

Push, pull or **break.**

Wine's route-to-market reckoning.

Hosted by Charles Curtis MW, Barry Dick MW and Mitch Fowler, Fero



Who you'll hear from.



Barry Dick MW

Barry combines 12 years in UK major multiples, including **Sainsbury's and Waitrose**, with 13 years in wine and drinks brands. A former chief commercial winemaker for a global top-ten wine company, he became a Master of Wine in 2013.



Charles Curtis MW

Charles brings 30+ years across wine sales, education, auction and advisory. He led **Christie's** wine businesses in North America and Asia, was Director of Wine & Spirit Education at **Moët Hennessy**, and now advises private, trade and institutional fine-wine clients.



Mitchel Fowler

Raised in Australia's Hunter Valley, Mitch spent 14 years financing global commodity supply chains across **Macquarie, Barclays, Société Générale and ICBC Standard Bank**. He founded Fero to bring the same financial infrastructure to wine and spirits.

**Is today's route-to-market
strain a temporary correction
or a structural break?**

Today's structure.

- | | | |
|----------|---------------------------|--|
| 1 | Framing | Every route to market moves product, money and information. Strain in one flow surfaces in another. |
| 2 | Follow the product | Commodity competition has eroded margins, thin margins have removed the ability to market, and the category is losing relevance. |
| 3 | Follow the money | The chain optimises for working capital rather than efficiency, so margin erodes further and the brand goes unfunded. |
| 4 | Conversation | Where the chain is breaking, who is lending to whom, and which segment is most at risk. |
| 5 | Close | Three things to do next, and the question the MW papers have not asked. |

Three flows.

Product

Liquid, stock and packaging moving from vineyard to shelf.

Money

Cash moving the other way, and how long it takes to arrive.

Information

What each party knows about demand and stock.

THE CHAIN THEY MOVE THROUGH



Producer



Distributor



Retailer



Consumer

Australia cut supply, and the stock and the price did not move.

THE STOCK

2.06bn

litres held

against 1.08bn litres of annual sales, an excess of about 262m litres or 375,000 tonnes of grapes.

THE CUT

–19%

2026 crush, to 1.27m tonnes

Still about 230,000 tonnes below the 1.5m tonnes Wine Australia says balances demand.

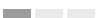
THE PRICE

A\$570

a tonne, down a further 6%

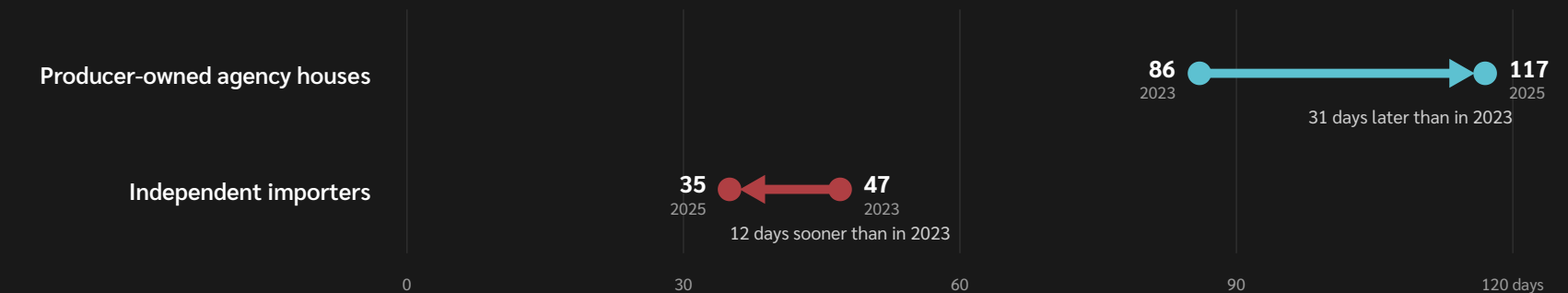
A smaller crop did not lift the price, as stock already in tank contributes to the ongoing oversupply.

Why the stock built up: price, not a generation.

