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Sustainably Produced Wines

A U.S. Trade and Consumer Perspective

Christian Miller

Full Glass Research

May 21st 2021



Full Glass Research

Description of Research & Data Sources



- Wine Market Council March 2018 online consumer survey, price test & discussion group:
 - N = 1,159
 - High Frequency wine drinkers (weekly+), 43% Female, 24% under 40, 45% 40-59, 31% 60+



- Full Glass Research for California Sustainable Winegrowing Alliance, October 2019 online survey & discussion group using Wine Opinions panel:
 - N = 425 (328 in import/wholesale/retail tiers)
 - 24% Importer/Wholesale/Broker, 35% On-premise retail, 34% Off-premise retail



- Wine Intelligence online consumer surveys March 2019 & January 2020 on health and environmental aspects of wine.
 - N = 2,000
 - Drink wine 1+ times a month; 50% female, 30% 21-34, 32% 35-54, 38% 55+

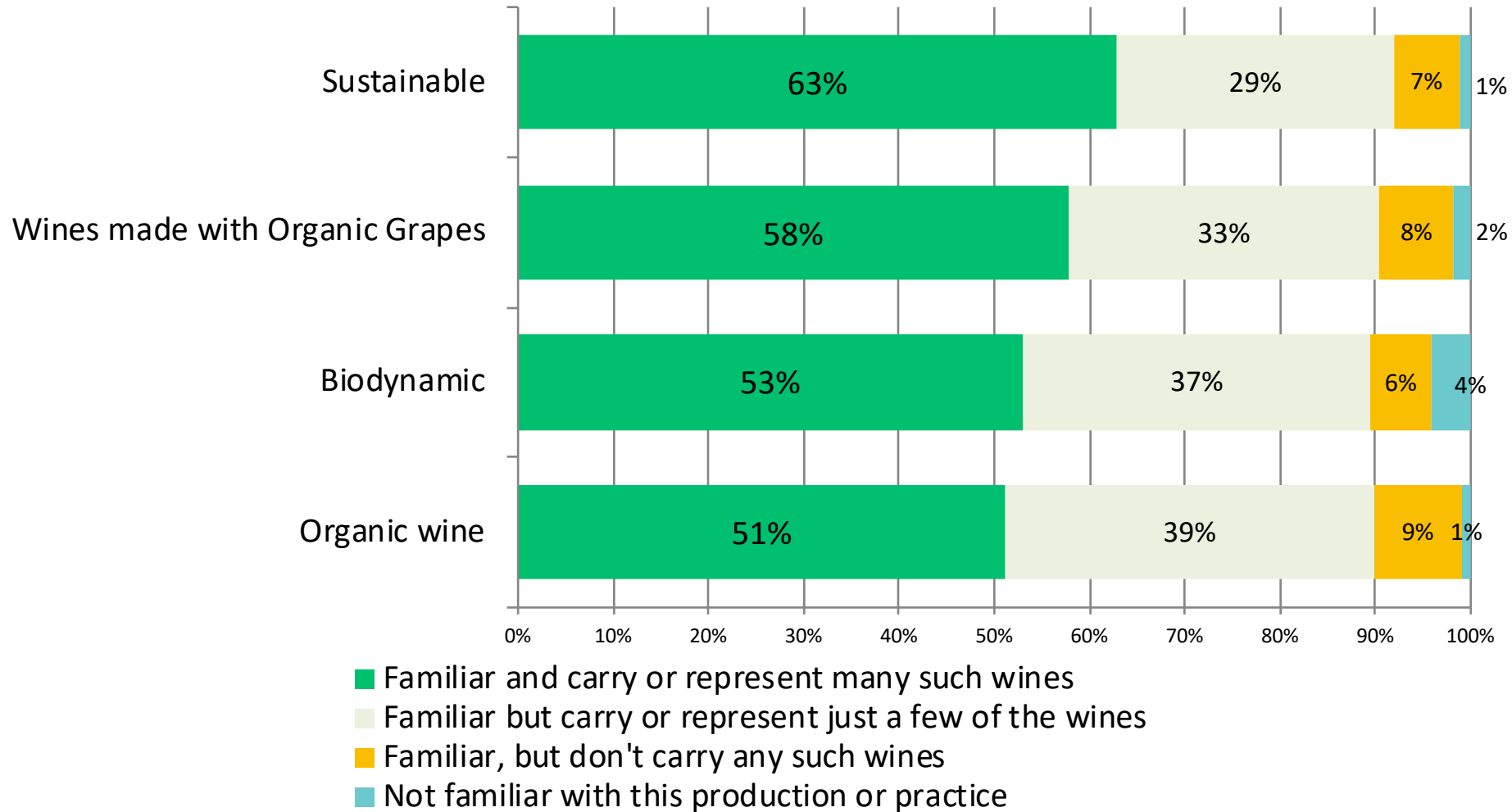


- Full Glass Research consumer & trade surveys on organic and sustainable knowledge & purchasing, 2007-2016
 - N=549, 958, 326 (trade)
 - Core wine consumers, High Frequency wine consumers, Trade wholesale & retail

U.S. Trade Familiarity with Production Methods



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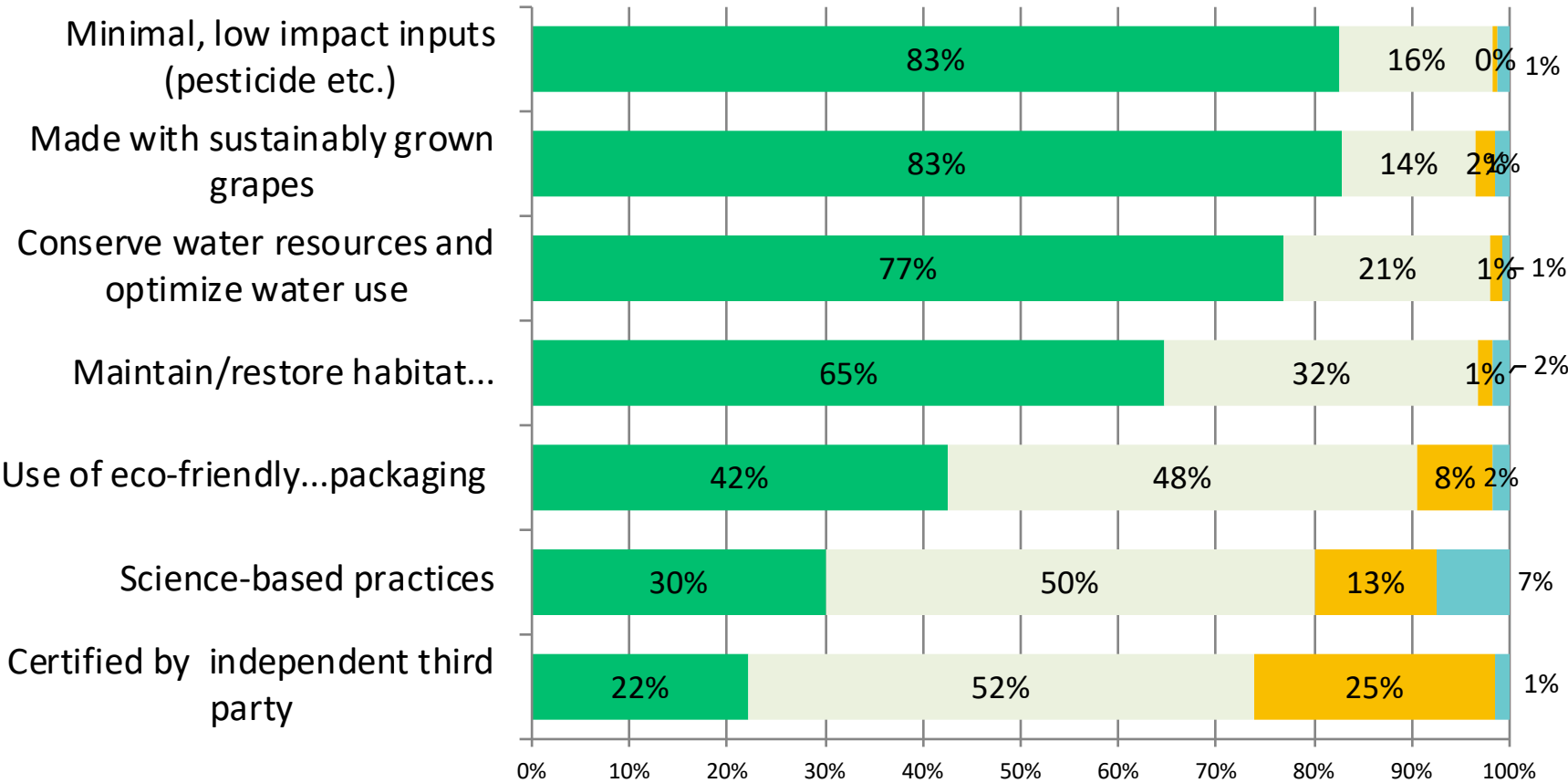
CALIFORNIA
SUSTAINABLE WINEGROWING
ALLIANCE

