Cork Finished Brands Continue Sales Success

Cork Finished Wines Outsell Alternatives

The Cork Quality Council periodically conducts surveys of wine sales by closure type. Data for this update was provided from wine sales reported by A.C. Nielsen during the 4-week period ending December 8, 2012. The three year comparisons are made to the 4-week period ending December 12, 2009.

The study is focused on premium domestic table wine, which for this purpose, is defined as wines packaged in 750ml bottles from Brands averaging $6 and up. Results indicate that the number of top brands using cork closures is growing, and that brands finished with cork have enjoyed more robust sales growth than brands finished with alternatives closures. Case sales for the most current period show an overall increase in the Top 100 PremiumBrands of 14.5% over the past three years. This growth is due to increases in sales of cork finished wines, which posted a 32.4% increase over 2009. Sales of wines from the Top 100 Premium Brands using alternative closures reported a decline of –4.6% over the same period.

Case Sales

4 Weeks Ending	12/8/2012	12/12/2009	Change
Cork Closures	954,448	721,049	32.4%
Alternatives	641,403	672,602	-4.6%
Total Top 100	1,595,851	1,393,651	14.5%

Methodology - Brands selected are the top 100 domestic table wine brands ranked for gross revenue from 750ml sales during the previous 12 months. Selected Premium Brands are those that average over $6 per bottle during the twelve month period. Nielsen surveys include all US metro areas.

The change is due to a combination of brands switching closure type, and some brands falling out of the Premium category as average sales price fell below $6 for several brands primarily using alternative closures. Several brands in the top 100 have also been replaced due to changes in sales volume. Most of the additions to the top 100 have been brands primarily using cork closures.

Sales revenue by closure type shows a 33% increase for wines from the Top 100 Premium Brands using cork closures. Wines using alternative closures –0.6% decline since December 2009.

Sales Revenue

4 Weeks Ending	12/8/2012	12/12/2009	Change
Cork Closures	$126,211,881	$94,931,150	33.0%
Alternatives	$69,775,178	$70,212,458	-0.6%
Total Top 100	$195,987,059	$165,143,608	18.7%

Cork Finished Wines Take Top Honors in Competitions

Cork wine stoppers were the hands-down winners at this year's 38th Annual Sonoma County Harvest Fair, the nation's largest regional wine competition.

More than 90% of the Gold Medals were awarded to wines finished with cork closures. .Of the 194 gold medal winning wines, only 15 had alternative closures. All of those were screwcaps, with no gold medals awarded to wines with plastic stoppers.

Nearly 1,100 wines were entered into the competition, which is known as the "Oscars" for Sonoma County wineries. All wines entered boasted a Sonoma County appellation. This season's celebrated judging panel was made up of more than two dozen experts from the wine industry including bloggers, educators, food industry professionals and winemakers.

2012 Sonoma County Harvest Fair Gold Medal Winners by Closure Type		
Cork	179	92.3%
Synthetic	0	0.0%
Screwcap	15	7.7%
Total	194	100%

Cork Finished Wines Outsell Alternatives…

Over the past two years there has been little change in the number of SKU's reported for the Top 100 Premium Brands. Units of cork finished wines increased by 4.3% while the number of units with alternative closures shows a -13.6% decline.

SKU Count

4 Weeks Ending	12/8/2012	12/12/2009	Change
Cork Closures	659	632	4.3%
Alternatives	274	317	-13.6%
Total Top 100	933	949	-1.7%

This apparent consolidation of Brands within the Top 100 occurs in both cork finished and alternative wines. In the four weeks ending 12/8/2012 – the average revenue per SKU was $210k – up 21% from the same period in 2009. Cork finished wines averaged $192k (up 28%) and wines with alternative closures were $254k per SKU (up 15%)

Brands with cork closures have displayed a positive trend throughout the past two years. The comparison of sales by closure type for each 4 week period shows a linear trend for the past two years of a positive slope of 29% for cork brands compared to a declining trend of –11% for those brands primarily using alternative closures.

