



CBI
Ministry of Foreign Affairs

CBI Trends:

Wine in Denmark

Introduction

Danish wine consumers are increasingly concerned with the social and environmental impact of the products they buy, providing a good opportunity for Fairtrade or organic wine. However, the Danish government is concerned with the alcohol intake of its population resulting in high excise duties for wine, adding yet another challenge for developing country suppliers to provide Danish consumers with their desired wine at a competitive price.

Premium wine is gaining market share

- **Aging population:** The Danish population is aging. Older Danes drink less often than younger Danes, but when they drink, they choose a more expensive premium wine. As a result, the premium wine segment is gaining market share in Denmark.
- **Pairing with quality food:** Danish consumers develop a preference for quality food and combine this with quality wines. This development offers opportunities for premium wine suppliers in both traditional and New World wine countries.

Tips:

- Design a unique selling point for your wine that gives the wine a luxury feeling. This way the wine is regarded as a suitable partner for fine dining.
- Include tips on the back label of your wine about dishes which best match the wine. This can even be done by using simple logos to depict different food types such as meat, fish, cheese or desserts.

Lighter wines

- **Match with light food:** Danish consumers want lighter, healthier and more easily drinkable wines for everyday consumption. These wines are a better match with light food, which is promoted to reduce obesity.
- **Preference for lightly sweetened wines:** At the same time, Danish consumers are also asking more often for wines which are slightly sweetened. Sugar is used widely in many foods and drinks and has become such a major part of Danish diets that consumers tend to prefer sweet wines over dry wines.

Tip:

- If you target the lower and middle price segments of the market for everyday consumption, respond to changing consumer needs by creating light wines which are slightly sweetened.

Changing wine categories

- **New shelf navigation:** Denmark is among the first countries in Europe to follow retailers in the United Kingdom in sorting their wines by taste profile. This makes it easier for consumers to find the right wine for their occasion. Denmark will be one of the first countries to change their wine categories, as Danish consumers are early adopters of trends coming from the trendsetting British market. They are also relatively open to trying wines from New World countries.
- **Benefits for New World wines:** The promotion of wine selection by consumers based on occasion will further enhance the position of New World wines in the market. Consumers will give less priority to the origin of the wine, which would otherwise lead them to purchase more wines from traditional wine countries.

Tip:

- Describe the taste profile of your wine, preferably based on expert opinions, and match this with suitable occasions or food. Use this information to promote your wine.

Technological improvements

- **Bottling of bulk wine in Denmark:** Improvements in technology used during shipping of bulk wine have given a boost to demand for bulk wine. New types of containers, like the flexi tank, ensure the quality of wine during shipping. Also, since wine is bottled closer to consumers the shelf life of wine is lengthened significantly for the

cheaper wines. Since Denmark does not produce wine itself, this change has led to the development of bottling facilities in Denmark.

Tip:

- Shipment of bulk wine is most attractive for suppliers who can:
 - Supply large volumes at regular intervals and deliver them just-in time for bottling facilities to process the wine shortly after receipt
 - Offer very competitive prices for the quality required by the buyer

From bottling to boxing

- **Box wine sales increasing:** Sales of Bag-in-Box have increased significantly over recent years, now accounting for about 33% of the total Danish wine market (Vinavisen, 2014). The Danes have great facilities in place for putting bulk wine in a Bag-in-Box. However, not all of this bag-in-box wine in Denmark is consumed domestically; about 30% is re-exported mainly to Sweden and Germany.

Tip:

- If you aim to supply Sweden and Germany too, consider shipment of bulk wine to Denmark for bottling and re-exporting to Sweden and Germany, instead of supplying those countries directly.

Limited effect of economic crisis

- **Wine consumption did not decrease significantly:** While Denmark is part of the EU, it does not use the Euro, but the Danish krone. The stability of the currency partly explains the fact that Danish consumers did not significantly reduce their total wine consumption during the Euro crisis. In addition, most wine is not regarded as a luxury product for which consumers save money during economic adversity. Nonetheless, three segments of the market were affected:
- **Premium wine:** Sales of premium wine and especially wines priced above € 15 in supermarkets decreased, as impulse buying of such wines declined and consumers traded down to less expensive wines.
- **On-trade:** On-trade sales decreased, as many consumers reduced dining at restaurants and drank more wine at home instead (see [CBI Market channels and segments in Denmark](#) for more information).
- **Entry level:** The economic crisis has strengthened the entry level segment, as it made Danish consumers even more price sensitive than they already were. Danish consumers respond particularly well to special price offerings

Tips:

- If you decide to supply the Danish wine market, keep in mind that this market uses price promotions intensively in order to sell wine. Price reductions for promotional offers are not paid for by the retailers; the producer of a wine that is sold at a promotional price needs to pay for this promotion. Developing country producers need to reserve a budget in order to pay for these promotional activities.
- If your country is new on the Danish wine market, cooperate with your wine association by first introducing the best wines of your country in the premium segment. Then all suppliers in your country can benefit from your country's reputation when entering the lower price segments. If you establish your company in the lower segment first, buyers will often associate your company with low quality wine. This complicates entry into the premium market.

