An Annual Report by ShipCompliant and Wines & Vines

DIRECT TO CONSUMER

WINE SHIPPING REPORT

2013

Trends and milestones for shipping wine directly to consumers.

Report Contributors
Jeff Carroll, ShipCompliant
Pawel Smolarkiewicz, ShipCompliant
Lynne Skinner, Wines & Vines

EXECUTIVE SUMMARY

There are any number of ways to gauge the importance and significance of a given wine distribution channel. How much revenue does a channel represent? To what degree does the industry as a whole and in its parts depend upon the distribution channel? How do consumers respond to the channel?

In 2012, Direct-to-Consumer shipments outpaced domestic wine exports

In 2012 the winery-to-consumer shipping channel, a sub-segment of the direct to consumer channel, expanded at a rate that indicated it is growing and remains significant, particularly to the luxury wine consumer and the smaller artisan wine brands that serve this sector of the market.

This report looks at the winery to consumer shipping channel for the months January 2012 through December 2012, examining this distribution channel from a number of perspectives including who is shipping, what is being shipped, the cost of the products being shipped and from where it is being shipped.

During the 12-month period covered by this report, more than $1.46 billion worth of wine was shipped from wineries to consumers. At this amount, the winery-to-consumer shipping channel has surpassed the value of wine exported from the United States—a significant milestone.

HIGHLIGHTS OF THIS REPORT

- In 2012, the volume of wine shipped from wineries increased 7.7% over 2011 to 3.18 million 9-liter cases. That is an 18% increase over 2010. The value of these shipments, $1.46 billion, represents a 10% increase over 2011 and a 24% increase over 2010
- The total value of direct-to-consumer shipments was greater than the value of wine exported from the United States.
- The report shows a continued migration of shipments occurring toward the last third of the year.
- Wineries of all sizes continue to increase the volume and value of shipments, though larger wineries increased their shipments at a greater rate than smaller wineries.
- Three wine types—Cabernet Sauvignon, Red Blends and Pinot Noir—dominate winery-to-consumer shipments and represent 51.8% of the volume of wines shipped.
- As they have in the general wine retail sector, Rosé wines saw significant increase in direct shipments from wineries.
- Pinot Noir shipments from Sonoma County boomed in 2012.
- Among all varietals shipped, Rosé, Sparkling Wine and Pinot Noir saw the greatest increases in volume and value of shipments over 2011.
- Though underperforming the overall winery-to-consumer shipping channel in 2012, wines shipped from Napa still represent 49% of the value of all wines shipped due in large part to their average bottle price of $56.87, far more than all other regions.
- Washington State saw a robust increase in cases shipped and a 40% increase in value of Washington wines on a 19% increase in average bottle price.
- As a destination for wine shipments, California dominates with 32% of all shipments, while the top 5 states as destinations for shipments (CA, NY, TX, IL, FL) represent over 60% of all shipments.

HOW THE 2013 DIRECT SHIPPING REPORT WAS CREATED: SCOPE AND METHOD

The 2013 "Direct Shipping Report" is a collaboration between ShipCompliant and Wines & Vines Magazine.

The scope of this report concerns wines shipped directly from wineries to consumers. It is important to note that wines shipped from retailers to consumers and wines sold at a winery and carried out of the winery at the time of purchase are not taken account of in this report. Rather, this report is concerned solely with winery-to-consumer shipments originating in all 50 states. As a result, this report does not attempt to portray the outlines of the entire "Direct-to-Consumer" sales channel.

The report is based on millions of anonymized transactions that ultimately led to direct shipments from January 2012 through December 2012. Using the comprehensive Wines & Vines database of all 7,400+ wineries across the United States, the ShipCompliant transactions are the basis to project shipments from all United States wineries using multiple stratifications including location of winery, annual production of winery and destination of shipment.

The model, built to project the totality of winery direct-to-consumer shipments, provides a vivid picture of this important distribution channel. In the course of retrieving and processing the data model, the wineries and purchasers of wines are kept entirely anonymous.

The 2013 Direct Shipping report is the fourth such examination of this important sales channel by ShipCompliant and Wines & Vines. This and all subsequent reports will examine a 12-month calendar period from January 1st through December 31st.

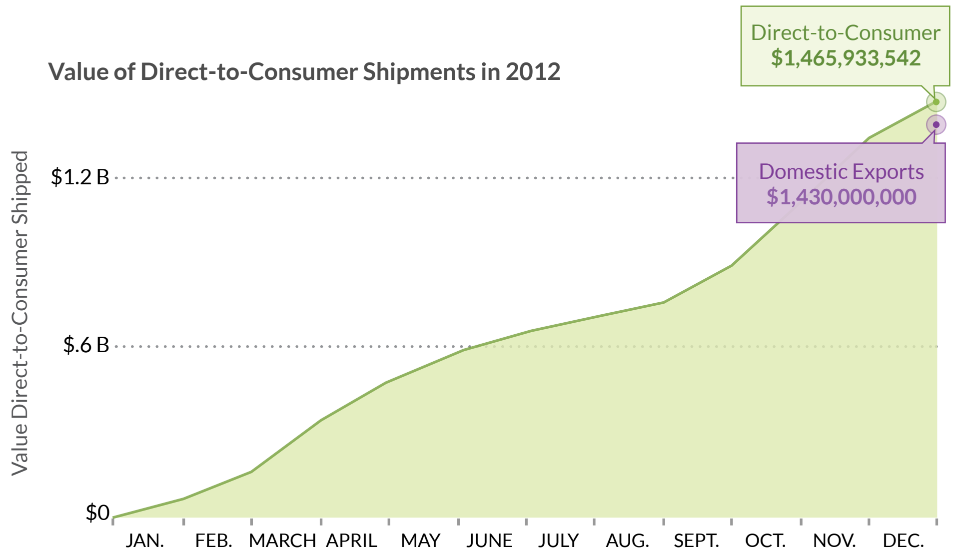
Additionally, this is the first report that has broken out "Red Blends" and "White Blends" in examining which varietal wines have been shipped by wineries. These new varietal categories, significant ones in the world of direct shipping, were called out as a result of more detailed documentation of the transactions run through the ShipCompliant Direct platform during 2012.

