

Canada: After record exports in 2019, 2020 still looks positive despite the pandemic



Key figures 2019 for Bourgogne exports to Canada

4th biggest market by volume of Bourgogne wines

5th biggest market in terms of revenue of Bourgogne wines

Exports: 7.72 million bottles (up 7.9% over 2018) for 58.79 million euros (up 9.5% over 2018)

By volume

- ▶ Still white wines: 64.9%
- ▶ Still red wines: 28.5%
- ▶ Crémant de Bourgogne: 6.6%

For the 12 months to end-March 2019, at least 70% of Bourgogne wines consumed in Canada were drunk in Quebec (figures from the Monopolies).

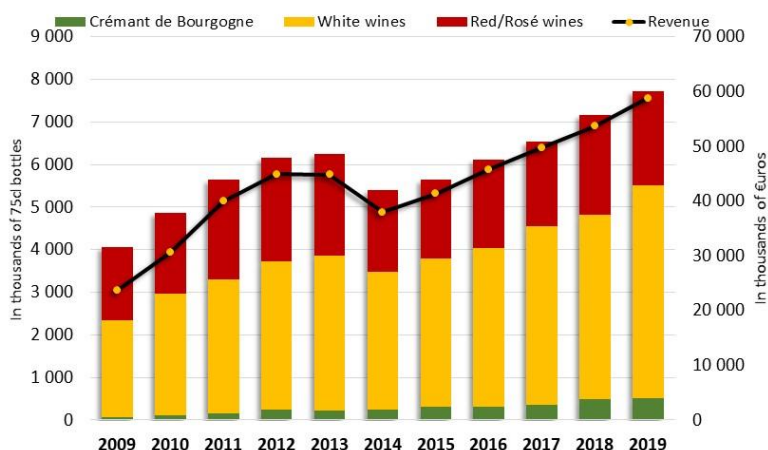
In terms of revenue, Canada held on to 5th place in terms of exports of Bourgogne wines by country in 2019, behind the USA, the UK, Japan, and Hong Kong, but ahead of Switzerland, with 6% of revenue.

The Canadian market accounted for 9% of volumes of Bourgogne wine exports, putting it in fourth place by volume, just ahead of Japan.

Exports of Bourgogne wines to Canada are growing, reflecting global figures for wine drinking in the country. In the decade from 2010 to 2019, the country showed a leap of 59% by volume and 92.3% in terms of revenue.

In 2019, the Bourgogne region hit a new export record by volume

Export of Bourgogne wines to the Canada
(source: Customs / BIVB)



Canada is a special market for Bourgogne wines. **2019 was the fifth year that exports have grown**, outstripping the 2013 record of sales by volume for the third consecutive year. The weakness of the euro *vis-à-vis* the Canadian dollar also helped drive these numbers.

Exports of Bourgogne wines to Canada enjoyed growth on two fronts in 2019. They were:

- ▶ Up 7.9% by volume
- ▶ Up 9.5% in terms of revenue

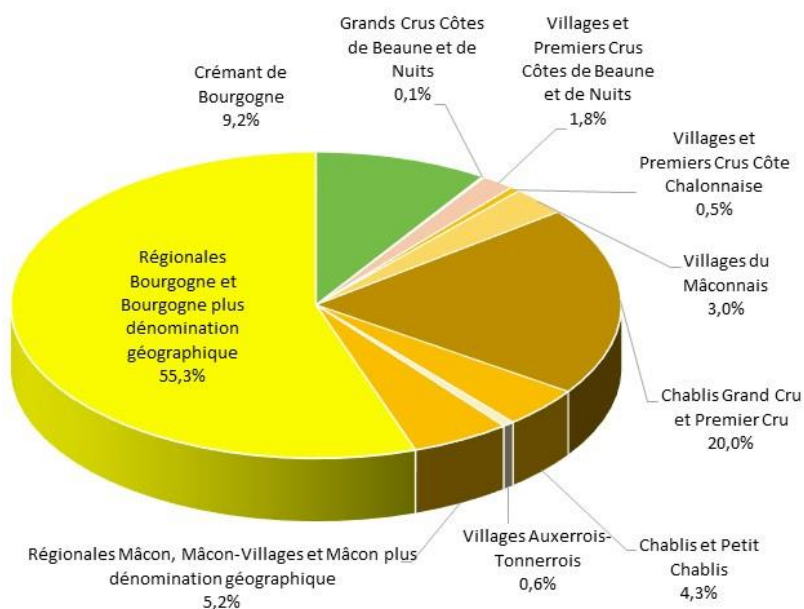
White wines and Crémant de Bourgogne saw volumes rise by 14.7% and revenue grow by 12.4% compared to 2018, while reds saw their revenue rise again by 5%, as it has every year since 2014. After a good 2018, the red wine sector saw volumes slow, down 6% compared to 2018.

