



CBI
Ministry of Foreign Affairs

CBI Trends:

Wine in Poland

Introduction

Poland is one of the least developed wine markets in Europe. However, stimulated by economic growth, wine sales are booming. This creates opportunities for many different suppliers, including suppliers in developing countries, as long as the products are not too trendy.

Young urban professionals drive market growth

- **Wine is more available:** During the communist era, wine was scarcely available on the Polish market. Since the fall of the Iron Curtain in 1989, and especially since Poland's accession to the European Union in 2004, wine availability has improved. Between 2004 and 2013, wine sales in Poland increased by 56% (KPMG, 2014). The country's wine association expects this growth to continue in the coming years. Young urban professionals are driving the development of the emerging Polish wine market.
- **Part of a new lifestyle:** This consumer group travels a lot to other wine consuming countries, copies drinking patterns of those countries and associates wine with popular Western lifestyles. Moreover, they can increasingly afford to drink wine, which is relatively expensive compared to traditional spirits, such as vodka. Red wine is the most popular type of wine amongst this group.
- **Dry wine driven by young consumers:** The Polish market traditionally consists of sweet and semi-dry wines. These wines are particularly popular amongst a large group of elderly women who prefer to drink such wines instead of spirits with a high alcohol percentage. Whereas consumption by the latter group is expected to remain stable, the growing group of young new wine consumers is expected to prefer semi-dry and dry wines.
- **Continued market growth:** The group of young urban professionals continues to grow. Therefore, they will continue to lead market development for some time. However, in the long-term wine consumption is expected to spread to more consumer groups.

Tips:

- Aim for young urban professionals by aligning your marketing strategy to the needs of this consumer group.
- If you supply sweet or semi-dry wine, target elderly women by tailoring your marketing strategy to their needs.

Consumers switching from vodka to wine

- **Vodka is going out of fashion:** Traditionally, the Polish market for alcoholic beverages was dominated by vodka. Currently, vodka is regarded as a cheap drink, which is not associated with the sophisticated lifestyle that many Polish consumers strive to have. As a result, vodka consumption is declining, except for traditional occasions. Beer and wine are the main replacements.
- **Healthy lifestyles:** Growing health-consciousness particularly strengthens the switch to wine, as moderate wine consumption is considered to be healthy. However, it remains to be seen whether Polish consumers will also switch to wines with a low alcohol percentage, as is happening in many West European countries. Polish consumers traditionally prefer higher alcohol percentages.

Tips:

- If you supply branded wine, ensure that your brand is associated with a sophisticated lifestyle.
- If you supply a low alcohol wine, Poland may not yet be your best target market.

Diversified origins

- **East European wines face competition:** During communism, East European wines, such as the wine brand Sophia from Bulgaria, were the only wines on the market. Although this brand is still among the major brands on the Polish market, it is no longer the biggest brand. Sophia sells for approximately € 3 per bottle and is particularly strong in the low end of the market. Fresco is another major brand in this price segment.
- **Carlo Rossi most popular:** In the last two decades, Carlo Rossi (of Gallo (USA)) has become the most consumed wine in Poland which is sold at approximately € 6 per bottle. According to industry sources, Gallo has marketed Carlo Rossi smartly by making it sound and look Italian and by sponsoring of events. Also, it entered the market at a lower price point, before going for a higher price point, and also entering the market with other more expensive wines.

- **Growth in Chilean and French premium wines:** Another increasingly popular wine is Toro from Chile. Chile is also becoming an increasingly important sourcing country. Moreover, as Polish consumers are becoming more educated about wine, resulting in increased demand for French premium wines (i.e. Bordeaux).

Emergence of white wine and innovative wine drinks

- **Red wine still dominates:** Red wine currently dominates the Polish wine market. Young urban professionals, who account for most sales, prefer red wine. White wine, rosé and especially innovative wine drinks (for example aromatic wine drinks or wine cocktails) are currently not very popular. In 2013, red wine accounted for 32.1% of total wine sales in Poland (including fortified wine and vermouth). White wine (25.5%) came second, followed by sparkling wine and champagne (20.5%). Rosé only accounted for 1.8% (KPMG 2014).
- **Signs of change:** However, the Polish market shows signs of change. The slight increase in consumption of wines other than red wine is largely a spill-over effect from trends in West-European countries. As many Polish consumers want a lifestyle similar to that of West-Europeans and the latter are increasingly drinking white wine, rosé and innovative wine drinks, Polish consumption patterns are expected to change in the long term.
- **Room for diversification:** As more consumers start drinking wine, the market also offers more room for diversification in terms of origins, grape varieties or brands. Polish consumers are starting to open up to try wine from New World origins, as retailers traditionally offer relatively unknown wines from former Soviet countries. This also offers good opportunities for developing country producers.

