

The Impact of COVID-19 on the English and Welsh Wine Industry

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Reasoning behind subject choice

- Working at Wine Cellar door
- Big supporter of the UK industry
- Report by Wine Intelligence
- Had sales and awareness of English and Welsh wines increased during the pandemic?
- Understand the potential opportunities that may have arisen during the pandemic
- Also the potential future threats to the industry

Brief overview of English and Welsh wines market prior to Covid-19

- The UK wine industry was a large importer of international wines (Wine GB, 2020).
- The market for English and Welsh wines was still in its infancy with sales and recognition of wines slowly increasing (Wine GB, 2018).
- Growing reputation, both domestically and internationally (Decanter, 2021).
- The export market accounted for 10% of all the sales of English and Welsh wines (Wine GB, 2020).
- Prior to COVID-19 sales of English and Welsh wines were split as follows (Wine GB, 2020)

Approach to collecting data

- Initially undertook a literature review
- Primary data was collected from UK producers and industry professionals
 - This data was collected in the form of an anonymous survey on a sample section of producers of English and Welsh wines
 - Interviews were also carried out on two retailers of English and Welsh wines
 - Supermarket interview
 - English and Welsh wine retailer interview

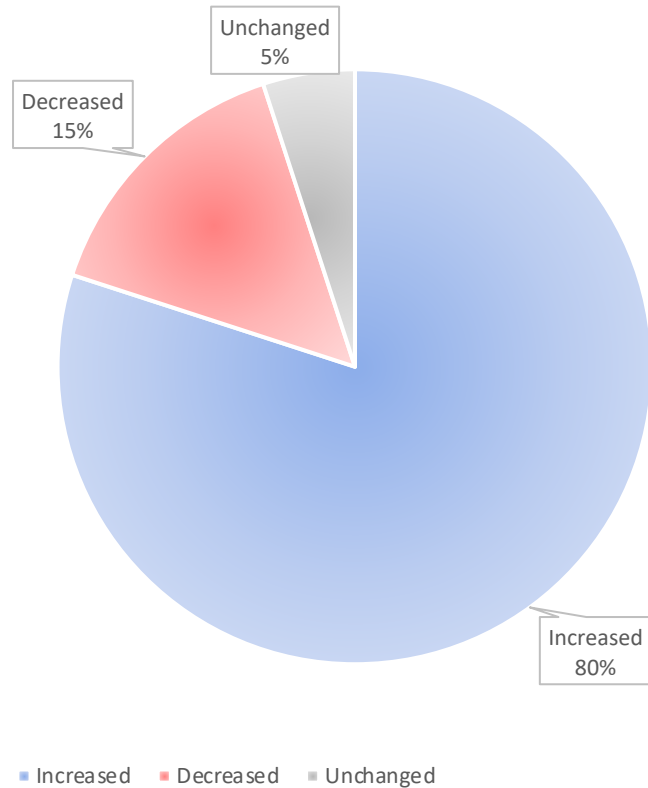
Key findings from Literature review

- Alcohol an essential good during Covid-19 (Schrieberg, 2020)
- Vineyard visitor numbers were affected (de Nicolo, 2020)
- Forced periods of closures in the on-trade impacted sales (Alonso, et al., 2020)
- Exports of wines produced in the UK were significantly affected (Mileham, 2020)
- Bank of England - many households had lower incomes (Bank of England, 2020)
- Higher income households benefitting from forced saving (Bank of England, 2020)
- More wine was consumed at home, the majority of wine was ordered online (Davenport, et al., 2020)
- Reduction in tourism both domestically and internationally (ONS, 2021)
- Introduction of virtual tastings (Hancock, 2020)
- Problems in the supply chain and difficulties getting seasonal workers (Capgemini, 2020)

