

SONOMA GRAPE EXPO

NOVEMBER 15, 2019

THE NORTH COAST WINE/GRAPE INDUSTRY

*Information provided by:
Glenn Proctor*



CIATTI

GLOBAL WINE & GRAPE BROKERS



CIATTI

GLOBAL WINE & GRAPE BROKERS

24 DEDICATED BROKERS IN 9 COUNTRIES



GLOBALLY BASED TO HELP BUILD YOUR BUSINESS WORLDWIDE

CALIFORNIA MARKET OVERVIEW

- ❖ SLUGGISH SALES GROWTH
- ❖ AVERAGE 2019 CROP – WORKING THROUGH HISTORIC 2018 CROP
- ❖ BULK MARKET AND SPOT GRAPE CONTRACT ACTIVITY SLOW
- ❖ BULK INVENTORIES REMAIN HIGH
- ❖ **NEW MARKET REALITY**

A stylized illustration of a bunch of grapes and leaves. The grapes are represented by several overlapping circles in shades of olive green and tan. The leaves are depicted as simple, curved shapes in a light gray color. The entire illustration is positioned behind a central dark red rectangular box.

WINE SALES

USA SHIPMENTS – 6 months ending June 2019

TOTAL CA WINE

-2%

(LAST 6 MONTHS)

- DOMESTIC

0%

- EXPORTS

-28%

- IMPORTS (6 months)

- CASEGOODS

5%

- BULK

-7%

TOTAL US Market (YTD)

