

2006 Economic Impact

California Wine has \$51.8 Billion Economic Impact on State

MKF Research - 2006 Economic Impact Report

A separate survey of 29 key industry CEO's conducted through interviews by UC Davis Dean Emeritus and Director of Wine Studies Robert Smiley identified issues related to the consumer base as the key ones facing the wine industry over the next few years.

Concern was expressed over the sustainability of the extreme value category. The quality bulk wine used in the initial offerings will be used up and producers will realize that high sales of inexpensive wines are affecting overall margins.

Smiley reported that although 63 percent of wine CEOs said that extreme value wines had not turned wine into a commodity product, 37 percent of business leaders disagreed. The latter group felt that "maintaining the mystique" in wine was important and that American consumers were willing to pay more for quality.