

Statistics on US Wine Market for 2019

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Napa Valley, California

Slowing Wine Sales in 2019

Wine statistics from 2019 have been reported by most of the major research firms, and they confirm less volume in wine sales, but still show decent revenues. According to bw166, total US shipments in 2019 were 409.1 million cases, a modest increase of 1.1% compared to the previous year. Of these, 277.8 million cases were domestic wine, with 131.3 million cases of imported wine.

Despite the slowdown in volume, that doesn't mean there are not opportunities for increased wine sales. With more than 270 million Americans of legal drinking age, and only around 49% consuming wine, there is room to grow the market. However, wineries need to pay attention to changing consumer trends, which means modifying products and packaging to meet their needs.

Gomberg-Frederickson shows preliminary consumer expenditures for both on and off premise wine sales were \$72.4 billion for 2019 compared to \$69.7 billion in 2018, or a 3.9% increase. Of this figure, domestic wine revenues were \$47.9 billion, or a 3.7% increase over the previous year, and imports totaled \$24.5 billion, a 4.1% increase over 2018. This illustrates that even though volume is down, the US wine consumer is still spending a positive amount.



Best Selling Wine Varietals in the US Market

US consumers primarily purchase wine by varietal, and it is also tracked this way by Nielsen scan data. The graph below illustrates the top 5 best-selling varietals in both volume and dollar value, with chardonnay still in first place, followed by cabernet sauvignon, red blends (a new category in the past decade), pinot grigio/gris, pinot noir, and fast-growing sauvignon blanc. In terms of wine color, in 2019 red wine comprised 46% of volume sales, white wine 44%, and pink wine 10%. See bottom of article for more information on Hot Wine Trends in the US market.



Wine Sales Channels & Major Distributors in the US

Approximately 80% of wine in the US is sold in off-premise establishments (bw166), with the remainder sold on-premise, via export, and winery direct to consumer (DTC). According to Sovos, winery DTC sales grew to \$3.2 billion in 2019, a 7.4% increase at a volume of 6.6 million cases. Wine ecommerce sales are slowly increasing, with more grocery stores and wine shops shipping directly to consumers, along with wineries; however, the overall rate is still estimated to be around 5%.

According to Wines & Vines Analytics, there are 958 wine distributors in the US market. The five largest are: 1) Southern Glazer's Wines & Spirits, 2) RNDC/Young's Market Co, 3) Breakthru Beverage Group, 4) Winebox Group, and 5) Empire Distributors.

