WINE MARKETING ON DEMAND INCREASING EUROPEAN MARKETS

LUIS MIGUEL ALBISU - DOLORES MARTIN (*)

Wine markets are complex. Disaggregated analyses are necessary to take into account wine price differentials that they might be perceived by consumers as different products.
Consumers take into consideration not only the wine but also other factors such as its presentation, distribution and image.
Market segments describe more precisely consumption patterns. Thus there are some expanding market segments in decreasing global or country markets. This is the case for France, Italy, Portugal and Spain. These countries are analysed separately in other papers.
It is important to point out that there are some European countries where wine demand has been increasing during the last decade (**table 1**).
In this paper East European countries are not analysed because they face very different market circumstances and their future is uncertain.
Wine with an alcoholic content of 15% or less is considered for ECC countries in the paper where wine quality refers to wine produced in determined regions (VQPRD).

Abstract

**In some countries there is an increase in wine consumption.
This increase cannot obviously make up for the decline in consumption in the main producer countries; however, an analysis of the markets in which wine consumption is increasing could help in better understanding the reasons for the decline in the traditional consumer countries.
Single markets are analyzed taking into account overall market structures, and in particular the sales and marketing policies adopted in the different areas.
Since the areas with increasing consumption are not self sufficient as regards production, an analysis is made of the imports according to type and region.
Wherever possible a study is made of advertising expenditure to obtain indirect indications of how efficient the means are in relation to penetration of the different markets.
A study is made of the situation of wine in the U.K., Denmark, the Scandinavian Countries, Holland, the Benelux countries, Switzerland and Germany and a comparison made with the situation in the traditional exporting countries, which have significant quotas of the expanding markets of North European.**

Résumé

**Il existe aussi des Pays qui consomment de plus en plus de vin. Evidemment cette augmentation n'arrive pas à compenser la baisse de consommation des grands pays producteurs, toutefois l'analyse des marchés où le vin est en expansion pourrait donner lieu à une meilleure compréhension en ce qui concerne les causes de cette baisse que connaissent les Pays traditionnellement consommateurs.
L'analyse de chaque marché est menée en considérant les structures des marchés, en particulier les structures de vente et les politiques de commercialisation effectuées dans les diverses zones.
Puisque les zones, où la consommation est en expansion, sont productrices mais pas autosuffisantes, les importations sont analysées par type et par région.
Les investissements dans la publicité (Advertising expenditure) sont, quand c'est possible, étudiés pour fournir des indications indirectes du moyen utilisé en ce qui concerne la pénétration effectuée dans les divers marchés.
La situation du vin en Angleterre, au Danemark, dans les Pays nordiques, en Hollande, au Bénélux, en Suisse, en Allemagne, est étudiée et comparée à celle des Pays traditionnellement exportateurs, qui maintiennent partout des taux importants dans les marchés en expansion de la zone du nord de l'Europe.**

Table 1 ***Wine par capita consumption on demand increasing European markets, 1976-1987.***

	Average 1976-80	Average 1981-85	1985	1986	1987	Ingreasing rate 1976/80-1987 %
United Kingdom	6,09	8,39	9,26	9,19	10,29	68,96
Denmark	12,06	17,09	19,88	19,37	18,60	54,23
Sweden	9,21	10,54	11,27	11,75	12,01	30,40
Holland	11,60	13,78	14,83	13,98	13,67	17,84
Belgium-Luxembourg	17,97	19,92	18,59	17,72	20,32	13,08
Switzerland	48,18	55,09	51,50	49,20	51,23	6,30
Germany	24,30	25,40	25,50	23,20	25,80	4,90

Source: Fao. Committe on Commodity Problems. Intergovernmental Group on Wine and Wine Products. 1988. Market Situation 1987/88 and Prospects 1988/89. CCP: WI 88/1, Rome.

United Kingdom

Market structure

In 1986 wine consumption reached 448,7 million liter with a continous growth since 1981 except for 1986 (**table 2**).
In the eighties white wine steadily increased its popularity. In 1984 white wines accounted for 72% of the total market.
In 1985 consumption suffered a decrease because German white wine lost some market (**table 3**).
In 1986 wine scandals in Austria and Italy had a negative effect on consumption and German wines were also affected.
United Kingdom has a unique licence system. There are two types:
a) On licence for establishments to sell and consume alcoholic beverages: pubs, bars, hotels, restaurants, etc.
b) Off licence for establishments to sell wine which correspond to retailers.
In 1985 retailers accounted for 70% of total sales. However, twice the revenue per liter is generated in the on-trade through restaurants and pubs.

