



The USA Wine Market

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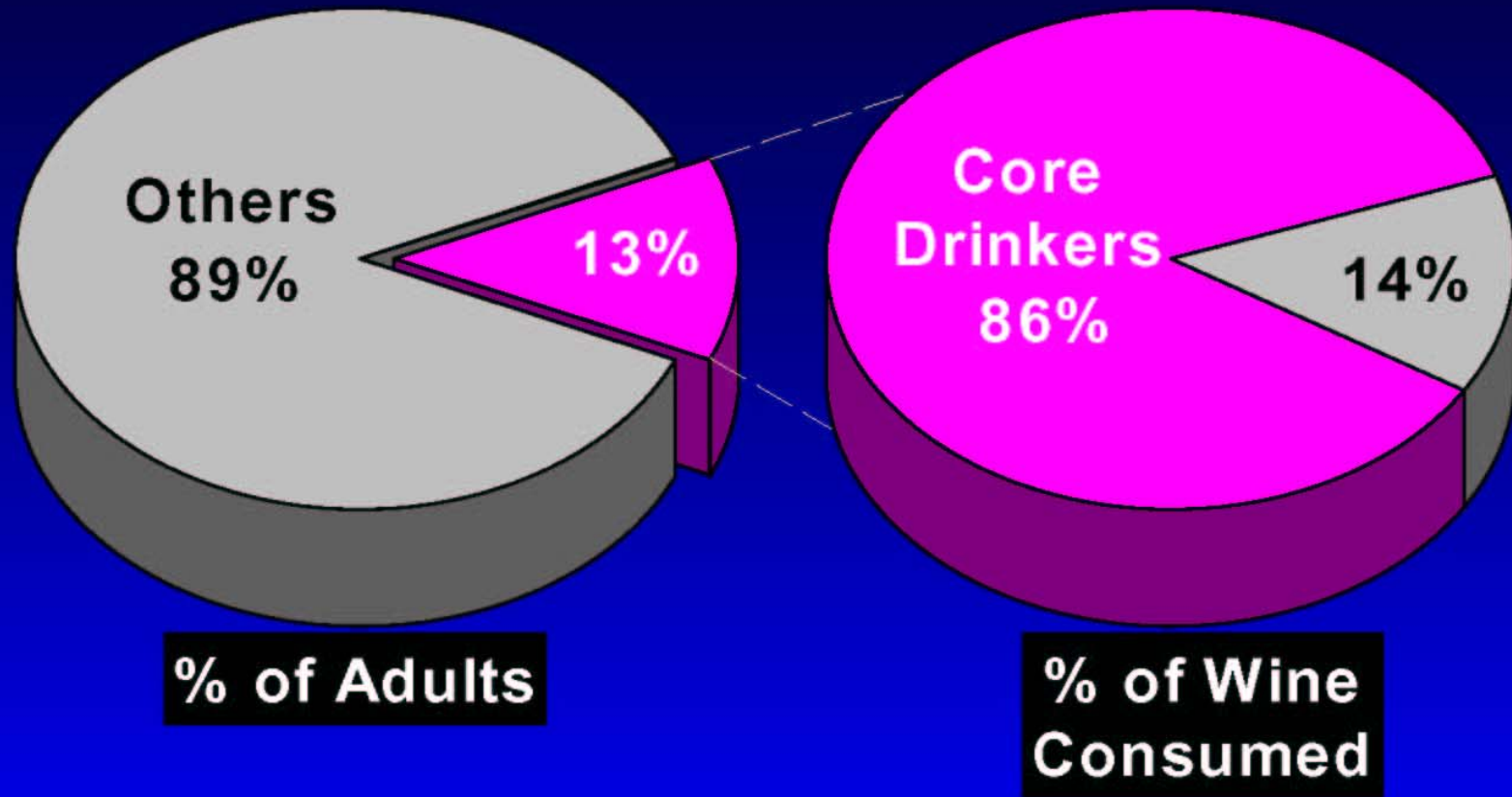
Wine Marketing And Sales

What is the US Market
today?