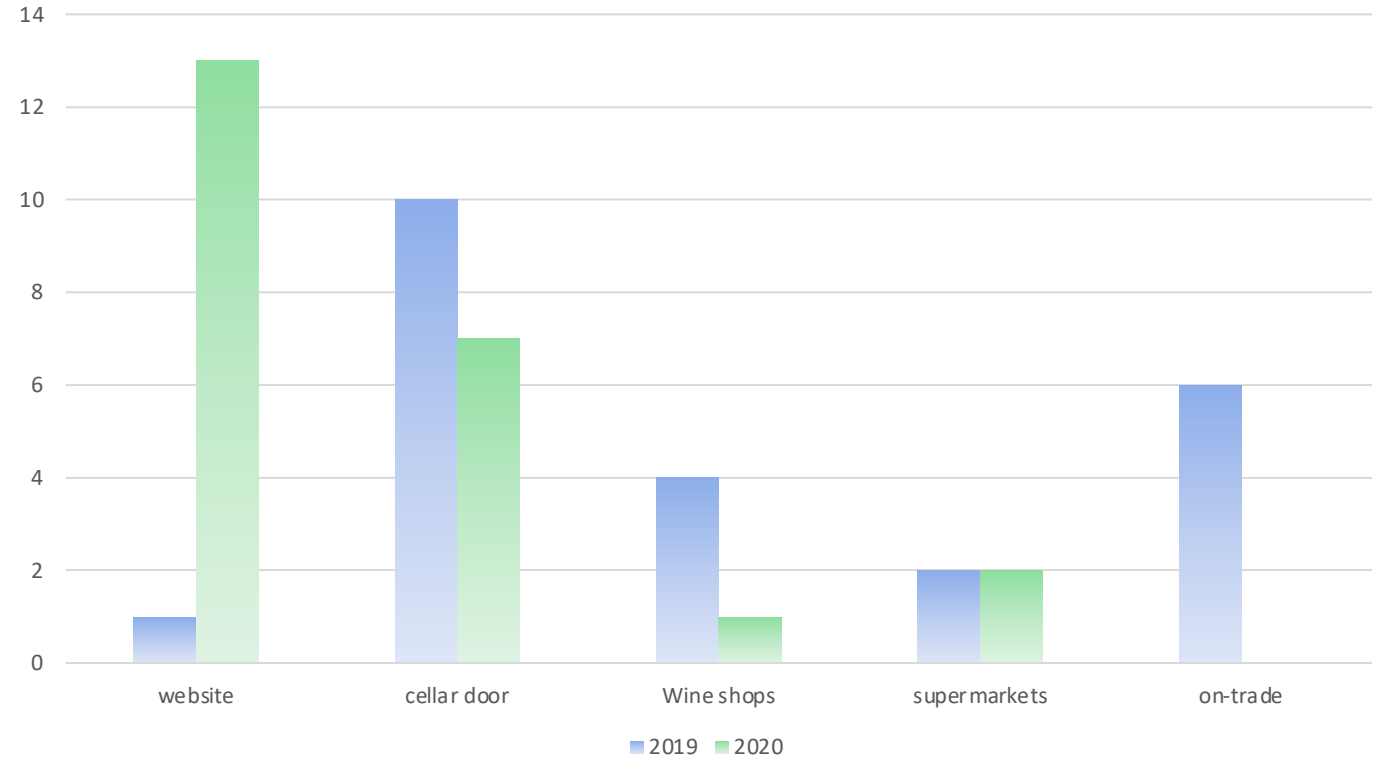
Interview analysis

- Supermarket - large increase of sales on their online platform
- Independent retailer - large increase in sales online
- Supermarket - challenging year for the sales of English and Welsh wines with sales overall down compared to 2019
- Independent - sales to the on-trade were extremely low throughout 2020
- Supermarket - 2020 a difficult year to raise awareness of English and Welsh wines in their stores
- Independent - previously sold a lot of stock at markets and festivals
- Change in consumption towards the end of 2020, customers switched to more premium wines
- Supermarket - focus more on Champagne
- Independent - sales before Christmas rose by 25%
- Independent - 1st lockdown sales slightly higher, 2nd lockdown significantly higher

Survey analysis



Overall did sales increase or decrease in 2020, when compared to 2019 (20 responses)



Where most sales were generated in 2019 and 2020 (20 responses)

Key findings from primary data

- Revenue grew for most producers during the pandemic
- Brand awareness increased
- Producers that adapted quickly saw the benefits
- Producers who offered more tourism options at the vineyard saw visits increase
- Sales to the on-trade virtually stopped in 2020, especially during the lockdowns
- Producers who relied on exports found their sales were negatively impacted
- Sales achieved at supermarket and independent were similar compared to 2019
- Increase in consumers choosing local wines in the middle of the pandemic
- Independent's sales similar to 2019 mainly due to increasing digital presence
- Both retailers saw a trend in consumers spending more on wine at year end

Recommendations

- Maintain online presence
 - Keep social media interesting / educational / up to date
 - Keep on top of website
- Continue to encourage click and collect at the cellar door
- Virtual tastings a useful method of engaging consumers
- Consider what is offered to the consumer at the vineyard
- Free delivery offers but avoid heavy discounting
- Make consumers feel like part of a an exclusive club

Since writing the report.....

- Less online sales in 2021?
- Growth in premium, super-premium and above wine sales in major markets compared with the same period in 2020
- Greater awareness of English and Welsh wines
- Visits were up during summer 2021
- Consumers still consider English and Welsh wines expensive
- Opportunity – champagne prices look set to rise significantly this year
- Offering different style events – focusing on outdoor facilities
- Virtual tastings still a useful method of engaging consumers