

# Exporting wine to the Austrian market

Austrian wine consumers are increasingly interested in high-quality wines. Although domestic wines are very popular among Austrian consumers, there are still opportunities for imported wines, especially in the off-trade. Although it is difficult to compete with domestic production, there are opportunities for developing country exporters. If you are able to make a premium wine at an affordable price (and emphasise your Unique Selling Point) you may find the Austrian off-trade channel to be the most receptive.

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## 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'. Please refer to Table 1 for the Harmonised System (HS) codes for wine.

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

## Labelling

The European Union has set [compulsory labelling particulars](#) for wine; labels must provide the following information.

- 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

The information on allergenic ingredients should include the following.

- 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 accommodate 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) must be given.

### Tips:

Legislation does not require the exact composition of a blend on the label. However, rising interest of consumers in the composition of wines 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. Educated wine consumers, however, will be less receptive to this kind of marketing.

The [Food Standards Agency of the United Kingdom](#) provides useful guidance on more detailed labelling requirements for the United Kingdom, which are also applicable to the Austrian wine market.

## Packaging

### Bottled and boxed wine

- On the Austrian wine market, the 750 ml glass bottle is the most common type of wine retail packaging. About two-thirds of all wine is sold in these glass bottles. Glass bottles are usually coloured to reduce the effects of UV light.
- Other packaging types that enjoy some popularity on the Austrian wine market are 1000 ml and 2000 ml glass bottles.
- To a very small extent, 200 ml glass bottles are used for some premium wines.
- Tetra Paks are only used in the high-volume segment, but not extensively.
- The acceptance of screw caps in Austria has grown significantly in the past few years. These alternative stoppers are being marketed as quality improvements to prevent cork taint.
- Bottles for sparkling wines need to be strong enough to withstand the pressure resulting from the high CO<sub>2</sub> levels. Although there are no legally binding 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 CO<sub>2</sub>>2g').

## Bulk wine

Packaging-related quality problems with bulk wine hampered development of the 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 in bulk wines, especially among the 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 – disposable plastic bags intended for installation in a standard 20 ft shipping container.
- ISO tanks – 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 lead to oxidation, which will degrade the wine. This can result in negative taste alterations and a shorter shelf life.

## 2. What makes Austria an interesting market for wine?

### Large premium wine production

Austria is a medium-sized wine producer in Europe. Wine production in Austria amounted to about 2 million hectolitres (hl) in 2015, showing an average annual increase of 3.6% since 2011. The production area is about 43,543 hectares of vineyards and has been stable over the last years. Wine production in Austria is characterised by smallholdings.

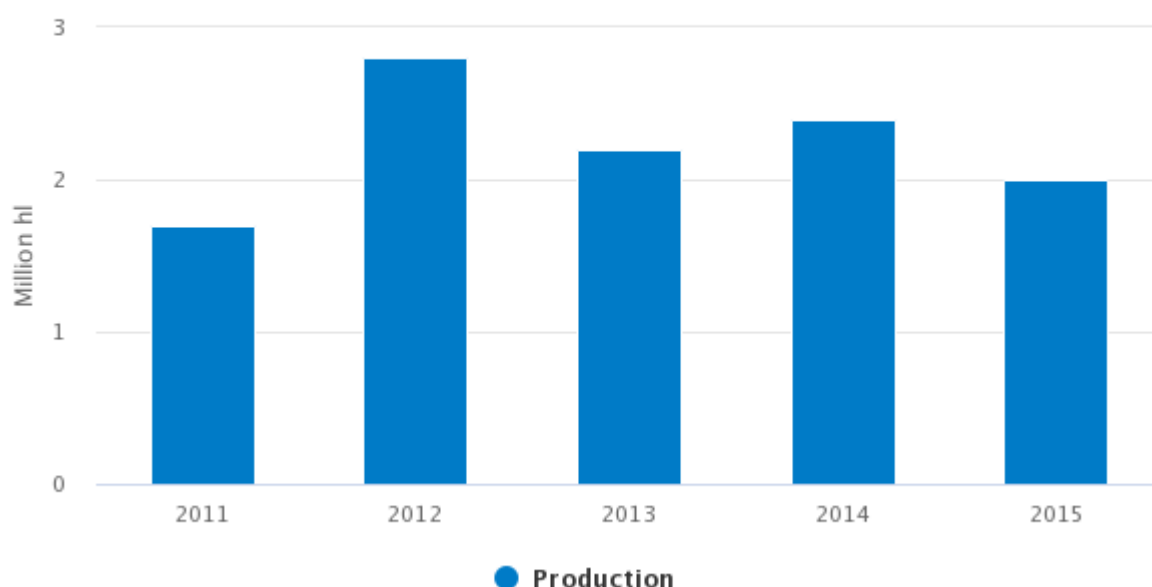
About 62% of Austrian wine production consists of white wine and 38% of red and rosé wine. Important white wine varieties are Grüner Veltliner, Welschriesling, Mueller-Thurgau, Weissburgunder and Riesling. Important red wine varieties are Zweigelt, Blaufraenkisch and Sankt Laurent. Over the past decades, Austrian wine producers have been producing less wine but of a higher quality, dominating the domestic premium wine market (see Box 1).

