2025 BMO Wine Market Report

Wine Industry Partnership

BMO WINE & SPIRITS GROUP
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WINEBUSINESS ANALYTICS

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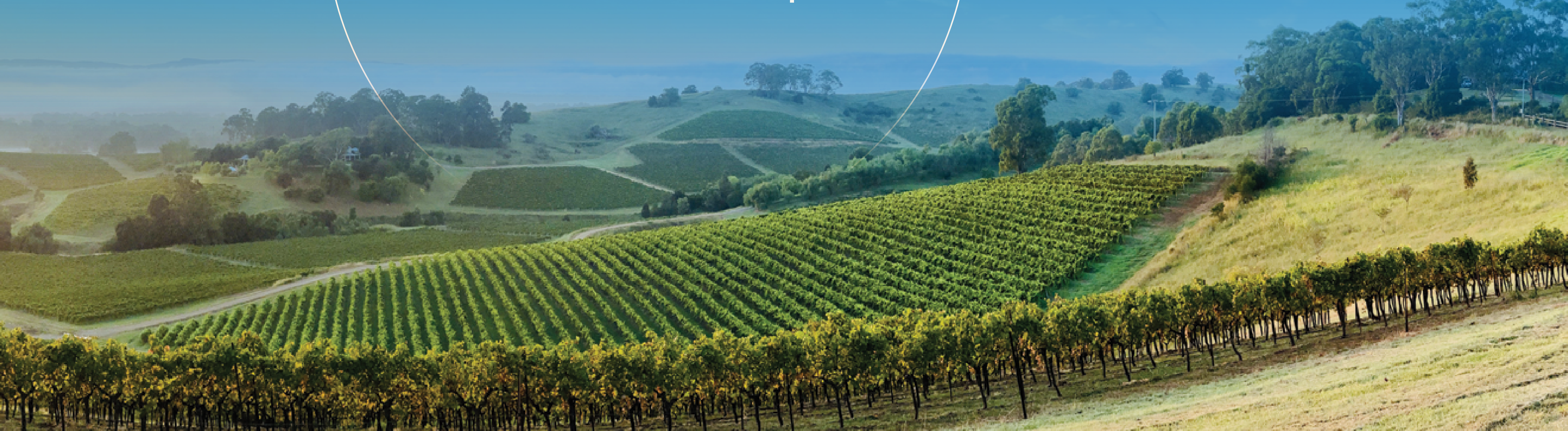
Tariffs and retaliatory measures between the world's top wine markets will have a profound impact on the global wine trade.

This year's survey found **13% of American wineries sell to export markets while 42% of Canadian wineries are exporters.**



Preface

The concept of terroir encapsulates all the factors of growing grapes and making wine. The term is often used in the context of fine wines, but the concept applies equally to the world's most expensive and most affordable bottles.

Integral to the concept is that wine is both a reflection of its origin and a crafted expression of it. The origin, or place, of wine is of paramount importance. The intrinsic qualities of a particular grape and region should be respected by the winemaker who expresses those qualities in a way best suited for the marketplace that funds the work needed to produce the vintage.

Over the past century, winemaking has spread across the North American continent. From the Atlantic to the Pacific, there are now thousands of wineries producing wines that reflect specific regions, styles and markets. The emergence of the United States as the world's largest wine market is just the latest chapter of wine's long story told as it spread across countries and continents for thousands of years.

Wine thrives at the intersection of cultures and commerce and withers amid discord and conflict. For millennia, wine's place on the table has brought conviviality and lubricated the wheels of business. The current trade disputes are at odds with wine's role in helping to connect the world's markets. Wine's place is not at the center of a trade war.

Its place is on the table, or the bar, or any place where people are eating and drinking. The human element of terroir doesn't just concern making wine; it also includes the appreciation of it. The benefits of healthy, moderate consumption of wine have become a tougher sell in the modern market. One of humanity's oldest beverages has become the target of modern health campaigns that focus on the risks of alcohol consumption while ignoring the benefits of living well in good company.

This report, produced by the members of the Wine Industry Partnership, examines the place of wine by reviewing current conditions in the US market, the sentiment at wineries and how consumers think of, and enjoy, wine. The 2025 edition of the report features additional analysis on the wine market in Canada as well as insights from an inaugural survey of Canadian wineries.

As wine spread across North America during the last century, it survived Prohibition and world wars. While wine's latest challenges are cause for uncertainty, wine has persisted through the challenges of history and vintners are already taking advantage of opportunities to maintain and increase their share of this very different, new wine market.

That growth will require innovation and new thinking on how wine can connect with people of all ages and backgrounds. We are pleased to present the second edition of the BMO Wine Market Report that is intended to provide some of the information needed to find wine's future place.

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Escalating trade disputes have already curbed the flow of wine across the US and Canadian border and are poised to have significant impacts on the global trade this year. The US wine market remains the world's largest, but consumer demand proved weaker than expected through the end of 2024 and into this year as total market volume declined 4% to 362 million cases. Volume declines are slowing and that could signal the market is arriving at a new baseline for future growth—if wineries can successfully increase direct sales to offset flat premium wine sales and declining sales of lower-priced wines. While expectations for growth have declined among wineries in the US and Canada, the majority remain confident they will increase sales and expect the total market to grow. Increasing demand among younger consumers is vital for wineries to realize the potential growth in coming years.

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Managing Director and Head, Wine & Spirits

Jon Moramarco
Managing Partner of beverage alcohol advisory, bw166

Key findings

Nearly 40% of US wineries and more than 40% of those in Canada increased sales in 2024 with much of that growth coming from direct sales.

New data reveals a decrease in drinking since the pandemic, as health concerns about alcohol continue to drive moderation.

Most regular wine drinkers continue to enjoy a glass of wine at least once a week and purchase a bottle costing around $15 weekly and more expensive bottles monthly.

More than half of the wineries surveyed planned to further invest in their tasting rooms and wine clubs to entice more direct sales as their main method to increase revenue this year.

Gen Z drinkers, ages 21-27, accounted for a larger share of the average US winery wine club in 2024 than in the previous year.

A significant portion of frequent wine consumers are reducing their drinking because of a general desire to improve their health. Younger drinkers are more likely to participate in abstention events such as Dry January.

The wine grape market is long in nearly all the major West Coast regions, but growers have begun to remove thousands of acres in a painful, but necessary, correction.

Increasing sales is the top priority for all wineries in North America and their top concern is the economy.

Introduction

Vintners were optimistic as they contemplated the outlook for their industry at the start of this year, despite the challenges of the previous one. That optimism doesn't appear to have been misplaced; it's that the challenges have increased, and some new ones are quite daunting.

Political and economic instability have made it significantly harder to manage a business this year, and there is little to suggest the rest of the year will see a return to stability. Burdened by excess inventory accumulated after the surge in sales from the pandemic years, wholesalers and retailers curtailed orders from wine suppliers. Many expected excess inventory to be sold through the key holiday sales season but a disappointing fourth quarter of 2024 revealed wine's consumer demand challenge may be more significant than anticipated.

US tariffs and retaliatory measures imposed early in 2025 have left the wine trade in shock as Canada had been the No. 1 market for US wine exports. Tariffs of up to 200% on EU imports would be calamitous for many retailers, restaurants and thousands of people working in the trade.

This is the second edition of the BMO Wine Market Report and, while it describes an industry still trying to entice new consumers as it confronts additional challenges, there are reasons to be optimistic. Total US wine market value grew 4% in 2024 and many wineries across North American enjoyed double-digit sales growth as they expanded direct sales and distribution. This report now features data on the nearly 900 wineries in Canada where total wine market volume came to 53 million cases in 2024. Viewing the trade fight in the best possible light, restructuring of global trade may help improve the flow of Canadian wine across provincial borders as wineries seek to build direct sales. Exorbitant tariffs on packaged imports may help US wineries secure more placements at retailers and restaurants and might boost direct sales.

In addition to the most comprehensive and accurate survey of wineries in North America, this report also includes timely and relevant data on consumer sentiment. One of the biggest challenges facing wine continues to be creating connections among younger consumers as sales to wine's best customers — the Boomer generation — slow as they grow older. This was an issue at the start of the last decade, and it has only been exacerbated as Gen X hasn't embraced wine as much as their parents, Millennials have seen their earning years marked by a string of economic crises and younger generations are increasingly fragmented in their interests and motivations. These younger consumers also appear to be drinking considerably less when they reach drinking age. Many also came of age during the pandemic when their opportunities to experiment and discover wine at restaurants and bars were curtailed. Consumption has declined and it's clear more people are drinking less.

After enjoying three decades of sustained growth, those working in wine need to abandon perspectives formed during that remarkable run and embrace new thinking and new technology in wine production and — perhaps more importantly — selling and marketing wine.

More than

70%

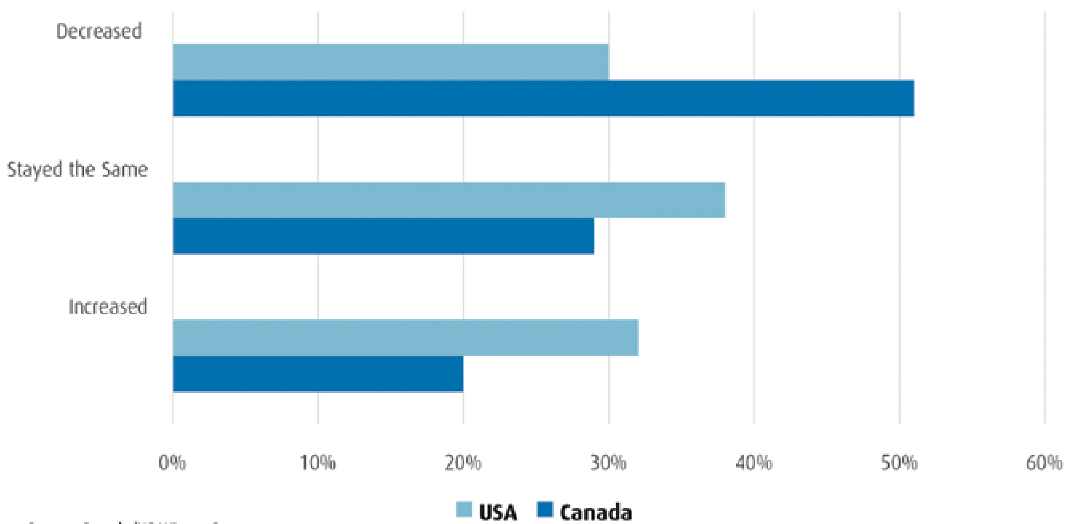
of wineries in the United States and Canada expect to see their sales grow by more than 5% over the next five years.

Caught in the middle of a global trade fight

Earlier this year, the threat of a 200% tariff on US imports of EU still wine and Champagne roiled the global wine trade. The prospect of a crippling cost increase followed the Liquor Control Board of Ontario, which buys all beer, liquor and wine imported into the province, pulling all American products from its shelves in response to tariffs on all imports from Canada. Threats of more tariffs and retaliatory measures have been mixed with pauses and exemptions adding even more uncertainty to global trade.

Across Canada, US wine has been pulled from shelves and often replaced by a placard urging customers to buy Canadian. In 2024, Canada was the largest single nation market for US packaged exports that came to $423 million, which was 4% less than the year prior. The retail value of those imports, 95% of which come from California, is estimated to be more than $1 billion. That may be a small slice of the US wine market but vital for many producers who have taken the time and expense to cultivate what had been the easiest export market to access. Thousands of US wineries have also enjoyed a regular, seasonal uplift in their direct sales from Canadian and European tourists who may be disinclined to visit this year because of the trade disputes.

