



CBI
Ministry of Foreign Affairs

CBI Market channels and segments:

Wine in Belgium

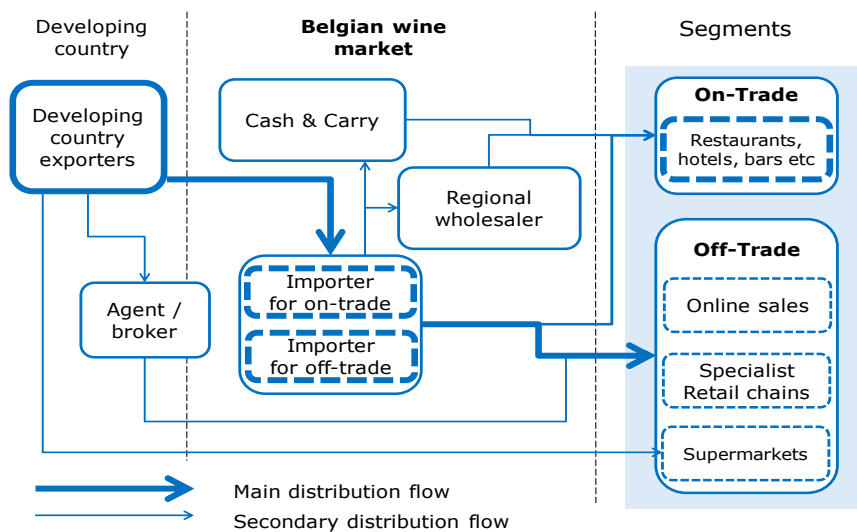
Introduction

Belgian consumers purchase almost all of their wine in supermarkets and discounters. These large retail chains are particularly interesting buyers for suppliers of large volumes. Suppliers of more exclusive wines will find most opportunities in the on-trade segment.

Trade channels

The trade channels for wine in Belgium are presented in Figure 1. A further explanation of the channels can be found under Annex 1.

Figure 1: Trade channels for wine in Belgium



Source: ProFound 2015

Consumers buy almost all their wine at big retailers

In 2014, supermarkets accounted for almost 70% of all wine sales in Belgium (De Morgen, 2014) of which discounters account for approximately 30% of sales. The three largest players in the wine trade in Belgium are Carrefour, Delhaize and Colruyt. These retailers focus on lowering prices of both entry level and premium wines for the consumers, as consumers look for value for money. Although most of their wine assortment comprises entry level wines, supermarkets also offer premium wines (>€ 7) at very sharp prices.

Tips:

- If you want to sell in bulk than you need to have sufficient stocks for repeat orders and if the ratio between the objective quality of your wine and its price is high at the price point required by the supermarket.
- If you supply supermarkets, do this through importers to reduce risks related to the strict contract conditions of supermarkets, such as supply guarantees which require warehousing of wine in Europe.
- If you do not target supermarkets, but rather supply specialist retailers, focus on small importers which can provide marketing support.

Large retail chains buy large volumes to achieve economies of scale

Larger retail chains also prefer to buy from large suppliers which can deliver a very consistent quality. Small retailers account for only 5% of sales in Belgium. They are unable to offer the same low prices as supermarkets and discounters. They target a relatively small group of consumers that wants to know more about the wines they buy and is also more interested in more exclusive, less industrial wines from small-scale vineyards. These small retailers purchase many of their premium wines from small importers, which often promote their wines at wine tasting events for special occasions.

Supermarkets have high demands

75% of all wine in Belgium is sold in the off-trade and 70% of the wine sold in the off-trade channel is sold via supermarkets. This places supermarkets in Belgium in a very strong position during price negotiations. Belgian supermarkets (such as Carrefour, Delhaize and Colruyt) buy their wine in large quantities and place pressure on their suppliers to deliver wine at the lowest price possible. Suppliers to these supermarkets often become dependent on them as those supermarkets are their largest buyers. Successful entry into the speciality segment also presents various challenges for exporters: required volumes are lower, but products must have added value in terms of quality, variety or (certified) sustainability aspects.

