

Exporting Wine to Germany

The German market is the most competitive of all, and wine consumers are relatively open to wine imports as long as the price is right. As the majority of domestically produced wine consists of white wine, export opportunities can mostly be found in red wines. The German wine market is dominated by discounters, keeping average prices low, which limits possibilities for value addition. Currently, aromatic wines are very popular, offering opportunities for developing country exporters to supply the bulk wine for these aromatic wines.

Contents of this page

1. [Product Description](#)
2. [What makes Germany an interesting market for wine?](#)
3. [What trends offer opportunities on the German market for wine?](#)
4. [What competition do you face on the German wine market?](#)
5. [Through what channels can you get wine onto the German market?](#)
6. [What are the end market prices for wine in Germany?](#)

1. Product Description

Wine is defined as: 'The product obtained exclusively from the total or partial alcoholic fermentation of fresh grapes, whether or not crushed'.

There are generally two categories of wines: regular (or table) wines and premium wines. In Germany, premium wine is distinct from regular wine in both quality and price. As high quality is subject to interpretation, the price point is a more suitable indicator to define whether a wine is considered a premium wine or not. In Germany, wine is regarded as premium when the retail price exceeds €10 per 0.75l.

Table 1: HS codes of wine

Type of wine	HS Code
Sparkling wine	220410
Wine in containers < 2 litres	220421
Wine in containers > 2 litres	220429

Product Specification

Quality preferences

The quality of a wine greatly depends on inputs used and actions taken by the wine producer during the production process.

Grape variety

Most of the wine traded internationally is made from international grape varieties, such as Chardonnay, Cabernet, Merlot, Sauvignon Blanc and Pinot Grigio. Germany is also open to premium wines from indigenous grapes; Riesling is the top seller in this cluster, but this is predominantly Riesling from Germany. Very few

Rieslings are imported with the exception of Austria, as this country has a reputation for high quality. Indigenous grape varieties are those varieties that are cultivated only in a particular area and have existed there for a long time.

Colour

Red wines are fermented in contact with the skins of dark grapes, which give colour to the wine. White wines are fermented without grape skins or fermented with white and green skinned grape varieties. Rosé gets its pink colour by either a short contact time with the skins of dark-coloured grapes before fermentation or by mixing finished red wine with finished white wine.

Still or sparkling

Exact specifications of sparkling wine and quality sparkling wine are laid down in EU legislation. The differences are related to the fermentation process, Actual Alcoholic Strength, and pressure.

Taste intensity

In general, wines with an intense or full taste are perceived to be of higher quality. Taste intensity can be influenced by many factors, including leaf/grape ratio on vines, irrigation, and yeast selection.

Sugars/acids balance

A major aspect of the art of winemaking in Germany is to find a balance between sugars and acids. Bulk wine generally has a higher sugars/acids ratio, as most consumers who purchase this type of wine prefer a sweet taste. In contrast, most connoisseurs looking for premium wine prefer dry wine with a low sugars/acids ratio.

Alcohol content

Non-fortified still wines and sparkling wines can have an alcohol content between 6-15%. Many consumers consider wines strong when the alcohol percentage exceeds 13%. German wine producers have to adhere to strict rules, which limit their options to influence alcohol content. However, these rules do not apply to the import of foreign wine.

Tannins

Most consumers prefer soft tannins. The use of soft presses reduces seed damage and subsequent amounts of sharp tannins in the juice. The appropriate amount of tannins (natural minerals in the skin of black grapes) in wine depends on the style of the wine. Tannin content can be influenced during processing.

Off-tastes

Unripe and overripe grapes and contaminants can cause off-tastes in wine. Minimise off-tastes by: harvesting at the right time, proper sorting of grapes during harvesting, proper handling of the grapes, and minimising time between harvesting and processing. If off-tastes cannot be prevented, clay or coal may be added to grape juice to remove the off-tastes.

Labelling

The EU has set [compulsory labelling particulars](#) for wine:

- The name of the Protected Denomination of Origin (PDO)/ Protected Geographical Indication (PGI) or Wine of 'producing country'/Produced in 'producing country'/Product of 'producing country'
- Actual Alcoholic Strength (AAS)
- Nominal volume
- Lot number

- Importer details
- Allergenic ingredients:
- All wines containing over 10 milligrams of sulphite per litre must be labelled with the indication “Contains sulphites”. This information is crucial for individuals who are sensitive to sulphites and experience problems such as shortness of breath, coughing and wheezing. If your wine contains only a few mg or no sulphites, you can mention this on the label to serve these consumers.
- Egg and milk derivatives must also be mentioned on the label.
- Allergens must be mentioned in the language of the target market.
- Sugar content (for sparkling wines).

Tips:

Legislation does not require the exact composition of a blend to be on the label. However, growing interest of consumers in the composition of a wine increases the need to include such information on the label.

If you target educated consumers, it is worth mentioning the grape variety and vintage. This can have a positive effect on consumer perception of your product’s quality.

The use of the term ‘Reserve’ or even ‘Grand Reserve’ can help to convince consumers of the high quality of your wine. Ensure compliance with the wine law in your country concerning the use of such terms.

The Food Standards Agency of the United Kingdom provides useful guidance on more detailed labelling requirements, which is also applicable to Germany.