	DRIVER	WEIGHT OF EVIDENCE	EVIDENCE
1	Price and affordability	 HIGH	A bottle costs roughly 30% more than in 2019–20, and consumption has fallen 12% over the same period.
2	Value positioning	 HIGH	Only 19% of younger drinkers name wine as their preferred drink, compared with 43% for beer and 24% for spirits. Wine also ranks last of the three on value for money.
3	Export market exposure	 HIGH	Australia's three largest export markets all shrank in the year to June 2026. UK and US volumes are at 25-year lows. China down 15% as post-tariff restocking ended, Germany down 16%.
4	RTD and category substitution	 MODERATE	Still wine fell from 11% to 10% of global alcohol 2019–24, forecast to reach 9% by 2029.
5	Generational abstinence	 LOW	Gen Z participation is stable year on year. Drinkers choose fewer categories per occasion (2.8 down to 1.8), which is selectivity rather than abstention.

UK distributors are being squeezed on margin, overheads and cashflow.

DAYS TAKEN TO PAY SUPPLIERS, 2023 TO 2025



8 of 10

hold more stock than two years ago

~£190m

of stock held against flat or falling sales

2.9%

median operating margin, so a 5% reduction in gross margin wipes out the year

17–37%

of revenue is tied up in stock and unpaid invoices

The same squeeze, measured across the chain.

DAYS OF INVENTORY AND PAYMENT TERMS BY LINK. PRODUCT MOVES LEFT TO RIGHT; CREDIT MOVES RIGHT TO LEFT, AS TERMS, CONSIGNMENT AND SALE-OR-RETURN

	Grower	Producer	Importer / distributor	Retailer & on-trade
Days of stock	~365	~1,100–1,200	~120–150	30–60
Days to get paid	30–180	60–90	60–90	~0, at the till
Days before you pay	0	0–60	35–117	45–90
CASH CYCLE	+12–15 months Lender of last resort	+3.3–3.5 years Holds the parcel	+2–4 months Pushes terms upstream	–15 to –60 days Funded by its suppliers

Industry headwinds.

TAX

57%

in every pound of a £7.07 bottle

Duty and VAT take their share before anyone in the chain is paid, leaving 62p of wine in the bottle.

RETAIL MARGIN

3.0%

operating margin at the big grocers

Asda is at 1.7% and the discounters at 0.7%. They defend it by cutting cost, not raising price, and that cost lands on suppliers.

BRAND INVESTMENT

0.5–4.4%

of revenue spent on marketing by wine

Spirits groups spend 12–21%, and nine of twelve listed wine groups disclose no marketing line at all.

Three product themes: margin, marketing and relevance.

01

Commodity competition has eroded margins

For most of the market, wine competes as an undifferentiated commodity. Prices have fallen to cost, and below it where there is too much stock.

02

Thin margins have removed the ability to market

Without margin there is no money to reinvest in the consumer, and a product nobody markets slides further towards commodity pricing.

03

The category is losing relevance

The categories taking wine's share win on affordability, awareness and format, which are the three things wine has stopped investing in.

