



United States of America

Country Profile

August 2019

BACKGROUND

Britain's American colonies broke with the mother country in 1776 and were recognized as the new nation of the United States of America following the Treaty of Paris in 1783. During the 19th and 20th centuries, 37 new states were added to the original 13 as the nation expanded across the North American continent and acquired a number of overseas possessions. The two most traumatic experiences in the nation's history were the Civil War (1861-65), in which a northern Union of states defeated a secessionist Confederacy of 11 southern slave states, and the Great Depression of the 1930s, an economic downturn during which about a quarter of the labor force lost its jobs. Buoyed by victories in World Wars I and II and the end of the Cold War in 1991, the US remains the world's most powerful nation state. Since the end of World War II, the economy has achieved relatively steady growth, low unemployment and inflation, and rapid advances in technology.

The USA borders both the North Atlantic Ocean and the North Pacific Ocean, between Canada and Mexico.



Geography: The USA is the world's 3rd-largest country (after Russia and Canada) with a total area of 9,833,517 sq km.

Economy and Infrastructure: USA's capitalist mixed economy is the largest worldwide.

People: Total population is 326,625,791 and median age is 38.1 years. It is also the 3rd largest after China and India.

Agriculture: Include mainly wheat, corn, other grains, fruits, vegetables, cotton; beef, pork, poultry, dairy products; fish and forest products.

Environment: Current environmental issues are large emittance of carbon dioxide from the burning of fossil fuels; air pollution resulting in acid rain in both the US and Canada; water

pollution from runoff of pesticides and fertilizers; limited natural freshwater resources in much of the western part of the country require careful management and desertification.

THE WINE INDUSTRY

1. WINE REGIONS



Source: Wine geography

2. AREA UNDER VINES

Wine grapes represent 320 000 hectares in 2017.

YEAR	HECTARES
2013	422 000
2014	450 000
2015	446 000
2016	441 000
2017	441 000
2018*	439 000

*Provisional

Source: OIV

3. CULTIVARS

The top cultivars are Chardonnay (43 000 ha), Cabernet Sauvignon (41 000 ha), Pinot Noir (25 000 ha), Merlot (21 000 ha), Zinfandel (19 000 ha), Syrah (9 000 ha), Pinot Gris (8 000 ha), French Colombard (8 000 ha), Sauvignon blanc and Rubired.

The Top 10 white grapes in California

1. Chardonnay (37 800 ha)
2. French Colombard (7 600 ha)
3. Pinot Gris (6 800 ha)
4. Sauvignon blanc (6 000 ha)
5. Chenin Blanc (1 900 ha)
6. Muscat of Alexandria (1 800 ha)
7. White Riesling (1 500 ha)
8. Muscat Blanc (1 200 ha)
9. Viognier (1 100 ha)
10. Gewurztraminer (650 ha)

The Top 10 red grapes in California

1. Cabernet Sauvignon (37 000 ha)
2. Pinot Noir (18 300 ha)
3. Zinfandel (17 500 ha)
4. Merlot (16 100 ha)
5. Syrah (6 600 ha)
6. Rubired (4 600 ha)
7. Petite Sirah (4 600 ha)
8. Barbera (1 950 ha)
9. Ruby Cabernet (1 900 ha)
10. Grenache (1 780 ha)

4. PRODUCTION

California produces an average of 85 percent of total U.S. wine production. The top wine producing states are California, Washington, New York, Oregon and Texas.

Domestic Wine Production

YEAR	'000 litres
2008	1 933 000
2009	2 196 000
2010	2 088 000
2011	1 918 000
2012	2 170 000
2013	2 440 000
2014	3 310 000
2015	2 170 000
2016	2 360 000
2017	2 330 000

2018*	2 390 000
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**Provisional
Source: OIV*

5. CONSUMPTION

The USA is the largest consumer market, followed by France, Italy, Germany, China and the UK. Consumption per capita is 10.0 litres.

YEAR	'000 litres
2011	2 830 000
2012	2 920 000
2013	3 080 000
2014	3 060 000
2015	3 090 000
2016	3 170 000
2017	3 260 000
2018*	3 300 000

**Provisional
Source: OIV*

Per capita consumption

YEAR	LITRES PER CAPITA
2011	9.20
2012	9.40
2013	9.50
2014	9.60
2015	9.70
2016	9.80
2017	10.00

Source: 2018 Euromonitor International

6. INTERNATIONAL TRADE

Total exports

Exports represent 15% of total wine production. Main exports countries are the UK, Canada, Japan, Germany, Belgium, China and Hong Kong.

