

# The Northern Ireland Wine Market: Challenges; Changes and Characteristics

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## Introduction

Consumers in Northern Ireland are drinking more wine than ever before with approximately 900,000 cases being consumed each year<sup>i</sup>. Research conducted by Hollywood and Donnelly<sup>ii</sup> estimates that 66% of the one million adults who live in Northern Ireland consume alcoholic beverages, with 34% of these being wine drinkers. At a time when many other sectors of the drinks industry are experiencing a reduction in sales, wine is enjoying a boom period which seems set to continue. Coupled with this increase in sales is a dramatic increase in the portfolio of wines on offer to the Northern Irish consumer. For many years the wines of France and Germany enjoyed a virtual monopoly in both the on and off trade. This dominance is no longer assured. The world wine market is changing. Gone are the days when the traditional wine producing counties of Europe controlled the market. Countries such as the USA, Australia, New Zealand and Chile are becoming increasingly important players in the market place.

The Northern Ireland wine market is serviced by approximately ten wholesalers. The multiples, such as Winemart, Wine Flair, and Winemark have 65% of the market with independent traders supplying the remaining 35%. The large supermarket chains such as Sainsbury's and Tesco have displayed renewed interest in moving in to the Northern Ireland market place since the current ceasefires were declared. The introduction of these stores is likely to have a dramatic effect on the range and cost of wine in Northern Ireland. Given the relatively small size of the market, the current wholesalers are unable to negotiate such favourable deals with suppliers as these major chains. This, coupled with higher shipping and transportation costs, means wine in Northern Ireland is more expensive than that offered for sale in Great Britain. The expansion of the supermarket chains may well force local suppliers to cut their prices if they are to maintain their current market share. Indeed there is concern among distributors in Northern Ireland that many of the smaller wholesalers will no longer be viable.

Current licensing laws in Northern Ireland prohibit the sale of alcohol with other goods, for example in supermarkets. Instead alcohol must be sold in a separate unit. However, there are proposals to bring Northern Ireland into line with Great Britain where wine may be sold in supermarkets. This combined with the establishment of stores by the major supermarket chains, which already have a reputation for good wine at affordable prices is likely to bring about significant changes in the nature of the Northern Ireland wine market.

## Wine by Country of Origin

The relative importance of each wine producing country in the Northern Ireland market can be examined by reviewing the Wholesalers' audit for 1994. This report reveals the following hierarchy of significance:

Rank 1994	Country	Volume 000 cases 1993	Volume 000 cases 1994	+/- %
1	Germany	221.9	194.6	-12
2	Britain	125.2	123.8	-1
3	France	111.1	111.7	+1
4	Australia	42.8	69.7	+63
5	USA	55.3	69.4	+25
6	Italy	36.7	40.2	+10
7	Eastern Europe	34.0	35.8	+5
8	Spain	10.2	11.1	+9
9	New Zealand	9.6	10.7	+11
10	South Africa	6.8	3.0	-56%
	Others	11.4	10.3	-10%

Australia has had the highest percentage growth between these two years with South Africa dropping by 56%. Wine companies in Northern Ireland expect South Africa to become a much more significant source of wine as many of the moral objections to consuming South African products have been eradicated. 1995 has already seen an increase in the quantity and quality of South African wine making its way onto the Northern Irish market.

Although Germany has had a significant drop in sales (12%) it still remains the dominant country of origin. In the past German wine was often the only wine offered for sale by the glass. The Northern Ireland consumer is becoming more discriminating and demanding a wider choice when consuming wine in a bar or by the glass in a restaurant. License holders report an increasing demand for drier style wine and for New World wines.

When one examines the percentage of the wine market which each of these countries has captured the following table can be constructed:

Rank 1994	Country	%age Share 1993	%age Share 1993
1	Germany	33	29
2	Britain	19	18
3	France	17	16
4	Australia	6	10
5	USA	8	10
6	Italy	6	6
7	Eastern Europe	5	5
8	Spain	2	2
9	New Zealand	1	2
10	South Africa	1	0
	Others	2	2

The market share of the top three countries, Germany, Britain and France, have all dropped between 1993 and 1994. The New World countries such as Australia, USA and New Zealand have all increased their market share with Australia having the greatest increase (4%).

