WINEMETRICS
2010 On-Premise
Wine Distribution Report

Featuring 2009-2010 Trend Analysis

WINEMETRICS

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Introduction

Welcome to the third edition of **Winemetrics** *On-Premise Wine Distribution Report*. This year's report includes, for the first time, trend analysis by region, variety and brand based on our samples collected in 2009 and 2010.

In our last publication I stated that the restaurant industry has suffered from our country's deepest recession in 75 years. I had hoped to report in this issue that the economy had turned around and that both the restaurant and wine industries would be returning to more prosperous times. While this has not happened, at least it appears that the decline on-premise has halted and a modest upturn is expected in 2011.

We have monitored basically the same accounts in 2009 and 2010, approximately 175+ national and regional chains and restaurant groups and have included data from each year on the subsequent pages. The changes between years are, in some cases, dramatic particularly among wines priced over $100, which saw continued decline in 2010. While we realize that our sample size is small in relation to the overall size of the U.S. restaurant market, we do think, given the importance and scope of the chains and restaurant groups we sample, that the trend analysis offered is indicative of that occurring in the wider national market.

Should you wish to acquire more detailed information about specific US markets or wine varieties, regions or brands, please contact us at info@winemetrics.com.

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About Winemetrics

Winemetrics is the leading source of on-premise wine information and analysis, and provides the most complete, objective wine market intelligence available. The founder of Winemetrics, Charles Gill, has 30 years of experience at all levels of the wine industry and has been providing our industry with on-premise wine distribution analysis for the past decade.

In addition to our annual *On-Premise Wine Distribution Report*, Winemetrics has released our first *On-Premise Chain Accounts Report*, which profiles over 100 chain and multi-concept restaurant groups. This 400+ page publication is an in-depth analysis of wine distribution in national and regional chains, and will reveal distribution opportunities for marketers in these coveted and profitable high-volume national accounts. Our Chain Accounts Report will be an essential tool in the marketing arsenal of any wine brand steward or national accounts sales executive. For more details on this report and to download an excerpt, please visit our site at www.winemetrics.com where you may sign up for our enewsletter, *What's on America's Wine Lists*.

For the restaurant trade, Winemetrics creates custom wine list analysis reports, which compare a client's list to key national and regional competitors by restaurant cuisine and type (Casual, Upscale Casual, Fine Dining). These reports feature analysis by country and appellation, variety, price and brand, allowing clients to determine if their lists provide the diversity and value needed to attract and retain high-value, core wine consumers For more information, or to view a sample restaurant wine list analysis report, please visit our site at www.winemetrics.com and click on "Restaurants."or email us at info@winemetrics.com with your inquiries.

About Our On-Premise Sample

From June to October 2010, we once again sampled a representative group of wine lists from over 175 national and regional chains and restaurant groups. This account sample represents approximately 8000 restaurants nationwide and provides a very real picture of the wines being ordered and consumed on-premise. As in our 2009 report, we used guidelines to more accurately capture the highest volume wines. We have reduced the influence of library wines, vertical selections and other luxury wines that often have a significant wine list presence but represent far less dollar volume in this economic climate. Among the revisions to last year's report are:

- Establishing an upper limit of 500 unique wines on each sampled list
- Not including separate reserve wine lists in our sample
- Eliminating vertical reserve lists of older vintages
- Capturing representative samples of national chains to account for their size and importance in the on-premise wine market

This year we replaced approximately 8% of the chains in our survey, due to closures or lack of updated online information. In each case, substituted restaurants were of the same type (e.g. Casual Dining) and cuisine (e.g. Seafood) and contained basically the same number of unique wines.

A list of the major national and regional chains and restaurant groups is included on the following page.

Also, please note that as we are including both *By the Bottle (BTB)* and *By the Glass (BTG)* distribution analysis in this report, all tables will be labeled *BTB* or *BTG* to indicate the source of the data.

