Wines of Great Britain

Industry size estimates for 2018 producing year & tracking against 2017 figures

Scope and methodology overview

Scope and methodology overview

- The following study has been conducted by Wine Intelligence for the WineGB trade association, representing the UK's wine producers

- The objectives of the project were:
  1. Replicate the study conducted in Q1 2018 in order to gather key production and sales data from WineGB members on the 2018 production year
  2. Produce a report presenting estimates of data in aggregate form and tracking changes from 2017 production year

- In order to do this, Wine Intelligence did the following:
  - Adapted last year's questionnaire to capture information on the industry's planted area and production activity as well as plans for the future
  - Administered a questionnaire of 34 questions to 183 WineGB members through an online survey fielded between November 2018 and January 2019
  - Weighted the sample of responses received data representative of the industry and produced estimates accordingly for the 2018 production year*

* For more information on sample composition, estimation rationale and weighting methodology, please see the appendix

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Report structure

- **Analysis of the grapes growing business**
  - Distribution of grape growers by vineyard size and region
  - Estimated area under vines
    - Distribution of ha under vine by grape grower, by region, by grape varietal
  - Estimated grapes production
    - Distribution of grapes by grape grower, by region, by grape varietal
- **Analysis of wine production business**
  - Estimated wine production
    - Distribution of wine production by producer type, by category, by grape varietal
- **Analysis of wine distribution business**
  - Distribution of bottles of wines sold by category and by producer type
  - Distribution of bottles of wines sold by distribution channels
    - Distribution channels by producer type
  - Export volume by destination
- **Wine tourism**
  - Monthly and annual visitors
- **Marketing activities**
- **Employment**
  - Distribution of full-time employees by vineyard size

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Methodology overview – 2019 study

The industry is composed by three types of "producer"

- Grower only: Those who grow grapes only, equal to 13% of WI sample
- Grower & Winery: those who grow grapes and make wine: equal to 80% of WI sample
- Winery: those who make wine but don't grow grapes: 7% of WI sample

They provide data for hectares, planting plans, tonnes produced and employment

They provide data for planting plans, litres of wine produced, sales, employment, wine tourism and marketing activities

4 segments are identified according to their vineyard size

1. **Small vineyard**: 2.99 ha vineyard or less
2. **Medium-sized vineyard**: vineyard between 3 ha and 7.99 ha
3. **Large vineyard**: vineyard between 8 ha and 17.99 ha
4. **Very large vineyard**: more than 18 ha vineyard

The geographical areas are recoded in four regions, as following:

South East: Berkshire, Buckinghamshire, East Sussex, Hampshire, Kent, Oxfordshire, Surrey, West Sussex

South West: Bristol, Cornwall, including the Isles of Scilly, Devon, Dorset, Gloucestershire, Herefordshire, Somerset, Wiltshire, Worcestershire

East Anglia: Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk, Suffolk

Wales: Welsh counties

Other: Other counties in the UK, Scottish and Irish counties. For more information please see the appendix

