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Smaller Brands Lead Growth in U.S. Wine Consumption

Weak economy a concern, but drinkers continue to shift preferences away from low-end wines

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In spite of the recession, Americans are drinking more wine than ever these days, and even seem to be drinking better. After three consecutive years in which the largest mass-market wines led industry growth, brands selling less than 1 million cases in the United States have now outperformed their bigger competitors the past three years running, according to the 2008 edition of *The U.S. Wine Market: Impact Databank Review and Forecast*.

The weak global economy has slowed wine-industry growth considerably, but total wine consumption is projected to once again surpass 300 million cases by the end of the year—another all-time high in a 16-year run of annual gains. Smaller brands will continue to drive the U.S. market. The 50 largest brands nationwide, all selling at least 1 million cases, are projected to post a collective 0.2 percent decline in 2008, according to the report. Wine brands beyond the top 50 will account for less than half the industry's volume but are once again expected to significantly outperform their much bigger counterparts. Currently, well over 7,000 wine brands are sold in the United States, but less than 300 labels sell more than 100,000 cases annually.

Fifty brands sold between 500,000 and 1 million cases each last year, combining for a solid 4.3 percent increase, including such brands as Fish Eye, Menage à Trois and Santa Margherita. Another 61 brands sold between 250,000 and 500,000 cases each, led by the likes of Kim Crawford, Red Diamond and Edna Valley, and posted a combined 7.2 percent gain. But the hottest segment, comprising the 118 brands that sold between 100,000 and 250,000 cases, surged 8.2 percent last year, thanks to such brands as Acacia, Bohemian Highway and Oyster Bay.

The bigger brands still make up a large share of the market. Last year, 28 brands sold more than 2 million cases each, and another 26 labels sold between 1 and 2 million cases. Boxed-wine brand Franzia, produced by the Wine Group, will continue to lead the market in case sales for the 14th consecutive year, selling more than twice as much as Carlo Rossi, produced by E. & J. Gallo Winery, according to *Impact Databank*, which is owned by M. Shanken Communications, the parent company of *Wine Spectator*. Gallo remains the country's largest wine marketer with a 20 percent share, while Constellation Wines leads in terms of global wine volume.