British wines such as “Concorde” remain popular, particularly for consumption in the home. They are also popular with younger/new drinkers as the medium to off-dry style suits their palate.

### **Where is Wine Consumed?**

A survey conducted by Hollywood and Donnelly<sup>iii</sup> revealed that 42% of those who drink alcohol will “normally consume wine” when dining in a restaurant, 11% will “normally consume” wine when drinking in a public house and 27% select wine when selecting a beverage to “consumer at home for relaxation”. The restaurant business is particularly important and profitable sector for wine suppliers hence the remainder of this paper will concentrate on the wine consumed in restaurants throughout Northern Ireland.

### **Methodology**

In order to gain a more indepth picture of the wine trade in Northern Ireland eleven case studies were completed. These establishments were randomly selected from a list of licensed restaurants and hotels in Northern Ireland. A detailed study of the wine sold between March 1994 and February 1995 was carried out. In addition, an interview with the person responsible for purchasing the wine in each establishment was completed. The main purpose of this interview was to ascertain the nature of each establishment’s business and to gather information relating to their house wine.

## Case Studies

### *Case Study 1*

This hotel is located in an urban area. It has a good function business, catering for weddings and dinner dances but only does a limited business trade. Its house wine is French and it, along with a German wine, is available by the glass. This establishment sells between 200 and 250 cases of wine each year. Wines from seven different countries are listed on their wine list.

### *Case Study 2*

This licensed restaurant is located in an urban community which serves an extensive rural area. The restaurant is small and relies on small group trade rather than functions. It sells just under 100 cases of wine per year. Its house wine is French and this is the only wine available for sale by the glass. Wine from 10 different countries are listed on the wine list.

### *Case Study 3*

This city hotel enjoys a healthy business and tourist trade with little emphasis on function or conference business. It sells between 600 and 700 cases of wine per year. It has a French and a German house wine, only these are available by the glass, and lists wine from nine countries.

### *Case Study 4*

This small restaurant is located close to a city centre. It caters for small groups and has just completed its first year of trading. The wine list includes wines from eight countries and the house wine is French. As well as purchasing the house wine by the glass the customers may purchase Australian wine in 18.75cl bottles (a quarter bottle measure). Between 300 and 350 cases of wine are sold in a year.

### *Case Study 5*

This bar/restaurant is set in a rural environment. It caters for a few relatively small functions each year but relies on small groups of locals, tourists and business people for its main business. This establishment sells approximately 350 cases of wine per year. The owner of this hotel has a particular interest in wines and offers his customers a comprehensive choice of wine from eleven different countries. The restaurant recommends three different house wines, French, German and Bulgarian. All three are available for sale by the glass.

### *Case Study 6*

This hotel is set in a rural environment a short distance from a large urban area. It caters for business, tourist and local trade. In addition small weddings and conferences are hosted on a regular basis. Approximately 450 cases of wine are sold each year in this establishment. It offers a French house wine and only this is sold by the glass. This hotel offers wine from nine countries.

### *Case Study 7*

This restaurant is set in a relatively small seaside resort. It caters for tourists and local trade with little function business. The wine list boasts wines from nine different countries. The manager stated

that wine is not a major factor in his business with most customers selecting “a glass or two of house wine”. Less than 100 cases of wine are sold each year. It offers a French house wine and this plus a German wine are served by the glass.

#### *Case Study 8*

This hotel is set in a relatively small town. It caters for tourists and local trade with weddings and similar functions making a significant contribution to the business. Between 300 and 350 cases of wine are sold each year. It offers wine from nine different countries with a French house wine. The house wine plus a German wine are available for sale by the glass.

