

**NO.LO,
a new emerging category in the
wine business**

**Is the global wine market undergoing
a shake-up ?**

Agenda of today

Webinar
7 Maggio 2025

-
- 01/ Ettore Nicoletto: who I am
 - 02/ Some Industry data
 - 03/ Focus on the US market (major trends that are re-defining beverage consumption)
 - 04/ NOLO wines: opportunities & challenges
 - 05/ My predictions

Ettore Nicoletto resumè

32 years in the wine industry covering different positions from director of exports to President & CEO of major wine groups in Italy such as:

- **Zonin 1821** (11 years)
- **Santa Margherita Wine Group** (16 years)
- **Angelini Wines & Estates** (5 years)

Currently:

- **Vice-President of Federvini**
(Italian Association of wine & spirits producers)
- **Member of Advisory Board of SIEA**
- **Senior Advisor, Plenitude Partners**
- **CEO, Compagnia del Gusto Holding S.p.A**



The wine world in a nutshell

→ Spirits' market value at 550 bln in 2023
→ Beer market value at 821 bln in 2023



338 bln USD

(The wine sector around the world 2024 Out-of-home & at home combined)



237 mln hl

Total world wine production (2023)
Over 31,6 bln bottles



221 mln hl

World wine consumption (2023)
Over 29,5 bln bottles

The wine world in a nutshell

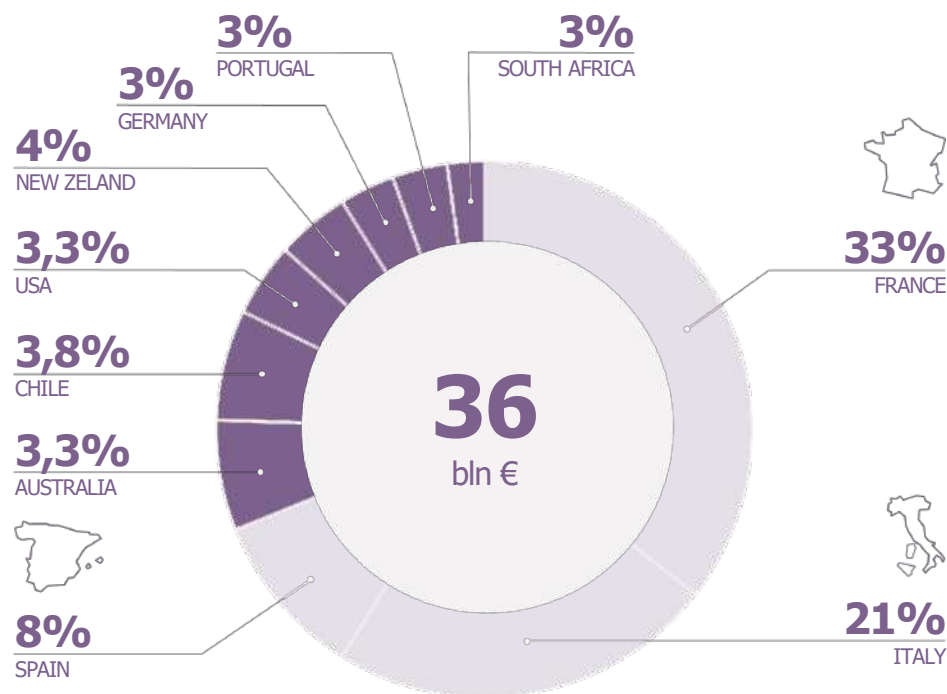


36 bln USD

(Ex cellars value 2023) International trade

62%

Exports around the world represented
by Italy, France, and Spain



Wine consumption in major countries*



1) USA: 4,4 bln bottles (15%)



2) France 3,25 bln bottles (11%)



3) Italy 2,9 bln bottles (9,8%)