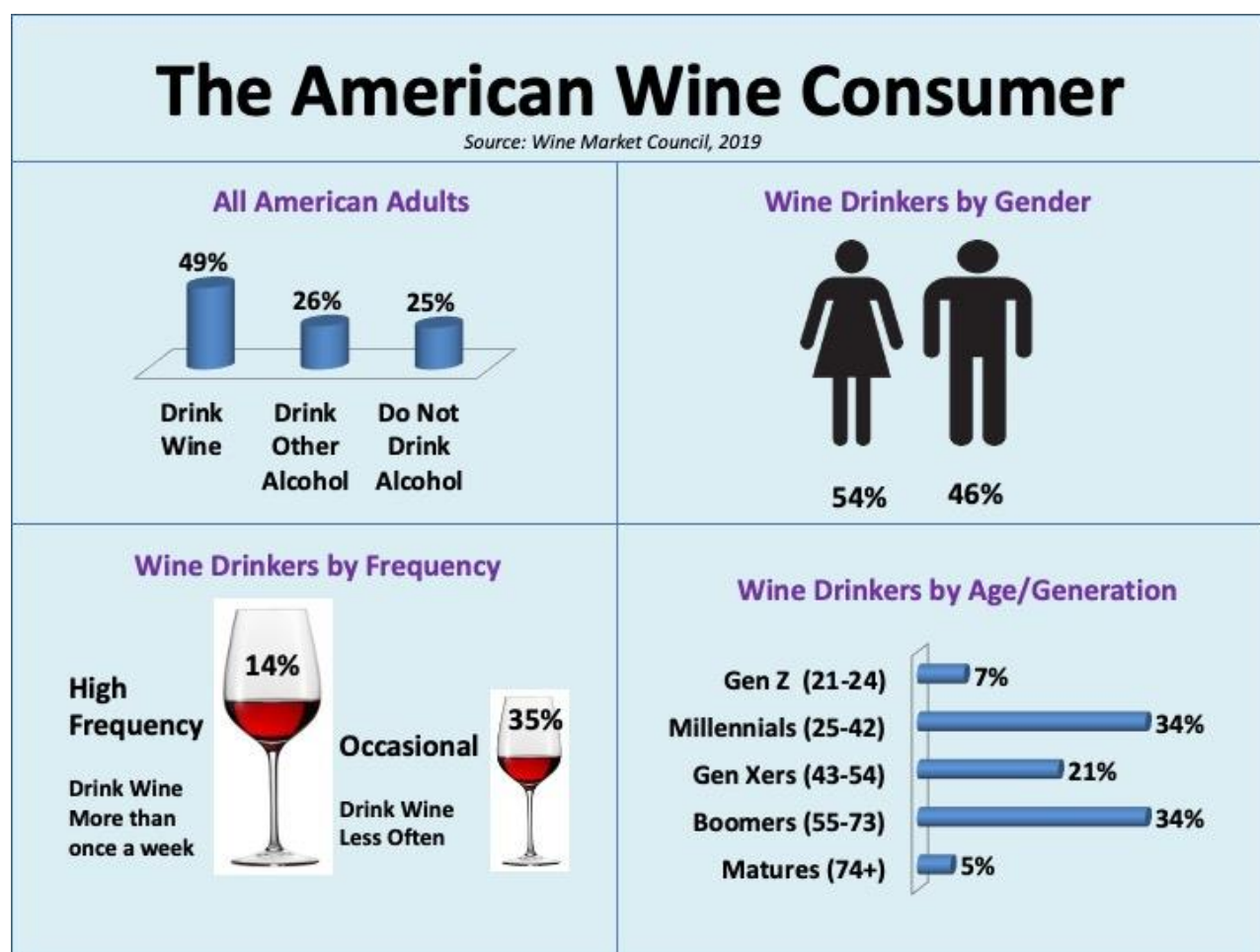
US Wine Imports & Exports

The top 5 countries from which the US imported the most bottled wine by 9-liter case volume for 2019 are: Australia at 11.7 million cases, Italy at 10.4 million, Chile at 3.8 million, New Zealand at 3.6 million, and Argentina at 3.5 million, according to Nielsen.

US export data for 2019 was 41.3 million cases shipped at a value of \$1.36 billion, with the majority of the wine coming from California, according to the Wine Institute. This is down slightly from 2018 statistics showing 41.6 million cases shipped at a value of \$1.46 billion. Top export markets were the European Union, UK, Canada, Hong Kong, and Japan.

Number of US Wineries

As of February 2020, there were a total of 10,472 US wineries up from 10,043 year to date (Wines & Vines Analytics). California has the largest number at 4,613 wineries, producing 86% of wine, followed by Washington (812), Oregon (809), New York (411), and Texas (406). All 50 states produce wine.



Wine Consumer Demographics

Each year the Wine Market Council in the US conducts several very useful research studies on the US wine market and consumer. Following are high-level results from their 2019 US wine consumer segmentation study. Some of this information is also displayed in the corresponding Infographic.

- **Percentage of Adult Americans who drink wine**= 49% of legal drinking population
- **Wine Consumption Frequency:** High Frequency Wine Drinkers = 14%, or those who drink wine more than once a week, and Occasional Wine Drinkers = 35%, or those who drink wine once a week or less
- **Gender of Wine Drinkers** = 54% female and 46% male
- **Age/Generation of Wine Consumers** = Matures: ages 74+, 5% of wine market; Baby Boomers: ages 54 – 73, 34% of wine market; Gen X: ages 43-54, 21%; Millennials: ages 25 – 42, 34%; Gen Z: ages 21 – 24, 7% of wine market.
- **Per Capita Wine Consumption** = 11.17 liters per person (2.95 gallons). Even though US is largest wine consuming nation by volume, per capita rates are less than many other countries (Wine Institute, 2018)

Ten Hot Trends in US Market for 2019/2020

Every year at the Unified Wine & Grape Symposium, Danny Brager from Nielsen shares the latest hot trends observed in the US wine market. These are based on Nielsen Measured Off Premise Outlets, and include a large majority of US wine sales.