BROAD STROKES

Winery Direct-to-Consumer Shipments Continue to Surge

DIRECT SALES SURPASS U.S. WINE EXPORTS

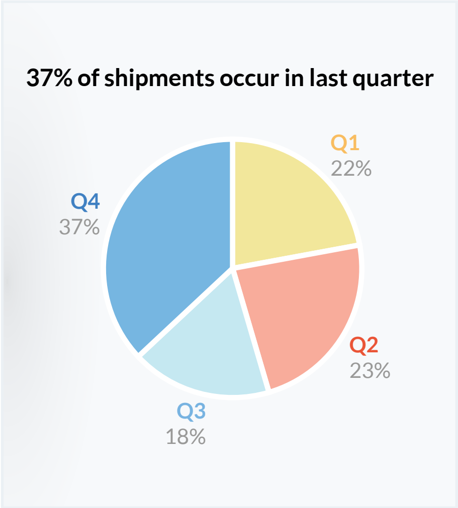
The value of winery-to-consumer wine shipments outpaced the value of domestic wine exports* in 2012, accentuating the importance of the direct to consumer channel.



*SOURCE: WINE INSTITUTE

3.1 MILLION CASES OF WINE WERE SHIPPED IN 2012

Total number of cases shipped in 2012 increased by 7.7% over 2011 for a total of 3,179,602 9-liter cases.



BROAD STROKES CONTINUED

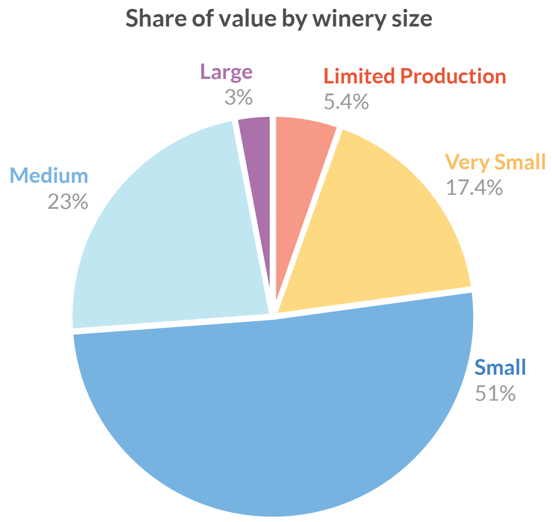
SHIPMENT VALUE IS GROWING FASTER THAN VOLUME

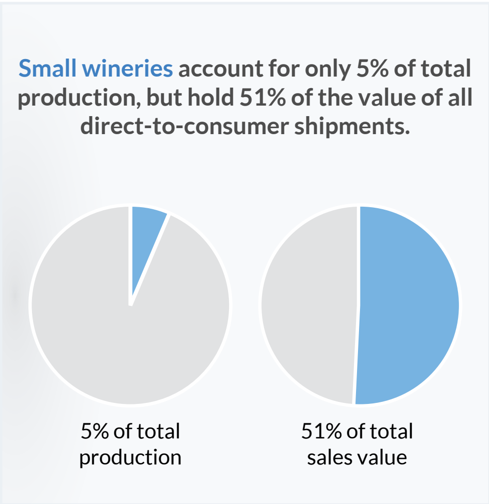
The total value of all wine shipped direct to consumers from wineries in 2012 increased by 10% over 2011 to $1.46 billion. This represents a 24% increase over the value of 2010 shipments.

SMALL-SIZED WINERIES DOMINATE DIRECT SHIPPING

Wineries are categorized by annual case production	Limited Production	Very Small	Small	Medium	Large
	Under 1,000	1,000-4,999	5,000-49,999	50,000-49,9999	Over 500,000

Small-sized wineries account for just over 50% of all shipments, while this category of winery only accounts for 5.2% of domestic wine production





WHO IS SHIPPING WINE?

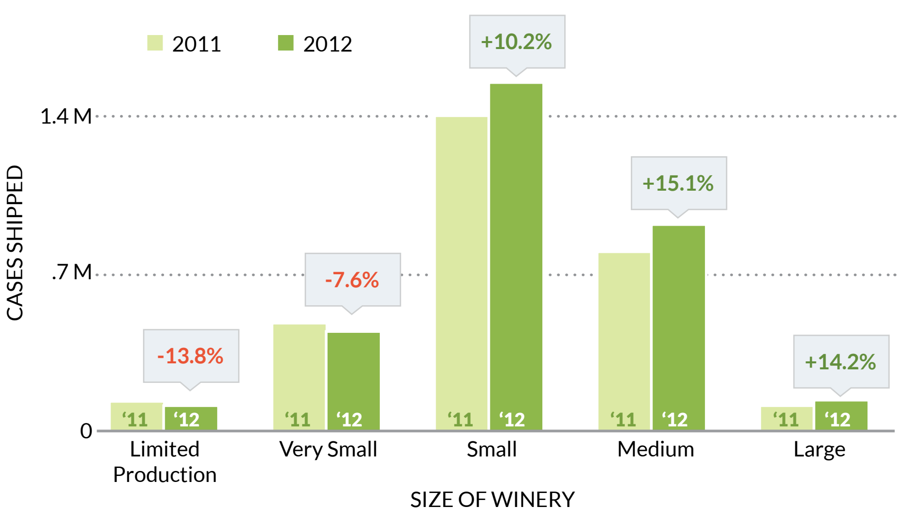
Smaller wineries shipping less; Big wineries shipping more

