

Effectively Connecting with Millennial and Gen Z Audiences



for





Erica Duecy

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Q+A



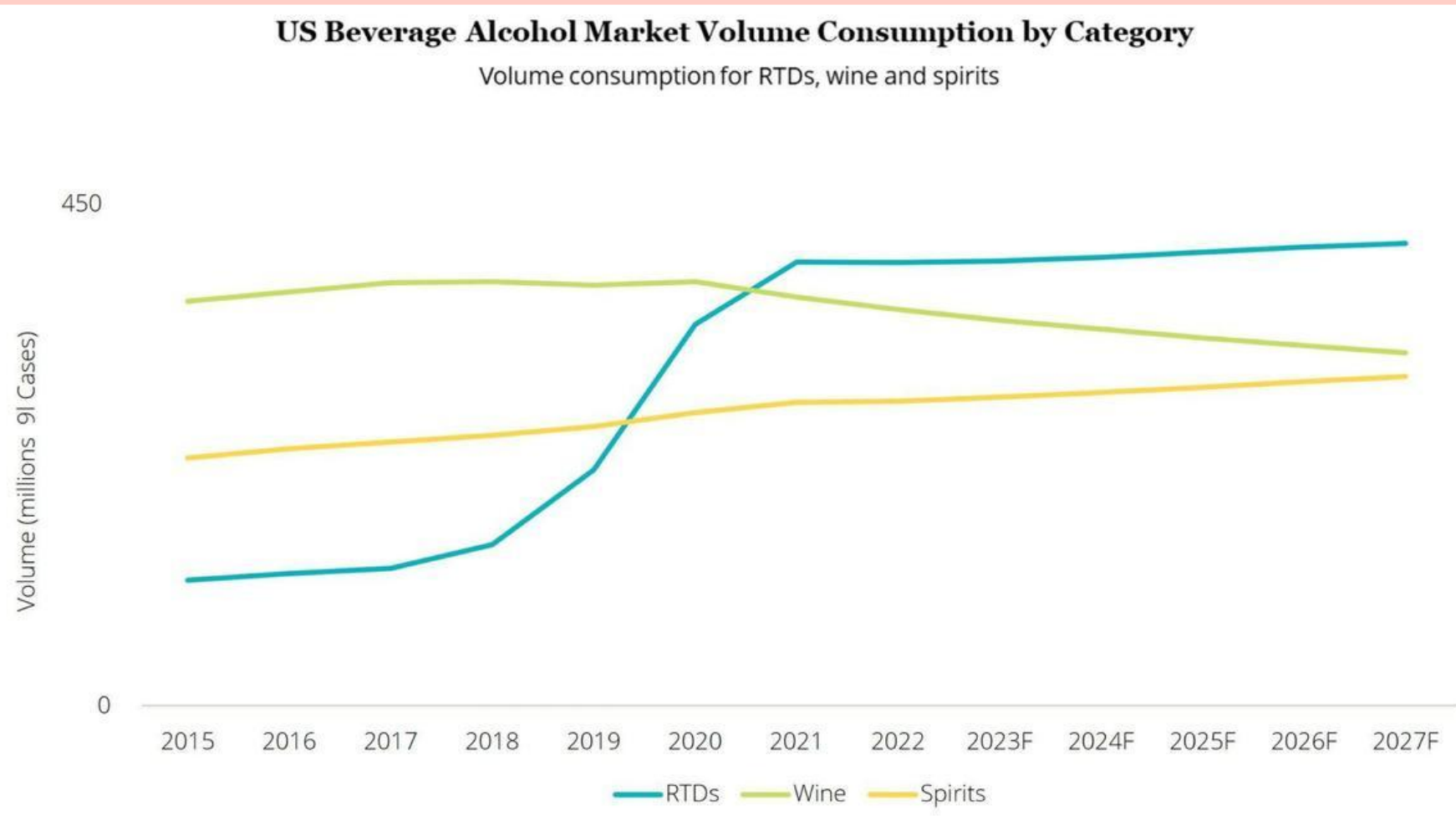
What's Happening in the Drinks Space?