THE LOOP

Less margin



Less marketing



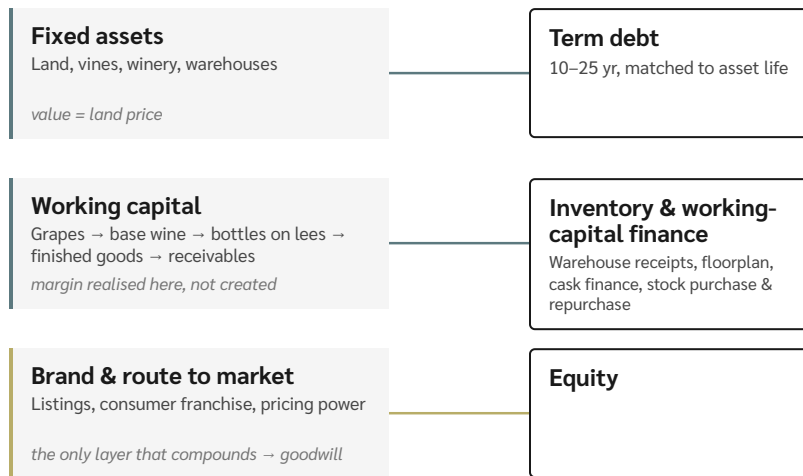
Less relevance



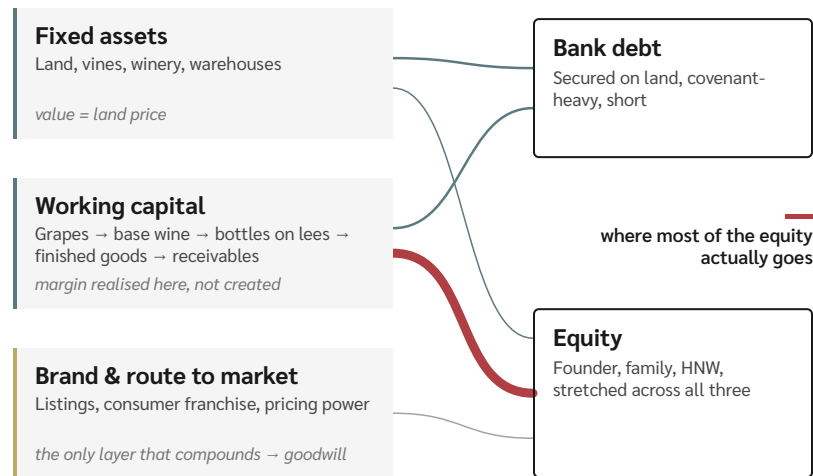
More commoditisation

Every wine business is three businesses on one balance sheet.

OTHER LONG-INVENTORY INDUSTRIES



WINE



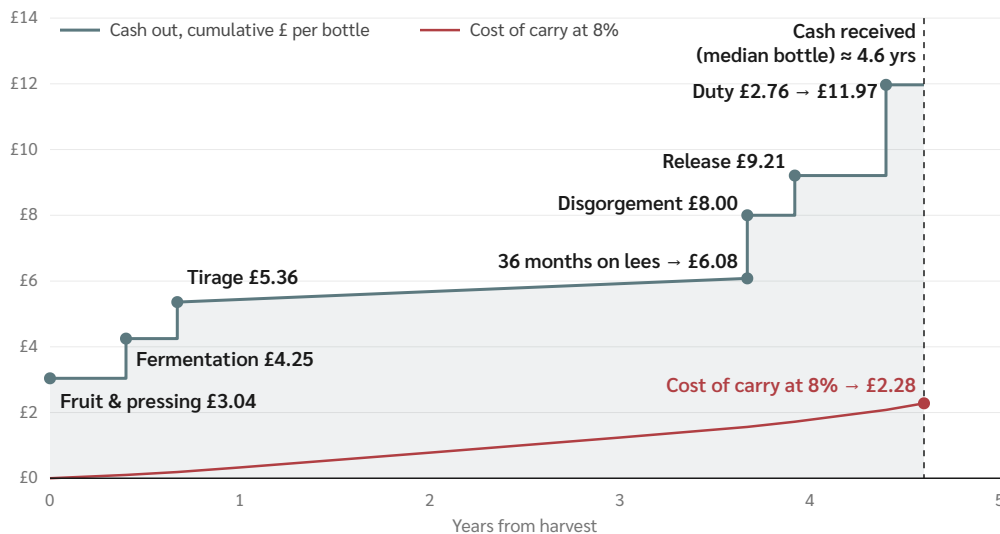
92% WHERE VALUE SITS
of S&P 500 market value is intangible,
up from 17% in 1975

1.5x CHAPEL DOWN
working capital vs revenue,
FY2025 (£29.5m vs £19.4m)

55% LANSON-BCC
of total assets held as stock, FY2025

Time is the most expensive ingredient after the grapes.