Wineries are categorized by annual case production	Limited Production	Very Small	Small	Medium	Large
	Under 1,000	1,000-4,999	5,000-49,999	50,000-499,999	Over 500,000

LARGER WINERIES GROWTH OUTPACE SMALLER WINERIES

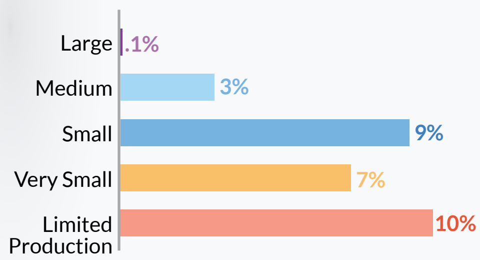
Medium and large sized wineries saw the largest increases in the volume and value of wine shipments over 2011

Growth of volume shipped in 2012



Large wineries direct ship only a fraction of their production.

Percent of production shipped direct



Direct-to-consumer details by winery size

	Annual Production (Cases)	Volume Shipped (Cases)	Percent of Total Volume	Percent Volume Change	Value of Wine Shipped	Percent of Total Value	Percent Value Change	Price per Bottle	Per Bottle % Change
Limited Production	Under 1000	119,280	3.8%	-13.8%	$79,414,142	5.4%	-9.7%	$55.48	4.7%
Very Small	1,000 - 4,999	447,439	14.1%	-7.6%	$255,113,575	17.4%	3.7%	$47.51	12.3%
Small	5,000 - 49,999	1,548,803	48.7%	10.2%	$747,618,785	51.0%	10.8%	$40.23	0.5%
Medium	50,000 - 499,999	920,492	28.9%	15.1%	$339,220,646	23.1%	18.3%	$30.71	2.8%
Large	Over 500,000	143,587	4.5%	14.2%	$44,566,393	3.0%	16.6%	$25.86	2.1%

PRICE OF WINE BEING SHIPPED

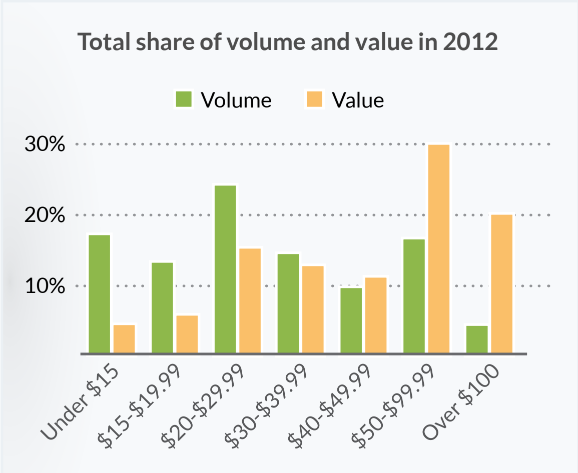
Ultra expensive wines see significant improvement in sales

VOLUME OF WINE SHIPPED BY PRICE SEGMENTS

The highest and lowest priced wines each saw a 14% increase in volume over 2011, leading other segments.

VALUE OF WINE SHIPPED BY PRICE SEGMENTS

Wines priced at $50 or more represent 50% of total value of wines shipped, while only 21% of the volume of wine shipped.



WHAT WINES ARE BEING SHIPPED?