The value of sales in the off trade has been held back by several factors. These include tax cuts, price cuts by suppliers and the trading of cheap wine adopted by a number of multiple grocery chains.
Multiple grocers were the dominant outlets among retailers with 46% in 1986 (**table 4**).
The tendency is towards a more widespread use of own labels which in 1985 accounted for 35% of total sales (**table 5**).
The top ten wine brands accounted for 16% of the total volume sold in 1985 by retailers and the top five wine suppliers accounted for 30% of total volume sold by retailers in 1983.

Imports

Wine imports increased from 4.307 thousand hl. in 1985 up to 4.914 thousand hl. in 1988. Both white and red/rose wines increased, although the latter represented 30% of total imports (**table 6**).
The most important exporters are Europe-

(*) Unidad de Economia Agraria. Servicio de Investigación Agraria (D.G.A.) - Zaragoza (España).

Table 2 ***Wine consumption in United Kingdom, 1980-1986 (Million liter).***

	million liter	Variation (%)
1980	259,1	—
1981	257,4	− 1
1982	293,2	+ 14
1983	319,1	+ 9
1984	341,9	+ 7
1985	449,9	+ 32
1986	448,7	− 0,2

Source: Mintel Publications, 1987. Market intelligence Europe.

Table 3 ***Wine sold in United Kingdom, by colour, 1980-1985 (%).***

	White	Red/rose
1980	63	37
1981	66	34
1982	68	32
1983	71	29
1984	72	28
1985	71	28

Source: Mintel Publications, 1987. Market intelligence Europe.

Table 4 ***United Kingdom wine distribution throughout the off trade, 1986 (%).***

Multiple grocers	46
Multiple specialists	33
Independent specialists	8
Independent nonspecialists	8
Co-ops	5

Source: Mintel Publications, 1987. Market intelligence Europe.

Table 5 ***United Kingdom off trade market wine by type of label, 1985 (%).***

Brands	25
Own label	35
Shippers' labels and direct shipment	40
Total	100

Source: Mintel Publications, 1987. Market intelligence Europe.

Table 6 ***Wine imports into United Kingdom by colour, 1985-1988.***

	1985		1986		1987		1988	
	(000 hl.)	(%)	(000 hl.)	(%)	(000 hl.)	(%)	(000 hl.)	(%)
Red/rose	1.242	281,0	1.379	31,1	1.457	30,3	1.549	31,5
White	3.065	71,2	3.059	68,9	3.347	69,7	3.365	68,5
Total	4.307	100,0	4.438	100,0	4.804	100,0	4.914	100,0

Source: Industry Forecasts Limited, 1989. The Drink Forecast.

Table 7 ***Wine imports into United Kingdom by origin, 1983-1988 (%).***

	1983	1984	1985	1986	1987	1988
France	39,2	38,6	40,7	43,9	42,4	42,8
Germany	27,4	32,6	31,6	28,6	30,0	30,2
Italy	14,8	12,6	12,6	11,0	10,3	10,0
Spain	7,1	66,0	5,7	6,3	5,8	5,0
Bulgaria	0,7	0,7	0,8	1,2	1,8	3,0
Yugoslavia	5,4	4,0	4,2	4,?	3,9	3,0
Other	5,4	5,5	4,4	4,[illegible]	5,8	6,0
Total	100,0	100,0	100,0	100,0	100,0	100,0

Source: Industry Forecasts Limited, 1989. The Drink Forecast.

Table 8 ***White wine market share in United Kingdom by country, 1983-1988 (%).***

	1983	1984	1985	1986	1987	1988
Germany	38,7	45,4	44,3	41,3	42,8	43,9
France	29,0	27,7	26,9	33,5	32,7	33,1
Italy	12,1	10,2	9,8	9,5	9,0	8,7
Spain	6,9	5,8	5,6	5,8	5,4	4,3
Yugoslavia	7,5	5,6	5,4	5,9	5,4	4,2
Bulgaria	0,5	0,5	0,5	0,7	0,9	1,2
Others	5,3	4,8	7,5	3,3	3,8	4,6
Total	100,0	100,0	100,0	100,0	100,0	100,0

Source: Industry Forecasts Limited, 1989. The Drink Forecast.

Table 9 ***Red/rose wine market share in United Kingdom by country, 1983-1988 (%).***

	1983	1984	1985	1986	1987	1988
France	63,5	66,2	67,0	66,9	64,8	64,0
Italy	21,3	18,7	18,1	14,5	13,5	12,8
Bulgaria	1,1	1,1	1,4	25,0	4,0	7,0
Spain	7,6	6,6	6,4	7,4	6,9	6,4
Portugal	1,6	3,1	3,2	3,8	4,6	3,5
Others	4,9	4,3	3,9	4,9	6,2	6,3
Total	100,0	100,0	100,0	100,0	100,0	100,0

Source: Industry Forecasts Limited, 1989. The Drink Forecast.

an countries. France and Germany accounted for 70% of total imports, and their share was around 40% and 30%, respectively, between 1983 and 1988. However, market shares for Italy, Spain and Yugoslavia has been deteriorating. Spain went down from 7,1% in 1983 to 5% in 1988 (**table 7**).

