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7% decline in U.S. sparkling wine sales from January to August 2024

Prosecco rises as Champagne fizz goes flat in the US

Thursday, November 14, 2024



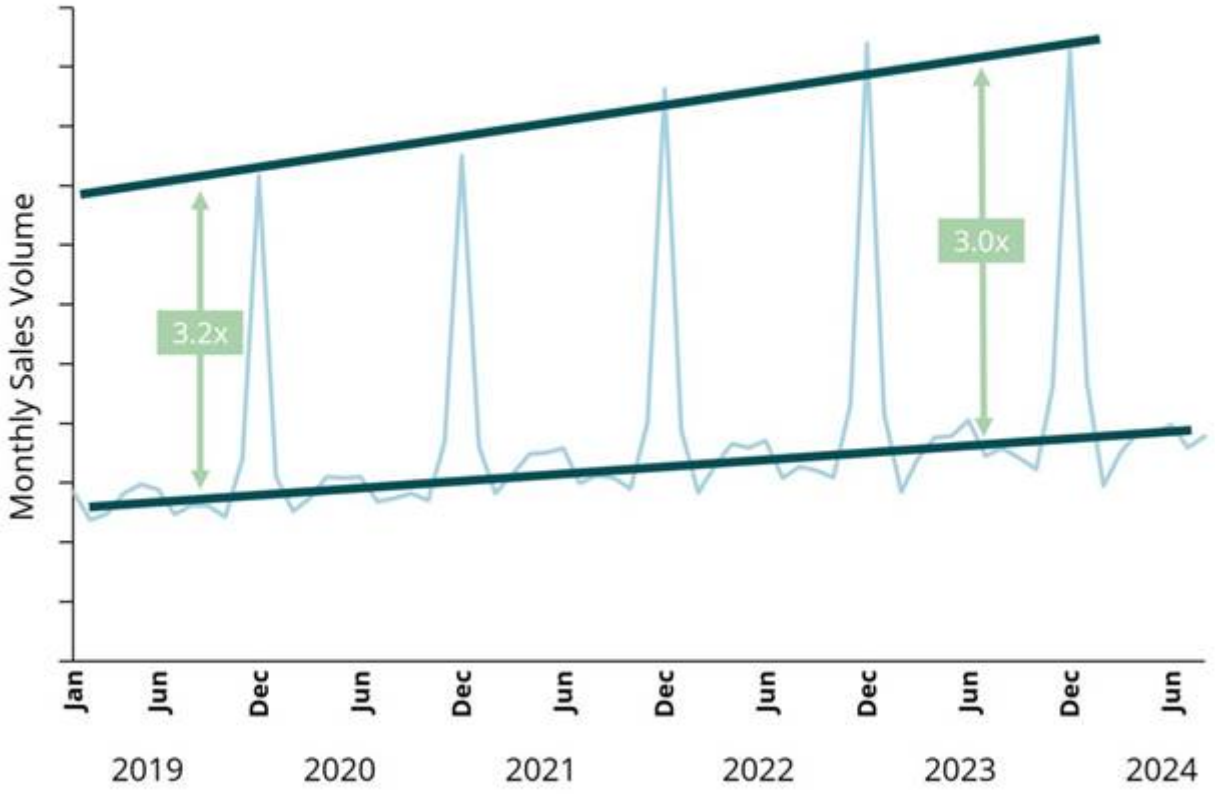
Sparkling wine's traditional holiday surge in the United States appears to be losing some of its usual strength, according to the latest data from IWSR US Navigator. From January to August 2024, total sparkling wine sales in the US fell by 7% compared to the

same period in 2023, as broader trends show a decline in overall wine volumes, except for the no-alcohol category. While sparkling wines typically benefit from a major sales spike in December, this year may be different.

