State of the *Central Coast Wine Business*

Macro Impacts to the Wine Industry

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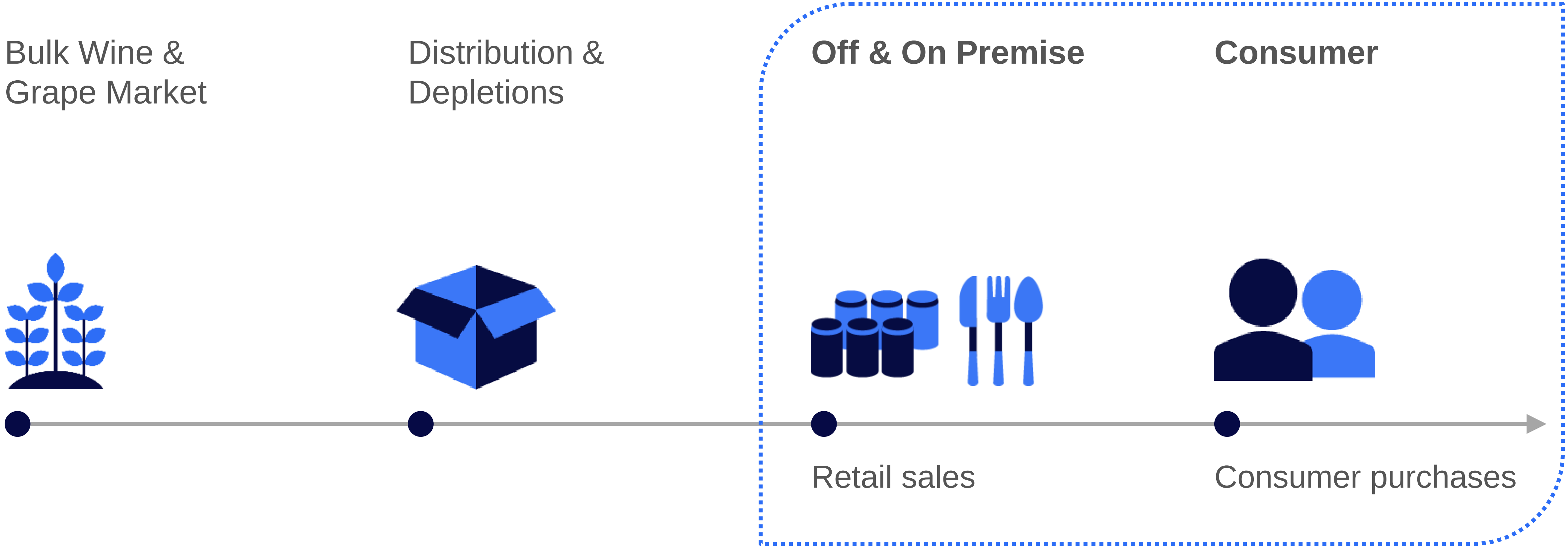
NielsenIQ

CENTRAL COAST *Insights*

What does NielsenIQ measure?



3 Topics for Discussion

1. Consumer Drivers of Change

2. Wine Sales at Retail

3. Central Coast Performance

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1. **Consumer Drivers of Change**
2. **Wine Sales at Retail**
3. **Central Coast Performance**

NIQ

What's on the mind of the *Beverage Alcohol* consumer?

Dry January and the broader **moderation movement** are now consumers lifestyles

Potential changes in **dietary guidelines and labeling**, increase decision complexity and considerations

Consumers seek wellness through weight loss and **GLP-1s**, creating headwinds for alcohol consumption

Surgeon General Warning creates legal liability for suppliers and pushes shopper further away

Consumers are faced with **economic pressures** from inflation and retail price increases impacting retail sales

Non Alcohol products are an alternative to alcohol consumption in new occasions and growing

Tariffs start with higher prices and out of stocks. Retaliation and unintended impacts could expand

