

An industry going green

Selling sustainable wines

SEPTEMBER 2024

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OVERVIEW

Increasing environmental concerns have led to a greater consumer demand for eco-friendly products, with industries around the world feeling due pressure to reduce their ecological impacts. As a result, sustainability has been propelled to the forefront of business strategies, with wineries being no exception to this trend. Producers worldwide have made increasing efforts to limit their carbon footprint and implement regenerative agriculture, from reducing bottle weight to stopping the use of chemicals in the vineyard. This trend is only getting more prevalent, with the organic wine market alone predicted to increase by 10.5% (compound annual growth rate) globally between 2024–2030.¹

To evaluate the market demand for sustainable practices, we have conducted an in-depth survey of 48 key fine wine trade members from around the world. We asked these experts to rank ten sustainable practices based on the influence these have on both their purchasing decisions and those of their customers. We then asked them to estimate the economic premium that these practices may yield.

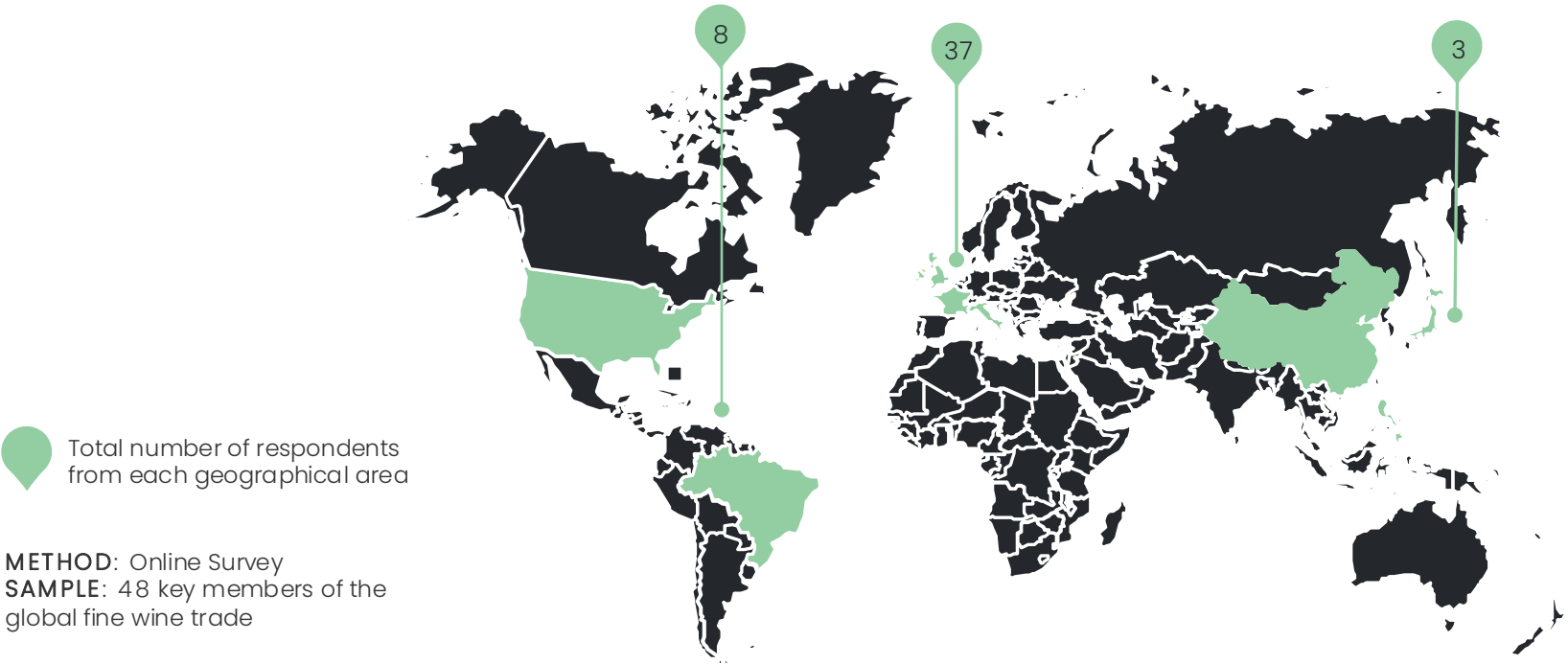
The survey results illustrate a clear alignment between trade and consumer priorities, with five key practices emerging as most important to both: biodynamics, carbon neutrality, certified organics, High Environmental Value (HVE) or equivalent, and minimal / recycled packaging. In addition, more than 95% of respondents believe that a price increase could be brought about by the adoption eco-friendly practices, suggesting a positive correlation between sustainability efforts and perceived value.

SURVEY DETAILS

Wine Lister circulated a survey to 48 key members of the global fine wine trade.

