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The Netherlands

Wine

The Dutch Wine Market

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Report Highlights:

Dutch wine imports from the United States tripled in the last 3 years. Most of these imports were transshipped to other European countries. Wine consumption in the Netherlands is increasing.

Includes PSD changes: No
Includes Trade Matrix: Yes
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Executive summary

Consumption of wine continues to grow in the Netherlands, with per capita consumption reaching 18.4 liters in 1998, up from 17.5 liters in 1997. This compares to a wine consumption of 7.3 liters per capita in the United States. Increasingly, the Dutch wine drinker is showing an interest in “new world wines” and the U.S. wine industry is taking advantage of it.

Dutch imports of U.S. wines reached 104,330 hectoliters in 1998, an increase of 81.5 percent compared to the preceding year. If U.S. wines imported via Belgium, France and other European countries are included, actual U.S. wine imports is probably more on the order of 120,000 hectoliters. The increase is attributable to rising sales of U.S. wines in Dutch supermarkets and the growing importance of the Netherlands as a distribution center in western Europe for U.S. wines.

Dutch imports of U.S. wines are expected to continue to grow. Dutch consumers, particularly young consumers, are becoming more interested in wine, including U.S. wine. In addition, the largest U.S. winery opened its European distribution center in the Netherlands in 1999. This gave Dutch wine imports from the United States a further boost.

Production

Wine production is minimal in the Netherlands.

Consumption

Wine Consumption By Country

	1993	1994	1995	1996	1997	1998
	Liters per capita					
The Netherlands	15.2	15.7	16.1	17.1	17.5	18.4
<i>United States</i>	6.6	6.7	6.7	7.3	7.4	n.a.
France	63.5	62.5	63.5	61.0	60.0	n.a.
Italy	58.8	58.5	57.6	54.3	53.5	n.a.
Belgium	25.6	24.0	19.6	20.2	25.0	n.a.
Luxembourg	60.3	60.5	58.2	54.9	52.0	n.a.
Denmark	25.2	26.2	27.6	28.3	29.3	n.a.
Germany	22.6	22.6	22.2	22.8	23.0	n.a.
United Kingdom	12.2	12.7	12.8	13.1	14.3	n.a.

Source: Product Board for Wine

Wine consumption continues to increase in the Netherlands with consumers showing an increasing interest in

wine from what the Dutch refer to as the "new wine countries"; the United States, Australia, South Africa, and Chili. South African wines are very popular because many South African wines have Dutch names which remind the Dutch of their historic ties with that country.

Market research reveals that Dutch women tend to drink more wine than men. On an average day, 19 percent of all women over 16 years of age drank wine, whereas only 12 percent of the men did. The average wine user has an above average income, is a woman, and is over 30 years of age.

Sales & Marketing

Wine sales in the Netherlands were up in 1998 and Dutch wine importers, wholesalers and retailers had a very good year. Average wine sales increased by 6 percent to DFL 2.7 billion (\$ 1.38 billion).

Supermarkets account for 65 percent of all Dutch wine retail sales, an increase of one percentage point compared to 1997. The share of specialty wine stores is gradually decreasing falling to 25 percent in 1998 compared to 28 percent in 1996. The remainder is sold via wine-clubs, department stores and wholesalers.

Studies show that 75 percent of Dutch wine customers do not know which wine they are going to purchase when they enter a supermarket or specialty wine store. At most, the consumer has only a preference for red or white wine. Point of sale (P.O.S.) materials for U.S. wines would be effective in tilting Dutch consumer purchase decisions toward U.S. wines. Simple and inexpensive, but informative P.O.S. materials would be suitable for the Dutch market. The U.S. wine industry is encouraged to participate in U.S. wine promotions with the large supermarkets and/or wine and liquor store retail chains. Such activities in the past have proven successful in getting Dutch consumers to try U.S. wines and convince him or her of the good quality.

The Wine Institute is active in the Dutch market and maintains an office in the Netherlands. The Wine Institute promotes U.S. wines through tasting, wine trips to California, promotional materials, and other promotional activities.

The American Embassy's menu promotion project with hotels and restaurants continues to help gain exposure for U.S. wines in the Dutch market. For any "American Food Festival" supported by the Embassy, the restaurant is required to serve American wines and other genuine American foods and beverages.

