

The Position of WINE in the Preference List of Consumers of Alcoholic Beverages Globally – the Why and Why-not

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Abstract

The paper is a reflection of observations made from the study done to know the intricacies of different alcoholic drinks with a focus on “Wine” for positioning it in the preference list of consumers of Alcoholic Beverages - globally, going by the choices of people in different geographical, climatic and the cultural locations. For some, Wine is the most liked drink and for some it is alright to have, but then the “Why and Why not” of individual preferences or otherwise, is a matter of personal choice. The paper throws light on those observations made about Wine. The positioning of Wine in the consumer’s preference list of Alcoholic beverages would naturally be one that it deserves. The paper also provides a glimpse of what ‘Wine’ is doing in the market in general to work and gain its due share among those competing with one another, enthusing the lovers of Alcoholic beverages.

Keywords: *Wine, Beer, Spirits, Alcoholic beverages*

Introduction

While Alcoholic beverages were listed and delisted as products of consumption for years by the governments, a section of people always ‘not just felt’ but also consumed them as the needed essentials for their life. It did impact their lives in contouring their personalities with the finesse that they expected from them. And it may appear outlandish to speak about or appear with a glass of the evaporating pleasure drink, but there is still ‘matter and spirit’ in persisting to give it the needed space in people’s lives. It exalted people, it ruined them, it also (some say – perhaps) balanced their minds to remain in equilibrium. With so much of talk against it there is still the hanging spirit. Neither the great leaders nor the thoughtful

administrators totally bid adieu to it, perhaps, again, since it has the ‘matter and spirit’ in it to evoke at least a neutral response from people.

Alcoholic drinks are not branded untouchables, as they too have their relation to the food based natural compounds. Fermented foods turn alcoholic. The so called ethanol is one such product. They exalt the senses, soothe the nerves, lead the guests to the unknown lands of obscure visibility - a feel of inexpressible absence in the physical presence. They call it high, rightly so, since the state attained made even the trivial, the unlearned and the have-nots have a feel of abundance.

Alcoholic beverages are many types made out of different ingredients. Each of them has a place in what it does to the body and the mind of the consumer. They may not be welcome guests by all and everywhere, but where they are consumed, they are considered the nectar of life. Each of them appears in the list of preferences of people. Such position in the list is dependent on what each of them does and does not do.

Methodology

The paper is a record of Authors’ study and the observations on the Published information and the data thereof. The paper also goes to indicate a trend about Wine’s position in the market which could be sensed and derived from the published information and data. The authors have taken care to choose the information and data from the visibly authentic information. The observations and Conclusion based statements are all again based on the observations made for which the connected references are given at the end.

Limitations

Since the observations made on the study are based on the published information and the data, the authors have only tried to indicate a trend that is emerging for Wine in the market among other Alcoholic beverages. The observations thus recorded are not aimed at making any recommendations, but could provide clarity as to what is happening in the market. Further the exercise is done with the sole purpose of providing the readers seeking information on Wine’s positioning in the market and hence they will be benefited to the extent of knowing the trend and the future for Wine among Alcoholic beverages.

Results & Discussions

Interest in wine started showing a rise - Although traditionally Whisky and Rum rule the market and dominate in the consumption of alcoholic beverages in India, due to increasing availability of Indian made and also imported wine in the last over a decade, consumers’ interest in wine started showing a rise. The said trend was found to have sound basis, going by the survey done by the “India Wine Insider 2017” – by Sonal Holland, India’s first and only Master of Wine and Founder of the Sonal Holland Wine Academy. The study says “Increased disposable incomes, urbanization and changing lifestyles and the growing youth population have left their influence on the wine consumption. It is also recorded that it has been a 14% annual compounded growth. This also was a reason for the Indian wine brands to grow in market share and also being recognized by the diasporas outside India.”

Interesting data about alcoholic consumption across the world – country wise:

From the report of the Last 130 years about alcoholic per capita consumption –

France – While right in the year 1890 the per capita consumption was 15 litres plus - the graph went up and touched 25 litres figure, but then came down steadily to 9.2 litres per capita in the year 2014. The population could have contributed to the lowering of the figure to some extent, but then the consumption pattern also would have come down to settle down below 10 litres as the other countries did.

US – Contrarily started at 5 litres per capita in the year 1890, and then grew up to reach a higher level of 7.7 litres and came down marginally to the level of 7 litres by the year 2014. The consumption of all the other countries started from slightly above 5% and went up and came down to settle down at 7 – 10%. And surprisingly all the countries reached levels between 5 – 10% by the year 2014

Ref.No.1

Whisky has ruled the roost in India - “The one massive variance in the respective cultures is their drinking habits. Australia has a proud history of wine drinking, whereas people in India are used to whiskey drinking, in fact Indian drinks more whiskey each year than Scotland produces.

