wine intelligence

A division of the IWSR Group

Spanish wine in the UK market

March 2023

GOBIERNO DE ESPAÑA

MINISTERIO DE INDUSTRIA, COMERCIO Y TURISMO

ICEX España Exportación e Inversiones

Contents

Introduction

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Spanish wine in the UK

Project objectives

Profiling, attitudes

To map and understand the current consumer demographics in the UK market. Present the typical consumer's typology and attitudes towards wine; and identify attributes influencing purchase of Spanish wine.

Economic context & market demand

In the light of the current economic context, to understand the consumer's sensitivity and reaction to potential retail price increases, through price elasticity analysis for Spanish wines (still, sparkling and fortified) versus other wines.

Spanish wine

Identify incidence of purchase of Spanish wine (still, sparkling and fortified) within the market, through the different distribution channels and versus other wine origins. Present wine brand image by country of origin: Spain versus key country competitors.

Research conducted for this report

Consumer research

Vinitrac online survey with n=2,012 regular wine drinkers, representative of 28.5 million consumers across the UK conducted between December 2022 and January 2023.

Market data

IWSR market data is integrated in the report to understand the volume and value trends by categories, origins and price points, in addition to informed forecasts.

Winery survey

42 wineries participated in the study including small, medium and large wineries. And includes some of the most important wine groups in Spain exporting to the UK, whether it is still, sparkling or generous wines.

Trade interviews

Market interviews were conducted with 10 experienced industry professionals in the UK wine trade between January and February 2023, including supermarket buyers, on-trade operators and influencers.

Key take-aways

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Spanish wine in the UK

Spanish wine in the UK market in numbers

11.6 m
UK wine drinkers consume Spanish wine

11.7 m
of 9L cases of Spanish wines consumed in 2021in the UK

1,200 m
Spanish wine retail value in the UK (in euros)

41%
of UK regular wine drinkers consume Spanish wine

75%
of Spanish wine drinkers visit Spain on holidays regularly*

23%
of Spanish wine drinkers visit Spanish restaurants frequently**

* Have been to Spain at least 3 times
**Visit Spanish restaurants at least once every three months

Key take-aways

Volume, value market size & market shares

Wine volumes

Still wine volumes in the UK have been consistently falling over the years and is forecast to continue to decline through to 2026. Sparkling wine is the only category to record growth. In the short-term, there will be greater demand for affordable wine, but in the long-term, the market is trading up from entry-level wines.

Addressable market

There has been growth in the regular wine drinking population recovering from Covid-19, up from 25.7 million in 2019 to 28.5 million in 2022, however volumes remain in negative territory. This suggests wine consumption driven by moderation and quality-over-quantity approach; the biggest falls in volume have come in the lowest price bands.

Meanwhile, the addressable market of regular wine drinkers of Spanish wine remains stable, representing about 12 million people.

Market shares

Spain holds 10% of total market shares in volumes and value for still wine. It places 5th by volume, and the market share is about the same as France, Italy and Chile. Aligned with the broader trend, decreases of 3% to 4% (CAGR) are to be expected by 2026, similarly to competitor countries France and Italy.

Spain is the 3rd distributor of sparkling wines in the UK, although Italy is the clear leader in this category, holding 70% of market shares. Like for still wine, less than 10% of Spanish sparkling wine volumes come from the on-trade, behind France and Italy.

Key take-aways

Impact of current economic context

Economic context

Broadly negative outlook in the UK at present. As most total household incomes have remained stable in the last six months, there is an evident shrink of disposable income. This is due to a rising cost of living and a heavy inflation rate. Demand for all wines will likely suffer from price increases, but Spain will more likely be affected than France and Italy, due to lower association with quality.

Consumer sentiment

Consumers are pessimistic about the future and are being careful with their spending – which most severely impacts wine consumption at home, as well as going out. Respondents have effectively reported spending less on wine and moderating their alcohol consumption. Fortified wine and sparkling wine is particularly affected.

Opportunities

Consumer change in behaviour has affected retailers differently. Discount stores and delivery apps are both benefiting from the current context, with all regular wine drinkers reporting using those two channels more often in the last 3 months.

Promotions are becoming increasingly important; 2 in 5 recall buying the wine that they like specifically when it was on promotion and nearly a third bought multiple bottles when a deal was on.

Consumers are drinking less frequently but are spending more (due to pursuing better quality wine but also due to inflation). There are opportunities in both low and high-end of the market.

Key take-aways

Origin health

Market leaders

France, Italy and Australia are the three market leaders in the UK by consumer penetration, with about half of those who know these countries as producing wine places reporting buying wines from these origins in the past 6 months. Spain's penetration in the market represents just over 40% of all regular wine drinkers, so there is room to grow.

Spanish wine image

Core associations with Spanish wine are taste, food-pairing quality and value for money. Spanish wine has similar imagery to Chile, over indexing in associations with value for money and cheapness.

Taste, quality, regions of origin, grapes people like and brands customers are aware of are the five main drivers to purchase being key for Spanish wine consumers.

Spend & price sensitivity

An analysis of price consideration per country of origin confirms that the current image of Spanish wine in the market is very strongly correlated to its affordability. Reported price expectations are similar to Chile and Australia, with an average of £6.20 as minimum spend, £8.20 as typical spend.

The wine market as a whole, has an elastic demand, in part due to its saturated and competitive nature. As such, all origins tested have an elastic response to price change, where by increases in price result in a decline in demand.

Spain showed to be the most sensitive to price changes, potentially losing over 50% of buyers at a £2 price increase for the wine consumers typically buy. But the same goes for Italian and French wine, all wines suffer. A positive quality association helps smooth the impact of a price increase.

Key take-aways

Sparkling wine & fortified wine

Sparkling wine

Champagne has the most positive image in the market, being strongly associated with high quality, prestige and establishment.

Cava and Prosecco have a similar image in the market; core strengths are “taste”, “refreshing” and “value for money”. However, Prosecco is associated with “becoming popular”. The level of association for Cava with “luxury / fine wines” and “wines that can age” is low (under 10%), an evidence of a lack of understanding of the different price-tiers the appellation can produce.

All sparkling wine types are price elastic, though Cava and Prosecco were more sensitive than Champagne. This is in part due to the fact that Champagne has a higher base cost and therefore is able to absorb price increases more easily than Cava.

Sparkling wine is the wine growing category, but Spain needs to focus on how to show quality differentiation within this style of wine.

Fortified wine

Fortified wines have a low market penetration – up to 22% for Port and 11% for sweet wine.

These wines have an image of tradition, seen as well-known and established appellations. Compared with Port, Sherry is significantly less associated with “high quality”, “taste”, recognisable brands and ageing potential. Again, “cheap” is most associated with Sherry than Port.

Port price elasticity is negative, although it would be able to absorb price increases better than Sherry.

Key take-aways

Spanish culture influence

Overall image

When thinking about Spain, respondents stated that “sunshine” comes to mind. Half of drinkers of Spanish wines said visiting Spain was an influence for them to start drinking Spanish wines. Visiting a Spanish restaurant encouraged a third of current Spanish wine drinkers to start drinking Spanish wines.

Holiday destination

There is a great opportunity to educate travelers when in Spain. 85% of regular wine drinkers in the UK have visited Spain at least once in their life – it is the most visited country by average number of visits, higher than other destinations like France, Italy, Portugal, Greece and the US.

Restaurant usage

Over 85% of the wine drinking population in the UK has already eaten in a Spanish restaurant. However, compared to other restaurant types tested, Spanish restaurants are the least-frequently visited. Indeed, 43% have indicated they do not have access to Spanish restaurants around them.

Key take-aways

Quality cues & incentives

Quality cues

'Gran Reserva' and ' Reserva' are widely known quality terms, as well as 'Organic' which converted about 1 in 3 awares into buyers. Terms such as 'Joven' or 'Crianza' fail to engage with UK wine drinkers

Wineries could explore other terms that resonate with UK wine drinkers such as 'Exclusive collection', 'Limited edition' or 'Winemaker´s choice'.

Wines with significant oak and tannins are becoming less popular, as consumer seek out fresher, lighter styles of wine, both red and white.

Organic wine: Spain is perceived as a leading source country in the migration to organic viticulture, an increasingly relevant attribute in the UK market.

Incentives

Half of drinkers of Spanish wines said visiting Spain was an influence for them to drink Spanish wines. The same proportion said trying a Spanish wine they liked the taste of encouraged consumers to drink more of them.

Nearly a quarter of regular wine drinkers, who do not buy Spanish wine, said better quality for how much they typically spend, better pricing and being able to taste the products to be incentives for them to buy more wines from this place of origin.

Key take-aways

Profiling
& attitudes

Demographics

The UK wine consumer is ageing, in line with the whole population. Most of Spanish wine awares and drinkers are aged over 55, but again, in line with the UK wine market.

The geographical spread of Spanish wine drinkers is aligned with the distribution of regular wine drinkers in the UK, with most of the addressable market concentrated between London and the South-East regions.

Attitudes

Drinkers of Spanish wines are frequent wine consumers, over 75% of them drink on a weekly basis.

Supermarkets Tesco and Sainsbury's are the main distribution channels used in the UK to purchase wine from, including for Spanish wines. There is a significantly higher proportion of Spanish wine drinkers who buy online or through specialist wine shops.

Key take-aways

Spanish wineries in the British market (1/2)

Market potential

The UK is perceived as one of the markets with the greatest potential. 83% of the Spanish wineries that participated in this study export Spanish wine to the United Kingdom and 68% consider this market with great potential in the future for Spanish wines.

Image

Spanish wines project a good image. Most wineries believe that Spanish wines have a good image in the United Kingdom. The most pessimistic wineries base their opinions on the continuous promotion of a good price compromising quality and on a lack of promotion of Spanish wines as wines with prestige, similar to that of countries such as France or Italy.

Key take-aways

Spanish wineries in the British market (2/2)

Opportunities

The wineries interviewed have concerns, but at the same time they see opportunities in the British market. Among the biggest concerns of the wineries is the current positioning of Spanish wine along with an increase in taxes and prices.
An increase in wine tourism among British and new ways of approaching the consumer are the opportunities that wineries recognize for having greater potential.
Bars and restaurants, gourmet shops and a greater presence in specialized online portals are the channels where wineries see the greatest opportunity for growth.

Areas of support

Networking, promotion and a greater social media presence are areas where wineries need more support.
With examples such as organizing events in different cities in the United Kingdom, events focused on professionals or other events aimed at a younger audience. The wineries emphasize the need to promote and establish connections and publicize their products beyond the fairs that currently occur in London.

What to do next?

The 7-point activation plan

1. **CAPITALISE ON SPANISH STRENGTHS MOST RELEVANT TO CURRENT UK MARKET CONDITIONS**
Emphasise that Spain is now *the* source-country for wines that UK consumers enjoy and offer the best value in all price bands

2. **INVEST IN REPOSITIONING PROGRAMMES TO REACH AT TRADE, INFLUENCERS, CONSUMERS, AND ESPECIALLY SOMMELIERS**
Spain is bursting with many diverse regions, offering less-discovered, but delightful good-value wines. Elevate perceptions of and wine conversations about Spain to the same multi-region status as currently enjoyed by France and Italy

3. **EXPLOIT THE UNIQUE ADVANTAGE OF WELCOMING MORE UK VISITORS THAN ANY OTHER WINE-SOURCE COUNTRY, TO TRANSLATE INTO MORE FOLLOW-ON WINES SALES BACK IN THE UK**
Link wine with holiday destinations in the UK and while consumers are in Spain. Encourage consumers to keep consuming the wines tried while on holiday, back in the UK by helping find the wine they tried

4. **CONTINUE TO IMBED A SPANISH WINES PRESENCE IN THE UK MARKET**
Spanish Wines Ambassador programme to engage with key UK trade leaders, sommeliers, and influencers to create and sustain the Spanish wine conversation, energising the UK market to be more interested in Spanish wines, and feeding back to Spanish producers UK market concerns and challenges about Spain

What to do next?

The 7-point activation plan

5. **INITIATE AND DRIVE TRADE- AND CONSUMER-FOCUSED COMMUNICATIONS PROGRAMMES TO BROADCAST TO THE WHOLE UK MARKET WHAT SPAIN REALLY CAN BOAST ABOUT...**

- An extraordinarily range of terroirs, spread across the 2nd most mountainous country in Europe, with the longest coast-line in Europe
- An amazing range of indigenous grapes, as well as individual expressions of international grapes. Spain is so much more than just the tried and tasted red wines; Spain is also a country of delightful white and rose wines for all occasions.

6. **CREATE AN ACTION PROGRAMME TO UPLIFT THE GLOBAL REPUTATION OF SPANISH WINES IN THE FINE WINE WORLDS:**

- Encourage and support more participation in fine wine platforms and in in the leading global wine competitions
- Promote and actively support the finest winemakers to become talked-about representatives of the best of Spanish wine
- Encourage the globally-followed wine critics to explore more of the Spanish wine heritage and exciting new wine creations

7. **WORK TOGETHER TO EXPLOIT THE SPANISH WINE ADVANTAGES AND DEAL WITH THE CHALLENGES:**

- Fully capture and exploit the unique wine tourism advantages that Spain can offer
- Align large producers; smaller winemakers; co-operatives plus the different Spanish wine organisations
- Rioja, as the best-known region in the market: developing its new product and quality structure with market-facing communications
- Cava: resolving its tier structure to fully reflect market needs and consumer benefits

Market context

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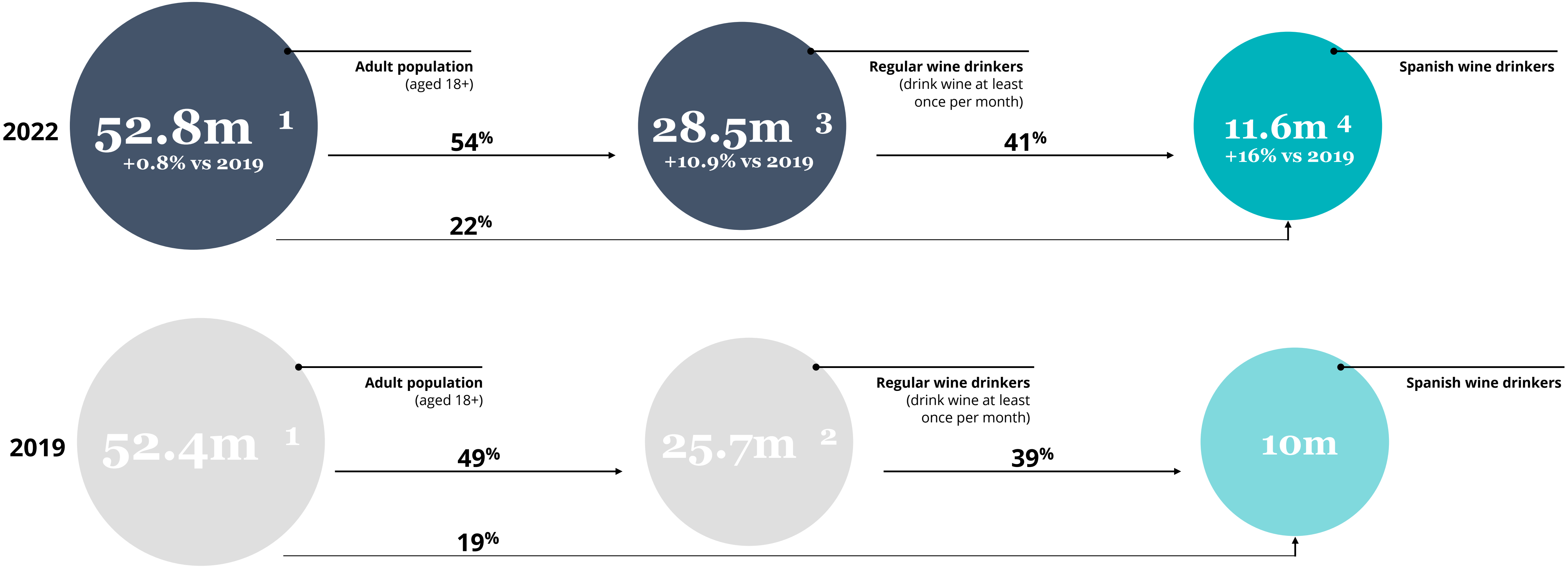
Spanish wine in the UK

Addressable market

The regular wine drinking population has rebounded post-Covid, and now accounts for over a half of adults in the UK. Meanwhile, Spanish wine drinkers have remained stable, representing an addressable market of 12 million people



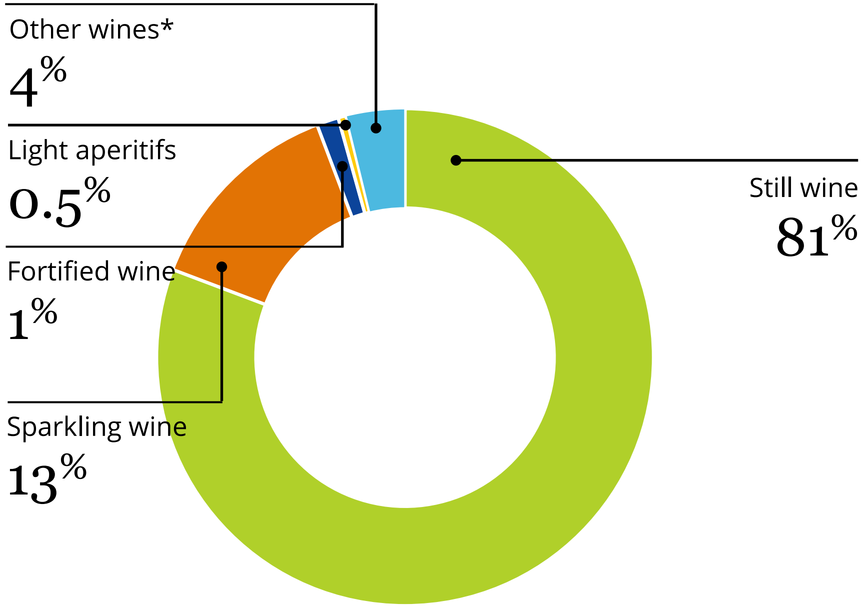
1 ONS census data
2 Wine Intelligence estimates based on online calibration studies with Opinium, 2019, UK adults 18+.Wine=still light wine (red, white, rosé)
3 Wine Intelligence online calibration studies, rolling average of June 2021 and June 2022 (n=2,231) UK adults,18+. Wine=still light wine (red, white, rosé)
4 Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Wine market volume and value

Still wine dominates the market, though sparkling wine has seen volume increases over the past year. All wine categories are forecast to decrease in volume through to 2026, except for sparkling wine which is anticipated to gain more market shares in the next five years

Total wine share volume by category

% of purchases that fall within the categories below



Total wine by category

Volume 000s 9-litre cases	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*140,696.90*	*138,167.55*	*-1.6%*	*-1.1%*
Still wine	**115,285.75**	**111,557.25**	**-1.1%**	**-2.6%**
Sparkling wine	**16,586.40**	**18,650.05**	**2.4%**	**-1.1%**
Fortified wine	**2,028.75**	**1,967.00**	**-0.5%**	**-3.0%**
Light aperitifs	**743.00**	**707.00**	**-2.2%**	**-3.3%**
Other wines*	**6,053.00**	**5,286.25**	**-4.1%**	**-1.9%**

Value 000s €, fixed exchange rate, with tax	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*15,869,385.93*	*16,122,845.77*	*1.0%*	*-1.7%*
Still wine	**12,452,353.87**	**12,263,720.45**	**0.5%**	**-1.8%**
Sparkling wine	**2,660,569.45**	**3,113,975.17**	**2.9%**	**-1.6%**
Fortified wine	**277,697.34**	**276,457.10**	**2.0%**	**-2.3%**
Light aperitifs	**74,409.70**	**75,285.11**	**2.4%**	**-1.4%**
Other wines*	**404,355.57**	**393,407.93**	**1.2%**	**0.1%**

*Other wines includes non-grape based wines

Source: IWSR

Still wine by price band

Half of wine sold in the market is priced between £6 and £8.99. The biggest volume growth to come from either the Lowest price and from Premium and Super Premium wines

Still wine share by price band

% of purchases that fall within the categories below

Still wine by price band: Volume and CAGR

000s 9-litre cases

	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*140,696.90*	*138,167.55*	*-1.6%*	*-1.1%*
Low-price	**672.00**	**643.00**	**-15.7%**	**2.8%**
Value	**20,560.45**	**19,428.29**	**-5.8%**	**-8.9%**
Standard	**64,795.49**	**62,880.18**	**-0.7%**	**-2.3%**
Premium	**25,653.50**	**25,008.35**	**2.4%**	**0.4%**
Super premium	**2,850.60**	**2,872.88**	**1.9%**	**0.2%**
Ultra premium	**439.15**	**425.92**	**1.2%**	**0.0%**
Prestige	**314.56**	**298.63**	**0.7%**	**-0.1%**

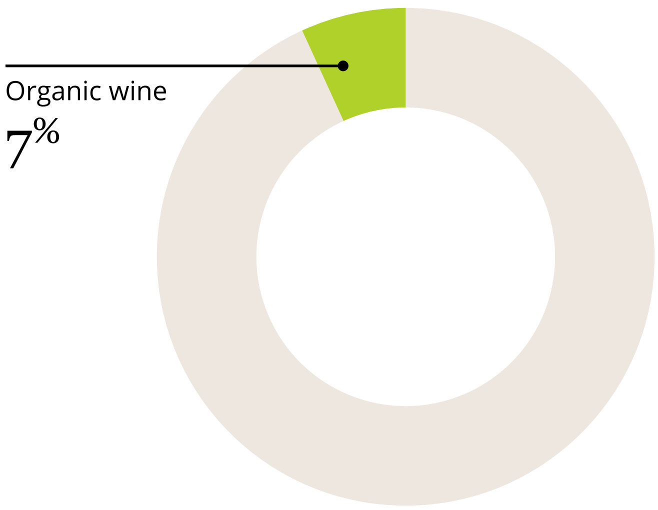
Source: IWSR

Organic wine

Organic wine has experienced notable increases in volume over the last five years, gaining more market shares against standard wine. However, this trend is expected to slow down

Organic wine share amongst still wine

% of purchases that fall within the categories below



Organic vs standard wine: Volume and CAGR

000s 9-litre cases

	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*115,285.80*	*111,557.25*	*-1.1%*	*-2.6%*
Standard wine	**107,760.80**	**103,937.25**	**-1.7%**	**-2.8%**
Organic wine	**7,525.00**	**7,620.00**	**9.4%**	**0.1%**

Source: IWSR

Impact of current economic context

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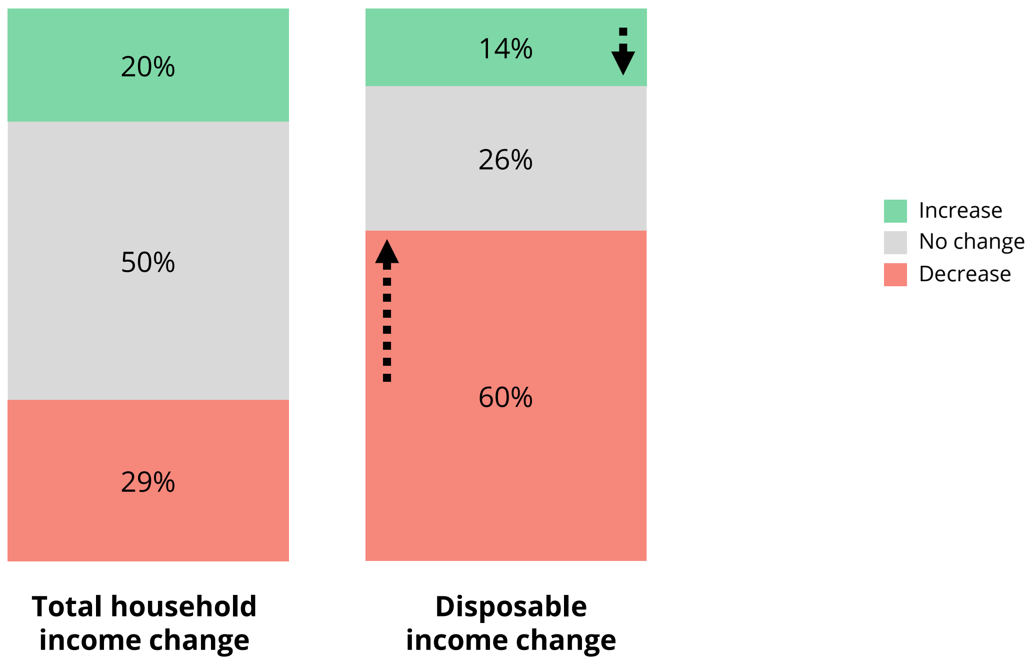
Spanish wine in the UK

Impact of current economic context

Total household income has remained stable for most in the last six months, contrasting with the evident shrink of disposable income experienced over the period due to inflation, interest rate rises…

Income change

% who have indicated the following changes in their total household income / disposable income in the past six months
Base = All regular wine drinkers (split: 50%)



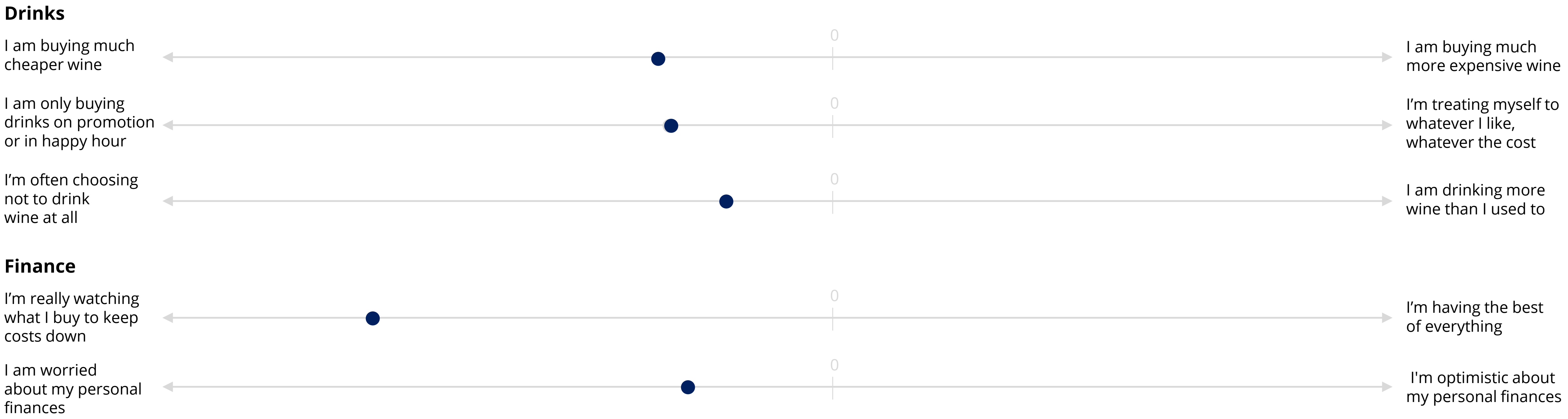
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