CASH OUT PER BOTTLE, ENGLISH SPARKLING NV, 36 MONTHS ON LEES



£2.28 a bottle

Cost of carry, the interest on the money tied up while the wine waits, at 8%. It is more than disgorgement (£1.92) and three-quarters of the fruit (£2.94)

4p vs 2p a month

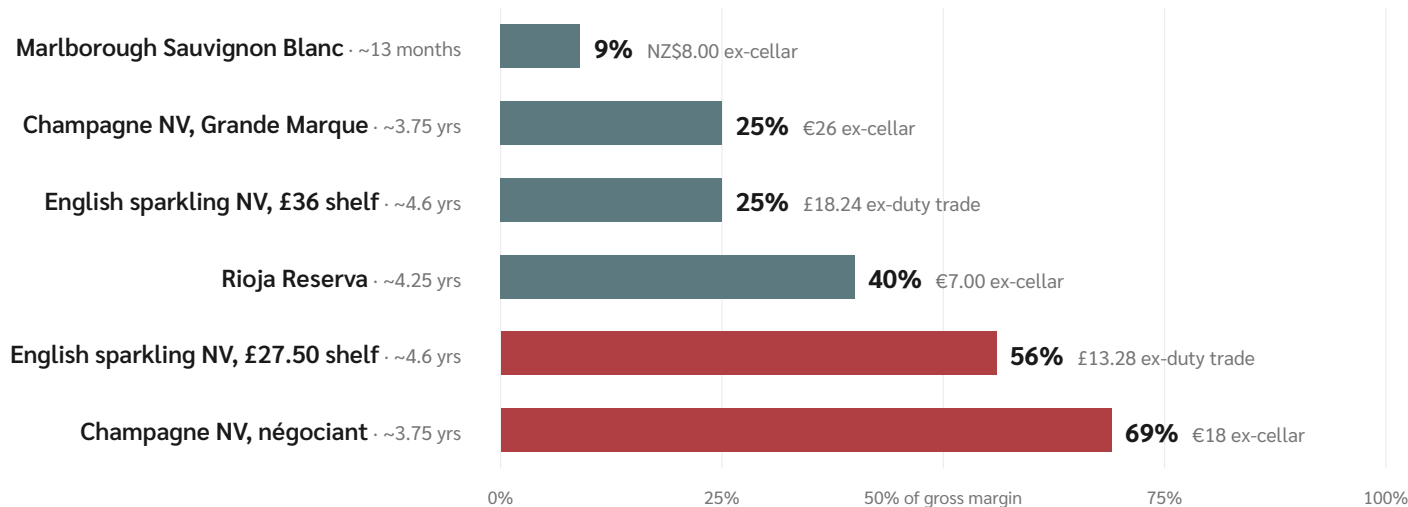
The money costs twice as much as the storage, but only the storage features in COGS