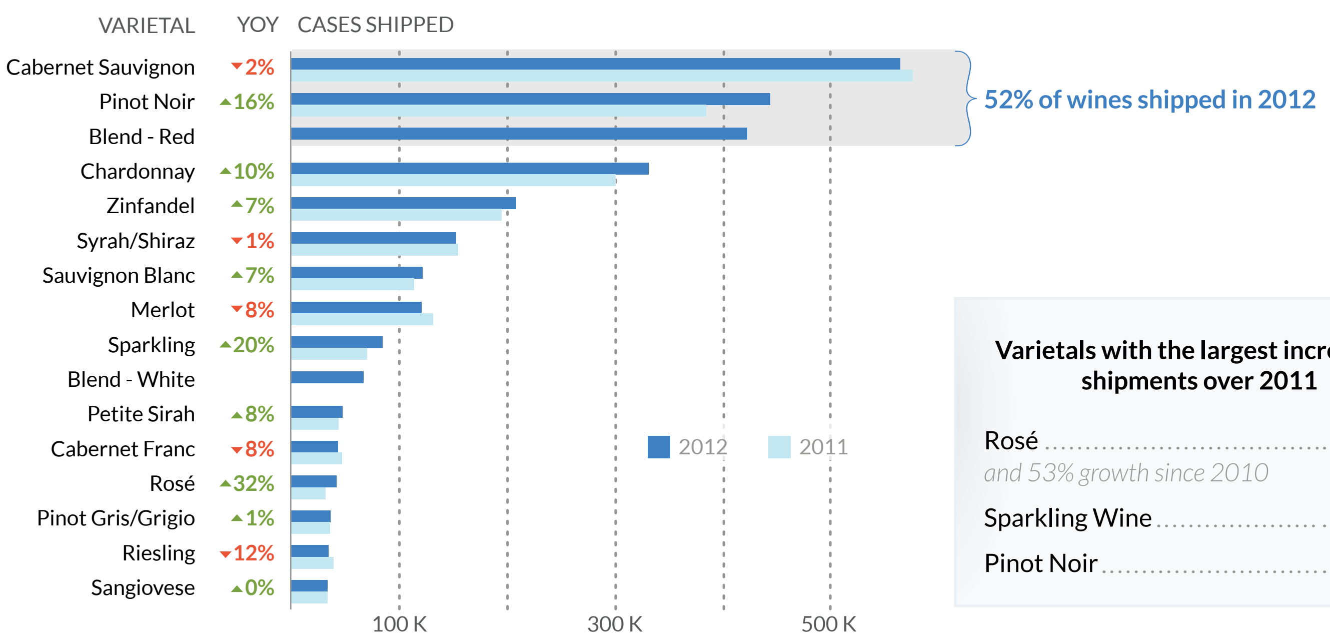
Three Reds Dominate the Varietal Mix

All figures represent transactions in which the varietal was specified

CABERNET, PINOT AND RED BLENDS REPRESENT 2/3 OF TOTAL VALUE

Three wines (Cabernet Sauvignon, Red Blends and Pinot Noir) represent 52% of total volume and a whopping two-thirds of total value of wine shipments. For the first time, wines identified as "Red Blends" are segmented in the Shipping Report and represent and considerable 15% of total volume and 19% of total value

Volume of wines shipped by varietal in 2011 and 2012



Varietals with the largest increase in shipments over 2011

Rosé .... ▲32%
and 53% growth since 2010

Sparkling Wine .... ▲20%

Pinot Noir .... ▲16%

	Volume Shipped (cases)	Percent of Total Volume	Percent Volume Change	Value of Wine Shipped	Percent of Total Value	Percent Value Change	Price Per Bottle	Per Bottle % Change
Cabernet Sauvignon	563,594	20.4%	-2.0%	$424,395,734	31.8%	-2.4%	$62.75	-0.4%
Pinot Noir	443,467	16.1%	15.5%	$222,427,239	16.6%	19.3%	$41.80	3.3%
Blend - Red	422,219	15.3%		$253,961,127	19.0%		$50.12	
Chardonnay	331,099	12.0%	10.1%	$121,270,104	9.1%	5.9%	$30.52	-3.8%
Zinfandel	208,536	7.6%	6.9%	$68,540,284	5.1%	11.4%	$27.39	4.2%
Syrah / Shiraz	152,658	5.5%	-1.2%	$56,050,041	4.2%	0.9%	$30.60	2.1%
Fume / Sauvignon / Blanc	121,922	4.4%	6.9%	$32,086,447	2.4%	0.9%	$21.93	-5.6%
Merlot	120,782	4.4%	-8.3%	$44,254,891	3.3%	-16.9%	$30.53	-9.4%
Sparkling	84,797	3.1%	20.0%	$29,344,383	2.2%	14.3%	$28.84	-4.8%
Blend - White	67,132	2.4%		$16,458,660	1.2%		$20.43	
Petite Sirah	47,869	1.7%	8.3%	$15,521,912	1.2%	10.3%	$27.02	1.9%
Cabernet Franc	43,734	1.6%	-7.6%	$18,853,091	1.4%	0.8%	$35.92	9.1%
Rosé	42,238	1.5%	32.2%	$9,296,304	0.7%	22.2%	$18.34	-7.6%
Pinot Gris / Grigio	36,764	1.3%	0.7%	$7,387,970	0.6%	2.0%	$16.75	1.3%
Riesling	34,700	1.3%	-12.0%	$6,470,432	0.5%	-11.1%	$15.54	1.1%
Sangiovese	33,934	1.2%	-0.4%	$10,077,903	0.8%	2.9%	$24.75	3.3%

FROM WHERE IS WINE BEING SHIPPED?

Despite Dominating, Napa Shipments Underperform Overall

REGIONAL OVERVIEW AND GROWTH IN 2012

While all six regions broken out in this report saw increases in both volume and value of wines shipped in 2012, Napa, Rest of California and Oregon all underperformed the overall wine shipping market by volume.

	Volume (Cases)	Volume Change	Value	Value Change	Price per Bottle	Price Change
Napa	1,046,046	3.4%	$ 714 M	8.0%	$ 56.87	4.4%
Rest of CA	899,044	3.9%	$ 296 M	6.2%	$ 27.48	2.3%
Sonoma	672,597	11.4%	$ 286 M	10.1%	$ 35.42	-1.2%
Rest of US	340,387	23.7%	$ 72 M	31.2%	$ 17.68	6.1%
Oregon	105,074	6.8%	$ 47 M	10.5%	$ 37.62	3.6%
Washington	116,455	18.2%	$ 50 M	40.7%	$ 35.82	18.9%

