

2024 Direct-to-Consumer Wine Survey:

Report, Results and Benchmarks

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The Evolution of DTC

Over the past fifty years, each decade has brought with it at least one significant milestone in the wine business. One such event was the [Judgement of Paris](#) in 1976. Back then, distributors sold everything, and tasting rooms were about marketing, not selling wine over the counter.

The early 1980s witnessed Benzinger Winery simplify consumer wine purchasing decisions with the introduction of the ‘fighting varietal.’ But, the 1980s also saw a dip in wine sales due to a strengthening anti-alcohol movement. It wasn't until 1991 when the [French Paradox](#) was aired on 60 Minutes that the tide began to turn.

In 1994, led by premiumization, the entire wine category rebounded on the heels of positive health research, a large cohort of boomers hitting their financial stride and a robust US economy. In the early 2000s, after a massive increase in the number of wineries, distributors began consolidating and focusing on larger producers, forcing small producers to look for new sales channels, rethink the tasting room model and experiment with wine clubs. At that point, selling direct was restricted to 13 reciprocal states and compliance documentation was done on paper forms.

Direct-to-consumer (DTC) shipping would never be what it is today without the [Granholt Decision](#), which in 2005 provided the basis for the state-to-state legalization of direct sales. But it wasn't until the early 2010s that the tasting room model that we all know began to take its current form. That brings us to the 2020s, when direct sales are now responsible for about 70% of the average small winery's sales revenue.¹

¹SVB 2024 Direct-to-Consumer Survey



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Rob McMillan is one of the top wine-business analysts in the United States and the author of Silicon Valley Bank's highly regarded annual *State of the Wine Industry Report*, which The New York Times described as “probably the most influential analysis of its kind.”

With Rob's decades of experience researching the industry and working with wineries and vintners, his views are not only sought after but also trusted by winery owners, journalists, entrepreneurs and investors alike.

Rob is a prominent speaker domestically and internationally. He is extensively quoted in national, regional and trade press.

Where Do We Go From Here?

What milestones will define the next decade? I believe three will stand out:

- 1 The first milestone will be the shift away from baby boomers as the dominant wine consumer and the subsequent impacts this change will have on demand.
- 2 Second, with supply systemically set up to run heavy in many regions now, we are entering a period when grape and bulk prices will likely decrease in places. This will provide financial incentives for entrepreneurs to take more risks and innovate with new products and approaches that will appeal to a new generation of wine consumers. That could spur growth in online companies selling direct.
- 3 Third, direct sales will continue to increase, but the share of revenue derived from tasting room visitors will decrease as new sales channels away from the tasting room are discovered, validated, and leveraged.

There is little question that for premium wines, evolving direct-to-consumer sales away from a pure tasting room model will be the means by which the industry will evolve and find success and growth in the decade ahead. What will your winery do to find growth?

On behalf of all the survey respondents, we invite you to explore the **2024 Direct-to-Consumer Wine Survey: Report, Results and Benchmarks.**



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Industry Backdrop

- Wine-focused boomers are giving way to younger consumers who drink across categories.
- The alcohol beverage category is being impacted by aggressive, negative and unbalanced messaging from the anti-alcohol movement.
- Volume sales have trended into negative territory, but bottle prices have continued to increase.
- Most of the category's underperformance comes from wines selling below the \$15 price point.
- Volume sales for the wine category as a whole have been down for three years running.
- Current data suggest that approximately one third of surveyed wineries are seeing improving conditions, while the rest are not.
- The small-lot premium wineries are still performing better than wineries producing in high volume.
- The US alcohol beverage industry is currently overproducing, which will set the stage for market opportunities over the next 3-7 years.

Wholesale Inventory Measures — Seasonally Adjusted

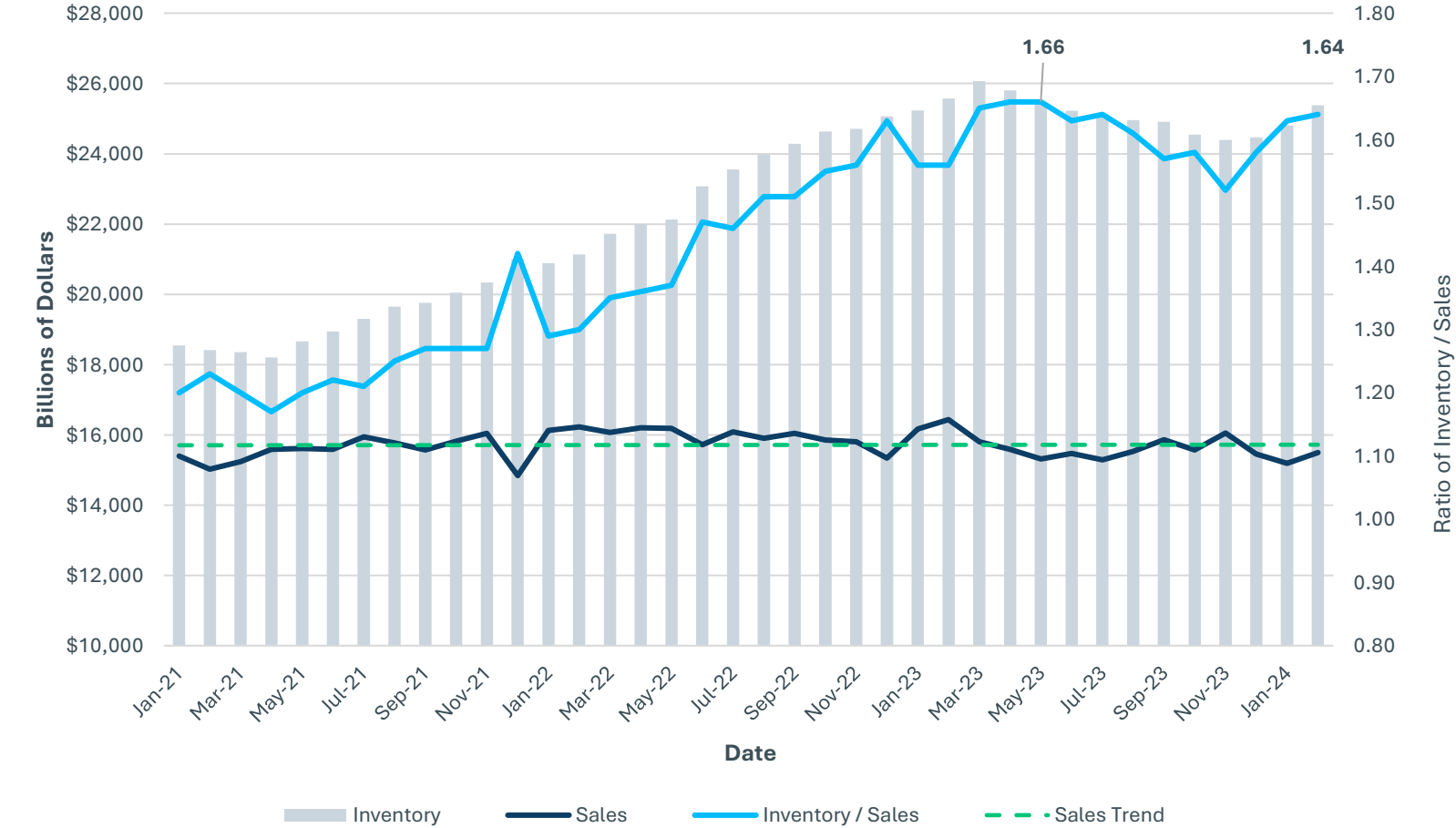
This is perhaps one of the more important pieces of information to understand as it is indicative of other parts of the alcohol beverage market. Wholesale alcohol inventory is heavy, and sales are flat.

While this chart is for alcohol and not just wine, one can't write off this message. The reality is that the alcohol segment isn't growing. Without growth, it is likely that distributors will seek discounts and promotions to reduce the backlog.

Yes, there are growing wine companies—roughly a third of the market—but the wine industry as a whole is not growing and, given the acres in plant and current production capacity, has reached a point of structural oversupply.

Oversupply in the wine business can only be cured by increasing demand or decreasing supply. My hope is that we collaborate to engage on the former.

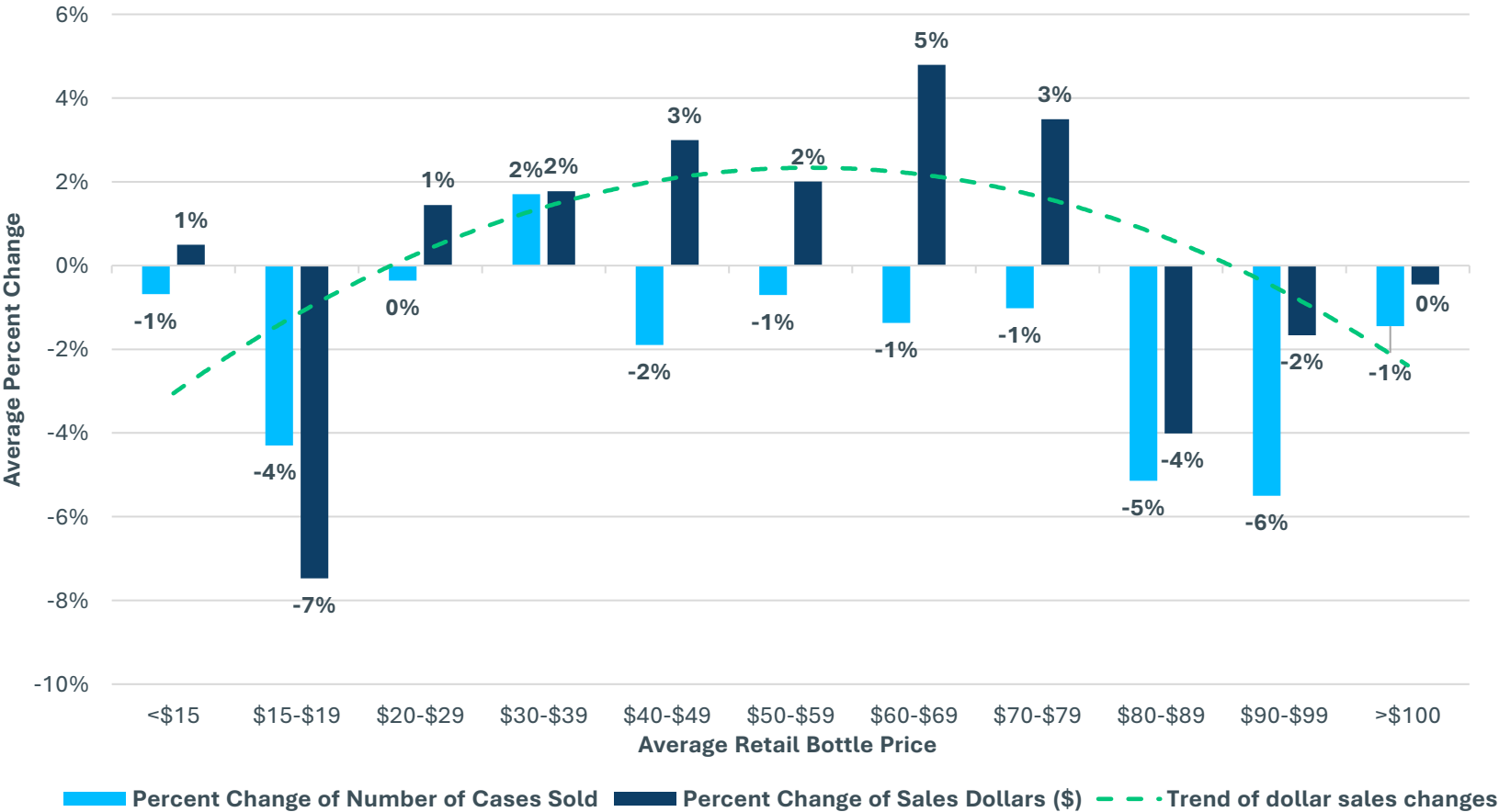
Flat Sales Can't Reduce the Volume of Stacked Inventories



Change in DTC Cases Sold and Dollar Sales by Average SRP

- Wine volumes sold are lower across average price ranges, but wineries selling between \$30 and \$80 report increasing sales dollars in this year's survey.
- Overall, wineries with lower average selling prices are shrinking and are getting lower dollar-denominated returns. Wineries with SRPs between \$20 - \$80 show lower volume, but positive growth in value.

Success is More Likely Found Between \$30 and \$80 Business Models



Note: Excludes wineries with less than five years of experience

Increased visitation returning to wine country.

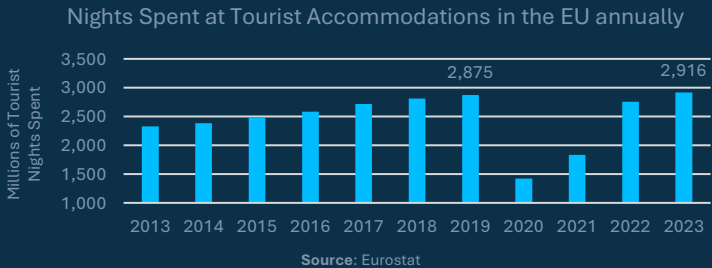
The modest increase in visitation seen in late 2023 will likely continue throughout the summer.

The premium wine industry has seen a decline in visitation over the past two years. But 2021 was the strongest year of the past decade, so it was unlikely that the next two years would match that lofty performance.

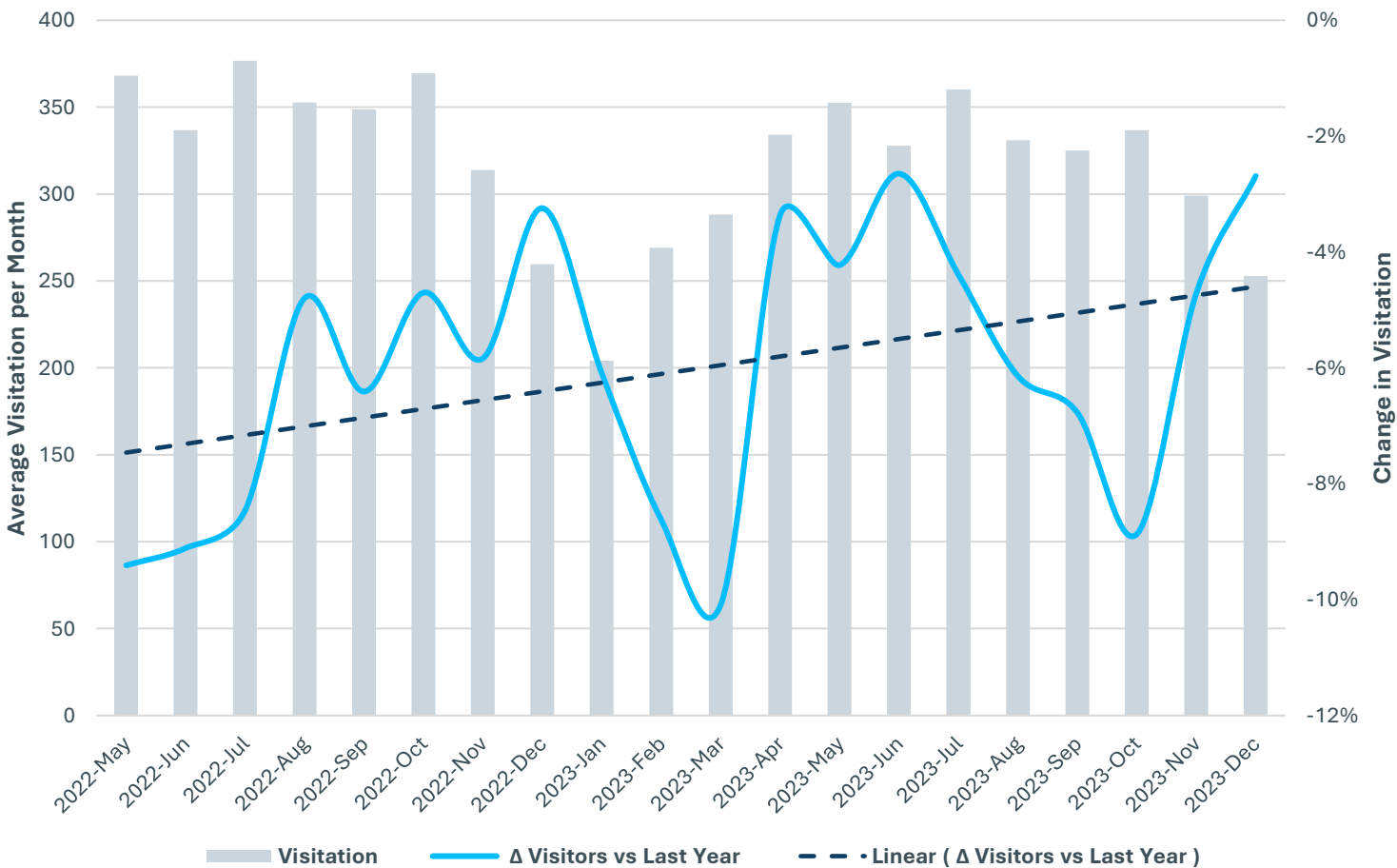
I view the drop in visitation in 2022 and 2023 as echoes of the COVID recovery. During 2021, wineries were one of the few communal activities available. So, many consumers who were tired of being locked up decided to escape and visit winery tasting rooms.

As predicted in the 2024 SVB State of the US Wine Industry Report, tasting room visitation did show a slight rebound in Q4 2023, and the trend since May 2022 has been modestly positive. That aligns with 2023 European travel, an activity favored by a similar consumer demographic. EU travel finally surpassed 2019 pre-COVID numbers as depicted in the graph below.

I believe the signs now point to an end of the revenge travel phase of COVID recovery, and we may see the return of more predictable visitation patterns in wine country this summer.



Change in Tasting Visitation Patterns



Note: Visitation is determined by paid tasting fees rather than a head count of people. This is consistent throughout the dataset, so the data comparison is valid. However, it should be noted that counting tasting fees will understate total visitors as some tasting fees are waived or shared among visitors. This distinction is important to understand in your own benchmarking or analysis.

Source: Enolytics

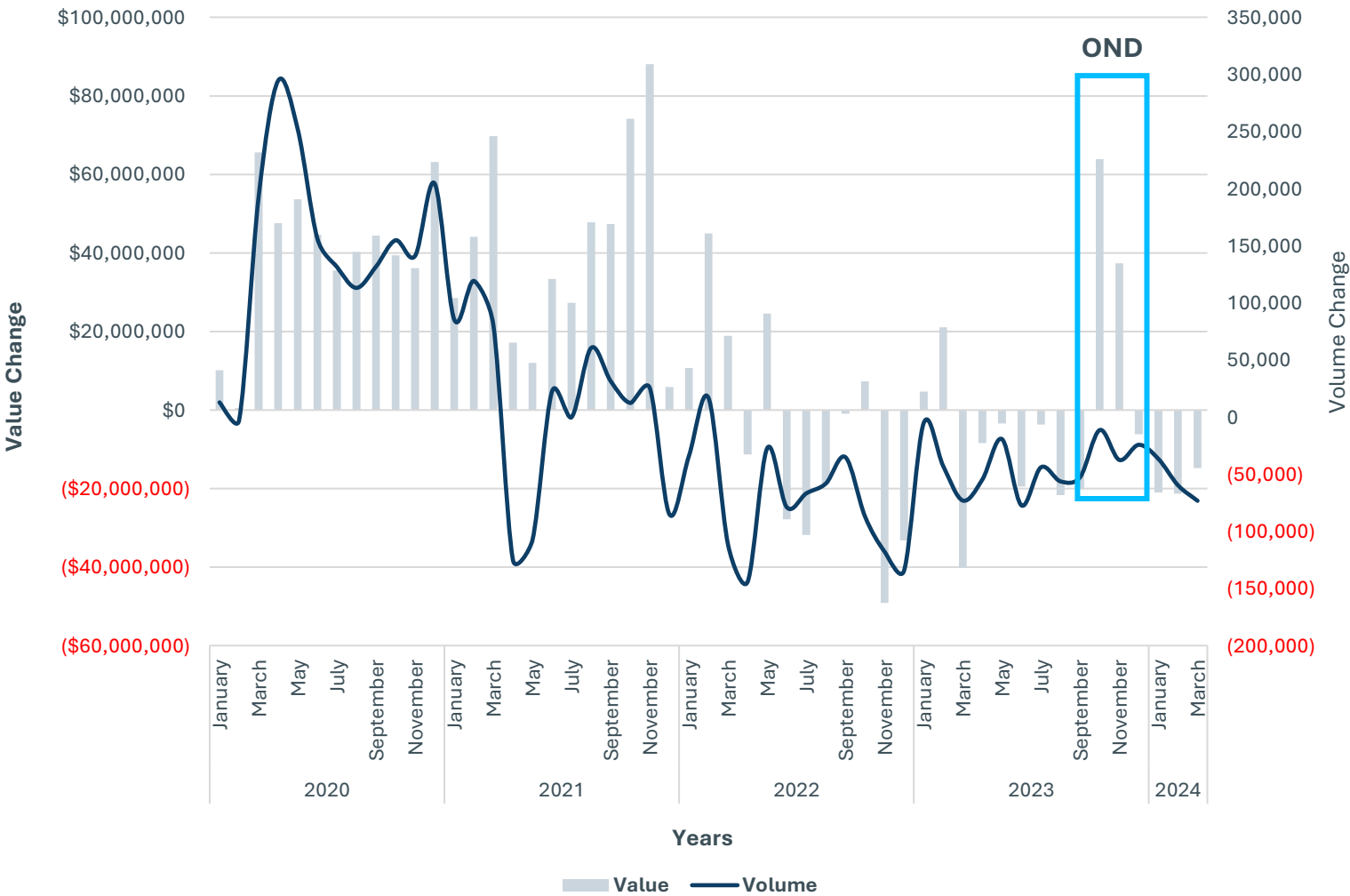
Growth in DTC Sales by Value and Volume vs Prior Year, Same Month

2023 total direct-to-consumer sales demonstrated patterns that roughly mirror the visitation trends from the prior slide.

The slide following this one shows the financial performance of premium wineries, which reflects a good Q4 (OND). That is consistent with the chart to the right. The strong 2023 holiday season created positive year-end results for premium wineries.

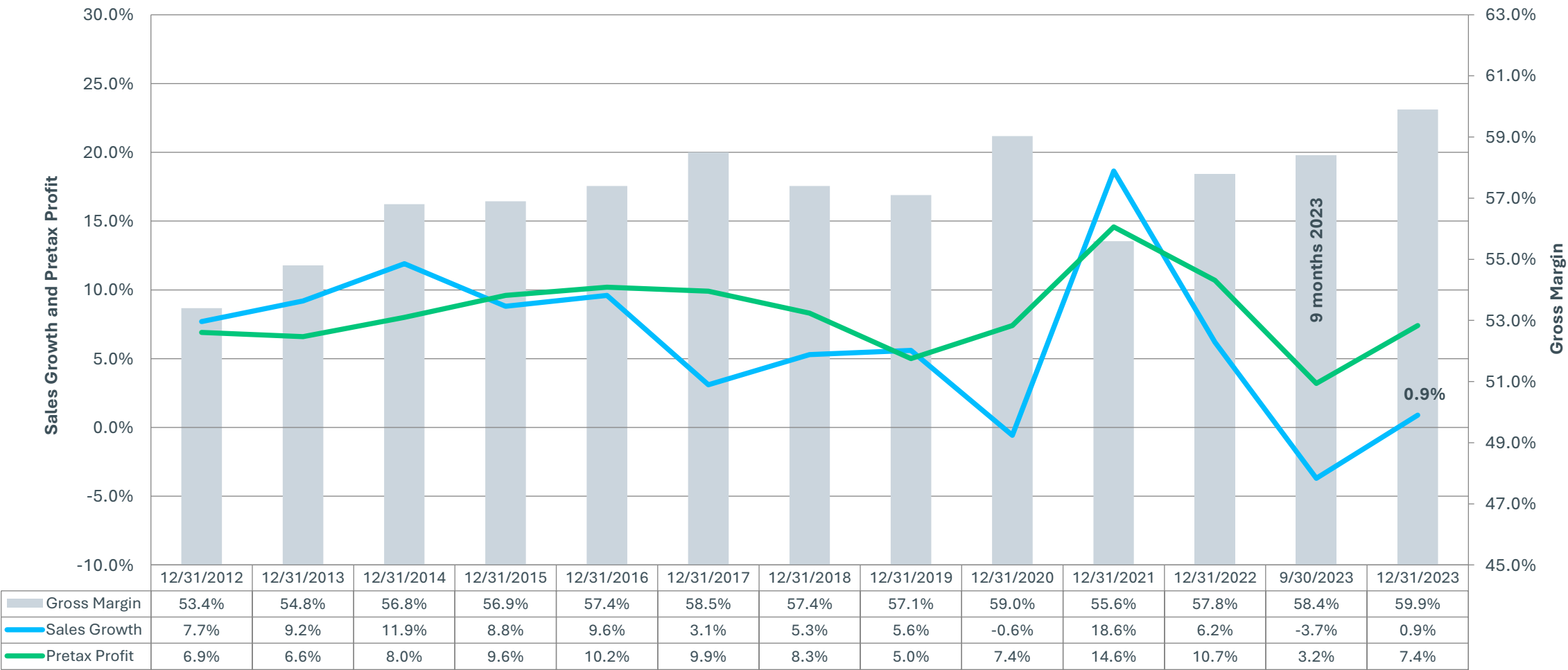
If the economy continues its current trajectory and there are no major negative news-dominating surprises, total 2024 DTC sales should end the year at least on par with 2023 value sales.

