WINEMETRICS
2015 On-Premise Wine Distribution Report

With Expanded Supplier Supplement

Includes Winemetrics' Wine Equity Quotient© Analysis

WINEMETRICS

Table of Contents

Introduction

This is the seventh edition of **Winemetrics** *On-Premise Wine Distribution Report*. Over 90% of the wine lists used in this report were compiled from August 15th – October 31st of this year. We have carefully matched our 2014/2013 account samples to provide extremely accurate trend analysis this year. A very small percentage (6%) of declining and bankrupt chains were replaced with chains of the same size and type to preserve a consistent sample across both years. A total of 175 restaurant groups and chains were used from both 2014 and 2015 which we hope will remain relatively consistent in the future. However, as Winemetrics has greatly expanded its survey of national and regional restaurant groups and chains to over 250, we will be increasing the scope of our other reports.

This year Winemetrics 2015 Supplier Supplement will have 2 overall supplier rankings, one with current data as of November 1, 2015 and another with supplier portfolio changes scheduled for early 2016, including the Treasury Wine Estates purchase of the Diageo portfolio and the move of Santa Margherita from Terlato to the SM Wine Group.

The first version includes the following transactions, among others :

E&J Gallo's purchase of J Winery, Talbott and Souverain
Constellation Brands acquisition of Meiomi
Pernod Ricard's purchase of Kenwood
Vintage Wine Estates acquisition of B.R. Cohn and Swanson

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 over 30 years of experience at all levels of the wine industry and has been providing on-premise wine distribution analysis to the industry for the past decade.

In addition to our annual reports, Winemetrics provides custom analysis of supplier portfolios via its Trilogy Reports and in-depth analysis of distribution opportunities in specific chains with its Wine List Analysis Reports. For more information and demos of our leading-edge products , please email us anytime at info@winemetrics.com.

Highlights from Winemetrics 2015 On-Premise Wine Distribution Report

From August 2015 to the end of October, 2015, we once again sampled a representative group of wine lists from 175 national and regional chains and restaurant groups. This account sample represents over 10,000 restaurants nationwide and provides a very real picture of the wines being ordered and consumed on-premise. In order to maintain congruent trend analysis we will continue to maintain this wine-oriented account set for our annual On-Premise Wine Distribution Report. However, since our database has grown to over 250 chains, this new, larger data set will be employed in our Wine List Analysis Reports.

This year we replaced approximately 6% of the chains in our survey, replacing declining and defunct chains with those of the same type and cuisine that promise future expansion.

One very important insight we have realized in 2015 is that nearly all growth in on-premise wine has ended. In the past, national account wine distribution has grown either by expanding wine selections or the addition of new restaurants. In 2014 we reported on a significant decline in wine list selections; in 2015 this decline appears to have stabilized. However, chain growth is negligible this year, in fact there may be an overall decline in the number of units among the national accounts we survey. What this means is suppliers must steal share from competitors in order to grow their brands on-premise. Volume and distribution growth for any brand will now depend on not only targeting competitive distribution but also retaining the distribution already achieved. Given these conditions, wine distribution on-premise will become much more competitive.

Here are some highlights from our 2015 On-Premise Wine Distribution Report:

- Distribution Leaders – Suppliers
    - Jackson Family Wines
    - Francis Coppola
    - The Wine Group
    - Zonin USA
    - Wente

- Distribution Leaders - Producers
    - Apothic
    - Rocca della Macie
    - La Crema
    - Mark West
    - Rodney Strong
    - Kim Crawford

- Neither overall wine listings nor chain totals grew in 2015, based on our survey of 175+ chains
- Chile's distribution fell by double digits both by the glass and by the bottle.
- Argentina, which has enjoyed years of consecutive growth, experience a downturn this year.
- Spain's growth, both BTG and BTB, continues; it now has a substantial lead over Chile in BTG and BTB distribution.
- Red Blends*, continue their double-digit growth, accelerating the decline of Zinfandel and Syrah.

    *Winemetrics considers Red Blends to be non-traditional combinations of red varieties as opposed to Bordeaux Blends, Rhone Blends and Super Tuscans which are tabulated separately.

