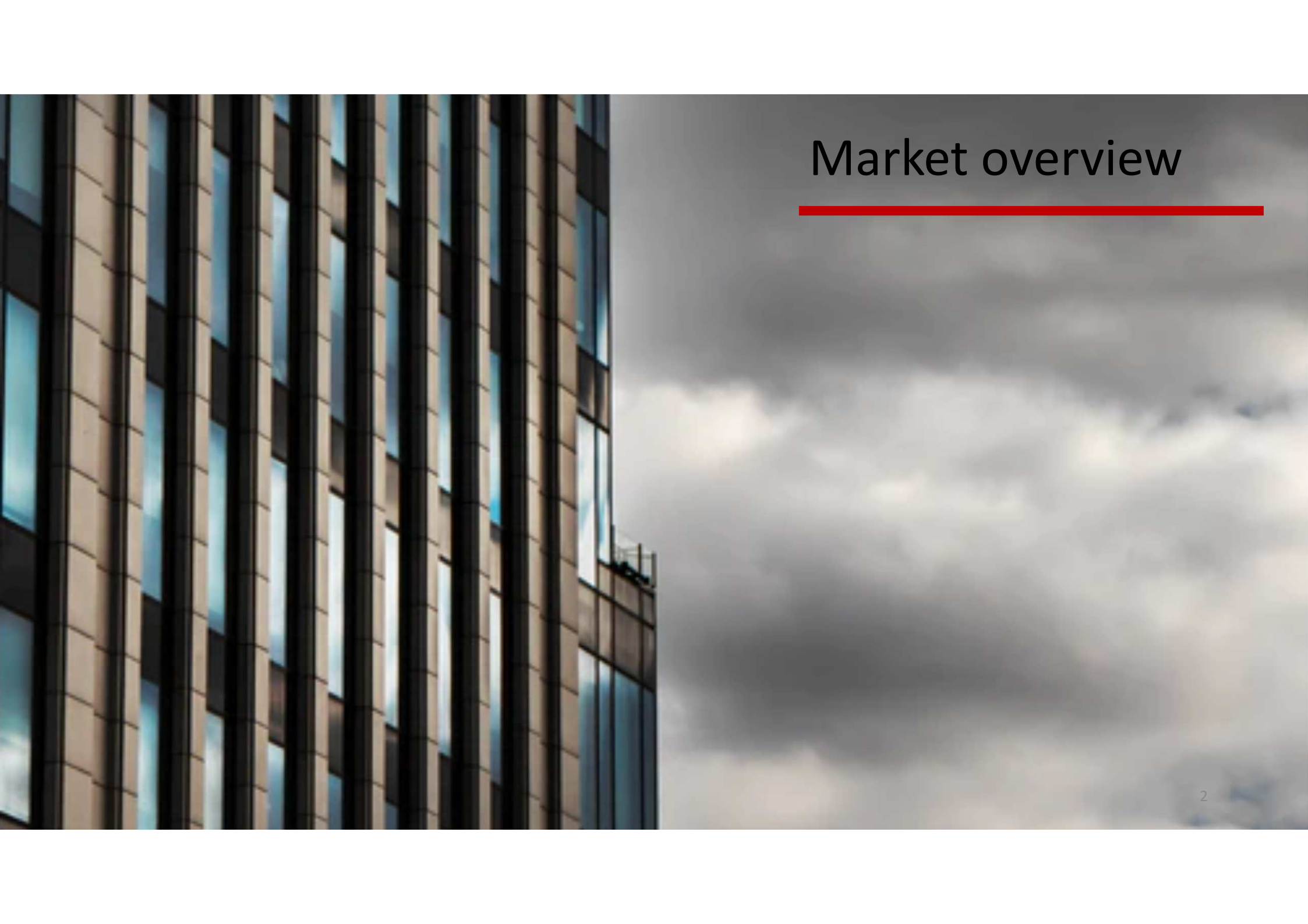


Russian market & Portugal wine segment 2020



The image features a modern building facade on the left side, characterized by vertical glass panels and dark structural elements. The background is a dramatic, cloudy sky. The text 'Market overview' is positioned in the upper right quadrant, underlined with a red horizontal line.

