



CBI Product Factsheet: Organic wine in Europe

'Practical Market Insights concerning your Product'

The European market for organic wine is maturing. The market is still considered to be a niche, but with growth potential. Convincing consumers of the quality of organic wine is a major challenge. The organic label only becomes a competitive advantage when your wine has the same quality as conventional wine of the same price.

Product definition

Wine can be certified as organic when its grapes are grown in accordance with organic farming principles. This implies the use of grapes which are cultivated without the use of any artificial chemical fungicides, pesticides, herbicides or fertilizers. Organic viticulture (the production of organic wine) includes protection of the natural balance of the vineyard and its surrounding environment during the production process. At the winemaking level, organic techniques are used. This means little to no manipulation of wines by reverse osmosis and excessive filtration and no use of flavour additives.

Wine can only carry the organic label when it meets the criteria set by certification agencies. Such criteria differ across agencies and countries worldwide. In order to be accepted by EU countries as an organic product, you need certification which complies with EU standards concerning organic wine. These standards have been altered most recently in 2012 and will be discussed in the section concerning

Legislative [requirements](#).

Product specification

Quality

Consumers of organic wines do not accept anymore that organic wines are of lower quality than conventional wines of the same price. This implies equal quality requirements for conventional and organic wine:

- Higher taste intensity is generally associated with higher quality
- Sweetness is widely acceptable in the low-end segment, but not in the high-end segment
- Premium wines generally have a relatively high alcohol content (>13%), while some entry-level wines can have a relatively low alcohol content (<11%).

Quality requirements only differ in the following areas:

- Organic wine cannot contain artificial chemicals
- Sorbic acid and desulfurization are not allowed
- Consumers of organic wine accept a shorter shelf-life, which is related to the lower use of sulphites. Please refer to 'Legislative requirements' for more information

Labelling

The EU has set compulsory labelling particulars for wines:

- 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
- 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 and coughing. 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.

In 2012, the EU designed additional rules on how to label organic wine:

- The EU-Organic-logo can be **voluntarily** used for wine imported from non-EU countries.
- The label must show the code number of the certifier.
- Organic indications depend on the language and use in the respective EU Member State. The terms in use per EU Member State can be found [here](#)

If wine is not made from 100% organic grapes, the label cannot show the EU-Organic-logo, but may state which part of the grapes are organic on its label. A wine is only allowed to use 'organic' in its sales description if more than 95% of the grapes used are organic.

Additional non-legislative tips on wine labelling:

- 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.
- 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

Similar to conventional wines, organic wines can be shipped both in bulk and in bottles. Most European organic wine producers (57%) sell their wine exclusively bottled. Organic wine shipped as bulk wine is said to have a lower carbon footprint, making it more environmentally friendly than bottled organic wine travelling the same distance.

Bottled wine

As consumers of organic wine are generally more concerned about the environmental effects of production, they also have a stronger preference for recyclable or otherwise sustainable packaging.



Table 1: Characteristics of different types of packaging for wine

	Recyclability	Transport costs + emissions	Quality perception	On-the-go consumption at events	Price	Shelf life
Glass bottles	High	High	High	Not suitable	High	Long
Bag in box	High	Low	Medium	Not suitable	Low	Short
Tetra pak	High	Low	Medium	Suitable	Low	Medium
Cans and plastic containers (PET)	High	Low	Low	Highly suitable	Medium	Short

- Corks (natural or plastic) and screw caps (e.g. Stelvin) are both common stoppers in the organic wine market. Plastic stoppers (e.g. Zork) and glass stoppers (e.g. Vino-loc) are less common. The selection of the type of stopper should depend on the requirements of the buyer.

Bulk wine

Two types of packaging are available for the transport of bulk wine:

- Flexitanks are intended for installation in a 20ft ISO shipping container.
- ISO tanks offer all the advantages of flexitanks, but are more polluting and expensive in transport due to higher weight. One advantage of an ISO tank is its reliability; they have a lower risk of defects compared to flexitanks.

