



CBI
Ministry of Foreign Affairs

CBI Product Factsheet:

Premium wine in Switzerland

Introduction

Similar to other wine producing countries, Switzerland is a closed market. Successful entry to this market with a New World wine requires very strong marketing support or an effective strategy to avoid direct competition with traditional suppliers. In addition, focus on quality instead of price is an important pre-requisite for entering the market.

Product Description

High prices for premium wines can be justified by high quality and a unique story. The next section on product specifications explains that high quality is subject to interpretation. Therefore, the price is a more suitable indicator to define whether a wine is considered to be a premium wine or not. In Switzerland, premium wine is wine priced above € 10.

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

Product Specification

Quality preferences

The quality of a wine depends on the inputs used and actions taken by the 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. In contrast to international grape varieties, indigenous varieties are cultivated only in a particular area and have existed there for a long time. In Switzerland, many wines are also made from other grape varieties, such as Chasselas and Gamay, which are neither indigenous nor international.

Colour

Swiss consumers of premium white wine have a strong association with domestically produced wine, as Swiss wines comprise most of premium white wine consumption. Premium red wines have more diverse origins.

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. Bulk wine generally has a higher sugar/acid ratio, as most consumers who purchase this type of wine prefer a sweet taste. In contrast, most connoisseurs looking for premium wine prefer dry wine with a low sugar/acid ratio.

Alcohol content

Wines can have different alcohol content. In general, premium wines have a high alcohol content (>13%).

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

Although consumers generally prefer low sulphite levels (e.g. < 150 mg /l for white wine), few of them pay attention to sulphite content when purchasing wine. Moreover, sulphite is a very useful ingredient as a preservative. Lower sulphite levels may lead to off-tastes and reduce 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, 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

Switzerland 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.
 - If wine is clarified with egg or milk products, these must also be mentioned on the label.
 - Moreover, allergens must be mentioned in the language of the target market.

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.

Tips:

- 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 Food Standards Agency of the United Kingdom provides useful guidance on more detailed labelling requirements, which is also applicable to Switzerland:
<http://www.food.gov.uk/multimedia/pdfs/thirdcountrywine.pdf>.

Packaging

- Premium wine is always offered in glass bottles. Even in the total Swiss market, Bag-in-box only has a 1-2% market share. The share of Tetra Pak-packaged wine is even smaller. Both alternative packaging types are not expected to gain market share in the next few years, as consumers perceive them as low quality and prefer bottles.
- Glass bottles are usually coloured to reduce the effect of UV light and typically contain 0.75 litres. Some suppliers pack wine in 0.20-0.25 litre bottles to target elder people who want bottles that contain their daily portion of wine.

Table 1: Characteristics of different types of packaging for wine

	Recyclability	Transport costs + emissions	Quality perception	On-the-go consumption	Price	Shelf life
Glass bottles	High	High	High	Not suitable	High	Long
Bag-in-box	High	Low	Low	Not suitable	Low	Short
Tetra Pak	High	Low	Low	Suitable	Low	Medium

- Natural corks are the only accepted stoppers in the Swiss premium wine market. Other stoppers, such as synthetic corks and screw caps are perceived as low quality.
- Bottles for sparkling wines need to be strong enough to withstand the pressure resulting from the high CO₂ level.

Please refer to the section 'Market trends' for more information on packaging trends.

There is also premium wine being transported to Switzerland in bulk. Please refer to the CBI Product Fact Sheet on [bulk wine in Europe](#) for more information on this issue.

What is the demand for premium wine in Switzerland?

Switzerland is a rather saturated and closed market in which the larger part of its wine consumption is covered by domestic wine production. Consumption patterns are rather traditional and show little dynamism.

