

# VINHO VERDE IN THE UK & GERMANY 2008-2011

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Market trends & opportunities



# Research objectives and methodology

1

Review the health of Vinho Verde among UK and German wine **consumers**

2

Review the openness to Vinho Verde and needs of the **trade** in UK and Germany

2008

Trade interviews

Consumer survey



2011

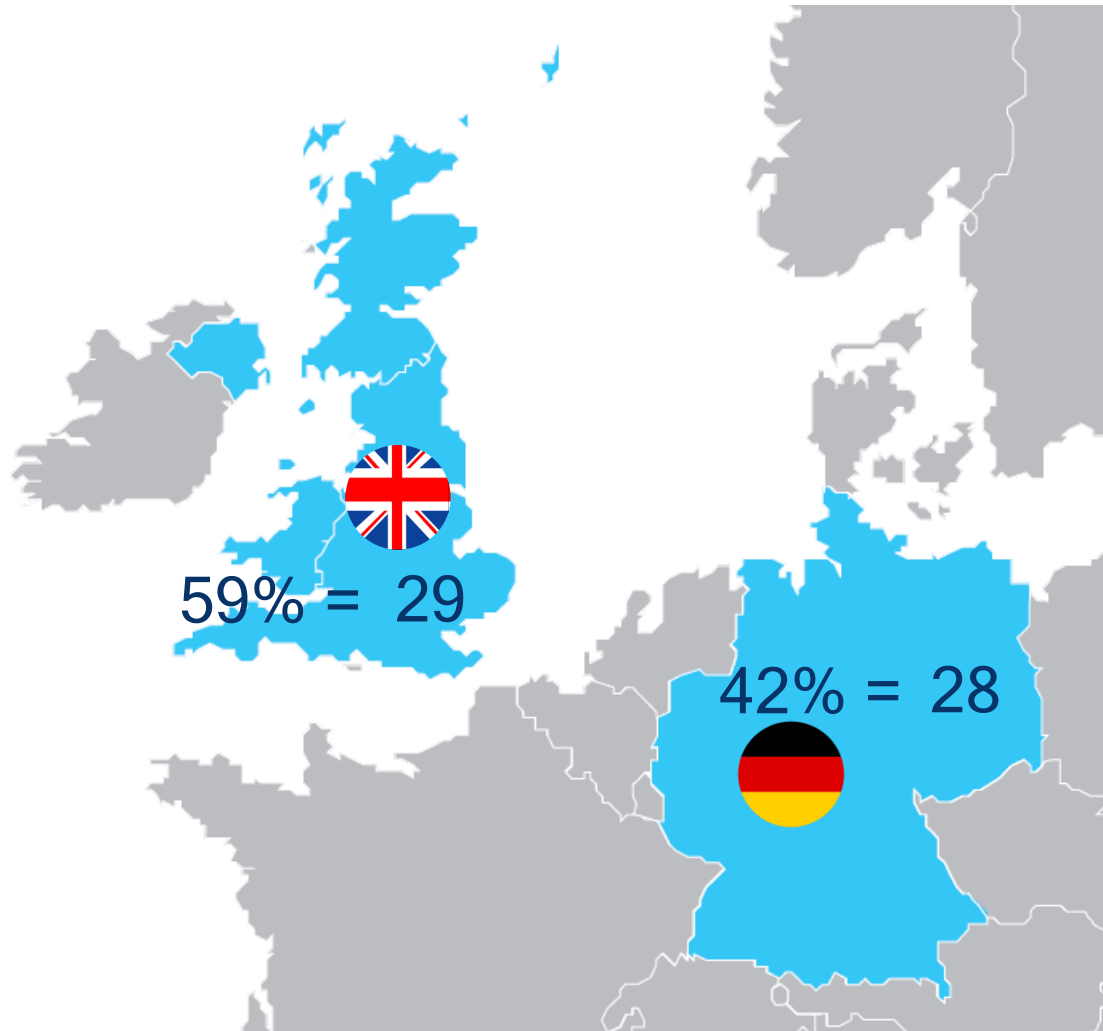
Trade interviews

Consumer survey

# Why are we here?



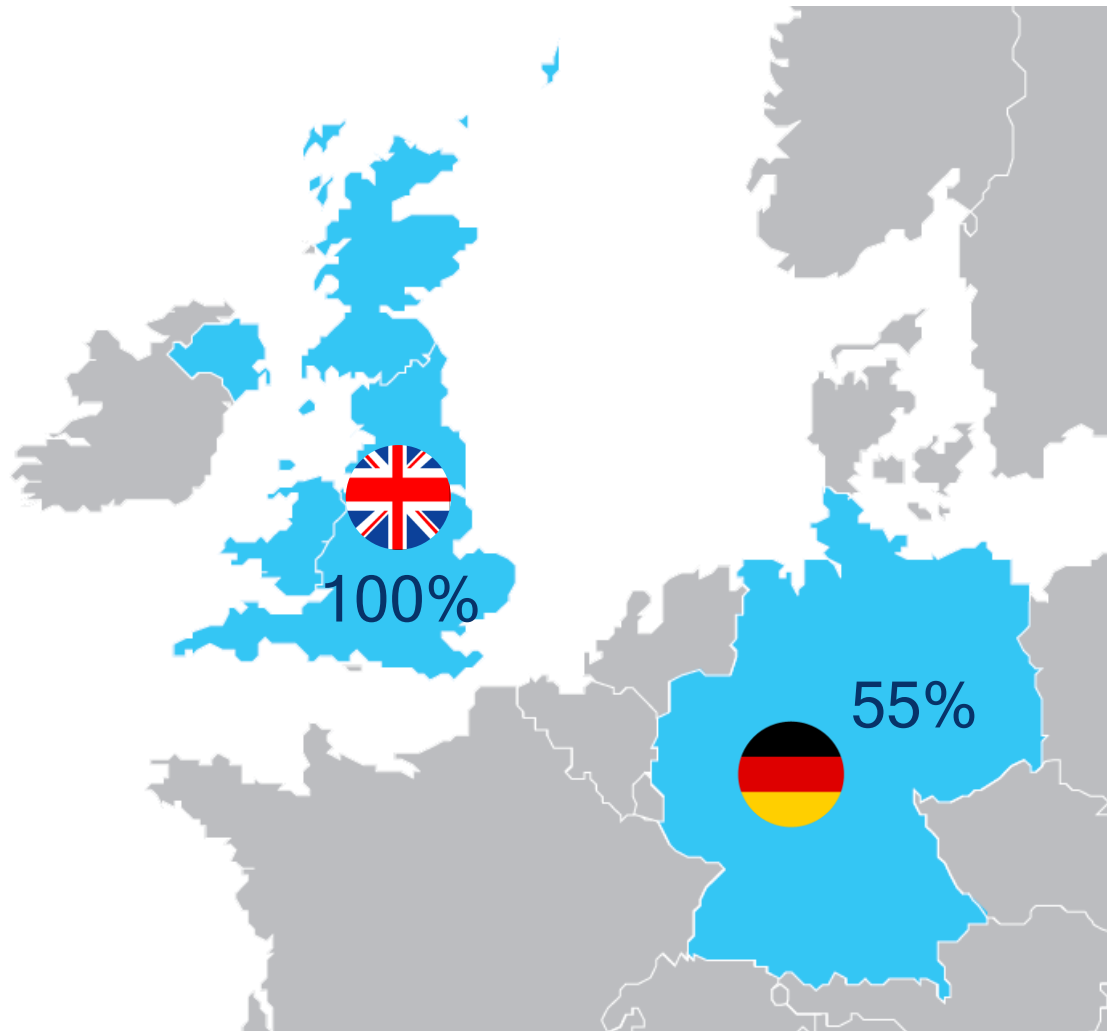
# Millions of regular wine drinkers who drink wine at least once a month



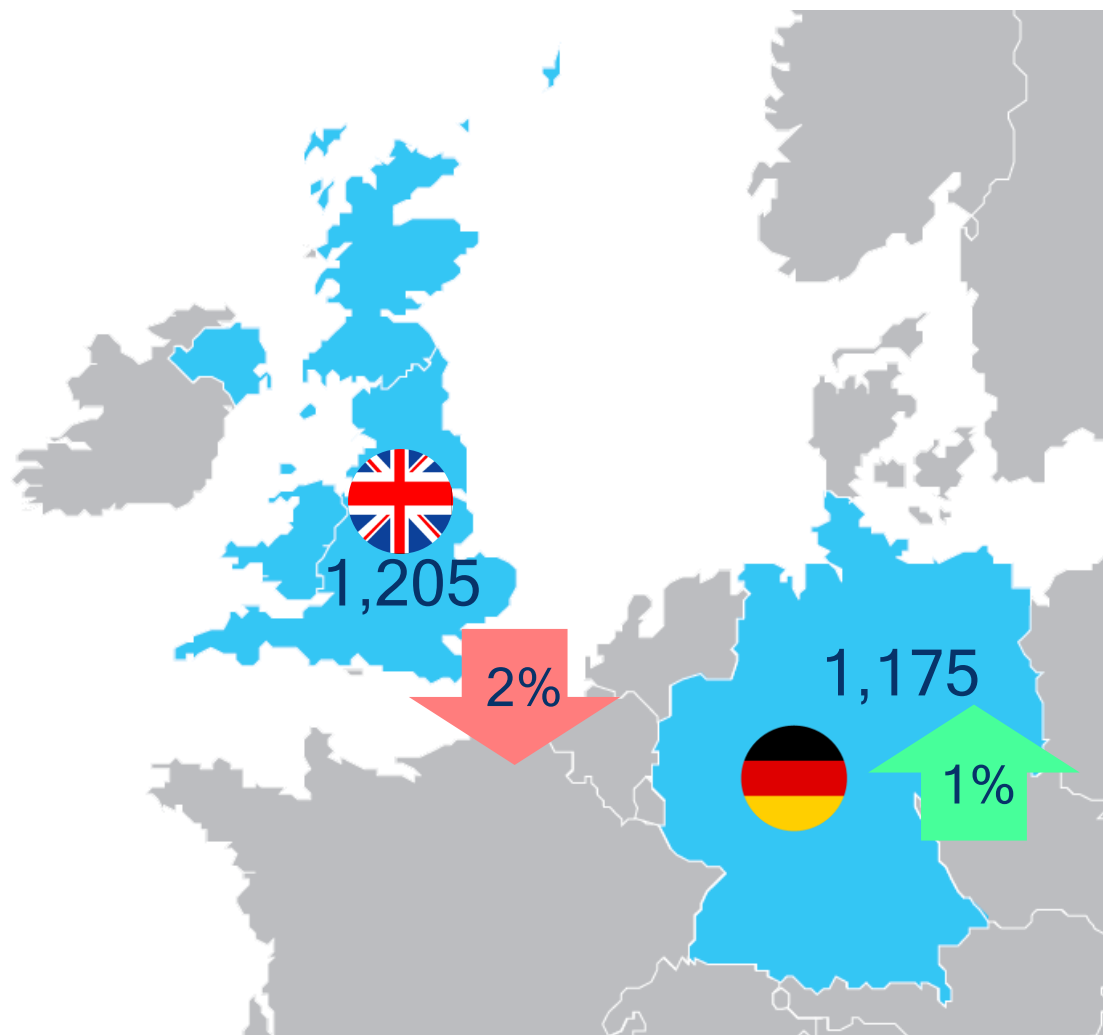
Sources: Wine Intelligence calibration studies 2011 & national statistics