Market overview

EXCHANGE RATES & OIL 2020

- Even before the COVID virus spread in Russia economy face the deepest crisis in last 5 years
- Oil is trading in minimum price in last 18 years
- Ruble dropped by 35% during 2020

Oil market development 2000- 2020, USD



SOURCE: FactSet. Data as of 11:09 a.m. ET on 3/18/20.



EUR RUB exchange rate 2020

Minimum (10 January 2020): 68.0410 - Maximum (5 October 2020): 92.5353 - Average: 79.0629

Select: EUR vs. RUB

From: 26-10-2019 to: 27-10-2020

Zoom: 1m 3m 6m 1y 2y 5y 10y all

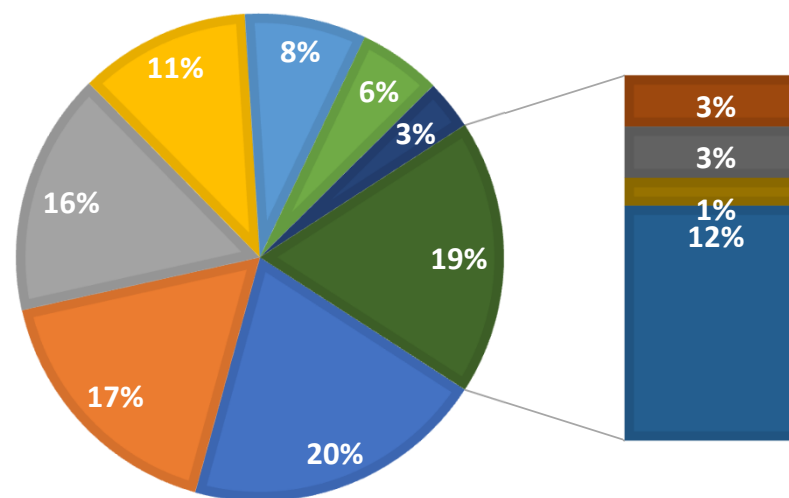


Top wine exporting countries by volume

STILL WINE, MLN. L.	2018	2019	19 VS 18
Spain	45	55	22%
Italy	39	47	20%
Georgia	38	44	15%
France	29	31	7%
Abkhazia	20	22	11%
Chile	13	15	16%
Portugal	6	9	48%
South Africa	6	7	7%
Germany	5	7	31%
Argentina	3,1	3,8	25%
Others	23	30	28%

IMPORT SHARE BY VOLUME, 2019

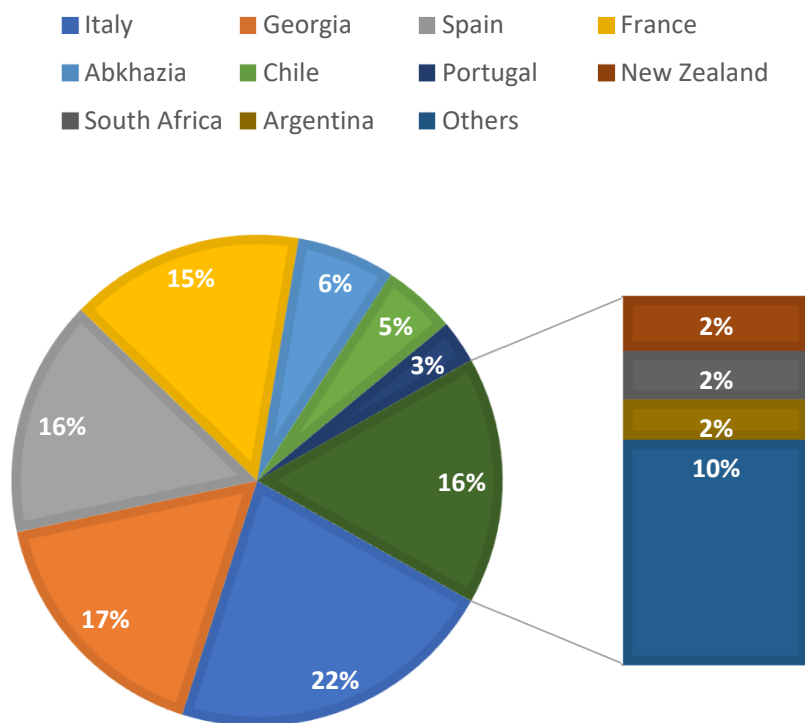
- Spain
- Italy
- Georgia
- France
- Abkhazia
- Chile
- Portugal
- South Africa
- Germany
- Argentina
- Others



