

The logo for Wine Intelligence, featuring the word "wine" in a white, lowercase, sans-serif font with a dot over the 'i', and the word "intelligence" in a smaller, dark blue, lowercase, sans-serif font below it. The text is centered within a solid blue circle.

wine  
intelligence

WINE INTELLIGENCE

**GLOBAL WINE  
INDUSTRY OUTLOOK:  
Confidence, opportunities  
& threats to 2025**

AUGUST 2019



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## Special thanks to the global wine trade members who contributed their insights and expertise to this study

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# Executive summary

For the first time in 2019, Wine Intelligence collected views from wine industry professionals around the world to produce a strategic report focusing on confidence, opportunities and threats in the wine sector that are expected until 2025. The Global Wine Industry Outlook 2019: Confidence, Opportunities and Threats to 2025 study investigates insights and predictions from global wine trade experts on:

- Wine business trends and forecasts
- Changes in investment and employment in wine
- Growth opportunities by wine type and style
- Threats and opportunities for wine
- Wine market attractiveness
- Wine business investment priorities

## Key takeaways:

- 1 Future expectations for the global wine market appear to be broadly positive, with global trade members more confident in investment and commerce potential compared with business conditions and employment opportunity over the next five years
- 2 Trade members that conduct business in China have the highest confidence score for the global wine industry, which is based on China having the highest ratings for global commerce, investment potential and employment opportunities
- 3 Sparkling wine is believed to deliver the highest opportunity according to the trade with rosé following closely behind
- 4 Alternative wine opportunity is positively led by sustainably produced wine, followed very closely by organic and environmentally friendly wines
- 5 The number one innovation opportunity identified by the trade is alternative packaging, driven by consumer demand for portability and convenience
- 6 A 'less is more' approach to wine packaging will appeal to consumers, with lighter weight glass bottles having the highest opportunity as predicted by the trade. Half of the trade respondents believe canned wine will present high growth opportunity.
- 7 China is considered the most attractive wine market in the world by the global trade experts, followed by the US and Japan, which is expected until 2025
- 8 The UK wine market is considered the least attractive market by wine trade respondents, mostly due to the effects of Brexit on the UK economy, leading to this market becoming harder to predict
- 9 One of the main factors that the industry is concerned about is growing political instability and trade wars, especially between the major players of the US, Europe and China
- 10 The increase in consumption in emerging markets such as China, India, Japan, Brazil, Russia and Eastern Europe is seen as an opportunity for the wine industry until 2025, along with growing wine tourism, cellar door visits and consumer engagement

# Global trade survey respondents at a glance

Wine industry professionals from over 50 wine markets were invited to participate in an online survey and depth interviews

