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Workshop

Mediterranean products in the global market

Section 6: *The global market for wine: issues and prospects*

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BRIEF COMMENTS ON THE FOLLOWING POINTS

1. Supply
2. Demand
3. International trade
4. Competitiveness: NW versus OW
5. Strategies for future

1. Supply

a) **Climate change**

Since the impact of climate change is not likely to be uniform across all grape varieties and regions; it could impact on world's wine-producing map, mainly for high quality wines.

- ✓ Warmer conditions could lead to shift the wine-growing regions toward:
 - the poles, cooler costal zones and higher elevations.
- ✓ Some regions which still produce high quality wines would no longer benefit from the ideal climatic conditions that are responsible for their fame.

b) **Uncertainty and instability on commodity markets**

Could affect wine production:

- higher competition for use of resources (land and water)
- sharp increase in costs of inputs

2 . Demand

World demand, according to forecasts, should continue to grow, with significant geographical differences. Many hopes are linked to consumption growth in China, Russia, India, South Korea.

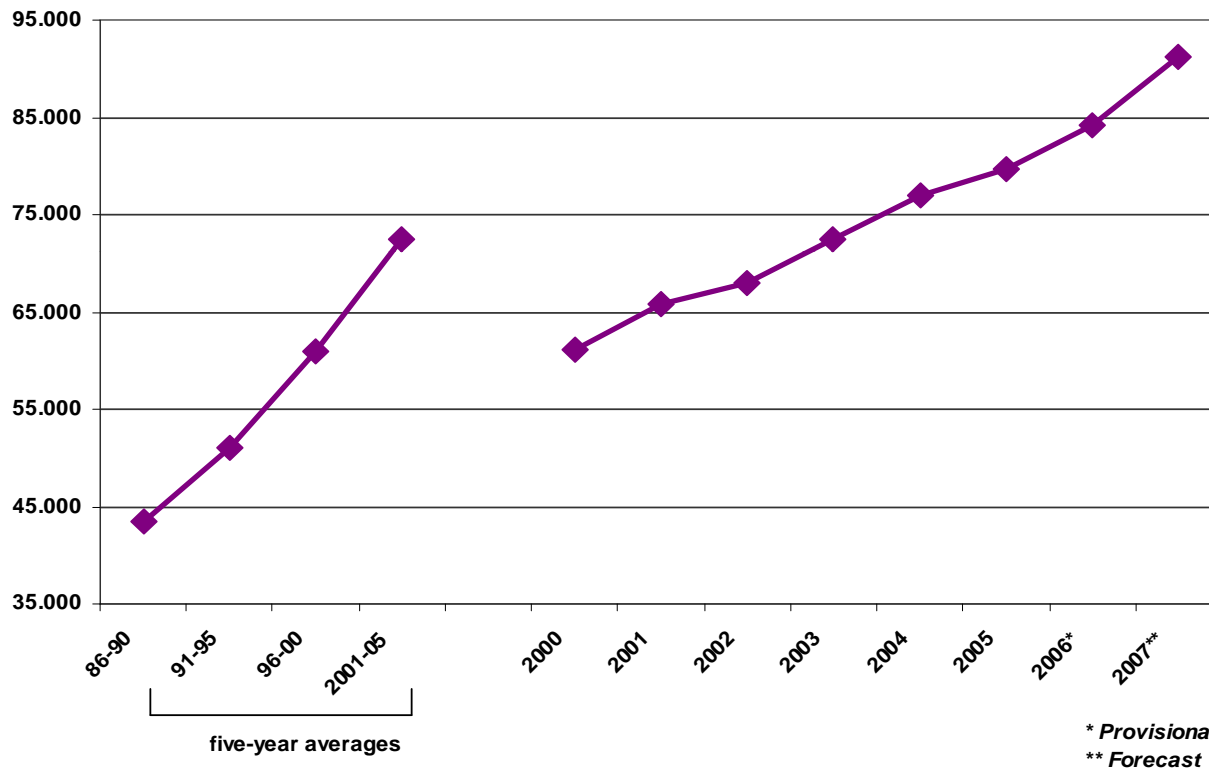
The trend towards the consumption of wines of higher quality and price should continue too.

