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Internationale Fachmesse
Weine und Spirituosen

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University

PROWEIN BUSINESS REPORT 2022

"Out of the crisis – the current situation of the international wine sector"

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Background

What is the aim of the ProWein Business Report?

After the recovery of Covid the world faces yet another crisis. Prices for energy increased drastically and business struggle with disrupted supply chain. Historic levels of high inflation reduce consumer spending, also affected the wine industry.

In its sixth edition, the ProWein Business Report is dedicated to two main questions:

1) To what extend was the wine **sector affected** by the increasing cost of energy, disrupted supply chains and the economic crisis?
2) How will the wine **sector react to these economic challenges**? What proactive measures does the sector undertake to mitigate the impacts of the economic crisis?

The ProWein Business report taps into the knowledge of international wine producers, intermediaries, and wine marketers to answer these question. By combining and contrasting opinions from the complete value chain, it provides a unique economic market barometer.

ProWein and Geisenheim University established a long-term collaboration to provide the wine industry with annual insights on global wine market trends.

ProWein

Starting in 1994 ProWein in Dusseldorf / Germany has developed into what is the leading trade fair for the international wine and spirits industry today.

Once a year industry professionals from viticulture, production, trade and gastronomy, meet for three days of concentrated business and a highly educational ancillary program. International market leaders, importers and exporters, commercial agencies, select vintners and the growing regions from the big wine nations will be represented as well as exhibitors in the spirits segment

Since 2013, there have been regional satellite events of this successful concept all over the world. In the meantime this includes ProWine Shanghai, ProWine Hong Kong, ProWine Tokyo, ProWine Singapore, ProWine Sao Paulo and ProWine Mumbai.

Geisenheim University

Celebrating its 150th anniversary, Geisenheim University today is one of the leading wine research and education centres in the world. It hosts more than 1,800 students studying various German and English bachelor and master degrees in viticulture and enology, international wine business and beverage technology among others. Since 2021 the new MBA for Management in the Wine Sector complements the course program.

Applied and fundamental research is at the heart of Geisenheim's research activities. Geisenheim University is well known for its extensive global research network and international collaborations.

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Chapter 1

WHO PARTICIPATED?

Global report covering all players of the supply chain

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Almost 2,500 experts shared their opinion

- Commissioned by ProWein for the **sixth time**, Geisenheim University has surveyed 2,455 experts in the wine industry **from 48 countries**. Full details are provided at the end of the report.

- The ProWein Business Report is unique because it assesses the **state of the whole wine supply chain**. It collects opinions from wine producers, exporters and importers as well as retailers, wine trade and gastronomy.

- Each report focusses **on topical issues** of the wine sector. This year's report looks at the challenges the industry faces from disrupted supply chains, rising costs and the global economic crisis. The report also outlines strategies of how the industry reacts proactively in response to these challenges.

- The ProWein Business Report continues to be the **globally most comprehensive trend barometer** of the international wine industry.

Participants

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Online survey (n=2,455)
November 2022; 5 languages

Producers (n=1,193)

- **Small wineries** (n=840) (mainly use own grapes)
- **Cooperatives** (n=119)
- **Large wineries** (n=234) (mainly buy grapes or bulk wine)

Intermediaries (n=624)

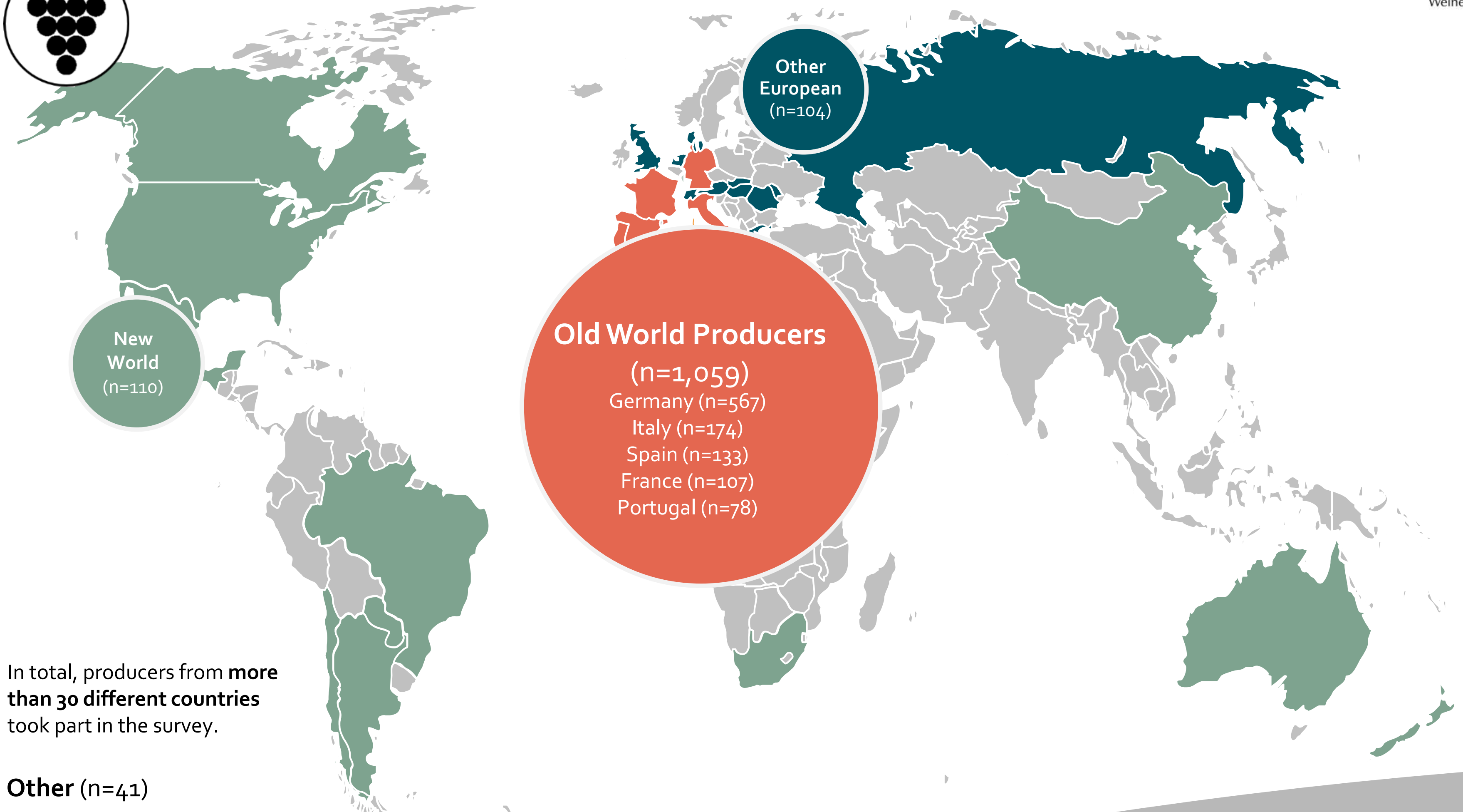
- **Exporters** (n=121)
- **Importers, Distributors** (n=503)

Retailers (n=638)

- **Wholesalers** (n=122)
- **Specialty retail** (n=336)
- **On-trade** (n=180)

For detailed information on methodology and participants, please see page 43.

