
RUSSIA LANDSCAPES

November 2018 Report

wine
intelligence



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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*

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