- 1) **Rose Continues to Gain Favor** – rose has become a staple in US market, with all styles, but especially Provence rose, popular and continuing to growth at double digits in both volume and value
- 2) **Sparkling Wine Shines On**– wine with bubbles continues to captivate US consumers, with Prosecco still widely in favor, along with American sparkling and Champagne.
- 3) **Private Brands Grow by 17%** - an increase in private wine brands amongst super markets, restaurants, and other establishments is occurring in the US wine market
- 4) **Sauvignon Blanc Accelerates** – as the trend for fresh and light wine styles expands, sauvignon blanc has increased in value and volume, especially those from New Zealand
- 5) **Oregon Grows at Double Digits** – though still at a small volume compared to California, wine from Oregon – especially pinot noir – continue to be well-regarded by Americans, and grew at double digits in both value and volume in 2019.

- 6) **Portability More Important** – consumers have embraced wine in cans and tetra packs, and appreciate the smaller serving sizes of 187 ml as well as portability. Non-glass packaging grew at 22% of volume and 11% of value in 2019.
- 7) **Small and Large Sizes Attractive** – both 375 ml bottles and 3L bottles/boxes have experienced positive growth in the past year
- 8) **Wine Cocktails, Sangria, and Flavored Wine Growing** – as younger consumers seek new experiences, the growth of wine cocktails, sangria and flavored wines, such as E&J Gallo’s reintroduction of Bartles & Jaymes wine coolers, have increased 20 to 30% in dollar sales in the past 2 years.
- 9) **The Sweet Spot for Wine Pricing** – the sweet spot for wine pricing in US off-premise continues to be \$11 to \$14.99 and \$15 - \$19.99, with both growing 5% to 6% in value and volume. Wine priced at under \$10.99 continues to be negative in both value and volume, but still comprises 74% of all wine sold in the US. Wine priced at \$20 – \$24.99 showing around 6% value and volume increase, but at smaller quantities. \$25 and above slightly negative.
- 10) **Fear of Cannabis Over-Inflated** – only 2% of wine drinkers report they will drink less due to cannabis usage; whereas 2% report they will consume more wine with cannabis.

Other New Trends Presenting Opportunities for Wine

- **Health & Wellness Trend Impacts Wine** – the US consumer is now more concerned with health and wellness. A joint survey by Nielsen and the Harris Poll shows that almost 50% of American alcohol drinkers say they are trying to reduce alcohol consumption, but this number escalates to 67% with younger drinkers aged 21 to 34. Beer and spirits companies have responded by introducing new lower alcohol and lower calorie drinks, such as the widely popular White Claw at 5% alcohol and 90 calories, but the US wine industry has been slow in responding to this trend. There appears to be an opportunity to create more “low or no alcohol” wines for the US market, as is being done in Europe and New Zealand.
- **Desire for Ingredient Labeling** – The joint Nielsen/Harris Poll survey also shows that 67% of Americans want to know everything going into their food and drink. However, US law does not require ingredient labeling for alcohol, though it is optional to include on packaging. This presents an opportunity for wineries to include this information to meet consumer needs, and could assist many dry wines, which at only 87 to 120 calories per 120 ml serving and relatively low carbohydrates, could be appealing for consumers. Likewise, information on organic, biodynamic, or sustainable winemaking practices, and labels such as “paleo-friendly, gluten-

free, plant-based, natural flavors, no artificial sweeteners, low carb and low calorie” – which are often true for wine - would be useful to add.

- **Online Purchasing - Wine Ecommerce** - More than 80% of Americans now shop online, according to Pew Research, and online wine sales are growing slowly, but not as fast in other countries, due to complex regulatory issues. More grocery stores are now delivering wine with groceries, and winery DTC sales, many of which are online, reached 7 million cases in 2019 – a 4.5% increase over 2018. However, there is still plenty of opportunity in this channel for innovation and expansion.

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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.