Washington's significant increases make it the big winner

Volume Shipped ↑ 18%

Value Shipped ↑ 41%

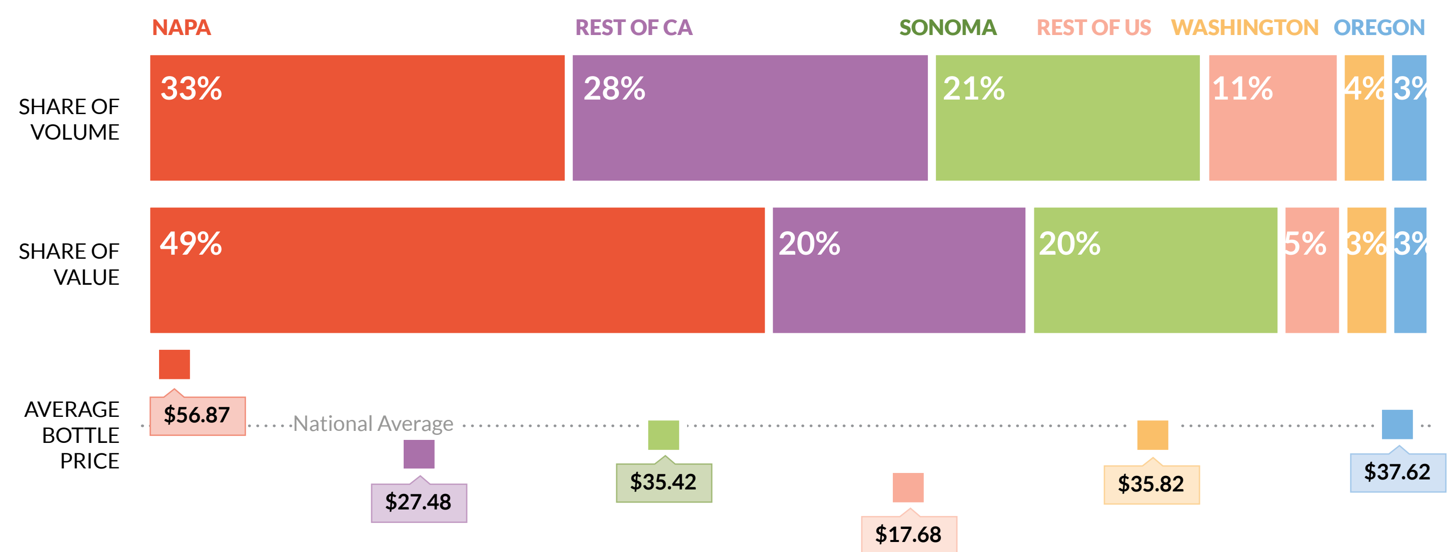
Average Price Per Bottle ↑ 19%

Wines from regions outside of California, Oregon, and Washington, now representing 10% of all wines shipped, increased their total volume of wine shipped by 24% over 2011.

REGIONAL SHARE OF VOLUME AND VALUE

At an average bottle price of $56.87, wines shipped from Napa are significantly higher priced than any other region. While representing 33% of all wines shipped, Napa wines represent fully 49% of the total value of consumer direct wine shipments in the United States.

Share of Volume and Value Comparison by Region in 2012



FROM WHERE IS WINE BEING SHIPPED?

NAPA COUNTY

Napa County wines identified as "Red Blends" have the highest average price of any specific varietal wine from any region in America with an average price of $88.52.

HIGHLIGHTS

Share of Volume......32.9% ↑3.4%

Share of Value........48.7% ↑8.0%

Avg. Bottle Price.....$56.87 ↑4.4%

• 70% of all wines shipped from Napa County represent four varietals: Cabernet Sauvignon, Red Blends, Pinot Noir & Chardonnay

• Despite a 3.5% increase in the average bottle price of Napa County's flagship wine, Cabernet Sauvignon, in 2012, both the volume and value of this wine decreased from 2011

	Volume (Cases)	Volume Change	% of Volume	Value of Shipments	Value Change	% of Value	Price/ Bottle	Price Change
Cabernet Sauvignon	329,691	-5.4%	34.4%	$311,012,321	-2.0%	46.0%	$78.61	3.5%
Blend - Red	146,872	--	15.3%	$156,018,772	--	23.1%	$88.52	--
Chardonnay	110,700	12.9%	11.5%	$48,035,617	9.5%	7.1%	$36.16	-3.0%
Pinot Noir	78,491	9.0%	8.2%	$39,032,270	2.3%	5.8%	$41.44	-6.1%
Merlot	56,078	-11.2%	5.9%	$26,981,491	-22.2%	4.0%	$40.10	-12.4%
Sauvignon Blanc	49,404	-5.6%	5.2%	$16,157,992	-0.5%	2.4%	$27.25	5.4%
Zinfandel	46,535	-2.0%	4.9%	$20,045,599	8.3%	3.0%	$35.90	10.4%
Sparkling	42,901	4.8%	4.5%	$15,589,529	2.2%	2.3%	$30.28	-2.4%
Syrah / Shiraz	24,842	6.5%	2.6%	$12,901,089	14.3%	1.9%	$43.28	7.3%
Cabernet Franc	18,269	22.7%	1.9%	$10,553,473	34.4%	1.6%	$48.14	9.5%
Petite Sirah	16,430	15.8%	1.7%	$6,835,408	25.0%	1.0%	$34.67	7.9%
Rosé	10,412	9.9%	1.1%	$2,899,065	-3.8%	0.4%	$23.20	-12.4%
Blend - White	10,265	--	1.1%	$4,718,981	--	0.7%	$38.31	--
Pinot Gris / Grigio	6,944	-12.9%	0.7%	$1,723,697	-6.6%	0.3%	$20.68	7.3%
Sangiovese	6,092	-11.3%	0.6%	$2,650,508	-1.5%	0.4%	$36.25	11.0%
Riesling	4,037	-20.8%	0.4%	$1,097,854	-12.2%	0.2%	$22.66	10.8%

SONOMA COUNTY

Pinot Noir, the most commonly shipped wine from Sonoma County, saw a stunning increase in both the volume (25%) and value (32%) in 2012.

HIGHLIGHTS

Share of Volume ....21.2% ↑11.4%

Share of Value ....19.5% ↑10.1%

Avg. Bottle Price $35.42 ↓1.2%

• Four varietal wines represent two-thirds of the volume of wine shipped out of Sonoma County: Pinot Noir, Cabernet Sauvignon, Chardonnay and Zinfandel

• Sonoma County Rosé saw a 50% increase in its volume of shipments and a 58% increase in the value of those shipments in 2012. It now represents just under 2% of all wines shipped from Sonoma County wineries.

