BI Daaglik - BI Daily

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Consumer Countries/Markets

USA: Wine Sales Up, Winery Profits Down
The pandemic has turned the US wine market on its head as consumers embrace new buying habits. While US wine sales overall are up, 57 percent of US wineries who responded to an executive survey say their own sales are down.

How is this possible? Big wineries are taking more market share at the expense of small wineries. This was one of many nuggets of information from the Wine Industry Financial Symposium, held online this week.

The executive survey conducted by Sonoma State University is an annual highlight of the symposium as it gives a snapshot of what individual wineries are facing, which cannot always be gleaned by looking at overall numbers.

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Economic Environment

Level 1: Alcohol industry concerned about off-consumption restrictions
South Africa's alcohol industry welcomed today's announcement by the government to place the entire country on Alert Level 1, but raised concerns about the continued restrictions for off-consumption sales of alcohol which will now include Fridays and the curfew being extended to midnight. These measures will come into effect at midnight on Sunday, 20 September.

Kurt Moore, CEO of the South African Liquor Brandowners Association (SALBA), said while the industry acknowledged the challenges facing the government in its efforts to stem the pandemic and prevent a second wave of infections, we must begin rebuilding the economy.

"Extension of trading days to Friday for off-consumption and two hours extension for on-consumption to midnight is a step in the right direction, but not far enough for our sector that is struggling to recover from the two waves of bans on formal sales of alcohol during the lockdown,” said Moore.

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Global Trends - Wine Industry Key Elements

Northern Hemisphere Harvest 2020
The Northern Hemisphere is amid harvest and crop sizes appear mixed, with those in California, Spain and Italy looking down on their long-term averages (but perhaps only marginally) and the
crop in France potentially up (again, albeit marginally). The tail end of Europe’s growing season has passed without extreme climate events, but in the West Coast of the US numerous and severe wildfires have raised significant smoke exposure concerns in California’s Coastal growing areas, triggering a surge in buying activity on California’s remaining 2018 and 2019 bulk inventory.

Estimates
Spain: 42 - 43 mhl (+10 - 15%)
France: 44.7 - 45.7 mhl (+6 - 8%)
Italy: 47 mhl (-1%)
California: Slightly lighter than 24 mhl (2019)
Source: Ciatti, other industry media

Major Wine Producing Countries

Chilean wine comes out of the cold in the US market
Chilean wines have been stuck with a low-cost image in the US market and sales have struggled in the past decade. But as consumers look for value, Chile’s star is rising.

Chile is the seventh largest source of wine imports in the USA, and the only country in that top seven to experience growth in the first quarter of 2020; sales to 30 June 2020 represented an uptick of 40.7% in volume and 36.5% in value, to a total of $18.88m.

However, Chile still has some way to go. The growth in sales was mostly enjoyed by Chile’s big brands, according to a statement from Wines of Chile, with the biggest growth in the $11-$15 category.

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Chilean Wine Sales Are Up, Reversing 10-Year Trend
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