Consumer Trends: Millennials Drinking More Wine

Rabobank

NEW YORK (PRNewswire) — Rabobank has published a new report on the global wine industry, looking at issues of supply, demand and pricing in key markets worldwide, and in particular at the changing dynamics of the consumer wine base.

In the report, the bank's Food & Agribusiness Research team says that, with growth in mainstream demand for wine noticeably shifting towards new markets and consumers, the current challenge for wine companies is how to adapt to an evolving consumer landscape. In Rabobank's view, fortune favors the brave, as market segmentation ushers in a new wave of innovation in global wine styles, marketing and distribution.

Rabobank says that a consumer-centric approach will become key to drawing in—and remaining relevant to—new generations of wine drinkers as consumer preferences continue to evolve.

"One of the most important developments in today's wine market is a shift in the consumer base, in both geographic and in demographic terms," explained Rabobank analyst Elena Saputo. "In non-traditional wine drinking countries, millennials are drinking more wine than any of the previous generations did at their age, while in traditional wine drinking countries, they are drinking less but better quality wine."

The need to adapt to an evolving global consumer landscape is presenting many wine companies with the dilemma of either sticking to a tried and tested formula for the mainstay consumers of the past, or altering their approach to suit impressionable consumers of the future. Rather than diluting well-established brands, progressive companies have developed contemporary brands with a fresh look-and-feel that fit the preferences of the new consumers.

As mainstream wine demand is shifting, a more attuned, bolder and progressive approach is necessary for global wine companies to win market share and pricing power in an increasingly complex and dynamic global market landscape.

International supply update:
The 2014 harvests across most of the Southern Hemisphere have been fairly mixed, but on the whole, stock levels appear more than ample in most locations owing to the large 2013 harvest. The Northern Hemisphere crop generally appears to be progressing well with the usual exception of some isolated weather disruptions in some regions.

International trade update:

Across Europe, wine exports fell for the major producers in the first four months of 2014, despite countries such as Spain which had a 17% increase in volume. Elsewhere in the Northern Hemisphere, U.S. exports grew 3.2% by volume and 1.9% by value. In the Southern Hemisphere, there were contrasting shifts in export volumes in countries such as New Zealand and Chile, who recorded a 25.3% rise and 8.9% decline in volumes, respectively.

Rabobank Group is a global financial services leader providing wholesale and retail banking, 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. www.rabobank.com/f&a *[1]*

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