




LA NUEVA NORMALIDAD

PARA EL VINO ARGENTINO

WINESOFARGENTINA.COM

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SESIÓN 2

07 JULIO 2020

LINK GRABACIÓN

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Para visualizar el video completo deberá descargarlo en su equipo.

MUCHAS GRACIAS



VIA ZOOM

PROGRAMA DE LAS JORNADAS

LUNES 06 JULIO, 10am.

- El consumidor y las nuevas tendencias en un escenario post COVID-19, a cargo de Lulie Halstead, CEO de Wine Intelligence. Modera Gastón Lorusso (Finca Flichman).

MARTES 07 JULIO, 10am.

- El Ecommerce como un nuevo mercado, a cargo de Thorsten Hartman- Director of Custom Analytics de IWSR. Modera Mónica Caamaño (Trivento).
- Presentación de resultados de la Encuesta de Performance de la organización, a cargo de Magdalena Pesce, Marketing & Communications Manager de Wines of Argentina.

MIÉRCOLES 05 DE AGOSTO, 10am.

- Presentación del nuevo Plan de Negocios de Wines of Argentina.

RESULTADOS ENCUESTA DE PERFORMANCE

POR MAGDALENA PESCE, GERENTE DE MKT Y COMUNICACIÓN WOFA

**LA NUEVA
NORMALIDAD**

PARA EL VINO ARGENTINO



OBJETIVO

MEDIR LA PERFORMANCE DE WOFA
PARA REFORZAR SUS **FORTALEZAS**
Y MEJORAR SUS **PUNTOS DÉBILES**.

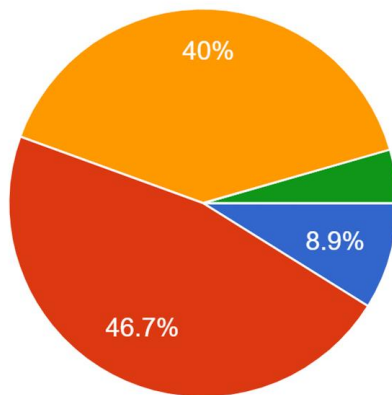
PERFIL

Respuestas

45

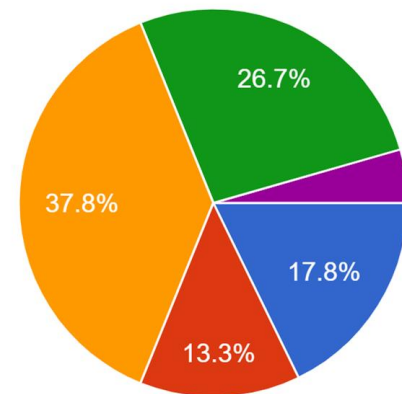
23% del Padrón

Tamaño de la BGA



- Grande
- Mediana
- Pequeña
- Micro

Quién respondió



- Dueño
- Presidente
- CEO
- Gerente de Exportaciones
- Propietario



COMUNICACIÓN INTERNA



EQUIPO

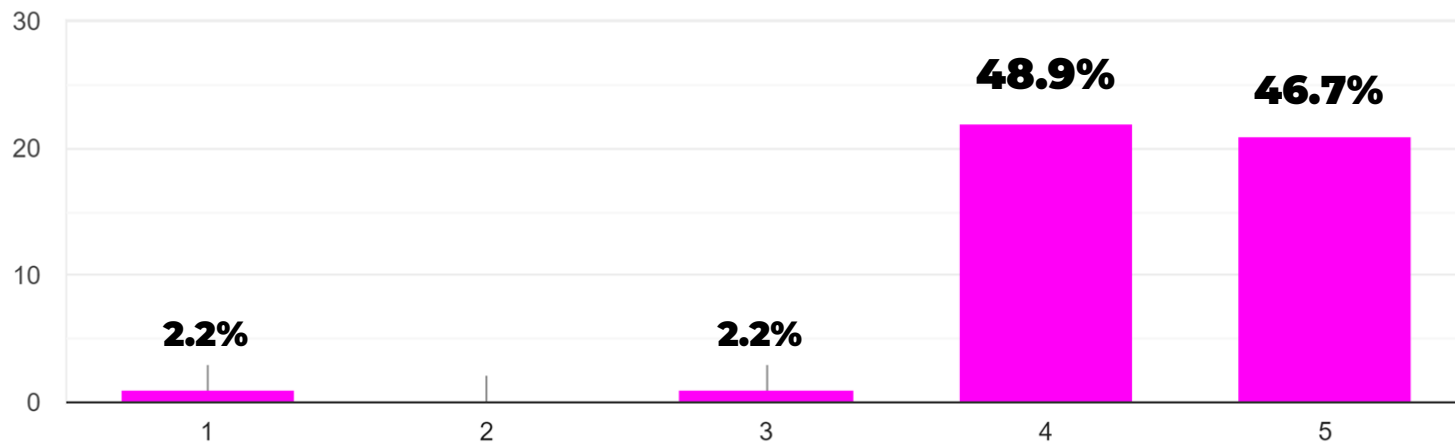


ACTIVIDADES

COMUNICACIÓN INTERNA



1. El equipo Gerencial de WofA me mantiene informado/a acerca de temas y cambios importantes.

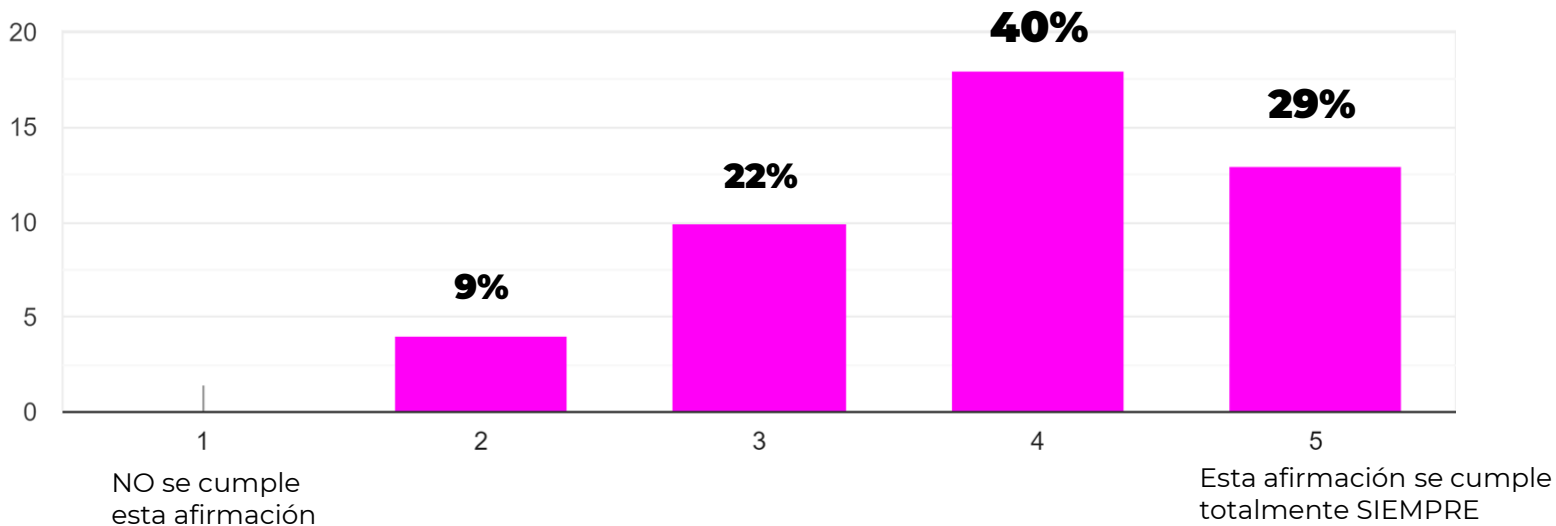


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Esta afirmación se cumple
totalmente SIEMPRE

COMUNICACIÓN INTERNA c

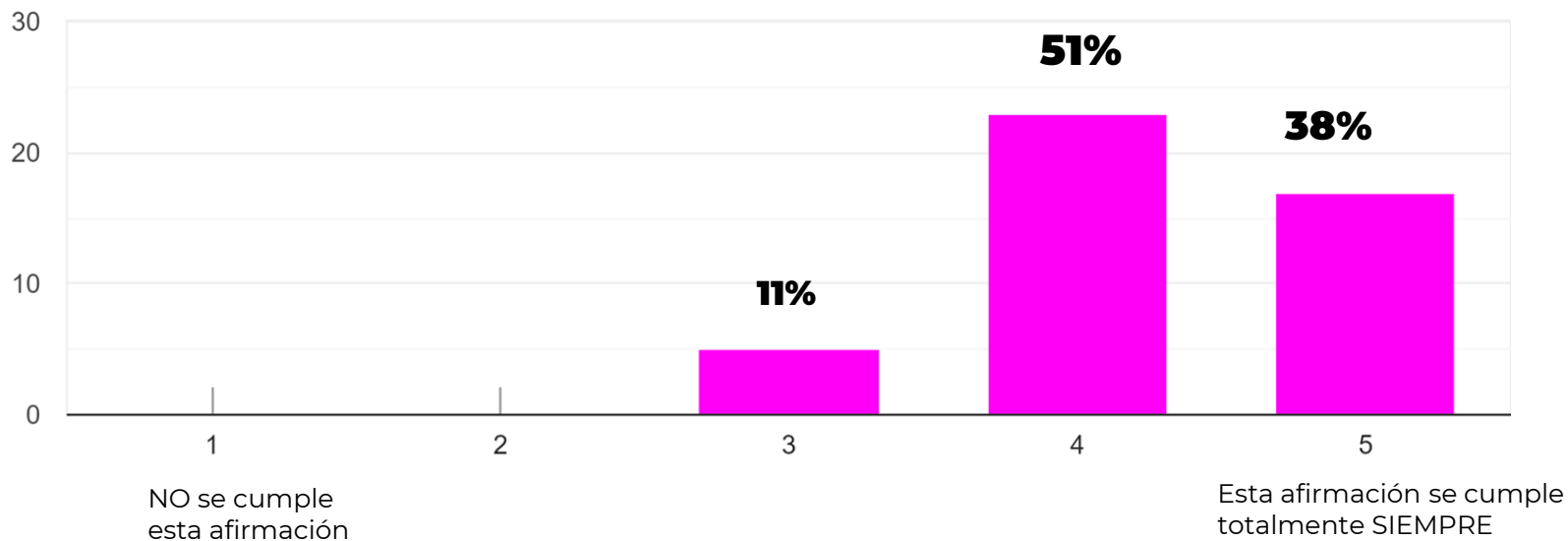
2. El equipo Gerencial de WofA incentiva, considera y responde genuinamente a nuestras ideas y sugerencias.



COMUNICACIÓN INTERNA



3. El equipo Gerencial de WofA hace lo que dice.



COMUNICACIÓN INTERNA

c

“Hemos tenido algunos inconvenientes en presentaciones puntuales y la respuesta desde wofa no ha sido la que esperábamos, pero entendemos que no se ha debido a falta de voluntad sino a los esquemas de dichas participaciones”.

“No hay mucho apoyo o foco para Bodegas Pequeñas, necesitamos más ayuda en temas comerciales, desde la apertura de Mercado con acciones que estén a nuestro alcance”.

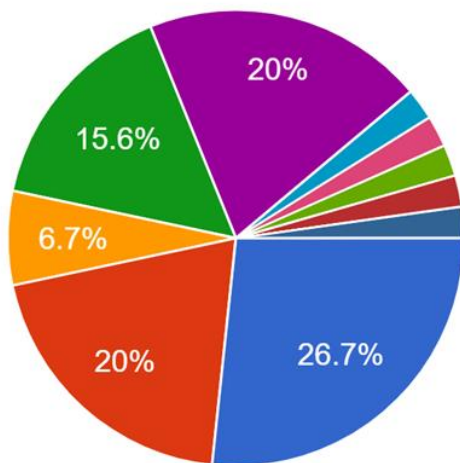
“En las reuniones de Directorio se informan temas ya decididos pero no se debate para que el Directorio participe de la toma de decisiones”.

“Muy buen capital humano en general”.

TRABAJO EN EQUIPO

E

1. ¿Que lo motivó a ser parte de WofA? Seleccione el principal motivo.

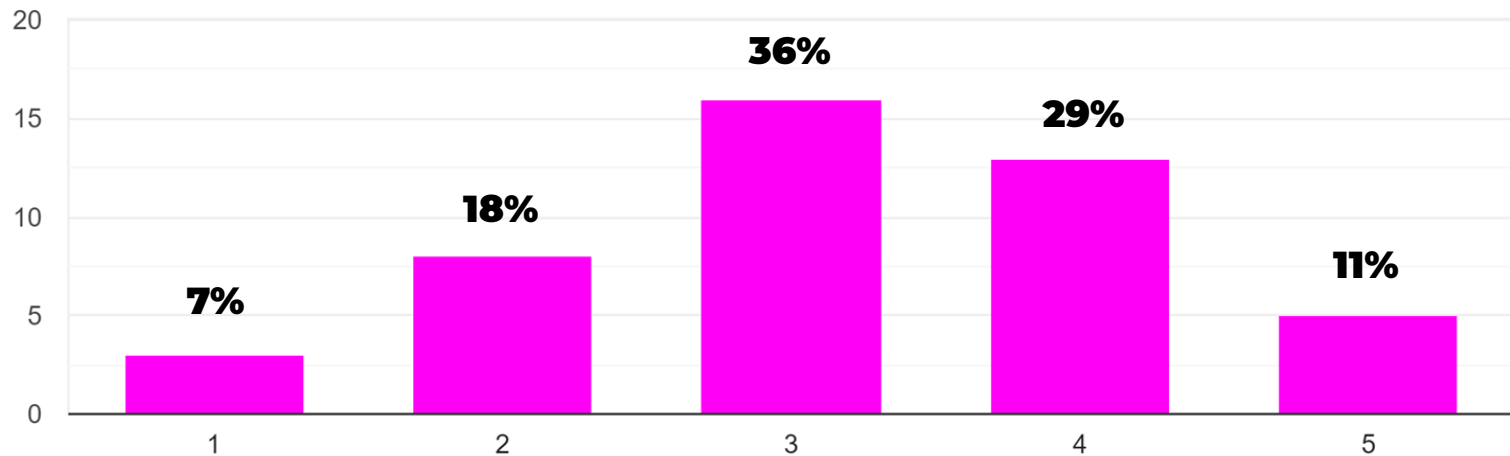


- Las actividades exclusivas para socios.
- Las oportunidades de negocios que g...
- La información sobre los mercados q...
- Ser miembro ayuda a aumentar la pre...
- La necesidad de una marca paraguas.
- Ayudar a liderar nuestra industria y pa...
- Seguimos líneas de comunicación a n...
- Hace mas de 25 años que trabajamos...
- Ampliar la torta. Desarrollar la industria en exportaciones.
- Abre los ojos sobre los mercados, hacerlo uno costaría mucho dinero.

TRABAJO EN EQUIPO



2. Siento que mi participación hace una diferencia en WofA.



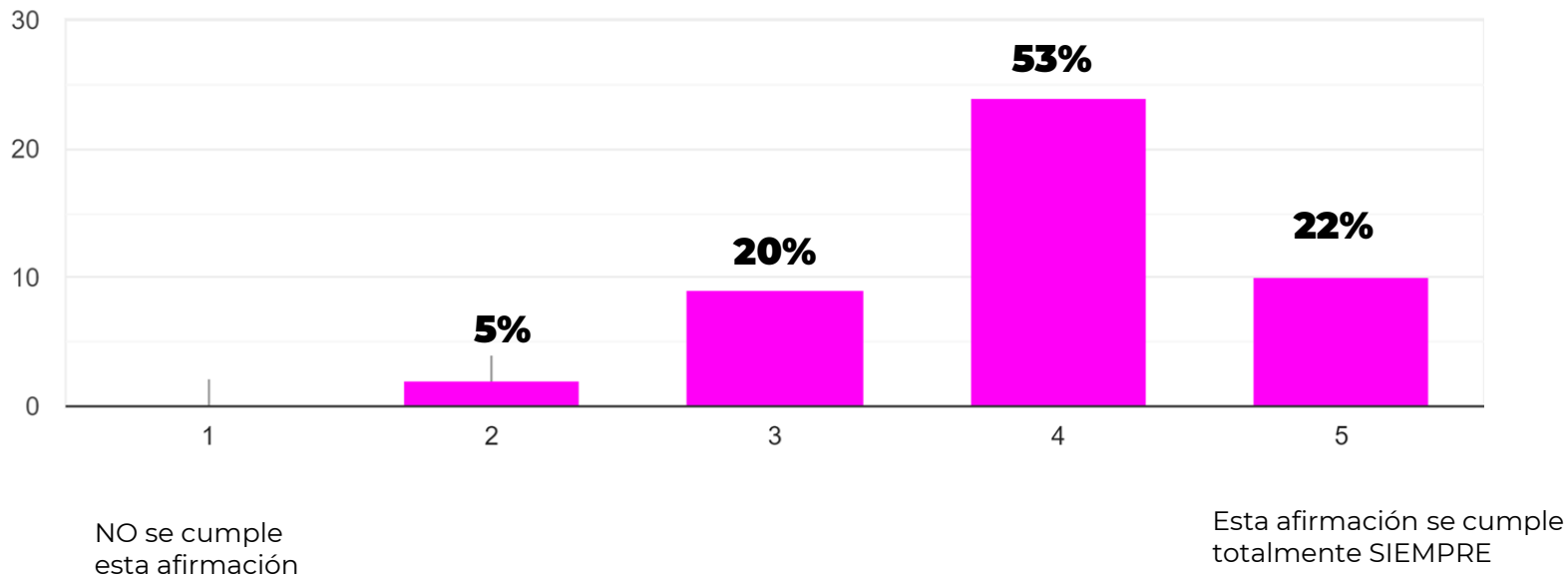
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TRABAJO EN EQUIPO



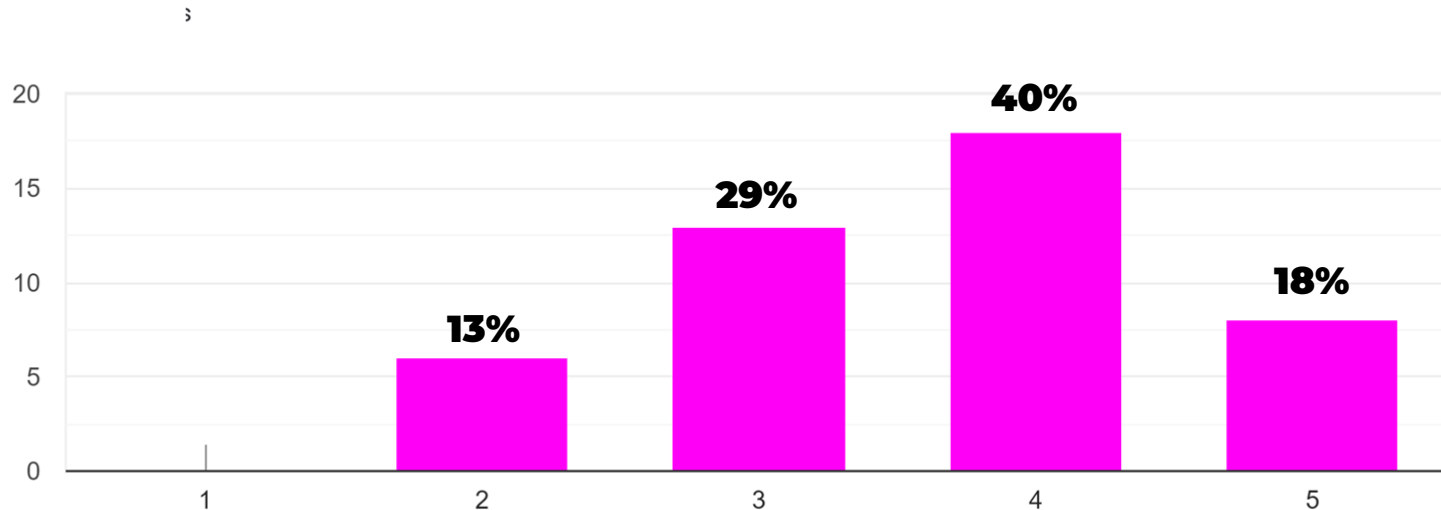
3. Entiendo claramente la estrategia de WofA.