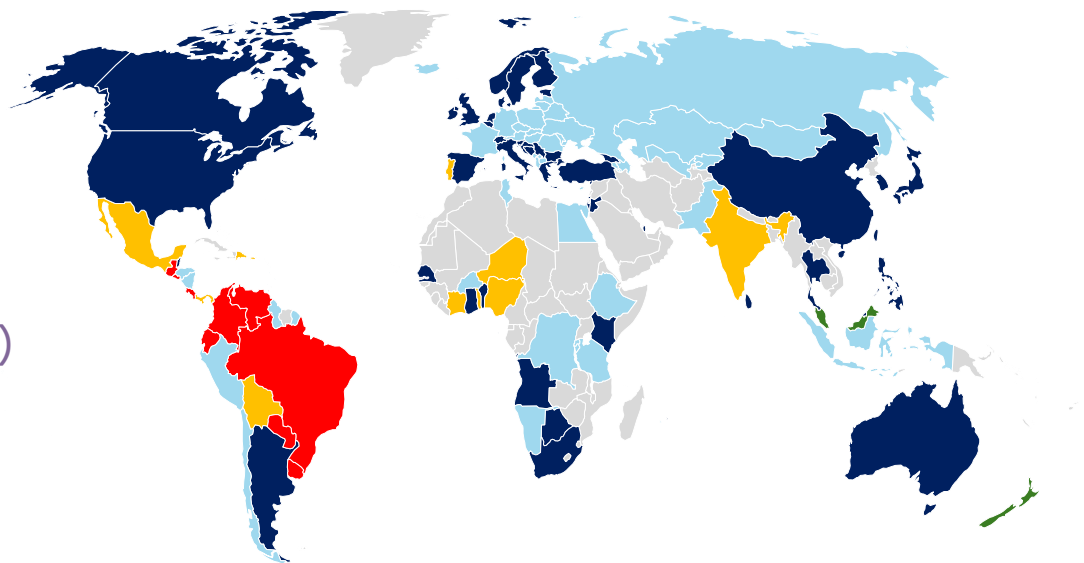
4) Germany 2,54 bln bottles (8,6%)



5) UK 1,33 B bln (4,5%)

