

A close-up photograph of a woman with long dark hair, smiling warmly at the camera. She is wearing a cream-colored blazer over a matching collared shirt, a gold chain necklace, and a pearl earring. Her right hand is resting under her chin, and her left hand is holding a glass of red wine. The background is a soft, out-of-focus light color.

Kansas 2007 Wine Drinkers Survey

Presented By Kansas Beverage News

Executive Summary

Wine is one of the fastest growing product segments in the alcohol beverage industry in Kansas, posting a 19% sales gain in 2006. The number of new products has exploded, with new wines introduced nearly every day. The manufacturer, wholesaler, or licensee who is able to stay abreast of and even slightly ahead of changing consumer tastes stands to gain a substantial competitive advantage in the market.

To that end, Beverage News presents the Kansas Wine Drinkers Survey 2007. This report details the findings of a survey of consumers at wine festivals in Wichita, Lawrence, Manhattan and Kansas City in 2006. Consumers who participated in the study filled out a one-page survey as to their wine preferences and wine drinking habits. Results of surveys completed in 2006 were compared to results of the same survey conducted in 2005. The resulting data showed changes in attitudes for all consumers and for core wine consumers – those who drink 6 or more glasses of wine per week.

Key Findings Of The Study Included:

- Cabernet is back. Interest among all consumers increased 9.81% this year. Among core consumers interest increased by 25.2%. The other big move is in Syrah/Shiraz. Among all consumers interest increased 9.99%, but among core consumers it shot up 37.15%. Pinot Noir continues to gain momentum with an 8.5% increase in total consumer interest, However interest among core consumers seems to have stabilized -- increasing just 0.47% this year.
- Kansas consumers are more willing to spend a little more for a quality bottle of wine, but they are demanding more value for the dollar. The percentage of consumers who typically budget \$10 or more for a bottle of wine increased by more than 4%. However the percentage of core consumers who budget \$10-\$15 increased by 6.23% while the percentage who budget \$15-\$20 dropped by 8.05%.
- Kansas wine consumers are trying new wines even more often than last year. The percentage of consumers who try new wines more than once a month is up 8.37% this year. Among core consumers, the percent increased 12.07%.
- Interest in mail order wine purchases continues to grow -- up 9.26% overall and 13.3% among core consumers.



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**Presented by
Kansas Beverage News**

March 1, 2007

Introduction

Statement Of The Problem

This research project assesses the preferences and consumption habits of Kansas wine drinkers as represented at major wine tasting events across the state.

Research Design

The focus of this study was limited to the wine preferences and consumption habits of Kansas wine drinkers who attended major wine tasting events in Wichita, Kansas City, Manhattan, and Lawrence. Attendees paid \$30 to \$60 per person to participate in the tasting events.

- All survey participants were self-selected volunteers. Survey participants were entered in a drawing for a night's stay at a local bed & breakfast inn. In 2006 a total of 86 people completed the survey.
- For the analysis of trends and changes over time, responses to the 2006 survey were compared to responses to the same survey in 2005. Secondary analysis was derived by comparing current responses to responses to the annual survey dating back to 2000.



Research Questions And Objectives

Based on exploratory interviews with retail liquor store owners and other industry personnel, the study considered the following research questions:

- ◆ What wines are Kansas wine drinkers most interested in?
- ◆ How do consumers make wine purchasing decisions?
- ◆ Where and when are Kansas wine drinkers consuming wine and how have those patterns changed over time?
- Where do consumers most often get information on new wines?