TRABAJO EN EQUIPO




4. Comparto la estrategia definida por WofA.




NO se cumple
esta afirmación

Esta afirmación se cumple
totalmente SIEMPRE



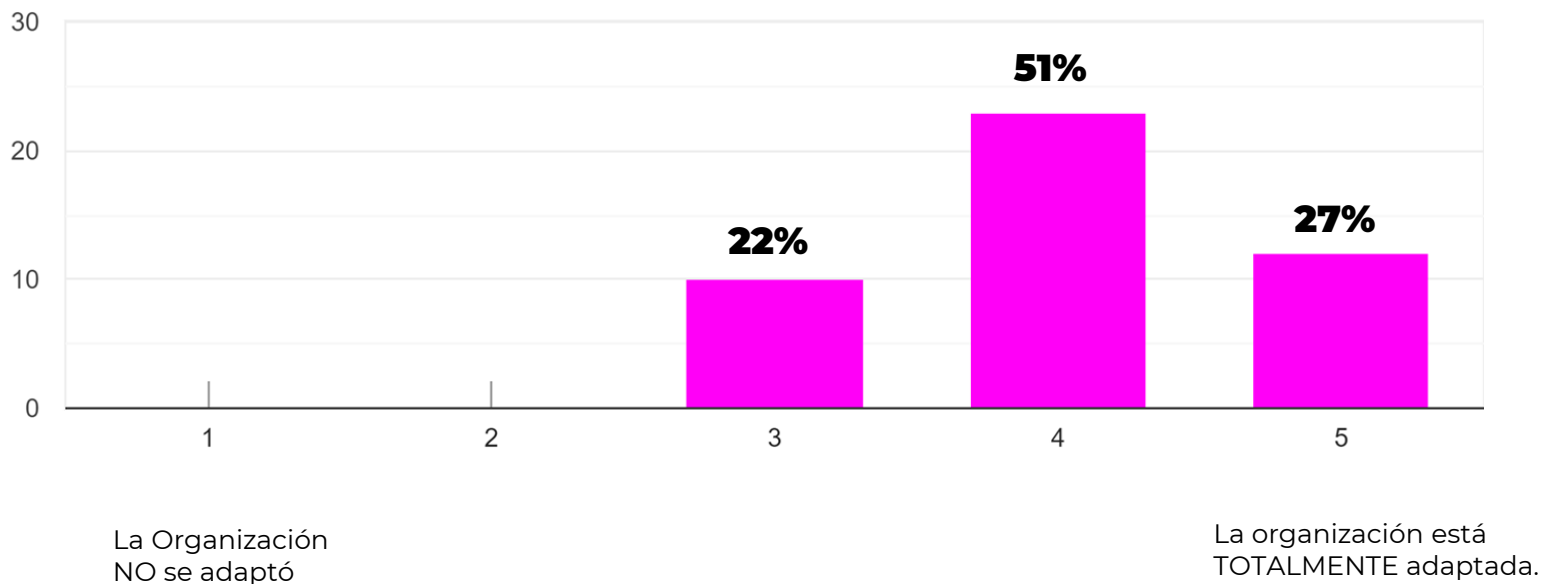
Pensar que es
perfecta para todos,
sería no entender
los mercados.



ACTIVIDADES

A

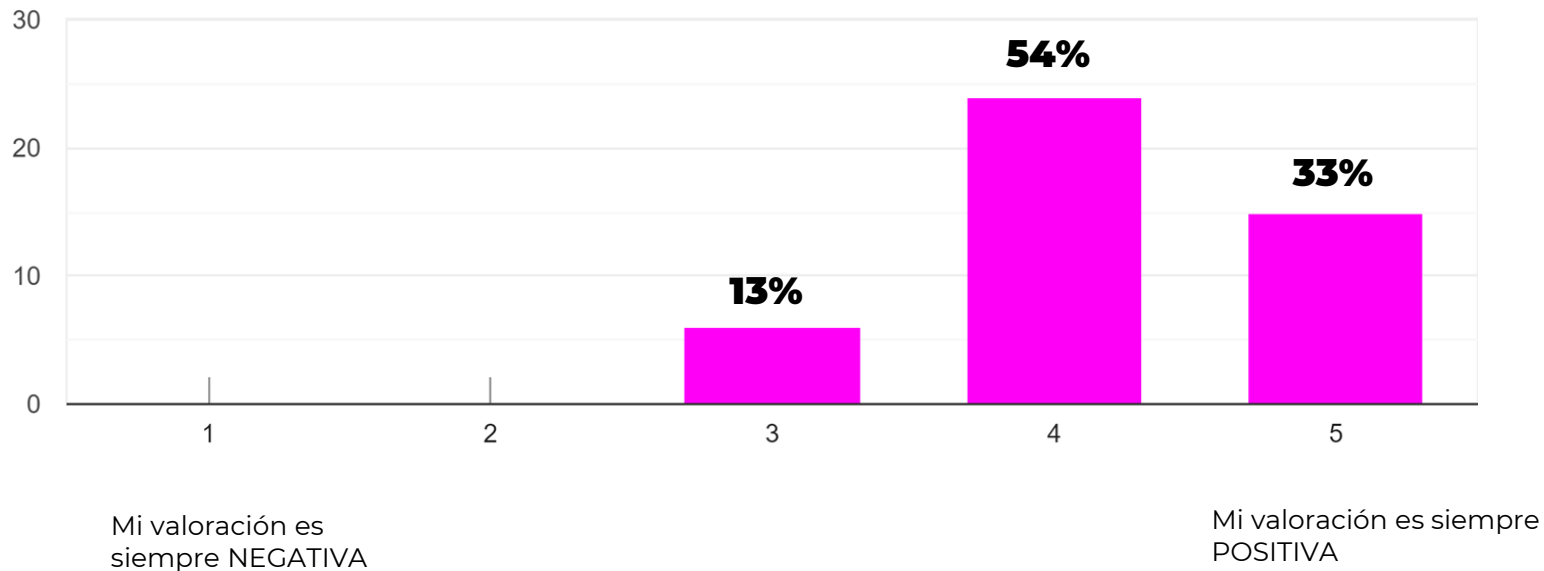
1. ¿Cómo evalúa la adaptación de WOFA a las nuevas circunstancias planteadas por el Covid-19?



ACTIVIDADES

A

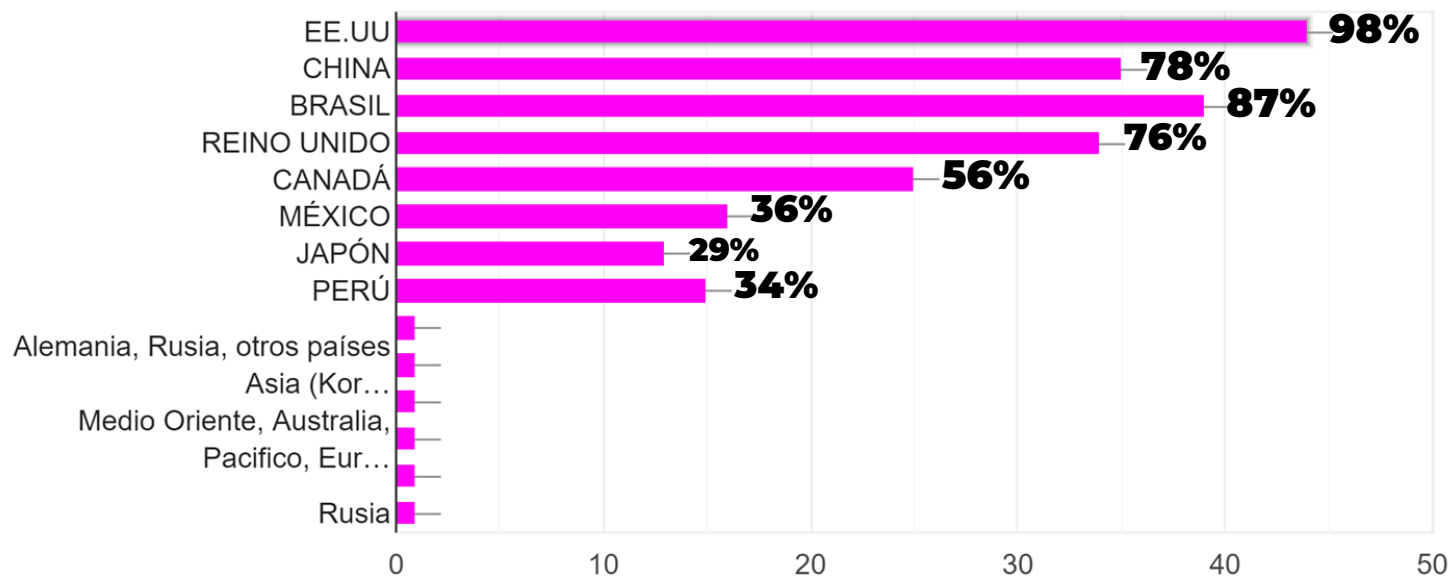
2. ¿Cómo valora a WOFA con respecto a la organización y gestión de actividades?



ACTIVIDADES

A

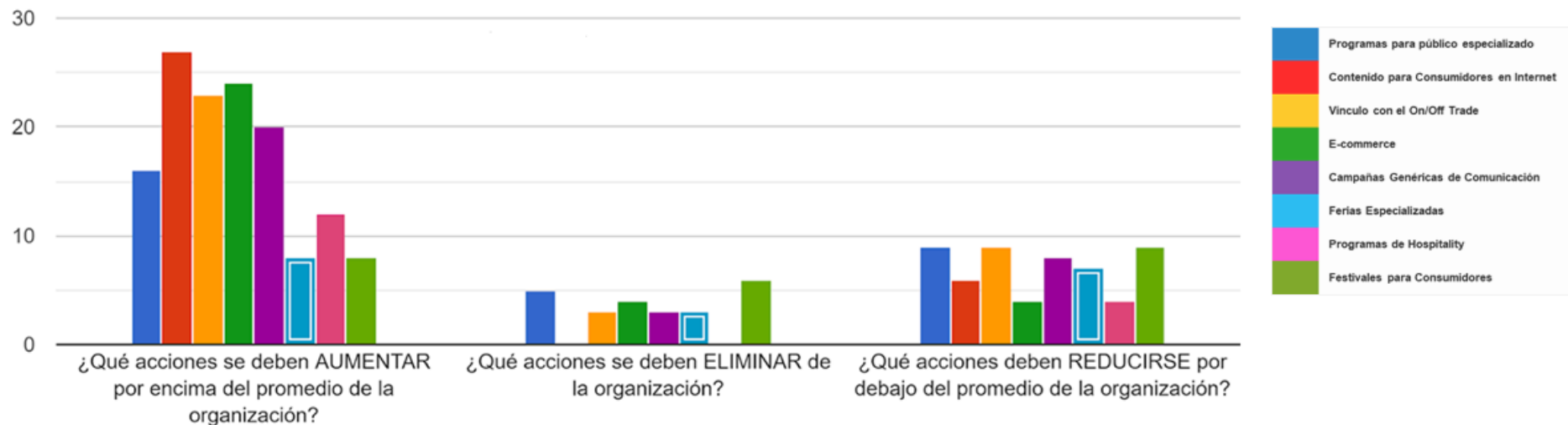
3. ¿Cuáles son los mercados que más le interesan?



ACTIVIDADES

A

4. Respecto a las acciones que realiza WOFA



ACTIVIDADES

A

5. ¿Qué acciones se deben CREAR porque la organización nunca las ha ofrecido?



A word cloud of business and technology concepts. The words are arranged in a roughly triangular shape, pointing downwards. The colors alternate between pink and grey. The words include: Ecommerce, Contenidos, Productores, Audiovisual, Winesearcher, Sustentabilidad, Financiamento, Info, Seminarios, Realidad, KOL, Online, Virtual, Vivino, Pequeños, and Offtrade.

Ecommerce
Contenidos
Productores
Audiovisual
Winesearcher
Sustentabilidad
Financiamento
Info
Seminarios
Realidad
KOL
Online
Virtual
Vivino
Pequeños
Offtrade

ACTIVIDADES



6. ¿Qué otras sugerencias y propuestas tiene para WOFA de cara al 2021?

ECOMMERCE

POR THORSTEN HARTMAN- DIRECTOR OF CUSTOM ANALYTICS DE IWSR



Opportunities for Argentinian Wine in Global Ecommerce

Thorsten Hartmann, Director of Custom
Analytics

7th July 2020



Agenda

- Introduction – the IWSR
- Argentinian Wine in **Context**
- Ecommerce in **Beverage Alcohol**
- Alcohol ecommerce **landscape**
- Alcohol ecommerce by **category**
- **Focus Markets**
- **Covid-19** impact on wine – general & ecommerce
- **Key Recommendations**



About the IWSR



A trusted industry advisor

As a trusted industry advisor, we enable businesses and global trade organisations to make strategic, informed decisions based on our global market data, industry insights and access to local on-the-ground industry contacts.

With IWSR's expertise, you can:



Identify Growth Opportunities

Identify new revenue channels and market entry opportunities

Drive innovation and product development with an eye on future trends

Understand key consumption drivers and consumer trends



Quantify Risks

Identify portfolio gaps

Adapt your business strategy in light of changing global & local market forces

Make business decisions backed by data



Benchmark Performance

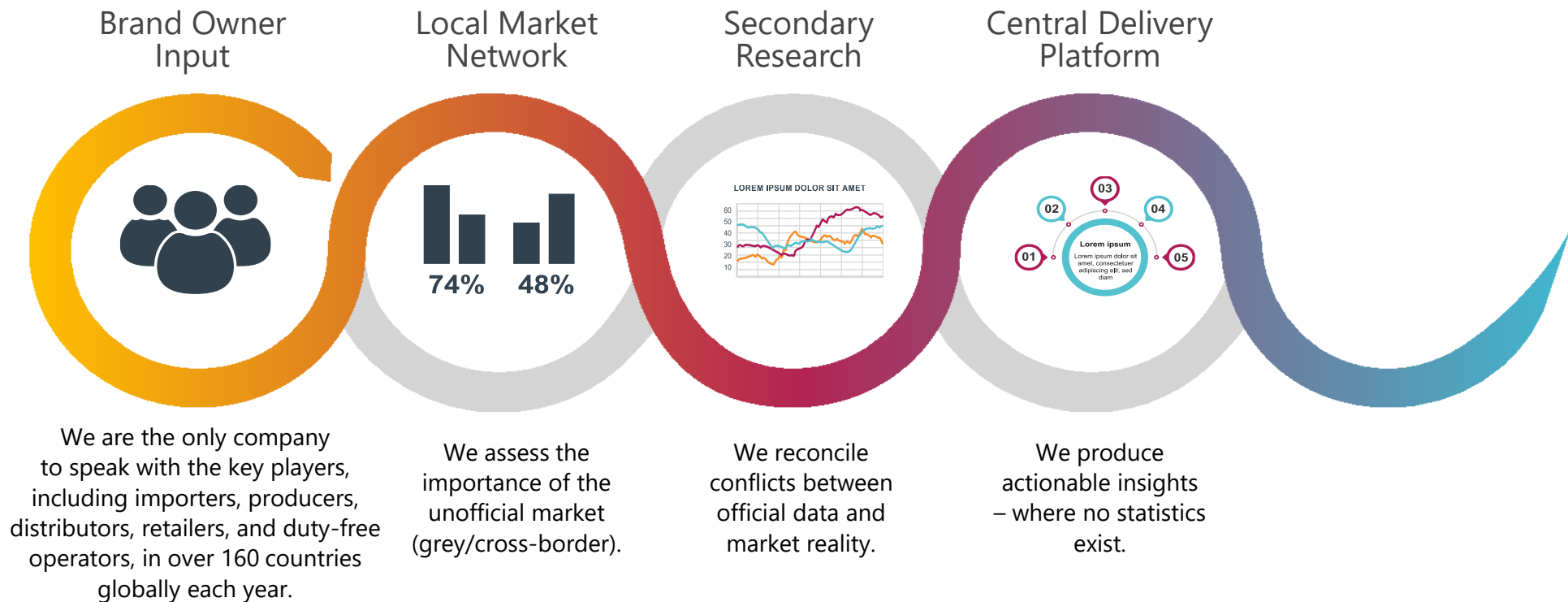
Index the market and analyse the "size of the prize"

Analyse competitive threats and opportunities

Conduct due diligence for mergers and acquisitions

Methodology: the 'why' behind the numbers

The IWSR is the industry standard for tracking brand, market and category performance globally. We don't just gather numbers, but we contextualise them with local market insights, characteristics and dynamics as well.