Global sourcing

- **New World wines are losing market share:** New World wines are losing market share in Denmark, while imports from traditional wine countries are increasing. Imports from Chile, South Africa, Australia and Argentina, for example, have all decreased in the past five years.
- **Old World wine sales are up:** In contrast, Italian wines account for roughly 29% of total imports by value and have increased by 4.3% annually on average since 2010. The growth of Italian wines could be related to the promotion of Italian food. Italy is closely followed by France, which accounts for 23% of the Danish wine market. Although volumes of French imports to Denmark are decreasing, the value is increasing by an average of 2.8% annually. This is likely due to increased demand for high quality wines at higher prices. French wines are also popular among older

consumers who drink less often and are more familiar with French wines than other origins. See [CBI Competition for Wine in Denmark](#) for more information.

Tip:

- As a developing country producer, this might be a difficult time to enter the Danish Market. If you wish to export to Denmark, it will be important to develop a strong brand or USP in order to stand out from the competition.

Interest in sustainable and ethical wine

- **Concern for environmental and social sustainability:** Danish 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 Denmark over the past few years is a good indication of consumer interest in sustainable products.
- **Relatively high Fairtrade and organic sales:** In 2013, sales of Fairtrade products increased by 13% to € 81 million and per capita expenditure on Fairtrade products was the second highest globally (€ 163). Despite an overall decrease in organic retail sales in the Danish market, organic wine retail sales amounted to € 10.3 million, showing a 15% increase between 2010 and 2014.
- **Beyond organic:** This interest in sustainability is not limited to organic wine. Danish buyers also show interest in other sustainable practices, such as reduction of energy and water use. Recycling is another popular practice to increase sustainability of the wine market.

Tips:

- Produce wine in a responsible and sustainable manner and communicate this in your promotion. Fair Trade and organic certification can help to convince consumers in the Danish market of your ethical approach.
- Provide transparency and traceability in your production process. The drive for authenticity creates the need for this.
- If you are a producer of organic wine, consider entering the Danish market, since this market is very open to organic products.
- If you do not produce organically yet, but wish to do so, consider whether it is possible to obtain an organic certificate. Calculate the risks of adjustments to your production system (i.e. vintage) and how certification costs will affect your prices. Ensure that you can still sell your wine at these new prices. In general, certification is only economically feasible for high volume production.
- Offer wine in an easily recyclable container in order to serve environmentally conscious consumers.

Excise duty and tax increases

- **Increased excise duty:** In 2012, Danish wine sales declined for the first time since 2005 as a result of an increase in the excise duty on wine. In January 2012, the excise duty was increased by € 0.67 per litre for wine with an alcohol level between 6% and 22%. This increase pushed retail prices of wine up by an average of 9%. Moreover, in 2013, the excise duty was increased again by 1% per litre of wine with an alcohol content of between 6% and 22%. As of January 2015 the excise duties were € 155.97 per hectolitre for still wine and € 200.98 per hectolitre for sparkling wine.
- **Wine sales are affected:** As a result, many young consumers have switched to spirits and pre-mixed drinks. Young consumers lack sufficient disposable income to keep buying wine at higher price levels. Also, consumers living near the border increasingly shop for wine in Germany, since prices are significantly lower in Germany, due to a low wine excise duty and lower VAT.
- **Future development:** It is uncertain how Danish excise duties will develop in the future; the government's health concerns might push up excise duties even more in the future. Developing country exporters need to take into account that lighter wines in particular will suffer from this excise duty increase, since young consumers mostly consume fresh and lighter wines.
- **Volume-based packaging tax:** In Denmark, packaging tax rates differ among packaging types. The package tax for wine is based on the size of the container and the packaging material; cardboard packaging is taxed less than plastic, glass or metal. This taxation scheme has been in place for quite a while and is not expected to change anytime soon. If any adjustments are made in the future, these are expected to further support environmentally friendly types of packaging.

Tip:

- If you want to enjoy lower taxes on your imports of bottled wine, consider changing the packaging style to cardboard; like Tetra or Bag-in-Box. The website of the [Danish Ministry of Taxation](#) provides the most up-to-date tax rates (Use Google Translate to translate to your preferred language).



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