



INTERNATIONAL MARKETING UPDATE

HONORE COMFORT

VICE PRESIDENT, INTERNATIONAL MARKETING

PRESENTING TO:

Wine Institute Board Meeting

DATE:

December 5, 2023

Economic reality sets in

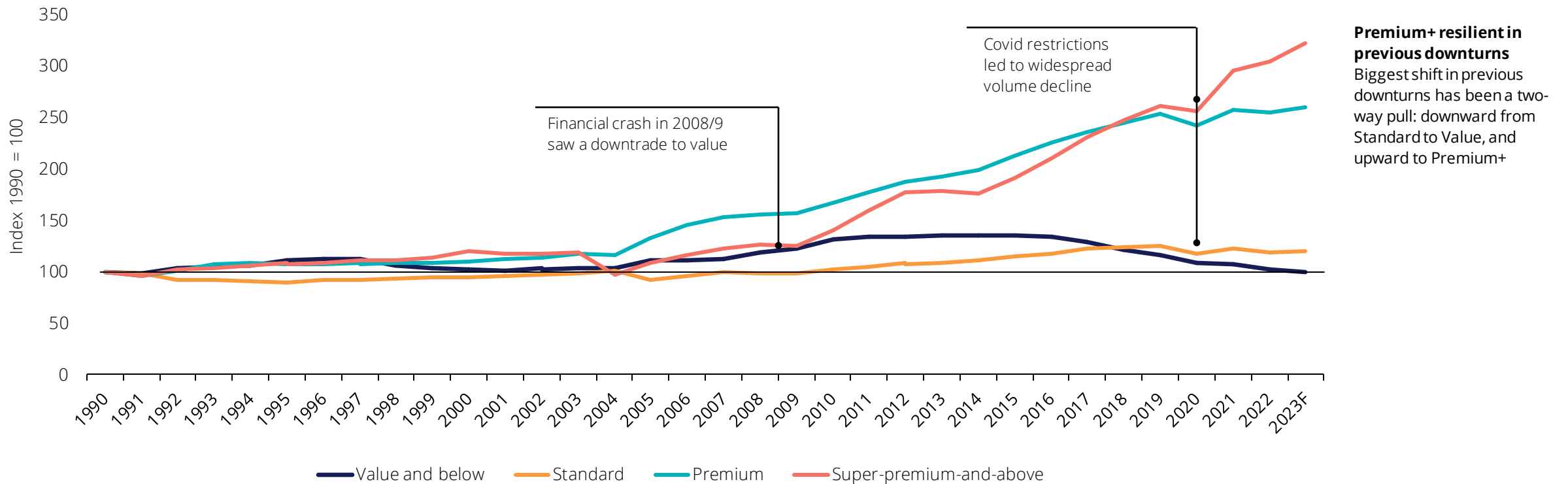
H1 2023 update on 20 key beverage alcohol markets
November 2023 Executive Briefing

Crises stall but don't stop premiumisation

The financial crisis 2008/9 and the pandemic plus current economic pressures pause the shift to premium, but longer term the trend continues