Germany is the most important white wine exporter, followed by France with 38,7% and 29% of the total market, respectively, in 1983. Theri respective shares were 43,9% and 33,1% in 1988 (**table 8**).

Red/rose imports came mainly from France which accounted for 65% between 1983 and 1988 (**table 9**).

Advertising expenditure

Brand advertising is the most common feature as in United States. Generic advertising has been undertaken by exporter countries (**table 10**). France spent the biggest expenditure between 1981 and 1987. French and Rioja wines have been constantly receiving advertising support.

Denmark

Market structure

Imports do not have any special barriers because local production is almost nil. Thus consumption is closely related to imports and it has been constantly increasing except for 1986 (**table 11**).

Imports and distribution channels are becoming more concentrated and traditional middlemen are disappearing or undertaking specialised functions. The distribution chains are integrating imports into their activities. Thus, in 1986 twelve enterprises accounted for 66% of total sales.

Imports

Bulk wines account for 50% of total imports

which increased from 86.762 thousand liters in 1984 to 98.119 thousand liters in 1987. Red and rose wines moved to 60,7% of total imports in 1987 (**table 12**).
Rioja wines have received the greatest per unit budget which reached up to 14,4 pts per 3/4 l. bottle in 1987. In that respect France dedicated less, around 1 pts per bottle.
Generic advertising was promoted through TV (57%) and the Press (43%) in 1987.
Quality red and rose wine accounted for 50,6% of its total imports in 1987 (**table 13**).
In 1986, French wines were ahead of the rest and they reached 69,7% of total imports, followed by Spanish wines (8,5%) and German wines (8,4%). Italian wines decreased their market share (3,4%) as a result of wine scandals in 1985 and 1986.

Advertising expenditure

Advertising for alcoholic beverages on TV and radio is forbidden in Denmark. So the main channels are the mail and the press (**table 14**).
The main advertising expenditures by exporters in 1984 are gathered in **table 15**. France came first followed by Rioja wines but the latter had the greatest expenditure by bottle (2 pts).

Nordic countries

Market structure

Alcoholic beverages are controlled in Sweden, Norway and Finland by State monopolies. They supervise production, imports and distribution. Their main purpose is to limit alcoholic consumption and the three of them have some common features.
1) The State monopolies are the only means to import wines in those countries. They are: Vin-och Spritcentralen in Sweden, Vinmonopolet in Norway and Alko in Finland.
2) Decisions are taken jointly and normally total number of references offered to consumers remains the same.
3) Imports are mainly in bulk and then bottled in each country.
4) The three markets are characterized by a consumption concentrated on weekends. Wine consumption is low. They are new markets without much tradition. Advertising is forbidden which makes it difficult to introduce new products or brands.
5) Wine is offered in a limited number of outlets and they are controlled by the monopoly. Prices are high as a result of high taxation policies in order to limit consumption. Their policy favours wine imported by bulk in comparison to imported bottle wine.
Free shop areas can be more important than the traditional outlets and wine is increasingly sold there.
The Swedish market is the most sophisticated. It has two monopolies: Vin-och Spritcentralen dealing with production and exports; Systembdaget dealing with distribution. Wine is consumed mainly at home. In 1984, consumption reached 96,7 million liters and 92% was bought at retailers (**table 16**). Hotels, restaurants and bars are able to spend double price per bottle in comparison to retailers. This might provide an opportunity for the future if people tend to eat out more. Driving laws have been very restrictive with respect to alcohol consumption. In 1984 the top ten brands accounted for 39% of total sales. Consumption was divided among red wines (54,4%), rose wines (5,2%) and white wines (40,4%).
Norway is the most difficult market for exporters. The State monopoly has a policy of high prices and a limited number of selling points. Production at home or buying at customs areas with Sweden are becoming important.
Thus in 1987 it was calculated that besides 21,3 million liters which went through the official channels (**table 17**) 12,7 million liters were produced at home and 2,9 million liters were bought at the border with Sweden.
In 1985, 85,5% of the wine consumed was bought at retailers which accounted for 15 million liters. Sales have been increasing since 1982 (**table 18**).
Trends show that wine consumption has been increasing in the last few years (**table 19**). Red wines come on top and France and Spain are the main exporters. Germany and France are the main suppliers for white wine.

