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BRAZIL'S WINE-DRINKING POPULATION EXPANDS

The Brazilian wine market gained 3m regular wine drinkers in just 12 months. But who has been recruited? *Rodrigo Lanari* of Wine Intelligence reports

2020 was a good year for wine in Brazil. It saw consumers drinking more wine due to social isolation measures and the latest data shows there are now more consumers drinking wine. From 2019 to 2020 alone, the market added 3m new regular wine drinkers — those who say they drink wine at least once a month.

The growth in the number of new wine consumers in Brazil has been phenomenal. In 2010, there were 22.4m regular consumers. A decade later, this number has almost doubled, topping 39m consumers in 2020, according to the most recent Vinitrac survey (October 2020).

The Wine Intelligence *Brazil Wine Landscapes 2021* report reveals that consumers over 35 years of age have been driving this growth. In 2017, this age group represented 53% of regular wine drinkers and this number jumped to 59%



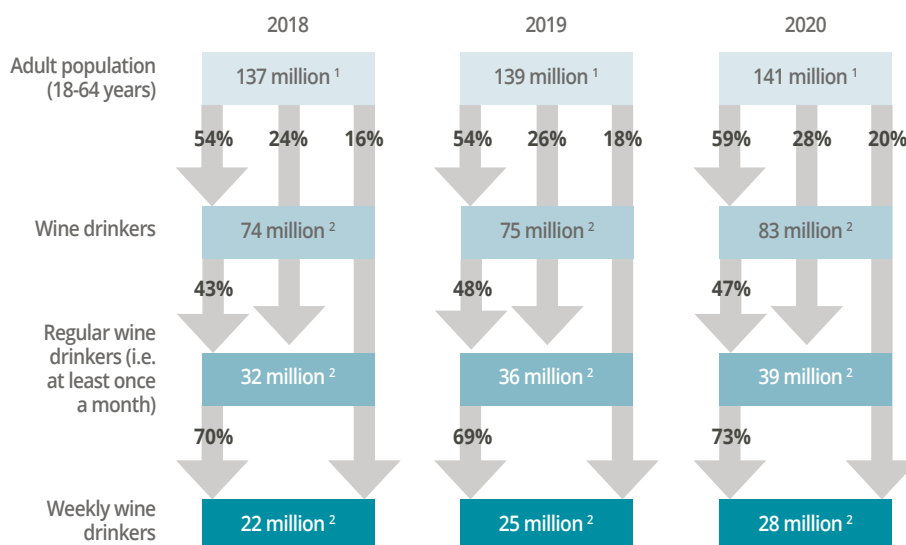
Brazilians began to spend more on wine when social restrictions were put in place due to the pandemic

in 2020. Currently, this bodes well for the wine industry as this target consumer typically has more disposable income, but attracting the younger generations to the category remains a challenge.

Analysis of volumes for 2020 shows that, between January and December,

501m litres of wine were sold — a record for the period and an increase of 31% over the previous year. Despite this growth, per capita consumption in Brazil remains low, leaving the country in 74th place worldwide. In addition to 39m regular consumers, there are another 44m Brazilians who drink wine, but less frequently than once a month. These groups, combined, make up only 40% of the total population of the country.

Changes in the Wine-Drinking Population in Brazil



An increasing proportion of the Brazilian adult population is entering the wine market, with the monthly wine-drinking population increasing by 7m people since 2018

Base: All Brazilian regular wine drinkers n=1,000

¹ IBGE, Estimated population; ² Wine Intelligence online calibration study
Source: Wine Intelligence, Vinitrac® Brazil, October 2020

Wine as a companion

Similar to other markets studied in Wine Intelligence's Covid-19 tracking series, Brazilians have begun to spend more on wine since social restrictions kept them from spending on travel, leisure, bars and restaurants. Accustomed to drinking in social gatherings or at special dinners, Brazilian consumers discovered that a glass of wine makes for an excellent companion during an afternoon at home, for a typical lunch or even while reading a good book.

Brazilians are often characterised (by themselves) as naturally curious, which we can see in the data when 70% of those surveyed say they're open to trying new grapes, countries and producers. Among Americans, Chinese and the English, for example, this readiness to experiment falls to 51%, 47% and 43%, respectively. Brazilians continue to be open to discovery. →

→ The level of involvement with wine, primarily in high-income brackets and those aged over 35, has also risen significantly in recent years. The average spend per bottle is also increasing, especially among those who drink fine wines. This has been found, primarily, in supermarkets – the channel most favoured by Brazilians, especially during the pandemic.

Online channels

Brazil has typically been one of the top markets for e-commerce penetration in the wine industry. However, digital channels, used by 30% of regular wine consumers, have not seen huge growth in usage incidence despite restrictions imposed due to Covid-19.

