

Polarization of Wine Consumption and the Evolution of People's Wealth

Rafael del Rey
Analysts of Wine Markets

Del Rey Analysts
of Wine Markets

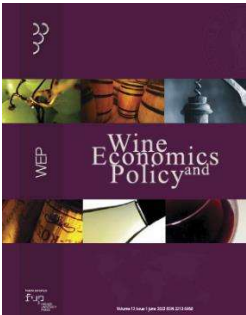


Agenda



- The Polarization Hypothesis
- The Milanovic Curve
- And so, what?

The polarization hypothesis



 Wine Economics
and Policy

Volume 12 Issue 1 June 2023 ISSN 2213-3968

State of the International Wine Market in
2022: New market trends for wines require new
strategies

RAFAEL DEL REY¹, SIMONE LOOSE^{2,*}



“... a stronger polarization might be expected in the future”:

“The small niche of premium and super premium wines... have so far been minimally affected by the crisis..., were able to increase their prices because of a price-inelastic demand by their consumers...” and “... for some wines, even a positive price elasticity was observed”: the more they rise their prices, the more there are demanded.

On the other hand, “... there is a large segment of highly price-sensitive consumers who favour more popular and easy-to-drink wines (lighter, fresher, sweeter, white, rosé, sparkling, etc.) at very competitive prices.”

And also...

Vol. 13 No. 2 (2024)

State of the International Wine Markets in
2023. The wine market at a crossroads:
Temporary or structural challenges?

Simone Mueller Loose, Rafael del Rey

Vol. 14 No. 2 (2025)

State of the International Wine Markets in
2024. Stability in Global Wine Trade Amid
Declining Consumption and Production

Rafael del Rey, Simone Mueller Loose

The polarization hypothesis - graphically

Figures are still consistent – partially at least – with this hypothesis of POLARIZATION:

