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Weine und Spirituosen



PROWEIN BUSINESS REPORT 2019

“CLIMATE CHANGE”

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Geisenheim University, Institute of Wine and Beverage Business Research

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What is the aim of the ProWein Business Report?

The wine industry undergoes continuous internationalisation and the global landscape of wine markets changes. Traditional markets decrease in importance and new markets become interesting for wine exporters.

- Which are currently the most attractive wine markets in the world?
- Which markets will increase or decrease in importance by 2022 and what is the risk associated with this development?
- What are currently the most sought after country of origins?

The ProWein Business report taps into the knowledge of international wine producers, intermediaries, and wine marketers to answer these question. By combining and contrasting opinions from the complete value chain it provides a unique economic market barometer.

ProWein and Geisenheim University will form a long-term collaboration to provide the wine industry with annual insights on global wine market trends.

ProWein

Starting in 1994 with 321 exhibitors and approx. 1,500 visitors, ProWein has developed into what is the leading trade fair for the international wine and spirits industry today. At its latest edition in March 2019 to the tune of 6,900 exhibitors from 64 countries met in Düsseldorf with over 61,500 trade visitors from throughout the world. Since 2013 ProWine China has been held yearly in Shanghai and from April 2016 the ProWein family of events extended to include ProWine Asia, alternating between Singapore (2020) and Hong Kong (2021).

Geisenheim University

Founded in 1872 as a state research institute Geisenheim University today is one of the leading wine research and education centres in the world. It hosts more than 1,650 students studying various German and English bachelor and master degrees in viticulture and enology, international wine business and beverage technology among others. Applied and fundamental research is at the heart of Geisenheim's research activities. Following a multi-disciplinary approach research in Geisenheim involves the whole supply chain from grape breeding to wine marketing. Geisenheim is well known for its extensive global research network and international collaborations.

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Chapter 1

WHO PARTICIPATED?

Globally most comprehensive trend barometer of the international wine industry



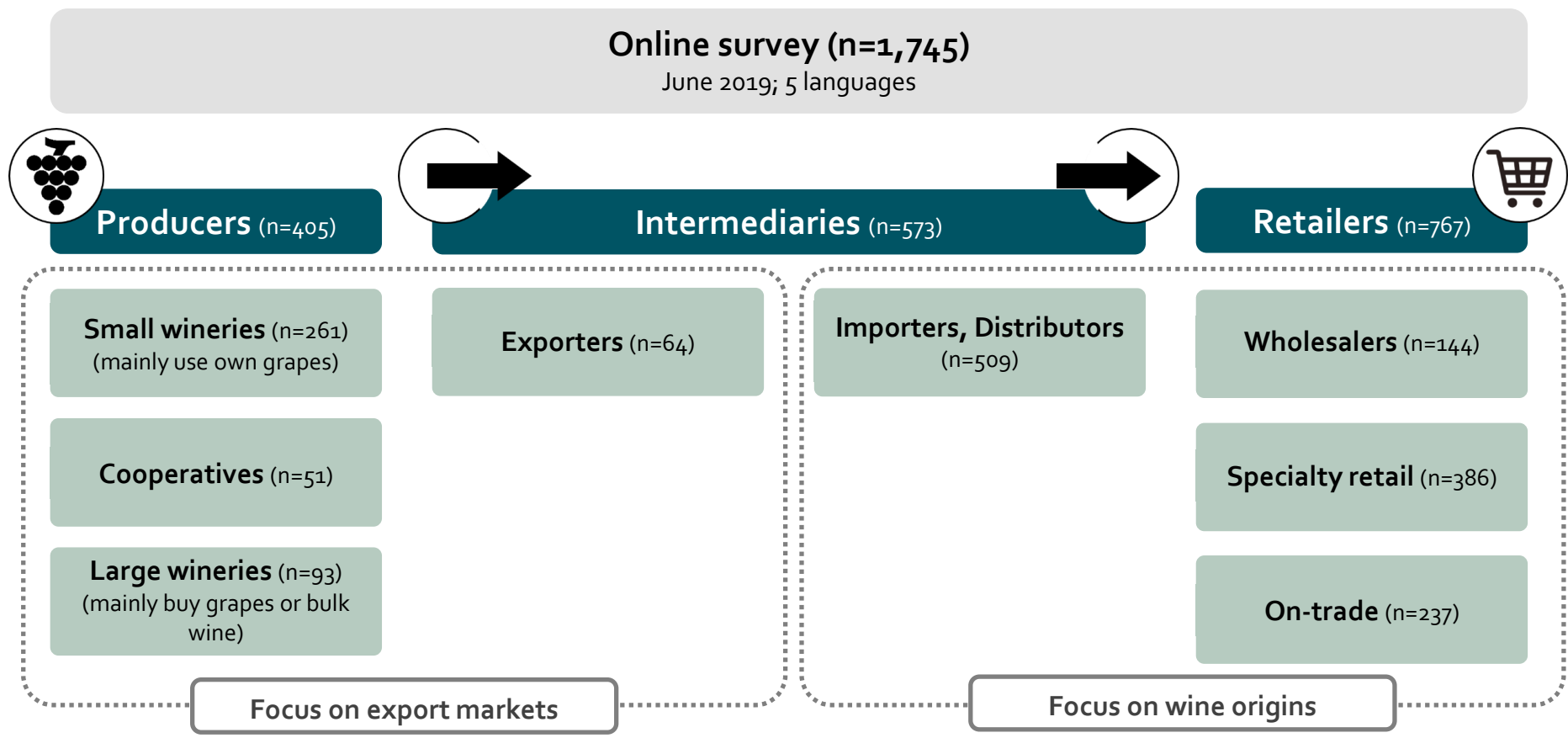
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More than 1,700 experts shared their opinion

- Commissioned by ProWein for the third time, the Geisenheim University has again surveyed more than 1,700 experts in the wine industry from 46 countries on international wine markets, climate change and the economic situation.
- The survey conducted in mid-2019 was once more met with strong interest in the industry.
- This makes the ProWein Business Report the globally most comprehensive trend barometer of the international wine industry.
- In 2019 we focused on topic of climate change that already had strong effects of the wine business that are expected to further grow in importance in the future.



Company location

Producers



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New World
(n=41)

Other
European
& Russia
(n=67)

Old World Producers
(n=276)

France (n=57)
Germany (n=108)
Italy (n=84)
Spain (n=27)

In total, producers from **more than 30 different countries** took part in the survey.

Other (n=20)

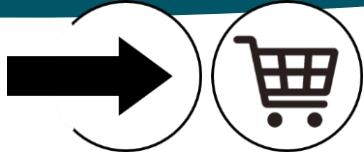
Company location Importers/distributors & retailers



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Central Europe
(n=918)

Germany (n=658)
Netherlands (n=93)

Scandinavia
(n=79)

Eastern
Europe
& Russia
(n=53)

Southern
Europe
(n=65)

North
America
(n=58)

In total, importers/distributors and
retailers from **more than 30 different
countries** took part in the survey.

Other (n=79)



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Chapter 2

THREATS AND CHALLENGES

What the biggest threats and challenges for your company?

% who stated that the following threats and challenges to the wine industry will have a strong or very strong effect

Base: All participants (n=1101)



- Health policy and the global economic condition are expected to have the strongest effect on wine businesses
- 50% of players expect a strong or very strong effect of climate change on their business.
- Besides the effect strength businesses were also asked about the likelihood of occurrence (not shown here). Of all threats and challenges, climate change is the one with the highest likelihood of occurrence: 73% of wine businesses expect a very likely or likely effect of climate change on their business

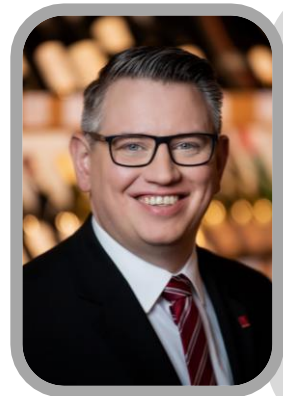


"It is important that Climate Change is the central focus (independent of the wine category) of this well-made ProWein Business Report 2019.

We must reduce our emissions drastically and more action is needed on all levels. Every company should have a decarbonization program in place, but the key-word is 'Taking Collective Action' and wineries should set an example and lead. The new initiative IWCA (International Wineries for Climate Action - www.iwcawine.org) makes the collaboration between wineries regarding climate change easier. Hopefully IWCA will be a trigger for other wineries to join, to accelerate or to start the implementation of carbon-emissions-reduction-programs."

Miguel A. Torres

President and 4th generation of Familia Torres

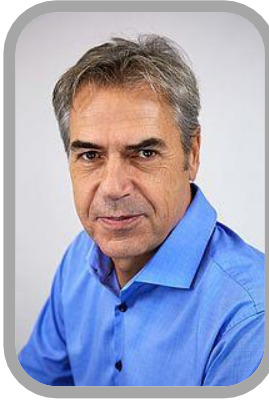


"To reach the COP 21 targets quick and courageous re-thinking is needed. Every industry and every nation is called upon to change their mindsets but especially the wine and spirits industry has the possibility of positioning itself as a pioneer. Not exclusively with the aim of acting as a role model but also with a view to securing its own interests and future economic success. Clean water and sustainable energy will become the most important raw materials on earth. And wine-growing is particularly dependent on them.

ProWein is committed to achieving the 2-degree target and wants to offer the industry a platform for exchanging experiences and knowledge to this end."

Bastian Mingers

Global Head Wine and Spirits, Director ProWein



"The survey conducted shows, that there is a lot at stake for the wine industry facing climate change and the need to improve sustainability at the same time.

With pressing issues such as energy and water use, increasing volatility in production due to unpredictable variations in weather as result of altered climate forcing, the wine industry needs to find solutions for a broad array of fields."

