

Boxed Wine Sales Skyrocket During COVID-19 Pandemic with No Signs of Slowing Down

A slew of new brands has joined the category, helping to change the reputation of wine in a box.

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NO LONGER RESERVED FOR college parties, boxed wine is undeniably having a moment. The category has diversified immensely over the past decade and now offers consumers a wide range of choices when it comes to brands, quality, varieties and formats.

As a result, the stigma of boxed wine being of poor quality is quickly diminishing. Sales have been steadily growing for several years. Then the COVID-19 pandemic hit, enabling boxed wine to step into the spotlight as an affordable and convenient way to sip wine at home that required fewer trips to the store.

According to Ryan Lee, an analyst at IWSR Drinks Market Analysis, between 2015 to 2019, the value and volume growth of leading boxed wine brands “far exceeded total still wine trends.”

“The proliferation of quality wines in cans primed wine fans for the ritual of enjoying and sharing wine from something besides a 750ml glass bottle. Social media is powering the trend as images showing consumers enjoying wine outside of traditional settings—while camping, at the beach, etc.—normalize alternative formats,” said Rachel Newman, director of marketing at Fetzer Vineyards, which owns Bonterra, an organic wine label that launched a line of boxes in 2020. “The pandemic and stocking up trends have simply amplified this momentum.”

But will the momentum continue? As the category continues to grow, evolve and innovate, boxed wine brands predict a bright future. For curious wine brands, it may be a good time to jump on the bandwagon.

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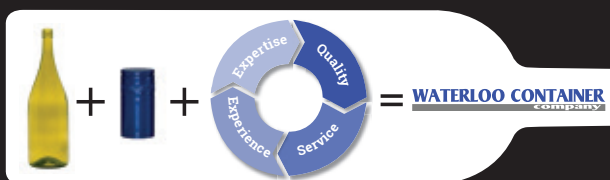
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New Boxes on the Block

With the recognized growth and potential, a new wave of brands has entered the category in recent years to shake things up and even help legitimize wine in a box. Collin Cooney, marketing director for Franzia, the best-selling wine in the world in volume sales, noted that these new brands offer more choices to consumers and “validate the category.”

Many of these brands are large, well-known producers, like Sutter Home, which launched 3L boxes in August 2020, and Barefoot Wines, which launched Barefoot on Tap in 2019. Sales for Barefoot on Tap were up nearly 63 percent in a 16-week period during the pandemic that ended at the beginning of October. “Before the pandemic, boxed wines were growing because of the ease of use relevant to everyday occasions. What’s happened, during the pandemic, is all of that is still true, but the trust of the brand you’re buying from is really important,” said Anna Bell, Barefoot vice president of marketing. “Wine is complex and intimidating; and when you see trusted brands that deliver, I think that is what will ultimately change consumer perception over time.”



Since launching boxes in 2020, Bonterra has seen success with both new and existing customers. “On our website, we are seeing returning customers adding boxes to their bottle orders rather than shifting to this new format,” observed Newman. “We are also seeing new consumers to the brand making their first purchases of boxed wines, suggesting that this format is an introduction to Bonterra for some.”

But it’s not just the long-established brands that take up space in the boxed wine category. Take Communal Brands, a wine importer and distributor that launched its first box in 2016, which employs avant-garde packaging and design to grab the attention of consumers. The Schplink! Grüner Veltliner, for instance, is bright yellow with stark, graphic novel-inspired art while the Herisson brand boxes depict an adorable hedgehog. Communal now has six 3L format offerings and in 2020 saw a whopping 74 percent increase in sales from 2019.

“When we originally started, I feel like it was more of a rock being pushed uphill. People were very receptive to the idea, but there was always that initial resistance based on general perception about the level of quality that typically comes out of a bag you squeeze wine out of,” said Melissa Saunders, CEO of Communal.

“The way that you help to dispel some of that negative stigma is to present something in a different way, disrupt what people thought about it previously. We’ve worked very hard to do that with packaging that couldn’t look less like what people typically associate with this category. Great design can make a big impression. People buy with their eyes.”



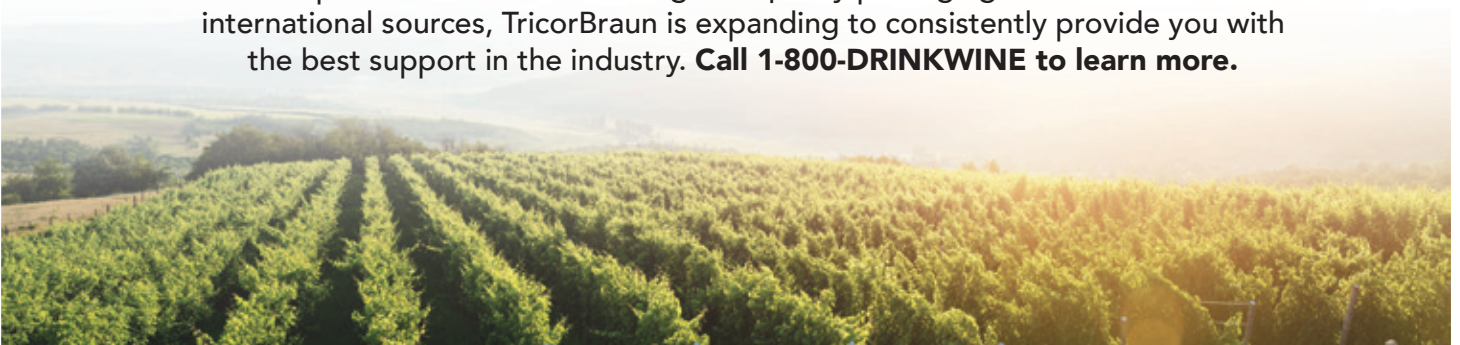
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Increased Quality

