Consumer Countries/Markets

Exclusive: U.S. Wine Market On Pace To Grow By More Than 20 Million Cases By 2020

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The U.S. wine market is expected to continue its long-term growth streak in 2016, albeit at a modest 1.1% projected increase to nearly 327 million nine-liter cases. The market is expected to add over 3.5 million cases this year, according to the current edition of The U.S. Wine Market: Shanken’s Impact Databank Review and Forecast.

While the U.S. has been the world’s largest wine-consuming nation since 2013, growth has been sluggish the past four years due to lackluster economic conditions. Before the latest recession, the wine market rose by an average of 3.1% annually for the five-year period from 2003 to 2008, but after solid 3.3% growth in 2011, annual volume gains were well under 1% in each of the next four years hence. Still, consumption has increased by over 70% in the past two decades, despite two recessions in that time span.

Sparkling wine is expected to outperform still/table wines and the overall U.S. wine market in 2016 for the eighth consecutive year, with a projected increase of 6% to 18.8 million cases—an all-time high. Recent growth for the sparkling wine sector has come predominantly from the ongoing success of Prosecco, although both domestic and imported brands are on the rise. Sparkling wines are projected to account for nearly 6% of the U.S. market this year.

Among table wines, varietally labeled wines are expected to once again outperform non-varietal brands this year. Chardonnay remains the nation’s largest-selling varietal, followed by Cabernet Sauvignon. But recently, solid growth has come from Moscato, Pinot Noir, Pinot Grigio, Sauvignon Blanc and Riesling. This will mark the ninth successive year that domestic table wines have outperformed imports, with domestic offerings accounting for over three-quarters of the total table wine market.

Looking ahead, the U.S. wine market is projected to continue expanding, reaching over 344 million cases by 2020, for a five-year growth rate of 1.3% annually. Wine, spirits, RTDs and cider will continue to gain share of the total U.S. alcoholic beverage market, at the expense of beer.

Source: Juan Banaag, Shanken News Daily
What does Brexit mean for supermarket wine?

Decanter Staff
July 8, 2016

Brian Fuller, Southampton, asks: Now that 52% of people voting have said that they want the UK to leave the European Union, what will this mean for supermarket wine prices?

Andrew Shaw, group wine buying director for leading wine distributor and retailer Conviviality, replies for Decanter: As with much of the post-Brexit analysis, it’s very hard to predict! However, in the short term the broad assumptions are linked on the euro and US dollar inflationary impact due to exchange rate swings.

These will increase average item pricing from their respective producing countries as of 2017 (most supermarkets will have secured their foreign exchange currency requirements until then). Alternative wine producing countries such as South Africa, Australia, New Zealand and even China will likely increase their market share on the retailer shelves.

The mid to long term effects are potentially both more concerning and uncertain. Depending on the outcome of our trade negotiations with the EU, Brexit threatens the sustainability of many suppliers in Europe who are heavily reliant on the UK market (Rioja for instance).

Brexit may have triggered a rebalancing of the structure of global wine market but as one door closes, another one will open. Interesting times ahead.

Source: Edited by Laura Seal for Decanter.com