Company location
Producers and Exporters

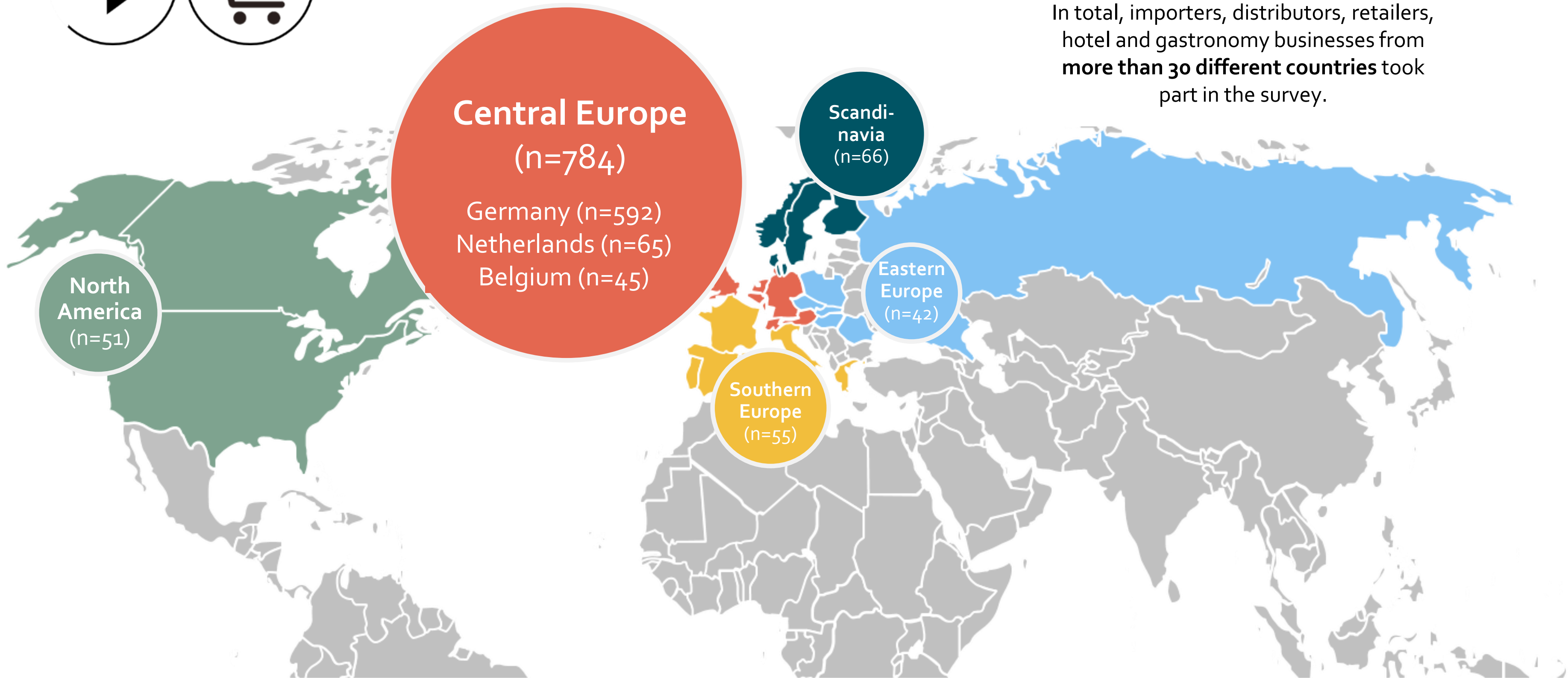


In total, producers from **more than 30 different countries** took part in the survey.

Other (n=41)

Company location
Importers and Retail

In total, importers, distributors, retailers, hotel and gastronomy businesses from **more than 30 different countries** took part in the survey.



Other (n=143)

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Chapter 2

Industry Sentiment

Threats and challenges for the wine industry

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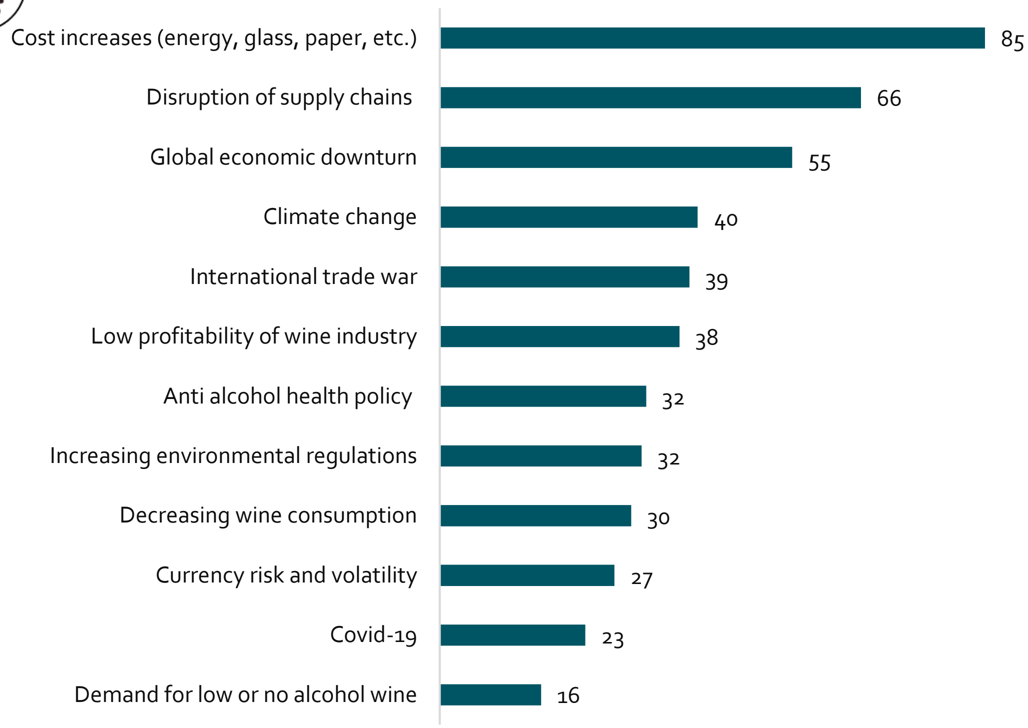
What are the biggest threats and challenges for your company?

% who stated that the following threats and challenges to the wine industry will have a strong or very strong effect (all: n=2,455)



Economic topics dominate the list of challenges.

Energy cost issues are expected to prevail, the disruption of supply chains is starting to ease.

The extend of a global recession is uncertain.

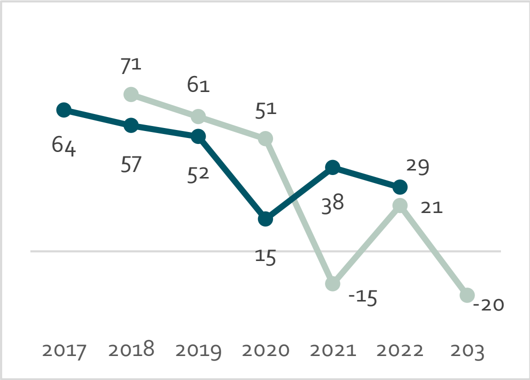
Economic condition

Current and future economic condition within the company

Saldo (positive minus negative opinions) for the current (now) and the future (in 12 months) economic condition within the company , 2017, 2018, 2019, 2020, 2021 and 2022 surveys results.

Actual condition   Expectation

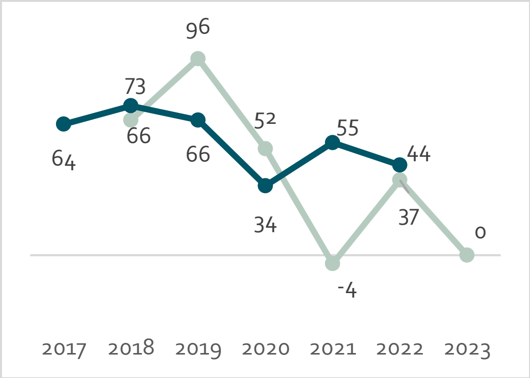
Small wineries



Actual condition deteriorated, contrary to expectations.

Expectations for 2023 are very negative.

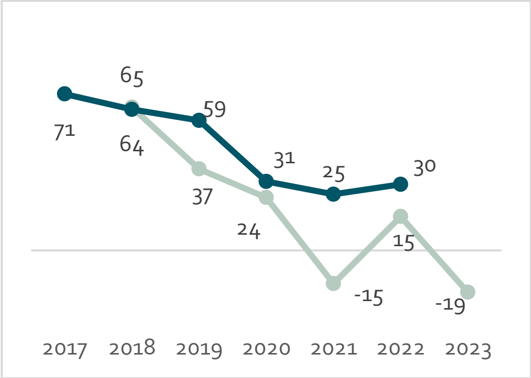
Large wineries



Actual condition deteriorated slightly, other than expected.

Expectations for 2023 are negative.

Cooperatives



Slight improvement of actual conditions, less strongly than expected.

Expectations for 2023 are negative.

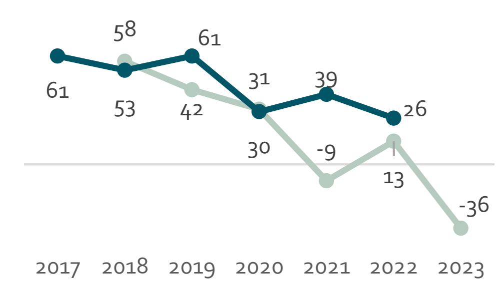
Economic condition by country
Producers

Current and future economic condition within the company by country

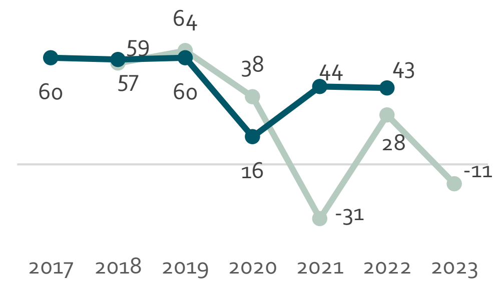
Saldo (positive minus negative opinions) for the current (now) and the future (in 12 months) economic condition within the company , 2017, 2018, 2019, 2020, 2021 and 2022 surveys results.