# Imported market share

## % of imported wine of total wine

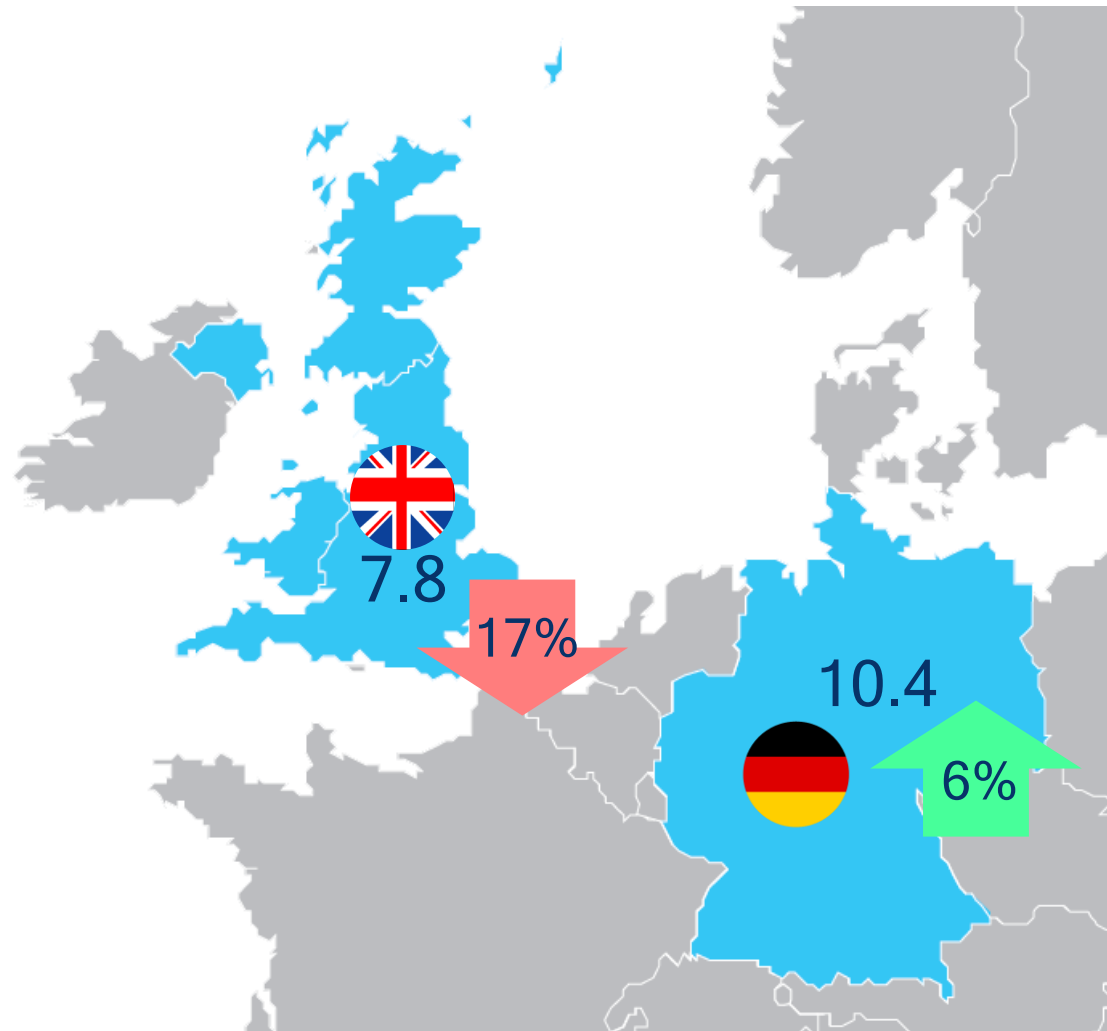


# Volume of imported still light wine Millions of litres & evolution '09-'10



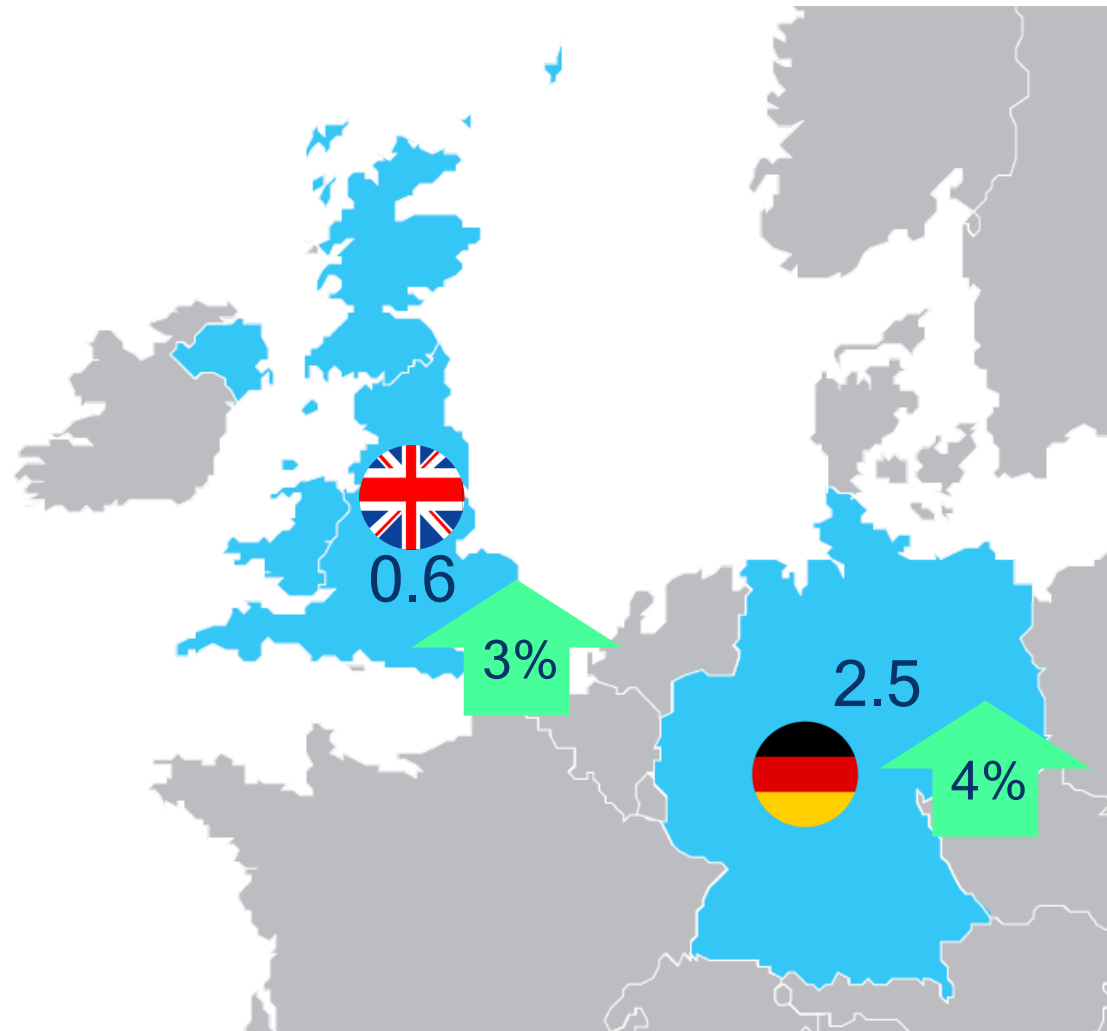
# Volume of Portuguese still light wine

## Millions of litres & evolution '09-'10



# Vinho Verde volume

## Millions of litres & evolution '09-'10



Source: CVRVV data

# Summary of the two markets

## Millions of litres & evolution '09-'10

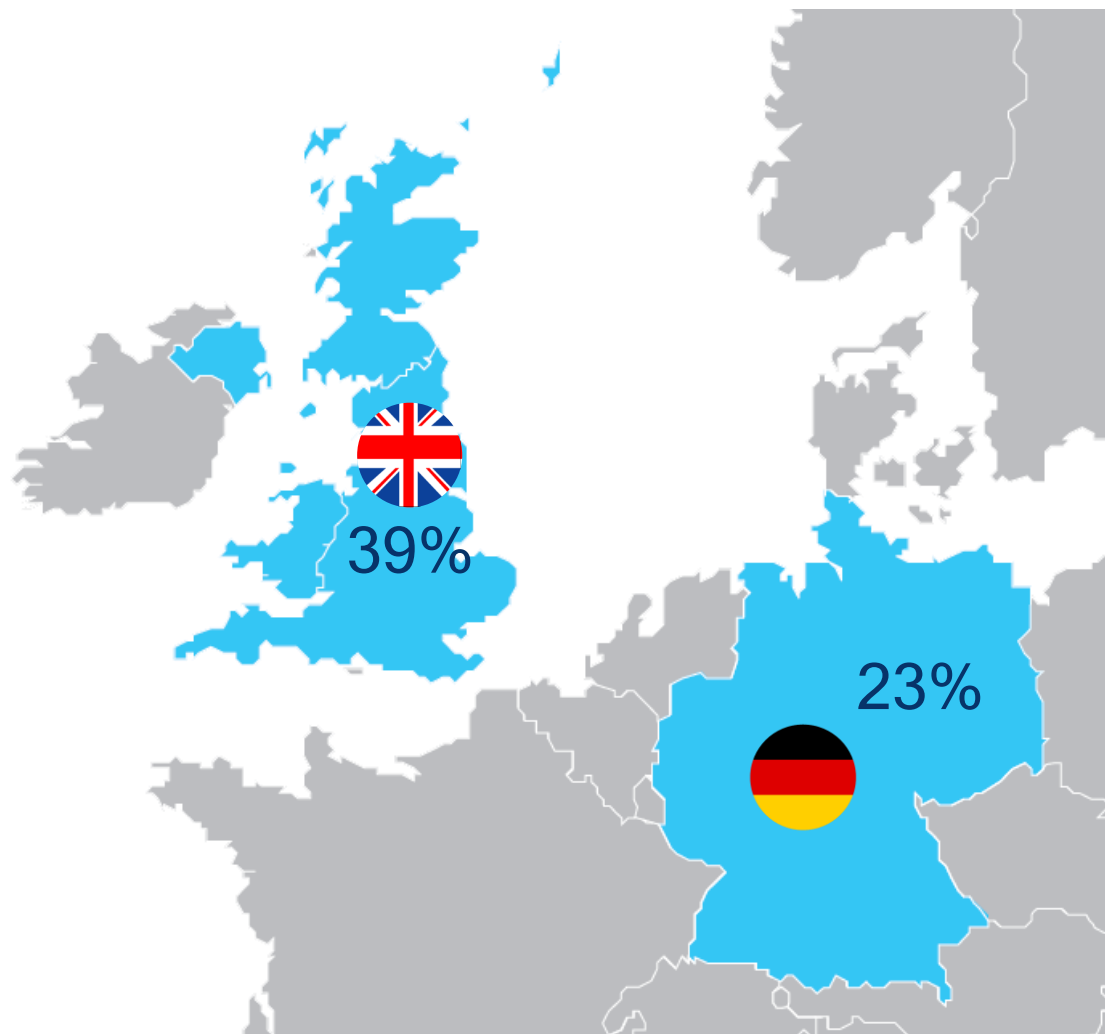


Volumes in millions of litres	UK	TREND '09-'10	GERMANY	TREND '09-'10
Imported wines	1,205	↓	1,175	↑
Portuguese wines	7.8	↓	10.4	↑
Vinho Verde	0.6	↑	2.5	↑