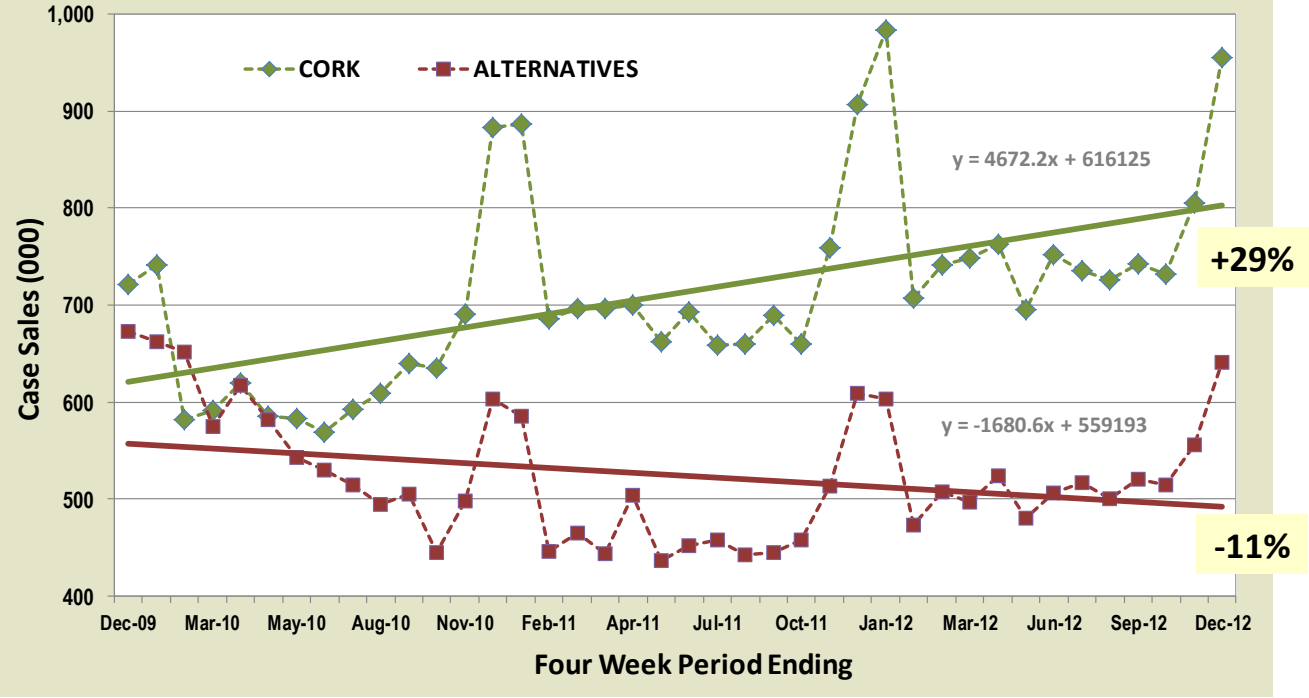
Consumer Survey

In a 2011 study of consumer attitudes, Tragon Corporation interviewed 300 US wine consumers to identify the key factors influencing their purchasing decisions.

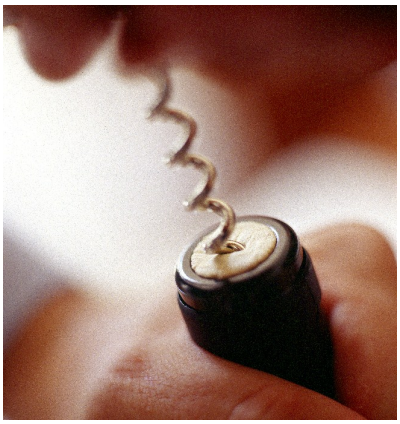
In their conjoint analysis of purchasing factors wine closure was most important to their purchase decision and natural cork was the key positive driver. Price point was next, with the $10 to $15 price point as most desirable. Varietal and country of origin were least important among these choices.

