

*The impact of digitalization on the on-trade
and off-trade market in the Netherlands*



Frank van Scheijndel

Thesis word count: 4.830

Abstract

In the recent years the on-trade and off-trade wine market in the Netherlands has been highly influenced by the presence of social media platforms and a common access to the internet in general. Although, the wine industry is one of the most traditional in the world, it is now hugely affected by the growing digitalization.

This study aims to investigate the impact of digitalization on the sales of wine in the on-trade and off-trade market in the Netherlands, which is characterized by being price sensitive, stable and predictable since decades.

The motivation for choosing this topic comes from personal observation of changing trends in the Dutch wine market with the entry of 'millennial' consumer into the wine market and for the past 10 years of professional work as a sommelier. Furthermore, this issue is not yet well addressed in the common literature, therefore it seemed to be a very interesting topic with a high potential to be further explored in the future, with the growing impact of digitalization and use of artificial intelligence in the wine industry.

During the work on this thesis literature review was conducted to gain full understanding of the topic, which was broad and complex. This study is a qualitative research, since it is based on the one-to-one interviews, record keeping and qualitative observation as well as it includes SWOT analysis. The interviewees chosen for this research were experts somehow related with wine industry. The people were chosen for this research based on their role and experience, because the aim was to research the changing trends in the both on-trade and off-trade wine market. The purpose of this research was to see, if the results gathered through the interviews conducted, would provide more inside information about the ongoing changes in the wine industry resulting from the growing impact of digitalization.

The thesis consist of seven chapters. The first chapters provides the introduction into the Dutch wine market which for many years has been a model of consistency and explains key definitions. It also provides an insights to the new trends in the Dutch wine market especially among young consumers, so called 'millennials'. Among those are: choosing quality over quantity, growing interest in wine origin and a story behind it as well as the use of digital technology. The second chapter takes a closer look into the digital trends in the Dutch on-trade and off-trade wine market and addresses the impact of Covid-19 which resulted in huge growth of the e-commerce in wine sales, meaning that any wine business looking to sell its wine, either to the trade or to public, has had to get online to do it. It is a significant change for both sommeliers and traditional wine retailers

who need to present themselves to their audience in this digital world in order to survive in the increasingly digitalized world. The third chapter explains the success and the role of the wine oriented web applications in the Dutch market with a focus on Vivino, which is biggest wine e-commerce platform in the world and the one that is impacting consumers choices to the extend nobody else has done before. The fourth chapter takes a closer look into the impact of digitalization on the Dutch wine market. The most suitable method to investigate this is the use of SWOT analysis. The results of it shows that technology advanced and modern Dutch society is beginning to adapt to the evolving digital trends which with a time and a technological advancement, resulting in increased trust, will only become more and more digitalized – something to which both on-trade and off-trade market will need to adopt. The thesis closes with the summary of the most important findings and the prediction for the future of the Dutch wine market. Finally, last two chapters acknowledge the contributors without which this could not be performed and provides a list of materials on which the research was based.

To conclude, it is very likely that the digitalization, e-commerce and artificial intelligence will continue to have a growing impact on the wine industry in the Netherlands as well as across the world. In this regard, this topic will require further investigation and observation in the future of how and in which direction consumers' choices will go and how wine importers and producers will need to adapt to it in the years to come.