



WINE HUNTERS

AS AMERICAN WINE CONSUMPTION CONTINUES TO GROW, IMPORTERS ARE LOOKING EVERYWHERE FOR QUALITY SOURCES AT GOOD PRICES

BY ROGER MORRIS

As the American appetite for quality wine continues to grow, importers are constantly on the lookout for new sources of wine across the price spectrum. Take Palm Bay International. Though the importer already has more than 50 suppliers in 11 countries, Marcy Whitman, Senior Vice President, is always in active search mode for the next great wine and region.

“South America has been a hotbed of activity for very good quality, entry-level wines for import,” she says. And based on product quality, she says Israel is moving up the value chain for what it can charge for wines, while “lifestyle brands” continue to be important in the market. “The market does demand new products,” Whitman concludes, “and a plethora of new brands continue to crop up to meet this demand.”

Indeed, the American wine market is very thirsty. Table wine consumption in the United States grew by 1.2% in volume and 4.5% in value last year, with the average American now drinking about 16 750ml bottles per person annually. That’s up about 15% from five years ago, proving that

Marcy Whitman



AMORE, ITALIA



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wine drinking at some price point didn't stumble during the Great Recession.

While imports have not grown as fast as domestic sales—a 1.3% bump for home-grown last year versus a 0.8% increase for foreigners—imports continue to lead in the average cost per bottle by more than a half-dollar: \$6.94 on average to \$6.40 on average.

In order to discover where this extra wine is coming from, we talked with a cross-section of importers who said they were searching for gems in a variety of places and ways:

- Developing New World regions not previously known for their wine production
- Discovering Old World areas previously under-represented in the international marketplace
- Mining already popular regions for different varietals or price levels
- Down-structuring prices for regions with flagging sales
- Promoting wine regions that can move up in price
- Making new blends from around the world.

REACHING DEEPER

"Increasingly, we are seeing good wine being made in southern Brazil," says Leonardo LoCascio, founder and chairman of Winebow, "and they are still experimenting with a lot of international varieties such as Teroldego. Uruguay has a lot of potential, and it wouldn't surprise me if their Tannat won't at some time be on a level with Argentine Malbec."

Several importers also mentioned that there is still a lot of opportunity in Argentina and Chile. According to Whitman, "Chile continues to be a great source for quality wines across several price points."

Perhaps surprisingly, the Old World still excites most importers. Bruce Neyers, who heads national sales for Kermit Lynch, says that Corsica and Savoie are two new go-to regions for their French portfolio. "We

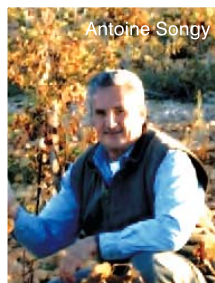


Leonardo LoCascio

The need for even the most upscale region to have entry-level wines is not lost on producers.

have new producers and some pretty exciting new wines from both," Neyers says, "and they are steadily gaining in market acceptance and appreciation. And we are still finding some gems in Languedoc as well." Antoine Songy, president of Robert Kacher Selections, also is still finding solid sources in the south of France, "especially in the Costières de Nîmes, where Bobby started, and in Roussillon."

In Italy, Ted Baseler, president and CEO of Ste. Michelle Wine Estates, says, "Puglia was once known for its blending wines, but technology has now helped make them world class. Their quality is far beyond their price points." LoCascio notes that Sicily is gaining popularity at all price points.



Antoine Songy



"Spain is in no way reaching its potential for sourcing wines," says Dennis Kreps, co-founder of Quintessential. "It still only represents 4% of imports." Spanish specialist Josh Hackler, owner of importer Spanish Vines, likes northwestern Spain. "Beyond Rias Baixas and Albariño, there is a lot of potential in Bierzo with the Mencia grape and in the surrounding mountain areas."

LoCascio ticks off countries with good potential in Eastern Europe: "Serbia, Croatia, Macedonia and so on, although there is more of a challenge with unknown indigenous varieties which are hard to pronounce, the same as it was with Greece." Kreps says Quintessential found a bargain in Hungarian-made Grüner Veltliner. "We quickly went from nothing to 28,000 cases," he says, "and it's selling by the glass and in fine wine shops at \$10 to \$12, much less than what it would be from Austria."