Actual condition Expectation

German producers



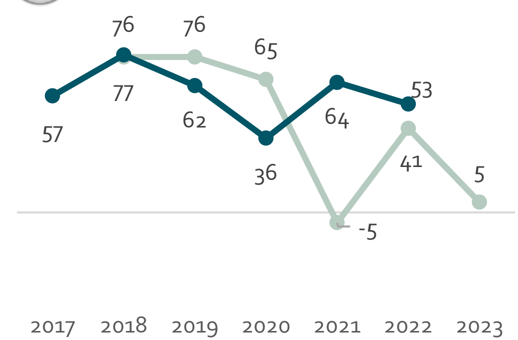
French producers



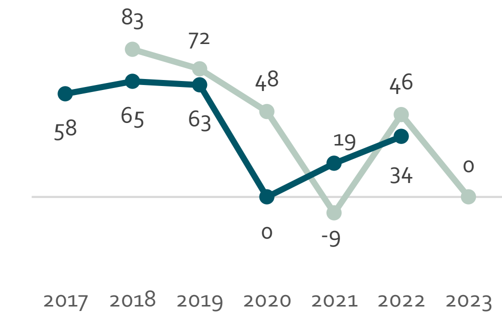
Actual condition improved for Spanish producers. All other countries deteriorated slightly.

Expectations for 2023 are strongly negative. German and French producers are most pessimistic.

Italian producers



Spanish producers

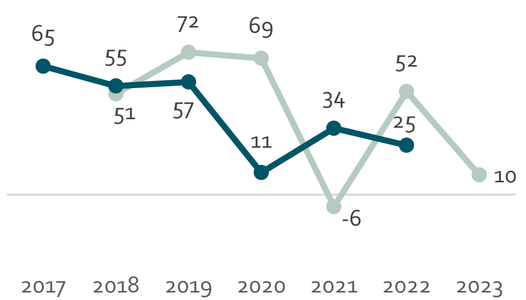


Current and future economic condition within the company

Saldo (positive minus negative opinions) for the current (now) and the future (in 12 months) economic condition within the company , 2017, 2018, 2019, 2020, 2021 and 2022 surveys results.

Actual condition   Expectation

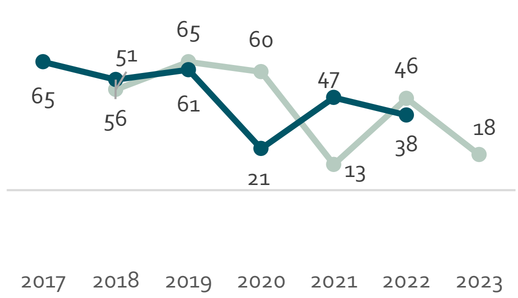
Exporters



Actual condition slightly worse than expected.
Very positive expectations did not materialise.

Negative expectations for 2023.

Importers



Actual condition slightly worse than expected.
Somewhat negative expectations.

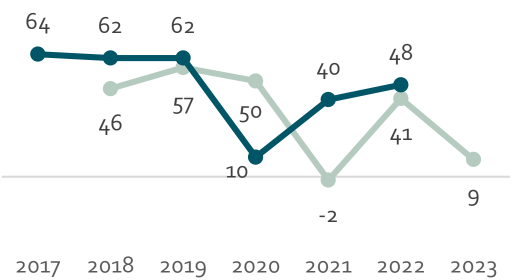
Economic condition
Trade

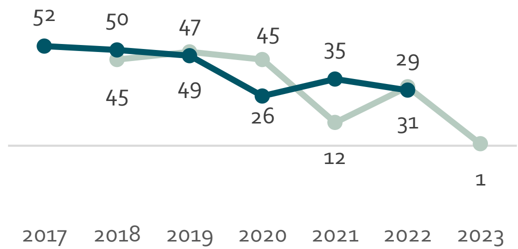
Current and future economic condition within the company

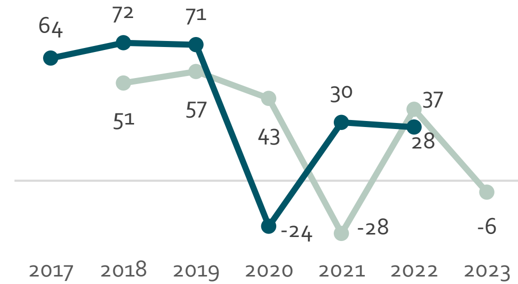
Saldo (positive minus negative opinions) for the current (now) and the future (in 12 months) economic condition within the company , 2017, 2018, 2019, 2020, 2021 and 2022 survey results.

Actual condition   Expectation

Wholesalers	Specialty retailers	On-trade







Condition improved, expectations down.

Condition did not improve, as expected. Expectations down.

Condition unchanged, did not improve as expected. Decline in expectations.

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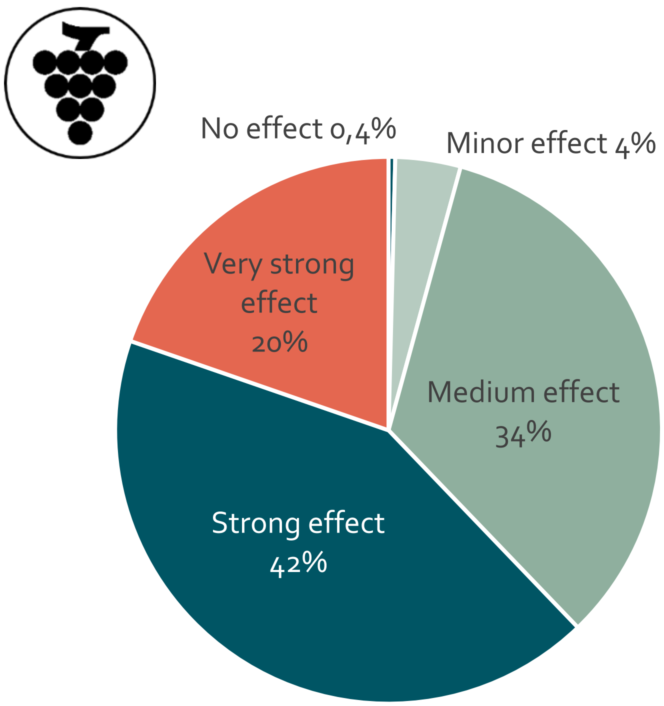
Chapter 3

Cost of Energy

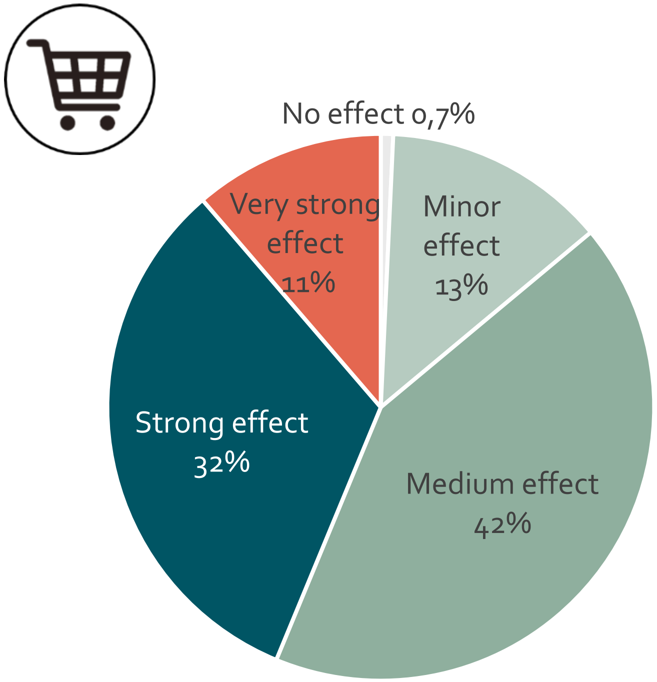
Effect of increasing cost of energy

How strongly are you affected by the increasing costs of energy and fuel?

Percentage of all respondents



62% of wine producers are strongly or very strongly affected by increasing cost of energy.

