

Global *Wine Village*

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Season Greetings and best wishes for a prosperous 2013!

Greetings

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Markets/Regions

Looking at the Korean wine market



Last year, the Korean market imported 26 million liters of imported wines – this is easily double that of the Philippine wine imports. The 26 million liters is 6 percent above volume from 2010. But this 2012, wine imports and local wine consumption is expected to grow a lot higher after last year's 20 percent cut on wine import duties by the local government, from 75 percent of CIF price to a more respectable 55 percent. The lower duty may not translate necessarily to lower wine prices for consumers, but it has definitely been a welcome bonus to wine importers who have been complaining of higher cost of selling in the past years.

Chile leads the country in market share on wine import volume last 2011.

Chilean wines are 25 percent of total, or 1 out of 4 bottles bought in all of Korea. Chile is followed by Spain with 22 percent market

share, and Italy with 16 percent. France was in 4th place with 15 percent share of wine import volume, but actually leads in share by value of wine import in 2011 with an overwhelming 33% share.

Chile is second in value with 22 percent, followed by Italy with 17 percent.

Red wines are still 68 percent to the 32 percent of white wines, a good improvement from the 76 percent to 24 percent ratio 5 years ago.

Korea will be a wine boon for many years to come and should be in the radar of all serious wineries looking at Asia. While China is always the target of all the major exporting wineries when looking at Asia due to its obvious upside.

manilastandardtoday.com/2012/11/06/looking-at-the-korean-wine-market/

The rise of the African consumer

The single-largest business opportunity in Africa will be its rising consumer market.

By now, most investors and businesses know about the tremendous potential of Africa – the world's second-fastest-growing region, topped only by emerging Asia. But it may come as a surprise that Africa's growth is fueled not by resources but rather by a rising consumer market.

The continent's consumer-facing industries are expected to grow by \$400 billion, representing its single-largest business opportunity, by 2020. But many companies don't know how to translate this potential into action, because of a dearth of market research.

Five categories of consumption were covered: apparel, financial services, groceries, the Internet, and telecommunications.

www.mckinseyquarterly.com/Marketing/Sectors_Regions/The_rise_of_the_African_consumer_3030



2012 Vintage Report: Europe



From the Iberian Peninsula to Germany, wine-growers faced low quantities of grapes and a lot of work in the vineyards.

In Germany, wet weather created constant work in the vineyards. In Austria, Spain and Portugal, drought was the main factor, reducing the crop and challenging growers to nurture ripe, balanced fruit. Quality looks good, quantity not so much.

Austria

In Austria's leading wine regions, 2012 delivered a small, high-quality crop, with grapes showing moderate acidity. Besides the late-spring frost, an extended drought cut yields as well, but nearly ideal growing conditions and dry harvest weather yielded excellent-quality fruit.

Germany

It was a tough vintage for German vintners, with cool, rainy weather, reduced yields and disease pressure. The cold weather in May resulted in abnormal fruit set, or millerandage. This was followed by a period of rainy weather that resulted in mildew. But a hot August

halted its spread, and September featured warm, dry weather that extended into October.

The vegetation period of 2012 required a lot of attention, care and hard work in the vineyards.

Portugal

A lengthy drought across the region, already famous for hot, dry conditions, meant that some parcels produced excellent, concentrated grapes, while others produced almost no fruit. Not all vineyards produced great wines, as the drought caused some stress to the more exposed vines and to the drier parcels.

Spain

The past year has been a test of faith for many winemakers in Spain, as a drought that started in 2011 dragged on throughout 2012. The hot weather brought an early harvest and small yields.

Across various wine regions, quality depended on the skill of growers and in some cases, plain luck.

www.winespectator.com/webfeature/show/id/47704

Amazon unveils wine marketplace in some U.S. states



Amazon.com Inc unveiled a new online wine marketplace, in the company's second attempt to crack a sector curtailed by a tangle of complex regulations.

Amazon Wine launched more than 1,000 wines from wineries in the United States, including Francis Ford Coppola, Hall, Mark Ryan, Eden Canyon, Pepper Bridge and Roadhouse.

The world's largest Internet retailer said customers could order up to six bottles for a shipping fee of \$9.99.

The service will be available to California, Connecticut, Florida, Idaho, Illinois, Iowa, Nebraska, Nevada, North Carolina, Oregon, Washington, Wyoming and the District of Columbia.

Indeed, the limited number of states highlights the challenges of online wine sales due to regulations governing the sale and delivery of alcohol across U.S. state borders.

uk.reuters.com/article/2012/11/08/us-amazon-wine-idUKBRE8A710Y20121108

Luxury goods market slows down

Growth in the luxury goods market, including fine wines, Champagne and premium spirits is slowing.