The fall-out from the COVID-19 pandemic is only set to make matters worse, with restaurant and wine bar closures, confinement, and freight flights suspended. But the pandemic has not impacted all markets equally. Over the **first seven months of 2020, overtaking Japan, Canada jumps to the third-place position by volume, with growth up 9.6%. Revenue was also up 6.8% over the same period in 2019.**

- **White Bourgogne wines were responsible for these strong numbers**, with exports up 16.5% by volume and 14.6% by revenue over the same period.
- However, **exports of red and Crémant de Bourgogne wines showed a dip**, down 4.3% by volume and 4.5% in terms of revenue compared to the first seven months of 2019.

Sales of *Régionale* appellations dominate

Exports of white and Crémant de Bourgogne wines to Canada in 2019



White Bourgogne wines remained by far the most popular at export, accounting for 65% of volumes, up 16% over 2018.

Within this category, ***Régionale Bourgogne***, including Bourgogne plus a geographical denomination AOCs, represented 61% of volumes exported, accounting for 47% in terms of revenue, closely followed by the **Chablis AOCs** (27% by volume and 31% in terms of revenue) and ***Régionale Mâcon, Mâcon-Villages*** and Mâcon plus a geographical denomination AOCs (6% by volume and 5% by revenue).

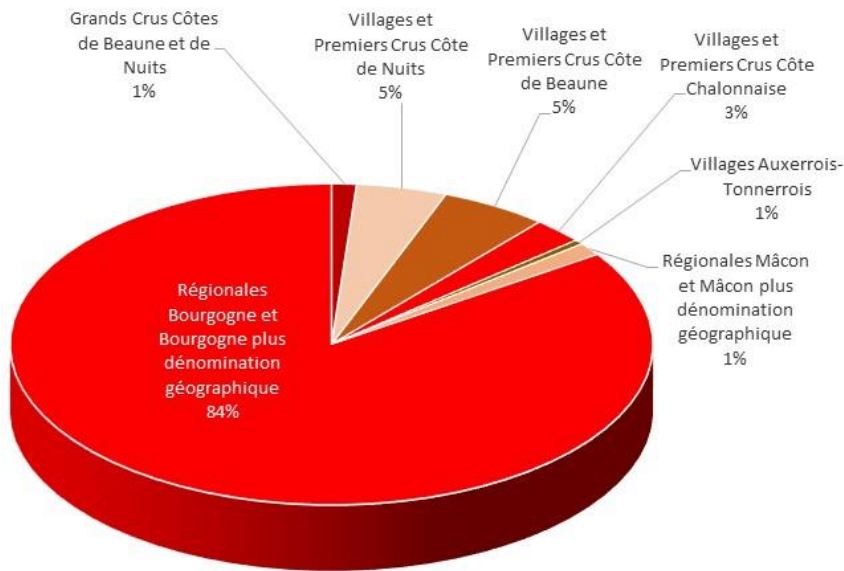
The ***Régionale Bourgogne*** and Bourgogne plus a geographical denomination AOCs were the big winners in 2019, with **growth up 45% by volume, for three million bottles**, and revenue climbing by **44.2% to reach €15.7 million**. Other white Bourgogne AOCs saw growth shrink.

The **Crémant de Bourgogne AOC** was also up by volume and in terms of revenue, by **3.5% and 8.8% respectively**.

For the start of 2020 (7 first months), white Bourgogne wines were showing strong performance:

- ▶ Up 36.3% by volume and 32.3% in terms of revenue compared to the same period in 2019 for the **Chablis and Petit Chablis AOCs**
- ▶ Up 17.8% by volume and 40.3% in terms of revenue for ***Régionale Mâcon AOCs*** (including Mâcon plus a geographical denomination)
- ▶ Up 17.9% by volume and 17.4% in terms of revenue for ***Régionale Bourgogne AOCs*** (including Bourgogne plus a geographical denomination)

Exports of red wines to Canada in 2019



After strong growth in 2018, exports of red wines fell off in 2019 by volume (down 6%), but grew in terms of revenue (up 5%) over the previous year, accounting for 39% of revenue for Bourgogne.

Régionale AOCs accounted for the large majority of purchases of red wine, representing 84% by volume (down 1% over 2018) of red Bourgogne wines and 52% in terms of revenue, up 7%.

Village and *Village Premier Cru* AOCs from the Côte de Nuits (14% of all red Bourgogne wines in terms of revenue) saw revenue grow by 2.6%.

