

Wine
Australia
providing
insights
on
Australian
Wine

COONAWARRA

**REGIONAL
REVIEW**

18 October 2018

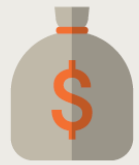
Kirstin Hannan

Wine Australia Export report

Coonawarra

1 July 2017 to 30 June 2018

based on regional label claims on packaged wine



Total exports

\$50.7 million

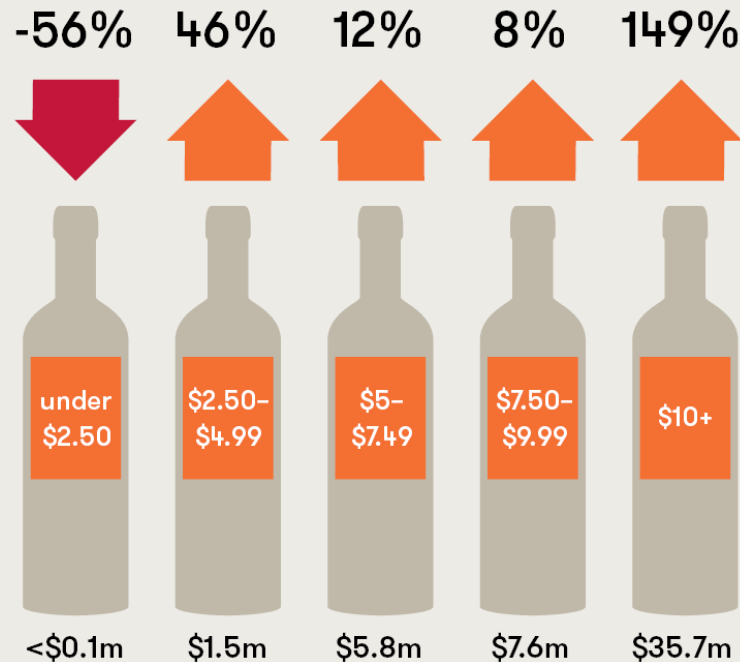
↑ 83%

Volume 3.8 million litres **↑ 36%**

Average value \$13.27/litre **↑ 35%**



Exports by
price point

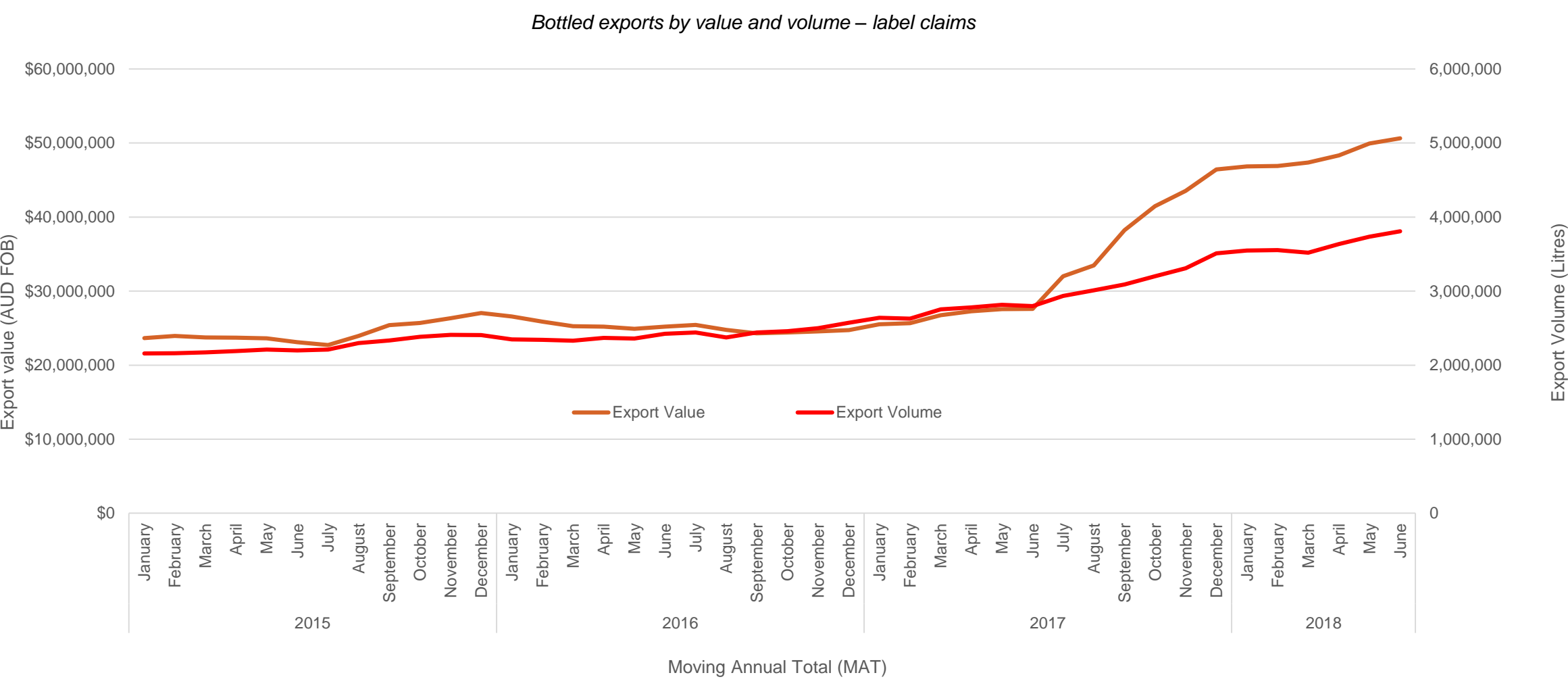


Top 5
export
markets

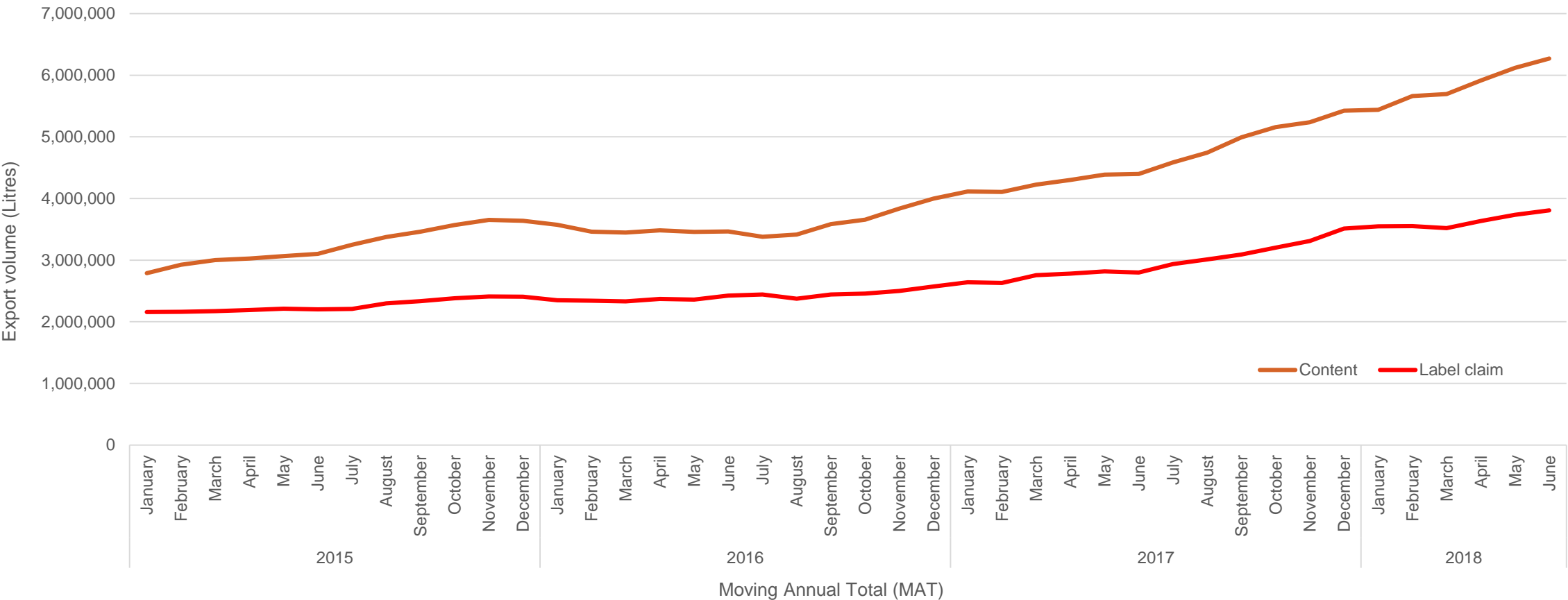
China **↑ >100%**
mainland

	China mainland	\$28.6m	↑ ++
	Hong Kong	\$3.4m	↑ 43%
	Canada	\$3.26m	↑ 4%
	Singapore	\$2.67m	↑ 61%
	United States	\$2.39m	↑ 2%

Bottled exports have been improving in value and volume over the last 12 months



The volume of exports has increased for both bottled label claims and content

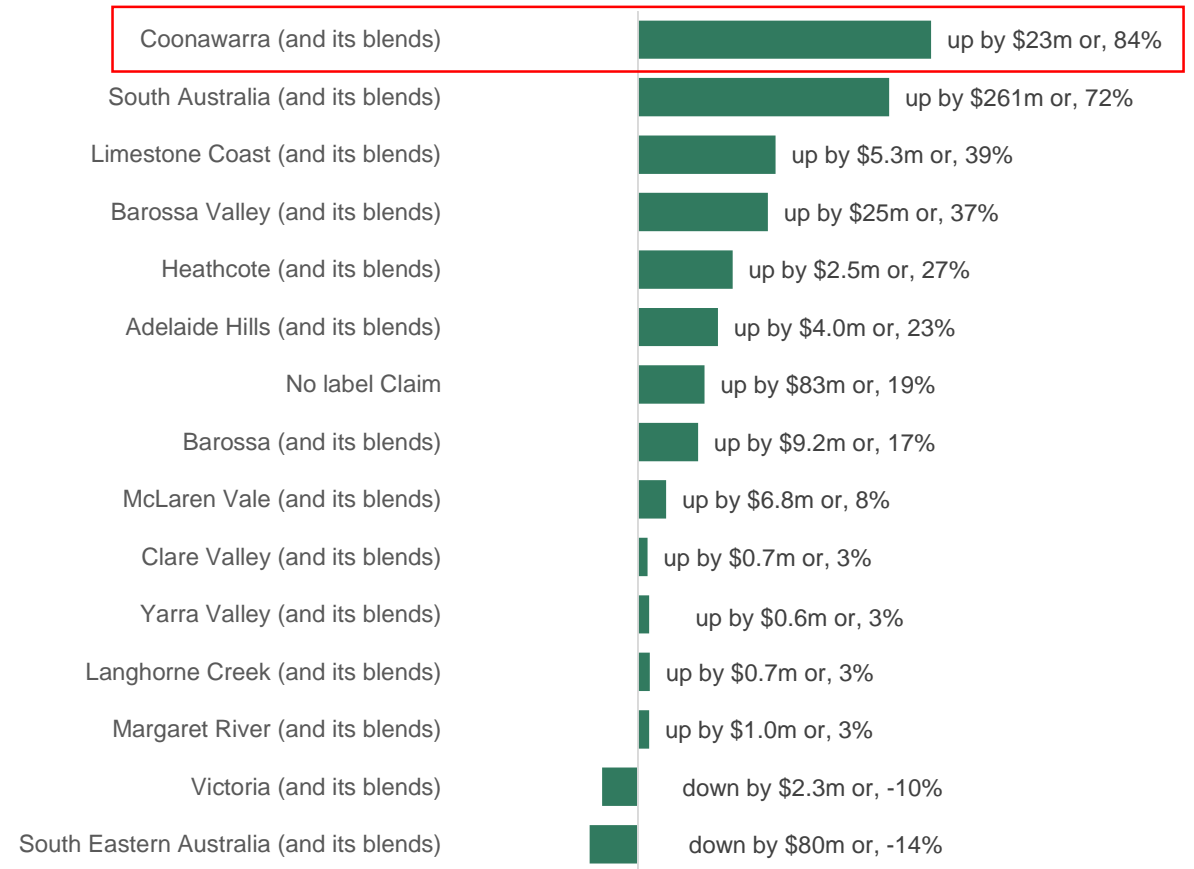


Coonawarra bottled label claims had the greatest growth in value on last year and was the sixth largest region