9 vs 36 months

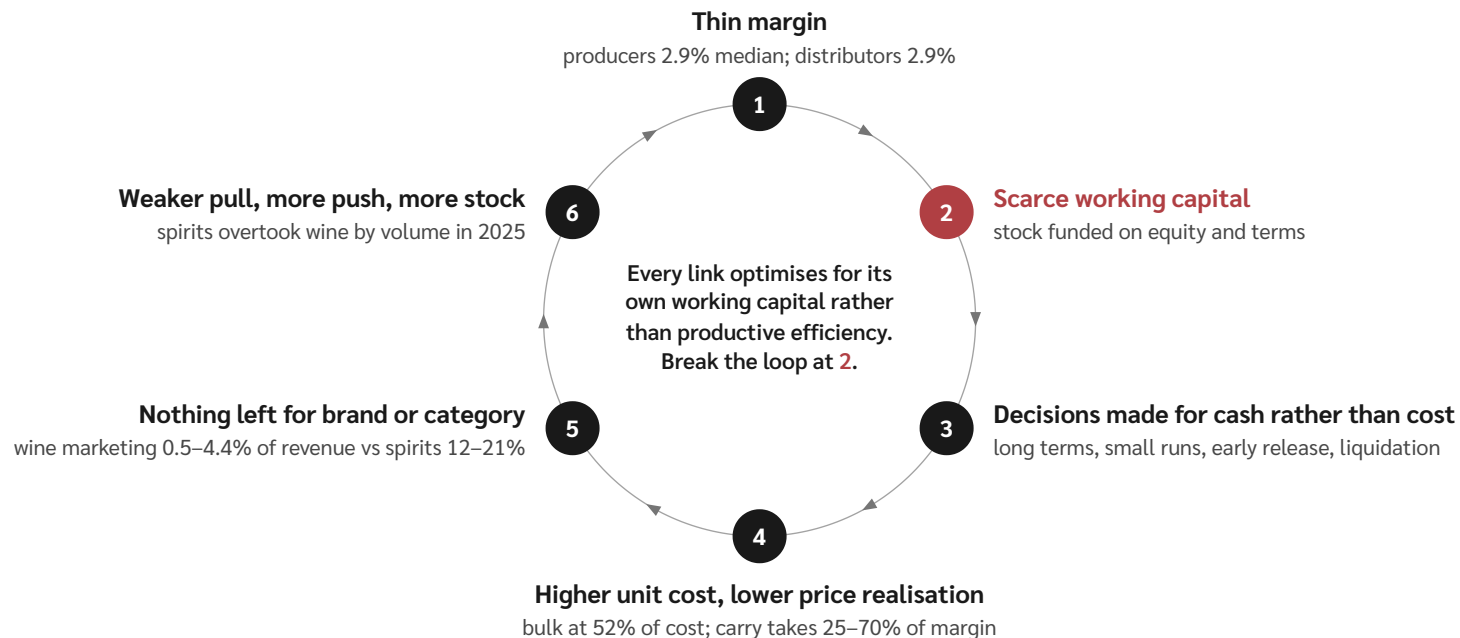
regulation minimum vs market median on lees. Across ~350 English sparkling lines.

The longer the cycle and the weaker the brand, the more of the margin time takes.

COST OF CARRY AS A SHARE OF THE PRODUCER'S GROSS MARGIN, HARVEST TO CASH, AT 8%



Solving for cashflow instead of efficiency.



Without a brand & community, wine is an agricultural commodity.

MANY SELLERS

11,107

US wineries, with one closing every day in 2025

PRICE BELOW COST

€943

for a barrel of Bordeaux bulk red that costs about €1,800 to make

GROWERS PAID BELOW COST

€0.72 / kg

paid to Rioja growers 2020–25, against €0.86 to grow it

BRAND VALUE

US\$2.1bn

Moët & Chandon, the most valuable wine brand. Moutai, the most valuable spirits brand, is worth US\$50bn