## Organisation type: Global and by top five countries

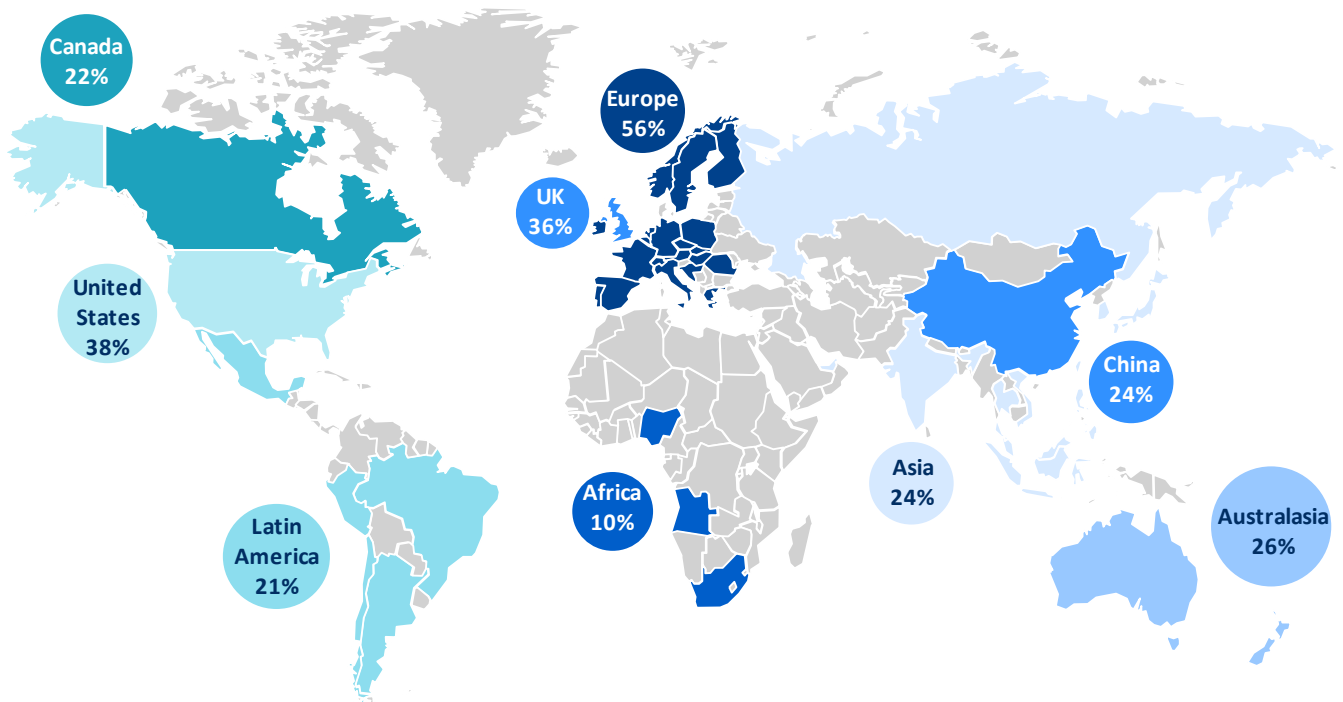
% who work in the current organisations

Base = Trade experts representing 52 markets (n=296)

### Trade members representing the following top five markets

n=	296	113	108	74	71	71
Wine producer	36%	39%	41%	64%	52%	51%
Marketing agency & Consultancy	23%	27%	23%	21%	23%	21%
Importer & Distributor	12%	8%	7%	5%	7%	6%
Retailer, Online retailer & On-premise operator	12%	10%	12%	3%	3%	7%
Trade association & Government	17%	17%	17%	8%	15%	15%

## Wine markets covered by trade respondents



Source: Wine Intelligence, Vinitrac® Global, wine trade members representing 52 markets (n=296)

# Wine industry trends and forecasts

The wine industry confidence index is calculated based on each trade member's answer to the four items regarding overall wine industry trends and forecasts:

1. **Business conditions:** Changes in outlook for the global wine industry for the next five years
2. **Commerce:** Changes in wine commerce within the next five years
3. **Investment:** Changes in wine investment within the next five years
4. **Employment:** Changes in employment opportunities in the wine industry over the next five years

The index ranges from 0 to 100 (100 = the trade member is extremely confident about the outlook of the wine industry and 0 = the trade member is not confident at all about the outlook of the wine industry).

Overall, future expectations for the global wine market appear to be broadly positive, with global trade members more confident in investment and commerce potential compared with business conditions and employment opportunity over the next five years. The global wine market is expected to grow, driven by premiumisation trends, innovation

within the category and increasing wine consumption in many emerging markets. According to the most recent IWSR dataset, the global wine market value has increased by 1.2% in the past year, while the total volume of wine consumed has decreased by 1.7%, with quality-driven consumers being the main drivers of this change. Another potential reason for this is the increase in disposable income across the world, including dominant markets such as the US and China. Economically, the global performance is currently relatively strong,

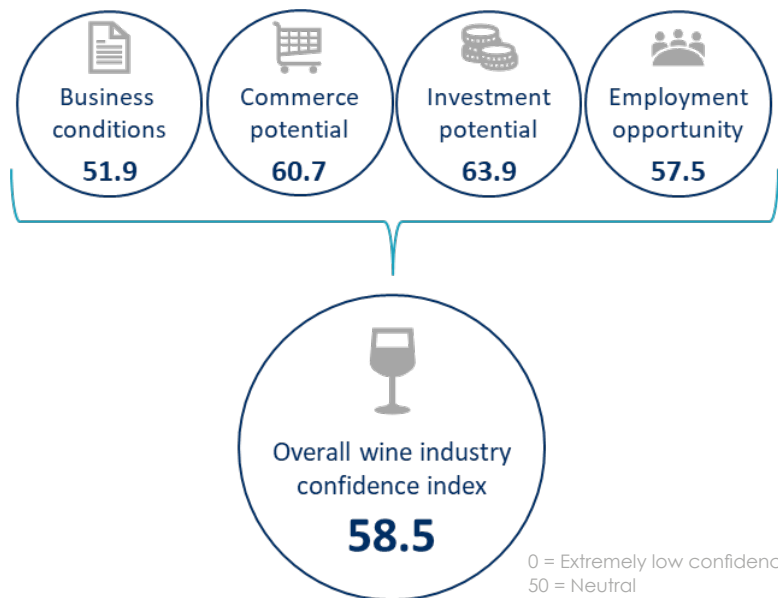
particularly in terms of GDP growth and reducing unemployment rates.

