Press release

BOURGOGNE
Bureau Interprofessionnel des Vins de Bourgogne

Bourgogne wines continue to show dynamic growth

Bourgogne, 2 October 2019


Cave bourguignonne - © BIVB / Aurélien Ibanez

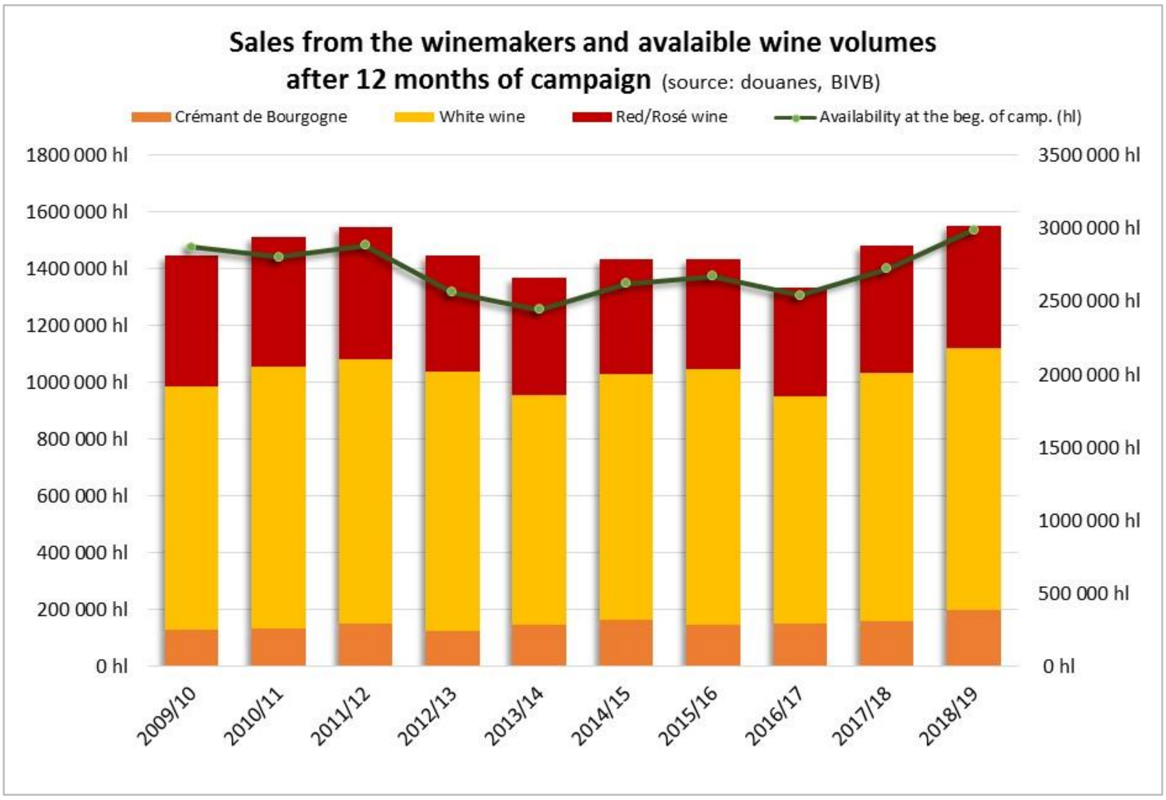
The record harvest in 2018 meant the dynamic that began the previous year was maintained into the first part of 2019, while at the same time allowing stocks with producers to be replenished. The restraint in terms of pricing had a definite effect on the domestic market, which remains buoyant for Bourgogne wines despite a backdrop of falling consumption of AOC wines.
On the export market, North America confirmed its place as the leading destination, with sustained activity.

