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VALUE, VOLUME AND GEOGRAPHY OF NEW WINE MARKETS (2004-2009)

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ABSTRACT

The international wine trade has grown substantially in the recent decades and relevant changes have occurred in his composition in terms of wine categories and the role of participants as importer or exporter.

This paper looks at the changes in the international wine trade in the period 2004-2009 and aims to 4 specific targets: to analyze the dynamics of import markets; to identify countries where imports are growing more both in absolute and relative terms; to characterize the countries which may be considered the new emerging wine markets (small traditional and non traditional importing countries); to assess the relative position of different suppliers in order to shed light on competitors that are taking advantage of the growth of these new emerging markets.

The analysis has been conducted considering imports in value (€) and in volume of wines as a whole and with reference to three specific categories: bottled wine, bulk wine, sparkling wine. Data source is the Global Trade Information Services (GTI).

1 Introduction

The international wine trade has steadily grown from 2000 up to 2008 when the international economic crisis influenced wine demand. The growth of wine trade has been sustained by both the increase of global wine consumption and by the changes in consumption and production geography.

The major changes in the structure of flows have been in terms of: i) relative position of exporters, with an increase in market share of the non-European producers, ii) relevance and dynamics of import markets, with a significant increase in the number of importers and the role of smaller import markets, iii) the relative share of different categories of wine.

This paper analyses the changes in the international wine trade in the period 2004 to 2009 considering the import perspective.

In particular, the paper aims to 4 specific targets:

- i) to analyze the dynamics of import markets;
- ii) to identify countries where imports are growing more both in absolute and relative terms;
- iii) to characterize the countries which may be considered the new wine markets;
- iv) to assess the relative position of different suppliers in order to shed light on competitors that are taking advantage of the growth of new markets.

The period 2004-2009 is interesting because in some countries, in the past marginally interested in wine, the economy has registered significant growth rates and demand for wine has grown significantly.

2 Material and methods

The analysis has been conducted considering imports in value (€) and in volume of all wines as a whole and with reference to three specific categories.

The data source is the Global Trade Information Services (GTI).

The considered level of disaggregation is 6-digit, according to the nomenclature of the Harmonized Tariff Schedules:

- i) code 220421, non-sparkling wines in containers holding 2 litres or less (hereafter: bottled wine);
- ii) code 220429, non-sparkling wines in containers holding more than 2 litres (hereafter: bulk wine);
- iii) code 220410, sparkling wine.

This database provides imports and exports flows of 79 countries (reporting countries), not all involved in wine trade.

Since the mentioned 3 codes sum up values and quantities of imports, they do well represent the total import markets for wines as a whole.

Data analysis has been carried out following 3 steps.

Step 1 – World import analysis

Wine import flows (all wines and single categories) have been analyzed considering all importing countries as a whole and breaking down aggregate flows into five groups of countries defined according their role in the international market (Table 1).

- 1) Large importing countries: 3 countries which are traditionally the main destination for wine export (Germany, United Kingdom, United States);
- 2) Mediterranean exporting countries: 5 traditionally wine producing and exporting countries (France, Greece, Italy, Portugal, Spain);
- 3) Other Exporters: 5 countries with a strong orientation towards export (Australia, New Zealand, Argentina, Chile, South Africa);
- 4) Small traditional importing countries: 12 countries representing consolidated destination for wine export, well known by wine supplier;
- 5) Small non traditional importing countries: 56 countries which are recently expanding wine import.

Tab. 1 – Small importing countries

Traditional	Non Traditional
Canada, Switzerland, Sweden, Norway, Finland, Netherlands, Belgium, Luxembourg, Denmark, Japan, Ireland, Austria	Algeria, Azerbaijan, Bolivia, Brazil, Bulgaria, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Ecuador, Egypt, Arab Rep., El Salvador, Estonia, Guatemala, Honduras, Hong Kong, China, Hungary, Iceland, India, Indonesia, Jordan, Kazakhstan, Kenya, Korea Rep., Latvia, Lithuania, Malaysia, Malta, Mauritius, Mexico, Morocco, Nicaragua, Panama, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Senegal, Serbia, Singapore, Slovakia, Slovenia, Sri Lanka, Taiwan, Thailand, Turkey, Ukraine, Uruguay, Venezuela

Step 2 – Small importers classification

The small importers (traditional and non traditional) have been classified according to their rate of growth of import in value and volume and import size. The classification has been carried out for the three wine categories (bottled, bulk, sparkling).

Step 3 – Competitive performance analysis (for bottled wine)

In the traditional and in a subset of non traditional small importing countries the competitive position of suppliers has been analysed, identifying their ranking and computing their market share in value and volume. The non traditional small import countries included in this analysis (24) have been selected considering three parameters: population, import size in value, per capita GNP. The lists of the first fifteen countries according to the three

parameters have been added and from the derived list the countries without attitude to wine for religious reasons or very small in terms of population have been excluded.

Finally, the competitive performances of major wine exporting countries on the traditional and non traditional small import markets have been compared.

This analysis has been carried out only for bottled wine. In the international trade of bottled wine the competitive scenario is rather complex and change are gradually driven by the strengths and weaknesses of suppliers facing a demand which is evolving but gradually.

Bulk wine is excluded since the competitive scenario for this category is highly unstable for reasons related to the demand and the supply. Sparkling wine is excluded because the competitive arena is dominated by France and Italy (mainly by quantity) in all geographical areas.

3 Results and Discussion

3.1 World imports analysis

In the period 2004-2009, global wine import have increased by 13.4 % in value and 14.2 % in quantity, as a result of significant growth from 2004 to 2007 and then a decrease due to the international economic crisis (Table 2).

From 2004 to 2007, import grew in value by 24.1%, to almost 20 billion euro, while in volume showed an increase of 16.2%, reaching nearly 81.3 million hectolitres.

In 2008 imports remained constant while in 2009 the flows declined both in value (-9.8%) and volume (-1.1%). The decrease mainly affected the exports of sparkling and bottled wine.

