



2023 Ontario Grape Varietal Study

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Acknowledgement

- Thank you to the **Grape Growers of Ontario** and the **Ontario Craft Wineries and Ontario Wine Appellation Authority** for their assistance in preparing this report.
- Also, many thanks to each of the **individual growers, wineries and LCBO staff** for taking the time to be interviewed and their invaluable insight and comments on the industry.

Purpose

- The purpose of this study is to assess the current Ontario grape production, the current varieties, industry directions, and need for any change in varieties.





Methodology



FOCUS on Ontario wine sales and grape production as the main determinants in varietal planning.



Data Sources:

- LCBO quarterly scorecard
- LCBO sales dataset covering the fiscal years 2019-2023.
- GGO Production Data
- OWAA data



Interviews with growers and wineries and LCBO.



Conclusions

- The Industry is Growing the Right Varieties
- Increasing Focus on Core Varieties
- Virus Diseases are a Growing Threat that Require Virus Free Vines and Rootstock
- Growers are Not Planning Major Vineyard Changes
- Economic Challenges Remain

The Industry is Growing the Right Varieties

- The Ontario wine grape industry is growing the right varieties needed for the production of the most popular varietals of wine being sold in the LCBO.
- Annual production can change but the industry in general has reached a level of stability after rapid growth in the previous decades.
- **Not recommending that any particular grape variety be targeted for reduction or expansion.**
- There is an appropriate match between what is being produced and what is being sold.



Increasing Focus on Core Varieties

- Individual wineries are focusing on five or six specific varieties that they can market effectively and reducing those that are outside this core group.
- At the same time they are taking advantage of the growing popularity of sparkling and rose styles.
- The top 10 VQA varieties by VQA sales are below.

Pinot Gris	Baco Noir	Merlot	Gamay Noir
Riesling	Cabernet Sauvignon	Pinot Noir	
Chardonnay	Sauvignon Blanc	Cabernet Franc	





Ontario Wine Industry & Varietal Analysis

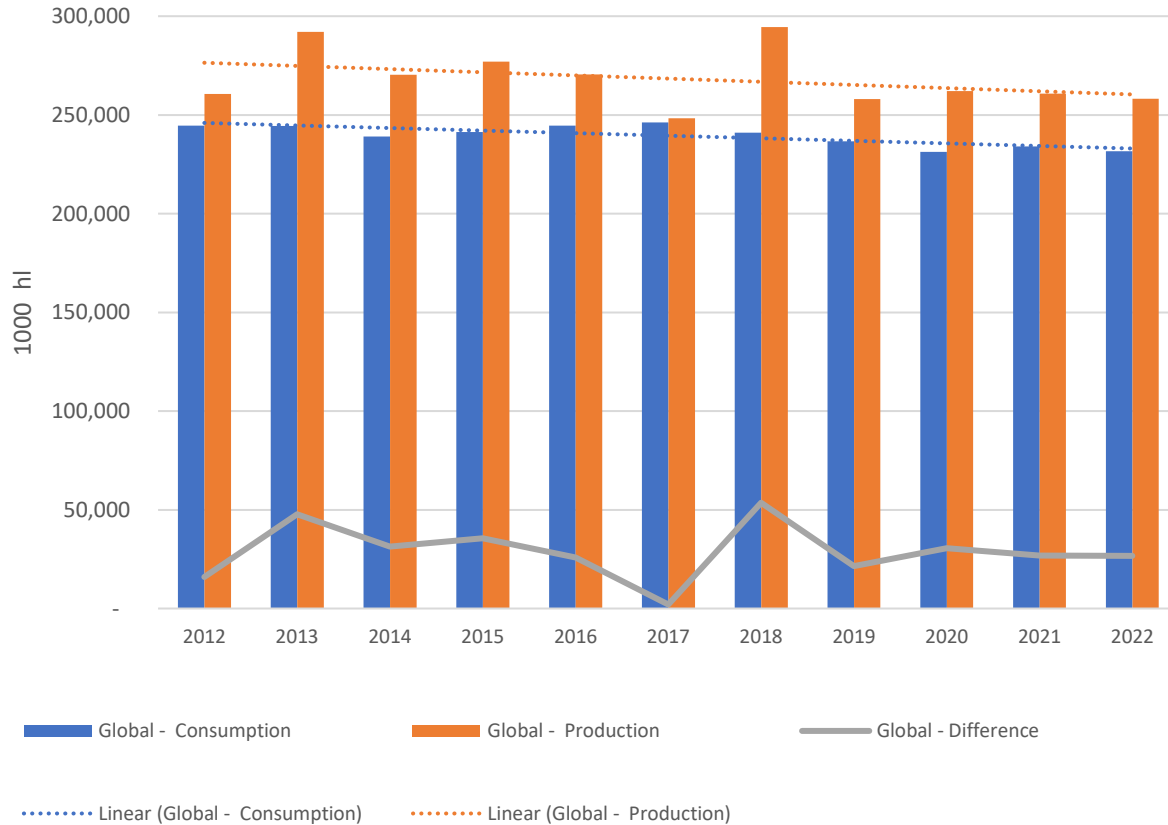
- The Industry is Growing the Right Varieties
- Increasing Focus on Core Varieties