Wine and Beer Consumption Volumes are Predicted to Decline

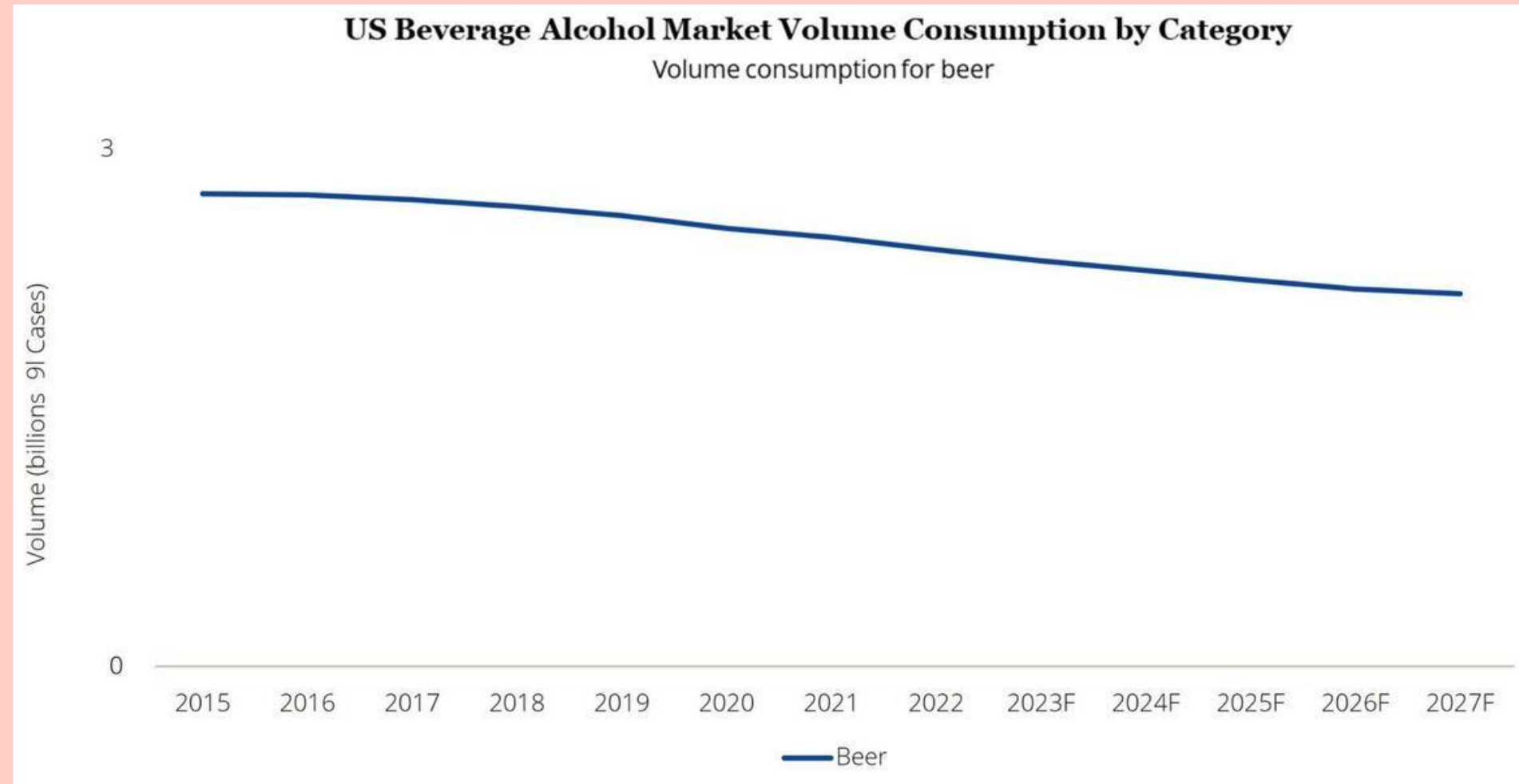
US Beverage Alcohol Market Volume Consumption by Category

Volume consumption for RTDs, wine and spirits



US Beverage Alcohol Market Volume Consumption by Category

Volume consumption for beer



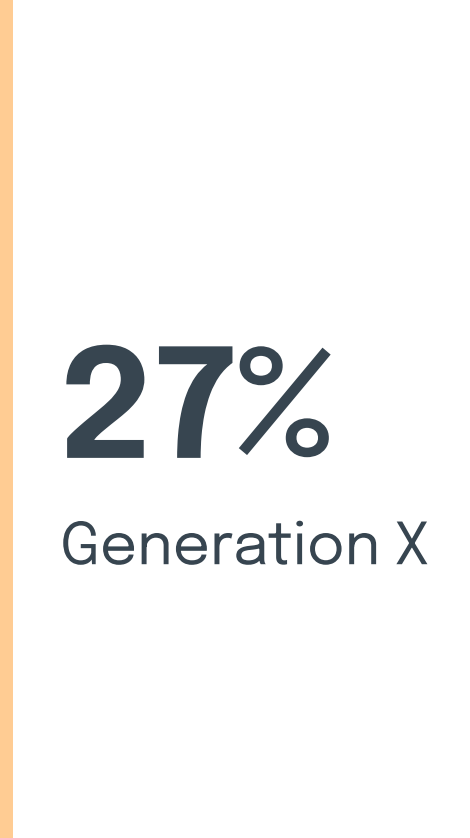
Millennial and Gen Z Demos Are Growing in Importance



6%
Generation Z
(21+)