Production

In 2013, the grape varieties Pinot Noir, Chasselas, and Gamay accounted for 29%, 26%, and 10% of the vine area respectively (Schweizerische Eidgenossenschaft, 2014). The total vine area of all these varieties decreased slightly in 2014, but they remain the three most common grape varieties in Switzerland. Wine from Chasselas grapes is usually light (e.g. <12.5% alcohol). Some indigenous grape varieties from the Valais region result in more full-bodied white wines (e.g. 13% alcohol) with some residual sugar, but a much lower acidity compared to Riesling.

Tips:

- Consider supplying heavy and complex (i.e. big bold) red wines, since these have most opportunities on the Swiss market, as they cannot be produced by domestic producers in Switzerland.
- Try to reproduce the success of Primitivo wine. Primitivo wine from Italy provides a good example of an imported wine that sells well on the Swiss market. Primitivo has a rather high alcohol content, bright intense fruit aromas, soft tannins, and some residual sugar.
- If you produce Shiraz-like wines, consider entering other markets than the Swiss wine market, since opportunities for wines similar to Shiraz are expected to be few.

Most production is located in the western and southern parts of Switzerland, where people mostly speak French and Italian.

Tip:

- Focus on the German-speaking part of Switzerland. As this part of the country does not have a vivid local wine production, consumers are less biased towards certain wine origins than consumers in the French and Italian speaking parts.

The total vineyard area in Switzerland was 14,835 hectares in 2014, only a slight decrease (-0.3%) compared to the previous year. More than half (58%) of the growing area consists of red grape varieties (Branchenverband Deutschschweizer Wein 2015).

Domestic wine production in 2014 amounted to approximately 94 million litres, an increase of almost 10 million litres over the unusually low harvest of 2013. The 2014 harvest was still relatively low, 12% below the average of the period 2009-2012. The below average production was partly due to the first widespread presence of the harmful pest *Drosophila suzukii* (spotted-wing drosophila). Although few producers were directly affected, many growers harvested early as a precaution against infestation.

Tip:

- Avoid direct competition with domestic producers. Although Swiss suppliers do not play a significant role in international trade, they provide fierce competition in the Swiss premium wine market. One option to differentiate your wine is to market the wine as being completely different from domestic wine.

Consumption

Total wine consumption in Switzerland has been decreasing for years. Despite a short-term increase in 2013, consumption decreased again by 2.8% in 2014 to 264 million litres (Swiss Federal Council 2015). White wine consumption decreased by 1.7% in 2014, and red wine by 3.3%. An exception to the downward trend is sparkling wine, which increased by 5.2% in 2014. Sparkling wine now comprises approximately 7% of total wine consumption. Moreover, an estimated 20-30% of total wine consumption in Switzerland comprises premium wine.

Swiss consumers have a strong preference for Swiss wine.

More than a third of Swiss consumption comprises domestically produced red and white wine (Schweizerische Eidgenossenschaft, 2014). Although red wine has typically accounted for the majority of domestic wine consumption, this was reversed with a sharp decrease in domestic red wine consumption in 2014 (Swiss Federal Council 2015).

Tip:

- Remain realistic in forming expectations about your chances in the large Swiss wine market. Despite its relatively large size, the premium wine market offers only few opportunities, as Swiss wine producers account for an estimated 75% of the premium wine market.

In the long-term, Swiss wine consumption is expected to decrease, like in many other traditional wine markets. Swiss people drink less wine because of health considerations and strict alcohol consumption limits for driving (0.5 per mil).

Tip:

- Focus on buyers looking for new distinctive wines. As the size of the market decreases, most buyers already have suppliers and will only switch if this offers considerable advantages.

Import and Export

As Swiss consumers, particularly in the southern part, have a strong preference for Swiss, French, Italian, and Spanish wine, imports from New World countries remain small. In 2014, France, Italy, and Spain together accounted for over 83% of Swiss imports by value. France and Italy are not only neighbouring countries, their languages are also the official languages of Switzerland. These are strong competitive advantages, which give these countries a strong position in the Swiss market.

Tip:

- Clearly distinguish your wine from those of French, Italian, and Spanish suppliers to avoid direct competition with these suppliers. You can do this by the use of a Unique Selling Point (USP) that highlights the unique origin of your wine.

