

Insights Report

Inside our
Category Deep Dives



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Deep Dive: Wine

Towards new horizons

Close to 80% of our customers purchased Wine last year, confirming its status as a major driver for Endeavour. However, the decline in heartland Wine occasions, particularly affecting Red Wine sales, underscores the need for industry adaptation. Let's take a look at some of the industry trends we're seeing right now:

Trend #1

Changing occasion landscape

Traditional varietals of Red Wine making way for more refreshing Wine styles.

The landscape of Wine consumption is undergoing a significant transformation, particularly in how and when Wine is enjoyed. Traditionally anchored in 'relax-at-home' or 'with-meal' occasions, the Wine category is witnessing a shift towards higher tempo small group gatherings, where White Wine, Sparkling, and Rose are increasingly preferred.

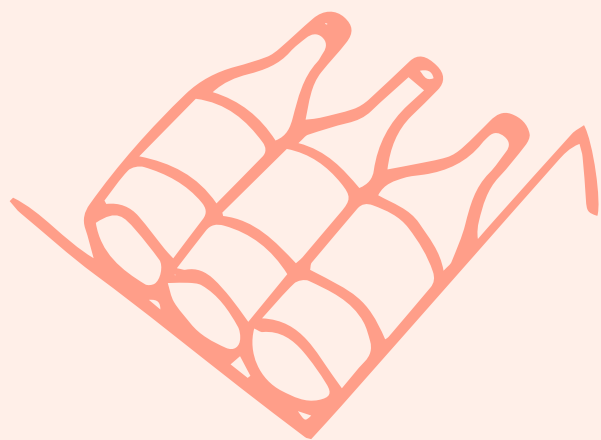
This trend is particularly noticeable among core Gen X and Baby Boomer customers, who historically have been the mainstay of Red Wine consumption. As these traditional occasions become less frequent in customer routines, there's a noticeable decline in Red Wine volumes, impacting overall sales. However, the industry has responded by adapting offerings to better suit emerging social settings, though the challenge remains to sustain the core of traditional Wine occasions amidst these shifts.

In the last year, small get togethers have overtaken relaxing at home as the largest consumption occasion for Wine.

Red Wine consumption frequency has dropped for both Gen X and Baby Boomers, while in growth with our Millennials.

Despite Red Wine sales declining for both Gen X and Boomers - White, Rose and Sparkling sales remain in growth.





Trend #2

Challenging category norms

Embracing change and challenging tradition leading to alternative formats, flavours, occasions and 'drinking rules'.

Wine, with its rich tradition and cultural significance, often holds a place of reverence among Liquor. Yet, as the market evolves, there's a pressing need to challenge these established norms to stay relevant, particularly among younger generations who are not as bound by tradition. This involves reimagining Wine's role in modern consumption habits without losing the essence that makes it special - its link to sophistication and occasion-based consumption.

Innovations that can blend traditional Wine attributes with modern demands - such as Lighter in Alcohol** options or novel flavour profiles - are crucial. These efforts are not just about keeping the product relevant but also about expanding its appeal without diluting its perceived value.

**For marketing purposes, we include in this category, Wine and Wine Products with an ABV greater than 4% and less than or equal to 10%

Non traditional Wine formats are growing at 4 times the rate of the standard 750mL bottle.

Two thirds of our Bagnum customers are new to non glass formats.

Lighter in Alc products are growing well ahead of the total category, with double digit growth for our younger generations and with the greatest \$ growth from our Baby Boomer cohort.**

Trend #3

Younger customer recruitment

Innovation has driven growth and recruitment, with sweet and unique leading the way.

Wine faces the critical task of making the Category accessible for our younger customers, who currently represent a quarter of total sales but are responsible for 70% of the Category's growth. This demographic, comprising Gen Z and younger Millennials, is driving the Category forward, not just through increased frequency and spending but also by bringing new customers into the Wine fold.

