Press release

Les Grands Jours de Bourgogne

12-16 march 2018

Economic Report:
Awaiting the fine 2017 vintage, Bourgogne wines are continuing to satisfy their markets

The 2017 vintage amounted to some 1.509 million hectoliters, a more normal volume of production for the Bourgogne region than in recent years, although certain appellations were still below average.

The arrival on the market after springtime of the first bottles of the 2017 vintage will, in part, compensate for the lack of wine for certain appellations from the 2016 vintage.

The first six months of transactions (August 2017 to end-January 2018) saw strong volumes traded, higher than the average of the 10 last campaigns. That boosted volumes leaving estates, which were down on the last campaign 2016-2017 (a fall of 9% on 2015-2016), but which nonetheless remained higher than the volume of the 2016 harvest.

On the export market, 2017 was a good year (up 0.7% by volume and 10.7% in terms of revenue), since the effects of the 2016 vintage had not yet entirely been felt. Red wines and white *AOC Village Premier Cru* or *Grand Cru* wines present on the market were still mainly from 2014 and 2015. White appellations with fast turnover, notably Chablis and Petit-Chablis, did, however, have to deal with a lack of available wine from 2016. The overall stability in volumes is due to this lack of wine.

Bourgogne wines maintained market share in France, where 51% of their sales are made.


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Advance trade transactions: A return to growth

The good 2017 harvest should boost sales direct from estates

The 2017 harvest totaled 1.509 million hectoliters, up 5% on the 10-year average 2007-2016

The fact that the 2017 harvest was overall more abundant than that in 2016 should have a positive impact on the advance market. **With total volumes of around 1.509 million hectoliters** and almost 50,000hl of VCI (*Volume Complémentaire Individuel*), the total was up 5% compared to the average of the 10 last years (2007-2016). Wine leaving estates thus saw a healthy start to the 17/18 campaign, up 8% (August to December 2017 over same period in 2016), helped by the fine quality of the vintage.

- 879,777hl of white wine excl. VCI (up 21% on 2016)
- 473,977hl of red wine (up 41% on 2016)
- 146,470hl of Crémant de Bourgogne (down 4% on 2016)

- **White wines were up 21%** over 2016, with major differences depending on whether appellations were affected by spring frosts:
  - ***Régionale* white appellations from the Mâconnais were down 10%** (24% of white volumes)
  - *AOCs* from the **Chablis** region (27% of all white volumes) **were up 52%.** These were still below the average of vintages from 2011-2015 (down 16%)

- **Red wines were up 41%** over 2016 (up 26% on the average of the past five campaigns), again with disparities depending on sector:
  - ***Régionale* Bourgogne *AOCs*** (43% of red volumes) **were up 36%** over 2016
  - **Mercurey reds, including *Premier Cru*** (5.3% of red volumes) **were up 15%**
  - The **Bourgogne Hautes Côtes de Nuits and Bourgogne Hautes Côte de Beaune** red appellations (12% of red volumes) **were up 66%**

- **Crémant de Bourgogne** (146,470 hectoliters for the 2017 campaign) **was down 4%.**

As a reminder, **wine leaving estates during the 16/17 campaign**, which overall was down 8% on the 15/16 campaign, **were nonetheless up on the harvest volumes for 2016**. They totaled 1,321,936hl (with 1.223 million hectoliters harvested). **Stocks at the end of the 2017 campaign were therefore once again down, by 2%** compared to the stock at the end of the 2016 campaign.

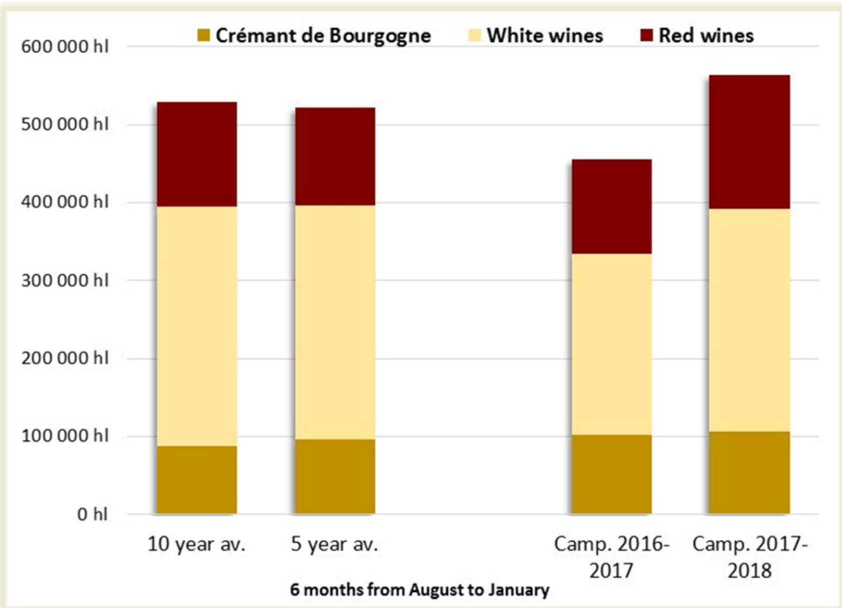
- **White wine leaving estates 16/17** (796,365 hl)**: Down 11.5%** (compared to the campaign from 1 August 2015 to 31 July 2016), with major differences according to appellations.
- **Red wines leaving estates 16/17** (378,178 hl): **Down 2.7%** (down 8.8% on the average of the last five campaigns), with significant disparities depending on the region.
- **Crémant de Bourgogne leaving estates 16/17** (147,320 hl)**: Up 2 %**.

Transactions in 2017-2018: an excellent start to the campaign

Transactions in 2017-2018 (first six months of the campaign from August 2017 to January 2018), across all vintages, amounted to a total volume of 614,399hl (up 20% on the 2016-2017 campaign, up 1.4% on the 10-year average).
This was a very dynamic start to the campaign, an indication of the need to build up the low stocks due to the small harvest in 2016, to maintain the high level of sales in 2017, and to respond to demand in market.