Examples of a cork, plastic cork, (Stelvin) screw cap & (Zork) plastic stopper**Legislative requirements**

- **Oenological practices:** The EU stipulates what oenological practices can be used for winemaking (conventional and organic), including the making of sparkling wine, sweetening and addition of sulphites.
- **Organic agricultural production:** The EU has established requirements on the production and labelling with which an organic product of agricultural origin must comply, in order to be marketed in the EU as "organic".
[EU legislation: Organic production and labelling](#)
Regulation (EC) 834/2007
Regulation (EC) 889/2008
Regulation (EC) 1235/2008
- **New EU regulation for organic wine:** In addition to compliance with general wine labelling rules, organic wine labels must also meet the conditions in Regulation 203/2012. This new regulation

Considerations for action:

- Check whether your current practices comply with the [EU's requirements for winemaking](#). Producers of wine destined for the European market must present a 'VI1' certificate and an analysis report for their wine to show that they comply with the oenological requirements.
- Find out more about [Organic production and labelling](#)
- If you do not yet have a certificate, contact a certifier to learn more about the certification process. Examples:
 - [Ecocert](#)
 - [BCS](#)
 - [IMO](#)
- Use the EU organic logo and mention the code number of your certifier on your label.



allows organic wine producers to label their wine as 'organic wine'. Previously, it was only possible to label such wines as 'wine made from organic grapes'. The new regulation requires labels to show the EU's organic logo and the code number of the certifier. The advantages of the new rules are improved transparency and better recognition for organic wine consumers.

- Under the new EU regulation, maximum sulphite levels for organic wine are decreased by 50 mg per litre from the levels allowed for conventional dry wines (residual sugar level less than 2mg/l) and by 30 mg per litre for sweet wines. That means dry red organic wine will be allowed a sulphite content of up to 100 mg per litre, while up to 150 mg per litre of sulphites could be added to organic white and rose dry wines.
- The old system of import authorisations is being replaced step by step with a new one, which is based on a list of third countries whose organic regulations are approved as being equivalent to those of the EU. Certification bodies which are accredited by the EU can certify organic products for the EU market.
- **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 wine to the EU and export from the EU.
- **Contaminants in food:** The EU has laid down maximum levels of contaminants, pesticides and criteria for microbiological contamination of food, including wine.
- Find out what limit for sulphite addition applies to your wine and ensure compliance.
- Make sure to work with an approved certification body. Not all third countries and certification bodies are recognised as equivalent by the EU.
- Ensure compliance with EU legislation on [Hygiene of foodstuffs \(HACCP\)](#)
- Only use healthy grapes and ensure hygienic processing conditions to comply with EU legislation regarding [Contaminants in food](#) and [Microbiological contamination of food](#)

Non-legislative requirements

- **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.
- **Increasing demand for list of ingredients on wine labels:** Due to health concerns, which are typically slightly higher among organic food consumers, consumers appreciate a wine label that states all the ingredients of a wine.
- **Fairtrade:** A relatively large part of organic wine consumers is also interested in Fairtrade. Fairtrade offers producers a better deal by improving the terms of
- **Considerations for action:**
 - 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](#)
 - While a list of ingredients is not mandatory for wine, in the organic segment such transparency may result in a more positive image for your wine.
 - Although Fairtrade is not widely demanded, it can be interesting for regions which are associated with bad labour conditions by European



trade. In order to benefit from the advantages of Fairtrade, producers must be certified for compliance with Fairtrade standards (e.g. standards for hired labour).

- **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.