Export Sales in 2024



Source: Canada/US Winery Survey

While American wineries have matched their counterparts in Europe in terms of wine quality, they have not been as active in establishing comparable export markets. For most of its modern history, the US wine market has offered plenty of room to grow from domestic and import sales. Lower priced imports have helped get consumers interested in the category, and when they fell in love with Burgundy at a restaurant, those same consumers went on a wine country vacation to visit the American Burgundy in California or Oregon. When asked to rank the challenges facing their winery, competition from imports came in last or was the least of survey participants' worries.

While last year's survey of US wineries did indicate more of them were interested in developing exports given the lack of demand in the domestic market, the 2025 survey found a similar share of all wineries, 13%, are exporting. The surveys for this report were conducted in January prior to the imposition, or threats, of tariffs.

Nearly all, or 95%, of the largest wineries are exporters while 71% of those producing between 50,000 and less than 500,000 cases sell to foreign markets. Of those currently exporting, nearly 40% said their program grew in 2024. Sixty-five percent of all US wineries were planning to invest more to build their export program this year with the highest share among wineries in Napa County and those making between 50,000 and 500,000 cases. Among US exporters, the survey found their top market is Canada at 35% followed by the EU at 17%.

Caught in the middle of a global trade fight

In California's vast Central Valley, which is the source of millions of tons of wine grapes produced each year in the state, imports are seen as a competitive risk as larger wineries have taken advantage of currency and vintage fluctuations to import bulk to improve their margins or adjust production as needed. Unlike packaged imports that arrive in 9L cases, bulk wine is transported by shipping containers encasing a large flexible bladder that are delivered by ship and then moved by rail or transferred to tanker trucks. Millions of gallons of bulk wine have been used to pad California appellation wines, but growers have also been resistant to pull their vineyards even after being advised for nearly a decade that demand can't meet production.

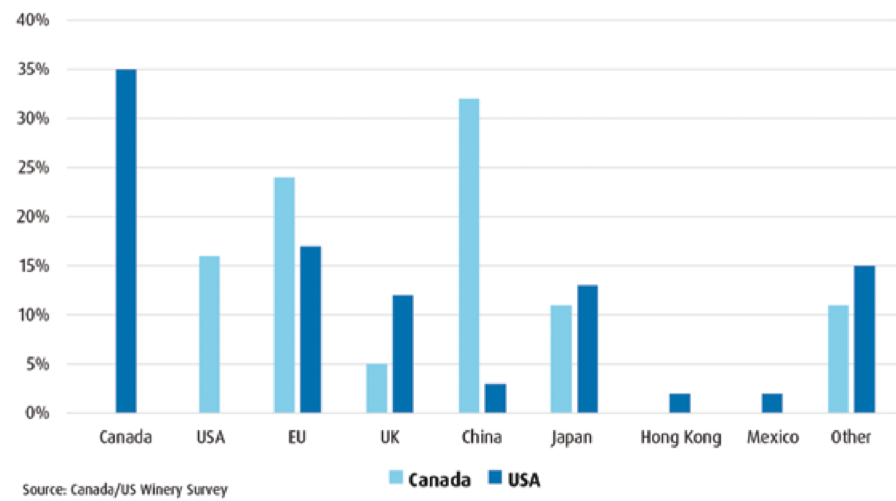
In 2023, California growers had to leave an estimated 300,000 tons on the vine and that amount was matched or possibly exceeded by a further 100,000 tons in 2024. Tariffs on bulk wine might help, but the history of bulk import volumes into the United States suggests the current demand problem is significantly larger than what an aggressive levy on bulk wine could fix.

Escalating trade dispute has global wine trade on edge

US products already pulled from Canadian shelves

Tariffs on EU wines may yield opportunities for US brands

Top Export Markets in 2024 (% total exports)



Source: Canada/US Winery Survey

A previously imposed 25% tariff on some packaged imports in 2019 may have curtailed the volume of imports by about half until 2021 when President Biden issued a five-year moratorium on those tariffs that may well resume under the current administration. Imports account for roughly 29% of total US market value and packaged imports came to around \$3.5 billion in 2024 with France accounting for the largest share at nearly \$2 billion and Italy close behind at \$1.7 billion. Packaged imports account for a much higher share of total value, and volume, in the on-premise (restaurant) market as well as in retail. Canada was the source of just \$3 million in bottled table wines, but it is a leading source of bulk imports accounting for around 20 million cases in 2024. These bulk wines are primarily used in spirits products.

Canadian wineries hopeful for growth

The bulk wine from Canada, however, is not representative of an industry that comprises 860 wineries from British Columbia to Ontario. Those two provinces account for the most wineries in the country with British Columbia claiming the most at 328 followed by Ontario at 292, according to the WineBusiness Analytics winery database. The wineries of British Columbia have not had it easy in recent years with destructive wildfires in 2023 that depressed the tourist trade followed by a deep freeze in January 2024 that led to a near total loss of that year's vintage. The losses have been tallied at around $350 million (Cad.) and, at the start of this year, the number of wineries in the province had declined 2%. Ontario accounts for another third of the wineries in Canada while Quebec claims 20%.

Canadian wineries hopeful for growth

Wine market volume contracts as consumption slows

Trade fight may boost domestic, other export markets

Direct sales vital and offer room to grow

Despite the challenges of recent years, 43% of the wineries in Canada said sales in 2024 were as expected or better than expected with a fortunate 2% reporting their sales were much better than expected. Nearly 60% of the wineries in British Columbia described last year as worse than expected, while 36% of those in Ontario described 2024 the same way. More than a quarter of the wineries in Ontario said they enjoyed a better year than expected. Among wineries enjoying an increase in business, the average sales increase was more than 17%.

Half of all the wineries surveyed in Canada expect the total value of their nation's market to grow over the next decade and nearly a full quarter expect that growth to exceed 10%. The biggest challenges to that growth, according to this year's survey, are slowing sales and the changing tastes and demographics of their customer base.

Nearly 40% of all wineries surveyed in Canada export wine, and slightly more than half say they are planning to invest more in building export markets in 2025. China is the top export market for 32% of wineries surveyed followed by the E.U. and Japan. In terms of the biggest competitive risk to their own winery, those surveyed described the economy as their top challenge followed by competition from imports.

How did your Winery perform in 2024

Much better than expected	2%
Better than expected	20%
As expected	23%
Worse than expected	46%
Much worse than expected	10%

Did you experience Sales Growth

Grew sales	42%
Sales were flat	10%
Sales declined	48%

For Wineries that grew Sales

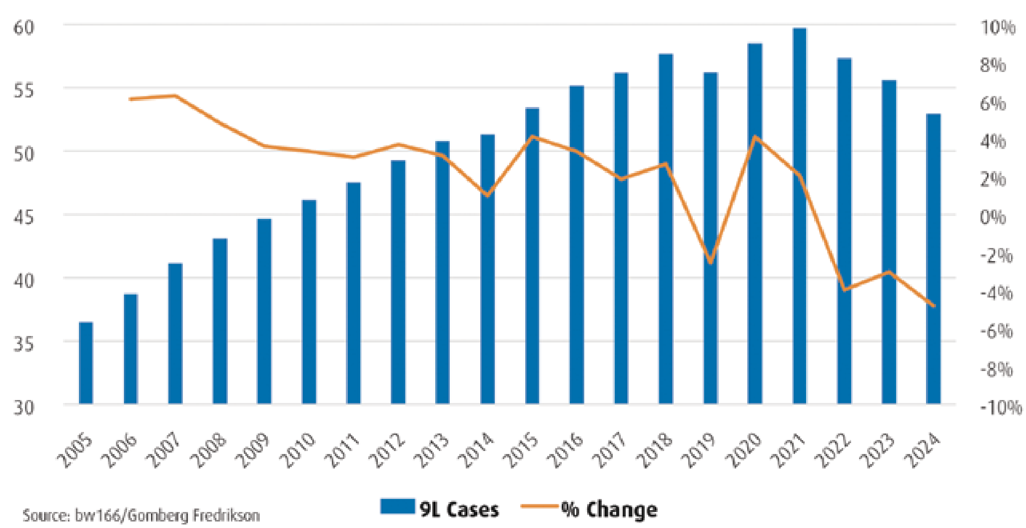
Average growth	17%
Median growth	13%

For Wineries that lost Sales

Average decline	-16%
Median decline	-10%

Source: Canada Winery Survey

Canada Wine Market 9L (millions)



The Canadian wine market declined 5% to 53 million cases in 2024 after a pandemic bump saw the market grow by 4% in 2020 followed by a 2% increase in 2021 to nearly 60 million cases. With a legal drinking age population of more than 30 million, the total beverage alcohol servings per adult in Canada annually was 432 in 2024, down from 470 in 2019.

Seventy percent of all wineries in Canada expect their total sales to increase this year (67% in BC and 72% in Ontario) and the average expected increase was just under 15%. An even higher share of Canadian wineries, 76%, are planning to achieve that increase in sales by increasing their direct-to-consumer (DTC) business. Canadian wineries face stringent restrictions on inter-provincial shipments. Those laws may change to help expand the domestic market but for the time being, wineries in Canada are focused on increasing sales among their existing customers.

According to the survey, the wine club and tasting room account for 58% of direct sales among wineries in Canada with the tasting room accounting for 32% of all direct sales. Those two lines of business account for more than half of total revenue for 44% of all wineries. Sales to the trade, including restaurants and retailers, account for 20% of total sales volume for a typical winery in Canada followed by 20% through provincial or territorial liquor control boards or exports and the rest are direct sales. Hospitality is already crucial to Canadian winery sales, and more than half are planning to increase that business in 2025.

There are some indications they will get that chance especially if Canadian snowbirds stay home and European tourists opt for the Okanagan Valley rather than Napa Valley. Nearly 60% of all wineries reported their monthly tasting room sales were the same or better in 2024 than during the previous year and a similar share reported tasting room traffic was also up.

In terms of who those customers are, Gen X accounted for the largest share at 37% followed by Millennials at 29%. Gen X also accounted for the largest share of wine club members at 67%. In terms of DTC revenue, Gen X and Boomers account for 65% of the median share of revenue for a typical winery in Canada while Millennials claim 20% and Gen Z is the source of 5% of revenue, according to this year's survey.

Club member churn, or the rate at which members depart, was "much higher" for 23% of surveyed wineries in Canada in 2024 and that indicates it may be more challenging to grow those direct sales than expected. The other challenge, confronting wine around the world, is that the youngest legal drinking age group, Gen Z, accounted for just 10% of tasting room traffic and a negligible number of wine club members.

