BI Daaglik - BI Daily

27 March 2020

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Consumer Countries/Markets

VINPRO COVID-19 NUUS/NEWS
27 Maart 2020
WYNBEDRYF MAG VOORTGAAN MET PARS- EN KELDERAKTIWITEITE

27 March 2020
WINE INDUSTRY MAY CONTINUE WITH HARVESTING & CELLAR ACTIVITIES

[VINPRO COVID-19 NUUS 27032020]

Global Trends - Beverages

Low and no alcohol wine sector gaining traction- some key facts

- Demand for no and low alcoholic drinks is on the up, and expected to continue
- In the UK, the sector only accounts for 0.7% of the market but it saw a £22.4m million increase in the past year, reaching a value of £117m
- The IWSR predicts new product entrants will result in consumption increasing in the US by 18% each year over the next four years
- According to The Global SOLA wine opportunity index 2019, the biggest opportunities for lower alcohol wines are in New Zealand and Singapore, while for no alcohol wine it was Sweden, Hong Kong, Finland and Singapore
- In Sweden and Finland, lower and non-alcoholic wines are relatively more popular as they are much cheaper than conventional table wine
- No alcohol wine has been performing more strongly than low alcohol, (up by 3% and 12% respectively since 2015)
- Despite the growth, they still represent a small percentage of the total wine market, at 0.03% for low alcohol and 0.13% for no alcohol
- However, these categories are both showing positive growth, while table wine is predicted to remain stagnant
- The key consumers for lower alcohol wine are in the UK, accounting for 47% of consumption, followed by Japan (30%), Finland, the US, Australia, France, Belgium and the Netherlands
- Australian consumption of lower alcohol wine is not predicted to grow and only accounts for 0.4% of total consumption
- Nearly a quarter (24%) of lower alcohol wine consumed in 2018 was sourced from Germany, and 22% from France. However, 43% was undefined
- For no alcohol wine, the largest consumers in 2018 were from Germany at 41%, followed by France (18%), and the UK (14%).
- Australian consumption, currently only accounting for 0.4%, is set to grow by 18% annually to
Nearly half (42%) of the no alcohol wine consumed in 2018 was from Germany, 15% from France, while 22% was undefined.

Source: Wine Australia/VINEX

Sparkling wine emerged as most mentioned wine category among industry experts

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Sparkling Wine is the Most Mentioned Wine Category in H2 2019

Global Trends - Wine Industry Key Elements

Social drinking at a time of social distancing

As people move their drinking and social habits to the online world, social media content & engagement that offers a sense of discovery, community and social giving will do well in today’s climate. Both consumers and industry professionals are leveraging social media as they adapt their social drinking habits to the virtual world.

Virtual happy hours, hosted on video-chat platforms limited to a particular group of friends or colleagues. However, brands can get in on the action by promoting virtual happy hours via their social media channels and offering advice on how they could be run and what beverages could be consumed. Hashtags promoting friendly “challenges” between friends online are also keeping consumers engaged while, in some cases, helping to also raise relief funds for the industry.

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Nuusbrokkies / News Snippets

Premiumisation trend under threat due to Covid-19 pandemic, claims industry expert

The trend towards drinking less but better is under threat, according to an industry expert who has warned that the Coronavirus pandemic may have change consumers’ drinking habits for good.

Premiumisation has been largely driven by the on-trade, pointed out Spiros Malandrakis, industry
manager for alcoholic drinks at Euromonitor International, and now that consumers are being forced to stay at home, this trend is in jeopardy.

"The on-trade has been the pedestal for driving the premium narrative. The trade has embraced it like a religion," said Malandrakis. But with most people now in enforced isolation at home, and many with less disposable income, they will be thinking more carefully about how they spend their money, he claimed.

And even if cost is not an issue, consumers are still likely to rein in their spending. "What we saw in the recession of 2008 was that even if people could afford more expensive wines or niche varietals, they didn't buy them because it looked crass. The context has changed."

Malandrakis is now advising businesses to include entry level and ‘trading down opportunities’ as people curb their spending. He estimated that it would take the on-trade between three to six months to recover from the impact of the Coronavirus, though a war-time mentality could linger for much longer. He pointed out that in China, where the majority of bars and restaurants have now opened, they are restricting the number of consumers through the doors. "When we come out of our bunkers in three to six months in a best case scenario, the world we come out to will not be the same world we left."

Source: Market IQ/VINEX