- IMPORT & DOMESTIC

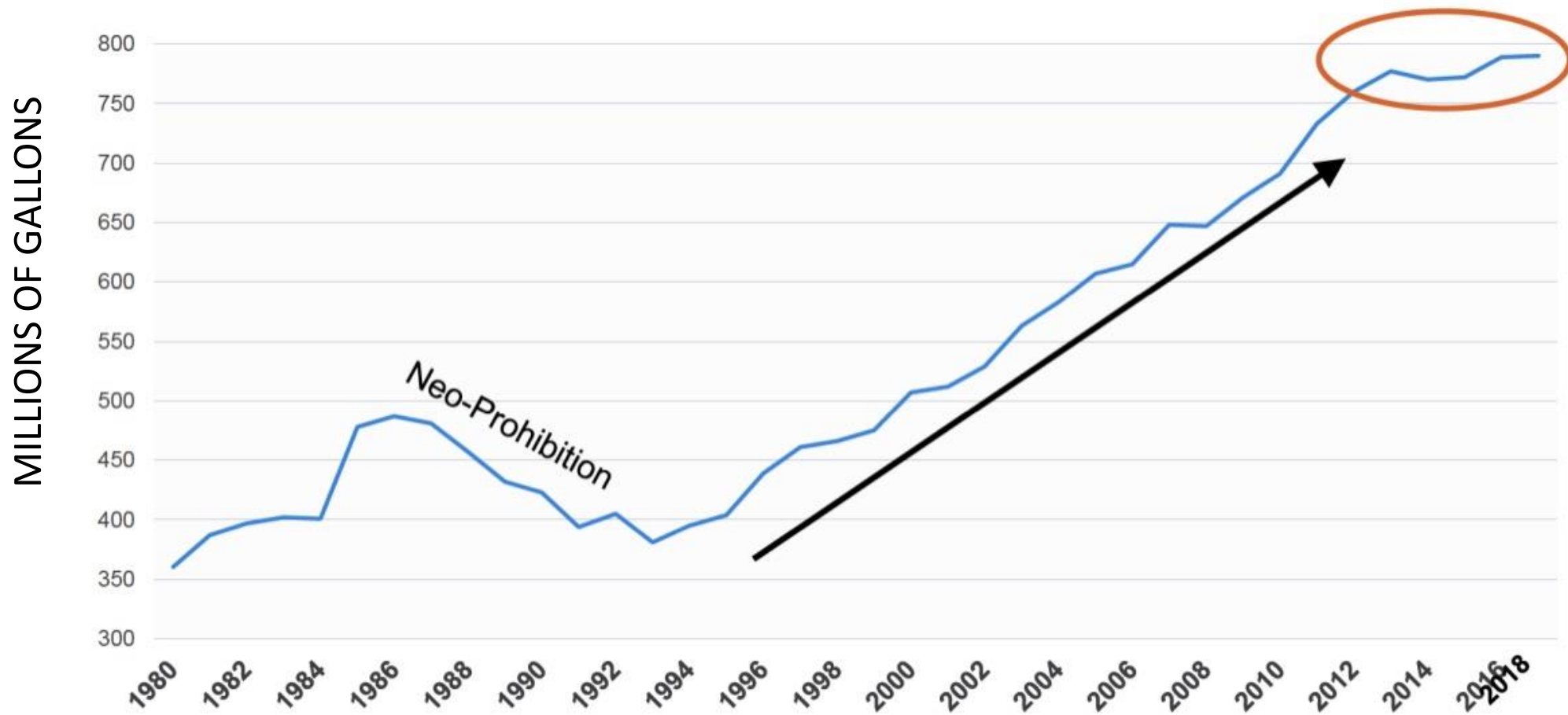
1%

2019 FIRST HALF - CA TABLE WINE VOLUME

Retail Price/ 750ml Eqv.	Price Segment		Volume Change	Volume Share
Under \$4 – 5L	Economy		- 2.8%	9.9%
Under \$4 - other			- 6.8%	9.7%
\$4 - \$7 – 1.5L	Popular		- 6.3%	15.3%
\$4-\$7 - other			- 5.5%	13.7%
\$4 - \$7 – 3L	Premium Box		+ 11.4%	7.4%
\$7 - \$9	Popular Plus		- 3.2%	10.2%
\$9 - \$12	Premium		+ 1.8%	18.9%
\$12 - \$15	Premium Plus		+ 7.7%	7.6%
\$15 - \$20	Super Premium		+9.6%	4.7%
Over \$20	Luxury		+ 7.2%	2.5%