In India Wine drinking was spoonful - “People in India, the second most populous nation on earth consumes a mere 0.012 litres of wine per person – roughly six tablespoonfuls – per annum. The new found interest in China in wine drinking, China, has only 1 litre to show per person, while Consumers in Australian have around 30 litres per person, as per the reports

Ref.No.2

Beer jumped in consumption scales - Consumption of Beer has been growing in percentage and volumes. The trend in growth is also ratified by the report that “Beer industry has registered robust growth in the last one and a half decades. From a total consumption of close to 100 million cases registered in the year 2005, the current consumption has gone beyond 300 million cases as of the year 2019. The current industry size is estimated to be over 320 million cases per annum.

Ref.No.3

The observation above also is authenticated with the overall alcohol consumption getting doubled in a period of 11 years

“As per WHO report, the Alcohol consumption in India had doubled in 11 years: WHO report

A per capita consumption of 2.4 litres of alcohol in the year 2005, the consumption increased to

2.4 litres of alcohol to 4.3 litres in 2010 and went up to to 5.7 litres by the year 2016”

Ref.No.4

What did the Indian consumer know about wine - “Findings on India Wine Insider 2017 reveal what the consumers know about wine; how do they perceive wine; why and how frequently the consumers have wine, when they have and the place where they drink wine. The studies reveal the facts and pave way for future opportunities for growth in the consumption.

As per India Wine Insider, Sonal Holland, MW, the companies globally depend on the data pertaining to the local consumption, which is taken for arriving at the country-based strategies for marketing. Specific data on India based study is limited; also such

information is focused on trade and the methodology adopted for reporting wherein there is no involvement of the Wine Consumer in India.

Need for understanding Indian Consumer - “India Wine Insider is a pioneering initiative that anticipates the global industry need to understand the Indian wine consumer better, enabling winecompanies to adopt effective and focused marketing strategies for India. The report has direct commercial relevance for wine producers, exporters, importers, retailers and hoteliers; helping them make informed decisions and increase business revenue from wine in India.”

There is a definite need to understanding of the consumer in India. India Insider has been taking a pioneering initiative expecting the industry, globally, to look at the Consumer in India better so that the companies adopt effective and focused marketing strategies for India. The report has direct commercial relevance for wine producers, exporters, importers, retailers and hoteliers; helping them make informed decisions and increase business revenue from wine in India”.

Ref.No.5

Knowing only about its colour - Consumer’s knowledge on wine is very little – therefore awareness about wine and the consumption are related to the state of knowledge. Other than the colour the Indian consumer does not know about the other wine styles, regions of **production and grape varieties.**

Interestingly Indian Consumer is driven by these three factors:

- Price of the product
- Where it is produced – country of origin
- Colour of wine

Wine– mainstream drink in future? - The report also opines that wine is becoming a ‘mainstream drink and appearing to be consumed across different occasions at restaurants and bars – even at home, thus becoming a strong preference among others gaining acceptance culturally in India. Wine consumers could be spotted in large gatherings, Casual and also fine dining restaurants

Drinking in moderation - “More than 50% of consumers order wines exclusively by the glass, alluding to the price-sensitivity of Indian consumers as well as the need to drink in moderation. This finding highlights the need for better-developed ‘wine-by- the-glass’ program, fair pricing strategies with a balanced representation of both domestic and international wines on wine lists”

Notwithstanding the sensitivity to price, the consumers are spending more on wines in a way to impress. More expensive wines are being poured at business meetings, social parties and for gifting to set a favourable impression, making wine important in the social context.

Ref.No.5

The above is in contrast with a Year 2016-recorded data showing 8% of Beer consumption and 92% of spirits, while Wine consumption stood at 1%.

Will it be beer vs. Wine - Among the un-distilled alcoholic beverages only beer stands out other than wine. Beer is highly popular and in fact it is the most sought after alcoholic beverage. It can be said that after Water and tea, Beer is most widely consumed beverage internationally. Even historically Beer holds the track record. Both lager (fermented at low

temperatures) and ale (fermented at warm temperatures) have 4 to 6% Alcohol. The concentrations could be slightly low or high. Light beer contain 2- 4% and malt liquors contain 6-8% Alcohol.

Ref.No.6

Distinctly visible growth notice in **Beer Industry** and consumption.