Source: Full Glass Research, CSWA 2019



Full Glass Research

U.S. Trade: Features of Sustainable Production



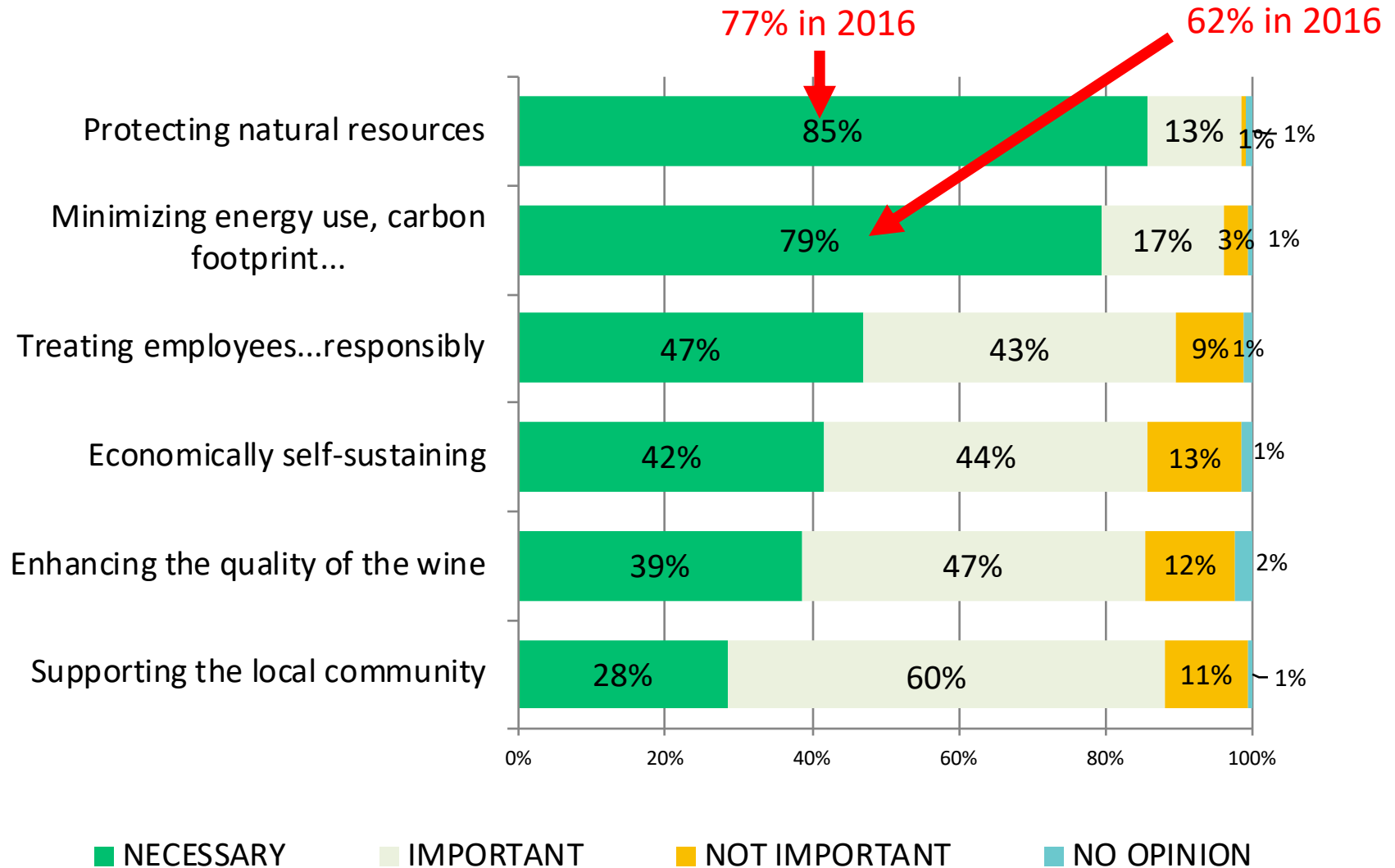
- A necessary feature of sustainable production
- An important feature, but not required for sustainable production
- Not important or necessary for sustainable production
- No opinion or don't know