The aggregate evolution of global import is, however, the result of very different dynamics between importing countries. The single group of countries grew at a different pace and have been affected in a different way by the economic crisis. Figure 1 gives a general view of the changes and highlights the sudden relative increase of wine import in small non traditional importing countries. In addition, the figure shows how the economic crisis has impacted on traditional import markets (large and small) mainly in value while in the non traditional import countries mainly on quantities.

Tab. 2 – Wine import evolution over the period 2004-2009 by wine categories

	2004	2005	2006	2007	2008	2009	Growth %			
							2009-2004	2007-2004	2008-2007	2009-2008
<i>Values*</i>										
Bottled wine	11.742,45	12.207,89	12.838,51	14.020,95	14.178,26	13.196,54	12.4	19.4	1.1	-6.9
Bulk wine	1.513,92	1.558,82	1.678,82	1.820,41	1.933,83	1.877,23	24.0	20.2	6.2	-2.9
Sparkling wine	2.468,26	2.742,98	3.117,78	3.674,43	3.664,67	2.764,03	12.0	48.9	-0.3	-24.6
Total	15.724,63	16.509,68	17.635,11	19.515,79	19.776,76	17.837,80	13.4	24.1	1.3	-9.8
<i>Quantities**</i>										
Bottled wine	42.707.154	44.495.884	43.296.092	46.571.577	46.379.993	45.641.576	6.9	9.0	-0.4	-1.6
Bulk wine	23.736.358	24.404.945	28.494.432	30.140.398	29.786.826	30.000.278	26.4	27.0	-1.2	0.7
Sparkling wine	3.515.339	3.833.000	4.452.875	4.589.638	4.627.099	4.234.275	20.5	30.6	0.8	-8.5
Total	69.958.851	72.733.830	76.243.399	81.301.612	80.793.918	79.876.129	14.2	16.2	-0.6	-1.1

*: million of euro; **: hectolitres.

Source: Authors' calculations, based on GTI data.

Fig. 1 - Import evolution by importing areas (2004-2009)

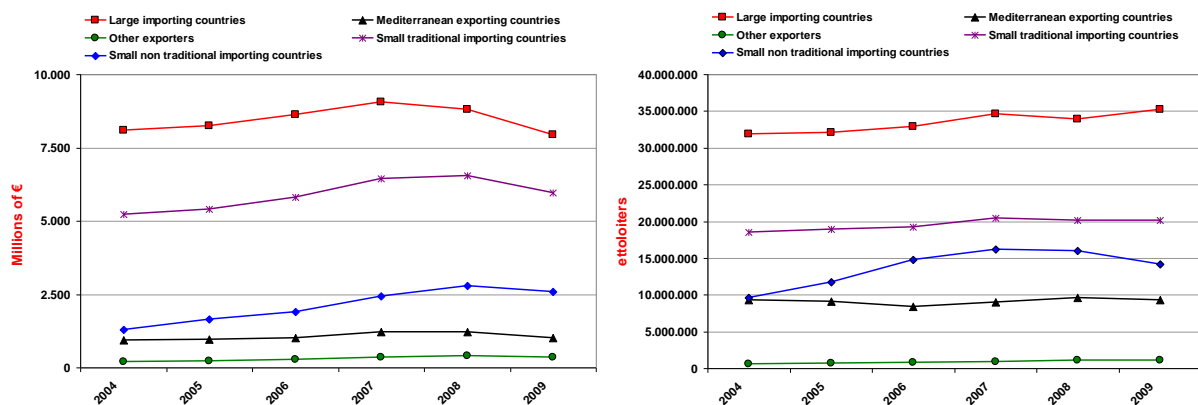


Table 3 leads to a deeper analysis of the behaviour and contribution to the total import in the period 2004-2009 of the five groups of countries considered. Some differences in trends are evident:

- in large importing countries, imports grew 10.5% in volume while showing a decrease of 1.9% in value. These markets suffered a decrease of their share on total import of 7 points in value and 1.5 in volume;
- in Mediterranean exporting countries imports increased by only 0.4% in volume and 8% in value; consequently also their share in value decrease;
- the other exporting countries have increased import openness; these countries are showing a significant increase of their import (particularly important is the role of Australia) but their share on world import is still tiny in size;
- the small importing countries as a whole registered a growth of 22% in volume and 31% in value, reaching a share on total trade near 43% in quantity and 48% in value.

In the period 2004-2009 almost all the growth in value and two thirds of the growth in volume of international wine trade has been generated by the small importers; these countries are therefore the ones most actively contributing to the dynamic of world wine demand.

More in detail, the small traditional importing countries increased import of all wine categories showing an increase of bottled wine import which matches market average. During the same period bulk wine grew less than the average while sparkling wine showed a growth rate double than the average market. The small non traditional importers, instead, showed an increase of import for the three categories which is substantially higher than the average of the market. Therefore their share on global import shows the highest growth.

During the period 2004-2009 it occurred also a significant change in import composition by categories (Table 4).

Considering total import, in fact, it is remarkable the change in the composition of import volume; the share of bottled wine decreased while increased the share of bulk and, in a more limited extent, of sparkling wine. The substitution of bottled wine with bulk wine is observable also considering import in value but to a lesser extent. This general pattern is the result of the different behaviour of the five group of countries subject to analysis.

Considering in particular small importers, it is possible to observe that the two groups changed import composition with a different pattern for values and quantities. In terms of values, in the traditional importing countries sparkling wine has substituted bottled and bulk wine, where in the non traditional importing countries it is observable the reverse process. In terms of volume, changes are similar to the aggregate but for non traditional small importing countries the increase of bulk wine against bottled wine was more pronounced.

3.2 *Small importers dynamic*

Small importers, both traditional or non traditional, are very heterogeneous in term of market size, economic situation, geographical position and, therefore, it is important to analyze their individual performance. Figures 2 and 3 show the share in value and volume of these countries.

Considering separately the traditional and non traditional small importers, for each category countries have been classified according to their growth rate in three classes: negative, positive below the average of the group, positive above the average of the group. In addition the share of the import of the country on the total import of the small import countries has been calculated. In this way the main importers have been identified.