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

List of Major Restaurant Chains/Groups Used in Our 2015 Sample

99 Restaurant
American Tap Room
Anthonys CF Pizza
Axel's Bonfire
Bahama Breeze
Bandera
Bandera
Bar Louie
Benihana
Bertuccis
Biaggis
Big River Grille
BJs
Black Angus
Bluewater Grill
Bonefish Grill
Bravo
Brick House
Brio
Brixx Pizza
Buca di Beppo
Burton's Grill
CA Pizza Kitchen
Cantina Laredo
Capital Grille
Carino's
Carolina Ale House
Carrabbas
Catch 35
Cattlemens
Champps
Charleston's
Charlie Browns
Chart House
Cheddar's
Cheesecake Factory
Chuck's Steakhouse
Claim Jumper
Coal Vines Pizza
Copeland's
Copper Canyon
CRAVE
Daily Grill
Dave & Buster's
Devon Seafood
Dos Caminos
Duke's Chowderhouse
Eddie Merlot's
Eddie V
Elephant Bar
Finn & Porter
Firebirds
Fish City Grill
Fishmarket
Flanigan's
Flemings
Fox & Hound
Francesca's
Gordon Biersch
Grand Lux
Granite City
Grillsmith
Grimaldi's
Hard Rock Café
Harry Caray's
Haru Sushi
Hennessey's
Hillstone
Hooked on Harry's
Houlihan's
Houston's
Il Fornaio
J. Alexander's
J. Gilberts
Jax Fish House
Joes American
Joe's Crab Shack
Joe's Seafood
Joey
Johnny's Italian Steakhouse
Keg Steakhouse
Kincaid's
King's Fish House
Kona Grill
Landry's Seafood
Lazy Dog
Lee Roy Selmon
Legal Seafood
Ling & Louie's
Logan's Roadhouse
Lone Star
Longhorn Steakhouse
Lucille's BBQ
Lucky Strike
Maggianos
Marlow's Tavern
Matchbox Pizza
McCormick & Schmick's
Melting Pot, The
Miller's Ale House
Mimi's Café
Mitchell's
Mon Ami Gabi
Morton's
Nobu
North
Not Your Average Joes
Ocean Prime
Oceanaire
O'Charley's
Old Chicago
Old Spaghetti Factory
Olive Garden
Original Roadhouse
Osha Thai
Outback
Palomino
Papa Vino
Pappadeaux
Pappasito's
Perry's Steakhouse
PF Changs
Phillips Seafood
Piatti
Plan B Burgers
Quarterdeck
QWRH
RA Sushi
Rainforest Café
Ram Brewery
Red Lobster
Red Robin
Red Rock Canyon
Redstone Grill
RiRa
Rock Bottom
Rockfish Grill
Romano's MG
Roy's
Ruby Tuesday
Russo's Pizza
Rusty Bucket, The
Ruth's Chris
Salt Creek Grille
Saltgrass Steakhouse
Seasons 52
Shaw's
Slater's 50/50
Smoky Bones
Spaghetti Warehouse
Stanford's
Stir Crazy
Stonewood
Stoney River
Sullivan's
Sushi Samba
Tahoe Joe's
Ted's Montana Grill
Texas de Brazil
Texas Land & Cattle
The Chophouse
Thirsty Lion
Timpano Chophouse
Tommy Bahama
Tony Roma's
Tripp's
Truluck's
Uno Chicago Grill
Village Tavern
Wildfire
Willie G's
Wood Ranch BBQ
Yard House
Zinburger
Zios

Introducing Winemetrics' Wine Equity Quotient™ (WEQ)

For over a decade, Winemetrics has been providing on-premise wine distribution analysis to the wine industry. Most of this information is based on total numbers of listings in our survey sample which we have used to provide rankings by wine, brand and supplier. While this is certainly a useful value, we believe in only provides a partial picture of the relative strength of a wine or brand on-premise. One of Winemetrics' objectives has been to create a valuation that would more effectively determine a wine's equity on-premise. In addition to total listings for a wine or brand, it would incorporate the quantity and diversity of the chains where it was distributed.

