Consumer Countries/Markets

COVID19 - POSSIBLE IMPLICATIONS FOR THE WINE INDUSTRY?
As stated by the president on 23 April 2020, relevant Ministers will over the next few days consult and then publish regulations and specific directives. We are aware that a number of draft documents are currently in circulation, but can only act on published regulations in the Government Gazette.

While it is our understanding that the export of wine and related processes, as well as certain local licenced outlets (GWL – grocers with licence), are listed under level 4 (permitted from 1 May), we would caution business owners against basing any decisions on this until formal publication of any/all regulations.

There are also a number of questions that still need clarification (intent and interpretation) such as:
• Will the export of wine via road be allowed (African countries)?
• Will wine be classified as an essential product or exempted product?
• Will all imports be allowed?
• When will online sales be allowed?
• Provincial and metro restrictions that might be implemented?
• Specific procedural and safety protocols required?

NEXT STEPS
We will continue to engage and deliberate with relevant Government departments to ensure clarity/certainty to the wine industry and will communicate any official outcome as we go along. It is of the utmost importance to reiterate that as per the President’s address it will not be business as usual and all necessary precautionary steps (protocol) with regard to safety of personnel and workplace should be implemented.

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Global and SA Trends

European wine consumption expected to decline as impact of lockdown hit home
Wine consumption in Europe has been predicted to dwindle as the lockdown to contain Covid has seen bars and restaurants forced to close.

According to the European Commission, wine consumption in the EU’s 27 member states is
predicted to fall to 108 million hectolitres, or 24 litres per capita, in the 2019/20 (August-July) season, a drop of 8% compared to the average of the last five years.

A slight increase in retail wine sales, which comprise nearly three quarters (70%) of consumption, was not sufficient to compensate for the sharp drop off in the on-trade.

The impact was different according to the type of wine, according to the EU, with consumers mainly buying mid-priced still wines rather than sparkling wines, which are mostly bought for celebrations, and highly priced wines mainly consumed in restaurants and bars.

Wine exports were expected to fall 14% from last year and compared to the average this season, hit by falling demand in key markets such as China and extra tariffs in the US, a large export market.

Last year the US imposed 25% duties on an array of European goods including French wine and European cheeses, as part of Washington’s response to EU aircraft subsidies.

Wine exports had risen slightly ahead of the introduction of the tariffs in October but the Commission expects shipments to fall overall as global demand is also hard hit by quarantine measures.

“Although the wine sector (in particular French) has taken actions during these months to keep its market share, this positive evolution is not expected to continue,” said the EU.

Source: MarketIQ/VINEX

Global Trends - Wine Industry Key Elements

Redefining Loyalty: 6 Strategies to Shift Priorities During a Global Disruption
To state the obvious, our lives have changed drastically and although we are optimistic, normal life will likely not resume to exactly how it was within the foreseeable near future. With these changes come brand new challenges in the field of marketing, especially in loyalty program marketing. Among the many questions up in the air at the moment, it is important for brands to answer the following as they look to make decisions about brand-customer communication and relationships in our current climate:

What is the realistic definition of loyalty in times when everyone is in ‘survival’ mode?

How can marketers empathize, sympathize, and be good, responsible human beings in these uncertain times?

Six vital strategies that will help brands and consumers alike:
1) Be attentive to your brand message. What is the accumulated impact of your decision making on your brand voice and image?
2) Change Loyalty program rules to be mindful of the current emotional, financial, and physical state of consumers during this time.
3) Focus on how you can improve the use of your data.
4) Create intuitive user experiences through desktop and mobile applications.
5) Adopt the most efficient technology to reduce operational costs, especially to offset lower demand.
6) Be positive and think post-crisis.

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Strategies Africa's tourism requires to manage blow from coronavirus

Tourism has become an important economic sector for most African countries in the last two decades. There has been increased investments in product development and enhancement, aggressive marketing, coupled with appropriate business-friendly socio-political reforms.

The World Bank reports that one in 20 jobs in sub-Saharan Africa is in the travel and tourism sector. The United World Tourism Organisation estimated that about 67 million international tourists visited Africa in 2018, generating about US$38 billion for the continent. The organisation also estimated an increase of 4.2% in international arrivals for the continent in 2019.

Tourism has been one of the hardest hit sectors since the disease was first detected. Even when the outbreak is over, it could take up to 10 months for the tourism sector to recover. For emerging destinations like those in Africa, it could take well over a year.

The tourism sector is resilient and has often overcome crises. Strategies to cope with crises include preparedness, rapid development and deployment of a response network. It also includes managing mainstream and social media, and introducing measures to promote swift recovery. These measures provide assurance for early detection and management of the disease, including provision of protective equipment. They should be put in place and properly communicated through well-coordinated and targeted marketing advertisements and campaigns.

This kind of post-crisis marketing should also consider clearing misconceptions about the scale of the pandemic in Africa. In disseminating such messages, both the traditional and non-traditional media could be used including social media, YouTube and other digital platforms.

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