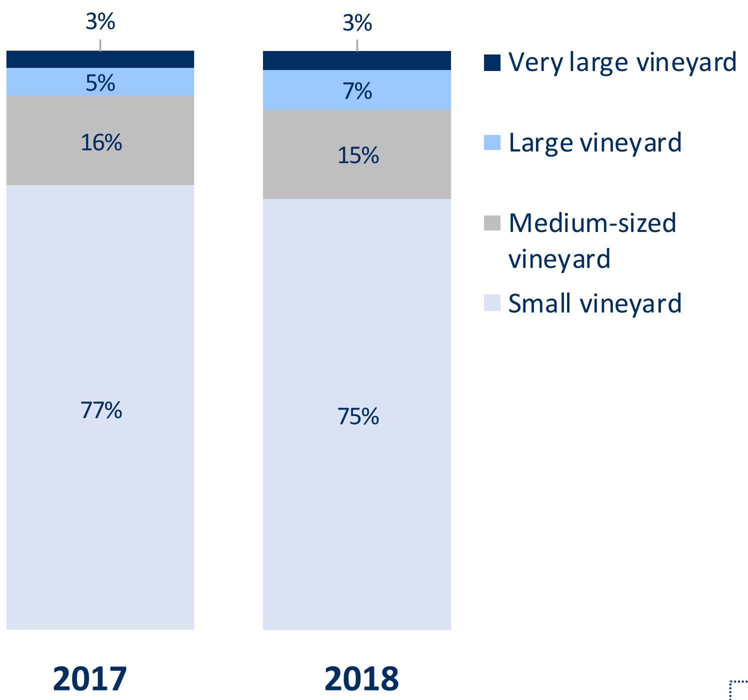
Grape growing business

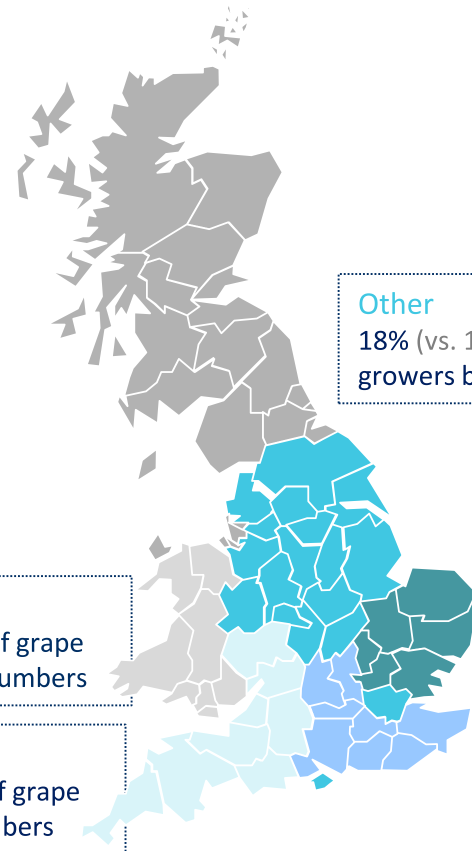
Grapes growers in 2018

GRAPE GROWERS

28% of grape growers are planning to plant new vines over the next 3 years

Distribution of grape growers by vineyard size and region





Other
18% (vs. 16%) of grape growers by numbers

East Anglia
7% (vs. 9%) of grape growers by numbers

Wales
3% (vs. 5%) of grape growers by numbers

South East
39% (vs. 42%) of grape growers by numbers

South West
32% (vs. 28%) of grape growers by numbers

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Grape growing business

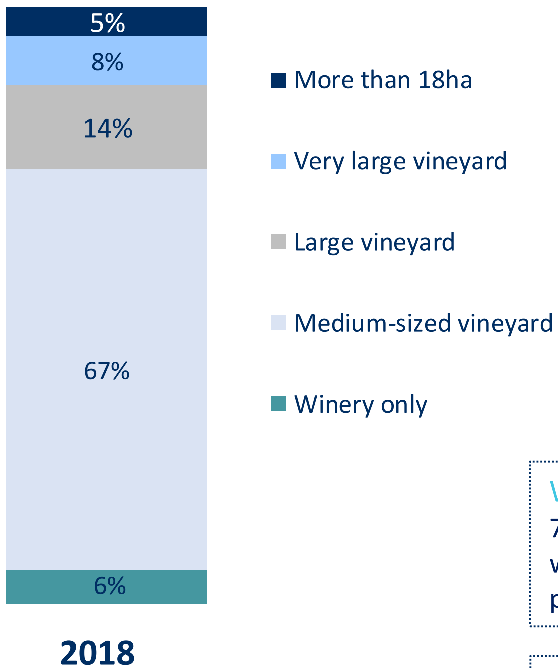
Planting plans for next 3 years

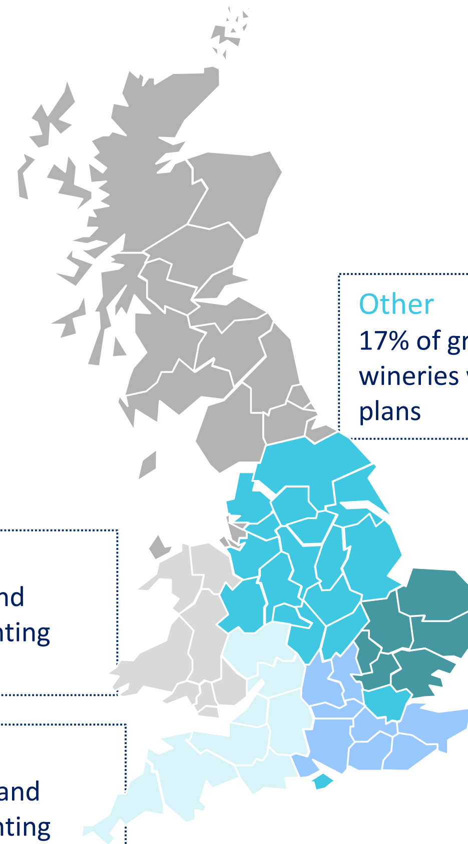
GRAPE GROWERS

wine intelligence

28% of grape growers are planning to plant new vines over the next 3 years

Distribution of vine growers and wineries with new planting plans by producer type and region





Other
17% of grape growers and wineries with new planting plans

East Anglia
5% of grape growers and wineries with new planting plans

Wales
7% of grape growers and wineries with new planting plans

South East
41% of grape growers and wineries with new planting plans

South West
30% of grape growers and wineries with new planting plans

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Grape growing business

Estimated area under vine in 2018 by vineyard size, in hectares (ha)

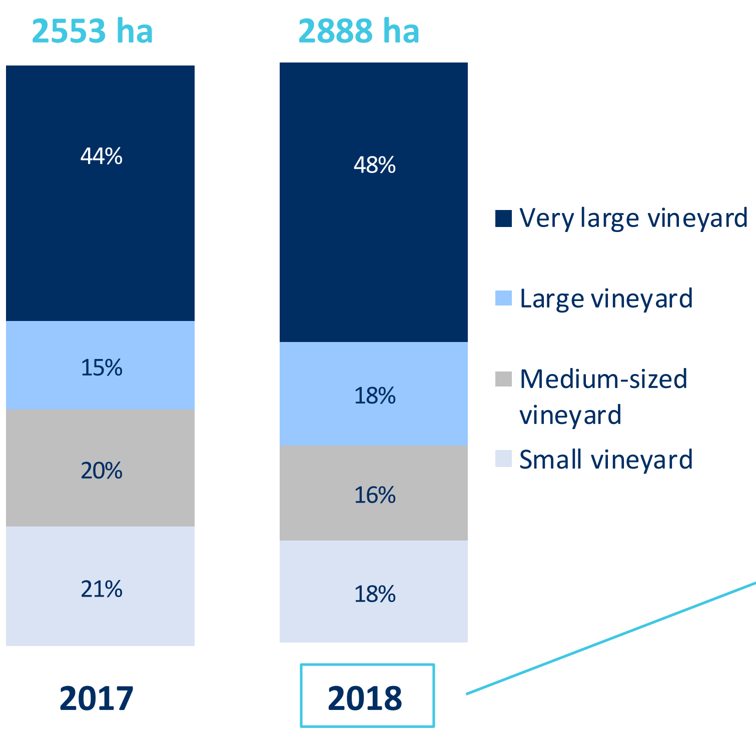
AREA UNDER VINE

2888 hectares under vine

+ 13% since 2017

4.4 ha (vs. 3.9 ha) is the **average** vineyard size

Distribution of ha under vine by grape growers



"Very large"	**1390 ha**	average size of **66.2** ha (+ 6% from 2017)
"Large"	**514 ha**	average size of **11.4** ha (+ 3% from 2017)
"Medium-sized"	**474 ha**	average size of **4.7** ha (- 7% from 2017)
"Small"	**511 ha**	average size of **1** ha (= 2017)

