

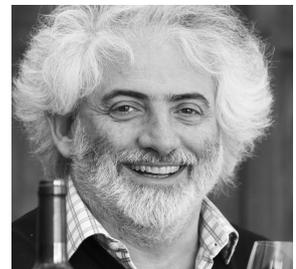
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MICHAEL FRIDJHON: Getting a good price for fine wines a bane for growers



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It's not all that difficult to find great value wines in SA: hi-tech skilled wine making marries easily enough with greatly undervalued good quality fruit.

The growers who complain that they can't make ends meet are not trying to sell a sob story to their customers: VinPro, the grape growers' organisation, has published detailed research which shows that at least 60% of them are under-recovering on their running and replacement costs.

Part of their problem is that the history of Cape wine has been a story of perennial over-supply. From the days of the Dutch East India Company it was more fashionable to be a wine farmer than to engage in more mundane agriculture. This is why Jan Smuts imposed the KWV on the industry, setting back competitive quality wine making by three-quarters of a century, but saving the indigent grape growers from the economic consequences of their folly. The exit of the KWV as the buyer of last resort nearly 20 years ago (a potentially catastrophic event for its erstwhile members) proceeded almost without a blip, because exports were growing and the rand was falling.

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While grape producers were on their own from that point onwards, the boom in sales (mainly to Europe) made it easy enough for them to market their production. Since then their cost inflation has exceeded their net rand revenue: the demand is there, but the loot gets less every year. To make matters worse, average selling prices have remained resolutely low, tarnishing the image of Brand SA.

Roughly two thirds of all wine exports are bulk, filling gaps in the most price-sensitive categories. Bulk exports have replaced the KWV as the cistern for the surplus — except that these offshore trades come with much higher marketing costs.

The smart players optimise the opportunities presented by the home market — even though more than 50% of all domestic sales end up on shelf at under R50 per bottle. Given the ease with which it is possible to find good wine at that sort of price point, you might wonder why anyone bothers to pay more.

Human nature being what it is, however, there are always punters who find it easier to judge quality by the price tag, and producers who are happy to oblige them. But what about the players who are really good at what they do and steadfastly stick to their (elevated) price positioning and wait for the market to vindicate (or not) the statement they are making?

The obvious example here is Vilafonte, whose 2015 Series C is about to be released at the not inconsiderable price of R950 per bottle. Vilafonte is a project started by the Californian duo Zelma Long and Phil Freese, who both enjoy a considerable global reputation.

From the first releases of the cellar's two distinct reds — the Series C (cabernet dominated) and the Series M (merlot and malbec dominated) they have positioned these wines at the apex of the pricing pyramid. The 2009 launched at R450. If you want it now, you can buy it at the cellar door for R2,500. The 2010 sold initially for R475 and is now a relative bargain at R1,200. The 2011 has gone from R500 to R1, 550 in three years — a reflection as much of demand as it is of making the pricing statement stick over time.

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I've just tasted the 2015 — blind — and gave it 92, one of my highest scores this year. It is a superbly crafted wine, made in a style I find easier to admire than to love. It exudes quality and leaves you in no doubt that this is not just another good red wine in a heavyweight bottle.

In a way, this is what distinguishes Vilafonté from most of the parvenus which come to market with all the hype and packaging, but remain as unconvincing as President Donald Trump at a Group of Eight summit.