Innovations like flavoured Moscatos and fruit-infused Sparkling Wines are proving effective in meeting the sensory and emotional needs of these younger customers, making Wine more accessible and enjoyable for them. The challenge for the industry is to maintain this momentum and ensure that these introductory products serve as a gateway to broader Wine appreciation, ultimately leading to sustained engagement with more traditional Wine offerings.



70% of Wine sales are from Gen X and Baby Boomers.

Wine is the 4th category of choice for MilZ.

Our initiatives are having an impact, with our Gen Z customers allocating more of their spend to Wine than the prior year.

Growth by Generation

Gen Z



Younger Millennials



Older Millennials



Gen X



Baby Boomers



Traditionalists



Growing Category Share

- Sparkling Wine
- White Wine
- Rose Wine
- Cask Wine

Declining Category Share

- Red Wine
- Champagne
- Fortified Wines



The jobs to be done in Wine

These detailed strategies aim to address specific customer needs and trends within the Wine category, ensuring that we continue to lead in market innovation and customer satisfaction.



Tier 1

Fine Wine Mecca

Deliver a best in market Fine Wine discovery experience that inspires engaged Wine lovers.

Spritzers

Expand Wine relevance for Gen Z and Millennials, taking Wine into their mid tempo, group occasions.

Accelerate Bagnums

Drive awareness and expand range of this market leading format to overcome Wine customer barriers.

Tier 2

Lighter Options (4-10% ABV)

Provide choice to moderators by hitting the sweet spot - lower in alcohol while delivering on taste.

Fuel Desire to Discover & Share

Ensure Wine fulfills Millennials desire to discover and share, capitalising on strength of broader Wine culture.

Make Wine Discovery Easier

Guide and reassure Next Gen's purchase, so they can confidently discover and enjoy Wine.

Reimagine Sweet Wine

Refresh sweeter Wine offers, ensuring they are relevant and exciting for our next generations.

Craft Wine Destination

Establish our retail brands as the place to discover Craft Wines.

Let's spotlight a few of those Jobs

1. Fine Wine Mecca

Job to be Done: Establish select retail locations and online platforms as destinations for Fine Wine, attracting connoisseurs and enthusiasts with a curated selection of high-quality Wines.

- **Strategy:** Enhance the in-store and digital presentation of Fine Wines, creating an environment that educates and excites consumers about the depth and breadth of the Wine world.
- **Objective:** Build a reputation as a premier destination for Fine Wine, drawing in customers looking for Premium products and exclusive offerings.
- **Expected outcome:** Strengthen customer loyalty and attract new customers to Endeavour's Fine Wine selections, ultimately driving higher sales volumes and increasing market share in the Premium segment.



2. Spritzers

Job to be Done: Leverage the growing popularity of Wine Spritzers to introduce new customers to the Wine category, recruiting younger demographics and high-tempo social occasions.

- **Strategy:** Collaborate with suppliers to create a line of Spritzers that are both refreshing and closely linked to Wine culture, ensuring an easier transition into Wine.
- **Objective:** Utilise Spritzers to lower the entry barrier into the Wine market, making Wine more accessible and appealing through convenient formats.
- **Expected outcome:** Grow the Wine customer base by capturing interest from individuals who may not typically choose Wine, and increase frequency of purchase among existing customers.

3. Lighter** Options

Job to be Done: Introduce and expand the selection of Lighter** Wines (4-10% ABV) to cater to customers seeking to moderate without sacrificing the Wine experience.

- **Strategy:** Develop a diverse range of Lighter** Wines that maintain the sophistication and flavour profile expected from Wine, which includes both Lighter versions of popular brands or varietals.
- **Objective:** Attract and retain customers who are interested in conscious consumption of Wine.
- **Expected outcome:** Increased penetration among moderating customers and an expanded customer base that appreciates the balance of flavour and wellness.

4. Fuel desire to discover and share

Job to be Done: Foster a culture of Wine discovery and education to engage and inform customers, making Wine more accessible and enjoyable for all levels of Wine drinkers.