# Portugal likelihood to buy

% of regular wine drinkers who are likely to buy

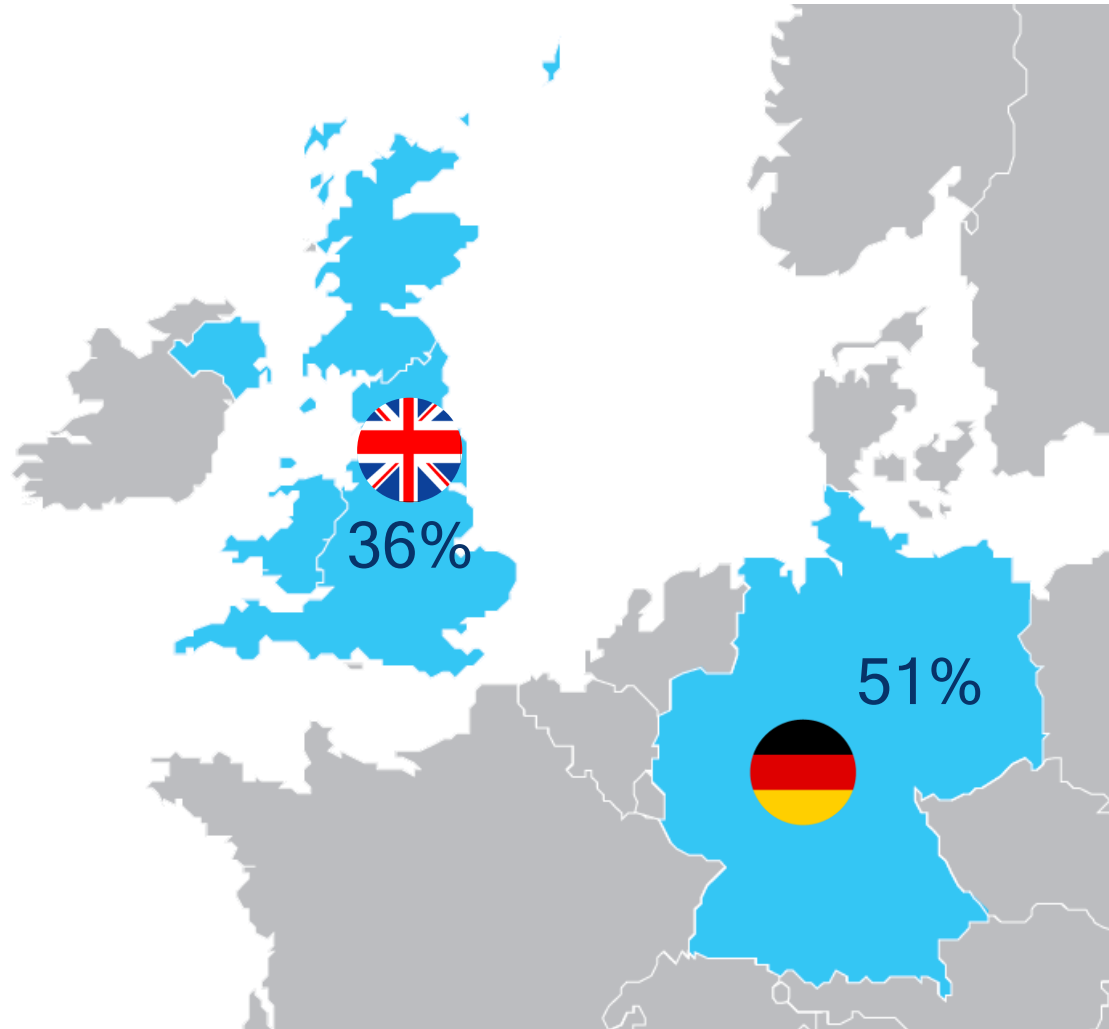
Portuguese wines in the future



Source: Wine Intelligence consumer studies

# Low alcohol white wine willingness to buy

% likely to buy white wines between 9% and 11% ABV



Source: Wine Intelligence consumer studies

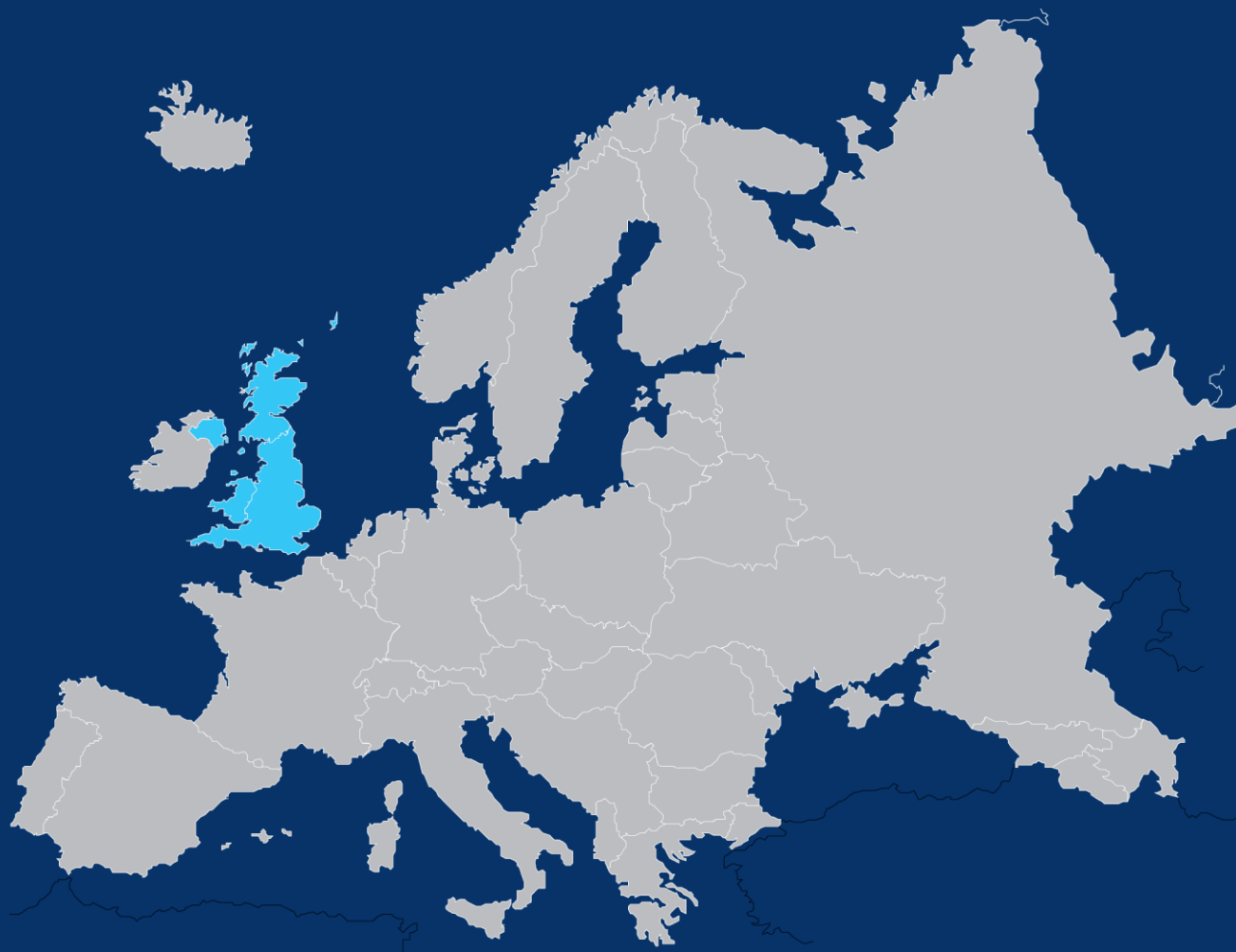
# Summary of the two markets

## Consumer openness



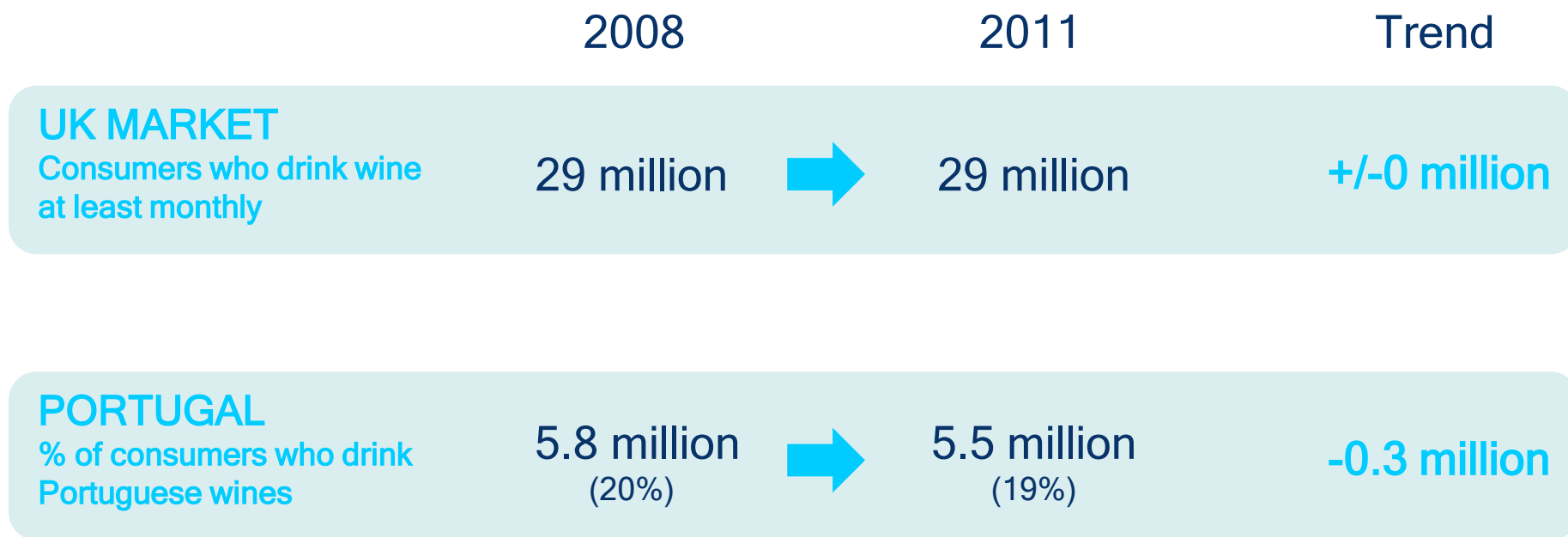
% of regular wine drinkers	UK		GERMANY	
		TREND '08-'11		TREND '08-'11
Openness to Portugal	39%	↑	23%	→
Openness to lower alcohol white wines	36%	→	51%	→

## 1. VINHO VERDE IN THE UK





# Evolution of the UK wine market and Portugal consumption 2008 vs. 2011



... but what do they think of Portugal?

Source: Wine Intelligence, Vinitrac® UK, March 2008 n=1,019 & Nov 2011, n=1,004 UK regular wine drinkers





# Unprompted associations with Portuguese wines



## Unprompted associations with Portuguese wines

Size of words represents relative weight  
Base=All UK regular wine drinkers (n=1,004)



Source: Wine Intelligence, Vinitrac® UK, March 2011, n=1,004 UK regular wine drinkers