NON-GROWING US WINE CONSUMPTION

US wine consumption





2019 CRUSH

CALIFORNIA

STATEWIDE GRAPE CRUSH



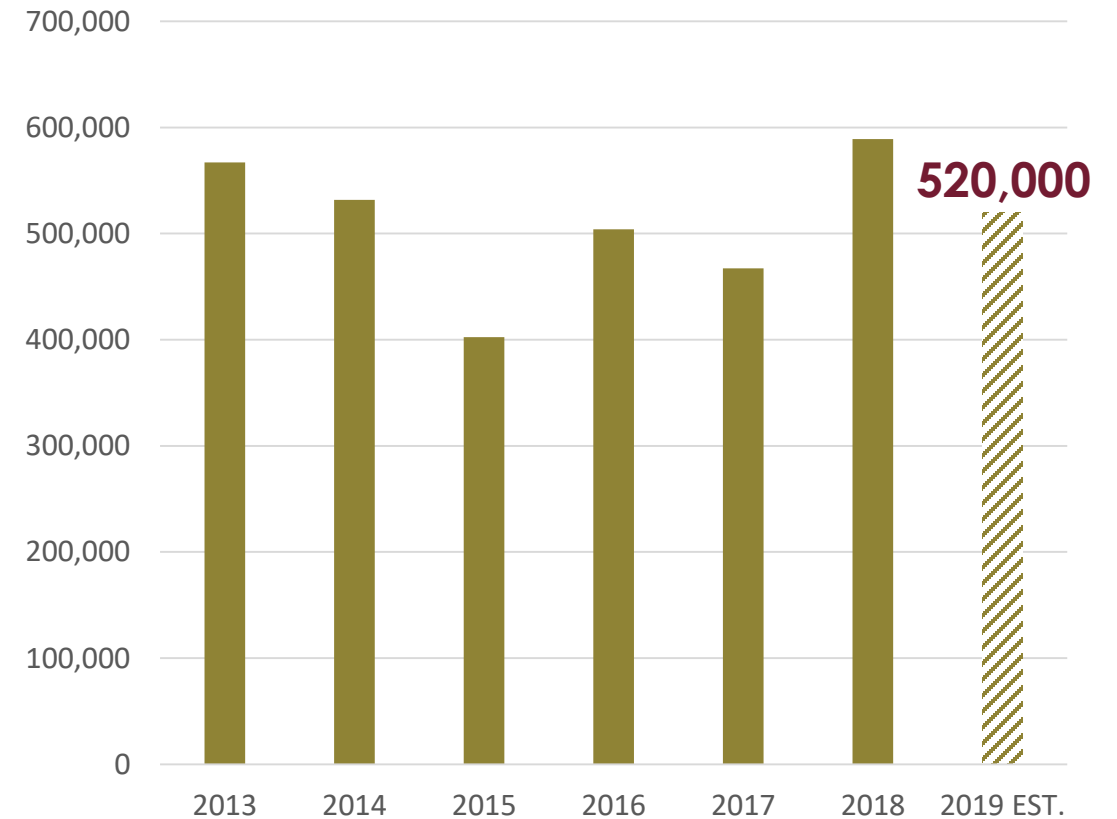
NORTH COAST

- HARVEST

- CROP FEELS "NORMAL"
- CAPACITY ISSUES
- FIRE CHALLENGE
- EXCELLENT QUALITY

- MARKET

- BUYING ACTIVITY QUIET