The U.S. Wine Market is Built on a Narrow Base

13% of U.S. Adults Consume 86% of all Table Wine

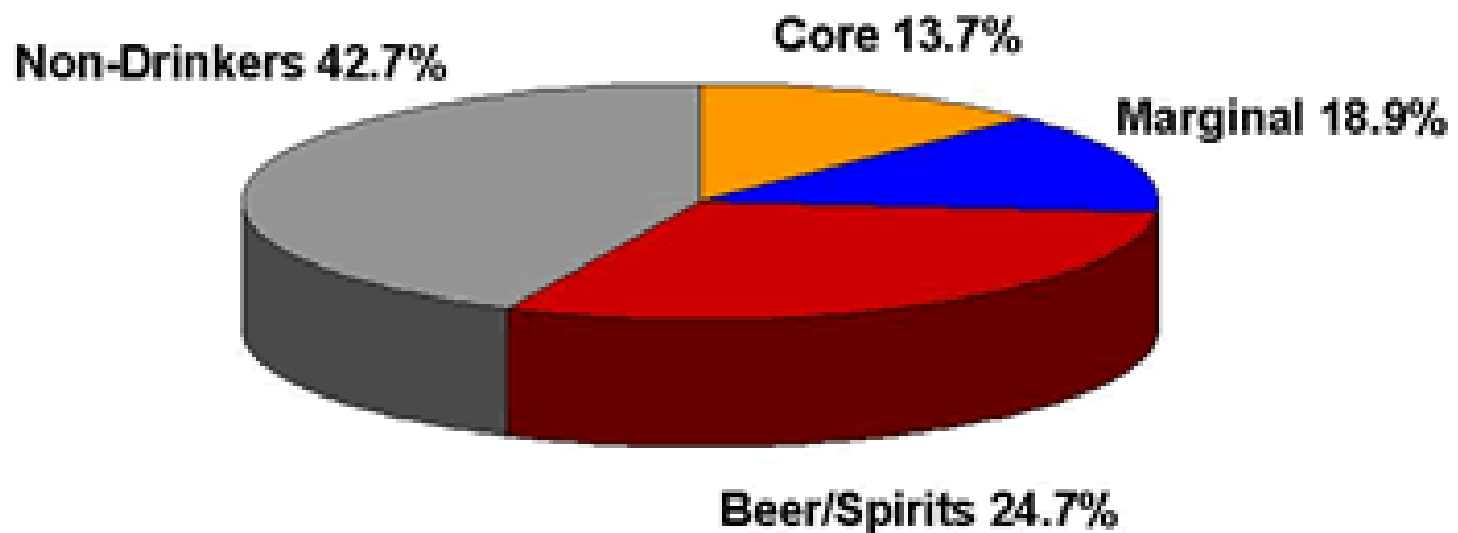


Source: Wine Market Council Boyd Study (6/2003)



