



CBI
Ministry of Foreign Affairs

CBI Product Factsheet:

Premium wine in Germany

Introduction

Germany is a sizeable market for premium wine. Although most of the wine consumed in Germany is made in Germany or other European countries, the market is not closed to New World suppliers. High quality, rich storytelling, and supplying through regional specialist retailers can lead to a successful market entry of wines from developing country producers.

Product Description

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 € 10.00 per 0.75l.

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

Product Specification

Quality preferences

The quality of a wine depends much 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. However, Germany is also open to premium wines from indigenous grapes; Riesling is the top seller in this cluster. Indigenous grape varieties are those varieties that are cultivated only in a particular area and have existed there for a long time.

Colour

In 2013, 61% of German wine production consisted of white wine, whereas red wine (including rosé) accounted for 39%. On the other hand, to compensate for the relatively low production, red wine accounts for 53% of German wine imports.

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 is to find a balance between sugars and acids. Most connoisseurs looking for premium wine prefer dry wine with a low sugars/acids ratio, while uneducated consumers have developed a taste for sweeter wines.

Alcohol content

Non-fortified still wines can have an alcohol content between 9-15%. In general, wines with more than 13% alcohol are considered strong. 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.

Sulphite

Consumers generally prefer low sulphite levels (e.g. < 150 mg /l for white wine). However, sulphite is a preservative and lower sulphite levels may lead to off-tastes and reduced shelf life.

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 for removal of 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)

Example of label:

Legislation does not require the exact composition of a blend on the label. However, rising 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 premium wine market in Germany, glass bottles are the most common type of wine 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.

What is the demand for premium wine in Germany?

Please note that data specific for the market for premium wine is not available. The data provided below deals with the German wine market in general.

Production

Germany has a long history as a winegrowing country. In 2014, Germany produced a little under 850 million litres, representing 5.3% of EU production, and placing it 4th place for wine production in the EU. Following a poor harvest in

2010, production recovered strongly in 2011 and 2012. However, relatively low yields in 2013 and 2014 have once again caused domestic wine to lose some of its market share (Deutsches Weininstitut, 2015). Domestic production has had little effect on wine imports into Germany. The total value of imports has increased by 5.0% since 2010.

Tips:

- New World wine countries may benefit from fluctuating domestic production, because New World wine exporters can supply consistent quality due to relatively stable weather conditions.
- Monitor harvests in Germany to anticipate German import needs.

Consumption

Germany is a large, saturated wine market with a stable wine consumption. In 2013, total German wine consumption was approximately 2,100 million litres, making it the third largest EU consumer of wine. Additionally, 2013 per capita German wine consumption increased slightly to 21.1 litres per capita (Deutsches Weininstitut, 2015).

Tip:

- Considering the large size of the German wine market, it offers ample opportunities for developing countries producers to enter the market.

Sales of wines originating in Germany have developed notably better than the overall German wine market. German wines made up 46% of total wine consumption in 2013. New World wines account for 5% of the total market.

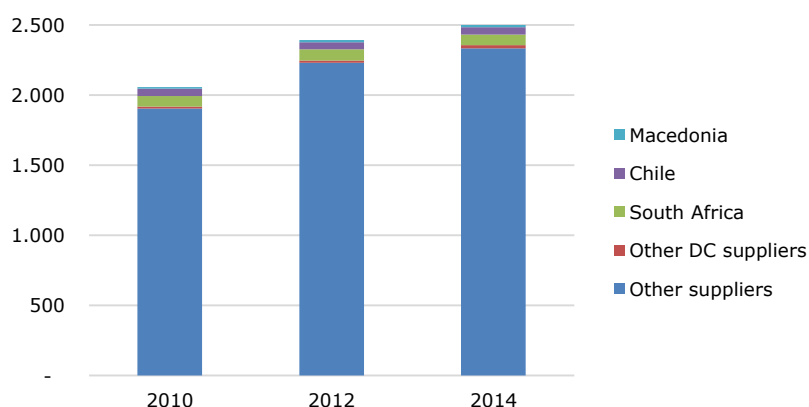
Tip:

- Convince German consumers to try your wine by educating them, for example through wine tastings. Their preference for German wine is largely related to a lack of information about other wines.

