Global Trends - Wine Industry Key Elements

Asian Millennials Are The Dream Market The Wine Industry Has Been Waiting For
As a millennial in the wine world, much of it can leave me feeling like a sapling in an old-growth forest. However, Asia’s wine scene (especially China’s and India’s) is throbbing with young blood. Known for their technophilia, health-consciousness and willingness to embrace a new, personalised style of luxury, Asian millennials are in some ways the dream market the wine industry has been waiting for. Here, we dig into factors driving the youthful embrace of wine in Asia and suggest some wines to share with your favourite under-40s.

The science behind what we drink — and the effects that water, milk, caffeine and alcohol have on our body
What do you drink in the course of a normal day? Most people probably don’t contemplate this, especially if they’re settled in a routine.

We’ll reach for plain old water simply because we are thirsty, whereas we might have a coffee or a Coke when we want a boost. We’ll have a tumbler of orange juice in the morning, crave a pint after work, and open a bottle of wine with dinner because we’ve earned it. TV might be accompanied by whisky, or else something warm and milky before bed.

Is wine premiumisation a doom loop?
A warning for the US wine industry: wine premiumisation can be a path to ruin.

Wine sales figures for the first half of 2019 show that the premiumisation trend in the US has begun to head south. The question every wine producer should be asking themselves is: “So what do we do now?”

Californian wineries are thinking about premiumization, higher revenues, and greater profitability – and what better way to demonstrate the focus on premiumisation than by
pushing up prices? However, the argument against such a push needs to be considered. Should wine producers chase short-term profit by pushing prices higher – or is it time to focus on creating more wine consumers for long-term business growth?

Wine producers might think customers will support price increases in the next 12 months; however, there is already ample evidence that recent price increases are dissuading consumers from choosing wine as their beverage of choice. Further price rises are only likely to exacerbate that trend.

France’s failure to recognize that a premiumization focus would lead to a stagnation of its customer base is the reason why today almost 80% of wine consumed in France is by 55+ year-olds. Although France is indisputably one of the leading, quality wine-producing countries in the world, its future doesn’t seem promising without a plan for attracting new consumers to its wines.

That a parallel situation is now occurring in the US that should be of concern. European wine market history shows that failing to recruit new wine consumers is the last thing the US wine sector should be doing right now. As the number of wine consumers in the US has stalled in recent years, the local wine sector should avoid profiteering in favour of new market investment. Here is where the US wine sector’s global leadership in business practices can come to the fore.

Europe ignored a decline in domestic consumers in the 1970s and ended up losing generations of wine consumers in its pursuit of quality-driven premiumization. The US wine market has an advantage in that its business culture has a customer focus.

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