Some explanations on the data and analysis

- The LCBO in their analysis uses the term **non-VQA** which includes both IDB wine and 100% Ontario wine.
- In the analysis **no attempt was made to estimate the usage of individual varieties**. This was because there are a number of unknown parameters regarding wine production:
 - **the amount of domestic wine in IDB**
 - **the LCBO categorization of non-VQA which includes 100% Ontario**
 - **the varieties used in the white, red and rose blends, and**
 - **the allowance of some VQA wines to contain up to 15% of other varieties, other than what is stated on the label, and the ratio of varieties used in multi varietal VQA wine.**
- In addition to these, the normal annual **fluctuation of grape production** can influence each of these parameters making it unlikely that a reasonable estimate by variety could be calculated unless far more detailed information was available.

Global Wine Consumption and Production

Global Wine Consumption and Production 2012-2022
(1000's hl)



2012 -2022 Global Wine Consumption and Production

2012-2022	Consumption	Production
Litres (Millions)	(13.0)	(2.4)
% Change	-5.3%	-0.9%
Average Annual Change	-0.5%	-0.6%

Source: International Organisation of Vine and Wine (OIV) database

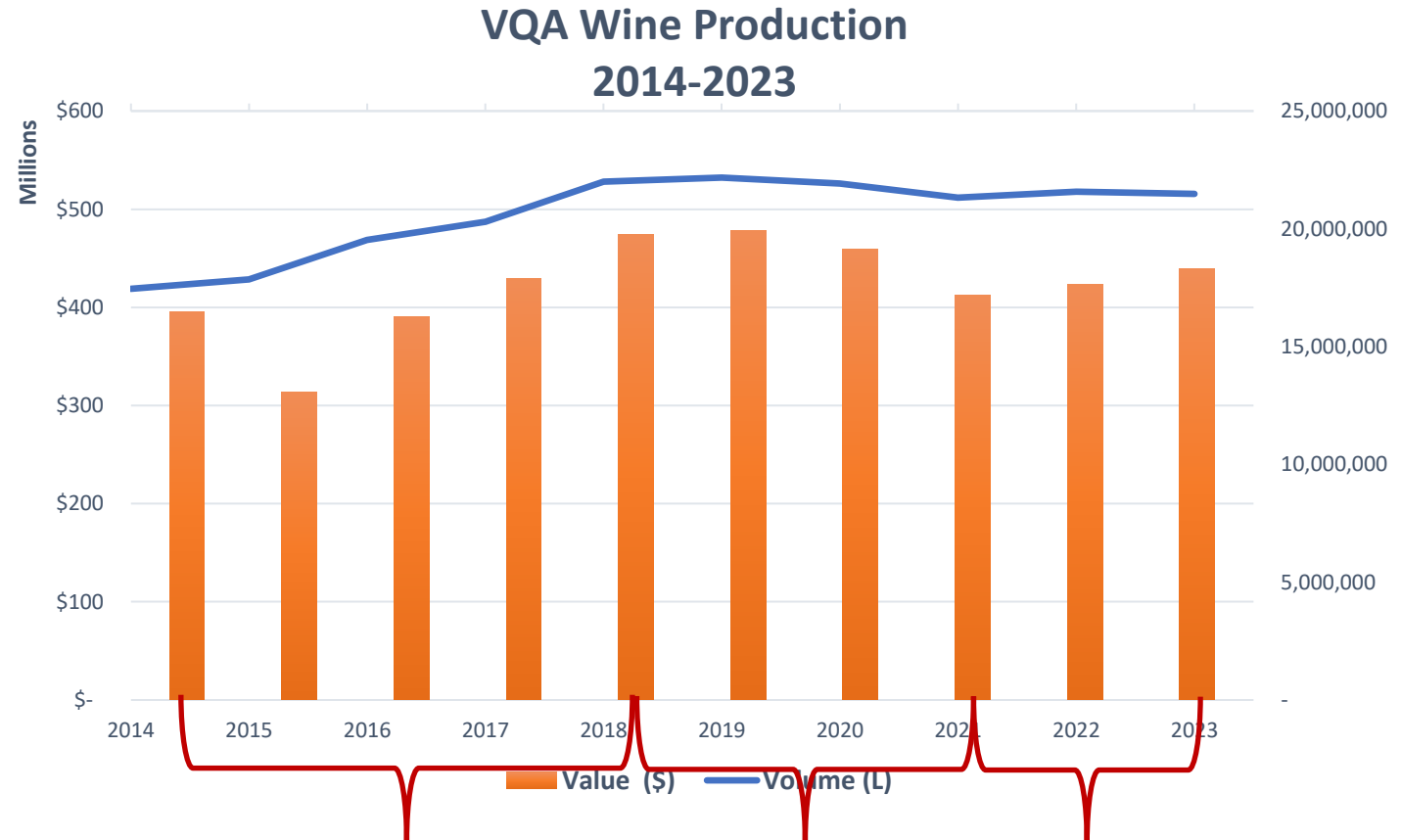
Global Trends

- From **2000 to 2010**, global wine growth was primarily **volume-driven**