- ***Wine leaving estates reached record levels, driven by Crémant de Bourgogne and white wines. There was also an increase in stocks held on estates.***
- ***During the first seven months of 2019, exports continued their strong performance both by volume and in terms of revenue, despite a context of uncertainty in two key markets: The USA and the UK.***
- ***Bourgogne wines defended their position well on the domestic supermarket circuits, at a time when wine consumption in France is undergoing profound change, with a shift away from this circuit and a sharp drop in red wine sales.***

The exceptional 2018 harvest set new transaction records

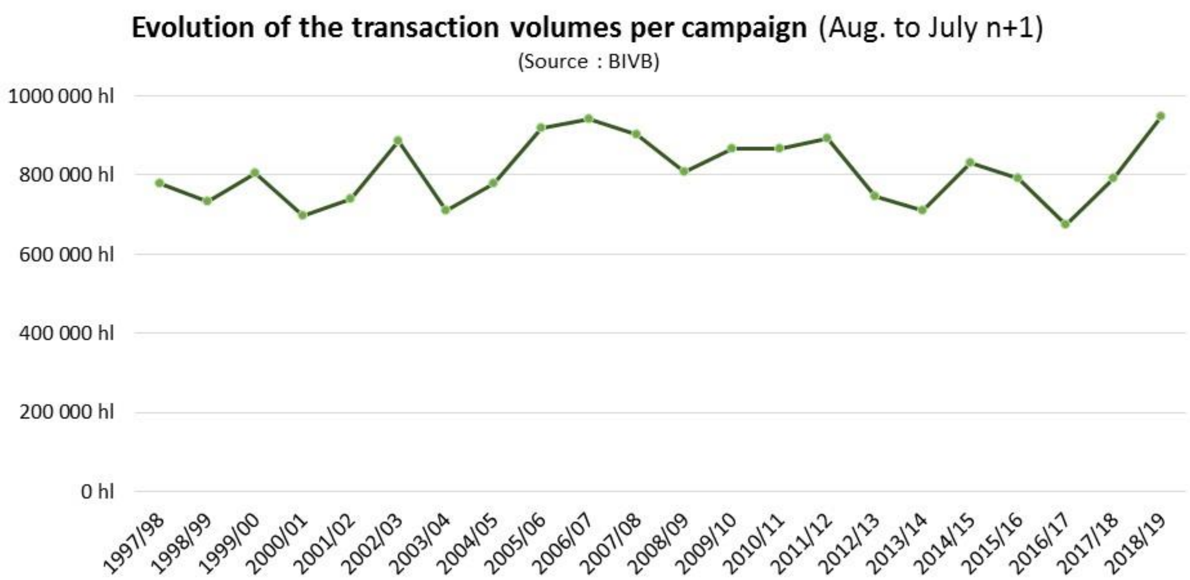
In 2018, the harvest was very good for everyone, and exceptional for white wines. This abundant harvest logically led to a significant increase in transactions:

- Overall, **wine leaving estates over the 12 months of the 2018-2019 campaign was up by 4.9%,** with strong growth for Crémant de Bourgogne (up 25%). White wine leaving estates was up 4.9% (up 4.6% on the 10-year average), while red wines were down by 2.3% compared to 2017, but still up compared to the 10-year average (up 2.1%).
- The **volume of transactions in 2018-2019 reached an all-time record with 947,834 hectoliters, up 16.7%** compared to the 10-year average.



Estimated **stock on estates has returned to almost a year's average releases**, up more than 150,000 hectoliters compared to the stock calculated last year.

These figures allow a certain confidence in the Bourgogne wine sector's capacity to supply its markets, despite the 2019 harvest being low.



