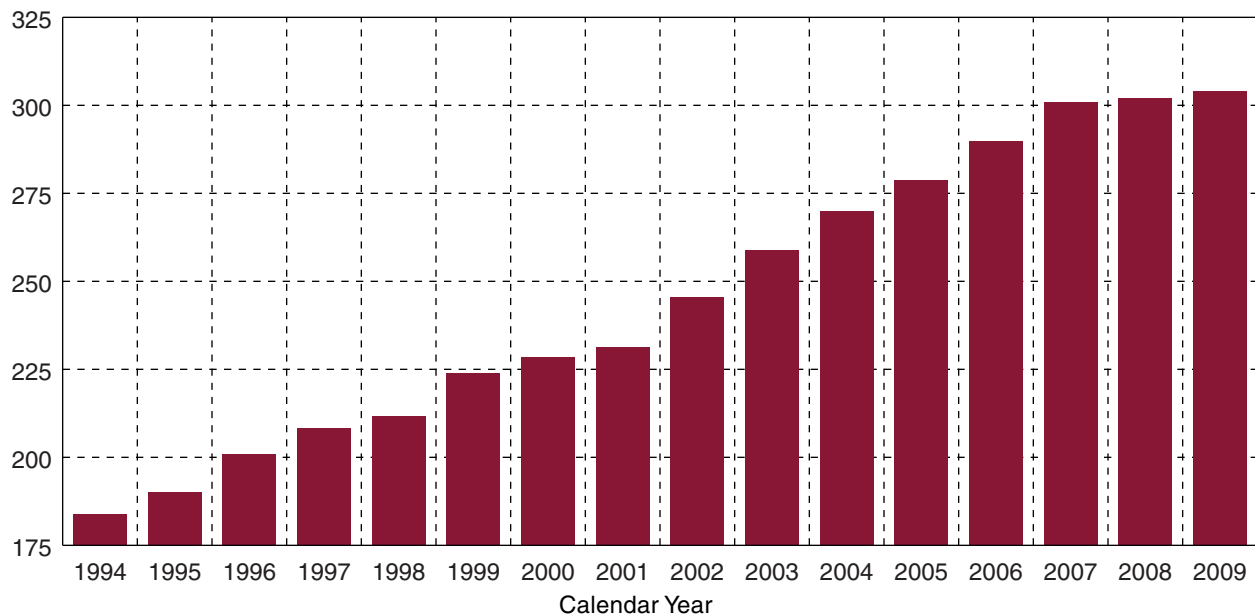


U.S. Wine Consumption Regains Momentum

Wine Consumption in the U.S.
(millions of nine-liter case depletions)



In spite of the ongoing recession, Americans are on pace to drink more wine in 2009 than ever before, with consumption expected to eke out a 0.6 percent increase this year, the 16th consecutive annual gain. The weak economy has slowed wine industry growth considerably over the past two years, as shrinking disposable incomes dampen overall alcohol consumption, particularly in restaurants, bars and other on-premise outlets, according to the upcoming *The U.S. Wine Market: Impact Databank Review and Forecast*, 2009 Edition. But as the global economy improves, wine industry growth is also expected to gradually build momentum.

There are some exceptions but in general, bigger labels have gained some traction as the recession may have forced many Americans to seek value by “trading down” to less-expensive wines. Last year, 28 brands sold at least two million cases each in the United States, and advanced by a combined 1.1 percent by sales volume, the fastest growth of any segment. Collectively, these two-million case wines were priced 35 percent below the industry average of just over \$7 per bottle. The trend continued into this year as the fifty largest-selling brands are projected to combine for a 1.2 percent gain, double the total market’s expected growth rate.

Imported wines have been particularly hard-hit by the recession, and the continued weakness of the US dollar does not bode well for imports in the near-term. Last year, domestically-produced wines outpaced their imported counterparts for the first time since 1995. Imports also have relatively greater exposure to restaurants and bars, which are more susceptible to consumer cutbacks in an economic downturn. American-made wines are now projected to outperform imports until at least 2015, when they are expected to account for three-quarters of industry volume. For more information regarding *The U.S. Wine Market*, [click here](#).