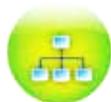


Global *Wine Village*

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SA WINE INDUSTRY INFORMATION & SYSTEMS

Editorial

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Greetings

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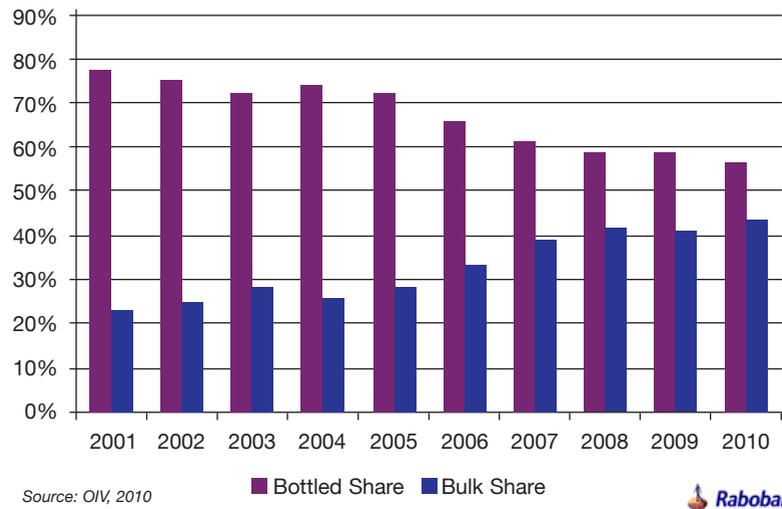


Markets/Regions

Bulk Wine Exports Are Growing

Historical New World Wine Exports

Bulk wine steadily gaining share



Huge growth in the exports of bulk wine from New World countries is having a big impact in their target markets – including the United States.

According to a report just released by Rabobank, bulk wine exports have risen from 23% of total wine exports from New World countries in 2001 to 43% in 2010, primarily driven by currency fluctuations and costs of shipping and importing bottled wines.

Most of the bulk wine, of course, is moderately priced, targeting the heart of the mar-

ket. It has grown to address the price pressure in markets in the U.S., and especially in the UK and Germany.

The New World wine supply has grown by 45% over the past 20 years according to Stephen Rannekleiv, the wine industry expert from Rabobank's Food & Agribusiness Research Group. While European production has declined, consumption there has declined even faster, putting pressure on suppliers.

www.winesandvines.com/template.cfm?section=news&content=96537&title=Bulk%20Wine%20Exports%20Are%20Growing&



Global wine consumption set to increase by 2 billion bottles

According to research commissioned by VINEXPO from International Wine & Spirit Research (IWSR), the total world wine consumption in 2010 reached 2.640 billion 9-liter cases, equivalent to 31.68 billion bottles, a 4.5 percent increase compared to 2006.

Researchers say that an increase in the consumption growth rate of 6.17 percent between 2010 and 2015, reaching 2.844 billion cases, an increase of 2.04 billion bottles, by the end of the period.

United States is the leading market in terms of wine retail sales and has also become the largest market by volume. It beat Italy and France into second and third largest wine markets respectively in 2011. The VINEXPO/IWSR five-year forecasts indicate that U.S. wine consumption should continue to grow by 10 percent between 2011 and 2015.

In just one year between 2009 and 2010, wine consumption, including still, light and sparkling wines grew by 33.4 percent in

China, Hong Kong included. Chinese consumption reached 156.19 million 9-liter cases in 2011, putting China in fifth place in the top five wine-consuming nations worldwide, ahead of the U.K.

In the five-year period from 2006 to 2010, Chinese wine consumption, including Hong Kong, grew 2.4 times larger. The VINEXPO study forecasts a further 54.25 percent rise between 2011 and 2015.

The popularity of local spirits makes Asia-Pacific the leading spirits-consuming region in the world with an overall market share of 59 percent ahead of the Americas with only 15 percent. China is the largest spirits-consuming country in the world. In Europe the consumption of spirits fell by 1.38 percent between 2006 and 2010, while Asia-Pacific saw growth of 59.28 percent and the American continent saw growth of 3.22 percent.

westernfarmpress.com/grapes/global-wine-consumption-set-increase-2-billion-bottles

Raise a Glass to the Free Market in Wine

The worldwide wine business is a good case study in free trade, given that there are many producers and few restrictions on commerce. Wine is a worldwide business reaching from Germany to South Africa and from Canada to New Zealand. Young wine countries such as Mexico and Brazil have also joined traditional producers. Farmers in all countries are an independent lot who don't take orders from anyone, and so there is large global overproduction. Supertankers of wine are now sailing the world to unload the product wherever they can get the best price.

