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The Global Wine Market: A delicate balance of supply, demand, and economic pressures

Insights from Vinexposium CEO on the wine industry's future

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Vinexposium CEO, Rodolphe Lameyse

In a recent press briefing in London, Rodolphe Lameyse, CEO of Vinexposium, offered an insightful yet sobering overview of the current state of the global wine industry. According to Lameyse, the sector faces a challenging scenario marked by accumulating stocks, declining consumption, and economic pressures. Despite these hurdles, he conveyed a cautiously optimistic outlook for the future of the wine trade.

Drawing from the latest data provided by IWSR, Lameyse highlighted significant declines in the 'value and below' sector of the wine market, which encompasses the more affordable segment. This downturn is more pronounced in wine compared to beer or spirits, indicating a unique challenge for producers and sellers of budget-friendly wines. This trend contrasts with growth in the 'superpremium and above' category, suggesting a market shift towards higher-priced wines.

Lameyse pointed to the high levels of stock, particularly in the US and China, as a major concern. With consumption not picking up as expected, the industry finds itself in a precarious situation. He noted that many drinks companies have made substantial investments in recent years, often financed through debt at lower interest rates. With rising costs and increasing financial charges, these companies may face the need to liquidate stocks at discounted prices, potentially leading to further market consolidation.

However, Lameyse expressed hope for a resurgence in wine sales, particularly in the US during the Thanksgiving and Christmas seasons and in China with the upcoming Chinese New Year. This optimism is grounded in the expectation that these events will help reduce stock levels and stimulate market activity.

One notable trend affecting wine consumption is a shift in consumer behavior, particularly among younger generations. Lameyse cited health concerns as a significant factor, with a third of Generation Z in France reportedly abstaining from alcohol for health reasons, a marked increase from previous generations. This change is partially attributed to the influence of anti-alcohol advocacy, although binge drinking patterns persist among younger consumers.

Looking at the supply side, Lameyse mentioned that the global wine harvest this year is the smallest since 1961, which could potentially help align supply with demand. He also noted potential growth in emerging markets like India, alongside expected rebounds in US and Chinese consumption.

In conclusion, while acknowledging the current challenges facing the wine industry, Lameyse expressed a measured optimism for the next 12 months. This sentiment reflects a complex interplay of economic, social, and market dynamics shaping the

future of the global wine trade.