

NIMBILITY



# KEY ASIA MARKETS SNAPSHOT

## July 2021





**MAINLAND CHINA**

## CHINA MARKET IMPORT STATISTICS: TOP 13 BOTTLED STILL WINE BY VOLUME JAN-MAY 2021

Rank	Country of Origin	Volume (,000 9LC)				% Share of Vol. TTL	
		2020 YTD	2021 YTD	Variance	YoY %	2020 YTD	2021 YTD
1	France	3,852	4,703	851	22%	27.2%	35.9%
2	Chile	2,321	3,109	788	34%	16.4%	23.7%
3	Spain	1,679	2,012	334	20%	11.9%	15.4%
4	Italy	996	1,138	142	14%	7.0%	8.7%
5	Australia	3,790	488	-3,302	-87%	26.8%	3.7%
6	South Africa	187	246	59	31%	1.3%	1.9%
7	Portugal	238	212	-26	-11%	1.7%	1.6%
8	Argentina	169	205	37	22%	1.2%	1.6%
9	United States	163	184	21	13%	1.2%	1.4%
10	Moldova	191	165	-25	-13%	1.3%	1.3%
13	New Zealand	86	93	7	8%	0.6%	0.7%
	<i>Others</i>	468	547	80	17%	3.3%	4.2%
	<b>Grand Total</b>	<b>14,138</b>	<b>13,103</b>	<b>-1,035</b>	<b>-7%</b>	<b>100%</b>	<b>100%</b>

- France jumps back into top spot as Australia ban hits full force.
- Chile sees the biggest % volume increase along with South Africa with early indications suggesting that much everyday Australian is being replaced by these two countries.
- Overall volume down due to Australia ban taking full effect & replacement stock not yet landing in market.

**Source/Note:**

1. GTO raw data based on General Customs Administration of China statistics
2. Import Vol/Val for the product of Still Bottled Wine <= 2L (22042100), excl. Sparkling Wines, Bulk, BIB, etc.

## CHINA MARKET IMPORT STATISTICS: TOP 10 BOTTLED STILL WINE BY VALUE JAN-MAY 2021

Rank	Country of Origin	Value (,000 US\$)				% Share of Val. TTL	
		2020 YTD	2021 YTD	Variance	YoY %	2020 YTD	2021 YTD
1	France	161,218	251,748	90,530	56%	26.0%	42.1%
2	Chile	78,238	110,219	31,981	41%	12.6%	18.5%
3	Italy	39,877	57,059	17,182	43%	6.4%	9.6%
4	Spain	39,208	53,809	14,601	37%	6.3%	9.0%
5	Australia	241,319	44,890	-196,430	-81%	38.9%	7.5%
6	United States	8,231	14,545	6,314	77%	1.3%	2.4%
7	Argentina	7,076	10,044	2,968	42%	1.1%	1.7%
8	Germany	5,690	8,853	3,163	56%	0.9%	1.5%
9	New Zealand	6,962	8,821	1,859	27%	1.1%	1.5%
10	South Africa	6,631	8,720	2,089	31%	1.1%	1.5%
	<i>Others</i>	26,537	28,636	2,100	8%	4.3%	4.8%
	<b>Grand Total</b>	<b>620,988</b>	<b>597,344</b>	<b>-23,644</b>	<b>-4%</b>	<b>100%</b>	<b>100%</b>

- Strong value growth across the board for the Top 10, with the exception of Australia as a direct impact of the ban.
- All countries are seemingly benefiting from the opportunities left in the wake of Australia.

**Source/Note:**

1. GTO raw data based on General Customs Administration of China statistics
2. Import Vol/Val for the product of Still Bottled Wine <= 2L (22042100), excl. Sparkling Wines, Bulk, BIB, etc.

## CHINA MARKET IMPORT STATISTICS: TOP 10 COUNTRIES BY AVERAGE PRICE POINT JAN-MAY 2021

Rank	Country of Origin	Average Price (USD)/9LC			
		2020 YTD	2021 YTD	Variance	YoY %
1	France	41.85	53.53	11.68	28%
2	Chile	33.71	35.45	1.74	5%
3	Italy	40.03	50.13	10.10	25%
4	Spain	23.36	26.74	3.38	14%
5	Australia	63.68	91.96	28.28	44%
6	United States	50.53	79.06	28.53	56%
7	Argentina	41.97	48.97	7.00	17%
8	Germany	50.98	55.35	4.37	9%
9	New Zealand	80.88	94.79	13.90	17%
10	South Africa	35.46	35.48	0.02	0%
	<i>Others</i>	<i>33.84</i>	<i>37.46</i>	<i>3.62</i>	<i>11%</i>
	<b>Grand Total</b>	<b>43.92</b>	<b>45.59</b>	<b>1.66</b>	<b>4%</b>

- Early indications and anecdotal feedback from producers suggest prestige Australia segment being replaced by France, Italy and the USA.
- Premiumization trend seems to be occurring along with this seismic market landscape shift.

**Source/Note:**

1. GTO raw data based on General Customs Administration of China statistics
2. Import Vol/Val for the product of Still Bottled Wine <= 2L (22042100), excl. Sparkling Wines, Bulk, BIB, etc.