Survey Results

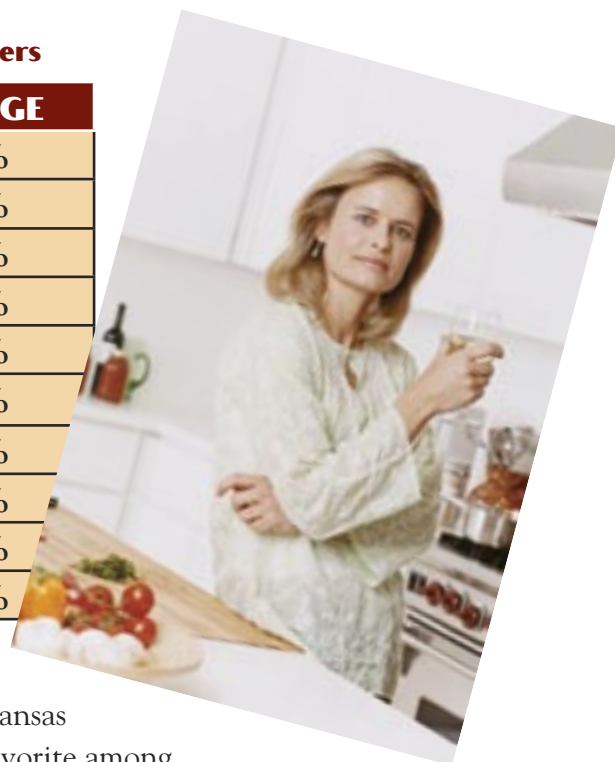
What wines are Kansas wine drinkers most interested in?

Cabernet Sauvignon is back. After a couple of years of lagging interest as consumers explored other red varietals, interest in Cabernet Sauvignon increased by 9.81% overall. Among core consumers, the trend was even stronger with a 23.2% increase in consumer interest.

The big move this year was in Syrah/Shiraz. Overall consumer interest in this varietal shot up 9.99%. Core consumer interest increased by a whopping 37.15% this year.

Varietals Listed As Favorites By Kansas Wine Consumers

VARIETAL	%MENTIONS	%CHANGE
Pinot Noir	50.56%	8.50%
Cabernet Sauvignon	47.19%	9.81%
Zinfandel	44.94%	0.08%
Merlot	43.82%	5.50%
Syrah/Shiraz	42.70%	9.99%
Riesling	34.83%	3.05%
Chardonnay	30.34%	2.30%
Sauvignon Blanc	30.34%	7.91%
Gerwurztraminer	22.47%	9.39%
Chenin Blanc	16.85%	3.77%



When asked to name their single favorite varietal wine, 10% of Kansas consumers Riesling -- up 2.5% from last year. That makes it the favorite among consumers displacing Cabernet Sauvignon and Merlot, the previous top two favorites. This year Cabernet, Merlot, and Zinfandel all tied for second place honors at 8% each, all down about 1% from last year. Gerwurztraminer came in third, as the one favorite varietal wine of 6% of the survey respondents.

Among core consumers -- those who consume 6 or more glasses of wine per week -- Cabernet Sauvignon surged well ahead of Pinot Noir as the varietal survey respondents most often mentioned among their favorites. Nearly 82% of respondents named Cabernet Sauvignon among their favorites -- up 23.2% from last year. Pinot noir on the other hand remained nearly static, with 59.09% of respondents naming it among their favorites -- up just 0.47% from last year. Interest in Syrah/Shiraz increased 37.15% among core consumer, reversing last year drop of nearly the same percentage. But Merlot remained the third favorite varietal wine among core consumers at 50%. That was up 5.17% from last year.



Varietals Listed As Favorites By Kansas Core Consumers

VARIETAL	%MENTIONS	%CHANGE
Cabernet Sauvignon	81.82%	23.20%
Syrah/Shiraz	68.18%	37.15%
Pinot Noir	59.09%	0.47%
Merlot	50.00%	5.17%
Zinfandel	45.45%	0.63%
Sauvignon Blanc	36.36%	1.88%
Chardonnay	36.36%	5.33%
Riesling	27.27	-3.76%
Chenin Blanc	22.73%	5.49%
Gerwurztraminer	22.73%	2.04%

When asked to name their single favorite varietal wine, 13% of Kansas core consumers named Pinot Noir or Zinfandel. For Zinfandel that's an increase of about 2.5%. For Pinot Noir the number of mentions nearly doubled. Cabernet Sauvignon, Riesling, Merlot, and Gerwurztraminer all tied for second at 9%. It's the first appearance on the favorite varietals list of core consumers for Gerwurztraminer.