...are all impacting BevAl purchasing

NielsenIQ

BevAl Buyers by Generation

*% of BevAl Buying Households vs **Wine** Buying Households*

9.0%
Generation Z

8.7%
Generation Z – Wine

31.7%
Millennials

30.8%
Millennials – Wine

27.1%
Generation X

27.2%
Generation X – Wine

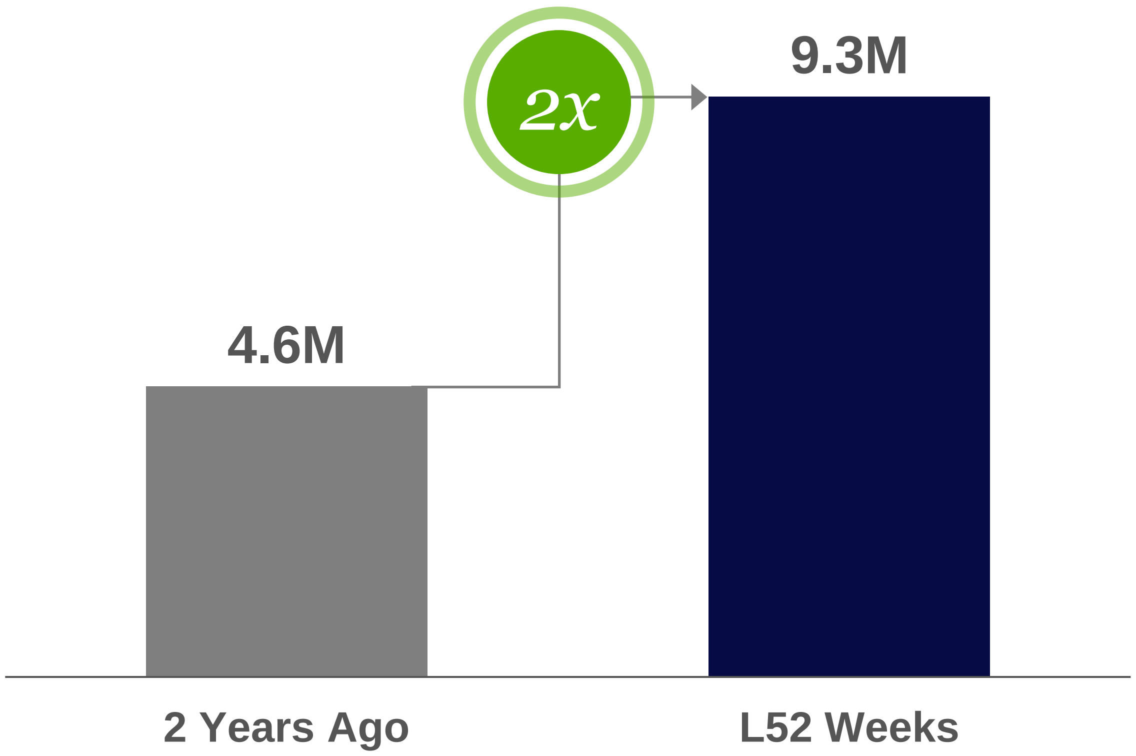
32.3%
Boomers/ Traditionalists

33.3%
Boomers/ Traditionalists – Wine

Source: NielsenIQ Omnishopper Panel on Demand, US ALC – Integrated (21+ Only) Database; L52 WE 1/25/25, Total Outlets, Total US

Roughly half of Gen Z are Legal Drinking Age and entering the Beverage Alcohol category

***Gen Z (21+)** households purchasing Beverage Alcohol have **doubled** in the past two years.*



Source: NielsenIQ Omnishopper Panel on Demand; Discover Integrated Alcohol 21+ Database; 52 weeks ending 11/02/2024

NIQ

Gen Z (21+) purchasing of Beverage Alcohol is in flux as more buyers enter the category

77%

Of **Gen Z (21+) households** are purchasing Beverage Alcohol in the latest 52 weeks