All-time record for transactions in 2018

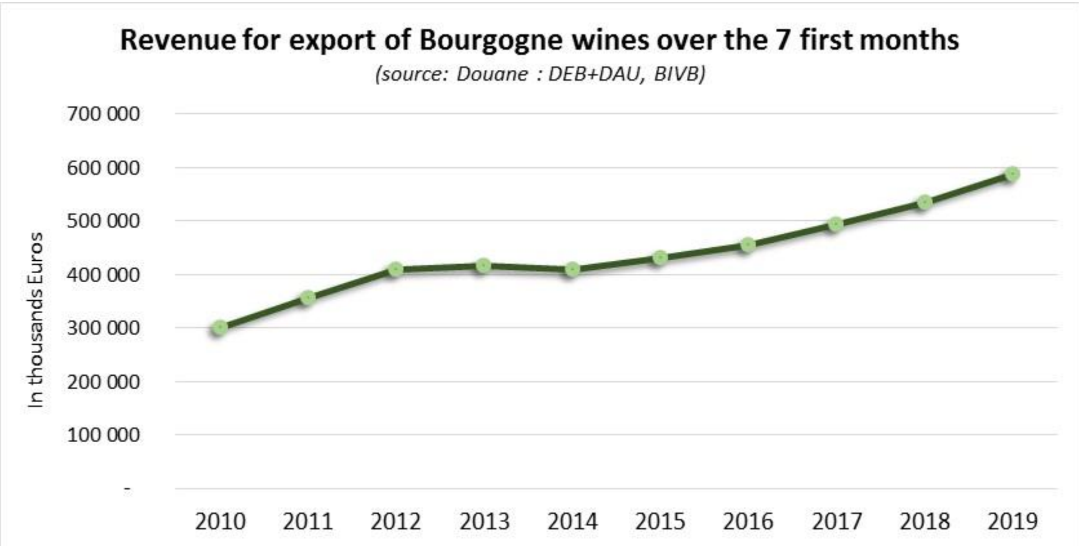
Besides the record volume of transactions, the 2018-2019 campaign was notable for the high proportion of contracts involving must and grapes within the overall volume. They accounted for **more than half of the total volume (51.3%),** confirming **a clear trend towards the bulk market in Bourgogne**. Industry professionals are thus trying to secure supplies early in the value chain.

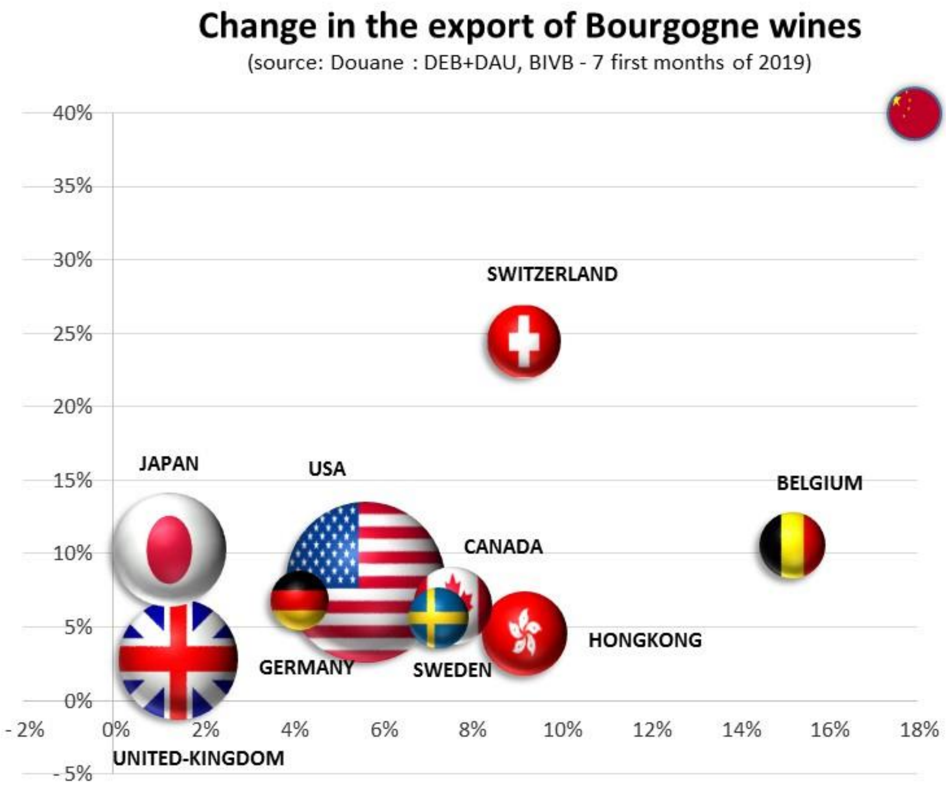
Export: The powerful dynamic continues

- **Exports of Bourgogne wines were up 7.2% by volume and 10% in terms of revenue (first seven months of 2019 over the same period in 2018).**
- **In terms of revenue, Bourgogne wines set a new record, reaching 587 million euros (first seven months of 2019).**