- **Transactions for red wines** in the first six months of the 2017-2018 campaign reached their **highest for the last 10 campaigns**, at 190,870hl (**up 21%** on the average for the last 10 campaigns).
- **Transactions for white wines rose (up 19%** on the first six months of the 16/17 campaign), after the low harvest in 2016.
- **Transactions for Crémant de Bourgogne fell during the period (down 4%)**, but stayed in line with the average last 10 campaigns (up 10%), going from 74,500hl in 2007 to 103,750hl in 2017 (first six months of the campaign). This growth was in part due to production from the Rhone Valley.

Transactions for all vintages of Bourgogne wines in the first six months of the campaign
Last two campaigns, five-year average, and 10-year average
(Source: BIVB)



Exports: Record revenue in 2017

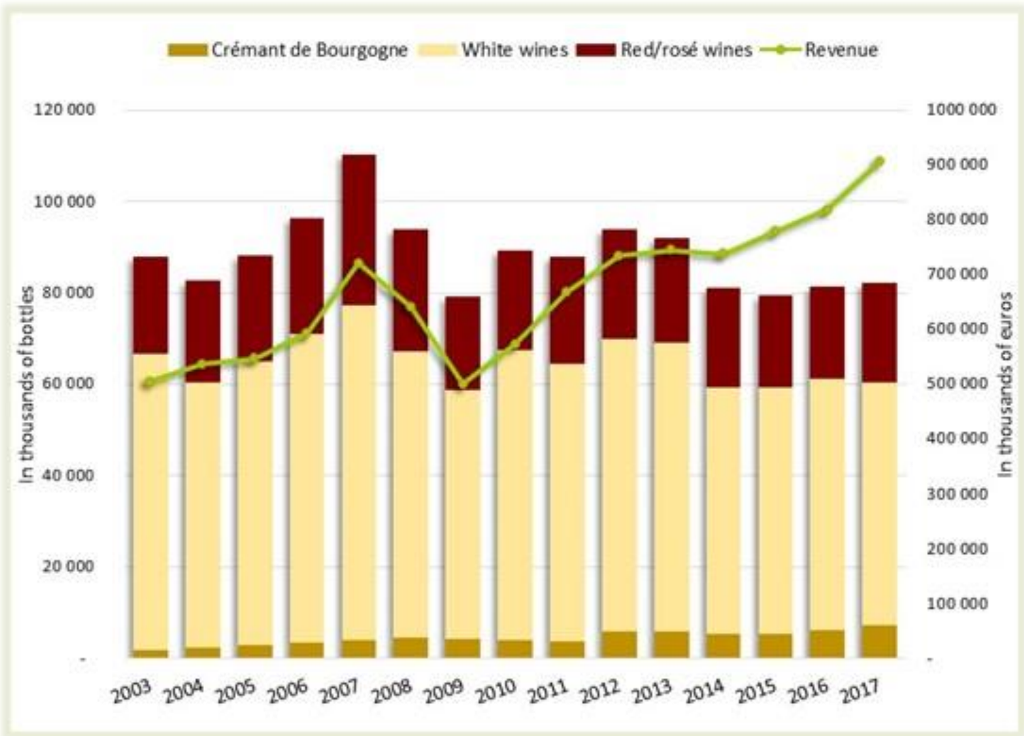
2017: around 49% of Bourgogne wine sales came from exports, to 177 territories.

Volumes of Bourgogne wines exported rose for the second consecutive year: Up 0.7% on 2016. This good performance was held back by the Chablis *AOCs*, impacted by the low 2016 harvest. Excluding Chablis, the number of bottles of Bourgogne wine exported rose by 6%.

The quality of Bourgogne wines, which have a high perceived value on export markets, helped the region to set **a new record in terms of revenue of nearly 906 million euros**, **up 10.7%.**

Bourgogne wines exports from 2003 - 2017

(Sources: Customs - BIVB - 12 months)



This growth in terms of revenue can be explained by a shift in sales towards more lucrative markets for Premium and Super Premium appellations. Since 2009, Bourgogne wines have lost ground in certain markets looking for high volumes and which can be difficult in terms of pricing (notably Germany, Sweden and the UK). The low volumes of red wines have, in parallel, led to a reorientation of efforts towards markets favoring white wines (USA, Canada, Japan).

White wines still dominate, but red wines are gaining ground

The performance of Bourgogne wines in export markets continued to be driven by white wines, which made up 61% of production (five-year average, 2012-2016).

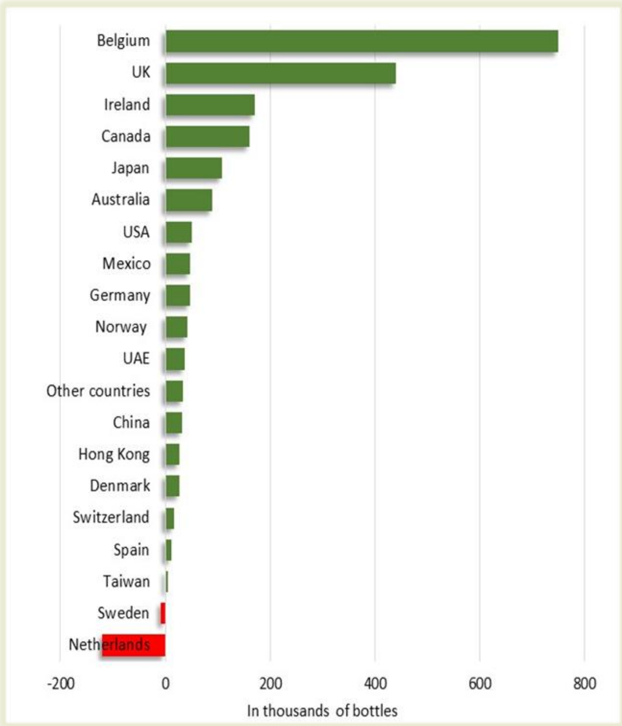
In 2017, white wines accounted for 65% of volumes exported (49% in terms of revenue), a slight drop on the average over the last five years (68%):

- 37% of this was made up of Chablis appellations (34% of revenue)
- 28% of this was made up of Mâcon appellations (18% of revenue)

The *AOC*s of the Mâconnais were the star performers of 2017. With 14.87 million bottles exported and revenue of 80 million euros, they were up 13.2% by volume and 13.5% in terms of revenue.

