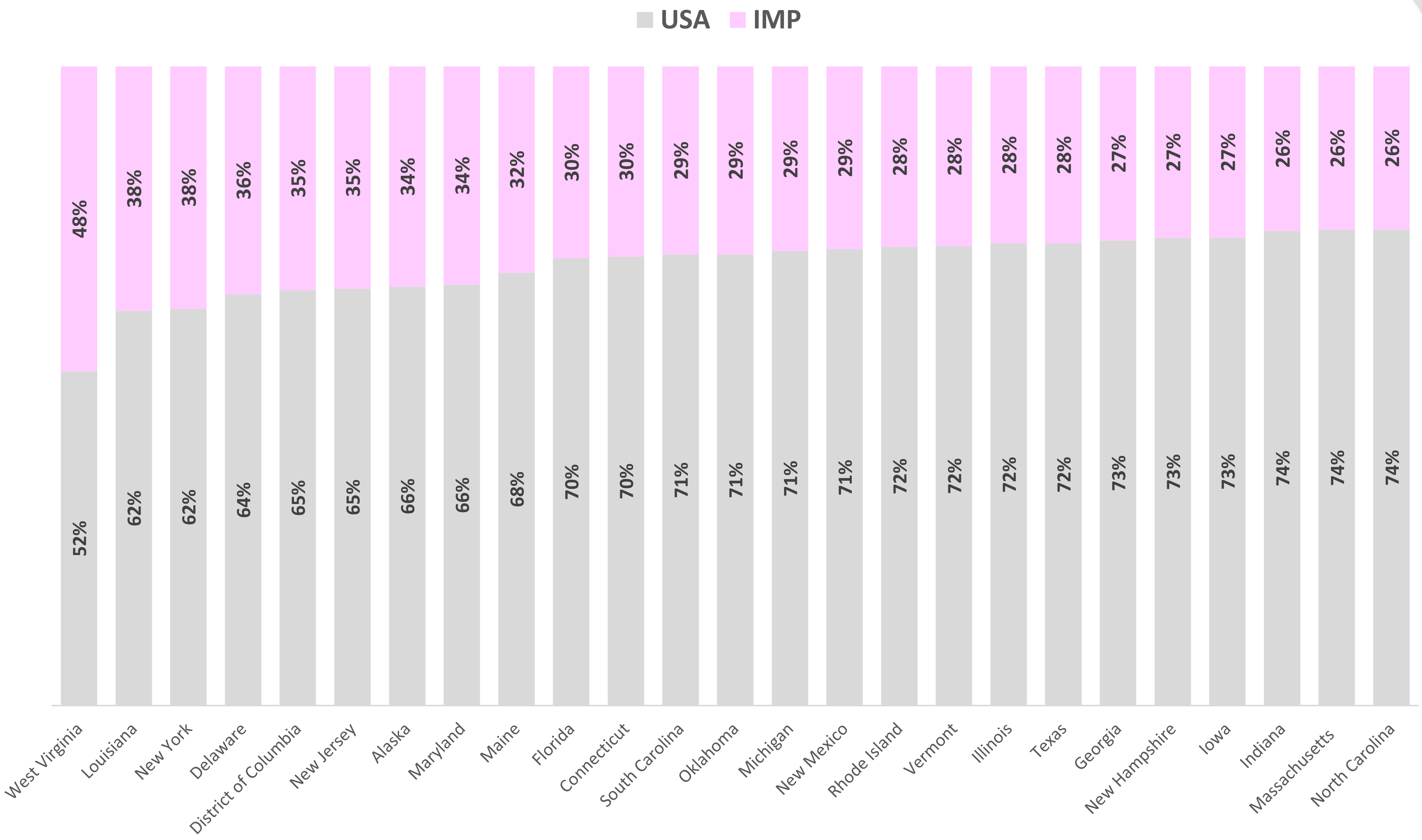
Variación Absoluta y Relativa Por Origen

2015 a 2018

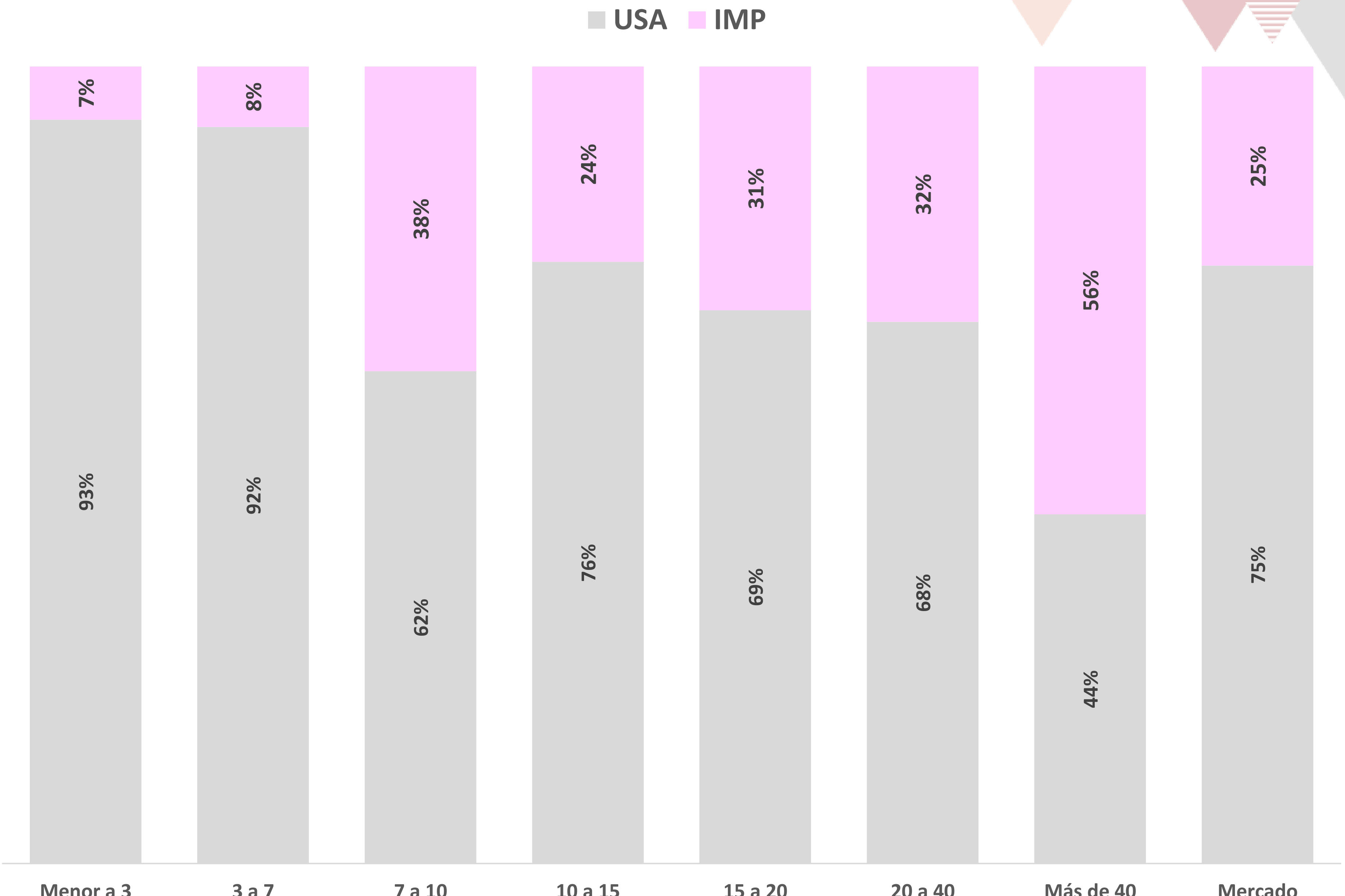
Origen	2015	2018	Variación	Variación %
United States	234.151.500	244.579.001	**10.427.501**	4,5%
France	9.889.626	12.433.664	**2.544.038**	25,7%
Italy	27.041.000	27.595.000	**554.000**	2,0%
Argentina	6.139.000	5.244.750	**-894.250**	-14,6%
Australia	15.713.000	14.336.798	**-1.376.202**	-8,8%
Subtotal	**292.934.126**	**304.189.214**	**11.255.088**	**3,8%**
Total general	**314.821.100**	**326.060.400**	**11.239.300**	**3,6%**



Sesgo importador
Por ESTADOS
2018

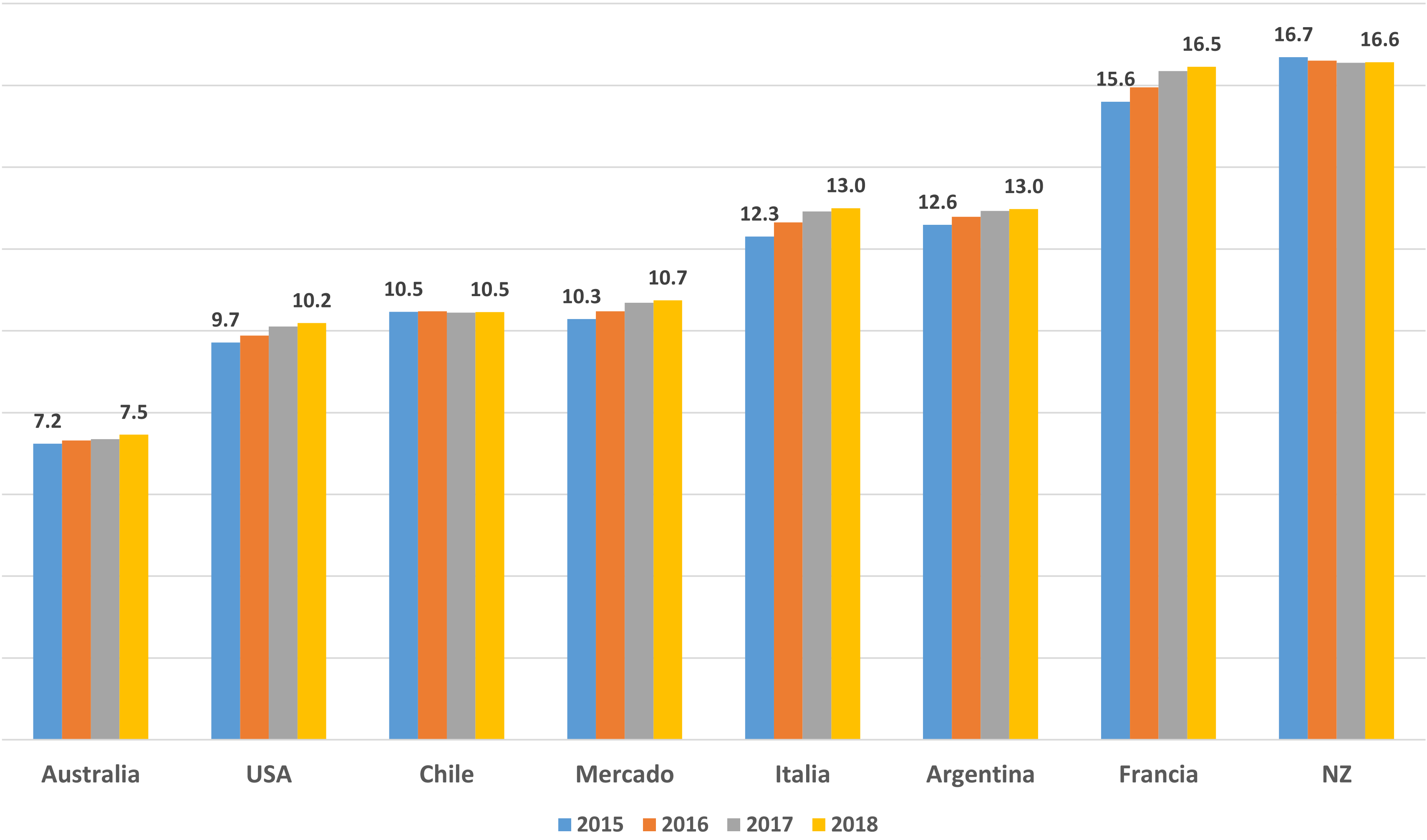


Sesgo importador
Por RANGO DE PRECIOS
2018



Precios promedios Por Origen

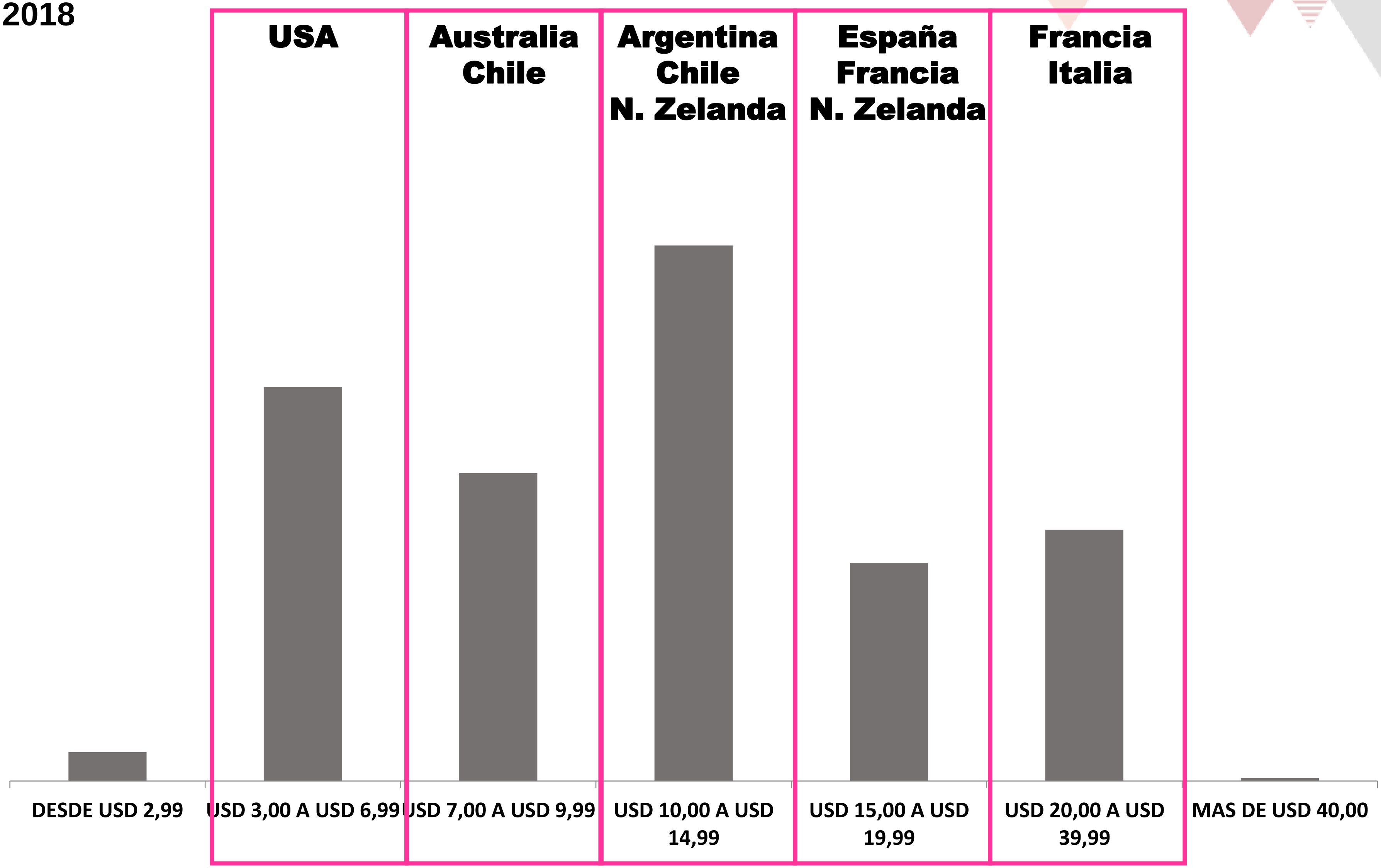
2015 a 2018



Especialización según origen

Por segmentos de precios

2018



MERCADO TOTAL – SINTESIS

- Leve crecimiento del mercado: 0,3% (900.000 cajas).
- Crecimiento explicado por Vinos Rosados (1,8 millones de cajas)
- Los 10 principales Estados suman un 61% del mercado.
- El incremento de 2018 se produce en esos 10 principales Estados.
- El 71% de las ventas se producen en el rango de precios de U$S3 a U$S 15 por botella
- Entre 2015 y 2018 fuerte caída de las ventas en segmentos menores a U$S 7 por botella (16 millones de cajas)
- Entre 2015 y 2018 pérdida de ventas de Australia y Argentina e incrementos de Francia y USA.
- Argentina con precios superiores al promedio de mercado, solo superado por Francia y Nueva Zelanda