Negative outlook, with respondents reporting spending less on wine and moderating their alcohol consumption, as well as being careful with their personal budget

Consumer sentiment (1/2)

Net score of % who agree with the positive statement (to the right) subtracted by the % who agree with the negative statement (to the left)
Minimum value: -60%, Maximum value: -4%
Base = All regular wine drinkers



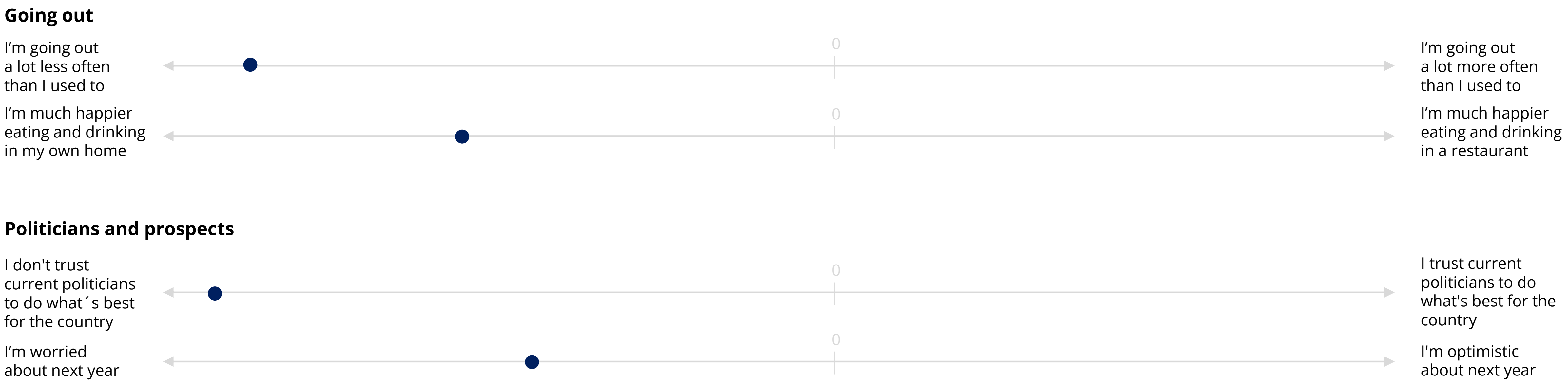
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

Consumers are resistant to going out, and generally pessimistic about the future and current politicians

Consumer sentiment (2/2)

Net score of % who agree with the positive statement (to the right) subtracted by the % who agree with the negative statement (to the left)
Minimum value: -60%, Maximum value: -4%
Base = All regular wine drinkers and selected segments



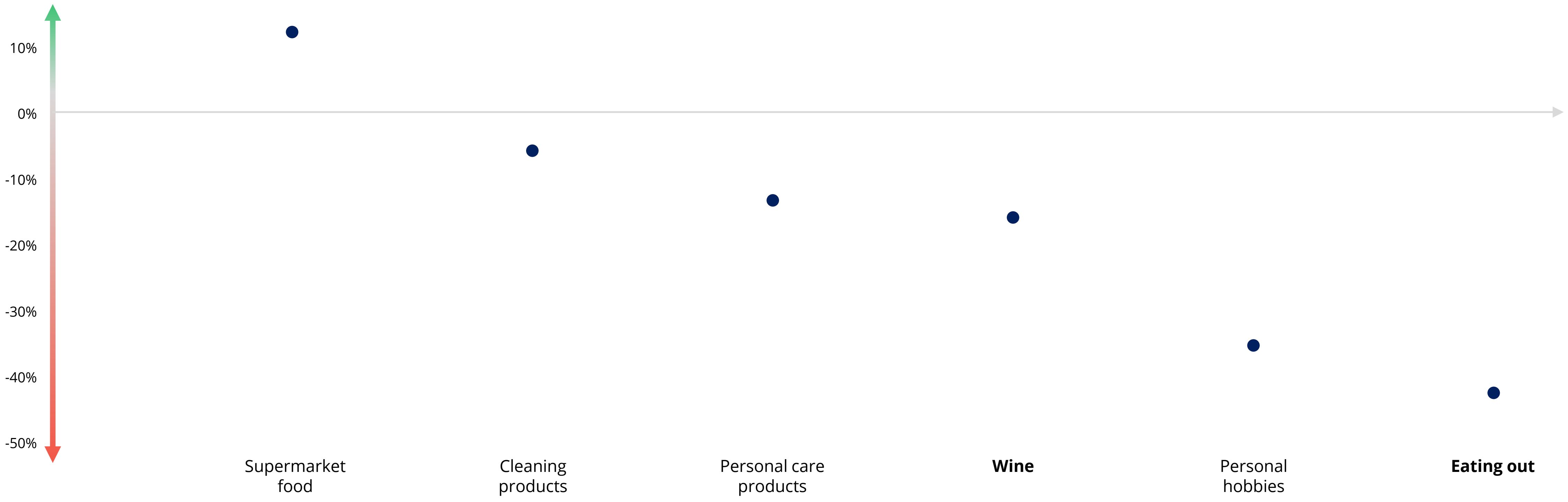
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

In light of inflation and increasing cost of living, budgets allocated to personal hobbies and eating out has been impacted; deliberate decisions to spend less on wine too, but to a lesser extent

Spend change: wine, eating out and other items

Net score of % who have spent more on the following items, subtracted by
the % who have spent less on the following items considering inflation and increased cost of living
Base = All regular wine drinkers



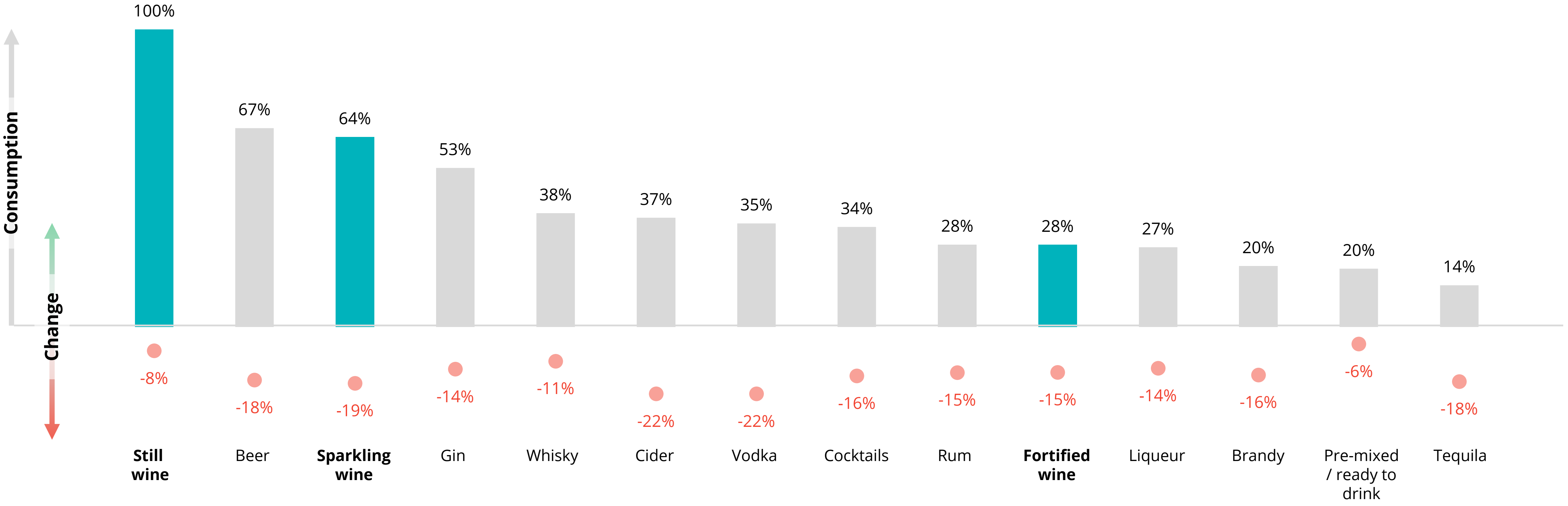
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

Evident negative impact on drinks consumption; still wine is amongst the least impacted categories while sparkling wine is on the other end of the spectrum which might slow down it's growth record

Category switching: consumption vs change

% who have drunk the following beverages in the last twelve months
Net score of % who have increased their consumption of the following beverage types subtracted by the % who have reduced their consumption of the following beverage types over the last six months
Base = All regular wine drinkers



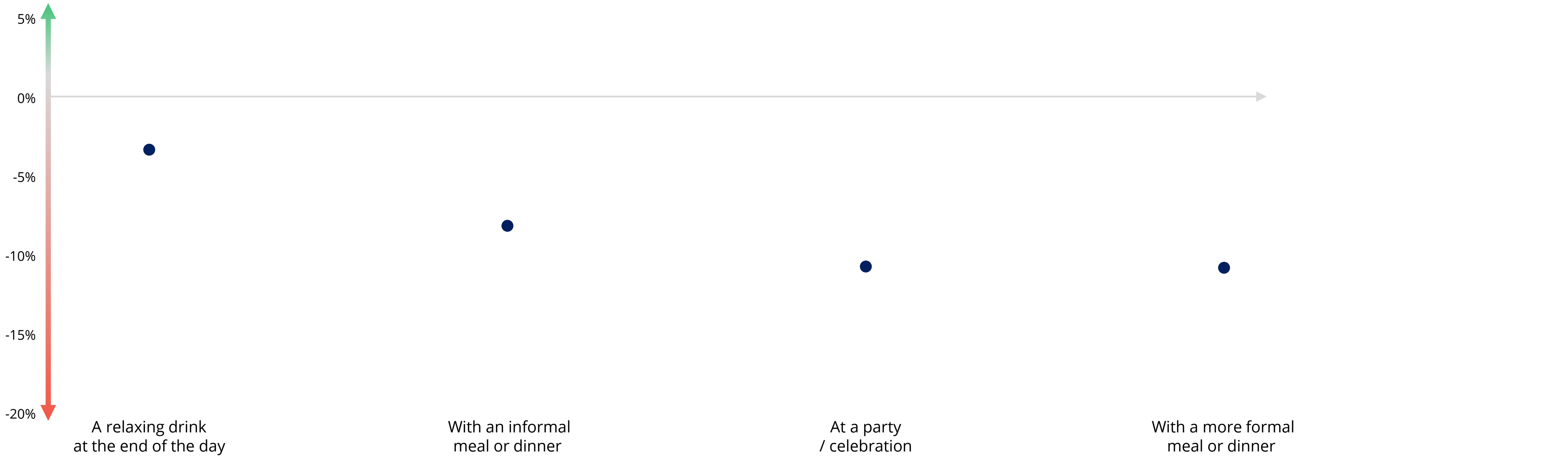
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

Again, the cost-of-living crisis has had a negative influence on the regularity of consumption affecting formal occasions more than informal ones

Occasion usage change

Net score of % who have increased their consumption of wine per occasion, subtracted by the % who have reduced their consumption of wine per occasion over the last three months
Base = All regular wine drinkers



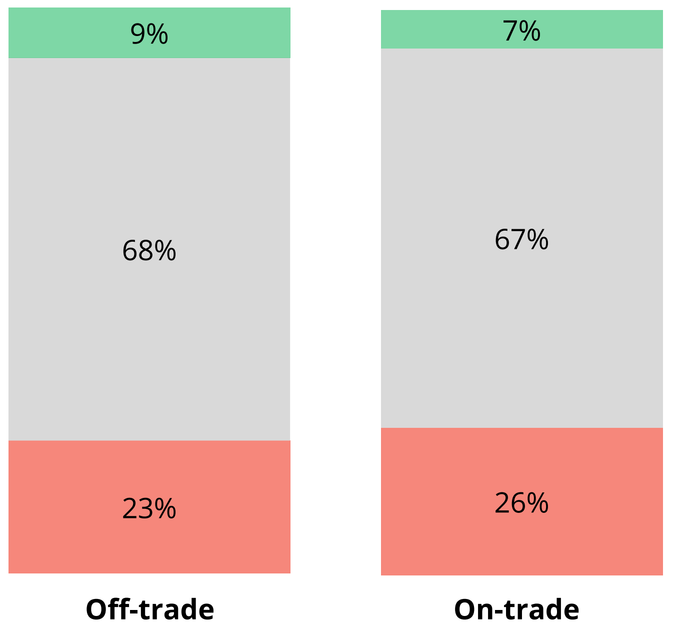
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

Aligned with previous indicators, recalled spend in the off- and on-trade is down, as well as wine consumption in bars and restaurants, although there are still consumers ready to spend more

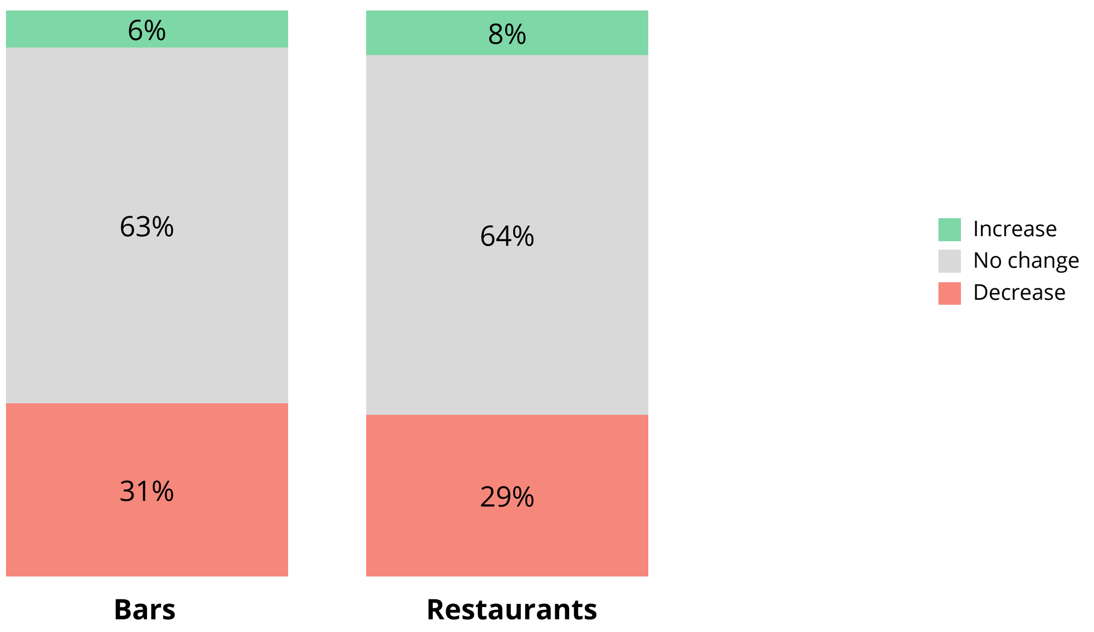
Wine spend change: off-trade vs on-trade

Net score of % who have spent more on a bottle of wine either in the off-trade or on-trade subtracted by the % who have spent less over the last three months
Base = All regular wine drinkers



Wine consumption change in the On-trade

Net score of % who have increased their wine consumption in the on-trade channels, subtracted by the % who have reduced their wine consumption in the on-trade over the last three months
Base = All regular wine drinkers



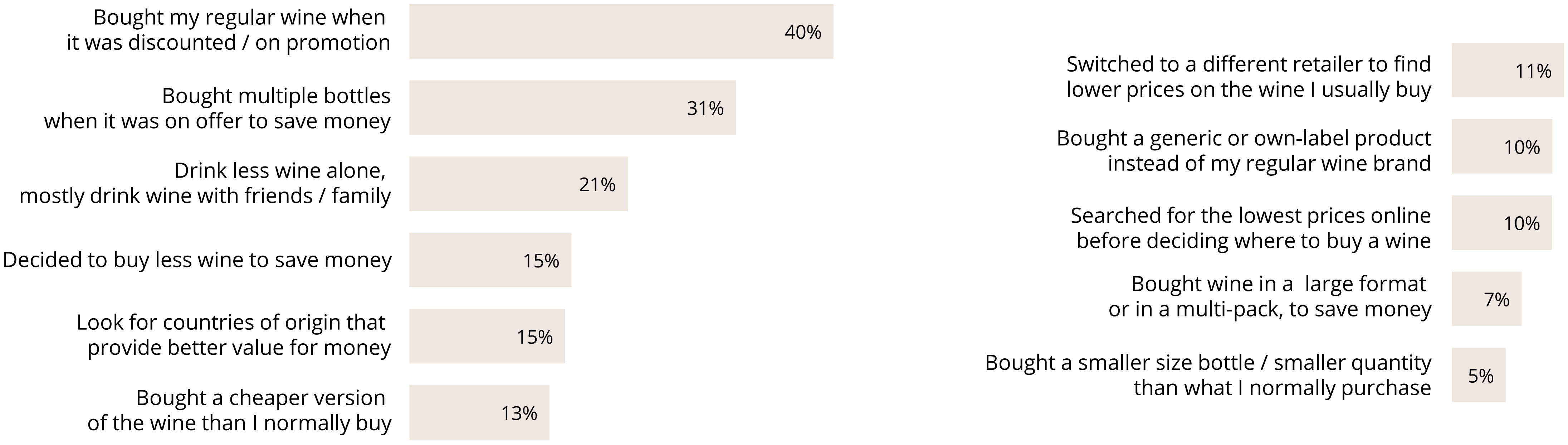
Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

Promotions are becoming increasingly important; 2 in 5 recall buying the wine that they like specifically when it was on promotion, and nearly a third bought multiple bottles when a deal was on

Shopping decisions

% who have made the following shopping decisions in the past few weeks
Base = All regular wine drinkers



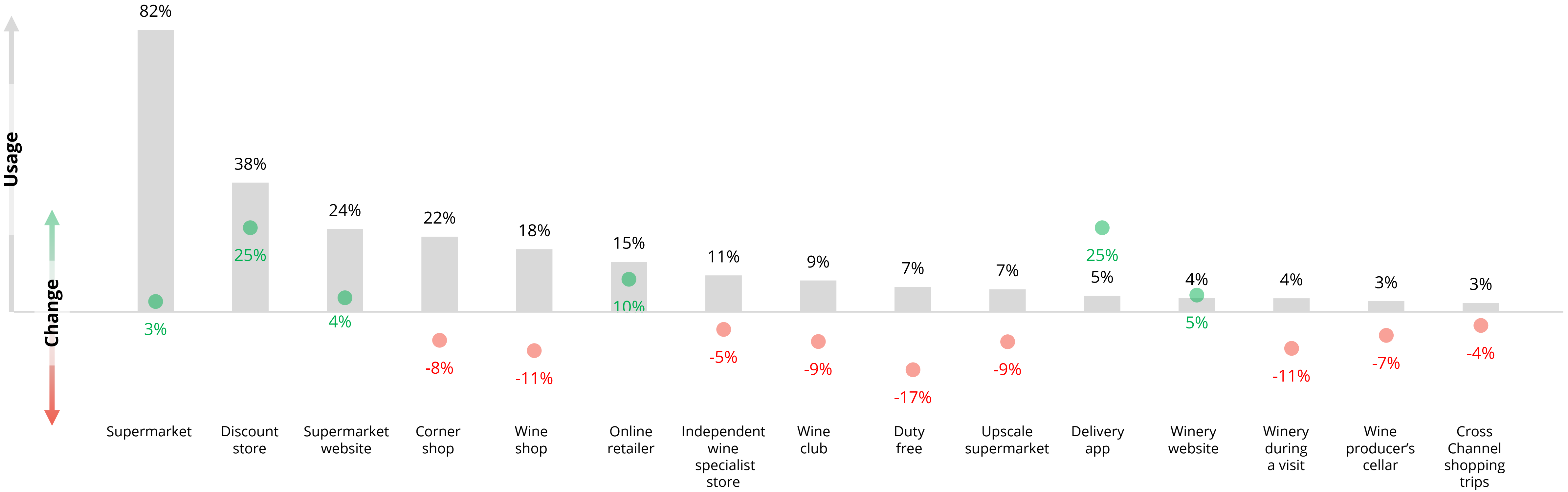
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

Discount stores and delivery apps are both benefiting from the current economic context, having all regular wine drinkers reporting using those two channels more often in the last three months

Wine retailer switching: consumption vs change

% who have bought wine from the following channels in the past three months
Net score of % who have increased their wine shopping at the following types subtracted by
the % of those who have reduced their wine shopping at the following types of retailers over the last three months
Base = All regular wine drinkers



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Impact of current economic context

MARKET EXPERT'S VIEW

"When spend is squeezed, wine is a casualty, as consumers switch to beer and some spirits"

Buying Manager, major supermarket

"Price now so much more important, and reducing other choice factors"

Wine writer

"There's a real resilience, particularly in the UK market, people always seem determined to go out and enjoy themselves when they can. But value becomes an even more important factor in where they choose to go"

Restaurant group owner

"Supermarkets are sacrificing profit to optimise lower pricing"

Buying Manager, major supermarket

Conclusions

- For most consumers, price has become THE dominant driver of choice, now more important than choosing cues such as brand, organic, sustainability credentials
- Wine category in supermarkets impacted by 2 manifestations of negative consumer sentiment:
  - Volume trends - some downward trends, and some switching out of wine into other drinks categories
  - Value trends – significant downward pressure, driven by high cost-of-living inflation, and increasing lower-priced offers from hard discounters

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Impact of current economic context

MARKET EXPERT'S VIEW

"Wine volume is declining slightly, more demand for spirits, especially among younger customers"

Restaurant group owner

"Certainly, less volume, but spend per bottle is rising"

Restaurant group owner

"Most of our restaurant customers are back to 2019 business levels"

Importer, Retailer & on-trade

"Restaurant bookings are stronger than we expected"

Restaurant group owner

Conclusions

- Less purchase, but more spend per bottle is a widespread consumer sentiment in on-trade settings
- Encouraging evidence that many on-trade business are surviving quite well, and, in London, many are very busy
- France still dominates across many of the UK upscale restaurants
- One of the legacies of Covid is people actually improved their experiences at home with less of the need to go into the on-premise.