Table 10 ***Wine generic advertising expenditure in United Kingdom, by country and region, 1981-1987 (000 £).***

	1981	1982	1983	1984	1985	1986	1987
France	459,2	864,8	801,9	586,7	615,8	1.060	1.174
• Vin de Pays	—	52,2	70,6	—	—	—	—
• Bordeaux	—	—	—	—	—	—	263
Spain	—	—	—	—	212,3	631	1.101
• Rioja	43,7	127,6	179,5	240,5	211,5	147	488
Italy	—	33,7	—	—	—	—	—
Portugal	—	—	—	—	76,6	340	112
• Vinho verde	49,7	—	—	173,2	—	—	—
Bulgaria	—	—	—	—	—	—	338
Germany	—	—	—	—	—	—	—
• Baden	—	—	—	—	80,2	—	140
Total	552,6	1.078,3	1.052,0	1.000,3	1.196,3	2.178	3.616

Source: Key Note, 1988. Key Note Report. An Industry Sector Overview. Wine.

Table 11 ***Wine consumption in Denmark, 1975-1986 (hl.).***

	Danish	Imported
1975	11.490	423.338
1980	16.494	546.173
1981	18.987	638.847
1982	19.427	700.005
1983	22.822	778.162
1984	17.826	792.924
1985	19.790	879.970
1986	16.085	853.986

Source: CFCE, 1985. Les circuits d'importation et de distribution des vins et spiritueux au Danemark y CFCE, 1987. Marché Internationel des vins et spiritueux, n° 4/87.

Table 12 ***Wine imports into Denmark, by colour, 1984-1987.***

	1984		1985		1986		1987	
	(000 l.)	(%)	(000 l.)	(%)	(000 l.)	(%)	(000 l.)	(%)
Red/rose	49.582	57,1	54,653	57,3	55.459	59,5	59.514	60,7
White	37.180	42,9	40.743	42,7	37.703	40,5	38.605	39,3
Total	86.762	100,0	95.396	100,0	93.162	100,0	98.119	100,0

Source: Eurostat. External Trade-Nimexe. A 01-24 Import.

Table 13 ***Wine imports into Denmark, by quality and colour, 1984-1987 (%).***

	1984		1985		1986		1987	
	White	Red/rose	White	Red/rose	White	Red/rose	White	Red/rose
Quality	38,9	49,2	34,4	47,8	39,5	50,3	44,2	50,6
Rest	61,1	50,8	65,6	52,2	60,5	49,7	55,8	49,4
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: Eurostat. External Trade-Nimexe. A 01-24 Import.

Imports

In 1984 around 84% of wine imports of low alcohol content were coming by bulk. France was the main supplier with 36% of the total market. Imports of bottled wine have not had a precise trend (**table 20**).
Norway has been increasing its imports also (**table 21**).

Holland

Market structure

Wine consumption in Holland has not

Table 14 ***Wine advertising expenditures in Denmark (%).***

By mail	47,0
Press	32,0
Posters and buses	4,7
Magazines	4,0
Movies	0,8
Others	11,5

Source: CFCE, 1985. Les circuits d'importation et de distribution des vins et spiritueux au Danemark.

Table 15 ***Wine advertising expenditures, by country or region, in Denmark in 1984 (thousand francs).***

Francia	4.000
R.F.A.	400
Rioja	500

Source: CFCE, 1985. Les circuits d'importation et de distribution des vins et spiritueux au Danemark.

Table 16 ***Wine consumption in Sweden, 1980-1984 (million liter).***

1980	79,3
1981	80,9
1982	86,8
1983	89,9
1984	96,7

Source: Euromonitor Publications, 1987. European Alcoholic Drinks: Trends and Prospects.

Table 17 ***Wine consumption in Norway, 1981-1985 (million liter).***

	1981	1982	1983	1984	1985
Wine	17,1	14,2	16,5	18,1	21,3

Source: Euromonitor Publications, 1987. European Alcoholic Drinks: Trends and Prospects.

Table 18 ***Wine sold in Norway, at retail level, 1981-1985 (million liter).***

	1981	1982	1983	1984	1985
Wine	14,8	11,8	13,4	14,0	15,0

Source: Euromonitor Publications, 1987. European Alcoholic Drinks: Trends and Prospects.

Table 19 ***Wine sold in Norway, by colour, 1983-1987 (hl.).***

	1983	1984	1985	1986	1987
Red	85.720	94.410	106.930	107.410	122.840
White	39.550	45.580	56.750	58.850	70.510
Rose	8.240	8.310	8.700	8.280	8.520

Source: A/S VINMONOPOLET, 1987. Semana Vitivinicola, Extraordinario de exportacion, n° 2180-81.

