

THE BUYER

CONNECTING THE PREMIUM ON-TRADE

The Buyer's New Zealand Wine Debate

In association with:



Setting The Scene

Arguably New Zealand's most successful exports over the last 10 years have been its rugby players and the growing reputation of its wine. Whilst the former have gone on to be World Champions in both 2011 and 2015, the country's wines have enjoyed similar global success with export sales up 236% since 2006.

A jump from 57.8 million litres in 2006 to 213m litres this year. The total tonnage of grapes crushed is also up 136% to 436,000 from 185,000 in 2006 (New Zealand Winegrowers). Such has been the popularity of New Zealand wine that anyone who invested in the sector over the last year 10 years would have seen their earnings double with an average yearly growth of 8.5%.

But that does not necessarily mean all is fine and dandy in the land of the long white cloud. Whilst its wine sales have boomed in the UK over the last 10 years it has done so in two very distinct and different markets.

On the one hand there is big box office New Zealand. The market buyers and consumers flock to every year for the latest mass volume, easy drinking, well-loved wines that fly off supermarket shelves and mainstream casual dining and pub wine lists.

Then there are the more independent cinema, art house releases from New Zealand. These are rather less well known, and rely on a small, but loyal audience.

It is arguably this second market which truly reflects the unique style and diversity of wines being made in New Zealand, in both its north and south islands.

And with so much competition in the big box office arena, there is a growing feeling both inside New Zealand and outside, that it needs to find a better balance between the two. It could even go on and develop a third market in the middle which allows the country to build volume and market share for its more interesting wines, but not run the risk of making wine to hit price points to maintain space on competitive supermarket shelves.

It is a debate and a conundrum that all of New Zealand's major wine producers are having to increasingly face up to as demand for their wines increases from key markets all around the world.

None more so than Villa Maria, that as a producer, already has to straddle between the high volume, branded wine market, whilst looking to develop its more premium, bespoke wine offerings at the same time.



Shepherd Market Wine House's Ben Van der Meutter

The Opportunity

To help explore both sides of New Zealand's export strategy, as well as delve deeper into its more diverse and terroir driven wines, The Buyer teamed up with Villa Maria to bring together a group of key on-trade buyers and decision makers to assess how they see the New Zealand wine market.

The panel's challenge was to assess how far New Zealand has come, in its relatively short life as a major wine producing nation, and what direction it should go in the future.

It proved to be an opportunity to see how well New Zealand wine is doing in different channels of the premium on-trade and independent wine sector. It also gave buyers the chance to hear and share their own experiences of how well different styles of wine are doing and at what price points.

And how better to showcase the type of wines being made in New Zealand than to take the buyers through a series of new styles of wine, including different regions, being produced by Villa Maria throughout the debate."

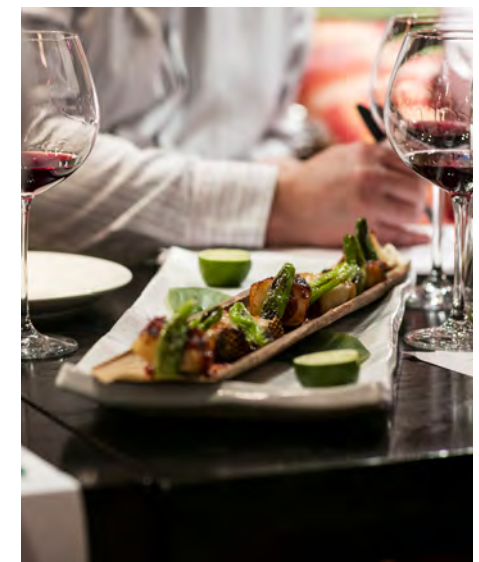
The Highlights

Over the course of the next few pages we go into full detail about what was said by whom at the debate. But to give you a head start here are some of the key conclusions that came out of the debate:

- the role of Sauvignon Blanc. How does the New Zealand look after and grow its biggest asset.
- the strong opportunity that now exists for Spanish white grape varieties, most notably Albariño
- the growing interest in and demand for Pinot Gris
- how the UK on-trade now needs a more focused channel specific strategy to tell a different New Zealand story that is currently being heard
- the opportunity for more New Zealand icon wines to gain a stronger foothold
- the role of Pinot Noir and the opportunity for producers to highlight the diversity and regionality that is now playing its part in New Zealand
- the emergence of more regions with strong winemaking credentials like Nelson
- how on-trade buyers are increasingly looking for more site specific, terroir-driven wines from New Zealand
- how sustainability and organic winemaking could be more of a calling card for the country in the future

The Venue

The debate was hosted by Roka, the premium Japanese restaurant on Charlotte Street in London. Our thanks go to executive chef, Hamish Brown, who devised specially created dishes to pair with the selection of Villa Maria wines tasted during the debate.



The Panel

The Buyer would like to thank the following panel for their time and support and for sharing their insights in to what the New Zealand wine category means to them. They included:



Simon Jerrome

Head of wine buying for Conviviality Trading and Direct, and helps distribute Villa Maria wines in the UK through Matthew Clark



Ben Van de Meutter

Wine buyer, head sommelier, Shepherd Market Wine House



Patrick McGrath

Managing director of Hatch Mansfield, partners and distributors for Villa Maria wines in the UK.



Thor Gudmundsson

Co-founder of The Wine Rooms, with three outlets in Brackenbury, Kensington and Fulham



Sir George Fistonich

Founder of Villa Maria



Fiona Mottershaw

Villa Maria brand manager at Hatch Mansfield.



Melanie Brown

Founder of The New Zealand Cellar in Brixton



Paul Raper

Villa Maria's UK, Ireland and Middle East market manager



Chris Stroud

European marketing manager for New Zealand Winegrowers



Villa Maria: The Facts

- Founded in 1961 when Sir George Fistonich leased five acres of land from his father in Mangere, turning one into vines. He produced his first vintage in 1962.
- It is New Zealand's only independent, high volume family-owned winery
- Exports to 60 countries around the world
- 90% of its turnover in the UK is through the off-trade, with 10% on-trade.
- Sir George was awarded a knighthood in 2009. The first to be awarded for services to the New Zealand wine industry.

Sir George Fistonich: The opportunity for New Zealand and Villa Maria in the UK on-trade

To help steer the debate was one of New Zealand's most experienced, influential and respected wine figures, Sir George Fistonich.

Sir George has been working tirelessly to understand and find his, and New Zealand's, place in the international wine market ever since he founded Villa Maria in Auckland in 1961, at the tender age of just 21.

It is testimony to his passion and determination to keep New Zealand, and Villa Maria, at the cutting edge in key markets like the UK that he was present at the debate. Listening, observing and willing to share his own personal insights as to where he sees and thinks the country should develop in the years ahead.

Despite how far it has come in the last 50 plus years, Sir George believes New Zealand is still only at the beginning of its wine journey.

Key to its future success is understanding and developing the right strategy for New Zealand and Villa Maria for the right export market, he says. To do that you have to be in each market, listening, taking part and watching to see which approach works best where.

It is also crucial, he believes, that it has remained independent and family owned and it is "therefore a master of its own destiny" to makes those decisions for itself.

Finding its place in UK on-trade

He is also aware that for all the great success that Villa Maria has had in the main UK off-trade, it still has to ensure it remains relevant to the on-trade.

He accepts its perception as a large supermarket brand will put some on-trade buyers off. It is not a problem it faces in New Zealand, for example, where Villa Maria is seen as a benchmark on-trade wine. Equally in the United States and Asia where 70 to 80% of its wine sales are in restaurants.

But with 90% of its UK sales through the off-trade, it clearly is a very different market.

"I understand there might be some perception out there of not wanting to stock us, but equally consumers like to recognise and see wines they know on wine lists and can be reassured by. We just have to work hard at it and understand the market better," he explains.

"Restaurants are also a great way to introduce people to new varieties and styles of wine like Albariño, particularly by the glass," says Sir George.