By the way, others are already working on these strategies

IN wine

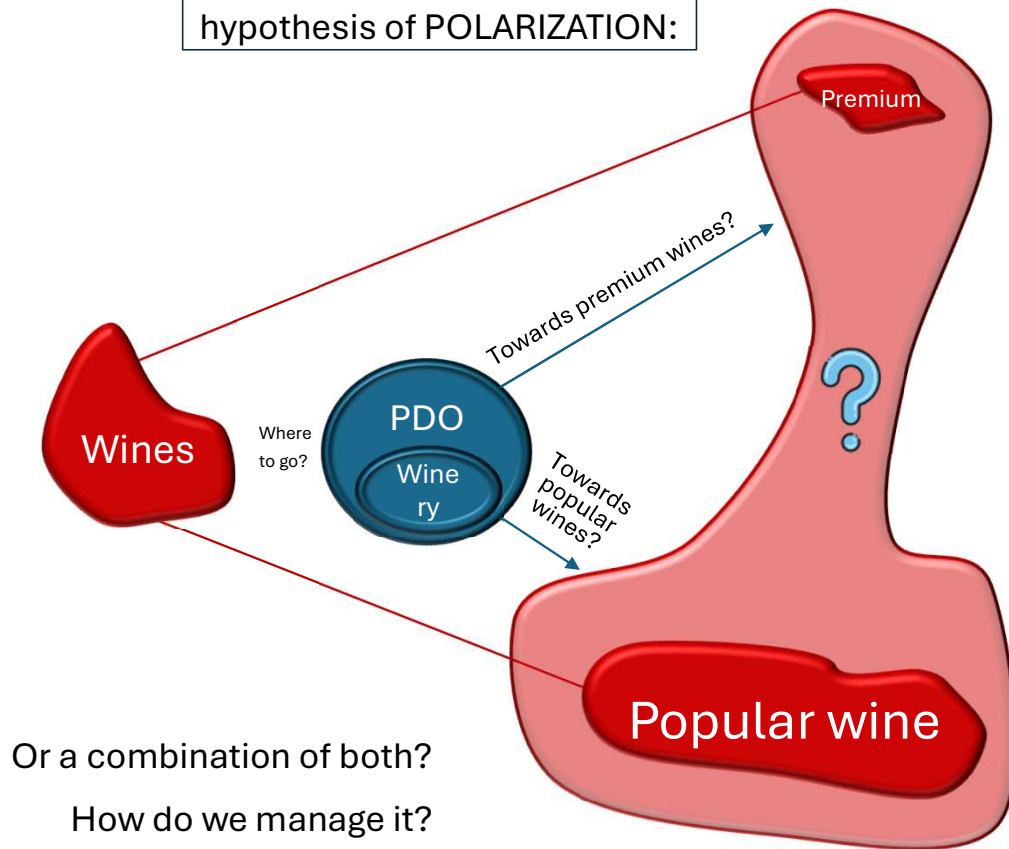
In other beverages

And even in tourism

Expansión 8 Oct

Business polarization is enhanced

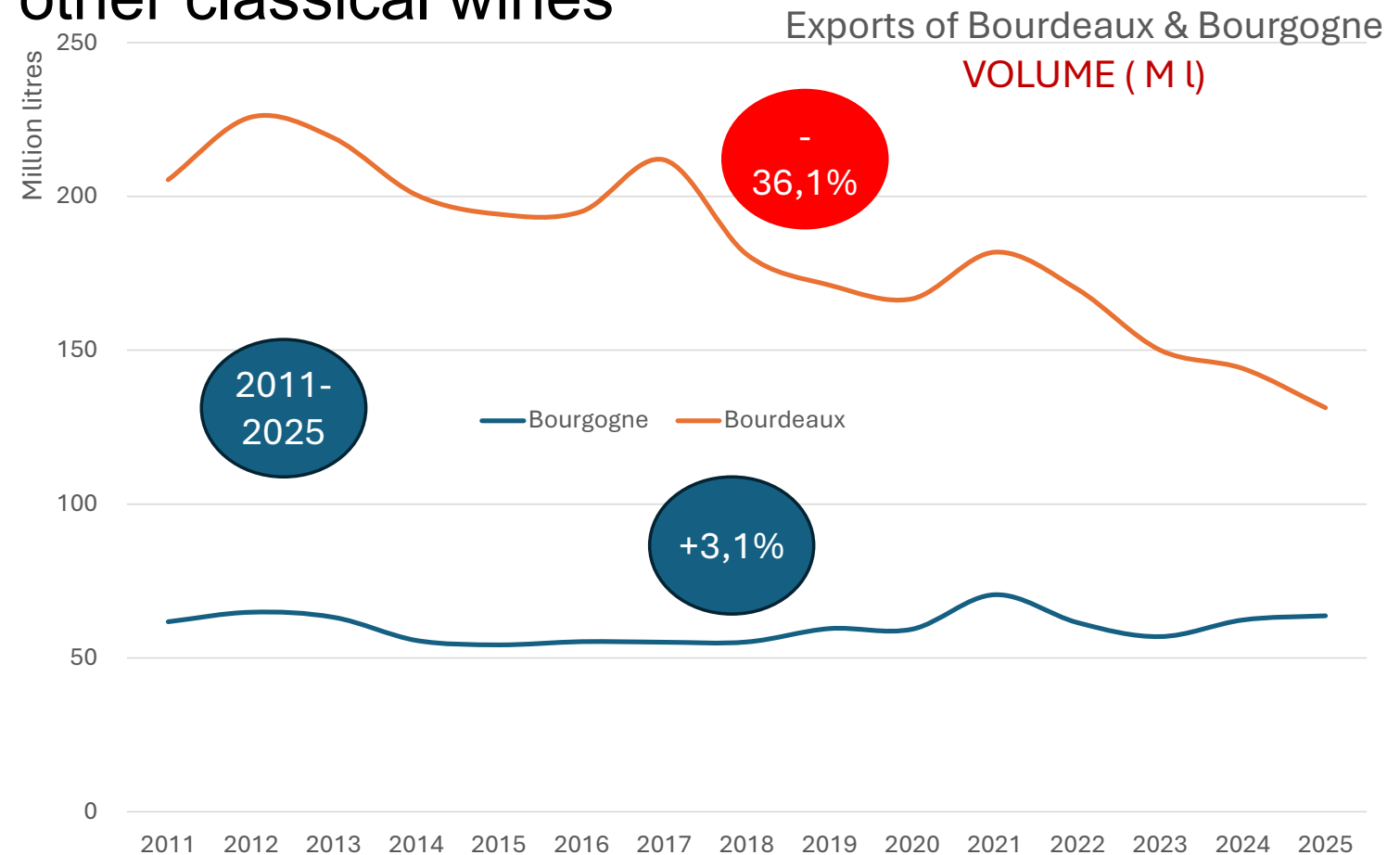
One of the trends increasingly present in the Spanish hotel business is the polarization between assets, with an increasing prominence of the luxury and super-luxury categories, which have proven to be more resilient to cycle changes and a certain predominance of "low cost".