As in 2018, revenue broke down as follows: 50% for white wines, 46% for red wines, and 4% for Crémant de Bourgogne. Taking account of the production of Bourgogne wines, this spread reveals a **strong appetite among external markets for *Village*, *Village Premier Cru* and *Grand Cru*** wines (excluding Chablis). This group of appellations accounted for 47% of export revenue and 18% of volumes sold abroad.
Chablis, across the whole range, returned to more normal export levels, accounting for 15.8% of revenues and 23% of volumes, after several years of low production due to frost.
***Régionale* Bourgogne appellations** (all colors) **were mainly up**, accounting for 37% of volume sales for 27% of the revenue.
Only the ***Régionale* Mâcon *AOCs* were stable** between 2018 and 2019. They accounted for 13.2% of exports by volume and 5.5% in terms of revenue.

The growth in terms of volume came from the USA (up 5.7%), the leading export market; from Canada (up 7.6%); and from a resurgence in Belgium (up 15.2%). China confirmed its place in the top 10, with a hike of 43.2% by volume. Hong Kong retained its special place as a high-value market, accounting for 1.5% of exports by volume for 6.4% in terms of revenue, putting it in fourth place by value.





How to read the graph:

The size of the bubbles is proportional to the market's share of export revenue for Bourgogne wines over the period

- *Horizontal axis: Change in volume compared to the same period in 2018*
- *Vertical axis: Change in revenue compared to the same period in 2018*

North America cements its position as leader

USA and Canada between them accounted for 30% of export volumes for Bourgogne wines and 28% of the revenue. The USA accounted for more than two thirds of this, with significant growth in the first seven months of 2019, up 6.2% by volume and 7.5% in terms of revenue.

USA: The leading export market for Bourgogne wines confirms its position

Over the first seven months of 2019, the USA's share of export revenue from Bourgogne wines remained **constant (23.1%).** On average, **Bourgogne exports 10% of its total production** to this essential market.
However, the aeronautical dispute, which was the subject of arbitration before the World Trade Organization (WTO) on October 2, could seriously curb this momentum. The WTO has indeed allowed the US to tax European products up to 7.5 billion dollars. In the process, US authorities published a multiproduct list of products subject to new ad valorem taxes.
All countries of the European Union are affected, especially on food products, which are the bulk of the list. **They would be taxed at 25%.**
Still wines from France, displaying less than 14% alcohol, and less than 2 liters bottles are concerned. **Bourgogne wines, except Crémant de Bourgogne, are therefore very much concerned**. This is a very hard blow for Bourgogne winegrowers and wine-merchants who export to the USA. So far, no one can really measure all the consequences of this announcement.

In this context of uncertainty, US exports have been notable for a **significant upturn in Chablis sales by revenue (up 17.4%)**, with a more modest increase by volume (5.3%).
Régionale Mâcon appellations fell by 6% in terms of revenue, whereas ***Régionale* Bourgogne *AOCs* showed strong growth, up 14.9% in terms of revenue and 11.3% by volume**. **Crémant de Bourgogne fared even better, with a remarkable increase of 27% by volume** (18.7% in terms of revenue).
The other *Village, Village Premier Cru*, and *Grand Cru* wines were at a mature phase in this marketplace, with growth in terms of revenue of 2.1% and a slight drop in volumes of 3.6%. This segment accounted for 43% of export revenue from Bourgogne wines in this country.

▶ CANADA: Strong growth by volume

With volume sales in Canada up 7.6%, this was ahead of the average for exports. Revenue also climbed by 6.4%.

In 2018, red wine sales showed healthy growth, but 2019 so far has shown a certain dip in volumes and revenue (down 6% for the first seven months of 2019 compared to a rise of 29.4% for the same period in 2018). Over the first seven months of 2019, **red wine accounted for 37% Bourgogne export revenue** from Canada.