Wine and spirits volumes by price band indexed against 1990

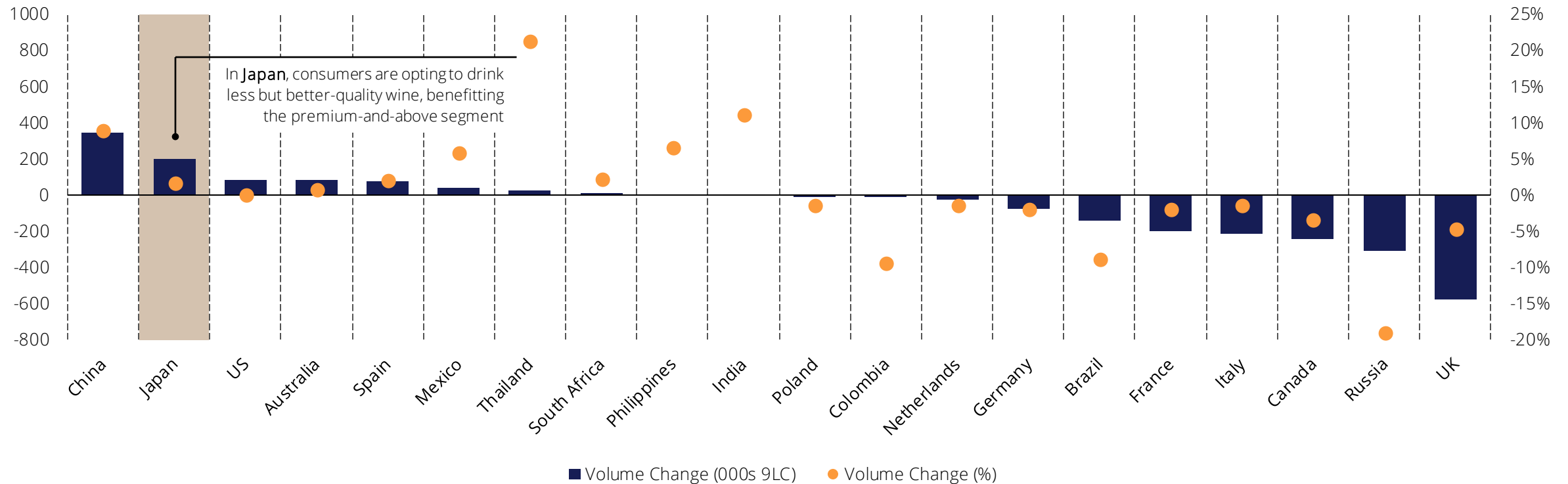
Global



H1 Results: premium+ wine by market

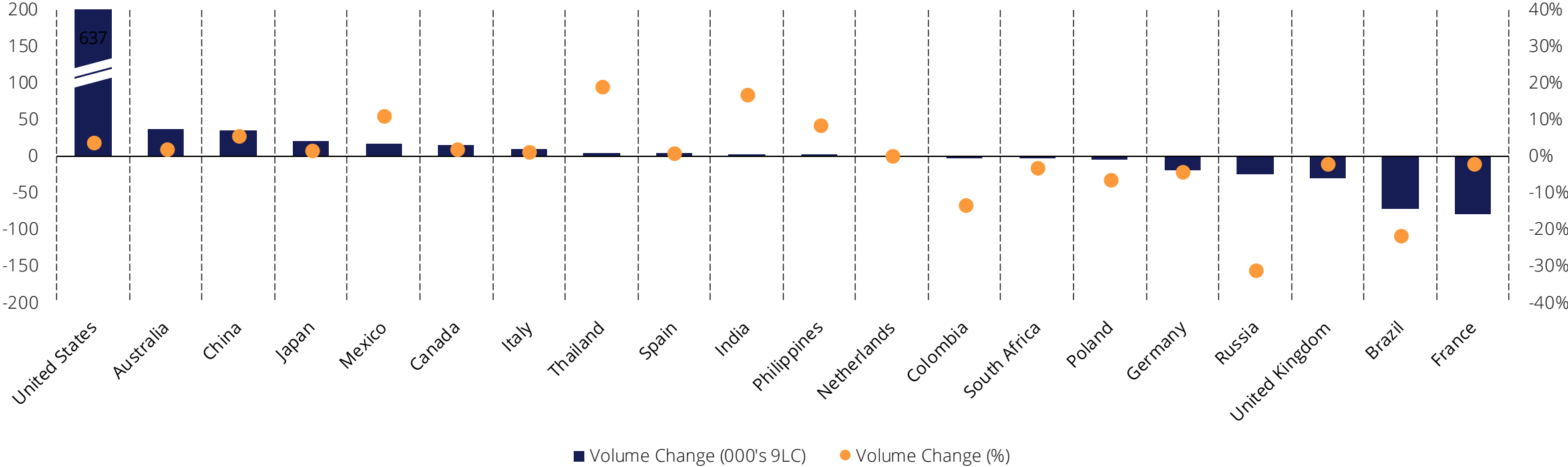
The recovery of the on-trade in China is benefitting higher-end still wines. Losses in the UK are caused by declines in Champagne and still wine – primarily a result of lower footfall in the on-trade

T20 YOY Premium-and-Above Wine Performance (H1 2022 vs 2023)



