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## WINE CONSUMERS and E-LABELLING CEEV BRIEFING PAPER

### A. FRAMEWORK

New specific labelling rules applicable to wine and aromatised wine products were adopted by the EU institutions in December 2021 (Regulation (EU) 2021/2117), in the framework of the reform of the EU Common Agricultural Policy (CAP). These new labelling measures require wine and aromatized wine products to communicate, on a mandatory basis, the list of ingredients and the nutrition declaration either on the label or through a digital support.

Regulation (EU) 221/2117 modernized EU (wine) information to consumer policy by authorizing producers to make the new required information available through e-labels.

Today's consumers expect more transparency on the products they consume, and digital labelling can respond to this demand by boosting the information that wine companies share with their consumers.

**Digitalisation is a way to empower the consumer helping them to make better and more informed choices.**

This brief helps to better understand how e-labels can empower consumers.

### B. DIGITAL SHIFT IN EUROPE

The use of digital means to inform consumer could be challenged and some could argue that EU citizens are not ready to get information through e-labels because they are too far from these innovative technologies.

**However, digitalization is already well rooted in the EU strategy and Internet is now accessible to 92% of EU citizens and used daily by 80% of them.**

#### ▷ DIGITALISATION – INCLUDED IN THE EU STRATEGY

Digitalisation is one of the key priorities of this Commission, as clarified by the EC President in her initial speech in 2019 before the European Parliament<sup>1</sup>. The digital agenda and the digital transition are at the core of the EU initiative Next Generation EU<sup>2</sup>.

In the framework of the Farm-to-Fork Communication<sup>3</sup>, the Commission announced it will also explore new ways to provide information to consumers through other means including digital, to improve the accessibility of food information in particular for visually impaired persons.

<sup>1</sup> President elect speech before the European Parliament: [https://ec.europa.eu/info/sites/default/files/president-elect-speech\\_it.pdf](https://ec.europa.eu/info/sites/default/files/president-elect-speech_it.pdf)

<sup>2</sup> Recovery plan for Europe: [https://ec.europa.eu/info/strategy/recovery-plan-europe\\_en#main-elements-of-the-agreement](https://ec.europa.eu/info/strategy/recovery-plan-europe_en#main-elements-of-the-agreement)

<sup>3</sup> [https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0001.02/DOC_1&format=PDF)

In addition, digital tools and QR code technology have been used to implement the most ambitious tool to face with the pandemic restriction of movements within the internal market, the “EU digital Certificate”, allowing the free circulation of EU citizens without the need of papers/vaccine certificates.

▷ COVID-19 PUSHED THE WORLD TO GO DIGITAL

It is undeniable that the world has turned digital in the last decade. In addition, Europe, like much of the world, has speeded-up its “digital journey” as a result of the lockdowns and social-distancing measures imposed to deal with the COVID-19 pandemic.

The COVID-19 pandemic highlighted the crucial role of digital technologies in people’s lives and hastened the speed of the digital transformation in Europe.

According to a 2020 McKinsey Digital survey<sup>4</sup> conducted across 17 European countries, Digital adoption in Europe jumped from 81 percent to 95 percent as a result of the COVID-19 crisis—a rise that would have taken two to three years in most industries at pre-pandemic growth rates.

McKinsey Digital survey reports that it is noticeable the extent to which the pandemic has shrunk the yawning gaps that existed between European countries in terms of online activity. Image 1 maps average adoption rates and the average number of industries accessed online by users in each country before the pandemic and at the end of May 2020. The difference between the countries with the highest and lowest digital adoption rates fell from 32 percentage points to just ten.

Eurostat<sup>5</sup> also compiles several data tables on digital economy and society.