Volume Continues to Fall but a Strong 4th Quarter in 2023 in Value Gives Reasons for Some Optimism in 2024



Premium Wineries Continue to Show Marginal Sales Growth

Sales for Premium Wineries Improved During Q3, Ending the Year With Positive Sales Growth in 2023

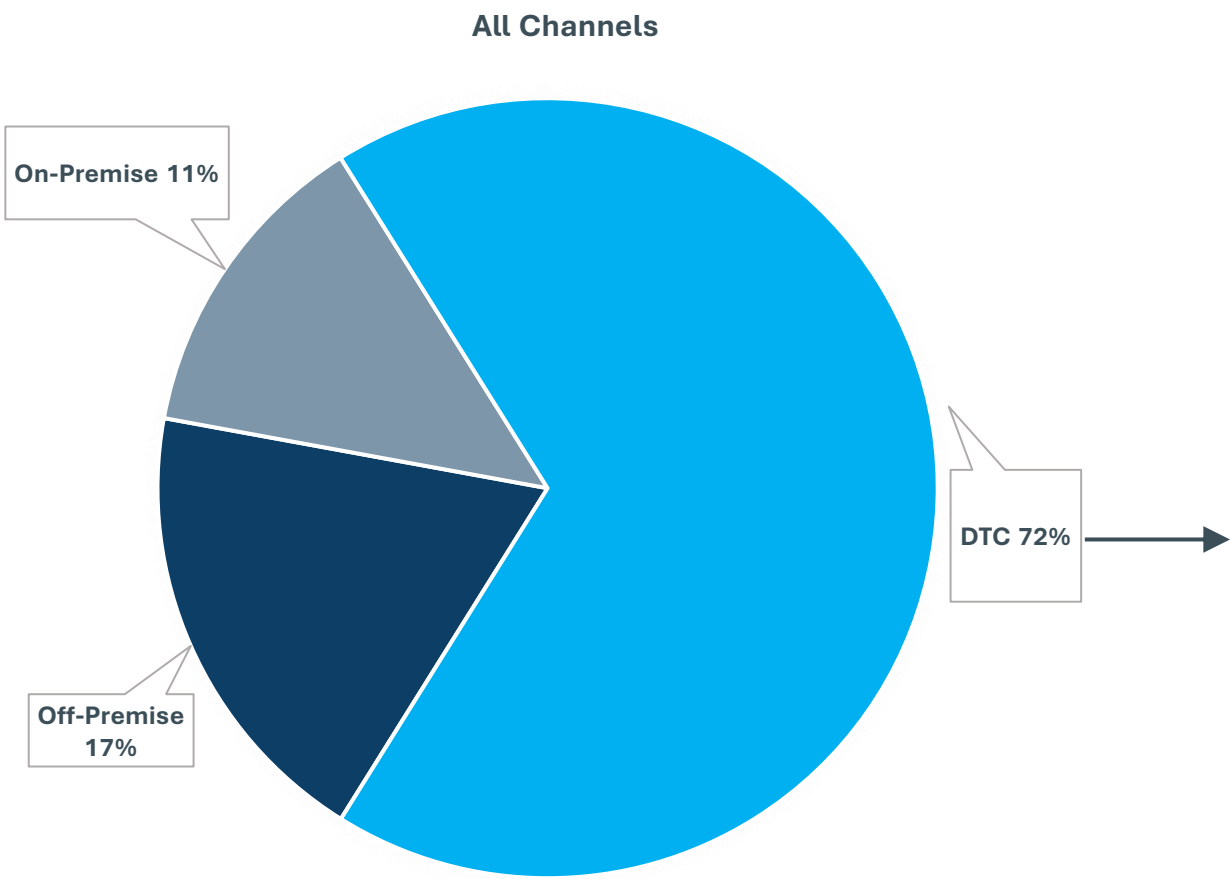


DTC Channel

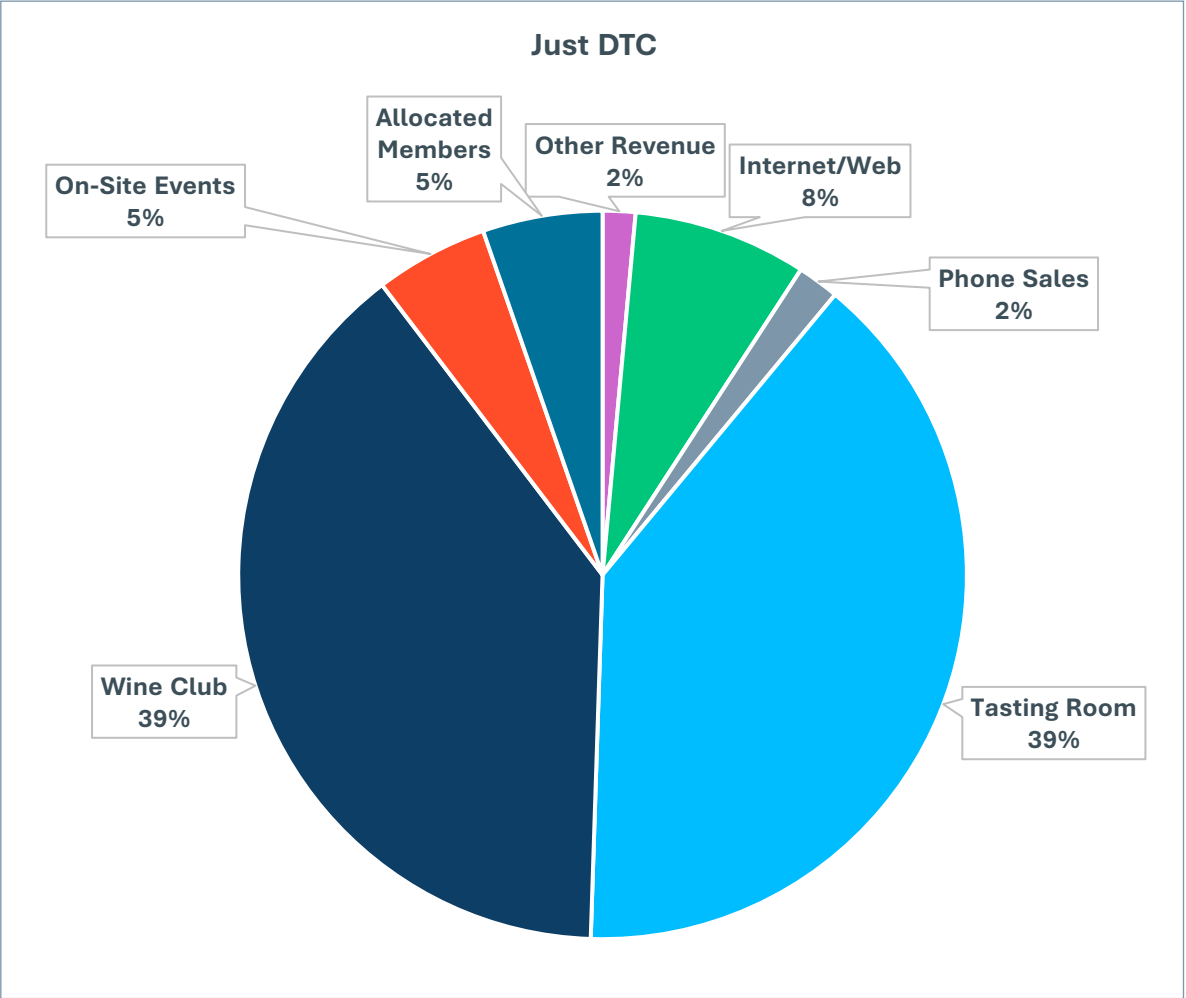
- Sonoma and Virginia were the two regions with the highest reported DTC sales growth rates.
- The wine industry is the only alcoholic beverage category with a constitutionally supported right to sell directly to consumers.¹
- The direct-to-consumer sales channel has evolved and continues to do so. In the early 2000s, the main source of revenue in the channel was the tasting room. Since then, clubs have grown in importance and now command the most prominent position of the average winery's direct-to-consumer sales approaches.
- E-commerce has continued to lose traction post-COVID.
- DTC sales for small wineries are higher as a percentage of total revenue compared to large wineries.
- Higher direct-to-consumer nominal growth is found more in larger wineries, many of which run multiple smaller wineries.
- Discounting is still not a widely observed phenomenon in direct sales. More often, incentives are found in discounted shipping.

¹<https://supreme.justia.com/cases/federal/us/544/460/>

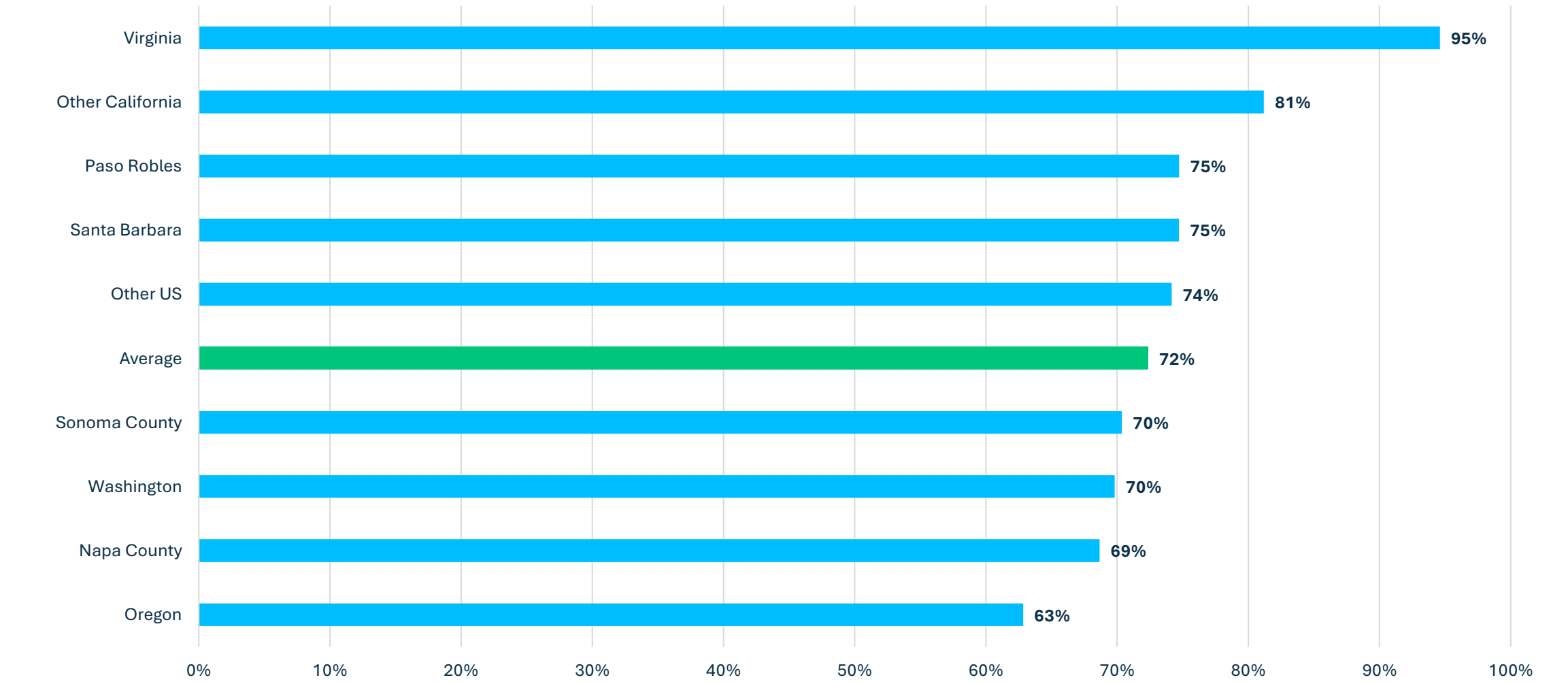
DTC Channel Drilldown for Calendar End 2023



Note: The chart on the right breaks out DTC without wholesale



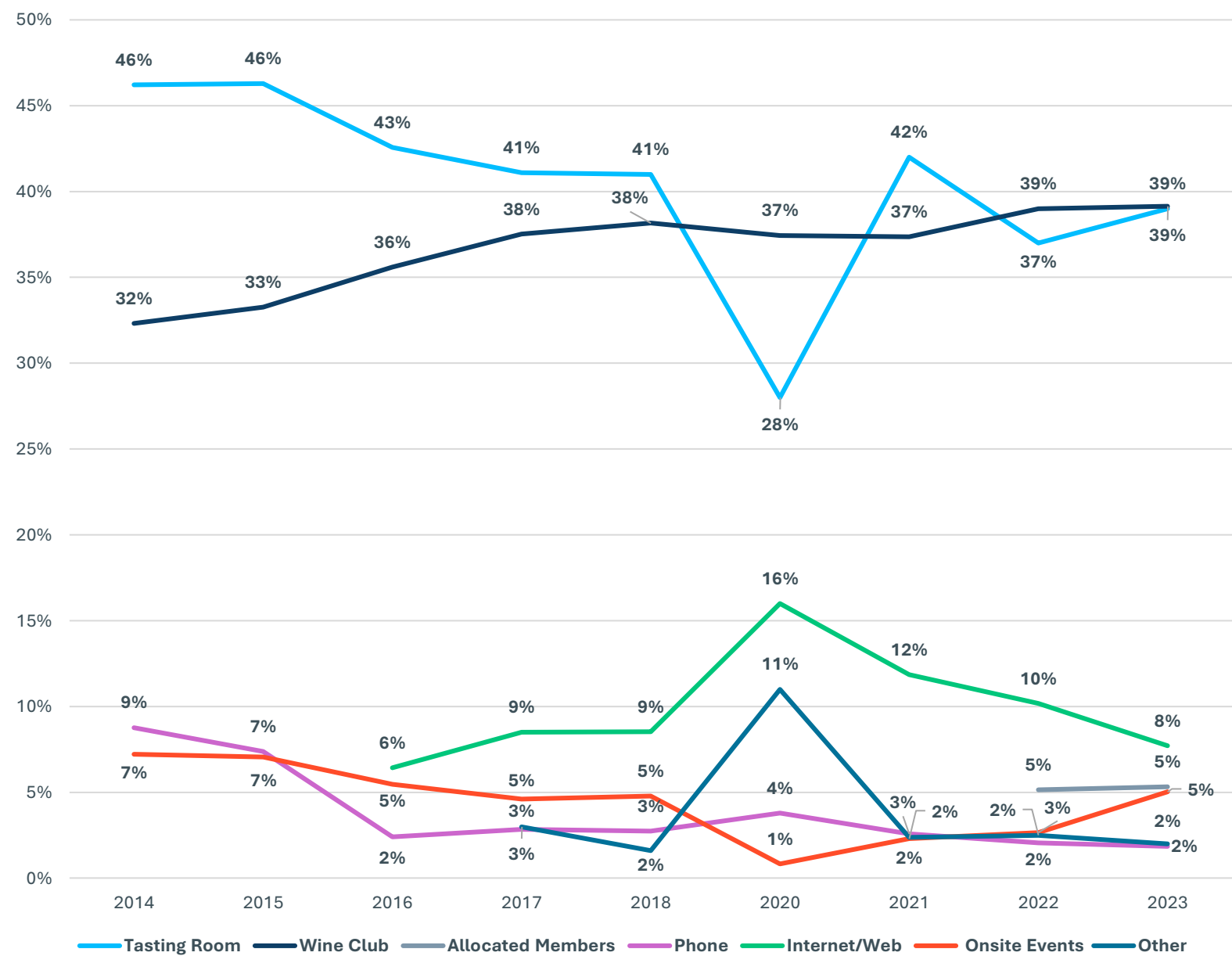
DTC Share of Total Sales by Region



Changes in DTC Channel Performance as a Percentage of Total DTC Sales

In the past decade, more focus has been placed on expanding wine clubs. That growth is offset by reductions in wholesale revenue.

Tasting room revenue has decreased as a percentage of the total since 2015, while the club has grown in importance. That trend was obscured during COVID, but as of this report, tasting room revenue is on par with the club as a percent of total DTC sales.

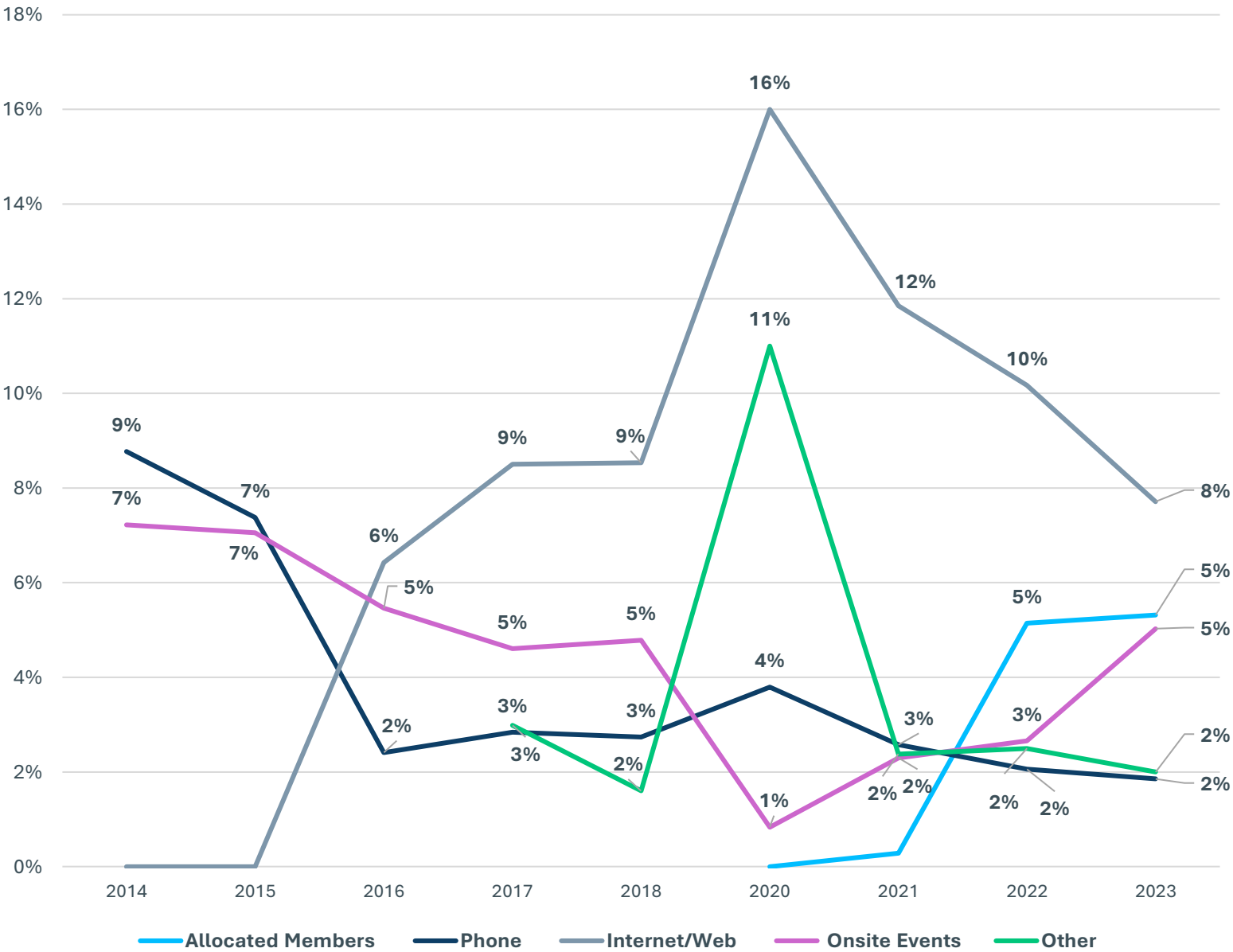


Drilldown Changes in Select DTC Channels as Percent of Total DTC Sales

Internet sales exploded during the COVID lockdowns, and according to some, the size of the growth cut five to ten years from the prior rate of mobile adoption.

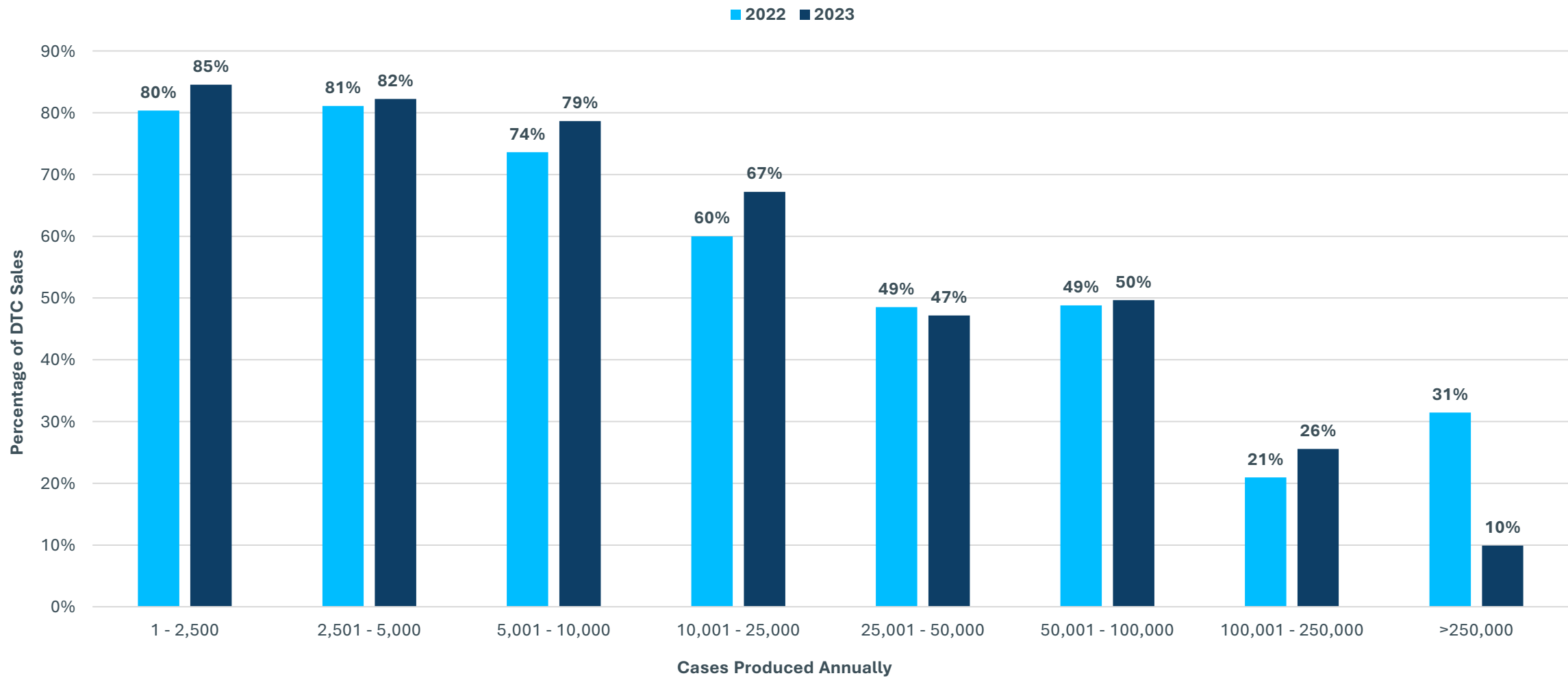
Interestingly, internet sales in the wine industry took on a significant component of DTC sales during COVID, but as social activities normalized, internet sales have moved back closer to pre-COVID levels.

As the industry growth rate slows, it's disheartening to see that a promising channel like e-commerce is not getting the attention it deserves.



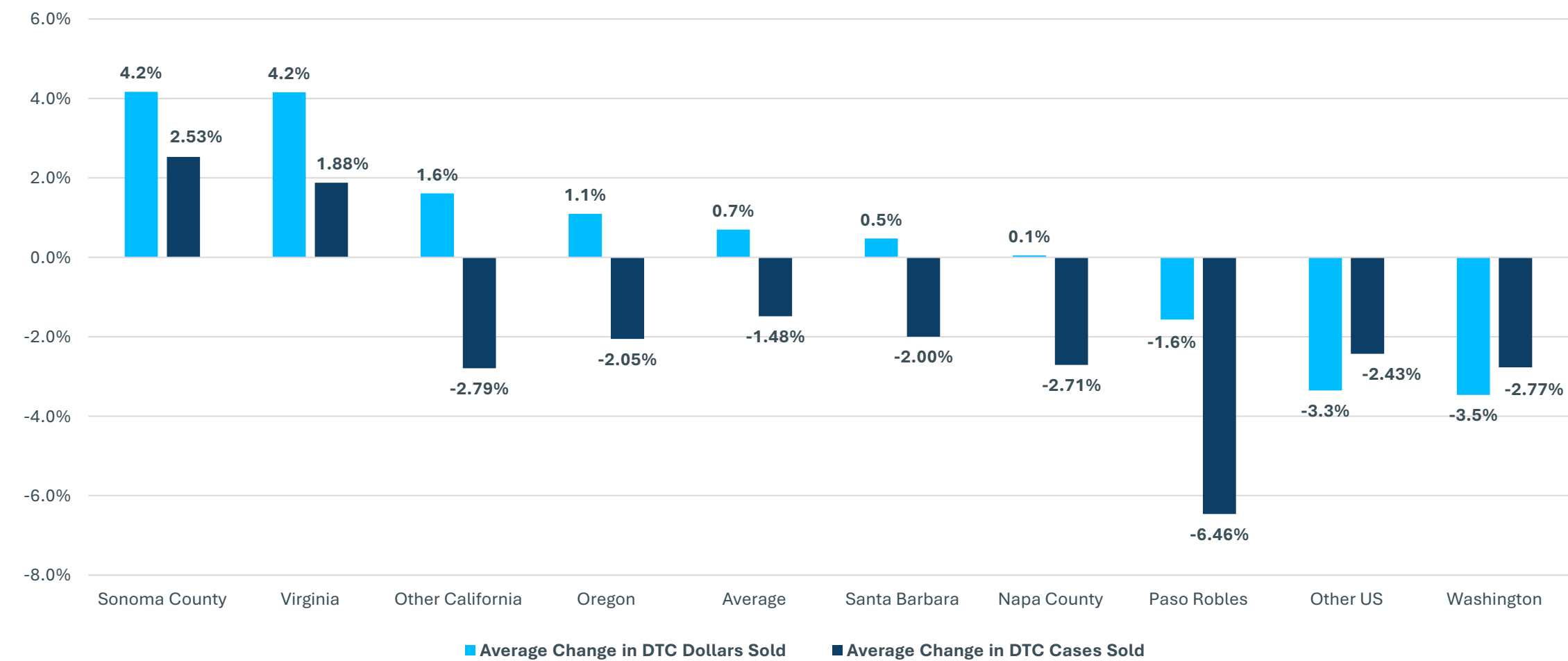
DTC Sales by Annual Case Production

2023 DTC Case Sales Were Higher in Six of Eight Production Ranges



Growth in DTC Case and Dollar Sales by Region

As a General Trend, Case Sales Growth is Less than Dollar Sales

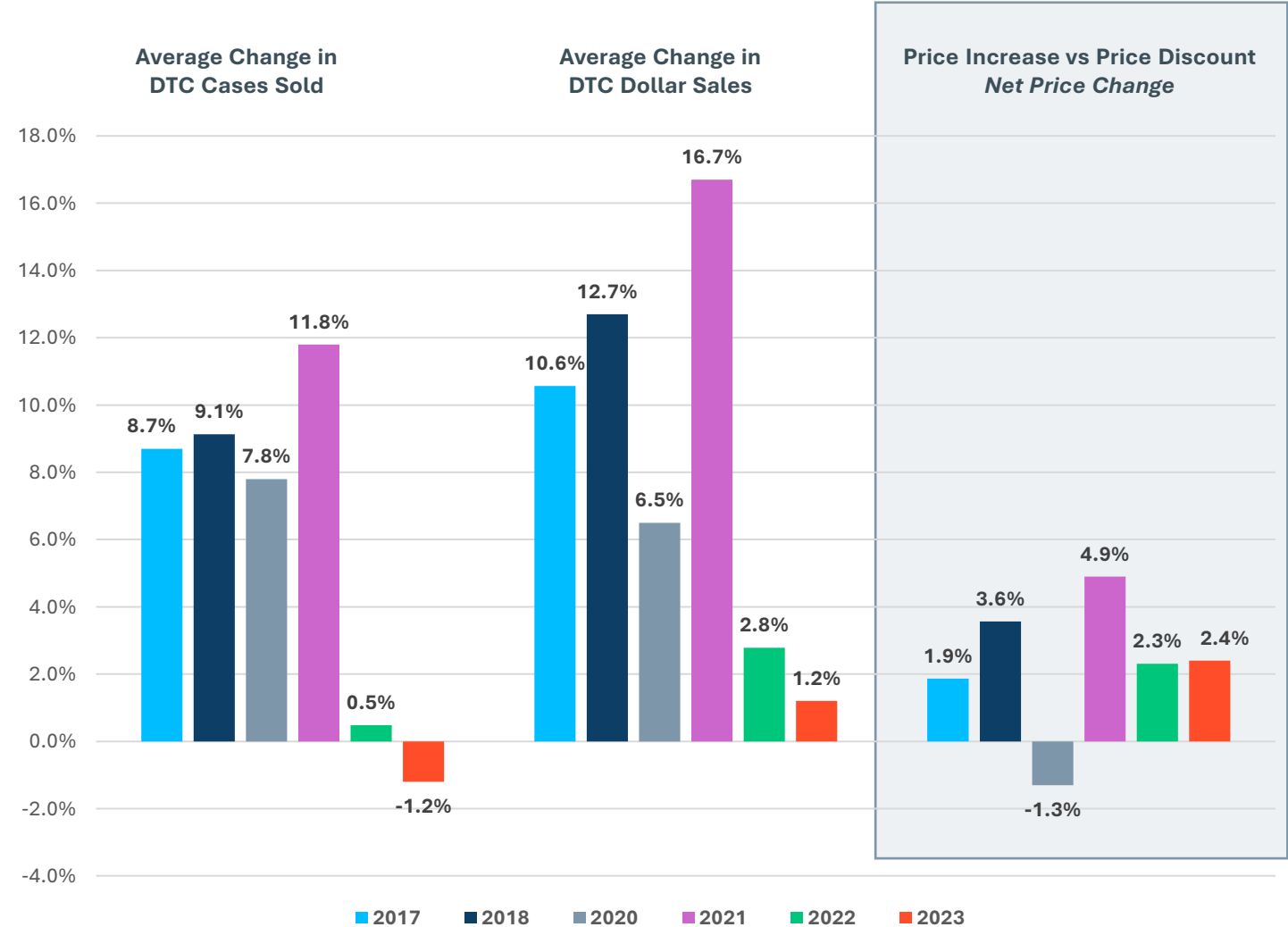


Note: Excludes wineries with less than five years of experience. Excludes wineries smaller than 1,000 cases.

Growth in Annual DTC Cases and Dollar Sales, with Net Changes

- The premium industry experienced a small decrease in wine sales by volume in 2023, but some of that was expected as the final part of the smoke-impacted and small 2020 vintage cleared during the year. The segment grew by 1.2% according to survey data and 0.9% from SVB financial benchmarking data.
- In 2023, wineries increased dollar sales by 1.2% and decreased volume by 1.2%, implying that prices had to increase by 2.4% to compensate for the decline in volume.