That said Villa Maria is still selling some 60,000 cases in the UK on-trade so it is already "pretty significant," he adds. "We do better in more established restaurants as they take a longer term view."

That is why its long standing partnership in the UK with Hatch Mansfield has been so important in building its brand, credibility and respect both in the on and off-trades, he stresses. "It has been nice to grow together," he says. "No matter how good your wine is, you still have to have good people to help you sell it."

As for his own influence, Sir George likens himself to a bit of an all rounder. "You have to be a good farmer, a grape grower, a scientist, a winemaker, a marketer, a salesman, and a performer. But I love it."

In fact, he says he effectively "retired" the day he decided to become a winemaker such has been the adventure he has been on ever since. "Wine is just a very good hobby," he says. "A hobby that has gone on for 55 vintages."



The Debate

When talking about the past, present and future of New Zealand wine there is only one place to start. Sauvignon Blanc. The grape variety has become synonymous with the country and with Marlborough, New Zealand has created its very own regional wine brand known the world over.

But, as Sir George points out, it is still very much early days for a grape variety that has really only come into its own from the 1990s onwards.

It is also fairly out of date with what is going on in the country to pigeon hole Marlborough as the only style being made in the country. "There are a whole range of Sauvignon Blancs being made that offer so much variety," he stresses.

The challenge is making UK buyers, both in the trade and consumer, aware of them.

For all the plaudits New Zealand Sauvignon Blanc receives, there is also a growing understanding that it does not become so ubiquitous that it starts to have a detrimental impact on the overall image of the country and the wines it is producing.

Ben Van de Meutter, wine buyer, manager and sommelier at the Shepherd Market Wine House, sympathises with New Zealand's position as there is a danger the UK white wine scene becomes dominated by Sauvignon Blanc and is seen as boring as a result. Particularly with some sommeliers, he warns. The same issue that Argentina has with Malbec.

Simon Jerrome at Conviviality believes that perception is being over played in the trade and that in reality the image of New Zealand Sauvignon Blanc is working very well in the UK with consumers. "You can see New Zealand fitting in everywhere on a wine list because of Sauvignon Blanc. Be it a French or Italian restaurant or a top class hotel. It can go into all channels. The challenge for New Zealand is having a second or third wine to support it," he explains.

But with many wine lists in the on-trade getting smaller, particularly in the casual dining, mainstream sector, then New Zealand should be careful what it does with Sauvignon Blanc, warns Jerrome. "It's currently a must to have a Sauvignon Blanc," he adds.

His message is crystal clear. Tread very carefully and do not take your eye off the ball when it comes to Sauvignon Blanc, in particular. There are plenty of countries in the wings desperate to take New Zealand's crown if it slips, he warns.

Pinot Noir: the best is yet to come

The best years are also ahead for Pinot Noir, says Sir George. It can certainly give Oregon in North America a run for its money which was not the case say 15 years ago.

Patrick McGrath MW, managing director of Hatch Mansfield and Villa Maria's UK partner, believes if New Zealand can get it "right" with Pinot Noir then the "opportunity is massive". But it does not have the field to itself and it needs to keep a close eye on Chile which is making big strides, particularly with its price point and commercial push and could prove a strong competitor down the line. "It is very hard to get that balance between price point and quality," he adds.

New Zealander, Melanie Brown, who set up her own wine merchants dedicated to wines from New Zealand, the New Zealand Cellar, is particularly excited by the quality of Pinot Noir that is now available from more regions of the country. "We are seeing good growth and quality from our regional Pinot Noirs," she explains. "North Canterbury, for example, is doing really well for us."

The market for quality Pinot Noir is still very much open, says Van der Meutter. "I went to the London Wine Fair to look for a Pinot Noir I could sell by the glass for £10 to £12 and could not find one," he says. "If New Zealand can compete in this area then it will do very well. That's the sweet spot."