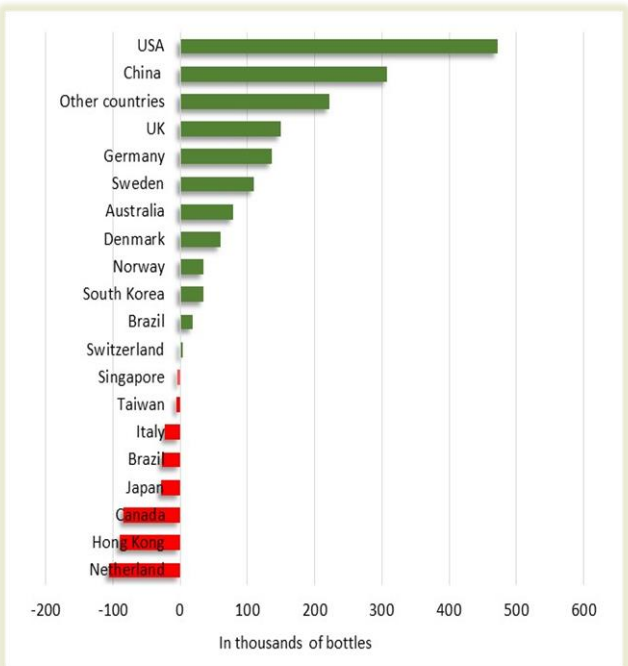
Evolution by volume of Mâcon *AOC* exports

(Sources: Customs – BIVB, 2017 over 2016)



Evolution by volume of Bourgogne red AOC exports

(Sources: Customs - BIVB, 2017 over 2016)



Bourgogne red wines (26% of volumes exported for 47% of revenue) **showed growth of 6.2% by volume and up 19% in terms of revenue**.

- Export volumes of *Régionale* Bourgogne reds were stable, with 13.3 million bottles (62% of red wine volumes)
- *Village* and *Village Premier Cru* wines of the Côte de Beaune and Côte de Nuits (24% of total volume) grew 10% by volume (5.24 million bottles) and 35% in terms of revenue (148.7 million euros)

Growth of red wines was driven by the United States (up 10.5% by volume and up 17.5% in terms of revenue), the United Kingdom, China, Sweden and Germany.

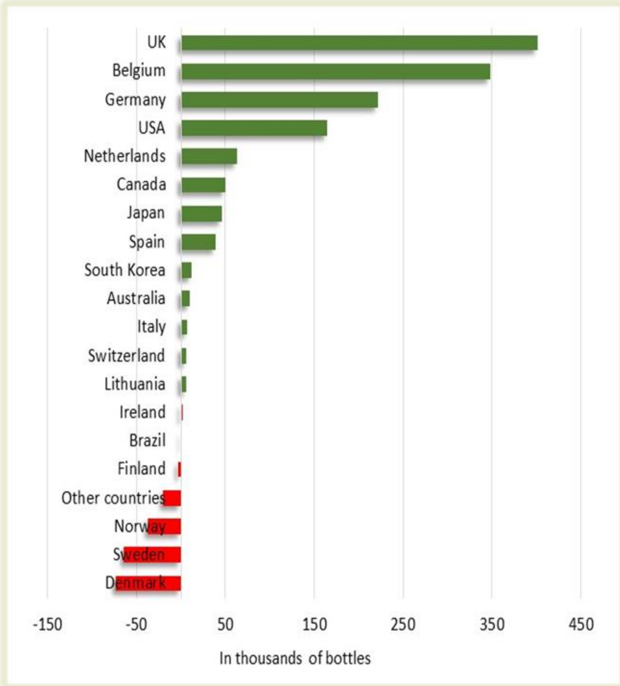
Crémant de Bourgogne wines were very dynamic in the highly competitive yet lucrative global marketplace for sparkling wines. Volumes exported in 2017 set a new record, up 19.4% on 2016 to 7.263 million bottles (9% of Bourgogne wine volumes exported).

The United States and Sweden were the two leading markets for Crémant de Bourgogne. Meanwhile, certain European markets showed strong growth, such as Germany (up 40.7%), Belgium (up 104.2%), and the UK (up 153.3%).

Crémant de Bourgogne has been carving out a space in recent years as a promising vector for growth for Bourgogne wine exports.

Evolution by volume of Crémant de Bourgogne exports

(Sources: Customs – BIVB, 2017 over 2016)



