VDP. DIE PRÄDIKATSWEINGÜTER

VDP.press information

Situation report of the VDP.Prädikatsweingüter

A review of the 2023 economic year

The song of the VDP winegrowers is quality

Mainz, 24 April 2024 | The 50th anniversary year of the most important trade fair for top German wine, the VDP.Weinbörse in Mainz, is under a special star: How are the players in the trade, gastronomy, and importers from abroad reacting to a subdued market and the changing consumer behaviour of wine drinkers? After all, the VDP event is the benchmark for the enormous development of German wine over the last 50 years. Even if an uncertain market environment can be felt, quality, craftsmanship and a clear profile pay off - the high number of visitors announced for the Wine Exchange indicates a loyalty to the VDP's pursuit of quality that has been built up over many years.

The 2023 vintage - how the weather played out

The 2023 vintage will go down in history as a "special vintage" for winegrowers. From the drought in spring to the persistent rain and warm temperatures later in the year, this wine year was anything but ordinary. All of this required a great deal of attention, care, and experience.

Many members of the VDP experienced the fastest harvest they have ever had, as both estate wines and single-vineyard wines ripened practically simultaneously. The 2023 harvest was undoubtedly a feat of strength that demanded the skill of the VDP.winegrowers, as well as determination and adaptability to the capricious weather conditions. The grapes had to be intensively selected by hand to ensure that only healthy and ripe grapes made it to the wine presses. 2023 - a year that demanded diligence and care above all for truly top-quality wines. The result is exceptionally good: "The wines have just the right amount of fruitiness and an invigorating acidity, so that the vintage has an optimal balance between intensity and animating freshness," says VDP President Steffen Christmann.

Situation report

The economic data of the VDP wineries is always surveyed in spring and average values and projections are calculated from this. In addition to the questions about turnover and business development, the price trend of the various levels of the VDP classification, the development of exports and the various sales channels from specialised retailers to direct sales were also surveyed.

Despite the economic environment, decline in disposable household income, “drink less but better”, increasing demand for non-alcoholic options - also in the context of dietary changes, and demographic changes in society, the majority of wineries were able to almost maintain their sales, which is a good result compared to the German market as a whole.

The average annual turnover of all wineries was around €2.3 million. This also corresponds to the results of the survey, in which around half of the respondents confirmed that turnover had increased compared to the previous year, while the other half of respondents reported falling turnover.

The German domestic market was challenging due to inflation and lower real wages. Despite all the adversity, domestic sales stagnated with a 73% share of sales on average among VDP.wineries, while sales of German wines fell by 9% in 2023 according to Nielsen. In general, the domestic share of VDP wineries varies between 15% for those that export a very high proportion of their wines and 100% for those that market them entirely in Germany.

Ex-farm sales remain very important for many wineries in the VDP, even if the share of sales via this channel varies greatly depending on the winery's organisation - from 0 to 70% ex-farm sales can be found, with an average of 29.5%. The wineries often compensate for any fluctuations in farm-gate sales with their online shops, where direct sales tend to be slightly higher.

More than 4 out of 5 wineries (86%) in the VDP have their own online shop, through which they sell 14% of their wines. Almost every second winery (43%) was able to increase its sales in its own online shop, while only one in five had to accept a decline in sales. In future, many wineries would like to promote sales via their own online shop, through intensive customer contact, podcasts, online tastings, etc. Almost every second winery expects sales to continue to rise via their own online shops.

The gastronomy trade and specialist retailers remain enormously important partners for VDP winegrowers. They are valuable multipliers who provide comprehensive advice on the VDP's product ranges and different classification levels through direct customer contact, expertise, and service. The VDP.sparkling wine segment, in which the wineries have invested enormously in recent years, is also being listed more and more widely by the catering and retail trade.

Overall, stable sales figures of 26% in the specialist trade and 20% in the gastronomy trade have been recorded. The slight shifts are often the result of indirect sales from specialist retailers to the gastronomy trade, which uses purchases from specialist retailers as a lever to save on storage costs for expensive wine cellars. One in four businesses in the VDP expects sales via the specialised trade to increase. Here, the VDP wineries can rely on long-standing business relationships in a concentrated trade segment, which appeals to and cultivates a reliable, enthusiastic, and growing target group.

It is particularly noteworthy that in a generally shrinking market, VDP wineries continued to sell one in five bottles (20% of sales) directly to the gastronomy trade in 2023. Here, it is the combination of culinary delights and wine enjoyment, numerous and constantly new catering concepts, as well as the personal commitment of the winegrowers and their presence in the restaurants that make it possible to maintain this position in a shrinking market. One third have increased sales, one third have maintained their position and one third have lost sales. The majority remains optimistic.