Some governments or business groups have attempted to push prices higher by taking vineyards out of production, but with only modest results. The European Union has done that because local wine consumption has declined, while the consumption of beer and soft drinks has increased.

knowledge.wharton.upenn.edu/article.cfm?articleid=2924

Advertising

Wine Marketing More Than a Message

Low-cost digital tools, apps and games are driving today's most successful brands—not messaging, the traditional advertising approach.

David Blum, the managing director of Ozone Online, urge the winery industry to follow big brands like MINI cars, RadioShack and Columbia Sportswear to create memorable experiences for their potential customers using digital media.

To make his point clear, Blum cited the recent Dos Equis beer ad campaign featuring “the world's most interesting man” as a particularly good example of old-school messaging. It's one-way communication from the brand owner to the general public.

The new experiential form of marketing is better illustrated by North Face, the outdoor gear maker, which built an app for smart phones called the Trail Finder. It uses GPS technology to help hikers find the nearest

trailheads. The app is branded by North Face, but it does no direct selling or promotion of North Face goods.

A winery that can't think of an app like this may still be in an excellent position to create memorable experiences for potential customers if it has a tasting room to visit, conducts winemaker dinners or uses other marketing techniques that are old hat to wineries.

Mass customization is giving customers and potential customers a way to interact with your winery. As inspiration, he cited MINI's mass customization options for its cars. Consumers can go online at no cost and design their own personalized MINI with dozens of options in colors, equipment, styling, etc., leading to hundreds of combinations. Blum said 30% of people who configure a car this way actually buy it.

www.winesandvines.com/template.cfm?section=news&content=96679&htitle=Wine%20Marketing%20More%20Than%20a%20Message



Technology

New tool aims to help wine growers – BRAT now available online

A new tool is set to help the wine industry more accurately train staff to make visual estimates about the severity of bunch rot among the vines. The Bunch Rot Assessment Trainer or BRAT is a Visual Estimation Tool (VET) developed by scientists at Plant & Food Research.

BRAT developer Gareth Hill says that visual estimates are an important function in the vineyard and vineyard staff are routinely making estimates about parameters such as bunch exposure, bunch compactness and leaf colour; parameters that would be difficult or costly to do by other methods.

However, human error is a major factor in these assessments with different people likely to consistently under or overestimate.

The BRAT tool trains assessors to estimate percentage bunch rot severity in grapes accurately using digital images. Their estimates are compared with actual percentages and the tool indicates the degree of under or overestimation. Results are permanently stored, allowing trainees to track their improvement after subsequent training sessions.

Published research has shown use of this and other visual estimation training software does improve the accuracy of visual estimates. The use of VETs, such as BRAT, will allow vineyard staff to improve the assessment accuracy of parameters that are crucial for crop productivity and quality.

www.scoop.co.nz/stories/SC1201/S00027/brat-now-available-online.htm

Chinese tree extract stops rats getting drunk



For hardened drinkers, it sounds too good to be true: a natural substance that keeps them sober no matter how much they drink, neutralises hangovers and eventually breaks the cycle of alcohol addiction.

According to the World Health Organization, alcoholism is a huge problem globally, killing 2.5 million people a year. There has been serious research recently looking for drugs that stop people drinking, or at least encourage them to drink less.

Extracts of a Chinese variety of the oriental raisin tree (*Hovenia dulcis*) could be the answer. The extracts have been used for 500 years to treat hangovers in China. Now dihy-

dromyricetin (DHM), a component of the extract, has proved its worth as an intoxication blocker in a series of experiments on boozing rats. It works by preventing alcohol from having its usual intoxicating effects on the brain, however much is in blood.

Soon, a preparation containing DHM will be tested for the first time in people. According to a pharmacologist Jing Liang of the University of California, Los Angeles, who led the research team says that DHM will reduce the degree of drunkenness for the amount of alcohol drunk and will definitely reduce the hangover symptoms.

www.newscientist.com/article/dn21337-chinese-tree-extract-stops-rats-getting-drunk.html

Social environment

Poverty

Rolland turns wine into water

World-renowned winemaker and consultant Michel Rolland has partnered with international charity Wine to Water on a South African wine that will help provide thousands of Ethiopians access to clean water.