Some warnings:

- consumption of wine is influenced by the economic cycle
- the spread of wine consumption in countries with dietary habits so different from those of Western countries is not easy; *this is for instance the case of Japan where the increase in wine consumption has not fulfilled expectations*
- the positive effect of a moderate consumption of wine on health (French paradox) has fuelled the increase in consumption; but there is an increasing concern about the social and physical consequences of excessive alcohol consumption

3. International trade

World wine export (.000 hl)



	1986-1990	2006
E/P	15 %	29 %
I/C	18 %	33 %

Part is re-exporting, mainly within trans-continental trade.

3. International trade and ecological issues

The project GlassRite Wine

by Waste & resources Action Programme and British Glass

The project ran from summer 2006 to spring 2008;
a second phase of work, lasting 18 months is just starting.

Aims:

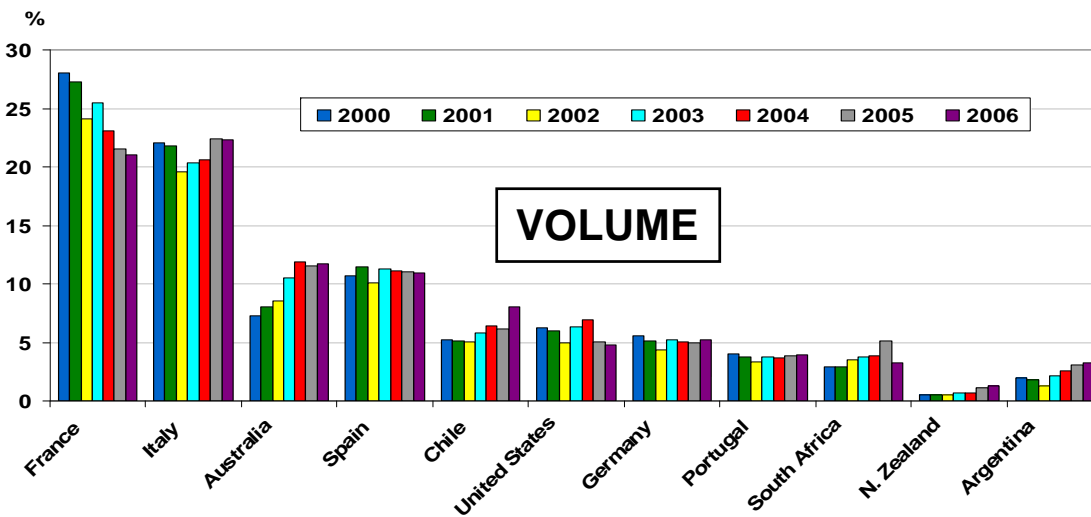
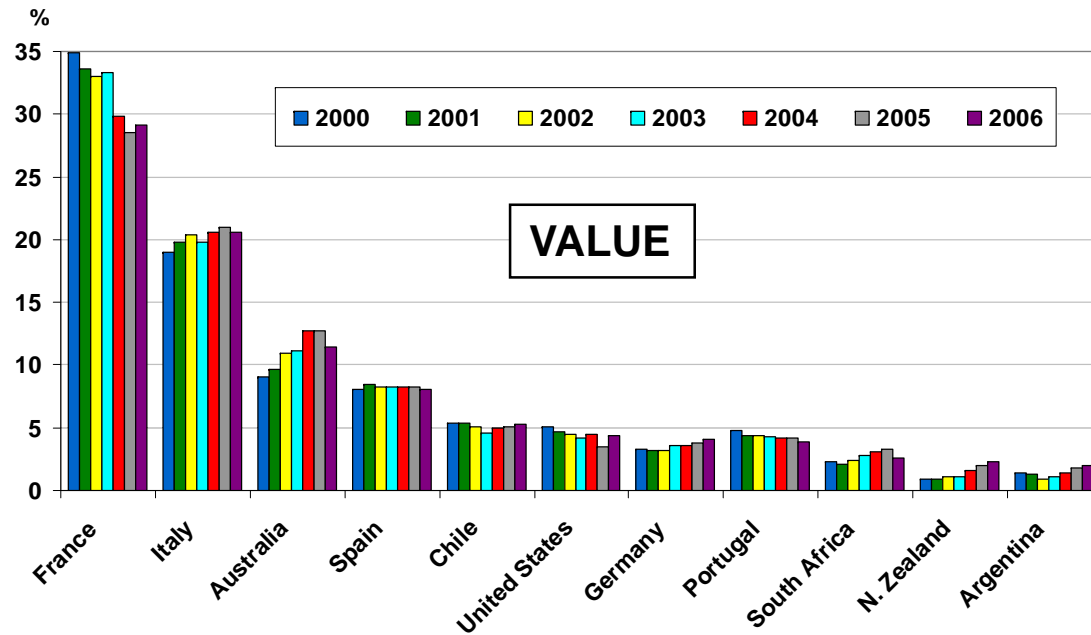
- encourage the bulk importation of wine in the UK
- increase the use of recycled green glass in UK wine bottle manufacture
- production of lighter weight bottles