H1 Results: Super-premium+ still wine

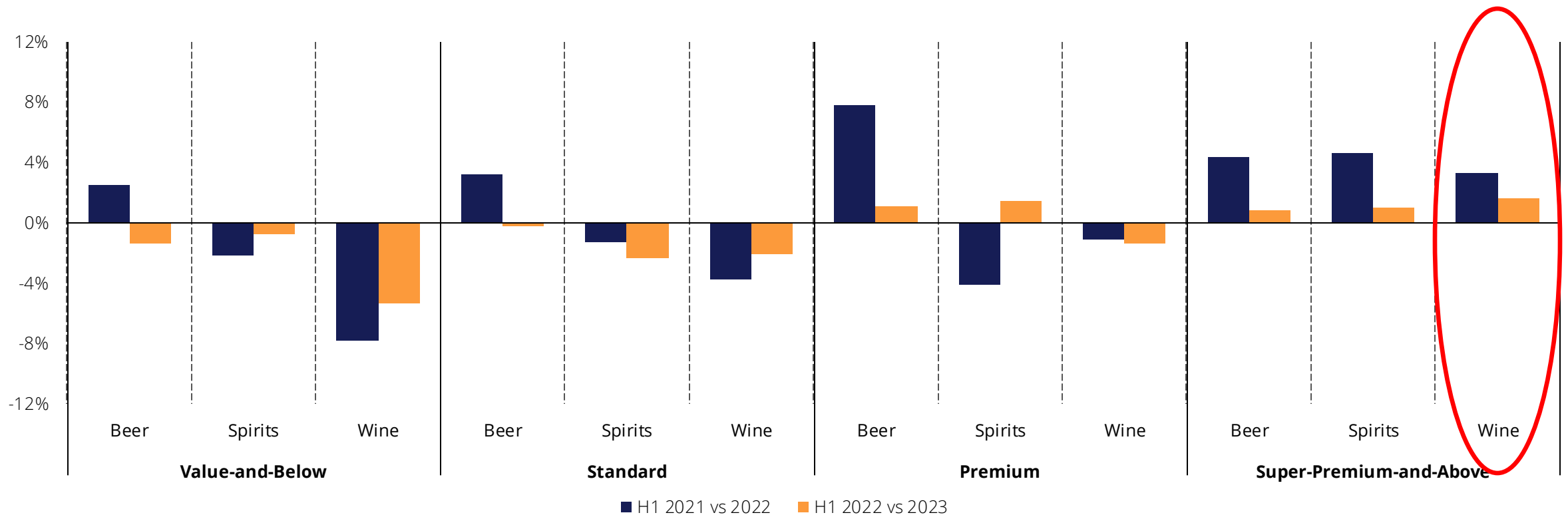
T20 YOY Performance (H1 2022 vs 2023)



Premiumisation continues – at a slower rate

Despite economic pressures, there are nonetheless clear indications of premiumisation across all categories in H1 2023. However, it is anticipated that this trend will diminish in H2 as household financial pressures grow

T20 H1 YOY Volume Change by Price Segment

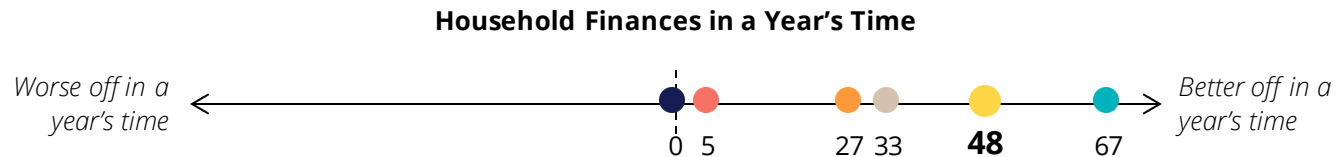
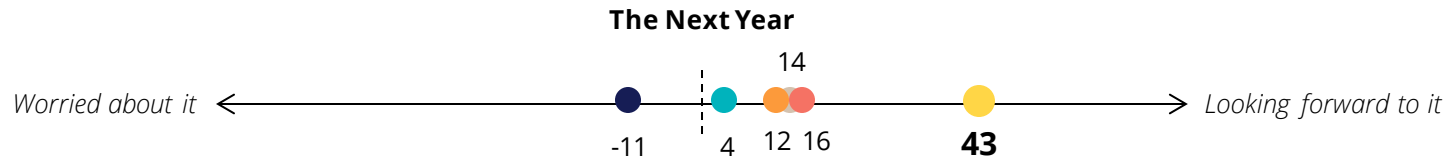


Forward-looking sentiment remains positive

Despite current economic pressures, there is a net positive outlook among the 15 core markets for the coming 12 months, largely driven by India, China, Brazil and Mexico

Q What are your attitudes to the following?

Net Scores



● Global ● Europe ● North America ● Latin America ● Asia ● Australia/South Africa

Highlights

- Economic uncertainty in the present and caution about the future is informing behaviour in Europe
- Consumers in US and Canada are more optimistic about household finances in 2024, assisted by strong perceived job security
- Asians remain the most positive, built on strong economic growth in India, post-Covid reopening in China and Taiwan, and relatively low inflation compared with Western markets

Source: IWSR Bevtrac Wave 1. Base: Drinkers. Net scores calculated by subtracting the % who agree with the statement on the left from the % who agree with the statement on the right. Surveys conducted in April 2023

Moderation sentiment in mature markets

Economic worries combining with concerns around alcohol, health and lifestyle are shifting sentiment decisively in favour of ‘less-but-better’ – or simply ‘less’ in most T15* markets

Q How would you describe the biggest change to your alcohol-consumption behaviour in the past six months?