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Origin health

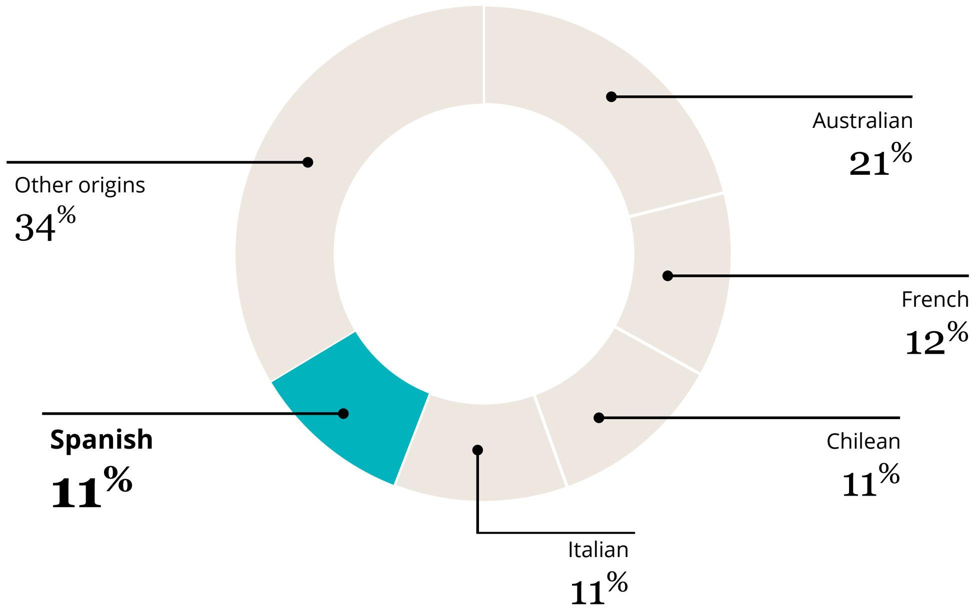
ICEX - March 2023
Spanish wine in the UK

Still wine volumes by origin

Spain holds 11% of total market shares in the UK, which is a very similar proportion to neighbour country competitors France and Italy. Small volume growth is anticipated for less established places of origin New Zealand, Argentina and Portugal

Still wine share by origin: Top 5

% of still wine volume sold in the UK that originates from the following countries of origin



Still wine by origin in the competitive set: Volume and CAGR

000s 9-litre cases

	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*115,285.75*	*111,557.25*	*-0.8%*	*-2.4%*
Australian	**23,353.70**	**23,476.00**	**-0.9%**	**-0.5%**
French	**13,621.00**	**13,416.10**	**-2.3%**	**-3.5%**
Chilean	**13,116.75**	**12,778.10**	**2.4%**	**-3.2%**
Italian	**12,904.50**	**12,644.50**	**-3.0%**	**-4.0%**
Spanish	**11,913.70**	**11,733.00**	**-1.4%**	**-3.8%**
US	**13,482.80**	**11,616.00**	**-4.1%**	**-6.5%**
New Zealand	**7,645.00**	**6,375.00**	**1.8%**	**1.6%**
Argentinian	**5,363.00**	**5,591.90**	**8.9%**	**2.2%**
Portuguese	**956.00**	**1,108.50**	**7.2%**	**1.2%**
Other origins	**12,929.30**	**12,818.15**	**-3.4%**	**-4.3%**

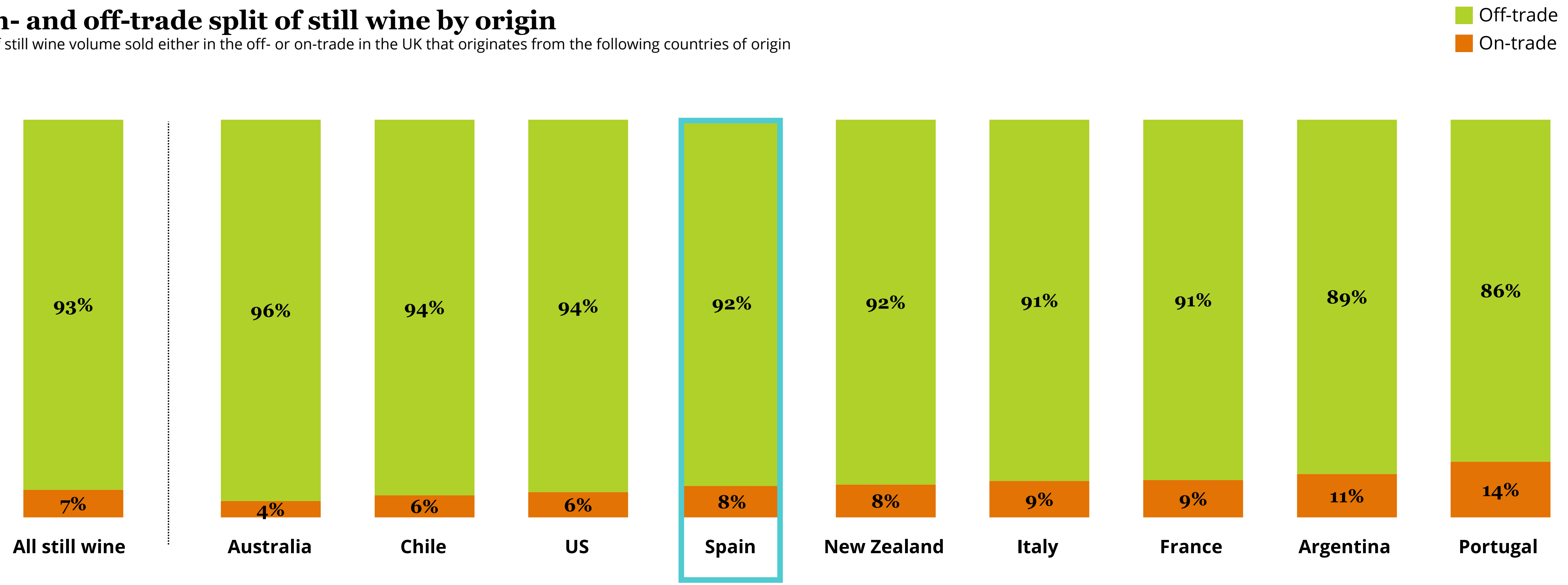
Source: IWSR

Still wine off- vs on-trade by origin

The market is largely dominated by off-trade consumption. The share of Spanish wine in the on-trade is doubled that of Australian wines but less than France, Argentina or Portugal

On- and off-trade split of still wine by origin

% of still wine volume sold either in the off- or on-trade in the UK that originates from the following countries of origin



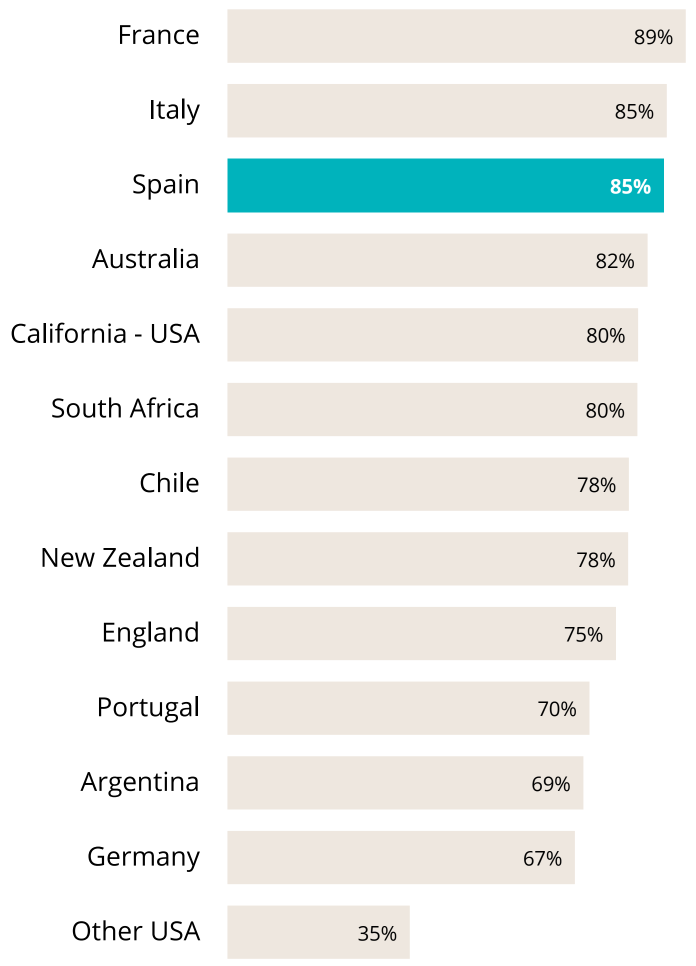
Source: IWSR

Origin health

France tops the ranking in terms of awareness in the market, but Spain comes joint 2nd with Italy, and is ahead of New World competitor Australia by a couple of points

Country of origin health: Prompted awareness

% who know the following places produce wine
Base = All regular wine drinkers (n=2,012)



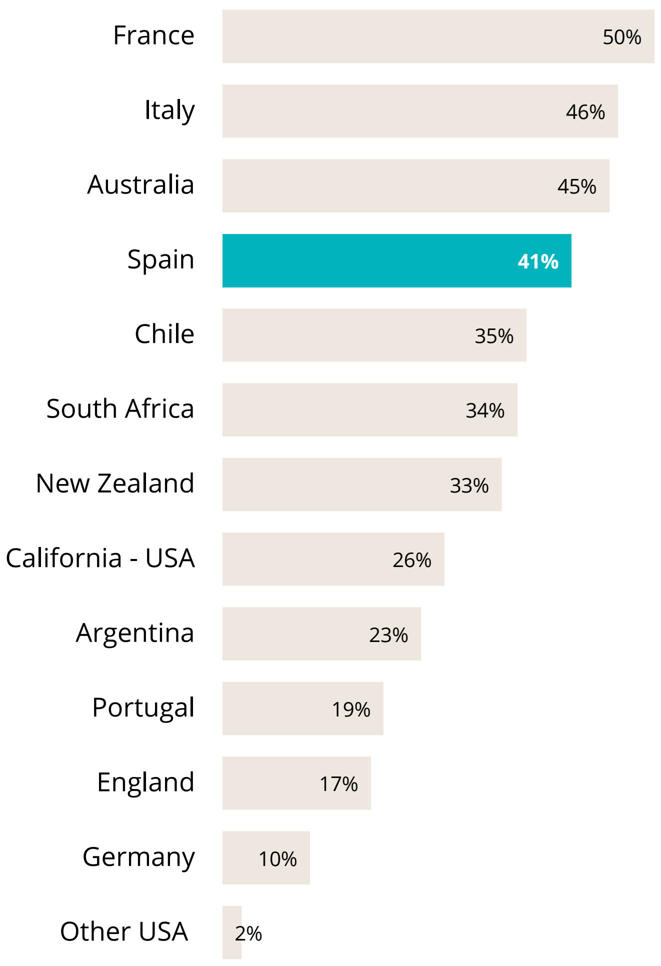
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health

40% of all regular wine drinkers buy wines from Spain, which is a similar performance to Australia, only a few points ahead

Country of origin health: **Purchase**

% who have bought wine from the following places of origin in the past six months
Base = All regular wine drinkers (n=2,012)



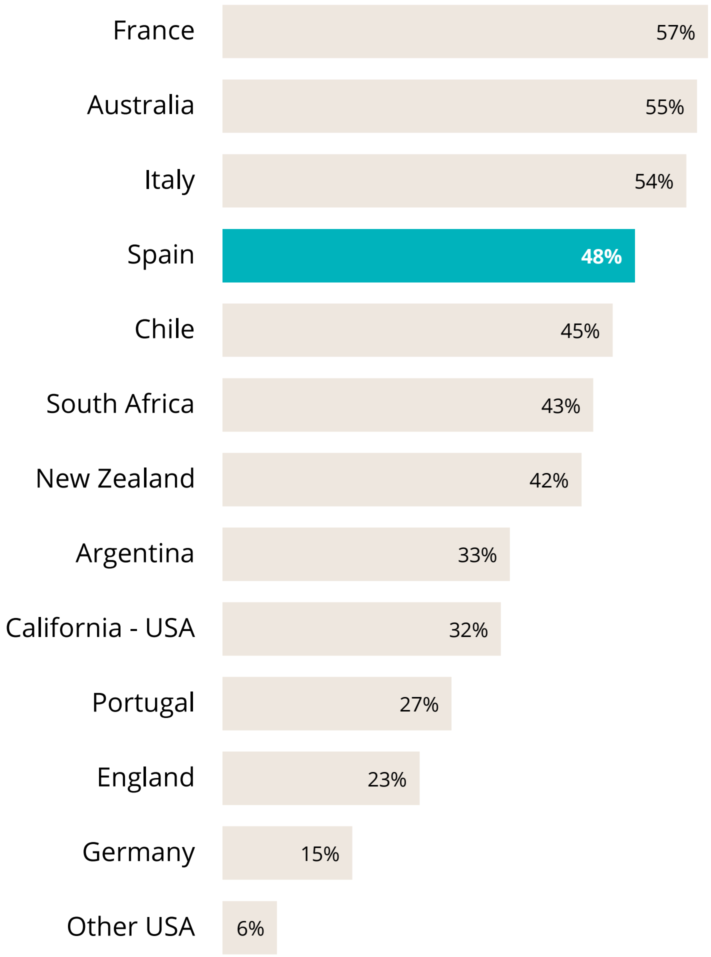
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health

Conversion rate for Spanish wine is nearly 50%, beaten on this metric by Australia, which manages to convert 55% of awares into buyers

Country of origin health: **Conversion**

% who have bought wine from the following places of origin in the past six months
Base = Those who are aware of the following wine-producing places



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health: imagery

France has the strongest imagery associations of all countries, being associated with "high quality" and with being established. Spain offers better "value for money" than France according to wine consumers

Country of origin health: **Imagery association (1/2)**

% who associate the following statements with each origin
Statements sorted by average for all origins, origins sorted by level of positive association
Base = Those who know each place produce wine

		France	Australia	Italy	New Zealand	Spain	California	Chile	Argentina
1	Wines I like the taste of	42%	46%	43%	43%	38%	33%	38%	35%
2	Food friendly wines	38%	36%	39%	32%	34%	30%	31%	31%
3	High quality	42%	32%	35%	34%	25%	25%	23%	24%
4	Value for money	24%	35%	29%	27%	34%	27%	34%	28%
5	Reliable products	35%	33%	32%	33%	27%	28%	24%	26%
6	Has brands I recognise	33%	37%	27%	30%	28%	26%	19%	15%
7	Wines with regions I trust	35%	28%	29%	30%	26%	22%	20%	18%
8	Well known and established	39%	28%	32%	25%	28%	23%	17%	16%
9	Producing grape varieties I like	30%	29%	29%	28%	25%	23%	24%	20%
10	With labels I can understand	23%	29%	22%	27%	22%	26%	19%	19%
11	Offers a wide variety of styles	30%	24%	23%	18%	21%	19%	15%	14%
12	Made by well-known producers	28%	25%	22%	20%	19%	20%	12%	11%

Top 3 associations for each origin

% / % : Statistically significantly higher than 3 / higher than 4 or more countries at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health: imagery

"Tradition" is one of the core strengths for French wine and Spain performs above average in this statement, but there is also a higher score in the association between Spain and "cheap"

Country of origin health: **Imagery association (2/2)**

% who associate the following statements with each origin
Statements sorted by average for all origins, origins sorted by level of positive association
Base = Those who know each place produce wine

		France	Australia	Italy	New Zealand	Spain	California	Chile	Argentina
13	Tradition	39%	12%	30%	9%	23%	9%	9%	9%
14	Recognised by critics	24%	18%	19%	17%	16%	15%	13%	15%
15	Often on promotional offer	12%	20%	14%	15%	16%	15%	17%	14%
16	From vineyards of outstanding beauty	24%	15%	20%	16%	14%	16%	8%	9%
17	Becoming more popular	8%	16%	10%	19%	10%	14%	21%	21%
18	Wines that can age	30%	11%	18%	9%	15%	12%	10%	9%
19	Prestige / luxury wines	32%	12%	18%	15%	11%	8%	6%	7%
20	Innovative wines	10%	16%	9%	14%	7%	12%	12%	11%
21	Cheap	8%	11%	9%	6%	17%	10%	16%	11%
22	Sustainable practices	13%	13%	12%	14%	10%	11%	8%	7%
23	Unique	15%	10%	11%	11%	9%	9%	10%	10%

Top 3 associations for each origin

% / % : Statistically significantly higher than 3 / higher than 4 or more countries at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health: imagery

France mostly overperforms competitors for most statements, except "value for money". Spain shows an average performance but is very strong in "value for money", like its competitors Chile and Australia

Country of origin health: **Imagery Association Index (1/2)**

Index: Association of each wine with the following statements, comparison calculated by average association
Statements sorted by average for all origins, origins sorted by level of positive association
Base = Those who know each place produce wine

		France	Australia	Italy	New Zealand	Spain	California	Chile	Argentina
1	Wines I like the taste of	106	115	108	108	96	84	94	89
2	Food friendly wines	112	106	116	96	100	88	92	91
3	High quality	139	106	116	113	84	83	76	82
4	Value for money	80	116	97	90	116	92	115	95
5	Reliable products	117	112	107	110	92	94	80	88
6	Has brands I recognise	122	138	101	112	105	97	70	57
7	Wines with regions I trust	135	108	112	113	100	86	77	69
8	Well known and established	149	109	122	97	108	89	65	60
9	Producing grape varieties I like	114	113	111	109	96	87	93	77
10	With labels I can understand	96	124	95	115	95	112	81	81
11	Offers a wide variety of styles	146	117	113	89	100	95	73	68
12	Made by well-known producers	143	128	111	103	98	101	59	57

The origin is over-indexing in terms of the statement — Average — The origin is under-indexing in terms of the statement

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health: imagery

Spain is the 3rd place of origin most associated with “tradition”, along with other classic countries of origin France and Italy. Spain over-indexes in “cheap”, once again similarly to Chile

Country of origin health: **Imagery Association Index (2/2)**

Index: Association of each wine with the following statements, comparison calculated by average association
Statements sorted by average for all origins, origins sorted by level of positive association
Base = Those who know each place produce wine

		France	Australia	Italy	New Zealand	Spain	California	Chile	Argentina
13	Tradition	223	66	171	49	132	54	54	52
14	Recognised by critics	143	103	112	100	93	90	73	85
15	Often on promotional offer	80	126	91	96	106	100	109	93
16	From vineyards of outstanding beauty	158	100	133	104	92	103	50	59
17	Becoming more popular	51	111	65	128	68	95	143	139
18	Wines that can age	214	75	125	62	105	83	69	65
19	Prestige / luxury wines	239	88	132	109	80	58	47	48
20	Innovative wines	88	139	84	119	59	110	107	93
21	Cheap	74	96	84	52	153	93	146	103
22	Sustainable practices	116	119	107	129	89	100	74	67
23	Unique	145	99	102	100	83	89	90	93

The origin is over-indexing in terms of the statement — Average — The origin is under-indexing in terms of the statement

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health: imagery

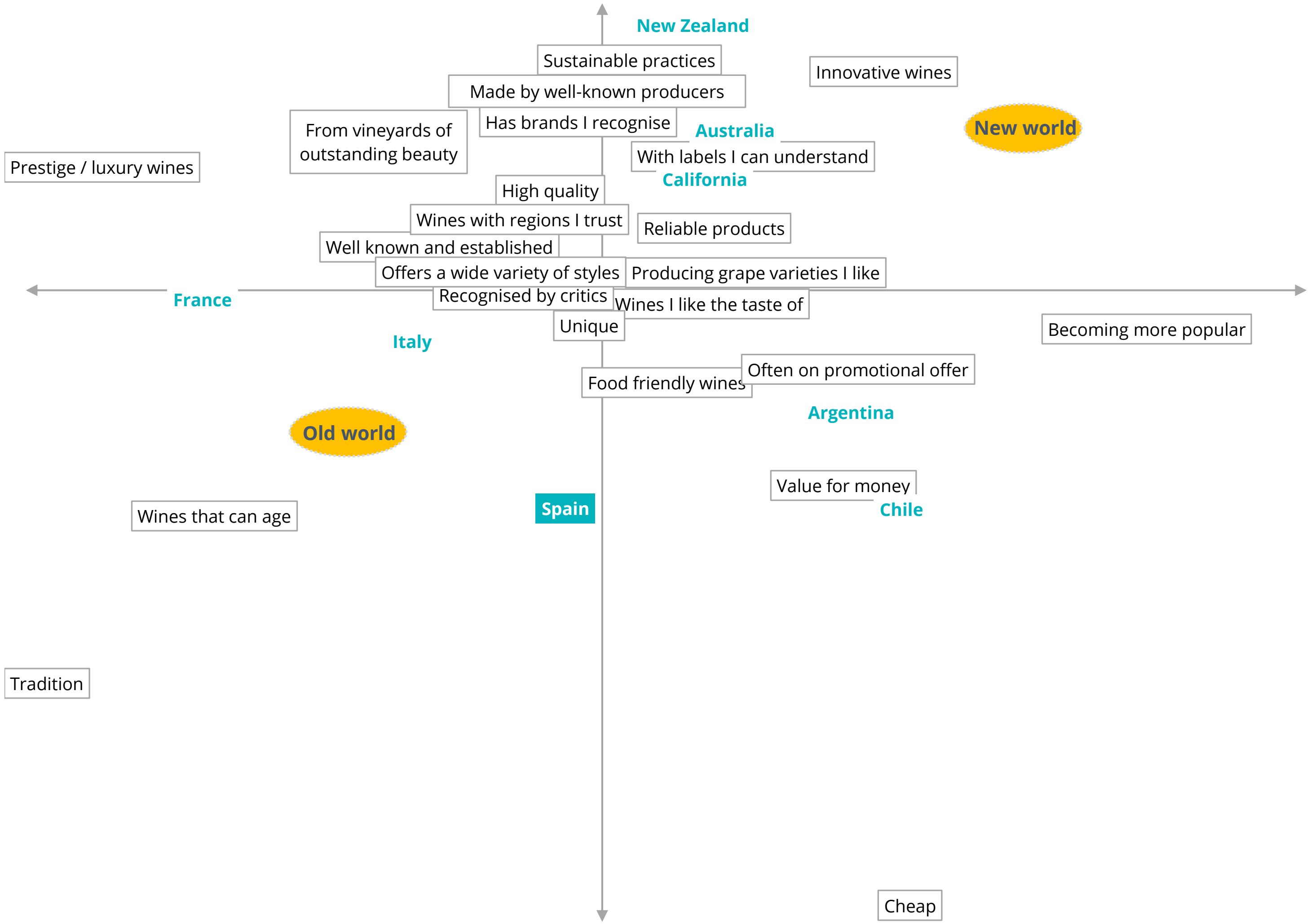
Clear differentiation in the associations between New World vs Old World countries of origin.

Low level of association for Spain with the tested statements compared to other origins which suggests Spain brand positioning has roomed to be strengthened.

However, Spanish wines seem to embody the right equilibrium between wines which are food-friendly, offer good value for money and have the ability to age

Country of origin health: **Imagery map**

% who associated the following statements with each place of origin
Base = Those who know each place produce wine



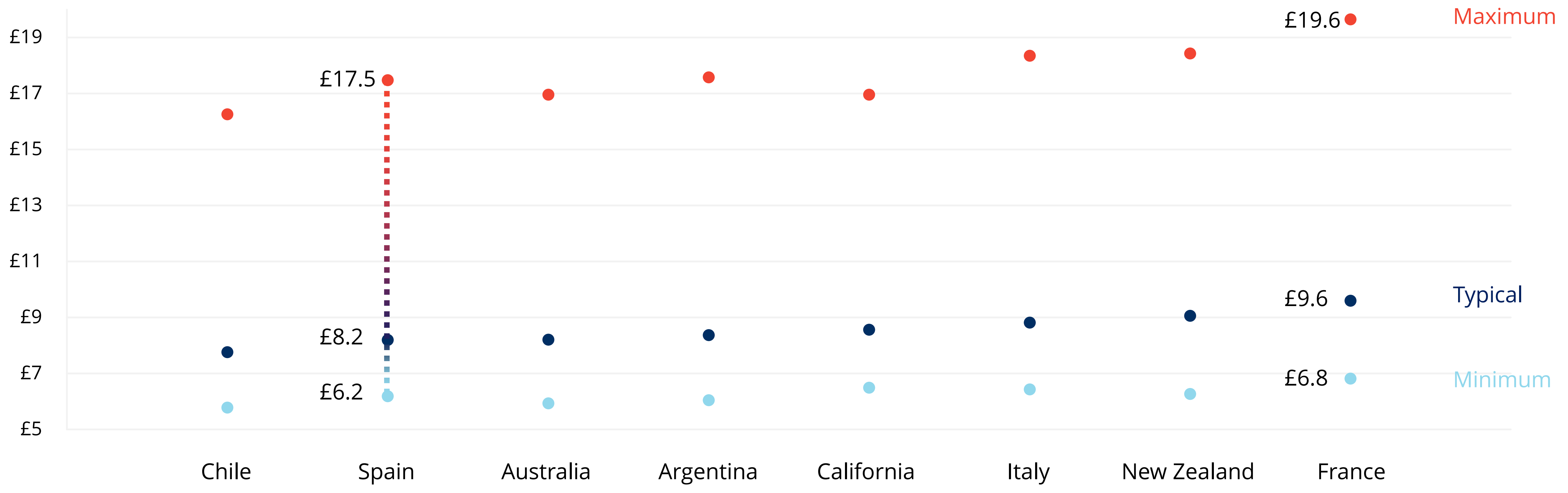
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health: price expectations

On average, wine drinkers would buy a bottle of Spanish wine for £6-8. French wines achieve the highest price expectations in the market

Country of origin health: **Minimum, typical and maximum spend (averages)**

Average minimum spend: Average price considered to be too low for a bottle of wine of the following origin
Average typical spend: Average typical price spend for a bottle of wine of the following origin
Average maximum spend: Average price considered to be too expensive for a bottle of wine of the following origin
Base = Those who buy wine from each place of origin



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

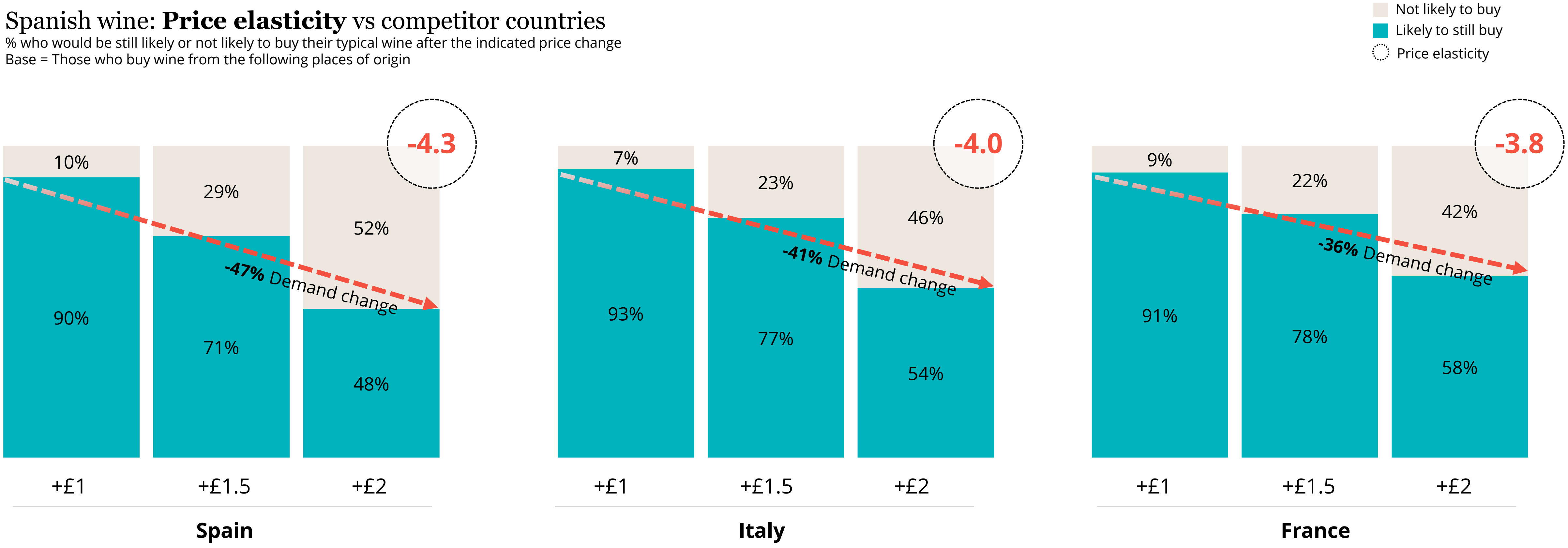
Spanish wine: elasticity

In the current context, the price elasticity for wines from Spain or competitive countries is negative (as expected); A £2 retail price increase / bottle would inflict a severe drop in demand, potentially loosing over 50% of buyers in the case of Spanish wine; however the drop is similar to all origins

