

Bulk wine importation: The advantages

Explore the many advantages of bulk wine importation that can be harnessed for the benefit of businesses, consumers and the environment.

What is bulk importation?

Increasingly companies across the international supply chain are realising the benefits of shipping wine in bulk and bottling closer to the point of sale, rather than bottling at source.

A standard shipping container holds between 12,000 and 13,000 bottles of wine, packed in cardboard boxes which are stacked within pallets. Flexitanks, which are commonly used for bulk importation, however, can carry the equivalent of nearly 32,000 bottles of wine without taking up additional space. Bulk importation therefore allows more wine to be transported per trip, creating significant environmental benefits, cost savings and logistical efficiencies.

Closing the recycling loop

Bulk importation also creates a market for locally recycled green glass in countries which import more wine than they produce. For example, the UK is currently the world's largest importer of wine, at more than 1.16 billion litres. This wine is predominantly packaged in green glass bottles, which land up in the UK's waste stream. However, the majority of containers manufactured in the UK is clear glass for the food and spirits sectors, which means that the market for recycled green glass lacks stimulation. As a result, there is often a surplus of green glass which, instead of finding a home in wine bottles, is commonly used as a filler in road foundations. An increased demand for green wine bottles, manufactured in the UK, as a result of bulk importation could create a far more sustainable use for this valuable resource.

For guidance on how to specify recycled content in wine bottles go to www.wrap.org.uk/glasstoolkit

The benefits of bulk importation

These include:

- **A reduction of up to 40% in CO₂ emissions during shipping, equating to a saving of approximately 2kg of CO₂ per 100km travelled.**
- **The potential for further reductions in associated CO₂ by onward transportation in short-sea vessels, barge or train before bottling.**
- **A reduction in transportation costs of up to 40%.**
- **A greater ability to respond to increasing consumer and retailer demands for sustainably produced wine.**
- **Increased flexibility to respond to fluctuations in demand created by seasonal uplifts and promotions as a result of bottling closer to the point of sale.**
- **Enhanced shelf-life and lower risk of bottle damage as a result of deferring bottling closer to the point of consumption.**

Meeting demand

While the benefits for bulk importation are increasingly being recognised, and the volumes are increasing, it is important to recognise whether the UK can sustain and meet this increase. Research carried out for WRAP indicates that the UK's filling and glass manufacturing sectors have the capacity to handle a significant increase in bulk imported wine. The total capacity identified for bulk importation to the UK, without any change to existing infrastructure, is 355 million litres. A copy of the full report into the UK's capacity for bottling bulk imported wine is available at www.wrap.org.uk/bulkimportreport

A question of quality

Significant improvements in flexitank materials have led to a reduction in the incidence of oxidation and taint in bulk shipped wine. Temperature stability is also known to be improved by shipping in bulk, as a larger single volume of liquid has a greater thermal inertia than a smaller one (i.e. a bottle of wine). This indicates that wine shipped in bulk is less at risk of temperature variations than those shipped in bottles.

The Guide of Good Practices for the Transport of Wine in Flexitanks – available via www.b-i-b.com - provides a useful overview of all the shipping options available for the bulk importation of wine. It also outlines a practical step-by-step approach to the bulk importation process, from selecting a container through to discharging the wine at its final destination.

Are you ready for bulk?

WRAP has developed a simple web-based calculator called the Wine Ready Reckoner – available at www.wrap.org.uk/readyreckoner - to assess and calculate the environmental and cost benefits associated with a shift to the bulk importation of wine from various countries to the UK.

Considerations for change

If the bulk importation of wine is considered to be a viable option, there are a number of other factors which should be considered when reviewing the feasibility of, and planning a switch to, bulk importation. These include:

- For some countries, consider the potential socio-economic impact of not bottling at source.
- Exchange rates: fluctuations in the currency market need to be considered at the time of bulk importing.
- Appellation d' Origin Contrôlée (AOC) and other beverage production certifications, which define geographic production areas: AOC regulations state that the bottling of wine should take place within appellation boundaries (although some AOC wine is filled in the UK). Whilst these regulations are not absolute, their existence could potentially preclude opportunities for bulk importation to the UK, and bottle shape and design.
- Stock control and cash flow: moving to bulk importation could result in a wine importer or agent increasing the overall levels of stock to maintain regular supply. This is due to the fact that wine is typically imported in minimum volumes of 24,000 litres, which could equate to several months supply for some product lines. This can potentially increase storage and warehousing costs, reducing the financial benefit of bulk importation. A potential increase in storage may create cash flow issues for wine agents and importers as a strong balance sheet is required to hold large amounts of stock. Careful planning of stock levels to ensure that large amounts of cash are not tied up should therefore be considered.
- If dealing with small to medium volumes of wine, consider establishing a buying group to purchase lighter weight bottles in a cost-effective way and / or working with bottle merchants to purchase smaller quantities of bottles.

Switching to bulk importation therefore requires careful analysis of the business case and the opportunities, as well as obtaining buy-in from colleagues, the wider supply chain and other stakeholders. For more information on the processes involved you can download a useful step-by-step guide to making changes to wine packaging and distribution at www.wrap.org.uk/caseforchange

Maximising efficiencies through onward transportation

The efficiencies created by bulk importation can be further maximised through onward transportation. Rather than transporting wine via road upon arrival at a port, it could be switched to smaller short-sea vessels and transported as close as possible to the main distribution centres via sea freight.

Transportation via rail could also be considered. The use of rail to deliver wine has grown considerably in Europe over recent years, and a number of leading firms now transport their wine, in part, by train. These include for example, Diageo, which moves wine from Italy via rail, and Fosters, Pernod Ricard, Morrisons and the The Co-operative in the UK. In response to this trend, JF Hillebrand has put on a daily wine train running between the Port of Tilbury and Daventry in the UK. German rail operator Deutsche Bahn, and UK freight company EWS are also extending their freight services to handle increasing volumes of wine.

Barge transportation is another option for consideration. For example, the UK retailer Tesco, uses Liverpool as the main port of arrival for much of its wine, allowing it to be transported by barge on the Manchester Ship Canal to the filler.



Bulk importation in action: examples of best practice

A number of companies have already begun reaping the benefits of bulk importation to the UK. Here are just some examples:

WINE PRODUCER: Constellation Europe has embraced bulk importation by switching the bottling of its Stowells and Echo Falls brands to the UK. This will reduce transport-related emissions by more than a third for products sold in the UK, and by nearly 10% for those sold in mainland Europe. In 2008, Constellation bulk imported 75 million bottles of wine; in 2009 this increased to 132 million bottles and is set to increase further in 2010. To assist this transition, Constellation has opened Europe's largest bottling and warehousing hub in Avonmouth near Bristol, housing a new bottling initiative covering high-volume brands and two bottling lines to handle 9 million 9-litre cases of wine per year.

RETAILER: Waitrose began bulk importing its Virtue line in 2008, with two 24,000-litre tanks of Chilean wine. It has since extended bulk importation to include several varieties from Australia and California, and is planning a similar switch for South African wine. This took the total volume of wine bulk imported by Waitrose in 2009 to 410,000 litres. Waitrose has maximised its carbon and cost savings by shipping its bulk imported wine to Teesport via Rotterdam, minimising the distance travelled by road to its bottling plant in County Durham.

WINE PRODUCER: Australian Vintage is set to significantly increase the amount of wine imported in bulk to the UK. The company, which is the second largest vineyard owner in Australia and accounts for 14% of total Australian annual production, already ships several of its brands to the UK, including the multi-award winning McGuigan Estate range, Big Kahuna, Calloway Crossing and a number of exclusive lines for Tesco and Sainsbury's.

“Shipping in bulk and bottling in the UK has a number of benefits. The obvious environmental benefits, such as a lower carbon footprint and a reduction in packaging through the use of lightweight glass, is matched with logistical benefits including improved shelf life and greater flexibility to respond quickly to customer demands. There are also significant cost savings when bottling in the UK - an added benefit given the increasingly tight margins faced by brand owners in the UK.”

Australian Vintage UK & Europe general manager, Paul Schaafsma

For more information

To find out more about how your company could harness the benefits of bulk importation, together with a range of practical tools and case studies, visit www.wrap.org.uk/wine.

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