Major Wine Producing Countries

US: The Great Wine Industry Shake-up

Climate change and real estate are creating under-the-radar opportunities in wine. Consolidation has put small and medium-sized wineries in a vise. Climate change and soaring real estate prices have tightened the screws. Cult labels, of course, will do just fine, but the small-batch winemakers who may make a great product, but don't have international acclaim, may struggle.

What's happening in the US, being the largest market for wine in the world (guzzling 13 percent of the planet's supply at the Wine Institute's last count), and arguably the noisiest customer in the room, often dictates trends and consumption patterns. The consolidation of top US wine producers has changed the landscape for small-and-mid-sized wineries, simply from a logistical perspective. M&A activity has been rampant in recent years. All of the market consolidation has led to salespeople with bigger and bigger portfolios. Small and mid-sized wineries are struggling to get traction in the market because they don't have a strong advocate in their distributors.

Sales growth of wine overall in the US is expected to continue its steady ascent of between two percent and four percent, according to the closely watched State of Wine Industry 2018 report from Silicon Valley Bank's Wine Division. But the premium sector is headed for a softening, with growth between four percent and eight percent this year, down from 2017's growth of 10-14 percent.

Compounding the concerns about flattening revenue and market traction are the intangible, but all too real, realities of climate change and real estate prices. This summer, heat waves have crippled cities across the world. Some of the most well-regarded wine regions in the world will no longer be able to grow wine, doom-sayers opine: Tuscany, Bordeaux, Rhone, Napa and the coast of Chile are just a few of the regions scientists and winemakers have sounded the alarm on.

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Australian bulk prices rise as short harvest meets Chinese thirst

This is the conclusion of a report from Australian bulk wine specialist Austwine which describes the quality of the 2018 harvest as "high quality", while saying that it is "clear to most, of not all players, that the 2018 wine grape crop has been unable to fulfil current demand". The Austwine statement has emerged ahead of the official crop figure release later
this month, but appears to confirm early reports that the total Australian crush for 2018 will be down between 5-10% on 2017, which it describes as a record harvest of 1.930 million tonnes. Traditional markets such as the UK, where up to 80% of Australian wine by volume is shipped in bulk, will have to fight (and pay) that much harder for their share of Australia, with strong completion and demand being driven by China.

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