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Enjoying Sweet Wine Success

Quady Winery expands on strength of Moscato sales even as sales for the variety elsewhere have slowed

by Andrew Adams



Wine grape clusters destined to become Moscato wine move through the hopper at Quady Winery in Madera, Calif.

Madera, Calif.—For Andrew Quady and the rest of the team at his eponymous winery in California's Central Valley, the Moscato boom never ended.

In fact, the winery's production of sweet Moscato wines has grown from 50,000 cases in 2010 to 110,000 this year. The winery has had to expand to accommodate the larger production, specifically increasing its capacity to keep sweet juice from fermenting.

Back in 2011, the sudden and unexpected surge in Moscato sales was the talk of that year's Unified Wine & Grape Symposium, and in 2012 *Wines & Vines* reported that sales of Muscat wines had

surpassed Sauvignon Blanc has the third most popular white wine in the United States behind Chardonnay and Pinot Grigio.

Yet by 2016 the variety did not come up much, if at all, during the seminars and panel discussions at Unified. Sales for lower priced Moscato wines have slowed, which could indicate a fad has come to an end, or it may just be another example of the wider “premiumization” trend, in which U.S. wine consumers are moving toward higher price points for all varietals.

Sales growth down since boom

According to Nielsen, sales for Muscat/Moscato varietal wines grew by 19% from 2012 to 2013, but that growth slowed to 7% the next year and has fallen to just 2.9% compared to last year. “Moscato was a huge growth driver several years ago, growing from relative obscurity (less than 1% of table wine) to now being a top white wine varietal,” said Danny Brager, senior vice president with beverage alcohol for Nielsen. Brager noted Moscato is No. 13 by sales volume, accounting for a 6% share of the total market, and is number 4 by value with 4.6% share of total dollars. “The category has now settled down to lower single-digit growth, but on a much more significant base than it was several years ago.”

Brager said Moscato is also credited with bringing new wine drinkers to the category, especially Hispanics and African Americans who gravitated to its sweeter taste. The variety’s early success was also fueled by it being mentioned in the songs of a few hip hop artists.

In 2009, California growers produced about 61,000 tons of Muscat of Alexandria that sold for an average price of \$310 per ton and 11,000 tons of Muscat Blanc that fetched an average price of nearly \$600 per ton, according to the state’s annual grape report. Four years later, Muscat of Alexandria tonnage had increased to 126,000, and the average price was \$349, while Muscat Blanc had grown to 51,547 tons and the average price had fallen to \$462.

In 2015, Muscat of Alexandria production had grown to 180,000 tons, and the price had slipped to \$283 per ton (or 4% less than the previous year). Muscat Blanc production in 2015 had fallen to 26,000 tons, but the average price had rebounded from \$318 in 2014 to \$418 per ton.

Quady said he’s also seen the market data that suggests the bloom has fallen off the sweet Moscato rose, but he credits his strong sales to enthusiasts of the sweet variety buying it at higher price points.

Looking at the Nielsen data by price segment, sales growth for Moscato wines less than \$8 are flat.

Sales in the \$11-14.99 category, however, are up by 13% in both value and volume.

According to figures from the market-research group IRI in Chicago, Ill., off-premise Moscato sales in the \$11-\$14.99 per bottle category more than tripled by volume and value in the 52 weeks ending Sept. 4, yet they remain a tiny slice of the off-premise market at just slightly more than \$61,000 in value.

White Moscato/Muscat at lower price points, however, is selling at a much higher volume and a much slower rate. During the same period, sales of this variety for bottles less than \$8 came to nearly \$250 million, which is 2.4% less than a year ago.

Sales for boxes of Moscato at less than \$5 did grow by 13% to more than \$14 million.

Quady produces a range of Moscatos that vary in degree of sweetness and alcohol. Some of the dessert wines are fortified to about 15% alcohol, while others only have about 4% to 5%, are slightly spritzy and packaged under a screwcap. They range in price from \$14 to \$24 per bottle.