32%
Millennials



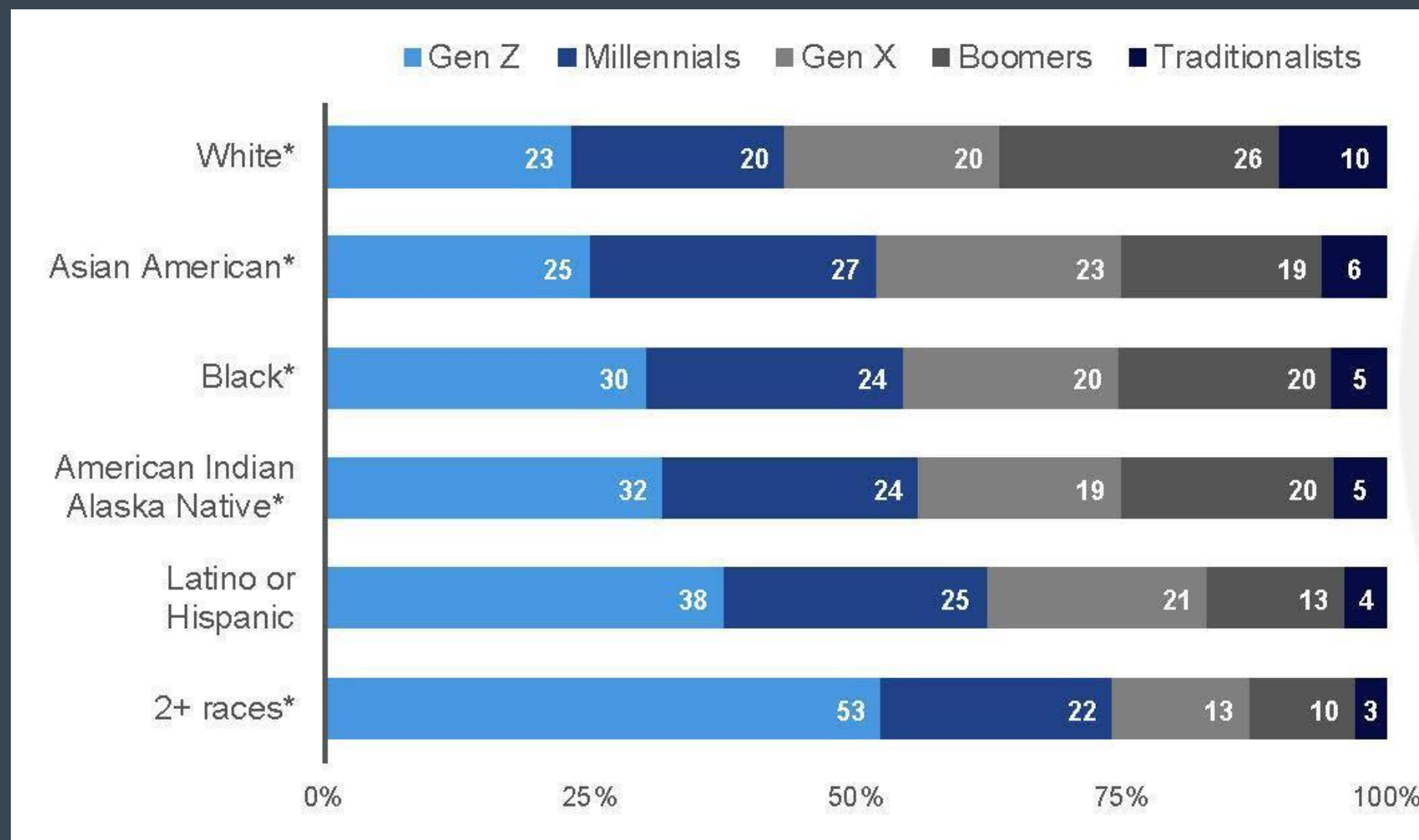
27%
Generation X



36%
Boomers/
Traditionalists



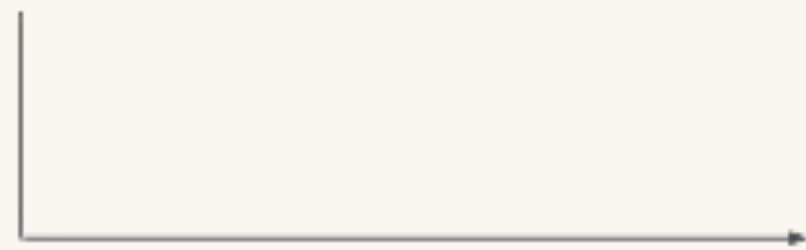
Younger Generations Are More Ethnically Diverse



Census release shows
America is more
diverse and more
multiracial than ever.



Alcohol Declining in Importance for Younger Audiences



Alcoholic drinks aren't as important to young people today

Rank based on the % of 16-24-year-olds who say they speak about the following subjects online

16-24 year-olds in Q2 2013

- 1 Mobile phones
- 2 Films
- 3 Computers
- 4 Music
- 5 Fashion/clothing
- 6 Books
- 7 Technology
- 8 Travel/vacations
- 9 Fast food
- 10 Games/gaming
- 11 Grocery products (food)
- 12 Alcoholic drinks** 
- 13 Snack products
- 14 Non-alcoholic drinks/soft drinks
- 15 Cars/automobiles

16-24 year-olds in Q2 2023

- 1 Music
- 2 Films
- 3 Mobile phones
- 4 Fashion/clothing
- 5 Books
- 6 Games/gaming
- 7 Sports
- 8 Fast food
- 9 Technology
- 10 Food/restaurants
- 11 Computers
- 12 Snack products
- 13 Skincare/haircare/beauty products
- 14 Travel/vacations
- 26 Alcoholic drinks** 

? In the last month, which of these have you posted an opinion about online?

