Economic Environment

USA: How Much Did Wineries Really Make in 2016?

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Profit Chart - Profitability of Premium Wineries

Global Trends - Wine Industry Key Elements

Amazon Dealt a Distribution Blow
A move into alcohol delivery might not be as easy as the internet behemoth thought. Amazon's entry into the wine business looks like a giant blimp of doom for local wine shops. However, like the Hindenburg, it may have run into an unexpected snag.

With its purchase last month of Whole Foods, Amazon seemed to have suddenly gained the ability to sell – and deliver – wine in most of the 42 states with a Whole Foods grocery store. Amazon has thrashed small independent retailers in many fields, but a successful strategy for selling wine had always been elusive for it because each state's laws are different.

What may have happened is a legal snag on which Amazon will have to make a decision.

Many states have what are called tied-house laws about alcohol sales; these helped create the three-tier system. No producer of alcohol is allowed to pay a retailer of alcohol directly for selling its wares. The idea arose in response to 19th Century pubs that were controlled by local breweries and thus sold no beer from elsewhere. It was intended to help promote producer competition by giving producers access to sales outlets. Today, Amazon.com runs an online wine business that is essentially a third-party sales system like its other third-party sales. Now that it owns Whole Foods, Amazon is clearly a brick-and-mortar retailer, which makes taking even small payments from producers a problem.

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Why You Want to Pay More for Wine

Price was the big topic when the US wine world's suits got together in Napa. We learned from two separate surveys that about two-thirds of American wineries plan to raise prices next year. More than 85 percent of wineries who responded to an executive survey expect to see higher profitability over the next three years.

And why is that? It turns out you like paying more for wine. "Premiumization" has been a buzzword in the wine industry for several years now. Of course it makes sense to "premiumize"; who doesn't want more money for their product? And, to be clear, "premiumization" also includes the concept of providing a better product for more money.

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Technology

Futurism: Farmers Should Start Using Artificial Intelligence

A team of researchers has developed an AI that can identify diseases in plants. Alongside other projects to use AI for farming and killing weeds, AI is quickly becoming a powerful tool in harvesting better crops and producing more food.

The startup Abundant Robotics developed an apple-picking robot. John Deere uses AI and machine learning to care for plants and eliminate weeds. Additionally, Harper Adams University recently tested autonomous drones and vehicles used to plant, maintain, and harvest barley.

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