
RUSSIA LANDSCAPES

November 2018 Report

wine
intelligence



Copyright

© Wine Intelligence 2018

- All rights reserved. No part of this publication may be reproduced in any form (including photocopying or storing it in any medium by electronic means) without the permission of the copyright owners. Application for permission should be addressed to Wine Intelligence.
- The source of all information in this publication is Wine Intelligence unless otherwise stated.
- Wine Intelligence shall not be liable for any damages (including without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from this publication or any information contained in it, or from any action or decision taken as a result of reading this publication.
- Please refer to the Wine Intelligence Terms and Conditions for Syndicated Research Reports for details about the licensing of this report, and the use to which it can be put by licensees.
- Wine Intelligence Ltd: 109 Maltings Place, 169 Tower Bridge Road, London SE1 3LJ Tel: 020 7378 1277. E-mail: info@wineintelligence.com. Registered in England as a limited company number: 4375306



Report price:

GBP 2,500

USD 3,500

AUD 4,500

EUR 3,000

5
report
credits

The Russia Landscapes 2018 report includes:

- Report with the latest information regarding the Russian wine market, supported by:
 - Wine Intelligence Vinitrac® Russia
 - Wine Intelligence market experience
 - Secondary sources
 - Trade interviews
- User-friendly data table with all the measures from Vinitrac® Russia showing significances, cross tabbed with:
 - Semi-annual drinkers of imported wine
 - Gender groups
 - Age groups
 - Key cities for imported wine consumption: Moscow and St. Petersburg
- Tracking data 2014-2018

Winston Churchill's famous description of Russia as "a riddle, wrapped in a mystery, inside an enigma" remains apt nearly 80 years after it was uttered. Russia's economy may be recovering after several years of economic struggle, but it is still subject to both the whims of its autocratic president, Vladimir Putin, and the swings and roundabouts of the global oil and gas market, on which much of its finances depend.

Putin and oil both have a strong bearing on the Russian wine market. Russia's invasion and occupation of Crimea in 2014 coincided with the halving of the price of crude oil, and this, combined with sanctions imposed on Russia by the West, prompted a collapse in the value of the Ruble. Suddenly, imported wine was a lot more expensive, and in some cases harder to obtain because of difficulties in securing credit and stock. At the same time, a very public campaign launched by Putin to buy more Russian-made produce, and the removal of the ban on imports from Georgia, have transformed the fortunes of both domestic and Georgian wines.

The recent recovery in the oil price has also led to a mini economic revival in the Russian economy, which has in turn spurred renewed interest in imported still, and especially sparkling wines. Though sparkling wines are still expensive, consumers are showing increased willingness to spend more on a bottle compared to 2014, whilst still trying to find the best quality available for that price.

Whilst consumption of domestic sparkling wine continues to grow (Russia is the world's 5th biggest sparkling consumer), imported sparkling wine is also starting to grow again. Aligning with a global trend, sparkling wine is starting to be consumed more in casual situations at home and in the on-trade. At the same time the demand for lighter wines and rosé wines is increasing – the wine trade sees Russians embracing a new healthier lifestyle.

The new view of wine has especially changed with the younger generation. The trade has strongly emphasised that Millennials are very open to try new wine styles and are eager to learn more about the category, which offers interesting opportunities for the industry. Millennials seem to include wine in their everyday lifestyle and they are very keen to explore the category. This offers opportunities also in the on-trade as they are also willing to spend more.

Management summary

Key trends in the Russian wine market 2018



- 1. In the wake of a recovering economy, Russia's wine market starts to rebound, reflected in the growth of volume**
- 2. Rebound for sparkling wine and trends towards lighter wines and rosé wine**
- 3. Despite decreased knowledge and confidence with wine, consumers still show a strong interest in the category**
- 4. Wine is part of the new lifestyle adopted by the younger generation in Russia, who are open-minded and keen to develop their knowledge**
- 5. Consumers become more value-driven, and seek professional recommendations from retailers**



- The data for this survey was collected in Russia in March 2014 and March 2018
- Data was gathered via Wine Intelligence’s Vinitrac® online survey:
 - 713 Russian regular wine drinkers (March 2014)
 - 700 Russian regular wine drinkers (March 2018)
- Respondents were screened to ensure that they drink imported wine at least twice a year; drink red, white or rosé wine; and buy wine in the off-trade or in the on-trade
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The data is representative of semi-annual drinkers of imported wine in Moscow and St. Petersburg in terms of age and gender
- The distribution of the sample is shown in the table

