

# NATIONAL LIQUOR NEWS

Australia's Leading Liquor Industry Magazine

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## RUSSIAN STANDARD

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# west-side pride

*A warm and dry vintage in Western Australia promises that some excellent 2011 wines will be making their way onto bottleshop shelves, writes Christine Salins.*

>> SANDALFORD WINES' SWAN VALLEY VINEYARD.

**T**he chief executive of Sandalford Wines, Grant Brinklow, said the 2011 vintage was one of the best in the last decade or two. "We're blessed in Western Australia because we don't get the vagaries that our cousins in the east are prone to," he said. "We've had lower rainfall in the last 12 months than the long-term average. The quality of the fruit has been exceptionally good."

Sandalford has much to be optimistic about. A family-owned company with other business interests, its event program has grown significantly in recent years. "That pillar to our business platform really helps with consumer awareness," Brinklow said. Recognising that it needs to put more focus on selling directly to consumers, it is using the regular concerts at its Swan Valley and Margaret River cellar doors to build its database. Each show nets the company about 5000 new contacts. "We can fast-track the building of our database on the back of the concerts," Brinklow said. "Ultimately, our goal would be to have in excess of 100,000 wine club members. We already have nearly 60,000. Even if we had 20,000 buying a case each year, the impact is quite phenomenal. In the last couple of years there's been a dramatic increase in the number of people buying wine online,

but admittedly we were coming off a small base. People are becoming more confident of buying online. It's important we continue engaging them and build that trust."

Brinklow is quick to reassure the trade that it won't be forgotten. "We haven't abandoned our traditional market. To the contrary," he said. "We work very closely with Fine Wine Partners and we put a lot of extra effort into the on-trade and the independent off-trade. The independent trade in particular is suffering. There's only so much we as a producer can do – we support them as best we can. But if we keep doing things the way we did historically, we would jeopardise our business."

Brinklow said their distributor, Fine Wine Partners, had made "good progress" with the on-premise trade and independent liquor stores. "We're looking to create a bit of a niche to leverage the brand," he said. "In the last year or so we've put increasing focus on the Margaret River range."

While many people see Sandalford as a Swan Valley producer, it was in fact one of the pioneers in Margaret River, planting there in 1970. "Sandalford is a 135,000 case producer. Historically, more than two-thirds of production was Swan Valley – now it would be less than half," Brinklow said. "The problem we had previously is that we had arguably the best vineyard in Margaret River,

with a capacity to continuously produce top fruit, and yet historically we were blending it away with fruit from other regions. We've gone from a multi-regional focus to one that's almost dedicated to Margaret River."

Brinklow said that Sandalford's owners, the Prendiville family, had spent a lot of money repositioning the brand since 2000.

These days, Swan Valley fruit goes into Sandalford's entry-level **Element** wines, while a new **Margaret River** range, introduced in 2008, is pitched above Element and below its **Estate Reserve** range.

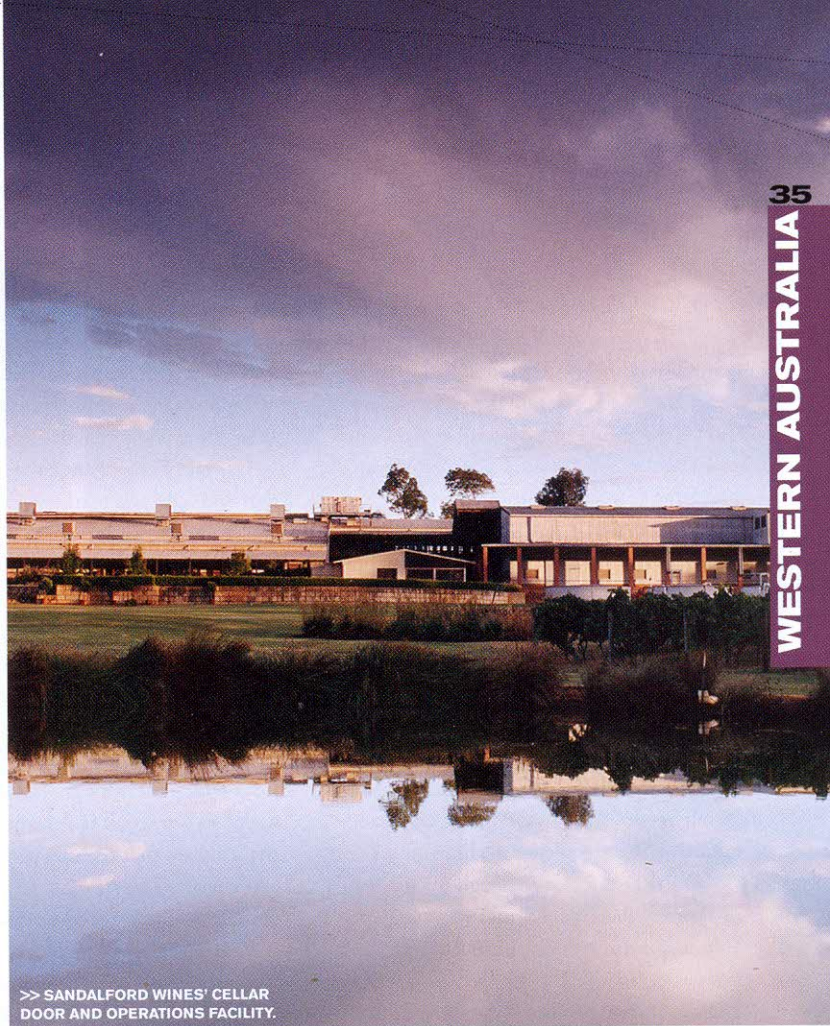
In 2005, it introduced its **Prendiville Reserve** range, kicking off with a 2002 Cabernet Sauvignon. It has since added a Shiraz and Chardonnay, with the 2008 Shiraz selling out quickly, and the 2009 Chardonnay selling strongly.

