

Which trends offer opportunities on the European wine market?

In the high-volume segment of the European market, sourcing globally is becoming more important as it is cost-efficient. However, in the low-volume segment authenticity and sustainability of exclusive wines is increasingly important. The aging European population is presenting opportunities for new packaging solutions whereas the younger generation presents opportunities for wines from new regions which are thoughtfully produced.

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1. Global sourcing

Global sourcing of wine is becoming increasingly important, especially in the high-volume segment of the European market. It leads to lower transport and bottling costs, as glass is cheaper in the European Union compared to other wine-producing countries. Bulk wine is increasingly a commodity-traded good with brands staying the same at the consumer level, but with different blends behind it. This makes European buyers less concerned about the wine's origin. This provides opportunities for all developing-country wine producers.

Tips:

If you want to focus on bulk wines, visit [The World Bulk Wine Exhibition \(WBWE\)](#) which is held annually in Amsterdam.

When contacting buyers, show that you are able to supply the required volumes and consistency in quality. Make clear arrangements with (potential) buyers on long-term contracts that arrange the division of costs, profit and risks between the producer and buyer.

2. Drive for authenticity

The flipside of increased global sourcing is the drive for authenticity among wine consumers, especially in the premium segment. There is a growing awareness of authenticity among the more discerning consumers, in terms of traditional wine production and viticulture, use of endemic varieties, but also how the wine is transported and packaged. Producers from developing countries will need to overcome feelings of doubts among consumers about the origin, new varieties, exotic image and fair labour conditions of the products.

Tips:

Look closely at what authentic elements of your wine production can be used for marketing.

You can prove authenticity through certification schemes or [Geographical Indications](#) (see trends below).

If you do not have your own brand to show authenticity, you could target the private label market.

3. Sustainable supplies

Sustainability continues to be a hot topic in the wine industry. Sustainable wine production is not solely limited to organic or biodynamic production, but can also refer to energy and water conservation, use of renewable resources (e.g. use of wind or solar energy) or reduction of CO2 emissions. Sustainable practices can not only save costs in production or provide favourable taxes, it also provides opportunities for promotion based on sustainable practices to buyers. These kinds of sustainable practices are increasingly required in mainstream markets.

For various sustainable practices, certificates can be obtained from third parties. By doing so, wine producers can demonstrate their sustainable practices to potential buyers. Please refer to our studies on [buyer requirements for wine](#) and [exporting sustainable wine to Europe](#) for more information.

Tips:

Show your buyers what sustainable practices you apply in your business operations. Consider all business aspects, including grape growing, harvesting, wine-making, bottling, storage and transport. Generally, it is good practice to start with identification of sustainable practices that have already been implemented. You may use this information immediately to report to buyers through documentation or promotional materials.

After that, identify opportunities to further improve the sustainability of your business. Buyers often appreciate plans to implement sustainable practices. Obviously, they appreciate reports on achievements with regard to sustainability even more.

Inform yourself about sustainability requirements and certificates by third parties (e.g. organic, Fairtrade, ISO etc.) to demonstrate your sustainable practices.

Consider whether organic or biodynamic wine production is suitable for your specific farm or not. Also consider if you will be able to earn back the investments of time and money. If these production systems are not suitable, apply other practices to address sustainability.

4. Opportunities for geographical indications

A [Geographical Indication \(GI\)](#) is a sign used to identify a product as originating in the territory of a particular country, region or locality where its quality, reputation or other characteristic is linked to its geographical origin. A GI can serve as a valuable instrument to distinguish your product from the competition. With a GI, high-quality wines from developing countries are more likely to end up in the premium segment. The market will be more comfortable with label integrity and less concerned about contraband, fake or illegal blending.