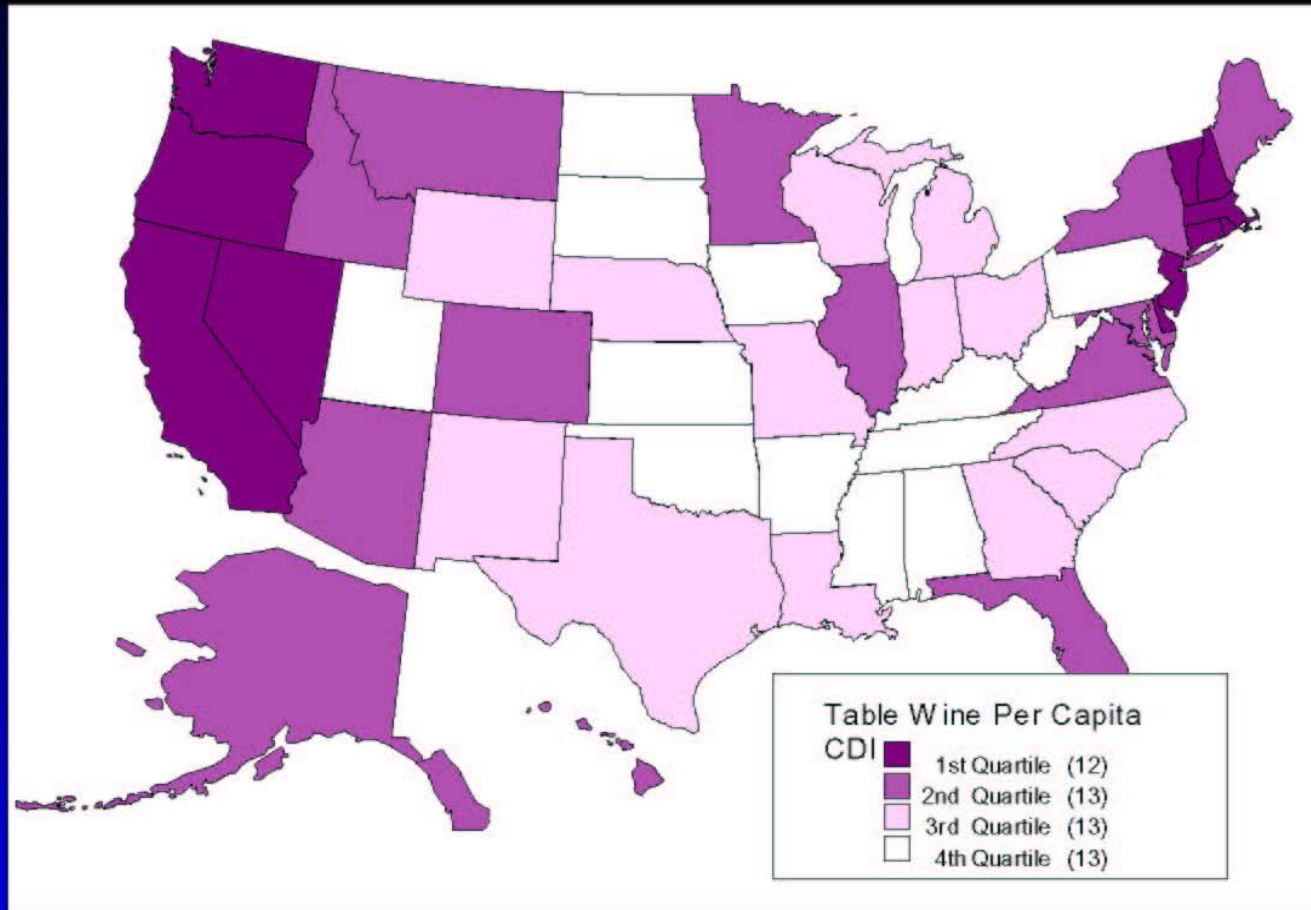
Consumer Segments U.S. Adults: 2005

(Percentages, ages 21 – Plus)



Source: Merrill Research