📊 GWI Core Q2 2013 & Q2 2023

👤 9,107 (2013) & 41,302 (2023) internet users aged 16-24

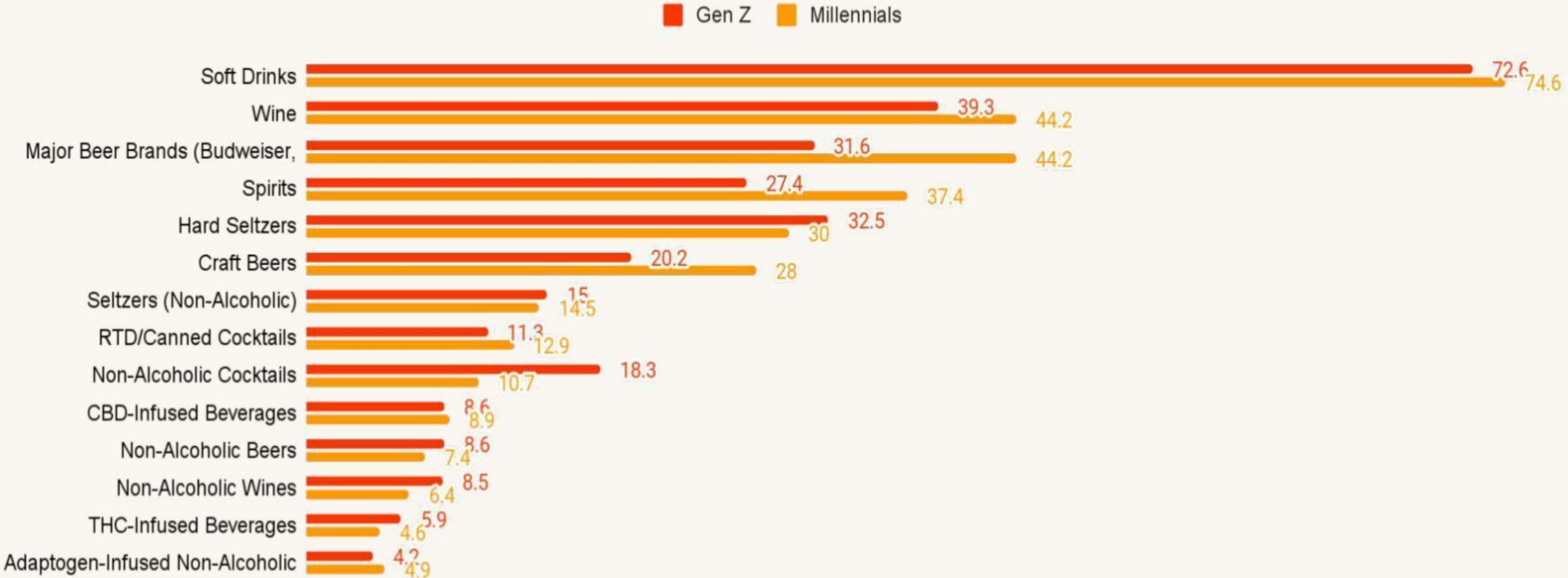


Younger Millennials and Gen Zs Are Not Onboarding to Alcohol Like Prior Generations

- Fewer young Millennials and Gen Zs (18-34 in 2023) are drinking alcohol – a 10% decline over two decades. Now only 62% of that age set report that they ever drink at all, down from 72% in 2003. (Gallup)
- More than half of young adults see even moderate drinking – one or two drinks a day – as unhealthy. (Gallup)
- Two in three 18- to 24-year-olds are somewhat or very concerned about the impact of drinking on their health. (CivicScience Survey)



40 to 44% of Millennials and Gen Zs Drink Wine 2 to 3 Times a Month



Credit: Business of Drinks- Beverage Consumption Study



What Are Millennials and Gen Zs Looking For in Drinks?



Top Decision Factors in Choosing a Beverage

- Flavor and good varieties
- Availability (easy to find + buy)
- Value
- Versatility



Flavor is the Top Attribute Millennials and Gen Zs Look For When Deciding What to Drink

- Many felt **wine didn't deliver on their flavor expectations** – potentially due to less value for money and poorer quality in lower tiers where new drinkers often enter category
- Lack of knowledge is also a barrier – people don't know what to choose and feel like they're making the wrong choice
- **So what:** Find ways to discuss a wine's great taste and value for money can be a key differentiator and drive trial with younger consumers





No.1 New Wine in U.S.

