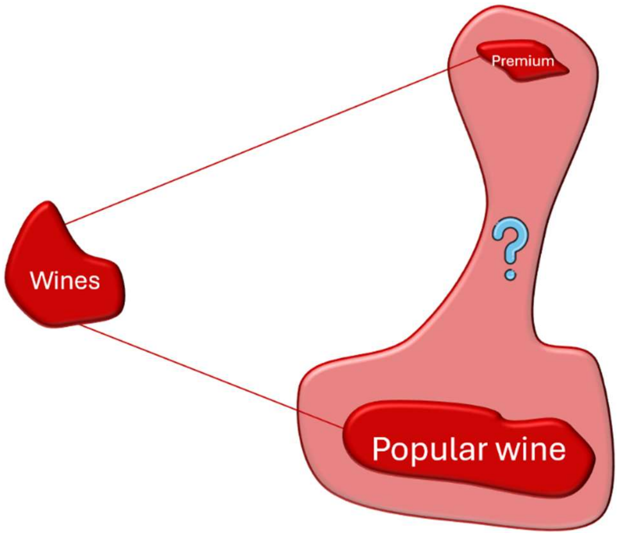
Increasing polarisation in wine consumption may be at least partially explained by global polarisation in world income

July 7, 2026. Increasing polarisation in wine consumption may be at least partially explained by growing disparities in global income. This was the central argument presented by Del Rey AWM at the EUAWE conference held in Trieste/Koper between June 8 and 11, 2026. The presentation highlighted how the evolution of global income distribution—particularly as illustrated by the Milanovic "elephant curve"—may be shaping current trends in the wine market.

1. Growing Polarisation in the Wine Market

As discussed in Loose & Del Rey (2023) and supported by subsequent evidence, international wine markets are becoming increasingly polarised:

- **Premium and super-premium wines** continue to show resilience, experiencing less impact from the current crisis. For example, Burgundy has been outperforming Bordeaux.
- **Popular wines**—not necessarily inexpensive, but widely appreciated—are also performing relatively well. These include white wines, sparkling wines, fresher and sweeter styles, low- or no-alcohol options, partially fermented musts, and wine-based cocktails such as spritz. Overall, white wines outperform reds, sparkling wines outperform still wines, and products like Prosecco are performing better than alternatives such as Cava. This reflects a broader shift toward new drinking habits and categories.
- On the opposite side, **Mid-range traditional wines**, particularly red wines from established producing regions, are experiencing the greatest decline. This is especially evident in regions with higher production costs, where measures such as crisis distillation and vineyard grubbing-up schemes have been implemented.



While premium and popular segments show relative strength, their growth does not compensate for the decline in the mid-range segment, resulting in an overall contraction in wine consumption.

Since the post-pandemic recovery, global wine consumption has entered a period of decline. Some contributing factors are temporary, including geopolitical tensions (such as the war in Ukraine), trade barriers, and inflationary pressures. However, several structural trends appear more enduring:

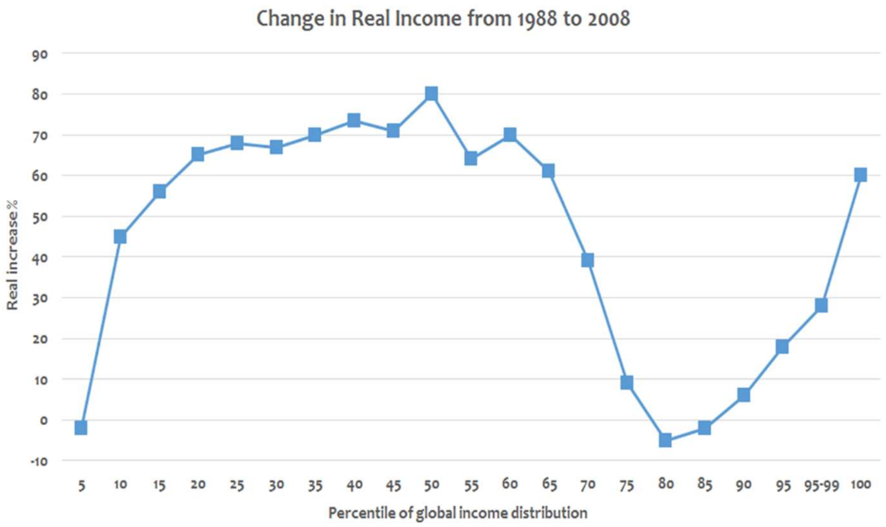
- A shift toward de-globalisation, reducing international trade flows.
- The re-emergence of local consumption patterns, particularly in markets like China.
- Increasing institutional and regulatory pressures on alcohol consumption.
- A broader consumer shift toward lighter, fresher, and sweeter beverages.

These developments raise an important question: to what extent are these trends part of a broader transformation in the global economy?

The polarisation observed in wine markets mirrors trends in other industries. For example, in tourism, both luxury travel (e.g., five-star hotels) and budget options (e.g., low-cost airlines, Airbnb) are growing faster than mid-range offerings. This suggests a wider economic pattern of demand shifting toward both extremes of the market.

2. The Milanovic Curve and Global Income Dynamics

On the other hand, the Lakner-Milanovic curve[1] – also known as the “elephant curve” – “illustrates the unequal distribution of income growth for individuals belonging to different income groups”[2]. It shows in a very clear way how real income evolved between 1988 and 2008 for different segments of the world population according to their global income distribution.