In fact, New World wines have lost market share in the past decade. The decrease in market share is partly the result of a decrease in interest in Californian and Australian wines. The red wine from these countries contains soft tannins and has an intense fruit flavour, which used to be a Unique Selling Point (USP) in the 90s. Nowadays, such wines can also be imported from Spain and Italy, which has resulted in a shift in imports. Consequently, in 2013, 85% of Swiss wine imports are (re-)exported from other European countries.

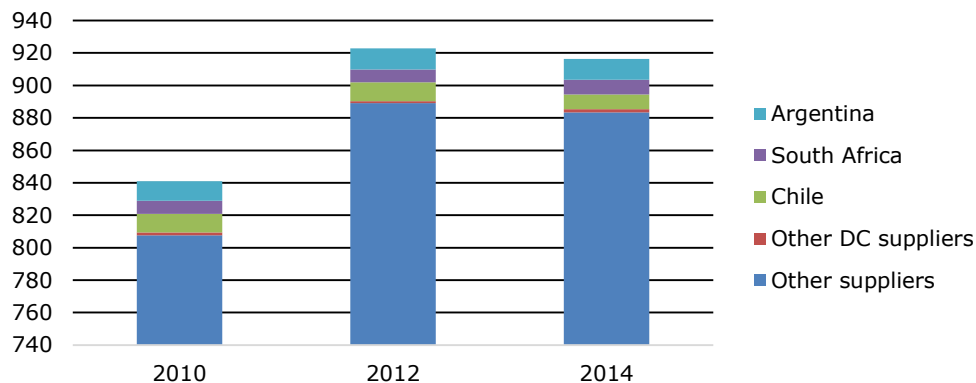
In 2013, imports of white wine comprised 54% of bulk wine and 46% of bottled wine. Imports of red wine comprised 40% of bulk wine and 60% of bottled wine.

Although Switzerland has very significant wine production, exports of this wine are very small (< 2%). This can be explained by the strong Swiss currency, which raises real prices of Swiss wine in foreign markets. Consequently, higher domestic demand for Swiss wine is strong, while foreign demand for Swiss wine is small.

Tip:

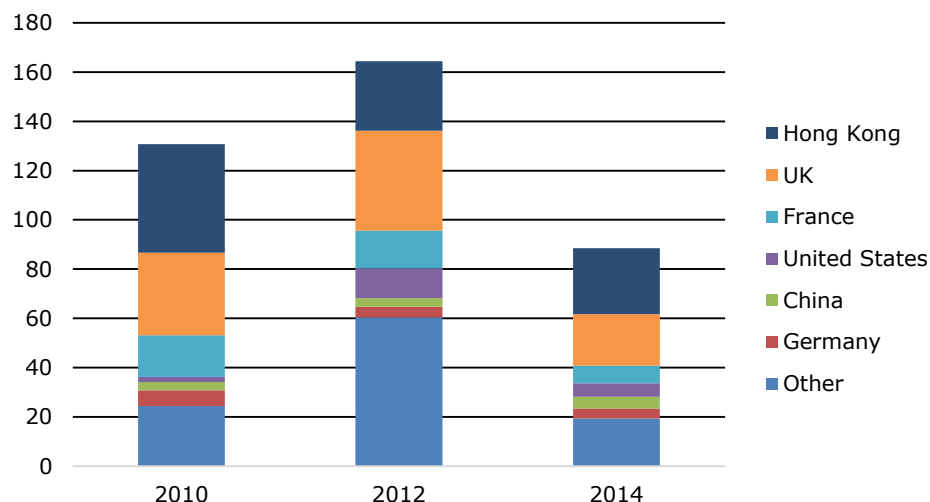
- As already explained, try to distinguish your wine from Swiss wines to avoid competition with these wines. Although consumption of the entire domestic production suggests a need for import of similar quality wines, the origin is actually the main purchasing criterion for Swiss consumers.