Respondents were asked how closure type influence their perception of wine quality. An overwhelming 93% of consumers agree that natural cork conveys wines of high or very high quality. This is 3 times higher than synthetic closures and 9 times higher than screw cap

Trend Analysis by Closure Type - Last Three Years



Distribution by Price Category



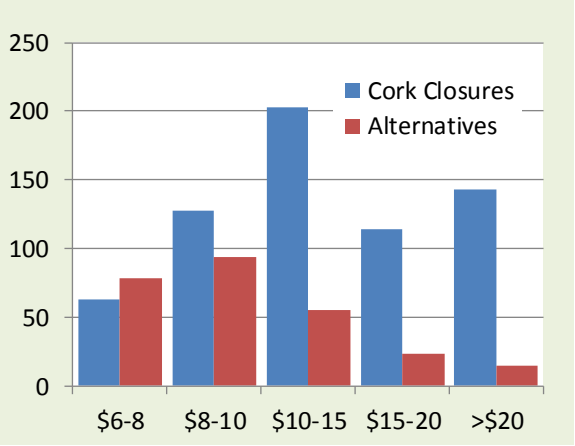
SKU Distribution

Pricing categories of $6-$8, $8-$10, $10-$15, $15-$20 and >$20 were used to measure the distribution of closure types. Overall there were 933 individual wines among the Top 100 Premium Brands as 12/8/2012.

Cork was relatively evenly distributed, while two thirds of the brands with alternative closures were under $10. Of the Top 100 Brands over $10 there were 460 (83%) finished with cork closures.

SKU Count by Retail Price Point

Price Category	Natural Cork	Alternative Closure	Total
<$6	8	9	17
$6-$8	63	78	141
$8-$10	128	94	222
$10-$15	203	55	258
$15-$20	114	23	137
>$20	143	15	158
Total	**659**	**274**	**933**



Sales by Price Category

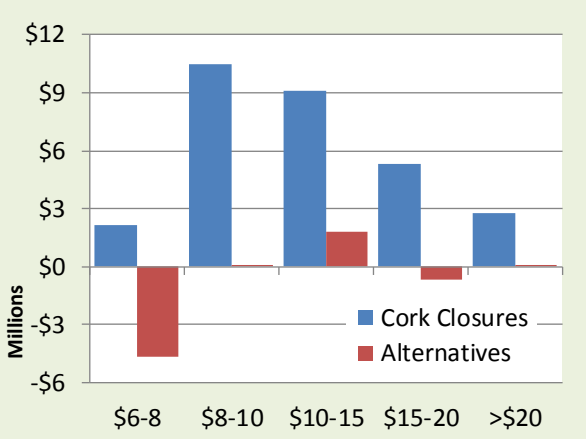
Comparison of case sales shows that cork finished brands gained $31.3 million for the 4-week period ending 12/8/2012 over the same period three years ago. The greatest increase occurred in the $8-$10 category where cork brands for the period grew by $10.5M (+45%). Brands with alternative closures show a decline from year ago of -$0.4M (-0.6%). Shortfalls were most pronounced in the $6-$8 price range, where the decline from 2009 was -20%.

The most significant change in sales by closure type for the Top 100 Premium Brands is the inroads made by cork closures in wines priced under $10.

Brands <$10	*2009*	*2012*
Cork	*41%*	*51%*
Alternatives	*59%*	*49%*

Three Year Revenue Growth ($000)

Price Category	Natural Cork	Alternative Closure	Total
<$6	$1,423	$244	$1,667
$6-$8	$2,184	-$4,644	-$2,460
$8-$10	$10,476	$35	$10,511
$10-$15	$9,071	$1,787	$10,858
$15-$20	$5,337	-$652	$4,685
>$20	$2,790	$6	$2,796
Total	**$31,281**	**-$3,224**	**$28,057**



Comparison of Nielsen Data to Total US Wine Sales

This report is based on Nielsen data from retail surveys primarily generated by scanned data from supermarkets. Data does not reflect on-premise sales or sales from smaller wine shops.

For the year 2011- total sales expressed from Nielsen surveys were 25% of the total wine sales reported by the Wine Institute.

