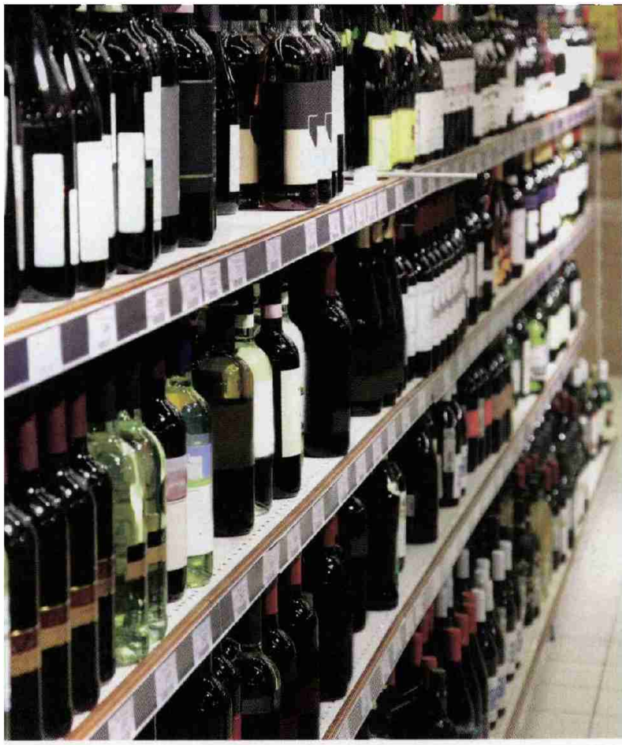


The Green Wine Report

A study of off-premise stocking in metro U.S. markets.

The green marketplace is growing, but which brands are actually showing up on retailers' shelves? To find out, the Beverage Information Group's research team conducted a study using its proprietary Shelftrac™ data audit. The Shelftrac quarterly stocking study provides brand-level distribution, shelf placement and pricing information. Beverage alcohol companies subscribe to Shelftrac to gauge their brand's performance (percent of stores stocking, number of facings, share of category, etc.), track line extensions and monitor new competitors.

The Green Wine study was conducted in mid-June 2011. More than 1,400 outlets were visited in 25 metropolitan markets. The study recorded 25 popular or growth green wines, restricting stocking observations to retailer-designated green, organic or sustainable selections. On-display stocking was also restricted to green branded displays. POS displays were recorded only if they were green branded as well.

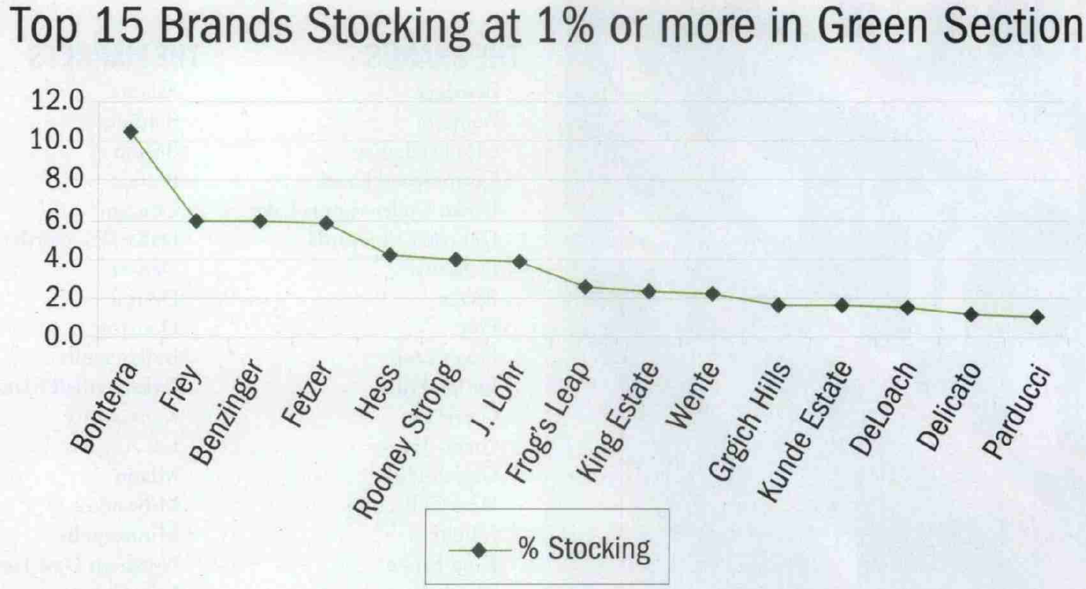
THE BRANDS	THE MARKETS
Benziger	Atlanta
Bonterra	Baltimore
Clos la Chance	Boston
Cottonwood Creek	Buffalo
Down Under–Crane Lake	Chicago
DeLoach Vineyards	Dallas/Ft. Worth
Delicato	Denver
Fetzer	Detroit
Frey	Houston
Frog's Leap	Indianapolis
Indigo Hills	Jacksonville/Orlando
Green Fin	Kansas City
Green Truck	Los Angeles
Grgich Hills	Miami
Hess Collection	Milwaukee
J. Lohr	Minneapolis
King Estate	Northern New Jersey
Kunde Estate	New Orleans
McWilliams	New York Metro
Parducci	Philadelphia
Patianna	Phoenix
Paul Dolan	San Diego
Rodney Strong	San Francisco
Trinity Oaks	St. Louis
Wente	Tampa
	Washington, DC