Packaging

Bottled wine

- On the German wine market, glass bottles are the most common type of wine retail packaging. Glass bottles are usually coloured to reduce the effect of UV light and typically contain 0.75 litres.
- Compared to other European countries, the share of wine packed as Bag-in-Box (BiB) is small (<10%) in Germany. It is hardly used for premium wine as consumers associate Bag-In-Box with low quality wine. Another reason for the absence of premium wine in BiB is the fact that it does not offer the opportunity for wines to mature. The result is that most wines offered in BiB are ready-to-drink wines designated for consumption within twelve months after purchase.
- Market shares of Tetra Pak-packaged or canned wine are insignificant.
- Most bottles of premium wine are closed with natural cork. However, the use of screw caps is expanding in all segments, including the premium wine segment.
- Bottles for sparkling wines need to be strong enough to withstand the pressure resulting from the high CO₂ level. Although there are no legal requirements, the International Technical Centre for Bottling and Related Packaging (CETIE) has published standards that are internationally recognised.

Tip:

Create an account on the website of CETIE to gain access to the [data sheet on internationally recognised bottling standards](#) (DT 11: “Bottling specifications for carbonated beverages CO₂>2g”).

Bulk wine

- Packaging-related quality problems with bulk wine hampered development of bulk wine trade for a long time. Recent improvements in storage technology, handling facilities and quality protocols have contributed to better quality preservation. These developments have caused an explosive growth in the trade of bulk wines, especially among international brands. Please refer to our study on [bulk wine in Europe](#) for more information.
- Different types of packaging are available for the transport of bulk wine. The two most common are:
 - Flexi-tanks are disposable plastic bags intended for installation in a standard 20ft shipping container.
 - ISO tanks are reusable steel tanks, which need to be cleaned between shipments. ISO tanks offer all the advantages of flexi-tanks, but are more polluting and expensive in transport due to higher weight. One advantage of an ISO tank is its reliability; they have a lower risk of defects compared to flexi-tanks.
- Defective seals or the use of permeable material can permit oxidation, which will degrade the wine. This can result in negative taste alterations and a shorter shelf life.

2. What makes Germany an interesting market for wine?

Germany is a large wine market in Europe. Due to an insufficient domestic wine production, Germany is relatively open to imports of especially foreign red wines.

Rapid increase of German wine production

Germany is the fourth-largest wine-producing country in Europe. Wine production in Germany has been growing quite rapidly, amounting to 9.2 million hectolitre (hl) in 2015 and recording an annual increase of 7.4% between 2011 and 2015.

About 60% of German production comprises of white wine and 40% of red wine. The top five white varieties are *Riesling*, *Mueller-Thurgau*, *Silvaner*, *Pinot Grigio*, and *Pinot Blanc*, accounting for 77% of the white wine area. The most popular red varieties are *Pinot Noir*, *Dornfelder*, *Portugieser*, *Trollinger*, and *Black Riesling* accounting for 77% of the red wine area.

Wine consumption is declining in Germany

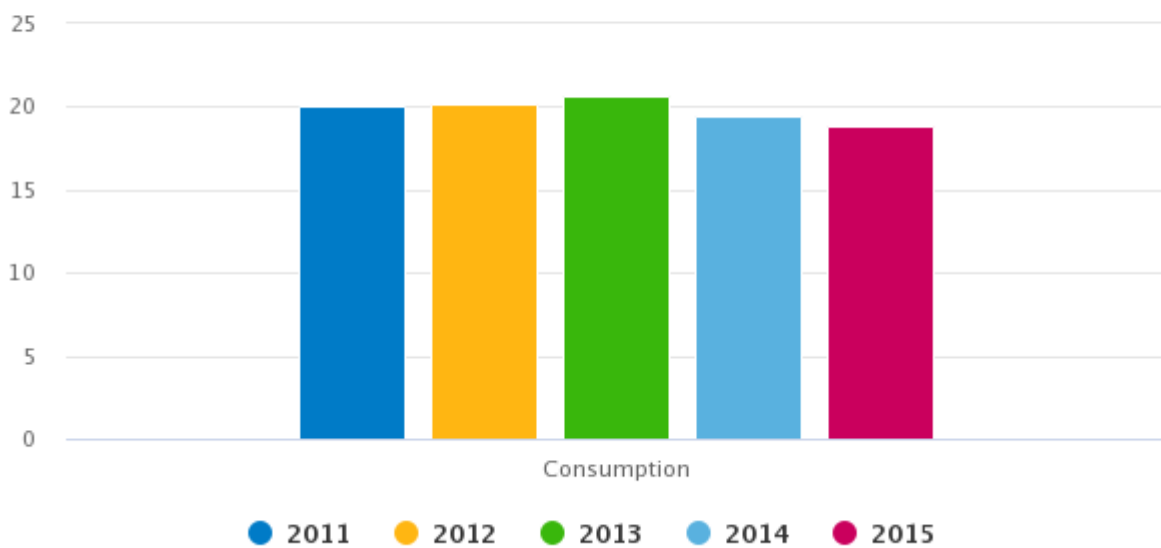
Germany remains the third-largest wine consumer in Europe due to its large population. German wine consumption amounted to 18.9 million hl in 2015, despite an average annual decrease in wine consumption of 1.4% between 2011 and 2015.

Per capita wine consumption in Germany decreased from 24.5 litre in 2011 to 23.3 litre in 2015 and is expected to decrease even more. This decline can be partly attributed to growing health awareness among German consumers.

Although German producers are still the market leaders with a 45% share of the domestic market, domestic production is insufficient to cover its substantial market. This is primarily because consumption in Germany is still focused on red wines, while production mainly consists of white wines. Therefore, German consumers are relatively open to foreign wines. When looking at imported wine, German households tend to favour red over white wines. For German wines, the situation was reversed.

