

Statistics on US Wine Market for 2018 and New Trends for 2019

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American Wine Consumers. Photo Credit: Fotolia

Slowing Volume but Steady Value Growth

After 24 years of continuous growth in wine consumption the US market slowed to only 1.2% in volume in 2018 (*bw166*). Despite this flattening of volume growth, dollar value still grew at a 3.7% suggesting that, though Americans may be drinking less, they desire higher quality wine and are spending more per bottle. This indicates that wine still maintains its place as an important American beverage, but wine marketers need to get more creative in order to bring new consumers into the category. The total dollar value of the US wine market in 2018 was \$69.7 billion, with \$23.3 billion (33%) derived from imported wine (*Wines & Vines Analytics, 2019*).

US Wine Sales Revenue in 2018



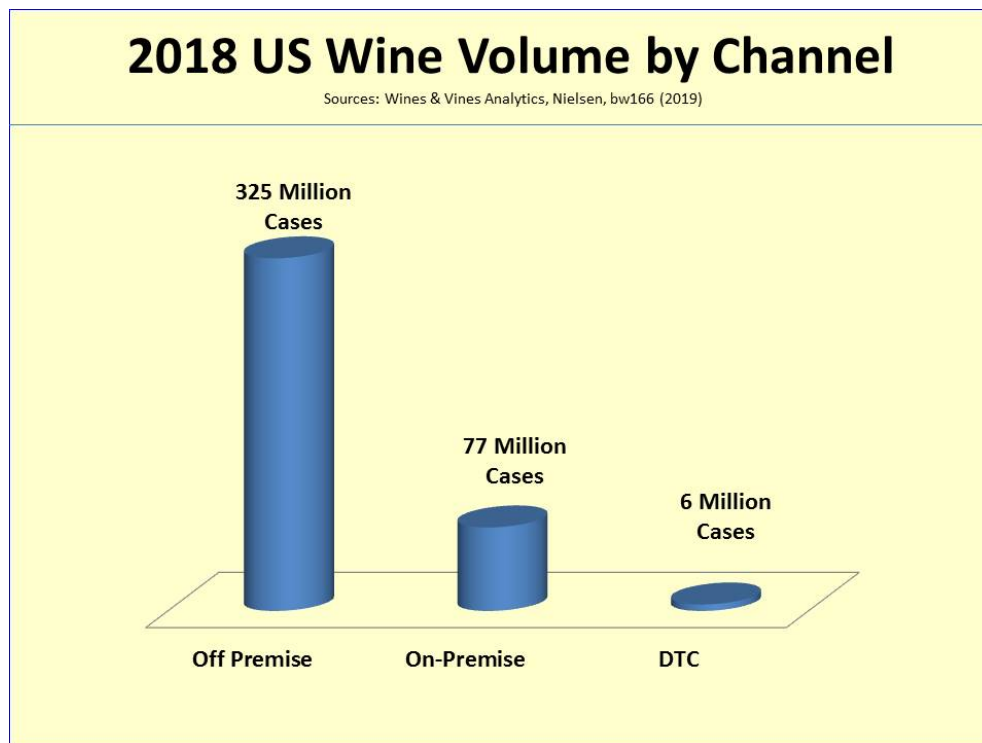
Sources: bw166, 2019; Wines Vines Analytics Report, 2019

Why the Decrease in Volume Growth?

Experts suggest a series of reasons for the decrease in volume growth: 1) the aging Boomer generation who are drinking less wine due to health reasons; 2) Millennials not adopting wine as much as had been predicted; 3) the growth of new substitute products, such as cider, cannabis, and creative entrants from craft beer and spirits (see Hot Trends below); and 4) a growing focus on healthy food and less alcohol (*McMillan, 2019*).