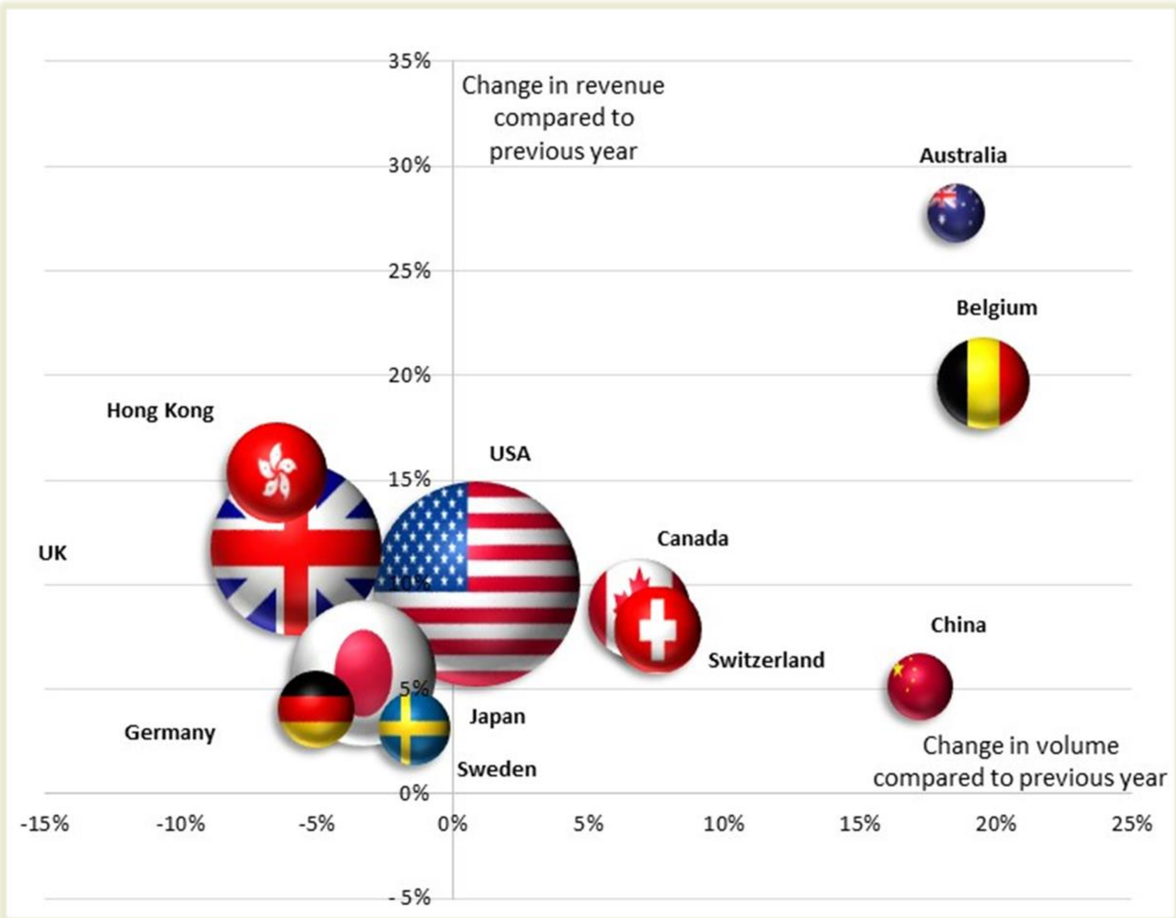
Performance by territory: Five leading markets account for 60% of volumes exported

Volumes exported in 2017 were almost evenly spread between EU countries (48%) and the rest of the world (52%).

In 2017, the five leading markets by volume for Bourgogne wines remained the same as they have done since 2011: United States, United Kingdom, Japan, Belgium and Canada. This quintet accounted for 64% of volumes exported, and 60% of revenue. The United States, Belgium and Canada showed healthy growth, both in terms of volume (up 6%) and revenue (up 11%). The UK and Japan showed a dip in volumes (down 4.9%), but continued to grow in terms of revenue (up 9.2%).

Evolution of Bourgogne wines exports in 2017

The size of the bubbles is proportional to revenue *(Sources: Customs - BIVB)*



United States, the #1 export market for Bourgogne wines

(23% in terms of revenue, 20% of total volume)
Bourgogne wines accounted for 35% of the volume of all French *AOC* white wines exported to the USA, and 49.3% of revenue in 2017.

- **This market is mainly driven by red wines**. *Régionale* Bourgogne appellations (65.3% of total volumes, 3.2 million bottles) were up 6% by volume. Only the *Village* and *Village Premier Cru* wines of the Côte de Beaune and the *Village* wines of the Auxerrois-Tonnerrois saw a dip in sales.
- **For whites**, *Régionale* Mâcon appellations (25% of volumes of white wine) and *Village* and *Village Premier Cru* wines of the Côte de Beaune, Côte de Nuits and Côte Chalonnaise all recorded growth by volume (up 3%) and in terms of revenue (up 8%).
- **Crémant de Bourgogne** posted strong growth by volume (up 11%).

It should be noted that many states showed an **increasing appetite for some of the lesser-known Bourgogne appellations**, which offer excellent value for money and which have compensated for the lack of availability of certain more reputed appellations.

This strong performance in the USA was in part due to a favorable euro/dollar exchange rate in 2017.
Looking ahead, the Bourgogne wine sector remains attentive to changes in tariffs on alcoholic drinks and customs barriers, and the evolution of the exchange rate. The protectionist approach of the Trump administration could lead to stricter customs and food regulations, while a project to reduce taxes on alcoholic drinks was adopted at the end of December 2017.

The United Kingdom, the second-biggest market by revenue

(16% of export revenue for Bourgogne wines, and 19% of volume)
Bourgogne wines accounted for 38% of the total volume of French *AOC* white wines exported to the UK, and 55% of revenue in 2017.
Despite the context of uncertainty surrounding the Brexit negotiations, exports of Bourgogne wines to the UK were up 11.7% in terms of revenue (145.7 million euros) in 2017. However, volumes exported (15 million bottles) fell back by 5.7%, greatly impacted by the lack of Chablis wines (down 24%). **Chablis *AOCs* alone accounted for 41% of Bourgogne white wines exported to the United Kingdom**

- **White wines** still account for the bulk of Bourgogne exports to the UK (81% of volumes exported), although as a whole, the country imports a large majority of red wines.
  There was healthy growth by volume (up 10.1%) and in terms of revenue (up 11.2%) for ***Régionale* white Mâcon appellations** (32% of Bourgogne white wines exported) and for *Village* appellations from Mâcon (up 17.9% by volume and up 14.1% in terms of revenue), but this did not completely make up for the shortfall in Chablis sales.
- ***Régionale* Bourgogne red appellations**, which accounted for 51% of the volume of red wines exported, showed significant growth, up 11.4% by volume and 46% in terms of revenue.

- Although **Crémant de Bourgogne** only accounted for 4% of volumes exported, it was a strong driver of growth in this market, soaring 153% by volume and 168% in terms of revenue.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Until the Brexit issue is concluded, many questions remain unanswered. Phase 1 has been approved by the European Council (15 December 2017). On 30 March 2019, the United Kingdom will officially leave the European Union. Phase 2 is in negotiation to map out the future framework that will govern trade relations.

Japan, the third-biggest export market in terms of revenue for Bourgogne wines

(11% of export revenue for Bourgogne wines, for 9% of total volume)


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The Japanese market recorded a slowdown in overall wine imports (down 2.25% in 2017 on 2016), a trend which also affected Bourgogne wines.

