2026 BMO Wine Market Report

Wine Industry Partnership

BMO WINE & SPIRITS GROUP
BAKER TILLY
BW166 AND GOMBERG, FREDRIKSON & ASSOCIATES
WINEBUSINESS ANALYTICS

BMO

Among U.S. wineries, 71% expect the market to have bounced back within three years and 38% are confident it could take less time.

Preface

The third edition of this annual report finds global trade strained even further than it was at this time last year. While refunds are expected from tariffs enacted by the U.S. government, the impact on trade in North America and the rest of the world was immediate and will have repercussions that will be felt for decades.

The trade disputes of last year have been followed by new fighting between old enemies in the crossroads of global trade. While a fragile ceasefire was in place as this report was being produced, the conflicts in the Middle East have already led to stunning increases in fuel prices that have further eroded consumer confidence. Economic anxiety was a key factor in the 2024 U.S. election, and American consumers remain wary and are growing more anxious as companies shed workers because of flat earnings and efficiencies realized through artificial intelligence.

During the last economic crisis — the Great Recession, which ended nearly 20 years ago — Americans generally shifted to more affordable wines but their total consumption remained the same. That was followed by a steady shift to more expensive wine as the economy recovered and this premiumization trend persisted until 2019. The next year saw a global pandemic and the historic disruptions have continued since. These disruptions have come as American wine consumption has declined even as spending has increased.

An acrimonious trade dispute between Canada and the U.S. saw the single most valuable export market for American wine essentially disappear overnight. The 2025 edition of this report included a special focus on the Canadian wine industry that has benefited in the past year from an increase in domestic sales and will likely continue to do so in the absence of imports from the United States.

This year's report examines the rapidly changing U.S. wine market, which remains the world's largest but has become smaller in recent years as total market volume continues to decline. It's now clear that the challenges in the wine market come from historic, structural change in consumer demographics that will reshape the industry.

Yet Americans spent more money on wine last year than in any previous period. While some of that increase in total revenue is from price increases and inflation, it's clear there remains plenty of opportunity if American wineries can innovate and capture the interest of the next generation of wine drinkers. It's a daunting challenge and one that the wine industry has been wrestling with for years; if not decades, but a changing market demands that wineries change. In previous years, the trends that had fueled wine's growth since the early 1990s were still too dominant.

The rest of 2026 and the next year will see more change and challenges in the wine market, but this period of transition will be followed by wine's next era taking shape now.

Total U.S. wine market volume is now about the same as a decade ago, yet the number of U.S. wineries is nearly 50% larger.

Executive Summary

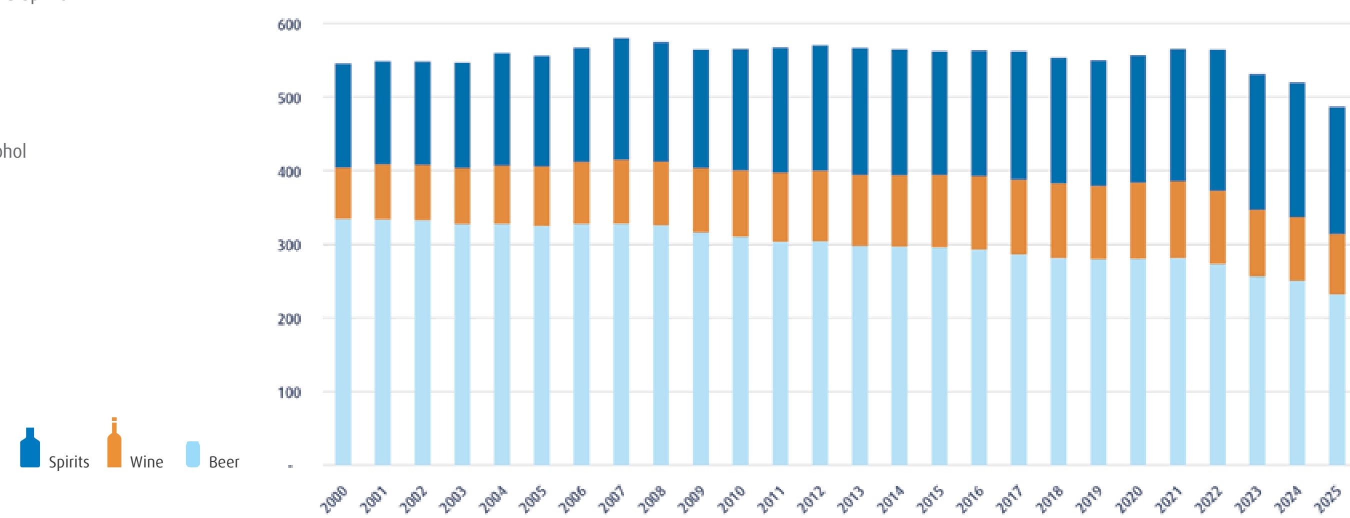
Total U.S. market value grew 3% to more than $115 billion in 2025, but that growth obscures another consecutive year of declining market volume with the previous year seeing a 4% loss to 362 million 9L cases.

In less than a decade, the amount of wine entering the U.S. market from California has declined nearly 25%. Wine is not alone as the entire beverage alcohol sector continues to suffer a demand problem exacerbated by layoffs, rising fuel prices, a new generation of anti-alcohol rhetoric and political and economic instability. Growers and wineries have taken steps to reduce excess supply, but rebuilding consumer demand has become the top priority as the wine industry has entered a new era. The demographic, cultural and economic factors that fueled its growth in previous decades are no longer in effect.

Adam Beak
Managing Director and Head, Wine & Spirits

Jon Moramarco
Managing Partner of beverage alcohol advisory, bw166

Servings per Legal Drinking Age Adult



Source: TTB, Customs, CA Boe, bw166 analysis

Key findings

Total U.S. consumer spending on wine in 2025 grew 3% to more than $115 billion and total market value is more than $40 billion larger than in 2018.

A larger share of smaller wineries are finding success creating private label brands, with nearly 20% of wineries producing fewer than 5,000 cases now active in this growing sector of the market.

Sales of flavored wines grew 12% in 2025 to more than 35 million cases while sparkling fell 3% to 31 million cases.

Forty-five percent of people between the ages of 21 to 28 say they're interested in drinking more wine as are 38% of the Millennial generation that has surpassed Boomers to account for the largest share of all wine drinkers.

People of all ages are drinking less alcohol in general, but the higher cost of wine relative to other beverage types is putting it at a disadvantage.

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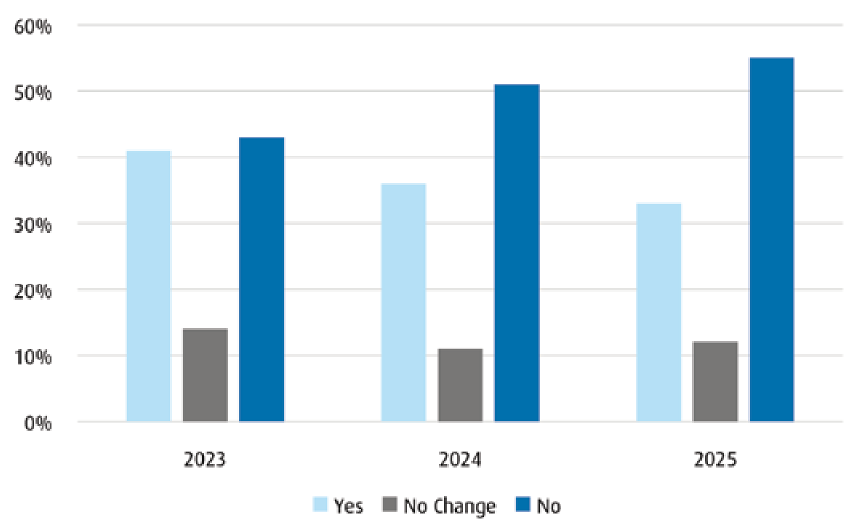
Introduction

The 2025 winegrape harvest in California came to a little more than 2.6 million tons, which is one of the smallest picks in the state since 1999. That historically small crop came less than a decade after the state's record-largest harvest, and the decline was abrupt because the industry has been slow to respond to years of changes in its consumer base.

The decline in wine supply is the direct result of the drop in wine demand, and the most visible, immediate impact of the challenges wine has been experiencing for years. California's grape market had begun to tip to excess since the previous decade, but wildfires, the COVID-19 pandemic, and other disruptions obscured that imbalance and put off the need to address it.

Despite the challenges, thousands of wineries did grow their business last year and many are expecting more growth this year. Leaner, more efficient and leveraging new technology to do more and faster than ever, these companies have successfully protected their share and may be able to acquire additional assets to take advantage of a market recovery most wineries expect to see within three years. Several of the largest producers are now under the leadership of new executives who came to wine from other industries and have since shed underperforming brands and inefficient assets to be more agile in today's unpredictable market.

Did you experience sales growth

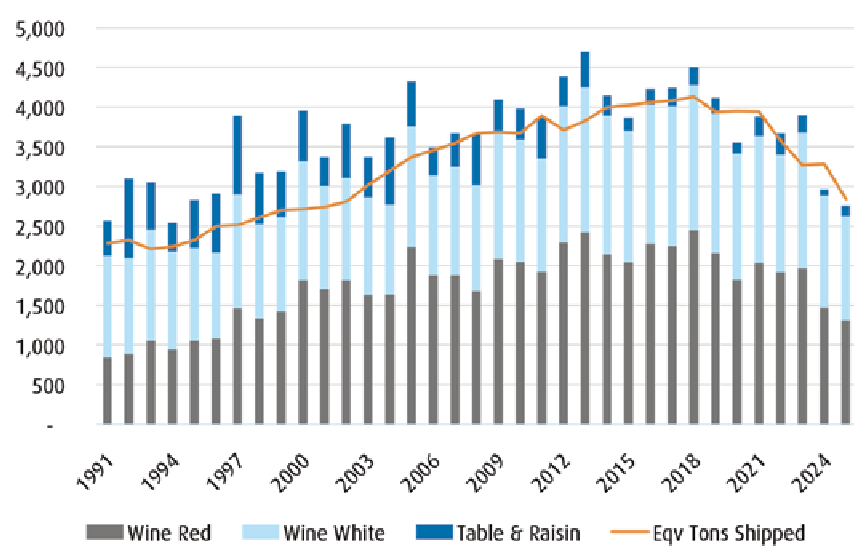


Source: 2026 Wine Industry Survey

This report is focused on the U.S. wine market and while wine has its own challenges and opportunities, it is also contending with the general downturn in demand for nearly all beverage alcohol products in a drinks market with more options than ever before. Beer, liquor and wine producers are all fighting for slices of decreasing markets in the hopes they'll be the ones on the other side of the current correction to capitalize on future growth. By 2024, it was painfully apparent to those in the wine business that there were too many vines producing too many grapes for weakening wine demand, and a reset was needed. It's become clear this year that the vineyard reset is part of a wider industry transformation that will see a continued reduction in the number of wineries and persist through this year and perhaps longer until the industry can convince a new generation of enthusiasts to discover the pleasure of enjoying wine.

The most recent harvest is notably small when compared to the state's record winegrape haul that occurred just seven years prior in 2018 when California growers produced 4.3 million tons. The 2018 crop was nearly 10% more than the prior year and edged out the previous record of 4.24 million tons set in 2013. Ideal weather conditions let growers and winemakers push hangtime, and market conditions allowed for extra tonnage. At the time, the market for premium Cabernet Sauvignon was still strong and there was even more demand from wineries than usual as the previous harvest had been cut short by devastating wildfires in Napa and Sonoma counties and elsewhere. California wineries shipped 249 million cases of wine into the market that year.

