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Once Stigmatized, SA Wines Make Stunning Start In UK Market

By Andrew Don

LONDON—South African chenin blanc, chardonnay and colombar red wines are still relative newcomers to supermarket shelves.

But their profile is changing as fast as the political situation in South Africa, as more and more buyers seek to include them in their wine portfolios to cater to a growing consumer demand.

Willem Bestbier, managing director of Edward Cavendish, the wholly owned subsidiary of KMV, South Africa's largest cooperative and wine exporter, says: "South African wines are actively being sought after now that political antagonism has been removed."

Of the 500 enquiries a week received by the South African Embassy when the last of the anti-apartheid restrictions fell in the middle of last year, wine featured high on the list.

Exporters have therefore targeted the UK as one of the most exciting marketplaces for South African wines and because of historical links and a less harsh attitude towards apartheid than other markets, one of the easiest in which to make their mark.

Unlike many other countries the UK never imposed official sanctions on foods and although some supermarkets pulled the plug on South African goods, they continued to be available in varying degrees even throughout the turbulent 1980s when anti-apartheid feelings were at their height.

Jannie Ratief, chairman of the Cape Wine and Spirits Exporters Association, says a simple distribution system, a lack of monopolies, and an increasing willingness among consumers to try new wines makes the UK a desirable target for exporters. He also believes the turbulent past may act as a magnet for consumers wanting to try South African offerings.

"For a long time South African products have been the forbidden fruit. Their novelty value could help them to reestablish themselves in the UK," he says.

But a return to South African wines is more of a fresh start than a comeback. Pre-'80s, South African wines centered on fortified varieties. Now with the trend towards lighter variants, colombar, chenin blanc, pinotage and chardonnay are beginning to make their mark.

Experts agree that the pricing point will be the most important factor in persuading consumers to try South African wines, with the under 3 pounds sterling (U.S.\$6.00) figure the most important psychological barrier. Currently, chenin blanc, colombar and sauvignon blanc come to this category with chardonnay a little higher, at between 3 to 4 pounds (\$6.00 to \$8.00) a bottle.

Both Ratief and Edward Cavendish's Bestbier see these prices as a real value-for-money proposition which will encourage consumers to try the market.

"There are some high-quality South African wines sustaining the bottom end of the market," Bestbier says. Having tried out the lower end, consumers would then be happier to trade up to estate wines, which retail at up to 7 pounds (\$14.00) per bottle.

But Bestbier admits there is some doubt over how long the lower-price bracket can be maintained because of a high rate of inflation in South Africa.

Up until now increased costs in the country have been offset by the South African Rand's weakness against the pound, allowing lower prices to be kept. Now that the rand is on a more even keel, it looks as if prices will rise from next year.

In any event, explains Bestbier, it would be difficult to sell the popular chardonnays at under 3 pounds a bottle because the grape is planted in limited quantities in South Africa and the vines are not yet mature enough to yield large amounts.

But when chardonnay begins to arrive in larger quantities it will have a slightly different taste to "New World" counterparts, with the emphasis on a clean and crisp "wood matured" rather than a "buttery" taste.

Response from the multiples to South African entrants onto the wine scene so far has been favorable, with most of the major players featuring some lines.

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South African Wines Make A Fresh Start In UK Market (Continued from page 1)

Tesco wine buying controller Marcia Walters says the chain has been pleasantly surprised by sales so far. "We are continuing to look very seriously at South African wines because many of them represent such good value for money, especially the whites which could help plug the gap left by the terrible frost damage in France during 1991."

Sainsbury's attitude is more cautious but nonetheless optimistic. Last autumn, it launched Cape Cellars chenin blanc retailing at 2.79 pounds.

Safeway has stocked Vredendal sauvignon blanc, at 3.39 pounds a bottle in selected outlets since last December and intends to extend distribution.

The 21 regular South African wine importers in the UK are well aware of the importance of multiples in encouraging consumers to try South African wines. During the mid-'80s, around 1 million liters of South African wine was exported to the UK. By 1991, that figure had doubled.