By contrast, white wines posted good growth (up 13.2% by volume and 9.9% in terms of revenue). They accounted for 59% of all export revenues. **Crémant de Bourgogne also performed well** (up 15.7% by volume and 17.5% in terms of revenue), accounting for 5% of Bourgogne wine export revenues.
The sharp drop in *Régionale* Mâcon sales (down 30.8% in terms of revenue) did not have a major impact overall, since this segment only accounts for a very small share of Bourgogne wine exports (around 3%). They returned to their level of 2017.
The good news came from *Régionale* Bourgogne appellations, with a healthy 25% increase by volume and 21% in terms of revenue. Now accounting for almost half of all Bourgogne wine exports to Canada, they confirmed their strong foothold.
The Chablis appellations were stable (down 5% by volume but up 3% in terms of revenue). Other Village and Village Premier Cru wines fell back, after a strong increase in 2018. Sales remained higher than they were for 2017.

Export Bourgogne wines - © BIVB / Jessica Vuillaume

Southeast Asia maintains its place

Export Bourgogne wines - © BIVB / Jessica Vuillaume

Revenue from this region continued to grow, despite the various markets all being quite different. Japan remained the third-biggest export market for Bourgogne wines and closed in on the UK for second spot. Hong Kong retained its special place as a high-value market. China jumped 43% by volume and 30% in terms of revenue. Taiwan, another high-value market, recorded strong growth of 25.7% by volume and 37.4% in terms of revenue.
The China / Hong Kong / Taiwan bloc accounted for almost 12% of exports of Bourgogne wines in terms of revenue, for 5% of the volume.

▶ CHINA: Return to growth after treading water in 2018

With an impressive 43% increase in sales by volume and 30% in terms of revenue over the first seven months of 2019 compared to the same period the previous year, China embraced a wider range of Bourgogne wines. The country still only accounts for barely 3% of total exports (in both volume and revenue), but this growth confirms its place among the 10 leading export markets.

Village, Village Premier Cru **and** ***Grand Cru*** **appellations** (excluding Chablis) **were up 7.4% by volume and 19.8% in terms of revenue**. China was in eighth place in terms of revenue for these appellations.
Régionale **Bourgogne wines** (all colors) **showed strong growth, up 57.5% by volume and 39.1% in terms of revenue**, putting the country in fourth place in terms of revenue for these appellations, ahead of the UK.

This strong performance is explained by Chinese consumers' preference for red wines, which **accounted for 80% of export volumes over the period.**
Nonetheless, the **four Chablis appellations and** ***Régionale*** **Mâcon appellations also posted strong growth** (up 33.7% and 69.9% respectively in terms of revenue). These two major groups of appellations made up 59% of exports of Bourgogne white wines.

▶ JAPAN: Solid performance for third export market

Exports to Japan since the start of the year have shown mixed fortunes. Overall, **volumes were stable (up 1.3%) while revenue showed significant growth (up 10.3%)**, closing the gap on the UK for second place in the export market. But this overall performance masked two contradictory trends:

- **A fall in volumes of red wines** (down 14.6% by volume, but up 6.4% in terms of revenue), although they still accounted for one third of volumes.
- **A rise in exports of white wines** (up 10.1% by volume and 14.2% in terms of revenue) and of Crémant de Bourgogne, up 40.9% by volume and 21.8% in terms of revenue, taking its share of all Bourgogne exports to this market to 5%.

This shift to white overshadowed the growth in red wines in recent years. For whites, Japan remains the second export market for Bourgogne wines, behind the USA.
In descending order of market segment by volume:

- *Régionale* Bourgogne *AOCs* (46.7% of exports) were stable by volume (down 1%) and grew in terms of revenue (up 14.9%).
- Chablis *AOCs* (28.2% of exports) grew 6% by volume and 3.4% in terms of revenue.
- *Village, Village Premier Cru*, and *Grand Cru AOCs* (16.4% of exports by volume) showed significant growth (up 10.5% by volume and 16.2% in terms of revenue).

