Economics of agriculture
SI – 2
UDK: 663.2:339.13

TRENDS IN THE MARKET OF WINE

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Abstract

The market of wine depends on many factors (supply, demand, production conditions, environmental conditions, technical equipment, etc.). The fall in prices of wine was to stimulate consumption. The last process is a market adjustment and it rather that fall of wine prices are automatically accompanied with the consumption grow. Given that the European Union is the most important wine market in the world, the paper described the EU wine market, consumption, market segmentation, production, trends, imports, exports, with emphasis on the opportunities and threats for exporters and producers in developing countries.
Key words: *markets, wine, trends, EU*

Introduction

Wine production in the EU has been variable in recent years and there is a decline in production. "The ten leading producers of wine in 2008. year were: Italy (18.1%), France (15.4%), Spain (12.9%), United States (7.1%), Argentina (5.5%), Australia (4.6%), China (4.5%), South Africa (3.8%), Germany (3.7%), Chile (3.2%)." (*Castellucci*, 2009) Production in 2008. year was about 162 million hectoliters, which is less compared with 164 hectoliters in 2007. year. Production in 2008. year, and in 2007. and 2002. year, the lowest recorded production of wine in the last 15 years. The leading wine producers are Italy, France and Spain (together with the participation of 75-80% of the total EU production). EU wine production has traditionally been located near the small vineyards (limited production for the industry). Vineyards in Australia,

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Argentina, Canada, New Zealand and the U.S. (have to offer wines at lower prices) were about 20 times higher compared to vineyards in Europe. “For example, producers from the North and South America and Australia is not a bad situation. Participation of wines from these regions in total sales increased by 3% in any 1990th year, to 30% in 2008. the year.” (*www.casopisvino.co.rs*) The total consumption of wine in the world amounted to 243 million hectoliters (2008). Europe is most important wine market in the world (about 70% of consumption of wine in the world). EU resident consumes about 30 liters of wine (2008), provided that the level of spending in different member states and varies significantly (from 1 to 50 liters per year per capita). Also, significantly differ and preferences of consumers in member countries. The leading consumer of wine in the EU is France, followed by Italy and Germany. While the consumption in countries that traditionally consume wine more stable or slightly declining, the new wine consumer countries (Northern countries, eg., United Kingdom) can be observed a significant increase in consumption. Consumption of wine is slightly decreased in 2008. and 2009. year, which was expected due to the economic crisis. “Countries in the EU produce approximately 60% of the total amount of wine in the world, but even though European manufacturers still have no solution for the global power consumption, especially in those countries where wine has always been more than life figure in any of the reports economists.” (*www.casopisvino.co.rs*) The same source points, only in France, the most famous wine country of the world, consumption per capita has fallen to 43l per year. For example, the figure in 2007. amounted to 47 l and 1959th even 120 liters. These results are probably a result of changes in relation to lifestyle and stricter regulations governing the permitted amount of alcohol in the blood of the driver. “In Western Europe consumption of wine, it is 33.9 liters (the rate of decline in consumption of 0,4%), while in Eastern Europe and 13 litres of the same marked decrease in the consumption rate of 1.14%.” (*Štrbac Maja*, 2007) Trends identified include: wine market is “overcome” economic crisis, growing sales of wine in supermarkets; positive influence of moderate red wine consumption on human health is influenced by the growth of wine consumption; demand for lighter wines; demand for fair trade and “organic” wines; growing importance of packaging bottles and wine stoppers.

Market segmentation

Depending on the color and type of wine, identified the following segments: 1) Red wines: red wines contain from 8-15% alcohol. Red wines are most popular wines in the EU. Red wine is made from one or more varieties of grapes. There are differences between Member States in consumption of red wine, but it is the largest consumption of Pinot Noir, Cabernet Sauvignon and Merlot; 2) White wines: White wines contain from 8-15% alcohol, and other types of wines that are most consumed in the EU. Consumers generally prefer dry white wines. As with red wine, there are differences between Member States in consumption of white wine, but it is the largest consumption of Chardonnay, Sauvignon Blanc and Riesling; 3) Rosé wine: Rosé wines also contain from 8-15% alcohol. In recent years, growing popularity of rosé wine, and is treated as an exclusive summer drink; 4) Sparkling Wine: Sparkling wines, white or rosé wines generally contain 8.5% alcohol or more. The most consumed: Chardonnay, Pinot Noir, Pinot Meunier and Muscat Blanco; 5) Champagne is the sparkling wine of origin "Champagne" region. Consumers often do not distinguish between sparkling wine and champagne. The market for wine in the EU according to the amount of cost (€/bottle of wine) can be divided into three segments/ categories: high, medium and low. High market segment or so, "Premium segment" is expensive and high-quality wines, priced higher than the 10 €/bottle. Mid-market segment includes the popular less expensive wines, with the higher price of 4 - 10 €/bottle. Low segment consists of wines that sell for less than 4 €/bottle.