Once again, the U.S. dominated the survey as favorite country of origin for wines among Kansas wine consumers, and among core consumers that domination appears to be increasing. Of all those surveyed, 62.92% listed the U.S. among their preferred country of origin – down 7.17% from last year's survey. Australia held the second place spot, mentioned by 48.31% of respondents -- up 7.19%

Preferred By Kansas Wine Consumers

COUNTRY	%MENTIONS	%CHANGE
US	62.92%	-7.17%
Australia	48.31%	7.19%
Italy	46.07%	9.62%
France	30.34%	-1.44%
Chile	24.72%	9.77%
Germany	24.72%	2.29%
Portugal	17.98%	10.50%



Preferred By Kansas Core Consumers

COUNTRY	%MENTIONS	%CHANGE
US	81.82%	9.41%
Australia	63.64%	18.81%
France	45.45%	7.52%
Italy	40.91%	-7.37%
Chile	31.82%	11.13%
Portugal	18.18%	7.84%
Germany	13.64%	-3.60%



from 2005. Italy finished third with a healthy 9.62% gain in consumer interest, and France held on to fourth place.

Among Kansas core wine consumers, the U.S. dominance is even more pronounced. This year 81.82% of core consumers listed the U.S. among their preferred country of origin for wine. That's up 9.41% over the previous year. Australia regained its second place finish this year with 63.64% consumer interest. That's up 18.81% from last year. France finished third among core consumers at 45.45% -- up 7.52% from last year. Italy came in fourth place among core consumers, followed by Chile at 31.82% -- up 11.13% over last year.

How Do Consumers Make Wine Purchasing Decisions?

The youngest adults consumers and the oldest consumers were the fastest growing segments of Kansas wine drinkers in 2006. Consumers between 21 and 30 years old made up more than 19.77% of the sample in 2006 compared with just 14.02% in 2005. Consumers over 61 years old made up 10.47% of this year's sample -- up 5.8% from last year.

More than 57% of consumers in the 2006 survey reported a household income of \$50,000 or more -- down from 75% last year. The fastest growing income bracket was the \$30,000 - \$50,000 bracket which increased 9.96% in 2006.

These trends are even sharper among core consumers. Core consumers under age 40 made up 31.82% of this year's sample -- up about 5.5% from last year. The fastest growing age group of all was the 61 and over group, which increased 23.82%. Core wine consumers were bunched together at the higher income brackets in this year's survey. A full 89% of core consumers reported household incomes of \$50,000 or more. The fastest growing group among core consumers was those with a household income \$70,000 or more per year – a bracket that increased 14.81% in 2006.

Age And Income For Kansas Wine Consumers

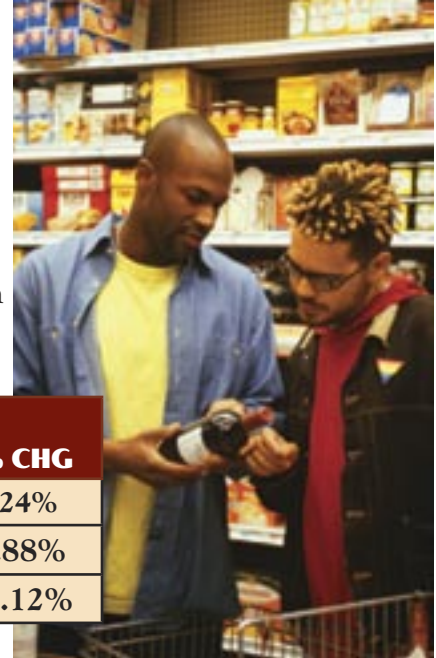
AGE	%	% CHG	INCOME	%	% CHG
21-30	19.77%	5.75%	< \$30,000	8.75%	1.85%
31-40	19.77%	-3.59%	\$30K-\$50K	20.00%	9.66%
41-50	29.07%	-1.77%	\$50K - \$70K	17.50%	-9.99%
51-60	20.93%	-3.37%	>\$70,000	53.75%	5.47%
60+	10.47%	5.80%			

Age And Income For Kansas Core Consumers

AGE	%	% CHG	INCOME	%	% CHG
21-30	9.09%	5.64%	< \$30,000	0.00%	-7.41%
31-40	22.73%	5.49%	\$30K-\$50K	11.11%	0.00%
41-50	22.73%	-25.55%	\$50K - \$70K	22.22%	-7.41%
51-60	18.18%	-9.41%	>\$70,000	66.67%	14.81%
60+	27.27%	23.82%			



Kansans continue to shop for wine less often. In 2006, 96.3% of consumers surveyed said they shop for wine weekly or monthly. Monthly wine shoppers are the fastest growing group – up 4.79% from a year ago.



