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Spanish Wine Industry in Crisis

The spanish wine industry's struggle in a changing global market

Thursday, November 23, 2023



The Spanish wine industry, renowned globally for its rich variety and quality, is currently facing a significant downturn in its international market performance. The latest report from the Spanish Wine Market Observatory (Observatorio Español del Mercado del Vino, OEMV) paints a concerning picture for the industry, with notable declines in both the volume and value of wine exports up to September 2023. This downturn is not just a momentary blip but rather an ongoing trend that poses serious questions about the future of one of Spain's most iconic sectors.

As of September 2023, the Spanish wine industry has witnessed a concerning shift. Export figures have shown an 11% decrease in value, amounting to 239.6 million euros, and a 6.5% fall in volume, translating to 173.1 million liters. This stark decline, when compared to the same period in the previous year, reveals a loss of 29.6 million euros and 12.1 million liters.

The cumulative data for the first nine months of 2023 further reinforces this negative trajectory. There's an approximate 3% drop in both value and volume compared to the previous year, despite stable average prices. Total sales for this period reached 1,519.5 million liters and 2,129.6 million euros, marking a substantial decrease from the previous year.

The Spanish wine market is typically divided into two main categories: packaged wines and bulk wines. Both segments have experienced downturns. Packaged wines saw a 2.6% decrease in value and a 5.2% fall in volume, albeit with a slight increase in average price. Bulk wines, while showing some growth in volume and value, also recorded an increase in average price.

Sparkling wine exports, including the famous Cava, have also faced declines in both value and volume in the first three quarters of 2023. Despite an increase in average price, the absolute figures indicate a significant decrease from the previous year.

Still packaged wines, which include those with Protected Designation of Origin (DOP), have suffered significant reductions in both value and volume. However, varietal packaged wines present a more encouraging picture, with growth in both aspects.

The response from key export markets has been mixed. The UK, Germany, and France have shown positive trends in certain categories, whereas other crucial markets like the United States, China, and Japan have seen notable declines.

The Bag-in-Box wine format has exhibited positive growth, increasing in both value and volume. Popularized during the pandemic, this trend continues to rise, especially in markets like Germany, France, and the Netherlands.

The bulk wine segment reflects a decrease in both value and volume, with a general drop in the average price. France remains the primary market for these exports, though it has seen a decline in purchases.

The current scenario for the Spanish wine industry is fraught with challenges. The decrease in export volumes and values across various segments and markets signals a need for strategic reassessment and adaptation. Whether it involves exploring new markets, innovating in product offerings, or enhancing marketing strategies, the Spanish wine industry must navigate these turbulent times with agility and foresight.

The industry's resilience and ability to adapt will be crucial in determining its future success in a highly competitive global market. As the world's wine consumption patterns continue to evolve, the Spanish wine sector must also evolve to maintain its prestigious position in the global wine market.