

Special Report on ProWein Business Survey 2022:



Market opportunities for no-low and sparkling wines

International Trade Fair
for Wines and Spirits

Opportunities provided by no-low wines

One in three wine merchants sees very good sales opportunities for low-alcohol wines, one in four for no-alcohol wine

No-low sparkling wines and white wines are in highest demand

16% of wine merchants are looking for new no-low wines for their product ranges

The companies in the wine industry respond proactively to the current challenges of the economic crisis. In the current ProWein Business Report 2022 nearly 2,500 wine sector experts from 47 countries were polled about their plans for the current year. Almost half (46%) of wine producers and merchants want to adapt their product portfolio to market trends and 27% are investing in innovative products.

On a global scale the 'no-low' category is among the fastest growing beverage segments. This innovative product category consists predominantly of alcoholic beverages that were dealcoholised or contain substantially less alcohol by volume. According to the IWSR global no-low sales in 2022 exceeded \$22 billion. According to the IWSR, annual sales growth of 7% is expected for the next five years through to 2026, with 90% representing the main growth share of the entire beverage industry.

The international growth of the no-low market had so far been driven primarily by the early innovations in alcohol-free beers and ciders that were mature in taste. But over the past few years, major progress has also been made as regards product quality when dealcoholising wines. Although the market share of wines and sparkling wines with no or low alcohol is still small, it is posting very good growth rates in many countries. This is why ProWein in cooperation with Meininger publishing house



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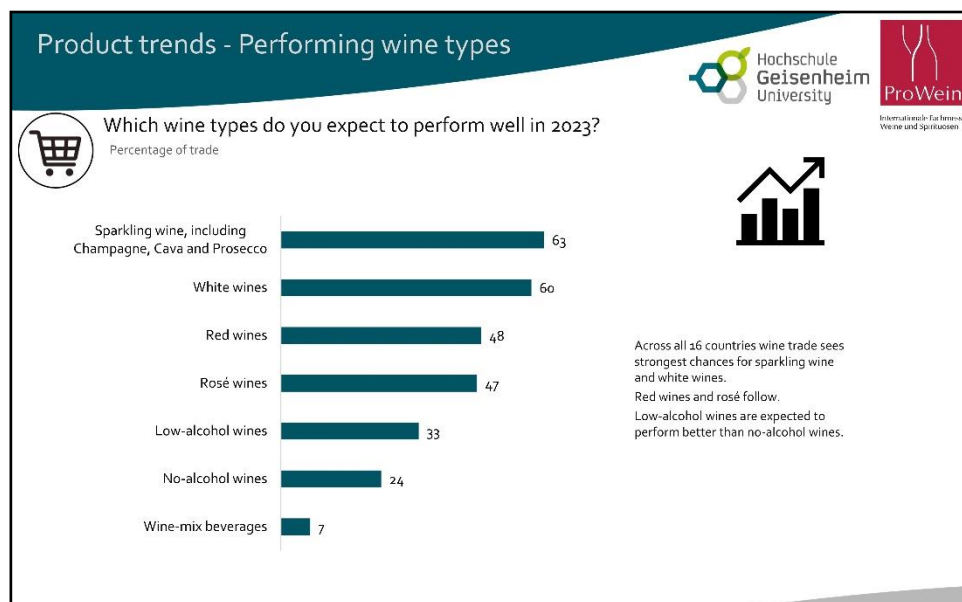
organised the “World of Zero” focusing on dealcoholised wines in March 2023 for the first time.

This also why the current ProWein Business Report 2022 polled merchants from 16 different countries on the market opportunities and sales potential of the no-low wine category for the first time. This means, it is the internationally most comprehensive report on this innovative and high-growth product category, which benefits especially from consumers’ increasing health consciousness. The results give merchants and producers valuable hints as to which types of no-low wines are in demand in which countries and where merchants are particularly interested in listing new no-low products.

Product trends

In order to gauge the relative sales opportunities of the various wine types, in November 2022 almost 1,150 wine merchants, importers, distributors, restaurateurs and hoteliers were asked which products they felt would be in demand in 2023. The list of trending products is clearly headed by sparkling wines, Champagne, Cava and Prosecco, which already posted very good market successes over the past few years. This year ProWein again offered a focal area in this trend segment with the successful Champagne Lounge.

Low-alcohol or dealcoholised wines are viewed as trending products by one third of the wine trade. Merchants overall see better opportunities for low-alcohol wine than for no-alcohol wines. Apart from this global trend, there are strong regional differences between countries.



