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Silicon Valley Bank

2018 SVB Wine Report Videocast

Rob McMillan
EVP & Founder, Silicon Valley Bank Wine Division
January 17, 2018



About the 2018 SVB Wine Videocast

These slides were shared during a live videocast on January 17, 2018. We will publish the full 2018 SVB Wine report in February 2018 and email a link to the report when it is available. Rob McMillan will also notify his blog followers at <http://svbwine.blogspot.com/>. For future reference, the 2018 report will be published in February on our website at <https://www.svb.com/wine-report/>.

If you have questions or comments about the 2018 SVB Wine Report, videocast or wine surveys please email winesurvey@svb.com.

2018 SVB Wine Report Videocast

Moderator and panel of experts



Rob McMillan

EVP and Founder
Premium Wine Division
Silicon Valley Bank



Gretchen Boock

Chief Executive Officer
Dobbes Family Estate /
Wines By Joe



Mary Jo Dale

Marketing Director
Americas
Vinventions / Nomacorc



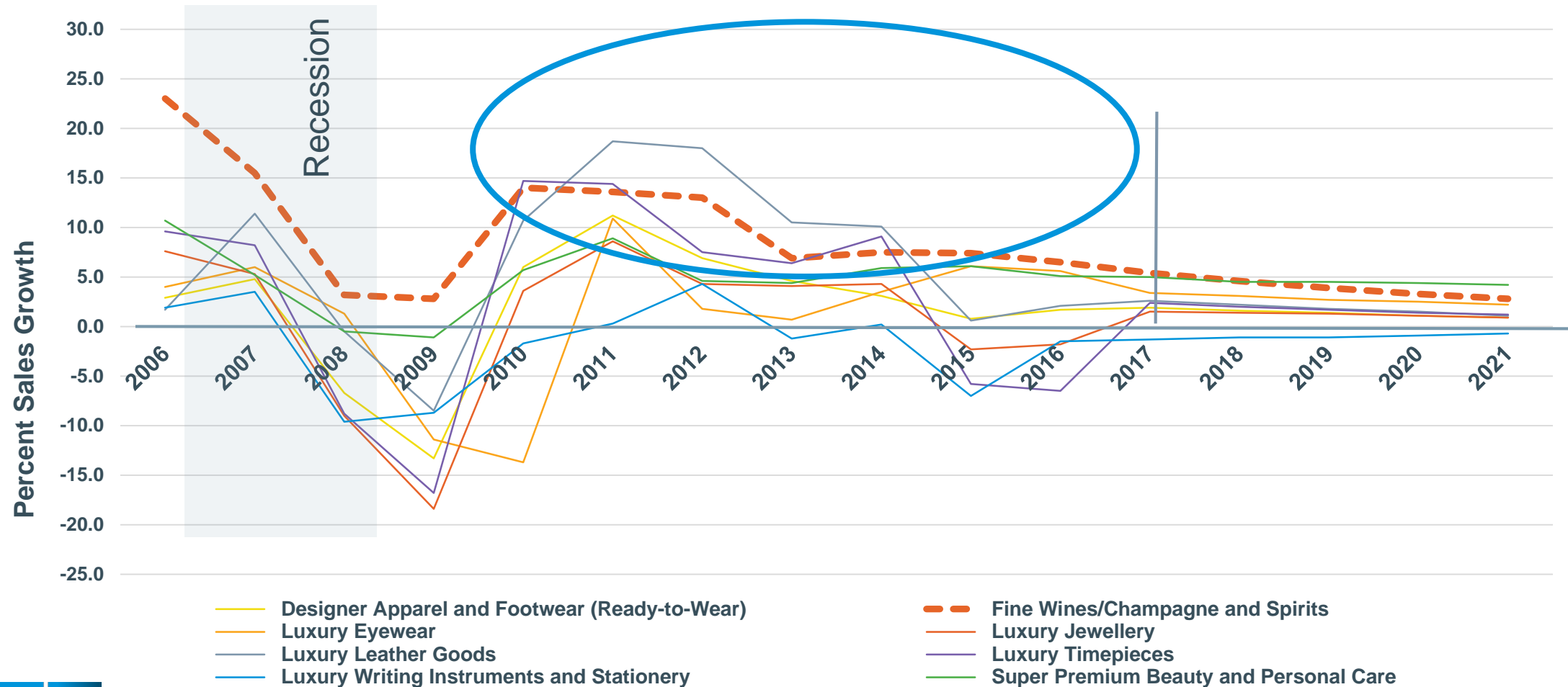