An authoritative survey from Bain & Co says that the imminent change in China's government is causing uncertainty among the country's growing middle class, who are moderating their spending and giving fewer gifts than otherwise they might.

In 2010 and 2011 demand for luxury goods in China grew by an eye-watering 30% and 35% respectively, but this year it will slow to 18% as the country's overall economy decelerates from frenetic double-digit annual growth rates to a more sustainable rate of about 7%.

As the Chinese are the leading engines of growing demand in the luxury goods market, overall spending growth across the globe will slow to 5% this year according to Bain, compared with 13% in 2011 and 8% in 2010.

www.thedrinksbusiness.com/2012/10/luxury-goods-market-slows-down/



In-store vs. online shopping: Are brands losing the connection with customers?

The shopping experience is starting to lose its touch. Is the new 'avenue' of shopping online causing brands to lose existing and potential connections with customers?

Let us take a look at how the online experience is affecting a brand's ability to create and sustain meaningful connections:

1. The shopper loses the ability to fully experience a brand online: Sensory engagement is key in establishing an emotional connection with a brand, especially when it comes to products that require a tangible experience.

2. Independent retailing: We have recently seen the rise in popularity of independent online retailers in South Africa. The relationship between the brand, the retailer and the shopper is being challenged. The challenge to brands which are being sold through independent retailers, whether online or direct, is that the shopper is building the connection with the retailing site. This trend is also giving these retailers the advantage of being able to profile their shoppers and shopping trends and use this data to their advantage and allow them to actively market relevant products or events.

3. Couch surfing vs. shopping mall frenzy: With delivery and payment methods that allow for the shopper to purchase from the comfort of their home or office, and delivery to their door, consumers are not having to contend with crowds in shopping malls any more. Brands should be encouraging shoppers to make this trip a unique and memorable experience.

4. Breaking the habit: Online shopping makes habitual purchases easy, but this now creates a challenge for brands that are not in the shoppers consideration set. Getting a

shopper to change their habitual purchases online will be tricky and will require using innovative persuasion tactics to engage with shoppers in the online world. If the shopper isn't going to you, go to the shopper. Social networks can be used to make an impact on habitual shopping patterns; viral campaigns and targeted online advertising are examples of how to grab a consumer's attention and place you in their consideration set.

Do you like it? Shopping has traditionally been a social experience and by moving the shopping experience online, it has lost its social 'appeal'. Brands have started to use social networks to display catalogues in an attempt to keep the social aspect alive. These networks have allowed shoppers to browse, share opinions and start conversations online about their favourite brands. Not only has shopping become easier, but socialising too can take place from the comfort of your couch.

Although online shopping serves some shoppers best in today's busy world, this is impacting on brand equity as the emotional connection between brand and customer is lost through the online world.

www.bizcommunity.com/Article/196/82/84478.html



China: 1.3bn People, 19m Wine Drinkers, Six Types of Consumer

With 1.3bn people living in China, the idea of trying to get a handle on collective consumer behaviour seems impossible. But, the number of people drinking imported wine is slightly more manageable, at 19m. Wine Intelligence, which calculates that figure based on its years of research in six of China's Tier 1 and Tier 2 cities, has identified six distinct consumer groups within the wine-drinking population.

Wine Intelligence's country manager, Maria Troein said that the Chinese market is still at an early stage of development. Most consumers are still relatively new to the category, and it is too early to say how their relationship with wine will evolve. She continued that despite the early stage of market development, distinct consumer groups have begun to emerge.



The two most important Portrait groups, at least in terms of their current impact on the market, are described as 'Adventurous Connoisseurs', and 'Prestige-Seeking Traditionalists'. Between them, they account for 65% of all spending on imported wines, and just under a third of consumer numbers.

Adventurous Connoisseurs are high-spending, confident wine drinkers, who buy from a

broad range of wine styles and indeed a variety of retail channels. For them, wine is a frequent treat, in social, domestic or business surroundings. Typically in their 30s, and generally male, this group regards wine as part of the sophisticated, cosmopolitan lifestyle which for them defines the new China.

The Portrait group that arguably seems most familiar to Western observers is the Prestige-seeking Traditionalists: a wealthy, conservative group who tend to do much of their wine drinking in the business world.

This is the group that is usually blamed for soaring cru classé prices.

Two Portrait groups to watch are the 'Social Newbies', a young group that already makes up 26% of the wine-drinking population, and the middle-aged, mainstream 'Casual-at-Homers', which account for 18% of wine consumers. Troein tips both groups for growth, given the right encouragement.

That encouragement could take a number of different forms. Many Chinese consumers already see wine as a symbol of a modern, sophisticated lifestyle, and there is a widespread perception that there are some health benefits too.