Top 10 markets for no-low wines

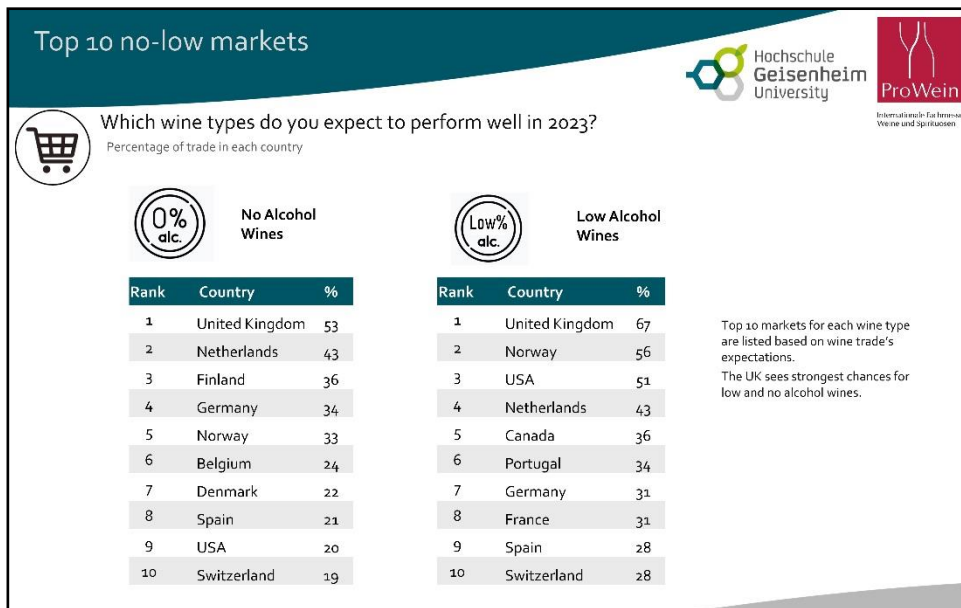


Chart 2 Top-10 markets for no-low wines and sparkling wines

Great Britain ranks first for both no and low wines. Up to two in three British merchants expect these products to perform well. The high acceptance of wines with less alcohol is promoted by amongst others the British tax system, which taxes these wines significantly less or not at all. For dealcoholised products the Netherlands and Finland follow ahead of Germany with roughly one third of traders approving.

In most countries, above all in Norway, the USA, Canada, Spain as well as Switzerland low wines are in greater demand as trend products than no-alcohol wines. In the top-3 markets over 50% of merchants are interested in them. Germany and the Netherlands have been the only markets so far where the demand for no and low wines is rated as equal by the trade. This also correlates with the results found by IWSR according to which Germany is the most strongly developed market for no-alcohol wines and where the vacuum-based process for the dealcoholisation of wine was patented in 1908.

