



Wine to New Zealand.

Trends and opportunities

The market

Australian **wine exports to New Zealand were worth approximately NZ\$106.6 million** for the year ending June 2005, down 10 per cent from NZ\$118.6 million in 2004. During the same period, New Zealand wine exports to Australia were worth approximately NZ\$88 million, a 56 per cent increase over the NZ\$56.3 value in the year ending June 2004.

Australian wines are well-known and accepted in New Zealand. New Zealand consumers **perceive Australian reds to be superior to New Zealand reds** but New Zealand whites to be as good as, or better than, Australian white wines. There has been a steady decrease in the volume of white wine exported to New Zealand as a percentage of the total volume - in 2002 it was 48 per cent; in 2003 it was 41 per cent.

Australian companies are working hard to make inroads into the white and sparkling wine segment, especially in lower priced wines.

New Zealand is Australia's fourth largest export market for wine. Australian wine volumes to New Zealand are over five times larger than that of South Africa (next largest supplier), and amount to **over 70 per cent of all New Zealand imported wine volumes**.

Australian wines are usually competitively priced in New Zealand and this has been assisted by the ongoing strengthening of New Zealand dollar against the Australian dollar.

Annual wine consumption in New Zealand is approximately 20 litres per capita. The total volume of wine consumed was approximately 84 million litres in the year ending December 2004 – an increase of six per cent over the previous year.

Imported wine makes up 27 per cent of the market. Total **wine imports into the New Zealand market increased by 13.4 per cent** and New Zealand exports increased overall by 51 per cent in 2004 from the previous year.

The overall growth in demand for wine has been supported by the availability of product in supermarkets. **Wine is now the largest supermarket category** and supermarket sales represent around 60 per cent of total wine sales.

The mix sold through supermarkets is approximately:

- ≈ white - 41 per cent
- ≈ red - 30 per cent
- ≈ sparkling - 14 per cent
- ≈ fortified wine (and other) - 15 per cent

Screw top bottle closures are very popular in New Zealand, more so than in Australia.

Opportunities

The opportunities for Australian wine exporters include:

- ≈ **Red wines** with an established profile in Australia
- ≈ **White wines** retailing at under A\$8 in Australia
- ≈ **Wines from sought after regions** such as Margaret River (although the required volumes are often small)

While there are a large number of Australian labels already established in New Zealand, importers are still looking for brands that are either well-known in Australia or have a particular point of difference.

Competitive environment

Australian red wines have been dominant over local and imported red wines. **Australian red wines are popular because they offer both consistent quality and a wide range of price points.** For around A\$8–12 they are often equal in quality to many New Zealand (and French) red wines at double that price point. Shiraz, Cabernet Sauvignon, and Merlot are the most popular varieties.

It is difficult for a premium Australian white wine to compete in the New Zealand market as **consumers are loyal to local white wines**, favouring highly regarded Chardonnay and Sauvignon Blanc over imported products, at all but the lowest price points. **Chardonnay accounts for around 50 per cent of the wine sold in NZ**, while interest in Riesling and Semillon is relatively low.

Sales of Australian whites at under A\$7 and up to A\$11 have increased significantly. Some larger companies believe that this will have a 'trickle up' effect; encouraging consumers to try premium Australian Chardonnays, Semillons and Rieslings and **develop a preference for the different taste characteristics.** The local Sauvignon Blanc and Chardonnay (wooded is generally preferred) have a **more subtle and less fruit driven taste than Australian varieties.** Both the New Zealand Sauvignon Blanc and Chardonnay tend to be described as acidic, crisp and clean.

The popularity of Pinot Noir and Pinot Gris is steadily increasing in New Zealand, as is Merlot and Cabernet Sauvignon.

The cask wine sector is a steadily declining market in New Zealand. Australia has been a significant supplier of wine for locally branded cask product. In recent times, however, **Spain and Chile have become the main suppliers of bulk red wine.** Two and three litre packs are the most common sizes. Australian four litre packs are expensive for the market because of the excise tax being calculated on volume rather than on value, as it is in Australia. Some Australian wine companies no longer sell cask wine in New Zealand for that reason. Although bottled wine sales are on the increase, **cask sales continue to make up an estimated 38 per cent of total New Zealand wine sales** by volume and about 60 per cent of supermarket volumes.

More information

For further information please contact Austrade on 13 28 78 or email info@austrade.gov.au

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