Education will play an important role, Troein predicts, especially for the top-spending groups. The data shows that some consumer segments do, in fact, enjoy learning more about wine, and crave wine-related information and education.

www.just-drinks.com/analysis/13bn-people-19m-wine-drinkers-six-types-of-consumer_id108774.aspx

Packaging

SA wine to get labour label?



Trade and Industry Minister Rob Davies said that wine farmers may have to label their products to indicate they were produced under fair labour conditions.

According to him the government is continuously busy promoting our interests and products internationally, but at home we expect to see progress as far as issues like ethical trade practices are concerned.

He further continued that he would take the label issue further, and that it might amount to farmers being compelled to put labels on their products assuring consumers the wines were produced under humane labour conditions.

business.iafrica.com/news/827546.html

SA follows global trend in move to all-aluminium cans



South Africa is to follow the global trend of replacing tin-plated steel beverage cans with aluminium-bodied cans, with the first locally produced all-aluminium cans set to hit the market mid-2013.

South Africa's beverage cans, both soft drinks and beer cans, are currently produced with a steel body and aluminium can-ends and tabs.

JSE-listed Hulamin, which supplies the aluminium products for can-ends and tabs, last week signed a two-and-a-half year aluminium sheeting supply deal with South Africa's sole beverage can manufacturer, Bevcan.

The Nampak subsidiary is currently converting at least four of its more modern tin-plated steel can production lines to enable production of aluminium cans.

The group would most likely phase out the older production lines as it moved to eventually completely stop producing tin-plated steel cans.

www.engineeringnews.co.za/article/sa-follows-global-trend-in-move-to-all-aluminium-cans-2012-11-13

Productivity

Ten unusual wine-producing areas

The world is full of strange fruit indeed. For the past two decades, the number of winemakers attempting to grow grapes for drinkable wine outside 32-52° and 28-46° latitude has only increased.

As the market for wine globalises, so too do the areas for producing it.

Advances in technology and unfortunately, climate change have really pushed out wine-growing frontiers, spurred on by adventurous investors who see the potential to capitalise on emerging markets, for instance in China or India.

But in some countries, such as Tunisia, it's not a case of new frontiers, but rather unearthing an old and long-forgotten winemaking heritage.

1. Japan

This country falls into the New-Old, with Portuguese Jesuit missionaries credited with starting wine production in Japan back in the 16th century. But since then, the dominant style of wine has tended to be one suited to local tastes and virtually undrinkable outside the country: sweet white wine made from a native, pink-skinned variety, Koshu. But with globalisation and changing palates, a small group of growers have produced wine that is garnering praise at international tastings.

2. The Netherlands

Despite being sandwiched between wine behemoths France and Germany, the Dutch, with their small corner of northern Europe, do not have the range of climates and soils to find a favourable place for growing vines, in other words, it's just too cold and damp. That is until recently – in the last two decades, the number of wineries has grown to just over 100.

3. Tunisia

Tunisia has always had the sun and soil for robust reds, and the French led production and import of its wine



from the end of the 19th century until independence in the 1950s. But wineries went into state ownership after the French left. Indeed at this point, according to the World Atlas of Wine, Tunisia, along with fellow North African countries Algeria and Morocco, accounted for two-thirds of the entire international wine trade. Production and investment in wine is now picking up after decades of dormancy, and there is small, high-quality production ticking over, but the vast majority of it is consumed in the local tourist market.

4. Cape Verde

Cape Verde's island of Fogo is an (active!) volcano, and the old crater on the island is home to an appropriately grey, lunar landscape, and a tiny village of 1,000 people with no running water nor electricity. But two cooperatives on the plain inside the crater manage to produce a boutique amount – 160,000 bottles a year – of export-quality rosés and whites from Moscatel grapes and a fruity red from a traditional Portuguese variety.

5. Ireland

The oddest of the oddities, there's no old tradition of wine-making to be re-awakened here, no old French, Portuguese or Carthaginian influence to be rediscovered. However the Irish have a long and influential history in wine-making – just not on their own soil. "Irish Wine Geese" was the name given to the thousands of Catholic soldiers who

fled Ireland at the end of the 17th century to settle in Bordeaux, the Loire Valley and Cognac – many of whom would go on to work in the wine trade. These days, a tiny handful of committed wineries are experimenting with Rondo in Lusk and Amur in Cork, for instance.

6. Burma

Burma has two main wineries, producing bottles against the climactic odds.

7. Sweden

Sweden, located at a lofty 59° north. Producers will have to wait for laws to change – at present they can only serve wine through their own restaurants or struggle to get on the shelves of the state-controlled chain of liquor stores.