Spanish wine: **Price elasticity** vs competitor countries

% who would be still likely or not likely to buy their typical wine after the indicated price change

Base = Those who buy wine from the following places of origin



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Spanish wine: drivers

Taste, quality, regions, grapes people like and brands customers are aware of are the five main drivers to purchase Spanish wine when we compare buyers vs. non-buyers

Spanish wine imagery: **Spanish wine buyers**

% who associate Spanish wine with the following statements
Statements sorted from high to low for Driver (Uplift comparing the score of Buyers vs non-buyers)
Base = Spanish wine aware non-buyers (n=289) and Spanish wine buyers (n=284)

		Spanish wine aware non-buyers	Spanish wine buyers	Driver
1	Wines I like the taste of	27%	50%	23%
2	Wines with regions I trust	17%	36%	19%
3	High quality	17%	34%	17%
4	Has brands I recognise	20%	37%	17%
5	Producing grape varieties I like	17%	33%	17%
6	Food friendly wines	26%	42%	15%
7	Reliable products	20%	35%	14%
8	Value for money	28%	41%	13%
9	Prestige / luxury wines	6%	16%	11%
10	Well known and established	24%	33%	9%
11	Wines that can age	11%	19%	9%
12	Made by well-known producers	16%	23%	8%
13	Tradition	20%	26%	6%
14	Offers a wide variety of styles	18%	24%	6%
15	Recognised by critics	13%	19%	6%
16	From vineyards of outstanding beauty	11%	17%	6%
17	Sustainable practices	7%	12%	5%
18	Innovative wines	4%	9%	5%
19	Often on promotional offer	14%	19%	5%
20	With labels I can understand	20%	24%	4%
21	Unique	7%	10%	3%
22	Becoming more popular	10%	10%	0%
23	Cheap	19%	15%	-3%

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Origin health: Trending competitors

MARKET EXPERT'S VIEW

"Wine volume is declining slightly, more demand for spirits, especially among younger customers"

Restaurant group owner

"We're selling about 10% more rosé each year, but mainly French"

Restaurant group owner

"Greece is definitely increasing on our lists and sales"

Restaurant group owner

"Top producers in Piemonte & Bolgheri are celebrated and become collectible, benefitting the whole region"

Wine writer

Conclusions

- France and Italy continue to be the dominant European source countries in the UK market. French wines such as Burgundy and Rhone continue on their growth trajectory.
- France & Italy both have a successful global fine wine presence, including the influential secondary markets. Their prominent fine wine status bestow advantageous halos across the whole wine category of these two countries.
- Increasing evidence that secondary origins, like white wines from Greece are featuring more prominently in on-trade settings

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Origin health: Spanish strengths

MARKET EXPERT'S VIEW

"We see Spain as efficient in every step of production"

Buying Manager, Major supermarket

"Consumers easily understand most of the Spanish wines on our shelves"

Buying Manager, Major supermarket

"But UK pricing doesn't fairly reflect high quality of many current Spanish wines"

Wine Writer

"Range of good-value Spanish wine in the UK is outstanding, especially reds"

Wine Writer

"Spain produces amazing wines"

Wine Writer

Conclusions

- Positive perceptions among the trade of Spain as a source of wines which are: authentic, original, diversity of styles and grapes
- Good wines at good prices: Spain continues to occupy consumer prominence as a go-to source country offering:
  - Widely enjoyed wines for all occasions
  - Easy drinking styles with modest acidity and tannins
  - Consumer-recognised good value relative to other European source countries
- Many wines from Spain address the current mainstream consumer focus on affordability in the 3 "everyday" price categories: low-price (under £4), value-price (£4-£5), and standard-price (£6 - £8.99)

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Origin health: Challenges I

MARKET EXPERT'S VIEW

"Spanish wine is being sold too cheaply, aligning with S Africa and Chile, rather than France and Italy"

Wine Writer

"Spain isn't the most sought-after wine, especially amongst younger consumers"

Importer, Retailer & on-trade

"Classic heavier, oakier more tannin styles from Spain are now less popular"

Restaurant group owner

"Italy has largely moved out of the bulk market, whereas Spain is still very dependent on this end of the market"

Wine writer

Conclusions

- Spain is still more widely associated with the other extreme of the global wine market - bulk wine
- Unlike France and Italy, Spain …
  - Is more associated with heavier, traditional styles of wine which are no longer the centre-stage styles of preference cross today's UK market
  - Does not yet excel in the important fine wine markets and platforms, in spite of centuries of history and breadth of production, particularly Rioja

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Origin health: Challenges II

MARKET EXPERT'S VIEW

"Spain offers many great wines but Rioja is the only widely known region"

Wine writer

"Good producers focus on making great wines, but they must take time to more fully understand the UK market"

Owner, Restaurant group

"Must invest in spreading more knowledge to both trade & consumers"

Group Buying Manager, Spanish restaurant group

"Consumers need to understand about different regions and what each offers"

Group Buying Manager, Spanish restaurant group

Conclusions

- Spain not currently seen as a country of many diverse wine regions and traditions by consumers
- Producers and regions must also focus on more fully understanding all aspects of the UK market
- Communicating the huge breadth of styles and characteristics is pivotal to expanding the market
  - Imbedding a Spanish wines wine ambassadors in UK market
  - Exploit all platforms to reach consumers – tastings on-line education; social media

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Origin health: Opportunities

MARKET EXPERT'S VIEW

"Spain's future is on indigenous grapes, but don't discard international grapes"
Buying Manager, Major supermarket

"At least 3 Spanish grapes are ideal for making good pale-coloured Rosé"
Wine Writer

"UK pricing doesn't fairly reflect high quality of many current Spanish wines"
Wine Writer

"Several regions and grapes in Spain can successfully produce fresher lighter wines"
Owner, Restaurant group

Conclusions

- Spain can boast of an amazing range of indigenous grapes, as well as individual expressions of international grapes
- The UK market has evolved. Consumer preference is moving towards lighter fresher styles, both red and white
- Emphasise the age-worthiness of many Spanish red wines and few white wines
- Lo-No alcohol on many people's agenda, in all drinks categories
- Rosé continues to increase in prominence and media coverage

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Spanish culture influence

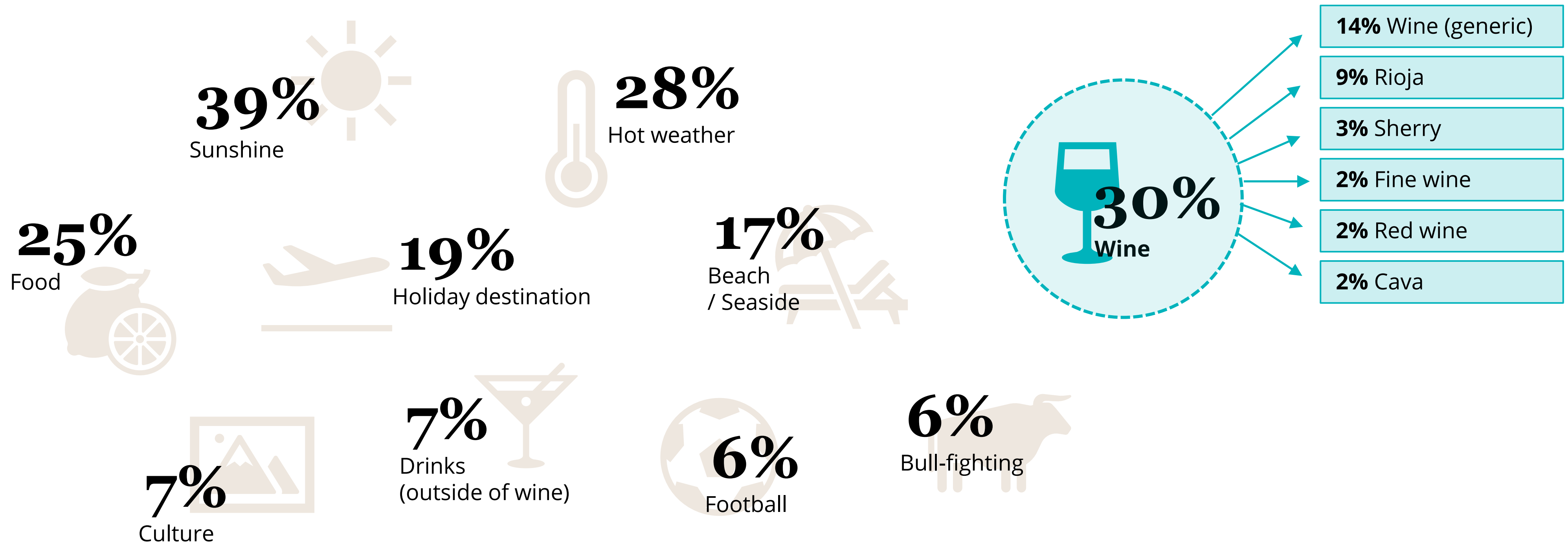
ICEX - March 2023
Spanish wine in the UK

Spain imagery

Wine is second most cited image associated with Spain, given by nearly a third of respondents; Rioja comes to mind for 9% of all respondents

Spain imagery open-ended: Top 10

% who indicated the following ideas that come to mind first when thinking about Spain as a country
Base = All regular wine drinkers (n=2,017)



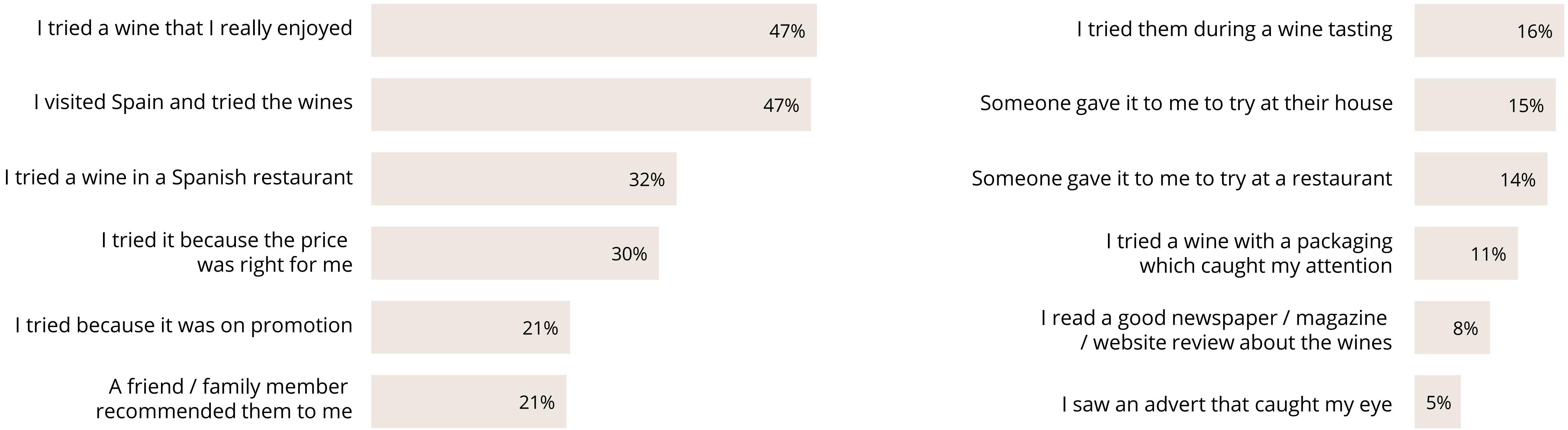
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Influences on Spanish wine consumption

Half of drinkers of Spanish wines said visiting Spain was an influence for them to drink Spanish wines. Visiting a Spanish restaurant encouraged a third of current Spanish wine drinkers to start drinking Spanish wines

Influences on Spanish wine consumption

% who selected the following influences to drink Spanish wine
Base = Spanish wine drinkers (n=817)



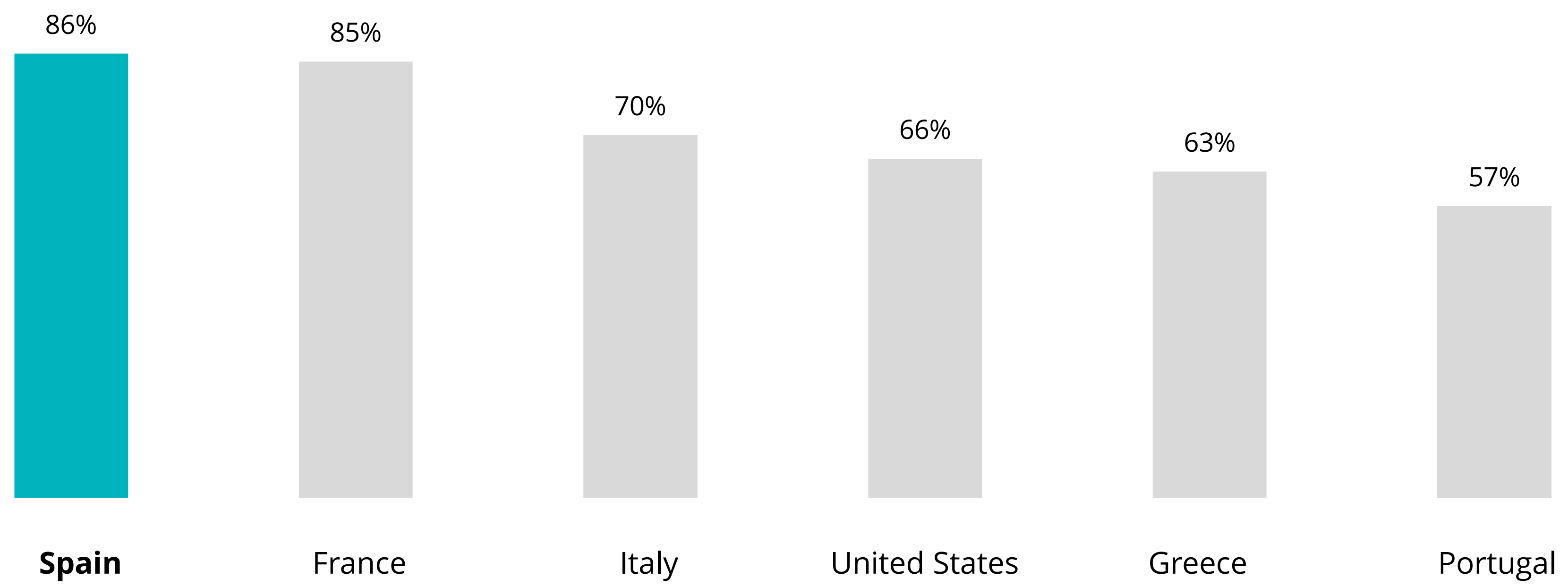
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Spain as a holiday destination

Over 85% of regular wine drinkers in the UK have visited Spain at least once in their life

Holiday destination: **Spain vs competitors**

% who have visited the following countries at least once before
Base = All regular wine drinkers (n=2,012)



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Spain as a holiday destination: frequency

Compared against competitive countries, Spain appears as favourite holiday destination for wine drinkers in the UK, being the most visited holiday destination on average

Holiday destination: **Spain vs competitors**

Average number of visits by country
Base = All regular wine drinkers (n=2,012)

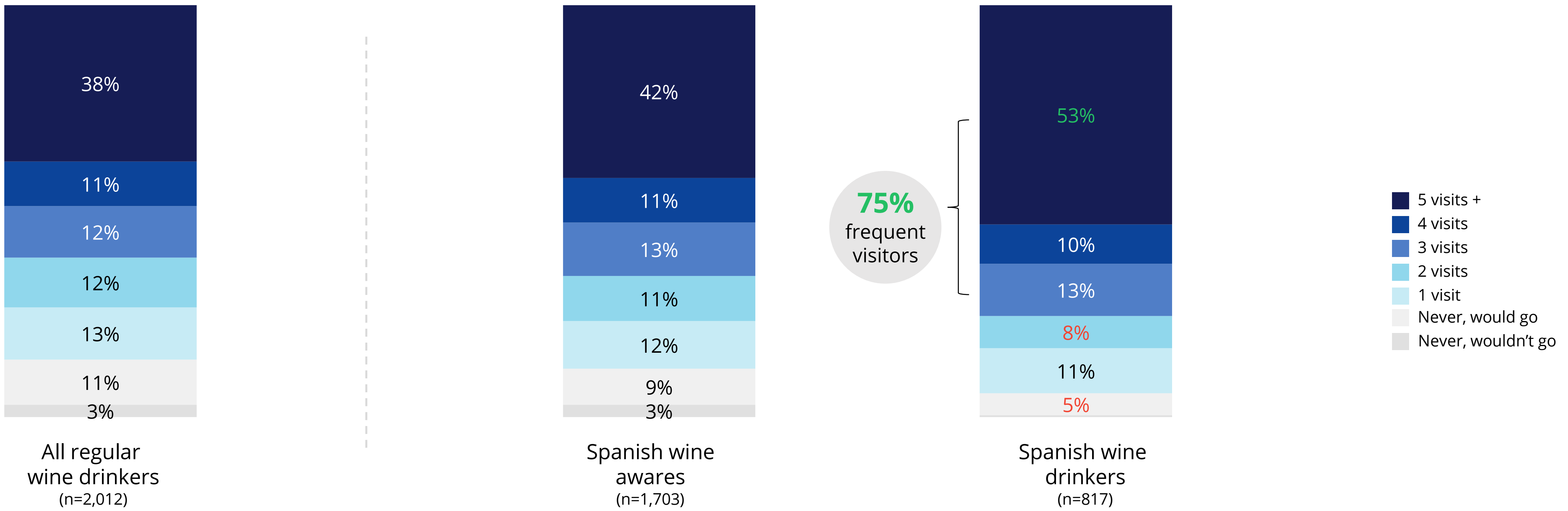
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Spain as a holiday destination

75% of Spanish wine drinkers say they have been to Spain at least three times before; This proportion is significantly higher than for all regular wine drinkers (60%)

Holiday destination: **Spain**

% who have indicated to have visited Spain



Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Spanish tourists: Drivers

Frequent Spain visitors most associate wines from Spain with wines they like the taste of, which are food-friendly and with brands they recognise

Spanish wine imagery: **Frequent Spain visitors**

% who associate Spanish wine with the following statements
Statements sorted from high to low for Driver (Uplift comparing the score of Spain visitors vs non-buyers)
Base = Spanish wine aware non-buyers (n=289) and frequent Spain visitors (n=203)

		Spanish wine aware non-buyers	Frequent Spain visitors	Driver
1	Wines I like the taste of	27%	41%	14%
2	Has brands I recognise	20%	32%	12%
3	Food friendly wines	26%	37%	11%
4	High quality	17%	27%	11%
5	Wines with regions I trust	17%	26%	10%
6	Producing grape varieties I like	17%	26%	10%
7	Well known and established	24%	31%	8%
8	Value for money	28%	36%	8%
9	Reliable products	20%	28%	7%
10	Offers a wide variety of styles	18%	22%	5%
11	Tradition	20%	25%	5%
12	Wines that can age	11%	15%	4%
13	Sustainable practices	7%	11%	3%
14	Often on promotional offer	14%	17%	3%
15	Prestige / luxury wines	6%	9%	3%
16	Made by well-known producers	16%	18%	2%
17	Innovative wines	4%	5%	1%
18	From vineyards of outstanding beauty	11%	12%	1%
19	Recognised by critics	13%	14%	1%
20	With labels I can understand	20%	21%	0%
21	Becoming more popular	10%	10%	0%
22	Unique	7%	7%	0%
23	Cheap	19%	16%	-3%

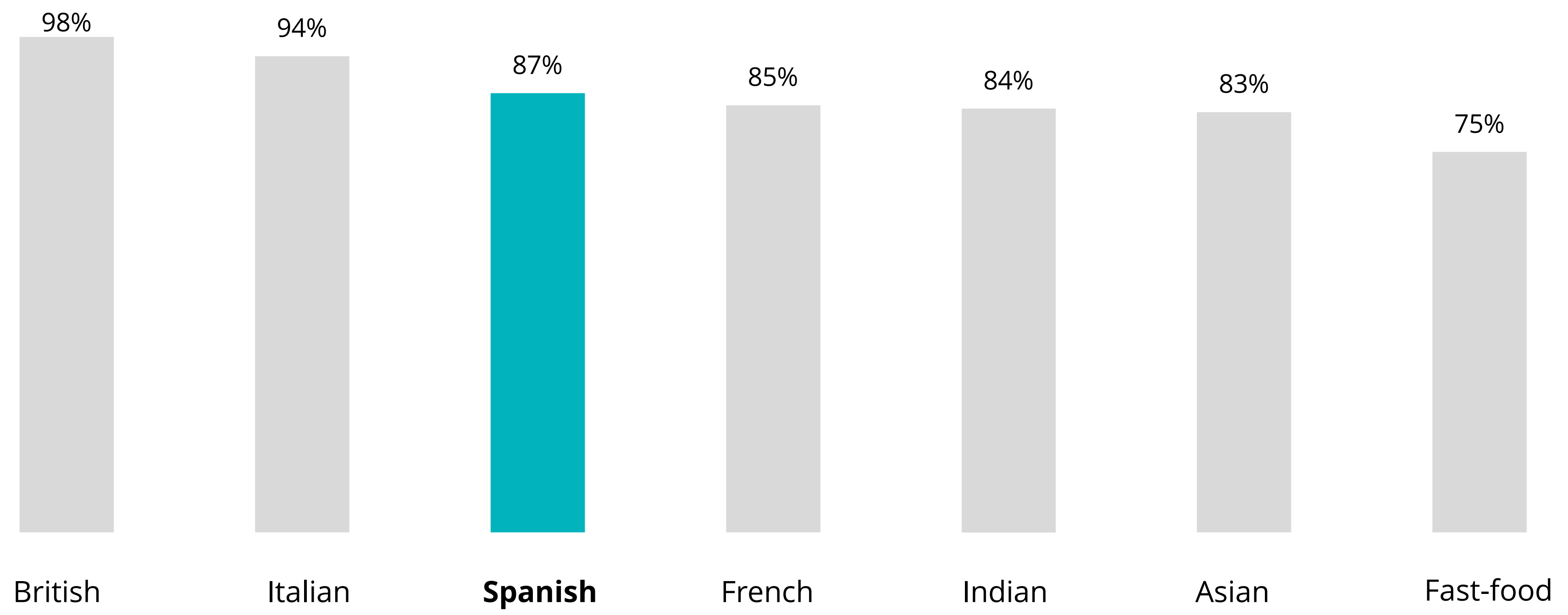
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Restaurant usage

Over 85% of the wine drinking population in the UK has already eaten in a Spanish restaurant

Restaurant usage: **Spanish restaurant vs other types**

% who have visited the following restaurant types at least once before
Base = All regular wine drinkers (n=2,012)



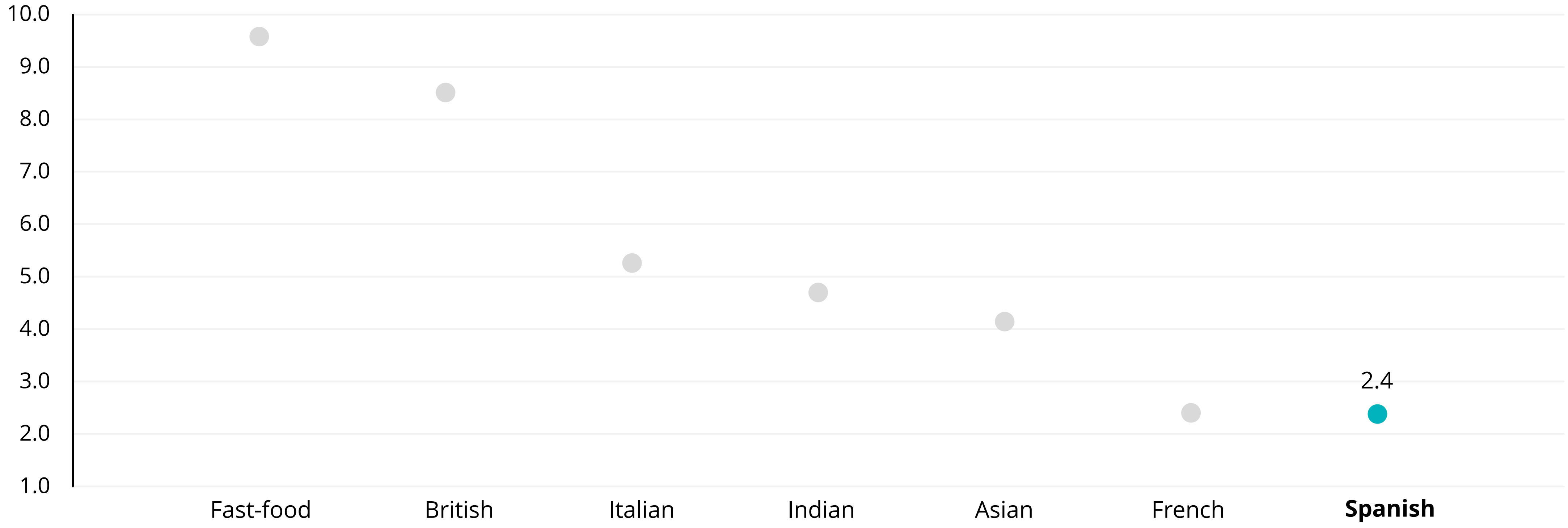
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Restaurant frequency of usage

Amongst other restaurant types tested, Spanish restaurants are the least-frequently visited, which can be explained by the low number of Spanish restaurants present in the country in comparison with other genres as 43% have indicated they do not have access to Spanish restaurant around them

Restaurant usage: **Spanish restaurant vs other types**

Average number of visits by restaurant type
Base = All regular wine drinkers (n=2,012)