- From **2011 to 2022**, despite a decline in volume, **average prices increased** by **4.1%** because of trend towards premiumization and escalating production costs.
- In **2022**, average prices surged by **14.4%** - inflation, energy costs, production costs.
- **Sparkling wine** is driving growth - **7.5% by value and 5.6% by volume** for 12 years.
- **Declining consumption** = low alcohol or light wines, smaller size bottles and non-alcoholic wines. **\$11 billion now to \$24 billion** by 2032.



Ontario VQA Wine Production Value and Volume 2014 – 2023

Annual Average Change



Year	Volume (L)	Value (\$)	Change
2014-2018	5.9%	6.8%	Growth
2018-2021	-1.0%	-4.5%	Decline
2021-2023	0.4%	3.2%	Recovery



Short-Term Wine Sales

- Short-term analysis of wine sales by value and volume are not positive as shown in the table below.

LCBO 1 st Quarter Scorecard 2023-24	Q1 2023-24		Rolling 13	
	\$	litres	\$	litres
Ontario VQA	-9.8%	-14.1%	-7.6%	-10.9%
Ontario Non-VQA	-0.2%	-6.3%	-2.8%	-7.8%
Ontario International Domestic Blends (IDB)	1.3%	-5.0%	-0.7%	-5.8%
Ontario Non International Domestic Blends (IDB)	-23.6%	-30.0%	-30.1%	-39.2%
Imported	-2.6%	-11.2%	-2.9%	-7.0%
TOTAL LCBO Wine Sales (excluding Flavoured)	-2.8%	-10.2%	-3.3%	-7.5%



- However, some of this decline can be attributed to:
 - the return to the pre-COVID trendline after strong pandemic sales and
 - tightening economic conditions that consumers are experiencing.



2019-2023 Wine Sales (\$)