- NO LATE SEASON BUYERS
- WINERIES WERE SELLERS
- PRESSURE ON QUALITY/YIELD



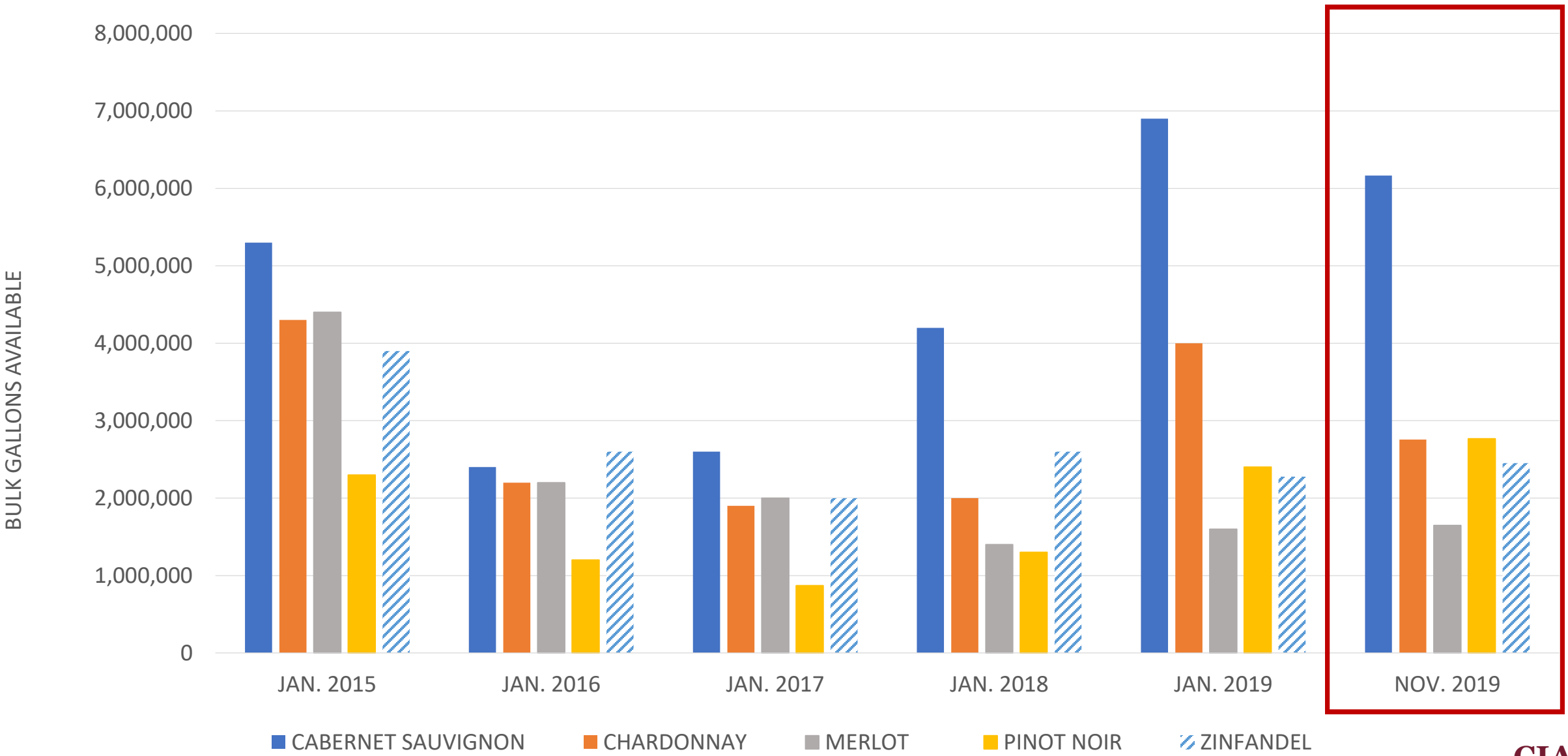
WORKING THROUGH HISTORIC 2018 HARVEST

AVERAGE CHANGE IN WINE GRAPE YIELDS (2017-2018)	
REGION	CHANGE
NAPA	29.5%
SONOMA	33.3%
MONTEREY	5.9%
LODI	14.4%