Source: Full Glass Research, CSWA 2019



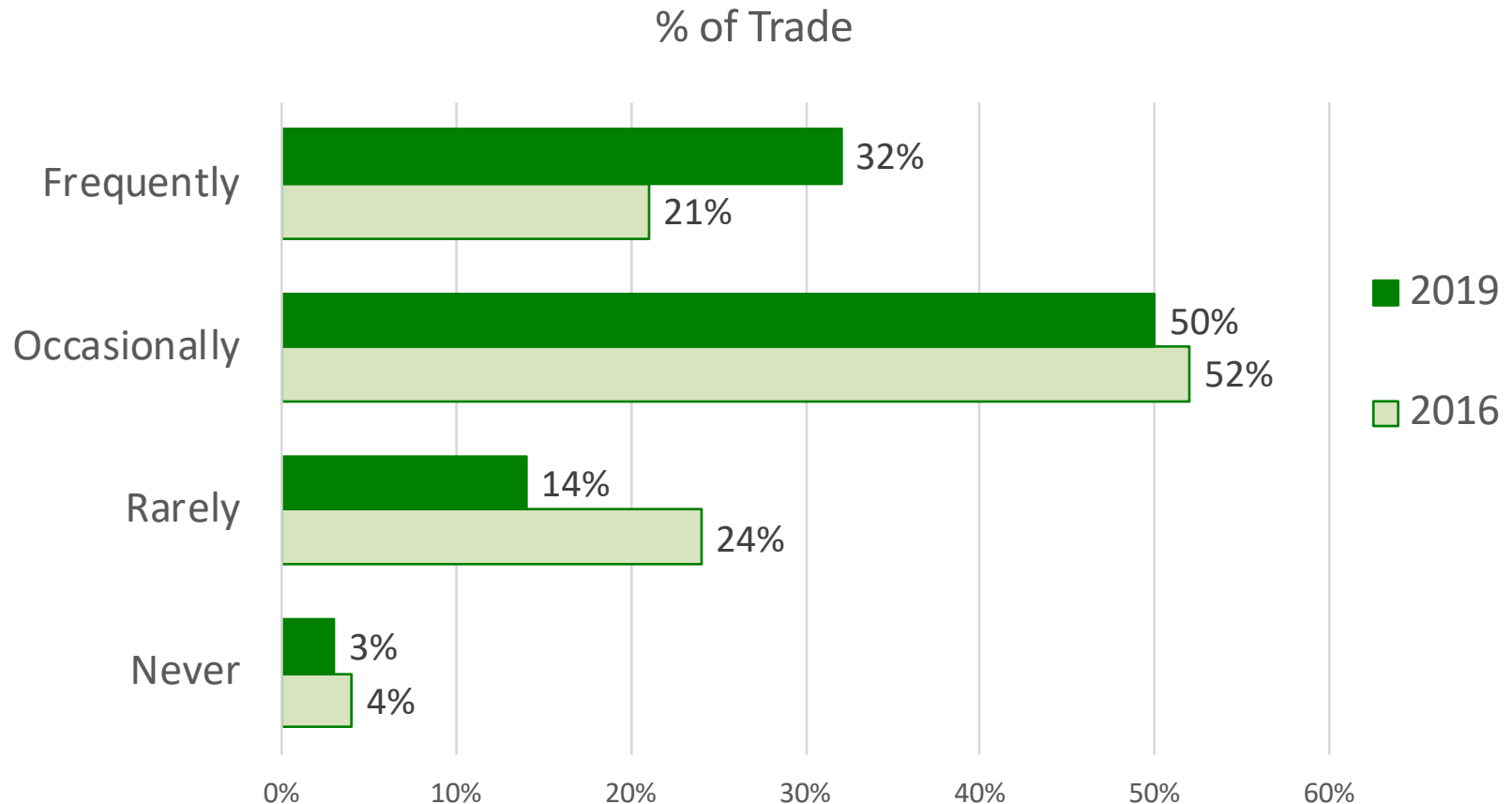
U.S. Trade Goals for Sustainable Production



Source: Full Glass Research, CSWA 2019



U.S. Trade: To what extent are sustainable practices a factor when choosing a wine to market or sell to your customers?