List of Major Restaurant Chains/Groups Used in Our Sample

Anthony's
Anthony's Coal Fired Pizza
Bahama Breeze
Benihana
Bertucci's
Biaggi's
Bice
BJ's
Black Angus Steakhouse
BLT Steak
Bobby Van's Steakhouses
Bonefish Grill
Bravo Cucina
Brigantine
Brio Tuscan Grille
Buca Di Beppo
Bugaboo Creek Steakhouse
Calhoun's
California Pizza Kitchen
Cameron - Mitchell
Cantina Laredo
Capital Grille
Carino's Italian Grill
Carmel's Best
Carrabba's
Cattlemens Steakhouse
Champps
Charlie Brown's
Chart House
Cheesecake Factory
China Grill Mgmt.
Claim Jumper
Consolidated Restaurants
Copeland's
Craft
Daily Grill
Dukes Chowder House
E Brands
Elephant Bar
Firebirds Rocky Mtn. Grill
Fishmarket
Flanigan's
Fleming's
Fogo de Chao
Fox Restaurant Concepts
Fuzio
Gallagher's
Gordon Biersch
Grand Lux Café
Granite City
Green Mill
Heart of America
Hillstone Group
Hilton Restaurant Group
Houlihan's
Il Fornaio
Islamorada Fish Co.
J. Alexander's
J. Gilbert's
Joey
Keg Steakhouse
Kimpton Hotel Restaurants
Kincaid's
King's Fish House
Kona Grill
Landry's Seafood
Lark Creek Restaurants
Legal Seafoods
Levy Restaurants
Longhorn Steakhouse
Louise's
MacKay Restaurant Group
Maggiano's
Market Broiler
Marmalade Café
McCormick & Schmick's
McGrath's Fish House
Melting Pot
Mimi's Café
Mitchell's
Morton's of Chicago
Nobu
Not Your Average Joe's
Oceanaire
Old Spaghetti Factory
Olive Garden
One Group
Outback Steakhouse
P F Chang's China Bistro
Back Bay Restaurants
Pappadeaux Seafood Kitchen
Pasta Pomodoro
Patina Restaurant Group
Phillips Seafood
Piatti
Pizzeria Regina
Prime Rib, The
Ram Brewery
Mainstreet Ventures
QWRH Group
Red Lobster
Redrock Canyon Grill
Redstone American Grill
Restaurants America
Restaurants Unlimited Inc.
Rockbottom
Rockfish
Romano's Macaroni Grill
Rosebud Restaurants
Roy's
Ruby Tuesday
Ruths Chris Steak House
Salt Creek Grille
Saltgrass Steakhouse
Sam Snead's
Seasons 52
Select Restaurants
Shula's
Spaghetti Warehouse
Starr Restaurant Group
Stefani Restaurants
STK (One Group)
Stonewood Tavern & Grill
Stoney River Legendary Steaks
Sullivan's
Sundried Tomato Café
Tavistock Group
Ted's Montana Grill
Texas de Brazil
Texas Land & Cattle
The Chophouse
The Palm
Tommy Bahama
Tony Roma's
Truluck's
TS Restaurant Group
Typhoon
Uno Chicago Grill
Village Tavern
Wildfire Steakhouse
Wolfgang Puck Restaurants
WoodRanch BBQ
Yardhouse
Zios

Part I: By the Bottle (BTB) Distribution Analysis

By The Bottle (BTB) Analysis Summary

Breakdown by Wine Type

Red table wine, at 60% of listings, leads white wine by nearly a 2:1 margin. This figure remains virtually unchanged from 2009 to 2010. White table wine, rose table wine and sparkling have also remained relatively unchanged, owing to the consistency of our samples in 2009 and 2010. Our number of total BTB listings actually fell 1% in 2010 as restaurants trimmed inventory of wines prices over $100.

BTB Wine Type	2009		2010		% Change
All, Sparkling	1975	5.3%	1938	5.3%	-1.9%
Red, Still	22203	59.9%	22122	60.4%	-0.4%
Rose, Still	1116	3.0%	1070	2.9%	-4.1%
White, Still	11620	31.4%	11431	31.2%	-1.6%
Other	138	0.4%	68	0.2%	-50.7%
Total	37052		36629		

Breakdown by Country of Origin

The United States continues to lead By the Bottle listings with 64.6% of distribution, off just slightly from 65% in 2009. Italy posted a gain of 9%, while France, Australia and New Zealand all posted double digit declines of -11%, -26% and -14% respectively. These losses were somewhat offset by gains by Argentina (+69%), Chile (+21%), Germany (+38%), South Africa (+29%) and Spain (11%). Argentina's distribution surge in 2010 puts it in 4th place among imports behind Australia, surpassing New Zealand and Chile. Chile's 2010 increase has it in a virtual tie with New Zealand.