Figure 1: German wine consumption between 2011 and 2015

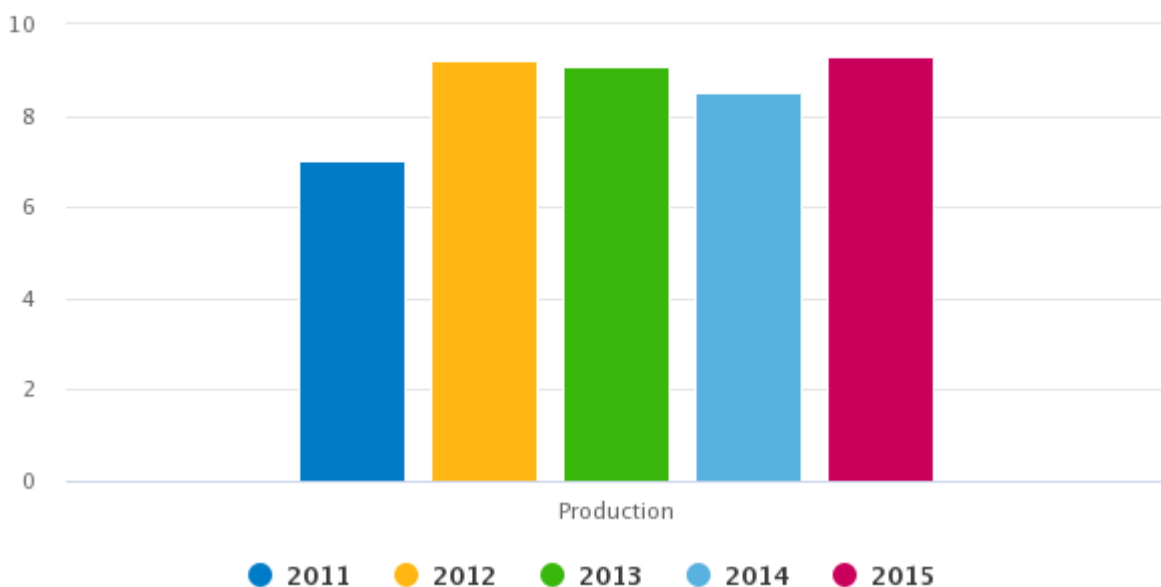
In million hl



Source: Eurostat, 2016

Figure 2: German wine production between 2011 and 2015

In million hl



Source: Eurostat, 2016

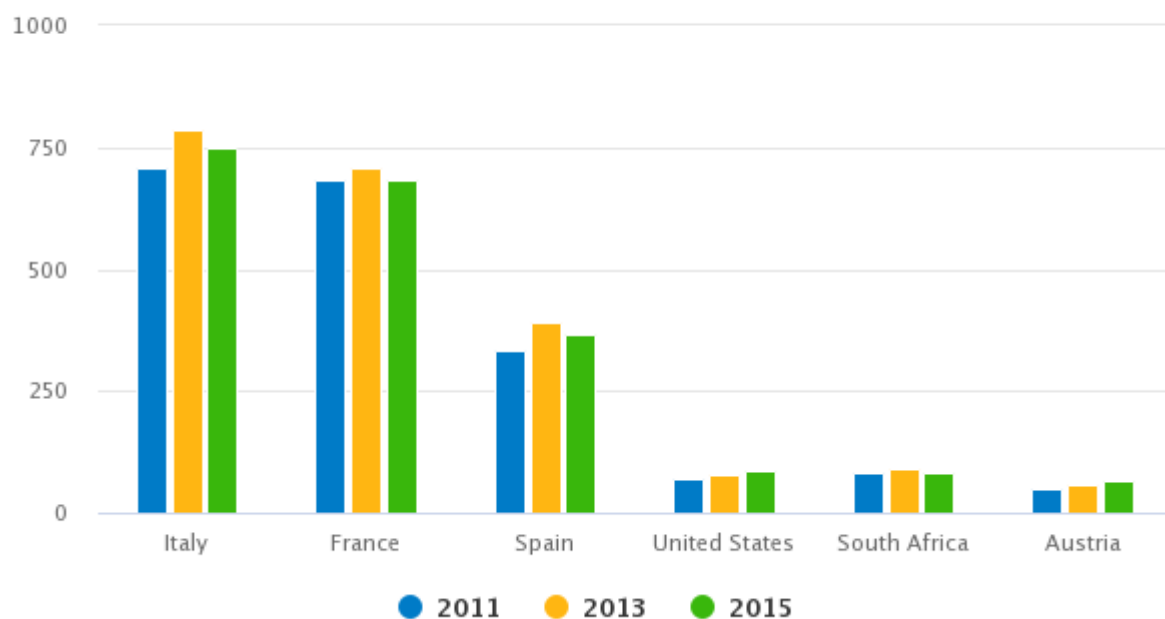
Increase in imports from new world wines

Germany is the second-largest wine importer of Europe, after the United Kingdom. Wine imports amounted to €2.3 billion in 2015, showing an average annual increase of 1.4% since 2011.

The largest wine suppliers to the German wine market are Italy, France and Spain. Together, they account for €1.8 billion (77% of total imports) in 2015. Wine imports from developing countries amounted to €175 million of the total wine imports in Germany in 2015, indicating an average annual increase of 1.6% since 2011. South Africa is the largest developing country supplying the German market, followed by Chile and Argentina. They

account for respectively 3.5%, 2.5% and 0.7% of total imports.

Figure 3: Leading six supplying countries to the German



Source: Eurostat, 2016

Tips:

Do not attempt to compete with Southern European countries as this will be too difficult.