Export value FOB (AUD millions) in year ending June 2018

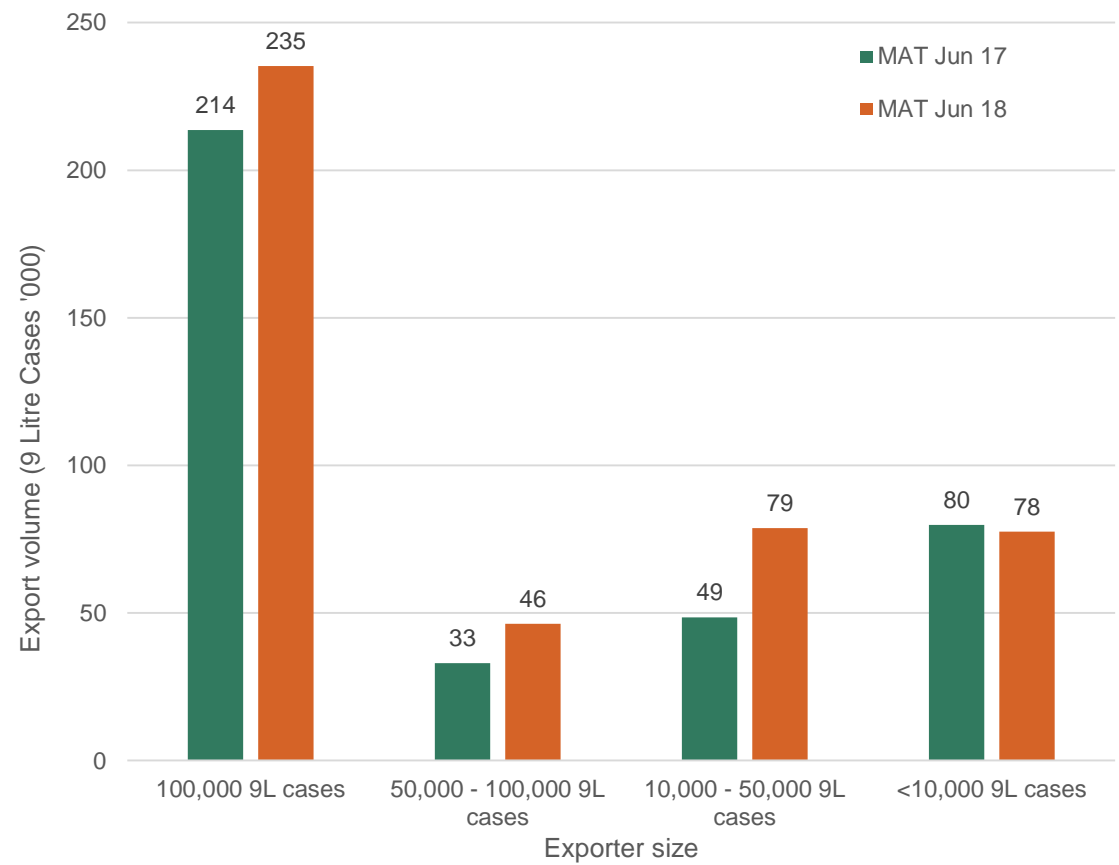


Export value compared to year ending June 2017

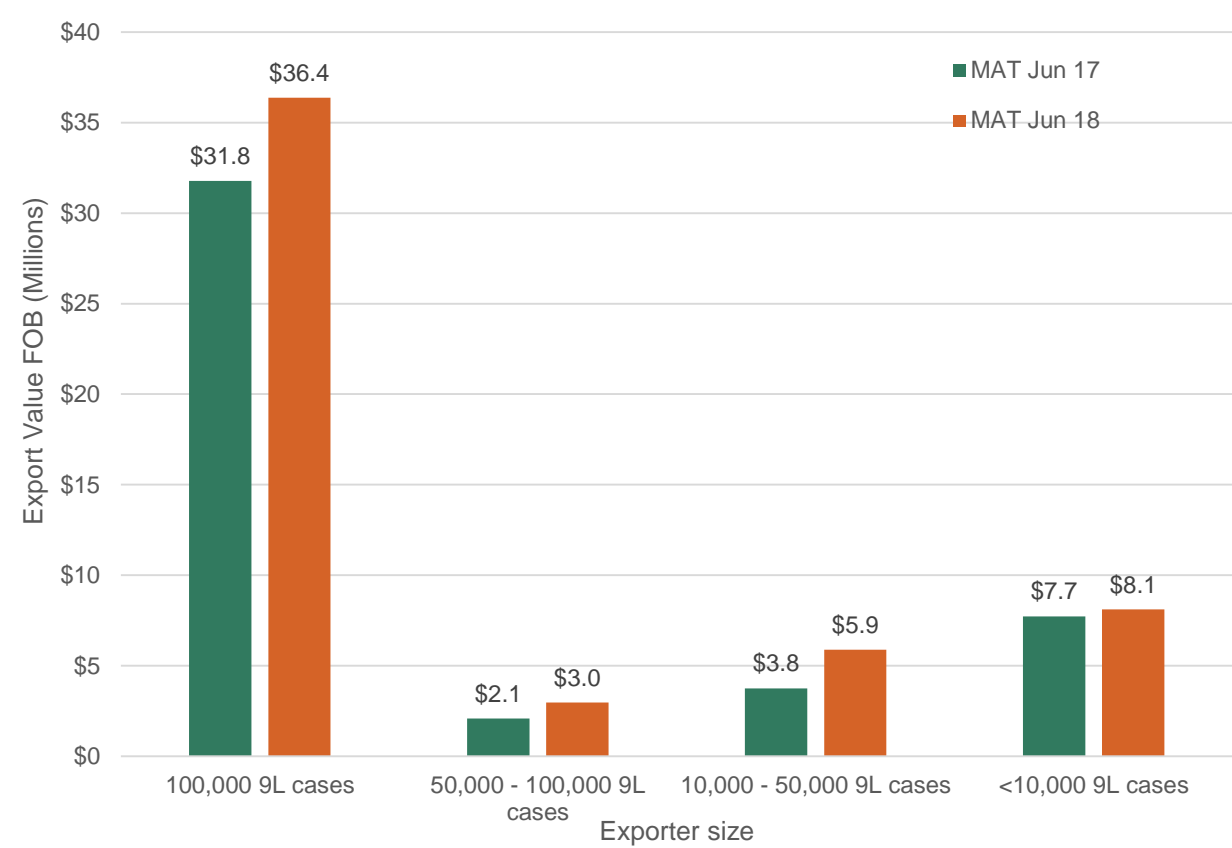


Positive growth experienced from large and medium sized exporters in both volume and value for bottled Coonawarra label claims

