

Australian wine sales summary

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Trend towards bulk exports continues

Australia's export picture continues to be dominated by increased bulk sales and falling bottled sales, with a positive note to be found in growing demand for higher priced wines.

While bottled exports fell by 67 million litres in the 12 months to the end of March, following a fall of 32 million litres in the previous 12 months, the average value per litre increased 1% (see Figure 1).

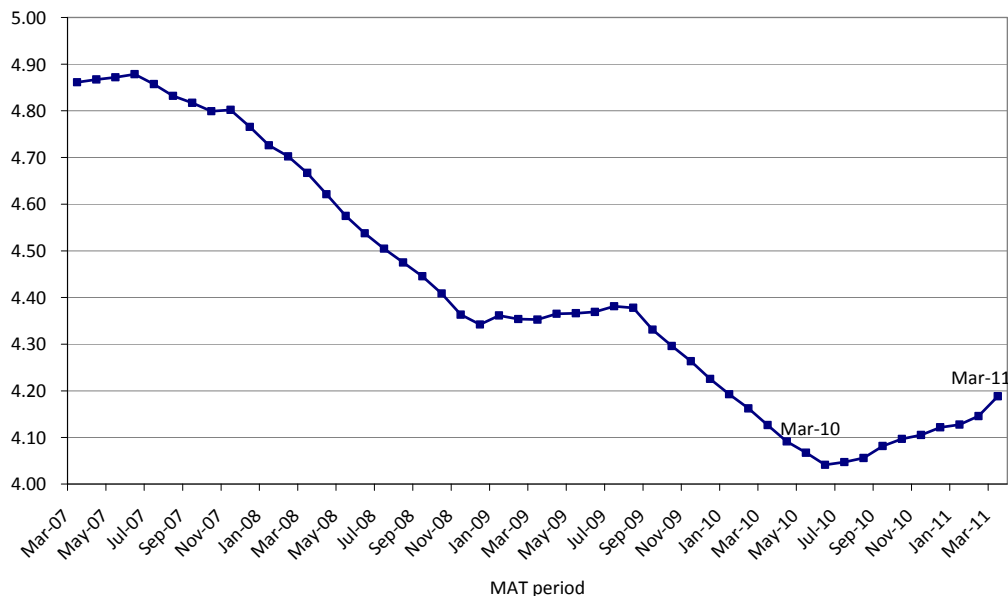
This came about through exports at over \$10 per litre increasing for the first time since April 2008 – up 3% to \$259 million despite a volume decline of 2%. The real growth was at the high end, with the \$20 to \$49.99 per litre segment up 15% to \$71 million and the over \$50 segment up 13% to \$32 million.

However, over the same period bulk exports grew by 46 million litres and now represent 46% of total wine exports.

The growth was slower than in 2010 (67 million litres), when companies began reducing holdings to address the industry's oversupply problems, but shipping branded wine in bulk for packaging offshore continues, as does growth in buyers-own and other opportunistic brands.

Other contributing factors to these overall trends include the strength of the Australian dollar and the decision by some major brands to pull out of lower price points in the UK and US.

Figure 1: A\$ per litre of bottled wine exports since March 2007 MAT



In all, Australia exported 755 million litres of wine worth \$2.02 billion in the 12 months – 21 million litres (3%) less than in the previous period.

White wine's share of the export mix fell 1% to 37%. Red wine accounted for 60%, with sparkling and other styles making up the remaining 3%.

Bottled exports of the top five varietals all declined in value (Shiraz by 9%, Chardonnay 21%, Cabernet Sauvignon 1%, Shiraz/Cab Sav blends 17% and Merlot 13%). The strongest growth (assuming sales of at least \$5 million) came from Grenache/Shiraz/Mourvedre (18%) and Viognier (4%)

Australia continues to struggle in its two major export destinations, but there are encouraging signs in the second tier markets.

In both the UK and the US total sales by volume fell (by 4% and 16% respectively), as did bottled sales by value (33% and 19%), although the average value per litre in the UK rose 4%.

By contrast, total sales by volume to Canada rose 8% to 55 million litres, to China 30% to 55 million litres and to Germany 25% to 38 million litres. Bottled exports by value to Canada rose 2% and to China 24% (with an increase of 3% in average value per litre).

The UK now accounts for 50% of all bulk wine shipments and the US, China and Germany another 30%. China recorded the fastest growth, increasing by \$9 million (48%) to \$29 million.

Domestic sales down

Australians are drinking a little less wine. According to the Australian Bureau of Statistics, wholesale sales declined by 1% to 527 million litres in the year to the end of March.

Sales of Australian wine were down 10 million litres (2%), which was slightly offset by imports increasing by 4 million litres (6%).

Sales of Australian sparkling wine were down by 5 million litres, white wine 4 million litres and red wine 2 million litres. Sales of fortified and other wine were up by 2 million litres. Soft-packs (down 4%) declined at a faster rate than bottled wine (down 2%).