The food retail trade (LEH) has had to accept a drop in sales, particularly for wine, due to the loss of purchasing power among households and the sharp price increases for food last year.

One in four VDP wineries also lost sales in the food retail trade, and only 15% of the wineries were able to increase their sales via the food retail trade. This is due not least to the regional ranges of the owner managed Rewe, Edeka & Co. Overall, sales by VDP wineries operating in the food retail sector fell by 3.5% to 5.5%. Sales through discount stores remain negligible at less than 1%.

60% of VDP wineries work with external online retailers and market an average of 5% of their total sales per winery through them. This figure has halved compared to the previous year. The general decline in online sales has led to strong price competition and price reductions. Due to this strong volume and price competition, the VDP.wineries sold through external online retailers last year, with only one in ten wineries able to increase their sales. Half of the wineries expect sales via external online retailers to remain unchanged in the future, while a third anticipate further declines.

The global environment was challenging in 2023 due to inflation and higher interest rates. Imports from most international wine markets decreased significantly in 2023. The fact that the value and volume of the global wine trade fell again in 2023 after the recovery at the end of Covid 2021 plays a role here. This is also partly due to the reduction in the high stock levels that were built up in times of unreliable supply chains. The VDP wineries were able to buck this trend. 41% of the companies were able to increase their export sales and only 26% were affected by a decline in exports. Overall, the foreign sales of all VDP wineries remained unchanged at 27%. This means that one in four VDP bottles is sold abroad.

The VDP's most important export markets include Scandinavia, above all Denmark and Norway, as well as the Netherlands and the USA. In Asia, China and Japan are of great export importance, as are Switzerland, Belgium, and the United Kingdom in Europe. These markets are also seen as attractive and important for the future, and their significance will continue to grow. Australia, Korea, Thailand, Singapore and, in South America, Mexico and Brazil are named as newcomers and new (future) target markets. The positive export statistics compared to the overall wine industry are also because "white wine from Germany" is increasingly being recognised.

The VDP wineries were able to keep the price level of their wines largely stable. VDP estate wines were able to sell for slightly more than in the previous year, at an average of €11.50 per bottle, compared to the average German bottle price of €3.83. The price level for VDP.Ortswein and VDP.ERSTE LAGE® remained stable. The high demand for VDP.GROSSE LAGE® wines enabled a price jump to an average consumer price of €40.

"Fortunately, the resilience of the VDP wineries is very high thanks to the profiling of the past decades and the focus on quality, so we are optimistic about the future despite the challenges," says VDP President Steffen Christmann, summarising the current situation.

If you have any questions, please contact

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Facts & Figures 2023 (projections)

Total sales in 2023 (in 0,75 bottles)

Total VDP	39,7 Mio bottles
Per winery	198.500 bottles

Vineyard area

Hectares according to the information in the VDP table for all 200 wineries

Total VDP	approx. 5.700 ha (≙ approx. 5,5% of the German vineyard area)
Per winery	approx. 28,5 ha

Staff structure in the VDP

ø 8 Employees, 3 temporary staff
4 out of 5 wineries train apprentices (ø 2 apprentices)
On average, up to 12 seasonal workers are employed per winery. (Up to 60 depending on the size of the estate)

Sales volume in 2023

Total VDP	approx. 460 Mio. Euro
Per winery	approx. 2,3 Mio. Euro

Yield in 2023 ø

56,5 hl/ha (vintage 2023)
62 hl/ha (vintage 2022)
53 hl/ha (vintage 2021)
55 hl/ha (vintage 2020)
52 hl/ha (vintage 2019)

Bottle prices in 2023 (0,75l) ø

For comparison: Average price for a bottle of German wine: € 4.51 per litre
Note: The prices quoted are end consumer prices, but a not inconsiderable proportion goes to retailers/gastronomy/export with corresponding discounts

VDP.GUTSWEIN	11,50 € (49,5%)
VDP.ORTSWEIN	14,00 € (30%)
VDP.ERSTE LAGE®	20,00 € (11,5%)
VDP.GROSSE LAGE®	40,00 € (9%)

Sales ø

Domestic 73 %
Export 27 %

Export-Trends Top 3

- Skandinavia (Denmark, Norway, Sweden)
- The Netherlands
- USA

Organic viticulture

- 40 % of the VDP vineyard area is organically cultivated by 82 wineries (partly still in conversion)
- This means that approx. 16% of the German organic wine-growing area is cultivated by the VDP
- 13 VDP wineries work biodynamically (7.7 % of the VDP vineyard area, 427.5 ha in total)

Sustainable Viticulture

- 65 wineries are sustainably managed and certified (= 2,489 ha =^ 45% of the VDP vineyard area)