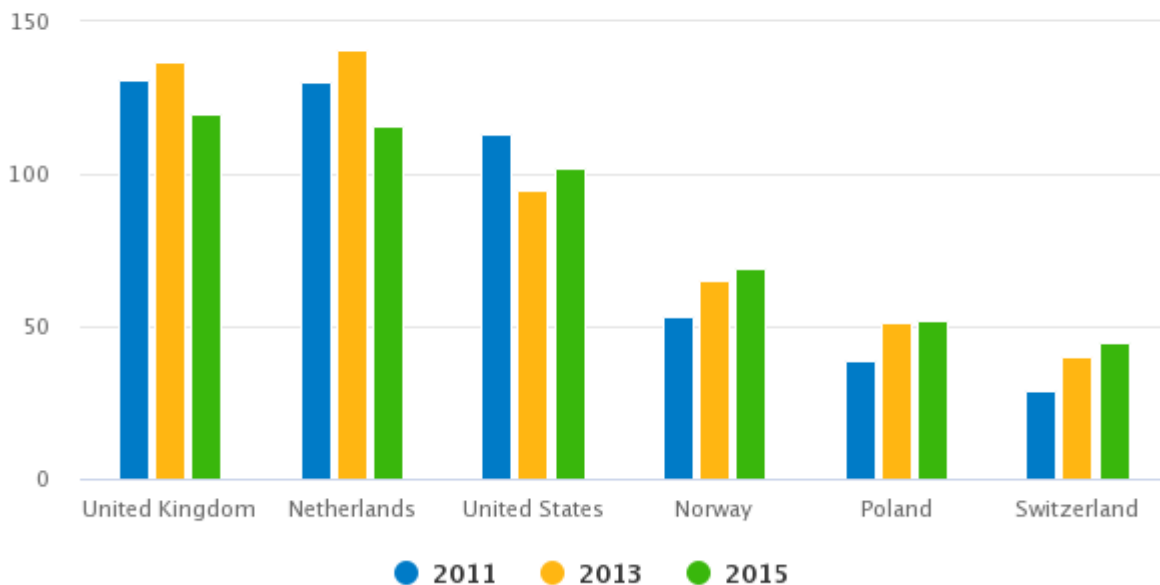
Develop a Unique Selling Point (USP) around your (authentic or native) grape variety, sustainability, production process e.g. to market your wine in the highly price-competitive German wine market.

Germany: re-export hub for Europe

Germany is the fourth-largest wine exporter in Europe with exports amounting to €921 million, showing on average a slight annual decrease of 0.6% between 2011 and 2015. The largest export markets for German wine are the United Kingdom, the Netherlands and the United States. Exports consist of both domestically produced wines and re-exports, including re-exports of wines from developing countries.

Figure 4: Leading six export destinations for German

€ million



Source: Eurostat, 2016

Tips:

Consider exporting your wine to Germany as its considerable wine market offers ample opportunities for developing countries producers to enter the market. However, be ready for extremely competitive prices in this market.

Germany may be used as a hub to market your wines in other European countries.

When exporting your wine to Germany, aim for red wines which complement the domestic white wine production. As Italian red wine will be your main competition, offer wines that have an Italian look and feel in terms of taste and labelling.

For more information about the German wine market in relation to the European wine market, please refer to our study on [European trade statistics for wine](#).

3. What trends offer opportunities on the German market for wine?

Sustainable supplies

Association with unsustainable production could harm the reputation of wholesalers and retailers in Germany. That is why they are increasingly involved in the sustainable management of natural resources by their supplier. In Germany, consumers are particularly concerned about the impact of food and drink production on the environment. However, consumers are only willing to pay a slight price premium for organic and Fairtrade wines. Additionally, young consumers often attach more importance to locally and sustainably produced wines.

Demand for sustainability and authenticity are relevant trends in all of Europe. For more information, please refer to our studies on [trends in the European wine market](#). Please read our studies on [sustainable](#) and [organic](#) wine in Europe for more information about organic and sustainable wines on the European wine market.

Tips:

Implement a quality and resource management system.

Reduce chemicals, energy and water use and report on your efforts to improve the sustainability of your production.

Show buyers what you do to offer your employees fair labour conditions.

As price premiums are very low, only opt for organic or biodynamic certification if conversion costs are low. Carefully calculate the costs involved in organic production and the expected benefits as a result of increases in sales.

Discuss potential benefits of Fairtrade certification with your buyer before investing in the process as [price premiums on Fairtrade wine](#) are very low.

Aromatic wines are in fashion

Fashion trends play a major role in the German wine market and aromatic wines are currently in fashion. In the past, light wines, including aromatic wine, sweet white wine and rosé were not considered to be 'cool' by young wine drinkers. Currently, these consumers are more self-confident and choose more often for light wines. These wines often have a low alcohol content and aromatic wines are often packed in cans. They are particularly popular among young women who are generally more sensitive to new fashion trends.

This trend offers interesting opportunities to developing country exporters. They can supply the bulk wine for these aromatic wines. This requires stable low-cost production of large quantities of wine with a consistent quality. The high costs of can production in developing countries is expected to form a barrier to production of the end-product in those countries.

Tips:

Be aware of strong competition within this niche market with fruit-flavoured beers and ciders.

If you aim to supply wine for aromatic wines, it is not necessary to supply sparkling wine, as European bottlers will often carbonate the wine.

If you aim to supply bulk wine, ensure low-cost production and consistent quality.

What legal and non-legal requirements must my product comply with?

[Buyer requirements for wine](#) can be divided into legal and non-legal requirements, both of which your product must comply with if you want to sell in Europe. These include:

- Compliance with [European Oenological practices](#). To prove compliance with allowed oenological practices, all wine imported to Europe needs to be accompanied by a certificate and analysis report for wine.
- [Labelling and presentation](#): there are strict rules on which information should be shown on the label and how this information has to be presented.
- Food Safety: traceability, hygiene and control. Read more about [health control](#) on the EU Export Helpdesk. Search in the [European Union's Rapid Alert System for Food and Feed \(RASFF\) database](#) for wine to see examples of withdrawals.

