

Why the Wine Industry Should Care About Environmental Sustainability

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In 1992, I was a teenager living in Rio de Janeiro witnessing the chaotic preparations for the United Nations Conference on Environment and Development, known as The Earth Summit. At the time, the size and the scope of the event was unprecedented for a UN Conference. The city was preparing for the arrival of 172 country representatives, more than 100 Heads of State or Government, and almost 10,000 on-site journalists. The two-week summit produced many enduring results, but the most important was the change in our attitudes and behaviors towards our environment.

Global Environmental Sustainability

Today, 23 years later, the Paris UN climate talks were just as hot of a topic. In fact, eco-efficiency has become a guiding principle for businesses and governments alike. Fortunately, over the past two decades, we have become more aware of the importance of our choices and the impact those choices might have on our environment.

Powerful influencers like Arianna Huffington and Sir Richard Branson stand behind [The B Team](#), a movement of business leaders who want a better way of doing business for the wellbeing of people and the planet. Companies like Diageo, Coca-Cola, Facebook, Twitter, Carlsberg Group, Google, and Nestlé have partnered with [Collectively](#), a platform that wants to inspire change by sharing and amplifying “ideas that are making our lives better today and the world better tomorrow.” Unilever has announced its plan to become “carbon positive” by 2030, meaning that 100 percent of their energy across operations will come from renewable sources.

Sustainability is a concern that reaches beyond global corporations, as well. Pope Francis, while

returning from his visit to Africa, expressed his hope that the leaders attending the UN climate talks in Paris would finally come to an agreement regarding climate change.

The Wine Industry's Impact

So we get the point, the seeds planted back in 1992 have today grown to small flowering trees. But what is the wine industry doing and how can it economically benefit from going "green"?

The **Wine2Wine** event, the Italian industry forum held in early December and dedicated solely to the business of wine, was a good place to get some answers.

Here are three valuable lessons I learned from the "Sustainable and Innovative Materials for Wine Packaging in the 21st Century" session, moderated by Nomacorc at the event:

1. If a winery wants to operate sustainably, it needs to incorporate it as a core value into its corporate strategy.

Donnafugata, for example, believes that excellence is environmental sustainability; therefore, they have been implementing sustainable procedures since 1998. Good practices in the vineyard, clean energy and energy saving, heroic viticulture, biodiversity and lowering its carbon footprint are **Donnafugata**'s concrete commitment for sustainability. **Donnafugata** chooses more and more sustainable and innovative materials for their packaging, and the results of their commitment are:

- **Bottle:** In the 2013-2014 period, thanks to the use of lighter bottles, they have consumed the equivalent of 15,000 kg (33069 lbs.) of less glass.
- **Carton:** Thanks to the choice of using only FSC-certified paper, in 2013 **Donnafugata** saved 22,000 kg (48501 lbs.) of traditional cardboard, approximately 27 percent less than in previous years.
- **Capsules:** Since the 1990s, **Donnafugata** has used poly laminate instead of lead capsules, and their goal is to change to capsules that will be produced with Green PE technology. This switch will result in a 10 percent reduction in energy consumption and CO₂.
- **Closures:** Since 2014, for their fresh and fruity wines, **Donnafugata** has exclusively used **Nomacorc's Select Bio** corks because they are 100 percent recyclable with zero carbon footprint. By choosing this cork, in 2015, **Donnafugata** has saved more than 15,000 kg (33069 lbs.) of CO₂ emissions, accounting for 77 percent less than in the previous year.

Donnafugata is accountable for its CO₂ emissions, and is proud to communicate it on its labels. They are committed to stimulate consumer awareness on the issue and to help create acceptance of the more innovative and sustainable packaging of the 21st century.

2. If a supplier wants to remain relevant, it needs to invest in "Going Zero." Olav Aagaard of **Vinventions** illustrated how a supplier can fit into the global objective of reducing the industry's carbon footprint. In fact, his personal objective is to develop products that go through the complete life cycle from nature to nature. He is the inventor of Nomacorc's Select Bio corks, made with the innovative Plantcork® technology and using renewable energy. Here are some interesting facts about wine packaging materials that are important to consider:

- As much as we love our wines in glass bottles, their annual emission is equivalent to 17-26 million tons of CO₂. In other words, wine packaging is equivalent to the emissions of 7 million cars.
- Wine closures directly caused 400,000 tons of CO₂ emissions, which, depending on the closure type, represents 1.5-15 percent of wine packaging impact. For example, screwcaps

represent 27 percent of the closures of the 17.3 billion bottles per year, and they have the highest detrimental impact on carbon footprint.