With the Exception of 2020, Net Price vs. Case Changes Continue to Point to Small Price Increases

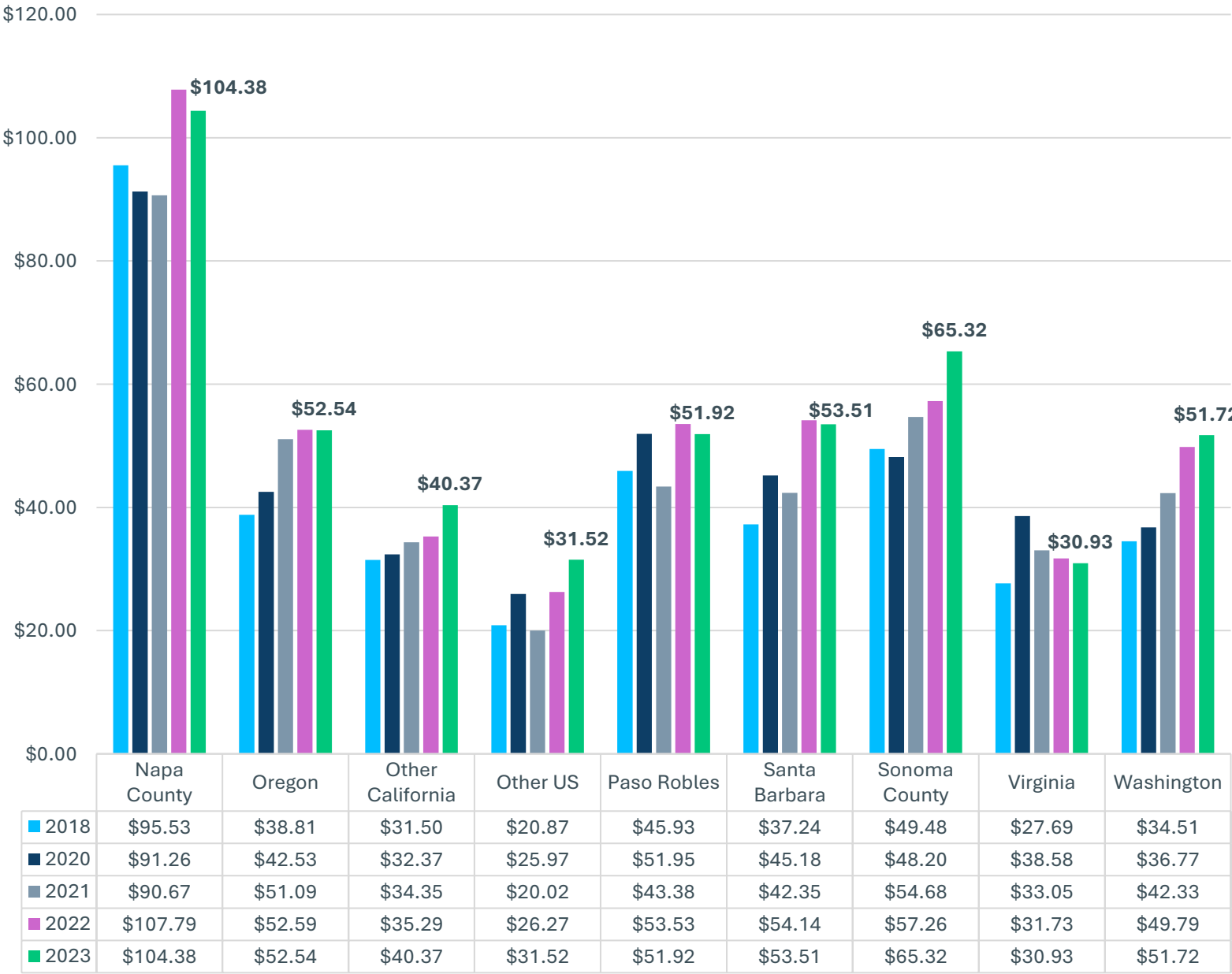


Note: Excludes wineries with less than five years of experience.
Includes all wineries regardless of case size.

Average Suggested Retail Bottle Price by Region – 5 Year Trend

With the economy cooling in 2022, several short vintages, and inflation running high, raising bottle prices has been necessary but increasingly difficult.

Four of the nine regions were able to successfully raise prices in 2023, but only modestly. With the current heavy supply dynamics, price increases will likely be progressively more difficult in 2024 and beyond.



Tasting Room

- The largest change in tasting room service styles during the decade of the 2010s was moving from standing bars to seated tastings. The change decreased visitation numbers but increased the average order value.
- Only 27% of wineries exclusively offer by-appointment tastings, while 8% are exclusively walk-in. Today, the largest group of wineries, 66%, is opting for both service styles.
- Wineries with average retail pricing above \$50 have no examples of walk-in-only tastings in this survey.
- Tasting room purchases have increased by over 200% since 2012. But in 2023, seven of nine regions reported a decline in their average tasting room purchase.
- The average reserve tasting fee is now \$58. Compared to 2012, the 2023 average tasting room purchase is up over 200%, with a regional range increase of 133% to 271%.
- I believe every winery owner should rethink their fixed tasting room fee structure and develop a marketing strategy around variable fee structures. For instance, examine periods when the tasting room isn't full. If it's 3:00 p.m. on Tuesday, create an experience for entry-level consumers by offering tastings of entry-level wine that includes live music curated for your targeted consumer. There are endless possibilities.

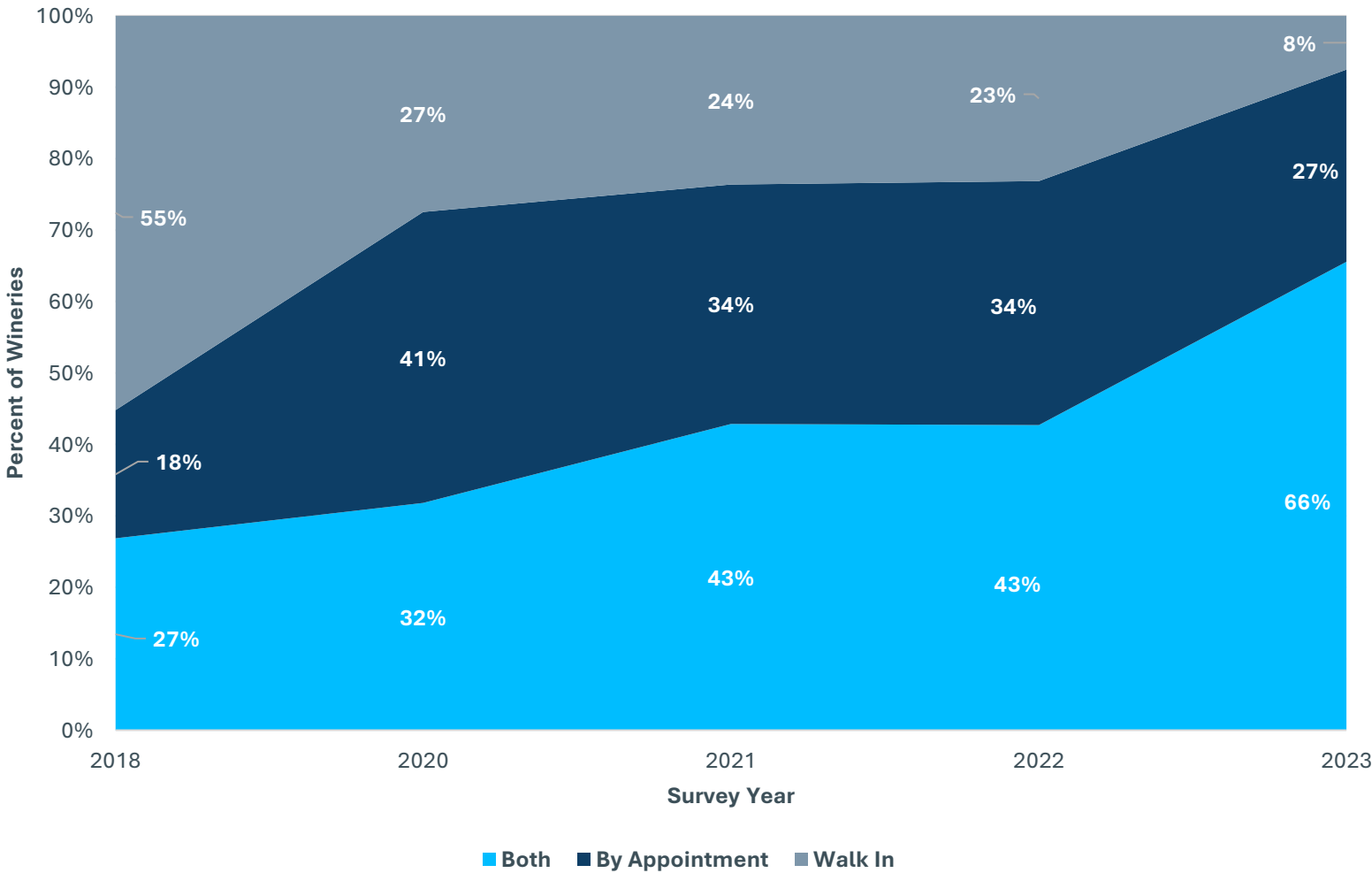
Annual Changes in By-Appointment vs. Walk-In Model

It's been interesting to witness the attitude changes in tasting room models over the years. From the 1980s up to the early 90s, the metric to brag about was visitor counts. Then wine country got crowded, and the tasting bar became more raucous with occasional boorish behavior. The solution? Charge a tasting fee and shoo away the lingerers. It was hard for many to accept that more visitors didn't equate to more money.

Some years later, the debate started on seated versus standing models. Our research in 2013 clearly showed a higher conversion rate and average check with seated tastings. The industry adopted quickly, and table turns became the metric in some wineries. That was short-lived and the industry settled on metrics focusing on delivering hospitality.

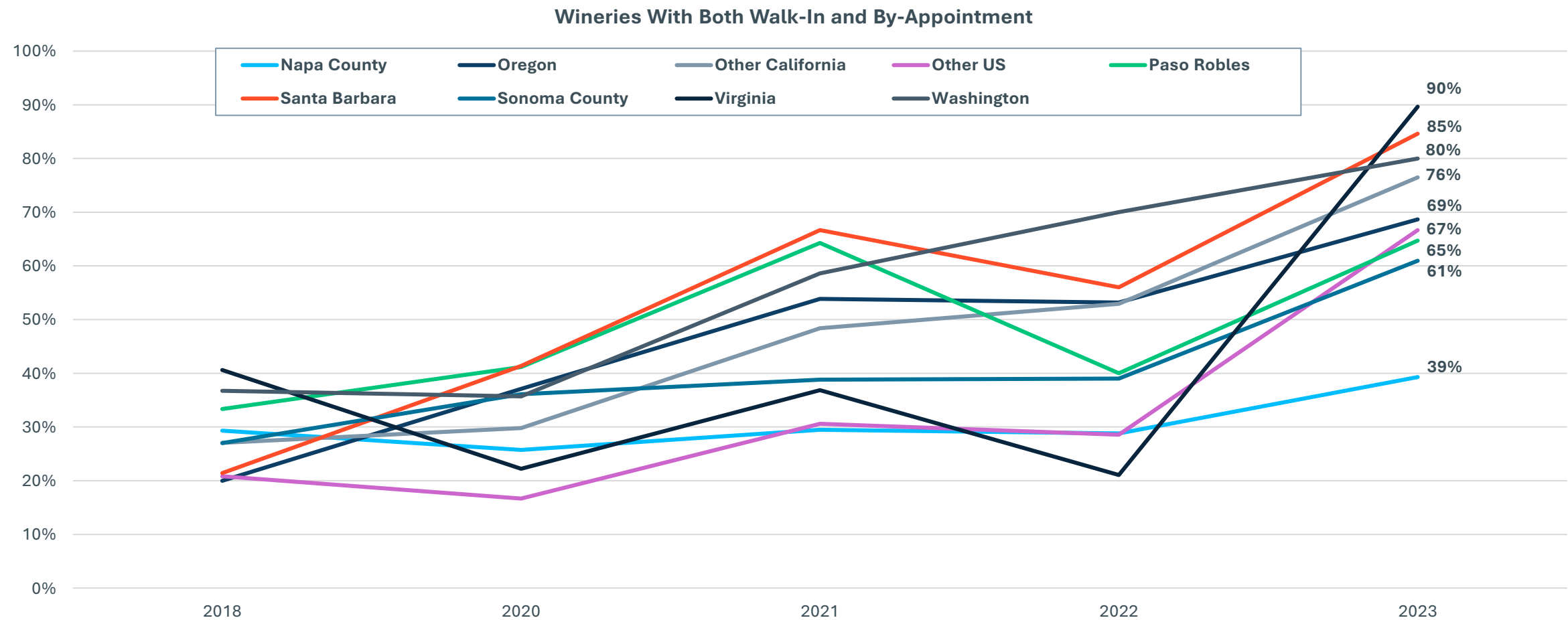
The more recent debate is walk-in versus by-appointment, with the latter moving into a final phase of adaptation. We've been proponents of the by-appointment model, and gradually, the industry has moved in that direction. COVID was the final nail that made walk-in bars a poor use of space.

2020 Health Regulations During COVID Changed the Industry's Opinion of Walk-In Only Models



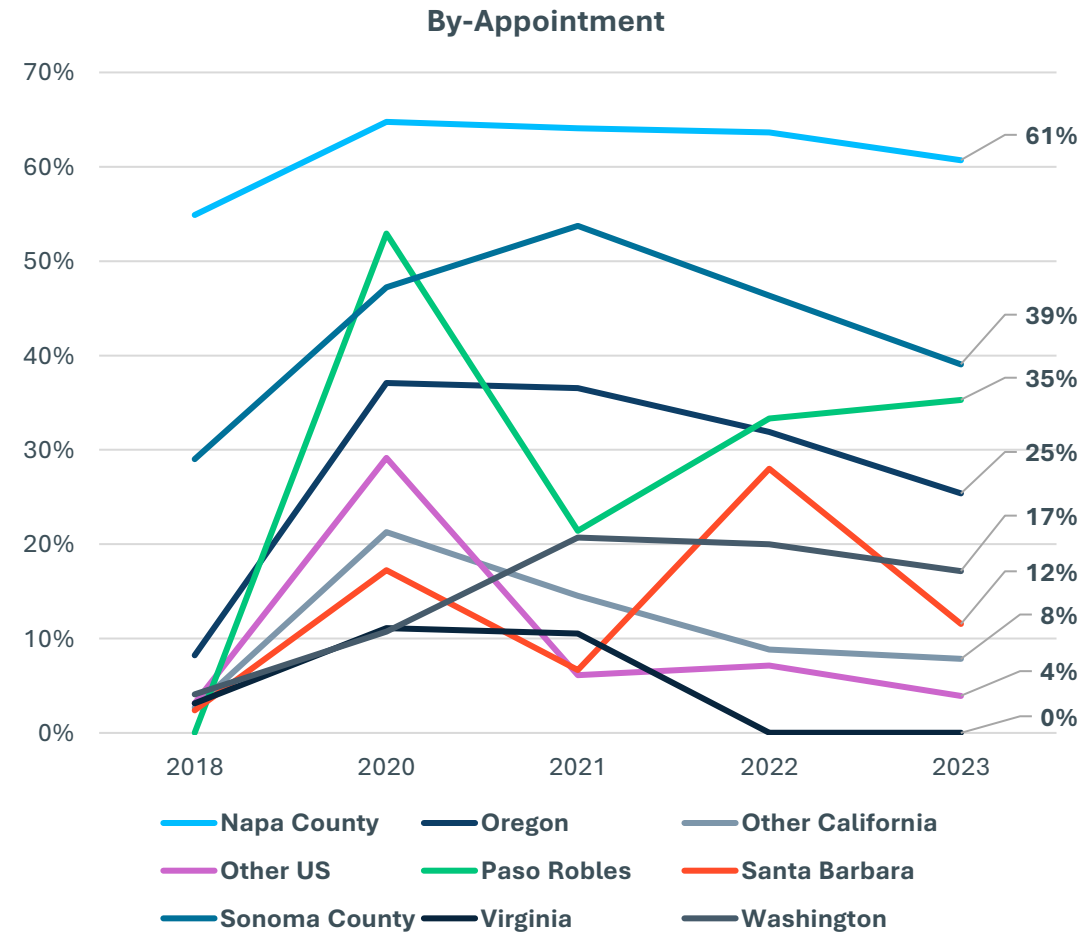
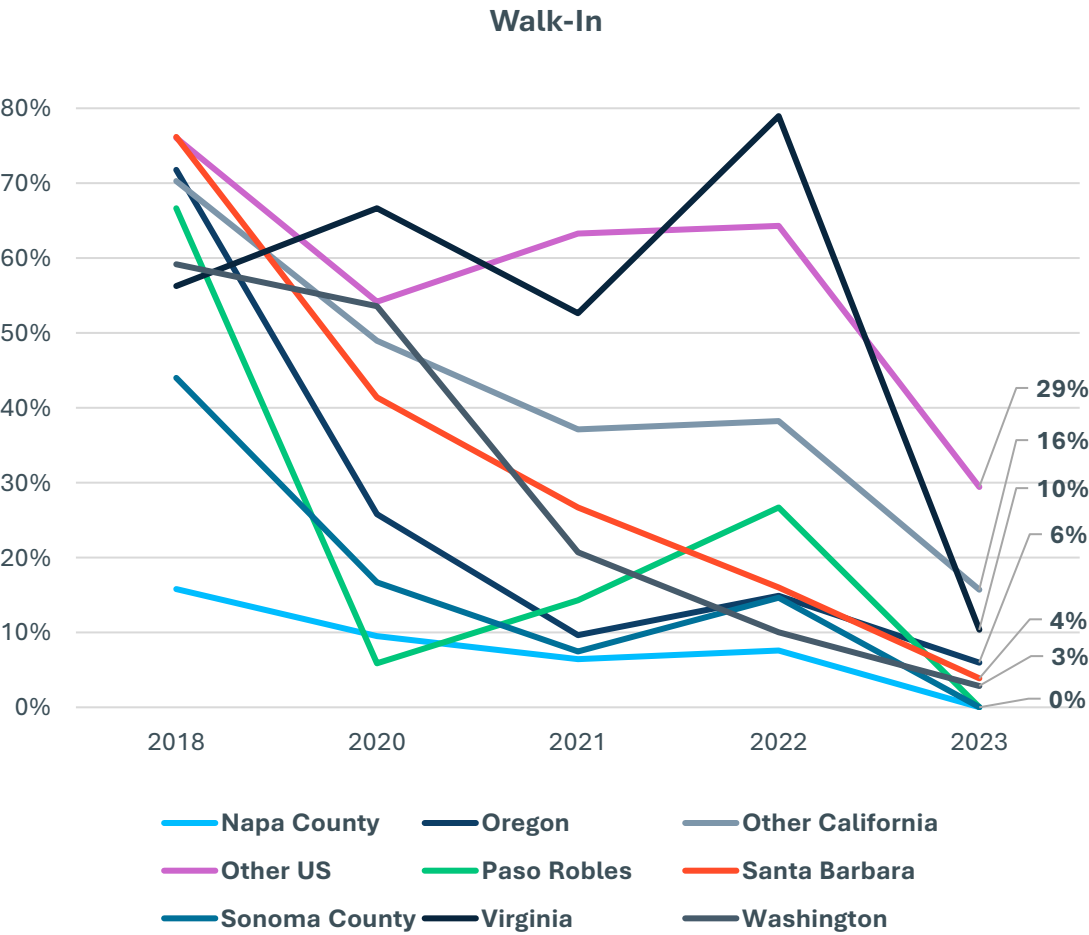
Wineries With By-Appointment and Walk-In Offerings by Region

The Stand-Alone Walk-In Model has Given Way to Reservations or Walk-Ins if There is Space



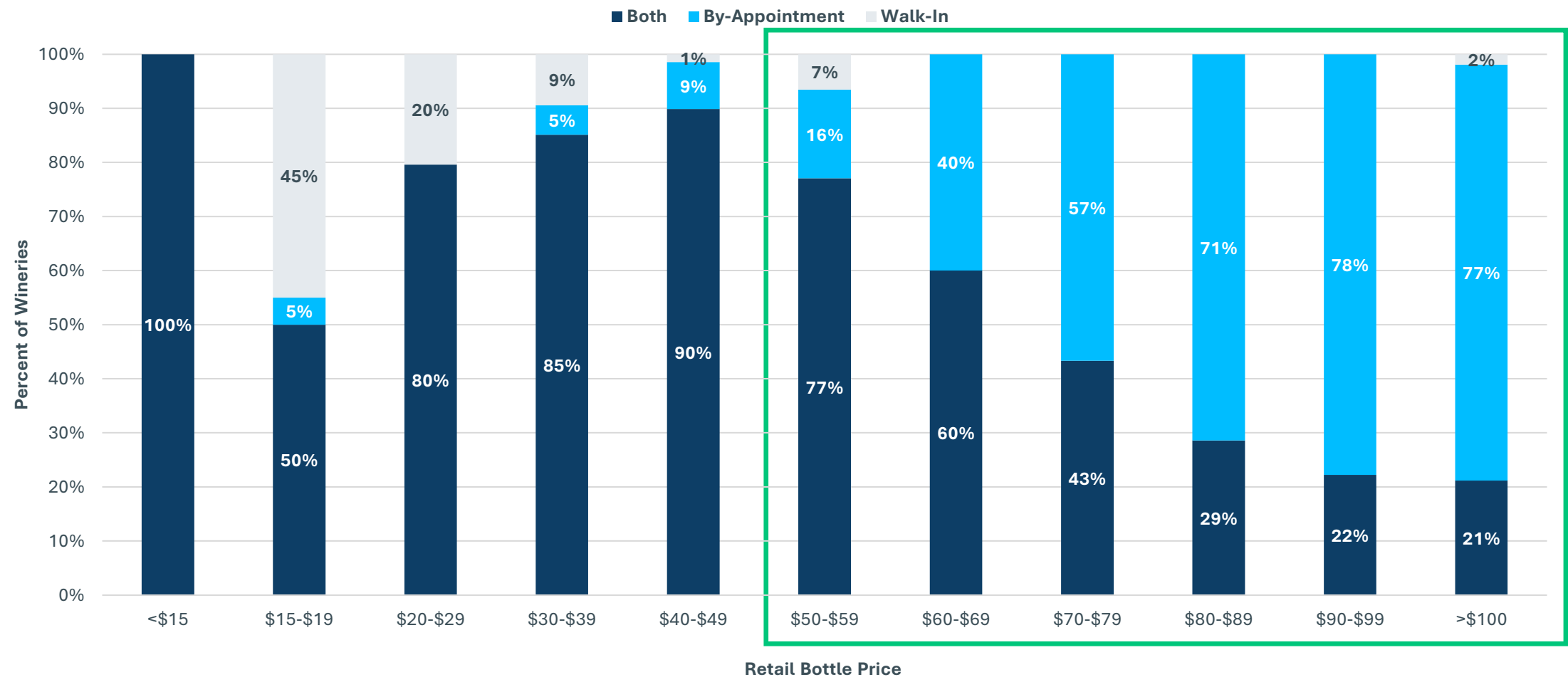
Wineries With By-Appointment and Walk-In Offerings by Region

The Traditional Standing Bar Lost Favor as a Service Option After COVID



By-Appointment and Walk-In Choice by Average Retail Bottle Price

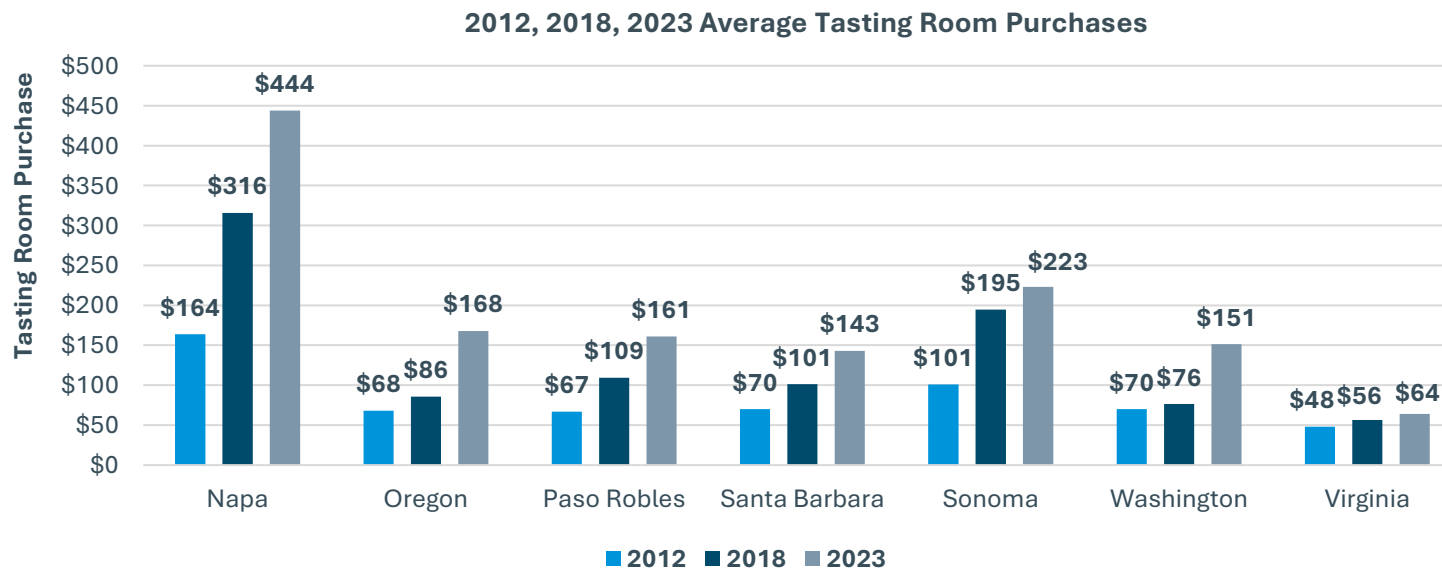
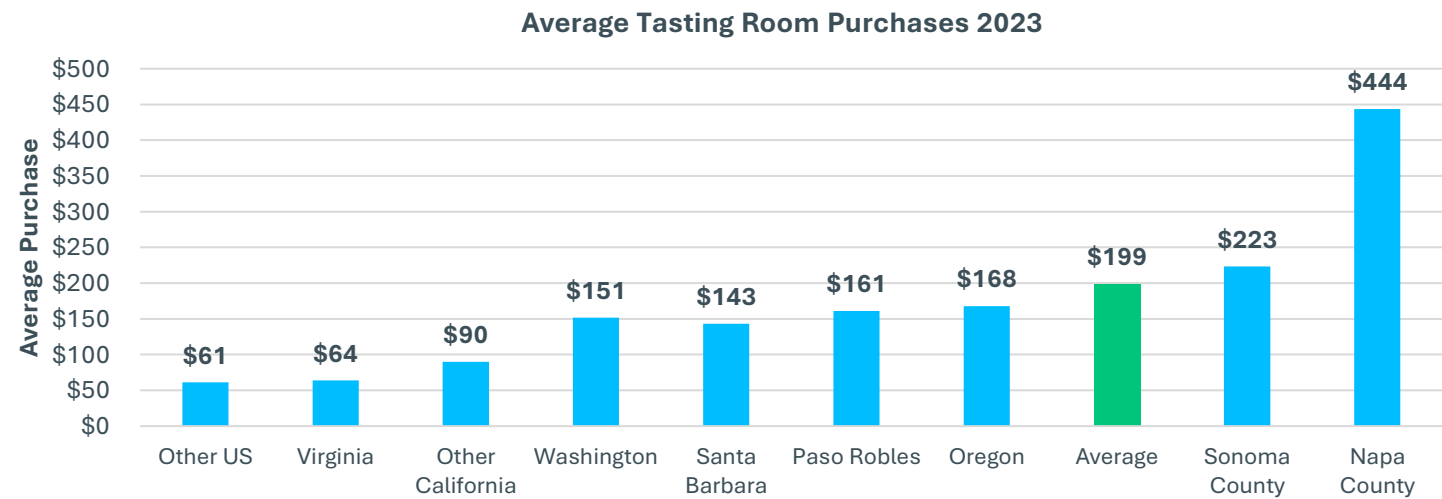
By-appointment Isn't the Right Model For All Wineries, But It's Emerging as the Preferred Choice Above \$50



Average Tasting Room Wine Purchase by Region 2012, 2018 and 2023

The average tasting room purchase has been increasing for years without any sign of abating. Compared to 2012, the 2023 average is up over 200%, with a range of 133% to 271%.