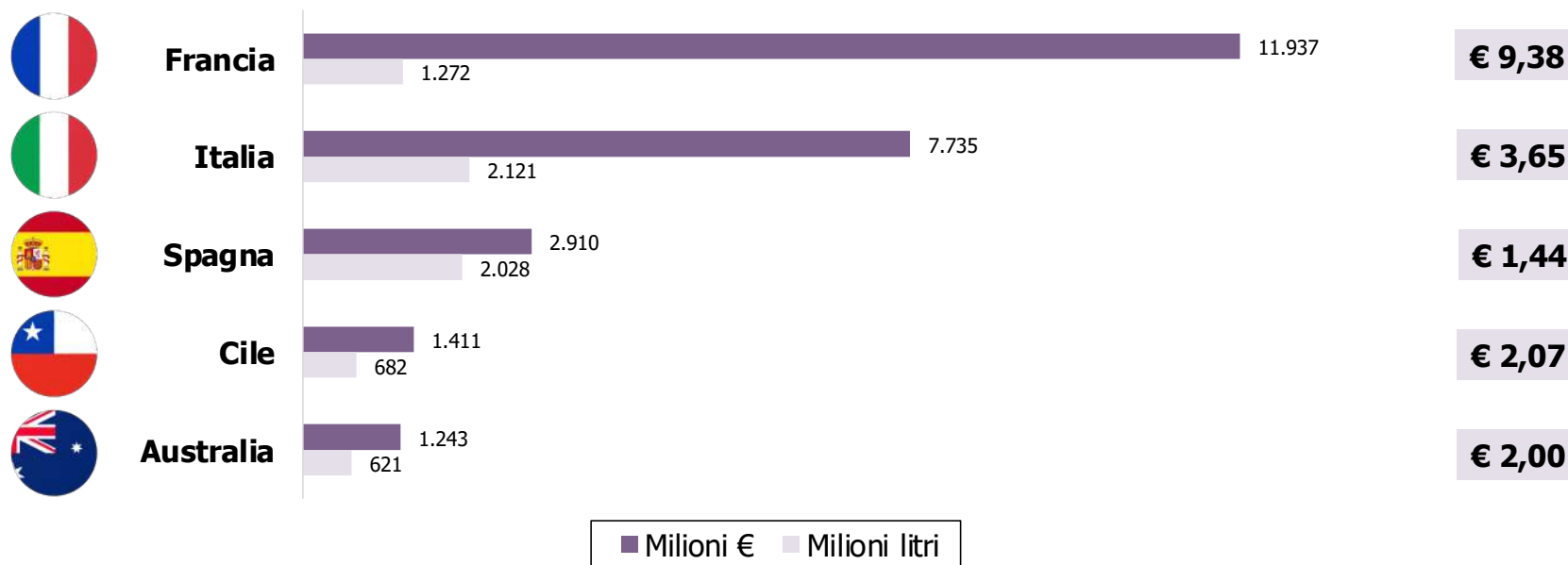


6) Spain 1,3 B bln (4,4%)



*Countries with wine consumption equal to or above 2 mhl in 2023.

Wine export value/volume and average price 2023 (top five exporters)



SOURCE: Nomisma Wine Monitor

Wine consumption world-wide on the decline

- World wine consumption in 2023 stood at 221 mhl, marking a decrease of 2.6% compared to 2022.
- This is the lowest volume recorded since 1996. The decline in wine consumption has been on a steady trajectory since 2018.
- There are multiple causes for this decline. Some appear to be temporary, others seem to becoming structural challenges. While we will cover in depth these later, here are some hints:

TEMPORARY

- Outbreak of Covid and its side- effects (positive/negative)
- PRC re-defining consumption patterns on wine
- Geopolitical tensions and their consequences:
 - Energy crisis
 - Inflationary pressure
 - Raise in interest rates

STRUCTURAL

- Demographic changes
- Health consciousness
- Competition from other beverages

FOCUS ON THE US MARKET

A consumption
r(evolution)?



The US market in a nutshell

386_{MM}

9L cases/4,6 bln bottles (traded)

80_{MM}

Wine consumers (21+)

400,000

Wine items available

110,000

TTB label approvals/year



The US market in a nutshell

386_{MM}

9L cases

80_{MM}

Wine consumers (21+)

84_{MM}

Table
Imports

23_{MM}

Sparkling
Imports

44_{MM}

Core

36_{MM}

Occasional



Annual 2022 Estimates



2021/22 Segmentation

Unprecedented Four Years Category Pressures

→ Once in a Lifetime Pandemic

- Accelerated On-Line Shopping
- Rediscovery of the Home & Kitchen
- Supply Chain Disruptions
- Struggling vs Insulated Consumers

→ Geopolitical Unrest

- Political Stalemates/2024 Elections
- Side-effects post Presidential election
- Wars in Ukraine & Middle East



→ Economic Strains

- Record High Consumer Debt Levels
- Student Loan Payments Resuming
- High Inflation & Interest Rates (although declining)
- Employment Remains Strong (++++)

U.S. Consumer Trends

- Flavor forward
- Wellness driven – for ‘me’ and ‘we’
- Transparency seeking - what they eat/drink
- Convenience seeking – how they shop; what they buy/drink
- Experiential & Experimental Driven
- Company purpose & values - increased importance
- More ethnically diverse (Hispanic, Black, Asian) – driven by younger generations; Multi-Cultural MAJORITY will be the norm