YEAR	'000 LITRES
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2012	400 000
2013	414 000
2014	400 000
2015	420 000
2016	380 000
2017	330 000
2018	350 000

Source: OIV

Total imports

Imports mainly from Italy, France, NZ, Australia, Chile, Spain and Argentina. Main varietal imports from South Africa (>1 m liters) include Sauvignon blanc, Chardonnay, Chenin blanc, Cabernet Sauvignon, Merlot and Shiraz. Other white (54%) and Other Red (8%) are the South African volume drivers.

YEAR	'000 LITRES
2012	1 167 000
2013	1 097 000
2014	1 070 000
2015	1 103 000
2016	1 114 000
2017	1 180 000
2018	1 152 500

Source: OIV, Comtrade

7. INTERNATIONAL POSITION (2017)

Largest consumer market.

6th in the world with area under vines.

4th in wine production.

8. TRENDS & FORECASTS

- Wine records total volume growth of 3% in 2017 to reach 3.3 billion litres
- Innovative packaging and value-conscious consumers guide new product developments
- Other sparkling wine continues to record the fastest total volume growth of 15%
- Average unit price in total value terms increases by 1% in 2017
- E&J Gallo Winery maintains its leading position in wine with a 24% total volume share in 2017
- Wine is predicted to record a 1% total volume CAGR over the forecast period, reaching 3.5 billion litres in 2022

Red continues growth but future holds most promise for Chardonnay

Wine composed of blends of red varietals has for the past decade provided an accessible entry point for new wine consumers. The last two years, however, experienced a slowdown in volume sales. As consumers sought to trade up to more premium wine as a result of greater access to wine education via the internet and smartphone apps, they increasingly looked to include authenticity among the criteria they used to choose a wine. California single varietal Chardonnay has benefitted from this development, as consumers are attracted by its obvious link to the terroir of its production sites, as well as its relatively approachable palate for wine drinkers who are not yet extremely experienced.

Revamped consumer expectations open the way for imported sparklers

Whereas past generations of wine consumers may have been largely ignorant of foreign wines in general, millennials represent an extremely curious group of consumers. To the benefit of foreign producers, they seek out products from new locations and hold little preference for domestic wine. Due to the dominance of large mass-market brands in American sparkling wine, millennials increasingly turn towards foreign wine that is simultaneously perceived as offering a more authentic experience as well as a better value for the price.

Premium wine records growth while lower-priced wine slows down

The drive towards premiumisation has opened consumers' minds to the possibility of purchasing wine at higher price points than they would have previously considered. Whereas the price point of wine was at the top of consumers' minds in the past, value now rivals price is an important factor. This is a negative sign even for some lower priced brands, which despite their lower price points, are increasingly perceived as offering poor value for money.

Wine is held back by sluggish performance from largest producers

The trend towards premiumisation has largely left behind some of the category's largest brands. Despite their low price points, consumers have increasingly become sceptical of their value. The large formats offered by these brands are also no longer a strong competitive advantage as consumers have started to become interested in smaller packaging, which allows for less wastage if the entire bottle cannot be consumed in the immediate period following opening.

On-trade consumption sluggish but DTC attracts consumers

Wine consumers increasingly choose to spend their disposable income on wine in off-trade locations and on DTC (direct to consumer) shipments. Volume sales declined consistently, while value sales managed meagre growth reflecting the general trend for consumers to choose to drink less, but higher quality wine. This insistence on quality coincides with an increased concern for value, which is a barrier to on-trade wine sales as restaurants and bars will typically pass on costs to consumers or producers before they consider reducing their own mark-up.

Smaller brands push innovation and growth for large players

As the biggest brand owners experienced a shift away from brands with the largest volume share, they continued to introduce new wines which benefit from current trends in varietals, flavour profiles and packaging. E&J Gallo Winery's Liberty Creek witnessed rapid growth over the review period due largely due to its utilisation of smaller 500ml liquid cartons. Gallo's brand Apothic also outpaced in terms of growth by offering red blends in a line of approachable variants linked to their flavour profiles such as Apothic Dark advertised as a rich, full-bodied red blend and Apothic brew, which has been infused with cold-brewed coffee.

Source: Euromonitor International