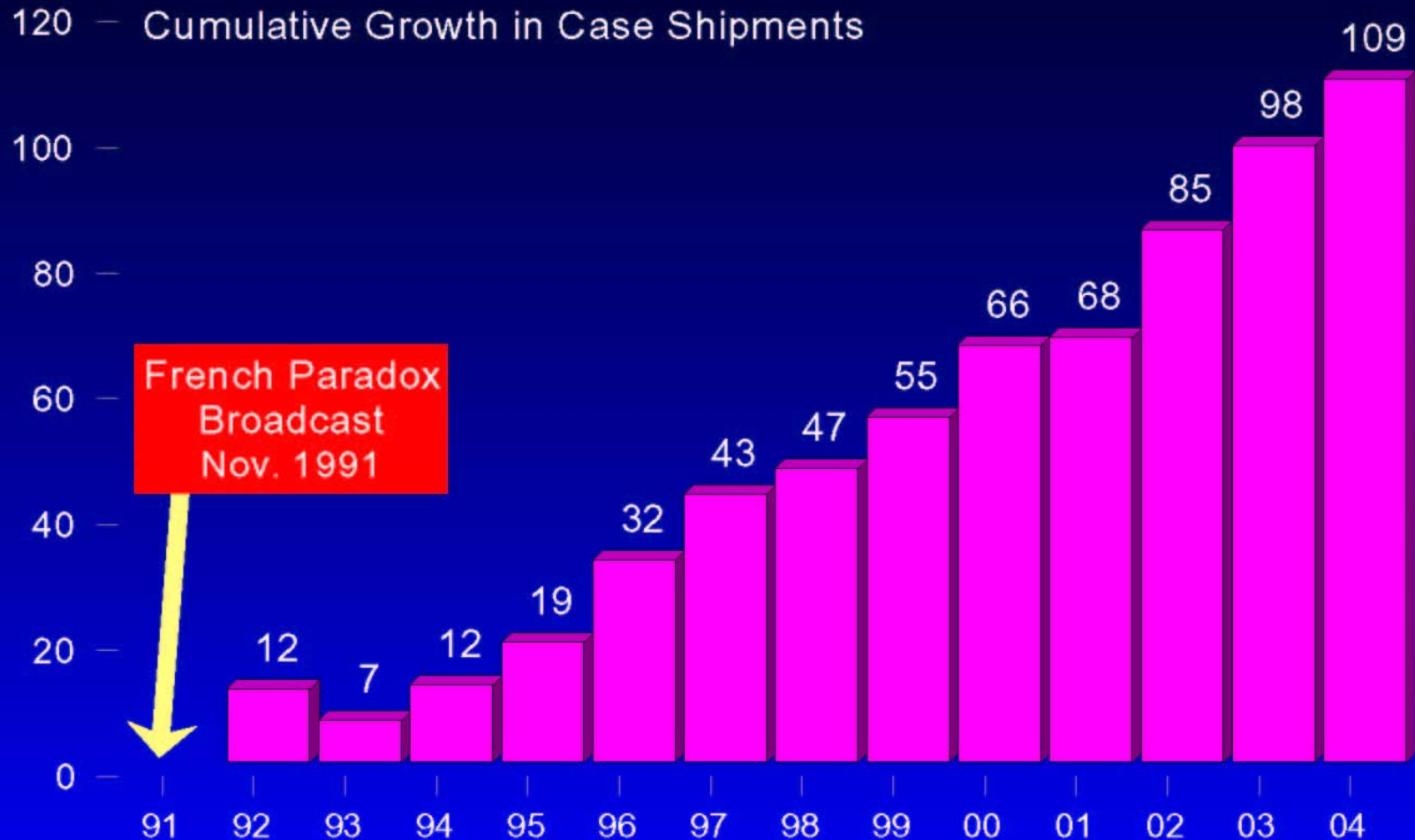
Table Wine Consumption is Concentrated on the U.S. East and West Coasts