The polarization hypothesis - Evidence

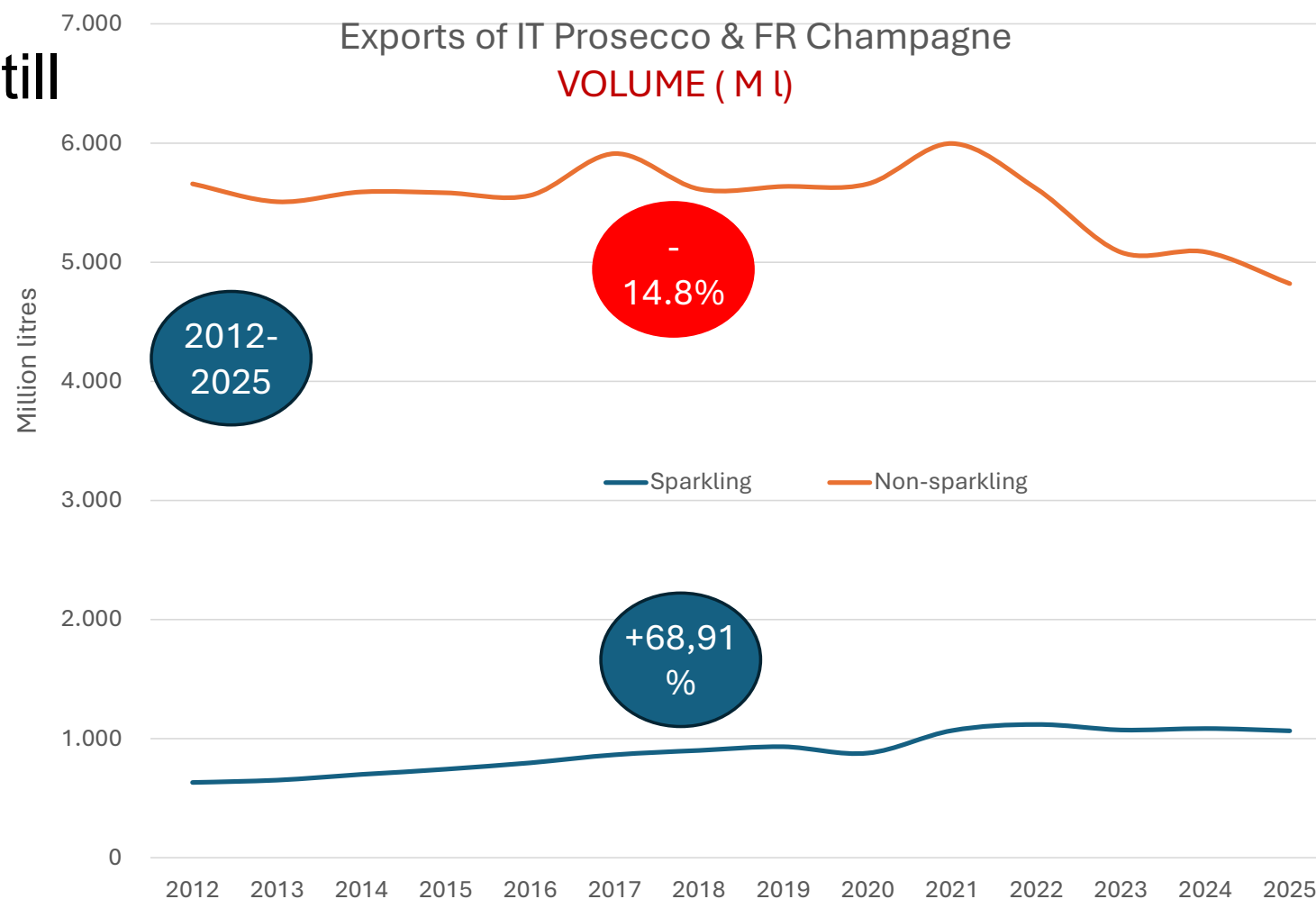
Premium better than other classical wines