Moving forward, trade respondents note that the wine industry will continue to be increasingly dependent on the expansion of e-commerce and online sales, which will likely drive sales across the world.

Whilst currently offline wine sales account for the majority share of retail sales, trade respondents expect growth of online wine sales around the world to continue. More

## Wine industry confidence index

Base = Trade experts representing 52 markets (n=296)



specifically, they anticipate an increase in online platforms used to purchase wine as well as more delivery services via online platforms as consumer demand for convenience continues to surge. For example, US e-commerce platform Drizly allows people to order alcohol directly from local retailers for delivery via the internet.

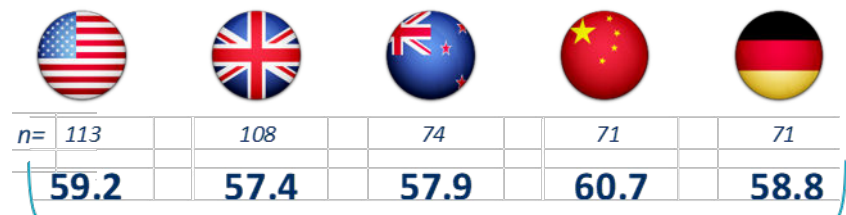
E-commerce potential is especially strong in China, with just under half of regular wine drinkers having purchased wine online in the past six months. This is primarily driven by wider and more diverse offerings online compared with those available in-store and the widespread use of the social media platform WeChat.

At a country level, overall confidence surrounding the outlook of the wine industry is similar across the top markets that the global trade respondents represent. Trade members that conduct business in China have the highest confidence score for the global wine industry, which is based on China having the highest ratings for global commerce, investment potential and employment opportunities.

Trade members involved in trade associations and government

## Wine industry confidence index: Top five markets

Base = Trade experts representing the following markets



0 = Extremely low confidence  
50 = Neutral  
100 = Extremely high confidence

organisations are the most confident regarding the outlook of the wine industry, driven by high confidence levels, commerce and investment. The least confident ratings come from importers and distributors who rate future business conditions and employment opportunities poorly.

“The speed of change towards online sales has been a surprise over the past year”  
– Commercial Director, Argentina

“E-commerce and online isn't going to slow down – those are the building blocks of our business moving forward”  
– Off-premise retail manager, Australia



# Wine style opportunity

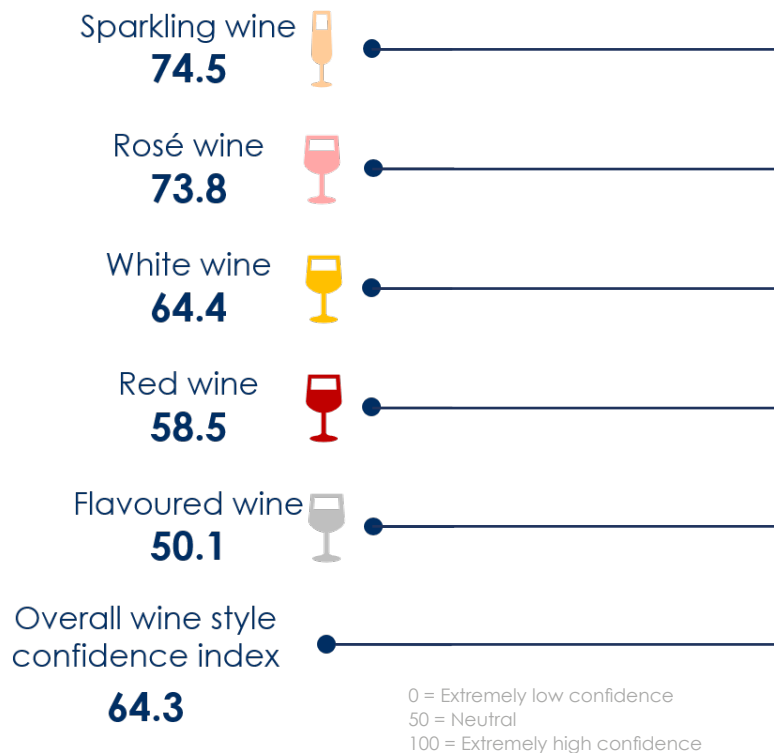
The wine styles confidence index is calculated based on each trade member's answer to questions regarding growth opportunities for the following styles of wine: red, white, sparkling, rosé and flavoured wine. The index also ranges from 0 to 100 (100 = the trade member is extremely confident about the wine style opportunity, 0 = the trade member is not confident at all about the wine style opportunity).