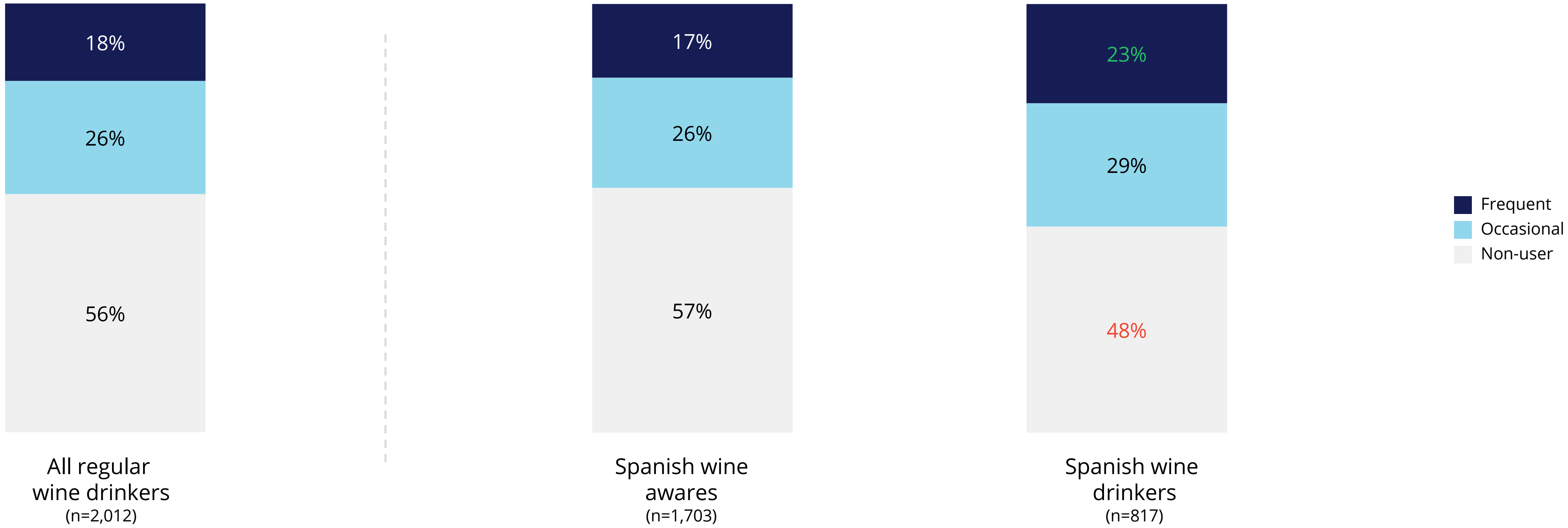
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Spanish restaurant usage

Nearly 1 in 4 Spanish wine drinkers dine at a Spanish restaurant frequently (at least once every three months), which is significantly higher than all regular wine drinkers

Restaurant usage: **Spanish restaurant**

% who have indicated going to the following restaurant types at the given frequency



Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Restaurant visitors: drivers

Notable different perception of Spanish wine between aware non-buyers and frequent Spanish buyers and frequent Spanish restaurant visitors on Spanish wine trust, quality, value and prestige associations

Spanish wine imagery: **Frequent Spanish restaurant visitors**

% who associate Spanish wine with the following statements
Statements sorted from high to low for Driver (Uplift comparing the score of Spain restaurant visitors vs non-buyers)
Base = Spanish wine aware non-buyers (n=289) and frequent Spanish restaurant visitors (n=49)

		Spanish wine aware non-buyers	Frequent Spanish restaurant visitors*	Driver
1	Wines with regions I trust	17%	39%	22%
2	High quality	17%	36%	20%
3	Value for money	28%	47%	19%
4	Prestige / luxury wines	6%	23%	17%
5	Made by well-known producers	16%	32%	16%
6	Has brands I recognise	20%	35%	15%
7	Unique	7%	22%	15%
8	From vineyards of outstanding beauty	11%	25%	13%
9	Often on promotional offer	14%	27%	13%
10	Recognised by critics	13%	25%	12%
11	Innovative wines	4%	15%	11%
12	Wines I like the taste of	27%	38%	10%
13	Reliable products	20%	31%	10%
14	Wines that can age	11%	20%	10%
15	Food friendly wines	26%	34%	8%
16	Tradition	20%	28%	8%
17	Producing grape varieties I like	17%	23%	7%
18	Sustainable practices	7%	13%	5%
19	Well known and established	24%	28%	4%
20	Offers a wide variety of styles	18%	21%	3%
21	Becoming more popular	10%	13%	3%
22	With labels I can understand	20%	23%	3%
23	Cheap	19%	17%	-1%

* Please note the small sample size (n<50)
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Spanish culture influence

MARKET EXPERT'S VIEW

"Developing wine routes and touristic facilities is a huge opportunity, and needs to be led by Government"

Wine writer

"Producers and Regions must work together to communicate to the UK the great breadth of Spanish wines offer"

Buying manager, major supermarket

"Wineries should be on the agenda for cultural and gastronomic tourists visiting Spain"

Wine writer

"Rioja is more beautiful and interesting than Bordeaux"

Wine writer

Conclusions

- Progressively build the focus on Spain as a country of many diverse wine regions and traditions
- Communicating the huge breadth of styles and characteristics is pivotal to expanding the market
- Wineries exist in almost every geographical region of Spain, all accessible to the millions of UK tourists who regularly visit or have homes in the country
- Exploit all platforms to reach consumers – tastings on-line education; social media

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Quality cues & incentives

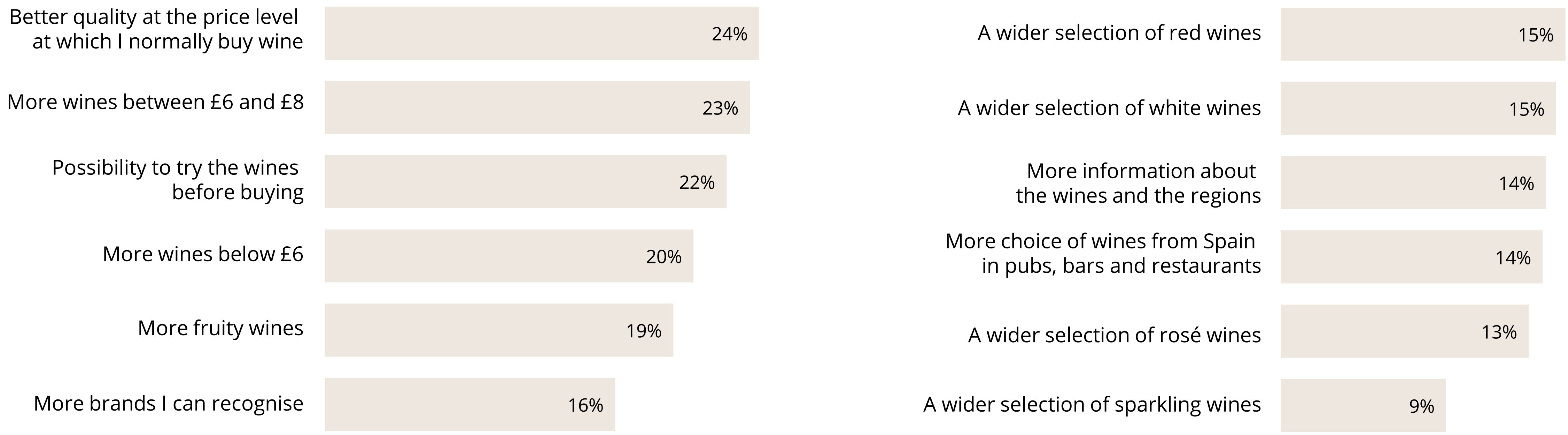
ICEX - March 2023
Spanish wine in the UK

Encouragement to choose more Spanish wine

Nearly a quarter of regular wine drinkers, who do not buy Spanish wine, said better quality for how much they typically spend, better pricing and being able to taste the products to be incentives for them to buy more wines from this place of origin

Encouragement to choose more Spanish wine: Top 12

% who have indicated the following actions as motivations to choose Spanish wines
Base = Non-drinkers of Spanish wines (n=1,195)



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

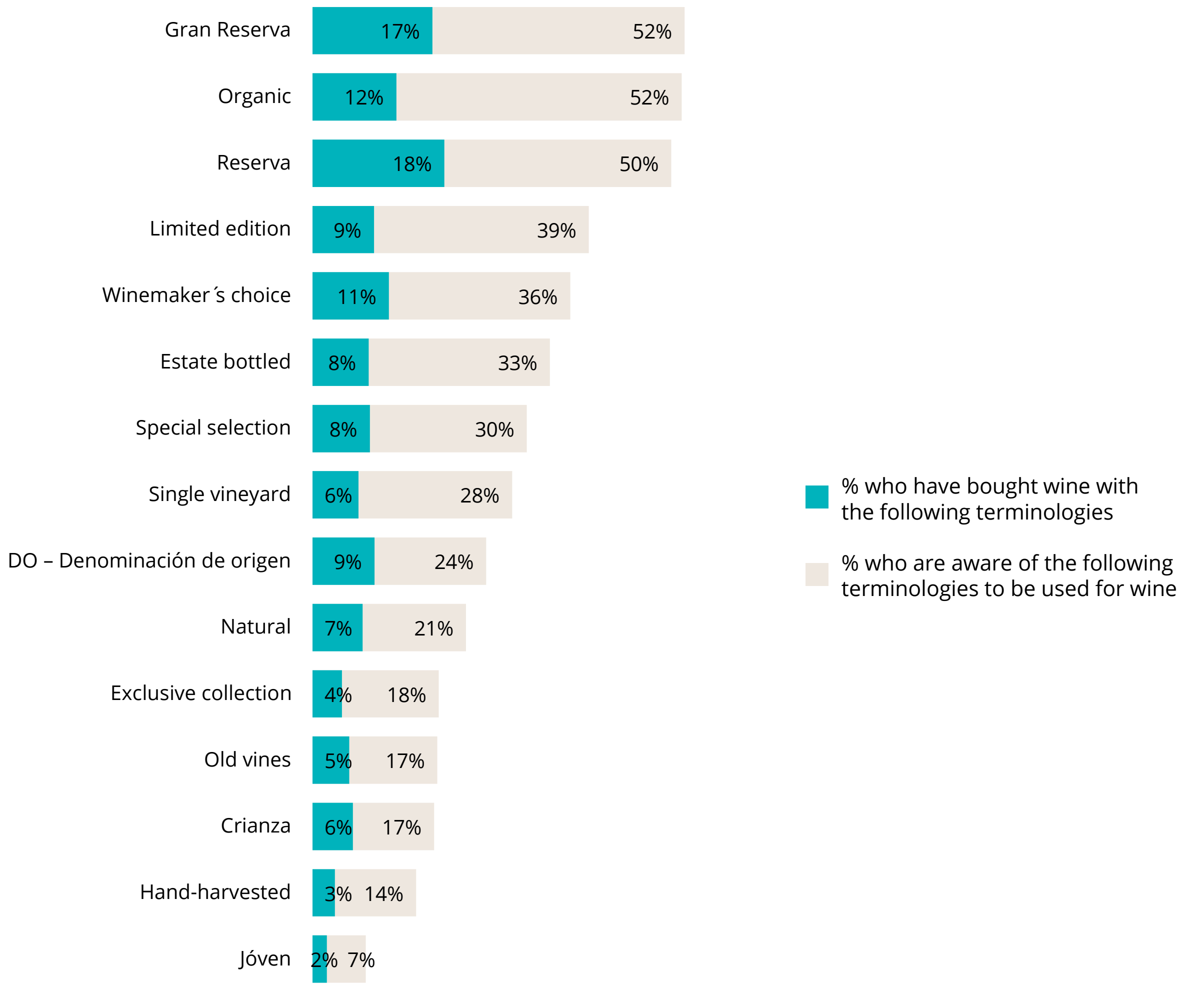
Quality cues

‘Gran Reserva’ and ‘ Reserva’ are widely known quality terms, as well as ‘Organic’ and convert about 1 in 3 awares into buyers

Terms such as ‘Joven’ or ‘Crianza’ fail to engage with UK wine drinkers

Quality cues: **Purchase vs awareness**

% who are aware of each terminology, % who bought wine with the following terminologies
Base = All regular wine drinkers (n=2,012)



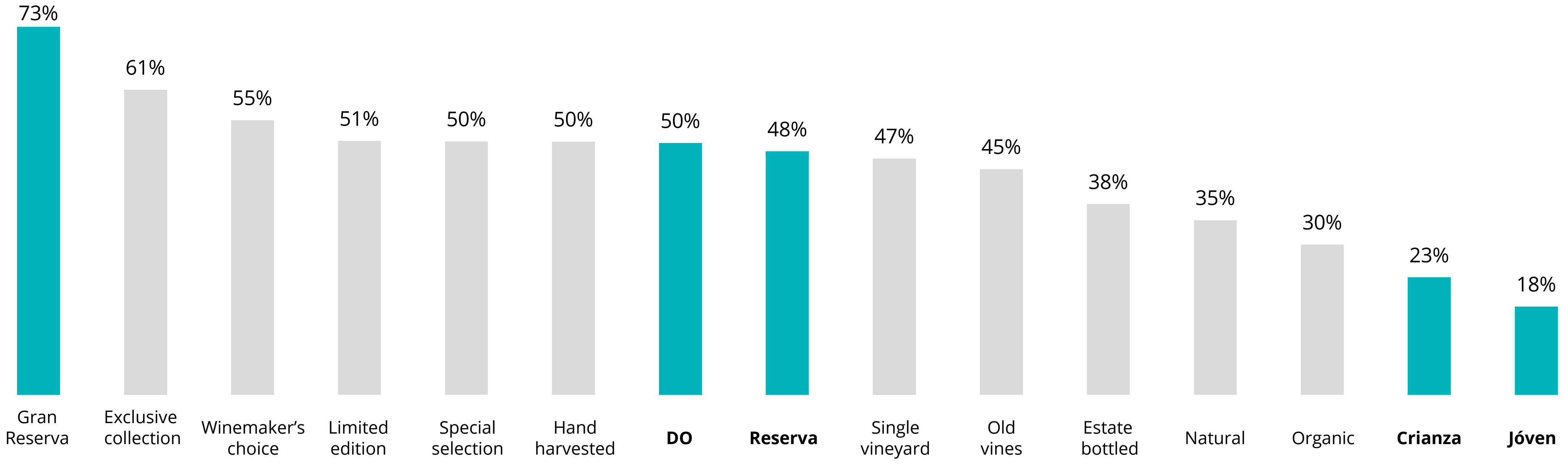
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Quality cues

Wineries could explore other terms that resonate with UK wine drinkers such as “Exclusive collection”, “Limited edition” or “Winemaker’s choice”

Quality cues: **Quality perception**

% who indicated each terminology to suggest a high quality
Base = Awares of each terminology



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Quality cues & incentives

MARKET EXPERT'S VIEW

"Several regions and grapes in Spain can successfully produce fresher lighter wines"
Restaurant group owner

"Reputation of Spain as early adopter of organic farming is a big plus"
Wine writer

"Focusing on and communicating quality must be #1 priority for Spain, with all Regions working together"
Buying manager, major supermarket

"We need to see more well-aged Spanish wine, to appreciate how well they evolve & develop, and the sheer quality"
Restaurant group owner

Conclusions

- The UK market has evolved. Consumer preference is moving towards lighter fresher styles, both red and white
- Emphasise the age-worthiness of many Spanish Red wines and few White wines, to demonstrate that 10-25 year-old Spanish wines can be as sublime and collectible as iconic wines from France, Italy and elsewhere
- Promote and support the few producers and regions who are generating a global presence with stellar, collectible wines. The halo effect on the rest of the Spanish wine category is hugely valuable
- Spain is also perceived as a leading source country in the migration to organic viticulture, an increasingly relevant attribute in the UK market

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Sparkling wine

ICEX - March 2023

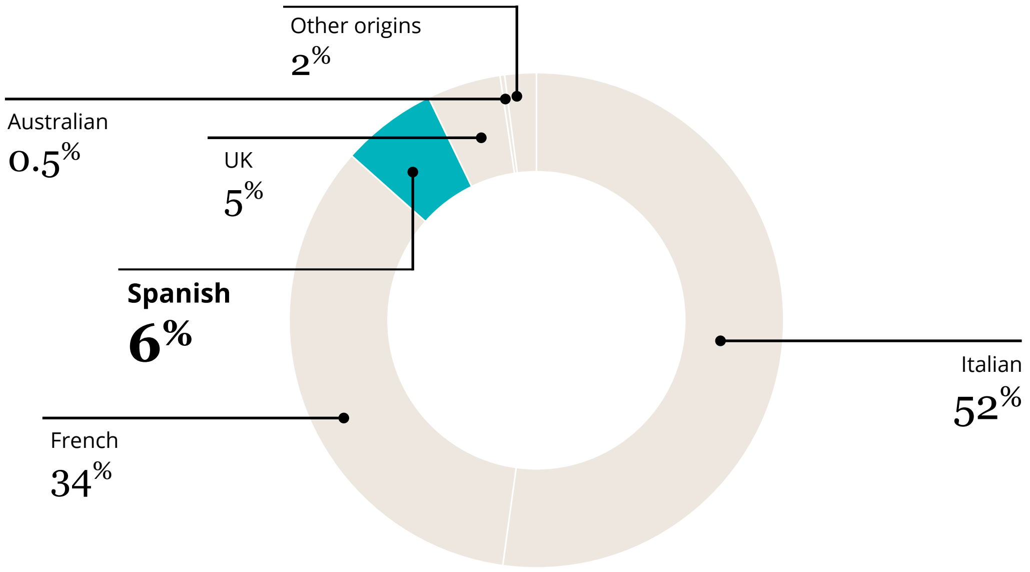
Spanish wine in the UK

Sparkling wine value by origin

Together, Italian and French sparkling wine represent 90% of the market in value, while Spain is the 3rd country of origin. Value decreases are expected for these countries as well. The best past progression goes to sparkling wine made in the United Kingdom which hold a similar share to Spain.

Sparkling wine share by origin: Top 5

% of sparkling wine value sold in the UK that originates from the following countries of origin



Sparkling wine by origin in the competitive set: Value and CAGR

000s €, fixed exchange rate, with tax

	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*2,660,569*	*3,113,975*	*2.9%*	*-1.6%*
Italian	**1,447,344**	**1,624,717**	**4.7%**	**-2.0%**
French	**836,949**	**1,071,078**	**0.5%**	**-2.2%**
Spanish	**192,994**	**194,539**	**-4.2%**	**-2.1%**
United Kingdom	**111,032**	**150,270**	**28.2%**	**4.0%**
German	**7,491**	**9,304**	**11.2%**	**14.9%**
Australian	**19,388**	**16,768**	**-12.6%**	**5.0%**
US	**7,698**	**6,091**	**-9.4%**	**-10.4%**
New Zealand	**8,513**	**8,251**	**-2.4%**	**6.0%**
Chilean	**298**	**3,251**	**9.6%**	**5.6%**
Argentinian	**1,698**	**2,126**	**-10.4%**	**2.7%**
Portuguese	**153**	**155**	**2.1%**	**0.0%**
Other origins	**27,010**	**27,424**	**9.2%**	**-2.9%**

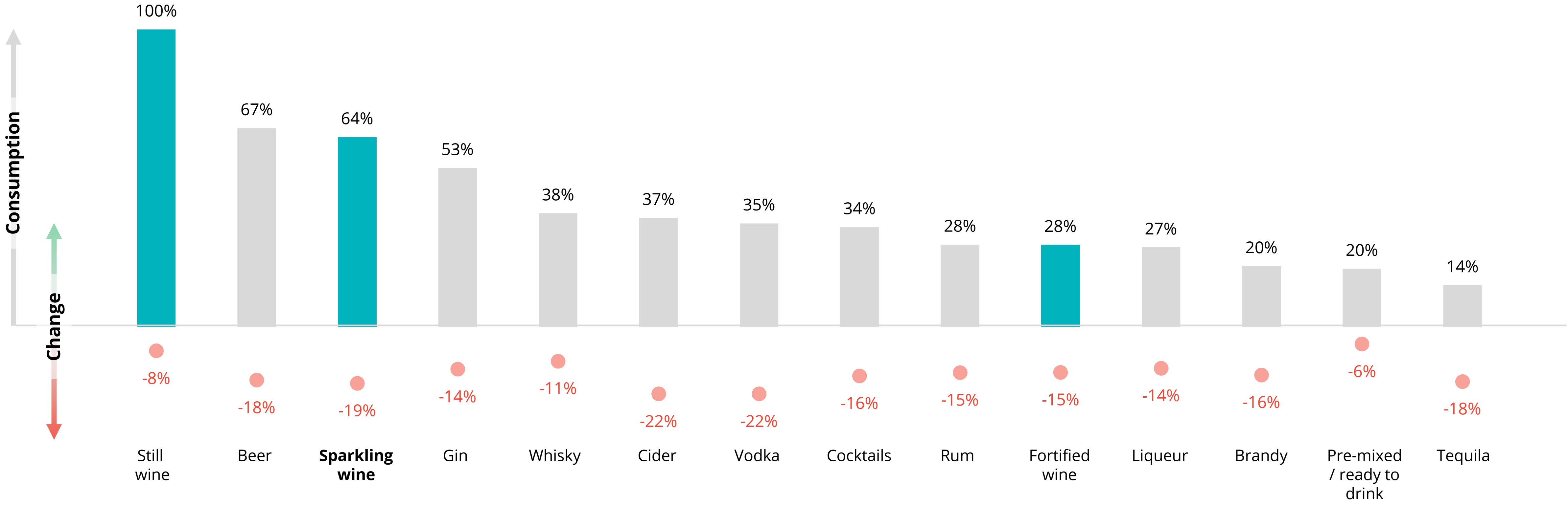
Source: IWSR

Impact of current economic context

2 out of 3 wine drinkers consume sparkling wine, although consumers are moderating it's consumption in the current market context

Category switching: consumption vs change

% who have drunk the following beverages in the last twelve months
Net score of % who have increased their consumption of the following beverage types subtracted by the % who have reduced their consumption of the following beverage types over the last six months
Base = All regular wine drinkers



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Sparkling wine: imagery

Cava and Prosecco are perceived in a similar way, sharing the same three core qualities: taste, refreshingness and value for money; they particularly distinguish themselves on the latter

Sparkling wine: **Imagery association (1/2)**

Index: Association of each wine with the following statements, comparison calculated by average association
Statements sorted by average for all sparkling types, sparkling wine types sorted by level of positive association
Base = Those who consume each sparkling wine type

		Champagne	English sparkling wine	Cava	Prosecco
1	Wines I like the taste of	**45%**	**36%**	**51%**	**48%**
2	Refreshing	**33%**	**40%**	**48%**	**46%**
3	High quality	**58%**	**40%**	**25%**	**28%**
4	Value for money	**13%**	**24%**	**50%**	**49%**
5	Reliable products	**37%**	**20%**	**37%**	**30%**
6	Has brands I recognise	**42%**	**24%**	**29%**	**28%**
7	Well known and established	**49%**	**18%**	**30%**	**26%**
8	With labels I can understand	**26%**	**31%**	**30%**	**22%**
9	Traditional method	**45%**	**24%**	**22%**	**15%**
10	Becoming more popular	**7%**	**45%**	**18%**	**33%**

Top 3 associations for each wine

% / % : Statistically significantly higher than 2 / higher than 3 or more wine at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Sparkling wine: imagery

Cava is more likely to be associated with value-related qualities, similar to Prosecco

Sparkling wine: **Imagery association (2/2)**

Index: Association of each wine with the following statements, comparison calculated by average association
Statements sorted by average for all sparkling types, sparkling wine types sorted by level of positive association
Base = Those who consume each sparkling wine type

		Champagne	English sparkling wine	Cava	Prosecco
11	Made by well-known producers	44%	18%	21%	15%
12	Tradition	46%	14%	22%	14%
13	Prestige / luxury wines	55%	24%	7%	8%
14	Often on promotional offer	15%	14%	28%	35%
15	Recognised by critics	31%	27%	16%	12%
16	From vineyards of outstanding beauty	31%	20%	10%	11%
17	Unique	23%	19%	7%	10%
18	Sustainable practices	12%	25%	10%	11%
19	Wines that can age	28%	15%	7%	5%
20	Cheap	2%	9%	23%	20%
21	Innovative wines	9%	25%	8%	9%

Top 3 associations for each wine

% / % : Statistically significantly higher than 2 / higher than 3 or more wine at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Sparkling wine: imagery

Compared with the other styles, Cava is under-indexing in "high quality". Like Champagne, Cava is weaker on "becoming more popular"

Sparkling wine: **Imagery Association Index (1/2)**

Index: Association of each wine with the following statements, comparison calculated by average association
Statements sorted by average for all sparkling types, sparkling wine types sorted by level of positive association
Base = Those who consume each sparkling wine type

		Champagne	English sparkling wine	Cava	Prosecco
1	Wines I like the taste of	112	91	128	122
2	Refreshing	97	119	143	138
3	High quality	195	135	85	93
4	Value for money	43	80	167	166
5	Reliable products	125	69	124	101
6	Has brands I recognise	156	90	109	103
7	Well known and established	189	67	114	100
8	With labels I can understand	102	118	114	86
9	Traditional method	175	94	86	57
10	Becoming more popular	30	190	77	139

The origin is over-indexing in terms of the statement — Average — The origin is under-indexing in terms of the statement

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Sparkling wine: imagery

Champagne outperforms the other sparkling wine types on a number of statements, including "tradition", luxury, prestigious producers and ability to age, where index scores go pass 200. Cava over-indexes in "cheap" and is also highly associated with "often on promotional offer"

Sparkling wine: **Imagery Association Index (2/2)**

Index: Association of each wine with the following statements, comparison calculated by average association
Statements sorted by average for all sparkling types, sparkling wine types sorted by level of positive association
Base = Those who consume each sparkling wine type

		Champagne	English sparkling wine	Cava	Prosecco
11	Made by well-known producers	214	89	100	72
12	Tradition	234	73	110	69
13	Prestige / luxury wines	311	138	41	46
14	Often on promotional offer	87	83	162	205
15	Recognised by critics	199	172	102	79
16	From vineyards of outstanding beauty	205	131	67	71
17	Unique	158	126	48	70
18	Sustainable practices	85	176	71	76
19	Wines that can age	205	113	52	36
20	Cheap	14	78	199	179

The origin is over-indexing in terms of the statement — Average — The origin is under-indexing in terms of the statement