Red *Grand Cru* AOCs also performed well, accounting for 17% of revenue from red Bourgogne wines and showing growth of 27.5% in terms of revenue over 2018.

Over the first seven months of 2020, some red Bourgogne wines continued to make progress, despite a 1% fall overall for the region's red wines:

- ▶ **Grand Cru AOCs** from the Côte de Nuits and Côte de Beaune did well, up 6.3% by volume and 23.2% in terms of revenue compared to the first seven months of 2019
- ▶ **Village AOCs** from the Côte Chalonnaise and the Irancy appellation¹ were also very well placed, up 17% and 444% by volume and up 31% and 400% in terms of revenue respectively
- ▶ **Régionale Mâcon AOCs** (including Mâcon plus a geographical denomination) showed more mixed results, with growth of 1.8% by volume but a fall of 38% in terms of revenue.

Quebec remains the province that consumes the most Bourgogne wines

Figures are not currently available for the Monopoly in 2019, but traditionally, distribution trends on the market corroborate those for exports from the Bourgogne region.

In Canada, global wine consumption grew to around 531 million liters in 2018, the equivalent to just over 707 million bottles, and revenue was CA\$7.52 billion. This rise involves all provinces, but wine drinking habits vary greatly. Together, the provinces of Quebec and Ontario enjoy a pretty even split of two thirds of all wines sales to Canada by volume. British Colombia accounts for 15% and Alberta around 9%, while the remaining nine provinces together make up the remaining 7%.

Quebec remains the leading destination for exports of Bourgogne wines to Canada, accounting for at least 70% of all imports. The most recent figures covering the 12 months to the end of March 2019 from the Société des Alcools du Québec (SAQ), the provincial Crown corporation and monopoly in Quebec responsible for the trade of alcoholic beverages within the province, counted some 4.65 million bottles of Bourgogne wines.

¹ The excellent growth figures for Irancy should not be taken out of context: Volumes for 2019 were very low, at fewer than 10,000 bottles, so the rise in percentage terms immediately looks very impressive.

The region continues to show growth by volume (up 4%) and in terms of revenue (up 6%). This is a new record in terms of revenue, worth more than CA\$ 100 million.

All colors of Bourgogne wine showed growth, although reds are still far from their record numbers:

- ▶ **White wines were up 4.8% by volume and 5.8% in terms of revenue.** The growth in exports of white Bourgogne wines (a total of 3.151 million bottles) was mainly driven by **Régionale Bourgogne AOCs (up 13.2% compared to the 12 months to the end of March 2018)** and by wines from the Mâconnais (**up 45% for Régionale Mâcons and 22.7% for Village wines from the Mâconnais**). Chablis AOCs were the only ones struggling during the period.
- ▶ **Red wines were up 2.4% by volume and 8.4% in terms of revenue.** With some 1.225 million bottles of red being sold, the rise in exports of Régionale Bourgogne wines (up 7.3% compared to the 12 months to end-March 2018) made up for the drop in volumes experienced by certain Village AOCs.
- ▶ **Crémant de Bourgogne wines were up 5.4% by volume and 4.4% in terms of revenue.**

The SAQ mainly sells white Bourgogne wines (two thirds of volumes from the region). Red wines accounted for 26% of sales and Crémant de Bourgogne 6%.

Sales of Bourgogne wines in Ontario returned to growth in terms of revenue, up 11% over the 12 months to the end of March 2019. However, sales of Bourgogne wines were down this year by volume (down 1.1%), or almost 10,000 bottles fewer. Good growth enjoyed by Crémant de Bourgogne (up 26% by volume) did not compensate for losses seen in other colors, with whites down 4.5% and red wines dropping 7.9%.

Most Bourgogne AOCs were represented in the province over the 12 months to end-March 2019. But sales remained very concentrated:

- ▶ The number of references of Bourgogne wines sold by the monopoly grew from 335 to 407 between 2017 and 2018.
- ▶ 23 references saw sales of more than 10,000 bottles (compared to 17 for the twelve months to March 2018 and only eight in 2009)
- ▶ The 16 best-selling references accounted for more than 75% of the volume of Bourgogne wine exports and 57% of revenue, with four Bourgogne Pinot Noirs, three Bourgogne Blancs, two Régionale Mâcons, two Chablis, one Petit Chablis, three Crémant de Bourgognes, and one Pouilly-Fuissé.
- ▶ Régionale wines accounted for half of all sales of still Bourgogne wines, leaving more and more room for Crémant de Bourgogne wines.

Economic report by the Markets and Development department of the BIVB – September 2020

(Sources: Customs - BIVB - SAQ - LCBO [excluding bars and restaurants])

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