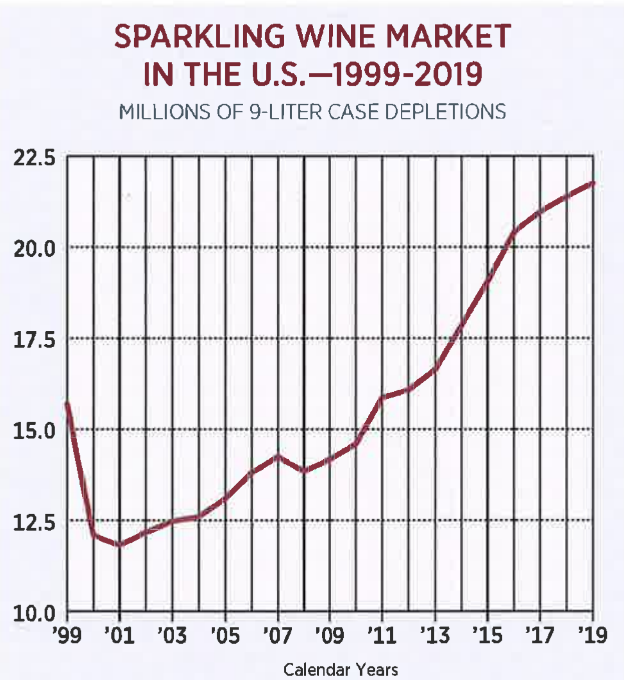
Sparkling Wine

Prosecco Powers Imported Sparklers, As High End Brands Lead The Way Among Domestics

THE U.S. SPARKLING WINE MARKET CONTINUES TO SEE overall growth, adding roughly 460,000 cases to its total last year, according to IMPACT DATABANK. Consumer interest is widespread, with Prosecco leading the import category and domestic sparkling wines priced above $15 a 750-ml. showing the strongest growth by far on the domestic side. Even amid the pandemic, sparkling wines have far outpaced table wines in growth terms, consistently registering strong double-digit gains in the off-premise market.

Prosecco continues to boom as sparkling wine's image evolves. "What I've seen happen in this business over the last 25 years is that the sparkling category has become part of your life. It's a lifestyle category now," said Rocco Lombardo, president of Wilson Daniels, whose sparkling portfolio ranges from California's Schramsberg to Bisol Prosecco to Champagne Gosset. "These aren't occasion wines anymore. These are more wines that people are drinking throughout the week when they're dining."

"More consumers are entering the category, initially through Prosecco, but then wanting to try drier styles and taste the difference that comes from producing sparkling wines in the traditional méthode champenoise versus other methods," adds Brad Mayer, vice president, public relations and communications at Precept Wine, marketer of the New Mexico label Gruet.



*Excludes malt-based Spumante

Source: Impact Databank

High-End Domestics Advance

Though the bulk of the market for domestic sparkling wines comes in at below $10 a 750-ml., the category is at its most vibrant at the higher end, with the leading domestic sparkling wines priced over $15 up 4.7% to 1.3 million cases last year.

Moët Hennessy USA's Domaine Chandon is the leading domestic sparkling wine above $15, posting 6.5% growth to 486,000 cases for 2019. The brand has had a strong run this decade, adding over 100,000 cases since 2010. Though much of the brand's sales are in non-vintage wines, Domaine Chandon produces a wide variety of styles ranging from Sweet Star—a sweet sparkler, as the name suggests—to a winery and DTC exclusive Sparkling Red made from Pinot Noir and Zinfandel. Domaine Chandon saw solid gains in retail channels in 2019, with IRI data showing the brand up 9.6% for the year.

The second-largest domestic sparkling wine in this price segment, Mumm Napa, slipped slightly in 2019, declining 1.4% to 348,000 cases. A Pernod Ricard brand, it occupies a similar position as its closest competitor, Domaine Chandon. Both offer a wide range of méthode champenoise-made wines that start around $24. In Mumm's case, the core lineup consists of Prestige Brut, Brut Rosé, and the slightly sweet Cuvée M, and is augmented by the higher end vintage DVX line and a series of non-vintage reserve and vineyard specific vintage releases.