E.g.
Bourgogne @ €24.08 / l
better than
Bordeaux @ €14.94 / l



The polarization hypothesis - Evidence

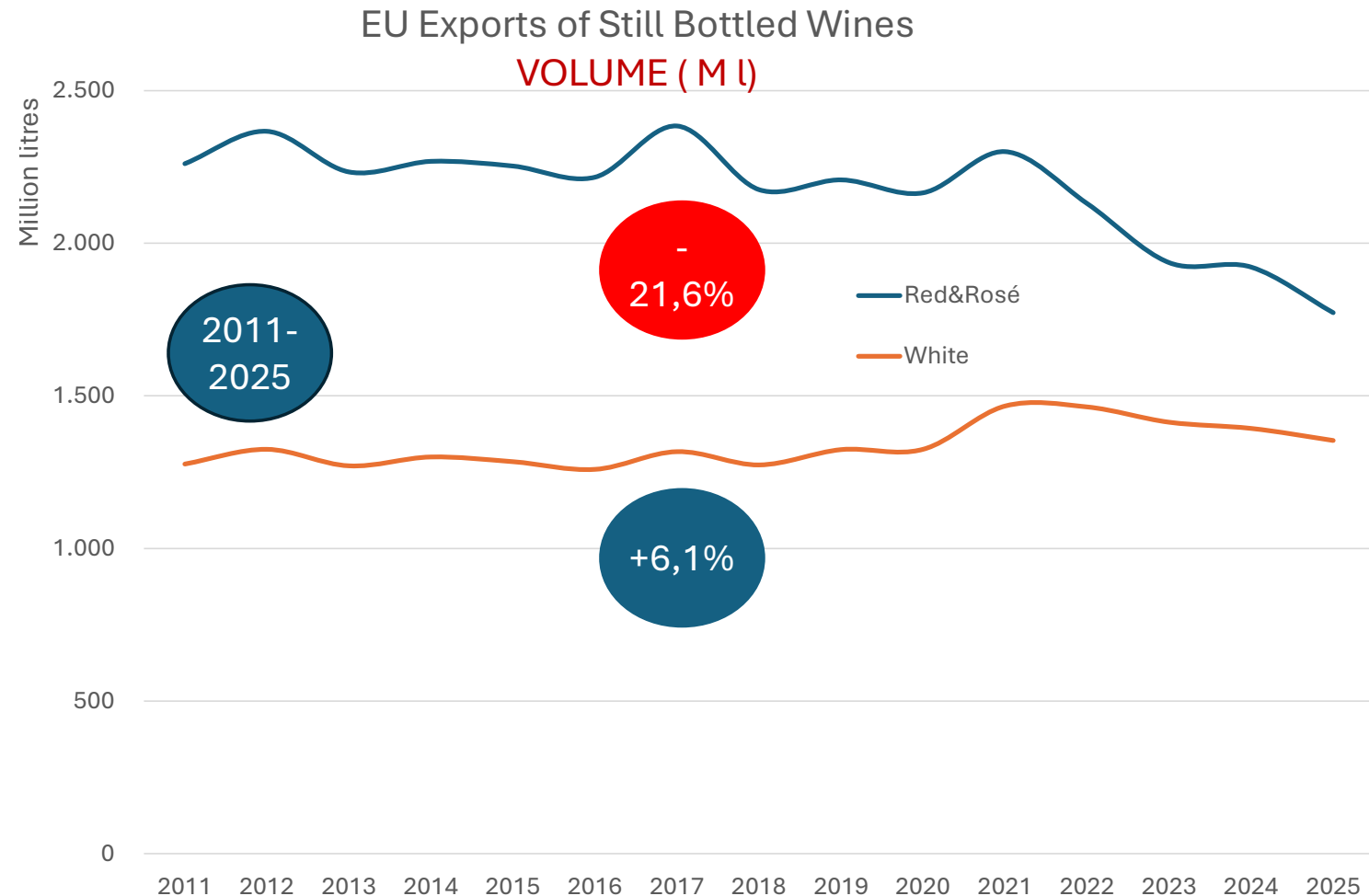
Sparkling better than still



The polarization hypothesis - Evidence

White better than red

E.g.
EU Bottled White
better than
EU Bottled red & rosé



The polarization hypothesis - Evidence

... and many other drinks showing up



The polarization hypothesis - Evidence

