

Aussie wineries guilty of **French folly**

It was a brutally warm day last Tuesday in Melbourne. But the temperature was even hotter inside the city's Exhibition Centre where the Winemakers' Federation of Australia was holding its annual Outlook conference. Kicking off the event, and boy do I mean kicking, was Tesco's director of beer, wine and spirits, Dan Jago.

Jago didn't pull any punches during his 30-minute session. First, he accused the Australian wine producers of complacency: 'For too long you have been saying, "This is good because it is Australian?" Then he challenged the audience to alter its approach. 'I would also urge you to make your wines lighter and more refreshing. Wines with 13% or 14% alcohol just aren't exciting any more, and customers are looking to the Old World for more refreshing wines.'

Finally, he pointed out the urgent need for staying up to date. 'If you don't change, others will change faster,' he said, and pointed to both South American and South African wineries as evidence of strengthening New World competition for the British market.

To say that the Australian winemakers in the room weren't impressed with Jago's presentation would be an understatement. Rick Burge, of the Burge Family Winemakers in the Barossa Valley, spoke for many in the room. 'The British have a grocer's mentality. They want Australian quality at Chilean prices. I don't want to be dictated to about flavour by a British supermarket.'

Hunter Valley winemaker Bruce Tyrrell, who supplies Tesco with a number of wines, was more succinct. 'He's a wanker. He should go back to selling dog food. For years, the Australian wine industry has been

supplying the British with technically correct wines that have good colour and are full of flavour, compared with the Europeans, who have been supplying them with technically poor wines with no colour and taste like cat's piss.'



Australian winemakers are in danger of suffering from a fatal case of strategic amnesia

There are three good reasons why the Australian winemakers in the room were in the wrong. First, as a general rule of business, it makes no sense to mess with Tesco. It accounts for 25% of all the wine sold in the UK, which is the biggest single market for Aussie wines.

Second, Tesco knows wine consumption and is closer to British consumers than Australian winemakers. If Jago is certain that consumers will be looking for lighter wines, he is not expressing his own personal taste. It is almost a certainty that he speaks for the British market.



But third, and most troubling, Australian winemakers are in danger of suffering from a fatal case of strategic amnesia.

Only 15 years ago they were the beneficiary of French winemakers' arrogance. In the face of a growing demand for simple wine and more reliable quality, French winemakers maintained their complex appellation system and claimed that quality issues were the fault of ill-developed English palettes. They also failed to recognise the threat posed by Australian winemakers because they could not conceive of their wine being in anyway equivalent to their own.

But now it would appear that the Australian winemakers are in danger of repeating these mistakes. They seem intent on ignoring customers, arrogantly continuing to produce wines in their traditional fashion, and failing to recognise that new wine regions are emerging as well as designing their wines around unmet consumer tastes.

It is a classic story. An industry listens to consumers and grows into a titan, but then starts to believe its own publicity and falls into the deadly trap of assuming that it knows what the market wants. There are only two guarantees in marketing. First, that consumer tastes change constantly. Second, big, dumb organisations will always fail when they stop listening to the market and assume that what they make is what consumers want. Tesco was trying to do Australia a favour. Next time, it won't be so polite.

30 seconds on... Australian wines

- The 2007 Wine Industry Directory lists **1063** Australian wine producers that export their products.
- Two companies, **Foster's Group** and **Hardy Wine Company**, account for **40%** of all exports by volume.
- The biggest volume of wine is produced in the warm climate of north-western Victoria and Big Rivers, while

the higher-value premium wines are generally made in smaller cooler-climate regions.

- Australia has no native grapes and many of the **130 varieties** it uses came from Europe and South Africa in the late-18th and early-19th centuries.

- The continent's most famous wine is Penfolds Grange, which has won more than **50 gold medals**.
- Recent drought has affected the industry. Predictions for **2008** have been scaled back from **1.47m tonnes to 1.22m**.
- Volume sales are expected to dip **1.5%** until **2011-12**, according to an Australian Wine and Brandy Corporation report.