

## **What Happens Next – Sunday May 2, 2021**

### **Online Universities, the Rebirth of NYC, Wine, Bourbon, and Tequila**

**Carol Reber**

Larry Bernstein:

We're going to go onto our beverage panel next. This topic is the future for wine and spirits. We'll have four speakers who will go in order, and then we'll open up to a question and answer period afterwards. Our first speaker in this panel is Carol Reber. She is executive vice president, chief marketing officer, and direct-to-consumer officer at Duckhorn Winery.

Carol Reber:

I'm going to talk a little bit about the reasons that we drink. I do want to point out I will leave it to others to talk about drinking in excess. I'm going to focus on the reasons we drink, hopefully, in moderation. I think those reasons are complex but hardwired. So, I think in reverse order of impact, lots of us drink to unwind, compliment a meal, particularly with wine. All of you who have homeschooled children during COVID absolutely know this feeling. For many of us, in the heat or peak of the pandemic, and adult libation was the only difference between sanity and insanity, and between one's work day and the portion of one's non-work day, to the extent that there was much of that.

Lots of us drink for reasons of social branding and identification. Just like the cars we drive, the clothes we wear, it's part of our identity. I'm a tequila guy, I'm a Chardonnay gal. Ain't no laws when you're drinking Claws people, if you've seen those bumper stickers around, probably not around New York City much, I would gather. But some of the more rural parts of the country, you'll see those.

And I think one of the most innate reasons that we drink alcohol, I think, has to do with the Harvard Grant longitudinal study. Very famous study many people are aware of. It was a 75-year longitudinal study, one of the longest ever conducted, which ultimately, probably inadvertently, found the secret to a fulfilling life. The study tracked the physical and emotional wellbeing of 700 people since they were teenagers in '38. The group was really varied, all men, from various economic and social backgrounds, from Boston. JFK was even part of the group. These people were evaluated every two years.

The goal of this study was to identify predictors of healthy aging, and the finding, when all of the data was collected after many decades, is that the secret to a fulfilling life is our connection with others and, in particular, belonging. We are absolutely hardwired to our core to connect with others. It's vital to our survival and our mental and emotional wellbeing. Our authentic relationships matter.

Clearly, there are many paths to that, and enjoying connections with loved ones over a drink, a glass of something, is one of many paths. Not required, but a very common, well-worn path. Our entire business is set up around this premise of connection, authentic connections to each other. When you come to our tasting rooms, you don't come alone. Obviously, being a member is an important part of our offerings, but we believe that a stellar glass, in our cases, of pinot noir or cabernet is absolutely part of the good life.

Talking a little bit about how beverage consumption changed during COVID, many of you did some excellent imbibing your way through. National Wine Day seemed to last from March 16th to December 31st, so terrific work there. But there were a few notable trends that had already taken root, they just accelerated at a faster rate. Certainly E everything. We've talked about education today, e-grocery, e-delivery, the e-tail explosion. Wine.com sales were up double. Platforms like Drizly and Instacart grew more than 300%.

Lots of channel shifting. When 80% of restaurants went offline, restaurants scrambled to master delivery. They managed to figure out how to sell wine and cocktails to go, really masterfully, after some trial and error. Consumers bought directly from makers. There are millions of direct new relationships small-craft suppliers now have. And people did a lot of cross drinking. Beer people drank wine, wine people consumed spirits, all across the board, so that kind of category curiosity bodes well.

In-home consumption, clearly an important trend. Mixology blossomed. People planted gardens, cooked from home. You couldn't find flour or yeast anywhere, for those of you who were looking for that. Social and Instagram exploded, 7X. Some of you may have found great amusement following the author, Susan Orlean, and her wine exploits during the pandemic. Virtual happy hours abounded. The pandemic, as we call it, a huge shortage of aluminum. Won't be a permanent trend, but is a relevant trend that's still shaping can shortages for a lot of us. And in social, the Pelwinos, the Peloton Wine Group, is 15,000 people strong. So we're seeing this merging of social, community, exercise, wine, and affinity groups.

Lastly, Americans started pantry loading, and then largely reversed course. A lot of us were not sure of the financial situation. Obviously, when the stock market crashed, there was a lot of pantry loading of boxed wine. People ultimately settled, and those who realized their financial security was not at risk had a lot of pent up spending that they would've normally spent on eating out, traveling, buying cars, et cetera. Those dollars clearly went into eating and drinking well.

For any of you looking for online fine meat or seafood during the peak of the pandemic, most of that was pretty well picked over. And then shoptimism really took over as people looked for affordable luxuries, handbags, shoes, cosmetics, fine wine and spirits. That was a great trend that I think will continue in the next year, and really has carried us into 2021, and will set the

stage for some of our other conversations from panelists. Lots of new drinkers entering the category. We are in a golden age of beverage innovation in the United States, both alcoholic and non-alcoholic. Low alcohol trends are real, consumers don't need scores or validation the way they used to, and a thirst for experiences is definitely taking center stage.

Larry Bernstein:  
Thank you, Carol