"Margaret River and Shiraz are not synonymous but we think the style of Shiraz that is coming from these old vines has an elegance about it that is a really nice contrast to the high-alcohol fruit bombs from regions like the Barossa," Brinklow said. "We didn't just want to bring out line extensions for the sake of it. The brief from our board was that they had to be world-class wines."

Early last year, Sandalford bought a 45-acre block whose 'dress circle location' in northern Margaret River puts it on the main tourist route. Despite generally challenging



>> THE SWAN VALLEY IS A TOURIST DESTINATION FOR WINING AND DINING.



>> SANDALFORD WINES' CELLAR DOOR AND OPERATIONS FACILITY.

times in the industry, Sandalford's strategies appear to be paying off. "2010-2011 will be by far the most profitable year in the company's 171 year history," Brinklow said. "We've proven that we're really serious about being a premium Margaret River producer but at the same time finding commercial channels to ensure we self-sustain."

One of the ways Sandalford is marketing to the trade is in a promotion with fellow WA producer, **Capel Vale**.

Capel Vale marketing manager, **Scott Grieve**, said the promotion provided the trade with Spiegelau glasses that could be on-sold to customers. While acknowledging that the industry was tough at the moment, Grieve said Capel Vale was enjoying "real success" with its Regional Series, which now accounted for more than 30 per cent of its sales.

In 2007, Capel Vale branded and launched three ranges – the entry-level Debut range; **Regional Series** – "essentially they are a single vineyard series"; and the **Single Vineyard Series**, barrel-selected wines that are made only in years when the fruit is exceptional.

"Our hope is to maintain the Debut series while building the Regional series up to 50 per cent of our sales," Grieve said. "The focus for us is on our family-owned vineyards. I dare say we have the largest picking window in Western Australia, from Dandaragan one

and a half hours north of Perth to Mt Barker five hours south of Perth."

The warm, very dry vintage has resulted in an earlier harvest than usual, with the 2011 vintage looking very similar to the 2007 vintage.

"The trick with reds is that we pick on flavour rather than baume. We heard that those who picked on baume regretted bringing it in a little bit early," he said. "In 2007 we managed our Cabernets very well and I think we'll have another spectacular success in 2011."

The Regional Series sells for about \$25 and includes a Pemberton Sauvignon Blanc Semillon blend, Pemberton Sauvignon Blanc, Pemberton Chardonnay, Margaret River Cabernet, Margaret River Cabernet Merlot and Mt Barker Shiraz.

Grieve said the company was considering releasing a Regional Series Margaret River Chardonnay next year. A Pemberton-style Chardonnay would still be available, but it would move into the Museum & Rare section of the Fine Wine Partners portfolio. The Museum & Rare section was a "fantastic" promotion that the trade had "really responded to".

"A lot of trade are looking to the Museum & Rare section and picking from that first, before turning to the rest of the portfolio," he said. Also in the Museum & Rare section,

Capel Vale has a straight Petit Verdot, Sangiovese, aged Riesling from 2000 and 2001, and an aged Merlot. Capel Vale has some of the oldest Merlot vines in Australia.

**Stewart Hodges**, Capel Vale's national sales manager, said they were promoting the Regional Series by pouring a lot of wine for the trade, holding in-store tastings and offering tastings at events such as **Taste of Sydney**.