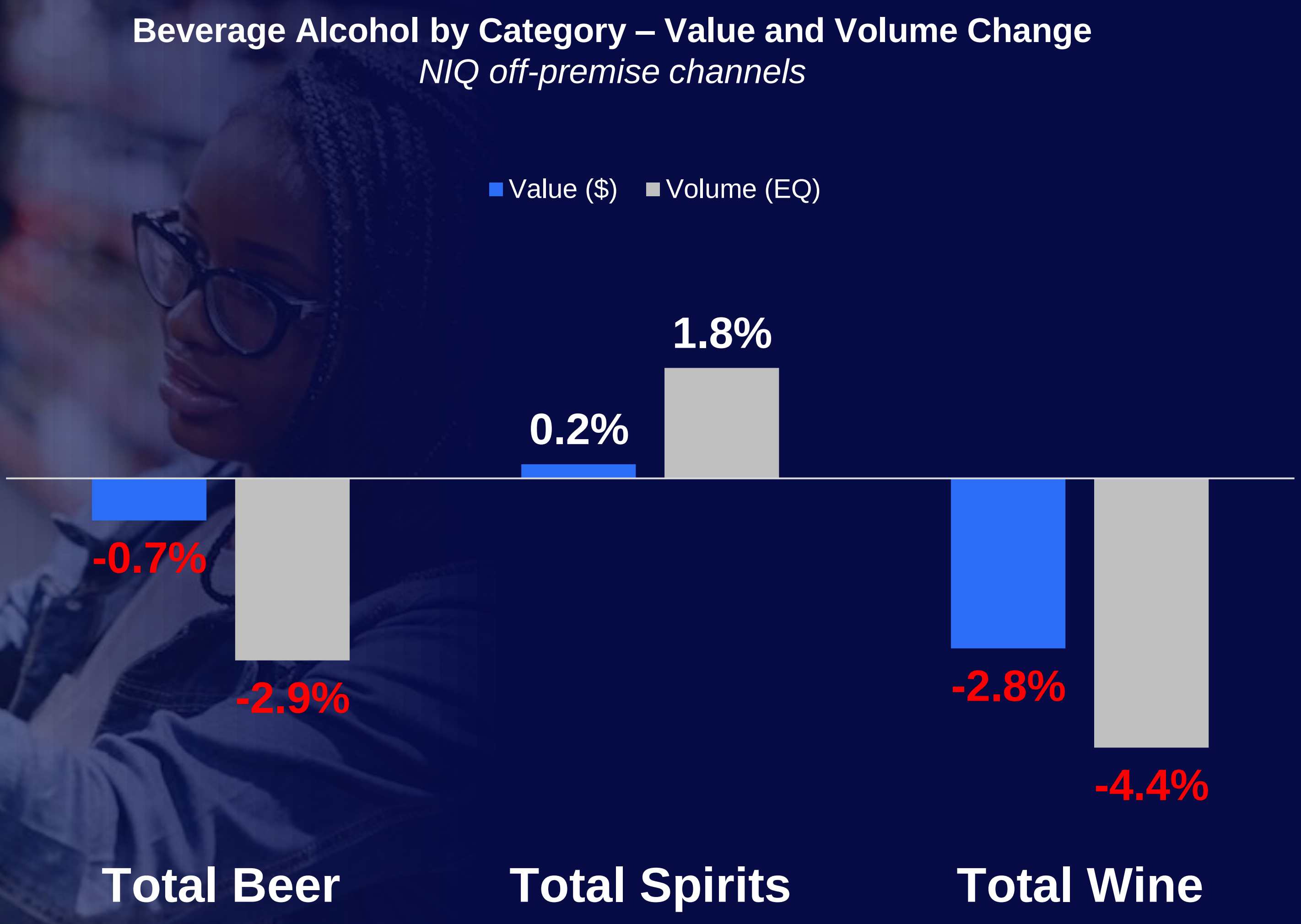
+0.7pts vs 2 years ago

$300+

The average **Gen Z (21+) household** spends over $300 per year on Beverage Alcohol

-$55 per buying households vs 2 years ago

2024 struggled to achieve value and volume sales growth

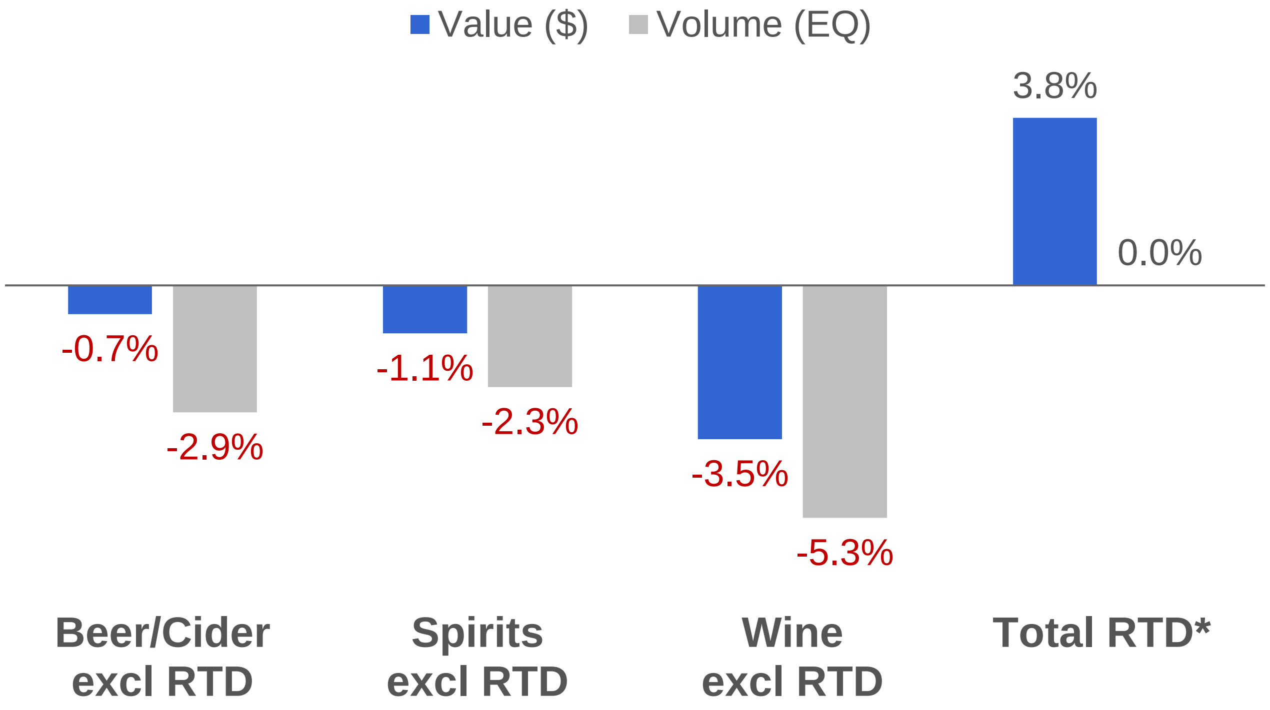


Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs year ago

NIQ

Excluding RTDs, annual growth was not achieved

Beverage Alcohol by Category (excl RTDs) – Value and Volume Change
NIQ off-premise channels