Export volume for bottled label claims

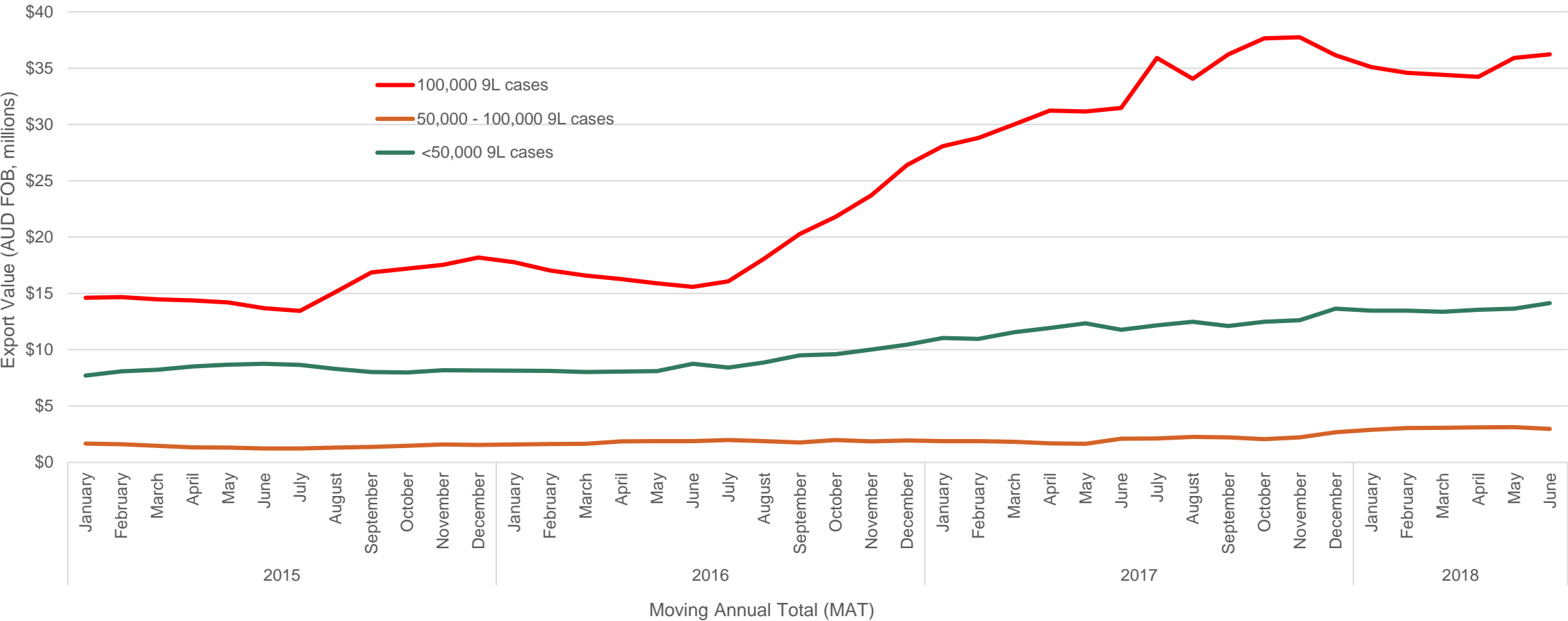


Export value for bottled label claims

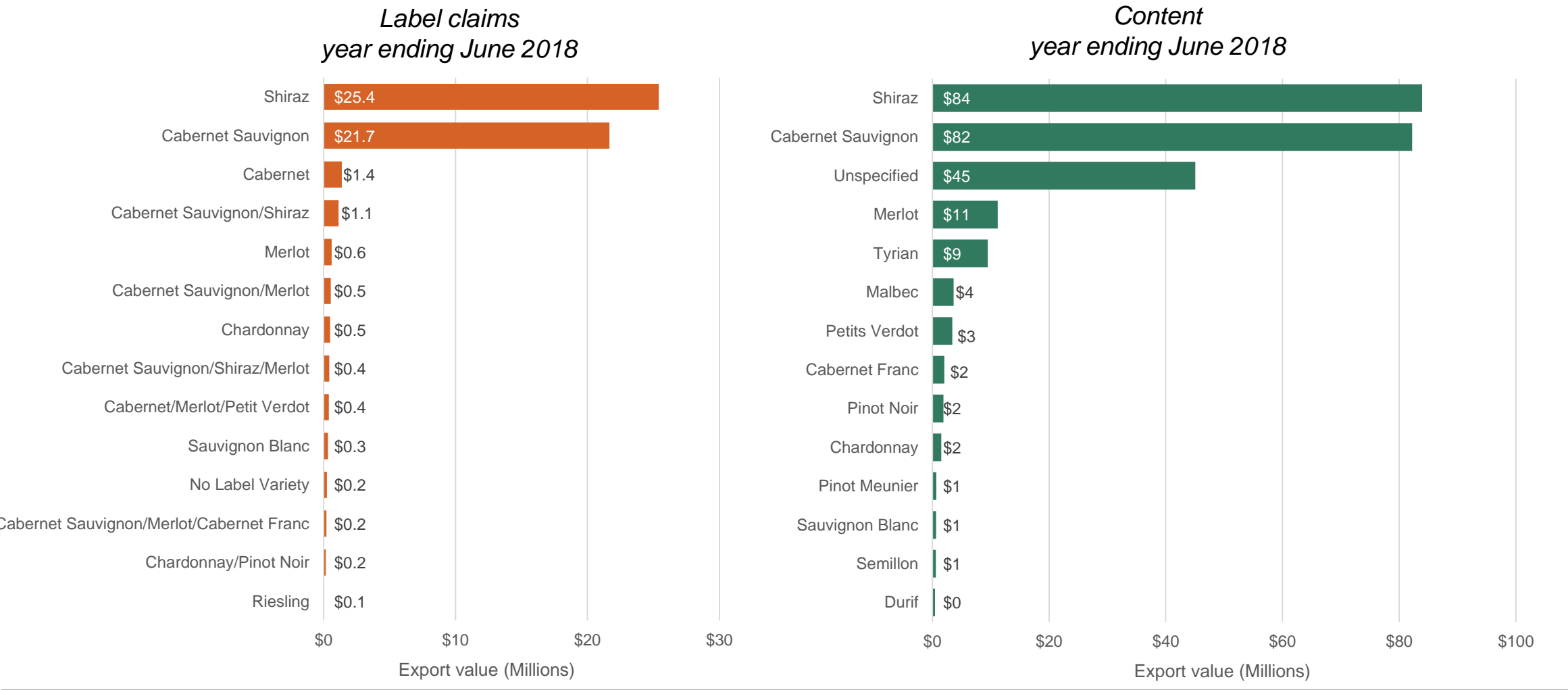


Value from exporters of <50K 9L cases has been steadily increasing over last 18 months as value from larger exporters stabilise

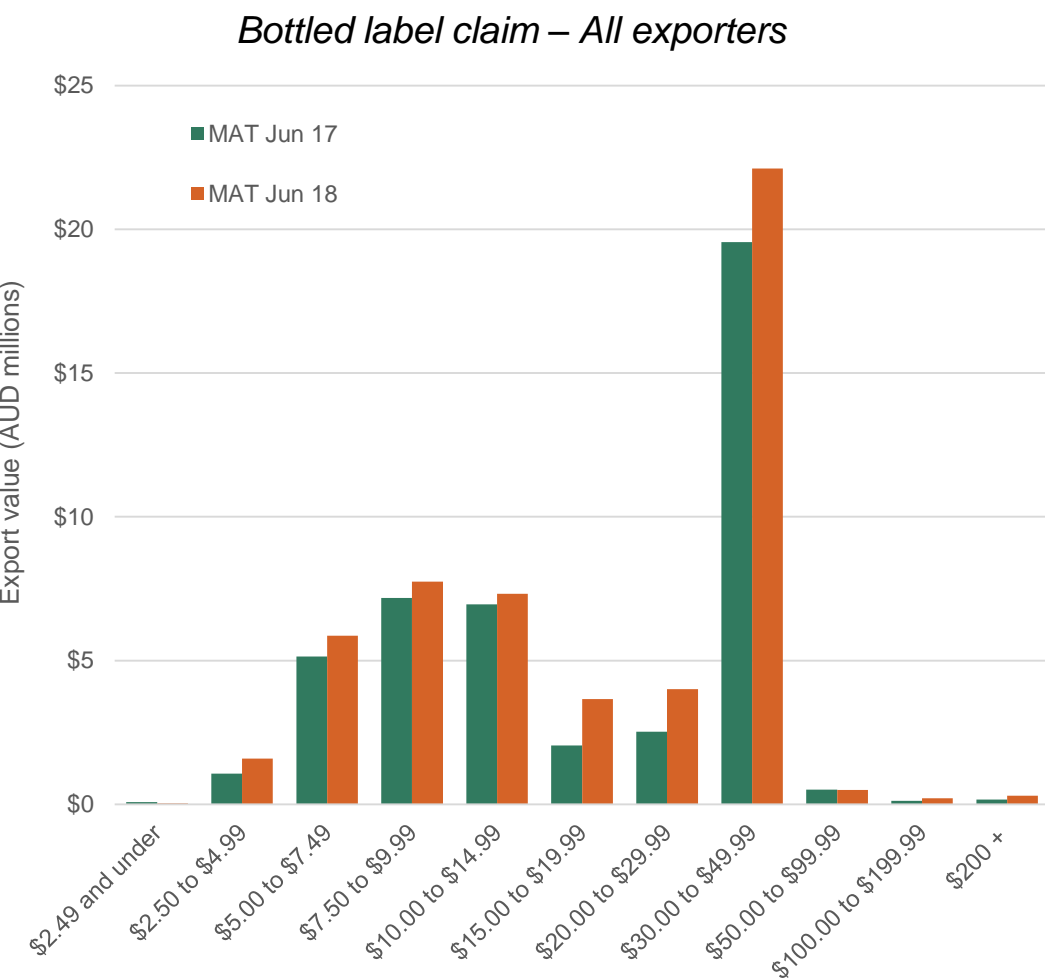
Bottled exports from Coonawarra label claims



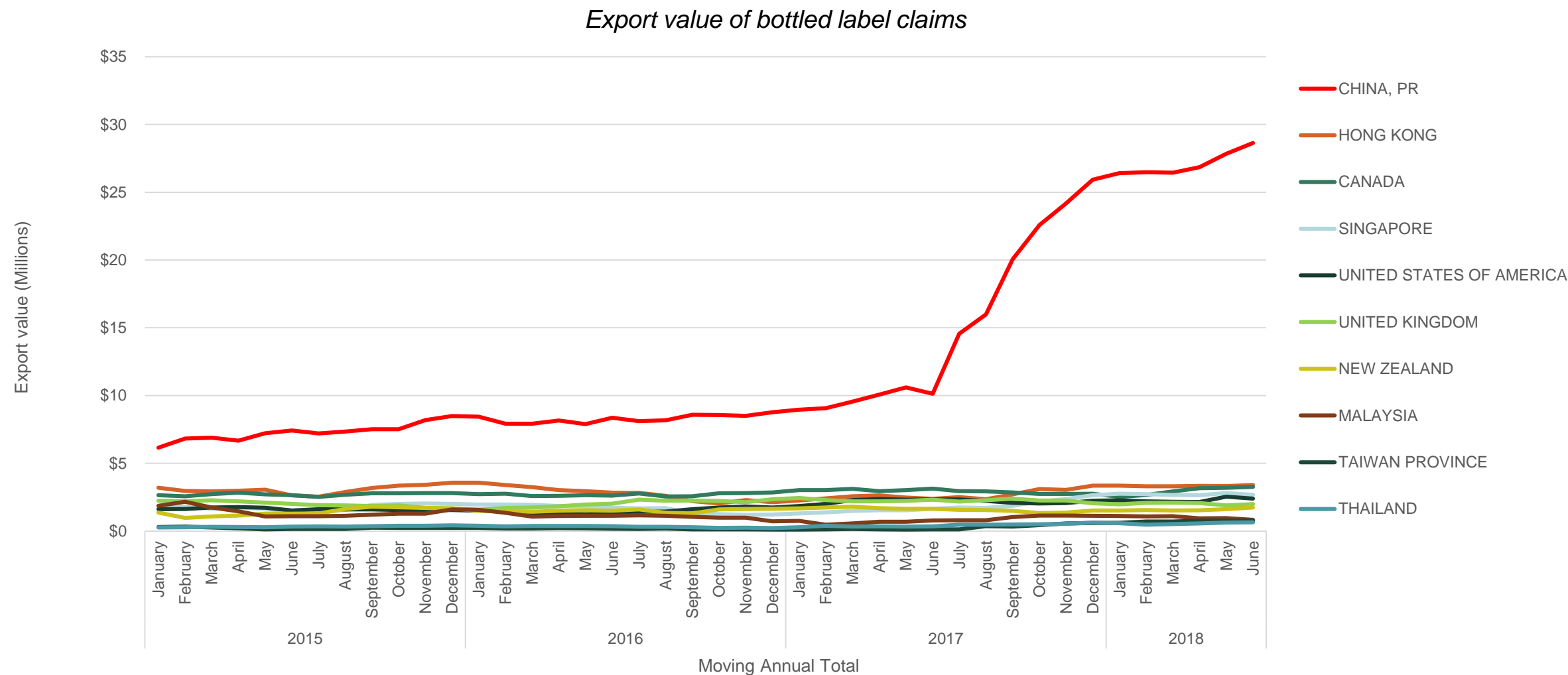
Shiraz and Cab Sav are the main exports for bottled label claims and content



Growth within the \$20 + category was across all price ranges – driven by larger exporters.