Import and Export

Germany acts as a wine producer, exporter, and importer. Imported wine consists of 50% red wine by value (including rosé), 24% still white wine, and 26% sparkling wine.

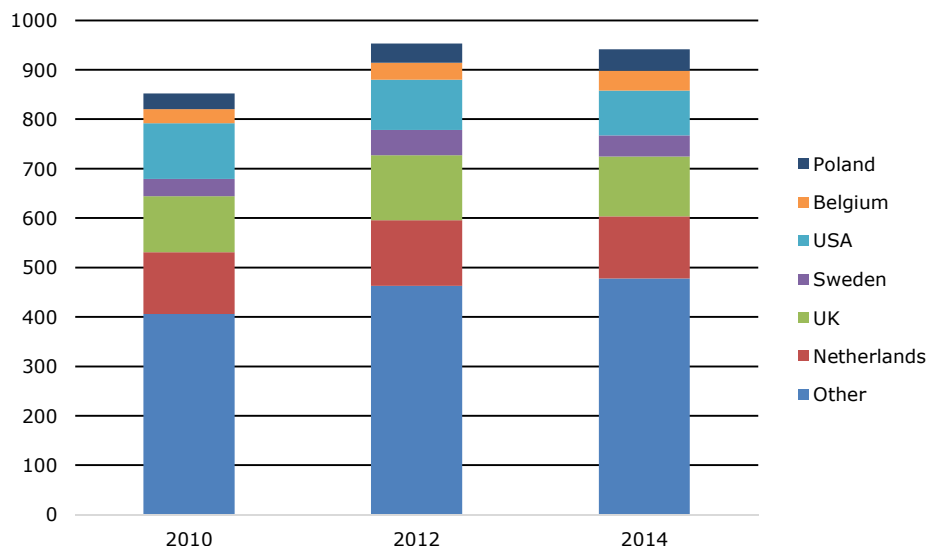
Figure 1: Wine imports by Germany in millions of euros, 2010-2014



Source: Eurostat 2015

While the German premium market is particularly conservative, it still offers opportunities to New World suppliers, compared to other wine producing countries. A significant group of German wine drinkers is open to wines from all over the world. 10.7% of Germany's total wine imports in 2014 came from developing countries. Although this is a decrease of 1.8% compared to 2013, wine imports into Germany from developing countries have increased by 1% yearly on average since 2010.

Figure 2: Main destinations of wine (re-)exports by Germany in millions of euros, 2010-2014



Source: Eurostat 2015

Although many German consumers lack knowledge on the origins of New World wines, there remains a large group of consumers with an interest in those wines.

Tip:

- Wider penetration of New World wines requires large-scale promotion and education of consumers and buyers. The Prowein trade fair offers particularly good opportunities to educate buyers. Invite buyers in advance to your booth and prepare a short passionate message to attract them into your booth and taste your wine. Also prepare a professional presentation with details about your company's history, your Unique Selling Points, and fully representative samples including labels.

Germany is a big exporter of wine, including the premium segment. Exports consist of both domestically produced wines and re-exports, including re-exports of wines from developing countries.

Tip:

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

Please refer to '[CBI Trade Statistics for Wine](#)' for statistics on the entire European wine market.

What trends offer opportunities on the German market for premium wine?

Conservative market

Germany is a rather closed market, compared to other North European countries. New World wines only make up 5% of the total wine market. It is expected that New World wines will further penetrate the market at the cost of well-established Old World wines. Consumers increasingly appreciate New World wines as they offer good value for money.

Tip:

- Although New World wines only make up a small part of the market, there are still plenty of opportunities, as the total German market is big.

Health concerns shape consumption patterns

German consumers are slowly trading beer for wine. Consumers perceive wine as a healthier and more natural drink than many other alcoholic drinks, such as beer. Germany is traditionally a white wine country, which switched towards

consumption of red wine for a while. This was the result of a higher availability of red wine. Recently, there has been a switch back towards white wine, which is the result of a change to healthier diets.