Paul Mabray

Wine Industry Digital
Futurist and Director,
Getemetry.com

Growth Rates in US Luxury Sales Are Decelerating

Luxury good sales 2005 – present and forecast to 2021

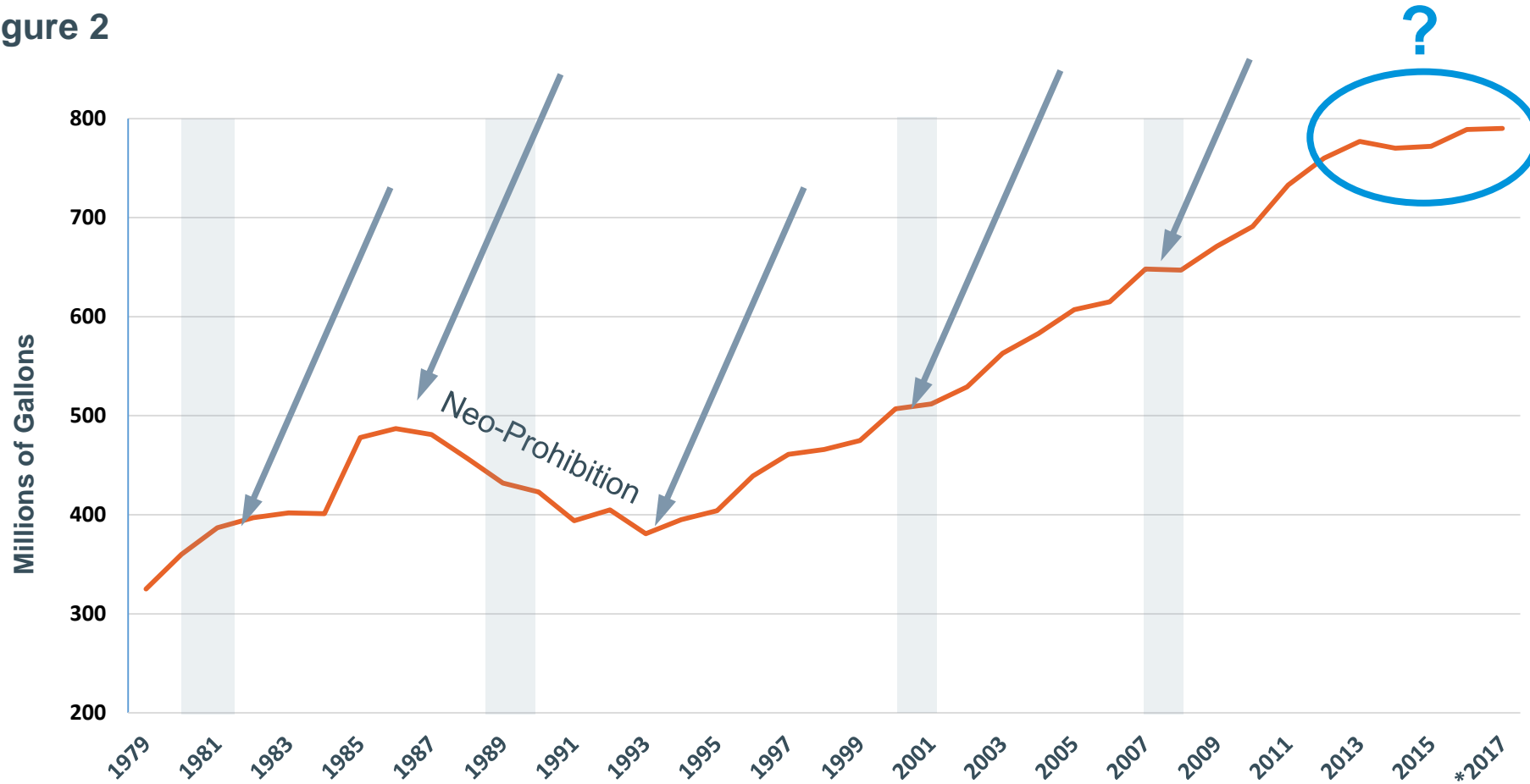
Figure 1



US Wine Consumption Is Slowing After 20 Year Run

Premiumization only part of the reason

Figure 2



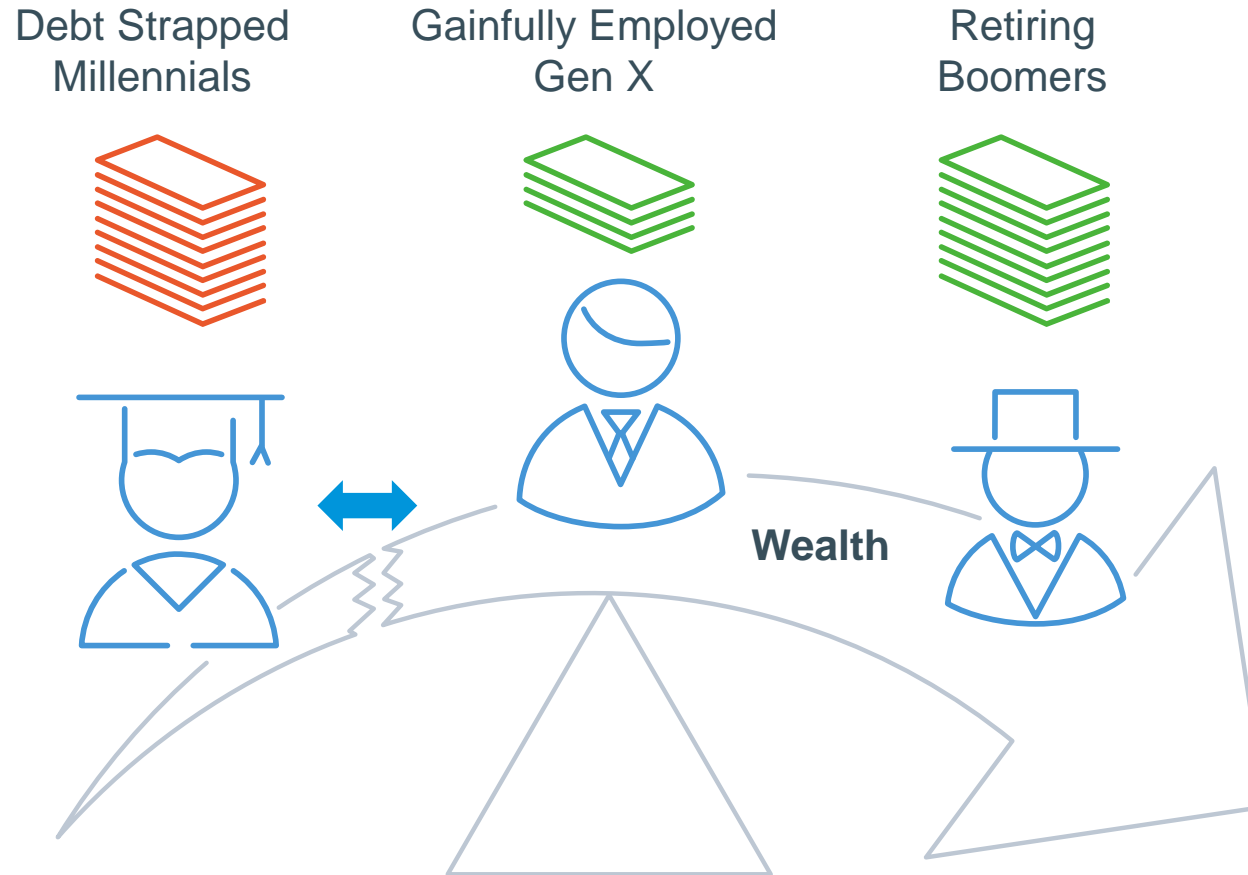
Note: Recessions →

Source: CA Wine Institute

Indulgence Gap

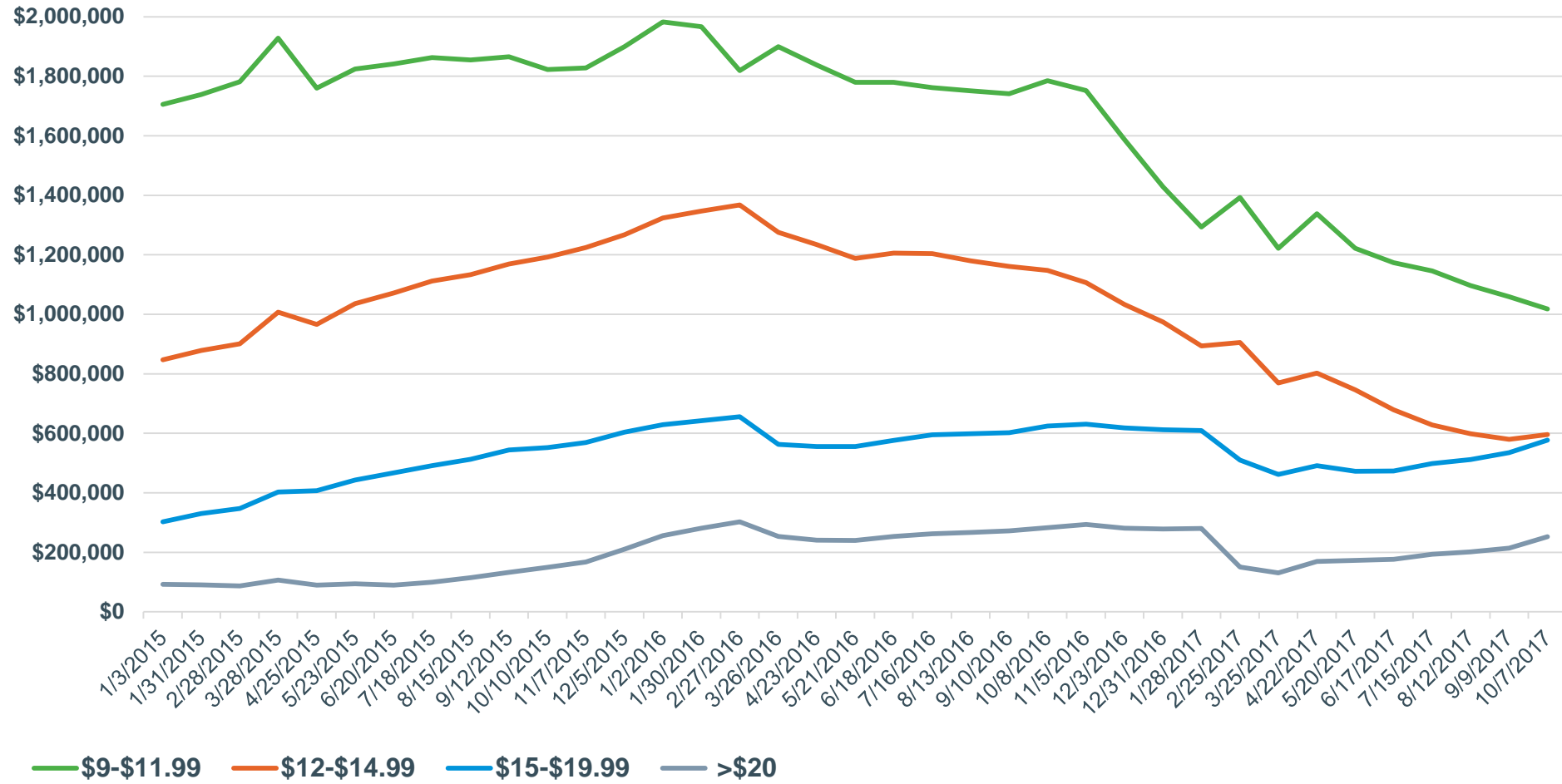
10K Boomers replaced by 10K millennials daily