Figure 1: Imports by Switzerland in million euros, 2010-2014



Source: Eurostat 2015

Figure 2: Main destinations of wine exports by Switzerland in million euros, 2010-2014



Source: Eurostat 2015

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

Little dynamism and traditionally red

Overall, Switzerland is a mature market. Per capita wine consumption is high (36 litres), but decreasing. Consumption patterns are changing slowly. Consumers rely mostly on traditional wines. In contrast to many North-West European markets, red wines remain popular in Switzerland. A strong red wine consumption is typical for wine producing countries with a traditional consumption pattern.

Tips:

- In order to convince Swiss consumers to try a new premium wine, you will need to find a USP related to quality. Origin and stories related to origin are primarily sales arguments for traditional wines. New world wines are thus advised to differentiate themselves from traditional wines by using different types of USPs.
- Suppliers of red wine will find more opportunities in the Swiss market than suppliers of white wines.

The sparkling star

As in several other West-European markets, sparkling wine is one of the few growth categories in the Swiss premium wine market. Currently, per capita consumption of Champagne is estimated at one bottle per year. Although innovative wine drinks in this category also stimulate sales, these are generally not premium wines.

Tips:

- Consider working together with an importer on the marketing of your wine in the Swiss market. Strong marketing support from an importer can lead to better sales in this segment, as the target group for innovative sparkling wines usually consists of younger age groups which are more sensitive to promotional activities.
- Before entering the Swiss market with a sparkling wine, make an assessment whether this is financially viable for your company, as the establishment of a sparkling wine on the Swiss market requires large investments. Listing fees, for example, are particularly high for sparkling wines.

More recognition for traditional wines

Swiss consumers still know traditional wines much better than New World wines. Only Chile has gained considerable recognition in Switzerland. Between 1999 and 2013, the share of consumers which recognize Chile as a wine supplier increased from 72% to 90%.

Tip:

- If you are based in a country that is not yet established on the European wine market and aim to supply premium wine, cooperate with your association of wine exporters to introduce an 'icon wine' to first establish your country as a supplier of premium wine. After your country has gained recognition as a premium wine supplier, you can also start supplying more affordable premium wines and even bulk wines with the added benefit of a good reputation.

Strong recognition of AOC

Swiss consumers are increasingly aware of Geographic Indications. In 2013, 88% of consumers had at least some notion of Appellations d'origine contrôlée (AOC), compared to 61% in 1999. AOC is strongly associated with a high quality wine.

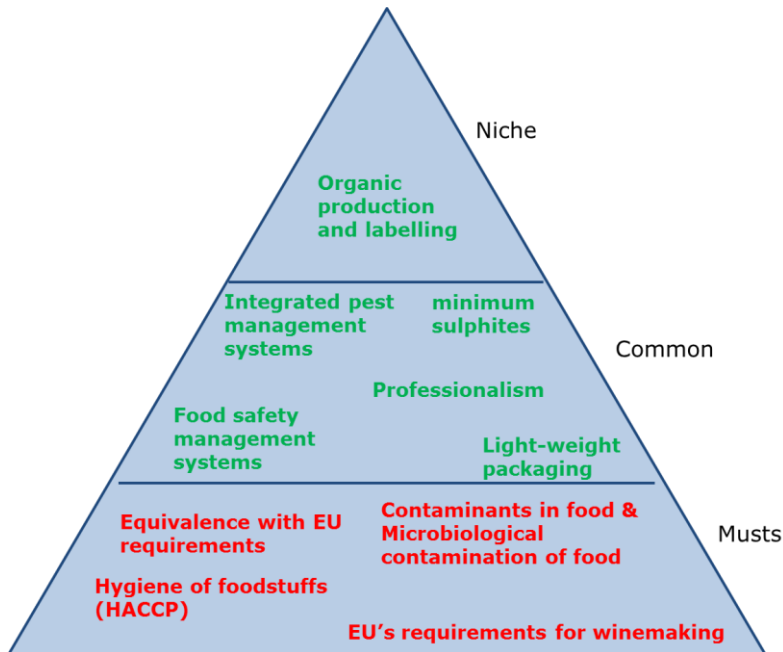
Tip:

- A Geographic Indication is a useful instrument to get your wine recognised as a premium wine. Some regions in developing countries, such as Wellington in South Africa and Mendoza in Argentina have already gained some recognition on the Swiss wine market.