Bonne Nouvelle 2003, a Cabernet, Merlot and Pinotage blend from Stellenbosch, fittingly means “good news” in French.

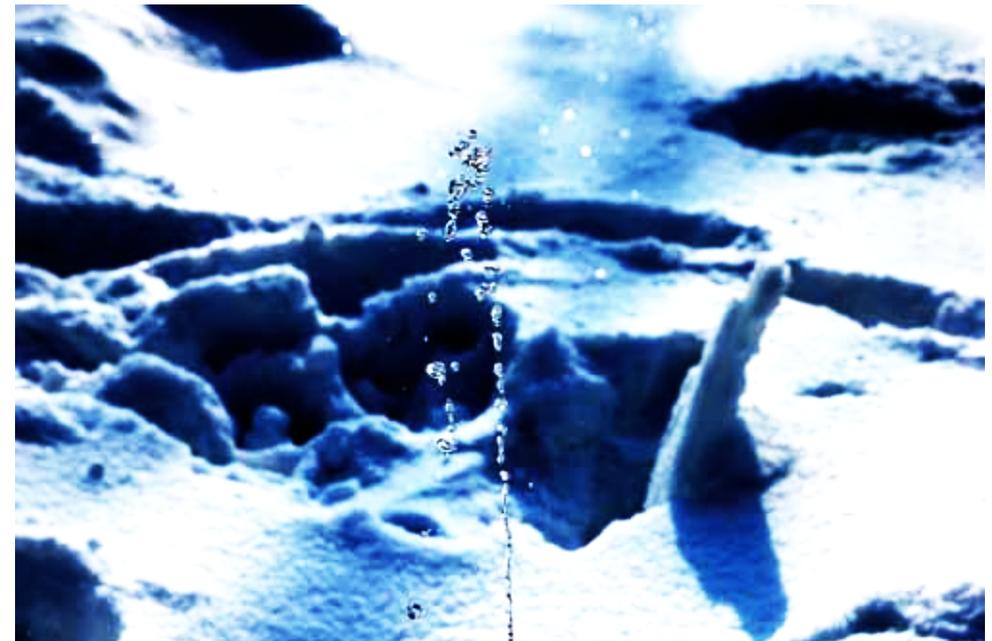
US\$20 from every bottle sold will go directly to Wine To Water to dig deep bore wells in the Dale region of Southern Ethiopia, where six out of 10 people lack access to clean water.

The project's initial goal is to raise US\$40,000 – enough to fund four wells, providing permanent water access for over 8,000 people.

Ethiopia is currently battling a water crisis, with millions struggling to survive every day due to drought and contaminated water.

Doc Hendley, founder of Wine to Water says that it is wonderful to see some of the top players in the wine community step up to the plate to make such a difference.

www.thedrinksbusiness.com/2012/01/rolland-turns-wine-into-water-in-africa/



Alcohol abuse

Endorphin study aid alcoholism treatment

A new study has confirmed the long-suspected theory that drinking alcohol leads to the release of endorphins which produce feelings of pleasure and reward.

The findings also present an opportunity to aid researchers in developing more focused drug treatments for fighting alcoholism.

Endorphins are small proteins that are produced naturally in the brain.

The discovery of the precise locations in the brain where endorphins are released provides a possible target for the development of more effective drugs for the treatment of alcohol abuse.

Drugs exist, primarily naltrexone, to help people quit drinking, but those drugs aren't often prescribed, in part because many

patients don't like taking them, Mitchell said. Naltrexone works by blocking the receptors in the brain that link with endorphins – effectively cutting off the pleasure-inducing effects of endorphins – which might explain why patients don't like the drug. But if scientists could refine the effects of naltrexone so that it blocks only the specific receptors associated with alcohol, the drug could be much more tolerable, Mitchell said.

The study, published in Science Translational Medicine, found alcohol intake in all subjects led to a release of endorphins and the more endorphins released in the nucleus accumbens part of the brain, the greater the feelings of pleasure reported by each drinker.

www.thedrinksbusiness.com/2012/01/endorphin-study-could-aid-alcoholism-treatment/



Health

Red wine chemical could drive new treatments

A chemical found in red wine could be used in treatments for diabetes; dementia and heart disease after scientists discovered how it keeps us healthy.