White and sparkling wines lead the no-low category



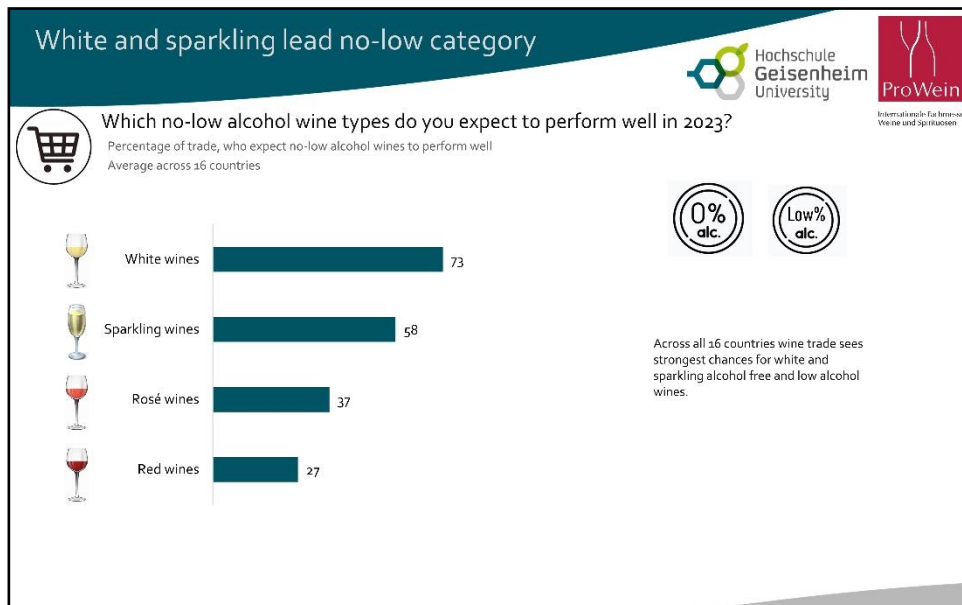


Chart 3 Leading wine types in the no-low category

The merchants who expected no-low wines to perform well were asked about their preferred wine types for no-low. Here white wines and sparkling wines are clearly ahead of rosé and red wines. One reason being their production. With sparkling wines the reduced alcohol content can best be compensated for in sensory terms by carbonation. When it comes to de-alcoholising white wines, the industry has learnt a lot lately about the optimal requirements for the de-alcoholised base wines. When alcohol is removed from red wine, the tannins from the grape skins so typical of red wines become more prominent and have to be elaborately balanced in sensorial terms.



Top-10 sales markets for no-low white wines and sparkling wine

Markets also vary in product preferences for no-low wines. For sparkling wines North America, Italy and Scandinavia very much take the lead in the top 10 sales markets. 75% to 90% of merchants expect no-low sparkling wines to perform very well. This also applies to the majority of wine merchants from Austria, Belgium and France. Speaking of no-low white wines, next to Scandinavia the Netherlands and Germany also rank at the very top since they have a generally greater affinity for white wines. Even the traditional wine countries of Portugal and France surprisingly rank among the top 10.

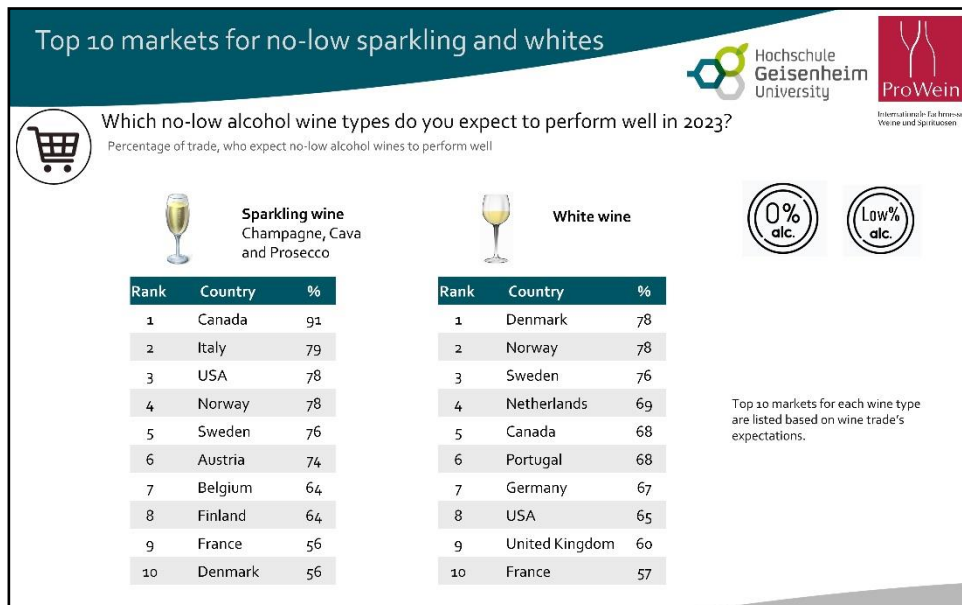


Chart 4 Top-10 sales markets for no-low whites and sparkling

Top-10 sales markets for no-low rosé wines and red wines

In general, the Scandinavian countries lead in terms of demand for no-low wines and, hence, also for rosés and red wines. Here, like in Great Britain, the lower taxation plays an important role. For rosé wines Scandinavia is followed by Belgium and Great Britain as well as Germany and Austria. The strong performance of rosé wines in France is also visible in no-low wines.

For red wine, Scandinavia is followed by the two North American countries where almost two thirds of the trade see promising prospects for no-low red wines. Even the major red wine producers Spain, Portugal and Italy rank among the top 10 sales markets for no-low red wines.