US market dips toward new baseline

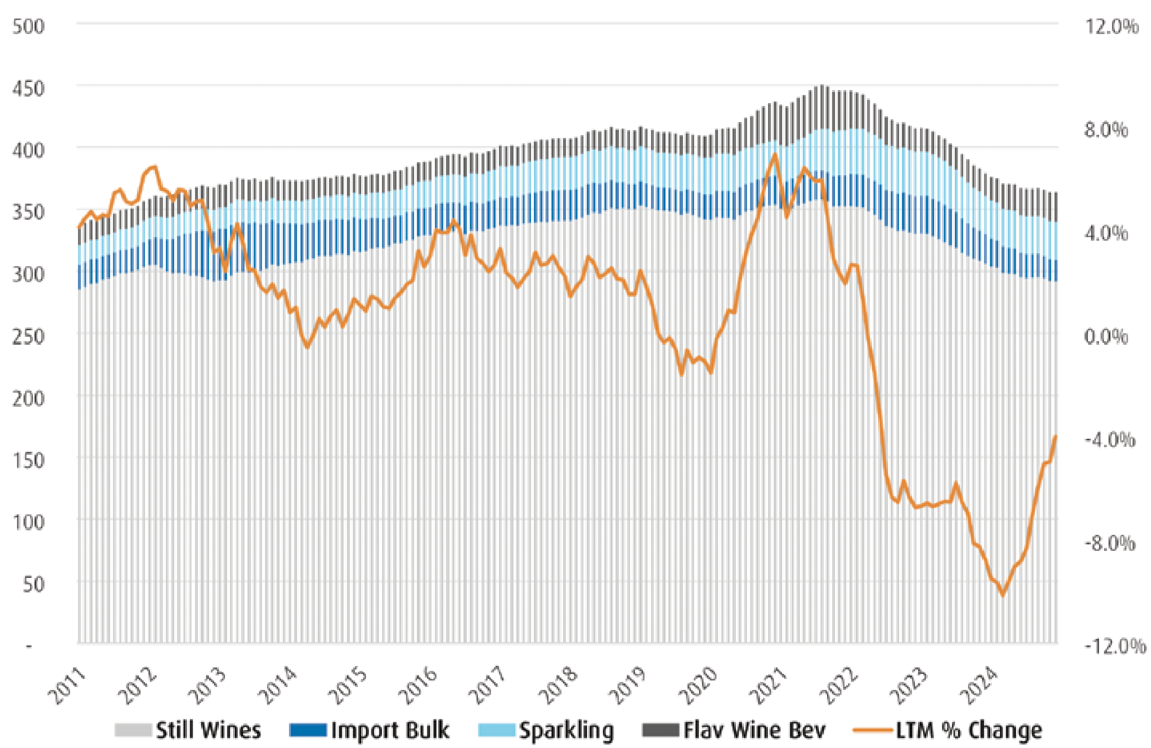
According to market research firm bw166, total US wine market value in 2024 grew 4% to $109 billion and volume declined by an equal measure to 362 million cases. At this time last year, there were indications the market might rally past the 400 million case mark by the end of 2025 if the traditional increase in sales through the last quarter of the year was sufficient to pull in excess inventory held by wholesalers in addition to increases in the on-premise sector and direct sales.

Higher priced wine sales remain stable

Work has begun to bring grape market into balance

Private labels are an opportunity and competitive threat

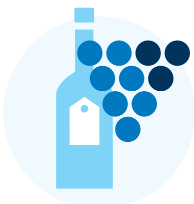
Wine Shipments into US Market – 9L (millions)



Source: bw166/Gomberg Fredrikson

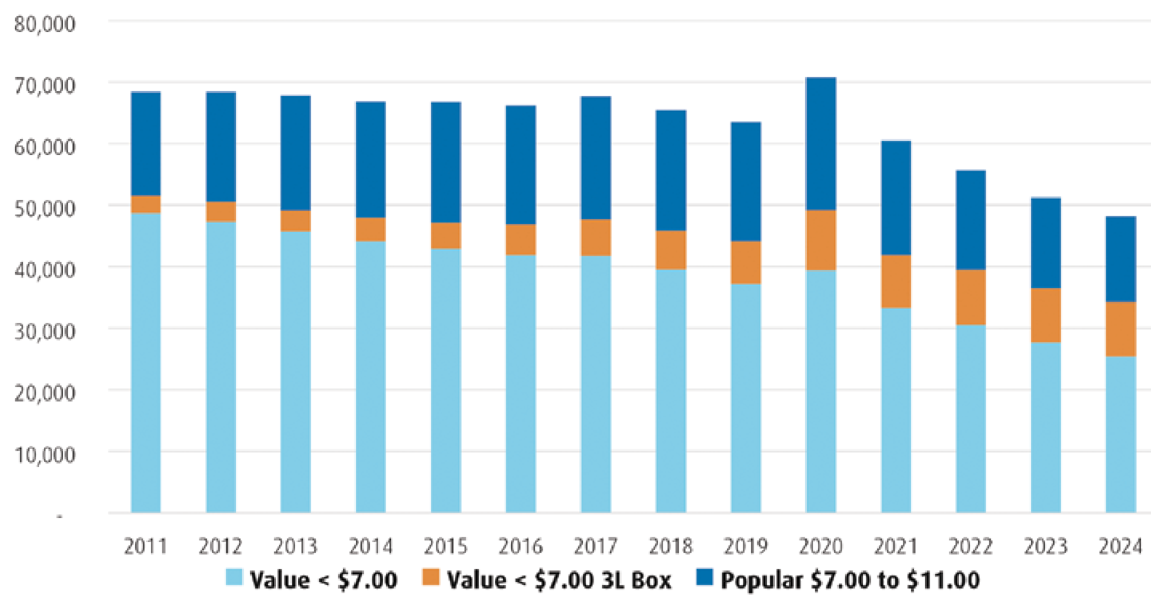
That did not occur, and the decline in total volume through the end of 2024, and into this year, reflects the wine market continuing to arrive at a new baseline. Wholesaler inventories remained at around 60 days at the end of last year. In 2023, US market volume was down nearly 9% yet that decline eased to 4% through 2024. According to the US winery survey, wineries with an average bottle price of more than $20 performed better in 2024 than those with an average price of less than $20. Wineries with an average price of less than $20 saw a net decrease in sales while those at higher prices remained even with last year. Of the 34% of US wineries that did see a sales growth in 2024, the median increase for wineries with an average price of between $20 and $50 was 12%, which is double that of lower-priced wine producers, while wineries with an average price of more than $50 saw a median increase of 10%.

US market dips toward new baseline



Retail sales of wine priced less than $11 continue to decline while sales of higher priced wines are flat or declining.

Table Wine Sales US Food Stores 9L (000) Under $11

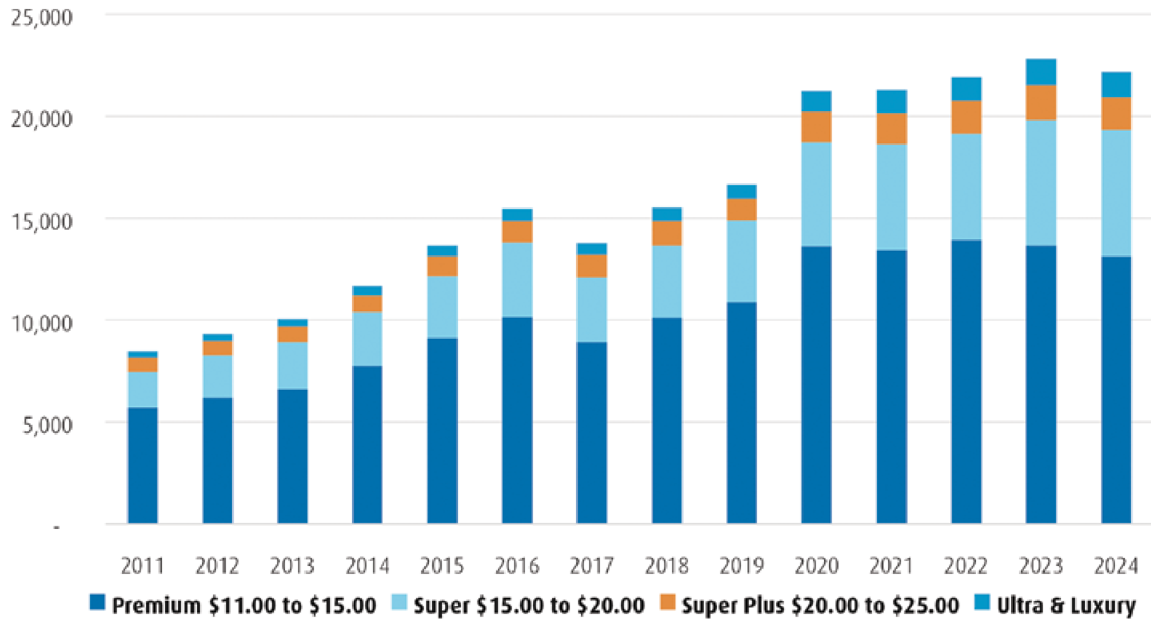


Source: bw166/Gomberg Fredrikson

In retail sales, wines priced less than $11 were down 6% compared to 2023, while wines priced more than $11 declined by 3%. In addition to the relative strength of higher-priced wines, total market value also rose due to inflation, increased costs and wineries increasing prices. Given the direction of the US economy at the start of the second quarter, it's hard to be optimistic wine will find that new baseline and return to 400 million by 2026.

A return to that volume on that timeline is looking less likely given no end in sight to the disruptions in the global wine market and to the national and global economy. The last time the US went through a recession in 2009 it slowed the trend of premiumization in wine sales for about a year yet that picked right back up right along with the rest of the economy because overall wine consumption was still growing. The strength of wine sales through that recession added more credence to the conventional wisdom of beverage alcohol being recession proof. But these are strange times and it's much less certain a recession would trigger an increase in wine consumption.

Table Wine Sales US Food Stores 9L (000) Over $11



Source: bw166/Gomberg Fredrikson

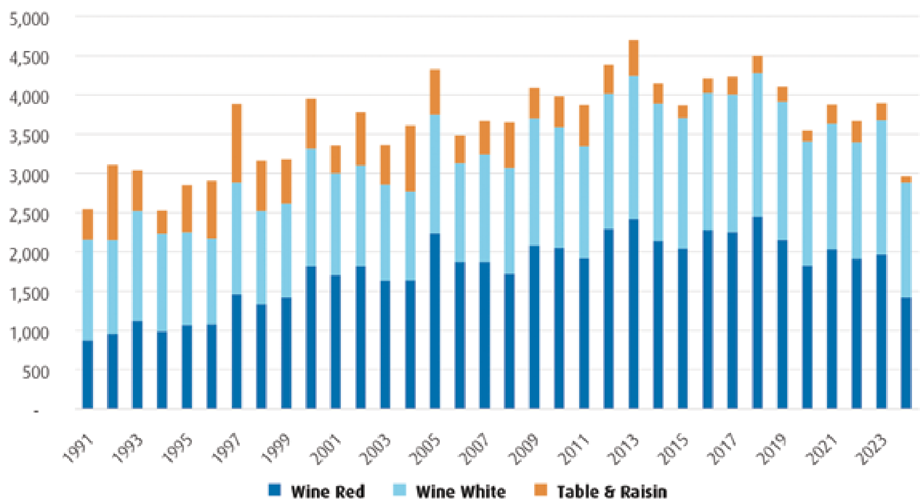
One constant in recent years has been the steady decline of wine sales priced less than $11 in grocery stores as tracked by NIQ (formerly Nielsen). Such wines have been vital to the largest wine producers and in 2024 they declined a further 6% to less than 40 million cases, which is around 40% less than a decade prior. During that same period, however, sales of wines priced more than $11 grew in the opposite direction in the premiumization trend that helped wine bounce back from the 2009 recession. During the previous decade, steady sales volume of lower-priced wine coupled with increased sales of higher priced wines drove the growth of the total market. The declines in lower-priced wines are now pulling total market volume down, obscuring the relative strength of higher priced wines.

Sales of higher priced wines, particularly in the on-premise and DTC market, did help increase total market value in 2024, but inflation and price increases also contributed. Consumer spending on beverage alcohol has remained flat at 2% of all personal expenditures since 2017 while the number of servings per legal drinking age Americans has declined from 548 in 2019 to 513 in 2024.

The decline in lower-priced wine sales is already changing the landscape of California viticulture. Throughout the state, growers have pulled thousands of acres of vines out of the ground and piled them in heaps that will then smolder to ash when air quality regulations allow it.

