Wine Australia providing market insights for Australian Wine

Pinot Noir insights

January 2023

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  - *The total value Pinot Noir crush declined by 17 per cent to $68.7 million, although this was still 6 per cent above the 5-year average of $64.7 million.*
  - *Pinot Noir is the 4th largest red variety grown in Australia, after Shiraz, Cabernet Sauvignon, and Merlot.*
  - *The average price increased in both warm inland regions (up 6 per cent to $682 per tonne) and cool/temperate regions (up 10 per cent to $2,171).*
  - *In the last 10 years the average price of Pinot Noir has risen steadily, at an average of 5 per cent per year.*
  - *While the largest varieties (Shiraz and Cabernet Sauvignon) declined in price in 2022, Merlot, Pinot Noir, Grenache, Malbec, Sangiovese, and Tempranillo increased in average value. Pinot Noir grew the most – up 10 per cent to $2,171 per tonne.*
  - *In 2022 there was an upward shift in the price dispersion of cool climate Pinot Noir in Australia. In 2021 42 per cent of grapes were sold above $2,000 per tonne, and this shifted to 51 per cent in 2022.*
- **Domestic market (off-trade)** pg.13
  - *The sales volume and value of most of the top red varieties in the Australian off-trade channel declined in 2022. However, sales of (bottled, still) Pinot Noir increased by 7 per cent in value and 6 per cent in volume.*
  - *The largest share of Pinot Noir sales in the Australian off-trade sits in the $20-$29.99 segment, with a 31 per cent volume share.*
  - *For Australian Pinot Noir, Tasmania holds the highest share of value in the off-trade at 22 per cent, although this has declined over the last two years.*

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■ Domestic market (on-trade) pg.17

- *In the Australian on-trade, Pinot Noir has the most listings of red wine varieties on wine lists in bars and restaurants, with an 18.5 per cent share. However, this was down from a 19.3 per cent share in 2021.*
- *Tasmania overtook Yarra Valley as the top regional Pinot Noir listing in 2022.*

■ Exports pg.19

- *In the past decade, the volume of Australian Pinot Noir exports has declined by an average of 1 per cent per annum, meanwhile value has grown by an average of 1 per cent per annum.*
- *The decline in volume but increase in value of the last decade has combined to increase average value by 2 per cent per annum, from $4.16 per litre in 2012 to $5.18 in 2022.*
- *The United States is the largest market for Australian Pinot Noir exports, growing by 13 per cent to $13 million in 2022.*
- *Pinot Noir exports above $5 per litre have increased in value over the past decade by 3 per cent on average each year.*
- *Tasmania and Geelong Pinot Noir above $5 per litre exports have had strong growth in the past 5 years – by an average of 10 per cent and 22 per cent each year, respectively.*
- *The largest contributors to growth above $5 per litre in 2022 were the USA (up 87 per cent), Sweden (up 63 per cent), and Norway (up 110 per cent).*

■ Consumer insights pg.32

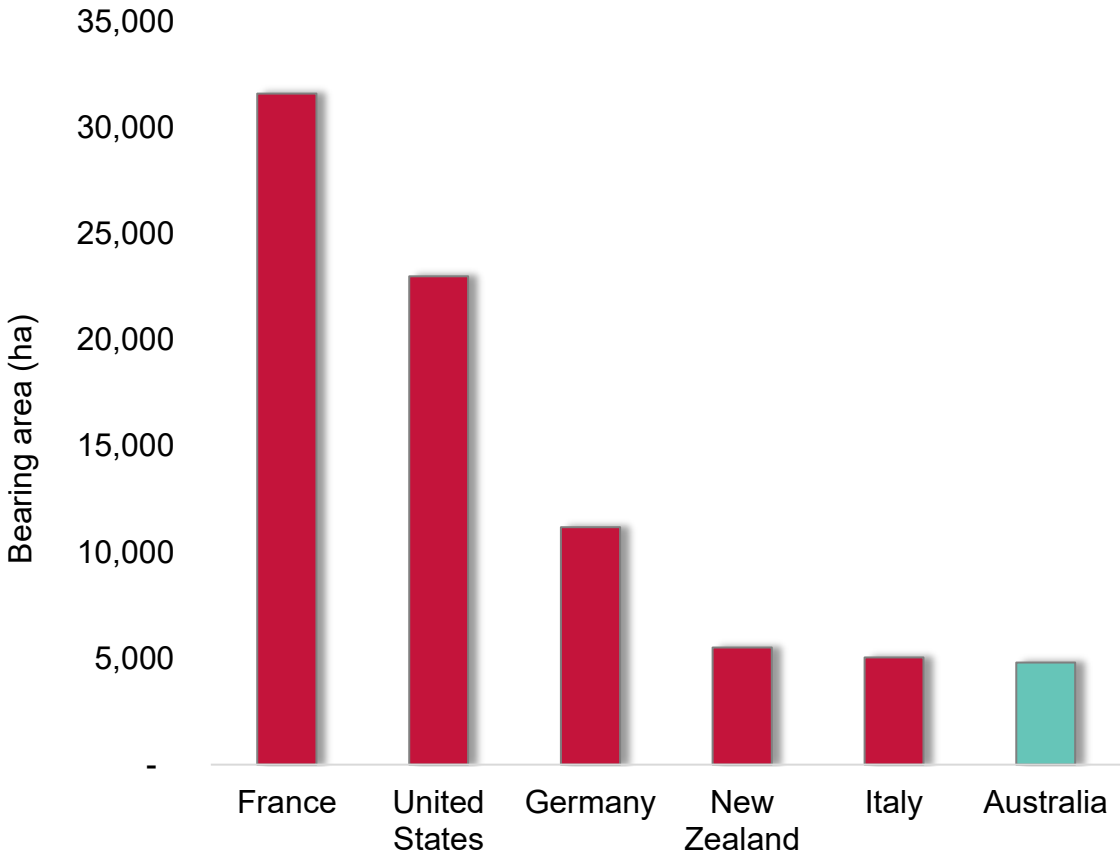
- *In 2022, 36 Australian Pinot Noir wines received scores of over 90 points at the Decanter World Wine Awards, compared to just 12 in 2016.*

Global supply



- France and the United States are by far the biggest Pinot Noir producers globally.
- Australia is a relatively small but important player in the global market for Pinot Noir.

Top Pinot Noir countries by vineyard area, 2016

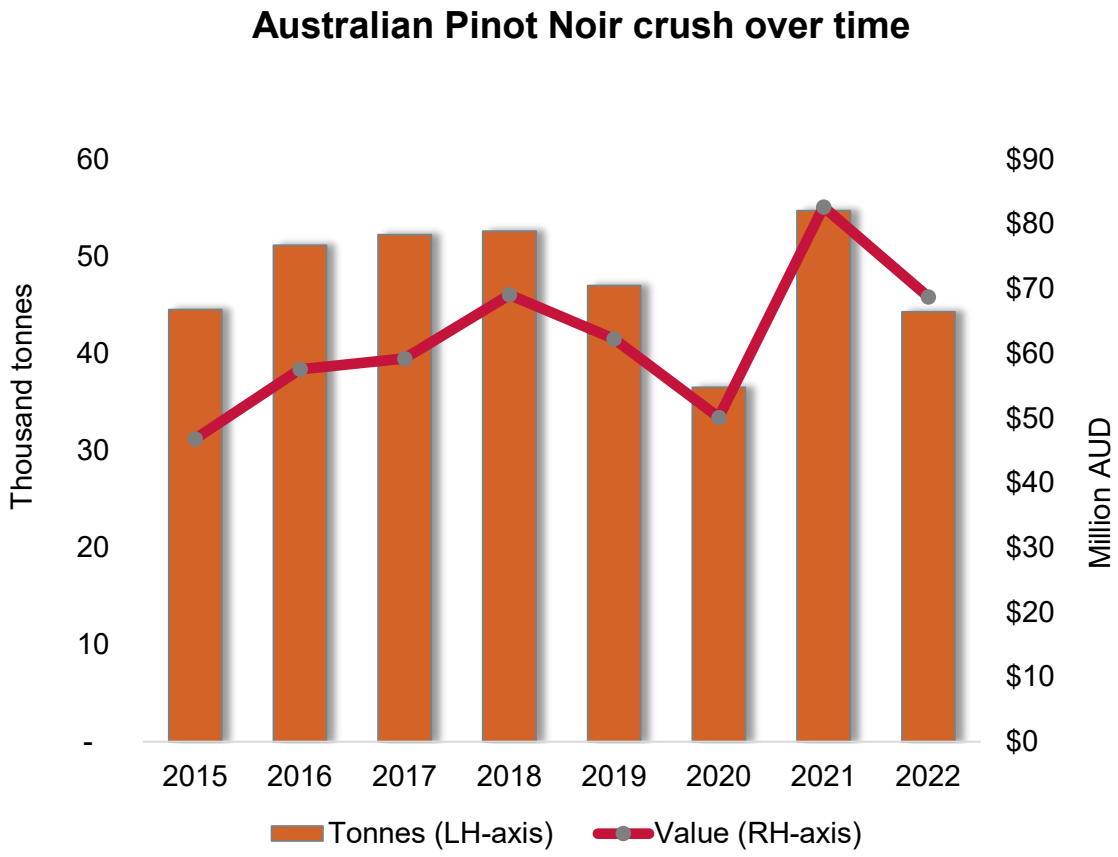


Source: Wine Economics Research Centre, University of Adelaide

Australian supply



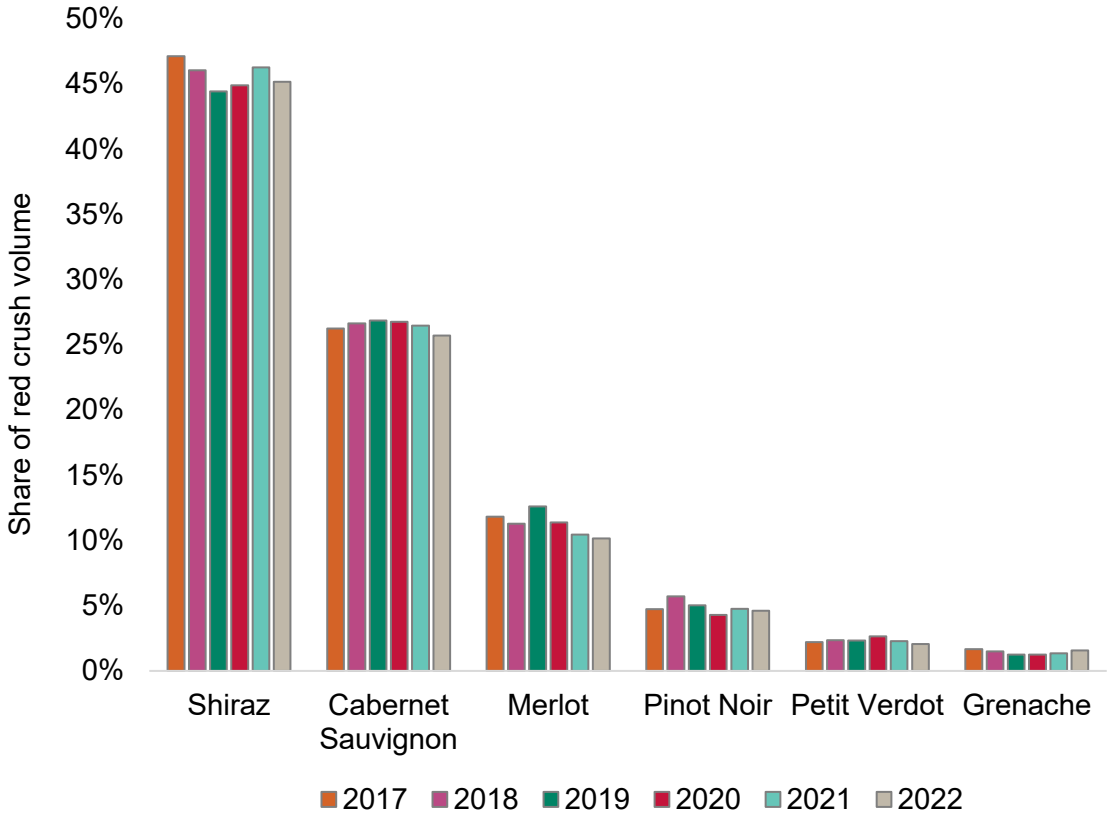
- Australia's Pinot Noir crush in 2022 was 44,271 tonnes, 19 per cent down from the 2021 record crop and 9 per cent below the 5-year average.
- The total value Pinot Noir crush declined by 17 per cent to $68.7 million, although this was still 6 per cent above the 5-year average of $64.7 million.