Sparkling wine growth has taken many developed markets by storm over the past decade. Unsurprisingly, sparkling wine is believed to deliver the highest opportunity according to the trade, with Prosecco driving this sparkling wine opportunity. French Champagne is also predicted to grow due to lowered price points and consumers becoming more connected to the sparkling category overall.

Following closely behind sparkling wine is rosé. Most specifically, rosé from Provence is the foundation for the category, with the key focus being on younger consumers. With sparkling and rosé wine on the rise, trade experts expect major opportunity from these categories.

## Wine style confidence index

Base = Trade experts representing 52 markets (n=296)



"The positive surprise for me is the growth in Champagne. I love the fact that it, and the story, is getting out there. What does worry me is that two to three years ago, the cheapest Champagne you could find was just under \$40, and now we have let it go to under \$20 and it's happened so quickly"

– International Manager,  
Australia

"Prosecco and sparkling wine are now so dominant that they have made sparkling democratic. The key is that they target younger consumers and females, who are the most important new targets"

– Wine Marketing Director,  
Spain



Wine Intelligence trade interview programme;  
Wine Intelligence, Vinitrac® Global, wine trade members representing 52 markets (n=296)



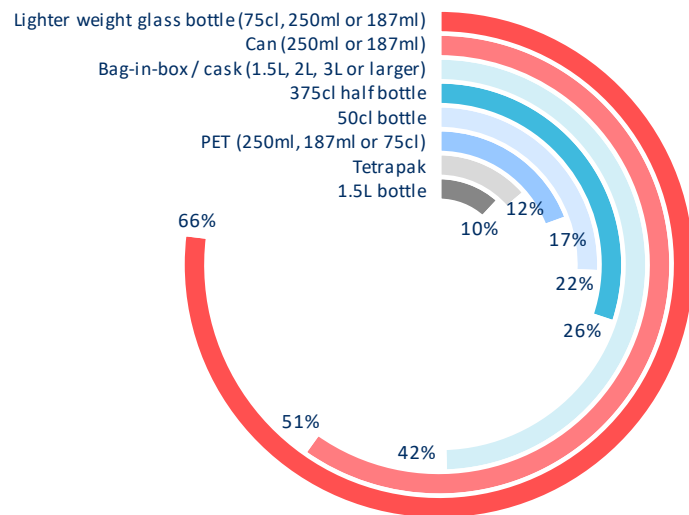
# Packaging opportunity

In a world where material science is developing at an extraordinary rate, and packaging in adjacent categories is evolving rapidly in line with this, the future of wine packaging is a key focus.

Standard 75cl glass bottles continue to account for the majority of wine sales; however, consumers are becoming more aware that transporting glass bottles comes with a carbon footprint. This has the potential to make consumers seek more sustainable alternatives. Trade members also predict that a 'less is more' approach to wine packaging will appeal to consumers, especially with lighter weight glass bottles. Half of the trade respondents believe canned wine will present high growth opportunity due to cans being lighter and typically produced with more recycled materials, requiring less cardboard and energy for transporting. For consumers,

## Wine packaging opportunity

% who find the following packaging types to have growth opportunity  
Base = Trade experts representing 52 markets (n=296)



the canned wine drive is primarily driven by convenience, as noted in our US Landscapes 2019 report, as they allow people to bring a ready to drink beverage to all occasions, which

especially popular amongst Millennial drinkers. The popularity of canned wine is driven by the United States, as suggested by our respondents, who project this influence.

"As 'eco awareness' increases, new packaging forms are an opportunity space – maybe fiber bottles, a better plastic that breaks down or lighter weight glass?"

– Vice President and Director of Marketing, US

"One of the greatest opportunities in the next five years for the wine industry will be delivering convenience driven packaging and fulfillment"

– Director of Insights & Innovation, UK

"For now, wine in a can is consolidating its path in the US, but with the global cultural influence that this country has, it is possible that this trend spreads beyond the US"