Although the leading domestic sparklers above $15 typically do most of their business in the mid-$20s, Wilson Daniels' Schramsberg brand takes aim at a higher price tier, with the majority of its offerings selling for $40 and up. According to Lombardo, Schramsberg was up around 12% last year, adding nearly 800 accounts to bring the total to around 11,000. Last year the brand successfully expanded its distribution, and is now close to operating at peak capacity.

Schramsberg is particularly strong on-premise, so the pandemic had the potential to be damaging. But Lombardo says the company successfully pivoted toward the off-premise as restaurants and bars closed. "We've amplified our programs in the grocery channel," he explains. "Thankfully Schramsberg—specifically with Blanc de Blancs and Brut Rosé—had a footprint in many of the larger grocers across the country." Lombardo cites Safeway, Albertsons, Whole Foods, and Publix as key grocery partners for Schramsberg.

U.S.—LEADING IMPORTED SPARKLING WINE BRANDS BY ORIGIN/PRICE[1]

THOUSANDS OF 9-LITER CASES

Brand/Segment	Importer	Origin/Type	2014	2018	2019	Growth Rate[2] '14-'19	Percent Change[3] '18-'19	Market Share[3] 2014	Market Share[3] 2018	Market Share[3] 2019
France ($30 & over)										
Veuve Clicquot	Moët Hennessy USA (LVMH)	Champagne	415	519	527	4.9%	1.6%	4.0%	4.0%	3.9%
Moët & Chandon[4]	Moët Hennessy USA (LVMH)	Champagne	369	411	406	2.0	-1.3	3.6	3.2	3.0
Piper-Heidsieck	Terlato Wine Group	Champagne	45	66	80	12.1	20.5	0.4	0.5	0.6
Nicolas Feuillatte	Ste. Michelle Wine Estates	Champagne	68	63	64	-1.2	1.6	0.7	0.5	0.5
Dom Perignon	Moët Hennessy USA (LVMH)	Champagne	59	59	64	1.5	9.0	0.6	0.5	0.5
Total Leading Champagne			**897**	**1,060**	**1,077**	**3.7**	**1.7**	**8.7**	**8.2**	**8.0**
Italy ($10-$20)										
La Marca	E. & J. Gallo Winery	Prosecco	630	1545	1770	22.9	14.5	6.1	12.0	13.1
Mionetto	Freixenet Mionetto USA	Prosecco	499	750	840	11.0	12.0	4.8	5.8	6.2
Cupcake	The Wine Group	Sparkling[7]	480	620	600	4.6	-3.2	4.6	4.8	4.5
Zonin	1821 Fine Wines & Spirits	Sparkling[7]	289	495	571	14.6	15.4	2.8	3.8	4.2
Martini & Rossi	Bacardi USA	Sparkling[8]	514	467	456	-2.4	-2.4	5.0	3.6	3.4
Ruffino	Constellation Brands	Prosecco	175	412	448	20.7	8.8	1.7	3.2	3.3
Risata	Prestige Beverage Group	Sparkling[7]	302	418	418	6.7	-	2.9	3.2	3.1
Lunetta	Palm Bay International	Prosecco	220	287	298	6.3	3.8	2.1	2.2	2.2
Riondo	Terlato Wine Group	Prosecco	314	192	212	-7.6	10.4	3.0	1.5	1.6
Gemma di Luna	Enovation Brands	Sparkling	-	86	110	+	28.1	-	0.7	0.8
Total Leading Italy, $10-$20			**3,423**	**5,272**	**5,722**	**10.8**	**8.5**	**33.0**	**40.8**	**42.4**
Spain ($10-$15)										
Freixenet	Freixenet Mionetto USA	Cava	543	559	559	0.6	-	5.2	4.3	4.1
Segura Viudas	Freixenet Mionetto USA	Cava	222	258	248	2.2	-3.9	2.1	2.0	1.8
Campo Viejo	Pernod Ricard USA	Cava	9	63	101	64.1	60.7	0.1	0.5	0.8
Total Leading Cava, $10-$15			**774**	**880**	**908**	**3.3**	**3.2**	**7.5**	**6.8**	**6.7**
Other Imports (under $10)										
Original Verdi[5]	Carriage House Imports	Italy	1,368	1,432	1,432	0.9	-	13.2	11.1	10.6
Sparkletini[5]	Carriage House Imports	Italy	560	824	841	8.5	2.0	5.4	6.4	6.2
Veuve de Vernay	Barton & Guestier USA	France	65	148	185	23.3	25.5	0.6	1.1	1.4
90+ Cellars Lot 50	Latitude Beverage Co	Italy	12	61	83	46.2	36.3	0.1	0.5	0.6
Yellow Tail	Deutsch Family Wine & Spirits	Australia	102	48	34	-19.9	-29.8	1.0	0.4	0.2
Total Other Imports Under $10			**2,107**	**2,512**	**2,574**	**4.1**	**2.5**	**20.3**	**19.5**	**19.1**
All Other Imported Sparkling Wine Brands			3,166	3,183	3,199	0.2	0.5	30.5	24.7	23.7
Total Imported Sparkling Wine Market[6]			**10,366**	**12,906**	**13,481**	**5.4%**	**4.5%**	**100.0%**	**100.0%**	**100.0%**