3.2.1 Small traditional importing countries

In table 5a are classified the 12 small traditional importing countries according to the growth rate of import of bottled wine. In 2009 the group represented 34% of global import of bottled wine in value and 29% in quantity.

The average grow rate of the group is similar the average of the market (12% in value and 7% in volume) but only two countries (Ireland and Austria) showed a decrease in value and in volume.

It is possible to identify 5 very dynamic countries, which in value and in volume increase their import with a growth rate higher than the average of the group. Among this subgroup there are two important importers: Canada and Switzerland.

According to the difference between the growth rate in value and the growth rate in volume of the group, almost all countries in this group have shown an increase of unit value of import, particularly remarkable in Sweden and Norway. Exceptions to this are Switzerland, where the average unit value of imports was stable, Japan and Ireland where it has decreased.

In table 5b are classified the small traditional importing countries according to the growth rate of import of bulk wine. In 2009 the group represented 31.5% of global import of bulk wine in value and 18.4% in quantity.

The average growth rate of the group is lower than the market value but only 3 countries decreased their import both in value and volume (Switzerland, Netherland, Austria) and one, Ireland, only in quantity.

3 countries of North Europe and Japan increase import above the average of the group both in value and volume.

Indeed, it is possible to observe an increasing interest for bulk wine in North Europe, considered that also Denmark increased import of bulk wine, despite only below the average of the group in term of quantity.

In table 5c are classified the small traditional importing countries according the grow rate of import of sparkling wine. In 2009 the group represented 31.2% of global import of sparkling wine in value and 31.3% in quantity.

In this group sparkling wine import increased above the average of the market and only one country, Japan, showed a decrease in term of value.

7 countries increased their import above the average of the group. These are the four of North Europe, Austria, Belgium and Luxemburg. These last two countries together represented one fifth of the total import in value of small import countries.

Tab. 3 – Import dynamic analysis by importers groups and wine categories: Growth in the period 2004-2009, Import Share % in 2009 (ImS), change (Var) in import share in the period 2004-2009

	Growth 04-09	ImS % 2009	Var 04-09	Growth 04-09	ImS % 2009	Var 04-09	Growth 04-09	ImS %2009	Var 04-09	Growth 04-09	ImS % 2009	Var 04-09
Values	Total wine			Bottled wine			Bulk wine			Sparkling wine		
Large importing countries	-1.9	44.5	-7.0	-3.4	45.7	-7.5	30.7	38.4	2.0	-8.5	42.8	-9.6
Mediterranean exporting countries	7.9	5.6	-0.3	3.9	3.2	-0.3	-3.8	15.0	-4.3	30.5	10.6	1.5
Other exporters	79.2	1.9	0.7	82.7	1.7	0.6	172.5	1.5	0.8	57.3	3.5	1.0
Small importers	31.4	48.0	6.5	31.3	49.4	7.1	28.4	45.1	1.6	34.0	43.0	7.1
Traditional	13.9	33.4	0.1	11.8	34.1	-0.2	13.0	31.5	-3.1	27.0	31.2	3.7
Non Traditional	102.4	14.6	6.4	114.5	15.3	7.3	87.7	13.6	4.6	57.2	11.7	3.4
Total	13.4	100.0	0.0	12.4	100.0	0.0	24.0	100.0	0.0	12.0	100.0	0.0
Quantities	Total wine			Bottled wine			Bulk wine			Sparkling wine		
Large importing countries	10.5	44.1	-1.5	-1.8	46.6	-4.1	45.8	40.5	5.4	-3.9	43.2	-10.9
Mediterranean exporting countries	0.4	11.7	-1.6	15.0	4.5	0.3	-4.0	23.2	-7.3	22.1	7.2	0.1
Other exporters	71.8	1.4	0.5	58.5	1.3	0.4	100.5	1.2	0.4	68.0	3.8	1.1
Small importers	21.6	42.9	2.6	15.1	47.7	3.4	31.9	35.2	1.5	53.1	45.8	9.8
Traditional	8.2	25.2	-1.4	5.9	29.0	-0.3	6.1	18.4	-3.5	54.2	31.3	6.8
Non Traditional	47.4	17.7	4.0	32.9	18.6	3.6	80.1	16.7	5.0	50.8	14.5	2.9
Total	14.2	100.0	0.0	6.9	100.0	0.0	26.4	100.0	0.0	20.5	100.0	0.0

Source: Authors' calculations, based on GTI data.

Tab. 4 – Analysis of Import composition by importers groups and wine categories

	Share% on total wine 2009	change 04-09	Share % on total wine 2009	change 04-09	Share % on total wine 2009	change 04-09
Values	Bottled wine		Bulk wine		Sparkling wine	
Large importing countries	76.0	-1.2	9.1	2.3	14.9	-1.1
Mediterranean exporting countries	42.5	-1.7	28.1	-3.4	29.3	5.1
Other exporters	63.9	1.2	7.9	2.7	28.2	-3.9
Small importers						
Traditional	75.6	-1.4	9.9	-0.1	14.5	1.5
Non Traditional	77.7	4.4	9.8	-0.8	12.5	-3.6
Total	74.0	-0.7	10.5	0.9	15.5	-0.2
Quantities	Bottled wine		Bulk wine		Sparkling wine	
Large importing countries	60.3	-7.6	34.5	8.4	5.2	-0.8
Mediterranean exporting countries	22.1	2.8	74.6	-3.4	3.3	0.6
Other exporters	52.4	-4.4	33.0	4.7	14.6	-0.3
Small importers						
Traditional	65.9	-1.4	27.5	-0.5	6.6	2.0
Non Traditional	60.1	-6.6	35.5	6.5	4.4	0.1
Total	57.1	-3.9	37.6	3.6	5.3	0.3

Source: Authors' calculations, based on GTI data.

