WINE INTELLIGENCE

BRAZIL WINE LANDSCAPES

JANUARY 2022

REPORT BROCHURE

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INTRODUCTION

If 2020 was a good year for wine in Brazil, 2021 has been spectacular in terms of a rapidly increasing monthly wine drinking population. There are now over twice as many wine drinkers in Brazil as there were in 2010, with an overall penetration of monthly wine drinking amongst the adult population of around 36%, a similar proportion to the US, but around half that of mature European markets.

As with many overnight successes, Brazil's wine revolution has been some time in the making. For some years now, professional and innovative wine businesses – both importers and domestic producers – have been investing in good quality product and deploying the latest technology to build multiple touch-points for consumers, including world-class e-commerce operations.

The onset of Covid in 2020 was the catalyst for a major change in Brazilian lifestyles and the population's relationship with alcohol. With a population reluctant – or unable – to shop and socialise in the ways they used to, Brazilians adapted to new behavioural norms. In this environment, wine experienced a multiplier effect: it was a more reflective, low-key convivial drink; it was an interesting novelty at a time when other distractions were restricted; and most importantly it was easily purchased through the array of apps and omnichannel offerings now available in Brazil.

Momentum in any category is hard-won, and easily lost. Will it continue? To address this question, one must understand the push (supply chain) and pull (consumer) factors and think about how they might change in future.

The pull factor first. Brazilian consumers discovered during the pandemic that a glass of wine makes for an excellent companion for low-key, at-home occasions. As the country learns to live with Covid-19, and some more normality resumes, will previous habits reassert? Clearly there will be some reversion to old norms, but the evidence from this report suggests that the new recruits to wine are similarly involved in the category and using wine in a similar way to more veteran wine drinkers. The only potential disruption to bear in mind is the advance of other categories, particularly gin, and RTDs, both of which have also seen strong growth in Brazil in recent years.

For the push factor, it seems likely that the Brazilian wine supply chain will continue to do a very effective job of meeting consumer expectations in terms of interesting products at attractive-enough prices. Here, the headwinds may come from broader economic pressures – further devaluation of the Brazilian currency, rising input costs for domestic producers and importers alike, and rising transport costs for the latter group especially. Pricing pressures will be felt across the whole economy in 2022, and wine will have to fight hard to preserve its value proposition.

EXAMPLE SLIDE: WINE CONSUMPTION FREQUENCY

With a major increase in the base of monthly consumers, wine consumption frequency has actually declined since 2019, with consumption frequency tending to rise with rising affluence levels

Wine consumption frequency: Tracking

% who usually drink wine at the following frequency
Base = All Brazilian regular wine drinkers (n≥1,000)

	2017	2019	2020	2021	Tracking		
n=	*1,000*	*1,000*	*1,000*	*2,000*	vs. '17	vs. '19	vs. '20
Most days / every day	7%	10%	8%	6%	→	↓	→
2-5 times a week	33%	36%	32%	32%	→	↓	→
About once a week	34%	31%	33%	35%	→	↑	→
1-3 times a month	26%	23%	27%	26%	→	→	→

Wine consumption frequency: By income

% who usually drink wine at the following frequency
Base = All Brazilian regular wine drinkers (n=2,000)

	All Brazilian regular wine drinkers	Income groups				
		Under R$1500	R$1500 – R$3000	R$3000 –R$7500	R$7500 –R$13500	More than R$13500
n=	*2,000*	*221*	*531*	*793*	*308*	*89*
Most days / every day	6%	2%	4%	6%	11%	17%
2-5 times a week	32%	24%	26%	35%	42%	39%
About once a week	35%	34%	36%	37%	33%	30%
1-3 times a month	26%	39%	34%	23%	14%	14%

Red / Blue: Statistically significantly higher / lower than all Brazilian regular wine drinkers at a 95% confidence level
↑ / ↓ : Statistically significantly higher / lower than the previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® Brazil, Jan'17, Jan'19, Jan'20 and Oct'21 (n≥1,000) Brazilian regular wine drinkers