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

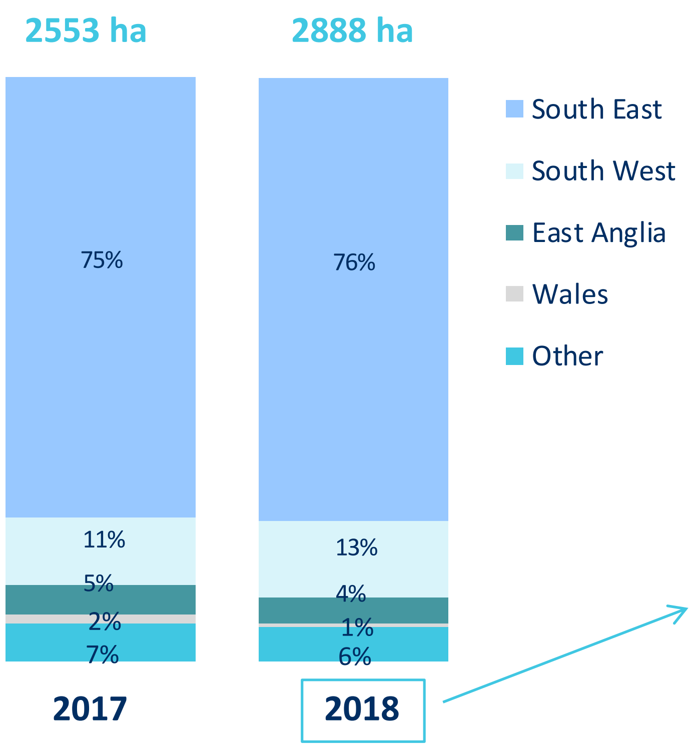
Grape growing business

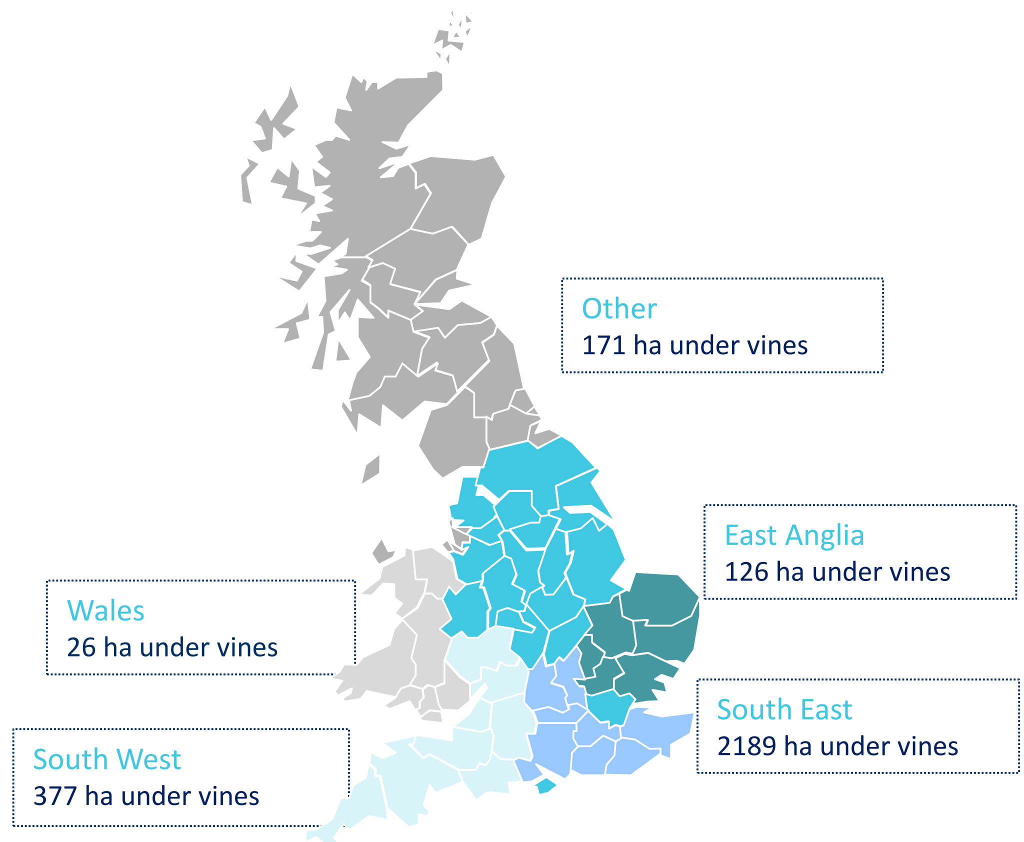
Estimated hectares under vines in 2018

HA UNDER VINES

Distribution of ha under vines by region

Increase of ha under vines in the Southern regions, especially in South West area





Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

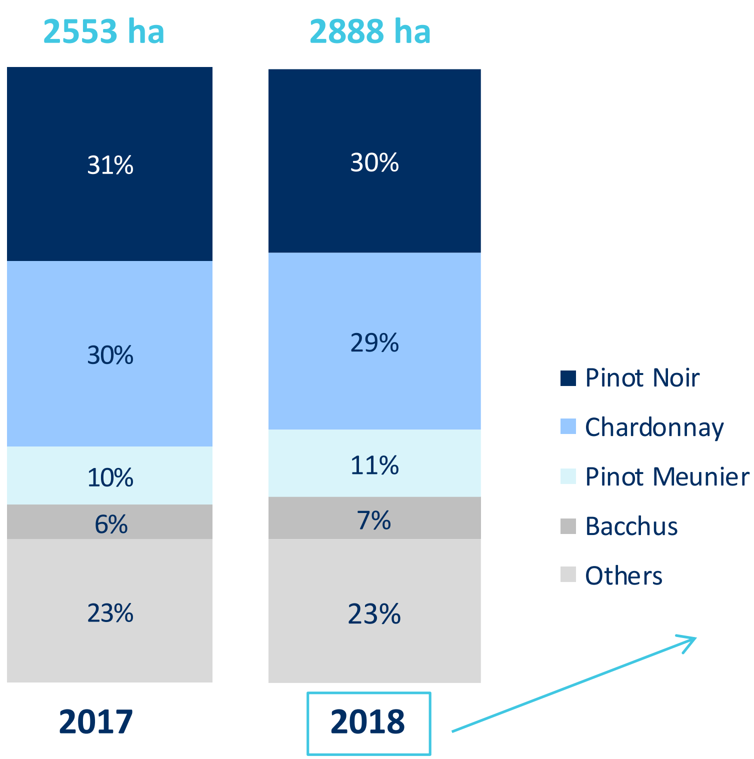
Grape growing business

Estimated hectares under vines in 2018

HA UNDER VINES

Distribution of ha under vines by grape varietal

Chardonnay is the most-planted variety, followed by Pinot Noir. Plantings of Pinot Meunier and Bacchus have increased since 2017



1st **Pinot Noir**
29.7% of total hectares
859 ha (vs. 803 ha)

2nd **Chardonnay**
28.9% of total hectares
835 ha (vs. 771 ha)