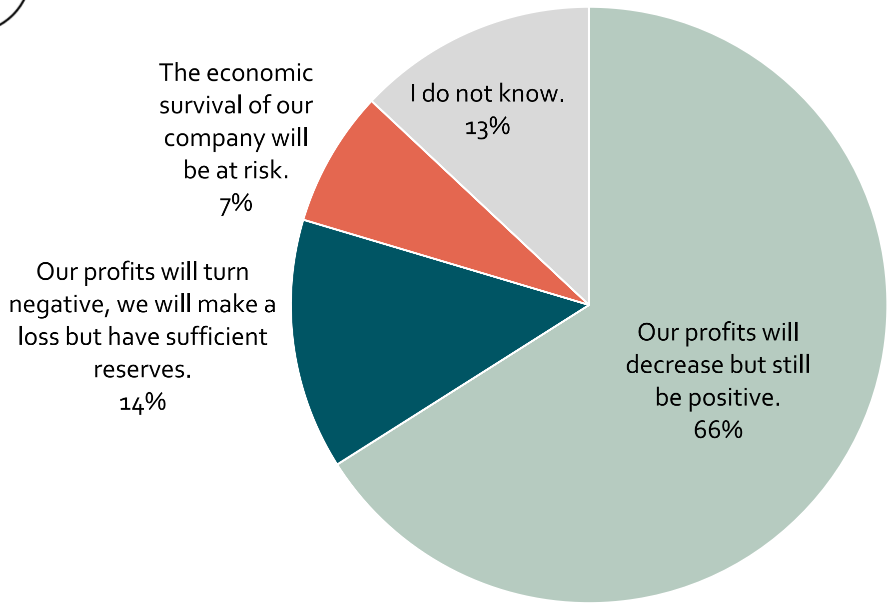


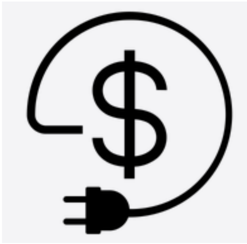
43% of wine producers are strongly or very strongly affected by increasing cost of energy.

Effect of increasing cost of energy

What impact will energy costs have on your profit?

Percentage of all respondents





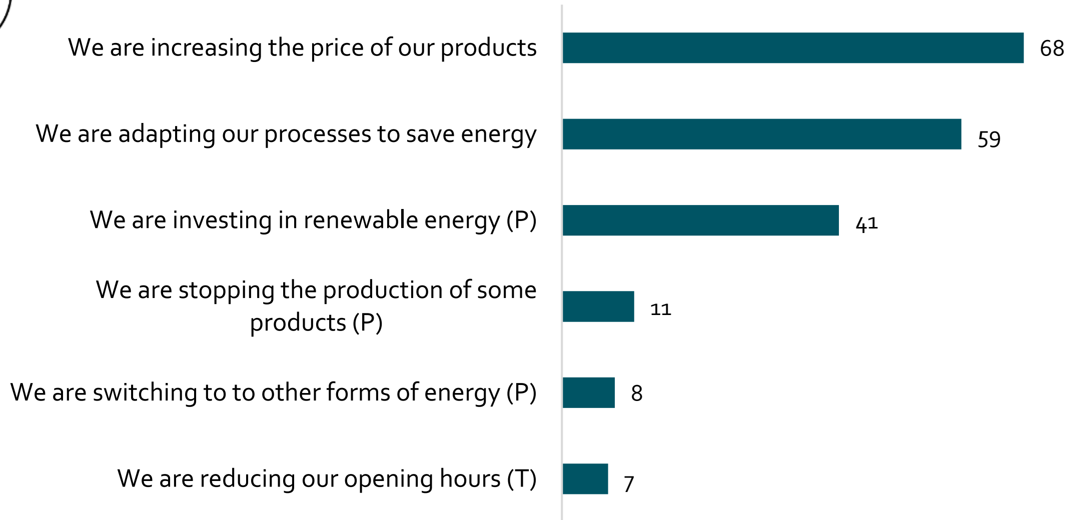
The majority of companies will be able to compensate higher cost for energy.

21% expect negative profits, only 7% see themselves at risk of survival.

Reaction to increasing cost of energy

How are you reacting to the increasing cost of fuel and energy?

Percentage of all respondents



Most companies aim to pass on costs by increasing their prices (72% of producers and 64% of trade).

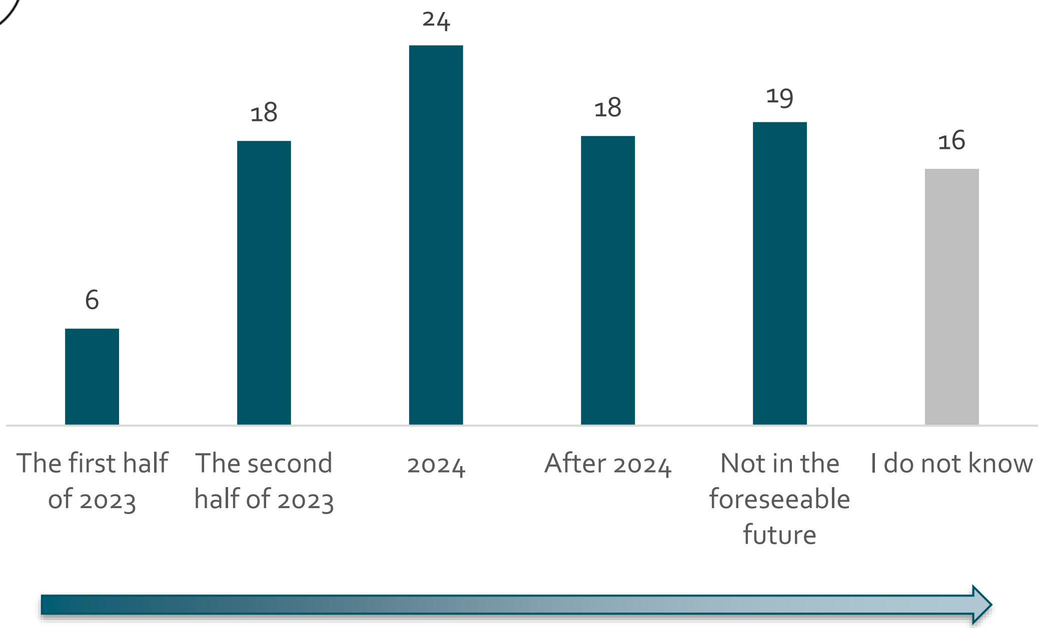
Processes are adapted to reduce the use of energy. Producers invest in renewable energy.

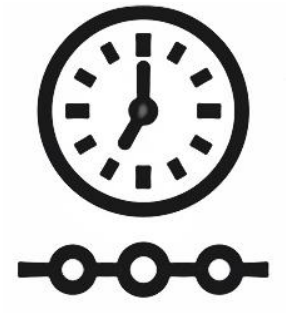
(P) Producers only, (T) Trade only.

Expected end of energy shortage

By when do you expect the energy shortage to be resolved?

Percentage of all respondents





Only 24% of businesses in the wine sector expect energy shortages to be resolved in 2023.

37% expect a solution after 2024 or not any time soon.

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Chapter 4

Transportation & Supply Chain Issues

Incidence of transportation and supply chain issues – Producers

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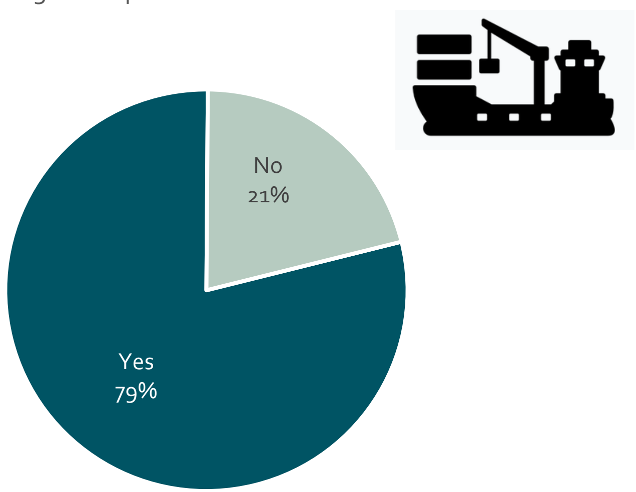
Have you encountered problems with transportation and logistics?