Source: Wine Handbook

Growth in Total U.S. Wine Market, 1991 to 2004

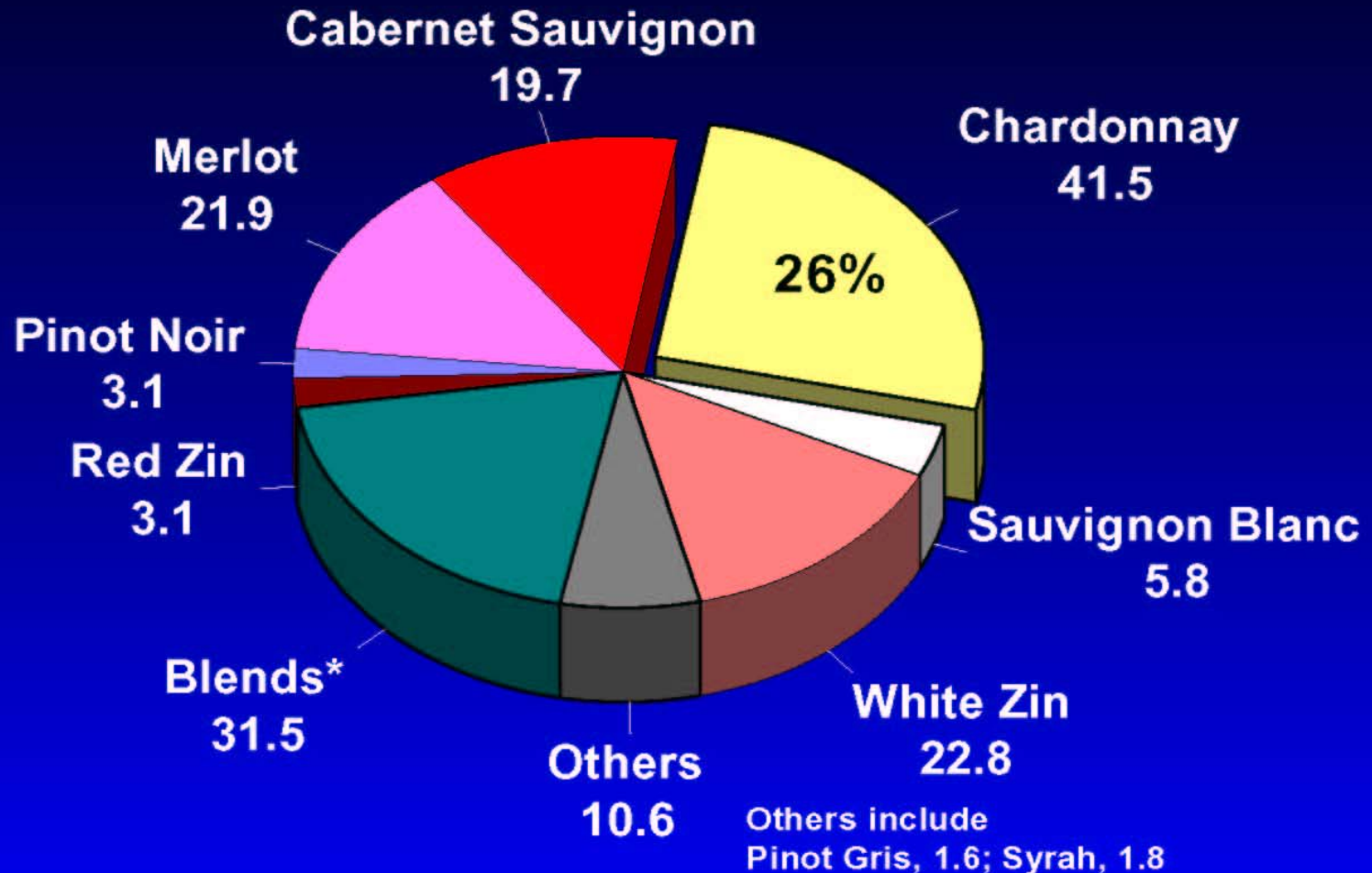
The Market Soared by 109 Million Cases (+64%) Since 1991