- The best-selling new wine SKU of 2023 (Nielsen)
- Stella Rosa's lineup of semi-sweet and semi-sparkling wines grew 26% last year to nearly 7.3 million cases (Shanken Impact Databank)
- Stella Rosa **over-indexes with consumers aged 21 to 34** (Nielsen)
- 27% of Stella Rosa's sales in 2023 came from new drinkers entering the wine category for the first time (Stella Rosa)

Availability is Key

- Most younger consumers report choosing brands and categories that are being marketed to them and are **easy to find** on shelves.
 - This tends to benefit larger, more established brands who have built up awareness and distribution over time
- **So what:** If they can't find it, they won't buy it.



Price Matters to Younger Audiences

- 6 in 10 say **price is extremely or very important** in deciding which beverage to buy
 - Less than 1 in 3 spend more than \$30 for a bottle for wine
 - 3 in 4 rarely or never buy wine over \$50
- Gen Z **perceives wine as expensive**, less value for money vs. other alcohol categories



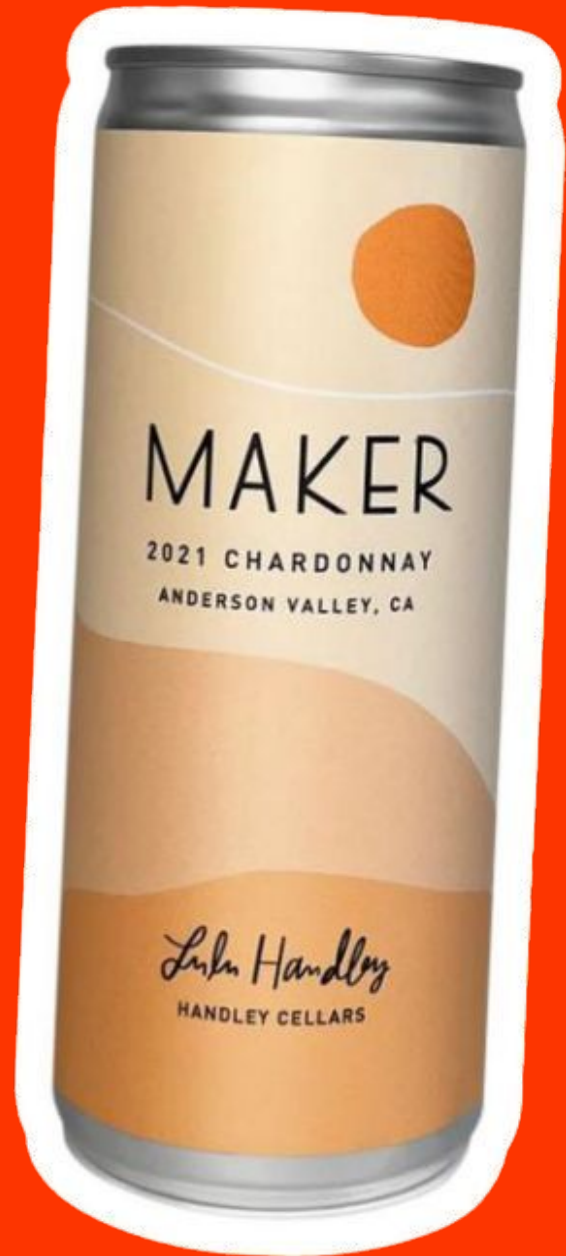


Show How Wine Fits Into Their Lifestyle

- Choosing a beverage that is good for specific occasions matters. Wine over-indexes slightly in this regard vs. other alcoholic beverages for Millennials but not for Gen Z.
- Gen Z abandons conventions around pairing specific drinks with specific occasions (i.e. wine with dinner, beer for sporting events); Millennials still associate drinks with specific occasions.
- **So what:** Showcase how wine can fit into different occasions vs. forcing “traditional” category pairings.



Cans Are Most Popular with Younger Audiences



The Non-Alc Drinks Trend Isn't Going Away



- Non-alc sales surpassed \$1.8 billion in the U.S. in 2023. (IWSR)
- +25% CAGR expected for next 4 years for no- and low-alc category.
- U.S. consumers tend to be younger and report moderating their alcohol intake.

Younger Audiences Are Turning Onto THC and Adaptogen Drinks



What Are They Looking for in Wine?





Growing Preference for Lighter Styles

- Both groups desire lighter, fresher styles of wine and are **open to alternative packaging** beyond glass.
- Clear preference for **rosé, whites, and sparkling wines** over reds.
- Rosé is the most popular wine style, with 47% of Gen Z saying it was their favorite and 44% of millennials.
 - This segment is popular not only because it's trendy but also because it's easy to understand and fits with the trend towards lighter, fresher styles of wine.



Do Wine Regions Matter?

- 70% of Millennials and Gen Z drinkers say they **feel neutral about or find region unimportant** in their decision making on wine.
- Among the top countries for wine, Gen Zs and Millennials show a preference for Italian and U.S. wines, with more Gen Zs preferring France.