Source: Wine Australia

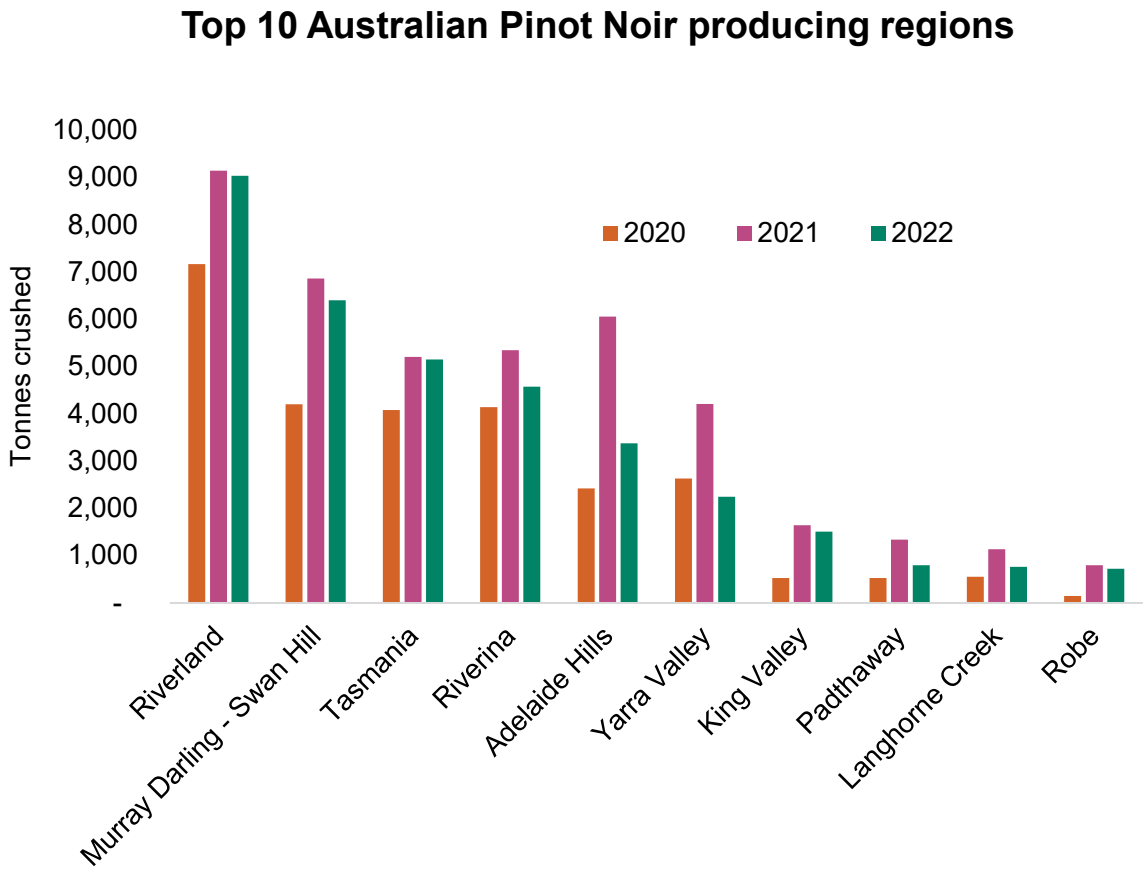
- Pinot Noir is the 4th largest red variety grown in Australia, after Shiraz, Cabernet Sauvignon, and Merlot.
- Volume share by variety is fairly stable between the red varieties, with Shiraz generally sitting around 45 per cent and Cabernet Sauvignon at 26 per cent. Merlot has declined slightly in share from 13 per cent in 2019 to 10 per cent in 2022. Pinot Noir's volume share has varied between 4 and 6 per cent during the period.

Top Australian red varieties, by volume



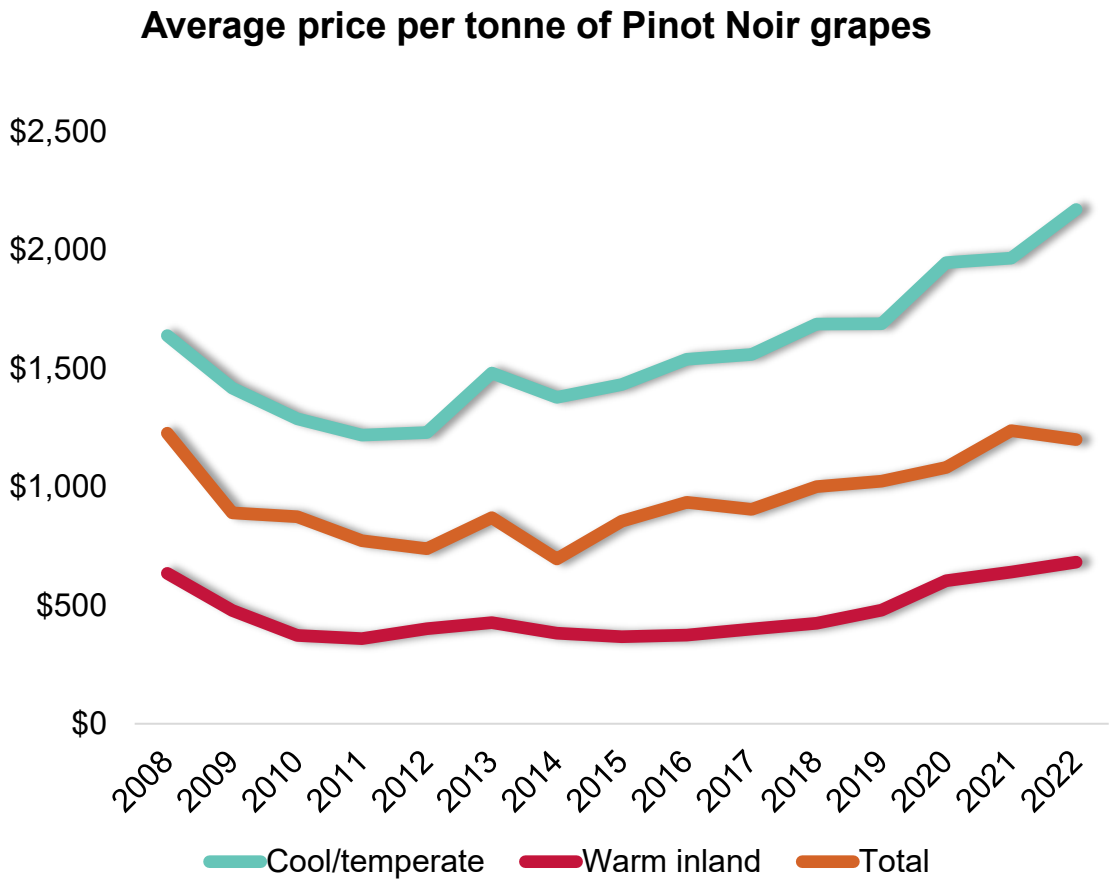
Source: Wine Australia

- The inland regions of Riverland, Murray Darling-Swan Hill and Riverina make up 3 out of the top 4 regions producing Pinot Noir. Together, the Pinot Noir crush of these 3 regions has grown by nearly 30 per cent since 2020.
- Outside of the inland, Tasmania, Adelaide Hills, and Yarra Valley produce the most Pinot Noir. Tasmania's crush was fairly stable in 2021 and 2022, while the crush in the other top regions declined in 2022 compared to 2021.



Source: Wine Australia

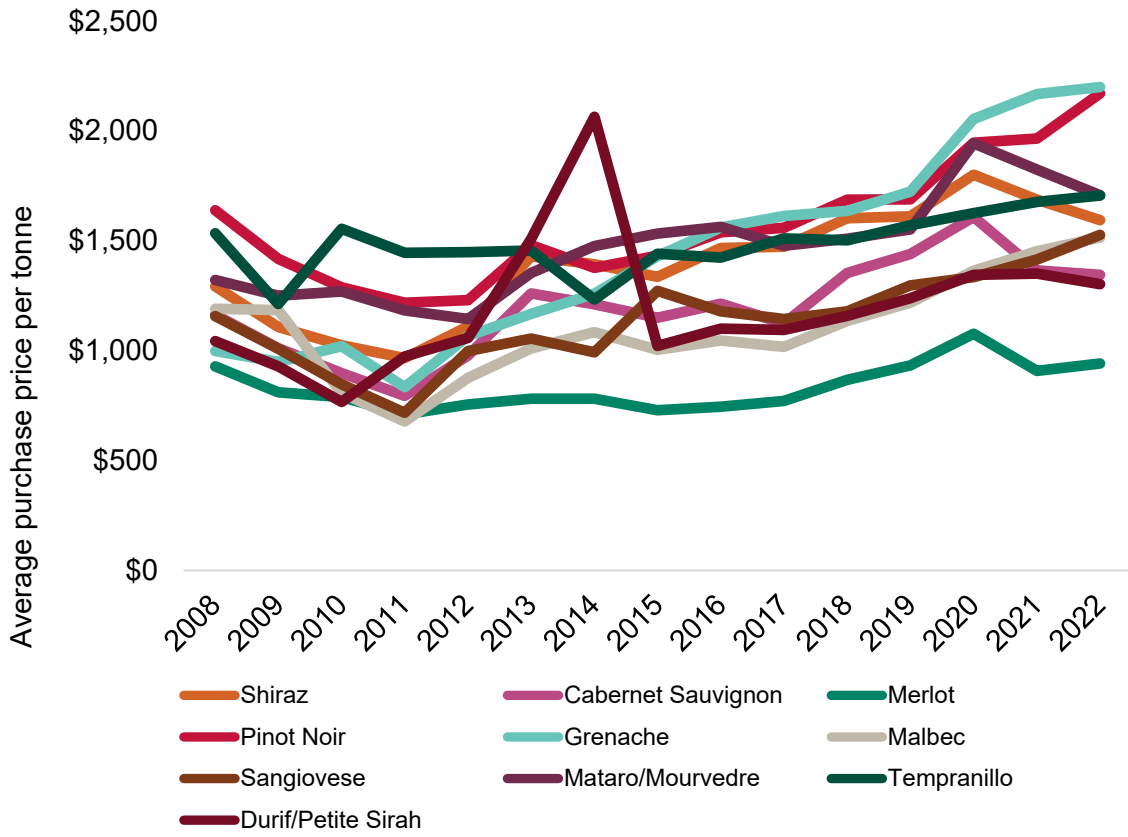
- The average price of Pinot Noir in 2022 was $1,200 per tonne across all of Australia.
- The average price increased in both warm inland regions (up 6 per cent to $682 per tonne) and cool/temperate regions (up 10 per cent to $2,171).
- In the last 10 years the average price of Pinot Noir has risen steadily, at an average of 5 per cent per year.