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

Please note that Switzerland is not an EU country. Legislation can therefore be different from EU legislation. However, in the last few decades, legislation on food production in EU and EFTA countries, including Switzerland, has been brought almost into line. For more information on Swiss legislation, please visit the website of the [Swiss Alcohol Board](#).

Figure 3: Swiss 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 addition of sulphites.

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.

Tip:

- Check whether your current practices comply with the [EU's requirements for winemaking](#). Producers of wine destined for the European market must present a certificate (VI1) ([example](#)) and an analysis report for their wine to show that they comply with the oenological requirements.

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](#).

What additional requirements do buyers often have?

Low sulphite levels

The requirements of many European 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 the minimum quantity of sulphites required to preserve the quality of your wine

Minimise use of chemicals

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

Tip:

- Promote the use of Integrated Pest Management or equivalent production systems aimed at minimising the use of chemicals by your producers.

Food safety management

Buyers commonly require their suppliers to 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

Particularly big buyers in Europe indicate that producers of wine can improve their chances of successful market entry by showing professionalism. Communication and sampling are areas in which producers in developing countries in particular 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 additional requirements do buyers often have?

Organic wine

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

Tip:

- If you choose to obtain a certificate for organic production, find out more about [Organic production and labelling](#).



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, higher prices are 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 Swiss premium wine market?

Swiss quality

Swiss wine producers provide fierce competition in the premium wine market. As they are too expensive to compete on price, they focus on high quality premium wine.

Tip:

- Focus on quality and less on price. Improve the quality of your wine by optimising your entire production process from grape cultivation to vinification and bottling. If necessary, hire a product developer to assist you in this.

Story-telling

In general, consumers of premium wine are interested in the story behind a wine. For example, Swiss consumers attach great value to the 2000 years of continuous wine production in beautiful Swiss landscapes.

Tips:

- Develop a unique story for your wine. For example, Georgian suppliers can use the long history of wine-making in their country and the use of amphorae for processing.
- Promote your story through the press. Wine journalists can be very influential. Business Support Organisations in your country may assist you with inviting these journalists to events or even a visit to your country.

Sustainability receives attention

Swiss consumers are concerned about the impact on the environment of viticulture. 55% regard sustainable production as an important purchasing criterion. However, 50% also believe that Swiss production is more sustainable than foreign production. Moreover, many consumers also believe that importing wine from faraway countries is bad for the environment.

Tips:

- Obtain organic certification to convince consumers of the sustainability of your production and use it as an asset in your promotion.
- If you decide to obtain organic certification, hire a Swiss certifier, as consumers will have more confidence in certification by a Swiss certifier, such as <http://www.imo.ch/> than in certification from a foreign certifier.