- If we would pour down the drain wines impacted by faulty closures (estimated around 2-3 percent of total bottles, which is between 346 million to half a billion bottles a year) due to cork taint, random oxidation or reduction, that amount would represent the emission of 400,000 to 600,000 tons of CO₂.

Nomacorc, while producing 100 percent recyclable corks, is also committed to reducing dependency on fossil fuels by using biotechnology to produce plant-based, carbon-neutral closures. In fact, they are the first suppliers to produce the world's first zero carbon footprint wine closure. Just like [Donnafugata](#), Nomacorc is also accountable for their commitment on reducing CO₂ emissions and sustainability is a core part of their corporate strategies.

3. **“How do I sell more wine?”** This is a question Bob Gibson, Chief Marketing Officer at [ABC Fine Wine & Spirits](#), has been asking for over 30 years. Therefore, he looked into the current market situation to identify a segment with the biggest potential to grow their sales.



According to the [Natural Marketing Institute](#) and [Nielsen](#)¹, 82 percent of the U.S. population care about the environment at some level; more importantly, the LOHAS (Lifestyles Of Health And Sustainability) segment, comprising 16 percent of the U.S. population, are the most active leading influencers on the sustainability topic. Cross analyzing data, LOHAS and conventional segments both index about 20 percent higher than average on wine purchases, and together those two segments represent 34 percent of the U.S. population².

Looking further into data, it is no surprise that Millennials are identified as the most important untapped group to nurture. Nevertheless, do they care about sustainability? How can sustainability be a unique selling proposition for this segment? According to [this analysis by Thach and Olsen](#) from Sonoma State University, Millennials are environmentally and socially aware, idealistic people who give importance to value-driven brands. Millennials are receptive to alternative

closures, portable packaging in boxes, bags, and smaller portions. They also have a great deal of interest in sustainable wine-growing practices.

After analyzing all this data, ABC Fine Wine & Spirits started implementing some changes in their 138 stores across Florida. They use point of sale materials calling out sustainable products, telling the product story, and they train their associates so they can answer questions on lightweight glass, bag-in-box, and zero carbon footprint closures. These are all great selling opportunities for this growing market segment.

The Swedish monopoly, Systembolaget, is also urging suppliers to take steps toward sustainability. In 2014, **Systembolaget introduced a new sustainability strategy**, and because of this, as of 2016, all still wine bottles need to be lightweight (max 420 g), otherwise producers will be subject to penalty. This is a very strong message coming from a state-owned monopoly that sells 55 percent of its volume in bag-in-box and over 18 percent of its assortment is organic wines.

Furthermore, looking at the **current state of the U.S. wine industry**, we understand that most of the consumers are aging and the younger generations are still far from being the center of gravity for wine, so the industry needs to invest in practices that will encourage both Millennials and Gen Xers to enter and stay within the sector. Sustainability is a relevant topic for them and it can be a valid route for category growth. In the process of doing something good for the environment, wineries may build brand awareness, brand equity, and trust with people who consume wine³. Millennials do not consider the topic of climate change a passing fashion; instead, they trust collaborations and are ready to partake in causes like environmental sustainability because they feel passionate about it. Younger generations are an untapped consumer segment that the industry needs to learn how to embrace, as they will be around for at least the next 50 years.

So why should wine businesses care about sustainability? It's good for business – it helps preserve the land the wine comes from and it can drive new consumers into the wine category.

¹ NMI, 52 weeks ending 12/27/2014; U.S. General Population Adults Age 18+

² Nielsen Homescan and NMI (Natural Marketing Institute) Health and Wellness and Sustainability Segmentation; 52 weeks ending 12/27/2014; U.S. General Population

³ **Millennials' perceptions to environmentally responsible winery practices: An exploratory study, Nowak, Newton and Gilinsky**; 5th International Academy of Wine Business Research Conference, 8-10 Feb. 2010 Auckland, NZ

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