



US ROUTES TO MARKET

NOVEMBER 2017

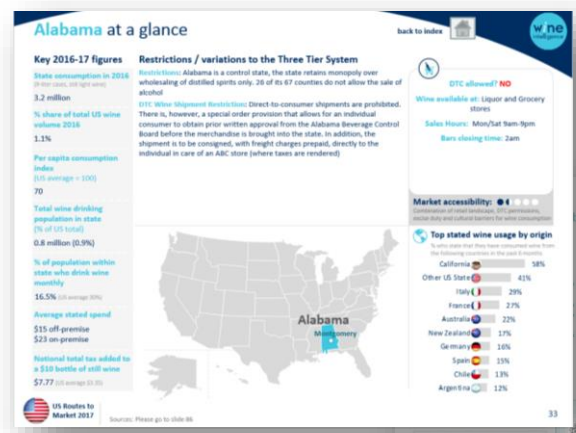


Intro to the US Routes to Market 2017 Report

The US Routes to Market 2017 report includes:



- Report with the latest information regarding consumer attitudes and behaviours to US access to the wine market:
 - Wine Intelligence Vinitrac®
 - Wine Intelligence Compass Report
 - Wine Intelligence market experience



Pros

- More motivated as they control two levels of margin
- Focus on major markets / cities
- Specialised in specific areas (country of origin, indigenous varieties, price, etc)
- Due to vertical integration, they might require lower margins

Cons

- Relatively limited sales force
- Limited geographic reach
- Limited resources, marketing and PR functions often outsourced
- Not sustainable price structure if move to traditional importer / distributor relationship
- Different importers in different states entail facing more compliance requirements

Orici Family

- Wine producer, importer and distributor, headquarters in New Jersey
- During the 1990s, Orici Family started investing more in the distribution business, by purchasing wholesale operations in Connecticut and Florida
- The company distributes mainly to the East Coast
- Broad portfolio of wines from all over the world
- Specialising in Italian wines

Slocum & Sons

VOS selections

92-page PowerPoint report

Report price:
 GBP 2,500
 USD 3,250
 AUD 4,750
 EUR 3,100
 Report credits:
 5

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 Please contact Eleanor@wineintelligence.com
 for more information

Contents



- Introduction: why USA?
- Choosing the route(s) to market
- State-by-state guide to wine regulation, supply chain and consumption
- Methodology & Appendix

Excerpts from the introduction

The US presents both a tempting opportunity and a difficult prospect for wine producers. With more than 300 million 9L cases consumed annually, the US is the largest market for wine in the world, the majority of this wine, around 75%, being produced domestically. However at around 80 million 9L cases, the market for imported wine is approaching that of the UK and Germany in terms of volume, but at a substantially higher achieved price per litre, making it the most valuable market for imported wine in the world.

Yet the process of getting your product into the hands of the consumer is notoriously complex, effectively comprising 50 individual markets. The starting point is a distribution system largely designed at the time of the repeal of Prohibition in the early 1930s. This 'Three Tier System' was envisaged as a check-and-balance response to a pre-Prohibition system that was perceived as promoting alcohol abuse in the population. The system breaks the supply chain into three distinct, and separate units: Producer (or importer), distributor and retailer (including bar/restaurant).

In our work with clients in the US market for the past 10 years, one of the most common themes has been how to navigate the difficult terrain of establishing effective and profitable routes to market. It's pleasing to see that many of our clients have been very successful in establishing and building strong businesses in the US. The businesses that have seen success in exporting to the US have the commonalities of strong commitment to long-term investment, a willingness to listen to market feedback and recruitment of talented individuals with direct experience of selling in the market.

Wine Intelligence US Routes to Market is based on a combination of:

- Consumer **primary data** collected by Vinitrac® US 2015-2017 survey
- Wine Intelligence **Compass report** 2017-18
- Wine Intelligence **qualitative judgements** based on industry knowledge and experience
- **Secondary sources:**
 - **State consumption in 2016** – Total volume of still light wine sold (source: Shanken’s Impact Databank review and Forecast)
 - **% share of total US wine volume 2016** – Relative size of each state in terms of volume of still wine sold in the US (source: Shanken’s Impact Databank review and Forecast and Wine Intelligence calculations)
 - **Per capita consumption index** – Index that relates the total liters of still wine drunk per capita on each state, with the US average (sources: Shanken’s Impact Databank review and Forecast and Wine Intelligence calculations)
 - **Total wine drinking population in state** – Total of regular wine drinkers in each state (sources: US Census and Wine Intelligence Vinitrac)
 - **% of population within state who drink wine monthly** – Relative size of state population that drinks wine monthly (sources: US Census and Wine Intelligence Vinitrac)
 - **Average stated spend** – Average recalled spent on a bottle of wine by US regular wine drinker (source: Wine Intelligence Vinitrac)
 - **Notional total tax added to a \$10 bottle of still wine** – Total amount of tax payable, in theory, over a bottle of wine costing \$10 (sources: ttb.gov/wine-resource-tool/section03-taxes/sub-section2/32010.htm and salestaxhandbook.com)
 - **Restrictions / variations to the Three Tier System** – Information regarding licence restrictions, DTC wine shipment licencing, DTC allowance level, compliance record retention rules, special shipping labelling, solicitation, volume limits, brand registration, reporting information requirements, exceptional statuses, sales hours and bar closing times (sources: stateliqorlaws.com, wineinstitute.shipcompliant.com, licenselocators.com/beer-and-wine-license and ttb.gov/itd/importing_alcohol.shtml)
 - **Market accessibility** – Measures the ease of doing business in a combination of regulatory framework, routes to market and accessibility & costs from the perspective of wine (sources: TTB Department, US Tax Foundation, Wine Intelligence market evaluation, pewforum.org)
 - **Top recalled wine origins** – % of monthly wine drinkers in the US that state that they have drunk wine from a given list of origins in the past 6 months (source: Wine Intelligence Vinitrac)

REPORT PRICE: • AUD 4,500 • GBP 2,500 • USD 3,250 • EUR 3,000 • 5 Report Credits

Format: 92-page PowerPoint (PDF)

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