Build your image

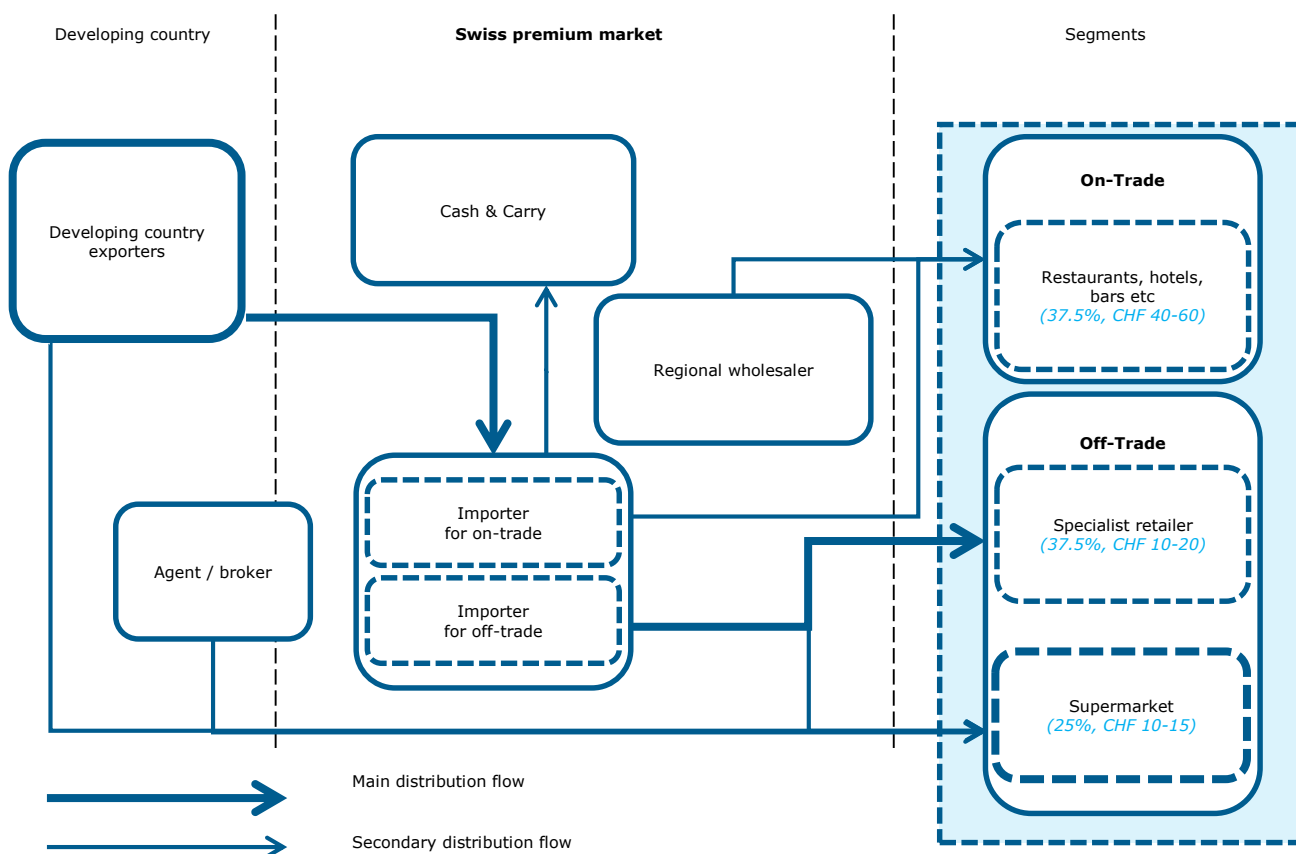
Success on the Swiss premium wine market requires a strong reputation as a supplier of high quality. High quality, as confirmed by experts, must be the basis for the establishment of a premium wine. In addition, heavy promotion is needed to attain brand recognition and build an image.

Tips:

- Organise events (e.g. wine tastings) to attract the attention of experts and other influential people in the wine market (e.g. wine journalists). Embassies are a particularly good place to organise such events.
- Once a distributor has included your wine in his assortment, work together with this distributor to build the image of the wine. Do this by visiting the Swiss market once or twice a year and by co-organising tasting events which attract attention from the press.
- Participate in wine contests. Winning medals contributes strongly to recognition of the high quality of your wine.

What do the trade channels and interesting segments look like in Switzerland for premium wine?

Market Channels



Source: ProFound, 2015

Fragmented wholesale market

In 2011, approximately 3,000 wholesalers were active on the Swiss market. Their number has continued to grow since the 80s. At the same time, the average sales of these wholesalers have decreased. In 2012, the 10 major importers accounted for 62% of total wine imports (Schweizerische Weinzeitung, 2013).