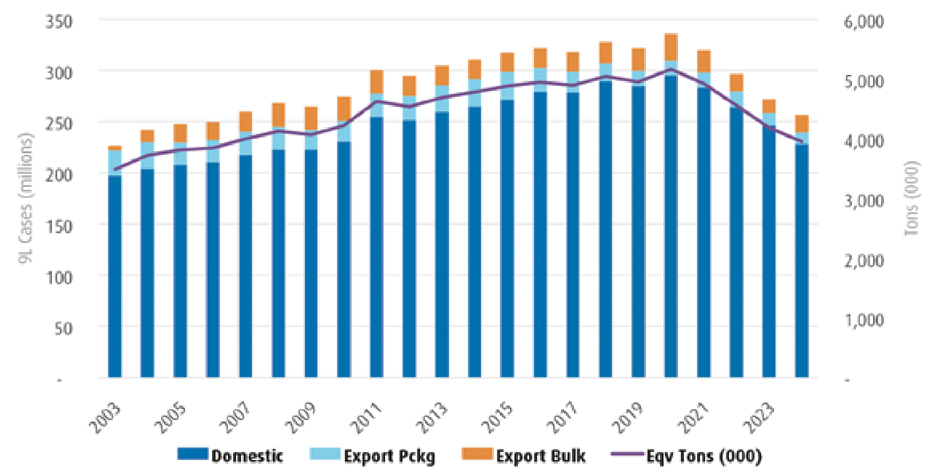
US market dips toward new baseline

California Crush Tons (000)



Source: bw166/Gomberg Fredrikson

US Domestic Winery Shipments



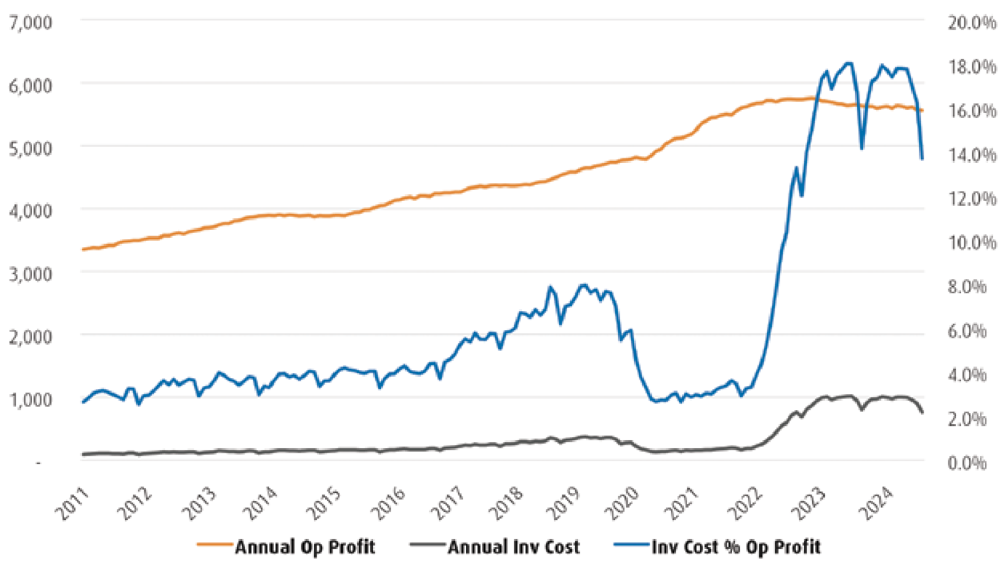
Source: bw166/Gomberg Fredrikson

In 2018, growers in California produced a record crop of 4.3 million tons of winegrapes. The most recent harvest in the state came to 2.9 million tons. Much of that decline is from grapes that were unpicked without a buyer. Most of the vineyards getting pulled are older plantings of red varieties and there is optimism that when the market returns to balance the overall quality of the crop will be improved.

As the lower-priced, higher volume sector of the market continues to suffer, some of the largest, publicly traded wine companies are rethinking their wine strategies. There are less than 100 wineries in the US producing more than 500,000 cases of wine a year and they, and their subsidiary brands, account for roughly 80% of all wine production. More than 40% of these wineries did as they expected in 2024 and 12% did better. In terms of those with increased sales, nearly all of that came from the wholesale retail market and more than 60% of the largest wine producers either retained or increased their points of wholesale distribution in both retail and on-premise markets. In a declining market and among such a small number of companies, any expanded distribution comes at the expense of a similarly sized company and makes it even harder for mid-sized wineries to secure or retain distribution.

Last year's survey found half of all wineries producing between 50,000 to less than 500,000 cases maintained the number of off-premise accounts they sold their wines through but that share had shrunk to 37% in 2024. The share of such wineries losing off-premise accounts rose from 18% to 33%, according to this year's survey.

Distributor Profitability and Carrying Cost of Inventory USD (millions)



Source: bw166/Gomberg Fredrikson

Added to the competitive pressure has been the much less obvious growth in the private label sector. A smaller number of national food store chains continue to seek better margins with beverage alcohol brands that are either produced under the retailers' own labels or a unique brand that is exclusive to the chain. Distribution agreements on these exclusive brands for specific states can make such projects highly competitive with national wine brands.

Consistent wine quality and a large supply of wine currently available from domestic brokers has this sector poised for growth through the coming years. Among all US wineries, 40% say they produce private labels or retailer exclusives according to this year's survey, but that share rises to 90% of the largest wineries. Small wineries can find success in this area of the market although the projects are much smaller, generating less of a return and with less chance of growth.

The value side of the wine market has traditionally been supported by older consumers who are loyal to certain brands at certain price points and in specific packaging. While there is little wineries can do to grow these sales, they can focus on the other driver of value priced wine sales which has been new and younger consumers. Wineries should consider adjusting the typical flavor profile and improving the quality of wines priced less than $11 a bottle for younger people who have some experience with wine. This could grow into a larger opportunity if tariffs do increase prices on popular value imports from Europe. Value priced wines also need to be fun, approachable and affordable for new consumers and to compete with the new generation of RTDs and other beverages. The recent success of flavor-forward and higher ABV brands through convenience stores suggests wine can compete for such drinkers.

A crowded, competitive market for US wineries

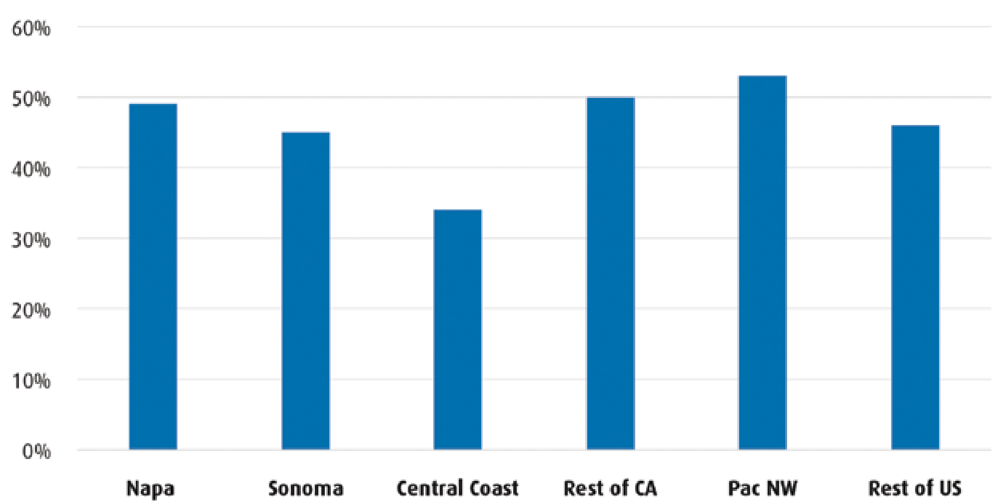
More than 70% of US wineries expect to increase sales

Growth is expected to come from direct sales, new markets

Gen Z accounts for a small, but growing, share of DTC sales

For the typical US winery, the wholesale channel accounts for about 30% of total sales volume with direct to the trade (on-premise and retail) claiming 14% and the balance made up by DTC sales. For wineries producing more than 50,000 cases a year, wholesale claims more than 60%, and for wineries with an average price of more than $20 a bottle, direct sales to the trade and consumer account for 80% or more.

Share of Wineries Reporting 2024 Sales Increase or Same as 2023



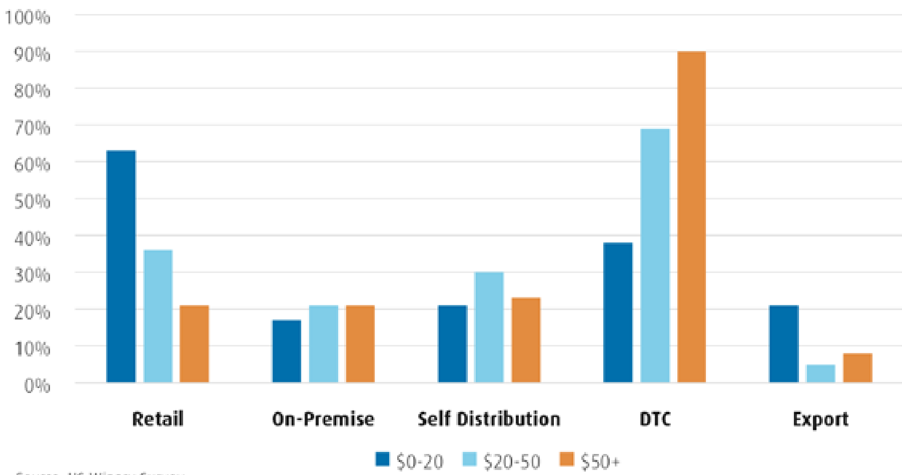
Source: US Winery Survey

Last year's survey found 41% of all US wineries enjoyed sales growth compared to the previous year but that share declined to 36% in the most recent survey. For those that increased sales in 2024, the average increase came to nearly 22% and direct sales were the source of that increase for 70% of the wineries that reported one. This was the case across all regions and among wineries of all sizes, except those producing more than 50,000 cases. Direct sales were also the leading source of sales declines for wineries with the average decline coming to 15%.

The 2024 survey found DTC sales was the top way wineries planned to increase sales and despite increased competition, the challenges in the wholesale market appear to have compelled wineries to double down on a DTC strategy. When asked to rank their top approaches to increasing revenue in 2025, the No. 1 answer was to increase DTC as a portion of total revenue followed by increasing wine club sales within total DTC. Finding a new distributor and expanding into new markets were the third most common approach with 11% each.

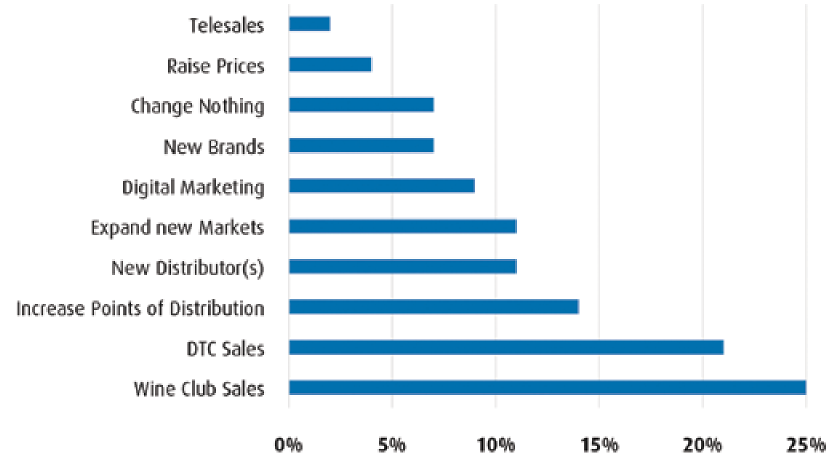
A crowded, competitive market for US wineries

Source of 2024 Sales Increase by Winery Average Bottle Price



Source: US Winery Survey

Ways to Increase Revenue in 2025



Source: US Winery Survey

While the hope remains in direct sales, expectations have changed. In 2024, 71% of all wineries expected to increase their total sales in the coming year. That share declined to 62% in this year's survey and the share of wineries expecting a sales decrease rose from 6% to 13%.

Yet nearly 60% of all wineries expect their DTC sales to increase in the coming year. By region, the Pacific Northwest and Napa County were the most optimistic with 68% of the wineries in each location expecting a DTC sales increase.