It has long been known that resveratrol, a chemical found naturally in plant products including red wine, can prolong the lifespan and mimic the effects of a low-calorie diet, but it was previously unclear exactly how resveratrol causes the boost of energy in our cells that provide this health benefit.

Now a team of researchers has shown it works by tricking the cell into thinking it is deprived of energy, causing it to increase production of energy-producing proteins.

www.telegraph.co.uk/health/healthnews/9056846/Red-wine-chemical-could-drive-new-treatments.html



Wine May Help Ease Multiple Sclerosis Symptoms

According to a study by researchers from neurology and psychology clinics in Belgium, wine's ability to ease inflammation may help slow the progression of multiple sclerosis (MS) in some cases.

The team found that patients who suffer from the so-called relapse form of MS and also drank wine had less severe symptoms. But the impact of wine was limited and the reasons for the effects were unclear.

Multiple sclerosis is an autoimmune disease that affects the brain and spinal cord. MS is caused by damage to the myelin sheath, the protective covering that surrounds nerve cells. When this nerve covering is damaged, nerve signals slow down or stop. The nerve damage is caused by inflammation, which occurs when the body's own immune cells attack the nervous system. This can occur along any area of the brain, optic nerve or spinal cord. The causes are unknown; theories include a virus, genetics or environmental factors.

The Belgian researchers found that relapse MS sufferers who drank wine seemed to enjoy an observable "protective effect." Symptoms decreased. In the study, more than 80 percent of the participants drank up to seven glasses of wine per week. The same also held true for people who drink coffee or eat fish regularly.

As for possible cause, the study does offer one suggestion – resveratrol, a compound found abundantly in red wine, is known to exhibit anti-inflammatory effects. "In experimental models, [resveratrol] has been shown to protect against various neurological disorders," the study text states. Alcohol is also known to reduce inflammation. However, MS is a complicated ailment and the authors warn sufferers not to start drinking wine as a result of their research.

www.winespectator.com/webfeature/show/id/46173



Institutional Environment

Laws and Legislation

Road deaths drop where wine share highest

Road deaths are lower in American states where the share of wine consumption is higher compared to beer and spirits.

Data between 1982 and 2000 proves that states which sell a greater proportion of beers and spirits have a higher rate of traffic fatalities, according a new study from the American Association of Wine Economists.

The paper noted that based on their results; suggest that arguments against legislation that proposes to introduce wine into grocery stores for reasons related to traffic fatalities may be misguided.

The study also shows that altering the time when alcohol is available appears to affect traffic death rates, and above all, that "youth fatalities are most closely tied to beer and spirit consumption, and are particularly sensitive to alcohol sale hours".

Finally, it is stressed that states with higher levels of total alcohol consumption have higher rates of road deaths.

www.thedrinksbusiness.com/2012/01/road-deaths-drop-where-wine-share-highest/



Snippets

Australia faces market share loss

The head of Wine Australia has warned the country stands to lose market share in the UK amid tough conditions driven by exchange rates and pricing pressures.

www.offlicencenews.co.uk/news/fullstory.php/aid/12635/Australia_faces_market_share_loss.html

India struggles to develop taste for wine

Wine appreciation in India is a minority interest. Kulbir Singh, president of the Indian Wine Society says that the pleasure of a leisurely glass of wine from a vineyard in France, California or Australia, not to mention enjoying wine with food, has a long way to go to catch on.

www.ft.com/intl/cms/s/0/98ab88e4-3ddd-11e1-91f3-00144feabd0.html#axzz1kNTpM64J

Wine, grape prices to rise in 2012

According to experts speaking at a major wine industry trade event, the prices of wine on U.S. store shelves could start rising this year because of an “emerging shortage” of wine grapes and wine plus a sales and marketing “blitz” last year.

www.northbaybusinessjournal.com/47703/forecast-wine-grape-prices-to-rise-in-2012/

Alcohol consumption down by 17 per cent over last decade

A new study has shown a major decline in the average alcohol intake of an Irish person over the last decade.

www.thejournal.ie/alcohol-consumption-down-by-17-per-cent-over-last-decade-344971-Feb2012/



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