California Tons Crushed (000)



Source: Ca Grape Crush Reports, CA BOE Data, Gomberg, Fredrikson & Associates

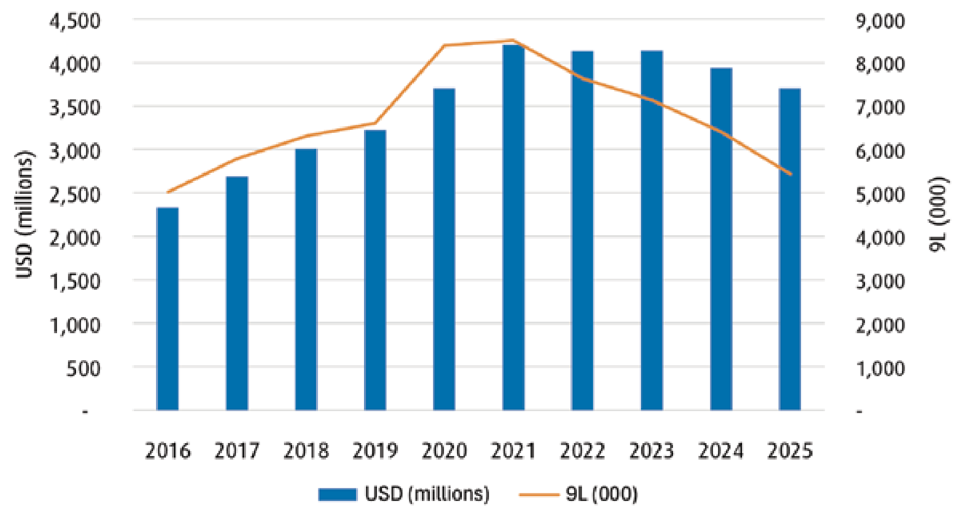
But as much of the 2018 vintage reds were still aging in barrels, the wine industry was about to be hit with another series of unprecedented disruptions.

At the time of that bumper crop, the wine industry was still recovering from the 2017 wildfires, but concerns were beginning to grow about flagging consumer demand. At the time, total market value was around $73 billion and while it had grown 3% by value over the previous year, volume was nearly flat with just 1% growth. Sales of affordable wines that form the base of the off-premise market were slowing and there were concerns not enough was being done to get the Millennial generation interested in wine as new competitive pressures were emerging.

Speaking to WineBusiness Monthly magazine in 2019 about key trends for the coming year, a winery executive expressed dismay at the explosive popularity of "seltzer water with alcohol in it." Other executives were confident that Millennials, and the coming-of-age Gen Z, would embrace wine. To entice these younger buyers, wineries touted their upgraded packaging including "alternative" formats such as 375ml aluminum cans and new branding to resonate with younger drinkers while also honing their marketing to position wine as the authentic and sustainable product it is.

But by April, the world had come to a standstill in a global pandemic, and by September, the heart of Napa Valley was on fire. While not as destructive as the blazes of 2017, the 2020 fires started earlier and essentially wiped out the red wine vintage in the North Coast with the result that many wineries turned to the 2018 vintage to backfill anticipated inventory ruined by smoke and fire.

US DTC Shipments



Source: WineBusiness Analytics

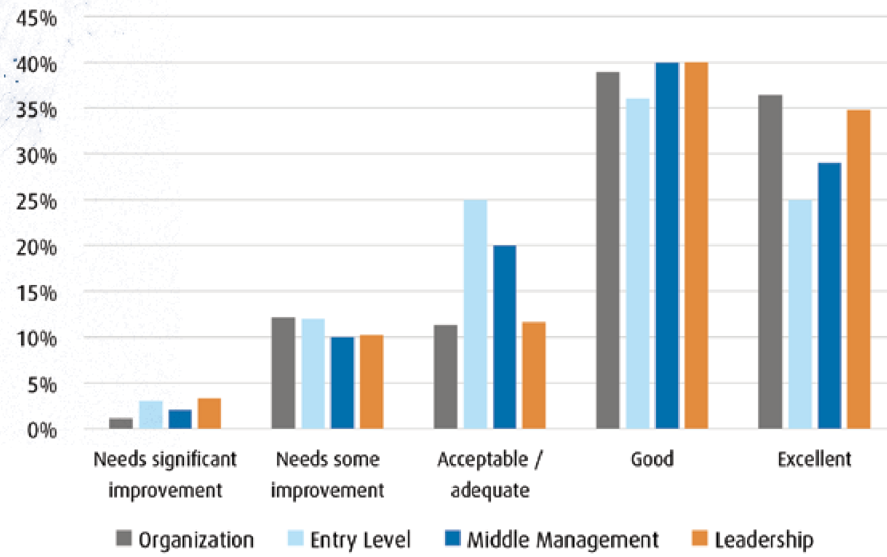
The pandemic also brought an intense but ultimately short-lived increase in beverage alcohol sales and consumption. This increase is evident in the dramatic surge in winery direct-to-consumer (DTC) shipments, which soared to record levels in 2021 and 2022. Wineries also had to allocate more wine to the DTC channel with restaurants and bars shut down or operating at reduced capacity. Since 2022, the DTC shipment channel has continued to decline as retail and on-premise wine sales continue to slump.

But while consumer demand can be an unpredictable force in the market, economic uncertainty, politics and war have unambiguous impacts. While issues far outside of wine's control will continue to affect the wine market, there's plenty for wine producers to do in terms of rebuilding demand.

Many wineries already had to make hard decisions at the start of this year to deal with unsold inventory. Savvy consumers have likely already taken advantage of outstanding bargains given that 20% of wineries are evaluating using "discrete inventory management channels." These channels can include discount grocery stores that sell excess and unsold inventory from other retailers or "flash reseller" websites that will offer limited quantities of known brands at steep discounts for short periods of time to offload unsold wine from previous vintages.

More than 30% of all wineries are looking to sell off their estate product as bulk and 11% are holding bottled, but unlabeled wine, they may be forced to sell as "shiners" that can be labeled by another winery.

Assessment of Talent



Source: 2026 Wine Industry Survey

Ten percent of all wineries are considering a "major" change such as selling their winery, vineyards or discontinuing a brand. A quarter of all wine companies are considering selling their production facility while 13% are mulling selling vineyards and 18% are likely to pull some of their acreage to leave it fallow this season.

Tough decisions that for some wineries could prove existential, underscoring how much more is at stake in this market than in previous years.

Fewer of wine's ***best customers***

While the record crop of 2018 was picked seven years ago, the historic events of just the past few years make it seem as if it occurred in another era. The wine market in the past year and through the first quarter of this year argues that 2018 marked the end of a remarkable era of growth for U.S. wine.

Millennials never took to wine like their Boomer parents or even their Gen X siblings, and the wine industry is now wringing its hands over how to look cool to Gen Z. The alcoholic seltzer water turned into a sales juggernaut that helped spawn the even more popular "ready-to-drink" (RTD) cocktail category that's now worth more than $14 billion and has squeezed traditional wine SKUs out of retail aisles and chiller boxes.

Wineries operate on a longer time to market than the other main categories of beverage alcohol. Many types of beer can be brought to market in less than a month, and while the best liquors are aged for years, most spirits SKUs (including those popular RTDs) are produced from vast stocks of neutral spirit that's ready to be packaged and sold as needed.

Most wines take a year to be ready for release. That relatively long time to market and the centuries of winemaking traditions may partly explain a culture resistant to change. But the simplest reason for wine's resistance to change is that for nearly 30 years it had little reason to do anything different. Back at the turn of the previous decade, in the early 2010s, it was clear that wine had a demand challenge with Millennials but there was still too much money to be made by selling older, loyal wine drinkers on new club memberships, enhanced VIP tasting room experiences and cult brands propped up with artificial scarcity.

US Baby Boomer Trends

	2016	2025	% Change
Baby Boomer Population (millions)	74.1	65.4	-11.7%
Average Age	60.3	69	14.4%
NIH/SAMSHA Annual Survey Alcohol Metrics			
Age Band	50 to 64	65 Plus	
% Drink Alcohol	67%	56%	-16.4%
Reported Servings per Week	5.3	4.5	-15.1%
Total Servings per Week (millions)	263	165	-37.4%

Ages 21 to 25 Trends

	2016	2025	% Change
Population (millions)	22.9	22.8	-0.1%
NIH/SAMSHA Annual Survey Alcohol Metrics			
Age Band	21 to 25	21 to 25	
% Drink Alcohol	83%	77%	-7.2%
Reported Servings per Week	5.9	4.3	-27.1%
Total Servings per Week (millions)	112	76	-32.5%

Source: NIH SAMSHA annual Drug & Health Surveys

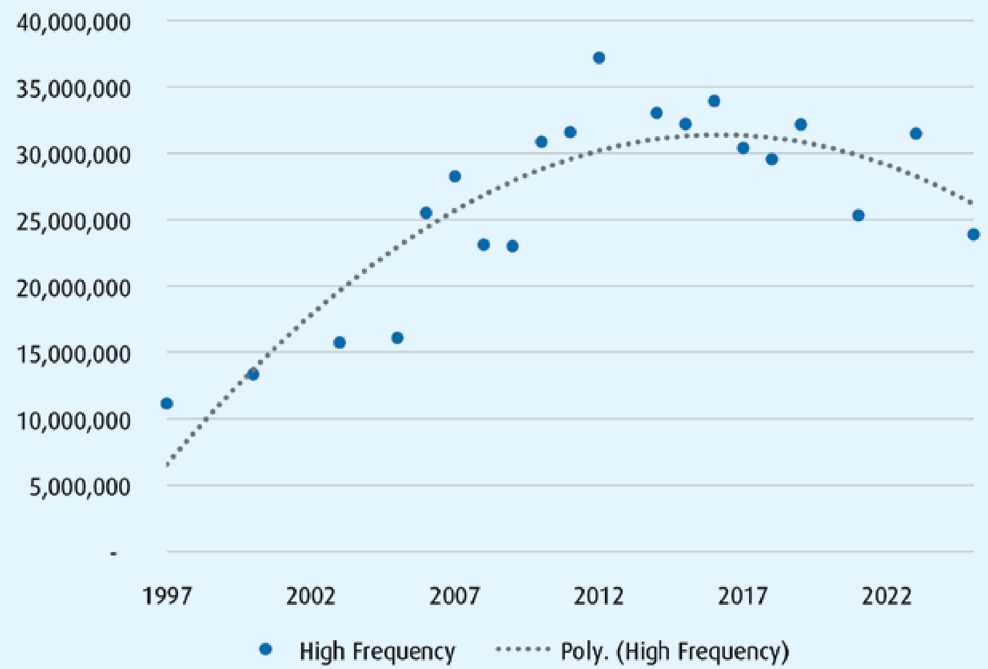
Fewer of wine's best customers

Much of the growth in the '10s came from premiumization fueled by wealth gained in the recovery from the financial crisis of 2009. In that recession, Americans initially traded down in their drinking by price but soon wine's best customers began moving back up the price ladder supporting the premiumization tactics employed by the industry and described in the preceding paragraph.

Through the support of winery members, the Wine Market Council (WMC) has provided detailed, forward-looking market research and comprehensive survey data to glean insights on consumer sentiment and purchasing behavior since 1996. Based on the WMC's annual benchmark survey, 37% of the U.S. legal drinking age population in 2018 were wine drinkers, and that share has since fallen to 29%. Those who drank wine once a week or more accounted for 19.4% of the LDA population in 2018, and that has since shrunk to 16.0% by 2025.

Of these high-frequency wine drinkers, the subset who enjoy wine multiple times per week has also declined. In 2012, the size of this group appears to have peaked at around 37 million, but declined to around 30 million by 2018, and has since fallen further to 24 million. The decline in this subset of the most enthusiastic wine drinkers follows a similar, downward trajectory of total U.S. market volume in recent years.

High Frequency Wine Consumers



Source: Wine Market Council historical data – Drink 2 or more times a week

While the decline in core consumers has had near immediate impact on the wine business, a corresponding decline in "marginal" wine drinkers who enjoy wine once or twice a month is perhaps more concerning. A portion of these marginal consumers has typically moved into the core group. In 2015, this group accounted for 16.7% of the LDA population and that share had shrunk to around 13% by 2025. When asked if they were drinking more or less versus two years ago, 37% of marginal wine drinkers were drinking less and the No. 1 reason was because they were drinking less alcohol in general.