- **Strategy:** Implement educational programs, tasting events, and promotional activities that demystify Wine and encourage exploration within the Category.
- **Objective:** Educate customers about the diversity of Wine, its origins, and its nuances, which will empower

them to make informed choices and explore new varietals.

- **Expected outcome:** Increase engagement and satisfaction, leading to higher repeat visits and expanded sales as customers become more adventurous in their Wine selections.

5. Reimagining Sweet Wine

Job to be Done: Redefine and invigorate the Sweet Wine segment to appeal to a broader audience, particularly targeting Milz consumers who favour sweeter, more flavorful beverage options.

- **Strategy:** Innovate within the Sweet Wine segment to produce offerings that are sophisticated and modern, moving away from traditional perceptions that associate Sweet Wines with lower quality.
- **Objective:** Transform the image of Sweet Wines to align with contemporary tastes and preferences, making them a compelling choice for both new and seasoned Wine drinkers.
- **Expected outcome:** Revitalise the Sweet Wine segment, leading to increased sales and enhanced consumer perception of Sweet Wines as a valid and exciting choice within the Wine spectrum.

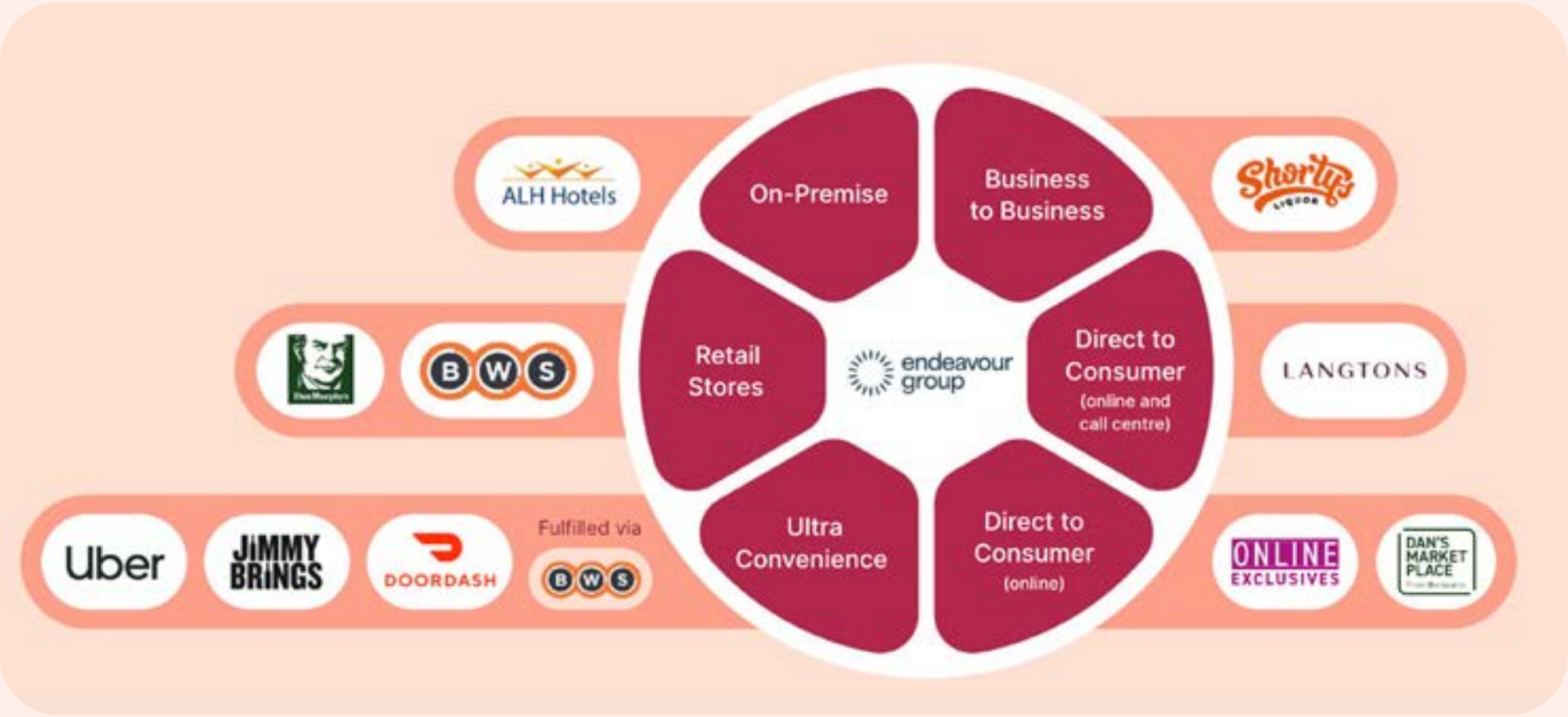
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Working with Endeavour’s Wine ecosystem

