

RESEARCH

## Younger affluents with higher incomes more willing to pay for fine wines

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*Napa Valley vineyard*

By JEN KING

As a consumer's income bracket increases, the likelihood of drinking wine once per week also rises, according to a new survey by the Luxury Institute.

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The "Premium Wine Luxury Brand Status Index (LBSI)" survey found that 90 percent of affluent consumers in the United States self-identify as wine drinkers, with 58 percent drinking wine at least once per week. How often an individual indulges in a glass of wine and how much they are willing to spend on bottles is directly linked to income, insights that may provide the oenology industry an understanding on how to best market to this demographic.

"Wine is experiential. Consumers are purchasing wine at higher volumes because they enjoy the restaurant and at-home dining experiences that include a great quality wine," said Milton Pedraza, CEO of the [Luxury Institute](#).

"Consumers will continue to spend more on experiences rather than products. Not only will they consume more wine but they will consume wine of higher quality and at a higher price.

"Wine continues to be more popular than beer or spirits, and it is acquiring a greater share in the beverage market; this trend has been evolving over the years," he said. "Women and millennials, in particular, are consuming at a much higher rate as their buying power and connoisseurship evolves."

The Luxury Institute's Premium Wine Luxury Brand Status Index surveyed consumers 21 and older from households with an income of at least \$150,000 a year.

Wine or reason

For the survey, affluent consumers were asked to evaluate 21 premium domestic wine brands based on the four pillars of brand value. Luxury Institute defines these pillars as superior quality, exclusivity, enhanced social status and an overall superior consumption experience.

The survey also asked participants to share which winemakers they feel are worth paying a premium price for, those they would recommend to friends and family and which wines they plan on purchasing next.

Luxury Institute found that of the 90 percent of affluents wine drinkers, 58 percent drink wine once a week, and 78 percent drink wine at least on a monthly basis. Affluent women are also more likely to be wine drinkers, with 61 percent drinking wine at least once a week compared to only 55 percent of men, who also tend to spend more on

fine wine.

As consumers age, the frequency of weekly wine drinking also increases, notably after age 55, and peaks at 65 and older. Of this older demographic, 63 percent consume wine at least weekly.



*Puiforcat Sommelier collection*

Similarly with age, as income rises so does the likelihood of enjoying a glass of wine during the week. Luxury Institute found that 53 percent of respondents earning less than \$200,000 drink wine weekly or more frequently, with the statistic rising to 67 percent for those earning \$500,000 or more in annual income.

Understandably, the price a consumer is willing to pay for bottles of wine is dependent on their income demographic. Willingness to pay for higher priced bottles increases with income and surprisingly decreases with age.

Consumers earning less than \$200,000 spend \$24 on average, compared to an average of \$41 per bottle for those with incomes of \$500,000 or more. Additionally, consumers under the age of 45 years old spend \$33 on average for fine wine, but those 65 and older purchase bottles at retail stores for \$23.

These averages are also dependent on occasion, with consumers typically purchasing \$28 at retail stores, \$36 for a casual weekday dinner at a restaurant and \$48 for weekend dining or during a special occasion of some sort.



*Silversea Culinary Arts & Wine Voyages*

In regard to purchasing wine at a restaurant, the survey found that seven out of eight affluent consumers do so. Twenty-eight percent do so at least once a week, with 62 percent of purchases being by the glass rather than the bottle.

The higher the income, the more likely it is that a consumer will opt for a bottle. Those with \$500,000 or more in income are 63 percent more likely to buy wine by the bottle in a restaurant, spending on average \$70 for special occasions and \$55 for a weekday dinner.

This is much higher than the average of \$48 per bottle for special occasions and \$36 for weekday dining spent by affluent consumers.

It's okay to wine a little

Recently, increased attention has been placed on the wine industry from luxury brands.

Four Seasons Hotels and Resorts, for example, is pursuing a different kind of California dreamer with its latest property.

Alongside Alcion Ventures and Bald Mountain Development, Four Seasons will open 85 guest rooms and 20 private residence villas in Napa Valley, CA in early 2018. Napa Valley's allure to cultured luxurians makes it an obvious destination for the hotelier, which already has several California properties ([see story](#)).



*Four Seasons' Napa Valley, CA property*

Also, Herms-owned silver maker Puiforcat is paying homage to the ritual of wine tasting with the help of a duo of experts.

Together with sommelier Enrico Bernardo and designer Michael Anastassiades, the brand created a collection intended to bring a new experience to those who revel in the tasting or serving of the beverage. Working with external creatives helped Puiforcat go outside the expected, traditional wine glass ([see story](#)).

Winemakers should rely on experiential storytelling and outreach to pull consumers in their direction.

"Quality and experience matter tremendously," Mr. Pedraza said. "Winemakers should use their winery and membership experiences to create a client experience that makes them feel special.

"Wine companies should also use the on-premise platform, restaurants, hotels, etc., and off-premise platform, wine and liquor stores, to deliver beyond the product and create an experience that is focused on a great quality product with a compelling story and an experience that creates a long-term relationship," he said.

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