Global and SA Trends

Wine consumption by country, 2020 vs 2019

Source: Vinex Wine Consumption

Major Wine Producing Countries

Italian wine producers expect sales to drop off during 2020 with pessimism greater than during global financial crisis
The majority of Italian wine producers are expecting to see their sales nosedive this year, with pessimism even greater than it was in 2009 at the height of the global financial crisis.

This is according to the 2020 edition of Mediobanca’s annual wine industry survey which reveals that over 60% of the Italian wine companies surveyed expect to see sales dropping this year. The Italian wine sector is under pressure like never before, with tourism and travel retail effectively closed down, exports falling and domestic consumption shrinking due to the pandemic’s impact on the on-trade.

Of the companies interviewed, 63.5% expect sales to fall in 2020, while 41.2% of the sample expects to see a reduction of more than 10%. And with estimates from the World Trade Organisation that the contraction in global demand will be between 15% and 30%, the pessimism extends across the sector, from domestic sales to exports, the report continued.

If Italian wine exports drop, in line with the WTO’s predictions, Mediobanca estimates the largest Italian wine producers will collectively lose between €0.7bn and €1.4bn in sales.

In the domestic market, the bulk of sales (around 65%) are made outside the large retail outlets, from the on trade through to cellar doors, all of which have been hard hit by the lockdown.

"A loss of over €0.5bn is estimated up to mid-May," claimed Mediobanca, which also estimates that sales will stay down as Italy opens up. "The pictures leads us to estimate that the overall contract in 2020 revenues will be in the region of €2bn, as a result of lower domestic sales and exports. The year-on-year reduction for the sector therefore being somewhere between 20% and 25%.”

However, there are some glimmers of hope, with sparkling wine producers reporting more positivity than still wine makers. While over half (55.5%) of sparkling wine producers said they expect sales to fall, they are nonetheless looking forward to the end of the year, when they hope the Covid-19 crisis will be over and people will have something to celebrate.

Mediobanca Research Area, the research arm of Mediobanca investment bank surveyed 215 leading Italian companies with a 2018 turnover of above €20m, as well as another 14 international Italian companies that each have a turnover of more than €150m.

Source: MarketIQ/Vinex,

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How the pandemic could re-shape the on-trade
If major corporations begin to re-think their need for office space, the restaurants and bars of the big cities could be in trouble. Robert Joseph asks what this means for the on-trade wine scene.

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