Endeavour Group's Wine ecosystem is a robust network designed to cater to the diverse needs of various customer segments, ensuring that every interaction with Wine is exceptional, from discovery through purchase to consumption.

This ecosystem is built on a foundation of extensive selection, expert curation, innovative offerings, and educational initiatives, all aimed at enhancing the Wine experience for customers across Australia.





Leigh Firkin
Head of Endeavour
Commercial Wine



Andrew Shedden
Head of Endeavour Fine Wine

A note from Leigh & Andrew, Head of Commercial Wine and Head of Fine Wine

A spotlight on Red Wine: Reinventing tradition to meet modern tastes

Our strategic focus on Red Wine aims to align with contemporary customer preferences and evolving market dynamics. Recognising the challenges and opportunities within the Red Wine segment, we've identified initiatives to reinvigorate interest and consumption among both traditional and new customer segments.

1. Understanding customer shifts

Red Wine, traditionally celebrated for its rich flavours and complexity, faces challenges due to shifting customer preferences – particularly in the younger generations – towards lighter, more casual drinking experiences. While older customers (Gen X and Baby Boomers) continue to prefer traditional

Reds like Shiraz and Cabernet Sauvignon, younger drinkers (Millennials and Gen Z) are less engaged with these varietals.

2. Innovating product offerings

To counteract the declining interest and adapt to lighter taste preferences, we need to innovate within Red Wine by introducing new styles that appeal to a broader audience.

- Lighter Red varietals: Introduction of lighter styles which offer a more accessible flavour profile suitable for those new to Red Wines or seeking less intense options.
- Packaging and formats: Innovation such as bagnums, half bottles, and other novel packaging solutions is crucial in attracting new customers and re-engaging those who may





have drifted away from the Category. These formats offer convenience, reduce the commitment required to consume larger volumes, and can serve as a unique point of attraction for younger customers looking for practicality and sustainability in their purchasing choices.

- Low and Lighter** in Alcohol Reds: Expansion into Low and Lighter** in Alcohol Red Wines, catering to health-conscious consumers and those desiring a Wine experience without the alcohol content.