Prof. Dr. Hans R. Schultz

Director of Environ Group OIV and President of Geisenheim University



"The Australian wine industry faces challenges from the reduced availability of water, temperature variability and extremes, wildfires, earlier harvests and vintage compression, and changes to grape and wine composition.

Although these phenomena are serious, have significant potential to cause quality and economic losses and must be directly tackled to secure a sustainable future, in the short-term grapevines have in general shown tremendous resilience in the face of climatic changes. Great wine continues to be made and it's a credit to the hardworking growers and winemakers. "

Dr Dan Johnson

Managing Director, The Australian Wine Research Institute



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Chapter 3

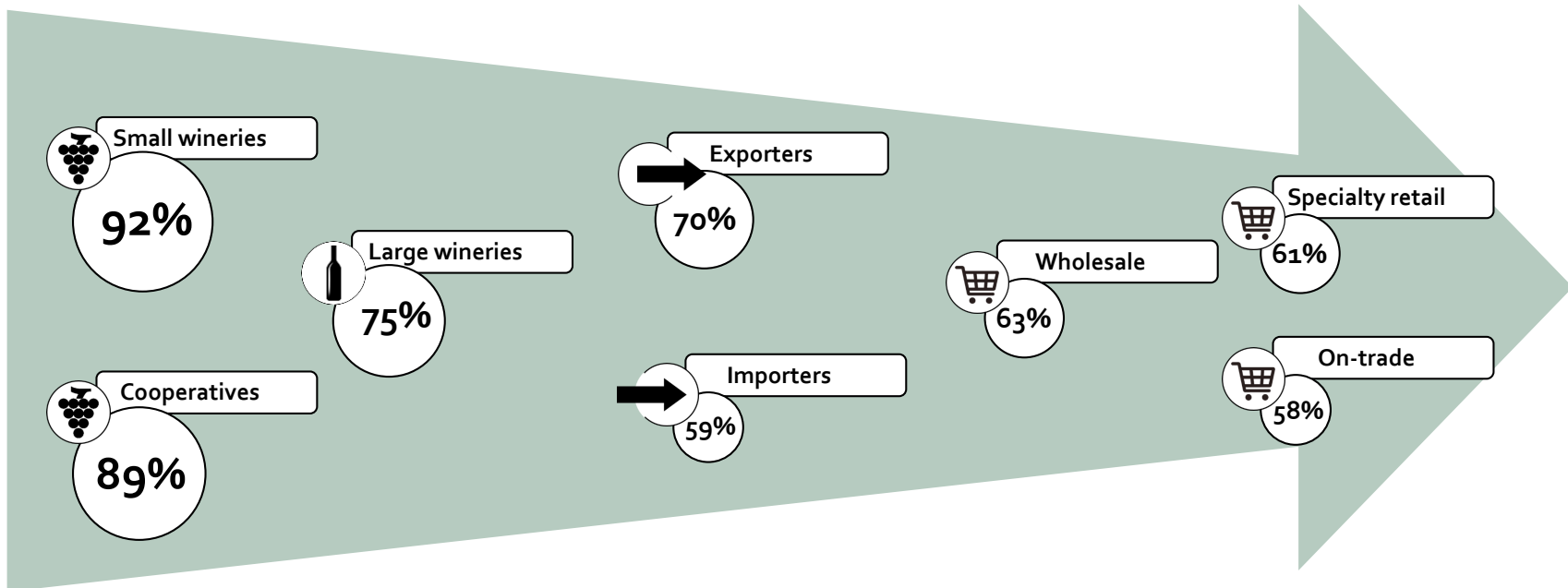
CLIMATE CHANGE EFFECTS LAST 5 YEARS

Awareness of climate change effects along the supply chain

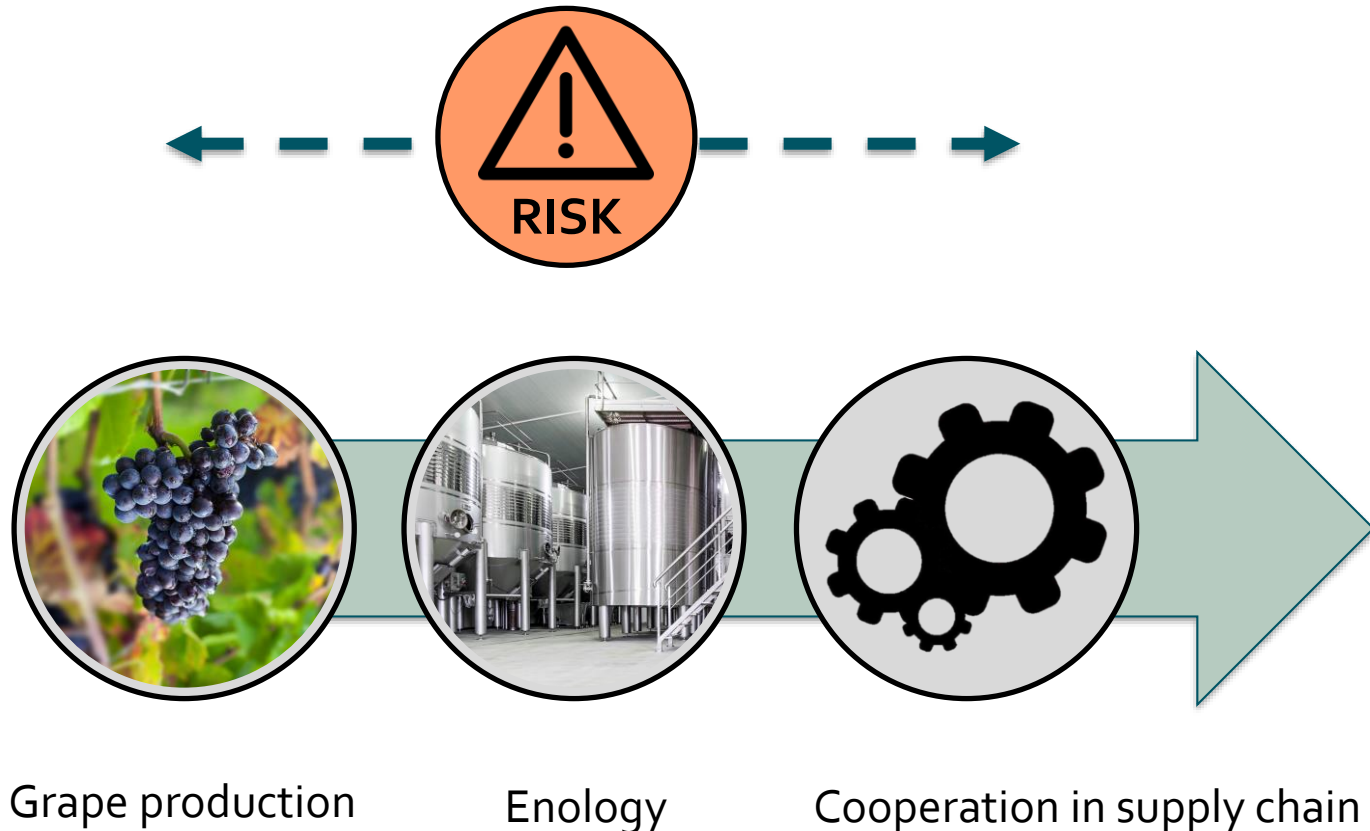
Experienced effects of climate change over last 5 years

% who have noticed effects of climate change in their company over the last 5 years

Base: All participants



- Wine businesses differ in the degree to which they have already been affected by climate change over the past 5 years.
- The effect decreases along the supply chain.
- While 90% of grape and wine producers have already noticed effects of climate change, only 60% of retailers and on-trade businesses have done so.
- Because of asset specificity grape and wine producers cannot deviate to the same extent as players further down the supply chain.



Specific effects of climate change on grape production



Grape production

% who experienced the following effects of climate change in their company over the last 5 years

Base: All small wineries and cooperatives

Reduced yields due to extreme weather events (late frost, heavy rains, hail)

59

Increased volatility of grape yields

52

Water scarcity and drought stress of grapes

51

Reduced time window for harvest because of simultaneous ripeness

46

Higher demand for phytosanitary plant protection

27

Other grape varieties necessary

22

- Over the last 5 years more than half of grape and wine producers (59%) already experienced reduced yields through extreme weather, increased volatility of grape yields and water scarcity.
- One out of five grape and wine producers (22%) already experienced the need for other grape varieties due to climate change.

Specific effects of climate change on enology



Enology

% who experienced the following effects of climate change in their company over the last 5 years

Base: All small wineries, cooperatives, large wineries and retailers

	 Small wineries & cooperatives	 Large wineries	 Retailers
Sensory characteristics of wine changed	34	45	55
New enological technology was necessary	17	49	

- More than one in two (55%) **retailers** experienced a change in the sensory characteristics of wine
- Within producers the awareness is higher for **large wineries and bottlers** that source grapes and wine from several producers and market it to food retail and specialty wine retail. One in two had to employ new enological technologies to adapt their wines to market needs.
- **Small wineries and cooperatives** have a somewhat lower awareness for changes in sensory characteristics of their wines and new enological technologies. This might be related to their more narrow focus on own produced grapes and wines and smaller market niches. Small wineries also have a more limited financial capacity to invest into new enological equipment.





Specific effects of climate change risk and volatility



Volatility

% who experienced the following effects of climate change in their company over the last 5 years

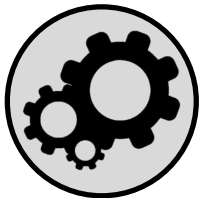
Base: All small wineries, cooperatives, large wineries, exporters and retailers

	 Small wineries & cooperatives	 Large wineries	 Exporters	 Retailers
Volatility in availability of goods increased		48	32	21
Volatility of wine quality increased	17	36	32	
Volatility of wine/grape prices increased		53	50	45

- Climate change affected the coordination of goods along the supply chain from the producer to the consumer.
- Large wineries and bottlers were so far strongest affected by increased **volatility in the availability of grapes**, wine quality and prices. One in two bottlers experienced strong or very strong effects. Exporters and retailers were less affected, most likely because of the bottlers’ buffering function.
- All players agree about the **increased volatility of grape and wine prices**.
- Small wineries and cooperatives as grape and wine producers observed less **volatility in wine quality** than players further down the supply chain.

