Creating value in Aotearoa New Zealand’s wine industry: Opportunities to capitalise on buying local?

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Jo is a rural social scientist with diverse research interests focused on the analysis of change and resilience in rural regions. Much of this research has agri-food products, including wine, at its core. Recent projects have included the analysis of regional wine industry resilience in the aftermath of natural hazard events and ongoing and intensifying climate variability, and an analysis of the influence of the COVID-19 pandemic on wine and food consumption behaviours.

The COVID-19 pandemic has caused severe disruption to Aotearoa New Zealand’s primary sector; global delays and increased shipping costs have impacted profit margins and cash flows, and caused logistical challenges. The impact of the pandemic on the wine industry has varied significantly, depending on wine production scale. For example, the wine sales of large producers, who have been able to benefit from supermarket distribution, have been largely unaffected, and in some cases, lockdown has had a net positive effect, with supermarkets and liquor stores being the only brick and mortar stores to remain open [1]. Over 90% of wines produced in New Zealand are exported [2], and despite the challenging year, in 2020, these exports continued to grow [3].

The majority of New Zealand’s 731 wine producers, however, did not benefit during the pandemic period—in fact, changing consumption patterns caused substantial negative impacts. The country’s wine sector is characterised by considerable diversity in enterprise scale, and a large majority of the country’s wineries (87%), are classified as small producers [2], with more than half selling an average of just 4000 litres, which is less than 500 cases of wine per year. The majority of wine from these producers (75%) is sold domestically, primarily via restaurants, winery cellar doors, or online [4]. These small producers have borne the brunt of the pandemic’s impact, which has led to concerns about their ongoing viability [1], with significant implications for regional economies and employment, as well as for New Zealand’s global reputation as a producer of high-quality wines created by boutique producers.

A better understanding of consumer demand is fundamental for the New Zealand wine industry [5]. Given the proportion of wine exported, most research into consumer perceptions of the value of New Zealand wine has occurred in international markets [e.g., 6]; however, the fortunes of most small wine producers lie in the domestic market, and the domestic appeal of New Zealand wine has not yet been explored in any detail.

There is, however, reason for a degree of optimism in this market. Research indicates that global trends in food and drink consumption have seen local and authentic food producers and products prioritised by many consumers [e.g., 7, 8], but similar research has not yet been conducted on the value of, or desire for local wines. While some of the qualities valued in local foods would be comparable to those of local wines (e.g., perceptions of greater sustainability), other local food qualities (e.g., freshness) would be less relevant for wine products.

The pandemic experience has intensified the trend to buy local in New Zealand, as consumers seek to support the economy at a time of crisis [9], and there is evidence to suggest this trend is having an impact on wine consumption, with increased demand for local wine in restaurants [10]. Wine regions adjacent to major centres have also reported good wine tourism engagement by domestic visitors [11, 12], and research conducted with 500 New Zealanders during 2020 found that over half the respondents were purchasing more locally produced food and beverages, and buying more New Zealand wine [13]; whether this will be a long-term trend is unknown, but it is an important issue worthy of further research.

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