The path to increased direct sales, similar across all regions, sizes and price points, is to invest in the tasting room, wine club and digital marketing. This is logical as the wine club and tasting room account for more than 50% of total revenue for more than half of all wineries with the largest share seen among those producing between 1,000 and less than 5,000 cases at 70%.

In terms of who their wine club members are, Boomers continue to claim the highest share on average at 36% followed by Gen X with 30% and Millennials at 17%. Gen Z accounts for the lowest share, 5%, but this is up from 2% in 2024. This breakdown is consistent across region, size and price. When asked about who is visiting tasting rooms, Gen X accounted for 70% of all visitors on average and this too was relatively consistent for all wineries.

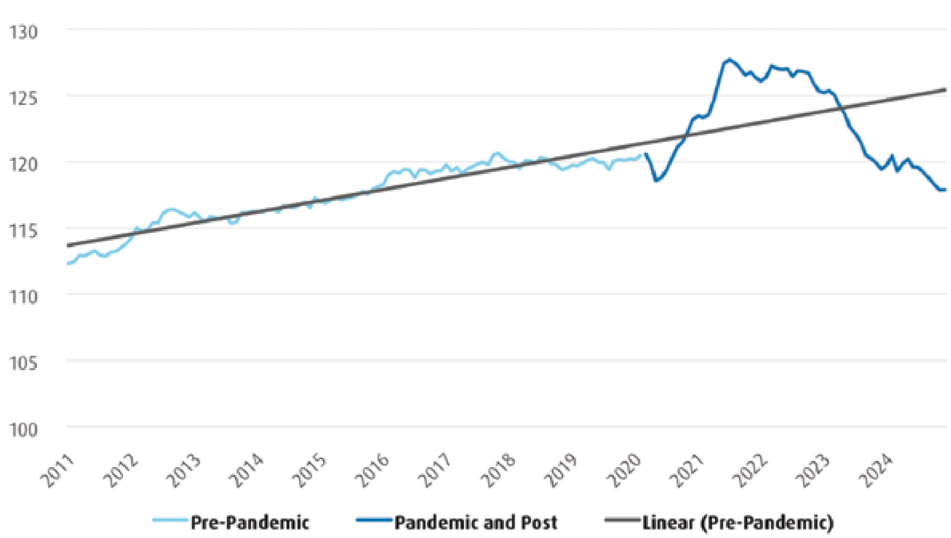
Nearly all wineries of all sizes, and in all regions, sell wine DTC but for the more than 11,000 US wineries producing fewer than 50,000 cases, these sales are vital. About half of the entire DTC market is comprised of wine that is sold at the winery or through its website and regular club shipments. The pandemic sent shipments soaring past 8.5 million cases in 2021, but that has since declined at a steady rate with total shipment volume declining a further 10% in 2024 to 6.4 million cases. The first two months of 2025 have seen similar declines in monthly shipment volume compared to the previous year. Wineries may well be banking on direct sales to hold the line this year, but that may be even more challenging than in previous years.

Fragmented, wary consumers

Gallup's most recent polling on whether drinking in moderation (one or two drinks a day) is "good for your health," makes no difference or is harmful found the share of people who think it's bad has risen to 45% while those who believe moderate drinking is healthy has shrunk to 8%.

Fragmented, wary consumers

Total Beverage Alcohol Servings Index (2003 = 100)



Source: bw166/Gomberg Fredrikson

More consumers perceive alcohol as unhealthy

Wine drinkers less receptive to health messages

Young people increasingly eschew drinking

Wine, and beverage alcohol, does appear to have an image problem. Helping to fuel wine's growth through recent decades were claims that there was scientific evidence that moderate drinking wasn't just safe but could benefit one's health. Those claims of wine's health benefits are debatable, but so too are the more recent claims that there is no healthy amount of alcohol to consume. The focus of this report is not the merit of any health claims related to drinking, but rather that an increasing number of people are beginning to think they should reduce their drinking.

For this report, the research group Wine Opinions conducted a survey of regular wine drinkers to gauge their thoughts on why and how much they drink wine. The January survey was conducted among people who enjoy wine two to three times a month or more often.

The survey found a net gain of 7% among those reporting they had increased their consumption since the pandemic and more encouragingly the gain was driven mainly by those between the ages of 21 to 39. The authors of the survey note that for many of these younger consumers, drinking wine at all is relatively new behavior and so would seem more frequent. Drinkers in the 40 to 59 age group did register a net gain in self-reported drinking frequency.

More than half of those surveyed reported no change in their drinking, but 21% did report they were drinking less. Of those who were drinking less, 50% said they were cutting back on beverage alcohol in general and 37% noted they were drinking less wine for "health or wellness reasons." Price was a significant factor for 20% of those reducing their drinking.

Reasons for Drinking Wine Less Frequently

Consumption trend	Total	Male	Female	21 – 39	40 – 59	60 +	Occasional wine drinker	Frequent wine drinker
Cutting back on beverage alcohol in general	50%	48%	52%	44%	60%	47%	47%	53%
Drinking less wine for health or wellness reasons	37%	33%	41%	29%	37%	49%	34%	42%
Price of wines has gone too high	20%	24%	15%	27%	15%	15%	20%	20%
Drinking beer or spirits more often than wine	20%	27%	13%	29%	12%	14%	23%	15%
Prefer tastes/flavors of other alcohol drinks	11%	14%	8%	23%	1%	6%	12%	9%
Sort of losing my taste for wine	8%	8%	7%	14%	4%	4%	9%	6%
Sometimes drink THC/CDB beverages instead	8%	11%	5%	14%	6%	2%	9%	6%

Source: Consumer Survey

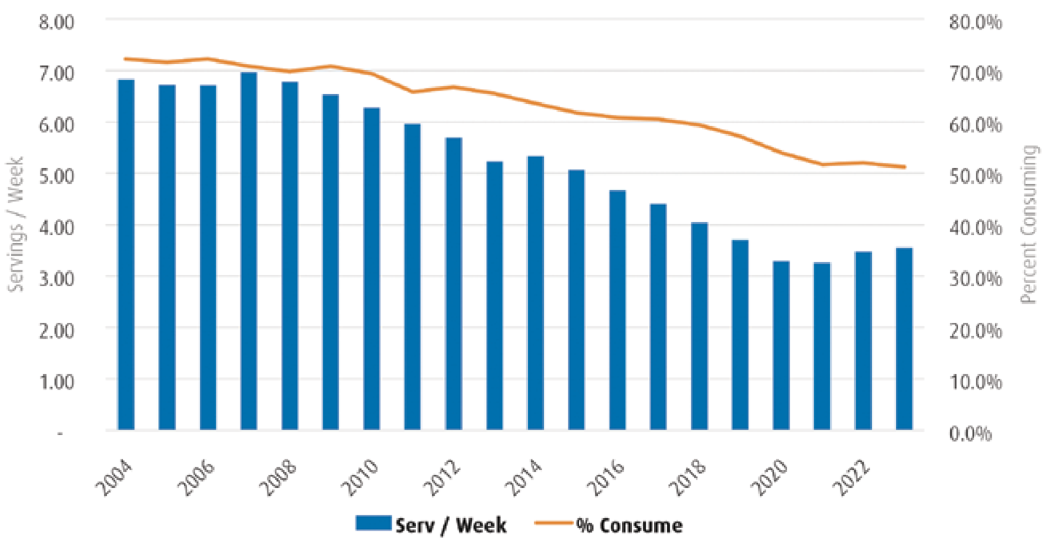
Men, particularly those ages 21 to 39, were less likely to cite drinking less wine for health and wellness reasons than females, although similar proportions reported drinking less alcohol. In contrast, they were more likely to cite other reasons for drinking less wine, 27% opting for beer or spirits more often versus 13% of females. Health-related reasons for drinking less wine increase with age, peaking among those over 60. However, reducing alcohol in general peaks in the 40–59-year-old segment, and there is only a partial overlap among all respondents between those cutting back alcohol generally, and those cutting back wine specifically for health and wellness reasons.

Many in the industry have linked declining wine sales with the increase in advisories and media reports on the potentially harmful effects of even moderate consumption of wine. The survey found the respondents were as aware of positive press on wine (64%) as they were of negative press (62%). Frequent wine drinkers who were male and over the age of 40 were the most aware of either negative or positive reports on wine. The youngest drinkers, 21-30, had significantly lower rates of awareness for both positive and negative press concerning wine, although somewhat more reported hearing positive news (55%) than negative (42%).

When asked to further describe their thoughts on the negative press, the survey found most respondents were skeptical of the messaging, stated they would continue to enjoy wine in moderation, had specific health issues or would be reducing their drinking. As the survey was conducted in January, the respondents were asked if they were participating in “Dry January” and found the highest rate of participation, 27%, among the 21-39 segment. Participation did not appear to be affected by awareness in positive or negative press on wine, but those who had already reduced their drinking were much more likely to participate in events like Dry January.

Fragmented, wary consumers

Self-Reported Alcohol Consumption and Servings Ages 18 to 20



Source: bw166/Gomberg Fredrikson - NIH Data

The anti-alcohol messaging may be having a greater impact on those who drink less than the group of wine drinkers who were surveyed, and there is data that suggests infrequent wine drinkers are becoming less likely to increase their consumption. Long-term health survey data by the National Institutes of Health also reveals that young people are drinking at rates far lower than historic norms. Over the past 20 years, the number of people ages 18 to 20 who reported drinking alcohol has declined steadily from nearly 70% of those surveyed to around 35%. In that same period, the share of those aged 21 to 25 who drink has remained steady at around 80% yet the self-reported number of servings has declined by almost half.

It appears the demand challenge is one of multiple components that wine must address differently. The reality is that consumption among the oldest wine drinkers and Boomers will continue to decline as they age yet demand from Gen X and older Millennials does not appear as if it is adequately replacing those declines. Younger people are drinking less and appear less interested in beverage alcohol in general. It is becoming clear that the language and approach to selling wine that has worked for decades doesn't have as receptive an audience. In addition to a growing disinclination to beverage alcohol, young people lack comparable buying power of previous generations and that has made wine even less approachable and less competitive with the wide variety of beverages on the market.

According to the survey commissioned for this report and extensive consumer research by the Wine Market Council, Millennials are drinking at roughly the same rate as Boomers, but their tastes are much broader, and they are significantly less loyal to wine or any beverage alcohol type or brands. Gen Z has a higher rate of abstainers and those that do drink are the most sensitive to cost increases and their occasions to drink are less likely to include wine.

Conclusion

Wine's challenges are not unique, and it has several qualities that provide it advantages. Today wine country can be found just about anywhere in North America, and the quality of wine produced is better than ever. Free from the competitive pressure found in the national retail market, smaller wineries selling direct do so with the personal connections that wine has helped forge for thousands of years. That reliance on direct sales may be seen as a necessity in today's market. While it was true even when the total market was growing, direct sales remain invaluable to building and maintaining a brand.

In an uncertain market, direct sales offer a measure of control and relative predictability vintners can lean on as they plan through this year and 2026. Success in direct sales, however, will require a sense of competition that has been largely absent through much of wine's recent growth, especially among smaller wineries. Those looking to increase their direct sales and engagement with consumers need to understand that the progression of young adults into wine drinkers is no longer assured. Wine country remains to be discovered, but waiting for new customers to discover your brand will no longer work. Wineries instead must hone their craft to get customers to visit, buy their wines and spread the word on the pleasures of discovering wine's true place.