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

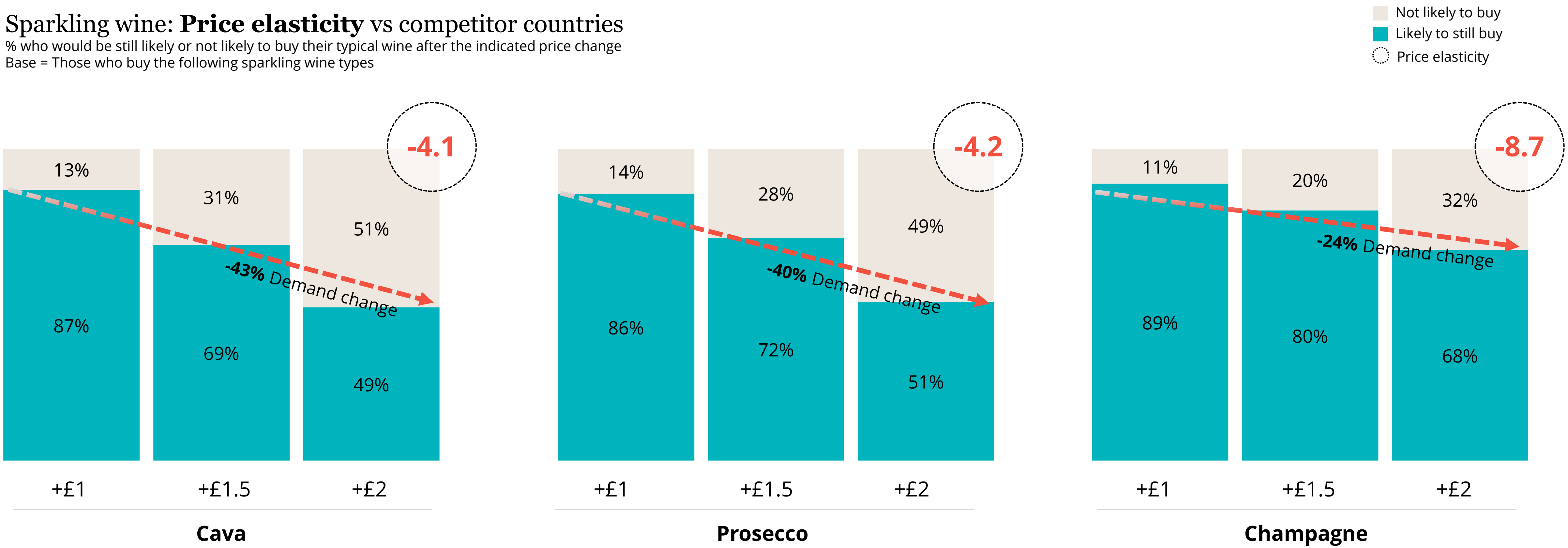
Sparkling wine: elasticity

Very similar price elasticity for Cava and Prosecco; they both would suffer from a significant drop in demand when increasing their typical price by £2. Fall of demand is not as pessimistic for Champagne, however the price elasticity is more severe due to a much more expensive average retail price

Sparkling wine: **Price elasticity** vs competitor countries

% who would be still likely or not likely to buy their typical wine after the indicated price change

Base = Those who buy the following sparkling wine types



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Sparkling wine

MARKET EXPERT'S VIEW

"Excellent Cava is now available, but higher price-positioning is difficult"

Buying Manager, major supermarket

"The number of English wine producers continues to grow so rapidly"

Wine writer

"Defining notions of quality and terroir is especially challenging for Cava"

Buying manager, major supermarket

"We are selling more higher-priced Cava by the glass and £50+ per bottle"

Buying Manager, Spanish restaurant group

"We're seeing more demand for cheaper alternatives to Champagne "

Importer & retailer

Conclusions

- Rising Champagne pricing does create more headroom for other sparkling categories, with Crémant from France widely prominent
- Disproportionate focus on growth of English sparkling wine, and still growing. Prosecco still flourishing, with lower levels of volume growth
- Cava is also benefitting from return to on-trade celebratory occasions; but still striving to reposition itself
- Concentrate on establishing a globally understood and widely-welcomed tiered structure for Cava

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

Fortified wine

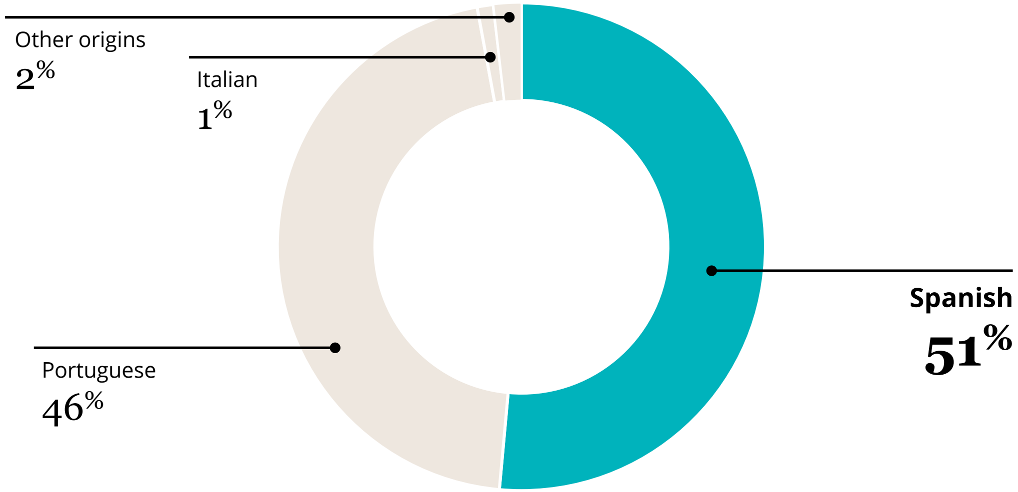
ICEX - March 2023
Spanish wine in the UK

Fortified wine volumes and value by origin

Spain is the lead country of origin for fortified wine in terms of volume (51%) and holds the second place for value (42% vs Portugal 54%). Category volumes will continue to decline in the future

Fortified wine share by origin: Top 3

% of fortified wine volume sold in the UK that originates from the following countries of origin



Fortified wine by origin in the competitive set

Volume 000s 9-litre cases	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*2,028.75*	*1,967.00*	*-0.5%*	*-3.0%*
Spanish	**1,061.11**	**1,011.87**	**-1.0%**	**n/a**
Portuguese	**909.70**	**897.93**	**-0.1%**	**n/a**
Italian	**21.75**	**21.00**	**1.0%**	**n/a**
French	**0.55**	**0.40**	**n/a**	**n/a**
Other origins	**35.64**	**35.80**	**n/a**	**n/a**

Value 000s €, fixed exchange rate, with tax	2020	2021	CAGR 16-21	CAGR 21-26
Total wine	*277,697.34*	*276,457.10*	*2.0%*	*-2.3%*
Spanish	**120,335.75**	**116,678.38**	**1.0%**	**n/a**
Portuguese	**147,489.66**	**149,880.01**	**2.4%**	**n/a**
Italian	**3,187.00**	**3,077.10**	**2.0%**	**n/a**
French	**119.27**	**92.49**	**n/a**	**n/a**
Other origins	**6,565.65**	**6,729.12**	**n/a**	**n/a**

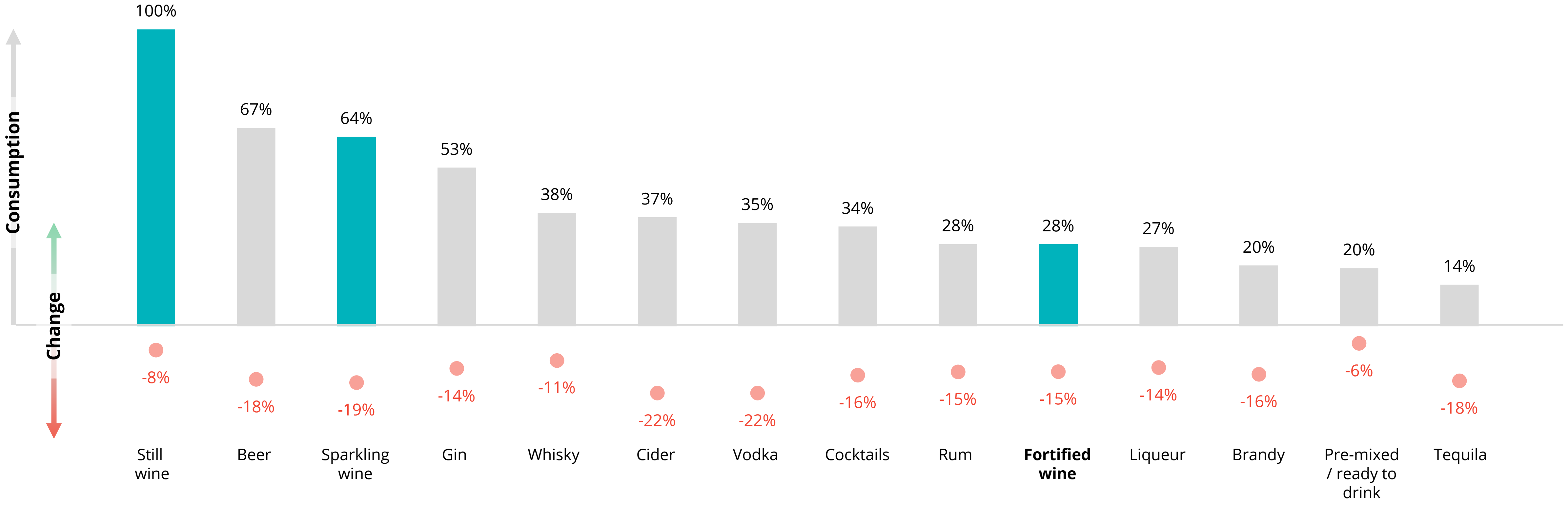
Source: IWSR

Impact of current economic context

1 out of 4 wine drinkers consume fortified wine, although consumers are moderating it's consumption in the current market context, similarly to other wines

Category switching: consumption vs change

% who have drunk the following beverages in the last twelve months
Net score of % who have increased their consumption of the following beverage types subtracted by the % who have reduced their consumption of the following beverage types over the last six months
Base = All regular wine drinkers



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Fortified wine: imagery

Nearly a half of buyers consider Port and Sherry / Jerez to represent tradition. They also see those wines are well-known and established wine types. Compared with Port, Sherry is significantly less associated with high quality, taste, recognizable brands and ageing potential

Fortified wine: **Imagery association (1/2)**

% who associate the following statements with each fortified wine
Statements sorted by average for all fortified wines, fortified wines sorted by level of positive association
Base = Those who consume each fortified wine

		Port	Sherry / Jerez
1	Tradition	**48%**	**47%**
2	Well known and established	**44%**	**39%**
3	High quality	**42%**	**34%**
4	Traditional method	**39%**	**37%**
5	Wines I like the taste of	**42%**	**33%**
6	Has brands I recognise	**41%**	**35%**
7	Reliable products	**33%**	**30%**
8	Made by well-known producers	**34%**	**29%**
9	Old fashioned	**29%**	**32%**
10	Wines that can age	**32%**	**20%**

Top 5 associations for each fortified wine

Green / red: Statistically significantly higher / lower than the other fortified wine at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Fortified wine: imagery

Comparatively, Sherry / Jerez is less associated with prestige and export recognition than its competitive drink but has been more seen as being a cheap wine type (although only 1 in 10 drinkers)

Fortified wine: **Imagery association (1/2)**

% who associate the following statements with each fortified wine
Statements sorted by average for all fortified wines, fortified wines sorted by level of positive association
Base = Those who consume each fortified wine

		Port	Sherry / Jerez
11	Value for money	27%	23%
12	With labels I can understand	25%	23%
13	Prestige / luxury wines	24%	15%
14	Recognised by critics	20%	15%
15	From vineyards of outstanding beauty	18%	16%
16	Unique	19%	15%
17	Becoming more popular	12%	13%
18	Often on promotional offer	13%	10%
19	Sustainable practices	11%	10%
20	Cheap	7%	10%
21	Innovative wines	7%	7%

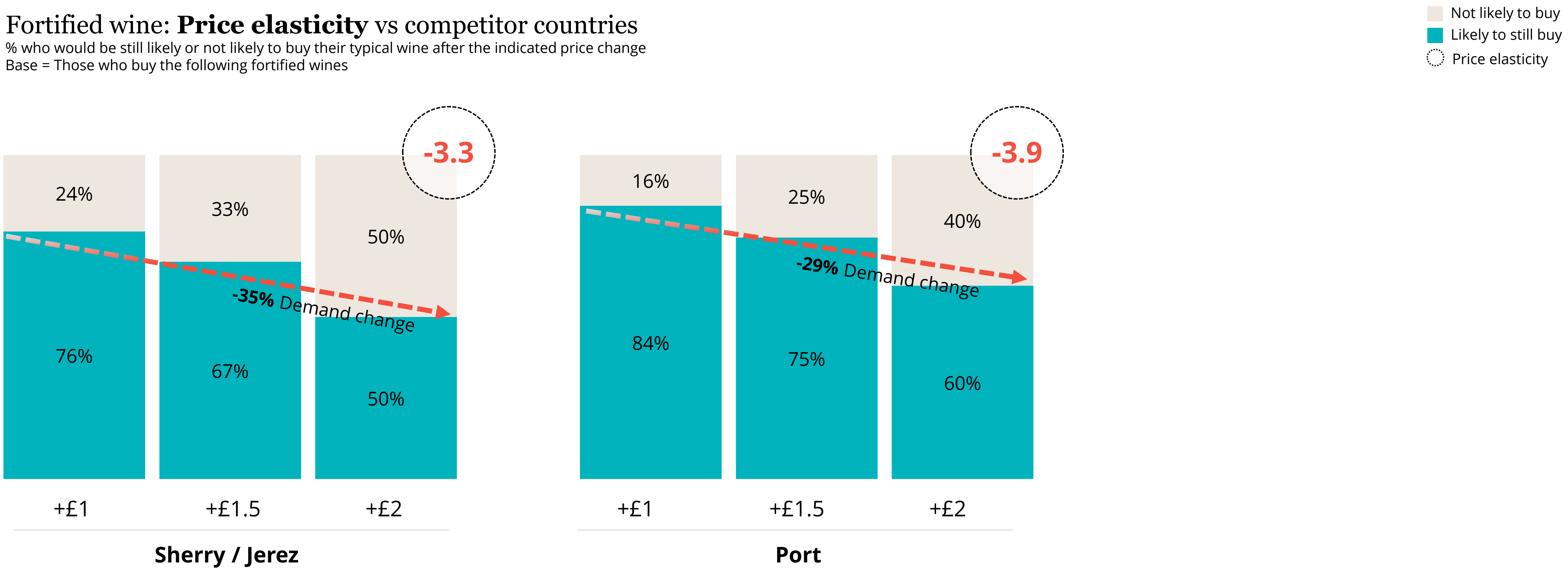
Green / red: Statistically significantly higher / lower than the other fortified wine at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Fortified wine: elasticity

Again, negative price elasticity for Sherry / Jerez and Port, but these wines seem more resistant to price increases compared to still and sparkling wines

Fortified wine: **Price elasticity** vs competitor countries

% who would be still likely or not likely to buy their typical wine after the indicated price change
Base = Those who buy the following fortified wines



Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Fortified wine

MARKET EXPERT'S VIEW

"More cocktails and Sherry, both as aperitif and with food"

Buying manager, Spanish restaurant group

"Fortified wine - Spanish sherry, and Port are needed in terms of portfolio but they are very seasonal"

On trade buyer

"Events like Sherry Week, for example, help a lot to create awareness - but it's one of those categories that people either love them or hate them"

On trade buyer

"Now seeing more wines at 12% or less rather than so many all at 14% or more"

Wine writer

Conclusions

- Low & no alcohol is on many people's agenda, in all drinks categories; now frequently promoted across the trade + featured on social media
- Demands for the industry to focus on ~12% ABV for "normal" wines and discourage focus on 14% and more
- Much can be done in terms on education to reposition Sherry

Source: Wine Intelligence, qualitative studies, January – February 2023 (n=10) wine market experts based in the UK

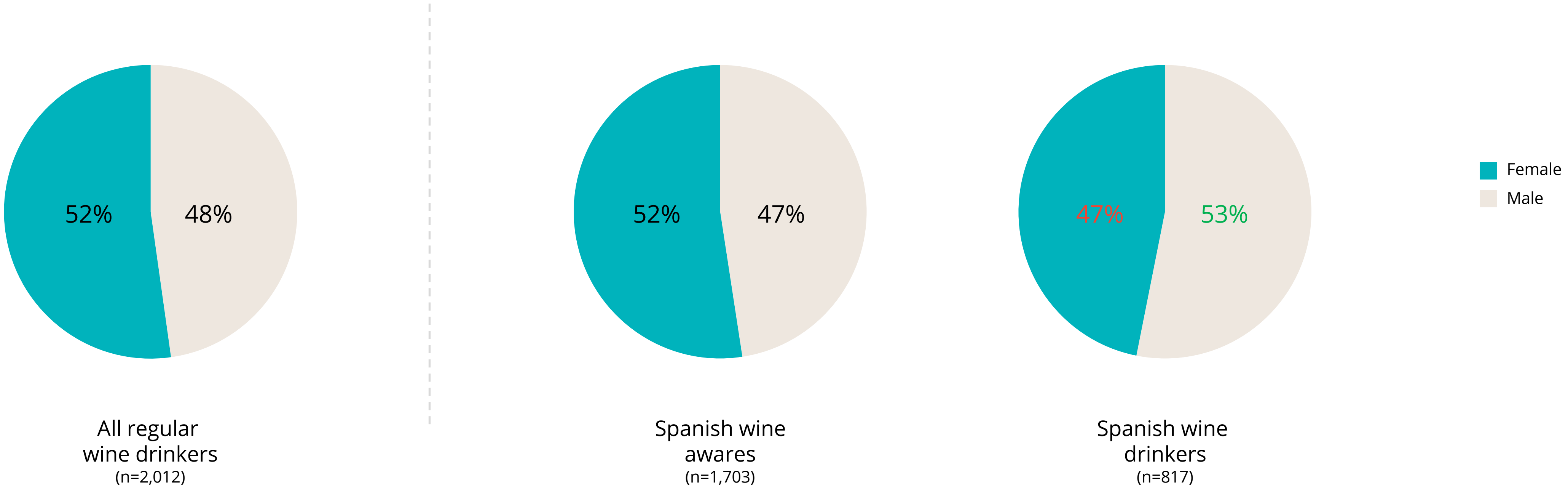
Profiling & attitudes

ICEX - March 2023
Spanish wine in the UK

Profiling

Significantly higher proportion of males amongst drinkers of Spanish wines in the UK

Who are they? By **gender**



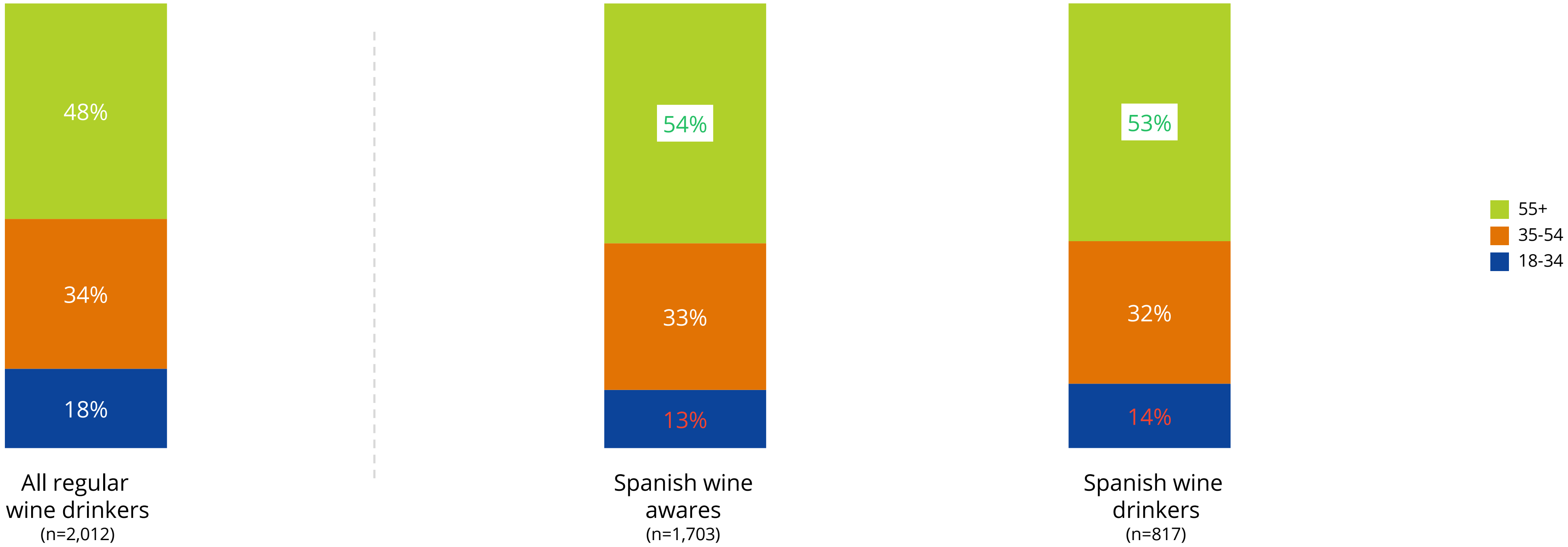
Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Profiling

Most of Spanish wine awares and drinkers are aged over 55, in line with the market

Who are they? By **age**



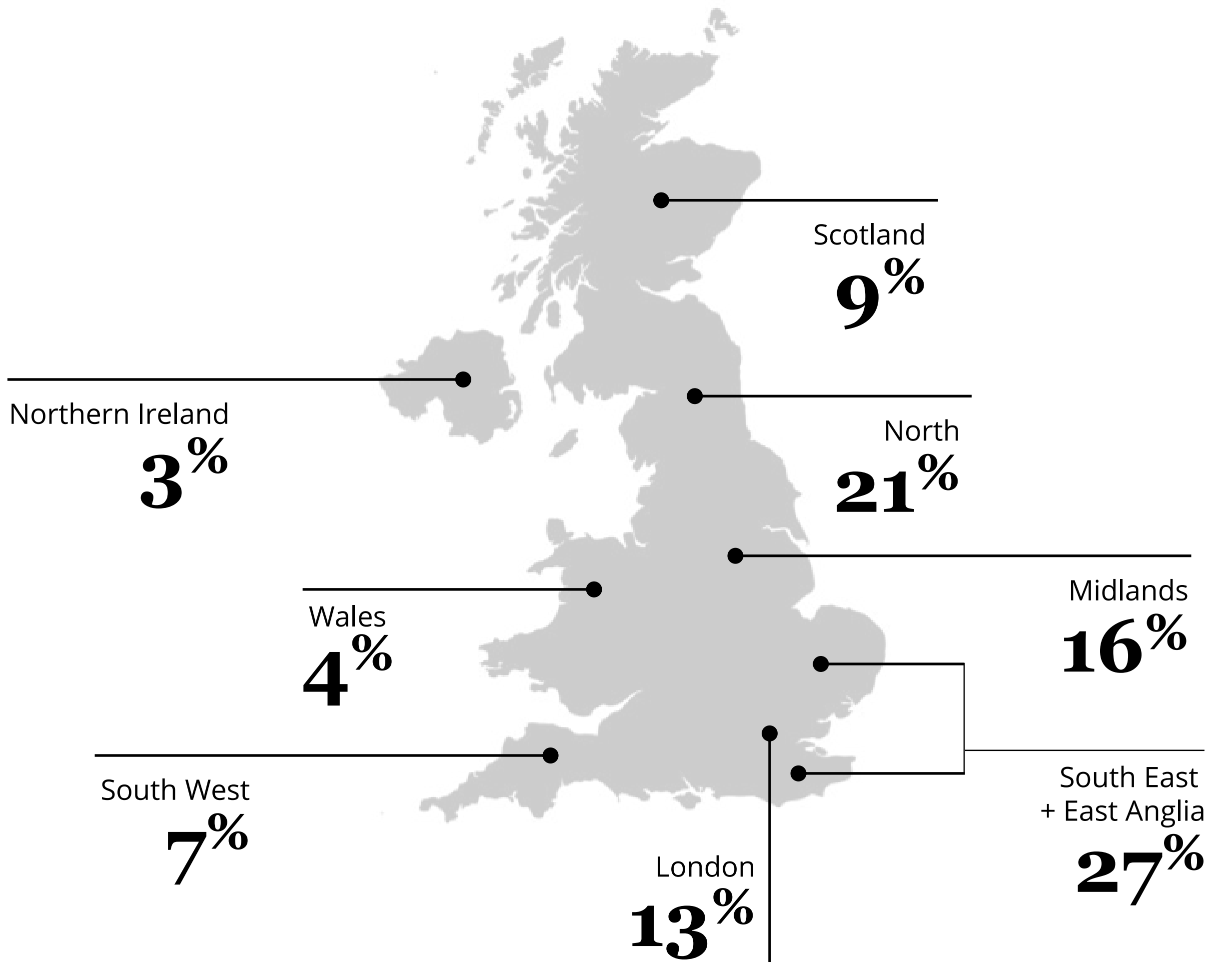
Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Profiling

The geographical repartition of Spanish wine drinkers is aligned with the distribution of regular wine drinkers in the UK; most of the addressable market is concentrated between London and the South East regions

Who are they? By **location**

Base = Spanish wine drinkers (n=817)