Specific effects of climate change




Supply chain effects



Coordination within the supply chain

% who experienced the following effects of climate change in their company over the last 5 years

Base: All large wineries, exporters and retailers

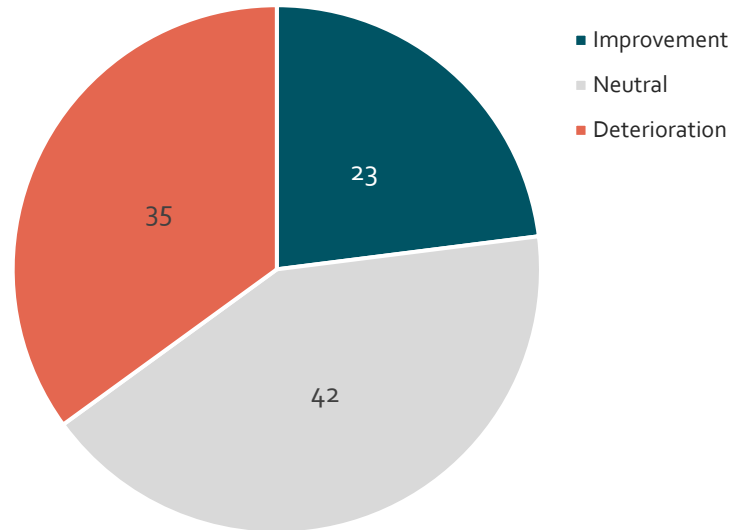
	 Large wineries	 Exporters	 Retailers
Closer collaboration necessary	38	44	
Switch to other suppliers necessary	28	48	13
Switch to other country of origin needed			10

- Businesses can react and reduce the increased risk either by closer collaboration between suppliers and sellers or by deviating to other suppliers. Players in the wine industry report a balance of both actions taken over the last 5 years.
- Intermediaries like **exporters** report the strongest degree of action by both collaborating with their supplying wineries but also deviating to new ones.
- About one in three (38%) **large wineries and bottlers** report stronger collaboration with existing grape and wine suppliers. To a lesser degree they already had to deviate to other suppliers (28%).
- Over the last five years players in the middle of the supply chain buffered the effects of climate change on retail and consumers. Only one in ten retailers or on-premise businesses switched to other wine suppliers (13%) or country of origins (10%) because of climate change.

Effects on profitability

% who stated that climate change affected the profitability of their company as following over the last 5 years

Base: All producers and exporters (n=279)



- In the past climate change produced both losers and winners in terms of profitability. With one in three wineries negatively affected losers are in slight majority.
- For the future one in two cooperatives (53%) and large wineries / bottlers (44%) expect a strong or very strong deterioration of their profitability through climate change. A deterioration in profitability will reduce producers' ability to mitigate and adapt to climate change.



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Chapter 4

EXPECTATIONS FOR THE FUTURE

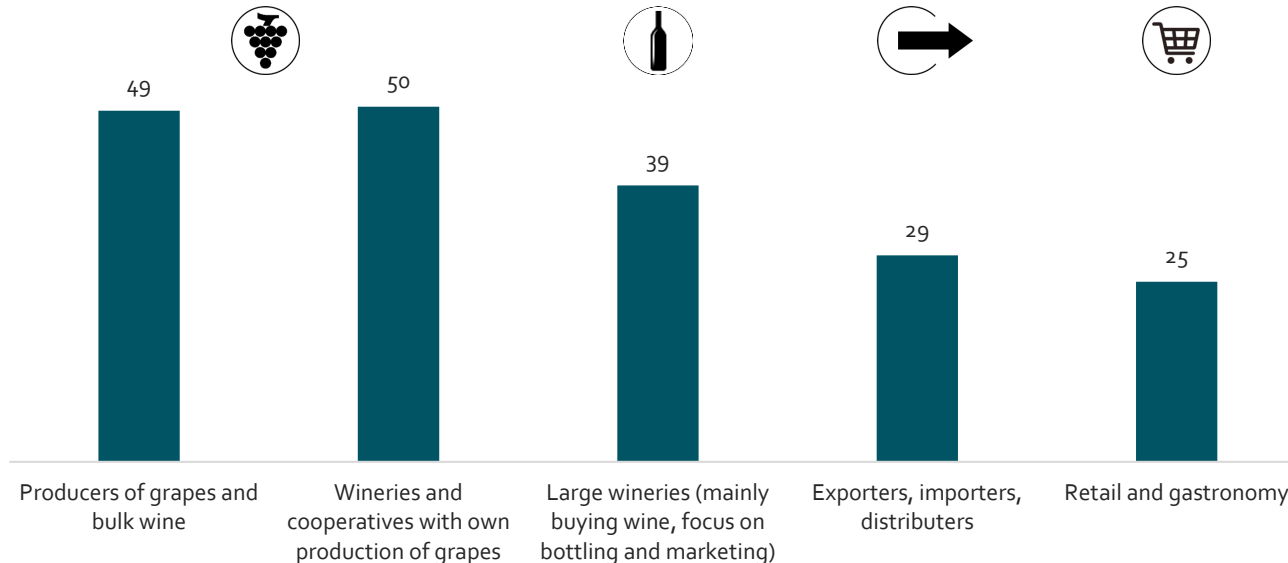
Who will be affected strongest?



Expected effect on different industry players

% who agree that the following players of the wine industry will be affected strongly by climate change over the next 10 years

Base: All participants (n=1,195)



- Producers of raw products (grapes and bulk wine), wineries and cooperatives will be most strongly affected. Every second player in the industry expects producers to experience strong effects from climate change.
- The expected effects decrease along the supply chain because of options to deviate and switch. Only every fourth retailer and gastronomist is expected to be affected by climate change.
- There is large agreement between all stakeholders in the wine industry about those relative differences in the effects of climate change on various players.

Expected effects of climate change on grape production



Grape production

% who experienced the following effects of climate change in their company over the last 5 years or who think they will experience the following effects of climate change in their company in the next 10 years

Base: All small wineries and cooperatives

Reduced yields due to extreme weather events (late frost, heavy rains, hail)



Increased volatility of grape yields



Water scarcity and drought stress of grapes



Reduced time window for harvest because of simultaneous ripeness



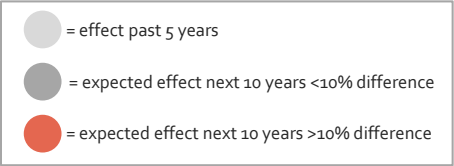
Higher demand for phytosanitary plant protection



Other grape varieties necessary



- Producers area already strongly affected by climate change. For the next ten years they expect a moderate increase of their exposure.
- The strongest increase is observed for the **requirement of other grape varieties** that are better adapted to altered conditions. This is expected by one in three producers (33%).






Expected effects of climate change on enology




Enology


% who experienced the following effects of climate change in their company over the last 5 years or who think they will experience the following effects of climate change in their company in the next 10 years


Base: All small wineries, cooperatives, large wineries and retailers

	 Small wineries & cooperatives		 Large wineries		 Retailers	
Sensory characteristics of wine will change	34	42	45	55	55	62
New enological technology will be necessary	17	38	49	56		

- For the next ten years industry players only expect a moderate further change of sensory characteristics that has to be limited by measures of adaptation.
- New enological technologies** are one way to adapt that sees a strong increase by small wineries and cooperatives and is expected to be used by the majority of large bottlers.

 = effect past 5 years

 = expected effect next 10 years <10% difference

 = expected effect next 10 years >10% difference





Expected effects of climate change on volatility – next 10 years



Volatility

% who experienced the following effects of climate change in their company over the last 5 years or who think they will experience the following effects of climate change in their company in the next 10 years

Base: All small wineries, cooperatives, large wineries, exporters and retailers

	 Small wineries & cooperatives	 Large wineries	 Exporters	 Retailers
Volatility in availability of goods will increase		48 62	32 54	21 53
Volatility of wine quality will increase	17 27	36 45	32 47	
Volatility of wine/grape prices will increase		53 60	50 62	45 68

- Volatility and risk along the supply chain are expected to increase further.
- In the past this has mainly been absorbed by the large wineries and bottlers as well exporters in the middle of the supply chain. For the future we see a strong increase of expected volatility and risk at the retail-end of the supply chain.
- The level of expected volatility in the availability, quality and price reaches the same level for all business partners except for the wine producers. For the next ten years between half and two thirds of bottlers, intermediaries and retailers expect an increase in risk and variability.