As these marginals have drifted away, wine's loyalists — especially among the Boomer and Gen X cohorts — have reduced their consumption of all types of alcohol. There are now fewer of wine's most consistent and loyal consumers as well as those who may well have become one of those core consumers.

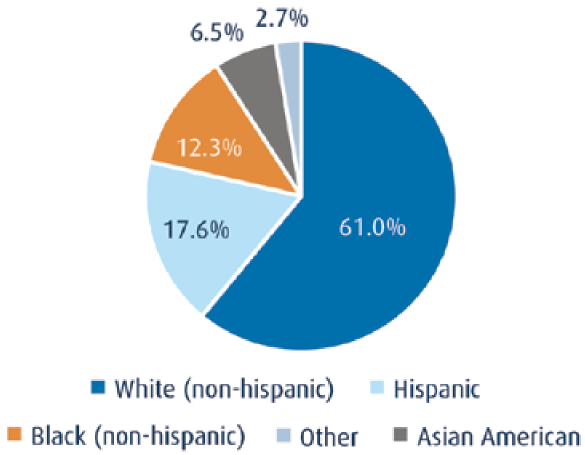
Millions of young people are turning 21 every year and this youngest set of consumers is buying beverage alcohol products and is interested in wine, but as wine loses its best customers it's failing to replace them with younger buyers.

WMC % of Wine Consumers by Race/Ethnicity

	White (non-Hispanic)	Hispanic	Black (non-Hispanic)	Asian American	Other
2016	76.20%	11.20%	8.00%	4.60%	2.00%
2017	71.00%	14.10%	9.10%	3.20%	3.00%
2018	66.90%	13.50%	9.70%	5.50%	4.40%
2019	66.60%	13.70%	11.00%	3.80%	5.00%
2021	69.60%	10.90%	11.70%	4.20%	3.70%
2023	66.00%	15.00%	11.00%	5.00%	3.00%
2025	63.30%	15.90%	12.00%	5.90%	2.90%

Source: Wine Market Council

2025 U.S. Population by Race/Ethnicity



Source: U.S. Census Bureau

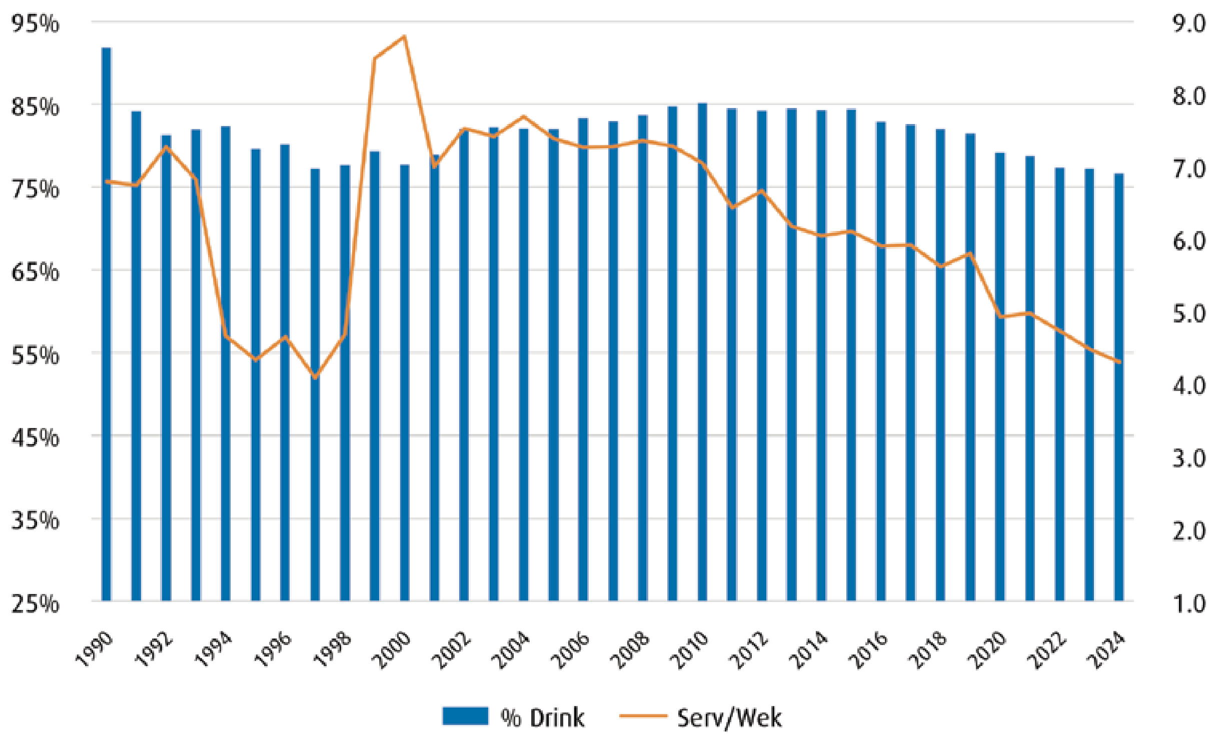
Fewer of wine's best customers

According to the WMC, 45% of those between the ages of 21 and 28 are drinking more wine as are 38% of the Millennial generation (ages 29-44) that has surpassed Boomers to account for the largest share of all wine drinkers at 30%. In 2025, Boomers (ages 51-79) accounted for 26% of all wine drinkers, as did Gen X. The youngest cohort claims 14% of the wine drinking population.

Of this group, 29% of Gen Z and 31% of Millennials are either marginal or core consumers as the share of each is roughly the same for both generations. As one would expect, both groups aren't as concerned about potential health issues related to drinking but do diverge on why they don't drink more even if they are interested. For Millennials, they find wine to be confusing and prefer other drink types while the youngest new drinkers simply view it as too expensive.

Adoption among younger people continues to be a significant obstacle for wine, as well as beer and spirits, and it is growing more acute as the decline in consumption among Boomers continues to accelerate as they age.

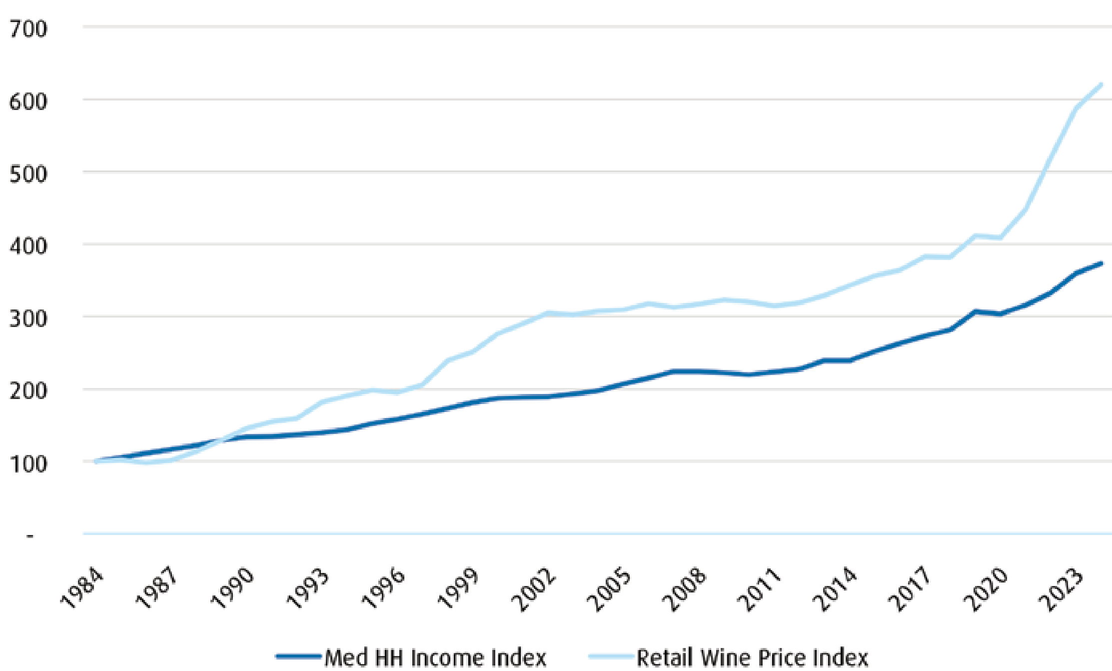
Ages 21 to 25 – % Drink & Servings/wk



Source: NIH SAMSHA Annual Drug & Health Surveys

Many aspects of the affordability challenge for wine are outside of its control. According to the Bureau of Labor Statistics, private compensation rose with inflation after the pandemic, peaking at 5.5% over the previous 12 months in June 2022 before declining to 3.4% at the end of 2025. As companies have reduced hiring, they have also shed employees with many of the firms announcing layoffs also expressing confidence they can operate leaner and more efficiently with less human know-how and more artificial intelligence.

Indices - Median US HH Income and Retail Average Wine Price



Source: NIH – SAMSHA annual surveys

While it's not entirely clear if all laid-off humans are being replaced by AI, the new technology is assuredly in wide use, and the number of entry-level, white-collar jobs has been reduced. Beginning this year, many of the affordable student loan payback plans offered by the federal government have changed, and that could increase expected payments for new graduates who likely feel they are earning less, even if they're fortunate to have a job.

The hypothetical young person, who in the previous decade might well have started drinking wine during an after-work happy hour with her new colleagues to try something new and drink something more "adult," may well be underemployed or unemployed today and likely not in the market for a $20 glass of wine (or even a bottle at that price).

Fewer of wine's best customers

People of all ages pull back on their spending when they don't have confidence in the economy, and through February the U.S. Consumer Confidence Index remained significantly down compared to a year ago. Flexible, hybrid schedules have also reduced the number of office workers looking to mingle during happy hour. Older Millennials who may have started drinking more wine after buying their first home and having a couple of kids, may not after having to either delay or give up on reaching those life milestones.

Not only have they lost purchasing power, but young people also have many more options for winding down after a long day, including cannabis and hemp-derived THC beverages, gaming, sports betting, and scrolling social media.

There are also growing concerns about alcohol in a healthy or moderate diet.

Nearly all traditional table wine ferments to "dryness" or when the natural sugar in grapes is converted by yeast to alcohol and carbon dioxide. The calories from that sugar do not escape into the atmosphere like the carbon dioxide but remain in the wine as alcohol. A typical glass of wine doesn't have sugar, but it does have calories.

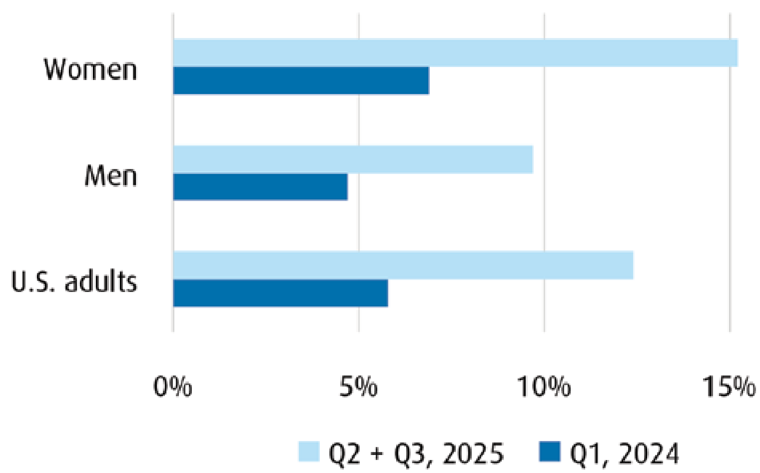
Specifically in the U.S. wine market, however, winemakers understand the typical U.S. consumer palate leans, if not prefers, sweet and so for decades many have allowed for their white and red wines to finish fermentation with a bit more residual sugar to give the finished wine a touch of sweetness. This natural sweetness can be further boosted with the use of new oak that provides "sweet" flavors like vanilla, butterscotch, toffee and extends the mouthfeel and texture to give a wine additional perceived sweetness. Many popular wine brands have also used concentrate produced from wine grapes to boost sweetness even further while also deepening the color.