Sources for this report

Based in Napa, Calif., the BMO Wine & Spirits Group is one of the largest commercial lenders to the North American wine industry, providing counsel and capital to the entire ecosystem for decades. BMO helps wineries, vineyards, distilleries and key support industries such as distributors, cork and capsule producers, barrel coopers, and harvesting equipment manufacturers. The Wine & Spirits Group is able to draw on BMO's entire platform of more than 100 M&A professionals, including a team of 10 middle-market and large-scale wine M&A specialists, as well as sponsor finance and dedicated food and beverage coverage teams. BMO understands how industry and economic dynamics such as consolidation, commodity price fluctuations, and changing consumer tastes can affect wine businesses of all sizes and is able to provide guidance on navigating industry cycles, strategic advisory for buyers and sellers, and M&A finance. The Wine & Spirits Group is headed up by Adam Beak who has nearly three decades of experience in the business including managing financing for some of the largest and most noteworthy M&A deals in the sector.

A comprehensive look at the total US market requires accurate and objective sources of data that describe all facets of the business. At the core of this report is economic data by the market research firms bw166 and Gomberg-Fredrikson & Associates. This includes data on shipments of wine from bonded facilities as well as imported wine from the Tax and Trade Bureau and US Customs. As California remains the source of nearly 90% of all domestic wine entering the market, the state's Board of Equalization (BOE) provides further information on total market volume. The Census Bureau, Bureau of Economic Analysis and Bureau of Labor Statistics provides data that is further bolstered by data from individual states. The compilation of this data provides a look at 100% of the wine market unlike most other data sources that are challenged to measure more than half the market. Bringing all this data together is Jon Moramarco who is the founder and managing partner of bw166 and partner and editor of the Gomberg-Fredrikson report. Moramarco has spent his entire career in the beverage alcohol sector with a primary focus on wine. Prior to his current work in market research and consulting, Moramarco spent nearly two decades as the president and CEO of subsidiaries of two global wine and spirits firms and was the president and CEO of a top wine importer and distributor serving eight states.

Informing the survey of wineries in the United States and Canada is the WineBusiness Analytics winery database that has been rigorously maintained for more than a decade. The survey for this report was conducted in January. Participants included winery management and decision makers at wineries of all sizes and price points. The representative sample and responses are structured to enable reporting by winery size (annual production), geographic location and the winery average bottle price. The balanced, stratified sample ensures that all wine segments are represented enabling the survey, and this report, to accurately describe the total market. Accepted statistical techniques are employed to allow segmentation as indicated in the data presented. The stratification is based on three segmentation attributes which are key to ensuring the sample is representative of the total US winery universe. WineBusiness Analytics is part of the leading B2B media group that publishes WineBusiness Monthly and produces a slate of integral industry conferences. Andrew Adams, an editor and writer with the WineBusiness company, has been covering the wine industry for more than a decade and was the lead author of this report.

Wine Opinions is a leading provider of US wine market research offering quantitative surveys of consumers and the trade as well as qualitative research including online and in-person focus groups. The company maintains panels of more than 4,000 members of the professional wine trade and more than 14,000 consumers to provide accurate, objective data and analysis on the sentiment, buying habits and other key factors of the wine market. Founder and CEO John Gillespie has been a leader in wine market research for more than 30 years and continues to work with many of the largest and most respected wine producers, as well as trade organizations and other companies with an interest in the wine business. The consumer study for this report was conducted in January 2025 and focused on people who drink wine two to three times a month. Such consumers represent 77% of US wine drinkers and account for approximately 98% of all wine sales. Participants in the 40 through 60 plus age group were members of the Wine Opinions panel of US wine enthusiasts. Members of the 21-39 age group were recruited through Cint Exchange, which is the largest provider of respondents to market research companies in the United States.

Appendix charts

The following provides additional facts related to the content of this report.
Adjacent to many of the tables and the charts below is brief commentary related to this data.

2025 US Sample Composition

Winery location	Sample %	Universe %	Universe
Napa	16%	11%	1,233
Sonoma	13%	8%	938
Central Coast	9%	8%	981
Rest of CA	17%	15%	1,724
Pacific Northwest	16%	15%	1,742
Rest of US	30%	43%	4,944
Total	**100%**	**100%**	**11,562**

Winery size (annual case production)	Sample %	Universe %	Universe
< 1,000	21%	50%	5,837
1,000 – 4,999	28%	31%	3,640
5,000 – 49,999	33%	15%	1,769
50,000 – 499,999	13%	2%	242
500,000+	5%	1%	74
Total	**100%**	**100%**	**11,562**

Winery average bottle price	Sample %	Universe %	Universe
Under $20	15%	25%	2,923
$20-50	58%	60%	6,955
Over $50	26%	15%	1,684
Total	**100%**	**100%**	**11,562**

2025 Canada Sample Composition

Winery location	Universe
British Columbia	329
Ontario	292
Total BC and ON wineries	**621**

Winery size (annual case production)	Sample %	Universe %	Universe
< 1,000	9%	33%	206
1,000 – 4,999	35%	33%	204
5,000 – 49,999	46%	30%	185
50,000 – 499,999	8%	3%	20
500,000+	2%	1%	6
Total BC and ON wineries	**100%**	**100%**	**621**

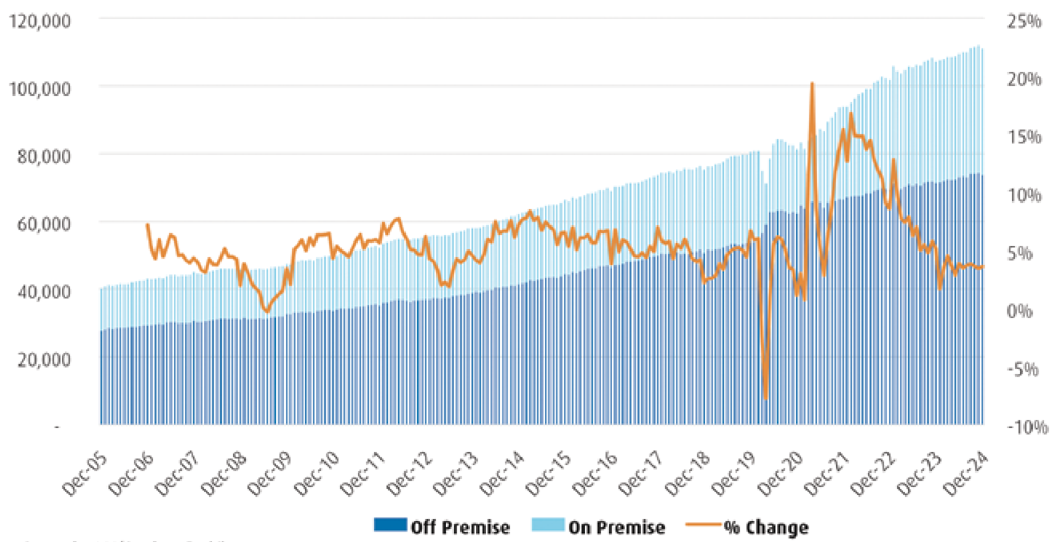
Winery average bottle price	Sample %	Universe %	Universe
Under $20 CAD	17%	23%	143
$20-50 CAD	77%	74%	460
Over $50 CAD	7%	3%	18
Total BC and ON wineries	**100%**	**100%**	**621**

Survey Methodology

Methodology – Survey of U.S. and Canada Wineries for the Wine Partnership

- The winery survey results cited in this report are from an online survey conducted by WineBusiness Analytics. The survey collected 2024 performance metrics and sentiment looking forward.
- Research was conducted between Jan. 7 and Feb. 24, 2025.
- The survey participants include winery management and decision makers, including contacts at wineries of all sizes and price points across the U.S. The sample composition is noted in nearby data tables. Canada survey activity covered wineries in British Columbia and Ontario only.
- The sample participants and structure are obtained using the total universe of over 11,000 U.S. wineries and 860 wineries in Canada maintained in the WineBusiness Analytics database.
- The representative sample and responses are structured to ensure all market segments are represented.
- This enables us to accurately report information on the total market. Accepted statistical techniques are employed to allow segmentation as indicated in the data presented.
- The stratification is based on three segmentation attributes which are key to ensuring the sample is representative of the total winery universe.
- The total of 640 questionnaires were received from U.S. Wineries. This represents 5.5% of the U.S. universe. Results from over-sampled or under-sampled cells were weighted to accurately reflect the population of wineries. For BC and ON Canada, a total of 119 questionnaires were received. This represents 19.2% of the BC and ON winery universe.

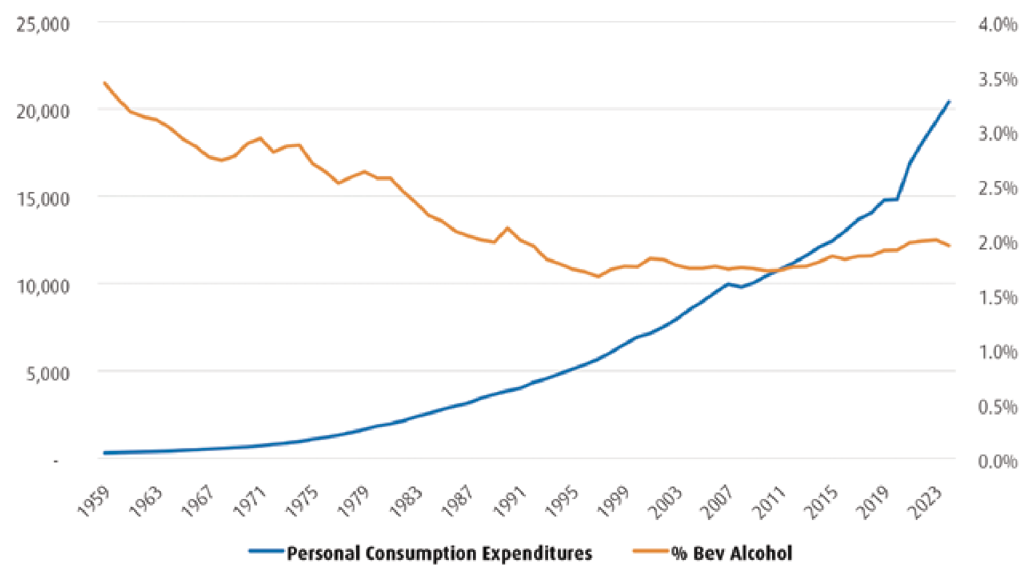
US Consumer Spend on wine - USD (millions)



Source: bw166/Gomberg Fredrikson

The consumer spend on wine is sourced from the Bureau of Economic Analysis. This is the same government Bureau that develops the GDP reports. Consumer spending on beverage alcohol is a component of Personal Consumption Expenditure (PCE) which accounts for roughly 70% of GDP.

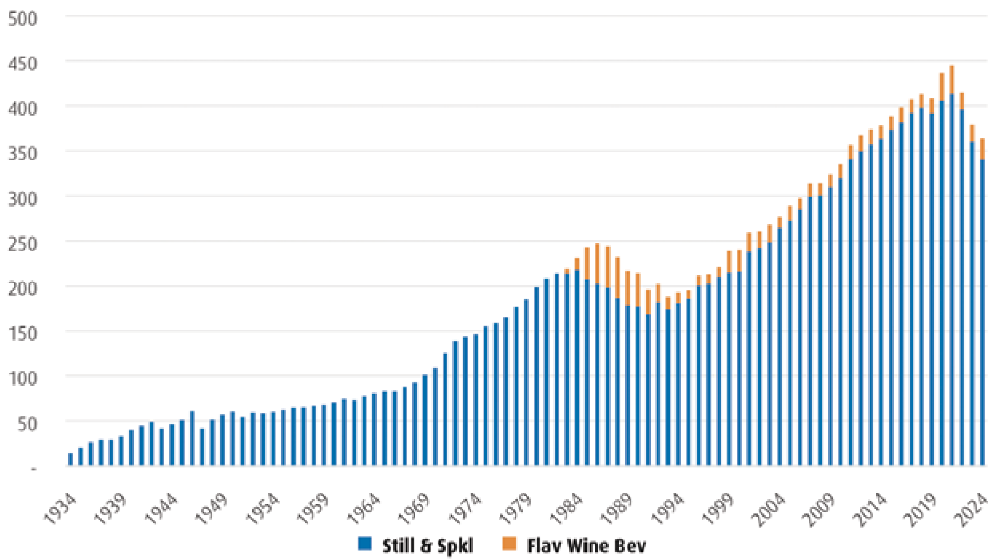
US Consumer Spending - USD (billions)



Source: bw166/Gomberg Fredrikson

The chart reports on the growth in Personal Consumer Expenditures (PCE) and the share that beverage alcohol represents. Beverage alcohol has been approximately 2% of PCE for the past 20 years, down from over 3% in 1960.