Comparisons From the 2023 and 2012 Surveys Show Significant Growth for All AVAs Over Time

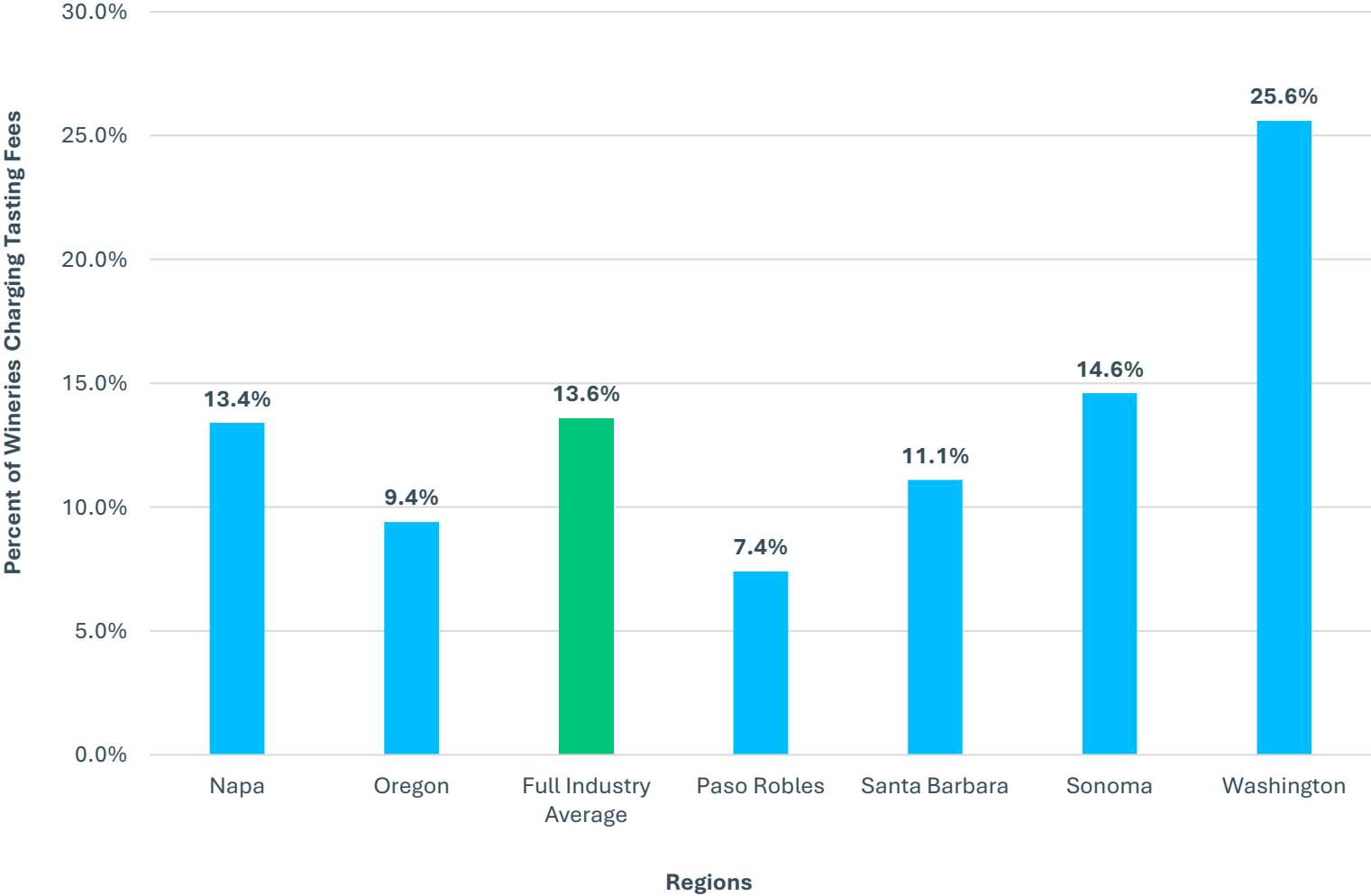


Percent of Wineries that Charge Tasting Fees in 2012 by Region

It's interesting to see how much has changed regarding tasting fees over the last decade.

In 2012, 14% of wineries charged tasting fees. The average tasting fee nationwide was \$8.50 in 2012. Napa's average was the highest at \$22.

It's truly a testament to the industry's adaptability to see such significant changes in tasting fee practices over this short a time period.



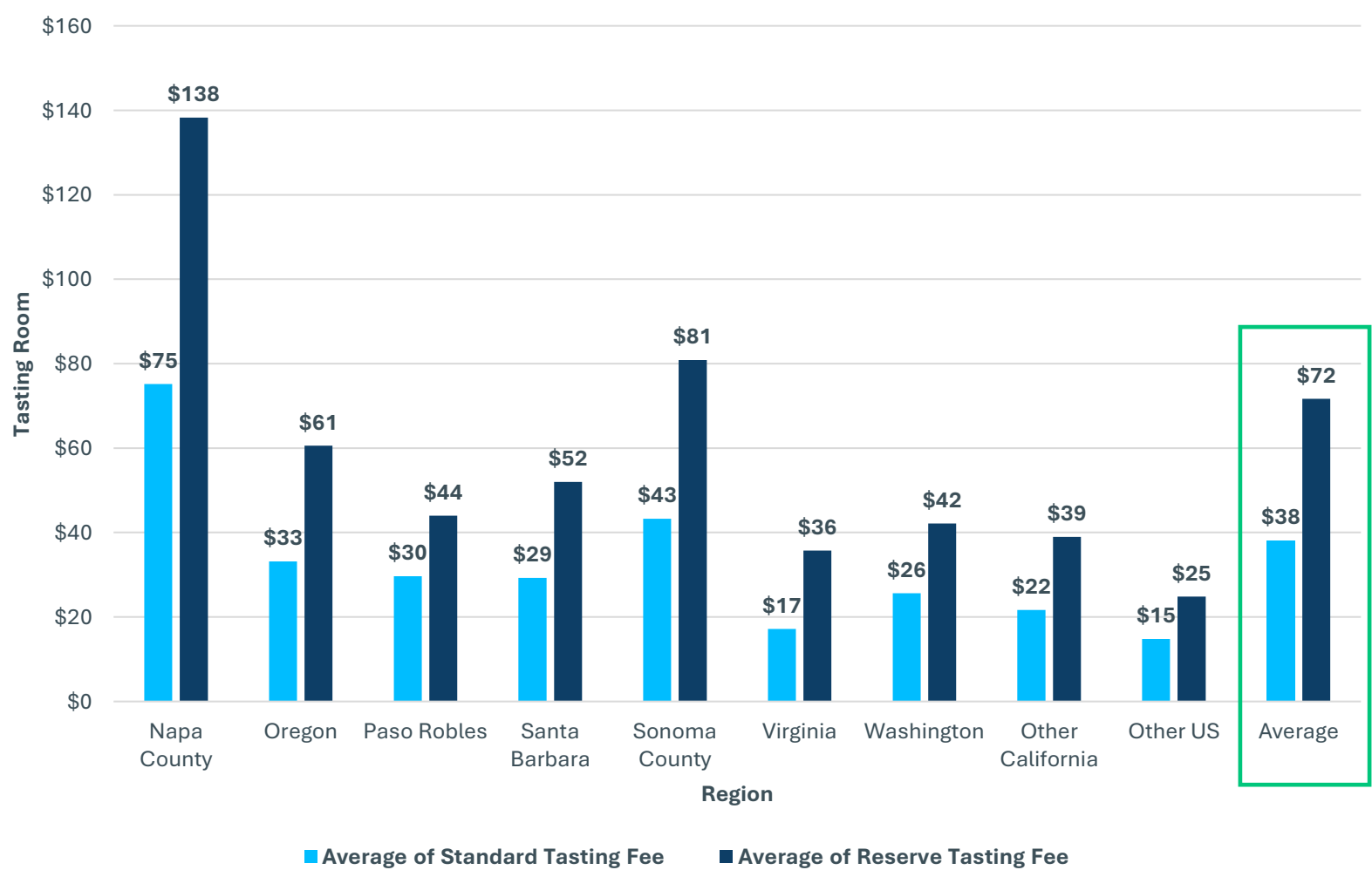
Can Tasting Room Fee Continue to Increase? Should They?

How does a winery owner determine how much to charge for a tasting? To a large extent, they are paying attention to what their neighbors are charging.

We’ve had it good! The tasting room has moved from being a marketing expense to becoming a profit center, representing 39% of an average winery’s revenue.

I expect to see many creative changes in the fixed tasting fee, including more variable pricing strategies employed to attract consumers during slow periods.

Average Tasting Fees by Region



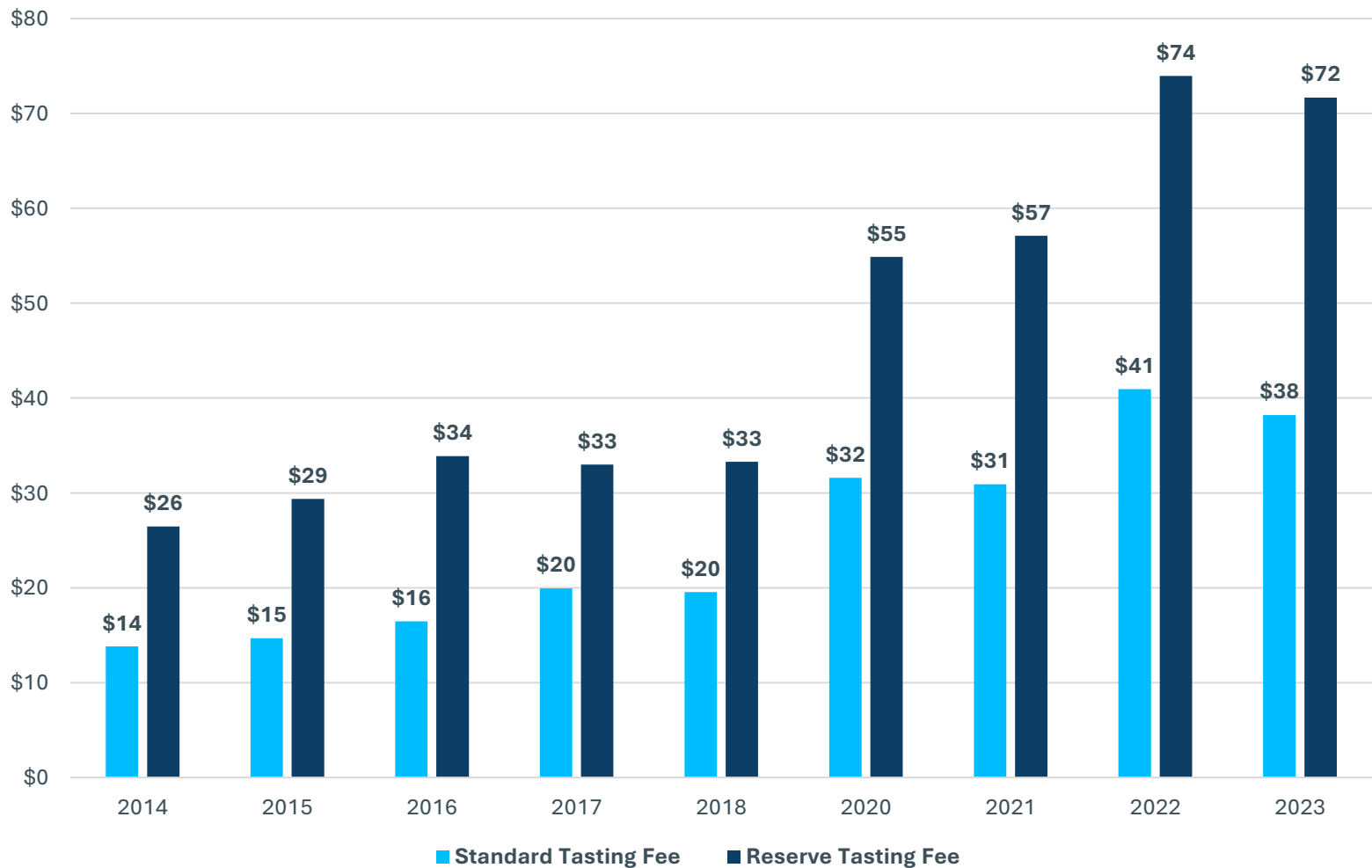
Average Tasting Room Fees by Year

Reserve tastings were a novelty in 2005. The shift to seated tastings in the 2010s was the impetus that increased the fee structure.

COVID caused another change. In an attempt to recover lost revenue from being closed, standard and reserve fees jumped higher.

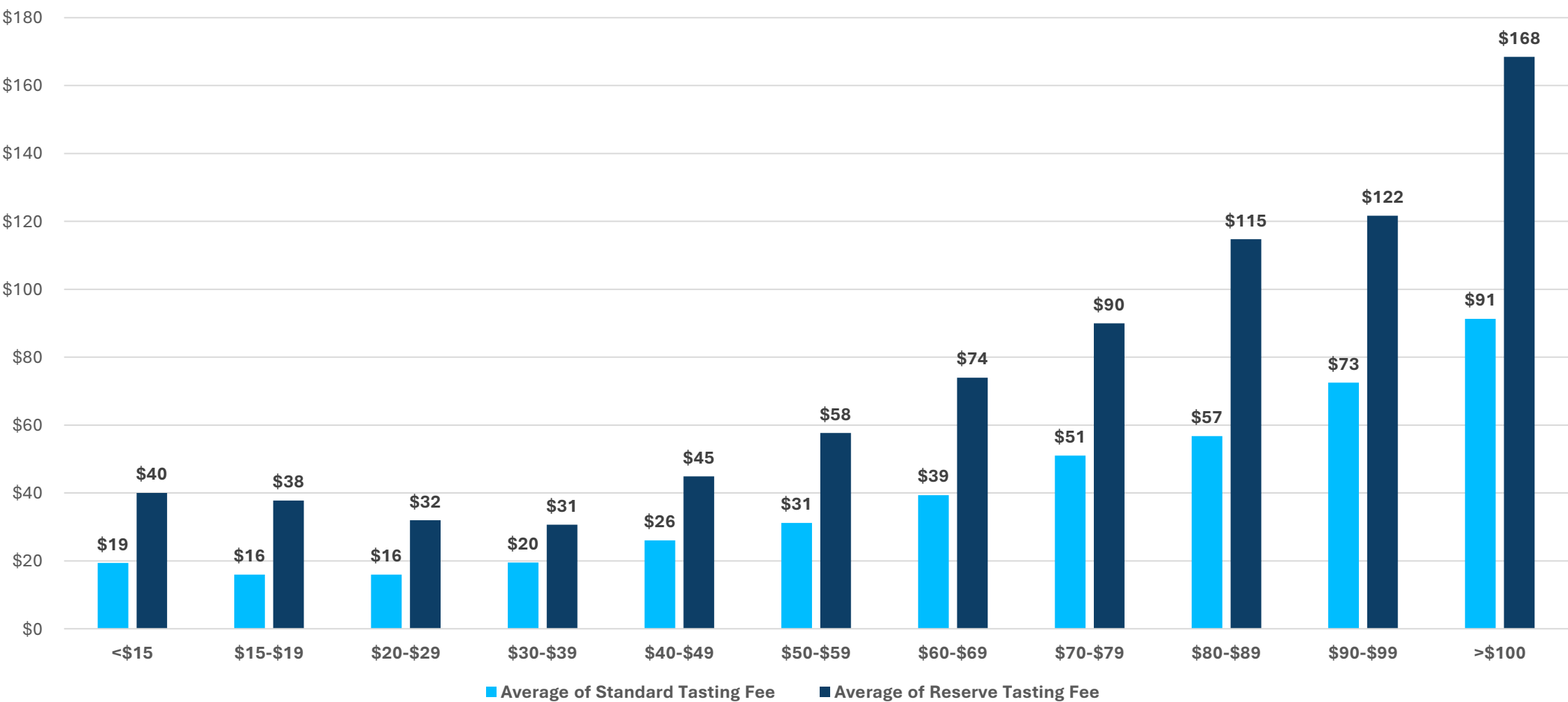
Is there a possibility of a causal relationship between lower visitation in 2022 and 2023 and increased fees? I'm not sure, but it is something to consider as a factor.

Tasting Fees Have Moved Substantially Higher During the Past 4 Years



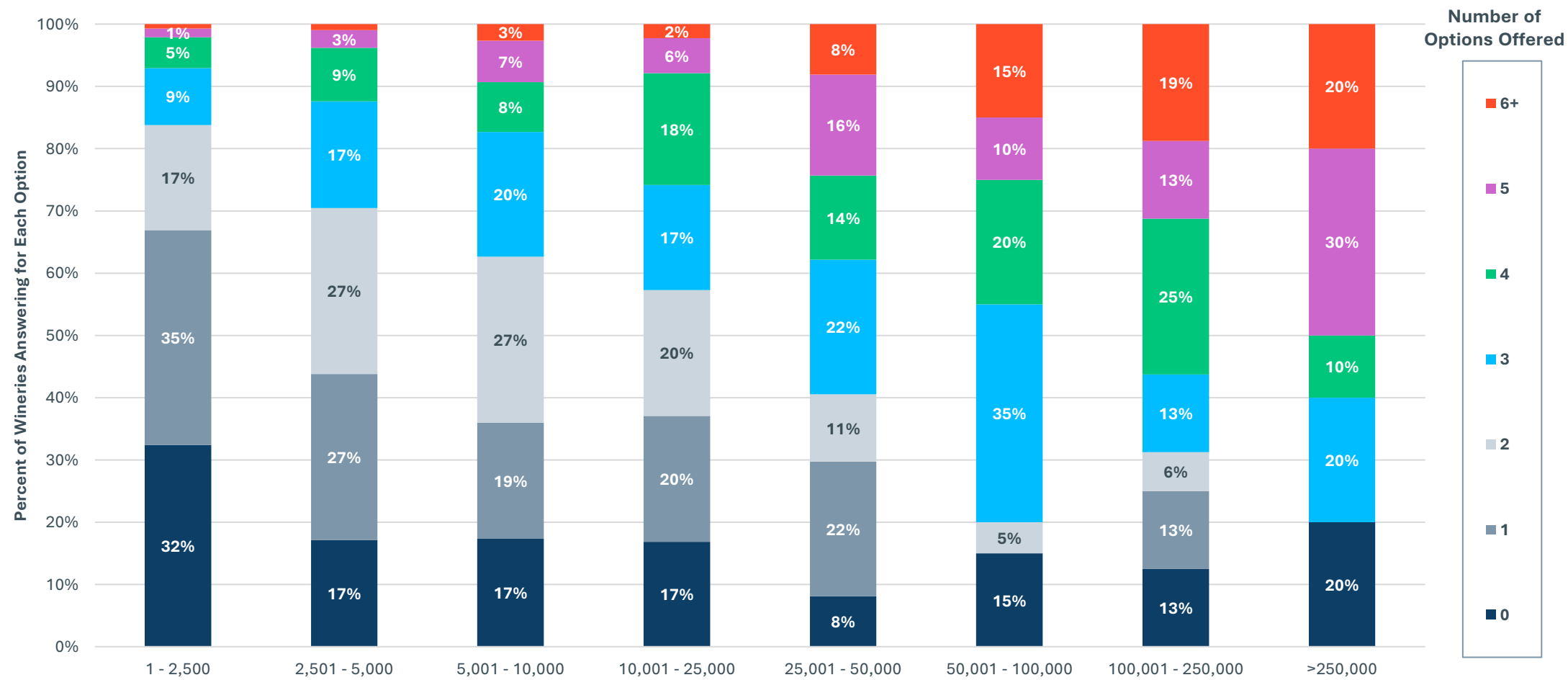
Average Tasting Fees by Retail Bottle Price

There is a Clear Relationship Between Bottle Price and Tasting Fees



How Many Tasting Options Do You Offer?

The Smallest Wineries, By Case Ranges, Offer the Fewest Options. About 20% of Wineries Producing Over 100,000 Cases Offer More Than Six Tasting Options.



Average Monthly Visitors by Region

2020 was a bad year for humans, but a good year if you sold wine in grocery stores. It was not a good year if you sold out of your tasting room.

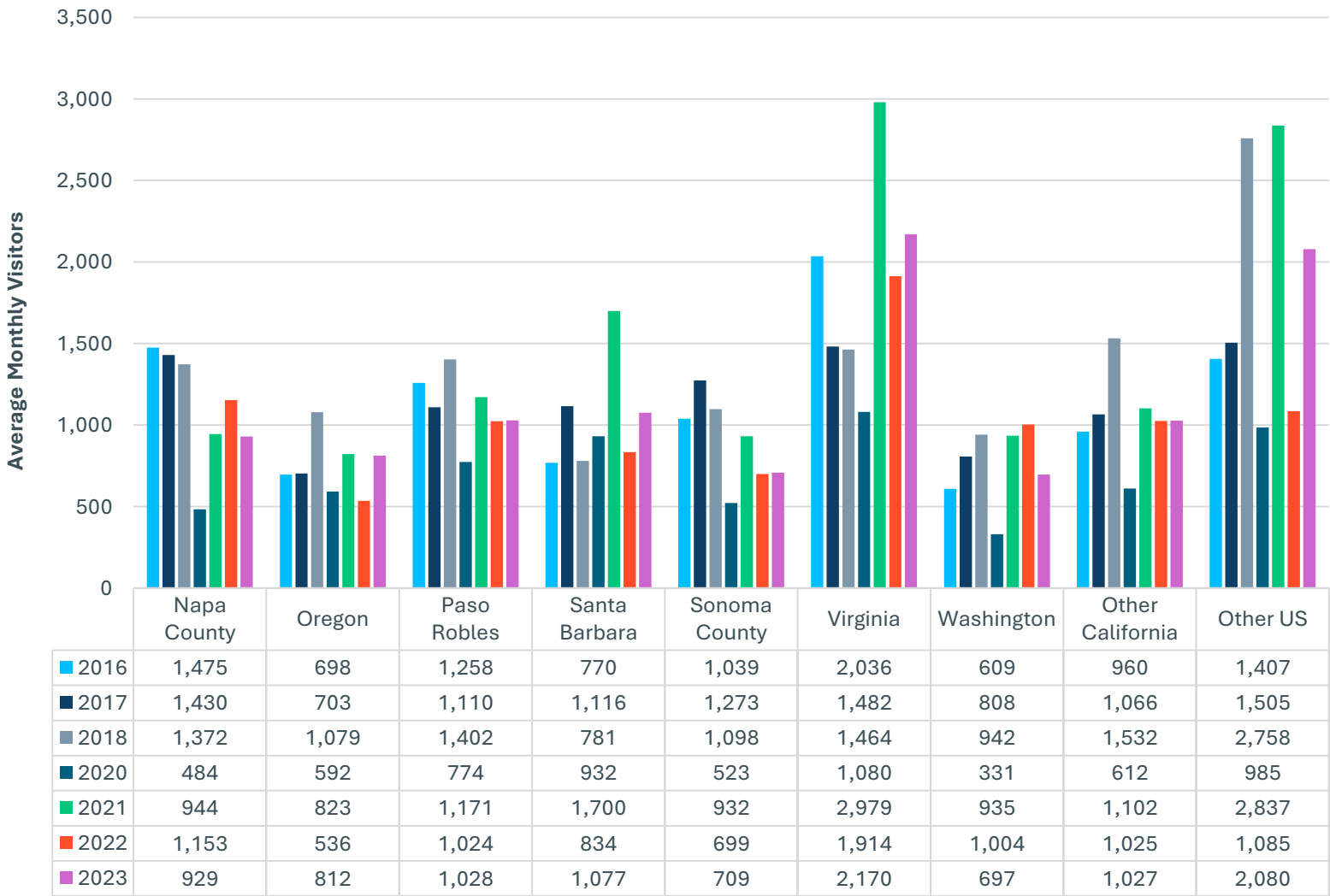
The situation reversed in 2021, once COVID lockdowns eased and wine tasting became one of the few things you could do. 2021 was the best year in the past decade for the premium producer.

Visitation in 2022 and 2023 has dropped off those strong 2021 comps. Will visitation come back? Where will the rest of 2024 take us?

I believe the reduced visitation numbers are partly due to the move away from the walk-in model, but recently, it has been more of an aberration. It's an echo of COVID. People are catching up on delayed celebrations and travel and bypassing wine country.

I'm betting that tasting room traffic will recover during 2024.

Two Regions Reported Lower Visitation Numbers Year Over Year

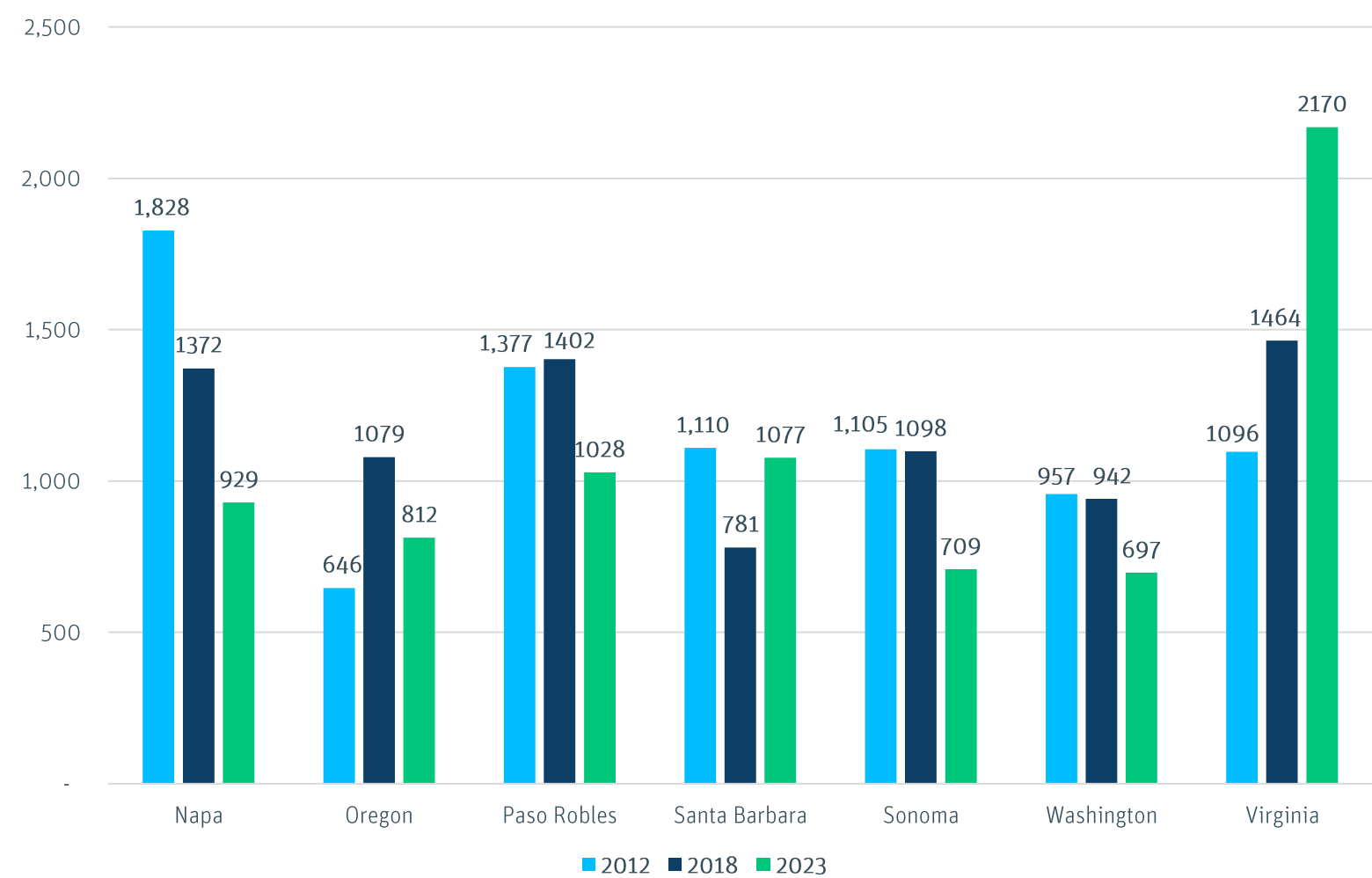


Note: Average visitation for 2023 was 1,106.