... even from firms outside the wine industry



The polarization hypothesis - Evidence

While...

Decanter

French government floats €160m fund to ease 'wine crisis'

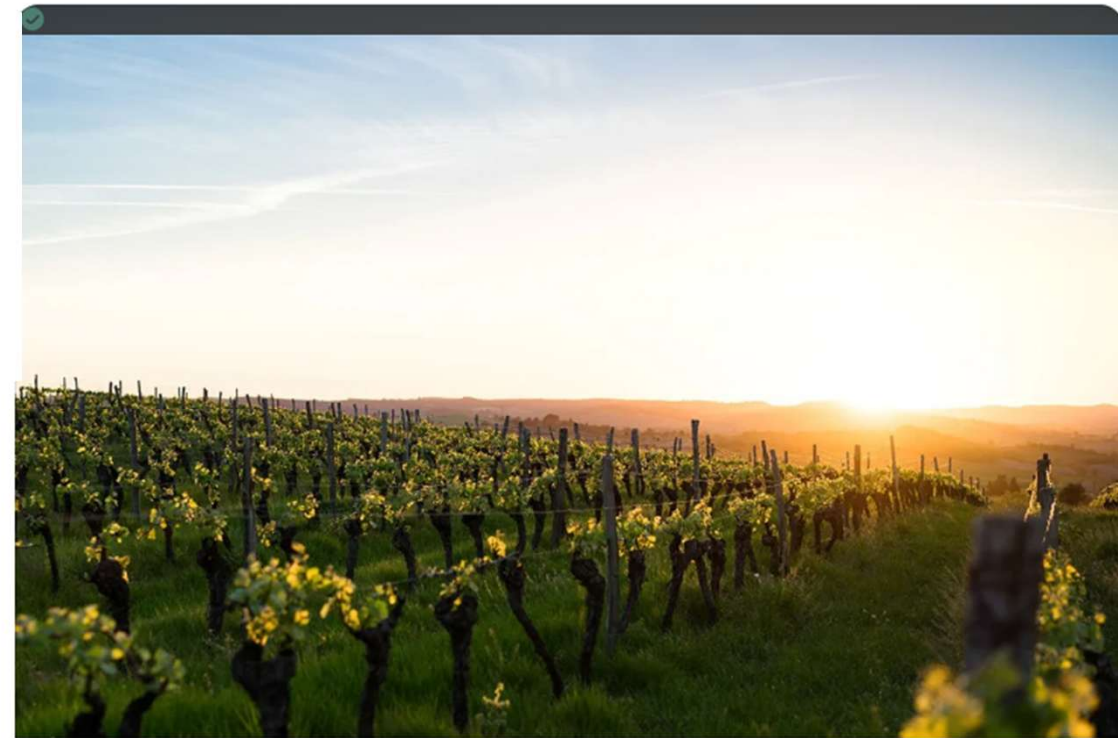
France's government has said funds of up to €160m (£142m) could be made available to help the country's winemakers drain excess stocks, as part of a wider plan to support the sector.