# The UK trade view: key facts



## PORTUGAL

- **Positives:** Breadth of interesting offer, which is improving in quality. Some producers are adapting.
- **Negatives:** Low awareness of higher quality or white wines. Difficult to explain.
- **Competition:** Spain and New World producers / brands



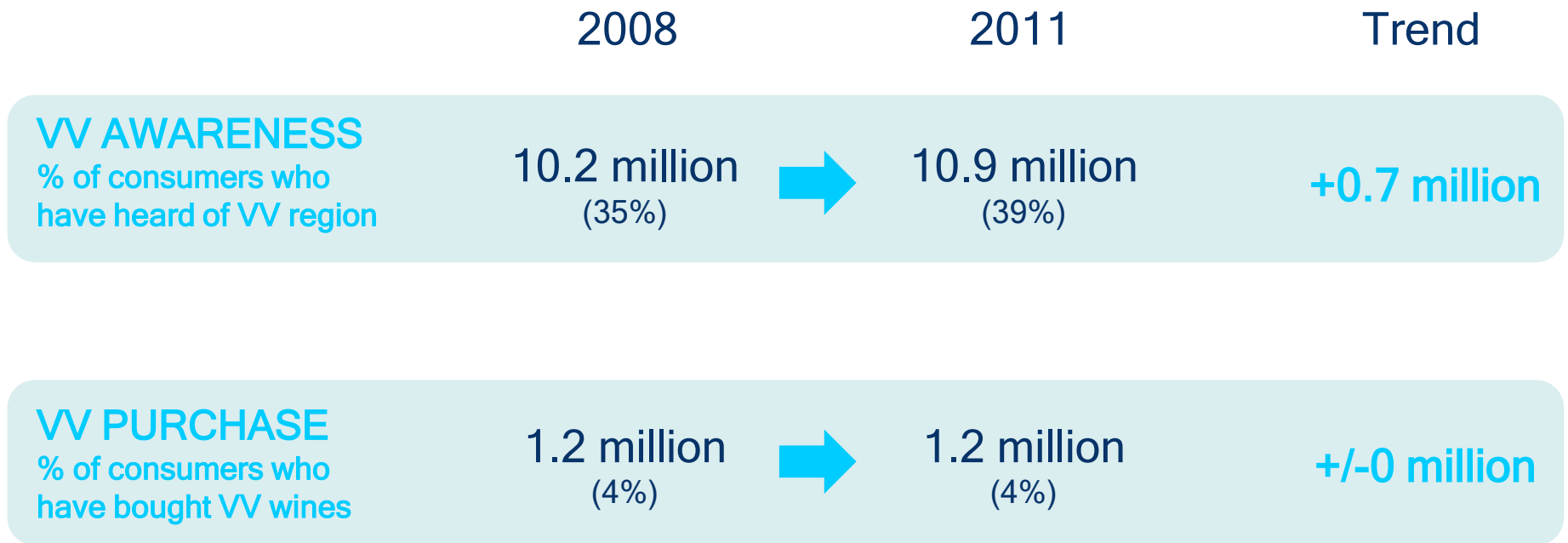
## VINHO VERDE

- **Positives:** A familiar brand with potential in the refreshing / light still white wine category
- **Negatives:** Negative brand connotations persist. Room for quality and packaging improvements.
- **Competition:** Light white wines / brands from old and new world e.g Pinot Grigio, Rias Baixas





# Evolution of Vinho Verde awareness and purchase 2008 vs. 2011



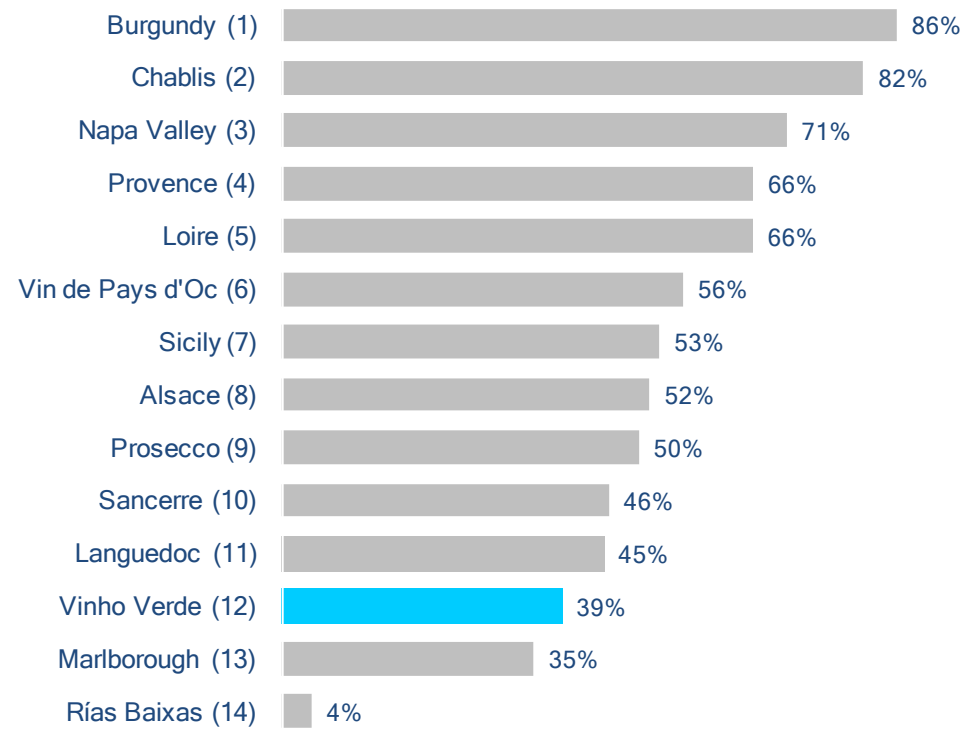
Source: Wine Intelligence, Vinitrac® UK, March 2008 n=1,019 & Nov 2011, n=1,004 UK regular wine drinkers



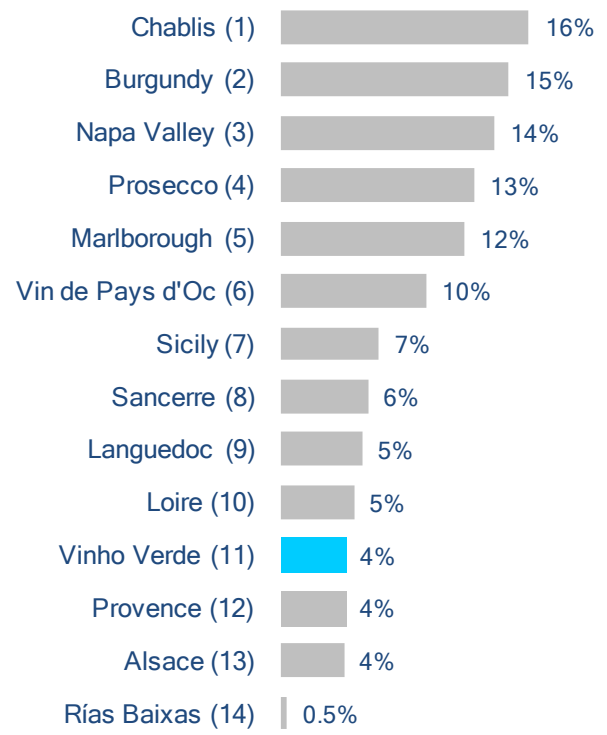
## Region awareness and purchase

% who have heard of / have bought wine from the following wine regions in the past 3 months  
 Base=All UK regular wine drinkers n=1,004