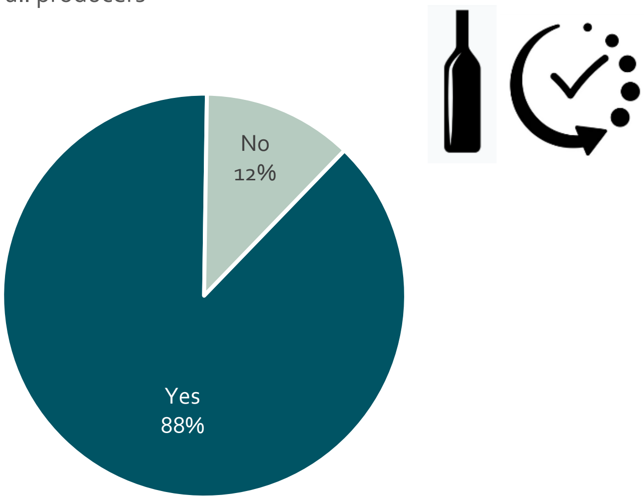
Percentage of all producers



In 2022 79% of wine producers and exporters encountered problems with transportation and logistics.

Over 2022, did you encounter issues with the availability of materials?

Percentage of all producers



In 2022 almost all wine producers and exporters (88%) encountered problems with the availability of materials.

Transportation issues - producers

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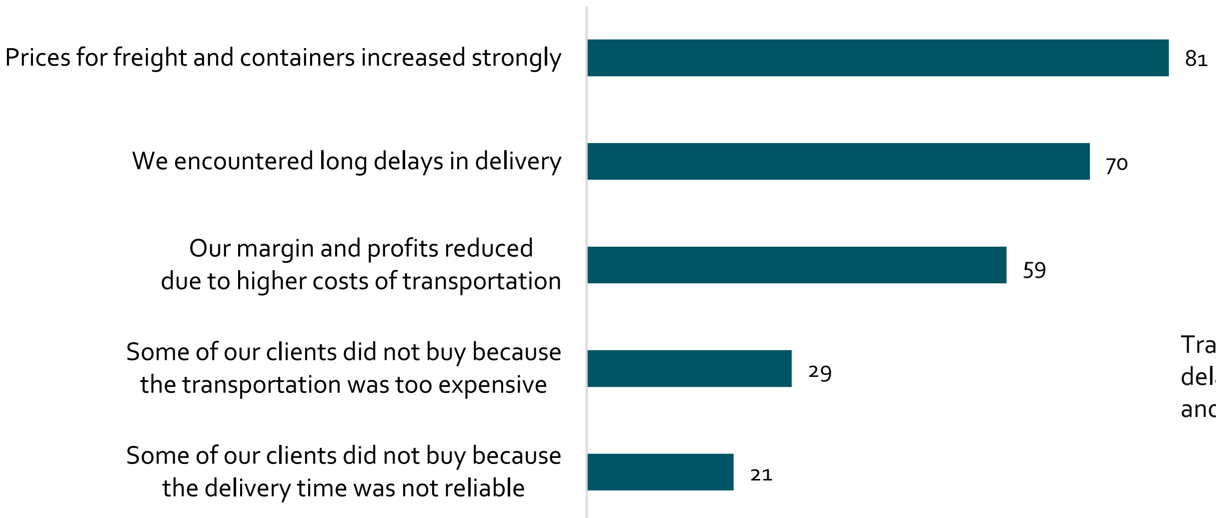
Which transportation issues have you encountered?

Percentage of all producers

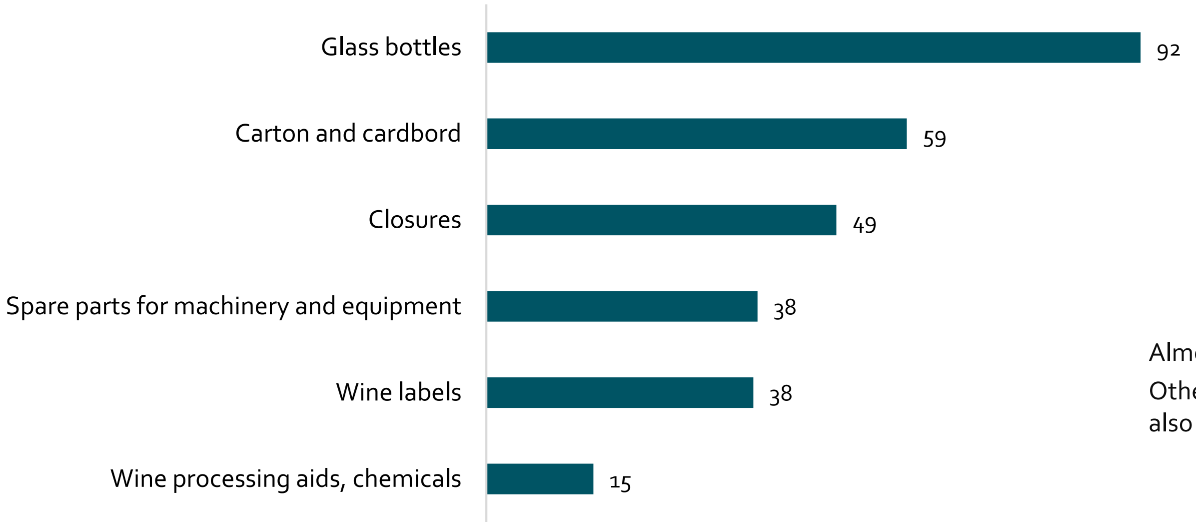


Transportation issues lead to price spikes, higher cost, delays in delivery, cash flow problems and loss of sales and clients.

Supply chain issues for material - Producers

For what products did you experience availability issues?

Percentage of all producers



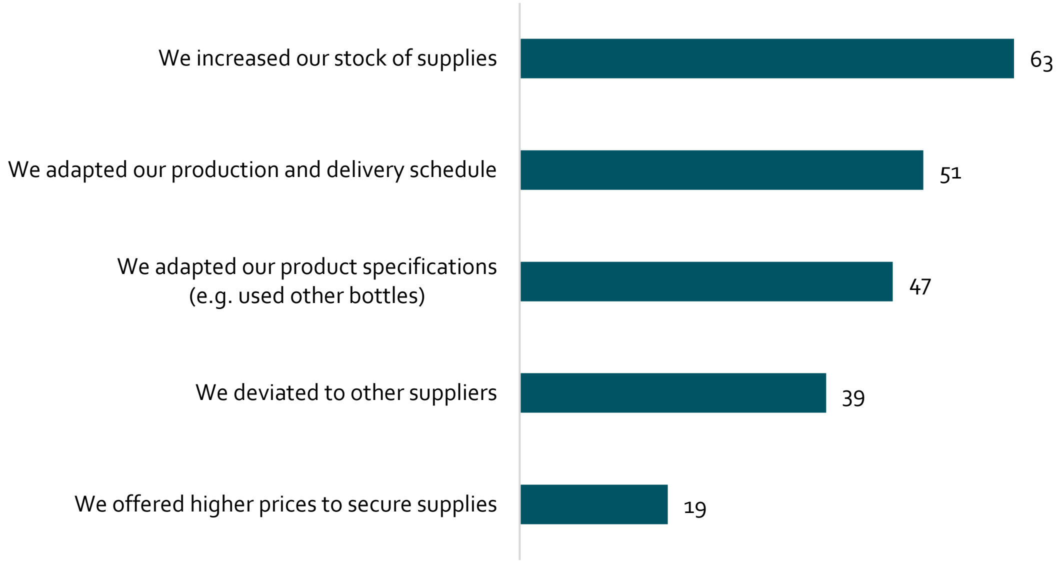
Almost all producers faced glass shortages.

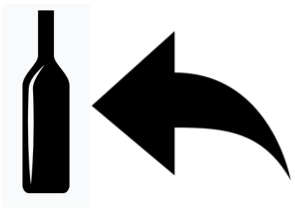
Other dry goods, such as carton and closures, also had limited availability.

Supply chain issues – Reaction by producers

How did you react to availability issues?

Percentage of all producers





Increasing stock of supplies further spurred demand.

Dealing with broken supply chains required extensive adaptation of schedules and product specifications. This increased costs.