Sources: California State Board of Equalization, GFA estimates. Excludes wine coolers.

2004 California Traditional Table Wine Volume

160 Million Cases



Traditional bottled table wine shipments to the U.S. market. *Includes generic blends and Meritage wines.
Source: Estimated by Gomberg, Fredrikson & Associates.

Issue: #1. Sales are increasing.

- US Wine Sales are increasing overall
- US Wine Sales are increasing per capita
- Why? There is a new generation of wine drinkers
- Every producer wants a part of this market.



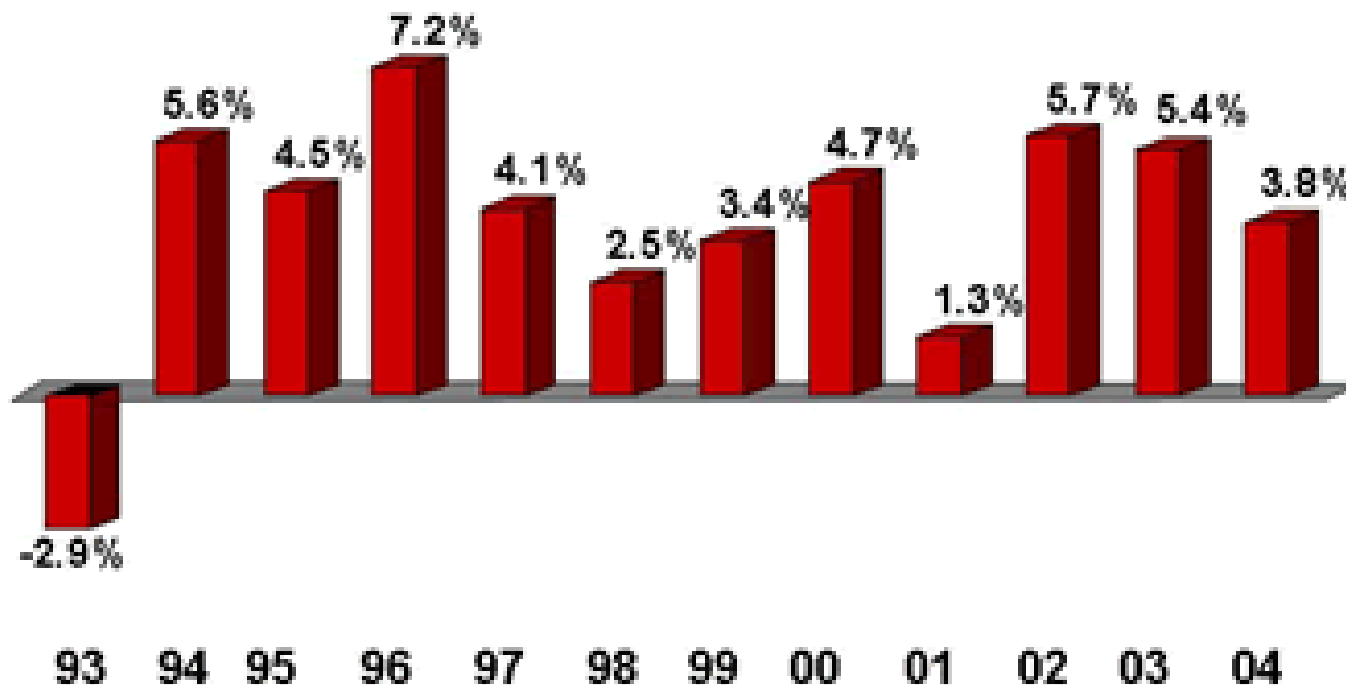
The New Generation

- We have a whole new generation of consumers.
- They buy Three Blind Moose
- They aren't afraid of screw caps
- They don't serve wine at dinner





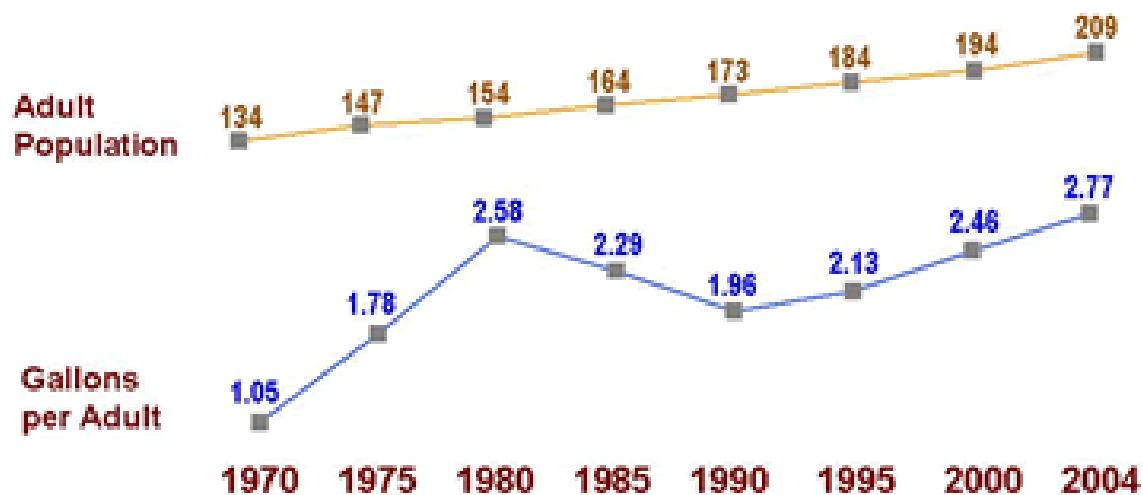
Percentage Growth in Total Table Wine Consumption



Source: Adams Beverage Group



U.S. Adult Per Capita Table Wine Consumption v. Population Growth



Source: U.S. Census Bureau, Adams Beverage Group

Issue #2. The US is not one market

- Distributors, retailers, restaurateurs, chain buyers, and consumers
- Each is a different audience, each needs a different approach
- Consumers are not one market