Hodges said regionality was becoming more of an issue for consumers, who were also starting to go for more restrained styles, something which Capel Vale was well-poised to take advantage of. "Sommeliers and wine writers have been pushing for more restrained styles and we find that they are generally about five years ahead of where the market is at. We're now starting to see that trickle-down effect."

The Semillon Sauvignon Blanc blend in the Regional Series, for example, was appreciated by many customers because it is a "more restrained, textural style" than Marlborough Sauvignon Blanc.

Western Australia and NSW account for just over 70 per cent of Capel Vale's sales. But while Capel Vale sells a smidgin more wine in NSW than it does in Western Australia, **Liquor Barons'** experience is that Western Australian consumers just cannot get enough of Western Australian wines.

**Chris O'Brien**, general manager of Liquor Barons, which has 32 stores around the state, said WA consumers were "still really happy to consume the varietals and blends that Margaret River does well" such as Cabernet Sauvignon, Cabernet Merlot and Semillon Sauvignon Blanc.

"The Western Australian wine industry has told the Western Australian wine-drinking public that Western Australian wine is the best in Australia. Fortunately they seem to believe that," O'Brien said. "What we have is a wine-drinking public that is unbelievably parochial. That means having a renowned region on the label gives that product a significant advantage in the market place. We go out of our way to support local wines and ensure we make space for the little guys."

O'Brien said that although the quality of Western Australian wines was excellent, "like anyone in retail it's been a tough few years." Liquor Barons had not yet felt an impact from people turning to online shopping "but I'd expect that answer to be different in 12 months ... we're only at the dawn of online sales in liquor". O'Brien said that if Liquor Barons went down the online shopping path, which he expected it would, Western Australian wines would be a strong focus. "We're in the box seat to leverage that interest in Western Australian wines."

While Australia's export market generally might be tough, there's no stopping **Watershed Wines**, which recently secured an exclusive distribution deal in China. It

has also entered into an agreement in which it will not only sell its wines in India, but will assist with the production of a range of Indian wines. "India is a market that is developing and is potentially going to be huge," said **Tony Brandtman**, Watershed's national sales and marketing manager.

Watershed is proud of its strong relationship with independents around the country, many of whom have picked up its very keenly priced new range, **The Farm**. The quirky label features a Kombi van and surfboard with the tagline 'Ask the locals for directions', themed around a secret surf spot in Margaret River, the region from which the wine hails. Introduced just under a year ago, it is designed to tap into the localism that the independent trade appreciates. The strategy is paying off. "It's going absolutely phenomenally," Brandtman said, attributing its success both to the labelling and to over-delivering on quality. The range, which includes a Classic White, Classic Red, and Semillon Sauvignon Blend, sells for around \$12 a bottle, but is often on promotion at two for \$20.

Brandtman said that although the company was proud of the product, its Watershed labels were its mainstay, including its drink-now **Shades** range, its **Senses** range and its premium **Awakening** range. The 2008 Awakening Cabernet Sauvignon, due to be released in the next few months, has already enjoyed considerable show success.

One point of difference is its Senses

Sauvignon Blanc, which is partially barrel-fermented in French oak, lending it a lovely restrained style. It won a Blue-Gold medal in the 2011 Sydney International Wine Competition.

Frankland River winery, **Ferngrove**, experienced a "fast and furious" vintage this year, according to marketing services manager, **Jayne McKennay**. The record-breaking warm weather saw all the grapes harvested in five weeks, about three to four weeks less than it usually takes – as McKennay describes it, "definitely the quickest vintage on record".

"We had moderate yields with all fruit picked at night to avoid the heat," McKennay said. "The whites retained great acid and flavour, and the colour on the reds is exceptional."

It is participating in the **Wine Industry Association of WA's Taste of WA**, open to trade and consumers, in Sydney on June 21 and Melbourne on September 13.

**Rob Mann**, senior winemaker and estate director at **Cape Mentelle**, also reported an earlier harvest than usual and excellent quality fruit.

The industry was getting over the financial challenges of the previous few years, and the company had noticed a lot more optimism coming back into the market in the last 12 months. Consumers were making the transition from cheaper wines that had flooded the market. "People are reverting back to brands they know and trust," said Mann.

A pioneer of the Margaret River region, Cape Mentelle has a strong following in the eastern states. Its biggest markets are NSW and Queensland, with Western Australia third. Exports account for about a third of production. Europe and the United States have been challenging because of their depressed economies, but Asia is strong.