### Wine consumption consists primarily of domestically produced wines

Wine consumption in Austria amounted to 2.3 million hl in 2015, showing an average annual decrease of 2.3% since 2011. Although Austria is only a small European wine consumer in terms of volume, per capita wine consumption is relatively high at 27.1 litres in 2015 (an average annual decrease of 2.9% since 2011). This is well above the average European per capita wine consumption of 23.9 litres in 2015.

Figure 1: Wine production in Austria, in million hl

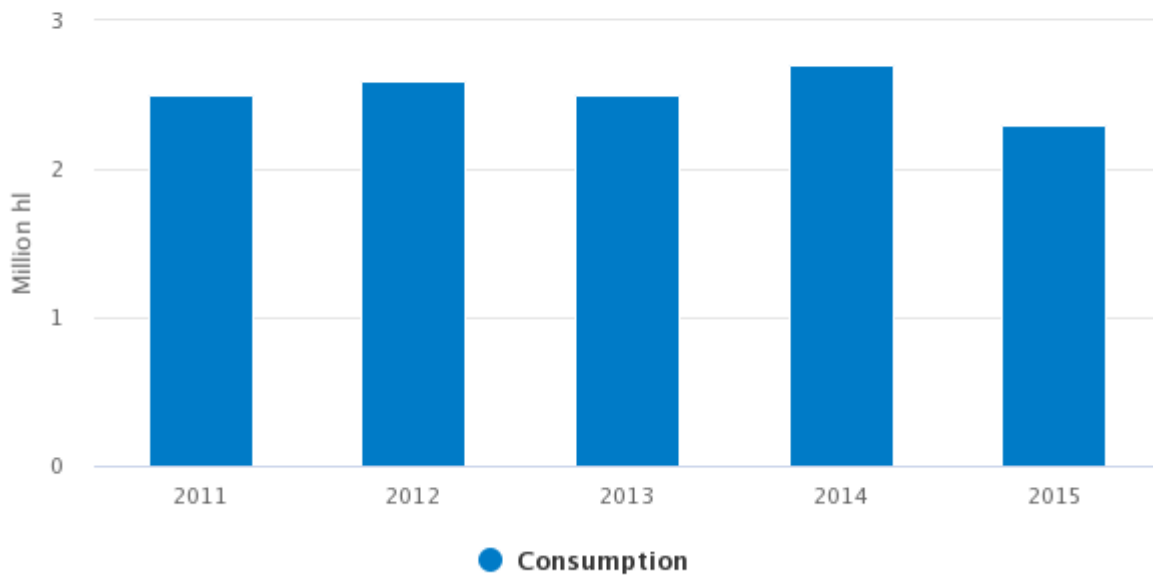
2011–2015



Source: Eurostat, 2016

Source: Eurostat, 2016

**Figure 2: Wine consumption in Austria between 2011 and 2015 in million hl**



Source: Eurostat, 2016

Source: Eurostat, 2016

Domestically produced wines dominate the Austrian wine market with a market share of 87.3% in 2014, showing an average annual increase of 10.5% since 2011. In contrast, foreign wines only account for 12.7% of the Austrian wine market and showed an average annual increase of 6.4%. Both domestic wine sales and foreign wine sales have increased, but not at the expense of one another.

### Tip:

Opportunities for wine exports exist in the high-volume segment as Austrian producers dominate the premium wine market.