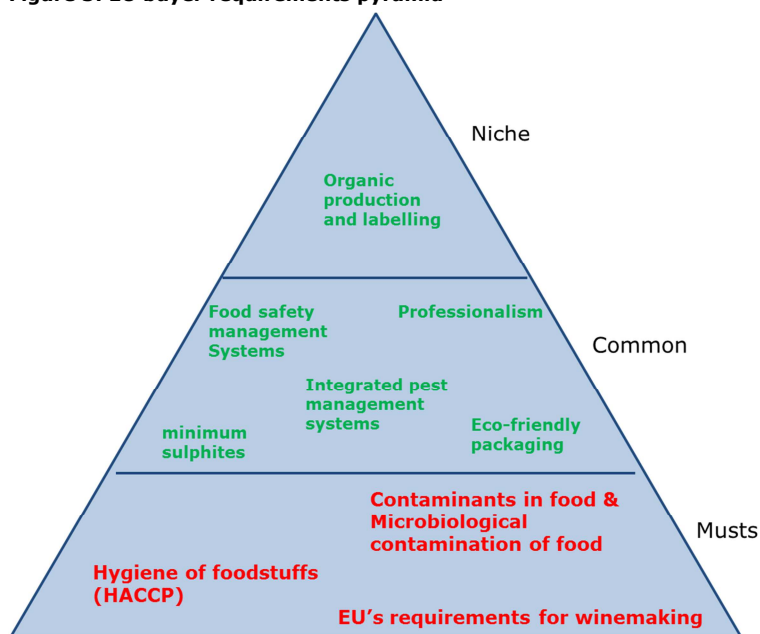
Tip:

- The need to keep an eye on changes in wine colour preference remains. Currently, delivering premium white wine offers the best opportunities for developing countries exporters on the German market.

Please refer to '[CBI Trends for Wine in Germany](#)' for more trends in the German wine market.

What requirements should premium wine comply with to be allowed on the European market?

Figure 3: EU buyer requirements pyramid



Source: ProFound, 2015

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

Oenological practices

The EU stipulates what oenological practices can be used for winemaking, including the making of sparkling wine, sweetening, and the addition of sulphites. Producers of wine destined for the European market must present a certificate and an analysis report for their wine to show that they comply with the oenological requirements.

Tip:

- Check whether your current practices comply with the [EU's requirements for winemaking](#). For example, maximum sulphite addition:
 - Red wine: 150 mg /l
 - White wine: 200 mg /l
 - Sweet red wine: 200 mg /l
 - Sweet white/rosé wine: 250 mg /l
 Sulphite levels may be higher for certain wines from a specific origin.

Hygiene of foodstuffs

Food business operators shall put in place, implement, and maintain a permanent procedure, or procedures, based on Hazard Analysis Critical Control Points (HACCP). This also applies to the import of food to the EU and export from the EU.

Tip:

- Ensure compliance with EU legislation on [Hygiene of foodstuffs \(HACCP\)](#).

Contaminants in food

The EU has laid down maximum levels of contaminants, pesticides, and criteria for microbiological contamination of food.

Tip:

- Only use healthy grapes and ensure hygienic processing conditions to comply with EU legislation regarding [Contaminants in food](#).

German packaging tax

German legislation taxes heavy, polluting, and hard to recycle packaging more heavily than lighter-weight and more environmentally friendly packaging. This also applies to wine packaging.

Tip:

- An innovation in packaging towards more environmentally friendly packaging, which is highly recyclable, results in lower taxes on packaging, creating a larger profit margin for the producer or exporter.

Low sulphite levels

The requirements of many German buyers concerning sulphites are stricter than EU legislative requirements. For example, buyers often set a maximum of 150 mg/l for white wine, compared to the legislative requirement of 200 mg/l.

Tip:

- Reduce the need to add sulphites and only add as little sulphites as necessary to preserve the quality of your wine.

Minimise chemicals use

Use of fertilizers can improve soil quality. However, wineries should minimise the use of chemical fertilizers, as German consumers are concerned about the effects of agriculture on the environment and the use of chemicals in particular.

Tip:

- Use Integrated Pest Management or equivalent production systems aimed at minimising chemical use.

What additional requirements do buyers often have?**Food safety management**

Buyers commonly require that their suppliers have a quality/food safety management system in place. These systems require companies to demonstrate their ability to control food safety hazards in order to ensure that food is safe at the time of human consumption.

