Global Trends - Wine Industry Key Elements

Consumer sentiment around the world: Trending upward

In many countries, consumers felt less financial pressure in 2016 than they did the year before.

- Fewer consumers worldwide said they traded down either to cheaper brands or to private-label products, and more consumers traded up. The largest increases in trade-up behavior were in Western Europe - specifically, the United Kingdom, Germany, and Italy - as well as in India.
- Trading up doesn't necessarily mean buying branded products. Across Western Europe, trading up can mean switching from lower-priced private-label products to higher priced private-label products.
- In India, the categories with the highest trade-up rates - alcoholic beverages and personal care products - are the same as in the rest of the world. The driving forces are rapid urbanization and the expansion of modern retail outlets that carry higher-end products.
- The explosive growth of e-commerce - online retail - in China and India continues apace.
- Quite the opposite is happening in Brazil, where the challenging economic and political environment has spurred more consumers, especially those with low incomes, to opt for cheaper products. And when consumers in Brazil's middle- and high-income classes trade down, most find themselves satisfied with the cheaper products and no longer want to trade back up.

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Decline of Global Beverage Alcohol Consumption Accelerates

According to the IWSR's latest data release (2016 data), the consumption of alcoholic drinks is declining at an increasingly faster rate than has been previously reported by other data companies. For 2016 the IWSR reports that the global market for alcoholic drinks shrunk by -1.3%, compared with an average rate of just -0.3% in the previous five years. The reasons for the accelerated downward trend include a faster decline in beer, a reversal of trends for cider and slowing growth for mixed drinks.

Cider declined by -1.5% after years of solid growth. The markets responsible for this reversal of trends were South Africa, which saw decline following a period of growth, and especially the US, where volumes collapsed by -15.2% after years of double-digit growth.
Beer declines accelerated in 2016, with the category down -1.8%, compared with a five-year rate of -0.6%. The global trend is a reflection of developments in three of beer’s largest markets: China, Brazil and Russia, which all saw steeper declines than in previous years, declining at -4.2%, -5.3% and -7.8% respectively in 2016.

Global spirits grew by 0.3%. Vodka is dragging down overall spirits performance, declining at -4.3% last year. Volumes were boosted by gin (+3.7%), tequila (+5.2%) and whisky (+1.7%). The negative trend in vodka is largely due to steep volume losses in Russia (-9.3%), which nevertheless remains vodka's largest market by far. Key growth markets for total spirits last year were China, the US and Mexico.

Wine was flat overall (-0.1%), with sparkling wine growing at 1.8% and still wine down by -0.5%. This is roughly in line with the trend of the previous five years.

Widely seen as the most accurate source of beverage alcohol consumption trends, the IWSR does however predict improving fortunes for the total global drinks market, with consumption forecast to increase by 0.8% until 2021. Whisky will be one of the main growth drivers as volumes are expected to grow by 650m litres by 2021. Global consumption of mixed drinks is expected to increase by more than 400m litres over the next five years, while sparkling wine is likely to add more than 220m litres. Beer is also forecast to show strong growth in many Asian and sub-Saharan Africa markets. 
Source:  www.theiwsr.com

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**NZ Wine signs biosecurity agreement**

31/05/2017
New Zealand Winegrowers CEO, Philip Gregan, signed the Government-Industry Agreement (GIA) deed for biosecurity readiness and response on behalf of the wine industry yesterday afternoon in Wellington.

"Signing the GIA deed secures the wine industry a seat around the table when decisions are being made on biosecurity issues”, said Gregan. "Making decisions in partnership with government provides the opportunity to influence how the wine industry is impacted in the event of a biosecurity response and ensures we deliver the best outcomes for our members."

“This is a significant step forward in helping to ensure the sustainability of the wine industry”.

New Zealand wine exports reached a record $1.65 billion in April year end 2017. New Zealand wine is exported to more than 90 countries, and is New Zealand’s 5th largest export good by value. The industry is working towards a goal of $2 billion of exports in 2020. 
Source: DailyWineNews