ARGENTINA

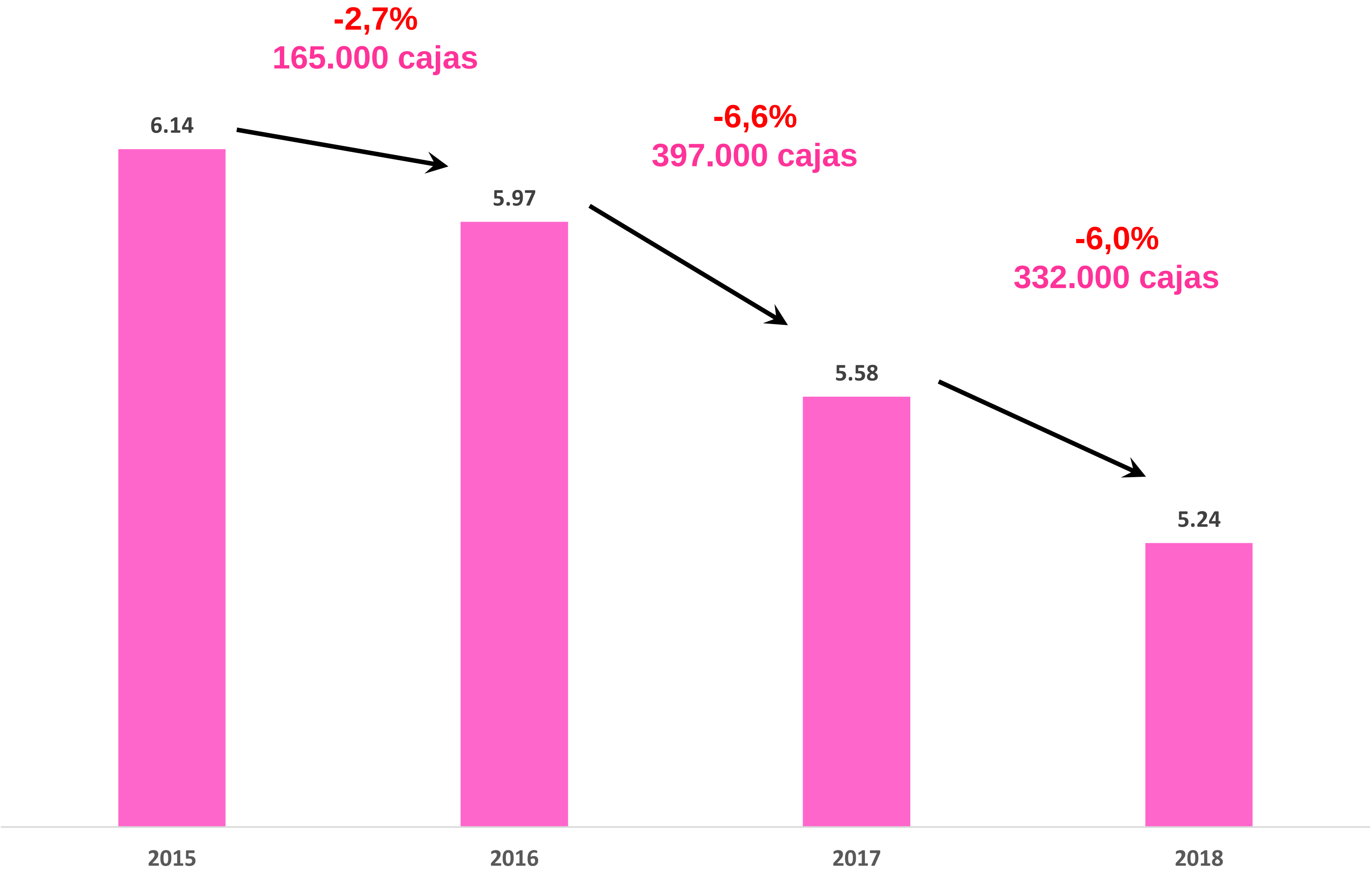
Ventas totales Mercado

(En millones de cajas de 9 Litros)

2015 a 2018

Fuente: Reporte IWSR

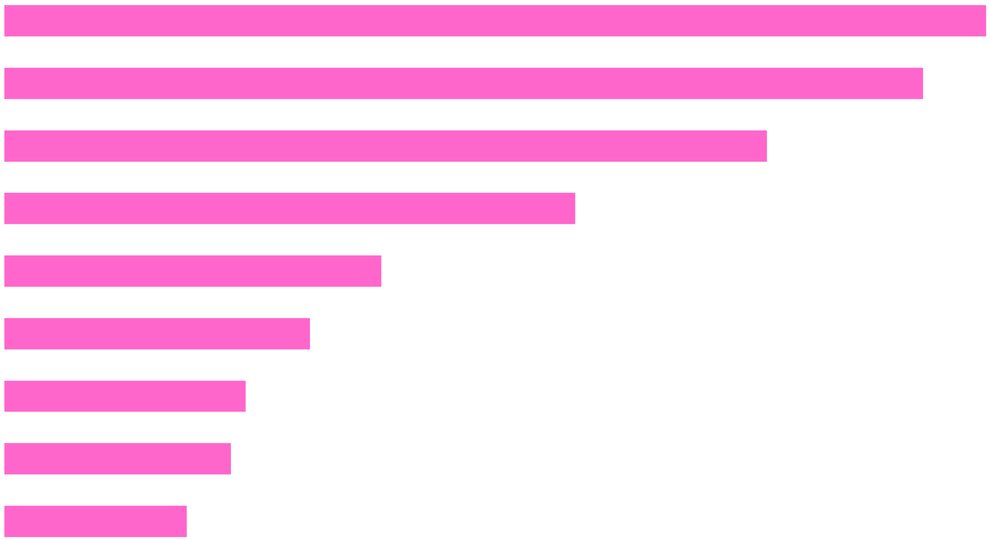
2018 – 2015 (-14,6%) – 894.000 cajas



Ventas totales Mercado por ESTADO

(En millones de cajas de 9 Litros)
2018

2018	TOTAL	Participación
California	**749.168**	**14%**
Florida	**701.137**	**13%**
New York	**582.073**	**11%**
Texas	**435.577**	**8%**
New Jersey	**287.815**	**5%**
Illinois	**233.154**	**4%**
Pennsylvania	**184.052**	**4%**
Massachusetts	**173.006**	**3%**
Maryland	**139.216**	**3%**
Subtotal TOP 10	**3.485.198**	**66%**
TOTAL	**5.244.750**	**100%**

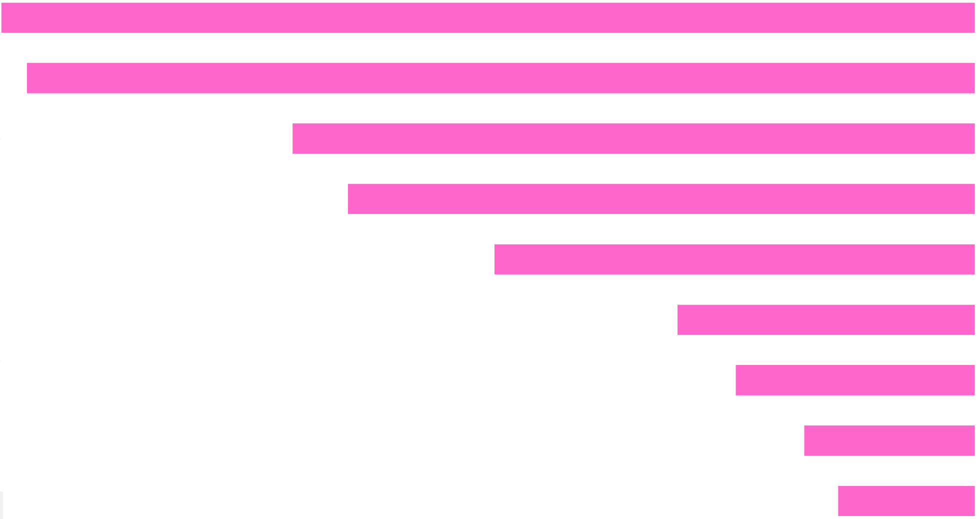


Ventas totales Mercado por ESTADO

(En millones de cajas de 9 Litros)

2018 vs 2015

2018 vs 2017	TOTAL	Participación
Florida	-130.032	15%
New York	-126.608	14%
California	-91.155	10%
Texas	-83.741	9%
New Jersey	-64.162	7%
Pennsylvania	-39.706	4%
Maryland	-31.947	4%
Illinois	-22.783	3%
Massachusetts	-18.270	2%
Subtotal TOP 10	**-608.406**	**68%**
Total general	-894.250	100%



Ventas totales Mercado por ESTADO

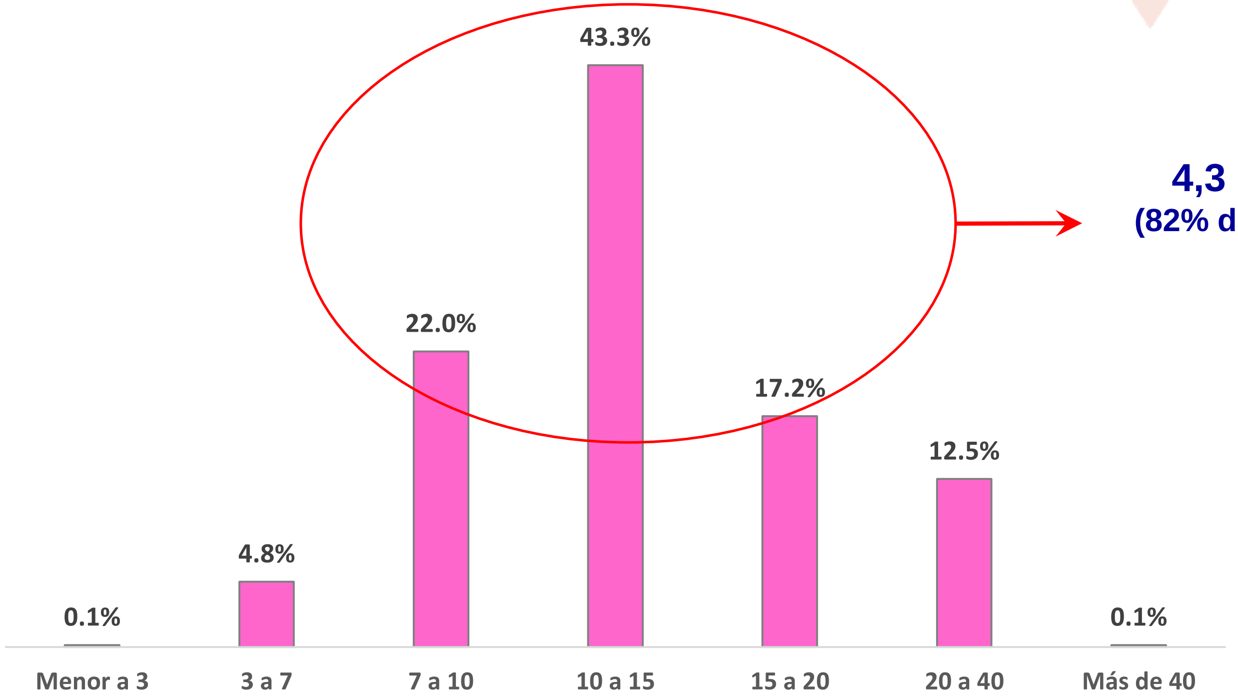
(En millones de cajas de 9 Litros)
2018 vs 2017

2018 vs 2017	TOTAL	Participación
Florida	-46.445	14%
New York	-41.832	13%
California	-40.886	12%
Texas	-29.305	9%
New Jersey	-20.935	6%
Pennsylvania	-13.214	4%
Illinois	-11.654	4%
Maryland	-10.333	3%
Massachusetts	-8.912	3%
Subtotal TOP 10	-223.517	67%
Total general	-332.000	100%

Ventas totales Mercado por SEGMENTOS DE PRECIOS

(En millones de cajas de 9 Litros)

2018

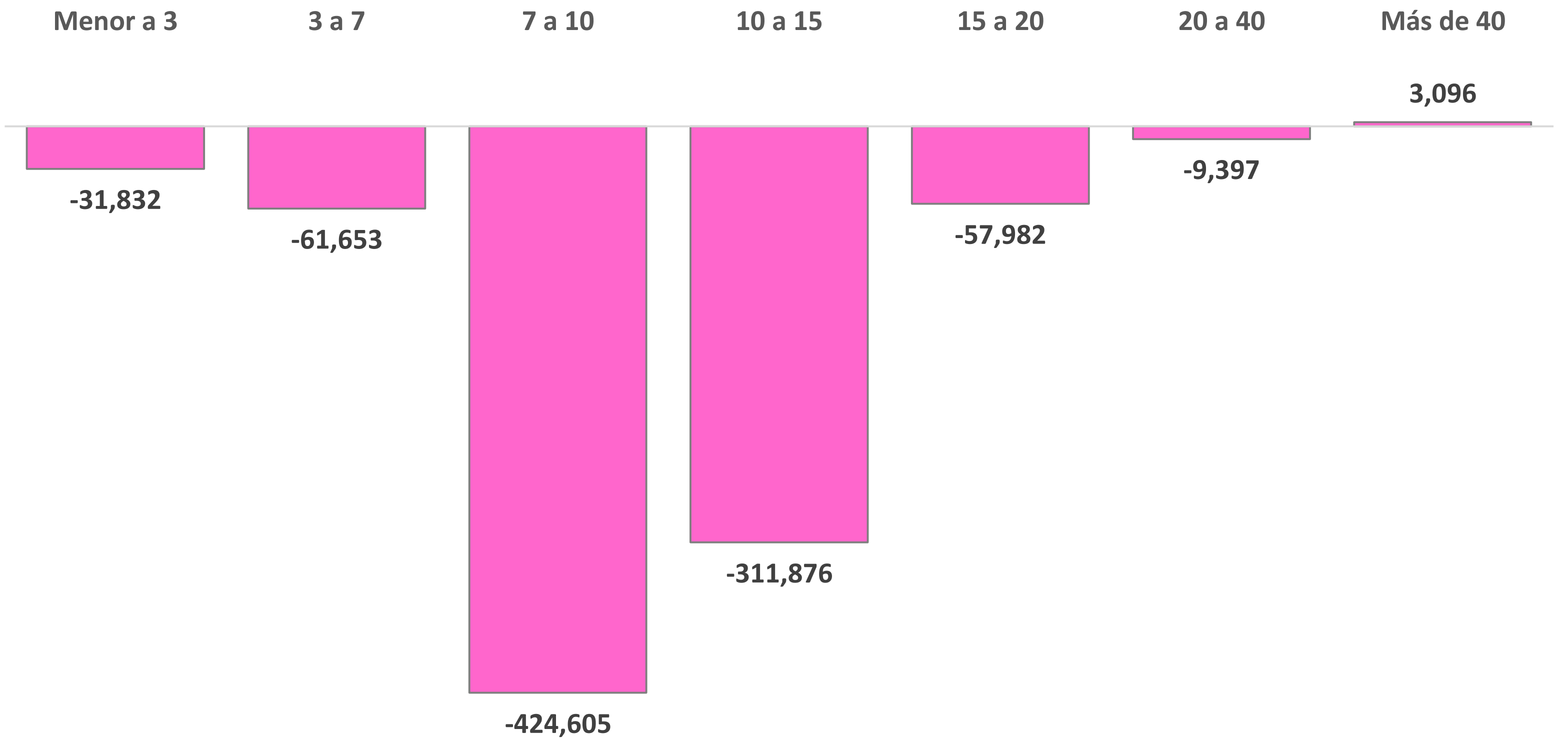


4,3 Millones de cajas
(82% de las Exportaciones Argentinas)

	Menor a 3	3 a 7	7 a 10	10 a 15	15 a 20	20 a 40	Más de 40	Totales
Millones de Cajas	0,0	0,3	1,2	2,3	0,9	0,7	0,0	5,2
Participación %	0,1%	4,8%	22,0%	43,3%	17,2%	12,5%	0,1%	100,0%

Variación por Segmentos de precios

2018 a 2015

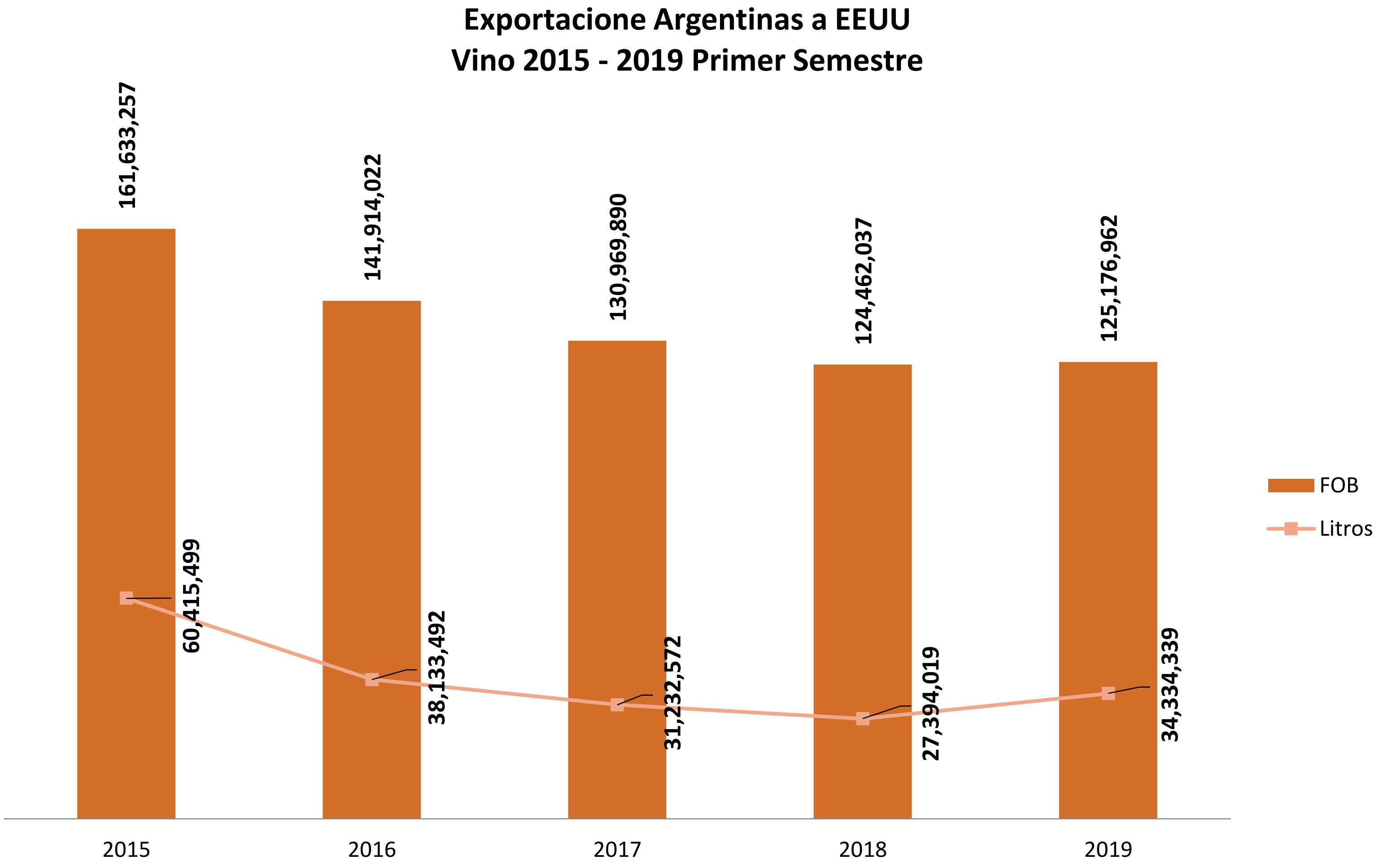


2018 vs 2017	-23,40%	-8,30%	-5,26%	-9,62%	0,24%	-0,60%	5,12%	-5,95%
2017 vs 2016	-47,46%	-9,61%	-13,45%	-4,02%	-4,66%	-3,23%	18,42%	-6,65%
2016 vs 2015	-53,84%	-2,92%	-10,89%	1,35%	-1,70%	2,49%	39,22%	-2,69%
2018 vs 2015	-81,42%	-19,53%	-26,92%	-12,09%	-6,05%	-1,41%	73,30%	-14,57%