3. Enhancing marketing efforts

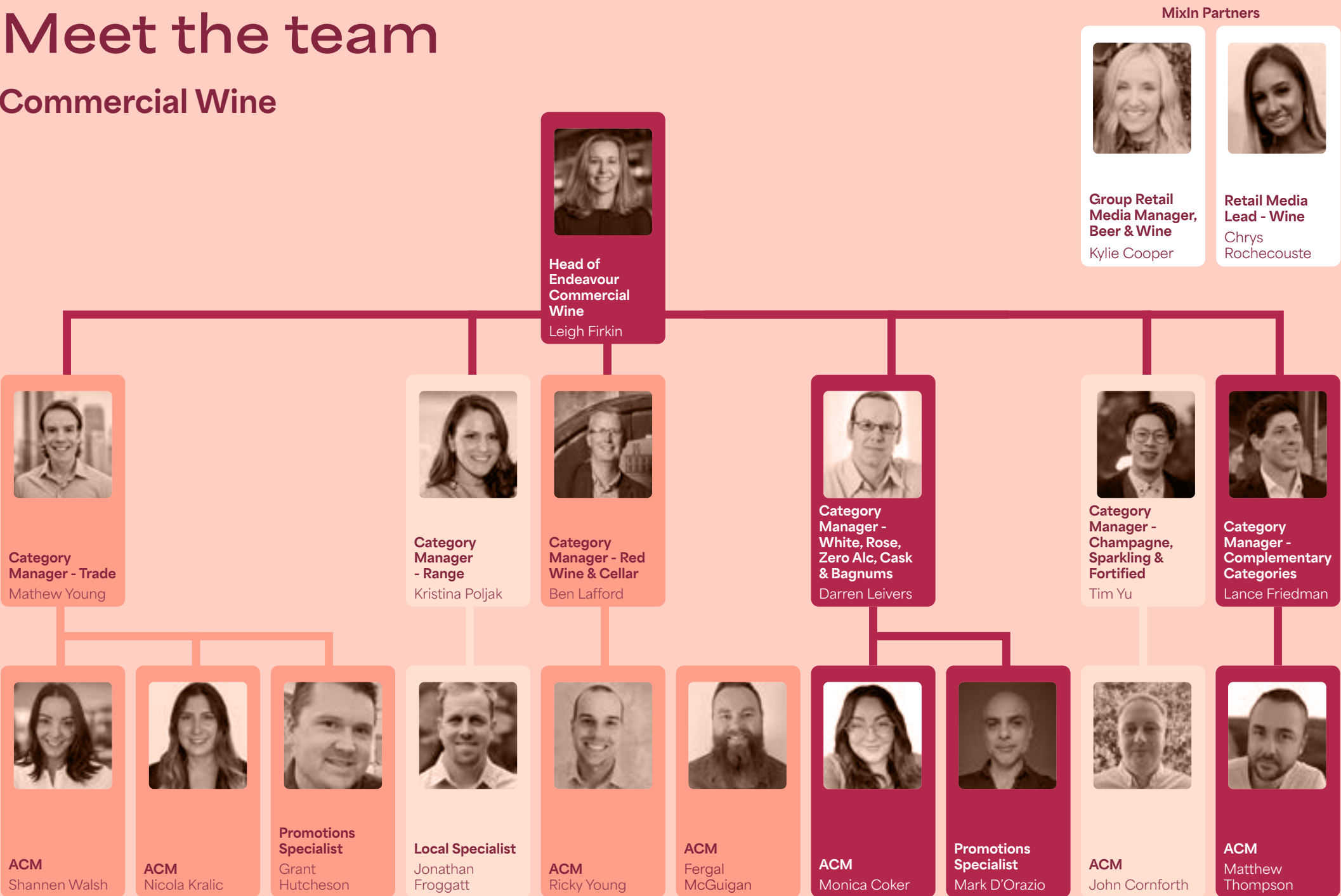
Recognising that traditional marketing approaches may not resonate with younger customers, we need to rethink promotional strategies to better engage these consumers.

- Digital marketing: Leveraging digital platforms, social media and MixIn to connect with younger audiences through content that educates and entertains, such as food pairing suggestions, Wine tasting tips, and behind-the-scenes looks at Winemaking.
- Storytelling and branding: Emphasising the stories behind the Wines and their makers, focusing on the craftsmanship and heritage of lesser-known vineyards alongside well-known labels to foster a deeper connection with the product.