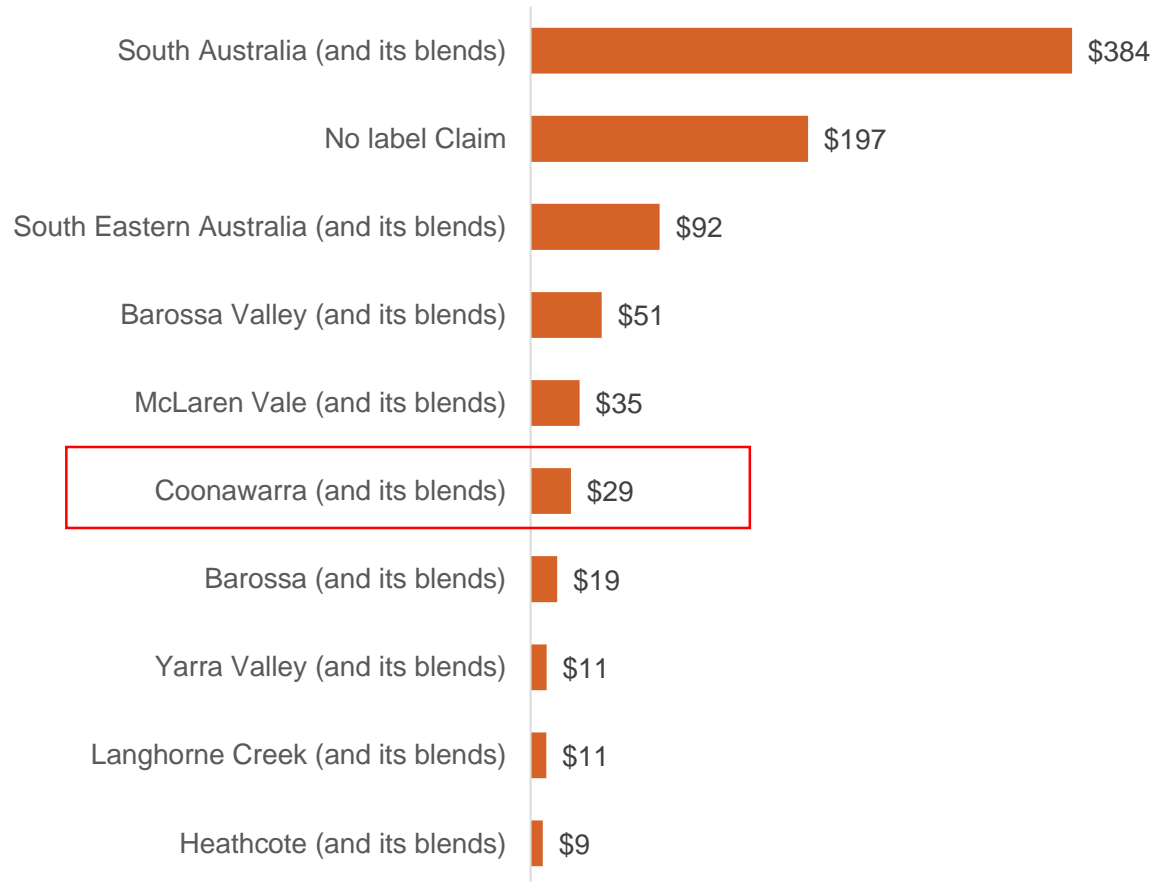


Growth in export value for the region has come from China

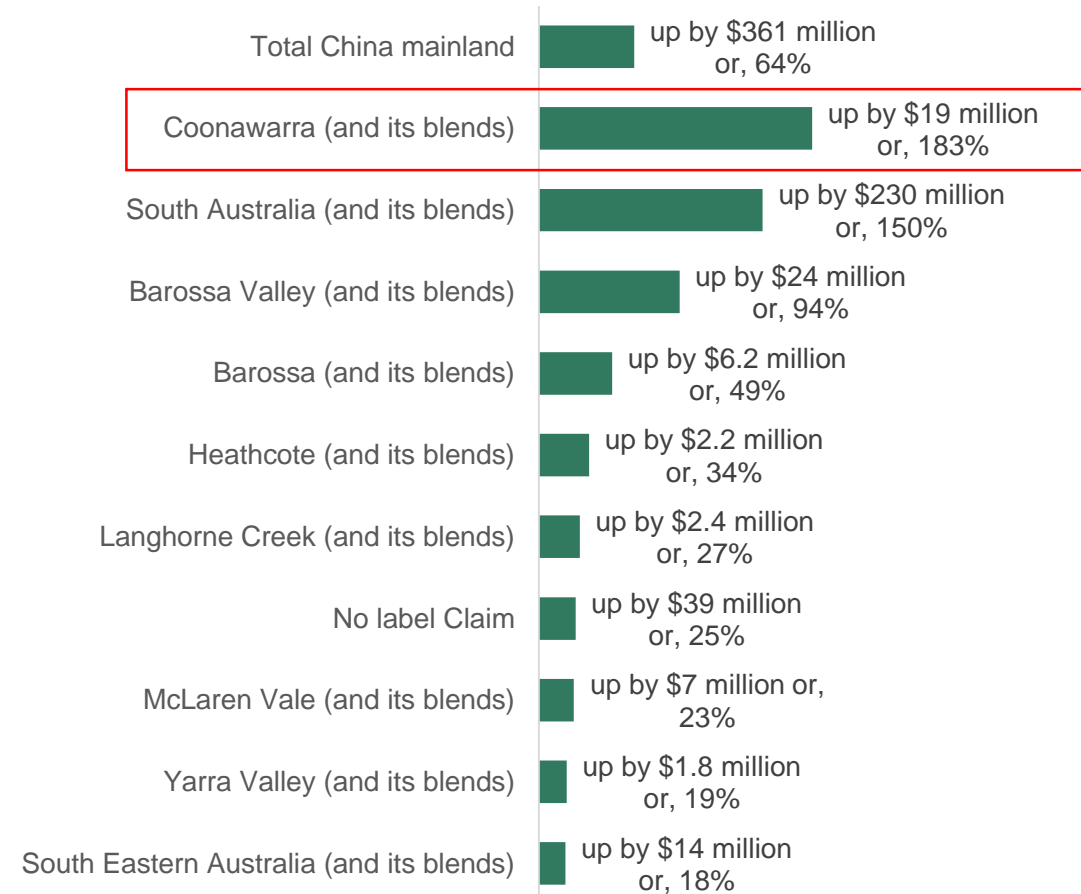


Coonawarra bottled label claims were in the top 10 GI region exports to China

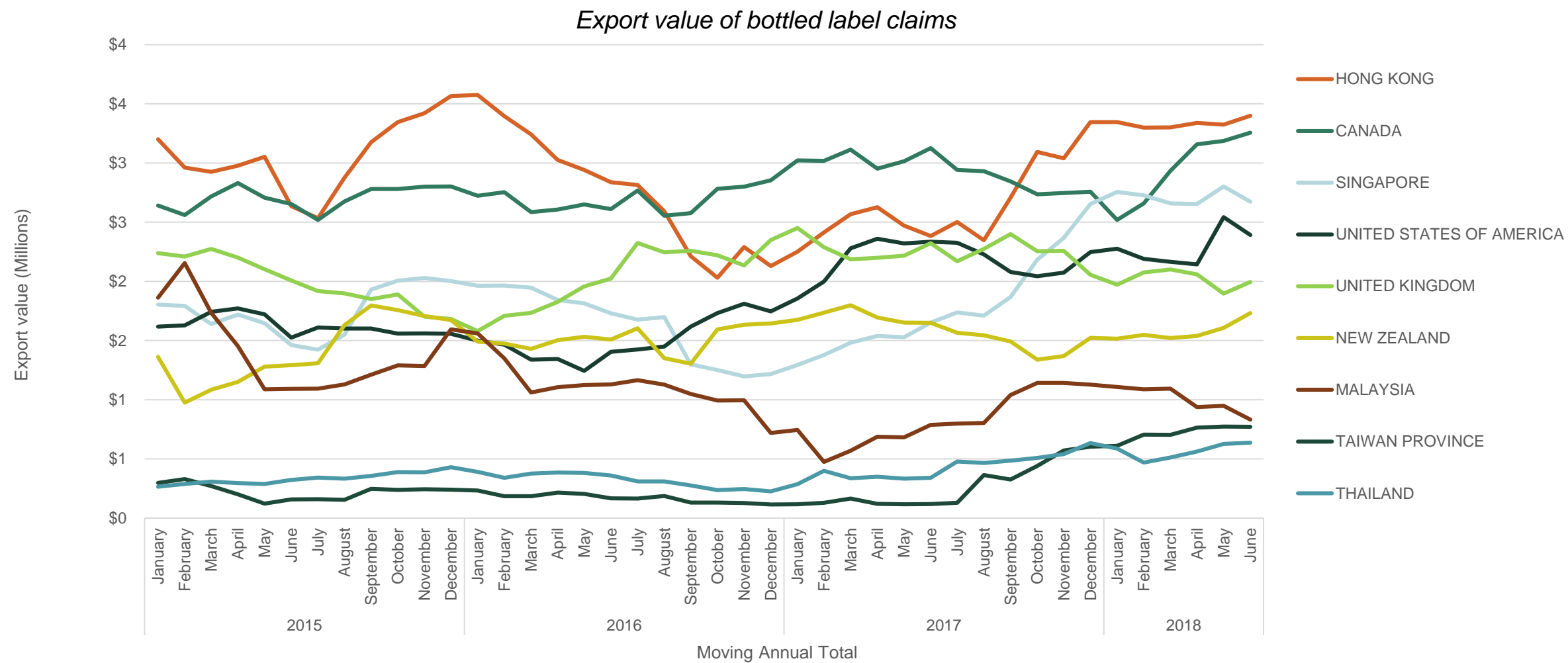
Export value (Millions) in year ending June 2018



Export value compared to year ending June 2017

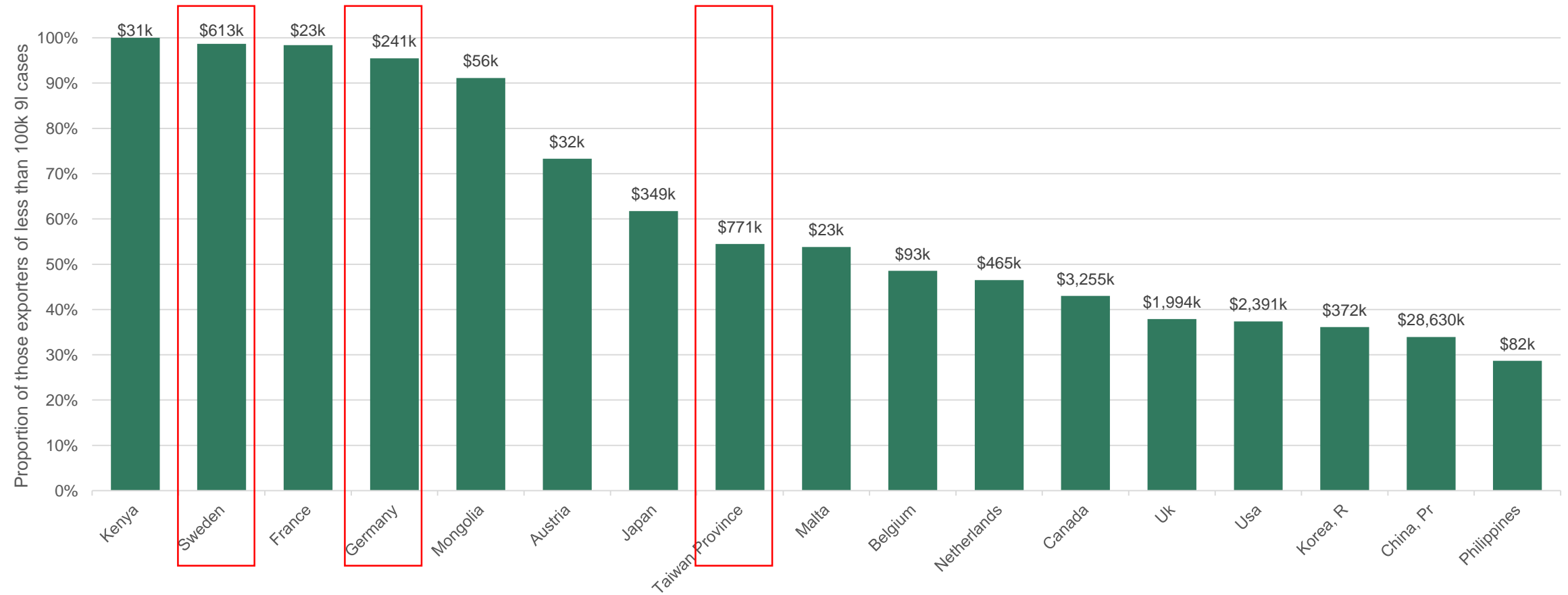


43 out of remaining 73 markets experienced growth over last year but most coming from large exporters