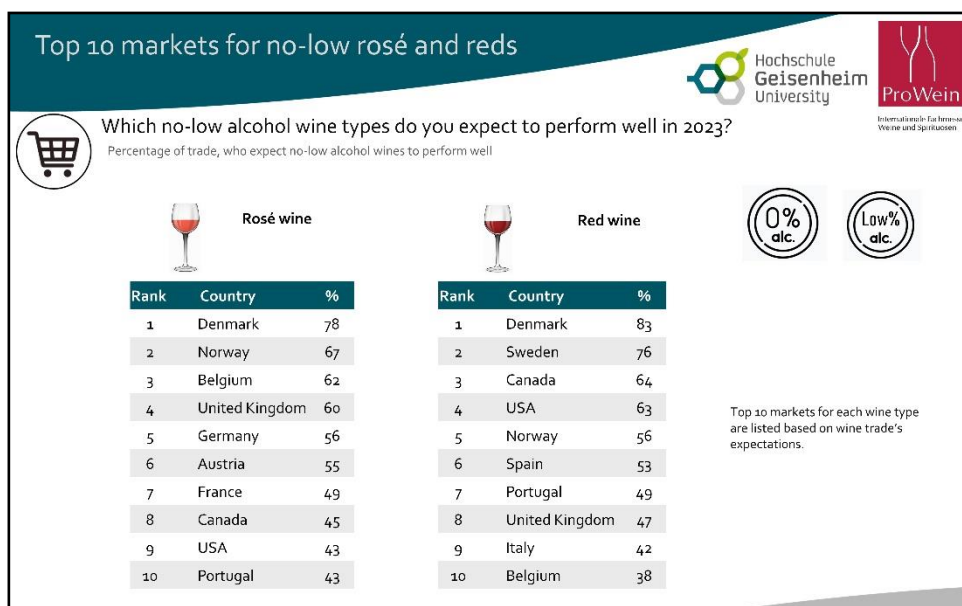


Chart 5 Top-10 sales markets for no-low rosé and reds

Reaction by trade and producers to no-low trend

Merchants and producers who are optimistic about no-low wines and see good sales prospects were polled on their current plans. One in two of these optimistic merchants wants to list new no-low wines next year. As a percentage of all traders this corresponds to 16% for low-alcohol wines and 11% for no-alcohol wines. Only 30% of these optimistic merchants do not plan to order any new no-low products because they feel their ranges are already well assorted. These results reflect merchants' great interest, which offers particular opportunities for producers to be listed with new products.

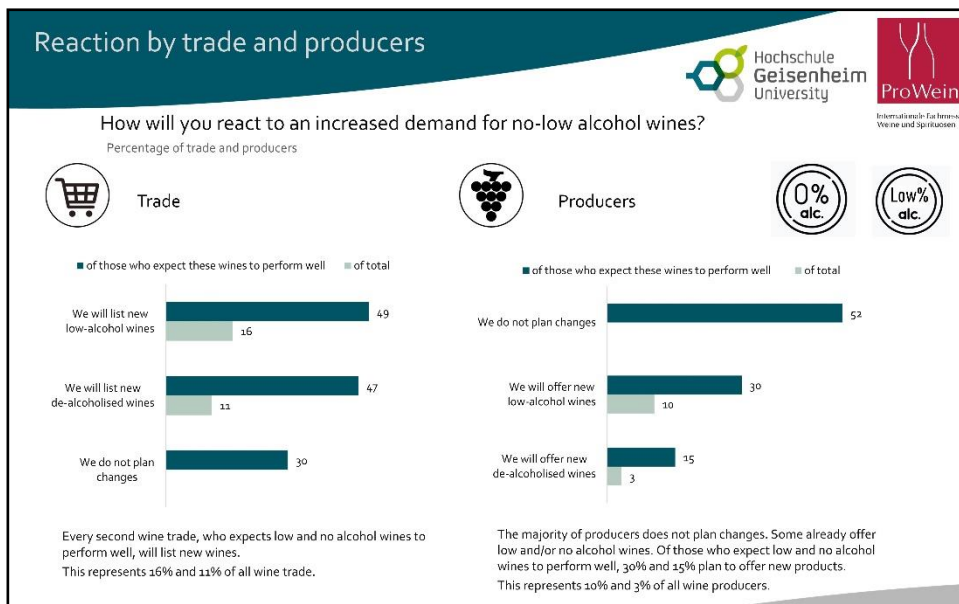


Chart 6 Reaction by trade and producers

By contrast, a smaller proportion of producers who see sales prospects are planning to offer new low-alcohol products (30%) and no-alcohol products (15%). As a function of all wine producers this means 10% for wine with low alcohol and 3% for wine with no alcohol. Some of these producers already have low-no wines in their ranges which is why 52% have not planned to change their portfolio in 2023 for the time being. Some of these enterprises, however, would like to increase the amount produced of these wines.

Differences in production

Another reason for this rather low number of producers is the technical de-alcoholisation process, which cannot be run by small and medium-sized producers by themselves. The systems required for this process are only

offered by a few large, specialised manufacturers and service providers who in part specify certain minimum quantities for this commission manufacturing. For some producers these minimum quantities are (still) too high. One solution might be for some companies from the region to have a cuvée de-alcoholised jointly to then market it under their own labels. Producers from the German Rheingau wine-growing region have already applied this model very successfully.