## Most wine imports from neighbouring countries

Austria is only a small importer of wine compared to larger wine markets such as Germany and the United Kingdom. Domestic production is able to meet the domestic demand, implying a limited need for wine imports. Total wine imports in Austria amounted to €171 million in 2015, showing an average annual increase of 1% since 2011. However, the largest suppliers to the Austrian wine market are its wine-producing neighbouring countries. Italy, France, Germany and Spain together account for €160 million (93.4%) of total imports.

Wine imports from developing countries amounted only to €3.7 million (2.2%) of total imports, but showed a slight average annual increase of 1.8% since 2011. The largest developing countries supplying the Austrian market are South Africa, Chile and Argentina. They accounted for respectively 1%, 0.6% and 0.4% of total imports in 2015.

Source: Eurostat, 2016

**Tip:**

Do not attempt to compete with Austria's wine-producing neighbouring countries as this will be too difficult.

Develop a Unique Selling Point (USP) around such matters as your (authentic or native) grape variety, sustainability or production process to market your wine in Austria.

## High-value wine exports from Austria

Austria is a small wine exporter in Europe. Wine exports amounted to €139 million in 2015, showing an average annual increase of 4.1% since 2011. Although wine export volumes have been decreasing during the last decade, the value of exports has increased considerably. Austrian wine exports have been moving away from cheap wines towards higher-quality wines.

The largest export markets for wine from Austria are its neighbours Germany and Switzerland. Over 63% of all wine exports from Austria is destined for these countries. The United States is the third largest export destination, followed by northern and western European countries.

Source: Eurostat, 2016

**Tip:**

Please refer to our study on [European trade statistics for wine](#) for more information about overall trade statistics for wine in Europe.

## 3. Which trends offer opportunities on the Austrian wine market?

### Shift towards (domestic) premium wine

There is a growing interest in high-quality wines in Austria. The growth in the premium segment has been driven by Austrian wines, which have gained in quality over the years, following the diethylene glycol wine scandal in 1985 (see Box 1). Austrian consumers are increasingly interested in premium wines and are willing to pay more for them.

Table 2: Domestic sales value by price band in Austria

Value in Euro						
	2012		2013		2014	
	In €	In %	In €	In %	In €	In %
Up to €2.99	€2,981,413	17.3%	€3,414,025	17.8%	€3,404,569	17.3%

€3.00 to €5.99	€2,448,171	14.2%	€2,641,119	13.7%	€2,681,281	13.6%
€6.00 to €9.99	€7,464,618	43.4%	€8,301,088	43.2%	€8,475,823	43.0%
€10.00 to €14.99	€2,458,691	14.3%	€2,816,672	14.7%	€2,973,533	15.1%
€15.00 to €24.99	€1,225,552	7.1%	€1,385,208	7.2%	€1,389,542	7.1%
Over €25.00	€623,364	3.1%	€651,622	3.4%	€767,307	3.9%
Total	€17,201,808	100.0%	€19,206,735	100.0%	€19,692,057	100.0%

Source: Austrian Wine Institute, 2015

Although Austrian consumers increasingly choose premium wines, there are still opportunities for market entry in the low and middle wine segments. However, the dominant position of discounters on the Austrian market has a strong effect on the price points for the low-end and middle price segments.

### Tips:

Developing country exporters can benefit from the shift towards premium wines by supplying wines for the low and medium segments. Competition from Austrian and other Old World wines is lower in these price categories.

If you produce a high-quality wine, it is important to develop a strong brand that will stand out from the Austrian competition. Build your brand around your product's Unique Selling Point.

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

## Interest in sustainable and ethical wine

Austrian consumers are increasingly interested in sustainable and ethical products. Around 10% of wine production in Austria is organic, which is the second highest share in Europe and among the highest in the world.

The strong growth of organic and Fairtrade wine sales in Austria over the past few years is a good indication of consumer interest in sustainable products. Both the Austrian government and the retail sector promote organic

and sustainable foods, and these topics are commonly used in marketing. However, the interest in sustainability is not limited to organic wine. In 2014, the Austrian Winegrowers Association launched a [campaign for sustainable production](#) that includes a wide range of environmental and social aspects.

### **Tips:**

Consider entering the Austrian market if you are an organic producer. Austrian consumers are very open to organic products.

Discuss potential benefits of Fairtrade or organic certification with your buyer before investing in the process.

For more information about sustainability, please read our studies on [sustainable wine](#) and [organic wine](#) on the European market.

## **White wine is gaining market share**

White wine is the most popular category of still wines in Austria. White wines account for about 57% of still wine sales, red wines for about 40%, and rosé for only 3%. Moreover, the share of white wines has increased by approximately 4% since 2013.