The project focused strongly on New World wines, as their market share and geographical location presented the biggest opportunity to make environmental and commercial gains.

An estimated 20% of Australian wine is currently bulk imported into UK with a significant reduction in transport costs and CO2 emission.

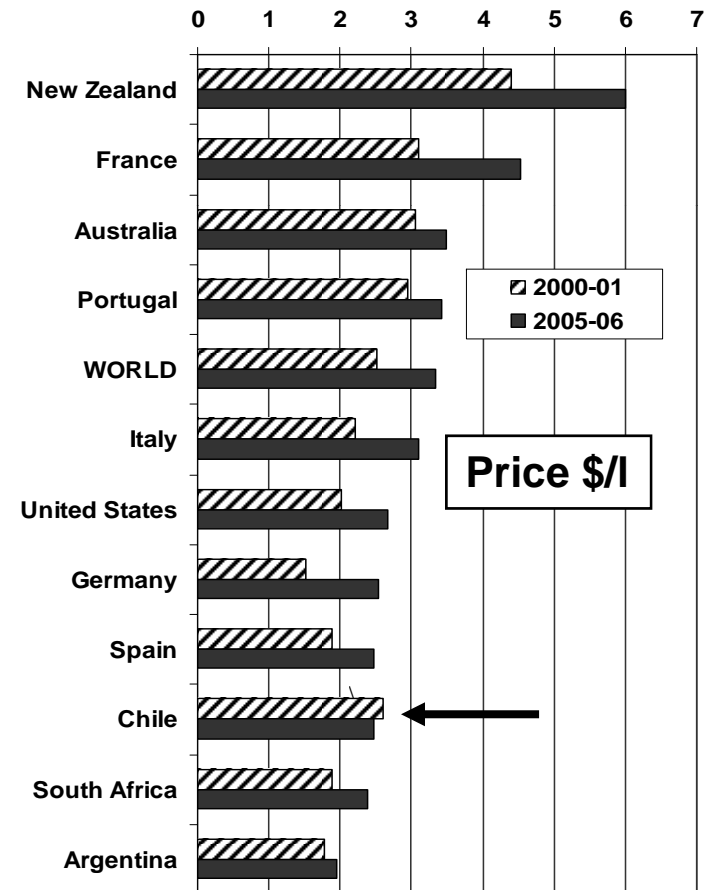
In perspective we could expect an increase in international trade of bulk wine and re-organization of the chain