BY CHRIS MERCER LAST UPDATED 8 FEBRUARY 2023 IN [NEWS](#)

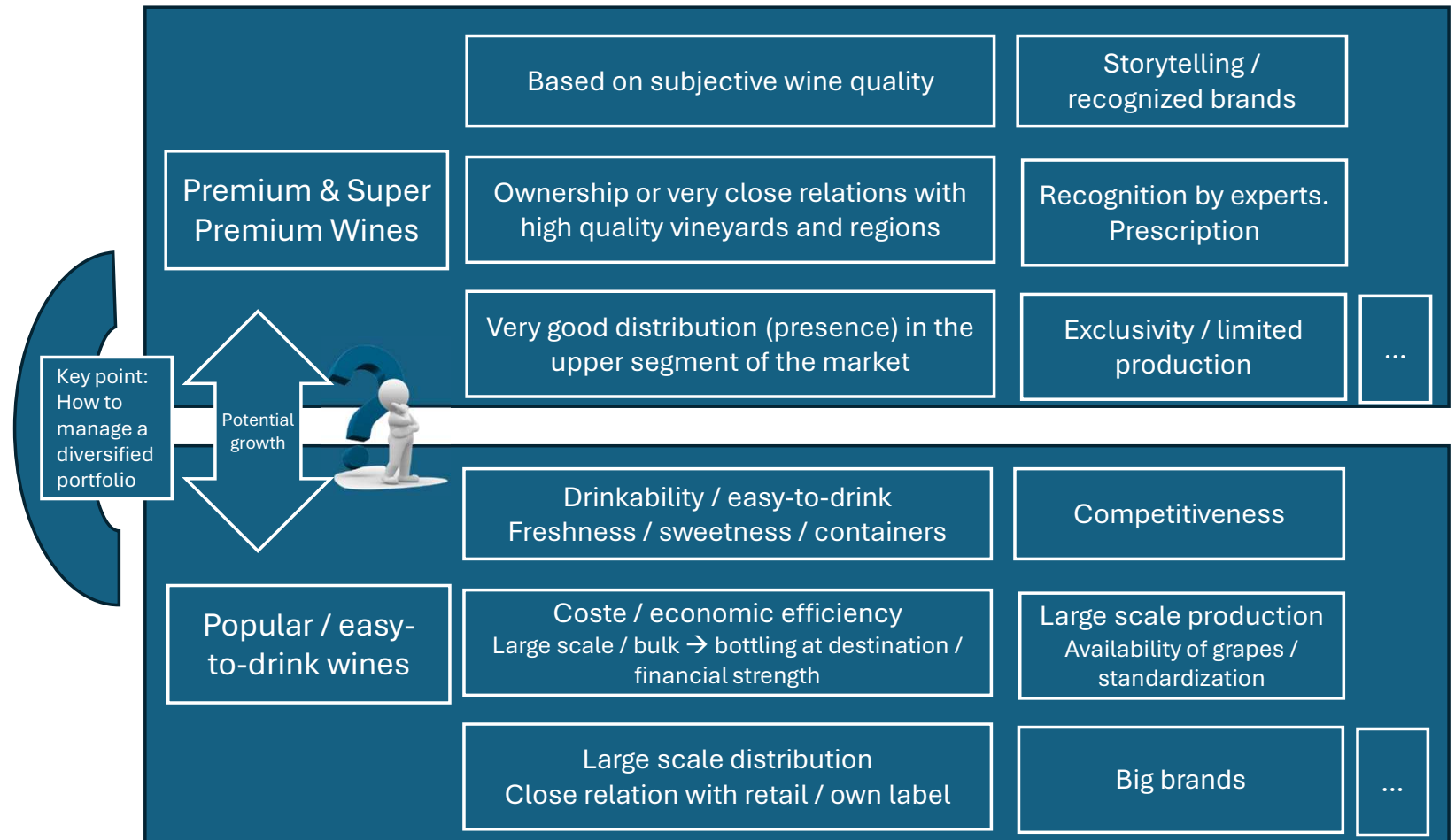
  r/wine • hace 3 a
Uptons_BJs

French Government floats €160m distillation fund to ease wine crisis, Bordeaux's wine bureau estimates that 10,000ha of the region's vines should be permanently uprooted to stabilize industry