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Meet the team

Commercial Wine



Meet our Wine team

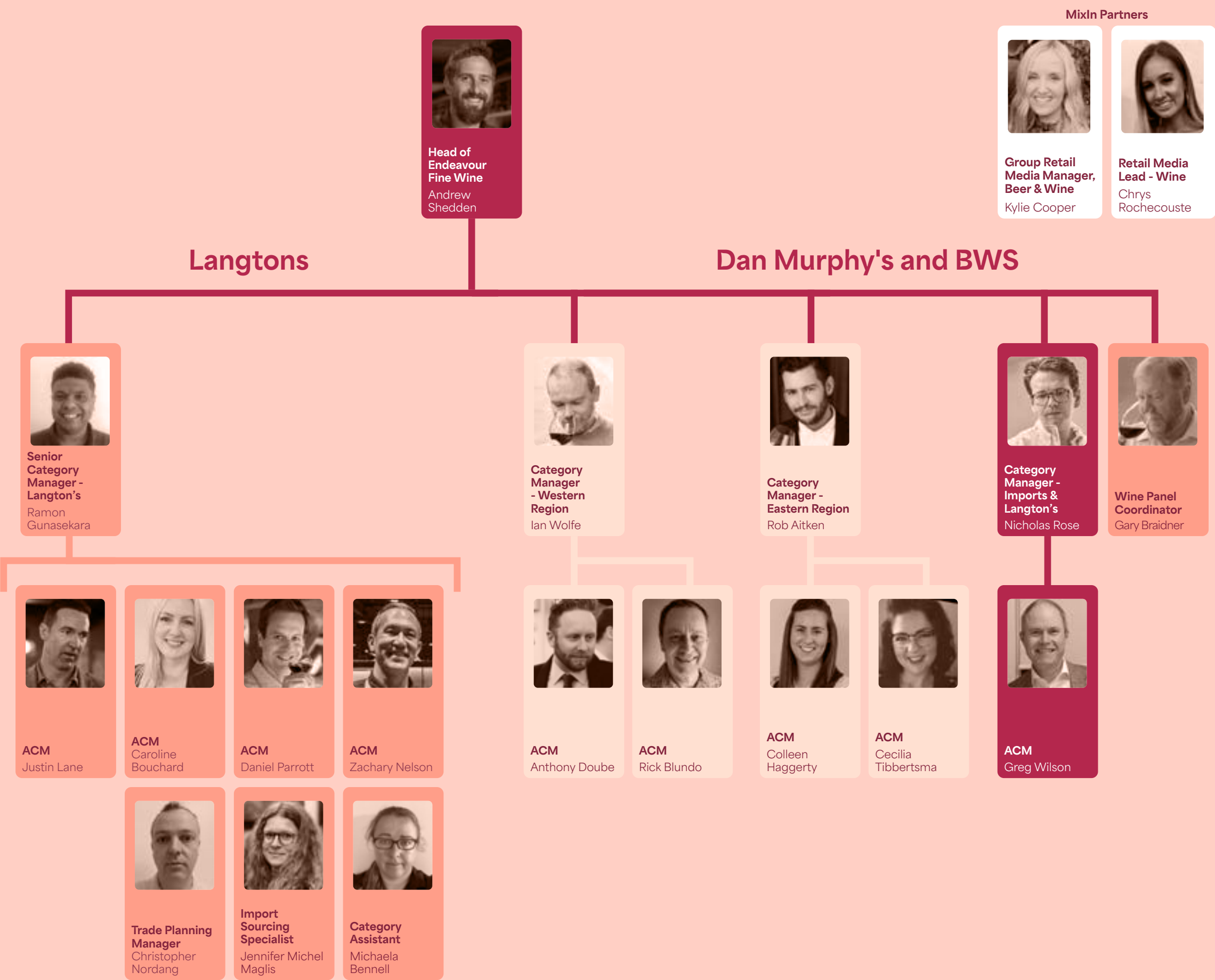
While the Commercial and Fine Wine teams operate with distinct focuses, their efforts are highly interconnected, ensuring a cohesive strategy across all levels of the Wine category.

This integrated approach allows us to cater to both ends of the market spectrum - from everyday affordable Wines to high-end premium selections - without compromising on quality or customer service.

- Collaboration and communication: Regular cross-team meetings and strategy sessions to ensure alignment on overarching company goals and market trends.
- Shared learning and insights: Exchange ideas and consumer insights between teams to better understand and react to evolving consumer preferences and industry dynamics.

Meet the team

Fine Wine



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