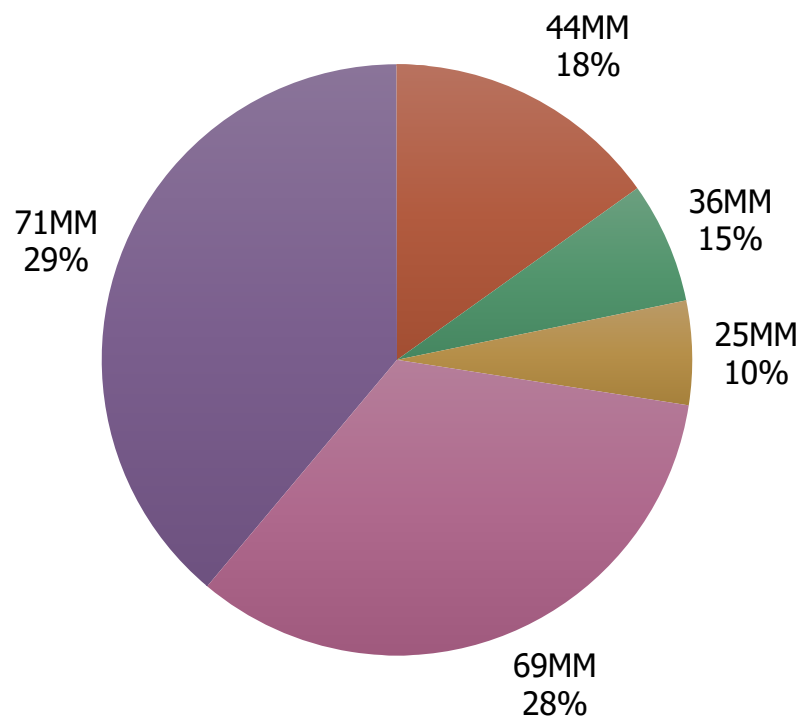
The American Legal Drinking Age (LDA) Consumer

Non-Adopter

Only drink beer, spirits,
or other alcohol

Abstainer

Does not drink



Core Wine drinker
once a week or more
often

Marginal Wine drinker
Less often than once
a week, but more than
once every 2-3 months

Infrequent drinker
Drinks any alcohol less
than every 2-3 months



The American LDA Wine Consumer

Pop'n Size (MM)	SEGMENT	21+	21-29	30-39	40-49	50-59	60-69	70+	Hispanic (17%)	Black (12%)
44MM	CORE	18%	16%	20%	17%	16%	19%	23%	15%	15%
36MM	OCCASIONAL	15%	13%	13%	15%	15%	16%	16%	11%	17%
71MM	NON-ADOPTER	29%	35%	36%	36%	28%	24%	14%	39%	27%
25MM	INFREQUENT	10%	12%	10%	7%	11%	11%	11%	11%	13%
69MM	ABSTAINER	28%	25%	20%	25%	30%	31%	37%	24%	28%



U.S. Beverage Alcohol Trends

- Drinking “better” - but not more overall; battle for “share of throat”
- Fewer & fewer exclusive single category drinkers
- Competition – within and beyond alcohol offerings

→ Within...

- Spirits winning; Ready to Drink Spirits exploding
- Beer declining long term
- Wine declining more recently