US Still Largest Wine Consuming Nation and a Target for Exporters

Despite these challenges, the US remains the largest wine consuming country in the world, and therefore is a target for many foreign wine producers. Indeed, 26% of the wine volume sold in the US last year was imported, with Italy in the lead for overall sales, followed by Australia, New Zealand, France, and Argentina (*Swindell, 2019*). The following paragraphs provide a high-level overview of the current state of the wine industry in the US, including “hot categories” desired by American consumers.



Wine Case Volume by Channel

Total volume of wine sold in the US in 2018 was 408 million 9 liter cases (*bw166, 2019*), up 1.2% from 2017.

Off Premise – wine sales via grocery stores, wine shops, and other off premise establishments remain the largest channel in terms of both sales and volume in the US market. Volume was 331 million, according to *Wine & Vines Analytics*, but this figure included the 6 million sold DTC, so this was updated to 325 million. There are an estimated 194,000 off-premise establishments that sell wine (*Brager, 2019*).

On-Premise – wine sales at restaurants, bars, and other on-premise establishments is the second largest channel at around 77 million cases, according to *Wines & Vines Analytics*. There are around 373,000 on-premise establishments that sell wine (*Brager, 2019*).

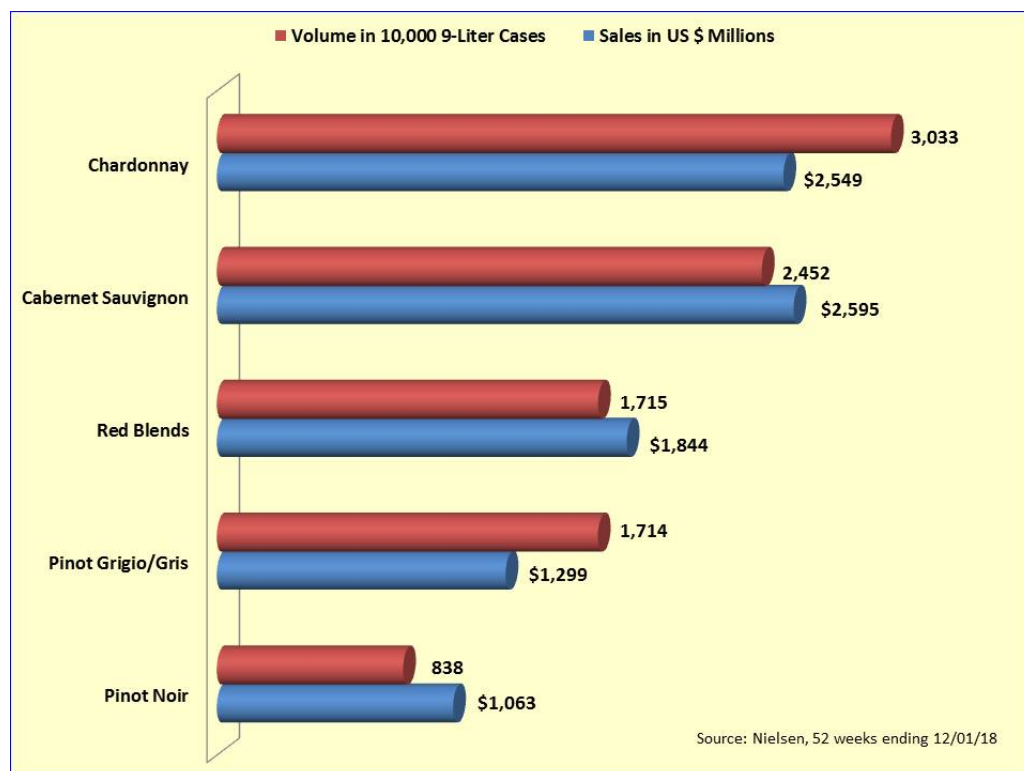
DTC (Direct to Consumer) – selling wine directly to consumers via winery tasting rooms, events, ecommerce, and other direct methods continues to be a fast growing channel in the US market, but still at a very small percentage of overall volume. According to *Sovos*, volume increased by 9% to 6 million cases shipped, and value increased by 12% to achieve \$3 billion in sales. The price of the average bottle sold DTC was \$39.70, and Sonoma, Oregon, and

Washington wineries showed the most volume growth in this channel in 2018. There are currently 9997 US wineries (*Wines & Vines Analytics, 2019b*).