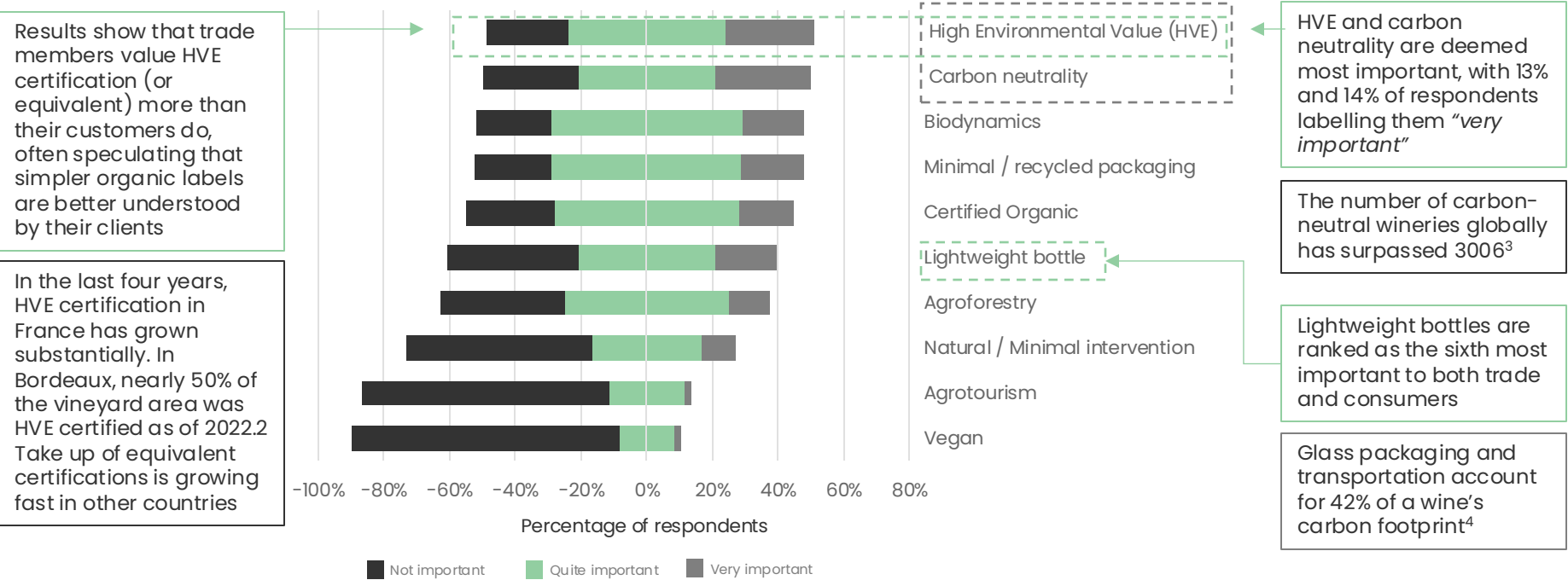
Responses represent well over one third of global fine wine revenues, providing a unique set of insights into the perceptions on sustainability practices among consumers and trade members.

FOUNDING MEMBERS' GEOGRAPHICAL PROFILE



IMPORTANCE OF ECO-FRIENDLY PRACTICES AMONG THE TRADE

TO WHAT EXTENT DOES A WINERY'S UNDERTAKING OF THE FOLLOWING ECO INITIATIVES AFFECT YOUR BUYING DECISION?



TRADE COMMENTS

"Customers can easily understand concepts like organic, whereas in the trade we know that organic isn't going to be the ideal solution for everyone's ecological goals e.g. in Bordeaux this can lead to over-use of copper"

- SPECIALIST UK MERCHANT

"It would be untrue to pretend that we base our buying decisions for fine wines on these criteria, however, I believe all are super important, and will become crucial in the eyes of consumers in the years to come"

- MAJOR BORDEAUX NÉGOCIANT

"If a winery bangs on about its eco-credentials in the vineyard and winery on its website but sends two or three bottles in a polystyrene case, covered in bubble or plastic wrap it rings hollow"

