

U.S. wine market fastest growing in world

By Cathy Huyghe, Forbes

NAPA – “If you’re in the wine business and you’re not making money today, it’s not the industry’s fault. Check your business model.”

That’s Adam Beak, Bank of the West’s managing director of the North Coast Agricultural Banking Center/Premium Wine Group, during a phone interview last week from his office in downtown Napa.

Beak would know. He oversees all winery, vineyard and wine industry related business for Bank of the West’s portfolio of almost 300 clients, which range from large international businesses to small, vertically-integrated ultra premium players. Dealing with clients from distributors and negociants to cork and glass producers, Beak’s perspective on the financial health of the wine industry is closer to 360 degrees than most.

The American wine market in particular is the fastest-growing market worldwide, with overall wine sales totaling \$36.3 billion. American tastes are also evolving and maturing: quality and consumption across all price points continue to grow, but especially in the premium and luxury wine categories. “Premium” wine is defined as \$10-13, “Super premium” as \$13 to 25, and “Luxury” as \$25 and above.

Most of the growth in recent years has been in the luxury category, whose recovery outpaced even the premium categories since the meltdown of 2008-2009. “What that indicates to me is that we’re seeing a trade-up, an evolution, and a maturation of the US wine palate,” Beak said. “All the trends are moving positively.”

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