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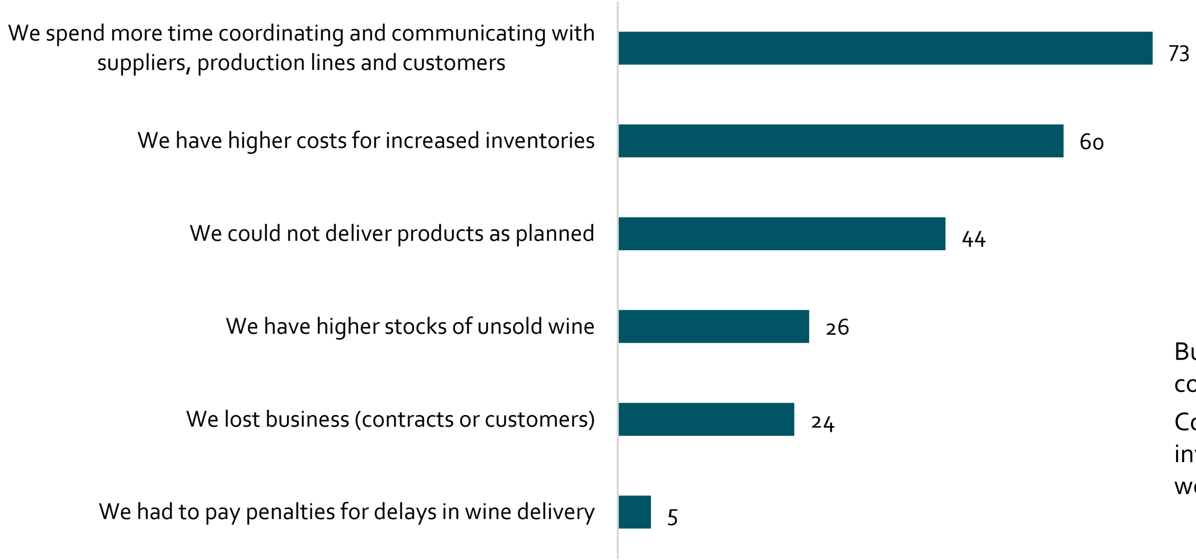
How did availability issues affect your business?

Percentage of all producers



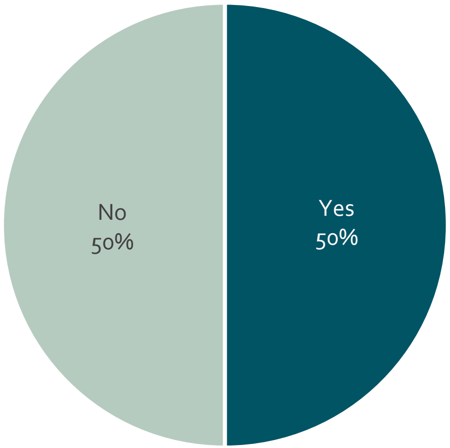
Businesses had to invest more time for coordination of disrupted supply chains.

Cost of capital increased through higher inventories and some business contracts were lost.

Incidence of supply chain issues – Wine trade

Was your wine supply affected by availability issues?

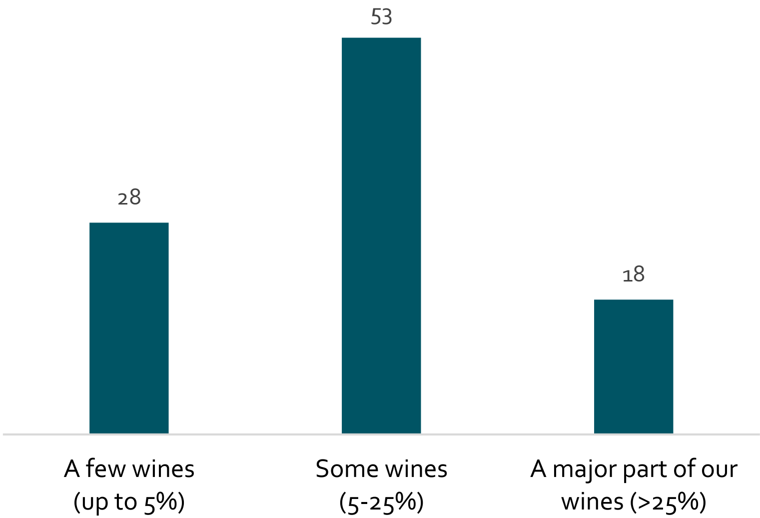
Percentage of all trade



50% of trade experienced limited wine supply, mainly affecting of 5-25% of their assortment.

How much of your wine assortment was affected by availability issues?

Percentage of trade affected by availability issues.



Supply chain issues – Effects on business

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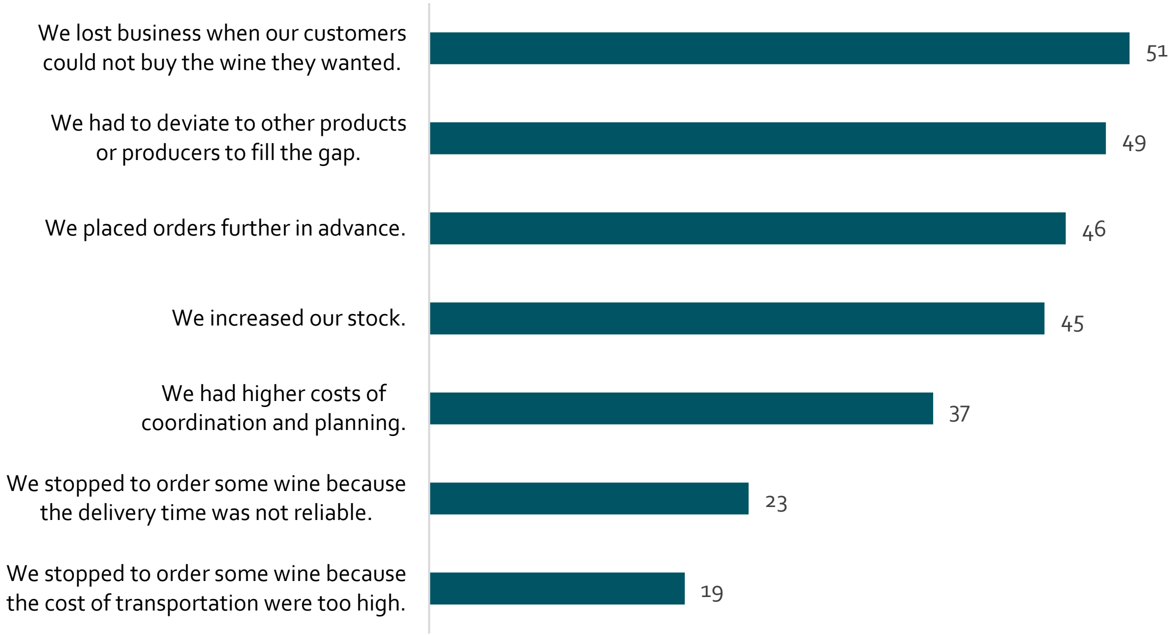
What was the effect of availability issues on your business?

Percentage of trade affected by availability issues.



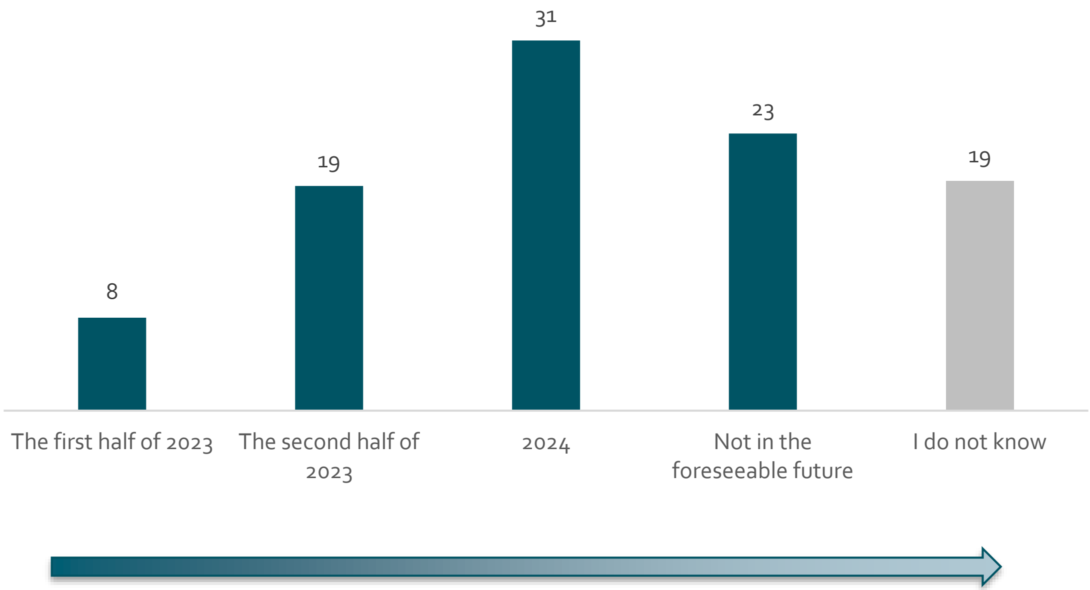
Wine trade reacted by deviating to other products and increasing their stock.