More awareness of the relationship between diet and health has led to increased consumption of light food. Consequently, consumers are more often choosing white wines, which go better with light food. In the short term, consumption of white wine is expected to remain strong.

### **Tip:**

If you can supply a light wine, emphasise the match with light food to promote the association with healthy diets.

## **Sparkling wines are in fashion**

Sparkling wines are becoming increasingly popular in Austria. Consumption of sparkling wine increased by 12.6% between 2010 and 2013. Moreover, sparkling wine accounted for about 22% of wine imports into Austria in 2014. Austrian sparkling wine accounts for almost one-third of sparkling wine sales.

In the long term, many of the young consumers that currently account for much of the demand for easy drinking wines are expected to switch to other drinks. However, much depends on the success of marketing efforts by the Austrian wine industry. Considering the increase in demand for sparkling wines, the supply of these wines in bulk is an interesting opportunity for exporters in developing countries. Bottling mainly takes place in Austria or Germany.

### **Tips:**

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

Monitor fashion trends to anticipate developments in wine consumption. You can tap into fashion trends by changing your production process or changing labels.

## Low excise duties

Austria does not discourage wine consumption as strongly as other European countries. Consumption of still wine is even exempt from excise duties. Sparkling wine with an alcohol content higher than 8.5% is subject to a relatively low excise duty of €100 per hl. There is also 20% VAT on all wine sales.

### Tip:

Benefit from the low excise duty on sparkling wine and from the absence of excise duties when supplying wine to Austria.

## 4. With which requirements should wine comply to be allowed on the European market?

You can only export your wine to Europe if you comply with [buyer requirements for wine](#).

### With which legal and non-legal requirements must my product comply?

[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 to Europe. These include the following points.

- Compliance with [European Oenological practices](#): To prove compliance with allowed oenological practices, all wine imported to Europe needs to be accompanied with 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 visible.
- Food safety – traceability, hygiene and control: Read more about [health control](#) at 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 at 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 applies 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](#): hazard analysis and critical control points).

## Which additional requirements do buyers often have?

Besides 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 must comply with to be allowed on the European market or to find a buyer, complying with the following additional requirements could be a competitive advantage and make finding a buyer easier.

- **Fair-trade 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 convincing 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. Only then can you put the European organic logo on your products, as well as the logo of the standard.

### Tip:

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

## 5. What competition do you face on the Austrian wine market?

### What are the opportunities and barriers when trying to enter the Austrian market?

#### Austrian consumers prefer domestic wines

Austrian consumers have a strong preference for domestically produced wine, as Austrian wines comprise the majority of wine consumption. In 2014, Austrian households bought 54.3 million litres of domestic wine (€272 million) against 26.1 million litres of foreign wine (€99 million). Between 2010 and 2014, domestic consumption of foreign wines increased by 5.5% annually. The increased interest in foreign wines is mostly visible in urban areas, such as Vienna.

#### Local production focuses on middle and premium segment

Austrian winemakers are increasingly focusing on quality and the reputation of their wines is growing rapidly (internationally). The average price of wines in Austria is also increasing, and overall value has increased even

while consumption has decreased or remained stable. Therefore, more opportunities exist in the low-end and medium segments. This is reflected in the growth of bulk wine imports in recent years.

**Tip:**

If you aim to export your wine to Austria, target the urban areas of the country.

## **Red wine market is most accessible**

Red wines have more diverse origins than white wines in the Austrian market. The value of red wine imports accounted for approximately 21% of total red wine sales (around 17% in volume) in 2015. The value of white wine imports accounted for approximately 6% of total white wine sales (around 6% in volume) in 2014. Therefore, there are more opportunities for developing country producers in red wines than in white wines.

**Tip:**

Take advantage of the easier market access in the red wine market compared to the white wine market by supplying red wines.

## **What are substitute products?**

### **Small threat of substitution by other alcoholic drinks**

Austria has a strong wine culture. Therefore, wine suppliers have little to fear from suppliers of other alcoholic drinks. Although alcohol consumption in Austria is declining (wine, spirits, beer and Ready-To-Drinks/high-strength premixes all witnessed total volume declines in 2015), it did not significantly affect sales value due to the growing consumer focus on premium products.