## CHINA WINE MARKET UPDATE – POST COVID-19

- China is now effectively in a Post-Covid world. When there are cases, these are identified and isolated very quickly, made very public and visible and lockdowns and testing are efficient and effective. A very recent flare up of Delta variant, however, is currently underway so we will know in the next few weeks what this looks like for the market.
- The market is fully open except for international travel as there is still a strict 2-week quarantine.
- HORECA is thriving with many top hotels such as the W Hotel and Ritz-Carlton in Shanghai reporting their best year in last 12 years on record
- The enormous Chinese tourist segment that has been growing exponentially over the past decade, and all the economic activity that stems from this, is now entirely contained within China itself.
- Holiday destinations such as Sanya are booming and hotels are permanently charging their top rates (usually reserved only for CNY). Staycations in cities like Shanghai are proving very popular and hotels are marketing to this.
- Importers are optimistic, there has been a good return to normalcy.



## CHINA WINE MARKET UPDATE – AUSTRALIA

- The impact of the trade war with Australia cannot be underestimated. In 2019, for the first time, Australia knocked France from its top spot in China. However, this was short lived as an investigation into price dumping by the Chinese regulators launched in early 2020. Ultimately, they decided that there had been some degree of price dumping into China by the Australians and as a result they have imposed 5 years of punitive tariffs, up to as much as 218% of CIF.
- These prohibitive tariffs have effectively shut down the Australian wine category into China as importers are no longer importing Australian wine into China. With the leading category of imported wine has now removed the whole landscape is transforming.
- Where will the share go? A complicated question. The prestigious, more conspicuous, entertainment budget-type consumption will likely revert in part to Bordeaux, possibly Super Tuscans or Piemonte, a lot likely back to Baijiu which is a very premium entertaining alcohol in China.
- The more affordable Australian wines will be replaced in part by Chile, which is likely to become the number 2 category after France. Chile has a FTA, they established early in China, they have a strong RTM & distribution across China and many wineries have reps based in the market.
- There has been a big new shift towards South Africa as importers who already have brands from Chile look for something new.
- This is a LONG-TERM OPPORTUNITY – to gain access to the portfolios of great importers as they look to diversify is the key to unlocking the China market.





## CHINA WINE MARKET - CHANNEL INSIGHTS

### HORECA

- Overall, HORECA is thriving, particularly in the big cities and key Chinese holiday destinations. Bars, restaurants, hotels are reporting record years.
- Energy & buzz for natural wines amongst wine geeks in a very niche segment of the market with opening of new wine bars in cities like Shanghai and Chengdu focusing on this theme.

### E-Commerce

- The hugely dynamic online universe in China is only getting stronger with a huge demand for home delivery and massive online consumption. Covid-19 was an additional shot in the arm for this channel in terms of acceleration effect.

618 STATS



**+ 26.5%**

Total 618 sales reaches 578.48 billion



**+ 250%**

Spirits + 150% Maotai #1  
Imported Wines +200% Penfolds #1



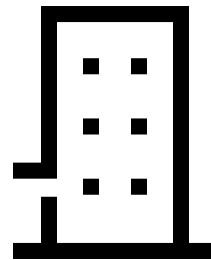
**+ 100%**

Increased sales from merchant-led live streams



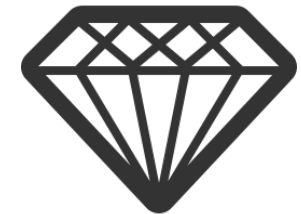
**+24.24%**

State Post Bureau observed more than 6.59 billion parcels delivered!



**+80%**

Increased sales from Tier 3-4 cities



**+200**

Luxury brands participated

 NEWS

- ASC saw major leadership reshuffle in April with Mario Anon, ex-Sarment CEO, taking on the new COO role.
- Lady Penguin, China's most influential wine personality, was appointed as the official ambassador for Chinese wine by China's Alcoholic Drinks Association.
- The ban on offering WSET courses in China currently remains in place.
- TWE has had to make big redundancies based on the Australia situation. Current estimates of these in China range from one third to fully half of the team so far.



## KEY EVENTS & WINE FAIRS

- Chengdu Fair – took place in early April and was a very well attended, very buzzy affair. It was the first major wine fair to take place without Covid-19 restrictions and there was plenty of business being done as a result!
- Wine To Asia has been postponed to August due to a few cases of Covid-19 diagnosed in Guangdong in late May.
- Vinexpo Shanghai has announced it will go ahead 20-22 October 2021
- Prowine China Shanghai will take place 09-11 November 2021





## CHINA WINE MARKET UPDATE – BIG PICTURE

- Per capita consumption in China is still very low, below 2L per person.
- It is the biggest beer and biggest single category of spirits – Baijiu - market in the world.
- This absolutely represents an opportunity to convert into imported wine drinkers over the next 5-10 years and beyond and gives a very high level of confidence within the market.
- The trade structure in China is still maturing. Tier 1 cities are fairly well developed but huge swathes of the market are still under-developed and trade infrastructure still needs to be built.
- The traditional Chinese restaurant channel is a very dynamic alcoholic beverage channel, however, this is hugely under-developed by the wine category which has yet to find its foothold here. This represents a huge potential stomping ground for wine in the future.
- The growth of the premium Chinese wine category will be essential to broadening a consumer base of wine drinkers which will also benefit imported wines. A rising tide of fine wine consumers will lift the entire wine category.



