Sales of Red Wine Surge on Reports of Health Benefits

Contributed by The Nielsen Company
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The Nielsen Company Finds That Red Wine Sales Grew 40% Faster Than Total Table Wine Sales Between November 2006 and March 2007

Schaumburg, IL â€“ April 2, 2007 â€“ Sales growth of red wine outpaced sales growth of the total category by 40% in the 20 weeks ending March 10, according to figures just released by The Nielsen Company.Â The positive numbers, showing red wine dollar sales up 8.5% versus total wine sales up by 6.0%, reflect increased attention to the potential health benefits of red wine after two prominent medical organizations released favorable reports in early November.Â

â€œThe November studies from the Harvard Medical School and the National Institute on Aging garnered significant positive attention for red wine,â€• said Danny Brager, vice president, client service, Nielsen Beverage Alcohol.Â â€œOur latest figures show that the extensive coverage, including the February 2006 cover of Fortune Magazine, which proclaimed â€˜Drink Wine and Live Longerâ€™, may be impacting consumer choice within the wine category.Â As consumers search for products that promise better health and guard against aging, it would be reasonable to assume that recent favorable press has tipped some decisions towards red wine.â€•Â Â

In the 20-week period ending March 10, red wines accounted for 52.9% of table wine dollars, up from 51.5% in the comparable period last year.

In early November, newspapers and media outlets nationwide covered medical studies finding that daily doses of resveratrol, a substance in red wine, may slow the aging process.Â The most recent Nielsen figures are in sharp contrast to the full-year results ending in October 2006, just before the studies were released.Â Until then, white wine growth at 9.3% was outpacing red wine increases of 8.4%.Â Since then, red wine dollar gains of 8.5% are in significant contrast to white wine increases of 4.8%.Â In even sharper contrast, blush wines sales dollars shrunk by -2.8% in the 20 weeks through mid-March versus the same period a year ago.

The top two red wine varietals - Cabernet Sauvignon and Merlot â€“ experienced surges in volume growth for the 20 weeks ending March 10, up 12.9% and 5.3% respectively, while Pinot Noirâ€™s +24.0% volume growth leads all others in percentage gains, as the halo effect from the popular 2004 movie â€œSidewaysâ€• continues.

â€œThe bump in sales from the recent health-related press only adds to the overall strength of the wine category,â€• Brager said.Â â€œBoth ends of the age spectrum have been drawn to wine in recent years.Â The younger, millennial generation, once a surer bet for domestic beers, are increasingly turning to wine and other adult beverages, while boomers and seniors, who often have significant discretionary incomes, may be especially interested in the health effects of red wine.â€•

Brager also noted that the wine industry has been very successful at making their products accessible to wider groups of consumers, broadening sales in grocery, convenience stores and other channels, benefiting from regulatory changes that allow direct shipping, while also capitalizing on new and more convenient packaging innovations, such as screw tops and premium boxed wines.Â

â€œAt the same time, weâ€™re seeing many consumers â€˜drinking better,â€™ trading up to more expensive, premium brands said.Â â€œBased on our comprehensive review of the numbers through mid-March of this year, we are seeing continued favorable trends for wine in general, and particularly for red wines.Â The health benefits â€“ real or perceived â€“ will continue to favorably impact red wine consumption.â€•

The results are from The Nielsen Companyâ€™s 2006 Beverage Alcohol Annual Review, an annual, in depth performance study for the Wine, Beer, Flavored Malt Beverage and Spirit categories across all retail channels tracked by Nielsen.

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