Average Monthly Visitation in 2012, 2018 and 2023

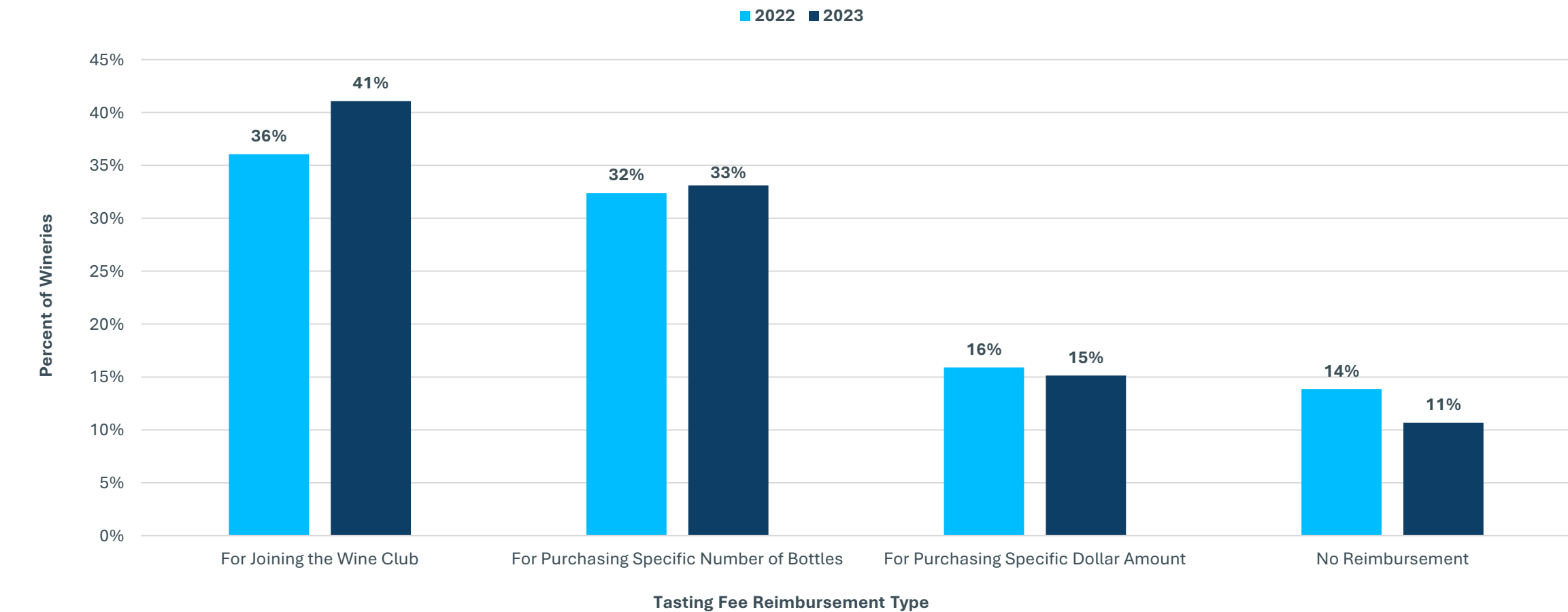
While visitation slowed in 2022 and 2023, over a longer period it has skyrocketed; despite the move away from crowded standup bars to seated tables.

Lower Visitation is Partly the Result of Focusing On Reserve Tastings



In Which Circumstances Do You Waive Tasting Fees?

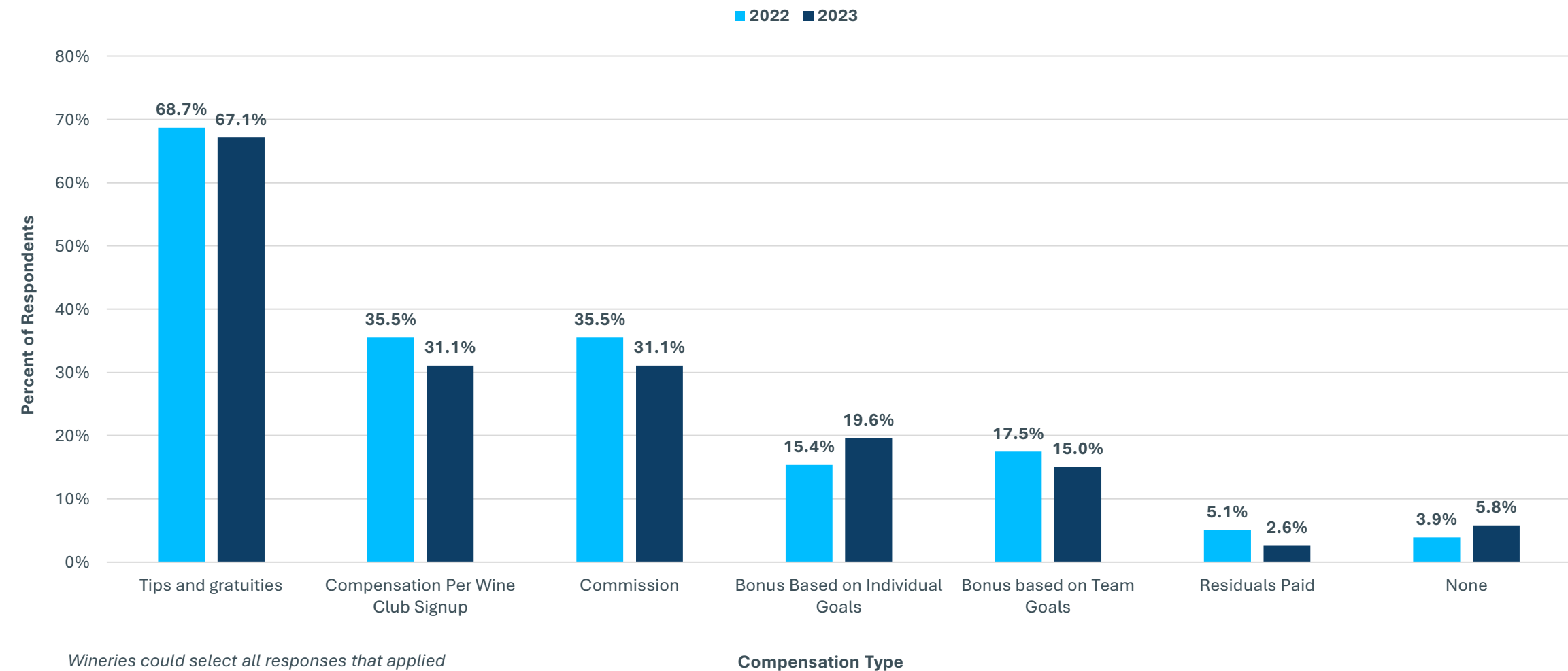
It Seems We've Settled On the Right Reasons to Waive Tasting Fees. But Are We Done Experimenting?



Note: Respondent can respond to more than one option.

Use Of Compensation Other Than Base For Tasting Room Staff

In 2014, Tips Were Controversial and Only 21% of Wineries Allowed Them Versus 67% Today



Urban Versus Winery-Based Tasting Room

- Urban tasting rooms have hit their stride as a stand-alone arm supporting brand building. Several advantages over winery tasting rooms are evident, including lower lease costs, a casual atmosphere that can make engagement less daunting for novice consumers, added convenience for tourists staying in town and a lower tasting fee that encourages trial.
- Average tasting room purchases in urban locations are up 85% in six years.
- The growth rate in purchases between urban and rural tasting rooms since 2017 is 18% for urban versus 31% for tasting at the winery.
- Winery tasting rooms generate between 20% - 56% more revenue than urban tasting rooms.
- Regulatory issues in Santa Barbara give that region the highest concentration of urban tasting rooms of those surveyed. Washington and Sonoma follow Santa Barbara in the regional split between urban and winery options.

Average Wine Purchase by Tasting Room Location

Urban tasting rooms in wine regions have transformed. While rural wineries attracted robust traffic a decade ago, urban tasting rooms had to overcome an identity crisis.

Owners are discovering that an urban location should have a different feel.

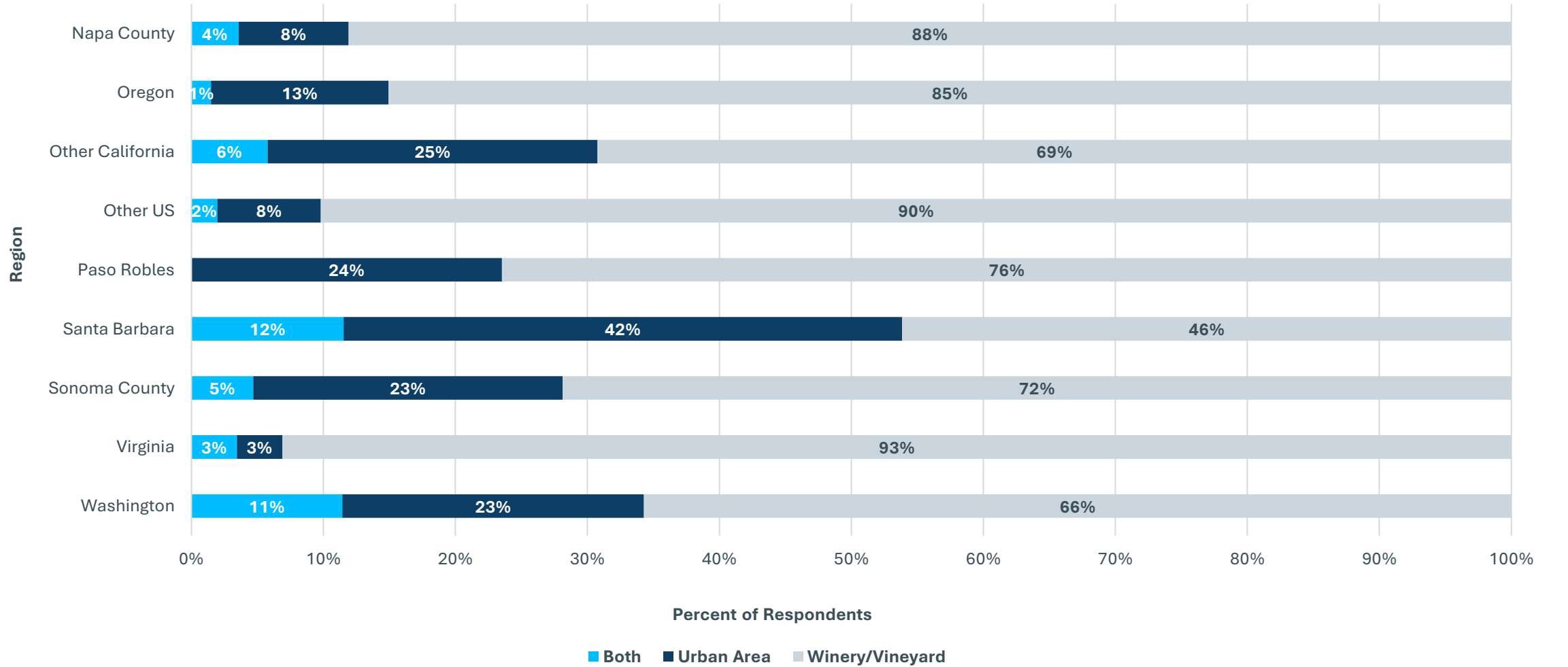
For higher-priced regions, an urban tasting room is an opportunity to present an entry-level experience — priced more affordably and often geared to younger consumers. For those relatively new to wine, a downtown tasting room offers a comfortable and welcoming environment. Consider this: average tasting room purchases in urban locations are up 85% in six years.

Purchases At the Winery Are Always Higher Than Urban Locations



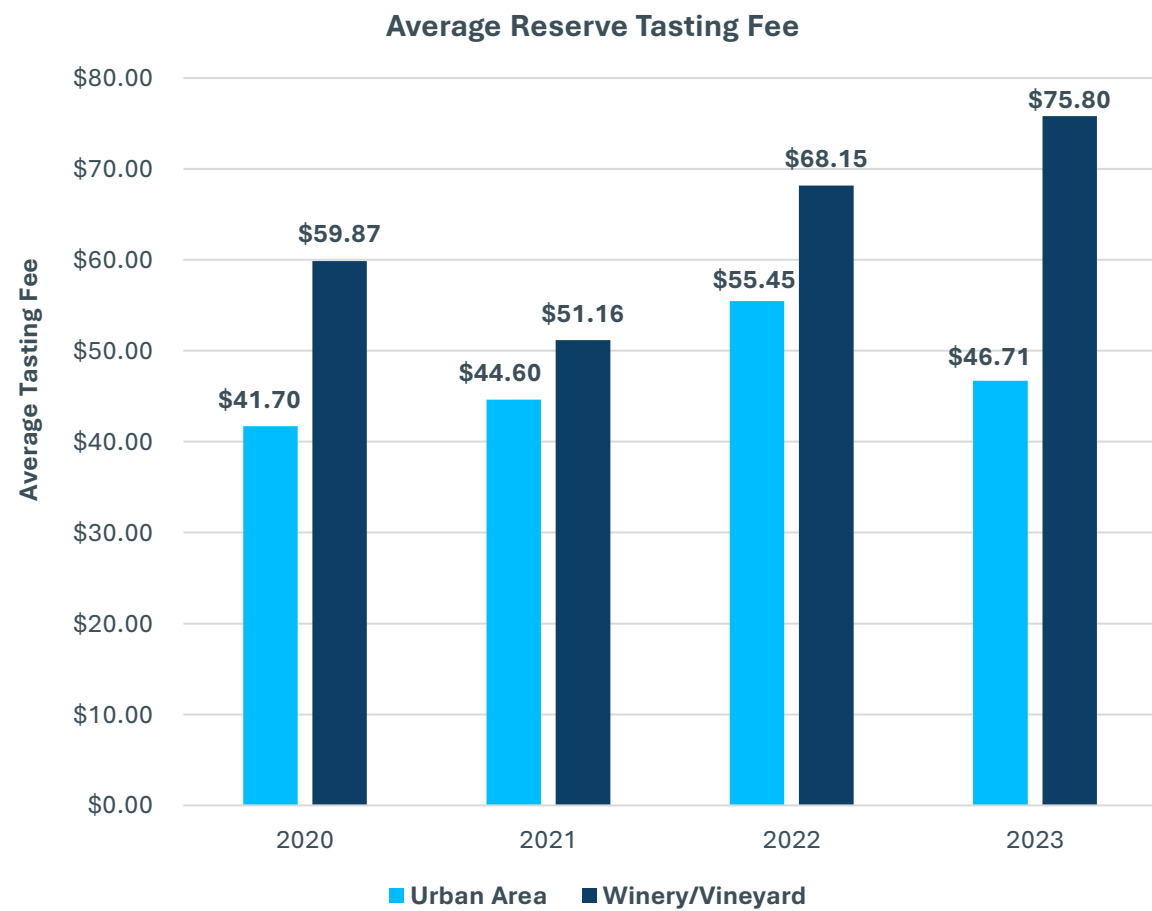
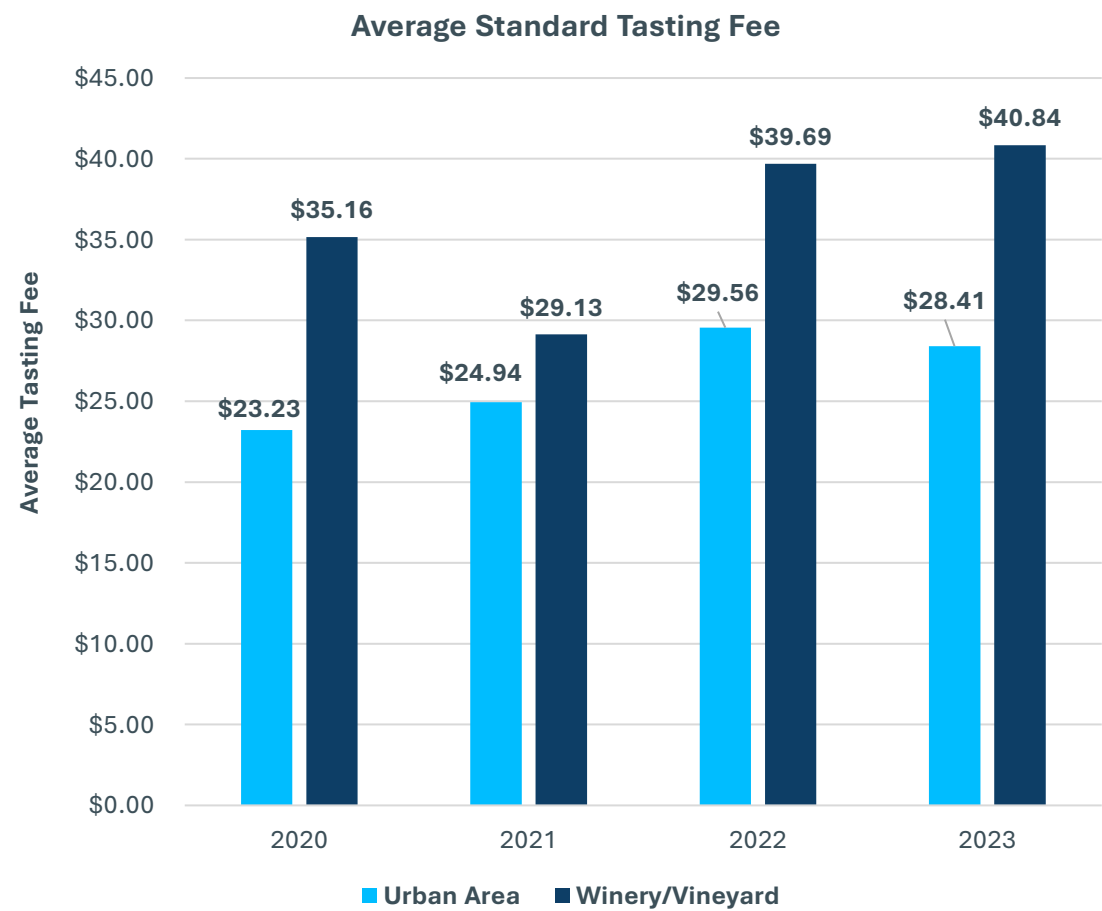
Tasting Room Locations by Region

Each Region Has Unique Situations and Regulations That Impact the Adoption of Urban Tasting Rooms



Average Tasting Fees by Tasting Room Location

Tasting Fees are Significantly Less for the Urban Tasting Experience



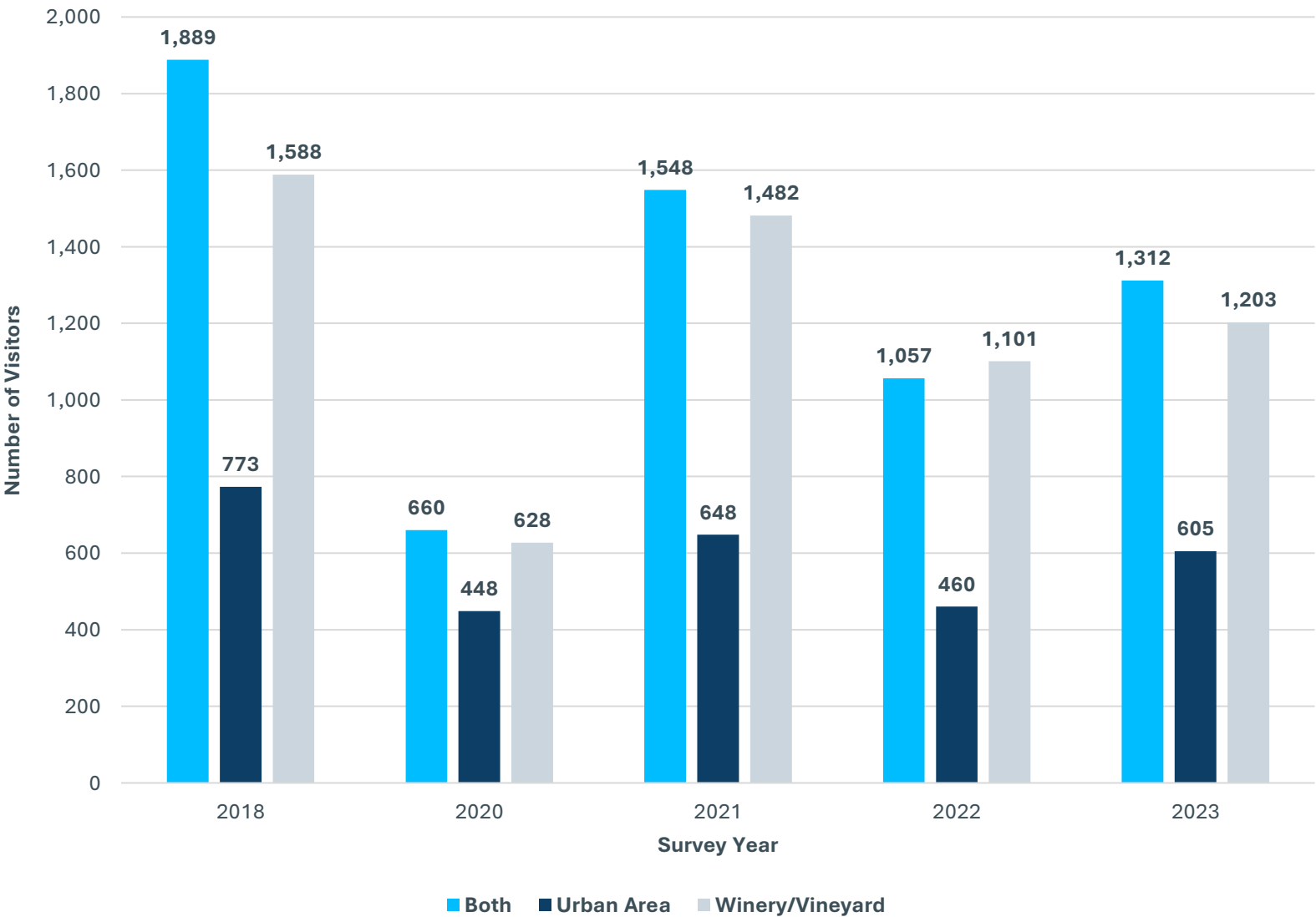
Average Purchase by Tasting Room Location



Average Monthly Visitors by Tasting Room Location

As urban tasting rooms opened in different regions over time, the experience provided was found to be simpler and less formal than that at the winery.

The concept started slow, but today urban tasting rooms are creating unique options to help build brands and engage with a wider variety of consumers.

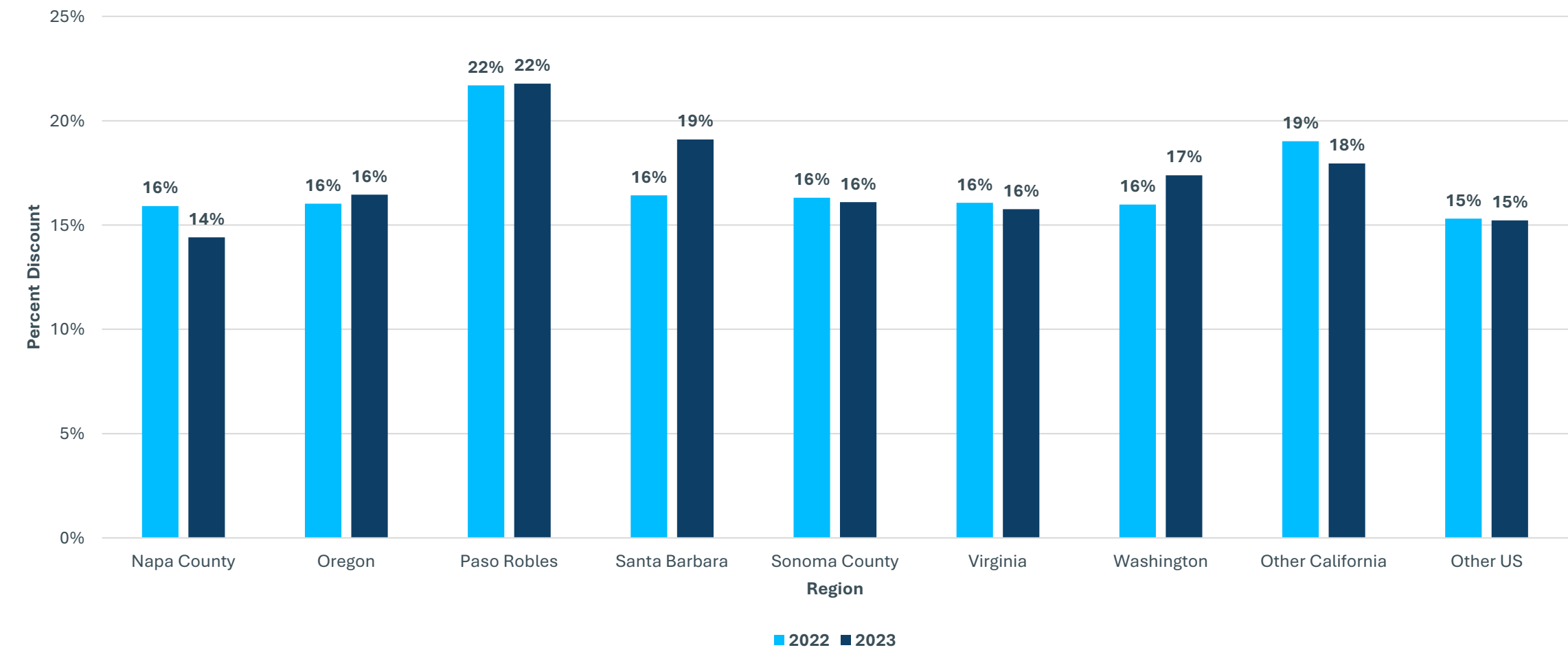


Wine Club Shipments, Sales, Conversion and Growth Rate

- Traditionally, wine club members receive discounts on incremental wine purchases. Between regions, the average discount in 2023 was 17%, with a low of 14% in Napa and a high of 22% in Paso Robles.
- The average number of shipments in wine clubs have risen from 2.7x per year to 3x per year during 2023.
- Free shipping is dropping as a discount mechanism and being replaced by discounted shipping.
- While 75% of wineries source club members from the tasting room, wineries are increasingly looking for different sources of members. About 20% of wineries are now in active programs to cross-refer customers, and the same percentage are using non-social media digital approaches to gain new members.
- Club conversion rates normally fall within a narrow band of 8-10%.
- Conversion rates in rural wineries are now up to one in four visitors.

Discount for Club Members by Region

Today's Club Discounts Fall Into a Tight Range, Averaging 17% in 2023

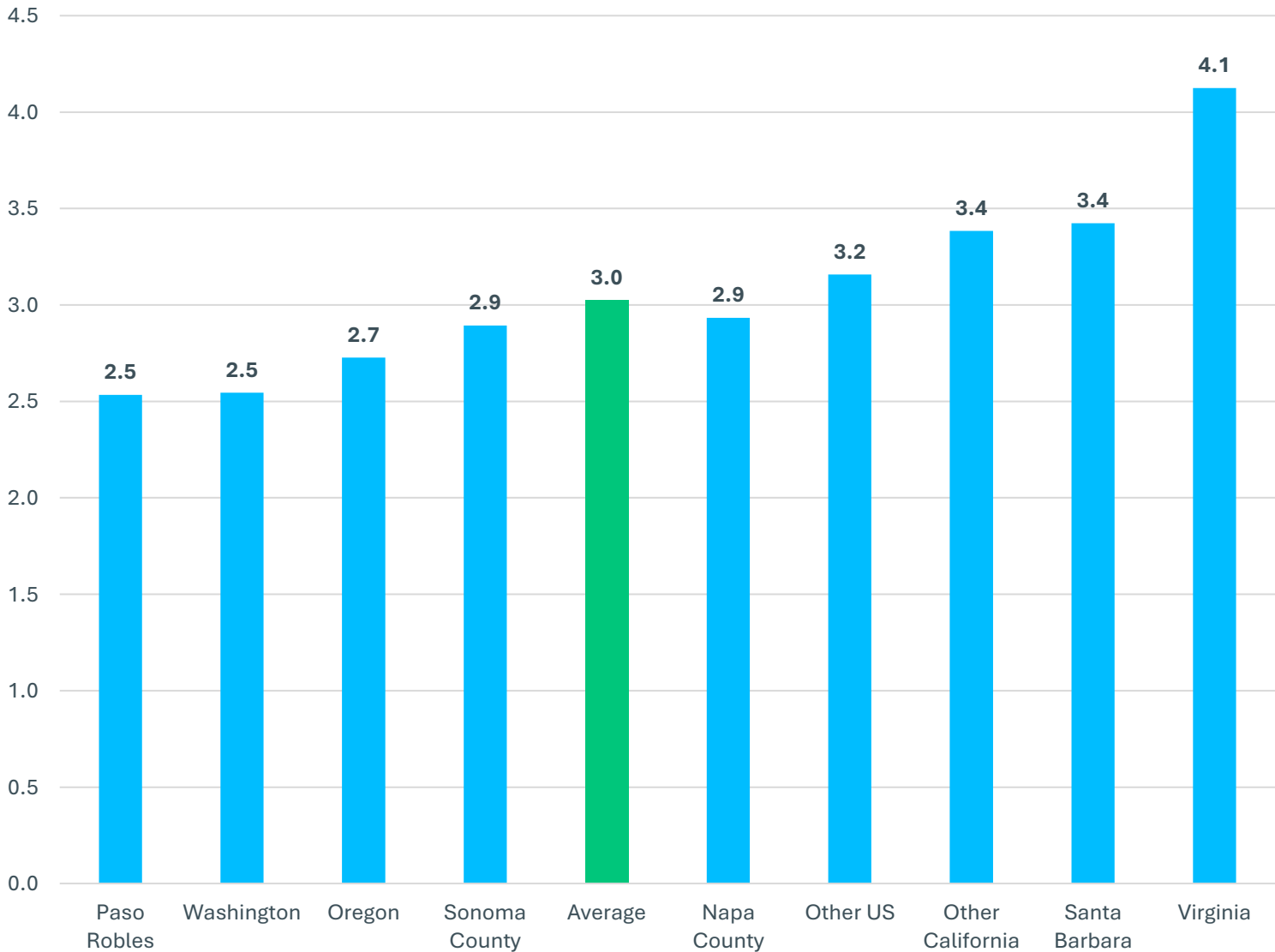


Average Annual Club Shipments

Wineries have been experimenting for years to find the optimal number of club shipments. The right number depends on what you measure. If it's length of time in a club, the evidence shows more shipments reduce club duration.