OPERATING MARGIN: PROFIT AFTER RUNNING COSTS, BEFORE INTEREST AND TAX

Median US premium winery

2.9% SVB 2026; the middle third lose money

Listed wine groups

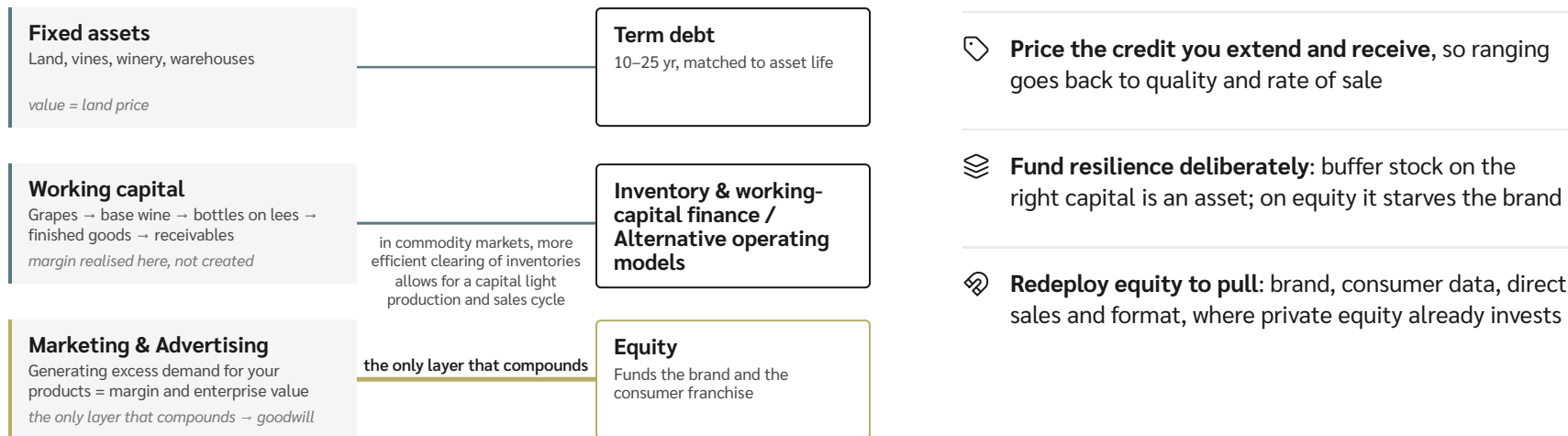
12%

Listed spirits brand owners

22% Brown-Forman 27.8%, Pernod Ricard 26.9%, Diageo 21.4%

Equity is funding inventory rather than marketing.

WINE: THREE BALANCE SHEETS, THREE KINDS OF CAPITAL



Who is most at risk: producers, distributors or retailers?

Push

Businesses are forced to adapt within the existing structure.

Pull

Businesses are drawn toward genuinely new models.

Break

The structure itself stops holding.

Where the chain is breaking, by segment and by flow.

	PRODUCT	MONEY	INFORMATION
Producers	Unsold stock, tank space, vintage on vintage	Cash tied up in inventory for longer	Weak demand signal from the far end of the chain
Distributors	Portfolio breadth against the cost of administering it	Margins and volumes falling together	Data fragmented across systems and partners
Retailers	Compelling range against range consolidation	Working capital and admin burden pushed upstream	Patchy supplier data, manual reconciliation

The questions the MW papers ask, and the one they do not.

2024

“What are the financial barriers to success for a new wine producer and how can these be overcome?”

2025

“How can the wine industry best address the issues of overproduction and falling consumption?”

2026

“What are the commercial advantages and disadvantages of owning vineyards compared to buying in grapes?”

THE MISSING QUESTION

Eighteen years of papers ask where the margin sits. Almost none ask how the capital moves or what it costs to wait.

Three key takeaways

1 Understanding your ‘three balance sheets’ and where you build value.

2 Know what the payment terms cost each party margin/reliability/availability.

3 Time is an ingredient, and it should be priced like one.

Questions.

Sources.

OIV State of the World Wine Sector 2025 (May 2026)

IWSR global data release (Jun 2026)

Gallup Consumption Habits (Aug 2026)

SVB State of the US Wine Industry 2026

The Hackett Group 2025 Europe Working Capital Survey

Atradius B2B Payment Practices 2026

CMA, Competition and profitability in the groceries sector (Jul 2024)

Ocean Tomo Intangible Asset Market Value Study 2025

Brand Finance Spirits & Wine 2025

Chapel Down Group plc Annual Report 2025; Lanson-BCC FY2025 accounts

Diageo, Pernod Ricard, Campari, Rémy Cointreau, Brown-Forman, Beclé, Constellation Brands, Heineken, Nestlé, Unilever, Coca-Cola, Mondelez, Kraft Heinz, Italian Wine Brands, Australian Vintage, Treasury Wine Estates: annual reports FY2024/FY2025

Wine Australia (Dec 2025; Jul 2026)

CIVB via Vinetur (Nov 2025)

ARAG-ASAJA via Moncloa / nuevecuatrouno (Aug 2026)

Bibendum Vinonomics (Dec 2025)

WineGB Industry Report 2025

English Quality Sparkling Wine PDO specification

HMRC alcohol duty rates (Feb 2026)

Litmus Wines contract winemaking price list

Vineyard Magazine (Aug 2024); JancisRobinson.com (Oct 2025)

Scotch Whisky Association; DLA Piper (Apr 2025)

The Wine Economist (Mar 2026)

Fero analysis of Companies House filings for ten UK wine distributors (2026)

Fero analysis of ~350 English sparkling product lines (anonymised, aggregated)

The entry-price bottle, full build-up.

