

## **MSU Product Center**

*For Agriculture and Natural Resources*

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

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### **Wine - Overview**

#### **Products included in the product line**

- For the purpose of this report, wine includes red and white wine products.

#### **General market trend and information**

- Overall, sales of alcoholic beverages have increased in recent years. Sales from fruit-containing alcoholic beverages through the mainstream retail channels including food services and industrial sales have been estimated at \$12.3 billion in 2003. That is an increase of 4.2% from 2002 sales.
- The biggest increase has been in wine sales. The U.S. wine market has experienced strong sales growth between 1997 and 2002. Sales were higher for imported wines than for the domestic ones.
- Sales of distilled spirits also showed a significant jump in recent years. This increase has been attributed to a rise in sales of mixed drinks and cocktails, which became more prevalent since 2000.

#### **New product trends**

- New wine products distinguish themselves in many aspects (products from fruits grown under specific climatic conditions, products focusing on varieties, mixes and flavors, and some claim to be produced from natural fruits, etc.).
- There are some new products that are coming as mixes of wine and fruit juices.
- Some products are appearing repackaged.

#### **Manufacturing and distribution issues**

- Although there are many brand products, the market for these beverages is still fragmented and not dominated by few manufacturers. Many domestic and international manufacturers and traders are competing in this market.
- The share of private label products is still small. But there has been a significant increase in recent years (e.g., 70% increase in 2004).
- Due to a broad range of federal, state and local regulations, retail distribution of alcoholic beverages including wine is limited.

#### **Overall assessment of opportunities**

- A continuous growth in new wine products, increasing health concerns of consumers and the existence of different rules and regulations in alcoholic beverage production and marketing will allow manufacturers to have few to selective product development opportunities.

#### **Sources**

The Hale Group

Mintel, Global New Product Database. <http://www.gnpd.com>.

\_\_\_\_\_, Beverages, volume II, the marketplace –US – July, 2002.

\_\_\_\_\_, Wine, US, June 2003.

\_\_\_\_\_, Wine, US, January 2005.