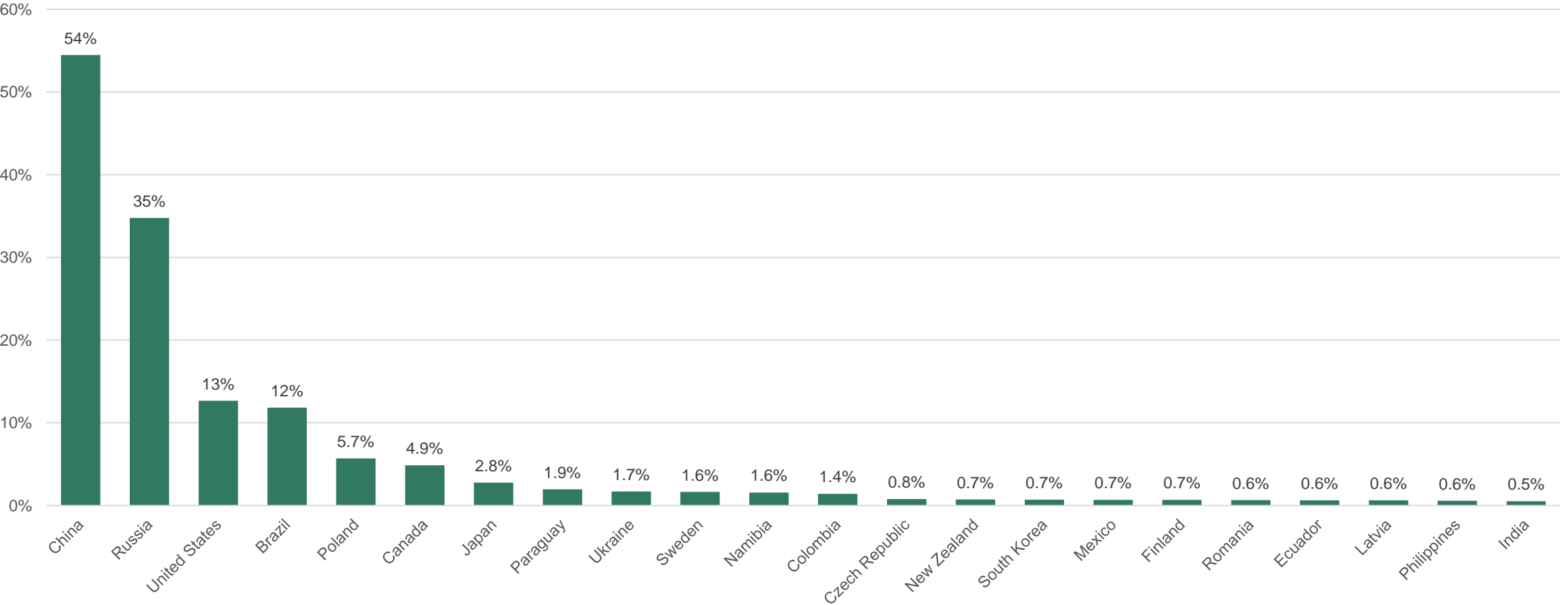
Medium to smaller sized exporters dominate export value and have had year over year growth in Sweden, Germany, and Taiwan

Export value of bottled label claims – year ending June 2018



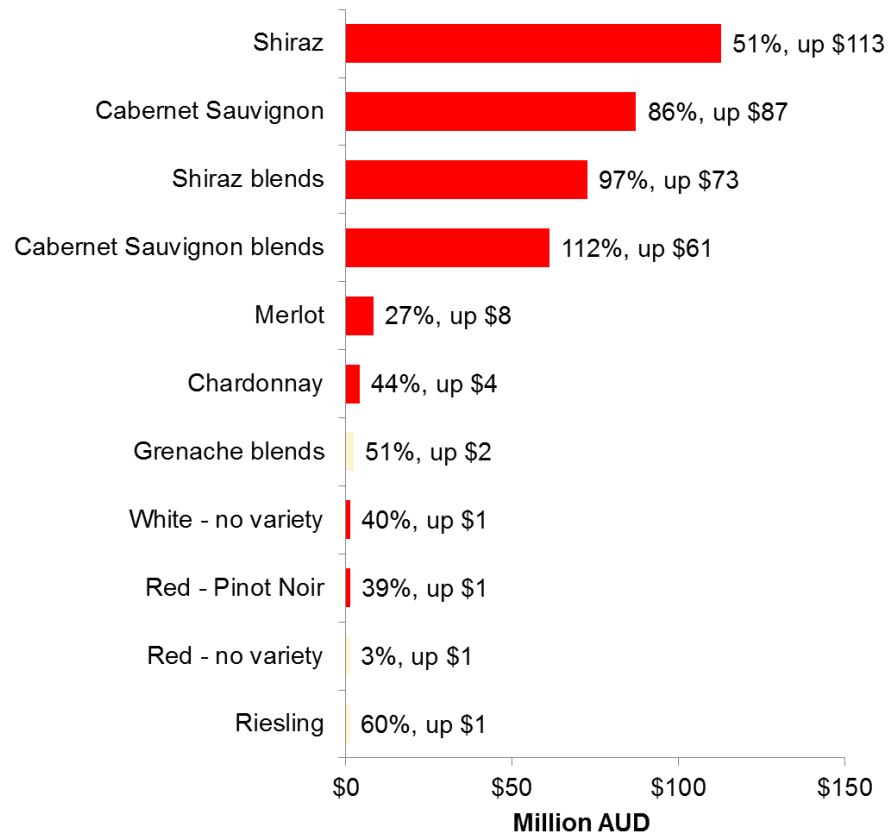
More than half of the consumption growth in imported wine predicted between 2017 and 2020 will come from China

Proportion of volume increase of imported wine between 2017 to 2020



Australia's top varieties all experienced growth in export value to China driven by high awareness of Cab Sav and demand for fruit-styled, softer wine with lower tannin and acidity

Value growth of exports by variety on year ending June 2017



Red wines are best described as balanced, medium acidity, fruity, floral and with soft tannins
Online wine club purchasing manager

Red wines should be smooth, medium acidity, fruity and easy to match with food
Influencer

Tannin is the characteristic Chinese consumers dislike the most
Importer

Aromatic styles of white wine are very appealing in China, such as Moscato and Gewurztraminer
Importer

When I share Moscato with friends who don't know so much about wine, they go crazy for it!
Influencer

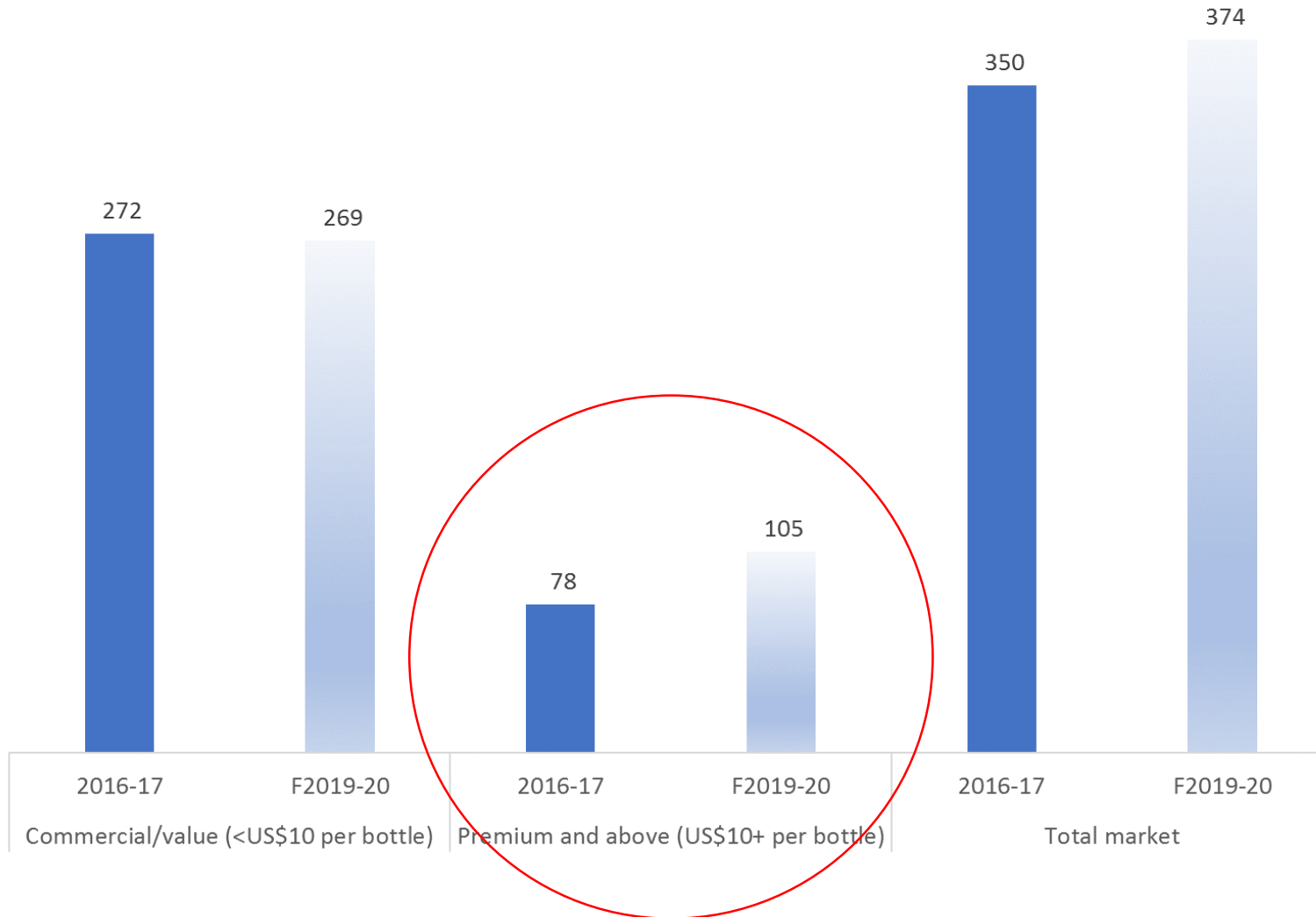
Customers are very happy with the white wine matching suggestions we give them, they are very successful here in Southern China
Retailer

Although the growth for white wine is more obvious in the summer, growth opportunities do exist throughout the year
Online wine club purchasing manager