Source: Wine Australia

- Pinot Noir has the second highest average price per tonne of the top 10 reds in the cool/temperate regions, second only to Grenache ($2,201/tonne).
- While the largest varieties (Shiraz and Cabernet Sauvignon) declined in price in 2022, Merlot, Pinot Noir, Grenache, Malbec, Sangiovese, and Tempranillo increased in average value.
- Pinot Noir grew the most – up 10 per cent to $2,171.

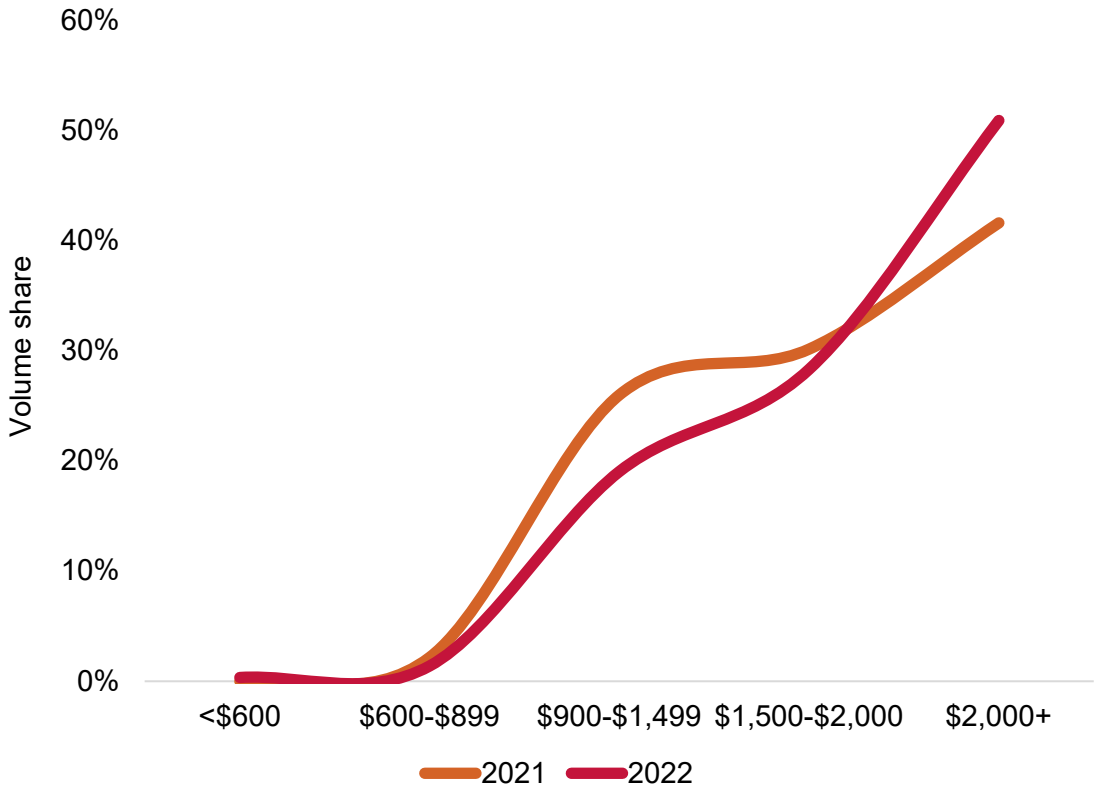
Average price of top 10 reds in cool/temperate regions



Source: Wine Australia

- In 2022 there was an upward shift in the price dispersion of cool climate Pinot Noir in Australia. In 2021 42 per cent of grapes were sold above $2,000 per tonne, and this shifted to 51 per cent in 2022.
- Likewise, the share of grapes sold between $900 and $2,000 per tonne shifted from 56 per cent to 47 per cent.

Price dispersion of cool climate Australian Pinot Noir in 2022



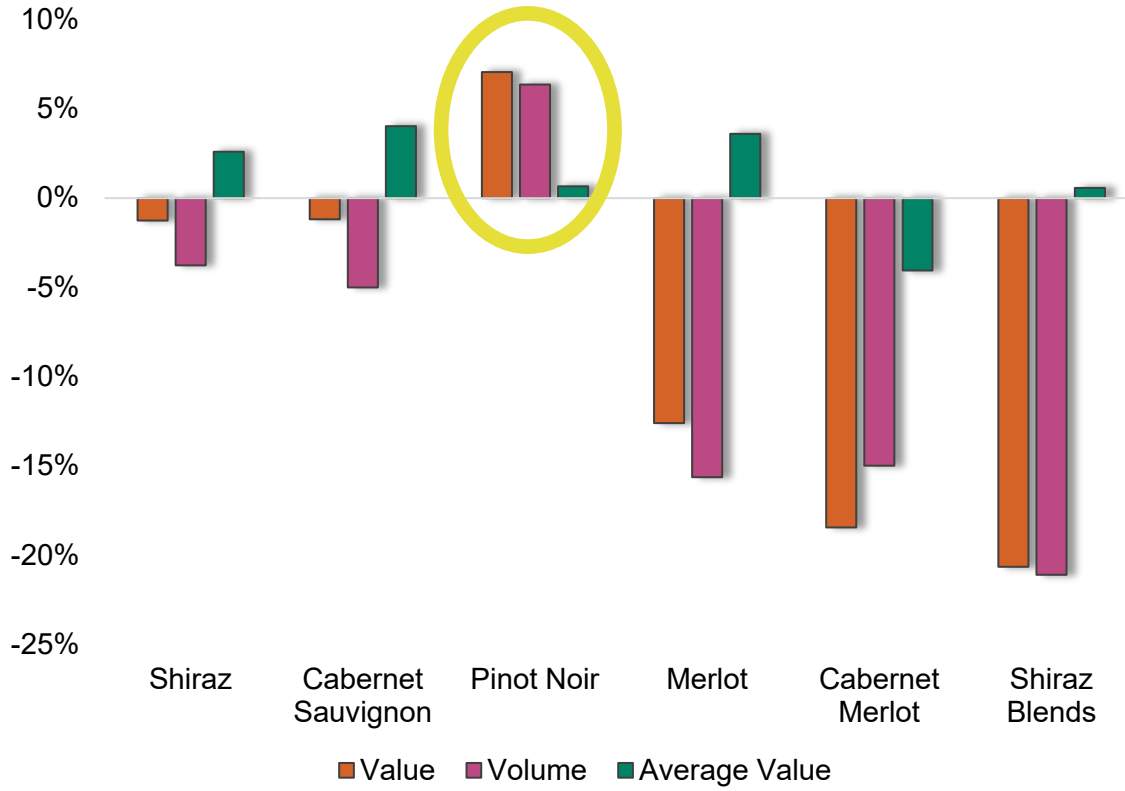
Source: Wine Australia

Domestic market



- The sales volume and value of most of the top red varieties in the Australian off-trade channel declined in 2022. However, sales of (bottled, still) Pinot Noir increased by 7 per cent in value and 6 per cent in volume.

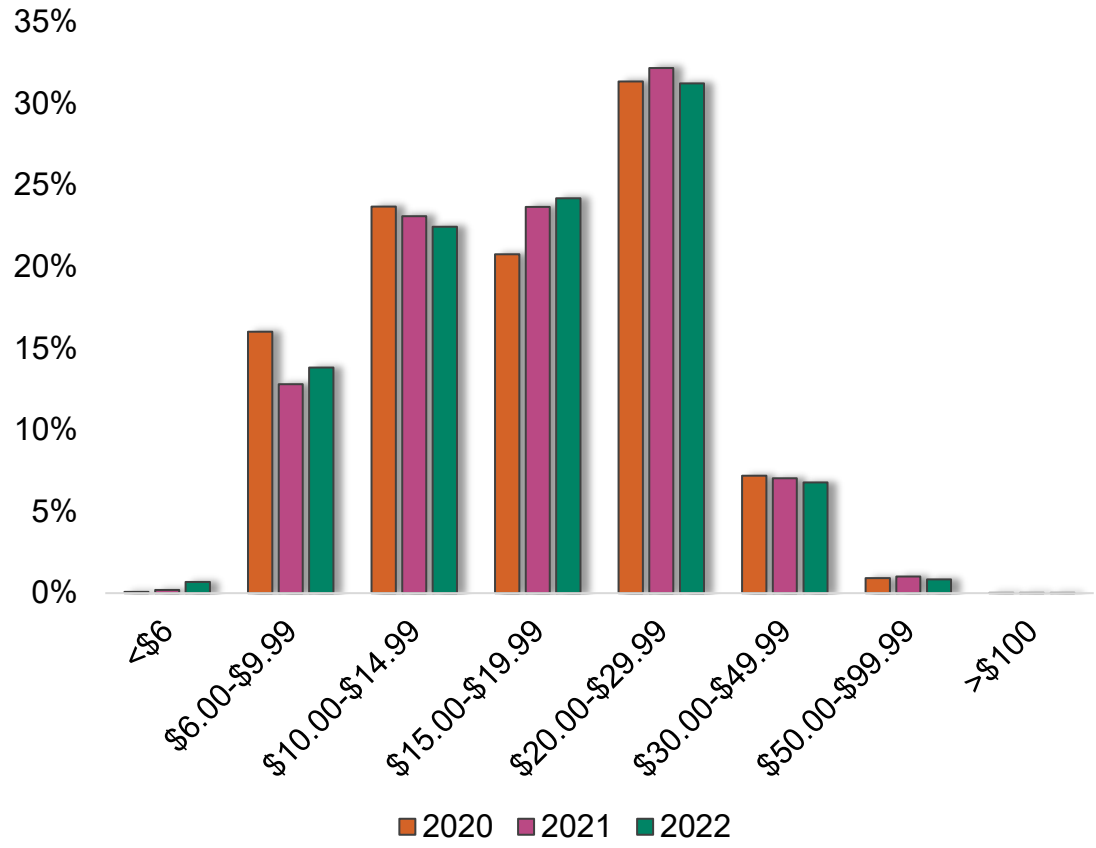
Year-on-year percentage change in domestic off-trade



Source: IRIMarketEdge, MAT July

- The largest share of Pinot Noir sales in the Australian off-trade sits in the $20-$29.99 segment, with a 31 per cent volume share.
- The most noticeable change in share has been a shift from below $15 (moving from a 40 per cent share in 2020 to 37 per cent in 2022) up to $15-$19.99 (up from 21 per cent in 2020 to 24 per cent in 2022).