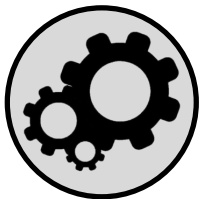
= effect past 5 years

= expected effect next 10 years <10% difference

= expected effect next 10 years >10% difference

Expected effects of climate change

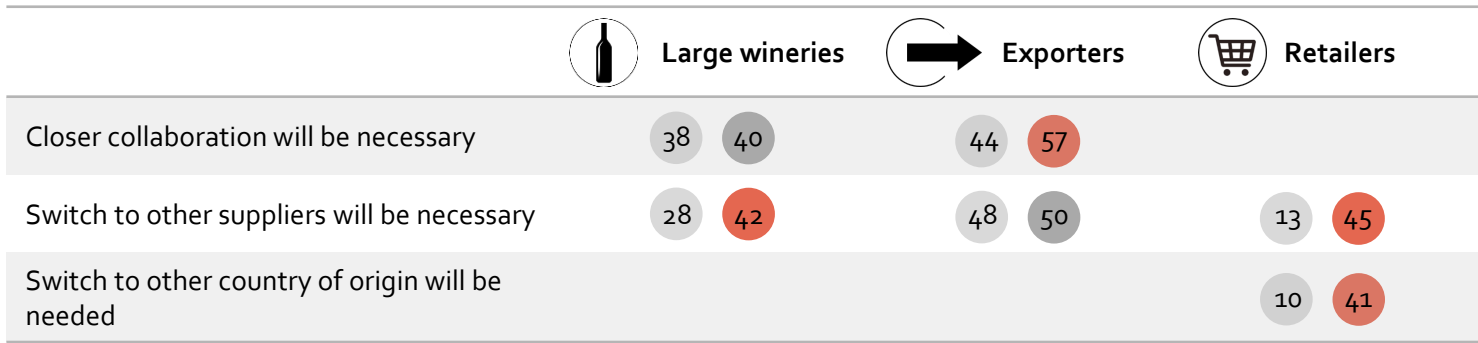
Supply chain effects



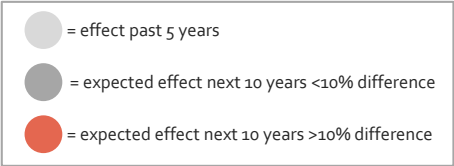
Coordination within the supply chain

% who experienced the following effects of climate change in their company over the last 5 years or who think they will experience the following effects of climate change in their company in the next 10 years

Base: All large wineries, exporters and retailers



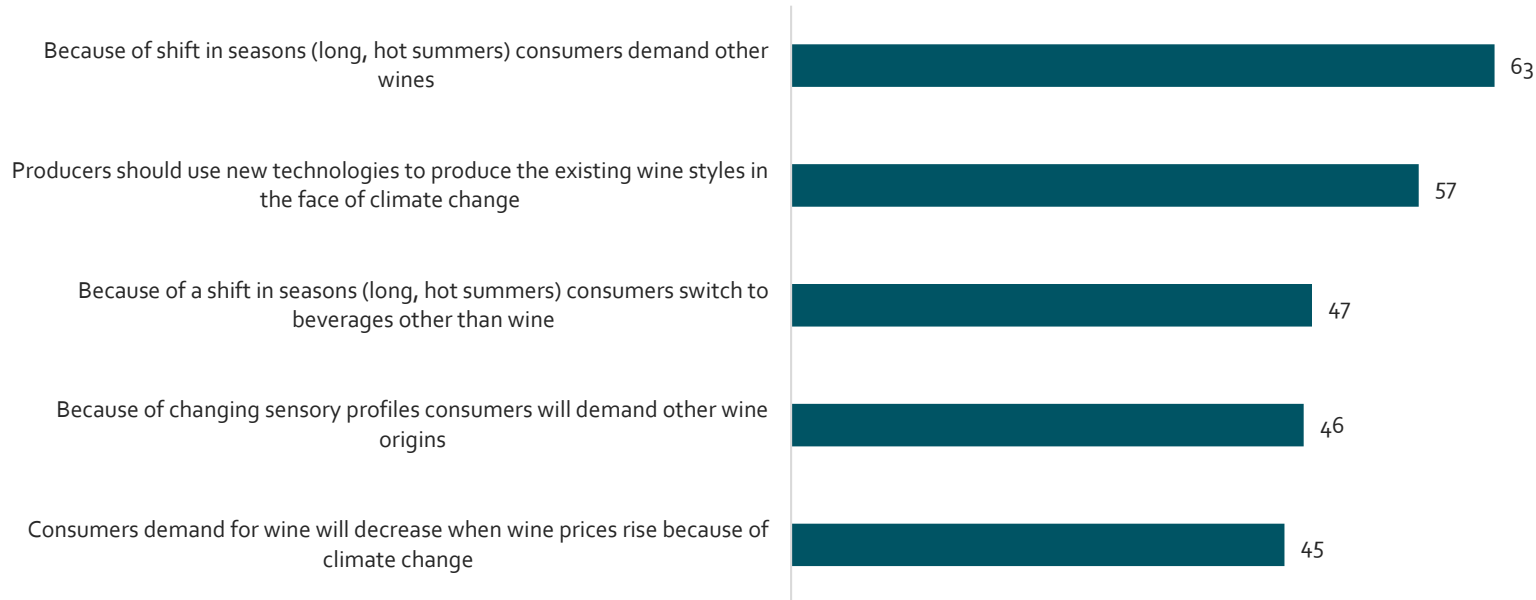
- Business partners will react to increased risk either through closer collaboration or switching to other suppliers.
- In the past intermediaries reacted strongest. In the future for **bottlers and retailers** we see a strong increase of switching to other suppliers.
- Almost one in two **retailers** expects to switch to other suppliers or countries of origins because of climate change.
- This will further increase the economic pressure on producers of grapes and wine who cannot easily adapt to the changes.



How will wine consumers react to climate change?

% of marketers, who agree with the following impacts of that climate change will have on wine demand

Base: All importers/distributors and retailers (n=908)



- Two of three retailers (63%) expect consumers to demand lighter and more refreshing wines because of a change in seasons. This is completely contrary to climate change's effect on wine production resulting in heavier wines. Hot summers also makes consumers switch to other beverages than wine. Half of retailers foresee consumer reactions switching to new wine origins or reducing wine consumption when prices rise.
- With 57% the majority of retailers embrace new enological technologies to sustain existing wine styles.



"The highly interesting survey of 2019 provides an excellent "post-heatwave-2018" snapshot of rapidly changing perceptions and paradigms in the wine industry. This is probably overdue, because recent heat wave summers in Europe, fire season extensions in California or severe droughts in Australia will not only stay, but rather accelerate and increase in frequency and severity with global warming."

"Personally, I fear that the wine business is over-optimistic by assuming that global warming will only moderately affect in the next decade and beyond. Climate impacts will very likely intensify at an unprecedented rate, demanding continuous, expensive adaptation by wine growers.

As long as fossil and land-use greenhouse gas emissions are not drastically curbed, there is no final upper limit of warming, no new, stable climate that winegrowers would be able to adapt to (and be done with it)."

Prof. Claudia Kammann

Chair of Climate Impact Research for Special Crops, Geisenheim University



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Chapter 5

ADAPTATION TO CLIMATE CHANGE

Adaptation

Actions taken or planned

Actions taken or planned in response to climate change

% of producers who took or plan to take the following actions in their company in response to climate change

Base: All small wineries and cooperatives (n=170)

	Yes, specific action taken	Yes, specific action planned	Already thought about it, but no specific plan yet	Would be necessary, but costs strongly outweigh benefits	not relevant
Change in viticulture	33	28	20	7	12
Irrigation	24	17	15	19	26
Change in harvest management	19	29	20	9	23
Change in enological practices	17	31	19	10	23
Change in grape variety or root stock	14	24	23	11	29
Deviation to different vineyards	10	17	15	13	45

- Adaptation so far focused on changes in viticulture. 60% of producers plan or already took specific actions.
- Irrigation is a required but uneconomic adaption strategy for one out of five producers (19%). One in four (24%) already took actions in irrigation.
- One in three producers (29%) plan changes in harvest management or enological practices, less than one in five (19%) already took actions.
- 24% of producers plan changes in grape varieties or rootstocks, 14% already made changes.
- 45% of wine producers do not see the need to deviate to different vineyards over the next ten years. 10% already took actions and 17% have specific plans.

How should wine producers adapt for the future?



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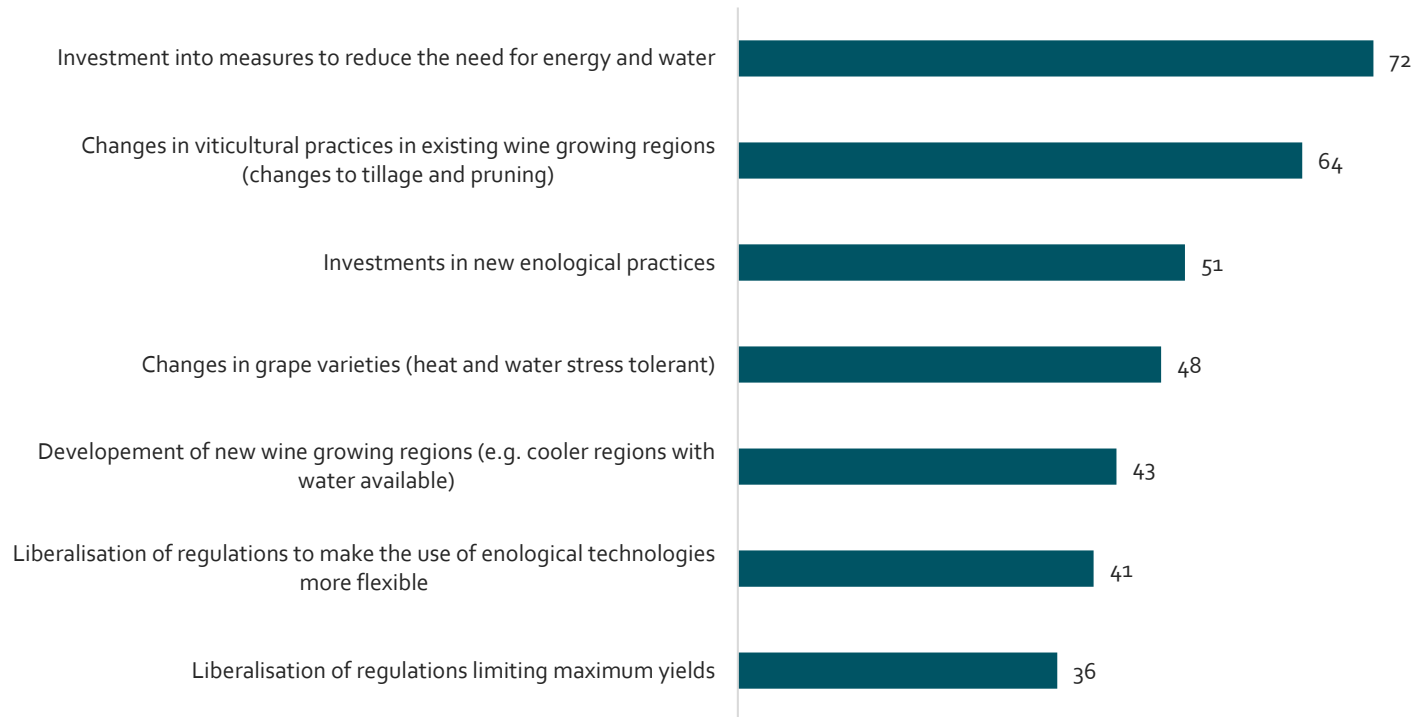


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How should wine producers adapt for the future?

