

U.S. Wine Market Drives Growth in Global Consumption

With global consumption of wine on the rise, the U.S. is driving growth as the world's largest wine market. This is among the key findings of an IWSR survey commissioned by Vinexpo, the world's leading show for wine and spirits professionals. IWSR is an authoritative source of analysis on the alcoholic beverage market, and its annual study for Vinexpo is unique in its inclusion of a five-year forecast of global market changes.

Consuming 312.5 million cases in 2013, the U.S. was the only market among the top 10 wine-drinking countries to show growth over the previous year. While the increase was lower than in preceding years, totaling five million more cases, its overall value was sustained by a shift in demand towards the higher end of the market.

Between 2009 and 2013, global wine consumption increased by 2.7% to reach a total of 2.648 billion nine-liter cases, the equivalent to more than 31.7 billion bottles. IWSR predicts that growth will accelerate by another 1% between 2014 and 2018 to reach 2.732 billion nine-liter cases (32.78 billion bottles).

A few key highlights from the study:

- As Champagne consumption dips, other sparkling wines drive growth: In 2013, sparkling wines (excluding champagne) accounted for 8% of the world's wine consumption – a figure that is expected to rise to 8.9% by 2018. Between 2009 and 2013, U.S. consumption of sparkling wines grew by 23%, and this should increase by another 15% between 2014 and 2018. Cava sales, spurred by growth in imports to Belgium, Nigeria and France, escalated by more than 100,000 cases in 2013. Prosecco exports doubled; in the U.K. alone, sales increased by more than one million cases.

Meanwhile, Champagne consumption fell by 1.4% globally in 2013, due primarily to shrinking demand in France, the U.K. and the U.S. Sales are rising, however, in several

key countries, including Australia and Japan.

- **Red wine continues to dominate:** Red wine represented 54.8% of all still wine consumed in 2013, even as reduced demand, primarily in China, drove worldwide consumption down by 19.8 million cases.
- **Rosé holds steady:** Rosé is the wine category least affected by the 2013 slump in demand, with 2013 global sales at 219.1 million cases compared to 219.7 in 2012. Sales are thriving in the three primary rosé consumer markets: France, the U.K. and the U.S.
- **Import sales are robust:** More than a quarter (29.5%) of all wine bottles consumed in 2013 were imported -- a total of 720 million cases. Imported wines are expected to grow by another 6.1% by 2018, outpacing a predicted 3.5% increase in overall wine sales. Italy and Australia are the most important suppliers of imported wines to the U.S. market, with France in third place but on the rise as maturing American wine consumers are drawn to what is widely seen as the home of fine wine.
- **Spirits are rising, with Asia-Pacific the world's top consumer:** Global spirits consumption reached 3.069 million nine-liter cases in 2013, an increase of 19.1% from 2009. This growth is expected to continue at a 3% rate, reaching 3.18 million cases by 2018. Asia-Pacific accounts for 63% of the world's total spirits consumption.
- **Whiskies and bourbons are back in vogue:** Whisky and bourbon sales are projected to rise 8.8% and 19.3% respectively over the next five years. Russia, Brazil, Mexico, India and Poland are driving this rise, adding more than a million cases to their total consumption between 2009 and 2013.
- **Vodka consumption levels out:** Although vodka holds its position as the leading "international" spirit (the #1 spirit, Baiju, is consumed mainly in China), demand is stabilizing. The current 492.7 million cases represent a rise of .5% since 2009, and IWSR research reveals that the tax increase imposed in Russia has significantly slowed

growth in that country, turning young consumers to trendier alcoholic beverages.

- **Cognac and Armagnac find new markets:** Cognac and Armagnac sales rocketed by 19% between 2009 and 2012, with demand flourishing in Asian markets. While 2013 growth in the region has been curtailed by the Chinese government's anti-corruption legislation, five-year forecasts remain positive (+3.5%). Healthy sales are particularly expected in America, the biggest market for cognac exports.

About the Vinexpo/IWSR Survey

For the 13th year running, Vinexpo has commissioned an annual study from market intelligence provider International Wine and Spirit Research (IWSR) that has become a standard reference for professionals in the sector. This in-depth analysis of global consumption, production and international trade in wines and spirits covers the industry over a 10-year span, tracking developments since 2008 and forecasting changes through 2018. The survey covers 28 producing countries and 114 consumer markets.

Established in 1971, the IWSR database is the broadest, most

accurate, and most detailed source of information on the worldwide alcoholic beverages market. The high quality of the survey is proven year after year, as comparison of projected and actual consumption figures display a consistently low margin of error of 2%. The latest report is the most accurate yet, thanks to additional sub-sectors not previously covered in IWSR's field work and analysis.

About Vinexpo

Founded in 1981, Vinexpo has evolved into the world's leading show for wine and spirits professionals and a partner for the wine and spirits industry worldwide. Vinexpo is held in Bordeaux in odd-numbered years; since 2006, Vinexpo Asia-Pacific has taken place in Hong Kong in even-numbered years and has become the key exhibition of the industry in Asia. Before each exhibition, Vinexpo commissions studies on industry-specific issues and presents the findings in conferences around the world. Since 1999, it has produced a world market study with a five-year outlook, as well as a variety of trend reports. For more information, visit www.vinexpo.com.