## OUTLOOK & STRATEGY

- There are essentially two ways brands build their market in China:
  1. Flipping containers = non-sustainable
  2. Working with an import partner/s to build the brand and develop ongoing demand creation = sustainable
- The Holy Grail = consumer demand for your wines
- This isn't achieved overnight but by building a strong foundation for your wines amongst your little tribe of followers. This is KEY and what makes the China market sustainable in the long run.
- A brick-by-brick process.
- Building with a top importer OR a managed, patchwork multi-importer model.
- Careful price management and pricing stability over the long-term, controlling your partners to ensure pricing in the market remains reasonable, is vital if you have a multi-importer model.
- Pricing can be very easily eroded, especially online, so not having control here can be very damaging indeed.
- Ian Ford's prediction for the imported China wine market to double in the next 10 remains as strong as ever.



# HONG KONG

# HONG KONG STILL BOTTLED WINE IMPORTS 2021 Q1 BY VOLUME

## Hong Kong Import Stats of Bottled Still Wine <= 2L (HS Code: 220421)

Exporters	Vol (9LC)			
	2020 Q1	2021 Q1	Share % 2021 Q1	YoY % 20/21 Q1
France	233,286	266,597	25.6%	14.3%
United States of America	210,897	205,952	19.8%	-2.3%
Australia	139,540	182,452	17.5%	30.8%
Chile	88,606	99,418	9.5%	12.2%
Spain	56,617	54,556	5.2%	-3.6%
New Zealand	43,742	53,762	5.2%	22.9%
Singapore	51,567	41,540	4.0%	-19.4%
United Kingdom	23,050	35,119	3.4%	52.4%
Italy	42,645	27,277	2.6%	-36.0%
Germany	17,333	20,556	2.0%	18.6%
<b>Grand Total</b>	<b>942,941</b>	<b>1,041,149</b>	<b>100.0%</b>	<b>10.4%</b>

- 10% growth represents a good Q1 start considering the closures and restrictions Dec 20 through Feb 21.
- Bounce-back of HORECA has been strong following the last Covid wave back in February.
- Australia seeing strong growth, in some part likely due to pivoting of suppliers from China.
- Strong 22% growth for New Zealand

Source: International Trade Centre (trademap.org). Vol figures calculated by Nimbility due to mixture of multiple UoM in raw data.

\*Total includes wines from all countries imported into HK

\*\* Figures are by exporter not country of origin

\*\*\*UK/Singapore figures do not represent imports of UK/Singapore wine, rather imports of all wines coming into HK from the those locations e.g. UK merchants, supermarkets like M&S



# HONG KONG STILL BOTTLED WINE IMPORTS 2021 Q1 BY VALUE

## Hong Kong Import Stats of Bottled Still Wine <= 2L (HS Code: 220421)

Exporters	Val (,000 USD)			
	2020 Q1	2021 Q1	Share % 2021 Q1	YoY % 20/21 Q1
France	83,889	122,336	46.9%	45.8%
United States of America	17,108	21,672	8.3%	26.7%
Australia	9,241	23,822	9.1%	157.8%
Chile	2,698	2,337	0.9%	-13.4%
Spain	2,442	3,586	1.4%	46.8%
New Zealand	1,908	2,326	0.9%	21.9%
Singapore	7,948	12,310	4.7%	54.9%
United Kingdom	43,429	52,030	20.0%	19.8%
Italy	3,871	2,602	1.0%	-32.8%
Germany	3,922	4,574	1.8%	16.6%
<b>Grand Total</b>	<b>185,091</b>	<b>260,699</b>	<b>100.0%</b>	<b>40.8%</b>

- 40% growth in value represents a very strong start to 2021
- Driven by Australia (almost certainly a pivot here from China) as well as France and likely a lot of fine wine trading from Singapore
- Solid growth for New Zealand

Source: International Trade Centre (trademap.org). Vol figures calculated by Nimbility due to mixture of multiple UoM in raw data.

\*Total includes wines from all countries imported into HK

\*\* Figures are by exporter not country of origin

\*\*\*UK figures do not represent imports of UK wine, rather imports of all wines coming into HK from the UK e.g. UK merchants, supermarkets like M&S

# HONG KONG STILL BOTTLED WINE IMPORTS 2021 Q1 AV PRICE

## Hong Kong Import Stats of Bottled Still Wine <= 2L (HS Code: 220421)

Exporters	Avg Price/9LC (USD)		
	2020 Q1	2021 Q1	YoY % 20/21 Q1
France	359.60	458.88	27.6%
United States of America	81.12	105.23	29.7%
Australia	66.22	130.57	97.2%
Chile	30.45	23.51	-22.8%
Spain	43.13	65.73	52.4%
New Zealand	43.62	43.27	-0.8%
Singapore	154.13	296.34	92.3%
United Kingdom	1,884.12	1,481.52	-21.4%
Italy	90.77	95.39	5.1%
Germany	226.27	222.52	-1.7%
<b>Grand Total</b>	<b>196.29</b>	<b>250.40</b>	<b>27.6%</b>

- Solid average pricing increases for Australia, Spain, USA and France, as well as Singapore which generally represents fine wine trading between the two countries.
- Average price remained flat for NZ.
- Significant drops for Chile.