Tips:

- As the Polish market is still developing, Polish buyers may be more open to your wine's origin and brand than buyers in other European countries. Especially if you supply red wine, this may be a good time to enter the Polish market.
- Polish consumers tend to be more conservative compared to West-European consumers. As a result, wine drinks are not very popular in Poland; there is no clear sign yet that Polish consumers will embrace these drinks on the short term.

Following innovation trends

- **Screw caps not yet accepted:** Developments in the Polish market generally follow developments in West-European markets. However, there is a time lag between developments in Poland and developments in the latter region. In Poland, screw caps are still associated with cheap alcoholic beverages (e.g. vodka) and therefore not preferred by most Polish consumers of wine. Traditional corked bottles remain most common in the next few years. Nevertheless, in the long-term, screw caps are expected to enter the Polish market too.
- **Slow acceptance of new trends:** Fashion trends, such as many aromatic wines and wine cocktails, are not expected to have a significant effect on the Polish market yet. The time lag and the small size of the market prevent the rapid adoption of new products. Therefore, wine drinks in cans or PET bottles remain absent. Until now, the bag-in-box concept has only had some success in the on-trade.

Tips:

- Use traditional packaging (i.e. classic bottle, labelling and cork) for promotion as they are preferred by the Polish consumer.
- Supply traditional corked wine bottles or strongly promote the benefits of the screw caps to the off-trade.
- Look for trends in Western Europe market: it will provide you a preview of new trends that might be adopted by the Polish wine market.

Reduced impact from the economic crisis

- **Wine consumption not affected:** During times of economic instability, such as the current euro crisis, consumers will search for value for money. The global economic crisis already showed that consumers tend to trade down from luxury products to basic products.
- **Polish wine market is growing:** Depreciation of the national currency and a high inflation rate in the last few years only had a minor effect on imports and consumption of wine. In the coming years, the Polish wine market is expected to continue to grow.

Tip:

- The positive economic prospects for Poland increase the feasibility of market entry for exporters from developing countries.

Wine prices are decreasing

- **High prices limit consumption:** Wine is an expensive product in Poland. [CBI Market channels and segments](#) provides price points for the Polish market. The relatively low purchasing power of the average Polish consumer, compared to West-European consumers, adds to the relative high prices of wine. Therefore, wine consumption is still limited to more affluent young urban professionals. These consumers are actually prepared to pay more for their wines than similar consumers in other countries. This is shown in the increase of the price of the most popular brand (Carlo Rossi), but also in the increase in sales of wines in the middle-premium market. This is mostly related to red wine; Polish consumers are not willing to pay higher prices for white wine.
- **Prices will decrease:** The high prices of wine are strongly related to the lack of scale in the Polish wine market, complicating an efficient distribution. However, current growth in the wine market, and especially the emergence of discounters in wine retailing, enable scale increases. As prices go down, wine consumption is expected to spread from young urban professionals to a much wider group. This will enable more scale increases and accelerate market growth.
- **Bulk wine is growing:** The development of the lower end of the market is already visible in imports of bulk wine. Especially Chile is becoming a major supplier of bulk wine. In 2012, almost 40% of Chile's exports by volume consisted of bulk wine (USDA, 2013). This wine is bottled in Poland, which has many bottling facilities, because of its strong beer and spirits production.

Tips:

- If you supply a wine for the middle or premium segment, you may benefit from a growing amount of consumers who can afford these wines.
- If you supply a wine for the entry level, you may benefit from rapid growth in consumption of table wine.

Sustainability remains less relevant

- **Limited consumer awareness:** Despite the rapid development of the Polish economy, the wine market is still far from developed. Although consumption patterns increasingly resemble those of Western European countries, significant differences still exist. Whereas sustainability has become a niche market in Western Europe, the Polish wine market is not concerned about sustainability at all. As an illustration, most consumers are not aware of organic or Fairtrade wine.

Tips:

- Do not invest in organic or Fairtrade certification if you aim to enter the Polish market. The demand is very low.
- Focus on cost reduction or branding of your product to position it as a sophisticated product.

Georgian wines are popular

- **Strong cultural ties:** Since the Russian-Georgian conflicts, there has been an increase in demand of Georgian wines on the Polish market. Many Polish consumers consider purchasing Georgian wines as supporting the country with which they have strong cultural ties. Currently, Georgia is a well-established origin and has a good connotation. The price and quality is good (€6-12), but origin is an important impulse for Polish consumers. Actually, Georgian wine is almost considered as local.

Tips:

- If you are an East-European supplier, benefit from historic ties by referring to these ties in your product's story.
- If you are a Business Support Organisation outside Eastern Europe, use the unique qualities of your country to brand the country and establish it as an interesting origin.

Still little discouragement of alcohol consumption

- **Low excise duty not impacted by health policies:** Poland applies a relatively low excise duty of € 36.06 per hectolitre of wine. Moreover, the government does not apply reduced rates to wines with a low alcohol percentage.

Tip:

- There is no need for developing country wine producers to lower alcohol percentages to evade excise duties, as the tax system does not favour lower alcohol percentages.



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