Working in conjunction with Ulterior Group, a brand insight and strategy firm - we have created algorithm that will quantify relevant elements of a wines distribution and deliver a comparable value for each brand's on-premise equity either by-the-glass (BTG) or by-the-bottle (BTB). We have named this value the Wine Equity Quotient© (WEQ); there is a WEQ for both BTG and BTB for all wines. A summation of all of the WEQ of a brand result in the Brand Equity Quotient and can be ordered from Winemetrics to determine overall on-premise wine brand equity.

The components of the WEQ are:

a. Total number of listings, which is a measure of the raw total strength of a wine or brand.
b. Total number of chains, which is a measure of a wine or brand's awareness among wine buyers. It quantifies the acceptance of on-premise gatekeepers and is second only to total listings as a measure of a wine's on-premise equity
c. The diversity of a wines account base is another factor. The more diverse a wine's distribution among Casual, Upscale Casual and Fine Dining chains, the greater its acceptance among a wider group of gatekeepers.
d. The final factor considered is the average price of the target wine versus the average for the category. The higher the price above the group average, the fewer options available for a product, so higher priced wines usually have higher WEQ©.

The resulting WEQ© value allows a more complete empirical assessment than the raw total listings currently provided in Winemetrics' report. Our WEQ© will appear in all future Winemetrics Reports.

Top 30 Wines by Wine Equity© Quotient Rankings (2014)

Rank	Producer	Variety	WEQ	# BTG
1	Chateau Ste. Michelle	Riesling	180.4	718
2	Kendall-Jackson	Chardonnay	156.1	658
3	Beringer	White Zinfandel	128.1	506
4	Sonoma-Cutrer	Chardonnay	116.7	187
5	Ecco Domani	Pinot Grigio/Gris	95.7	479
6	Santa Margherita	Pinot Grigio/Gris	80.0	210
7	J. Lohr	Cabernet Sauvignon	73.7	322
8	Sutter Home	White Zinfandel	67.1	333
9	Meiomi	Pinot Noir	56.6	149
10	Ravenswood	Zinfandel	54.5	225
11	Crawford, Kim	Sauvignon Blanc	54.3	149
12	Mirassou	Pinot Noir	52.7	291
13	Blackstone	Merlot	51.8	252
14	Martini, Louis M.	Cabernet Sauvignon	45.8	163
15	Mark West	Pinot Noir	45.1	207
16	Red Diamond	Merlot	40.6	211
17	Korbel	Brut	37.6	191
18	La Marca	Prosecco	36.5	140
19	Beringer	Cabernet Sauvignon	36.5	179
20	Mondavi Private Selection	Cabernet Sauvignon	35.9	184
21	14 Hands	Merlot	35.7	159
22	Chateau Ste. Michelle	Chardonnay	33.4	132
23	Sokol Blosser	White Blend	33.0	150
24	Dreaming Tree, The	Red Blend	32.8	158
25	Seven Daughters	Moscato Bianco	31.6	141
26	Columbia Crest	Merlot	30.4	149
27	La Crema	Pinot Noir	30.4	106
28	Coppola, Francis	Cabernet Sauvignon	29.9	161
29	Alamos	Malbec	29.0	147
30	14 Hands	Cabernet Sauvignon	27.1	135

On-Premise Insights

By The Glass (BTG) Analysis Summary

Breakdown by Wine Type

White wine listings fell by -2%, which was balance by by increases in still roses and sparkling wines, expanding by and 3% and 12%, respectively.

By-the-Glass Distribution by Wine Type/Color

BTG Distribution	2015	2014	% Change
Sparkling	1439	1285	12%
Still	21710	21658	0%
Red	11507	11304	2%
Rose	1200	1163	3%
White	9003	9191	-2%

Breakdown by Country of Origin

Chile, Australia and Germany lost BTG share while France, Spain, Italy and New Zealand gained distribution. U.S. distribution was flat and South Africa posted impressive gains on a small based after years of decline.