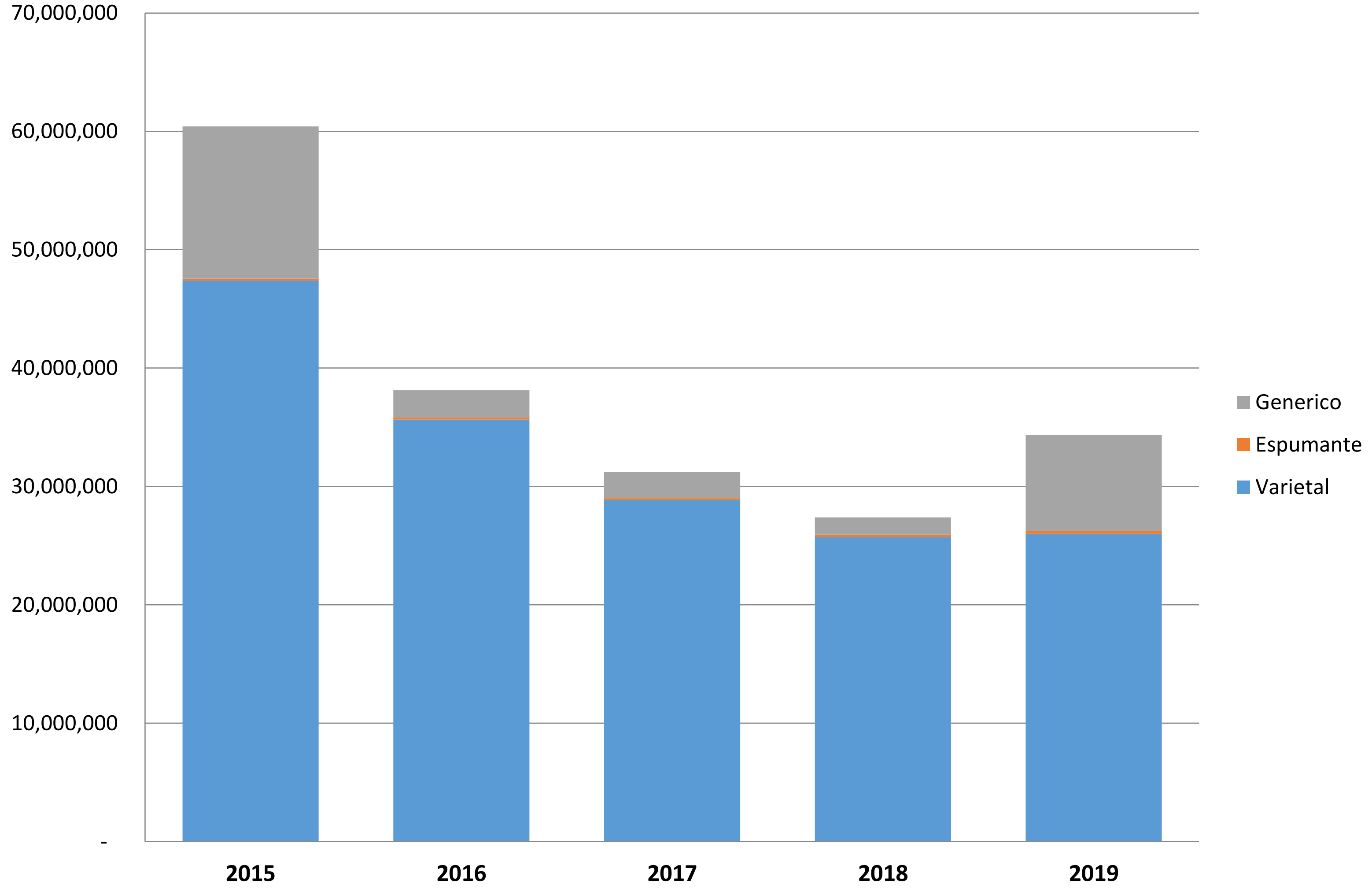
ARGENTINA – SINTESIS

- Caída sistemática en los tres últimos años: -14,6% (894.000 cajas).
- Los 10 principales Estados suman un 66% del mercado.
- El 70% de la pérdida de mercado se producen en esos 10 principales Estados.
- El 82% de las ventas se producen en el rango de precios de U$S7 a U$S 20 por botella
- Entre 2015 y 2018 fuerte caída de las ventas en esos mismos segmentos (800.000 millones de cajas)
- Argentina con precios superiores al promedio de mercado, solo superado por Francia y Nueva Zelanda

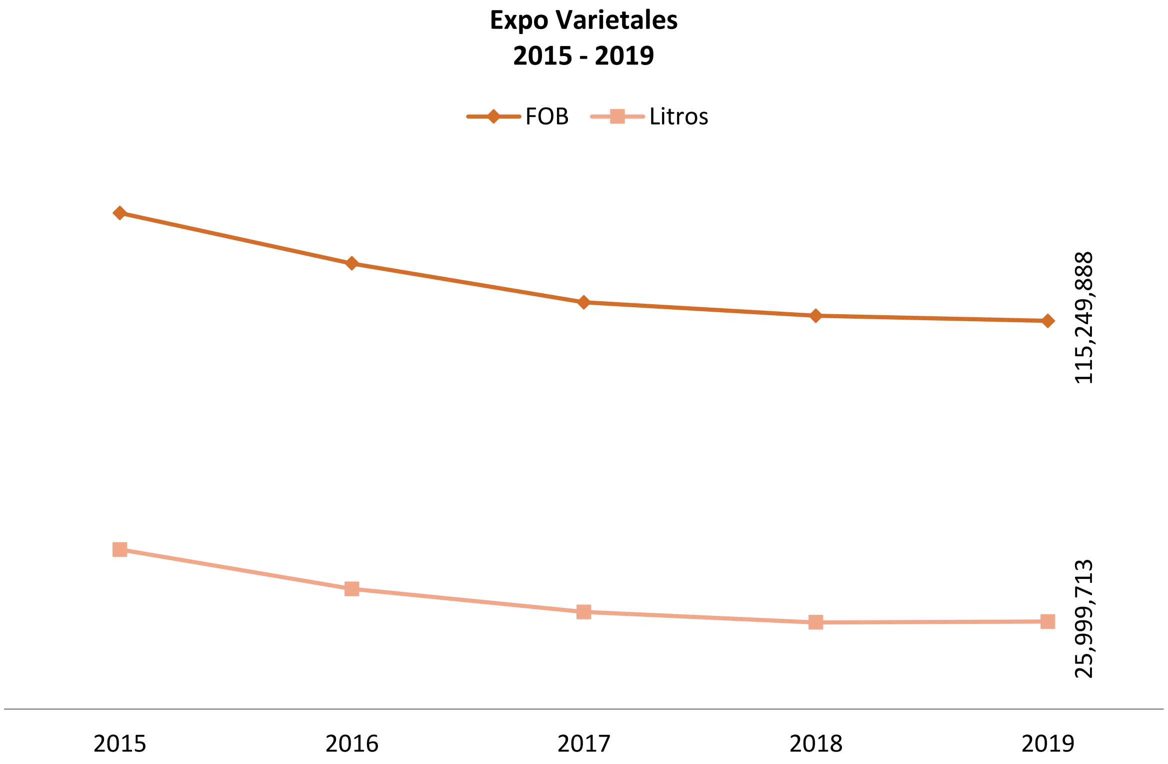
EXPORTACIONES A USA
(Primer Semestre 2019)



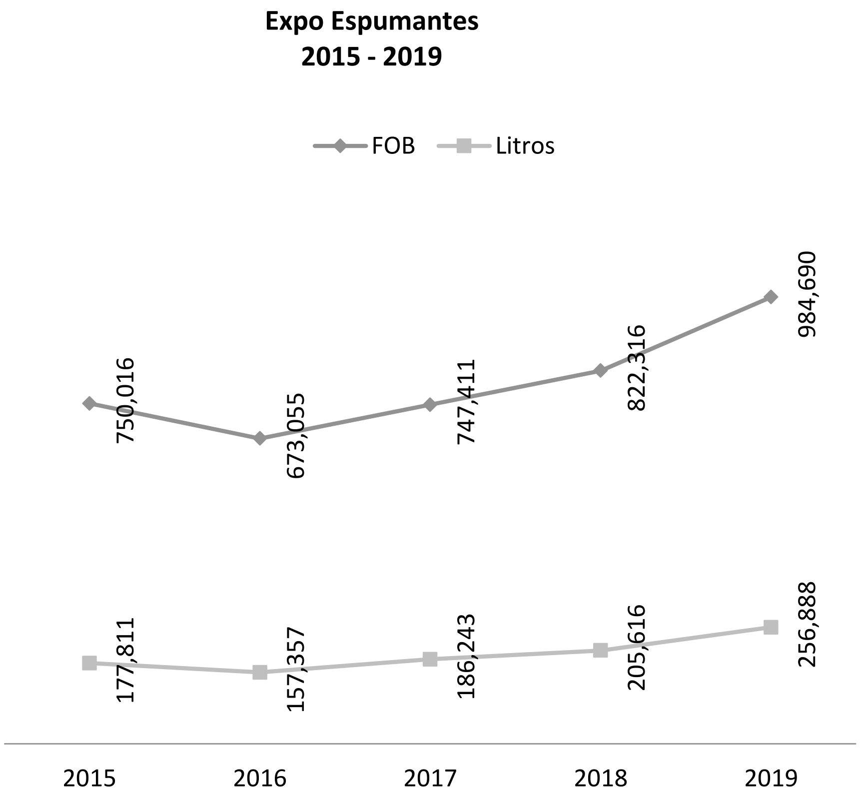
EXPORTACIONES A USA
(Primer Semestre 2019 - Litros)

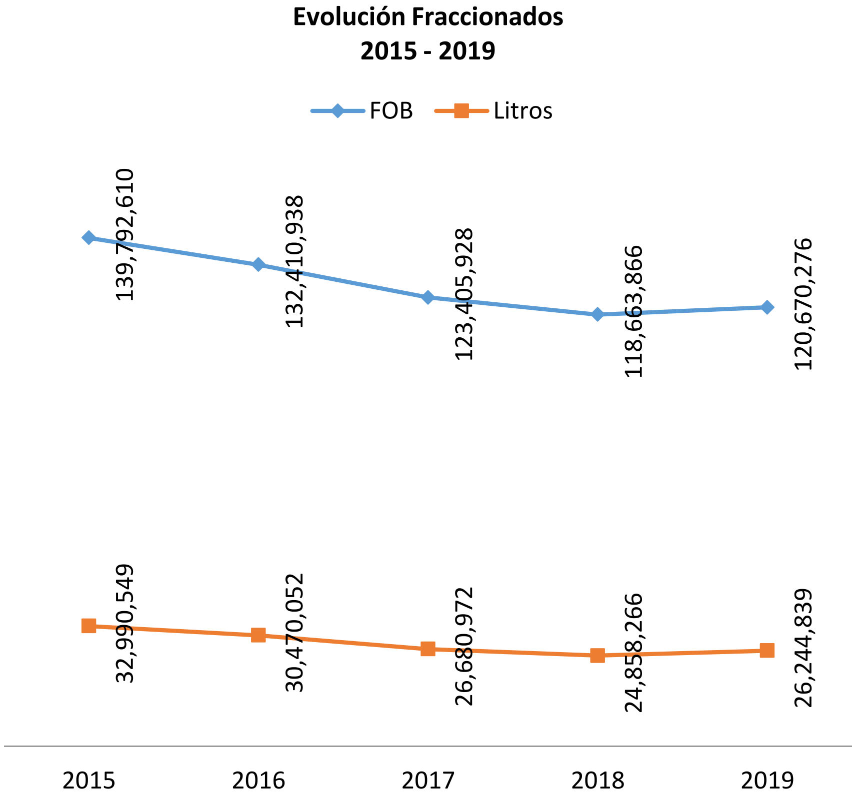


EXPORTACIONES A USA
(Primer Semestre 2019 - Litros)



EXPORTACIONES A USA
(Primer Semestre 2019 - Litros)





wine intelligence

Future Trends in Wine:

How and why the world of wine is changing

In association with

WINES OF ARGENTINA

Workshop overview

Part 1 - Future Trends in Wine: How and why the world of wine is changing

Part 2 – Wine from Argentina in the global context

Part 3 - The US wine market

Part 4 – The Brazilian wine market

Maturing wine drinkers

Changing wine knowledge + confidence

Rising price consciousness

Increasing visual impact

Sustainability

Moderation & wellness

Which country has the highest proportion of ‘mature’ drinkers?

Maturing
wine drinker

UK

Netherlands

US

South Korea

China

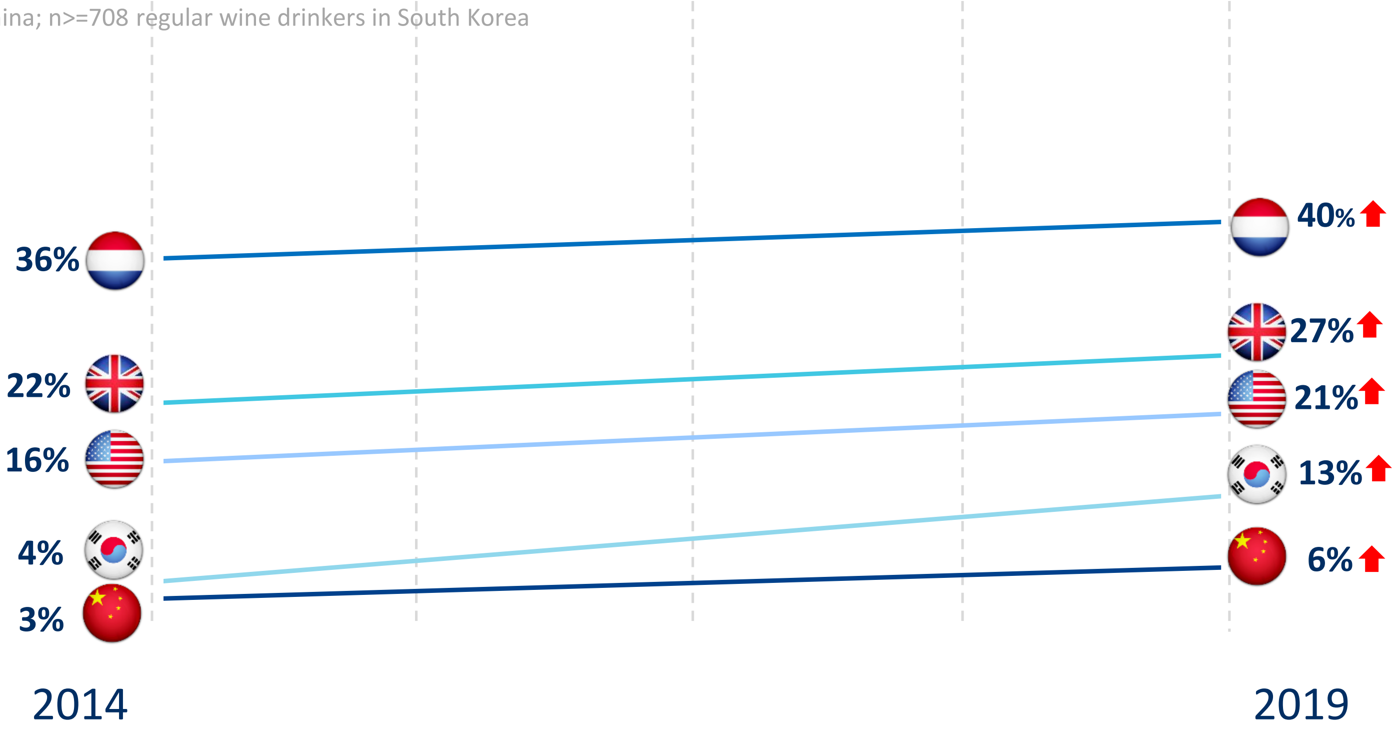
Definition of mature drinkers
UK, US and Netherlands: Aged 65+
South Korea, China: Aged 55+