Ted Baseler



Dennis Kreps

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NEW ZEALAND



Tom Steffanci, president of Deutsch Family, says “place”—Old World or New—is not a critical issue. Instead, he sees high quality/price ratio, simple presentation and emotional connection as the three keys to success with the younger generation. “They are less interested in place and more in lifestyle products,” he says. Steffanci sees Australia again on the upswing and is also “bullish” on New Zealand, Argentina and France as continuing resources for great value.



OLD REGIONS, NEW TWISTS

"Valckenberg is still riding the 'Pinot' varietal emergence from Germany, having started with Pinot Noir a few years ago," notes Julie Swift, national marketing representative for the company, "and we're just now beginning to import the Valckenberg Pinot Blanc."

Songy says that “Grenache from France is something that people are getting interested in.” He also notes that Pinot Noir, Sauvignon Blanc and even Riesling are becoming available in the south of France, as markets look for less-expensive versions of these varieties.

Importers are bullish on rosés from all over Europe, including areas where they weren't traditionally produced.

Importers also cite grower Champagnes as a category that continues to attract buyers and hence importers. So do rosés from regions in all European countries, including areas in which they weren't traditionally produced.

“Rioja has reinvented itself as great wines at reasonable prices,” Kreps says, and several importers see Australia as a continent with great supplies of wine to be rediscovered—but at much lower prices than they once demanded.

"Australia has bottomed out in the last six months," Kreps says, "and now we're seeing appellation-specific wines from high-end producers [which will sell] in the \$12 to \$20 range." Steffanci says that

SPAIN



GERMANY



Deutsch is planning Australian brands beyond Yellow Tail.

Winebow's LoCascio notes that Sicilian wines have moved pricewise from the basement to the penthouse. "It's not unusual to see Sicilian wines, especially from Etna, in the \$70-\$80 category."

E. & J. Gallo has been building an upscale import lineup by adding top brands from Italy and Spain, and Whitman says Palm Bay has been having success with higher-end Israeli wines, some featuring Rhône varietals such as Marsanne, Roussanne and Carignan that, she says, have “found a niche at the over \$50 retail level.”

NO END TO BLENDS

When I was in Mendoza last year, Argentine producers were ecstatic that American importers were opening up the American market for their prized red blends after decades of pushing only Malbec. For example, Palm Bay says it has had success with Callia “Bella,” a sweeter Argentine red blend of Syrah and Malbec.

Palm Bay also formulated an Italian blend of Schiava and Teroldego called Porta Vita for Olive Garden restaurants that, Whitman says, “was so in-demand that we are cur-

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rently rolling it out to retail across the country.”

The need for even the most upscale region to have entry-level wines is not lost on producers. Even before the disastrous 2013

harvest, Burgundians were looking for affordable wines to offer importers. Speaking during the 2011 Hospices de Beaune auction, négociant Louis-Fabrice Latour set a dauntingly low bar for starter red Burgundies. “I have a concern,” he said, “that we don’t have enough entry-level wines at under 10 euros, 10 dollars, 10 pounds or 10 yen.” So far, however, no importer has mentioned finding such wines. ■



MORE WISDOM FROM IMPORTERS

- Most importers are diversifying their portfolios to hedge against implosions such as that suffered by Australia.
- The Great Recession thinned out many marginal importers.
- At the same time, “Diversity has its limits,” says Steve Metzler of Classical Wines. “After you get past 12 to 15, the distributors start to say, ‘OK, which should I concentrate on?’”
- While overall wine demand is high, demand for high-end wines is slow in returning to pre-Recession levels.
- Everyone is searching for new concept or lifestyle wines.
- Although importers will continue “pushing” new wines they discover, they also welcome the “pulling” of retailers and especially of sommeliers demanding certain wines, such as lighter-colored rosés and grower Champagnes.
- Unless you want to hear adults groaning, don’t ask about currency conversion.
- Everyone claims to be wanting, or selling, “authenticity” in their wines, although no one can quite define what that is.

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