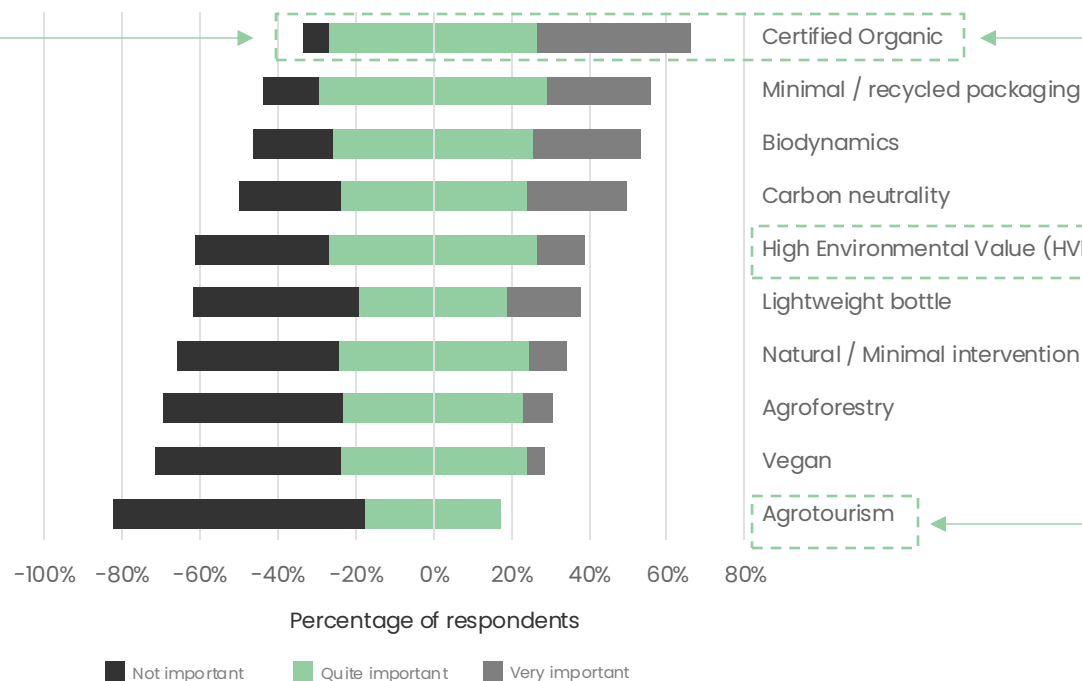
- SPECIALIST UK MERCHANT

IMPORTANCE OF ECO-FRIENDLY PRACTICES AMONG CONSUMERS

TO WHAT EXTENT DOES A WINERY'S UNDERTAKING OF THE FOLLOWING ECO INITIATIVES AFFECT YOUR CUSTOMERS' BUYING DECISIONS?"

According to our survey, organic certification is more important to the consumer than to the trade, as trade members have a more nuanced understanding of different eco-friendly practices and do not necessarily consider organic winemaking to be the be-all and end-all.

A 2021 study by Ecological Economics showed that certified organic and biodynamic labels among 128,182 wines are associated with improved critic scores (+6.2% and +5.6%, respectively) compared with conventional wines⁵



Organic certification is considered the most important practice, with 17% of respondents believing it is "very important" to their consumers

HVE ranks fifth, showing a disparity in trade and consumer awareness of the certification

Agrotourism has not been deemed "very important" to the end buyers by any respondent

TRADE COMMENTS

"Lightweight bottles are important in the trade (including for shipping costs!) but for customers I believe there will still be quality connotations associated with heavier glass, unfortunately."

"Consumers are motivated by eco issues but don't understand all the implications. They may, for example, be familiar with terms such as 'organic' but 'HVE' is too complicated."

- SPECIALIST UK MERCHANT

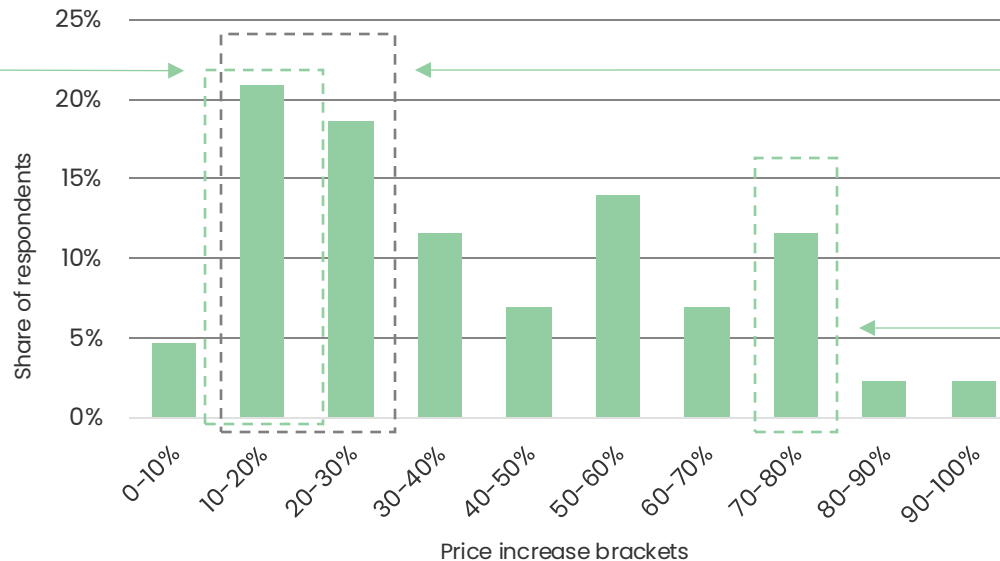
- SPECIALIST UK MERCHANT

PERCEIVED ADDED VALUE TO THE WINE

WHAT PERCENTAGE OF ADDITIONAL VALUE CAN THE ADOPTION OF SUCH PRACTICES BRING TO A WINE?