Ageing wine drinking population

Maturing
wine drinker

Mature wine drinkers

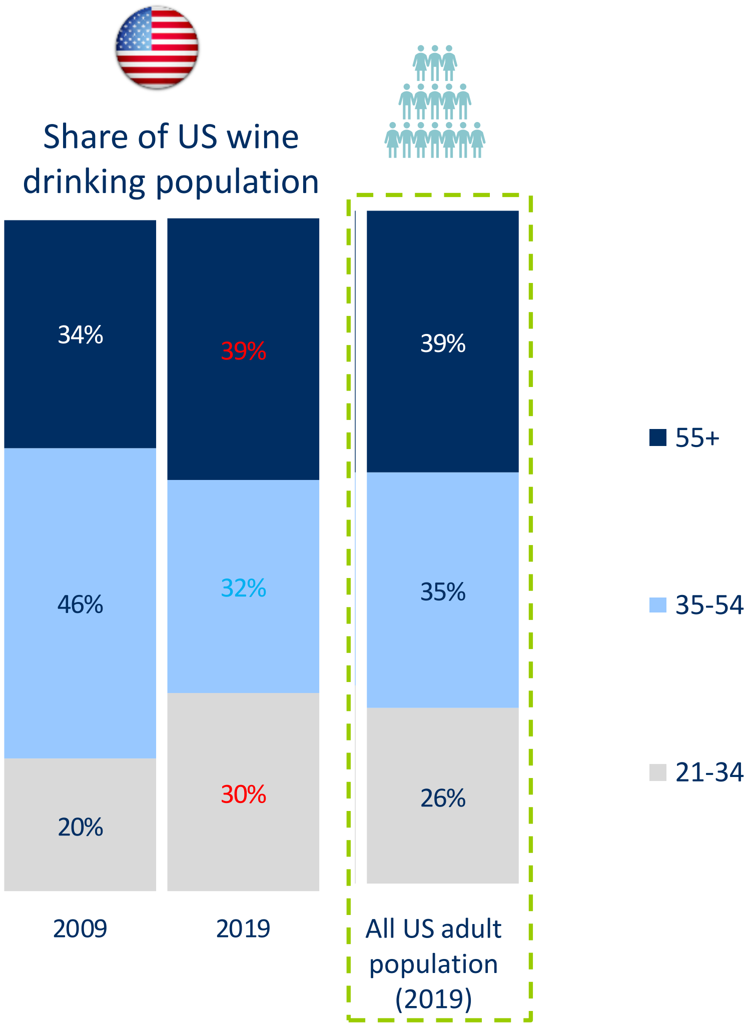
% of regular wine drinkers who are over the age of 55
Base: n>=2,000 regular wine drinkers in US; n>=1,000 regular wine drinkers in UK, Netherlands, Sweden and China; n>=708 regular wine drinkers in South Korea



Definition of mature drinkers
UK, US and Netherlands: Aged 65+
South Korea, China: Aged 55+

🡅: Statistically significantly higher than 2014 at a 95% confidence level
Source: Wine Intelligence, Vinitrac® Sweden, Netherlands, UK & China 2014-2019, n>1,000 regular wine drinkers; US, 2014-2019, n>2,000 and South Korea, 2014-2019, n>708 regular wine drinkers

Shift in wine drinker age in both the US & UK



% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® US. 2009-2019, n>=2,000 US regular wine drinkers,

Wine knowledge index

Changing wine
knowledge +
confidence

Wine confidence index

Some reducing wine knowledge

Changing wine knowledge + confidence

Wine **knowledge** index

Recalled wine knowledge index (0-100) is calculated based on consumer-reported awareness of wine-producing countries, wine-growing regions and wine brands
Base: n>2,000 regular wine drinkers in US, n>1,000 regular wine drinkers in the UK, n=1,000 regular wine drinkers in Japan, n>1,000 regular wine drinkers in the Netherlands

Index change

All US RWD	2015	33.1	-6	2019	27.1
All UK RWD	2017	43.6	0.0	2019	43.6

Index change

All Dutch RWD	2018	35.3	-1.6	2019	33.6
All Brazilian RWD	2018	31.1	-0.8	2019	30.3

% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level

Source: Wine Intelligence Vinitrac® US, 2015-2019 (n>2,000), UK, 2017-2019, (n>1,000), Netherlands, 2018-2019 (n>1,000), Brazil. 2018-2019 (n>1,000)

Steadily increasing wine confidence

Changing wine knowledge + confidence

wine intelligence

Wine **confidence** index

Wine confidence index (0-100) is calculated based on the extent to which consumers feel competent about their wine knowledge

Base: n>2,000 regular wine drinkers in US, n>1,000 regular wine drinkers in the Netherlands, Spain and Brazil

			Index change		
All US RWD	2015	53.8	0.0	2019	53.8
All Spanish RWD	2018	47.4	+1.0	2019	48.4
All Dutch RWD	2018	43.7	+1.0	2019	44.7
All Brazilian RWD	2018	50.3	+1.5	2019	51.8

% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level

Source: Wine Intelligence Vinitrac® US, 2015-2019 (n>2,000), Spain, 2018-2019, (n>1,000), Netherlands, 2018-2019 (n>1,000), Brazil. 2018-2019 (n>1,000)

Reducing brand repertoire, particularly amongst younger drinkers

Changing wine knowledge + confidence

Number of brands **purchased**: by age

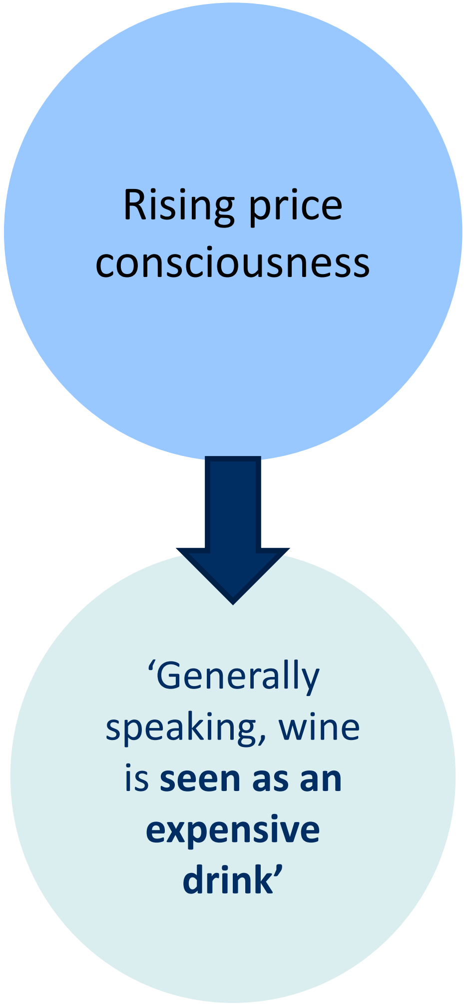
Average number of wine brands purchased in the past 3 months by all regular wine drinkers
Base: n>=2,000 US regular wine drinkers, n>=1,000 UK regular wine drinkers

🇺🇸	2015	Change	2019
21-34	3.6	-1.7	1.9
35-54	3.5	-0.9	2.6
55+	2.6	-0.1	2.5

🇬🇧	2015	Change	2019
21-34	3.4	-0.5	2.9
35-54	3.3	0.6	3.9
55+	3.1	-0.2	2.9

% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level

Source: Wine Intelligence, Vinitrac® Australia, UK and US, '15-'19, (n=1,000) regular wine drinkers in Australia and UK, (n=2,000) regular wine drinkers in the US



Rising price consciousness

‘Generally speaking, wine is **seen as an expensive drink’**

Wine increasingly seen as ‘expensive’ in established and mature markets

Rising price consciousness

Involvement statements: Price perception

% who 'agree' or 'strongly agree' with the following statements
Base: n>=1,000 regular wine drinkers in Canada, Brazil; n>=993 regular wine drinkers in the UK; n>=1,985 regular wine drinkers in the US, n>=700 Russian semi-annual imported wine drinkers

‘Generally speaking, wine is **seen as an expensive drink’**

	Brazil
2019	59%
2018	59%

	Russia
2019	59%
2014	51%

	US
2019	33%
2009	25%

	Canada
2019	34%
2011	30%

	UK
2019	35%
2008	23%

% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® Global, 2008-2019, n>=2,000 regular wine drinkers

Rising visual impact

“The appeal of the bottle and / or label design is important to me when choosing wine”

Rising visual impact

‘The appeal of the bottle and / or label design is important to me when choosing wine’

🇺🇸	2009 33%	+7 points	2019 40%
🇲🇽	2016 50%	+3 points	2019 53%
🇷🇺	2014 35%	+8 points	2019 43%
🇬🇧	2008 21%	+13 points	2019 34%
🇨🇦	2009 30%	+9 points	2019 39%

Source: Wine Intelligence Vinitrac® Russia, 2014-2019 (n>=713), UK 2008-2019 (n>1,000), and US, 2009-2019 (n>2,000) regular wine drinkers and Mexico 2016-2019, (n>=700) semi-annual imported wine drinkers in selected cities

Successful wine brands strike a balance between centrality and distinctiveness

Distinctiveness

The degree to which a brand stands out from others in its category

Unconventional

Brands with unique characteristics that distinguish themselves from traditional products in the category

Aspirational

Brands that are highly differentiated but also have wide appeal

Peripheral

Brands that have little to distinguish themselves and are unlikely to come to mind as a first choice for consumers

Mainstream

Brands that have wide appeal but low distinctiveness

Centrality

The extent to which a brand is representative of the conventions of its category

Dawar, N and Bagga, C, (2015) 'A Better Way to Map Brand Strategy', Harvard Business Review

Successful wine brands strike a balance between centrality and distinctiveness

Wine Intelligence wine label categories in the US market

DISTINCTIVE → **CENTRAL**

Bold Text


Vintage

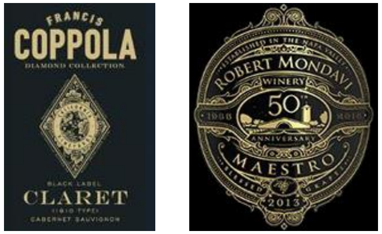

Cartoon Retro


Simple Elegance


Boutique

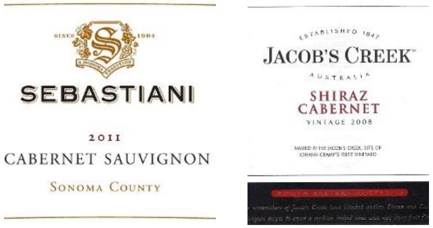

Simple Contemporary


Prestigious

Vineyard Stately


Classic

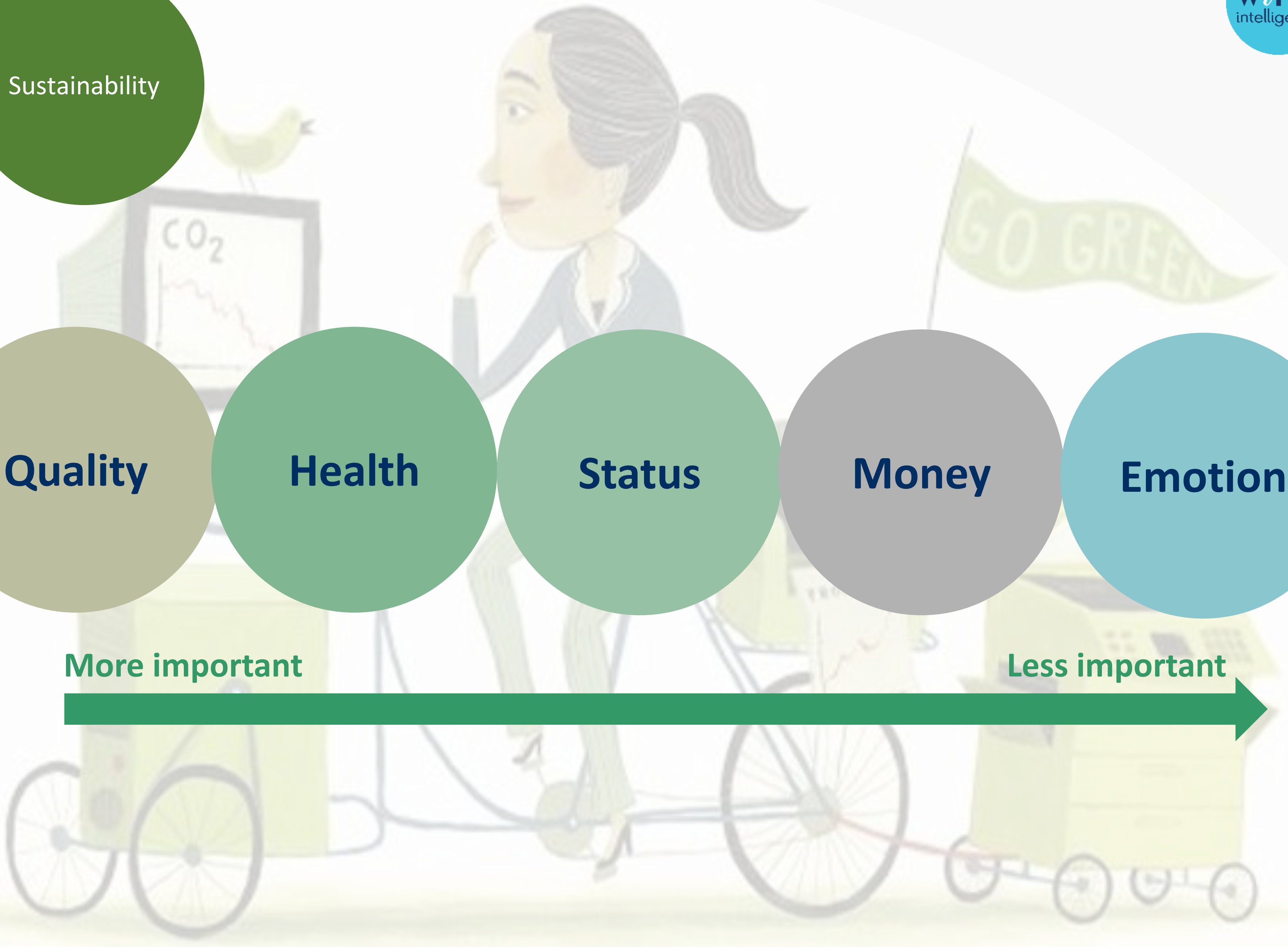



Label likelihood to buy vs. attractiveness

Label likelihood to buy and attractiveness

Analysis of mean likelihood to buy score and mean perception of attractiveness (mean score out of 5, where 1 is very unattractive, and 5 is very attractive)
Base = All US regular wine drinkers (n=2,028)

Source: Wine Intelligence, Vinitrac® US, Dec'16 (n=2,028), US regular wine drinkers



Sustainability

Quality

Health

Status

Money

Emotion

More important

Less important

Sustainability

Which of the following types of wine has the highest likelihood of purchase amongst UK consumers?

‘Environmental production’
- Sustainably-produced wine
- Fairtrade wine
- Carbon neutral winery
- Environmentally-friendly wine
- Organic wine
- Biodynamic wine

SOLA wines

‘Free-from’
- Preservative free wine
- Sulphite free wine
- Vegan wine
- Vegetarian wine

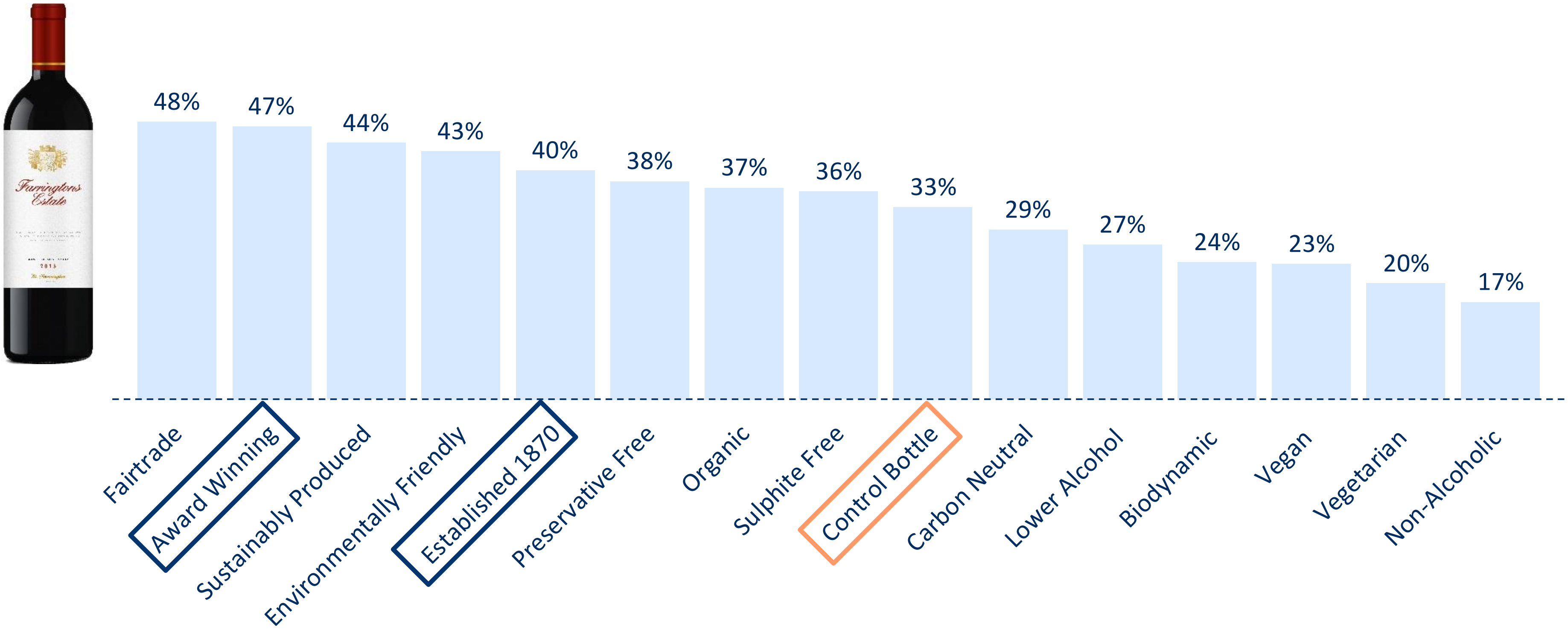
Endorsed
- Award winning winery
- Established in 1870

‘Reduced alcohol’
- Non-alcoholic wine
- Lower- alcohol wine

Sustainability

Intent to purchase, UK 2019

% who would be likely or very likely to purchase the following wines
Base = All UK regular wine drinkers (n=1,000)



Source: Wine Intelligence, Vinitrac® UK, March 2019 (n=1,000), UK regular wine drinkers

Reduced consumer appeal beyond organic and Fairtrade

Sustainability

Alternative wine consideration: By market **'Environmental production'**

% of those who would consider buying the following alternative wine types
Base = Those who have heard of each alternative wine type