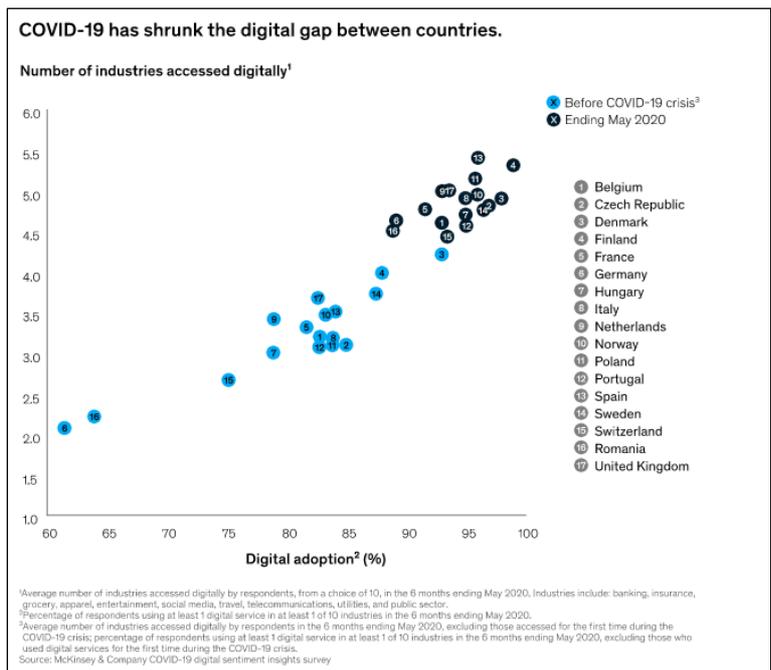


Image 1: average adoption rates and the average number of industries accessed online by users in each country (Mackinsey Digital)

MacKinsey findings are shared by other studies. For example, the 2030 Digital Compass acknowledges the fact that the COVID-19 pandemic has radically changed the role and perception of digitalisation in our societies and economies, and accelerated its pace noting that “Digital technologies are now imperative for working, learning, entertaining, socialising, shopping and accessing everything from health services to culture”<sup>6</sup>.

This is also evidenced by the DESI 2020 report which notes that although already 85% of citizens used the internet in 2019, prior to the COVID-19 pandemic, the current crisis may have the positive impact of increasing further the number of internet users and their interactions online.<sup>7</sup>

<sup>4</sup> McKinsey Digital - Europe’s digital migration during COVID-19: Getting past the broad trends and averages (July 2020)

<sup>5</sup> <https://ec.europa.eu/eurostat/web/digital-economy-and-society/data/database>

<sup>6</sup> 2030 Digital Compass: the European way for the Digital Decade <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52021DC0118>

<sup>7</sup> The Digital Economy and Society Index (DESI) 2020 <https://ec.europa.eu/digital-single-market/en/digital-economy-and-society-index-desi>

Furthermore, the use of digital means to access consumer information has also increased during the pandemics, in particular via the development of QR codes which enable consumers to have contactless access to products and services without relying on physical means such as packaging, leaflets, menus etc.

### ▷ INTERNET – PART OF OUR LIFE

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Internet is an almost constant part of the lives of many people in the EU. According to Eurostat<sup>8</sup>, in 2020, some 80 % of the EU's adult population reported having used the internet on a daily basis during the three months preceding the survey; this figure was 3 percentage points higher than in 2019 and was 29 points higher than a decade before (51 % in 2010). More than half of the adult population in every region of the EU was making use of the internet on a daily basis.

Some extra data shows the role of internet in EU's citizens life:

- Internet access in the EU increased from 75 to 92% over 2012-2021 (Eurostat)
- 90% of households are connected to broadband (Eurostat)
- 87% use the internet at least once a week, 80% use it daily (Eurostat)
- 73% use internet (2019, pre-pandemic) outside of home or work (Eurostat)

### ▷ MOBILE DEVICES – THE WEB IN YOUR POCKET

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Mobile devices (smartphones and tablets) play a crucial role in the exponentially increased frequency with which people use the internet.

When looking in detail at the use of smartphones, data shows that:

- 96% of Europeans have access to a mobile telephone<sup>9</sup>
- 86% "penetration rate" in 2020, expected to rise to 87% by 2025. 472 million unique mobile subscribers (GSMA<sup>10</sup>)
- 77-82% of population is a mobile internet user (GSMA)

### ▷ QR-CODES – A PERFECT TOOL

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U-label<sup>11</sup>, the online tool created to support wine and spirits companies in providing EU consumers with relevant, accurate and detailed information about their products by means of an e-label, makes information accessible to consumers through a QR-code printed on the back-label of the bottle.