One of the possible explanations for this stability (and not increase, as expected) has to do with the profile of the 3m new consumers. As newcomers, these consumers still do not feel mature enough to explore online wine purchasing – it seems to be an area where experience and confidence in the category is required. This raises the intriguing possibility as to whether a vibrant online wine sector can achieve the usage penetration rates of 50%-plus, a level

once thought highly unlikely, but now achieved in markets such as China thanks to increasingly sophisticated mobile e-commerce technology.

The reality is that e-commerce maturity and penetration for wine in Brazil is phenomenal. Brazil is already the third-largest market in the world, in absolute numbers, for consumers of wine online. There are more than 10.6m, trailing only the US (19.3m) and China (27.3m).

Domestic versus imports

The standout performance for 2020 goes to domestic producers. The rise in the value of the US dollar (by around 40% in 2020), greater proximity of points of sale and a consumer that is less resistant to Brazilian wine contributed to the positive performance of the domestic sector.

Among imported products, eyes remain focused on Portugal as investments by the sector have proven effective. With growth of 17% in the first half of 2020, Portugal is expected to surpass 2m cases imported by the end of this year. The level of awareness is second only to Brazilian wines, the market leader with 73% market share by volume.

Challenges

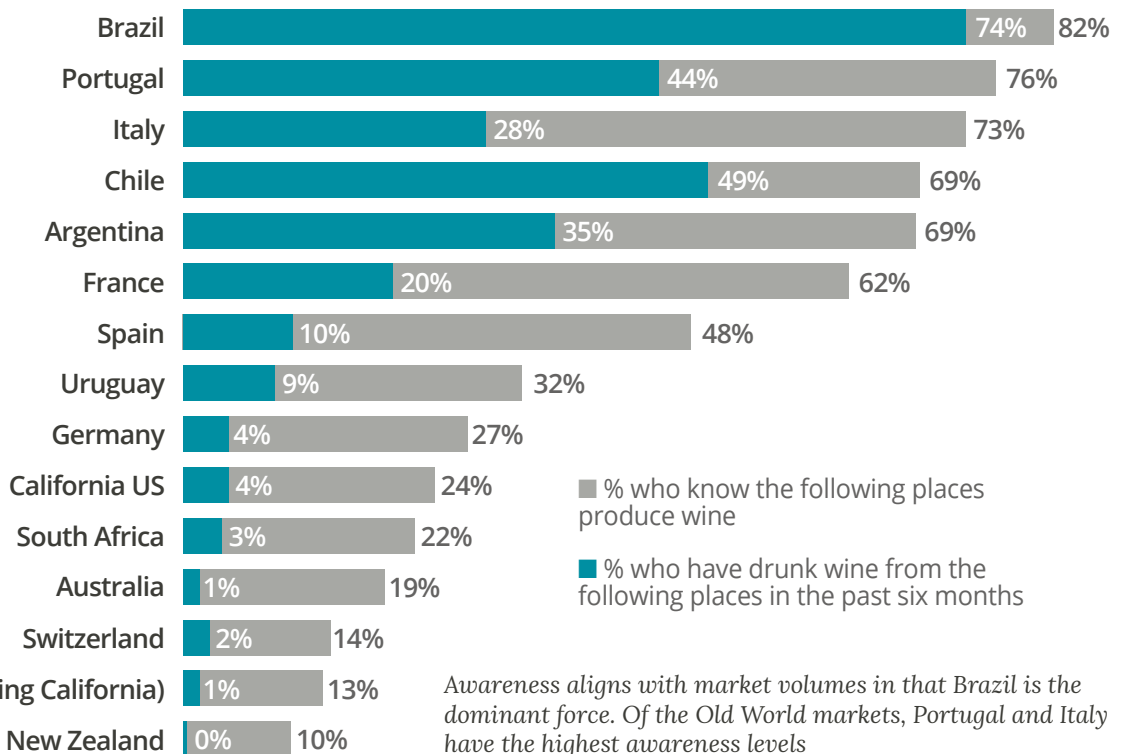
Despite the great strides being made in the Brazilian wine market, challenges definitely still remain.

How does the Brazilian industry migrate consumers from table wines (produced on a large scale, at low prices) to fine wines (considered expensive and sophisticated by the public at large)? How does it make newcomers to the category drink wine more frequently? What do new regular wine drinkers want and how can the industry attract younger people? How long will it face the effects of the pandemic and how will this affect consumption habits?

Of course, the Brazilian industry is not facing these challenges alone. With the roll-out of vaccinations against Covid-19 underway, there appears to be better times ahead in 2021, but it will also be a year of uncertainty and heightened caution as the wine industry figures out what consumer behaviour will look like. ●

Rodrigo Lanari is country manager for Brazil at wine consumer research and insights specialist Wine Intelligence. For more details on the Brazil Wine Landscapes 2021 report, email him at rodrigo@wineintelligence.com

Country of Origin Awareness and Respective Consumption Level



Awareness aligns with market volumes in that Brazil is the dominant force. Of the Old World markets, Portugal and Italy have the highest awareness levels

Base: All Brazilian regular wine drinkers n=1,000

Source: Wine Intelligence, Vinitrac® Brazil, October 2020

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