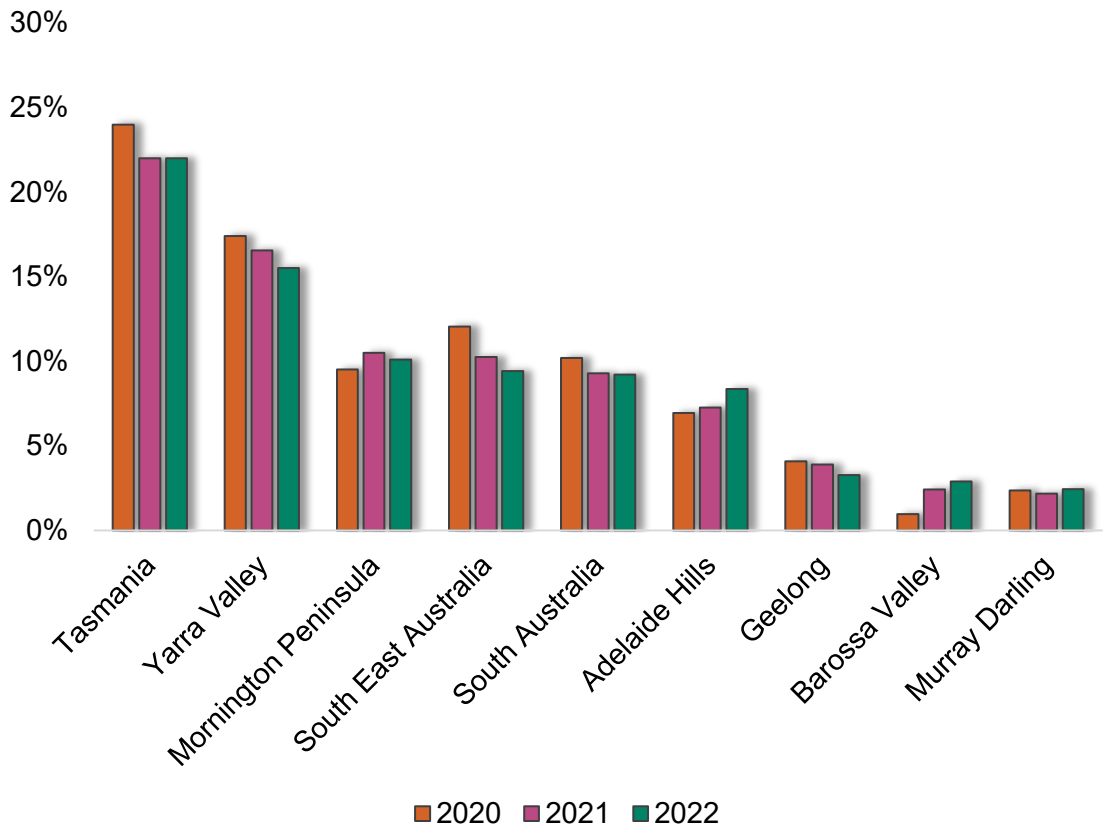
Volume share by price point of Pinot Noir in domestic off-trade



Source: IRIMarketEdge, MAT July

- For Australian Pinot Noir, Tasmania holds the highest share of value in the off-trade at 22 per cent, although this has declined over the last two years.
- Yarra Valley, South Eastern Australia, and South Australia have also declined in share.
- Meanwhile, gaining share of off-trade value are Adelaide Hills (8 per cent share), Barossa Valley (3 per cent share), and smaller regions not listed such as Clare Valley and Hunter Valley.

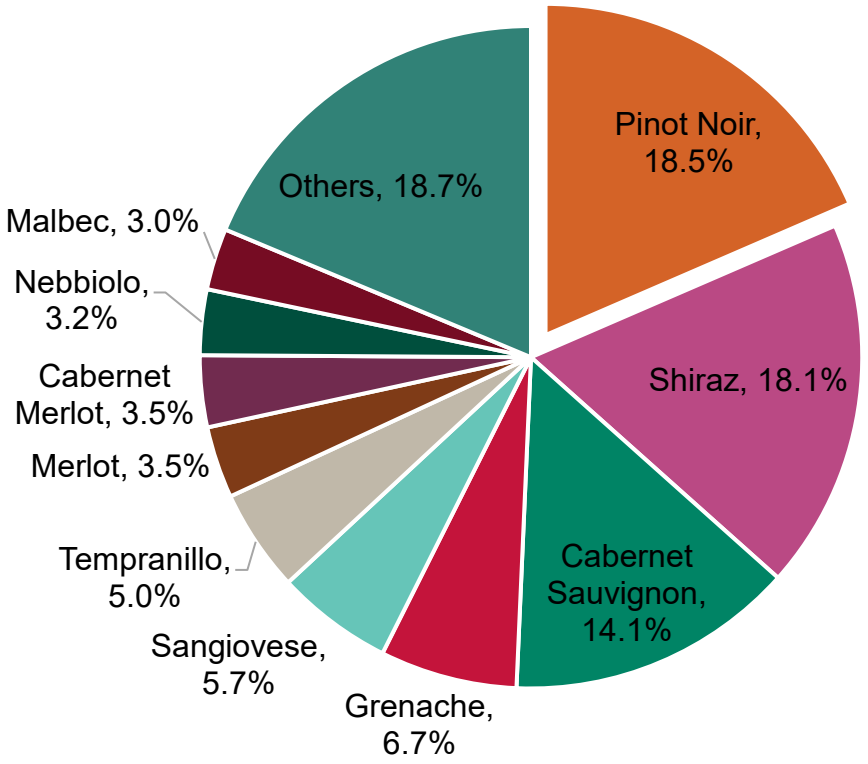
Share of domestic Pinot Noir sales value by region



Source: IRIMarketEdge, MAT July

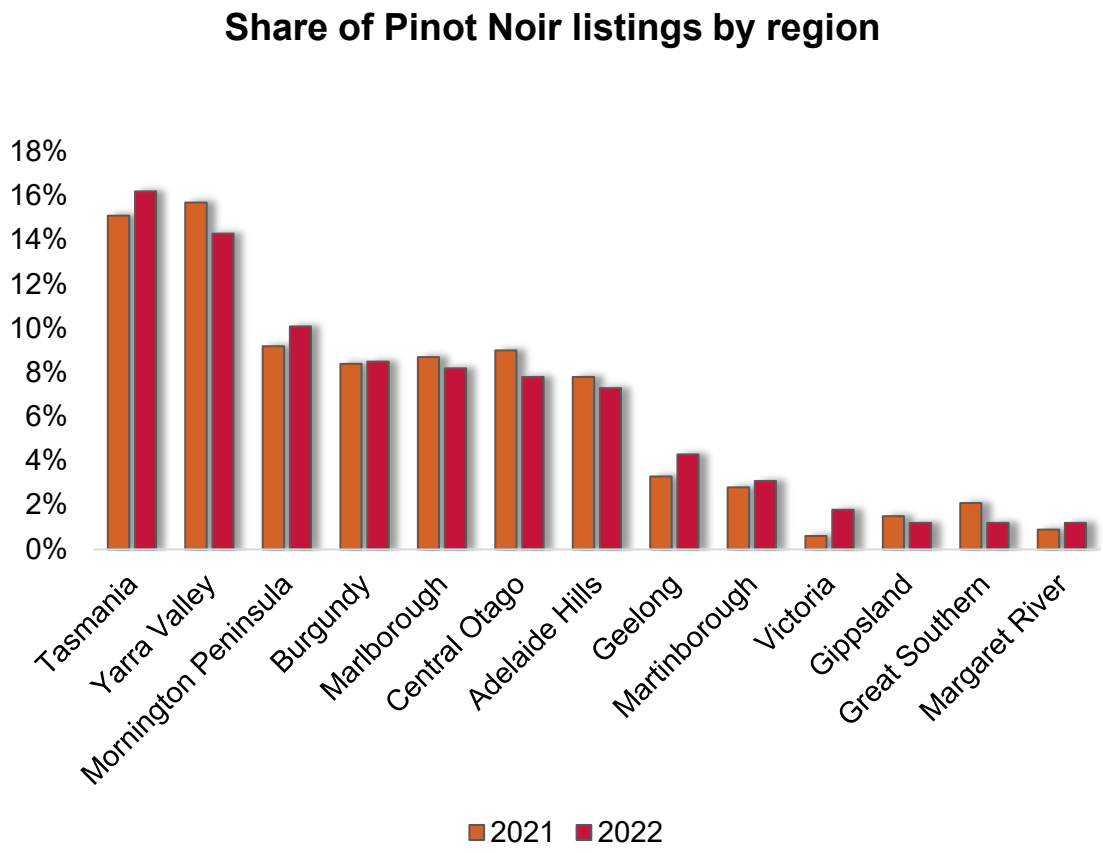
- In the Australian on-trade, Pinot Noir has the most listings on wine lists in bars and restaurants, with an 18.5 per cent share. However, this was down from a 19.3 per cent share in 2021.
- Shiraz and Cabernet Sauvignon both increased in share in 2022. Tempranillo and Nebbiolo also increased in listings during the year.

2022 share of red wine listings by varietal



Source: Wine Business Solutions

- Tasmania (16 per cent share), Mornington Peninsula (10 per cent), and Geelong (4 per cent) all increased their share of Pinot Noir on-trade listings in 2022, compared to 2021. Meanwhile, Gippsland, Adelaide Hills, and Yarra Valley declined in share.
- Tasmania overtook Yarra Valley as the top regional Pinot Noir listing in 2022.
- Aside from domestic regions, imported regions such as Burgundy, Marlborough, and Central Otago were also popular. Both New Zealand regions declined in 2022.