Rank	Type of wine	BEL	CAN	FIN	JPN	NLD	SWE	GBR	USA
1st	Organic wine	28%	9%	53%	33%	30%	54%	25%	33%
2nd	Sustainably produced wine	17%	4%	28%	10%	19%	23%	11%	21%
3rd	Fairtrade wine	24%	3%	32%	9%	20%	26%	28%	14%
4th	Environmentally friendly wine	10%	4%	28%	12%	8%	18%	7%	17%
7th	Carbon neutral winery	1%	2%	5%	3%	2%	4%	3%	8%
10th	Biodynamic wine	6%	1%	11%	2%	4%	5%	2%	4%

(Rank out of all 13 alternative wine types, ranked by global weighted opportunity index)

▨ = Consideration by 25% or more of regular wine drinkers

Source: Wine Intelligence, Vinitrac® March 2019 (n=16,704) regular wine drinkers

Less frequent drinkers

Moderation
& wellness

Alcohol content as more important choice cue

Decreasing proportion of very frequent wine drinkers within the wine drinking population

Moderation & wellness

Proportion of regular wine drinkers who drink wine most / every day

	2007	**2019**
🇬🇧	16%	11%⬇
🇩🇪	12%	6%⬇
	2008	**2019**
🇺🇸	14%	10%⬇
	2015	**2019**
🇳🇱	17%	13%⬇
	2017	**2019**
🇰🇷	4%	1%⬇

⬆/⬇: statistically significantly higher / lower than previous wave(s) at a 95% confidence level

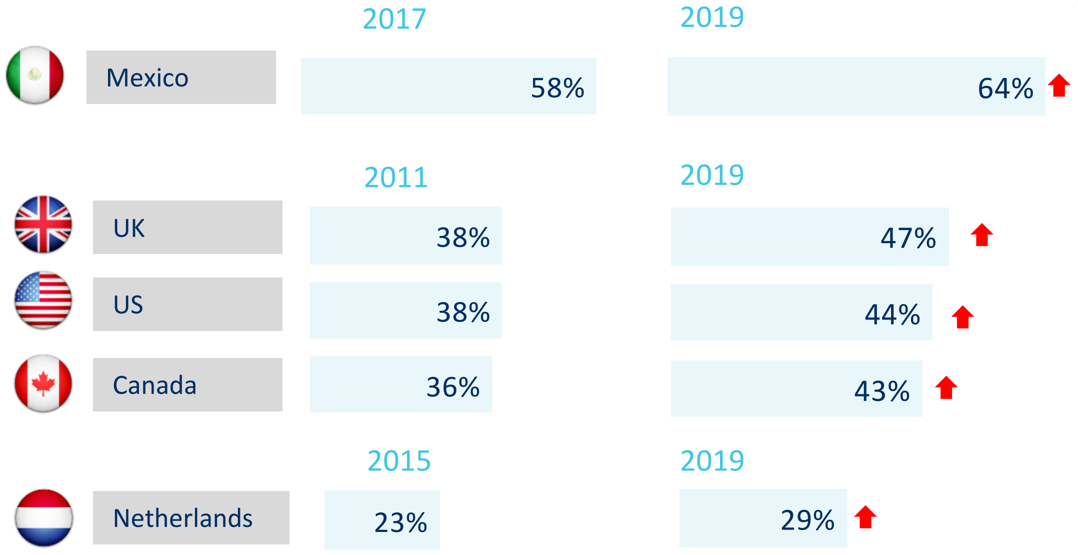
Source: Wine Intelligence, Vinitrac® Germany, 2007-2019, (n>=1,014), UK 2007-2019 (n>=993), US 2008-2019, (n>2,000), Netherlands, 2015-2019 (n>1,008), Netherlands 2015-2018 (n>=1,008) and South Korea 2017-2019 (n>1,000) regular wine drinkers

Alcohol content has become significantly more important

Moderation & wellness

Wine-buying choice cue: Alcohol content

% who indicate ‘alcohol content’ is 'important' or 'very important' when buying wine

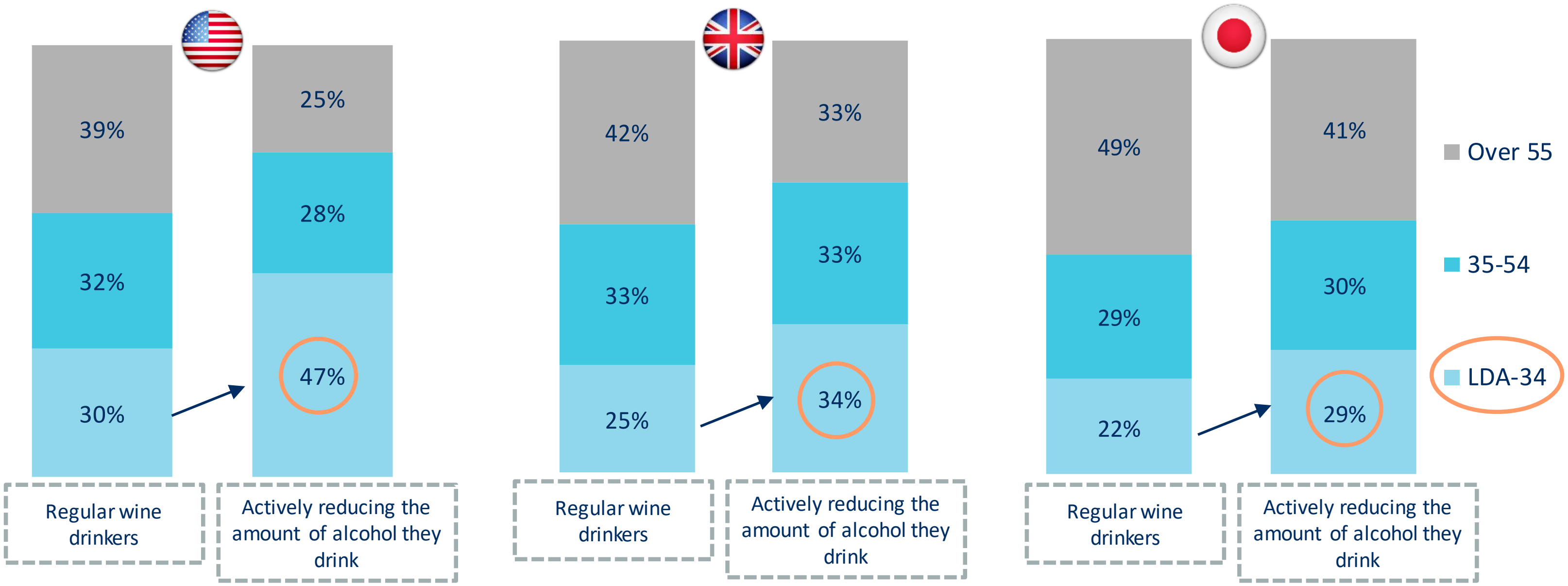


⬆/⬇: statistically significantly higher / lower than previous wave(s) at a 95% confidence level
Source: Wine Intelligence Vinitrac® US, 2011-2011 (n>=1,985), UK, 2011-2019, (n>=1,000), Canada, 2011-2019, (n>1,000) and Netherlands, 2015-2018, (n>1,008), Japan, 2014-2019, (n>=1,000) regular wine drinkers and Mexico 2017-2019 (n>=700) semi-annual imported wine drinkers in selected cities

Moderation led by younger drinkers

Moderation & wellness

Regular wine drinkers who are actively reducing alcohol intake



% who belong to each age group

Source: Wine Intelligence, Vinitrac® UK July 2018 (n=3,000), US July 2018 (n=2,000), Japan Jan 2019 (n=1,008) regular wine drinkers

Insights from the trade

Opportunities and threats

Predictions for the future

Trade prediction: Growth opportunities by wine category

Wine style opportunity index

% of trade who chose the opportunity of growth for each style of wine as ‘high’ or ‘very high’ minus those who chose ‘low’ or ‘very low’
Base: n=296 global wine trade professionals, March – May 2019

Sparkling wine
74.5

Rosé wine
73.8

White wine
64.4

Red wine
58.5

Flavoured wine
50.1

Overall wine style opportunity index
64.3

0 = Extremely low opportunity
50 = Neutral
100 = Extremely high opportunity

Source: Wine Intelligence, Vinitrac® Global, wine trade members across 52 markets (n=294)

Part 2 – Argentinean wine in a global context

Question: Which market has the highest proportion of wine drinkers who are aware of wine from Argentina?

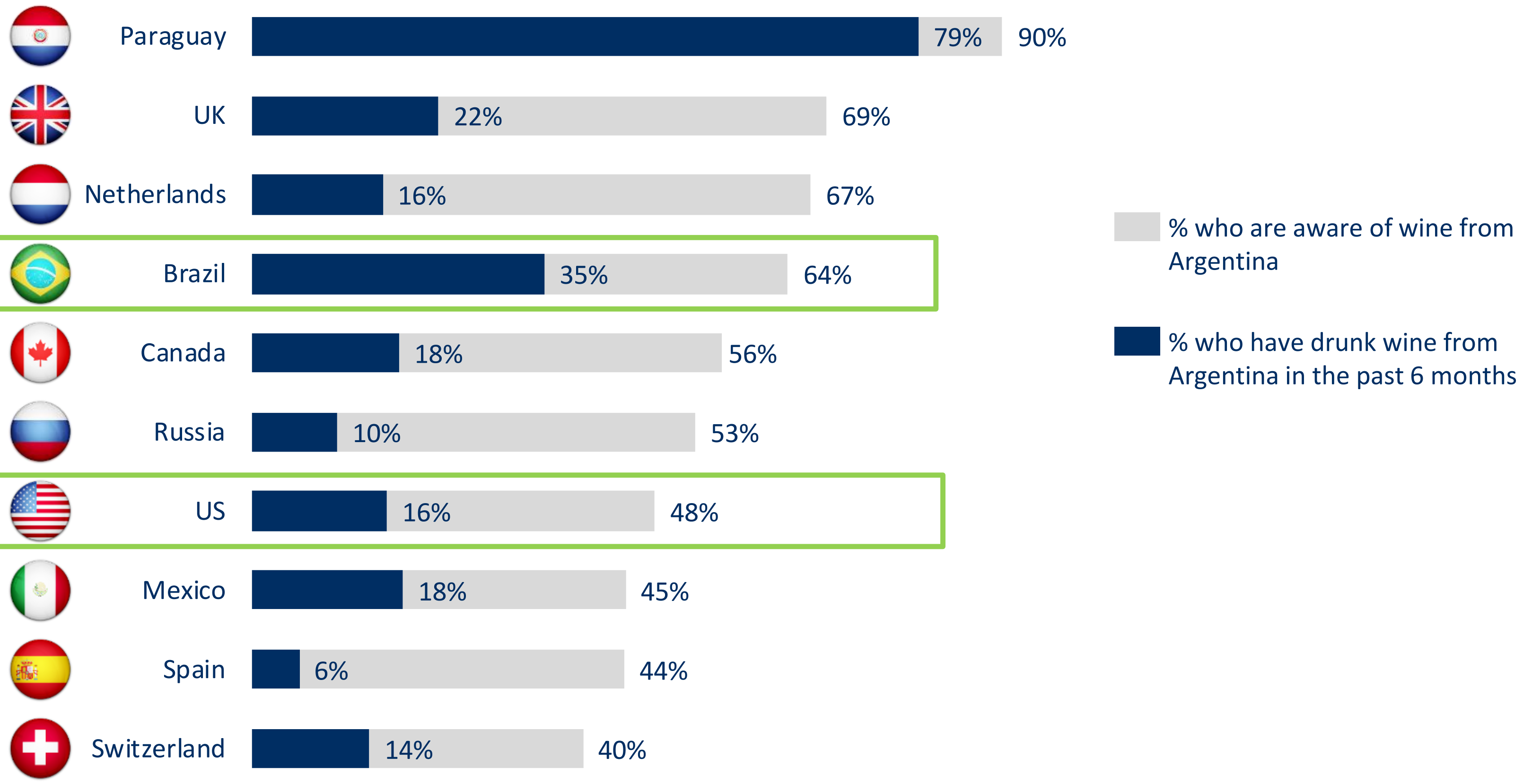
UK	Brazil	Paraguay	US	Switzerland
Netherlands	Mexico	Spain	Canada	Russia

Argentina as a country of origin globally

Awareness and **usage** of Argentinean wine

Base: Regular wine drinkers in each country

Sorted by % awareness of wine from Argentina



Source: Wine Intelligence, Vinitrac®, Multi-market, 2019 data

Question: Which market has the largest number of drinkers of wine from Argentina?

UK

Brazil

Paraguay

US

Switzerland

Netherlands

Mexico

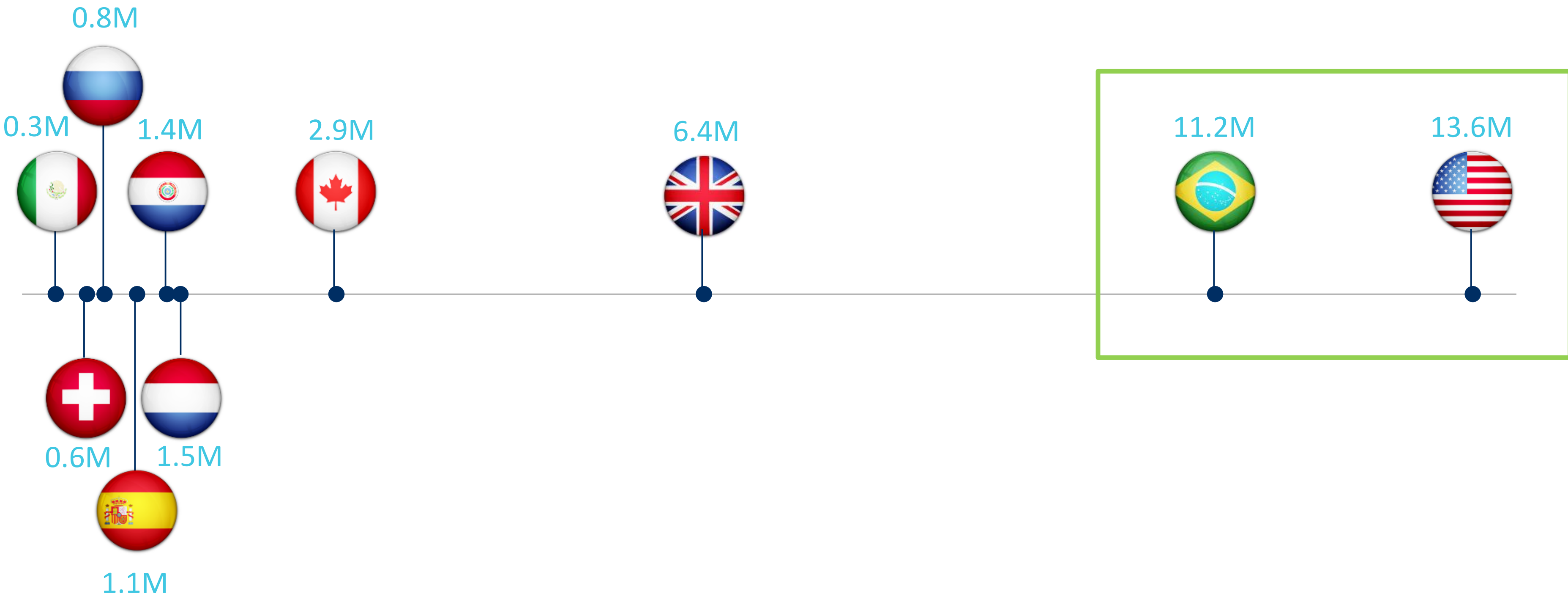
Spain

Canada

Russia

The US and Brazil dominate in terms of the number of drinkers of wine from Argentina

Millions of **drinkers of Argentinean wine** in each market



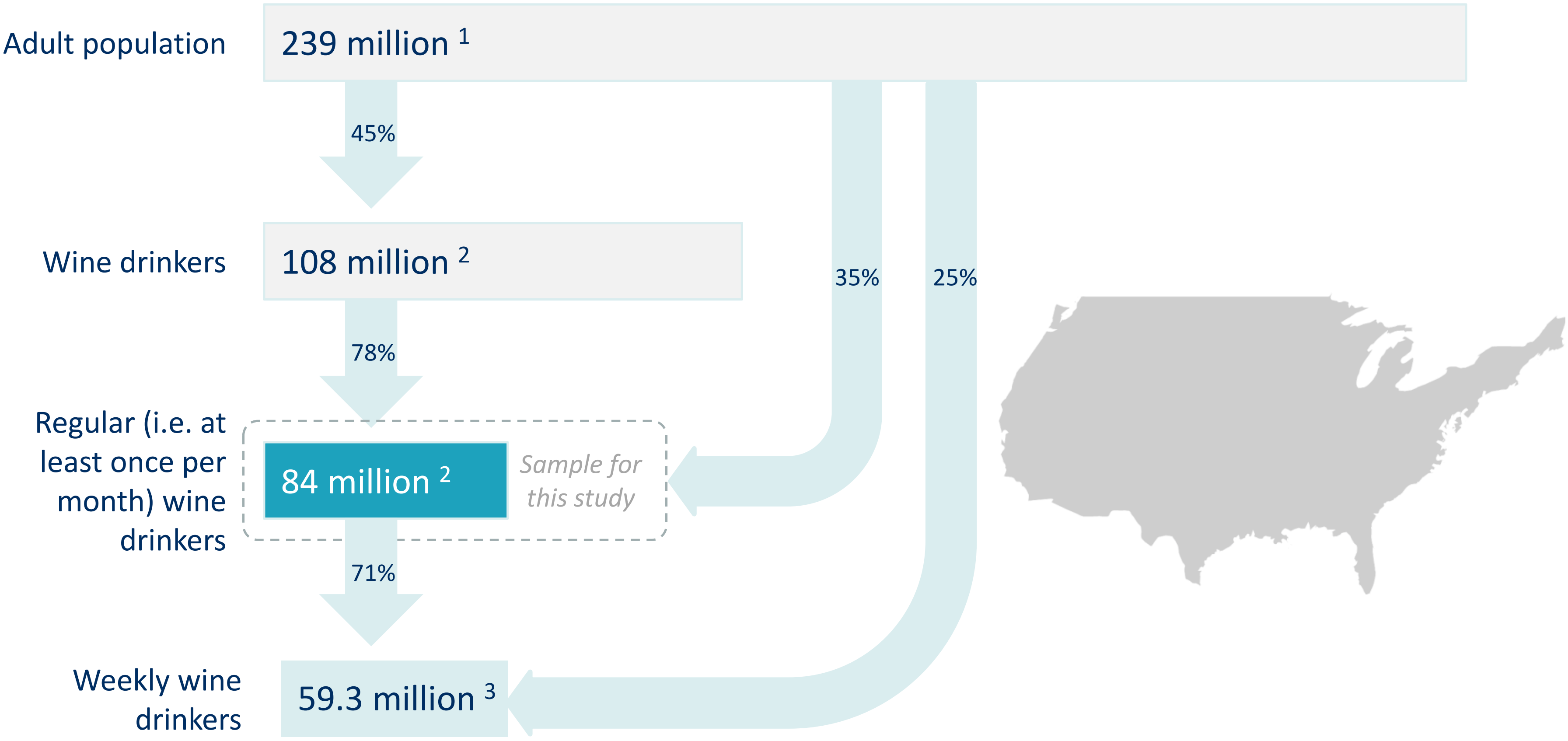
xx million = Number of drinkers of Argentinean wine