- Avoid Ochratoxin A and lead contamination. Check the European Commission's [factsheet on food contaminants](#). Read more about [contaminants on the EU Export Helpdesk](#). Find out more about prevention and reduction of [Ochratoxin A](#) and [lead contamination](#) in wine in the Codes of Practice published by the Codex Alimentarius.
- For a full list of requirements, please consult the [EU Export Helpdesk](#) where you can select your specific product code under chapter 2204. Note that there is also non-product-specific legislation on [packaging](#) and [liability](#) that apply to all goods marketed in Europe.

Tips:

Check whether your current practices comply with the European requirements for winemaking.

Ensure compliance with European legislation on Hygiene of foodstuffs ([HACCP](#)).

What additional requirements do buyers often have?

In addition to the legally binding requirements, you also have to comply with the following non-legal requirements in order to be able to find a buyer:

- [Food safety certification](#): many importers of wine require the implementation of a food safety management system. Examples of internationally acknowledged systems are [HACCP](#), [BRC](#), [IFS](#), [FSSC 22000](#) and [SQF](#).
- [Corporate social responsibility](#): Several larger retailers participate in initiatives such as the [Ethical Trading Initiative](#) (ETI), or the [Business Social Compliance Initiative](#) (BSCI). These initiatives focus on improving social conditions in their members' supply chains. This implies that you, as a supplier, are also required to act in compliance with their principles.
- Buyers generally prefer low sulphite levels (e.g. < 100 mg/l for white wine). However, sulphite is a preservative and lower sulphite levels may lead to off-tastes and reduced shelf life.

Tip:

Suppliers can apply a basic [HACCP](#) system. However, many buyers appreciate certified food safety management systems recognised by the Global Food Safety Initiative, such as ISO22000, BRC or [IFS: Food Safety Management Systems](#).

What are the requirements for niche markets?

In addition to the requirements you have to comply with to be allowed on the European market or to find a buyer, complying with the following additional requirements could offer you a competitive advantage and makes finding a buyer easier.

- [Fairtrade certification](#): a niche market is the market for wine produced with extra focus on the social conditions in the producing areas. Having your wine [Fairtrade](#) certified is the most far-reaching way to prove your business performance for social conditions in your supply chain.
- [Organic niche market](#): to market organic wine in the European Union, grapes must be grown using organic production methods which are laid down in [European legislation](#) and the grapes and the wine production facilities must be audited by an accredited certifier before you may put the European organic logo on your products, as well as the logo of the standard holder (e.g. [Soil Association](#) in the United Kingdom).

Tip:

Consult the [Standards Map database](#) for the different labels and standards relevant for wine.

4. What competition do you face on the German wine market?

What are the opportunities and barriers when I try to enter the German market?

Large open market

The large size of the German market attracts many new entrants. Moreover, despite the large domestic production, consumers welcome wines from outside Germany and even outside Europe. This offers good opportunities to suppliers who aim to enter the European market. The south of Germany with its strong wine production and its traditions is an exception to this rule. New entrants will have more difficulty to gain a foothold here.

Tips:

If you aim to export your wine to Germany, target the northern part of the country.

Hire a wine maker for advice on making the best possible wine with the available raw materials and technology which matches with requirements in the German market.

Listing fees

Supermarkets in Germany charge high listing fees to suppliers for their shelf space, making it difficult for exporters from developing countries to access the off-trade market individually.

Tip:

If you aim for supermarkets, but your brand is not strong enough, find a European buyer who already supplies supermarkets and partner up to sell your wine under their brand.

Rosé market is most accessible

On their shelves, German retailers often do not sort rosé wine per country, as is usual for red and white wine. New entrants benefit from this shelf navigation, as the known origins can be found next to the new origins, promoting new entrants as a possible option too.

Tip:

Benefit from the easy entrance on the German supermarket shelves if you are producing rosé wine.

What are substitute products?

Small threat of substitution by other alcoholic drinks

Germany has a strong wine culture. Therefore, wine suppliers have little to fear from suppliers of other alcoholic drinks. In the period 2007-2012, alcohol consumption decreased by 0.6% annually. In the same period, wine consumption increased by only 0.2% annually on average, while consumption of beer and other spirits decreased by 0.8% and 0.4% annually respectively. In the short term, wine will remain a fashionable drink.

Tip:

The promotion of wine, as a better alternative to other alcoholic drinks, is not feasible for individual companies. Focus your promotion on unique selling points compared to other wines.

Still wine remains exempt from excise duties

Germany discourages alcohol consumption through taxation of consumption. Nevertheless, Germany does not discourage wine consumption very strongly. Consumption of still wine is even exempt from excise duties. However, sparkling wine-based drinks with an alcohol percentage below 6% are subject to an excise duty of €51/hl and sparkling wines with an alcohol percentage above 6% are subject to an excise duty of €136/hl. Sparkling wine is considered to be a luxury good and is therefore taxed more.

In the long term, measures by the government to reduce alcohol consumption can cause a shift to wine with a relatively low alcohol content. In that sense, the increasing popularity of aromatic wine drinks or wine cocktails might be supported by government policies. However, this does not directly offer opportunities to exporters in developing countries, as European importers will blend and bottle these wine-based drinks.

Tips:

If the alcohol percentage of your sparkling wine slightly exceeds 6%, lower the alcohol content to benefit from a lower excise duty.

Show your concerns over excessive alcohol consumption to dissociate your company from problems related to that matter.

How much power do I have as a supplier, when negotiating with buyers?

Long-term trade relations

In order to secure future business and capitalise on the success of brands, buyers increasingly aim for sustainable business models with more stable supplier relations. In the past, fierce price competition and price loyalty, instead of brand loyalty, caused buyers to switch a lot between suppliers to keep prices low. Buyers established private labels and are using blends to enable substitution without the need to change labels, barcodes, etc. which in turn kept the prices low too.