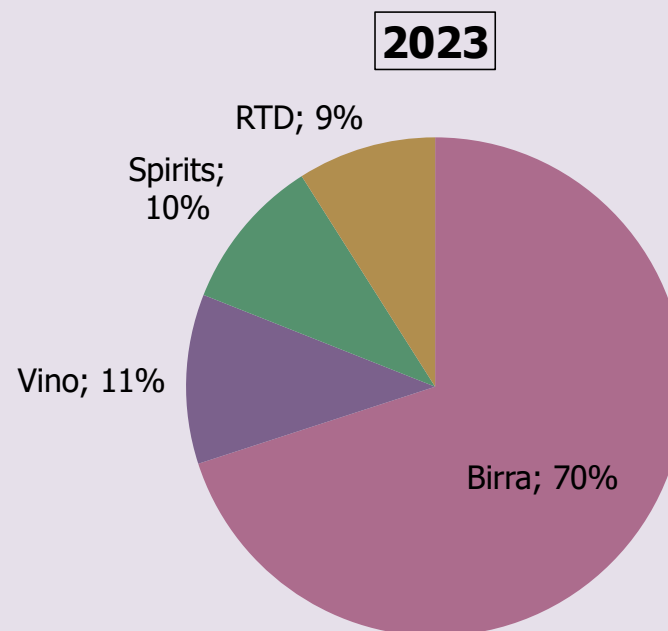
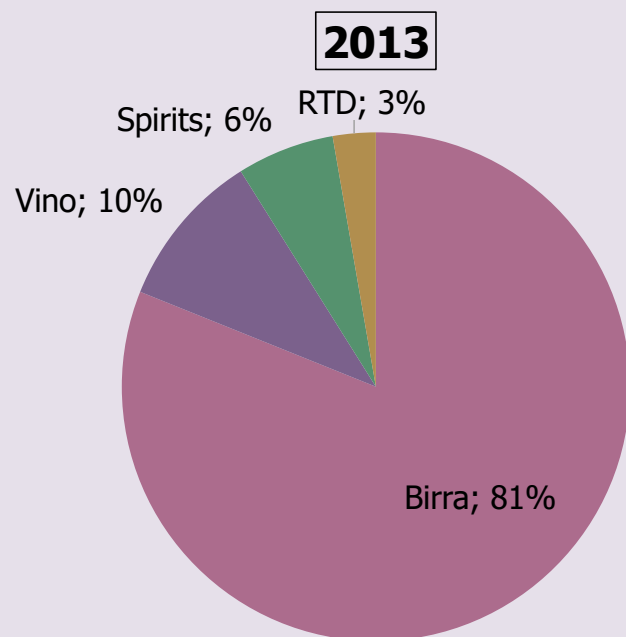
→ Beyond...

- Non Alcoholic Beverages
- Cannabis
 - 42% of Wine drinkers purchased Cannabis
 - Of these, when planning to consume Wine, 59% sometimes choose Cannabis instead



USA: consumption by category

(% on total volumes, 10 year comparison)



U.S. Headwinds for Wine

- U.S. Market Complexity –
NOT the UNITED States
 - Route to Market
 - State by State Regulations
- Economy still difficult for many
- Social moderation
- Growing Diversity of Choices
 - Mainstream Alcohol products
 - RTD (Ready to Drink) cocktails
 - Non-Alcoholic Beverages
 - Cannabis
- Younger LDA (21+) Generation



Consumer Choice Set Used to be Simpler



BUT NOT NOW



Ready to Drink



Cannabis



Non-Alcoholic Beverages



Non-Alcoholic
Adult Beverages



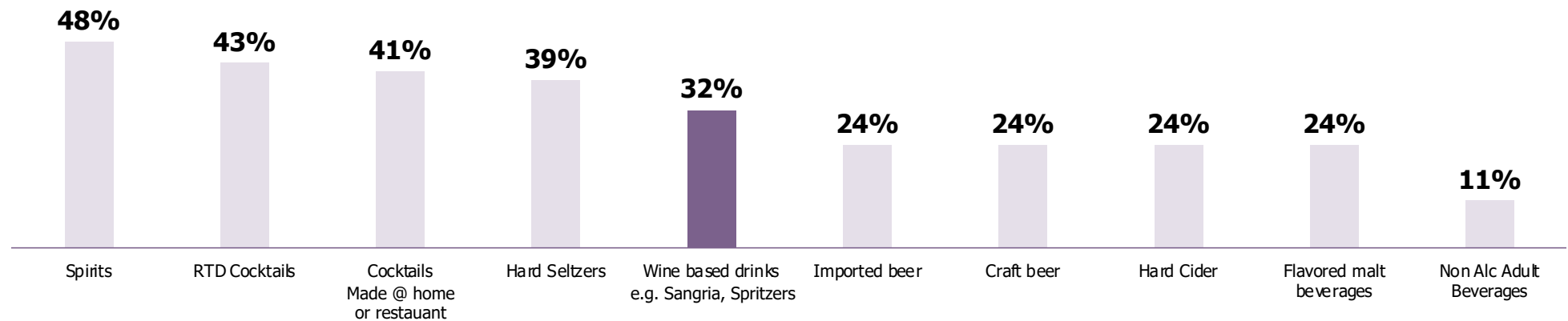
Unanimaginable shelf space just a few years ago



Consumers Choosing Different Drinks - 'Occasion by Occasion'

Q: Which beverages do you prefer over wine these days?