**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 (USPs) compared to other wines.

## **Excise duties might change in the future**

Currently, no excise duties are placed on still wine and a low excise duty (€100 per hl) is placed on sparkling wine with an alcohol content higher than 8.5%. However, in the long term, measures taken by the government to reduce alcohol consumption may result in higher excise duties. In turn, this could cause a shift to wine with a relatively low alcohol content.

**Tip:**

Keep a close eye on [Austrian government excise policies](#) in order to align your product with new rules.

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

### Strong rivalry in middle to premium segments

Rivalry with Austrian wine producers is particularly high in the middle to premium market segment. Most domestic wines are sold at these higher price points and are very popular with Austrian consumers. Moreover, wines sold directly from the point of production (farm-gate) are exempt from taxes which allows farm-gate sales to compete with supermarkets and discounters. This offers an incentive for consumers to buy local wines.

To be competitive in these segments, suppliers need to show their unique selling points (USPs), such as variety, origin or even [geographical indications](#), stories about production (e.g. altitude), wine show medals or sustainability. Due to the importance of fashion trends in the wine market, your USP can attract many new buyers one moment, while losing popularity the next.

#### Tips:

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

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

If you have an interesting story to tell about your wine production, use it for branding.

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 or to establish schemes for [geographical indications](#).

### Less rivalry in the low-end segment

In the low-end segment of the Austrian wine market, rivalry with domestic production is less strong. Few suppliers can meet the high requirements of the discounters, which have a large market share in Austria of 31%. Exporters in developing countries who are able to produce large volumes of a consistent quality can profit from this market situation. As most Austrian discounters have centralised purchasing departments, most of these wines are imported via Germany and then distributed to Austria.

#### Tip:

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

### Blending for private labels

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

**Tips:**

If you supply bulk wine for private labels, live up to expectations regarding consistency in quality and quantity.

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

**Who are my rivals?****Competition from European exports**

Wine imports from European producers have acquired a strong market position in the relatively small import market. These imports consist mainly of red wines (about 65% in volume and 72% in value). Market shares of developing countries are very small. Developing country exporters supplying the Austrian wine market do so mainly in the high-volume segment. They are able to export low-cost bulk wine to Austria. Exporters who are not able to do so, have to emphasise their Unique Selling Point to gain entry to the Austrian wine market.

**Tips:**

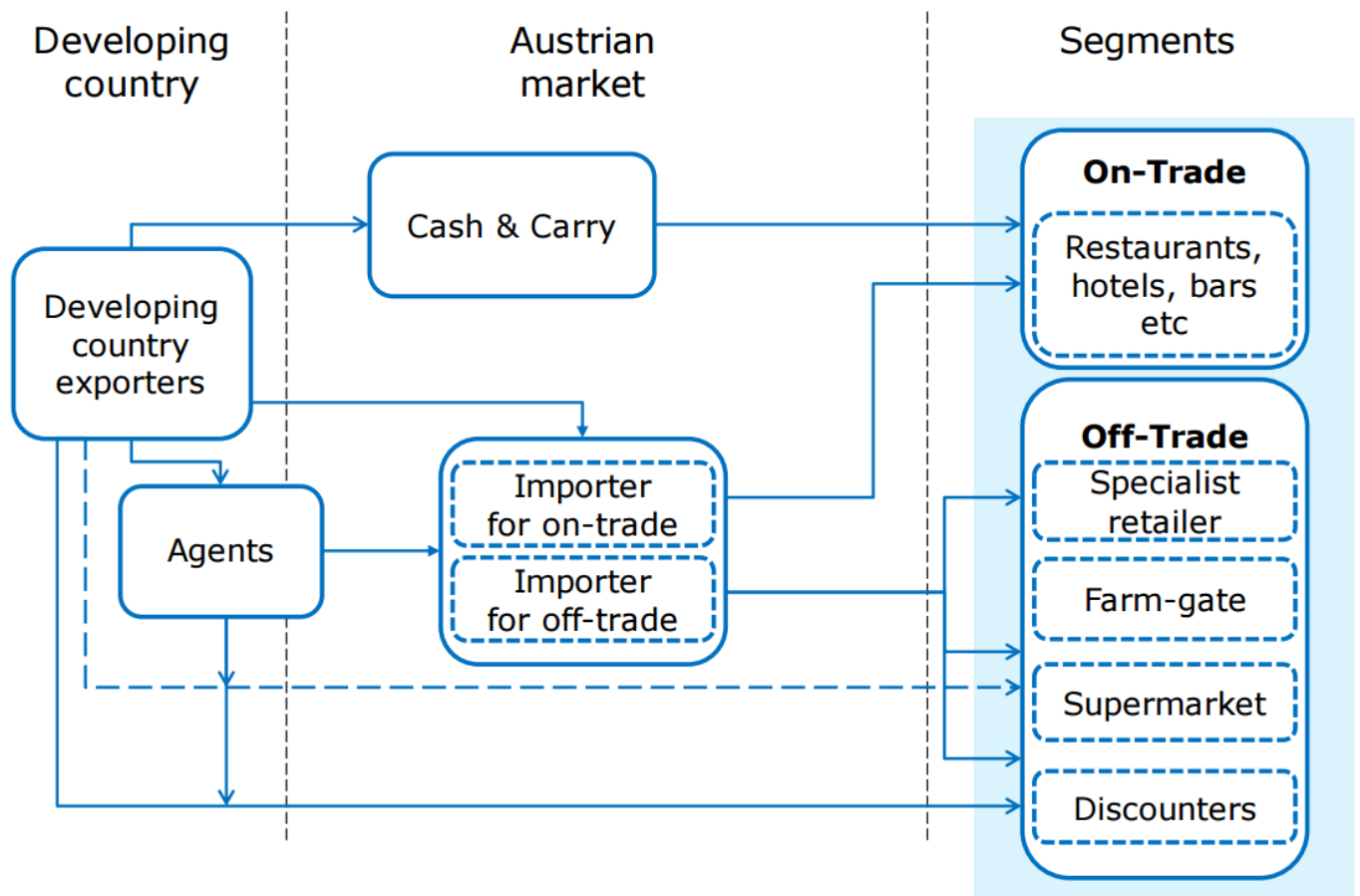
Wines from European wine-producing countries have acquired a strong market position in the small import market of Austria. Do not attempt to compete with southern European countries as this will be too difficult.