Andrew Quady and his wife Laurel founded the winery in 1975 and have focused on Port-style and Muscat wines since the beginning. So they were in a good place to ride the first big wave of interest in Moscato. The winery launched Vya Vermouth in 2012, which also was well timed to benefit from the surge in popularity for craft cocktails. The winery's production is about 90% Moscato.

Finding consumers with a sweet palate

Quady said sales are strong in California as well as in southern states, where consumers' palates have always trended toward the sweeter side of the spectrum. He said these consumers want to enjoy wine but find traditional dry varietals a bit off-putting.

He referenced the work done by Tim Hanni MW in promoting acceptance for a sweet palate, and he also mentioned the esteemed public relations man Harvey Posert, who helped build the legend of Robert Mondavi and Napa Valley but preferred a bourbon and Diet Coke to a glass of dry red wine.

"These people deep down inside want to be a wine drinker," Quady said. "The don't want to be drinking beer and Coke with dinner. That's our niche."

The expansion at Quady includes a new 80,000-square-foot cold room that will keep juice stable at 29° F. Grapes are crushed and then run through a must pump with a heat exchanger that drops the

temperature of the grapes by 20° F. Quady said even at night in the Central Valley it's still 85° to 90° F.

The processed grapes sit on the skins for a day or two before getting pressed and filtered through large-volume diatomaceous earth and plate-and-frame filters. Quady said he's continuing to experiment with cross-flow filtration and centrifuges, but he has yet to be fully satisfied with the results.

The expanded cold room and new tanks will allow him to keep tanks full of sweet wine so that he can bottle throughout the year rather than all at once. Earlier this year, from March to May, he said he was bottling 24 hours a day, seven days a week. "You're trying to bottle your whole year's sales in about three months."

Another winemaker with a great deal of Moscato experience is Jim Moore, owner and winemaker of l'Uvaggio Di Giacomo. Moore has focused on producing Italian varietal wines under his own label since leaving Robert Mondavi Winery in 1998.

While at Mondavi in the late 1980s, Moore said he changed the style of the winery's Moscato d'Oro to be slightly lower in alcohol and a little sweeter. In 2008, he began producing Uvaggio Moscato made with Moscato Giallo. "It was then—and still is now—a difficult to sell when it is dry," he told *Wines & Vines*. "However, by 2009 and 2010, when sweet Moscato was all the rage, we sort of jumped into the fray. In certain limited channels, it still sells well."

Moore said he can't speak for his customers in general but mentioned he recently was pouring the secco (dry) and dolce (sweet) versions of the wine at the recent Wine Bloggers Conference in Lodi, Calif. "Virtually every attendee declined to taste our dolce version."

He said the sweet wine typically gets nothing less than 90 points. "We believe that even if you do not like sweet wines, ours is worth sampling and evaluating at least once. Go figure."

Moore is also not sure if consumers who found a preference for sweet Moscato during its boom are trading up to higher price points now. "With our limited pockets of success, these could probably provide an argument supporting that point of view," he said. "However these same pockets also did well during the 'craze,' and we have not really seen too much growth in our sales volume. So again, go figure."

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WINE INDUSTRY METRICS

Total U.S. Wine Sales »		Month	12 Months	
September 2016	\$3,600 mil		\$38,941 mil	
September 2015	\$3,442 mil	5%	\$37,755 mil	3%
Off-Premise Sales				
IRI Channels »		Month	12 Months	
September 2016	\$638 mil		\$8,540 mil	
September 2015	\$612 mil	4%	\$8,083 mil	6%
Direct-to-Consumer Shipments »		Month	12 Months	
September 2016	\$198 mil		\$2,197 mil	
September 2015	\$169 mil	17%	\$1,914 mil	15%
Winery Job Index »		Month	12 Months	
September 2016	211		286	
September 2015	192	10%	266	8%

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