

# Sunday Times

## Trying to fly with the American eagle

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*If South African wine producers could sell even a small percentage to the US, it could change the industry significantly.*



“America is not the Holy Grail of wine,” says Warwick and Vilafonté MD Mike Ratcliffe — “but it could be. If SA is around 2% of the world wine market, the fact that we’re in surplus today is ridiculous. If we could just get 5% of the US market, all SA storage tanks would be dry.”

Ratcliffe has a unique perspective on exporting wine to the US. First off, mother Norma hails from North America and the family farm Warwick is a longtime favourite of Wine Spectator magazine (WS), one of the most influential wine-marketing channels in the US. Second, he’s a 50:50 partner with US dynamos, wine-maker Zelma Long and wine-grower Phil Freese, in the premium brand Vilafonté.

It may sound like the name of a Mexican general (it’s actually the soil type of the vineyards in Paarl) but with the 2004 vintages of C and M just rated 90 and 91 (out of 100) respectively by WS, their Cabernet- and Merlot-dominated blends are flying high stateside.

As deputy chair of the SA Wine Industry Trust, Ratcliffe is also a board member of WOSA (Wines of SA), the exporters association, and he attributes our tiny US penetration to “under-marketing due to under-spend”. WOSA spends around R4-million a year marketing to the world’s most lucrative wine destination in terms of value and volume by 2010 when the US overtakes France as thirstiest wine nation.

With seats on the WOSA board allocated by export volume rather than value, big volume, low price producers dominate with little interest in supporting premium brands in the US, which is where the interest lies.

The US has an antiquated three-tier system of importer, distributor and retailer, and SA producers typically approach the importer their neighbour uses. Which ends up with 10 importers each importing 10 SA wines, with SA brands then competing against each other, rather than with the real competition from Australia, Chile and Italy.

Ratcliffe flags another problem: “There are too many ex-pats trying to sell SA wine.

They remember all those good-value reds they used to drink back home and think they can make a killing importing a container. They don’t.” The challenge is to get more importers to list SA brands.

On Vilafonté, Ratcliffe is upbeat. “We bought out Michael Back’s 50% shareholding with Zelma and Phil back in 2002 and our first vintage [2003] was incredibly well received.

I think the entire SA wine industry is over-capitalised, so we’re renting a former brandy distillery in Stellenbosch.” A smart move, as it’s still zoned to produce alcohol in an urban area.

Former Meerlust wine legend Giorgio dalla Cia has been persuaded to move his grappa distillery into the cellar and will be making grappa from

Vilafonté skins. Brandy is next on the agenda and a cigar bar selling Vilafonté cigars, a coffee shop and restaurant, will add yet another lifestyle option to the Stellenbosch bouquet of wine tourism destinations.

And with a harvest video blog on [www.vilafonte.com](http://www.vilafonte.com) uploaded daily onto the Internet, future Vilafonté customers in Virginia can check on the progress of their grapes and look forward to a “voluptuous, round, juicy and yummy” tasting experience.