		Russia		
		Mar-14	Mar-18	
		<i>sample size</i>	<i>713</i>	<i>700</i>
Gender	Male	41%	44%	
	Female	59%	56%	
	Total	100%	100%	
Age	18-24	15%	8%	
	25-34	24%	32%	
	35-44	22%	23%	
	45-54	22%	21%	
	55-64	18%	17%	
	Total	100%	100%	
Region	Moscow	64%	71%	
	St. Petersburg	36%	29%	
	Total	100%	100%	

Source: Wine Intelligence, Vinitrac® Russia, Mar’18, n=700 and Mar’14, n=713 semi-annual drinkers of imported wine in Moscow and St. Petersburg

How does Vinitrac[®] work?

1) Defining the right samples:

- Wine Intelligence, with the support of global research companies (e.g. TNS, YouGov), regularly runs calibration studies in each market in order to define demographic specifications of the wine consumers and the size of the market (i.e. penetration of wine consumption)

2) Running the online survey:

- Invitations to participate in an online survey programmed by Wine Intelligence are then distributed to residents in each market
- Respondents are directed to a URL address, which provides access to the online survey
- Based on given criteria (e.g. age, beverage, frequency of wine consumption) respondents will either proceed or screen out of the survey
- Wine Intelligence monitors completed responses to build samples representative of the target markets' wine drinking population based on the most recent calibration study

3) Cleaning the data:

- When a representative sample is logged, the survey is closed
- Wine Intelligence will then clean out all invalid data points (e.g. those who sped through the survey or gave inconsistent answers to selected questions) and weight the data in order to ensure representability



Trade interview methodology

- Trade Interviews were conducted with 4 experienced industry professionals in Russia's wine trade in September and October 2018
- Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for different wine styles, retail channels and pricing
- The 4 interviewees were members of the wine trade working in different roles within the industry:
 - *x 1 Wine Journalist*
 - *x 1 Wine Importer*
 - *x 1 Wine Marketer*
 - *x 1 Wine Retailer*

Wine Intelligence Ltd Terms and Conditions of Licence for Syndicated Research Products – key sections

Definitions and Interpretation

The “Agreement” means the Agreement between Wine Intelligence Ltd and the Customer to provide a Licence for the use of the Syndicated Research Report(s) for Fees on these terms and conditions of business and as set out in a Proposal and the Acceptance of Proposal

“WI” is Wine Intelligence Ltd, trading as Wine Intelligence.

“Customer” means the person or entity purchasing the Licence for the use of the Syndicated Research Report(s)

“Proprietary Information” means all information contained in the Syndicated Research Report(s) and associated briefings or presentations by WI, plus all logos, Processes, third party data and formats contained therein

“Licence” means the Customer’s right to use, store, retrieve and disseminate the Syndicated Research Report(s), as defined by the Agreement

“Acceptance of Proposal” means the document provided by the Customer to WI confirming the terms of engagement of WI to provide the Customer with the Licence for the use of the Syndicated Research Report(s)

“Fees” means the fees payable by the Customer to WI, as set out in the Contract, plus VAT at the current rate, subject to exemptions as set out in UK and EU law

“Processes” means any research processes, techniques and methodologies used in the creation of the Syndicated Research Report(s)

“Proposal” means the specification of the Syndicated Research Report(s) by WI to the Customer

“Syndicated Research Report” means a written document containing Wine Intelligence copyright materials such as data, information, insight, commentary, either written, oral, video, or audio and, where appropriate, copyright materials of a Third Party that have been reproduced by permission

“Representative Organisation” means any body, association, trading group, generic organisation or any other coalition of interested parties, howsoever constituted, that acts on behalf of a broader group of stakeholders

“Subscription Products” means Syndicated Research Reports delivered to the Customer periodically as part of an ongoing Agreement

1. Engagement

The Customer engages WI to provide the Syndicated Research Report(s), and WI agrees to do so upon the terms of the Agreement for payment of the Fees.