QR, which stands for "Quick Response" can store a lot of data. But no matter how much they contain, when scanned, the QR code should allow the user to access information instantly – hence it being called a Quick Response code.

Most smartphones have built-in QR scanners, which are sometimes built in the camera. A QR scanner is simply a way to scan QR codes. Some tablets, such as the Apple iPad, have QR readers built into their cameras.

When looking at the recognition of QR-codes by citizens, MobileIron<sup>12</sup>, (NASDAQ: MOBL), announced in September 2020 the results of a new consumer sentiment study, which revealed QR codes are rising in

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<sup>8</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital\\_society\\_statistics\\_at\\_regional\\_level#Internet\\_users](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital_society_statistics_at_regional_level#Internet_users)

<sup>9</sup> <https://digital-strategy.ec.europa.eu/en/news/eurobarometer-europeans-use-and-views-electronic-communications-eu>

<sup>10</sup> <https://www.gsma.com/mobileeconomy/europe/>

<sup>11</sup> U-label platform: [www.u-label.com](http://www.u-label.com)

<sup>12</sup> MobileIron: The Rise of the QR code ([https://www.youtube.com/watch?v=ZC8vsy1\\_C8](https://www.youtube.com/watch?v=ZC8vsy1_C8)) / <https://www.businesswire.com/news/home/20200915005151/en/MobileIron-Research-Reveals-QR-Codes-Pose-Significant-Security-Risks-to-Enterprises-and-End-Users>

popularity and use stats on how QR codes have skyrocketed in popularity and use during the pandemic, with no signs of slowing down:

- 84% of people have scanned a QR code before, with 32% most recently having scanned a QR code in the past week and 26% most recently having scanned a QR code in the past month.
- In the last six months, 38% of respondents have scanned a QR code at a restaurant, bar or café; 37% of respondents have scanned a QR code at a retailer; and 32% have scanned a QR code on a consumer product.
- 53% of respondents want to see QR codes used more broadly in the future.
- 43% of respondents plan to use a QR code as a payment method in the near future.
- 40% of people would vote using a QR code received in the mail, if it was an option.

### ▷ QR-CODES – A SOURCE OF TRUST FOR FOOD TRACEABILITY

Increased interest in traceability comes as supply chain delays refocus public attention on food sources while, at the same time, the social consciousness of many consumers comes of age. Many consumers want specific details about the history of food products, like where ingredients harvested under safe working conditions and sourced locally, therefore having a smaller carbon footprint.

In the 2022 edition, Nourish Food Marketing annual trend report<sup>13</sup> states the interest in traceability continues to trend upward with no signs of slowing down. The report states that consumer relationship created by scanning a QR code, which then opens a web page, helps develop trust in the processor and the supply chain, giving a platform to tell the story from raw ingredients to a finished product.

## C. EMPOWERING CONSUMERS

One of the main assets of digital communication in general, and U-label in particular, is the capacity to inform the consumer in a language that can be easily understood by them.

Indeed, by scanning the QR code printed on the back-label of a bottle with a smartphone, consumers are directly led to the corresponding e-label, in the local language thanks to geo-localisation. However, consumers may manually switch, at any time, to any other of the other 23 official languages of the EU.

**Being able to read complex information as the list of ingredients in their own language will empower consumers to make better choices.**

Multilingual e-labels are of particular interest in the EU at the light of the impressive number of wine consumers buying and drinking their wines in a country different from their own.

Indeed, the European Union is the world leader in international tourism (number of arrivals), with 563 million international arrivals and 30% of global receipts in 2018<sup>14</sup>. In many EU Member States (France, Spain, Italy, Portugal, Greece...), tourists double or triple national population. These tourists slept, ate and drank in a country different from their own. This means that an impressive number of persons have been exposed to information on wine bottles in a language they would not understand.