4. Competitiveness

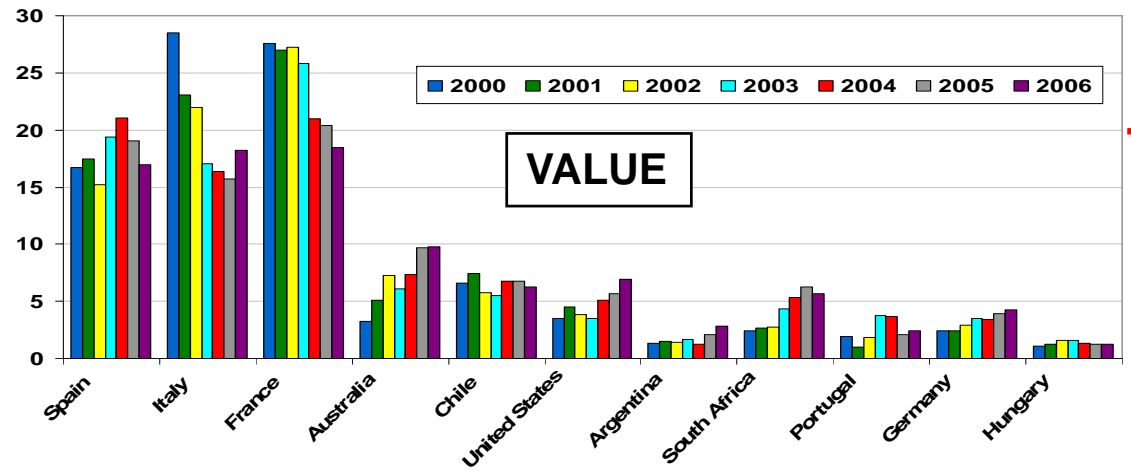
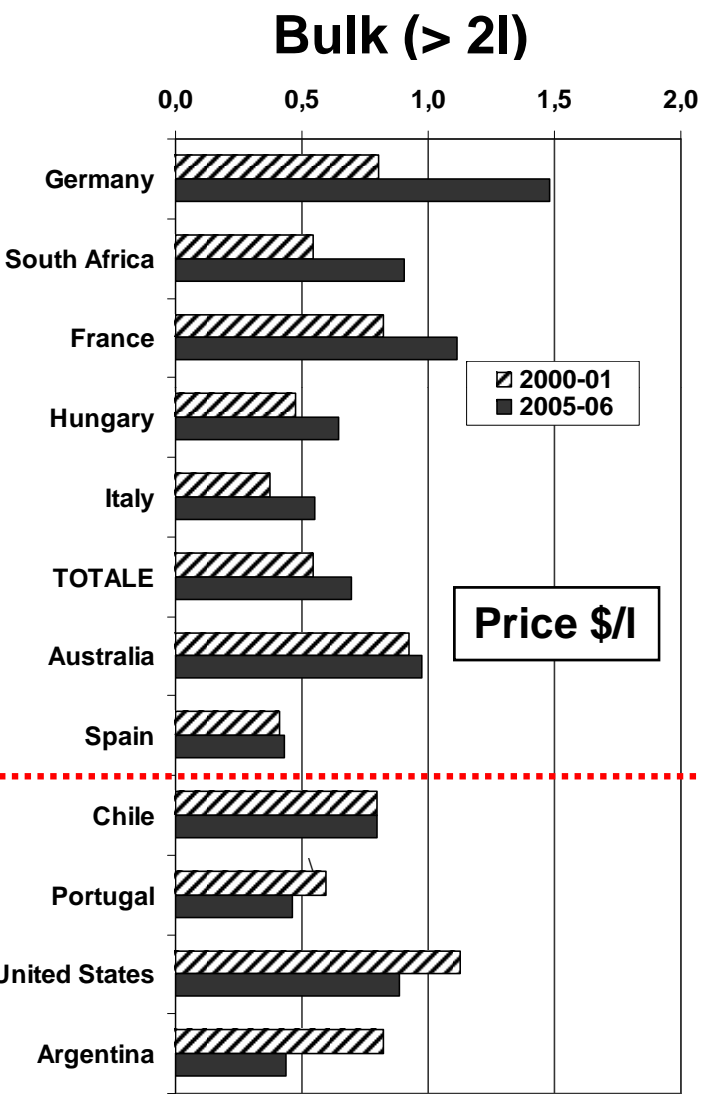
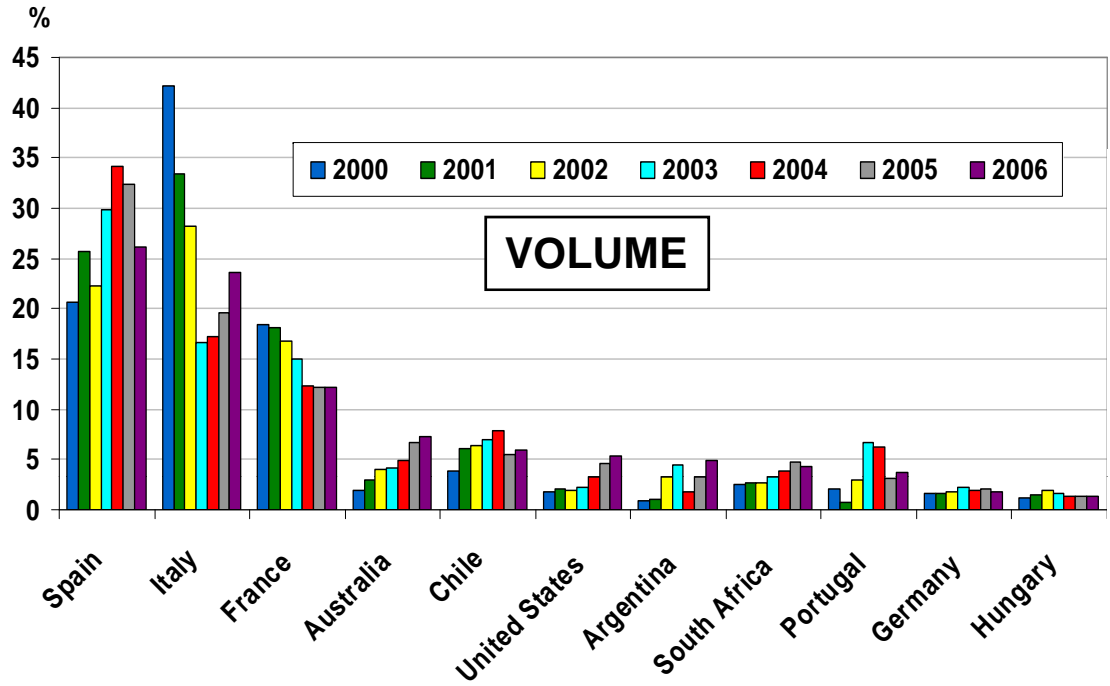