[1] Average off-premise prices per 750ml.
[2] Average annual compound growth rate.
[3] Based on unrounded data.
[4] Excludes Dom Perignon.
[5] Malt-based spumante.
[6] Addition of columns may not agree due to rounding.
[7] Includes some prosecco.
[8] Includes Asti, prosecco and other sparkling wine.

Source: Impact Databank

The third-largest brand in the $15-and-up category is New Mexico's Gruet at 190,000 cases, up 35.3% in 2019. The wines are distributed nationally, but Gruet's top markets are New Mexico, California, and New York. The company sees a strong future for Texas, Colorado, Illinois, and Florida as Precept Wine expands distribution in those markets. "Our

U.S.—LEADING DOMESTIC SPARKLING WINE BRANDS BY ORIGIN/PRICE

THOUSANDS OF 9-LITER CASES

Brand/Segment[3]	Company	Origin	2014	2018	2019	Growth Rate[1] '14-'19	Percent Change[2] '18-'19	Market Share[2] 2014	Market Share[2] 2018	Market Share[2] 2019
Over $15										
Domaine Chandon	Moët Hennessy USA (LVMH)	California	429	456	486	2.5%	6.5%	4.6%	4.3%	4.6%
Mumm Napa	Pernod Ricard USA	California	255	353	348	6.4	-1.4	2.7	3.3	3.3
Gruet	Precept Wines	New Mexico	88	140	190	16.7	35.3	0.9	1.3	1.8
Roederer Estate	Maisons Marques & Domaines USA	California	100	127	124	4.4	-2.0	1.1	1.2	1.2
Gloria Ferrer[4]	Freixenet Mionetto USA	California	79	92	92	3.2	-	0.8	0.9	0.9
Piper Sonoma[5]	Folio Fine Wine Partners	California	100	82	69	-7.1	-16.0	1.1	0.8	0.6
Total Leading Domestic $15 & Over			**1,050**	**1,250**	**1,309**	**4.5**	**4.7**	**11.2**	**11.7**	**12.3**
$10-$15										
Korbel	Brown-Forman Beverages Worldwide	California	1,323	1,437	1,435	1.6	-0.1	14.1	13.4	13.5
Weibel	Weibel Family Vineyards & Winery	California	188	245	265	7.1	8.0	2.0	2.3	2.5
Michelle	Ste Michelle Wine Estates	Washington	173	157	148	-3.1	-5.7	1.8	1.5	1.4
Kenwood Yulupa[4]	Pernod Ricard USA	California	66	74	72	1.9	-2.0	0.7	0.7	0.7
Total Leading Domestic $10-$15			**1,750**	**1,913**	**1,920**	**1.9**	**0.4**	**18.6**	**17.8**	**18.0**
Under $10										
Cook's	Constellation Brands	California	1,855	1,970	1,890	0.4	-4.1	19.8	18.4	17.7
Andre	E. & J. Gallo Winery	California	1,600	1,815	1,860	3.1	2.5	17.0	16.9	17.4
Barefoot Bubbly	E. & J. Gallo Winery	California	1,060	1,225	1,200	2.5	-2.0	11.3	11.4	11.3
J. Roget	Constellation Brands	New York	777	1,020	930	3.7	-8.8	8.3	9.5	8.7
William Wycliff	E. & J. Gallo Winery	California	295	545	575	14.3	5.5	3.1	5.1	5.4
Ballatore Spumante	E. & J. Gallo Winery	California	385	310	300	-4.9	-3.0	4.1	2.9	2.8
Total Leading Domestic under $10			**5,972**	**6,885**	**6,755**	**2.5**	**-1.9**	**63.6**	**64.2**	**63.3**
All Other Domestic Sparkling Wine Brands			618	676	681	2.0	0.8	6.6	6.3	6.4
Total Domestic Sparkling Wine Market[6]			**9,390**	**10,723**	**10,665**	**2.6%**	**-0.5%**	**100.0%**	**100.0%**	**100.0%**