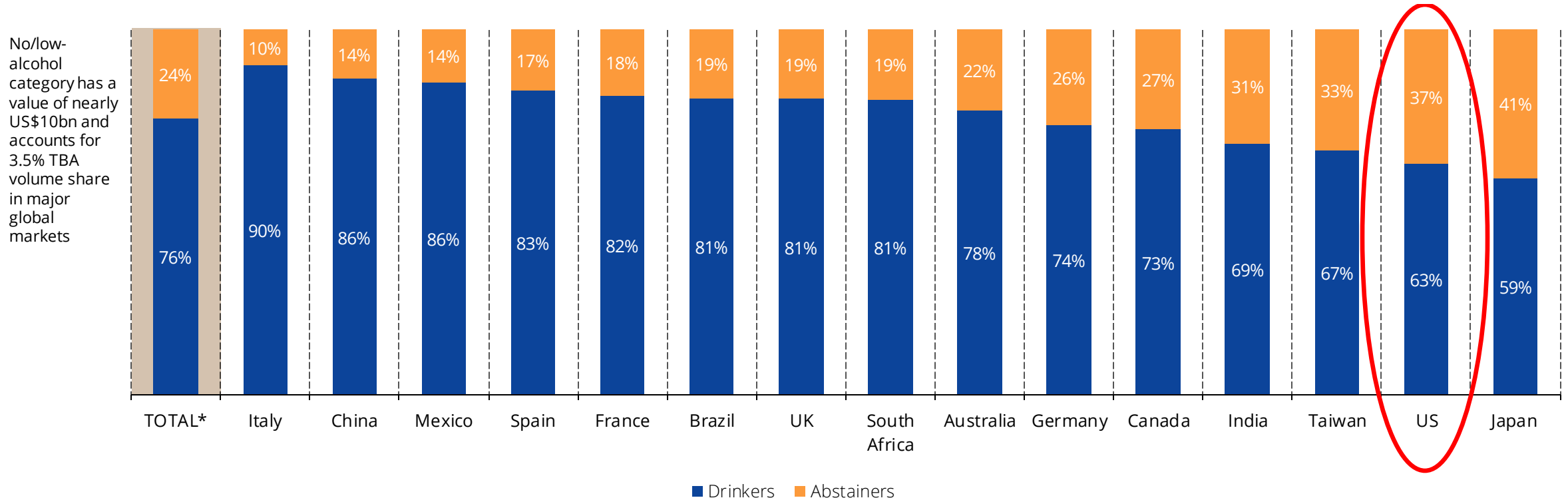
Source: IWSR Bevtrac Wave 1. Surveys conducted April 2023. *T15: Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Mexico, South Africa, Spain, Taiwan, UK, US

Consumer types by market

Italy has the lowest Abstainer population, followed by China and Mexico, whereas Japan has the highest share of Abstainers at 41%, followed by the US at 37%

Comparison Across Markets (T15)

Drinkers vs Abstainers (%)



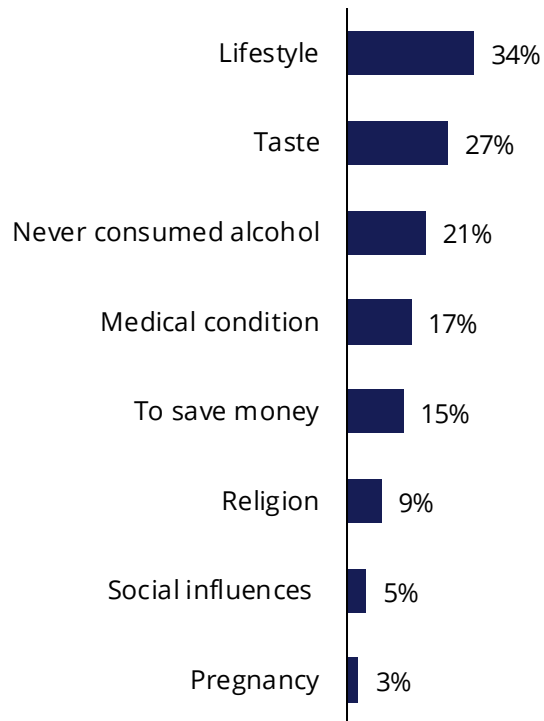
Source: IWSR Bevtrac Wave 1. Base: LDA+ adults. Total key markets surveyed = T15. Surveys conducted in April 2023