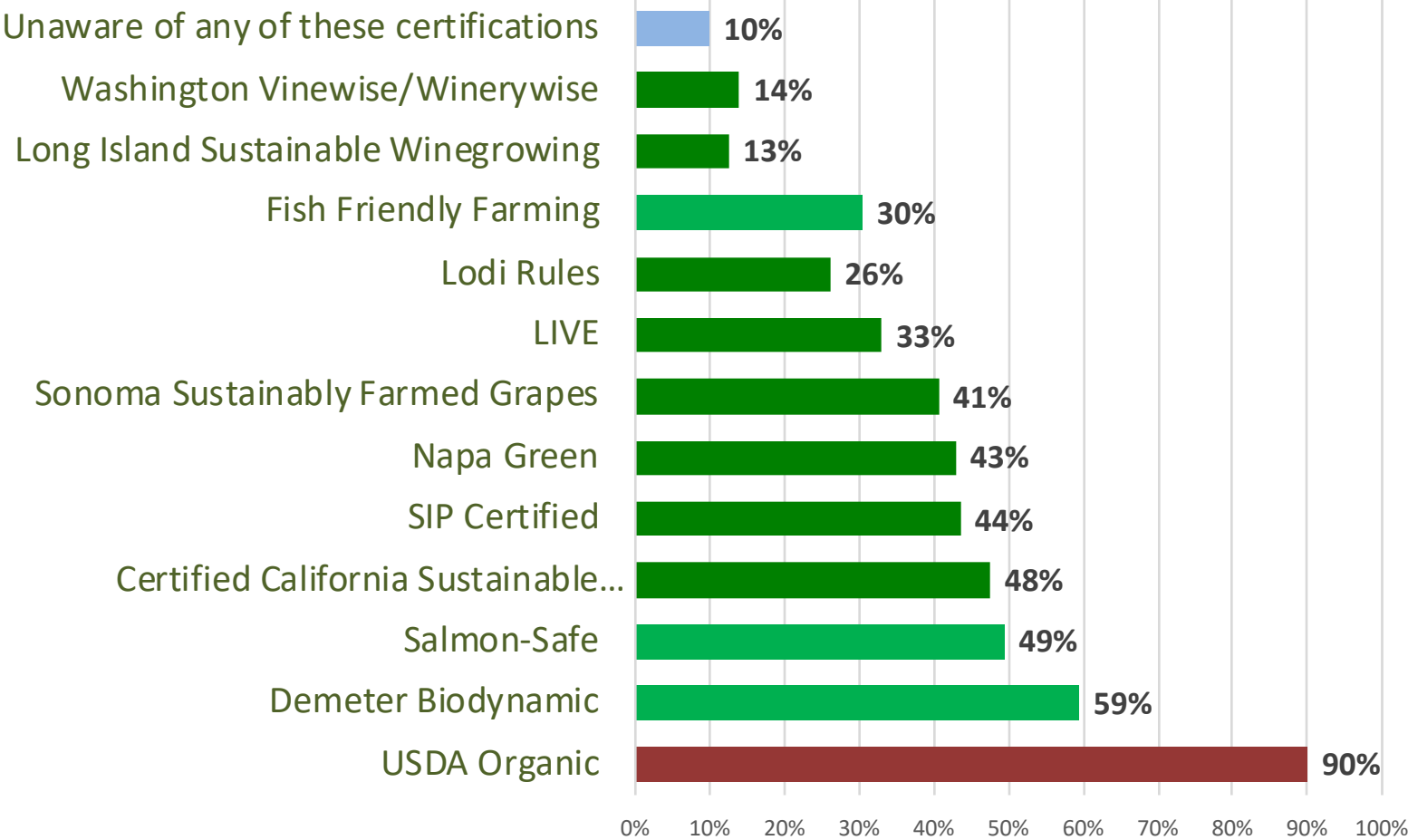
U.S. Trade: Market Outlook for Sustainably Produced Wines