Most would agree that the best metric is an approach that maximizes the lifetime value of each customer. Sending what the client wants, in the right amounts and at the right time is a function of engagement.

Ask the client what they want versus finding a box to push them into. If they have too much, allow them to pause shipments. Find the friction points and eradicate them. That is one of the best and easiest methods to extend the length of time they remain a club member.



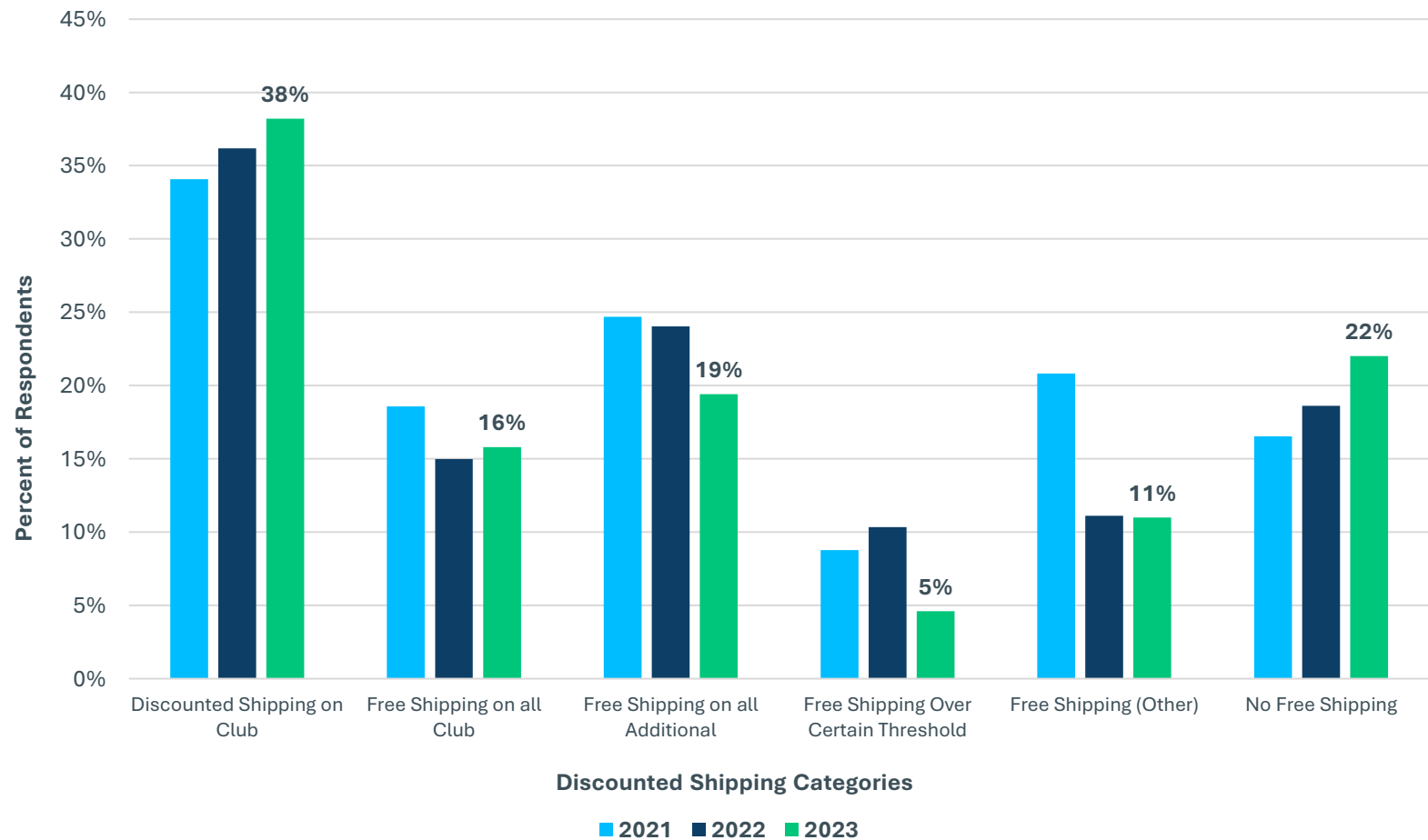
Wineries Use of Discounted Shipping for Club Shipments

During the COVID lockdown in 2020, the success of high-production models and premium models dramatically diverged. High-production wineries were selling in open grocery stores, while small premium producers suffered from closed tasting rooms. Wineries that had significant exposure to wholesaler sales raised their prices, while those selling through shuttered tasting rooms struggled to get consumers to purchase, particularly early on.

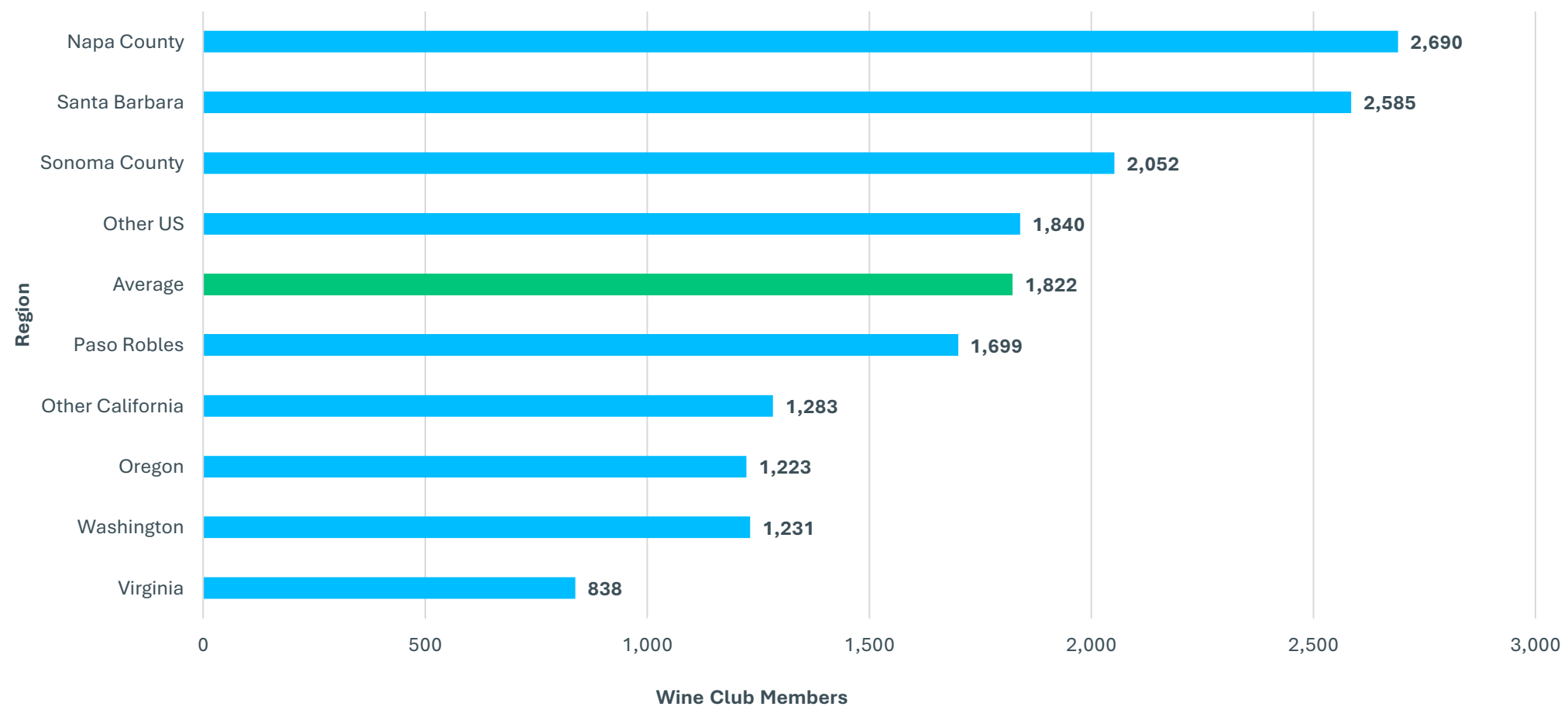
In early 2020, struggling premium wineries, in a display of resourcefulness and adaptability, took steps to mitigate the impact of the crisis. Many of them introduced free shipping as an inducement, a move that not only helped them maintain a connection with their consumers but also showcased their commitment to customer satisfaction.

Since reopening started, these developments have gradually reversed, but consumers are still used to free shipping. The compromise has been to offer discounted shipping.

Free Shipping is Declining and Being Replaced by Discounted Shipping

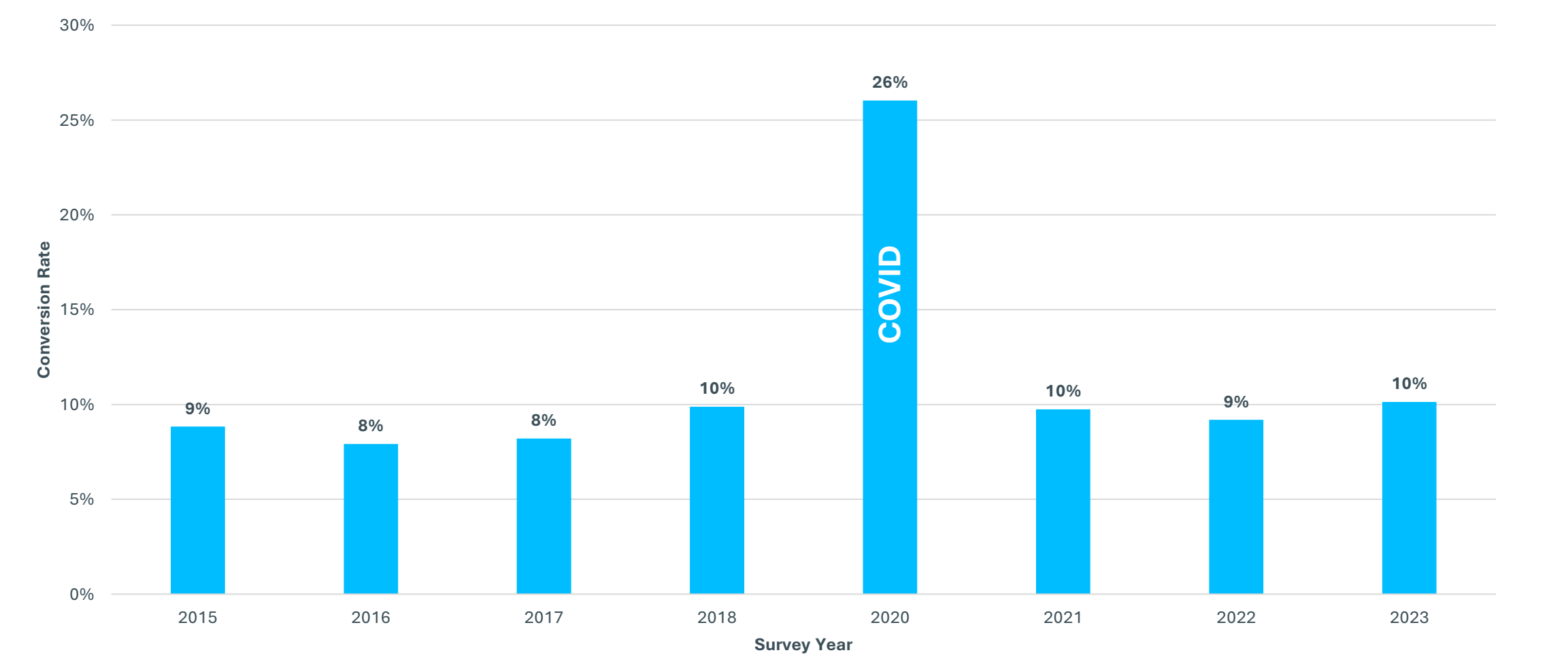


Average Wine Club Size by Region in 2023

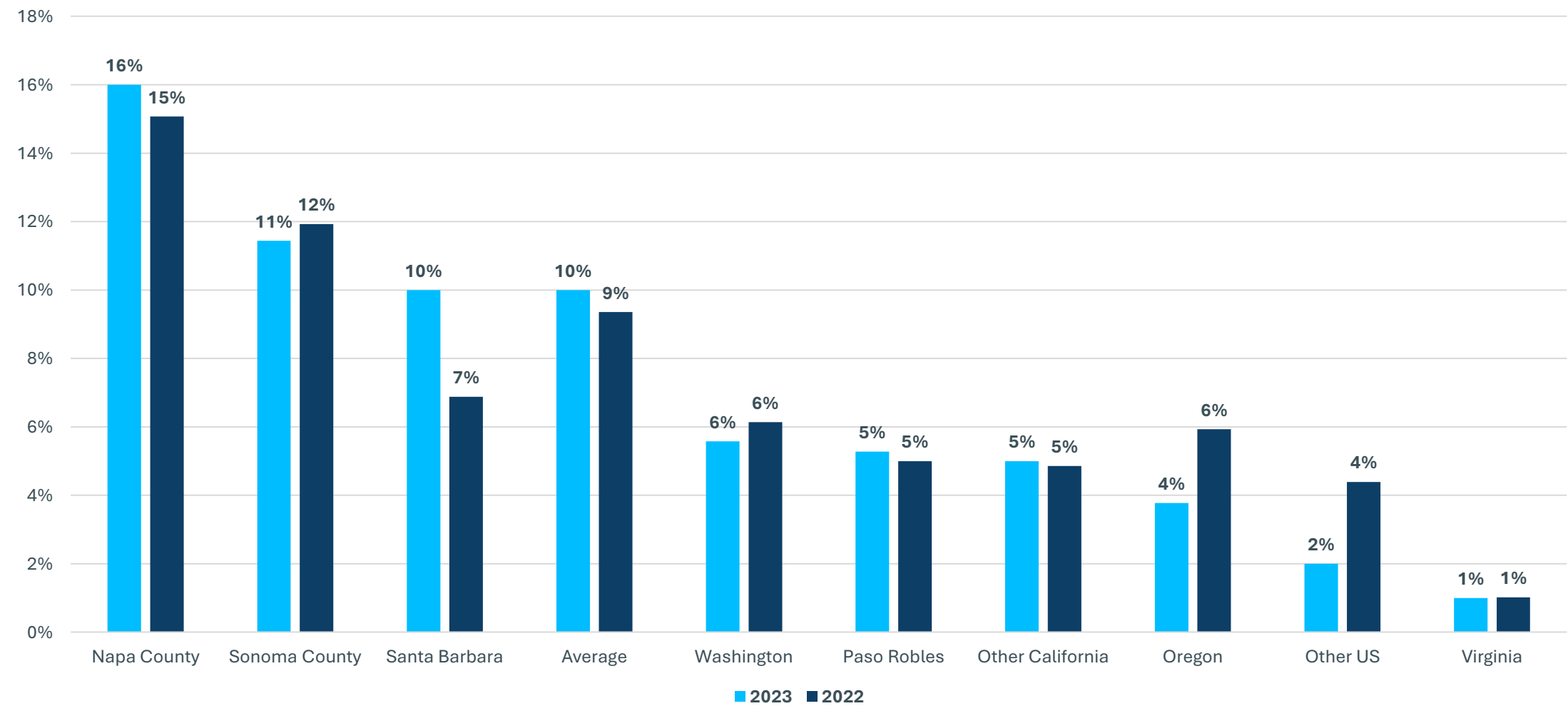


Conversion Rate of Visitors to Wine Club by Year

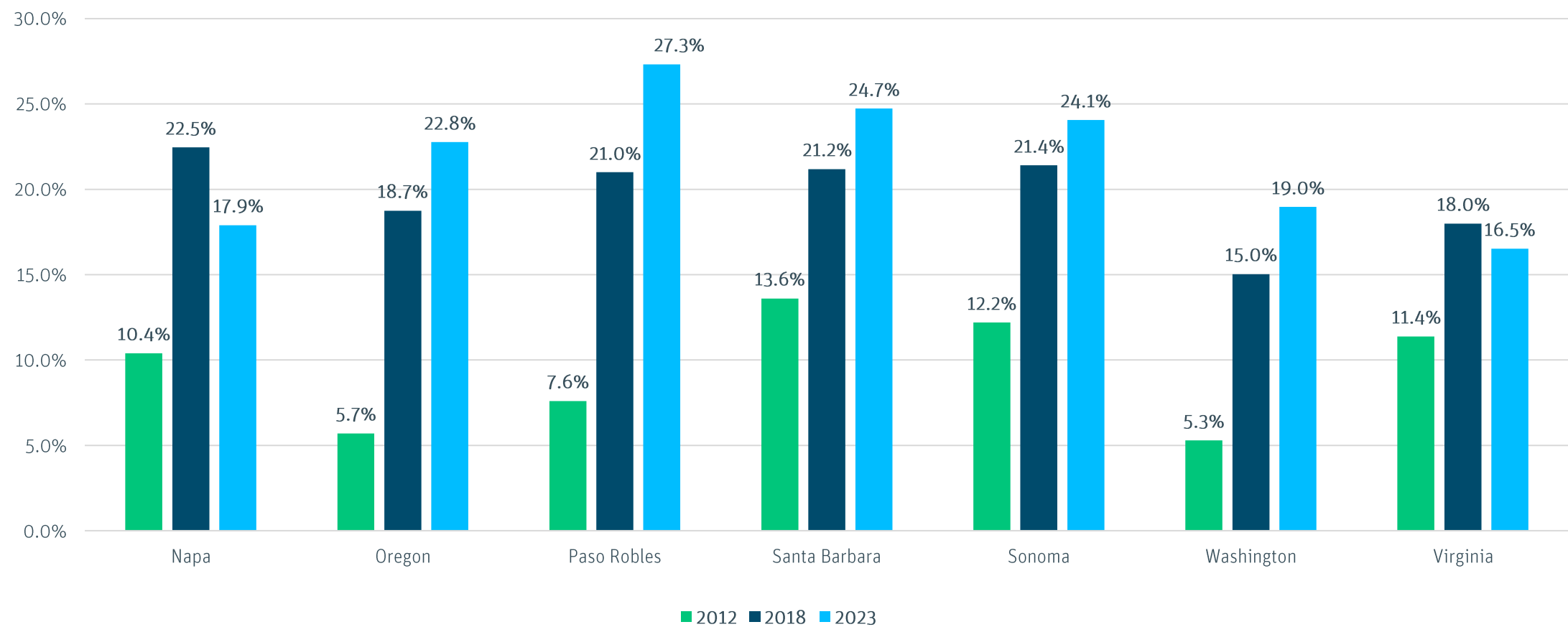
Club Conversions Normally Fall Within a Narrow Band, Between 8% - 10%



Conversion Rate of Visitors to Wine Club by Region



Club Member Attrition During 2012, 2018 and 2023



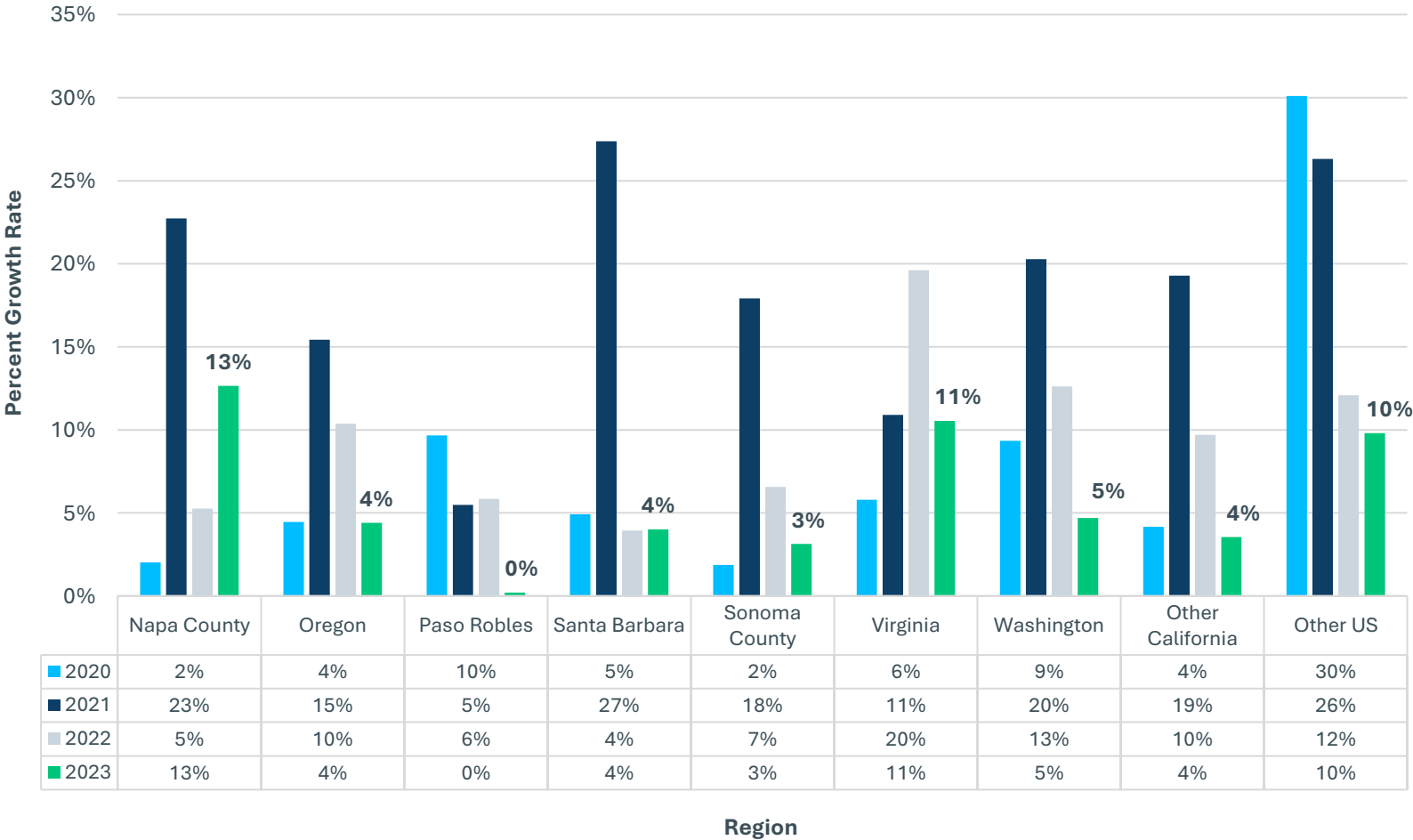
Annual Growth Rate in Club Size by Region

Club membership growth was spectacular in 2021, partly due to the reopening of the tasting room and the growth in digital club member acquisition.

While the growth rate in 2022 was lower than the previous year, we shouldn't have expected to sustain the same level of growth indefinitely.

Club growth has slowed since 2021, but that is more about normalizing those high 2021 comps in a post-COVID environment.

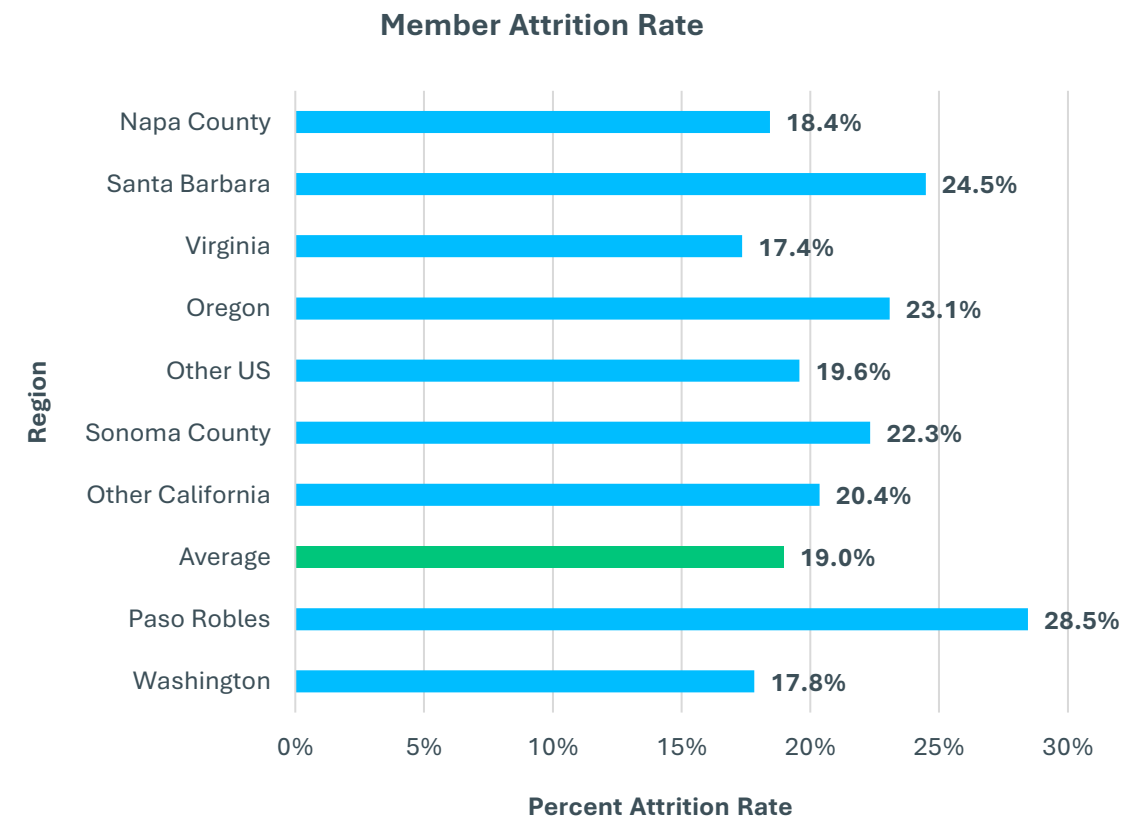
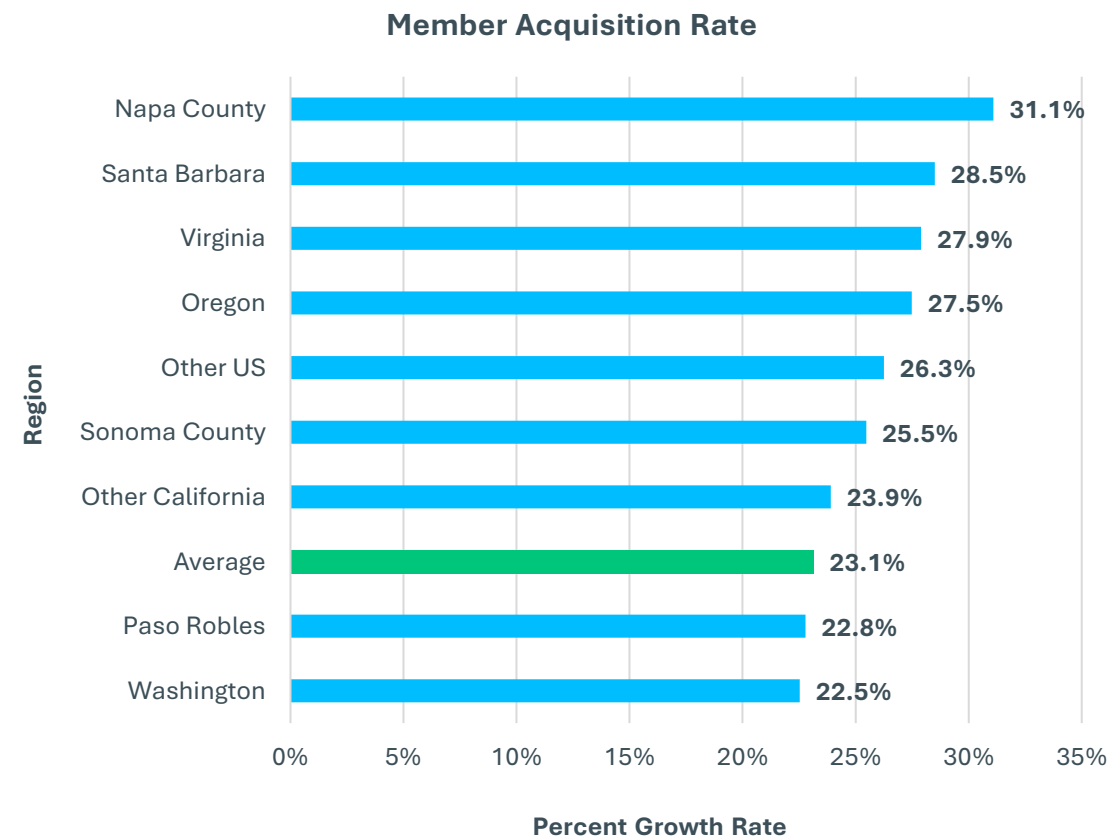
The Average Club Growth Rate Has Been Dropping Since 2021 Which Was a Covid-impacted Bounce Year



Net Wine Club Growth Rate = New club members acquired in given year, less lost club members in that year, divided by base membership level at the beginning off that year.