Table 20 ***Bottled wine imports into Sweden, 1981-1985 (000 l.).***

	1981	1982	1983	1984	1985
< 15% alcohol	12.594	15.259	13.777	11.593	12.390
> 15% alcohol	1.276	1.280	1.362	1.271	1.144

Source: Euromonitor Publications, 1987. European Alcoholic Drinks: Trends and Prospects.

Table 21 ***Wine imports into Norway, 1981-1985 (000 l.).***

	1981	1982	1983	1984	1985
Wine	17.031	10.484	16.770	17.411	20.007

Source: Euromonitor Publications, 1987. European Alcoholic Drinks: Trends and Prospects.

Table 22 ***Wine consumption in Holland, 1980-1986 (million liter).***

	1980	1981	1982	1983	1984	1985	1986
Consumption	181,8	184,5	202,5	199,2	219,5	216,7	216,8

Source: The Economist Intelligence. Unit, 1987. Marketing in Europe, n° 229.

Table 23 ***Wine consumers in Holland by quarter, 1984-1986 (%).***

	1984	1985	1986
1st. quarter	22,4	26,5	24,1
2nd. quarter	24,2	27,5	25,6
3rd. quarter	24,6	25,4	23,5
4th. quarter	29,1	28,9	27,2
Annual average	25,2	27,0	25,1

Source: The Economist Intelligence. Unit, 1987. Marketing in Europe, n° 229.

Table 24 ***Wine imports into Holland, by colour, 1984-1987.***

	1984		1985		1986		1987	
	(000 l.)	(%)	(000 l.)	(%)	(000 l.)	(%)	(000 l.)	(%)
Red/rose	78.510	50,6	78.464	51,0	83.630	53,6	82.021	53,5
White	76,681	49,4	75.420	49,0	72.540	46,4	71.160	46,5
Total	155.191	100,0	153.884	100,0	156.170	100,0	153.181	100,0

Source: Eurostat. External Trade-Nimexe. A 01-24 Import.

Table 25 ***Wine imports into Holland, by quality and colour, 1984-1987 (%).***

	1984		1985		1986		1987	
	White	Red/rose	White	Red/rose	White	Red/rose	White	Red/rose
Quality	51,8	55,8	49,6	58,8	56,5	68,2	60,7	70,0
Rest	48,2	44,2	50,4	41,2	43,5	31,8	39,3	30,0
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: Eurostat. External-Nimexe. A 01-24 Import.

changed much between 1984 and 1986 (**table 22**).

Consumption has the following patterns:

1) The percentage of consumers has not changed during the last years. Around 25% of the total population drink wine (**table 23**).

2) Around 73% of total consumption was at home and 5% at restaurants and cafes. Among consumers, 18% drink with friends.

3) Wine is usually consumed at night (66%) with meals (20,2%) and before meals (8,4%).

4) Around 54% of total consumption was red, 44% was white and 2% was rose.

5) French wine was the most popular (57% of the total consumption) followed by Spanish, German and Italian wines.

6) More than 60% of total sales were made at grocery stores mainly at chain stores. Specialists were losing market.

Imports

Red and rose imported wines were increasing and they accounted for 53,5% of total imports in 1987 (**table 24**). Quality red and rose wine were by far the most popular, with 70% of total imports in 1987 (**table 25**).

Benelux

Market structure

Wine production in Belgium is very limited. However Luxembourg had more than 1.200 ha. in 1984 and production was from 100.000 hl. to 150.000 hl. of white wine. Wine consumption in Belgium and Luxembourg has been increasing from 1980 till 1985 (**table 26**). **Table 27** shows the different wine distribution channels. National chains come first and the company Delhaize was the leader with sales of 28 million bottles per year which represented 25% of the total national market. In 1986 consumers bought for a value of 9,5 billion FB and a total volume of 75 million liters. French wines came first with 78% followed by Italian wines with 12%. The rest was covered by Spanish and German wines.

Table 26 ***Wine consumption in Belgium and Luxembourg, 1980-1985 (billion Belgian francs).***

1980	1981	1982	1983	1984	1985
17,14	18,08	20,11	21,43	22,11	24,28

Source: The Economist Intelligence Unit, 1987. Marketing in Europe, n° 299.

Table 27 ***Wine distribution in Belgium in 1986 (%).***

	Value	Volume
National chains	41,7	43,2
Regional chains	8,7	9,2
Cash and carry	11,8	17,2
Grocers and specialists	14,3	11,9
Others	20,0	15,0
Total	100,0	100,0

Source: The Economist Intelligence Unit, 1987. Marketing in Europe, n° 229.

Table 28 ***Wine imports into Belgium and Luxembourg, 1984-1986 (000 hl.).***

	1980	1981	1982	1983	1984	1985	1986
Imports	195,8	201,5	160,8	141,2	158,5	138,2	135,6

Source: The Economist Intelligence Unit, 1987. Marketing in Europe, n° 229.