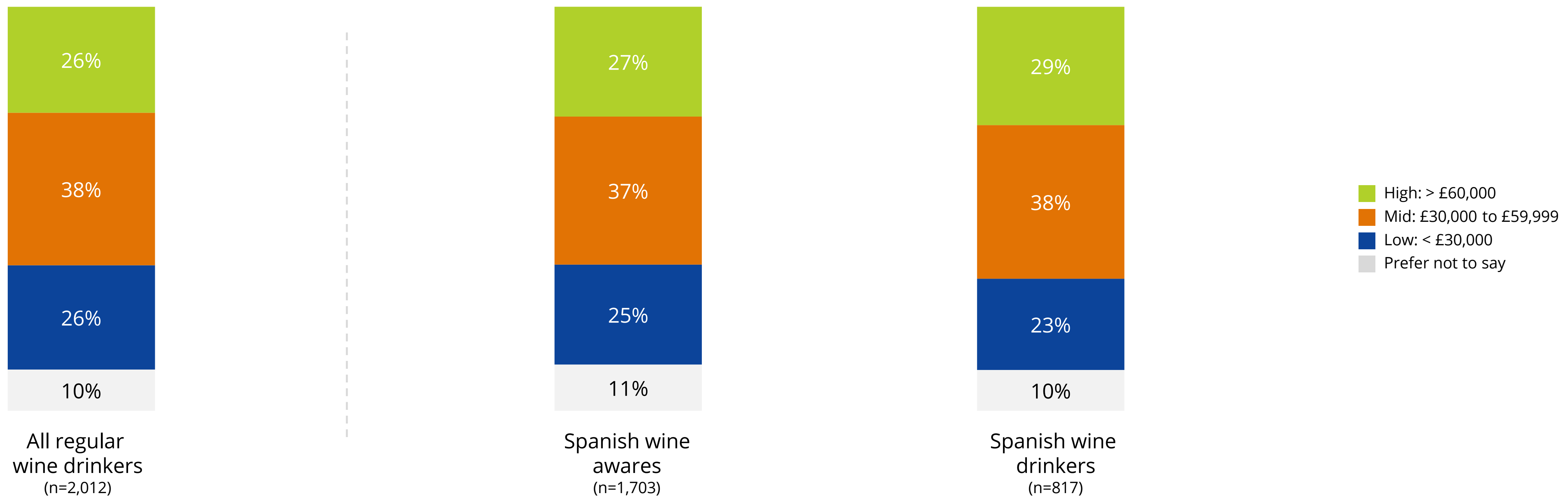
Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Profiling

Income repartition is constant through segments

Who are they? By **income**



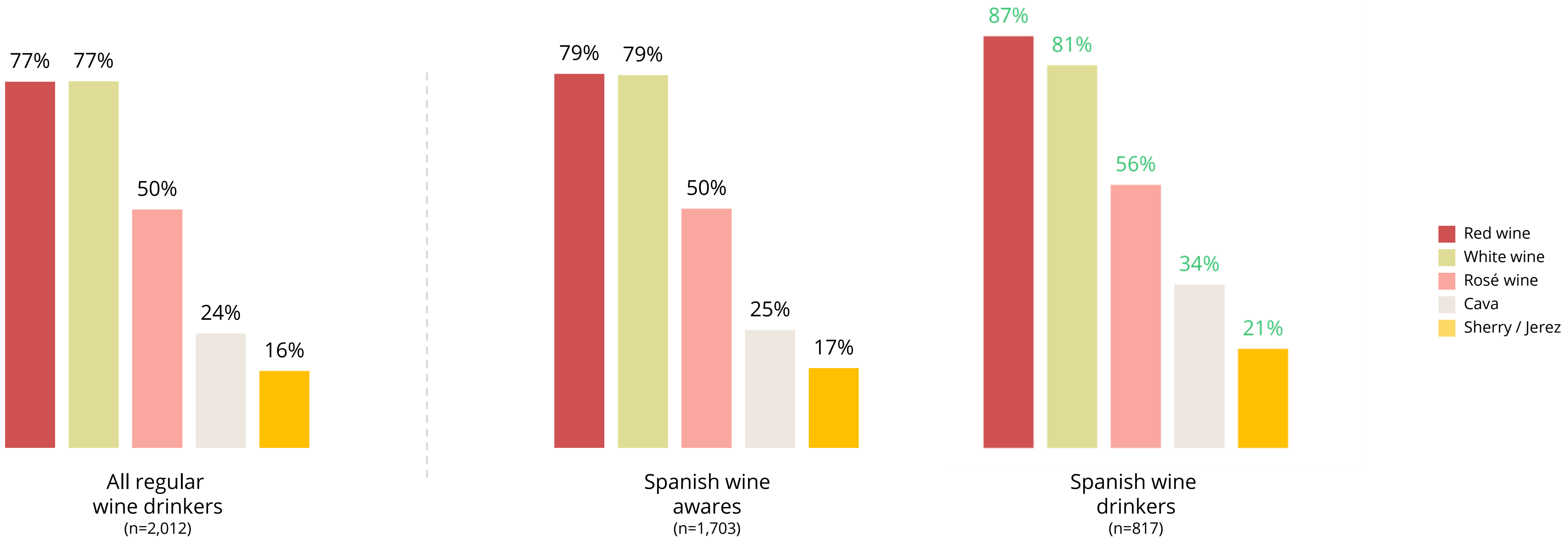
Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Consumption

Higher proportion of those consuming all wine types amongst Spanish wine consumers; A third of Spanish wine drinkers consume Cava and 1 in 5 drink Sherry / Jerez

Wine drinking **repertoire**

% who drink the following wine types



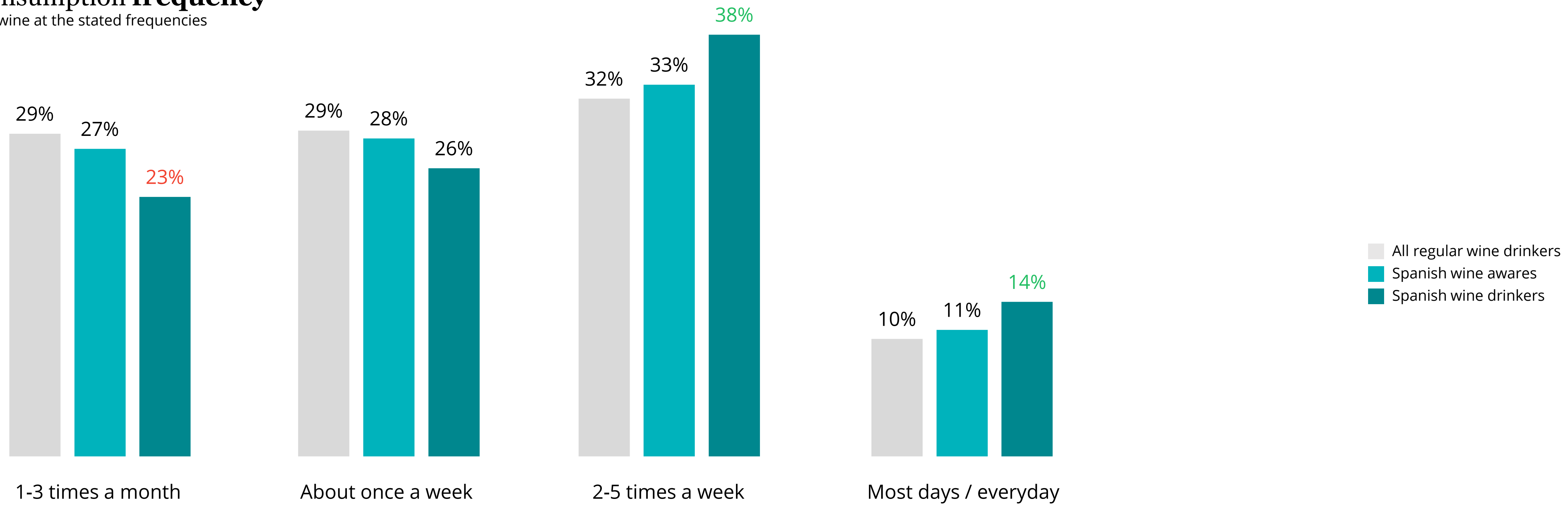
Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Consumption

Spanish wine drinkers are more likely to consume wine twice a week or more; Over 75% of them drink wine on a weekly basis

Wine consumption **frequency**
% who drink wine at the stated frequencies



Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level
Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

Channel and retail usage

Supermarkets Tesco and Sainsbury's are the main distribution channels used in the UK to purchase wine from. There is a significantly higher proportion of Spanish wine drinkers who shop online or through specialist wine shops

Wine-buying **channel usage**: Top 15

% who have bought wine from the following channels in the past six months

		All regular wine drinkers	Spanish wine awares	Spanish wine drinkers
1	In a supermarket	**82%**	**84%**	**84%**
2	In a discount store (eg Aldi, Lidl,…)	**38%**	**38%**	**41%**
3	From a supermarket website	**24%**	**24%**	**29%**
4	In a corner / convenience shop	**22%**	**21%**	**23%**
5	In a wine shop / off licence chain (eg Majestic)	**18%**	**18%**	**22%**
6	From an online retailer	**15%**	**14%**	**18%**
7	In an independent wine specialist store	**11%**	**10%**	**13%**
8	From a wine club or membership organisation	**9%**	**10%**	**14%**
9	From Duty Free (eg airports)	**7%**	**7%**	**10%**
10	In an upscale supermarket or deli (eg Whole Foods)	**7%**	**6%**	**8%**
11	From a delivery app	**5%**	**3%**	**5%**
12	From a winery's website	**4%**	**4%**	**5%**
13	From a winery during a visit	**4%**	**4%**	**6%**
14	From the wine producer's cellar	**3%**	**3%**	**4%**
15	On cross-channel shopping trips	**3%**	**2%**	**2%**

Wine-buying **retailer usage**: Top 15

% who have bought wine from the following retailers in the past six months

		All regular wine drinkers	Spanish wine awares	Spanish wine drinkers
1	Tesco	**46%**	**46%**	**43%**
2	Sainsbury's	**30%**	**31%**	**31%**
3	Aldi	**22%**	**23%**	**20%**
4	Asda	**19%**	**17%**	**17%**
5	Lidl	**15%**	**15%**	**16%**
6	Morrisons	**12%**	**13%**	**14%**
7	Waitrose	**11%**	**12%**	**14%**
8	Marks & Spencer	**10%**	**10%**	**11%**
9	Co-op	**9%**	**9%**	**10%**
10	Majestic Wines	**7%**	**7%**	**9%**
11	Laithwaites	**4%**	**4%**	**6%**
12	Naked Wines	**3%**	**4%**	**5%**
13	Amazon	**3%**	**2%**	**2%**
14	Virgin Wines	**3%**	**3%**	**4%**
15	Bargain Booze	**2%**	**2%**	**3%**

Green / red: Statistically significantly higher / lower than all regular wine drinkers at a 95% confidence level

Source: Wine Intelligence, Vinitrac® UK, December 2022 (n=2,012) UK regular wine drinkers

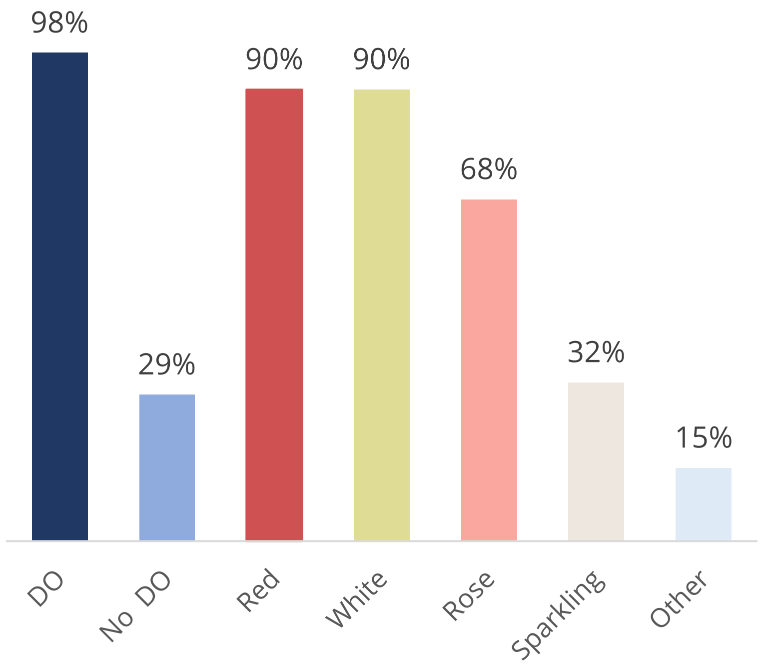
Spanish wineries in the UK market

ICEX - March 2023
Spanish wine in the UK

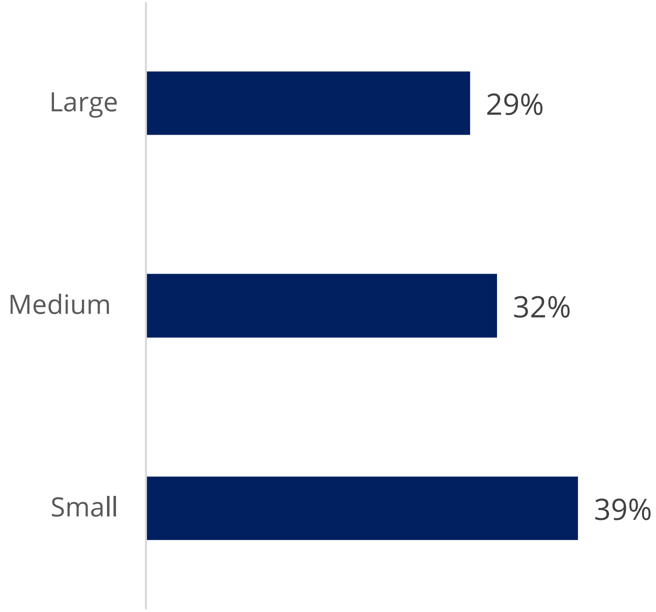
Profile of participating wineries

A heterogeneous distribution of wineries sell to the UK with a majority being companies with turnover of less than 5 M euros and a few very large groups

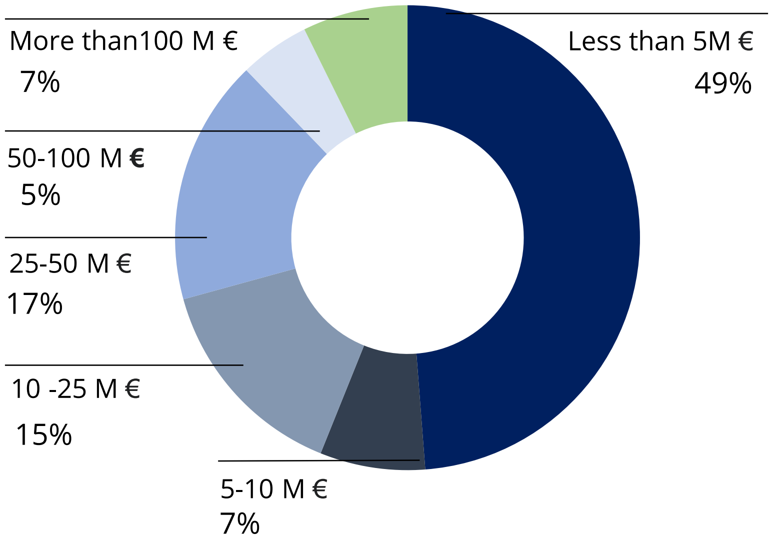
Styles of wine they market
Which of the following wines do you have in your portfolio?



Winery volume*
What is approximately the volume that your winery or group of wineries sells?



Winery turnover
What is approximately the turnover of your winery or group of wineries?

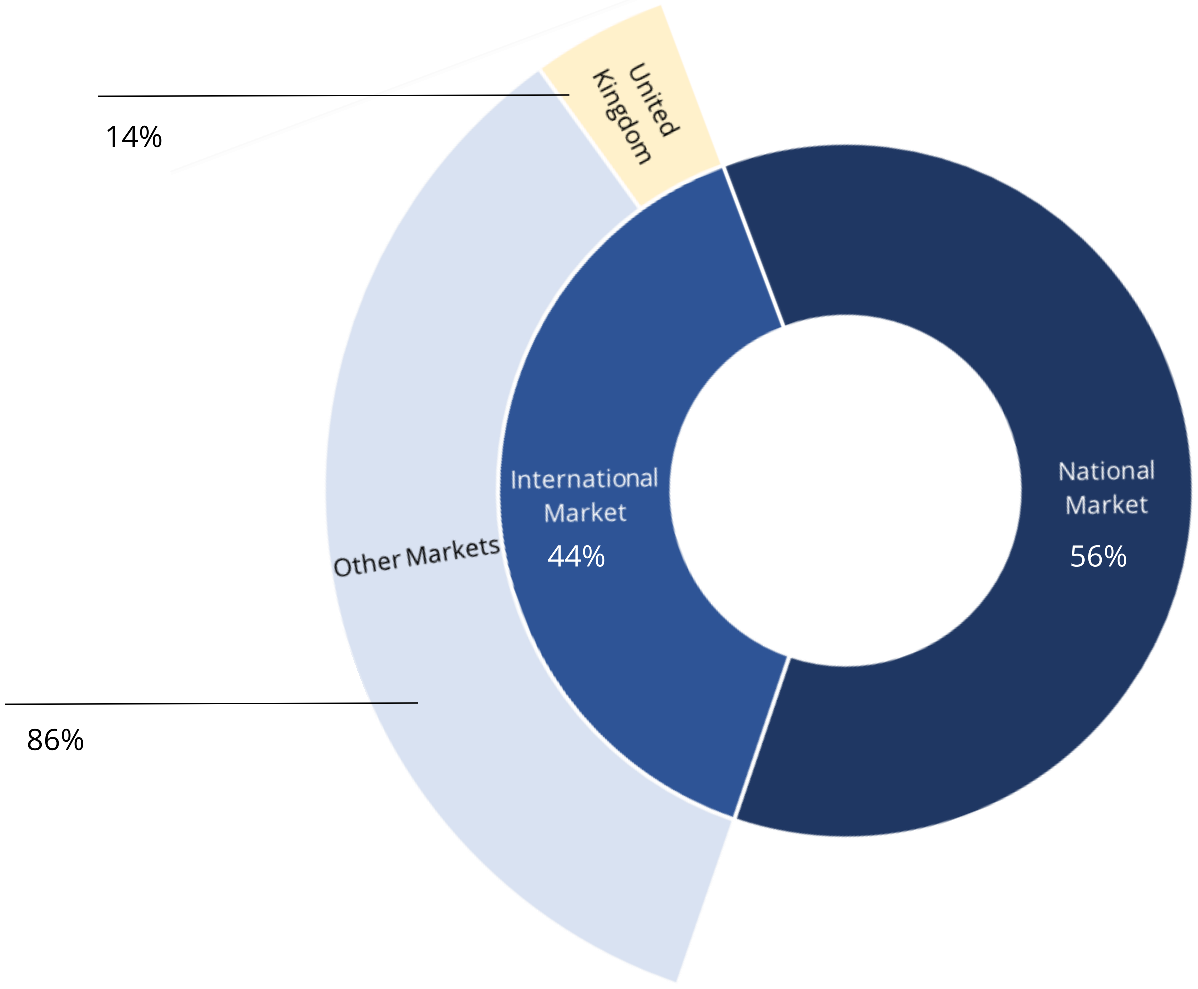


*Small 249,99 -499,999 litres,
Medium 500,000 – 4,999,999 litres,
Large 5,000,000 – 10,000,000 litres

Sales volume

The UK accounts for 14% of the exports volume for Spanish wineries participating in the study.

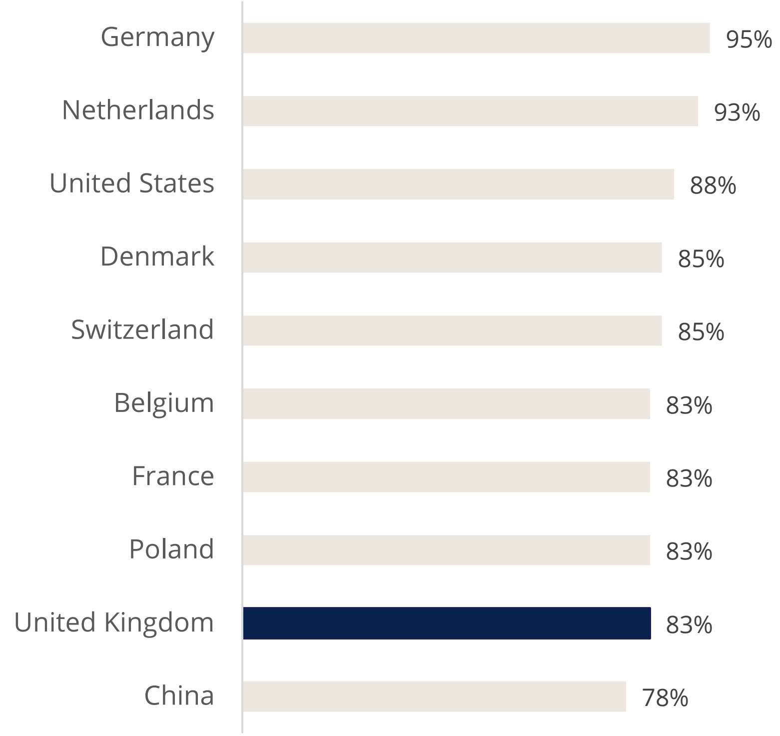
Sales volume
What proportion of sales corresponds to national and international?
What percentage of your sales in export markets does this market represent?



Current and potential export markets

The United Kingdom is the second country with greatest potential according to Spanish wineries only after the United States

Current export markets
In which of the following export markets does your winery currently sell?



Greater growth potential
Which of the following export markets do you think have the greatest growth potential for your winery or group of wineries?

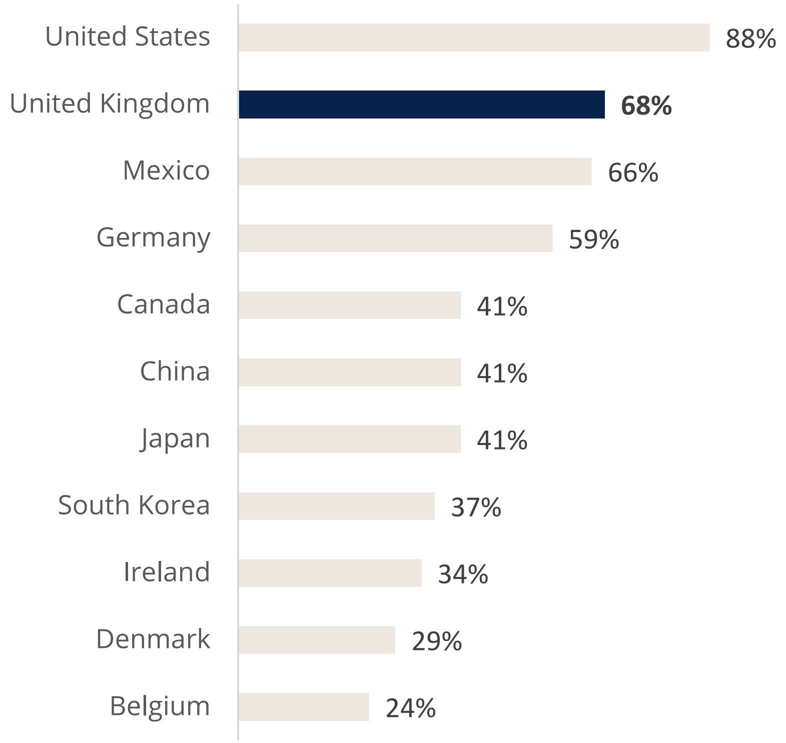
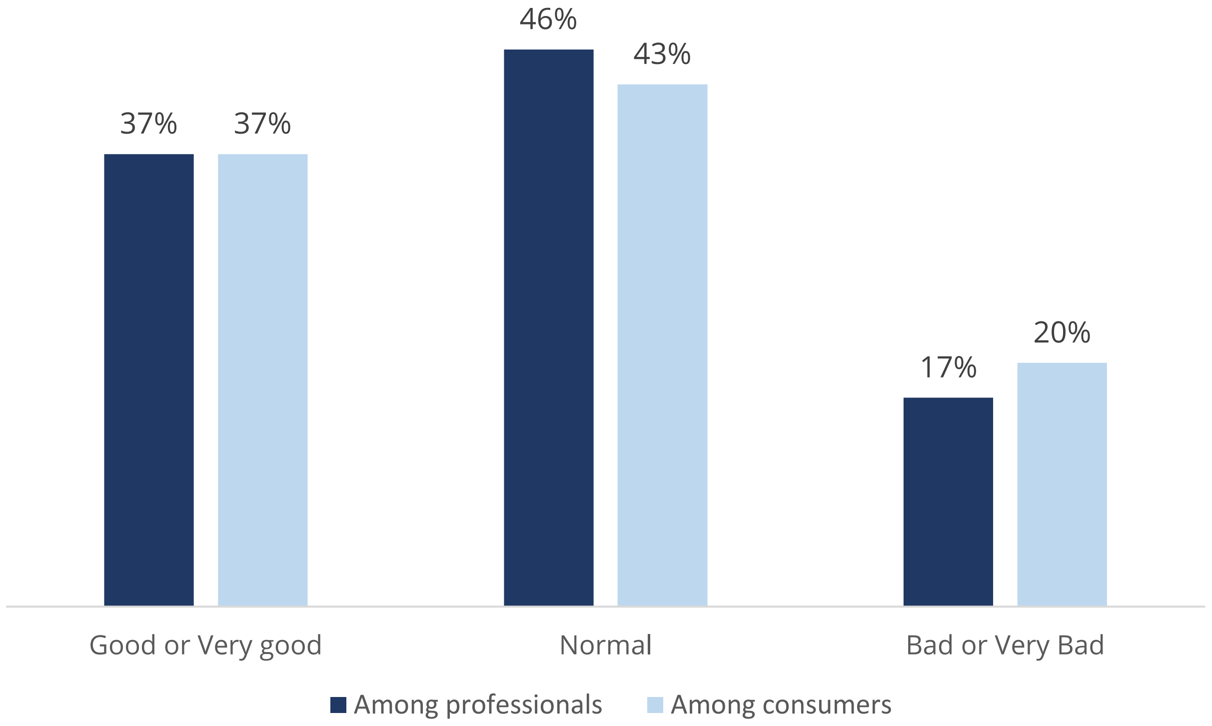


Image of Spanish wines in the United Kingdom

Only 1/3 Spanish wineries think that the perception of its wines in the UK is good or very good among professionals and consumers

Image of Spanish wines in the United Kingdom among professionals and consumers
What do you think the image of Spanish wines in the UK looks like?