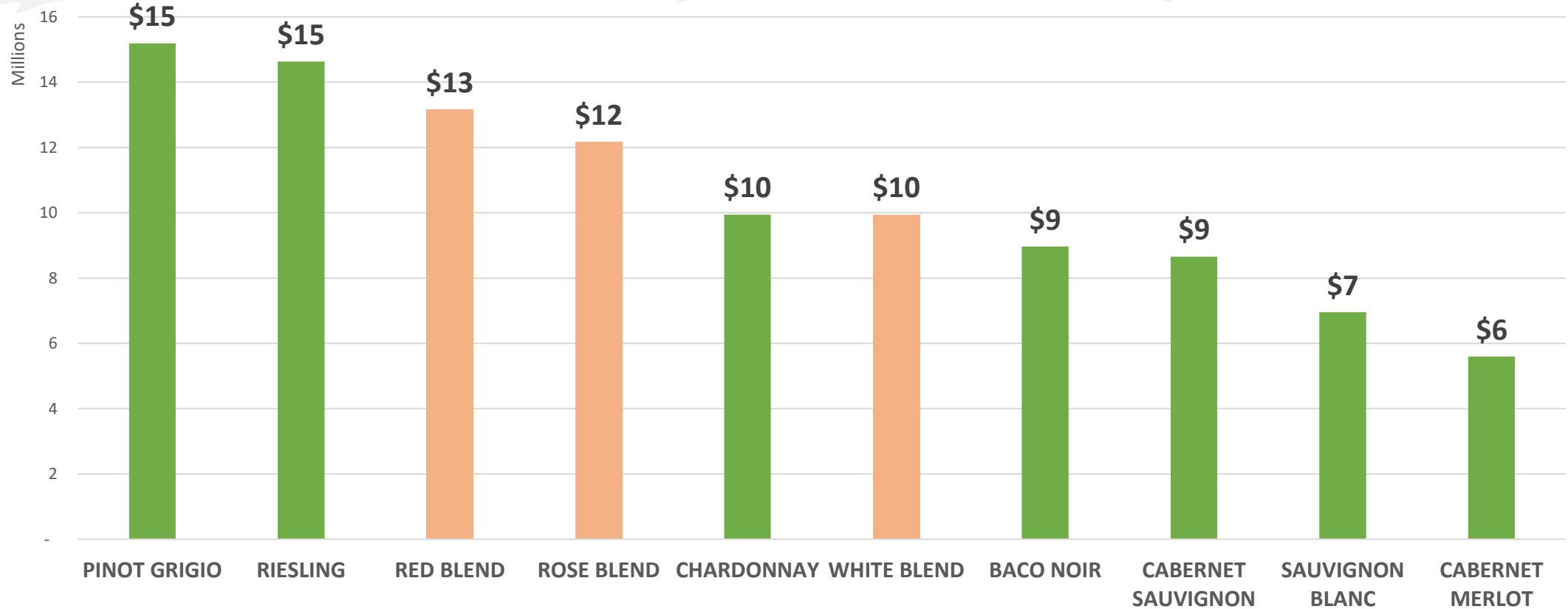
- For a longer-term comparison LCBO sales in dollars from 2019-2023 are below.
- It shows a much smaller decline indicating that this may be a more accurate long-term trend.

Table Wine Sales Millions (\$) by Category 2019-2023

Table Wine	2019	2020	2021	2022	2023	Annual Average Change 2019-2023
VQA	\$125	\$124	\$123	\$123	\$114	-1.8%
Non-VQA	\$319	\$330	\$355	\$326	\$316	-0.3%
Import	\$987	\$1,063	\$1,116	\$1,093	\$1,040	1.3%
All	\$1,433	\$1,519	\$1,596	\$1,544	\$1,472	0.7%