- Japan is traditionally a market for ***Régionale* Bourgogne appellations**, which accounted for 41% of volumes exported (down 12%) and 33% of revenue (down 9%).
- **Wines from Chablis**, impacted by the low harvest in 2016, dipped 4% by volume and 3% in terms of revenue.
- Nonetheless, in 2017, ***Village* and *Village Premier Cru* appellations** from across the region, along with *Régionale* wines from Mâcon, made a strong comeback. This family of appellations, which accounts for 20% of volumes exported and 33% of revenue, saw sales rise 10% by volume and 14% in terms of revenue.
- Despite a downturn in ***Régionale* Bourgogne white appellations**, Bourgogne white wines still accounted for 46% of volumes all French white *AOCs* exported to Japan, for 64% of revenue.

In December 2017, the Japanese government approved the introduction in 2018 of free-trade agreements with the European Union. This decision is of major significance to the Bourgogne sector, since it is the **second biggest French region exporting *AOC* wines to Japan, and the leading one for white wines** (2017).

Canada, the 4th biggest export market in terms of revenue for Bourgogne wines

(6% of export revenue for Bourgogne wines, for 8% of volumes)
Revenue for Bourgogne wines from Canada (49.8 million euros) showed strong growth (up 8.9%), driven by white wines (up 13.3%).

- **The Chablis appellations** surpassed the record set in 2016: 1.389 million bottles exported, for 11.6 million euros in revenue in 2017.

- ***Régionale* Bourgogne white appellations,** the leading group of appellations sold, were up 9.4% by volume, after a decade of continual growth in this market. Over this period, sales rose from 1 million bottles in 2008 to more than 2 million in 2017.
- **Crémant de Bourgogne** returned to growth: Up 16.2% by volume and 16.2% in terms of revenue.

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The free-trade agreement between the European Union and Canada (CETA) has been "temporarily" in force since 21 September 2017. This decision, which abolishes duties and other trade barriers, is excellent news for the Bourgogne wine sector, **the third biggest exporting region of French *AOC* wines to Canada (and the leading region for white wines)**.

Belgium, the 6th biggest export market in terms of revenue for Bourgogne wines

(5% of export revenue for Bourgogne wines, for 8% of volumes)
From the star of the 2000s up until the recession in 2008, Bourgogne wines sales grew in this market, up 11% by volume and 13.6% in terms of revenue. Since 2009, Bourgogne exports have fallen, mainly due to falling sales of Chablis appellation and *Régionale AOC*s.
But in 2017, Bourgogne wines bounced back, with double-digit increases: Up 19.5% by volume and 19.6% in terms of revenue.

- **Bourgogne white wines** and **Crémant de Bourgogne** were driving this growth: Up 24% by volume and up 21.8% in terms of revenue.
- ***Régionale* Bourgogne and Mâcon white appellations** showed the strongest growth among still wines in this market, up 31% by volume (for 46% of volumes exported) and up 30% in terms of revenue.
- ***Village* appellations from Mâconnais** also contributed to this recovery, rising 24% by volume and 26.5% in terms of revenue.

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China and Hong Kong in the top 10 markets by volume

Hong Kong, the 5th biggest export market in terms of revenue for Bourgogne wines

(5% of export revenue for Bourgogne wines, for 1% of volumes)
Hong Kong confirmed its growth in terms of revenue, up 15% to reach a total of 49.6 million euros in 2017.

- **Bourgogne** white wines benefited most from this upturn, with a 4% increase by volume.
- ***Village* and *Village Premier Cru* white wines of the Côtes de Beaune and Côtes de Nuits** continued their upward curve by volume (up 35%), as did ***Régionale* white appellations from Mâcon** (up 92%).
- All colors taken together, ***Régionale* Bourgogne appellations** were up 15.9% in terms of revenue.
- However, ***Grands Cru* wines of the Côtes de Beaune and Côtes de Nuits** fell back by volume for the second consecutive year (down 35.7%).

The *Village* and *Village Premier Cru* white wines of the Côtes de Beaune and Côtes de Nuits continued to grow by volume (up 35%), as did *Régionale* white appellations from Mâcon (up 92%).
Taking all colors together, ***Régionale* Bourgogne appellations were up 15.9% in terms of revenue**.
However, *Grand Cru* wines of the Côtes de Beaune and Côtes de Nuits dipped in volume for the second consecutive year (down 35.7%).

The dynamism in the market was boosted by the Hong Kong government, which is aiming to stimulate the economy after a slowdown in recent years. Hong Kong is also a platform for re-exports into other parts of Asia. *Village Premier Cru* appellations were particularly sought-after in this market of connoisseurs and collectors.

China, the 12th biggest export market in terms of revenue for Bourgogne wines

(2% of export revenue for Bourgogne wines, for 3% of volumes)
Of these two Asian markets, China performed best in terms of volume, up 17.2% in 2017. With total revenue of 21.4 million euros, this showed a rise of 5.1%.

Red wines (79% of volumes exported) were the main driver of growth by volume (up 27.4%), especially thanks to ***Régionale* Bourgogne appellations** (up 19.8% for 73% of red wine exports) and ***Grand Cru, Village* and *Village Premier Cru* wines of the Côtes de Beaune and Côtes de Nuits** (up 57.3% for 23.8% of red wine exports). This significant growth suggests that certain of these wines are now arriving directly in China, without going through Hong Kong.

Three countries showed revenue growth in a sluggish European market

Switzerland, the 7th biggest export market in terms of revenue for Bourgogne wines

(4% of export revenue for Bourgogne wines, for 2% of volumes)
Switzerland showed healthy growth by volume (up 7.6%), and in terms of revenue (up 7.9%) in 2017, thanks to an **upturn in sales of Bourgogne white wines** (up 13% by volume). This was especially driven by *Régionale* Bourgogne white appellations (up 13% by volume) and Chablis/Petit Chablis (up 36.3%).

Germany, the 8th biggest export market in terms of revenue for Bourgogne wines

(3% of export revenue for Bourgogne wines, for 4% of volumes)

In the 2000s, Germany was among the five main export markets for Bourgogne wines, both in terms of volume and revenue. In 2004, overall Bourgogne wine exports fell due to a drop in Chablis and *Régionale AOC* sales.