*Courtesy Constellation Wines US
Genome Project*



PROJECT GENOMEsm
**UNDERSTANDING THE
DNA OF THE PREMIUM
WINE CONSUMER**

*Courtesy Constellation Wines US
Genome Project*



SIX KEY CONSUMER SEGMENTS

ENTHUSIAST

IMAGE SEEKER

SAVVY SHOPPER

TRADITIONALIST

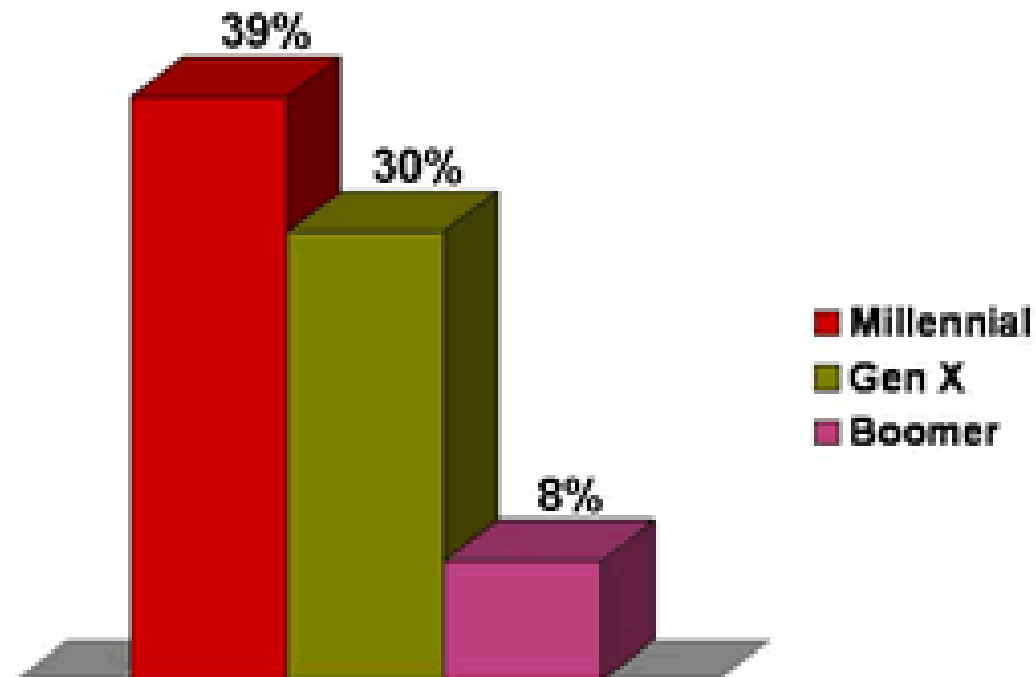
SATISFIED SIPPER

OVERWHELMED



Younger Generations Drive New Growth

(Net percent "drinking more wine" by generation)



Source: Merrill Research

Courtesy Constellation Wines US
Genome Project

Consumption of Luxury Priced Brand



*Past 6 month consumption of one or more of luxury brands.

Issue #3 The market is Saturated

- There are 10,000 wines in the US market
- In many states, there are only two or three major distributors
- The competition is overwhelming
- The salespeople are overwhelmed





For the Trade

- You need to convince them that you are serious about making good wine.
- The wine business is a business of people and relationships.
- You need passionate winemakers in the market.
- You need a good story.



How to talk to consumers

- We have always begged for a way to make wine less intimidating, more approachable. Now we have it. What are we doing about it?
- We are doing everything wrong.



How NOT to talk to consumers:

- Don't talk about DOCGs, limited yields, viticultural practices, or malo-lactic fermentation.
- American consumers don't care about this.
- Winemakers care—but they won't buy your wines



Don't teach chemistry

- They do not want chemistry lessons. The romance and charm of wine has nothing to do with pH or titratable acidity.



Don't teach geology

- They do not want geology lessons. The advantages of calcareous or volcanic soils do not move them to rapture.



Don't teach botany

- They do not want botany lessons. The difference between rootstock 1103 Paulsen and 5C adds little to their dreams of the Willamette Valley.



Don't teach enology

- Barrels? Is anyone interested in barrels?
- Malo-lactic fermentation?
- Cold soak?
- Rotary fermenters?
- Diatomaceous earth?
- Yeast strains?
- Destemming?



What DO Consumers want?

- They want a story.
- They want to fall in love.
- They want to open a bottle and take a journey: A journey to a wonderful interesting place.



What DO Consumers want?

- Only 20% of Americans own passports.
- Americans do their traveling in the movie theater, and at the dinner table.
- They buy wines to take a journey to another place, and another time.



Do Tell a Story

- If you are talking about the five grapes of Bordeaux, but not the difference between the bankers that created Bordeaux and the farmers in Burgundy,
- You are teaching the wrong things.



Tell a Good Story

- Why is there a ship on the label of Chateau Beychevelle? What are its sails lowered?
- What is the origin of the name of Chateau Ausone?



Tell a Good Story

- If you are talking about the Loire, but not about the children of Eleanor of Aquitaine, or Jean d'Arc, or the battle of Agincourt and the famous two-fingered salute,
- You are not telling people what they want to know.



Tell a Good Story

- If you are talking about Napa, and don't mention the sunset, or the dinner at the winery...
- You won't sell as much wine.



Would you like to know more about her?



She is:

- Oxygen 61%
- Carbon 23%
- Hydrogen 10%
- Nitrogen 2.6%
- Calcium 1.4%
- Phosphorus 1.1%
- Trace elements .9%



Wine is not about Facts

- People don't remember facts, they remember stories
- Help us fall in love with wine.



The greatest wine story in the world

- How much of this wine could you sell?