8. Venezuela

The reason why is still anybody's guess. Perhaps it's because of the lack of winter, which means there are two bumper harvests per year. But of course it's not all about

quantity, and the bodega, a good 450km directly west of Caracas, produces what is said to be drinkable Petit Verdot, Syrah and Tempranillo, as well as a sparkling white.

9. India

Indian wine is at a crossroads of sorts. While the country is big enough to possess several regions where grapes can thrive, shielded against monsoons and tropical heat, the potentially large domestic market is remaining elusive. Local demand is still flatlining, quality has been very patchy, and high import taxes on foreign wine, which would help grow wine culture, are prohibitive.

10. Hawaii, USA

You'd expect to find the likes of sparkling wine made from pineapples in the 50th state, but surely not wine from grapes? Along with skiing, viticulture is another surprising activity in Hawaii.

www.thedrinksbusiness.com/2012/10/ten-unusual-wine-producing-areas/3/

Social environment

Education and training

Wine education booms in China

China is on course to become the Wine & Spirit Education Trust's biggest market by Christmas this year.

WSET chief executive Ian Harris said that a massive surge in WSET students in China proves just how important education is becoming across the Mainland as well as Hong Kong and Taiwan when it comes to alcoholic products, particularly wine.

He further continued that we are now three months into our new academic year and Greater China, which includes Hong Kong, Taiwan and Macau, is close to the UK, our largest market.

10 years ago, 65% of the candidates taking WSET programmes were from the UK ... but now three quarters of those taking the programmes are from international areas.

People on the courses in China have a real thirst for knowledge and they are there because they want to be there – they are rarely sponsored.

They realise that if they increase their education and knowledge they will get a better job, or be promoted, and they see education as a major stepping stone to bettering themselves.

www.thedrinksbusiness.com/2012/11/wine-education-booms-in-china/

Alcohol Abuse

Number of alcohol-related hospital admissions rises above 300,000

Hospital Episode Statistics [HES] for 2011/12 published today show a rise in the number of admissions wholly attributable to alcohol to a record high of 304,200. This represents a 6% rise on 2010/11 and is nearly 30% up on 2008/09, when the measure was first introduced [237,800].

The year-on-year increase in admissions to hospitals directly caused by alcohol is part of a wider upward trend in NHS hospital activity, with the total number of admissions in England passing 15 million in 2011/12.

www.ias.org.uk/newsroom/uknews/2012/news011112.html



France plans huge beer tax increase

Desperate to lower France budget deficit while funding his struggling social security programmes, President François Hollande is pushing through legislation to increase taxes by 160%.

www.thedrinksbusiness.com/2012/10/france-plans-huge-beer-tax-increase/

How smuggling crackdown and new Chinese government will affect wine prices

Fine wine prices will be driven down with the Chinese government's crackdown on smuggling, Don St Pierre has told Decanter.

www.decanter.com/news/wine-news/530550/how-smuggling-crackdown-and-new-chinese-government-will-affect-wine-prices-don-st-pierre-interview

Vineyard robot will prune like a pro

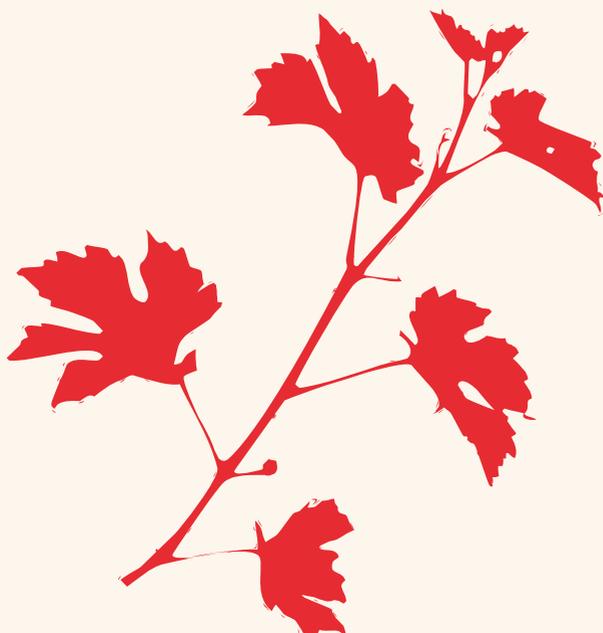
A French engineer is offering wine-growers an efficient way to prune their vines without breaking their back – a robot designed to do it for them.

www.wine.co.za/news/news.aspx?NEWSID=21707&Source=News

2012 Vintage Report: Italy

A wet spring and a hot, dry summer lowered grape quantities across the Italian peninsula and kept winegrowers working hard.

www.winespectator.com/webfeature/show/id/47699



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