

a Small Advantage

IF SMALL IS BEAUTIFUL, THEN WHEN YOU HAVE 631 OF NEW ZEALAND'S 697 WINERIES CATEGORISED AS SMALL (WITH SALES NOT EXCEEDING 200,000 LITRES A YEAR) YOU'D HAVE TO LOGICALLY CONCLUDE THAT NZ WINE IS ESSENTIALLY ... BEAUTIFUL. OF COURSE THAT'S NO SURPRISE FOR KIWIS, BUT WHAT MAY BE SURPRISING IS HOW SMALL CAN ALSO BE VIABLE - ESPECIALLY IN THESE TOUGH TIMES. MISHA WILKINSON REPORTS ON FOUR SUCCESSFUL BOUTIQUE PLAYERS.



Kevin Judd and Dixie. Photo: Mike White. WBM cover photo by Kevin Judd.

When Deloitte published its fifth annual New Zealand wine industry financial benchmarking survey last December, it reported that, in general, wineries were experiencing declining profitability and rising indebtedness – that was certainly no surprise to anyone. Large scale wineries (with revenue over NZ\$20 million), continued to be the most profitable but it was the smallest wineries (with revenues under NZ\$1 million) that were the ones suffering the most with an average loss of 31.9% – or around NZ\$50 a case! However the report stated that there were wineries, from all the size categories, which did generate reasonable returns, suggesting there are viable business models across the industry.

You have to make outstanding wine when you're small and charging a premium – that's a given but it's not enough. A number of wineries have other factors working for them that give them a unique position in the market enabling them to be both small and successful.

Kevin Judd is a New Zealand industry pioneer who became famous during his time at Cloudy Bay as the founding winemaker. Some 25 years later he decided to leave but as Kevin says "Where do you go after Cloudy Bay?" So he set up on his own to make...Marlborough Sauvignon Blanc of course! The concept of leaving a goliath brand like Cloudy Bay and establishing his own brand was an opportunity to control everything himself.

“Being on my own gives me freedom,” he says. “If I decide I want to make a late harvest Gewürztraminer one year, I can – and I already have!” He also had a great brand name in his back pocket – Greywacke – the name of his first Marlborough vineyard that he had trademarked thinking it might come in handy one day. Judd has also incorporated his own name as part of the Greywacke brand mark, clearly linking the master to his wines. “The wines are very much about me and my winemaking – now they literally have my signature on them,” he says.

Judd has established a smart business model based on sourcing great fruit for his wines from prime sites, and he’s also saved on infrastructure

costs by making his wine at Dog Point Winery owned by other ex-Cloudy Bay colleagues Ivan Sutherland and James Healy. Launching the Greywacke brand in 2009 may not have seemed like ideal timing, but Judd says, “It was because of the financial crisis that I had access to some great fruit at some great vineyards!” (And he’s someone who’d have a pretty good idea as to where the good stuff is grown!).

Judd’s talents are also in photography as he’s acknowledged as one of New Zealand’s best vineyard photographers with two books to his credit and images in publications globally. Leveraging his visual talents, his photos are used on the labels, providing the unmistakable identity of Greywacke. And yes he is making more than Sauvignon Blanc and has a range of white wines and a Pinot Noir to his credit. Judd also sets himself apart by carting around a large and heavy wooden case containing a canvas print of a photograph that he sets up on an easel at trade events instead of those ubiquitous plastic banners that dominate trade gatherings. He also produces a limited edition signed poster of one of his labels every year for top customers. These are the small touches that differentiate the Greywacke brand, making it both memorable and unique.

“It was because of the financial crisis I had access to great fruit.”

Although his venture is still relatively new, his strategy is to increase the distribution footprint. “I see the world as my market so I’m going to need a certain production level to achieve it,” he says.

Although Judd could hardly be described as loquacious, what he lacks in verbal discourse is more than made up for by his visual and winemaking abilities – a case of letting the wines and the images do the talking!

Now if you were a famous Hollywood actor and decided to start your own wine brand, you would assume you’d have a pretty big advantage or at least a decent headstart over most new brands, right? But Sam Neill of Two Paddocks in Central Otago doesn’t think it gives him any advantage at all! “The business of celebrity tends to work against you as much as for you – there can be a tendency to take our wine less seriously than it should be, especially at the heavyweight end of the wine business,” he says. But Neill, a typically understated Kiwi, adds, “Having said that, I’m hardly a celebrity at all, so this is no great burden.”

Although Neill dismisses his star status, he certainly manages to pull quite a crowd around his table at wine events and street fairs and there are

always people keen to have their photo taken with him. He is also very much the face of Two Paddocks and he proudly says, “I write the Two Paddocks blog and have done so for 11 years now.” He’s even started Facebook and Twitter recently. “I have no idea if these move wine, but they’re a lot of fun,” he says. With that amount of celebrity endorsement it’s bound to create attention and at least get the brand noticed (and remembered) which is half the battle when you’re a boutique producer.