Tip:

- Only target Belgian supermarkets if you are able and willing to become a long-term supplier. You are ready when you can:
 - Supply full containers on a weekly basis;
 - Plan your production and meet logistical requirements for programmed short-term delivery;
 - Hire a product developer who knows the quality characteristics desired by the targeted supermarket;
 - Negotiate long-term contracts in which risks and profit are split equally.

On-trade loses from off-trade

The on-trade accounts for around a quarter of the Belgian wine market (Mampaey, 2013). Consumers are generally less price-sensitive in restaurants and other on-trade channels. They are willing to pay extra for the special occasion. Improving economic conditions and declining consumption of beer in Belgium may contribute to higher sales in the on-trade channel. During the economic crisis, on-trade sales declined, as consumers ate out less. However, as the economy recovers, off-trade sales will also increase again.

Tip:

- You are recommended to tap into the growing opportunities in the on-trade sector now that the Belgian economy recovers.

Online sales

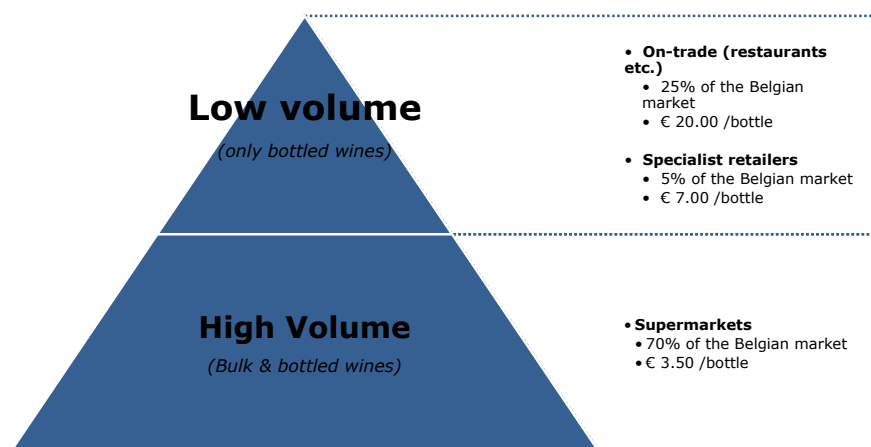
In Belgium, online sales account for around 3% of the market. In general, retailers with physical stores lead the development of online sales. Major retail chains Delhaize and Colruyt sell 4% of their wines online. In general, consumers need to know the retailer before they will rely on the information provided in the webshop. Nonetheless, many small Belgian 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 at the supermarket. Read more on online sales in the [CBI Product Factsheet: Online sales of wine in Europe](#).

Segmentation of wine

The segmentation of the Belgian wine market is presented in figure 2. A further explanation of the figure **can be found under Annex 2**.

In general, there is a clear segmentation between Dutch-speaking Flanders and French-speaking Wallonia Belgium. Wallonia is more focused on the French wine market, while consumers in Flanders are more open to other wine countries. For more information, read [CBI Trends for Wine in Belgium](#).

Figure 2 Market segments for wine in Belgium, including indication of share in sales per segment and average retail price per bottle



Premium versus entry level

Premium wines (> € 7) account for only 6% of total Belgian wine sales (Winetasting.be, 2012). Most demand for wine is price elastic. Consumers are only prepared to pay a small price premium for better quality wines. They expect a good quality for less than € 7. Most of them will only pay more if they need a wine for a special occasion. Only a small group of consumers invests time in searching for a specific wine which matches their particular requirements and also spends more money if that wine happens to be more expensive. Nevertheless, expensive premium wines (up to € 15) sell relatively well in specialist retailers, compared to the neighbouring Dutch market.

Tips:

- If your production costs are high and you require a high price for your wine (> € 7), the quality of your wine must be exceptional and this must be confirmed by awards or influential wine writers.
- Develop a Unique Selling Point and a passionate story about your USP, such as the great taste of your wine as a result of the unique combination of grape variety, climate conditions and winemaking skills at your company. This is particularly important if you target the premium market.