[1] Average annual compound growth rate
[2] Based on unrounded data
[3] Average off-premise prices per 750ml.
[4] Excludes still wine
[5] Rights acquired from Remy-Cointreau USA in 2019

Source: Impact Databank

Brut Rosé continues to see nice growth, up 12%, as well as our Gruet Sauvage, up 18%," says Mayer. "We've also had great success with the brand in national retailers like Whole Foods and Cost Plus, the Pennsylvania Liquor Control Board, and restaurant chains such as Fleming's Steakhouse and Ruth's Chris Steakhouse." Mayer expects the brand's national accounts presence to continue developing.

The brand's leading label is Gruet Brut, a 75%-25% blend of Chardonnay and Pinot Noir that has earned Best Value accolades from Wine Spectator. "Our New Mexico appellated selections are highly sought after, like our new Sparkling Pinot Meunier. It's grown at the Tamaya Vineyard, between Albuquerque and Santa Fe, which is a unique partnership we have with the Pueblo of Santa Ana," Mayer adds.

At 92,000 cases, Freixenet Mionetto USA's Gloria Ferrer passed Piper Sonoma in the rankings last year and has been a consistent presence in premium domestic sparkling wine. The brand is best known for its Sonoma Brut non-vintage but also offers a wide variety of vintage and non-vintage wines at a variety of dosages. "I think for us the most ground that's being gained is in our Extra Brut and wines like that, partially because they go better with food," said Mayacamas Olds, general manager for Gloria Ferrer. "And Rosé continues to be popular. It's probably the most requested wine."

Behind Gruet is Maisons Marques and Domaines' Roederer Estate at 124,000 cases. Folio Fine Wine Partners' Piper Sonoma rounds out the leading sparkling wines above $15 at 69,000 cases after a down year in 2019.

Prosecco Accelerates Again

After substantially easing in 2018, Prosecco exports to the United States resumed their double-digit growth last year, as shipments rose 21% to 7.66 million 9-liter cases. The global Prosecco industry increased 12% in 2019 to 48.6 million cases, after a 2% decline the year prior, according to the Prosecco DOC Consortium. That momentum has carried over into 2020, as retail dollar sales have been rising in the 30% range or above since the on-premise shutdown began a few months ago. With depletions of nearly 1.8 million cases, E.&J. Gallo's La Marca is the largest-selling Prosecco brand in the U.S., and more than twice the size of second-ranked Mionetto. In fact, La Marca is expected to become the U.S. market's largest-selling sparkling wine brand by volume, import or domestic, by the end of this year. Last year, the brand grew by 14.5%, continuing a remarkable decade long run. Back in 2010, La Marca depleted only 50,000 cases.