The UK has arguably not even seen the best out of both varieties, says Sir George. Developments in viticulture and winemaking practices mean there will be very different styles of Sauvignon Blanc, in particular, and Pinot Noir, coming out of New Zealand to keep both varieties fresh, interesting and different for many years to come, he argues.

"The future for New Zealand is very bright," he stresses.

Patrick McGrath is in no doubt: "New Zealand should not be frightened to focus on what it does best. Sauvignon Blanc and Pinot Noir. It is good to diversify out into other areas, but they must still not lose focus on their two main grape varieties," he says.

Chris Stroud at New Zealand Winegrowers agrees pointing out that that New Zealand Sauvignon Blanc and Pinot Noir are still new kids on the block for a lot of wine drinkers across Europe.



Developing new areas

That said there is also a lot more to New Zealand's wine offer than Sauvignon Blanc and Pinot Noir. Particularly for the premium on-trade.

It is an important message that New Zealand needs to work on so that it does not become pigeon holed as being a two grape country, stresses Thor Gudmondssen, co-founder of The Wine Rooms. "I have always had New Zealand wine on our list, but not in massive quantities. It would be nice to see a wider spectrum of wines coming through so that we can differentiate what we are offering."

Jerrome says he has been very impressed by how well Spanish regional white wine varieties are doing in New Zealand. Particularly Albariño, Verdejo and Godello.

Stroud points to the exciting work being done with Pinot Gris, which is showing good regional character.

Brown believes the country can risk being as adventurous as it wants. There is now, she claims, a strong, knowledgeable consumer base for New Zealand wine willing to spend much higher than average on more left field Kiwi wines.

What's more her Sauvignon Blanc (about 20% of the range) Pinot Noir (35%) only makes up just over half of her range.

She has, for example, seen strong interest in the country's aromatic wines, particularly Riesling.

She also believes quality Chardonnay is a good direction or New Zealand to push. "Our Chardonnay selection is about the same size as our Sauvignon Blanc one and attracting a high price point," she said.

Van de Meutter is very much open to new ideas from New Zealand. Which is what brought him to the debate. "They have to look more at varieties like Chardonnay," he claims. "Yes, they have done a good job with Sauvignon Blanc and Pinot Noir, but it is time to open up to more."

Which is good news for Sir George. "We can grow a lot of varieties very well in New Zealand," he says. The challenge is marketing them.





Brown also thinks Albariño has a great future and is “showing better and better” from New Zealand. Jerrome believes New Zealand’s ability to make a fresh style of Albariño can really help it take “the lead” with a variety that can have a mixed appeal with consumers. It is a good example, he adds, of how well Spanish white varieties are doing in New Zealand.

New Zealand’s strong approach to investing and developing sustainable, organic and biodynamic wines puts it in a healthy position with a growing number of drinkers, believes Brown.

Site specific wines

Gudmondssen believes the interest for him, and his peers in the on-trade, is how New Zealand progresses in developing more site specific, terroir driven wines. The ones that can really give him a point of difference when listing wines and recommending something different to his customers. He is certainly excited to hear there is more understanding of New Zealand’s different terroirs and climates and the impact they can have on its winemaking.

“It is brilliant to see the emergence of more expressive, boutique-style growers. They are making the kind of wines we can evangelise about with our customers,” he explains.

Sir George believes New Zealand will follow in Australia’s footsteps and develop far more site and grape specific vineyards. “Providing we can get the water rights,” he adds.

The kind of wines that give wine bars, like Shepherd House, the chance to sell by the glass, says Van de Meutter. “We are happy to help with that.”

Let’s not confuse consumers

Whilst certainly interested and excited by new regions, some of the buyers were also keen not to confuse consumers with too much information.

Van de Meutter explains: “If you look at Australia and New Zealand as a whole then they are changing their styles of wine all the time. Whereas a region like Sancerre has had the same wine style for years.”

Jerrome is equally cautious about pushing regions too much. “Are consumers ready for that?” he asks. Instead he would like to see more focus placed on pushing more varieties.

But Gudmondssen believes the wine scene has changed, particularly in London. “There is now a much bigger international audience, and people are more adventurous and want to see more variety” he says.