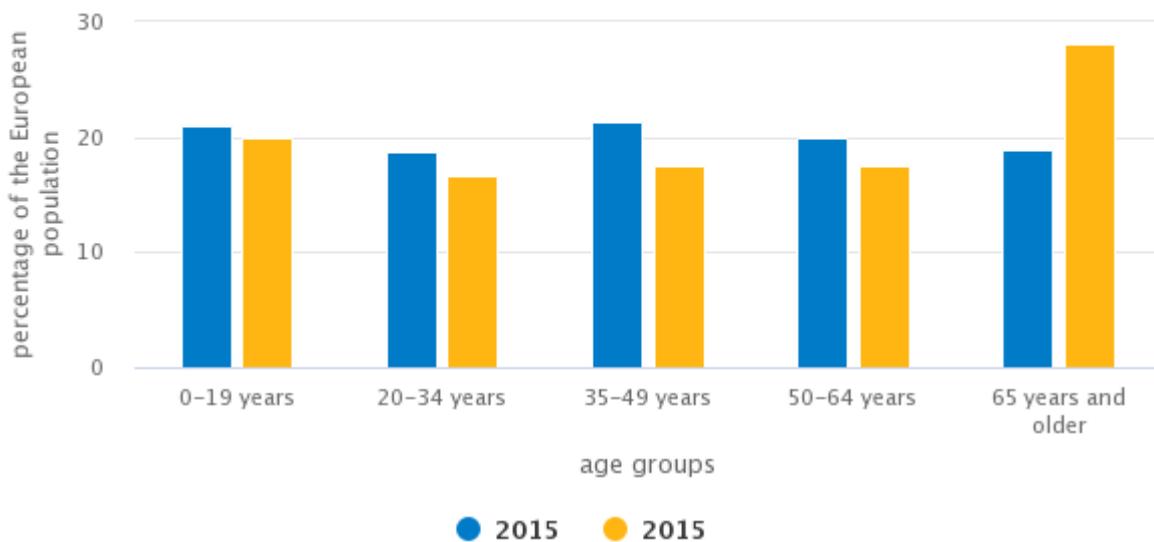
Tip:

A GI is a recognised region guarantee which can only be issued by governments. Support your business support organisations to apply for a GI, as they can initiate the process through lobbying.

5. Aging population

Population data shows that Europe is faced with an aging population. By 2050, around 28% of the European population is estimated to be 65 and older, as opposed to 19% in 2015. This aging population is leading to a growing niche in the European wine market. In general, consumers in this niche drink wine less often. The wine industry is tapping into this development by selling wine in smaller packages or in packages which preserve wine better and longer (see Innovative packaging trend).

Figure 1: Structure of the European population 2015 versus 2050
population by age groups



Source: Eurostat

Tips:

If you want to profit from this new niche market of older people, aim for branding which they are comfortable with. Include in your brand proposition elements from the 50s, 60s, or 70s, which older people by then will relate to.

Once you have established a business relationship with a European importer, consult your importer on the possibilities to supply your premium wines in smaller packages.

“There will be more emphasis on experiential and emotional engagement in communications with consumers.” – Cees van Casteren, CBI External Expert



6. Millennials

Being the younger generations of wine consumers, millennials (people born between 1982 and 2000) are often perceived as being more adventurous in their tastes. They have a thirst for new regions, accessible pricing and particularly wines that are thoughtfully produced. The impact of the millennials on the wine market is increasing. According to a British study, millennials view wine as a social drink and preferably buy wine in the on-trade channel, accounting for 29% of its volume (Wine Intelligence, 2016).

The wine industry will need to become more responsive to their needs, requiring a stronger emphasis on experiential and emotional engagement with consumers in communications. Being visible on social media can be an important strategy for promoting your wine and create brand awareness, but you have to be entertaining or it will miss traction. Besides social media such as Facebook, YouTube and Twitter, wine apps such as Vivino and Wotwine are gaining popularity among consumers to get information, ratings and reviews on wines.

Tips:

Aim for classic wine-importing countries without a large domestic or traditional wine production such as the United Kingdom, Belgium, Scandinavia, the Netherlands but also Germany. The millennials in these markets are more open to experimental wines and experiential engagement.

Use new media in your market communication. Millennials are using the internet via their smart phones as the primary way to find out about wines and to buy them. Use Facebook, Twitter, Instagram and LinkedIn to communicate and promote yourself. In case you choose to use Facebook, YouTube and/or Twitter: be entertaining to be effective.

Millennials are also open to other channels of buying wine than the traditional distribution channels. Nowadays you can buy wine in all sorts of outlets and the expectation is that this will become more open in the future as well.

Note that millennials are not particularly brand loyal. They are continuously looking for new and unique experiences within the beverage industry. Due to this search for unique experiences, one-off small-sized promotions works very well with this group. Online retailers have very strong one-off promotion concepts to satisfy the millennials' search for a unique experience.

7. Country hopping in wine fashion

Some fashion trends in wine seem to 'hop' from country to country. If a particular wine is successful in one European market, the same company will introduce this product also on other European markets. A current example of this trend are aromatic wines and wine cocktails. These products are currently fashionable in Germany and the United Kingdom but expected to spread to other Western European countries with a good outdoor culture in the coming years.