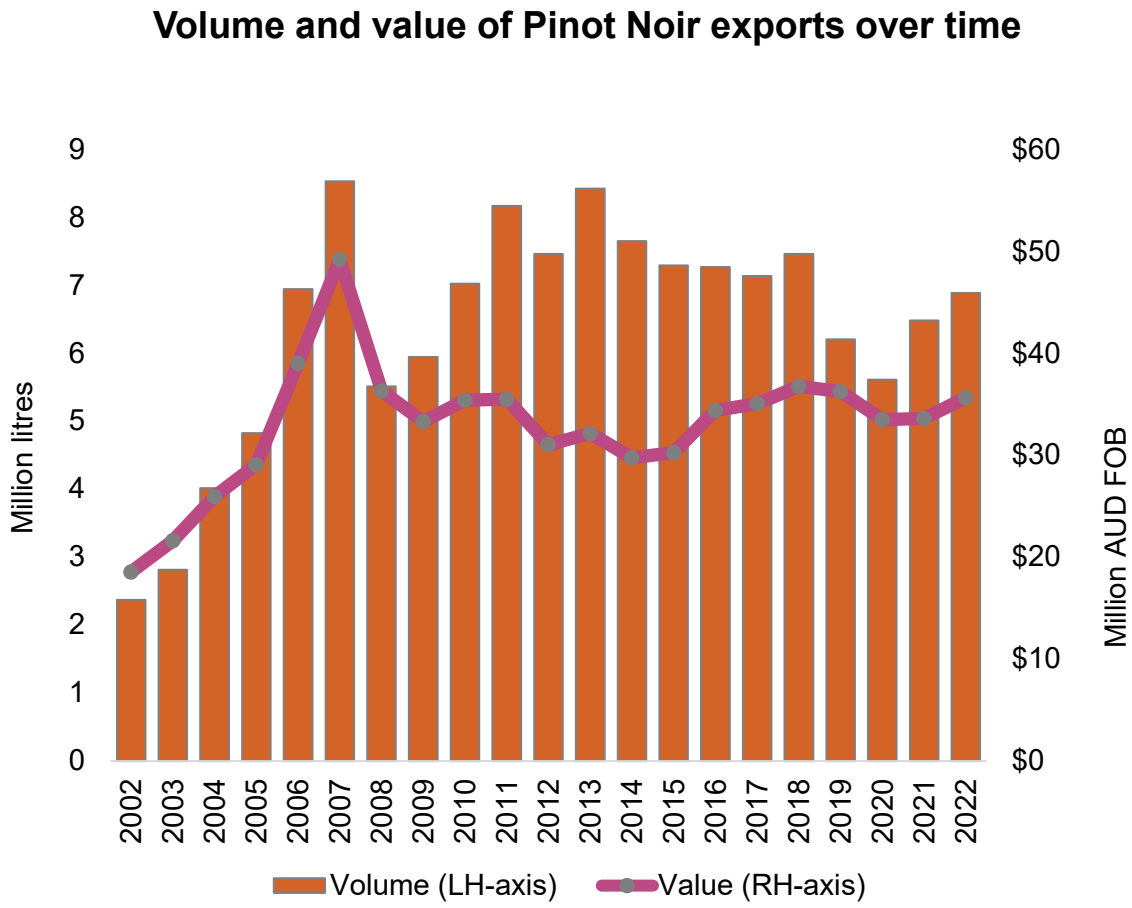


Source: Wine Business Solutions

Exports

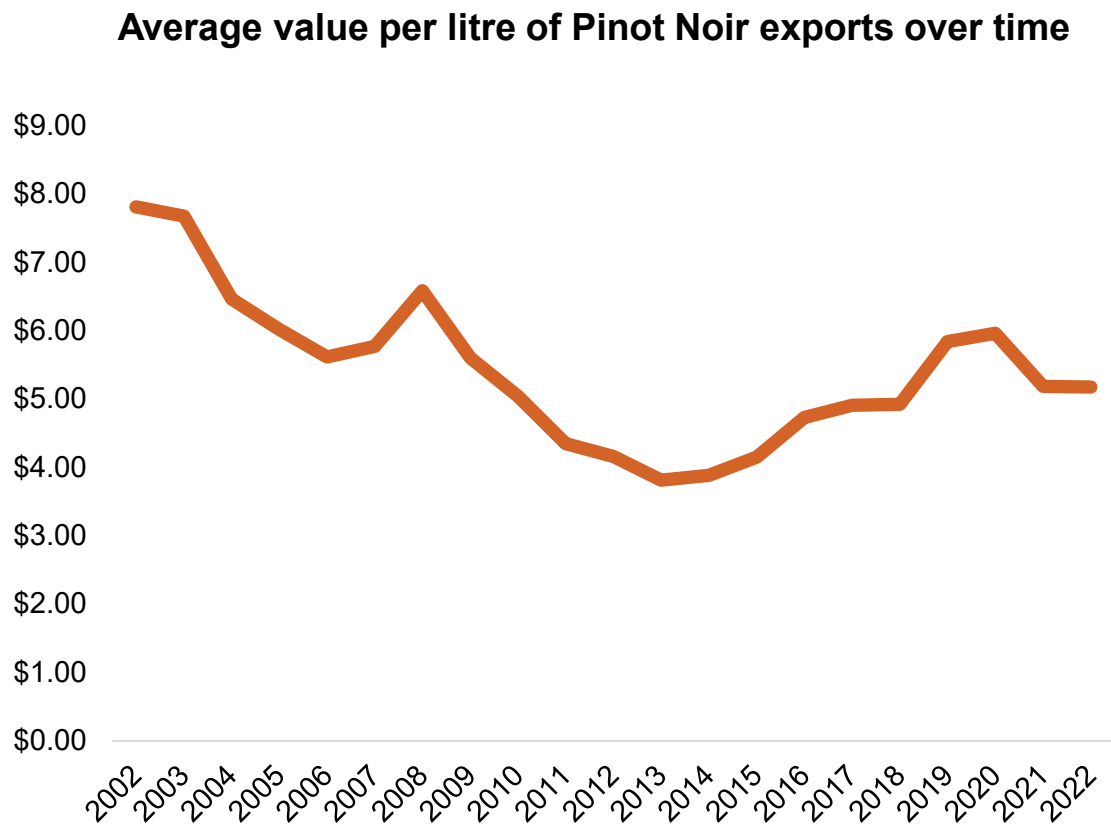

EP2002
EP2011
AF0606B
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- In the past decade, the volume of Australian Pinot Noir exports has declined by an average of 1 per cent per annum, meanwhile value has grown by an average of 1 per cent per annum.
- In the 2021-22 financial year, exports of Pinot Noir grew by 6 per cent in volume to 6.9 million litres and 6 per cent in value to $36 million.



Source: Wine Australia export data, Year ended June

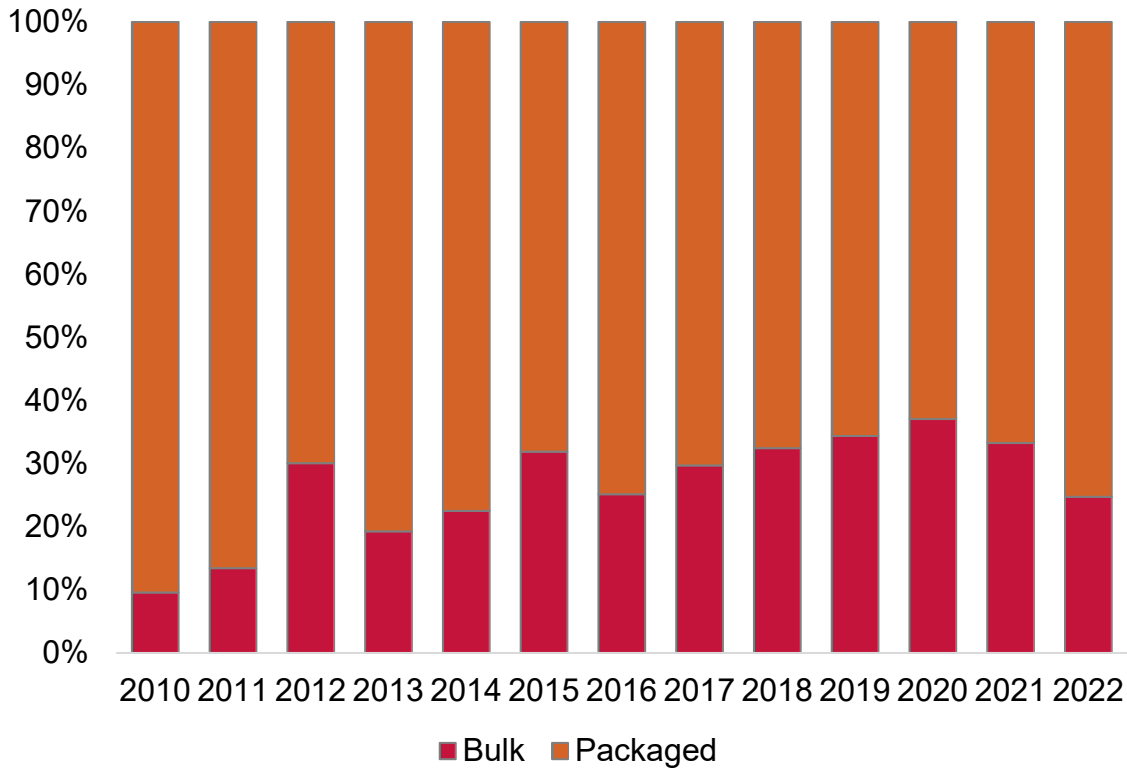
- The decline in volume but increase in value of the last decade has combined to increase average value by 2 per cent per annum, from $4.16 per litre in 2012 to $5.18 in 2022.



Source: Wine Australia export data, Year ended June

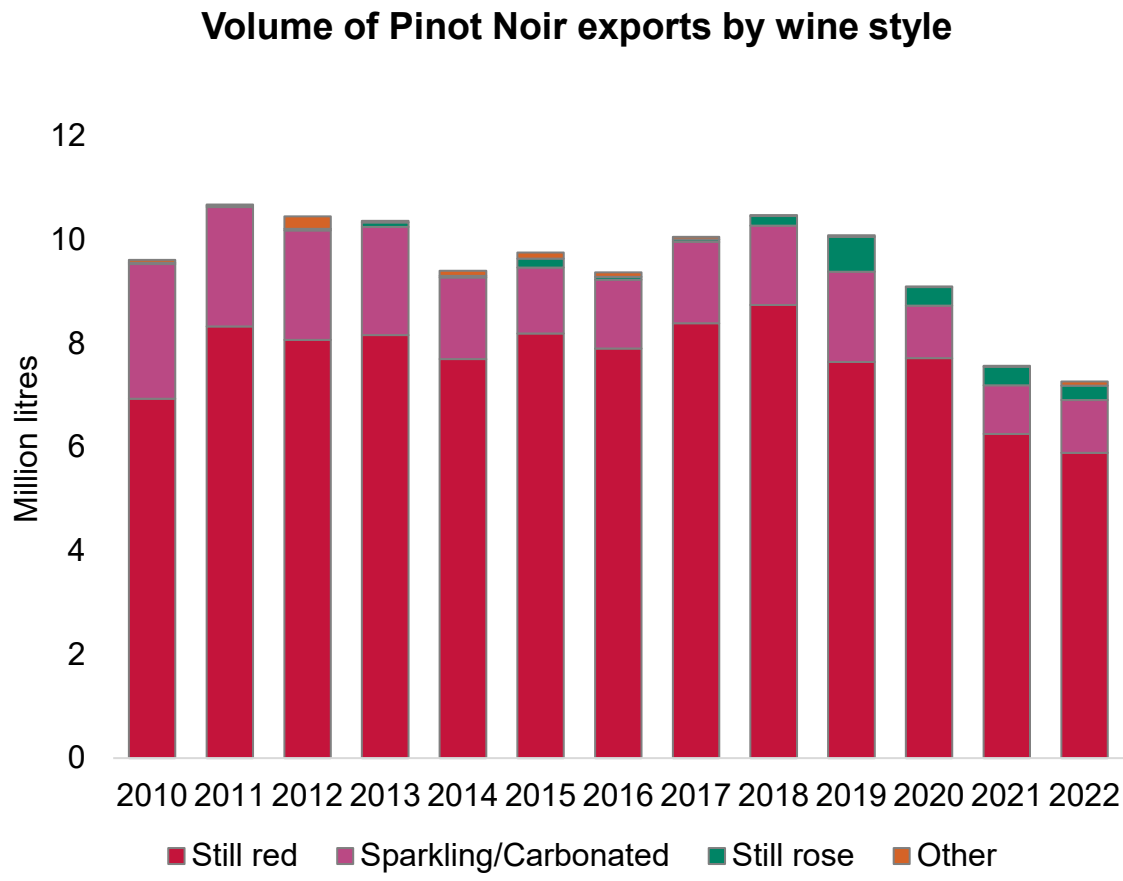
- In general, over the last decade, about 75 per cent of Pinot Noir has been exported in its final packaging. Conversely, 25 per cent has been exported in bulk containers.
- In 2016 to 2020 there was a gradual increase in the share of bulk shipments, but that has since been reversed.