Source: International Trade Centre (trademap.org). Vol figures calculated by Nimbility due to mixture of multiple UoM in raw data.

\*Total includes wines from all countries imported into HK

\*\* Figures are by exporter not country of origin

\*\*\*UK figures do not represent imports of UK wine, rather imports of all wines coming into HK from the UK e.g. UK merchants, supermarkets like M&S



## HONG KONG MARKET UPDATE

- Market slowly opening again after the 4<sup>th</sup> wave of Covid hit in February
- A number of restrictions remain in place for HORECA including reduced capacity limitations and reduced opening hours. HORECA with teams of fully vaccinated staff are subject to fewer restrictions. HORECA seems to be bouncing back finally, with a reported 2,700 new restaurant openings since January and 23 newly confirmed hotel projects.
- Around 33.6% of the total population is now fully vaccinated. There has been a lot of resistance amongst the local population to get vaccinated so there has been a big push to incentivize people on this front including big rewards from hospitality groups.
- Travel restrictions from certain countries have reduced for those who are fully vaccinated.

## NEWS & INSIGHTS

- HORECA outlets are offering big discounts and rewards to those who are fully vaccinated to incentivize locals such as luxury hotel The Langham offering diners a 15% discount on food and beverage at its restaurants and bars.
- James Suckling hired former MD of Jebsen, Gavin Jones, as its new CEO
- Home entertaining has become a new phenomenon thanks to Covid-19 and as such, home delivery and e-commerce are now part of Hong Kongers' lives.



 **TRADE INSIGHTS****Michael Champion, GM Four Fox Sake**

“Demand is still poor in late night venues - speakeasys, nightclubs, those with live music – as well as lunch trade Monday-Wednesday. There is revenge spend at the weekends and Thursday evenings so this makes up for some of the lost ground.

Demand has picked up in the 5 star hotels like the Murray, Rosewood and Mandarin – all destinations within Hong Kong that people are going to for ‘staycations’. There have also been quite a number of new openings and as Hong Kongers are always seeking novelty, these new places are doing well. Retailers are also picking up and not in all the obvious places such as Tseung Kwan O, which is good to see.”

**Herve Le Roux, MD Sino Vantage**

“We’ve seen lots of growth in e-commerce over the last year especially when very good offers are put in place. Wineries that are parallel imported and sold on different sites struggle to move.

The On-trade is beginning to pick up but we are having to engage a lot of different accounts as many have closed. The big groups have all pushed for extended payment terms which has made it hard for importers as if they don’t accept these terms they lose the business.”

## OUTLOOK & STRATEGY

- The market is starting to show signs of bounce back; overall there is a much more positive vibe in the city with consumers finally returning to HORECA after months of protests, followed by Covid-19.
- International travel is showing signs of slowly re-opening in certain instances, however, the vaccination rate has been slow, and this will continue to hamper HK's efforts to fully reopen.
- Support of importers will continue to be critical over the coming months as HORECA, the major channel for the wine trade, is still recovering from near on two year's worth of losses.
- E-commerce is here to stay so exploring with your importers how you can help support activation in this channel is recommended.



A panoramic view of the Tokyo skyline at dusk. The Tokyo Tower is illuminated in a warm yellow light, standing prominently on the left. In the background, the silhouette of Mount Fuji is visible against a soft, pinkish-orange sky. The city is filled with numerous skyscrapers and buildings, many of which are lit up with blue and white lights, creating a vibrant urban scene.

**JAPAN**

## JAPAN STILL BOTTLED WINE IMPORTS: BY VOLUME

Imported still wines - Top 11 countries ranked by volume Q1 2021. # of 9l cases, in less than 2L bottles

Rank (2020)	Country	2020 Q1 9lcases (,000)	2021 Q1 9lcases (,000)	2021 vs 2020 Q1 % change
1	Chile	1,445	1,146	-20.69%
2	France	939	921	-1.89%
3	Italy	801	750	-6.38%
4	Spain	457	496	8.46%
5	Australia	169	149	-12.03%
6	United States of America	155	136	-12.35%
7	Germany	60	58	-3.52%
8	Argentina	32	42	29.68%
9	South Africa	43	42	-2.69%
10	Portugal	42	36	-15.06%
11	New Zealand	32	25	-22.69%
	<b>Top 11 Total</b>	<b>4,176</b>	<b>3,800</b>	<b>-9.00%</b>
	<b>Others</b>	<b>49</b>	<b>50</b>	<b>2.05%</b>
	<b>Grand Total</b>	<b>4,225</b>	<b>3,850</b>	<b>-8.87%</b>

- Overall volume down vs 2020 mainly due to big orders being placed in early 2020 in anticipation of the Olympics which were then postponed.
- Chile remains in top spot but has seen a sharp fall in imports vs Q1 2020.
- Spain has seen a growth in imports. Spain is the most obvious beneficiary of the Japan-EU EPA; the impact of not having to pay import duties is greater on low value wines. It seems that Spain is eating into the Chilean market.
- Argentina has also seen strong growth likely due to claw back from 2020 where it lost out quite considerably to Spain.