% who agree that the wine industry should adapt to climate change as following in the future

Base: All small wineries, cooperatives, large wineries and exporters (n=274)





"All around the grapegrowing world we can see the impact of a changing climate. Several wine companies have taken major commercial decisions on the basis of climate-related risks and opportunities, including divesting or acquiring vineyards based on their altitude, latitude and/or access to water resources. "

Dr Dan Johnson

Managing Director, The Australian Wine Research Institute



"Climate change is likely to affect viticulture both spatially and temporally. While warmer climates on the long run may open new opportunities for regions at the cooler limits of grape production, for others, higher temperatures come along with major challenges for plant growth, especially where autochthonous cultivars have historically been grown."

Dr. Lukas Egarter Vigl

EURAC Research Bozen, Italy

Statements and opinions



"Already in 2009 ADVID defined "Climate Change" as a strategic research line for the Douro region in Portugal. We assess different types of deficit irrigation; the use of kaolin as a leaf protector against thermal and light stress; the application of biochar to soil; and the preservation and study of genetic diversity of Portuguese wine grapes."

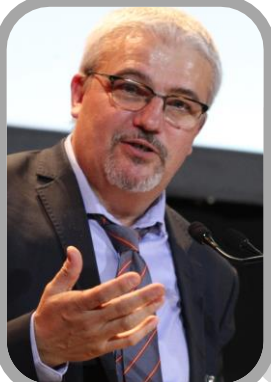
Cristina Carlos

Technical Director of ADVID, Douro Portugal

"Vintage compression is a key challenge to wineries because the period between the harvest of early and late ripening varieties becomes shorter and the overall harvesting period is significantly shorter. To harvest at optimum maturity places significant stress on harvesting and processing logistics. Wineries also require practical ways to manage grapes with high sugar and low acidity and will have to evolve traditional wine styles."

Prof. Dr. Markus Herderich

Group Manager Research, The Australian Wine Research Institute (AWRI)



"In France, the interdisciplinary research program LACCAVE raised the awareness of the wine industry about climate change. Foresight studies and regional participative workshops helped to identify collective responses for adaptation at different scales and in various geographical contexts. A national strategy is expected in 2020 that will largely be based on innovation."

Dr Hervé Hannin

Director of Development, IHEV Montpellier SupAgro



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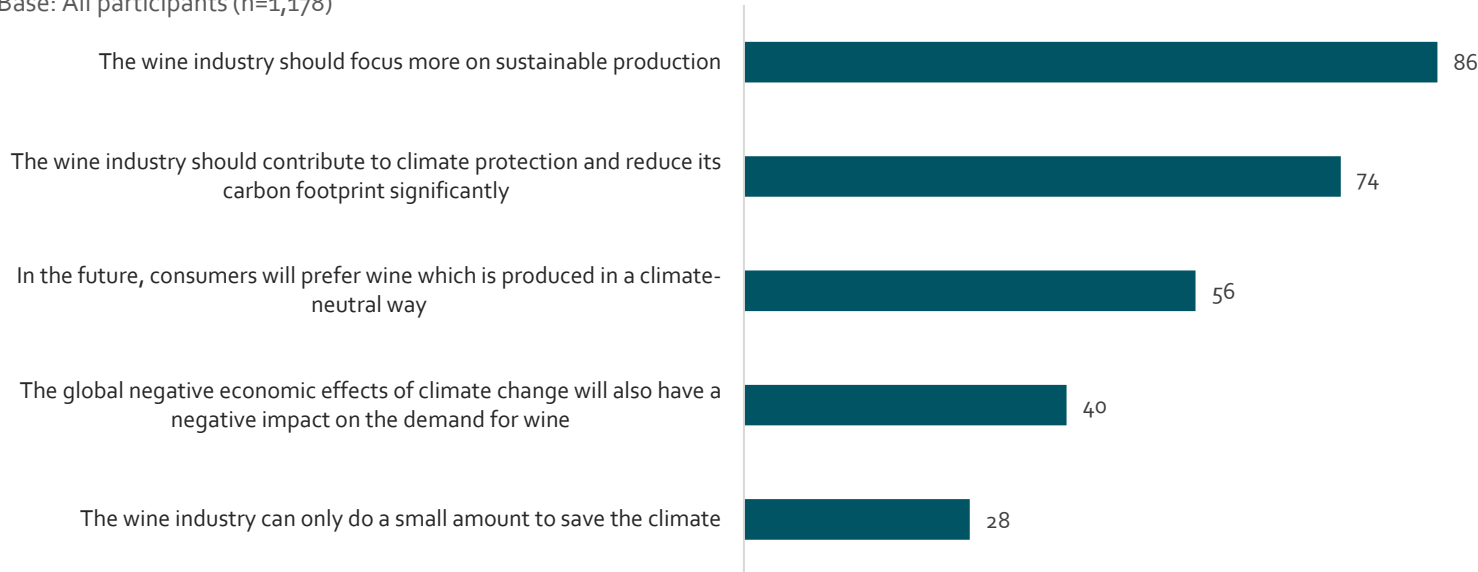
Chapter 6

SUSTAINABILITY

Environmental and economic sustainability

% who agree with the following statements

Base: All participants (n=1,178)



- There is almost unanimous agreement in the wine sector that it should **focus stronger on sustainable production**. This agreement is highest for retailers in Northern Europe (96%) and Southern Europe (93%).
- Three in four (74%) players in the wine industry agree to a required **reduction of its carbon footprint** as a measure of climate protection. Agreement is highest in Italy (81%) and lowest in Germany (65%). One in four players sees the possible contribution of the wine industry to reduce climate change as small, this scepticism is highest for retailers in Eastern Europe (48%), producers in Germany (32%) and lowest for retailers in Germany (24%) and producers in Italy (18%).
- There is some optimism that **consumers will stronger prefer carbon-neutral wines**. This agreement is strongest for retailers in Northern and Southern Europe (91%) and weakest for producers in Germany (38%).
- Some players expect climate change to have a negative economic effect on wine demand. This fear is highest outside of Europe (52%).

Statements and opinions



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"Australian grape and wine producers are increasingly being asked to demonstrate their sustainability credentials. Sustainable Winegrowing Australia, the Australian wine industry's sustainability program, enables them to do this as well as providing benchmarking tools and resources to evaluate, plan, control and communicate their performance."

Dr Mardi Longbottom

Manager of „Sustainable Winegrowing Australia“

"As the urgency for climate action rises, driven by increasingly severe impacts and economic losses, and the global youth keep pressing for action, CO₂ neutrality and sustainability pioneers will likely be rewarded and lead the way in the wine business."

Prof. Claudia Kammann

Chair of Climate Impact Research for Special Crops, Geisenheim University



"Wineries have many options to significantly influence their carbon emissions. The members of Fair'n Green employ various measures to reduce greenhouse gas emissions. In a first step wineries cut their emissions by using green energy, green logistics and light glass bottles. In the future there will be measures such as climate friendly procurement, electric vehicles and more use of wood instead of concrete for buildings in order to mitigate GHG emissions."

Keith Ulrich

Chairman, Fair'n Green



"The great interest in sustainability shown in the report confirms our own observations on the Nordic market. Organic certified is one example of how sustainable products are communicated to customers. However, we welcome a complement to organic, addressing a wider scope of sustainability issues through national and regional sustainability certifications that are now established in many countries.

Systembolaget, as a monopoly retailer for alcoholic beverages on the Swedish market, values the sustainability work that is done through these certification programs. But we also note that there is a great need for harmonization in order to reach full potential through recognition among retailers and customers."

Marcus Ihre

Sustainability manager Supply Chain, Systembolaget



"I think this is a REALLY interesting piece of work. It gives very good insight into where the impact of climate change is being felt, and what measures are being taken."