From a total industry consumption of about 100 million cases in 2005 the growth attained by the year 2019 has been 320 million cases per year. Compared to the markets elsewhere in the world this may not be as big, but is a reflection of distinct growth looking at the history of Beer sales

Ref.No.7

Wine is the other ancient alcoholic beverage which is **un-distilled**. Standard wine contains 14% Alcohol and the Champagne which is also wine has 10-12% Alcohol.

Wine and its USP - Wine is positioned as a healthy, sophisticated and moderately intoxicating drink (also socially acceptable beverage). Wine is thus made unique unlike other beverages to give it a marketing advantage compared to other alcoholic beverages. The matter of woman choosing to have wine for having a drink or two is also due to the reasons of health and moderate intoxication. High price of Wine also goes handy with the women consumer group, as it plays on the psyche to accept the association of “high price and a woman’s nod” for wine

The following table of variations of preferences in percentages among Beer, Wine and Spirits:

Year	Australia			Canada			France			Italy			Japan		
	% (Percentage of consumption out of the total Alcoholic Beverages)														
	BEER	WINE	SPIRITS	BEER	WINE	SPIRITS	BEER	WINE	SPIRITS	BEER	WINE	SPIRITS	BEER	WINE	SPIRITS
1890	47	10	43	--	--	--	06	68	26	00	95	05	--	--	--
1924	62	19	20	--	--	--	06	82	12	01	95	04	--	--	--
1964	75	12	13	60	06	34	10	78	13	03	87	10	20	02	78
1984	64	24	12	48	14	38	16	69	16	08	80	12	29	04	67
2014	46	40	14	49	25	26	19	59	23	23	65	11	21	05	74

Wine Consumption in AUSTRALIA & CANADA has gradually increased, though the initial years showed low consumption.

Wine Consumption in Italy & France has been maximum in percentage at 95 & 68, respectively in the initial years, and in the later years the consumption tapered down a little to settle down at 75-85%. But the Wine won the market place mostly for almost 75 years and also did not lose much steam later

Japan showed an exclusive market culture, of course, which showed the consumer preference for wine very low and did not improve later too, showing only a single digit percentage of consumption standing at 5% in the year 2014

“Consumption Trends: Japan has a broad base of wine connoisseurs who began learning to enjoy wine in the 1980’s and 90’s. Older age group with noticeable disposable incomes is showing interest in wines. Higher the age of people purchase of higher quality of wines increased.

“Suntory, the popular brand of wine launched its “Cup Wine” 180 ml., as a sequel to the changing. Sale for this was seen in restaurants more, while Sparkling Wine sold better in the retail. Other wine producers are selling “Japan Wines” which are becoming more visible in retail stores and some restaurants, as consumers appreciate domestic production and view Japan wine as high quality. Organic Wines have seen growing sales trajectory with health conscious Japanese opting for it. Organic and Biodynamic wines have attracted more attention in 2018. Sparkling Wine is

to some extent grabbing share from beer market – as the first thirst quencher. Restaurants chose to serve Sparkling Wine by glass.

Ref.No.8

Year	Sweden			UK			US		
	BEER	WINE	SPIRITS	BEER	WINE	SPIRITS	BEER	WINE	SPIRITS
1890	--	--	--	68	02	30	47	04	49
1924	--	--	--	78	04	17			
1964	39	09	52	81	04	15	48	08	44

1984	39	20	41	69	11	20	51	13	36
2014	37	48	15	37	41	22	49	18	34

Following the trend seen in many countries, the **preference for Wine in Sweden, UK & US was low in single digit – 09, 04 & 08% respectively**, as seen in the figures for the years 1964. The preference gradually climbed up in the year 1984, showing a marginal increase but reaching the double digit figures. **But by the year 2014, the preference for Wine grew much standing at 48% and 41% in Sweden and UK. The figure for US in the year 2014, moderately increased but stood only at 18%.**

Going by the trend and the history of growing preference, the Indian Express reported that by 2017, wine consumption in India will have increased to 2.1 million cases, up 73% from the 1.10 million cases consumed in 2013.

Vinexpo survey report reveals that Indians are likely to consume 1.15 million cases of red wine, 0.63 million cases - white wine & 0.10 million cases Rosé Wine by end-2017

Projection of Consumption of red wine is said to reach 61% of total wine sales / consumption in India, which is estimated to move up by 71.6% in 2017

Increased incomes, travelling people to the west of the country, increased local production and choice of more sophisticated lives, have been quoted as the reasons for the changes.

Ref.No.9

The situation quoted above is despite the following fact

For India it's quite challenging for wine to thrive. The bans, the complicated system of taxes and levies and the formalities involved, going by the policy decisions of the state administration, are the bottle necks for the industry. So by the time that a bottle of commercial quality wine reaches a retail store, it would cost more than a bottle of premium wine would in most other countries.”

