

Where does the UK go from here?

We can't rely on the same old growth drivers in the wine market, Wine Intelligence says, instead, we need existing wine drinkers to spend more. **Graham Holter reports**

The boom in rosé, Pinot Grigio and sparkling wine could be coming to an end, leaving the UK wine trade with a big question: what happens next?

Recruiting more consumers to the category is unlikely, according to Paul Medder, senior project manager at Wine Intelligence. So is attempting to get the existing 28 million regular wine drinkers to consume more than they already do: 25 litres a year is close to the natural per capita ceiling for a non-producing country, Medder reports.

The final option is to get existing consumers to spend more, and to an extent this is already happening. Regular drinkers now spend an average of £5.11 per bottle for an informal meal at home, compared with £4.59 in March 2008, Wine Intelligence says. For more formal meals, the spend has risen from £5.93 to £6.43.

Medder accepts that in research, consumers often overstate their actual spending, typically by about 50p, but, even so, it's psychologically significant people are venturing beyond the £5 threshold.

But, stresses Medder: "Consumers are spending more on a bottle of wine, but this is only absorbing duty and tax."



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Study the data in more depth and there's more worrying news. "The younger groups, Generation Treators and Risk-averse Youngsters, were previously the people with more disposable income who were more inclined to say that £6 or £7 was not a big deal. The percentage of those who say wine is expensive has actually doubled in the past few years to around 40%.

"The connoisseurs of tomorrow are starting to think twice about how much wine is costing them."

Opening doors

Wine Intelligence has found that 55% of regular wine drinkers now drink Pinot Grigio, down from 60% just over a year ago. But Medder suggests the variety may have acted as a Trojan horse, opening the door to the likes of Torrontés and Albariño. "There is an opportunity for many white wines to go slowly but surely in the direction Pinot Grigio has in recent years," he says.

Rosé has experienced a similar gentle tailing-off in consumer

Beadles: increasing pressure

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Speakers at the LIWF seminar called on the trade to work harder to engage with consumers. Alison Levett, chief executive of Enotria (pictured), said: "It's about staff training, and I would say there's ambivalent commitment to that. As an industry we're obsessed with talking about the technicalities and terroir, but for the regular wine-drinking consumer it's a turn-off. I think it's possible to talk about wine in a different way."

Jeremy Rockett, marketing director for González Byass UK, agreed. "One of the problems is we love the technical stuff and need to find a completely different way of talking about wine," he said. "Acid is a bad thing; we learn about that in chemistry at school," he said.

Pricing: a red herring?

Alison Levett at Enotria said parts of the on-trade were doing well despite economic problems. "We see an increased growth in casual dining, particularly among the chains and big group operators."

"Consumers feel they're getting great value because they're getting an experience they can't get at home."

The seminar heard that the gap between on-trade and supermarket pricing was narrowing in many outlets. But Levett added: "I think it's disappointing that the on-trade will very often focus on price. There's a disconnect here because consumers aren't necessarily as hung up about price when they enter the on-trade environment. What they're looking for is a fantastic experience."

Rockett said it made no sense to obsess over £5 price points in the off-trade, because it was impossible to maintain this level, in the face of spiralling costs, without dumbing down in quality terms. "It's not a consumer word," he said.



usage, and Medder says it's an open question whether fans of white Grenache and Zinfandel move on to more challenging styles.

Sparkling wine, another engine of the wine market in recent years, is levelling out in terms of consumer usage, Medder says. But he adds the on-trade could perhaps get better results by presenting sparkling wine as an option for an entire meal, rather than merely an aperitif.

At the seminar, jointly presented at the London International Wine Fair by Wine Intelligence and the Wine & Spirit Trade Association, WSTA chief executive Jeremy Beadles warned minimum pricing legislation in Scotland, and the duty escalator, would put the wine trade under increasing pressure.

He said that alcohol consumption had fallen by 12.8% since 2004, with beer taking the brunt of the decline and wine drinking faring much better, despite some tailing off last year.

"Volume is not where we should be focusing because consumers seem to be suggesting they have enough wine," Beadles said. "We have to look at a different-shaped marketplace and it presents challenges for the industry."

He added: "Wine is a luxury drink. If you're on a limited budget the more bottles you put in your supermarket basket the less you can spend on other things. We've got to get people to spend more per bottle, not because of tax, but because they want to." ■