Stephen Rannekleiv

Global Strategist Beverages

RaboResearch Food & Agribusiness, Rabobank



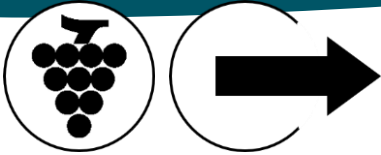
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Chapter 7








SALES MARKETS ATTRACTIVENESS



Current market attractiveness of specific markets

Mean value, how the current economic attractiveness of the following markets is assessed
(from -2 = very unattractive to 2 = very attractive)

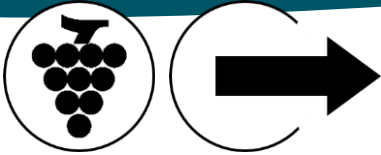
Base: All producers and exporters, which either currently distribute wine or plan to distribute wine to the following markets by 2022

Rank	2019	
1		Scandinavia (0.95)
2		Japan (0.95)
3		China (0.95)
4		Hongkong (0.91)
5		USA (0.90)
6		Canada (0.90)
7		Poland (0.88)

- Norway and Sweden made Scandinavian markets globally the most attractive export market in 2019
- Japan is the second most attractive market the second time in a row after 2018
- China and Hong Kong slightly lost in attractiveness since 2018 because of economic and political reasons.
- The US and Canada are unchanged in their position.
- Poland is again in the top 7 in 2019 after it lost ground in 2018

Current export market attractiveness






















Top 7



Current market attractiveness of specific markets

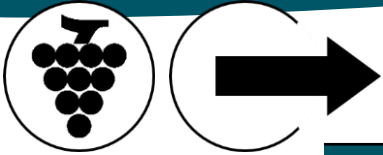
Mean value, how the current economic attractiveness of the following markets is assessed
(from -2 = very unattractive to 2 = very attractive)






Base: All producers and exporters, which either currently distribute wine or plan to distribute wine to the following markets by 2022




Rank	2017		2018		2019
1	 Hong Kong (1.03)	↑	 China (1.08)	↑	 Scandinavia (0.95)
2	 Switzerland (1.03)	↑	 Japan (1.00)	●	 Japan (0.95)
3	 South Korea (1.02)	↓	 Hong Kong (0.97)	↓	 China (0.95)
4	 USA (0.98)	↑	 Scandinavia (0.95)	↓	 Hongkong (0.91)
5	 Scandinavia (0.96)	↓	 USA (0.95)	●	 USA (0.90)
6	 Japan (0.95)	↑	 Canada (0.94)	●	 Canada (0.90)
7	 Poland (0.93)	↑	 Australia (0.87)	↑	 Poland (0.88)

Current Market attractiveness 2018 vs. 2019

Winners & losers



Rank 2018	Top 5 winners
1	 Norway
2	 Austria
3	 Russia
4	 Netherlands
5	 Italy

Rank 2018	Top 3 losers
1	 UK
2	 France
3	 Brazil

- Norway strongest increased in market attractiveness between 2018 and 2019
- From the traditional and established wine markets Austria, the Netherlands and Italy rose in market attractiveness
- Russia already belonged to the top 5 winners in 2018 and again increased in market attractiveness in 2019
- The UK and France decreased in market attractiveness compared to 2018
- While Brazil still was a winner in 2018, the new political situation negatively impacted its attractiveness as a wine market

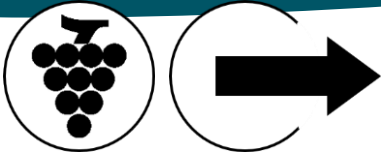
Expected change in economic attractiveness



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Which countries will further increase in attractiveness?

Mean value, how the development of the economic attractiveness of the following markets is assessed (from -2 = very negatively to 2 = very positively)

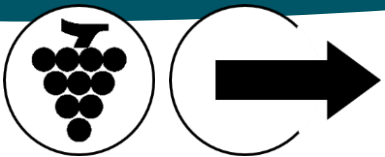
Base: All producers and exporters, which either currently distribute wine or plan to distribute wine to the following markets by 2022

Rank	Strongest expected increase in attractiveness	
1		South Korea (0.85)
2		China (0.78)
3		Hong Kong (0.77)
4		Brazil (0.77)
5		Poland (0.76)
6		Russia (0.75)
7		Japan (0.73)

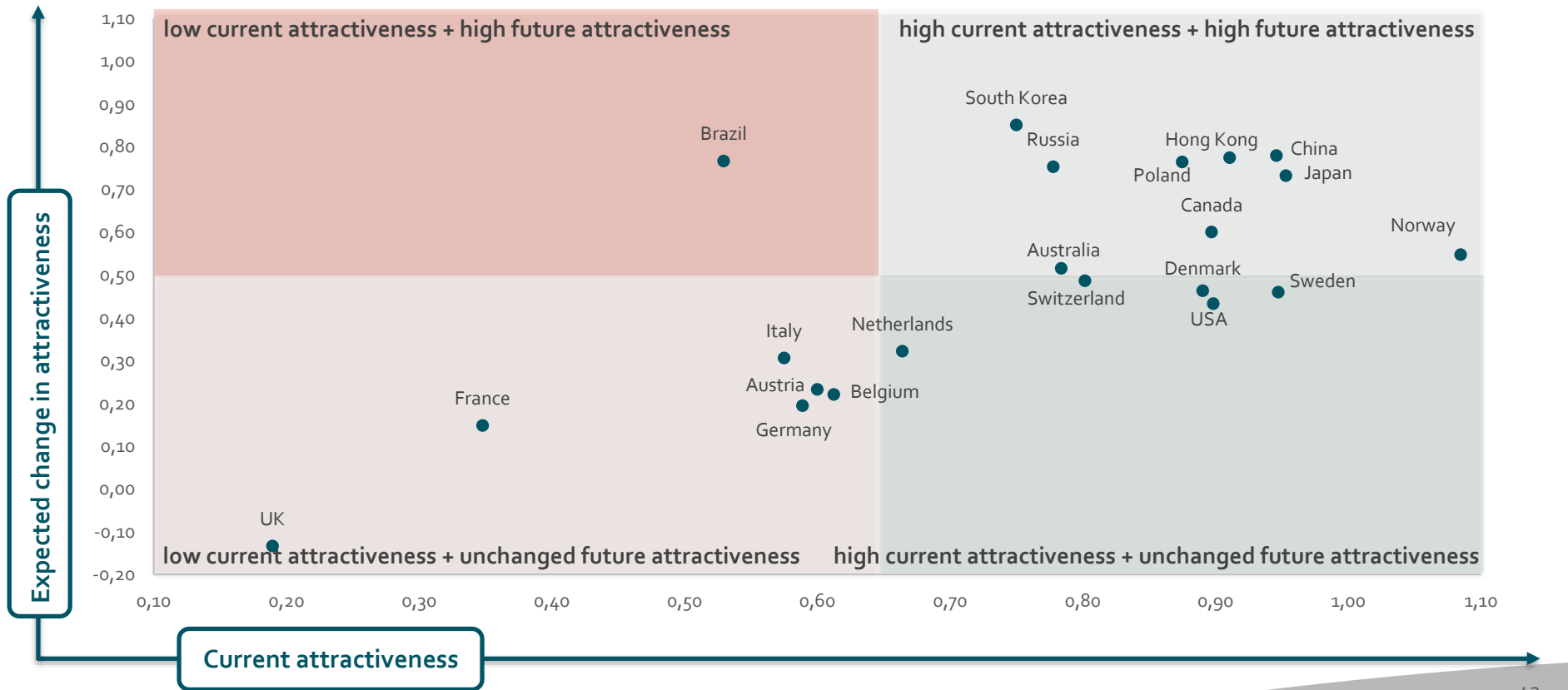
Rank	Lowest expected increase in attractiveness	
1		UK (-0.13)
2		France (0.15)
3		Germany (0.19)

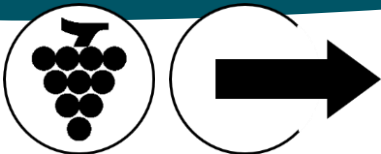
- Asian markets and the two BRIC markets Brazil and Russia dominate the list of markets for which an increase in attractiveness is expected for the future.
- The emerging wine market Poland is the only middle European country belonging to the top 7.
- Mature and declining markets UK, France and Germany receive least optimism. UK sets new all-time low.

Current and future attractiveness 2019



Current market attractiveness vs. expected change in market attractiveness












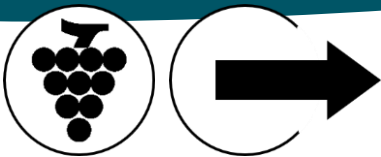
How do you assess the risk of market development by 2022?

Mean value, how the development of the risk of economic development of the following markets is assessed (from -2 = very negatively to 2= very positively)

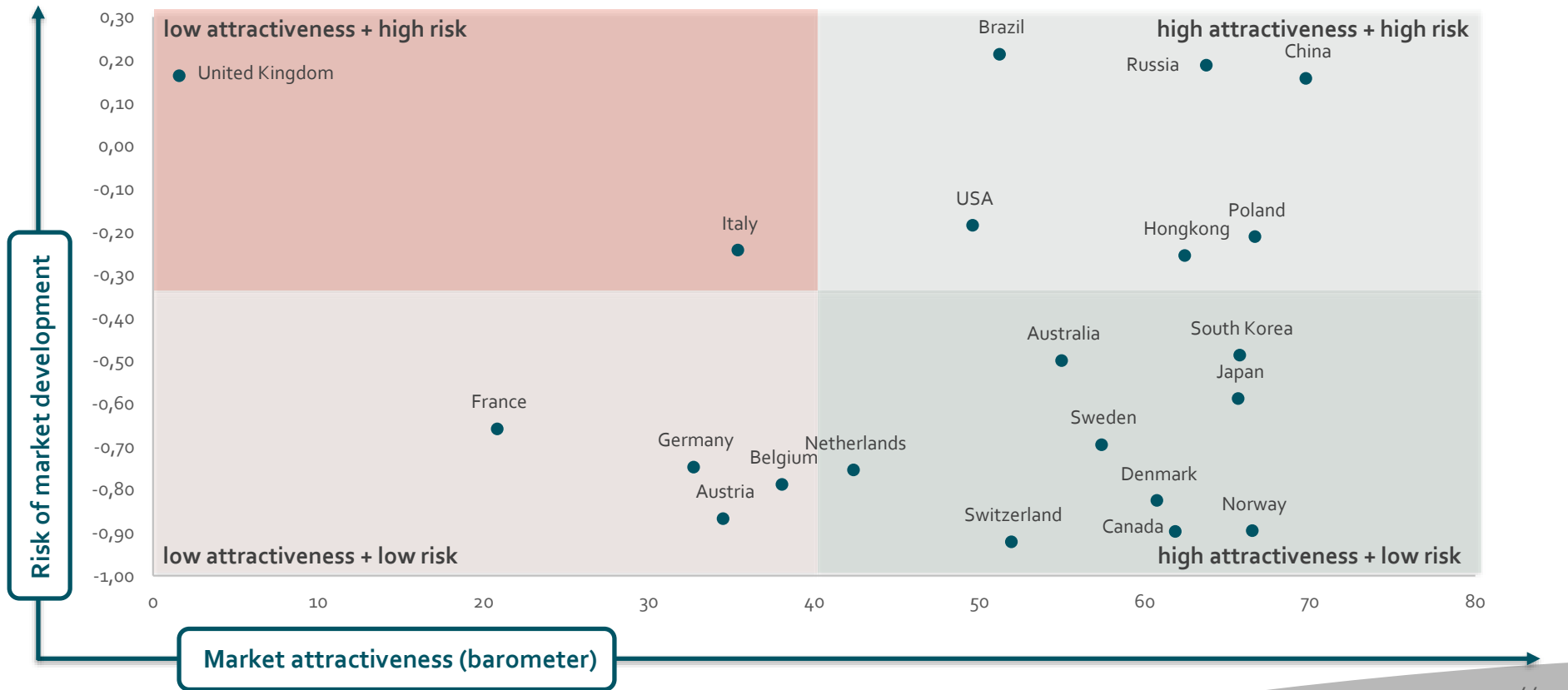
Base: All producers and exporters, which either currently distribute wine or plan to distribute wine to the following markets by 2022