HONG KONG and TAIWAN: Two high-value markets

Both these markets are characterized by strong imports of *Village, Village Premier Cru*, and *Grand Cru* Bourgogne wines (excluding Chablis), accounting for 77% of volumes in Hong Kong and 74% in Taiwan. The remainder is mainly *Régionale* Bourgogne appellations.
Growth in exports of Bourgogne wines to these two territories (up 4.6% for Hong Kong and up 37.4% for Taiwan in terms of revenue) was driven by *Village, Village Premier Cru*, and *Grand Cru* appellations (up 27.9% in terms of revenue in Hong Kong and up 30.7% in Taiwan). There is, however, a notable difference for *Régionale* Bourgogne wines, which fell in Hong Kong by 27% in terms of revenue, but almost doubled in Taiwan (up 95% in terms of revenue).

The European market confirms trends seen in 2018

UNITED KINGDOM: The Brexit effect

In the United Kingdom, Brexit continued to put downward pressure on the pound. The prospect of a no-deal Brexit remains a strong possibility, casting uncertainty over the British market. **As in 2018, the UK market was stable: Up 1.5% by volume and 2.8% in terms of revenue over the first seven months of 2019,** widening the gap with the USA.

Red wines and Crémant de Bourgogne dropped sharply on this market, down 28.7% and 10.3% by volume respectively. In terms of revenue, the drop was less harsh. By contrast, white wines were up 9% by volume and 5% in terms of revenue.
The UK was the leading export market for the four Chablis appellations and Mâcon *AOCs* (Mâcon and Mâcon with an additional geographical denomination). These appellations accounted for 29% and 32% of Bourgogne exports respectively. This helped drive growth for white wines overall, which were up 15.5% by volume and 9.8% in terms of revenue for Chablis wines and 12.6% by volume and 10.8% in terms of revenue for Mâcon wines.

Export Bourgogne wines - © BIVB / Jessica Vuillaume

After two low harvests in 2016 and 2017, the Chablis appellations have not yet recovered their former market share.
Village, Village Premier Cru, and *Grand Cru* appellations, which are popular in the UK, saw revenue rise by 6.9%. But *Régionale* Bourgogne red appellations slipped back 21.4% by volume and 27.2% in terms of revenue.

▶ BELGIUM: Leading market in continental Europe

Export figures for Belgium only reflect a part of Bourgogne wine purchases, since consumers from this neighboring country often buy directly from the region. A healthy 15% increase by volume and 10.6% in terms of revenue underscored the sustained appeal of Bourgogne wines.
This growth put Belgium in top spot among export markets in continental Europe, with an 8.3% share of all exports. This performance was due to both white wines, which make up three quarters of exports (up 14.5% by volume), and red wines (up 19.1% by volume). Crémant de Bourgogne followed the same trend.
Mâcon appellations (including those with an additional geographical denomination) sold well there, making Belgium the third-biggest export market for these wines. With growth of 31.3% by volume, this position was retained.
The four Chablis appellations regained some of their market share (up 15.3%), while *Régionale* Bourgogne, *Village, Village Premier Cru*, and *Grand Cru* appellations all showed modest growth (7% by volume, 5.5% in terms of revenue).

▶ SWEDEN: Second-biggest export market for Crémant de Bourgogne

Bourgogne wine sales continued to grow in Sweden over the period (up 7.3% by volume and 5.6% in terms of revenue), making the country the sixth-biggest export market. It is even in second place for Crémant de Bourgogne, accounting for 20% of exports of Crémant de Bourgogne, just behind the USA (21.5%). Sales grew 8.7% by volume in the first seven months of 2019 (up 9.6% in terms of revenue).
Red wines only accounted for 14.6% of Bourgogne exports by volume, but 19% in terms of revenue, with a 17% year-on-year increase.
The four Chablis appellations slipped back slightly (down 2.6% by volume and down 6.3% in terms of revenue), whereas *Régionale* Bourgogne wines grew 16.4% by volume and 14% in terms of revenue. Crémant de Bourgogne, Chablis, and *Régionale* Bourgogne wines together accounted for 86% of total revenue from this market.
Village, Village Premier Cru, and *Grand Cru* appellations only accounted for 2% of volumes, but contributed a healthy 11.3% in terms of revenue.