After a strong recovery in 2014 (up 9.8% by volume and 17.2% in terms of revenue), the market dipped once again in 2017 (down 5% by volume but up 4% in terms of revenue). This was largely because of sluggish performance in the supermarket sector. Sales of Bourgogne wines in this market, which is price-sensitive and depends on larger volumes, and were down 7% for the 12 months to August 2017, with sharper drop for white wines (down 10%).

Sweden, the 9th biggest export market in terms of revenue for Bourgogne wines

(3% of export revenue for Bourgogne wines, for 6% of volumes)

Sales of Bourgogne wines on the Swedish market fell 1.4% by volume, whilst showing a 3% upturn in terms of revenue. It is hoped this dip is only a passing phenomenon, after a period of sustained growth with Bourgogne wine sales rising from 3.2 million bottles in 2008 to 4.4 million in 2017.

In this context, certain *AOC*s continued to perform well, notably ***Régionale* Bourgogne and Mâcon appellations** (up 14% by volume and 16% in terms of revenue). ***Village* and *Village Premier Cru* appellations** also performed strongly, up 85% by volume and 71% in terms of revenue.

Australia, once a small market for Bourgogne wines with big potential

Australia, 14th market in terms of revenues des Bourgogne wines

Bourgogne wine sales have been growing year-on-year in the Australian market, both in the premium segment and for entry-level wines. **This trend was confirmed in 2017, with growth well into two figures, up 27.8% in terms of revenue and 18.5% by volume**.

On the face of things a small market for Bourgogne wines, Australia has been slowly but surely becoming a significant outlet, with sales more than doubling from 544,900 bottles in 2008 to more than 1.3 million in 2017. Over the same period, revenue soared from 7 to 16 million euros.

In 2017, **white wine** sales were up 19% in terms of revenue, while red wine sales soared by 38.8%, and Crémant de Bourgogne was up 12.2%.

- ***Régionale* Bourgogne and Mâcon appellations** accounted for the bulk of sales, with 39% of volumes exported (up 27%) for 32% of total revenue (up 36%).
- Then came the **Chablis and Petit Chablis appellations**, with 19% of total volumes (up 23.5%) and 12% of revenues.

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Bourgogne wine exports 2017 on their main markets

(source: BIVB / Customs)

Exports of Bourgogne wines	Market share 2017		12 months 2017		% variation between 2017 & 2016	
	Volume	Revenue	1,000 bottles	1,000 Euros	Volume	Revenue
Total			**82 080**	**906 273**	**0,7%**	**10,7%**
USA	20%	23%	16 723	207 503	0,9%	10,0%
UK	18%	16%	15 059	145 739	-5,7%	11,7%
JAPAN	9%	11%	7 600	103 529	-3,3%	5,8%
BELGIUM	8%	5%	6 948	41 132	19,5%	19,6%
CANADA	8%	5%	6 544	49 792	6,9%	8,9%
SWEDEN	5%	3%	4 448	25 641	-1,4%	3,1%
GERMANY	4%	3%	3 459	29 066	-5,0%	4,1%
NETHERLANDS	4%	2%	3 190	22 018	-14,6%	-2,3%
DENMARK	2%	2%	2 026	19 805	-8,7%	10,5%
CHINA	2%	2%	1 814	21 382	17,2%	5,1%
SWITZERLAND	2%	4%	1 693	37 919	7,6%	7,9%
AUSTRALIA	2%	2%	1 315	16 117	18,5%	27,8%
NORWAY	1,5%	1%	1 207	10 265	-15,4%	-3,7%
HONG KONG	1,3%	5%	1 072	49 661	-6,4%	15,3%
IRELAND	1%	0,6%	818	5 306	22,6%	24,5%
TAIWAN	0,7%	2%	559	20 921	-0,3%	25,4%
UAE	0,7%	0,8%	541	6 801	1,8%	-2,4%
ITALY	0,6%	0,8%	529	7 508	-5,5%	9,7%
SOUTH KOREA	0,6%	0,9%	477	8 078	25,8%	28,1%
SINGAPORE	0,6%	1,3%	462	12 160	7,3%	17,6%
BRAZIL	0,5%	0,4%	440	3 729	24,0%	53,4%
SPAIN	0,5%	0,6%	424	5 435	41,9%	43,6%
ISRAEL	0,4%	0,3%	341	3 040	28,8%	28,1%
POLAND	0,3%	0,2%	286	1 856	31,7%	26,6%
LUXEMBOURG	0,3%	0,5%	262	4 126	11,3%	19,8%
RUSSIA	0,3%	0,4%	260	3 590	26,2%	33,1%
MEXICO	0,3%	0,3%	240	2 282	4,6%	10,3%
FINLAND	0,3%	0,2%	231	1 776	-15,5%	0,0%
LATVIA	0,2%	0,2%	195	1 994	-12,4%	9,8%
LITHUANIA	0,2%	0,2%	191	1 735	-15,0%	4,2%

France: Bourgogne wines well represented on traditional circuits

Bourgogne wines maintained market share in France, which accounted for 51% of sales.

This breaks down to 29% of total sales on the traditional circuit of restaurants, specialist wine stores and direct sales, and 22% on the supermarket and retail sector.

Specialist wine-store sector remains dynamic

According to a survey of 704 specialist wine stores (2015-2016), some 643 stores (91%) stocked at least one reference of Bourgogne wines. In the **top 10 among the offer from French wine regions, Bourgogne emerged as the leading region** (20% of the offer), mainly due to its impressive offer among specialist wine stores in its area of production (62% of the offer in the Bourgogne-Franche-Comté region). It also enjoyed good representation in the Paris region and the Grand East region, which covers Champagne, Alsace and Lorraine.

The Bourgogne wine region dominated the white wine sector, and was present in 91% of specialist wine stores, with a much higher number of references than other regions. **For red wines**, the Bourgogne wine region was the second most widely available wine after Bordeaux, with 18% of the offer (23.5% for Bordeaux). In the **sparkling wine category**, Crémant de Bourgogne was available in 35% of those points of sale surveyed.