Price Trends

The average retail price for a bottle of wine increased from Dfl 7.38 (\$ 4.37) in 1996 to Dfl 7.61 (\$ 3.90) in 1997 and to Dfl 7.68 in 1998 (Note: Average exchange rate in 1996 was US\$ = Dfl 1.69 in 1997, Dfl 1.95 and in 1998 , Dfl 1.98).

The Netherlands: Average Retail Wine Price

	1995	1996	1997	1998
Red Wine:				
American	-	-	-	10.01
French	8.28	8.24	8.09	8.80
Italian	6.66	7.13	7.85	8.11
Spanish	7.31	7.41	8.30	7.72
South African	--	--	8.75	9.86
Chilean	--	--	8.82	10.56
White Wine:				
American	-	-	-	8.90
French	7.89	8.25	8.31	8.84
German	6.11	6.03	6.13	6.64
South African	--	--	8.17	8.46
Chilean	--	--	10.81	9.86
Spanish	6.62	8.11	7.98	7.41
Average all wines	6.97	7.38	7.61	7.68
Exchange Rate US\$ 1 = Dfl	1.61	1.69	1.95	1.98

Source: Product Board for Wine, The Hague, the Netherlands, estimates

International Trade

According to the official estimates, Dutch wine imports in 1998 totaled 3,445,940 hectoliters, an increase of 1.4 percent over the preceding year. As intra-EU trade statistics can no longer be gathered through customs declarations, CBS depends on the more than 700 wine importers for data regarding intra-EU movement of goods. Companies with a trade volume of Dfl 500,000 (\$252,000) or less (and there are many in the wine trade) are exempted from the trade reporting requirement. A less than desired response on the part of importers and exporters to the CBS request for trade information has resulted in incomplete and imprecise intra-EU trade

statistics since 1993.

The reporting system of trade with non-EU countries has not changed, therefore direct imports of U.S. wines are recorded accurately. However quite a lot of American wine, specially bulk wines bottled in Belgium and France enter the Dutch market, statistically, as EU wines.

Wine Imports from the United States

Dutch imports of U.S. wines in 1998 amounted to 104,330 hectoliters, an increase of 75 percent from the 59,430 hectoliters in 1997. The substantial increases in the last years are partly due to more sales of American wines in Dutch supermarkets, as well as U.S. wineries using the Netherlands to an increasing extent as their distribution center for western Europe.

Over 40 Dutch importers are handling U.S. wine and over 100 U.S. wineries are represented in the Dutch market.

Perhaps the two most important events accounting for the increase in U.S. wine exports to the Netherlands were a large-scale promotion in the fall of 1995 by a Dutch wine chain store with 360 outlets. The promotion exposed consumers to a wide variety of quality wines available from the United States and encouraged other wine shops to follow suit. The second event was the entrance into the market in mid 1997 of the largest U.S. winery. Their sales and marketing strategy have not only put their wines in a large number of supermarkets but other U.S. wineries have followed their example.

The Netherlands: Wine Imports from the United States

	Imports from the U.S.		Exchange rate	Market	Number of Wine Cases
	Hectoliters	Dfl x 1,000	US\$ 1 = Dfl	Share*	
1991	2,879	2,129	1.87	0.13	29,300
1992	4,346	2,513	1.76	0.18	48,200
1993	9,028	5,519	1.86	0.43	100,300
1994	8,634	5,772	1.82	0.37	95,900
1995	12,917	8,888	1.61	0.60	143,500
1996	23,927	16,900	1.69	1.10	265,000
1997	57,490	42,684	1.95	1.76	640,000
1998	104,330	66,139	1.98	3.03	1,158,063

* U.S. market share is calculated on the basis of volume, the U.S. market share by value amounted to 4.2 percent in 1998.
Source: CBS and AgAffairs Office estimates and calculations

The import statistics provided above are direct wine imports (mostly bottled) from the United States. However, Dutch companies import substantial quantities of U.S. bulk wine via other countries, especially through

Belgium and France. Subsequently, these wines are bottled for re-export to the Netherlands and sold under private label. The wines usually retail at DFL 5.95 in supermarkets and DFL 6.95 in the wine and liquor stores (about \$ 3.00 and \$ 3.55 respectively). In Dutch import statistics these U.S. wines appear as originating from the country where they were bottled. Also, undetermined but relatively small quantities of California bottled wines are imported into the Netherlands via Germany and Belgium.

Unfortunately, 1999 Dutch wine import statistics are not yet available. However, U.S. export statistics through the third quarter of 1999 reveal another sharp increase (90 percent) in U.S. wine exports to the Netherlands.