Top wine exporting countries by value

STILL WINE, MLN. EUR	2018	2019	19 VS 18
Italy	140	162	16%
Georgia	98	124	27%
Spain	93	116	24%
France	109	115	6%
Abkhazia	40	48	18%
Chile	30	36	22%
Portugal	14	21	52%
New Zealand	11	18	69%
South Africa	14	16	11%
Argentina	9,3	13,2	32%
Others	56	74	30%

IMPORT SHARE BY VALUE, 2019



Top importers: direct import growth

STILL + SPARKLING WINE	2016	2017	2018	2019	19 VS 18
Volume (Mln. EUR.)	555,9	768,9	795,4	950,9	20%
Simple	9,2%	8,4%	9,6%	8,8%	-0,8%
Mistral Alco	7,9%	6,7%	6,4%	6,6%	0,2%
Polini Import	0,3%	3,6%	4,1%	4,5%	0,4%
Luding Trade	5,6%	5,7%	5,0%	4,5%	-0,5%
Aromatny Mir	3,5%	3,7%	3,6%	4,3%	0,6%
Logistic Trade	0,8%	2,8%	3,4%	3,8%	0,4%
Beluga trade	1,1%	2,2%	2,8%	3,4%	0,6
Alianta	3,3%	3,8%	3,9%	3,3%	-0,6%
Tander	2,6%	2,9%	1,8%	3,2%	1,4%
Marin Express	2,6%	2,4%	2,8%	2,8%	0%
Top 10	43,4%	43,2%	44,3%	45,2%	0,9

- Significant growth of retail chains direct import and retail technical importers: from 30% in 2018 to 35% in 2019.
- **Retail chains count 4 out of 10 top importers.**

Executive summary

- Total alcohol import to Russia grew by 21% in 2019. **Still wine import grew by 20%**
- **Portugal wine performs better than the market.** It has demonstrated significant growth in 2019 to 2018: 48% by volume and 52% by value
- Local wine production has been declining for the fourth consecutive year
- Slowdown takes place in 2020 due to Covid-19 and quarantines
- Crises gives opportunities: consumer are switching to price / quality categories
- Market is very segmented and proper strategies should be applied for each segment