"Prosecco and sparkling wine are leading growth segments in the U.S., and La Marca is a driver of that growth: In 2019, La Marca grew by just over 19% by dollar sales," says Maud Pansing, vice president, premium marketing at E.&J. Gallo. "La Marca has strong distribution across all channels—retail, on-premise, and e-retail. We have fantastic brand awareness, and our iconic blue label and custom bottle shape stands out."

Behind La Marca is Freixenet Mionetto USA's Mionetto brand. Last year, Mionetto was up 12% to 840,000 cases and it's on track to cross the million-case mark within two years if trends continue. While the bulk of the brand's depletions come from the standard Prosecco DOC, CEO Enore Ceola says they're pushing the higher-end DOCG releases. "We had a great traction with that plan last year, and especially in the last part of 2018," he adds. "We drove that business on-premise. And so we had a great plan for the on-premise for this year. Unfortunately, everything is a little bit on hold for now."

As the leading category of imported sparkling wine, there are many Prosecco brands fighting for space in the crowded market. In 2019, brands like 1821 Fine Wine and Spirits' Zonin (+15.4% to 571,000 cases), Constellation Brands' Ruffino (+8.8% to 448,000 cases), Terlato's Riondo (+10.4% to 212,000 cases), and Enovation Brands' Gemma di Luna (+28.1% to 110,000 cases) all stood out as strong performers, despite substantial competition.

While Prosecco's surge is ongoing, the Prosecco DOC Consortium continues to work to bring new consumers into the fold. The group's proposal to add rosé to its arsenal has been unanimously approved by Italy's Ministry of Agricultural, Food and Forestry Policies' National Wine Committee. With that approval, one of the U.S. wine category's main growth engines of recent years could kick into even higher gear. "57% of the 348 wineries in the DOC Prosecco territory produce rosé sparkling wines (for them or third parties). The research showed that this results in 37 million bottles of generic rosé sparkling wines," says Stefano Zanette, president of the Prosecco DOC Consortium. Under the new approval, these wines will be formally recognized as Prosecco DOC.

In order to label Prosecco DOC as rosé, producers must use the Glera grape and 10%-15% Pinot Nero, wines must undergo Martinotti/Charmat method secondary fermentation for at least 60 days, residual sugar levels may range from Brut Nature to Extra Dry, and sales will be allowed from the first January after the harvest, among other stipulations. The consortium is now waiting for the final steps in the approval process. "We expect this procedure to be completed by this summer. Considering 60 days of second fermentation for the wine processing, Prosecco DOC rosé will probably be ready to enter the market next fall and, in the U.S., hopefully for Christmas," adds Zanette.

LA MARCA IS THE LARGEST-SELLING PROSECCO BRAND IN THE U.S. MARKET, AND IT'S EXPECTED TO BECOME THE BIGGEST SPARKLING WINE BRAND OVERALL BY THE END OF THIS YEAR.

The consortium estimates that Prosecco DOC Rosé production could total as much as 2.3 million 9-liter cases annually. "I'm very excited, because there was a lot of confusion in that many people were calling it Prosecco rosé, even though it was just a plain rosé from Italy," says Mionetto's Ceola. "This helps to really define the main characteristic of Prosecco rosé, and then elevates the whole category."

Cava Carves Out Growth

While Italy is the leading category of imported sparkling wine by far—nearly six times as much Italian sparkling wine is imported to the U.S. as Champagne—Spain maintains a strong presence in the market, too. Last year, the three leading Cava brands imported just over 900,000 cases to the U.S., up 3.2% and claiming 6.8% of the total imported sparkling wine market.

Category leader Freixenet was flat last year at 559,000 cases but continues to control a large proportion of the Cava market. Ceola said that the brand increased prices last year and that he was satisfied with the brand's performance in light of that move. "It's a sparkling wine that brings out the sparkle for any occasion whatsoever, and an everyday pleasure," says Ceola. "And because the price is a little bit lower than Mionetto, the average consumers are a little bit younger, about 25 and up."