FRESNO	-1.2%
CALIFORNIA STATE	6.6%

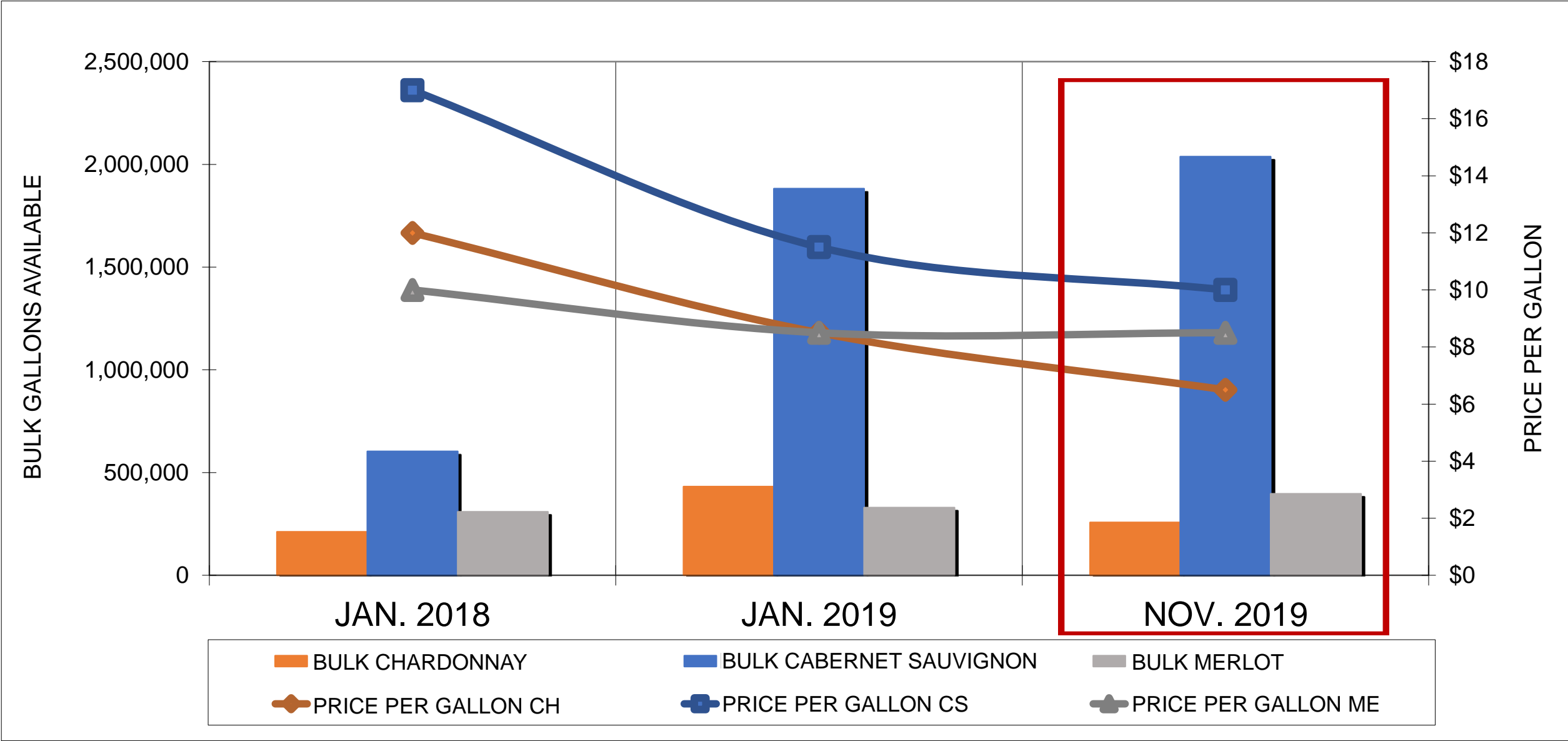
A stylized background graphic featuring olive branches with grey leaves and several olives in shades of olive green and tan. The olives are depicted as simple circles, some with a small stem and leaf.