– R&D Manager, Portugal

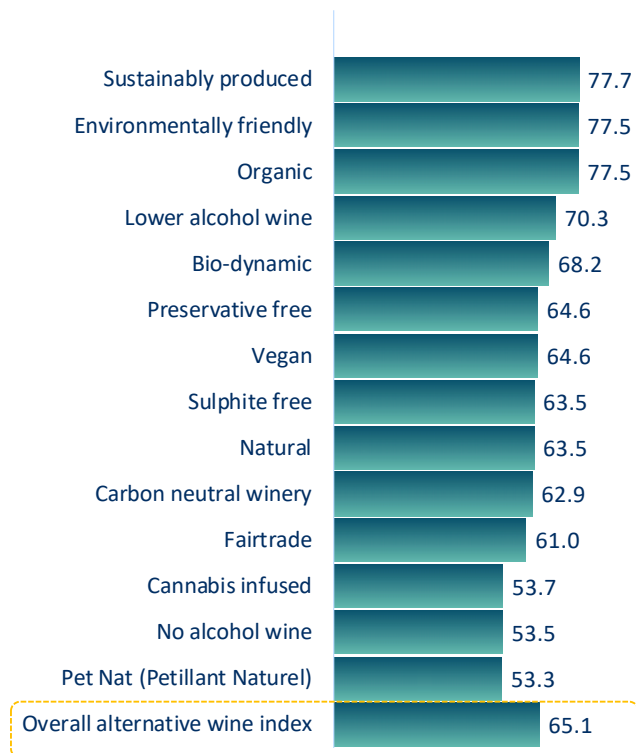
# Alternative wine type opportunity

The alternative wine type confidence index is calculated based on each trade member's answer to growth opportunities for 14 'alternative' wine types, which we have classified as Sustainable, Organic, Lower Alcohol and other alternative wines (SOLA for short). The index also ranges from 0 to 100 (100 = the trade member is extremely confident about the SOLA wine type opportunity, 0 = the trade member is not confident at all about the SOLA wine type opportunity).

Overall, alternative wine opportunity index scores are positive, most likely due to the rise of ethical consumerism. Alternative wine opportunity, as rated by trade members, is led by sustainably produced wine, followed very closely by organic and environmentally friendly wines. When compared with consumers, we found that there is alignment between the trade and consumers in the belief that organic and sustainably produced categories offer the greatest opportunity. The trade also values lower alcohol wine and biodynamic wine much more highly, while Fairtrade is more important for consumers. In addition to ethical awareness, the rise of moderation and health amongst consumers has also been noted by the trade, most likely driving the opportunity for lower alcohol wines.

## Alternative wine type confidence index

Base = Trade experts representing 52 markets (n=296)



0 = Extremely low confidence  
50 = Neutral  
100 = Extremely high confidence

"The commitment and great effort of most producers to produce sustainably has been a surprise. Sicily, as a matter of fact, has shown remarkable sensitivity towards this new social responsibility and is the reason why many producers adopted various measures to reduce the impact on the environment, from the vineyard to the bottle"

– Vineyard CEO,  
Italy

"I think the greatest opportunity in wine emphatically will be through the lens of organic, biodynamic and sustainable products. I think that consumers are increasingly aligning their consumption of other products – ie fruit, vegetables, eggs, proteins, fish – with their other decision-making processes, and that can be anything from accommodation to holidays to countries to sport, an ethos to the lifestyle holiday that combine activities that are about health and well-being benefits. I think the next logical step is wine and other beverages, particularly alcohols, will fit into this sort of decision making and alongside that an exploration of organic, generic product and associated beverages"

– Independent Retailer,  
Australia

However, moderation trends also present a threat to the category, as noted by the trade, as consumers reduce their consumption of alcohol.

An increase in interest in sustainability in the wine category amongst the trade is evident, primarily with producers tackling environmental and social issues surrounding wine production. For example, whilst a push for carbon neutrality may be an important goal for many companies, Lanchester Group, a UK distributor, have achieved 'carbon-minus' status. This means they are able to produce more energy than they use.



"There is a global consumer trend that alcohol management is important and that the consumer cares about it. Since this will continue, this makes the declining consumption even more problematic"

– On-premise  
Managing Director,  
Germany

"Consumers' appetite for less alcoholic wines (below the legal limit to be considered as wine) and emergence of the non-alcohol category is an opportunity over the next five years, either in the still wine or in the sparkling wines"

– R&D Manager,  
Portugal

# Innovation opportunity

With rising competition from other beverage categories and cannabis, the requirement to innovate within the wine industry is essential, particularly for engaging Millennial consumers.

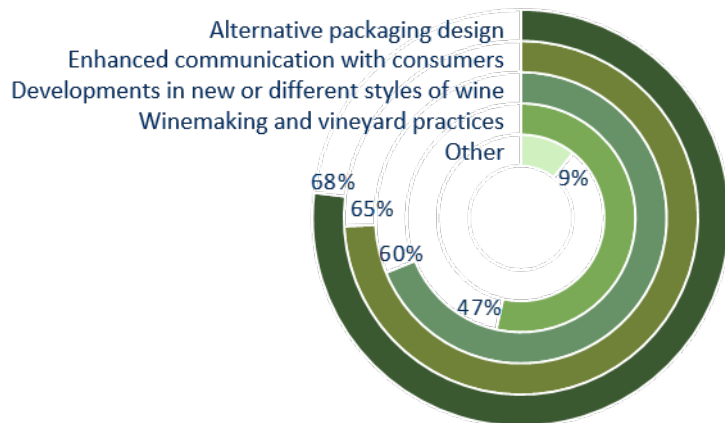
Trade respondents were asked where they thought innovation would be most likely to come from for wine up until 2025. The number one opportunity identified by the trade is alternative packaging, driven by consumer demand for portability and convenience.