BTB Listings by Country	2009		2010		% Change
US	24087	65.0%	23666	64.6%	-1.7%
Italy	5045	13.6%	5516	15.1%	9.3%
France	2924	7.9%	2600	7.1%	-11.1%
Australia	2285	6.2%	1693	4.6%	-25.9%
New Zealand	684	1.8%	592	1.6%	-13.5%
Chile	487	1.3%	591	1.6%	21.4%
Argentina	449	1.2%	760	2.1%	69.3%
Spain	443	1.2%	492	1.3%	11.1%
Germany	234	0.6%	322	0.9%	37.6%
South Africa	196	0.5%	253	0.7%	29.1%
Other	218	0.6%	144	0.4%	-33.9%
Total	37052		36629		-1.1%

BTB Breakdown by Variety

Of the top 6 leading varieties, 5 lost distribution. Cabernet Sauvignon (-4%), Chardonnay ((-5%) Merlot (-8%), Bordeaux Blends (-9%) and Sauvignon Blanc -7%) all lost distribution compared with 2009. Only Pinot Noir increased share by less than half a percent. On the upside were Sangiovese (+13%), Pinot Grigio/Gris (+12%), Riesling (+6%) and White Zinfandel (+4%).

	2009		2010		% Change
Cabernet Sauvignon	5883	15.9%	5668	15.5%	-3.7%
Chardonnay	5344	14.4%	5077	13.9%	-5.0%
Merlot	3769	10.2%	3460	9.4%	-8.2%
Pinot Noir	2985	8.1%	3000	8.2%	0.5%
Bordeaux Blend*	2161	5.8%	1971	5.4%	-8.8%
Sauvignon Blanc	1746	4.7%	1626	4.4%	-6.9%
Pinot Grigio	1949	5.3%	2177	5.9%	11.7%
Syrah/Shiraz	1512	4.1%	1253	3.4%	-17.1%
Sangiovese	1478	4.0%	1668	4.6%	12.9%
Brut	1369	3.7%	1222	3.3%	-10.7%
Zinfandel	1183	3.2%	1165	3.2%	-1.5%
Riesling	1183	3.2%	1248	3.4%	5.5%
White Zinfandel	908	2.5%	942	2.6%	3.7%
Other	5582	15.1%	6152	16.8%	10.2%
	37052		36629		-1.1%

Given the decline of major varieties in excess of the actual decline in listings, there have to be a number of varieties that posted substantial growth to offset these losses. This increase can be found largely among the fast-growing varieties listed below.

'Hot' Variety Growth

	# Lisitngs		
	2009	**2010**	**% Change**
Malbec	305	533	75%
Petite Sirah	273	308	13%
White Blend	62	294	374%
Nero d'Avola	15	121	707%
Chenin Blanc	64	104	63%
Albarino	49	100	104%
Torrontes	3	41	1267%
Total	771	1501	95%

BTB Breakdown by Price

It should come as no surprise that the $100+ segment contracted significantly in 2010, due to the continued frugality of consumers. And the decline in the <$25 price segment is not a surprise given the difficulty in providing wines at that price in the profit-challenged restaurant sector. The two sectors experiencing growth were between $25-$39.99 and $60-$100. It is probably a safe to assume that some of the volume from the $100+ segment was moved into the $60-$100 segment and the bona fide growth is centered in the $25 - $39.99 segment.