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](#).



Professionalism

Large buyers in Europe, in particular, indicate that producers of wine can improve their chances for successful market entry by showing professionalism. Communication and sampling are areas in which especially producers in developing countries can improve.

Tips:

- When you approach a potential buyer for the first time, provide a complete introduction of your company and products. Include a unique and passionate story about your company and your wines.
- Only send clean and representative samples with clear labels that include the price and volume available in addition to contact details.

What are the requirements for the niche markets?

Organic wine

Having your products labelled 'organic' is voluntary, but if you do so, your production methods will have to comply with EU Regulation (EC) 834/2007 and your production methods have to be audited by an accredited auditor.

Tip:

- If you offer a premium organic wine, focus your promotion on the quality of the wine instead of on the fact that it is organic, since organic production is mostly a secondary purchasing criterion. Consumers are often not willing to pay a price premium.



Fairtrade wine

Having your wine [Fairtrade](#) certified is the most effective way to prove your business performance on social conditions in your supply chain. After certification by an independent third party, you may put the Fairtrade logo on your product. In general, a higher price is paid for fair trade products.

Tip:

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

What competition do I face on the German premium wine market?

Fragmentation

The German premium wine market is characterised by a high level of fragmentation, with several thousand minor and often local brands competing for sales. This is related to the country's long tradition as a wine-producing nation. Many consumers opt to buy local wine and therefore choose small regional brands over international brands, which are often perceived as more industrial and 'artificial'. This is in line with the general trend to buy local or regional products, which is driven by two major motivations. First, consumers trust local and regional products in terms of quality and taste, and second, consumers want to support local and regional producers.

Tip:

- Building a strong brand is important if you want to stand out from the competition for premium wine. Focus on what makes your wine unique, such as stories about production (e.g. altitude), origin, or [sustainability](#).

No strong preference for brands

German consumers do not value brands as much as in some other European markets. German consumers tend to care more about the origin of a wine than the actual brand. Despite the introduction of (high-end and exclusive) private label wine by major retailer Aldi, consumer interest in private label wines also remains relatively low in Germany.

Tip:

- Establish a positive image about the origin of your wine on the market by:
 - Organising events (e.g. wine tastings);
 - Inviting wine journalists to these events or to your vineyard;
 - Winning awards with your wine.