OVERALL FINDINGS

Our study found that green wines are gaining in popularity and distribution, but retailers are slow to designate special stocking areas for them. Only 17 percent of all outlets had a designated green wine section. Only 5.4 precent of outlets contained green-supported in-store displays. Also, our 25- brand set of green wines averaged just 12 facings per outlet.

Green sections were more frequently observed in the liquor channel, as opposed to in drug or food outlets. Approximately 22 percent of liquor outlets had a green sections, while only 7.1 percent of food outlets and 3.7 percent of drug outlets

Share of Green Sections by Channel



supported a green section. Liquor also had the most facings of the group—averaging 12.8, but food outlets outpaced the others in terms of displays (food was 6.2 percent, spirits 5.1 percent and drug 4.1 percent).

BRAND PERFORMANCE

Only a handful of the brands in the study were in distribution in all three channels (Benziger, Bonterra, Fetzer, Hess, J. Lohr and Rodney Strong). Only four brands—Bonterra, Frey, Benziger and Fetzer—had an overall stocking greater than 5 percent. The brands had an average number of facings of 2.5 overall. Bonterra, Frey and Fetzer each had the most with five, while Benziger was next closest at 3.7 facings.

SUPPORT BY MARKET

Markets dominated by liquor outlets showed the strongest green stocking, including Dallas/Fort Worth with 63.6 percent, Buffalo at 58.1 percent and Tampa at 42.6 percent. There was very little support for green sections in predominantly food and drug markets, with the notable exceptions of New Orleans (23.3 percent of food outlets) and San Francisco (33 percent of food and 16.7 percent of drug outlets).

Of the three California markets, in food and drug stores only San Francisco demonstrated strong stocking. The city had 24.6 percent, while San Diego trailed with 4.3 percent and Los Angeles had only 2.1 percent.

The strongest green-stocking markets didn't necessarily carry all of the 25 brands in the study. The overall green leader, Dallas/Fort Worth, averaged just 22.6 facings per outlet. The second-highest market, Buffalo, averaged 17.1 facings. Tampa, the third-place market, had 6.8 facings, while the fourth-place Milwaukee averaged 30 facings. Our conclusion is that brand stocking is likely to be influenced regionally, by distributors, or by market and consumer preferences.

GREEN ON DISPLAY

Of the 25 markets we visited, only 11 supported green-designated displays. Philadelphia, in which 18.8 percent of outlets stocked green wine, had 43.8 percent of outlets designate green displays. San Francisco was second with 24.6 percent, with Buffalo and Miami trailing them with 15 percent and 12.8 percent, respectively.

GREEN PRODUCT PROMOTION

Price discounting among the brands in our survey was relatively insignificant. In markets where promoted pricing was observed, Naked Earth and Hess Collection offered the largest discounts to everyday price (17.64 percent and 11.05 percent respectively, for +/- $1.67 in savings). These were the largest dollar savings of all the brands, other than the higher-priced Grgich Hills, which averaged $1.86 in savings, or a 4.28 percent discount. The remaining brands, when discounts were offered, averaged between a 0.6 percent and 9.6 percent discount for an average savings of approximately 70 cents. ♦