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GAIN Report

Global Agricultural Information Network

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Chile

Post: Santiago

Chileans Are Paying More For Wine Than Ever Before

Report Categories:

Wine-Voluntary

Approved By:

Rachel Bickford, Agricultural Attaché

Prepared By:

Maria Jose Herrera M., Marketing Specialist

Report Highlights:

Locals drinking more premium wines explains the price trend.

General Information:

Chileans are choosing more expensive vintages to quench their thirst for homegrown wines. In 2011, the average price of wine sold in Chile rose by 10 percent over the previous year. The average price paid in 2011 for wines from Santa Rosa, for example, increased 11.5 percent, while their sales volume decreased 5.4 percent.

Chilean wine giant Concha y Toro saw local prices for its wines increase by 13 percent over 2010, and have been selling many more high quality blends than in the past. “We have seen sustained growth in the category of fine wines, where we had very good numbers and an interesting growth in volume,” Concha y Toro Communications Manager Blanca Bustamante told La Tercera newspaper.

Another reason for the overall price increase is the conditions of the wine industry. Elena Carter, manager of Corporate Affairs at Santa Rosa, says that the average price of wine in the local market was a bit outdated in terms of higher costs of production and labor in the industry.

“[The price increase] is related to an increase in raw material costs and lower profitability in export markets due to unfavorable exchange rate,” said Miguel Torres, CEO of Viña San Pedro.

The price increase of wine doesn’t necessarily signify a shift in the industry, but only a reflection of the higher quality wines now being consumed by Chileans more regularly. “There are wines in the market that are more resistant to this price increase, but they are the lower quality wines,” said Bustamante.

Post note: The average Chilean consumer can find good wines starting from CH\$8,000 (US\$16) up to CH\$50,000 (US\$102), depending on the variety. The most popular varieties in Chile are Cabernet Sauvignon and Merlot for red wines and Chardonnay and Sauvignon Blanc for white wines. Five years ago, when a middle class Chilean chose a bottle of wine to bring to a dinner, they would grab a bottle of red for CH\$3,000 (US\$6) or a bottle of white for CH\$2,000 (US\$2) and that would be fine. Today’s wine buyer wouldn’t think of spending anything less than CH\$8,000. The increase in spending that we have observed in domestic wine translates to a willingness to pay higher prices for imported wines.