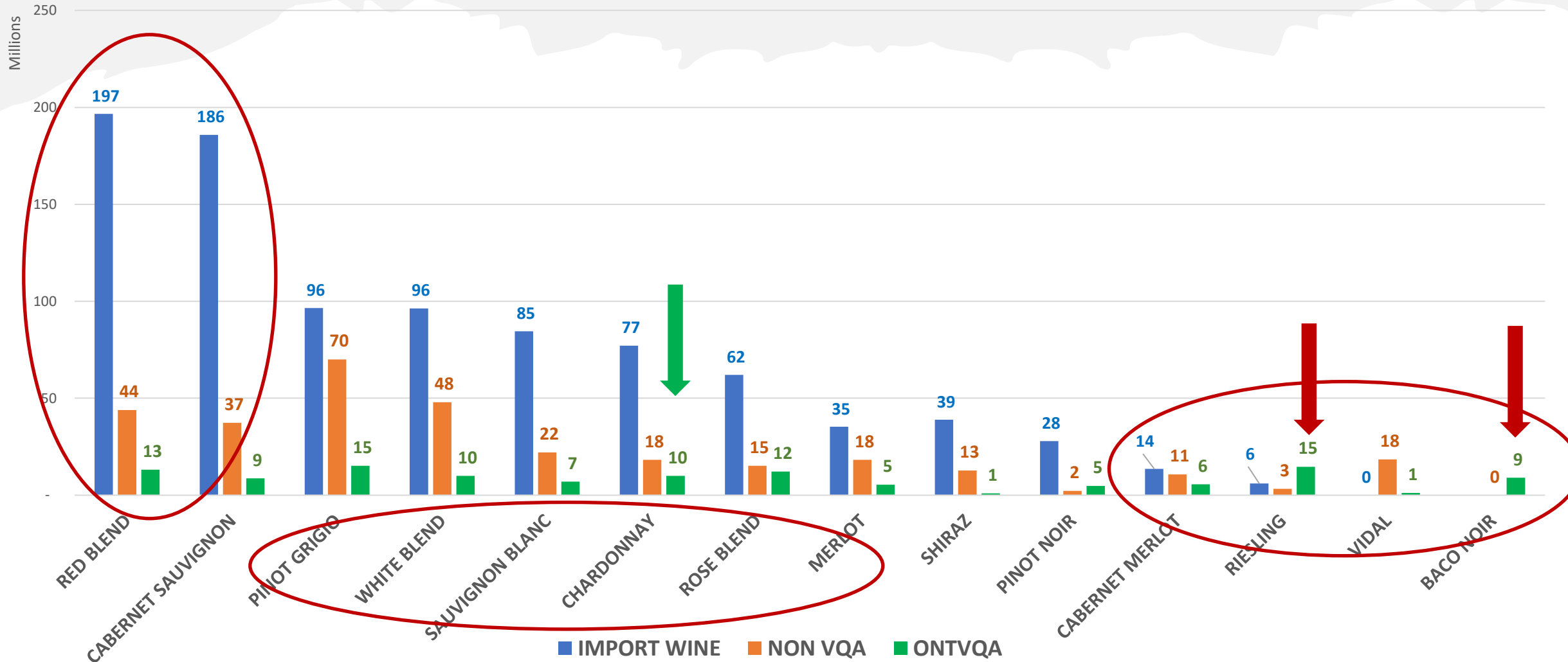
Top VQA LCBO Varietals for 2023 (Sparkling Included)

Top 10 Selling VQA Varietals by LCBO (\$) for year ending 2023



Top 14 LCBO Varietals for 2023 (Sparkling Included)

Top 14 Varietals LCBO Sales Import, VQA and Non VQA for 2023



LCBO VQA

Table Wine Sales (\$) 2023 by Varietal

- Table wine sales
- No sparkling (\$11M/9%)
- Blends are included
- **98%** of LCBO VQA Sales
- Total Sales = **\$112 million**
- All Sales = **1.3 billion**
- **VQA = 9%**

Varietal	2023 VQA Sales (\$)	% of Sales of VQA	Cumulative % of VQA Sales	% of Total Table Wine Sales
Pinot Gris	\$ 15,188,855	13%	13%	1.0%
Riesling	\$ 14,611,859	13%	26%	1.0%
Red Blend	\$ 13,076,923	11%	37%	0.9%
Chardonnay	\$ 9,938,898	9%	46%	0.7%
Baco Noir	\$ 8,966,382	8%	54%	0.6%
Cabernet Sauvignon	\$ 8,655,359	8%	62%	0.6%
Sauvignon Blanc	\$ 6,952,842	6%	68%	0.5%
Rose Blend	\$ 6,602,972	6%	73%	0.4%
Cabernet Merlot	\$ 5,592,657	5%	78%	0.4%
Merlot	\$ 5,372,676	5%	83%	0.4%
White Blend	\$ 5,361,419	5%	88%	0.4%
Pinot Noir	\$ 4,740,712	4%	92%	0.3%
Cabernet Franc	\$ 2,486,839	2%	94%	0.2%
Gamay Noir	\$ 1,269,125	1%	95%	0.1%
Shiraz	\$ 963,667	0.8%	96%	0.1%
Baco Noir Cabernet Sauvignon	\$ 921,139	0.8%	97%	0.1%
Vidal	\$ 885,162	0.8%	98%	0.1%
Gewurztraminer	\$ 671,565	0.6%	98%	0.05%

LCBO Non-VQA Table Wine Sales (\$) 2023 by Varietal

- Table wine sales
- No sparkling (\$6M/2%)
- **99%** of LCBO Non-VQA Sales
- Total Sales = **\$245 million**
- All Sales = **1.3 billion**
- **Non-VQA = 20%**