Outlook for U.S. Wine Exports to the Netherlands in 2000.

American wines have gained momentum in the Dutch market and prospects for increased exports are good as demand for U.S. wines in the Netherlands and the rest of western Europe is expected to grow. According to Dutch wine importers, the 1999/2000 wine prices in California have decreased slightly because of sufficient grape supply. However the increase in the value of the U.S. dollar might offset this advantage. Dutch importers believe that California has a good quality grape crop this year and expect to receive continued high quality wines from the U.S.A.

Promotional Activities

The Dutch Market by Major Wine Supplying Countries

France: The promotional organization "Sopexa-Benelux" has offices in Belgium and the Netherlands. Although the French Government contributes to the budget of Sopexa, a major share is provided by the French wine producing regions. Sopexa sells most of their promotional material, rather than give it away. Private persons have to pay for all promotional materials from SOPEXA whereas wine companies only pay for the wine maps.

The French continue to use "one-on-one" events with large retail organizations to boost sales. However, details of these activities are not available.

Various French wine regions such as the Rhône, Roussillon, Languedoc and the Champagne areas are active in the Dutch market with their own promotional activities. Judging from the number of promotions, their budgets are sizable. In 1999 the Rhône area started a successful campaigns to promote Rhône wines to go with cigars and game.

Germany: The wine industry has a active P.R. agency in the Netherlands, apparently with a generous budget. The industry has developed attractive promotional materials designed for international use. Every year, the industry organizes a large tasting event, accompanied by a culinary food festival, and a German Wine Fair in various cities. The German wine representative organizes tasting, wine trips to Germany, and typically has a booth at major trade fairs.

Luxembourg: No visible activities in the Netherlands.

Italy: Wine is promoted by ICE (a trade promotion agency financed by the Italian Government) and the Italian

Embassy. However, very few activities are organized, reportedly because only a limited budget is available. However, a few Italian regions have branched out on their own and actively promote wines from their own region.

Austria: The Austrian Embassy is actively promoting Austrian wines. Exceptionally high quality posters and pamphlets are available from the Embassy. Tastings, including master-classes, are done regularly.

Spain: Wine promotions are organized through the Spanish Embassy and two promotional institutes: the Sherry Institute of Spain and Vinos de Espana. Primary activities include trade fairs, tastings, and trips to Spain organized specifically for the press.

In 1997 Spain started to budget and promote Spanish wines by region. It also distributes a beautiful pamphlet (almost a book) on the entire wine industry in Spain. In 1998 and 1999 the Spanish sherry-institute had a high-budget sherry promotion in the Netherlands.

Portugal: The Portuguese Embassy sponsors a very active promotion program. Portugal has several tastings per year and organizes Portuguese weeks in restaurants or supermarkets. There was additional funding set aside in 1999 for the promotion and for tastings of port wines. In September of 1999 Portugal participated in the professional Dutch Wine and Liquor Fair in Utrecht. Free tasting of Portugese wines attracted lots of professional attention.

Australia: Until recently, wines were promoted through the Australian Embassy in the Netherlands. However, promotional activities in the Netherlands are now extremely limited and are conducted via the Australian Embassy in London.

South Africa: So far, activities have been limited. Wine promotion is usually a joint effort between the South African Embassy and Dutch wine importers. There is also promotion of South African wines via the internet.

Chile: "Pro Chile", a Chilean trade promotion agency, promotes Chilean wines in the Netherlands. Beautiful promotional materials are available but only in limited quantities. Tastings are regularly organized. Wine study trips to Chile have been organized in 1999. A very informative book on Chilean wines was published in the Netherlands.

Bulgaria: Wines are promoted through the Dutch importer.

Romania: Wines are promoted through the Dutch importer.

Hungary: Both the Hungarian Embassy and the Tourist Board are actively promoting Hungarian wines.

Trade Matrices

Import Trade Matrix			
Country:		Units:	Hectoliters
Commodity:			
Time period:	Jan-Dec		
Imports for	1997		1998
U.S.	59,430	U.S.	104,330
Others		Others	
EU	3,031,700	EU	2,976,690
>France	1,509,290	>France	1,586,400
>Spain	521,530	>Spain	487,870
>Italy	358,150	>Italy	232,940
South Africa	99,620	South Africa	146,100
Bulgaria	70,500	Bulgaria	50,880
Chile	57,750	Chile	68,370
Australia	23,480	Australia	31,310
Grand Total	3,398,670	Grand Total	3,445,940