Fig. 2 - Small traditional importing countries: import share in value and volume of single markets (2009)

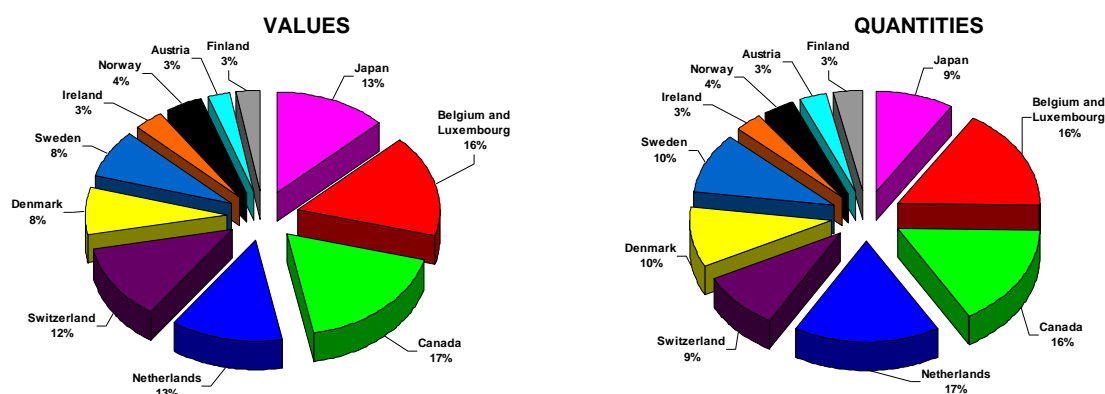
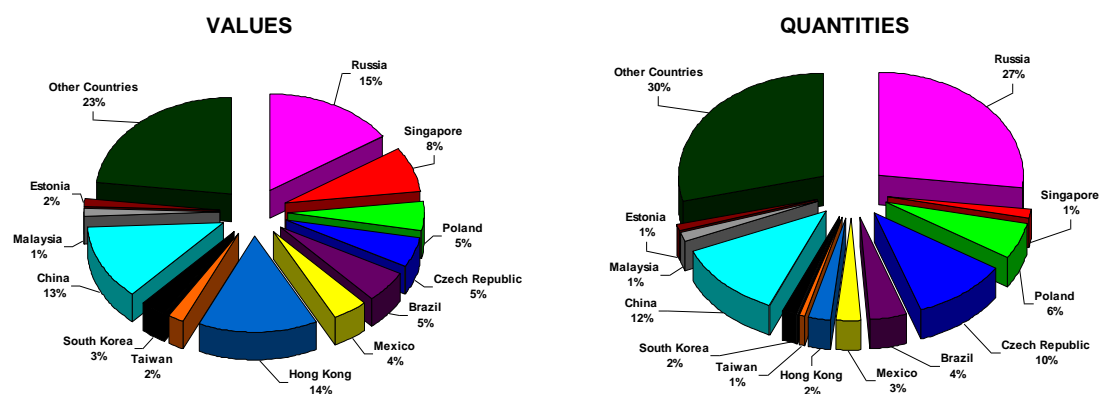


Fig. 3 - Small non traditional importing countries: import share in value and volume of single markets (2009)



Tab. 5 – Small traditional importing countries (*) classification by import growth (2004-2009)

a. BOTTLED WINE		Values		
		<i>negative growth</i>	<i>growth rate < 11.8%</i>	<i>growth rate ≥ 11.8%</i>
Quantities	<i>negative growth</i>	Ireland (2.7), Austria (1.6)	Netherlands (10.1), Denmark (5.3)	
	<i>growth rate < 5.9%</i>	Japan (8.5)	Belgium and Luxembourg (9.9)	
	<i>growth rate ≥ 5.9%</i>			Canada (14.5), Switzerland (8.1), Sweden (4.5), Norway (2.4), Finland (1.5)
b. BULK WINE		Values		
		<i>negative growth</i>	<i>growth rate < 13%</i>	<i>growth rate ≥ 13%</i>
Quantities	<i>negative growth</i>	Switzerland (9.7), Netherlands (3.7), Austria (0.7)		Ireland (0.3)
	<i>growth rate < 6.1%</i>		Belgium and Luxembourg (10.7)	Denmark (9.5)
	<i>growth rate ≥ 6.1%</i>		Canada (6.1)	Sweden (14.0), Norway (8.0), Finland (3.9), Japan (3.2)
c. SPARKLING WINE		Values		
		<i>negative growth</i>	<i>growth rate < 27%</i>	<i>growth rate ≥ 27%</i>
Quantities	<i>negative growth</i>			
	<i>growth rate < 54.2%</i>	Japan (14.9)	Switzerland (10.2)	Netherlands (5.5), Canada (4.9)
	<i>growth rate ≥ 54.2%</i>		Ireland (1.2)	Belgium and Luxembourg (20.8), Sweden (4.6), Austria (4.4), Denmark (2.4), Finland (2.1), Norway (1.7)

*: In brackets is the share of the country on the value of total import of all small importing countries; share lower than 0.1% are not indicated.

Source: Authors' calculations, based on GTI data.

3.2.2 Small non traditional importing countries

In table 6a are classified 46 small non traditional importing countries according to the growth rate of import of bottled wine. In 2009 the group represented 15.3% of global import of bottled wine in value and 18.6% in quantity.

Import of bottled wine in this group increased above the average of the market; the difference between the group and the market is particularly pronounced for value. Only 2 small countries (Ecuador and Sri Lanka) decrease import in value and quantity.

4 countries, including two of the most important (Brazil and Russia), performed a decrease of import in volume combined with an increase in value, showing a shift toward bottled wine with higher unit value.

Countries which increased import in value and volume above the average of the group are 11. This subgroup includes Hong Kong and China, two of the main importer among the non traditional small importing countries.

The larger subgroup contains 20 countries, belonging to all continents, which are increasing import in value below the average of the group and import in volume above the average of the group. The average unit value of import of bottled wine in small non traditional countries grew of only just 5% and the individual behaviour was very differentiated. Some important importers - Russia, Hong Kong and Brazil – have shown a remarkable increase of the unit value of their import. The Chinese unit value of import, instead, remained stable.