3rd **Pinot Meunier**
11% of total hectares
317 ha (vs. 243 ha)

4th **Bacchus**
6.9% of total hectares
200 ha (vs. 144 ha)

5th **Seyval Blanc**
4.2% of total hectares
121 ha (vs. 101 ha)

5th **Others**
19.3% of total hectares
556 ha (vs. 490 ha)

In "Others" category

Pinot Noir Précoce*: 2.6% equal to 76 ha
Pinot Gris: 2.4% equal to 70 ha
Reichensteiner: 2.3% equal to 66 ha
Madeleine x Angevine: 2.1% equal to 61 ha
Rondo: 2% equal to 58 ha
Regent: 1.4% equal to 40%
Ortega: 1.3% equal to 37 ha
Müller-Thurgau: 0.8% equal to 23 ha
Pinot Blanc: 0.8% equal to 23 ha
Dornfelder: 0.7% equal to 20 ha
Schönburger: 0.5% equal to 15 ha
Huxelrebe: 0.2% equal to 7 ha
Others: 4.7% equal to 137 ha

*** Included in Pinot Noir hectarage**

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Grape growing business

Estimated grapes production in 2018 by vineyard size, in tonnes

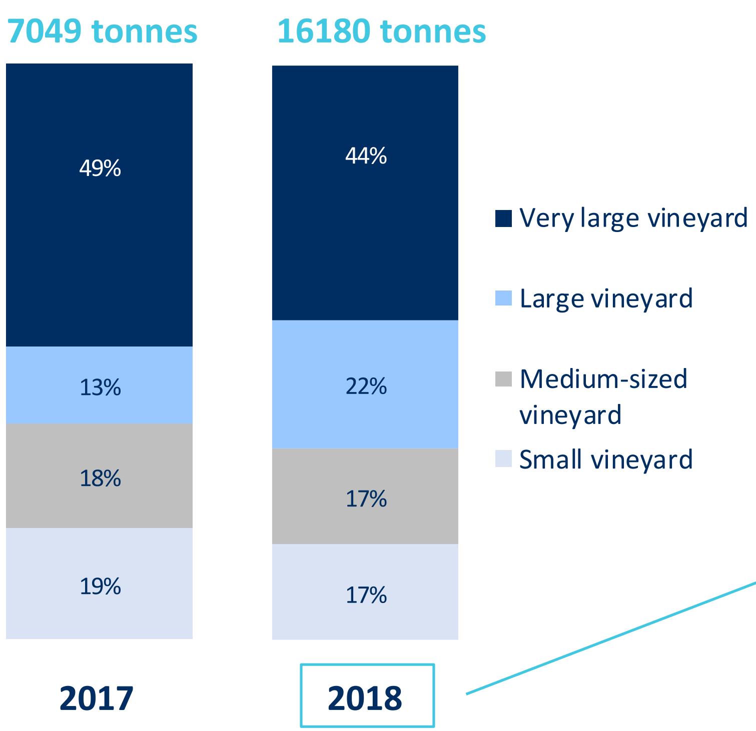
TONNES OF GRAPES

16180 tonnes of grapes*

+ 130% since 2017

5.6 t/ha (vs. 2.8 t/ha) is the **average** reported yield

Distribution of grape production by grape grower



"Very large"	**7151 tonnes**
"Large"	**3616 tonnes**
"Medium-sized"	**2721 tonnes**
"Small"	**2692 tonnes**

WINEGB WINES OF GREAT BRITAIN

* Potential grapes production as we assume that all hectares under vine are in production. For more information please see the Appendix

