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Inflation and Shifting Consumption Patterns Impact Global Wine Trade

Global Wine Market Sees Value Decline as Consumer Habits Shift

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The global wine trade exhibited mixed performance in the first half of 2024. According to customs data updated through June 30, total volume increased by 1.7% to 49 million hectoliters, while overall value fell by 3.3%, amounting to $17.82 billion. This decline in value, coupled with a drop in the average price per liter from $3.83 to $3.64, underscores a loss in sales value driven by uneven developments across wine

categories.

Bottled wines, which account for 51.2% of total volume, experienced significant declines in both value and volume. Their share in liters fell by 32 million, a 1.3% drop, while their value decreased by over $312 million. Despite remaining the dominant category economically, representing 68.3% of total trade value, these figures highlight a notable weakening compared to previous periods.

Sparkling wines, which typically perform well, recorded one of their steepest declines. Their value dropped by 8.3%, translating to a loss of nearly $354 million. This downturn is particularly significant given the premium status of sparkling wines in the market. Bag-in-box (BiB) wines, which have shown relative stability in recent years, also declined during this period, reflecting growing pressure on traditionally value-sustaining categories.

Conversely, bulk wines experienced significant growth in volume, rising by 5.6% or 88.6 million additional liters. However, this increase did not offset the overall value decline, as the $116 million in added revenue from this category was far outweighed by losses in sparkling and bottled wines. This growth appears to reflect a shift toward more economical options, though with much lower profit margins.

Must demonstrated exceptional performance, doubling its trade volume and increasing its value by 30%. This success was primarily driven by Spanish exports to Italy, highlighting the product's importance as a niche alternative in specific markets. Despite a drop in unit prices, must maintained strong results in a period marked by declines in primary categories.

From a historical perspective, data from the first half of 2024 confirm a trend observed since before the pandemic: stable volumes alongside erratic value evolution. Following the robust recovery seen in 2021 and 2022, the last two years reflect a slowdown influenced by inflation and shifts in consumption patterns. While current figures remain above pre-pandemic levels, the market appears to have stabilized in terms of volume, reaching a plateau in revenue that has yet to be surpassed.

The global wine trade's evolution reflects changing consumer preferences and international economic factors. The growing share of bulk wine and the rise of must suggest a move toward more affordable options, contrasting with the declining prominence of traditionally higher-value categories. These results point to a critical juncture for the industry amidst economic uncertainty and evolving international trade dynamics.