

Market in Focus March 2016 – Australia

While export markets account for 60 per cent of Australian wine sales, the domestic market remains vital, especially for smaller Australian wine producers.

81 per cent of the Australian adult population drinks wine, with 11.2 million people drinking wine at least once a month and 9 million of these consuming weekly, according to Wine Intelligence. 84 per cent of regular wine drinkers consume white wine and 77 per cent consume red.

Data collected by Wine Australia on sales of Australian wine in the domestic market show that while the volume of wine sales was down by 0.6 per cent to 456 million litres in 2014–15, the value of domestic sales increased by 3.8 per cent to A\$2.78 billion.

These trends are reflected in more recent statistics on the domestic off-premise market reported by IRI-Aztec. Wine sales overall in the domestic retail market are relatively flat in volume terms but up marginally in value for the 12 months ended 31 January 2016. There are significant differences by category.

For red wines, bottled sales are on the rise while cask sales are down. In comparison, white wine sales are down for both bottled and cask but the decline in cask sales is much steeper. Cask wine sales are on a long-term downward trend.

The value of Australian wine sales was up marginally but out-performed by imports. However, Australian wine remains dominant, accounting for more than three-quarters of wine sold in the domestic market.

Champagne sales have achieved double-digit growth but sparkling sales are down.

New Zealand Sauvignon Blanc remains the market leader but growth has slowed significantly, while sales of the traditional Australian varietals of Shiraz, Chardonnay and Cabernet Sauvignon are on the rise. Shiraz recorded strong value growth in the last 12 months and is the second biggest category behind Sauvignon Blanc. The steady decline in Chardonnay sales in recent years was arrested in 2015 and sales were up marginally. Cabernet Sauvignon also recorded solid growth while other varietals to achieve record sales growth off smaller bases include Pinot Noir, Pinot Grigio and Riesling.

The strongest growing price segment for Australian wine in the domestic market is \$16–24.99 per bottle with double-digit growth. There was also solid growth in the \$25 per bottle and above segment.

Australian wineries are having more success selling wine direct to the consumer. In 2014–15, direct-to-consumer sales increased 1.5 per cent to 42.1 million litres. Most wineries recorded an increase in these sales. Of the 196 responses, a total of 102 recorded increasing sales, 55 recorded a decline and a further 39 did not respond to this section of the survey. All size ranges of wineries reported success in selling directly to their consumers.

Wine Australia

For more information on the domestic market please contact the Market Insights team at enquiries@wineaustralia.com, phone 08 8228 2000 or visit www.wineaustralia.com/winefacts

Note - the information contained in this report was sourced from the Wine Australia 2015 *Production, Sales and Inventory Survey*, the Wine Intelligence *Australia Wine Market Landscape Report August 2015*, and IRI-Aztec *MarketEdge* data for the 12 months ended 31 January 2016.