Imports

Belgium is not a wine producer country and Luxembourg wines are sold in both countries. They have less than 13% of alcohol. Wine imports are shown in **table 28**.

The main exporters were: France, Germany, Italy, Portugal and Spain. France was also the main supplier of quality wines.

Switzerland

Market structure

Switzerland is a country producer of wines where consumption habits are well developed. The State exerts great intervention and establishes import quotas. As a result of it wines, home produced and imported, have a high quality and commercial channels are well structured. Wine consumption trends are shown in **table 29**.

Wine consumption is quite stable around 300 million liters since 1982/83. Local wine production has increased, reaching 45% of the total market in 1986/87.

Table 29 ***Wine consumption in Switzerland, 1982/83-1986/87 (hl.).***

	1982-83	1983-84	1984-85	1985-86	1986-87
Red wines	2.196.223	2.228.010	2.190.720	2.171.475	2.167.766
• Swiss	342.973	407.731	470.871	476.247	556.134
• Imported	1.853.250	1.850.279	1.719.849	1.695.228	1.611.632
White wines	835.750	893.516	922.112	890.782	967.266
• Swiss	534.706	677.678	743.129	745.377	850.088
• Imported	301.044	215.838	178.983	145.405	117.178

Source: CFCE, 1988. Marché des vins et Spiritueux, 4/88.

Imports

Imported bottled wine has been increasing

Table 30 ***Bottled wine imports into Switzerland, by colour, 1982-1988 (000 l.) (1).***

	Red	White	Total
1982	22.213	6.570	28.978
	(76,6%)	(23,3%)	(100%)
1983	22.273	4.611	26.884
	(82,8%)	(17,6%)	(100%)
1984	24.156	4.317	28.473
	(84,8%)	(15,2%)	(100%)
1985	24.316	4.517	28.473
	(85,4%)	(14,6%)	(100%)
1986	21.792	4.072	25.864
	(84,3%)	(15,7%)	(100%)
1987	—	—	27.562
1988 (2)	27.818	4.697	32.515
	(85,6%)	(14,4%)	(100%)

(1) Data refers to wine with less or equal 15% alcohol.
(2) It includes wines with > 15% alcohol cotent.
Source: CFCE, 1988. Le Marché des vins en Suisse y CFCE, 1989. Marché International des vins et sepiritueux, n° 5/89.

Table 31 ***Wine production in Germany, 1980-1985 (million liter).***

	1980	1981	1982	1983	1984	1985
White wine						
• Table	12,5	11,9	80,1	49,6	106,5	0,5
• Quality	295,5	437,2	985,9	686,3	611,1	185,0
• Distinguished quality	104,8	205,9	308,5	416,5	50,0	312,0
Total	412,7	655,0	1.374,4	1.152,4	767,6	497,5
Red and rose wine						
• Table	1,8	2,1	28,3	3,0	7,5	—
• Quality	61,7	70,5	187,8	138,0	103,1	3,27
• Distinguished quality	5,6	12,9	6,4	32,6	1,2	1
Total	69,2	85,5	222,5	173,6	111,8	4,27

Source: Mintel Publications, 1987. Market intelligence Europe.

during the last few years (**table 30**). Red wines are the most popular ones.
France was the main supplier for all wines followed by Italy and Spain. France was also the main supplier for red bottled wines (64,1%) followed by Italy (19,9%) and Spain (11,9%) in 1988. Italy occupied the first position for white bottled wine with 37,9% followed by France with 32,4%.

Germany

Market structure

German vineyards are of a high productivity but they fluctuate depending on climatological conditions. Production varies from 750 million liters up to 1.500 million liters. Most of it is white wine.
There are variations depending on geographic area from where the wine comes from. Labels are important to provide such information.
Around 65% of wine is consumed at home and the rest, mainly at restaurants and bars. Wine consumption decreased in 1985 and 1986 because of scandals but it has an increasing long trend. France has increased its market share after the scandals.
Quality and distinguished quality wines account for almost all wine production (**table 31**).
Total expenditure on wine has been increasing except for 1985 and 1986 when wine scandals affected consumption (**table 32**). The same happened with per capita consumption.
Souther landers are the biggest consumers. Dry white wines from France are increasing their market share and they are the main competitors for local white wines. There is a tendency towards a greater consumption at home.
Wine sold at wine cellars and through direct mail had a great significance (**table 33**). However the usual retail outlets are appealing for consumers because of its large variety of articles of wine (**table 34**).
There are relatively few brand names because strictive laws control their supply. A number of exceptions exist for low quality wines coming from third countries or produced locally.