To compete with other developing countries, you need to be able to supply bulk wine at low costs. If you are not able to do so, emphasise your Unique Selling Point to enter the Austrian wine market.

**6. Which channels can you use to put wine on the market in Austria?****Trade channels**

The trade channels for wine in Austria are presented in Figure 5.

Figure 5: Trade channels for wine in Austria



## On-trade versus off-trade

Approximately 56% of the total amount of wine consumed in Austria is in the on-trade market. However, over the past six years, the Austrian off-trade wine market has shown a positive development in terms of value, whereas the volume is still decreasing. This development is the result of consumers preferring to drink wine at a higher price level at the expense of volume.

The total value of wine bought by Austrian households increased by €17 million between 2009 and 2014. Both domestically produced wines and foreign wines saw an increase in value, but foreign wines increased relatively more. This is in contrast with the increasing market share of domestic wine (10.6% annually, compared to 6.4% annually for foreign wines) on the Austrian wine market. The increasing market share of Austrian wines can therefore mainly be attributed to the on-trade channel.

Source: Austrian Wine Institute, 2015

### Tips:

The premium segment of the Austrian wine market is dominated by Austrian wine. As a developing country exporter, it will be hard to compete with the local production.

The off-trade channel presents opportunities for premium wines at a competitive price level, as household consumption of foreign wines is increasing.

## Long-term relationship is important

The off-trade in Austria is dominated by large retail chains, which account for more than 70% of off-trade wine sales. This includes discounters (31%), supermarkets (25%), and hypermarkets (16%) (Austrian Wine Marketing Board, 2014). The largest supermarket and discounter chains in Austria are [Rewe](#) (including ADEG), [Spar](#) and [Markant](#). Supermarkets and discounters often have their own import companies. Smaller importers and distributors mainly cater to specialist retailers and the on-trade, but sometimes also supply supermarkets.

### Tip:

With only a limited number of importers on the Austrian wine market, it is important to cherish your relationship with a buyer. Be consistent and trustworthy in your supply quality and quantity. Make sure your wine is always available; once buyers need to go elsewhere they will not return.

## Increase in bulk wine imports

Due to lower harvests and an increasing focus of Austrian wine producers on quality rather than quantity, bulk wine imports have increased in recent years. This results in a higher dependence on buyers, in turn increasing risks and resulting in a tougher bargaining position. The dominant position of traders and the high-volume trade by discounters is expected to continue in the coming years.