EXAMPLE SLIDE: **WINE-BUYING CHANNEL USAGE**

Traditional offline channels have seen decline in usage over the past year, while one in five Brazilian regular wine drinkers said they ordered wine via an app, and 30% said they ordered wine on a supermarket website

Wine-buying channel usage: Tracking

% who have bought wine from the following channels in the past 6 months
Base = All Brazilian regular wine drinkers (n≥1,000)

Rank 2021		2017	2020	2021	Tracking	
	n=	*1,000*	*1,000*	*2,000*	vs. '17	vs. '20
1	Supermarkets	81%	85%	75%	⬇	⬇
2	Shop specialised in wine or alcohol	36%	30%	32%	⬇	➡
3	From a supermarket website	n/a	n/a	30%	n/a	n/a
4	From atacarejo	21%	26%	27%	⬆	➡
5	Convenience stores	28%	26%	25%	➡	➡
6	From a delivery app	n/a	n/a	20%	n/a	n/a
7	Deli stores (Emporio)	26%	26%	17%	⬇	⬇
8	From a winery during a visit	n/a	n/a	13%	n/a	n/a
9	From a winery's website	n/a	n/a	11%	n/a	n/a
10	From a wine club or membership organisation	15%	11%	9%	⬇	⬇
=11	Direct from importers	7%	6%	6%	➡	➡
=11	Duty free	11%	5%	6%	⬇	➡

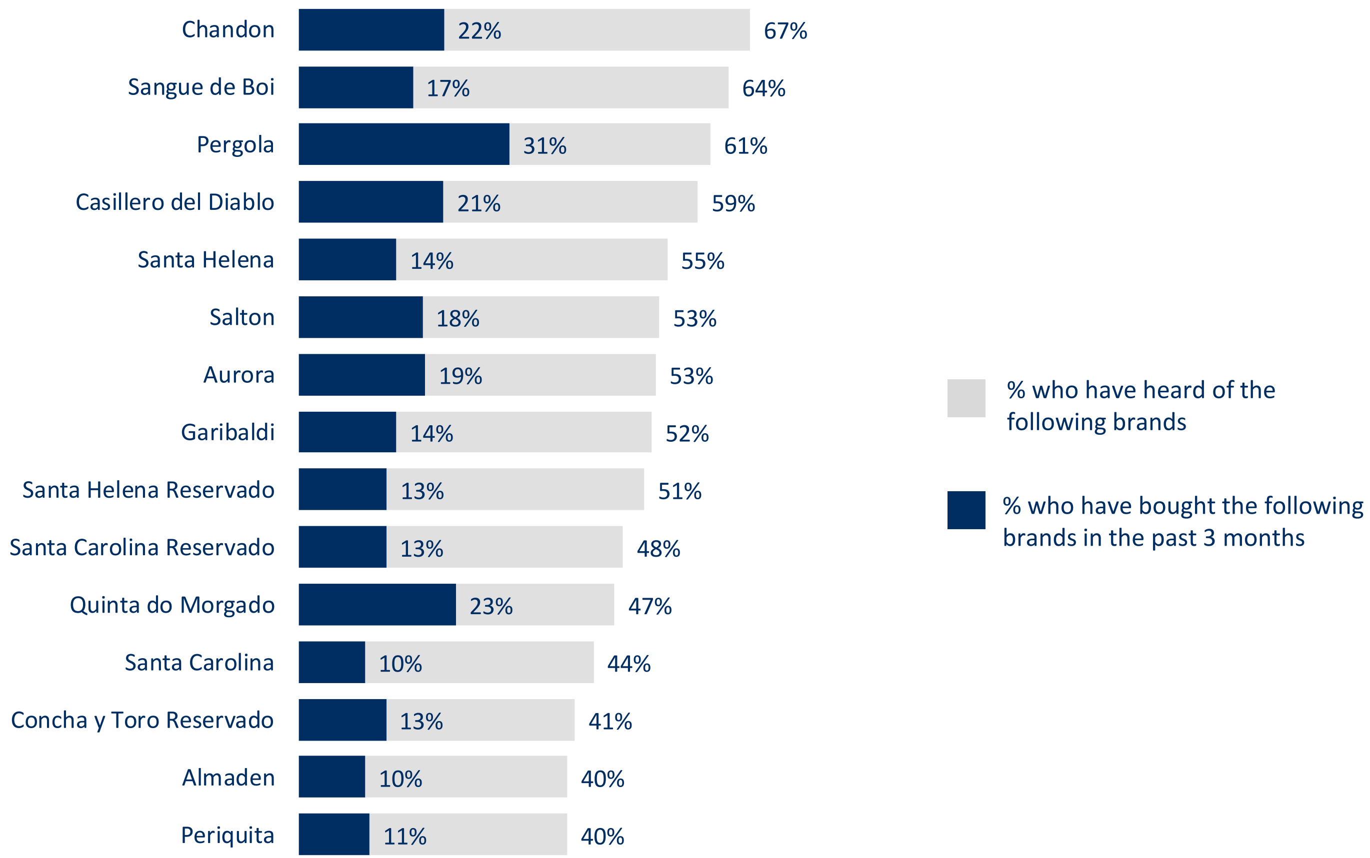
⬆ / ⬇ : Statistically significantly higher / lower than the previous wave(s) at a 95% confidence level
Source: Wine Intelligence, Vinitrac® Brazil, Jan'17, Jan'20 and Oct'21 (n≥1,000) Brazilian regular wine drinkers

