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CALIFORNIA WINE SALES GROW 3% BY VOLUME AND 5% BY VALUE IN THE U.S. IN 2013

SAN FRANCISCO -- California wine shipments within the U.S. were 215 million cases in 2013, up 3% from the previous year, with an estimated retail value of \$23.1 billion, up 5%. California wine sales to all markets, both domestic and international, increased 3% by volume to 258 million cases in 2013.

“With two record winegrape harvests in 2012 and 2013, California wineries were able to meet consumer demand, and these recent vintages are receiving high praise worldwide,” said Robert P. (Bobby) Koch, Wine Institute President and CEO.

“In 2013, wineries gradually released the highly acclaimed wines from the large 2012 California harvest, offsetting the slowdown in American wine market growth due to short vintages in 2010 and 2011 and continuing soft economic conditions,” said wine industry consultant Jon Fredrikson of Gomberg, Fredrikson & Associates in Woodside. “In response to these market factors, California wineries focused on sales of premium table wines priced at \$10 and above, which increased by 9% in volume and made up nearly half of winery revenues.”

Fredrikson explained that 2013 remained highly competitive. The U.S. Tax and Trade Bureau approved nearly 99,000 wine label registrations, the majority of these from foreign producers, which crowded trade channels and vied for consumer attention and shelf space. In addition, over the past five years the number of alcohol production permits increased by 4,100, up 47%, not only for new wineries, but for craft breweries, distilleries and cider producers, expanding the product mix offerings.

The large number of beverage alcohol products continued to squeeze distribution channels, and many small- and medium-sized wineries looked to direct-to-consumer sales through tasting rooms, wine clubs, online marketing and other direct sales channels, using social media and other digital communications to reach out to consumers.

Brick and mortar retail outlets selling wine continued to increase, expanding by 62,000 locations over the last five years, up 12% to 550,000 outlets, according to the Nielsen Company, a global provider of information and insights into what consumers watch and buy.

“Retailers are stepping up their game with more sales locations, making wine more accessible to consumers than ever before,” said Danny Brager, Senior Vice President of Nielsen’s Beverage Alcohol Practice Area. “Consumers have also shown that they’re willing to spend a bit more on a bottle of wine than in previous years.”

According to Nielsen measured U.S. off-premise channel numbers, the most popular wine types were Chardonnay (20% share), Cabernet Sauvignon (13%), Merlot (9%), Red Blends/Sweet Reds (9%) and Pinot Grigio (9%), followed by Moscato (6%), White Zinfandel (5%), Pinot Noir (4%), and Sauvignon Blanc (4%). Moscato, Malbec and Red blends experienced double digit growth, while after that, Pinot Grigio and Pinot Noir exhibited the next strongest upward trends.

The U.S. Wine Market

Wine shipments to the U.S. from all production sources—California, other states and foreign producers—grew 3% to 375.2 million cases with an estimated retail value of \$36.3 billion. This represents 21 consecutive years of volume growth. The U.S. has been the largest wine consuming nation in the world since 2010. California’s 215 million cases shipped within the U.S. represent a 57% share of the U.S. wine market.

Sparkling Wine and Champagne

Lifted by the popularity of Prosecco, shipments of sparkling wine and champagne to the U.S. reached 18.4 million cases in 2013, up 4% over the previous year.

U.S. Wine Exports

U.S. wine exports, 90 percent from California, reached \$1.55 billion in winery revenues in 2013, an increase of 16.4% compared to 2012. Volume shipments reached 435.2 million liters or 48.4 million cases. The European Union was the top destination for U.S. wine exports, accounting for \$617 million, up 31% compared to the previous year; followed by Canada, \$454 million, up 12%; Japan, \$102 million, down 7%; Hong Kong, \$78 million, down 12%; China, \$77 million, up 6%; Mexico, \$22 million, up 21%; South Korea, \$18 million, up 16%.

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CALIFORNIA WINE SHIPMENTS ¹

(In millions of 9-liter cases)

Year	California Wine Shipments to All Markets in the U.S. and Abroad	California Wine Shipments to the U.S. Market	Estimated Retail Value of CA Wine to U.S. ²
2013	258.2	214.6	\$23.1 billion
2012	250.6	208.2	\$22.0 billion
2011	260.6	216.0	\$20.3 billion
2010	242.9	200.7	\$18.7 billion
2009	237.1	196.7	\$17.9 billion
2008	239.8	196.3	\$18.5 billion
2007	233.5	192.3	\$18.9 billion
2006	227.1	188.4	\$17.8 billion
2005	224.1	185.6	\$16.5 billion
2004	219.4	180.1	\$15.0 billion
2003	207.6	175.4	\$14.3 billion
2002	195.2	168.7	\$13.8 billion
2001	188.9	162.8	\$13.4 billion
2000	187.5	164.9	\$13.0 billion
1999	186.4	167.0	\$13.0 billion
1998	181.9	161.9	\$12.0 billion

¹ Includes table, champagne/sparkling, dessert, vermouth, other special natural, sake, cider and others.

² Estimated retail value includes markups by wholesalers, retailers and restaurateurs.

Excludes foreign bulk shipped by California wineries. Source: Gomberg-Fredrikson & Associates and Wine Institute. Preliminary. History revised. To convert cases to gallons, multiply cases by 2.3775

WINE SALES IN THE U.S.—1998 to 2013 in millions of 9-liter cases

(Wine shipments from California, other states and foreign producers entering U.S. distribution)

Year	Table Wine ¹	Dessert Wine ²	Sparkling Wine/ Champagne	Total Wine	Total Retail Value ³
2013	327.7	29.0	18.4	375.2	\$36.3 billion
2012	317.7	28.3	17.7	363.7	\$34.6 billion
2011	305.3	29.9	17.2	352.4	\$32.9 billion
2010	287.1	27.9	15.4	330.4	\$30.0 billion
2009	280.1	26.9	14.0	321.1	\$28.7 billion
2008	273.2	27.2	13.4	313.8	\$30.0 billion
2007	272.0	26.3	13.8	312.1	\$30.4 billion
2006	264.0	24.1	13.6	301.6	\$27.8 billion
2005	256.2	21.9	13.0	291.1	\$25.8 billion
2004	247.7	18.9	13.0	279.7	\$24.0 billion
2003	239.7	16.8	12.1	268.8	\$22.3 billion
2002	232.2	15.6	11.8	259.5	\$21.8 billion
2001	215.4	14.3	11.4	241.4	\$20.3 billion
2000	213.2	13.9	11.8	238.9	\$19.2 billion
1999	199.8	13.0	15.6	228.4	\$18.1 billion
1998	196.0	13.0	12.2	221.2	\$17.0 billion

Sources: Volume—Wine Institute, Department of Commerce, Estimates by Gomberg, Fredrikson & Associates. Preliminary. History revised.

Totals may not add up exactly due to rounding. Excludes exports. To convert cases to gallons, multiply cases by 2.3775

¹ Includes all still wines not over 14 percent alcohol, including cider.

² Includes all still wines over 14 percent alcohol and sake. History revised based on TTB reports.

³ Estimated retail value includes markups by wholesalers, retailers and restaurateurs.