<sup>13</sup> <https://www.nourish.marketing/trend-report>

<sup>14</sup> Communication from the Commission "Tourism and transport in 2020 and beyond" <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0550&from=EN>

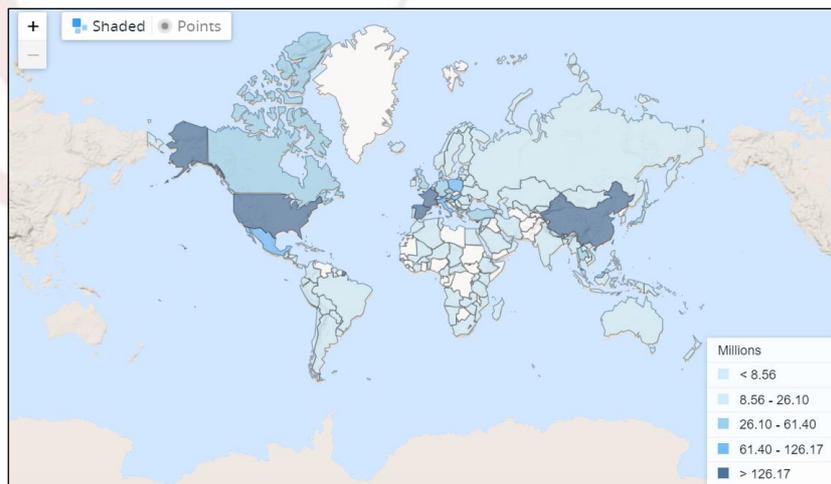


Image 2: International tourism, number of arrivals (2019) <sup>15</sup>

Country	2000	2017	2018	2019
Austria	17.982.000	29.460.000	30.816.000	31.884.000
Belgium	6.457.000	8.385.000	9.119.000	9.343.000
Bulgaria	4.922.000	11.596.000	12.368.000	12.552.000
Cyprus	2.912.000	3.750.000	4.024.000	4.117.000
Czech Republic		34.701.000	36.268.000	37.202.000
Germany	18.983.000	37.452.000	38.881.000	39.563.000
Denmark		30.736.000	30.801.000	33.093.000
Spain	74.580.000	121.717.000	124.456.000	126.170.000
Estonia	3.310.000	6.145.000	6.033.000	6.103.000
Finland	2.714.000	3.180.000	3.224.000	3.290.000
France		207.274.000	211.998.000	217.877.000
Greece	13.567.000	30.161.000	33.072.000	34.005.000
Croatia	37.226.000	59.238.000	57.668.000	60.021.000
Ireland	6.646.000	10.338.000	10.926.000	10.951.000
Italy	62.702.000	89.931.000	93.228.602	95.399.000
Lithuania	4.092.000	5.590.000	6.115.000	6.150.000
Luxembourg	852.000	1.046.000	1.018.000	1.041.000
Latvia	1.882.000	7.726.000	7.775.000	8.342.000
Netherlands	10.003.000	17.924.000	18.780.000	20.129.000
Poland	84.515.000	83.804.000	85.946.000	88.515.000
Portugal	12.097.000	15.432.000	16.186.000	17.283.000
Romania	5.264.000	10.926.000	11.720.000	12.815.000
Slovak Republic		15.406.000	15.299.000	
Slovenia	1.090.000	3.991.000	4.425.000	4.702.000
Sweden	3.828.000	7.054.000	7.440.000	7.616.000
<b>European Union</b>	<b>650.173.238</b>	<b>910.869.000</b>	<b>938.485.602</b>	<b>968.873.375</b>

Table 1: International tourism, number of arrivals (2019) <sup>16</sup>

<sup>15</sup> The World Bank: <https://data.worldbank.org/indicator/ST.INT.ARVL?end=2019&locations=EU&start=2019&view=map>

<sup>16</sup> The World Bank: <https://data.worldbank.org/indicator/ST.INT.ARVL?end=2019&locations=EU&start=2019&view=map>

## ▷ THE CASE OF SPAIN

It is difficult to estimate wine consumption per foreign visitor. However, the *Observatorio Español del Vino* (OEMV), in a recent study<sup>17</sup> on tourists' wine consumption during the summertime, considered that:

- Most foreigners have – compared to nationals – an average age above legal drinking age (so consumption should be higher than that of nationals)
- Most foreigners come for vacation, fun, with much free time to enjoy and, therefore, their average consumption may very well be well above the average wine consumption per person in Spain, which is 22 litres per person per year.
- Such average wine consumption per year may be for foreign visitors around 40 to 60 litres per person, equivalent to 0,11 to 0,16 litres per person per day.
- 55,7 million people spending an average of 5,58 days per person (higher than the year average outside summer), mean 310,9 million days of total stay per year
- Total wine consumption by foreigners during this summer season reaches a total of 34,071 million litres, equivalent to 340.719 hectolitres at the lowest end of the estimation or 495.000 hectolitres at the highest end.