Increase in bulk wine trade

In the last decade, bulk wine imports have grown significantly across Europe, including Belgium. Large importers and retail chains with their own brands lead developments in this trade. The import of bulk wine gives them control over the blending and bottling process. It enables them to change wine blends if their product needs a quality or price improvement. The import of bulk wine, as opposed to bottled wine, also enables them to build their own brand. This branding can fortify their position in the market.

As the traditional suppliers in Southwest Europe are exporting much of their wine to other continents instead of European markets, Belgian importers are increasingly sourcing bulk wines from elsewhere. This development offers opportunities for developing country exporters to supply Belgian buyers and gain market share.

Tips:

- Focus on long-term agreements with importers as opposed to targeting supermarkets directly. Importers are generally more able to mitigate the risks of trading with supermarkets directly.
- Prove that you are a reliable exporter. Make sure you can supply the required volumes at the agreed price and at the right time. Plan your production to meet the buyer's requirements for regular programmed bottling.
- Participate at the World Bulk Wine Exhibition to learn more about the possibilities.

Growing market for organic wine

According to industry experts, Belgian consumers are among the more environment conscious consumers in Europe. In 2012, Belgian retail sales of organic food and drinks, including wine, amounted to € 417 million. This represents

approximately 1.5% of total turnover of the Belgian food industry (FiBL & IFOAM, 2014). Compared to leading European markets for organic products, Belgium is not a big market. Nonetheless, it is still a significant market for organic products and wine consumption is also considerable, which indicates that the organic wine market offers plenty of opportunities. Please refer to [CBI Trends for Wine in Belgium](#) for more information on the growing market for organic wine.

Tips:

- If you can use a certified organic production system against little extra costs, consider certification to improve your competitiveness.
- Ensure that the conversion to organic production does not lead to quality deterioration. Consumers do not accept organic wines of a lower quality than conventional wines at the same price point.

Comparing segments of the promising export markets

Match your wine with the most suitable export market. Table 1 provides some insight into which product options are appreciated in each of the selected promising export markets. High volume and low volume refers to matching target segments to your export capacity.

For more detailed information on specific segments, please read the [CBI PFS for Organic Wine in Europe](#), [CBI Product Factsheet: Bulk wine in Europe](#) or [CBI Product Factsheet: Online wine sales in Europe](#).

Table 1: Matching your product with a promising wine market in the EU/EFTA

		Organic	Fairtrade	ISO quality	ISO social	Screw cap	Bag-in-box	Bulk wine	Online sales
Germany	High volume segment	+++	-	++	+	++	+	+++	+
	Low volume segment	++	++	+++	++	+	--	-	+++
United Kingdom	High volume segment	++	+	++	+	+++	++	++	+
	Low volume segment	++	+++	+++	+++	++	--	---	+++
The Netherlands	High volume segment	++	+	++	+	+++	--	+++	+
	Low volume segment	+	+	+++	+++	+	--	---	+++
Poland	High volume segment	---	---	++	--	+	+	++	-
	Low volume segment	-	-	++	-	-	--	---	+
Denmark	High volume segment	+++	+	++	+	+++	++	+++	+
	Low volume segment	++	++	+++	++	++	--	--	+++
Belgium	High volume segment	+	+	++	+	++	+	+++	+
	Low volume segment	++	+	+++	+	+	--	-	+++
Czech Republic	High volume segment	-	-	++	-	-	-	++	-

	Low volume segment	+	+	++	-	-	-	-	++
Austria	High volume segment	+++	-	++	+	++	+	++	-
	Low volume segment	++	++	+++	+	+	--	-	++



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Annex 1: Explanation of trade channels in Figure 1

Cash & Carries are a type of wholesaler that supplies the on-trade sector. They sell wines from their warehouse where customers pay on the spot and carry the goods away themselves. Developing country exporters which produce (smaller volumes of) higher quality wine, or fairly unknown/speciality types of wine can target the on-trade sector and thereby choose for a Cash & Carry to reach this segment.

Agents are independent companies who negotiate on behalf of their clients and act as intermediaries between buyer and seller. Agents do not take ownership of the products, nor keep stock. Developing country exporters willing to supply importers/distributors or retailers can use an agent to link them up with a trading partner. Agents are still active in the Belgian market, but their role is diminishing.

