

Growth forecast for premium wines as long as...

scritto da Fabio Piccoli | 20 Febbraio 2024



It was not so encouraging reading the results of the investigation realized, as for the past

It was not particularly encouraging to read the **results** of the investigation conducted over the past seven years by the prestigious [University of Geisenheim](#) for **Prowein**. This study is a very accurate and authoritative analysis, considering that it involved 2,000 key figures in the viticulture production chain, including producers, importers, and distributors.

The Prowein report for this year provides a comprehensive overview of the current mood among many stakeholders in the wine industry, particularly their predictions for the near future.

Beginning with evaluations of the current state of the sector as viewed by producers, it emerges that the primary concern remains the **increase in production costs**, although this concern has decreased significantly compared to last year (71% vs. 85%). On the other hand, **apprehension about the global economic crisis is increasing**, although not as much as in 2023 (59% vs. 55%).

What has certainly increased is apprehension towards the **decrease in wine consumption** (48% vs. 30%), which now appears to be the most complex challenge facing the entire sector, even greater than the ongoing, yet still worrying, climate changes.

Despite the numerous discussions that arose, especially in 2023, regarding the topic of wine and health—particularly instigated by the [WHO](#)'s stance against the consumption of alcoholic beverages—the so-called 'health politics' appears to be of least concern to the interviewees surveyed by the University of Geisenheim, decreasing compared to last year (22% vs. 32%).

A "low" perception of danger, the latter being something that warrants considerable reflection.

In a scenario of this nature, which is certainly not uplifting, **the decrease in profitability of the wine industry** appears to be the inevitable consequence of this difficult situation and also the main reason why investing in new initiatives, especially in marketing and communication, is not easy.

And, confirming this assessment, the main measures taken by companies (producers and traders) interviewed to address the issue of cost increases and declining profitability emerge:

- at the top, we find "**cost reduction**" (64%),
- in second place, "**elimination of low-profit wines**"

(51%) ,

- third, “**postponement or reduction of investments**” (40%) ,
- fourth, “**closure of unprofitable markets**”.

Instead, in terms of measures to improve income, we find at the top the **increase in selling prices** (72%). Far fewer interviewed operators have declared to **adapt their portfolio towards trendier wines** (39%) or to have **strengthened their marketing and sales activities** (35%). Likewise, few are those who have chosen to **open new export markets** (32%) or **launched more innovative products** (28%).

Regarding how to recover or, even better, increase wine consumption, particularly by trying to be more appealing to younger generations, in my opinion, some important contradictions emerge.

On one hand, indeed, the clear majority of interviewed operators declare that to “rebalance” the wine market (that is, to make current production volumes consistent with consumption) it is necessary to intercept and better engage young consumers, only 16% agree that this is possible through increased investments in marketing and communication.

Furthermore, the majority of them considers indispensable the **public intervention** and support in restoring a balance between production and consumption (only 25% of the interviewed producers considers possible a proper balance without public intervention).

We could say there's nothing new in this direction, although, to be honest, it was hoped that in the last decade the culture of **the importance of investment in marketing by our companies would have increased**.

I am not so naive as to be unaware of how important public resources are and will be in the future for our wine sector and agriculture in general. But, at the same time, one hopes

for growth on the entrepreneurial and managerial side; otherwise, and we are seeing this in recent years as well, there is a risk of **misusing public funds**.

But there is one last point from the Prowein survey that should make us reflect: the majority of the interviewed producers consider it essential to "earn more in order to be able to invest more effectively in marketing". Likewise, the vast majority are convinced that premium wines will further grow in the near future, provided, however, that they can credibly express high quality, regionality, reputation, and storytelling.

The two aspects are evidently connected, meaning that, if producers want wines for which consumers recognize higher prices, it is fundamental that they invest more in marketing and communication.

Without these investments, it is difficult for me to imagine the growth of the reputation of any wine brand.