Source: Federal Custom Service

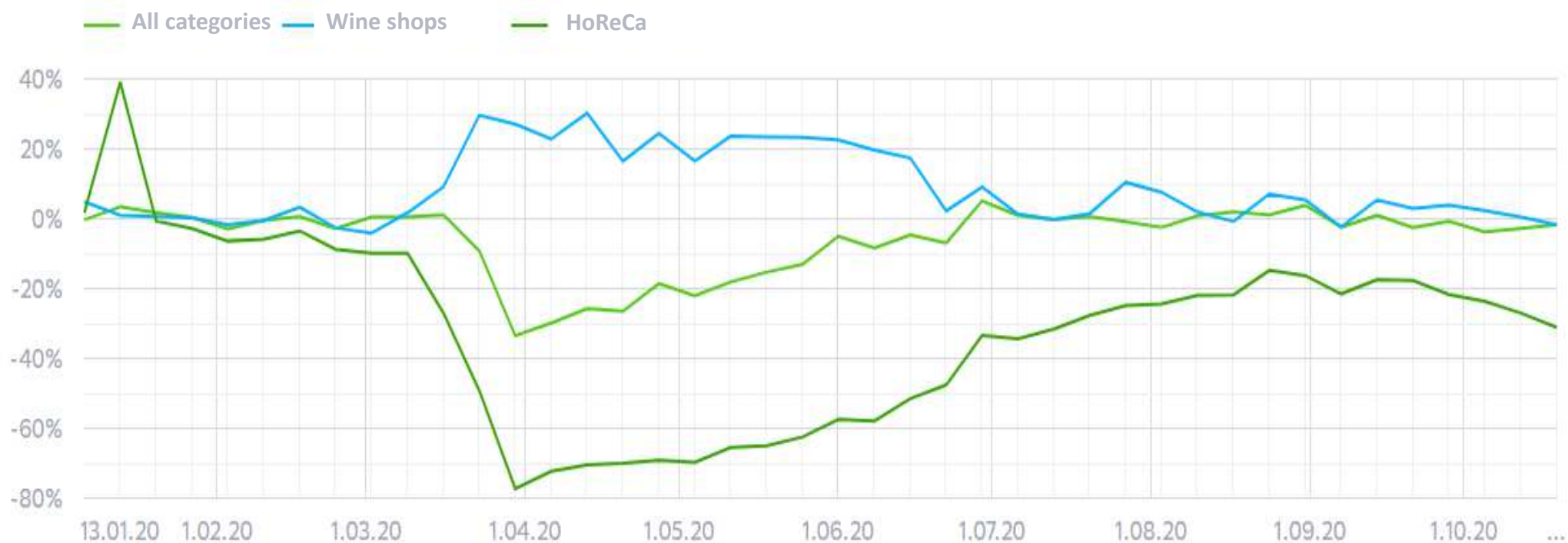
Market segments



Wine consumption in Russia

- **Annual wine consumption per capita** during 2014-2018 decreased from 9,7 l. to **8,3 l.**
- During the same period **average wine bottle price increased by 37,2%** from 314 to 431 RUR. But in currency terms, this value has fallen from €6,97 (2014) to €5,82 (2018).
- Wine consumption channel split in 2019 was Retail 91% / HoReCa 9%
- The most likely consequence of coronavirus crisis would be consumption volume maintaining combined with a decline in value through a shift to more affordable segments.
- Selling wine and spirits online is officially prohibited. The draft law of the Ministry of Finance should allow e-commerce, but its approval is postponed for two years.

Spending's change by category, 2020



Source: Sberindex by Sberbank

Why segmentation matters?

Retail chains

- It is a growing segment that in 2019 counted 35% of total import volume.
- High volumes, low price: producers should keep high volumes, stable quality and main segment is about 1-2 EUR ex-cellar.
- Another benefit – attractive prices for final customers. Symington Family Ruby cost **799 RUR (€8,62)** on the shelf of Pyaterochka supermarket, but Graham's Ruby costs **2120 RUR (€23,02)** in price list of Simple distributing company.

Classical importers

- Simple, Luding trade, Polini Import, Alianta, MarEx etc.
- Have wine portfolio that include main wine and spirits categories
- Market share of traditional importers is shrinking while retailers eat their piece of pie.
- Working in different price segments from democratic brands to handcrafted single vineyard wines. Selling goods to HoReCa, retail and to private clients directly.

Boutique importers

- Classica, Vinicom, Vinoterra, Grape etc.
- Usually have boutique portfolio concentrated on specific regions: Vinoterra has best German wine selection in Russia etc...
- Has higher percentage of wines sold to HoReCa. Could work with smaller producers, are more flexible.
- In general, suffer harder from Covid related restrictions and restaurants temporal closures

Exhibitions



Prodexpo: one and only wine exhibition in Russia.

