

Reports Say Young Drinkers Are Over Wine. What Do Winemakers Think?

Kate Dingwall - February 3, 2023

On the heels of the release of 2023's [Silicon Valley Bank State of the U.S. Wine Industry Report](#), the wine industry is worried. The key takeaway of the report: the wine industry has a young drinker problem.

The report found that the wine industry continues to fail at capturing the Gen Z and Millennial market — the only area of growth for American wine was among drinkers over 60, with the biggest growth happening amongst 70 and 80-year-olds.

“In my view, this is the greatest issue of concern for the wine business today—namely, the lack of engagement and participation in the wine category by younger consumers in their prime spending years,” Rob McMillan, executive vice president and founder of SVB’s wine practice and author of the report, said during a panel discussion. “Whatever we are doing to promote brands to a younger consumer, I should argue we should stop right now because it’s not helping.”

“The wine industry has been in an uproar about reaching younger consumers,” says Brandon Hofherr, the marketing director for [St. James Winery](#). “The older generations are not drinking at the same pace they once were and younger consumers are drinking across the board, but don’t often reach for wine.”

The biggest flashpoint the report suggests is that young drinkers aren’t getting into starter wines: the ultra-affordable, mass bottles of under \$15 wine. Sales of bottles above \$15 are on the rise, the report notes, while sales growth for high-production wineries selling under \$15 bottles dropped.

While past generations started drinking affordable reds and whites in their early 20s, today’s youth aren’t picky. They also have access to a larger selection of beverage options. They don’t have to stick to cheap wine, they can sip on thoughtfully-made hard seltzers, craft canned drinks, or make more interesting cocktails on any given evening. The SVB noted that 35% of 21- to 29-year-olds drink alcohol, but not wine. 5% of consumers now abstain from alcohol entirely.

“We have to agree with the report that younger consumers are moving away from wine in favor of RTD and categories such as tequila and rum,” says [Shaw-Ross](#), Executive Vice President of Brand Management Nick James. “As a result, we are premiumizing our portfolio by focusing on higher priced wines which are still showing growth, like Brunellos and Amarones.” He finds that while younger buyers are less interested in the category, older consumers are still willing to pay more and more for premium bottles.

Shaw-Ross isn’t ignoring Gen-Zs and Millennials. The wine and spirits importer is also funneling more resources into social media and e-commerce to engage with younger demographics. “In general, wineries, producers and importers and distributors will have to work hard to make their products relevant to the younger consumer,” says James. “This article is a timely warning.”

Alex Ryan, the President, Chief Executive Officer, and Chairman at [The Duckhorn Portfolio](#), has seen no issues with the younger generations. The brand has plenty of bottles between \$20 and \$200 to appeal to a range of drinkers, and “our entry-level Decoy wines have consistently over-indexed with the younger generation,” says Ryan. “We’re optimistic about the future of luxury wine as we see demand from varying demographics and continue to innovate with new offerings.”

[Benchmark Wine](#) is also forging forward by sticking to its market and continuing to focus on what they do best — rare, collectible, and back vintages. “The consumers of this segment tend to be older, and have come to understand the complexity and quality that this category of wine provides,” says CEO and owner David Parker. “While this does make the older demographic the only growth segment, this older demographic is growing quickly and will be for many years. The number of Americans moving into this category will far exceed the number dying or otherwise ceasing to drink wine for decades.”

Parker isn’t overly worried about the generational changes — he finds the decline in interest from young drinkers is part of a natural pendulum swing. “These patterns have occurred many times before and always lead to their own natural solution,” he notes. “Each time such prolonged high production has been achieved in the past, a new category of cost-effective wine arises.”

He points to wine coolers, white Zinfandel, Beaujolais Nouveau, box wine and ‘Two Buck Chuck.’ “These wines were a way of utilizing excess production for ready cash and each brought in a new generation of wine drinkers who then tended to move up the quality curve,” says Parker. “It will likely happen again.”

“The Millennial generation is larger and has higher per capita alcohol consumption, than the Gen-Xers before,” says Parker. “They, and the Gen-Zs that follow them, are embracing luxury products faster than the previous generations, a further encouraging sign for the wine industry.”

But part of the hurdle will be breaking down the inherent unapproachability of wine. “The wine industry has pigeonholed itself into being something for the elite and you have to know certain rules to enjoy it,” declares [St. James Winery](#)’s Hofherr.

To engage with younger demographics, the winery is expanding its core line-up to include more approachable offerings. “We have a line of limited-release seasonal fruit wines that match the flavors of different seasons such as Strawberry Citrus in the spring, Pineapple Mango in the summer, Spiced Apple in the fall and Cranberry Wine in the winter,” she says. “Agility has been important in this approach, both in formulating new products and getting them to market.”

In Napa, [Larkmead Vineyard](#)’s Samantha Silva has noticed that visiting younger drinkers want the full experience of interacting with brands as a whole, not just a singular bottle. “It’s all about the experience—not just the wine,” the estate director says. “We have found that younger wine consumers want to enjoy fine wine in the context of its whole.”

Her young visitors are asking more from their tastings. “Walking through the vineyards and seeing the grapes that make the wine; tasting the wines alongside ethically sourced and locally produced artisan foods; and learning about the behind-the-scenes winemaking processes so that they are more intimately

connected with what they are consuming,” she says. “Because there are so many options for libations on the market, it's now more important than ever to be transparent and allow for these kinds of deeper connections to be made when it comes to enjoying wine.”

“Younger consumers want real experiences with the brand,” says Sam Coturri, Proprietor of [Winery Sixteen 600](#). “Overly curated or overly glossed brand touches, whether in person or digitally, dissuade meaningful engagement and keep younger consumers' connections to the brand surface level and fleeting. Deeply authentic, intentional brand experiences build long-term customers.”

That also extends to sustainable messaging. Coturri concludes, “Younger consumers care about real, tangible sustainability — not messaging, not greenwashing. They want truly environmental and climate positive values that are acted upon and are central to the function of the business.”