	Beer/Cider excl RTD	Spirits excl RTD	Wine excl RTD	Total RTD*
$ Share	**42.2**	**27.2**	**19.0**	**11.6**

* Total RTD = Seltzers / FMBs / Spirits RTDs / Wine RTDs

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

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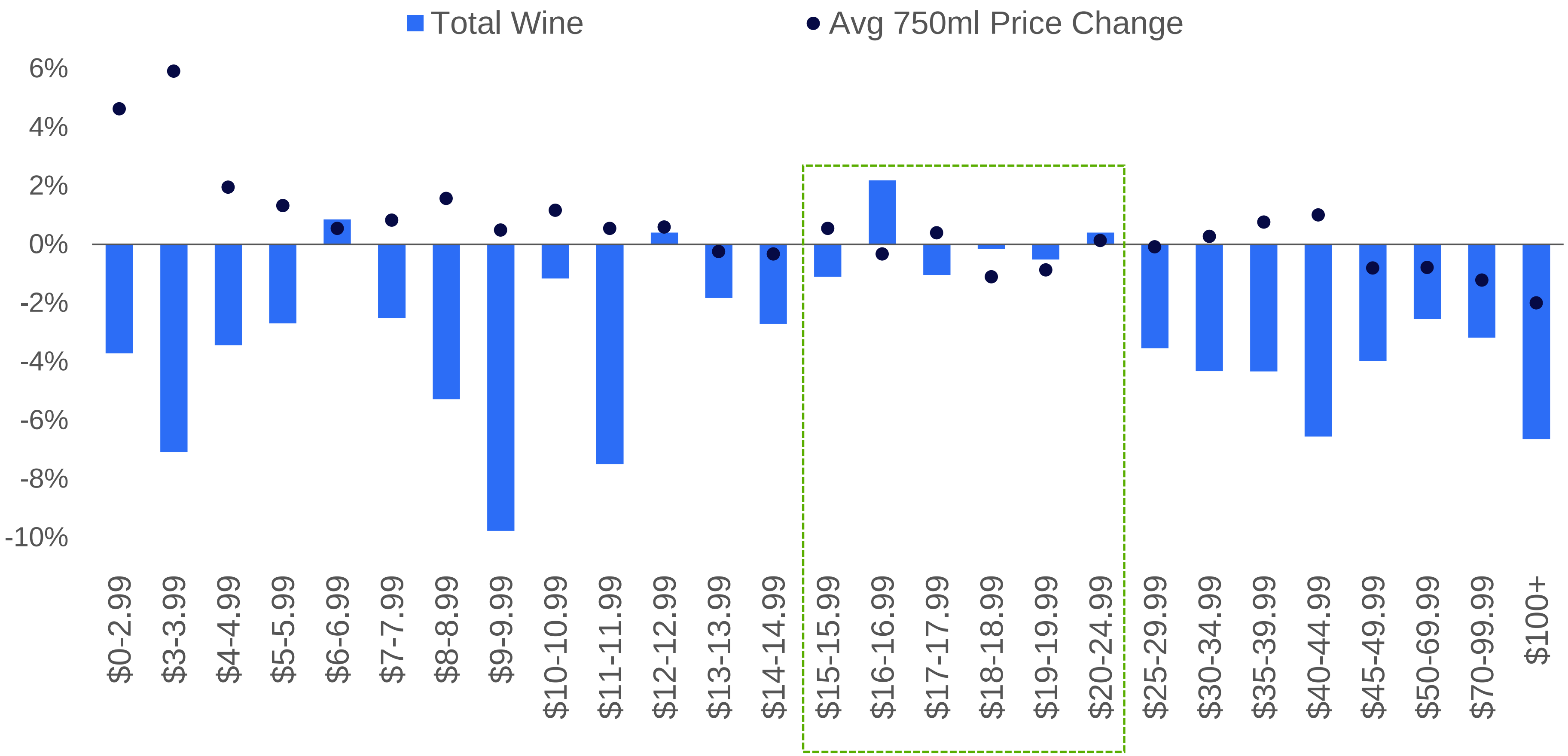
Wine pricing – Premiumization as a mind set

Many retailers use $19.99 threshold as a psychological price point for promotions

