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Wine Industry Must Innovate to Survive

Getzler Henrich: Wine Industry Needs Overhaul

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Getzler Henrich has highlighted the need for a complete restructuring of the global wine industry, according to a new report by the consultancy firm. The analysis points to a period of decline that is impacting both small producers and large companies in the sector. Changes in consumer preferences and financial pressures are driving many wineries to reconsider their strategies and implement drastic measures to cope with new market realities.

The report notes that, currently, the only age group showing growth in wine consumption is those over 60. Younger consumers are opting for alternatives such as craft beers, spirits, hard seltzers, and non-alcoholic beverages, leading to a significant decrease in demand. At the same time, Getzler Henrich emphasizes that climate issues, such as extreme temperatures and unexpected weather events, are affecting the quality and timing of the harvest, further complicating the situation for producers.

The document also cites the example of large companies that, in an effort to counter this scenario with aggressive expansion strategies through acquisitions, have faced high levels of debt they have been unable to manage. Faced with the lack of results in selling brands to cover part of their liabilities, some companies have opted for complete restructuring, selling off assets to try to solve their financial situation. However, these measures do not always generate the expected revenues and can leave companies in an even more precarious position.

Getzler Henrich points out that the solution for many wine producers and distributors lies in analyzing and modifying their business models, with a particular focus on sales channels. The report highlights that wine clubs remain the most profitable method for wineries, as they allow direct-to-consumer sales, eliminating intermediaries and generating recurring revenue. On the other hand, wholesale and retail distribution are viewed as less profitable and more volatile strategies, as they depend on factors such as visibility at the point of sale and relationships with distributors.

The consultancy stresses the need for wineries to reassess their pricing strategies, noting that many are reluctant to make adjustments for fear of losing customers. However, Getzler Henrich recommends that producers implement a more structured pricing policy that takes into account factors such as inflation and operating costs. According to the firm, this approach is essential for maintaining healthy margins and avoiding erosion of profitability.

Additionally, Getzler Henrich warns about the importance of properly managing cash flows, as wine production involves high expenses before significant revenue is generated, particularly during the harvest season. The report suggests that wineries implement financial planning practices that allow them to handle these seasonal

expenses without compromising their long-term stability.

The analysis concludes with a series of recommendations, including reviewing debt obligations, implementing refinancing strategies, and exploring new ways to manage assets such as brands and properties. The consultancy underscores that, despite the current challenges, there are opportunities for wineries willing to adapt and innovate, as long as they remain attentive to market changes and adopt sound financial practices.