Source: Wine Intelligence, Vinitrac®, Multi-market, 2019 data

Part 3 - The US wine market

Overview of the US wine market

The top-down view



Adult population

239 million [1]

45%

Wine drinkers

108 million [2]

78%

Regular (i.e. at least once per month) wine drinkers

84 million [2]

Sample for this study

35%

71%

25%

Weekly wine drinkers

59.3 million [3]

Source: [1] Adults aged 21+, US Census Bureau

[2] Wine Intelligence online calibration studies with YouGov and SSI, September '18, n=2,164 US adults,21+. Wine=still light wine (red, white, rosé), recalibrated to Census Bureau population data

[3] Wine Intelligence, Vinitrac® US, March 2019, n=2,000 US regular wine drinkers

US still wine volumes and price per bottle (total and by country of origin)

Thousands of 9 litre cases	2014	2015	2016	2017	2018	CAGR 14-18	CAGR 17-18	Market share
Total	311,134	314,785	320,251	325,118	326,019	1%	0%	100%
Domestic	232,539	234,152	238,693	242,878	244,579	1%	1%	75%
Imported	78,595	80,634	81,559	82,239	81,440	1%	-1%	25%
Italian	26,580	27,041	27,448	27,909	27,595	1%	-1%	8%
Australian	15,851	15,713	15,570	14,808	14,388	-2%	-3%	4%
French	9,484	10,086	10,514	11,670	12,632	7%	8%	4%
New Zealand	4,370	4,998	5,347	5,680	5,911	8%	4%	2%
Chilean	6,509	6,624	6,621	6,159	5,665	-3%	-8%	2%
Argentinian	6,002	6,139	5,974	5,577	5,245	-3%	-6%	2%
Spanish	4,091	4,166	4,193	4,484	4,131	0%	-8%	1%
German	2,639	2,458	2,314	2,247	2,120	-5%	-6%	1%
Portuguese	1,150	1,325	1,379	1,426	1,501	7%	5%	0%

Other markets not shown here due to low volumes

Source: IWSR 2018

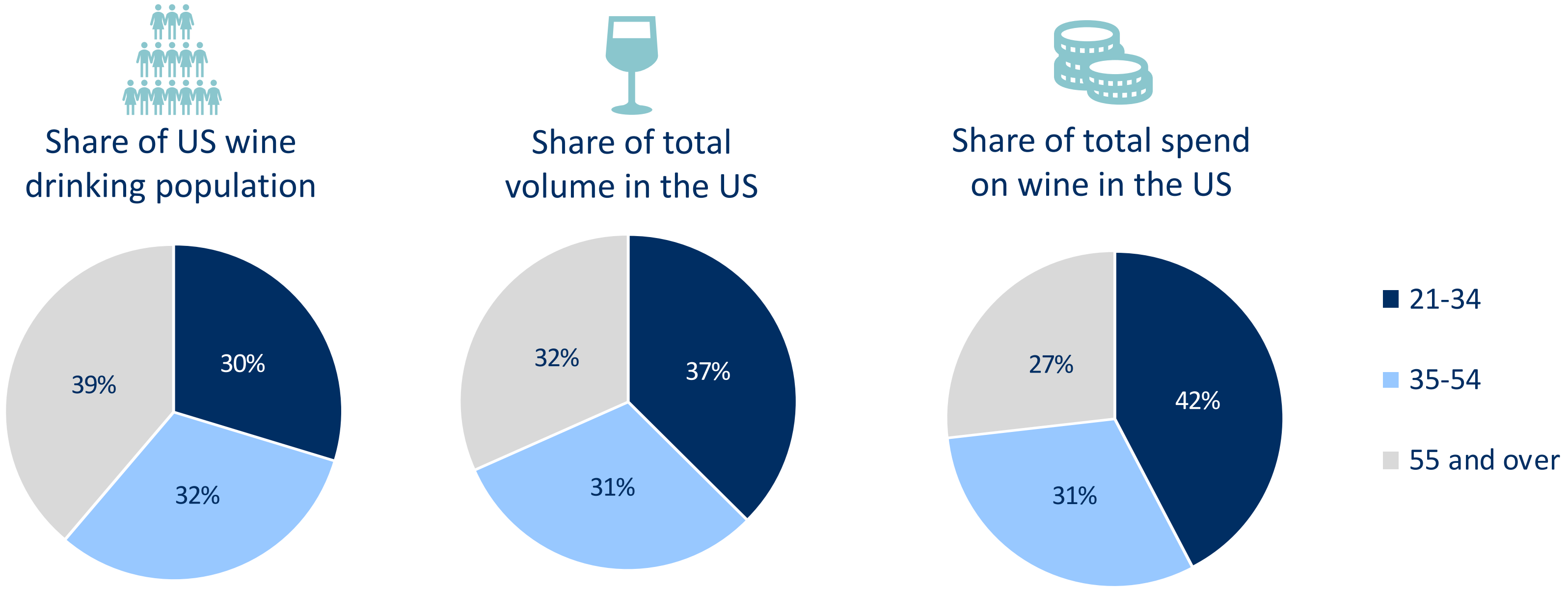
Declining number of Millennial wine drinkers in the US

Million of regular wine drinkers (M)

	2015		**2019**
21-34	28.4M	-3.2M	25.2M
35-54	32.7M	-5.8M	26.9M
55+	26.8	+6M	32.8M
	88 million		**84 million**

Source: Wine Intelligence, Vinitrac® US. 2009-2019, n>=2,000 US regular wine drinkers, Wine Intelligence 2009 & 2018 calibration studies

Millennial wine drinkers spend $4 in every $10 spent on wine in the US



Source: Wine Intelligence, Vinitrac® US, March 2019, n=2,000 US regular wine drinkers,

US consumers are trading up in terms of spend on wine

Typical spend in the off-trade

% who typically spend the following amount on a bottle of wine in the off-trade
Base = All US regular wine drinkers (n>=2,000)

	2009	2019
Under $5	2%	2%
Between $5 and $9.99	29%	25%
Between $10 and $14.99	44%	37%
Between $15 and $19.99	18%	22%
$20 or more	7%	12%

% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® US, March 2019, n=2,000 US regular wine drinkers,

1 in 4 US wine consumers drink Malbec

Varietal consumption

% who have drunk the following varietals or wine types in the past 6 months
Base = All US regular wine drinkers (n>=1,033)

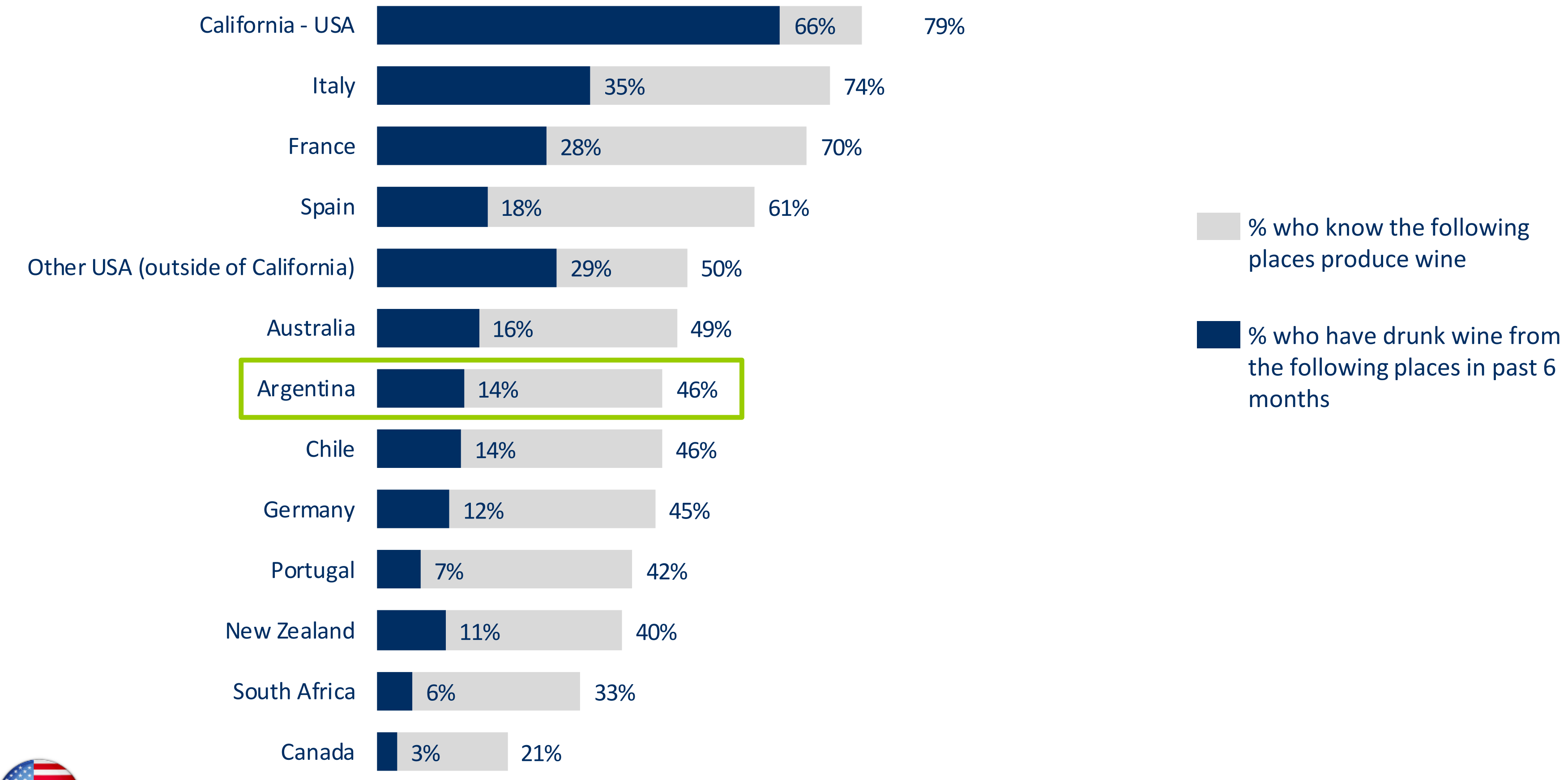
Red varietal consumption	2009	2019
n=	*2,057*	*2,000*
Merlot	68%	49%
Cabernet Sauvignon	56%	48%
Pinot Noir	44%	43%
Red blend	n/a	34%
Zinfandel	46%	32%
Malbec	9%	25%
Shiraz / Syrah	35%	21%
Sangiovese	9%	11%
Tempranillo	4%	9%
Grenache / Garnacha	7%	6%
Pinotage	4%	5%
Gamay	3%	5%
Carménère	4%	5%

% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® US, 2009-2019, n>=1,033 US regular wine drinkers,

Half of US wine consumers have heard of Argentinean wine

Country of origin health

Base = All US regular wine drinkers (n>=2,000)

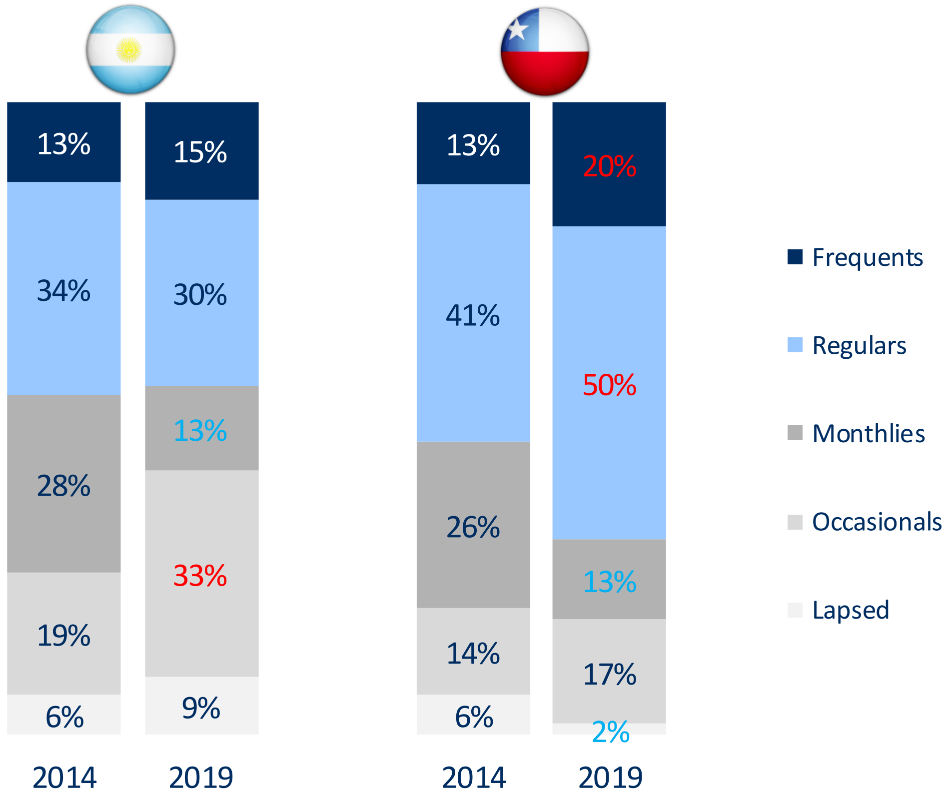


Source: Wine Intelligence, Vinitrac® US, March 2019, n=2,000 US regular wine drinkers,

Wine from Chile is consumed more frequently than before

Country of origin – Consumption frequency

% who have consumed wine from the following countries at the following frequency
Base = US premium wine drinkers who have drunk wine from the following places in the past 6 months



	Argentina 2014	Argentina 2019	Chile 2014	Chile 2019
Frequents	13%	15%	13%	20%
Regulars	34%	30%	41%	50%
Monthlies	28%	13%	26%	13%
Occasionals	19%	33%	14%	17%
Lapsed	6%	9%	6%	2%

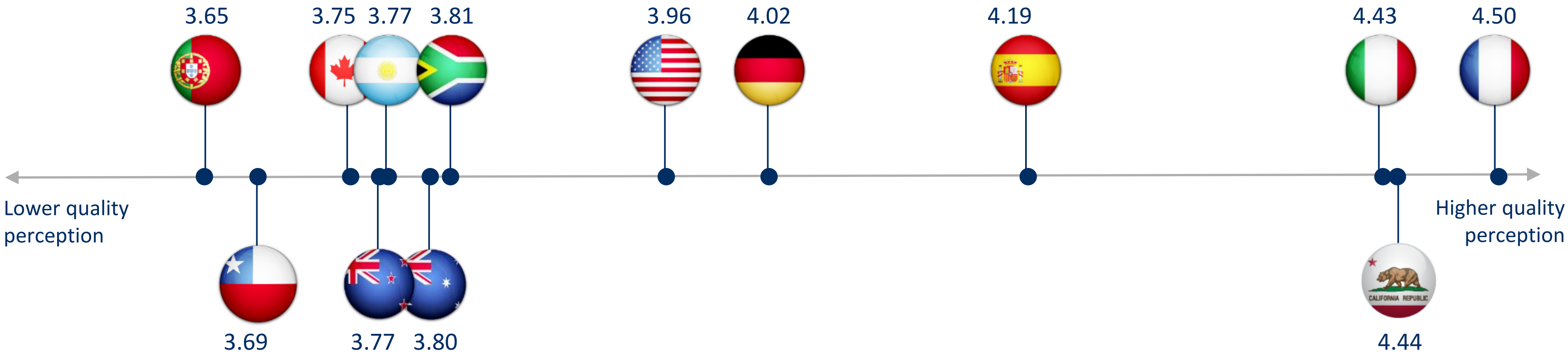
% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® US, 2014 - 2019, >= 605 US premium wine drinkers,

France, Italy and California have highest perceived quality in the US

Country of origin - Quality perception

Average perception of quality of each country of origin on a scale from 1 = very low quality to 5 = very high quality

Base = US premium wine drinkers who have drunk wine from the following places in the past 6 months



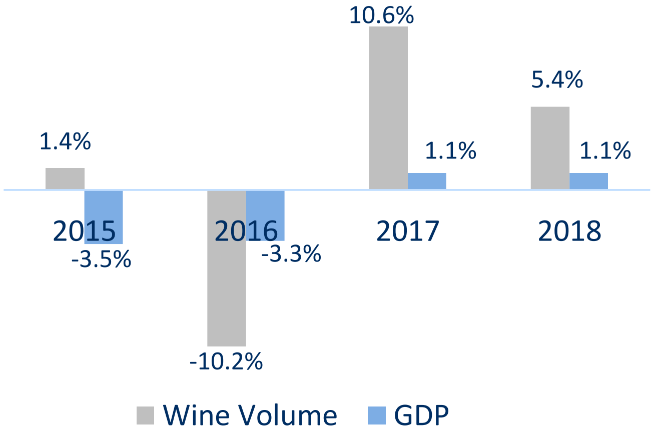
Source: Wine Intelligence, Vinitrac® US, March 2019, n=2,000 US regular wine drinkers,