Varietal	2023 Non-VQA Sales (\$)	% of Sales of Non-VQA	Cumulative % of Non-VQA Sales	% of Total Table Wine Sales
Pinot Gris	\$ 69,573,690	22%	22%	4.7%
Red Blend	\$ 43,387,790	14%	36%	3.0%
White Blend	\$ 43,321,865	14%	49%	2.9%
Cabernet Sauvignon	\$ 37,305,959	12%	61%	2.5%
Sauvignon Blanc	\$ 22,050,629	7%	68%	1.5%
Vidal	\$ 18,473,609	6%	74%	1.3%
Merlot	\$ 18,268,485	6%	80%	1.2%
Chardonnay	\$ 18,182,949	6%	86%	1.2%
Rose Blend	\$ 14,921,999	5%	90%	1.0%
Shiraz	\$ 12,729,985	4%	94%	0.9%
Cabernet Merlot	\$ 10,687,496	3%	98%	0.7%
Riesling	\$ 3,252,582	1%	99%	0.2%
Pinot Noir	\$ 2,195,857	1%	99%	0.1%

LCBO Imported Table Wine Sales (\$) 2023 by Varietal

- Table wine sales
- No sparkling (\$160M/15%)
- **86%** of LCBO Import Sales
- Total Sales = **\$897 million**
- All Sales = **1.3 billion**
- **Import = 72%**

Varietal	2023 Import Sales (\$)	% of Sales of Import	Cumulative % of Import Sales	% of Total Table Wine Sales
Red Blend	\$ 188,255,553	18%	18%	12.8%
Cabernet Sauvignon	\$ 185,873,948	18%	36%	12.6%
Pinot Gris	\$ 96,248,877	9%	45%	6.5%
Sauvignon Blanc	\$ 84,525,444	8%	53%	5.7%
Chardonnay	\$ 76,882,743	7%	61%	5.2%
White Blend	\$ 57,602,449	6%	66%	3.9%
Rose Blend	\$ 48,725,519	5%	71%	3.3%
Shiraz	\$ 38,904,771	4%	75%	2.6%
Merlot	\$ 35,252,366	3%	78%	2.4%
Pinot Noir	\$ 27,878,534	3%	81%	1.9%
Malbec	\$ 21,632,475	2%	83%	1.5%
Cabernet Merlot	\$ 13,600,749	1%	84%	0.9%
Muscat	\$ 12,834,148	1%	85%	0.9%
Riesling	\$ 6,018,871	1%	86%	0.4%
Cabernet Shiraz	\$ 2,833,912	0%	86%	0.2%

Varietal Comparison Top VQA, Non-VQA and Imported Varietals

\$ Sales of Table Wine

Sales Rank	98% of VQA Table Wine Sales (\$)	99% of Non-VQA Table Wine Sales (\$)	86% of Imported Table Wine Sales (\$)
1	Pinot Gris	Pinot Gris	Red Blend
2	Riesling	Red Blend	Cabernet Sauvignon
3	Red Blend	White Blend	Pinot Gris
4	Chardonnay	Cabernet Sauvignon	Sauvignon Blanc
5	Baco Noir	Sauvignon Blanc	Chardonnay
6	Cabernet Sauvignon	Vidal	White Blend
7	Sauvignon Blanc	Merlot	Rose Blend
8	Rose Blend	Chardonnay	Shiraz
9	Cabernet Merlot	Rose Blend	Merlot
10	Merlot	Shiraz	Pinot Noir
11	White Blend	Cabernet Merlot	Malbec
12	Pinot Noir	Riesling	Cabernet Merlot
13	Cabernet Franc	Pinot Noir	Muscat
14	Gamay Noir		Riesling
15	Shiraz		Cabernet Shiraz
16	Baco Noir Cabernet Sauvignon		
17	Vidal		
18	Gewurztraminer		