Volume share of bulk vs packaged Pinot Noir exports



Source: Wine Australia export data, Year ended June

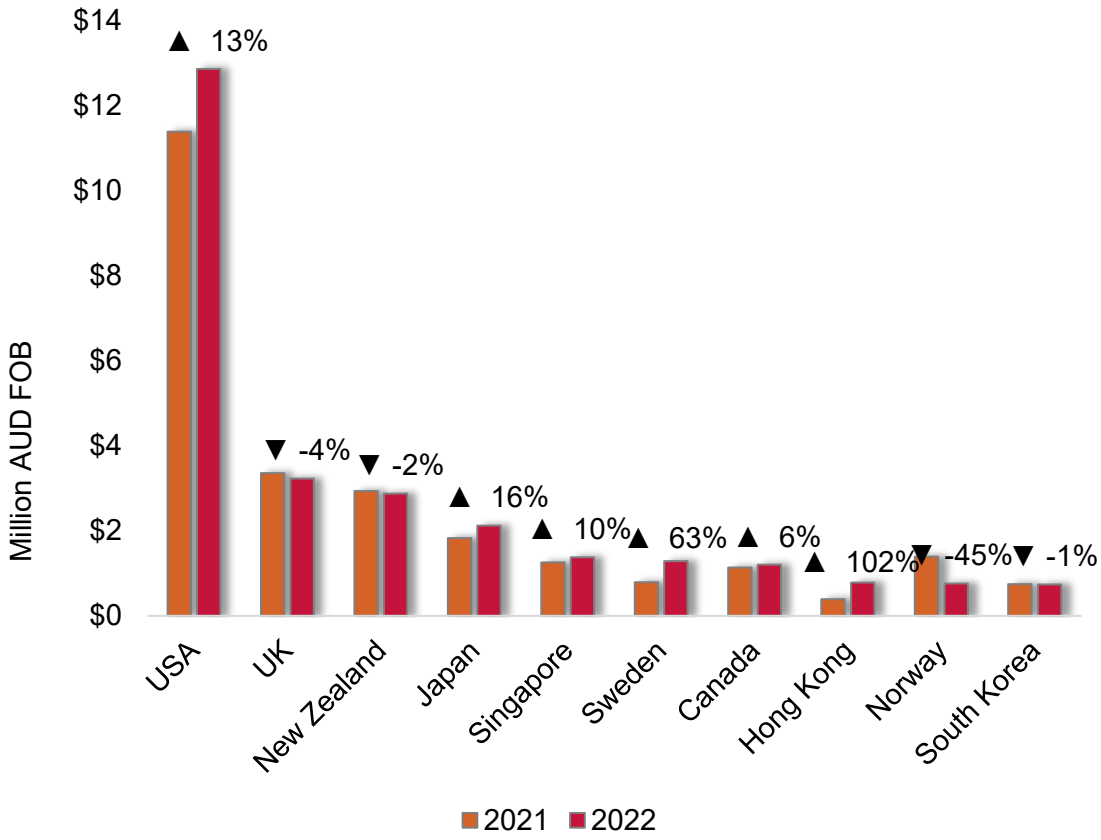
- In general, most (about 80 per cent) exported Pinot Noir is in the still red wine style.
- Sparkling/carbonated Pinot Noir used to have a much larger share of exports (27 per cent in 2010) but has now fallen to 17 per cent in 2022.
- In recent years, Pinot Noir rosé exports have increased, although off a small base. In 2010, they were less than 1 per cent of Pinot Noir exports, and in 2022 that share has risen to 2 per cent.
- The rest of the export data in this report will focus on still red Pinot Noir.



Source: Wine Australia export data, Year ended June

- The United States is by far the largest market for Australian Pinot Noir exports, growing by 13 per cent to $13 million in 2022.
- Several markets have grown in the last 12 months – including Japan, Singapore, Sweden, and Canada.

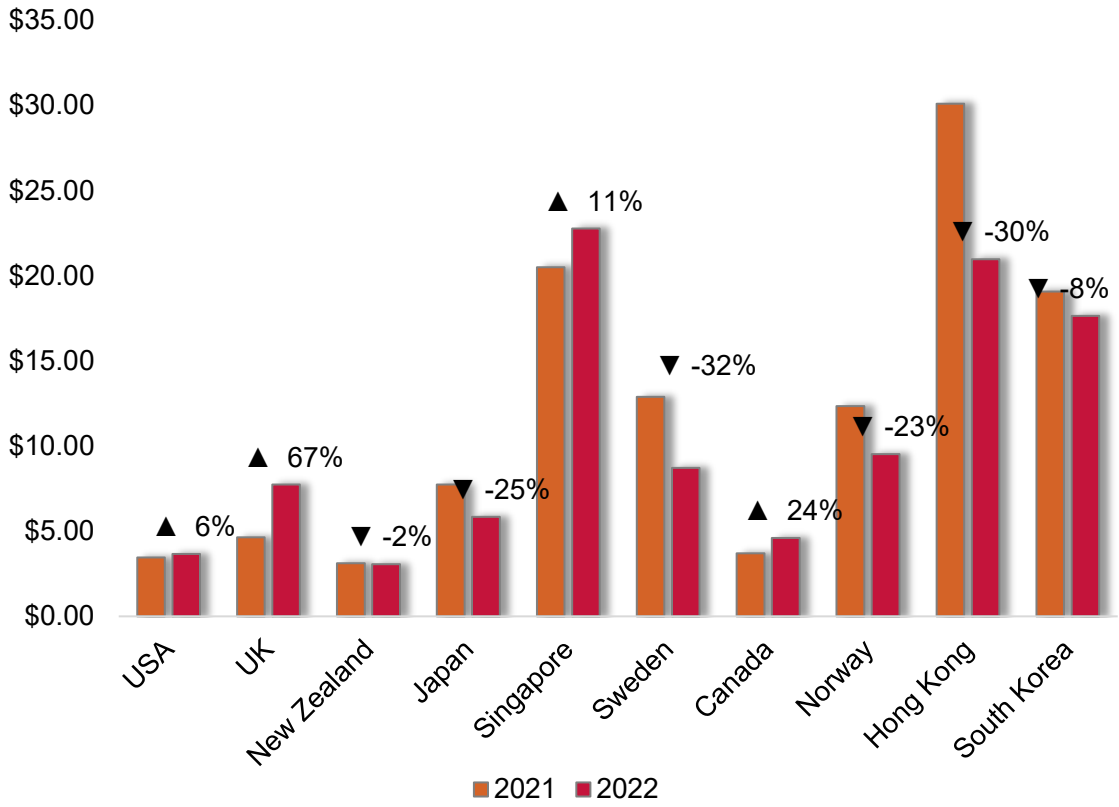
Top 10 export markets by value for Australian Pinot Noir



Source: Wine Australia. Still red wine only. Year ended June.

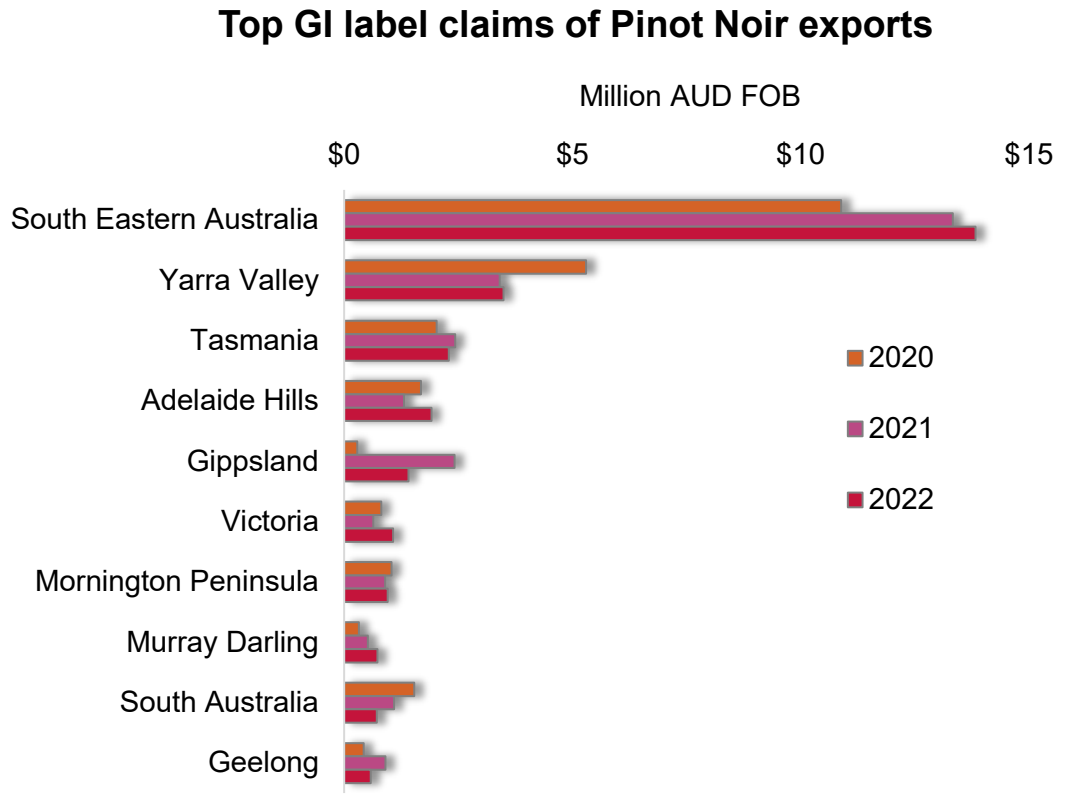
- There have been mixed results in average value in the last year.
- Exports to markets such as the US, UK, Singapore, and Canada have increased in average value, while New Zealand, Japan, Sweden, Norway, Hong Kong, and South Korea have declined.

Average value per litre in top 10 export markets



Source: Wine Australia. Still red wine only. Year ended June.