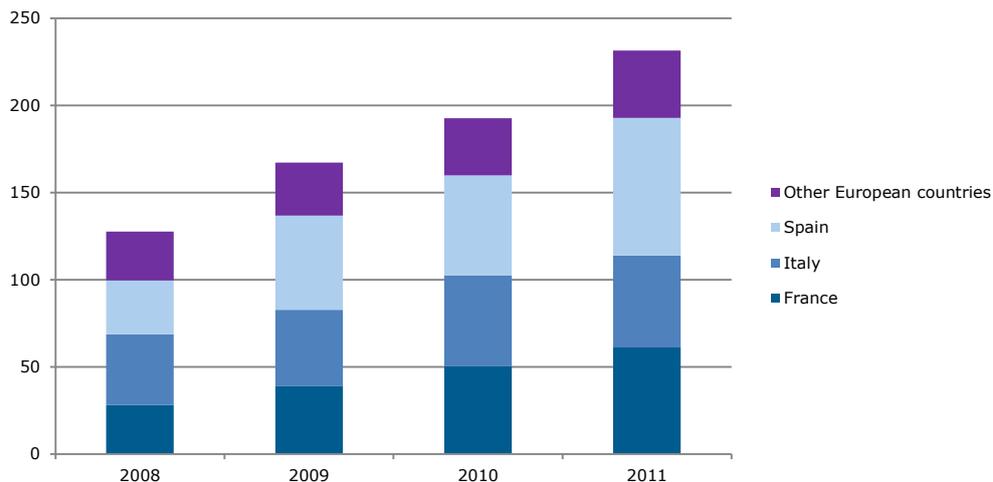
consumers. For example, South African producers have used Fairtrade to distance themselves from any association with apartheid.

- 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 which include the price and volume available in addition to contact details.

Trade and Macro-Economic Statistics

In the last decade, the European market for organic products has developed from a small niche market into a major market segment. Both consumer awareness on the benefits of organic farming and promotion of organic farming through EU policies have contributed to this development.

Figure 1: European organic grape area (in thousand ha)



Source: FIBL-IFOAM (2013)

Production

- In Europe, organic viticulture is growing rapidly. By the end of 2011, the total organic grape area amounted to 231 thousand ha. Since 2007, the organic grape area increased by 23% annually. 5.6% of all grape areas in Europe are now certified organic (IFOAM, 2013). Promotion through EU policies and a growing market for organic food and drinks have triggered this rapid development of organic viticulture in Europe.
- In a global context, Europe is by far the largest producer of organic wine worldwide. Its organic grape area constituted 89% of the total area under organic grape cultivation worldwide. This represents 3.7% of all vineyards.
- Spain, France and Italy, the largest wine producers in Europe, are also the main

Considerations for action:

- See [Market competitiveness](#) for more information on EU promotional policies.
- Most opportunities for DC producers of organic wine can be found in those European countries that have an increased demand for organic wines, but do not produce much organic wine themselves, e.g. Denmark and Sweden.
- Consider hiring the help and expertise of a European (e.g. Spanish, French or

organic wine producing countries. Even some prestigious wine estates have converted to organic farming or biodynamic farming.

Consumption

- In 2011, total sales of organic products in Europe increased by 9% to € 21.5 billion (IFOAM). The share of organic food sales in total food sales range between 0.2% in Poland to 7.8% in Denmark. A conservative estimate of organic wine consumption, based on the average share of organic food in the total food market of the 5 largest wine markets (2.1%), amounts to 2.7 million hl. However, actual organic wine consumption is likely to be higher, as organic wine sales perform better than sales of organic food in general. For example, 10% of wine sales in France are estimated to consist of organic wine (Agence Bio, 2013).
- On the individual EU member level, demand for organic wine has grown particularly fast in the United Kingdom (UK), the Netherlands and Sweden.

Import and Export

- Imports of organic wine have most potential in Norway, Sweden, Finland, Denmark, Germany, UK, Switzerland, Austria and the Benelux countries. France, Italy and Spain are not as interested in importing organic wine, since they produce enough themselves. Germany is the world's leading importer of organic wine with an annual volume of around 30 million bottles, which is equivalent to 225 thousand hl (IFOAM). A large part of Germany's organic wine imports comes from European wineries (e.g. Spain and Italy).

Italian) organic wine producer in order to increase your knowledge on organic viticulture and viniculture.

- Stay informed about developments in the organic (wine) market by regularly checking the website of IFOAM (<http://www.ifoam.org/>).
- Investigate the wine preferences of consumers in various European markets before targeting them. Since the UK, the Netherlands and Sweden do not produce organic wine in significant amounts themselves, but do witness increased demand for it, these countries could be promising entry markets for DC exporters.
- Find out the preferences of consumers regarding organic products in the country you wish to enter before making the decision to target its market. Not all European consumers have the same perception of organic products.