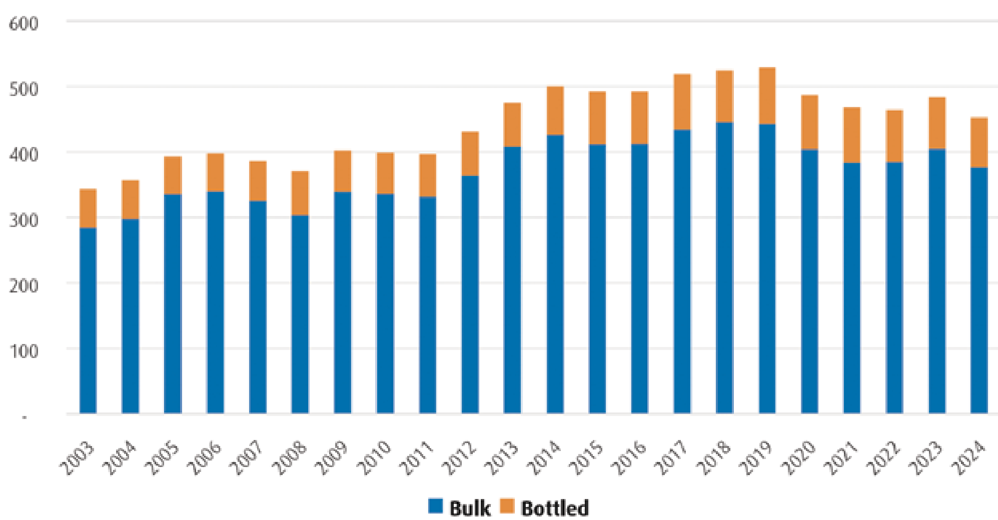
US Wine Market 9L (millions)



Source: bw166/Gomberg Fredrikson

The chart provides a longer-term view of US wine market volumes in the US since the repeal of Prohibition. The industry is experiencing a downturn, which it has not seen since the late 1980's.

TTB December Month End Inventory 9L eqv. (millions)



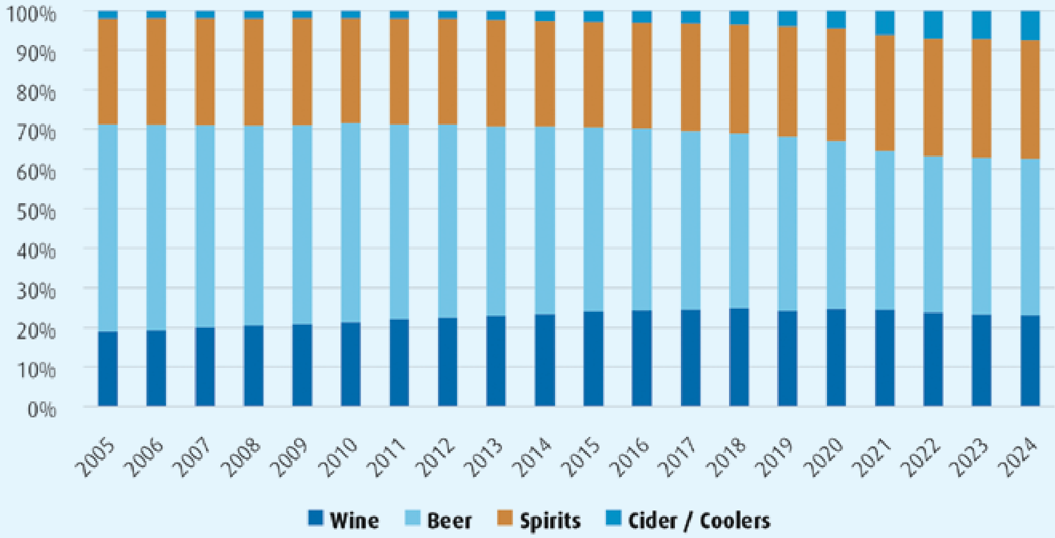
The chart shows year-end winery inventories as reported to the TTB. While there are concerns of supply in the market, current inventories are at levels like 2013.

Canada Total Beverage Alcohol Servings per LDA

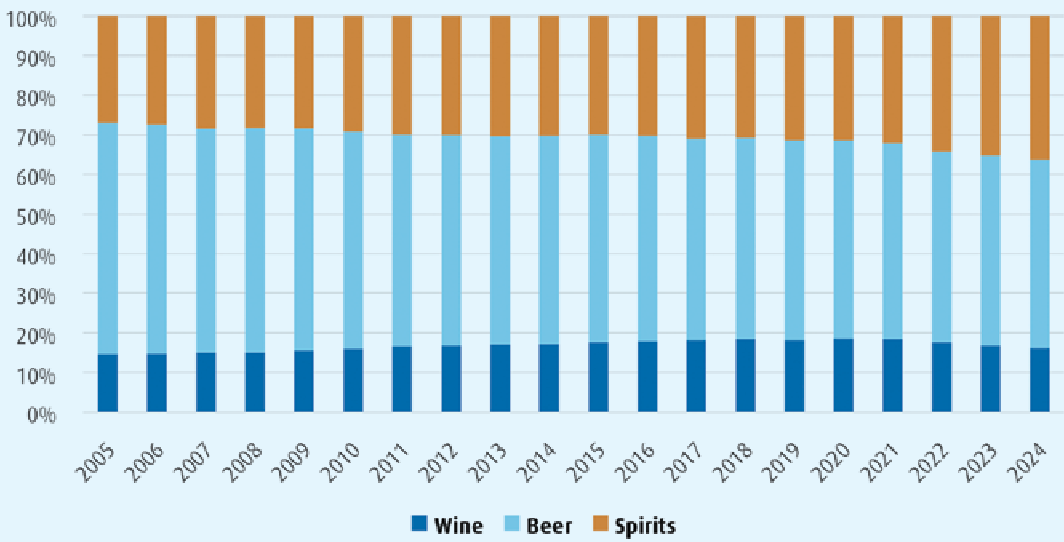
United Stated Total Beverage Alcohol Servings per LDA

The tables show calculated servings of beverage alcohol per Legal Drinking Age (LDA) adult. The data is generally based on 12 ounces of Beer, 5 Ounces of Wine, and 1 ½ ounces of spirits. On a calculated basis, in general, Canadians drink about 85% of the alcohol compared to their counterparts in the US.

Canada Share of Servings

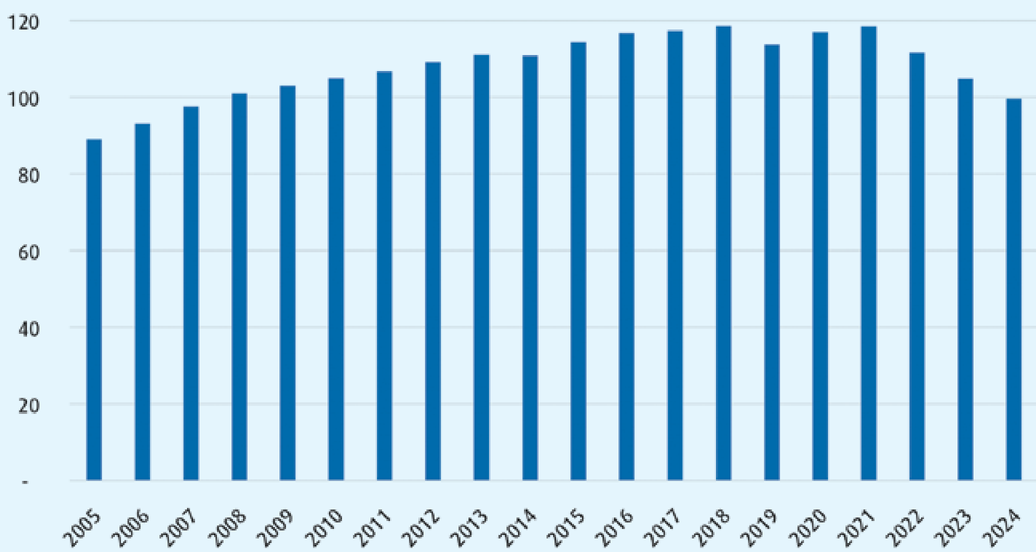


United States Share of Servings

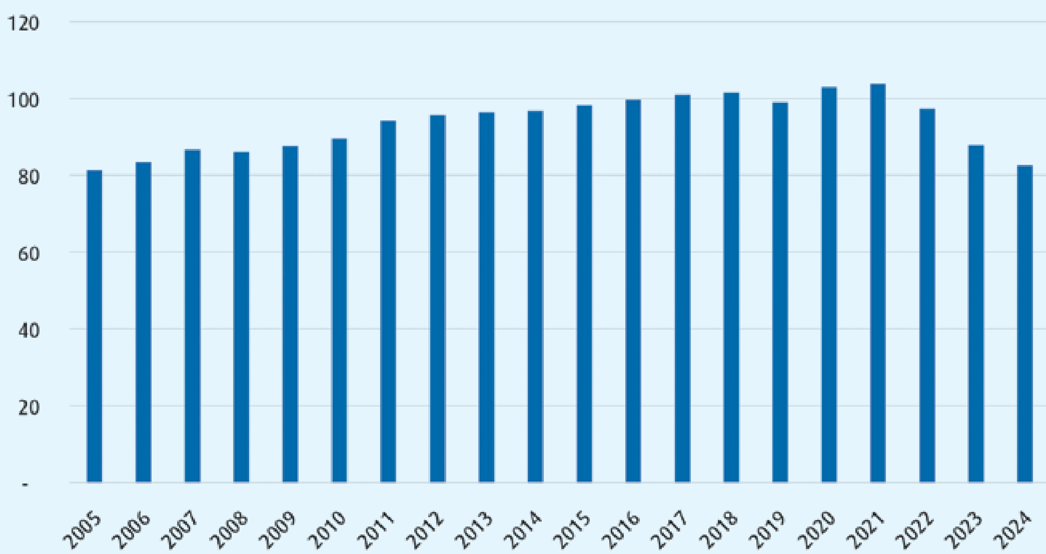


In general, Canadians consume a higher share of wine in their total beverage alcohol consumption than their counterparts in the US.