Following closely behind alternative packaging opportunity is enhanced communication with consumers. In an increasingly competitive market, it is imperative for brands to facilitate innovative communication techniques in order to both keep existing consumers committed as well as engage new consumers to drive awareness levels.

The development of different styles of wine is also identified as a way to help wine keep its competitive edge. For example, producers are brewing beer with grapes, while others are developing wines with beer tasting notes or vice versa, with their main aim to attract consumers looking for something a little different.

## Wine innovation opportunity

% who find the following items to be the most innovative for wine  
Base = Trade experts representing 52 markets (n=296)



“One opportunity is branding. Wine clubs and events are going to grow. Direct to consumer is a real opportunity for wineries and building a direct to consumer base. It also offers a chance to compete and talk directly to consumers, which is important.”

– Marketing Manager, Australia

“Different packaging formats that make wine more relevant for different consumers are an opportunity”

– Commercial Director, Argentina

# Market attractiveness

China is considered the most attractive wine market in the world by the global trade experts, followed by the US and Japan, which is expected until 2025. Driven by continued growth and demand, China is considered the key market. The US is also seen as a very attractive wine market, mostly due to its size.

Emerging wine markets are considered to have prospering outlooks for wine including India, Russia and Brazil. The increased per capita consumption and the increased demand in the premium sector in these markets makes them attractive for wine producers and distributors. Supporting this, a Portuguese trade member notes, “I believe that the greatest opportunities will come from

## Top 15 most attractive wine markets to 2025

Size of words: Greater prominence given to markets  
Base = All global trade respondents (n=296)



markets with a trend of increased consumption, currently low consumption per capita, but with a large young population. We are talking mainly of four or five countries: China, India, Brazil, Nigeria, Mexico and eventually Turkey”.

The UK wine market is considered the least attractive market by wine trade respondents, mostly due to the effects of Brexit on the UK economy, leading to this market becoming harder to predict. The level of risk of a no-deal Brexit has increased significantly since the



“China is clearly at a very different pace from all other markets. It is already one of the largest markets in the world, and is preparing to become the No. 1 market. If there are changes, especially in taxes and import easiness and interstate transport, Brazil and India will be able to join China as major world powers in wine consumption”

– R&D Manager,  
Portugal

election of Boris Johnson as the UK's Prime Minister. The UK trade body, the Wine and Spirits Trade Association, has set out suggestions for the government in order for the beverage industry to continue running as smoothly as possible in the event of a no-deal Brexit:

- Secure free-trade agreements with key partners
- Guarantee continued access to a skilled workforce
- Retain the EU excise movement and control system

Germany, Italy and France are seen as less attractive markets due to the fact they are classified as mature markets, making it harder for new competitors to enter the markets. As they are long-established wine producing and consuming countries, these markets are stable and rigid, making them less attractive for innovation and new products or producers. As these markets are challenging for imported wine, the opportunities are more seen in exporting wine from the respective markets into the new emerging, attractive markets. According to the trade, the image of German wine has changed in the past 10 years, which has led to positive opportunity for exporting these wines. The increased demand for premium wines in emerging markets such as China, Brazil, Russia and India also offers opportunities for French and Italian wine.

## Top 15 least wine attractive markets to 2025

Size of words: Greater prominence given to markets  
Base = All global trade respondents (n=296)



“Brexit will increase our costs, and we predict more trade disputes in international trade. We see these factors adding costs to the wine sector”

– Director of Insights & Innovation,  
UK

“For German wine, I see opportunities in exports as there has been a positive image change for German wine”

– Managing Director,  
Germany

“The macro economic outlook in the UK market is pretty dire, and we are going to need to battle harder for our share of the disposable income of the UK consumer”

– Brand Owner & Distributor,  
UK

# Threats to the wine industry

One of the main factors that the industry is concerned about is growing political instability and trade wars, especially between the major players of US, Europe and China. Furthermore, Brexit is a factor that increases uncertainty within the EU and may impact exporting countries for both consumption in the UK and re-exports from the UK.