| Statements | % Endorsing | |
|---|-------------|---------------|
| Demand for sustainably produced products will increase steadily in the next 5 - 10 years. | 76% | ← 66% in 2016 |
| Demand for sustainably produced products has increased over the past 5 - 10 years. | 73% | |
| All things being equal, I would purchase or support a wine that is sustainably produced over one that is not. | 71% | ← NA in 2016 |
| I have significantly more customers asking about sustainability or environmental impact now than 5 years ago. | 52% | ← NA in 2016 |
| Sustainability is too vague a concept to give confidence. | 33% | |
| Wine has a reputation for being produced sustainably relative to other food and beverage products. | 27% | |



U.S. Trade Awareness of Organizations, Certifications



Source: Full Glass Research, CSWA 2019



U.S. Consumers: Background Information

- Reasons for purchasing sustainably made products vary by type of product

| | Healthier for me or my family | Better for the planet or environment | To make a personal or political statement |
|---|-------------------------------|--------------------------------------|---|
| <i>Base: those who purchased category</i> | | | |
| Produce, meat or dairy products | 77% | 23% | 1% |
| Cleaning or bathroom products | 37% | 61% | 1% |
| Canned or bottled foods/beverages | 57% | 41% | 2% |

- Demographic overlap of green and regular wine consumers: higher income, education, white collar/professional jobs
- Few choose green as a primary choice filter; many will use it as a tie breaker
- Wine's unique price pattern: no systematic organic upcharge

Awareness & Purchase



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| Production Method | MONTHLY+ WINE CONSUMERS | | HIGH FREQUENCY & HIGH END WINE CONSUMERS | |
|------------------------------|-------------------------|-----------------------|--|---------------------------------------|
| | AWARE | PURCHASE (past 6 mos) | NO/LOW FAMILIARITY* | PURCHASE (Frequently or Occasionally) |
| Organic wine | 46% | 14% | 90% | 51% |
| Sustainably produced wine | 30% | 8% | 88% | 55% |
| Biodynamically produced wine | 7% | 3% | 69% | 38% |

25% in 2018



*As indicated by "no idea" or "no consistent" meaning in previous question
 Source: Wine Market Council "Green" Study 2018

Confidence in Understanding Terms

WO High Frequency Wine Consumers



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| Production Method | Quite Sure about its meaning | Fairly confident about its meaning | Not very confident I know what it means | Have no idea what it means | No standard/consistent meaning |
|---|------------------------------|------------------------------------|---|----------------------------|--------------------------------|
| Organic wine | 34% | 43% | 12% | 2% | 8% |
| Wine made from Organically grown grapes | 46% | 45% | 6% | 1% | 3% |
| Sustainably produced wine | 28% | 43% | 16% | 5% | 8% |
| Biodynamically produced wine | 22% | 25% | 22% | 24% | 7% |
| Natural wine | 15% | 25% | 25% | 14% | 21% |



Wine Opinions™

Source: Wine Market Council "Green" Study 2018

Attributes of Each Production Method



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| Attribute | WO High Frequency Consumers | | ORGANIC (Monthly+ wine consumers) |
|--|-----------------------------|----------------------------------|------------------------------------|
| | Sustainably produced | Organic/Made from Organic grapes | |
| No use of synthetic pesticides/fertilizer | 45% | 87% | "Less Processed" 23% |
| No GMO used in production | 25% | 60% | |
| No use of sulfur dioxide allowed | 14% | 33/23% | "More Expensive" 37% |
| Usually higher priced than conventional | 23% | 31/40% | |
| Are healthier for you than conventional | 6% | 21% | Healthier 27% |
| Conserves local water resources/habitat | 87% | 17% | More Environmentally Friendly" 30% |
| Considers safety/well being of workers/local residents | 52% | 19% | |
| Minimizes CO ₂ or greenhouse gas output | 51% | 13% | |

Source: Wine Market Council "Green" Study 2018



Consumer Pricing Experiment

You are shopping for a favorite type of wine for a weekend dinner with friends and a store manager recommends a wine from an unfamiliar winery, but with the following information on the front and back labels:

Random Assignment

- Variety/blend you were shopping for
- Santa Barbara County 2015
- Alcohol content 13.5%
- **Wine Made from Organic Grapes**