Next: April 2021

Pluses:

- Local exhibition provides opportunities to meet local importers.
- It is the single opportunity to legally send samples directly to Russia by DHL or other regular logistics (see “Samples”)
- For small and medium-size businesses it is an opportunity to find partner from local / regional companies

Minuses:

- Prodexpo is costly. 10 square metres stand would cost more than €6200 (€ 528 registration fee + €571 per square meter).
- All big importer are visiting, trying and making decisions at Prowein. Prodexpo rarely provides chances to meet decision makers from big companies.
- A huge number of non-profile visitors. Private visits to closed stands and invitation-only system are highly recommended.



Attitude towards
Portugal wines

Attitude towards Portugal wines

In general, Russians have positive impression of Portugal wines, but they do not know about wine in general.

- Two the most know DOs are Porto and Vinjo Verde. Others are way less known.
- Regular customers pay attention to price, color, sugar content, then – labels, medals and other signs of quality.
- They usually buy familiar categories in retail and getting to know new ones in restaurants, bars, while traveling or in retail by discount.
- Professional are open to autochtone grape varieties, new sub-regions and new styles (pet-nats, oranges, light red are highly appreciated).
- They learn new wines on tastings, workshops and during traveling to wine regions.

New wine law



New wine law

The new law "On viticulture and winemaking" came into force on June 26, 2020. Its main consequences are following:

- Wines made on Russian territory from imported bulk couldn't be labeled as "Russian wine". Moreover, these wines should be labeled as "wine drink, is not a wine". Obviously, such labeling will not attract consumers. It will give an opportunity to the producers of wines 0,70 - 1,50 to seize this market niche.
- There is also niche for semi-sweet wines. Semi-sweet Russian wines are mostly made with concentrated grape juice adding, and this procedure became illegal from this June, making a space for imported wines.
- Despite the law is new, it is based on old Soviet norms and terms. All wine back labels should contain information about vintage (even Champagne and Sherry) and grape varieties (even field blends).
- The new law also prohibits import of foreign planting materials 🤖 which will also slow down the development of Russian winemaking.

Samples sending



Samples sending

- Delivery of uncertified alcohol is prohibited.
- There are two legal options of sending samples directly to Russia by DHL or another logistic company: certification by importer when the agreement is achieved, and exhibitions, such as Prodexpo.
- Samples could be sent to importer warehouse in Baltic states: most of importers have consolidation warehouses in Baltics.
- Samples could be sent to Russia from Baltics by specialized logistic companies, but the process is costly (about €1100 per 18 bottles): the agent should make technical certification of each SKU.
- One person could bring 4 bottles to Russia for his/her own consumption for free, and 2 more bottles after paying taxes. All exceeding amount would be confiscated if found.

Certification



Certification

- Before importing alcohol, importer should pre-order and pre-pay for excise stamps.
- For certification purposes, from 2 to 5 bottles must be sent to importer, then to certification body. In this case, direct delivery to the client by DHL or other logistic company could be used.
- Excise for still wines from 2020 are 31 RUR per liter (about €0,25 per 0,75 bottle) and 40 RUR for liter of sparkling wine (about €0,33 per 0,75 bottle).
- Excise stamps should be labeled before custom clearance and border crossing. For these reason, Russian importers rent consolidation warehouses in Baltics.
- In the Russian alcohol accounting system, it is required to scan every excise stamp during sale, even when importer is selling tens of pallets to Metro C&C or another hypermarket.

Promotion

two things to worry about.
you will go to heaven or hell.
you will go to heaven or hell.
you will go to heaven or hell.

NO RESERVATIONS		
ADULTS	PAY	WARRRY!!
ADULTS	£ 7.95	
ADULTS	£ 13.95	
ADULTS	£ 19.95	

MANAGERS:
Of Being Harassed
Your Stupid Parents?
ACT NOW!!!
ve Out. Get A job
y Your Own Bills
While You Still
now everything

THE GREEN FAIRY
ASIN THE
YOU WILL DANCE WITH THE DEVIL!