Figure 3



Rolling 52 Week Sales Growth Above \$9.00 Weakening

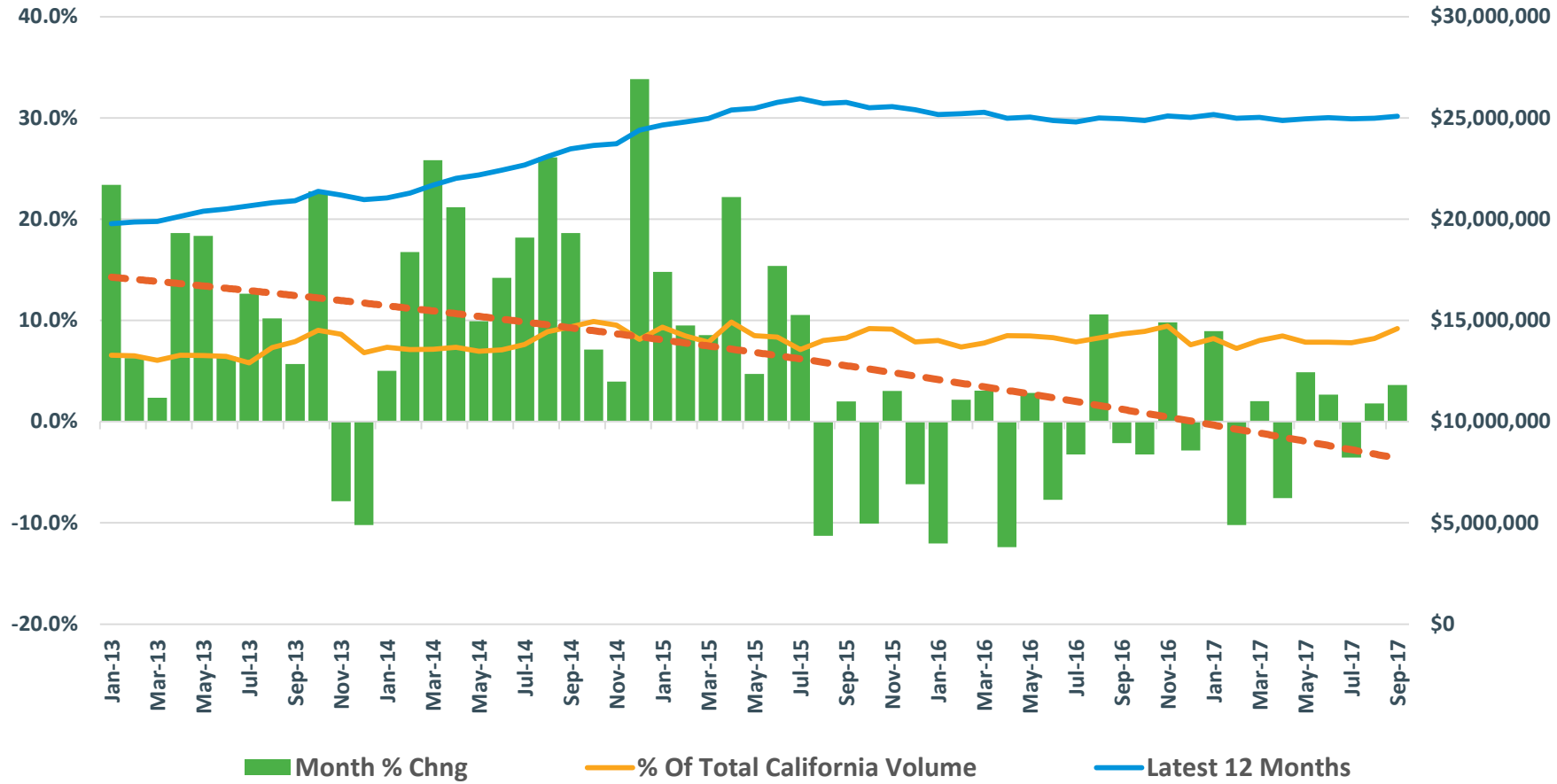
Figure 4



Warehouse Shipment Trends

January 2013 to September 2017

Figure 5

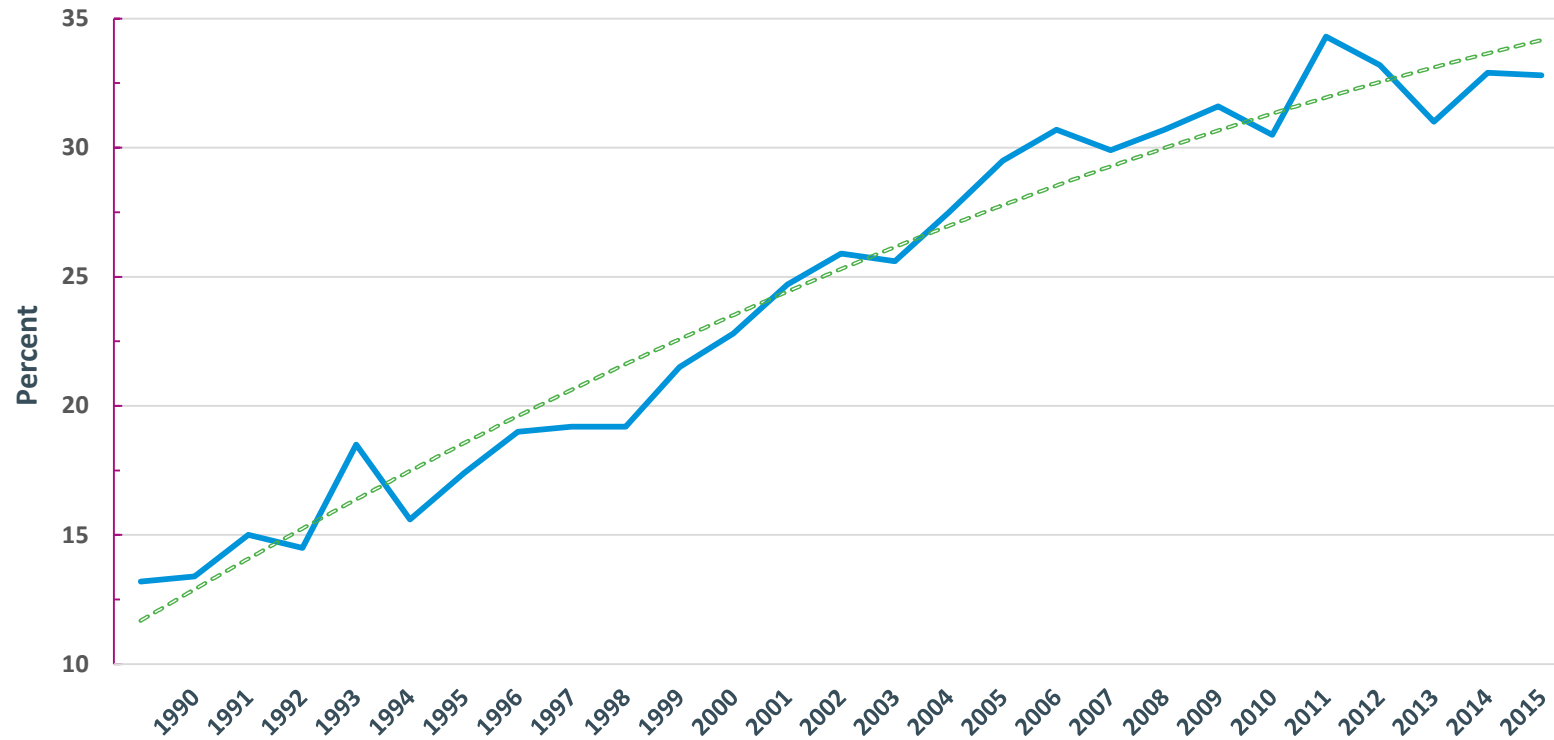


Source: Gomberg-Fredrickson, BW166

Import's Share of US Wine Sales

1990 - 2015

