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New Zealand's Export Evolution

The dip in wine exports and the path forward

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Vineyards in Blenheim

In the lush vineyards of New Zealand, where the Pacific breezes nurture some of the world's most acclaimed vines, there's been a noticeable shift in the wind. The year 2023 was marked by a surprising downturn in the country's wine exports, a development that has rippled through the industry with mixed emotions. Despite this, the long-term story of New Zealand wine is one of remarkable success and resilience, painting a complex picture of an industry facing global challenges with a spirit of innovation and quality that continues to set it apart on the world stage.

A Year of Contrasts

According to the latest data from New Zealand Customs, wine exports saw a decline of 8.6% in volume and 5.8% in value, totaling 270 million liters and NZ$2.113 billion, respectively. This marks the lowest volume exported in the last four years, though, interestingly, the revenue generated was the second highest on record. A silver lining in these figures is the average price per liter, which climbed by 3.1% to NZ$7.82, the highest since 2009.

The year unfolded in two distinct halves for the Kiwi wine industry. The initial months boasted spectacular growth in both value and volume, with stability observed through May. However, from June to December, the industry faced a stark downturn. This period of decline did not, however, overshadow the broader achievement of New Zealand's wine sector, which has seen an average annual growth rate of 11.9% in volume and 10.9% in value from 2000 to 2023 among the top ten global wine exporters.

Diverse Impact Across Categories

The downturn affected all wine categories, with both volume and value taking hits across the board. The bulk wine sector was the only category not to see a price increase, experiencing a slight decrease of 0.5%. Bottled wines, as usual, led the sales figures but saw a decline of 8.9% in volume and 4.8% in value, indicating a shift in consumer purchasing patterns. Despite this, the average price for bottled wines rose by 4.5%, breaking the NZ$10 barrier.

In contrast, sparkling wines and bag-in-box (BiB) formats faced significant declines, particularly in volume, with sparkling wines seeing nearly a 30% drop. However, the average price for these categories saw increases, highlighting a trend towards premiumization even in the face of overall volume reductions.

Evolution of Export Dynamics

Over the last two decades, the landscape of New Zealand wine exports has evolved dramatically. In 2000, bottled wines dominated exports, accounting for more than 92% of total volume. Today, the bulk segment, including BiB, represents over 40% of the

total volume, a substantial increase from the mere 2.1% at the century's start. This shift underscores the industry's adaptability and the diversification of its export portfolio.

Global Footprint and Future Horizons

New Zealand wine now reaches 104 markets worldwide, with the United States, the United Kingdom, and Australia being the top destinations. The U.S. market, in particular, has shown resilience, with volumes and values declining less than the average. This indicates a strong and enduring appetite for New Zealand's wine offerings, particularly in its leading market.

Despite the challenges faced in 2023, the New Zealand wine industry's journey from a modest beginning to becoming a global powerhouse is a testament to its quality, innovation, and the unwavering spirit of its people. As the world navigates through economic uncertainties and shifting consumer behaviors, New Zealand's winemakers stand ready to adapt, innovate, and continue their tradition of excellence. The road ahead may have its share of obstacles, but if history is any guide, the New Zealand wine industry's future remains as bright as the sun that kisses its vineyards.