(Base: Wine drinkers drinking less that said they prefer "other types of drink")



~\$11 Billion Now (vs half of that in 2019)

\$8.1 BILLION



\$1.0 BILLION



\$1.6 BILLION



MALT



WINE

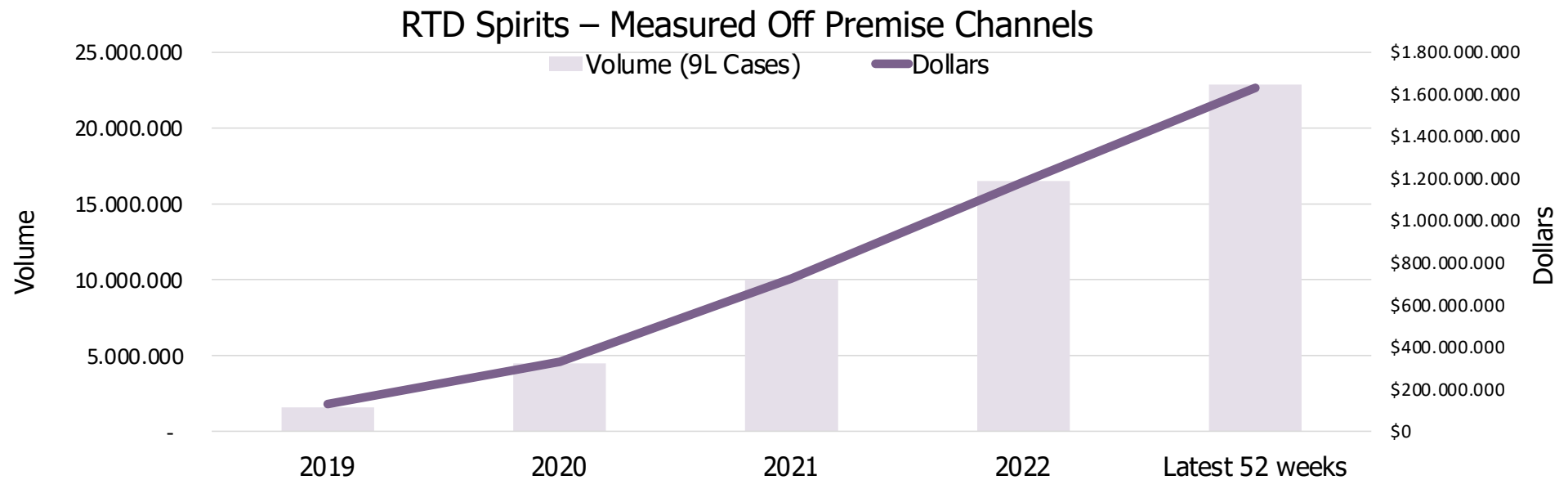


SPIRITS



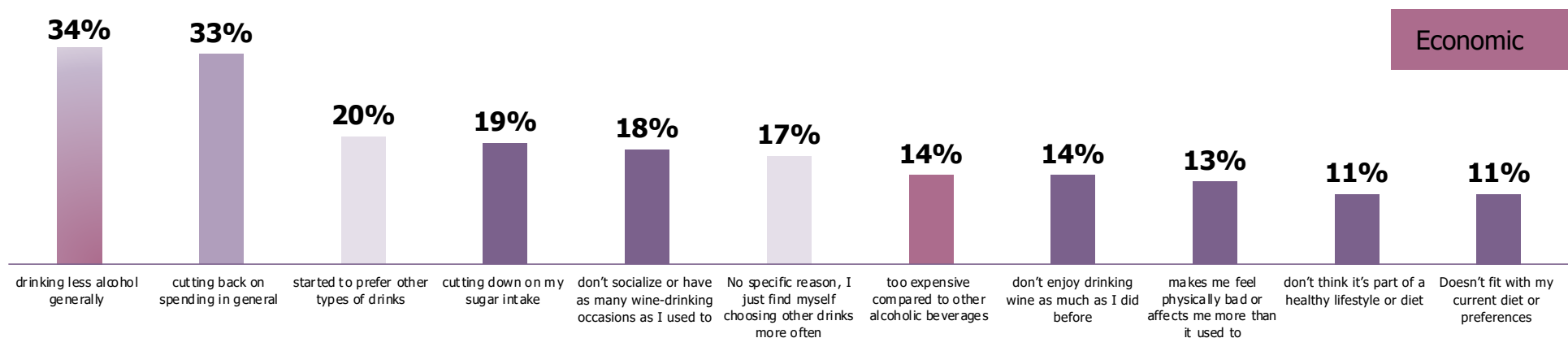
Ready to Drink Spirits Growth is Explosive

- 15% share of Spirits volume
- 2nd largest Spirits segment
- Fastest growing segment



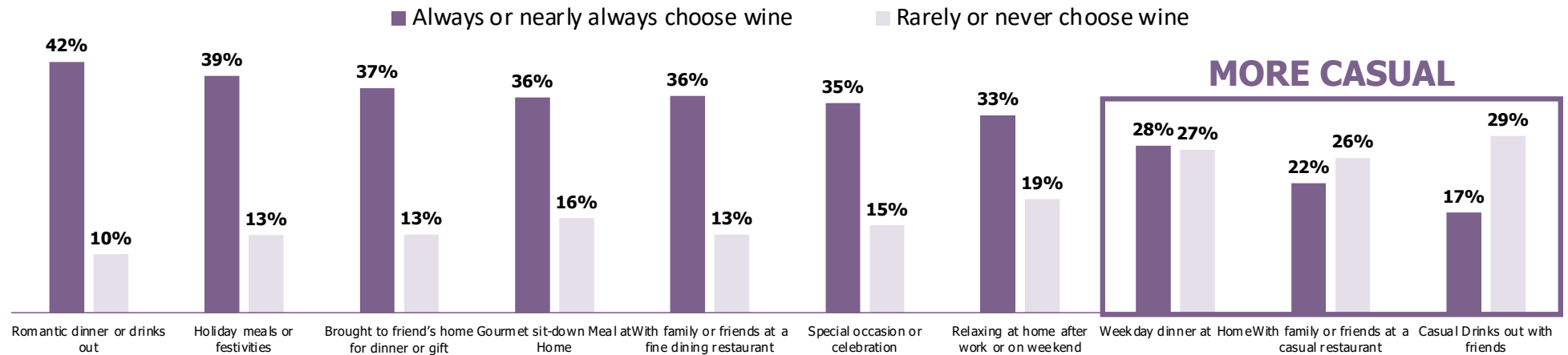
Lifestyle, Competition, and Economic Factors Impacting Wine Demand

Q: What are the reasons that you are consuming less wine these days?
(Among that that prefer "other types of drink")



For More Casual Out of Home Occasions, Other Drinks are More Preferred

Q: Which beverages do you generally prefer for each of these occasions



So, no wonder NO.LO wine is emerging as an option

- Health consciousness/moderate consumption
- Drink & drive regulations
- There is no «correct» way to enjoy wine/desire to explore

But, also

- Social inclusion & lifestyle...NO.LO wines as catalyst for inclusiveness
- Opportunity for 50% of the population world-wide who doesn't drink alcohol

But, what is NO.LO wine category ?