### Awareness



### Purchase





# Evolution of region awareness and purchase 2008 vs. 2011



## AWARENESS

- Prosecco (+29%)
- Marlborough (+18%)
- Sancerre (+9%)
- Napa Valley (+8%)
- Provence (+6%)
- Sicily (+6%)
- Languedoc (+6%)

## PURCHASE

- Prosecco (+8%)
- Marlborough (+6%)
- Vin de Pays d'Oc (-4%)





# Unprompted imagery of Vinho Verde in 2011 (among those aware of the region)



## Unprompted associations with Vinho Verde wines

Size of words represents relative weight  
Base=All those aware of Vinho Verde (n=394)



Source: Wine Intelligence, Vinitrac® UK, March 2011, n=1,004 UK regular wine drinkers



# Prompted imagery of Vinho Verde in 2011 (among those aware of the region)



## Wine values associated with Vinho Verde

% who think the following statements describe the Vinho Verde region and its wines  
Base=All those aware of Vinho Verde (n=394)



### Region

A wine region with a long tradition of wine-making 41%

### Wine Style

A lighter style of wine 50%

Wines with low alcohol 7%

Wines that are out-dated 1%

### Quality & price

Very good value for money 26%

Wines that have improved in quality a lot recently 14%

Wines I am proud to serve 8%

Cheap wines 4%

Expensive wines 1%

### Knowledge & availability

A wine region I don't know very much about 43%

A wine region I would like to learn more about 26%

Wines available in most places I shop for wines 17%

Wines I have heard and seen lots about recently 3%





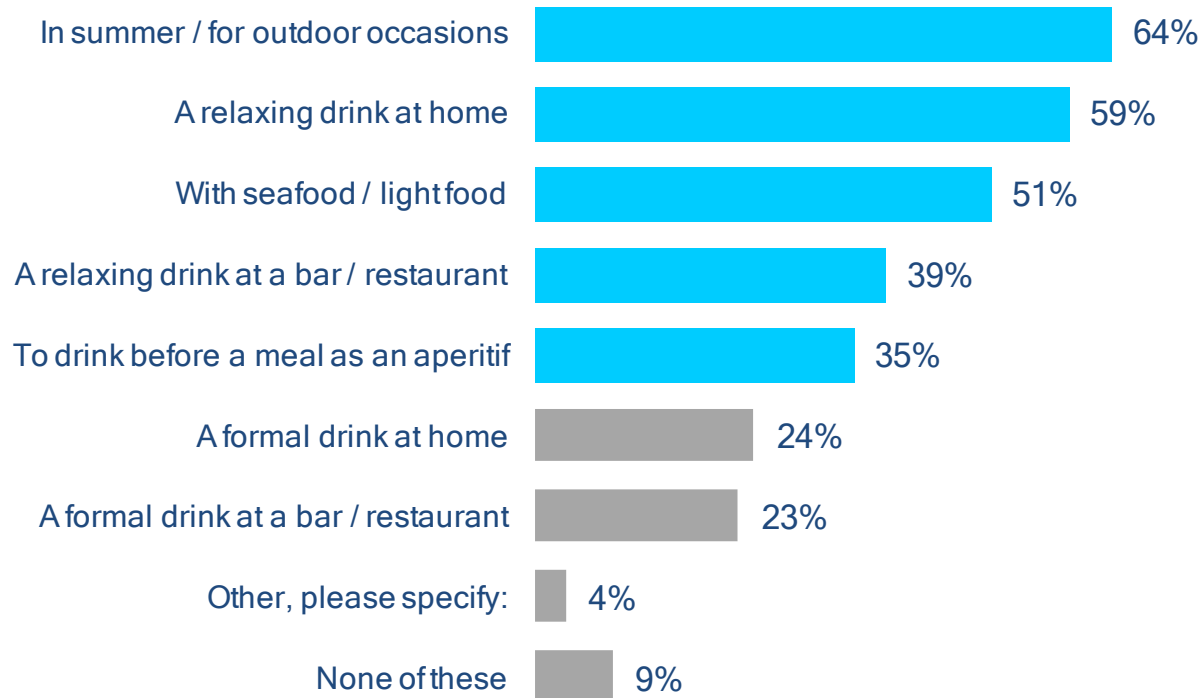
# What are the Vinho Verde consumption occasions?



- Vinho Verde Awares would buy VV wines mainly for informal occasions

## Consumption occasions for Vinho Verde

% who would consider drinking Vinho Verde for the following occasions  
Base=All those aware of Vinho Verde (n=394)



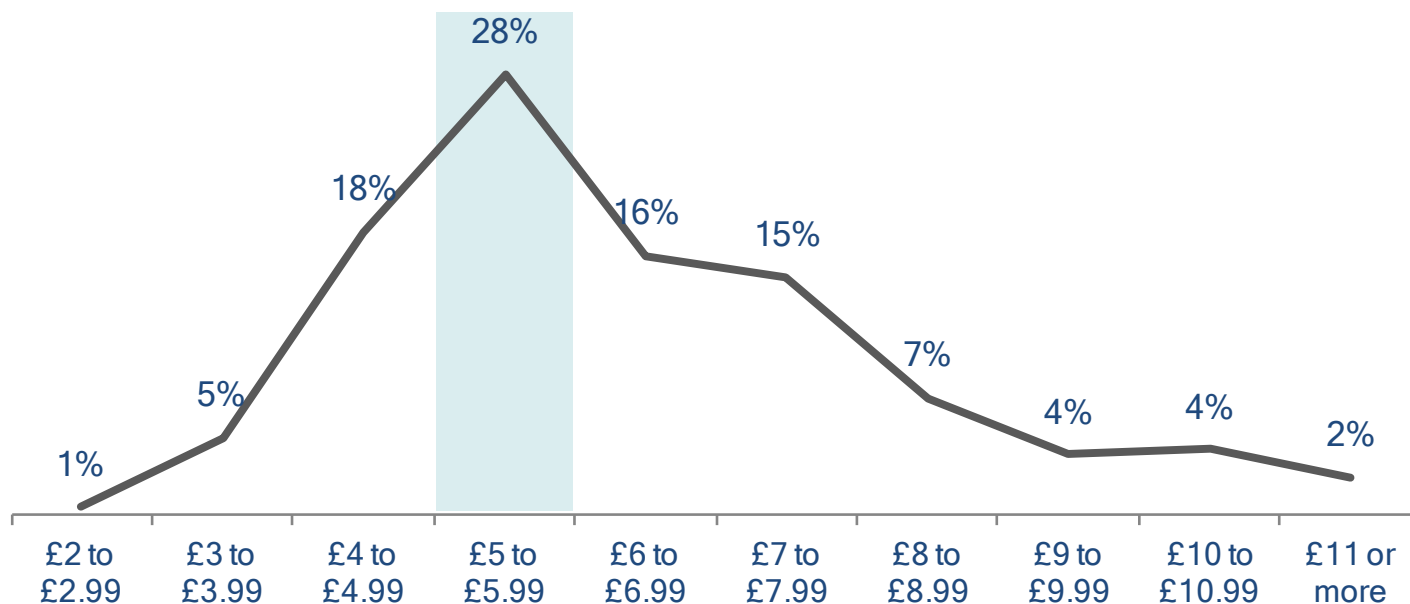


# What's maximum price people will pay for Vinho Verde?



## Maximum price consumers would pay for Vinho Verde

Base=All those aware of of Vinho Verde (n=394)



Source: Wine Intelligence, Vinitrac® UK, Nov2011, n=1,004 UK regular wine drinkers



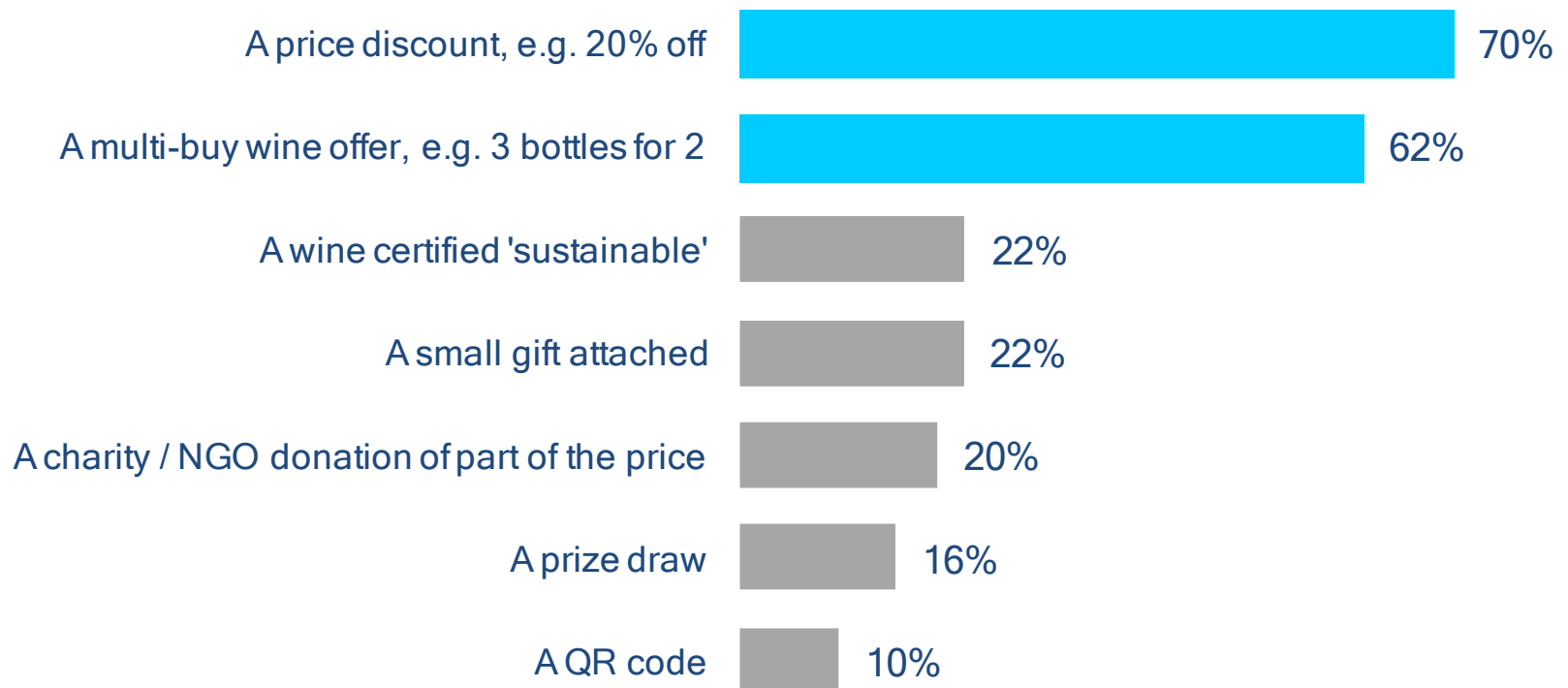


# What can we do to motivate consumers to buy Vinho Verde?



## Motivations to buy Vinho Verde

% who would be motivated or motivated a lot by the following to buy a bottle of VV  
Base=All those aware of Vinho Verde (n=394)



Source: Wine Intelligence, Vinitrac® UK, November 2011, n=1,004 UK regular wine drinkers

# Summary of Vinho Verde perceptions

What do they think of VV?

