

FOOD AND BEVERAGE

## Outlook 2021: Premium wines, spirits will remain resilient with digital pushes

December 29, 2020



*The coronavirus is changing the wine and spirits industry. Image credit: IWSR*

By SARAH RAMIREZ

With festive, in-person gatherings likely to be limited for much of 2021, the premium wine and spirits industries, as well as gourmet restaurants, will continue to rely on digital offerings to keep consumers engaged.

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As many consumers spent extended periods confined at home, online sales offered a bright spot for premium beverage brands which rely on restaurants and bars for wholesale orders. Consumers will likely continue seeking novelty experiences, experimenting with different spirits and being more mindful of the values behind different brands.

"Premium wines and spirits were resilient in 2020, despite the pandemic and bar/restaurant closures," said Brandy Rand, chief operating officer of the Americas at [IWSR Drinks Market Analysis](#), Boston. "Consumers reallocated out-of-home spending to at-home occasions, which included higher-priced wine to enjoy with meals or luxury spirits to make cocktails for virtual happy hours.

"The number of people shopping for alcohol online soared the IWSR found that 44 percent of consumers reported purchasing alcohol online for the first time in 2020," she said. "Coupled with higher brand engagement with consumers digitally, the industry has shifted to meet consumers where they are which for the near term will be more at home and online."

Here are some of the key trends for the luxury food and beverage sector heading into 2021:

Digital, virtual experiences

Similar to other luxury sectors, the high-end wines and spirits business moved mostly online as COVID-19 shuttered restaurants and tasting rooms.

As a result, many brands launched video series, on Instagram and elsewhere, to reach consumers and encourage at-home indulgence.

In May, LVMH's Champagne brand Moët & Chandon has debuted a new Instagram series called "The Perfect Match," featuring an expert chef and a wine specialist to inspire consumers to cook something new at home ([see story](#)).



*Fantastic Recipes video series from Mandarin Oriental includes a recipe for a Manhattan. Image credit: Mandarin Oriental*

In a similar move, hospitality brand Mandarin Oriental turned to YouTube to share recipes for classic cocktails and comforting meals such as beef ragu. The "Fantastic Recipes" series tapped chefs and mixologists from several Mandarin Oriental properties ([see story](#)).

This trend continued throughout the year, with LVMH's Krug opting to host livestreaming events as a way to connect with its audience through social media and promote home cooking and Champagne pairing with everyday occasions ([see story](#)).

With happy hours and celebratory nights out remaining relics of the pre-pandemic era, brands are likely to continue experimenting with digital cocktail classes and virtual tastings.

#### Rise of ecommerce

The pandemic did more than drive the educational component of premium wines and spirits online it also shifted the buying experience.

By early spring, wine and spirits brands had already seen a spike in ecommerce sales as consumers resorted to more at-home drinking ([see story](#)).

According to IWSR, legislation regarding alcohol sales in key markets such as the European Union, United States and India also spurred growth in online shopping, including click-and-collect options ([see story](#)).

In addition to beverage retailers, brands are also getting in on the act.



*Mot Hennessy enlisted celebrities to help its efforts as part of the Wish-Shop. Image credit: Mot Hennessy USA*

Luxury group LVMH's spirits importer Mot Hennessy USA debuted an online destination geared towards consumers celebrating the holidays at home.

Mot Hennessy enlisted a group of celebrities to promote the launch of "The New Year's Eve Wish-Shop," which will help raise funds for the National Restaurant Association Educational Foundation (NRAEF). Luxury wines and spirits brands including Mot & Chandon, Hennessy, Dom Perignon, Belvedere and Veuve Clicquot are available through the site ([see story](#)).

#### Expansion and diversification

Premium wine and spirits are primed for more growth after a turbulent, but resilient, 2021.

According to IWSR, the U.S. and Canada saw beverage alcohol growth in 2020 as gains in retail and ecommerce outpaced heavy losses in on-premise sales. Ecommerce sales in 10 key markets, including the U.S., the United

Kingdom and China, is expected to grow by more than 40 percent this year.



*Globally, consumers are drinking more at home than ever before. Image credit: Hennessy*

IWSR also forecasts that premium-and-above spirits will increase their global volume market share to 13 percent by 2024. China remains the world's largest premium-and-above wine and spirits market by volume, closely followed by the United States.

Consumers will also be more likely to seek out local wines and spirits as they look to support local economies amid prolonged travel restrictions. One exception to this trend is premium tequila, which has grown 15 percent year-over-year from 2015 through 2019 ([see story](#)).

Alcoholic beverages that retail for \$100 or more, the so-called "status spirits" market, grew 7 percent annually from 2014 to 2018, becoming a \$8.3 billion market.

This category has a history of being recession-proof. Global prestige-plus spirits grew 82 percent in volume, and almost 230 percent in value between 2008 and 2012, illustrating the resilience of high-end spirits even after economic challenges ([see story](#)).

Consumers are also showing growing interest in ethical consumption, per IWSR.

LVMH's Mot & Chandon Champagne brand highlighted its sustainable sourcing and ingredients in an Instagram series this summer ([see story](#)).



*Eminente premium Cuban rum is the latest addition to the LVMH wine and spirits division. Image credit: LVMH*

As consumers expand their horizons and try new-to-them wines and spirits, LVMH is also adding to its beverage portfolio.

In recent weeks, LVMH's Mot Hennessy wine and spirits division added a premium Cuban rum ([see story](#)) and forged a new partnership with a U.S. rye whiskey distiller ([see story](#)).