

Ooh la la! Report shows US wine sales top France

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For the first time ever, overall U.S. wine sales have topped the wine-loving French. It's big news for vintners -- on both sides of the Atlantic -- but don't break out the "We're No. 1!" foam fingers just yet.

In terms of per capita consumption, the French still are well ahead at an average 12.2 gallons per year compared to 2.6 gallons for the U.S.

Still, many in the industry saw the figures, released this week by the San Francisco-based Wine Institute, as an important step.

"It's exciting," said Stephanie Gallo, vice president of marketing for Modesto-based Gallo Family Vineyards. "It's great for the industry and it's great for a whole host of reasons."

Why now? Part of the story is that as U.S. per capita consumption has risen, French consumption has fallen. In fact, U.S. wine consumption continued to grow during the recession, though many consumers switched to cheaper wines.

"We just completed 17 straight years of growth in consumption of table wine in the United States, which is really an incredible record," said John Gillespie, president of the Wine Market Council, a trade association based in the Napa Valley.

Another factor was the introduction of lesser-known varieties, such as moscato, a sweeter white wine that has seen a big boost in popularity in the U.S. Gallo sees the appeal of that wine as dovetailing with another trend, the rise of wine-lovers among the millennial generation -- people born after 1980.

"What we're seeing is that they're turning to wine as their preferred alcoholic beverage of choice and they are interested in more approachable, slightly sweet, aromatic wines like moscato," she said.

Meanwhile, Americans also are paying increased attention to what's on their plate, which has spurred equal interest in what's in their glasses.

"We're actually becoming a nation that enjoys food culture," said Gallo. "As people are embracing cooking and delicious meals, wine is a natural beverage that accompanies those meals."

The overall U.S. wine market grew 2 percent in 2010 to nearly 330 million cases, according to the Wine Institute report prepared by industry consultants Gomberg, Fredrikson & Associates in Woodside. That compares to nearly 321 million cases in France, said report author Jon Fredrikson.

"All of a sudden, in terms of absolute volume, we're the biggest in the world, which is a huge benchmark for those of us who've been around for a while," he said.

Looking at the value of those shipments, estimated retail was \$30 billion, up 4 percent from 2009. Wines from California accounted for a 61 percent volume share of the total U.S. wine market, with sales of nearly 200 million cases, up 1 percent from the previous year.

Assessing the wine market is complicated because there are so many brands sold at so many outlets. The new report is based on trade shipments, meaning wine sold to regional wine distributors, restaurants, liquor stores, etc. Since none of those entities is likely to build up long-term inventory, the figures correlate closely to consumption.

One vintner with a unique perspective on the new figures is Jean-Charles Boisset, president of Boisset Family Estates, a company with roots in Burgundy, France, that also owns a number of American properties.

"Obviously we saw it coming for many years now," said Boisset. "For us it's very exciting news because we've always strongly believed that the U.S. is the place to be and being bicultural, being in both of the biggest markets in the world is not only exciting, but at the same time allowing us to really read world consumers well."

The new report doesn't mean troubles are over for high-end producers, some of whom have struggled as the recession sapped wine-buyers' budgets.

But since the 2.6 gallons per capita U.S. figure amounts to a little more than a case a year, or a bottle a month, that means there is a large potential market yet to be tapped, said Kevin Morrissey, winemaker at Ehlers Estate, a boutique winery in the Napa Valley.

"There are so many people out there who are just starting to become acquainted with these terrific California wines," he said. "There should be more than enough people to drink everything we can possibly produce."

But no one is predicting that U.S. per capita consumption is likely to rival the French anytime soon. "It's too big of a gap," said Gillespie.

Still, there was delight over the milestone.

"It's pretty cool," said Morrisey. "It's fun to beat the French at their own game."