The polarization hypothesis - Strategies

Different segment of consumption that require different strategies



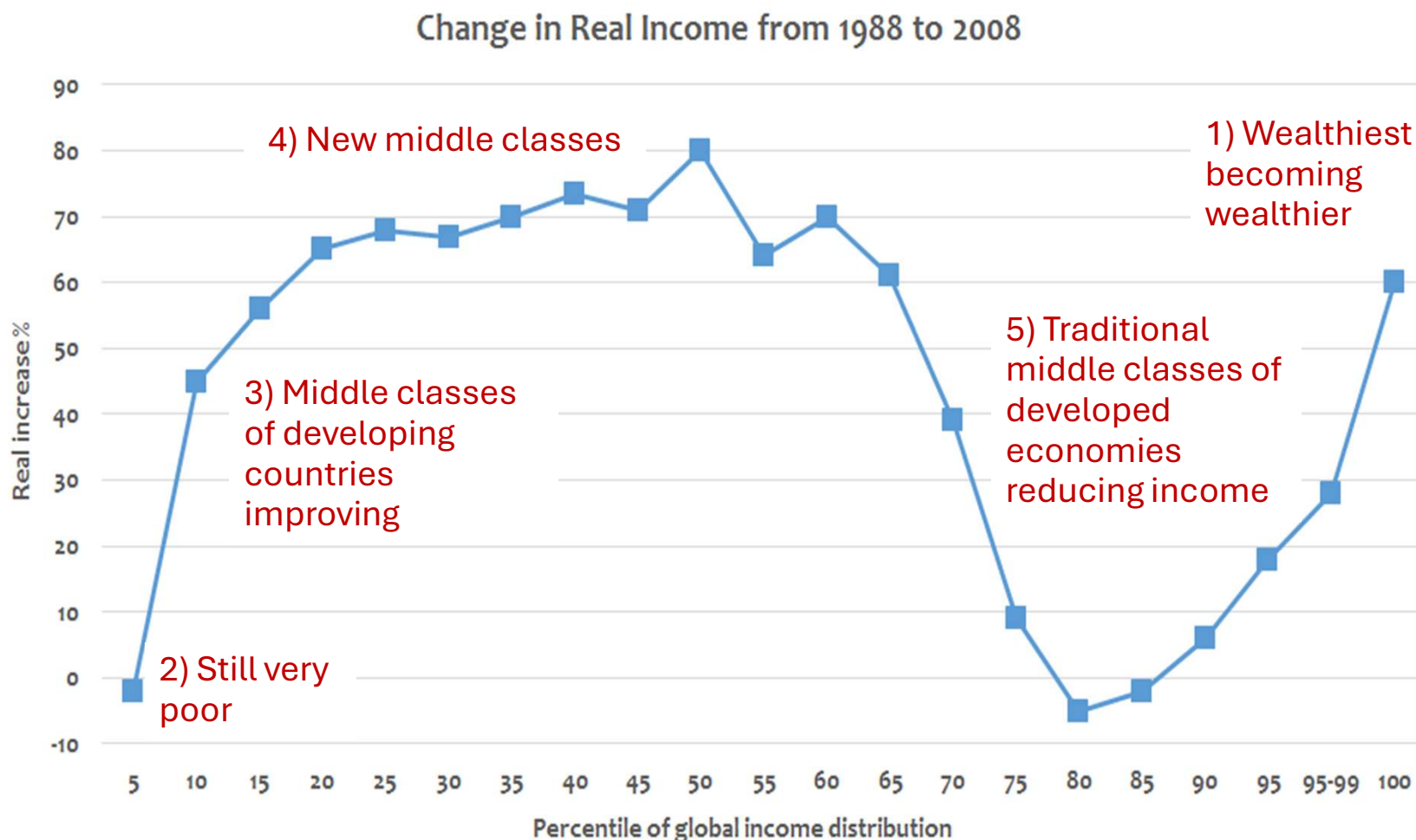
The Milanovic Curve

Also known as
the “elephant
curve”



The Milanovic Curve - Segments

Also known as the Lakner-Milanovic graph or the global growth incidence curve, “illustrates the unequal distribution of income growth for individuals belonging to different income groups”⁽¹⁾