In table 6b are classified 44 small non traditional importing countries according to the growth rate of import of bulk wine. In 2009 the group represented 13.6% of global import of bulk wine in value and 16.7% in quantity.

The increase of import of bulk wine in this group was higher than the average of the market. Nevertheless the number of countries showing a decrease of import has been quite large. 12 countries reduced import in value and volume, 4 only in volume and 3 only in value, confirming the volatility of the market of bulk wine in terms of size of exchanges and composition.

Anyway, 14 countries have shown an increase above the average of the group. Among these countries are two important players, Russia, which looks to move to bulk for lower quality wine, and China. Other countries in this very dynamic group belong to all continent.

In table 6c are classified 44 small non traditional importing countries according the growth rate of import of sparkling wine. In 2009 the group represented 11.7% of global import of sparkling wine in value and 14.5% in quantity.

Import of sparkling wine in this group grew largely above the average of the market and most of the countries belonging to this group increased their import. Only 5 very small countries decreased import in value and volume. Singapore reduced import in value but moving from a very high unit value of import. 5 countries, including Brazil, reduced only import in quantity.

The subgroup of countries increasing import in volume and value above the average of the group is the more numerous including 19 countries belonging to all continents. Some large importers, Mexico, China, Czech Republic are included.

8 countries look to turn toward an upgrade of sparkling wine import, showing an increase in value higher than in volume. In this group are two of the most important importers, Russia and Hong Kong.

3.3 Competitive performance of suppliers of the small importers for bottled wine

Table 7 and 8 show the competitive performance of main exporters of bottled wine in the small importer markets. The tables report for each importing country: i) growth rate in the period 2004-2009, by value and volume; ii) the top three suppliers, their market shares in 2009 and the change in market share over 2004, iii) only in table 7, the other smaller exporters which respectively increased or reduced their market shares.

3.3.1 Traditional importers (table 7)

In Canada, the most dynamic market out of this group, France, Italy and Australia are the major suppliers and have seen their exports grow but at a rate lower than the market average and therefore did suffer a sharp decline in their market shares (only Italy has slightly improved its market share by value). Instead, smaller suppliers such as U.S., Argentina and Chile, have improved their market shares.

Overall, France is faced with a reduction of market shares on other dynamic markets (with the exception of Norway and Sweden though only for value).

Italy recorded the best performance, increasing its market share across all markets, although in many cases the market shares in volume are larger (or have a higher increase) than market share by value; this is indicative of a reduction in average unit value.

Spain has suffered a decline in market share, while it is worth mentioning the good performance of Chile in Finland.

In countries that have seen an increase in imports in value below the average (the Netherlands, Denmark and Belgium), Italy has improved its position, while in contrast, France has suffered a decline in market share. In the Netherlands, Germany and some smaller suppliers, such as Spain, Belgium, increased their market share.

In Japan, where imports fell in value and increased in volume, competitive positions remained unchanged in rank: France remained the number one supplier but reduced its share in favour of Italy and, especially, Chile.

Finally, in markets that are shrinking for both values and quantities, Chile did well in Ireland, while in Austria, France's market share has grown.

3.3.2 Non traditional importers (table 8)

The selected subset of non-traditional small importing countries, 24 countries representing almost 92% of imports by value of total group, are classified by geographic areas.

The 9 Asian countries accounted for almost 45% of the total group in value and only 24% in quantity.

For Hong Kong, China and Singapore it is significant to note the strong position held by France, which has increased market shares up to beyond 40%. The second most important competitor is Australia, while the United States, Chile and Italy are just third suppliers in some markets.

In other importing countries, the competitive landscape is more complex. The New World exporters are competing for markets in the face of a substantial weakening of France. Only Italy is third largest supplier with a good performance in Korea and India.

The 5 Eastern Europe countries accounted for approximately 20% of the total value of the group and almost 30% by volume, Russia is 13% in value and more than 20% by volume.

In these countries, France and Italy have made a significant expansion of market shares. In particular, import from Italy reported a substantial increase in average unit value. The only New World exporter that is among the top three supplier is Chile, that has managed to increase export volumes in Ukraine. In Russia performance of Spain and of smaller suppliers, such as Germany and Chile, must be noticed.

The 6 Central European countries accounted for 14% of the total value of the group and 20% in quantity. The competitors in the markets are numerous European exporters.

In Poland, the competitive landscape has been very dynamic. France and Bulgaria lost market shares in favour of Holland. The top three suppliers, however, covered less than 40% of the market, and the position of Germany and Chile strengthened.

The 4 Latin American countries accounted for just over 12% in value and 13% in quantity, Brazil and Mexico are the largest markets. As expected, the competition was played mainly between Chile and Argentina. Among the exporting countries of Europe, only Spain had a strong position in Mexico while Italy increased its market share in Brazil, in terms of quantity.

3.3.3 Comparison

To summarize the performance of exporters in traditional and non traditional importing markets, we start from the two main competitors: France and Italy.

In Small traditional importing countries France and Italy play first and second place in most markets. With a definite strengthening of the position of Italy, which gained market share in almost all importing countries.

In Small non traditional import countries, France shows up at the first place in the half of the market (12 out of 24) and improves its market share in 7. France then comes as second or third largest supplier in 5 markets. Italy, instead, is present in a lower number of markets (11) and on the whole, with the exception of Russia, in small markets. South Korea and India are important for both their market dynamics and size.

Spain is the third supplier in three traditional importing markets, in Switzerland only with an increasing market share. It is a smaller but growing supplier in four markets. In non traditional importing countries, Spain is hardly present: only exceptions are Mexico and Russia.

In traditional importing countries, Australia is the third largest supplier in Canada (but market shares are declining) and we see it improving its position in Finland only. In non traditional

markets, Australia is concentrated in only 6 countries in Asia, but overall the performance has not been positive.

Chile sees a strengthening of its position in the 6 traditional markets where it operates and is a major competitor in 7 non traditional markets, while improving its position in the two most important Latin America markets (Brazil and Mexico), in South Korea and China.