BTB Distribution by Wine List Price Segment

	2009		2010		% Change
<$25	6689	18.1%	6122	16.7%	-8.5%
$25-$39.99	12301	33.2%	13189	36.0%	7.2%
$40-$59.99	7140	19.3%	6760	18.5%	-5.3%
$60-$100	6161	16.6%	6418	17.5%	4.2%
$100+	4761	12.8%	4140	11.3%	-13.0%
	37052		36629		-1.1%

Top 25 Brands By The Bottle (excerpt only)
(full version lists top 100, supplemental data sheets supplied with the multi-user report provide the top 250 brands)

2009				2010		
Producer	**# Listings**	**Average Price**	**Rank**	**Producer**	**# Listings**	**Average Price**
Beringer	1079	$39.85	**1**	Chateau Ste. Michelle	1086	$32.09
Chateau Ste. Michelle	941	$30.25	**2**	Beringer	958	$34.05
Kendall-Jackson	871	$31.82	**3**	Kendall-Jackson	798	$33.03
Clos du Bois	593	$39.84	**4**	Estancia	528	$35.05
Estancia	522	$39.48	**5**	Sutter Home	448	$22.77
Ecco Domani	443	$23.05	**6**	Penfolds	420	$58.39
Sterling	436	$45.23	**7**	Blackstone	407	$27.02
Sutter Home	431	$19.23	**8**	Ecco Domani	400	$24.89
Coppola, Francis	423	$36.32	**9**	Clos du Bois	362	$38.58
Columbia Crest	414	$24.91	**10**	Coppola, Francis	349	$38.99
Penfolds	400	$68.04	**11**	Banfi, Castello	324	$61.15
Blackstone	389	$25.74	**12**	Sonoma-Cutrer	322	$46.97
Beaulieu Vineyard	387	$60.79	**13**	Ravenswood	319	$29.92
J. Lohr	317	$34.53	**14**	Antinori	314	$70.97
Mondavi Private Selection	315	$26.26	**15**	Columbia Crest	311	$27.33
Ravenswood	308	$29.41	**16**	Sterling	311	$36.71
Antinori	291	$61.82	**17**	Ruffino	308	$45.21
Sonoma-Cutrer	288	$48.64	**18**	Cakebread	292	$88.37
Mirassou	275	$24.59	**19**	J. Lohr	287	$34.01
Ruffino	263	$47.18	**20**	Mondavi Private Selection	279	$28.29
Cavit	259	$21.66	**21**	Santa Margherita	267	$47.75
Ferrari-Carano	257	$46.69	**22**	Cavit	260	$25.70
Rosemount Estate	254	$37.70	**23**	La Crema	259	$40.87
Yellow Tail	254	$20.85	**24**	Caymus	247	$104.91
Caymus	253	$108.55	**25**	Stags' Leap Winery	240	$69.40

Sauvignon Blanc

Sauvignon Blanc lost 7% of distribution in 2010 with much of the loss borne by the U.S. and France. Despite a 2% decline, New Zealand retains 30% of Sauvignon Blanc distribution and now claims 4 of the top 10 producers with Cloudy Bay joining Nobilo, Kim Crawford and Brancott. Murphy-Goode entered the top 10 in 2010 at the # 8 position with St. Supery the sole producer losing its top 10 status.

Sauvignon Blanc BTB Distribution by Country

	2009	2010	% Change
US	1013	930	-8.2%
New Zealand	498	487	-2.2%
France	134	107	-20.1%
Chile	65	73	12.3%
Other	36	29	-19.4%
	1746	1626	-6.9%

Top 25 BTB Sauvignon Blanc Brands – 2009 vs. 2010

2009				2010		
Producer	# Listings	Average Price	Rank	Producer	# Listings	Average Price
Brancott	151	$28.41	**1**	Nobilo	100	$33.59
Simi	99	$27.81	**2**	Crawford, Kim	95	$42.92
Beaulieu Vineyard	66	$24.12	**3**	Simi	95	$21.20
Nobilo	63	$30.39	**4**	Brancott	73	$32.64
Crawford, Kim	60	$35.32	**5**	Beaulieu Vineyard	65	$31.00
Ferrari-Carano	53	$35.46	**6**	Cakebread	53	$60.21
Geyser Peak	48	$26.24	**7**	Geyser Peak	52	$24.12
Veramonte	48	$25.41	**8**	Murphy-Goode	41	$29.83
Cakebread	45	$56.09	**9**	Cloudy Bay	37	$63.76
St. Supery	44	$34.57	**10**	Ferrari-Carano	37	$38.74
Duckhorn	38	$56.79	**11**	Chateau Ste. Michelle	36	$34.03
Jolivet, Pascal	37	$72.81	**12**	Veramonte	34	$30.35
Frog's Leap	34	$43.65	**13**	Rodney Strong	33	$36.42
Honig	33	$35.73	**14**	Jolivet, Pascal	31	$45.81
Chateau Ste. Michelle	32	$29.75	**15**	Mondavi Private Selection	30	$23.00
Groth	32	$40.81	**16**	Craggy Range	26	$57.35
Mondavi Private Selection	32	$23.06	**17**	Clos du Bois	24	$27.95
Whitehaven	30	$40.37	**18**	Duckhorn	23	$56.65
Craggy Range	29	$48.72	**19**	Honig	21	$34.29
Matua	29	$30.00	**20**	Matua	21	$29.52
Kenwood	28	$26.46	**21**	St. Supery	20	$32.68
Cloudy Bay	22	$62.27	**22**	Merryvale	17	$33.76
Mondavi, Robert	22	$50.41	**23**	Dolan, Paul	16	$31.31
Wattle Creek	20	$37.80	**24**	Grgich Hills	16	$69.25
Bonterra	18	$28.61	**25**	Maryhill	16	$27.88