Of the 224,100 references recorded among the 704 specialist wine stores, 15.4% were Bourgogne wines (34,439 references). **For references in 75cl bottles, Bourgogne wines accounted for almost 18% of the offer.**

The most widely available Bourgogne appellations among those specialist wine stores surveyed was **Chablis**, comfortably out in front, followed by **Gevrey-Chambertin, Pommard, Pouilly-Fuissé, and Meursault** (*source: 2015 - 2016 survey*).

Bourgogne wines present in 65% of restaurants

The Bourgogne wine region, the leading wine region along with Bordeaux, accounted for 15% of the 72,000 wine references recorded on the wine lists of 1,328 restaurants in the mid-to-high price range (excluding starred restaurants). The region's wines were present in **75% of the restaurants visited, with 8.2 references on average** per restaurant surveyed.

Some 50% of the offer of Bourgogne wine in bottles was made up of ***Village*** **and** ***Grand Cru*** **wines from the Côte de Beaune and Côte de Nuits**. By contrast, the offer of Bourgogne wine by the glass was mainly ***Régionale*** **and** ***Village*** **whites, Chablis, and Mâcon**.

Half of the offer of Bourgogne wine was divided between the Center-East region and the wider Paris region. Proportional to its size, it is the most widely available wine in the Paris region, along with Champagne.

The Bourgogne offer was mainly made up of white wines (58% of wines sold in bottle and two-thirds of the offer by the glass). Bourgogne white wines were present in 63% of establishments (of which 40% was by the glass). **For reds**, Bourgogne wines were available in half of those restaurants surveyed, but just 18% of establishments offering wine by the glass.

Apart from the **Chablis appellation**, available in one in three restaurants, no other Bourgogne *AOC* was present in more than 15% of establishments.

Crémant de Bourgogne was available in only 2% of establishments, since Champagne leaves little room for other *AOCs* in the sparkling wine segment.

As in 2015, more than half of restaurateurs observed stability in Bourgogne wine sales across all colors (52.9%, compared to 53.2% in 2015). Some 30% noted a decline in Bourgogne wines sales in 2016 (30.5% in 2015). Among these, 16% considered that the drop was greater than 5%. Meanwhile, 17% reported an increase in Bourgogne wine sales in 2016 (16.3% in 2015). Among them, 6% said the increase was greater than 5% (source: 2016 survey).


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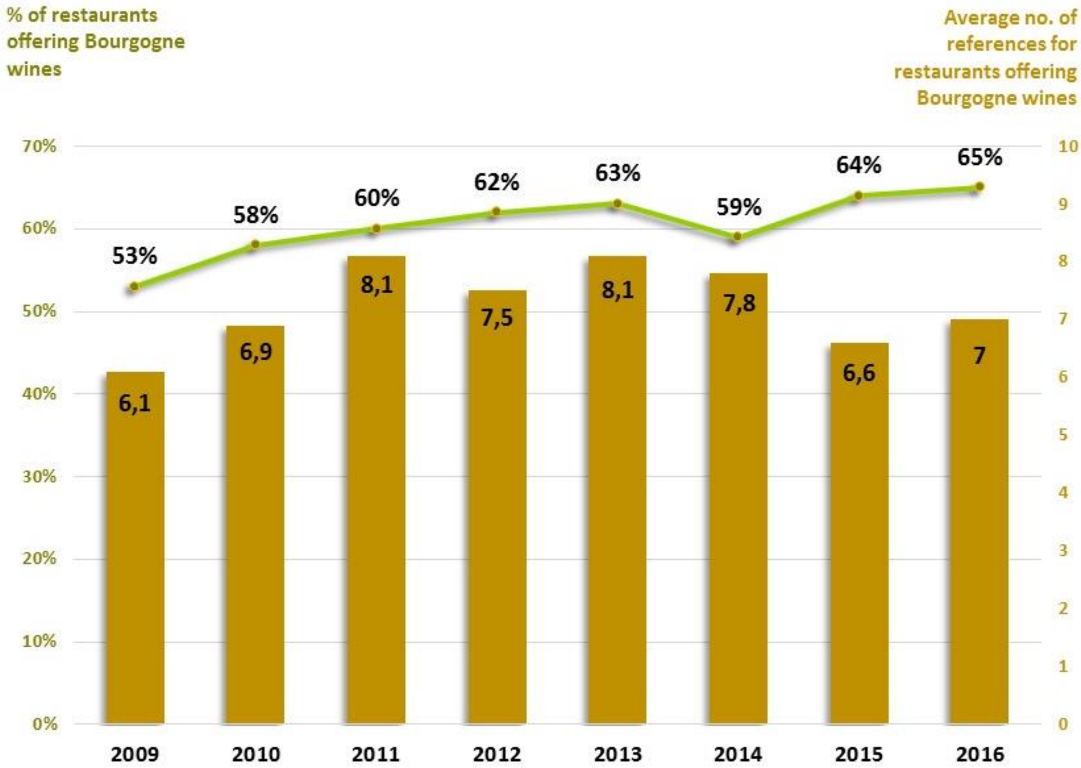
Evolution in the number of Bourgogne wine references in the French restaurant sector

(source: CHD Expert / BIVB)



Direct sales may be boosted by wine-tourism

In 2016, some 400 Bourgogne wine-producing establishments took part in a survey on this topic. Direct sales means selling to individuals (or groups of individuals), whether French or foreign, and without any intermediary (restaurant, wine store, supermarket, wholesaler, etc.), with sales made either on the producer's premises (estate, cellar, or winery), at a market or wine fair, or by correspondence/online. This accounts for around 20 million bottles of Bourgogne wine.

This survey revealed **a certain stability in each form of direct sales since 2011**, except for that at wine fairs/markets. It appears that the low availability of wine is not favorable for the development of direct sales to individuals.

- **Sales at the winery remain the most common** (92.4% of respondents, half of whom can welcome more than 15 people).

- In terms of ancillary activities, **estate visits remain the most widely proposed** by respondents (63%, unchanged since 2011). Accommodation is the activity most respondents are considering as part of future development (11%). Sale of gastronomic produce (excluding wine) is starting to generate considerable interest, according to experts.
- **The proportion of regular clients (45%) has been steadily falling since 2006, in favor of tourists**, French (33%) and foreign (25%). French tourists mainly came from the Paris region, followed by the Rhône-Alpes (34%). Foreign tourists were mainly Belgian, British, and Swiss.