Tip:

- If you are offering an entirely new wine to the Swiss market, consider offering it via small importers. Small importers are usually better able to provide marketing support for premium wines from unknown origins than big importers.

Shift to specialist retailer

Specialist retailers are the main market channel for premium wine in Switzerland. Moreover, a continuing trend of dining at home puts specialist retailers in a particularly good position to sell premium wine.

Tip:

- Focus on the trade channel through specialist retailers. The latter can help you deliver your story to potential consumers entering their shop. Consumers visiting specialty shops are usually more interested in these stories than consumers buying wine along with their groceries in the supermarket.

Market Segments

Difficult to trade up

When a country establishes itself as a supplier of cheap bulk wine, Swiss consumers are less likely to purchase premium wines from this country. They associate the country with cheap wines even though the premium wine might be of excellent quality.

Tips:

- If your country is already established on the Swiss market as a supplier of bulk wine, your chance of selling a premium wine is small. In this case, you need very strong promotion to influence consumer perception.
- If your country is not yet established on the Swiss market, first introduce premium wines on the market and only trade down to cheaper wines after that.

Sparks get attention

In the period 2010-2014, the consumption of sparkling wine increased by 12.8% to 17.8 million litres or around 6% of total consumption (Infovin 2015). The biggest retail chain Coop currently offers around 50 sparkling wines on a total of 850 wines. Although the growing sparkling sales may be a relatively short-term fashion trend, the Europe-wide growth of this category indicates that it will remain a strong category at least for another year.

Tip:

- Supply a sparkling wine with a luxurious, yet fashionable, appeal to enter the growing market for sparkling wines successfully. However, expect strong competition from Italian Prosecco suppliers, French Champagne suppliers, and Spanish Cava suppliers. These account for an estimated 95% of the sparkling wine market.

No balance between reds and whites

Swiss consumers mostly drink red wine. In 2014, red wine comprised 63% of total consumption (Infovin 2015). The share of white wine remains at the same level, as two developments in white wine consumption have off-set each other's effect:

- Wine drinking during working hours has become less acceptable. Therefore, white wine consumption at noon, as an aperitif, is disappearing.
- At the same time, white wine consumption in the evening has increased, as it is considered to match better with lighter food. Health concerns have stimulated light food consumption.

Tip:

- As a supplier of premium white wine, consider marketing your wine as a suitable companion for light meals, as many Swiss consumers choose healthier meals and select their accompanying drinks accordingly.

What are the end market prices for premium wine?

Consumers pay high prices

Average prices on the total Swiss market are relatively high (€ 7), compared to other European markets. Prices of premium wines start at € 10. Consumers are quality conscious and purchase expensive wines. Moreover, costs of production (i.e. labour) for the Swiss wines are high.

Tip:

- Be aware of the fact that high retail prices do not necessarily imply high prices paid by importers, as margins of importers and other wholesalers are relatively high.

Few premium sparkling wines

In the sparkling wine market, prices of most wines, such as Proseccos and Cavas, do not exceed the € 10 price point. However, Champagne is often sold at a price around € 12.

Tip:

- Establishment of a sparkling wine in the premium wine market requires very strong branding.

Useful sources

- Swiss wine magazine – News on the Swiss wine market (<http://www.schweizerische-weinzeitung.ch/>)
- Swiss Wine Trade Association (VSW) – VSW frequently publishes interesting information, such as this [Market study on Switzerland](http://www.ascv-vsw.ch/) (<http://www.ascv-vsw.ch/>)
- Meininger's Wine Business International – International magazine on international wine trade (<http://www.meininger.de/>)



CBI Market Intelligence

P.O. Box 93144
2509 AC The Hague
The Netherlands

www.cbi.eu/market-information

marketintel@cbi.eu

This survey was compiled for CBI by Global Intelligence Alliance
in collaboration with CBI sector expert Dhyana van der Pols

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January 2016