Imports

Red and rose imports have been increasing in the last few years and they represented 46,6% of total imports in 1987 (**table 35**).
The share of imported quality wine has been increasing over the years for both red/rose and white wines (**table 36**).
French wines have been increasing their share for wine consumed at home, reaching 25% in 1987. This contrasts with total figures which decreased between 1980 and 1987. Spanish wines have been slightly increasing their penetration (**table 37**).
German wines have the highest market share followed by French wines (**table 38**). Spanish wines have a small participation (around 1%).
French and German wines had the highest average price for bottles of 3/4 l. (**table 39**).

Advertising expenditure

Advertising on German wines was directed more towards regional channels and they attracted more money than any other wine

Table 32 ***Wine consumption and expenditure in Germany, 1980-1986.***

	Consumption			Total expenditure (million marks)
	National	Imported	Total	
1980	12,1	9,1	21,2	6,25
1981	10,3	10,0	20,3	6,52
1982	9,6	11,3	20,9	7,17
1983	12,2	10,5	22,7	7,65
1984	12,5	9,2	21,7	7,35
1985	10,7	10,0	20,7	7,05
1986	10,3	8,6	18,9	—

Source: Mintel Publications, 1987. Market intelligence Europe.

Table 33 ***Wine distribution in Germany, 1980-1985 (%).***

	National		Imported		Total	
	1980	1985	1980	1985	1980	1985
Vineyeards and direct mail	44	46	7	17	34	38
Supermarkets	25	29	59	53	35	38
Grocery retailers	14	12	21	18	16	12
Specialists	8	5	3	3	6	4
Independent wholesales	3	3	3	3	3	3
Others	6	5	7	6	6	5
Total	100	100	100	100	100	100

Source: Mintel Publications, 1987. Market intelligence Europe.

Table 34 ***Wine in the retail grocery sector, 1985.***

	Average number of articles of wine	Average vales per store (DM)
Department stores (7.200 m²)	417	1.125.000
Supermarkets (400 m²)	188	126.000
Supermarkets (1.700 m²)	186	382.000

Source: Mintel Publications, 1987. Market intelligence Europe.

Table 35 ***Wine imports into Germany, by colour, 1984-1987.***

	1984		1985		1986		1987	
	(000 l.)	(%)	(000 l.)	(%)	(000 l.)	(%)	(000 l.)	(%)
Red/rose	321.971	44,2	347.158	45,6	315.755	45,4	346.937	46,6
White	406.058	55,8	413.728	54,4	380.354	54,6	398.177	53,4
Total	728.029	100,0	760.886	100,0	696.109	100,0	745.114	100,0

Source: Eurostat. External Trade-Nimexe. A 01-24. Import.

Table 36 ***Wine imports into Germany, by quality and colour, 1984-1987 (%).***

	1984		1985		1986		1987	
	White	Red/rose	White	Red/rose	White	Red/rose	White	Red/rose
Quality	11,1	26,4	12,6	25,8	13,8	30,6	14,6	33,5
Rest	88,9	73,6	87,4	71,2	86,2	69,4	85,4	66,5
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: Eurostat. External Trade-Nimexe. A 01-24 Import.

Table 37 ***Home wine consumption in Germany by origin, 1980-1987 (%).***

	1980	1985	1986	1987
All	65	64	61	64
German	51	47	45	48
French	15	23	24	25
Italian	18	19	15	14
Austrian	14	7	1	1
Yugoslavian	13	15	15	15
Hungarian	12	10	6	7
Tunisian	6	6	5	5
Spanish	—	3,5	3,6	4,4

Note: Percentage of households which bought at least once a year.
Source: CFCE, 1988. Marché International des vins et spiritueux, n° 4/88.

Table 38 ***Wine market shares in Germany, by origin, 1980-1987.***

	1980	1985	1986	1987
German	67	61	63	66,2
French	6	13	16	14,3
Italian	9	11	7	6,1
Yugoslavian	3	4	5	4,9
Hungarian	3	2	2	1,7
Austrian	5	2	1	0,2
Tunisian	1	1	1	1,3
Spanish	1	1	1	0,9

Source: CFCE, 1988. Marché International des vins et spiritueux, n° 4/88.

Table 39 ***Average bottle wine prices in Germany, by origin, 1986-1987 (marks/bottle).***

	1986	1987
Bottle (0,7-0,75 l.)		
• Average	5,05	5,02
• French	5,37	5,37
• German	5,44	5,37
• Italian	3,91	3,05
• Spanish	4,50	4,57
• Yugoslavian	2,86	3,07
Bottle (1 l.)		
• Average	4,33	4,39
• French	3,05	3,21
• German	4,81	4,79

Source: CFCE, 1988. Marché International des vins et spiritueux, n° 4/88.

