CALIFORNIA WINES

FY 2020-21 MARKET STRATEGY & PROMOTION PLAN

Europe

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Export Committee Meeting - May 6, 2020

MARKET PERFORMANCE EUROPE

- 2019 Imports of US wine into EU (incl UK)
- Value +5.2% $522 mio
- Volume +0% 21 mio cs
- US is 2nd new world country in value (after CHI), 4th in volume

- Note: *It is not possible to trace the wine's origin when it is moved between Member States. Intra–EU statistics are recorded based on the country of consignment, not on the origin of the goods.* Example: California wine shipped to France in bulk, bottled there and exported to Germany is recorded in Germany as wine from France.

EU15 (External Trade) Import Statistics
Year To Date: January - December

Partner Country	United States Dollars			% Share			% Change
	2017	2018	2019	2017	2018	2019	2019/2018
World	2916104476	3092439879	2973521653	100.00	100.00	100.00	- 3.85
Chile	623204347	652194632	616475364	21.37	21.09	20.73	- 5.48
United States	482276187	496268154	521939969	16.54	16.05	17.55	5.17
Australia	499136826	520383064	470653802	17.12	16.83	15.83	- 9.56
New Zealand	438633031	435663238	440705279	15.04	14.09	14.82	1.16
South Africa	419035416	466656888	399191987	14.37	15.09	13.42	- 14.46
Argentina	221877378	236336068	237561189	7.61	7.64	7.99	0.52

EU15 (External Trade) Import Statistics in Liters
Year To Date: January - December

Partner Country	Quantity			% Share			% Change
	2017	2018	2019	2017	2018	2019	2019/2018
World	1347976657	1411132607	1319962064	100.00	100.00	100.00	- 6.46
Australia	327940669	327452916	323231165	24.33	23.20	24.49	- 1.29
Chile	265738682	264372920	273148457	19.71	18.73	20.69	3.32
South Africa	299486437	316778519	234915340	22.22	22.45	17.80	- 25.84
United States	188880241	188702482	188535095	14.01	13.37	14.28	- 0.09
New Zealand	102698715	107070693	111650396	7.62	7.59	8.46	4.28
Argentina	63959685	87477758	73846901	4.74	6.20	5.59	- 15.58

MARKET INSIGHTS EUROPE

CALIFORNIA WINES

- Continental Europe remains strong market for CA wines
- Best estimate total sales is 9 million 9-liter cases.
  This includes all EU countries, Swi, Nor, Rus. Ex UK.
- Total value $250 mio, avg price per case (bottled): $63
- This is 2.4 mio cases bottled wine, 6.6 mio cases bulk

- Retail is doing well
- Wholesalers also open to public
- Online wine sales growing fast
- Battlefield on-trade with lasting effect
- Impact on importers
- Avalanche of on-line activity
- Competition for attention (promotions, events) after summer?

STRATEGY-ON-A-PAGE

Key Priorities:

1. Increase overall trade knowledge and interest and change outdated perceptions about California wines through targeted educational seminars. Focus on sustainability, diversity (AVAs), wine styles, innovation.
2. Increase # of wineries exporting (Importer advice, Prowein, trade tastings, importer buying trips)
3. Increase importer base in current and emerging markets
4. Increase market scope with programs in Belgium, Switzerland, Emerging markets in Central/Eastern Europe.
5. Stimulate sales in major retail
6. Strong support for California's on-trade business by initiating California Wine Weeks in Horeca
7. Increase consumer interest and purchasing by featuring California wine at large consumer events
8. Increase trade and consumer audience and engagement on social media

MAJOR PROGRAMS EUROPE

- Pre-Prowein week March 2021

Monday, March 15	*Tasting Amsterdam (+Brussels/Antwerp)*
Tuesday, March 16	*Tasting Stockholm*
Wednesday, March 17	*Tasting Oslo? + Seeking California, London*
Thursday, March 18	*Essential California, London*
Friday, March 19	*Travel day (Prague?)*
March 21-23	*California Pavilion Prowein Germany*
March 24	*Secundary market (Warsaw,Moscow?)*

MAJOR PROGRAMS EUROPE

- 10+ trade seminars/tastings in GE, BE, DK, PL, RU, NO, FI. KB + vintner participation. On-trade focus.
- Cooperate with local educational organizations in roll-out of new educational program
- Global importer trip June, 50^+ importers from Europe
- California Wine Weeks for restaurants November, 7 countries, 250 restaurants, Somm trip
- Euro Media Trip Sustainability Spring
- Key retailer outreach (stores + on-line). Widening assortments challenging ($3-4/btl)
- Add Belgium, Switzerland and Emerging markets (Eastern Europe)
- Eureka London Sept 2021
- Social Media Push in 10 countries

MARKET PERFORMANCE/ASSESSMENT GERMANY

Largest market for CA in Europe

US Imports MAT Febr 2020

- 5.12 mio cases, +11.9%
- value $98 mio, +12.8%, US is largest new world country in value

Actual consumption Germany about half, appr. 2.5 million cases

Market share 2%

Assortment in major retail still narrow ($3-4)

Appr. 60 active importers list 300+ CA brands, interest in new brands

Trade education is key

Germany is 28% of our European business and 33% of our total MAP budget (Prowein)