Canada Wine Servings per LDA

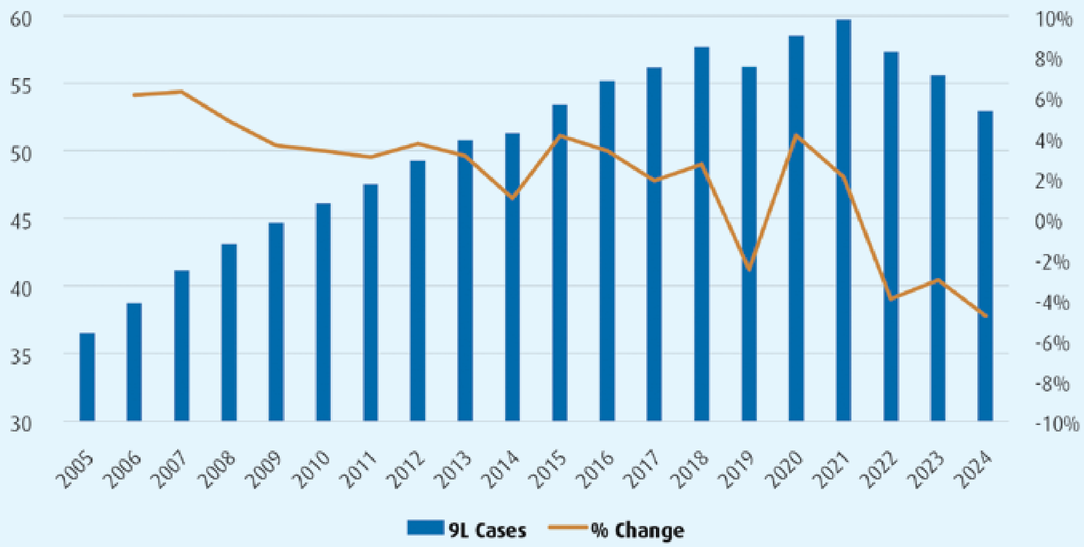


United States Wine Servings per LDA

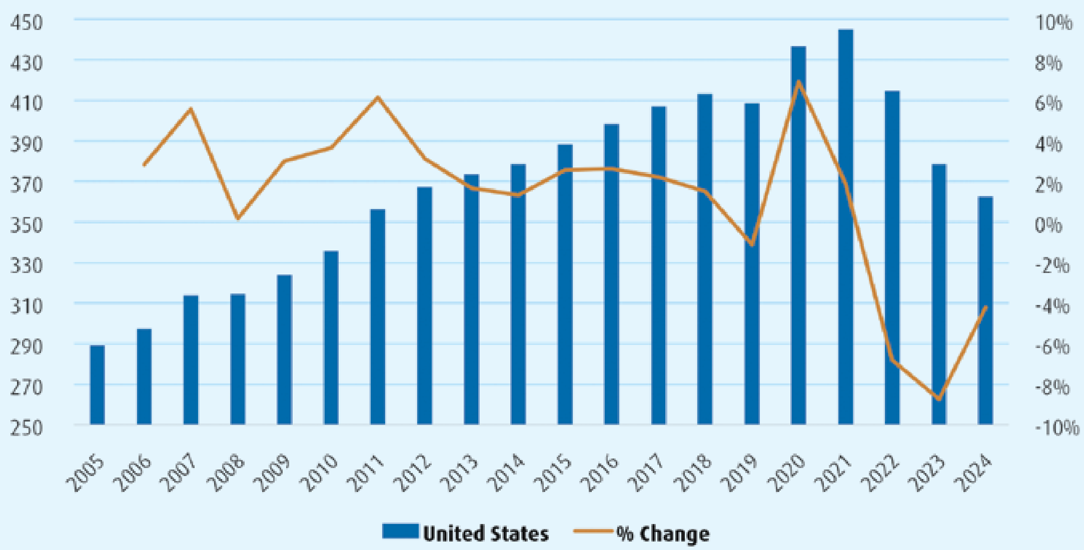


While Canadians drink less total beverage alcohol than their counterparts in the US, they consume more wine per LDA.

Canada Wine Market 9L (millions)



United States Wine Market 9L (millions)



Canada and the US have had similar trends over the past 20 years in their total wine markets.

Gallup – More Americans View Moderate Drinking as Bad for Health

Year	% Good for health	% Makes no difference	% Bad for health	% No opinion
2001	22	46	27	5
2003	24	49	25	2
2005	25	51	22	2
2007	22	49	25	4
2011	22	50	25	3
2015	17	52	28	3
2016	19	51	26	4
2018	16	55	28	1
2023	10	50	39	1
2024	8	43	45	4

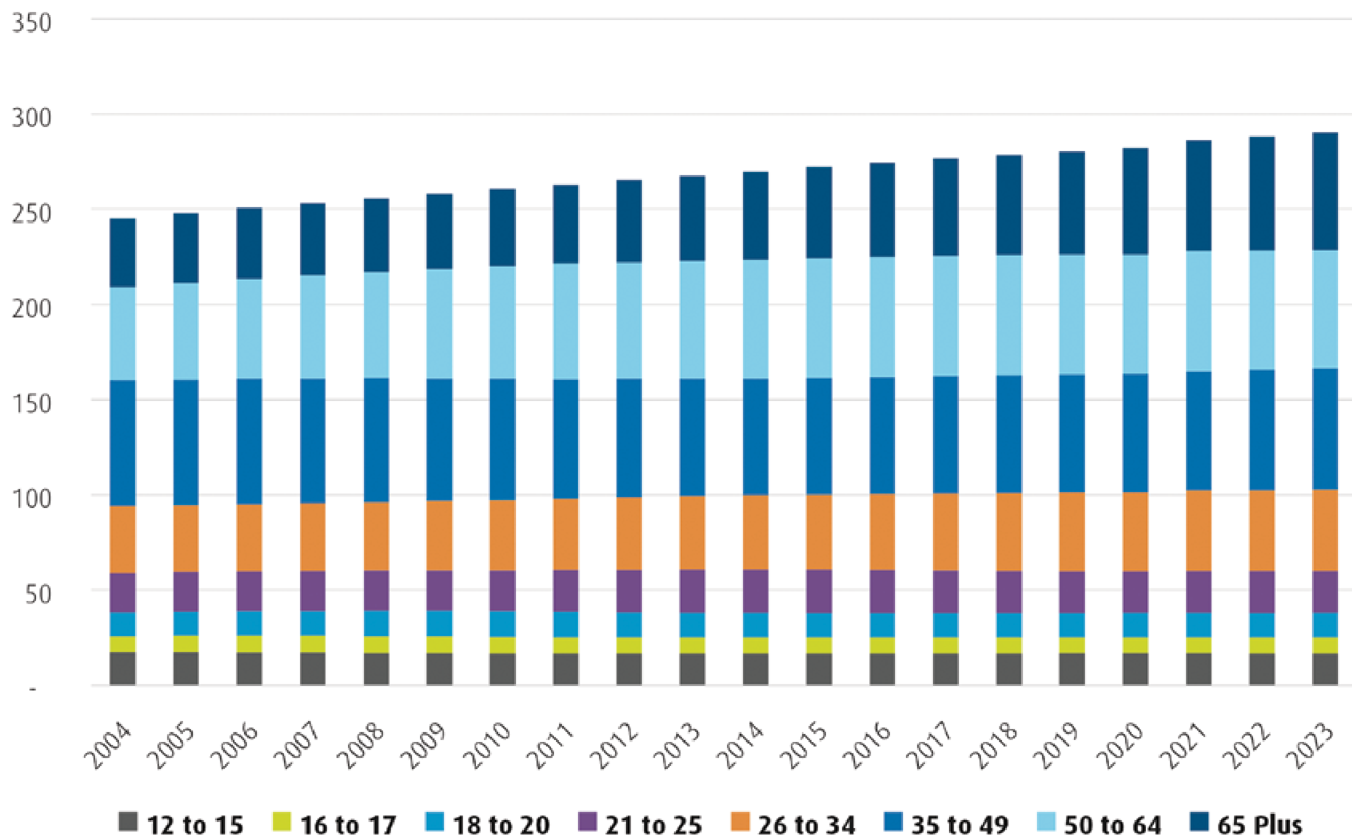
Gallup surveys have shown an increasing concern among US adults in terms of the impact of alcohol on health.

Gallup – Moderate Drinking Detrimental (Percent of Age Band)

Age Band	2018	2023	% Change
18-34	34	52	18
35-54	26	39	13
55+	26	29	3

The concerns about alcohol have been especially significant amongst younger adults.

US Population by Age Bracket (millions)



Source: bw166/Gomberg Fredrikson

Most growth in the US LDA population over the past 20 years has been dominated by people aged 65 plus. A major driver of this is the aging of the Baby-Boomers.


1993
1951
2005
1977
2008

Favorite Type of Beverage Alcohol

Beverage Alcohol Type	Total	Male	Female	21 – 39	40 – 59	60 +	Occasional wine drinker	Frequent wine drinker
Wine	70%	64%	76%	52%	77%	82%	53%	80%
Spirits	8%	9%	8%	14%	6%	5%	15%	4%
Beer	8%	11%	4%	18%	1%	2%	13%	4%
No Favorite	14%	16%	12%	16%	16%	11%	19%	11%

The consumer survey carried out by Wine Opinions shows that wine is the preferred beverage among frequent wine drinkers.

Glasses of Wine Per Drinking Occasion

	Total	Male	Female	21 – 39	40 – 59	60 +	Occasional wine drinker	Frequent wine drinker
One glass	10%	10%	10%	11%	6%	12%	13%	8%
Two glasses	52%	48%	57%	48%	52%	58%	57%	49%
Three glasses	27%	30%	24%	28%	29%	24%	22%	30%
More than three glasses	10%	12%	9%	11%	12%	7%	6%	13%

Generally speaking, wine consumers drink 2 to 3 servings per wine occasion.

Wine Purchases by Price Point

750ml Price	Total	Male	Female	21 – 39	40 – 59	60 +	Occasional wine drinker	Frequent wine drinker
Under $15	59%	55%	64%	-	58%	56%	49%	65%
$15 - $29.99	60%	62%	57%	56%	65%	58%	46%	68%
$30 - $49.99	29%	35%	23%	30%	33%	25%	17%	37%
$50 or more	15%	20%	10%	16%	16%	14%	9%	19%

Wine purchases by wine consumers are fairly even between less than $15 and $15 to $29.99. Purchases fall off above these price points.

Awareness of Negative Health Messages

Awareness	Total	Male	Female	21 – 39	40 – 59	60 +	Occasional wine drinker	Frequent wine drinker
Aware of negative press	62%	66%	57%	42%	70%	78%	49%	69%
Unaware of negative press	31%	29%	33%	48%	24%	17%	39%	26%
Not sure or can't recall	7%	5%	10%	10%	6%	5%	12%	5%

Older people and frequent wine drinkers are more aware of negative health messages than other groups.

Awareness of Positive Health Messages

Awareness	Total	Male	Female	21 – 39	40 – 59	60 +	Occasional wine drinker	Frequent wine drinker
Aware of positive press	64%	72%	56%	55%	67%	70%	55%	69%
Unaware of positive press	23%	19%	27%	32%	20%	17%	28%	20%
Not sure or can't recall	13%	9%	17%	13%	13%	13%	16%	11%

Older people and frequent wine drinkers are also more aware of positive messages than other groups.

Response to Proposed Warning Labels

Likely Response	Total	Male	Female	21 – 39	40 – 59	60 +	Occasional wine drinker	Frequent wine drinker
I'd seek the advice of my personal healthcare provider	60%	65%	54%	40%	70%	71%	49%	66%
I normally don't read warning labels	16%	17%	14%	22%	12%	12%	19%	14%
My wine drinking habits would not change at all	14%	12%	17%	28%	7%	6%	19%	12%
I'd most likely drink less wine per wine-drinking occasion	14%	13%	14%	19%	13%	8%	14%	13%
I'd most likely drink wine less often	5%	5%	5%	4%	5%	5%	6%	4%

If warning labels related to alcohol and cancer are implemented, the majority of consumers would seek the advice of their healthcare providers.

Wine Drinker Frequency

Frequency Segment	Year Occasions per Capita	Percent of Wine Drinkers	Total Occasions per Year	Percent of Total Occasions	Category
Every day	365	6.8%	2,482	25%	Frequent = 79%
More than 1x week	208	25.4%	5,283	54%	
Once a week	52	23.5%	1,222	12%	Occasional = 19%
2–3 times a month	30	21.2%	636	7%	
Once a month	12	11.7%	140	1%	Infrequent = 2%
1x 2–3 months	5	11.4%	57	1%	
Total	**672**	**100%**	**9,820**	**100%**	

Consumers that drink wine once a week or more frequently are responsible for 91% of all wine occasions. It is likely they also consume more than 91% of all wine.

BMO

“Wine Opinions”

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bw 166

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