Argentina is among the top three suppliers in Latin American markets.

4 Conclusions

The analysis carried out breaking down import flows shows that the roles of different players on the demand side of the wine international trade are changing and the diversification opportunities for exporters are widening. In addition, the change of the structure of the demand is determining also a new interest for bulk wine and sparkling wine.

Indeed, in the period 2004-2009 almost all growth in value and two third of growth in volume of international wine trade was generated by countries different by the large importers (U.S., United Kingdom, Germany). These small importing countries are therefore those positively contributing to the dynamic of world wine demand. Small importers are a very numerous and heterogeneous group of markets; this group includes many countries which only recently have been involved in the wine international trade. Wine producers have to be ready to catch the new opportunities that are therefore emerging.

The competitive factors in the non traditional importing countries are not well known, mainly because the local wine business is evolving rapidly; the result is a competitive environment where the most effective player, single countries or companies, can realise relevant competitive advantage. Actually the analysis has showed that the competitive performance of supplier in the wine market of small importing countries is not uniform. Considering the larger suppliers, France and Italy, is remarkable better the performance of France on small non traditional importing countries, particularly those in far East, revealing a relevant skill of France in interpreting needs of these markets. Chile and Argentina are dominating the international trade toward Latin America, exploiting their proximity. Anyway the potential of very large markets as Mexico and Brazil could give chances to a larger set of supplier.

Chile is still a dynamic competitor in a large number of other markets, including those with significant growth potential (South Korea and China).

Tab. 6 – Small non traditional importing countries (*) classification by import growth (2004-2009)

a. BOTTLED WINE ⁽¹⁾		Values		
		negative growth	growth rate < 114.5%	growth rate ≥ 114.5%
Quantities	negative growth	Ecuador (0.1), Sri Lanka	Russia (4.2), Brazil (1.9), Taiwan (0.7), Jordan	
	growth rate < 32.9%		Ukraine (0.4), Colombia (0.3), Kazakhstan (0.3), Peru (0.2), Guatemala (0.1), Iceland (0.1), Nicaragua	Thailandia (0.3)
	growth rate ≥ 32.9%		Poland (1.8), Singapore (1.6), Mexico (1.3), Czech Republic (1.3), South Korea (1.1), Malaysia (0.5), Estonia (0.4), Paraguay (0.3), Venezuela (0.3), Cyprus (0.1), Croatia (0.1), Philippines (0.1), Malta (0.1), Panama (0.1), Hungary (0.1), Uruguay (0.1), Azerbaijan, Honduras, Indonesia, Turkey	Hong Kong (5.4), China (4.1), Slovakia (1.0), Lithuania (0.8), Latvia (0.6), Serbia (0.3), Bulgaria (0.1), Morocco (0.1), Romania (0.1), Slovenia (0.1), Algeria, India
b. BULK WINE ⁽²⁾		Values		
		negative growth	growth rate < 87,7%	growth rate ≥ 87,7%
Quantities	negative growth	Poland (0.5), Malaysia (0.2), Slovenia (0.1), Brazil, Colombia, Honduras, Indonesia, Kazakhstan, Malta, Paraguay, Sri Lanka, Turkey	Czech Republic (4.0), Croatia (0.8), Nicaragua, Panama	Slovakia (2.3)
	growth rate < 80,1%		Serbia (0.7), Lithuania (0.5), India (0.4), South Korea (0.3), Singapore (0.2), Taiwan (0.1)	Iceland (0.2), Jordan
	growth rate ≥ 80,1%	Hungary (0.3), Philippines (0.2), Ecuador	Mexico (0.3), Guatemala	Russia (7.5), China (5.4), Morocco (0.8), Estonia (0.5), Latvia (0.5), Romania (0.4), Thailand (0.3), Ukraine (0.3), Venezuela (0.3), Bulgaria (0.2), Algeria (0.1), Cyprus (0.1), Azerbaijan, Peru
c. SPARKLING WINE ⁽³⁾		Values		
		negative growth	growth rate < 57,2%	growth rate ≥ 57,2%
Quantities	negative growth	Malaysia (0.2), Ecuador (0.1), Iceland (0.1), Philippines, Sri Lanka	Brazil (1.2), Croatia (0.1), Malta (0.1), Paraguay (0.1)	Bulgaria (0.1)
	growth rate < 50,8%	Singapore (7.7)	Hungary (0.4), Taiwan (0.2), Uruguay (0.1), Nicaragua	Russia (5.5), Hong Kong (1.4), Estonia (0.6), Poland (0.8), Venezuela (0.4), Colombia (0.2), Panama (0.1), Turkey
	growth rate ≥ 50,8%		Cyprus (0.3), Guatemala	Mexico (1.2), China (0.9), Czech Republic (0.9), Slovakia (0.6), South Korea (0.6), Latvia (0.5), Lithuania (0.5), Romania (0.3), Ukraine (0.3), Kazakhstan (0.2), Morocco (0.2), Peru (0.2), Slovenia (0.2), Thailand (0.2), Serbia (0.1), Algeria, Azerbaijan, Honduras, India

*: In brackets is the share of the country on the value of total import of all small importing countries; shares lower than 0.1% is not indicated.

⁽¹⁾ Missing countries (import growth rate impossible to calculate): Bolivia, Côte d'Ivoire, Costa Rica, Egypt, El Salvador, Kenya, Mauritius and Senegal.

⁽²⁾ Missing countries (import growth rate impossible to calculate): Bolivia, Côte d'Ivoire, Costa Rica, Egypt, El Salvador, Hong Kong, Kenya, Mauritius, Panama, Senegal and Uruguay.

⁽³⁾ Missing countries (import growth rate impossible to calculate): Bolivia, Côte d'Ivoire, Costa Rica, Egypt, El Salvador, Jordan, Indonesia, Kenya, Mauritius and Senegal.

Source: Authors' calculations, based on GTI data.