This may explain why research by the WMC found that nearly half of U.S. consumers and more than half (54%) of those between the ages of 21 and 39 believe sugar is added to all wines. Of those consumers concerned about sugar in wine, the WMC found that 53% believe sugar is regularly added during wine production and 36% believe sugar substitutes are added.

The WMC has begun advocating that wineries consider adding "no sugar added" to their labels, and some producers have designed entire brands around low-calorie and low-alcohol wines that have been categorized under the "no and low" movement. These brands have been able to capitalize on the current popularity of lower alcohol and lower calorie beverages, but wine has not been able to generate the same broad uplift from non-alcoholic SKUs as beer has realized.

According to the Centers for Disease Control and Prevention, up to 42% of Americans are obese and nearly 10% are severely obese. With nearly 150 million people overweight, there remains a huge market of people concerned about their weight and to serve that market is a whole new generation of drugs, GLP-1 receptor agonists, that are enjoying widespread adoption. Nascent research on the impacts of alcohol consumption when people are taking these drugs has found a reduced desire to drink. The people who are most likely to pay the premium to take these drugs without a prescription are also most likely to be core or marginal wine drinkers.

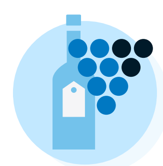
Have Taken a GLP-1 Injection (% Adults)



Source: Harvard University

Many Americans are without a doubt more mindful of their health and what they ingest and that has been confirmed by WMC surveys and many others. That mindfulness appears to be one of the many reasons why Americans are drinking less.

Through most of 2025, there was growing concern in the industry that the federal government might adopt more restrictive guidelines on how much American men and women should drink given the exceptionally stringent recommendation the World Health Organization made in 2023 that there is no amount of alcohol that can be consumed safely. Released in January, the updated guidelines do not provide a specific number of drinks that can be safely consumed (previous regulations called for no more than two drinks per day for men and one drink a day for women) but strongly suggest limiting drinking. Given the increase in people choosing to not drink alcohol of any type, recommendations like that of the World Health Organization and other entities looking to make alcohol the next tobacco; the ambiguous recommendations out of Washington D.C. were viewed by many in the wine business with relief.

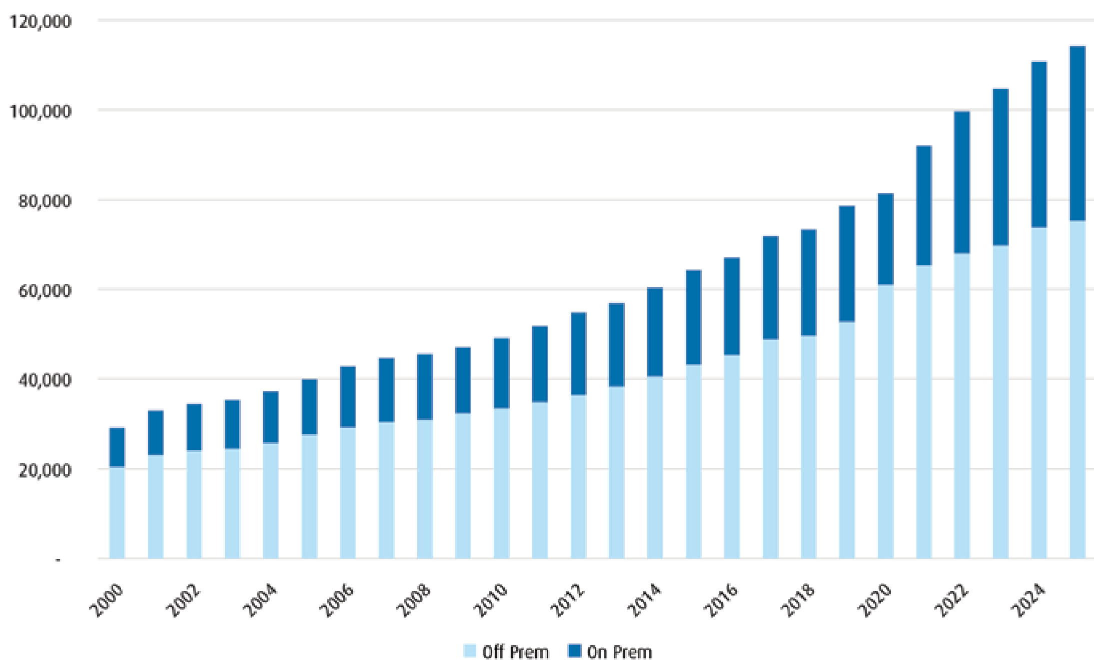


Fifty percent of all wineries surveyed expect to increase direct-to-consumer (DTC) sales this year, while a further 40% plan to retain the same amount of business. Wineries with an average retail price of more than $50 are even more confident in their chances of boosting DTC revenue.

Drinking less but ***spending more***

Based on U.S. consumer spending data from Bureau of Economic Analysis (BEA) and the Census Bureau and an analysis by bw166, Americans were consuming 15 drinks per week in 2000. In its annual survey on drinking in that same year, Gallup found the self-reported weekly rate was 3.3 drinks. By 2010, Gallup was reporting 4.3 drinks per week, and the calculated consumption rate had risen to 15.4 and both rates stayed relatively consistent through the next decade before starting to decline in 2024. Last year, the weekly servings reported by Gallup were 2.8 and the calculated rate had dropped to 13.4.

U.S. consumer spending on wine – USD (millions)



Sources: Bureau of Economic Analysis, NABCA, bw166 analysis

Consumption may be declining, but Americans are spending more on wine than at any point in the past. Total spending on wine in 2025 grew 3% to more than $115 billion and total market value is more than $40 billion larger than in 2018.

But while market value has gone up, volume has continued to trend down. Total market volume in 2025 came to 362 million cases, which is 4% less than 2024 and more than 12% less than in 2018.

Much of the recent growth in consumer spending has occurred in the on-premise sector where not as much of that revenue returns to the winery. It costs significantly more to produce, store and transport wine and so while the dollars are up, the portion of each of those dollars for producers has also shrunk. While some wineries continue to thrive in this market, no one is insulated and growth in 2026 simply will not pay as well as in previous years.

Total market value rises as volume declines

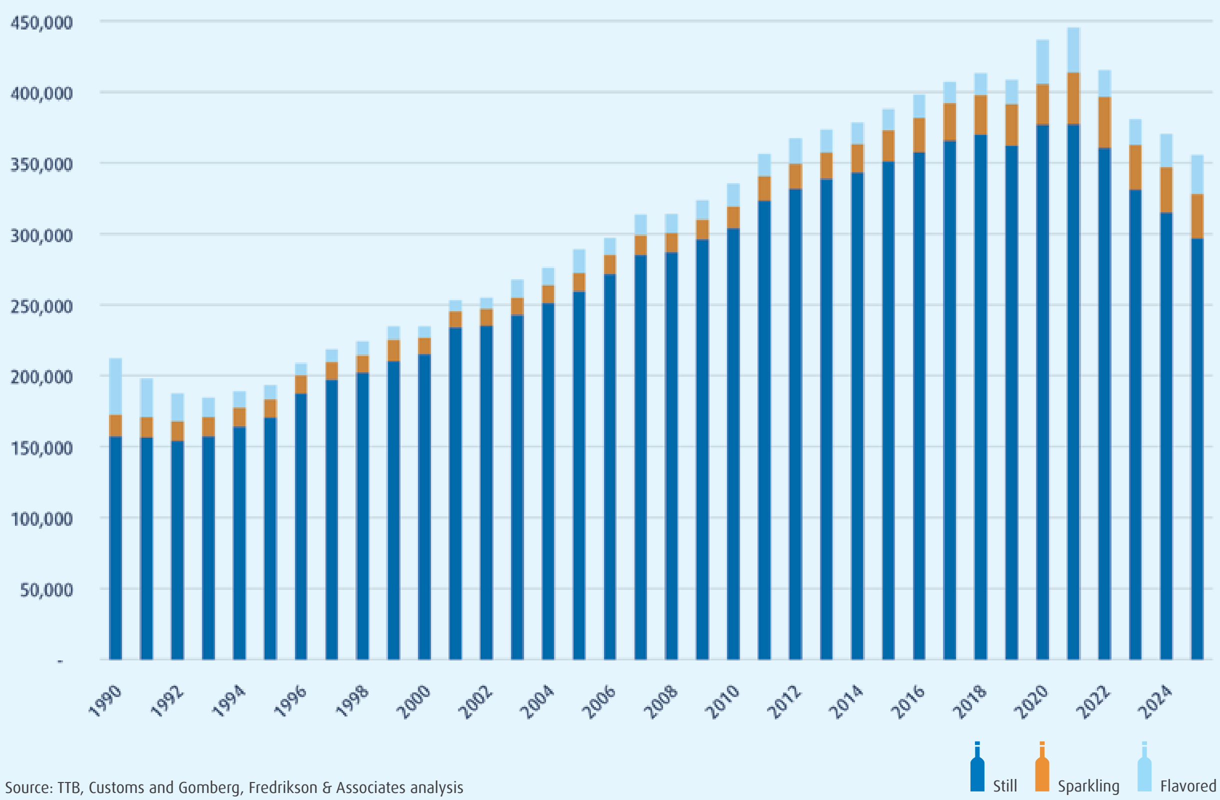
Wine has lost its place in the wider culture

Number of U.S. wineries likely to continue to fall

Considering just still table wine, market volume is down 5% compared to last year and 20% smaller than in 2018. Since the pandemic, the share of flavored wines and sparkling wines has increased as the growth of those wine types has outpaced table wine. Compared to 2018 the combined categories are nearly 50% larger by volume. Another area of growth has been private label wines that are typically made by wine companies yet sold under a store's brand and retailer exclusives, which are brands created by wine producers and sold only through a partner retailer's stores or in certain markets. Such brands offer retailers better margins and consumers better prices but can compete with winery brands.

Drinking less but spending more

US Wine Market 9L (000)



Source: TTB, Customs and Gomberg, Fredrikson & Associates analysis

Wine coolers, popularized by the Bartles & Jaymes brand, peaked in the mid to late 1980s when wine was going through its most significant, previous downturn in modern history. Even with the strength of wine coolers, total market volume started to decline in 1986 and continued until 1993 when wine began its multi-decade run of sustained growth.

That growth coincided with many of the Boomer generation reaching their peak earning years, and it was those same Boomers who not only began buying and drinking wine but also left their successful first or second careers to launch a new one as winery owners. All those new wineries first filled up the historic wine growing regions of the U.S. and then steadily spread to every state in the United States spreading “wine country” from coast to coast.

WineBusiness Analytics, which maintains a database of wineries in the United States and North America, found the number of U.S. wineries, at the start of 2026, had declined 3% to 11,107 and that's 4% less than in 2024. The number of wineries in California fell 2% to 4,646 and Texas, which had been a hotbed of winery growth, saw its winery count slip by 3% to 521.

But from 2012 through 2022, the number of U.S. wineries grew at an average annual rate of 4%. The rate of growth in the number of wineries began to slow in 2023 and peaked in 2024 at 11,584. Most of the winery growth has been seen among limited production wineries producing fewer than 1,000 cases. The number of such small operations soared from 3,461 in 2016 to 5,854 in 2024 but then declined more than 5% in the previous year.

All those wineries needed tanks, hoses, barrels, forklifts and all the other equipment needed to make wine, leading to a boon in the economy supporting the burgeoning wine industry with equipment and professional services such as accounting and legal counsel.

As the industry grew, so too did a whole ecosystem of consumer media led by glossy, lifestyle magazines such as Wine Spectator, which were then complemented by a new generation of wine writers using blogs and social media to distribute a whole new slate of reviews and scores in the 2000s.

Today, there is no dominant cultural medium to spur interest in wine, unlike in 1991 when a 60 Minutes episode exploring the "French Paradox" kicked off an increase in sales of red wine. As the consumer wine media has migrated from print to digital, no single critical voice has emerged to drive consumption or winemaking, like the hugely influential Robert Parker, who even helped drive the popularity of critics and winemakers who sought wines that embodied the opposite of Parker's preferences.

