Quality trumps quantity, whilst promotions are key to keeping sales up; innovation in low/no-alcohol wines will drive category growth amidst the moderation trend.

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This report looks at the following areas:

- Market drivers for the wine category, including the impact of inflation, an ageing population, and the alcohol moderation/health trend
- Consumption frequency of wine, with six in 10 drinking wine but overall usage low
- Purchase of wine types, with still white and red being consumers’ favourites
- Purchase of wine formats and ABV levels, with standard packaging and ABV prevailing in the category
- Factors influencing buying decisions, with taste, brand, packaging and promotions key
- Occasions for which wine is bought, mostly focused on at-home consumption
- Behaviours and attitudes related to wine, including the desire for additional information and application-oriented inspiration
- Recent product launch activity and innovations; market share, size and forecast

Six in 10 adults drink wine, and 18-34s have significantly higher consumption frequency than 35+. However, 18-34s have also reduced the amount of alcohol they usually drink the most, compared to other groups. In light of the current alcohol moderation trend, this indicates a chance for brands to explore no/low-alcohol wine options that appeal to those who want to limit/reduce intake.
Demonstrating wine's value is paramount for brands/wineries in order to stay in buyers’ shopping baskets. The cost-of-living crisis has led 39% of Germans to not drink any alcohol in the six months to Aug 2022, indicating that less spending capacity will negatively impact volume sales in the category.

Aspects such as quality, favourite brand or attractive packaging impact buying decisions, while promotions prevail over low price. Thus, brands need to focus on their promotional tactics and value propositions to appeal, above all, to keep 18-34s engaged.

While an ageing population and the alcohol moderation trend can be considered threats for the category, they also present new opportunities, such as zero-alcohol alternatives or the integration of adjacent categories (eg juice). This also applies for less-popular formats like cans, small bottles (85% of wine buyers bought their wine in standard bottles) that support moderation.
EXECUTIVE SUMMARY

Key issues covered in this Report
- Overview
- The five-year outlook for still, sparkling and fortified wine

Market context
- Younger generations are key users, yet older cohorts are in the majority
- Alcohol moderation and health trend continue to dampen wine consumption
- Non-essential products like wine have to prove their value to stay in consumers’ shopping baskets
- Conscious consumers expect sustainable action on the producer’s side

Mintel predicts
- Long-term decline of value/volume sales due to shifts towards healthier lifestyles and reduction of alcohol consumption
- Market size and forecast
- Wine value sales growth from 2022-23 followed by stagnation
- A decline in volume sales is expected from 2022-27

Opportunities
- Adapt to wine drinkers’ preferred consumption location – the home
- Help take the awkwardness out of not drinking with innovative wine alternatives
- Use premiumisation with a focus on high quality as a ticket into consumer’s shopping baskets
- Social media – a powerful tool to strengthen consumer engagement for wine
- Take a stand on nutritional facts before it becomes mandatory

The competitive landscape
- Brands remain the dominant force in a fragmented wine market
  - Graph 1: company retail market share of wine, by value and volume, 2021

MARKET DRIVERS
  - Graph 2: key economic data, in real terms, 2019-24
- Inflation remains the key concern in 2023 for consumers, brands and the economy...
- ...impacting financial wellbeing and consumer expenditure

Personal, planetary and financial health
- Inflation in wine lags behind overall inflation, but price increases are on the cards for 2023
- Cutback of alcohol consumption forces brands to lure consumers with premium offers
Employment links to wine consumption

An ageing population...
- Graph 3: population structure by age, 2020-30
- Graph 4: personal monthly net income of retirees, by gender, 2021
- Graph 5: reduction of alcohol consumption, by age, 2022

Health concerns call for healthier alternatives

Sustainability continues to rise up consumers' agenda and demands action from producers

WHAT CONSUMERS WANT AND WHY

Consumption frequency of still, sparkling and fortified wine
- Graph 6: consumption frequency of still, sparkling and fortified wine, 2022
- Graph 7: frequency of drinking still, sparkling or fortified wine, 2022
- Graph 8: frequency of drinking still, sparkling or fortified wine in the past six months, by age group, 2022