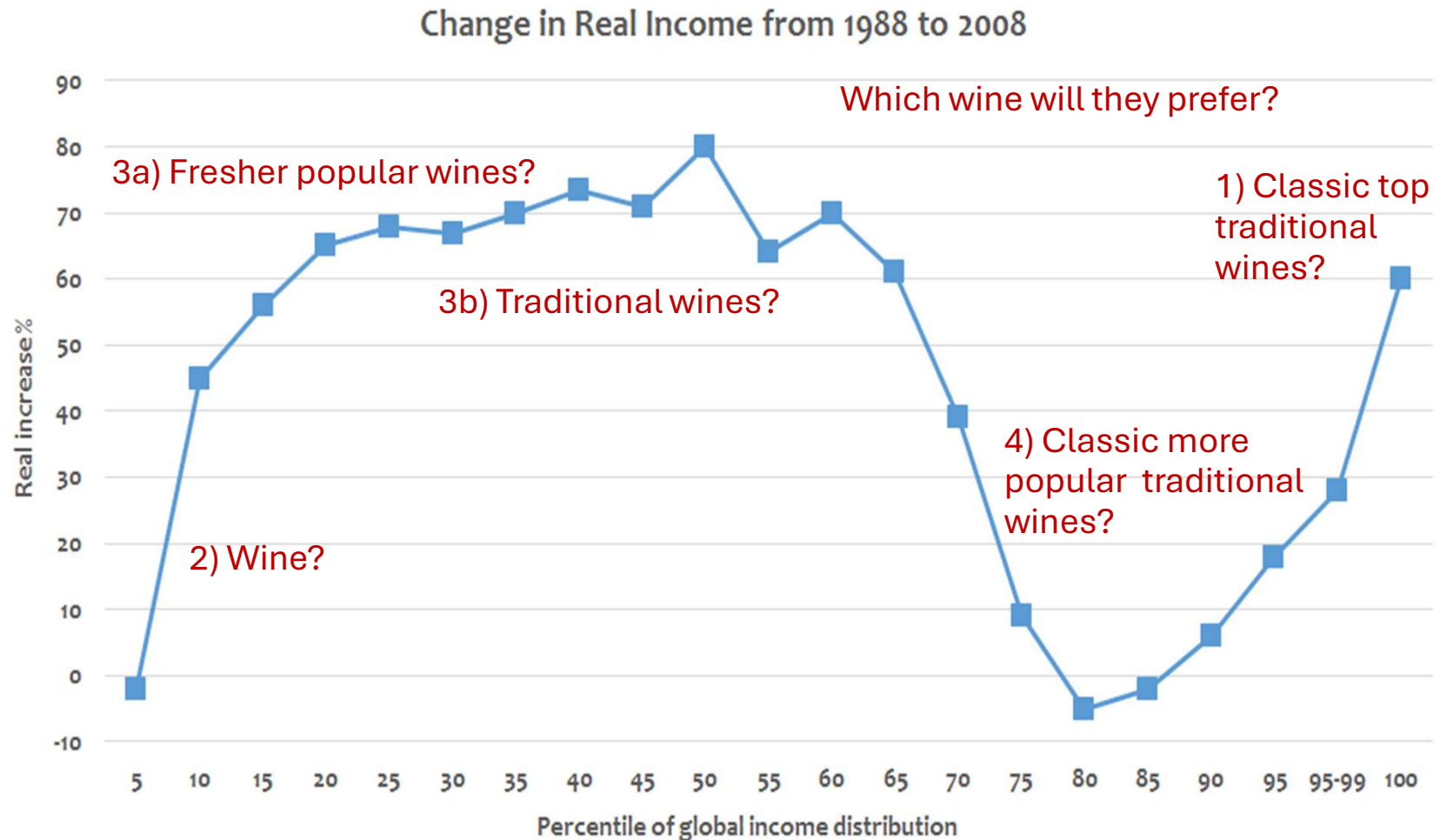


Wikipedia

The Milanovic Curve – and Wine

If this has been the world's evolution of income in recent years...

... could it -partially at least- explain the evolution of wine consumption?



And so, what?

And, if so... ... what should we
do about it?



- ✓ Close monitoring of the markets
- ✓ Understanding market segmentation
- ✓ Open minded (taste, containers, image, blends...)
- ✓ Follow new markets
- ✓ Segment and manage a segmented supply / portfolio
- ✓ Allow – institutions – for easy adaptation to market changes
- ✓ Maintain and improve the image and attractiveness of “wines”

Polarization of Wine Consumption and the Evolution of People's Wealth

Rafael del Rey
Analysts of Wine Markets

Thank you