RO'S COCKTAILS

1 measure Vodka	1 drop Angostura Bitters
0.5 measure Orange	2 measures Gin
1 measure Nethy Pink Red	1 measure Cherry Brandy
1 measure Lime Juice	Top up Soda
	0.5 measure Lemon Juice

1 drop Angostura Bitters
2 measures Gin
1 measure Cherry Brandy
Top up Soda
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0.5 measure Orange
1 measure Nethy Pink Red
1 measure Lime Juice| 1 drop Angostura Bitters | 2 measures Gin |
| 1 measure Cherry Brandy | Top up Soda |
| 0.5 measure Lemon Juice | |

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1 measure Lime Juice


1 drop Angostura Bitters
2 measures Gin
1 measure Cherry Brandy
Top up Soda
0.5 measure Lemon Juice

Tom Collins
Cocktail
Mixer



**BELIEVE...
I'LL HAVE...
OTHER BEER**

**CAMEL
GARETTES**
An Expert Blend of
Foreign and Domestic Tobaccos



THE DELIGHTFUL THAN EITHER...
KIND SMOKED STRAIGHT
20 for 10p

Coffee!



THE BEATLES
**MONS
TEA**
BEST OBTAINABLE



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TANN
without**



**JACK DA
old No.**



**ABB
ROA**

**BAK
STRI**

LONDON



Main communication idea

Deloitte consumer segment report 2020 shows, that only **46%** of alcohol drinkers are confident in their knowledge of wine and spirits. The same time, purchasing activity in relation to alcohol declined by **11%** during 2020.

As the experience of previous crises has shown, people are trying to preserve their usual way of life. When they do not have enough money for regular brands, they are looking for cheaper alternatives. It is worth to show that Portuguese wines the frugal connoisseur's best friend.

Portuguese alternatives to classic styles.

- Bordeaux? – Douro reds.
- Oak Chardonnay? – Alentejo whites.
- Riesling? – Alvarinjo.

Promotion in retail

TV, radio, printed press and even internet promotion of alcohol are prohibited in Russia. Alcohol could be promoted strictly in points of sale. In retail this could include:

- Entry fees
- Discounts
- Catalogues
- Festivals of specific country or region

Promotion in HoReCa

Of course, there are listing fees in top venues, but there are few mechanics that gained better results:

- Restaurant festivals. Best cases: Riesling Wine Weeks by Wines of Germany (>400 participants), California Wine Weeks by California Wine Institute (>160 participants).
- Workshops for professionals with wine stars. E.g., #SommCamp with Andreas Larsson and Raimonds Tompson; Fort Wine Academy with Tim Atkin MW and Sarah Jane Evans MW. Even online workshops with Konstantin Baum MW and Julia Scavo at SommAtHome contest.
- Parties and tastings with opinion makers: journalists, bloggers, top sommeliers.

Press and PR

Direct promotion is prohibited, but...

- Lifestyle media could publish interviews with famous winemakers or top experts on paid basis.
- Lifestyle media could publish wine news if they are interested to general public.
- There is one professional printed media – Simple Wine News (15000 copies, 8 times per year) and lots of wine blogs.
- Telegram channels and blogs are new media. Having 5-100 thousand subscribers, they are way cheaper than traditional media.

ВЕДОМОСТИ **WU EXECUTIVE ACADEMY**

15 октября, 00:24 / Стиль жизни

В Португалии открылся парк развлечений для любителей вина

Вино как шоу – свежая многообещающая мировая тенденция

Игорь Сердюк

Прочту позже





How to start?

1. Choose your goal: what is the market segment for your wines? Could it be sold by itself, or by sommelier advise? What importer could deliver it to this segment?
2. Make list of importers, try to find decision making persons.
3. Make offer, hold negotiations. Instead of selling product, sell jobs it could implement to your customer: one could increase market share by stronger brand / add value to his portfolio / get the gem missing in his crown.
4. Send samples for tasting.
5. If succeed, send samples for certification.
6. Make noise about your wine: motivate importer sales stuff, its' customers, opinion makers.
7. Get feedback, correct your actions if needed



Obrigado & saúde!

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