

## Australia: Good potential despite pressures

### Key figures in 2019 for Bourgogne wines in Australia



12<sup>th</sup> biggest market by volume for Bourgogne wines

14<sup>th</sup> biggest market in terms of revenue for Bourgogne wines

**Exports: 1.59 million bottles (up 9.8% on 2018), for 18.25 million euros (up 9.2% on 2018)**

by volume

- ▶ White wines: 48%
- ▶ Red/rosé wines: 26%
- ▶ Crémant de Bourgogne: 26%

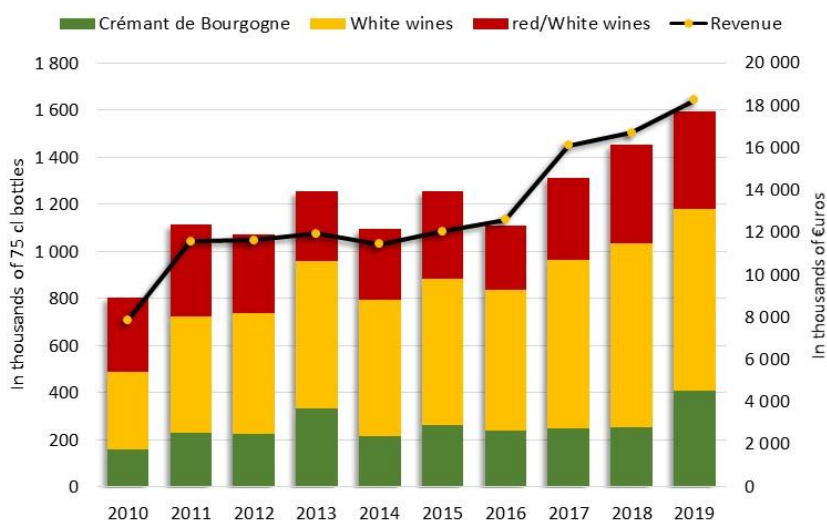
In 2019, Bourgogne wines accounted for **10% of the volume of still French AOC wines exported to Australia**, for **13% of the revenue**.

The world's sixth biggest wine producer (2019 harvest estimate), Australia was the second biggest wine consumer in 2018 in the Asia-Pacific region (equivalent to 840 million 75cl bottles - *source OIV 2019*), after China.

Australia has long been an important outlet for exporters of Bourgogne wines. In 2010, it was ahead of China and even Hong Kong in terms of export volumes (581,820 bottles). In 2019, exports of Bourgogne wines to Australia increased once again. It is even the leading market in Asia-Pacific by volume for Crémant de Bourgogne, the Chablis and Petit Chablis appellations, and *Régionale* Mâcon white wines.

### Record revenue for Bourgogne wines

Export of Bourgogne wines to Australia (Source: Customs / BIVB)



In 2019, **volumes of Bourgogne wines exported were up overall** to 1.59 million bottles (up 9.8% on 2018).

- ▶ White wines: Down 1.3% (71,376 bottles)
- ▶ Red wines: Up 0.2% (416,669 bottles)
- ▶ Crémant de Bourgogne: Up 59.3% (407,576 bottles)

Meanwhile, **revenue has shown almost continuous growth for more than 20 years**, going from 1 million euros in 1998 to 18.25 million euros in 2019. This trend continued in 2019:

- ▶ White wines: Up 0.1% on 2018 (7.29 million euros for 40% of the total)
- ▶ Red wines: Up 11.3% on 2018 (9.13 million euros for 50% of the total)
- ▶ Crémant de Bourgogne: Up 49.8% on 2018 (1.83 million euros for 10% of the total)