"Spanish wine is good and at a competitive price"

Large-sized Winery

"Spanish wine does not enjoy the same prestige among opinion leaders and the market as French or Italian wine"

Medium-sized Winery

"Wine of little value and volume has always been promoted", "lack of prestige"

Small-sized Winery

"The market is very competitive and the variety of wines available is very diverse"

Small-sized Winery

*Small 249,99 -499,999 litres,
Medium 500,000 – 4,999,999 litres,
Large 5,000,000 – 10,000,000 litres

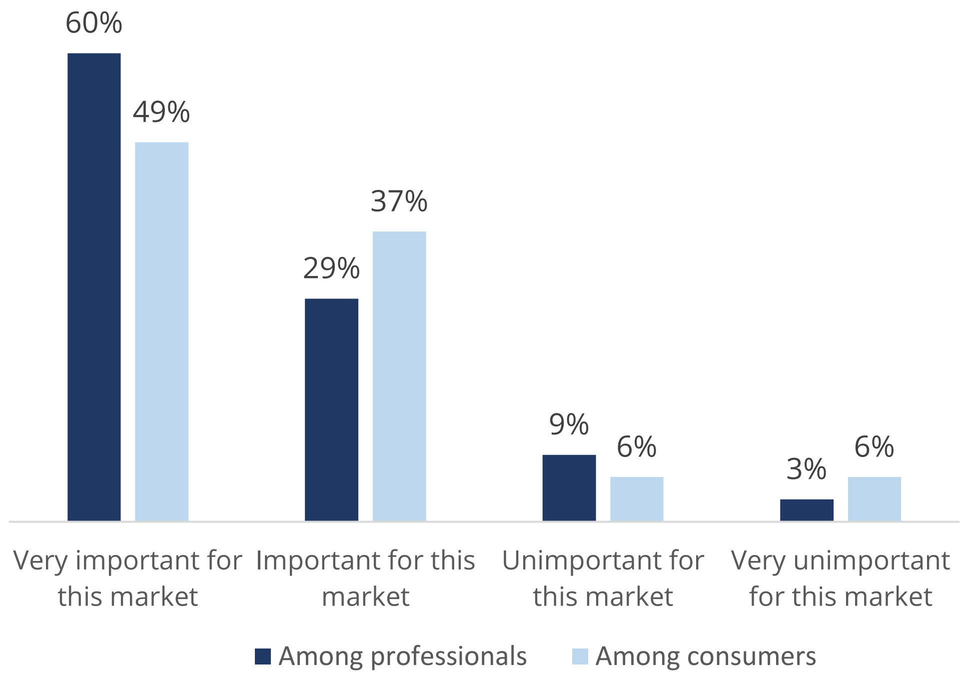
from Wine Intelligence

Promotion of Spanish wines in the UK

The promotion of Spanish wines is important for most Spanish wineries, especially amongst professionals, where Quality, Diversity, Sustainability and Good Price should be the main messages

Priorities for the UK market

How important do you find the following types of actions important for the promotion of Spanish wines in the UK?



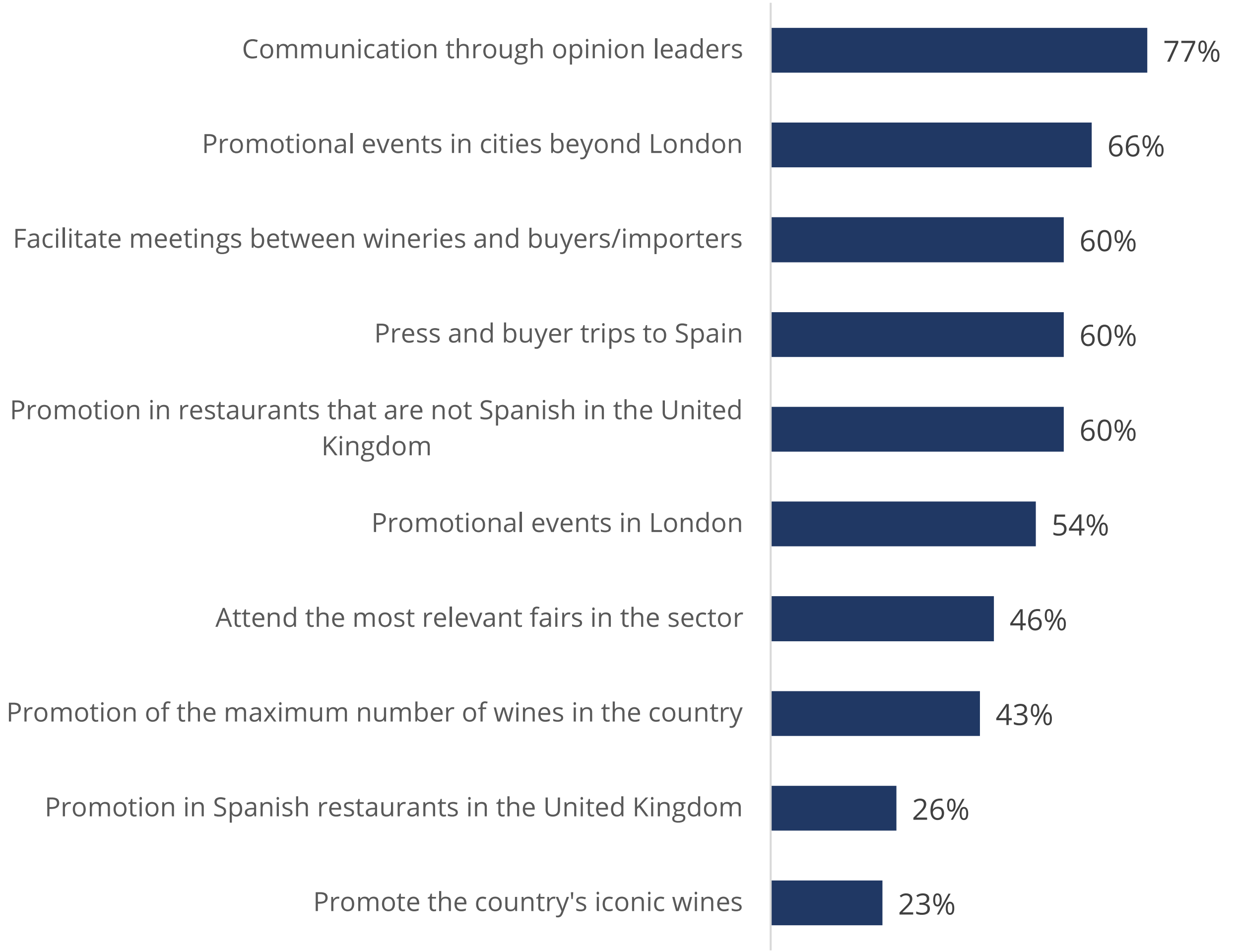
Promotional messages

What messages should the communication of Spanish wines in the UK market focus on?

Most relevant activities among professionals

Three out of four wineries consider communication through opinion leaders as one of the main activities to promote Spanish wines in the UK.
Promotional events in cities outside London and the facilitation of meetings between professionals, are the activities considered to have a greater impact.

Most relevant activities among professionals in the United Kingdom
Which of the following actions do you find most relevant?



Most relevant activities among consumers

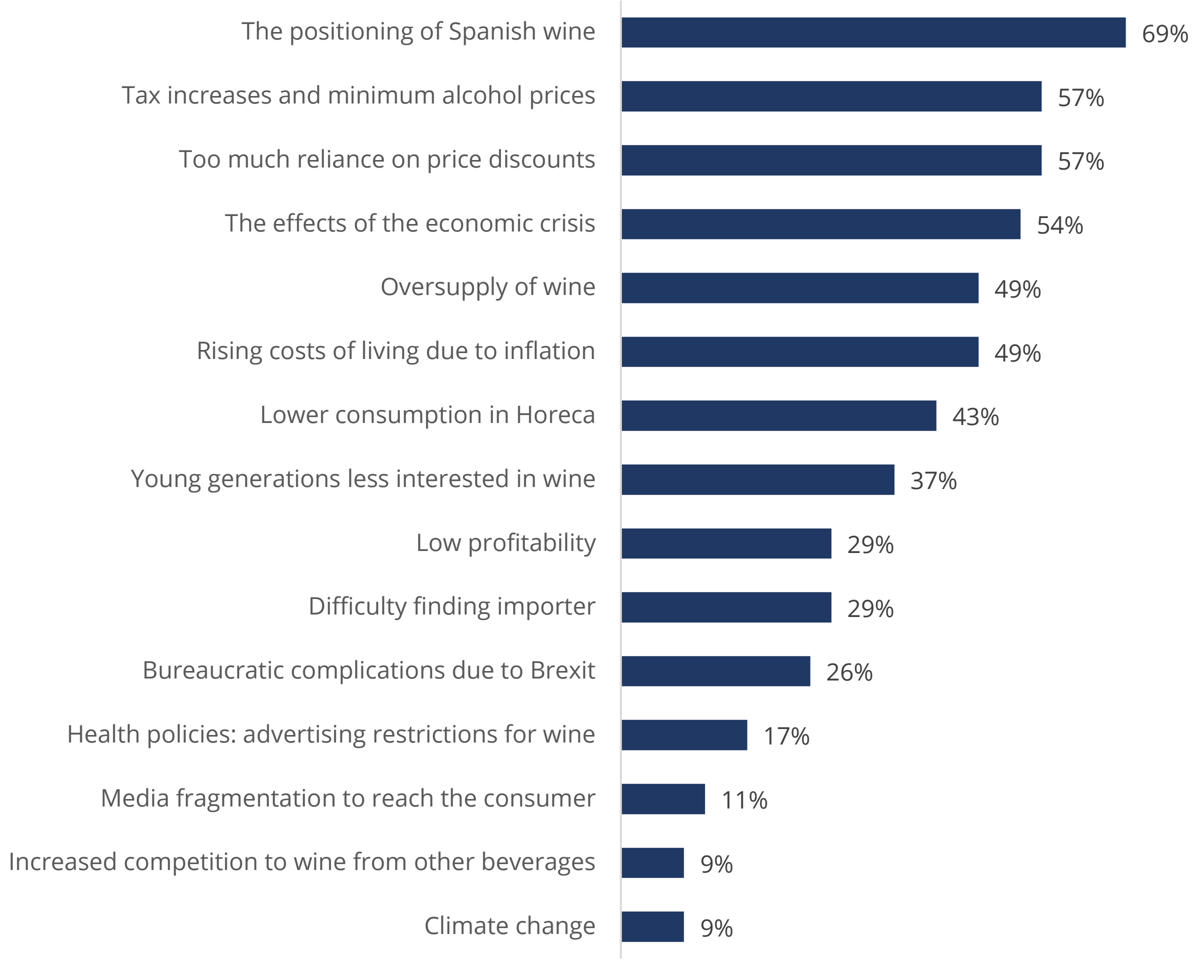
Promotion in non-Spanish restaurants in the United Kingdom, greater communication through opinion leaders and a more notable presence in social media are the activities that wineries consider relevant to promote Spanish wines among consumers followed by promotions at the point of sale.

Most relevant activities to promote Spanish wines among consumers in the United Kingdom
Which of the following actions do you find most relevant?

Worries

The positioning of Spanish wine is clearly one of the biggest concerns for most wineries, followed by increases in taxes. The reliance on price discounts and the effects of the economic crisis are also mentioned. Brexit, a concern for one in four wineries.

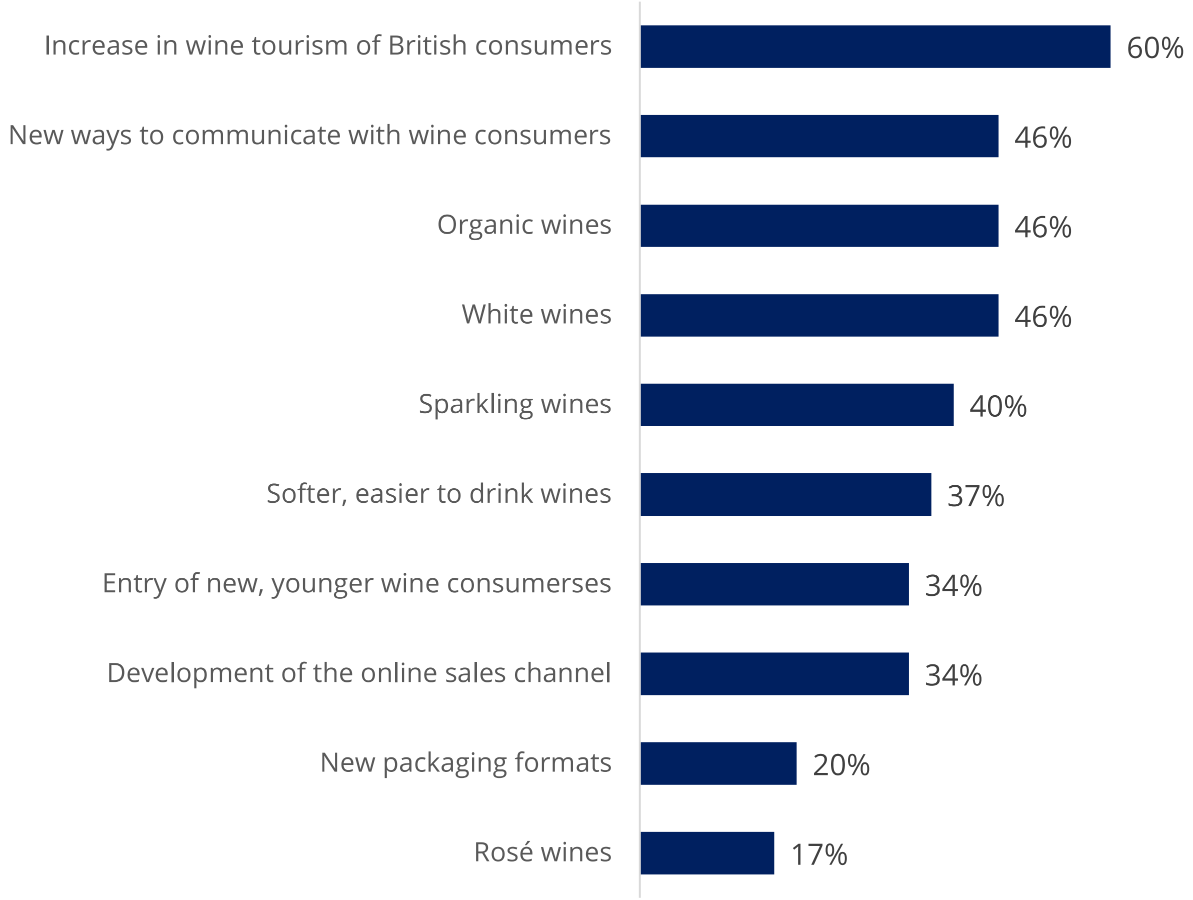
Worries
Which of the following factors do you consider most worrying for the Spanish wine sector in the UK?



Opportunities

The wineries interviewed consider that promoting wine tourism among British consumers is the biggest opportunity for Spanish wine; organic wines also mentioned.

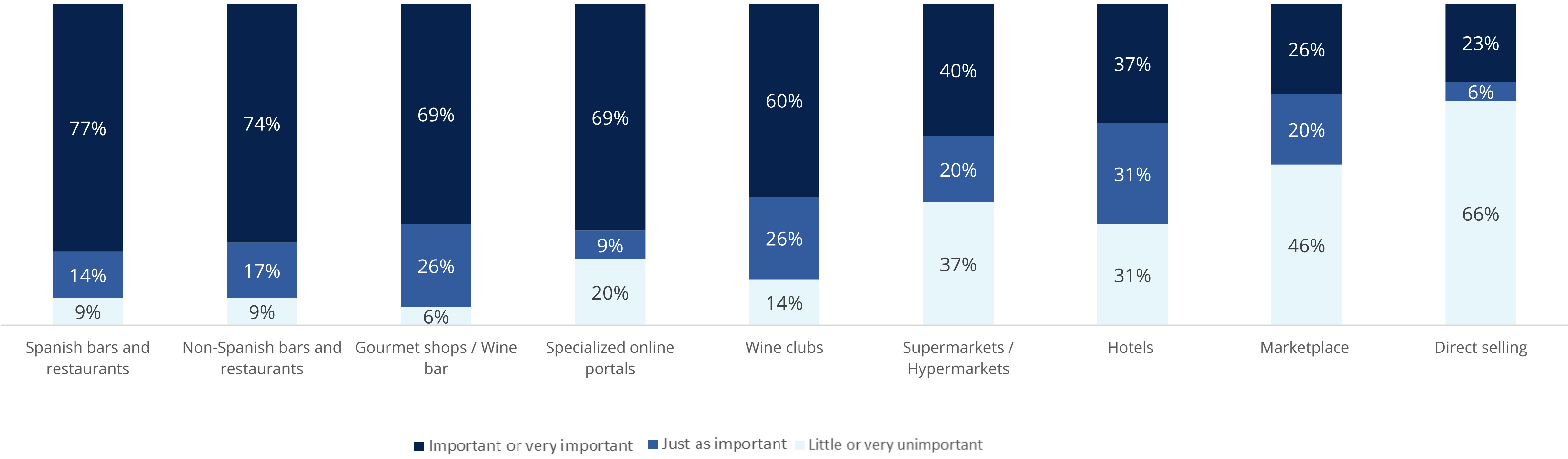
Opportunities
Which of the following factors do you consider to represent a greater opportunity for Spanish wine in the UK?



Future Sales Channels

Bars and restaurants, gourmet shops and specialized online portals are the channels considered most important by the wineries surveyed. Direct selling and Marketplaces are considered as the channels with fewer opportunities

Future sales channels
Which wine sales channels do you think will be most important to your winery or group of wineries in the UK?



Ideas to help Spanish wineries

Promotion and networking were the solutions most suggested by the wineries, with ideas focusing also on promotional events in other cities in the United Kingdom, events to attract a young audience, virtual fairs and more studies on prices and on the final consumer

What could ICEX do that would be especially useful for your winery in the UK market?

"Organize the day of Spanish wine in a smaller format in cities other than London"

Large-sized Winery

"Create a permanent online virtual fair with matchmaking platform"

Large-sized Winery

"Conducting final consumer opinion surveys"
"Detailed price studies"

Medium-sized Winery

"Original events aimed at young consumers"

Small-sized Winery

*Small 249,99 -499,999 litres,
Medium 500,000 – 4,999,999 litres,
Large 5,000,000 – 10,000,000 litres

Research methodology

ICEX – March 2023

Spanish wine in the UK

Quantitative consumer survey

Research questions asked, by theme

Impact of current economic context

Income recent change
Thinking about the past six months, how has your total household income changed?
or (50% split of the sample):
Thinking about the past six months, how has your disposable income changed?

Consumer sentiment
Thinking about your current circumstances, please indicate how much you agree with the statements below

Category switching
How has your consumption behaviours changed for the following types of beverages, in the past six months?

Retailer switching
Thinking about your recent behaviour, in the past 3 months, how has your choice of store type for wine changed?

Shopping decisions
Thinking specifically about wine, which of the following shopping decisions do you recall making in the past weeks?

Change in spend in light of inflation
To what extend have the increases in the cost of living and inflation, changed how much you spend on the following categories?

Spend on wine change
Thinking about your recent behaviour, in the past three months, how has your spend on a bottle of wine changed? And when in bars, pubs or restaurants?

On-trade: usage change
Thinking about your recent behaviour, in the past three months, how has your wine consumption change when in bars, pubs or restaurants?

Occasion usage change
Thinking about your recent behaviour, in the past three months, how has your wine consumption changed for each of these occasions?

Quantitative consumer survey

Research questions asked, by theme

Country of origin health

Awareness
Looking at the list of places below, please indicate which ones you know produce wine

Conversion
From which of the following wine-producing places have you bought wine in the past six months?

Minimum spend
At what price would you consider a bottle of wine from each of the origins below to be priced so low that you would feel the quality could not be very good?

Maximum spend
At what price would you consider a bottle of wine from each of the origins to be so expensive that you would not consider buying it?

Price elasticity: £1.00 - £1.50 - £2.00
Now, focusing on still wine, imagine that the wine you typically buy increase by £ [the three price points tested consecutively]. How likely would you be to buy a wine from each of these origins if they increased by this amount?

Imagery perception
Please indicate where you feel a statement definitely describes the wines from the places listed below

Quantitative consumer survey

Research questions asked, by theme

Sparkling wine

Price elasticity: £1.00 - £1.50 - £2.00
Now, focusing on sparkling wine, imagine that the wine you typically buy increase by £ [the three price points tested consecutively]. How likely would you be to buy a wine from each of these origins if they increased by this amount?

Imagery perception
Please indicate where you feel a statement definitely describes the wines from the places listed below

Fortified wine

Price elasticity: £1.00 - £1.50 - £2.00
Now, focusing on fortified wine, imagine that the wine you typically buy increase by £ [the three price points tested consecutively]. How likely would you be to buy a wine from each of these origins if they increased by this amount?

Imagery perception
Please indicate where you feel a statement definitely describes the wines from the places listed below

Quantitative consumer survey

Research questions asked, by theme

Quality cues & incentives

Awareness
The following terms may appear in the front of wine bottles, please indicate which ones you have heard of

Conversion
Looking at the terms below, please indicate whether you have bought wine with any of these terms in the past three months

Quality perception
Again, looking at the terms below, please indicate which ones suggest to you that the wine is high quality

First Spanish wine consumption
You said you drink Spanish wine. Tell us if any of the following influenced you to drink Spanish wine

Encouragement to choose Spanish wine
What needs to be done to encourage you to choose wine from Spain?

Spanish culture influence

Imagery open-ended
What first comes to mind when you think about Spain has a country?

Restaurant usage
How often do you go to the following types of restaurants?

Holiday destination
How many times have you been on holiday to the following countries?

Trade interview programme

Research questions asked, by theme

Market context

What is your take on consumer sentiment in the UK right now, based on what you are observing?
Confidence: high, middle, low
Spending: up, neutral, down
Going out: up, neutral down

What impact, if any, have you seen on prices and inflation within the UK?

How do you think it will impact consumer wine behaviours? Spend, frequency, wine type, purchase channels, etc.

How are pricing and margins changing due to the current economic situation?

Based on what you are seeing, how is wine performing in comparison to other drinks categories in your market?

From your perspective, what are the key wine trends in your wine market recently (past 12 months)? By styles / types of wine, on- and off-trade pricing / retail / on-trade channels

What trends, changes, developments are you seeing in the sparkling wine category / fortified wine category? Which types of sparkling wine are popular, which types of fortified wine?

Which wine brands would you say have been the success stories in the UK recently and why? At both mainstream and premium price points

Are specific age groups engaging with the wine category differently?

Which types of alternative packaging you see with the most potential? E.g. bag-in-box, single serves, etc.

Research methodology

QUANTITATIVE CONSUMER RESEARCH

- The data was collected in the UK in December 2022
- Data was gathered via Wine Intelligence's Vinitrac® online survey
- Respondents were screened to ensure that they were at least 18 years old; and drank red, white or rosé wine at least once a month
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The data is representative of UK regular wine drinkers in terms of gender*, age, annual pre-tax household income and region**
- The distribution of the sample is shown in the table:

**Please note that additional Gender categories were also surveyed; these categories fell naturally in the sample and were not enforced via quotas*
***'Don't know / refused' in Income fell naturally in the sample*

		Dec-22
	n=	2,012
Gender*	Male	48%
	Female	52%
	Total	*100%*
Age	18-24	5%
	25-34	12%
	35-44	16%
	45-54	18%
	55-64	17%
	65+	32%
	Total	*100%*
Annual household income before taxes	Under £20,000	12%
	£20,000 - £29,999	14%
	£30,000 - £39,999	23%
	£40,000 - £59,999	15%
	£60,000+	26%
	Don't know / Refused**	10%
	Total	*100%*
Region	North	22%
	Midlands	16%
	South East + East	26%
	London	12%
	South West	7%
	Wales	5%
	Scotland	8%
	Northern Ireland	3%
	Total	*100%*

Source: Wine Intelligence, Vinitrac® UK, December 2022
(n ≥ 2,012) UK regular wine drinkers

Trade interview programme

Research questions asked, by theme

Spain in the market

What are the key trends that you can see in the UK at the moment for countries of origin?

What do you think about the performance of Spanish wines?

How would you describe Spanish wines in three words?

From your experience of Spanish wines, what in your view are the typical consumer motivations / reasons for purchasing Spanish wines, as opposed to wines from other countries?

Do you think Spain has any inherent strengths for your marketplace, which perhaps, have not been fully developed or exploited?

And what are the barriers for Spain to grow in the UK market?

Are there any other producers which might have similar barriers to Spain and what are they doing to overcome then?

How can Spain increase awareness / presence?

What do Spanish wine producers and organisation really need to do in order to help you and your business?

Can you provide examples of producers that joined forces in order to have a stronger presence in the UK? What could Spanish wineries / regions learn from that experience?

What are your projections for future performance of the Spanish wine category?

Research methodology

QUALITATIVE TRADE SURVEY

- Market interviews were conducted with 10 experienced industry professionals in the UK wine trade between January and February 2023

- Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for wine in general and Spanish wine more specifically

- The 10 interviewees were wine-industry professionals working within the market in the following different roles:
    - 2 x Wine writers / journalists / influencers
    - 2 x Market researchers / analysts
    - 2 x Restaurant group owners
    - 1 x Buying manager, Spanish restaurant group
    - 1 x Master sommelier
    - 1 x Buying manager, major supermarket
    - 1 x Importer / retailer / on-trade

Research methodology

WINERY STUDY

The data was collected in Spain between January and February 2023.

The data was collected through an online questionnaire managed by Wine Intelligence.

The invited wineries are those who export to the United Kingdom.

Among the participating wineries are both small wineries and some of the most important wine groups in Spain, whether it is still, sparkling or generous wines.

		Feb-23
	n=	*42*
Winery size	Small	39%
	Medium	32%
	Large	29%
	Total	***100%***

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