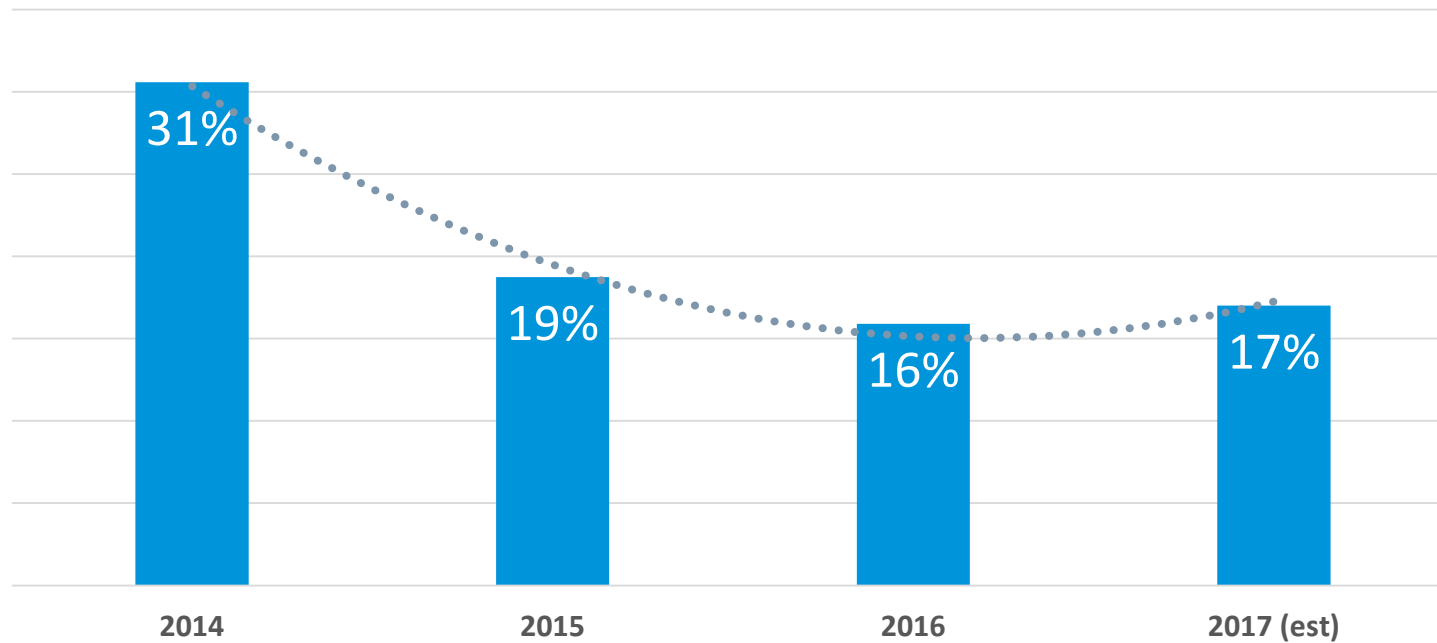
Figure 6



Percent of Winery Revenues Sold Through Restaurant Channel Dropping

Switch to other channels

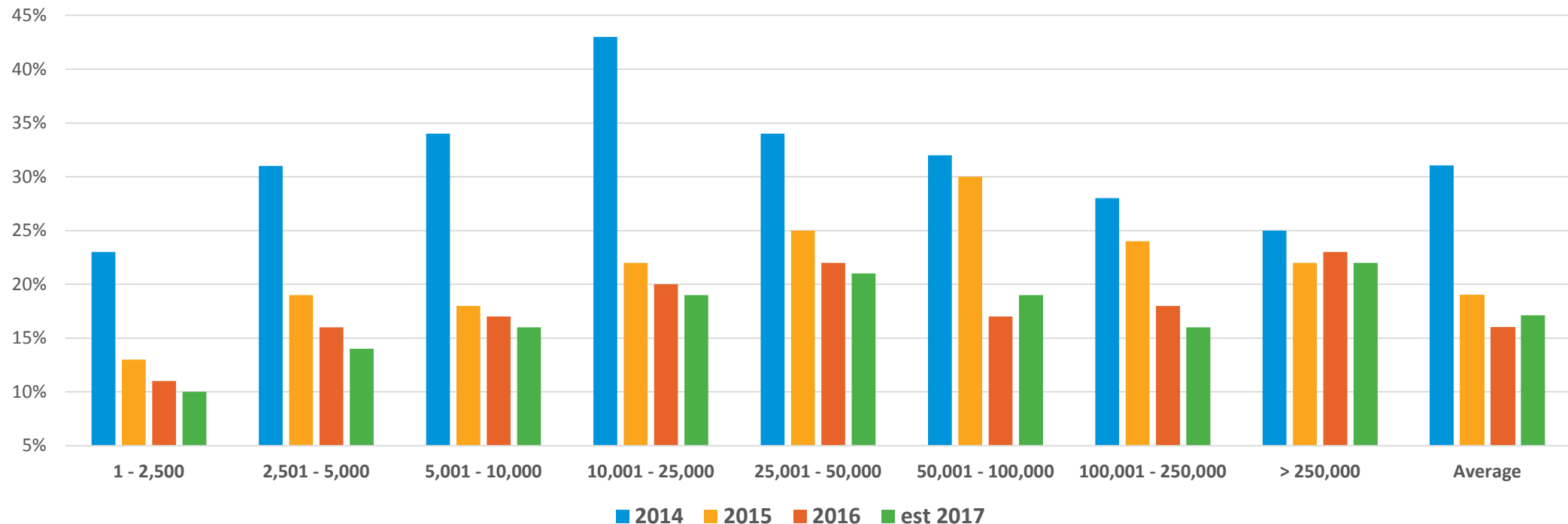
Figure 7



Percent of Average Winery Sales Sold Through Restaurants – By Case Production

Consistent declines in importance