Based on these estimations, the OEMV concluded that foreign visitors' quota of total wine consumption:

- Considering total wine consumption during the June-September period was 3,78 million hectolitres
- Considering an estimated wine consumption by foreign visitor of 0,34 hectolitres during the same period (at the lowest end);
- The estimation of wine consumption by foreigners during the summer season in Spain reaches 9% of the total consumption.
- If estimations of average consumption per person by foreign visitors were to be increased up to 60 litres per person / year, total wine consumption by foreigners would go up to 511.000 hectolitres, and their share of total wine consumption would reach 13,5%.

OEMV concludes that the total estimated wine consumption by foreign visitors in Spain during the summer season, including from June to September and taking as reference figures of the latest "normal" year (i.e. 2019) would rank between 9% to 13.5% of total wine consumption in Spain during those same months.

## ▷ THE CASE OF ITALY

In parallel, in Italy, Banca d'Italia analyses each year the role of international tourism in Italy<sup>18</sup> and – among various data – also indicates that the amount spent by foreigners in food & wine reached €9,7 billion in 2019.

In 2019, [ISTAT](https://www.istat.it)<sup>19</sup> reports that tourism in Italy had marked its historical record: among the total arrivals, about 50% was attributable to foreigners, about 65 million foreign tourists visited Italy in 2019<sup>20</sup>, in particular, on average 9 million foreign tourists per month, in the period June - August.



<sup>17</sup> [www.FEV.es](http://www.FEV.es)

<sup>18</sup> <https://www.bancaditalia.it/pubblicazioni/indagine-turismo-internazionale/index.html>

<sup>19</sup> [Esercizi ricettivi \(istat.it\)](https://www.istat.it)

<sup>20</sup> [Il settore del turismo in Italia - Italia in dati](https://www.istat.it)

The total wine consumption in Italy in 2019 has been recorded at around 23 million hectoliters, whereas the per capita consumption in the same year around 43 liters. We could estimate that wine consumption by foreigners in Italy, during the summer season (May – September) could represent around 10% of total consumption.

According to Wine and Food Forum, 57% of foreign tourists choose Italy for its food and wine. This would mean that half the tourists in Italy consume wine during holidays.

Another indirect but relevant data concerns the turnover generated by wine tourism in 2019: 2,5 billion.

### ▷ THE CASE OF FRANCE

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Tourism is one of the major sectors of the national economy. France is the world's leading tourist destination in terms of visitors welcomed, with nearly 90 million international tourists in 2019, and the 3rd destination for revenue generated by this international tourism<sup>21</sup>.

According to the French *Institut National de la statistique et des études économiques* (INSEE), non-resident (foreign) tourism consumption in France, reached €63,9 billion in 2019<sup>22</sup>. From this consumption, €7,7 billion correspond to expenses in bar and restaurants. And in accordance to FranceAgrimer<sup>23</sup> surveys, the share of wine in turnover represents an average of 19% of total turnover of this channel.

We could conclude that €1,4 billion of wine is sold in France to foreign tourists in the Horeca sector.

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<sup>21</sup> <https://www.economie.gouv.fr/cedef/statistiques-officielles-tourisme#:~:text=Le%20tourisme%20est%20un%20des,g%C3%A9n%C3%A9r%C3%A9es%20par%20ce%20tourisme%20international.>

<sup>22</sup> <https://www.insee.fr/fr/statistiques/6204889>

<sup>23</sup> <https://www.paris-bistro.com/infos-pros/consommation-vin-dans-le-chr-franceagrimer>