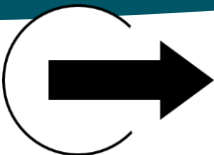
Rank	Risk perception	
1		Brazil (0.21)
2		Russia (0.19)
3		UK (0.16)
4		China (0.16)
5		USA (-0.19)
6		Poland (-0.21)
7		Italy (-0.24)

- Risk perception did only marginally change from 2018
- The BRIC countries Russia, Brazil and China are associated with highest risk along with the UK.
- The risk associated with the US increased significantly since 2018.



Market attractiveness (barometer) vs. risk of market development



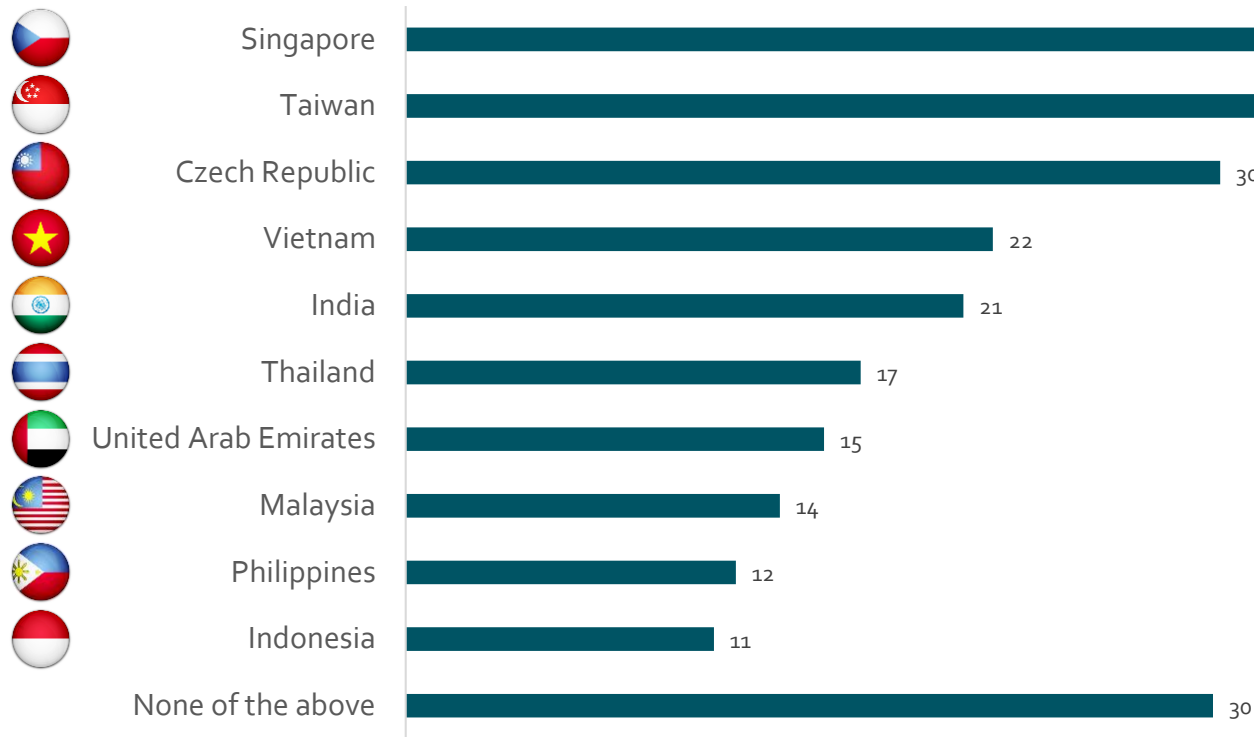


Emerging markets

% see potential in the following export countries for their company within the next 5 years

Base: All producers and exporters

Change to 2018



=

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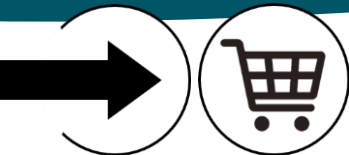
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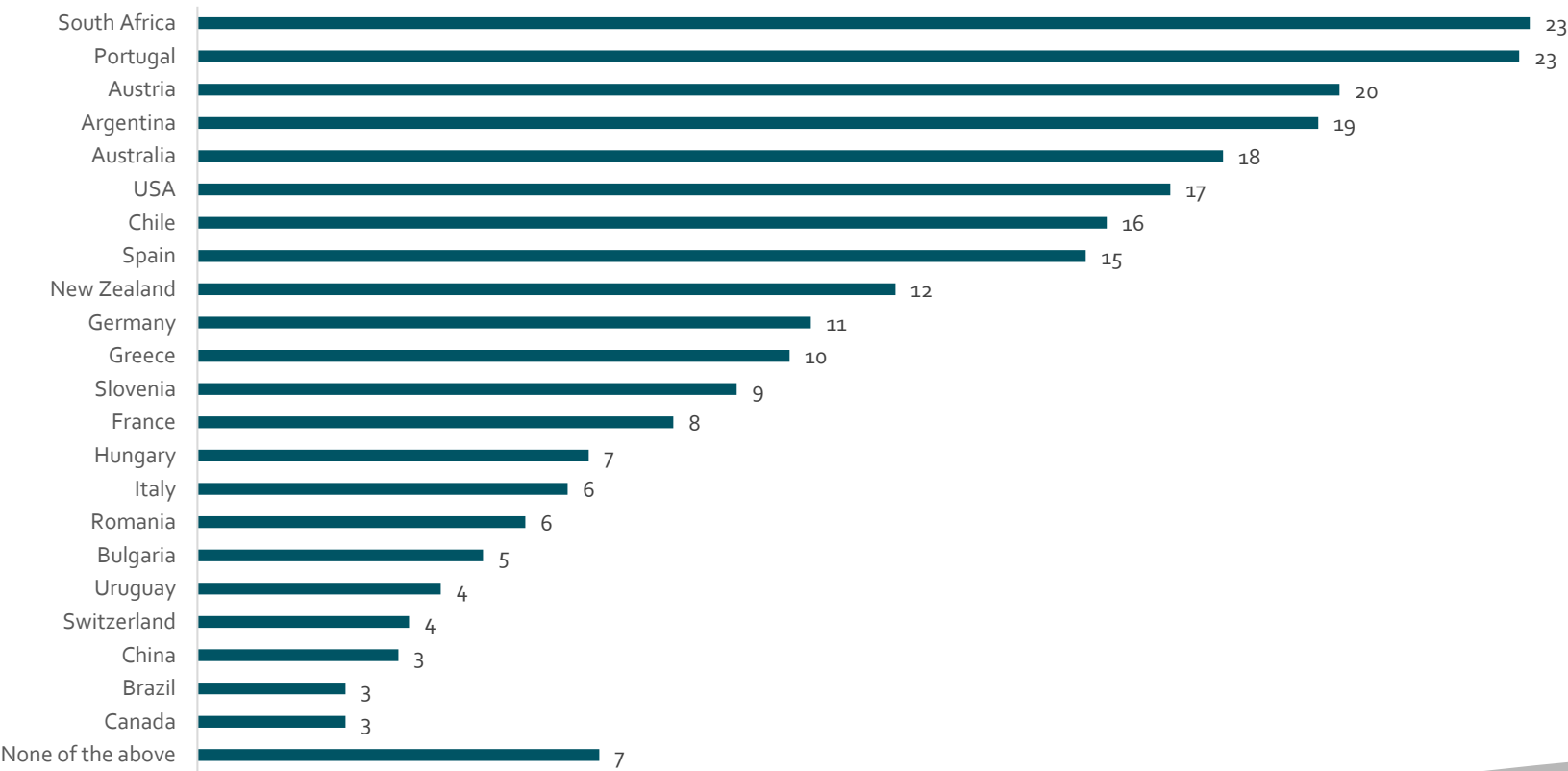
+



Expansion of wine range to new countries of origin

% of marketers, which plan to expand their wine range to the following new countries of origin

Base: All importers/distributors and retailers, who plan to expand their wine range to new countries of origin by 2022