Percentage Annual Change Volume and Value 2019-2023

Varietal	VQA Annual % Change (litres)	VQA Annual % Change (\$)	Non-VQA Annual % Change (litres)	Non-VQA Annual % Change (\$)	Import Annual % Change (litres)	Import Annual % Change (\$)
Rose Blend	15%	13%	6%	7%	8%	12%
White Blend	3%	5%	-7%	-6%	-1%	4%
Pinot Gris	9%	5%	1%	1%	0%	0%
Cabernet Sauvignon	6%	2%	4%	5%	3%	5%
Baco Noir	4%	2%	16%	16%		
Cabernet Franc	-1%	0%	-31%	-32%	-22%	-19%
Total Category	1%	-1%	-1%	-1%	-1%	2%
Sauvignon Blanc	-2%	-2%	4%	4%	-1%	1%
Cabernet Merlot	1%	-3%	8%	9%	-7%	-6%
Merlot	-1%	-3%	-4%	-4%	-7%	-5%
Pinot Noir	-3%	-4%	45%	45%	5%	11%
Red Blend	0%	-4%	-6%	-5%	-2%	2%
Chardonnay	-2%	-4%	-2%	-2%	-1%	2%
Baco Noir Cabernet Sauvignon	-2%	-4%				
Riesling	-7%	-7%	-4%	-4%	-6%	-5%
Vidal	-17%	-14%	-1%	0%		
Gewurztraminer	-15%	-14%	151%	150%	-3%	3%
Gamay Noir	-20%	-17%	164%	164%	-29%	-21%
Shiraz	-23%	-25%	-5%	-5%	-10%	-10%

Grape Acreage Annual Change 2018-2022

- Over the past five years, the acreage and wine production (especially VQA wine) have remained very stable.
- Riesling, Chardonnay, and Vidal have experienced declines of greater than 1% per year between 2018 and 2022.
- The total acreage declines in the top 10 varieties is 418 acres.
- The remaining five top 10 varieties saw an increase of 247 acres.
- The total acreage of grapes declined by only 126 acres or less than 1% of total acreage.

Rank	Variety Name	Average Change annual Change 2018-2022	Cumulative % of Acres
1	Vidal 256	-1.7%	
2	Chardonnay	-1.2%	
3	Riesling	-1.3%	
4	Cabernet Franc	2.1%	
5	Merlot	0.3%	
6	Pinot Noir	-0.3%	
7	Cabernet Sauvignon	0.0%	
8	Pinot Gris	0.3%	
9	Baco Noir	0.5%	
10	Sauvignon Blanc	-0.4%	80%
11	Gamay Noir	1.3%	
12	Gewurztraminer	-4.2%	
13	Syrah (Shiraz)	1.5%	
14	Marquette	11.7%	
15	Chambourcin	-0.3%	90%
16	Marechal Foch	-1.4%	
17	GR 7	12.1%	
18	Geisenheim Hybds	-8.0%	
19	Seyval Blanc	-1.4%	
20	Chardonnay Musque	2.7%	
21	Muscat Ottonel	-0.7%	95%

Production Variability of Grape Varieties

- Coefficient of variation (CV) was computed to assess production variability
- Median **CV of 28.5%** observed for the years 2017-2022
- Only three out of the top ten varieties (**Pino Noir, Sauvignon Blanc, and Merlot**) exhibited higher variability than the median variability.
- **Caveat:** median CV includes varieties grown on only a few hundred acres which would create the potential for greater variability since varieties grown on more acres would benefit from an averaging effect.

Top Varieties BELOW the median Variability (CV) of 28.5% (2017-2022)

Variety	Ranking by Production	Average Tonnes of Production	Average of CV 2017-2022
Vidal 256	1	18,694	14.6%
Baco Noir	6	3,616	14.9%
Cabernet Franc	4	5,248	16.0%
Cabernet Sauvignon	8	3,022	16.3%
Chambourcin	11	1,522	18.0%
Gamay Noir	13	1,470	19.2%
Riesling	3	8,671	23.7%
Chardonnay	2	8,573	27.2%
Syrah (shiraz)	16	652	27.3%
Pinot Gris	7	3,300	28.2%
Total tonnes		54,768	

Top Varieties ABOVE the median Variability (CV) of 28.5%

Pinot Noir	9	2,735	28.9%
Sauvignon Blanc	10	2,734	31.7%
Merlot	5	4,871	32.7%
Total tonnes		10,340	



Virus Diseases are a Growing Threat that Require Virus Free Vines and Rootstock

- Growers and wineries were very clear that virus diseases, particularly
 - ***grapevine leafroll associated virus (GLRaV) and***
 - ***grapevine red blotch-associated virus (GRBaV),***
- Serious threat to the Ontario wine industry and are concerned about their impact on grape and wine production and quality.
- They are looking for opportunities to replant virus free vines and rootstock.
- This is critical for sustainable grape production that meets the expectations of wineries for a reliable source of grapes that meet quality standards.