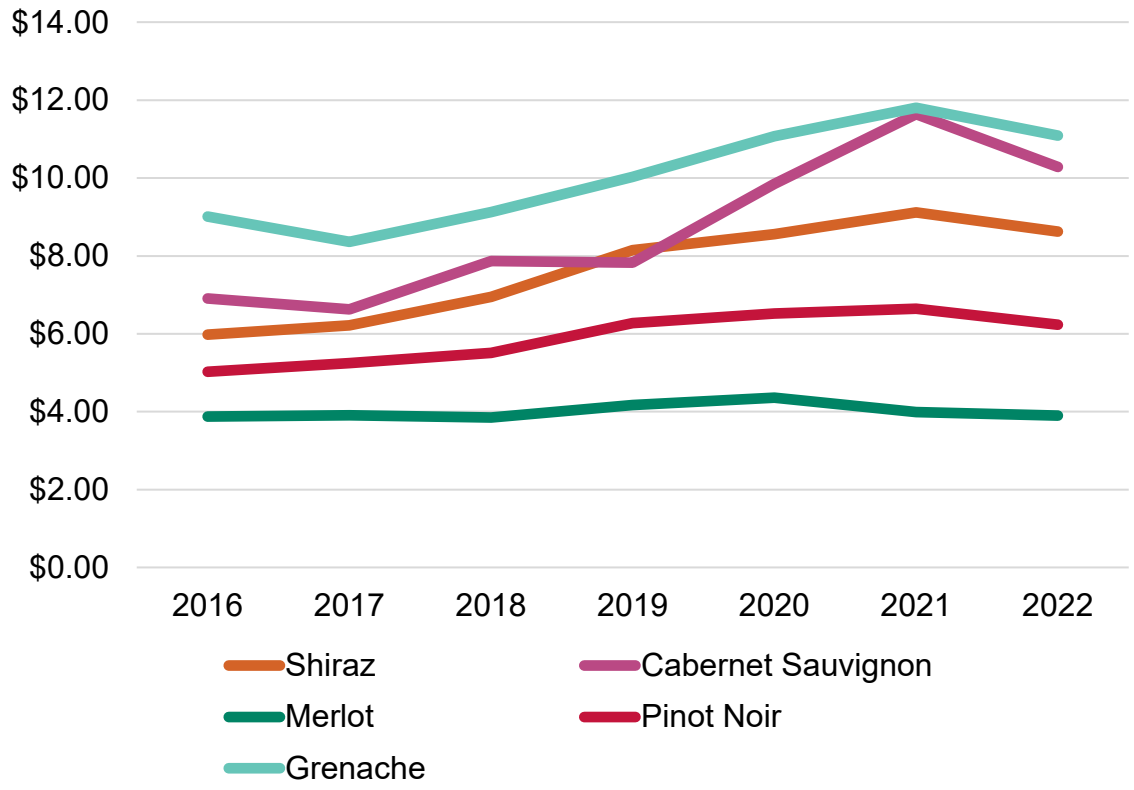
- As with total Australian exports, the GI of ‘South Eastern Australia’ makes up the majority of Pinot Noir exports that have a GI identified.
- Yarra Valley, Tasmania, Adelaide Hills, and Gippsland follow behind. In the last three years, Yarra Valley exports have declined, Tasmania and Adelaide Hills have been stable, while Gippsland exports have increased.



Source: Wine Australia. Still red wine only. Year ended June.

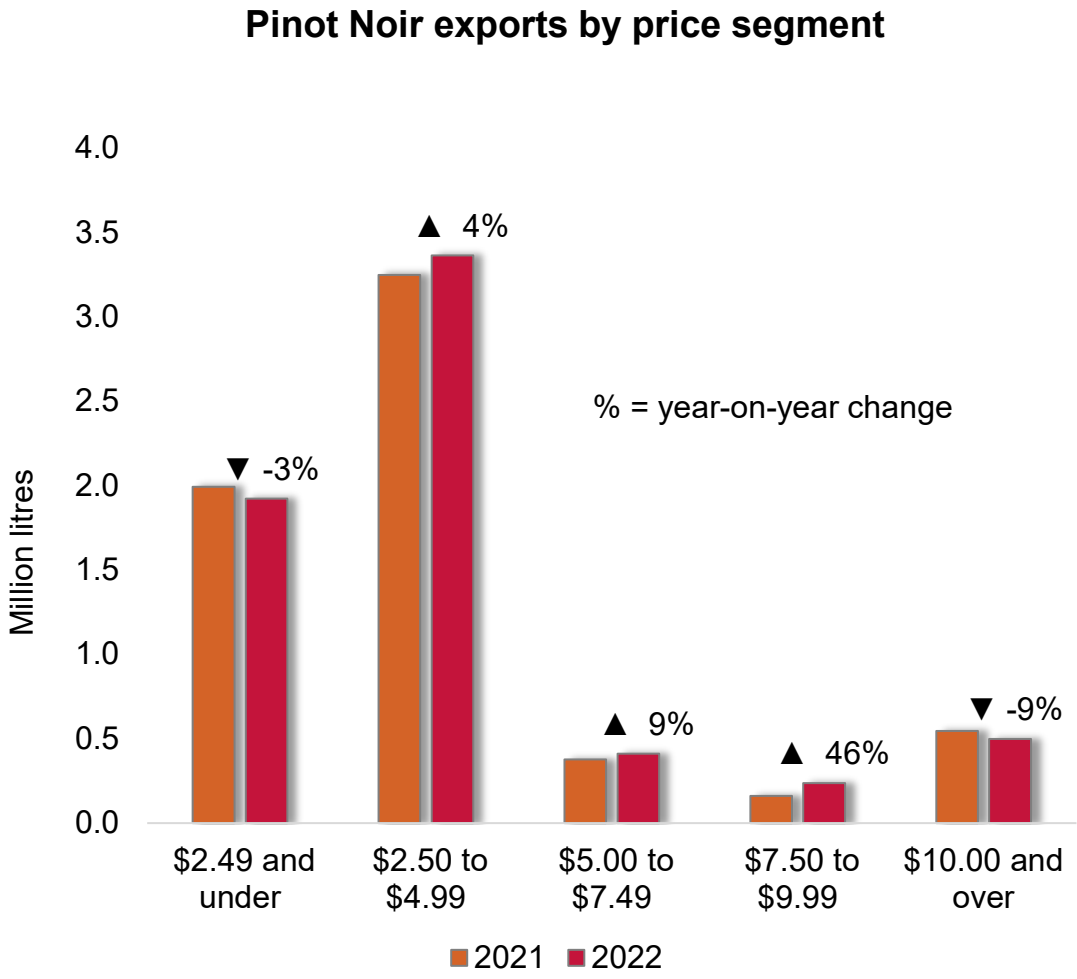
- All the top five red export varieties increased in average value between 2018 and 2021, and then declined in 2022.
- Both Pinot Noir and Grenache packaged exports declined by 6 per cent in average value during 2022 to reach $6.24 and $11.09 per litre, respectively.
- Shiraz declined by 5 per cent, while Cabernet Sauvignon experienced the steepest decline at 12 per cent.

Packaged average value per litre of top 5 red export varieties



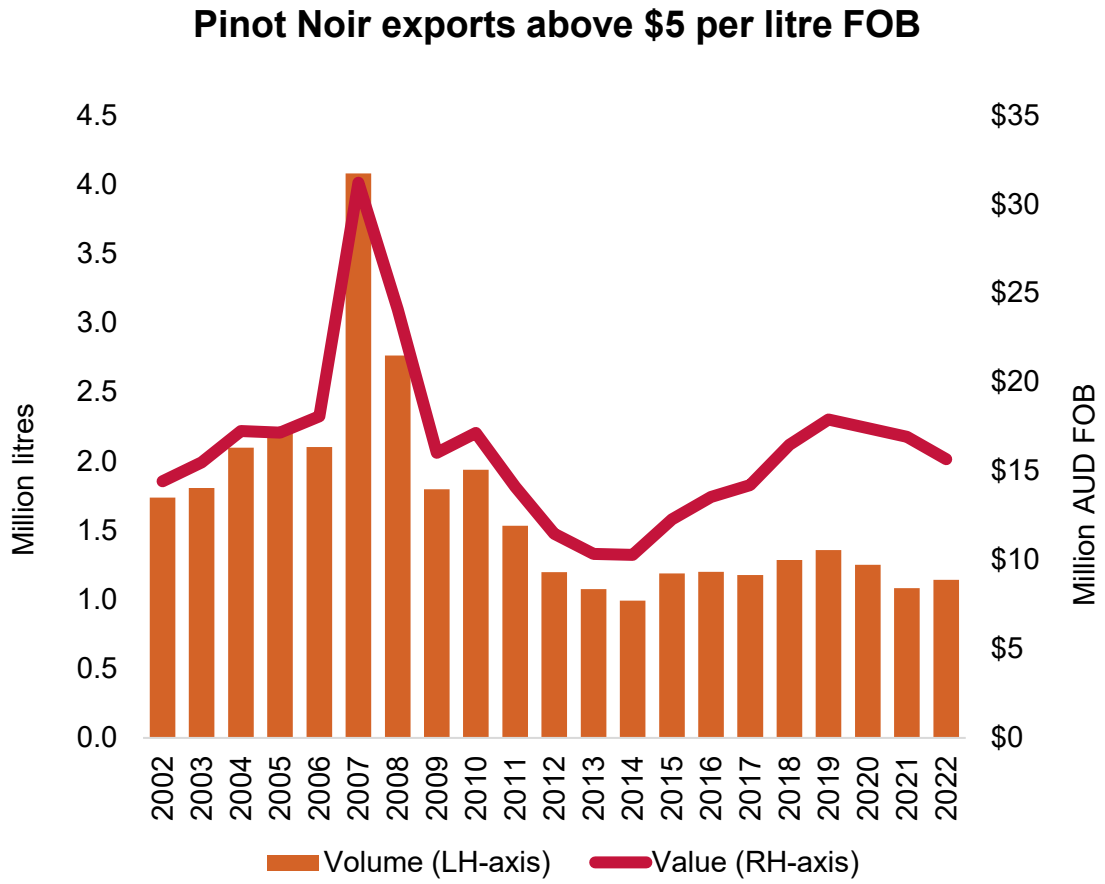
Source: Wine Australia. Still red wine only. Year ended June.

- The majority (around 80 per cent) of Pinot Noir exports are shipped at an average value below $5 per litre FOB.
- Exports between $2.50 and $10 per litre are showing growth, while exports at either end of the price spectrum have declined in the last year.



Source: Wine Australia. Still red wine only. Year ended June.