Regulation 2021/2117 establishes the conditions under which certain grapevine products may be dealcoholized or partially dealcoholized:

- Grapevine products are «dealcoholized» if the actual alcoholic strength is no more than 0,5% by volume
- Grapevine products are «partially dealcoholized» if the actual alcoholic strength falls between 0,5% and 8,5%-9% by volume.

Prior to this regulation, a grapevine product fell in the definition of «wine» if it had a minimum alcohol strength of 8,5%-9% by volume.

The dealcoholization process (alcohol removal) is carried out with physical methods such as:

- Reverse osmosis
- Vacuum evaporation
- Distillation

NO.LO wines current market size and projections

- The global NO.LO wine market stood at USD 2,57 B in 2024 and is projected to more than double at USD 6,94⁽¹⁾ B by 2034 (10,4% CAGR)
- The North-America market holds a significant share of the market with 26,1% with the Far East accounting for 11,6%. Europe, in particular, due to its strong wine culture accounts for most of the remaining share

(1) Still a tiny percentage of the global wine market value (2%)
source: Statista. NO.LO alcoholic drinks overall valued at 13 bln USD (2013)

NO.LO wines: opportunities & challenges 1/2

STRENGTHS

- Suitability for health-conscious consumers and those with dietary restrictions
- Promote moderation and mindful consumption
- Versatile beverage suitable for various occasions
- Promote inclusiveness and conviviality

WEAKNESSES

- Price sensitivity compared to some alcoholic options
- Limited availability in retail outlets and restaurants
- Require consumer education to manage taste expectations

NO.LO wines: opportunities & challenges 2/2

OPPORTUNITIES

- Growing health and wellness trends driving demand for NO.LO beverages
- Innovation in dealcoholisation techniques leading to improved quality and taste
- Increased availability and distribution thanks to major investments by key Industry players

THREATS

- Persisting negative perception due to early production of disappointing low quality NO.LO wines
- Competition from established non-alcoholic beverage categories
- Industry too slow in improving oenological processes towards higher quality, taste and complexity

NO.LO wines: so what?

- Taste is not particularly appealing
- The «catalyst effect» produced by alcohol is either missing or greatly diminished
- Ignorance about the category still rules
- NO.LO wines scarcely available especially in restaurants
- Perceived as low quality and lacking complexity

...but despite these challenges, the wines & spirits industry is investing in this new category:

- EU producers view the NO.LO wine business as an opportunity to partially resolve the grapevine overproduction that affects the Union. Key players of the Industry have re-fitted facilities to be able to «ride the wave» of NO.LO wines
- LVMH has acquired a minority stake in French Bloom (luxury sparkling wine) and others are following suit
- Major producers in the US have been investing in research to improve quality and complexity of current production
- Italian industry, that was lagging behind compared to EU competitors will soon catch up with legislation (Italy has not adopted 2021 EU regulation yet)

My view on NO.LO wines' future... simply put...

- Sensitivity/attention to health matters and well-being amongst beverage consumers have increasingly accentuated and will continue to increase over time
- Due to the stagnation of consumption the wine industry must innovate to survive competition for «share of throat» within the beverage industry
- Increasing desire to drink «uncomplicated» beverages (especially by younger generations)
- NO.LO holds potential to recruit abstainers, non adopters and other segments that in the US alone account for over 160 mln people (significant upside)

Main sources to this work



SHIPMENTS	DEPLETIONS	RETAIL SCAN SALES	CONSUMER RESEARCH	ON PREMISE LISTS
SHIPMENTS	ON + OFF PREMISE	SELECTED OFF PREMISE CHANNELS	U.S. WINE CONSUMER BUYING HABITS, ATTITUDES, and TRENDS	Restaurants/Bars WINE & SPIRITS
	Depletions from 17+ wholesalers	Large retailers; Some independents		

Nomisma Wine Monitor
Statista
OIV

**...leads me to conclude
that NO.LO wines are
here to grow and stay**

...how about you?
What is your view on this
phenomenon?