Tab. 7 – Competitive performance of suppliers in small importing countries: bottled wines in traditional markets (2004-2009) (1)

Importing country	Flow type (2)	Importing market		First supplier			Second supplier			Third supplier			Other suppliers	
		Import share % 2009	Import Growth % 2004-2009	Exporting country	market share 2009	share var. 2004-09	Exporting country	market share 2009	share var. 2004-09	Exporting country	market share 2009	share var. 2004-09	Countries increasing market share	Countries reducing market share
Canada	V	21.0	45.9	France (++)	23.2	-3.8	Italy	20.0	0.8	Australia (++)	15.8	-5.6	U.S., Argentina	-
	Q	18.0	31.2	Italy (++)	20.7	-1.0	France (++)	19.4	-4.9	Australia (++)	14.9	-3.8	U.S., Argentina, Chile	-
Switzerland	V	11.7	20.4	Italy	34.6	3.3	France	28.7	-6.2	Spain	16.6	1.3	-	-
	Q	6.6	20.5	Italy	35.6	3.8	Spain	21.8	0.1	France	17.8	-5.6	Portugal	-
Sweden	V	6.4	43.2	Italy	22.7	1.1	France	16.9	1.0	Spain	11.1	-6.2	South Africa, Chile	Australia (++) , Germany (++)
	Q	7.5	18.3	Italy	22.7	2.4	Spain	14.0	-8.1	Germany (+)	11.4	-1.2	Australia, South Africa, Chile	France (+)
Norway	V	3.5	44.6	Italy	29.9	8.2	France	27.3	2.0	Spain (++)	15.0	-2.8	Germany	-
	Q	2.7	19.2	Italy	26.6	8.0	France	21.3	2.0	Spain (+)	15.2	-2.8	Germany, Chile	Australia (+)
Finland	V	2.2	15.6	Chile	18.2	4.9	France	15.7	-5.3	Italy	14.1	1.6	Australia, Germany, Argentina	Spain, South Africa (+)
	Q	2.6	13.5	Chile	20.5	4.5	Italy	13.9	2.8	France	13.4	-4.9	Germany, South Africa, Australia, Argentina	Spain
Netherlands	V	14.6	6.9	France	28.9	-6.0	Germany	14.1	6.7	Italy	10.1	3.8	Chile	Spain, South Africa, Portugal
	Q	21.8	-0.3	France	27.3	-7.0	Germany	20.6	9.8	Italy	10.6	3.5	Chile	Spain, South Africa
Belgium	V	13.2	3.9	France	61.8	-4.5	Italy	7.8	0.7	Portugal	7.4	0.0	Spain	-
	Q	14.6	1.1	France	56.2	-4.5	Italy	9.8	-0.2	Portugal	7.0	0.5	Spain, Germany	-
Luxembourg	V	1.2	3.9	France	50.3	-2.6	Belgium (+)	20.6	-0.1	Italy	10.8	1.3	Spain, Portugal	-
	Q	1.0	-2.8	France	38.8	-0.6	Belgium	24.7	-1.8	Portugal (-)	15.4	0.1	Italy	-
Denmark	V	7.7	2.0	Italy	28.3	8.5	France	22.2	-9.0	Chile	10.1	0.1	South Africa	Spain
	Q	8.4	-0.5	Italy	23.2	6.2	France	16.6	-10.1	Spain	12.6	-4.7	Chile, Germany, South Africa	Australia
Japan	V	12.3	-11.4	France	54.7	-7.7	Italy (--)	14.9	1.3	Chile	7.3	3.8	U.S.--), Spain	-
	Q	9.7	1.2	France	37.9	-8.8	Italy	18.4	0.6	Chile	13.5	7.3	Spain, Australia	U.S.
Ireland	V	4.0	-16.8	UK	21.0	-1.8	France	16.0	-0.7	Chile (--)	15.3	1.6	Italy, Spain, Germany	Australia
	Q	4.4	-12.0	UK	18.2	-0.9	Chile (-)	17.8	1.9	Australia	13.5	-2.3	Italy, Germany (-), Spain	France
Austria	V	2.3	-20.8	Italy	48.1	-3.1	Germany	17.1	-3.2	France	14.9	5.0	Spain (--)	-
	Q	2.8	-30.7	Italy	56.9	-1.7	Germany (--)	18.1	0.5	France (-)	9.1	0.1	Spain (-)	-

*: Signs (-) or (+) identified countries where, in the period 2004-2009, market share increases but the size of export decreases or vice versa. The signs (--) o (++) indicate consistent or significant changes (> 1 millions of units).

2: V = Value (millions of €); Q = Quantity (hectolitres).

Source: Authors' calculations, based on GTI data.

Tab. 8 – Competitive performance of suppliers on small importing countries: bottled wines in non traditional markets (2004-2009) (1)