	Volume (Cases)	Volume Change	% of Volume	Value of Shipments	Value Change	% of Value	Price/ Bottle	Price Change
Pinot Noir	155,542	26.9%	25.4%	$89,454,296	32.2%	33.5%	$47.93	4.2%
Chardonnay	103,462	11.2%	16.9%	$41,859,677	-2.7%	15.7%	$33.72	-12.5%
Cabernet Sauvignon	77,254	3.3%	12.6%	$44,309,170	-5.1%	16.6%	$47.80	-8.1%
Zinfandel	69,708	3.7%	11.4%	$23,795,268	6.9%	8.9%	$28.45	3.1%
Blend - Red	46,970	--	7.7%	$21,385,916	--	8.0%	$37.94	--
Sauvignon Blanc	32,169	6.8%	5.3%	$7,460,120	-1.0%	2.8%	$19.33	-7.3%
Syrah / Shiraz	28,194	-0.4%	4.6%	$9,248,957	-0.2%	3.5%	$27.34	0.2%
Merlot	27,490	27.4%	4.5%	$7,959,939	4.8%	3.0%	$24.13	-17.7%
Sparkling	17,917	13.4%	2.9%	$7,651,242	21.2%	2.9%	$35.59	6.9%
Sangiovese	11,286	36.0%	1.8%	$3,394,605	37.1%	1.3%	$25.06	0.8%
Rosé	10,232	49.3%	1.7%	$2,293,614	58.1%	0.9%	$18.68	5.9%
Petite Sirah	9,495	-7.1%	1.6%	$2,931,529	-11.7%	1.1%	$25.73	-4.9%
Blend - White	8,417		1.4%	$1,617,526	--	0.6%	$16.01	--
Pinot Gris / Grigio	6,846	0.1%	1.1%	$1,384,308	-1.1%	0.5%	$16.85	-1.2%
Cabernet Franc	5,454	-23.8%	0.9%	$2,313,399	-28.2%	0.9%	$35.35	-5.7%
Riesling	1,860	255.2%	0.3%	$302,421	62.9%	0.1%	$13.55	-54.2%

FROM WHERE IS WINE BEING SHIPPED?

REST OF CALIFORNIA

The collection of varietal wines shipped direct to the consumer from California regions outside Napa and Sonoma are a highly diverse lot with no single varietal dominating shipments.

HIGHLIGHTS

Share of Volume...... 28.3% ↑3.9%

Share of Value........ 20.2% ↑6.2%

Avg. Bottle Price.....$27.48 ↑2.3%

• Sparkling wine from the Rest of California region now represents over 2% of total shipments from this region after a whopping 86% increase in volume of wines shipped over 2011.

• Zinfandel now represents 12% of the total volume of wine shipped from the Rest of California region after experiencing a 16% increase in volume and 20% increase in the value of shipments in 2012.

	Volume (Cases)	Volume Change	% of Volume	Value of Shipments	Value Change	% of Value	Price/ Bottle	Price Change
Pinot Noir	145,059	15.4%	18.8%	$59,565,433	23.8%	23.2%	$34.22	7.3%
Blend - Red	121,666	--	15.8%	$44,803,421	--	17.4%	$30.69	--
Cabernet Sauvignon	109,389	-4.5%	14.2%	$47,678,143	-14.7%	18.5%	$36.32	-10.7%
Chardonnay	91,098	4.6%	11.8%	$24,007,141	13.3%	9.3%	$21.96	8.4%
Zinfandel	90,572	16.0%	11.8%	$24,253,444	20.2%	9.4%	$22.32	3.6%
Syrah / Shiraz	68,873	-15.0%	8.9%	$23,165,628	-15.4%	9.0%	$28.03	-0.4%
Sauvignon Blanc	30,405	13.1%	3.9%	$6,705,608	-7.6%	2.6%	$18.38	-18.3%
Petite Sirah	19,293	1.8%	2.5%	$4,791,211	-4.1%	1.9%	$20.69	-5.8%
Merlot	18,401	-24.3%	2.4%	$4,635,099	-11.9%	1.8%	$20.99	16.4%
Blend - White	16,233	--	2.1%	$3,829,330	--	1.5%	$19.66	--
Sparkling	15,816	85.7%	2.1%	$3,435,443	52.1%	1.3%	$18.10	-18.0%
Sangiovese	13,138	-19.5%	1.7%	$3,053,931	-22.7%	1.2%	$19.37	-4.0%
Pinot Gris / Grigio	9,788	2.0%	1.3%	$1,816,017	7.5%	0.7%	$15.46	5.4%
Cabernet Franc	8,524	-35.2%	1.1%	$3,056,510	-34.9%	1.2%	$29.88	0.4%
Rosé	8,190	19.9%	1.1%	$1,700,285	8.3%	0.7%	$17.30	-9.7%
Riesling	3,572	30.9%	0.5%	$553,269	51.9%	0.2%	$12.91	16.0%

OREGON

With 60% of all wines shipped to consumers being Pinot Noir, no region is more dominated by a single varietal than Oregon.

HIGHLIGHTS

Share of Volume ....3.3% ↑6.8%

Share of Value..........3.2% ↑10.5%

Avg. Bottle Price ... $37.62 ↑3.6%

• Oregon Syrah shipments direct to the consumer jumped 110% in 2012 and 131% in value, making Syrah now the 5th most commonly shipped wine.