By-the-Glass Distribution by Country

Country	**2015**	**2014**	**% Change**
Argentina	845	903	-6%
Australia	689	781	-12%
Chile	209	337	-38%
France	404	356	13%
Germany	190	227	-16%
Italy	4808	4430	9%
New Zealand	570	521	9%
South Africa	99	69	43%
Spain	301	266	13%
U.S.	15022	15036	0%
Other	110	90	22%

BTG Breakdown by Variety

Red Blends (+16%) continues to steal share from Zinfandel and Syrah/Shiraz (which is no longer among the top 15 varieties BTG). Prosecco continues on its streak and was up double digits (+26%) . Sangiovese has come back from declines in 2014 due to key additions to large Casual Italian chains. Pinot Noir, Riesling, Merlot and Moscato posted modest gains while, on the downside, Malbec, Sauvignon Blanc, Pinot Grigio and Brut suffered slight losses.

Top 15 Varieties BTG

Variety	2015	2014	% Change
Chardonnay	3330	3370	-1%
Cabernet Sauvignon	3014	3099	-3%
Pinot Noir	2084	1972	6%
Merlot	2069	2004	3%
Pinot Grigio/Gris	1776	1832	-3%
Red Blend	1247	1079	16%
Sauvignon Blanc	1227	1252	-2%
Riesling	1147	1096	5%
Moscato Bianco	1081	1064	2%
White Zinfandel	980	993	-1%
Malbec	827	881	-6%
Sangiovese	634	538	18%
Prosecco	600	475	26%
Brut	537	550	-2%
Zinfandel	346	480	-28%

BTG Breakdown by Price

There seems to be a clear pattern of raising BTG prices as chains move pricing distribution from $6-$6.99 to $7.99 and $8-$8.99 to $9-$9.99. Interestingly, we see growth at both ends of the spectrum in the <$6.00 and +$20 segments. Casual chains, struggling to increase traffic, appear to be offering more low-cost selections to their clientele whereas fine-dining chains, whose business is up in 2015, have no problem selling wines over $20/glass.

	2015		2014		
Price Segment	**# Listings**	**% Share**	**# Listings**	**% Share**	**% Change**
<$6.00	2385	10%	2085	9%	14%
$6-$6.99	3652	16%	4258	18%	-14%
$7-$7.99	4102	18%	3571	16%	15%
$8-$8.99	4468	19%	4680	20%	-5%
$9-$9.99	2621	11%	2354	10%	11%
$10-$11.99	3011	13%	3066	13%	-2%
$12-$14.99	1792	8%	1829	8%	-2%
$15-$19.99	776	3%	769	3%	1%
$20+	351	2%	295	1%	19%

Top 10 Brands ByThe Bottle

(Note: Winemetrics On-Premise Wine Distribution Report lists the top 25-50 producers in most categories)

Kendall-Jackson replaced Beringer as the #2 brand BTG while Ecco Domani leapfrogged Sutter Home for 4th place. Rocca delle Macie broke into the top 10 for the first time via new placements in large Casual Italian chains.

Producer	# Listings	Ave. Price	Rank	Producer	# Listings	Ave. Price
Chateau Ste. Michelle	859	$8.21	**1**	Chateau Ste. Michelle	880	$8.02
Kendall-Jackson	728	$9.37	**2**	Beringer	757	$6.71
Beringer	684	$7.08	**3**	Kendall-Jackson	667	$9.32
Ecco Domani	612	$7.34	**4**	Sutter Home	605	$5.50
Sutter Home	593	$5.66	**5**	Ecco Domani	518	$7.09
Cavit	500	$6.91	**6**	Cavit	514	$6.98
Coppola, Francis	473	$9.30	**7**	Coppola, Francis	394	$9.37
J. Lohr	375	$9.39	**8**	J. Lohr	394	$9.37
Rocca delle Macie	345	$9.16	**9**	14 Hands	363	$7.63
Mirassou	315	$7.01	**10**	Cultivate	355	$8.49

Note: Beginning in 2014 Winemetrics began to continually update key casual dining chains in order to provide Wine List Analysis Reports for our consulting clients. The 2014 data in this report reflects the most recent data updates, which is why it may not always agree with the figures found in our 2014 On-Premise Wine Distribution Reports. In the past, our surveys generally began in late spring and continued to early fall. We now do a complete survey in August through October and deliver our annual On-Premise Wine Distribution Report in November.