There are said to be more wine "influencers" than ever before, but this vast, fragmented cacophony of opinions expressed via YouTube, TikTok, and elsewhere hasn't helped lift the wine category.

The cultural and technological changes that have led to a more fragmented and online consumer base mirror in many ways the demographic changes affecting the wine industry. The number of wineries will likely continue to decrease as winery owners who opened their businesses as the industry grew are ready to retire and encounter little interest from their children in taking on the business given the increasing challenges in the wine industry.

The size of the current market will also force a decline in the number of wineries. In 2012, total U.S. wine market volume was more than 367 million cases and there were 7,435 wineries. Current market volume is 1% smaller than in 2012, while the number of wineries is nearly 50% larger.

Hazards on the route to market

For many winery owners and executives, fewer wineries is not such a bad thing. According to the results of the U.S. winery survey conducted earlier this year for this report, nearly a quarter of the hundreds of participants feel "contraction is good" as there are "too many" wineries for market demand.

Major disruptions in the middle tier

Wineries looking to direct sales for growth

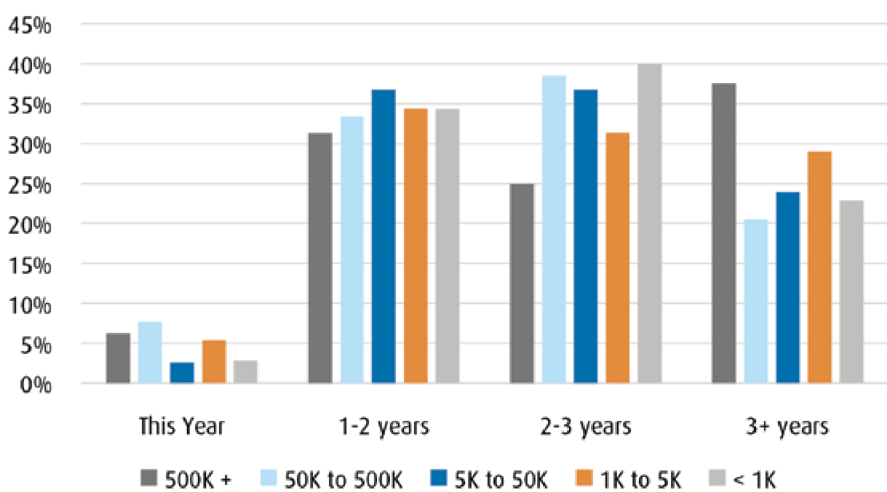
Most expect 'recovery' within three years

Of all wineries surveyed, a third say wineries need to do a better job marketing to younger people and there's equal interest, around 15%, for a unified, national advertising campaign or a coordinated media and lobbying campaign to push back against anti-drinking efforts by health groups and governments.

Among the largest producers (making more than 500,000 cases a year), there is more support, 13%, for more, and better, lower-priced brands, and that bodes well for the development of such wines, as those large companies are the few producers with the efficiencies of scale to roll out such products. A new generation of affordable, high-volume wine brands could well be the missing link to the next generation of wine drinkers.

Those working at U.S. wineries remain optimistic, with 28% expecting sales to grow by more than 10% over the next five years and 33% planning for a 5% to 10% sales increase. They are less optimistic about total market growth. Forty-six percent of all those surveyed believe the total U.S. wine market value will decline in the next five years, and 9% of those expect it to decrease by more than 10%.

Anticipated Industry Turnaround



Sources: 2026 Wine Industry Survey

When asked when they thought the U.S. wine industry would "turn around," 71% of all those surveyed expected it would happen within three years with 38% thinking a turnaround would occur in the next year or two.

The challenges of the past year don't seem to have been too daunting for wineries, as 37% reported their winery performed as expected in 2025, compared to the previous year, with 18% saying the past year was better than expected, and 4% enjoyed a much better year than expected.

In 2024, 41% of the wineries surveyed reported they enjoyed sales growth in the previous year and that share has shrunk to 33% from this year's survey.

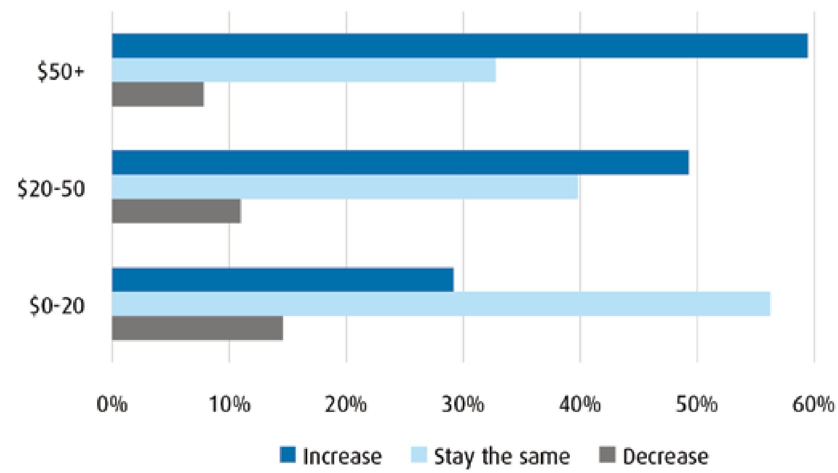
Hazards on the route to market

For the wineries that did see sales growth, the median increase over the previous year was 8.5% while the median decrease was 10% for the 55% of surveyed wineries that suffered a total sales loss compared to the previous year. Considering just the coming year, 49% are planning for a sales increase. Since the first edition of this report in 2024, the share of wineries expecting a sales decrease has risen from 6% to 17%.

For wineries that saw a sales decrease in the past year, 74% reported it occurred in DTC sales, yet this channel is where most wineries are most confident they can grow. Fifty percent of all wineries surveyed expect to increase DTC sales this year, while a further 40% plan to at least retain the same amount of business. Wineries with an average price of more than $50 are more confident with 59% anticipating a DTC increase.

Those DTC dollars may be tougher to come by as winery DTC shipments have declined precipitously since the pandemic. Winery shipments include wines purchased in the tasting room but delivered to an address of the consumer's choice, wine club shipments, or purchases made via the winery website and delivered to another address. According to data by WineBusiness Analytics and the compliance firm SovosShipCompliant, total shipment volume dropped 15% versus last year to 5.4 million cases while shipment value fell 6% to $3.7 billion. In dollars, the channel has shrunk back to where it was in 2020, and by volume it is close to the same level set in 2016. DTC shipments have suffered from the same reasons undermining total wine consumption, but the actual costs of shipping wine, either directly from the winery or via a fulfillment center, have soared. The increased costs to ship wine, coupled with the drop in total consumer demand have shifted the entire DTC shipment channel to higher priced wines. Prior to the pandemic, wines with an average price of more than $50 accounted for around 50% of total channel value but that share has since grown to more than 70% as the volume declines in DTC shipments have been led by lower-priced wines.

2026 DTC Expected Change by Average Price



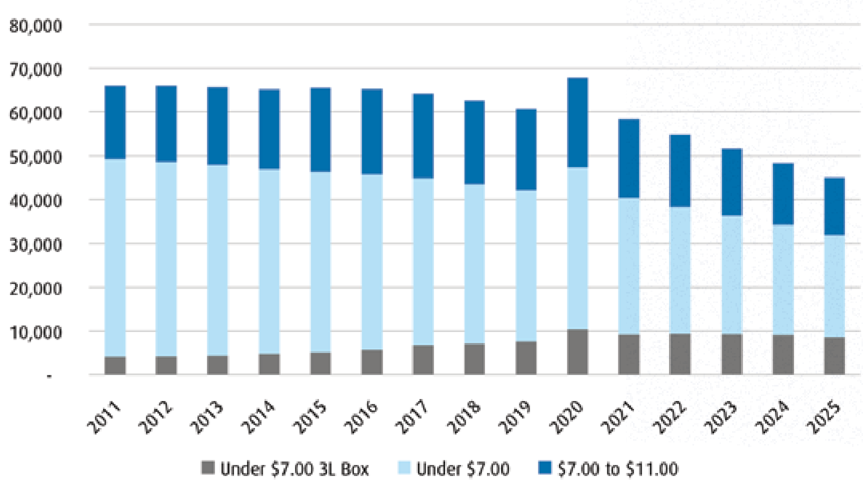
Source: 2026 Wine Industry Survey

As wineries ship fewer but more expensive wines DTC, maintaining total direct sales revenue becomes more important and the tasting room is crucial to that effort. A decline in shipments can be offset by increased tasting room carryout sales or increased wine club member signups. A vibrant and hospitable tasting room can be instrumental in retaining club members who may no longer want to get their allocations shipped to them. The DTC market is no longer the comparatively easy sales channel for growth, but it remains the one where wineries can exert the most control.

The retail market is no easier given wine's myriad demand challenges.

As detailed in each previous edition of this report, the off-premise wine market has been characterized by a dramatic decline in sales of wines priced less than $11 per 750ml. Sales of wine priced more than $11 have been declining as well but not at the same rate.

Table Wine Sales in US Food Stores Under $11.00 - 9L (000)



Source: NIQ Historical data

In the past year, wines priced more than $20 have shown some encouraging growth that may suggest declines in grocery stores are coming to an end. If the sales of lower-priced wines also stabilize through this year, it would be a significant win for the wine business and the most promising indicator for a return to growth.

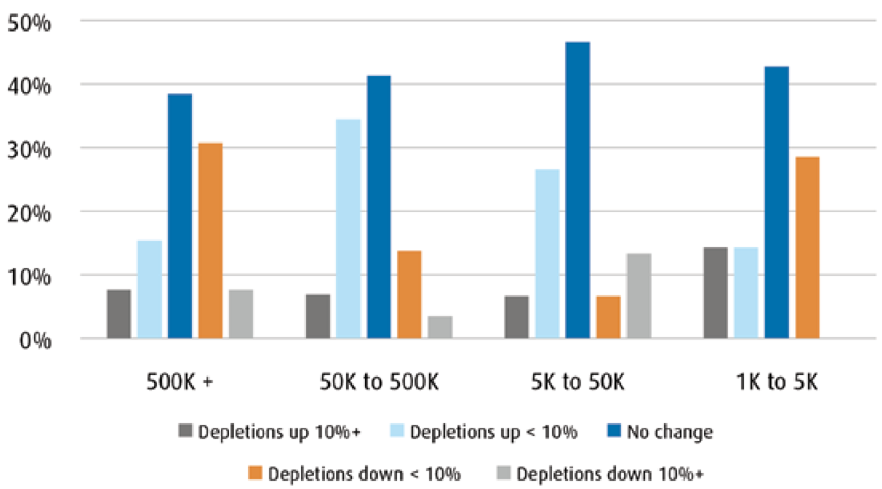
Some of the biggest growth in grocery spending, however, is not captured by syndicated scan data services such as NIQ or Circana. When asked if their wines are sold through such stores that include Costco, Aldi and Trader Joe's, only 22% of all wineries surveyed said they were. Wineries in Napa and Sonoma County enjoyed the highest rate of access to these stores at 31% and 29% respectively while only 9% of those in the East of the Rockies region had secured placement.

Nearly 90% of the largest wineries and 71% of wineries producing between 50,000 and 500,000 cases also were sold in these popular retail chains.

Of those with wines in Costco or other such stores, 43% report there was no change in depletions in the past year while 26% were up less than 10% and 9% saw growth more than 10%. An equal share saw a decline of more than 10%. Smaller wineries, especially those at higher prices, appear to have enjoyed the strongest growth having the highest share, 14%, of wineries making between 1,000 and 5,000 cases seeing depletions grow more than 10%. Wineries with an average price of more than $50 also had the highest share of strongest growth at 21% while, by region, Sonoma County had the largest share of wineries with the most growth at 18%.

