

Wine Business Solutions



Wine On-Premise

USA 2018



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The primary purpose of the On-Premise distribution effort is to attain listings. That is what Wine Business Solutions' Wine On-Premise USA 2018 research measures. This is the third year that we have undertaken this research giving us a total database to work with comprising 115,000 individual listings taken at random from independent, non-chain owned, On-Premise outlets' wine lists across all States.

We examine who the best importers and other primary suppliers are, what the most listed wine brands and styles are, the performance of supplier countries, states and regions, what restaurants charge for wines listed by-the-bottle and by-the-glass as well as how much wine business owners, importers and distributors can expect to make from On-Premise sales. We do this both nationally and on a market by market basis.

Why are On-Premise listings so important?

- People buy what they try.
- It enables your wine to be seen and consumed in the best possible surroundings.
- It's a chance for you to be remembered, recommended and bought again, later.
- It's one of the only true 'brand building' opportunities many wineries have outside the tasting room.

About the Sample

This survey covers the full range of possible On-Premise wine consumption occasions including suburban restaurants, fine dining establishments, hotels, bars and clubs. The sample is drawn completely at random but in proportion to each States' wine consumption. Chain restaurants were omitted as they are already well researched. Our objective is to accurately reflect what the consumer sees when presented with a wine list in an independently owned restaurant anywhere in the US.

At a minimum, we require 99% confidence that we have less than 1% error when asking the most important questions. We achieve that with a sample of this size when we are discussing gross numbers such as national distribution, price points and wine styles. Naturally, when we start breaking the database down into ever smaller segments (e.g. when analysing less populous regions or smaller wine categories), we lose some of this accuracy. We are, therefore, careful not to claim any insight beyond what reliable data confirms.

We now have 10 years of data in relation to On-Premise listings taken using this consistent methodology across Australia, the UK and Canada as well as 3 years of data from doing the same in the US. We can therefore quickly identify, correct and/or seek to explain anomalies.

We then divide the US Market up into 12 regions, not based upon common legislation, which of course is different in every state, but upon size and ‘serviceability’ based upon common attributes and proximity.

We reasoned that with 52 states to consider, most businesses would be at a loss to know where to begin, let alone where to focus. With limited time and resources and, in many cases, limited supply, choosing where to start and how to proceed in a market this size is critical. Assisting this process is a key aim of this report.

Figure 1 – Composition of Sample / Share of Listings Used

| Region | State | Share | Region | State | Share |
|------------------|----------------------|--------------|----------------------|---------------|--------------|
| California | California | 15% | The Atlantic NE | Massachusetts | 4% |
| The Tri States | | | | New Hampshire | 1% |
| | New York | 7% | | Rhode Island | 0.5% |
| | New Jersey | 4% | | Maine | 0.5% |
| | Connecticut | 2% | | | 6% |
| | | 13% | | | |
| | | | The Pacific NW | Washington | 3% |
| Florida | Florida | 9% | | Oregon | 2% |
| | | | | | 5% |
| The Capital Area | Virginia | 3% | The Best of the West | Arizona | 2% |
| | North Carolina | 2% | | Colorado | 2% |
| | Maryland | 2% | | Nevada | 1% |
| | District of Columbia | 1% | | | 5% |
| | | 8% | | | |
| Texas | Texas | 6% | Pennsylvania | Pennsylvania | 3% |
| | | | | | |
| The Great Lakes | Illinois | 4% | The Rest | Hawaii | 0.6% |
| | Ohio | 3% | | Iowa | 0.5% |
| | Michigan | 3% | | New Mexico | 0.5% |
| | Wisconsin | 2% | | Delaware | 0.4% |
| | Minnesota | 1% | | Idaho | 0.4% |
| | Indiana | 1% | | Utah | 0.4% |
| | | 14% | | Arkansas | 0.4% |
| | | | | Mississippi | 0.4% |
| The South | Georgia | 2% | | Kansas | 0.4% |
| | Missouri | 1% | | Vermont | 0.3% |
| | Tennessee | 1% | | Nebraska | 0.3% |
| | Louisiana | 1% | | Montana | 0.3% |
| | South Carolina | 1% | | Alaska | 0.2% |
| | Alabama | 1% | | South Dakota | 0.2% |
| | Kentucky | 1% | | Wyoming | 0.1% |
| | Oklahoma | 1% | | West Virginia | 0.1% |
| | | 9% | | North Dakota | 0.1% |
| | | | | | 6% |



The US restaurant industry is worth over three quarters of a Trillion dollars and employs more than 14 Million people according to the National Restaurant Association. The current number of On-Premise establishments is 373,000 or around a restaurant for every 880 people (according to Wine Industry Insight and Nielsen, 2017, 2018). Wine itself now accounts for \$US70 Billion in sales per year and the total US wine market is now 407 Million cases (sources: GFA, 2018; BWI66, 2018).

Beverage Information Group claims that 19% of wine sales are made in the On-Premise equating to 77 Million cases. 19% is the same number for the UK and Australia, showing how strongly wine drinking culture affects consumption patterns. Having said that, US consumption per capita remains stubbornly low at just 11 litres a head, much less than half of what Australian's drink and a quarter of what the French consume.

The question then becomes how best to address this most important of markets for fine wine producers?

Who are the best importers and primary suppliers (*note - we define 'primary suppliers' as businesses that sell to wholesaler distributors including US wineries themselves, sales office of international companies and specialist sales and marketing companies*), which are the best business models and paths to market, what are the most popular wines styles, which regions are having the most success and how much money is there to be made from On-Premise sales?

That is the focus of this report.

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