Part III: By the Glass (BTG) Distribution Analysis

Our By The Glass (BTG) sample encompasses more than 600 accounts nationwide, which saw growth of nearly 4% in 2010. Only Australia and New Zealand lost BTG distribution in 2010 which was countered by double-digit growth by all countries except the U.S. which managed just a 2% increase.

	2009 # Listings	2010 # Listings	% Change
US	10564	10767	**1.9%**
Italy	2663	3214	**20.7%**
Australia	1347	956	**-29.0%**
New Zealand	299	258	**-13.7%**
France	192	216	**12.5%**
Argentina	190	300	**57.9%**
Chile	110	160	**45.5%**
South Africa	103	115	**11.7%**
Spain	89	106	**19.1%**
Germany	84	114	**35.7%**
Other	40	44	**10.0%**
Grand Total	15681	16250	**3.6%**

BTG Distribution by Type

Red still wine rose 9% and sparkling wine distribution grew 30% offsetting the decline in white and rosé still wines which fell -2% and -18% respectively.

All BTG by Type

	2009	2010	% Change
Sparkling Wine	674	874	29.7%
Red Table Wine	7758	8434	8.7%
Rose Table Wine	1075	886	-17.6%
White Table Wine	6135	6012	-2.0%
Other	39	44	12.8%

BTG Distribution by Variety

As the BTG listings grew just 3.6%, large increases in one variety must come at the expense of other varieties. Bordeaux Blends and Other (includes Malbec and Petite Sirah) posted the greatest growth at 51% and 23% respectively. Syrah/Shiraz and Sauvignon Blanc were the varieties that balanced these gains with losses of -35% and -14% respectively. Note that the Other variety category, grew at 23% (it is now the largest varietal category representing 17% of distribution compared to 2nd place Chardonnay at 16%) Since overall BTG listings grew just 3.6%, some varieties were destined to lose distribution to support the growth of rapidly-growing 'new' varieties.

All BTG by Variety

	2009	2010	% Change
Cabernet Sauvignon	1750	1909	9.1%
Chardonnay	2549	2608	2.3%
Merlot	1788	1791	0.2%
Pinot Noir	1208	1192	-1.3%
Bordeaux Blend	199	301	51.3%
Zinfandel	536	525	-2.1%
Sauvignon Blanc	829	712	-14.1%
White Zinfandel	908	853	-6.1%
Riesling	815	821	0.7%
Pinot Grigio/Gris	1375	1499	9.0%
Syrah/Shiraz	764	498	-34.8%
Sangiovese	717	784	9.3%
Other	2243	2757	22.9%

BTG Distribution by Price

Despite the continued recession, in 2010 BTG listings under $7.00 lost distribution, falling from 47% of distribution in 2009 to 41% of distribution in 2010.

All BTG by Price Segment

	2009	2010	% Change
<$5	821	779	-5.1%
$5-$5.99	3038	2909	-4.2%
$6-$6.99	3614	3092	-14.4%
$7-$7.99	2967	3836	29.3%
$8-$8.99	2132	2506	17.5%
$9-$9.99	1222	1335	9.2%
$10-$11.99	1048	921	-12.1%
$12+	839	872	3.9%
Total	15681	16250	3.6%

There were very few changes in the top 20 producers. Yellow Tail and Little Boomey fell out of the top tier while Red Diamond and Bogle broke in at #19 and #20 respectively.