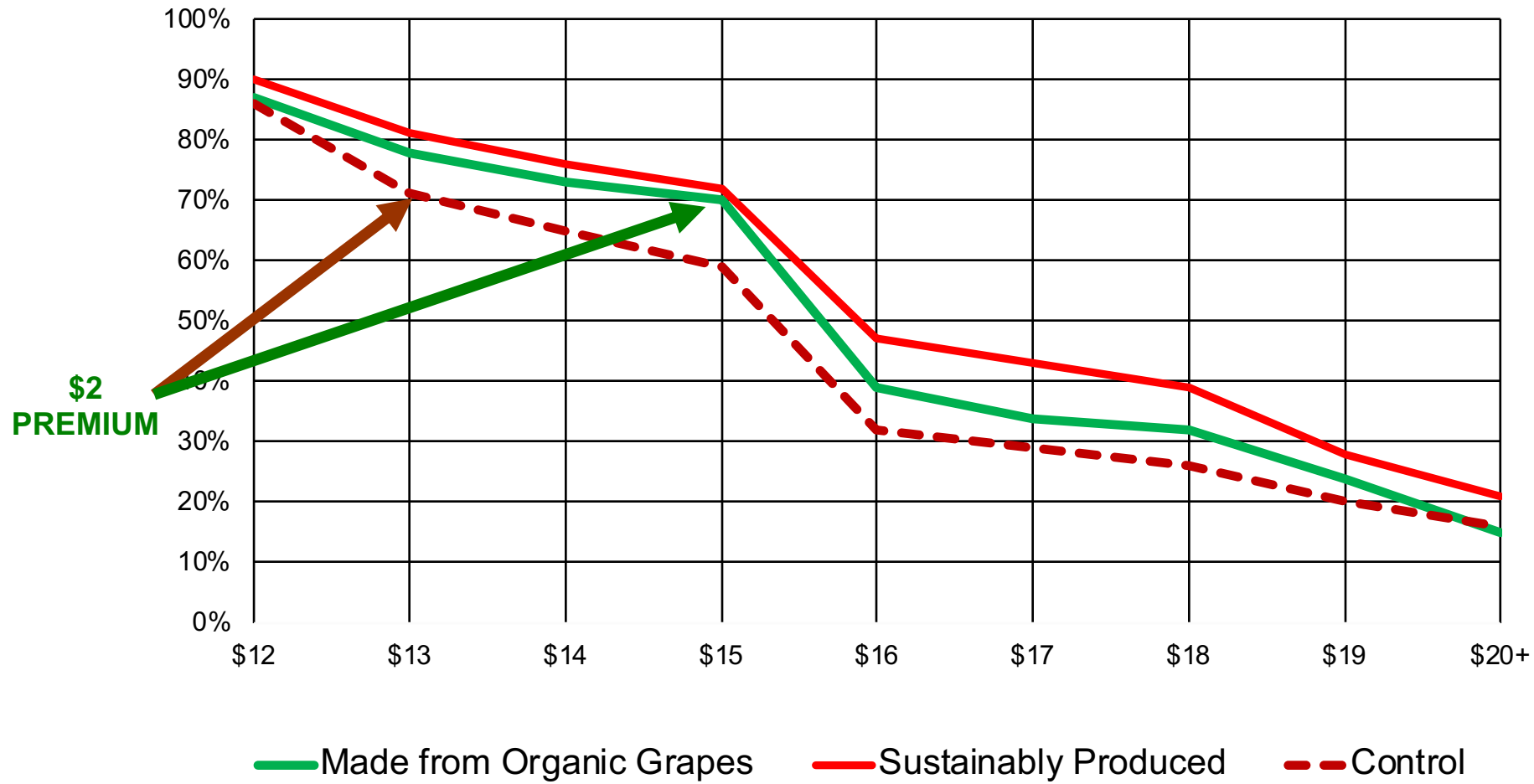
- Variety/blend you were shopping for
- Santa Barbara County 2015
- Alcohol content 13.5%
- **Biodynamically Grown**

- Variety/blend you were shopping for
- Santa Barbara County 2015
- Alcohol content 13.5%

- Variety/blend you were shopping for
- Santa Barbara County 2015
- Alcohol content 13.5%
- **Sustainably Produced**