Cape Mentelle's biggest selling wines are its Sauvignon Blanc Semillon blend and its Cabernet Merlot blend. "Not just for our wines but for Australian wines in general, the quality has never been better. It's a great time for consumers," Mann said. "Margaret River has had five really quite outstanding vintages in a row, in contrast to the rest of Australia, where the vintages have been challenging. The consistency and quality of the last five years has been excellent here. From a consumer perspective, it's a great time to be drinking Western Australian wine." ■■■

## LIQUOR BARONS TOP WA DROPS

Seven of Liquor Barons' top 10 selling white wines are from Western Australia, two are from New Zealand and one from South Eastern Australia, while six of its top 10 selling reds are from Western Australia.

Its top-selling WA whites, in order of sales starting with the most popular, are:

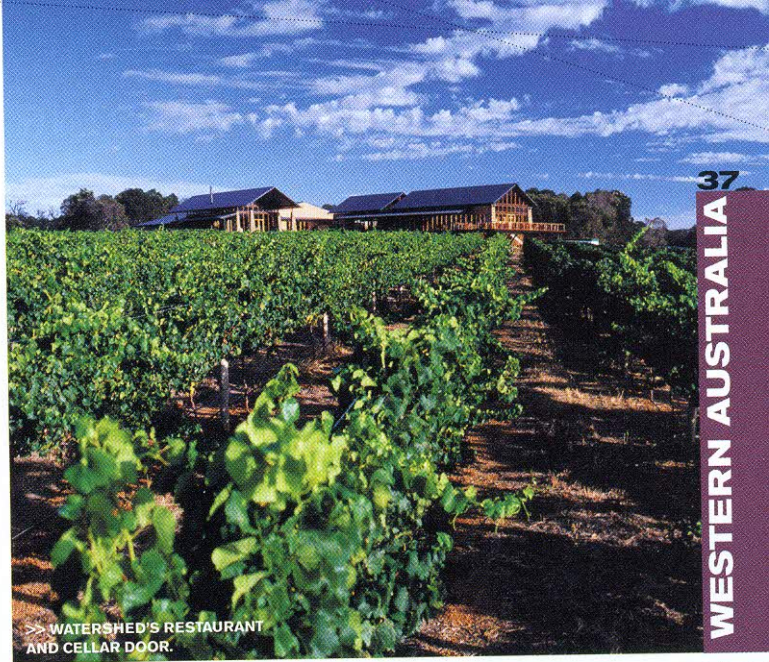
- Houghton** White Classic (Stripe range)
- Houghton** Semillon Sauvignon Blanc (Stripe range)
- Madfish** Premium White
- Amberley** Chenin Blanc
- Evans & Tate** Classic White
- West Cape Howe** Semillon Sauvignon Blanc
- The Handshake** Semillon Sauvignon Blanc

Its top-selling WA reds are:

- Madfish** Premium Red
- The Handshake** Cabernet Merlot
- Voyager Estate** Girt by Sea Cabernet Merlot
- Houghton** Cabernet Shiraz Merlot
- Oakover** Cabernet Merlot
- West Cape Howe** Cabernet Merlot



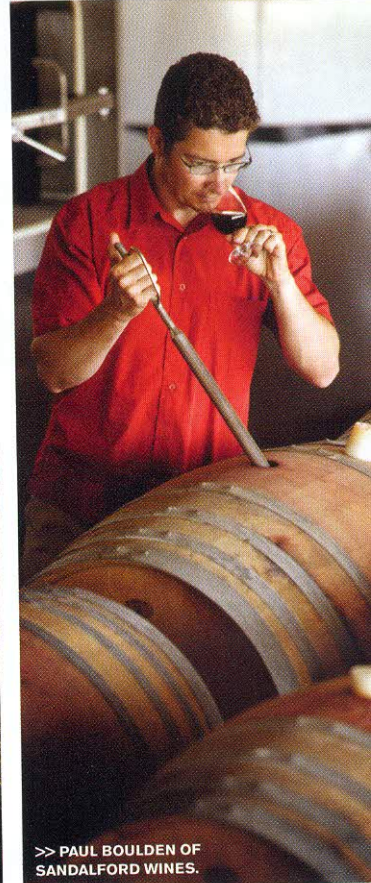
>> WATERSHED WINES HAS RECENTLY SECURED A DISTRIBUTION DEAL IN CHINA.



>> WATERSHED'S RESTAURANT AND CELLAR DOOR.



>> CAPE MENTELLE IS REGARDED AS A PIONEER OF THE MARGARET RIVER.



>> PAUL BOULDEN OF SANDALFORD WINES.



>> CAPE MENTELLE'S CELLAR DOOR.



>> WATERSHED HAS ENJOYED SUCCESS WITH ITS THE FARM RANGE.