Export shares (%)

Bottled < 2l



Export shares for major exporters (%)



4. Competitiveness

New world versus Old world producers

- Differences are no longer defined and so marked as in the past:
 - style of wine (varietal, terroir)
 - structure of the industry (consolidation process; large and small firms coexist with different strategies)
 - marketing strategies (market orientation, branding)
- Multinational and large specialized distribution companies reduce the differences worldwide.

Looking ahead

Differences in the regulatory framework are weakening too
New CMO for wine will simplify the regulatory measures
(wine making practise, classification (GI system) labelling rules).

5. Strategies for future

Australia - Direction 2025

Referring to few sentences of the document allows to grasp the spirit

- - delivers a **broad and sustainable strategy** based on a clear **understanding** of such matter as market change, climate change, the environment and wine health
- - fully endorse the exciting new Wine Australia brand segmentation strategy that encourages consumers around the world **to trade up** through a clear **communication** of the four different personality of Australian wine.
- - is founded on the firm conviction that Australia must become a more significant participant in the **regionally distinct and fine wine market**

DIRECTIONS TO 2025 – STRATEGIC FRAMEWORK

1996 STRATEGY 2025	2006-07 DIRECTIONS PERSPECTIVE	2007 - 2025 NEW DIRECTIONS TO 2025
Vision of growth potential	Vision of market opportunity	Anticipating the market: <ol style="list-style-type: none"> 1. Understanding and use of global market intelligence 2. Leadership in research and development from vine to consumer 3. Closer alignment between sector organisations to support market development
Sector-driven strategy	Market-driven strategy	Influencing the consumer: <ol style="list-style-type: none"> 4. Successful adoption of <i>Wine Australia</i> brand segmentation 5. New expectations for regional and fine wine 6. New consumer and market creation through innovation and communication
Focus on production for export growth	Focus on returning value	Building sustainable success: <ol style="list-style-type: none"> 7. Partnerships with the government sector 8. Continuous improvement in business skills and practices 9. Continuous improvement in environmental performance 10. Emphasis on ensuring widespread social responsibility



Brand Champions

Wines that appeal to a broad market base through accessibility, ease of enjoyment and a strong premium brand message about product and country.



Generation Next

Wines driven by innovation (marketing; product; packaging) that appeal to consumers who drink wine for social occasion and/or peer group affinity, rather than for wine attribute.



Regional Heroes

Wines from somewhere rather than wines from anywhere - adding and sustaining interest for consumers by fostering a clear association between region and variety and/or style.



Landmark Australia

High-profile, aspirational wines built on inherent quality and world-class reputation.

5. Strategies for future

What is going on in Europe?

The reform of CMO for wine gives to each EU producers country the responsibility of planning strategies for the future, choosing the measures to be financed by the so called National Envelope.

In the given menu of measures some could be very effective in boosting the competitiveness, these are: restructuring, modernization (investment along the processing chain) and promotion in third countries.

Grazie