## JAPAN STILL BOTTLED WINE IMPORTS: BY VALUE

Imported still wines - Top 11 countries ranked by value Q1 2021. # of 9l cases, in less than 2L bottles

Rank (2020)	Country	2020 Q1 USD (,000)	2021 Q1 USD (,000)	2021 vs 2020 Q1 % change
1	France	76,697	86,404	12.66%
2	Italy	33,598	35,968	7.05%
3	Chile	39,651	30,236	-23.74%
4	United States of America	28,432	22,681	-20.23%
5	Spain	12,288	13,156	7.06%
6	Australia	6,306	5,850	-7.23%
7	Germany	2,867	2,385	-16.81%
8	New Zealand	2,766	2,156	-22.05%
9	Argentina	1,677	1,807	7.75%
10	South Africa	2,106	1,562	-25.83%
11	Portugal	1,730	1,399	-19.13%
	<b>Top 11 Total</b>	<b>208,118</b>	<b>203,604</b>	<b>-2.17%</b>
	<b>Others</b>	<b>3,166</b>	<b>3,301</b>	<b>4.26%</b>
	<b>Grand Total</b>	<b>211,284</b>	<b>206,905</b>	<b>-2.07%</b>

- Value fell less vs volume in Q1 with France, Italy and Spain out-performing 2020, most likely due to the Japan-EU EPA.
- New World categories generally slipped in value across the board with the exception of Argentina.
- Decline of USA as most wine sold via on-premise.



## JAPAN MARKET UPDATE

- Japan has seen 5 State of Emergency's declared since the start of the Covid-19 outbreak, each one with slightly different rules applied.
- For the first 3 SOE, alcohol was permitted to be sold, but only until 8pm. Retailers shortened opening hours or temporarily closed. However, supermarkets and convenience stores remained open.
- The the 4<sup>th</sup> SOE in April 2021 suspended the sale of alcohol completely and HORECA was only able to operate to sell food and non-alcoholic beverages until 7pm.
- The latest SEO has is on-going and HORECA cannot serve alcohol and must be closed by 8pm.
- The Olympics is taking place. Foreign visitors were not allowed to attend. No economic 'bounce' based on incoming tourists. No general public spectators were allowed.
- The number of new cases is now rising especially among 20-40 year olds.
- Currently 31% of the population have been vaccinated.

## NEWS & INSIGHTS

- The most recent OIV reports (April 2021) that Japan recorded stable consumption at 3.5mhl for the 7<sup>th</sup> consecutive year, a drop of 0.8% on 2019. The OIV report takes into account consumption of locally produced wines.
- The trend for organic, bio, orange, natural wines continues
- In the off-trade the number of wines offered and displayed in supermarkets is increasing due to the growth in home consumption. There is also more advice on food pairing – which wines to serve with which dishes, as people spend more time at home.
- It is informally reported that many HORECA establishments have been ignoring the SOE restrictions in order to survive.
- A record number of 175 izakayas (Japanese style dining bars) went bankrupt in the year up to March 2021.



## TASTINGS & EVENTS

- California Wine Institute held trade tastings in March.
- Foodex Japan was held in April. This is normally Japan's largest food and wine exhibition but was very much reduced in scale this year.
- South Australia held wine tastings in Tokyo in early April for the trade and public. Separate sessions were held for wineries that are already represented in Japan and those seeking distribution.