Exports – US wine exports fell slightly in 2018 to \$1.47 billion, down 5% in value from the previous year. Case volume was also slightly down to 41.7 million cases, a 1.2% decrease. Part of this had to do with higher tariffs in China. The top export markets for US wine continue to be the European Union, including the UK, followed by Canada, Hong Kong, and Japan (*Wine Institute, 2019*)

Top 5 Most Popular Wine Varietals in the USA

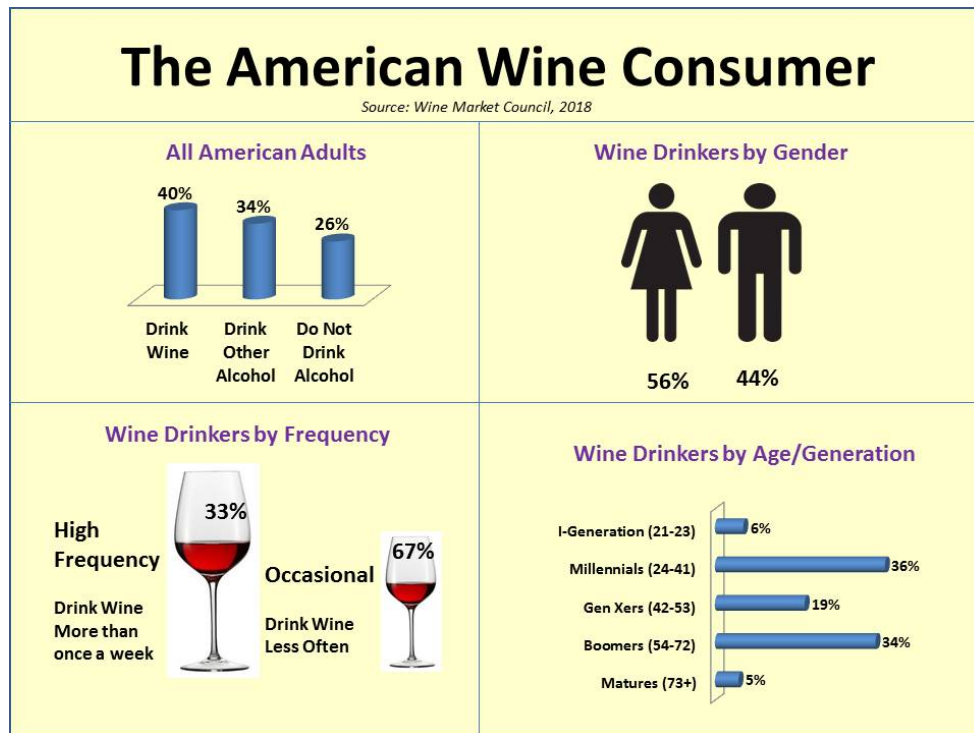
The most popular wine varietals/styles in the US market based on volume continue to be: 1) Chardonnay, 2) Cabernet Sauvignon, 3) Red Blends, 4) Pinot Grigio, and 5) Pinot Noir (*Nielsen, 2019b*). It should be noted that this year cabernet sauvignon (\$2.595 billion) has just inched past chardonnay (\$2.549 billion) in dollar value. It is expected that cabernet sauvignon will be the number one varietal in volume as well in the next year or so.



Number of Wineries and Wine Consumer Demographics

US Wineries = 10,043 as of February 2019, up from 9645 year to date (*Wines & Vines Analytics, 2019b*). California largest at 4,425 wineries, producing 85% of wine, followed by Washington (776), Oregon (773), New York (396), Texas (323) and Virginia (280).