Importing country	Flow type (2)	Importing market		First supplier			Second supplier			Third supplier		
		Import share % 2009	Import Growth % 2004-2009	Exporting country	market share 2009	share var. 2004-09	Exporting country	market share 2009	share var. 2004-09	Exporting country	market share 2009	share var. 2004-09
Asian Countries												
Hong Kong	V	17.3	526.8	France	55.1	6.4	UK	14.5	9.1	Australia (++)	8.6	-9.1
	Q	3.8	154.6	France (++)	32.4	-5.1	Australia	22.3	2.4	U.S.	12.6	2.3
China	V	13.3	1.226.3	France	48.0	10.7	Australia (++)	21.2	-1.3	Chile	6.4	1.1
	Q	10.7	1.186.5	France	44.6	8.5	Australia	20.5	0.4	Chile	7.5	0.9
Singapore	V	5.2	48.2	France (++)	42.0	-1.2	Australia (++)	26.6	-6.8	Italy	6.1	1.4
	Q	1.8	41.4	Australia (+)	33.4	-6.9	France (+)	25.4	-5.6	Chile	10.9	4.7
South Korea	V	3.5	65.7	France (++)	30.7	-14.6	Chile	23.8	9.6	Italy	15.7	7.3
	Q	2.2	50.1	Chile	25.9	12.4	France	18.4	-16.0	Italy	14.3	6.1
Taiwan	V	2.2	3.6	France	55.4	-2.5	U.S.	9.8	-2.0	Australia	9.2	0.0
	Q	1.1	-15.0	France	43.4	-7.5	Chile	11.9	5.9	Australia	11.3	3.3
Malaysia	V	1.5	59.7	Australia	44.2	-6.5	Singapore	20.0	15.4	France (+)	12.7	-4.8
	Q	1.9	304.9	Singapore	70.0	65.2	Australia	13.8	-29.5	France (+)	4.1	-11.7
Thailand	V	0.9	154.6	France	52.7	21.6	Australia (++)	24.5	-7.8	Chile (+)	5.9	-2.3
	Q	0.7	10.2	Australia	23.6	5.0	Italy	22.5	-6.3	France	20.7	-3.1
Philippines	V	0.4	53.5	U.S.	41.0	-0.8	Australia	19.1	8.1	France	9.4	-2.2
	Q	1.2	42.4	U.S.	42.5	3.6	Australia	13.4	6.0	Spain	11.7	-8.6
India	V	0.2	647.4	France (+)	30.6	-17.1	Singapore	18.2	17.8	Italy	11.8	7.5
	Q	0.1	404.7	France (+)	27.9	-6.6	Singapore	14.7	14.6	Italy	13.1	10.6
Sub group total	V	44.6										
	Q	23.6										
Countries in Eastern Europe												
Russia	V	13.5	5.7	France	25.5	13.6	Italy	15.7	12.0	Spain	9.3	4.6
	Q	20.5	-36.9	France	19.1	13.6	Moldova	12.5	-47.0	Bulgaria (-)	12.5	1.4
Ukraine	V	1.3	83.8	Georgia (++)	30.2	-1.5	Moldova	18.4	-32.1	France	17.5	8.1
	Q	1.3	19.5	Moldova	38.7	-37.4	Georgia	28.5	11.3	Chile	9.8	8.9
Estonia	V	1.4	80.1	France	19.7	4.4	Italy	15.5	8.2	Spain	15.3	1.8
	Q	1.2	39.5	Spain	25.6	10.0	Italy	9.7	4.2	France (+)	9.5	-2.2
Latvia	V	1.8	122.0	France	43.0	19.8	Italy	20.7	14.3	Spain (+)	8.4	-4.9
	Q	2.0	66.6	France	42.2	27.7	Italy	19.1	15.2	Spain (+)	11.2	-5.8
Lithuania	V	2.6	271.2	France	36.0	13.9	Spain (++)	19.9	-1.1	Italy	13.1	3.0
	Q	4.1	310.8	France	34.1	17.8	Spain	26.7	4.5	Italy	13.0	3.9
Sub group total	V	20.6										
	Q	29.2										

follows Tab. 8

Central European Countries												
Poland	V	5.8	70.3	France (++)	13.9	-6.3	Bulgaria	12.9	-9.1	Netherlands	11.9	8.8
	Q	8.4	51.8	Bulgaria	19.8	-16.5	Netherlands	12.2	10.2	Germany	12.0	1.3
Czech Republic	V	4.2	111.6	Italy	19.4	3.2	France (++)	19.0	-1.1	Germany	15.9	4.1
	Q	7.7	90.7	Spain (++)	26.7	-16.1	Italy	21.3	7.6	Germany	15.0	6.3
Slovakia	V	3.2	692.1	Czech Rep.	68.6	24.2	Hungary (++)	9.8	-9.1	Italy	7.0	0.4
	Q	2.6	259.1	Czech Rep. (++)	29.8	-9.8	Hungary (++)	23.4	-2.8	Italy	21.1	16.6
Croatia	V	0.3	34.3	Macedonia (+)	34.4	-5.1	Bosnia-Herz.	14.6	3.6	Slovenia	11.4	-7.8
	Q	0.4	40.1	Macedonia	32.0	-13.5	Bosnia-Herz.	27.7	11.5	Slovenia	12.0	-4.5
Hungary	V	0.3	100.4	Germany	33.7	25.6	Italy (+)	21.0	-0.1	France	15.3	2.4
	Q	0.5	240.4	Germany	35.4	25.9	Spain (+)	20.0	-2.7	Italy (+)	17.2	-5.6
Slovenia	V	0.2	163.5	Italy	23.3	-8.0	Austria	23.3	11.8	Germany	10.7	8.6
	Q	0.5	238.1	Italy	30.3	-11.8	Austria	23.3	15.4	Hungary	16.5	16.5
Sub group total	V	14.0										
	Q	20.2										
Countries in Latin America												
Brazil	V	6.2	108.3	Chile	34.8	5.1	Argentina (++)	21.9	-1.2	Portugal (++)	13.3	-2.5
	Q	6.5	-9.9	Chile	39.9	23.1	Argentina	25.2	-35.2	Italy	15.2	5.7
Mexico	V	4.3	34.8	Spain	36.5	1.6	Chile	22.9	2.2	Argentina	11.1	7.2
	Q	3.5	57.5	Chile	39.3	8.0	Spain (++)	24.5	-3.0	Argentina	11.1	5.9
Venezuela	V	1.0	92.6	Chile	66.4	2.4	Argentina	15.9	14.3	Spain (+)	5.5	-4.7
	Q	2.1	64.7	Chile	70.5	2.9	Argentina	15.8	13.4	Spain	3.7	-3.6
Colombia	V	1.1	73.3	Chile (++)	52.5	-5.1	Argentina	25.1	12.8	Spain	12.7	2.5
	Q	1.2	25.8	Chile	55.2	2.0	Argentina	28.8	13.8	Spain (+)	8.3	-0.3
Sub group total	V	12.5										
	Q	13.3										
Total Non Trad.	V	91.8										
	Q	86.3										

1: Signs (-) or (+) identified countries where, in the period 2004-2009, market share increases but the size of export decreases or vice versa. The signs (--) o (++) indicate consistent or significant changes (> 1 millions of units).

2: V = Value (millions of €); Q = Quantity (hectolitres).

Source: Authors' calculations, based on GTI data.