How Often Do You Shop For Wine?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Daily	3.70%	-0.04	Daily	4.55%	-9.24%
Weekly	41.98%	3.66%	Weekly	59.09%	-9.88%
Monthly	54.32%	4.79%	Monthly	36.36%	19.12%

Among core wine consumers, 86.21% reported shopping for wine weekly or monthly. Weekly shoppers were the largest segment of core consumers at 59.09%. Monthly shoppers were the fastest growing, up 19.12% over last year.



In this year's survey, women surged ahead of men in the person mostly likely to do the wine shopping for the household. For 41.57% of survey respondents, the male shops

Who In The Household Shops For Wine?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Male	41.57%	-11.70%	Male	54.55%	-14.42%
Female	55.06%	3.66%	Female	68.18%	23.35%

What's Your Typical Budget For A Bottle Of Wine?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
\$5 - \$10	4.88%	-0.73%	\$5 - \$10	0.00%	0.00%
\$11 - \$15	46.34%	4.28%	\$11 - \$15	52.38%	6.23%
\$16 - \$20	39.02%	4.44%	\$16 - \$20	38.10%	-8.05%
\$21 or more	9.76%	-2.39%	\$21 or more	9.52%	1.83%



Do You Expect A Discount When You Buy Wine By The Case?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Yes	45.10%	-2.56%	Yes	50.00%	-25.86%
No	54.90%	5.30%	No	50.00%	25.86%

for wine for the household. Women were doing the wine shopping in 55.06% of respondents' households.

Among core wine consumers, females were more likely to do the wine shopping by a margin of 68.18% to 54.55%.

Kansas wine consumers were generally willing to spend more per bottle for wine in 2006 than they had the previous year. The two fastest growing budget categories were the \$10-\$15 which grew 4.28% this year, and the \$15 - \$20 category that grew 4.44%. The largest group – 46.34% of consumers – said they budget \$10-\$15 per bottle for wines.



Would You Order Wine By Mail ?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Yes	73.75%	9.26%	Yes	85.71%	13.30%
No	26.25%	-4.59%	No	14.29%	-9.85%

Among core wine consumers, 100% of consumers were willing to spend \$10 or more for a bottle of wine. The fastest growing category was the \$10 - \$15 category that increased 6.23% in 2006. The big loser was the \$15 - \$20 category, which lost 8.05% this year.

This year less than half of Kansas consumers -- 45.10% -- reported that they expect case discounts for wine purchases. Among core consumers there was a 50/50 split -- half expect the discount, half don't. That's a shift from last year's results where 75% of respondents said they expect a case discount.

In the first year of legal mail order wine purchases, more Kansas consumers than ever reported they're interested in buying wine by mail via the Internet. Among all consumers, 73.75% said they would

buy mail order wine -- up 9.26% from last year. Among core consumers a full 85.71% said they would buy wine via the Internet. That's up 13.30% from last year.



Kansas consumers tried new wines more often in 2006 according to survey results. For all survey respondents, 63.5% of

How Often Do You Try New Wine?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Once a Month	36.47%	-9.32%	Once a Month	36.36%	-22.26%
Less Often	36.47%	3.76%	Less Often	13.64%	10.15%
More Often	27.06%	8.37%	More Often	50.00%	12.07%

consumers said they try new wines once a month or more often. The fastest growing category was consumers who try new wines more than once a month, up 27.06%. For core wine consumers the trend was more pronounced. Nearly 87% of respondents try new wines once a month or more. A full 50% of consumers try new wine more than once a month, up 12.07% from last year.

