



CBI
Ministry of Foreign Affairs

CBI Trends:

Wine in the Netherlands

Introduction

Dutch consumers are increasingly interested in wine, resulting in a more refined taste and willingness to spend more on wine. Nevertheless, pricing remains a decisive factor in the Dutch consumer's purchasing decisions. Sustainability and branding are also important factors for success, though the latter can be very costly depending on your target sales channel.

Changing consumer preferences

- **Increasing popularity of white wine:** Red wines (44.9%) had the largest share in sales in the Dutch market for still wines, followed by white wines (42.5%) and rosé (13.8%). However, in 2013, white wine sales grew by 3.5%, while red and rosé decreased by 2.4% and 1.3% respectively (Meininger's, 2014). If these trends continue, white wines will surpass red wines in the coming years as the highest selling still wine category in the Netherlands.
- **Sparkling growing faster than still wine:** In the short term, it is expected that Dutch sales of red and white still wine will remain stable, whereas sales of sparkling wines are expected to continue to increase at the expense of rosé wine. Particularly *frizzante* wines (slightly sparkling) sell well, as they benefit from low excise tariffs. In 2014-2015, Dutch still wine sales remained stable, while sales of sparkling wine increased. Approximately 90% of the sales growth in sparkling wine since 2009 is accounted for by Italian sparkling (Drinks International, 2015).

Tips:

- Profit from the increased interest in white and sparkling wine by sending your wine to blogs, wine clubs and wine tastings.
- Make sure to have a buyer before you contact Dutch wine journalists. They only accept wines that will be available on the Dutch market.

Small Fairtrade market in the Netherlands

- **Weak Fairtrade market:** In 2013, households in the Netherlands increased their spending on Fairtrade wine by 2.7% (NCDO, 2014). Overall sales of Fairtrade alcoholic beverages are estimated to be around 1.3 million litres. Fairtrade wine is estimated to account for less than 1% of the total beverages market.
- **Limited awareness:** In the Netherlands, consumers are not fully aware of the benefits of fairtrade wine. Therefore, consumer demand is not the main growth driver. Currently, Fairtrade certification is mainly a safety insurance for Dutch retailers that reduces the chance for any backlash on bad labour conditions at their suppliers. This could be especially relevant for South African producers, as there have been issues with fair labour practices in the past. Despite a growth in Fairtrade wine sales in the Netherlands, Fairtrade certification currently offers limited benefits to most exporters.
- **Expensive:** Producers from developing countries must be aware that certification can be an expensive process and the return on investment will not be high under current market conditions.

Tips:

- Profit from the large promotional budget that is mobilised for Fairtrade wines in the coming years.
- Your buyers will increasingly demand that you can prove the sustainability of your products. This can be done by using Fairtrade certification.
- Through storytelling you can also show the sustainable aspects of your product. However, do not make any exaggerated or unrealistic claims about your product.

Changing wine categories

- **New shelf navigation:** More and more retailers such as market leaders Albert Heijn and Jumbo have adopted shelf navigation based on taste profile rather than origin. This has been done in an effort to make it easier for consumers to choose. With the new navigation in different taste profiles, retailers feel that consumers also get a better overview of the entire portfolio. Not everyone is convinced of the new system. It also poses some challenges for brand managers as visibility of the brand is significantly reduced, and facings are widely spread. It also makes the wine shelves messier with many different brands and bottle shapes next to each other.

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.

Acceptance of screw caps and PET bottles

- **More screw caps:** Screw caps are commonly accepted in the Netherlands, even for more expensive wines. By now, consumers are so sufficiently educated that the use of screw caps does not affect quality. Only in the premium segment, Dutch consumers commonly expect a traditional cork.
- **PET bottles:** PET bottles are also becoming more popular on the Dutch market as it is more often used for outdoor use (e.g. festivals, camping, leisure events, etc.) especially in the lower price class and used for events and festivals.
- **Some packaging less accepted:** On the other hand, Bag-in-box is still not much appreciated by the Dutch consumers as the common volume of a bag-in-box (3 litres) is too high for most Dutch consumers (approximately 1.8 litres per month). Another obstacle is the high price per unit compared to a bottle of wine. Wines in Tetra packaging or in cans are only accepted on the Dutch market for the low entry market level as it is perceived to be low quality wine. In addition, canned wines are not popular as consumers cannot see the colour of the wine.

Tip:

- Consult your Dutch buyer how he prefers his packaging and labelling.

Online sales will increase

- **Slow but growing:** Although online sales of wine only account for an estimated 3% of the market in the Netherlands, this channel is expected to grow. Large internet retailers, such as Amazon, have not succeeded to enter the wine market in a meaningful way. Nevertheless, in the long-term, online sales have the potential to become a significant market channel. Existing wine retailers, such as Ahold or Mitra, with an offline presence lead the development together with new online companies such as Wijnvoordeel.nl. They use the same warehouse for both their offline and online sales. In the low volume segment, smaller internet retailers have a larger significance in online sales.
- **Online sales offer new opportunities:** This market development is interesting for new market entrants from developing countries, as they can use the online space to provide more information on their products. This serves as an instrument to convince consumers of the value of their products. However, direct online sales are usually difficult to realise for developing country producers as they do not have a warehouse in Europe.

