

# HALF FULL *or* HALF EMPTY?

*Despite having the largest wine industry in the world, the French are losing market share overseas as competitors make strong headway by refusing to recognise that time has moved on.*

**T**he French have always refused to acknowledge the barrier that their language imposes on non-European buyers – or even European buyers for that matter. They have always been able to sell their finest wines to a market (the connoisseurs in the UK and Europe), who have a passing familiarity with French as a neighbouring language. But in the States or Australia, where French is just one of many foreign languages, and where local wine can supply most needs, this is a marketing obstacle.

Even in the UK, where French wine has been on the shelves since Roman times, the mass market is put off by monoglot labelling. Once upon a time, British wine importers brought Claret in by the hogshead, and bottled it in Britain with English labels. But this was a British

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initiative. It was the British wine merchants and entrepreneurs who went to France to buy wine, not the French who came to Britain to sell it.

All that has to change if France has to hold its own in Britain, and there are signs that some exporters are changing. The long lists of impenetrable chateau names and appellations, classifications and negociants are under pressure, and some New World style names appearing: “Stone Road” and “Fat Bastard Chardonnay” to name but two. (Although there is nothing in the bottles behind these new labels to get excited about; these are indifferent wines for the indiscriminate). The best wine is still sold by traditional name to the traditional drinker.

What is clear is that the French have lost their pre-eminent position in the UK to the Aussies. Market research made public by industry monitors ACNielsen shows that Australia now claims 25% of the market, and growing. This share was worth GBP891 million in the year to March 2005. The French share has been falling steadily for years (despite a growing market overall) and now stands at 17%. There are a number of factors.

One is price: the Bordeaux vineyards were guilty of putting prices ever upwards in the ‘80s and ‘90s, regardless of the quality of the wine in the bottle, to the extent that many wines are now priced out of the reach of the educated middle-class drinker – the broadest and most loyal market. These prolific spenders looked elsewhere and discovered solace in the southern hemisphere where quality and value overlapped.

Another factor is consistency: the single-vineyard wine is just not as consistent in quality and taste year-on-year as the built wines of Australia and California, where grapes and juice are often sourced widely, flattening variations caused by varietal, harvest, weather and terroir.

Then there is the way the trade is divided up in Britain. 70% of sales are through the supermarket sector, intensely competitive, and less than 20% is through the higher margin “on” trade – pubs, restaurants and the like. This on-trade is declining, and the new world competition is now focussing on this business as well. It is in this sector that France has been hit hardest. France holds 34% of this market, falling at 12% pa. Australia has 17%, growing at 2% pa.

The overall UK market had stopped growing as at April 2006, but within that the continued strength of rosé wine sales is bucking the trend. Driven by the US market, sales of rosé from all producers grew 35% in the UK, and now constitute 7% of the entire market. Pink sparkling wines are doing well too, and there has been a return to spirits and bottled “long” drinks – the wine market is part of the wider drinks market.

Subjectively it seems that most UK consumers accept that they are on a journey of becoming educated about wines, and are eager to try new brands. Even the more sophisticated drinker, familiar with the regions and wines of Bordeaux, say, will continue to seek out and try new wines. But this isn’t the way supermarkets work: the supermarket wants to reduce the number of brands to the few that consistently sell well and it is understanding this dynamic that is the key to the mass-market consumer.

Brands that have done well have used simple consistent labels permitting easy discrimination of a wide range of wines, and pricing commensurate with perceived quality. Labels include tasting notes, and hint as to with which food a wine might be compatible. Wolf Blass and Rosemount are exemplars. None of the French makers, not even the giant Mouton Rothschild, producers of Mouton Cadet amongst many others, has been able to match this branding approach. And until they do, they can look forward to continuing reductions in their market share.