US: Abstainer motivations

A quarter of Abstainers in the US say they may return to alcohol; within this sub-set, abstaining as a money-saving strategy was highlighted as a more important driver than for the overall Abstainer population

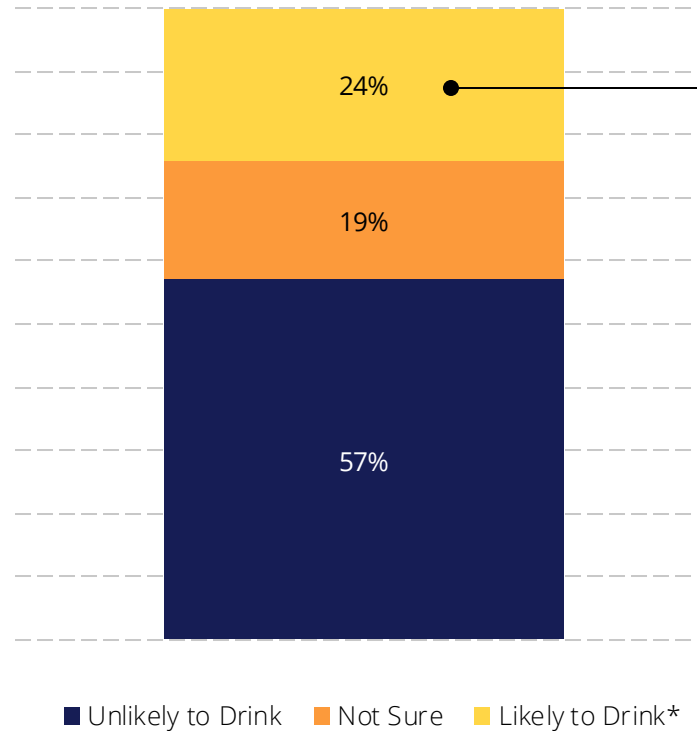
Reasons Given For Not Drinking

Abstainers (%)



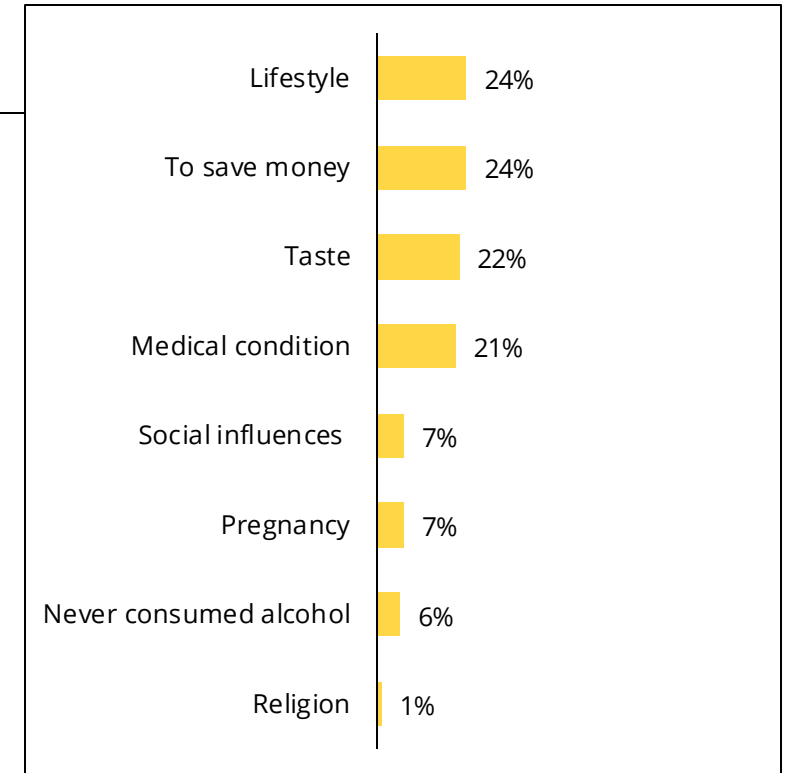
Likelihood of Drinking in Future

Abstainers (%)



Reasons Given For Not Drinking

'Likely to Drink' Abstainers (%)



Source: IWSR Bevtrac Wave 1. Base: Abstainers population. *'Likely to Drink' recode = 'I probably will drink' + 'I definitely will drink'. Surveys conducted in April 2023

Opportunities in the Global Marketplace

California Wine taps into global consumer trends

- Ultra premium & luxury segments growing but slowing
- New expansion markets emerging
- Leverage California's leadership in sustainability
- Align California wine w/ customer values
- Home-premise & ecommerce supports trial of new wines