#### *Case Study 9*

This restaurant is set in a rural environment close to a relatively large town. It caters for tourists but has a particularly strong local trade. Between 350 and 400 cases of wine are sold each year. It offers a French and a Bulgarian house wine and only these are served by the glass. The restaurant runs a special promotion where customers may buy a “jug” of Bulgarian wine. The restaurant serves wine from ten different countries.

#### *Case Study 10*

This restaurant is located in an urban area. It caters for tourists, has a strong local trade and caters for weddings and conferences. Between 400 and 450 cases of wine from ten different countries are sold each year. It offers a French and a German house wine both of which may be purchased by the glass.

#### *Case Study 11*

This hotel is set in a rural area. It has a conference centre hence it relies heavily upon its conference and function business. Of all the establishments studied it is this hotel which boasts the greatest volume of sales. Between 1,000 and 1,100 cases of wine are sold each year. Wines from ten different countries are offered on the wine list. The hotel has an Australian house wine. This plus a German wine are available for sale by the glass.

**Table III**  
**Wine Sales Between March 1994 and February 1995**

Country of Origin	Case Studies										
	1 %	2 %	3 %	4 %	5 %	6 %	7 %	8 %	9 %	10 %	11 %
<b>France</b>	29.7	50.6	48.2	38	23.9	68.4	63.5	19.8	66.4	35.7	18.4
<b>Australia</b>	5	10		9.3	3.4	6.8	4.7	2.8	1.7	6.6	46.8
<b>USA</b>	1.8	3.4	5	23.5	2.3	1.1	4.7	3.7	6.1	2.5	2.2
<b>Germany</b>	42.9	9	37	9.3	36.5	2.3	15.9	59.1	4.4	35.5	19.1
<b>Bulgaria</b>	4.6	1.1	1		18.1			0.3	8.5	1.7	
<b>Italy</b>	15.1	9	3	4.3	6	2.9	3.2	10.2	4.7	6.1	6.5
<b>New Zealand</b>		11.2	0.2	7.1	2.6	5.2	1.6	1.3	1.9	1.5	1.4
<b>South Africa</b>		2.3	2.6		2	5.9		0.9	3.3	6.4	1.2
<b>Chile</b>		2.3		5.5	2	2.9	3.2	1.9	2.2	1.5	2.6
<b>Spain</b>		1.1	2	3	2.9	4.5	1.6			2.5	1.2
<b>Portugal</b>			1		0.3		1.6		0.8		0.6

### Discussion of Results

An examination of the data collected when compiling the case studies soon reveals that wine sold by the glass and the house wine, as may be expected, account for a significant percentage of the total wine sold in each establishment. Most of those interviewed claimed that they selected their house wine according to price. They felt customers expected the house wine to be the cheapest wine on the wine list. There was one exception to this. The manager in this case had selected an Australian house wine as he felt it represented “a high quality wine at an affordable price”.

Although the Northern Irish consumer is beginning to change and move away from German and German style wines, many managers felt the public still expect to buy German wine by the glass, even where it was not the house wine.

The table overleaf helps to illustrate the correlation between the volume of sales and whether or not the wine is the house wine or available by the glass.

A number of those interviewed cited the powerful anti-drink driving campaign as one of the main factors which prompt customers to select a glass of wine rather than a bottle. The manager who offered 18.75cl bottles of Californian wine felt there was a demand for good quality wine but that people did not want to have to buy the usual 75cl bottle. She said this was especially the case at lunch time.

All of the managers felt that customers had become more adventurous and were willing to try different wines. They felt there had been a substantial shift towards New World wines and they felt this trend would strengthen in the future.