TOP-10-Länderliste der Weinimporte
12-Monatszeitraum: März 2019 bis Februar 2020

	Wert	MENGE		%-Veränderung	
Länder	1.000 Euro	hl	Euro/hl	Wert	Menge
+++SUMME+++	**2.541.000**	**14.544.000**	**175**	**0,5**	**3,6**
EG-Staaten-27	*2.166.000*	*12.050.000*	*180*	*0,6*	*6,4*
Drittstaaten	*375.000*	*2.493.000*	*150*	*-0,2*	*-8,0*
ITALIEN	941.000	5.635.000	167	2,9	11,3
FRANKREICH	727.000	2.130.000	341	5,1	2,4
SPANIEN	345.000	3.499.000	99	-12,3	2,9
USA	91.000	461.000	198	12,8	11,9
SUEDAFRIKA	86.000	683.000	126	-15,9	-27,4
CHILE	61.000	457.000	134	2,2	9,2
OESTERREICH	60.000	293.000	205	-7,4	6,0
AUSTRALIEN	55.000	420.000	130	-8,5	-11,0
PORTUGAL	47.000	179.000	262	5,3	-8,3
NEUSEELAND	40.000	136.000	293	30,9	30,9
andere	*88.000*	*651.000*	*135*	-	-

MAJOR PROGRAMS GERMANY

- Trade Tastings

Oct	Trade seminar Munich (Santa Barbara)
Nov	Sommelier Summit Meininger (100 key somms)
Jan	Trade seminars (3) with Konstantin Baum MW. Berlin, Frankfurt, Cologne/Dusseldorf.
March	Prowein + seminars
all year	Seminars Geisenheim/Heilbronn University

- Retail Promotions: Vinexus, Vivino, Hawesko, Movenpick…….
- Sept German importer trip
- Nov California Wine Weeks (aim 50+ restaurants in 2 cities)
- Nov Forum Vini Consumer show Munich
- Mar Rheingau Gourmet Festival
- Press office, sample mailings, social media, Visit California press events

MARKET PERFORMANCE/ASSESSMENT NORDICS

Systembolaget + Horeca: 1.5 mio + cases. 6% market share.

Vinmonopolet + Horeca: 450,000+ cases (Red wine is 93% of total, 8.5% market share).

Alko + Horeca: 180,000 cases (+0%, 3.4% market share).

In SW and NO, fairly wide CA assortment at monopoly, good on-trade penetration, strong trade and consumer interest. Less so in Finland.

Denmark: Imports: 900,000 cases (+7%), 4.5% market share. Actual sales appr. 750,000 cases. 500+ brands available, good on-trade penetration, strong trade and consumer interest.

Nordics/Scandinavia is 32% of our European business and appr. 30% of our total MAP budget

MAJOR PROGRAMS NORDICS

- Trade Tastings

Oct	Trade seminar+consumer tasting with Aperitif and Vinoteka Oslo
Nov	Trade Seminar Helsinki
Jan	Trade seminar Copenhagen
Feb	Sommelier Day Gothenborg
Mar	Trade tasting Stockholm + Oslo(?)
all year	Educational Seminars for Restaurant Schools Denmark

- Retail Promotions Denmark: Coop + Salling (?)
- May California Wine Month retail Denmark
- Nov California Wine Weeks on-trade Sweden and Denmark (aim 75-100 restaurants)
- Monopoly relationships - Address sustainability issues, individual buyer visits to CA, combined Nordics monopolies Sustainability Team visit
- Nordics Press trip in cooperation with Visit CA, social media, consumer press tastings
- Consumer events: Bolig Mad Design Copenhagen, Spotify Stockholm, Munskänkarna Sweden
- Consumer advertising campaign Sweden

ASSESSMENT/PROGRAMS NL, BE, SW

Netherlands: est. 600,000 cases, 1.8% market share. Hard to add brands to key retail due to pricing.

Good importer base, some interest in new brands.

Nov California Wine Weeks (aim 50+ restaurants)

March Trade Tasting Amsterdam

June Libelle Summer Week (audience 75,000)

Retail support

Belgium: 400,000 cases, <2% market share. Restart modest program, importer interest. Hard to add brands to key retail due to pricing.

Oct Trade seminar (postponed from May)

Nov California Wine Weeks (aim 30+ restaurants)

March Trade tasting Brussels (?)

Retail support

Switzerland: 370,000 cases (82% red), 2% share, largest new world country. Modest retail sales (Coop, Denner, Movenpick, Globus) very little new world in on-trade. Importer survey as program basis.

ASSESSMENT/PROGRAMS EMERGING MARKETS

Poland: 1,780,000 cases (Nielsen) *

Russia: 200,000 cases

In each, some 20 importers of CA wines, some modest

Avg income still modest but growing segment of young professionals with higher wages and interest in travel, food, wine, etc.

Priority: Expand importer base and # of brands in market

Importers Trip California 1st week Nov: (6 UKR, 7 POL, 5 RUS, 2 BUL). Interest in several price brackets, $3 - $50 +

Trade tastings Warsaw, Moscow, Kiev

Trade seminars Poland + Russia (Somm Championships Poland, regions Russia)

California Wine Weeks (aim 30+ restaurants) in Poland, Russia

Media programs Poland (Forbes, Viva, Food Service Magazine)

Retail promotions: Carrefour Poland

THANK YOU!

Date or other info to come here