

Port Wine in Germany – rising star or ‚just a niche product‘?

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1.1 Motivation

Having travelled the Douro, I fell a bit in love with Port. Recognizing that I might be a little different as my fellow Germans do drink less Port wine than the global average.

And while on global level, a lot is happening to bring consumers' attention to Port wine, with better Port quality than ever, lots of successful vintage years in a row and innovations like Portonic, White and Pink Port, the overall knowledge of Port amongst German consumers is limited.

When asking people around me, many said that they tried Port only very few times yet and that they can't tell much about it. They mostly relate it to special occasions; to something traditional, noble and expensive that you don't drink or buy every day. They think of full-bodied wine, elevated alcohol and sweet taste.

Also, compared to the top 5 Port markets and some smaller premium growth markets like Canada and Denmark, it seems that very little attention is paid on a global level to the German Port market

All this although Germany showed a clear increase in Port wine sales by value of 15% from 2015 to 2019³ - while most of the major markets among the top ten have been dropping in sales.

Connecting all these topics with my personal enthusiasm for Port, I wanted to understand the reasons behind and to see if Germany is a future rising star for Port wine consumption – and not 'just a niche market'.

Objective of this thesis and methods used

Focus of this paper is to better understand the German Port wine market, its characteristics, consumers, challenges and dynamics as well as its potentials, taking latest trends and overall market data into consideration. Aiming to provide deep insights into its particularities in comparison to other global key markets and to derive new potentials and opportunities how to increase sales. And to see whether Germany is a market to which more attention should be paid.

All approaches, tables and figures shown (except mentioned else), are resulting from own analysis. The paper is written in English to give easy access of this work to Port wine producers and relevant entities.

Further on in this work, Port wine will also be referred to by the term 'Port'.

Methods used in this paper are the ABC analysis, Porter's 4P model and SWOT analysis. Also, a number of sources around Port are referenced to confirm findings. Including interviews and market studies on Port in Germany to confirm conclusions.

Structure

Chapter 2 and 6 focus on the **'Product' Port**. Chapter 2 looks at the different styles of Port and their characteristics are explained as well as latest trends and product innovations.

Chapter 3 analyzes the **Place/Position and Price** of Port in the German market and in relation to global key markets based on latest available statistical data. Typicalities **of the German Port market in relation to overall market development** are analyzed – looking at the different styles, their prices and also the development of top 10 markets – including Germany – of the last 10 years.

Conclusions are derived about the **market behavior** of the German Port Wine Market (which will be the base in later chapters to find **target areas for promotion** in Germany).

Chapter 4 explains in the **production, distribution channels and sales channels** of Port and, in detail, of Germany. Giving a deep insight of the German marketplace for Port Wine and its particularities.

Chapter 5 focuses on the **Promotion** of Port Wine in Germany. With a deep dive on current status of Port promotion activities and the entities promoting Port Wine.

Chapter 6 looks at the **'Product' Port**. Port wines' unique selling proposition, its competitor products on the German market are explained and a SWOT analysis of Port wine in Germany is performed.

Chapter 7 is about the German Port Wine **Consumer**. A **consumer segmentation** approach for wine consumers in Germany is shown and adopted to Port Wine consumers. Also, a new approach for promotion according to customer segmentation is derived: The **PortWinePromotion matrix** – giving recommendations how to promote different styles of Port to different customer groups, in order to grow overall Port sales in Germany.

Chapter 8 concludes all insights from previous chapters and gives recommendations for the different styles and sales channels of Port in Germany how to grow sales.

Conclusion:

Knowledge of German consumers about Port is limited.

Many young people don't know Port, others attach it to being a drink for elderly people.

While sales of 'basic' Port wine drop, Ultra-Premium the most growing category in Germany.

Germany as a Port market plays a minor role to major Distributors, Port companies and institutions yet. Promotion is often not adjusted to German consumers.

With rather low attention and budgets, any promotion placed must be highly effective and efficient. This is only possible via a customer-centric approach making it easy for the customers to select the right Port for 'their right occasions'.

Concluding, Port companies and institutions should stronger address the German market, with tailored promotion in style and language. Maintaining sales for traditional Standard 'basic' Port, but also fostering them by new segments (e.g. Port mixed drinks) and by putting a clear focus to establish Ultra-Premium Ports in the ultra-luxury segment.

In this thesis for both the Standard as well as for Ultra-Premium Port, customer-centric approaches were presented, differentiating by consumer types and sales channels as well as particularities of the German market helping to grow sales.

Concluding it can be said that the German market is still in a kind of a niche but offers a lot of potential to become a rising star and deserves more focus by major Port players. It will not be an easy way but comprehensive data analysis, potential and approaches presented in this paper proof that it is likely to pay off.