**Table IV  
Top Selling Wine and House Wine**

<b>Case Study</b>	<b>Top Selling Wine</b>	<b>House Wine</b>	<b>Wine By Glass</b>
<b>1</b>	1. German 42.9% 2. French 29.7% 3. Italian 15.1%	French	French German
<b>2</b>	1. French 50.6% 2. N. Zealand 11.2% 3. Australian 10%	French	French
<b>3</b>	1. French 48.2% 2. German 37% 3. USA 5%	French	French German
<b>4</b>	1. French 38% 2. USA 23.5% 3. German 9.3% & Australian 9.3%	French	French USA
<b>5</b>	1. German 36.5% 2. French 23.9% 3. Bulgarian 18.1%	German French Bulgarian	German French Bulgarian
<b>6</b>	1. French 68.4% 2. Australian 6.8% 3. S. African 5.9%	French	French
<b>7</b>	1. French 63.5% 2. German 15.9% 3. Australian 4.7% & USA 4.7%	French	French German
<b>8</b>	1. German 59.1% 2. French 19.8% 3. Italian 10.2%	French	French German
<b>9</b>	1. French 66.4% 2. Bulgarian 8.5% 3. USA 6.1%	French Bulgarian	French Bulgarian
<b>10</b>	1. French 35.7% 2. German 35.5% 3. Australian 6.6%	French	French German
<b>11</b>	1. Australian 46.8% 2. German 19.1% 3. French 18.4%	Australian	Australian German

## The Attraction of New World Wines

While many complex factors contribute to the popularity of the New World Wines, the author believes that the following factors have been especially important attributes to its success within Northern Ireland.

- **Consistency**

The relatively stable weather conditions in countries such as Australia mean that the variation in quality year on year is not so dramatic as countries with a more marginal climate, eg., France. Consumers soon realise that when they buy wines from these regions they can expect a fairly consistent level of quality. Similarly, suppliers can usually predict what quality and quantity of wine will be available for sale from year to year.

- **Value for Money**

The value for money element of new world wines is, once again, linked to consistency from year to year. Consumers can buy a good quality, dependable wine at a relatively low cost.

- **Style**

The style of wine produced in the new world is generally fairly fruity and easy to drink. Very often this type of wine is found to have a more widespread appeal.

In order to gain some insight into how consumers react to New World wines a number of taste tests were conducted at the University of Ulster<sup>iv</sup>. Taste panels were drawn from students studying for the Certificate in Wines, Spirits and Associated Beverages. The panels were set up following the Wine and Spirit Education Trust guidelines<sup>v</sup>.

One panel tasted Australian, US and French Chardonnay and the other assessed Australian, US and French Cabernet Sauvignon. Eighteen people took part in the Chardonnay tasting and twenty-one people took part in the Cabernet Sauvignon tasting.

### Chardonnay

The following wines made from the Chardonnay grape were selected for tasting:

Ernest & Julio Gallo Chardonnay, USA, 1989, £4.99;

Berri Estates Swan Chardonnay, Australia, 1992, £4.99;

J. Moreau Chablis AC, France, 1990, £7.25.

### Results of the Taste Panel

#### *Taste*

The Chardonnay from the USA was described as “fruity” by eight out of the eighteen people who took part in the test. Six people thought the wine tasted “acidic” and four people felt it had a “salty” taste. The most common descriptions given for the Australian Chardonnay were “acidic” and “fruity”. Nearly all of the panellists described the French Chablis as “acidic”.

#### *Price*

When asked to estimate the cost of the US Chardonnay the participants gave the following responses:

Ten people thought it would cost between £5.00 and £9.99 per bottle; six panellists thought the cost per bottle would be less than £5.00 and two thought it would cost between £10.00 and £14.99. (The actual cost was £4.99)

The following prices were suggested for the Australian Chardonnay:

Ten participants estimated the cost at less than £5.00 per bottle, the remaining eight panellists felt it would cost in the range of £5.00 to £9.99. (Actual cost £4.99)

Finally, the Chablis was thought to cost between £5.00 and £9.99 by ten members of the panel; under £5.00 by six people and between £10.00 and £14.99 by the remaining two participants. (Actual cost £7.25)

### *Preferences*

The Australian wine proved the most popular, with ten people identifying it as their favourite. Four participants selected the US Chardonnay and another four selected the French Chablis as their preferred wine.

### *Identification*

Two participants correctly identified the origin of the US wine; four correctly identified the origin of the Australian Chardonnay and four correctly identified the third wine as French.