Existing suppliers will benefit from the strengthening of stable trade relationships. In contrast, new entrants will find it more difficult to establish trade.

Tips:

Aim for long-term contracts and stable trade relationships to prevent your buyer from switching to a new entrant, but also to split risks and profit more equally.

Make sure that your wine is always available, once buyers need to go elsewhere they do not come back.

Penetration pricing (i.e. low pricing to enter the market) has limited potential, because buyers want price stability.

Live up to your promises with your buyers: supply the agreed volume, quality and price. It is better to be realistic in your offer and point out your limitations than to disappoint the buyer. The former approach is the basis for long-term sustainable trade.

Aim for importers as they also deal with lower volumes and can provide marketing support.

Without a large budget for promotion, premium-priced wines are deemed to remain a niche product.

Strong competition in middle to premium segments

Competition amongst wine suppliers is high in the middle to premium market segment. In order to be competitive, suppliers need to show their unique selling points (USP), such as variety, sustainability, origin or even [Geographical Indication](#), stories about production (e.g. altitude), wine show medals, etc. Due to the importance of fashion trends in the wine market, your USP can attract many new buyers at one moment and lose popularity at another. Private labels are increasingly gaining market share, enhancing competition in these segments.

Tip:

Keep a close eye on the fashion trends in the European wine market, in order to realign your products' USPs with the latest trends. Besides wine magazines, you can spot new fashion trends and forecasts at trade fairs, wine tastings and exhibitions.

Extreme competition in low-end segment

Although few suppliers can meet the high requirements of the discounters, competition in the low-end segment of the German wine market is extremely strong. Only exporters in developing countries who are able to produce at very low prices and large volumes of a consistent quality can enter this market. South Africa has a particularly good reputation in this respect. On average, exporters in this country are able to supply bulk wine at low margins by saving on branding and packaging.

Tips:

If you can supply at low costs, focus on the low-end segment.

In order to protect the reputation of your country, business support organisations can lobby the government to secure the quality of national exports through a control panel.

Business support organisations can also lobby the government to establish schemes for Geographical

Indications (GIs) and obtain recognition for these GIs by the EU.

Participate in wine tasting events to gain recognition for your wine.

Blending for private labels

Supplies of bulk wine for private labels are particularly vulnerable to substitution. German retailers often blend different wines for their private label. Blending of different wines allows them to switch more easily between suppliers and decreases their dependability on particular sources. The substitution offers opportunities for exporters in developing countries who still need to enter the market. At the same time, it forms a threat to existing suppliers of these bulk wines for private labels.

Tips:

If you supply bulk wine for blends, live up to the expectations of quality and consistency in quality and quantity.

If you supply bulk wine for blends, spread your risks by supplying buyers in different countries.

Who are my competitors?

Competition from other countries

The Southern European countries are the largest wine suppliers to the German market. Whereas Italy and Spain are strong competitors based on price, France is known for its quality products. Exporters from developing countries mainly produce low-cost bulk wine. In case they do not, they emphasise their Unique Selling Point to enter the German market. Currently, Chinese and Indian wine is still too expensive (relative to its quality) for the German market. This is likely to change in the medium to long term.

Tips:

Anticipate strong competition from Southern European countries when exporting your wine to Germany.

To compete with other developing countries, you either need to be able to supply bulk wine at low costs or emphasise your unique selling point to enter the German wine market.

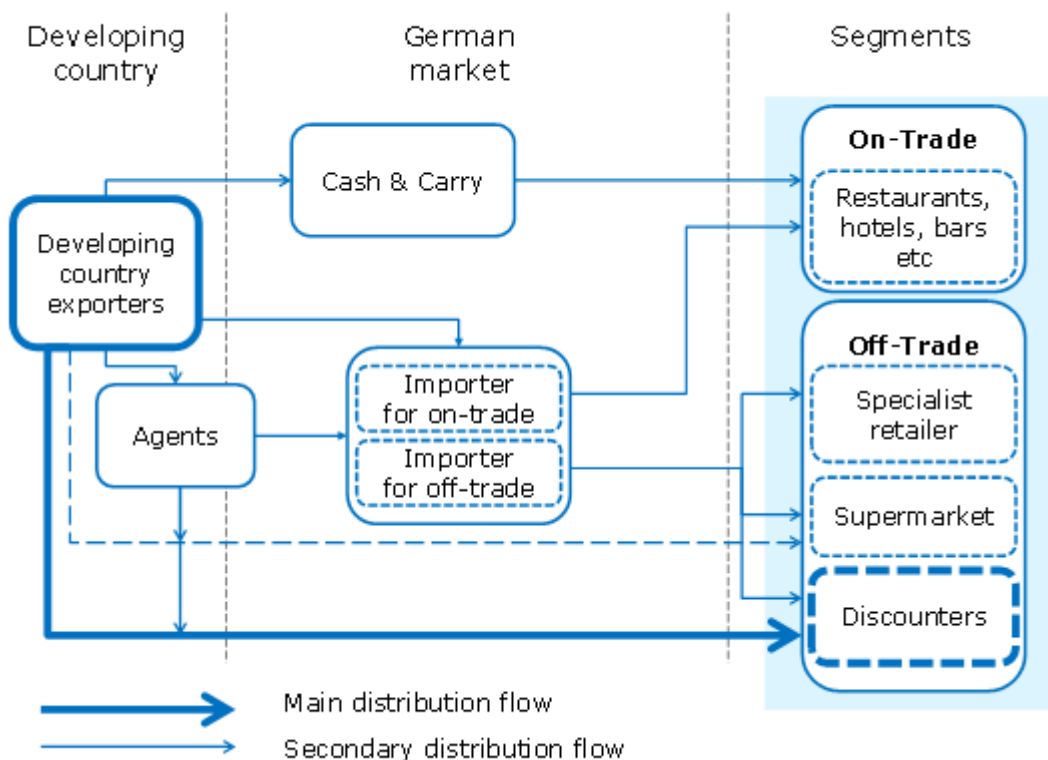
Keep a close eye on your Chinese and Indian competition through newsletters, trade fairs and attaché reports at <http://gain.fas.usda.gov>.

