Global and SA Trends

The IWSR Announces Plans to Launch a Risk Assessment Model for the Coronavirus
The IWSR will aim to provide the beverage alcohol industry with data-driven insights to navigate the situation and mitigate risks as the threat of the coronavirus continues to unfold.

In response to industry demand for greater clarity during global threats, IWSR Drinks Market Analysis, the leading authority on data and intelligence on the global beverage alcohol market, today revealed plans to launch the IWSR Coronavirus Risk Assessment Model (CRAM). This tool will quantify and forecast the impact of key global events, giving industry leaders data-driven insights and situational forecasts to navigate the situation and manage risks.

Available from Q2 2020, and updated quarterly, the IWSR Coronavirus Risk Assessment Model will quantify the virus’ impact to the global beverage alcohol market, including scenario forecasts for the short, medium, and long-term. Click here to read more

Global Trends - Wine Industry Key Elements

US tariffs on European wines give South African exports a boost
South African wines are benefiting from the hefty tariffs currently being imposed by the Trump administration on French, Spanish, German and British wine, with exports up by over 16% in the year ending December 2019.

"The tariffs have been the talk of the industry and there was a great deal of apprehension around the 100% tariff that was subsequently put off,” said Bob Guinn, vice president of sales for Third Leaf Wines, owner of South Africa's Mulderbosch Vineyards and the brand's US importer speaking to Meinigers. "It seemed that most people were waiting to see where that hammer fell before committing to any real category strategy. What I have seen though is a general openness, especially by distributors, to ensure portfolio diversification."
According to the American Association of Wine Economists, South African imports increased 16.4% in the 12-month period ending November-December 2019, which includes the first 10 weeks of the tariff. That was the biggest increase for any country, including New Zealand's 15.7% increase. In fact, total wine imports to the US nosedived by nearly 14% during that period, and also fell more than 4% for countries not affected by the tariff.

"Since Mulderbosch is heavily dominated with white wines, I expect we will definitely see an increased lift come in the spring and summer months as the weather gets a bit more forgiving and more of the tariff price increases hit the market,” said Guinn.

One of the reasons for the surge in South African exports other than the tariffs making European wines more expensive is increased awareness of the country's wines, according to Jim Clarke, the marketing manager for Wines of South Africa US. "I think, maybe five years ago, you might be right and there was a perception that the wines weren't necessarily well made," he says. "But that has changed well before the tariff took effect."

Another reason for hope, added Clarke, is that European-focused importers have started introducing South African labels to their portfolios. And these importers are able to reach a retail and wholesale audience that might not have traditionally considered South African wines. But, if they're looking to replace French and Spanish wines, there are South African varieties that can fill the gap, he claimed, especially for Rhone- and Bordeaux-style blends.

In addition, many importers are now working with more premium wines than in the past, focusing on the $15 to $20 range. This is to take advantage of premiumisation, as well as the awareness that South Africa can't compete in a price war with the largest US brands.

However, that inflexibility with pricing could prove a serious challenge for South Africa. So far, said San Francisco-based Gerald Weisl of WeiMax Wine & Spirits, many French and Spanish producers have worked with their importers and distributors to limit price increases. That means $15 and $20 South African wines are still competing with similarly-priced European wines for shelf space, instead of undercutting them on price.

"As long as the European price increases remain modest," said Weisl, "there's just not that much room for South African wines to replace them."
Source: MarketIQ/VINEX

How to Make Sense of Sustainable Wine Certifications
Discerning consumers are increasingly aware of what they put into their bodies, and concerned about the ethical and sustainable ramifications of products they choose to buy. In the food and drinks space, this is now a mainstream tendency, which started with food, then moved into wine.

These developments are a positive step for the environment, but the rush to certify has also led to confusion among wine drinkers, who are confronted by dozens of logos,
stickers, and labels on the bottles they pick up in a wine shop.
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Note: Also read - VinIntell November 2019
FROM TRADITIONAL TO BIODYNAMIC AND EVERYTHING IN BETWEEN
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Nuusbrokkies / News Snippets

South African producers and buyers hit an impasse over price for 2020 vintage
South African producers hoping to increase their 2020 vintage prices are going to be disappointed as buyers are refusing to play ball, resulting in stalemate.

This is according to VINEX’s regional manager, South Africa, Emile Gentis, who says that whilst it’s too soon to say what the full picture is as harvest is only a few weeks in, the early indications are that volumes will be back to average levels in most areas as dam levels return to near-normal after two drought-stricken years.

“We are looking at an average to good vintage, but no bumper crop expected,” he confirmed.

But the decision to cancel Prowein could hit deals as many producers were waiting to drill down prices and contracts with key buyers there. The key advice from Gentis is to tie volumes down now and keep well away from the traders.

“In essence, the sooner you lock down your volumes, the better quality you will get,” he said.
Source: MarketIQ/VINEX

Minimum unit pricing introduced in Wales to tackle country’s “harmful” relationship with alcohol
Minimum unit pricing for alcohol has officially come into force in Wales, meaning that alcoholic drinks cannot be sold for less than 50p per unit.
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