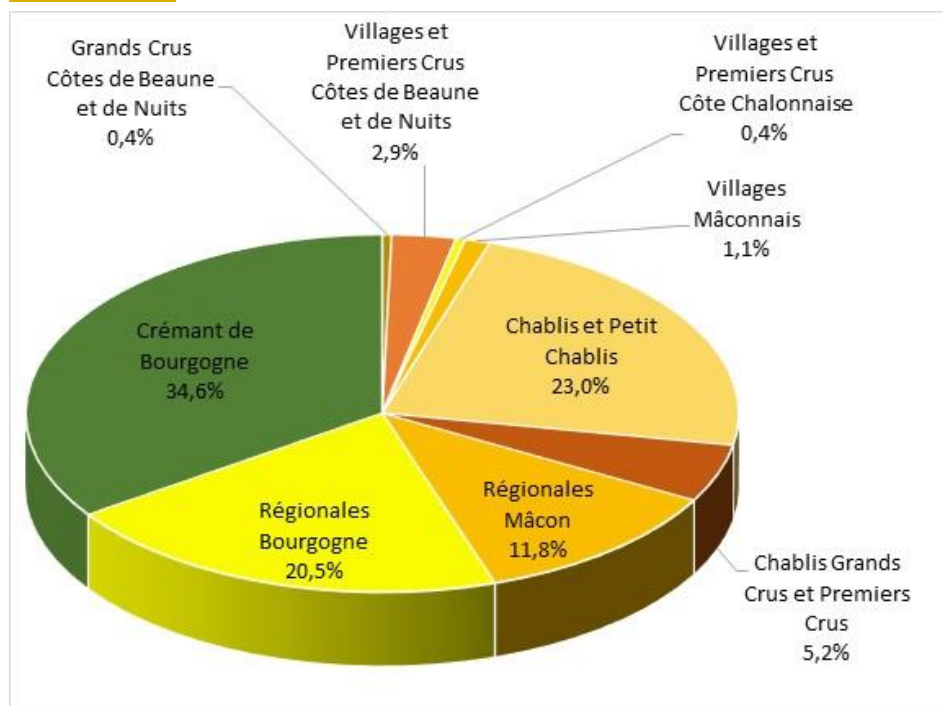
The first two months of 2020 showed the initial consequences of the 240 of days of vast Australian wildfires. Bourgogne wines sales were down by volume (down 9.7% on the first two months of 2019), although revenue continued to grow (up 24.6% on the same period in 2019), driven by Bourgogne red wines (up 79.4%, for 49% of the revenue).

For the rest of 2020, the impact of the COVID-19 pandemic will be a major factor (closure of restaurants and wine bars, lockdown, suspension of flights, closed borders, etc.). Initial figures should be available by early summer.

## Crémant de Bourgogne driving growth in 2019

Exports of Bourgogne wines to Australia cover a great many appellations. That said, white wines account for the majority of shipments by volume (*see graph page 1*).

### White wines



In 2019, white wines accounted for 48% of Bourgogne volumes exported, but recorded a small drop (down 1.3% on 2018). This fall was due to the significant slowdown by volume in the last quarter of 2019 (down 22.3% on the same period in 2018), mainly affecting *Régionale* Bourgogne appellations (down 57.7%) and Chablis and Petit Chablis (down 28.6%).

The **Mâcon, Mâcon-Villages and Mâcon plus geographical denomination appellations continued to grow in 2019, up 27.7% by volume and 2.2% in terms of revenue**, pursuing an upward trend that started five years ago.

