



Jack Kelly Clark

# California wineries: growth and change in a dynamic industry

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**A preliminary analysis of the geographic distribution, age, and size of California wineries shows that three-fourths of them were founded in the past 15 years. More than half of the new wineries are in north coastal counties and are rated as "mini" to small in size.**

From repeal of Prohibition until the late 1960s, the consumption of dessert wine exceeded that of table wine in the United States. Then, in a relatively short period during the late 1960s and early 1970s, consumer preference shifted toward table wine. Table wine continues to be the favorite of Americans, accounting for over 58% of all U.S. wine consumed in 1987.

Increased total wine consumption and continued preference for table wine have contributed to a number of changes in the California grape and wine industries, including a marked expansion of wineries during the past 20 years. The proliferation of wineries in the state, many in newer viticultural areas, has stimulated a greater awareness of a rapidly changing industry. To better follow some of the changes and industry trends, we developed computer methods for analyzing characteristics of California wineries. This report presents a preliminary analysis of the geographic distribution, age, and size of wineries in the state.

Information for the computer data base used for analysis in this study was derived principally from the 1988 edition of the *Wines & Vines Directory of the Wine Indus-*

*try in North America* (The Haring Co., San Rafael, Calif.). This publication contains descriptive data for 641 California wine companies as of December 31, 1987. Multiple plant facilities from *Wines & Vines* listings were counted and analyzed as separate entities. Additional winery listings were included from data collected by the princi-

pal author. In this report, "wineries" refers to bonded facilities that produce, and/or process, blend, age, and market commercial wine, brandy, and other grape products.

## Numbers and distribution

The analysis shows 702 wineries in 43 of California's 58 counties (table 1). Slightly

TABLE 1. Regional distribution of wineries among California counties

Region	No. of wineries	Total	% of total	Region	No. of wineries	Total	% of total
<b>North Coast</b>		356	50.7	<b>Foothill</b>		44	6.3
Lake	8			Amador	18		
Mendocino	32			Butte	3		
Napa	180			Calaveras	2		
Sonoma	136			El Dorado	14		
<b>Bay Area</b>		105	15.0	Mariposa	2		
Alameda	21			Nevada	1		
Contra Costa	2			Placer	1		
Marin	7			Tuolumne	2		
San Benito	5			Yuba	1		
San Francisco	5			<b>Southern</b>		39	5.5
San Mateo	6			Los Angeles	10		
Santa Clara	34			Orange	1		
Santa Cruz	20			Riverside	13		
Solano	5			San Bernardino	7		
<b>Central/South Coast</b>		73	10.4	San Diego	8		
Monterey	15			<b>Northern Mountain</b>		7	1.0
San Luis Obispo	33			Humboldt	5		
Santa Barbara	20			Modoc	1		
Ventura	5			Trinity	1		
<b>Central Valley</b>		78	11.1				
Fresno	18						
Kern	7						
Madera	6						
Merced	1						
Sacramento	3						
San Joaquin	21						
Stanislaus	5						
Tulare	5						
Yolo	12						
				<b>CALIFORNIA</b>	<b>702</b>	<b>100.0</b>	





Built in the style of a French chateau, Domaine Carneros winery in Napa County (left) was scheduled to begin operations this spring. The \$12 million facility, with a capacity to produce 120,000 to 180,000 gallons of wine a year, is owned in part by the Taittenger family, famous champagne makers of France. Haraszthy Cellars in Sonoma (above), now the visitors' center and wine-aging facility of the 900,000-gallon-capacity Buena Vista winery, is the site of one of the oldest wineries in the state. It was founded in 1857 by Count Agoston Haraszthy, a Hungarian nobleman who brought European grape varieties and wine-making technology to the state and is recognized as "the founder of modern California viticulture."

over half or 356 of the wineries are in the four north coast counties of Napa, Sonoma, Lake, and Mendocino. Napa County leads in numbers of wineries with 180, followed by Sonoma County with 136. These two counties alone account for about 45% of the state's wineries. They produce a relatively small percentage of California's wine volume, but a large proportion of the total dollar value.

Aside from the large concentration of north coast wineries, there is a broad distribution of wineries throughout the rest of the state, with over 70 in the newer producing central and south coastal region. It is estimated from data in the July 1988 issue of *Wines & Vines* that in 1987 about 73% of California's wine volume was produced by the 78 wineries in the central valley region.

A substantial number of wineries (105) are also scattered among nine counties in and

around the San Francisco Bay region, with most (75) located in Alameda, Santa Clara, and Santa Cruz counties. Revitalization of old wineries and establishment of new ones in the foothill counties is apparent with over 32 wineries now operating in the two counties of Amador and El Dorado, and two recent additions in Mariposa County.