Eco-friendly Practices

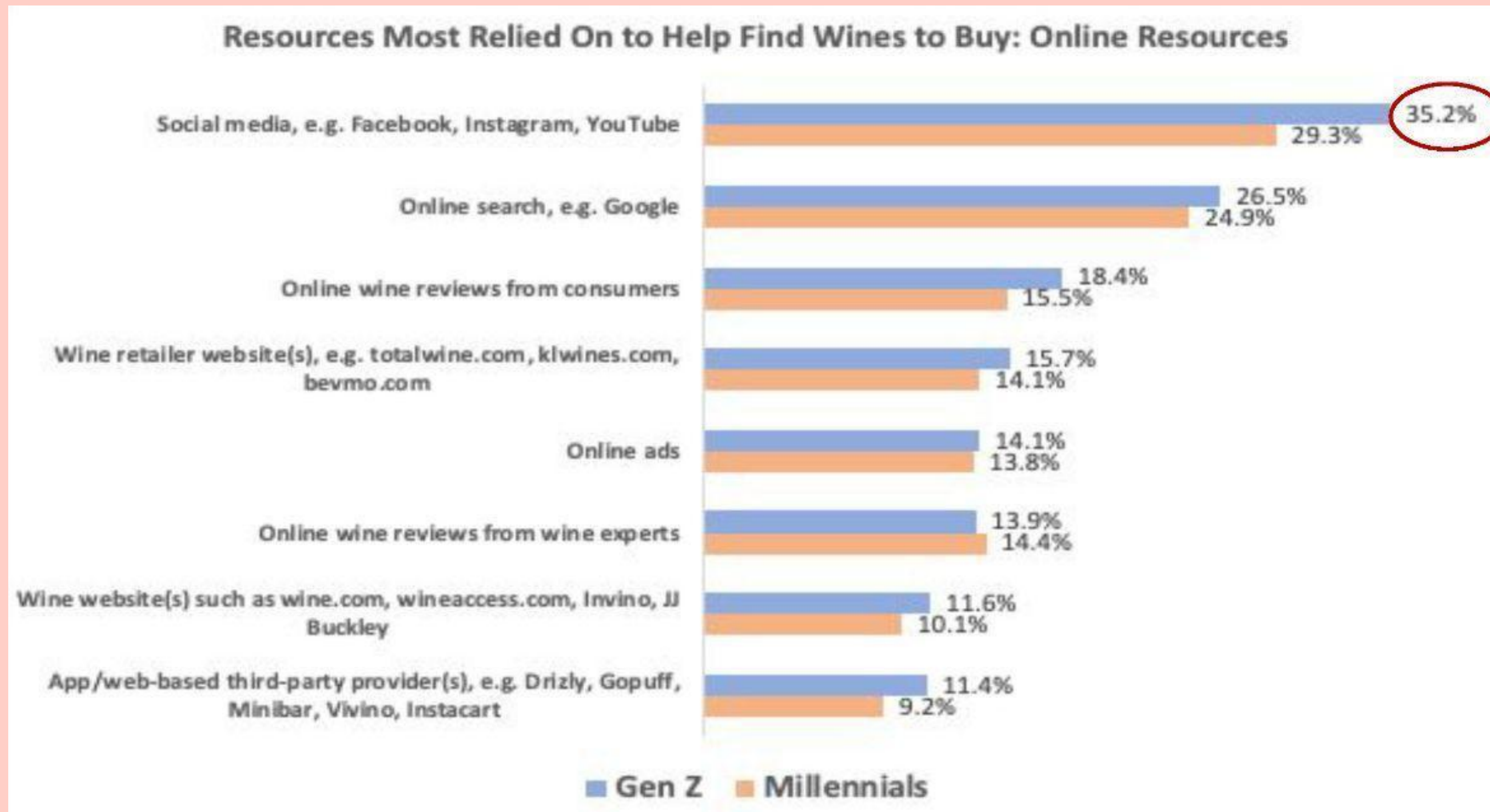
(e.g. sustainability, organic)

- More than half of Millennials and Gen Zs say eco-friendly practices and production methods are **“somewhat” to “extremely” important**
- Millennials lead on purchasing sustainably produced wines, with 9 in 10 stating they are willing to pay more for sustainable wines (Wine Institute)

How Are They Finding Wine?



Online Resources Most Relied On to Help Find Wines to Buy



Offline Resources Most Relied On to Help Find Wines to Buy



How Can Wine Retailers Optimize?



