American wineries up, sales flat

12 Apr 2010 by Linda Murphy

Wines & Vines magazine, based in California, reports that the number of North American wineries grew by 361 in the last year, and by 1,961 since 2005 - impressive growth, indeed, for a continent without a long tradition of winemaking or indeed wine consumption.

According to the magazine, there were 7,011 wineries in the US, Canada and Mexico at the close of 2009, 6,589 of them in the US and 3,115 in California. The significant growth by percentage in US wineries since 2005 came from such emerging states as Iowa (from 34 wineries to 81), Kentucky (21 to 48), North Carolina (53 to 109) and Oklahoma (21 to 59). Twenty years ago, a belief that Oklahomans would produce commercial wine in such numbers would have been akin to believing that donkeys can fly.

In the same week as *Wines & Vines'* report, the San Francisco-based Wine Institute announced that 2009 wine shipments of California wines within the US showed a 'modest' 0.2% growth compared with 2008. The recession obviously played a huge part in this break-even sales year, when California has been accustomed to annual, giant-leap increases.

The most telling points in the Wine Institute report, however, are that the estimated retail value of California wines sold in 2009 decreased by 3% from 2008, as consumers struggling with their own finances traded down to lower-priced wines. Sales of wines from producers who rely heavily on restaurant placements dipped by 9%, so they had to find off-premise and direct-sale outlets to move bottles.

Yet sales of all wines in US food stores grew in volume by 2%, signaling that Americans have not cut back on wine consumption even at a time in which they have every economical reason to do so. Instead they are shopping for values. They've not reduced their wine consumption, but instead are buying less expensive wines, finding a way to keep a bottle on their dinner table on a daily basis.

Isn't this is a sign of an evolving wine-drinking nation?

As for sales outside the United States, in 2009 US wine exports, of which 90% come from California, which exports about 20% of all production, fell 9.5% in value to $911.8 million and 14.9% by volume to 417.9 million litres, or 46.4 million cases.

Nearly 42% of these exports were shipped to the European Union. Volume shipments to the EU fell by 21% to $380 million in 2009 with sales to the EU by value falling 22%, due in part to the continuing strategy of producers exporting bulk wine for bottling overseas to save the transportation costs of shipping bottles and other packaging. The next top markets were: Canada, $242 million; Japan, $79 million; Hong Kong, $47 million; and China, $36 million.

California's man in the UK John McLaren commented, '2009 was a tough year in an already highly competitive UK wine market, with pressure on prices, reductions in stock holdings, and cutbacks in the number of wine offerings occurring in all sectors. Duty increases exacerbated the situation. But despite all challenges, California, because of its adaptability and pragmatism, held up well and maintained the number two slot [after Australia by volume].'