Where Do You Most Often Try New Wines?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Home	52.81%	-8.87%	Home	50.00%	-15.52%
Restaurant	42.70%	-0.29%	Restaurant	40.91%	-10.81%
Friend's Home	13.48%	-7.02%	Friend's Home	9.09%	-8.15%
Tasting	3.37%	2.44%	Tasting	9.09%	5.64%



Why Do You Most Often Try New Wines?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
High Rating	8.99%	-4.09%	High Rating	22.73%	5.49%
Retailer Recommend	29.21%	3.04%	Retailer Recommend	36.36%	-5.18%
Friend Recommend	57.30%	-4.25%	Friend Recommend	40.91%	-21.16%



This year more consumers said they try new wines at tasting events -- up about 2.5% from last year. The largest consumer group -- 42.70% -- said they try new wines in restaurants. For core consumers, 40.91% said they try new wine in restaurants, a loss of 10.81% from the previous year. Home is still the favorite place for consumers in both categories to try new wines.

The reason consumers try a particular new wine varies sharply between core consumers and wine drinkers in general. Among all respondents only 13.48% of survey respondents reported that they try new wines because of a high rating from wine reviewers. That's down 4.09% from last year. Consumers said they were most likely to try a new wine based on a friend's recommendation (57.3%) or a retailer recommendation (29.21%).

Core consumers were more likely to rely on ratings: 22.73% said they'd try a new wine because of a high rating. More than 36% said they'd try a new wine because a retailer recommended it. The recommendation of a friend was still the leading reason for trying a new wine at 40.91%.

Where And When Are Kansas Wine Drinkers Consuming Wine And How Have Those Patterns Changed Over Time?

By definition, core consumers are drinking six or more glasses of wine per week. But in general, more consumers reported drinking more glasses of wine per week this year than last year. The largest, and

Where Do You Drink Wine?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Home	80.90%	3.40%	Home	100.00%	3.45%
Restaurant	33.71%	-4.61%	Restaurant	40.91%	-0.47%
Friend's Home	15.73%	-3.90%	Friend's Home	27.27%	-7.21%

the fastest growing, consumption category was the 1-3 glasses per week group making up 50% of all respondents, up 5.2% from the 2005 survey.

Just over 71% of all respondents said they drink five or fewer glasses of wine per week.

The vast majority of survey respondents report they drink wine at home: For all respondents 80.9%, for core consumers 100%. The percentage of survey respondents drinking wine in restaurants declined for both consumer groups. For all respondents, 33.71% drink wine in restaurants, down 4.61% from last year. For core consumers, 40.91% report drinking wine in restaurants down 0.47% from a year ago.

Our survey showed once again that wine and food are a natural pair. Nearly 76% of survey respondents report they drink wine with meals -- up 10.78% from last year. Among core consumers, the percentage is 90.91%, up 11.6%. But Kansas consumers also frequently drink wine on its own, and increasingly opt for wine at parties.

How Many Glasses Of Wine Do You Drink Per Week?

GLASSES PER WEEK	%	% CHG
1-3	50.00%	5.20%
4-5	21.05%	4.23%
6-8	11.84%	-1.84%
9-10	13.16%	2.88%
11-15	3.95%	0.21%



When Do You Drink Wine?

ALL CONSUMERS	%	CORE CONSUMERS	%
On Its Own	55.06%	On Its Own	86.36%
With Meals	77.53%	With Meals	90.91%
At Parties	42.70%	At Parties	54.55%

How Many Varietal Wines Do You Stock At Home?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
1-2	13.48%	-3.34%	1-2	0.00%	-6.90%
3-4	22.47%	-3.70%	3-4	16.67%	-24.71%
5-6	21.35%	6.40%	5-6	27.78%	17.44%
7-8	6.74%	1.13%	7-8	27.78%	20.88%
9-10	7.87%	5.07%	9-10	27.78%	20.88%



With such a strong percentage of Kansas wine consumers drinking wine at home, it's not surprising that they're stocking more varietal wines. Among all survey respondents, the fastest growing category was consumers who stock 5-6 varietals at home. This group comprises 21.35% of the total, up 6.4% from last year. The largest category for all survey respondents was those who stock 3-4 varietals at home, at 22.47% of all respondents.