• Chardonnay, the second most frequently shipped wine from Oregon at 7% of total volume, increased its shipments by 22% in 2012 and increased the value of shipments by 25%.

	Volume (Cases)	Volume Change	% of Volume	Value of Shipments	Value Change	% of Value	Price/ Bottle	Price Change
Pinot Noir	57,059	-1.8%	59.7%	$32,170,680	4.5%	72.3%	46.98	6.5%
Chardonnay	6,822	22.2%	7.1%	$3,422,836	24.9%	7.7%	41.81	2.2%
Blend - Red	6,420	--	6.7%	$1,708,164	--	3.8%	22.17	--
Pinot Gris / Grigio	6,375	-3.1%	6.7%	$1,278,002	-5.4%	2.9%	16.71	-2.4%
Syrah / Shiraz	4,140	109.7%	4.3%	$1,427,434	131.1%	3.2%	28.73	10.2%
Sparkling	2,836	13.8%	3.0%	$1,413,519	10.3%	3.2%	41.53	-3.1%
Blend - White	2,595	--	2.7%	$423,942	--	1.0%	13.61	--
Riesling	2,594	-8.6%	2.7%	$567,263	-7.3%	1.3%	18.22	1.4%
Cabernet Sauvignon	2,271	43.9%	2.4%	$958,943	87.1%	2.2%	35.18	30.0%
Rosé	2,246	21.7%	2.4%	$570,149	42.9%	1.3%	21.16	17.5%
Merlot	983	36.5%	1.0%	$235,129	40.4%	0.5%	19.93	2.9%
Sauvignon Blanc	507	143.0%	0.5%	$68,741	94.1%	0.2%	11.30	-20.2%
Cabernet Franc	239	182.3%	0.3%	$115,810	169.7%	0.3%	40.35	-4.5%
Zinfandel	208	68.8%	0.2%	$66,745	64.9%	0.1%	26.73	-2.3%
Petite Sirah	190	139.7%	0.2%	$62,920	106.7%	0.1%	27.54	-13.8%
Sangiovese	74	-39.0%	0.1%	$20,869	-53.7%	0.0%	23.41	-24.1%

FROM WHERE IS WINE BEING SHIPPED?

WASHINGTON

Three wines represent 70% of all volume shipped direct to the consumer: Red Blends, Cabernet Sauvignon and Syrah.

HIGHLIGHTS

Share of Volume......3.7% ↑18.2%

Share of Value........3.4% ↑40.7%

Avg. Bottle Price..$35.82 ↑18.9%

• Washington Cabernet Sauvignon increased its cases shipped in 2012 by 58% and its value by a remarkable 69%.

• As in other regions, Rosé saw a significant increase in shipments in 2012, However, its 28% dip in average price per bottle resulted in the value of Rosé shipments remaining relatively stagnant.

• Sauvignon Blanc pulled even with Chardonnay as the most commonly shipped white wine on a 150% increase in the number of cases shipped and a 183% increase in the value of those shipments.

	Volume (Cases)	Volume Change	% of Volume	Value of Shipments	Value Change	% of Value	Price/ Bottle	Price Change
Blend - Red	31,393	--	30.2%	$16,629,492	--	36.1%	44.14	--
Cabernet Sauvignon	26,815	57.7%	25.8%	$15,605,967	69.4%	33.8%	48.50	7.4%
Syrah / Shiraz	15,025	7.1%	14.4%	$6,604,934	16.7%	14.3%	36.63	8.9%
Merlot	5,807	-46.7%	5.6%	$1,791,374	-40.0%	3.9%	25.71	12.7%
Riesling	4,679	-8.1%	4.5%	$825,835	-3.3%	1.8%	14.71	5.2%
Chardonnay	4,308	33.9%	4.1%	$945,099	43.8%	2.0%	18.28	7.4%
Sauvignon Blanc	4,120	150.9%	4.0%	$765,385	183.3%	1.7%	15.48	12.9%
Rosé	2,905	44.0%	2.8%	$517,653	3.2%	1.1%	14.85	-28.3%
Cabernet Franc	2,157	12.6%	2.1%	$799,012	21.9%	1.7%	30.87	8.2%
Blend - White	2,110	--	2.0%	$465,195	--	1.0%	18.38	--
Pinot Gris / Grigio	1,913	-1.1%	1.8%	$335,288	-2.3%	0.7%	14.61	-1.2%
Pinot Noir	1,548	-15.0%	1.5%	$516,965	-6.7%	1.1%	27.82	9.7%
Sangiovese	548	-38.2%	0.5%	$156,875	-34.0%	0.3%	23.84	6.8%
Zinfandel	319	-54.8%	0.3%	$94,409	-54.0%	0.2%	24.66	1.8%
Sparkling	264	31.1%	0.3%	$43,845	36.8%	0.1%	13.86	4.4%
Petite Sirah	79	671.7%	0.1%	$26,160	507.2%	0.1%	27.59	-21.3%

REST OF THE UNITED STATES

While 31% of all wines shipped from wineries outside California, Oregon and Washington are Red Blends, this region continues to ship a wildly diverse set of wines.

HIGHLIGHTS

Share of Volume....10.7% ↑23.7%

Share of Value........4.9% ↑31.2%

Avg. Bottle Price..$17.68 ↑6.1%

• Rosé shipments from the other 47 states increased by 67% over 2011, while the value of those shipments increase by 95%.

• The volume and value of Syrah shipped from the rest of the United States increased by 100% and 102% respectively in 2012.

• Together, wines identified as Red Blends and White Blends represent 44% of the total cases of wines shipped from the rest of the United States.