## PROMOTION HIGHLIGHTS

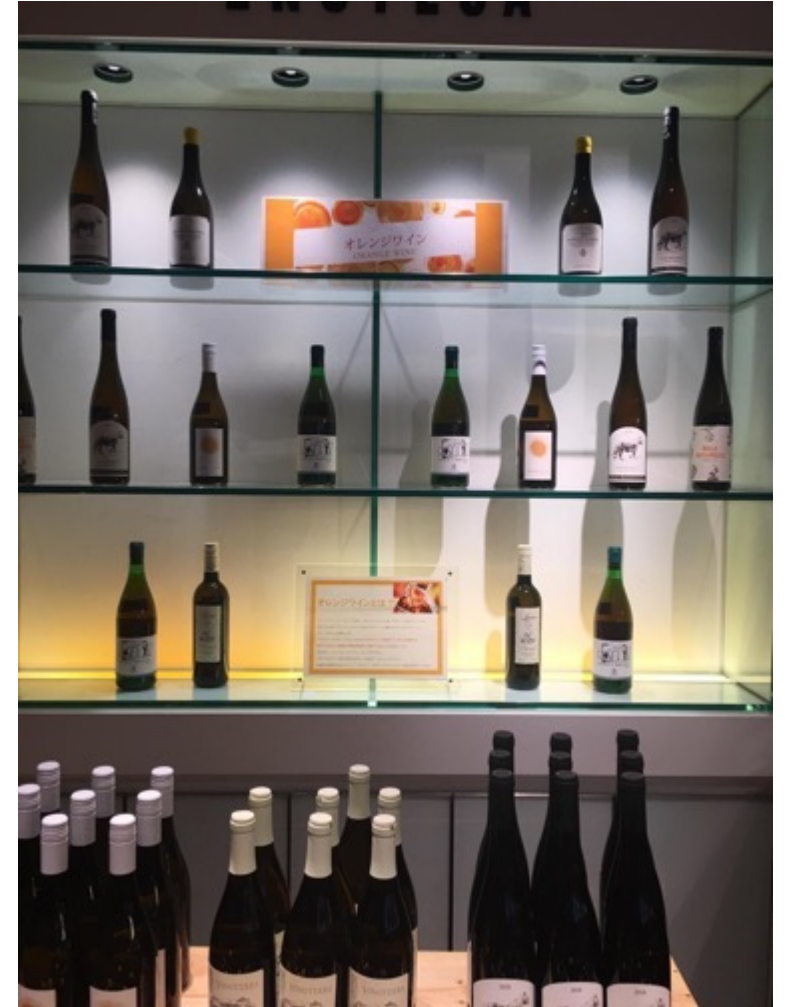
- Winart (Spring 2021 edition) one of the main consumer wine magazines has an article on white wines focusing on Chardonnay, Riesling, Sauvignon Blanc.
- There is a general market push currently to promote white wines. This is of course seasonal but also a realisation that whites go very well with Japanese food.



 PROMOTION HIGHLIGHTS



Cave de Relax, one of the better specialist retailers, NZ selection



An entire Orange wine display at Enoteca

 **TRADE INSIGHTS****Diego Acaqui, Wine & Spirits Brand Ambassador, Tokyo**

“Sales of wines and spirits have been badly affected. One top Champagne House told me recently that his sales have dropped 40% so far this year and last. The on-trade has been particularly badly affected due to restrictions on the sale of alcohol and opening times.”

“Some venues, however, haven’t followed the government rules for the SOE, and sales have been very lucrative as a result. Global Dining for example, a big restaurant group with 16 concepts in total and around 100 venues in Tokyo haven’t following the SOE and their venues have been really crowded as a result. I imagine sales have been great as everyone was visiting them knowing they were selling alcohol and operating till late.”



## OUTLOOK

- GDP is projected to expand by 2.6% in 2021 and 2% in 2022, supported by the strong recovery of the global economy and government spending.
- However, the expectation is that the market will not recover fully until a majority of the population is vaccinated which is likely to be Oct/Nov so potentially there will be recovery at the end of the year, presuming no more outbreaks.
- The prospect is that once the vaccines are administered and restaurants and bars are full opened and allowed to serve alcohol there will be a big bounce as consumers have money in the bank. There is a lot of pent-up demand.
- Although an election is likely to be called in November, the ruling LDP has been in power for all but four years since 1955, so the chances are that they will win again. Japan remains a stable democracy. There is little of the polarising politics or rhetoric as seen in other major economies. There is therefore low political risk for exporters to Japan.
- The silver lining of the Olympics is that Tokyo has been planning for the events since 2013. Many new hotels have been built or renovated, adding to capacity for increased tourism in the mid and long term.
- The biggest issue facing society remains the aging population. This impacts the wine market, notably the market for higher end wines; while older people are more affluent, they drink less.





**SINGAPORE**

ONE FULLERTON

# SINGAPORE STILL BOTTLED WINE IMPORTS Q1 2021 BY VOLUME

## Singapore Import Stats of Bottled Still Wine

Rank	Exporters	Vol (9LC)			
		2020 Q1	2021 Q1	Share %	YoY %
1	France	89,035	105,042	27.8%	18.0%
2	Australia	187,848	151,913	40.2%	-19.1%
3	Italy	0	0	0.0%	
4	New Zealand	29,668	45,613	12.1%	53.7%
5	United States of America	0	0	0.0%	
6	United Kingdom	3,590	4,502	1.2%	25.4%
7	Spain	26,007	0	0.0%	-100.0%
8	Chile	54,703	37,595	9.9%	-31.3%
9	Argentina	13,549	11,130	2.9%	-17.9%
10	Portugal	0	0	0.0%	
	<b>Top 10 Total</b>	<b>404,401</b>	<b>355,795</b>	<b>94.0%</b>	<b>-12.0%</b>
	<i>Others</i>	<i>22,258</i>	<i>22,510</i>	<i>6.0%</i>	<i>1.1%</i>
	<b>Grand Total</b>	<b>426,658</b>	<b>378,305</b>	<b>100.0%</b>	<b>-11.3%</b>

- A slide for Australia in terms of volume likely due to drop in volume destined for re-export to China.
- Big increases for New Zealand as the popularity of New Zealand continues to increase in Singapore and other SEA re-export markets.
- France continues to see good growth also based on consumers returning to safe choices and classic styles.
- Chile & Argentina seeing drops, likely due to logistics issues as well as consumers trading up.