In fact Neill is quite keen to step up and do more to position New Zealand wine internationally. “I’ve always thought that my fairly unique double life as a fairly serious vigneron and a fairly serious actor would be useful occasionally, as a sort of ambassador role for NZ wine,” he says. Neill thinks he might be able to reach a broader audience that may not have even heard of New Zealand wine let alone Central Otago. He’s hoping he’ll soon get a gig where he’s asked to fly the flag for New Zealand wine. (Yes please – it would be good for us all!).

The only downside of being small that both Neill and Judd mention, is to do with resources and Neill says that “anywhere in the world is a big schlep from NZ!” However the benefit of being small is the

ability to band together and Neill likes the idea of cooperation. He’s part of a group of local Central Otago wine producers that work together to talk up the region, the country and each other’s wine for that matter! If he had to give any advice to other small producers it would just be, “never, never cut your prices – you may as well cut your throat.”

Another Central Otago producer who also believes in the idea of cooperation is Nick Mills from the iconic Rippon Estate, who says a critical part of his success has been due to the “establishment and development of a really strong collective approach with the local winegrowing group”. It’s also a collective approach at Rippon in terms of the business being family run. Mills shuns the term ‘competitive advantage’ and can’t even bring himself to describe his lakefront vineyard as spectacular (which it undoubtedly is). It’s just not the way he or his family think about their piece of paradise. As an avid proponent of biodynamic practices, Mills has a very strong connection with the land he grew up on – land that has been in his family for 99 years with his father taking the first viticultural step.

Although Mills says Rippon has “an extremely special microclimate and soil type”, it stands alone



Sam Neill

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Rippon Vineyard. This photo by Kevin Judd is contained in his second book called *The Landscape of New Zealand Wine*.

with no other significant viticulture in the Wanaka basin. That's simply because when Mills' great grandfather passed away, the original farm, Wanaka Station, went under the hammer to pay the death duties with Mills' grandmother managing to buy back some of the land that now forms Rippon Station. The rest of the land was sold and sectioned off for residential development and now that land is more valuable for housing than viticulture. So Rippon is uniquely positioned with no other vineyard likely to crop up next door!

“Nick Mills doesn't even think his vineyard's visual appeal is that great an advantage and could even be a risk.”

Mills doesn't even think his vineyard's visual appeal is that great an advantage and could even be a risk in that it has become the generic face of New Zealand winegrowing. However a newly constructed Rippon Hall, “a place for theatre, music, celebration, education and possible corporate use,” explains Mills, certainly does take advantage of the location and is an opportunity to create a new income stream so that one day the winery can be upgraded and new staff accommodation can be built.

Mills insists the whole idea behind this business is to keep the land healthy and pass it on to future generations, and reiterates that Rippon is “as much of a place as it is a brand”. The reality is that Rippon has a unique and spectacular location that generates attention and admiration; has a commitment to biodynamic practices and a philosophy of caring for the land for future generations; and is a family-run business and one of the pioneers of wine production in Central

Otago – all of which creates a strong brand story.

In spite of the humility that underscores these three producers – humility about one's location, one's winemaking ability and one's celebrity status – all still have unique factors that marketers would certainly term as competitive advantages. However you don't have to be self-effacing to be small and successful and Scotsman Angus Thomson is certainly one who doesn't mind blowing his own pipes.

Thomson was first inspired by New Zealand when he visited as a youth and worked his way

around the country before returning to Scotland. Over time he became increasingly disillusioned with the agricultural subsidies forced on Scottish farmers requiring them to keep 20% of the farm fallow, and he decided he needed to make a change. He wanted to run a successful farming business and realised the trick was to add value. “Growing it, making it, packaging it and selling it was what I wanted so that I could add value to each step along the way,” he explains. So Thomson's trail started when he sold the farm in the Highlands of Scotland, a farm that had been in his family for five generations, and moved across the world to Gladstone in the Wairarapa region of New Zealand to establish a vineyard.

For Thomson's first vintage his brand, designed by a Scottish design company, was Thomson's Trail, of course! After some advice and feedback from potential distributors, he realised it was a name that reflected “a journey and not a destination”. So

Thomson looked at wine labels he most admired and took his brief to specialist wine packaging agency, Tardis. After a few months of design work, the brand *Urlar* was born – a Gaelic name that was actually the name of the property Thomson grew up on and meaning ‘the Earth’. The brand name was ideal as he had taken a path of organic and biodynamic principles on his vineyard, so a name that signified the earth made it particularly meaningful.

Like Judd, Thomson launched a brand in tough economic times so he needed to have some strong advantages and great packaging. He believes his decision to use organic and biodynamic farming practices is a huge marketing advantage and he has been able to get listings on distributor portfolios because of it. For Thomson, exporting was also something that was a central part of his business plan with the UK set to play a big role. That's exactly what has happened with one retailer from his hometown in the Scottish Highlands selling more wine than one would expect from the whole market!

The only real downside that Thomson can see in terms of being small is, “you do as much travelling for 14,000 cases as you would do for something substantially bigger.” However he does enjoy the travel and trying to charm more customers. “My Scottish heritage creates plenty of amusement and banter given that it's not known as a grape-growing country!” he says.

These are all strong individual brand stories but whatever that unique set of factors we believe our individual brands have, we also know that just being from New Zealand gives us a small advantage!

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