In the southern region, there are seven wineries remaining in San Bernardino County, one a recent addition (in the early days, this was a major wine region of the state). Over 30 wineries are now located in Los Angeles, Orange, Riverside, and San Diego counties.

In contrast to the more typical coastal, foothill, and interior valley regions, there are now seven wineries in the three northern mountain counties of Humboldt, Trinity, and Modoc.

### "Apparent age" of wineries

From analysis of data on 627 of the wineries, we learned that 36 were founded before 1900. (In their 1967 *Directory of California*

*Wine Growers and Winemakers in 1860*, Peninou and Greenleaf listed 202 persons engaged in growing grapes and/or making wine.) Twenty-three wineries were founded between 1900 and 1933. Five wineries were established during Prohibition (1920-33), most likely for the legal production of wine for sacramental and medicinal use. The remaining 568 wineries were founded after repeal of Prohibition, at which time, according to Leon Adams in *Wines of America*, "Almost overnight, more than 700 wineries had been bonded in the state...." Six wineries remain that were founded in 1933, the year of Repeal.

Between Repeal and the onset of World War II, 29 wineries were founded; only 5 were founded during the war years. After the war, 539 were established, or about 86% of the present wineries.

Based upon year founded, we determined the numbers of wineries distributed among various age groups (table 2). More than 80% of the wineries (522) are from 1 to 25 years old, 77 are 26 to 100 years of age, while 28 or about 4% are over 100 years old.

The proliferation of new wineries in California within the past two decades was examined further. About 82% or 514 were founded within the past 20 years (fig. 1). Over three-fourths (76.7%) or 481 wineries were established within the past 15 years. Moreover, 342 or about 55% were founded since 1978 and so are less than 10 years old, and almost a fifth or 116 are less than 5 years old.

Significant growth in new wineries began in the early seventies and became intense from 1978 through 1985. During that time, 333 new wineries were added, 55 alone in 1980. Thus, almost two-thirds of the new wineries established in the past 20 years were founded during that 8-year period.

Further analysis shows which counties have accounted for most of the growth in new wineries during the past 15 years. Over half (52.4%) or 252 of the wineries founded since 1972 are in Lake, Mendocino, Napa, and Sonoma counties. The following counties, each with 15 or more wineries, account for 128 new wineries founded since 1972: Alameda, Amador, El Dorado, Monterey, San Luis Obispo, Santa Barbara, Santa Clara, and Santa Cruz. Combining these new wineries with those in the previous four counties, it is apparent that the major (79%) growth in new wineries the past 15 years has occurred in the north coastal, central/south coastal, and foothill areas of California.

### Estimated size of wineries

We analyzed information on the storage capacities of 566 wineries to estimate winery sizes. Over half (58.5%) or 331 have a storage capacity of 1,000 to 50,000 gallons; more than a fourth or 147 have a capacity of 1,000 to 10,000 gallons (table 3). Sixteen

TABLE 2. Wineries by age group as of 1987

Winery age (years)	No. of wineries	% of total
1-5	155	24.7
6-10	222	35.4
11-15	104	16.6
16-20	33	5.3
21-25	8	1.3
26-30	7	1.1
31-35	2	0.3
36-40	3	0.5
41-45	5	0.8
46-50	3	0.5
51-75	39	6.2
76-100	18	2.9
>100	28	4.5
TOTAL	627	100.0

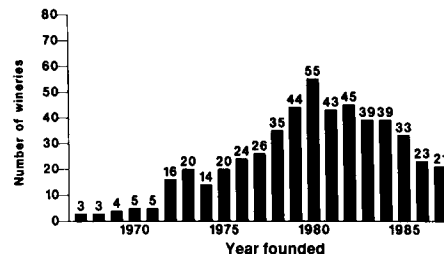


Fig. 1. Numbers of new wineries began increasing significantly in the early 1970s, with intense growth occurring in 1978-85.

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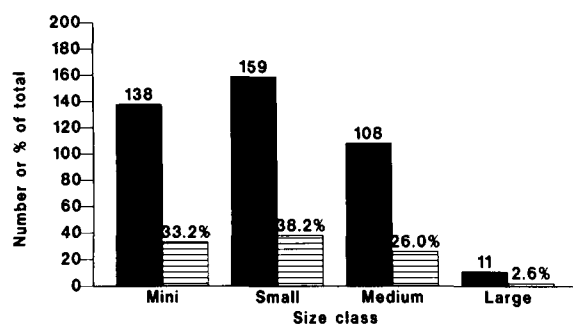


Fig. 2. Over 70% of the wineries started since 1972 are considered mini to small (up to 50,000-gallon storage capacity).