Source: International Trade Centre (trademap.org) | ITC calculations based on IE Singapore statistics

Note: Vol figures calculated by Nimbility due to mixture of multiple UoM in raw data, figures for certain countries missing from raw data.

# SINGAPORE STILL BOTTLED WINE IMPORTS Q1 2021 BY VALUE

## Singapore Import Stats of Bottled Still Wine

Rank	Exporters	Val (,000 USD)			
		2020 Q1	2021 Q1	Share %	YoY %
1	France	23,782	48,340	50.5%	103.3%
2	Australia	19,164	18,510	19.4%	-3.4%
3	Italy	4,733	7,345	7.7%	55.2%
4	New Zealand	2,324	4,533	4.7%	95.1%
5	United States of America	4,630	4,472	4.7%	-3.4%
6	United Kingdom	1,821	3,570	3.7%	96.0%
7	Spain	1,825	2,782	2.9%	52.4%
8	Chile	1,788	1,561	1.6%	-12.7%
9	Argentina	679	714	0.7%	5.2%
10	Portugal	131	630	0.7%	380.9%
	<b>Top 10 Total</b>	<b>60,877</b>	<b>92,457</b>	<b>96.7%</b>	<b>51.9%</b>
	<b>Others</b>	<b>2,641</b>	<b>3,196</b>	<b>3.3%</b>	<b>21.0%</b>
	<b>Grand Total</b>	<b>63,518</b>	<b>95,653</b>	<b>100.0%</b>	<b>50.6%</b>

- Strong value growth for France and Italy as consumers trade up and return to old favourites and classics.
- New Zealand also seeing strong growth as consumers trade up and feel confident in the quality that New Zealand has to offer.

Source: International Trade Centre (trademap.org) | ITC calculations based on IE Singapore statistics

Note: Vol figures calculated by Nimbility due to mixture of multiple UoM in raw data, figures for certain countries missing from raw data.

# SINGAPORE STILL BOTTLED WINE IMPORTS Q1 2021 BY AVERAGE PRICE POINT

## Singapore Import Stats of Bottled Still Wine

Rank	Exporters	Avg Price/9LC (USD)		
		2020 Q1	2021 Q1	YoY %
1	France	267.11	460.20	72.3%
2	Australia	102.02	121.85	19.4%
3	Italy			
4	New Zealand	78.33	99.38	26.9%
5	United States of America			
6	United Kingdom	507.21	792.90	56.3%
7	Spain	70.17		
8	Chile	32.69	41.52	27.0%
9	Argentina	50.12	64.15	28.0%
10	Portugal			
	<b>Top 10 Total</b>	<b>150.54</b>	<b>259.86</b>	<b>72.6%</b>
	<b>Others</b>	<b>118.66</b>	<b>141.98</b>	<b>19.7%</b>
	<b>Grand Total</b>	<b>148.87</b>	<b>252.85</b>	<b>69.8%</b>

- Increases across the board for average price confirm a premiumization trend taking place in Singapore.
- Particularly strong increases here for France as well as fine wine imported via UK Merchants as consumers spend more disposable income on premium wine choices.

Source: International Trade Centre (trademap.org) | ITC calculations based on IE Singapore statistics

Note: Vol figures calculated by Nimbility due to mixture of multiple UoM in raw data, figures for certain countries missing from raw data.



## SINGAPORE MARKET UPDATE

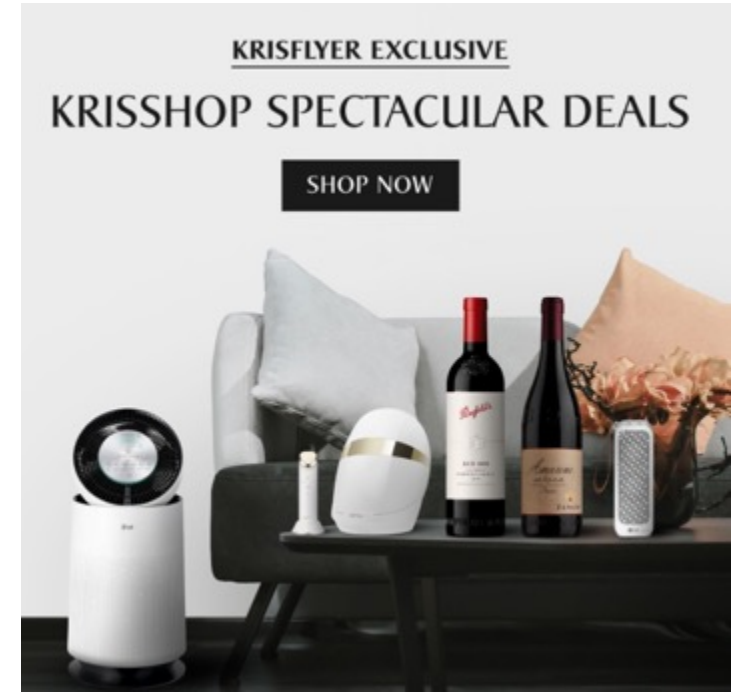
- Singapore went back into a semi-lockdown from mid-May to mid-June with re-closure of HORECA and limiting gatherings to 2 pax.
- From 21<sup>st</sup> June HORECA re-opened for two weeks with a maximum group size of 2 and restrictions on music in F&B venues, eliminating atmosphere within bars and restaurants. There was then another major outbreak and total shut down of F&B has been in place since mid-July, expected to lift again end of August.
- The market feels very slow with some importers commenting that consumers seem to be drinking less. Many expats, who drive much of the alcohol consumption in Singapore, have left and are not being replaced.
- The Government is ramping up the vaccine program and aims to have two-thirds of the population fully vaccinated by National Day on 9<sup>th</sup> August, depending on supplies.
- Currently 60% of the population are fully vaccinated.
- All travel remains closed which is becoming an increasing issue for residents who have now been trapped within Singapore's borders for 18 months with no end in sight.