Like wine in bottles, boxed wine now has a premium category. "More wines are being offered in a box from more regions around the world," stated Michael Cook, director of sales for Bridge Lane, a second label for Lieb Cellars in New York that sells wine in bottles, boxes, cans and kegs. "These are not the typical, commercially-made bottom shelf boxes that you may have crushed in college and woken up with a hangover."

"The success and awareness of mainstream and even smaller niche brands, like natural wine brand Jenny & François From the Tank, have elevated the entire boxed wine category," said IWSR's Lee, echoing Cook's sentiment. "Brands, like Black Box, have won awards and placed these on the packaging to show that even boxed wines can be gold-medal quality. This, of course, borrows from the ratings and awards system typically used by the wine industry to differentiate and indicate a measure of quality for consumers."

Brady Meyer, vice president of public relations at House Wine, also gives credit to Black Box for advancing the category. "Once Black Box broke through the barrier for boxed wine by offering quality wine at a higher price-point, the category really opened up and proved itself as viable," he noted. "What followed was the box wine category stepping up the overall quality game to meet the needs of current wine drinkers and introduce new consumers to enjoying wine every day. Today's wine drinker wants a delicious glass, no matter the format which they choose to purchase."



New Varietals and Flavor Profiles

Barefoot, Bota Box and Franzia confirmed that traditional varietals, including Cabernet Sauvignon, Chardonnay and Pinot Grigio, are their best sellers. Franzia has more than 50 SKUs in their lineup; and according to Cooney, over a 26-week period that ended in September, Franzia sales for Chardonnay were up 8 percent, Cabernet Sauvignon was up 17 percent, and a Pinot Grigio/French Colombard blend was up 38 percent. However, boxed wine brands are experimenting with a wide array of grape varietals, and consumers can now purchase everything, from Rosé and Riesling to Merlot and Malbec in a box.

Bridge Lane's White Merlot and Communal's Grüner Veltliner exemplify major departures from mainstream varietals. "Stylistically, it lends itself very well because of the freshness and vibrancy," said Saunders of the Grüner Veltliner. "I probably won't ever do Chardonnay in a box."





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Bolder, richer boxings of traditional grapes are trending, too. In 2018, Franzia launched its Bold Blends lineup, which features a rich and buttery Chardonnay and a jammy Cabernet Sauvignon. It's similar to Bota Box's Nighthawk series, which includes a Bourbon Barrel Cabernet.

"We've found that the Nighthawk wines are attracting new consumers to the boxed wine category," stated Kathy Pyrcce, vice president of brand marketing at Bota Box, which has experienced double-digit growth since 2003. "The rich flavors have a strong appeal with younger Millennial and Gen Z wine consumers. The Nighthawk Black® Bourbon Barrel Cabernet Sauvignon, which we introduced late last year, was the first spirit-aged wine in alternative packaging and has been a huge success." As of last November, Pyrcce said the brand was on track to sell the equivalent of 325,000 9L cases of the Bourbon Barrel wine in 2020.

A Size for Every Occasion

Packaging is perhaps the way in which the boxed wine category has evolved the most. Boxed wines come in 5L, 3L and 1.5L boxes, in addition to travel-friendly 500ml and 375ml boxes, often referred to as Tetras.



IRI Worldwide reports that 3L boxes (led by Bota Box) lead the category and experienced a 26 percent increase over a 16-week period that ended in September, which accounted for more than twice the growth of the entire table wine category during the same period. But the smaller boxes are proving especially useful for outdoor activities, like picnicking or going to the beach. The category share for 500ml boxed wines increased by 58 percent between 2015-2019, according to IRI, and Bell reports that sales for Wine-To-Go, Barefoot's 500ml offering, were up nearly 47 percent for the 16-week period ending in October.

"It's the expansion of usage occasions," said Cooney. "Consumers have really expanded their usage of wine to go beyond the dinner table. They're taking them out for occasions that you wouldn't normally see consumers using wine in past generations; and as wine occasions have become less formal, consumers are more open to exploring these package types that in the past may have been viewed as taboo."

Appealing to Younger Generations

Boxed wines seem to be especially popular among Millennials and Generation Z. "We can see purchasing patterns in our tasting rooms where, in general, the older crowd is typically still more comfortable buying our wines in bottles while the 3L box and cans sales are usually a younger

customer,” noted Cook. “We’re trying to break down that barrier every day. We’re about 15 years into that similar conversation with screw caps versus corks, and we’ve mostly convinced the older crowd that screw caps are good at this point.”