Excludes wineries with less than five years experience.

Member Acquisition Rate and Member Attrition Rate



Member Acquisition Rate = The number of new wine club members acquired ÷ the starting number of wine club members.
Member Attrition Rate = the number of wine club members lost ÷ the starting number of club members.

Excludes wineries with less than five years of experience.

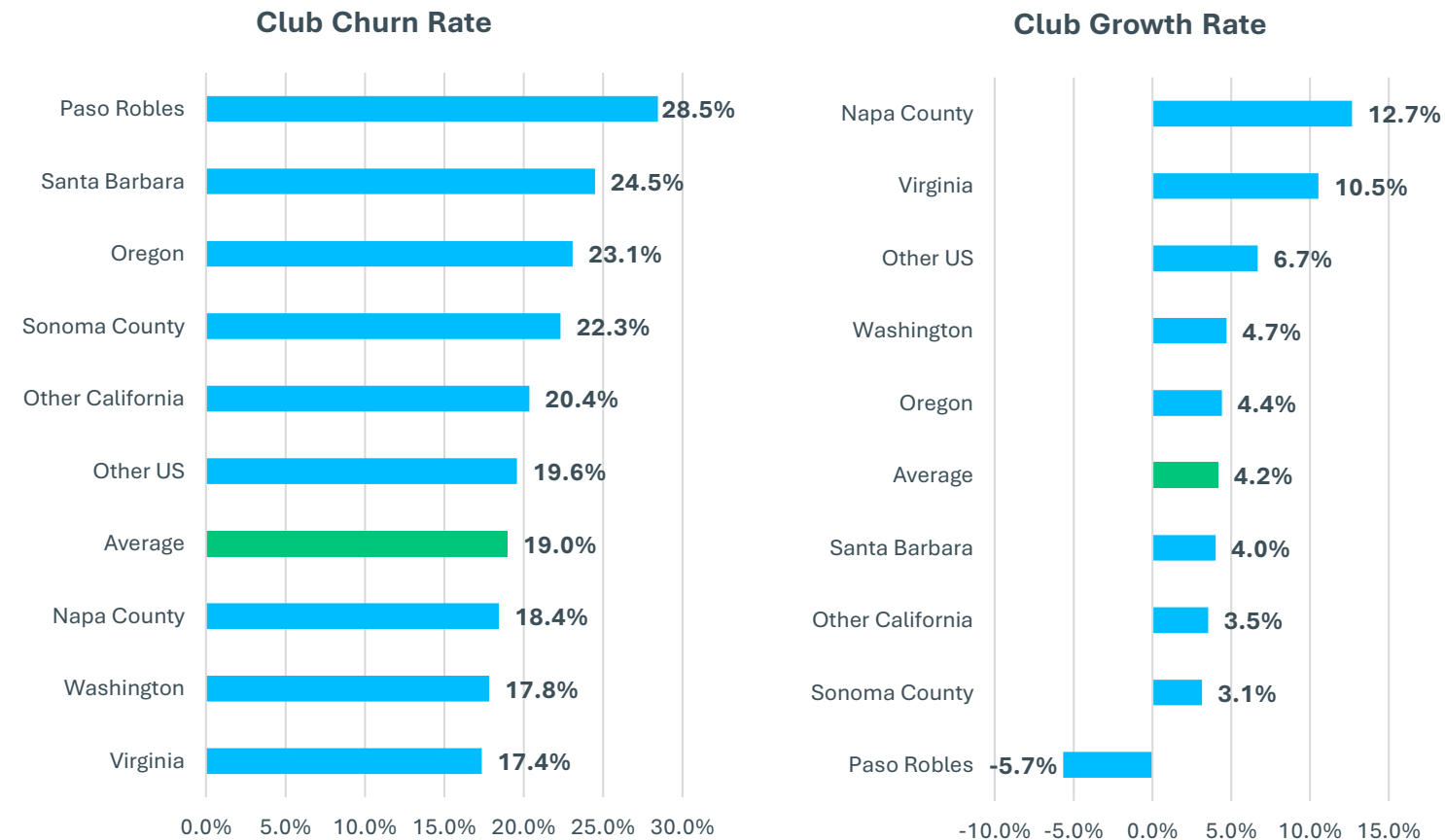
Club Churn and Club Growth Rates

In addition to club growth, it's important to track the magnitude of member churn.

It's far more profitable to increase the number of members by 5% and lose 5% of the members, versus growing new members by 20% and losing 20%. Both examples are net-zero growth, but it costs significantly more to acquire 20% more members than 5% more members. You end up spending more to get to the same place.

While it's encouraging that most regions' wineries are adding new club members at a rapid pace, the high rate of churn is a pressing concern that needs continuing ideation.

One of the Most Important Club Metrics is Churn



Club Churn Rate = lost club members ÷ the starting number of wine club members x 100.
Club Growth Rate = the number of acquired members minus the number of lost members ÷ the starting number of wine club members.

Excludes wineries with less than five years of experience.

Wine Club Member Sources, Member Tenure, Revenue, and Lifetime Value

- Traditionally, wine club members receive discounts on incremental purchases. Between regions, the average discount in 2023 was 17%, with a low of 14% in Napa and a high of 22% in Paso Robles.
- The average number of shipments in wine clubs has risen from 2.7x per year to 3.0x per year during 2023.
- Free shipping is dropping as a discount mechanism and being replaced by discounted shipping.
- While 75% of wineries source club members from the tasting room, wineries increasingly seek different avenues to acquire new members. About 20% of wineries are now in active programs to cross-refer customers, and about the same percentage are using non-social media digital approaches to gain new members. In 2023, 16% of total club new members were acquired through digital means.
- Since 2020, the average lifetime value is topping out in a narrow range of \$2,710, plus or minus 3.7%.

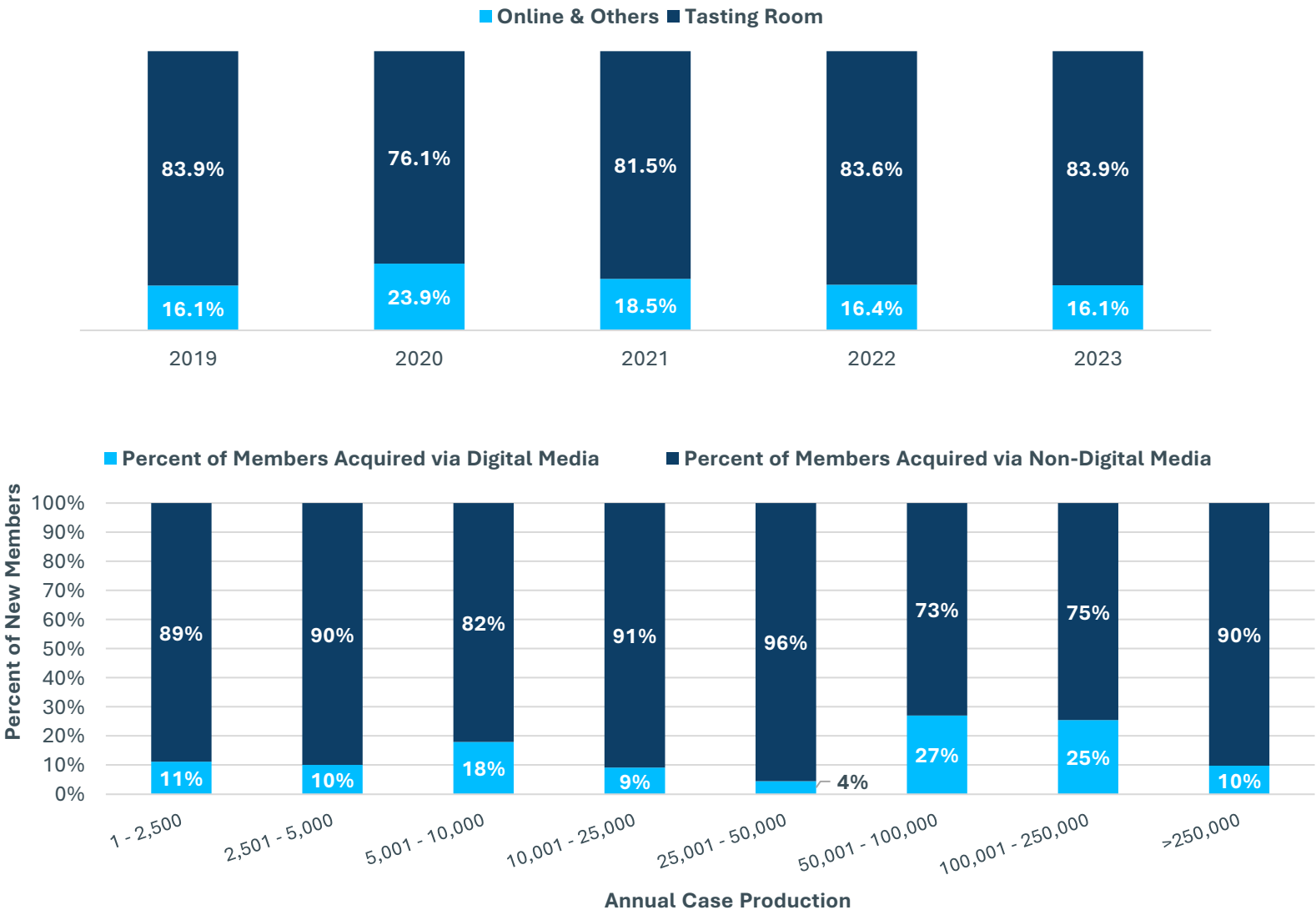
Digital Club Member Acquisition

The solution for the distributor consolidation in the early 2000s became the tasting room and club model we now see.

Today, the industry is at another critical juncture. Total wine volumes are declining, and DTC growth is slowing. With 70% of total sales reliant on traffic through the tasting room, it's clear we need to diversify. To find new growth, we must actively pursue sales channels that don't start with the tasting room.

A good example of positive change is digital growth in club memberships. The average premium winery is already driving club growth via digital means, 16%, in 2023. That's a start!

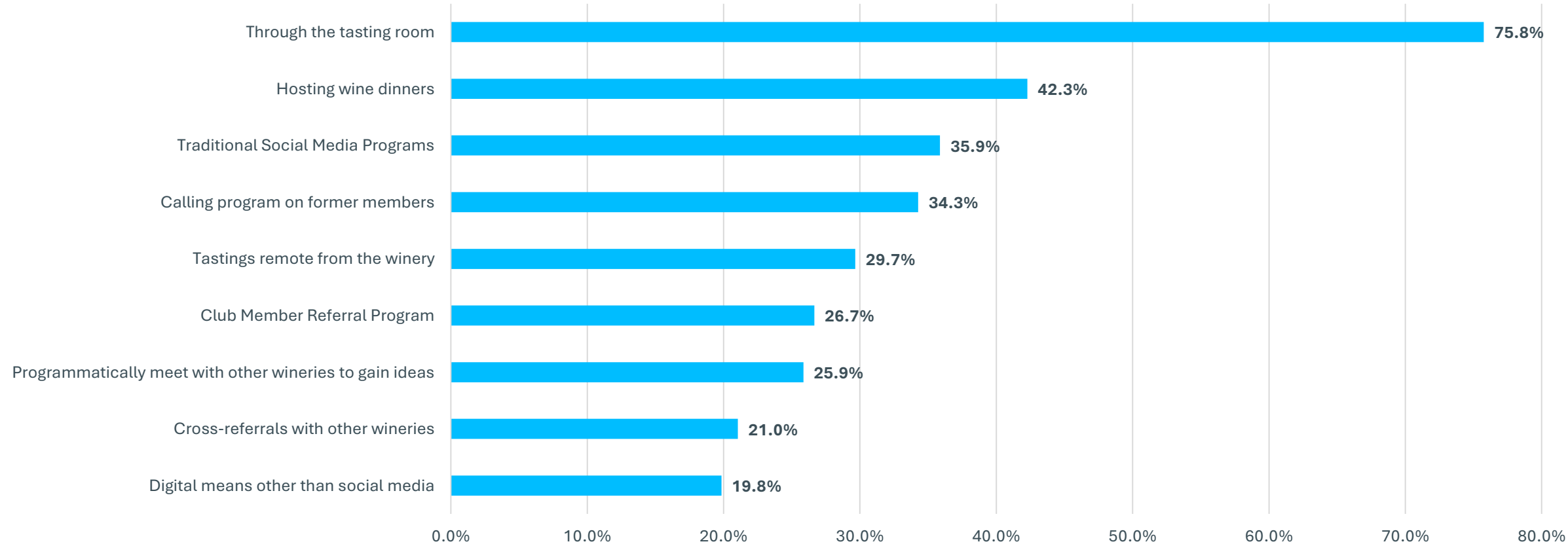
Diversifying the Tasting Room Model



How Do You Acquire New Members?

Wineries Are Diversifying Their Member Acquisition Strategies

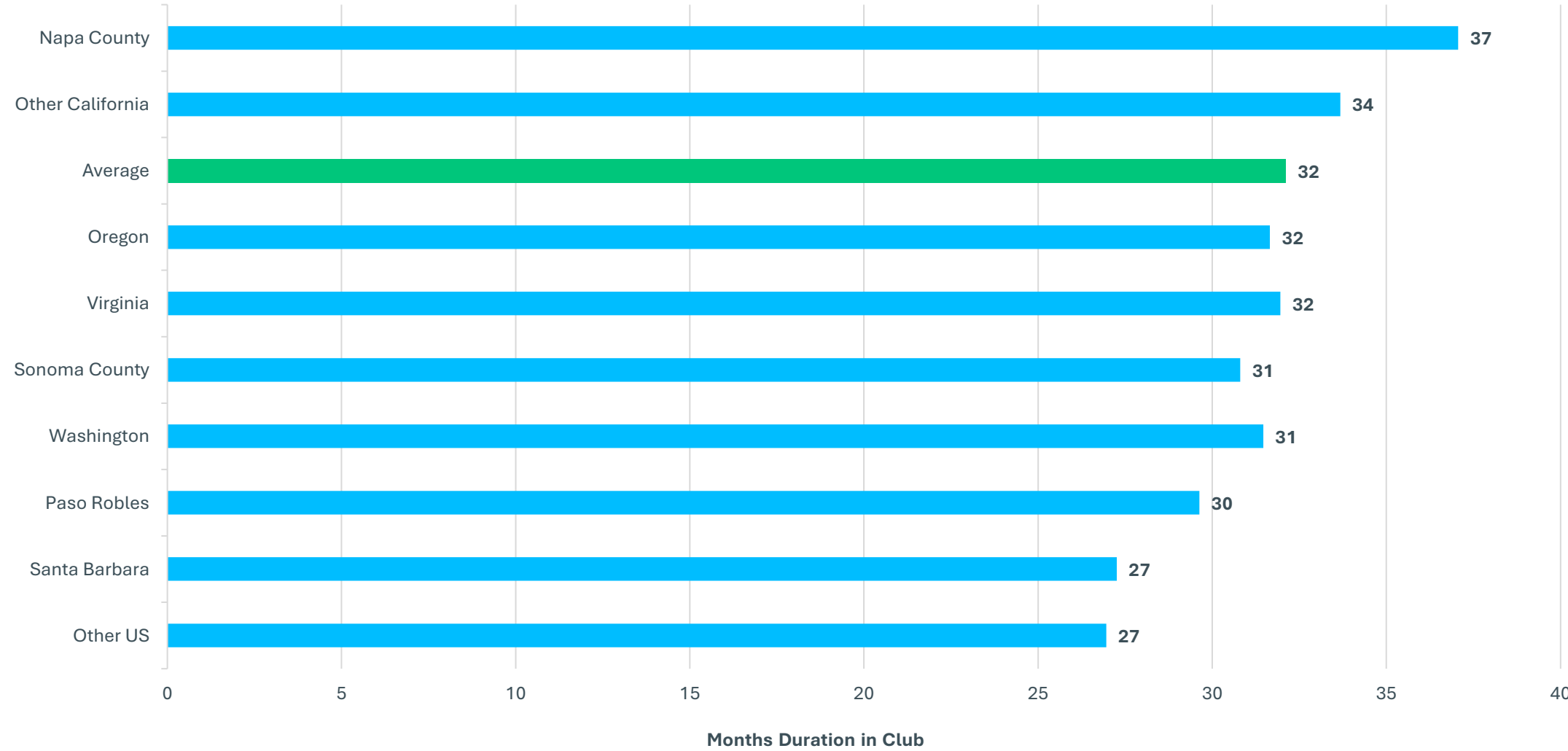
Wineries use of Member Acquisition Programs



Note: Respondents can select more than one option. The percentage shown is based on the total number of wineries in the sample for each question. For example, 76% of wineries acquire members through the tasting room and 42% host wine dinners.

Average Length of Membership in Months by Region

While the Average Length of Membership is Up About Five Months in the Last Ten Years, Duration is Now Stable

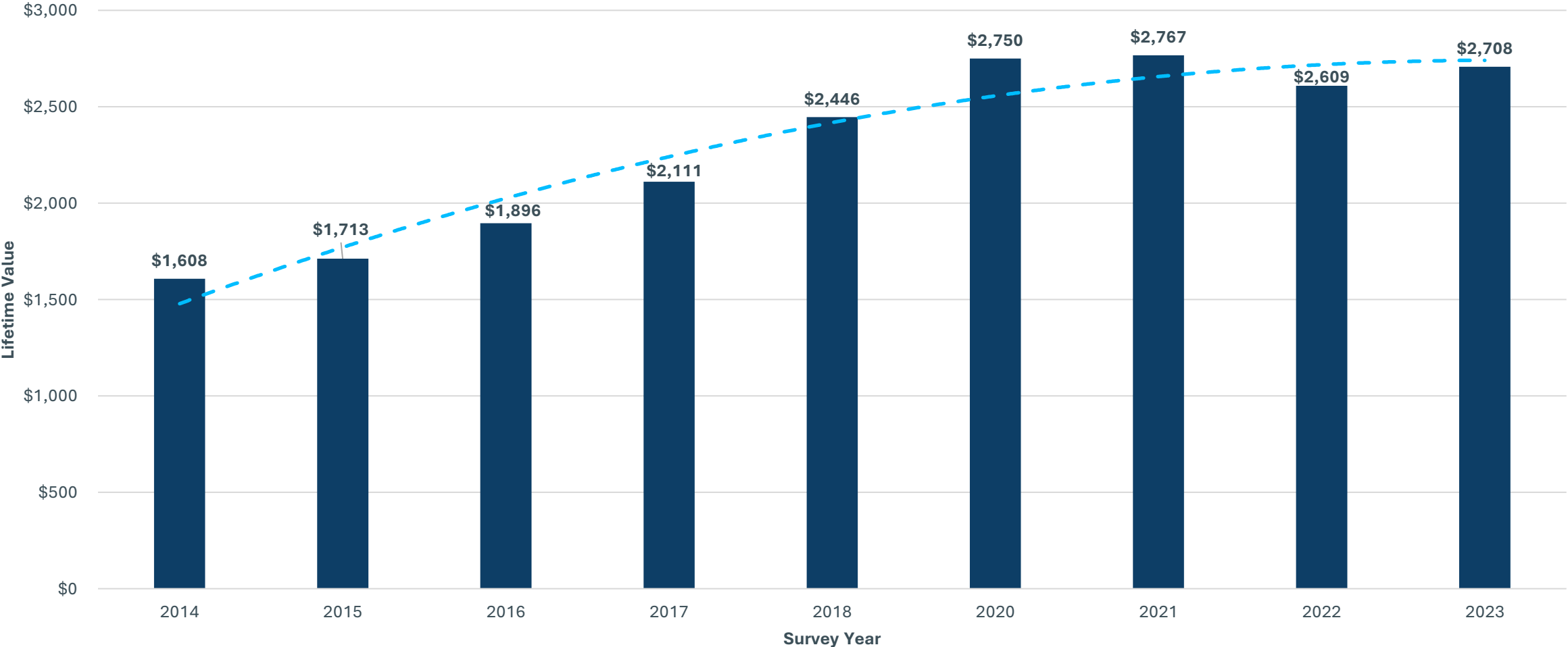


Average Wine Club Revenue per Member by Region



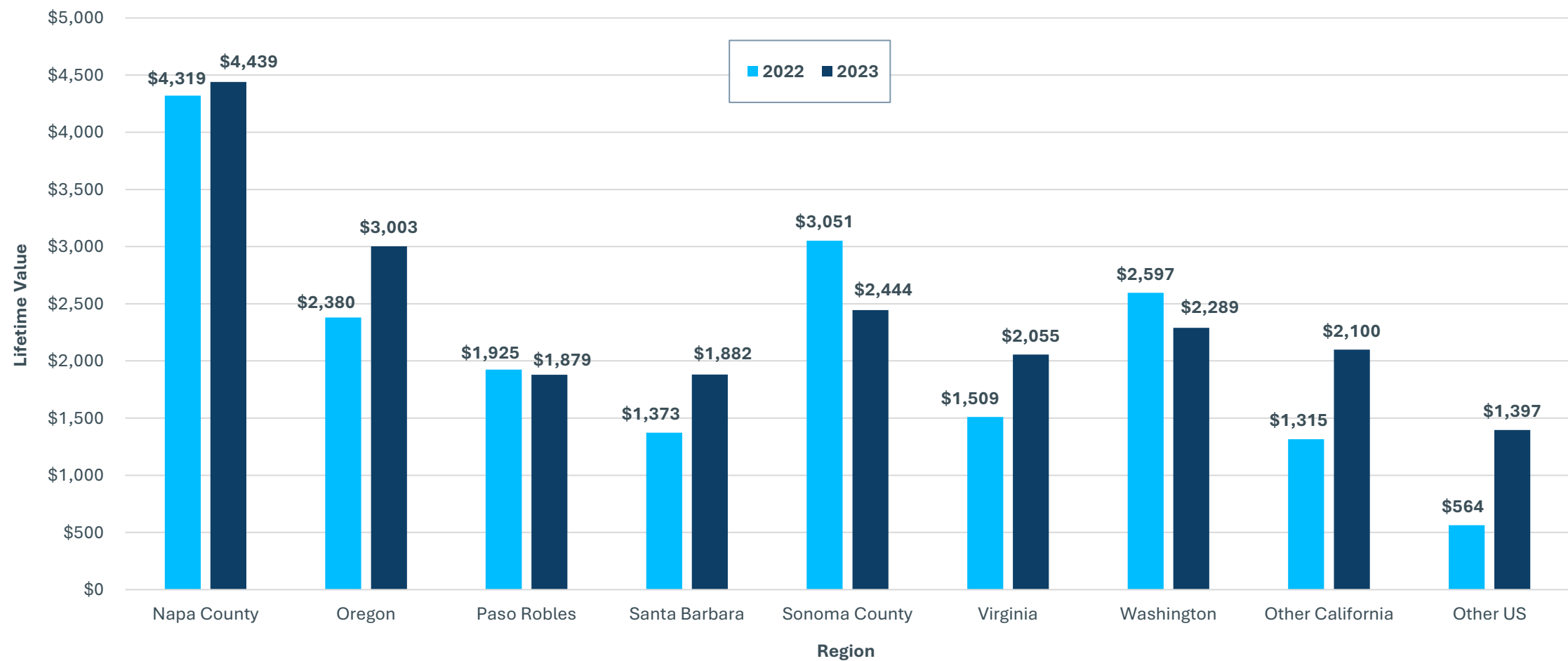
Wine Club Member Annual Average Lifetime Value

Since 2020, the Average Lifetime Value is Topping Out in a Narrow Range of \$2,710, Plus Or Minus 3.7%



Wine Club Member Lifetime Value by Region

Six of Nine Covered Regions Increased Member-Level Lifetime Value



Digital Sales Trend

- The adoption of digital solutions in wine sales is growing at an increasing pace. New solutions are being developed and sales support companies are finding their footing during this period of change.
- The use of data management and sales insights companies will likely become increasingly important.
- Email marketing is still the most used digital tool; 26% of our respondents communicate via email monthly and 20% bi-weekly.
- 73% of respondents use Instagram and 72% use Facebook, at least as a brand awareness tool.
- With digitally native consumers entering their prime spending years and maintaining a 24/7 grip on their smartphones, what will you do differently to reach those consumers?

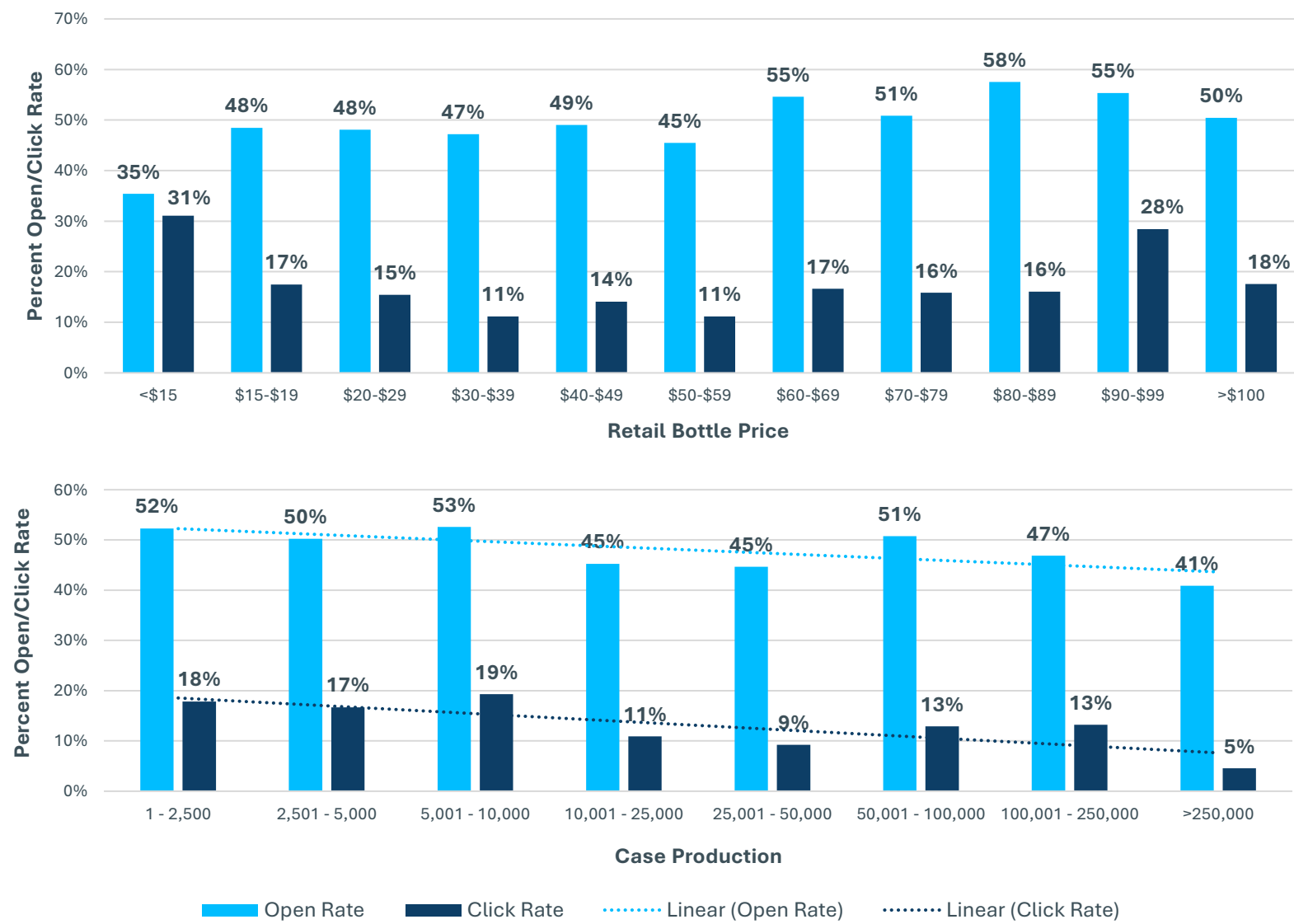
Email Marketing Open and Click Rates by Bottle Price and Cases

For several years I've heard the occasional comment that email marketing is passé, but that's not what the data shows.

