

# Consumer Trends: Global Wine Industry Outlook

NEW YORK (Business Wire) — Rabobank has published a new research report on the global wine industry, predicting that sparkling wine will continue to shift downmarket in economies that are struggling, and credits a weak Euro and emerging market growth for supporting suppliers in markets outside of Europe and the U.S.

In the report authored by Rabobank's global Food & Agribusiness Research and Advisory department, Rabobank says that Europe's sparkling wine producers continue to face changing consumption patterns in the traditional European markets. The prolonged economic downturn has played havoc with demand for sparkling wines, channelling consumers downmarket. However, Rabobank believes that the current weak state of the Euro and the growth of emerging economies have provided some valuable support to the leading houses that dominate the supply of champagne to markets outside Europe and the U.S.

Europe's three major producers (the Champagne region, Italy and Spain) supply roughly 80% of global trade volumes of sparkling wine, and this export trade has become increasingly important as demand and pricing has steadily deteriorated in main stay domestic markets. As price conscious consumers in traditional European markets have sought to explore the value on offer for champagne at lower price points, previously overshadowed wines such as prosecco and cava have made a strong comeback in the European and U.S. markets.

Unsurprisingly, consumption is beginning to rebound in some key markets as consumers discover more affordable wines. In the UK, sparkling wine consumption has resumed its upward trajectory and is currently just short of its historical peak level reached in 2008. Yet, non-sparkling wine consumption continues to slip and remains almost 9% short of its peak level. In the U.S., French sparkling wine shipments in 2012 will likely be below 2011 levels. Italian and Spanish sparkling wine suppliers are experiencing much greater growth. The lower price points of these wines have encouraged more "every day" consumption, as reflected by the more even distribution of sparkling wine imports throughout the year.

However, it's not all bad news for the heavyweights of the champagne industry. Rabobank Analyst Marc Soccio said, "While the big champagne brands may have lost some of their lustre in traditional markets there is still room for optimism. Budding demand has been uncovered in the world's emerging wine markets of Russia, Brazil, China, Mexico and Nigeria. In addition, consumption of sparkling wine has displayed strong growth in already established and premium markets like Japan, as well as countries such as Canada and Australia.

In addition to the update on the sparkling wine sector, the quarterly report provides readers with an update on production and marketing trends for key suppliers, import trends for the US market, bulk wine pricing trends and a forecast for key

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currencies of the wine sector.

*Rabobank Group is a global financial services leader providing wholesale and retail banking, asset management, leasing, real estate services, and renewable energy project financing. Founded over a century ago, Rabobank is one of the largest banks in the world, with nearly \$1 trillion in assets and operations in more than 40 countries. In North America, Rabobank is a premier bank to the food, beverage and agribusiness industry. Rabobank's Food & Agribusiness Research and Advisory team is comprised of more than 80 analysts around the world who provide expert analysis, insight and counsel to Rabobank clients about trends, issues and developments in all sectors of agriculture.*

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