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

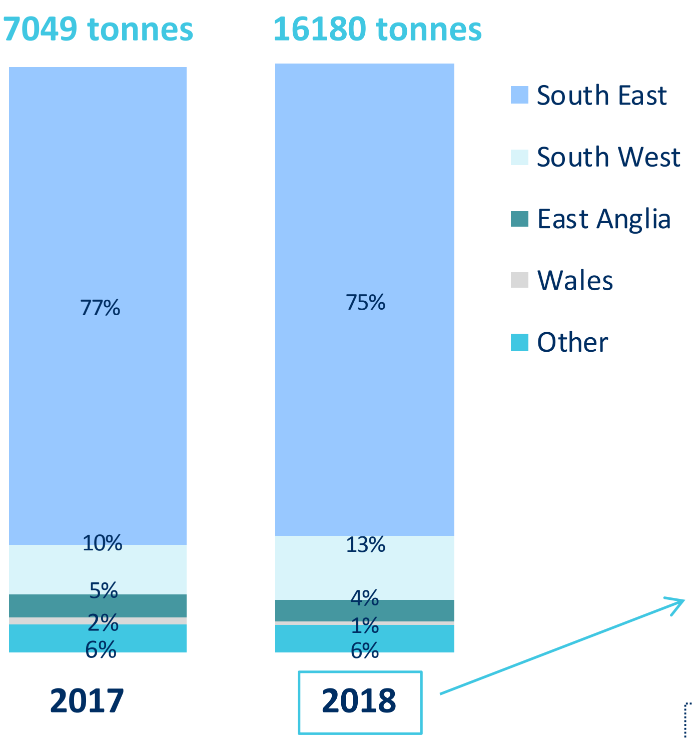
Grape growing business

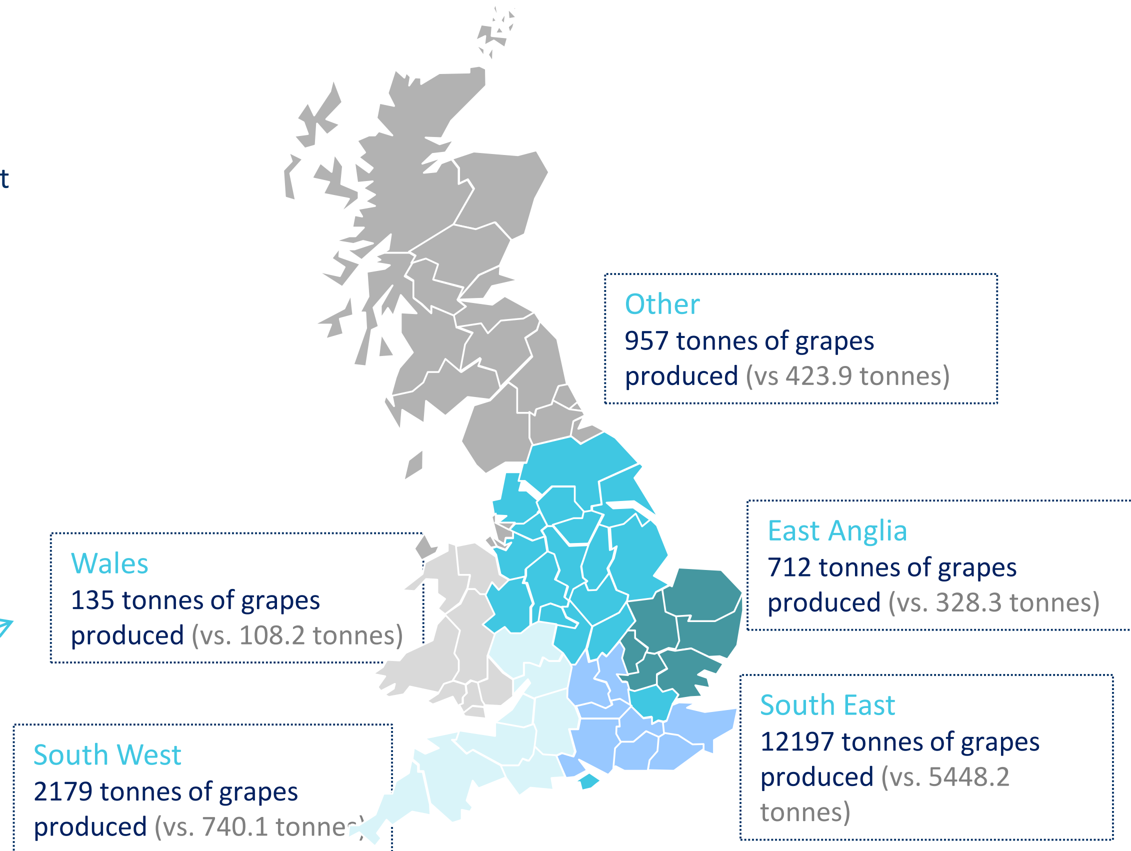
Estimated grapes production in 2018

TONNES OF GRAPES

Distribution of grapes production by region

Increase of tonnes of grapes produced, especially for the vineyards situated in South West region





WINEGB WINES OF GREAT BRITAIN

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

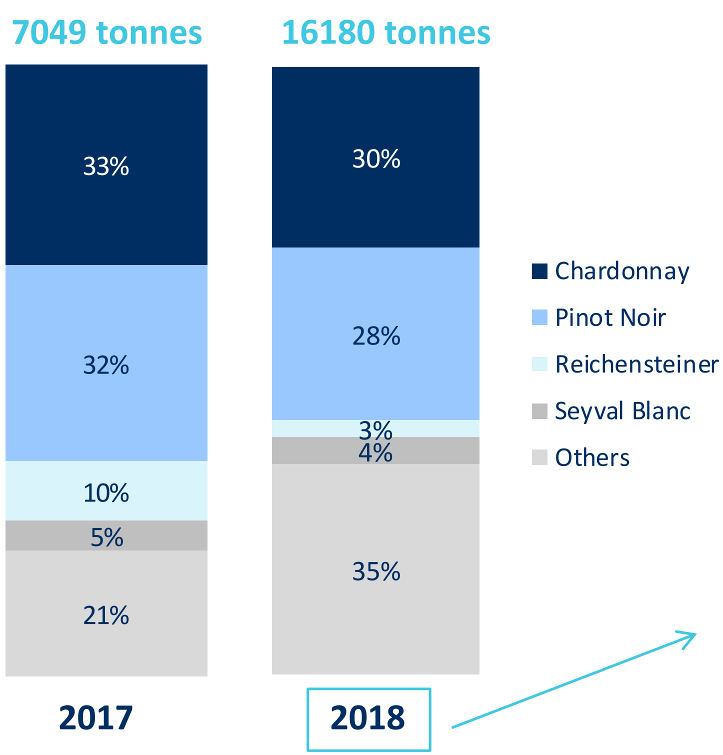
Grape growing business

Estimated grapes production in 2018

TONNES OF GRAPES

Distribution of tonnes of grapes produced by grape varietal

Production of Pinot Meunier and Bacchus increased: consistent with the new plantings



1st Chardonnay
29.7% of total tonnes
(vs. 32.8% in 2017)

2nd Pinot Noir
28.5% of total tonnes
(vs. 32.1% in 2017)

3rd Pinot Meunier
10% of total tonnes
(vs. 4.3% in 2017)

4th Bacchus
6.9% of total tonnes
(vs. 1.7% in 2017)

5th Seyval Blanc
4.5% of total tonnes
(vs. 4.9% in 2017)

6th Others
20.4% of total tonnes
(vs. 20.6% in 2017)

In "Others" category

- **Reichensteiner** 2.7% (vs. 9.6% in 2017)
- **Rondo:** 2.5% (n/a)
- **Madeleine x Angevine:** 2.2% (n/a)
- **Pinot Noir Précoce*:** 2.2% (n/a)
- **Pinot Gris**: 2% (n/a)
- **Ortega:** 1.6% (n/a)
- **Regent:** 1.3% (n/a)
- **Muller Thurgau:** 0.7% (vs. 0.2% in 2017)
- **Pinot Blanc**: 0.7% (vs. 0.7% in 2017)
- **Dornfelder**: 0.7% (n/a)
- **Huxelrebe**: 0.3% (n/a)
- **Schönburger**: 0.2% (n/a)