Part 4 - The Brazilian wine market

Brazilian market volumes & shares

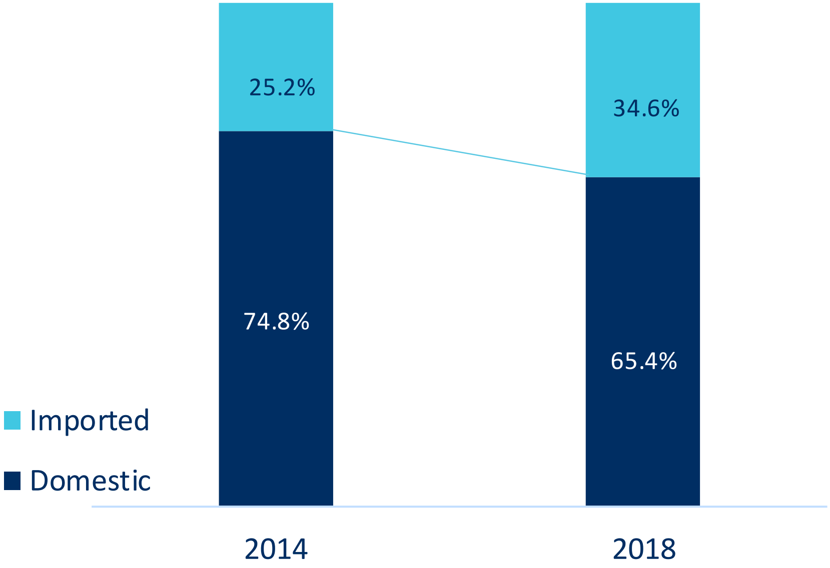
Wine market volumes vs GDP

% growth vs previous year



Imported vs domestic market share

% market share - volume



Sources: Brazil Statistics Institute (IBGE), Feb 2019; Ideal Consulting

Overview of the Brazilian wine market

The top-down view

Adult population (18-64 years)

121 million[1]

54%

Wine drinkers

66 million[2]

49%

26%

Regular wine drinkers (i.e. at least once a month)

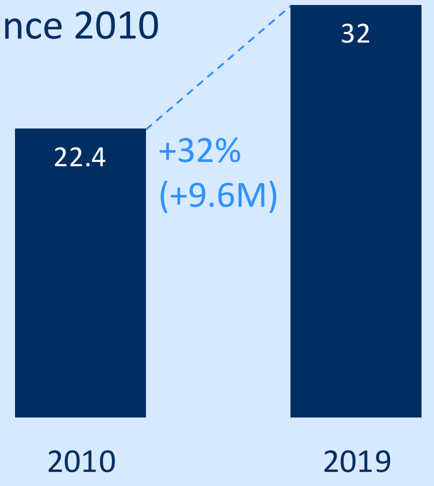
32 million [2]

26%[3]

Online wine shoppers (past 6 months)

8 million

The number of regular wine drinkers in Brazil has increased since 2010



Sources:
1 IBGE, Census 2010
2 Wine Intelligence online calibration study, October 2017, n=946 Brazilian adults 18-64 years
3 Wine Intelligence, Vinitrac® Brazil, Oct '17, n=1,000 Brazilian regular wine drinkers

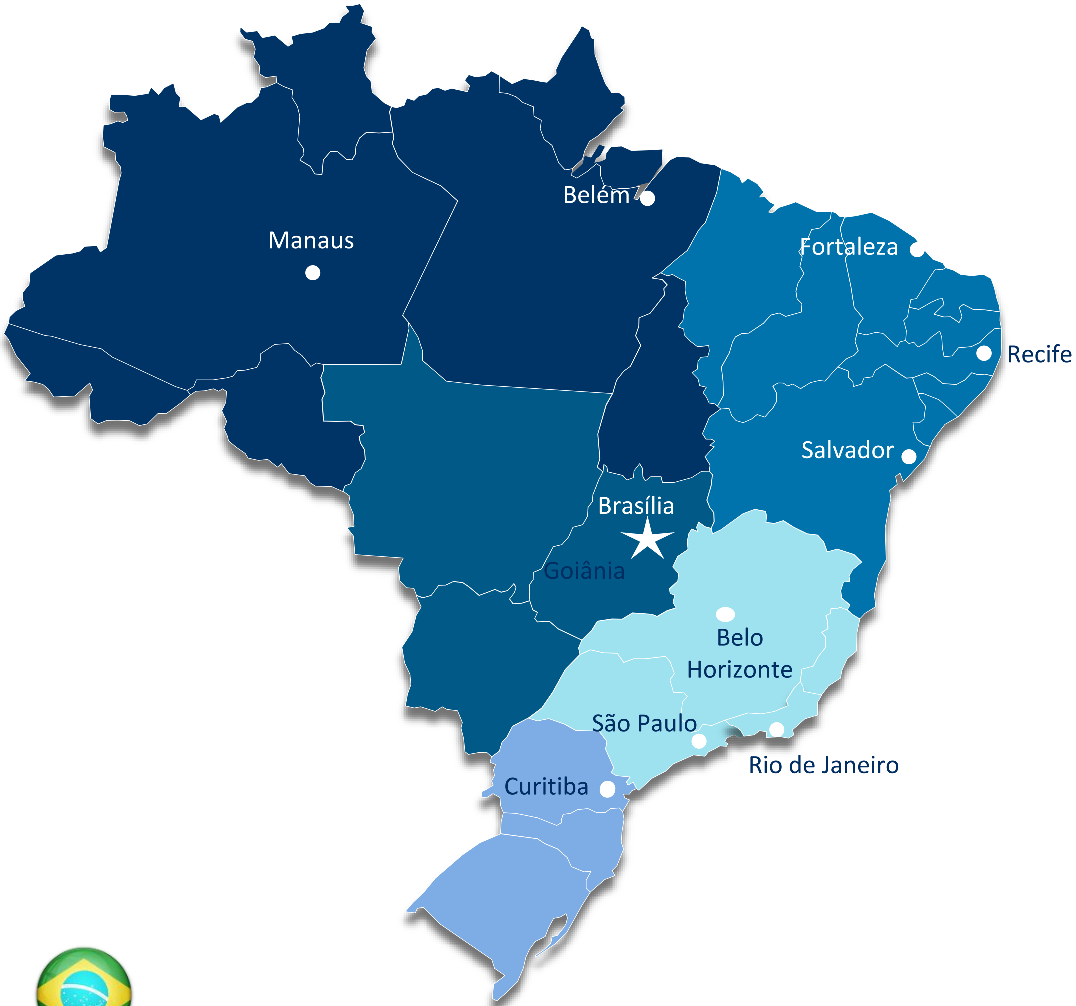
Brazil still wine volumes and price per bottle (total and by country of origin)

Thousands of 9 litre cases	2014	2015	2016	2017	2018	CAGR 14-18	CAGR 17-18	Market share
Total	33,521	34,078	29,784	32,378	33,721	0%	4%	100%
Domestic	25,135	25,514	20,676	21,129	21,511	-4%	2%	64%
Imported	8,386	8,564	9,108	11,249	12,210	10%	9%	36%
Chilean	3,852	4,090	4,635	5,358	5,657	10%	6%	17%
Portuguese	1,060	1,071	1,083	1,553	1,886	15%	21%	6%
Argentinian	1,449	1,378	1,406	1,521	1,695	4%	11%	5%
Italian	945	905	841	1,154	1,270	8%	10%	4%
Spanish	314	333	359	585	616	18%	5%	2%
French	392	408	414	603	545	9%	-10%	2%
Uruguayan	123	134	141	183	222	16%	21%	1%
South African	82	79	71	119	136	13%	15%	0%
US	93	87	77	87	90	-1%	3%	0%
Australian	33	41	46	43	45	8%	5%	0%
International	18	15	13	20	21	5%	5%	0%
German	13	11	12	11	13	-1%	16%	0%

Other markets not shown here due to low volumes

Source: IWSR 2018

Brazil at a glance: Geography and Wine Drinking Population



Region	% adult population	% RWD pop.	Absolute difference
North	9%	5%	+4%
Northeast	28%	28%	0%
Center / West	8%	6%	+2%
Southeast	42%	46%	-4%
South	14%	15%	-1%

- ■ **North**: Acre, Amapá, Amazonas, Pará, Rondônia, Roraima and Tocantins
- ■ **Northeast**: Alagoas, Bahia, Ceará, Maranhão, Paraíba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe
- ■ **Center / West**: Distrito Federal, Goiás, Mato Grosso and Mato Grosso do Sul
- ■ **Southeast**: Espírito Santo, Minas Gerais, Rio de Janeiro and São Paulo
- ■ **South**: Paraná, Rio Grande do Sul and Santa Catarina
- ● **Top 12 cities by number of inhabitants**

IBGE, Census 2010, Ideal Consulting, Wine Intelligence Brazil / Winext
Source: Wine Intelligence, Vinitrac® Brazil, January + July 2018 and January 2019, n>=1,402 Brazilian regular wine drinkers

What do they drink?

Top alcoholic beverages

% who have drunk the following beverages in the past 12 months

Red wine	Beer	White wine	Vodka	Sparkling Wine from Brazil
90%)	82%	52%	46%	43%

Top red varietals

% who have drunk the following varietals in the past 6 months

1	**Merlot**	48%
2	**Malbec**	47%
3	**Cabernet Sauvignon**	46%
4	**Pinot Noir**	30%
5	**Carménère**	27%

Top white varietals

% who have drunk the following varietals in the past 6 months

1	**Chardonnay**	38%
2	**Sauvignon Blanc**	35%
3	**Moscato**	32%
4	**Pinot Grigio / Pinot Gris**	18%
5	**Riesling**	16%

( ): 2018 data

⬆ / ⬇ : statistically significantly higher / lower than previous wave at a 95% confidence level

Source: Wine Intelligence, Vinitrac® Brazil, January + July 2018 and January 2019, n>=1,402 Brazilian regular wine drinkers

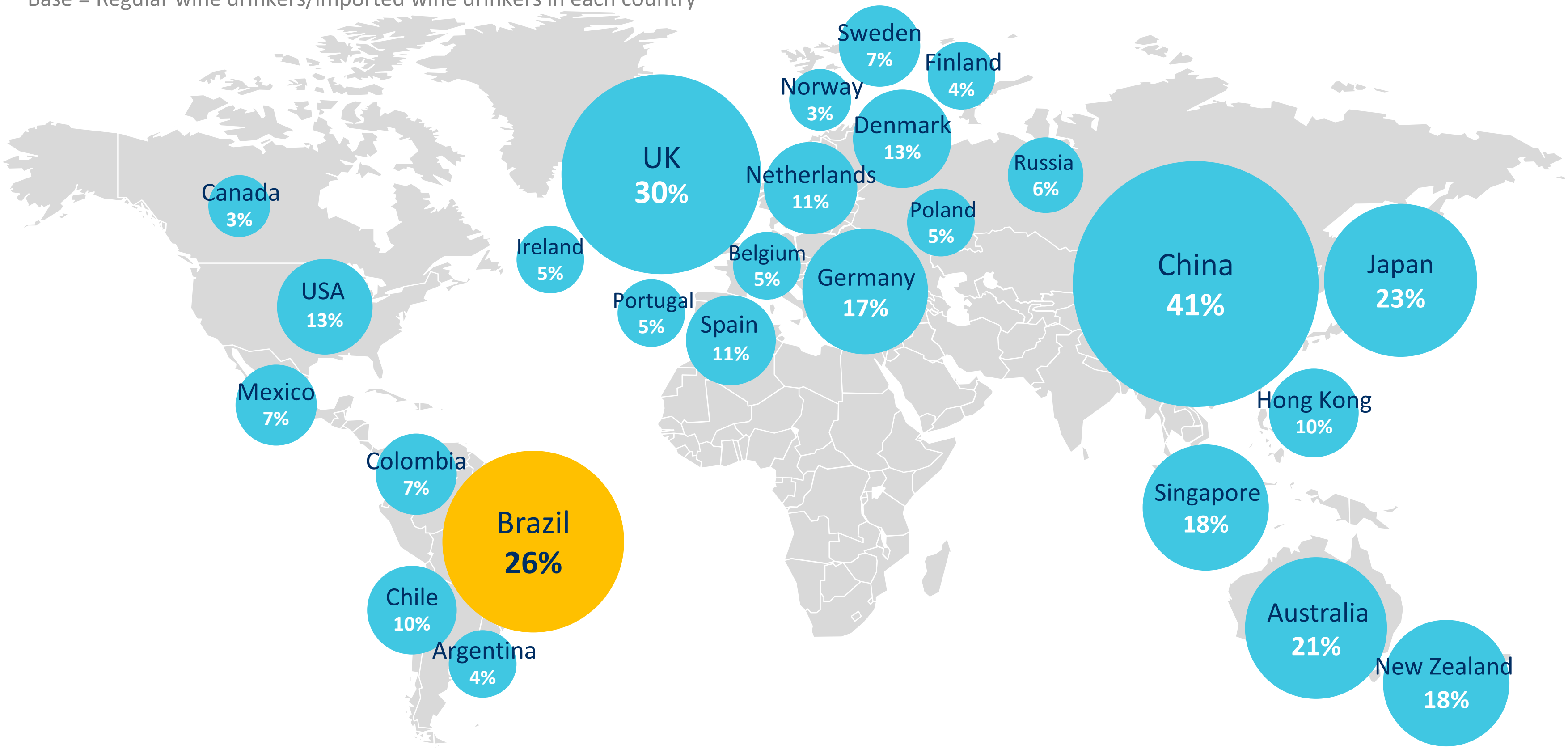
Brazil has one of the biggest share of online drinkers

% of online wine purchasing in a global context

Online wine purchase amongst regular wine drinkers

% who have purchased wine online in the past 6 months

Base = Regular wine drinkers/imported wine drinkers in each country



Source: Wine Intelligence, Vinitrac® studies in all stated markets in 2017 and 2018 and 2014 (Russia)

Younger wine drinkers still underrepresented

	All adults	RWD
21-24	7%	8%
25-44	36%	36%
45-54	18%	18%
55+	39%	39%

All adults	RWD	
20%	16%	18-24
49%	54%	25-44
18%	19%	45-54
12%	11%	55+

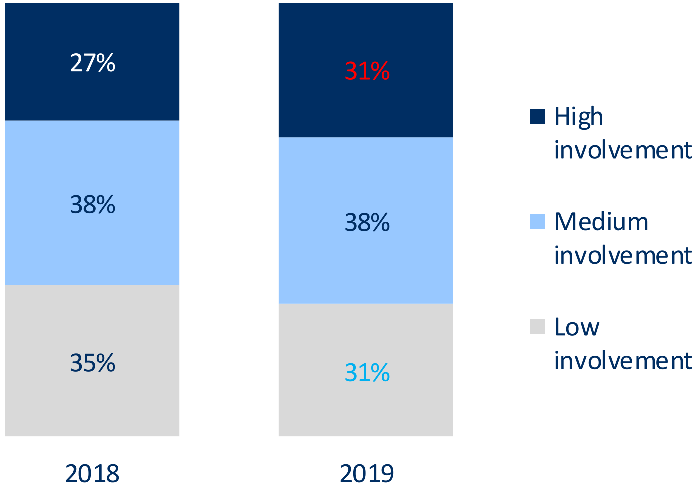
Sources:

- US Census Bureau Census – 2008-2017 estimates; IBGE, Census 2010
- Wine Intelligence estimates based on online calibration studies with YouGov, Jul'15, n=2,028 US adults, 21+, Wine=still light wine (red, white, rosé), recalibrated to Census Bureau population data; IBGE October 2017, n=946 Brazilian adults 18-64 years

Brazilian wine drinkers are getting more involved in the category

Wine involvement

Base = All Brazilian regular wine drinkers (n>=1,402)



Involvement and perceived expertise in wine: Tracking

% who 'agree' or 'strongly agree' with the following statements
Base = All Brazilian regular wine drinkers (n>=1,402)

	2018	2019
Drinking wine gives me pleasure	91%	92%
I always look for the best quality wines I can get for my budget	89%	90%
Deciding which wine to buy is an important decision	84%	84%
I have a strong interest in wine	83%	83%
I like to take my time when I purchase a bottle of wine	67%	73%
Wine is important to me in my lifestyle	69%	72%
Generally speaking, wine is reasonably priced	66%	68%
Generally speaking, wine is an expensive drink	59%	59%
Compared to others, I know less about the subject of wine	57%	58%
I feel competent about my knowledge of wine	46%	52%
I don’t understand much about wine	39%	40%

🡅 / 🡇 : statistically significantly higher / lower than previous wave at a 95% confidence level

Source: Wine Intelligence, Vinitrac® Brazil, January + July 2018 and January 2019, n>=1,402 Brazilian regular wine drinkers

Younger consumers are less involved than older wine drinkers

Involvement and perceived expertise in wine: By age

% who 'agree' or 'strongly agree' with the following statements
Base = All Brazilian regular wine drinkers (n=1,402)