### Tip:

Engage in a long-term partnership with an Austrian importer or bottler. You can develop a private label brand in addition to your own brand in order to split risks and profit more equally.

## Outlook for specialist trade is promising

Despite the dominance of high-volume trade, more opportunities are expected for higher-quality producers in the specialist trade in the coming years. Specialty retailers account for 4% of wine sales in Austria (Austrian Wine Marketing Board, 2014). Besides beverage retailers that sell wine alongside other drinks, there are approximately 300 'vinotheques' devoted specifically to wine.

Austrian 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.

### Tip:

Make your product attractive to specialist retailers. Emphasise your Unique Selling Point, like unusual origins, varieties, production/region stories or sustainability in your presentations.

## Online sales

Online wine sales account for approximately 3-5% of the wine market in Austria. About half of these is estimated to be cross-border sales, meaning Austrian consumers frequently buy wine from online retailers in other countries. As more Austrian retailers create an online presence, this channel has the potential to grow in the coming years.

In general, retailers with physical stores lead the development of online sales (e.g. [Spar Weinwelt](#)). Consumers need to know the retailer before they will rely on the information provided in the online shop. Nonetheless, many small premium wine importers without physical stores offer their wines through an online shop too. Premium wines sell well online as consumers are willing to pay more for a more exclusive wine which they cannot buy at the supermarket.

### Tips:

If you supply small volumes of premium wine, find an importer with an online shop who offers wines from original locations.

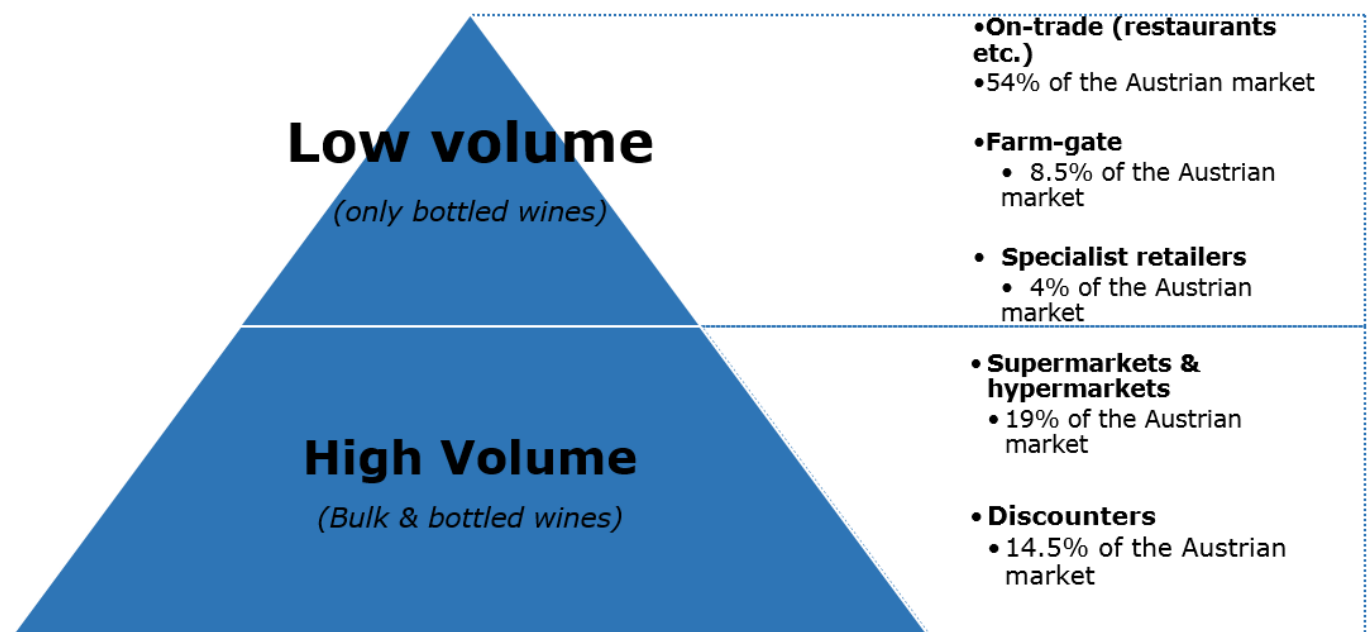
Online shops are particularly interesting retail channels for premium wines from developing countries, as they offer space to provide product information, such as a story about the history of the winery.

For more information about online wine sales, please read our study on [online wine sales in Europe](#).