Total Wine by UPC Price Dollar Change vs Price Change

NIQ off-premise channels



15%

Of Wine is sold is in the $15 - $20 range

$19.99

Continues to be a key retail threshold that consumers recognize as a quality point

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

Total Wine in 2024

-2.8%

Dollar change vs year ago

Sparkling Wine numbers do not include the full week of the New Years Eve/Day holiday

-5.3%	**-1.6%**	**-6.7%**	**-4.7%**
Red Table	*White Table*	*Rose*	*Sparkling*

+2.5% Prosecco

-5.4% French Champagne

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

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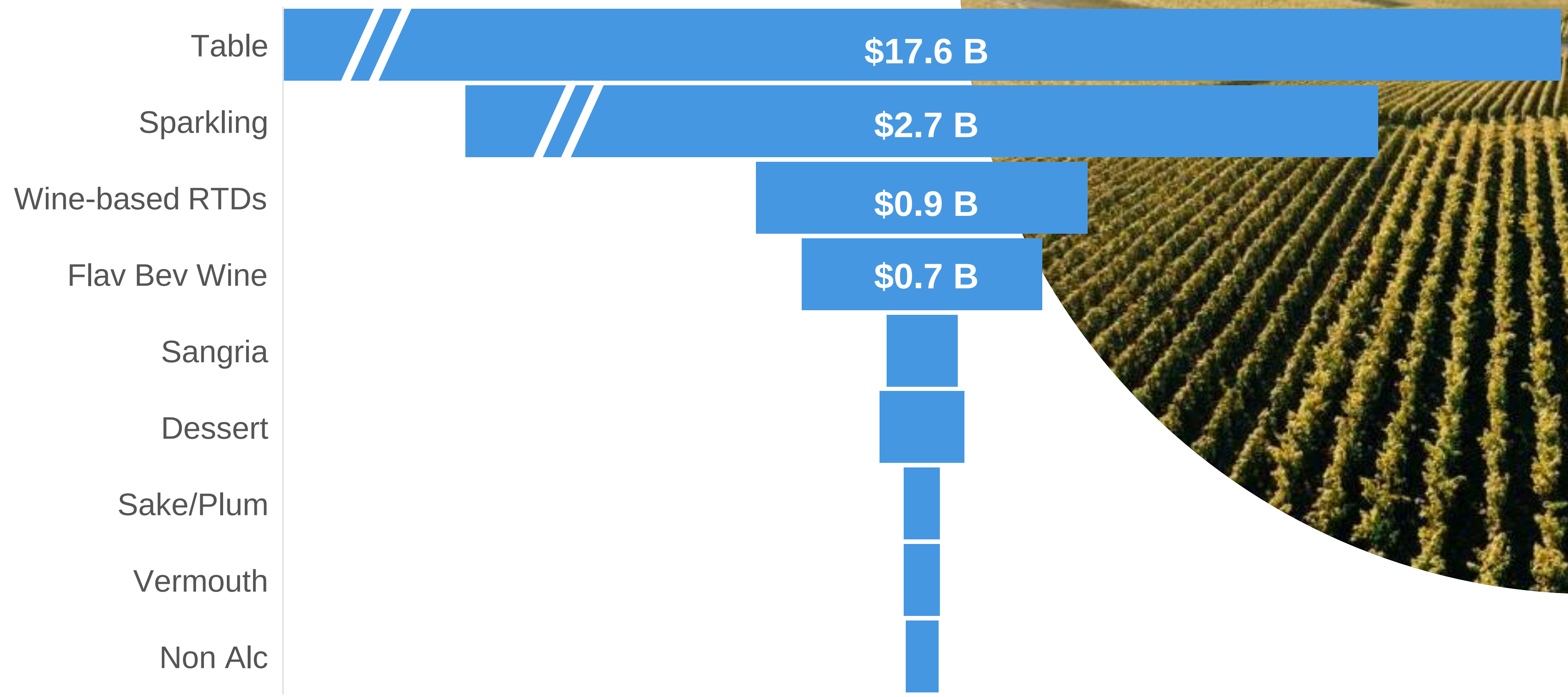
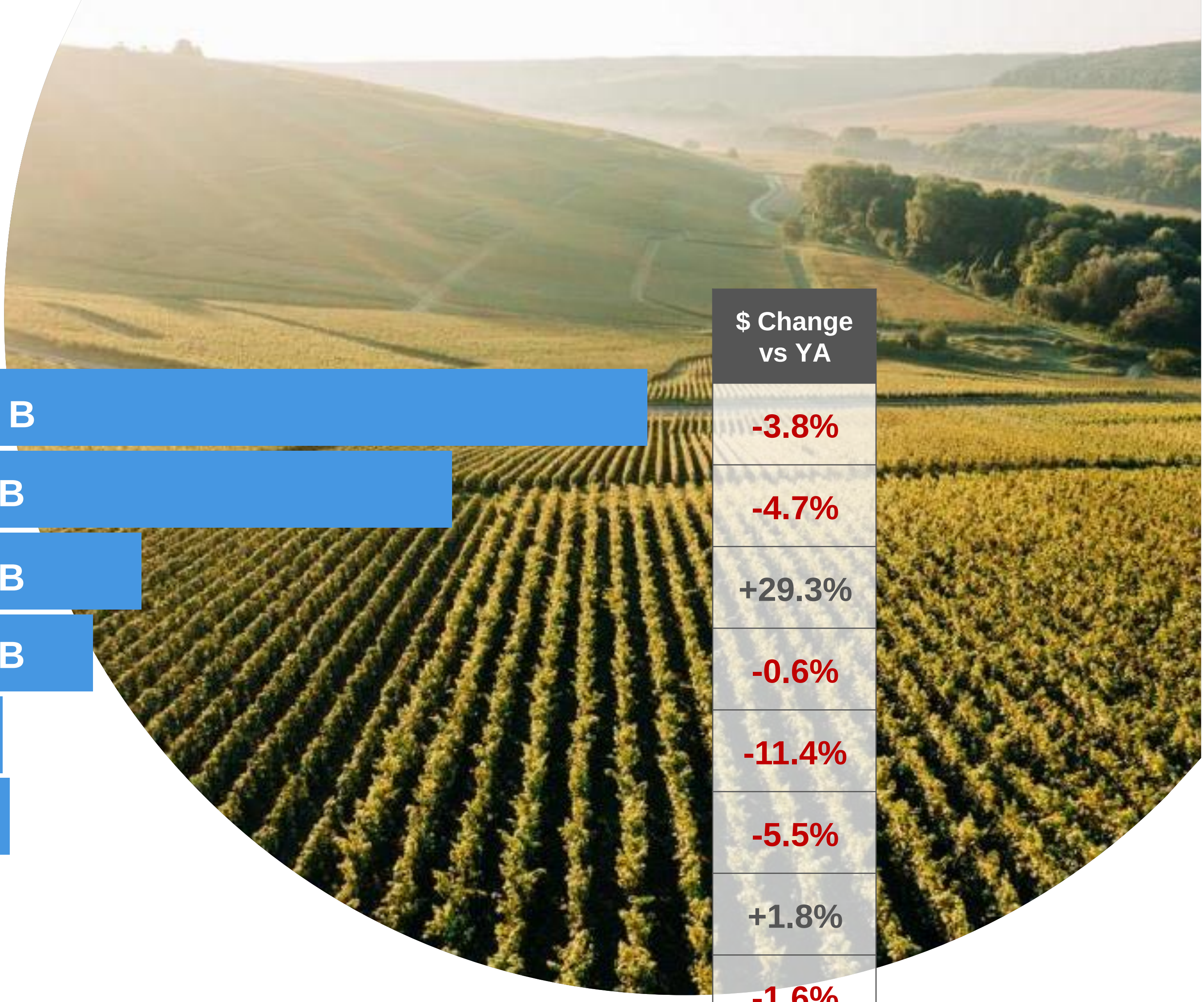
Consumer tastes have extensive repertoires with unique segments are growing