In 2020, House Wine partnered up with Cheez-It for National Wine and Cheese Day, releasing a box that combined a box of wine with a box of Cheez-Its. Mayer said that House Wine sold more than 5,000 boxes in under an hour online. Both Millennials and Generation Z are also known to care about the way that brands they support fulfill their social responsibility, and so House Wine partnered with the Human Rights Campaign and donates \$2 per case of their House Wine Rainbow Bubbles to support LGBTQ causes throughout the country.



Even Franzia, which has been popular since the 1960s, understands the importance of relating to younger consumers. In 2017, Cooney said the brand realized it needed to focus more on generating a “meaningful presence” on social media and conducted a social listening exercise in order to find out how their particularly-fanatical consumers wanted to engage. “What we really found is that for the most part, consumers aren’t drinking Franzia by themselves. We learned that consumers build friendships and memories around a box of Franzia,” said Cooney. In 2019, the brand launched its first major media campaign in decades around the tagline “Franz for Life.”

“It’s promoting the idea that Franzia is more than just a wine,” he added. “It’s a vessel you can build memories around with friends for all of life’s milestones.”

Franzia also launched a merchandise store, where followers of the brand can purchase branded items, like a wine dispensing backpack, socks and swimwear. For Halloween, consumers could buy a Franzia boxed wine costume and, for Christmas, Franzia ugly sweaters. The brand continuously creates engaging content, like a DIY guide to wine tie-dye, and they’ve started adding QR codes to their boxes.

“We’re integrating QR codes onto our packaging so consumers can quickly and easily engage with us digitally. It’s a one-stop-shop that will take them to all the ways they can engage with us digitally,” said Cooney. “Digital engagement for Millennials and Gen-Z is critical. That’s where they play, and it’s our job, as brands, to make sure we’re offering them solutions in those channels and on those platforms.”

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A Sustainable Alternative

One of the biggest value propositions regarding boxed wine is that it's a significantly more sustainable option than glass bottles. "I think people have become more aware," stated Jenny Lecourt, founder of Jenny & Francois' From the Tank, a natural wine brand. "Anyone who is buying organic produce or aware of what they're purchasing and has an idea about the ethics of it, it's easy to understand why standing behind boxed wine is a good idea."

One 3L box of wine is the equivalent of four glass bottles and has a much longer shelf life, able to stay fresh for roughly 30 days. According to Saunders, who wrote a thesis on the topic as a Master of Wine candidate, the carbon emissions of a 3L box of wine are nearly 10 times less than a 750ml bottle.

"The packaging is the most environmentally-intensive aspect of wine," said Saunders, noting that boxed wine weighs less than glass, requires less packaging, in general, and fewer trips to the store. "While glass is pretty clean once it's produced, it's very intensive on the environment to produce. There's a real efficiency to boxed wine, and it all basically comes down to a lower impact on the environment."

Boxed wine packaging was a natural fit for Bonterra. "Packaging for this category is exciting because we are able to deliver on consumer demand for easy-to-recycle formats while also clearly displaying our green ethos on the package itself, which has the added benefit of more real estate for messaging," observed Newman. Bonterra boxes display the California Certified Organic Farmers (CCOF) logo, and "Made with Organic Grapes" is placed prominently at the top.

In addition to Bonterra, Fetzer Vineyards also has a 1.5L boxed brand called Relay, which is B-Corp certified, meaning it meets rigorous standards of social and environmental performance. The winery operates from 100 percent renewable energy, and they take the sustainable packaging of boxed wine to the next level, right down to the ink and paper used on the box.

But cost and convenience are the top-marketed aspects of boxed wine, and not all consumers are aware of its sustainable advantage—yet. "I think there are enough compelling reasons globally right now that the environmental underpinning needs to be paid attention to," said Saunders. "It hasn't been on people's radar, but the more there's attention put on that, the category has an opportunity to sustain itself and continue to grow."

Keeping the Momentum Rolling

Boxed wine sales have slowed since the initial months of the pandemic when many states were in total lockdown, but it's far from stagnant. Nielsen reported that boxed wine growth for 3L boxes was at 7.2 percent for the year leading up to the pandemic and then skyrocketed to 67.5 percent during the "restricted living" phase that took place March-May. In June-October, growth was at 27.3 percent. All brands interviewed for this article expressed that they believe this growth will continue, even if life returns to "normal."

"This has been an opportunity for consumers to explore a new format in wine that they may not have otherwise, and so this is accelerating an already existing trend. Boxed wine was already trending pre-2020," said Cooney. "I feel that, moving forward. Consumers, now that they're aware of it, will continue to go that direction."

Moreover, Newman likens the lessening stigma, surrounding boxed wine, to organic wines, which are not only now widely accepted but often also celebrated. "Innovation within the alcohol beverage category has opened doors and minds when it comes to perceptions of quality," she noted. "There was an initial resistance to organic products for similar reasons; however, when brands build consumer trust and prove quality, these stigmas can be overcome." **WBM**