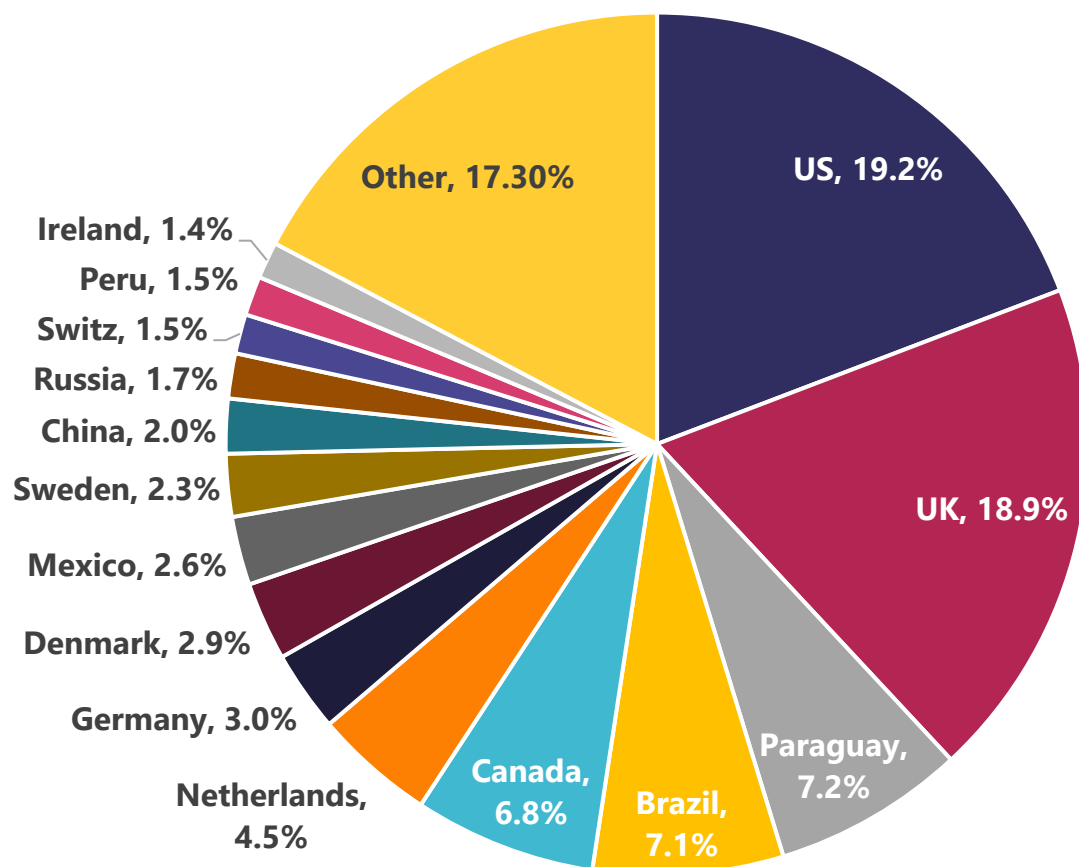
Argentinian Wine in Context



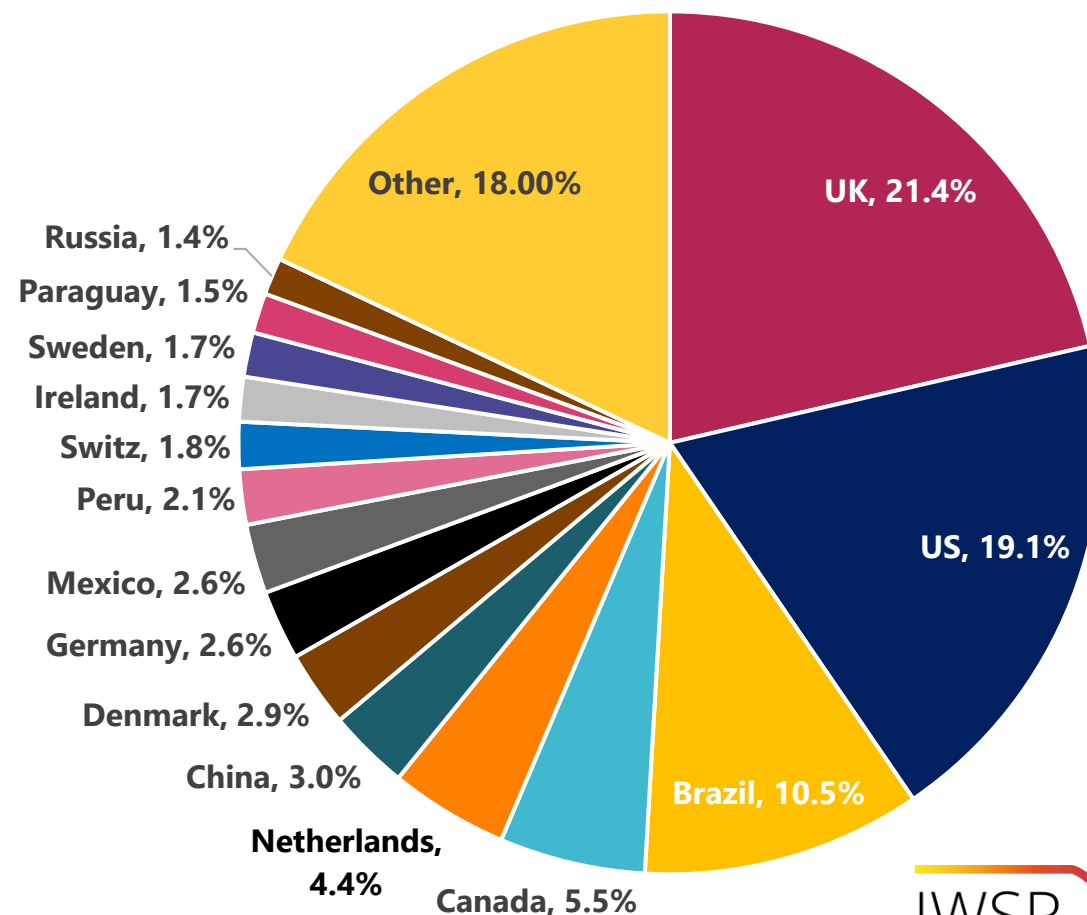
There are **differences in the importance of Argentinian Still Wine destinations** by volume and value – in value terms the market is more concentrated and the **UK wins out as top destination** in 2019.

Consumption of Argentinian Still Wine 2019

Volume 2019 – 24.4 Mn 9l cs

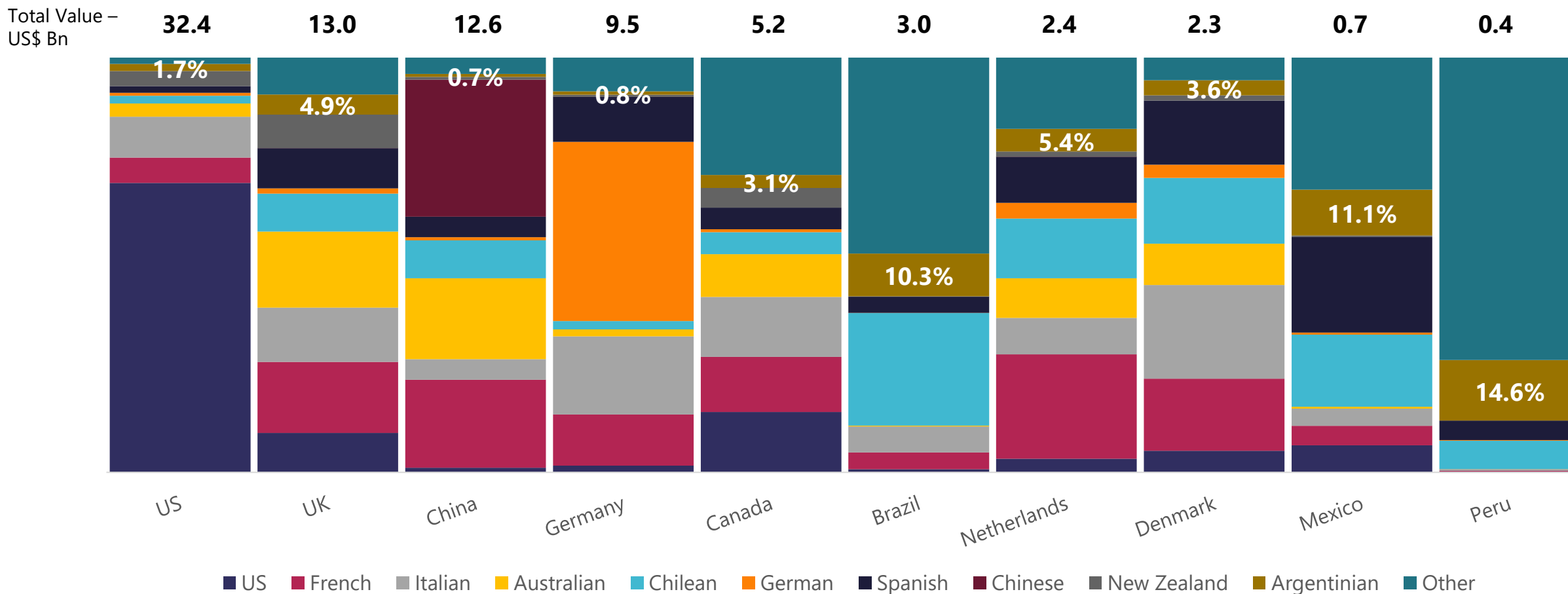


Value 2019 – US\$ 2.94 bn at RSV



Argentinian still wine has a larger relative footprint in South American markets. Some European markets are relatively strong, including its most valuable market, UK.

Top 10 Argentinian Wine Destinations by Value 2019 – Value Share % by Origin



Key Takeaways

- More than half of Argentinian still wine turnover is accounted for by three destination markets – **UK, US, Brazil**. Changes in market structure there need to be watched.
- **Relative footprint** in UK and Brazil is already sizeable
- **Changes in the fragmented end of destination countries** need also be observed
- In current non-destination countries, particularly where domestic wines are dominant, **ecommerce may well be a way in**



Ecommerce in Beverage Alcohol

Excerpts from IWSR Strategic Study 2019
- 10 Focus Markets



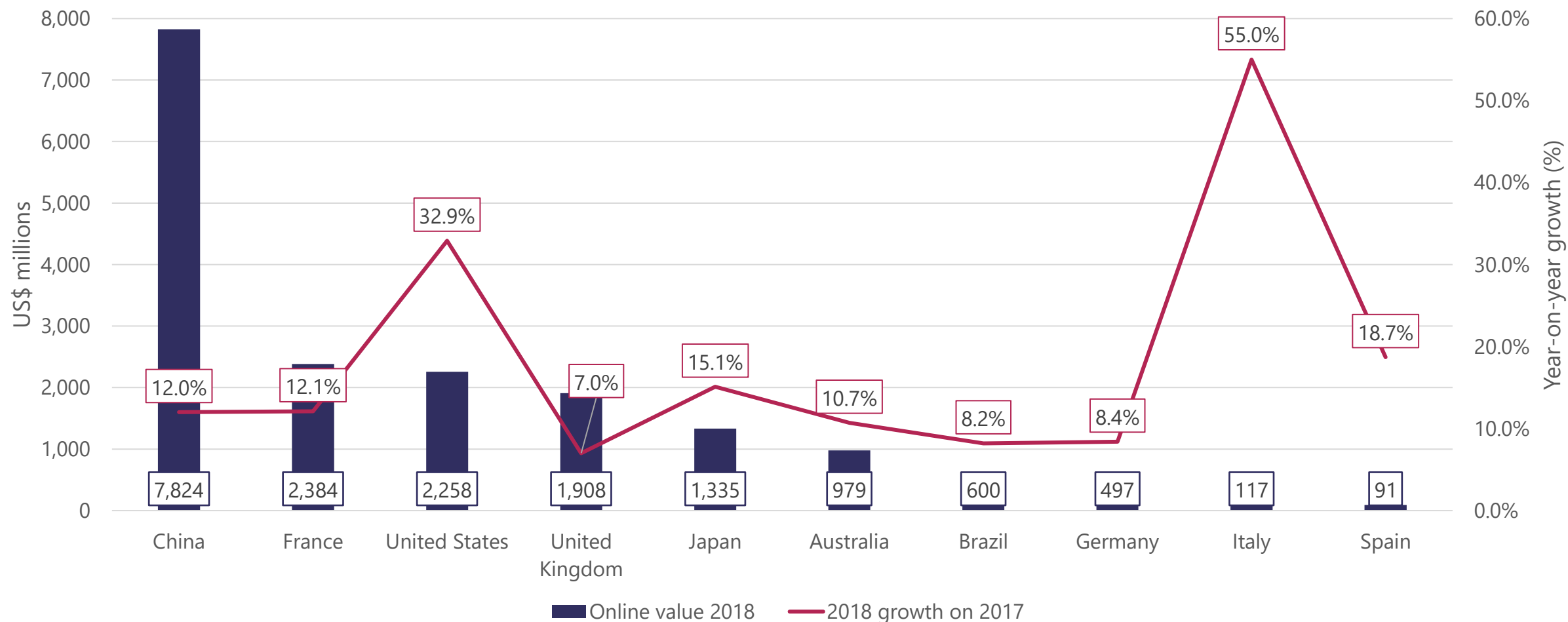
Summary

- **China remains by far the biggest online market for alcoholic drinks** with a turnover of almost \$8bn, over three times the size of the next largest markets
- **Still wine** is the largest single segment in **8/10 online markets**, although **Champagne and sparkling wine** are generally growing faster.
- Although under-represented online compared to the total trade, **beer, cider & mixed drinks (combined)** are forecast to grow faster than general drinks ecommerce in several key markets, notably the US (where hard seltzers are particularly dynamic).
- **US and Chinese online drinks shoppers** are the most accustomed to ecommerce: in both countries, over 60% buy alcohol online at least weekly. **Chinese consumers are the most retailer/platform-loyal** vs brand loyal.
- In principle, **Chinese consumers** are the **most willing to spend extra money online vs offline**, but Americans are more motivated by **convenience** and will also accept significantly higher prices relative to offline.
- Amazon is no longer a category-agnostic marketplace and is clearly positioning itself as **a competitor as well as a partner**, with the recent launch of **Tovess Gin in the UK**.
- **Data and digital capabilities** are crucial to success for beverage alcohol brands online. Recent examples include **Jiangxiaobai** in China and **Johnnie Walker Game of Thrones**, which both targeted the younger demographic and created a buzz via social media.



China remains the biggest online market for **alcoholic drinks** with continuing strong growth.

Total beverage alcohol ecommerce: market value and growth

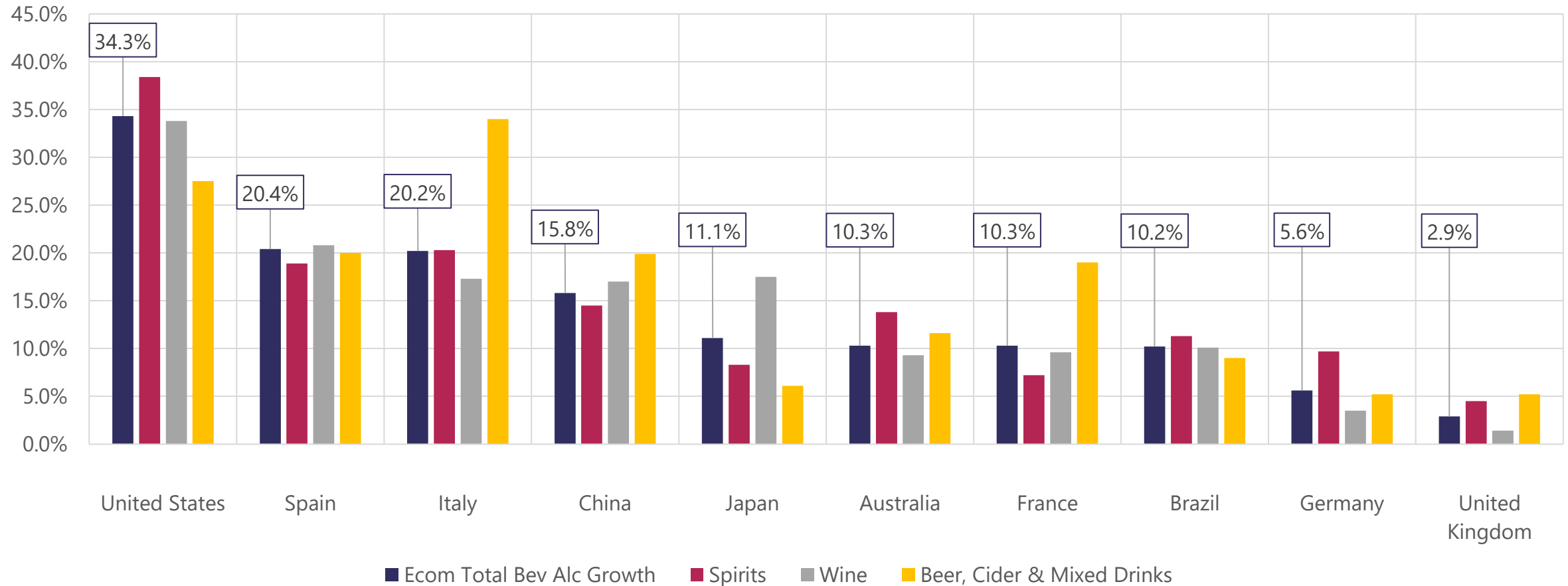


Source: IWSR analysis based on retailer and industry in-market interviews, company reports, trade press, and other publicly available information.