As a consequence, products from some suppliers was no longer ordered.

Expected end of supply chain issues

By when do you expect availability issues to be resolved?

Percentage of producers and trade



Only 27% of businesses in the wine sector expect supply chain issues to be resolved in 2023.

54% expect a solution in 2024 or later.

Wine trade is more optimistic than wine producers.

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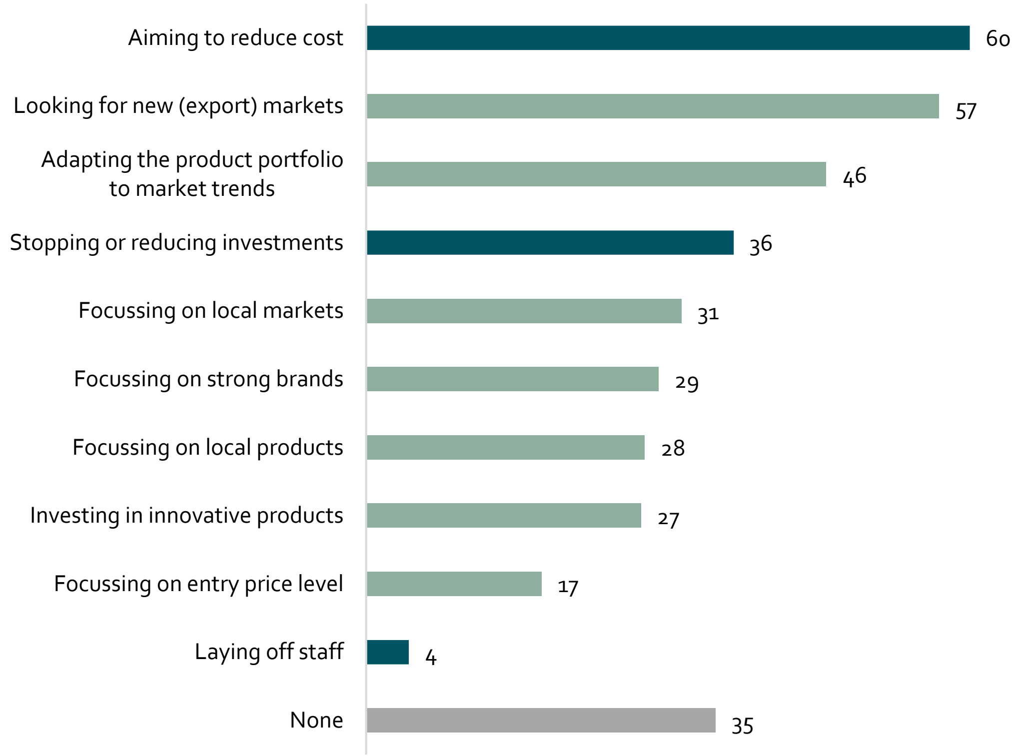
Chapter 5

Reaction to Economic Crisis

Reaction to economic crisis

How are you reacting to the current economic crisis?

Percentage of all respondents



Companies in the wine industry are taking a range of measures to respond to the economic crisis .

Every second company reacts proactive:

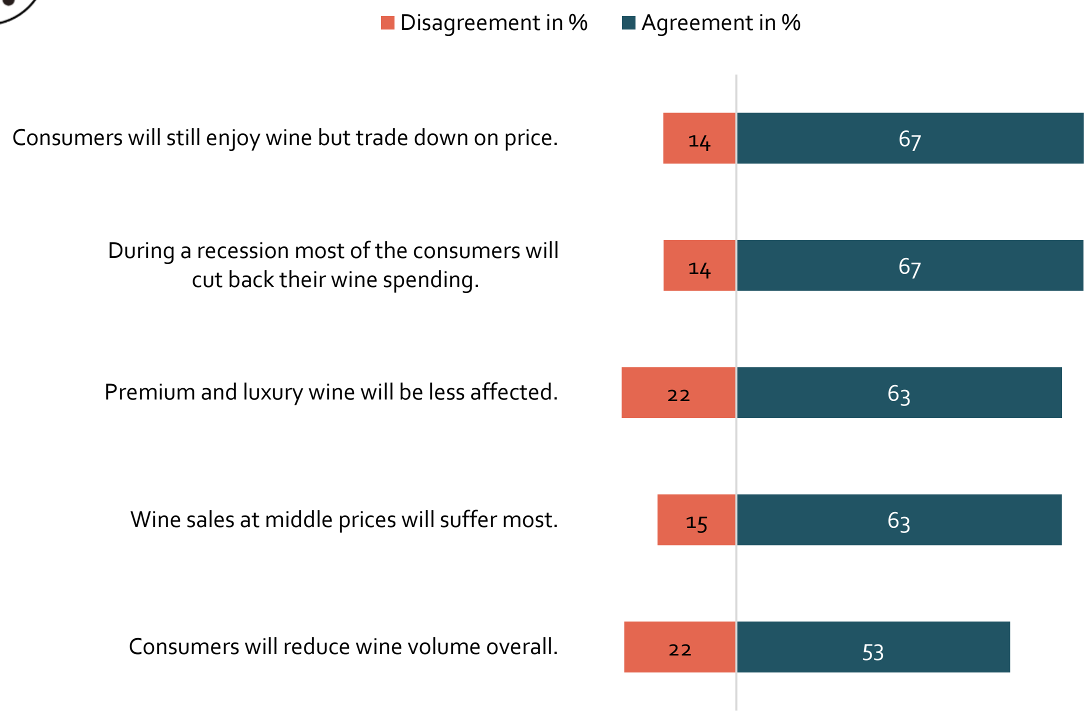
- They actively seek new sales markets.
- Companies aim to gear their products to market trends.

Cost reduction and process optimisation needed.

Expectations for consumer reaction to economic crisis

What are your expectations for consumer reactions to the economic crisis?

Percentage of all respondents



Wine industry expects that consumers will reduce their wine spending by trading down on price.

Every second industry expects wine volume to reduce overall.

Premium and luxury wines are likely to be less affected.

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Chapter 6

Attractiveness of Origins for Wine Trade

Import - attractiveness of origins 2023

Which wine origins are most attractive to you in 2023?

Percentage of trade who perceive origin as attractive.

Rank	USA	%	Canada	%	Brazil	%
1	Italy	54	France	81	Portugal	89
2	France	50	Italy	81	Argentina	78
3	Spain	50	Spain	81	Chile	67
4	USA	42	USA	50	Spain	67
5	Argentina	38	Portugal	44	France	56
6	Portugal	29	New Zealand	25	Italy	56
7	Chile	25	South Africa	25	Brazil	22
8	Germany	25	Argentina	19	Uruguay	22
9	South Africa	21	Austria	19	USA	22
10	Australia	17	Hungary	19	Australia	11

Italy, France and Spain are most attractive for North American wine trade followed by domestic US wine, Portugal and New World origins. Portugal and neighbouring Argentina and Chile lead the Brazilian wine demand.

Import - attractiveness of origins 2023

Which wine origins are most attractive to you in 2023?

Percentage of trade who perceive origin as attractive.

Rank	Germany	%	Austria	%	Switzerland	%
1	Germany	84	Austria	87	Spain	71
2	Italy	69	Italy	67	Italy	61
3	France	52	France	53	France	54
4	Spain	42	Germany	40	Switzerland	39
5	Austria	31	Spain	33	Germany	29
6	Portugal	21	Portugal	27	Austria	25
7	South Africa	14	Australia	13	Portugal	18
8	Chile	7	Greece	13	Argentina	11
9	Greece	6	Hungary	13	South Africa	4
10	Argentina	5	Switzerland	13	USA	4

Demand for domestic wine is strongest in Germany and Austria, followed by the largest wine producing countries Italy, France and Spain. In Switzerland attractiveness is highest for Spain, Italy and France.

Import - attractiveness of origins 2023

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Which wine origins are most attractive to you in 2023?

Percentage of trade who perceive origin as attractive.

