

WISH ACROSS THE DITCH

Our Sauvignon Blanc flag is flying high as we sail boldly into 2014. There's no denying our single minded focus has held us in good stead and we've continued to outpace others across the world, but as we round the midway mark in this season's race, there's nervousness in some quarters as to what may lay ahead if we continue to follow the same course.

As well as continuing concerns about New Zealand being a one-trick pony there's anxiety about the potential size of the 2014 harvest, especially after Marlborough increased production from 188,649 tonnes in 2012 to 251,630 tonnes in 2013 – a huge 33 percent increase in tonnage which resulted in a 28 percent increase nationally. Further agitation creeps in when you read of all the new Marlborough plantings with nurseries unable to supply enough vines – it's a sore point for everyone given the wounds of the Sauvignon grape glut of 2008 have barely healed. The coming year also presents some challenges with an ever-increasing anti-alcohol lobby and unfavourable exchange rates with key export markets.

Steve Smith MW, director of wine and viticulture at Craggy Range, says the greatest business challenge for New Zealand wine will always be managing the variation in production of Sauvignon Blanc from year to year. "With the total production already quite a big number, the variation brought about by our variable climatic and environmental factors from year to year, can also be a big number," he says.

"It is an issue because the wine style is vintage dated and has a 12 to 18 month maximum selling window that almost every other premium wine style in the world does not have. Managing this circumstance without putting pressure on long term premium brand building by individual wineries and the country is vital and could be a very big issue for the 2014 vintage."

"On the same issue, yield management on Sauvignon Blanc, particularly in Marlborough, is critical to maintain our positioning. Yield management needs to be a means of guaranteeing quality and character, practised every vintage, not just in those years where there may be too many grapes and too much wine to sell.

"A more elevated focus on the creation of, and making of, the

diverse and compelling 'fine wine' story of New Zealand is also needed. In this I use Matt Kramer's definition of fine wine... 'it is a wine that can make us dream.' We need to ensure the emotional attachment we have with those wine consumers of the world who dream is forever engaging and growing. The more we can show our true credentials, the more the reputation of New Zealand as a nation of wine will be secured for now, and for our children and for their children. This may be a long term goal, but the plan needs to be started now, as only scant attention has been paid to this area up until now."

James Dicey, president of Central Otago Winegrowers Association and director of Grape Vision Ltd and Ceres Wines, says that from a Central Otago Pinot Noir perspective, we work really hard at making our wine as high a quality as possible. "We cannot and do not want to compete on volume so the focus is squarely on quality," he says. "This comes at a price, which is why our wines cost so much and require such a large effort to hand sell. It's extremely depressing arriving in a market to be faced with virtual make-up brands that have no provenance but cost less (mostly because someone along the value chain has taken a haircut). So if asked about my wish list, I would like to see more brands which have a real stake in the local industry be successful in selling Central Otago Pinot Noir, so these fly-by-night brands disappear."

James would also like a dual focus in New Zealand Winegrowers' policy with regards to where effort is spent on market development. "Currently this is squarely on Sauvignon Blanc at the premium end of the market and ultra-premium Pinot Noir is being left on the sidelines," he says. "This is a missed opportunity as Pinot Noir has the ability to seduce the customers to the NZ story at a different tier of the market and open the market for high value NZ wines. Additionally if NZ is only known for Sauvignon Blanc, we end up with all our eggs in one basket which presents a risk to the resilience of our industry."

Neil Ibbotson, founder and owner of Saint Clair Family Estate in Marlborough, says Marlborough Sauvignon Blanc continues to evolve and improve in quality and recent innovations of the

What's keeping New Zealand wine producers awake at night? What's on their wish list for 2014? Misha Wilkinson talks to some key figures in the New Zealand wine community to find out.

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varietal include sparkling and low alcohol as well as riper fruit styles containing thiols. "Oak aged styles, although not new, continue to gain recognition especially with on-premise listings. Regional styles from within Marlborough are emerging and becoming more recognised with added herbaceousness from the Awatere valleys and riper fruit styles especially from the lower Wairau and Dillon's Point area," Neil says.

"Marlborough Pinot Noir quality continues to improve as quality areas for this variety become better identified. Some great Pinot Noirs are now being produced from the clay soils of the Southern valleys. The district now clearly recognises the soil, management and yields that are ideal for Sauvignon Blanc are not ideal for Pinot Noir and vice versa."

Neil says that a worrying trend affecting wine sales and profitability is for world governments to increase taxes on wine, lower drink driving levels and impose stricter rules on liquor advertising. "Legislation and bureaucracy at a government, regional and industry level continue to increase the costs to the wine producer and increase the difficulty of doing business," he says.

His wish list for 2014 includes a vintage of average quantity and great quality; to gain greater knowledge about our soils, our vines and our winemaking; and to make great wine.

For Dr John Barker, general manager of advocacy and trade with New Zealand Winegrowers, a wish list for the regulatory side of things would look something like this: no dramatic licensing fee hikes; strong industry involvement in the local alcohol policy process resulting in sensible rules; the government finally deciding to bring the GI Act into force; a review of the export rules that cover bulk wine exports; the industry picks up the Cheers! social responsibility program and runs with it; and the Trans-Pacific Partnership is signed bringing better conditions for wine trade in developing markets.

Philip Gregan, CEO of New Zealand Winegrowers, hopes for another high quality harvest that adds to our international reputation and that is of a size that supports a good supply demand balance in the industry, i.e. it is neither too large nor too small. He'd also like to see some

easing in the value of the New Zealand dollar. "But I am not holding my breath for that to happen," he says. "And I'd like a successful role out of our initiatives that will add real value to Sustainable Winegrowing New Zealand."

According to Bob Campbell MW, New Zealand's wine industry needs to focus less on growth, which is, by its own definition, unsustainable, and more on optimising profitability at present levels of production. "The perceived value of New Zealand wine has recently been eroded by oversupply," he says. "The industry needs to claw back that lost margin. When consumers reach for a bottle of New Zealand wine they need to feel that they are buying a wine of consistent high quality with a distinctive character. I'd like to see a ban on the use of country or regional references for any wine not bottled in New Zealand. I'd also like to see even greater investment in 'selling the NZ story' to key international markets."

My wish list would see more Central Otago wineries return to profitability as the increase in demand and pricing continues so that producers are able to focus on quality rather than quantity. The natural flow-on effect will hopefully be that less Central Otago fruit is sold out of the region to the larger players keen to enhance their portfolios with a Central Otago Pinot Noir. I also hope more common sense is applied to how the new Alcohol Reform Bill is rolled out in each region under the District Licensing Committees. Unfortunately New Zealand's binge-drinking culture problem has resulted in the anti-alcohol lobbies coming out in force and the actions directed at curbing alcohol abuse also have a negative impact for wine producers.

I also hope that our wine and trade organisations come to realise that Central Otago is not Marlborough – we don't have high-volume, low-cost mechanised farming regimes. It seems most of the export and marketing programs for 2014 with New Zealand Trade & Enterprise and New Zealand Winegrowers are geared towards markets and price points that only Marlborough can achieve. Of course when you have a region that comprises 75 percent of the nation's production and 85 percent of exports, you've got an 800 pound gorilla to keep happy – and it's hard to argue with gorillas. ■