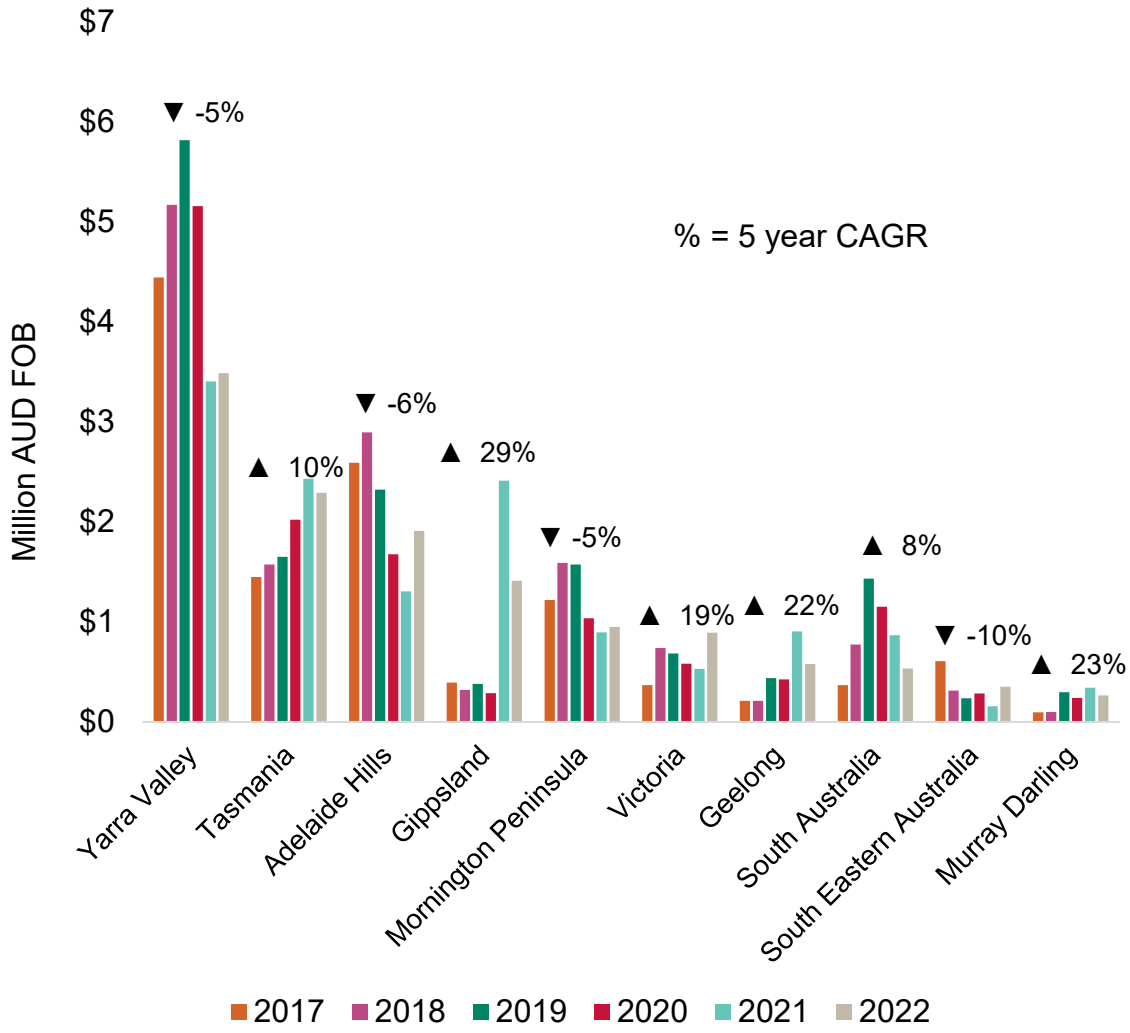
- Exports of Pinot Noir above $5 per litre have increased in value over the past decade by 3 per cent on average each year.
- This is despite a decline in the value since 2019.
- The volume of Pinot Noir exports above $5 per litre has been relatively steady over the last decade.



Source: Wine Australia. Still red wine only. Year ended June.

- Over the last 5 years, both Adelaide Hills and Mornington Peninsula Pinot Noir exports have gradually declined in export value, by an average of 6 per cent and 5 per cent each year, respectively.
- On the other hand, Tasmania and Geelong have had strong growth – by an average of 10 per cent and 22 per cent each year, respectively.
- While Yarra Valley experienced a steep drop in Pinot Noir exports in 2021, Gippsland experienced a steep increase in the same year.

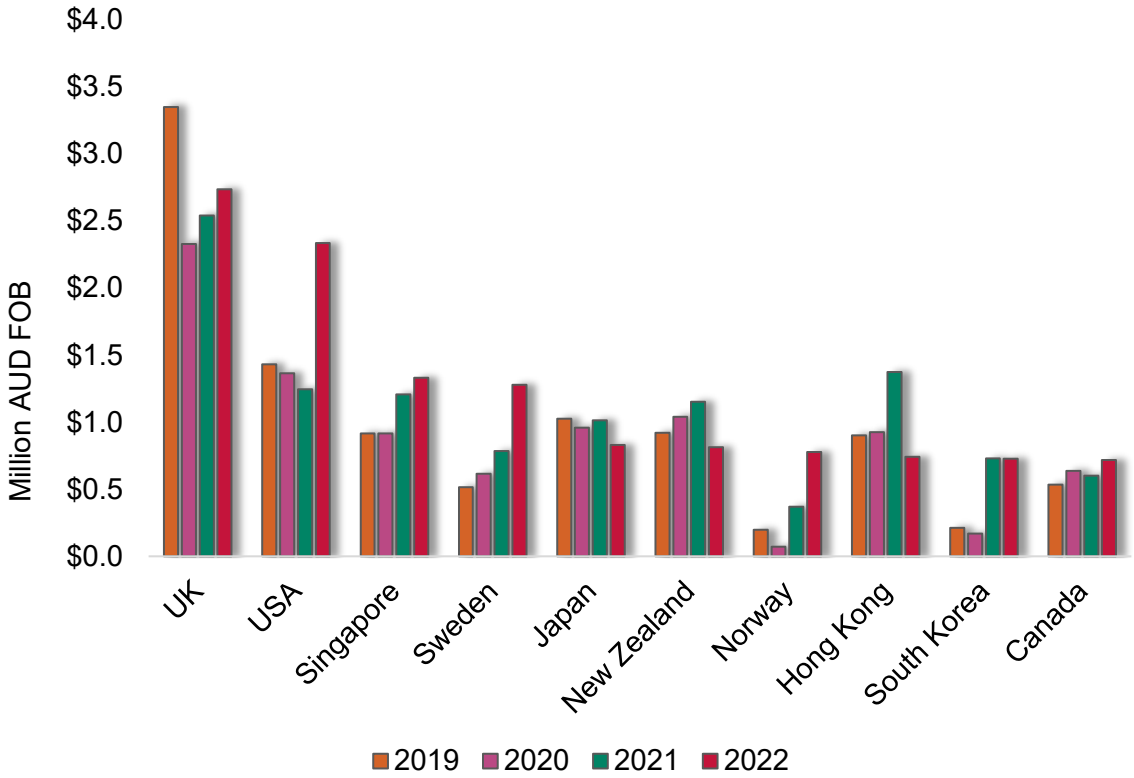
Top GI label claims of Pinot Noir exports above $5 per litre



Source: Wine Australia. Still red wine only. Year ended June.

- There are several markets driving the increase in exports of Pinot Noir over $5 per litre. The largest growth contributors in 2022 were the USA (up 87 per cent), Sweden (up 63 per cent), and Norway (up 110 per cent).
- The UK and Singapore were large destinations that grew by slower rates (8 and 10 per cent, respectively).

Top 10 destinations of Pinot Noir over $5 per litre



Source: Wine Australia. Still red wine only. Year ended June.

Consumer insights



- Data on regular wine consumers in the top export markets for premium Australian Pinot Noir shows mostly stable levels of reported consumption.
- In the UK, US, and Sweden, Pinot Noir consumers tend to skew towards being male, high-income earners, and high involvement with the wine category.

Top red varietal consumption in key export markets

United States

% who have drunk the following varietals in the past 6 months

	2018	2021	Tracking
Merlot	53%	48%	↓
Cabernet Sauvignon	45%	44%	→
Pinot Noir	42%	40%	↓
Red blend	33%	33%	→
Zinfandel	33%	29%	↓

United Kingdom

	2017	2021	
Merlot	55%	53%	
Cabernet Sauvignon	46%	41%	↓
Malbec	29%	38%	↑
Shiraz / Syrah	42%	38%	↓
Pinot Noir	38%	32%	↓

Singapore

	2020	2022	Tracking
Merlot	54%	50%	→
Cabernet Sauvignon	52%	47%	→
Pinot Noir	42%	40%	→
Shiraz / Syrah	35%	29%	↓
Malbec	21%	18%	→

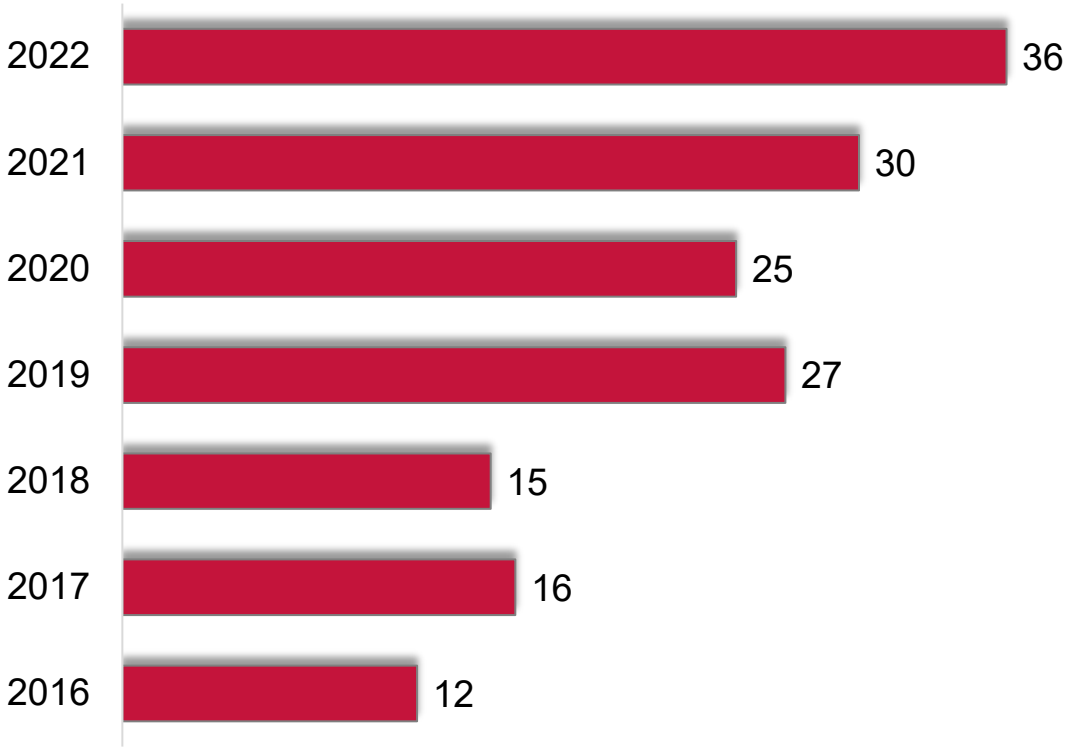
Sweden

	2019	2022	Tracking
Cabernet Sauvignon	54%	46%	↓
Merlot	50%	38%	↓
Pinot Noir	40%	37%	→
Shiraz / Syrah	40%	32%	↓
Zinfandel	37%	32%	↓

Source: Wine Intelligence

- The prominence of Australian Pinot Noir on the world-stage has been steadily increasing. In 2022, 36 Australian Pinot Noir wines received scores of over 90 points at the Decanter World Wine Awards, compared to just 12 in 2016.

Australian Pinot Noir scoring 90+ points in Decanter World Wine Awards



Source: Decanter World Wine Awards

Disclaimer and credits

About Wine Australia

Wine Australia supports a competitive wine sector by investing in research, development and adoption (RDA), growing domestic and international markets, and protecting the reputation of Australian wine.

Wine Australia is an Australian Commonwealth Government statutory authority, established under the Wine Australia Act 2013, and funded by grape growers and winemakers through levies and user-pays charges and the Australian Government, which provides matching funding for RDA investments.

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