WINE INTELLIGENCE

# AUSTRALIA WINE LANDSCAPES

October 2020

REPORT BROCHURE

# PRICING

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# INTRODUCTION

It has been a year to remember – and also forget – for Australia's wine industry. The unprecedented bushfires during the past 12 months have left physical scars on the landscape as well as mental scars on everyone who works in the wine sector. On top of this has come another unprecedented crisis in modern history. The Covid-19 pandemic has caused massive disruption to the Australian economy and in particular the hospitality sector on which the wine industry depends. And that's before one considers the potential upheaval of the UK's exit from the EU and growing trade tensions with China.

However there are still plenty of silver linings in evidence, some of which are apparent in the usage and attitude data about Australian wine consumers which forms the spine of this Landscape report. The bushfire and Covid crises have provoked a strong and sustained outpouring of support for Australian wines from Australian wine drinkers, who have increased their purchase levels of domestic wines at the expense of imports.

At the same time, the longer-term trends of spending a bit more on a bottle of wine remain in evidence, across all occasions and in all settings (though mostly, of late, restricted to off-premise).

There are longer-term concerns for the category , which this report also highlights. Fewer Australians are drinking wine than at any point in the past 5 years, with over 2 million adults exiting the category since 2015. At the root of this lies a combination of factors, of which the allure of other, more dynamic alcoholic beverages, and the general reduction in alcohol consumption appear to be major drivers.

On the plus side, these category leavers tended to be low frequency drinkers to begin with, and the core weekly drinking population looks stable. On the downside, the wine drinker population pyramid is starting to look unnervingly top-heavy, with the average age of Australian wine drinkers rising as the category struggles to entice the 18-24s to become wine drinkers.

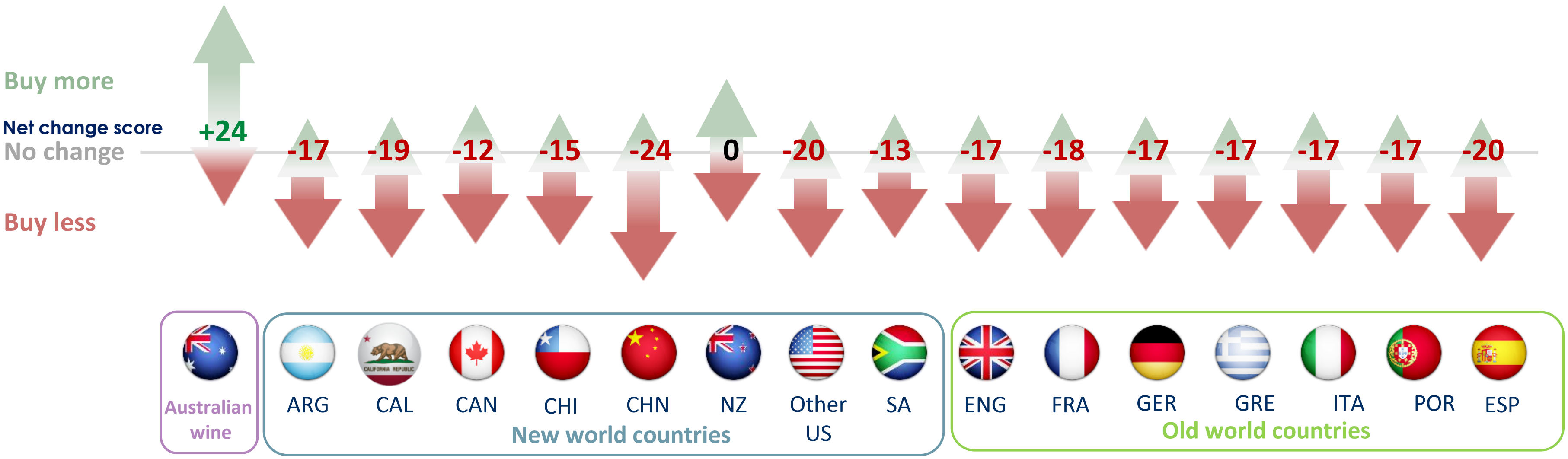
Warning signs are also apparent in the alcohol portfolios of the nine million regular wine drinkers. Gin and craft beer are growing their audience, and most likely siphoning off some of the traditional wine 'moments' such as the social outdoor or pre-dinner occasion. Most concerningly, these two alcohol categories are strongest amongst younger drinkers, suggesting that wine is going to have a bare-knuckle fight over the next decade to hang onto these consumers as they enter their 40s and 50s.