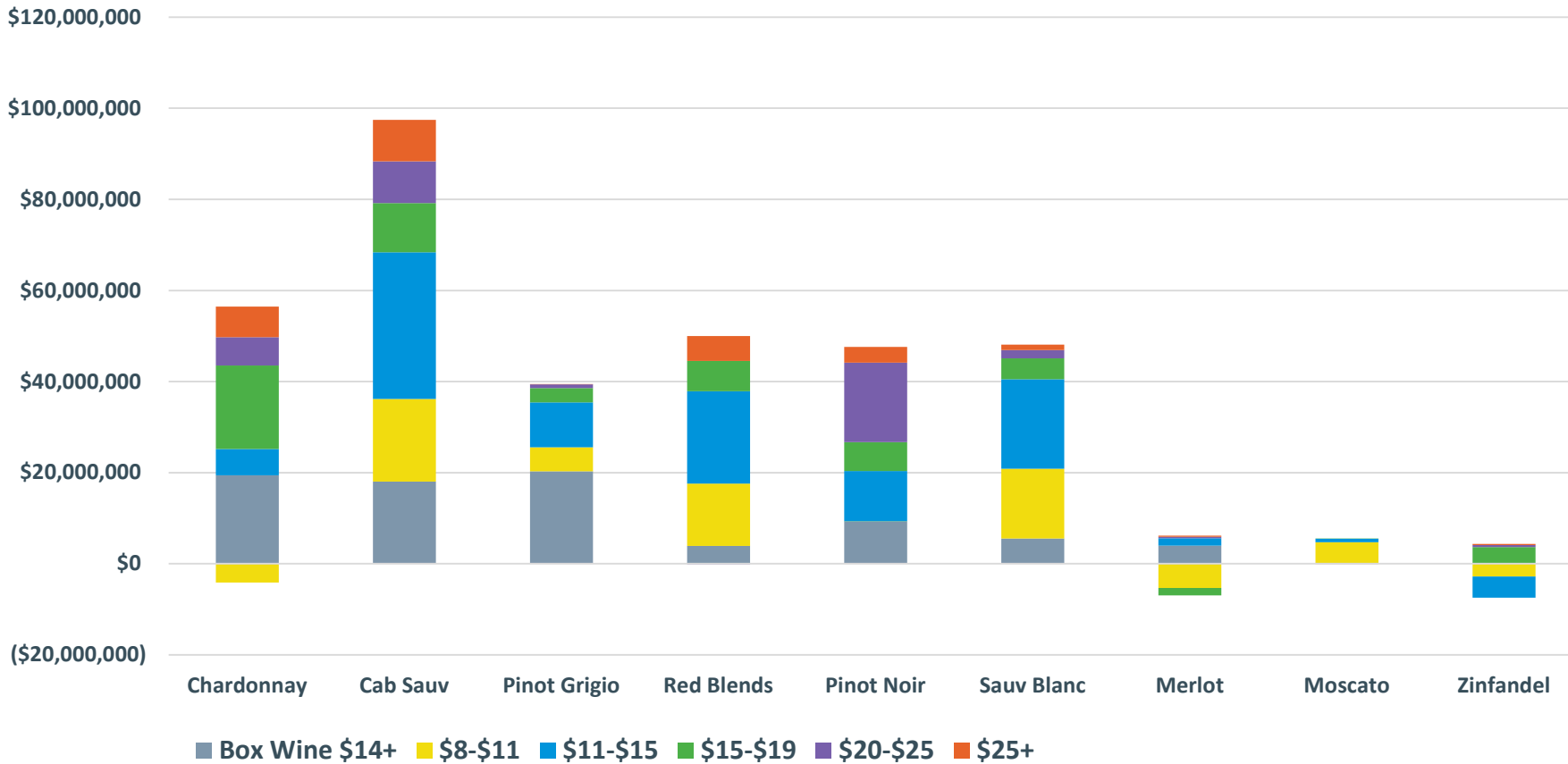
Figure 8



Premium Varietal Growth

Chardonnay overtakes red blends as second largest growth varietal

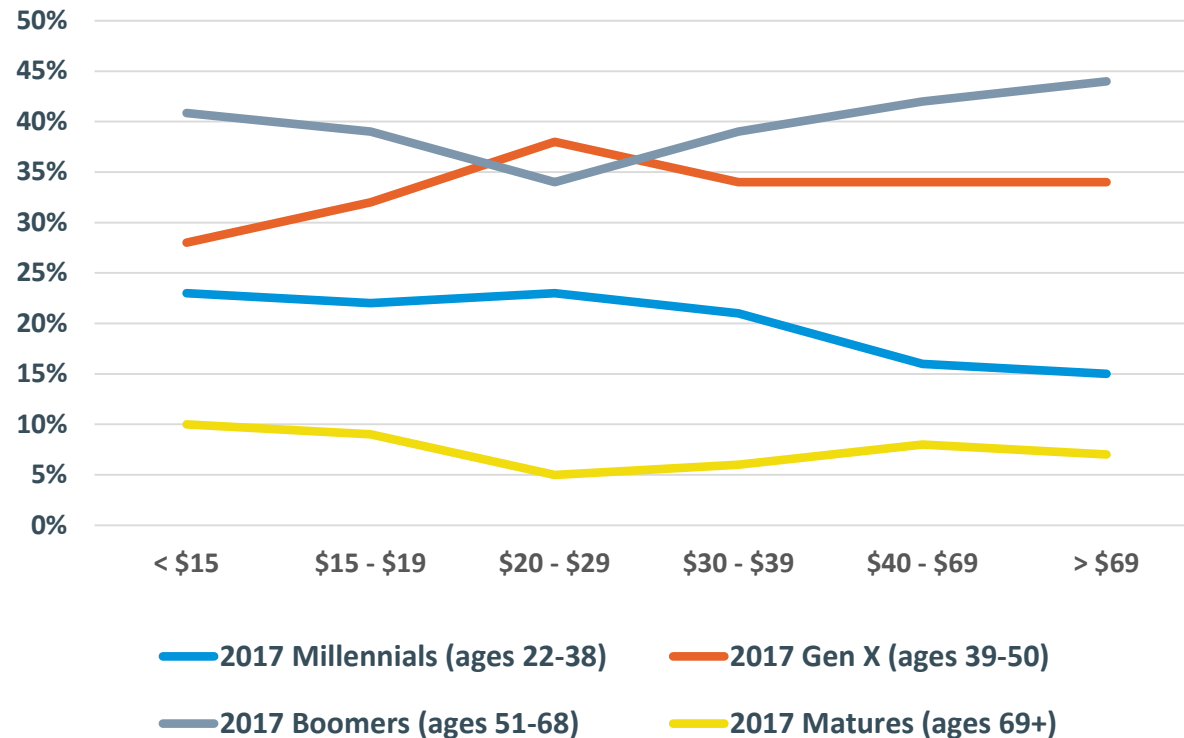
Figure 9



Source: IRI

Generation Preference Curves for Wine versus Average Price Point

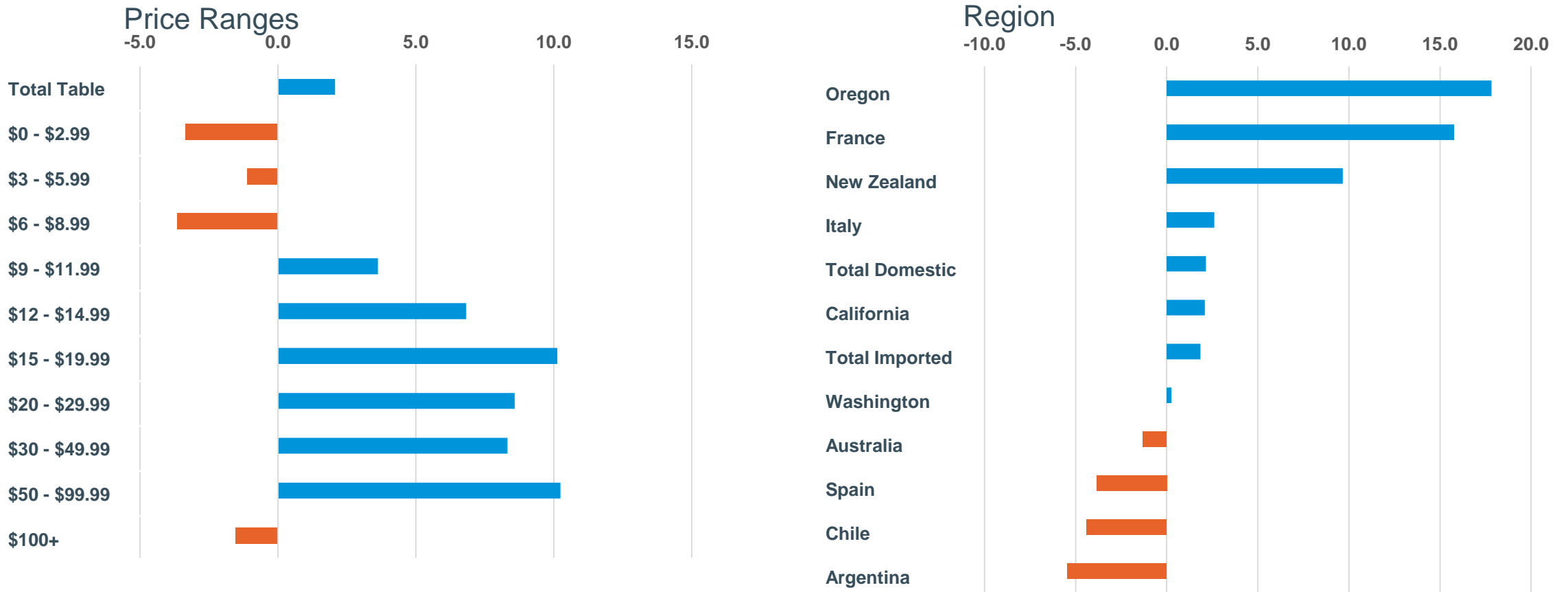