“Treating oneself at-home and exploration online are both reinforcing overall premiumisation trends” — IWSR, June 2023



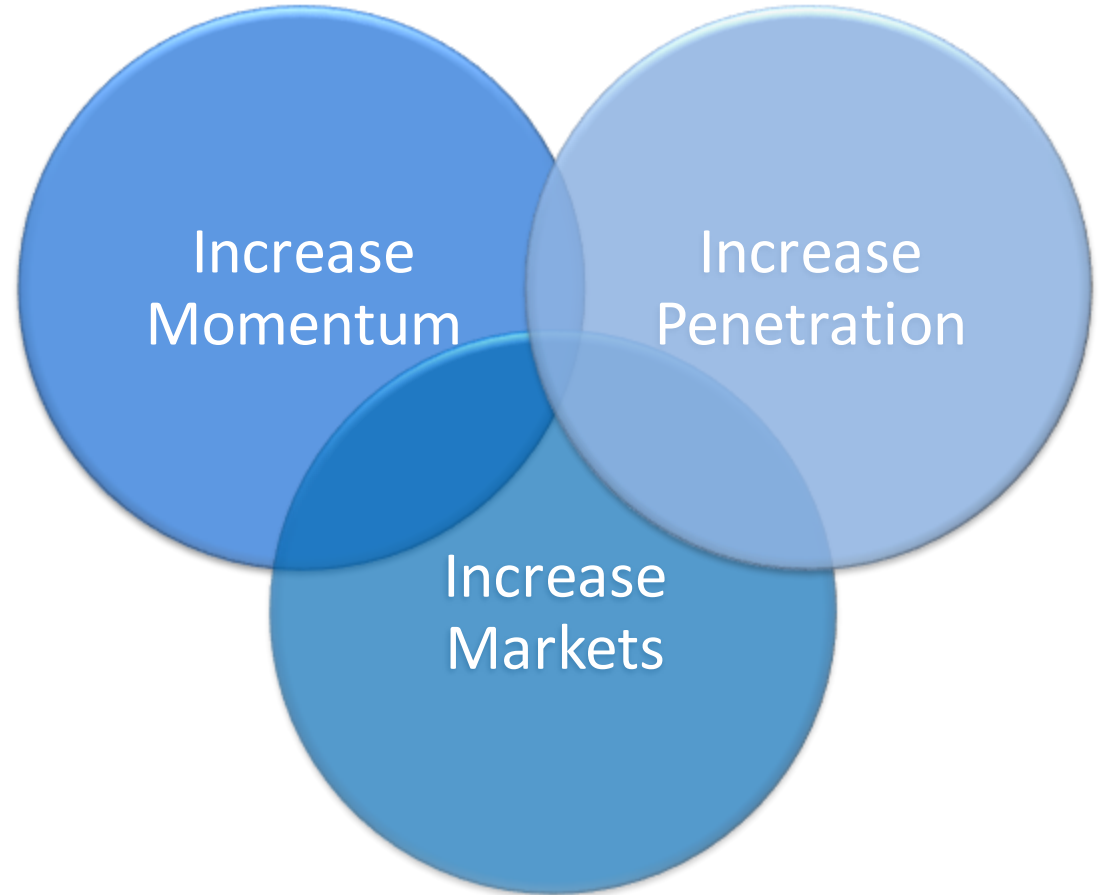
Creating Opportunity



REGIONAL AGRICULTURE PROMOTION PROGRAM (RAPP)

New USDA Funding opportunity

- Support expansion into new markets & develop emerging markets
- \$300 million available for 5-year program
- Eligible regions:
 - Africa
 - Southeast Asia
 - South Asia (India)
 - UK
 - Caribbean
 - Latin & South America



GLOBAL BUYERS MARKETPLACE 2023

The epicenter of international business
for CA wineries

www.buycalifornia.wine

- **83** key buyers from **30** countries
- **200+** CA producers; **1,500+** wines
- **3x** more buyer meetings than in 2022
- **300+** meetings booked
- **8 masterclasses** highlighting CA's diverse wine regions
- **3 days** of regional tours spanning Napa, Sonoma, Lake, and Mendocino counties



“...Never, ever will we standardize Californian wines again because the diversity is just stunning... Fogs, oceans, tectonic plates, volcanic soils, cold water currents, altitudes, philosophies, proximity to the ocean and so much more.

California, we will pass the message along and we'll be back!”