Financial struggles will impact spending on wine

Purchase of wine types
- Graph 9: types of still, sparkling or fortified wine bought in the last six months, 2022

Still rosé is the favourite of 18-34s

Purchase of wine formats
- Graph 10: format of still, sparkling or fortified wine bought in the last six months, 2022

...but alternative formats have potential to appeal to the conscious consumer

Promote smaller formats to help with portion control and alcohol moderation

Highlight bag-in-box formats' versatile credentials

Purchase of wine by ABV
- Graph 11: alcohol strength of still, sparkling or fortified wine bought in the last six months, 2022

De-alcoholised wine on its way to prevail as the low/no-alcohol option in the wine segment

More scope for adjacent drink categories to be positioned as non-alcoholic wine alternatives

Factors influencing buying decision of wine
- Graph 12: attributes to look for when buying still, sparkling or fortified wine, 2022

Promotions prevail over low price, whilst brand loyalty is higher when buying for oneself

Position wines as gift to justify higher prices

Deliver multi-value products to strengthen the appeal of promotions

Occasions for which wine is bought
- Graph 13: drinking occasions for which still, sparkling or fortified wine was purchased in the last six months, 2022

Continued home consumption demands better home suitability
Behaviours related to still, sparkling and fortified wine

- Quality continues to outrun quantity
  - Graph 14: behaviours relating to still, sparkling and fortified wine, 2022
- Enhance perception to appeal as premium product
- Target demanding 18-34s with additional information about wine
- Nutritional fact sheets, a future must-have...
  - ...that requires early adoption to be ahead of the curve and build consumer trust
- Appeal to 18-24s with a good value-for-money ratio before losing out on them
- Enhance communication about origin, packaging and production to show lower ecological impact

Attitudes towards still, sparkling and fortified wine

- Highlight the versatility of wine to appeal to Germans
- More scope for brands to interact and inspire consumers
- Branding adds to the quality perception
- Own-label can boost awareness and value perception by collaborating with social media stars

LAUNCH ACTIVITY AND INNOVATION

- Graph 15: wine launches, by branded vs private label, 2018-22
- Graph 16: wine launches, by ultimate company, 2021-22
- Branded wines lead launch activity in the market
  - Graph 17: wine launches, by top five claim categories, 2018-22
- Communicating suitability through multiple elements
  - Graph 18: top five environmental claims used by wine launches, 2018 vs 2022
- A large variety of claims/certifications promote sustainability in the wine category
- Organic wines define new industry standards
  - Graph 19: wine launches, by top three positioning claims, 2018-22
- Extraordinary editions increase visibility
- Market leader Rotkäppchen capitalises on growing consumer trends
- Alcohol moderation trend is visible in product launches among all types of wine

Advertising and marketing activity

- PURE The Winery highlights zero sugar
- Stay sober, be extraordinary
- Coravin promotes its ‘wine by the glass’ system

MARKET SHARE

- The wine market is fragmented and dominated by brands
Branded manufacturers gain share from private labels in 2021. Rotkäppchen-Mumm Sektkellereien GmbH is the strongest in terms of volume sales, while own labels lost some shares in 2021.

MARKET SIZE, SEGMENTATION AND FORECAST

Market segmentation
- Retail wine value/volume sales took a hit post-pandemic
- Retail value sales of wine and sparkling wine, by segment, 2019-21
- Retail volume sales of wine and sparkling wine, by segment, 2019-21

Market forecast
- Value sales continue to grow, followed by a plateau
- Wine and sparkling wine volume sales will continue to decline
- Wine value sales continue to grow from 2022-27
- A decline in volume sales is expected from 2022-27

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage
- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

Appendix – market size and central forecast methodology
- Forecast methodology
- Forecast methodology – fan chart
- Market size – value
- Market size – volume
- Market forecast and prediction intervals – value
- Market forecast and prediction intervals – volume
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