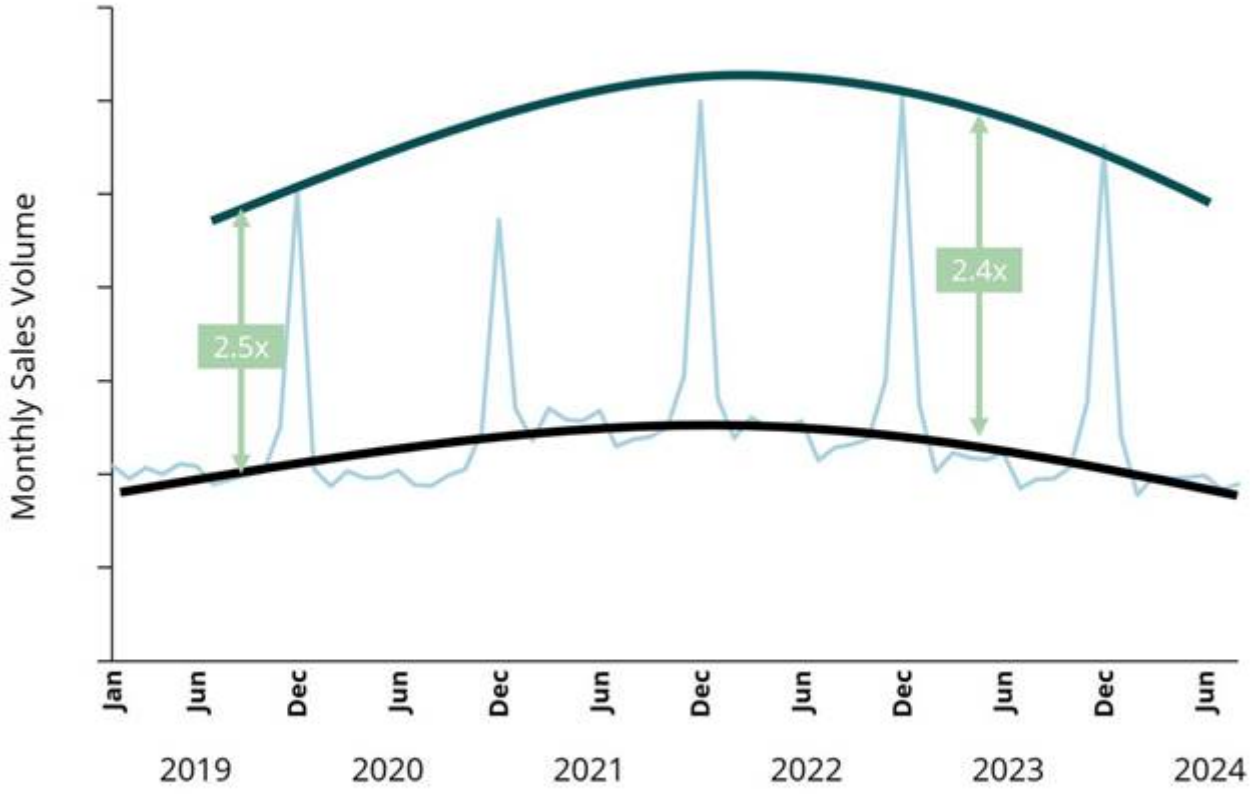
December has always been the most important month for sparkling wine in the United States, with roughly 20% of annual consumption occurring during the holidays. Both Champagne and Prosecco see their sales multiply during this season, although the extent varies. Historically, Prosecco experiences more pronounced sales surges — over three times its usual monthly volume — because of its affordability compared to Champagne, which sees a 2.5-fold increase.

Sparkling wine seasonality trends in the US

Prosecco Seasonality 2019-2024



Champagne Seasonality 2019-2024



Marten Lodewijks, President of IWSR's US Division, explains that Prosecco has benefitted from being perceived as more versatile and budget-friendly. These attributes have helped Prosecco appeal to consumers at a time when economic conditions have made affordability a significant factor in purchasing decisions. Even before this year's slowdown, the two sparkling wine categories have been on diverging paths. After a strong post-pandemic boom, Champagne saw an 11% annual compound growth rate from 2019 to 2021 but then dropped 7% from 2021 to 2023. Meanwhile, Prosecco continued its momentum, with 5% growth over the same period. This divergence reflects the impact of inflation, which has led to a trend of de-premiumization as consumers seek less expensive options.

Evidence of economic strain is also apparent in December sales data. The magnitude of the holiday spike has gradually declined for both Champagne and Prosecco. In 2019, Champagne saw holiday sales 2.5 times its baseline volume, but by 2023, this multiplier had slipped to 2.4. Prosecco's spike, once at 3.2 times its regular volume, dropped to 3.0. These reductions indicate that holiday consumption of sparkling wine has become more conservative.

Lodewijks highlights that Champagne's slowdown is tied to consumers increasingly opting for Prosecco. "Sparkling wine has always been a flexible category," he says, "with even wealthier consumers willing to trade down for certain occasions. However, the willingness to switch has intensified due to rising prices across nearly all goods."

The outlook for the end of 2024 suggests a mixed performance within the sparkling wine sector. Prosecco remains a bright spot, showing growth across all states so far this year. Major states like California, Florida, and Texas have posted the most significant volume increases. However, losses in other subcategories, especially Champagne, have offset these gains. Champagne's biggest volume drops occurred in key markets, including California, Florida, and New York, with the steepest percentage declines recorded in states like Mississippi, Connecticut, and New Jersey.

As the holiday season approaches, it is becoming clearer that Champagne's struggles could dampen the traditional sales spike for total sparkling wine. While Prosecco is likely to continue growing, its holiday sales boost might also be less pronounced compared to previous years, hinting at a more subdued festive season for sparkling

wine in 2024.