The largest share of respondents (21%) believe that the adoption of eco-friendly practices could result in a 10-20% price increase

Over 95% of respondents expect prices to rise with the adoption of environmentally friendly practices



40% of respondents suggest a modest but significant price increase within the 10-30% range

However, 55% of respondents believe that these practices can lead to higher premiums of between 30% and 100%

The wine trade widely agrees that adopting sustainable practices adds value to wines, underscoring an additional economic benefit to eco-friendly viticulture.

In a survey of 528 Italian consumers conducted by the Journal of Agriculture and Food Research between December 2022-February 2023⁶,

- The largest proportion of the sample (38%) stated that they were willing to pay a price premium of between €1.01-€3.00 for a bottle of wine produced with eco-friendly practices
- 20% of the group said they would be prepared to pay a premium of more than €5 per bottle

ADDITIONAL COMMENTS FROM TRADE SURVEY

NOTABLE COMMENTS

"The Brazilian consumer is still not very aware of the importance of environmentally-friendly practices, especially in wine packaging (compared, for example, with vineyard management). The fact that a wine is organic or biodynamic is generally viewed as quite positive and can command a slightly higher price. In general, many of the most reputed wineries in the world, including Bordeaux, already follow environmentally-friendly practices in the vineyards. This is expected of them by the higher-end consumer, who tends to view these initiatives as contributing to the final quality of the wines. Natural/minimal intervention (at least as an overt identity for the brand) is a small niche somehow segregated from the rest of producers."

- TOP-TIER SOUTH AMERICAN IMPORTER

"The drive towards sustainability is becoming a crucial part of doing business and it's vital that producers embrace this. Glass bottles are the single biggest contributor to our business' carbon footprint."

- TOP-TIER UK MERCHANT

"Ecological Wines can be interesting for some clients. It might be an add on. But at the end of the day, it is the wine quality which count."

- EUROPEAN AUCTION HOUSE

"Lightweight bottle is important but only in some markets (Canada for example) on the other hand, penalising sales in China. Some consumers understand organic / biodynamic / vegan. The other classifications are not yet known except for ultra-savvy consumers who visit the properties. It is a minority of consumption."

- MAJOR BORDEAUX NÉGOCIANT

"At the moment, these factors are not really considered by our consumers although they may appreciate hearing about them as an additional sales point."

- SPECIALIST UK MERCHANT

"The customer no longer wants anything superfluous, the packaging is useless in the end,... the customer is asking more and more for common sense rather than a certification."

- SPECIALIST FRENCH RETAILER

"Vegan & organic factors will appeal to niche groups of customers but is not usually the main factor in their decision-making. For natural wines, the decision to buy is more deliberate, but is often influenced by the individual wine/grower reputation. For packaging it is a goldilocks issue, not too little but not too much."

- SPECIALIST UK IMPORTER

REFERENCES

¹ Grand View Research, "Organic Wine Market Size, Share & Trends Analysis Report By Type (Red, White), By Packaging (Bottles, Cans, Others), By Distribution Channel (On Trade, Off Trade), By Region, And Segment Forecasts, 2024 – 2030", <https://www.grandviewresearch.com/industry-analysis/organic-wine-market-report>

² Bordeaux fête le Vin, 'Bordeaux, Vignoble Engagé', <https://www.bordeaux-fete-le-vin.com/engagements/vignoble-engagé.html>

³ Wine Caverns, 'Exploring Eco-Friendly & Sustainable Wine Practices 2024', <https://thewinecaverns.co.uk/blogs/news/exploring-eco-friendly-sustainable-wine-practices>

⁴ Wine Caverns, 'Exploring Eco-Friendly & Sustainable Wine Practices 2024', <https://thewinecaverns.co.uk/blogs/news/exploring-eco-friendly-sustainable-wine-practices>

⁵ Delmas, M. & Gergaud, O. (2021). "Sustainable practices and product quality: Is there value in eco-label certification? The case of wine." *Ecological Ergonomics*.

⁶ Sgroi, F., Maenza, L., Modica, F. (2023). "Exploring consumer behavior and willingness to pay regarding sustainable wine certification." *Journal of Agriculture and Food Research*.