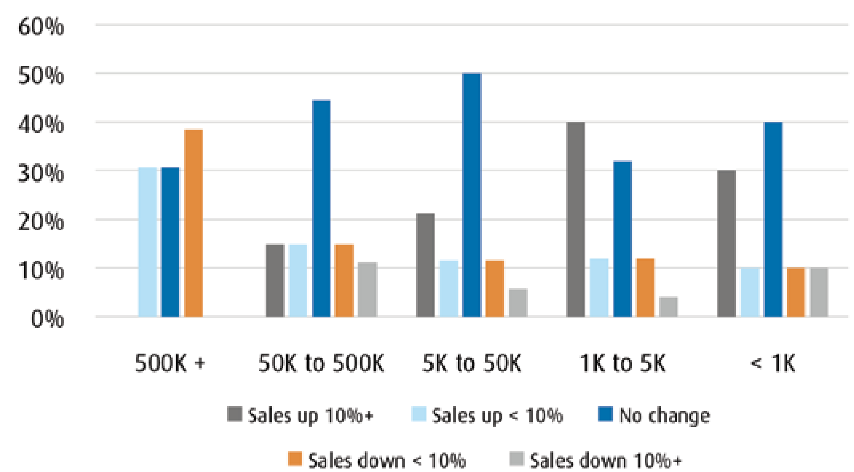
Hazards on the route to market

Performance in Costco/Trader Joe's/Aldi



Source: 2026 Industry Survey

Private/Exclusive Labels Performance



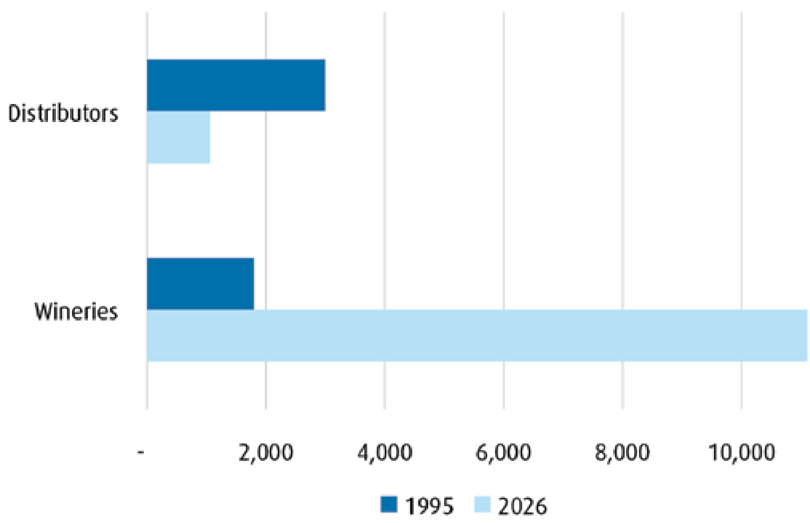
Source: 2026 Industry Survey

According to the WineBusiness Analytics winery database, there are 269 wineries in Sonoma County with an average price of more than $50, or nearly 30% of all wineries in the county, which accounts for nearly 10% of the total number of wineries in the United States. For the fortunate few that can land a club store placement, it clearly can pay off but the competition to do so is daunting.

A retail strategy that continues to be successful for wineries with the resources to support such programs is private labels or retailer-exclusive brands. This year's survey found 34% of all wineries produce such products and 81% of the largest wine companies do, which is expected, but 15% of wineries making fewer than 1,000 cases do as well.

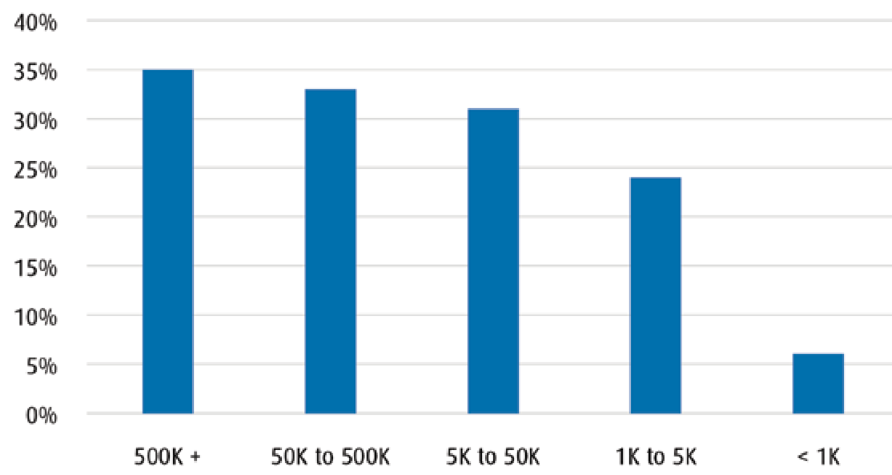
Such programs generally did well in the past year, with 22% of wineries that make private label wines enjoying growth of more than 10%. Nearly half, 47% of the wineries in the Pacific Northwest that make a private label wine, reported strong growth of more than 10%, as did 40% of the wineries that make between 1,000 and 5,000 cases. For 17% of all wineries that made a private label wine last year, it was their first year making such a product and 43% of wineries are looking to expand their private label program this year.

Number of U.S. Wineries & Distributors



Source: WineBusiness Analytics

Lost a Primary Distributor (2025 or earlier)



Source: 2026 Wine Industry Survey

The decline in grocery store sales has put even more pressure on wholesalers who were caught holding excess inventory after the pandemic. As sales declined at the checkout counter, retailers in turn reduced their orders from wholesalers who had to hold on to their excess inventory longer than normal and therefore pulled even less from wineries. Current inventories have reached a new market balance point that is, unfortunately, at a lower volume and that has put even more pressure on the tight-margin business of being in the wholesale channel.

In 2025, the wine business was stunned at the announcement that, what had been the second-largest distributor in the industry, Republic National Distributing Company (RNDC), was exiting the California market. Rumors had been swirling about RNDC for months, given the company had lost a few major suppliers, including Tito's vodka, and news of layoffs had leaked out online.

RNDC lost Tito's to Reyes Holdings, which is one of the largest private companies in the United States and has excelled in maximizing efficiencies in logistics. Reyes will soon close a transaction with RNDC to acquire its business in 11 states, including Texas.

Hazards on the route to market

In the previous decade, wineries had already begun to lose sales support for on- and off-premises accounts from distributor sales representatives given significant consolidation that afforded efficiencies in territory management. New technology, specifically B2B ordering platforms that provide a direct link from account buyers to their wholesalers, have led to even more staff reductions. Winery sales teams now must do much more in terms of account management as wholesalers have largely become fulfillment providers.

Nearly a quarter of all wineries surveyed said they lost a primary distributor in the past year and that share rose to 31% for wineries in California. The survey found the average number of distributors wineries work with was eight and the median was two. The largest wineries work with the greatest number of distributors (22 on average).

A relic from Prohibition, the three-tier system is the most unique characteristic of the U.S. beverage alcohol business. While not particularly efficient and challenging to access, the triad of suppliers (wineries) to wholesaler to account, did support decades of growth for the wine business in the United States, launching thousands of brands and employing thousands of dedicated category evangelists who helped place those brands in accounts. That system has been fundamentally changed.

Most wineries continue to look for a new distributor, with nearly half of all wineries in California reporting they're in search of a new wholesaler, yet despite this, most wineries reported their off- and on-premise accounts have been relatively stable. When asked about the number of their accounts, 51% of wineries said it remained the same as the previous year. The 2024 survey found only 38% of wineries said their accounts remained consistent, with 37% reporting they had decreased.

As the decline in consumer demand accelerated through the end of 2022, it triggered a backlog in inventory that eventually was felt in the vineyard. By 2023, the industry was sitting on a peak of nearly 22 months of inventory, which is considerably larger than during the previous decade, which saw peak consumption from inventories ranging between 18 and 19 months.

Eighteen months of inventory would satisfy current demand, and to meet that production level, California growers would need to produce around 3.1 million tons if demand remains at its current level, according to an analysis by bw166.

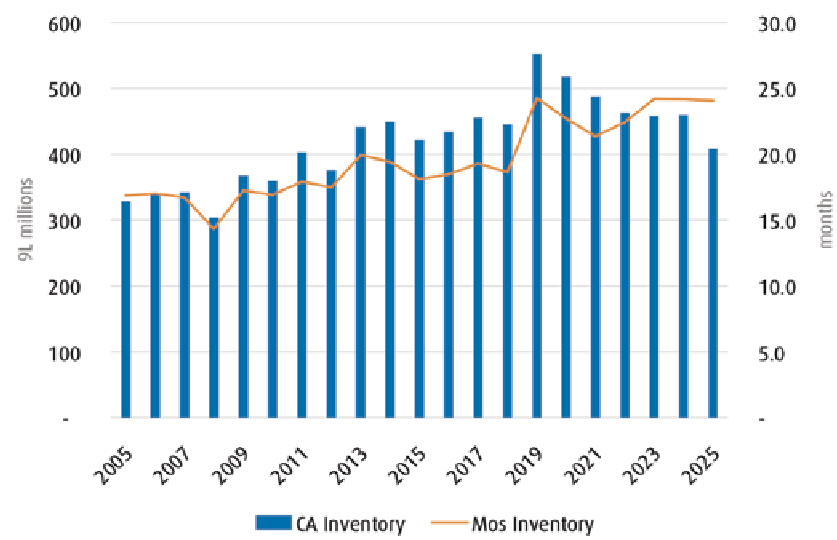
The big question there is if demand remains constant. While wholesalers may have been able to trim some of their excess product, the backups have reached producers too. When asked if they were sitting on any excess inventory, only 16% of the largest U.S. wineries said they had none and 42% reported between 5% and 20% of their total inventory was from previous vintages while 16% were stuck with more than 20%. Among small producers, the share of those with no excess inventory rose to about 25%, but 17% to 24% of wineries producing fewer than 50,000 cases had a serious backlog, as did 22% of wineries with wines that had an average price of more than $50.

In terms of total U.S. wine production, California still accounts for around 80% of all winegrapes grown. While the U.S. wine business has truly become a national one, the volume of wine produced in California remains the dominant source of supply to the market. The 2025 harvest of 2.6 million tons would be insufficient to meet market demand if not for the inventory held by wholesalers, retailers, and wineries.

Hundreds of thousands of acres have already been removed in California where growers are expected to pull another 40,000 to 50,000 acres this year.

If the U.S. wine market were to remain flat or decline a further 2%, there would still be a need for 2.8 to 3.0 million tons to produce 18 months of inventory. That demand likely could be met with the vines currently in the ground. By 2030, however, there may not be enough grapes to supply the 3.1 million tons needed for a flat market or even the 2.8 million needed for a market that keeps declining at a rate of 2%.

California Winery Inventory - 9L (millions)



Source: CA BOE and Gomberg & Fredrikson Analysis

The contracting market could well lead to an undersupply challenge that could, in turn, exacerbate all of wine's challenges by reducing the flow of affordable brands into the market. The gap between premium and luxury estates and mass-market, national brands would only grow wider, solidifying wine's perceived image as a drink only for the affluent that's appropriate for special occasions celebrated in nice restaurants. Forty years ago, consumers switched from wine coolers to premium, varietal SKUs in 750ml bottles. If wine can't successfully address its demand problem, it could see the reverse of that trend in the coming years; some could argue the industry already has.

Conclusion

From the very largest winery to the smallest, and from the West Coast to the East, all wineries see their biggest challenge as the same: consumers drinking less. There's less cohesion on why. Some see it as a question of demographic change, while others put the onus on anti-alcohol campaigning by governments and health organizations, while a nearly equal share blames the economy.

Disruptions in international trade and logistics with the ever-increasing cost of doing business have only made a contracting market more difficult. Regardless of the historic turmoil in the world, wine must be proactive in finding new drinkers.

The retail and restaurant sectors are vastly different and serve very different shoppers than in the early 1990s; just as most appellations are crowded with winery tasting rooms today versus then. Wine must connect with a new generation without any of the beneficial trends of the previous era and new obstacles and competitors. The coming years will not be easy but the national brands and boutique estates that can innovate to entice new customers while maintaining the traditions of quality will be in a prime position for future growth.

