

10th February 2006

Dear Wine Lover,

During the course of last year, a significant change in the drinking habits of Americans was noted: wine overtook beer as the nation's preferred alcoholic beverage for the first time ever.

According to a Gallup poll, it emerged that 39% of the population drink wine most often as opposed to 36% in the case of beer, and 21% in the case of spirits.

Americans are suddenly infatuated with wine. In 2005, they bought an estimated 300 million cases of it, valued at more than \$25 billion. It is predicted that by the end of the decade, the US will have surpassed France as the largest wine market in the world.

Consider that of the approximate 280 million litres of bottled and bulk wine that South Africa exported in 2005 a mere 3,6% of that went to the US, and it would appear that the local industry is missing an opportunity.

What is cheering, however, is that the rand per litre that producers received for exports to the US was far higher than to any other country at R58,26. The comparable figure for wine into the important UK market was R12,95.



Bartholomew Broadbent, son of famous wine writer and MW Michael, is well placed to comment on South Africa's efforts at breaking into the US market. His company Broadbent Selections is the US importer for 18 ultra-premium wineries from around the world, all of them family-owned.

Included in the company's portfolio is Stellenbosch property Warwick that belongs to Mike Ratcliffe and kin, and the Vilafonté vineyards in Paarl, which sees Ratcliffe teamed up with high-profile husband-and-wife winemaking team Phil Freese and Zelma Long of California.

Broadbent reveals that of all the wineries he represents, which also includes the likes of renowned Portuguese Port producer Ferreira, Warwick is fourth highest "in dollar value" and Vilafonté seventh.

For all the growth the US market is showing it remains extremely difficult to enter, according to Broadbent. "I have about a dozen new wineries approaching me every day," he says. An overview of market conditions sees the number of different importers and distributors decreasing all the time as a result of consolidation. No one wants to take on too many small wineries for fear this will dilute their efforts. Essentially, the market can only absorb so much wine at this stage.

Yet Broadbent is full of praise for the way South Africa is tackling its assault on the US market. "South African wine is perceived very well in the US because you've only exposed us to your top brands."

This is in contrast to how South African wine has fared in the UK market, which has traditionally been the destination for most of its wine exports. Here it has been far easier to increase market share by volume than by value. Only now is South Africa shaking off its reputation for being a source of mainly cheap and cheerful wine.

The danger for any wine-producing country that enters an export market at the bottom end is that it acquires a reputation for being inferior. This makes it difficult for its producers to do business later at the top end of the market as consumers have a residual impression that the country in question is incapable of the extra quality necessary.

Thankfully, South Africa seems to be avoiding this trap when it comes to its entry into the American market. The wines from Vilafonté currently on sale there are from the 2003 vintage, namely Series C and Series M and Broadbent reveals that the former retails for \$70 a bottle (the equivalent of approximately R427) while the latter goes for \$50 (R305) a bottle.

The wines from Warwick aren't exactly modestly priced either. By way of example, the Bordeaux-style red blend Trilogy (or First Lady as it is to be known in the US) carries a price tag of \$32 (R195) a bottle.

Broadbent delivers the good news that there is a perception in the American trade that South Africa is "the next big thing." It would seem that by exporting only our best, more highly priced wine, less really is more.

Cheers
Christian Eedes

Deputy Editor, WINE magazine



gulp!