A further threat to the wine industry until 2025 is increasing alcohol sales regulations. In Europe in particular, there has been a dual trend of reducing alcohol consumption by consumers, as well as by governments, with the first driven by an increase in health consciousness, and the latter driven by health lobbies aiming to educate consumers to consume alcohol responsibly and diminish abuse.

Other alcoholic beverages are also posing a threat to wine as there is a shift towards spirits, craft cocktails and beer.

The competition within the wine category is also a concern for wine producers. An increased volume of wine production globally leads trade members to view that smaller producers will be pushed out by larger wine producers who export internationally and can offer lower prices. As consumers are more willing to trade up, wine prices are increasing due to wholesalers' increasing add-ons, which threatens margins for retailers.



“There will be an element of the survival of the fittest. I think there will be further consolidation as there are still too many businesses chasing too few customers”

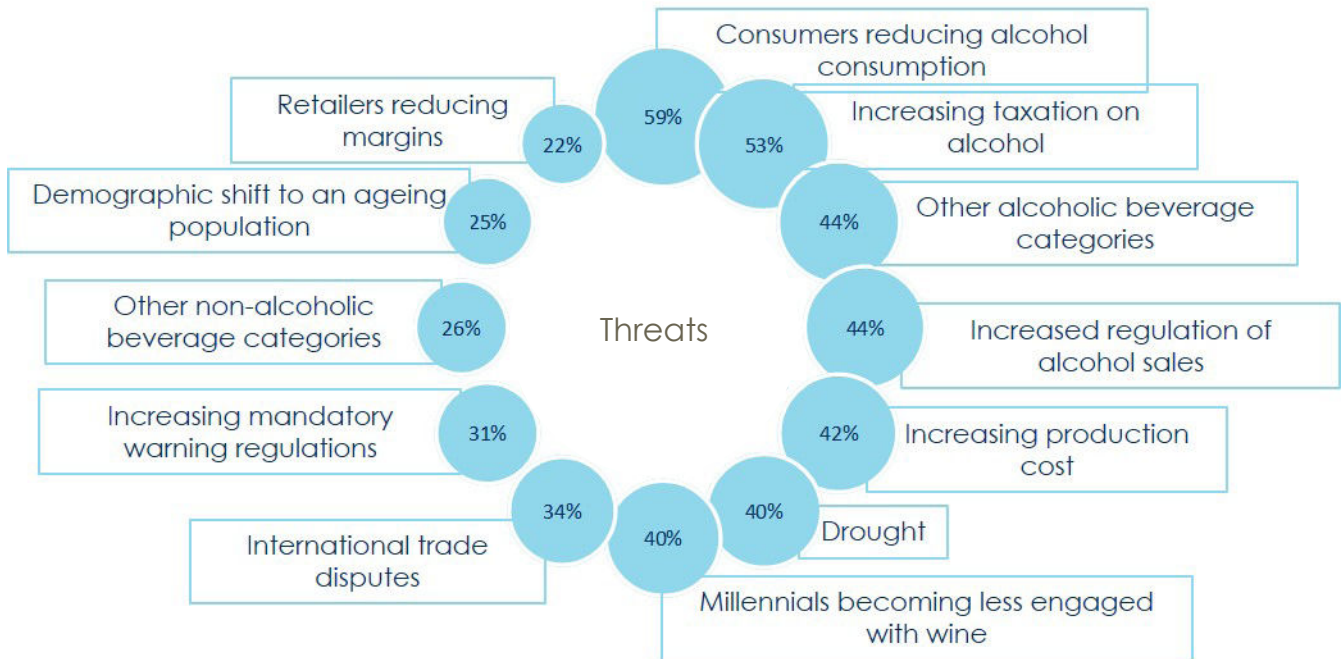
– Brand Owner and Distributor, UK

“The current environment of trade tensions and looming tariffs, particularly between the US and Europe, may pose a big challenge for all large wine growing countries in the EU. However, it may also serve as an incentive to increase the efficiency of the European wine industry. Especially the worrisome high dependency on subsidies that should be significantly reduced”

– Wine Writer and Educator, US

## Most prominent threats to the wine industry to 2025

% of those who find the following factors to be the most prominent threats to the wine industry over the next 5 years  
Base = All global trade respondents (n=296)



“In Europe, in particular, the regulatory environment is a threat. I think when we look at the Irish Health Bill and health lobbying in general, the danger is if minimum unit pricing catches on. Whether or not the health lobby changes consumers’ tastes will also affect the category”

– Managing Director,  
US

“As more people become engaged in wine, it’s not about loyalty to a particular brand; instead, there is a tendency is to try a lot of different styles. That makes it hard for wineries to stand out given the amount of variety that consumers have to choose from”

– Marketing Manager,  
Australia

“I think that a threat to the wine industry is the rise of other beverages and the increased interest in the quick turn-around of things like spirits and beer. These products can be produced and consumed within a couple of weeks, versus products like wine which takes a year or more, effectively, to come to life. Wine is more reliant on detailed agricultural practices than just the standard brewing techniques”

– Independent Retailer,  
Australia



# Future opportunities for the wine industry

The wine trade also sees future opportunities in wine until 2025. Consumers are increasingly looking for small, local, authentic wine producers that can tell a story. This is in line with growing wine tourism and cellar door visits, as consumers become more experimental and willing to learn about the category.

