

The World's Wines Flow to a Brimming U.K. Market

By Jennifer Jones

The United Kingdom is the world's largest importer of wine by value. With little domestic production due to an inhospitable climate, imports from all over the world are found at dinner tables in British homes and restaurants.

The U.K. consumer has access to an unrivaled range of wines, with the bulk of sales controlled by the major U.K. super-market chains. And the popularity of U.S. wines is growing by 25 percent a year. U.K. import volume of U.S. still wines increased from 570,000 hl (1 hectoliter = 105.67 quarts) in 2000 to 734,000 hl in 2001.

Increased Consumption

Over the last 10 years, U.K. wine consumption per capita has increased by about 40 percent, mostly at the expense of beer. The ease with which wines can now be purchased in grocery stores has fueled their popularity as an everyday drink.

Although since 1997 the percentage of British consumers who purchase one bottle of wine per month has fallen, the people who do buy wines are buying more. In short, U.K. distributors continue to sell more wines—but they are failing to attract new consumers. In the long term, the U.K. wine trade will need to do more marketing, education and advertising to attract younger consumers. Weekly consumers of table wines are generally 35 to 49 years of age. And most consumers over 50 drink wines daily.

Much of the recent increase in U.K.



60034

sales volume and value is due to consumer demand for red varieties. The claimed health benefits of red wines have been broadcast widely to the U.K. audience. In general, U.K. consumers prefer “easier-to-drink” red wines that are affordable, lighter and fruitier. Overall red wine consumption exceeded white for the first time in 2000, and now accounts for 52 percent of the market.

White wine sales have increased steadily, but more modestly. White wines are particularly popular among younger drinkers in the 18- to 24-year-old bracket. Rosé wines form a relatively minor part of the British wine market, accounting for only some 3 to 4 percent of total sales.

Most wines in the United Kingdom are consumed in the home rather than in pubs, clubs, restaurants and hotels. Price is the most important factor in purchasing decisions, and around \$7.50 per bottle is

usually the major dividing line between what is considered an inexpensive and expensive bottle of wine.

British consumers are becoming more adventurous in their tastes as their wine knowledge expands. People are choosing wine by grape variety, region and brand. Cabernet Sauvignon and Chardonnay are the most popular varieties.

In London, there is a growing appreciation for quality, and one of the city's newest tourist attractions on the South Bank is “Vinopolis City of Wine.” Vinopolis offers visitors an interactive tour of the world's wine regions and cultures with stops at wine-tasting tables.

Import Horizons Expanding

In 1995, French, German and Italian wines together accounted for about two-thirds of U.K. wine consumption. This figure has now dropped to nearer 35 percent and is still falling. Increasingly, wines

THE POPULARITY OF U.S. WINES IS GROWING BY 25% A YEAR.

are coming to the United Kingdom from Australia, South America and the United States. According to 2001 figures, Australian wines have 17 percent of the U.K. market. The United States' share is about 9 percent.

The tremendous success Australian wines are having in the U.K. market could serve as a model for U.S. suppliers. Australia has demonstrated an ability to produce consistently high-quality varieties targeted to the modern consumer searching for predominantly "fruit-driven" wine styles. Frequent advertising and wine tastings are helping to bring consumers into the fold.

Opportunities for U.S. Wines

To move a large volume of wine through the U.K.'s mainstream supermar-



OS49112

kets and specialty outlets, U.S. exporters need to supply a good quality product priced at \$5.20 to \$7.50 a bottle. U.S. brands that have been successful in this price range include Gallo, Blossom Hill and Corbett Canyon.

U.S. wines above the \$7.50 price have also seen impressive growth. In the \$7.50

to \$9.80 bracket, U.S. varieties are doing well in the United Kingdom and have excellent potential. There is also room to expand in the upscale restaurant, organic, kosher and premium categories. These niche markets are prime targets for smaller California winemakers as well as producers in New York, Virginia, Texas and the Pacific Northwest.

Legal Requirements

There are some 100 wine importers in the United Kingdom, and they can handle customs and distribution requirements. Wines imported into the EU (European Union) must be accompanied by the V.I.1 Form that requires the overseas winery to certify that all shipments over 60 liters (1 liter = 1.0567 quarts) conform to EU regulations. All labels must list country of origin, geographical origin if used in the name of the wine, name and address of the packer, lot mark, volume, name and address of the importer and alcoholic strength.

Wines from the United States are subject to import duties, an excise duty and a value-added tax. The import duty is levied on all third-country (non-EU) imports and depends on the volume of alcohol. ■

The author is an agricultural marketing specialist at the U.S. Embassy in London, England. For more information on the U.K. wine market, contact that office at: Tél: (011-44-20) 7894-0040; Fax: (011-44-20) 7894-0031; E-mail: aglondon@fas.usda.gov



22006

For details, see FAS Report UK2029. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

