Consumer Countries/Markets

UK alcohol market returns to growth

The WSTA’s Q2 2015 Market Report shows that the UK alcohol market has returned to growth following years of continuous decline.

A combination of factors including duty cuts and lower inflation has seen price inflation slow considerably, particularly in the off trade, which is positive news for consumers and a clear of benefits being passed on by producers and retailers.

While the overall picture is positive, the market remains fragile with many categories continuing to face tough trading conditions. The wine market remains in overall decline with volumes falling by over 2% over the year. Wine volumes have not shown overall growth since 2010 and in that time the market has declined by nearly 15%.

Key highlights of the Market Report include:
• Volume and value in the off trade grew by 2%, showing that prices remain broadly the same as this time last year;
• Beer (3%) and spirits (3%) as well as sparkling wine (28%) and champagne (2%) led the growth in volume, while still wine (-2%);
• Volumes declined in the on trade by 2% and value increased by 2%;
• Beer (-2%), wine (-3%) and spirits (-3%) led the decline with only cider (1%), sparkling wine (20%) and fortified wines (5%) showing any growth;
• Sparkling wine continues to be the standout category with growth of 20% in the on trade and 28% in the off trade, with volumes increasing by around 29% in 5 years;
• Spirits in the off trade showed strong growth in the past 3 months with a 6% volume increase, this includes the period following the 2% spirits duty cut.

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Germany: the elevator pitch

Six talking points that describe where the German wine market is in 2015 – and where it is going.

1. Traditional
   Germany is a traditional wine market; the most popular country of origin for wines is Germany itself, followed by France, Italy and Spain. For the moment, the New World struggles for attention:
South Africa is the most popular New World country, and yet only one in five regular wine drinkers have bought wine from there in the last six months.

2. Patriotic
Linked with their traditional approach, German wine drinkers like to be patriotic in their choices.

3. Restrained
Germans are also very modest in their level of wine drinking – the market is the world’s fourth biggest in volume but only eighth in terms of per capita consumption.

4. Slight gender skew, dramatic age skew
Beer remains hugely popular, with 73% of German wine drinkers drinking beer. The popularity of beer helps to cast wine as a female preference, with women accounting for over half of wine drinkers.

5. Slightly more free spending
The average spend has increased significantly since 2013, for both casual and formal meals in the on-trade, as well as in the off-trade.

6. ... with some changes afoot
Rosé has attracted significantly more regular wine drinkers since 2013 and Shiraz, Pinotage, Pinot Grigio and Sauvignon Blanc are all on the list of up and coming grape varietals.

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Global Trends - Wine Industry Key Elements

What’s in name? Actually quite a lot

New Wine Intelligence research confirms the relationship between ease of pronunciation and purchase.

Wines called Malbec, Rioja, Merlot or Pinot Grigio are on the rise while wines with names such as Agiorghitiko or Kékfrankos face an uphill struggle.

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