Figure 10



Growth Rate by Price Point and Regions

52 Week change in dollars ending December 2, 2017

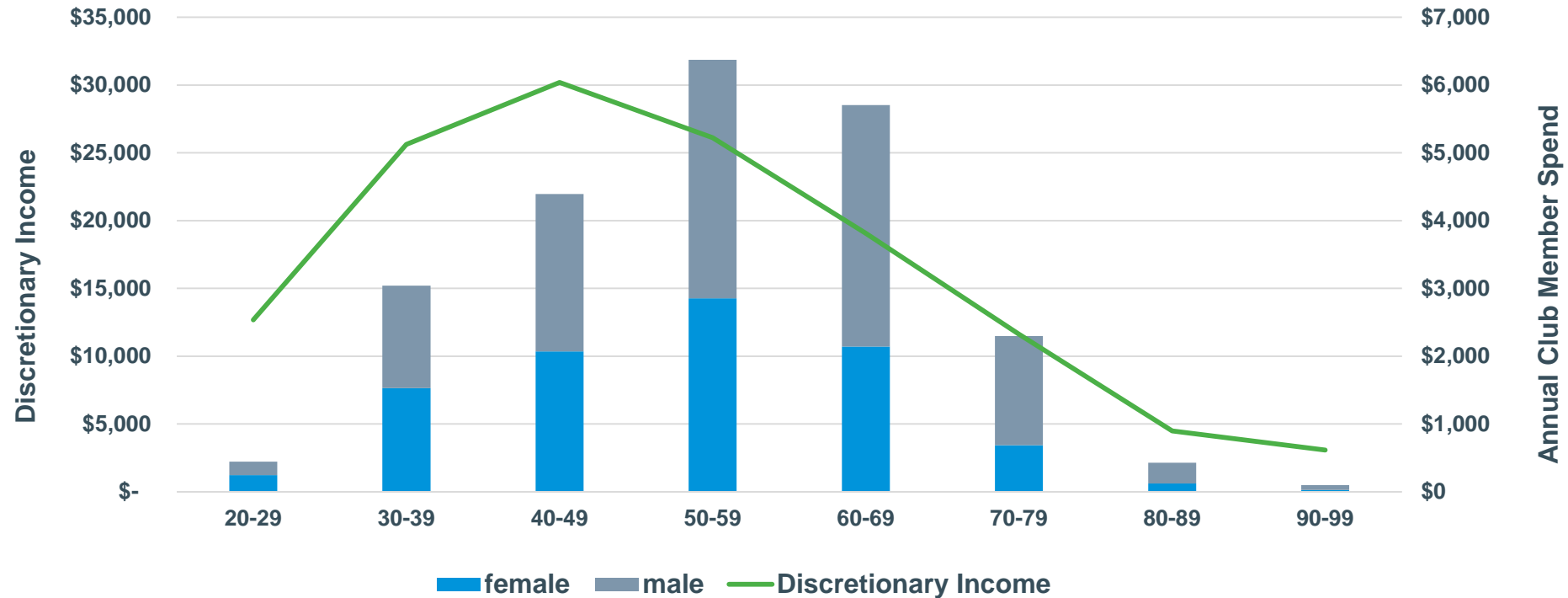
Figure 11



DTC Spending in Club by Gender and Age, versus Discretionary Income

Thirty-five to fifty-five is the dominant cohort, but long spending tail