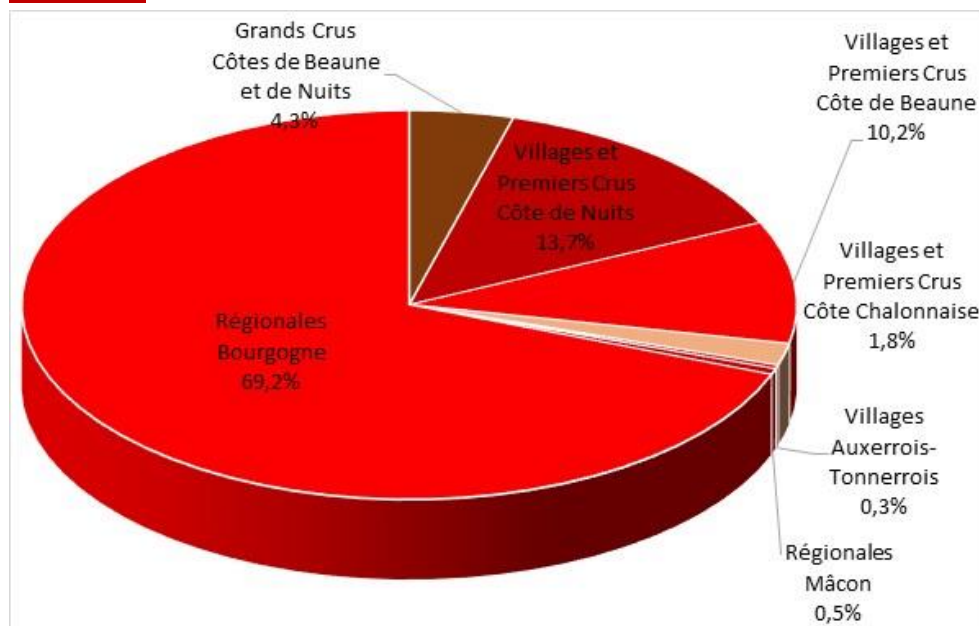
**Village and Village Premier Cru** wines from the Côte de Beaune and Côte de Nuits, along with the **Chablis Grand Cru and Chablis Premier Cru AOCs** also proved to be good sellers, with impressive volume growth: **Up 50.7% and 21.3%** respectively.

In the first two months of 2020, Bourgogne white wines saw slight growth by volume (up 1.7% on the first two months of 2019), with healthy revenue growth of 17.3%.

### Crémant de Bourgogne

These sparkling wines enjoy a strong share on the Australian market and **accounted for 26% of the volumes Bourgogne wine exported in 2019** (almost 408,000 bottles), with **extraordinary growth: Up 59.3% on 2018**. Revenue was also up by an impressive 49.8% to 1.8 million euros.

### Red wines



Bourgogne red wines were less impacted than whites at the end of 2019. **Export volumes were stable (up 0.2% on 2018)**, whereas **revenue was up 11.3%**. Red wines generally sell for higher prices, **accounting for 50% of the export revenue for 26% of volume in 2019**.

**Bourgogne and Bourgogne plus**

**geographical denomination appellations sold well, with revenue up 7.5% on 2018, despite a drop in volumes of 6.2%**. These accounted for 69% of red volumes exported for 46% of the revenue.

**Village and Village Premier Cru appellations from the Côte de Nuits and Côte de Beaune surged by volume (up 24.5%) and in terms of revenue (up 38%).**

**Over the first two months of 2020, red wine sales were dynamic, up 32.8% by volume and up 79.4% in terms of revenue on the first two months of 2019**. It remains to be seen if this dynamic continued until the end of the first quarter, or even the first half of the year.

### **A market that is increasingly open to lesser-known appellations**

Australia is a very stable market, split between the prestige appellations and celebrated producers and *Régionale* Bourgogne appellations. However, a 2017 survey underlined the region's potential.

- Australian professionals are very familiar with Bourgogne wines, including many of the lesser-known appellations. Consumers are also gradually learning about other Bourgogne wines, which adventurous importers and distributors are keen for them to discover.
- Wine bars are promoting red Bourgognes from the better-known producers at affordable prices. They are also exploring *Village* appellations from the Côte Chalonnaise, like Mercurey.
- Retailers are stocking Crémant de Bourgogne on their shelves.

The growth in smaller importers, often former sommeliers who appreciate wines with a story or with "rediscovery" value, is a distinct asset. They are able to sniff out lesser-known Bourgogne wines that are more accessible – lighter, elegant wines with less tannin and less oak, making them food-friendly wines.

Bourgogne wines are on-trend for those aged 35 and above, as well as with sommeliers. Lesser-known Bourgogne wines are available at all price points on the various Australian distribution circuits. They correspond to the new demand for Chardonnay and Pinot Noir wines, which are very popular in this market. Bourgogne Aligoté and Bouzeron also have strong potential for importers who are looking for wines made from varieties that are largely absent in Australia.



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