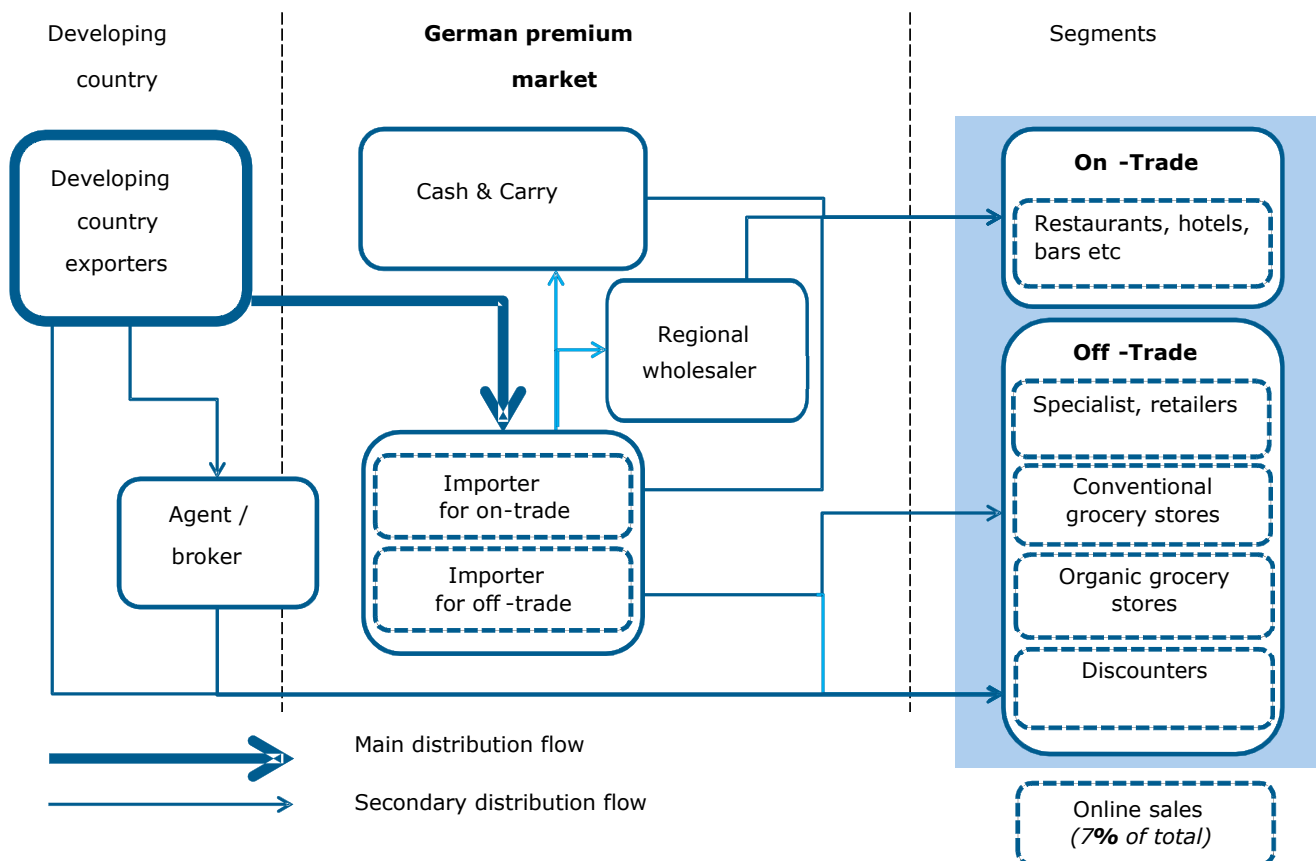
Relatively high costs of market entry through supermarkets

Shelf space in Germany is rather expensive compared to other European countries. Supermarkets and discounters can charge high listing fees to their suppliers, because many of them are attracted by the big volumes sold through those retailers.

Tips:

- Only target large retail chains when you can sell big volumes at low margins. If this is your strategy, carefully assess whether the expected turnover justifies the high listing fees.
- Specialist retailers generally offer better opportunities to suppliers of relatively small amounts of wine.

Please refer to '[CBI Competition for wine in Germany](#)' for more information.

What do the trade channels and interesting segments look like in Germany for premium wine?**Market Channels**

Source: ProFound 2015

Limited number of distributors

Unlike in many other European countries, in Germany there are only a small number of distributors which also serve the premium segment countrywide. These include the discounters ([Aldi](#) and [Lidl](#)), large chains ([Kaufhof](#)) and a few specialists such as [Jacques' Wein-Depot](#) in particular. However, most of the German premium wine trade takes place on a regional level, where specialist dealers play an important role in serving specific regions. This is especially relevant for producers of premium wines, as (regional) specialists are the most important distribution channel for these wines.

Tip:

- Check an interesting article published by [Meininger's Wine Business International](#) on the [German wine market](#), including information about the distribution structure.

Dominant channels

As mentioned, the specialist wine trade dominates the distribution of premium wine, covering half of the at-home consumption in value. Despite their success in the entry level segment, discounters and supermarkets have difficulty competing in the premium segment. Consumers appreciate the low average wine prices at these retailers, but prefer to shop at specialist retailers for premium wines.

Tip:

- Target specialist wine retailers in order to reach consumers. Specialist shops can become ambassadors of your brand by providing detailed information to consumers, which is not possible at supermarkets and discounters.

On-Trade sales are shrinking

In Germany, approximately 16% of wine is sold in the on-trade channel. Due to the crisis, sales through this channel are under pressure, especially in the premium segment. Weaker purchasing power has led consumers to increasingly buy wine in the off-trade for consumption at home, as consuming wine at home saves costs.

Tip:

- During the economic crisis, expect less interest from potential buyers in the on-trade sector in new suppliers. They often stick to their existing suppliers when market growth stagnates.