Young, fresh, light wine  
From Portugal  
Good value for money  
... but not widely available

When would they drink VV?

For informal occasions  
Outdoor / summer  
With seafood / light food

Maximum price they would pay?

Between £5 - £5.99

What would motivate them to buy?

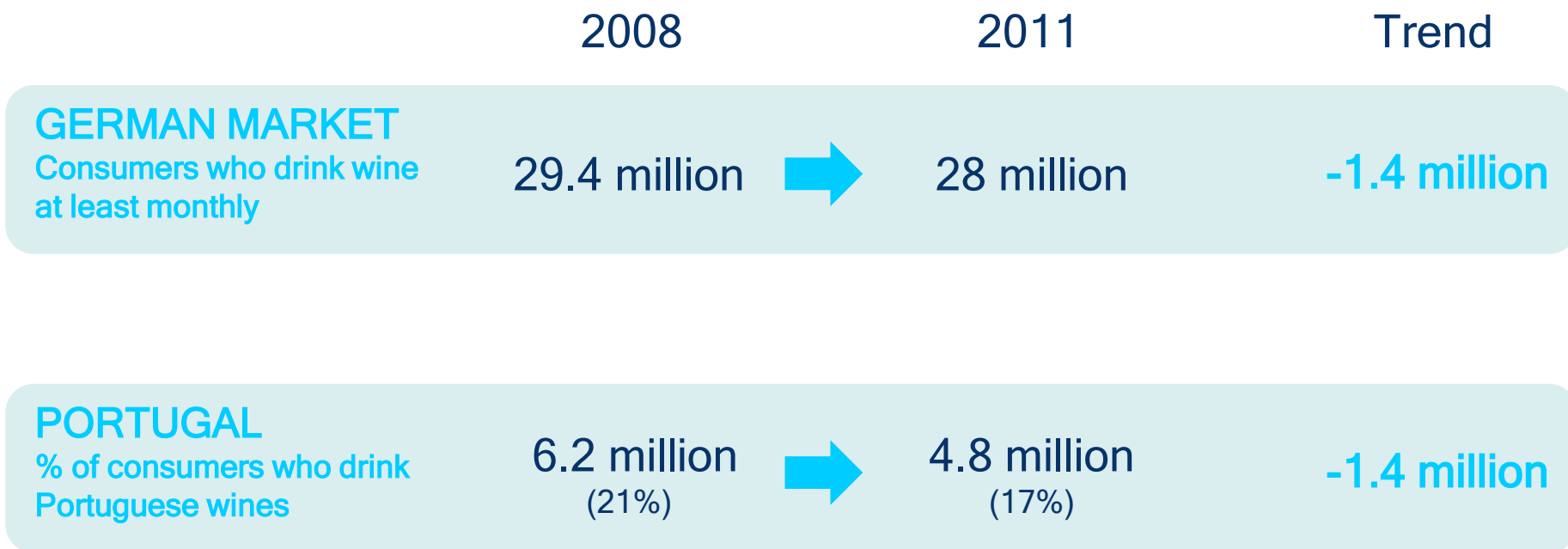
Price discounts  
Multi-buy offers

## 2. VINHO VERDE IN GERMANY





# Evolution of the UK wine market and Portugal consumption 2008 vs. 2011



... but what do they think of Portugal?





# Unprompted associations with Portuguese wines in 2011



## Unprompted associations with Portuguese wines

Size of words represents relative weight  
Base=All German regular wine drinkers (n=1,004)





# The German trade view: key facts



## PORTUGAL

- **Positives:** Solid country of origin offering unique and good value wines that have the potential to deliver growth
- **Negatives:** Not very well-known and/or understood by the consumer, suffering from a more isolated geographic position than other countries
- **Competition:** Domestic white wines



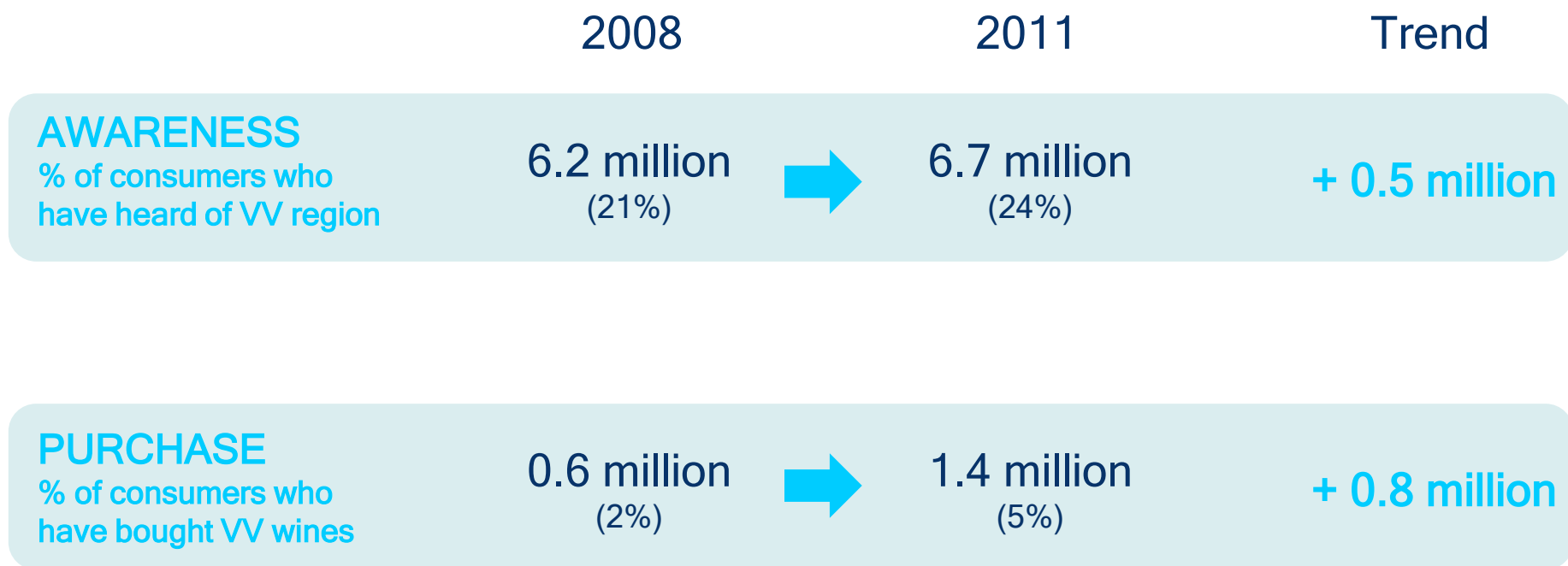
## VINHO VERDE

- **Positives:** A small but distinct category. Good value.
- **Negatives:** Packaging and image positioning are the main areas for Vinho Verde improvement
- **Competition:** The region can present itself as a valid alternative for Prosecco Frizzante





# Evolution of Vinho Verde awareness and purchase 2008 vs. 2011

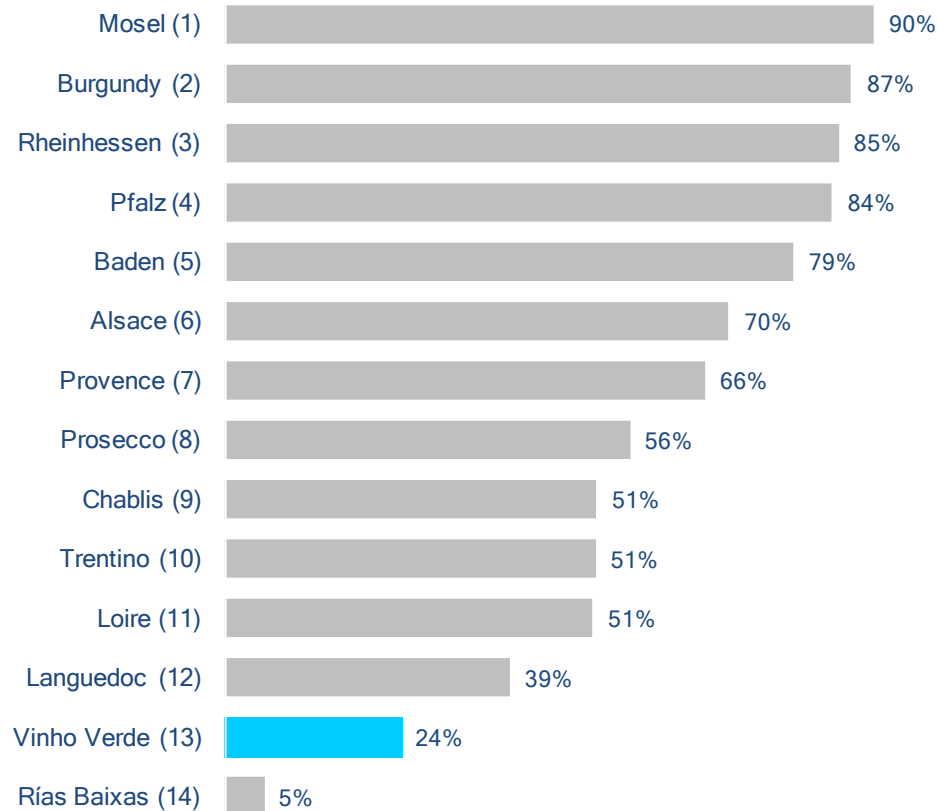


Source: Wine Intelligence, Vinitrac® Germany, March 2008 n=1,042 & Nov 2011, n=1,004 German regular wine drinkers