**To engage
younger
consumers,
consider
The 5 “P”s:**

- **P**roducts
- **P**eople
- **P**rograms
- **P**latforms
- **P**ayments





Products

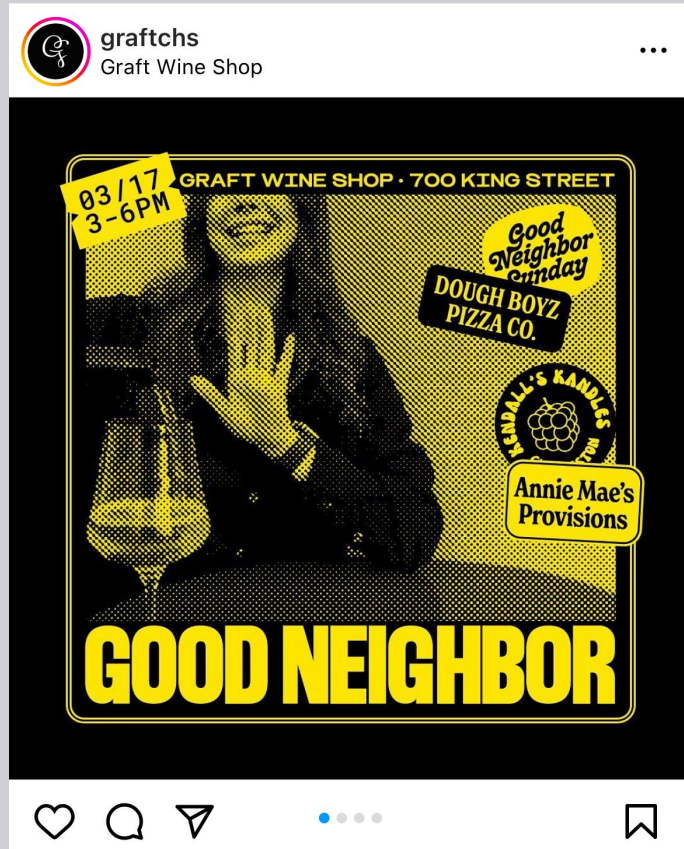
- Does your product mix reflect the preferences of younger audiences?
 - Rosé, white, and light red wines
 - Cans: Single-serve and single-purchase options across categories
 - RTDs
 - Non-alcoholic options
 - Sodas



People

Does your staff reflect the customer demographic you're trying to capture?





Programs

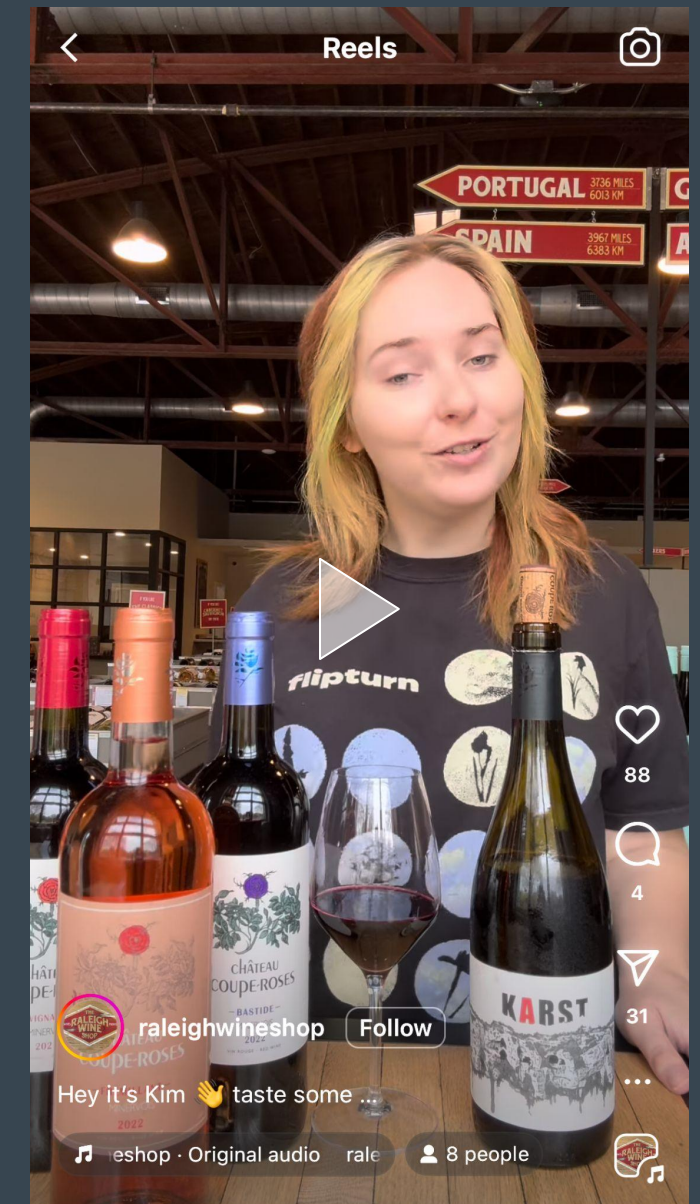
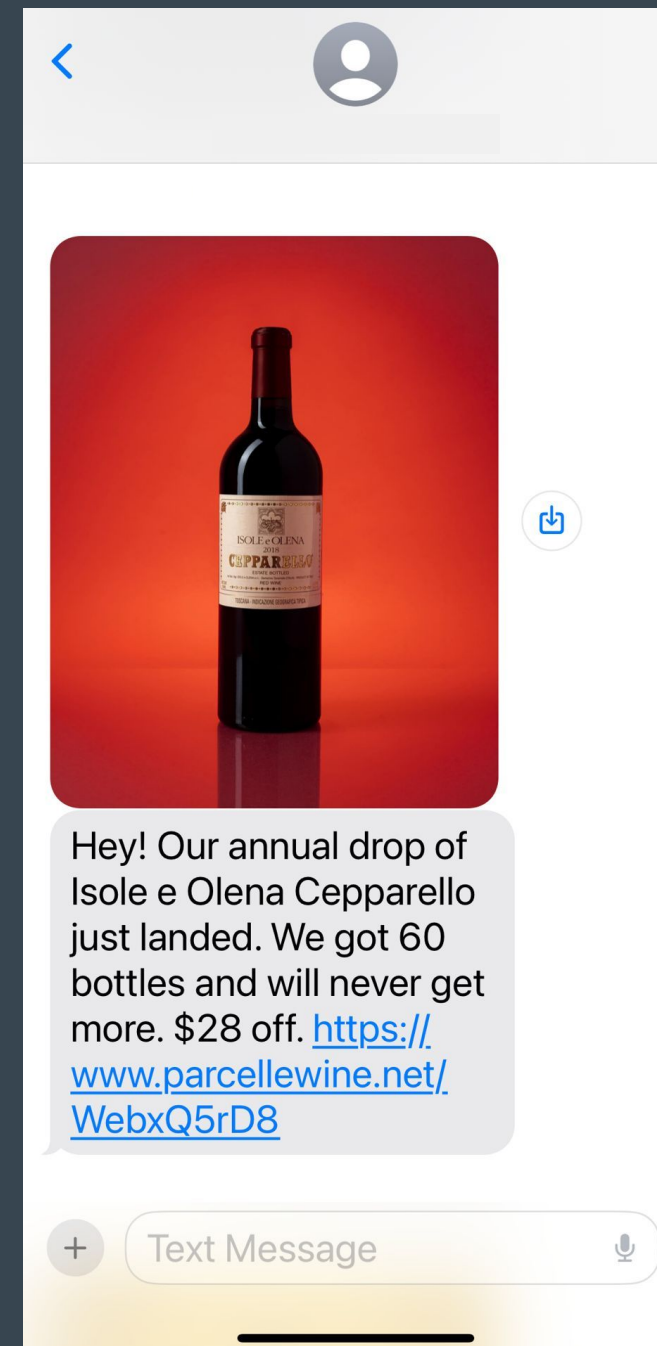
Are you engaging with younger audiences effectively in your stores?