The industry is already getting smaller; the loss of vineyard acreage and a historically small harvest attest to that. Now comes the much more challenging work of rebuilding and creating demand. The previous decades of growth offer little guidance for the future, as it's clear by now that those old playbooks mean next to nothing in navigating the modern wine market. New technology, new messaging, and new consumers will be instrumental to maintaining the current market and expanding in the coming decades. The fact is the industry needs more consumers drinking wine more often.

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.

Baker Tilly's Wine Practice brings decades of experience advising wineries, vineyards, and wine businesses across the value chain. Building on the legacy of the Moss Adams wine practice, Baker Tilly provides integrated tax, assurance, and advisory services tailored to the unique financial, operational, and regulatory challenges of the wine industry. The firm works closely with owners and operators to support growth, succession planning, transaction readiness, and long-term sustainability—combining deep industry knowledge with national resources and global capabilities.

A comprehensive look at the total U.S. 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 provide 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 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 nearly two decades and was the lead author of this report.

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.

2026 US Sample Composition

Winery location	Sample %	Universe %	Universe
Napa	28%	11%	1,207
Sonoma	10%	8%	900
Central Coast	7%	8%	917
Rest of CA	13%	14%	1,596
Pacific Northwest	15%	15%	1,684
Rest of US	27%	43%	4,748
Total	**100%**	**100%**	**11,052**

Winery size (annual case production)	Sample %	Universe %	Universe
500,000+	5%	1%	71
50,000 - 499,999	12%	2%	234
5,000 - 49,999	31%	16%	1,726
1,000 - 4,999	33%	32%	3,511
< 1,000	19%	50%	5,510
Total	**100%**	**100%**	**11,052**

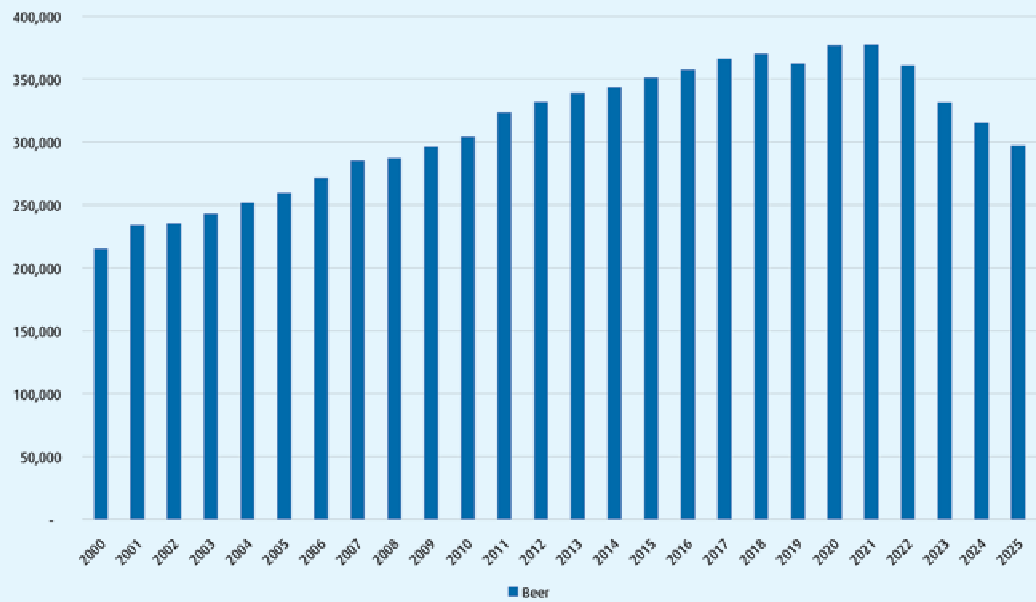
Winery average bottle price	Sample %	Universe %	Universe
$0-20	14%	23%	2,563
$20-50	54%	61%	6,687
$50+	32%	16%	1,802
Total	**100%**	**100%**	**11,052**

Survey Methodology

Methodology – Survey of U.S. 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 2025 performance metrics and sentiment looking forward.
- Research was conducted between January 26 and March 2, 2026.
- 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.
- The sample participants and structure are obtained using the total universe of over 11,000 U.S. wineries maintained in the WineBusiness Analytics database.
- 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.
- 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.
- A total of 480 questionnaires were received from U.S. Wineries. This represents 4.3% of the U.S. universe. Results from over-sampled or under-sampled cells were weighted to accurately reflect the population of wineries.

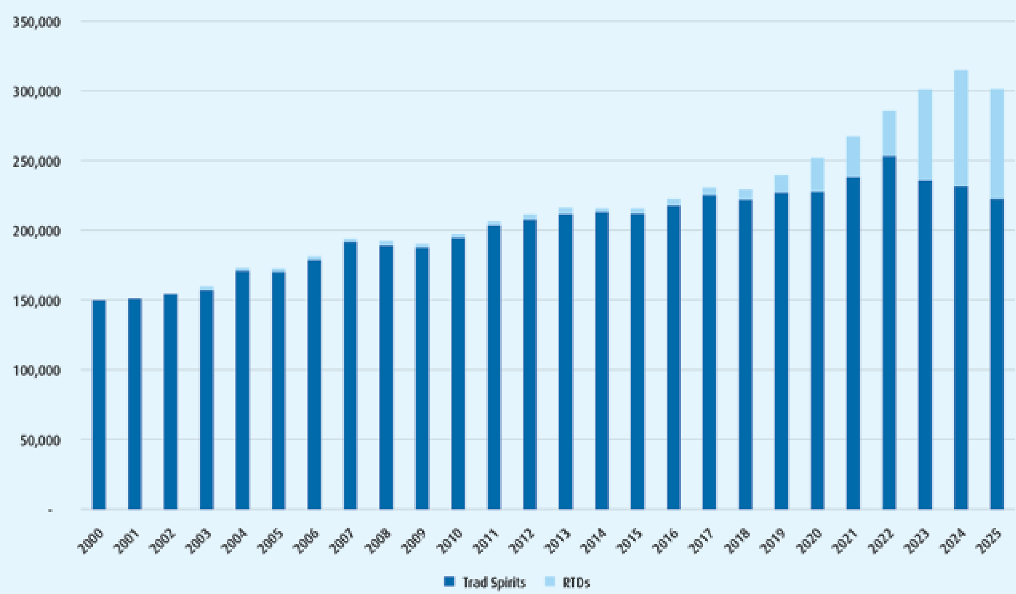
US Beer Market Barrels (000)



The US Beer Market had been relatively flat for twenty years, but has seen declines post-Pandemic.

Source: TTB, Customs, and bw166 analysis

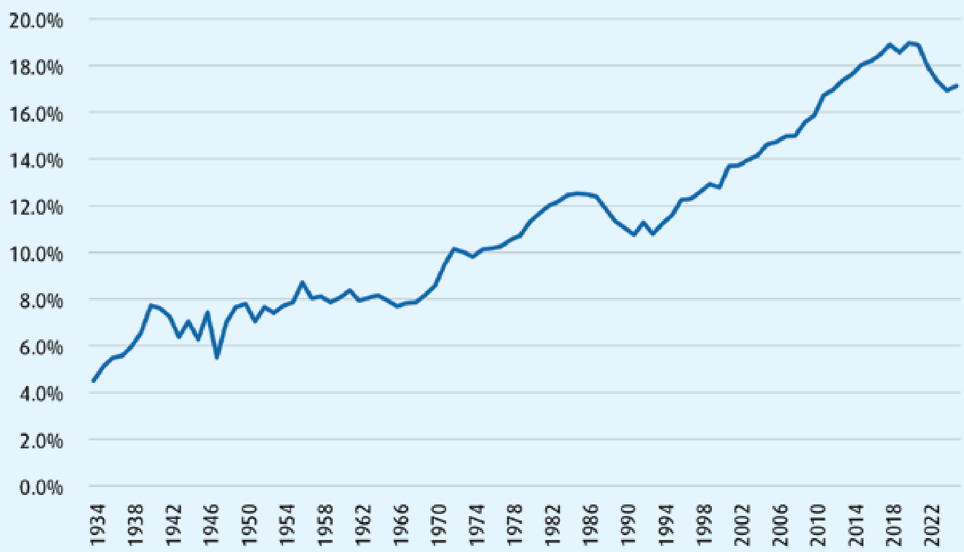
US Spirits Market 9L (000)



The US Spirits Market had been growing until the Pandemic. Growth continued due to RTDs, but even this growth reversed in 2025.

Source: TTB, Customs, and bw166 analysis

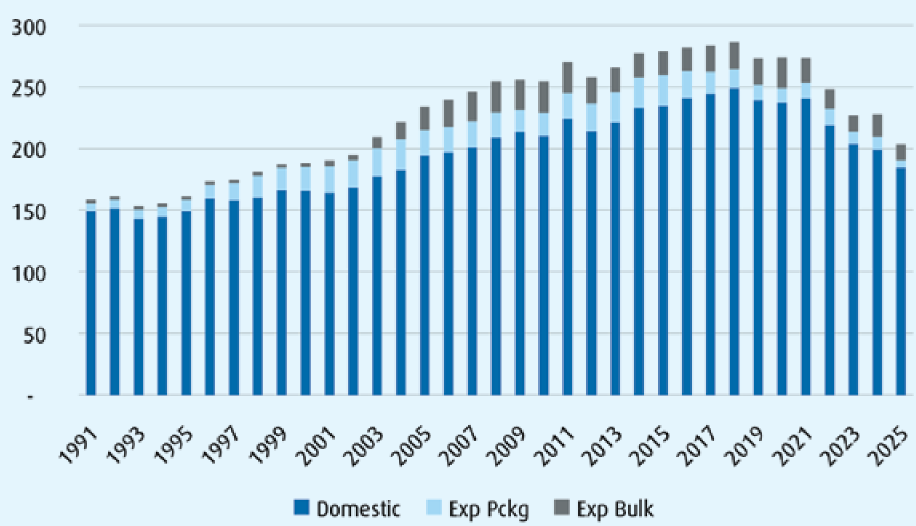
Wine Share of Beverage Alcohol Servings



Wine gained share of beverage alcohol servings from 1993 to 2020. Since the Pandemic wine has lost about 2% of the share of servings.

Source: TTB, Customs, and bw166 analysis

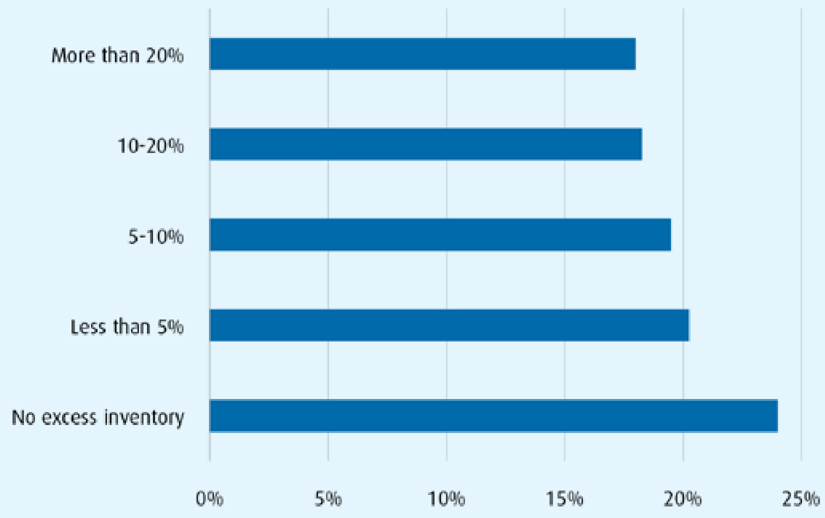
California Wine Shipments - 9L (millions)



California shipments have mirrored national trends. The loss in 2025 primarily took place in the fourth quarter.