Top 10 BTG Producers
(excerpt only, full report lists top 100 BTG producers)

2009				2010		
Producer	**# Listings**	**Average Price**	**Rank**	**Producer**	**# Lisitngs**	**Average Price**
Beringer	818	$6.06	**1**	Chateau Ste. Michelle	817	$6.88
Chateau Ste. Michelle	710	$6.75	**2**	Beringer	716	$6.45
Kendall-Jackson	687	$8.18	**3**	Kendall-Jackson	634	$8.21
Sutter Home	416	$5.24	**4**	Sutter Home	426	$6.16
Ecco Domani	394	$6.11	**5**	Ecco Domani	359	$6.79
Columbia Crest	349	$6.55	**6**	Estancia	352	$7.90
Estancia	329	$9.42	**7**	Blackstone	341	$7.16
Blackstone	327	$7.28	**8**	Clos du Bois	271	$7.39
Clos du Bois	325	$8.07	**9**	Columbia Crest	264	$7.38
Sterling	286	$8.44	**10**	Mondavi Private Selection	260	$7.40

Sauvignon Blanc By The Glass Distribution

Sauvignon Blanc BTG Distribution by Country

Sauvignon Blanc listings fell -14% with all major regions sharing the losses. Both the United States and New Zealand lost distribution, the first such loss for New Zealand since our survey began. The growth of both Chardonnay and Pinot Grigio/Gris in 2010 may mean that the Sauvignon Blanc is the main casualty in the growth of alternative white varieties and blends. As BTG lists are smaller and less likely to be expanded than BTB lists, it is very likely that some varieties will be replaced to admit new ones. In our latest survey, it appears that Sauvignon Blanc and Syrah/Shiraz are the varieties most often dropped to make room for new varieties and blends.

	2009	2010	% Change
Chile	26	20	-23.1%
France	10	11	10.0%
Italy	1	2	100.0%
New Zealand	276	226	-18.1%
South Africa	5	6	20.0%
US	511	446	-12.7%
Total	829	712	-14.1%

Sauvignon Blanc BTG Distribution by Price

Nearly 60% of BTG distribution is concentrated between $6 - $8 and 37% of Sauvignon Blanc placements are priced over $8/glass, the same as Chardonnay. This higher percentage of pricier BTG selections may explain why Pinot Grigio/Gris now exceeds Sauvignon Blanc's BTG share and Riesling has matched it.

	2009	2010	% Change
$5-$5.99	59	92	55.9%
$6-$6.99	255	75	-70.6%
$7-$7.99	215	263	22.3%
$8-$8.99	149	112	-24.8%
$9-$9.99	82	101	23.2%
$10-$11.99	55	45	-18.2%
$12+	14	24	71.4%

Top 15 BTG Sauvignon Blanc Brands

2009				2010		
Producer	# Listings	Average Price	Rank	Producer	# Lisitngs	Average Price
Brancott	126	7.33	**1**	Simi	89	6.02
Simi	88	7.99	**2**	Nobilo	72	7.66
Beaulieu Vineyard	65	6.25	**3**	Beaulieu Vineyard	65	7.95
Nobilo	44	7.59	**4**	Geyser Peak	44	7.30
Crawford, Kim	36	9.31	**5**	Brancott	41	8.37
Geyser Peak	36	6.93	**6**	Crawford, Kim	35	11.33
Mondavi Private Selection	32	6.01	**7**	Mondavi Private Selection	30	6.00
Ferrari-Carano	30	8.80	**8**	Clos du Bois	24	7.95
Chateau Ste. Michelle	24	7.93	**9**	Murphy-Goode	24	9.07
St. Supery	23	8.67	**10**	Rodney Strong	18	8.40
Bonterra	18	7.92	**11**	Maryhill	16	7.47
Kenwood	18	6.89	**12**	Chateau Ste. Michelle	15	7.68
Matua	18	8.05	**13**	Dolan, Paul	14	9.75
Oyster Bay	17	7.14	**14**	Merryvale	14	8.61
Callaway	14	6.99	**15**	Ferrari-Carano	9	8.81