CONSTELLATION WAS ORIGINALLY SLATED TO SELL TO BOTH COOK'S AND J. ROGET TO GALLO AS PART OF A $1 BILLION DEAL, BUT WILL NOW RETAIN THEM DUE TO COMPETITION CONCERNS AT THE LOWER-END SPARKLING WINE MARKET.

Behind Freixenet is another Freixenet Mionetto USA brand, Segura Viudas, at 248,000 cases, and Pernod Ricard USA's Campo Viejo. Last year, Campo Viejo crossed the 100,000-case mark on 60.7% growth. The brand has a had strong start since its debut in the middle of the decade, growing from 13,000 cases in 2015 to become a significant Cava player in the U.S.

Courting New Consumers

Among mid-priced domestic brands, Brown-Forman-marketed Korbel leads the way at 1.4 million cases. While the brand was down 0.1% last year, owner and president Gary Heck lauded the company's performance during a challenging year. The brand switched from 15-bottle cases to the standard 12 and he praised his sales force for keeping the brand steady despite the switch. Following that change, Korbel took price for the first time in six years in January of 2020.

Looking forward, Heck is concerned with the impact of Covid-19 but is confident in the brand's prospects. He points to its growing strength in the Northeast despite the pandemic. He adds that the Northeast is a challenging region for the brand when compared to its strongholds in California, Texas, Illinois, and Florida. "We're also launching a new campaign in late 2020 that breaks free of the traditional Champagne associations that limit usage," said Heck. "In the midst of an established routine, younger millennial consumers are looking for ways to make each day stand out."

The $10-$15 tier among domestic sparklers is dominated by Korbel, with the second-largest brand trailing by over 1 million cases. Though it's building from a smaller base, Weibel Family Vineyards' namesake brand was up 8% last year to 265,000 cases. Following Weibel is Ste Michelle Wine Estates' Michelle brand, which dropped 9,000 cases last year to 148,000, and Pernod Ricard USA's Kenwood Yulupa at 72,000 cases.

The more affordable end of the domestic category—under $10—is controlled by Constellation Brands and E.&J. Gallo, which own the leading six brands. Constellation's stable includes the largest brand, Cook's, which was just under 1.9 million cases last year, down 4.1%. The other Constellation brand in this market segment is J. Roget, down 8.8% to 930,000 cases. Constellation attempted to sell both brands to E.&J. Gallo, though when the deal was amended earlier this year, the companies agreed to remove Cook's and J. Roget from the billion-dollar agreement to assuage competition concerns.

While Constellation has the largest individual brand in the under $10 tier, E.&J. Gallo controls the majority of the segment with four brands. The largest, Andre, is nearly tied with Cook's and, last year, was up 2.5% to 1.86 million cases. Rounding out Gallo's other brands in this tier are William Wycliff, up 5.5% to 575,000 cases, and Ballatore Spumante, down 3% to 300,000 cases.

Gallo's second-largest brand in this segment is Barefoot Bubbly, a brand that has seen strong growth this decade, expanding by roughly 600,000 cases since 2010. Last year, the brand was at 1.2 million cases, down 2% from 2018. Anna Bell, vice president of U.S. marketing for Barefoot, said that, so far, 2020 has been strong for the brand. "More than half of the double-digit growth Barefoot Bubbly has achieved in the past 12 weeks has originated from Barefoot Bubbly Brut Cuvée, Barefoot Bubbly Pink Moscato, and Barefoot Bubbly Brut Rosé," she noted.

In May, the company launched new packaging for the brand, as well as limited-edition packaging celebrating LGBTQ+ pride. Beyond a packaging refresh and celebratory labels, Bell said that the company is working to bring sparkling wine to new occasions. "We're looking for ways to expand occasions to enjoy Bubbly. Alternative packaging is, and will continue to be, a growing part of the Barefoot portfolio," she says. "Barefoot Bubbly offers four varietals in a 187-ml. 4-pack, which gives consumers new occasions to take Bubbly on-the-go, share with friends or enjoy single-serve."

—Shane English