Global Trends - Beverages

Global Wine Market Update

An extract from the Ciatti Global Market Report March 2018

The French, Spanish and Italian bulk wine markets are all under pressure after short harvests around the world in 2017, not least their own. The Vin de France category is now tight enough that buyers of big volumes are recommended to opt for non-vintage; France’s organic wines and southern rosés are all but sold out. In Spain, international varietal bulk is gone and the remaining generic bulk is moving fast; buyers must be able to load quickly. Similarly, in Italy, there is a shortage of international varietals and inventory of generic wines is declining fast. Across all three markets there is upward pressure on prices – generic red in Spain can be EUR0.30/litre more expensive than this time last year, for example – but the biggest hurdle buyers face is simply the lack of availability. French suppliers are reluctant to quote for big volumes as they do not have the product.

European and Asian eyes are thus trained on the Southern Hemisphere harvests. Chile is on course for a harvest of 1.1 billion litres and is seeing a very high level of pre-harvest contracts made, including by Chinese buyers who usually source from Spain and/or hold off until post-harvest in Chile. Argentina, too, is on track for an improved harvest this time, with the Argentine peso’s steady weakening so far this year (expected to continue through 2018) helping apply downward pressure on Malbec prices. Australia’s harvest is proceeding smoothly: the country is being flooded with enquiries for its remaining 2017 wines and prices for 2018 grapes are high. South Africa’s harvest, however, appears to have suffered from the extreme drought in the Western Cape: bunches are coming in lighter with the berries ripening small. Buyers of South African product are trying to contract their core volumes earlier than normal, but growers and suppliers are finding it very hard to commit at this stage.

Comment: Spain’s 2017 harvest ex-winery generic white is trading between R8.71 and R10.13 per litre and generic red between R9.42 and R11.66 per litre. [Click here to read more](#) about SA’s values.

South African bulk still wine exports increased Y-on-Y February 2017/18 by 12.6 million litres (+4.8%). Bulk white +7% and bulk red -1.7%.
First impressions are always important, and this is definitely true when it comes to wine labels. Consumer choice can be significantly influenced by what the label you put on your wine says about the type, quality and heritage of your product – and ultimately your whole brand equity. With this in mind, Wine Intelligence has, for the first time, carried out a study to investigate which label designs most appeal to the German wine consumer.

We began the study by partnering with a highly respected German marketing agency, Quantum X. We held focus groups in Munich, Cologne and Hamburg in order to identify 10 different archetypes of label designs which feature most prominently in the German wine market. Quantum X helped us design these 10 label designs, following the conventions of the archetype, which were then tested in a quantitative study using a representative sample of German regular wine drinkers. Respondents were asked a series of questions which helped us assess their perception of each of the label designs and ultimately find out which of the label designs appealed to them most.

The results show that German regular wine drinkers have a strong preference for label designs which are simple and prestigious while finding the more contemporary styled labels less appealing. Younger regular wine drinkers, being newcomers to the wine category, show an a greater openness to a broader range of labels and do not conform to designs typically seen as central to the category. However, those over the age of 60 typically find the more unconventional labels far less appealing than average.

This report is a useful guide for producers who want to gain a better understanding of their consumers’ preferences when it comes to label designs. When designing a label, they must keep in mind their brand positioning and make that crucial decision between keeping it ‘central’ to the category or moving towards more contemporary styles.

The Germany Label Design 2018 report includes:
- 84-page PowerPoint report with the latest information regarding consumer attitudes and behaviours to label designs in Germany supported by Wine Intelligence's Vinitrac® and data table.

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