Global Trends - Wine Industry Key Elements

The 4 Pillars of Loyalty Campaigns During COVID-19
With only the guarantee of more change on the horizon, many brands are beginning to sound the same in their approach to customer engagement. Here is a quick guide to creating and delivering proactive, effective communications that will maintain customer loyalty in and after these times of uncertainty.

1. Authenticity is Key - Brands are under a microscope right now and consumers have made it clear that they will judge responses with their wallets.
2. Contribution Over Conversion - Focus on providing meaningful value to your customers rather than trying to generate more business through promotion-heavy campaigns.
3. Optimism Without Overpromise - With net optimism regarding a quick economic recovery post-COVID-19 remaining relatively low, brands should avoid overextending on their predictions and promises to customers.
4. Flexibility Through Omnichannel Experiences - In today’s rapidly evolving environment, flexibility is critical for brands looking to keep up with paradigm shifts in consumer behavior.

Prioritizing specific pillars to complement your business objectives.
1. Protecting Your Best Customers - Demonstrate that you care about their needs and continue to invest in the customer experience.
2. Maintaining Engagement - This next objective is geared toward flexible offers and purchase options that encourage continued member interaction to drive program growth and prevent customer attrition.
3. Re-Engaging Customers - Since many individuals have stated that COVID-19 has significantly altered their shopping behavior, it is important for brands to pivot their messaging and promotions to meet customers where they will be shopping long-term.

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Major Wine Producing Countries

Spanish grape growers halt their harvest strike
As Spanish grape prices plunged, growers halted their harvest. While they are back at work today, the Spanish wine sector remains gripped by crisis.

Growers in Spain’s Valdepeñas DO are to recommence the harvest after leading Castilla La Mancha wine producer, Felix Solis, decided today to reverse a decision to cut grape prices by 30% for most grape varieties. Growers halted the harvest this week to protest against prices, which they said had fallen below their production costs and had threatened to continue strike action for a fortnight.

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German 2020 vintage held back by lack of rain but yields in line with ten year average
German winemakers are expecting a yield in line with the ten year average, after unevenly distributed rainfall resulted in an "extremely varied" water supply, resulting in much smaller grapes than usual.

In younger vines and in vineyards where the water drains away quickly, grapes have remained very small due to a lack of water. In Franken, Saale Unstrut and Sachsen, late frosts also cut the expected yields by up to 30%, and in some cases hailstorms, which localised, nonetheless caused significant damage to the vineyards affected. Sunburn damage to the grapes has also been another factor in the yield being down on last year.

However, while the predicted yield is lower than originally expected, growers are extremely bullish about the quality of the grapes. And coupled with full ripeness the 2020 vintage promises fruit driven white wines and colour intensive reds.

So far the weather has been benevolent, with warm autumn days and cool nights, helping to promote the development of aromas in the grapes, according to the German Wine Institute (DWI).

The rapid ripening which has taken place in recent weeks has now slowed down somewhat, making the harvest a little more relaxed.

The German harvest for new wine and base wines for sparkling Sekt is already in full swing, and vineyards are now turning their attention to the rest of the vintage which will begin in the next few days in many regions.

Source: MarketIQ/Vinex

**Spanish bulk wine sees shipments nosedive during April and May due to Covid-19 impact**

Spain has seen its bulk wine exports nosedive by over a fifth during April and May at the height of the Coronavirus pandemic.

In April, shipments of Spanish bulk wine were down by 22% overall, a drop of 22m litres, while in May, exports were down even more, nosediving by 28% and representing a loss of 30m litres according to figures from Bulk Wine Club.

However, in value terms the losses were slightly less as the average selling price increased during both months.

There was a particularly marked drop off in shipments to China, Russia, France and Canada, though shipments to Germany, the UK, Japan and Denmark were positive.

May was the seventh consecutive month in which Spain exported lower quantities of bulk wine, and the month in which most litres were lost. Figures from March, when lockdown was implemented in many countries including Spain, were better than expected, with a decline of less than 4m litres.

However, April and May revealed the true extent of the devastating impact of Covid-19, with steep declines in sales to several countries. However, the 80% decline in sales in April, rising to 97% in May to Russia was partly the result of the country’s introduction of the new Law on Wine which has a disproportionately negative impact on foreign wines.

Shipment of Spanish wine to China fell off a cliff, down 92% in May alone, while there was also a steep drop in sales to Canada during the two months (down 66%).

However, bulk wine exports to Germany grew by over 6% and gained share as the second largest major destination for Spanish bulk wine, while sales to the UK, Denmark, Belgium, Japan, Finland and the Czech Republic were also up.

Source: MarketIQ/Vinex

**Nuusbrokkies / News Snippets**

**US wineries cannot sue for bad reviews**
A landmark US judgement has agreed that, yes, US customers can leave bad reviews.

A recent court case may have extended the country’s robust free speech protections to the Internet. If so, it will become more difficult for wine companies anywhere in the world to sue for what they consider an unfair review or comment on a blog or in a Twitter, Facebook, Instagram post, or on other social media.

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**New Zealand on coronavirus wine strategies: ‘The outlook may be challenging – but as an industry, we will get through it’**

New Zealand’s wine industry has always benefited from a dynamic wine tourism sector, while international events help boost its exports. But with coronavirus and restrictions on travel, the industry is aware it may have to adjust its strategy.

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