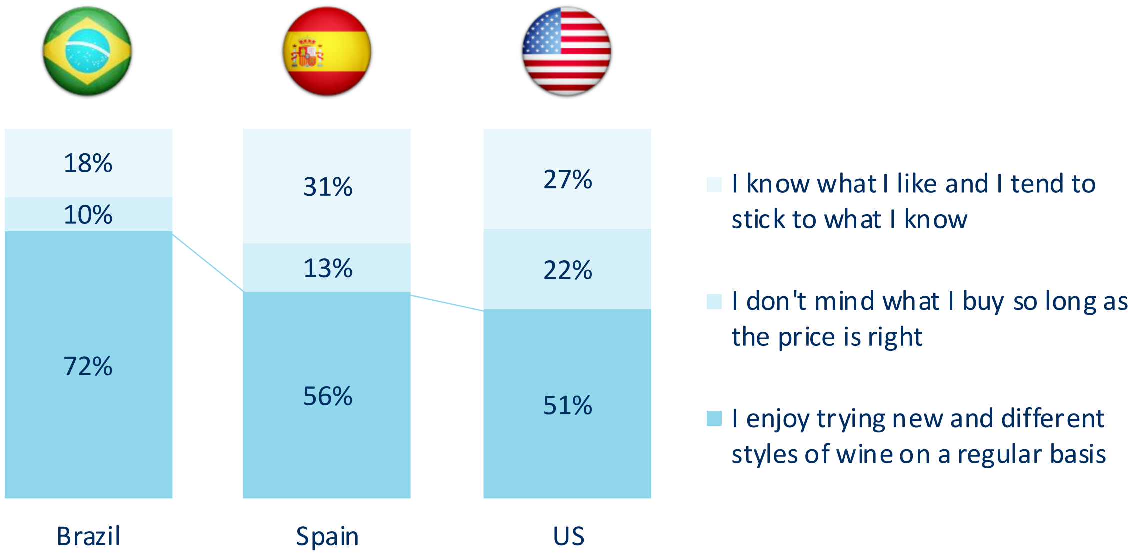
		Age groups				
	All regular wine drinkers	18-24	25-34	35-44	45-54	55 and over
n=	*1,402*	*224*	*421*	*336*	*266*	*154*
Drinking wine gives me pleasure	92%	86%	91%	96%	94%	96%
I always look for the best quality wines I can get for my budget	90%	84%	89%	89%	93%	94%
Deciding which wine to buy is an important decision	84%	75%	83%	85%	89%	87%
I have a strong interest in wine	83%	75%	83%	86%	85%	84%
I like to take my time when I purchase a bottle of wine	73%	62%	73%	76%	79%	71%
Wine is important to me in my lifestyle	72%	65%	74%	76%	74%	69%
Generally speaking, wine is reasonably priced	68%	70%	69%	70%	66%	63%
Generally speaking, wine is an expensive drink	59%	56%	59%	60%	62%	56%
Compared to others, I know less about the subject of wine	58%	54%	57%	59%	56%	65%
I feel competent about my knowledge of wine	52%	50%	56%	53%	49%	48%
I don’t understand much about wine	40%	37%	36%	40%	45%	46%

Red / Blue: statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level
Source: Wine Intelligence, Vinitrac® Brazil, January 2019, n=1,402 Brazilian regular wine drinkers

Highly experimental wine drinkers in Brazil

Attitude towards wine: Country comparison

Base = All Brazilian regular wine drinkers (n=1,402)



Source: Wine Intelligence, Vinitrac® Brazil and US, January 2019, n>=1,000 Brazilian regular wine drinkers and US regular wine drinkers. Wine Intelligence, Vinitrac®Spain, January 2019, n=1,002 Spanish regular wine drinkers

Brazilian consumers have increased their average spend on wine

Average spend per bottle (in R$)

Average spend per bottle
Base = Those who drink wine on each occasion

In the off-trade

	2018	2019
A relaxing drink at the end of the day at home	37.9	39.4
With an informal meal at home	36.4	38.4
With a more formal dinner party at home	47.4	49.7
At a party / celebration at home	45.4	47.7
As a gift for somebody to drink at home	57.1	58.0

In the on-trade

	2018	2019
A relaxing drink out at the end of the day	57.0	59.8
With an informal meal in a pub / bar / restaurant	60.3	64.3
With a more formal dinner in a restaurant	76.4	79.9
At a party / celebration / big night out	69.5	72.3

% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® Brazil, January 2019, n=1,402 Brazilian regular wine drinkers,

Specialised wine or Deli stores are decreasing

Wine-buying channel usage: Tracking

% who have bought wine from the following channels in the past 6 months
Base = All Brazilian regular wine drinkers (n>=1,402)

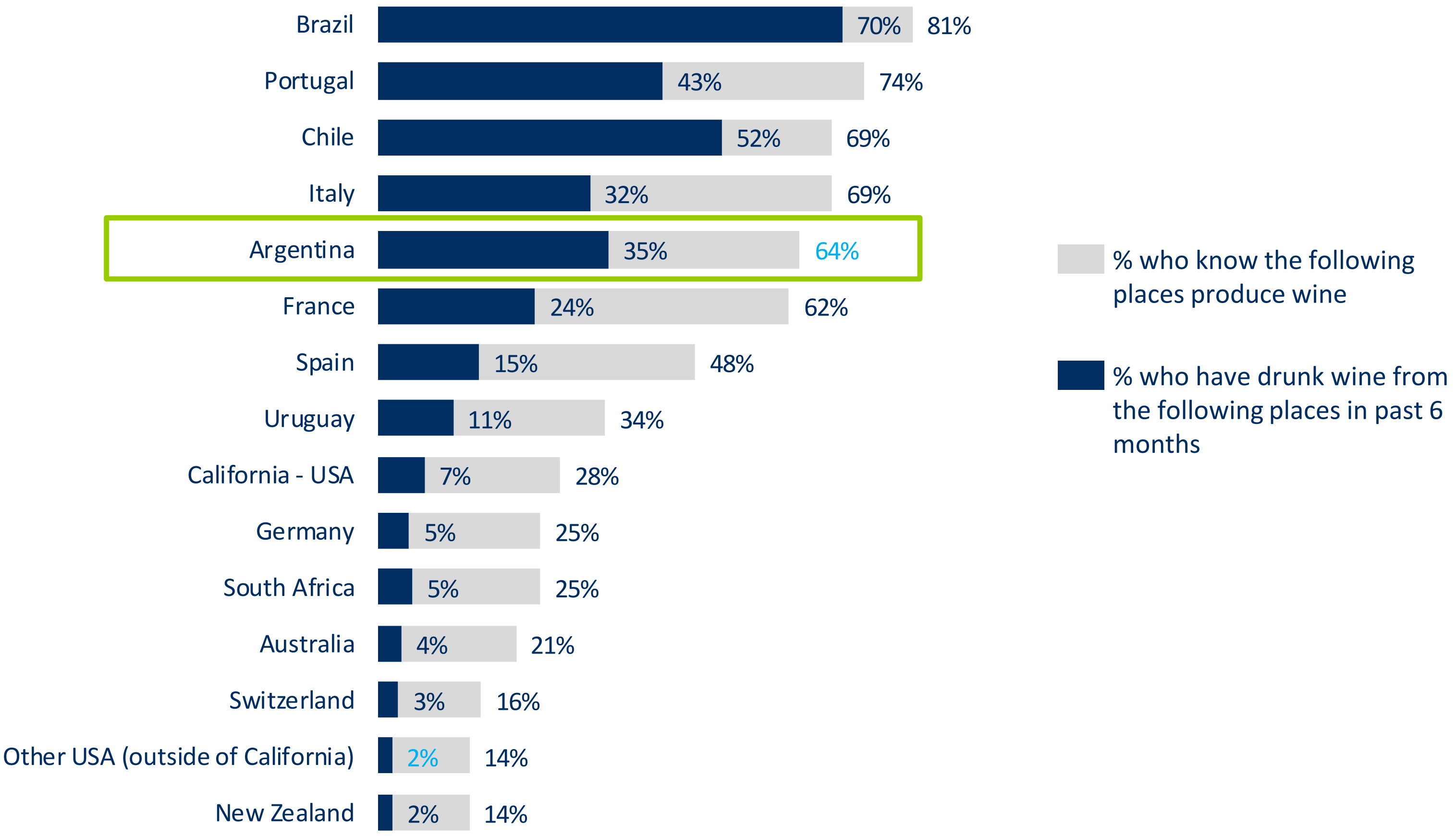
Rank in 2019	Wine-buying channel usage	2018	2019
	n=	*1,880*	*1,402*
1	Supermarkets (Hypermarkets)	79%	79%
2	Shop specialised in wine or alcohol	34%	31%
3	On the Internet	29%	26%
4	Convenience stores	24%	25%
5	Deli stores (Emporio)	29%	24%
6	From atacarejo	22%	20%
7	Wine clubs	15%	16%
8	Duty free	12%	12%
9	From the winery direct	14%	11%
10	Direct from importers (through their stores or over the phone, catalogue)	7%	6%
	Other	2%	2%

⬆ / ⬇ : statistically significantly higher / lower than previous wave at a 95% confidence level
Source: Wine Intelligence, Vinitrac® Brazil, January + July 2018 and January 2019, n>=1,402 Brazilian regular wine drinkers

Argentina is 5th most known country of origin in Brazil

Country of origin health – Tracking

Base = All Brazilian regular wine drinkers (n>=1,402)



% / % : statistically significantly higher / lower than previous wave(s) at a 95% confidence level

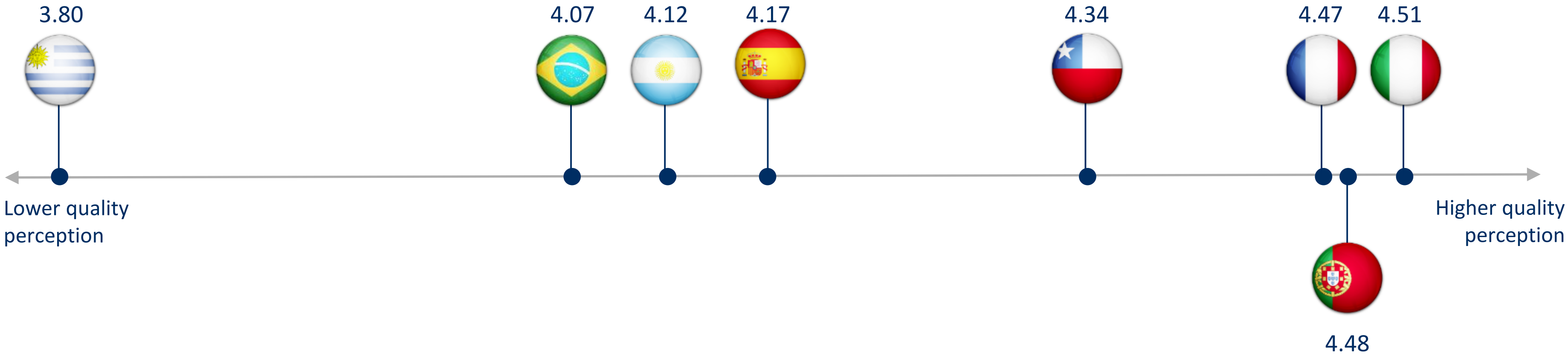
Source: Wine Intelligence, Vinitrac® Brazil, January 2019, n=1,402 Brazilian regular wine drinkers,

Italy, Portugal and France have the highest perceived quality in Brazil

Country of origin - Quality perception

Average perception of quality of each country of origin on a scale from 1 = very low quality to 5 = very high quality

Base = Brazilian regular wine drinkers who have drunk wine from the following places in the past 6 months



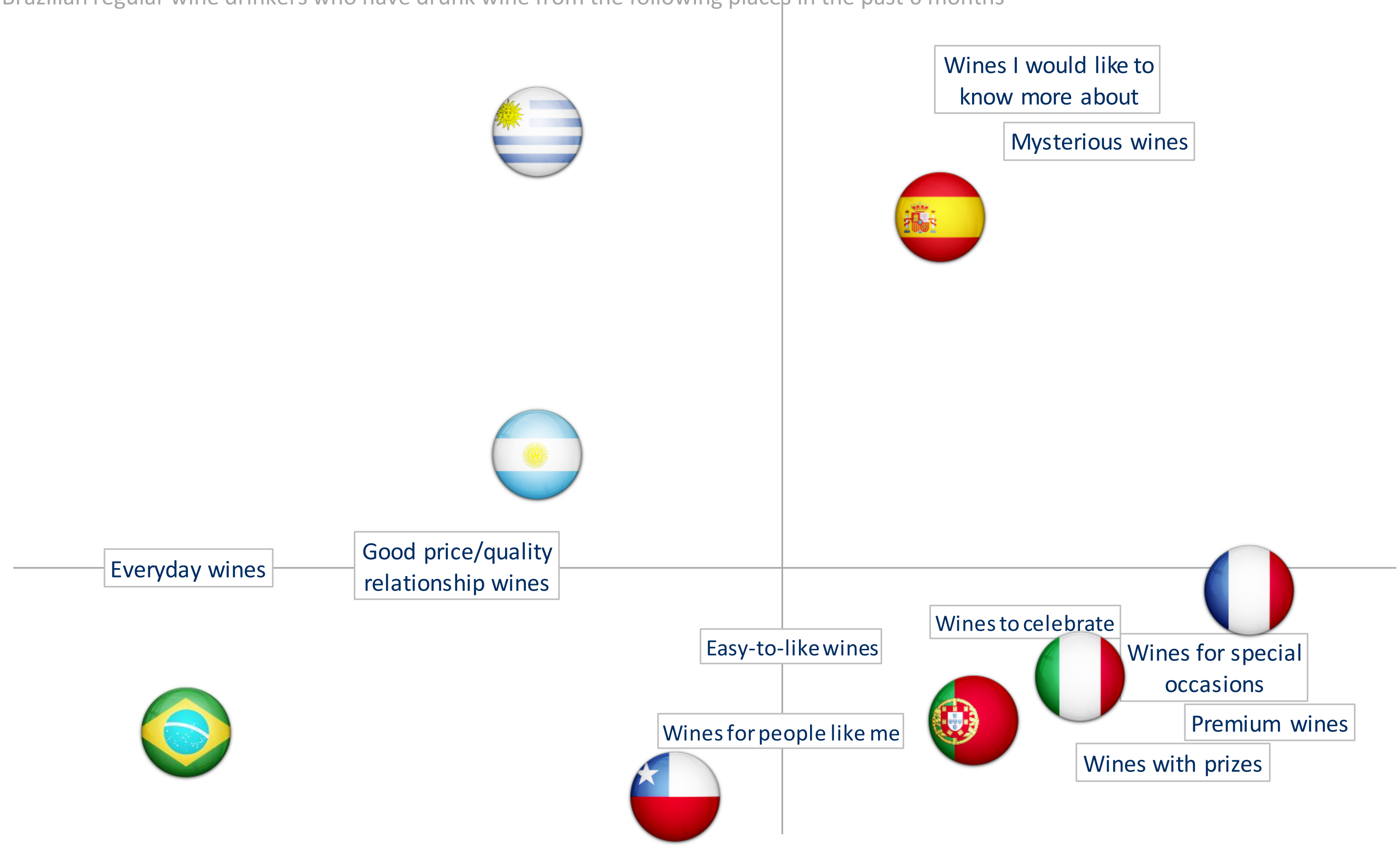
Source: Wine Intelligence, Vinitrac® Brazil, January 2019, n=1,402 Brazilian regular wine drinkers,

Argentinean wine is perceived as a wine with a good price/quality relationship in Brazil

Country of origin – imagery perception

% who feel like the following statements definitely describe the wines from the following places

Base = Brazilian regular wine drinkers who have drunk wine from the following places in the past 6 months

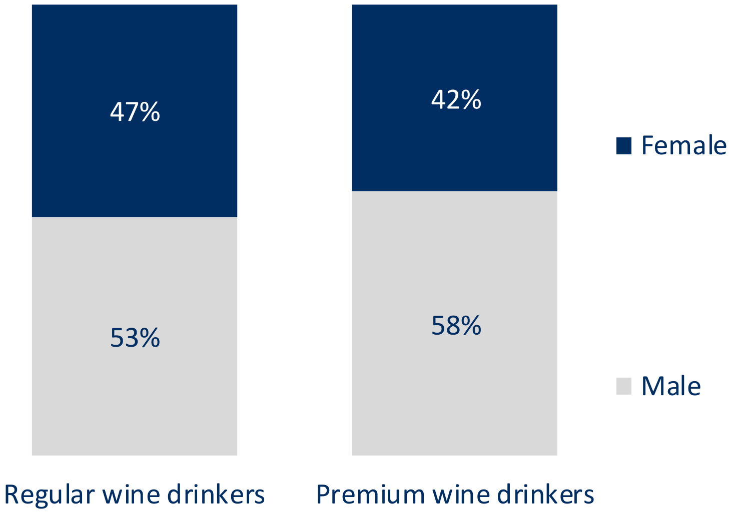


Source: Wine Intelligence, Vinitrac® Brazil, January 2019, n=1,402 Brazilian regular wine drinkers,

Premium wine drinkers in Brazil

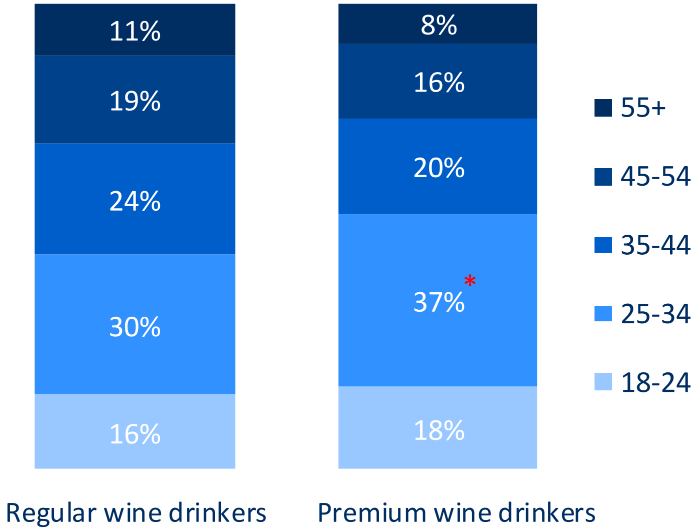
Gender distribution of premium wine drinkers in Brazil

Base = Premium wine drinkers (n= 350)



Age distribution of premium wine drinkers in Brazil

Base = Premium wine drinkers (n= 350)



* / *: statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

*Premium wine drinkers in Brazil: 25% of all Brazilian regular wine drinkers who spend the most on wine in the off-trade

Source: Wine Intelligence, Vinitrac® Brazil, January 2019, n=1,402 Brazilian regular wine drinkers

For more information about Wine Intelligence please contact us:

Wine Intelligence
109 Maltings Place
169 Tower Bridge Road
London
SE1 3LJ

Telephone: +44 (0)20 7378 1277
Email: info@wineintelligence.com
Web: www.wineintelligence.com
Follow us:

ARGENTINA
BREAKING
NEW
GROUND
SERIES

MUCHAS GRACIAS

WINES OF ARGENTINA

Agencia Argentina
de Inversiones
y Comercio Internacional

wine intelligence