5. Through what channels can you get wine onto the German market?

Trade Channels

This section provides information about the marketing channels through which wine is marketed in Germany. The trade channels for wine are presented in Figure 5.

Figure 5: Trade channels for wine in Germany



Buyer concentration makes long-term relationships important

Although there are several small importers trading specialised wines, high-volume trade is dominant in Germany with discounters and supermarkets (such as Aldi, Lidl and Rewe Group (e.g. Penny Supermarkets) among others) accounting for more than 60% of wine sales. The high-volume trade is in the hands of a few large importers such as Hawesko, Schenk, Mack & Schühle, Owen/Teck, Tophi, Racke and Eggers & Franke.

In recent years, German buyers increasingly import bulk wine. This results in a higher dependence among producers/exporters on buyers. This increases risks and results in tougher bargaining positions. The dominant position of traders and the high-volume trade by discounters is expected to remain this way in the coming years.

Tips:

Due to the increasing concentration on national level, focus on smaller regional wine distributors. They are often looking for new wine for their portfolio. In particular the regional distributors around Dusseldorf, Hamburg, Munich and Berlin are interesting.

When supplying supermarkets and discounters, be consistent and trustworthy in your supply quality and quantity to satisfy their needs.

Engage in a long-term partnership with a German importer or bottler. You can develop a private label brand to split risks and profit more equally.

Specialist trade expected to offer more opportunities in coming years

Despite the dominance of high-volume trade, more opportunities are expected for higher-quality producers in the specialist trade in the coming years. This segment managed to increase its market share slightly in the last few years, as German wine consumers have become more quality-conscious.

In Germany, specialist traders are shaping trends as opinion leaders. After successful introductions of wines from 'unknown' countries by specialist traders, the food retail/discount sector follows. However, specialist traders are often concentrated in specific regions of Germany. Therefore, if you want to enter the premium market in Germany, you might have to find several importers that operate regionally.

Specialist retailers are working hard to find new customer bases, present a more attractive assortment compared to supermarkets and have an innovative marketing and client approach. Moreover, in contrast to the discounters and supermarkets, they increasingly invest in online sales, attracting new customers. An example is Hawesko, which originally had a 55+-aged client base focused mostly on Bordeaux wines, but has been able to attract a new and younger clientele by increasing its online outreach.

Tip:

Emphasise your unique selling point, like unusual origins, varieties, production/region stories, sustainability / organic or Fairtrade certification in your presentations.

Online sales

Although online sales are still small in Germany, it is expected to develop into a large channel in the future. Currently, an estimated 15% of regular wine drinkers in Germany now shop for wine on the internet. Although retailers with physical stores lead the development of online sales, many small premium wine importers without physical stores offer their wines through a webshop too. Premium wines sell well online as consumers are willing to pay more for a less common wine which they cannot buy in the supermarket.

This market development is particularly interesting for new market entrants from developing countries, as they can use the online space to provide more information about their products. According to data collected by GfK in 2014, 5% of total turnover was generated online in the German wine market.

Tips:

If you supply small volumes of premium wine, find an importer with a webshop which offers wines from original locations.

Webshops are particularly interesting retail channels for premium wines from developing countries, as they offer space to provide product information, such as a story about the history of the winery.

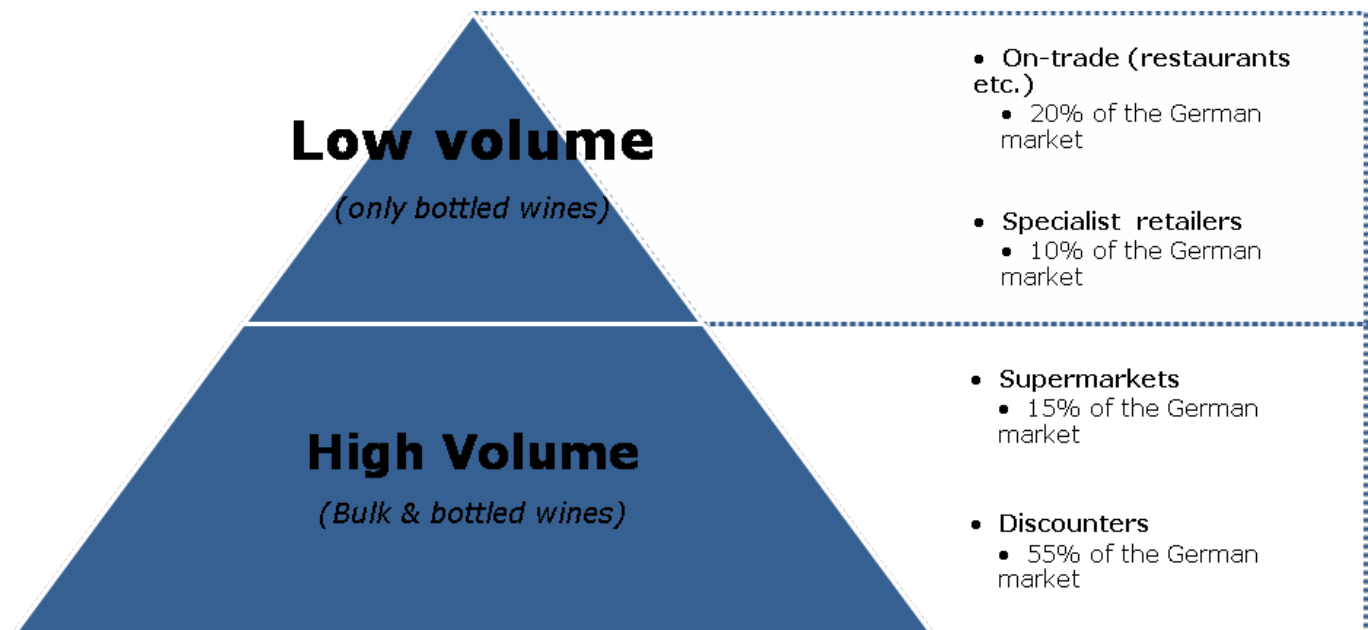
For more information about online sales, please refer to our study on [trends in the European wine market](#).

