Global and SA Trends

**Global Wine Impacts of Coronavirus Crisis & Recession: OIV Update**
April 28, 2020 By Mike Veseth, The Wine Economist

The OIV released their annual “State of the World” wine sector report last week (via social-distancing video conference, of course) and it is noteworthy both for its view of the recent past and its tentative analysis of present conditions and future trends. (Click here to read more BI Daily 23 April 2020).

Globally, we are looking at two important changes: a shift in sales channels and a fall in demand, immediately in some regions and eventually in others. Wine sales via bars, restaurants, and travel and tourism-related vectors (think cruise ships and duty free shops) have collapsed and it is unclear how quickly these market will recover even when the green light is given to re-open.

Supermarket and e-commerce sales have risen. In some regions there is a net gain in sales at least in the short run, but this is not true everywhere. In the U.S., for example, off-premise sales have surged enough recently to produce a net gain in wine revenues in the short run. Net decreases in both volumes and sales values are projected for parts of Europe where bar and restaurant sales are especially important and travel and tourism are big factors, however, with a resultant rising surplus of wine. Crisis distillation, which we think of as an artifact of the bad old days of the EU wine lake, seems likely to return, and in a big way, in order to stabilize wine producer and grower incomes. Maybe the industrial alcohol that will result can be used for hand sanitizer?

The shift to e-commerce will be welcomed by many small and medium-sized producers who have lost on-trade accounts and cannot compete effectively for high-volume supermarket sales. The crisis is an accelerant in this regard, speeding up an existing trend. Click here to read more

**European vineyards may have to turn a billion litres of wine into industrial alcohol amid a huge surplus caused by the coronavirus outbreak, French politician warns**
French MEP Éric Andrieu, from the winemaking Aude region, has said vineyards are dealing with more wine than they can store. Andrieu said distillation 'will allow wine growers to get by' this season. France, Italy and Spain have asked the European Commission to approve a 'crisis distillation'
Leading with purpose: How marketing and sales leaders can shape the next normal

Chief marketing and sales officers have a defining role to play in navigating the current crisis - and in steering their companies’ success in the world that emerges from it.

The new reality
Digital adoption at breathtaking rates
Consumers and customers have significant concerns about the economy
Huge market uncertainty

Three main lessons from recent downturns
1. Optimize for lean
2. Marshal resources
3. Be bold and maintain a through-cycle growth mindset

How leaders can shape the future across three horizons
Navigate the now
1. Lead with purpose
2. Take care of employees and customers
3. Build up cash reserves

Plan for the recovery
1. Accelerate digital ambition and analytics engines
2. Be ready to capture early demand

Lead in the next normal
1. Rethink ecosystems
2. Virtualization