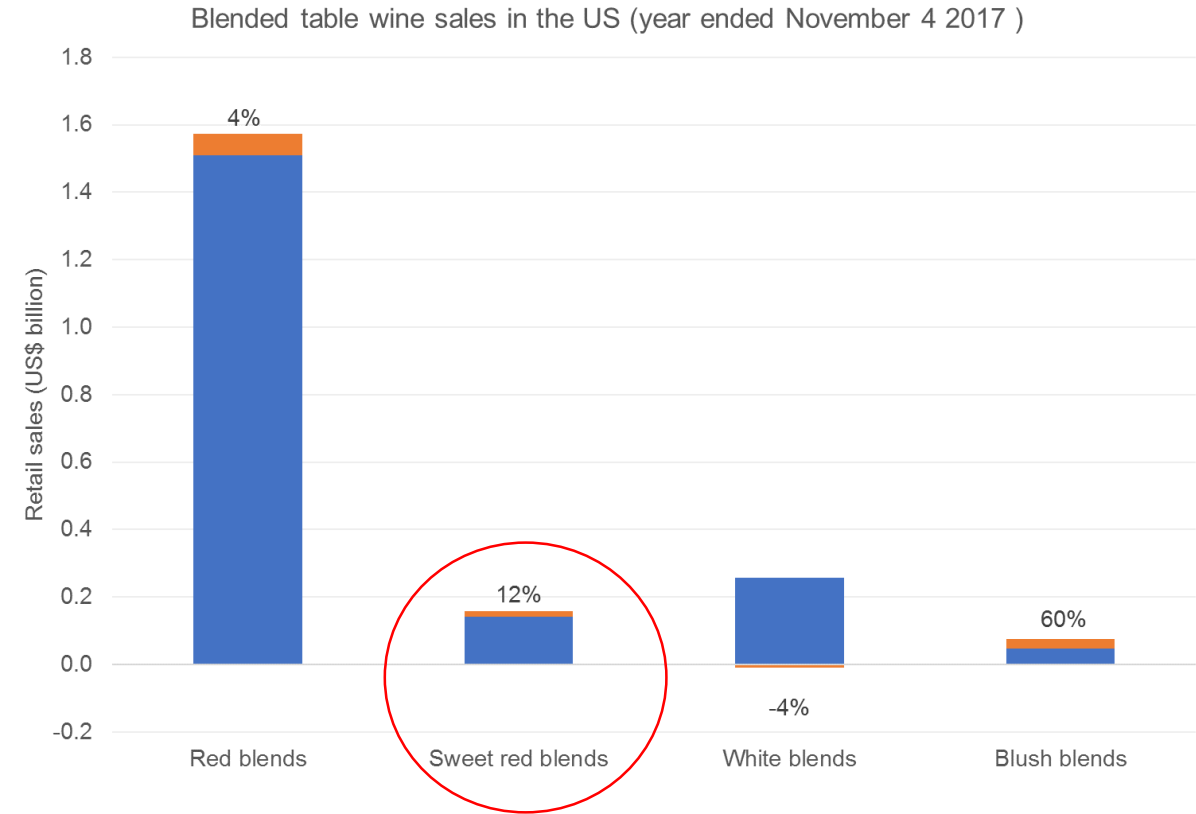
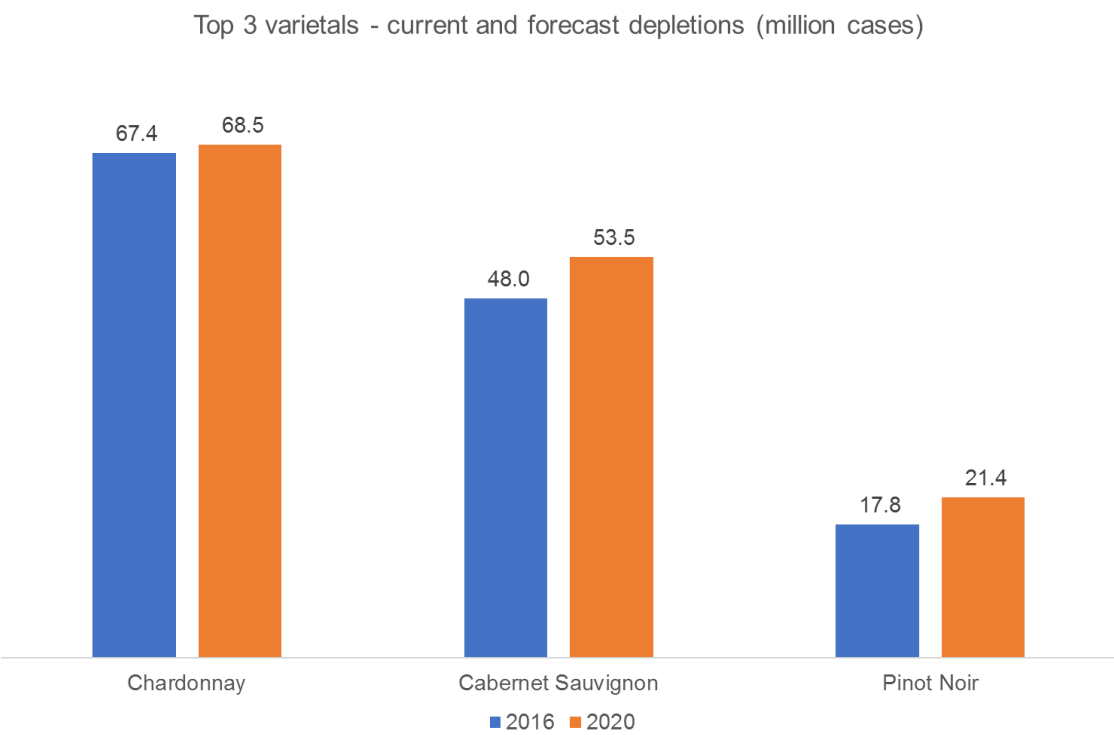
Wine preferences vary by region in China

Region	Cities featured in Vinitrac® China	Preference for red wine	Preference for white wine
North	Beijing Shenyang Zhengzhou	Style: dry, fuller-bodied Flavour: blackcurrant, fresh Chinese wolfberry, dried Chinese red date	Style: Fuller-bodied, dry Flavour: mango, tropical fruit, apple
East	Shanghai Hangzhou	Style: rich, fruity, earthy Flavour: Chinese waxberry, blueberry, cranberry, raspberry	Style: light, crisp Flavour: vanilla, pomelo, creamy
Central	Wuhan Changsha	Style: mellow and rich, smooth Flavour: strawberry, berries, Chinese black tea	Style: refreshing, smooth, heavy(-bodied) Flavour: lemongrass, tropical fruit, pear
West	Chengdu Chongqing Guiyang	Style: light, sweet Flavour: blackberry, raspberry	Style: fruity, crisp, sweet Flavour: honeydew melon, nutty aromas
South	Guangzhou Shenzhen	Style: fresh, juicy, oaky Flavour: strawberry, vanilla, clove	Style: soft, juicy, sweet Flavour: honey, jasmine tea, citrus

US demand for premium wines is rising



Chardonnay, Cabernet and Pinot Noir dominate the US market while sweet red blends are on the rise



Off trade sales of Cabernet Sauvignon are performing strongly for Australian wines and there is growth at the premium end

Varietal

	Australia			Total market	
	Value (million USD)	Value change (%)	Australian value share	Value (million USD)	Value change (%)
Blush Moscato/Muscat	5.0	0%	4%	126.9	6%
Cabernet Sauvignon	85.1	9%	4%	2,219.5	3%
Chardonnay	103.1	6%	4%	2,309.7	-1%
Fume/Sauvignon Blanc	10.0	-6%	1%	853.0	5%
Malbec	0.0	-33%	0%	246.8	-7%
Merlot	46.6	-9%	7%	640.2	-6%
Pinot Grigio/Pinot Gris	44.2	1%	4%	1,184.9	1%
Pinot Noir	14.5	-13%	1%	985.9	2%
Riesling	5.6	-18%	3%	206.5	-5%
Syrah/Shiraz	61.0	-7%	61%	99.7	-7%
White Zinfandel	1.5	7%	1%	236.5	-7%
Zinfandel	0.0	-39%	0%	194.2	-4%

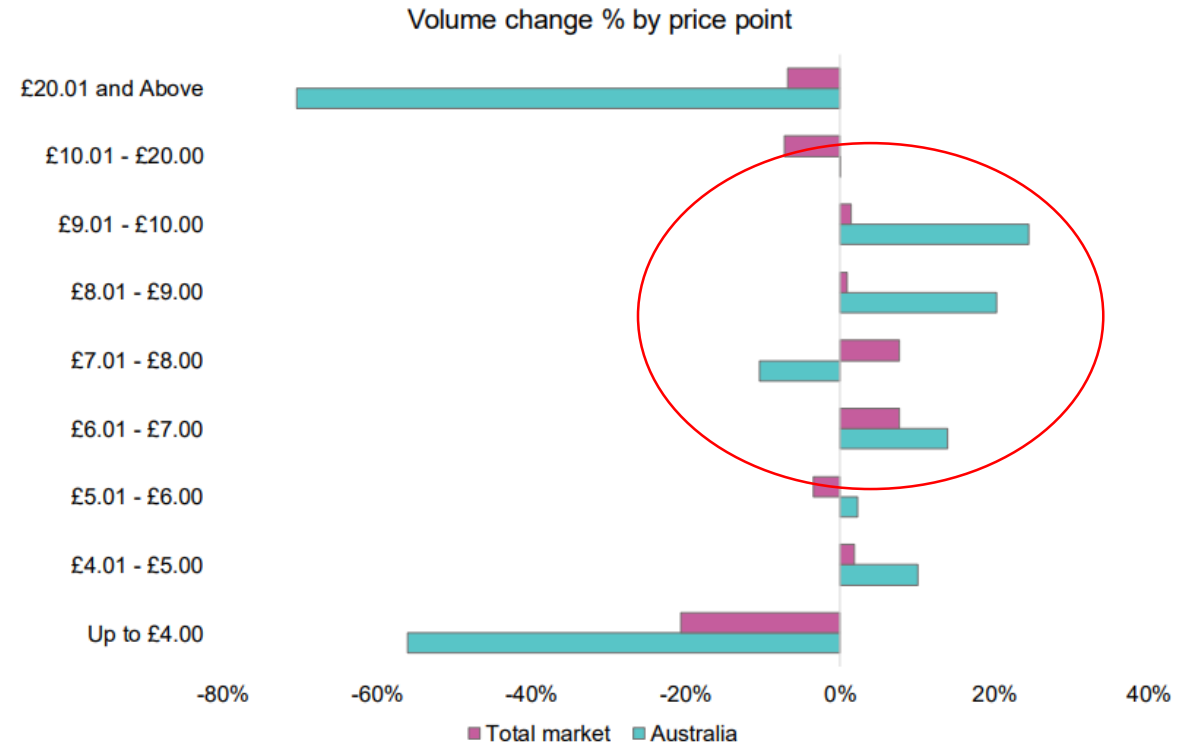
Varietal by Price Point (bottled)

	Cabernet Sauvignon		Chardonnay		Syrah/Shiraz	
	000 cases	Growth	000 cases	Growth	000 cases	Growth
Total Market						
Value \$0 - \$3.99	1,765.5	-2%	2,802	-8%	32.5	-22%
Popular \$4.00 - \$7.99	5,446.9	-5%	8,636	-3%	628.8	-13%
Premium \$8.00 - \$10.99	4,340.4	2%	3,739	-3%	133.8	19%
Super Premium \$11.00 - \$14.99	2,972.8	9%	3,621	4%	108.5	-8%
Ultra Premium \$15.00 - \$19.99	1,182.4	11%	1,296	6%	36.4	19%
Luxury \$20.00 - \$24.99	410.4	12%	256	3%	7.9	13%
Super Luxury \$25.00 Plus	287.2	-1%	265	1%	10.6	-10%
Australia	000 cases	Growth	000 cases	Growth	000 cases	Growth
Value \$0 - \$3.99	0.0	0%	1	3%	0.1	51%
Popular \$4.00 - \$7.99	868.5	-4%	1,480	3%	572.3	-12%
Premium \$8.00 - \$10.99	188.2	77%	45.0	813%	64.3	70%
Super Premium \$11.00 - \$14.99	5.2	5%	5.6	-18%	47.4	-11%
Ultra Premium \$15.00 - \$19.99	2.0	4%	1.32	3%	11.8	12%
Luxury \$20.00 - \$24.99	4.2	-13%	0.06	-51%	1.8	3%
Super Luxury \$25.00 Plus	1.8	23%	0.04	-29%	8.1	-9%