## Segmentation of wine

The segmentation of the Austrian wine market is presented in Figure 7.

Figure 7: Market segments for wine in Austria, including an indication of share in sales per segment



## Imports of bulk wine offer opportunities for high-volume suppliers

Amounts of bulk wine imports to Austria differ from year to year, while imports of bottled wine remain relatively stable. In 2013, table wine imports by Austria consisted of 70% bottled wine and 30% bulk wine. Bulk wine

imports depend strongly on the Austrian wine harvests. When domestic production is high, bulk wine imports tend to decrease. However, the value of bulk wine imports has increased steadily since 2009.

Supplying bottled wine directly to supermarkets is difficult, due to high listing fees. In Austria, this fee can range from 20–30% of the retail price. Working with supermarkets therefore involves high risks and requires good price calculations, as the sales quantities are not guaranteed. Importers are often a more suitable channel for exporters from developing countries. These importers are in a better position to comply with the requirements of retailers. Please note that Austrian discounters often do not use listing fees.

### **Tips:**

As a developing country exporter supplying bulk wine, you can only target discounters or supermarkets. Being able to offer a low price is of vital importance in Austria.

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

If you target supermarkets with bottled wine, provide them with the offer to supply their own label to avoid listing fees.

## **Strong price consciousness**

Austrian discounters have been very successful in making consumers very price-conscious. As a result, the low-end segment of the market with an average price point of €2.81 per litre has become big. In 2014, discounters accounted for 31% of the off-trade wine market in Austria. They primarily sell their own brands, which effectively leaves a small share of the market for branded wines of producers and traders. The latter must focus on the middle to premium segments.

### **Tip:**

If you aim to supply discounters, focus on low-cost production of bulk wine.

## **Position yourself in the market**

Developing a successful brand requires proper positioning of the wine in the Austrian market. You should be able to distinguish yourself from your competitors and communicate this to the consumer, thus making your brand unique. You can differentiate yourself by developing a Unique Selling Point (USP).

### **Tips:**

If you aim to supply the middle or premium segment, build a strong brand around your Unique Selling Point (USP) such as variety, origin or even [geographical indications](#), stories about production (e.g. altitude), wine show medals or sustainability.



## Differentiation in private labels

The share of private labels in the Austrian wine market has been growing relatively quickly, at 2.5% per year between 2011 and 2014. Private labels usually 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.

Retailers will increasingly take control of the branding of wines, as it offers them several advantages. Firstly, it gives them greater control over their supply chains, because they can switch between suppliers if needed. As long as the flavour profile of the total wine blend remains similar, they can change individual wines in their blend. Secondly, retailers can add value by branding and have all the resources they need to build strong brands.

### Tips:

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.

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.

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 Austrian wine market

Table 3 provides some insight into which product options are appreciated in the Austrian 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 studies on [sustainable wine](#) and [bulk wine](#) in Europe.

Table 3: Appreciation for product options in the Austrian wine market

	Organic	Fair trade	QMS	CSR	Screw cap	Bag-in-Box	Bulk wine	Online Sales
<i>High-volume segment</i>	+++	-	++	+	++	+	++	-
<i>Low-volume segment</i>	++	++	+++	+	+	--	-	++

## 7. What are the end-market prices in Austria for wine?

Average Austrian consumer price indications for wine are presented for on-trade and off-trade in Table 4. 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 4: Average consumer prices per trade channel

Trade Channel	Price indications per bottle
<i>Off-trade</i>	
Discounters	€2.10
Supermarkets and hypermarkets	€3.00
Farm-gate	€4.10
Specialist retailers	€7.25
<i>On-trade</i>	€25.00

There are various price bands in the off-trade channel, depending on the quality of the wine (see Table 5). Average prices over time have increased in every price band between 2012 and 2014 and give a good indication for acceptable prices per price band.

Table 5: Average price for wine per price band in Austria

Average price by price band			
	2012	2013	2014
Up to €2.99	€1.47	€1.68	€1.69
€3.00 to €5.99	€3.77	€3.98	€4.11
€6.00 to €9.99	€7.23	€7.45	€7.68
€10.00 to €14.99	€11.14	€11.49	€11.49
€15.00 to €24.99	€17.42	€17.82	€18.73
Over €25.00	€32.11	€33.33	€34.99
Total	€4.28	€4.62	€4.78

Source: Austrian Wine Institute, 2015

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