Consumer Countries/Markets

US: Small premium wine brands particularly dependent on on-trade, claims Rabobank
The US on-premise sector may only account for approximately 20% of annual wine sales, but while the channel may be small in volume terms, it is “very important for access and for margins,” particularly for small, premium wine brands.

This is according to Rabobank’s recent Wine Quarterly, which reports that there has been some recovery in the on-premise, which Rabobank’s global strategist beverages Steve Rannekleiv describes as: “encouraging, but the sector remains under extreme duress.”

This is particularly so as an increasing number of states have started to close the channel down again in an attempt to stem the spread of Covid-19

Rabobank said it doesn’t expect the foodservice sector to return to 2019 levels until mid to late 2022, led by limited service restaurants and those offering takeout and delivery. However, Rabobank noted that wine under-performs in these segments, while wine bars and full service restaurants which sell a lot more wine likely won’t see a recovery until after 2022.

While the off-trade and e-commerce have gone some way to offsetting the losses in the on-trade, the sector is still down overall. “For small premium brands, accessing major retail chains was difficult going into this crisis, and we expect the penetration gap is likely to get worse,” said Rannekleiv, pointing out that the top 100 wine brands in Nielsen-measured channels have gained share in the off-premise in recent months.

“Many retailers and wholesalers were already complaining of SKU overcrowding and the current crisis has given them an opportunity to reduce SKUs and simplify operations. Rabobank expects on-premise and DTC channels will "remain disrupted components of the small winery trade" for at least the next two to three years.
Source: MarketIQ/Vinex
Global Trends - Wine Industry Key Elements

UK online BWS sales continue to boom, despite re-opening of retail sector
Online wine, beer and spirits sales in the UK continued to surge throughout the month of June, despite the reopening of the retail sector after the government mandated Covid-19 closures.

Sales were up by 3.5% compared to May, representing a 33.9% year on year uptick. In June sales rocketed by 79.9%, second only to electrical goods at 99.7%, according to IMRG Capgemini’s Online Retail Index, which monitors online sales in 200 shops.

With the hospitality sector now having reopened in the UK, the online boom may see a slowdown as consumers have more ways to spend their money. But according to IMRG’s strategy and insight director, the trend is one that is here to stay.

“In June, growth for online retail sales was once again at a rate we’ve not seen since 2008, even with the shops open for half of it,” he said. Commenting on how long the surging sales will last, he said: “For some categories such as grocery and beers, wine and spirits, it seems reasonable to assume that some of the regular demand will have shifted online for good, while for other categories the huge surges they have seen might reach natural limits and slow down.”
Source: MarketIQ/Vinex

Nuusbrokkies / News Snippets

WineAmerica: Wineries’ biggest general worry is ‘how long this will last, and what they will be required to do to cope’
Few periods during the rapid growth of the U.S. wine industry have provided more worry than over the past five months, with COVID-19 mitigation requirements setting up as many business obstacles in California as in Michigan and Pennsylvania. Tasting rooms closed for several months, and only recently started to slowly reopen, with some states now adding additional restrictions because of the increase in the spread of the novel coronavirus.

Tried-and-true distribution networks such as restaurants closed, reopened and now are being limited again. Wineries overall have leaned much more on online sales and home delivery and looked for creative ways to keep their customers engaged.
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