Wine by Segment ($MM & Change vs YA)
NIQ off-premise channels





	$ Change vs YA
Table	-3.8%
Sparkling	-4.7%
Wine-based RTDs	+29.3%
Flav Bev Wine	-0.6%
Sangria	-11.4%
Dessert	-5.5%
Sake/Plum	+1.8%
Vermouth	-1.6%
Non Alc	+27.2%

Source: NIQ Scan Off Premise Channels (xAOC+Conv+Liquor Open State); Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 12/28/2024 vs. year ago

ABV Proliferation in Wine: Something for every occasion

Top Selling
Non Alc Wine
Fre NA

New to Retail
Non Alc Wine
Sèchey

Low Alc Wine
Sunny with a
Chance of Flowers

Low Alc Wine
Chateau Ste
Michelle LIGHT

High ABV
Wine RTDs
Beatbox

High ABV Wine
XXL Wine

3

Topics for Discussion

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3. **Central Coast Performance**

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Wine Performance vs *Central Coast*

$22.6B

Dollar sales of **Total Wine** across NIQ Off Premise Channels in the L52 weeks

-2.8% vs YA

$1.5 Billion

Dollar sales **Central Coast Wines** across NIQ Off Premise Channels in the L52 weeks

-2.7% vs YA

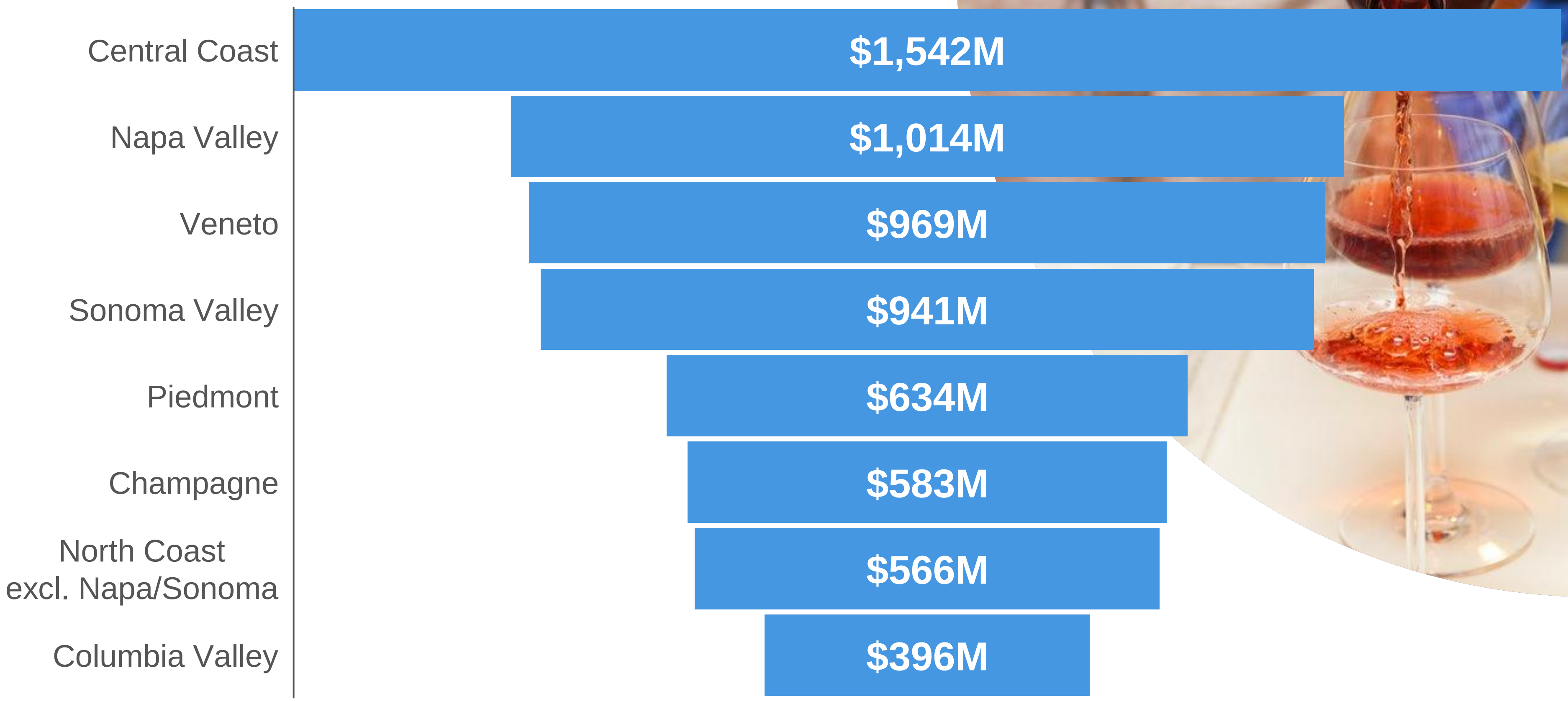
7% *share*

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 2/15/2025 vs. year ago

NIQ

Central Coast represents the largest region and facing lesser declines than others