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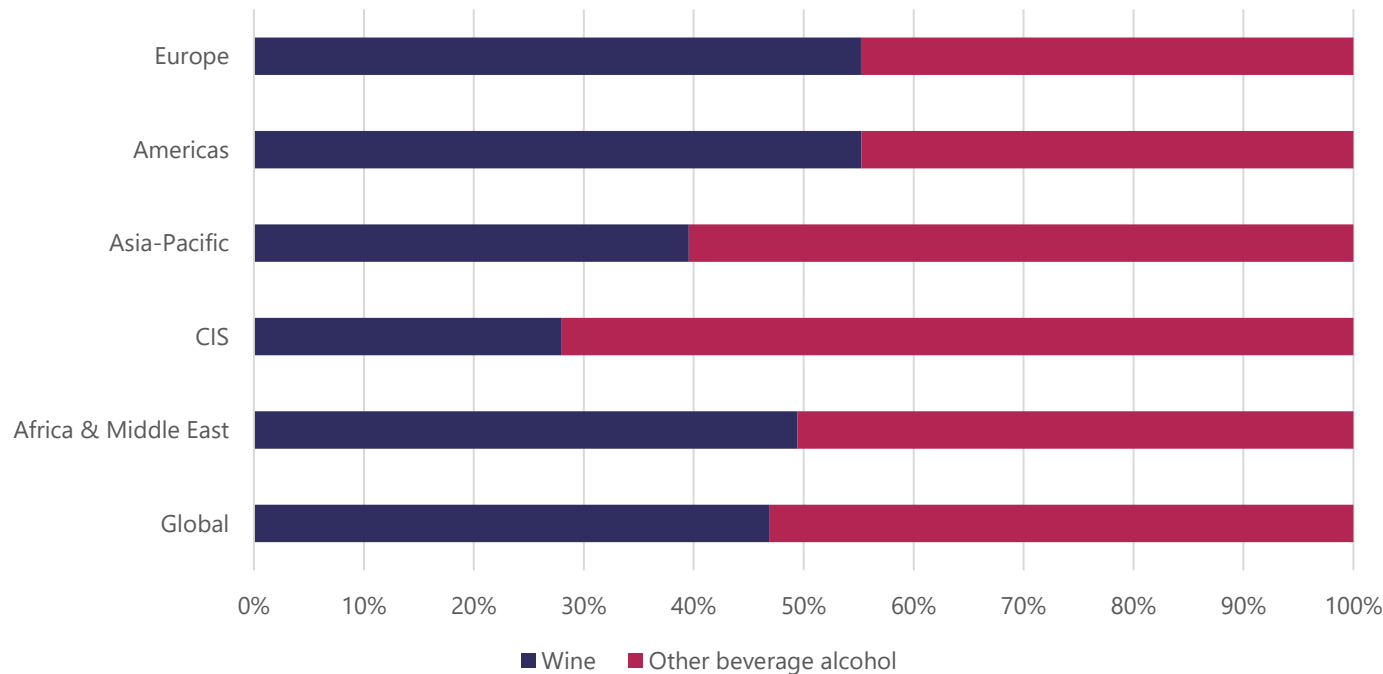
The US is forecast to grow fastest overall between 2019 and 2024 (but from a more modest base), followed by Spain. Spirits and **wine**, well-established in most online markets, are set for steady growth.

Forecast growth rates by category, 2019-2024



ECOMMERCE: COVID-19 SITUATION ACCELERATES EXPANSION OF THIS FAST-GROWING CHANNEL

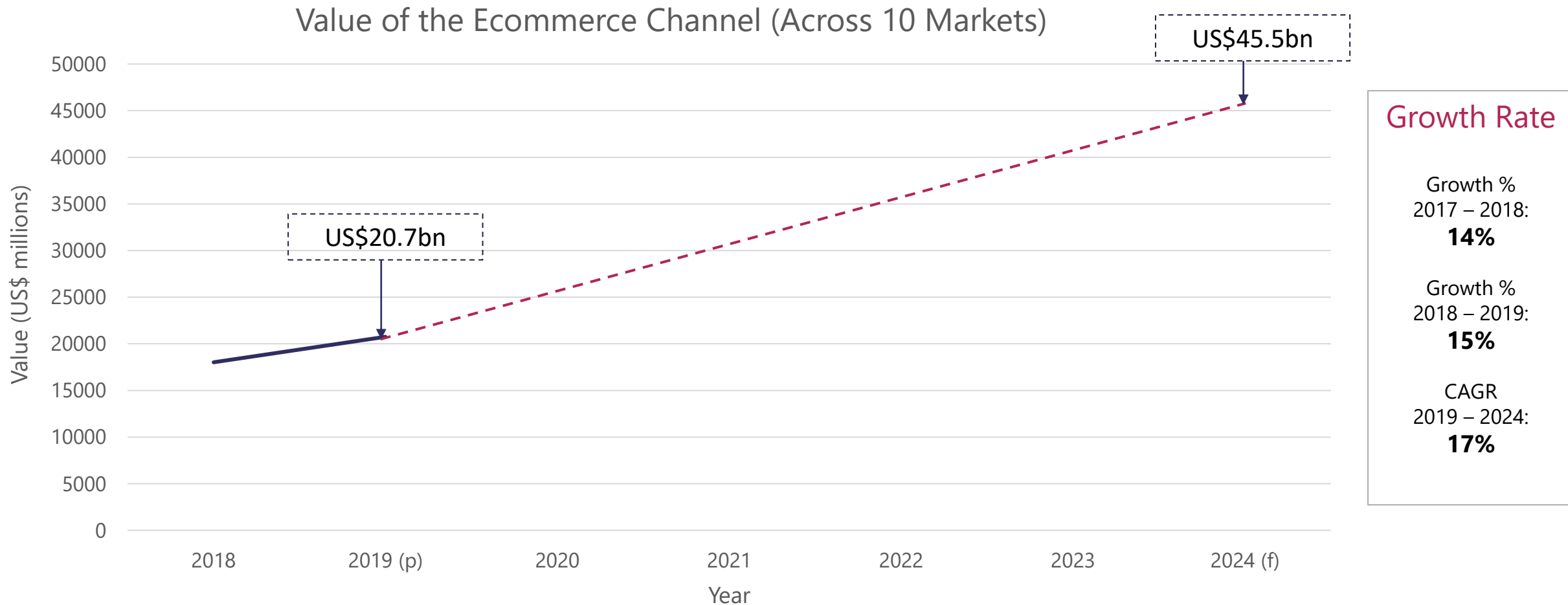
Share of Ecommerce Value by Region



According to the IWSR's Ecommerce Study, published in 2019:

- The ecommerce channel was worth more than US\$21bn across 10 core ecommerce markets.
- This is almost twice the size of the global travel retail channel (pre-Covid-19).
- At the time, IWSR expected the channel to be worth US\$45.5bn by 2024.
- China is by far the biggest online market for alcoholic drinks and had a turnover of almost US\$8bn in 2018.
- IWSR predicted the value of China's ecommerce channel to have a compound annual growth rate of 15.8% (2019–2024).
- 30% of the Chinese wine market is now sold through the ecommerce channel and there is little sign of this slowing down.
- Across all markets studied, all beverage alcohol categories in 2019 grew in value faster online versus the total market; wine value grew +18% vs -1% for the total market.
- Wine dominates share of ecommerce value vs beer, spirits and RTDs.
- The Covid-19 situation has accelerated the expansion of the ecommerce sector.

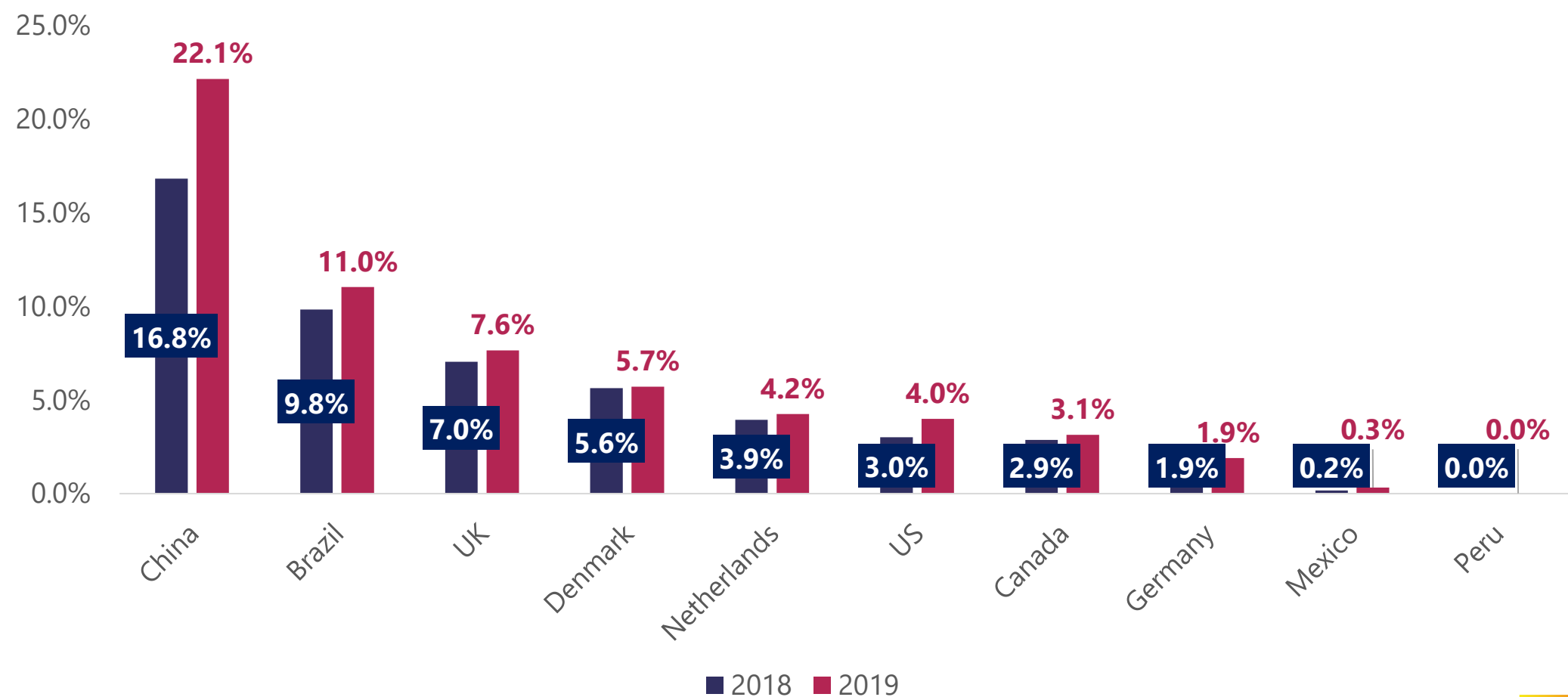
The IWSR forecasts that by 2024, the **ecommerce channel will be worth \$45.5bn in value** (2018-2019)



Markets include: Australia, Brazil, China, France, Germany, Italy, Japan, Spain, UK, USA

Among current Top 10 Argentinian still wine destinations **China** stands out as the most developed wine ecommerce market. The US remains far behind. Growth is evident in most but not all Top 10 markets. Mexico and Peru need to develop.

Top 10 Argentinian Wine Destinations by Value 2019 – Ecommerce Value % of Still Wine



Key Takeaways

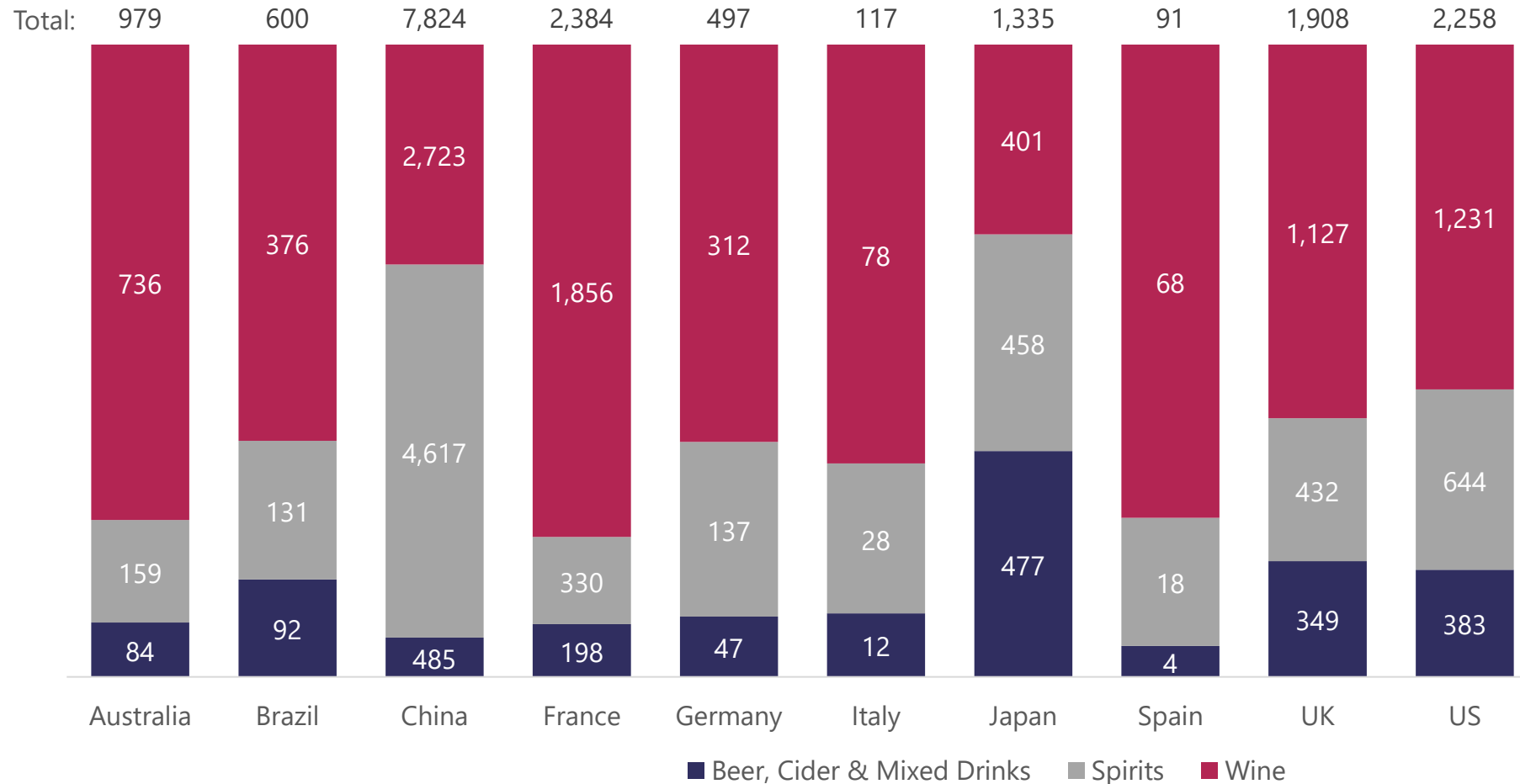
- Digital engagement in China is **imperative**
- Key turnover markets of UK, US and Brazil need to be **digitally nurtured**
- **Brazil** in particular is advanced in ecommerce but also very discount- and deal-oriented
- **Mexico** and **Peru** need to be closely watched in light of Covid 19 developments
- With the exception of Germany **most Top 10 markets for Argentinian still wine show strong ecommerce growth**
- Fragmented destination markets need to be watched, especially legislation changes in **Russia**



Ecommerce in Beverage Alcohol – the Categories

Wine is the dominant online drinks category in all but two markets, but the impact of Chinese baijiu on overall value of spirits cannot be ignored

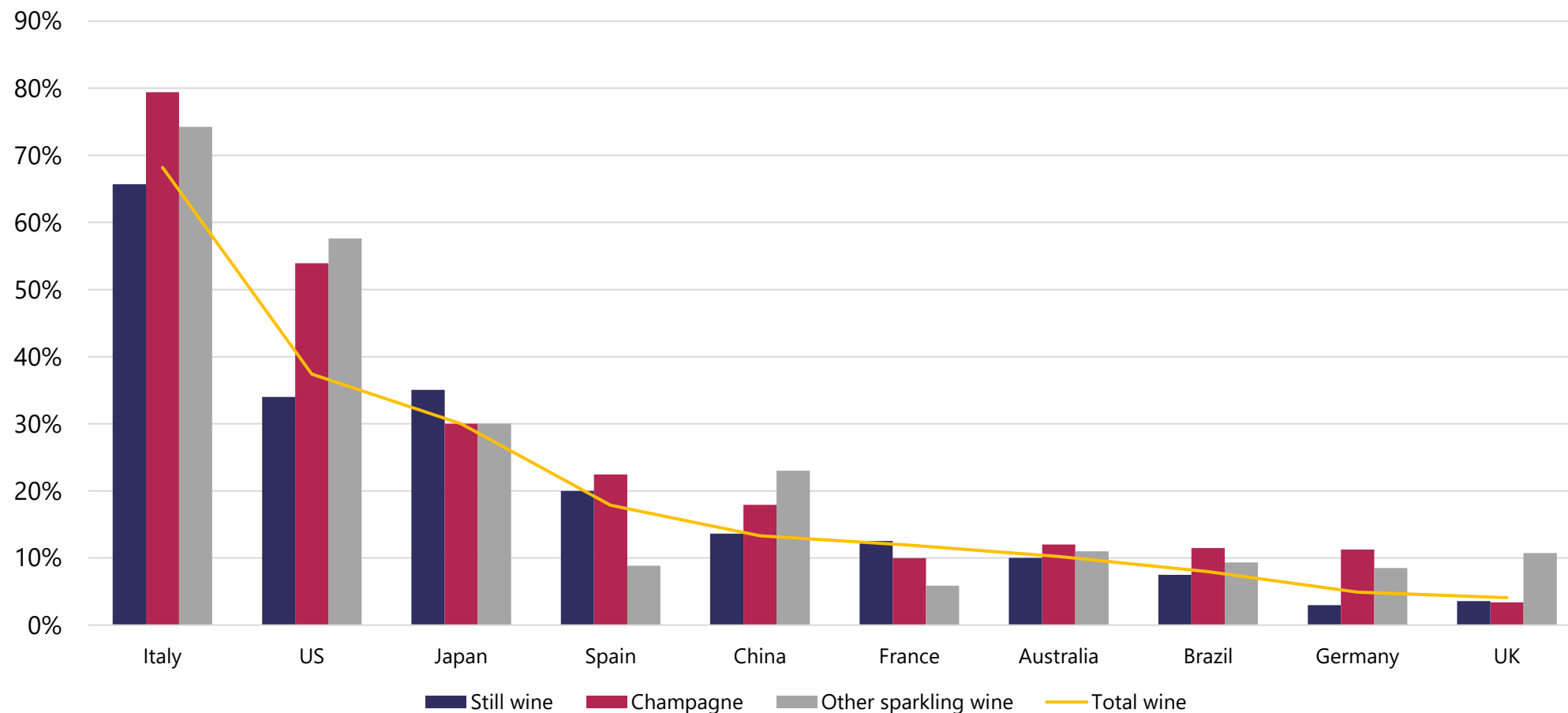
Category share of national beverage ecommerce value (figures in US\$ millions)



- Wine dominates value in most ecommerce markets, particularly in producing countries.
- China's spirits category, led by baijiu, is nearly double the size of the entire French market.
- Japan's ecommerce market is the most balanced by broad category.