The production of low-alcohol wines can be controlled by producers themselves to a certain extent by suitable viticulture and oenological measures. Many companies reported of experimenting and looking for ways to produce quality wines with low alcohol volumes. Especially countries strongly impacted by climate change, where the sugar content in the grapes and, hence, the alcohol content of the wines have already clearly gone up, are active in this field. Partial de-alcoholisation to lower volumes such as 5% ABV, however, requires special plants.

Trade interest in new no-low listings

This chart below shows the percentage of merchants per country who intend to list new no-low wines – with reference to companies who regard this a trend (left-hand column) and with reference to all traders (right-hand column). Again, the difference between no and low categories becomes evident here. There is a clearly stronger interest in listing low-alcohol wines. In the USA, for example, one in two (47%) wine merchant wants to list new low-alcohol wines but only one in twelve (8%) is on a quest for no-alcohol wines. In Norway, too, this percentage stands at 44% for low-alcohol wines and at 20% for no-alcohol wines. Only in the Netherlands (21%) and Germany (18%) the trade is slightly more interested in new no-alcohol wines than in low-alcohol wines.



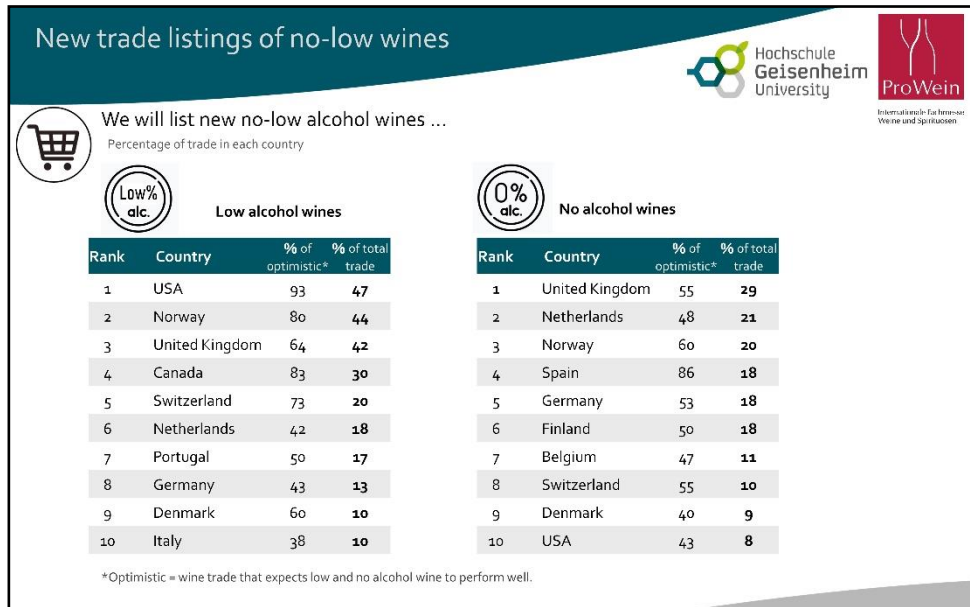


Chart 7 New trade listings of no-low wines

Innovation as tomorrow’s sales driver

For the coming years, industry experts expect many product innovations in no-low beverages designed to meet consumers’ taste and needs even better. An ‘analogue wine’ beverage without alcohol must not necessarily be obtained from wine by de-alcoholisation. Initial experimental products with tea, hops extracts and other ingredients are already performing well, as is demonstrated by the Kylie alcohol-free sparkling rosé. The ProWein Business Report will continue following the trends in no-low wines.



The extensive ranges at ProWein 2023 enabled merchants and producers to taste and order new product trends. In the “World of Zero” no-alcohol wines were focal themes at ProWein 2023.

This study was commissioned by ProWein and carried out by the Department of Wine and Beverage Business at Geisenheim University under the direction of Prof. Dr. Simone Loose. Geisenheim University is known worldwide for its research and teaching in the field of wine science.

ProWein and Geisenheim University look forward to continuing the ProWein Business Report successfully in the coming years. ProWein thus provides the wine industry with a globally unique, regular longer-term “market barometer” answering key sectoral questions in annual special

topics. We would like to thank the participants of the survey and hope that wine producers and marketers continue their active participation.

Upon request, each participant will receive the detailed ProWein Business Report free of charge.

Note for editors:

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