Table 40 ***Generic and brand wine advertising expenditure in Germany (000 DM).***

Generic advertising	
— German wine	2.787,6
— German wine (regional advertising)	13.825,0
— French wine	
• Quality wine	1.200,0
• Regional wine	2.800,0
• Alsace wine	447,0
— Italian wine	1.630,0
— Austrian wine	1.073,3
Brand advertising	
— Amselfelder (Yugoslavia)	4.894,3
— Mornag (Tunis)	1.082,8
— Mateus Rosé (Portugal)	1.580,5
— Langguth Erber (Germany)	1.143,0

Source: CFCE, 1986. Les Circuits d'importation et de distribution des vins et spiritueux en Allemagne Federale.

in 1985. French wines came second (**table 40**).
However the highest expenditure per bottle corresponded to regional wines from France followed by Italian wines (**table 41**). In 1987 the biggest campaign was performed by Bade wines with 5 million marks followed by the Yugoslavian wine «Amselfelder» more than Italian and German generic advertising (CFCE, 1988).

Conclusions

It is common that wine producers think of the most important supplying countries and that wine markets are saturated following their internal market situations . However, there are global markets and some segments where demand is expanding.
This paper has focused on some countries where demand is increasing. Normally those markets correspond to low wine per capita consumption areas. Administrative barriers (tariffs, quotas, etc.) still exert an impediment to develop their wine consumption. Advertising and promotion could have a great impact on the future.
The analysed situation corresponds to high income countries, where quality is appreciated and their consumer habits differ quite drastically from the traditional producing countries. White wine consumption is still more widespread than red and rose. Distribution channels are well developed and the percentage of sales through commercial chains is very high. Brands play an important role and most commonly are better known than specific geographic origins. Consumers have a determined image related to the country of origin.
Most of the markets are within the EEC boundaries and hopefully EEC rules should help to develope an increasing and more transparent market where new oportunities should appear.
Advertising expenditures will be crucial. Producers, assembled by regions or countries, should face the extra costs and reach new potential markets. ●

Table 41 ***Generic wine advertising in Germany, by origin, 1985 (pts/bottle 3/4 l.).***

France	
• Quality wine	0,77
• Regional wine	2,6
• Alsace	1,1
Italy	2,4
Germany	
• General	0,195
• Regional	0,975

Source: CFCE, 1986. Les Circuits d'importation et de distribution des vins et spiritueux en Allemagne Federale y. Consejo Regulador DO Rioja, 1989.

References

A/S VINMONOPOLET, 1987. Informe de Suecia. La Semana Vitivinicola. Extraordinario de exportación, no. 2180-81.

CFCE, 1985. Les circuits d'importation et de distribution des vins et spiritueux au Danemark. Paris.

CFCE, 1986. Les circuits d'importation et de distribution des vins et spiritueux en Allemagne Federale. Paris.

CFCE, 1987. Notes et etudes economiques et commerciales: Danemark. Nouvelles des entreprises: Danemark. Marche International des vins et Spiritueux, no. 4/87. Paris.

CFCE, 1988. Informations economiques et commerciales: Danemark. Notes et etudes economiques et commerciales: Allemagn Federale. Marché International des vins et Spiritueux, no 4/88. Paris.

CFCE, 1988. Le Marché des vins en Suisse. Paris.

CFCE, 1989. Suisse. Marché International des vins et Spiritueux, no. 5/89. Paris.

EUROMONITOR Publications, 1987. European Alcoholic Drinks Trends and Prospects. Londres.

EUROSTAT, 1982. External Trade-Nimexe. A 01-24. Import.

EUROSTAT, 1983. External Trade-Nimexe. A 01-24. Import.

EUROSTAT, 1984. External Trade-Nimexe. A 01-24. Import.

EUROSTAT, 1985. External Trade-Nimexe. A 01-24. Import.

EUROSTAT, 1986. External Trade-Nimexe. A 01-24. Import.

EUROSTAT, 1987. External Trade-Nimexe. A 01-24. Import.

EUROSTAT, 1988. External Trade-Nimexe. A 01-24. Import.

EUROSTAT, 1989. External Trade-Nimexe. A 01-24. Import.

FAO. Committee on Commodity Problems. Intergovernmental Group on Wine and Wine Products, 1988. Wine Market Situation 1987-88 and Prospect 1988-89. Document CCP: WI 88/1. Roma.

Industry Forecasts United, 1989. The Drink Forecast. Key Note, 1988. An Industry sector overview. Wine. Key Note Report.

The Economist Intelligence Unit, 1987. Non alcoholic and alcoholic beverages in Belgium, France and the Netherlands. Marketing in Europe, no. 229. Londres.

Mintel Publications, 1987. Market intelligence Europe; wine in the UK, wine in France, wine in West Germany. Vol. 1. Londres.