



CBI  
*Ministry of Foreign Affairs*

# **CBI Trends:**

## **Wine in Austria**

## Introduction

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. If you are able to make a premium wine at an affordable price or if you focus on bulk wines, interesting opportunities still exist for exporters from developing countries.

## Shift towards (domestic) premium wine

- **Demand for high quality:** Even though wine consumption in the Austrian market declined between 2008 and 2014, revenues remained stable over the same period (Austrian Wine Marketing Board, 2014). This was due to a growing interest in high quality wines. Austrian consumers are increasingly interested in premium wines and are willing to pay more for them.
- **Quality over quantity for domestic wines:** The growth in the premium segment has been driven by Austrian wines. Domestic wines have become more expensive following several low wine harvests in recent years, leading winemakers to focus on quality over quantity. However, they remain very popular and Austrian consumers are willing to pay slightly more.
- **Opportunities in the low-end segment:** Although Austrian consumers increasingly choose premium wines, there is still room for market entry in the low and middle segments. The high concentration of domestic wines in the premium segment also opens opportunities for importers of low and medium segment wines. This is reflected in increasing values of bulk wine imports in recent years. 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 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 will be crucial when choosing the Austrian market.

## White wine is gaining market share

- **White wine remains the most popular:** White wine is the most popular category of still wines in Austria. White wines account for 56% of still wine sales, red wines for 42%, and rosé for only 2%. Moreover, the share of white wines has increased by approximately 4% since 2008 (Austrian Wine Marketing Board, 2014).
- **Light food dictates wine choice:** 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. Consumers will continue to eat more light food. Moreover, sparkling wines are currently in fashion. This fashion trend is discussed in the next paragraph. In the long term, new fashion trends will determine how the market develops.

### Tips:

- If you can supply a light wine, emphasise the match with light food to promote the association with healthy diets.
- Monitor fashion trends to anticipate developments in wine consumption. You can tap into fashion trends by changing your production process or change labels.

## Sparkling wines are in fashion

- **Sparkling wine sales are growing:** Consumption of sparkling wine in Austria increased by more than 26% in the period 2007-2013 (Austrian Wine Marketing Board, 2014). Moreover, sparkling wine accounted for 22% of wine imports into Austria in 2013. Austrian sparkling wine accounts for almost one-third of sparkling wine sales, with the remainder coming primarily from France and Italy.
- **Fashion trends change quickly:** 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 again 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 will mostly take place in Austria or Germany.

**Tip:**

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

## Interest in sustainable and ethical wine

- **Concern for environmental and social sustainability:** Austrian consumers are increasingly interested in sustainable and ethical products. They care about the impact of food production on the environment and working conditions. 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.
- **Relatively high Fairtrade and organic sales:** In terms of overall Fairtrade food and beverage products, Austria has the third largest Fairtrade market share in Europe, with a market share of 6.5% (FiBL and IFOAM, 2015). Also, around 10% of wine production in Austria is organic, which is the second highest share in Europe and among the highest in the world. Both the Austrian government and the retail sector promote organic and sustainable foods, and these topics are commonly used for marketing.
- **Beyond organic:** This 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:**

- Discuss potential benefits of Fairtrade or organic certification with your buyer before investing in the process.
- Show buyers what you do to offer your employees fair labour conditions.

## Online sales are growing slowly

- **Slow online sales:** In the short term, online sales of wine to consumers will remain low. Large internet retailers such as Amazon have not succeeded in entering the wine market in a meaningful way.
- **Growth is expected:** Nevertheless, in the long term, online sales have the potential to become a significant market channel. In Austria, existing wine retailers with an offline presence lead the development, for example Wein & Co Vinorama (part of Moran Deli) and Rewe. They use the same distribution infrastructure for both their offline and online sales. Several web shops from Germany and Switzerland are also targeting Austrian consumers. Please refer to CBI Market channels and segments for Wine in Austria for more information about online sales.

**Tip:**

- Cooperate with your buyer to develop attractive website texts for online sales, see for example [Spier](#).

## More screw caps

- **Increase in screw caps:** Most wine bottles traditionally have a cork closure. However, the acceptance of screw caps in Austria has grown significantly in the past few years. A lot of local Austrian wine producers already use alternatives to natural cork, especially long screw caps and synthetic corks. Particularly in the higher quality segment, the new closures are being marketed as quality improvements to prevent cork taint.

**Tips:**

- If you export bottled wine, offer several types of closures to suit individual buyers' needs.
- Analyse the effect of different closures on the qualities of your wine and inform buyers accordingly.

## On-trade sales were affected by the economic crisis

- **Shift to off-trade:** During the recent economic crisis, the Austrian wine market shifted from on-trade to off-trade consumption. Despite declining consumption in both the on-trade and off-trade channels, revenues have increased as consumers have become more interested in higher quality wines.
- **Slow return to on-trade:** As the economy recovers, wine sales in the on-trade are expected to increase again. However, the Austrian economy is currently one of the slowest-growing in Europe (Bloomberg, 2015). Read more about the impact of the economic crisis in CBI Market channels and segments for Wine in Austria.

## Health policies are not stimulated by increased excise duties

- **Taxation:** Austria does not discourage wine consumption as strongly as the consumption of spirits. Consumption of still wine is even exempt from excise duties. Sparkling wine is subject to a relatively low excise duty of €100/hectolitre. There is also 20% VAT on all wine sales.

### Tip:

- Take advantage of the absence of excise duties when supplying still wine to Austria.



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