*** Included in Pinot Noir tonnage**

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Wine production business

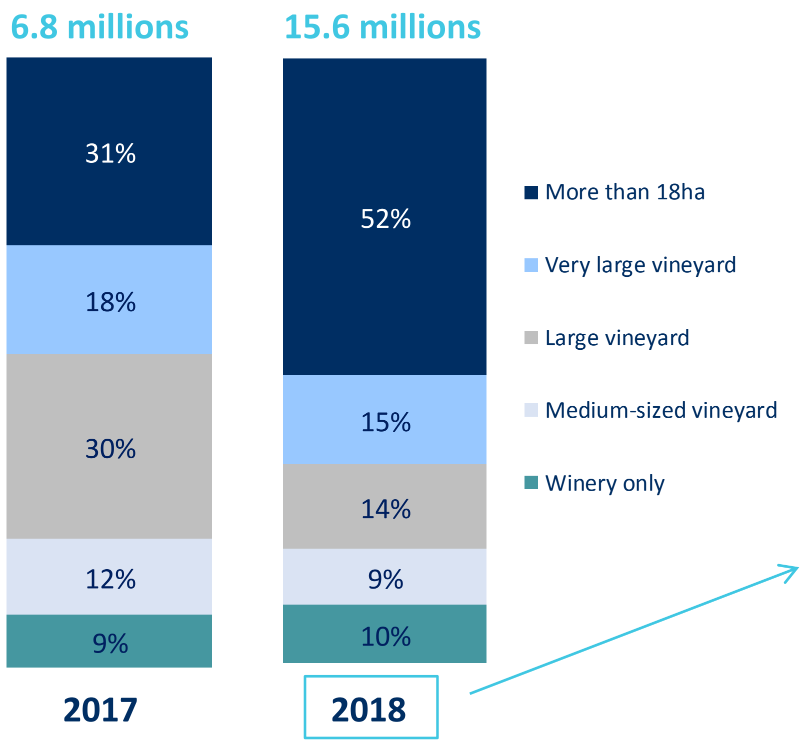
Estimated wine production in 2018 by producer type, in millions of bottles

HL OF WINE PRODUCED

117,018	Hectolitres of wine	+ 130% since 2017
15.6	millions 75 cl bottles	

723.2 litre/t is the **average** yield

Distribution of wine production by producer type



"Very large"	**61,307** hectolitres of wine
"Large"	**17,320** hectolitres of wine
"Medium-sized"	**16,274** hectolitres of wine
"Small"	**10,900** hectolitres of wine
"Winery only"	**11,217** hectolitres of wine

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

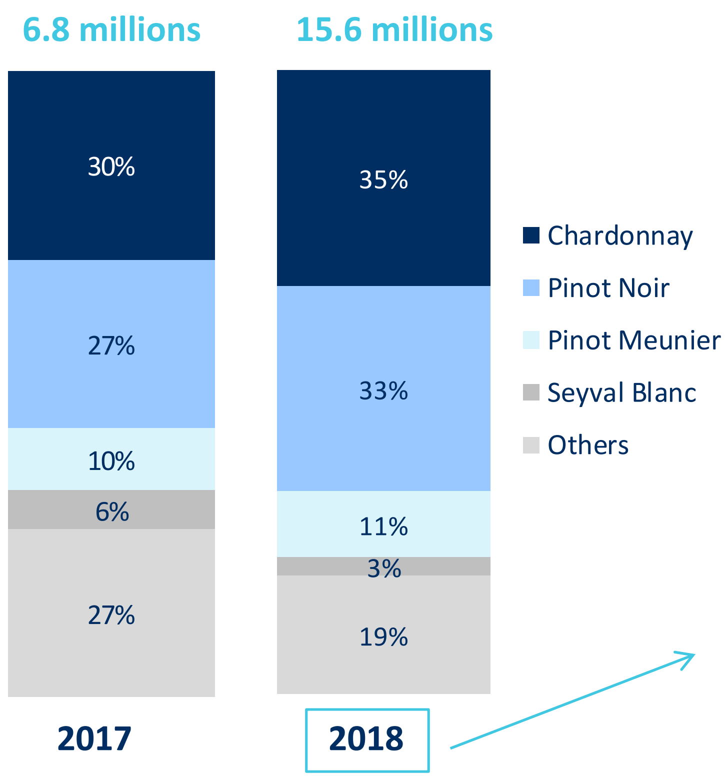
Wine production business

Estimated wine production in 2018

HL OF WINE PRODUCED

Distribution of wine production by grape varietal and category

Consistent with the top 3 varietals in terms of tonnes produced, more than half of the bottles produced are of Chardonnay, Pinot Noir and Pinot Meunier



1st — Chardonnay
34.6% of total bottles
(vs. 30.1% in 2017)

2nd — Pinot Noir*
32.9% of total bottles
(vs. 27% in 2017)

3rd — Pinot Meunier
10.5% of total bottles
(vs. 9.8% in 2017)

4th — Bacchus
5.7% of total bottles
(vs. 5.4% in 2017)

5th — Seyval Blanc
2.9% of total bottles
(vs. 6.4% in 2017)

6th — Others
13.3% of total bottles
(vs. 21.3% in 2017)

Breakdown by type

Still wine
31% of the total bottles produced
(vs. 32% in 2017)

Sparkling wine
69% of the total bottles produced
(vs. 68% in 2017)

*** Including Pinot Noir Précoce**

WINEGB
WINES OF GREAT BRITAIN

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Wine distribution business

Bottles of wine sold in 2018

+ 186% since 2017

2.6 millions bottles sold in 2018

Distribution of bottles of wine sold by category and producer type

Still wine

28% of total bottles sold
(vs. 48% in 2017)

where

- 38% from "Very large" vineyard
- 9% from "Large" vineyard
- 27% from "Medium-sized" vineyard
- 15% from "Small" vineyard
- 11% from Wineries only

Sparkling wine

72% of total bottles sold
(vs. 52% in 2017)

where

- 75% from "Very large" vineyard
- 9% from "Large" vineyard
- 10% from "Medium-sized" vineyard
- 4% from "Small" vineyard
- 2% from Wineries only