Millennials and their open-minded attitudes provide opportunity as they are less restricted by tradition and enjoy experimenting which allows

new innovative products into the marketplace.

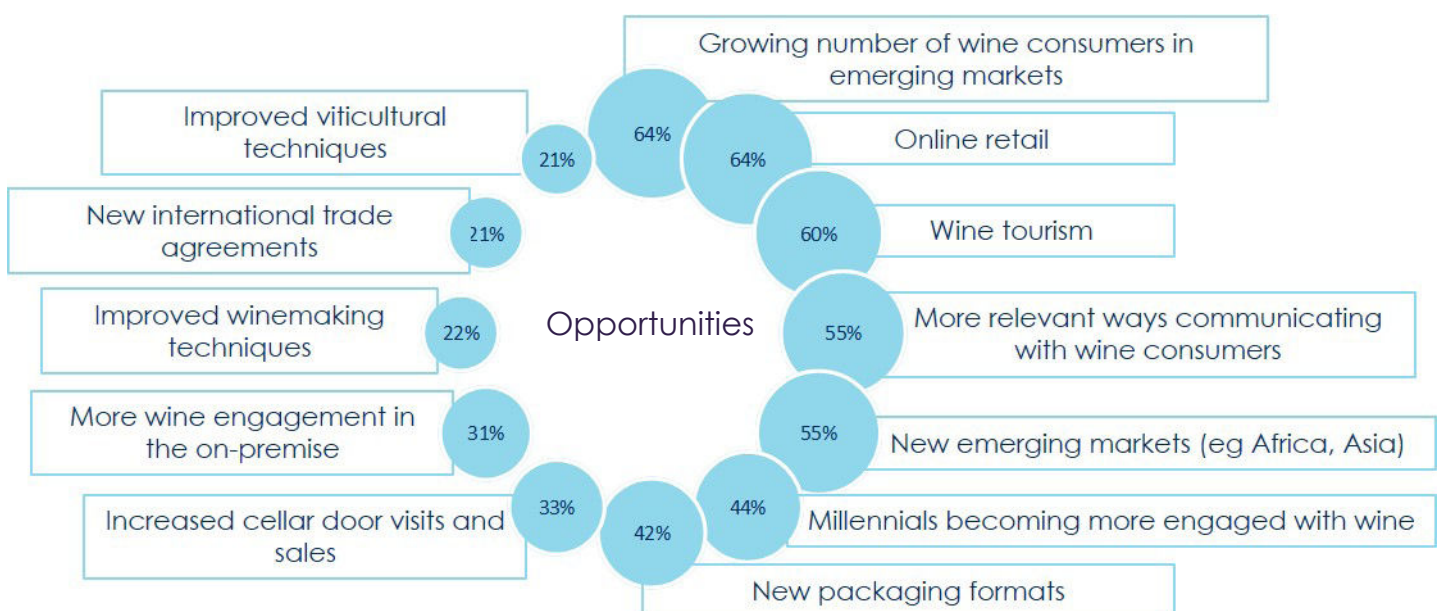
The increase in consumption in emerging markets such as China, India, Japan, Brazil, Russia and Eastern Europe is also seen as an opportunity for the wine industry to 2025. A growing production surplus and stagnating consumption in traditional wine markets could be balanced out with the growing interest in wine in those new markets.

“Importance of stories that support the wine are an opportunity, so going beyond the technical quality of the wine to tell a story that is memorable and shareable, such as social responsibility that supports the brand, and label design that tells the story”

– Marketing Director, Spain

## Most prominent opportunities for the wine industry to 2025

% of those who find the following factors to be the most prominent threats to the wine industry over the next 5 years  
Base = All global trade respondents (n=296)



The logo for Wine Intelligence is a blue circle containing the word "wine" in a white, lowercase, sans-serif font with a dot over the 'i', and the word "intelligence" in a dark blue, lowercase, sans-serif font below it. The background of the entire page is a complex network of grey lines and dots, resembling a globe or a data network.

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