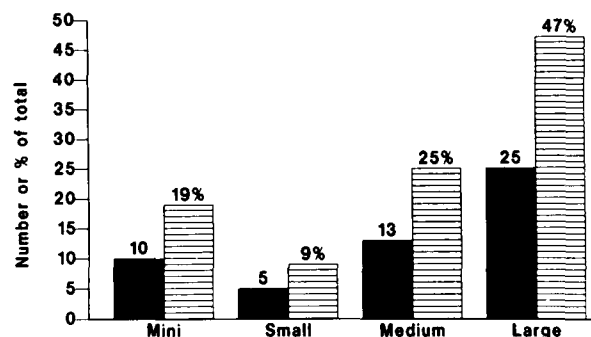


Fig. 3. Of 53 central valley wineries, 47% are large (a million gallons' storage or more) and over a fourth are mini and small.

wineries have storage capacities greater than 10 million gallons.

It is apparent that most of the wineries are relatively small. Considering the usefulness of common, descriptive terms for size, we determined that the wineries could be classified in four groupings based on storage capacity—mini, small, medium, and large (table 4). Except for large wineries, the numbers are fairly evenly distributed among the size classes, ranging from 147 to 184.

Since over three-fourths of the wineries were founded in the past 15 years, we ana-

lyzed the distribution by size of those for which we had data on both year founded and storage capacity (fig. 2). Over 70% or 297 of these new wineries are mini to small in size, while only 119 or less than 30% are medium to large. In this latter group, 60 wineries or about half have storage of over 100,000 but less than 10 million gallons.

We determined the size distribution of the 299 wineries in the north coast region for which we had data (table 5). Over half (54.8%) of the wineries in this region are relatively small: 64 and 100 fall into the categories mini and small, respectively. We also found that, of the mini to small wineries established in the past 15 years, 145 or about 49% are in the north coastal region. Among the large wineries in the region, one is listed with a storage capacity of 15 million gallons and another with nearly 40 million

gallons (the latter includes premises in the San Joaquin Valley).

We did a similar analysis of 53 wineries located in the central valley region (fig. 3). About 47% or 25 of the central valley wineries are large, while 15 (over a fourth) have storage capacities that would place them in the mini and small size categories. All but one of these smaller wineries were established in the past 15 years, seven in Yolo County.

## Summary

In our analysis of the California wine industry, we found that slightly over half of the 702 wineries are located in the four north coastal counties of Lake, Mendocino, Napa, and Sonoma. Of the 627 wineries for which we had data on year founded, over three-fourths were established within the past 15 years, about 55% are less than 10 years old, and about 19% are less than 5 years old. More than half of the wineries founded in the past 15 years are in the north coastal region.

Nearly 90% of 566 California wineries have a storage capacity of less than a million gallons, and thus fall into our proposed size categories of mini to medium. Over half are mini to small (1,000 to 50,000 gallons), and over one-fourth are mini (1,000 to 10,000 gallons). While over half of California's mini and small wineries are located in the north coast region, the remaining north coast wineries would be classified as medium to large under our proposed groupings. The central valley region has, in addition to 48 medium- to large-capacity wineries, 15 that can be considered mini or small.

In subsequent studies, we will update the foregoing information and examine other winery data, including vineyard acreage, product types, and winery personnel.

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TABLE 3. Storage capacities of California wineries

Capacity (1,000 gal.)	Number of wineries	% of total
1-5	82	14.5
6-10	65	11.5
11-25	115	20.3
26-50	69	12.2
51-100	75	13.2
101-250	63	11.1
251-500	24	4.2
501-1,000	17	3.0
1,001-2,500	19	3.4
2,501-5,000	13	2.3
5,001-10,000	8	1.4
10,001-25,000	5	0.9
25,001-50,000	7	1.2
50,001-100,000	3	0.5
>100,000	1	0.2
TOTAL	566	100.0

TABLE 4. Winery size classification based on storage capacity

Capacity (1,000 gal.)	Number of wineries	% of total	Size class
1-10	147	26.0	Mini
11-50	184	32.5	Small
51-1,000	179	31.6	Medium
1,001-400,000	56	9.9	Large
TOTAL	566	100.0	

TABLE 5. Distribution of wineries in north coast counties by size

Winery size*	Number of wineries by county <sup>†</sup>				Total
	Lake	Mendocino	Napa	Sonoma	
Mini	2 (1)	7 (5)	29 (20)	26 (18)	64 (44)
Small	1 (<1)	9 (5)	56 (31)	34 (18)	100 (54)
Medium	3 (2)	9 (5)	52 (29)	51 (29)	115 (64)
Large	0	2 (4)	10 (18)	8 (14)	20 (36)
TOTAL	6 (1)	27 (5)	147 (26)	119 (21)	299 (53)

\* Based on storage capacity, see table 4.

<sup>†</sup> Numbers in parentheses are percentages of wineries classified in each size range, rounded to nearest whole percent.