- Tasting events
- Educational classes
- Winemaker visits
- Community-building events



Platforms

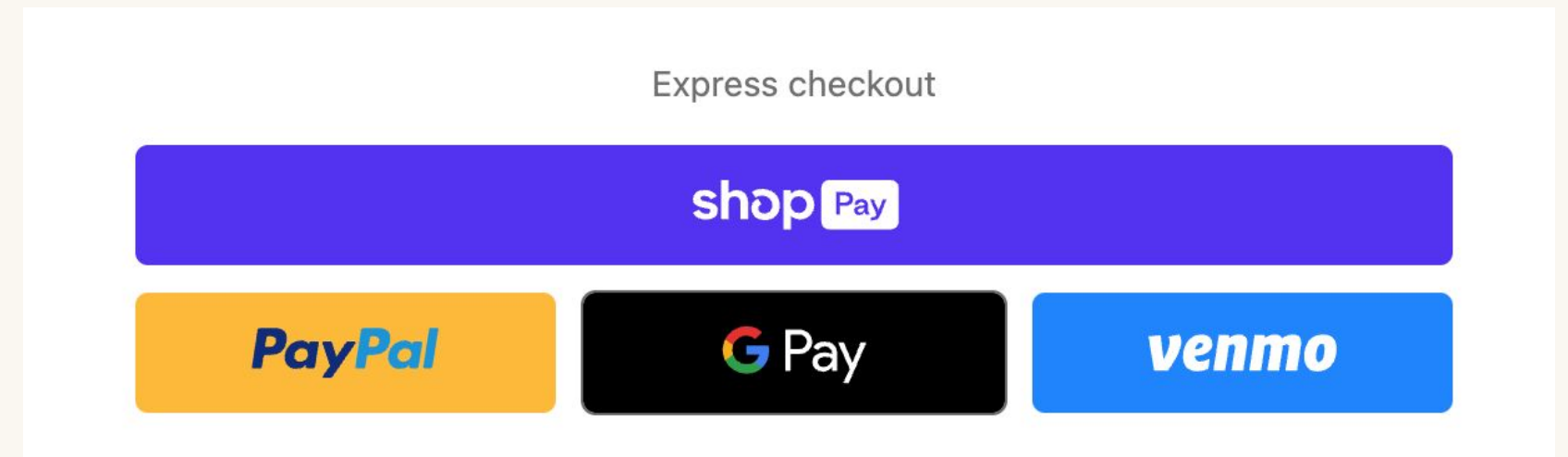
Are you communicating across channels that are popular with younger audiences?





Payments

Are your payments quick and seamless?



Q&A



Thank You

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