A view Jerrome echoes: “If I said even five years ago that you could sell a glass of wine for £10 then you would not have believed it. But we are now selling wine at £10, £15 and £20 a glass and it is very much about the variety of grape.”

And New Zealand is very much in that market, concludes Brown. “It is just going from strength to strength, with just great quality across all areas.”

It has certainly given her a change in career she was not expecting.

“I never thought I would be making a living out of selling New Zealand wine when I left there 12 years ago. It has been such an enlightening experience.”

An experience the buyers are all looking forward to helping develop in the years to come. An opportunity, and challenge, that Villa Maria, and its fellow producers, appear ready to take on.

Wines tasted by the buyers

The wines tasted during the roundtable debate included:



Villa Maria Private Bin Lighter Sauvignon Blanc 2015, 9.5% abv. 100% Sauvignon Blanc. RRP £11.30

This is a wine that has been made by working hard with yeasts to push the alcohol levels down, without losing texture, says Sir George. He explains why it has produced a lighter alcohol wine. "Consumers as we know are looking for lighter, lower-alcohol styles. There is a quite future for this wine," he predicts. It is an area other producers are looking at as well, adds Stroud. The key for the buyers was to ensure the lower alcohol was not taking away the flavour. "It's a difficult balancing act," says Jerrome.



Villa Maria Cellar Selection Sauvignon Gris 2015, 13.5% abv. 100% Sauvignon Gris. RRP £13.89

This is the style of Sauvignon Gris that the buyers believe has a great future. Be it as an alternative to Sauvignon Blanc or a different style in itself. A wine that reflects the gravel stones of the vineyard, with a fresh, mineral finish, giving it good weight, says Brown. Sir George hopes this will appeal particularly to younger, and new wine drinkers who might move across from Pinot Grigio. Jerrome also sees this as a quality wine that would be ideal to sell on draught. What's particularly exciting, adds Stroud, is that this is one of a number of different styles of SauvignonGris across the country.



Villa Maria Cellar Selection Arneis 2014, 13% abv. 100% Arneis. RRP £14.05.

It might be hard to pronounce, but has become a strong favourite amongst buyers in the on-trade. It impressed again here with the buyers calling it "outstanding". Its strong flavours proving ideal as an Asian food pairing. Sir George says it has already proved to be a big success in restaurants in New Zealand. "It's a very good food wine."

Wines tasted by the buyers

The wines tasted during the roundtable debate included:



Villa Maria Single Vineyard Keltern Chardonnay 2014, 13.5% abv. 100% Chardonnay. RRP £19.40

Widely seen by the buyers as a luscious style of New Zealand Chardonnay, but with the freshness that the cooler climate brings. It was also praised as a great food matching wine. “This would be lovely with butter and lobster,” says Van de Meutter.



Villa Maria Reserve Pinot Noir 2013, 14% abv. 100% Pinot Noir. RRP £20.55

A classic example of how New Zealand is now working with wood to produce more balanced, finessed, elegant Pinot Noirs, where the wood is still important, but is very much a backing singer than on lead guitar. Sir George sees this as “benchmark” Pinot Noir from New Zealand.



Icon wine – Villa Maria Ngakirikiri Gimblett Gravels Cabernet Sauvignon 2013

Sir George was delighted to share a sneak peek of his yet-to-be-launched super premium wine. It is from the Gimblett Gravels in Hawkes Bay which is becoming widely recognized as a truly unique terroir. A 97% Cabernet Sauvignon and 3% Merlot blend, which Sir George is quite confident will age for a good 25 to 30 years. It is a logical next step up from the Reserve range of top quality red wines from Villa Maria which regularly pick up gold medals in international wine awards. Even with a premium price tag Melanie Brown was quite confident of selling that in New Zealand Cellars. “It really competes with top end Bordeaux,” she says. The difficulty is more getting her hands on wines at that level.

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www.The-Buyer.net

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The Buyer would like to thank Roka restaurant for hosting the debate at its Charlotte Street venue in London