UK AVERAGE BOTTLE OF STILL WINE, £7.07 (BIBENDUM VINONOMICS, DEC 2025); DUTY AT 12.5% ABV, RATE FROM 1 FEB 2026

COMPONENT	£	SHARE
■ VAT	£1.18	16.7%
■ Excise duty	£2.87	40.6%
■ Packaging, logistics, retailer, agent and supplier margins	£2.40	33.9%
■ The wine	£0.62	8.8%
Shelf price	£7.07	100%

Retailer margin is a hurdle rate (roughly 10–30% of the ex-VAT price), so agent and supplier margin is the residual, which is why entry-price lines are repriced, re-specified to lower ABV and lighter glass, or delisted rather than absorbed.

Marketing intensity: the full table.

COMPANY	FY	LINE ITEM AS DISCLOSED	VALUE / REVENUE	% OF REV.	OPERATING MARGIN
LISTED WINE GROUPS (12)					
Italian Wine Brands	FY24	"Advertising costs"	€1.9m / €391m	0.5%	adj. EBITDA 12.9%
Australian Vintage	FY25	"Marketing expenses"	A\$11.2m / A\$257m	4.4%	EBIT –1.1%
Delegat	FY25	"Selling, marketing and promotion" (bundled, excluded)	–	14.8%	24.6%
Treasury Wine Estates	latest	not disclosed	–	–	EBITS 26.2%
Concha y Toro	latest	not disclosed	–	–	12.5%
Duckhorn	latest	not disclosed	–	–	23.4%
Willamette Valley	latest	not disclosed	–	–	1.4%
Andrew Peller	latest	not disclosed	–	–	EBITA 16.1%
Laurent-Perrier	latest	not disclosed	–	–	26.3%
Vranken-Pommery	latest	not disclosed	–	–	11.7%
Masi	latest	not disclosed	–	–	2.7%
Chapel Down	latest	not disclosed	–	–	5.4%
SPIRITS BRAND OWNERS (7)					
Constellation Brands*	FY25	"Advertising expense"	\$931m / \$10,209m	9.1%	3.5% reported (impairments)
Brown-Forman	FY25	"Advertising expenses"	\$484m / \$3,975m	12.2%	27.8%
Pernod Ricard	FY25	"Advertising and promotion"	€1,679m / €10,959m	15.3%	26.9% recurring
Campari	FY24	"Advertising and promotional costs"	€513m / €3,070m	16.7%	19.7% adjusted
Diageo	FY25	"Marketing"	\$3,662m / \$20,245m	18.1%	21.4% reported
Rémy Cointreau	FY24-25	"Advertising and promotion"	€200m / €985m	20.3%	22.0%
Becle	FY24	"Advertising, marketing and promotion"	MXN 9,122m / 43,962m	20.8%	17.7%
BEER					
Heineken	FY24	"Marketing and selling"	company-stated, % of net revenue beia	9.8%	15.1% beia
PACKAGED FOOD & SOFT DRINKS (5)					
Kraft Heinz	FY24	"Advertising expense"	–	4.0%	6.5%
Mondelez	FY23	"Advertising expense"	–	5.7%	15.3%
Nestlé	FY24	"Advertising and marketing expenses as % of sales"	–	8.1%	17.2% underlying
Coca-Cola	FY24	"Advertising expense"	–	10.8%	21.2%
Unilever	FY24	"Brand and marketing investment"	–	15.5%	18.4% underlying

Caveats

Bundled lines excluded: Delegat "selling, marketing and promotion" 14.8%; Boston Beer "advertising, promotional and selling" 27.4%; Molson Coors "marketing, general and administrative" 23.4%; LVMH group "marketing and selling" 36.6% includes retail store costs.

Pernod Ricard computed 15.3% vs company-stated "c.16%".

Diageo and Constellation operating margins are reported and include impairments.

Listed wine groups are survivors; SVB's 2.9% median winery operating margin is the better population figure.

*Constellation: beer 84% of net sales in FY25; advertising rose from 6.7% (FY15) to 9.1% as beer grew from 53% to 84% of sales; Beer segment operating margin 39.7% vs Wine & Spirits 19.5%.

FX at 3 Sep 2026 spot.