Rank	UK	%	Ireland	%	Italy	%
1	South Africa	58	Italy	69	Italy	80
2	France	50	Spain	62	France	53
3	Argentina	42	Germany	54	Germany	33
4	Italy	42	France	46	South Africa	33
5	Chile	33	Australia	31	Spain	33
6	Romania	33	Portugal	31	Australia	20
7	Austria	25	Chile	15	Chile	20
8	Bulgaria	25	Austria	8	Greece	13
9	New Zealand	25	Bulgaria	8	Portugal	13
10	Portugal	25	New Zealand	8	Slovenia	13

Wine trade in the UK shows the highest affinity for New World wine producers besides France, Italy and South European origins. Italy and Spain lead in Ireland ahead of Germany. Italians prefer domestic wine ahead of France and Germany.

Import - attractiveness of origins 2023

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Which wine origins are most attractive to you in 2023?

Percentage of trade who perceive origin as attractive.

Rank	Netherlands	%	Belgium	%	Czech Republic	%
1	Italy	58	Italy	75	France	60
2	Spain	46	Spain	55	Germany	60
3	France	33	France	53	Italy	60
4	Portugal	31	Portugal	48	Spain	50
5	Germany	29	South Africa	20	Austria	30
6	Austria	23	Germany	18	Chile	30
7	New Zealand	10	Austria	10	Argentina	20
8	Romania	10	Chile	10	Australia	10
9	Hungary	8	Greece	10	New Zealand	10
10	Slovenia	8	Argentina	3	Romania	10

Italy and Spain are well ahead of France and Portugal for Benelux wine trade. Germany and Austria are in the mid Top 10. Neighbouring Germany is on a par with France and Italy in Czech Republic.

Import - attractiveness of origins 2023

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Which wine origins are most attractive to you in 2023?

Percentage of trade who perceive origin as attractive.

Rank	Sweden	%	Denmark	%	Finland	%	Norway	%
1	France	69	Italy	76	Italy	69	France	100
2	Spain	63	France	71	Spain	62	Italy	100
3	Italy	50	Germany	53	Germany	54	Germany	89
4	Germany	31	Spain	53	France	46	Spain	67
5	Portugal	25	USA	35	Australia	31	USA	67
6	South Africa	25	Austria	29	Portugal	31	South Africa	33
7	USA	25	Portugal	29	Chile	15	Austria	22
8	Argentina	19	South Africa	29	Austria	8	Australia	11
9	Australia	13	New Zealand	24	Bulgaria	8	New Zealand	11
10	Bulgaria	13	Hungary	12	New Zealand	8	Portugal	11

France leads by attractiveness in Sweden and Norway, while Italy is number one in Denmark and Finland. Germany and Spain follow suit. Bulgaria and Hungary are in Top 10 list. Of all markets Scandinavian countries have the highest desire for German wine.

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Chapter 7

Attractive Export Markets

Export market attractiveness 2023

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Which export markets do you perceive as most attractive for 2023?

Percentage of producers and exporters who perceive market as attractive.

Rank	France	%	Italy	%	Spain	%
1	USA	78	USA	63	USA	77
2	Japan	40	Canada	36	Germany	45
3	Canada	35	Switzerland	33	Japan	40
4	Singapore	26	China	30	Canada	39
5	UK	26	Japan	29	Netherlands	36
6	Germany	24	South Korea	29	UK	36
7	South Korea	23	Germany	25	Switzerland	35
8	Switzerland	23	UK	24	Denmark	28
9	Belgium	21	Singapore	19	Belgium	27
10	Denmark	19	Sweden	18	Poland	27

The USA, Japan and Canada are the most attractive markets for the globally largest three wine exporting countries France, Italy and Spain.

Export market attractiveness 2023

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Which export markets do you perceive as most attractive for 2023?

Percentage of producers and exporters who perceive market as attractive.

Rank	United States	%	Argentina	%	Chile	%
1	South Korea	59	USA	91	USA	77
2	Canada	56	Brazil	73	Brazil	68
3	UK	48	UK	45	China	64
4	USA	44	Netherlands	36	Japan	41
5	Japan	41	South Korea	36	South Korea	32
6	China	33	Canada	32	UK	32
7	Denmark	33	China	27	Netherlands	27
8	Sweden	30	Germany	18	Canada	18
9	Germany	26	Belgium	14	Denmark	18
10	Netherlands	22	Denmark	14	Germany	14

Wine exporters from the US focus on various markets in Asia, North America and Europe.
For the South American exporters Argentina and Chile as well as the US and Brazil lead in market attractiveness.

Export market attractiveness 2023

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Which export markets do you perceive as most attractive for 2023?

Percentage of producers and exporters who perceive market as attractive.

Rank	Germany	%	Austria	%	Portugal	%
1	Netherlands	31	Germany	56	USA	74
2	Denmark	29	Switzerland	56	Brazil	62
3	Norway	28	USA	56	Canada	48
4	Sweden	25	Denmark	44	Netherlands	31
5	USA	24	Netherlands	44	Germany	26
6	Switzerland	20	Belgium	38	Switzerland	26
7	Finland	19	Canada	38	Japan	25
8	Germany	18	Japan	31	UK	25
9	China	15	Norway	31	South Korea	21
10	Belgium	14	Austria	25	Singapore	18

The smaller exporting countries Germany and Austria largely focus on European neighbouring markets.
Portuguese exporters firstly focus on markets in North and South America besides Europe and strong Asian countries.

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Chapter 8

Forthcoming Special Reports

Special Reports 2023
published in February

Special Report "Alternative Wine Packaging"

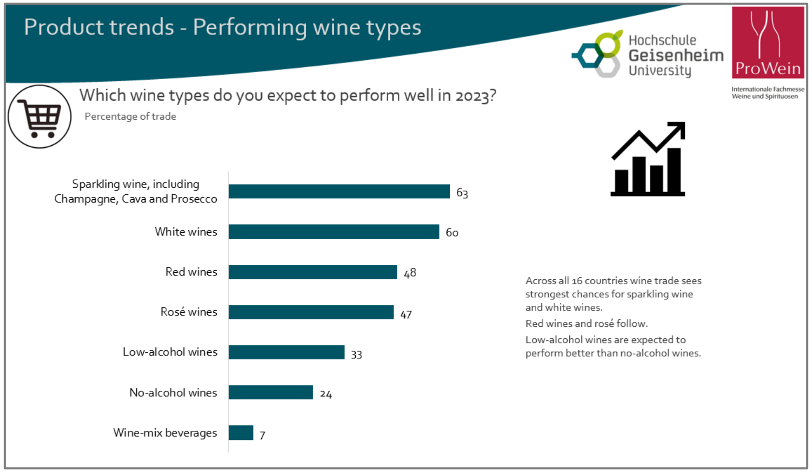
Adoption of alternative wine packaging

Plans for adoption next two years

Percentage of producers and trade

	Producers	Trade	Consumers
	Plan to adopt next two years	Plans to list next two years	Trade expects consumers to accept easily
Bag in Box (BiB)	23	38	53
Aluminium cans	10	19	18
Cardboard bottles (inlay bag)	6	11	16
PET bottles	9	12	16
Kegs	9	10	14
Others	6	5	5
Flat PET bottles	2	3	4
None	60	45	35

Special Report "No and Low Alcohol Wines"



Both reports will be published in February 2023 and made available at the ProWein Business Report's webpage.

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Chapter 9

DETAILS OF METHOD

Expert online survey

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Timing

- The 2022 survey was conducted during November 2022.

Participants

- For the 2022 survey participants had to have exhibited at the 2022 ProWein or had to have visited the 2019 ProWein and agreed to be contacted by ProWein.
- All participants were asked to have leading rolls within their company or department.
- The high response rate of the 2022 survey confirms the high interest in in this years' focus topic of the economic crisis.

Method

- The surveys were conducted online.
- The surveys were offered in five language versions English, French, German, Italian and Spanish. Participants could choose the language of their preference.
- Participants who quit the survey too early or gave inconsistent answers were eliminated.

Company location of participants 2022
Producers and Exporters

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Company location of participants	number	percent
Germany	567	43
Italy	174	13
Spain	133	10
France	107	8
Portugal	78	6
Argentina	31	2
USA	31	2
Chile	25	2
Austria	24	2
Hungary	15	1
Moldova	12	1
Greece	11	1
Romania	9	1
Other country	97	7
Total	1,314	100

Company location of participants 2022
Importers, Retail, On-trade

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Company location of participants	number	percent
Germany	592	52
Netherlands	65	6
Belgium	45	4
Switzerland	30	3
USA	29	3
Canada	22	2
Denmark	22	2
Austria	21	2
Italy	21	2
Sweden	19	2
Finland	14	1
Czech Republic	13	1
Romania	13	1
United Kingdom	13	1
Norway	11	1
Other country	211	9
Total	1,141	100

Internationale Fachmesse
Weine und Spirituosen

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