Global Trends - Wine Industry Key Elements

CIATTI Global Market Update - June 2015

There is ample supply of bulk wine in the market. Discussion of lower-priced offers continues. Given the general oversupply, however, the trend towards higher and more premium priced programs has piqued the interest of buyers seeking to exploit the trend. While this remains problematic for larger supply areas, it confirms the trend toward "premiumization" around the world, and the rising prices for varietal wines in premium and super-premium growing areas around the world

Markets in the Southern Hemisphere remain active, with pricing in Chile, South Africa and Australia continues to be attractive to global buyers. Argentine suppliers continue to struggle and concentrate production has decreased in favor of wine. Upcoming crops in both Europe and the United States look decent so far, but as the old saying goes: “It’s a long way ‘til harvest”.

Argentina - The carry-over stock from 2014 amounts to 350 million liters of cheap white wine in over-supply on the Argentine market. All other wines are in balance, with the exception of Cabernet Sauvignon, which is very short and has been seeing very active domestic bulk activity.

Australia - Activity on the Australian market has increased now that harvest is complete. More inquiries are apparent for 2015 whites, including Sauvignon Blanc, Pinot Gris and Chardonnay. Red wines from 2015 are nearing the sampling stage, as more requests are being made for the new stock. Meanwhile, prices remain stable.

New Zealand - New Zealand wine is still showing impressive growth in both volume and value in the USA.

California - California’s bulk wine and grape markets remain sluggish, with limited buying activity and only for specific needs. The industry move towards higher bottle pricing and greater perceived quality continues to put demand pressure on certain varietals and appellations for both wines and grapes. There is weak activity for generic wine and grapes for blending into larger format value programs. Opportunity awaits any buyer who can purchase and move quickly. Prices remain fairly stable.

Chile - The final grapes are being crushed in Chile and expectations are for a slightly bigger volume than previously estimated. White wines remain in demand, especially Sauvignon Blanc. Meanwhile, wine prices remain stable.

France - The French bulk wine market was relatively slow in terms of sales. This is normal for this
time of year, especially for white wines, due to low available inventories, and rosé wines, due to balanced supply. However, it has remained fairly active for all red wines (generic, varietal, AOP), as bottlers and negociants have tried to cover their needs before the new vintage, while in a limited inventory situation. Market pricing for all categories has remained stable thus far.

Germany - The German bulk market has now settled at a lower price level than seen earlier in the year after the slowdown.

Italy - The market remains stable with no significant changes.

South Africa - Sales of South African wines continue unchanged with stable pricing.

Spain - The Spanish bulk wine market remained active with plenty of transactions registered for both red and rosé wines overall. Due to an increase in demand as inventories continue to decrease, market pricing is on an upward trend and is not expected to go down before the upcoming harvest, especially for red wines. Meanwhile, there remains plenty of generic white wine available on the market and really good opportunities are arising for buyers who can load quickly.

Source: Ciatti

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**Online wine sales at 5% worldwide but on the rise**

Online wine sales accounted for a mere five percent of global sales of whites and reds and roses last year but are expected to rise sharply.

Cellars and stores still account for the vast majority of wine purchases worldwide but online sales, amounting to $6 billion (5.3 billion euros), have become a crucial channel for sales with an around sixfold increase since 2006.

There were vast differences worldwide. Online wine sales accounted for four percent of the wine market in the United States, the globe’s top market in value and volume, nine percent in France, 11 percent in Britain and 20 percent of wine imports in China.

Amacon.com was the top website for wine buying, followed by China’s jiuxan.com and Spain’s laviania.es and France’s lavinia.fr.

Source: Yahoo Finance