Global Trends - Wine Industry Key Elements

Where is social media heading next?

"German regulators just outlawed Facebook's whole ad business." The story behind the headline on Wired Magazine's online newsletter this month should have attracted more attention. The ruling by Germany’s Bundeskartellamt (anti-trust office) applied to the fact that, in order to have an account on the platform, the user is effectively obliged to allow it "practically unrestricted collection of non-Facebook data". This not only includes information from services owned by Facebook such as WhatsApp and Instagram, but also an almost unlimited number of other third party websites with whom the social media giant shares its data.

If Facebook and Google are to adapt, the most obvious way for them to do so would be to emulate their counterparts in China. Where the American behemoths depend on advertising for their income, the Chinese are focused on transactions. 'Social commerce' is, as its name suggests, a marriage between social media and retail distribution.

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Major Wine Producing Countries

Australia Struggles to Go Premium

Can Australia shake off its reputation for cheap and cheerful wines? It's a familiar tale. Industry giants unleash a highly successful brand onto the world, subsequently forging a monolithic and overarching identity for an entire country. In Australia’s case it was Yellow Tail, a cheap-and-cheerful brand. The massive success of Yellow Tail led to a surge of imitation brands, all of which helped to reinforce the image of Australia as the maker of sunshine-in-a-bottle wines.

Wine buyer Peter Mitchell MW expands upon the theme. "With the premium Australian brands that we work with, demand remains patchy," he says. "I don't think Australia has 'overturned its image'... I still believe that much needs to be done in terms of getting consumers to appreciate how brilliantly these top wines age (in many cases better than their European counterparts), but a lack of availability of mature stock severely hampers this."

Ultimately though, it is clear that in the short to medium term at least, Australia's firmament...
of icon wines are likely to remain a niche part of the upmarket dining and retail scene – at least in Europe and the US. But growth in mid-range Australian wine imports is a welcome slice of good news – following well-publicized difficulties, brand Australia seems to be clawing back consumer good will and interest. Much will depend, of course, on whether the trade is prepared to work harder with producers in promoting these excellent, characterful wines, but independents at least seem up for the challenge.
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**French exports to China take a tumble as economy stagnates**

French wine and spirits shipments to mainland China plummeted by 14.4% in value last year amid the country's economic slowdown and ongoing trade row with the US.

However, exports to Hong Kong remain strong, according to the latest figures from Federation for Wine and Spirit Exporters (FEVS). The trade association reported that direct sales to China, which is France's third largest overseas market after Europe and the US, dropped by 14.4% to €1 billion last year, though this decline was partly offset by sales to Hong Kong and Singapore.

"The Chinese market is largely supplied via Hong-Kong and Singapore, which is not accurately reflected by export figures," said Antoine Leccia, president of FEVS. "At €2.5 billion, 2018 is the second-best year for French wines and spirits exported to China / Hong Kong / Singapore, confirming the long-term dynamics of the Chinese market."

The rest of Asia is "growing strongly" said FEVS, with sales of French wine close to 1 billion Euros, representing a 4.7% increase. China's wine imports in volume terms dropped by 8.95% according to Chinese customs, and value levelled out with a 1.1% increase with the main importing countries, including France, Australia, Spain and Italy all experiencing declining value apart from Chile.

Within the EU, which accounts for a third of the value of French wine exports, sales were up for the second consecutive year, with a 2.2% increase taking the value of sales €4.5 billion. Despite Brexit uncertainties, exports to the UK stabilized at €1.3 billion, a small drop of 0.6%. Meanwhile the US, France's largest market, continued to grow steadily with exports up 4.6% year-on-year to €1.2 billion.

Overall, French wine and spirits exports smashed through the €13 billion barrier in 2018 for the first time to €13.2 billion with 78.9 billion for wine and € 4.3 billion for spirits.
Source: Vinex Market IQ 25/02/2019

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**Climate change makes England´s vineyards perfect for sparkling wine**

The damp and cool English terrain hasn't traditionally been known for producing quality wine. But vineyards are sprouting up all over the countryside as climate change makes England increasingly suitable for making sparkling wines to rival those of France's Champagne region – winning prizes at international competitions.
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