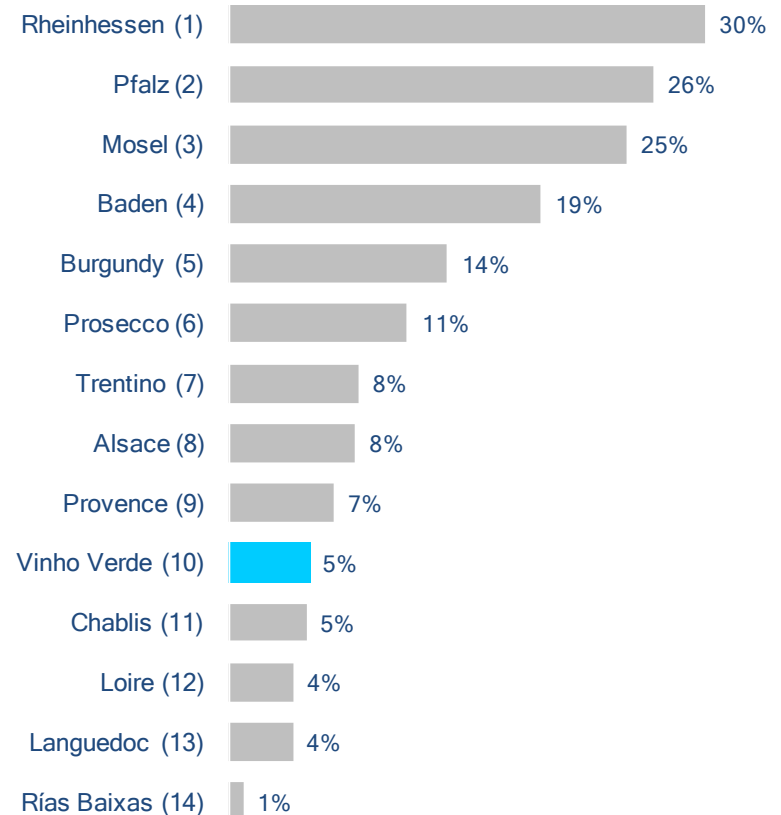
## Region awareness and purchase

% who have heard of / have bought wine from the following wine regions in the past 3 months  
 Base=All German regular wine drinkers n=1,004

### Awareness



### Purchase



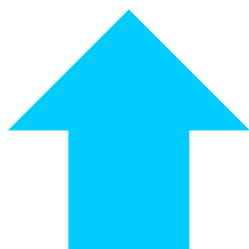


# Evolution of region awareness and purchase 2008 vs. 2011



## AWARENESS

## PURCHASE



- Trentino (+7%)
- Provence (+6%)
- Languedoc (+6%)
- Vinho Verde (+3%)

- Mosel (+4%)
- Vinho Verde (+3%)
- Trentino (+2%)
- Provence (+2%)



- Prosecco (-10%)

- Prosecco (-5%)





# Unprompted associations with Vinho Verde in 2011 (among those aware of the region)



## Unprompted associations with Vinho Verde wines

Size of words represents relative weight  
Base=All those aware of Vinho Verde (n=242)



Source: Wine Intelligence, Vinitrac® Germany, Nov 2011, n=1,004 German regular wine drinkers





# Prompted imagery of Vinho Verde in 2011 (among those aware of the region)



## Wine values associated with Vinho Verde

% who think the following statements describe the Vinho Verde region and its wines  
Base=All those aware of Vinho Verde (n=244)



### Region

A wine region with a long tradition of wine-making 38%

### Wine Style

A lighter style of wine 48%

Wines with low alcohol 18%

Wines that are out-dated 1%

### Quality & price

Very good value for money 36%

Wines that have improved in quality a lot recently 19%

Wines I am proud to serve 9%

Cheap wines 3%

Expensive wines 2%

### Knowledge & availability

A wine region I would like to learn more about 40%

A wine region I don't know very much about 38%

Wines available in most places I shop for wines 10%

Wines I have heard and seen lots about recently 5%



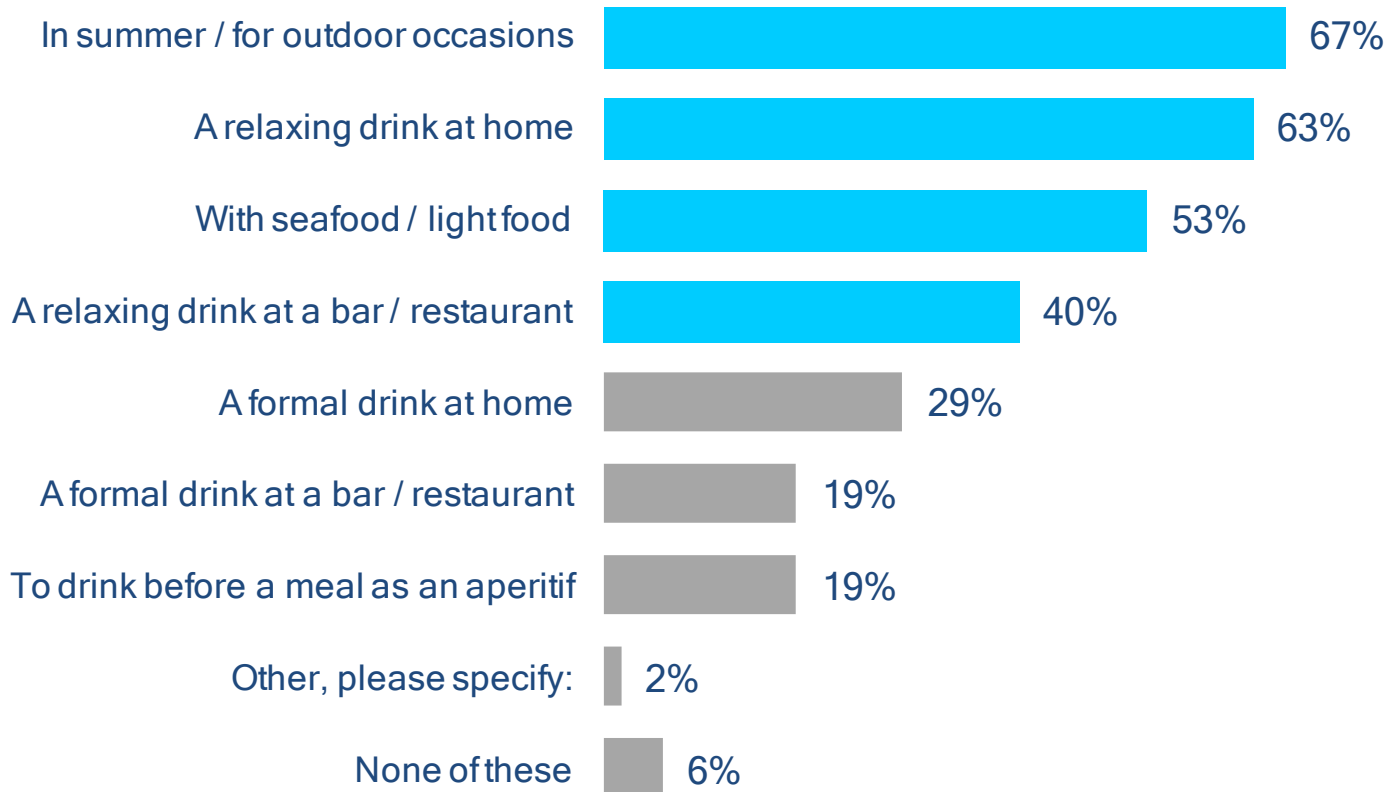


# What are the Vinho Verde consumption occasions?



## Consumption occasions for Vinho Verde

% who would consider drinking Vinho Verde for the following occasions  
Base=All those aware of Vinho Verde (n=244)



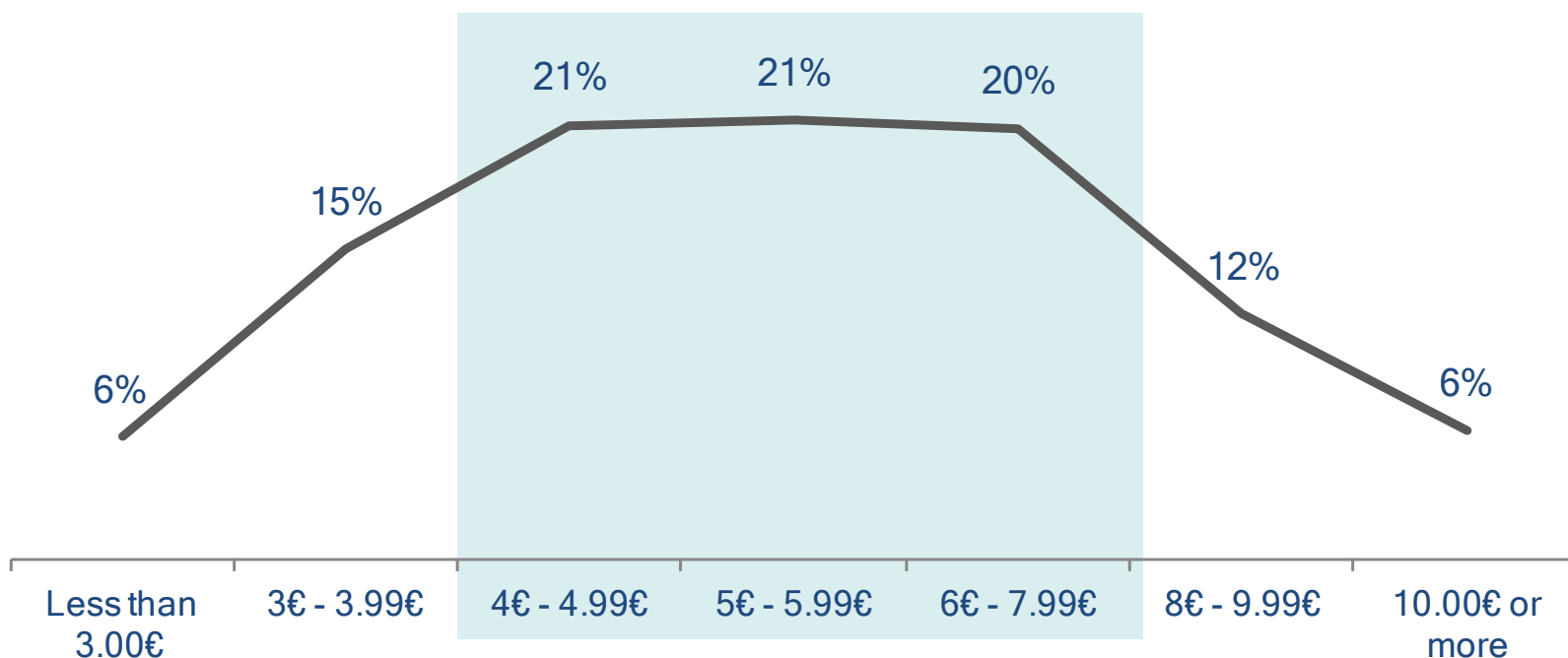


# What's maximum price people will pay for Vinho Verde?



## Maximum price consumers would pay for Vinho Verde

Base=All those aware of of Vinho Verde (n=244)



Source: Wine Intelligence, Vinitrac® Germany, Nov2011, n=1,004 German regular wine drinkers





# What can we do to motivate consumers to buy Vinho Verde?



## Motivations to buy Vinho Verde

% who would be motivated or motivated a lot by the following to buy a bottle of VV  
Base=All those aware of Vinho Verde (n=244)



Source: Wine Intelligence, Vinitrac® Germany, November 2011, n=1,004 German regular wine drinkers



# Summary of Vinho Verde imagery



What do they think?