Most 'fashion' trends in wine tend to be cyclical in Europe. This means that the popularity of different kinds of wine varies throughout the years. Currently, sparkling wine is still very popular in most European countries, whereas rosé wine seems to have lost its momentum in many European markets. Full-bodied red wines are out of fashion too, while elegance and drinkability is revived. Lighter-style reds and lower-alcohol wines are also enjoying increased popularity.

Tips:

Developing-country exporters need to find a European market which best suits their product. Read our [country-specific market intelligence for wine](#) to learn which markets suit your product best.

Consult with European buyers to determine which markets are best for your product.

8. Changing wine categories in retail

Drinking moments and taste have become a focal point in the marketing strategies of wine suppliers. In the Netherlands, retailers no longer sort their wines by country but by taste and occasion to help consumers find the right wine. This might benefit developing country exporters, as consumers are expected to pay less attention to wine origin. However, in the United Kingdom, retailers have gone back to sorting their wines by country as that works better for them. Additionally, it stimulates purchases of wine from traditional origins.

Tip:

Before entering a market, study if the retailer uses shelf navigation per style or per country. The latter might be detrimental for wine sales from lesser-known origins.

9. Packaging innovations

The push for other packaging than glass bottles stems from a multitude of factors, such as price, sustainability and quality conservation. The acceptance of technological innovations in packaging, such as the use of screw caps or bag-in box differs from country to country. Whereas Northern and Western European countries seem to have embraced these technologies in packaging for the high-volume segment, Eastern European consumers seem to have more difficulties accepting these innovations.

In most import markets, the general public has been hesitant to convert from traditional glass, especially in the premium and super-premium segment. Nevertheless, alternatives such as single-serve PET and Bag-in-box solutions are steadily growing and will be increasingly accepted by the public. The premium segment is now also targeted with innovative packaging, such as Kuvée. The on-trade has been very receptive of screw caps as closure and in some cases the on-trade works with wine on taps to preserve quality and reduce costs.

More country-specific information on packaging innovations can be found in our [studies](#) for the selected countries.

<p>Figure 2: Example of a wine tap system with kegs</p>	<p>Figure 3: Example of Bag-in-box</p>
	
<p>Source: http://www.prweb.com/releases/micro-matic-NAFEM-show/Pro-Line-Wine/prweb10371461.htm</p>	<p>Source: http://packagingrevolution.net/smurfit-kappa-bag-in-box-at-the-international-london-wine-fair/</p>

<p>Figure 4: Example of premium packaging</p>	<p>Figure 5: Example of Single-serve PET bottles</p>
	
<p>Source: www.theverge.com</p>	<p>Source: http://www.greenerpackage.com/source_reduction/bronco_wine_field-tests_750-ml_pet_bottle</p>

Tips:

- Inform yourself about the different options for packaging in the different European markets.
- Consult with your local importer about packaging options.

10. Online sales are becoming more important

Global online wine sales were around 600% higher in 2015 compared to 2006, amounting to approximately €5.4 billion. Nevertheless, online sales are still small. In most of Europe, existing wine retailers with an offline

presence lead the development. They use the same warehouse for both their offline and online sales. For the moment, large internet retailers have not yet succeeded to enter the wine market in a meaningful way. Nevertheless, online sales have the potential to become a significant market channel in the long term.

The online market development can be interesting for new market entrants from developing countries, as they can use the online space to provide more information on their products. This serves as an instrument to convince consumers of the value of their products. For more information about online sales, read our study on [online sales of wine in Europe](#).

Tips:

Small online retailers are a good option if you want to aim for the premium, low-volume segment.

If you aim for high volume, existing retailers with an online sales channel may be a good option.

11. High vs. low alcohol

Preferences for high or low alcohol percentages per country are often subject to traditional differences. However, legislation and the excise level in the specific European countries are becoming more important. In countries where wine with low alcohol percentages get lower excise rates, this type of wine seems to be more popular than wine with high alcohol percentages, as is the case in for example the Scandinavian countries or the United Kingdom.

Tip:

Check which countries are more interesting for high or low alcohol percentages when developing your market entry strategy.

12. European Union vine planting scheme

Until last year, there were planting restrictions within the European Union to protect its existing wine growers. As of 1 January 2016, the new European regulation allows member states to expand their planting areas by one percent per year. This should help boost European wine production to meet the growing world demand. Additionally, European wine producers might be better able to serve the European market. This, in turn, might present challenges for developing country exporters.

Tip:

To retain your market position in Europe, consider differentiating yourself from your competitors by emphasising authenticity.