Champagne and other sparkling led 2017-2018 wine growth by wide margins in Germany, China, US and Brazil. Still wine was outpaced in most markets

Ecommerce % value growth 2017-2018, selected wine subcategories



Source: IWSR analysis based on retailer and industry in-market interviews, company reports, trade press, and other publicly available information.

The Alcohol Ecommerce Landscape



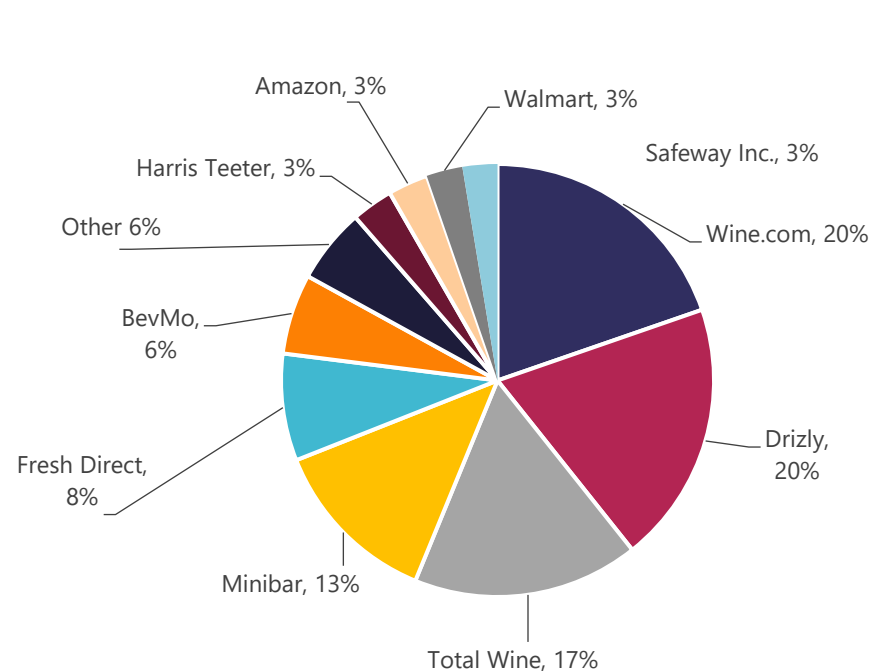
The ecommerce retail landscape and the online shopper

- China continues to be **dominated by the giants JD.com and Tmall**, whilst **Amazon is making inroads** in Japan and Germany and is imminently launching its online drinks sales in Australia.
- In the **US**, the beverage alcohol ecommerce market is **relatively fragmented**, with a lot of **barriers to development** due to the different state liquor laws and the 3-tier distribution system.
- **Key wine producing markets** such as France, Australia and Italy are characterised by **a large number of specialist online retailers and wine producers** selling direct-to-consumer (DTC).
- With over 60% claiming to make weekly online drinks purchases, **US and Chinese consumers are the most habitual online shoppers**.
- While higher online premiums are accepted in the US, **Chinese shoppers are the most willing to spend more online vs offline** and also show most **loyalty towards their e-tailer**.
- Online alcohol purchases are still mainly driven by special occasions such as gifting and treating oneself.
- Home delivery and convenience remain the main reasons to shop online in most countries.
- However, **online reviews and recommendations are a top priority for Chinese online shoppers** while Brazilian consumers value online exclusivity.



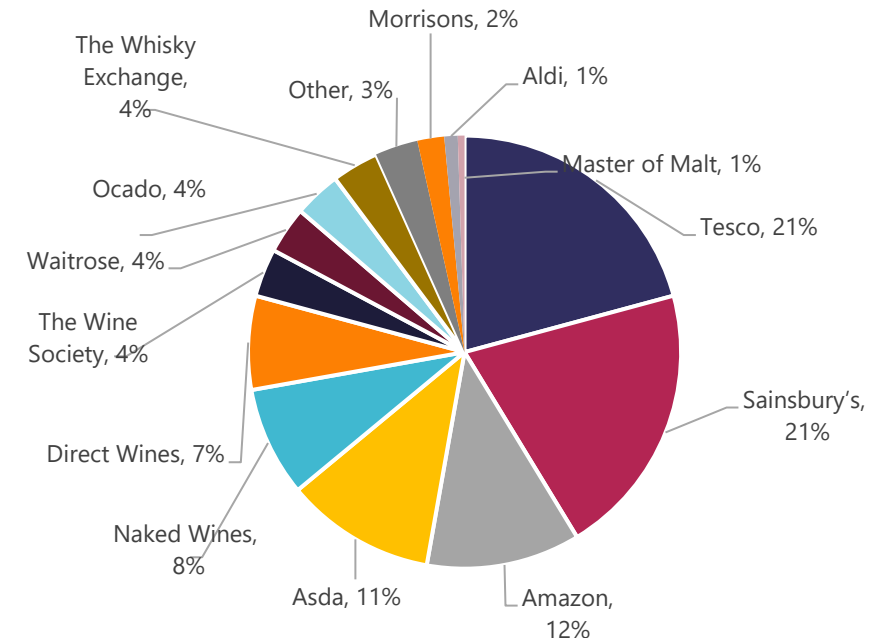
The ecommerce landscape remains quite fragmented in the US and the UK

United States



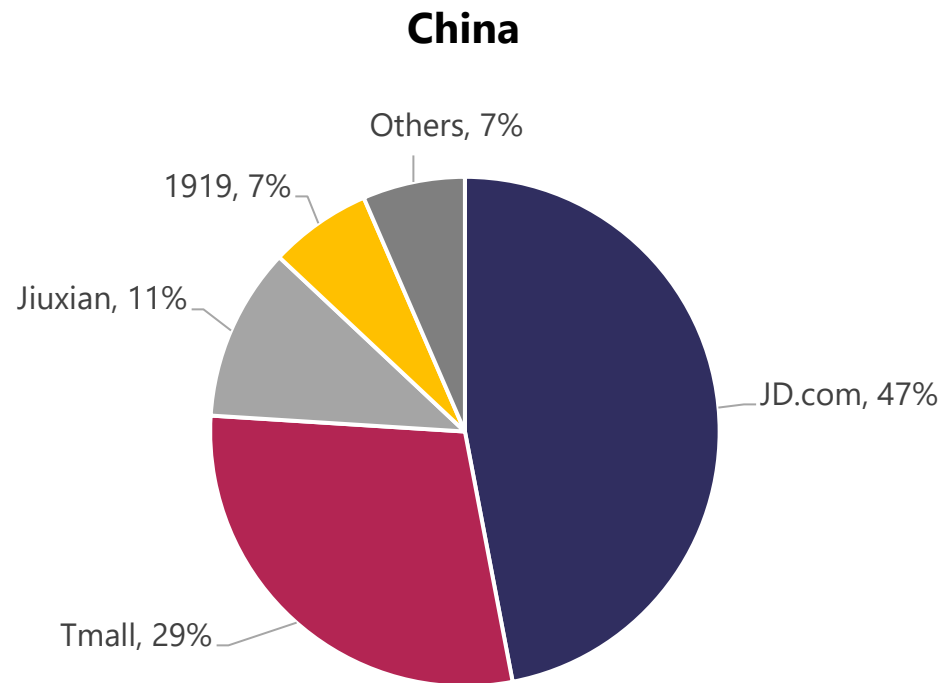
In **the US**, the ecommerce market is relatively fragmented, with a lot of barriers to development due to the different state liquor laws and the 3-tier distribution system.

United Kingdom

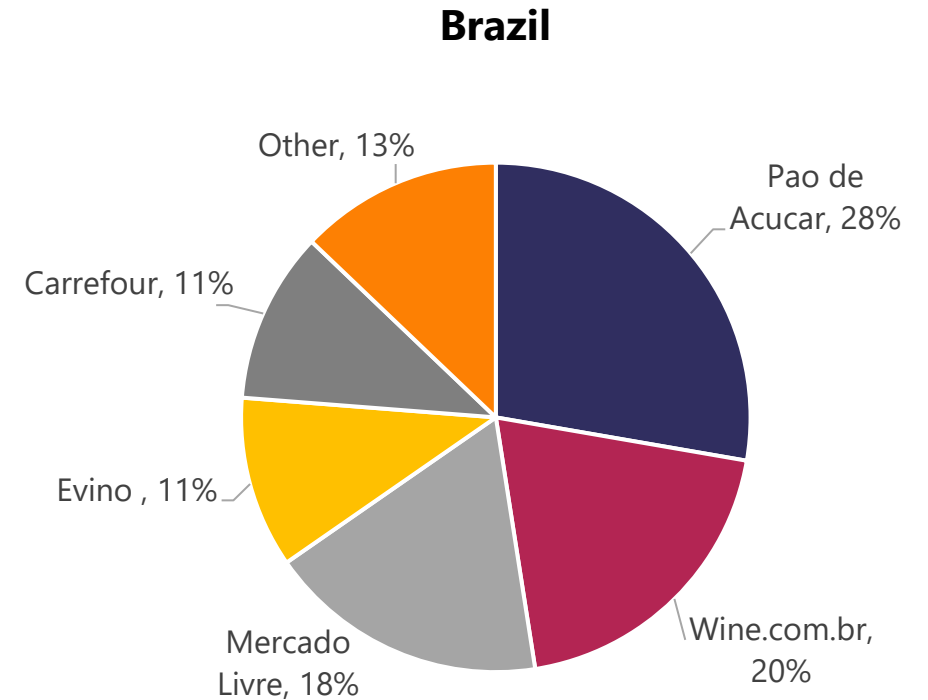


In **the UK**, the three leading brick-and-mortar supermarket chains account for over 50% of online alcohol sales while the number of specialist online alcohol retailers is growing strongly.

While the dominance of JD.com and Tmall continues in China, Brazil has more of a spread



In **China**, Tmall and JD.com are the two largest general ecommerce sites and lead in terms of online beverage alcohol sales, with a combined market share of close to 80%.



In **Brazil**, the ecommerce environment is diverse with a mixture of omnichannel, wine specialists and marketplaces.

On-demand services (eg Rappi) are growing, often in conjunction with other platforms

Amazon: competitor, partner, model e-tailer

Competitor

- Amazon can no longer be considered a category-agnostic marketplace. In recent years, the e-tailer has been investing in drinks sector expertise as well as dedicated infrastructure, e.g. bonded warehouses. **This is not only in the service of others**; the UK launch of own-label Tovess gin must be interpreted as a signal of Amazon's ambitions as a 'brand owner'.

Partner

- Amazon's superior distribution model makes it a highly desirable partner in many markets and **its influence is only set to grow**. Among larger players, erosion of pricing strategies remains a common concern. For this reason, a dedicated Amazon strategy based on a wide look at routes-to-market is now a must. Acting as a **direct seller** via Amazon is a partial solution, but for hyper-targeted campaigns and online-only releases, a **proprietary direct-to-consumer platform** is a key asset.

Model e-tailer

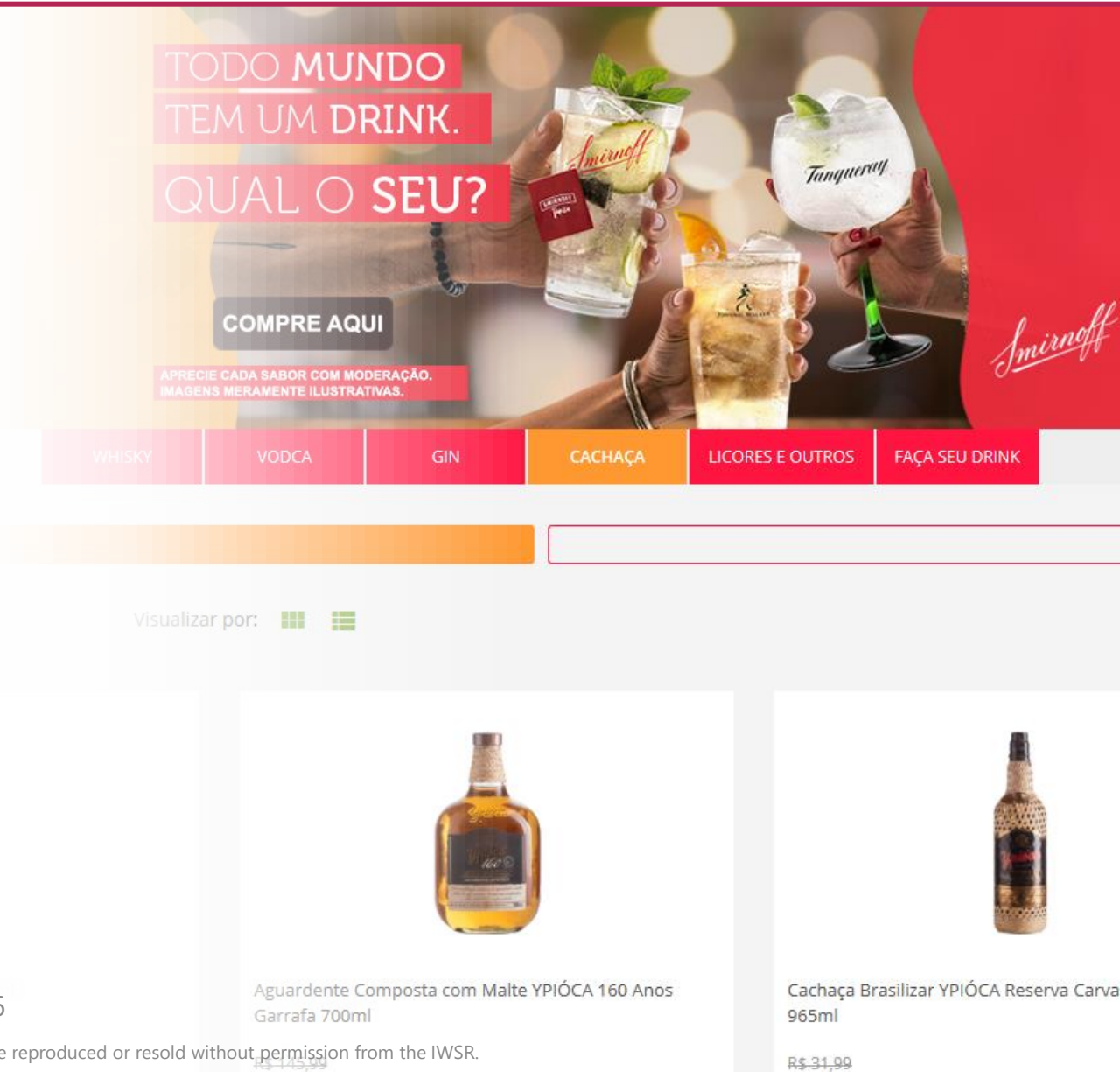
- Smaller online retailers, e.g. wine specialist Tannico (now controlled by Campari), are beginning to imitate Amazon's **exploitation and monetisation of sales data**. Brand owners must now assume that their performance on any ecommerce platform is informing the competition – which may include the retailer itself.



Online partnerships with retailers to drive growth

Key partners for large players

- Large players can do well by pursuing partnerships with key national super- and hypermarket chains. These are able to leverage their bricks-and-mortar distribution networks to provide **competitive online delivery and/or click-and-collect services**.
- One such retailer, Brazil's **Pao de Açúcar** (pictured), provides a prime example of the power of partnership: in late 2019, searching for a flagship **Diageo** product on the retailer's website leads the consumer to a page with special product filters and serving suggestions referring uniquely to the Diageo family of brands.
- **Pao de Açúcar** also presents itself as the supermarket with the greatest selection and knowledge of wine, including partnership with well-known wine expert, an own label range, exclusive direct imports, etc.



Key Takeaways

- Understand the **differing platform structures** in each market
- One size does not fit all
- Be clear that platform relationships go **both ways**
- Be clear of the **differing stakeholders** and their activities
 - Wines of Argentina
 - Brand owner
 - Distributor



Ecommerce in Beverage Alcohol – China, US, UK, Brazil



Focus Market

China

The Ecommerce Landscape: China

- Population: 1.40bn / LDA population: 1.07bn
- The world's largest ecommerce alcohol market, with an estimated ¥51.5bn (USD\$7.8bn) in online alcohol sales in 2018.
- Cognac makes up 74% of the imported spirits ecommerce category in China
- Ecommerce alcohol sales are growing fast as the off-premise part of the market rapidly moves online, driven by China's world-beating ecommerce giants and the weakness of the offline distribution network.
- Ecommerce sales remain concentrated in larger urban areas. As the rest of the country catches up, this should see sales value more than doubling over the next five years.



China: Ecommerce value skews heavily towards imported wine. The category grew its share of total online wine from 84.7% in 2017 to 85.4% in 2018

Wine Market Share by Key Categories – Ecommerce vs Total Trade (China)



Online Wine Trends

- Imported still wine enjoys the highest share of ecommerce purchases, with around 25% sold online. Younger consumers weigh more heavily in this category, and online sites can offer much greater variety at lower prices than bricks-and-mortar stores, as well as providing more product information, reviews and advice. Still wine consumers are generally young and tech-savvy – buying wine online comes naturally to them.
- Local still wine has a much lower ecommerce share, of around 3%. This is because the huge growth in online wine sales has been driven by younger consumers seeking fashionable imported wines. Consumers of local still wine tend to be older, and a higher proportion of sales occurs in small cities with less-developed ecommerce. Brand owners are more reliant on traditional channels and have been slower to embrace ecommerce.
- Online sales provide lower barriers to entry to wine importers. Producers of own-label (OEM) wine find online sales to be a superior way of reaching consumers and shifting stock quickly. The fragmented nature of the wine industry provides greater opportunities for retailers to import their own wines directly; indeed, ecommerce retailers such as 1919.com and Jiuxian have become huge wine importers. However, the dramatic slowdown in imported wine has seen OEM sales decline and ecommerce retailers switch some of their wine purchases back to traditional wine importers.
- The huge huangjiu (yellow wine) category sees some online sales on account of its size, but these are a small proportion of total sales and skewed towards higher-priced brands. Huangjiu is overwhelmingly low-priced and sold through traditional channels to older consumers in rural areas.
- Sparkling wine is gaining traction, especially among women and younger drinkers who are looking for more 'fashionable' alternatives to spirits or beer. Champagne lags behind in ecommerce, as consumption is more dependent on the on-trade (clubs, hotels, high-end restaurants).