99% of the sparkling bottles sold in 2018 are *traditionally-method* produced

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

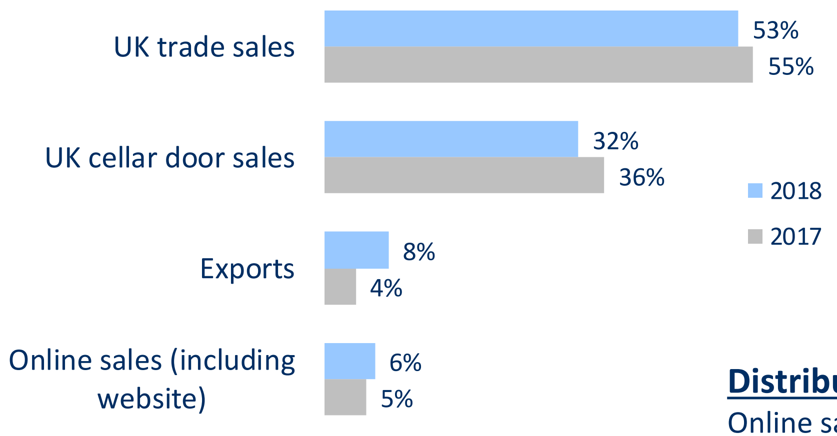
Wine distribution business

Bottles of wine sold in 2018

SALES

Distribution of wine sold by channel

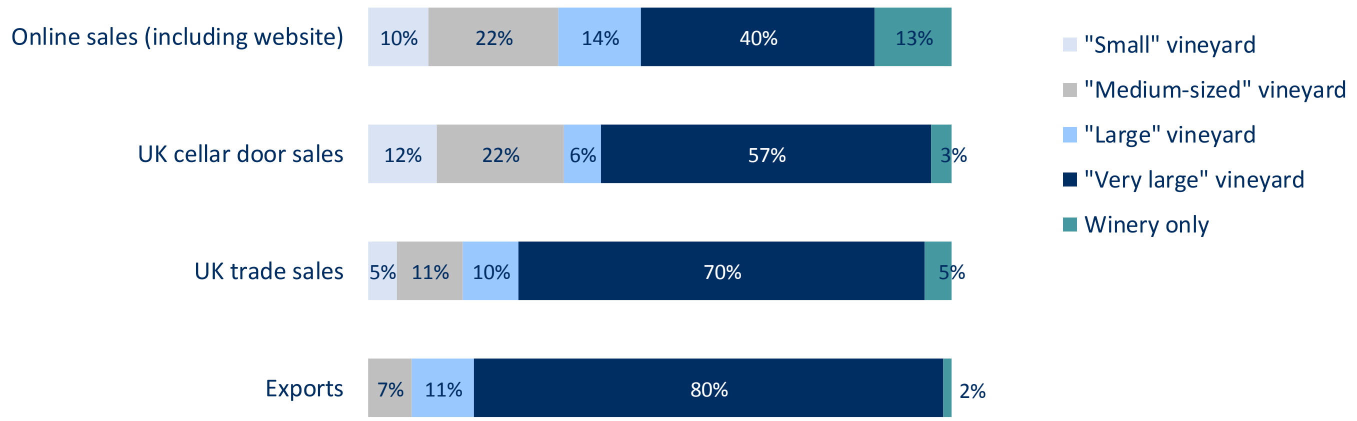
Exports and sales through company's website have increased since 2017



71% of actual wine producers who don't use the online channel are planning to sell wine through their website

Distribution of wine sold by producer type

Online sales and cellar door are the main distribution channels used by small and medium vineyards



(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

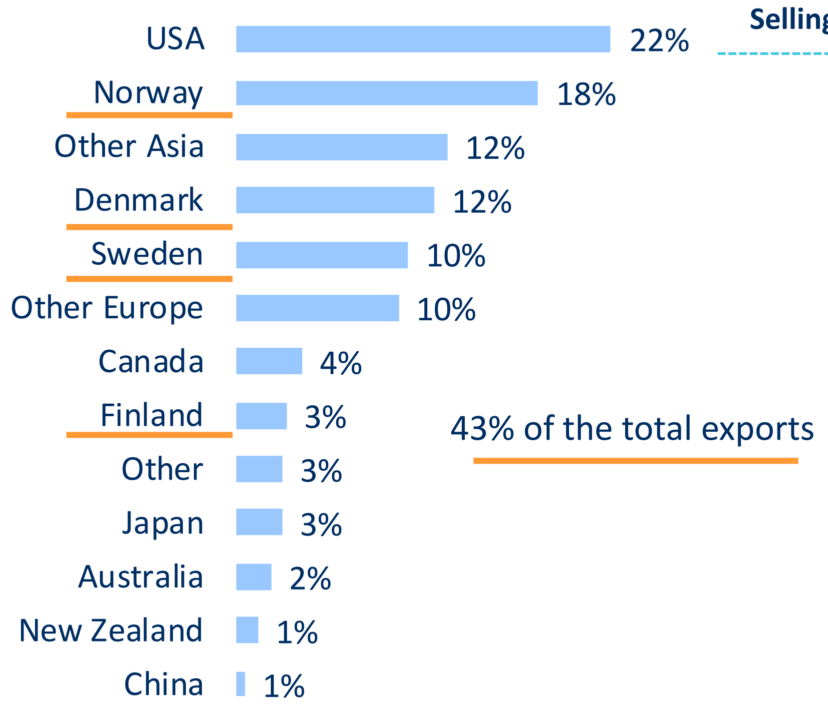
Distribution

Volume of exports

SALES

8% of total bottles sold

Distribution of bottles exported by destination



Selling to . . . .

Top 4 US destinations

1st	California
2nd	New York
3rd	Texas
4th	Florida

Other cities:

- Washington DC
- Boston
- Chicago

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Wine tourism

Vineyards visitors

Distribution of monthly visitors by producer type

"Very large" vineyards	**866 visits/mo on average**
"Large" vineyards	**639 visits/mo on average**
"Medium-sized vineyards"	**170 visits/mo on average**
"Small" vineyards	**73 visits/mo on average**
Wineries only	**127 visits/mo on average**