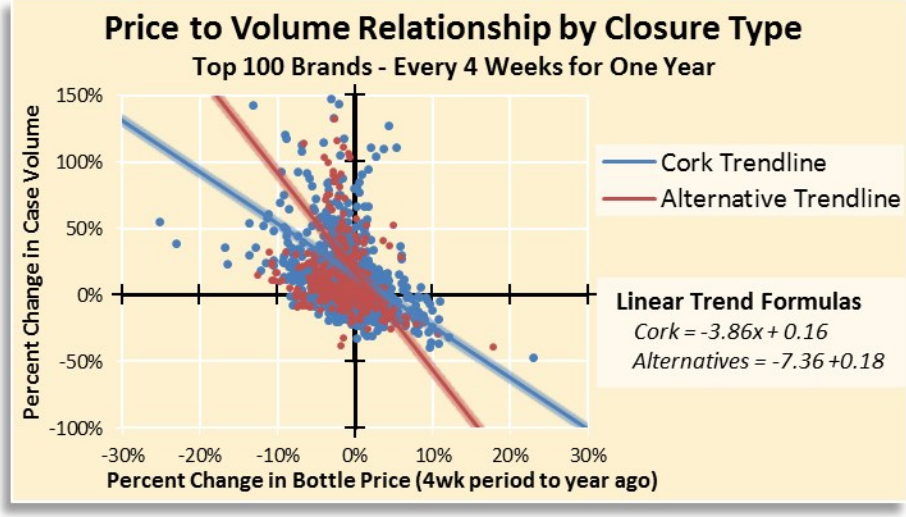
The target study group - US wines priced at >$6 for 750ml bottles - represent 80% of all domestic 750ml bottles. The Top 100 Brands represent 70% of that group.

2012 Nielsen Case Sales	% of All Wine Sales	% of US Wine Sales	% of US Bottles	% of US 750ml	% of Premium
Total Wines	100%				
All Domestic	**69%**	100%			
US Glass Bottles	54%	**78%**	100%		
US Glass 750ml	34%	50%	**64%**	100%	
US 750's >$6	26%	38%	49%	**76%**	
Top 100 Premium	**19%**	**28%**	**36%**	**56%**	**74%**
Premium Rnk >100	7%	10%	13%	20%	26%
US 750's <$6	8%	12%	15%	**24%**	
US Glass 1.5	15%	22%	**28%**		
US Glass Other	4%	6%	**8%**		
US Bag'n'Box	11%	**16%**			
US Other Pkgs*	4%	**6%**			
All Imports	**31%**				

Price Sensitivity by Closure Type

The relationship between changes in price and changes in sales volume indicate a simple picture of price sensitivity. This study of the Top 100 Premium Wine Brands compares annual price and volume changes during every 4-week period for the year ending in December 8, 2012. The resulting linear trend analysis is used as a simple representation of the relative price sensitivity between wine brands.

Data was collected at the Brand level, and closure assignments were established based on the predominant closure used. In most cases the Top 100 Brands use the same type of closure in well over 90% of their volume. There were three cases where the most dominant closure was less than 80%. If the 1,300 data points in this graph. The majority of brands were primarily finished with cork (72%).



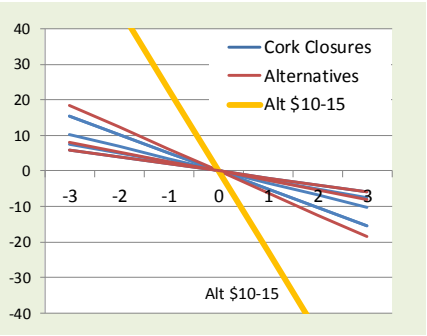
Cork finished brands had the smallest slope – showing the least effect on volume from changes in pricing. Brands featuring alternative closures saw nearly twice the sensitivity – with a ratio of nearly 2:1 versus cork brands.

The study was expanded to compare price sensitivity at different price segments. Results at most price points indicate similar price sensitivity between cork and alternatives. One variance stood out. Brands with alternative closures displayed a dramatic increase in price:volume ratio at the $10-15 price point.

With a slope of –22.8 brands with alternative closures appear to realize a price sensitivity 6 times more severe than seen with cork finished brands in the $10-$15 price segment.

Slope by Closure and Price Point

Price Category	Natural Cork Slope	Natural Cork Count	Alternatives Slope	Alternatives Count
$6-$8	-1.92	102	-2.72	94
$8-$10	-5.13	185	-6.18	119
$10-$15	-3.42	367	-22.80	121
$15-$20	-2.49	206	-1.98	27
>$20	-5.14	79	na	0
Total	**-3.86**	**939**	**-7.36**	**361**



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