# EXAMPLE SLIDE: COUNTRY OF ORIGIN: CHANGE IN PURCHASE

Beyond wines from New Zealand, Australian consumers were purchasing more local wine in July 2020 than they had done pre-pandemic

## Country of origin change in purchase during July 2020 compared with pre-pandemic behaviour

% who have changed their purchase behaviour of each place due to the impacts of Coronavirus
Base = Those who are aware of each place




### WHAT DO MARKET EXPERTS SAY?

"We're certainly seeing a good uptake in local wines as well in our regional areas. With just generally people being a little bit more parochial. People will be a lot more conscious about where their wine potentially is coming from or who the producer is"

***Wine Retailer, Australia***

**Net change score = % consumers who buy / trust more wine from this country minus % consumers who buy / trust less wine from this country**

Wine Intelligence trade interview programme September 2020
Source: Wine Intelligence, Vinitrac® Australia, Jul'20, (n=1,000) Australian regular wine drinkers

# RESEARCH METHODOLOGY: QUANTITATIVE

The data was collected in Australia in March 2016, July 2018, March 2020 and July 2020

Data was gathered via Wine Intelligence's Vinitrac® online survey

Respondents were screened to ensure that they were at least 18 years old; drank red, white or rosé wine at least once a month; and bought wine in the off-premise or in the on-premise

Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis

The data is representative of Australian regular wine drinkers in terms of gender, age and region

The distribution of the sample is shown in the table:

| | | *Mar-16* | *Jul-18* | *Mar-20* | *Jul-20* |
|---|---|---|---|---|---|
| | *n=* | *1,000* | *1,000* | *1,000* | *1,000* |
| **Gender** | Male | 50% | 50% | 54% | 54% |
| | Female | 50% | 50% | 46% | 46% |
| | ***Total*** | ***100%*** | ***100%*** | ***100%*** | ***100%*** |
| **Age** | 18-24 | 12% | 13% | 9% | 9% |
| | 25-34 | 19% | 19% | 19% | 19% |
| | 35-44 | 19% | 16% | 18% | 18% |
| | 45-54 | 16% | 15% | 19% | 19% |
| | 55-64 | 15% | 16% | 16% | 16% |
| | 65 and over | 18% | 20% | 19% | 19% |
| | ***Total*** | ***100%*** | ***100%*** | ***100%*** | ***100%*** |
| **Region** | Australian Capital Territory | 2% | 1% | 1% | 1% |
| | New South Wales | 31% | 33% | 33% | 33% |
| | Northern Territory | 0% | 2% | 1% | 1% |
| | Queensland | 19% | 18% | 20% | 20% |
| | South Australia | 10% | 7% | 7% | 7% |
| | Tasmania | 2% | 1% | 3% | 3% |
| | Victoria | 29% | 29% | 25% | 25% |
| | Western Australia | 8% | 9% | 9% | 9% |
| | ***Total*** | ***100%*** | ***100%*** | ***100%*** | ***100%*** |

Source: Wine Intelligence, Vinitrac® Australia, March 2016 (n = 1,000), July 2018 (n = 1,000), March 2020 (n = 1,000) and July 2020 (n = 1,000) Australian regular wine drinkers

# RESEARCH METHODOLOGY: QUALITITATIVE

## TRADE INTERVIEWEES

Trade Interviews were conducted with six experienced industry professionals in the Australian wine trade in 2020

Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for different wine styles, retail channels and pricing

The six interviewees were members of the wine trade working in different roles:

*1 x Wine Merchant*

*1 x Wine Retailer*

*3 x Wine Producer*

*1 x Wine Journalist*

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