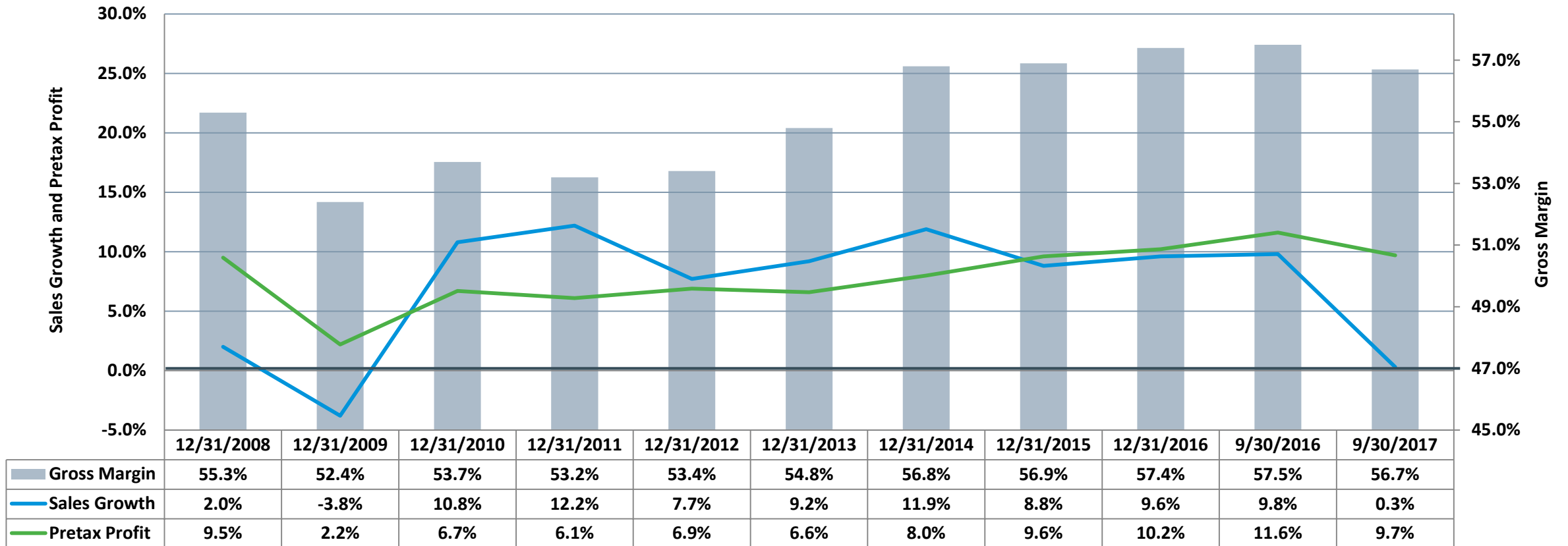
Figure 12



Income Statement Trends and Benchmarks

2008 - 2017

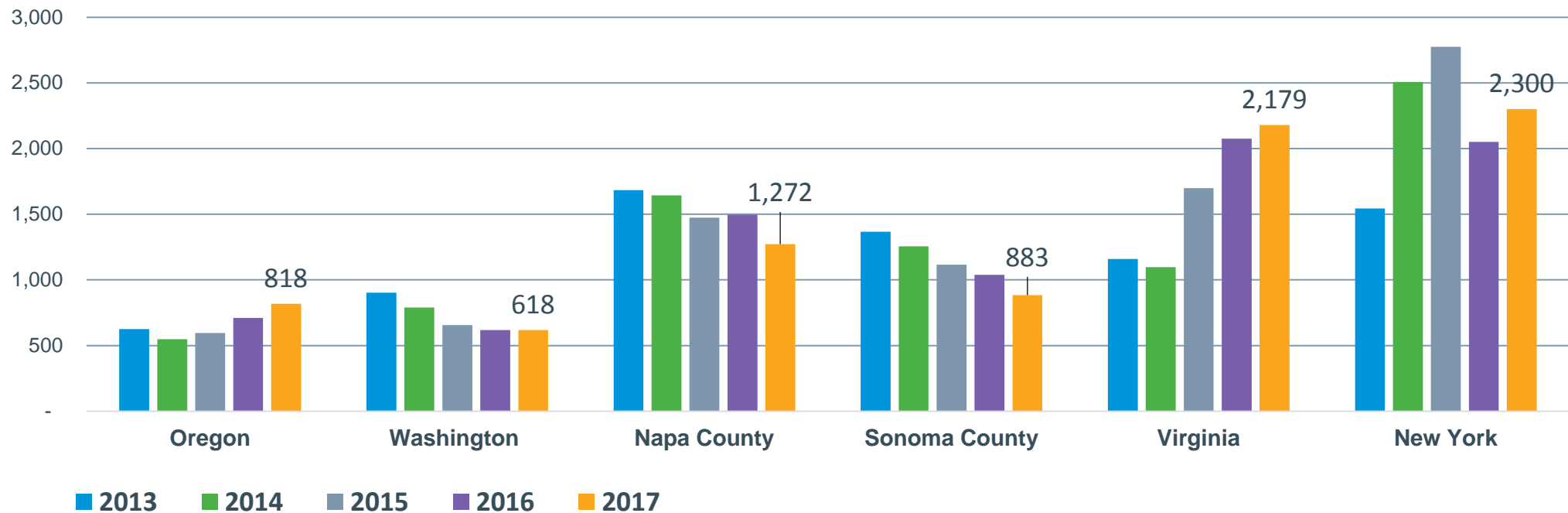
Figure 13



Change In Monthly Visitor Counts to Winery

Downward trend is consistent except OR, VA, NY

Figure 14



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