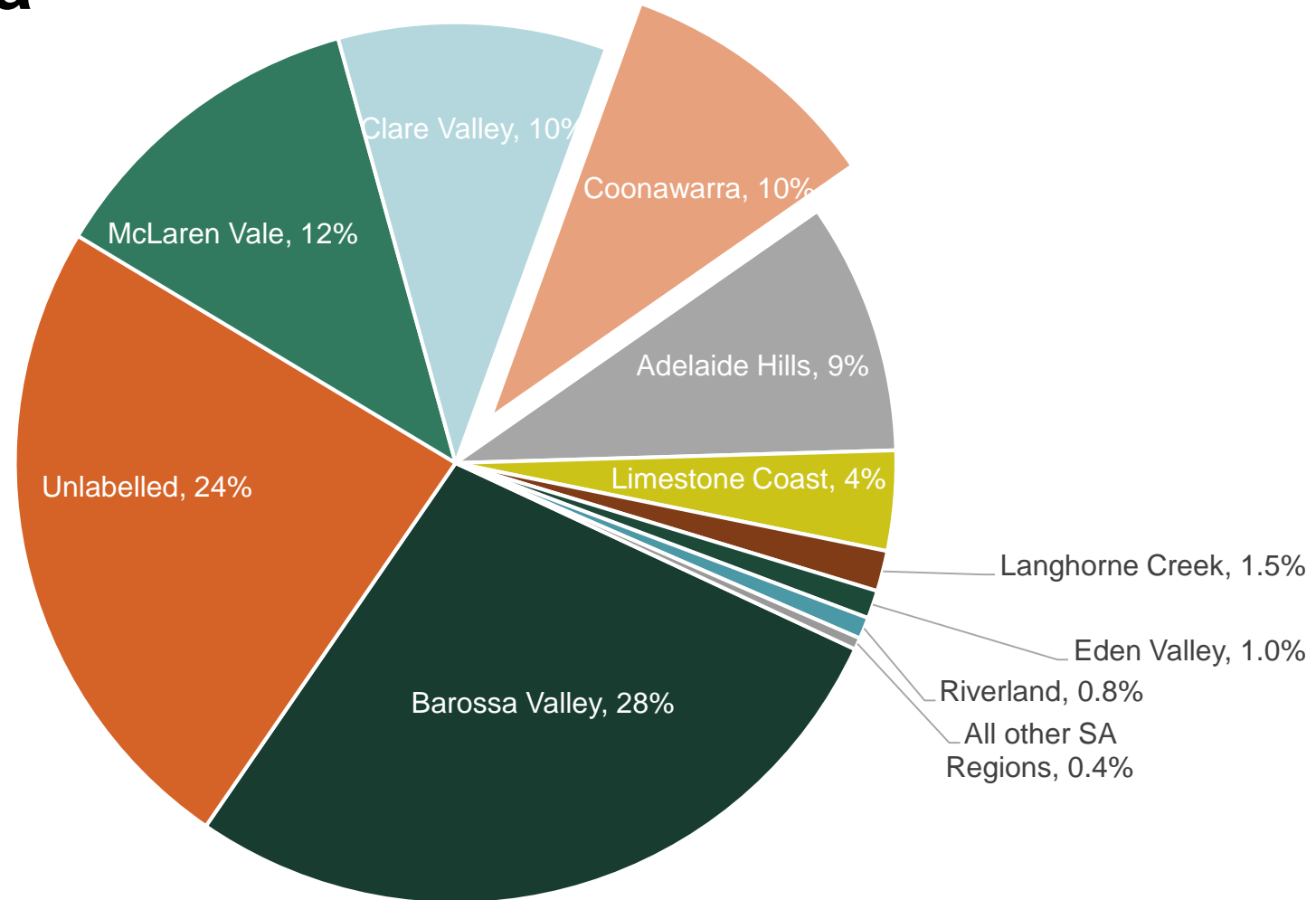
Defend our position as number one in the UK

Variety	Australia			Total Market	
	Million £	Change %	Australian market share	Million £	Change %
Chardonnay	296	10%	73%	406	7%
Shiraz	290	10%	80%	363	9%
Merlot	120	20%	36%	337	12%
Sauvignon Blanc	77	18%	10%	760	10%
Shiraz Blend	70	-9%	93%	76	-12%
Cabernet Sauvignon Blend	64	-19%	60%	106	-16%
Cabernet Sauvignon	64	18%	32%	197	9%
Pinot Grigio	63	2%	29%	222	9%
Chardonnay Blend	43	-12%	44%	97	-3%
Red Blend	31	-25%	30%	103	-17%
White Blend	20	-56%	19%	110	-27%
Malbec	14	106%	8%	182	32%
Rose blend	13	0%	13%	96	-1%
Sauvignon Blanc Blend	12	20%	55%	23	-7%
Pinot Noir	8	25%	15%	55	11%
Colombard Blend	4	-46%	9%	43	-23%
Viognier	4	48%	43%	8	27%
Grenache Blend	3	47%	22%	15	-15%
Semillon blend	3	-60%	100%	3	-62%
Riesling	2	-10%	49%	4	5%
Semillon	2	-22%	100%	2	-22%

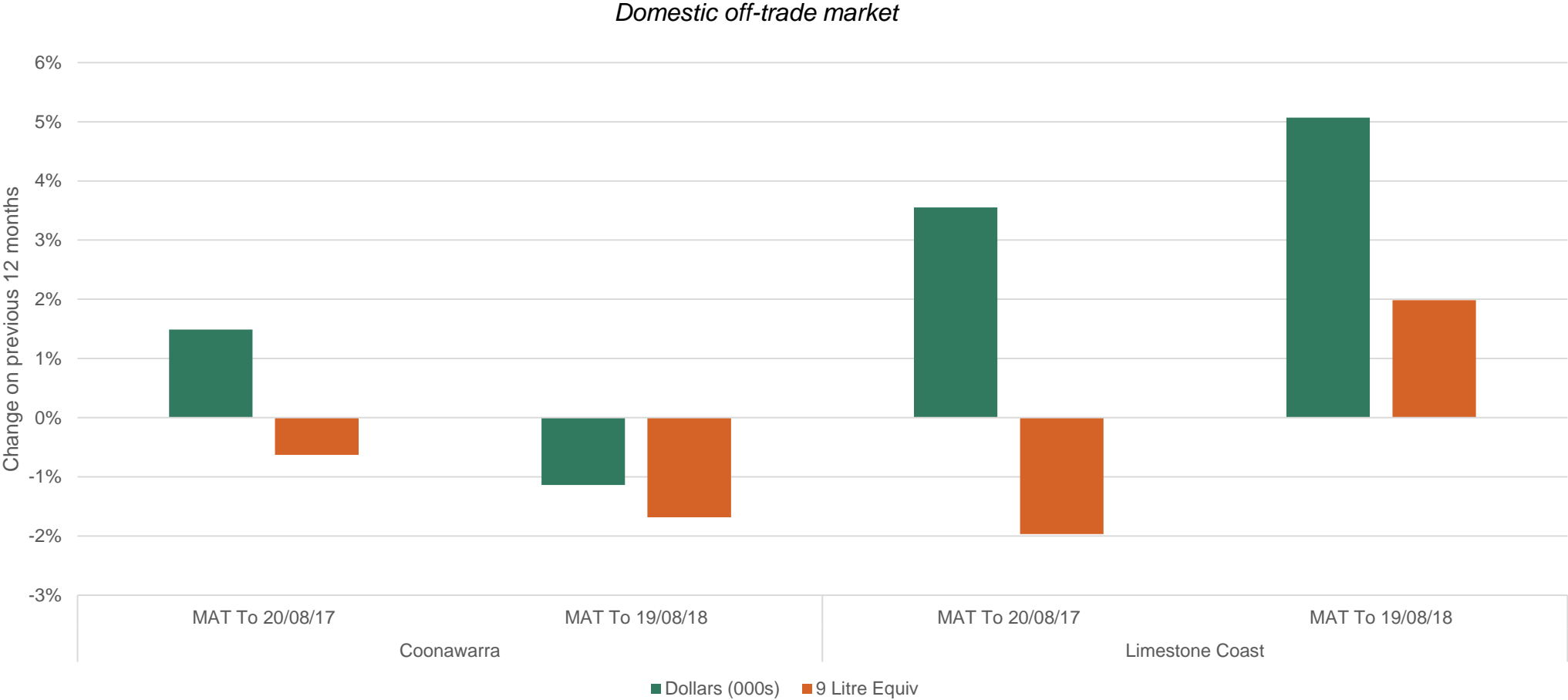
Off trade still wine
MAT June 2018



One in ten wines from SA sold in the domestic off-trade were from Coonawarra

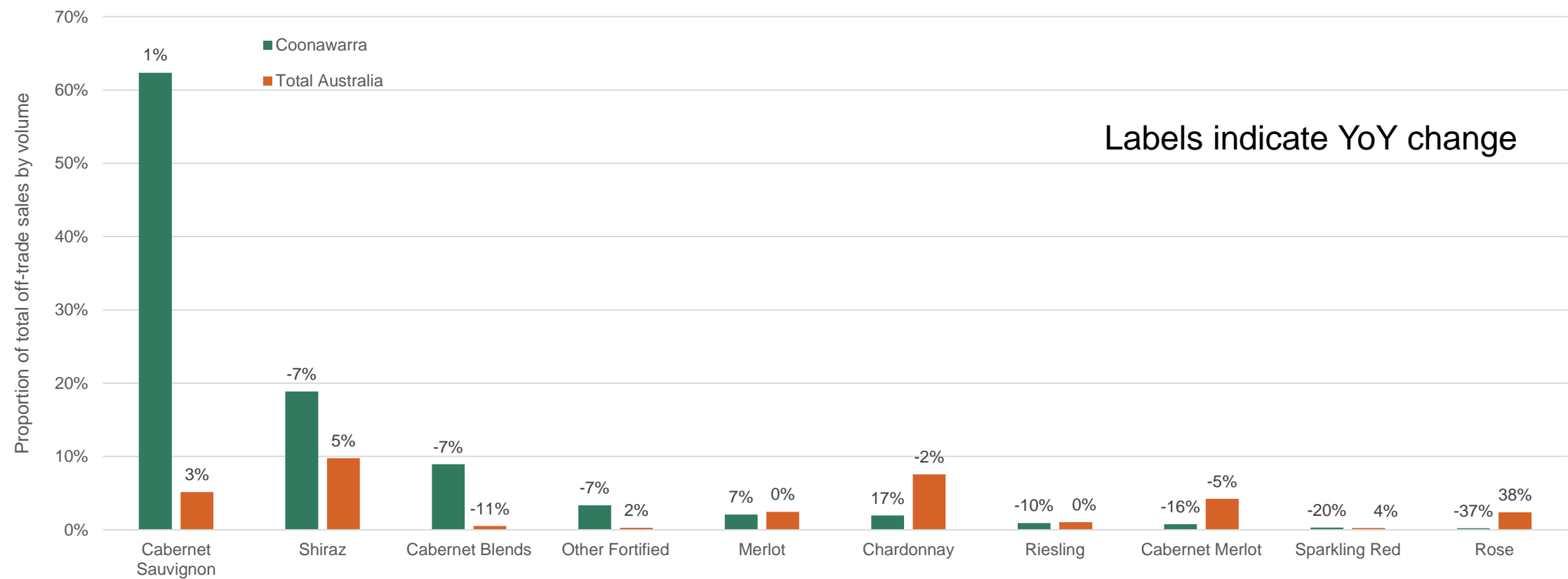


Overall value and volume of Coonawarra wines have declined in the domestic off-trade market

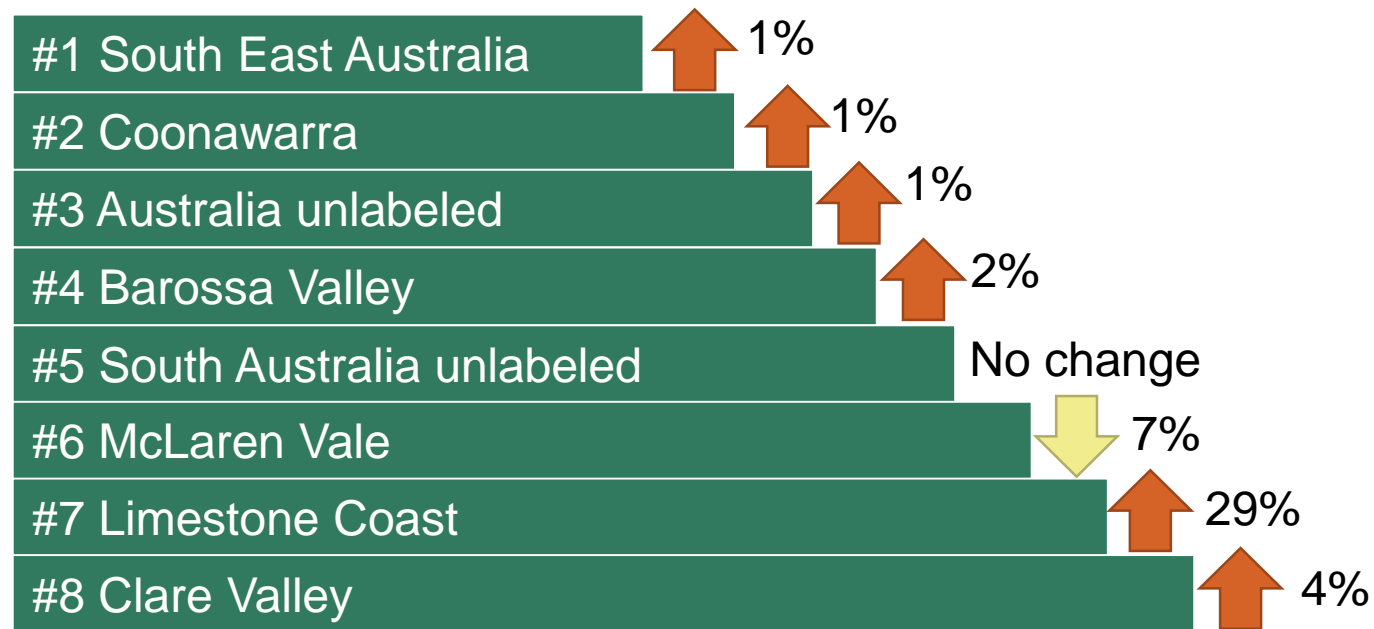


Cabernet Sauvignon is the most popular in the domestic market and it grew by 1% on the previous period