The Fees for the Syndicated Research Reports shall be priced in Pounds Sterling. WI will publish indicative prices in Euros, US Dollars, Australian Dollars, Swedish Dollars from time to time, and the Customer will have the opportunity to pay for Syndicated Research Reports using these currencies. Should the Customer opt for this form of payment the exact amount payable will be based on the prevailing exchange rate at the time of the execution of the Agreement.

2.. Copyright

2.1 The Copyright in the Syndicated Research Report(s) shall at all times vest with WI. The copyright in all artwork, data and copy for each element of the report created and assembled by WI shall at all times remain the property of WI.

2.2 All copyright and any other intellectual property rights in any material produced supplied or made available by a third party to WI for inclusion in the Syndicated Research Report shall remain the property of the third party. The Customer warrants its title to WI, except as may be expressly disclosed in writing, and agrees to indemnify WI against any claims by third parties in respect of any infringement of their copyright or other intellectual property rights.

2.3 WI asserts to the Customer its moral right to be identified as the author of the Syndicated Research Report in accordance with the UK Copyright Designs and Patents Act 1988 Section 77 and 78, and shall be entitled to hold itself out as the author of the Syndicated Research Report (and in particular the research undertaken in the process of completing the Syndicated Research Report) as part of WI’s own general marketing activities. WI shall be entitled to publish the name of the Customer in association with the Syndicated Research Report(s) as part of this general marketing activities.

2.4 The copyright in the Processes used to execute the Syndicated Research Report shall remain the property of WI throughout.

3. Licence

3.1 WI grants to the Customer under the Agreement a non-exclusive Licence in perpetuity to store and retrieve an electronic version of the Syndicated Research Report(s)

3.2 The Customer is entitled to disseminate the Syndicated Research Report(s) within its immediate organisation, including organisations affiliated by majority shareholdings, legally liable partnerships, or other majority ownership structure

3.3 If the Customer is a Representative Organisation, the entitlement outlined in Clause 7.2 DOES NOT extend to parties who hold membership or similar interest in the Representative Organisation, except by specific written permission from WI and the payment of further Fees associated with a Multi-User Licence

3.4 The Customer is entitled to extract elements of the Syndicated Research Report and re-use them for internal and external presentations, subject to the doctrine of Fair Use

3.5 At all times the Customer must identify any information extracted from the Syndicated Research Report in 7.5 above as being from WI

4. Warranties

No advice or information whether oral or written provided by WI to the Customer through the Syndicated Research Report(s) shall create any warranty not expressly stated in this Agreement.

The Client warrants and undertakes to abide by the UK Copyright Designs and Patents Act 1988 Section 77 & 78, and undertakes to obey the copyright restrictions on any materials received as part of this Agreement.

Please contact Wine Intelligence for full terms and conditions

REPORT PRICE: • AUD 4,500 • GBP 2,500 • USD 3,500 • EUR 3,000 • 5 Report Credits



Format: 74-page PowerPoint (PDF) and Excel data table

Purchase online: <https://www.wineintelligence.com/view-reports/>

Contact us directly: reports-shop@wineintelligence.com

If you have any questions, please contact your local Wine Intelligence office:

AVIGNON

Jean-Philippe Perrouty, Director, Wine Intelligence France | T +33 (0)486 408 417 | Email: jean-philippe@wineintelligence.com

CAPE TOWN

Dimitri Coutras, South Africa Country Manager | T +27 828288866 | Email: dcoutras@iafrica.com

DELAWARE

Erica Donoho, USA Country Manager | T +1 973 699 4158 | Email: erica@wineintelligence.com

FRANKFURT

Wilhelm Lerner, Associate Director/Germany Country Manager | T +49 (0)175 5806 151 | Email: wilhelm@wineintelligence.com

LONDON

Tina Fruth, Project Executive | T +44 020 7378 1277 | Email: tina@wineintelligence.com

SAO PAULO

Rodrigo Lanari, Brazil Country Manager | T +55 (0) 11 3065-8411 | Email: rodrigo@wineintelligence.com

SYDNEY

Ben Luker, Business Executive | T +61 (0) 416 638 272 | Email: ben@wineintelligence.com

TRIESTE

Pierpaolo Penco, Italy Country Manager | T +39 349 424 3371 | Email: pierpaolo@wineintelligence.com

VALLADOLID

Juan Park, Director, South America and Iberia | T +34 637 214 829 | Email: juan@wineintelligence.com