Which Wine Publications Do You Read ?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
Wine Advocate	1.37%	-0.50%	Wine Advocate	4.55%	-2.35%
Wine Spectator	34.25%	9.95%	Wine Spectator	50.00%	-1.72%
Wine Enthusiast	21.92%	13.51%	Wine Enthusiast	31.82%	11.13%
Food & Wine	38.36%	14.06%	Food & Wine	40.91%	16.77%

Among core consumers, those who stock five or more varietals at home made up 83.4% of all respondents. The fastest growing category was respondents who stock 7 or more varietals -- up 20.88% from a year ago.

Where Do Consumers Most Often Get Information On New Wines?

Among those we surveyed, 38.36% read Food & Wine -- slightly more than the 34.25% who turn to Wine Spectator. Core consumers are more likely to read wine publications in general. This year 50% of core consumers report they read Wine Spectator, down 1.72% from last year. In second place, 40.91% of respondents said they read Food & Wine.

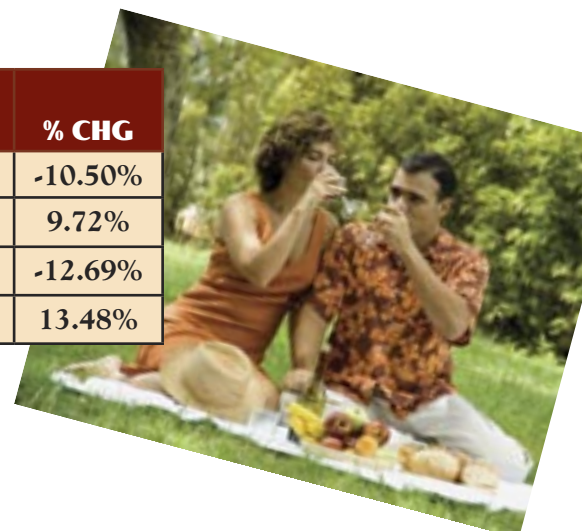
Of those surveyed, 56.63% of consumers report they'd attended two or more wine tasting events in the past year. Of those, 27.71% reported attending four or more tasting events in the past year.

For core consumers, 86.37% said they'd attended two or more tasting events in the past year. Of those, 31.82% reported attending four or more events in the past year.

Consumers who participated in our survey reported overwhelmingly that they would follow up with local retailers and purchase wines they had tasted at the wine event they had attended. Of all respondents, 96.3% said they would buy wine they had tasted at the event. Of core consumers, 89.66% said they would buy wine they had tasted.

How Many Wine Events Have You Attended In The Past Year?

ALL CONSUMERS	%	% CHG	CORE CONSUMERS	%	% CHG
1	43.37%	4.12%	1	13.64%	-10.50%
2-4	28.92%	-9.40%	2-4	54.55%	9.72%
4-8	15.66%	5.38%	4-8	4.55%	-12.69%
More than 8	12.05%	3.64%	More than 8	27.27%	13.48%



Conclusions, & Recommendations

- Valuable core consumers – those who drink at least 6 glasses of wine per week – are well-informed, experimental consumers. They try new wines often. They rely on an informed retailers to direct them, but they also depend heavily on wine ratings to aid their choice.
- Core consumers are looking for value, and they're educated enough to seek out the quality wines at moderate price points. Core consumers willing to spend \$10 - \$15 a bottle increased 6.23%. Those willing to spend over \$15 - \$20 a bottle dropped 8.05% . The good news is that 50% of these core consumers do not expect a case discount for their purchase.



- Retailers who wish to attract these valuable core consumers must be able to deliver value in the form of knowledge. Product selection is the most fundamental requirement of core consumers. Beyond that retailers must know the products they sell. They should have tasted the products and be able to accurately describe the wines they're selling.
- Winemakers who wish to appeal to Kansas core wine consumers should invest in programs that enhance retailers knowledge of the wines and the retailers ability to accurately describe the wines.