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Chapter 8

ECONOMIC CONDITION



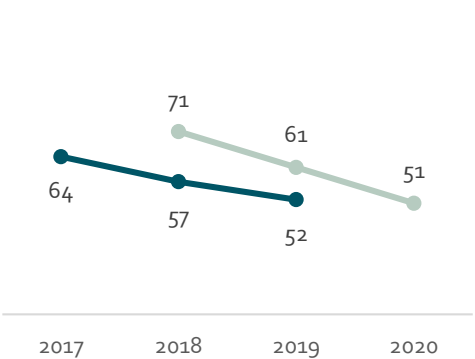
Current and future economic condition within the company

Showing Saldos of economic condition of the 2017, 2018 and 2019 surveys

Base: All producers

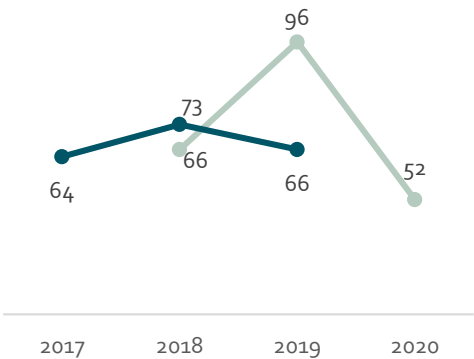
Actual condition Expectation

Small wineries



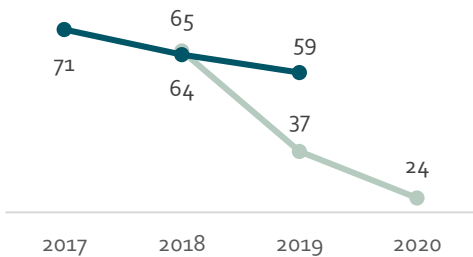
Economic condition of self-marketing wineries continues to decline further. Direction of past expectations have been a good predictor for direction of actual condition

Large wineries



Very positive expectations for 2019 did not materialise. There is a steep decline in expectations for 2020.

Cooperatives



Similar to self-marketing wineries there is a continues decline in expectations. Direction of expectations has been a good predictor for direction of actual condition

Economic condition by country

Producers



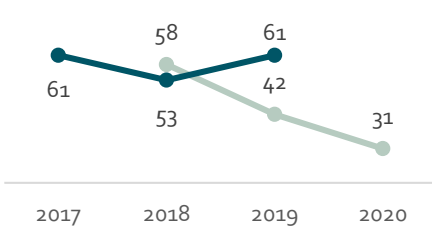
Current and future economic condition within the company by country

Showing the Saldo (positive minus negative opinions) for the current (now) and the future (in 12 months) economic condition within the company

Base: All producers from the countries below

Actual condition Expectation

German producers



French producers

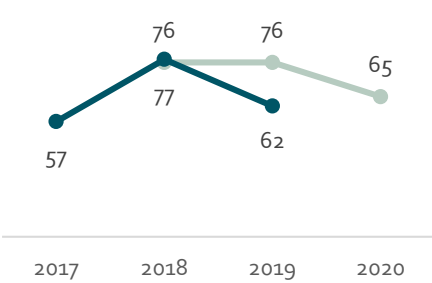


For 2019 economic conditions were stable for French and Spanish producers and better than expected for German producers.

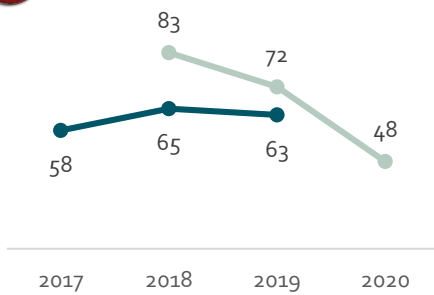
Only Italian producers experienced lower than expected conditions.

For all countries expectations decline for 2020. The decline is strongest for French and Spanish producers. Both countries experienced exceptionally large harvests and strongly depend on exports. Decline for German and Italian producers is somewhat less strong.

Italian producers



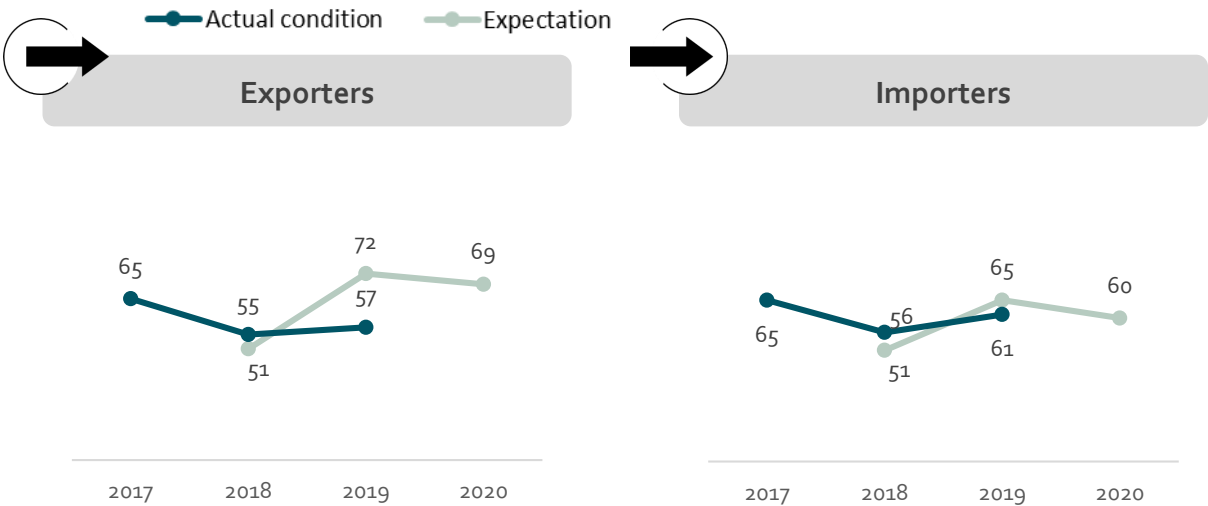
Spanish producers



Current and future economic condition within the company

Showing Saldos of economic condition of the 2017, 2018 and 2019 surveys

Base: All Intermediaries



Economic conditions stabilised in 2019 and expectations for 2020 are mainly unchanged.

Similar to exporters experienced conditions stabilised in 2019. Expectations for 2020 are slightly weaker.



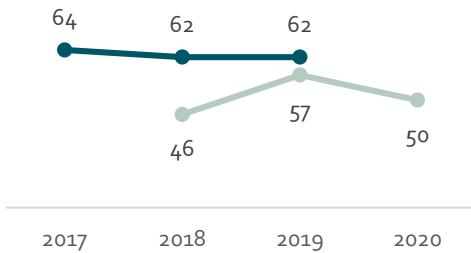
Current and future economic condition within the company

Showing Saldos of economic condition of the 2017, 2018 and 2019 surveys

Base: All retailers

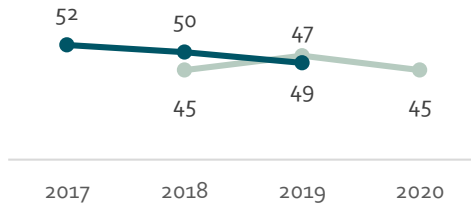
Actual condition Expectation

Wholesalers



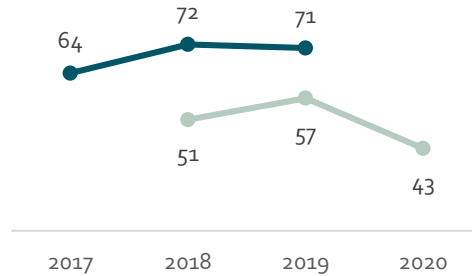
So far the economic condition was very robust over the three years under observation. Expectations for 2020 slightly decline.

Specialty retailers



The economic condition was almost constant with a slight decline across the three years studied. Expectations almost unchanged.

On-trade



Economic condition on-trade has been most favourable and rather increasing. Expectations for 2020 are declining.



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Chapter 9

DETAILS OF METHOD

Timing

- The 2017 survey was conducted over a two weeks time period in January 2017.
- The 2018 survey was conducted over a three weeks time period in May 2018.
- The 2019 survey was conducted over a three weeks time period in July 2018.

Participants

- Targets for the survey were companies working in the wine industry that plan to exhibit at or visit ProWein in 2017 for the 2017 survey.
- For the 2019 survey participants had to have exhibited at the 2019 ProWein or had to have visited the 2019 ProWein and agreed to be contacted by ProWein.
- All participants were asked to have leading rolls within their company or department.
- The following table summarises the response rates:

	Contacted	Participants	Response rate
2017	21,569	1,487	6.9 %
2018	35,171	2,364	6.7 %
2019	31,915	1,745	5.5 %

Method

- The surveys were conducted online.
- The surveys were offered in five language versions English, French, German, Italian and Spanish. Participants could choose the language of their preference.
- Participants who quit the survey too early or gave inconsistent answers were eliminated.

Type of company	2017 (%)	2018 (%)	2019 (%)
Small winery (mainly own production of grapes)	27	14	15
Cooperative	3	3	3
Large winery (mainly buying wine, focus on bottling and marketing)	6	7	5
Exporter		5	4
Importer, distributor	28	27	29
Wholesaler focused on wine, sparkling wine and spirits	6	8	8
Specialty retailer focused on wine, sparkling wine and spirits	21	20	22
Hotel trade	2	3	3
Gastronomy	7	12	11

Company location



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Company location	2019 (%)	2018 (%)	2017 (%)
Producers and exporters (focus on export markets)			
France	14	15	15
Germany	27	27	26
Italy	21	21	21
Spain	7	13	12
Other Europe	17	11	12
New World	10	9	9
Other	5	4	6
Importers, Distributors, Wholesalers, Resellers (focus on wine origin countries)			
Germany	53	53	54
Netherlands	7	9	6
Other Central Europe	13	12	9
Scandinavia	6	6	6
Eastern Europe & Russia	4	4	4
Southern Europe	5	4	5
North America	5	4	5
Other	6	8	10



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