– Olivier De Schutter, Crombé Wines, Belgium

GLOBAL BUYERS MARKETPLACE 2023

The Future Uncorked: Real-time insights into tomorrow's wine consumers

- George Soleas, President & CEO, LCBO (Canada)
- Barry Dick, MW, Global BWS Sourcing Manager, Waitrose (UK)
- Raimonds Tomsons, ASI's Best Sommelier in the World 2023 (Latvia)



Building Brand California



SOMMELIER SESSION, PARIS

Seminar with UDSF – National Sommelier Association of France

- 70+ sommeliers & media
- Attendees from: Le Crillon, Georges V, Sotheby's, Ducasse, Bistrot du Sommelier, Mosuke, Cave LeGrand, Galery K, Apicius, Nr.5 Wine Bar
- Top media :
 - Le Monde
 - Gault Millau
 - Revue de Vin de France
 - L'Express



CALIFORNIA WINES IN BAROLO

Sustainability & Future Consumers

- Delegation of 4 winemakers with Deborah Parker Wong
- California Wines Winemaker Seminar
- Sustainability Conference on Healthy Soils & Water Management
- Barolo & California Wines Masterclass for media & consumers





CALIFORNIA
WINES

California Wines Flights

Lodi, Sierra Foothills
& Livermore Valley

San Francisco

Los Angeles

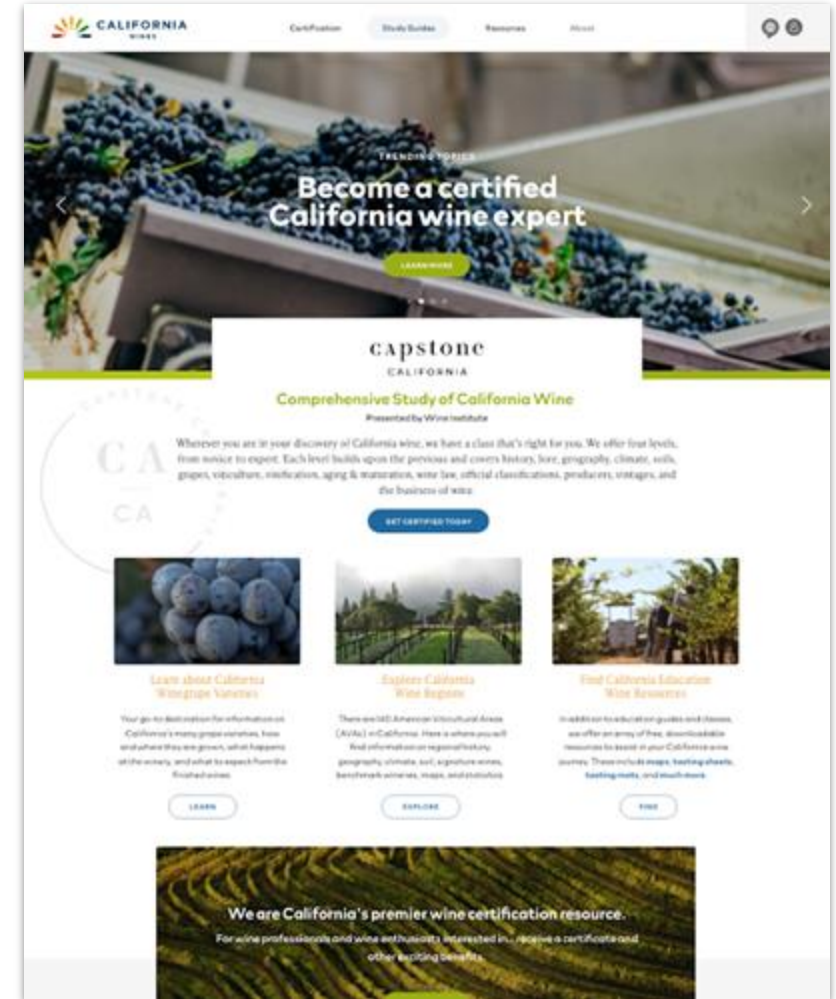
San Diego



CAPSTONE CALIFORNIA BY THE NUMBERS

capstonecalifornia.com

- **9,522** enrolled students
- **88** countries
- **87%** growth YTD
- **28** wine schools offer in-person classes
- **19** courses offered in **8** languages
- **Launched** custom training for LCBO
- **Levels 1 & 2** launched in China
- **India & Canada** more than **50%** of total



CAPSTONE NEXT STEPS

Taking Capstone to the next level

- Launching Level 4
- Developing key partnerships, including IMW
- Launched Capstone in India, Hong Kong, Singapore
- Kickoff in China w/ three wine schools
- Launched “CA 101: An on-ramp to Capstone”
- Cultivating educators' network & expanding network
- Capstone Immersion Tour 2025