Mainstream retail: The Bourgogne region returns to growth

Over the first 11 months of 2017**, sales of still Bourgogne wines in French supermarkets and hypermarkets grew by volume** (up 2% compared to the first 11 months of 2016), and revenue (up 4%). Some 22.46 million bottles were sold (excluding drive-thru, discount and convenience stores), for **record revenue of almost 178.7 million euros**.

The Bourgogne region, along with the Beaujolais, were the only two French *AOCs* with significant growth, at a time when overall sales of *AOC* wines, both white and red, are tending to drop on the supermarket sector (down 3.3% for white wines and down 3.1% for red wines over the first 11 months of 2017). This strong performance is in part explained by the low increase in average prices (less than 1.2% for white Bourgogne wines). Total sales of French *AOC* wines (white and red) slipped back by the equivalent of nearly 9.85 million bottles.

The robust harvests of 2014 and 2015 were behind these good results, but certain appellations which suffered low harvests in 2016 may see a slowdown in growth on this circuit in the months to come.

Over the first 11 months of 2017, **the share of Bourgogne red wines was stable** (down 0.8% by volume). Growth in sales of Coteaux Bourguignons, up 3.1% could not compensate for the decline in red Bourgogne appellations. One should note, however, the strong performance by Mercurey (up 4.6%) and Givry (up 3.9%).

White wine sales were up 3.8% by volume, mainly due to Mâconnais appellations: Up 19.7% for Mâcon *Village* wines and up 38.6% for Viré-Clessé. *Régionale* wines also showed good performance during the period: Bourgogne Aligoté sales were up 5.8% and *Régionale* Bourgogne whites were up 9.4%.

In the category of French *AOC* sparkling wines selling more than five million bottles, **Crémant de Bourgogne was one of the wines holding up best by volume** (up 0.2%), while French *AOCs* were down 2.8% by volume and down 1% by revenue.

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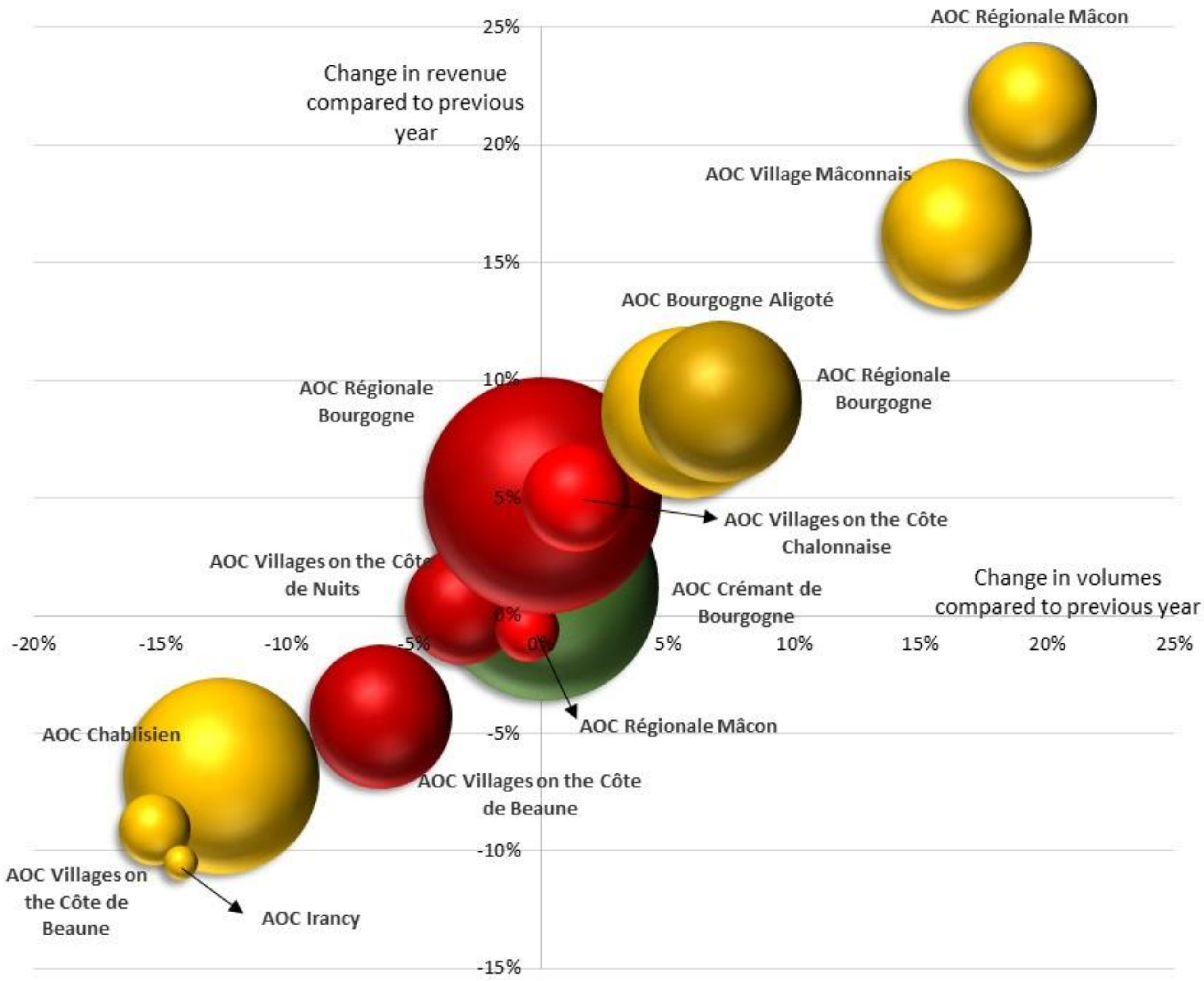
Evolution of Bourgogne wines sales in French supermarkets in 2017 by group of appellation

(sources: IRI / BIVB)

The size of the bubbles is proportional to revenue



This report was produced by the Markets and Development department of the BIVB, March 2018

(Sources: Customs, CAVB, GTI, MIBD Market, IRI, CHD Expert, BIVB)

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