

# U.S. Wines Help Quench French Consumers' Thirst for Novelty and Variety

By Roselyne Gauthier

Unlikely as it may seem, France is emerging as an important market for U.S. wines. From 1997 to 2001, according to French customs statistics, U.S. shipments swelled about 55 percent in volume and 68 percent in value, reaching approximately 60,000 hectoliters valued at \$12 million.

## Vineyard Vistas

At first glance, it seems almost incredible that France—long one of the world's wine producers *par excellence*—should harbor a growing thirst for wines of U.S. vintage. France is also the world's biggest wine producer, with 12 percent of global vineyard area and 23 percent of production.

Moreover, France aggressively promotes its wines. For 2002, the French government increased the budget of the Office for Wines and Vines (ONIVINS) to \$10.5 million to promote French wines in foreign markets. For fiscal 2001, the U.S. wine industry received about \$3 million through USDA's Market Access Program (MAP) to promote U.S. wines abroad.

Promotional activities funded by ONIVINS include advertising campaigns; in-store promotions in specialized outlets, hotels and restaurants; and participation in fairs and trade shows.



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## A Toast to Variety—Or, Pleasing Gallic Palates

But “New World” varieties from the United States are generating a lot of interest among French consumers, who are coming to appreciate the superb quality and wide range of tastes offered by U.S. wines.

Most of the enormous increased flow of U.S. wines to France can be attributed to the marketing efforts of large companies; promotional activities of producers at events like VINEXPO, one of the industry's biggest trade shows; and promotions featuring U.S. wines sponsored by FAS' Office of Agricultural Affairs, such as wine tastings at the U.S. Embassy and in the many American restaurants in Paris.

The E. & J. Gallo Winery has been present in France since 1998, when it began an energetic and successful campaign to win more space on store shelves and representation on restaurant menus. Gallo has

contracts with major French retailers like Carrefour and Auchan. In May 2000, Robert Mondavi, another large U.S. producer, introduced its wines through a leading importer/distributor. Disneyland Paris is also a major customer for U.S. quality wines, not only from California but also from Washington State. Both the California Wine Institute and Northwest Wine Promotion Coalition have used MAP funds to attend large trade shows, such as VINEXPO.

Californian varieties of Cabernet Sauvignon, Chardonnay, Zinfandel and Pinot Noir constitute most U.S. sales in France. And the market offers further opportunities for U.S. wines, particularly those of high quality and unusual taste.

## A Big Drop—Yet a Brimming Market

In addition to being the world's largest producer, France also accounts for 16 percent of global consumption. On the other hand, it should be noted that despite French



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people's reputation as connoisseurs and big consumers of wines, French per capita wine consumption has decreased steadily over the past couple of decades: from 103 liters in 1980 to 55 liters by 2000.

French consumers are moving from quantity to quality. Since 1998, New World varieties—mostly from the United States, Chile, Argentina, South Africa, Australia and New Zealand—have increased sales volume by 45 percent. And the exotic attraction and high quality of many of these wines, coupled with an increasing demand for new taste sensations, will likely support continuing consumer experimentation. Moreover, despite the sizeable export gains, U.S. wine producers still supply only 1 percent of all French wine imports.

In fact, France is viewed as a thriving import market by the world wine trade. Nearly all members of the European Union (EU) conduct wine promotions in France through trade shows, public and trade advertising and supermarket promotions. EU and non-EU countries alike market their wines in France. Producers emerging in Northern Africa and elsewhere should be considered as future competitors in the French wine market.

Consumers from 35 to 49 years old (30 percent of French households) make 25 percent of wine purchases. They purchase still white and sparkling wines (except champagne) in larger quantities than any other age group. Consumers aged 50 years and up are the leading buyers of still wines.

The 50- to 64-year-old group leads in purchases in most other wine categories, with a marked preference for reds. This group also has the highest level of champagne consumption.

The distribution system consists of wholesalers, which frequently sell to specialized wine stores, food stores, restaurants



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and institutions, and importers, which sell to supermarkets. Producers themselves generally handle mail order sales. Supermarkets account for 78 percent of household wine purchases, while wine stores, direct sales and other outlets account for 22 percent.

Total wine consumption in 2000 reached 33 million hectoliters, of which restaurants, hotels and cafés accounted for 10 million hectoliters, and homes 21 million hectoliters. Of the amount consumed in homes, 11 million hectoliters were purchased in supermarkets and the rest in specialized stores or directly from wine growers.

### What's in a Name?

Wines imported into France must meet regulations on oenological practices and processes stipulated in EU Regulation 822/87. In addition, EU Regulation 2390/89 requires that wines be accompanied with

analytical bulletins containing such information as alcoholic content, acidity rate, presence of sulphur and so on.

The EU and the United States are working on a new wine accord that will cover issues such as oenological practices, protection of geographic indications and labeling.

Labels on U.S. wines exported to France must include:

- Net contents in metric units
- Name and address of the French importer, preferably on the main label (although small stick-on labels can also be applied by the French importer)
- Alcoholic content
- Manufacturing lot
- Country of origin
- All varieties in the same print and field of vision (i.e., same part of the label), the variety making up the largest percentage of content at the top

Over the past decade, France has instituted regulations that limit radio and TV advertisements for alcoholic beverages and curtail advertising at points of sale and for events. ■

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