Leadership in Sustainability



SUSTAINABILITY MEDIA TOUR 2023

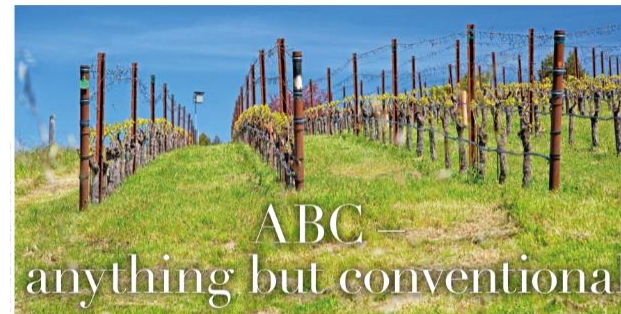
Spring 2023

Results to date:

- 70 pages of editorial published in 10 countries
- Additional 10 pages expected
- Readership exceeds 6 million
- Estimated advertising value: \$700,000
- More than 10x return on investment
- 13 winery visits; 5 wine regions; over 150 CA wines tasted



WEINGUIDE KALIFORNIEN



Das Bild von kalifornischem Wein wandelt sich seit einigen Jahren extrem - nicht nur dank einer Welle nachhaltiger, experimentierfreudiger und ökologisch arbeitender Kleinbetriebe, sondern auch durch ambitionierte Bio-Initiativen großer, etablierter Produzenten. Welchen Einfluss hat das auf die Weine und Ihre Stilistik? Wir haben mit den Local Heroes Chardonnay, Cabernet & Co. den Check gemacht.

Text: Christoph Nicklas



'jäädäydymme silti käyttäntä-aineita", Rathbun sanoo. Tuholaistorjunta vaatii eille ei sovi jäädä lepäättää olla uhattuna. Rathbunlla on asennettu linnunkoska ne pyydystävät hiiriä, kksi pöllö voi napata jopa

inen Sonoma

puolella sijaitseva Sonoma Napa Valleyn varjossa. Naläinen viinintuotaja ja tähtitieteilijä kuin kukkarostävällisempään onnistunut houkuttelevia viinintekijöitä. Se nässa viinitarjonnassa, aliformia pieneisroossa; dasta laitaa. Sisämaassa Alexander Valley ja Sonoma vistä cabernet sauvignoneis- i. Tyynenmeren viilentävistä ionoma Coast, Carneros sen sijaan ovat menestyk-

sekkäasti panostaneet Pinot Noir ja Chardonnay -rypälelajikkeisiin. Sonoman piirikunta pitää sisälään 19 AVA-laatualueita (American Viticultural Areas) viinaluettua ja yli 400 viinitilaa.

Jos Kalifornia olisi maa, se olisi maailman neljänneksi suurin viinintuottaja ja viidenneksi suurin talousmahti. Osavaltion sisäinen ostovoima on niin vahva, ettei viinitaloilla ole ollut suurta tarvetta katsella vientimarkkinoita. Kalifornialaisten viinien saatavuus onkin ollut Euroopassa jokseenkin heikkoa. Yhdysvaltalaiseen tapaan kilpailuvietti on kuitenkin kasvamaan päin. Tahto todistaa paikallisten viinien laatu maailmaan suurimmalla viinialueella eli Euroopan pääkaupungeissa on saanut pienemmätkin viinitalot, kuten Sonoman rannikolla sijaitsevan Littorain, kurrottamaan Eurooppaan. Littorain viinejä löytyy rajoitetusti muun muassa Tanskasta, Norjasta ja Ruotsista. →

Jos Kalifornia olisi maa, se olisi maailman neljänneksi suurin viinintuottaja.

SUSTAINABILITY MEDIA TOUR 2024

Immersion CA's sustainable winegrowing leadership

- **15** leading journalists from major markets **worldwide**
- **April 28-May 4, 2024**
- Coincides with the US Sustainable Winegrowing Summit in Lodi
- Visit Santa Cruz Mountains, San Benito County, Livermore, Lodi, Napa, Sonoma





WINES ON A MISSION

Our Commitment
to Sustainable & Climate-Smart Winegrowing

NORDIC MONOPOLIES

California/Nordic Summit – Jan 2024

- Meeting with Buyer & Sustainability Teams
 - Sweden, Finland, Norway
 - Comprehensive overview of CA wine industry
 - Structure
 - Environmental policy & advancements
 - Labor & work environment
 - Sustainability requirements & benchmarks
- Importer meetings in each market
- Hosted at US Embassy in Stockholm & Oslo





CALIFORNIA
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THANK YOU

calwineexport.com

Honore Comfort, VP International Marketing



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