The difficulties in growing Grapes in India is one bottle-neck due to the tropical climate of our country, though it is being circumvented and grapes are grown in the hilly regions – above 4000 ft. high and above the sea level.

“The main varieties grown, like so many other countries, are the classical European varieties such as sauvignon blanc, chenin blanc, viognier, chardonnay, cabernet sauvignon and shiraz. In addition there are some lesser-known varieties such as Isabella (called Bangalore blue) and black muscat, both of which can be table grapes as well as wine grapes.”

The quality of Indian grapes has got the shot in the arm by winning 4 Silver and five Bronze medals at the International at Grover Zampa Art Wine show, in 2014. It has been a vindication for the potential that India has in producing quality variety of grapes.

Ref.No.10

It is also observed that drinking wine has become a day to day habit for a number of people. Like shopping for dresses, eating out and other “spending time” activities, Wine drinking also has become a routine activity. The expansion of Wine market that is happening in China is something that is common, year after year, now. The young generation in China is keen to consume Wine increasingly and has interest to know what the difference in different varieties of grapes is. This is now a trend having an immense impact on the consumption share for foreign brands. The awareness is more for foreign brands than the domestic wines.

It could be concluded from all the above reports that preference for Wine has been steadily increasing among consumers in China. Reasons could be different but, for sure, the consumption has been growing and it is becoming a part of life and more a part of celebration or making time celebrative. Young generation joining the wine lovers group is making the consumption of wine in China growing in leaps and bounds.

Ref.No.11

“Until 2012, the huge Chinese market has been growing steadily due to a general economic improvement.

The grape wine consumption post the year 2012, overtook the traditional rice wine market reaching 50% level, though Rice wine consumption is also growing slowly in volume.

“Total Wine volume sales in China grew by 21% CAGR between 2009 and 2013

- Red wine is clearly a consumer preference with 75% market share
- 55% of grape wines are drunk on trade (restaurants)
- Eastern China (including Shanghai) is the main grape wine drinking region, followed by the North (including Beijing)”

Both men and women enjoy wine.

- An increasing number of young consumers are developing a more sophisticated palette and therefore consume more wine; these consumers represent the affluent segment.

Wine is a status symbol

- Wine is a status symbol, synonym to sophistication and class. Still red wine in particular enjoys an unparalleled appeal with all consumers as it is perceived as auspicious and healthy.
- Champagne through a long association with celebration, luxury and exclusivity, continues to appeal to the growing and affluent middle class.

Consumers trade up

- Consumers are trading up to better quality products. But Premium wines, if offered at reduced prices, the exclusivity and the appeal would be lost.
- In fact offering premium wines at lower prices would reduce their exclusivity and appeal.

Wine is part of dining out

- Sales in restaurants (on-trade) exceed retail sales (off-trade) as consumers socially tend to dine out and spend more with friends or clients.

Wine is a popular gift

- The red colour is auspicious in Chinese culture, making red wine a popular choice of gift especially during the Lunar New Year celebrations.

Ref.No.12

Conclusion:

The detailed study of the information readily available from a wide range of sources clearly indicate that the consumption of Wine has been growing steadily even in the markets where Beer and Spirits were ruling high. Even in the countries where Wine did not even have a small presence in the form of consumption, the demand and preference for Wine started growing. The reasons for Wine to get the positive nod must have been for a variety of reasons, but the fact remains that all together worked and posted a higher demand and

preference for Wine. The demand is expected to grow further with consumption shares for Spirits lowering. Focusing on the reasons for the Wine to rule the market demand have been however more than one. Most important of them are:

1. Wine is acting as a moderating alcoholic beverage
2. Wine has a camouflaged image of Grape juice. Social acceptance has got the right route for the beverage.
3. Wine is an Un-distilled drink
4. Wine is a low intoxicating Alcoholic beverage
5. For some higher cost of Wine also is working for acceptance
6. Wine is believed to be supporting health in small and measured quantities.
7. Again perception is another reason for wine to win the acceptance even in traditional societies.
8. Another reason also could be connected to the demand going up. There are countries who production and stocks are brimming full, so the stock based demand push also is happening

Reasons could be one or more of the above for one to say yes to WINE. And the increasing number of people moving towards Wine taking the share from the SPIRITS is showing the Consumption patterns favourable to Wine. The graph for consumption of Wine, as is expected by the connoisseur, would look up further and the decade ahead would see more transformed graphs and the Wine will be seen as having larger share than all other Alcoholic beverages. If Wine wins owning the position One, Let's not be surprised.

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