

## Wine - UK - September 2012

Report Price: £1750 / \$2723 / €2181

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“There is marked potential for lower-alcohol wines to grow provided they are able to offer a product which compares favourably with standard-ABV wines while undercutting them notably on price and calorie content.”

– Chris Wisson, Senior Drinks Analyst

### In this report we answer the key questions:

- What are the dangers of wine discounting?
- Are operators underestimating the importance of grape type?
- Can retailers balance consumer interest in new wines without adding to the confusion?
- How high can low-alcohol wine go?

Wine continues to be a popular and highly lucrative drinks market, enjoying mass-market appeal due to its positioning as an affordable indulgence. However, the market is coming under increasing pressure from rising prices, something which is leading to a number of adults re-evaluating their use of wine. Indeed, almost two in five wine drinkers (39%) state that they would cut back on wine if the price goes up.

This price consciousness could create opportunities for low-alcohol wines. Despite reservations around quality and taste, there seems to be an increasing openness to low-alcohol wines of 5.5% ABV or less, with just a quarter of wine buyers expecting them to not taste as good as standard options. These are able to leverage their low alcohol content to meet the criteria for tax breaks, a price saving which can theoretically be passed onto consumers.

While value sales of wine have increased on the back of higher retail prices, volume sales have declined, with brands now realising the unsustainability of relying too heavily on promotions, a strategy which has only served to foster weak loyalty among wine drinkers. With screw caps and boxed wine reaching new levels of credibility and acceptability, coupled with the fact that over half of wine drinkers want to understand more about wine, there are opportunities for the market to engage its users and leverage innovation and education.

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