Focus Market

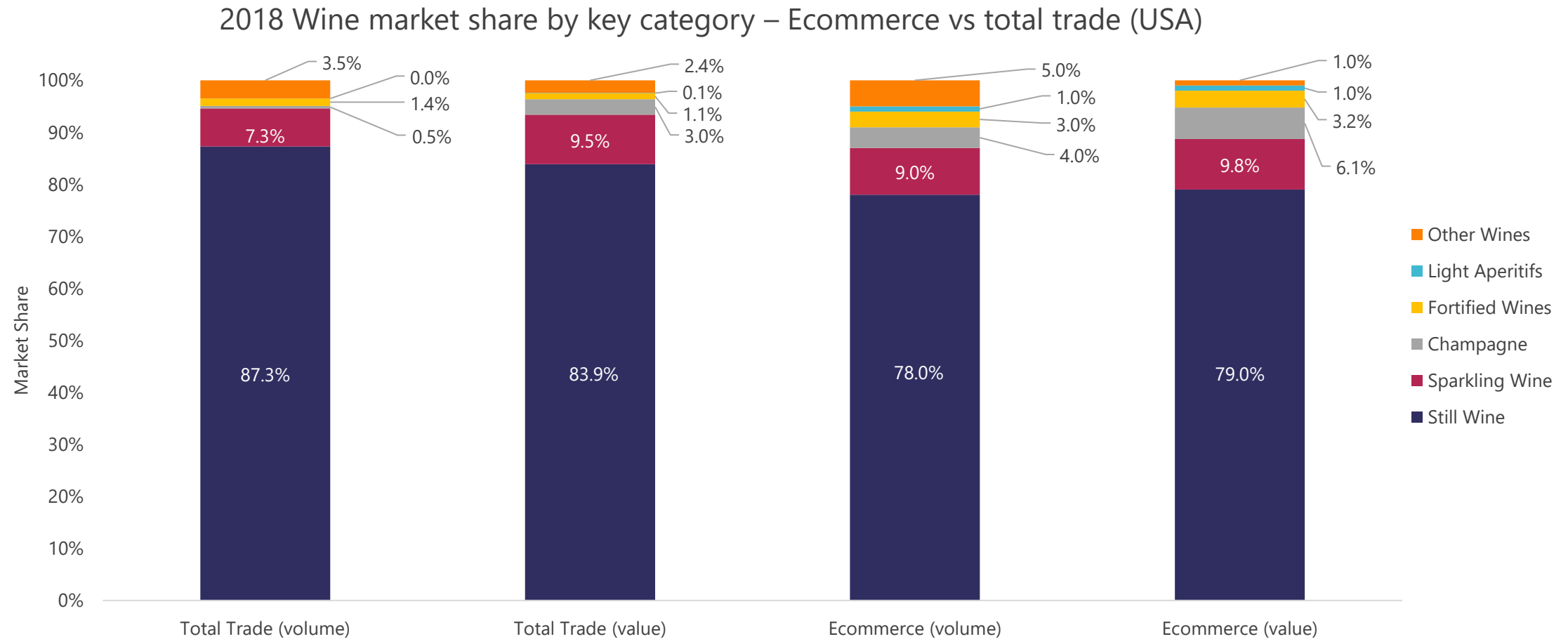
USA

The Ecommerce Landscape:

United States

- Population: 327.2m
- LDA population: 242.5m
- Share of online retail (14.3%) continues to grow alongside the less penetrated online grocery channel (5.2%). Online alcohol growth is outpacing the latter, albeit from a much smaller base (1.4%).
- Wine remains the biggest online category in the US, accounting for 54.5% of total turnover, followed by spirits at 28.5% and beer, cider and mixed drinks at 16.9%.
- The ecommerce market is relatively fragmented, with a lot of barriers to development due to the different state liquor laws and the 3-tier distribution system. Only licensed retailers can sell and deliver beverage alcohol to consumers, the exception being domestic wineries that are able to ship DTC (direct to consumer) or in-state craft breweries and distilleries that can sell DTC.
- **For spirits, the liquor laws are tougher, making ecommerce operations more restricted. While category demand fluctuates by the type of ecommerce medium used, whisky dominates and has increased its share to over 40% at the expense of vodka.**
- Beer is generally not economic to ship due to the low value/weight ratio, so the “click & pick” model is more prevalent.

USA: Ecommerce shares of sparkling wine and champagne have increased compared to last year at the expense of still wine



Online Wine Trends

- Online sales of wine continue to hold the lion's share of sales by category. This is primarily due to shipment laws being less stringent than that of the spirits category, as well as low levels of awareness within the beer category.
- While the wine category is perceived to be the most susceptible to share loss due to it being the most developed, compared to spirits and beer, it continues to be perhaps the largest growth factor for the overall industry.
- Due to the wine category holding the largest amount of SKU's, wine subscription clubs have been established offering small size formats in order for consumers to sample wine before being obligated to purchasing an entire bottle.
- Wine's association with food pairings has been leveraged, alongside technology advancements, in order to easily allow consumers to obtain a curated list of products based on simple preferences. Preferences such as food type being served, bottle price and taste nuances dictate algorithms curating a list of wine brands.
- For many wineries, the online sales channel continues to increase its share of overall sales, compared to brick and mortar establishments. Since distribution remains challenging, it is without question that a number of wineries would not be profitable if not for the online sales channel.



Focus Market

UK

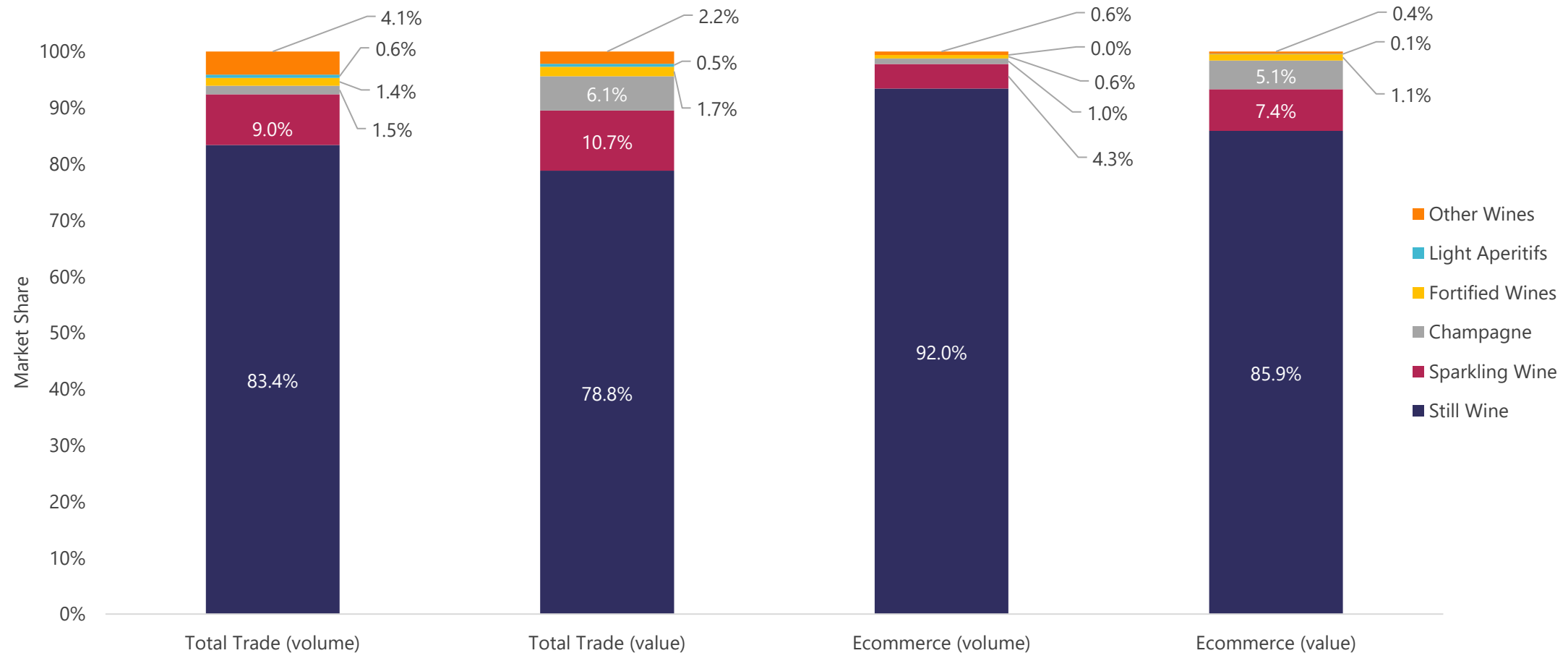
The Ecommerce Landscape: UK

- Population: 51.6m / LDA population: 38.0m
- Overall ecommerce growth in 2019 has been slower than other markets
- The continued growth of gin (especially flavoured gin) plays well for online retail, as outlets can offer a very wide range.
- Smartphones are becoming a key channel for ecommerce.
- No and low-alcohol products across all categories are also well served by specialist websites.
- Of those who buy alcohol online, half of 18–25 year olds surveyed said they did so once a week, with over a third doing so more frequently.



UK: Still wine over-indexes online in both volume and value and its share of all online wine has increased significantly from 2017 to 2018

Wine Market Share by Key Category 2018 – Ecommerce vs Total Trade (UK)



Online Wine Trends

- Online stores are able to offer a much wider range than brick-and-mortar retailers, especially since the range reductions by major supermarkets recently.
- Leading wine retailer Majestic bought online retailer Naked Wines in 2015, and in March 2019 announced it was to rebrand as Naked Wines. The company was bought by US investment firm Fortress in August 2019.
- Wine clubs have existed for many years in the UK but now the internet provides greater ease of communication and tailoring, as well as customer profiling.
- The more dynamic wine clubs offer tastings and events, to build a community and offer clients more than just wine.
- Vivino calls itself “the world’s largest online wine marketplace”. An app and website, it has a very wide product range, features user reviews and allows purchase through partner merchants.
- Aldi has launched a premium wine range available online only, priced from £7 to £20.

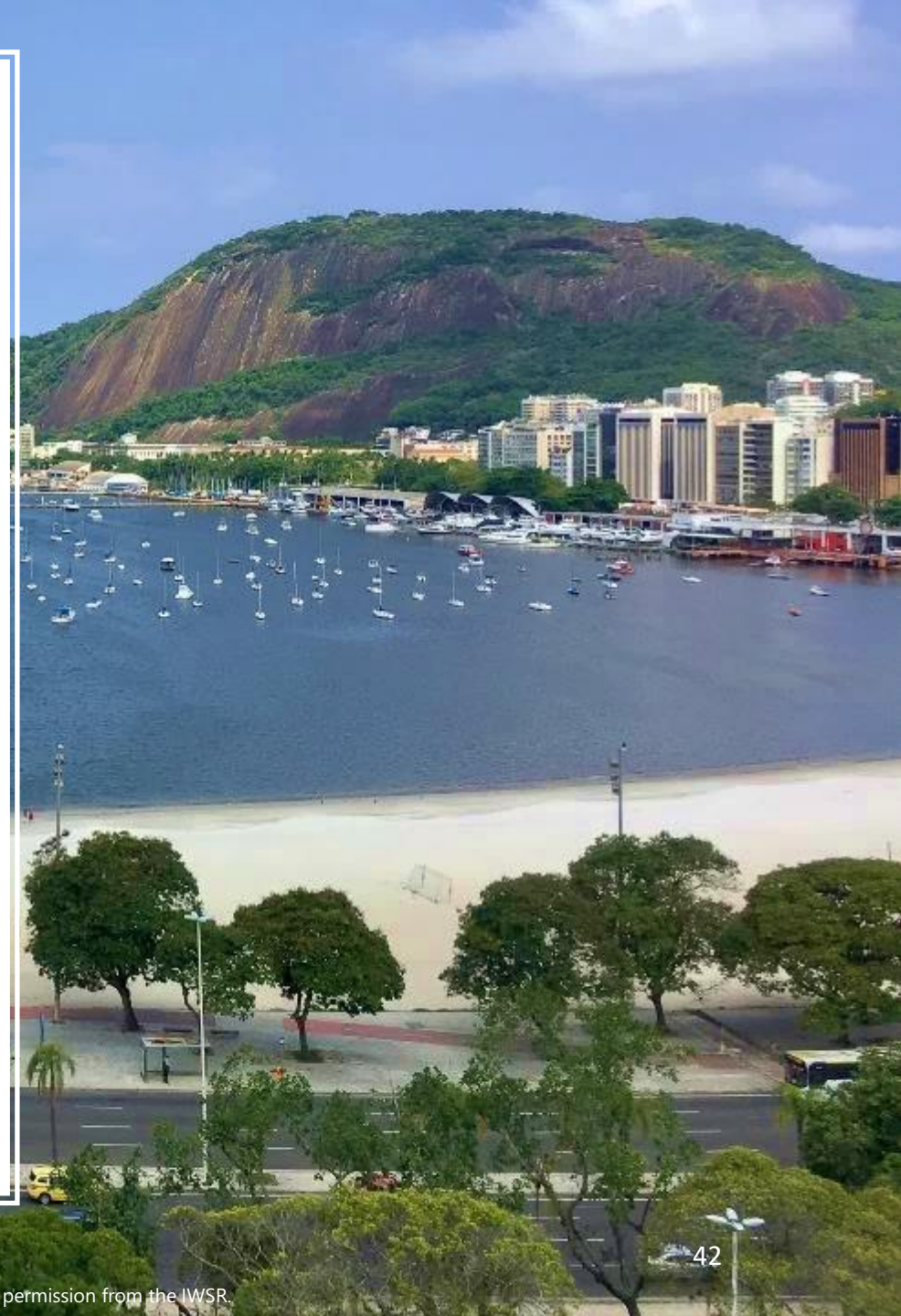


Focus Market

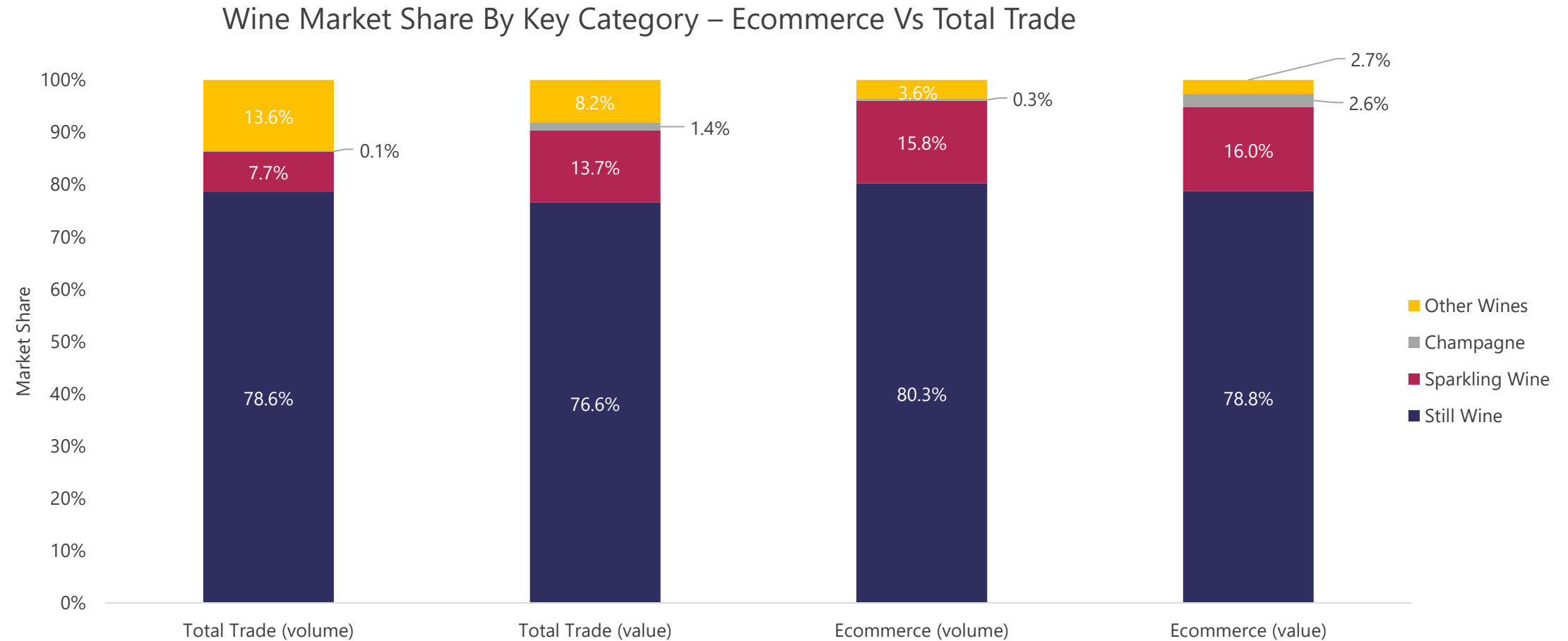
Brazil

Executive Summary: Brazil

- Population: 210.3m
LDA population: 154.9m
- While issues such as challenging logistics and mistrust of online payments mean that use of ecommerce in Brazil is less common than in more developed markets, the channel is growing rapidly, representing 7.2% of total retail in 2018. Ongoing investment, rising internet penetration and greater smartphone usage are expected to support the continued growth of online sales in coming years.
- Grocery remains one of the smaller sectors of the Brazilian ecommerce market at 10.5% but is expanding fast and gaining traction with consumers thanks to increasing investment by supermarkets and the rise of delivery apps, which are opening the sector to new consumers and retailers alike.
- Forecast to grow by 10% per year over the next five years, online alcohol sales are considerably outperforming the total market. While this is partly related to the development of grocery ecommerce in general, it is also thanks to the rise of specialised internet drinks retailers. Benefits of online shopping, such as added convenience and greater breadth of choice, are particularly relevant to the alcohol category.
- With a 63% value share, wine is the most important category for alcohol ecommerce and trends can differ considerably from the wider market due to the prevalence of the subscription and flash sales models. Spirits sales are typically weighted towards the higher end, while beer is generally bought as part of a regular online grocery shop.



Brazil: Champagne and sparkling wine tend to over-index online, while the more traditional other wines category is more geared to offline sales.



