Consumer Countries/Markets

**US wine volumes will be flat during 2020, with surging sales in off-trade offsetting on-trade losses**

The amount of wine sold in the US this year is predicted to be largely flat, with the surge in off-trade sales offsetting the decline in the on-trade.

However, according to the Wine Intelligence research, the implications of a switch from higher value on-premise product to mainstream priced off-premise product would lead to a “significant” value decline in the US market this year, even though overall volumes are predicted to remain stable.

According to consumer data collected in March and April, off-trade sales volumes will increase by around 10% year on year, while the on-trade will see volumes plummeting by nearly a third (29%). The forecasts are based on the assumption that there will no no second outbreak of the Covid-19 pandemic hitting the US in the winter. Even if there is a second wave of the virus with a lockdown in October and November, Wine Intelligence still paints a relatively rosy outlook, with the worst case scenario indicating a decline of around 2-3% in total wine volumes, while the on trade will see sales nosediving by around 50%.

Lulie Halstead, CEO of Wine Intelligence, said: “In line with what was observed in the wine market during and post the global financial crisis of 2008-10, wine volumes held up in the US market, but the mix shifted towards more value brands, favouring both domestic and more dominant import brands both of which we anticipate seeing in 2020’.”

Increased tariffs and the dominance of domestic wine sold via the online and DTC channels had already put pressure on imported brands in the US market and “these current shifts will further the pressure on exporters to the US market”, she added.

The research comes in the wake of a Wine Intelligence report released at the beginning of May announcing in which it claimed that wine sales in the US had nearly returned to pre-pandemic levels after an early spike in online sales.

Source: MarketIQ/Vinex

**Wine imports to China plummet by over a quarter during lockdown**

Wine imports to China have nosedived during the Corona-19 lockdown, according to newly released customs figures, but some industry watchers believe there are already signs of recovery in the market.

Bottled imports to China dropped by over a quarter in both volume and value in the four months from January to April 2020 compared to the same period last year, to 107 million litres of wine, a
26.6% decline. Meanwhile, the value of bottled wine imports slumped by 27.5% to US$523m.

If sparkling wine, bulk wine and grape based spirits such as Cognac are included in the figures, then the total value of shipments dropped even further, by 31%.

However, Chinese imports had already been slowing, even before the lockdown was imposed. “It’s worth noting that in 2019 Chinese wine imports had already seen a sharp drop from 2018,” said Chinese wine expert Professor Li Demei, speaking to Decanter.

“The decreasing trend is due to a profound change in China’s economic growth pattern and market structure, the impact of the coronavirus crisis in 2020 comes second.’”

He claimed that the decrease in imports during the first quarter of 2020 is in fact not as significant compared to the first quarter of 2019. In April 2020 imports dropped by 44% in volume and 50% in value, even though most Chinese cities had eased lockdown restrictions by then. “This is due to a delay effect of market performance to import statistics,” said Professor Demei, hinting that the impact of the pandemic will be felt long beyond April.

Source: MarketIQ/Vinex

Global Trends - Wine Industry Key Elements

Building Omnichannel Loyalty in an Increasingly Contactless Retail World
The unexpected hit of COVID-19 has jolted the retail world into a need for transformation. In March, when stores were suddenly shuttered, retailers had to quickly pivot their omnichannel approach, from evaluating brick and mortar to creating contactless customer experiences.

While the pandemic has accentuated the pain points of the entire retail industry, it has also accelerated conversations about how and when retailers will evolve. According to Epsilon’s recent survey, Consumer Sentiment during COVID-19, 1 in 7 consumers across generations aren’t sure what will reassure them to return to retail storefronts.

There are three key themes emerging that we believe will help retailers succeed in building brand loyalty in an increasingly contactless world:

1. Optimization of the customer experience
2. Treating loyalty as an outcome, not just a program
3. Ability to quickly adapt and pivot

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