



VDP. DIE PRÄDIKATSWEINGÜTER

## VDP.Prädikatsweingüter 2020 – Annual Report

### Review of an Unusual Wine Year

The 2020 financial year put the flexibility of Germany's 200 VDP.Prädikatsweingüter to the test. Despite all negative forecasts, wineries that were able to adapt to the challenges that the pandemic posed report a satisfactory year. Only wineries that focus on blocked distribution channels like restaurants, which were forced to close, or export to the USA, which was subject to punitive tariffs, are experiencing a tense situation.

**Mainz** | The pandemic created turmoil in the wine industry. Distribution channels that disappeared, presentation options that were reduced to almost zero, closed restaurants, and altered consumer behaviour demanded creativity and flexibility from wineries. The tasting of the new 2020 vintage, which has just been launched on the market, is still proving difficult for trade visitors and wine journalists. Wine professionals normally gain a comprehensive overview of the vintage of the VDP.Die Prädikatsweingüter at the VDP.Weinbörse, the world's largest trade fair for German top wines, at the end of April. This year, the VDP.Weinbörse was postponed to July, but ultimately had to be cancelled once again.

### The Vintage

During a time of great uncertainty, the VDP.Winegrowers were compensated with sunny autumn weather and perfectly healthy, aromatic grapes.

*„Remarkable tension. Elegance and finesse paired with fine fruit. A vintage that inspires. This is the third year in a row in which we were able to harvest beautiful grapes. More mineral and tighter than 2018, yet slightly rounder and more powerful than 2019.“*

VDP.President Steffen Christmann, VDP.Weingut Christmann

*„An almost perfect vintage, fit as a fiddle, with rather low but reasonable yields. Crystal clear, mineral, and strong in character!“*

Robert Haller, VDP.Weingut Bürgerspital zum hl. Geist

*„For me, a very elegant, deep vintage with good ageing potential. A year that brings extremely good quality, particularly for Riesling.“*

Felix Prinz zu Salm-Salm, VDP.Weingut Prinz Salm

## **Annual Report**

The current economic data provided by the VDP.Wineries is analysed each spring and average values and estimations are calculated from this. In addition to statistics on turnover and business development, price trends for each of the VDP.Classification levels, the export development, and also various sales channels – from specialised trade to direct sales – are queried. After more than a year of COVID-19, the effects of the pandemic were also analysed in the course of the survey. For example, more than half of the VDP.Winegrowers stated that they had set up an online shop on their website last year. The effects of the past months can also be seen in the stronger communication efforts: 60 % of the VDP.Wineries invested more time and staff in their social media presence, as well as in new digital event formats such as online master classes and digital wine tastings, where specially created wine packages were delivered to participants. The number of staff at the wineries tended to increase, which can be directly traced to altered circumstances in the marketing situation (intensification of online / offline marketing activities).

32 % of the VDP.Vineyards are cultivated organically. A further 29 % of the vineyards were cultivated sustainably last year and a good 17 % of the VDP.Prädikatsweingüter have corresponding certification. This proportion will increase to 100 % by 2025 according to the Agenda 2025, which was recently adopted at the general assembly of the VDP.

## **Domestic Trade**

83 % of VDP.Wines were sold domestically. At 48 %, sales to private consumers accounted for almost half of total sales. 36 % of these were direct sales from the winery last year, despite the partial slump in wine tourism in the spring. Fortunately, there was little decline in this area compared to the previous year. The share of wines sold via the winery's own web shop more than doubled to reach a full 12 % of sales. This shows that in 2020, a year marked by the pandemic, an above-average number of wines were sent by parcel. 7.5 % of wines were sold via online wine merchants.

The hospitality and specialised merchants are particularly important business partners for VDP.Wineries. Sales to specialised merchants account for a quarter (24 %). This share is almost unchanged compared to the previous year. The situation is different regarding the hospitality trade. Due to the closure of restaurants during the lockdown, the share of hospitality sales fell from 18 % to 12 %, a drop of one third compared to the previous year. Relatively unchanged was the share in food retail (8 %) as well as discount (0.5 %).

## **Export**

17 % of the VDP.Wines sold were sent abroad last year. Compared to the previous year, this export share fell by 10 % (from 27 %) due to the global pandemic, delivery difficulties, and especially punitive tariffs imposed by the USA. International interest in top German wines remains unbroken despite the pandemic and export challenges. The VDP.Eagle on the neck of the bottle is internationally regarded as a guarantee of quality. For many VDP.Wineries, expanding export markets is an important strategic goal in building the winery brand and stabilising sales. Increasingly fierce competition at home also makes the development of additional markets indispensable, especially since Germany is the largest import wine market in the world.