In brief, the curve shows how the top 1/2% of the world population by income experienced in these years an exceptional income growth. Lower but still high growth was experienced by the top 15% of the population by income. On the left-hand side of the curve the poorest people on Earth show very little increase, but a very strong growth is detected on the not-so-poor, with incomes between percentiles 10 and 30. The great and consolidated growth is shown for people between percentiles 30 and 60 of world income, which “represents the global middle

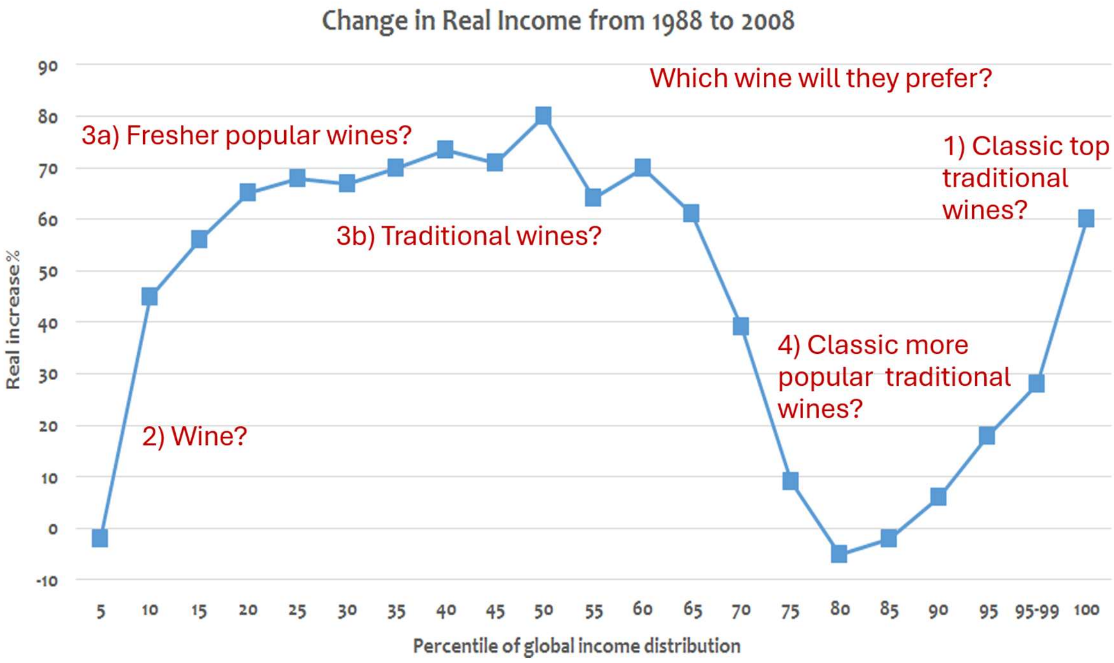
[1] Lakner, Christoph; Milanovic, Branko (December 2013). Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession (Report). Policy Research Working Papers
[2] Wikipedia: https://en.wikipedia.org/wiki/The_Elephant_Curve

class"[3] for which such growth "reflects the fast economic growth of many countries that were once considered "developing countries" such as China or India"[4]. The most negative part of the graph shows the decline in real income for people in the relatively higher percentiles, between 60 and 80% who may be identified with the middle classes of higher income countries. As mentioned by Saidel and Kharas[5] and referred by Wikipedia, "this class has experienced little to no growth in wages during the globalization in the years between 1988 and 2008".

According to this interpretation of the recent evolution of real income in the world, thus, a huge change has taken place, mostly derived from the globalisation of the economy and the impact on different societies and segments of the world population. First, new middle classes have experienced considerable growth in recent decades, particularly in what were considered "less-developed economies"; second, the richest have become richer and, third, the citizens suffering the most have been those in traditional middle classes of traditionally considered "developed economies".

3. Implications for Wine Consumption

If this explanation is correct, then, can the evolution of income in the world's population – along with other factors – be at least part of the explanation for the development of wine consumption? If so, what types of wines can be expected to evolve better in the future?



[3] Seidel, Homi Kharas and Brina (April 2, 2018). "What's happening to the world income distribution? The elephant chart revisited

[4] Alvaredo, Facundo; Chancel, Lucas; Piketty, Thomas; Saez, Emmanuel; Zucman, Gabriel (2017). The elephant curve of global inequality and growth (Report)

[5] https://www.brookings.edu/articles/whats-happening-to-the-world-income-distribution-the-elephant-chart-revisited/

Assuming the Lakner-Milanovic explanation of world income evolution we may consider that:

1. **Wealthiest consumers** are likely to drive demand for premium and ultra-premium wines, despite representing a small (though growing) segment of the population.
2. **Lowest-income populations** are unlikely to participate significantly in wine consumption.
3. **Emerging middle classes** in developing economies, if approaching wine, may engage with the product in two distinct ways:
    a. Adopting new consumption styles, favouring fresher, sweeter, or innovative products. (e.g. India), with different patterns of consumption;
    b. Gradually embracing more traditional wine styles, creating opportunities for established producers in new markets.
4. **Traditional middle classes** in developed economies, historically core wine consumers, are under pressure. They are both changing consumption habits and facing reduced purchasing power, making it harder to sustain demand for mid-range traditional wines.

Strategic Implications

If the link between global income distribution and wine consumption is valid, it has important strategic implications for wine producers and regions. Companies may need to:

- Focus on specific market segments where they are most competitive, or
- Develop diversified portfolios that cater to different consumer groups across the income spectrum.

Understanding these structural shifts will be essential for adapting to a more polarised global market.

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