Segmentation of wine

Trade volumes are the primary factor by which to segment the German wine market. The classification of wine

is the basis for secondary segmentation. The primary segmentation of the German wine market is presented in Figure 6.

Figure 6: Market segments for wine in Germany, including indication of share in sales per segment



Imports of bulk wine offer opportunities for high-volume suppliers

Germany increasingly imports bulk wine, especially from developing countries like South Africa and Chile. Table wine imports by Germany consists of approximately 66% bulk wine and 34% bottled wine. As a developing country exporter supplying bulk wine, you can target a discounter or supermarket, which you can target directly or via an importer. Retailers often use an importer to import, blend and bottle bulk wine from new suppliers.

Supplying bottled wine directly to supermarkets is difficult, due to high listing fees. In Germany, this fee (in the form of kick-backs and discounts) can be between 24-28% of the retail price. Working with supermarkets therefore requires good price calculations and involves high risks, as the sales quantities are not guaranteed. Importers are often a more suitable channel for exporters in developing countries. These importers are in a better position to comply with the requirements of retailers.

Tips:

When supplying bulk wine, you can only target discounters or supermarkets. Being able to offer a low price is of vital importance in Germany.

Importers can play a role in protecting producers from the high risks involved when trading with one big buyer, by spreading sales and to help with their understanding of supermarket requirements.

If you target supermarkets with bottled wine, you might want to consider to supply under their own label to avoid listing fees.

Discounters maintain strong price consciousness

German discounters fully profit from the fact that German consumers are very price-conscious. The dominant position of discounters on the German market has a strong effect on the price points for the low-end and middle

price segments. As a result, there is a large low-end segment with an average price of €1.75. Discounters currently account for 55% of the market. They primarily sell their own brands, which effectively leaves only 45% of the market for branded wines of producers and traders. The latter must focus on the middle to premium segments.

Tip:

If you are considering supplying discounters at the low end of the market, make a calculated estimate of whether you can make sufficient profit on small margins. This will be crucial when choosing the German market.

Successful branding

Developing a successful brand requires proper positioning of the wine in the market. You should be able to differentiate yourself from your competitors and communicate this to the consumer. You can differentiate yourself through various factors, such as unique features of your winery, a unique wine variety and a special food application among others. Wine awards, such as [Mundus Vini](#) or [Berliner Wein Trophy](#) would also boost your image. Moreover, a positive review by well-known wine experts in Germany will add value to your brand.

Tip:

If you aim to supply the middle or premium segment, build a strong brand around your Unique Selling Point (USP).

Differentiation in private labels

German retailers are increasingly expected to carry different private labels. Commonly, private labels refer to the name of the retailer or do not mention a brand name at all. Private labels in the low-end market segment are often made of relatively cheap bulk wines. In addition to these cheap private label wines, retailers also develop premium private labels which cannot be recognised by consumers as a private label of the retailer. Only the label on the back of the bottle includes a reference to the retailer as the owner of the brand.

Private labels offer retailers several advantages. First and foremost, it gives them greater control over their supply chains. As long as the flavour profile of the total wine blend remains similar, they can change individual wines in their blend, and thus switch suppliers. Secondly, retailers can add value by branding and they have all the resources they need to build strong brands.

Tips:

Supplying wine for private labels is particularly interesting for exporters whose activities focus on viticulture and wine-making. The supply of wine for private labels offers an opportunity to direct all resources towards the improvement of production, whether in terms of quality or quantity.

Supplying wine for private labels is only interesting for relatively large exporters, as retailers with private labels require large volumes, especially in the low-end market segment.

Mix private label wine supplies with branded wine supplies to remain an interesting partner for

retailers, while also adding value through your own brand.

Product appreciation in the German wine market

Table 2 provides some insight into which product options are appreciated in the German wine market. High volume and low volume refers to matching target segments to your export capacity. For more detailed information on specific segments, please read our study on [Sustainable wines](#) or [Bulk wines](#) in Europe.

Table 2: Appreciation for product options in the German wine market

	<i>Organic</i>	<i>Fairtrade</i>	<i>ISO quality</i>	<i>ISO social</i>	<i>Screw cap</i>	<i>Bag-in-Box</i>	<i>Bulk wine</i>	<i>Online sales</i>
<i>High-volume segment</i>	+++	-	++	+	++	+	+++	+
<i>Low-volume segment</i>	++	++	+++	++	+	--	-	+++

6. What are the end market prices for wine in Germany?

Average German consumer price indications for wine for on-trade and off-trade are presented in Table 3. The large price difference between the segments is mostly due to the price calculation in the on-trade channel which also has to cover higher exploitation costs.

Table 3: Average consumer prices per trade channel

Trade channel	Price indications per bottle
<i>Off-trade</i>	
Discounters	€ 1.75
Supermarkets	€ 2.45
Specialist retailers	€ 3.45
<i>On-trade</i>	€ 25.00

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