Global Trends - Wine Industry Key Elements

Wine descriptions provoke emotional response, study finds

CONSUMERS are much more influenced by wine label descriptions than previously thought. Research by the University of Adelaide has shown wine descriptions can alter consumer emotions, increase how much they like a wine and encourage them to pay more for a bottle.

The researchers found “cleverly written” wine and producer descriptions can evoke more positive emotions. The presentation of more elaborate wine descriptions, which included information regarding winery history and positive wine quality statements, significantly increased the preference rating the consumers allocated to the wines.

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UK: Average price bottle of wine passes £5.50

The average price for a bottle of table wine in the UK has passed £5.50 ($9.50) per 75cl bottle for the first time.

The new average is £5.56, up from £5.34 in the third quarter of 2015, with Brexit and the resulting devaluation of sterling being touted as the reasons. Out of that £5.56, about £1.11 goes to the Exchequer in value added tax (VAT), and a further £2.16 is taken by the Chancellor in duty. That leaves £2.19 for bottle, capsule, box, transport, profit and wine.

Producers, no matter from which country, bemoan the meanness of the UK consumer and the harsh bargaining of the retailers. Going back eight years, a bottle of wine retailing at £5 should now, with inflation, be retailing at about £6.15. The fact most of those wines that were £5 wines in 2009 are still £5 in 2017 shows there is something fundamentally wrong with the system.

If wine prices increase and wine stops being the go-to source of cheap alcohol, there is nothing wrong with that. TKR is not convinced the committed wine drinker will forgo the pleasure of the drink; they may adjust their pattern of consumption: cheap on Wednesday, not so cheap on Friday, and a posher bottle to show off to friends when going out to dinner on Saturday.

Prices are cheap because of global over-production. Though the International Organisation of Vine and Wine (OIV) shows concern about production, we think less quantity will be better for the whole industry, as some current prices are very low. In the first quarter of 2017 Spain exported
525.6 million litres, up 8.9 per cent, worth €628.6 million ($946.1 million), up 8.8 per cent. The average price (bottle and bulk) was €1.20 ($1.81) a litre, up 10 cents. The average price for wine exported in bulk was 68 cents a litre.

In the same period Australia exported 343.3 million litres worth $509.2 million (bottle and bulk), the split being: combined bottle and bulk average $4.40 a litre; bottle average $5.43; bulk 98 cents.

If Spain could do away with a couple of million litres of its cheapest wine (per quarter), perhaps its figures would come closer to Australia’s. Yes, UK consumers would be paying more for their wine, and maybe drinking less, but growers, producers, consumers and the environment would be healthier for it.

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