EXAMPLE SLIDE: BRAND HEALTH AWARENESS VS. PURCHASE

Whilst Chandon and Sangue de Boi rank first for brand awareness, Brazilian brand Pérgola and Quinta do Morgado perform better at converting those aware into purchasers

Top 15 brands by **awareness** and respective **purchase** level

Base = All Brazilian regular wine drinkers (n=2,000)



Source: Wine Intelligence, Vinitrac® Brazil, Oct'21 (n=2,000) Brazilian regular wine drinkers

RESEARCH METHODOLOGY: QUANTITATIVE

- The data for was collected in Brazil since January 2017
- The following waves Jan-17, Jan-19 and Jan-20 were tracked against Oct-21
- Data was gathered via Wine Intelligence's Vinitrac® online survey
- Respondents were screened to ensure that they were 18-64 years old; drank red, white or rosé wine at least once a month; and bought wine in the off-trade or in the on-trade
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The data is representative of Brazilian regular wine drinkers in terms of gender, age and region
- The distribution of the sample is shown in the table:

		Jan-17	*Jan-19*	*Jan-20*	*Oct-21*
	n=	*1,000*	*1,000*	*1,000*	*2,000*
Gender	Male	53%	53%	53%	48%
	Female	47%	47%	47%	52%
	Total	*100%*	*100%*	*100%*	*100%*
Age	18-24	16%	12%	12%	13%
	25-34	30%	29%	29%	24%
	35-44	24%	26%	26%	23%
	45-54	18%	19%	19%	22%
	55-64	11%	14%	14%	17%
	Total	*100%*	*100%*	*100%*	*100%*
Region	North	5%	7%	7%	8%
	Bahia	8%	6%	6%	7%
	North East (outside Bahia)	20%	20%	20%	19%
	Minas Gerais + Espírito Santo	10%	11%	11%	11%
	Rio de Janeiro	10%	10%	10%	8%
	São Paulo	26%	24%	24%	22%
	South	16%	15%	15%	18%
	Midwest	6%	8%	8%	6%
	Total	*100%*	*100%*	*100%*	*100%*

Source: Wine Intelligence, Vinitrac® Brazil, Jan-17 (n=1,000), Jan-18 (n=1,000), Jan-20 (n=1,000) and Oct-21 (n=2,000) Brazilian regular wine drinkers

RESEARCH METHODOLOGY: QUALITITATIVE

MARKET EXPERT INTERVIEWEES

Market Interviews were conducted with six experienced industry professionals in the Brazilian wine trade in 2021

Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for different wine styles, retail channels and pricing

The four interviewees were wine industry professionals working within the market in different roles:

1 x Wine Buyer

1 x Wine Importer

1 x Head buyer

1 x Domestic Producer

1 x General Manager

1 x Commercial manager

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