Market trends

- **From niche to mainstream:** Environmental and health concerns are driving the boost of organic wine sales in Europe. People are increasingly choosing for organic products and wine is no exclusion. At the moment, mainly boutique wineries and small businesses have converted their production to organic. Large wineries, however, are following this trend. Even though it is still a niche in many markets, some countries such as the Netherlands, Germany and Scandinavian countries (Denmark, Norway, Sweden and Finland) already have mature organic markets.
- **More green labels and sustainable food standards:** The spectrum of labels and certification bodies available is huge

Considerations for action:

- If you are a new supplier in the organic wine market, consider supplying the Netherlands, Germany or Scandinavian countries. Some of these might not be the largest markets in terms of volume, but these markets are considered frontrunners in terms of organic products.
- Apply the EU's standards for organic production and its labelling rules to benefit from greater consumer

and every label is different. This development shows that organic wine and sustainability is growing in awareness, but at the same time the amount of labels available can cause confusion for consumers. This is one of the main arguments for the introduction of the EU organic label and respective legislation. The label creates uniformity among organically produced wine. This will help consumers to distinguish more easily between conventional and organic wine.

- **Boxed wine gains popularity:** The packaging of boxed wine is much lighter in weight than glass bottles and can be stacked with less wasted space and can therefore be transported with less fuel. Moreover, boxes are often recyclable and extend the shelf life of opened wine – meaning little waste of wine. For these reasons, boxed wine matches perfectly with the ‘eco-friendliness’ of organic wines and more and more producers are choosing to offer their wine in boxes.

recognition.

- If you are looking for another way to attract consumers who are particularly focused on environmental issues, consider the use of environmentally friendly packaging like bag-in-box or Tetra pak.

Market Channels and Segments

For visual overviews of the market channels for wine, please refer to information provided for a number of [individual EU countries](#).

Market channels

- **Mostly off-trade channels:** Organic wine is mainly sold through the off-trade. Specialist retailers in particular are in a good position to sell organic New World wines. Their sales people can inform consumers about the origin and organic production. This is required to convince consumers to try something which they are not familiar with. Nonetheless, increasing consumer awareness about organic wines has also attracted supermarkets, which are now the main clients for larger-sized organic wineries.
- **Specialising in organic:** There is a rise in both retailers and restaurants that specialise in organic foods and only sell wine that is organically produced; a trend that is particularly visible in Germany.
- **Nordic tenders for organic wine:** In the Nordic countries, the monopolies frequently publish tenders in which they request organic wine. The monopolies aim to position themselves as promoters of sustainable production. Please refer to CBI’s Product factsheet: Premium Wine in the Nordic countries for more details about the monopolies.
- **High costs for small importers:** Many small wine importers are interested in expanding their product range with organic wines. However, the costs of importing small quantities of organic wine are high. They need licenses which are

Considerations for action:

- If you offer an entirely new wine to the European market, focus on small importers which supply specialist retailers. Small importers are usually more motivated to provide marketing support for wines from unknown origins than big importers.
- If you aim to supply organic supermarkets or other organic retailers and restaurants, it is crucial to focus on the quality of your wine. Since all wines on offer are organic, there is little use in using the organic nature of your wine as a USP.
- Embassies are a particularly good place to inspire, educate and influence buyers at monopolies. Embassies have an interest in the promotion of wine from your country and can use their knowledge of the target country’s culture to convince potential buyers of the value of your wine. They can also provide a nice setting for promotion events.

relatively expensive if imports only concern a few hundred bottles.

Market segments

- **Bulk and premium wine:** Many consumers still associate organic wine production with low quality. In the past, many organic wines did not meet the same quality standards as conventional wines of the same price. Consequently, the lower and middle segments for everyday wines have become the main markets for organic wine. In fact, organic wine is increasingly supplied as bulk wine, since this means of transportation is in line with the values of the environmental friendliness aspect of organic wine.
- **Environmental & health concerns:** Organic wine consumers are generally consumers who are more engaged with the environment and who have concerns about the healthiness of food and drinks.
- **Preference for young and fresh wines:** Many organic wines have lower levels of sulphite content, which shortens the shelf life of a wine. This largely explains the popularity and wide availability of relatively young organic wines over heavy wines which need to ripen for some years.