▶ GERMANY: Growth driven by white wines

Germany is the other major market in continental Europe, although growth was more modest over the period, up 4.2% by volume and 6.8% in terms of revenue.
White wines were driving growth, up 17% by volume and 13.3% in terms of revenue, whereas red wines dropped 32% by volume and 32.7% in terms of revenue. Crémant de Bourgogne was enjoying something of a boom, with sales up 17.7% by volume and 13.2% in terms of revenue, making Germany the third-biggest export market for this appellation.
The increase in white wines came largely from the four Chablis appellations (up 16.7% by volume and 13.1% in terms of revenue) and *Régionale* Bourgogne wines, where the overall fall in sales (down 12% by volume and 2.6%

in terms of revenue) was due to the drop in red wines.
Village, Village Premier Cru, and *Grand Cru* appellations (excluding Chablis) were up by a modest 3% by volume and 5.2% in terms of revenue, accounting for 42% of total export revenue.

SWITZERLAND: A high-value market opening up to white *Régionale AOCs* and Chablis

A loyal market for *Village, Village Premier Cru*, and *Grand Cru* wines (excluding Chablis), Switzerland is the fifth-biggest export market for these wines, behind Japan. Sales did flatten off in terms of volume (down 0.5%), although revenue was up by 22.4%. This segment accounted for three quarters of the export revenue for Bourgogne wines from this country.
Régionale Bourgogne appellations (42% of export volume) saw sales of red wines fall, while sales of white wines were up. Overall, this segment showed strong growth (up 15,9% by volume and + 26,6% in terms of revenue).
The four Chablis appellations showed impressive growth of 48.1% by volume and 31% in terms of revenue.


Export Bourgogne wines - © BIVB / Jessica Vuillaume

Export figures for Bourgogne wines

(*Total first seven months of 2019 over 2018 - Source: Customs / BIVB*)

Destination	In thousands of 75cl bottles			In thousands of euros		
	Total for the first 7 months of 2019	Total for the first 7 months of 2018	Variation in volume - over previous year	Total for the first 7 months of 2019	Total for the first 7 months of 2018	Variation in vakue - over previous year
Total of the exportations	**50 322**	**46 942**	**7,2%**	**586 984**	**533 452**	**10,0%**
USA	10 839	10 258	5,7%	135 608	125 521	8,0%
UNITED-KINGDOM	7 524	7 416	1,5%	76 014	73 924	2,8%
JAPAN	4 520	4 464	1,3%	68 079	61 730	10,3%
CANADA	4 355	4 047	7,6%	31 666	29 752	6,4%
BELGIUM	4 200	3 645	15,2%	23 109	20 901	10,6%
SWEDEN	3 265	3 044	7,3%	18 816	17 813	5,6%
GERMANY	2 029	1 948	4,2%	17 697	16 566	6,8%
NETHERLANDS	1 651	1 623	1,7%	11 204	11 769	-4,8%
DENMARK	1 416	1 205	17,5%	14 281	12 947	10,3%
CHINA	1 399	977	43,2%	17 330	13 316	30,1%
AUSTRALIA	1 108	900	23,1%	12 216	10 713	14,0%
SWITZERLAND	976	894	9,2%	28 460	22 868	24,5%
HONGKONG	733	671	9,2%	37 884	36 232	4,6%
NORWAY	571	668	-14,6%	5 360	5 703	-6,0%
SOUTH KOREA	436	341	27,8%	6 315	5 332	18,5%
IRELAND	407	337	20,7%	2 709	2 132	27,0%
ITALIA	401	335	19,7%	6 423	5 405	18,8%
TAÏWAN	397	316	25,4%	14 709	10 702	37,4%
SINGAPORE	317	274	15,3%	9 988	6 490	53,9%
SPAIN	310	221	40,0%	5 079	3 347	51,8%
UNITED ARAB EMIRATES	304	253	20,0%	4 477	3 888	15,1%
ISRAEL	290	263	10,0%	2 377	2 573	-7,6%
BRAZIL	235	206	14,2%	2 220	1 929	15,1%
POLAND	160	100	60,0%	1 013	842	20,4%
LITHUANIA	160	223	-28,1%	1 305	1 932	-32,4%
LETVA	145	110	31,7%	1 161	1 066	8,9%
FINLAND	133	166	-19,7%	1 018	1 122	-9,3%
AUSTRIA	133	93	43,2%	2 275	1 879	21,1%
LUXEMBOURG	126	106	19,0%	1 869	1 740	7,4%
THAILAND	117	148	-21,2%	1 864	2 198	-15,2%
RUSSIA	111	132	-15,8%	1 286	2 246	-42,8%
MEXICO	101	123	-18,1%	923	1 176	-21,5%