## NEWS & INSIGHTS

- The growing trend towards quality ‘natural’ beverage choices remains strong – organic, biodynamic, low intervention, low and no, sustainable etc. – in both the off-trade and HORECA.
- Ritz-Carlton Hotel is looking for a ‘natural selection’ of wines for their bars and restaurants. They currently sell more Grower Champagne vs House styles, particularly in their top Chinese restaurants as consumers are more interested in discovery and moving away from big brands, particularly when it comes to premium wine.
- Likewise Dairy Farm Group is continuing to look for wines that fit within organic, biodynamic, sustainable, low and no, messaging. For retail, certification is more important as consumers have to be able to see these credentials on the label.
- There is a general premiumization trend across both HORECA and Retail, with buyers looking for more interesting and diverse selections of mid-market and premium choices.
- Consumers are looking to try new brands and discover new offerings – a common trend as consumption increases, so does confidence to explore a category. However, there is a need to drive product and category knowledge in such a price sensitive market, particularly at premium price points.

# PROMOTIONS & OFFERS



## Mega Mid-Year Deals

- Discounts up to 60% off
- S\$30 off with S\$200 min. spend
- Additional S\$20 off with UOB Cards



## INDUSTRY INSIGHTS

### **General Manager, Importer, Fine-Dining Focus**

“Jan-Apr started very well. We were 15-20% up vs 2020 and although sales were not as strong as 2020’s finish we were feeling positive going into 2021. This latest lockdown, however, has been very bad. Online hasn’t been as big compared to the sales we did over the 2020 lockdown.”

The market feels super slow and even with HORECA opening up this week, it’s essentially like Valentines Day every night with only 2 pax allowed to dine in and this isn’t great for wine sales. Couples will max. out at 1 bottle of wine when groups will drink a lot more.”

### **Marketing Manager, HORECA, Private Client, Boutique Retail Specialist Importer**

“We have been in survival mode for the past month, reduced to selling online and into boutique retail. We are therefore continuing to look for more diversity within our online offers to private clients. We are hoping that HORECA will open up again quickly.”





## INDUSTRY INSIGHTS

### Independent Bar & Restaurant Owner, Keong Saik

“This second lockdown has hit us pretty hard, particularly as it came mid-month so rent had already been paid. Starting up again on the 21<sup>st</sup> of the month with just 2 pax. per table has meant it will be impossible to break-even in June either. We’re all just hoping that group size for dine-in will move up to 5 in mid-July as they are suggesting.”

“There are no more Government grants available for independent businesses like ours so the Government has to push this to happen for businesses to survive. They are currently ramping up the vaccination program to ensure this will be possible.”



 **INDUSTRY INSIGHTS**

**Chris Coburn, Regional Manager Singapore, TWE**

**Commenting on e-commerce & retail performance**

“Singapore has traditionally relied on a strong on-premise trade for wine consumption, but with the impact of Covid restrictions we have seen at home consumption levels rise. Ecommerce has been a strong winner and we have seen that consumers are now increasing wine consumption at home.”

“Off trade wine sales are continuing to outgrow 2020 and 2019 comparative levels. A change in this recent lockdown vs the last one is the allowance for 5 guests vs 0 guests in the April-June 2020 lockdown, so home entertaining has clearly helped maintain off trade sales. Consumers are using e-commerce platforms more which allows for easy purchase of bulky items such as cases of wine. On-line continues to be the star performer – but key ‘bricks and mortar’ retailers are also increasing their online offering.”

**Commenting on the state of the on-trade performance**

“Even with the easing of restrictions there have still seen limitations on large-scale gatherings, along with a 10:30pm curfew that has continued to limit consumption on-premise. Without added tourism we are seeing price sensitivity of the on-trade offering steep discounts and deals to attract locals. The bar and nightclubs sector continues to be particularly down.”

## OUTLOOK

- When Covid-19 restrictions ease again and while travel remains closed, the market bubble will likely remain strong as much of the disposable income that would usually be spent outside of Singapore is being spent here instead.
- It remains to be seen what will happen to the market once international travel opens up, however, with the underlying factors of economic growth and increasing interest in wine to drive consumption, the long-term outlook for Singapore remains attractive.
- Further easing of restrictions and opening of the border should add to the attractiveness of the market in the coming 12 months.



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