Online Wine Trends

- Brazil has one of the world's highest rates of online wine purchasing. Approximately one quarter of frequent wine drinkers are believed to regularly buy via the internet.
- Greater choice is a particularly important driver of the shift to online purchasing in the wine category, where consumers like to explore different countries of origin, regions and styles. In recent years, for example, a key point of differentiation for online retailers has been their large range of Old World wines compared with traditional supermarkets, and often at much more accessible price points.
- In addition, traditional brick and mortar supermarkets tend to have a limited selection of higher end wines due to their low rate of sale. Instead, they primarily stock entry level wines within the R\$15-45 price range. As online retailers cannot compete on price at this level due to their higher cost to serve, they generally sell slightly higher value wines retailing for around R\$25-55 and stock a wider range of premium products.
- Online wine trends can vary significantly compared to those taking place in the wider market, as sales often depend on what products or brands happen to be on promotion or part of a monthly wine club subscription.

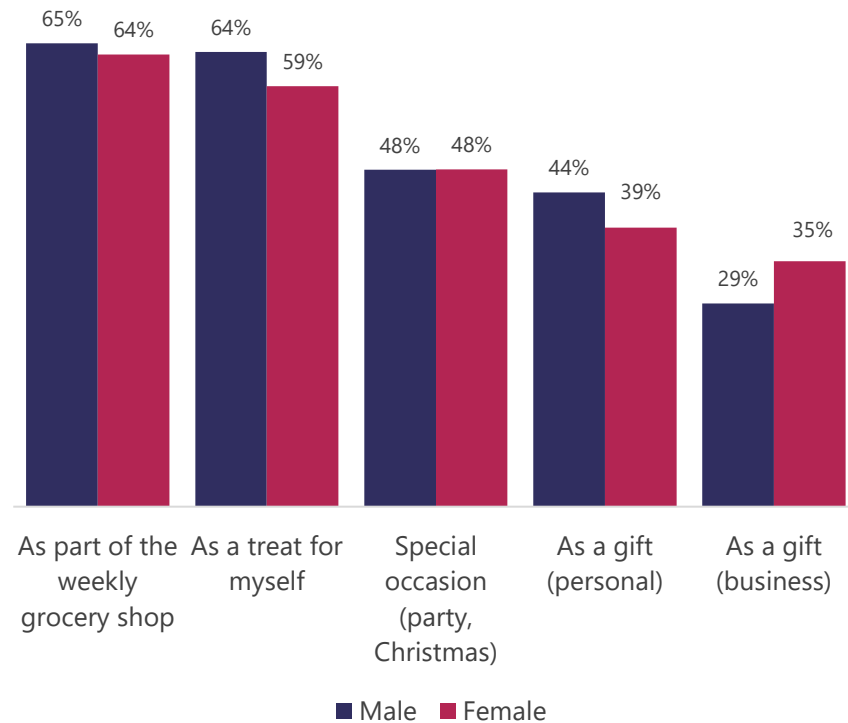


Understanding the Consumer

Brief excerpts from 2019 consumer research in China, USA, UK, Brazil

In China, 26–29-year-olds buy significantly more alcohol online as a treat for themselves, for special occasions and as personal gifts compared to those aged 40–69

Reasons for Purchasing Alcoholic Drinks Online by Gender



Reasons for Purchasing Alcoholic Drinks Online by Age

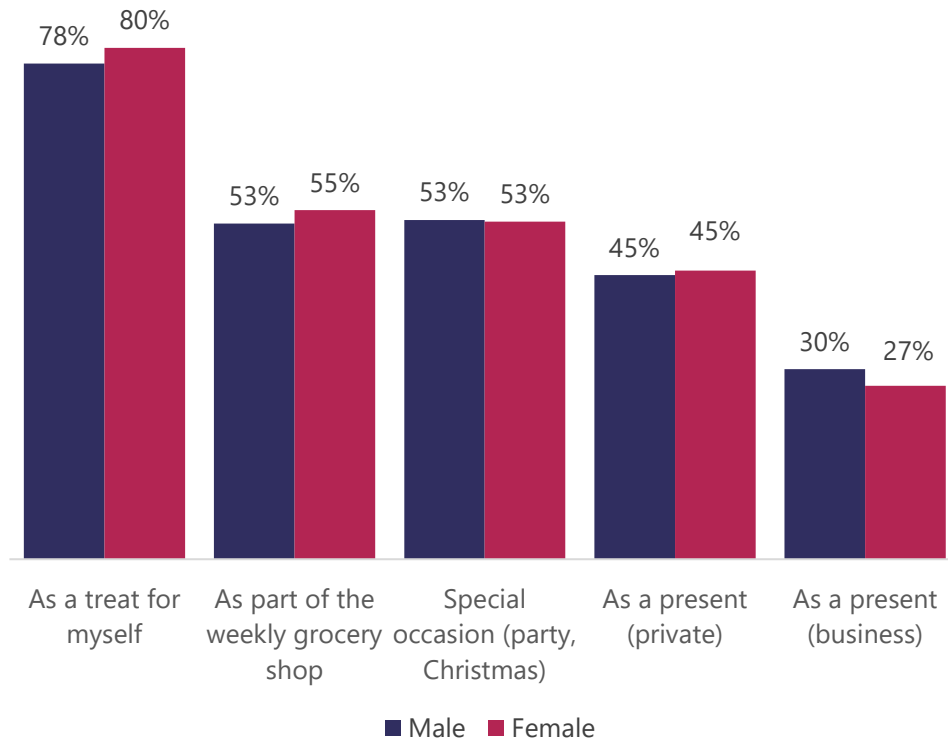


Q13: How do you buy alcoholic drinks online? (Multiple choice)
 Base size: n=809

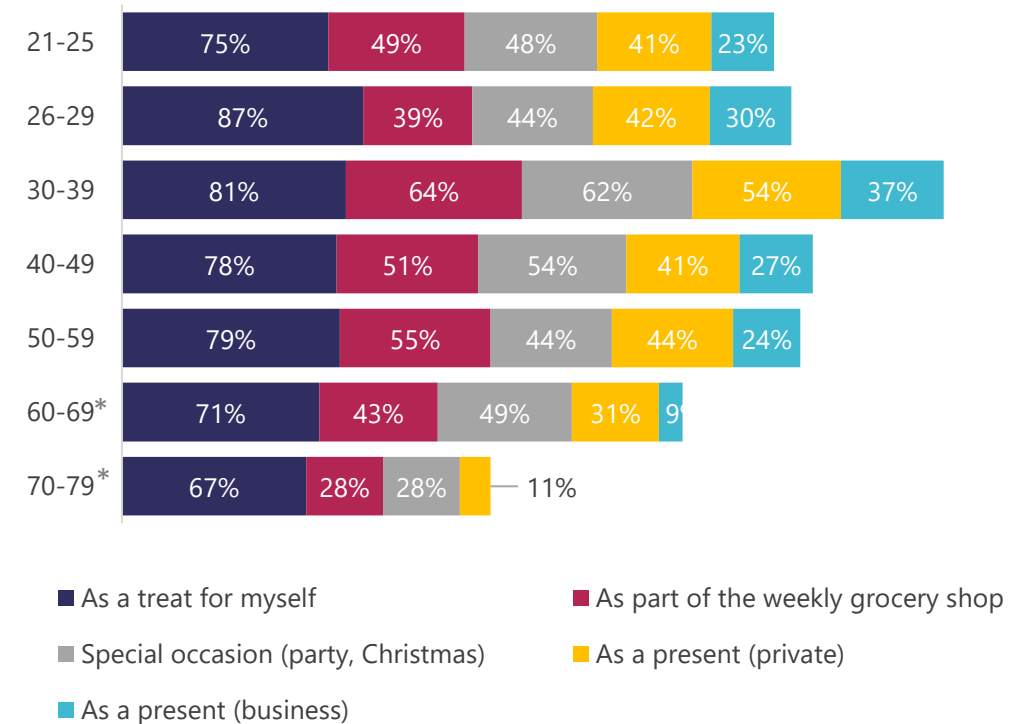
* Low base size

In the USA, 30-39 year olds buy significantly more alcohol online as part of the weekly grocery shop, for special occasions and as a business present compared to 21-25 year olds

Reasons for Purchasing Alcoholic Drinks Online by Gender



Reasons for Purchasing Alcoholic Drinks Online by Age

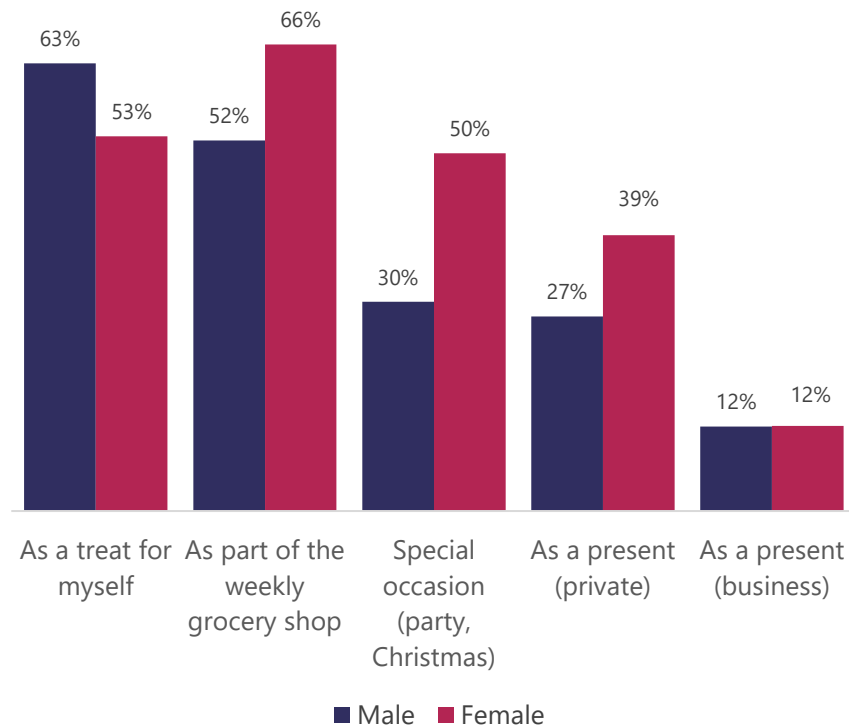


Q13. How do you buy alcoholic drinks online? Multiple choice question
Base size: n=695

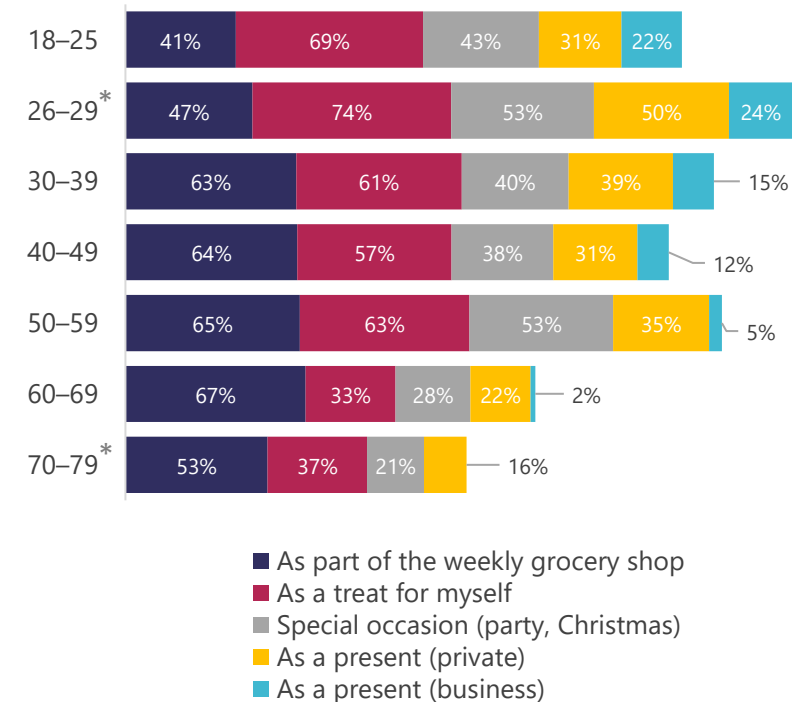
* Low base size

In the UK, females buy significantly more alcohol online as part of the weekly grocery shop, for special occasions and as private gifts vs males who buy more alcohol online as a treat for themselves. 30–69 year olds buy significantly more alcohol online as part of the weekly grocery shop compared to 18–25 year olds.

Reasons for Purchasing Alcoholic Drinks Online By Gender



Reasons for Purchasing Alcoholic Drinks Online by Age



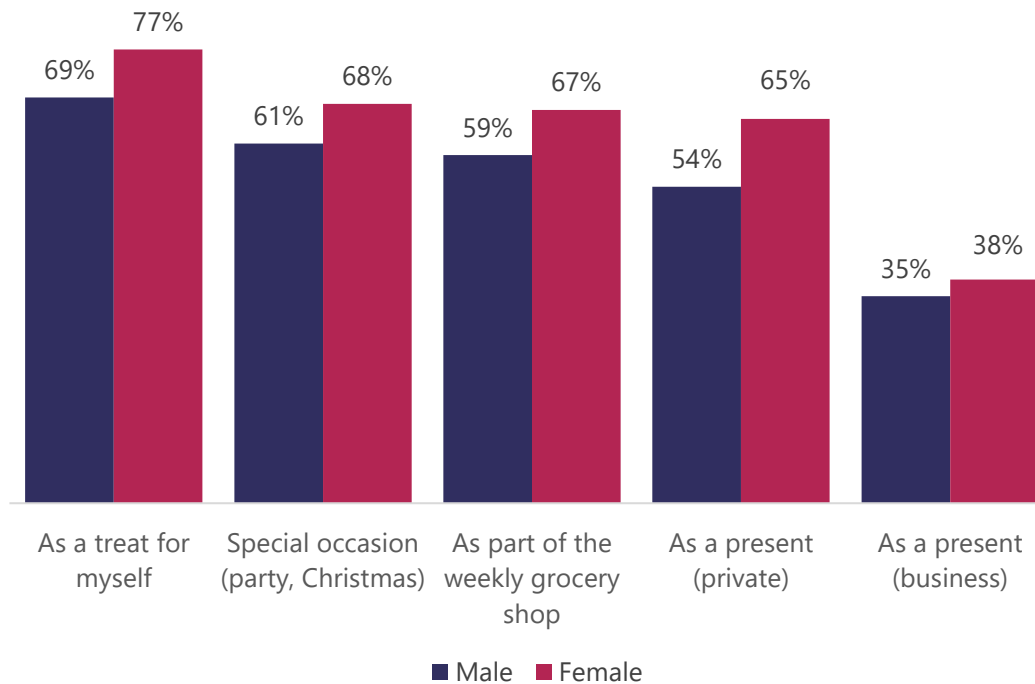
Q13. How do you buy alcoholic drinks online? multiple choice question

Base size: n=401

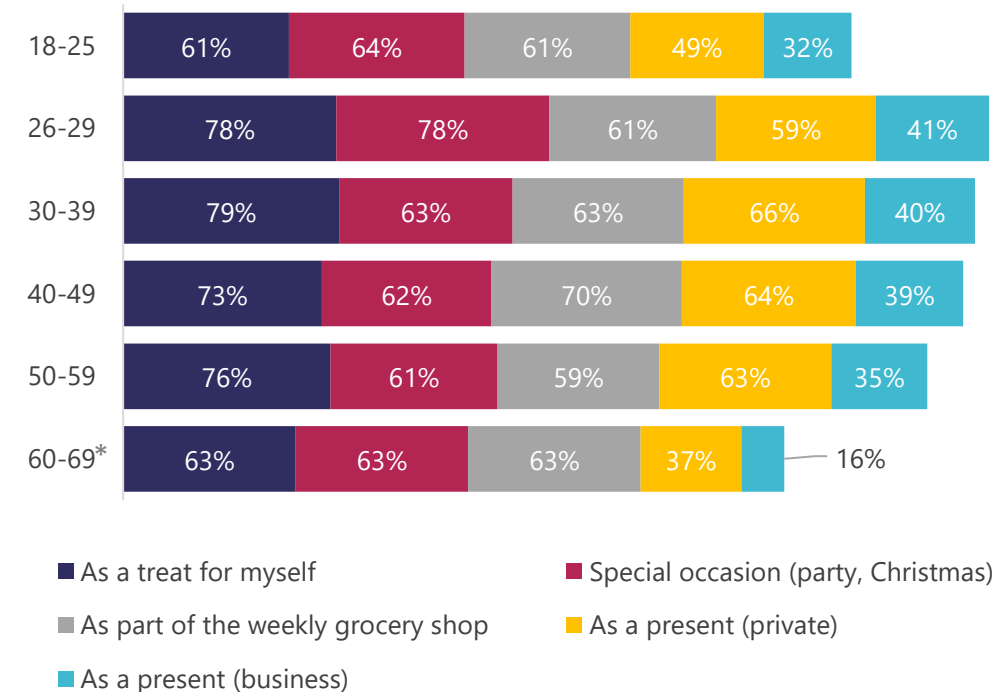
* Low base size

In Brazil, females buy significantly more alcohol online as non-business presents. 30-39 year olds buy significantly more alcohol online as a treat for themselves and as private gifts compared to 18-25 year olds

Gender by reasons for purchasing alcoholic drinks online



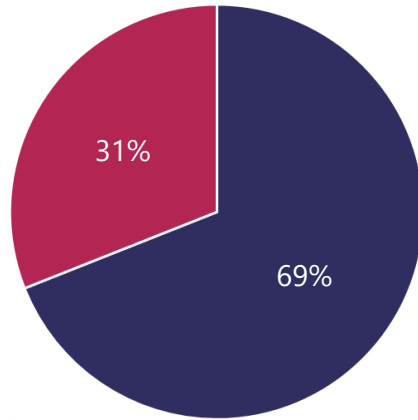
Age by reasons for purchasing alcoholic drinks online



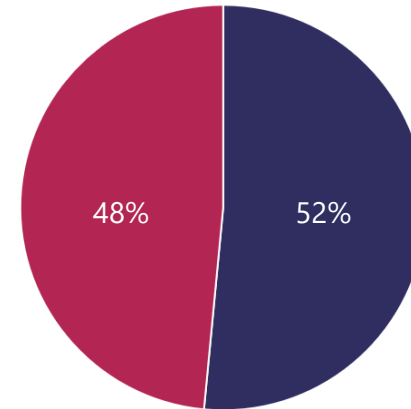
Q13. How do you buy alcoholic drinks online? Multiple choice question
Base size: n=398

Consumers in **China** and the **UK** are more loyal to their online drinks retailer than to drink brands. Consumers in the **USA** are more evenly split while Brazilians appear more drinks brand loyal.