Note: The figures for Norway are incomplete, some of the volume sold not being recorded here.

France: A confirmed appetite for Bourgogne wines

Bourgogne wines continued to show growth, despite an uncertain context in France. Wine consumption in France has been steadily falling for decades. Recent surveys show a distinct shift away from red wines and a fall in the share of supermarket sales, while consumers are making more hedonistic choices, notably seeking premium wines.

- **Home consumption of still wines: Bourgogne on the up**

Against a backdrop of falling consumption (*see below*), only Greater Bourgogne[1] is still showing growth. **Bourgogne proper accounted for 7.7% of purchases by volume**, a **relative increase**, and **maintained its penetration rate at 17% of households** (10% for white wines, 9% for red wines). The overall drop in red wine consumption has led to a 1.3% dip in volume sales for Bourgogne wines, although in terms of revenue, sales were up 2.4%. The bulk of Bourgogne wine purchases were between 5 and 10 euros, with a tendency towards the higher end.

Home wine consumption figures for 2018 in France showed an overall drop of 5% by volume and 2% in terms of revenue. The stand-out statistic is the fall in consumption among those aged 50-64, with a steep drop for red wines (down 8% by volume), leaving white wines out in front. One should also note the growing appetite among under-35s for higher-priced wines. Across all buyers of still wines, the drop is even more marked, down 9% by volume.

- **Supermarket sector: Bourgogne wines increased sales while other *AOCs* fell**

In the first six months of 2019, sales of Bourgogne wines in the supermarket sector were in step with the major consumer trends (drop in red wines and increase for rosés and whites). There was, however, one notable feature: **Sales of Bourgogne wines were up 3.7% by volume and 4.8% in terms of revenue**.

© BIVB / Image & associés - vins de Bourgogne

White wines increased their share of sales (now 64%), thanks to **a 6.2% rise by volume and 7.1% in terms of revenue**.
The four Chablis appellations made a return to growth, up 13.6% by volume and 11.8% in terms of revenue.
Bourgogne Aligotés followed the overall trend. One should also note the strong performance wines from the Auxerrois (up 23% by volume) and the Côte Chalonnaise (up 9.2%).
Red wines were down slightly by volume (0.5%), while maintaining revenue (up 1.1%). *Régionale* Bourgogne appellations suffered from this dip (- 1,5%), whereas *Village AOCs* held up well.
Lastly, despite only accounting for a small proportion of Bourgogne wine sales in the supermarket sector (0.4%), rosé wines were up 12.9% by volume and 11% in terms of revenue.

[1] Greater Bourgogne: Beaujolais + Bourgogne

Bars/restaurants: Bourgogne wines emerging in theme restaurants

The hotel/bar/restaurant segment is **a key outlet for Bourgogne wines. Their presence on wine lists remains constant (60%)**, with a slight drop in the gastronomic and traditional segment, compensated by an increase in sales in brasserie and themed cuisine. Sales of Bourgogne covered the full range from *Régionale* to *Grand Cru*.

The trend is for shorter wine lists. **Bourgogne wines were in fourth place in terms of presence**. Sales tended to be concentrated in the northeast and Paris region, but Crémant de Bourgogne has made good inroads in the south of France.

Crémant de Bourgogne, Chablis wines, and Bourgogne Aligoté were the top-selling appellations. The more renowned wines like Meursault and Pommard posted good scores, given their total production. The overall Bourgogne range enjoyed high perceived value in restaurants.

Vins de Bourgogne - © BIVB / Image & associés

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

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