Global Trends - Beverages

Top 10 world best-selling spirits brands

The majority of the world’s largest local spirits experienced success in 2014, but many international labels stumbled in the volume stakes – meaning the world has a new best-selling spirit brand.

Top 10 best-selling Scotch whisky brands, Cognac and brandy brands, vodka brands, rum brands, world whisky brands, Indian whisky brands, liqueur brands, top nine speciality spirits brands and top five best-selling gin brands.

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Global Trends - Wine Industry Key Elements

Global Wine Industry Update - July 2015

ARGENTINA
The domestic bulk wine market has seen good activity for varietal wines, particularly Malbec, Cabernet Sauvignon and Chardonnay. Prices are slightly higher than last year, but payment terms are also longer. Growers have suffered due to the lack of grape sales, and many have no money to work on the vineyards.

Both bottled and bulk wine exports have improved, with the main destinations being the US and the UK.

There is a significant volume of generic white wine available. It is possible that some of this volume will be distilled, according to a government announcement. Bulk wine prices remain unchanged.

AUSTRALIA
AGWA has released a strategic plan over the next five years, with two main priorities of increasing the demand and premium paid for Australian wine and increasing its competitiveness in the global market. Over the next five years, Wine Australia will annually invest $35 million in research and development, building markets, disseminating knowledge, encouraging adoption and ensuring
compliance.

Australia has officially signed the Free Trade Agreement with China which will end excise duty on Australian wine imports to the Asian country. The agreement, signed last week, will phase out tariffs of 14-20% over the next four years as the countries look to bolster trade ties. China is Australia’s third-largest export market by value behind the US and the UK and accounts for 5.4% of Australian wine exports, or 11.8% in sales terms.

NEW ZEALAND
The total tonnes crushed in 2015 in New Zealand has been reported at 312,000 tonnes, down 27% from 2014.

The New Zealand Dollar against all the currencies of New Zealand’s main trading partners is in retreat. Since April 30, the currency has dropped 9.5% against the all-important US Dollar.

CALIFORNIA
Recent bulk sales remain steady, typical of late season/pre-harvest conditions. Everyone is needing to empty a tank and make that last sale. Regardless, too much wine remains available and in tanks; much of these offerings are getting old, tired, and out of date for the majority of buyers.

The upcoming harvest should be significant.

The supply activity is for newly developed brand offerings, which were either non-existent 10 years ago or were recently purchased labels that have been revamped and marketed for growth, mainly in the premium segment. This growth into premium and ultra-premium wines is targeted by all wine marketers selling in the US market.

CHILE
Chilean wine prices seem to be attractive and demand for wine has seen an increase in the domestic market. Demand from China also continues. Europe normally shows interest at this time of year as well. Varietals like Sauvignon Blanc and Chardonnay have seen particularly high interest and some wineries are already sold out. Suppliers are confident, and the general market feeling is that prices have reached their lowest point.

Exports January to May 2014 vs. 2015: Bottled wine exports showed 0% increase and volume was exactly the same as last year, with 175 million liters exported. Bulk wine exports only showed a 1% increase in volume, and the total exported volume was only 3 million liters more than the last year.

Over the last few years, production costs have increased considerably and grape prices have not been profitable. The majority of growers are investing less or not investing at all in their vineyards. The Chilean Peso continues to be weak against other major currencies, and the currency exchange is favorable for exports.

FRANCE
The French market remained active. However, the situation is much different for generic, varietal and even some AOP rosé wines. Some batches are being put back on the free market, whereas contracted lots are not loading as quickly as expected. This is likely the consequence of high pricing at the beginning of the buying campaign (slowing sales), combined with significant imports from Spain and South Africa. As a result, there are good opportunities currently in this category.

A future giant of the wine industry emerged during last month’s Vinexpo Bordeaux by the name of InVivo Wines. Their strategy is to build a strong international French wine brand capable of competing with New World brands and create more added value for the cooperatives that used to sell mainly in bulk.

GERMANY
Vineyard development is making efficient progress, and everything is looking good so far. This positive prediction will have some negative effects on the bulk wine market for vintage 2014 wines.

ITALY
Italy has been experiencing optimal weather conditions for grapes. A good harvest and production is expected. Stocks are very low at the moment and many of the quality wines have already been sold. There has been some recent demand for generic red and white wines. As of now, prices are stable with a slight upward trend.

SOUTH AFRICA
Compared to the same period last year, stock levels and sales are the same as last year, with only a slight increase in stock volumes for the first six months of 2015. No significant price movement is evident.

SPAIN
The upcoming vintage will be at least as big as the 2014 vintage. The market remains active for all categories, both in terms of sales and loadings. Market prices are increasing for generic red/rose and varietal wines due to low available inventories. Interest is mainly focused on generic white wine, where the best opportunities can be found. There have been some very attractive offers even as low as 0.20 Euros per liter.

The United States, Italy, Switzerland, The Netherlands, China, Canada and Mexico are the top performing markets.

JAPAN
A majority of bulk wine imports are from Chile and the United States, with Argentina, Spain and France making up smaller percentages. There are Free Trade Agreements in place with Chile (2007) and recently Australia, meaning there are no duties on bulk wine shipments, whereas many other countries pay between 24-45 Yen per liter.

CHINA
China has planted 166,000 hectares alone in the past three years, mostly table grapes. Varieties planted in China include Cabernet Sauvignon, Shiraz, Merlot and Chardonnay, with many of these crops being grown in the Ningxia, Suchuan and Hebei provinces.

Consumption of wine is increasing in China as they becoming more educated in wine, and as the middle class grows, showing more purchasing power.

Bulk wine inquiries that are still popular include:
• Large volumes of entry-level varietal red wines, mainly Shiraz or Cabernet Sauvignon.
• Premium reds from regional areas.
• Smaller volumes of entry-level white varietal wines, mainly Chardonnay or Moscato.
• The Chinese market also remains strong for those selling high-end wine packaged wine; many premium options being popular for the wealthy and elite.

Many restrictions are still in place for wine being exported to China, including heavy metals and increasingly the minimums requirements on sugar-free dry extract.

Source: CIATTI Global Market Update - July 2015