Consumer Countries/Markets

USA Direct-Shipping, Part 2: The Retail And Wholesale Landscape

While wineries are hitting their stride with direct-shipping, retailers are facing resistance on the shipping front. Since 2005, the retail tier has witnessed a decline in the number of markets where they can legally ship from out of state, from 18 states to 14. Where enforcement was once lax in states where direct-shipping isn't legal, most of those states are now toughening their laws or cracking down hard. Last year, UPS and Fedex announced they would end wine deliveries to all states except for the 14 where shipping is legal.

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USA Direct-Shipping, Part 1: DTC Channel Goes Mainstream

Direct shipping of wine is now mainstream in much of the United States. Last year, volume of direct-shipped wine was up 15.3% to 5.78 million cases, with consumer spending growing 15.5% to $2.69 billion. The channel is on pace to eclipse 6 million cases and $3 billion in sales by year-end, to reach nearly 2% of the U.S. wine market in volume and 5% in sales. And those figures include only wines shipped directly from wineries to consumers—not wines shipped from retailers to consumers, which pass through the supplier and wholesale tiers.

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Global Trends - Beverages

IWSR - Premiumisation still key in travel retail

Global e-news September 2018

Premiumisation is still critical to travel retail, particularly as producers continue to focus on the affordable luxury price segment, according to the latest IWSR Travel Retail Hub report. The segment is
forecast to continue to grow and, if products are activated correctly and in the right locations, can add value to the channel.

The demand for Cognac in Asia continues to grow. Allocation isn’t as much of an issue as many expected it to be as increasing prices are keeping demand in check. A lot of work has also been done by suppliers in the channel to regulate pricing and make it more consistent across markets. Cognac is the preferred category for Chinese passengers and the overall IWSR forecast for Asia-Pacific from 2018 to 2022 for Cognac is a five-year CAGR of 0.7%. Dark sipping rums are now seeing some real traction, particularly where activations have taken place across key lighthouse airports. This particularly applies to North America and a handful of key airports in Asia as consumers begin to explore the category. For the Americas, the IWSR has forecast a five-year CAGR of 1.7% from 2018 to 2022 for dark rum. White spirits in general are struggling in the North America duty-free market as they face stiff competition from brown spirits such as Bourbon, and are also losing out to the continued high demand for fellow white spirit Tito’s. The vodka category generally is under pressure, however, from a travel-retail perspective, particularly in the ‘standard’ price bracket as it is often commoditised. Super-premium vodka brands, particularly those not needing flavour extensions to gain incremental volume sales, are performing quite well, however.

There is an argument that although ‘craft’ is booming, it is being given a disproportionate amount of shelf space and facings. Some of the mother brands in the category are also seeing some cannibalisation from craft-like brand line extensions. Economic wealth is still present in China and new air routes opened to cities like Edinburgh should help drive the demand for Scotch in future. Cognac will, however, remain the most in-demand spirits category in the medium term.

For more information on the IWSR’s travel-retail portfolio, please contact enquiries@theiwsr.com

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**Nuusbrokkies / News Snippets**

**Is the party over? Prosecco sales in the UK fall for the first time in a decade**

Andy Wells Yahoo News UK 20 September 2018

Prosecco has become a staple of any party or meet-up between friends but it seems that Britain’s love affair with the drink is coming to an end. Figures show that sales of the bubbly favourite have fallen by 7% after a decade of growth. Exports to Britain of Italian sparkling wine – most of which is prosecco – stood at over 33 million bottles.

There are various factors into why there has been a drop in exports, including a claim by British dentists that prosecco’s acidity and sugar content was a contributor to tooth decay. However, Luca Zaia, governor of the Veneto region, where prosecco is produced, called the reports ‘the umpteenth Anglo-Saxon crusade against Italian products’. Italian farmers group Coldiretti also hit out at the claims, saying: ‘Nationalistic fake news designed to discredit the Italian drink seems to have had an impact on sales.’