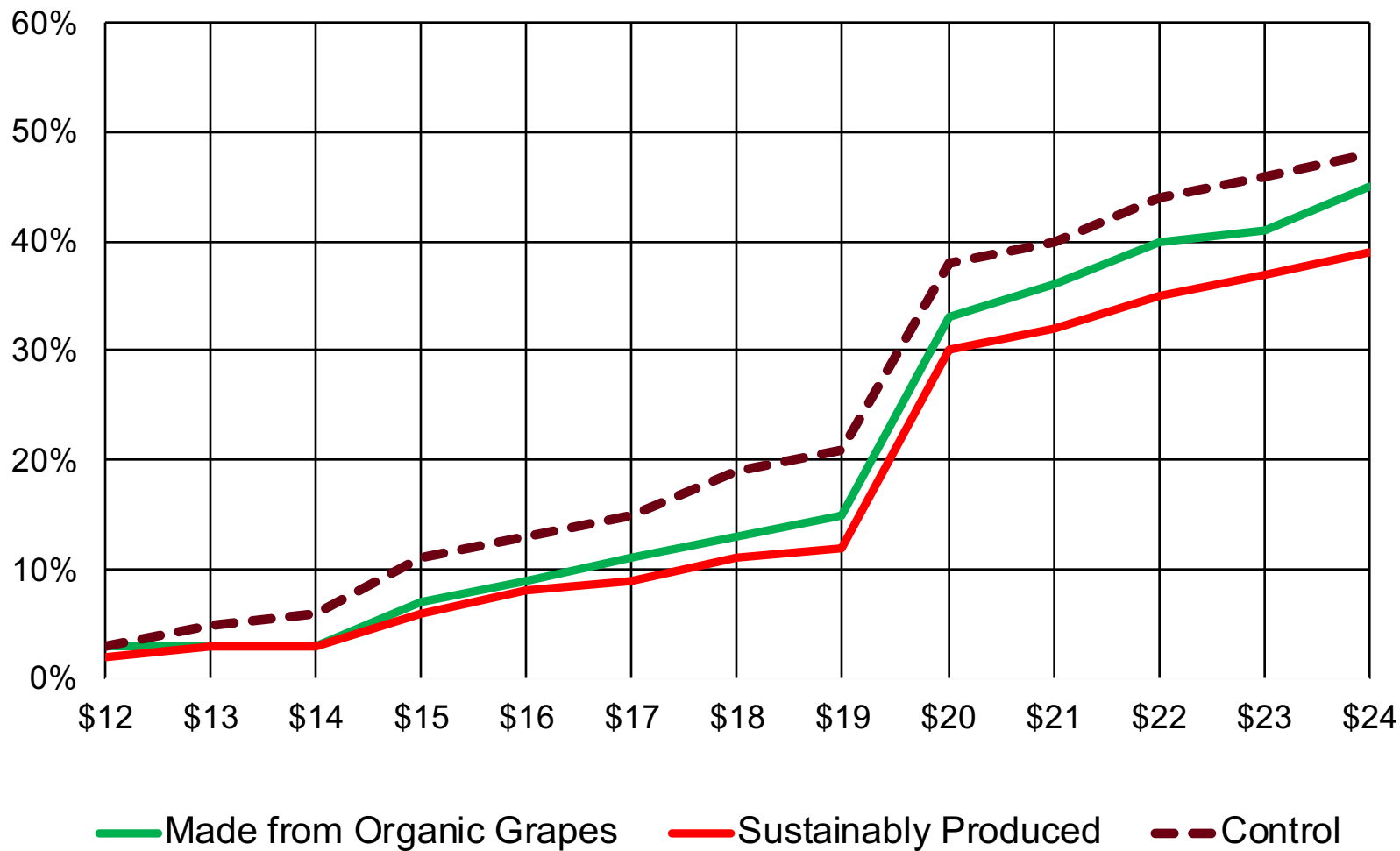
- 1) *...please indicate the highest price at which you would consider this wine to likely be a bargain.*
- 2) *...please indicate the price at which you would consider this wine to be too expensive, so that you would not consider purchasing it.*

Highest Price Would Consider a Bargain: Three Production Methods Compared



Source: Wine Market Council "Green" Study 2018

Too Expensive to Consider Purchase: Three Production Methods Compared



Source: Wine Market Council "Green" Study 2018