

News from the UK market

South Africa is performing well in the UK and there is a great opportunity to grow sales of our premium wines too, exports to the UK have increased 34 per cent since 2011, when exchange rates hit hard and volumes fell. South Africa is currently in 5th position in the UK off trade, recently overtaking Spain and growing value ahead of volume for the past few years. South African sales in the UK off trade are worth £525million, according to AC Nielsen figures (Jan 2105).

The on-trade is also performing well for South Africa and value growth, up six per cent, is outstripping volume at just one per cent growth. South Africa also holds a good average price in the on-trade, ahead of competitors such as Australia, USA, Chile and Argentina.

We all know that the UK is a tough market, where isn't these days? , but it remains the largest export market for South African wines and in recent years the UK media has generated a huge amount of positivity and excitement over the quality of South African wines, something which resonates in markets around the world. The UK is the 3rd largest wine market in the world, by value, and the only one in the top 5 that doesn't have significant domestic production. IWSR research predicts that by 2018 the UK will be the 2nd largest wine market, worth \$17.1 billion; 30 million adults in the UK drink wine.

While the UK's Big Four, Tesco, ASDA, Morrisons and Sainsbury's, are being squeezed and reducing wine ranges, filling the gaps and putting on pressure are the discounters, Aldi and Lidl, who avoid deep discount models and are not simply focused on entry level wines, Aldi recently launched an upper tier wine range at £10+. At the premium end of the market there are many wine retailers performing well. Waitrose, Wine Society, Majestic Wines, Oddbins and Wine Rack are all retailers in exciting times, proving that shoppers are keen to buy better wines and engage more. the UK online market is buoyant and tipped to grow significantly, it's expected to be worth £840 million by 2018.

Then we have the independent sector, where many businesses are performing well, making the most of the improving economy and hand selling interesting wines that you can't find on super market shelves. This sector is important for South Africa, there is a huge amount of interest in our wines and enthusiasm for them. Volumes are small but the influence of these merchants in image building and selling top wines is hugely important.

Wines of South Africa UK is currently running a promotion for independent merchants to win a financial bursary to support the category and promote our wines in this vital sector.

Buyers from leading independent merchants, high profile media and sommeliers will be attending Cape Wine 2015 from the UK.

Wines of South Africa is running a dedicated importer-led tasting for on-trade buyers, independent merchants and press on 7th October 2015.

For more information about the UK and the activities in the market contact Jo Wehring, UK market manager: jo@winesofsa.com