The commission of a sales agent varies from 3-5% for large volume supplies to 10% for smaller quantities. Furthermore, once you are using an agent, direct trade with an importer or retailer afterwards is difficult due to legislative issues, where the agent has to be compensated for the commission he misses, so the content of the contract with an agent is very important.

Importers: Developing country exporters which produce smaller volumes of wine, higher quality wine, or fairly unknown types of wine are strongly advised to use an importer/distributor to enter the Belgian wine market. Also for organic, ethnic and Fair Trade products, importers are the main trade channel. Importers can advise exporters on many issues, including legal and quality requirements, market trends and packaging.

Importers buy goods, of which they then take ownership and distribute to retailers, the on-trade sector, or re-export them to other countries. Importers are either specialised in selling to the on-trade sector or the off-trade sector. Retailers often use an importer for less known wines, since importers then take care of the quality control. Importers generally add a mark-up to cover commissions, credit risk, after-sales service and the cost of carrying a local inventory to meet small orders. Their margin generally ranges from 15-25% of the selling price, but can go down to 10% when supplying supermarkets.

Supermarkets are the most suitable channel for high-volume exporters, either bottled or in bulk. They only import directly per container, so you need to be able to fill at least an entire container. Supermarkets primarily focus on price. Their margin in the stores is between 15% to 30%.

Listing fees for some supermarkets can be problematic, making it difficult for a developing country exporter to successfully target this channel. Working with supermarkets therefore requires good price calculations and involves higher risks, as the sales quantities are not guaranteed.

Specialist retailers: Specialist shops are small, look for higher quality wines, and usually buy their wines from an importer, specialised in the off-trade. This channel, therefore, can only be reached indirectly by developing country exporters. Their margin on the selling price is 30% or higher. Sales by specialist retailers are expected to remain small in the coming years.

Online sales: Although supermarkets have engaged in online sales, these sales only play a small role in Belgium. The online segment is currently mostly suitable in the specialist trade. However, the importance of e-commerce is expected to grow significantly in the future.

On-trade: The on-trade sector consists of many small players, and therefore usually does not import directly. If you aim for the on-trade sector, you can supply an importer or wholesaler, which redirects your wine to the restaurants and other players in the Belgian market.

An importer with a high quality image can provide support in selling your wine to the on-trade, by making use of his image. Restaurants mostly look for wines with a reputable image and of a good quality. Sales by the on-trade sector showed a decrease in sales during the economic crisis, but sales in the on-trade are likely to recover in the coming years.

Annex 2: Explanation of market segments in Figure 2

High-volume:

High-volume trade plays an important role in Belgium. It usually concerns lower quality wines suitable for the low-end market addressed by supermarkets. Competition on price is very high in this segment. High-volume wines are imported per container.

Low-volume:

Low-volume trade concerns bottled wine only, and usually involves premium wines, of a high quality or with another Unique Selling Point. Targeting the low-volume segment, therefore, requires at least some level of authenticity. Note that branding is important in the middle to premium segments in Belgium.

Bulk:

You need to be able to export a large volume when supplying bulk wine; 100 thousand litres is usually the minimum required quantity (20-25 thousand litres per shipment).

The private label market could be an opportunity for developing country producers. It is most interesting for developing country producers without a brand.

Bottled:

Exporting bottled wine is most suitable for small- and medium-sized exporters and producers of wines. Transportation is more expensive in this case, but value addition for developing countries (including branding) is higher as well since bottling takes place in the producing country.

Supermarkets:

Supermarkets are a suitable channel for high-volume exporters. They import per container and highly focus on price. However, listing fees are problematic, making it difficult for a developing country exporter to successfully target this channel directly.

Specialist retailers:

Specialist shops are small, look for higher quality wines, and usually buy their wines from a specialised off-trade importer. This channel, therefore, can only be reached indirectly by developing country exporters.

On-trade:

The on-trade sector consists of many small players, and therefore usually does not import directly. If you target the on-trade sector, you can supply an importer or wholesaler, which redirects your wine to the restaurants and other players in the Belgian market. Restaurants mostly look for wines with a reputable image and of a good quality.