Source: California BOE and Customs data

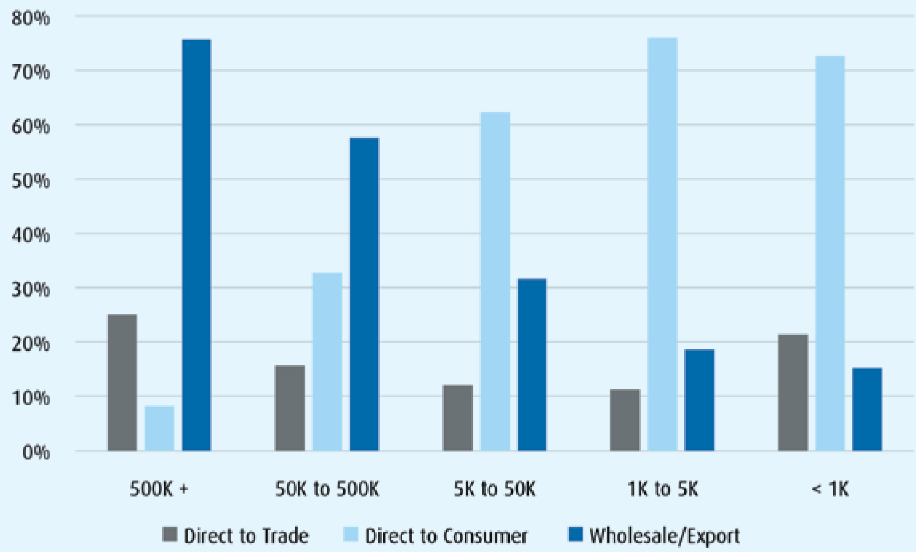
Estimated Excess Inventory



Less than 25% of U.S. wineries report no excess inventory.

Source: 2026 Industry Survey

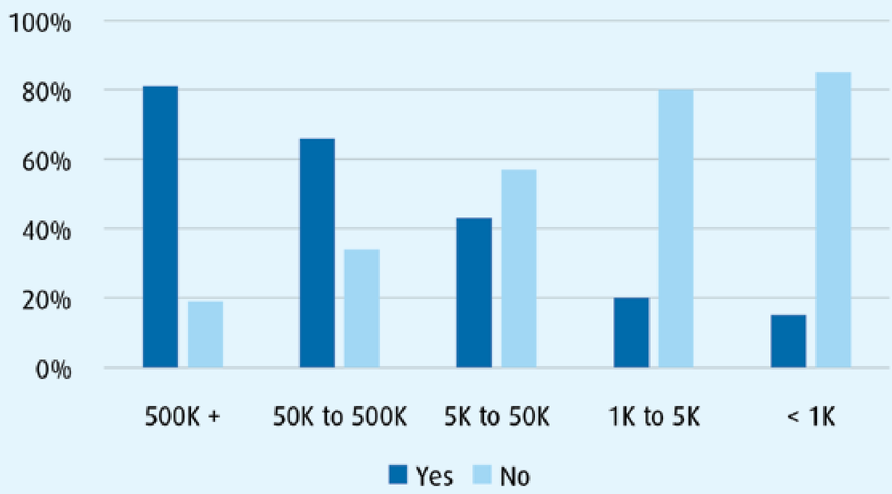
Average Sales by Channel by Winery Size



Large and mid-size wineries rely on the Wholesale and Export markets for most of their sales. Smaller wineries rely on DTC.

Source: 2026 Industry Survey

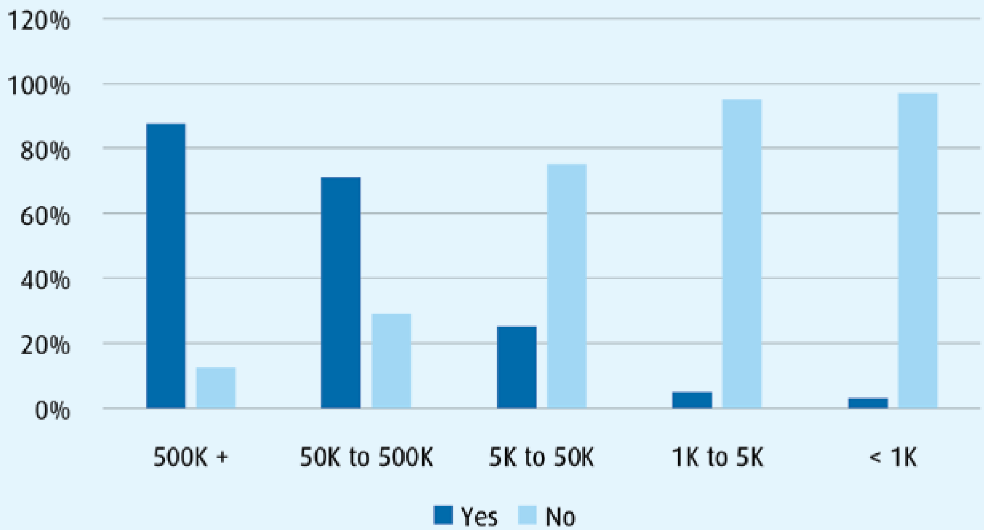
Produce Private/Exclusive Labels



Larger wineries are much more likely to produce private-label wines.

Source: 2026 Industry Survey

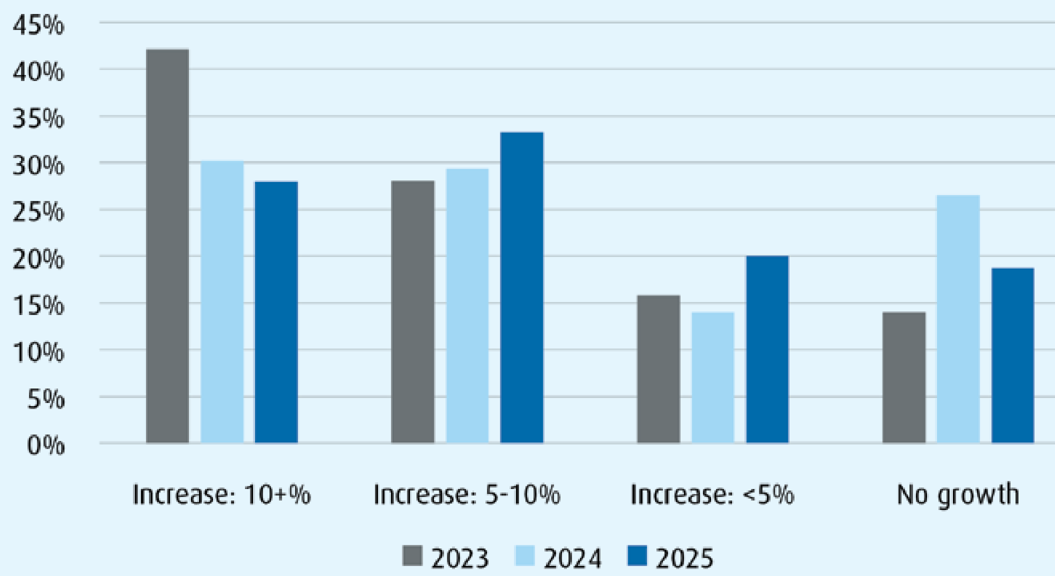
Sell in Costco/Trader Joe's/Aldi



Larger wineries are much more likely to sell to Costco, Trader Joe's and Aldi.

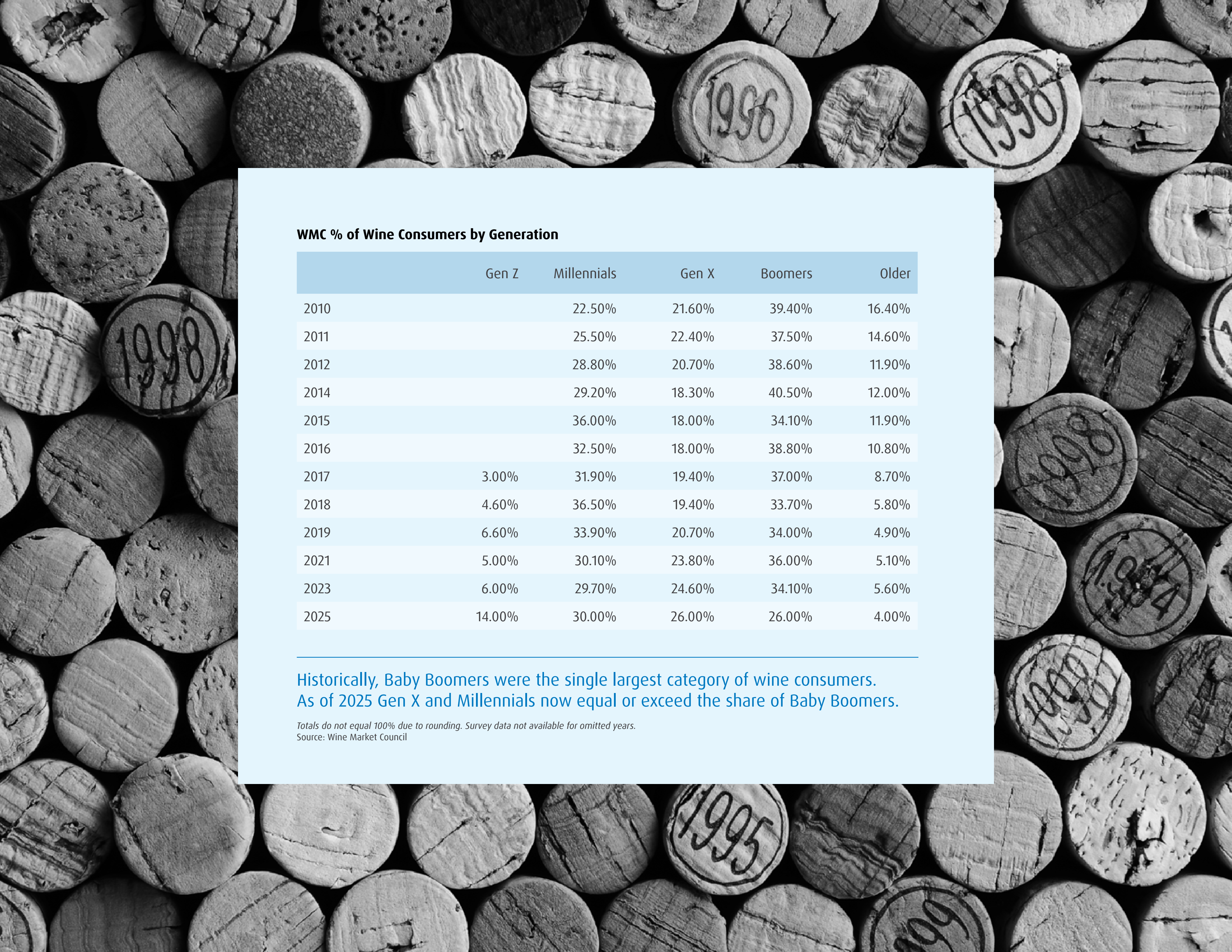
Source: 2026 Industry Survey

Expected Own Winery 5-year Growth



Expectations for growth have slowed over the three years of the industry survey.

Source: 2026 Industry Survey



WMC % of Wine Consumers by Generation

	Gen Z	Millennials	Gen X	Boomers	Older
2010		22.50%	21.60%	39.40%	16.40%
2011		25.50%	22.40%	37.50%	14.60%
2012		28.80%	20.70%	38.60%	11.90%
2014		29.20%	18.30%	40.50%	12.00%
2015		36.00%	18.00%	34.10%	11.90%
2016		32.50%	18.00%	38.80%	10.80%
2017	3.00%	31.90%	19.40%	37.00%	8.70%
2018	4.60%	36.50%	19.40%	33.70%	5.80%
2019	6.60%	33.90%	20.70%	34.00%	4.90%
2021	5.00%	30.10%	23.80%	36.00%	5.10%
2023	6.00%	29.70%	24.60%	34.10%	5.60%
2025	14.00%	30.00%	26.00%	26.00%	4.00%

Historically, Baby Boomers were the single largest category of wine consumers.
As of 2025 Gen X and Millennials now equal or exceed the share of Baby Boomers.

Totals do not equal 100% due to rounding. Survey data not available for omitted years.
Source: Wine Market Council