Growers are Not Planning Major Vineyard Changes

- Growers indicated that they are **not planning** to make any **significant changes** to their planted varieties in the next 3 to 5 years
- Growers who have an **established relationship** with their purchaser tend to get more market signals from their purchasers.
- **Hybrid varieties**, in particular Vidal, provide growers with some **stability and hardiness**, while growing a core group of vinifera varieties.





Economic Challenges Remain

- **Inflation and lowered consumer demand** for wine are concerning.
- **Taxation** continues to be a concern to growers and wineries alike, especially as it relates to profitability.
- Growers indicated that they continue to feel **pressure on their margins**, some indicating that they were not making enough on the grape growing side of the business and have other farm businesses that help support the grape production.
- Growers located outside the Niagara DVA area have **higher costs** and, in some cases, grow some varieties that are more suitable to their locations.
- Wineries indicate that **additional margin** is needed to promote wine SKUs at the LCBO and marketing through other activities, which has a direct impact on their sales.
- **Technology continues to be utilized.** Many growers have purchased wind machines over the past 10 to 15 years and are now looking at other technology, such as leaf removers and trickle irrigation as next steps to help them reduce labour costs and produce a consistent and high-quality product.

Winery Perspectives

- Six wineries were interviewed – produced **350,000 cases of wine annually or about 11% of VQA production**. All these wineries were 100% Ontario wine only.
- Several wineries indicated they had pulled out some varieties that they felt were in surplus in their own business. It was noted that in 2022 Pinot Gris was the varietal that was perceived as in the shortest supply for several of the wineries and this was corroborated by the LCBO interview.
- **They stressed the need to address the virus diseases, such as grapevine leafroll and red blotch-associated virus and the need to access clean vines and rootstock.**
- Wineries noted the **global decline in wine was challenging** - have moved their pricing upwards from \$15 per bottle to \$20.
- **Sparkling and rose wines** were being produced by all wineries and were an important part of their portfolio of wines.
- All agreed that the Ontario market had plenty of room to grow and should be able to displace imported wine in categories that Ontario excelled at.
- Generally, wineries were aiming **to continue to invest in VQA production** and the premium markets - also trying to create a value product to compete in that space as well.
- They had **concerns about taxation** and its ability to distort the marketplace. Wineries agreed that in order to continue to market Ontario product the industry had to be profitable.
- Possible changes in **wine marketing in Ontario** that would introduce wine to convenience stores was not seen to be something that was going to benefit VQA production since the purchaser in that channel would be more interested in a value product.

Grape Grower Perspectives

- Seven growers were interviewed, two of whom were also wineries - **managed 1,101 acres of grapes**, representing **6.1% of the total acreage** and contributing to 9.4% of Ontario's overall production.
- These growers cultivated **34 different varieties**, with a notable concentration of **92% of their production in 12 varieties** that have been highlighted in this study as top performers in both sales and volume.
- **Growers expressed concerns about virus-infected vines, prioritizing their replacement. They were more inclined to replace winter-damaged vines within existing vineyards rather than undertaking complete replanting.** Many growers had invested in wind machines, with plans to explore drip irrigation, leaf removal equipment to optimize labor costs. Soil and virus management were highlighted as key priorities.
- Over the past five years, none of the interviewed growers had removed significant portions of their vineyards. Removals were mainly in minor varieties and to replace winter-damaged vines. **Major expansions were not on the immediate horizon** for any of the interviewed growers.
- **Costs and returns, demand for the crop and what they could grow well in their location were primary considerations** for growers contemplating new plantings or changes to existing varieties.
- **Long-term relationships with wineries were common** among growers, influencing discussions about what the wineries sought in anticipation of planting.
- Growers' future perspectives on profitability varied - **expressed concerns about escalating costs** and the challenges of maintaining a positive cash flow in the future.
- Several growers undergoing succession planning with the next generation were acutely aware that sustained profitability is crucial to supporting successive generations in the farm business.
- Growers emphasized the need to stay ahead of industry trends through **education and equipment management.**

Questions?

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