Proportion of off-trade sales by volume for MAT 19/08/18 and change on previous 12 months

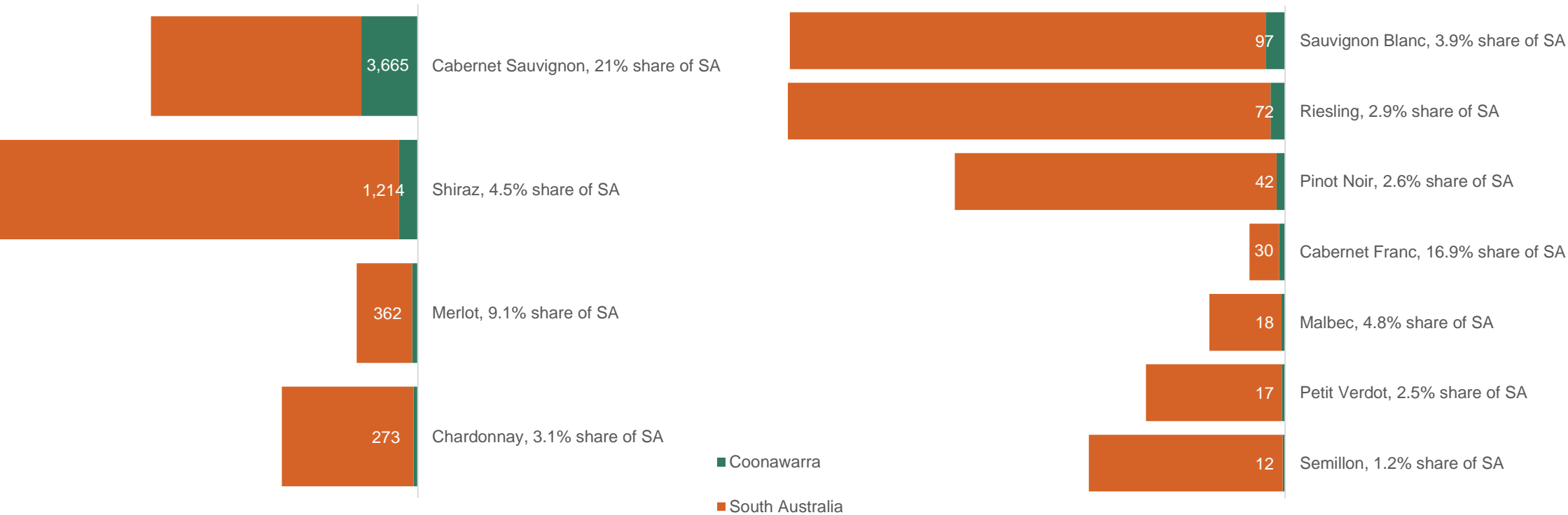


Coonawarra is the second largest region for off-trade domestic sales of Cab Sav

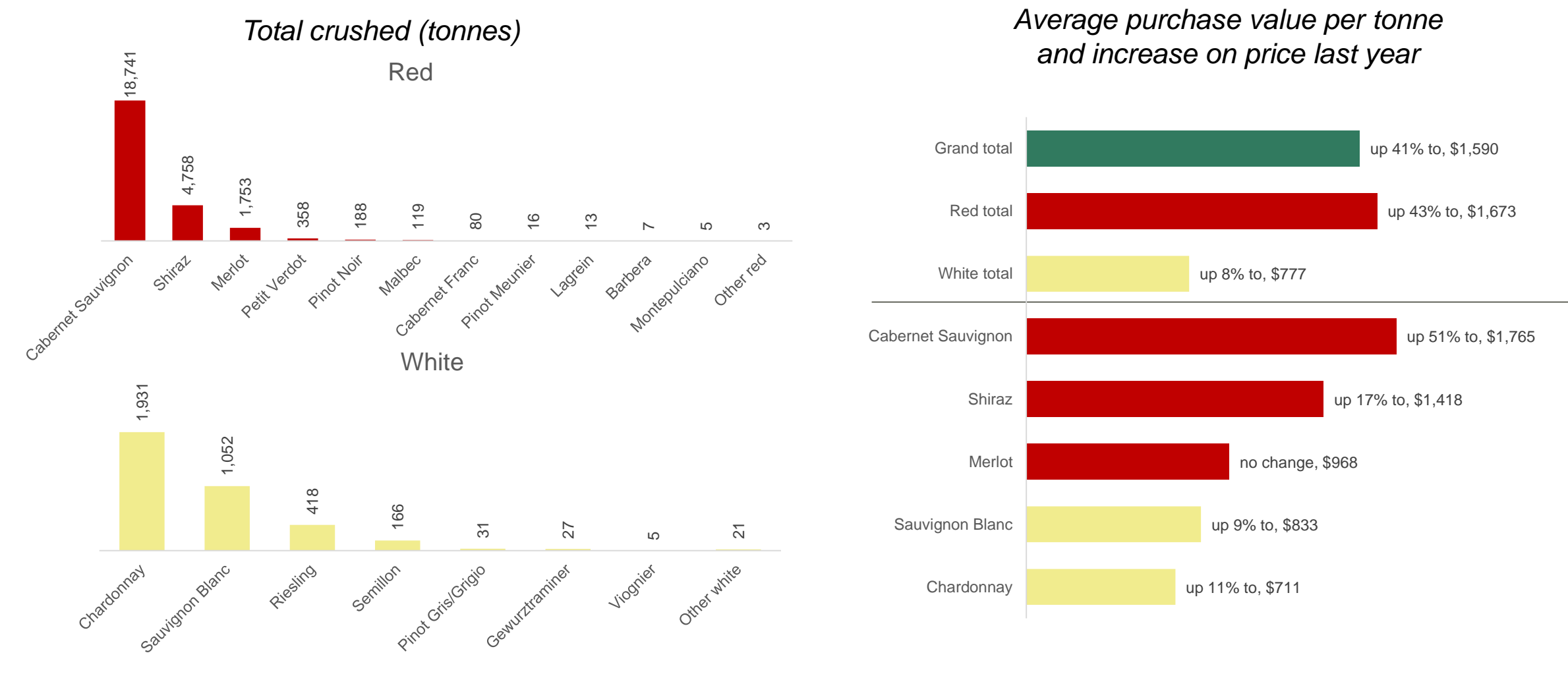


High representation of Cabernet Sauvignon, Merlot, Cabernet Franc in South Australian plantings

Total 2017 plantings (hectares) and share of South Australia

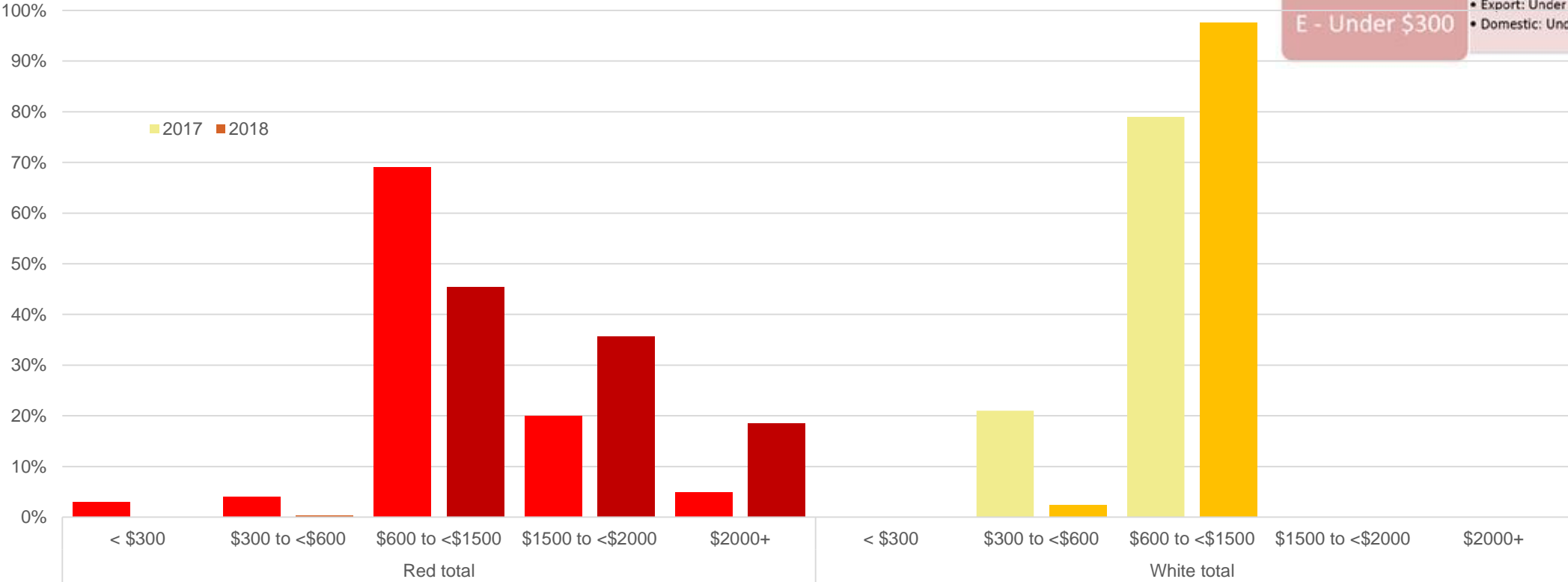


With the 2018 harvest down on 2017, the value of fruit was estimated to be just over \$45 million.



Price dispersion has shifted upwards at the higher end for both reds and whites

Price dispersion – percentage of tonnes in each price range by colour
2017 (left bar) and 2018 (right bar)



Key messages

- Coonawarra exports are increasing in value and volume
- China is Coonawarra's largest market. While large exporters dominate, there has been growth from small and medium sized exporters.
- Premium Australian wine is growing in the United States and Australian Cabernet Sauvignon sales in the off-trade are also growing.
- The UK has its uncertainty, but Australian wine is still popular
- Coonawarra has the supply to fill demand for Cabernet Sauvignon and at the right price
- Despite volume and value decline in Australia, sales of Cabernet Sauvignon in the off-trade has grown.

Growing Wine Exports

Are you new to exporting? Or are you an experienced exporter?

Do you want to know where to start exporting? Or do you want to develop or fine-tune your export strategy?

Do you like practical and useful tools to help you export?

If you answered 'YES' to any of these questions then visit the Wine Australia website to register.

The Coonawarra and Limestone Coast Export
Ready Session is on

30 October @ Chardonnay Lodge

9.30am – 5.00pm

Hint – If you can't find the link on our website, go to **\$50m Package, Capability development** and click on the register button for **Growing Wine Exports**



Access to Market Insights

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- ❑ Email: market.insights@wineaustralia.com
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- ❑ Regional analyst days
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