Prices

- **No pre-determined price range for organic wine:** Organic wine is sold in all price segments on the European wine market. Organic wine competes in the low-end discounter market, the high-end super-premium market and all segments in between.
- **Willingness to pay:** Most European consumers are not willing to pay a premium for organic wine. In their choice of wine, the quality and taste are generally more important than the wine being organic. Only in Germany and Austria is organic wine offered at a slight premium compared to conventional wines of the same origin and quality.

Market competitiveness

- **Strong competition between conventional and organic wines:** Apart from consumers looking for healthier and sustainable products, organic and conventional wines compete for the same consumer segment. These consumers focus on the quality/price ratio; organic USPs will often not persuade consumers.

Considerations for action:

- You will find most opportunities in the lower end of the European wine market. If you target the premium wine market, you will need more promotion than suppliers of conventional wine to convince the prejudiced consumers of the quality of your wine.
- Target your marketing on consumers with a high degree of environmental and health concerns. One way of giving this an extra dimension is by offering the wine in eco-friendly packaging.
- Supply young and light organic wines, since these sell best in Europe.

Considerations for action:

- Receive a higher price for your wine by improving its quality. Optimise your entire production process from grape cultivation to vinification and bottling. If necessary, hire a product developer to assist you in this.
- Do not count on a price premium. Carefully calculate the costs involved in organic production and the expected benefits as a result of increases in sales.

Considerations for action:

- Do not spearhead the marketing of your wine on the USP that it is organic. Make sure the quality aspect of the wine is clearly highlighted as well. This can be done by active engagement with specialty retailers, in order to make them ambassadors of your wine.

- **Low consumer knowledge on New World organic wine:** New World wine suppliers face difficulties convincing consumers to try their product. While the prevalence of both New World wines and organic wines is growing, consumers are not fully informed about all facts concerning organic wine production in the New World. This results in fewer sales, because uninformed consumers are tempted to buy a safe choice of wine they already know from a conventional wine producer.
 - **Quality perception:** There is a prejudice among European consumers about the quality of organic wine. Organic wine is generally perceived to be of a lower quality than conventional wine from the same period, region and grape variety. This leaves suppliers of organic wine with a disadvantage on the wine market.
 - **No specific subsidies available for organic wine production:** While there are no specific subsidies for organic wine production, there are different ways in which the EU member states support organic wine production under Rural Development programmes:
 - Agri-environment schemes as area payments for organic farming.
 - Organic-specific measures such as support for individual farmers who want to convert to organic production (to help cover the additional costs in the period of conversion).
 - Training programmes, investment opportunities, information and promotion measures, and food quality schemes are offered to organic producers to support them in their general production.
- If you aim to compete directly with established wines from traditional origins, such as France, Italy and Spain, you will need strong marketing support. You will not only need to ensure the transfer of information towards consumers on the origin of your wine, but also on organic wine production.
 - As a supplier of organic wine you need to invest more in promotional activities than suppliers of conventional wines in order for European consumers to form a positive image about the quality of your wine compared to suppliers of conventional wine with the same characteristics.
 - While there are no official or specific subsidies targeted at European organic wine producers, there is some support present as part of Rural Development programmes. This may result in a stronger competitive position for European producers. As a reaction, DC producers can explore opportunities to receive support from their own government.

Useful sources

Trade fairs

Visiting or even participating in trade fairs is highly recommended as one of the most efficient methods of testing market receptivity, obtaining market information and finding prospective business partners. The most relevant trade fairs for exporters of organic wine are:

- Millésime, Montpellier, France - <http://www.millesime-bio.com>
 - BioFach, Nuremberg - <http://www.biofach.de/en/>
 - RAW fair, London, UK - <http://www.rawfair.com/>
 - Merano wine festival, Merano, Italy - <http://www.meranowinefestival.com>
- Trade fairs for conventional wine, such as Vinexpo (<http://www.vinexpo.com/en/>) and ProWein (www.prowein.com) are less interesting for organic wines.

This survey was compiled for CBI by ProFound – Advisers In Development, in collaboration with Sector Experts Theo Jansen and Cees van Casteren

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