Young, fresh, light  
Portugal  
Holidays  
Good value for money  
... but not widely available

When would they drink VV ?

Informal occasions  
Outdoor / summer  
With seafood / light food

Maximum price they would pay?

6€ - 7.99€

What would motivate them to buy?

Price discounts  
Multi-buy offers  
A wine certified 'sustainable'



### 3. SUMMARY & ACTIONS

# Summary of the two markets

## Vinho Verde health



Millions of regular wine drinkers	UK	TREND '08-'11
Awareness of Vinho Verde	10.9	↑0.7
Consumption of Vinho Verde	1.2	→

GERMANY	TREND '08-'11
6.7	↑0.5
1.4	↑0.8





# Summary of UK wine market potential for Vinho Verde



## Strengths

- Higher Vinho Verde unprompted and prompted awareness
- Association of VV with a lighter style of wine
- Association of VV with a wide set of informal occasions and with food

## Opportunities

- Higher openness to Portugal
- Acceptance of lower alcohol white wines
- Growth of sparkling and rosé categories

## Weaknesses

- UK wine market not growing
- Portugal's image dominated by Mateus and Port
- Lack of availability / visibility for Vinho Verde in shops

## Threats

- Price / duties / exchange
- Strong competitors in the white wine category (PG)



# Summary of German wine market potential for Vinho Verde

### Strengths

- Increased awareness & purchase of Vinho Verde
- Association of Vinho Verde with a lighter style of wine and holidays
- Associations with a wide set of informal occasions

### Opportunities

- Market has resisted the crisis better
- Consumer openness to lower alcohol white wines
- Decline of Prosecco Frizzante

### Weaknesses

- Lack of availability / visibility for Vinho Verde in shops among awares

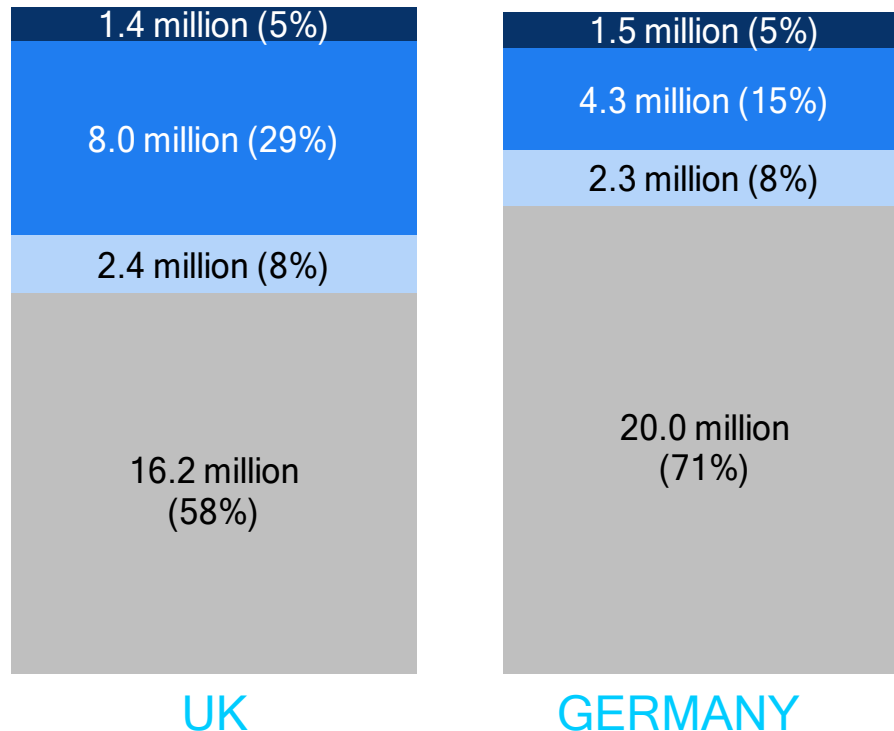
### Threats

- Competition of domestic low alcohol white wines and international wines

## Vinho Verde opportunities

Segment size in millions

Base=All UK/German regular wine drinkers (n=1,004 each)



**ADORERS:** Likely or very likely to buy Vinho Verde wines in the future

**POSSIBLES:** Awarers of VV who may buy it in the future

**UNAWARES:** Likely to buy Portuguese wines and low alcohol white wines in the future but not aware of Vinho Verde

**REJECTORS:** Not likely to buy Portuguese wines or low alcohol wines like Vinho Verde

# Meet the Adorers

5% in both Germany and the UK. Combined 2.9 millions



## Who they are

- 75% are over 45 years old
- Male / female
- High involved wine drinkers



## What they drink

- Also drink sparkling and rosé wines
- UK: Oyster Bay, Campo Viejo, Turning Leaf. Prosecco or Marlborough.
- Germany: Freixenet, Gallo. Trentino or Alsace



## Where and how they buy wine

- Supermarkets + specialists retailers, internet or mail order
- Important cues for this group: Grape variety, region or country of origin. Wine guides or medal/awards. Adventurous Connoisseurs.



## How to engage them with Vinho Verde

- Promote the access to higher value Vinho Verde wines in the on-trade or specialists channel based on specific information about the region's value proposition





# Why do they buy Vinho Verde?



## Reasons to buy Vinho Verde

% who buy Vinho Verde wines for the following reasons  
Base=All those who have bought Vinho Verde in the past 3 months (n=50)



# Meet the Possibles

29% in the UK, 15% in Germany. Combined 12.3 millions



## Who they are

- 75% are over 45 years old
- Very frequent wine drinkers



## What they drink

- Very broad alcoholic repertoire, incl. sparkling wine
- Above average Portugal penetration, but not among their favourite countries
- UK: Cono Sur, Penfolds, Campo Viejo, Chabli, Marlborough
- Germany: Mouton Cadet, Golden Kaan, Prosecco, Burgundy



## Where and how they buy wine

- Buy wine mainly in supermarkets and discounters
- They rely on grape variety and region or country of origin. Less interested in wine guides. Mainstream wine buyers.



## How to engage them with Vinho Verde

- Raise in-store visibility
- Promote the value for money of Vinho Verde wines over competitors
- Explain occasion and food matching opportunities



# Meet the Unawares

8% in both Germany and the UK. Combined 4.7 millions



## Who they are

- 70% are under 45 in the UK. 53% under 45 in Germany.
- Average wine consumption and involvement



## What they drink

- Higher than average consumption of Portuguese wines & highest Portugal affinity
- UK: Blossom Hill, Burgundy, Prosecco
- Germany: [yellow tail], Carlo Rossi, Prosecco, Provence



## Where and how they buy wine

- Mainly buy wine in supermarkets
- They rely on brands, recommendations from friends or family and on the appeal of the bottle or label design when buying wine. Risk averse youngsters.



## How to engage them with Vinho Verde

- Attract them by presenting Vinho Verde wines as fresh, light and a value for money proposition with new labels
- Improve in-store presence



## Summary 3

# 5 important areas of improvement for Vinho Verde identified by the trade in both markets



1

- **Communicate a differentiating brand image** → Are we promoting a clear message for both trade and consumers?

2

- **Ensure freshness of wine** → Is the wine reaching consumer at optimum freshness?

3

- **Improve often out-dated packaging** → Are our labels relevant to target consumers?

4

- **Continue to improve quality** → Is the category being damaged by harsh and/or acidic wines?

5

- **Innovations** → Screw caps to reinforce the imagery of Vinho Verde wines as fresh and easy-drinking. Vinho Verde Sparkling and rosé. Green credentials in Germany. QR codes

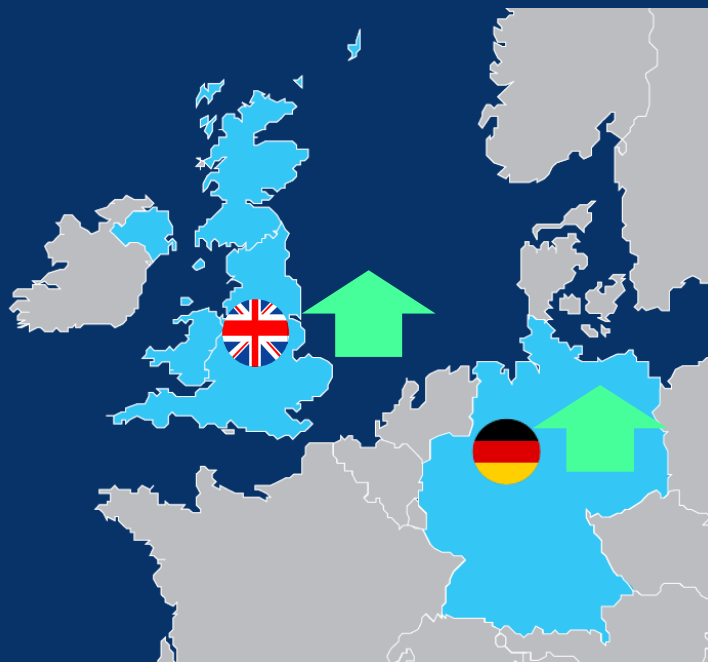




1. Be the “quintessential Portuguese white”
2. Position higher
3. Communicate food-matching opportunities



1. Beat Prosecco Frizzante
2. Get national reach
3. Be the summertime drink



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