Email marketing still works for most wineries. Open, and click-to-open rates for Leisure and Hospitality, the closest categories to the wine industry, are about 20.2%, and 8.7% respectfully according to Campaign Monitor's 2022 yearend report.

For the wine business, open rates and click rates are roughly double those results, with wineries with less than 100,000 cases and above \$20 average bottle prices seeing the best results.

Lower Volume and Higher Priced Premium Wineries Still Have Better Email Performance Metrics



Use of Digital Resources

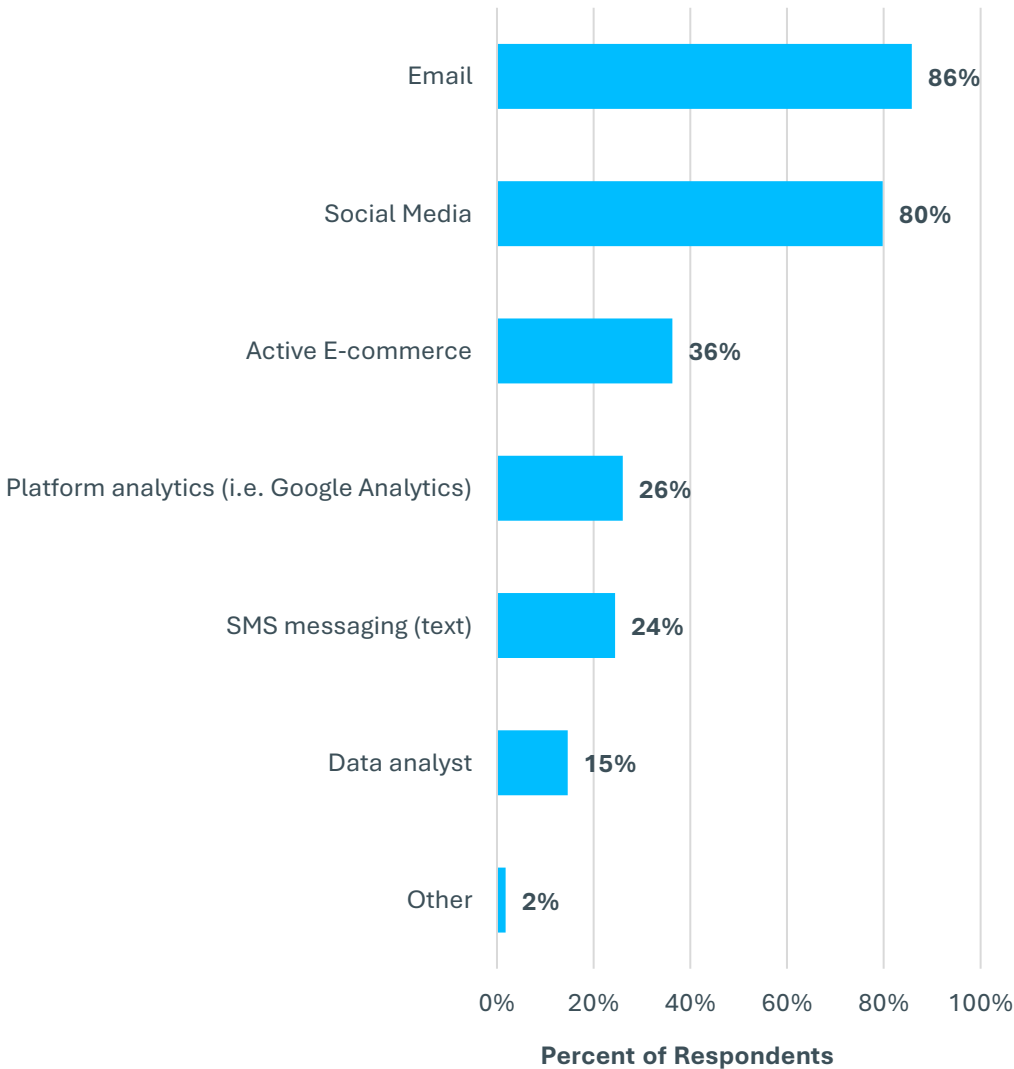
In the 1990s, clubs were difficult to manage because all communications were done via U.S. Mail. It was slow and expensive, so clubs were rare.

Since the early 2000s, when the Internet first made online shopping possible, the diversity of digital applications that support DTC has accelerated.

Email revolutionized digital selling first, followed by social media. Digital analytics and active e-commerce have been the latest technology adopted.

The decade ahead will likely see the increased use of new data management tools. AI and machine learning may also impact the future of DTC, playing an increasingly important role in consumer research and strategic decision-making.

The Growth in the Use of Data is One of the Larger Trends Observed



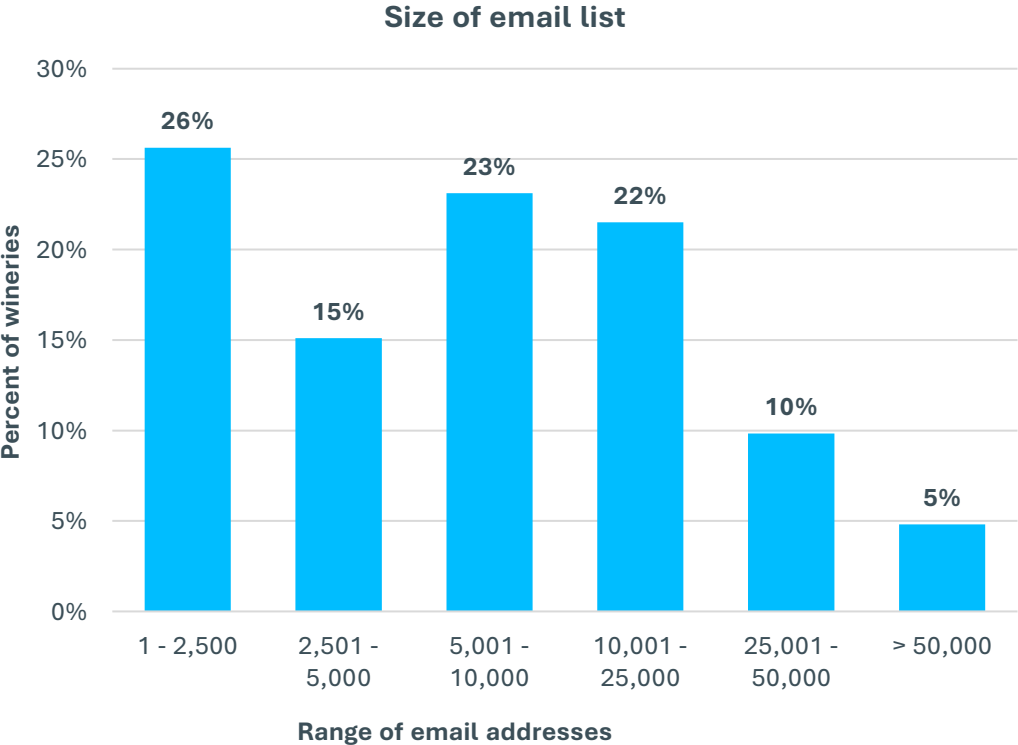
Examples of Other (2%):

- ChatGPT/AI
- Phone
- Traditional US mail support

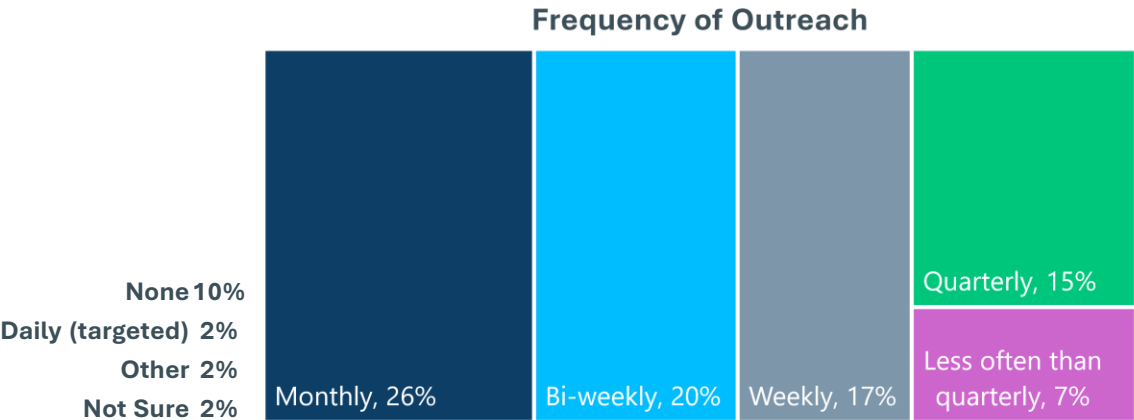
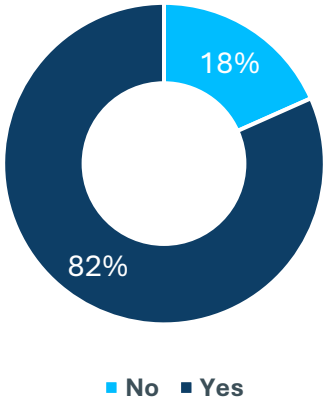
Online Marketing Tools Include:
SEM, retargeting, SEO, driving sales to the web, banner ads, etc.

Email Marketing Metrics

The following chart is a benchmark of wineries' active email lists. Those benchmarks compare against the ranges below. For example, if you are a winery with 4,999 active email addresses, you would be in a group representing 15% of the industry respondents. Another way to read it is that 5% of respondents have more than 50,000 emails on their list.



Do you remove inactive emails from your email list annually or more often?



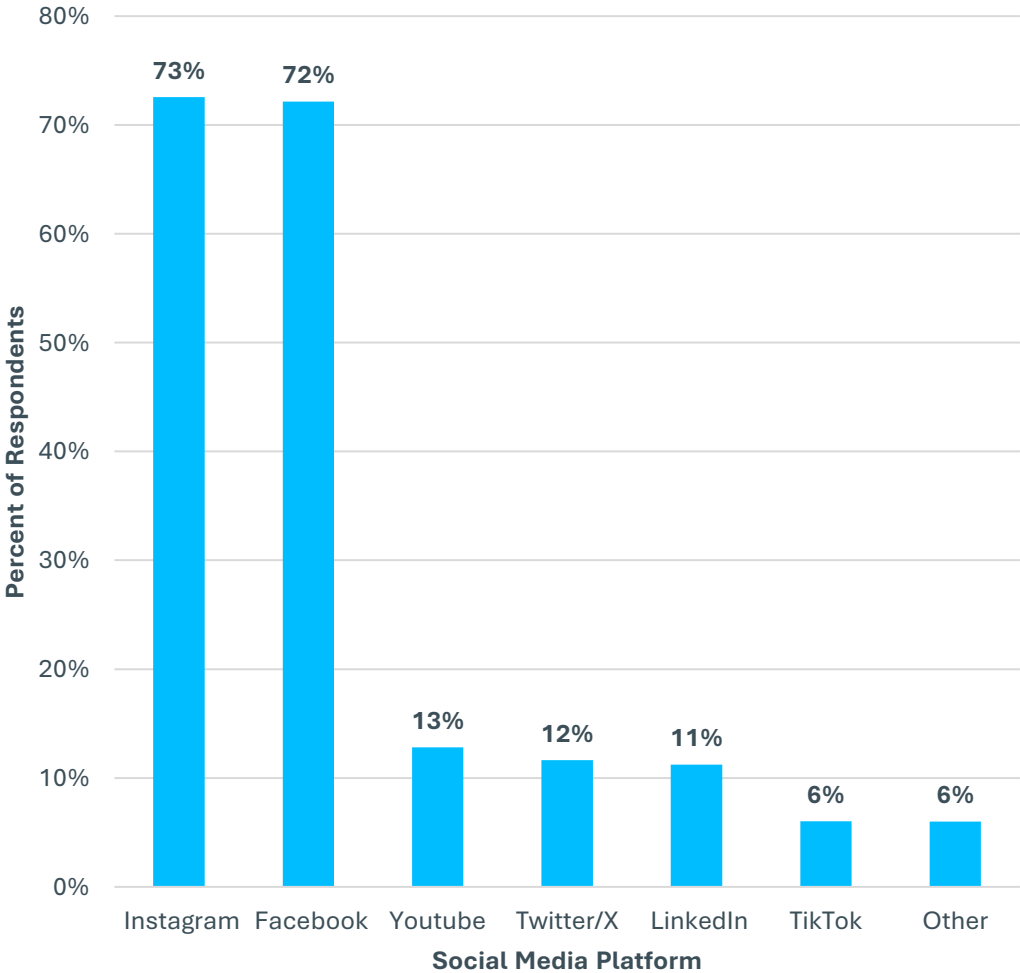
Social Media Marketing Platforms Used

Social media has proven successful as a means of building brand awareness, obtaining customer leads and helping with product promotion. Its use as a selling tool is evolving and remains a highly debatable topic.

73% of respondents use Instagram and 72% use Facebook, at least as a brand awareness tool. While Twitter/X is losing ground, digital marketers are adopting other platforms, such as Threads and TikTok.

Text as a marketing tool is getting a surprisingly slow adoption rate.

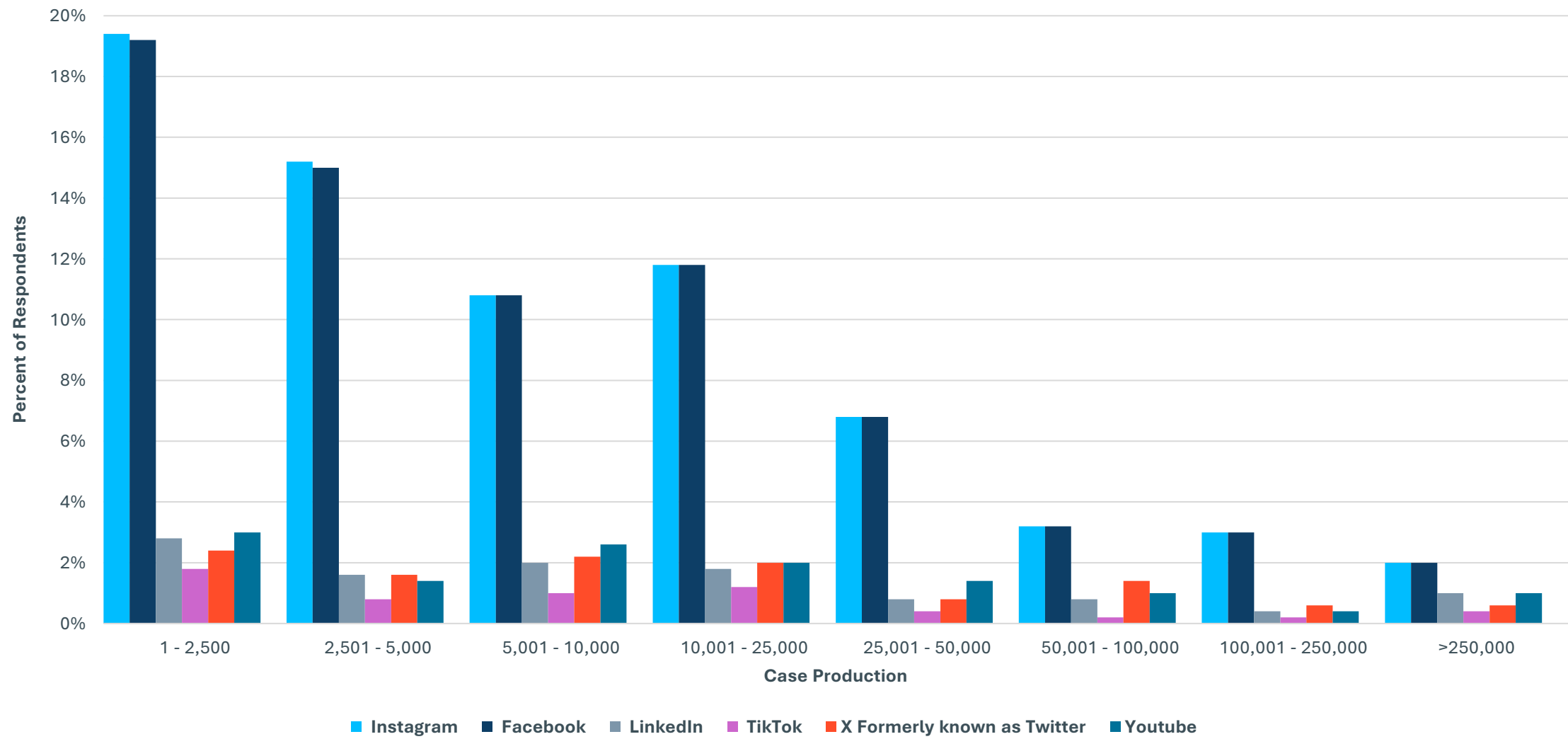
Wineries Are Becoming Increasingly Savvy Regarding Their Social Media Goals



- Examples of Other (6%):**
- Any Text Message Platform
 - Pinterest
 - Threads

Percent of Respondents Using Each Social Media Platform by Cases

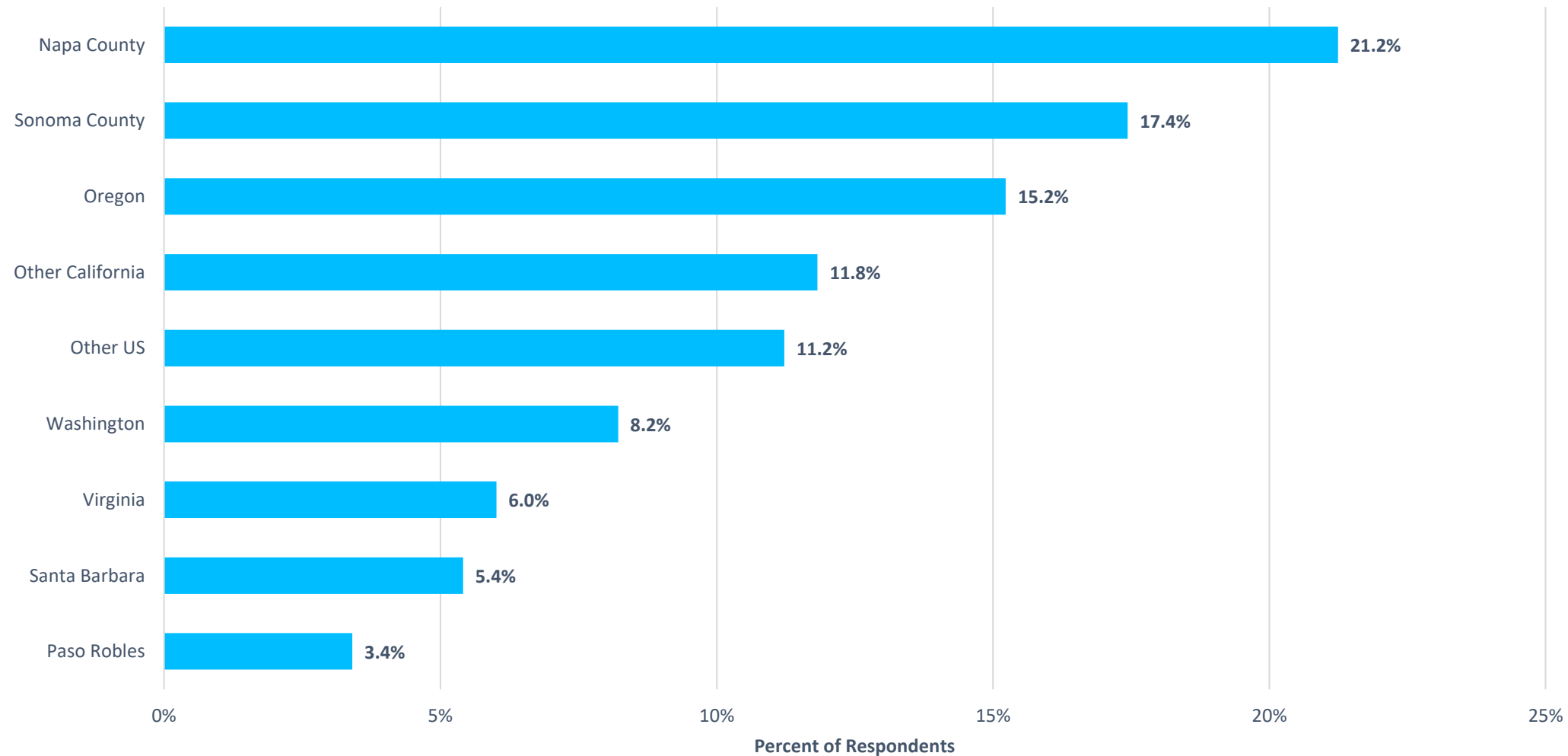
Larger Companies With Resources Are Less Likely to Use Social Media to Engage With Customers



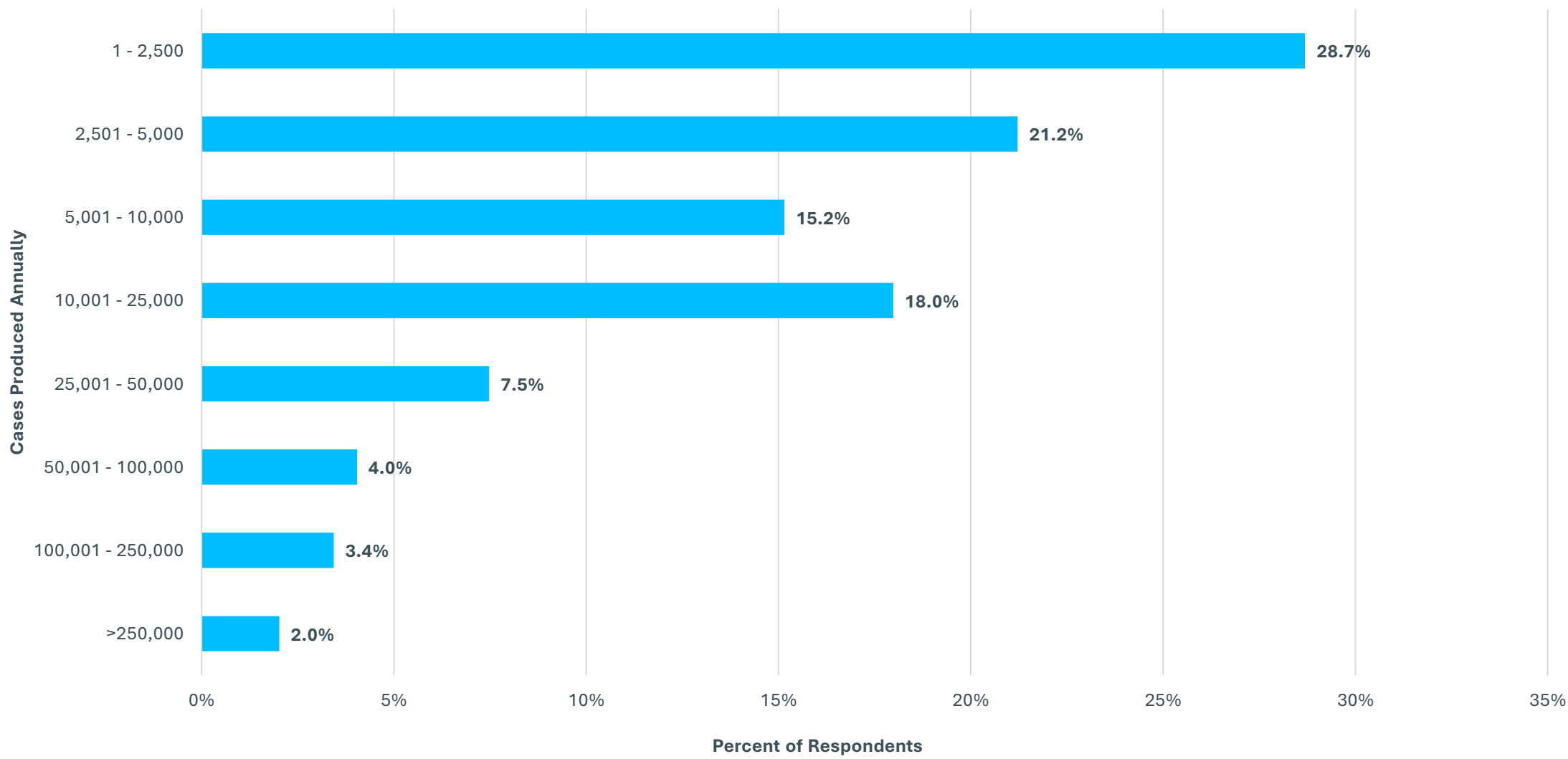
Survey Respondent Profile

Regional Participation in Survey

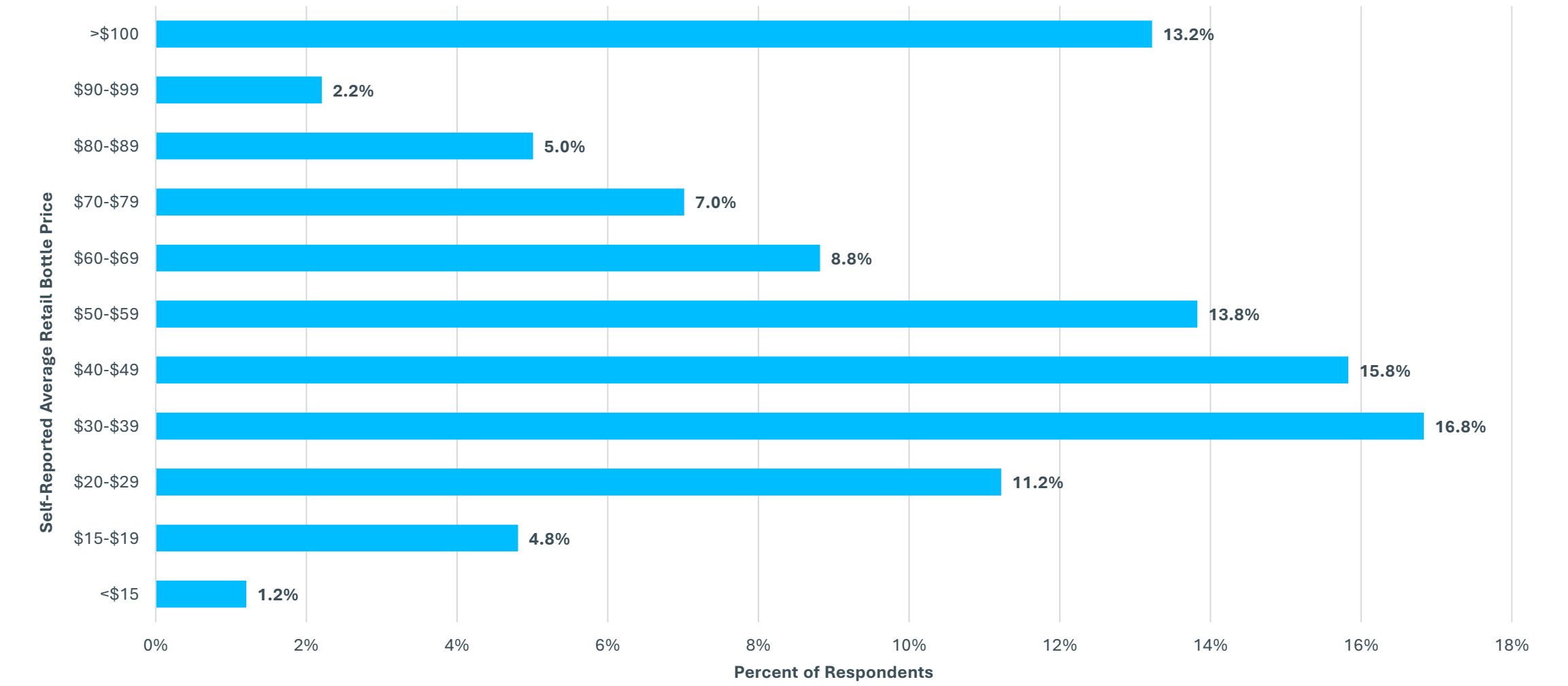
(499 Total Respondents)



Participation by Annual Case Production Levels



Participation by Average Suggested Retail Bottle Price





About Silicon Valley Bank's Wine Division

Silicon Valley Bank, a Division of First Citizens Bank, is the premier commercial bank for emerging, growth and mature companies in the technology, life science, venture capital, private equity and premium wine industries. Its Wine Division specializes in commercial banking for premium wineries and vineyards.

Established in 1994, SVB's Wine Division has offices strategically located in Napa, Sonoma and Oregon. It caters to clients in the fine-wine-producing regions of California, Oregon and Washington.

By virtue of its dedication to the wine industry, Silicon Valley Bank is able to support its clients consistently through economic and growth cycles, and offer guidance on many aspects of their business beyond traditional banking services. Silicon Valley Bank, a division of First Citizens Bank, is a member of the FDIC. More information on the company can be found at svb.com.



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