The VDP.Winegrowers most frequently export their wines to the Netherlands and Scandinavia. Last year, it became particularly clear that export markets "at the doorstep" offer clear advantages due to short logistical routes and simple import regulations.

## Price-Levels

The VDP.GUTSWEIN remains the calling card and the locomotive of VDP.Wineries. While the average price for a bottle of German wine is around 3.50 euros, the appreciation for artisanal wines becomes clear at an entry price of 10 euros for VDP.GUTSWEIN. More than half of the bottles sold by VDP.Members last year belong to this classification level.

VDP.ORTSWEIN wines account for just under one third of the bottles sold. With an average price of 13 euros per bottle, they represent a high-quality and attractively priced mid-level between VDP.GUTSWEIN and single-vineyard wines. They are predestined for the hospitality trade and often mark the step between varietal character and origin typicity within a winery's product portfolio.

VDP.Winegrowers sell about a quarter of their bottles in the single-vineyard wine segment., Connoisseurs of upscale wines spent an average of 35 euros for VDP.GROSSE LAGE® wines. The dominance of VDP.GROSSEN GEWÄCHSE® is decisive here. The average price for VDP.ERSTE LAGE® wines was 19 euros last year.

"We are grateful to have come through the crisis well thus far with another good vintage. It is amazing to which extent consumers in Germany have given preference to high-quality VDP.Wines for consumption at home," comments Steffen Christmann.

## Facts & Figures 2020 (estimates)

### Total Sales in 2020 (in 0,75 bottles)

Total VDP	approx. 37 million bottles
Per Winery	approx. 187,000 bottles

### Vineyard area

Total VDP	approx. 5.600 ha (approx. 5,5% of Germany's vineyard area)
Per winery	approx. 28 ha

### Staff Structure at the VDP

Ø 10 employees

3 out of 4 wineries train apprentices (more than 2 apprentices)

On average, a winery employs about 15 seasonal workers (manual labour)

### Sales volume in 2020

Total VDP	approx. 462.5 million Euro
Per Winery	approx. 2.34 million Euro

### Revenue in 2020 ø:

56 hl/ha (vintage 2016)

50 hl/ha (vintage 2017)

71 hl/ha (vintage 2018)

52 hl/ha (vintage 2019)

**55 hl/ha (vintage 2020)**

(approx. 3 % of the German wine harvest with a share of 5.5 % of the German vineyard area. This illustrates how a VDP winery harvests significantly fewer grapes on average to maximise quality.)

### Bottle prices in 2020 (0,75l) ø

(Average price for a bottle of German wine: 3.69 € per litre)

VDP.GUTSWEIN	10,00 € (53%)
VDP.ORTSWEIN	13,00 € (23%)
VDP.ERSTE LAGE®	19,00 € (16%)
VDP.GROSSE LAGE®	35,00 € (8%)

### Deposit ø:

Domestic 83 % (2019: 73%)

Exports 17 % (2019: 27 %)

### Export-Tendenzen

- Benelux and Scandinavia: most important export countries for years
- Strong growth in China, Taiwan, boom in Japan, Switzerland and Russia

### Organic Viticulture

- 32.2% of the VDP.Vineyard area is cultivated organically
  - one third of VDP.Wineries already cultivate organically with a strong upward trend (many are in the three-year conversion phase)
- 19 % of the German organic winegrowing area is cultivated by the VDP.
- 14 VDP.Wine Estates cultivate biodynamically (7.3 % of the VDP.Vineyard area, 411.09 ha in total)

### Sustainable Viticulture

- 34 wineries are sustainably managed and certified (= 1,623 ha)
- 29 % of the VDP.Vineyards are cultivated sustainably, 17.2% of the wineries are certified sustainable.
- The VDP is currently working toward their Agenda 2025 to advocate sustainability across the board.

### VDP.Die Prädikatsweingüter

*The VDP (Verband Deutscher Prädikatsweingüter) is the world's oldest association of fine wine estates and home to 200 of Germany's most talented winegrowers. Across diverse regions and philosophies, all share one common thread: a tireless dedication to the timeless ideal of handcrafted wines that express their origins. Bottles as inimitable as their makers. Joined under a symbol revered the world over: the VDP.Eagle.*

If you have any questions, please contact:

### **VDP.Die Prädikatsweingüter**

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