Tips:

- Build up a clear background story for your wines, highlighting your unique selling points, which can be used by your customers for their online sales.
- Do not invest in online sales yourself, as distribution and customer service from your own country can be very difficult.
- To start with sales to the specialist retailer or on-trade importer in the EU, it is necessary to have an EU warehouse.

Pricing is an important market driver

- **Price is most important:** Within the Dutch market, pricing remains the most important market driver. Dutch consumers not only prefer off-trade market channels because prices are lower and have sharply priced offers; they also demand low prices in the on-trade market channel.
- **Prices at tipping point:** Prices for wine are currently on a tipping point where it is no longer sustainable to continue the low pricing. In the future, they will have to go up in order to sustain sufficient margins for all players in the supply chain.

Tip:

- Make sure to sell your wine at the right price points within its segment.

Branding is difficult

- **Standing out from competition:** Within the middle and premium market, competition is fierce. Therefore, branding can be an important instrument to let your wine stand out from the rest. However, it is very difficult in the Netherlands to build a brand. As listing fees in supermarkets are high, it can be very costly to buy yourself into the market.
- **Private labels:** Most large supermarkets do not want to see “their” brands in other channels, which makes you dependent on only one sales channel, leading to higher risks of your business’s sustainability. Moreover, supermarkets are more often offering private label wines.

Tips:

- Consult Dutch importers about your product. If they think the price points of your wines are right, they will think along with you to maximise exposure without having to pay the high listing fees.
- Directly sourcing to supermarkets is only possible if you can supply a high volume at low price points. This is even stronger for private label wines.
- Be aware that sourcing only one supermarket makes you vulnerable as you only can supply one retailer.

Sustainable supplies

- **Limited awareness of organic:** Although the organic niche market showed a strong growth in the last years, organic certification only offers limited benefits to exporters, which is estimated to be around 1% of total sales. In the Netherlands, many consumers are not fully aware of the characteristics of organic wine or have doubts about the claim. Therefore, developing country producers must be aware that certification can be an expensive process and the return on investment might not be high under current market conditions.
- **Environmental sustainability:** Nonetheless, buyers in the Netherlands expect suppliers to apply sustainable practices. Sustainable wine production is not limited to organic and biodynamic production. Sustainability can also refer to energy and water conservation, use of renewable resources and reduction of CO2 emissions during transport.

Tips:

- Implement a quality and resource management system.
- Reduce chemicals, energy and water use and report on your efforts to improve the sustainability of your production.
- Only opt for organic or biodynamic certification if conversion costs are low.

Tax and excise increases

- **Tax increases:** As a measure to increase governmental income, the Dutch government decided to increase taxes and excises on wine. The VAT on wine increased from 19% to 21% per 1 October 2012. In addition the excise on wine increased by 18% as of January 2013 (see table 1). In 2014, excises were increased by another 5.75%. The current excise duty on wine is €88.36/hectolitre of wine.
- **Taxes affect sales:** According to the Association of Dutch Wine Traders, the policy measure led to an 8% reduction in Dutch wine sales in the first half of 2013 after 20 years of growth. The measure also stimulated consumer purchases over the border where excises are lower. Finally, the Dutch wine sector also estimates that the increased excises will influence brand loyalty and price points, but is unsure to what extent.

Tip:

- Low alcohol wines can be an interesting option for Dutch buyers: 1) the excise tariff is lower, 2) consumers drink more as they are less inclined to hold back due to the low alcohol percentage.

Table 1: Excise duties per type of wine and percentage of alcohol by volume

	Tariff 2012	Tariff 2013	Tariff 2014
Still wine			
≤8.5% vol alc.	€ 35.28	€ 41.78	€44.18
8.5 – 15% vol alc.	€ 70.56	€ 83.56	€88.36
>15% vol alc.	€ 122.75	€ 122.75	€129.81
Sparkling wine			
≤8.5% vol alc.	€ 45.63	€ 45.63	€48.25
>8.5% vol alc.	€ 240.58	€ 240.58	€254.41

Dutch Wine Board has ended its activities

- **New organisations taking over activities:** As a result of political decisions at the national level, the Dutch Wine Board, a semi-governmental organisation for the Dutch wine sector, had to discontinue its activities in 2015. This could hamper Dutch retailers and on-trade sales channels in terms of product knowledge and promotional campaigns. Part of the promotional activities by the Dutch Wine Board will be taken up by the [Royal Dutch Association for Wine Traders](#) (Dutch only). Some of the other activities will be taken over by two new foundations.



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