### **Cabernet Sauvignon**

The following wines were selected for tasting:

Berri Estates Cabernet Sauvignon, Australia, 1990, £5.99;

Coteaux de l'Ardèche, France, 1993, £4.25;

Glen Ellen Cabernet Sauvignon, USA, £4.99.

### **Results of the Taste Panel**

#### *Taste*

Just over two-thirds of the panel described the Australian Cabernet Sauvignon as “acidic” with the others describing the wine as “fruity”. The French Cabernet Sauvignon was also described as “acidic” with three participants describing it as “tannic”. Finally, the American Cabernet Sauvignon was described as “fruity” by more than half of the panellists. Seven people described it as “acidic” and one described it as having a “blackcurrant” taste.

#### *Price*

Nine out of the twenty-one panellists believed the Australian wine would cost less than £5.00. Nine also assessed the cost per bottle as between £5.00 and £9.99. One person thought the wine would cost between £10.00 and £14.99 and two people thought the price would be between £15.00 and £19.99. (Actual cost £5.99)

A similar assessment was made of the French wine. Nine believed it would cost less than £5.00, nine thought it would cost between £5.00 and £9.99 and three thought it would cost between £10.00 and £14.99. (Actual cost £4.25)

Finally, the American Cabernet Sauvignon was thought to cost less than £5.00 by nine panellists, between £5.00 and £9.99 by eight people and between £10.00 and £14.99 by four people. (Actual cost £4.99)

### **Preferences**

Six of the participants preferred the Australian wine, seven selected the French wine as their favourite, and eight preferred the Californian wine.

### **Identification**

Only one person correctly identified the Australian wine, eleven correctly identified the second wine as French and six recognised the third wine as Californian.

It is important to note that these taste panels were not designed and selected to provide statistically relevant data from which generalisation about the entire Northern Irish market could be made. Instead they were designed to provide some basic insights into how inexperienced wine drinkers assess and describe wines and to establish how they reacted to New World versus the Old World alternatives.

#### **• Easily Pronounced Names**

Many consumers are uncomfortable when pronouncing names with which they are not familiar. The New World wines usually have an English name which Northern Irish consumers find easier to remember and less difficult to pronounce.

#### **• Easily Identifiable**

Coupled with this ease of pronunciation is the high level of promotional support which many of these brands, eg. Blossom Hill, have enjoyed. The net result is that people are familiar with these brands and recognise them on wine lists or in the off-licence.

#### **• Varietal Characteristics Appeal to Market**

Unlike many French, Italian and Spanish wines, a significant proportion of New World wines are sold on the basis of the principal grape type used for production. As the public become better educated and more interested in wines they can begin to match taste with grape variety. Hence the fact that a wine is Chardonnay or Cabernet Sauvignon will mean something very definite to them and they will feel confident when making their selection.

### **Conclusion**

The characteristics listed above have enabled New World wines to have a significant impact on the Northern Ireland wine market. These wines are attractive to those supplying the on and off trade as they represent a consistently good product which can achieve an acceptable level of case sales. However, in the on-trade it is obvious that house-wines and wines sold by the glass continue to contribute the high volume sales. Few of those surveyed have selected their house wines because of quality alone. Instead many of those interviewed looked for a relatively cheap wine with an acceptable level of quality. As long as restaurateurs continue to select medium style German wines and French vin de table as their house wine these wines will continue to dominate sales in the on-trade in Northern Ireland. There has been some move towards a higher quality, lower volume, higher profit strategy for wine sales but this is still in its infancy.

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<sup>i</sup> "World of Wines", *Licensed and Catering News*, No. 568, March 1992, p.9.

<sup>ii</sup> "Hollywood and Donnelly's research reveals current trends in local wine market", *Licensing and Catering News*, No. 580, April 1993, p. 20.

<sup>iii</sup> Hollywood and Donnelly, 1994, unpublished.

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<sup>v</sup> Wine and Spirit Education Trust, 1993, *Introducing Wines and Spirits and Associated Beverages*, 3<sup>rd</sup> Edition, Wine and Spirit Education Trust, London.