

Business

FOOD & DRINK

Adapt or die: Meeting changing customer needs can lead to greater opportunities in a wine market that's declining



Traditionalists in the industry are still way behind the digital curve in offering attractive products online

By Nick Thomas

Wine consumption globally is continuing its downward trend, and some winemakers and other industry players are failing to see what could be an existential crisis for the nectar of the gods.

Wine has been facing a long-term structural decline for some time. Major wine markets such as France and Italy have indeed been in such decline for decades while the United States, the world's most valuable market for wine, appears to be in a downward cycle, according to industry body IWSR.

The reasons for such decline are multiple, including a trend toward drinking moderation. But one key area is the apparent difficulty of attracting younger generations to wine.

"The wine category is becoming increasingly reliant on older drinkers, thanks to a number of factors, including aging populations in regions such as Europe, and a challenge recruiting younger LDA (legal drinking age) consumers in certain markets," according to an IWSR review of 2023 data. "LDA Gen Z consumers are not being recruited into wine at anything like the rate that they were ten to fifteen years ago."

That may partly be the fault of many wineries not making sufficient effort to reinvigorate the attraction of wine.

"Not enough wineries put an emphasis on trying to reach the next generation of wine drinkers," said Ian Bearup, head winemaker at Millbrook Vineyards & Winery in upstate New York. "Often times, younger wine drinkers are not taken seriously. I don't see enough smaller wineries making the effort to reach a younger audience."

EXPERIENCES ARE KEY

The key to getting younger people into wine more generally is to more fully un-

derstand their preferences and desires, said Kristin Olszewski, the founder of Los Angeles-based Nomadica which offers zero-sugar wines in sustainable packaging in either cans or boxes.

Olszewski, a trained sommelier with significant experience serving wine in high-end restaurants, is motivated to get younger women in particular to be attracted to wine.

For too long, she says, she saw women come into a restaurant and choose other types of drinks over wine, mainly because they felt intimidated by a false belief that you have to have a certain level of education about wine or the fact that a wine list could be pages long and contain all kinds of unnecessarily complicated language.

The trick, she says, is to connect with consumers on their level. All they need is one good bottle for the attraction of wine to grow.

“It’s something I am very passionate about, getting younger people into wine,” she said. “A lot of wine is being consumed by younger people, they are just not drinking the wines their parents are.”

It is up to wineries and others to cater to younger generations and not rely on mature markets, something that she agrees with Millbrook’s Bearup is not being done sufficiently.

Others agree that wine-related experiences should be more tailored to a

younger market.

“Recruiting younger generations to wine culture requires a shift toward storytelling, emphasizing the experiences and connections, rather than just the product itself,” said Sean Goldsmith, CEO and co-founder of The Zero Proof which offers zero-alcohol beverages, including wine. “Transparency is key, as is offering clean ingredient wines and promoting nonalcoholic options.”

Sponsorship of events that may attract a younger generation, such as beach volleyball and snowboarding, could also be key, said Jim McClellan, founding partner of FORT Systems, a logistics software company focused on the wine industry. Effective advertising and social media aimed at a younger demographic are also, of course, vital, he added.

Or the approach could be more analog. For example, participating in group events such as the grape harvest or the crush can also help strengthen brands, McClellan said.

Such participation feeds into the desire of younger generations for authentic experiences, Millbrook’s Bearup said.

“If you can walk the vineyard, meet the people behind the product, and see the winery in action, this is what the younger generation wants,” Bearup said. “They want to have the experience and leave with a story to tell.”

SUSTAINABILITY SUSTAINING DEMAND?

Younger generations may also be increasingly attracted to wine if they see the industry as walking the walk in terms of sustainability and environmental efforts.

Winemakers can, for example, emphasize the “from Mother Earth” nature of wine and the reality of the ancestral connection humans have with it, McClellan said.

But focusing too much on trends such as “biodynamic,” “sustainable,” and “environmental,” may not be all that helpful, Bearup said.

“Wine is already confusing to people, and adding a bunch of buzzwords to make it sound like something it isn’t

doesn’t help,” he said.

That said, two-thirds of regular wine drinkers in the biggest markets describe sustainability as important to them, including 70% of such drinkers in the U.S., according to the IWSR.

“Today, it’s table stakes for a brand focused on young consumers to have an element of sustainability,” Nomadica’s Olszewski said. “Young consumers want it all with their brands — eco-consciousness, quality, flavor, and lifestyle.”

ONLINE SHOPPING DIPPING

One other area winemakers and others also need to improve on is their presence and outreach online as e-commerce continues to be a force.

The accelerated growth in wine e-commerce seen during the height of the pandemic is now ebbing away, the IWSR found.

But it is still at a far higher level than it was before 2020 and is not going anywhere, said Zac Brandenburg, CEO of DRINKS, an alcohol e-commerce platform.

Traditionalists in the industry are still way behind the digital curve in offering attractive products online, but that is where younger people tend to want to shop and discover beverage products they might like, he said.

“The demand is out there,” Brandenburg said. “It really is up to the suppliers.”

So perhaps there are opportunities in the changes going on in the market. If those can be addressed, wine, a drink that has been around for thousands of years, faces a better and more confident future despite the apparent gloomy headlines about its apparent decline.

“While there are challenges, wine is adapting through innovation and engagement strategies,” said Mario Perez, CEO of Florida-based wine importer and distributor House of Wine, Beer and Spirits. “The potential for growth remains as long as the industry evolves with consumer preferences and cultural shifts.” ★

Nick Thomas is a writer based in Denver, Colorado.



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