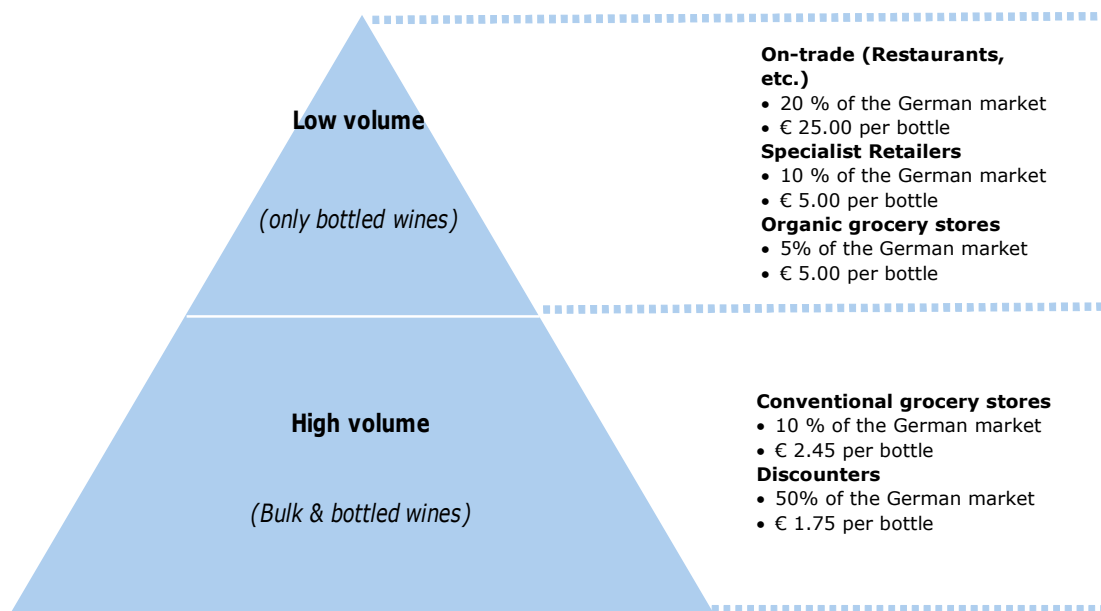
Organic retailers

5.0% of all premium wine consumed in Germany is sold at organic grocery stores. These grocery stores have specialised in organic products, which is a major market in Germany. In 2013, organic foods already accounted for 3.7% of total food sales in Germany (FiBL/IFOAM, 2015).

Tip:

- In organic supermarkets, it is essential to focus on the quality of your wine. Since all wines on the shelf are organic, there is little use in using the organic nature of your wine as a USP.

Market Segments for wine



Please refer to ['CBI Market channels and segments for wine in Germany'](#) for more information.

Polarisation

The premium segment has been growing at the expense of the middle market, which has been fading over the last years.

Tip:

- Focus your efforts on a clearly defined segment of the market and tailor to the needs of that particular segment.

New generation also focus on lower premium

The younger (aged 22-25) generation of wine drinkers in Germany is orientated on price, information found on labels (country of origin, producer/brand), and the design of the label itself to judge wine quality. Half (51.1%) of this group indicated that they spend € 5-€ 10 on a bottle of wine a few times a month, placing them in the lower-premium segment of the German market.

Tip:

- Pay attention not only to the present consumers, but also to the growing group of new wine consumers.

Premium opportunities in niche markets

The market for organic and fair trade wines is interesting for developing country producers focusing on the premium segment, as consumers in that segment are more open and more conscious of the different quality aspects of wine.

Tip:

- The market for organic and fair trade wines is interesting for developing country exporters, as consumers in this segment are more open and more conscious of the different quality aspects of wine. Additionally, these consumers are focused less on price.


Please refer to ['CBI Market Channels and Segments for wine in Germany'](#) for more information.

What are the end market prices for premium wine?

The German wine market is price sensitive, but it is not just a low price market. German consumers are very price-sensitive in the bulk market, but are also willing to pay a premium for high-end products. Exact prices for premium wines in the German market can vary considerably, but start at €10 per 0.75l.

Tip:

- Focus on quality and not on price. Quality is the most important aspect of a premium wine. German consumers will pay for quality.



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