	Volume (Cases)	Volume Change	% of Volume	Value of Shipments	Value Change	% of Value	Price/ Bottle	Price Change
Blend - Red	68,897	--	31.9%	$13,415,364	--	29.7%	$16.23	--
Blend - White	27,512	--	12.7%	$5,403,685	--	12.0%	$16.37	--
Cabernet Sauvignon	18,174	-3.9%	8.4%	$4,831,190	-0.6%	10.7%	$22.15	3.5%
Riesling	17,959	-22.5%	8.3%	$3,123,790	-22.1%	6.9%	$14.49	0.5%
Chardonnay	14,710	8.6%	6.8%	$2,999,735	-1.5%	6.6%	$16.99	-9.3%
Merlot	12,023	8.7%	5.6%	$2,651,858	3.5%	5.9%	$18.38	-4.8%
Syrah / Shiraz	11,584	99.8%	5.4%	$2,702,000	102.1%	6.0%	$19.44	1.1%
Cabernet Franc	9,092	-10.6%	4.2%	$2,014,887	-10.2%	4.5%	$18.47	0.4%
Rosé	8,254	67.2%	3.8%	$1,315,539	94.8%	2.9%	$13.28	16.5%
Pinot Noir	5,768	53.9%	2.7%	$1,687,594	48.7%	3.7%	$24.38	-3.4%
Sauvignon Blanc	5,317	86.4%	2.5%	$928,600	101.0%	2.1%	$14.55	7.8%
Sparkling	5,063	86.5%	2.3%	$1,210,805	122.8%	2.7%	$19.93	19.5%
Pinot Gris / Grigio	4,898	36.9%	2.3%	$850,658	39.0%	1.9%	$14.47	1.5%
Sangiovese	2,795	78.2%	1.3%	$801,115	104.5%	1.8%	$23.89	14.8%
Petite Sirah	2,382	212.2%	1.1%	$874,684	249.4%	1.9%	$30.60	11.9%
Zinfandel	1,194	-16.7%	0.6%	$284,819	-9.3%	0.6%	$19.88	8.9%

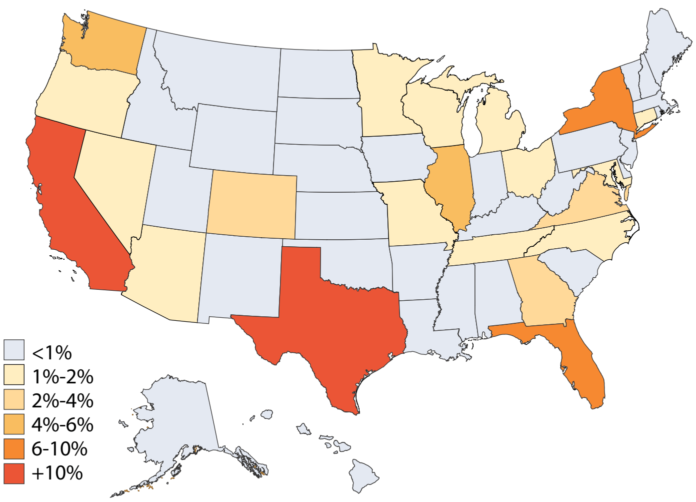
TO WHERE IS WINE BEING SHIPPED?

Consumers in 5 states receive nearly 60% of all wine shipments

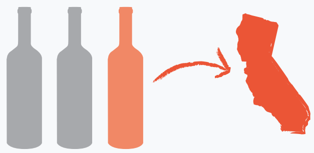
SHARE OF TOTAL SALES

Shipments to California, New York, Texas, Illinois and Florida represent well over half of all shipments. Californians are the leading recipients of shipped wines taking in 32% of all volume shipped in 2012.

Share of Total Value of Wines Shipped



Almost one in every 3 bottles ships to California

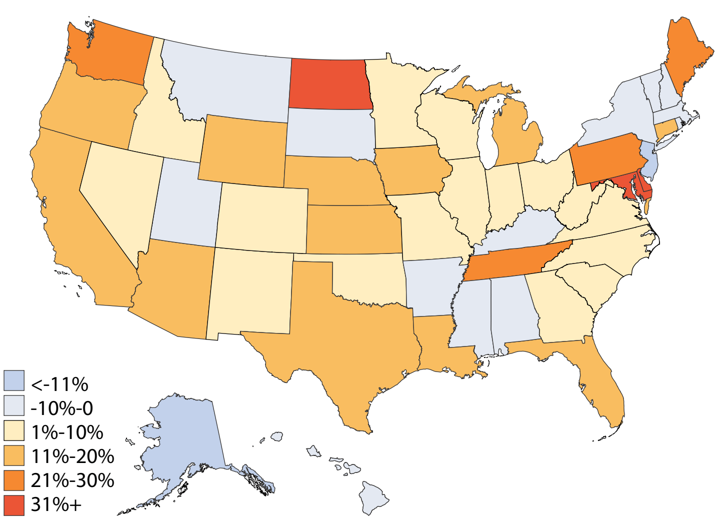


Top 10 states that receive the most wine per capita

1. California
2. New York
3. Illinois
4. Minnesota
5. Oregon
6. Florida
7. Colorado
8. Texas
9. New Jersey
10. Nevada

GROWTH OF DIRECT-TO-CONSUMER SALES

Growth in year over year value of shipments



Maryland increased 179% over 2011 to $15.6 M

Maryland opened to direct shipping in July 2011 and is quickly climbing the ranks of popular ship-to states

2012 .... 20th most popular
2011 .... 31st most popular
2010 .... Shipping Prohibited

Tennessee shipments consistently increasing

2012 .... ↑ 24%
2011 .... ↑ 44%

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