Wine by Origin Region ($MM & Change vs YA)
NIQ off-premise channels



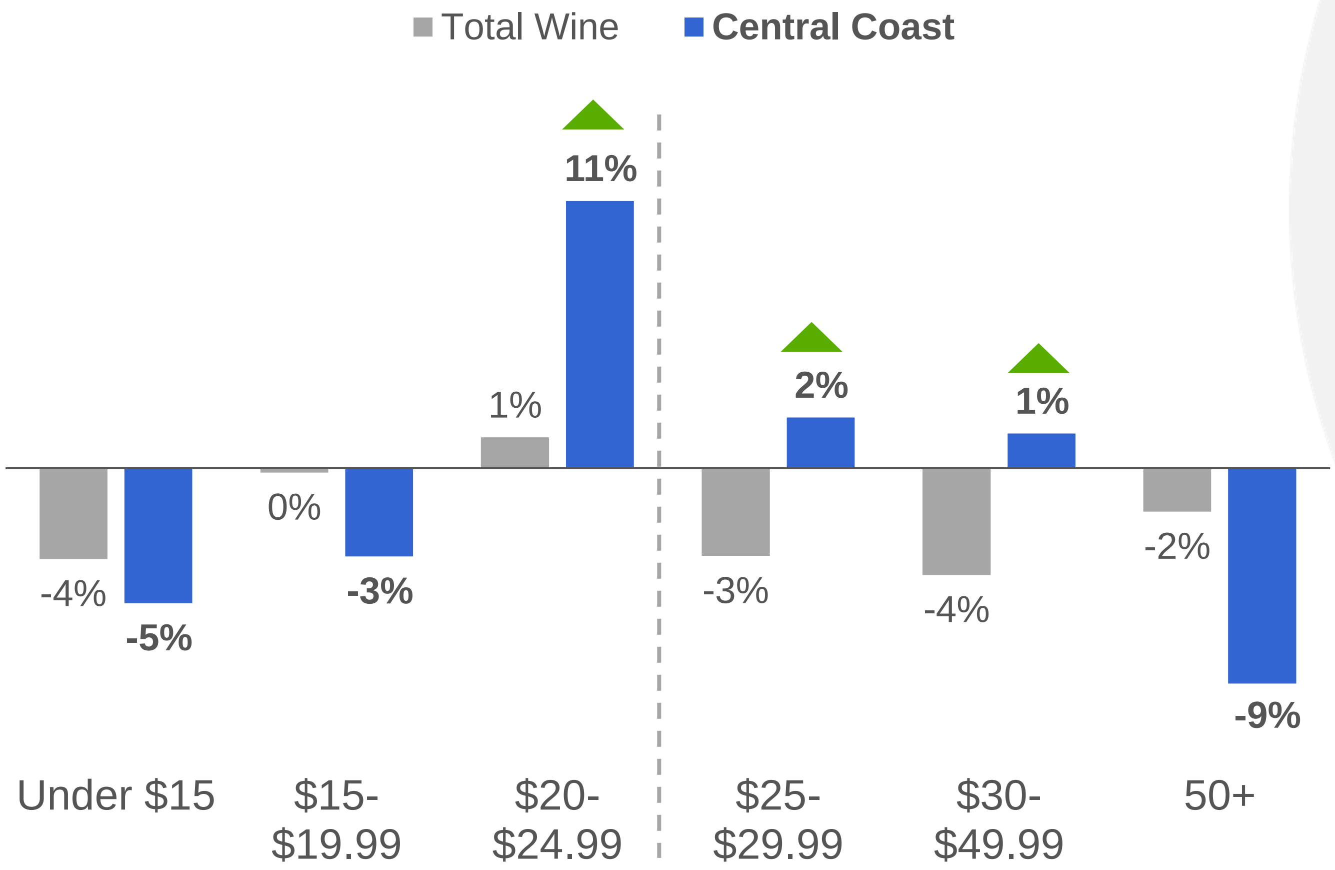
$ Change vs YA
-2.7%
-3.3%
+2.0%
-3.8%
-8.7%
-2.5%
-2.6%
-9.4%

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 2/15/2025 vs. year ago

Wine pricing – Premiumization as a mind set

Many retailers use $19.99 threshold as a psychological price point for promotions

Total Wine vs Central Coast – Dollar Change vs Year Ago
NIQ off-premise channels



56%

Of Central Coast Wine sold is in the $15 - $30 range

$19.99

continues to be a key retail threshold that consumers recognize as a quality point

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 2/15/2025 vs. year ago

Top 10 Brand Families Then vs Now

The top 10 brand families account for 51.3% of dollar sales in the latest 52 weeks

Three Years Ago

Latest 52 weeks

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 2/15/2025 vs. year ago

Images represent Brand Families

Opportunities exist across the Wine industry

+17%

Dollar growth of
“Better for You” wines

+3%

Dollar growth of
Organic wines

*Label trends **stated** on the bottle shoppers are drawn to:*

Eco Friendly Certified +28%

B Corp +46%

Free From Artificial Colors +16%

No Added Sugar +16%

+24%

Dollar growth of
Non Alcohol wines

Non Alcohol wines represent **0.6% of total wine dollars**

+13%

Dollar growth of **Ready to Drink** wine cocktails and canned wines

Wine based RTDs are over **$1.3 billion** in the off premise

Source: NIQ Scan Off Premise Channels; Discover Integrated Beer, Wine, & Spirits database; Latest 52 weeks ending 2/15/2025 vs. year ago

Beverage Alcohol: *What will drive 2025?*

1 **Consumer Recruitment**
Gen Z (21+) will shape their habits and preferences through ties to cultural connections and nostalgia, leaning into high ABV and no ABV products

2 **Health & Wellness Evolution**
Wellness will proliferate in consumer importance, with moderation driving non alcohol sales; consumers will moderate through mindful consumption

3 **Flavor Expansion or Flavor Fatigue**
Ready to Drink flavor forward beverages, though consumers are tired of fruity flavors; successful innovation will go beyond traditional flavors

4 **Economic Headwinds**
Value and volume will face challenges due to evolving economic conditions and the potential impact of tariff implementations

5 **Digital Engagement & the Influence of AI**
Digital experiences and AI will impact shoppers with creativity to enhance convenience, saving shoppers valuable time

NIQ

Thank you!

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