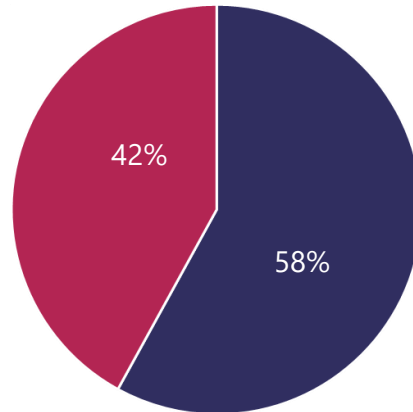
Retailer vs Brand: **China**



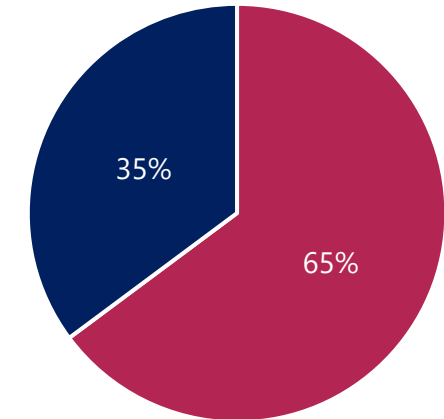
Retailer vs Brand: **USA**



Retailer vs Brand: **UK**



Retailer vs Brand: **Brazil**



- It is more important to use my regular online drinks retailer
- It is more important that my regular brands are available online regardless of the retailer

Key Takeaways

- Beware of **differences in consumer aspirations and habits**
 - Country-by-country
 - Online vs Brick & Mortar
- **Modify digital engagement** – ecommerce and otherwise – accordingly



Covid-19 Impact on Wine & Wider Trends



POTENTIAL TREND SHIFT: COVID-19 TRENDS AND CHANGES

Covid-19's Immediate Impact:



Longer-term Impact of Covid-19:



Underlying Trends and Drivers:



Key Recommendations



A blueprint for success



Global and local perspective

- Beverage alcohol ecommerce is a **growth channel** and will outpace the total trade
- Approach needs to be **global on policy, local on execution**



Portfolio choices

- Shifting local expectations about what *can* be bought online are affecting category-by-category development.



Platform partnerships

- **Choose your partner carefully.** Mid-tier brands can find champions in online service-oriented category specialists.
- Etailers' key asset is the ability to combine customer and sales data. Brand owners can make use of this, but also beware of competition doing the same – especially as etailers begin to field their own brands.
- **Direct imports** & Own-brand/**Private label**



Knowing the consumer

- A significant portion of consumers are willing to **pay more** for web purchases.
- Greater convenience is the most persuasive factor in virtually every market. Consider also how **packaging** and services tie in with key consumption and purchasing occasions.

A blueprint for success (cont'd)



The Industry Body

- Banner advertising
- Coordinate content
- Spend on Search Engine Optimisation
- Coordinate digital and real- world campaigns
- Digital engagement beyond ecommerce and its coordination



Brand Owner & Distributor

- Work hand-in-hand
- Leverage relationships
 - Omnichannel
 - Inter-country platforms
- Consistency in brand messaging
- Avoid crossovers in price promotion
 - Between distributors
 - Between digital/B&M
- Transfer learnings
- Sensitivity to distributor portfolio
- Digital engagement beyond ecommerce



Data – not just Commerce

- Utilise the data collated
- Be aware of the data collated

Appendix – Notes on Non-Core Countries



Country Notes

Austria	Canada	Croatia
<ul style="list-style-type: none"> Ecommerce in Austria is sizeable at €136m in 2019 but growing relatively slowly. Modest growth is due to its scale (>3% of sales) and an element of market maturity. Ecommerce still outpaces that of the total market. Beer and wine staples dominate thanks to the presence of key omnichannel players, notably Interspar.at and Billa.at. Leading online specialists include Wein & Co (largely wine and high end spirits) and Potstill.org which has carved a niche for itself as a whisky specialist whose reach has grown far greater than originally envisaged. German discounters Aldi (Hofer) and Lidl's Austrian subsidiaries are yet to enter beverage alcohol ecommerce. Amazon has no physical presence in Austria (bar an R&D centre), but ships to Austria with Amazon.de likely the preferred outlet. A number of German operators proactively target Austria, too. 	<ul style="list-style-type: none"> Ecommerce in Canada is underdeveloped at just 1.2% of total RSV, albeit grown at low double-digits in 2018-19. Most Canadians live in areas where beverage alcohol retail sales are controlled by the State. The Government has not invested in ecommerce and private companies are barred from entering the market, so there is a huge disparity in beverage alcohol infrastructure investment in Canada compared to other developed markets. Moreover, the geographic landscape means that delivery times are generally slower. Covid-19 lockdown has spurred some channel liberalisation from a legislative point of view, but the key infrastructure issue remains. Post-Covid-19 beverage alcohol ecommerce is expected to increase at a rate in the late teens in 2020, with similar growth levels moving forward in the anticipation that investment will increase along with demand. 	<ul style="list-style-type: none"> Ecommerce is tiny in Croatia. Brands are heavily geared towards the important on-trade and key accounts. The channel is insignificant to almost all multinational operators. However, the channel is slowly picking up with large brick-and-mortar operators Konzum and Kaufland now having online platforms. Local operators believe the channel will continue to pick up slowly to 2024 with local products such as wine and beer gaining the most. One noteworthy factor is the presence of Austrian ecommerce players which ship to Croatia. This could on the one hand prove a barrier to future growth – with Austrian platforms able to satisfy what demand there is – and, on the other, a boon, prompting more local players to invest in the market.

Country Notes

Czech Republic	Estonia	Hungary
<ul style="list-style-type: none"> • Czech Republic ecommerce is developed with over € 135m RSV in 2019. • Its size is due to key multinational brick-and-mortar chain Tesco and its early adoption of the channel, with grocery shoppers tagging on wine and beer staples as part of their weekly shop. • However, there is a broad range of independents specialising in beverage alcohol such as beershop.cz, alcohol-shop.cz, alcohol.cz, winehouse.cz, La-Vin and premium distributor Global Wines & Spirits' own platform. • Covid-19 lockdown has resulted in greater focus on the channel and accelerated growth of approx. 15% in 2020. • There remain key barriers to growth, however. Rural areas lag behind where generally consumers are older and are more assured by the physical aspect of shopping. 	<ul style="list-style-type: none"> • Estonia is the smallest total beverage alcohol market under review with a total RSV of only €800m. Ecommerce is undeveloped with market penetration of just 0.6%, less than €5m. • The channel is developing rapidly with key accounts Coop and Prisma expanding with their own ecommerce platforms; however, key online retailers such as kaup24, on24 and hansapost do not currently sell beverage alcohol. • The Covid-19 lockdown has led to increased online grocery shopping in 2020 with local suppliers believing this will provide a catalyst for accelerated beverage alcohol growth in the years to come. 	<ul style="list-style-type: none"> • Ecommerce penetration of beverage alcohol is high at 4.3% of RSV, amounting to ~€125m. • Moreover, it is gaining share with RSV growth >4% vs. total market decline. • Wine accounts for the majority of sales, followed by beer and then spirits. Key platforms are omnichannel giants like Tesco, Auchan and local supermarket chain Prima. • Business centres on Budapest. There is a large disparity in wealth and education between the capital and the countryside. Young professionals in Budapest are generally more receptive to ecommerce. • Outside key accounts, there is a number of specialist online retailers such as WhiskyNet, iDrinks and ItalGuru. • Covid-19 crisis is expected to boost growth in 2020 at ~10% with this reverting to more normal levels in 2021 and beyond.

Country Notes

India	Latvia	Lithuania
<ul style="list-style-type: none"> • In May 2020, beverage alcohol ecommerce has been temporarily allowed in certain Indian states in the wake of the Covid-19 lockdown and crowding following the reopening of India's sparse brick-and-mortar liquor stores. • Maharashtra, Punjab, West Bengal and Chhattisgarh led the way with Kerala, Tamil Nadu, Delhi, Odisha and Jharkhand so far following suit. • A range of state-backed apps have been launched, such as BevQ and Qtoken (Kerala and Delhi – both click & collect) and TASMAC (Tamil Nadu - home delivery) • Odisha and Jharkhand have allowed third-party operators Zomato and Swiggy to deliver alcohol. • State governments assert that allowing ecommerce is a temporary solution to Covid-19 crowding problems. It is uncertain if the channel will survive longer term. 	<ul style="list-style-type: none"> • Until the Covid-19 outbreak and lockdown, beverage alcohol ecommerce was prohibited in Latvia. • Lockdown has meant greater focus on ecommerce shopping generally with government temporarily easing regulations to open up the ecommerce beverage alcohol channel, too. • In summer 2020, consumers can still purchase beverage alcohol and it is widely expected that it will be permanently allowed with the passing of new legislation at the end of the year. • While posting zero sales in 2019, we can expect some sales in 2020 and likely growth in 2021 and beyond. 	<ul style="list-style-type: none"> • Ecommerce has relatively high penetration in the small Lithuanian market and at ~€50m RSV in 2019 it is among the medium-sized markets. • Beverage alcohol sales are developing healthily (up 3%) in 2018-19 with ecommerce growth outpacing the total market. • Most volume comprises beer and spirits, although it is wine where the most growth is currently seen, with beer flat and spirits up only marginally. • Vodka drives spirits accounting for half of ecommerce spirits sales, but is flat. Flavoured Spirits is the only category noticeably growing online. • While developing, players see only a slow shift in consumer shopping behaviour; however, it is noted that the Covid-19 crisis will provide a boost in 2020. • Otherwise growth is expected to be modest.

Country Notes

Mexico	Netherlands	Poland
<ul style="list-style-type: none"> • Mexico ecommerce is small at just €40m but growing exponentially. Beverage alcohol sales centre on click and collect ('Pick and go') through key retail chains La Europea, Palacio de Hierro, Liverpool and Costco. • In parallel there is a range of home-delivery on-demand services, such as Rappi and Cornershop, which dovetails well with the large independent retail sector. • There are number of factors behind strong growth, notably the growing middle class as well as more widespread (and secure) access to mobile technology and mobile banking. Covid-19 enforced lockdown will be another key factor in 2020 – with estimated growth of between 70% and 80% CAGR to 2023 with slight moderation in the latter years. • For all its growth, the ecommerce channel as a whole is somewhat under-developed – best-selling brands tend to be those which are most effective in brick-and-mortar retail. 	<ul style="list-style-type: none"> • Beverage alcohol ecommerce is large at €175m and growing healthily at +7% in 2018-19. • It is highly competitive with price pressure mounting due to low margins and key local brick-and-mortar increasingly investing in the space. Added to this is cross-border interference. It is estimated that as much as two-thirds of spirits sold online in the Netherlands are parallel. • With supermarkets banned from selling spirits, it is down to subsidiaries like Ahold's Gall & Gall (the leading brick-and-mortar spirits retailer) to forge ahead online. Key grocery players are investing in ecommerce too, with a resultant boost to online wine and beer sales at least. • Key online-only players are Drankdozijn, Drankdirect and Drankgigant. Amazon is also present but small, as most Dutch consumers tend to support local platforms. 	<ul style="list-style-type: none"> • Online activity for alcohol is restricted and largely operates on a click-and-reserve basis, where consumers are allowed to reserve products online but must pay at the point of collection – i.e. not true ecommerce. • There are continued efforts on the part of the trade to challenge legal restrictions. Grocery player Frisco.pl provides a delivery service but operates in something of a grey area by acting as a platform for an arms-length subsidiary FR24 which is technically the alcohol supplier. As such it acts as a one-stop shop with consumers able to tag beverage alcohol orders on to their grocery shop. At the point of delivery consumers pay separately for the alcohol. • The local beverage alcohol industry is lobbying the Polish government to allow alcohol delivery. If successful, this will lead to a marked uptick in ecommerce sales.

Country Notes

Romania	Russia	Russia (cont'd)
<ul style="list-style-type: none"> Beverage alcohol ecommerce is currently negligible in Romania. What activity there is centres on the capital city, Bucharest. Most sales are made through leading ecommerce marketplaces such as eMag.ro and omnichannel player Carrefour. Most supermarket chains are yet to enter the space, though. Spirits comprise the majority of ecommerce RSV, notably Scotch, cementing ecommerce's hitherto role in gifting or infrequent, higher-end purchases. The Covid-19 crisis and lockdown has led to a marked expansion of ecommerce beverage alcohol sales – the market is expected to at least triple in 2020, albeit off a low base – with ecommerce's niche shifting from gifting to more everyday staples. It is hoped that this will provide a springboard for further growth in 2021 and beyond. 	<ul style="list-style-type: none"> Transactional beverage alcohol ecommerce in Russia remains banned due to the Russian government's policies controlling alcohol production, sales, under-age drinking, etc However, shoppers are able to reserve online and pay on collection. At the forefront of this are cash & carry chains, high-end hypermarket chains (Lenta), discounters (Perekrestok), distributor-owned chains (Simple Wine, Vinlab, etc), as well as independent wine and spirits boutiques (Decanter, Galeria Gradusov, etc). There is an unofficial sector delivering to trusted or VIP clients, whereby the supplier will deliver to the doorstep for a cash payment. The issue here is that the product needs to be paid for physically at the outlet, so the operator exposes itself to non-payment, and runs the risk of being caught. This is necessarily a niche business. 	<ul style="list-style-type: none"> The black market is also adept at using online channels, notably recently social media apps. Alcohol sold is untaxed, illegal and unregulated and extremely fragmented. It is estimated that there could be as many as 50,000 subscribers to such services. Returning to the legal part of the market, it is widely expected in industry circles that within two to four years, alcohol ecommerce will be legalised. Suppliers cutting their teeth under the current regime – including professionally-administered click-and-reserve services - will have a significant advantage.

Country Notes

Singapore	Slovakia	Slovenia
<ul style="list-style-type: none"> While ecommerce is small in Singapore at just 0.6% share of total beverage alcohol RSV, the channel is developing with growth expected to accelerate in the wake of Covid-19 lockdown and the enforced changes in consumer purchasing behaviour. Key growth factors are the high cost of living on the island, with more consumers opting to 'pre-load' at home before or instead of going on a night out, plus increased investment from prominent brick-and-mortar speciality stores and supermarkets. Prominent online retailers include Paneco, Cellarbration and Alcohaul. These along with many others have been particularly proactive in marketing their products and services in recent months. 	<ul style="list-style-type: none"> Beverage alcohol ecommerce has high penetration at 4%. Slovakia is a small market with a total beverage alcohol RSV of €1.8bn. Slovakia's ecommerce is therefore ~€70m, and growing at a rate of approx. 4% per year. Wine and spirits drive ecommerce beverage alcohol purchases, followed by beer, with move RSV growth seen in spirits. Flavoured spirits and vodka dominate, with flavoured spirits, gin and whisky growing the most. Slovakia shares a similar ecommerce landscape to neighbouring Czech Rep. Multinational chain Tesco dominates the mass market with a heavy focus on mainstream and everyday essentials. Slovakia's independent trade is less developed than its bigger neighbour. The Covid-19 lockdown is expected to lead to a temporary boost in ecommerce growth to ~15% in 2020. 	<ul style="list-style-type: none"> As in neighbouring Croatia, beverage alcohol ecommerce is minimal in Slovenia. Key brick-and-mortar supermarkets such as Mercator, Spar, Hofer (Aldi) and Lidl have online portals and do offer beverage alcohol here, but there is little focus and demand is said to be very small with on-trade a key channel for most brands. Specialist online beverage alcohol retailers are few and far between. Perhaps the most significant is the specialist wine store of local producer Vinakoper. As in Croatia, imports from Austria (and Amazon.com) interfere with the development of the local ecommerce channel; so too could they provide impetus as consumers grow more familiar with the channel. Local commentators expect modest growth over the medium term, with focus more on local staples rather than imported drinks.

Country Notes

South Africa	South Korea	Ukraine
<ul style="list-style-type: none"> Ecommerce has experienced significant growth through a number of local specialists, marketplaces and grocers. Improved internet coverage and the familiarisation of online shopping are key drivers of growth, although security for delivery staff in certain areas remains a barrier. Covid provided a near three-month ban on all alcohol sales, including ecommerce. The main <i>overall</i> ecommerce player is Takealot, SA's answer to Amazon. Department store Makro is also a major player selling a wide range of goods. Some major supermarkets (e.g. Pick n Pay, Woolworths, Checkers) have relatively well-developed online portals. Others (Shoprite, Spar) do not. The biggest players in online liquor are Makro, Pick N Pay and Takealot. Few specialist liquor stores have online capabilities, with Norman Goodfellows the most significant. Others include Yuppief Chef, Cyber Cellar and The Liquor Shop 	<ul style="list-style-type: none"> Ecommerce beverage alcohol sales so far remain illegal in South Korea due to concerns over age verification. Click and Collect ('Smart Buy') services are, however, expected to be introduced in mid-2020, which will allow shoppers to purchase a drink online and then collect it in store. Previously, shoppers could reserve a bottle in store but were not permitted to pay for it online. Smart Buy will mainly function in convenience stores. These are a vital channel for alcohol sales; their ubiquity makes them ideal for impulse purchases, which are mostly likely to be soju or beer. Supermarkets are an important channel too, and their main competitive advantage is their much larger selection. Independent stores are small in Seoul as they struggle to compete against the convenience stores. Specialist liquor stores are minor. 	<ul style="list-style-type: none"> Ukraine has the largest ecommerce sector for alcohol in the CIS, although at an international level it is middling at ~€50m. Growth is impressive with the market doubling in value in 2019. This is largely attributable to the merger of multi-product platforms Rozetka and EVO in 2018 – Rozetka.com.ua is believed to be the largest ecommerce platform in the whole of eastern Europe, and some believe the whole of Europe. Spirits sales drive growth (although wine is developing strongly too), vodka by far leads growth with over two-thirds of spirit RSV sales in 2019 (and over two-thirds' growth in 2018-19), followed by whisky; flavoured spirits is very small. The Covid-19 crisis is reported to have led to a tenfold rise of turnover for Rozetka in March and April 2020 compared to the previous year, which bodes well for whole year 2020.

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