Trends in the market of wine

The main trends observed in the market of wine are as follows. The market for wine is "overcome" economic crisis. Global economic crisis did not significantly affect the consumption of wine in the EU. Consumers are in 2009. year consumed less expensive wine instead of "reduction" in consumption (especially at home). Wine producers who sell large quantities of hotels and restaurants (reduced consumption) are more difficult to be "affected" crisis. Rising sales of wine in supermarkets. Consumers are increasingly buying wine in supermarkets. Because of the large supply of wine of different manufacturers, can get relatively good quality wines at affordable prices. In general, consumers in the EU are showing more interest in wine "unusual/suspicious" of geographical origin, such as new wines from exotic countries. However, traders and consumers in the EU needs a lot of time in order to ensure the quality of wine produced and imported from developing countries (so-called "non-traditional countries"). For example, Chile and South Africa are now accepted as the country's wine producers. On the other hand, wines from Uruguay were not identified. It is expected that the wines from developing countries to be more recognized by consumers in the near future. Positive effects of moderate wine consumption on human health have influenced the growth in consumer spending have been notified and have become more aware of the positive effects of moderate consumption of red wine to preserve and improve health. Wine contains antioxidants such as phenols and flavinoidi. It is believed that levels of antioxidants affect health. Modern medicine considers the impact on the human organism specific and worthy of attention. These are just some of the beneficial influence of wine, which recommend consuming and scientists. Wine and other foods should be consumed sparingly. If the entries in excessive quantities, can harm the body of wine to a large extent. (*www.organicwinejournal.com*) It is expected that further growth in consumption of red wine. "Consume a small amount of wine with a meal can be a good protection against decay brain cells, suggests the study by Italian scientists. However, too much alcohol have opposite effect." (*Štrbac Maja*, 2007) Given the trend of a healthy lifestyle and maintain optimal body mass, increasing demand for wines that contain a lower percentage of alcohol. Forecasts the growth in popularity of wine containing 11 to 11.5% alcohol and apply to all types of wine. Growth in demand for "fair trade" and "organic" wine in most EU member states is growing interest in "fair trade" wine. Selling "fair trade" wine record growth every year since about 30%. Consumers are also interested in "organic" wines. The main reason for this is all polluted environment in which to produce grapes and wine. Analogous to other branches of plant production in viticulture and enology are increasingly using chemical means, which threaten to contaminate not only the ecosystem but also human health. As reply this condition, but have formed various national and international ecological societies, which have accepted the task of all available measures to fight against further pollution eco environment, and for the production of healthy and biologically valuable food. (*Avramov et al*., 1991) In addition to reducing the number of spraying and application of organic fertilizers and modern machinery contribute to the production of grapes, which is biologically healthy. Wine made from this grape is also healthier, and besides that reaches twice the price on the international market. (*Đekić Snežana*, 1992) Some supermarkets in the EU have introduced their own standards in accordance with "fair trade". For example, the Dutch supermarket chain Albert Heijn has standard "Puur & Eerlijk" to "fair trade" and "organic" products. "In most developed countries in the world vineyard growing demand for products from grapes without pesticide residues and other harmful substances, which encourages the development of specific forms of production such as organic (environmental, biological). In Serbia, the organic production of grapes still in its infancy." (*Korać Nada et al*., 2009) The same authors suggest, Ministry of Agriculture, Forestry and Water Management issued the Law on organic production and organic products (Official Gazette of the Republic of Serbia no. 62/06) and accompanying regulations. Lacks practical experience. The success of organic production of grapes, among other things, depends on the proper selection of varieties and varieties appropriate agricultural technology. "Under the control of professional activities grape production is assumed rigid control of all production grapes, which must be in accordance with the adopted study for given wine." (*Štrbac Maja*, 2009) Growing importance of packaging/shutter recent years, using many new packages that have been introduced and accepted by the trade and consumers (eg, "bag-in-box", packaging exclusive of wine). Instead cork shutter, are increasingly using plastic threaded closures. In addition to bottles of 0.75 and 1 liter bottles are significantly represented 2-5 liters, and the aggregate package of 2x1-5x1 liter in an attractive package. "Ten leading importer of wine in 2008. year are Germany (16.4%), United Kingdom (9.9%), United States (9.9%), Russia (6.9%), France (6.8%), Netherlands (4.1%), Canada (3.8%), Belgium (3.7%), Switzerland (2.2%) and Denmark (2.2%)." (*Castellucci*, 2009) In the period 2004-2008. the value of wine imports (EU) recorded an increase of 3.8% per year. In 2008. year value of imports amounted to 10.9 billion €. Northern Europe "depends" on imported wines, as climatic conditions limit production in this region. Proportion of countries in EU imports is as follows: France (36% of total imports), Italy (17%) and Spain (9.9%). Developing countries have a share of 10% of the total wine imports in the EU. The leading vendors/suppliers from developing countries were Chile (4.7%), South Africa (3.8%) and Argentina (1.2%). Protected geographical origin of wine in the EU are of high quality ("premium"). Wines from developing countries are often not competitive in this category of wine. Red and rosé wines are mostly imported into the EU. White wines are in second place with the participation of 29% of the total imports of wine, sparkling wine, followed by 9%. In the period 2004-2008. the growing import of all types of wines from developing countries. The largest increase in the value of imports of red and rosé wines (28% in 2008), followed by white wine at 15%. Participation of developing countries in imports of sparkling wine is very small and amounts to 2% in 2008. year. In 2008. year, bottled wine participate with 84% of the total value of imports, while 16% involved with packaging of wine is greater than 2 liters. Compared to the 2002nd year, imports of bottled wine, marked a decrease of 1%. Larger packs of wine recorded a slight growth in imports and 20% in 2004. year to 21% in 2008. year. In the period 2004-2008. the EU wine exports registered an annual growth of 5.7%. The leading exporting countries were: Italy (1.5 billion € in 2008./growth of 8.4%), France (1.2 billion €/0.2%), Spain (0.8 billion €/6,5 %), Germany (0.3 billion €/17.6%) and Portugal (0.2 billion €/3.9%). These five countries together have a share of 89% of total EU exports of wine (2008) and 60% of world exports. "In addition to Italy, France and Spain, the world's leading exporters of wine in 2008. year are: Australia (7.8%), Chile (6.6%), United States (5.2%), Argentina (4.7%), South Africa (4.6%), Germany (4.0%) and Portugal (3.2%)." (*Castellucci*, 2009) Trends in the wine market in the EU may be opportunities for some, a threat to other manufacturers and exporters of wine at the same time. The above trends, each manufacturer and exporter should be analyzed in accordance with its capabilities. At the same time is very important to select appropriate sales channels in the EU. For exporters in developing countries that are specialized shops and "medium" importers. Supermarkets are important wine market in the EU, but not for medium and small exporters from developing countries (do not have enough demand that supermarkets). Specialist shops and "medium" importers are the best choice for exporters from developing countries, because they know the local market and have a good "relationship" with the target segment in the EU market. They are more interested in selling exclusive wines and often assist in promotional activities which is of great importance for the producer/exporter of wine. Also, establish important business contacts at trade fairs. In order to have success on the EU market, the quality of wines from developing countries must match the tastes of consumers. EU consumers generally prefer mild and dry wines of good quality of all kinds. Of course, there are differences in consumer preferences between the EU member states. It is necessary to build an attractive and original image, but adapted to the EU market. Pay attention to the text and style of expression that is becoming increasingly important (describe wine that is unknown to the consumer) in order to attract the attention of consumers. It is recommended that more producers in one country sell their wines at the same time the EU market. This allows to easily and effectively promote the geographical origin of wine, ie., the country/state. The EU is the world's largest importer of wine.

Conclusion

Europe is the most important wine market in the world. European consumption of wine is about 70% of total world consumption. Wine production in the EU has an interest of 60% of the total world production. Based on the foregoing, the following main opportunities and threats for wine exporters and producers from developing countries:

- In the period 2004-2008. year, there is a growth of imports from developing countries;
- Wine imports from developing countries recorded growth of 7.8%;
- Red and rosé wines are the largest group, which manufactures the fastest growing;
- Developing countries have the largest share in imports of these wines (28%);
- There is interest in the wines "origins unusual", except that consumers are still unsure of the quality of these wines and have a longer period of time to decide to buy them;
- Rising consumption of wine in the "new" countries to consumers of wine (northern countries);
- Most important sales channels for manufacturers and exporters of wines from countries in the development of specialized shops and the "middle" importers. For large exporters, supermarkets may also be appropriate sales channels;
- For a time of economic crisis, the total consumption of wine in the EU recorded a slight decrease.

The EU is the main import market wines in the world. On the EU market there is a chance for the placement of good wines from developing countries.

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