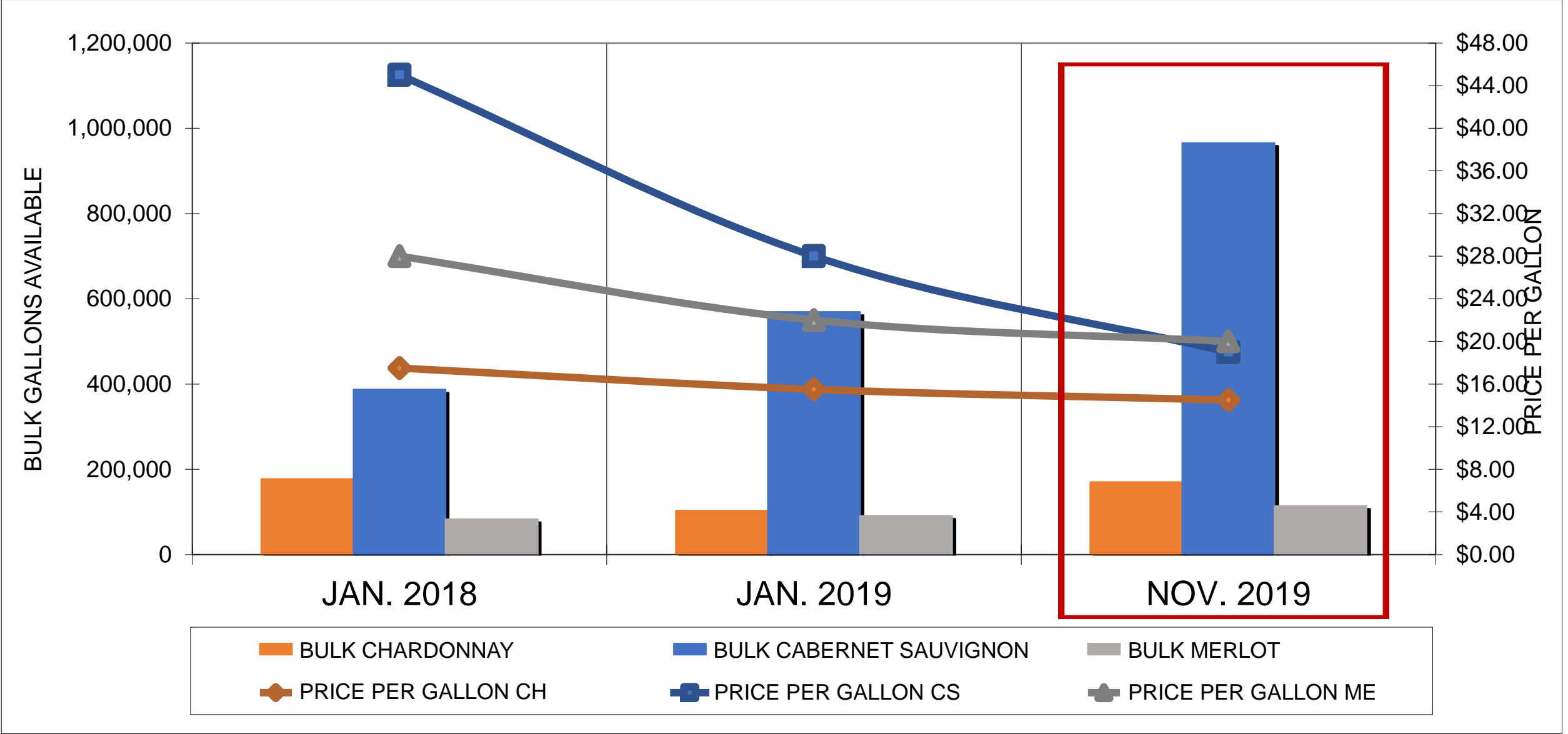
CALIFORNIA BULK MARKET

CALIFORNIA BULK WINE INVENTORY

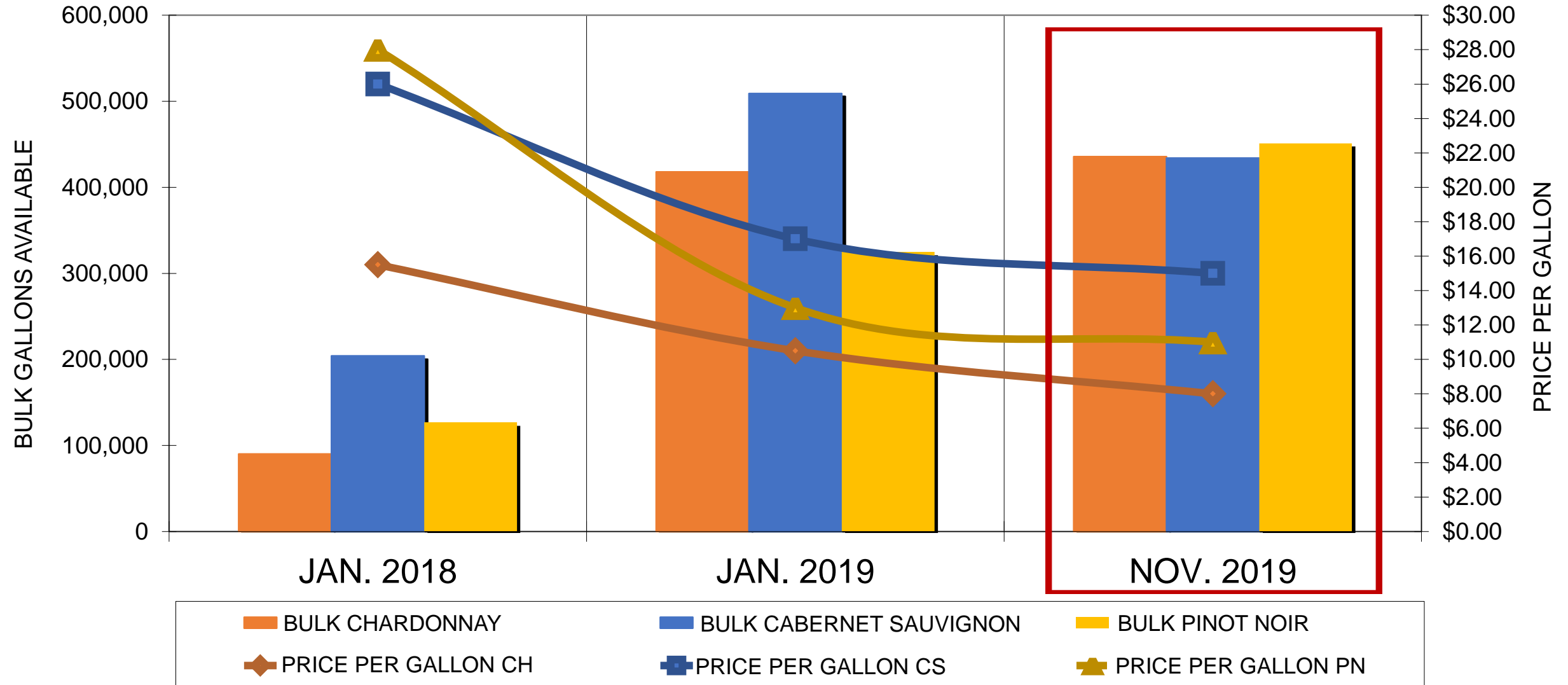


LAKE / MENDOCINO





SONOMA

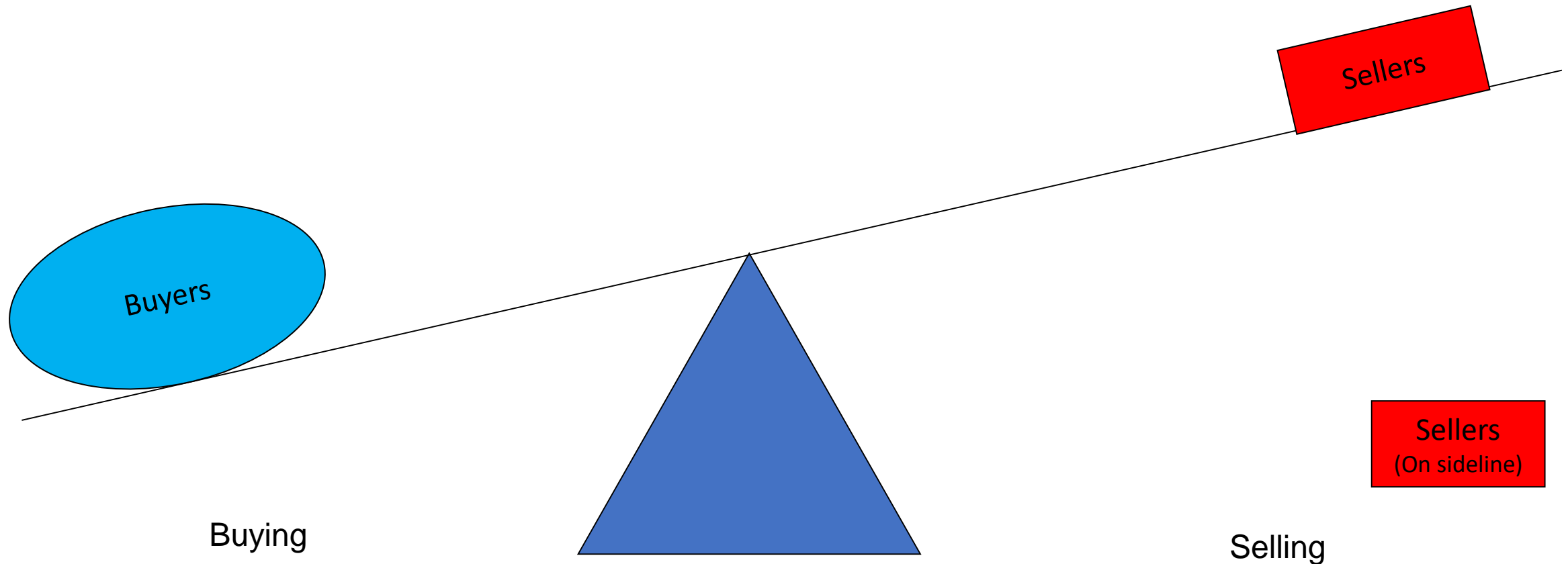




SUPPLY DEMAND DYNAMICS

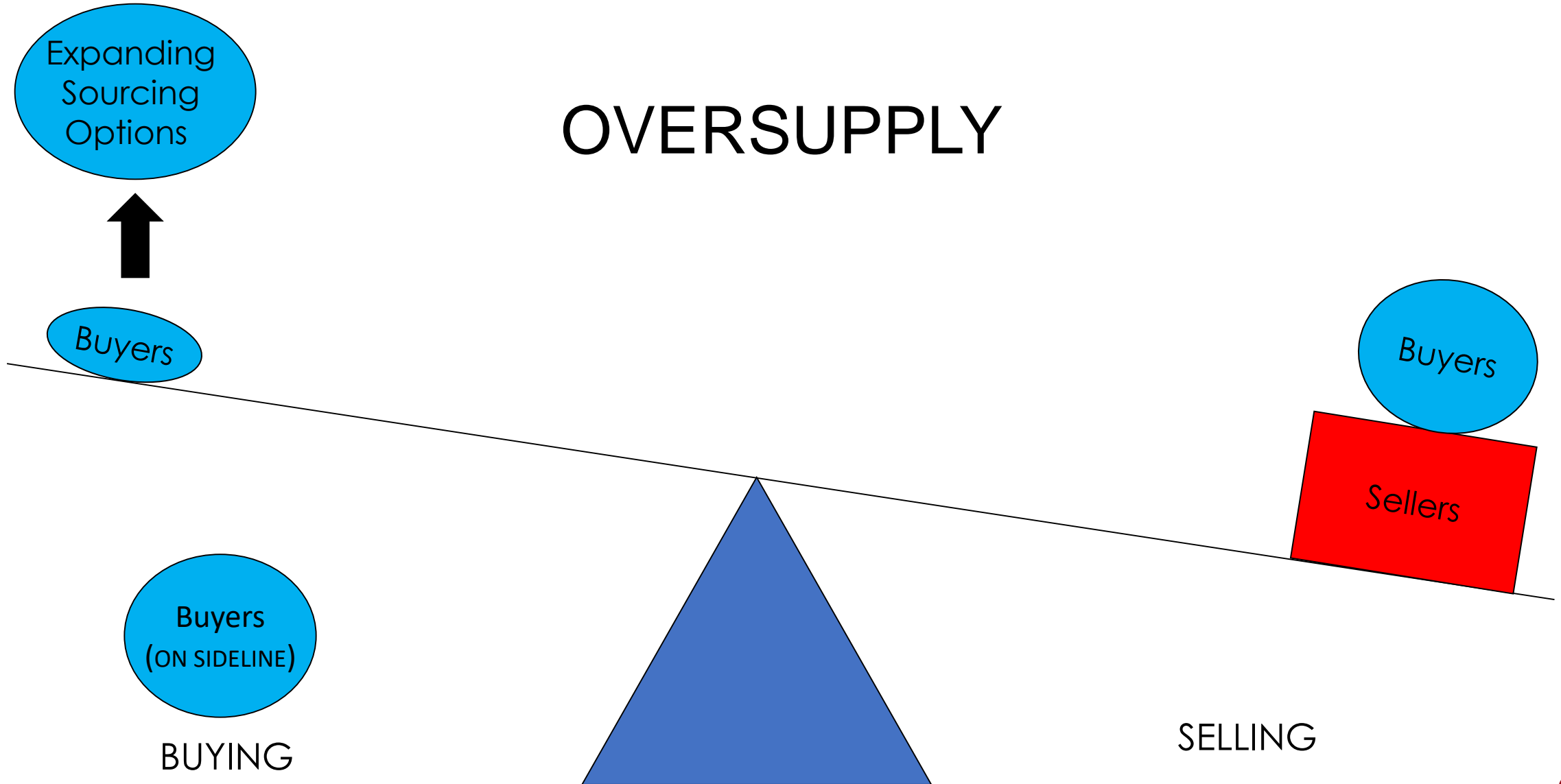
SUPPLY/DEMAND DYNAMICS 2016 – EARLY 2017

Tight Supply Market



SUPPLY/DEMAND DYNAMICS TODAY

OVERSUPPLY



**NEW
REALITY!**

**BE OPEN TO
OPPORTUNITIES**



ACTIONS TO TAKE

- ❖ ADJUST YOUR EXPECTATIONS - BE OPEN TO THE REALITIES OF THE NEW MARKET PLACE
 - ❖ SOMETIMES THE FIRST OFFER IS THE BEST OFFER
- ❖ STRENGTHEN RELATIONSHIPS WITH CURRENT BUYERS – RECOGNIZE THEIR NEEDS
- ❖ MANAGE INPUTS AND ASSETS TO MAINTAIN PROFITABILITY
 - ❖ REMOVE INEFFICIENT VINEYARDS
- ❖ DEVELOP A STRATEGY

OPPORTUNITIES FOR NEW BRANDS EXIST

CIATTI REPORTS / PUBLICATIONS

- CALIFORNIA MARKET REPORT
- GLOBAL MARKET REPORT
- WWW.CIATTI.COM

THANK YOU FOR YOUR TIME AND ATTENTION

Glenn Proctor
GLENN@CIATTI.COM
707.337.0609