86% **from UK**

14% **from outside UK**

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Marketing

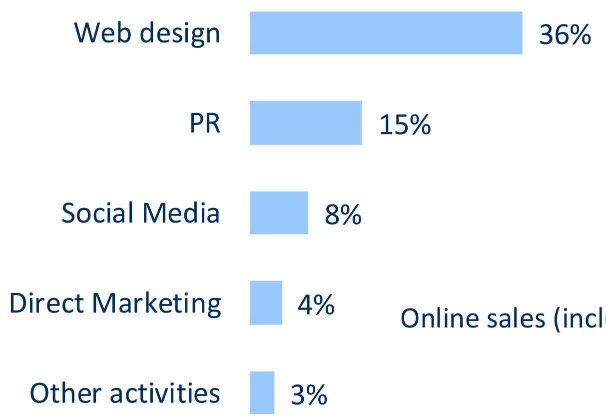
Outsourced marketing activities

38% of wine producers outsource one or more marketing activities

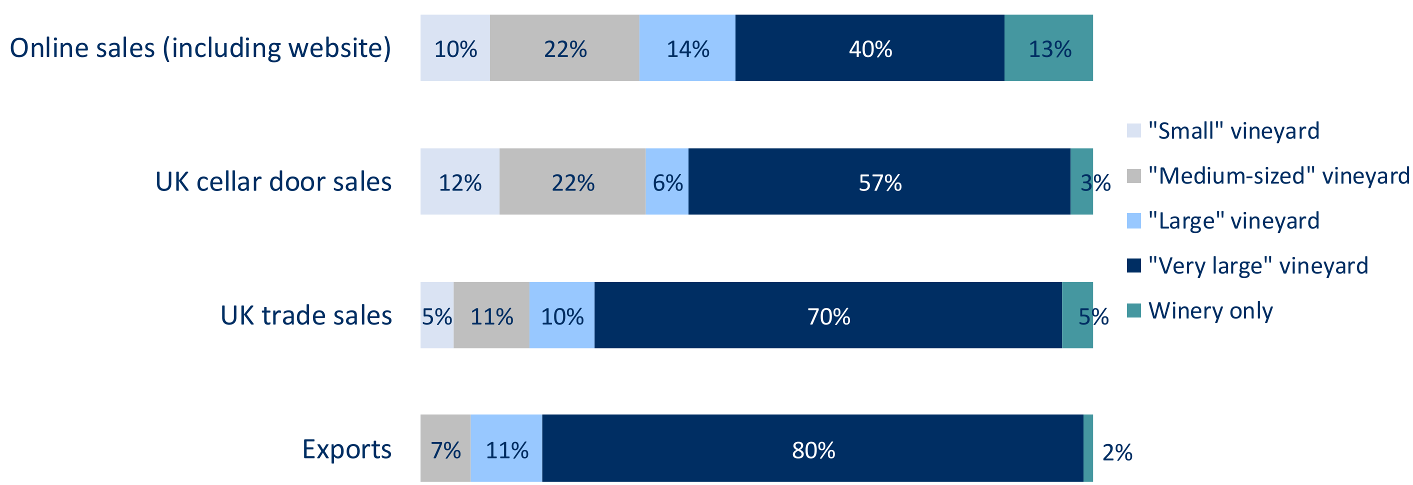
Outsourced marketing activities

% who outsource the following marketing activities

Base: wine growers and wine producers who outsource one or more marketing activities



Distribution of marketing needs by producer type



(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Employment

Estimates of employment – Full-time employees

2,248 Full-time employees among wine growers and wine producers

vs. 2,095 Full-time employees in 2017

Distribution of full-time employees by vineyard size

"Very large" vineyards	**413 Full-time employees**	• Equal to **18%** of total full-time employees
"Large" vineyards	**404 Full-time employees**	• Equal to **18%** of total full-time employees
"Medium-sized vineyards"	**613 Full-time employees**	• Equal to **27%** of total full-time employees
"Small" vineyards	**818 Full-time employees**	• Equal to **36%** of total full-time employees

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Employment

Estimates of employment - FTE

5,764 Full-time employee equivalents (FTE) among wine growers and wine producers

vs. 4,699 FTE in 2017

Distribution of full-time employees by vineyard size

"Very large" vineyards	**556 FTE**	• Equal to **18%** of total full-time employees
"Large" vineyards	**781 FTE**	• Equal to **18%** of total full-time employees
"Medium-sized vineyards"	**1,300 FTE**	• Equal to **27%** of total full-time employees
"Small" vineyards	**3,128 FTE**	• Equal to **36%** of total full-time employees

(%)= 2017 estimates from 2018 WI study

Sources: Wine Intelligence, Survey among English wine producers (n=168) February-March 2018 and (n=183) November 2018 –January 2019

Estimation rationale

Distribution of grape growers and wine producers:
This distribution is derived from a combination of WineGB data and survey data collected through the 2019 study. In the absence of definitive 3rd party data on the smallest segment (less than 3 ha), we have assumed that 10% of the businesses in this segment have disappeared either because they have transitioned into larger groups or they have sold off their vineyard, or they have grubbed up the vines and repurposed the land.

Estimated hectares under vine:
Average vineyard size (WineGB and WI survey data combined)* Number of growers and producers in the industry (WineGB and WI survey data combined)

Estimated tonnes produced:
Average yield 2018 (WI survey data)* Estimated hectares under vine in 2018
where average yield is tonnes produced/hectares owned
N.B: Following this methodology, we assume that all hectares under vine are in production

Estimated litres produced:
Average yield (WI survey data)* Estimated tonnes produced in 2018
where average yield is litres produced by Grower&Winery/hectares owned by Grower&Winery
N.B: We consider only Grower & Winery group to avoid potential double counting due to the secondary trading market in grapes

Wine distribution business:
A numerical estimate of bottles of wine **sold** in 2018 is derived from the survey data collected through the 2019 study. The estimate shows also reported sales change over time, and distribution channels, weighted to represent the industry as a whole.

Estimates of employment:
Average full-employees equivalent (WI survey data)* Number of growers and wine producers in the industry (wineries not included)

Appendix

WI online survey	
sample size	183
"We grow grapes only "	13%
"We grow grapes and make wine"	80%
"We make wine only"	7%
Total	*100%*
South East	46%
South West	28%
Wales	3%
East Anglia	7%
Other	15%
Total	*100%*

Counties recoded in "Other" :
Aberdeen City, Aberdeenshire, Angus, Antrim, Argyll and Bute, Armagh, Cheshire, City of Edinburgh, City of London & Greater London, Clackmannanshire, Cumbria, Derbyshire, Down, Dumfries and Galloway, Dundee City, Durham, East Ayrshire, East Dunbartonshire, East Lothian, East Renfrewshire, East Riding of Yorkshire, Falkirk, Fermanagh, Fife, Glasgow City, Greater Manchester, Highland, Inverclyde, Isle of Wight, Lancashire, Leicestershire, Lincolnshire, Londonderry, Merseyside, Midlothian, Moray, Na h-Eileanan Siar, North Ayrshire, North Lanarkshire, North Yorkshire, Northamptonshire, Northumberland, Nottinghamshire, Orkney Islands, Perth and Kinross, Renfrewshire, Rutland, Scottish Borders, Shetland Islands, Shropshire, South Ayrshire, South Lanarkshire, South Yorkshire, Staffordshire, Stirling, Tyne and Wear, Tyrone, Warwickshire, West Dunbartonshire, West Lothian, West Midlands, West Yorkshire

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