Percentage of Adult Americans who drink wine = 40% of legal drinking population (240 million) (*WMC and bm166*)



Wine Consumption Frequency: (*WMC- 2018*)

- *High Frequency Wine Drinkers* = 33% drink wine more than once a week
- *Occasional Wine Drinkers* = 67% drink wine once a week or less

Gender of Wine Drinkers = 56% female and 44% male (*WMC, 2018*)

Age/Generation of Wine Consumers = Matures (ages 73+, 5%), Baby Boomers (ages 54 – 72; 34%), Gen X (ages 42-53; 19%), Millennials (36%, ages 24 – 41), I-Generation (ages 21 – 23; 6%) (*WMC – 2018*)

Per Capita Wine Consumption = 11 liters per person (2.94 gallons). Even though US is largest wine consuming nation by volume, per capita rates are less than many other countries (*Wine Institute, 2016*)

Hot Trends & Opportunities in the US Wine Market

A major benefit of attending the *Unified Wine Symposium* (largest wine conference in America) each year is the keynote speech delivered by Danny Brager with *Nielsen*. He analyzes top wine sales trends in the industry and shares the results. Here are some of the highlights (*Brager, 2019*):

- ***Pink Wine*** – rosé wine continues to be extremely popular, with double digit growth across all price points.
- ***Bubbles & Freshness*** – Sparkling wines and zippy sauvignon blanc wine continue to show growth, especially in dollar value.



Hot Trends: Rosé, Sparkling & Wine Cocktails. Photo Credit: Pexel

- ***Big Reds*** – Cabernet Sauvignon and red blends continue to be very popular, with cab starting to inch out chardonnay as the favorite US varietal
- ***Cider, Sangria & Wine Cocktails*** – are gaining ground as variety-seeking Millennials explore new beverage options

- **Healthy Wines** – though it is not legal to advertise health benefits of wine in the US, consumers are becoming more attracted to wines that use these types of descriptors: “no taste additives, gluten free, low carb, vegan friendly, sulfite free, low calorie, low alcohol, light, lighter, organic, paleo friendly, etc.” This is because of the new focus on healthy food and beverages that is sweeping the nation.
- **Cans & Creative Packaging** – wine in cans is no longer a fad. It is here to stay and growing at double digits, achieving \$70 million in sales by the end of 2018. Other alternative containers (tetra, box, and mini-bottles), as well as clever packaging, such as augmented reality labels (see 19 Crimes and Bogle Phantom), are capturing the attention of younger wine consumers. I-Generation is especially fascinated by the AI labels.
- **\$11.99 – \$19.99 Sweet Spot** – the sweet spot for off-premise sales continues to be \$11.99 – \$14.99 with 8% volume growth and \$15 – \$19.99 at 10% volume and value growth. Wine priced at less than \$10 showed no volume growth, indicating that premiumization continued to thrive during 2018.
- **Oregon, NZ & France** –continue to show most volume and value growth, maintaining their popularity with US consumers during 2018. Oregon led with pinot noir, NZ with sauvignon blanc, and France with rose and sparkling wines.
- **Cross-Overs & Cannabis** – when the car industry introduced “cross-over vehicles” several years ago (SUV/car hybrid), they started a trend that has crossed over into food and beverage. Thus the US market has seen hundreds of new beer, spirit, juice, and now even cannabis beverages in which wine is a featured ingredient. Consider Oenobier beer aged on muscat wine and Rebel Coast Cannabis infused sauvignon blanc. This type of creativity is very attractive to many buyers who enjoy experimenting with new products.

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About This Report: As a wine business educator and researcher, every year I found myself contacting multiple sources in order to gather all of the statistics documented here. After several years of doing this, I decided to compile it in a white paper report and share it freely to assist others who may need access to this type of information. It is possible that some of the sources cited here have revised their original reports, because some updated US wine market data becomes available at different times of the year.